

December 2014

EDR 14-01



Economic Development Report

Colorado
State
University

Extension

Department of Agricultural and Resource Economics, Fort Collins, CO 80523-1172

<http://dare.colostate.edu/pubs>

ECONOMIC IMPACT AND DEVELOPMENT REPORT: AN OVERVIEW OF NATIONAL FARM INCUBATORS ACROSS THE US

Leann Schwartz and Dawn Thilmany ¹

Introduction

USDA and agricultural industry leadership are increasingly concerned about the need to transition the current farmer and rancher population to those who will be the future food producers in the US. The USDA believes the next couple of decades will see an unprecedented transition in farm enterprises. What is less clear is whether there will be a notable “shift” from the conventional system of passing down operations within the same family or to farms with similar production plans. If so, there are several possible models of how land access will be addressed for an emerging generation of beginning farmers who are at least two generations removed from an agricultural family background.

Access to land, water, and equipment has been identified as the leading challenge faced by beginning farmers and ranchers across the nation. As the average age of America’s farmers reaches 60, the next generation of farmers and ranchers are seeking innovative ways to gain access to the knowledge, resources and markets that will become available. One way to creatively address these obstacles for new farmers is Farm Incubator programs. These

programs have been developed to offer young and/or beginning farmers access to land, water, equipment and technical assistance in the form of training programs. Farm Incubator programs across the United States are diverse in nature because they are designed to meet the specific needs of each community, based on local opportunities for access to capital and resources. Because of this, communities interested in starting a Farm Incubator program have many questions to consider in order to identify what model best suits their unique situation.

This factsheet aims to outline the information and resources compiled during a Comprehensive Needs Assessment conducted during the Development Phase of an Incubator Farm program in Northern Colorado. The resulting complete list of incubator programs nationwide is complemented by a spreadsheet of important characteristics and details related to these different Farm Incubator models. By creating a comprehensive list, individuals interested in starting an incubator program in their community can consider which properties are appropriate for their community.

¹ Authors are Graduate Assistant and Professor, respectively, in the Department of Agricultural and Resource Economics, Colorado State University, Fort Collins, Colorado 80523-1172

Extension programs are available to all without discrimination.

Surveying US Incubators

For this research, farming programs were considered “incubator farms” if they complied with at least 2 of the 3 major components of an incubator farm: education, land-access and apprenticeship. Through the use of the National Incubator Interactive Map created by the New Entry Sustainable Farming Project (Figure 1), the list of incubators was briefly described across several dimensions. The key focus of the descriptive variables was the development, structure, and finances of the Farm Incubator programs. The list was recorded in the attached Microsoft Excel Spreadsheet.



Figure 1. NIFTI National Incubator Interactive

Overview of Incubators

The Excel spreadsheet (pictured to the right) contains two sheets. The first sheet includes six programs chosen as “case studies” to look at in greater depth. These were chosen based on their recognition within the incubator farming community, the available information provided and our relationship with the program. For these six programs, ten categories were chosen to explore. The second sheet in the Excel file contains a compilation of all of the recorded Incubator Farm programs nationwide.

For those interested in starting an incubator farm program, there are major decisions to make including financial, organizational and operational questions. The ten categories used to differentiate each program within the Excel spreadsheet aimed to address these decisions, and are as follow:

1. The first row created was an “**overview**” of the incubator farm program. This row highlights when the program was established, what the total acreage is, how large the farm plot sizes are and whether the program follows organic principles. This overview helps to identify common characteristics amongst incubator farm programs. The “overview” section provides a generalized way to differentiate the farm incubator projects. As an example, if they are interested in maintaining organic practices, they may look into one of the projects that require organic practices, to see how they can best implement this requirement.
2. The second row focuses on “**eligibility requirements**” for incubator farm participants. Amongst incubator farm programs there is a wide range or criteria and process to qualify—from a long application process, to those who are open to accepting all applicants. Some projects required extensive farming experience, in addition to a formal business plan before applying and some required no experience whatsoever. Many of the programs target specific groups based on gender, race, age, location, income level and business status at entry.
3. The third row highlights the “**fees and services**” that are required of the participants. There is a large range of options: some programs charge no rent for the incubator plots, and some charge equivalent to market price (up to \$900 per acre). An interesting model used by multiple programs is to slowly increase rent until it meets market rates— this model works to prepare farmers for the economic environment when they will be competing more directly (post-incubator program). Other cost factors for incubator farmers include the training provided by the program staff and infrastructure on the farm. Many programs provide additional inputs for the farmers, such as plant starters, water/irrigation, storage, equipment, etc.—whether or not the farmers pay for the inputs varies from program to program.

4. The fourth row focuses on the “**curriculum**” that is provided within each program—which varies significantly from program to program. The majority focus on production skills. Some programs provide mentorship and assistantship programs for the participants, while others rely on the skills and knowledge that the farmers already possess to build upon and assume they will share with peers. Because education is an important component of the incubator farm model, deciding how information will be disseminated within the community is an important aspect to establishing an incubator program. The majority of programs rely on informal education, mainly farmer-driven, with trainings and work shops provided on an “as needed” basis. Some programs also incorporate business and financial training components into their curriculum, which may be useful for the new and beginning farmers.
5. “**Infrastructure**” is also an important component to consider when establishing an incubator project. We found that the types of infrastructure provided are diverse. Some incubator programs provide only the land to plant on, while others provide storage and cooling, washing stations, bathrooms, hoopouses and irrigation. The decisions as to what infrastructure should be provided is based both on the resources available within the community and the stated needs of the participants.
6. The next row, labeled “**tenants**” focuses on what is demanded of the participants of the program. Some programs have no requirements for the participants; but many require the tenants to complete a business plan during their incubation and/or complete evaluations throughout their incubation participation period. Programs have found that requiring participants to create business plans and evaluate their marketing and financial information actually prepares them to start their own business (post-incubator) and also helps them in applying for grants and other funding opportunities for the future.
7. Most programs emphasize the importance of maintaining a strong relationship with the participants, so we created a category for “**communication**”. This row allowed us to better understand the different forms of communication that program managers have with the participants.

The Intervale Center: Burlington, Vermont	
Overview	Founded in 1988. 170 acres, 350 acres for the entire Intervale Center. .4-27 acres plot size. Requires organic practices.
Eligibility Requirements	5-6 month application process. Applicants must have strong farming experience and submit a business plan to the entire Intervale farming community.
Fees and Services	Rent: \$156/acre/year, plus \$588 land management fee per year (land management fee increases by 20% in years 4 and 5)
Curriculum	Farmers are paired with a mentor farmer. Farmers with 3 years of operation and >\$15,000 revenue can participate in the Farm Viability Program, providing in-depth business planning services. The program also refers farmers to appropriate resources and outside partnerships.
Infrastructure	Must follow organic principles. The Intervale Center does not own infrastructure, all the farm equipment and two greenhouses are owned by a Limited Liability Corporation (LLC) called the Farmers' Equipment Cooperative. The farmers self-manage all of the infrastructure, and the Intervale Center has 40% ownership stake in the business.
Tenants	Required end-of-the-year evaluation. Farmers have close relationships and support one another on a daily basis.
Communication	Communication on an "as needed" basis. Formal end-of-the-year evaluation.
Markets	Accessing markets is the responsibility of each individual farmer. The Intervale Center encourages farmers to use the Intervale name and story as part of their marketing and branding strategies. The Intervale Food Hub also purchases products from farms, but incubator farmers must approach the market outlet like any other farmer who wishes to sell products to the Food Hub.
Measures of Success	1) a farmer that continued farming at the Intervale Center as a mentor after participating in the program 2) a participant who successfully transitioned onto their own land 3) someone who came, tried, and decided that farming isn't for them
Transition	Time limit of 5 years. Helps facilitate connections between farmers and outside resources. Farmers are encouraged to take out a small loan to help establish relationships with lenders and build a good credit score.
Funding	Revenue from Intervale Programs, USDA grants, community support, and UVM extension.

While some programs do not have a formal schedule for communicating with the participants, some have required weekly/monthly/annual meetings. These meetings can be formal or informal, and often times, the program managers will just have informal one-on-one meetings with the participants to check-in. Most programs, however, do have formalized meetings at least once a year to address the challenges and successes that each farmer is facing within the program.

8. The next criteria row identifies how each program “**measures success**”. This is very important because each community may define a successful incubator program differently. Some criteria are based more heavily on farmer aspirations and self-defined measures of success; whereas others are based on market success and business plan preparation. The majority of the measurements of success incorporated an aspect of transitioning to independence and other long-term goals for the participants. We found that in general, the incubator programs found it useful to intentionally sit-down and identify measurements of success for each farmer at the beginning of the incubator program.
9. Identifying how to “**transition**” is another important aspect for incubator farm projects to consider. Once participants have completed the program, what are the next steps? The transition for farmers differs greatly between programs. Some of the programs offer no formal transitioning process, with no formalized time limit for how long farmers can stay on the land. Other programs identify land-link programs, where farmers can find usable land within the community. Programs may also assist in helping farmers get loans from the bank to start their businesses, and often times this requires the formation of a detailed business plan. We found the average time farmers are expected to stay on the land is between 3 and 5 years. One of the major concerns brought up by program managers at the National Incubator Farm Field School was how to formalize transitional programs for farm incubator participants. Because of the differences in land availability across the nation, creating an effective transitioning program for farmers varies greatly between communities.

10. The last row refers to how each farm incubator program receives “**funding**”. Many of the programs receive funding through United States Department of Agriculture grants and Land Grant extension services. Programs also receive funding through private grants and donations, but many also incorporate the participating farmers’ sales back into the incubator program itself. Each state differs in funding availability, and those interested in starting an incubator program should consider federal, state, local, and private funding sources.

Conclusions:

The survey of Incubator programs assembled provides a helpful tool for communities seeking to start a farm incubator program. As can be noted from the research collected, there is a wide range within the models of incubator farm programs across the nation. The Word document and Excel spreadsheet (available by request) provide a user-friendly compilation of data that communities can use to see how programs have been structured and formulate best practices for their program based on the unique assets and needs within their community. Note that this was assembled during the Comprehensive Needs Assessment conducted for the Development Phase of the incubator Farm program in Fort Collins, and it is our hope that it is a consideration among all who plan to establish an incubator in their community.

Acknowledgements:

A special thanks to Eva Agudelo and the New Entry Sustainable Farming Project for their assistance in identifying farm incubator programs across the nation, and for providing access to a great deal of information through their website (<http://nesfp.nutrition.tufts.edu/>) and workshops. We would also like to recognize those individuals and organizations that offered their time and resources to help us learn more about the feasibility of developing an incubator farm program in our community: Alba, Big River Farms, Headwater Farms, Center for Environmental Farming Systems, and many others.

To request access to the list of National Farm Incubator programs and the full spreadsheet, please contact the authors at Leana Schwartz, leana-jschwartz@gmail.com or Dawn Thilmany at thilmany@lamar.colostate.edu