

Financial, Other Advisers Can Help Transfer Farm

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GAP (Lancaster Co.) — At last week's farm estate transfer workshop here, Tim Fritz, Penn State farm management agent, had this observation:

If the business fails, the "farm will not survive," he told about 74 farm landowners and estate transfer industry representatives.

Fritz spoke at the Pennsylvania Farm Link Passing On the Farm Workshop at the Gap Diner, Gap.

Though reasons for a farm's failure can be many, farms still struggling can benefit from the experiences of others.

Fritz pointed out that in 1999, 40 percent of all farm income in the U.S. was derived from government programs. "We in the East are not taking advantage of that," he said, for reasons that vary from a "pride issue," Fritz said, to other concerns.

But in an era of a strong national economy, a tight labor supply, persistent drought, cheap feed prices, and urban pressures, it becomes "real tough to compete in commodity markets," Fritz said.

If farmers don't take advantage of niche marketing opportunities, "we're going to be struggling," said Fritz. Those opportunities include organic dairies (producers who are receiving about \$19-\$20 per hundredweight for milk) or growing other commodities besides grain and hay. A creative enough mind, he said, will make it work.

Fritz emphasized goal-making over the short and long term to ensure farm survivability. When it comes to farm estate transfers, the same process applies. Plan and put it on paper to see if it works.

"It's cheaper to rip up paper

than concrete," said Fritz. Every generation proves how hard it is to farm, though Fritz believes that farmers can be great production people, he said, and "great financial representatives."

Gary Smith, executive director of the Chester County Development Council, reviewed some ways to obtain loans for next-generation farmers.

Smith said the council provides 45 different loan programs to county businesses, and the council wants to "bring into play the farming industry," he said.

Farming is a \$377 million industry in Chester County, with 175,363 acres of farmland. Other business generates about \$2 billion in the county. And those other industries can obtain tax-exempt financing — so why shouldn't farms?

The Next Generation Farmer Loan Program, Smith noted, provides that opportunity. The tax-exempt financing program provides first-time farmers with a way to purchase land, farm equipment, farm buildings, and breeding livestock.

Those eligible include new or beginning farmers who are permanent residents of Pennsylvania, at least 18 years old, with a net worth less than \$200,000. The borrower must not have had any prior ownership interest in a substantial amount of land (19 acres maximum for either Chester or Lancaster counties). Land to be financed can include ag land, ag improvements, depreciable property, and purchase from related persons. A maximum of \$250,000 per borrower can be borrowed. (A maximum of \$62,500 per borrower is available for used equipment).

The program applies to farm-

ers throughout Pennsylvania, which has about 19,973 farmers age 55 or over, 10,136 farmers age 65 and over, and only 5,469 farmers age 35 or under.

For more information about the program, contact Smith at (610) 363-6110.

Communication is the key to beginning a farm transfer.

Gerald Phillips, senior loan officer with Keystone Farm Credit, Quarryville branch, said that he remembers as a child watching his dad and grandfather in the tobacco stripping room. During the winter, they would simply work on the tobacco — and "never a word was said," said Phillips. "They never really talked about anything."

Communication, said Phillips, can save a lot. It's important to communicate well with an ag lender, because if there is a failure to communicate the proper information, "we'll find out if you did," said Phillips. "There are ways."

But the key is proper planning and "don't take any financial move you aren't comfortable with," Phillips said. "Delay decisions until the partners and spouse are comfortable with it."

And make time for leisure activities, because farming can easily be a 24-hour, seven-day-a-week occupation.

Phillips said that Keystone Farm Credit is combining with the several regional associations to form a combined association, Mid-Atlantic Farm Credit, with headquarters in Westminster, Md. The cooperative lender returns profits to the members, and all borrowers are members.

The largest lending branch of the federal government is the Farm Service Agency (FSA), providing farm ownership pro-

grams.

According to Richard Crouse, the FSA makes and guarantees loans to beginning farmers who can't qualify for conventional loans because of insufficient net worth or established farmers who have suffered financial setbacks from natural disasters.

Working out of Lancaster County, Crouse said that Lancaster has more loans "than all other counties combined," he said.

Turnaround time is about three weeks for loan approval.

For new farmers, the challenges are coming up with a farm plan and establishing some kind of record keeping. This is all done to establish financial credit integrity, he noted.

There are several requirements for the loan program, including having soil conservation and nutrient management plans, adequate training in partnership with Penn State Extension Service, and other requirements.

The program can no longer refinance mortgage debt.

For more information, contact your local FSA.

Kevin Baer, coordinator of the Chester County Agriculture Land Preservation Program, noted that established farmers can provide the financing needed for the younger generation through farmland preservation.

The program pays an amount per acre, depending on several factors, to buy development rights.

To qualify, the farm must be located in an agriculture security area consisting of 500 or more acres; be contiguous acreage of at least 50 acres in size (or at least 10 acres in size if it is used for a crop unique to the area or contiguous to a property that

has a perpetual conservation easement in place); have at least 50 percent of the soils available for ag production and of classes I-IV; and contain the greater of 50 percent or 10 acres of harvested cropland or grazing land.

The average price per acre in the county, from 1990 until now, was \$3,900. Current average price is \$4,200 per acre (the cap, already paid for an area east of West Chester, was \$10,000 per acre).

There were 77 applicants in 1999, Baer said. Though still processing, approval of 18 properties was expected.

The first step toward preserving farmland under the county's program is to enroll in the township's ag security area. Sept. 1 each year is the deadline for the easement program application. It takes 2-3 months to rank all the farms, said Baer. Typically the county receives from 65-70 applications.

Those who choose not to preserve can be setting up a dismal future for farming.

"If we let it get away from us, it's gone," said Suzanne Lamborn, a landowner who spoke at the workshop.

She recently sold land development rights to her property, and is selling the land to dairyman Bryan and Patricia Huff, Nottingham.

Selling development rights is one tool to ensure that farming can continue.

Bryan Huff also spoke at the workshop. He said that he sought out the expertise of all the program speakers and their organizations when entering the business.

Huff said there are 155 acres on the farm, with 105-110 tillable. He installed an addition to the barn with 32 tiestalls. He milks 72 head of Jerseys and is beginning to graze his herd.

Animal Health and Diagnostic Services for Small Ruminants at the Pennsylvania Animal Diagnostic Laboratory System

D Weinstock DVM

A major mission of the Pennsylvania Animal Diagnostic Laboratory System is to certify health and diagnose disease in livestock. For small ruminants such as sheep, goats and camelids (llamas, vicunas and alpacas) this means providing diagnostic tests required for health papers for sale, export or exhibition. It can also mean assisting in the diagnosis of disease in a herd or flock that is experiencing health problems.

Dairy goat herds may be certified and accredited as free of brucellosis and tuberculosis. Testing for brucellosis requires an accredited veterinarian to collect and submit blood samples. Testing animals for tuberculosis requires intradermal injection of a small amount of tuberculin followed by evaluation of the site for a reaction at 48 hours after injection. While not required, these tests are recommended for commercial herds selling milk or livestock.

Testing requirements for sale or exhibition of sheep, goats and camelids varies depending upon the destination of the animals. Each state, show or country has its own rules. It is important to

investigate the regulations will in advance of movement of the animals to allow time for testing. Submission of samples two weeks in advance may be required for tests that are not routinely performed by the Pennsylvania Animal Diagnostic Laboratory System and must be sent to referral laboratories.

Serologic testing of blood samples for the presence of antibodies to specific agents can be a valuable tool for diagnosis of disease. Animals exposed to disease causing agents usually develop antibodies to the bacteria or virus. Caprine Arthritis and Encephalitis Virus in goats causes enlarged joints in older goats and paralysis and death in young kids. Ovine Progressive Pneumonia Virus in sheep can cause severe pneumonia in older sheep. Chlamydia and other agents can cause abortion in sheep. Chronic wasting from Johne's disease caused by *Mycobacterium paratuberculosis* is also a significant concern in goats and sheep. Antibodies to all these agents and others can be detected in blood samples and can aid in the diagnosis.

Other samples may also be submitted. Fecal samples can be

evaluated for the presence of parasites or pathogenic bacteria. Milk may be cultured for bacteria in cases of mastitis. A fetus with the accompanying placenta is the best sample for diagnosis of abortion. Whole animals may be submitted for necropsy evaluation, especially when animals are insured or when may animals are dying. Tissue samples may be submitted for microscopic evaluation, isolation of bacteria or viruses and testing for toxic compounds. Feed or other substances may also be submit-

ted for toxicology testing.

When animal health problems occur, it is strongly recommended to work with a local veterinarian. The veterinarian needs to evaluate animals, management practices and the farm set up in order to collect the proper samples for submission. The veterinarian is then essential for interpretation of test results and designing a treatment and prevention program specific to the situation. Field investigation veterinarians at Penn State University and

University of Pennsylvania are available to work with local veterinarians and livestock owners if requested.

The goal of the Pennsylvania Animal Diagnostic Laboratory System is to promote animal health and support agriculture in Pennsylvania. Please contact one of the laboratories at the Pennsylvania Department of Agriculture, Pennsylvania State University or University of Pennsylvania for more detailed and complete information.

Direct Marketing Methods Are Used by Southwestern PA Farmers

MANHEIM (Lancaster Co.) — Producers and beginning farmers who would like to learn about direct marketing methods used by southwestern Pennsylvania farmers are invited to attend a Pennsylvania Farm Link-sponsored meeting at the Cambria County Extension Office, April 13 from 7 p.m. - 9:30 p.m.

Farmers will discuss how they

have gained an economic advantage in the marketplace by selling directly to consumers.

Doyle Freeman of the Penn's Corner Alliance will explain how they formed a marketing alliance that cooperatively markets producers' products at retail prices to chefs in the Pittsburgh area. Selling through farmer's markets and community

supported agriculture (CSA) groups will be reviewed by Chris Wise and John Flavinger.

Information on marketing trends and tips for developing markets will be included in the meeting. To complete the evening, Farm Link will offer information on their services and a preview of upcoming activities and events.