

# A High-Value Apprenticeship

*How One Family Launched Their Farm Transition with a Few Trial Runs*

When Nathan Vergin applied to work as an apprentice on Polyface Farm in Virginia back in the mid-2000s, he had to undergo a three-day “working interview.” Vergin, who grew up helping out on a sheep dairy near Northfield, Minn., passed the trial by fire, and went on to serve a two-year apprenticeship with the farm’s owner, Joel Salatin, who is well-known within regenerative agriculture circles and the local food movement for his innovations related to raising and marketing pasture-based livestock. That apprenticeship paid off: Nathan eventually launched his own pasture-based meat, egg, and dairy operation on rented land in Virginia. At one point, he and his wife Amy were supplying raw milk to 200 customers a week through a milk share agreement. The hours could be long and grueling, but the knowledge gained about producing and marketing grass-based products was incalculable.

“It was some of the best years of my life,” Vergin says recently as he sits at the kitchen table of a farm near the southeastern Minnesota community of Saint Charles. Nathan reflects on the fact that in a sense, here in Minnesota he and Amy have wrapped up what amounts to a year-long version of a working interview. But instead of an apprenticeship being on the line, the stakes were even higher — the trial period helped determine whether the young couple — she’s 28 and he’s 31 — are the right candidates to eventually take over the dairy operation Arlene and Mel Hershey started on this farm 46-years-ago.

Mel and Arlene, sitting at their own kitchen table just a five-minute drive away, say not only have the Vergins passed the test, but have given them the confidence to move into the next phase of a multi-year plan to pass on the operation’s cattle, equipment, buildings, and land. This is not some-

thing the Hersheys take lightly — over the years they’ve had a handful of apprentices, in addition to their two sons, work these 240 acres of rolling land. In the end, everyone ended up moving on, and these days the older farmers — Mel is 78 and Arlene is 76 — are anxious to be done with apprentices and to hand the operation off to the next generation permanently.

So they’re delighted that during their one-year try-out, and in the 12 months since, the Vergins have proven they can weather a mercurial milk market while rebuilding the infrastructure of an aging dairy. They’ve also laid down roots in the community. Just as importantly, the younger farmers have



**Nathan and Amy Vergin, shown here with their children, say the agricultural experience they gained before they met the Hersheys prepared them to take advantage of the opportunity to transition onto the southeastern Minnesota farm. “That experience puts you in a place where you are ready to walk through that door when the door presents itself,” says Nathan. (LSP Photo)**

shown they are committed to caring for the land using managed rotational grazing and other techniques to build soil health.

As the Hersheys and the Vergins take the next steps toward passing on the farm, numerous financial, legal, and practical hurdles remain to be cleared. But both families feel a shared vision of sustaining the legacy of an organic dairy that contributes to the vitality of the local community while producing healthy food provides the foundation for

working to overcome those obstacles.

“We can’t always tell what the future has for us, but I feel positive we can do this,” says Arlene.

## Refugees from the East

One thing this transition has going for it is that it’s built on a relationship between two families with similar backgrounds and interests. The Vergins moved from Virginia to Minnesota in 2017 to be closer to Nathan’s family. They were also looking for an opportunity to eventually own a farm, something that didn’t look like a possibility back in Virginia. Like the Hersheys, the Vergins are committed to producing organic food and have a strong Christian faith.

Back in the early 1970s, the Hersheys made their own trek from the Eastern U.S. to the Midwest. In their case, they were escaping sprawling development in Pennsylvania that had sent land prices into the stratosphere and was making it difficult to do even basic field work without disturbing neighbors. Back then, land was more affordable in places like southeastern Minnesota, and the Hersheys used tractor trailers to haul their 30-cow dairy herd and equipment to the farm they purchased near Saint Charles. Milk prices were low and these Easterners were new to the neighborhood — the situation didn’t exactly spark confidence amongst other members of the community.

“When we bought the farm, I know the guy we bought it from drove around it many-a-time gritting his teeth,” recalls Mel.

“He was really worried we were doing to go under,” adds Arlene. “When we moved out here, everybody said, ‘You’re never going to survive.’ And a lot of people thought we wouldn’t, but we did.”

Over the years, they built their milking herd up to 70 cows and toughed it out through difficult times, including the 1980s farm crisis, by refusing to take on

big debt loads to expand. At one point, Mel and Arlene were milking three-times-a-day, and an impressive display of Dairy Herd Improvement Association trophies sitting on top of their kitchen cabinets is a testament to the family’s ability to produce milk. But eventually, the focus on all-out production took a toll on the farmers, their animals, and the land.

“It was hard,” recalls Arlene. “Mel would

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milk in the morning, and then he and I would milk in the afternoon, and then I and one of the kids would milk at night.”

The Hersheys began attending pasture walks led by rotational grazing pioneers like Minnesota’s Art and Jean Thicke. They liked that, although it produced less milk, forage-based production on perennial pastures could make the farm not as reliant on row crops like corn, which produced extreme erosion on the Hersheys’ rolling acres. Once they adopted managed rotational grazing, it seemed a natural to become certified organic, which the family did in the late 1990s.

“I could see that the cows were *so much* healthier organically,” says Arlene.

In the early 1990s, they took on an apprentice who had just graduated from high school. After three years, he left to start his own dairy using cows he had bought from the Hersheys. Mel and Arlene had received family assistance in launching their own dairy in Pennsylvania, and liked the idea of offering a helping hand to other beginning farmers via experience and herd-building.

So, over the years, they hosted a series of apprentices who stayed for varying lengths of time. As the Hersheys grew older, they began to become concerned about finding someone to pass the farm onto. They have two sons, both of whom tried running the farm briefly before moving on. They also have a daughter, who is doing mission work. The Hersheys have developed a living trust so their children will get a portion of their inheritance. But they won’t get the farm — Arlene and Mel have worked hard to find

someone who will continue its legacy as an organic, pasture-based operation.

### Nothing to Hide

A few years ago, Arlene attended a Land Stewardship Project workshop on transitioning farms to the next generation (*see sidebar, below*). The workshop featured legal, financial, and estate experts. Just as importantly, it provided an opportunity to talk to other farmers who were also considering how to continue their land’s legacy by passing it on to beginning farmers. One thing the Hersheys learned was that no matter what the circumstances, a successful transition requires time — often years.

One idea the Hersheys came up with was to create a one-year trial period during which an apprentice would be paid a salary and get to live in the house (Arlene and Mel moved into a house near Saint Charles in 2007 when one of their sons was running the dairy) on the farm. After that year was up, if both parties agreed that it was a good fit, then steps would be taken to pass on the farm operation itself to the apprentice. With the help of a farm financial expert, a one-year contract was developed that specified wage amounts and what the apprentice was responsible for.

The Hersheys had a good candidate for passing on the farm in 2017 when a young couple from the area agreed to a one-year trial, moved onto the land, and began milking the cows. But six months into the test run, an employment opportunity emerged for the couple that they felt they couldn’t turn down. The couple agreed to stay working the farm the rest of the 12-month period, but made it clear that after that, they would

be moving back to town.

Fortunately, at about that time the Vergins had heard about the Hershey farm through a mutual acquaintance. Nathan had been managing a dairy herd near Northfield, and his family was ready to find a more permanent home for themselves and their farming aspirations. When he met Arlene, she was impressed that the young farmer had apprenticed with a leader in grass-based farming like Joel Salatin, and she liked that his family seemed committed to staying in the area. They agreed that the Vergins would begin a one-year trial period as employees of the farm as soon as the current apprentices wrapped up their commitment.

So, before the Vergins moved to the farm, Nathan started working with the current apprentice — both to learn the ropes of the system, but also to figure out if this was the right move. After all, why was the current apprentice leaving?

“I found out from talking to him it wasn’t that he wasn’t getting along with Mel and Arlene, or something like that — it was this employment offer he had,” recalls Nathan of his predecessor.

Arlene felt it was important that the Vergins interact with who they were taking over from.

“We left them alone to find out what the farm was like and who we were,” she says. “I think that’s key, just knowing what we are like to work with and why the current couple is leaving. And that’s fair, because people can cover things up.”

In January 2018 the Vergins moved onto the farm with their four young children—

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## LSP Farm Transition Planning Workshop Planned for Winter 2020

Are you a farmer or a landowner starting to think about who will be farming your land in the future? The Land Stewardship Project is offering a **Farm Transition Planning Workshop** series this winter in southeastern Minnesota. Participants will hear from professionals regarding financial, tax, and legal implications of farm transitions. In addition, local farmers will tell their stories and share their farm transition experiences. The workshop will be held on Saturdays — **Feb. 1, Feb. 22, and March 14** — from 9:30 a.m. to 4 p.m. The series will be held in Red Wing, Minn., and the cost is \$200 per family.

### Comments from past Farm Transition Planning Workshops:

- “I saved myself thousands of dollars by coming to this workshop.”
- “We need to consider our values at the same time, as it is not all about the money. The workshop made us really think about the legacy we want to leave behind.”
- “Although we had done some farm transition work prior to this workshop, we still have much to learn. Many farm families are in our same situation, and we were able to learn from the other participants in the program. Each family had a different approach to transition, and hearing these was very helpful. Every story and experience added something to our knowledge.”
- “Farm transition is about life transition. In the longer view, it is our lives that come and go—the farm stays. We pour body and soul into the farm while we are here. It feeds us and many other people and we work to leave the land better than we found it. We will leave it one day, we know that for sure. We hope to see someone else love it as much as we do. Living to see this happen in some form is, to me, the central issue of farm transition.”

### Sign-up Today

For more information and to register for LSP’s Farm Transition Planning Workshop, contact LSP’s Karen Stettler at 507-523-3366 or [stettler@landstewardshipproject.org](mailto:stettler@landstewardshipproject.org).



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Ezekiel, Elizabeth, Titus, and Abigail—and began their one-year trial. The try-out not only provided a good chance to see if the Vergins were cut out for dairying in south-eastern Minnesota, but if the community itself was right for their family.

“It took me awhile to adjust to things here,” says Amy, who grew up in Texas on a farm that at one time was a major honey distributor, and who has a sister who married into the Salatin family. “I didn’t know anybody. Those first five, six months, I was like, ‘Maybe we shouldn’t do this. Maybe we should leave.’ But about the time winter finally stopped in May, life was getting a lot better.”

Arlene treats the Vergin kids like her grandchildren, and the young family found a church to join. When summer finally did arrive, the pastures started to produce and the Vergins got acquainted with other farmers in the community, including a young couple with an organic dairy operation just up the road.

After the year trial, the Vergins decided they were ready to take the next step on the farm. The Hersheys were happy with how the probationary period had gone as well. Arlene was impressed with the family’s work ethic and how they managed the grazing paddocks.

“The pastures look a lot better than when we managed them, to be honest,” she says.

## Phasing In

In the past year, the Hersheys and Vergins have begun taking concrete steps toward the eventual handing off of the farm. After an accountant appraised everything, a new five-year contract was drawn up that sets up a schedule for the Vergins to buy out the Hersheys’ cowherd and equipment. The young couple is still drawing a wage from the farm’s earnings, and using that income to pay for the buy-out. This allows the Vergins to build equity, and provides a retirement income for the Hersheys, who didn’t pay much into Social Security over the years.

“When you’re on the farm, guess what you do? You put your income back into the farm,” Arlene says. “I think farmers who are thinking of things like this need to doubly evaluate how much they need to live. That’s

one thing we didn’t think enough about.”

The next key step is transitioning the land itself between the two generations. To handle that, the Hersheys are in the process of setting up a Limited Liability Company (LLC), a structure whereby the owners are not personally liable for the company’s debts or liabilities. By investing in the LLC, the Vergins can begin gaining control of the land. The Hersheys, for their part, can still draw an income off the farm, while making plans to sell it at a discounted price to the beginning farmers. However, if something catastrophic should occur and the Hersheys were forced to sell the farm to, for example, pay for nursing home care, the Vergins would still get to keep what they’ve invested in the farm up until that point.

The Hersheys have also purchased nurs-

like the haying season, Arlene will help out by driving a tractor, which provides a chance to discuss things with Amy and Nathan. She tries to strike a balance of providing input on what worked and didn’t work when she and Mel were farming the land, and letting the Vergins figure things out for themselves. The Hersheys make it clear they know how important it is that farmers transitioning their operations step out of the picture and fade into the background, even though that’s sometimes easier said than done.

“Sometimes I say, ‘I’m going to voice my opinion, but you do what you want,’” Arlene says with a laugh.

At least once a month, Arlene will come to the farm and sit down and go over the bills. She and the Vergins pore over a spreadsheet together to figure out how much



**The Hersheys and Vergins hosted a Dairy Grazing Apprenticeship pasture walk in September. The Hersheys say networking played a key role in helping their family transition to grazing, and eventually, organic milk production. Similar networking can help retiring farmers connect with each other and learn tips for passing on their operations to the next generation. “Retiring farmers can share with each other what’s working — or what’s not,” says Arlene. (LSP Photo)**

ing home insurance to help cover the cost of care and to put off the time when the farm might have to be sold at top price to pay for healthcare services. If a farm is gifted or sold at a discount, nursing homes where the former owners reside can sometimes claim money they feel is owed because the land didn’t go for what it was valued at by the marketplace. The Hersheys feel that if young farmers like the Vergins are to make it, they need to get access to land at a lower price than what it’s often assessed at.

“I think the key to all this is we can’t sell the land for that outrageous price that a farm is valued at, and expect a farmer to survive,” says Arlene. “It just won’t work.”

All of this requires lots of clear communication — formal and informal — between the two generations. For little things, it’s over the telephone. In addition, during times

income milk checks are bringing in, and how much is available for inputs and other expenses related to daily and long-term operation. The Hersheys still have the farm accounts in their name, but there are plans to pass that on to the Vergins in the near future so they can pay bills directly.

“It’s really helpful to have people be very open on the finances and not going, ‘Oh yeah, everything’s fine,’ and then you go to look at the bills and, ‘Oh no, we’re in the red.’ If we’re in the red, we all know it and we all feel it,” says Amy.

## Support Network

On a warm day in mid-September, a dozen or so farmers gather at the Hershey farm for a Dairy Grazing Apprenticeship

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(DGA) pasture walk. DGA sets up beginning farmers as apprentices on grazing dairies, and Arlene serves as a master grazier for the initiative. While providing a tour of the paddocks, Nathan describes efforts to control fescue and increase forage production, and participants get a primer from the DGA's Jim Paulson on how to use a pasture stick to measure dry matter content.

The Vergins are milking 50 cows and grazing/haying around 200 acres. With a run of basement-level milk prices, even in the organic market, it's been a tough time to get started in dairying, but the Vergins feel they can keep their costs down via rotational grazing. They also haven't ruled out doing a version of what they did in Virginia: direct

marketing dairy products to consumers; Nathan once apprenticed as a cheesemaker.

It's also helpful to know that the farm's owners were able to gut it through tough times themselves.

"They came through the 80s when everyone was pulling out of farming," says Amy of the Hersheys. "And so I just hear their testimony of how they came through it. They're like, 'I think it's going to be better. You just hold on.'"

When the Hersheys first investigated rotational grazing as a management strategy, they benefited greatly from pasture walks and from the experiences of veteran graziers who had years of successes, and failures, under their belts.

Now that they are passing on the farm to the next generation, a similar support net-

work of retiring farmers is needed to discuss various transitions options, says Arlene, adding that for her, the beginnings of such a network took hold in LSP's Farm Transition Planning Workshop. With all the agricultural land that will become available in coming years, retiring farmers need to not only be talking to beginning farmers, but to each other. And those older farmers need to start while they can still make good decisions. Arlene reflects on how dairy farmers in New Zealand begin serious retirement planning while they are still in their 50s.

"I think you ought to go for that," Mel says to Arlene with a laugh.

Arlene responds: "We've been trying, Mel!" □

## Transition Tips from Both Sides of the Fence

Every farm transition is unique, but a few best management practices can be gleaned from the hand-off currently in the process between the Arlene and Mel Hershey and Nathan and Amy Vergin families.

### From the Retiring Farmer

#### → Start Early

The Hersheys recommend that established farmers start thinking as early as possible about identifying a successor, as well as setting aside money for retirement. "Farmers need to start thinking about this sort of thing before they are so old that they can't think," says Arlene.

#### → Seek Professional Help

In preparing contracts and to help with their general transition plans, the Hersheys have consulted a tax expert who specializes in farm businesses, as well as an attorney. In addition, a brother of Arlene's who is an estate planner helped them set up their living trust.

#### → Get it in Writing

The Hersheys concede that over the years they've relied a lot on personal connections when it comes to working with apprentices, but that in the end, expectations around payment, responsibilities, and timelines need to be outlined in contracts. Again, they turned to legal and financial experts to help them put these contracts together. "Always do a written contract," says Arlene. "That saved us a lot of heartaches."

#### → Do a Trial Period

The use of a one-year contract with paid

apprentices not only helped the Hersheys with labor on the farm, but, as in the case of the Vergins, it eventually identified a successor that wanted to stick around. Arlene makes it clear that she doesn't consider even the apprentices that moved on "misfires," so to speak. Some of them went on to farm elsewhere, and in all cases, she and Mel learned a lot about what does and doesn't work.

"In some cases, these are just people who felt it didn't work for them," says Arlene. "Maybe other people would have counted it as giving up, but I didn't see it that way. We always had a contract with every one of these people so you could separate with no hard feelings. I just counted it as a business thing rather than a hardship."

#### → Talk to Other Retiring Farmers

Arlene says participating in the Land Stewardship Project's Farm Transition Planning Workshop (*see page 21*) and getting the insights of financial, legal, and estate planning experts was invaluable. But equally critical was that the workshop gave her an opportunity to hear the stories of other farmers looking to transition their operations. The successes, as well as the challenges, involved with these transitions are a great way to learn, she says. It also provides a basis for developing a network with retiring farmers that can serve as a sort of support group in the future.

### From the Beginning Farmer

#### → Get Experienced

Nathan and Amy Vergin's number one piece of advice is to get as much hands-on farming experience as possible. Admittedly, not everyone can apprentice on a renowned regenerative farm like Polyface, but they say

they benefited greatly from other farming experiences as well. That work not only gave them the nuts-and-bolts skills to raise livestock on pasture, but provided a sense of what kinds of farming they like and don't like. And such experience can sometimes put you in the right place at the right time to take a key step toward farm ownership or another prime opportunity.

"That experience puts you in a place where you are ready to walk through that door when the door presents itself," says Nathan.

#### → Get it in Writing

The Vergins agree with the Hersheys that written contracts and other documentation are key to a good working relationship on a farm, even if a transition is not in the works. Nathan says he learned that early while working at Polyface, where expectations for the apprentice were written down.

"Even if you have a good working relationship, it's good to lay at least some of those things out in a formal document," he says.

#### → Seek Out Retired Farmers Who Share Your Vision

Nathan says that it can be difficult to work with a retiring farmer if they don't have a clear vision for their operation's future, or at the least aren't willing to adopt your vision. And if it doesn't look like a particular opportunity is going to work out to your satisfaction, don't be afraid to move on.

"There's other people that are willing to work with you and say, 'Hey, if I see you are willing to put in the effort, then I'm willing to create an opportunity,'" he says.