

A VISION FOR AGRICULTURE AND RURAL IOWA IN 2015

Iowa AgSTATE

(Agricultural Strategic Thinkers Acting Together Effectively)

December 2005

FOREWORD

Iowa has the natural resources — 24 percent of the world's Class A soil and annual rainfall of 30 inches — plus a people with a strong work ethic, to make a diverse, thriving agriculture possible.

As we at Iowa AgSTATE offer this vision for Iowa's agriculture and its rural communities for 2015, there are many things we would like to accomplish. We want to identify ways to capitalize on our tremendous ability to produce commodity crops and livestock, while identifying ways for smaller, more specialized agricultural operations to expand and thrive.

We want Iowa to be a place where all things are possible in agriculture. We want farmers and all Iowa citizens to have choices. We want consumers here and abroad to have choices. Iowa has the natural resources and the people to make a very diverse agriculture possible.

We hope this vision will improve the public's understanding and appreciation of Iowa agriculture. Through this vision we hope to encourage young people to enter agriculture, and give existing farmers new ideas. We hope our optimism about the future of Iowa agriculture and the state's rural areas comes through clearly. We hope this vision is a steppingstone to make Iowa better.

Since the early days of Iowa AgSTATE, there have been many discussions about how recommendations that emerge from the group should be handled. It has always been important to keep in mind that AgSTATE is an umbrella for 15 diverse groups, all with both a specific and a general vested interest in Iowa agriculture, and all with its own system for developing policy and advocating for that policy.

This report will not be used by Iowa AgSTATE to advocate policy. Instead, it is a report I hope each member group will study and then use in its own policy development and advocacy work. Acting together, I believe we can make Iowa's agriculture and rural communities better.

Phil Sundblad
Chair, Iowa AgSTATE

HISTORY

The seeds of the Iowa AgSTATE Group were planted in the spring of 1997, as representatives of farm and commodity organizations, agribusinesses, state government and Iowa State University began to talk about the need for a long-range, strategic plan for Iowa agriculture.

There were 13 founding partners — Agribusiness Association of Iowa, Iowa Cattlemen's Association, Iowa Corn Growers Association, Iowa Dairy Products Association, Iowa Department of Economic Development, Iowa Farm Bureau Federation, Iowa Institute for Cooperatives, Iowa Pork Producers Association, Iowa Poultry Association, Iowa Soybean Association, Iowa State Dairy Association, Iowa State University College of Agriculture and Iowa Turkey Federation. The Iowa Department of Agriculture and Land Stewardship was added during the second year. Practical Farmers of Iowa joined in 2003.

The group came together because of growing concerns about the future of Iowa's agriculture industry. There was a desire to develop a proactive, futuristic vision for Iowa agriculture and an action plan to help make that vision a reality.

A name designed to help the public understand the purpose of the group was chosen. Iowa AgSTATE is an acronym for "Agricultural Strategic Thinkers Acting Together Effectively."

In its first year, the group held nine daylong meetings, hearing from a total of 23 experts on a variety of topics. A two-day September retreat was a time to review issues discussed at previous meetings and develop AgSTATE's first report.

Vision and mission statements were adopted. The group's vision: "To empower Iowans to lead the world in responsibly produced food and agricultural products to not only meet, but exceed, the demands of our customers."

The mission statement: "Dedicated to identifying challenges and opportunities in Iowa agriculture, then recommending changes to help the entire state achieve the greatest benefit from the foods, materials and products industry."

The Iowa AgSTATE mode of operation has remained consistent since the beginning. Guest speakers focus on topics of concern to Iowa agriculture. Three fall conferences were held (1997-1999) as a way to present the group's year of work to the boards of directors of participating organizations. Annual reports also were produced during these years.

In November 2004, Iowa AgSTATE members gathered to discuss the group's future plans. It was decided there still was work to be done, and 2005 would be spent developing a future vision for Iowa agriculture and rural communities.

THE PROCESS

An organizational meeting was held Feb. 4, 2005. A motion was made, seconded and approved:

“Iowa AgSTATE will develop a vision for Iowa agriculture in 2015. The key topic for discussion during the year will be understanding the drivers of change in agriculture. Two mini-seminars will be held to gather information on this topic. A report on the AgSTATE vision for 2015 will be produced.”

The first mini-seminar was March 31. Four presentations in the morning outlined the **supply-side drivers of change** in Iowa agriculture. This information was used in the afternoon to begin the process of developing Iowa AgSTATE’s vision for agriculture and rural Iowa in 2015.

The second mini-seminar was June 29. Again, four presentations in the morning outlined the **demand-side drivers of change** in Iowa agriculture. This information was used in the afternoon to continue the process of developing Iowa AgSTATE’s vision for agriculture and rural Iowa in 2015.

A meeting was held Sept. 9 to review the vision document and develop action recommendations. A second meeting was held Nov. 18 with members of boards of directors of AgSTATE organizations participating. Additional action statements were developed during breakout sessions.

On the following pages are summaries of factors that AgSTATE determined are driving change, where those drivers will take Iowa unless there is intervention, seven areas AgSTATE members feel need attention, and recommendations developed at the Sept. 9 and Nov. 18 meetings that could influence Iowa’s agriculture and rural communities by 2015.

DRIVERS OF CHANGE

There are many drivers that have led to the current trends in agriculture and rural Iowa. These are existing conditions that have played a key role in the changes occurring in Iowa the past three decades. Some of those drivers are:

- New technology
- Biotechnology
- Changes in consumer demand
- Competition from other countries
- Consolidation
- Changing demographics
- Government policies and regulations
- Energy — technology, demand, use, prices
- Human resources and the availability of labor

CURRENT TRENDS LEAD TO THESE RESULTS

If these drivers and trends continue between 2005 and 2015, agriculture and rural Iowa could look like this:

- One-third fewer farms, with the average larger than 500 acres.
- Fewer middle- and large-scale producers, yet more managers and coordinators who control significant amounts of land.
- A large and increasing percentage of agricultural production comes from the largest five-percent of farms.
- An increasing share of farm labor is immigrant-based.
- Capital needs increase for the largest farms and those involved in value-adding enterprises.
- There are one-third fewer cooperatives.
- Commodity surpluses continue because yield increases continue to outpace demand growth.
- A growing percentage of U.S. grain is grown under contract.
- Government payments are reduced and redirected to goals beyond farm income.
- More part-time farmers and non-farmers living in rural areas. The non-farmers are politically involved, often speaking out on environmental and other social issues.
- Convenience stores replace many small businesses in rural communities.
- A few regional service centers and large urban centers dominate.

DON'T LIKE THOSE TRENDS?

There is plenty of evidence, both statistical and anecdotal, that current trends will bring Iowa to these realities by 2015 — unless we take a different road. Iowa AgSTATE believes many of the conditions that would result from current trends are detrimental to Iowa agriculture, Iowa's rural communities and Iowans in general. **Group members believe a different outcome is possible.** The following "vision statements" outline a future for Iowa agriculture and rural Iowa that AgSTATE members believe can be realized if we take actions to make it happen.

VISION FOR AGRICULTURE AND RURAL IOWA IN 2015

A NEW ATTITUDE

Iowans recognize agriculture as a cornerstone of the state's economy and are knowledgeable about the agriculture industry. Producers are optimistic about the future and actively search for new opportunities to add value to the commodities they produce. Many rural communities are economically viable, offer an excellent quality of life, and provide jobs and other support for farm and rural families.

PRODUCER PROFILE

An increasing number of producers hold some type of advanced educational degree. Producers are entrepreneurial, business-orientated, and recognized by other business leaders and their peers as professionals. They have the necessary business and interpersonal skills to manage their operation, and successfully market their products. That results in higher profits and an industry that attracts younger farmers. The family structure of Iowa agriculture continues.

AGRICULTURE BUSINESS

Public concerns related to livestock production have eased. Swine, dairy, beef and poultry operations are spread more evenly across the state. Income opportunities for producers are diverse, and resource sharing among producers is commonplace. Farm families are involved in the production of high value items – specialty crops, identity-preserved grains, organics, specialty livestock and hay, with agritourism an additional revenue source.

Light manufacturing and biorefining are two key engines driving Iowa's rural economy. Iowa accounts for 50 percent of the biofuels produced in the United States. Value-added facilities are at least partially owned by local investors, with most producers investing in two or more such facilities.

The legal and business climate encourages branding and niche market opportunities. More food is produced locally and regionally and marketed directly to consumers, restaurants and other businesses.

A CLEAN ENVIRONMENT

Rural and urban residents have a shared goal to make Iowa a state with good water and air quality. More environmental monitoring occurs, and more science-based, performance-based solutions are available that are practical and economical. Producers address environmental concerns by voluntarily adopting comprehensive nutrient management plans and using best management practices. Agricultural, environmental and public policy groups work together to achieve common goals. Financial incentives help producers pay for initial environmental mitigation.

TECHNOLOGY AND INFRASTRUCTURE

The availability and adoption of state-of-the-art communications and information technology is widespread on farms and throughout rural Iowa. Commodity farming operations are highly automated, making use of remote sensing and steering. Advanced technology has made it possible to streamline schools and county government. An adequate transportation infrastructure is in place to support Iowa's current and future growth.

QUALITY OF LIFE

Rural Iowa offers a high quality of life, with good recreational and cultural opportunities and a clean environment. There is a viable rural community within 30 minutes of every farm. Producers have developed recreational opportunities that provide additional income. There is increased streamlining of schools and local government, resulting in greater financial stability and lower taxes. There are good opportunities for full-time, year-round employment in rural areas. There is peaceful co-existence between large and small producers, and between non-farm rural residents and farm families.

PUBLIC POLICY

Iowa leads the nation in encouraging the use of renewable fuels because of its strong renewable fuels policy. An adequate, national transportation structure is in place. Federal farm payments are tied to conservation and value-added investments. Agriculture and commodity groups focus as much on rural development as on agricultural production.

ACTION STEPS TO REACH THE AGSTATE VISION

A NEW ATTITUDE

- Look for new opportunities for agriculture groups to work cooperatively on issues of concern to the industry.
- Look for opportunities for agriculture groups to partner with non-farm groups, local officials and developers to address environmental, economic development and other community goals.
- Create a strategy that leads to a friendlier environment for immigrants.
- Develop a better understanding of modern agriculture among rural and urban dwellers alike, including what it offers local communities and the State of Iowa.
- Develop new avenues for producers to communicate with other rural residents.
- Develop new programs that help connect producers with consumers through such things as identity preservation and “buy-local” campaigns.

PRODUCER PROFILE

- Work with Iowa State University and community colleges to develop statewide business and leadership education and certification programs for farm managers and farm workers.
- Create incentives and institutions to facilitate the orderly transfer of land to the next generation.
- Form a statewide task force to address the issue of land transfer. Topics for discussion would include such things as a break on capital gains taxes if the land is sold to a young farmer or a family member; 1031 land exchanges; tax laws that would make it more attractive to sell land on contract.
- Develop a program that assists producers interested in mentoring young farmers or offering apprenticeships.

AGRICULTURE BUSINESS

- Expand the use of creative capital/ financing structures for production agriculture and value-added enterprises.
- Stabilize the regulatory climate for livestock producers, along with the adoption of policies that encourage growth of value-adding livestock activities.
- Consider the development of a state template that would guide county options for locating agricultural enterprises, with overall regulatory authority remaining at the state level.
- Promote the development of agricultural “clusters” where complementary entities would be located. An example might be an ethanol plant, livestock operations to consume the co-products, a digester to process animal manure into fuel for the ethanol plant and cropland where the remaining manure nutrients could be spread to grow crops for the ethanol plant.
- Create incentives to encourage dairy expansion and relocation into Iowa.
- Actively recruit environmentally responsible livestock production into Iowa.
- Redirect funds from the farm bill toward value-added enterprises and rural employment growth.
- Encourage and provide incentives for local ownership of value-added enterprises – both production and processing.
- Create financial incentives for young farmers participating in value-added processing.
- Use Iowa development funds to support investment in rural Iowa.
- Facilitate development and protection of farmer-owned brands.
- Devote research resources to developing high-valued co-products of agricultural biorefining enterprises.

A CLEAN ENVIRONMENT

- Develop a producer-driven, third-party, environmental certification program that results in continuous improvement.
- Establish a plan for the development of comprehensive nutrient management plans that are performance-based.
- Expand voluntary monitoring programs using science-based, credible data as audits are conducted.
- Use the next farm bill to advance sound, performance-based environmental programs. Examples include direct payments tied to conservation efforts; incentives for whole-farm planning that takes into account erosion, water quality and air quality; incentives that promote entrepreneurial activity and less reliance on row crops.
- Encourage the development of a comprehensive, credible database on current water and air quality in Iowa.
- Increase funding for water quality monitoring.

TECHNOLOGY AND INFRASTRUCTURE

- Develop a plan to get broadband wireless capability statewide.
- Develop a state and national transportation system to move higher-valued bioproducts to markets through incentives and inducements to update the state's railroads, highways, storage facilities, pipelines, rivers and other distribution links.
- Study the need for infrastructure investment designed to transport biofuels, such as ethanol pipelines.
- Explore ways to convert wind energy into hydrogen and anhydrous fertilizers.

QUALITY OF LIFE

- Expand non-farm employment opportunities for rural people and farm households in local communities.
- Promote the use of smaller plots of rural land for niche production of high-value crops that can be sold directly to consumers.
- Develop more state and privately owned resort and outdoor recreation opportunities and destinations.
- Develop ways for communities and rural landowners to work together to promote alternative products and services of rural land that are income generating. Such products and services would include wildlife, hunting, wineries, and related outdoor recreation-based activities. One idea is hunting cooperatives, with landowners enrolling land and receiving hunting fees in exchange for liability coverage.
- Create a new mentality on and incentives for school and local government streamlining. Options might include consolidation of services; sharing of local government services including administrators, teachers, and local government personnel; expanded use of broadband and telecommunications in local service provision and delivery; resource sharing with local community college.
- Work with federal and state officials to make Saylorville and Rathbun lakes more Iowa-friendly and enhance recreational opportunities.
- Conduct an inventory of leadership development programs available to producers. Identify gap areas and create programs to fill them.

PUBLIC POLICY

- Provide incentives for sharing the services of local governments and schools that result in technology adoption, cost savings and enhanced services.
- Find innovative ways to increase the production of renewable energy in Iowa. Examples might be evaluating barriers to more wind generators and working to reduce those; encouraging additional individual and cooperative-owned wind energy, ethanol and biodiesel plants.
- Encourage greater consumption of renewable energy produced in Iowa.
- Target farm subsidies towards conservation, rural development and value-added investments, rather than commodities.
- Develop a statewide land use plan that promotes economic development, livestock production and environmental protection.