

**--DRAFT PENDING SUB-COMMITTEE APPROVAL--**

**WISCONSIN DAIRY TASK FORCE 2.0  
SUB-COMMITTEE ON NEXT GENERATION  
MINUTES**

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**November 7, 2018**

The Sub-Committee on Next Generation of the Wisconsin Dairy Task Force 2.0 met on Wednesday, November 9, 2018 beginning at 10:00 a.m. at the Department of Natural Resources, located at 910 Highway 54 E, Black River Falls, WI 54615 in the west conference room.

**Call to Order**

Sub-Committee Chair Dave Daniels called the meeting to order at 10:00 a.m.

**Members Present**

Melissa Haag, Dave Daniels, Dan Pearson, Ryan Klussendorf and Charles Untz.

Neil Kline, Ashley Andre, Mark Stephenson, and Joy Kirkpatrick were also present.

**Minutes**

**Welcome and Introductions**

Members of the Sub-Committee introduced themselves.

Joy Kirkpatrick, who served as the Sub-Committee's resource person, introduced herself. Ms. Kirkpatrick is the outreach specialist in UW-Madison's Center for Dairy Profitability.

**Resource Discussion**

Joy Kirkpatrick gave a short overview of topics she discusses when presenting, including transition and succession planning. She said it is important to not only know if the farm is viable financially but also if the family can communicate. It is a balance of what the older generation needs in retirement and how the younger generation can cash flow. Ms. Kirkpatrick says she works with families from wherever they are in the process.

Staff at DATCP's Farm Center, Wisconsin Technical College System, UW-Extension county offices and at the Center for Dairy Profitability do this type of transition and succession work for free, but it is only a small number of people who are able to do the work. Much of the training needs to be done on the job. Staff serve as a neutral party and try to help families organize their ideas and goals before hiring technical experts so the entire process can be more efficient and less costly. Staff also try to do 'train the trainer' sessions to build a larger network.

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Ms. Kirkpatrick mentioned that you have to work with the farms at their right point of motivation. All parties need to be on board. She mentioned that DATCP's Farm Center also has counseling vouchers for families. There is not a typical time commitment for farm, but six months is likely the shortest if the family knows what they want to do.

When discussing options for staffing, Ms. Kirkpatrick shared an idea that staff could be spread out geographically across the state. Charles Untz offered the idea that it could also be consolidated in one place, instead of spread out among government entities, to save expenses and ensure it is more focused.

Ms. Kirkpatrick mentioned that focus groups were done at the end of 2017, and one hope from farmers was to have a vetted list of professionals to work with, but unfortunately that is difficult to provide.

**Review Issues**

Chair Daniels explained to the group that the first task for the day is to review the issues identified by the full Task Force and refine those into as many separate issues as necessary. The Sub-Committee grouped the issues into three topics:

1. Wealth transfer, Generational transition-taxes
2. Need to get young generation opportunity, ability for young farmers to start-up in dairy business, Next generation
3. Generational farm transfer, transition the farm to the next generation

The topic 'Aging dairy farmers' was not put into a topic since it impacts all of them.

When discussing financing, Ms. Kirkpatrick broke assets into three buckets: retirement, business, and inheritance.

Members discussed options for beginning farmers. Ryan Klussendorf discussed how grazing was a way for him to begin. Charles Untz mentioned value-added products as another option. Dan Pearson mentioned how when farmers begin value-added, it opens another job of processing and marketing.

Ms. Kirkpatrick mentioned the beginning farmers survey DATCP completed in 2014. Barriers respondents faced included lack of income, access to land and access to capital. Almost all farmers except dairy had supplemental family income.

Melissa Haag mentioned the importance of the older generation needing to be able to pay for long-term health care while protecting their assets.

Chair Daniels mentioned that many small businesses, not only farms, have similar challenges with transitions and successions.

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Charles Untz mentioned the consolidation that has been seen in the agriculture industry before, including poultry and swine. The loss of farms have an impact on the local communities and businesses like the hardware store.

**Working Name of the Committee**

Chair Daniels asked the group if the name 'Next Generation' was best for the Sub-Committee. Melissa Haag mentioned that you don't want to leave out the older generation, and Ryan Klussendorf reminded the group that you don't want to leave out the industry side. The group decided to rename to the Generational Succession/Transition Sub-Committee.

**Consider Possible Solutions**

After renaming the Sub-Committee, the group decided to further discuss the issues and consider possible solutions.

Could there be a tax incentive to sell or rent land to the next generation? Ms. Kirkpatrick will follow-up with information that Iowa and Nebraska have for income tax incentives.

Ms. Kirkpatrick mentioned that to receive tax credits you have to make money. Tax deductions are more expensive to the state.

Ryan Klussendorf asked about possible tuition reimbursement for those who stay in farming? There were Governor's Dairy Scholarships available in 2018 through the Higher Educational Aids Board.

Charles Untz mentioned that UW-Madison's Farm & Industry Short Course could be offered online or that other courses would be available for beginning or any farmers to tap into. Ryan mentioned that the Wisconsin School for Beginning Dairy and Livestock Farmers does have courses online.

Chair Daniels mentioned that he wished technical colleges would continue to invest in agricultural programming.

The group discussed the importance of both generations knowing gift and tax implications when considering a transition.

Chair Daniels discussed how we can make farming attractive to the younger generation, including those who are not from farms but have dreams of farming.

**Lunch**

Lunch occurred at 11:56 a.m., and the Sub-Committee reconvened at 12:43 p.m.

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### **Consider Possible Solutions**

Chair Daniels reviewed that we grouped the issues, renamed the Sub-Committee and need to keep discussing solutions. He reminded the group that one thing Ms. Kirkpatrick had brought up was needing more people on the ground doing transition and succession planning work.

Dan Pearson mentioned an idea that there could be more money available to hire people in the state or to make grants available directly to farmers to pay for transition and succession planning services.

Charles Untz brought up the idea to train people to specialize in certain areas, such as financial analysis or tax laws, and then work together as a team with the different experts.

The group emphasized that the industry needs to let our universities know that transition and succession planning is a priority to fund in the budget.

Ms. Kirkpatrick mentioned that the Dane County Farm Technology Days committee gave leftover funds from the event to the UW-Extension office to offer grants to farmers to do transition planning.

Chair Daniels reminded the group that cheese processing is also part of this group, and they need transition and succession planning as well. There may be programs available for plants through WEDC or WHEDA.

FSA has loans for beginning farmers. We need common sense funding and interpretations of rules at the state and federal level.

Charles Untz brought up the idea of farmers being able to use the State Trust Fund Loan program to give young farmers a more reasonable interest rate.

Ms. Kirkpatrick brought up an idea of using a program similar to PACE that is connected to a beginning farmer purchase.

It was brought up that not all areas have zoning and restricting development has implications for the younger and older generation.

Chair Daniels will present a short recap of the discussion at December's Task Force 2.0 meeting in Oshkosh.

The Sub-Committee tentatively chose their next meeting date as January 21. The location has not been selected.

### **Adjournment**

The Sub-Committee adjourned at 1:41 p.m.  
Minutes drafted by Ashley Andre.