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“The e-harmony of Farm Succession”

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CORNHUSKER ECONOMICS

“The e-harmony of Farm Succession”

The age of Nebraska’s farm and ranch operators continues to trend older. Statistics from the National Census of Agriculture indicates that in 1982 there were 13,436 operators of Nebraska farms or ranches under the age of 35. In the most recent Census of Agriculture taken in 2007, those Nebraska operators under age 35 have declined to 3,353. The 1982 Census indicated the number of operators age 65 and over was 8,777, while in 2007 the Nebraska operators age 65 and over increased to 13,062. Nebraska currently has only 25 percent as many operators under 35 years of age as it did in 1982. During the same 25 year period, those Nebraska farm and ranch operators 65 and over have increased to 149 percent.

So what happens in a few years when the 13,000 plus operators over age 65, for whatever reason, are no longer operating their farm or ranch? There tends to be three options:

1. The operators, or the heirs of the operators, will sell the land, machinery and livestock to the highest bidder.
2. The operators, or the heirs of the operators, will rent the land, machinery and livestock to the highest bidder.
3. A successor will be found to continue the existing business.

Many farm operators may not be interested in bringing in a successor to continue their business to the next generation, and for them Option 1 or 2 will be the best choice. For those operators who wish to see their

Market Report	Yr Ago	4 Wks Ago	10/29/10
<u>Livestock and Products,</u>			
<u>Weekly Average</u>			
Nebraska Slaughter Steers, 35-65% Choice, Live Weight.....	\$86.64	\$96.48	\$98.27
Nebraska Feeder Steers, Med. & Large Frame, 550-600 lb.	98.59	123.51	120.26
Nebraska Feeder Steers, Med. & Large Frame 750-800 lb.	93.11	110.07	116.00
Choice Boxed Beef, 600-750 lb. Carcass.	141.15	156.27	161.54
Western Corn Belt Base Hog Price Carcass, Negotiated.	52.32	76.64	52.68
Feeder Pigs, National Direct 50 lbs, FOB.....	*	*	*
Pork Carcass Cutout, 185 lb. Carcass, 51-52% Lean.....	57.16	88.43	74.23
Slaughter Lambs, Ch. & Pr., Heavy, Wooled, South Dakota, Direct.....	91.25	142.12	149.25
National Carcass Lamb Cutout, FOB.	239.19	329.95	343.21
<u>Crops,</u>			
<u>Daily Spot Prices</u>			
Wheat, No. 1, H.W. Imperial, bu.	3.95	5.20	6.02
Corn, No. 2, Yellow Omaha, bu.	3.48	4.11	5.45
Soybeans, No. 1, Yellow Omaha, bu.	9.59	10.05	11.76
Grain Sorghum, No. 2, Yellow Dorchester, cwt.	5.64	7.25	9.23
Oats, No. 2, Heavy Minneapolis, MN, bu.	2.49	3.28	3.63
<u>Feed</u>			
Alfalfa, Large Square Bales, Good to Premium, RFV 160-185 Northeast Nebraska, ton.	*	*	170.00
Alfalfa, Large Rounds, Good Platte Valley, ton.	82.50	*	*
Grass Hay, Large Rounds, Premium Nebraska, ton.	*	75.00	75.00
Dried Distillers Grains, 10% Moisture, Nebraska Average.	120.00	127.50	160.00
Wet Distillers Grains, 65-70% Moisture, Nebraska Average.	40.00	47.00	55.00
*No Market			

life's work continue on, they will need to find a willing and able successor. Many multi-generational operations have a family member who becomes the successor. But for those who do not have interested family members, how do you find someone that can become a successor for their farming business?

Planning will undoubtedly improve the results of any of the above options, but without planning, Option 3 is almost impossible to achieve. If the owner/operators wish to find a successor to their business they need to be involved in a planning process, and most operators will need some help to find the right person. There will of course still be rental or sales arrangements made with the successor, but there may be some concessions made for a period of time in order to facilitate the difficult process of establishing a new operator. There are also advantages for Option 3 as well. It can be argued that Option 3 not only provides the peace of mind for the owner to know their life's work will continue, but there can also be benefits to the local communities, businesses, schools and churches that new families offer.

In response to this need for identifying and assisting farm succession planning, November 2010 marks the start date of the newly updated **Nebraska Network for Beginning Farmers**. The objectives of the program are to create a data base of Nebraska owners/operators of farm and ranch businesses who would like to find a successor to continue their farming business with the next generation. It will also establish a data base list of potential successors who are seeking an opportunity to enter into farming or ranching as their vocation. Much in the same way as some of the popular dating services, the Nebraska Network for Beginning Farmers provides a framework for matching interested owners with willing potential successors.

The process involves each party contacting the Nebraska Network for Beginning Farmers program and registering by filling out a profile. For owners, the profile includes information regarding the location of the farm or ranch and type of operation, as well as the type of arrangement the owners may wish to consider. For the beginners, the profile includes information regarding the background and experience of the individuals as well as the location, type of operation and arrangements they may wish to consider. After the registration process is completed, access to the list of

potential matches is granted. It is up to the individuals to contact the potential matching parties and explore the opportunities. Assistance is provided if needed.

Matching owner/operators with potential successors is a needed service in the process. Without this first step, it is very difficult to know where to find the successor for the operation. Programs such as this in other states have verified that there are many more potential successors than owners. Iowa for example, has approximately ten "want to be" seekers for every owner listed.

The service is provided through the Center for Rural Affairs located at Lyons, Nebraska. To begin the registration process or for further information please call (402)687-2100 or contact the Nebraska Network for Beginning Farmers via e-mail at info@cfra.org.

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