

Tools for Transition



Update

Spring 2013

FIRST-TIME CROP FARMERS TRANSITION RENTAL ACREAGE



Photo provided by: .

It's hard to find a more enterprising, determined couple. Bryan and Theresa Kerkaert started crop farming five years ago. They are giving organics everything they've got and then some. Together they are transitioning approximately 500 acres of rented land – a collection of scattered parcels that vary by soil type, topography, distance, and management history. Much of the land is former Conservation Reserve Program (CRP) acreage while other parcels are what Bryan calls "low- to no-input" conventional ground. All of it is located 30-50 miles away from the Kerkaert's seven-acre farmstead.

Decision to Transition. "Organic opens up opportunities," says Bryan. "When we farm conventionally, our opportunities are the same as that for 99 percent of the other farmers. But we're in the one percent category when we grow organically and that opens up a lot more opportunities."

Bryan was able to capitalize on those opportunities through his manure hauling business five years ago. The business put Bryan in touch with crop farmers who were "experimenting" with organic farming. Each time Bryan was hired to apply manure, he had the opportunity to

talk with organic farmers – to learn about their rotations, to observe what he calls "some mistakes" and to begin dreaming about his own crop farm.

Opportunity knocked in September 2007 when Bryan met two brothers who lived 35 miles away and who had been "low-input" farming. Bryan convinced them that manure was needed on their land. That same year, the brothers turned over full management of the land to Bryan – offering him a long-term rental agreement. Bryan borrowed equipment from a friend – a well-established organic farmer – and began transitioning the land.

Transition Strategies. Today Bryan farms a total of 1,300 acres – including the original 160 acres on long-term lease. He rents all of the land (a mix of short-term and long-term leases) and has transitioned approximately 40 percent of it (land under long-term lease). While he'd love to farm everything organically, Bryan explains that he can't plan crop rotations on land under one-year leases. "I don't know if I'll have that land next year, let alone five years from now," Bryan explains. Much of the organic land was former CRP that certified right away.

Bryan tries to treat each rental location as a field in his rotation. This allows Bryan to make efficient use of his equipment (which he has purchased gradually over the past five years) - making it easier to schedule field work.

The Kerkaerts fully intend to continue farming organically but say they'd like to do so only under long-term lease agreements or, ideally, on farm land of their own.

For More Information:

Read more about the Linn's transition experience online:
<http://eorganic.info/toolsfortransition/farmers>.

The Tools for Transition Project is funded by USDA NIFA Grant MIN-14-G12. Project partners are the University of Minnesota's Department of Applied Economics, Center for Farm Financial Management, and Minnesota Institute for Sustainable Agriculture; the Minnesota Colleges and Universities' Farm Business Management Program, and the Minnesota Department of Agriculture.

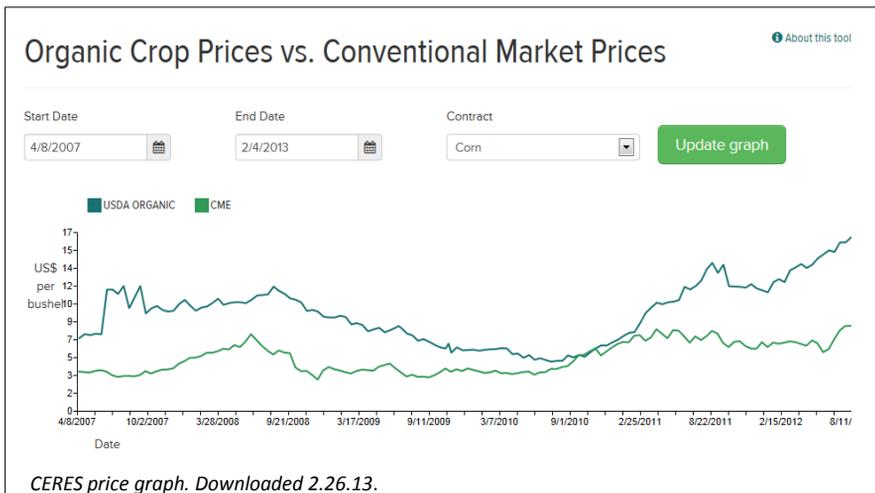
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SHARE THE NEWS: SCHOLARSHIPS AVAILABLE TO TRANSITIONING FARMS

Financial management scholarships are available to transitioning and newly certified (less than 3 years) dairy producers and field crop farmers. Scholarships pay up to 90 percent of Farm Business Management (FBM) Program tuition annually (tuition is approximately \$1,700/year). For more information about the FBM program, visit: <http://www.fbm.mnscu.edu/> Share the news! Contact Meg Moynihan at meg.moynihan@state.mn.us or 651-201-6616 for scholarship handouts or for an electronic copy of the above scholarship announcement for use in your newsletter or website!

RESOURCE: ORGANIC PRICING TOOLS

Looking for organic price information? Well, you won't find it at the Chicago Mercantile Exchange (CME) or Chicago Board of Trade. However, the USDA's Agricultural Market News Service (AMS) does report average spot or cash market prices for a handful of food- and feed-grade commodities. These prices, compiled from buyer and seller transactions, are reported bi-weekly and are available for free online as the *National Organic Grain and Feedstuffs* price report: www.ams.usda.gov/mnreports/lbnof.pdf. Another option for those wanting to compare conventional and organic price data is the *CERES Pricing Tool* developed by the Maryland-based Mercaris company. The tool, introduced in February 2013, plots AMS bi-weekly organic cash prices against conventional futures prices to facilitate comparison (see graph below). The conventional futures price data comes from the CME.



Price comparisons are available beginning in 2007 for feed-grade corn, soybeans, and oats as well as for soft red wheat (blended food-grade and feed-grade price).

Access the *CERES* website for the graph and data at: <http://www.mercariscompany.com/>. You will be asked to create a log-in (free of charge). However, once registered, you will be able to view the data in graph and table form or download it into Excel.

Mercaris also produces a newsletter that contains analysis of the price data and other market trading information. The February newsletter, for example, had this to say about the corn graph shown above:

"A commonly held belief is that organic grains trade at twice the price of conventional. While a 2-to-1 price ratio is sometimes true, it is far from the rule. By using Ceres to compare organic and conventional prices, we see that the ratio between the two types of crops is not stable or consistent for any of the four major grains covered."

To Learn More About the Tools for Transition Project visit our website: <http://eorganic.info/toolsfortransition>. Or contact Rob King, Department of Applied Economics, University of Minnesota, king@umn.edu, 612-625-1273.