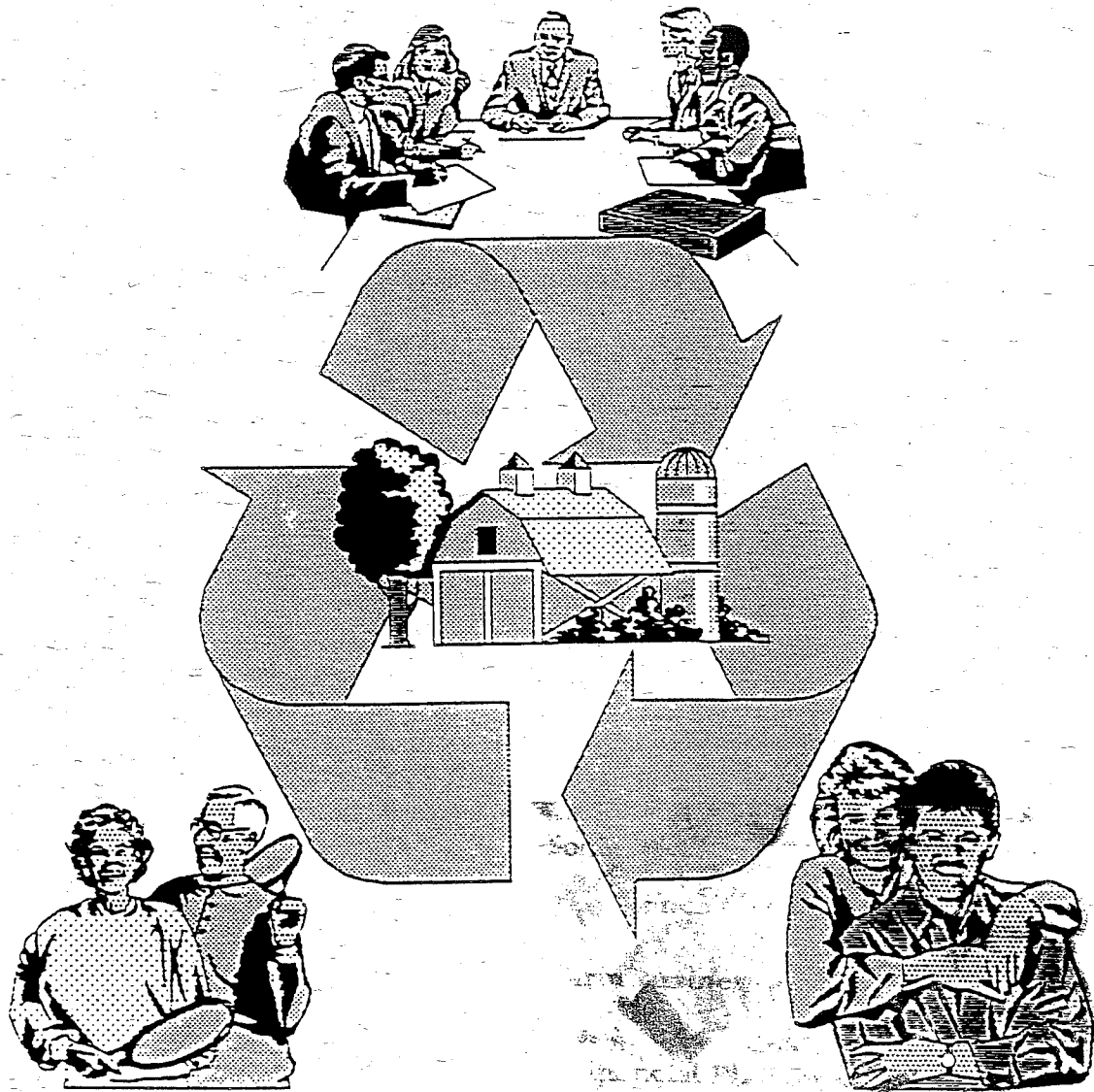


PASSING ON THE FARM CENTER



**NORTHWEST AREA FOUNDATION REPORT
Annual Report - September 1, 1997**

Passing On The Farm Center Report

September 1, 1997

(IVAN ANDERSON, PROGRAM MANAGER)

Summary

The ***Passing On The Farm Center*** continues to provide program activities related to inter-generational farm transfers. Challenges continue to exist and the Center is planning to address them as they occur.

The ***Minnesota Farm Connection*** continues to have activity amongst beginning farmers and existing farmers. Although linking these individuals together seems to be a very slow process, there is huge amount of ground work to be laid out before two or more people can plan to form a partnership into a lifelong business venture. There are many measurable outcomes involved in the matching or linking of individual farming operations which take place prior to any success of a match. They can exist from the first initial contact to dissemination of resource information and educational programs. Other general program activities also play an essential role to the success of this program. As this program grows, it is believed more persons in agriculture will become aware of its existence and will readily buy in to the concept of helping a beginning farmer get started in a farming operation.

The ***Farm Business/Estate Planning Groups*** continue to move forward working with all the generations of on farm heirs. The small groups which the ***Center*** has been working with continue to be evaluated. Through evaluation of this activity, the model of using a Study Circle Concept will be critiqued to determine the most effective use with farm families.

Educational program activities also continue across the state. Requests from both younger and older generations of farmers for information on *how do I start farming* to *how do I exit farming and pass it on to the next generation* continue to be addressed. The ***Center*** also had the opportunity to coordinate a workshop with the Farm Business Management Instructors on the ***Farm Planning Process***. This workshop was very well received by these professionals and thus the Center will continue to promote the offering of programs to these and other Ag professionals.

Future program goals and activities include an apprenticeship program for beginning farmers, software development of the farm planning process and the establishment of satellite centers regionally throughout the state.

The apprenticeship program continues to progress. The *Center* is currently associated with a rotational dairy apprenticeship program in Southeastern Minnesota. The primary role of the Center will be to monitor the apprenticeship program's success, and then to assist the beginning farmer apprentice to link up with an existing farmer through the *Minnesota Farm Connection*.

The *Center* is also working closely with the Minnesota Department of Labor, the Private Industry Council, and other organizations to create an apprenticeship program for beginning farmers throughout the State of Minnesota. This program will be designed to give individuals not only specific classroom education, but also many hours of hands on experience on a farm with a farmer mentor. Farmers need to be surveyed to find mentors and educational program activities need to be developed for construction of the farm apprenticeship program. Incentives are needed to encourage existing farmers to get involved and scholarships are needed for the beginning farmer. Farmer entrepreneurs who want to start a farming operation are not always likely to be individuals who were raised on a farm. Thus in order to insure somewhat of a balance of replacement farmers for the future of agriculture, this type of program could greatly enhance the stabilization of our farm population. Also, with the existence of the *Minnesota Farm Connection*, the *Center* would be able to utilize this service more efficiently to place these individuals into an existing farming operation.

The *Passing On The Farm Center* is also planning to engage into a partnership with the *Beginning Farmer Center* located at Iowa State University, to develop a software program for *Farmers in Rural Communities* which will focus on farm business succession planning. This software will provide a tool for the entering beginning farmers, exiting retiring farmers, and landowners. This software program will be unique in the sense that it will cover all phases from goal setting to the succession planning for the farm business.

Also, an intent of the *Passing On The Farm Center* to promote program activity and outreach for inter-generational farm transfers is to establish satellite centers to disseminate information of the *Center's* program activities. Contacts have been made in the north central part of the state at Wadena and Brainerd, MN. Also, there are some possibilities in Southeastern Minnesota. They include Farm Business

Management, Minnesota Extension Service, Land Stewardship, and Neighbors United Resource Centers.

The future need for the existence of the *Center* is real and much of next years focus will be on obtaining new additional funding to broaden into the other areas mentioned in the above summary. The *Passing On The Farm Center* will continue our **Mission: To foster the inter-generational land transfer process for Farm Families.**

MINNESOTA FARM CONNECTION

(VICKY MCNEIL, PROGRAM ASSISTANT)

The *Minnesota Farm Connection* has been very active during the past year. I began working at the Passing On The Farm Center in November of 1996 on a part time basis, and I work mainly with the *Minnesota Farm Connection* portion of the center. At the present time we have a data base of 146 Beginning Farmers and 39 Land Owner\Retiring Farmers. These are active files, but out of the 146 Beginning Farmer applications, there are about 50 who are dedicated to making a connection and getting involved in a farming operation. Therefore, we are always looking for new ways to market this program. The Center has designed a newsletter with valuable information about what we do, where we've been and what our goals are. There is a page included in the newsletter which deals specifically with the *Minnesota Farm Connection*. It has been distributed throughout the state to several business places and organizations. Also, as part of the newsletter, there is an "Ad page" attached which we have asked them to post in their place of business. The same Ad was also sent to two major magazines hoping to generate new interest and more requests for applications from both Beginning Farmers and Land Owners. Certainly the chances of making connections are far better with higher numbers.

Our goal is to make positive and successful connections, no matter what the size of the operation, and promote ideas and opportunities by which more individuals may be encouraged to enter into agriculture. We are finding that some of our Beginning Farmers have a need and desire for more educational programs to help them get more involved with the Land Owner farming operation. Some things to consider are:

1. various types of farming operations
2. the financial situation of the operation
3. communication skills
4. decision making
5. financing opportunities

As an added benefit to our Beginning Farmers we held a workshop specifically for them in Hutchinson, MN in April of this year. We had an audience of 35 and the feedback was very positive. We provided them with five presenters and they offered a wide variety of information which was very valuable to the Beginning Farmers. It was an educational meeting for them, and we plan to offer the same type of workshop in April of 1998.

The timeline involved in making a successful connection can be limitless. It is an ongoing process of dedication, research and flexibility. There is also the challenge of enlightening the established farmer about economic opportunities available when they bring a partner into the farming operation.

The *Minnesota Farm Connection* concentrates on establishing personal contact. The questionnaires completed by both the active and beginning farmers play a major role in the reviewal and screening of each party as we begin the linking process. We attempt to do a site visit to all of our Land Owners who reside in Minnesota. It is a good way to gain valuable information about their individual situations, and get a "Hands On" view of their operation. We are then able to pass that information on to the Beginning Farmer in a more productive way. We also take pictures of their farms of which copies are distributed with the information mailed to prospective connections.

In addition, we've developed a Planning Guide which is included in information mailed to new applicants. It is also distributed at Farm Shows/Conferences and made available to our existing participants. The Guide contains information and suggestions on several aspects of the connection process. A copy of the guidelines and newsletter are a part of the packet of information included with this report.

CURRENTLY ACTIVE CONNECTIONS:

A middle aged dairy farmer from Nora Springs, IA is looking for someone to join him in his dairy operation. He has had extensive conversations with a young man from Hutchinson, Kansas who has the desire to relocate either in Minnesota or Iowa. This Beginning Farmer prospect has his own herd of cows which would blend into the farming operation very well as the Land Owner is looking to expand, and would like to bring in someone with an established herd. A personal visit is being arranged.

In Parkers Prairie, MN is a family who has a large dairy set-up and they're looking for a young family to come in, work with them and eventually buy into the operation. The owner has arthritis in his hands and is becoming limited on what he can do in the dairy barn. They have been communicating with a young single man from Monticello, MN who is looking for a situation that he can work into. He has visited the farm twice, and they are working on a connection.

We have a dairy farmer from Dawson, MN who already has one connection, a young man from Canby, MN. He has been there since 1995 and it has been a very positive situation. This dairy farm has a parlor system that can house up to 100 cows. He also has a dairy farm in Marshall, MN and is looking for someone to bring into that operation.

A young family from West Point, IA is determined to get into a farming operation. They are open to many possibilities and we have been working on connections. He is a police chief and has recently moved his family to Detroit Lakes, MN with a mission to connect with someone soon.

We also have a very eager young family hoping to connect with someone in the Blooming Prairie area. He was very interested in a farm place we have listed near Austin, MN. They were set to make the move, but the owner decided he needed to find a larger operator.

These are just a few examples of what I've been working on since I joined the Passing on the Farm Center. Of course there can be several roadblocks along the way such as location, lack of finances, a difference of opinion from a spouse or other member of the family or the needs and wants of the Retiring Farmers not being met. Never the less, there has been extensive opportunities for education in a wide variety of areas and a dedicated effort on our part to help guide the Beginning Farmer in the right direction. Because of our effort, several young men and women have become involved in agriculture through the direct result of knowledge and experience obtained through our program. As time goes on, and as the information about our program spreads across the State, we are confident there will be more opportunities for positive connections.

MN FARM CONNECTION -- PLANNING GUIDE

PURPOSE -- An effort to link Beginning Farmers with Land Owners/Retiring Farmers.

BEGINNING FARMER -- Person with a desire to begin a farming operation, either by the purchase of a unit, or working with an established owner over a period of time.

LAND OWNER -- Person with an established farming unit with a desire to sell to, or work with a beginning farmer over a period of time. May be willing to mentor.

I. HOW DO WE GET STARTED ----- INITIAL CONTACT

- A. Research available literature through Passing on the Farm Center.
- B. Fill out the appropriate questionnaire.
- C. Pay the required \$10.00 fee.
- D. Talk to the contact person regarding any questions.

II. HOW DO WE LINK TOGETHER?

- A. Am I willing to re-locate -- Do I have priorities on location?
- B. Am I willing to mentor a new person -- Can we work together?
- C. Am I in a position to work with someone or do I want to sell the property?
- D. Will it work efficiently for both parties?

III. GENERAL CONCERNS ----- BASIC QUESTIONS

- A. Is there a need for financing?
- B. Is there financing available from the land owner?
- C. Are there any conflicting parties (siblings, etc.) that could have concerns?
- D. Do I have good communication skills?
- E. Can I work with other people -- will I be objective and sensitive to their needs?
- F. Is there a need for housing, and is there any available?
- G. Have both parties set realistic goals and timelines?

IV. WHAT RESOURCES CAN WE USE -- AVAILABLE MONEY

- A. Rural Finance Authority
- B. Farm Credit Services
- C. Gov't Loan Programs -- Beginning Farmer Loans through FSA
- D. Partnership agreements between Beginning Farmers and Land Owners
- E. Local/Area Banks and Lending Agencies

V. RESOURCE PERSONNEL

- A. Farm Business Management
- B. Minnesota Extension Service
- C. Attorneys and CPA's
- D. Private Consultants

VI. WHERE DO WE GO FROM HERE

- A. What are our priorities?
- B. Is the timing right for both parties?
- C. Can we come to a decision that will be acceptable to everyone?
- D. Can we achieve our goal?

FARM/BUSINESS ESTATE PLANNING GROUPS EXPERIENCES FOR 1996-1997

(Cynthia Wittwer, Consultant to the **Passing On The Farm Center**
and the Estate Planning Groups)

There are many courses offered in farm transfer. The courses are usually taught with much attention given to technical details and little emphasis given to family dynamics which by the way trips a family up much quicker than the law! The giving of technical information is certainly necessary but hardly sufficient. John Baker, University of Iowa, has compiled a flow chart taking us from the beginning on through to the end of the planning process. (See Attachment). Notice that the family and personal dynamics are attended to first along with goal setting before the planning on the technical side (business planning, retirement planning, transfer planning, and estate planning) is done.

When the *Passing On The Farm Project* was conceptualized, we envisioned that farmers could learn best from each other in how to transfer the farming unit from one generation to the next. However, farmers are not historically a group of people who are especially open with each other. Despite that obstacle we envisioned that by placing farm families in groups they could indeed share information with each other related to farm transfer issues in a way that would be effective as well as emotionally bonding.

The emotional bonding issues may be more significant than what may appear at first glance. When I was growing up there was in general much more connection in neighborhoods. We went to school, we did the bulk of our shopping, we went to church, and we "played" all in the same community. We have lost much of that connection for a variety of reasons. First of all, we are a much more mobile society meaning we travel further away from home for many of our daily needs, often doing much of our shopping with strangers rather than friends. Consequently, we are not "attended" to when we are purchasing items as a "stranger" is not going to ask how grandma is. We come home from our shopping trips with our cups emotionally drained rather than filled with that sense that someone "cares" about me.

As the farm population decreases the ramifications in our rural towns is being felt in the consolidation of churches, schools, etc. When the "school" no longer exists the need to connect is no longer there. Finally, the competition for limited amounts of land has brought a division within the farm population, a sense of "each man out for

himself” which does not serve us well in the long run from a mental health viewpoint.

The *Farm Business/Estate Planning Groups* in a small yet significant way brings farm families together, providing them with a project whereby they can emotionally connect in a positive way over a task. Thus, we take an issue that may on the surface appear insurmountable, take a group of people struggling with that same issue, put the two together, and over a period of time, we will find that the families will form a cohesive group and together solve the problem as well feeling more of a connection with each other. (Connection is a basic human need that we are more and more being deprived of as we are led further and further from our roots.)

Because of the extensive group experience, I have watched this process of putting strangers together and observing their interaction(s) over time. By about the fourth or fifth time together they begin to trust each other and begin to care about one another. When we trust and care about each other, we are more likely to “look out” for our neighbor whether that be the person in the house next door or the farmer down the road. Ultimately, which is going to carry the most impact over time, how we treat each other or the technical components of how we transferred the farm. Obviously, both are important and both deserve our attention when we are considering the options of getting the land into the hands of the next generation.

A study circle concept is quite simply a group of people (quite likely strangers) who gather to share ideas, experiences, and knowledge on a particular topic, expanding horizons as a variety of views are presented and consequently, considered by participants.

The heart of the study circle is the participants learning to trust each other with information some of which may be confidential. (The issues of confidentiality is addressed when we set ground rules at the beginning of each initial group session.) This occurs only after the participants have been together long enough to get a sense of the integrity of the other. Consequently, the longer a group meets, the more personal they will get in their interactions, the more that they will glean from each other and the more helpful the information will be.

The *Passing On The Farm Center* would like to emphasize that the *Center's* objectives are not to replace professionals such as attorneys, accountants, or financial planners. Rather we see our role as that of providing a cost effective method of helping people define what their goals and objectives are so that this

information can then be taken to the professional and a formal plan drawn up. To draw up a formal plan without acknowledging family dynamics as well as goals and objectives, could be a recipe for failure.

The *Passing On The Farm Center* has been developing two models of approaching the *Farm Business/Estate Planning Groups*. The first group to be evaluated met for a week-end and was provided the bulk of material at that time. They met for one session after that. The second group to be evaluated is currently meeting on a once per month basis for a number of months. We are interested in knowing if one method is better than another. Please see the evaluation report for the preliminary findings.

The objectives for the study circle participants is as follows:

FOR THE OLDER GENERATION:

- ... To determine what they desire for their farm in the distant future after they are no longer part of the operation
- ... To determine what is needed for financial security in retirement
- ... To determine how much physical involvement they desire during phase out period and after retirement
- ... To determine how much involvement in long term decisions during phase out period and after retirement
- ... To determine how much involvement in short term decisions during phase out period and after retirement
- ... To determine how much financial assistance to on farm heirs
- ... To determine how much financial assistance to off farm heirs
- ... To determine if to be fair one needs to be equal in regard to inheritance
- ... To determine if husband/wife are in agreement with the transfer process

FOR THE YOUNGER GENERATION

- ... To determine how important continuing the farm in the family is
- ... To determine if off farm income is needed and who is going to provide that
- ... To determine what involvement is needed/desired from the older generation in regard to physical involvement during phase out period and after retirement.
- ... To determine what involvement is needed/desired from the older generation in

regard to decision making during the phase out period and after retirement.

- ... To determine if the husband and wife are in agreement on the possibilities for transferring
- ... To determine if they want to make the financial sacrifices necessary to continue the farming operation.

FOR BOTH GENERATIONS

- ... Understand the family dynamics that either strengthen or undermine the family business
- ... Understand a systematic approach to strengthening family business:
 - 1. Short term goals:
 - Individual
 - Family
 - Farm
 - 2. Long term goals:
 - Individual
 - Family
 - Farm
- ... Understand the necessary technical information to actually complete a transfer plan.
- ... To discuss the critical issues within generations and between generations that are needed to create a legal transfer plan.
- ... Identify some legal options (alternatives) that might meet these needs.
- ... Practice conflict management skills to work through disagreements within and between generations.

FARM PLANNING PROCESS

HUMAN RELATIONS PLAN

COMMUNICATIONS SKILL
DECISION MAKING SKILL
CONFLICT RESOLUTION SKILL
PERSONNEL MANAGEMENT SKILL

SELF ASSESSMENT

VALUES DETERMINATION
VISION STATEMENT

GOAL SETTING

PERSONAL GOALS

BUSINESS

RESOURCE INVENTORY

PHYSICAL, FISCAL, PERSONAL

MISSION

WHY ARE WE HERE? WHAT DO WE BELIEVE IN?

BUSINESS GOALS

WHAT DO WE WANT TO DO? WHAT DO WE WANT TO BE?

OBJECTIVES

HOW ARE WE GOING TO GET THERE?

HOW WILL WE KNOW WHEN WE HAVE ARRIVED?

Planning must be done at the same time because each planning area affects all other planning areas.

BUSINESS PLANNING

Opportunities
Threats
Strengths
Weaknesses
One year
Two years
Five Years
Ten Years

RETIREMENT PLANNING

Timing
Residence
Income Source
Household Budget
Recreational Needs
Health Care Needs
Long Term Needs

TRANSFER PLANNING

Income
Amount
Source
Method
Household Budget
Management
Business Entity
Shared Decisions
1. Production Plans
2. Marketing Plans
3. Financial Plans
Assets
Which Assets
When

ESTATE PLANNING

Equal vs. Equitable
Business Assets
Personal Assets
Consistency
Flexibility
Legal Documents
Liquidity Needs
Tax Consequence

Passing on the Farm Center

Summary of Focus Groups with Older and Younger Generations

Christa J. Treichel, Ph.D., Cooperative Ventures
May 1997

Project Background

A weekend retreat was held in September 1996 for three families, two of whom had their adult children (and spouses) in attendance. The retreat was located at a resort in Iowa over a three-day period. Lectures, guest speakers, films, discussions, and worksheets were used to provide families with a wide variety of information about the farm planning and transfer process, goal setting, and family dynamics. An additional follow-up session was provided to these families after the retreat to provide more information about the transfer process.

Focus Group Process

On Monday, April 3rd, I conducted two focus groups at the Comfort Inn in Redwood Falls, Minnesota on behalf of the Passing on the Farm Center. I met with the older generation first, talking with the three couples who participated in the weekend retreat held in September 1996. Next, I met with nine of ten younger generation family members who also attended the retreat.

During the focus groups, we discussed several different aspects of the Farm Business/Estate Planning Groups:

- Participants' motivation for enrolling in the groups,
- Expectations for the program, and
- Program outcomes in several different areas.

Results from Focus Group with the Older Generation

The older generation family members knew that they needed to work on farm transfer issues and felt that the Passing On The Farm Center program was a good vehicle to accomplish this goal. Many focus group members had prior experience in talking about estate planning or legal issues with people in the insurance field. However, they were disappointed with these contacts because they suspected these individuals wanted them to purchase insurance or other consultation services. Consequently, these meetings did not help them move forward in the farm transfer process.

The family members believed that the Passing On The Farm Center program would be a good place to help them "get the ball rolling" according to one participant. Everyone felt pressure to get started but could not identify the questions needed to begin the process. Two of the three families had talked with lawyers prior to the weekend retreat but felt it was a waste of money because they did not know how to make the best use of their consultation time. "If you don't ask the right questions, you can't get the right information," said one family member. "We've spent \$100 on meeting with a lawyer and we still don't have anything on paper after two visits."

All members had high praise for the weekend retreat. "It was a lot of stuff in two days," said one focus group participant, "but it was an eye opener for both generations." The older generation liked that the groups consisted of several different families and that after a few hours, they felt like "one big family." Watching how the other families dealt with the information was particularly useful for some members because it helped them to see different approaches to the farm transfer process. They learned from each other as well as from the expert speakers.

The group liked the location and felt that a weekend retreat was a good use of their time. "It was like a little vacation," said one participant. Another felt that it was useful to "buckle down and do it all at once." When asked about whether a weekend retreat or a weekly meeting schedule was preferable, the older generation members said that their schedules are so dependent upon farm activities that meeting weekly would have been difficult for these families. They preferred the weekend retreat model.

No consensus was reached about whether the youngest children should attend the retreat. Some participants felt that the needs of the children disrupted the retreat schedule and that they could not progress through as quickly as they might have without the children. Others pointed out that it would be difficult to arrange for a weekend of child care when the whole family would be at the same retreat (because these families rely on each other to care for their children). One member commented that the weekend retreat location should have indoor activities for children in case of inclement weather.

The retreat gave the families "permission" to be working on farm transfer processes. It was a relaxing atmosphere and the families liked the fact that they could get valuable information without anyone trying to sell them something. The family members commented that it was a safe and non-threatening environment. The families believed that everyone felt comfortable with the discussion and that they could open up and say what they were thinking. Members like that small groups had a third-party facilitator because it helped each family member to be heard, it moved the

process along in a timely fashion, and because the facilitators could interrupt and ask important questions of the group.

Families were very satisfied with the content provided by guest speakers. One participant talked about returning to the materials provided at the retreat over and over again. Guest speakers spoke in "layman's terms" and offered to provide ongoing technical assistance beyond the retreat. This was perceived as a significant benefit by the older family members. Members liked to see the options that were available to them, like working with a trust or without a trust. The weekend retreat caused one participant to completely change his approach to the transfer process.

More follow-ups were originally planned after the retreat were planned than were offered. This was due, in part, to the winter weather. "It wasn't for their lack of trying," one participant said, referring the Passing on the Farm Center staff. **Several members recommended scheduling individual family follow-up meetings as opposed to meeting together again as a group.** The planning that needs to take place after the retreat is "more personal" and should be customized to the needs of the families.

Conflict was not a problem in their families prior to the retreat, although members thought it could be a challenge as they progressed through the transfer plan process. Some participants thought that the retreat would actually prevent future conflict because everyone got to hear the same information and expand their understanding of available options.

At the end of the focus group, the older generation identified their goals for the next six months:

- Family A hopes to complete the land transfer process, to improve their will, and to complete the insurance policy transfer for gifting into the irrevocable trust. They also want to keep the transfer of machinery moving along.
- Family B hopes to know where their son stands on being able to take over the farm. They want to know more about the transfer of machinery, have their land titled into separate names, and bring their attorney and tax accountant together to coordinate planning.
- Family C will make an appointment with a lawyer, change their will, start transferring land and titles, get rid of some machinery, and start to lower property value.

Results from Focus Group with the Younger Generation

The younger generation attended the weekend retreat because their parents asked them to attend. One individual believed he could learn something from the process but most of the participants really had no idea what to expect from the retreat. Their parents made the arrangements and told them to be at the retreat. It is important to note that the participants did not feel resentful about these arrangements; rather, they spoke about it matter-of-factly and said they attended out of respect for their parents.

The younger generation believed that the concept behind the retreat was valuable. Like their parents, they knew that the farm transfer process was difficult and complicated by laws that are constantly changing. They empathized with their parent's struggle to make good decisions and yet felt powerless to help because they lacked information and were confused by the number of available options. One participant summed it up by saying, "If you do it the wrong way, you could lose the farm." The younger generation felt strongly that it was their role to be supportive during the decision-making process but remembering that their parents needed to make the hard choices.

The retreat helped the younger generation to understand (many for the first time) where other family members stood on the issues. It also gave them time to reflect about some things that they had not previously considered. One individual said, "It put us face to face with the inevitable...we'll be in charge someday! It's a reality shock and we don't like to talk about it."

The group did not think that their children enjoyed the retreat because they did not have activities to occupy them. "Don't invite the kids, try to have everybody make other arrangements," said one family member. The younger generation wanted to use the time efficiently and to focus on the topic of farm transfer. Having their children in attendance made it difficult to accomplish these goals.

The younger generation recommended that program staff push hard for a follow-up with the families because it is too easy to "put the issue on the back burner." They also suggested individual follow-up as opposed to meeting again as a group so that consultation can be customized to family needs.

Most of the group felt that the retreat helped them communicate better as a family. "We have a better understanding of people's feelings," one member stated. The worksheets and questionnaires were important tools to facilitate communication processes. They liked the discussions about goal setting because it helped them to understand how family member's goals differed. However, they did not think enough time was spent on conflict resolution and believed it was due to a lack of time during the retreat.

Recommendations for the Future

1. The weekend retreat model worked well for families. Additional study is needed with a weekly meeting model to determine if this approach would meet the needs of other families.
2. Continue to explore issue of bringing children to the retreat. The majority of the older and younger generations believed that leaving children at home would be preferable. It is important to remember, however, that having to arrange for child care could keep future families from attending the retreat. If children do attend the retreat, select locations with indoor activities as well as outdoor activities.
3. The information presented at the retreat was of great value to families. Continue to use the guest speakers who lectured at this retreat--they received high marks from the participants.
4. Spend more time on conflict resolution and continue to offer resources and information about family communication. The information on interpersonal dynamics was highly valued by the family members--especially the younger generation.
5. Schedule individual family consultations sessions after the retreat in order to focus on specific needs. At the advice of the family members, push to get dates on the calendar to support the family's progress in planning and decision-making.

PASSING ON THE FARM ACTIVITY CALENDAR 1996-1997

JULY 1996

National Farm/Ranch Transition Network Annual Meeting
North American Farm & Power Show, Rose Creek, MN
POFC Board Meeting

AUGUST 1996

Farm Fest, Redwood Falls, MN
Senior Citizens Meeting Presentation, Canby, MN
AG Lenders Conference Presentation
Grant Writing Meeting
Customized Training Coordinator's Meeting

SEPTEMBER 1996

Land Stewardship Meeting
Farm Business/Estate Planning Retreat
POFC Board Meeting
Private Industry Council Meeting
Center for Enterprise Facilitators Meeting
Minnesota AG Project Meeting
Land Owner meeting - Goodhue County
Minnesota Dept. Of AG
Meeting with Computer programing planner

OCTOBER 1996

Farm Credit Services, Mankato
Grant Writing Workshop
Farm Credit Services, Willmar
Tim King, Sustainable AG Project, Long Prairie (2x)
University of MN, Knowledge Management
Iowa State University, Ames, IA; Knowledge Management

MN USDA Public Forum
Kim Krueger, Soil & Water Conservation, Glenwood
Meetings with Extension Service - Fergus Falls, Moorhead
Center for Enterprise Facilitation Meeting
Farm Credit Services, Willmar

NOVEMBER 1996

CRP/RIM workshops, Hawley, MN & Fergus Falls, MN
John Baker, Univ. of Iowa
Darrell Brecke, Fillmore County - CRP/RIM
Dairy Expansion Conference, St. Paul
POFC Board Meeting
Rural Partners, St. Cloud
Waste Water in Rural MN Conference, St. Cloud
Legislative Forum sponsored by POFC, Granite Falls
Center for Enterprise Facilitation Meeting

DECEMBER 1996

North American Farm & Power Show, Minneapolis
Minnesota Cattlemen's Show, Bloomington
Customized Training District Staff Meeting
POFC Board Meeting

JANUARY 1997

Presentation on *The New Farmer's Almanac*, Public TV
Learn to Teach Sessions (3x)
Meet with Legislators, St. Paul
Sustainable AG Annual Meeting, Benson
Center for Enterprise Facilitation Meeting
Corn/Soy Expo
Estate Business Planning Groups meeting
Eggs and Issues
Estate Planning Class (2 of 6)
POFC Board Meeting

FEBRUARY 1997

Farm Estate/Business Conference, Rochester, MN
Rural Partners Meeting, St. Cloud
Learn to Teach Classes (2x)
Estate Planning Classes (3 of 6)
Beginning Farmer Seminar planning meeting
Center for Enterprise Facilitation tele-conference

MARCH 1997

Customized Training Staff District meeting
Minnesota AG Project, St. Paul
Dairy Policies Meeting, St. Paul
Estate Planning Class (1 of 6)
Farmers Union Beginning Farmer Conference, Mankato
Dairy Roundtable, St. Paul
Pro Source, St. Paul
Farmer Information/Mentor Meeting
Dave Dinnel, work on Grant Writing
Planning for December one-day Conference, Blue Earth
Market Outlook/Intro to Succession Planning Class, Jackson

APRIL 1997

Market Outlook/Intro to Succession Planning Class, Jackson
National Family Farm/Ranch Transition Network Conference Call
Cooperative for Rural Development meeting, Marshall
Legislative Hearings, St. Paul
POFC Board Meeting
Beginning Farmer Workshop, Hutchinson
National Family Farm/Ranch Transition Network Conference Call
Center for Enterprise Facilitation meeting
Fund for Rural America Grant finalized
Richard Ness, Sustainable AG Project

MAY 1997

National Family Farm/Ranch Transition Network Conference Call

Cynthia Wittwer, consultanting meeting
Center for Enterprise Facilitation meeting
Land Stewardship Project & MN Extension meeting, Lewiston
Grant Proposal meeting, Jackson

JUNE 1997

National Family Farm/Ranch Transition Network Conference Call
POFC Annual Meeting
Dairy Initiatives meeting, St. Paul
National Family Farm/Ranch Transition Network Annual Meeting,
Lancaster, Pennsylvania

Educational Services Provided: Approximately 200 - 250 people

Dissemination of Resource Information & Personal Contacts:
Approximately 1200 contacts

***Passing On The Farm Center Budget
July 1, 1996 - June 30, 1997***

Expenditures

<u>Description</u>	<u>Amount</u>
Salaries	\$ 52,335.88
Benefits	10,748.03
Travel/Meals/Lodging	8,586.14
Telephone	606.94
Postage/Printing	820.76
*Rent(Office, etc.)	24,000.00
Supplies/Miscellaneous	15,356.52
Advertising	7,678.22
Equipment	990.00
Evaluation	2,500.00
Consultants/Trainers	14,182.66
*MN West Staff	9,630.00
Program Administration	<u>6,000.00</u>
Total	\$153,435.15

Revenues

<u>Sources</u>	<u>Amount</u>
Northwest Area Foundation	\$ 50,000.00
State of Minnesota	50,000.00
1996 Carryover funds	34,428.82
Registration/Tuition fees	4,640.40
*MN West Technical College	<u>33,630.00</u>
Total	\$172,699.22

Revenues	\$172,699.22
Expenditures	<u>153,435.15</u>

97' Balance \$ 19,264.07

***In-Kind Contribution**

Report

"PASSING ON THE FARM CENTER"

February 1, 1997

General Activity

The Passing On The Farm Center is continually working to fully establish a program for assisting farm families through asset transfer to the next generation or to other beginning farmers. We are working to accomplish this through networking with other farm agencies/organizations and we have begun marketing our programs. This is being done through media, brochures, personal contacts, and presentations to various groups.

In January 1996 the Minnesota Agriculture Project, a network of Minnesota AG-related organizations, formed a task force to address the concern of Farm Business Transfers and the loss in farm population. The consensus was to support the *Passing On The Farm Center* to become the vehicle to specifically target this area of concern and direct our efforts towards the farming population. This will be a useful partnership as we expand the program statewide.

The staff for the *Passing On The Farm Center* consist of a Program Manager (Ivan Anderson), a Program Assistant (Vicky McNeil) who primarily works with the *MN Farm Connection*, and an Administrative Staff Assistant (Jan Holien). At this time the Program Assistant and Administrative Assistant are part-time employees. As of July 1, 1996 the Program Manager is a full-time employment position.

The *Center* holds monthly *POFC* Board meetings to continue our planning goals with the *MN Farm Connection* (linking program), *Farm Business/Estate Planning Groups* (study circles), seeking additional funding sources, and other educational workshops/conferences. The *Center* is presently working on the structure for a statewide Advisory Board of people who are involved with the agricultural community such as Farm Credit Services, MN Extension Service, University of MN AG Department, MN Legal Services, Farm Business Management, other professionals who serve the farmer, and farmers themselves.

Outreach and marketing of the program is continuous. The staff attends various meetings and conferences to promote *POFC*. The *Center* participates in the Minnesota Agriculture Project and National Family Farmers/Ranchers Network meetings and have also attended a number of farm shows including both the summer and winter North American Farm and Power Show, Farmfest, Corn/Soy Expo, and MN Cattlemen's Annual meeting to market the *Center*, the *MN Connection* and our other program activities. The *Center* is constantly working to build our library of information related to program activities and to disseminate that information to those who need it (i.e. RFA program).

Farm Business/Estate Planning Groups

The experience the *Passing On The Farm Center* has had in the recent year 1996.

(This report is submitted by Cynthia Wittwer, RN, CS, Consultant to the *Passing On The Farm Center* on the Farm Project Estate Planning Groups)

When the *Passing On The Farm Center* project was conceptualized, we envisioned that farmers would learn best from each other when deciding to make that transition from one generation to the next. Thus, the study circle process was sought out as the best way to make this happen. A study circle process is quite simply a group of people who gather to share ideas, experiences, and knowledge on a particular topic expanding horizons as a variety of views are presented and consequently, considered by participants. The biggest hurdle we face is helping farmers understand the value of estate and transfer planning before the midnight hour. Also, farmers are not historically a group of people who are especially open with each other. However, despite these obstacles we are finding that the study circle method is indeed a powerful tool for the farm population to use their most bountiful resource, themselves, in providing ideas on how to continue the farm into the next generation.

The *POFC* would like to emphasize that the *Center's* objectives are not to replace professional such as attorneys, accountants, or financial planners. Rather we see our role as that of providing a cost effective (hiring a financial planner for an individual farm is not economically feasible for some) method of helping people define what their goals and objectives are so that this information can then be taken to the professional and a formal plan drawn up.

In the past there appeared to be some resistance to committing a two to three month period to attending group meetings. Wayne Hansen, Redwood County Extension Service, suggested we try a weekend retreat and provide the bulk of what people need to consider in a more concentrated time frame. By meeting for this longer period of concentrated time, the hypothesis was that people would be more willing to address farm transfer issues and would have a very good start on the transfer plan after one weekend.

Consequently, the *Passing On The Farm Center* is developing two models. Model 1.) Meet for eight sessions over a two to three month period for two to three hours at a time. Model 2.) Meet for a weekend (Fri.- Sun.), provide the bulk of material and meet for one to two sessions after that. We have engaged the services of a consultant who will be evaluating the two methods and providing feedback to us on the pros and cons of each method.

On September 6, 7, & 8, 1996 three family units (16 individuals) met for a weekend retreat to test the hypothesis that providing a concentrated amount of material in a short time frame would be a viable transfer planning option. These families will meet

again at least one time and possibly two to complete the process. We await the results of the consultant as to the viability of this method.

We have also been providing assistance to financial institutions who have farming clients. In December 1996 I presented a one and one half hour seminar to MN Valley Bank in Redwood Falls, MN intended to be an introduction to the Farm Transfer Planning Groups. The intention was to introduce the material and then establish a Farm Estate Planning Group to meet again for approximately eight sessions. Each of the sessions range from 2-3 hours in length and the sessions are highly interactive as we believe that again people learn best by being involved. The expectation by the *Center* is that at the completion of the sessions, participants will be ready to have a plan drawn up by their farm team or at least be able to identify what exactly they need to do to continue the process. At this date the group is being compiled. An alternative is again working with individual family units. However, this is not as cost effective and participants miss out on the input from other farming units which can be invaluable.

The *Passing On The Farm Center* is also striving to make the process reproducible so that other professionals can take the material and develop groups throughout the state of Minnesota.

Education

The *Passing On The Farm Center* is continually planning for future events. We are now in the process of partnering with Farm Credit Services, MN Farmers Union, Dunlap and Seeger, P.A., Linder Farm Network, Farm Bureau, and MN Extension Service to sponsor a statewide Conference in Rochester in February. We are also partnering with Successful Farming Magazine to assist in sponsoring a conference in 1998.

New technologies for education, distant learning, and marketing for the *Passing On The Farm Center* are also being explored. An example is our plan with other states to develop software programs to be utilized by farmers and AG Professionals for the use of inter-generational farm transfer/estate planning. Discussion and collaboration with other states began during the National Family Farmers/Ranchers Transition Network Conference in July.

Resource information is in great demand by all generations of farmers, landowners, and individuals wanting to start farming. We plan to establish a clearing house of information, networking with other organizations such as MN Extension Service, Colleges/Universities, Farm Service Agencies, Agricultural Lenders, Farm Business Management, Rural Finance Authority and other organizations related to agriculture. Presently we are also working with the MN Board of Water and Soil Resources, MN Department of Agriculture-Sustainable Agriculture Program on their CRP/RIM pilot program.

The Center has several on-going Farm Business/Estate Planning Groups. We are also presently holding a six week series of classes on Principals and Strategies of Estate and Succession Planning. Educational activities which pertain to farm structure and bringing beginning farmers into an established farming operation will be on-going for the *Passing On The Farm Center* to successfully meet our missions of individual(s) inter-generational farm business transfers.

MINNESOTA FARM CONNECTION

The Farm Connection has a total data base of 189 beginning farmers and 37 land owners\retiring farmers. Out of this total count, there are 33 inactive beginning farmers and 4 inactive landowners. A total of nine connections have been made, either between a beginning farmer and land owner on our data base, or through the direct result of the knowledge and experience obtained through our program.

Our goal is to pass on these farms successfully, no matter what the size of the operation; and promote ideas and opportunities by which more individuals may be encouraged to enter agriculture. Some of our beginning farmers have a need and desire for more educational programs to help them get more involved with the established land owner farming operation. Some things to consider are:

1. various types of farming operations
2. the financial end of the operation
3. communication skills
4. decision making
5. financing opportunities

The timeline involved in making a successful connection can be limitless. It is an ongoing process of dedication, research and flexibility. There is also the challenge of enlightening the established farmer about economic opportunities available when they bring a partner into the farming operation.

The Minnesota Farm Connection concentrates on much needed personal contact. The questionnaires completed by both the active farmer and beginning farmer play a major role in the reviewal and screening of each party to begin the linking process. Farm visits are planned with each land owner to evaluate the farming operation for a future match with a beginning farmer. We feel it is very important to establish a good relationship with the farmer and their family, therefore increasing the chances of a successful match, which will lead to a win-win situation for everyone.