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HARVEST OVER THE HORIZON: THE CHALLENGES OF AGING IN AGRICULTURE

HEARING

BEFORE THE

SPECIAL COMMITTEE ON AGING
UNITED STATES SENATE

ONE HUNDRED TENTH CONGRESS

FIRST SESSION

WASHINGTON, DC

JUNE 21, 2007

Serial No. 110–9

Printed for the use of the Special Committee on Aging

Available via the World Wide Web: http://www.gpoaccess.gov/congress/index.html
U.S. GOVERNMENT PRINTING OFFICE
39–864 PDF WASHINGTON : 2008

For sale by the Superintendent of Documents, U.S. Government Printing Office
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HARVEST OVER THE HORIZON: THE CHALLENGE OF AGING IN AGRICULTURE

THURSDAY, JUNE 21, 2007

U.S. SENATE,
SPECIAL COMMITTEE ON AGING,
Washington, DC.

The Committee met, pursuant to notice, at 11:02 a.m., in room 325, Russell Senate Office Building, Hon. Gordon H. Smith (ranking member of the committee) presiding.

Present: Senators Kohl, Casey, and Smith.

OPENING STATEMENT OF SENATOR GORDON H. SMITH, RANKING MEMBER

Senator SMITH. Good morning, ladies and gentlemen. We welcome you all.

I am grateful to be here with my colleague, Senator Kohl, who is the Chairman of this Committee. The way he and I operate, we do it in a very bipartisan way and tend to see these issues not as Republican or Democrat, but as issues that affect older Americans.

There has not been too much discussion on the aging demographics of American agriculture. So I look forward today to a productive discussion with our panelists.

I want to extend a personal welcome to two Oregonians who are here: Barry Beshue of the Oregon Farm Bureau and Derek Godwin of Oregon State University. We congratulate the Beavers on their progress in the World Series. [Laughter.]

As Congress moves forward with Farm Bill proposals, it might be worth considering how many farmers will be around 10 years from now and how old they will be. Right now, nearly a quarter of farm operations in the country are 65 years of age or older. That contrasts with only 8 percent of that age class in non-agricultural industries.

That statistic becomes even more significant when we look at the shrinking number of farms in America. In 1930, there were over 6 million American farms. In 2002, there was one-sixth of that number. Clearly, farms are either consolidating or disappearing altogether. Young people are either not entering the business, not taking over the family business, or both.

This trend has something to do with how hard it is to be a farmer these days. In the West, farmers do not just have to deal with crops and fuel prices; they also have drought and wildfire and endangered species to deal with.

But why should we care? Well, we should.

First of all, agriculture remains a unique part of this country, a land blessed with fertile soil and good climate. Americans once be-

lieved that rain follows the plow. The dry corners of my State, however, disprove that theory, but not the interest and intransigence of the American farmer.

The U.S. Capitol is adorned with images of wheat and tobacco. "America the Beautiful" speaks of amber waves of grain and the fruited plain.

I love the quote of Thomas Jefferson, who spoke of the virtues of American agriculture. Wrote he, "Those who labor in the earth are the chosen people of God, if ever he had a chosen people, whose breasts he has made his peculiar deposit for substantial and genuine virtue. It is the focus in which he keeps alive that sacred fire, which otherwise might escape from the face of the earth." The importance of American agriculture can also be described in more tangible terms. There is a national security interest of a country that can and does produce its own food supply. The U.S. produced a record amount of food in 2006.

We also imported a record amount of food, with imports continuing to close in on that gap. Recent stories of tainted food from foreign nations remind us of why our agriculture and our health and safety standards are important.

Last, so many of the communities in my State are rural and based on a farm economy of one sort or another. As farms dissolve and children move away, those communities suffer.

Again, I look forward to hearing more from our panelists about these issues and what options we, as a Government, have to turn to in order to turn the current trend around.

With that, I turn to the Chairman, Senator Kohl.

OPENING STATEMENT OF SENATOR HERB KOHL, CHAIRMAN

The CHAIRMAN. Well, we thank Senator Smith for holding today's hearing on the challenge of aging in agriculture.

Welcome our witnesses and look forward to their testimony.

In my own State, this is an especially important topic because, in Wisconsin, the average age of farmers is 53 years. It is critical that the decades of knowledge and experience of these farmers is not lost.

Wisconsin has 76,000 farms, a very, very high number of farms, and they generate more than $51 billion annually in revenues. So, being the largest industry in our State, it is not only a serious workforce issue, it is a critical issue for the entire economy of our State.

We are truly at the front line in facing the challenge of aging in agriculture. Wisconsin is preparing to meet this challenge.

We will hear today from John Rosenow of the Wisconsin Academy of Sciences, Arts and Letters.

The academy spent the last 2 years researching the future of farming and rural life in Wisconsin. Academy members met with hundreds of Wisconsin farmers and conducted six regional forums throughout the State to identify problems and opportunities. Their comprehensive study has resulted in more than 80 recommendations for action items to be undertaken by policymakers, communities and citizens.

We look forward to hearing the details of their important work today from Mr. Rosenow, who operates a very successful family farm in our State.

As a Nation, we must address our rapidly aging farming communities. As you will hear today from Mr. Rosenow, without things like good schools, good jobs, affordable health care, our rural communities will lose their vitality.

I strongly believe that continuing this vitality will require continuing intelligent Federal involvement, and I believe it is necessary for the Federal Government to help rural life if we expect rural life to continue to thrive and grow.

Again, I thank Senator Smith for raising this issue today in this Committee. I am delighted to have this distinguished group of witnesses assembled to explore these issues and offer solutions that, hopefully, will allow our Nation's farmers and our rural communities to continue to exist at a level of prosperity in our country.

Thank you so much.

Senator SMITH. Thank you, Senator Kohl.

We had scheduled to have Chuck Connor, the deputy secretary of Agriculture, with us today, but he has been called to a meeting at the White House, and it is a higher pay grade than Senator Kohl and I have, but we are very grateful that Keith Collins has come in his stead. He is well-equipped to address this issue.

Keith, we thank you for your time, your presence and your competence on these issues.

STATEMENT OF KEITH COLLINS, DEPUTY CHIEF ECONOMIST, U.S. DEPARTMENT OF AGRICULTURE, WASHINGTON, DC

Mr. COLLINS. Well, thank you very much, Senator Smith, Chairman Kohl. Good morning. It is nice to be here.

I do want to begin by saying that Secretary Connor regrets that he is not able to open this important hearing this morning. As you noted, some serious issues have arisen that have compelled him to stay back at the department this morning, and I thank you for permitting me to pinch hit for him this morning.

Mr. Chairman and Mr. Smith, USDA very much appreciates the chance to talk about issues related to older farmers and ranchers in American agriculture. Agriculture today is undergoing some very significant and rapid changes. We have sharp growth in international trade, we have new production and processing technologies emerge almost daily, and we have had this remarkable increase in the demand for biofuels. All of these things are presenting new economic opportunities.

The past few years have generally been prosperous times for American agriculture, and we expect another above-average year for farm income in 2007. Higher incomes and rising land values have added substantially to the wealth of producers.

At the start of this year, U.S. farm equity, or net worth, totaled $1.7 trillion. That is up half a trillion from just 3 years ago. Stronger economic returns to farm production are important for attracting people new people into farming and for keeping current young farmers in operation.

But hoping for prosperous times may not be enough to deal with the advancing age of our farmers. The average age of primary farm

operators, which partly reflects the rising average age of our population as a whole, has increased nearly 5 years, from 50.5 years in 1982 to 55.3 years in 2002, the last agricultural census year.

As Mr. Smith noted, the primary operator on nearly one-fourth of all farms with $10,000 or more in annual sales was 65 years of age or older in 2002.

The rise in the average age of primary operators reflects both a decline in the number of young farmers and an increase in the number of older farmers. The continuing decline in the number of younger farmers has raised concerns that insufficient new entrants will be available to replace a large and growing number of retiring farmers.

I want to emphasize that there is no evidence that a shortage of farm operators has caused or is likely to cause in the near future reduced production and higher prices of U.S. farm commodities. There is evidence that there are a substantial number of young farmers present on farms, although they do not serve as the primary operator. These secondary and third-level operators in many cases represent future primary operators.

While there appears to be no impending slowdown in farm production resulting from the advancing age of primary farm operators, there are important concerns about how the upcoming intergenerational transfers may affect the future structure of agriculture.

Primary operators 65 years of age or older own over one-fourth of farm assets and one-third of the total acres of land in farms. Ultimately, these assets will be sold or passed on to their heirs. Selling or leasing these assets to existing operators would raise concerns about consolidation and its effects on the structure of agriculture, local economies and rural landscapes.

Over the past two decades, there have already been substantial declines in the number of mid-sized farms and increases in the largest size farms.

The divergence between the number of younger new farm entrants into production agriculture and the exit of older retiring farmers and the potential barrier to entry of new farmers created by rising farmland values and the rising complexity of farm production today are factors behind interest in policies to encourage entry into agriculture and to assist in the intergenerational transfer of assets from one generation to the next.

The USDA has a number of ongoing programs to help older farmers and to encourage beginning farmers, and there are many wonderful private-sector programs and dedicated professionals involved in helping farm businesses prosper and transition.

Our efforts at USDA range from programs supported through the Cooperate State Research Education and Extension Service that help older farmers and their families improve their business and their family planning. We also support 4-H and its 9,000 members that teach young people leadership, citizenship and life skills. We assist FFA and its 500,000 members which orient young people toward careers in agriculture. We have also targeted our credit programs and our other assistance programs to beginning farmers.

Today, I would also like to highlight the opportunity we have with the 2007 Farm Bill to address the challenge of effectively transferring today's farms from one generation to the next.

The administration is recommending a broad package of changes to several Farm Bill titles that provide additional support to beginning farmers and ranchers. You may have seen our book, which I will hold up for you. It is 183 pages of Farm Bill ideas, and we have a special section on beginning farmers.

As part of our proposals, we suggest for the commodity title that beginning farmers receive a 20 percent increase in their direct payment rate for 5 years. That would add an estimated $250 million to new producers' incomes over the next decade.

Under the conservation title in our proposals, we are recommending that 10 percent of Farm Bill conservation financial assistance be reserved for beginning farmers as well as socially disadvantaged producers under what we are calling a new conservation access initiative.

As part of the credit title, we recommend prioritizing USDA's direct operating and farm ownership loans to first meet the needs of beginning and socially disadvantaged farmers. We also recommend enhancing the existing beginning farmer and rancher down payment loan program to help ensure the success of the next generation of production agriculture.

Of course, we know that the Federal, State and local Government programs alone cannot ensure that older and beginning farmers can successfully meet all the life challenges found in farming. Private-sector efforts are critical. Market incentives from a strong farm economy are essential.

Nevertheless, the 2007 Farm Bill provides an excellent opportunity, an opportunity we should not chance missing, to improve the effectiveness of our collective efforts.

Thank you, Mr. Chairman.

Senator SMITH. Thank you, Mr. Collins.

You mentioned, and I referred to it as well, the number of farms declining. What about the acreage under cultivation? Is that declining?

Mr. COLLINS. There has been a general trend over the last decade of a decline in the number of acres planted to principal crops and a slight decline in the total number of acres in farms. It looks like this year, in 2007, that is going to reverse itself. It will see an increase.

Senator SMITH. Is that due to food and fuel now being an option for farmers?

Mr. COLLINS. That is the primary reason, yes.

Senator SMITH. Are more farmers taking land out of the Conservation Reserve Program as a result of that?

Mr. COLLINS. Not yet. We have about 36 million acres in the Conservation Reserve Program.

Senator SMITH. Do you expect that that will happen?

Mr. COLLINS. I expect that that will happen. Over the next four years, between 2007 and 2010, we have about 12 million acres under contracts that will terminate. What gets planted depends on what we do at USDA: Will we hold more open enrollments, more signups, and how frequently will we do that? We will give people

an opportunity to put that or other land in, and, of course, the rental rate we offer is an incentive to do that. It will depend on whether farmers pick that up or not.

Senator SMITH. With the improvement in farm economies through so much of the country, I am wondering if that is a category that will really be in decline and then the amount of acreage will be dramatically on the increase.

Mr. COLLINS. Our current projection is that the 37 million acres would fall to around 32 million acres in the Conservation Reserve Program (CRP) over the next several years.

Senator SMITH. From 40 to 32?

Mr. COLLINS. From 37 to 32.

Senator SMITH. From 37 to 32.

Do you have any bias or preference for encouraging more land to go under cultivation, come out of the program? I mean, does the administration have a policy on that?

Mr. COLLINS. The administration's articulated policy is that there will be no open enrollment in 2007 because of the record high prices we expect for many commodities. The Secretary has indicated he is reserving judgment at this point on whether he will hold another signup in 2008. We do——

Senator SMITH. It seems to me that the farmers would rather farm, and if they have options that are profitable, that ought to be encouraged because the Nation needs the food and the fuel, and the competition between the two is certainly squeezing the food chain.

Mr. COLLINS. I think you make a very good point. It is a point that I have made from an economic point of view. There is also, on the other side, a very strong conservation movement that would like to retain the environmental benefits that have been achieved under the program as it now exists. So those two needs have to be balanced.

Senator SMITH. Sure.

I want to ask you about imports. Despite the improving farm economy, imports continue to be on the rise. We are at about a 50–50 point between domestic and foreign food production. I am wondering if you see any reversal on that, or is USDA concerned that we are going to become a net food importing nation?

Mr. COLLINS. Well, that prospect has been before us over the last several years, and, in fact, if you go back two or three years ago, many people were projecting, within the next few years, we would become a net importer. In fact, that has not happened, and the gap between exports and imports has widened a little bit.

This year, we expect about $77.5 billion worth of agricultural exports and around $70 billion in imports. So there is a spread of nearly $8 billion at this point. Now that is way down from $25 billion to $30 billion that it was in the mid–1990's.

So imports have grown faster than exports. Over the last couple of years and probably the next couple of years, it looks like they are probably going to grow together, so I do not really expect them to cross.

Senator SMITH. As we contemplate this issue of the older farmer I live in rural Oregon, I am surrounded by farmer neighbors, and many of their kids go off to Oregon State and other places, and they go into fields.

Do you think if the dollars improve that that will do the job and get more of them to look to agriculture as their daily bread as well? I suspect that is a central key.

Mr. COLLINS. I am a market-oriented guy, and I think that when the rates of return in some investment go up and exceed the rates of return in other investments, then assets move into that, both human capital and in physical assets. So I think that that could help solve the problem.

The question is, though, what does that structure of agriculture look like as that occurs? Are the assets that are moving into agriculture existing farmers that are getting much, much bigger and foreclosing on the opportunity of current farm children to farm?

There is a question about what that structure of agriculture would look like, and I think that is why, even though we do not perceive of an insufficiency of people willing to farm, we are concerned about giving people—young people, people that live on farms and people that do not live on farms—an opportunity to have a chance in agriculture.

So, yes, I think a market rate of return can be a powerful incentive for generating production, but I also think that there are also social and other issues that have to be dealt with here as well that motivate the reason for policies and programs.

Senator SMITH. Now, as you contemplate a new Farm Bill, I am sure you know that one of the biggest costs in running a farm is just compliance with regulations. Is there anything you are planning to do or prepared to propose to streamline regulation, reduce it, eliminate it where possible, to help, or do you see the regulatory burden just growing and growing?

Mr. COLLINS. Well, the regulatory burden has grown. USDA is not a large regulatory agency with respect to farmers. In fact, through our Natural Resources Conservation Service we provide the tools to farmers to help them meet regulations that generally come from the Environmental Protection Agency or the Department of Interior Bureau of Land Management and so on.

I would say that one development that we have seen, and something that we have proposed in the administration's Farm Bill proposals, is to try and rely more on markets to deal with environmental regulation. I mean, the clearest example we see today is the voluntary market for greenhouse gas offsets that revolves around the Chicago Climate Exchange.

We have a proposal to broaden that dramatically and to get the regulatory agencies to come to the table, USDA and the other regulatory agencies, to come to the table and agree on how activities of farmers—ecosystem services they are called, like mitigating greenhouse gas emissions—how these ecosystem services could be used to comply with regulations.

That way, farmers, in fact, might be able to get paid for an ecosystem service that a public utility or an electrical generating plant would use to meet an environmental regulation. So we have a broad-based proposal that looks at both farm regulation as well as societal regulation that would get farmers an opportunity to be a solution for people who are being regulated and earn an income at the same time. It is kind of a creative idea.

Senator SMITH. It is. This is my last question. I will turn it over to the Chairman. But I am wondering—and I do not know the answer to the question I am about to ask you, but when it comes to global warming and providing carbon sinks, what captures more carbon, fields left idle or fields under cultivation? Is there a difference between one crop versus another?

Mr. COLLINS. Oh, there is definitely a difference between one crop and another, and the answer to that question is, it all depends. You can, certainly, through cultivation, dramatically increase carbon sequestration, but if you left the field idle and you did not tend it and it did not have a good cover crop, it would lose organic matter and would be a net emitter.

So with using the right crops, the right cover crops, the right rotations, the right tillage practices, you can restore soil carbon and you can sequester greenhouse gases, and if you look at——

Senator SMITH. That would be an argument on the side of taking land out of CRP, an environmental value on the side of the economy.

Mr. COLLINS. Well, the extreme case, of course, is that you cultivate the land by planting trees, and then you can get the most carbon sequestration.

Senator SMITH. We are big on that in Oregon. [Laughter.]

Thank you very much.

Senator Kohl.

The CHAIRMAN. Thank you, Senator Smith.

Welcome to you, Mr. Collins. I have had the opportunity, as you know, to work with you now——

Mr. COLLINS. Yes, sir.

The CHAIRMAN [continuing]. For many years, and you are a great, great asset to the USDA and a great asset to our country. I have always found my interaction with you to be extremely positive and informative, and it is good to see you here today.

Mr. COLLINS. Well, thank you very much, Senator Kohl. That is a nice compliment.

The CHAIRMAN. Mr. Collins, one of the things, of course, that the farmers talk about is the ability to pass on their farm to their heirs, and in that connection, they talk about the estate tax exemption, and many of those who are pushing for total abolition of the estate tax refer to ranchers and farmers as being key in this area.

I think, to some extent, it is really not true, but do you think in order to put this aside entirely in terms of the estate tax impacts on small ranchers and family farmers, we might increase the exemption from what it is today, which I believe is $2 million, $4 million a couple, to maybe $4 million or $5 million so that, in fact, we would put 98 or 99 percent of all family farms in this country out of the reach of the estate tax?

Mr. COLLINS. I cannot state what the administration's position on that would be, but my view on this would be that that would be a very positive thing to do. At one time, that unified credit exemption was as little as, what, $650,000, very burdensome for many, many family farms. I think, as you raise that up, you do resolve a problem that farms would face in transitioning from one generation to the next.

So I do not know if that is going to resolve the issue and take it off the table, but I think it would be a very positive step for farmers.

The CHAIRMAN. Thank you. I agree with that, and I think we need to move in that direction.

Mr. Collins, there is always a debate when we set a Federal budget, particularly farm policy. There are those who believe there are fairly generous farm policies and rural expenditures already important to our country in terms of trying to keep rural America alive, growing and thriving, and there are others who believe that the market should more or less run its course and have its impact and we here in Washington setting Federal policy with tax dollars should more or less not get overly involved in that whole discussion.

Many of us, and I am one of them, believe that if we are going to see our rural economy and rural life continue on and, hopefully, grow, then there has to be some level of Federal involvement, things like good schools, helping to create jobs, health-care benefits, Internet connection, you know, cable kinds of setups. These things cost money, and these things take some level of Federal tax expenditure.

Where do you fall in terms of your philosophical thoughts about how important it is, A, to keep our rural life thriving and growing, including agriculture, of course, which is the foundation of rural America, and that we should be willing to spend a certain amount of tax dollars to encourage this?

Mr. COLLINS. Senator Kohl, I personally and as representing the Department of Agriculture, I can say the Department of Agriculture feels very strongly in favor of the sentiment that you just expressed. The Department of Agriculture is responsible for coordinating rural development across the Federal Government. We are dedicated to the mission of trying to increase economic activity in rural areas.

Yes, there can be a debate about whether you should let the market take its course. I mean, that debate is often framed in terms of people versus place. Do you invest in people, such as equipping them with better human capital, more skills, more education and let them go where they want, or do you invest in place to give people that live in a certain area an economic opportunity that would parallel those that might live in suburban or urban areas.

I think the answer to that is you do both, and in the Department of Agriculture, we do both. As you know, we have a vigorous rural development program that invests in things like you talked about: broadband connections, rural community infrastructure, water and sewer systems and libraries and health-care facilities and firehouses. We provide lending for all of those things, and we think those are all very important to help develop the network of infrastructure on which rural businesses can prosper and provide rural jobs and rural growth and economic employment opportunities for rural people.

We target a lot of our programs to the areas of the country where poverty levels are the highest, the persistent poverty counties of our country, and so we think that from both an economic and a social perspective that we ought to be investing in rural America.

That is why Farm Bills have a rural development title, and we think that is very, very important, and we have proposals as well in our Farm Bill proposal to expand our funding of our rural development activities.

So I would say the position you voiced is one that we subscribe to very strongly.

The CHAIRMAN. I thank you very much. Thank you for being here.

Thank you, Senator Smith.

Senator SMITH. Thank you, Chairman Kohl.

We have been joined by Senator Casey of Pennsylvania.

Senator, if you have an opening statement or questions for the witness, we welcome those.

Senator CASEY. Thank you, Senator Smith and Chairman Kohl.

I do not have any questions for Mr. Collins in the interest of time. I am sorry I missed your presentation. If we have something that we could submit for the record by way of writing—and just some brief comments to open because I know we want to transition to a new panel, and I know we got notice about votes, too.

Just very briefly, I want to thank the Chairman for calling this hearing, and with unanimous consent, I will ask that my full statement be made part of the record.

Senator SMITH. Without objection.

Senator CASEY. But I did want to say how appreciative I am to be on this Committee and also to be able to participate in this hearing because I come from a State where agriculture is not just an important industry or an important economic sector; it is the dominant one in large measure. Millions of people affected by what happens on our farms and what happens to our farm families, dairy being a huge component of that.

All of the issues that have been discussed already today and will be discussed in the second panel about the aging of our workforce, and in particular the aging of our farm families and farmers have a tremendous impact on Pennsylvania, so we need to focus on this, and I am grateful that this hearing calls attention to that challenge, especially in the context of our dairy farmers.

It is very difficult to do the work. It is very difficult to get the capital to acquire the land. We see this firsthand in Pennsylvania.

So I am grateful for this opportunity. I want to thank the Chairman, and I also want to thank Senator Smith for allowing us to come together today.

By the way, this is the first time I have been in this room for a hearing, in this historic hearing room, so thank you very much.

[The prepared statement of Senator Casey follows:]

PREPARED STATEMENT OF SENATOR ROBERT P. CASEY

Mr. Chairman, thank you for holding today's hearing on the challenge of aging in agriculture. As you may know, in my home state, agriculture continues to be the number one industry. Dairy is our largest agricultural segment, accounting for 42% of all agricultural revenues.

Unfortunately, the impact of aging in agriculture and the difficulties facing young farmers pose an all too real threat to the continued success of our dairy industry. Pennsylvania continues to lose between 250 and 350 dairy farms every year due to farm sellouts and retirements. While the vast majority of Pennsylvania dairy farms are family operations, younger generations are increasingly reluctant to work the long, hard hours required when they see their parents doing this same work and not being able to make ends meet.

New start-ups of dairy farms typically number less than 30 per year. One reason for this is that the cost of purchasing land is extremely high, making it nearly impossible for young farmers to start new operations. All told, between 1995 and 2004, Pennsylvania saw a 29% reduction in the number of dairy farms.

Pennsylvania's situation is not unique. Nationally the average age of farmers continues to increase as fewer young people choose farming as an occupation. At the same time, the number of farms and farm acres continues to decline.

American farming has reached a critical threshold. We must find solutions to reduce these trends, to encourage our young people to seek careers in agricultural production. Likewise, we must ensure the availability of incentives to ensure agricultural production remains a viable occupation for young farmers.

I again would like to thank the Chairman for calling this hearing. I look forward to hearing the testimony and working with my colleagues to find solutions to these challenges.

Senator SMITH. Thank you, Senator Casey. Yes, this is a very historic room, and it is appropriate for the Aging Committee to be here.

Thank you very much, Keith Collins, for your time and your testimony today.

Mr. COLLINS. Thank you very much.

[The prepared statement of Mr. Connor follows:]

STATEMENT OF CHARLES CONNER
DEPUTY SECRETARY OF AGRICULTURE
UNITED STATES DEPARTMENT OF AGRICULTURE

BEFORE THE
U.S. SENATE SPECIAL COMMITTEE ON AGING

HARVEST OVER THE HORIZON: THE CHALLENGE OF AGING IN AGRICULTURE

JUNE 21, 2007

Mr. Chairman and Committee members, thank you very much for the opportunity to discuss the issues related to older farmers and ranchers in American agriculture. Today, I will provide a brief overview of the demographic and financial profile of U.S. farmers and identify some of the challenges that an aging farm workforce presents. I will then discuss the programs the Department of Agriculture operates and the Administration's 2007 Farm Bill proposals that address these challenges.

Generally Prosperous Times for U.S. Agriculture

Before addressing specific issues related to age, there are several developments in agriculture that define the context in which age issues will play out over the next several years. A key factor is the strengthening of the farm economy. After a slowdown in the late 1990s and early 2000s following the sharp devaluation of Asian currencies and the global slowdown in economic growth, U.S. agriculture has enjoyed an unprecedented period of economic prosperity. Aggregate net cash farm income reached a record high $81.5 billion in 2004, followed by a near record $81.2 billion in 2005. Income declined to an estimated $67 billion in 2006, as government payments declined and production expenses, especially energy-related costs, increased. The significance of these numbers can be appreciated by comparing them to $64.6 billion which is the 10-year average of net cash farm income from 1997 to 2006. Another above average income year is forecast for 2007.

Key factors contributing to the robust farm economy include strong global economic growth and the rising use of agricultural products in biofuels. Strong foreign income growth is

expected to help boost U.S. agricultural exports to a record high $77.5 billion in fiscal year (FY) 2007, up 13 percent from FY 2006. The $8.8 billion annual increase would be the second highest ever. Along with strong export demand, the demand for biofuels is expected to drive corn prices to record-high levels for the 2007 crop. Ethanol production during the 2007/08 corn marketing year is expected to increase 58 percent above the 2006/07 level. Of total 2007 corn production, 27 percent is expected to be used in ethanol production, up from 20 percent of the 2006 production. Continued growth in biofuel production is expected to keep crop markets strong.

As income has improved, the wealth of U.S. farmers has also grown. At the start of 2007, U.S. farm net worth (assets minus debts) totaled $1.69 trillion, up from $1.18 trillion at the start of 2004. Another strong increase is expected in 2007. The major contributors to this growth have been modest increases in farm debt and substantial increases in farm real estate values. From 2004 to 2006 the average value of farm real estate has increased from $1,360 per acre to $1,900 per acre, a 40-percent increase in only 3 years.

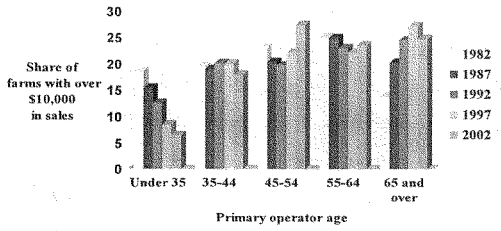
Aging Farmers

Now let's examine the issue of the age of U.S. farmers and their related economic well being. The average age of the U.S. population has been steadily rising for a long time. It increased especially rapidly over the past two decades as a result of the aging of the baby-boom generation. The average age of primary farm operators reflects this general population trend and also continues to rise, increasing by nearly 5 years from 50.5 in 1982 to 55.3 in 2002, the latest Census of Agriculture data. The Current Population Survey ranks all occupations by age for 2006, with farmers and ranchers averaging 55.9 years, the 6th highest of over 400 different occupations identified.

For nearly one-fourth of all farms with over $10,000 in annual sales, the primary operator was over 65 years of age and older in 2002 (Figure 1). In contrast, the Bureau of Labor Statistics estimates that only 8 percent of self-employed persons in nonagricultural industries were in that age category. The rise in the average age of primary farm operators reflects both a decline in the number of young farmers and a rise in the number of older farmers. From 1982 to 2002, the

number of primary operators under 35 years of age declined while the number of farmers 65 years of age and older increased. Farms with over $10,000 in annual sales and whose primary operator was under 35 years of age accounted for less than 7 percent of all farms in 2002 as compared to 19 percent in 1982. Meanwhile, the share of farms with over $10,000 in sales whose primary operator was over 65 increased from 14 to 25 percent.

Figure 1. Farm Primary Operators by Age



Not surprisingly, older farmers are, in general, better off financially than younger farmers because they have had the time to accumulate assets and repay debts. In 2005, farm operators 65 years of age and older had average per farm assets of $775,687 compared to only $23,466 in farm liabilities; or a debt-to-asset ratio of 3 percent. Farm real estate averaged $660,681 on those farms, accounting for 85 percent of total assets. Alternatively, farm operators under 35 years of age had average assets of $480,261 per farm and $86,757 in farm liabilities; or a debt-to-asset ratio of 18 percent. For the farm sector as a whole, average per farm assets were $784,392 and farm liabilities were $62,127, for a debt-to-asset ratio of about 8 percent.

While farm operators 65 years of age and older may have a better balance sheet, they earn less income from farming compared with farmers less than 65 years of age. In 2005, the average net farm income for farms operated by a person 65 years of age and older was $18,179, compared with $28,361 for farms operated by someone under 35 years of age. For the farm sector as a whole, average net farm income per farm was $27,137 in 2005. Similar to other segments of society, these data show an older population of farmers who control a considerable

amount of assets but earn less income from farming compared with younger farmers who have more debt but earn on average more income from farming.

Farm Succession Issues

The continuing decline in the number of farmers 34 years of age and younger has raised concerns that an insufficient pool of new entrants will be available to replace a large and growing pool of retiring farmers. There is no evidence, however, that a shortage of farm operators and farm workers has caused or will cause reduced production and higher prices of U.S. farm commodities. A USDA Economic Research Service study released in 2006 on farm exits (farms going out of business) indicated that while the total number of U.S. farms has declined very little in the 5 years between each Census of Agriculture, about 9 to 10 percent of farms go out of business each year. This suggests the apparent stability in the number of U.S. farms masks a rather dramatic turnover. Turnover rates are highest for smaller farms, but even for farms with sales of $250,000 or more, 6 to 7 percent go out of business each year. Thus, U.S. agriculture has been facing a substantial turnover for many years, and as these farms have been sold, new farm businesses have taken their place or existing farms have gradually increased in size.

There is also evidence that there are a substantial number of young farmers present on farms, though not as the primary operator. Data indicate that many commercial-sized farms with older operators also have younger operators involved in the farming operation. These secondary operators in many cases represent future primary operators. A high percentage of these farms are operated as partnerships and as family corporations. The 2002 Census of Agriculture indicated there were 194,000 farms, 9 percent of all farms, which have multiple operators with operators across different generations. In addition, the Current Population Survey identifies "farm, ranch, and other agricultural managers," who are paid to supervise and manage farm operations, as having an average age of 48.3 in 2006, 7.6 years less than the average age of farm operators.

Finally, the rising average age of primary operators may also reflect technology change that has enabled older farmers to more readily meet the physical demands of farm labor. Technology has reduced the time needed for field operations and has supplanted manual labor

with mechanization, allowing farm size to increase over time and operators to spend more time on other farm management tasks. Improving health, reflected in longer lives, also enables the workforce in general to work to a much older age.

While there appears to be no impending slowdown in farm production resulting from the advancing age of primary operators, there are concerns about how upcoming intergenerational transfers may affect the future structure of agriculture. Older farmers hold a large share of farm assets. Primary operators 65 years of age and older owned over one-fourth of farm assets in 2004. Collectively, landowners 65 years of age and older owned over one-third of the total acres of land in farms. Ultimately, this pool of assets will either be sold or passed on to heirs. To the extent these assets are sold or leased to existing operators, this transfer raises concerns about consolidation and its effects on the structure of agriculture, local economies, and rural landscapes. Middle-sized family farms with annual sales of between $50,000 and $500,000 fell from 526,000 farms in 1982 to 381,000 in 2002. Meanwhile the number of large farms with over $500,000 in sales increased form 28,000 to 71,000 farms. This decline in middle-sized farms is one factor behind policies to encourage entry into agriculture or assist in the intergenerational transfer of farm assets. The concern about structure must be balanced against the economic effects of technology advancement and economies of scale, which enable agricultural demand to be met by larger, more efficient, and fewer farms.

Another factor likely to affect the transfer of farm assets is the cost of farm production assets. In 2002, the value of land and buildings averaged $710,000 for U.S. farms that were principally engaged in agriculture. For farms where the principal operator was under 35 years of age, the value of land and buildings averaged $595,000. Farmland values have been steadily increasing for many years, but jumped 15 percent in 2005 after a 21 percent increase in 2004, adding to the cost of entering farming. Thus, these figures indicate that access to capital for the purchase of land, buildings, and equipment may be a significant hurdle for many young farmers. However, renting land is a key option for young farmers, as nearly half of land in production is now rented. While the average value of farm real estate increased 57 percent between 2002 and 2006, the average rental rate on crop land only rose 10 percent.

USDA programs and activities

Uncertainty over farm succession and future farm structure have motivated programs to encourage individuals entering the workforce to take up careers as farmers and ranchers and help them succeed. The Agricultural Credit Improvement Act of 1992 was the first law that required USDA to provide special assistance to beginning farmers and ranchers. The law required the Secretary to establish: (1) beginning farmer loan programs; (2) Federal-State Beginning Farmer Partnerships for the purpose of providing joint financing to beginning farmers and ranchers; and (3) an Advisory Committee on Beginning Farmers and Ranchers. The Act also required that loan funds be targeted to beginning farmers and ranchers.

USDA implemented beginning farmer and rancher loan programs in FY 1994. From then through May 2007, the Farm Service Agency (FSA) has made more than 106,000 loans to beginning farmers and ranchers, totaling $9.5 billion. In FY 2006, 34 percent of all FSA direct and guaranteed loans have gone to beginning farmers and ranchers. FSA has also created Federal-State Partnerships by signing Memorandums of Understanding with 20 State beginning farmer programs, agreeing to provide joint financing to beginning farmers and ranchers. The Farm Security and Rural Investment Act of 2002 (2002 Farm Bill) authorized the Secretary to establish a Beginning Farmer and Rancher Land Contract Guarantee Pilot Program in not fewer than five states during FYs 2003-2007. The program, implemented in September 2003, provides FSA guarantees on loans made by private sellers of a farm or ranch on a contract land sales basis to qualified beginning farmers and ranchers. While available in nine states, only two guaranteed loans have been made since implementation.

While not a USDA agency, the Farm Credit System (FCS) also makes loans to young farmers and ranchers (35 years old and younger) and beginning farmers and ranchers (operating for not more than 10 years). For example, in 2006, FCS institutions made 58,000 loans with a total loan dollar value of $9.3 billion to beginning farmers and ranchers. This lending represented 21 percent of the total number of new loans and 18 percent of total dollar volume of new loans made by FCS institutions in 2006. As of December 31, 2006, loans to beginning

farmers and ranchers accounted for almost 24 percent of the total number of loans outstanding and 19 percent or $25.4 billion of the dollar value of loans outstanding in the FCS.

USDA established the Advisory Committee on Beginning Farmers and Ranchers (Advisory Committee) in 1998. The Advisory Committee provides advice to the Secretary on methods of maximizing opportunities for beginning farmers and ranchers. Members include representatives of FSA; the Cooperative State Research, Education, and Extension Service (CSREES); State beginning farmer programs; commercial lenders; private nonprofit organizations with active beginning farmer and rancher programs; community colleges or other educational institutions with demonstrated experience in training beginning farmers and ranchers; other entities or persons providing lending or technical assistance to beginning farmers and ranchers; and farmers and ranchers.

The 2002 Farm Bill built on the Agricultural Credit Improvement Act of 1992 by authorizing the Secretary to provide higher payments to beginning farmers and ranchers in some of USDA's conservation programs. It also authorized the Secretary to provide incentives to beginning farmers and ranchers to participate in conservation programs to foster new farming and ranching opportunities and enhance environmental stewardship over the long term. Since FY 2003 through April 2007, the Natural Resources Conservation Service (NRCS) has approved $292 million in Environmental Quality Incentives Program (EQIP) contracts for beginning farmers and ranchers and $134 million for limited resource farmers. In FY 2005 and 2006, NRCS invested $6.5 million and $10 million, respectively, under EQIP for a special initiative to assist beginning and limited resource farmers and ranchers to implement conservation practices on their land. NRCS has also encouraged their State offices to give extra points in their Farm and Ranch Lands Protection Program ranking criteria for farms with succession plans.

The 2002 Farm Bill also authorized the Secretary to establish a Beginning Farmer and Rancher Development Program to provide training, education, outreach, and technical assistance initiatives for beginning farmers and ranchers. No funds have been allocated to implement this program. However, CSREES provides grants to organizations that assist beginning farmers and ranchers through the (1) Outreach and Assistance for Socially Disadvantaged Farmers and

Ranchers Program (Section 2501) and (2) National Research Initiative Grants Program (Agricultural Prosperity for Small and Medium-Sized Farms). The 2002 Farm Bill authorized $25 million in annual appropriations for FY 2002 through 2007.

New entrants into agriculture can participate in price and income support programs and crop insurance on the same terms as other producers. In addition, the Risk Management Agency (RMA) provides partnerships to organizations to assist beginning farmers and ranchers in risk management. Following the recommendations of the Advisory Committee, RMA has targeted partnership applicants that were sensitive to the needs of beginning farmers and ranchers and those that planned to partner with organizations that assist beginning farmers and ranchers. Seven organizations assisting beginning farmers and ranchers received partnerships in the first solicitation in 2003. Except for 2007, RMA has continued to include beginning farmer and rancher language in their annual partnership request for applications, including the Community Outreach and Assistance Partnership Program Announcement published March 1, 2006. On June 16, 2006, RMA also announced a rural initiative for new farmers, making available $500,000 to fund educational programs to teach refugees and other low-income individuals who produce specialty crops about risk management and good business practices.

In 1999, USDA implemented Departmental Regulation (DR) 9700-1, "Small Farms Policy". The Advisory Committee recommended USDA develop and implement a mission focus to heighten awareness and coordinate beginning farmer and rancher opportunities, similar to that established in DR 9700-1 for small farms. On August 3, 2006, DR 9700-1 was amended to become a "Small Farms and Beginning Farmers and Ranchers Policy." This has resulted in a Small Farms and Beginning Farmers and Ranchers Council, which I as Deputy Secretary, Chair. DR 9700-1 also requires beginning farmers and ranchers policy to be reflected in all USDA mission area and agency statements, strategic plans, performance plans, and performance goals.

2007 Farm Bill

The Administration is recommending a broad package of proposed changes to several Farm Bill titles to provide additional support to beginning farmers and ranchers.

As part of the commodity title, the Administration is recommending to provide beginning farmers a 20-percent increase in their direct payment rate, adding $250 million to producer income over 10 years. After the initial five years, these producers would no longer be eligible for the higher direct payment rate. This change would better prepare beginning farmers to face the initial financial burdens associated with entering production agriculture.

Under the conservation title, we are recommending that 10 percent of farm bill conservation financial assistance be reserved for beginning farmers as well as socially disadvantaged producers under a new Conservation Access Initiative. This new initiative would maintain the higher rates of Federal cost-share, but also direct a greater technical assistance percentage than the traditional program to better address the needs of socially disadvantaged agricultural producers. Funds set-aside under the Conservation Access Initiative within the Conservation Innovation Grants would be used for technology transfer, farmer-to-farmer workshops, and demonstrations of conservation success to further adoption of innovative conservation practices.

As part of the credit title, we are recommending to enhance the existing Beginning Farmer and Rancher Downpayment Loan Program to help ensure the success of the next generation of production agriculture by cutting the interest rate in half to two percent; deferring the initial payment for one year; eliminating the $250,000 cap on the value of property that may be acquired by a beginning farmer wishing to obtain a down payment loan and replacing it with a maximum down payment loan amount of $200,000; decreasing the minimum beginning farmer contribution from 10 percent of the property purchase price to 5 percent; and adding socially disadvantaged (SDA) farmers and ranchers as eligible applicants for this program

We are also recommending a doubling of the statutory target for the percentage of USDA direct operating loans (OL) that will be prioritized to assist beginning and SDA farmers from 35 percent to 70 percent; prioritizing 100 percent rather than 70 percent of direct farm ownership (FO) loans to first meet the needs of beginning and SDA farmers; and overhauling the federal repooling procedures to ensure that these targets are reserved only for beginning and SDA farmers to the maximum extent possible.

The Administration also recommends increasing the existing statutory limits of $200,000 for direct farm ownership loans and $200,000 for direct operating loans to a maximum of $500,000 indebtedness for any combination of the two loan types. The higher, combined limit will allow a better matching of loan type, amount, and purpose to an individual applicant's credit needs. It will also improve access to capital, and therefore the competitiveness, of beginning farmers and other FSA loan applicants.

Conclusion

Market incentives augmented by Federal and State programs will determine the future supply of farmers and ranchers. If farm production provides a sufficient return, capital investment and people will enter production agriculture. Low rates of return will discourage investment and cause farm failures. Competition will drive successful producers to adopt technology and achieve efficient operations, while inefficient producers will exit agriculture. The operation of these market forces is critically important for growth, productivity gains, and ensuring affordable food for Americans.

Nevertheless, there are a number of issues concerning the adequacy of the future workforce needed to farm the nation's agricultural lands. These issues include the potential divergence between the level of younger, new farm entrants into production agriculture and the exit of older retiring farmers; the potential barrier to entry for new farmers created by rising farmland values and their effect on the capital costs of acquiring an efficient farm operation; the rising complexity of farm production caused by changing markets, globalization, new technologies, economies of scale, environmental concerns, and other factors.

Uncertainty over the outcome of these issues and the structural changes that have accompanied the growth in agriculture have led to programs and policies that aid new farm formation or the successful succession of farms from one generation to the next. The 2007 Farm Bill provides an excellent opportunity to improve the effectiveness of these efforts.

That completes my statement, Mr. Chairman.

Senator SMITH. We will call up our second panel.

It consists of Barry Beshue, president of the Oregon Farm Bureau; Dr. Ike Kershaw, Department of Education of the State of Ohio, representing the Future Farmers of America; Derek Godwin, staff chairman and watershed management specialist from Oregon State University; and John Rosenow, a farmer affiliated with the Wisconsin Academy of Sciences, Arts and Letters.

I will give everybody fair warning. Apparently, they are going to have a couple of votes here. We will try to get through all of your testimonies and questions, if we can, but appreciate your time here. We want to give you the time that you have prepared to present. Any abbreviation you can do, we appreciate that, too. All of your testimonies will be fully included in the record.

Barry, welcome.

STATEMENT OF BARRY BESHUE, PRESIDENT, OREGON FARM BUREAU, BORING, OR

Mr. BESHUE. Chairman Kohl, Ranking Member Smith and Senator Casey, I want to thank you for the opportunity to testify before you today. My children are pleased that I was actually able to comment on something for which I am eminently qualified, and that is getting old. So they sent my congratulations along and their thanks to Senator Smith.

It is a privilege to represent all members of the Oregon Farm Bureau and the agricultural community in the great State of Oregon. Oregon Farm Bureau is the largest agricultural organization in the State, representing all aspects of our industry. Consequently, our industry and our interests are wide and diverse.

However, among those many interests of the farmers and ranchers in Oregon, there is one key element that ties us all together, and that is the desire to keep agriculture economically viable, passing down our family operations to future generations, and to continue to provide Americans with the safest food and fiber in the world.

More often than not, the general public regards the Farm Bill as the only legislation affecting the agricultural industry. What most do not understand is that nearly every aspect of public policy decisions has a significant impact on agriculture. These issues, most outside the scope of the Farm Bill, and the effect on future and beginning farmers are what I would like to focus on today.

As an ambassador for Oregon agriculture, I am deeply concerned about the future of our industry. In Oregon, 29 percent of farmers are over 65. A full 81 percent are 45 years old or older, with only a quarter of a percent being 25 years old. I doubt this is significantly different than the national statistics.

Farming is not easy. There are no guarantees, no paychecks every 2 weeks, little stability, and it is extremely expensive to start. These statements probably beg the question, why in the world would anyone want to be part of the industry? The answer is clearly the shear love of the land.

Environmental conservation is of the utmost importance to farmers and to ranchers. It is too often that farmers and ranchers are labeled as anti-environmentalist. I am here to clarify that and tell

you that farmers and ranches are directly involved in the protection and the utilization of the environment surrounding it.

Preservation of land and conservation of other natural resources is necessary if we are to live and professionally thrive. However, increasing and unnecessary regulations on the industry continue to force established farmers and ranchers out of business. That is not much of an incentive for a young person.

For example, the Agricultural Protection and Prosperity Act of 2007 currently circulating through Congress regarding the Comprehensive Environmental Recovery, Compensation & Liability Act is critical to future producers. I do not believe it was ever the intention of Congress for CERCLA to apply to manure. The law clearly exempts the application of chemical fertilizers containing the same constituents as manure, which occur naturally in the environment. Furthermore, animal agriculture operations are already regulated under the Clean Water Act, the Clean Air Act and various State and Federal laws to protect our environment.

Regulations in areas such as animal agriculture are also a critical disincentive for new entrants and encourage aging operators to exit earlier. For example, over the last decade, Illinois lost half of its livestock operators, and the burden and costs associated with environmental regulation were no doubt a factor in those decisions.

In many cases, the loss took the form of a 55-year-old operator exiting now rather remodeling facilities and changing operating procedures radically. Most of what would have been the natural replacement of exiting operators was also cutoff by the complicated regulations governing new farmers and entrants.

The agricultural industry continues to educate Congress on animal rights groups, their strategies and their ultimate goal of ending animal production for food. Not only would this have a devastating economic impact, but also the public campaigns on behalf of these groups provide the public with misinformation and half truths. The mission of our industry is to educate Congress and the public on animal rights issues, as well as to provide tools to assist in State and local animal rights legislative and regulatory challenges.

This is not a large versus a small farm issue, or better put, a corporate versus family farm issue. The statutes current reporting requirements and liability thresholds for non-agricultural release or emissions of regulated substances are extremely low. Virtually any agricultural operation producing, storing and/or using animal manure could and likely will be held liable.

Oregon is a specialty crops State. We are famous worldwide for our fruits and vegetables as well as our tree planting and nursery industry. It is a very competitive and fragile industry impacted by spikes in planting, production and weather. Most importantly, the availability of labor is critical to any specialty crops operation. Again, the unpredictability and uncertainly of the labor force is not an enticement for young farmers.

American farmers and ranchers face a catch–22 when verifying the status of their workforce. It is illegal to knowingly hire someone who is not authorized to work, but the employer is limited in what he or she may ask for to determine who is authorized.

I commend the efforts of the Senate regarding bipartisan comprehensive immigration reform. Your hard work would provide relief from labor shortages. It is critical that comprehensive immigration reform legislation get signed into law this year.

If, however, President Bush ends up signing into law a bill that does not fully address agriculture's labor needs, economists estimate that up to $9 billion nationwide in annual production is at risk of being lost to foreign competitors. Oregon agriculture is estimated to lose nearly $5 million directly.

A successful comprehensive immigration reform must include a reliable verification system, border security, adequate transition provisions and a viable long-term guest worker program.

The estate tax is a tremendous burden on farmers and ranchers. Individuals, family partnerships or family corporations own 99 percent of the 2 million farms that dot America's rural landscape. Farms face a common problem of being land rich and cash poor.

The burden of the estate tax, which can be as a high as 45 percent, often forces young farmers and ranchers to sell land, buildings or equipment needed to operate their businesses just to pay this egregious tax burden. When farms and ranches disappear, the rural communities and businesses they support also suffer.

The average estate tax payment in 1999 to 2000 was the equivalent of up to 2 years of net farm income. Roughly twice the number of farm estates paid Federal death taxes compared to other estates in the late 1990's. Moreover, the average farm death tax is also larger than the tax paid by most other estates.

Congress voted to end death taxes in 2001. Unfortunately, the bill's provisions expire in 2011, requiring Congress to pass additional legislation to make death tax elimination permanent. I urge the Senate to take up companion legislation to H.R. 2380 permanently repealing the inheritance death tax.

Finally, I would be remiss if I did not mention the reauthorization of the Secure Rural Schools Act is essential, and I probably could not go home if I did not. This funding is vital for the education of children in Oregon and across the country.

More than 100 years ago, Congress recognized that these rural communities and counties with federally owned forestland within their boundaries would not be able to provide basic services because of the reduction and the resulting loss of property tax base.

Congress also recognized that national forests exist for the benefit of an entire Nation and, therefore, the entire Nation has a role in maintaining the health of our forests and their surrounding communities. Well-funded, well-educated rural communities are critical to an agriculture future.

This is an exciting time for United States agriculture, but so much of what happens in these halls has a direct impact on the industry. As farmers and ranchers continue to utilize cutting-edge technology, yields will increase while maintaining our international reputation of providing Americans with the safest low-cost of food in the world.

It is with sincere gratitude that I thank you not only for the opportunity to share with you the many challenges facing our young farmers and ranchers today, but also for the great work that you folks do day in and day out.

Thank you.
[The prepared statement of Mr. Beshue follows:]

Testimony

On behalf of the

Oregon Farm Bureau Federation

Aging and Agriculture

Submitted to the

United States Senate – Special Committee on Aging

The Honorable Herb Kohl, Chairman

Submitted by

Barry Bushue

President
Oregon Farm Bureau Federation

June 21, 2007
Washington, DC

Chairman Kohl, Ranking Member Smith and members of the committee, I want to thank you for the opportunity to testify before you today. My name is Barry Bushue and I am currently serving as President of the Oregon Farm Bureau Federation (OFBF). It is a privilege to represent all members of the Oregon Farm Bureau and the agriculture community in the great State of Oregon.

OFBF is the largest agriculture organization in the state, representing all aspects of the industry. Consequently our interests are wide and diverse. However, among the many interests of farmers and ranchers in Oregon and across the US, one key element ties them together. That is the desire to keep agriculture economically viable, passing down family operations to future generations and to continue to provide American's with the lowest cost of food and fiber in the world.

More often than not, the general public regards the farm bill as the only legislation affecting the industry. What most don't understand is that nearly every aspect of public policy has a significant impact on agriculture. These issues, outside the scope of the farm bill, and the effect on future or beginning farmers are what I would like to focus on today.

As an ambassador for Oregon agriculture I am deeply concerned about the future of the industry. Farming is not easy. There are no guarantees, no paychecks every two weeks, little stability and it is extremely expensive to start out. These statements probably beg the question, why in the world would anyone want to be part of the industry? The answer is simple. It is a shear love of the land. Environmental conservation is of the utmost importance to farmers and ranchers. I am thankful everyday that I am able to enjoy Oregon's beautiful surroundings. It is too often that farmers and ranchers are labeled as anti-environmentalists, but the exact opposite is the case. Farmers and ranchers are directly involved in the protection and utilization of the environment surrounding us. Preservation of land and conservation of other natural resources is necessary if we are to live and professionally thrive.

However, increasing and unnecessary regulations on the industry continue to force established farmers and ranchers out of business. How is a young person supposed to cope? For example, the Agricultural Protection and Prosperity Act of 2007, currently circulating through Congress regarding the Comprehensive Environmental Recovery, Compensation & Liability Act is critical to future producers. I do not believe it was the intention of Congress for CERCLA to apply to manure. The law clearly exempts the application of chemical fertilizers containing the same constituents as manure, which occur naturally in the environment. Furthermore, animal agriculture operations are already regulated under the Clean Water Act, the Clean Air Act and various state laws to protect the environment

Regulations in areas such as animal agriculture are also a critical disincentive for new entrants and encourage aging operators to exit earlier. For example, over the last decade, Illinois lost half of its livestock operators and the burden and costs associated with environmental regulation were likely a factor in those decisions. In many cases, this loss took the form of a 55 year old operator exiting now rather remodeling facilities and

changing operating procedures radically. Most of what would have been the natural replacement of exiting operators was also cut off by the complicated regulations governing new entrants.

The agriculture industry continues to educate Congress on animal rights groups, their strategies and their goal of ending animal production for food. Not only would this have a devastating economic impact, but also the public campaigns on behalf of these groups provide with public with misinformation and half truths. The mission of our industry is to educate Congress and the public on animal rights issues, as well as provide tools to assist in state and local animal rights legislative and regulatory challenges.

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Oregon is a specialty crop state. We are famous worldwide for our fruits and vegetables as well as our nursery products. It is a very competitive and fragile industry impacted by spikes in plantings, production and weather. Most importantly, the availability of labor is critical to a successful operation. Again, the unpredictability and uncertainly is certainly not an enticement for young people.

America's farmers and ranchers face a "Catch 22" when verifying the status of their workforce. It is illegal to knowingly to hire someone who is not authorized to work, but the employer is limited in what he or she may ask to determine who is authorized. If the employer requests more or different documents when the original documents appear reasonable on their face, the employer could be subject to Justice Department investigation or lawsuits for discriminating in employment. If, on the other hand, the employer accepts those documents but later is notified by the Social Security Administration that information contained in the documents does not match agency records, then the employer may not be safe from prosecution for knowingly hiring an illegal worker.

I commend the efforts of the Senate regarding bipartisan comprehensive immigration reform. Your hard work would provide immediate relief from labor shortages. It is critical that comprehensive immigration reform legislation get signed into law this year. If, however, President Bush signs into law a bill that does not fully address agriculture's labor needs, economists estimate that up to $9 billion nationwide in annual production is at risk of being lost to foreign competition. Oregon agriculture is estimated to lose nearly $5 million. A successful comprehensive immigration reform must include a reliable verification system, adequate transition provisions and a viable guest worker program.

The estate tax is a tremendous burden on farmers and ranchers. Individuals, family partnerships or family corporations own 99 percent of the two million farms that dot America's rural landscape. Farms face a common problem of being land rich, but cash

poor. The burden of the estate tax, which can be as a high as 45 percent, too often forces young farmers and ranchers to sell land, buildings or equipment needed to operate their businesses. When farms and ranches disappear, the rural communities and businesses they support also suffer.

The average estate tax payment in 1999 to 2000 was the equivalent of one-and-a-half to two years of net farm income. Roughly twice the number of farm estates paid federal death taxes compared to other estates in the late 1990s. Moreover, the average farm death tax is also larger than the tax paid by most other estates. Heirs should have the choice of valuing land at either fair market value or current use value without limitation, and there should be no estate tax on land that remains in agricultural production.

Congress voted to end death taxes in 2001. The law provided immediate relief through rate reduction and an expanded exemption, with complete repeal occurring in 2010. Unfortunately, the bill's provisions expire in 2011, requiring Congress to pass additional legislation to make death tax elimination permanent. I urge the Senate to take up companion legislation to HR 2380, permanently repealing the inheritance tax.

Finally, I would be remiss if I didn't mention the reauthorization of the Secure Rural Schools Act is essential. This funding is vital for the education of children in Oregon and across the country. More than 100 years ago, Congress recognized that these counties and communities with federally owned forestland within their boundaries would not be able to provide basic services because of the reduction in local property tax base. Congress also recognized that national forests exist for the benefit of an entire nation, and therefore, the entire nation has a role in maintaining the health of our forests and their surrounding communities.

This is an exciting time for US agriculture. So much of what happens in Congress has a direct impact on the industry. As farmers and ranchers continue to utilize cutting edge technology, yields will increase while maintaining our international reputation of providing American's with the lowest cost of food in the world. . It is with sincere gratitude that I thank you for not only the opportunity to share with you the many challenges facing young farmers and ranchers, but also for the great work you do day in and day out.

Senator SMITH. Thank you, Barry, for that excellent testimony.

Why don't we just go down the row? John Rosenow, why don't you take it over?

STATEMENT OF JOHN ROSENOW, FARMER AFFILIATED WITH THE WISCONSIN ACADEMY OF SCIENCES, ARTS AND LETTERS, COCHRANE, WI

Mr. ROSENOW. Thank you for inviting me. I am John Rosenow, a dairy farmer from Cochrane, WI. I appreciate this opportunity to speak to the Committee today in my role as a leader in the Future of Farming and Rural Life in Wisconsin's two-year study.

The Future of Farming project is the current public policy initiative of the Wisconsin Academy of Sciences, Arts and Letters. I have co-chaired the production agriculture segment of the study.

I have chosen to be involved in this project because I am one of those rural folks. My entire life has been devoted to agriculture, and it has been very good to me as a business and as a way of life. I am now 57 years old and, over the years, have gained some insights that may be of value.

Agriculture is dynamic. Our farm has changed from 50 cows to 500, from one employee to 19, from all English-speaking to only half native speakers, and there are fewer and fewer of us. I could just ride it out and retire and move south, but I think things can be done to revitalize rural America. I am here today to explain how we have approached this in Wisconsin.

The Future of Farming and Rural Life initiative began in 2005 with the mission to create a fact-based process that would stimulate thought, conversation and action on the important issues in farming and rural life in Wisconsin.

To gather maximum expert and grassroots input, we held six regional forums around the State in a 2-day statewide conference to stimulate learning and engagement. The pending final report is based on 83 recommendations. Implementation of those recommendations represents a commencement to a rural renaissance in Wisconsin.

Organizations committed to rural development are currently seeking funding from foundations and Government agencies to work on specific project recommendations. These efforts will create what we hope will become a model rural development program.

Included in the materials I have submitted for the Committee's review is a video that illuminates the role of immigrants in farm labor today. There is considerable information on the project Web site and in the submitted materials, including the draft recommendations.

In our limited time today, I would like to touch on just a few of the things we learned.

There is considerable poverty in rural Wisconsin, and that affects rural communities in many ways. Conversely, there are farmers who have accumulated some wealth as well, usually tied up in land.

Health care is a major, perhaps the greatest, concern among rural residents. Almost one-third of Wisconsin farmers have no insurance or only catastrophic insurance. Of those with coverage, 36

percent secure it through off-farm employment. In many cases, the off-farm insurance does not cover farm-related injuries.

Rural citizens are less healthy as they delay or avoid professional care. The Future of Farming study concludes that all citizens are entitled to access to high-quality, affordable health care and better preventive care.

Wisconsin needs to re-think its education system and develop alternate funding strategies. With decreasing school enrollments and resources, fewer rural students may be able to compete for higher education or desirable employment.

Some school districts with large immigrant populations are experiencing rapid growth which aids their funding resources. For example, since the first of the year, Arcadia has seen a growth of 159 students in a district with 986 students in all grades.

Rural communities are hampered by inadequate access to 21st century jobs and leadership for economic development. Inadequate access to high-speed Internet and telecommunication services slows economic development, innovation, entrepreneurial behavior and educational services.

In contrast to this, there are 11 telephone cooperatives that serve a portion of rural Wisconsin. These co-ops provide all their subscribers with the latest in Internet services.

Wisconsin's biggest agricultural asset is its diversity. Thoughtfully preserving working lands is critical to our State. Vulnerable mid-sized farms urgently need public policy attention.

The emerging bioeconomy holds great promise in Wisconsin. Wisconsin farms are now truly dependent upon immigrant labor. An effective documented worker program and sensible immigration laws are crucially important to the dairy and food processing industries.

My own example is instructive. In 1998, I hired my first immigrant from Mexico. This was a difficult decision. I did not want to do this. I wanted to hire locally. I did not want to hire Spanish-speaking people I knew nothing about. I had no choice as the labor situation became very tight. My experience with reliable, hard-working Latinos has been very positive. Today, most dairy farms in Wisconsin with employees have Mexican help.

Along with many others, I have founded an organization called Puentes that provides language and cross-cultural training and links us employers with the families of our Mexican employees. This unique approach has been very successful in making employers caring and benevolent rather than the established exploitive stereotype.

This is what I hope you take away from this conversation. The people living in rural Wisconsin and America are no longer all Northern European, white, 3rd and 4th generation Americans. There is a new diversity to rural America which creates both opportunities and challenges.

Conditions are ripe for a rural renaissance, which is in the interest of all citizens, regardless of where we live. Results of the Future of Farming study are applicable elsewhere.

Throughout the Future of Farming project, we heard from citizens that they need the tools for rural development. Congress can support those efforts with policy and funding.

Thank you.
[The prepared statement of Mr. Rosenow follows:]

John Rosenow, Cochrane, WI • Hearing Testimony

SENATE SPECIAL COMMITTEE ON AGING
June 21, 2007 Hearing
Thursday, June 21, 11:00 a.m.
Russell Senate Office Building, Room 328
Future of Farming and Rural Life in Wisconsin: John Rosenow

Introduction
I am John Rosenow, dairy farmer from Cochrane, WI and I appreciate this opportunity to speak to the Committee today in my role as a leader in the Future of Farming and Rural Life in Wisconsin's 2-year study. The Future of Farming (FOF) project is the current public policy initiative of the Wisconsin Academy of Sciences, Arts, and Letters. I have co-chaired the Production Agriculture segment of the study and provided special expertise in addressing farm labor needs with immigrant workers.

I have chosen to be involved in this project because I am one of those rural folks. My entire life has been devoted to agriculture and it has been very good to me as a business and as a way of life. I am now 57 years old and over the years have gained some insights that may be of value. Agriculture is dynamic. Our farm has changed from 50 cows to 500, from one employee to 19, from all English speaking to only half native speakers—and there are fewer and fewer of us. I could just ride it out, retire, and move south, but I think things can be done to revitalize rural America. I am here today to explain how we have approached this in Wisconsin.

The Future of Farming and Rural Life initiative began in 2005 with the mission to present stakeholder groups with a fact-based process that would stimulate thought, conversation, and action on the important issues in farming and rural life in Wisconsin. The Wisconsin Academy is uniquely able to guide this effort because of its independent and nonpartisan status.

FOF Study Process
In an attempt to develop a new vision for agriculture in Wisconsin, the project's ambitious goals were to:

- Examine status, trends, constraints, and opportunities for Wisconsin's ag sector
- Include diverse stakeholders from all regions, disciplines, perspectives, and interests
- Develop policy recommendations and action steps
- Energize implementation strategies and action networks toward a more sustainable future

The vast content possibilities were organized into the broad categories of: **Production Agriculture, Food Systems, Natural Resources/Conservation, and Community Life** (social, economic and cultural factors).

To gather maximum expert and grassroots input, we held six regional **forums** around the state in 2006. Last month, we held a 2-day **statewide conference** in Madison to learn from each other, build networks and stimulate engagement.

October 7 we intend to present to Governor Doyle and to heads of state agencies the **FOF final report**. The backbone of this report is a series of 83 recommendations.

The **recommendations** were arrived at through a multi-tiered vetting process that started with collecting input at each of our regional forums and via our website, and soliciting advice from content specialists and stakeholder groups. Known experts in various fields served on committees that reviewed input by content categories and suggested recommendations. This was an iterative process that required several rounds of culling, combining and working toward mutually acceptable statements and calls to action. The project's executive committee signed off on the draft you are receiving today. A final version is subject to one more review after incorporating final public input.

The pending final report is important not only as the culmination of the FOF initiative, but also as a **commencement to a rural renaissance** in Wisconsin. Organizations committed to rural development are currently seeking funding from foundations and government agencies to implement specific project recommendations and to capitalize on networks built during the project. These individual and collaborative efforts will create what we hope will become a **model rural development program**.

Included in the **materials** I have submitted for the Committee's review is video of a presentation colleagues and I made that illuminates the role of migrants in farm labor today. There is considerable background information on the project website (www.wisconsinacademy.org/idea) and in the submitted materials, including the draft recommendations.

Future of Farming Findings Highlights
In our limited time today, I would like to touch on just a few of the things we learned throughout our study:

- There is considerable poverty in rural Wisconsin—and that affects rural communities in many ways. Conversely, there are farmers who have accumulated some wealth as well, usually tied up in land.

- Health care is a major—perhaps the greatest—concern among rural residents.
    - Almost one-third of Wisconsin farmers have no insurance or only catastrophic insurance. Of those who do have insurance, 64% privately purchase it and 36% secure coverage through off-farm employment. In many cases, the off-farm insurance does not cover farm related injuries. As a group, rural citizens are less healthy as they delay or avoid professional care.
    - The FOF study concludes that ALL citizens are entitled to access to high-quality affordable health care and enhanced delivery of preventive care.

We should start by determining a basic level of care to which all citizens are entitled.

- Wisconsin education needs to re-think the basic structures and develop alternate funding strategies.
  - K-12 enrollment declines in rural areas trigger reduced state aids, as transportation, energy, and other fixed costs escalate.
  - Rural schools are the center of community life; losing the school is a drastic blow to community viability.
  - Too few rural students graduate from college.
  - With decreasing school enrollments and resources, fewer rural students may be able to compete for higher education or desirable employment, thus threatening the mandate for equitable educational opportunities for all. Some school districts with large immigrant populations are experiencing rapid growth which aids their funding resources. For example, since the first of the year, Arcadia has seen a growth of 159 students in a district with 986 students in all grades.
  - Support for training in agricultural careers at all levels (K-16) is lacking. New skill sets for managers and owners of agricultural enterprises are required (especially in human resources management and business and financial planning).
  - The nature of agricultural businesses and the workforce needed for them is changing, requiring different preparation, skill sets, and identification and training of non-traditional sources of agricultural owners, managers and workers. Ongoing professional development across the career span and affordable access to it is needed.
  - Cooperative approaches, facilitating credit transfer, and sharing of services and technology among all levels of the state educational system (K-12, technical colleges, university system) are much needed to improve efficiencies and service delivery throughout the state.
  - Education delivered by distance learning to more and different kinds of populations is desirable.

- Rural communities are hampered by inadequate access to 21st century jobs and leadership for economic development strategies. More regional cooperation and strategies are necessary.
- Rural communities, especially schools, need more technology access. Inadequate access to high-speed internet and telecommunication services causes impediments to economic development, innovation, entrepreneurial behavior, and educational services. In contrast to this, there are 11 telephone co-ops that serve a portion of rural Wisconsin. These co-ops provide all their subscribers with the latest in internet services.
- The cost of fuel affects many organizations in rural communities, particularly schools.

- Production Ag.
- Wisconsin's biggest agricultural asset is its diversity. Thirty million acres of agricultural and forest lands have an enormous impact on the state economy.
- Keeping these lands productive and thoughtfully preserving working lands is critical to our viability as a state.
    - Vulnerable mid-sized farms urgently need public policy attention to encourage success or enable transition to other operation types for this group, e.g., business planning grants, investment tax credits, favorable tax treatment for farmland inheritance, etc.
    - Wisconsin farms are now truly dependent upon immigrant labor. An effective documented worker program and sensible immigration laws are crucially important to the dairy and food processing industries.

My own example is instructive. In 1998, I hired my first immigrant from Mexico. This was a difficult decision. I did not want to do this. I wanted to hire locally. I did not want to hire Spanish speaking people I knew nothing about. I had no choice as the labor situation became very tight. My experience with reliable, hard-working Latinos has been very positive. Today, most dairy farms in Wisconsin with employees have Mexican help.

Along with many others, I have founded an organization called Puentes that provides language and cross-cultural training and links us employers with the families of our Mexican employees. This unique approach has been very successful in making employers caring and benevolent rather than the established exploitive stereotype.

- This new labor force requires basic training for farm workers and managers—and other citizens of rural communities— in language, literacy and cross-cultural appreciation. A favorable environment for non-traditional labor sources to move from labor to management to ownership is also needed.
- Wisconsin's $50+ billion agriculture economy can remain strong only with encouragement of new farmers and entrepreneurs, requiring access to both education and capital. The development of new cooperative strategies is a part of investing in the future.
- Citizens are concerned about food quality issues and the ability to trace the food supply.
- Wisconsinites express a strong desire for regional and local foods.
- Energy sources for the future are a major interest and major concern. Production ag is hugely affected—biofuels represent both a constraint and an opportunity.

- Federal programs and farm policy have major impacts on agriculture nationwide.
    - Farm policy should encourage market-driven production systems supported by safety nets.

- The rural development title of the federal Farm Bill should focus on strategies that broaden and enhance diversity in rural economies.

What I Hope You Take Away from this Conversation…

- The people living in rural Wisconsin and America are no longer all Northern European, white, 3rd and 4th generation Americans. There is a new diversity to rural America which creates both opportunities and challenges.

- Conditions are ripe for a "**rural renaissance,**" which is in the interest of all citizens, regardless of where they live. Results of the FOF study are applicable elsewhere.

- Throughout the FOF project, we heard from citizens that they need **the tools** for rural development. Congress can support those efforts with policy and funding.

Senator SMITH. Thank you very much, John.

Derek Godwin.

STATEMENT OF DEREK GODWIN, STAFF CHAIR AND WATERSHED MANAGEMENT EXTENSION SPECIALIST, OREGON STATE UNIVERSITY EXTENSION SERVICE, SALEM, OR

Mr. GODWIN. Thank you.

I know this might be a little difficult for Senator Smith, but I would like for you to imagine yourself as a farmer in Oregon. You probably grow grass seed, vegetables, stone fruits, Christmas trees or nursery stock. You would make decisions on when to plow, plant and harvest, how much fertilizer to apply and when, and methods to eradicate a variety of pests or fungi.

You make decisions on who to hire, how to train them, what jobs could be contracted, what equipment to purchase or lease, and you would hope for good weather and high yields and reasonable prices for your products in order to pay the bills and make a living.

So then imagine your business as family owned, and you live where you work. You cannot get away from your work. There are decisions and work on evenings and weekends. These decisions are made with your spouse and family, causing tension and stress.

Now I do not know about you, but my wife and I argue about where furniture is located in our living room and the bushes we plant in the backyard. So I have a hard time imagining making family decisions and work decisions on the family farm.

But, despite the many challenges facing family farms, I believe it is this very structure that has made agriculture in America so successful. It is the ties to the land that ensure that land, natural resources and communities are protected and sustained.

So, no matter what the future holds for agriculture and whether it is moved toward organic markets or niche markets or new products, success will come because we have supported families on farms.

Now one piece of information that was part of the 2002 Census of agriculture that I have not heard this morning was that only 9 percent of the just over 2 million farm operations have multiple operators that span two or more generations, and this means that the overwhelming large majority of operations do not have a younger generation in place in which to transfer the operation.

So how do we keep the family and family farms for our future? First, I would like to identify a few things that are preventing young people from staying on the farm.

One is profitability. Decision makers and consumers alike are sort of stuck on cheap food as a goal, both in the local super market and as a way to compete in foreign markets.

Second is the difficult access into farming. In reality, you are either born into it or marry into it. Small farms are an option, but small farms have a hard time surviving and are often highly leveraged and are often subsidized by off-farm income.

Third is the estate taxes. They are a major burden facing the intergeneration transfer of a farming operation. A farm may be asset heavy, whether it is profitable or not, and the last transfer between the parent and offspring can still be heavily taxed, so

much so that the heirs often go into debt or sell large portions of the property to pay the tax bill.

So these three reasons are tangible barriers to choosing farming for a career, but you also have long hours, low pay, isolation, working with your parents, few vacations and weekends off, and to paraphrase a local farmer: How are you going to keep them down on the farm after they have seen what a job at Microsoft pays?

So let's see. What are some solutions to resolving these issues?

One is explore alternative ways to help farmers remain competitive locally. In Oregon, we are having some success with marketing local products to support local farmers, and I have seen more educated shoppers in the supermarkets choosing these local products as opposed to the cheaper alternatives from other countries.

Oregon is also pushing State-funded schools to use locally grown products over the cheaper foreign grown products.

Second, eliminate or drastically restructure the estate tax to not penalize families who want to transition their ownership and keep the farm a farm.

Third, look for ways to make access into farming a reality for more young people. Even young farmers who are taking over the business from their parents may not be able to do it because the equipment and operation is outdated and they cannot afford to pay for the modernization. Assistance could be provided through low-interest long-term loans, and it could also be supporting the education of young people who plan to go back to the family farm.

The fourth, on a smaller scale, I would like to see agri-business, agricultural organizations and non-profits and even local farmers take a more direct role in nurturing those young people who want to get into and remain in agriculture. These avenues could include working with local FFA Chapters, 4-H Clubs, community colleges and universities, and they should be available for internships, work-study programs and job shadowing.

Finally, I would like to see support groups and networks created that link schools and organizations together with farm families. These networks would help farm families facing these challenges.

One example of supporting this type of network in educating farm families is OSU's new education program entitled Ties to the Land: Keeping Forests and Farms in the Family. The essential premise of Ties to the Land is that a successful succession plan is dependent on how a family effectively communicates and follows a fairly simple process in creating a transition plan.

So Ties to the Land guides the family through a 10-step planning process which incorporates effective communication techniques, helps them set goals, create business entities, set employment policies, assessing reasons why to keep the property in the family, having fun on the property and creating a governance structure that will survive the parents passing.

So, in closing, I commend this Committee for identifying these critical issues facing agriculture, farm families, rural communities and society in general, and exploring possible solutions to support our future.

Thank you.

[The prepared statement of Mr. Godwin follows:]

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June 18, 2007

To: Special Committee on Aging, United States Senate

From: Derek Godwin, Staff Chair in Marion County and Watershed Management Specialist

Re: Testimony for Special Committee on Aging

The following testimony is provided by Derek Godwin and includes information gathered from John Burt, professor emeritus at OSU, and Mark Green, professor at OSU and Director of the Austin Family Business Program.

Farmers face many challenges like making daily decisions on when to plow, till, plant, fertilize, and harvest, or management decisions involving their sizeable assets, numerous employees, a multitude of rules and regulations and a market place that changes every day. In addition to these challenges, competition from foreign markets, environmental concerns, low prices and many global factors also make the future uncertain.

These issues may be similar to a lot of other businesses, but what makes farming unique is the family nature of the business. Probably 95% of commercial agriculture is structured as family owned businesses - partnerships, corporations or single proprietorships - the basic underlying structure making agriculture so productive over the last century. Husbands and wives, brothers and sisters, parents and their children working side by side on land passed on over several generations.

In the last two U.S. Census of Agriculture reports the average age of farm owners continues to increase towards 60 years of age. This means that our communities and society in general can anticipate an unprecedented transfer in ownership of land-based business over the next couple of decades. In addition, the value of agriculture property has appreciated significantly over the years which adds complexity to how and if farms will transition to the next generation. We are at a critical stage in planning for the future of agriculture: recruiting and training the next generation of farmers and ensuring farms will continue to be viable, healthy operations. Every family owned business has to deal with transitions, but it seems to be reaching crisis proportions in agriculture.

The following paragraphs describe typical family and transition management issues with farming families in Oregon and other states. This testimony highlights these issues to assist the Committee on Aging in understanding the issues and explore possible solutions in supporting a healthy, vibrant future for agriculture and our families in the United States.

So what is preventing young people from staying on the farm? First and foremost is profitability. Decision-makers and consumers alike are stuck on "cheap food" as a goal both in the local super market and as a way to compete in foreign markets. If we don't get this one solved, there won't be a future in farming in America for the next generation. In Oregon, one recent marketing tactic that is gaining success is educating people to "buy local" and support local farms. This education is helping increase demand at grocery stores for locally

Agriculture, 4-H Youth, Family & Community Development, Forestry, and Sea Grant Extension Programs. Oregon State University, United States Department of Agriculture, and Marion County cooperating. The Extension Service offers its programs and materials equally to all people.

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grown products even if they are more expensive than foreign and out-of-state products. Another recent success in Oregon is to increase the amount of locally grown products being used in state schools. Schools have historically held contracts with companies that used foods from other states and countries solely because they were the cheapest to obtain.

Next is the difficult access into farming. In reality, you are either born or marry into it. Small farms are an option, but small farms have a hard time surviving and they are often highly leveraged and subsidized by off farm income. Farmers markets, roadside stands, U-Pick farms and community farming all find a hard way to gain acceptance in the market place, but are some of the best ways for small farms to get started.

Estate taxes are another major burden facing the inter-generation transfer of a farming operation. A farm may be asset heavy whether it is profitable or not, and the last transfer between the parent and offspring can still be heavily taxed. So much so that heirs often go into debt and/or sell parts of the property to pay the tax bill.

The above are the more tangible barriers to choosing farming for a career. How about long hours, low pay, isolation, working with your parents and few vacations or weekends off? To paraphrase a local farmer: How are you going to keep them on the farm after they have seen what a job at Microsoft pays?

All of this isn't new or necessarily limited to farming; but, it's a critical time to explore solutions to resolve these issues. Here are a few ideas from my own point of view.

- On the big picture scale, consider eliminating or seriously modifying the estate tax for family owned businesses in order to allow for the successful transition among generations.
- Look for ways to make access into farming a reality for more young people. This could range from low interest business loans to scholarships for people attending university and technical schools to study agriculture and business with the intent on returning to the family farm.
- Encourage agri-business, agricultural organizations and non-profits and even local farmers to take a more direct role in nurturing those young people who want to get into or remain in agriculture. They are as close as your local FFA Chapter, 4-H Club, Community College or University. They should be available for internships, work- study programs or job shadowing. The more young people are exposed to agriculture as a career, the more likely they will opt for it as a career choice and eventually find their way home.
- Finally, create local support and advisory groups for farm families facing these challenges. Look for networks that link schools, non-profit and other organizations together with farm families.

If we start with the premise that keeping the "family" in family farms is a good idea - and it seems that the great success in America's agriculture over the years is because its structure is based on a family-owned business - future success will come because we have supported families on farms and their ability to effectively transition to the next generation.

Oregon State University Extension Service and the Austin Family Business Program at Oregon State University have been developing and delivering educational assistance to help farmers and woodlot owners

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create effective succession plans. These programs provide information about the legal and economic aspects of managing and transferring family farms and woodlands; but more importantly, they provide steps within the complicated emotional context of family ties. Oregon and colleagues in many other states have found that the most critical component in creating a successful transition plan is the ability for the family to effectively communicate. These Extension programs incorporate communication techniques while guiding landowners through the following steps in creating a succession plan:

1. Discuss and write down your goals (vision) for the property and the family.
2. Discuss these written goals with your family
3. Create a family business entity to own the land
4. Have regular family meetings to discuss the business and share your passion
5. Set family employment policies before you hire any family members
6. Discuss and write down important decisions
7. Create non-financial reasons for the family to keep the property
8. Get your kids and grandkids out to work and have fun on the property
9. Create a governance structure that will survive your passing
10. Remember to have fun!

No matter what the future holds for agriculture, whether it is a move towards organic markets, niche markets, new products, etc., success will come because we have worked hard to generate solutions that effectively support families on farms. I commend this Committee on Aging for their foresight in considering these issues, and I hope this testimony has provided some ideas on possible solutions.

Agriculture, 4-H Youth, Family & Community Development, Forestry, and Sea Grant Extension Programs. Oregon State University, United States Department of Agriculture, and Marion County cooperating. The Extension Service offers its programs and materials equally to all people

Senator SMITH. Thank you very much, Derek, for that excellent testimony.

Isaac Kershaw, you are going to get the last word. The vote has started, but we are going to hang here with you. We apologize we do not have time to do the vote and Q&A, but Senator Kohl and I will submit written questions to you for your consideration.

Mr. Kershaw. I will try to be quick.

Senator SMITH. OK.

STATEMENT OF ISAAC KERSHAW, PH.D., OHIO STATE DEPARTMENT OF EDUCATION, CAREER TECH AND ADULT EDUCATION, COLUMBUS, OH; REPRESENTING FUTURE FARMERS OF AMERICA

Mr. KERSHAW. Well, good morning, Ranking Member Smith and Chairman Kohl. It is a pleasure to be here today. I appreciate the opportunity to address the Committee on behalf of the National FFA Association and the National Council for Agricultural Education.

Today, I would like to share with you our insight regarding issues associated with aging farmers and ranchers and the challenges facing young people who have a desire to enter production agriculture.

The retirement of aging baby boomers and the graying of American farmers rightly raise significant questions: Who will farm the land? Will we have enough young people willing to enter the field in the future? Will they be successful? With respect to agricultural education, who will prepare them?

Those familiar with agricultural education know there are currently more than a million students in our public schools preparing for careers in agriculture, food and natural resources. A half-million of these young people are members in FFA, an organization dedicated to developing the potential of students in leadership, personal growth and career success, all of which is an integral part of an agricultural education program.

A rising FFA membership is at the highest point in 28 years and suggests increasing interest by students in agricultural careers. Some 12,000 teachers in 7,200 schools work with these students every day, helping them discover their talents, explore opportunities in agriculture and channel their efforts for career preparation. It is a system that has served generations of the Nation's farmers and ranchers, and today it is bringing the best and the brightest to agriculture.

Agricultural education programs are designed to create awareness of opportunities in agriculture, to motivate young people to begin their preparation for a lifelong career in agriculture, and to prepare them with the knowledge and skills necessary for success in higher education and on the job.

Students explore careers and begin to understand that 21st century agriculture is a global enterprise based in science, which demands continued growth in discovery and application. Many of these young students choose to pursue careers in farming and ranching. Many others might take a different path in an agriculture career, but all are related to the science, the business, the

technology of agriculture. All are tied to food, fuel, fiber and the management of our natural resources.

I submit we have an ideal system in place to produce the results we seek. Agricultural education and FFA have the ability to attract, motivate and help prepare the next generation of agricultural leaders, managers, scientists and producers. But we will best serve the interests of agriculture and the Nation if we can dramatically expand the reach of this program to more of our Nation's high schools.

The agricultural education community is in the process of implementing a plan of action designed to significantly increase the number and the quality of agricultural science programs in the country. Working under the direction of the National Council for Agricultural Education, we have adopted a long-range goal to increase the number of programs from 7,200 today to 10,000 by the year 2015. This ambitious effort is viewed as a key strategy for attracting the talent and commitment of those who will keep American agriculture thriving and productive.

We know that significant financial resources are necessary for young men and women to enter careers in production agriculture. It will require a comparable investment in education for them to acquire the knowledge and skills necessary to be successful. So this should be seen as a great, necessary investment in our national future.

The focus of the Special Committee on Aging, to facilitate an effective transition to a new generation of agricultural producers, is timely and critical. The more students we get through our educational pipeline, the greater the number prepared to successfully fill the shoes of the farmers and ranchers who preceded them.

But we need help with this endeavor in terms of research and program innovation. We need more investment through education and agricultural appropriations. We need language in the Farm Bill and in educational policy that strengthens the role of agricultural education and FFA in securing the future agriculture base of the Nation.

There is a real opportunity for the Federal Government to take an active role as we move forward with the initiatives of having 10,000 quality agricultural science programs by the year 2015.

So, Mr. Chair, Mr. Smith, I certainly appreciate the opportunity to address this Committee and wish you the best in your deliberations.

[The prepared statement of Mr. Kershaw follows:]

STATEMENT OF ISAAC KERSHAW
BEFORE THE SENATE SPECIAL COMMITTEE ON AGING
JUNE 21st 2007

Good morning Chairman Kohl, Ranking Member Smith and members of the Special Committee on Aging. My name is Isaac Kershaw and I appreciate the opportunity to address the committee on behalf of the National FFA Association and the National Council for Agricultural Education. Today, I'd like to share with you our insight regarding issues associated with aging farmers and ranchers and the challenges facing young people who have a desire to enter production agriculture.

The retirement of aging baby boomers and the graying of American farmers rightly raise significant questions: Who will farm the land? Will we have enough young people willing to enter the field in the future? Will they be successful? Who will prepare them?

Those familiar with agricultural education know there are currently more than a million students in our public schools preparing for careers in agriculture, food and natural resource industry areas. A half million of them are members of the FFA, an organization dedicated to developing the potential of students for leadership, personal growth and career success as an integral part of agricultural education. A rising FFA membership is at the highest point in 28 years and suggests increasing interest by students in agricultural careers. Some 12,000 teachers in 7,200 schools work with these students every day, helping them discover their talents, explore opportunities in agriculture and channel their efforts for career preparation. It's a system that has served generations of the nation's farmers and ranchers, and today it is bringing the best and brightest to agriculture.

Agricultural education programs are designed to create awareness of opportunities in agriculture, motivate students to begin their preparation for a lifelong career in agriculture, and prepare them with the knowledge and skills necessary for success in higher education and on the job. Students explore careers and begin to understand that 21st century agriculture is a global enterprise based in science, which demands continued growth in discovery and application. Many of these young students choose to pursue careers in farming and ranching. Many others take a different path to an agricultural career, but all are related to the science, business and technology of agriculture. All are tied to food, fiber, fuel and natural resource management.

Plant and animal sciences serve as the foundation body of knowledge for these programs. Students will understand the marketing, processing and distribution systems that support production. Resource management is taught through agricultural education and is critical to success in establishing and managing the business of a complex enterprise. Individuals who plan for a career in production agriculture need strong academic knowledge and skills. Quality agricultural education programs integrate science, math, communication, business and technology into the curriculum and treat these academic competencies as critical for success in college and on the job.

I submit we have an ideal system in place to produce the results we seek. Agricultural education and FFA have the ability to attract, motivate and help prepare the next generation of agricultural leaders, managers, scientists and producers. But we will best serve the interests of agriculture and the nation if we dramatically expand the reach of this program to more of the nation's high schools.

The agricultural education community is in the process of implementing a plan of action designed to significantly increase the number and quality of agricultural science programs in this country. Working under the direction of the National Council for Agricultural Education, we have adopted a long-range goal to increase the number of programs from 7,200 today to 10,000 by the year 2015. This ambitious effort is viewed as a key strategy for attracting the talent and commitment of those who will keep American agriculture thriving and productive.

We know that significant financial resources are necessary for young men and women to enter careers in production agriculture. It will require a comparable investment in education for them to acquire the knowledge tools necessary to be successful. This should be seen as a great and necessary investment in our national future.

The focus of the Special Committee on Aging, to facilitate an effective transition to a new generation of agricultural producers, is timely and critical. The more students we get through the educational pipeline, the greater the number prepared to successfully fill the shoes of the farmers and ranchers who precede them. But we need help with this endeavor. We need more research. We need program innovation. We need more investment through education and agriculture appropriations. We need language in the Farm Bill and in educational policy that strengthens the role of agricultural education and FFA in securing the future agriculture base of the nation. There is a real opportunity for the Federal Government to take an active role as we move forward with the initiatives of having 10,000 quality programs by 2015.

Mr. Chairman and members of the committee, thank you for the opportunity to be here today on behalf of the National FFA Association and the National Council for Agricultural Education to express our views. I appreciate your public service and wish you success in your deliberations.

Senator SMITH. Thank you so very much. That was outstanding.

Would you agree, Isaac, that if the dollars get better, all of these programs in place, we will get more students and then more kids on the farm?

Mr. KERSHAW. Absolutely.

Senator SMITH. Any final comments, Senator Kohl?

The CHAIRMAN. An excellent hearing, excellent testimony, on a very, very important question, not only, of course, agriculture, but rural American in its entirety is the subject of what we are talking about, and I think all of us agree it is worth preserving and worth investing in, and you are here today to testify to that.

We appreciate your coming, and we will get back to you with our questions.

Senator SMITH. Thank you all so very much for your time and your attention to this important issue and sharing your excellent testimony with us.

We apologize that the leadership of the Senate does not check with the Aging Committee before they schedule votes. So that will truncate this session a bit.

But, with that, our thanks.

We are adjourned.

[Whereupon, at 12:03 p.m., the Committee was adjourned.]

APPENDIX

PREPARED STATEMENT OF SENATOR KEN SALAZAR

I would like to thank Chairman Kohl and Ranking Member Smith for holding this important hearing.

As a member of the Senate Committee on Agriculture I can say that this is an issue that continually comes up in discussions about the future of agriculture. Over the last year I have traveled to every corner of Colorado conducting "Farm Bill Listening Sessions" to hear directly from agricultural producers about what they are looking for in the 2007 Farm Bill. One of the "big picture" issues that I hear from Coloradans is that we must work to revitalize rural America so that our young people in our rural communities do not dismiss the idea of taking over their family's farm or ranch as well as the need to draw new blood into agricultural careers.

The current data on this issue is a stark reminder of the need to act. Nationally, there are about twice as many farmers over the age of 65 as there are under the age of 35. In Colorado the average age of our principal operators is 55 and rising.

So, the million dollar question is how do we revitalize rural America and reverse this trend? I don't think there is an easy answer and I look forward to hearing from our witnesses on this topic.

In my mind, I believe that part of the answer lies in taking advantage of opportunities that are being created by renewable energy.

That is why I introduced the 25 by 25 resolution that lays out a goal of producing 25% of our country's energy needs by renewable energy by 2025.

A University of Tennessee study projected that this goal is achievable and will generate over $700 billion in economic activity and create 5.1 million jobs by 2025, mostly in rural areas. That is serious rural development. I, and the 33 Senators who have co-sponsored this resolution, were able to add that resolution to the Energy Bill that is on the Senate floor this week. I believe this Energy Bill is a great step in the right direction for renewable energy and rural America.

Americans are sick and tired of depending on foreign countries for our energy needs and they are demanding action to change the status quo and Congress has noticed. The country is ready to take the next step in developing renewable energy and Rural America stands to benefit more than any other part of our country.

It is imperative that we seize these opportunities as they are presented and I look forward to working with my colleagues here and on the Agriculture Committee to do just that to revitalize rural America.

RESPONSES TO SENATOR CASEY'S QUESTIONS FROM KEITH COLLINS

Question. The USDA, in its 2007 Farm Bill proposal, has proposed several measures dealing with payment increases and loan incentives to provide additional support to beginning farmers and ranchers. What other types of incentives, besides those proposed by USDA, would be effective vehicles to bring more young people into careers in farming and agriculture.

Answer. As noted in your question, the Administration's 2007 Farm Bill proposal recommends a broad package of proposed changes to several Farm Bill titles to provide additional support to beginning farmers and ranchers. These proposals include changes to the commodity, conservation, and credit titles identified in the written testimony of USDA Deputy Secretary Conner for the June 21, 2007 hearing.

We believe these changes are the most cost-effective ways to bring more young people in careers in farming and agriculture. However, we would encourage Senator Casey to share any ideas he may have with the Department in an effort to address this important issue.

Question. The rising costs of health care and insurance coverage are critical concerns for farm families, causing large numbers of farmers to choose minimal insur-

ance coverage or no coverage at all. How large an impediment is this issue in recruiting and retaining America's farmers?

Answer. Market incentives augmented by Federal and State programs will determine the future supply of farmers and ranchers. If farm production provides a sufficient return, capital investment and people will enter production agriculture. Low rates of return will discourage investment and cause farm failures.

Nevertheless, there are a number of issues concerning the adequacy of the future workforce needed to farm the nation's agricultural lands. The decision to enter or remain in farming is influenced by several factors. Perhaps the greatest barrier to enter farming is the high price of land. Farmland values have been steadily increasing for many years, but jumped 15 percent in 2005 after a 21 percent increase in 2004, adding to the cost of entering farming. Between 2002 and 2006, the average value of farm real estate increased 57 percent. These figures indicate that access to capital for the purchase of land, buildings, and equipment may be significant hurdle for many young farmers.

Health care and insurance coverage are also concerns. Data collected by USDA's Economic Research Service (ERS) as part of the 2005 Agricultural Resource Management Survey (ARMS) provides additional insights into farmers' health insurance choices. The 2005 ARMS found that almost 85 percent of farm households had full health insurance, 7 percent had a portion of household members covered, and 6.5 percent had no coverage. For those farm households that had health insurance, 50 percent of farm households received health insurance through off-farm work of the farm operator or operator's spouse (table). Another 44 percent of farm households received health insurance through private insurance or public insurance (e.g., Medicare, Medicaid). Only 6 percent of farm households received health insurance through the farming operation. The data suggest that health insurance is important to farm families but is likely more important in the decision to have one family member work off-farm rather than for the entire family to leave farming.

Sources of Health Insurance and Health Care Expenditure of Farm Households

Source of Health Insurance	percent
Insured through operator or spouse off-farm work	50
Insured through private health insurance	22
Insured through public health insurance	22
Insured through farming operation	6

Question. How can we better educate and train our young people to prepare them for careers in farming and agriculture?

Answer. There are many ways to better educate and train our young people to prepare them for farming and agriculture. One tangible way is to continue to support the 4–H program. Participants benefit from a variety of activities intended to foster the development of life skills and competencies through participation in activities focused on science, engineering, and technology (SET); citizenship; and healthy living.

Today there are about 6.5 million children aged 5 to 19 participating in the 4–H program, an increase from the 5.7 million children that were participating a decade ago. However, only about 12 percent of eligible children participate in the 4–H program. 4–H is trying to double the number of members and the SET Task Force has an initial goal of providing high-quality SET experiences to 1 million new students by 2013.

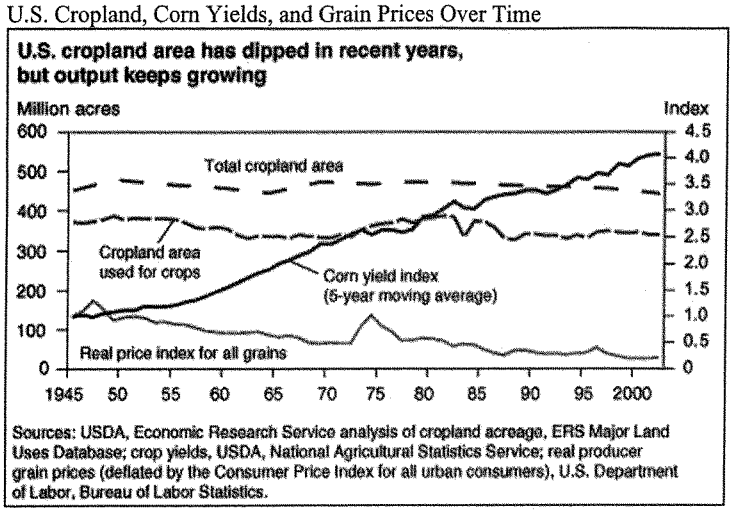
Another program that helps improve agricultural education is Agriculture in the Classroom coordinated by USDA. Its goal is to help students gain a greater awareness of the role of agriculture in the economy and society. The program is carried out in each state, according to state needs and interests, by individuals representing farm organization, agribusiness, education and government. USDA supports the state organizations by helping to develop Agriculture in the Classroom programs, serving as a central clearinghouse for materials and information, encouraging USDA agencies to assist in the state programs, and coordinating with national organizations to promote the goal of an increased awareness of agriculture among the nation's students. Please see: http://www.agclassroom.org/.

Question. According to the Agriculture Census, the U.S. lost over 16 million acres of farmland to development and other nonagricultural purposes between 1997 and 2002. If this trend continues, how will U.S. agriculture production, and in turn, food prices, be affected?

Answer. Shifting farmland to urban and nonagricultural purposes, historically, has posed no threat to U.S food and fiber production. For example, research con-

ducted by USDA's ERS has shown that between 1997 and 2002, U.S. total cropland area declined about 3 percent to 442 million acres, the lowest level since USDA began compiling this statistic in 1945. However, the value of U.S. crop output in 2002, measured in real (inflation-adjusted) terms, was 2.6 times higher than in 1948, although the value of aggregate input use declined over this period. Therefore, although cropland was declining, increasing productivity allowed U.S. farmers to produce more crops with less land. In addition, the greater use of nonland capital and materials like energy and agricultural chemicals has substituted for land and labor. Increases in yields, due to improved seeds and other technological changes, have also raised output. For example, from 1945 to 2002, average corn yields quadrupled, while real prices received for grains fell by 80 percent. As a result of rising productivity, despite a smaller land area devoted to crops, U.S. agricultural output continues to grow and consumers continue to pay lower real prices.

U.S. Cropland, Corn Yields, and Grain Prices Over Time



Despite the relatively small fraction of the American landscape dedicated to urban uses (3 percent or less), there is growing concern about the disappearance of farmland in some parts of the country, in part, because the conversion to urban uses is largely irreversible in that land seldom reverts back to rural uses once converted to urban. While interest in protecting farmland arises in part from desires to maintain crop production, many citizens want to protect farmland to preserve nonmarket benefits such as open space, wildlife habitat, and maintaining a cultural heritage. These nonmarket benefits are often a byproduct of the agricultural production process. Ensuring the continued availability of these rural amenities may be the most important reason for farmland protection, especially for farmland protection near urban areas.

RESPONSES TO SENATOR CASEY'S QUESTIONS FROM JOHN ROSENOW

Question. The USDA, in its 2007 Farm Bill proposal, has proposed several measures dealing with payment increases and loan incentives to provide additional support to beginning farmers and ranchers. What other types of incentives, besides those proposed by USDA, would be effective vehicles to bring more young people in careers in farming and agriculture.

Answer. Agriculture is very capital intensive and the transfer of assets from one generation to another has historically been done within families. The parents usually provided loans for the new generation to begin creating some equity. Modern systems especially in livestock require more investment than most families can provide so new business structures are used such as partnerships, limited liability companies or corporations. Favorable tax policies for farmers or reduced regulations by government in these structure issues will go a long way to providing opportunities for the next generation.

Question. The rising costs of health care and insurance coverage are critical concerns for farm families, causing large numbers of farmers to choose minimal insurance coverage or no coverage at all. How large an impediment is this issue in recruiting and retaining America's farmers?

Answer. This is vitally important. Our Future of Farming study found this to be the number one issue for rural families across the state. Due to the high cost of health insurance and the deductibles, many farm families have made conscious decisions to have one spouse work off the farm for health coverage. When one spouse works off the farm, he/she can contribute less to the farming operation and the tendency to keep farming declines, resulting in more flight from farms by children and the farmers themselves. Lack of insurance also delays or prevents farm families from seeking routine or preventive care of treatment for injuries, leading to more advanced illnesses when professional care is sought, and ultimately shortened careers.

Question. How can we better educate and train our young people to prepare them for careers in farming and agriculture?

Answer. Education for careers in agriculture is not limited to academics. Experience is almost as important. A program that utilizes the experience of existing successful farmers in educating the next generation would help a lot, perhaps in mentoring relationships, on-farm internships, or by utilizing successful active or retired farmers as integral resources or contributors to classroom programs in different areas of expertise. It is also important for the next generation of farmers to have training in business and financial planning and personnel management. Increasing choices about expanding specializing, or converting to other operational types mean that farmers need to be able to make knowledge-based decisions. The growing trend toward using non-family labor requires more sophisticated people management skills.

Question. According to the Agriculture Census, the U.S. lost over 16 million acres of farmland to development and other nonagricultural purposes between 1997 and 2002. If this trend continues, how will U.S. agriculture production, and in turn, food prices, be affected?

Answer. I believe that advances in production resources and practices will continue to outpace the loss of farmland as it has in the last 50 years. However, critical farmland needs protection. Wisconsin and other states are identifying and targeting critical agricultural lands and developing and initiating tools to protect them. State and federal programs, like the federal Farm and Ranch Lands Protection Program, are urgently needed. Wisconsin is losing farm land at one of the highest rates in the U.S. Changing this pattern requires education of the general public about the consequences to them of fragmenting or paving over productive agricultural land and ongoing meaningful dialogue between competing stakeholders to recognize that not all farm land is equally valuable and not all can be saved.

Question. As a dairy farmer, do you feel that the dairy industry faces any unique challenges in dealing with farm succession and an aging farm workforce?

Answer. Dairy has entered a stage many call a revolution. Old barns and practices are being replaced by very different barns and ways of doing things. Early adapters are finding good profits while late adapters and ones who have not changed are struggling. This means that a limited number of dairies are prepared for the future with adequate capital to grow with emerging technology.

The future in dairying is thus a structure of more than family. It means combining resources with neighbors, adding outside investor capital and developing the human resources. Immigrant labor will milk a greater percentage of cows at an expanding rate which will mitigate the aging of the owners and managers. For example, my father was physically unable to continue farming much past 65 while with

our 19 employees doing a lot of the hard work, we can continue longer. This allows more equity to be built up to help transfer the assets to future generations. Productive learning experiences for this generation of migrant workers can lead from labor to management to ownership in succeeding generations—just as was the progression for previous generations of immigrants.

If the Federal government recognizes this, policymakers can aid in the development of programs to assist the transition. Of course, a sound approach to immigrant workers would be the most helpful.

RESPONSES TO SENATOR CASEY'S QUESTIONS FROM ISAAC KERSHAW

Question. How can we better educate and train our young people to prepare them for careers in farming and agriculture?

Answer. Increasing student access to quality secondary and postsecondary agriculture programs will help to address the shortfall of young people interested and capable of entering farming and agriculture. There are several things that can be done to significantly strengthen the quality of and increase the capacity of programs that prepare students for careers in agriculture, food and natural resources.

Quality Instructors. Quality programs cannot be sustained without quality educators. There is a shortage of agricultural educators across the country. This shortage is not anticipated to diminish anytime in the near future. Thus, there is a need to support teacher education institutions in their efforts to recruit and prepare young people to teach agriculture. At the same time it may be necessary to invest in alternative ways to attract and prepare qualified individuals, who have experience and education in agriculture, into the teaching profession.

Attainment of the right knowledge and skills. There is a need to support the development of technical content standards that clearly identify what students should know and be able to do in order to be successful in the agricultural career of their choice. This includes the technical, academic and general workforce development skills that form the basis of a wide range of careers in agriculture. The National Council for Agricultural Education is currently trying to raise the funds and build the partnerships necessary to develop the content standards related to careers in agriculture, food and natural resources.

Curriculum Development. There is need to support the development of instructional materials that enhance a teacher's ability to facilitate learning. The National Council for Agricultural Education is partnering with agribusiness and state government to develop a science based curriculum to better prepare students for careers in agriculture that are deemed to be in high demand and highly skilled.

Measurement of Knowledge and Skill Attainment. The availability of industry based certification assessments that are applicable to secondary and postsecondary programs in agriculture is very limited. Students, school districts, state departments of education, and the business community all stand to benefit from the use of quality assessment instruments that effectively measure student competence.

Students stand to benefit from the use of certification examinations when such tools provide feedback on level of competence and offer a means to demonstrate to others that significant levels of achievement have been met. Of particular value is the portability of industry certifications among businesses across a state and throughout the nation.

Innovative Program Design including Alignment with Postsecondary Programs. Support is needed to explore and implement new and innovative program models in agricultural education. It is necessary to rethink how agricultural content is delivered to students who are enrolled in schools that have not been traditionally served through agricultural education. It is essential that secondary agriculture programs coordinate their efforts with their postsecondary counterparts so that students benefit from a seamless educational program.

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