

# A Closer Look At The New “Middle” In Agriculture

## USDA’s Top Brass Takes Aim At Developing Mid-Sized Farms



SARA WYANT

### WASHINGTON, D.C.

Imagine Farm Aid President Willie Nelson, the self-proclaimed champion of small, family farmers, embracing a group of individuals who farm, on average, about 4,200 acres each.

The image may shock those who equate Farm Aid with a group of small, organic farmers, working in their Birkenstocks. But the definition of “family farmers” defies any type of “one-size fits all” description, says Alicia Harvie, Farm Aid program manager and author of a recently-released report: “Rebuilding America’s Economy with Family-Farm Centered Food Systems”.

Karl Kuper and Fred Fleming, who are profiled in the Farm Aid report and heralded by Willie Nelson, are the founders of Shepherd’s Grain in Washington State. It’s not unusual to see farming operations spanning thousands of acres on the steep slopes in that part of the Pacific Northwest. As Fleming points out, they need to be a certain scale to afford equipment that can range from \$200-300,000.

But with Shepherd’s Grain, the focus is more about sustainability than size. Their 33 farmers built a unique brand of wheat flour by employing environmentally friendly farming methods like crop rotation and direct-seed tillage, which are third-party certified by the Food Alliance. Shepherd’s Grain flours are marketed as local and sustainably produced and sold at a premium.

“For us, ag in the middle is more about marketing of the middle,” says Kuper, who says there is probably a better way to define the “middle” than by farm size or sales. “We are all family-owned and family-operated with direct links to consumers.”

While family ownership is an important part of the “middle” distinction, it’s just one of several ways that politicians and think tanks are now defining mid-size operations---and trying to figure out how federal resources can help them grow. For example, researchers at the Agriculture of the Middle Project ([www.agofthemiddle.org](http://www.agofthemiddle.org)) define mid-sized farms as farm operations that “operate in the space between the vertically integrated commodity markets and the direct markets.” According to their web site, these operations “can be approximated as full-time family farms with annual gross sales between \$100,000 and \$250,000, or USDA’s “farming occupation – high sales” category, though there are likely several farms of higher or lower gross sales levels that can also be considered “mid-sized.””

### Expanding the dialogue

How this emerging definition plays out when implementing current farm programs and development of the 2012 farm bill remains to be seen. Some say that identifying farmers “in the middle” is a little like defining pornography: you’ll know it when you see it.

“Family farms have a lot of different faces,” adds Harvey. “You can’t put a hard definition on the middle.” She says there should be an expanded discussion of family farm systems that includes getting a premium for your products, practicing environmental stewardship, deepening the relationship with consumers so they know where their food comes from, feeding local and regional economies and creating jobs.

“They don’t necessarily need to be organic operations, but could be mid-sized operations that are differentiated with environmental standards or niche marketing,” adds Harvie.

Ferd Hoefner, Policy Director for the National Sustainable Agriculture Coalition, has also been arguing for a more expansive definition of agriculture’s “middle,” but with limited success. For example, when it comes to ranking candidates for USDA’s Value Added Producer Grant program, Hoefner argued that the cut off should be set as high as \$1.0 million in gross sales.

“We were laughed out of the room,” he says. “But there are people selling at farmers’ markets in DC. who are pushing \$1 million in sales,” he says. USDA staff was willing to go as high as \$750,000, but the Office of Management and

Budget wanted \$500,000. In the proposed rule, the limit was set at \$700,000.

Earlier this year, Shepherd’s Grain was also selected to receive a \$300,000 working capital grant from USDA’s Value Added Producer Grant Program

### USDA’s new focus

The Obama Administration wants to help develop the “mid-size” farming operation. In speech after speech this year, both Agriculture Secretary Tom Vilsack and Deputy Secretary Kathleen Merrigan have bemoaned the loss of farming operations in the “middle,” and talked about the need to target assistance to small and mid-sized farmers. So who are they trying to reach?

“The Obama Administration and USDA care deeply about all our farmers and ranchers, and we are concerned about a trend we describe as ‘the disappearing middle’: a decline of nearly 150,000 farming operations – 16 percent of the total – with sales of more than \$10,000 but less than \$500,000 between 1997 and 2007,” says a USDA spokesperson. “Some have migrated into larger sales categories. But many just went out of business.”

Since 1982, USDA’s Economic Research Service reports that the number of small to mid-sized farms has declined, while the number of large farms and very small farms has increased. The number of farms with sales of at least \$250,000 grew steadily during the farm crisis of the 1980’s. From 1982 to 2002, the number of farms with gross sales over \$250,000 increased from 85,000 to 152,000. Most of these farms had sales between \$250,000 and \$499,999 – even by the end of the period – but the number of farms with sales of at least \$500,000 grew more rapidly. The number of farms with sales between \$500,000 and \$999,999 more than doubled, while the number of million-dollar farms more than tripled.

To address this situation, USDA officials are forging ahead with a campaign they call “Know Your Farmer, Know your Food,” (KYF2) which aims to target more federal resources to some of those operating in that “middle” range. In their “Guiding Framework” for KYF2 which was obtained by Agri-Pulse, USDA outlined six-pages of tactics designed to “strengthen the critical connection between farmers and consumers and supports local and regional food systems” and, among other things: “Foster new opportunities for farmers and ranchers.”

The list includes everything from launching “mobile slaughterhouses” to enable more local meat processing and creation of a fully operational regional food hub model to “coordinate the sale of locally grown fresh food products from small and mid-scale family farms.”

The campaign has drawn flak from several Capitol Hill sources who suggest that USDA is trying to promote organic agriculture and niche markets over conventional operations, which produce the bulk of the nation’s food supply.

“In the name of promoting local food systems, the Department appears to be prioritizing Rural Development grant and loan programs for locavore projects in urban areas, apparently at the expense of rural communities with documented rural development needs,” complained Senators Pat Roberts (R-KS), Saxby Chambliss (R-GA) and John McCain (R-AZ) in a letter to Secretary Vilsack earlier this year.

But Vilsack says the department’s approach embraces all of agriculture and is not about choosing sides. Facing similar criticism last fall, he provided an analogy of his own family, saying, “I have two sons, and I love them both.”

Hoefner says Know Your Farmer, Know your Food has been helpful in enlarging the debate and helping people understand the how mid-sized operations can help rural communities and vice versa, creating new jobs and economic growth in the process.

“Mid-sized farms can produce at a scale and with an agility that is attractive to institutional and wholesale markets particularly when those markets are differentiating their products as local, organic, grass fed or family farm raised,” he adds. Δ

SARA WYANT: *Publisher weekly e-newsletter, Agri Pulse.*