

Who's Making the Transition to Organic and How? Observations from the Tools for Transition Project,¹ 2010-2012

The transition from conventional to organic production typically requires new recordkeeping and production management skills. Most farmers know this. Often unanticipated, however, are the significant costs that can be incurred throughout transition: yield losses, reduced profits and cash flow constraints. The *Tools for Transition* (TFT) project aims to compile data and evaluative information on farmer practices and experiences during organic transition. Using this information, the TFT project will develop educational resources that can be used by transitioning farmers and the professionals who advise them.

The following observations about transitioning farmers, their strategies and their motivations are based primarily on qualitative information gathered through project surveys, farm visits and conversations during the first two years of the TFT project with transitioning and recently certified farmers.

As of September 2012, 37 transitioning farmers are enrolled in the TFT project. At the time of enrollment, these farmers collectively managed 3,815 acres in transition and 990 recently certified acres. They cultivated 5,868 acres that had been certified for three years or more and an additional 4,850 acres of conventional land. Half of the TFT farmers manage dairy operations with combined hay-cropping enterprises in Western and Southeastern Minnesota. They had a total of 507 dairy cows in transition, 583 recently certified dairy cows, 455 organic dairy cows that have been certified for 3 or more years, and 90 conventional dairy cows. Fifty percent of TFT farms are transitioning for the first time.

Transitioning farmers enrolled in the TFT project generally fall into four groups:

- **conventional dairy farmers** who represent mostly small farms with a median herd size of 80,
- **conventional crop farmers** using a diversified three- or four-year rotation prior to beginning transition (Very few of the farmers in our study practiced a two-year corn-soybean rotation prior to transition.),
- **certified organic crop farmers** who are expanding by transitioning newly purchased or rented land or by transitioning additional acreage from conventionally managed cropland, and
- **absentee landowners and part time farmers** who are transitioning land that was previously fallow or enrolled in the Conservation Reserve Program (CRP).

Due to data confidentiality requirements, we can provide comparative information on only one of these groups until data are available for more farms. Prior to initiating organic transition, compared to Minnesota state average dairy farmers, TFT participants:

¹ The *Tools for Transition* project is sponsored by the USDA National Institute of Food and Agriculture from September 2010 through September 2014. For more information about the project contact Robert King, Department of Applied Economics, University of Minnesota, 612-625-1273 or rking@umn.edu.

- had **smaller dairy operations** (TFT farms milked an average of 94 cows before transition compared to the state average of 120 cows.),
- had **lower production per cow** (Annual conventional dairy production among TFT farms averaged 17,300 lbs/cow compared to nearly 21,000 lbs/cow for dairy producers statewide. Those TFT farms that already have certified their herds, average 13,300 lbs/cow of organic milk.), and
- were **equally as profitable** (Despite lower per cow production, TFT farms were able to achieve nearly equal rates of return on assets as the state conventional dairy average.).

Among all transitioning farmers, we observe the following transition management strategies.

- Dairy farmers almost universally **transition land first before transitioning the herd**. The majority of dairy farmers keep land planted in alfalfa or other forage crop throughout the transition period.
- Crop farmers **transition land gradually**. Several farms have had multiple distinct transition periods for different fields, thereby remaining in some stage of organic transition for many years. This gradual transition is undertaken as a deliberate strategy in order to “experiment” with management alternatives.
- Most farmers – both livestock and crop producers – **plant land to alfalfa throughout the transition period and establish a rotation of row crops and small grains once certification is earned**. This allows for effective weed control throughout the transition period and a high-value corn crop to be planted in the first year that the land can be certified organic.
- Landowners with acreage in long-term pasture or coming out of CRP are able to **certify land immediately** without an actively managed transition period. These farms often have changed ownership or are undertaking a significant shift in overall farm strategy.

Data also are collected through administration of two surveys. The first is an intake survey that elicits baseline information on farmer characteristics, farming experience, business management practices, transition motivations and transition expectations. The second is an annual survey of all participating farmers that includes questions about transition challenges, transition benefits, marketing strategies, on-going business management practices, future expectations and Farm Business Management Program experiences.

According to the intake survey, a large percentage of TFT farmers purchased equipment, animals or land and/or increased their use of hired labor and consultants when beginning to transition land. Some transitioning farmers increased the amount of rental land. The decision to transition was motivated largely by:

- **environmental/conservation reasons**
- **price premiums**
- **health/safety reasons**
- **personal satisfaction, and**
- **philosophical/ethical reasons**

Annual survey results for 2011 indicate that cash flow management and access to capital are the most important management challenges for TFT farmers. Cost and availability of inputs and weed management are the most important production problems. Finding buyers, proximity to markets, organic price volatility and high prices for conventional crops are the most important marketing challenges.

As the TFT project progresses, we will continue to update observations about who is transitioning, strategies implemented by farmers making the transition and the reasons behind their decision to do so. In years three and four of the TFT project, we plan to add whole farm and enterprise financial analyses comparing transitioning farms with conventional and certified organic operations.

For more information about the TFT project, including detailed survey results, farmer profiles and future financial analyses, visit: www.eorganic.info/toolsfortransition or contact Project PI, Robert King, Department of Applied Economics, University of Minnesota, rking@umn.edu.