



NUTS & BOLTS

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John Hest, Editor



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MURPHY'S LAW AT WORK

Yes, this issue is late. Although you see the February 1 dateline atop this newsletter, you aren't getting it until several days after that. It's true I sometimes procrastinate but this time that wasn't the cause. My usually friendly computer decided to quit sending messages to the printer. When Fritz, my repair expert, looked it over and said, "You have a new motherboard in your future but I'll have to send for it." For once Murphy came to my defense and Zenith paid the whole bill! Thanks Murphy, but now let's get to work.

Thanks to all who sent in articles for this issue. The next edition is due off the press on May 15 so I'd like your epistles to arrive in my mail box about May 1. Thanks, in advance. I think you all know that this newsletter wouldn't be possible without you. How about an article from some other states?

The first article by long-time ag instructor, Wayne Berry, who chose to change his teaching direction and move into a post-secondary position, leads off:

Mercy, I Miss Farm Management Education---But I Am A Better Educator From the Experience

Wayne Berry
Agriculture
UND, Williston, ND

This is my second school year back in full time, post-secondary teaching. I love these kids (age: 18-45) and enjoy working with them. Especially gratifying is to watch them turn on the knowledge light when a new concept is mastered.

But mercy, do I miss those adult families. Sure, we all talk about the tough ones that never change as well as the top family that maybe doesn't even need us. (I was, and still am, guilty of both charges.)

So, why do I think I am a better classroom teacher after working with adults?

Time on task or time management skills are certainly learned in adult work. Think about "wasting" someone's time by being late or getting off the subject.

Relevant learning comes to mind as a second lesson I learned. Unless that farm family saw a need for my lesson the day or moment, learning did not happen. Adult work taught me how to sense that teachable moment. I even tried to establish that special moment a few times.

A master teacher once told me to help the student "take active ownership of his own learning." That could become a motto for adult teachers and post-secondary teachers.

What Do I Have To Look Forward To?

Patrick Kearney
Maple Lake High School
Maple Lake, MN

After reading the article in the November issue of NUTS AND BOLTS by my neighbor and friend, Dennis Lehto, I thought I would address the topic from the other end of the spectrum. What do I have to look forward to in farm business management?

I started teaching in the fall of 1983 in the second smallest school district in the state of MN, Maritta-Nassau on the MN-SD border. The next summer I moved to my present location of Maple Lake to take over a slumping high school agriculture program. In 1986 I made the move to half-time high school and half-time adult farm management. I am presently working with 17 farm families.

As long as I have been involved in agricultural education there seems to have been some kind of crisis in the agricultural community. First there was the farm crisis of the early 1980's. We are now coming off one of the worst drought years since the 1930's. This next spring will be a trying time with credit requirements becoming tougher and the threat of the continuation of the drought.

One could look at these past situations with a lot of pessimism and talk of doom and gloom in the area of American agriculture. But, I look at it very optimistically. With all the new and exciting things that are coming through new technological advances I feel that we're just on the edge of a fantastic future. Hard work and dedication will achieve this.

Farm Business Management will be in the forefront of this new era of agricultural education. With the present leadership and advances taking place such as the new analysis for this year, we can overcome any and all obstacles that are placed in front of our farm families and our programs.

I look forward to the next thirty years of involvement in this business and association in our professional organizations. American agriculture and farm business management will have a strong and vibrant future together, as long as we have quality, dedicated leadership.

Farm Management: Preparing For The 90's

by James J. Kastanek

Total Agri-Business Services, Inc.

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(Editor's note: I asked Jim, a long-time ag instructor and now managing and owning a successful private consultation business, about his views on agriculture and farm management education. He took out his crystal ball, peered into it and wrote this article for you readers. He was born on a dairy farm at Pierz, MN, received his college education at the U of MN. He's served on the state farm management advisory council and currently serves in the same capacity for the state extension service.)

Since I switched from teaching farm management in a public school a few years ago, I have been involved with operating a private farm management consulting business in central MN. Since I've been involved with both public education and private business, your editor thought I'd probably have a slightly different slant as to where I think farm management education is headed in the decade coming up.

Since my days of teaching adult farm management here in central MN at Albany, I've more and more come to realize just how fortunate we are to have leadership and foresight of such people as Dr. Ed Persons, our area coordinators and state supervisors. They've managed to lead us slightly ahead of our time; our new analysis is an example of this leadership direction. It will give better information that will be helpful for our clients and your students for the important decisions in the operation of their farms and ranches. But I'm digressing. Let's get back to the subject at hand, changes I see as we go into 1989, winding up the last 10 years of the 20th century.

Farm management education will continue to teach and incorporate more business-like procedures in the operation of family farms and ranches during the 1990's. Specific changes I see coming:

1. We are rapidly moving from debt financing to equity financing. In the sixties an operator could successfully operate with as little as 33% equity. Today the comfort zone is 75% ownership and only 25% borrowed.
2. Family farms and ranches will get larger and more complex. We'll see more partnerships and "S" corporations with three generations of ownership. Dividends will be paid out rather than interest. Farms will be transferred from one generation to the next, keeping the unit intact rather than starting out from scratch each time.
3. The computer will continue to become an even more important tool in farm management, especially in the areas of automatically monitoring activities. Today's examples: computerized feeding equipment.
4. Information will pass electronically from farm to farm to business to university and back again. First class mail will fade in importance.
5. Accrual accounting will be commonplace in agriculture; loan requirements,

and equity position for multi-ownership will require this.

6. Getting started in farming will require better prepared entrants, intensive schooling, internship on-the-farm training, or a combination of both. Farmers won't have 3-6 years to learn the business practices, experimenting, and learning by trial and error is too costly. They'll have to hit the ground running with sound business practices. Farm managers of the nineties will be screened before they take over the reins.
7. More restrictions, rules, requirements connected with water quality and residues in produce grown on the farm. The general public will demand more quality controls and standards. Farm appraisals will include hazard waste appraisal.
8. Farmers of the nineties will generally see better and more competitive returns for their labor, management and capital. Technologically and improved management skills will assist this. The shortage of the farm labor work force will push farms to be more competitive.
9. Change will be the norm; rapid technological improvements will require the operator to be well informed. Screening out pertinent information will be the biggest challenge. Information from all sources will overwhelm us. One source states that 90% of the things we use today will be gone, or so drastically changed that we won't recognize them.
10. Old principles and practices such as common sense will still prevail. Goal oriented people will be more successful than non-goal oriented. Trained people will be more successful than untrained. While things change, the basics will stay the same. We just have different tools to get the job done. It will just make the job more exciting!

CRYING TOWEL

Since I began teaching adult farm management in 1968 the role of the teacher has changed considerably, as evidenced by the two articles you've just read in this issue. A crying towel should be standard equipment when the instructor visits the clients about their problems which most times are involved with the family financial situation. If a teacher doesn't have extensive knowledge of farm credit, he's (or she's) in for trouble since so much time has to be devoted to that aspect of teaching. It seems like good sense to find out all we can how other instructors approach this almost universal problem.

Duane Jaenicke, who contributed a short article for one of the 1988 issues of our newsletter, has taught farm management education at the MN-Canada border community of Roseau for 10 years. He, like many MN instructors, has worked very closely with Farmers Home Administration (FmHA) offices in his area, for most of those years. You may not agree with his conclusions, but if you've been involved with that agency, you'll know what he's talking about.

What's Fair?

Duane Jaenicke
Roseau, MN

As I ponder the impact and fairness issue concerning FmHA's debt restructuring procedures, it becomes difficult to justify many of the procedures involved. I am sure that you, as well as I, have been targets of comments which we find difficult to respond to. Comments like: "It's not fair! He took the system for all he could! He paid big money for land I was interested in back in '79 and now is getting loan written down! Except for shared appreciation they have few consequences to face after a write-down!"

I find difficulty in coming up with an adequate response to many of these comments, especially to farmers who are fairly highly leveraged, but making progress. In this brief article I would like to list some responses I've used and list some of the feelings I have on the issues.

First of all, the debt which is written off is uncollectible! This is important to remember when someone says the restructured borrower should be forced to repay the debt. Can you imagine what a delinquent borrower would do if told that all of the debt must be repaid? Knowing that all extra money earned would go to repay a FmHA debt, he would simply stop working. This would put the government in double jeopardy - An uncollected debt and a new welfare recipient. With a restructured debt, the government at least stands a reasonable chance of getting repaid and the borrower continues to farm/work.

Since hindsight is 20-20, we can now say that the situation we're in should never have been allowed to happen. It is unfortunate that debt kept piling up while everyone was "waiting for times to get better." We now realize that they didn't and won't. Agriculture will continue to be a "decapitalized" business. Only the very efficient will survive with high debt loads. As we enter the arena of free trade and leave the government trough of subsidies, we must remember that we are competing internationally against farmers who expect a lot less out of life than we do in the U. S. The very efficient will continue to make money in this scenario but the highly leveraged will continue to experience financial stress.

I, as well as many others, feel that the future consequences for farmers who have had debt written off are not strong enough. Remember, these new rules are permanent legislation. How many of these farmers will be back for more restructuring next year or five years from now? How many will be back out there bidding up land and machinery? Steps must be taken now to prevent this from happening. The following, I think, would prevent this from happening:

1. FaHA must be given the authority to oversee the debt-reduced borrower to make sure the newly restructured loan is not put in jeopardy. This should include overseeing any new chattel or real estate purchases using non FaHA credit.
2. No new FaHA credit except for an annual operating loan for the first two years after debt write-down. The farmer-borrower should be able to operate the farm with conventional sources of credit after two years.
3. All tax attributes should be reduced to zero if there is a debt write-down. As the law reads now, only a portion of the attributes may be lost even with a fairly large debt write-down. Why should a borrower who has already been treated very well by his government continue not to pay taxes for perhaps many years to come?

It's only fair!

BITS AND PIECES

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While browsing through Lotus magazine for Dec. '88, I came upon something that all of you who are users of Lotus 1-2-3 have run into, copying something to every other row without doing it one cell at a time. And that's a hassle!

Here's how: If you want to copy a formula from cell A2 to every other row through cell A20, select the COPY command. The program prompts you to enter the FROM range. Indicate RANGE A2..A18 (two less than A20). Set the TO RANGE to A4. Explanation: The program copies one cell at a time. First it copies the contents of cell A2 to cell A4, then it copies cell A3 to cell A5 (actually here it's copying nothing), cell A4 to A6, and so on down to A20. If you want to copy to every THIRD row, reduce the FROM range by THREE. For every FOURTH row, reduce the FROM range by FOUR. Yes it works. I've tried it.

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Remember the "All I Really Need To Know I Learned In Kindergarten" piece that I used in the last NUTS & BOLTS? I'd seen it quoted several times but no author was listed. I received the book for Christmas with that title from my wife. The author is Robert Fulghum, a Unitarian minister. The book is a series of essays that end up making the reader feel good. I highly recommend it. I think it probably makes us better people, and likely better teachers, And likely the people we work with become better for us "touching" them.