FOOD & FARMS

Beginning Farmers and Local Food Systems

Growing support for community-driven economic development, local food, and sustainability is one reason a diverse group of young people are going into farming.

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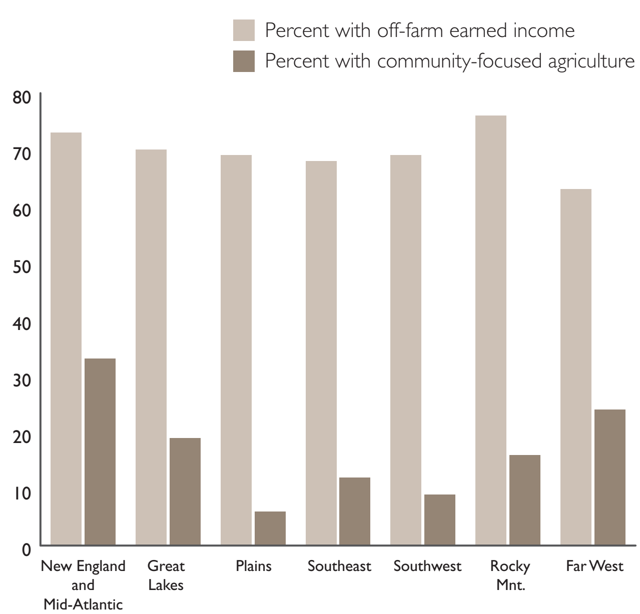
Increased demand for new agricultural goods and services—such as local produce, value-added farm products, and agritourism—has deepened farmers' relationships with communities and buyers in a *community-focused-agriculture* dynamic. Interestingly, the emergence of the new business models is coinciding with a second dynamic—the quest for young farmers and ranchers resulting from the aging of the farmer demographic.

Important initiatives to address the changes are emerging. The Northeast Beginning Farmers Project, for example, and small-farm teams nationwide are working with a new cohort of farmers—and with consumers interested in buying local.[1]

The reframing of agricultural production into local economic development could be important for rural New England, given the potential to create new jobs, boost income for farm-related businesses, and improve access to healthful foods for the rural poor. Frequently, an economic development focus also involves earning some off-farm income, which in turn makes community-focused agriculture more feasible. (See "Farms Engaged in Community-Focused Agriculture and Off-Farm Work.")

Interestingly, although only 7 percent of U.S. farms are in the Northeast and Mid-Atlantic region, nearly 20 percent of farms that sell directly to individuals are there. This disproportionately large share of farms engaged in direct sales is likely due to the region's high urban concentrations, which can facilitate marketing into lo-

Farms Engaged in Community-Focused Agriculture and Off-Farm Work, 2009–2010



Source: U.S. Department of Agriculture, Agricultural Resource Management Survey, 2009-2010.

Resources Invested in Beginning Farmers and Ranchers

Fiscal Year 2011 USDA Farm Service Agency loans

- 13,384 direct loans ($1 billion)
- 2,659 loan guarantees ($639 million)

Calendar Year 2011 Farm Credit System (FCS) loans

- 61,995 loans ($9.6 billion)
- 14 percent of all FCS loan funds

Other programs

- Conservation Reserve Program, Transition Incentive Program: 1,719 contracts covering 275,608 acres in 26 states, including Vermont and Maine ($25 million under the 2008 Farm Act, Socially Disadvantaged Farmers also eligible)
- Beginning Farmers and Ranchers development programs: 145 awards ($70 million)
- Crop insurance: Beginning Farmers and Ranchers account for 7 percent of acres enrolled*

*The fact that they control 10 percent of farmland suggests they may be underinsured or growing products for which there is less coverage available.

Source: Mary Ahearn, "Beginning Farmers and Ranchers at a Glance," U.S Department of Agriculture, Economic Research Service, EB-22, January 2013.

cal food systems. (See "Share of U.S. Farms Selling Directly to Individuals for Human Consumption.")

In responding to perceived demand from local consumers, some farmers in New England and the Mid-Atlantic also are selling more value-added products. Thus an orchard might sell apple butter, peach jam, pies, fruit salsa, and cider instead of fruit alone. It might add hayrides and mazes in the fall and offer tours to school groups. Income from such efforts is currently tracked as coming from recreational activities, or agritourism. Such income streams rely on the farmer or rancher having a deep association with the buying and visiting public.

The Industry Today

Beginning farms are defined by the U.S. Department of Agriculture (USDA) as being operated by individuals with 10 years or fewer running farms. They comprise 22 percent of the 2.1 million U.S. farms and produce 10 percent of all U.S. agricultural commodities.

Demographically, beginning farmers and ranchers (BFR) are both male and female and come from every racial, ethnic, and age group.[2] Although they include people who take up farming after retiring from other jobs, 14 percent of the principal operators of beginning farms as of 2011 were under 35. In contrast, only 1 percent of established farms had under-35 farmers. In fact, 38 percent of established farms' principal operators are 65 and up.

Fourteen percent of the principal operators of beginning farms as of 2011 were under 35.

Beginning farms are more likely than established farms to be general livestock farms and less likely to specialize in grains and row crops or dairy. The most common specialty for both established and new farms is beef cattle.

In annual meetings of BFR project directors who receive USDA funding, certain challenges are voiced repeatedly: 1) having the opportunity to buy or rent suitable land, 2) learning the necessary production and business skills, and 3) having enough capital to compete on a scale large enough to be profitable.

As for any small business start-up, capital is key. That's why many BFR producers transition gradually to agriculture from other professions, using off-farm income as a bridge. (See "Resources Invested in Beginning Farmers and Ranchers.")

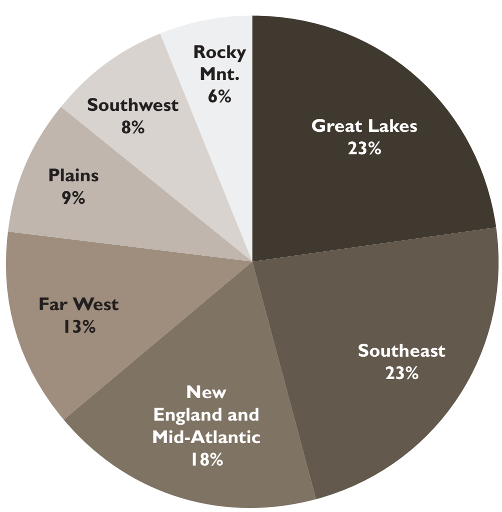
Tackling the Challenges

Concerned about the high percentage of over-65 farmers, the USDA has prioritized the recruitment of new and young farmers. Many policymakers, believing that younger, larger farm families could help maintain rural communities, schools—and other local institutions—also are on board. In fact, some are counting on beginning farmers to foster rural development. Others contend that increasing the farming population could improve long-term food security, the production of local and specialized foods, and the development of regional food hubs.

With the 1992 Farm Act, lawmakers offered beginning farmers special terms on loan programs. The 2002 Farm Act provided additional loan support and preferential conservation payments. In 2008, both initiatives were expanded, and the law established grants for training programs directed at beginning farmers and ranchers. The Beginning Farmer and Rancher Development Program has distributed grants to projects that benefit beginners in 45 states, including all the New England states. At the same time, the network of technical assistance providers—academic, agricultural extension, nonprofit—is being strengthened at the annual meetings of BFR project directors.[3]

How much the BFR program and similar initiatives can strengthen local economies remains to be seen. Differences in the nature, market orientation, and local linkages within the agriculture and food sector cause variations in local impact. Some research does exist. For example, bulk commodities have been shown to have a smaller proportional effect on the local nonfarm economy than processed, or high-value, commodities.[4] But although a number of studies have found some positive economic impact on the local community from increased purchasing of locally produced foods, more research is needed.[5] The extent to which investment in beginning farmers will boost such positive effects may depend on a high share of beginning farmers and ranchers choosing to participate in marketing channels and business models designed to support community economic development.

Share of U.S. Farms Selling Directly to Individuals for Human Consumption



Source: U.S. Department of Agriculture, Agricultural Resource Management Survey, 2009-2010.

They may well choose such models. Potentially excluded by high capital requirements from agricultural models such as grain crops and large livestock-feeding operations, some beginning farmers may find consumer-driven models that manage fewer assets more intensively—and use innovative marketing and services—to be the only viable entry niche for them. The higher participation in value-added agriculture and direct sales reported by New England's farmers suggest that they are already on board.

In the case of older beginners, off-farm employment and the equity accrued in lifelong residences may allow investment of past earnings or part of retirement savings in the pursuit of farming and a quality of life more to their liking.

For both younger and older beginners, USDA's "Know Your Farmer, Know Your Food," established in 2009, offers help by coordinating the varied programs of USDA agencies that focus on local and regional food systems.[6]

Today, public goals such as preserving farmland and rural agricultural heritage seem more achievable as efforts to support beginning farmers and ranchers are starting to draw more young people into food production. Time will tell if those efforts translate into broad food-system changes or measurably improve the economies and health of rural communities. New farmers will be working to make that happen.

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Endnotes

1 Kirk Johnson, "Small Farmers Creating a New Business Model as Agriculture Goes Local," *New York Times*, July 2, 2012, p. A7. See also http://nebeginningfarmers.org/about.

2 Mary Ahearn, "Beginning Farmers and Ranchers at a Glance," U.S Department of Agriculture, Economic Research Service, EB-22, January 2013.

3 Dawn Thilmany and Suresh Sureshwaran, "Theme Overview: Innovations to Support Beginning Farmers and Ranchers," *Choices* 26, no. 2 (2nd quarter, 2011), http://www.choicesmagazine.org/choices-magazine/theme-articles/innovations-to-support-beginning-farmers-and-ranchers.

4 U.S. Department of Agriculture Economic Research Service, "Effects of Trade on the U.S. Economy" (2012), http://www.ers.usda.gov/data-products/agricultural-trade-multipliers/effects-of-trade-on-the-us-economy.aspx.

5 David W. Hughes, Cheryl Brown, Stacy Miller, and Tom McConnell, "Evaluating the Economic Impact of Farmers' Markets Using an Opportunity Cost Framework," *Journal of Agricultural and Applied Economics* 40, no. 1 (2008): 253-265; Dave Swenson, "The Economic Impact of Fruit and Vegetable Production in Southwest Iowa" (white paper, Iowa State University, Department of Economics, 2010); Brigid Tuck, Monica Haynes, Robert King, and Ryan Pesch, "The Economic Impact of Farm to School Lunch Programs" (white paper, University of Minnesota, Applied Economics and Extension, 2010); Allison Gunter and Dawn Thilmany, "Economic Implications of Farm to School for a Rural Colorado Community," *WRDC Rural Connections* 21 (May 2012), http://wrdc.usu.edu/files/publications/publication/pub__9857945.pdf.

6 See http://www.usda.gov/wps/portal/usda/usdahome?navid=KYF_MISSION.