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CornsTalk

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Sustaining the Family Farm

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How Nebraska farmers
are positioning their operations
for the next generation

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Why family farms choose to incorporate.

Many people are surprised to learn that 99% of farms in America are family-owned. That statistic flies in the face of those who believe that we've "lost" the traditional family farm to large "corporate farming." Clearly, that is not the case.

Still, many family farms are incorporated, because it simply makes good business sense.



TINA BARRETT

Tina Barrett, director and farm financial consultant with Nebraska Farm Business, Inc., says there's a big difference between a family farm that is incorporated and what most people consider a "corporate farm."

"I work with many 'corporate' farms that are run by a mom and a dad and a couple of kids," said Barrett. "It's simply a family farm that's organized as a corporation for sound business

reasons. That's a lot different than a large company that owns animals from the time they're born all the way through processing and pays farmers as employees."

Limiting liability is the main reason farmers will incorporate their operations—and those with multiple enterprises may create separate entities for each. "What you're trying to do is protect yourself from a financial disaster," Barrett added. "If something happens within one enterprise, the rest of your farm operation would be better protected from that liability."

Tax planning is another impetus for incorporating a farm. "The new Tax Cuts and Jobs Act is going to have a huge impact on the

choices farmers make in selecting the right entity for their business structure," Barrett added. "We don't have all the details on this new tax bill yet, but farmers should be aware that this new law should cause them to review the type of entity they have set up for their farming operation."

Having corporations as customers.

Many Nebraska farmers contract directly with companies/corporations in order to ensure a market for what they grow. These corporations might be an ethanol plant, a food processor, or a large agribusiness. That does not mean the farmers are contract employees of that corporation. It simply means the farmer has a guaranteed buyer, as long as the farmer meets the quality expectations of their customer—and that's no different than any other seller-buyer scenario.

Scott Wagner is one of several Nebraska crop farmers setting up a new enterprise to raise chickens for the Costco poultry processing facility in Fremont. "I've been raising seed corn for many, many years—and I have a contract with the company to supply them with what they need. It's my responsibility to produce corn to their specifications," he said.

"It's going to be the same with my poultry operation. I have a contract with Costco, which is a corporation. But I'm my own boss, making my own investment in the poultry barns and managing the family-run operation. I need to comply with the expectations and standards of my customer, regardless of whether that's a consumer or a large corporation."

(See Scott's story on page 6)

Jessica and Andy Groskopf operate a family farm near Scottsbluff.



Andy Groskopf is a fourth-generation farmer from Scottsbluff, Nebraska. His great grandfather emigrated from Russia to work the sugar beet fields in the Nebraska Panhandle, raising enough money to eventually buy farm ground. Groskopf raises corn and Great Northern beans. He was recently appointed to serve as a farmer-director on the Nebraska Corn Board.

Like many younger members of multi-generational farms, Groskopf owns his own limited liability corporation (LLC), but operates side-by-side with family members—in his case his dad and uncle.

This transition of the family farm is top of mind for Groskopf as his uncle reaches retirement age. “At this point we don’t have a written plan as to how this farm is going to be handed down—and that concerns me,” Groskopf said. “If something happens to any one of us, there’s really no directive of what’s supposed to happen to this operation we’ve worked to build.”

In order to protect the future of his four-generation farm, Groskopf believes a family farming operation can’t rely solely on handshakes and verbal agreements.

“You’ve got to make a decision to be a business-first family or a family-first family,” he said. “I prefer managing this from a business-first perspective with everything in black and white, so everybody knows where they stand and what to expect.”

The only thing more difficult than having a farm transition conversation, is not having it...

Andy Groskopf discusses harvest progress with his father, Lavern.

ANDY GROSKOPF

Sarah Greer has always had farming in her blood.

“**W**hen I graduated from high school, people asked me what I wanted to do when I got out of college. I said I wanted to be a farmer,” she said. “People would say, ‘Oh, you want to be a farmer’s wife?’ and I said, ‘No. I want to be a farmer.’”

After graduating from the University of Nebraska–Lincoln with a degree in diversified agriculture she received a Master of Arts in management from Doane University. After spending over 15 years working in the private sector, Sarah finally got her wish when she became the fifth generation in her family to become a full-time farmer, planting her first crop in spring 2017 on the family farm near Edgar, Nebraska.

She’s responsible for farming some 1,000 acres. Sarah and her father, John, operate as individual sole proprietors. Sarah sharecrops with the landowners, who include members of her family as well as other landlords. She is purchasing selected equipment from her father.

“I didn’t want to farm until I couldn’t do anything else, so I was looking for an exit strategy,” John said. “When Sarah began to express a genuine interest in farming, my wife Lynn and I knew she could do it. Once Sarah decides to do something, she’s going to commit to it wholeheartedly.”

Sarah makes all the decisions related to cropping, fertilizing and marketing. “Marketing has been the biggest learning curve for me even though I’ve watched the markets over the years,” she said. “It’s different when you’re marketing your own grain and it’s your bottom line and your loans you have to pay off at the end of the year.”

According to John, Sarah is bringing a fresh new perspective to crop farming that challenges his traditional ways, especially when he’s helping her as a “hired hand.” “We’ve been having this friendly debate about planting speed. I believe that today’s equipment allows you to go five or six miles an hour, but Sarah has done her homework and decided that four miles per hour is the optimal speed,” John said. “But I do admit to speeding up a bit when a storm is coming...” *(continued page 8)*



How the farmer's daughter

became a farmer.

SARAH GREER

TAYLOR NELSON



Ethanol investment creates C-Store opportunity for Nelson farm family.

When Taylor Nelson of Jackson, Nebraska, graduated from UNL in 2012, the farm economy was on fire. Rents and land values were increasing at an unprecedented rate and farmers were snapping up every opportunity they could. The stakes were high and the market seemed impenetrable for a young man to return to the family farm full-time. So, the Nelson family got together and came up with a unique way to bring Taylor back to Jackson.

Nelson and his father share a passion for the ethanol industry and the many benefits that stem from it. While many of those benefits affect farming directly, they saw a different opportunity in Jackson.

"I needed a way to apply my time and management skills in a way that would lead to my ticket to being able to farm," he said. "We saw a strong need for a convenience store in the community—and the ability to leverage our commitment to ethanol by offering higher ethanol blends to customers made a lot of sense."

The family established Jackson Express, a C-store Nelson managed until the time was right to start farming full-time. "Jackson Express was a strategic move to help me start a business, build equity and be in a better position to enter the farming operation when the ag economy allowed," he said. As he has transitioned into the farming operation, Nelson's wife Emily has assumed management responsibilities at Jackson Express.

The Nelson farm is structured as three separate sole proprietorships, though they realize the importance of planning for the transition of farm ownership as two of the three prepare for retirement. Jackson Express is set up as a separate legal entity.

Jackson Express convenience store



Managing a multi-generational farm has its advantages and challenges. "We really have to work together to communicate when it comes to making decisions because we all have different perspectives," he said. "I'm making decisions today with a 40-year vision, where my dad and uncle have a shorter horizon and might be content with doing things the way they are."



TAYLOR NELSON

That long-term outlook includes an unwavering commitment to constant improvement and a dedication to stewardship. "Nitrogen use efficiency and water usage are areas in which we're continually looking to improve," Nelson said. "Our nitrogen use rates per bushel of corn we produce are the lowest they've ever been, which is a benefit in terms of both economics and sustainability. If you're not in the top third in efficiency and productivity, you struggle to compete in today's environment."

"We're also paying a lot more attention to the health of our soils," he added. "We're not just looking at the chemistry of soils, but also biological factors such as organic matter, microbial populations, naturally occurring fungi, mineralization and the interaction between air and soil by managing compaction."

Nelson wants consumers to understand that farmers are passionate about what they do and are dedicated to being responsible producers. "Farming is not just an economic opportunity. It's not just a job or a way to make money. Farming is who we are and a way of life," he said.

In-cab epiphany leads corn farmer to poultry production.



Fifth-generation farmer Scott Wagner of Fremont, Nebraska, farms about three miles from where his great grandfather homesteaded in 1872 after emigrating from Germany. “He actually spent his first winter in a hole he dug in the ground and then built a sod house the following spring,” Wagner said. “So, this farm has been in the family a very long time—this is our 146th year of farming.”

About two years ago, Wagner was planting corn and had an epiphany in the tractor cab. “I realized I couldn’t propel myself forward by just selling grain,” he said. “I realized I had to figure out a way to add value to my crop and create opportunities for future generations to farm here.”

Growing the crop operation through purchasing or renting more land is cost-prohibitive. So now Scott Wagner “corn farmer” is also going to be Scott Wagner “chicken farmer.” He’s building three poultry barns on his land to raise pullets for Costco’s poultry processing facility in Fremont.

Through his contract with Costco, Wagner’s barns will house hens and roosters to maturity, which will be shipped to breeding barns in Nebraska. Those birds will produce fertilized eggs for the Costco hatchery, and the chicks will be raised in broiler barns to eventually be processed into rotisserie chickens and other poultry products sold in the stores.

Wagner’s farming operation is incorporated as a limited liability corporation (LLC). The poultry operation will be set up as a separate corporation called Maple Crest Family Poultry, LLC. “I wanted people to understand this is a family business, not some corporation that has taken over this spot,” he said. “This is our family-run operation on ground we own with poultry barns we own.”

Wagner’s grain will feed his chickens, and the chicken litter (manure) will serve as fertilizer for his crops, adding value to his corn and reducing his input costs. He’ll get his first shipment of birds in May 2019.

Wagner said he’s impressed with Costco’s commitment to quality and animal welfare at every step. “The thing that makes Costco really unique is that their reputation and their consumer perception are really, really important to them,” he said. “They want to be environmental stewards of the area, and they want to also make sure the consumer is satisfied in the way their animals are raised.”

As proof, Wagner points to the fact that Costco required him to obtain environmental permits that go beyond the standard requirements of the State of Nebraska. “We also have a manure management plan that is nearly an inch thick,” he said. “We’ll be using the chicken litter as fertilizer for our farm, so we’ll be continually testing nutrient levels in manure and the soil to avoid overfertilization and to protect groundwater quality.”

SCOTT WAGNER

Hog barn transformation creates legacy opportunity.



The barns, which will house 54,000 birds year-round, are just 800 feet from the home where Wagner, his wife, Kristy, and five children live.

As he considered adding poultry production, Wagner visited several poultry operations across the country, paying particular attention to odor issues. “I know from first-hand experience that you don’t even get a whiff of odor until you’re about 50 feet away, he said. “I’m convinced that people smell with their eyes, so we’ve placed the barns in a relatively private part of our farm and we’ll be adding a barrier of trees as well,” he said.

Building the poultry barns on land he already owns allows Wagner to diversify his operation and position himself and his farm for the future. “This is an avenue that enables us to increase revenue into the operation and bring an additional generation back to the farm with an income that can be sustained,” he said.



MATT HELMKE

Four Generations Farm: the name says it all...sort of.

“I’m actually number five in terms of farming in this area, but I’m the fourth generation to live and work on this particular farmstead since 1917,” said Matt Helmke of Pickrell, Nebraska.

“My great-great grandparents began farming about three miles west of here in the late 1800s.”

After college, he worked at a cooperative for seven years and returned to the farm in 2007, when a series of circumstances made such a move realistic. “I have a strong faith and it was like God wanted me to return to the farm,” he said. “I’m able to raise my family the same way I was raised and that’s something I really wanted to do.”

The century-old Helmke farmstead featured an old hog barn in which Helmke was planning to build a small office area for himself. But an event to recognize the farm’s history sparked an idea for a new business enterprise.

“We actually celebrated our farm’s 100th birthday here a couple of years ago and we had a lot of people suggest that we rent it out,” he said. “That spiraled into some major renovation to make it more user friendly and now we are booking dozens of weddings and other events.” Helmke’s wife Jill manages the Four Generations Barn.

The Helmke family operates three limited liability corporations (LLC)—one for the farm, one for the barn rental enterprise and one for Four Generations Ag, a seed sales and agronomy services company that Helmke runs. “It’s important to keep these enterprises separate for tax and liability purposes,” Helmke said. “Each enterprise has a unique set of business characteristics and potential liability.”

With two young girls, Helmke isn’t sure if a sixth generation of Helmke’s will actually farm the home place. But Four Generations Barn might be a different story. “I see the barn as a legacy project that I can leave behind for my girls,” he said.

SARAH GREER *(continued from page 4)*



“Being able to work with Dad has just been a blessing because he’s such an amazing mentor. He was trained as an ag teacher in college, so I really feel that his life and career are coming full circle as he helps his daughter become a good farmer,” Sarah said.

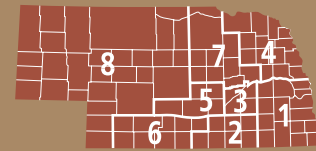
Sarah said she hasn’t seen a great deal of resistance from others as she establishes herself as one of the few female farmers in the area. “Everyone I work with has had a great relationship with Dad, so it’s been an easy transition as I establish relationships with the network of people I need—from agronomists to bankers to suppliers,” she said.

For Sarah, there is a true emotional attachment to the land she’s farming. “I remember growing up and working these fields when I was a young girl,” she said. “Now, these fields are my responsibility. Everything is on my shoulders, so I want to do a good job for my family, my landlords and the land. And I want to do a good job for myself and the next generation.”

Sarah said running a farm is a viable career option for a young woman. “While there is a physical labor aspect to it, it’s still a business with balance sheets, profit and loss statements and management decisions,” she said. “I would encourage any woman who wants to come back and take over the farm to do so. If you think you can do it, you absolutely 100 percent can.”



When her parents travel, Sarah Greer also tends to their cattle herd.



District 1
Dave Bruntz
Friend, NE



District 6
Ted Schrock
Elm Creek, NE

District 2
John Greer
Edgar, NE



District 7
David Merrell
St. Edward, NE

District 3
Brandon Hunnicutt
Giltner, NE



District 8
Andy Groskopf
Scottsbluff, NE

District 4
Debbie Borg
Allen, NE



At-large
Jay Reiners
Juniata, NE

District 5
Tim Scheer
St. Paul, NE



Nebraska Corn Board members represent the eight districts indicated on the map and are appointed by the Governor. One at-large member is elected by the other Board members.

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