

## Big Job of Center's Board of Directors Carries a Low Profile

Board guides work by setting priorities and evaluating progress toward these priorities to gain insight into the Center's work, mission, and direction.

**T**he board of directors is one of the least visible forces at the Center for Rural Affairs, but one of the most important.

The board's leadership was demonstrated recently as members prompted and passed resolutions on two very high profile issues – immigration and the Keystone Pipeline to move oil from Canadian tar sands to Gulf Coast refineries.

The board opposed the pipeline because getting oil from tar sands releases twice the greenhouse gas as oil from other sources, requiring the rest of us to either make big offsetting reductions or bear greater costs from climate change. The resolution also noted the same propensity to cut corners in the Keystone Pipeline – a factor in the Gulf oil spill.

In September, the board opposed legislation requiring state and local law officers to enforce federal immigration law and instead endorsed federal legislation to fix America's broken immigration system. They called for a balanced approach including more effective federal enforcement of the prohibitions on hiring undocumented workers together with increased opportunities for legal immigration.

Behind the scenes, the board's influence guides all the work of the Center. Every year, they adopt a General Plan for the organization, setting priorities for the coming year by establishing "priority outcomes." At the end of the year, the board and staff evaluate how well we've done in achieving those outcomes. That helps us draw insights on how to do our work better.

In upcoming months, the board will address one of the most critical responsibilities assumed by directors – preparing the organizations for leadership succession. I [Chuck Hassebrook] am making no plans to leave the Center, and I am in good health. The lack of urgency makes this the ideal time to plan for succession.

Succession plan discussions have been underway for months. Likely elements include developing future leaders within the Center, scripted immediate steps in the event the current director is suddenly no longer available to serve, and naming a standing succession committee to guide the process.

Leadership change is a critical stage for nonprofits. Many organizations have been severely weakened, some fatally, upon failing to get the right person to fill the key leadership position. There is no more critical board role than hiring staff leadership. So one factor we consider in selecting new board members is finding the right folks to entrust with that decision.

First and foremost we seek board members with a commitment to our mission and values, together with

### Center for Rural Affairs board members:

**Laverne Barrett**, retired professor of agricultural leadership, Ceresco, Nebraska  
**Joe Blankenau**, professor of political science, Wayne, Nebraska  
**Lowell Fey**, retired physicist, Nebraska City, Nebraska  
**Mark Gustafson**, farmer and agricultural educator, Mead, Nebraska  
**Rebecca Gould**, public interest attorney and nonprofit administrator, Valparaiso, Nebraska  
**David Hansen**, farmer and retired minister, Anselmo, Nebraska  
**Jim Knopik**, farmer, Belgrade, Nebraska  
**Chuck Karpf**, rural developer and credit union administrator, Mitchell, Nebraska  
**Rhea Landholm**, newspaper editor, Bloomfield, Nebraska  
**Keith Mahaney**, farmer, Walthill, Nebraska  
**Clark Nichols**, retired rural attorney, San Marcos, Texas  
**Paul Olson**, retired professor of English, Lincoln, Nebraska  
**Maryanne Rouse**, student advisor, Creighton University, Omaha, Nebraska  
**Cy Pinkelman**, farmer, Hartington, Nebraska  
**Don Reeves** (director emeritus), retired hunger analyst and nonprofit administrator, Oberlin, Ohio  
**Kayla Schnuelle**, rural developer and farmer, Diller, Nebraska  
**Carol Schooley**, educator and artist, Grand Island, Nebraska  
**Paul Swanson**, farmer and retired extension educator, Hastings, Nebraska  
**Karen Tikalsky**, social worker and farmer, Niobrara, Nebraska  
**Bob Warrick**, (director emeritus) retired Nebraska farmer, Oceanside, California

insights on our work. We look to the board for moral leadership and to serve as a steadying force in the midst of the storms that can surround our work, to keep us on the right course. Candidates for the board typically serve a time on one of our program advisory committees before coming full-fledged board members. The Nominations Committee identifies potential new members and presents them to the full board for approval.

We have largely limited ourselves to Nebraskans for the time being to reduce the travel and costs associated with meetings, though non-Nebraskans do serve. The current board chair is Paul Swanson of Hastings. A list of other board members can be read in the box at the right.

For more information, contact Chuck Hassebrook, Executive Director, at 402.687.2103 ext 1018 or chuckh@cfra.org.

The Center for Rural Affairs



FALL 2010

## Gifts of Grain and Livestock Stretch Farther for Giver and Receiver

**H**arvest is over. We are getting the livestock and machinery ready for winter. This is the time of year I like to reflect on the past few months. Did I get everything done I could? Seems like you never get to all you want to do. I also look at ways I contributed the past year. Can I do a little more here and there?

As you work on your financial records and year-end preparations, keep the Center for Rural Affairs in mind. A year-end gift helps the work we do year in and year out for Rural America. A gift of grain or livestock is one way to do that. For supporters in production agriculture, it very often really makes sense. And it brings us even closer to the farmers and ranchers who partner with us to advance our mission.

Since 1970 the IRS has recognized this type of charitable giving. A gift of grain or livestock allows the farmer or rancher to lower the amount of income subject to state and federal income taxes and to self-employment taxes. All the expense of raising the livestock or crop is still deductible while the income is not counted.

Farmers and ranchers say that giving what they produce is even more rewarding than giving cash. It's also fitting for an organization like the Center for Rural Affairs to garner some of its support from what grows on the land.

—See **Grain Gift** on page 3.



Organic farmers Dennis and Ruth Demmel, from near Ogallala, Nebraska, gave a gift of grain to the Center. Dennis's has been a long-time support of the Center. He was part of the team who worked on the Small Farm Energy Project in northeast Nebraska that explored on-farm energy conservation. For more information on how to give, please contact Matt Connealy at 402.687.2103 ext 1009 or mattc@cfra.org.

## Center Releases Reports on Roles of Grocery Store and Food Deserts

**I**n early November the Center for Rural Affairs released two reports, the first examining the critical role grocery stores play in rural communities and challenges faced by those stores. A second report examined models of rural grocery store ownership and how they deal with each of the challenges facing rural grocery stores.

In the U.S., 803 counties are classified as "food deserts" – all the residents of a county are 10 or more miles away from a full-service grocery store. The Great Plains has the highest concentration of "food desert" counties,

with 418, and 98 percent of those counties are rural.

Jon Bailey, director of the Center's Research and Analysis Program and author of the two reports, says that although rural grocery stores play a crucial role in our rural communities, providing vital sources of nutrition, jobs and tax revenue that support the community, they are slowly disappearing across the nation.

In Iowa, for example, the number of grocery stores with employees dropped by almost half from 1995 to 2005. Meanwhile, "super-center" grocery stores increased

by 175 percent in the 10-year period.

The second report examines some common ownership models used by individuals and communities to address the need for local grocery stores in rural communities. It provides examples and analyzes how each model addresses the challenges facing rural grocery stores.

For more information, contact Jon Bailey, jonb@cfra.org or 402.687.2103 ext 1013. Both reports are available at www.cfra.org.

## Corporate Farming Notes

### Battle Over Corporate Investment in Farming Continues

In every single year since our founding, the Center for Rural Affairs has fought to minimize corporate control of agricultural assets.

Alarmed by heavy absentee investment in farmland in the Nebraska Sandhills in the 1970s by corporations and limited partnerships, the newly formed Center for Rural Affairs fought for legislation to ban investment in agriculture by non family farm corporations.

With allies, the Center tried unsuccessfully to move a bill through the legislature for nearly a decade. Determined to win and certain that the people of Nebraska were supportive, Nebraska Farmers Union launched a petition drive in 1981 to put the issue before the people.

The Center quickly endorsed the effort and mobilized its staff and volunteers to gather signatures, hold press conferences, and organize support for the ballot initiative known as I-300.

On Election Day, supporters of family farm agriculture won a majority of the votes. And for 25 years Nebraska's I-300 stood as one of the strongest anti-corporate farming laws in the nation. It was challenged in court repeatedly, and supporters of the law prevailed until a 2006 challenge.

In that case a judge ruled that the ban on corporate farming violated the interstate commerce clause of the U.S. Constitution. Supporters of the law appealed the verdict all the way to the Supreme Court, which declined to hear the case.

Initiative 300 was a solid victory that shaped Nebraska agriculture for a quarter century. It also had a lasting impact, especially in the livestock sector. Nebraska retained more independent cattle feeders than other leading cattle states and has fewer corporate hogs.

Ten states in the Midwest and Great Plains had similar corporate farming laws on the books at some point. Several states have lost their laws altogether, and the laws that remain have been severely compromised by legislative action and legal rulings.

#### Corporate Investment in Agriculture on the Rise Again

Recent news stories reveal one result of a decline of these laws. Turbulence in the stock market has increased the appeal of farmland for investment funds and non-family corporations.

A collection of newspaper headlines paints the picture. Pension Funds Bulk up on Farmland Investments; Investors Snapping up Farms; Pensions, Hedge Funds Using Land to Diversify Portfolios; U.S. Invest-

**In the Midwest, across the country, and around the world, corporate and absentee investment in farmland presents the same challenges to communities today that it did nearly 40 years ago.**

tors Plough Cash into Farmland.

The articles tell the story. Teachers Insurance and Annuity Association of America (TIAA-CREF) recently invested \$2 billion in farmland in the U.S. and Australia. A former derivative trader for Goldman Sachs launched an investment firm specializing in buying U.S. farmland. The pension fund for Dow Chemical is a lead investor in the firm.

While pension funds are leading this new trend, farmland investment by hedge funds and private equity funds is also growing. Pension funds are attracted to the long-term steady return offered by farmland, but hedge funds buy and sell assets much more quickly, potentially introducing more instability into land markets.

This trend is denying rural people and communities control of their most basic asset. In the Midwest, across the country, and around the world, corporate and absentee investment in farmland presents the same challenges to communities today that it did nearly 40 years ago when we first took up this fight.

Research done in 2002 found that states in the Midwest with anti-corporate farming laws had less poverty, higher employment, and a higher percentage of farms reporting profitability in agriculturally-dependent counties. The research supported findings first written about by anthropologist Walter Goldschmidt half a century earlier.

#### New Approaches to Fight Corporate Control of Land

The Center for Rural Affairs has long held that our communities are strongest when the people who work our farms, ranches and small businesses have a chance to share in their ownership. If outside investment in farmland grows, fewer people who work the land will have that opportunity.

That is why, even as we adjust our strategies in response to a changing landscape, we plan to continue the fight against corporate control of our agricultural systems.

In striking down Nebraska's I-300, the judge held only that a state cannot discriminate against nonresi-

dents who want to conduct business in the state. A state could still limit the type of business structures allowed to own farm assets so long as the intent of the law was not to require an owner to be present. For example, a state could still limit corporate ownership to family corporations with one family member working on the farm, as long as the farm can have holdings in another state and the family labor can be provided there.

The Center proposed a legislative replacement for I-300 that sought to address the court ruling, but the bill was defeated in the legislature. It is difficult to see a path forward to passing such a bill in Nebraska, and with far fewer family farmers than in 1981, it is uncertain what the outcome of a new ballot initiative campaign would be.

There are other angles to come at the issue. For example, there are specific policies to curb corporate control in the livestock sector. A ban on meatpacker ownership of livestock at the state or federal level and legislation preventing packers from holding supply captive through contracts are two policies we have pursued.

We helped win a ban on packer ownership in the Senate version of the 2002 and 2008 farm bill, but it was stripped during conference committee both times. Several Midwestern states, including Nebraska, do have a packer ban at the state level.

Vertical integration is an especially pernicious form of corporate control, and, similar to a packer ban on livestock ownership, we should be on the lookout for vertical integration occurring in other sectors of agriculture and be prepared to respond with similar policy solutions.

Finally, we are working to use public policy to create new markets, implement incentives and support beginning farmers. In recent years we have been successful creating new programs and increasing funding for these goals. Programs that support value-added agriculture, beginning farmer training, and organic market development are a few examples. In Nebraska we have also used the tax code to incentivize retiring farmers renting to beginners.

We are always adapting our strategies, but the core values that have driven our work for nearly 40 years remain the same.

We endeavor to continue this fight for another 40 years, and with your enduring support, we can be assured the Center will have the resources we need to soldier on fighting for the core values that have always guided us.

For more information or to comment, contact Brian Depew, Assistant Director, at 402.687.2103 ext 1015 or [briand@cfra.org](mailto:briand@cfra.org).

## Grain Gift, continued from page 1.

This fall Dennis Demmel gave a gift of grain to the Center. He and his wife Ruth have an organic farm near Ogallala in western Nebraska. In the early years of the Center, Dennis was part of the team who worked on the Small Farm Energy Project exploring on-farm energy conservation in northeast Nebraska.

Dennis and Ruth made a gift of hard red winter wheat right out of the field. Dennis delivered it to his local coop and filled out some papers we sent him. Here's what he had to say about the advantages of his gift:

A gift of grain has the potential to expand an alternative cash contribution by 30 percent or more through savings in federal and state income tax and self-employment tax. The potential tax savings depend on one's tax bracket and whether or not one uses itemized deductions. My wife and I use itemized deductions every other year to "double up" deductions. We used the gift of grain in an "off year" when not itemizing. This works well for us.

This type of gift works for livestock or grain. It gives the donor a wider range of tools to support the work of the Center. It might even save you some money over an equivalent gift of cash.

We've got many supporters and they show their commitment in different ways. Some make an outright gift or a pledge for the future. Some name the Center as a beneficiary of an insurance policy or leave a bequest in an estate plan. Some donors give monthly or yearly on a credit card or out of a bank account. The gift of grain or livestock is just one more tool you can use to make Rural America as strong as it can be.

I'd like to help you plan a gift. Give me a call or drop a note to Matt Connealy, Major Gift Development Director, 402.687.2103 ext 1009 or [mattc@cfra.org](mailto:mattc@cfra.org).

### CENTER for RURAL AFFAIRS

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