

Season 2 | Episode 68

How the American Farm Bureau Federation Helps Farmers Stay in Business

PAYCHEX
Business
Series

Coronavirus



Gene Marks

CPA, Columnist, and Host



Zippy Duvall

President of the American Farm Bureau Federation

Full transcript

Gene Marks:

Hey, everybody. This is Gene Marks and welcome to the Paychex Business Series podcast. Today, I'm speaking with Zippy Duvall. Zippy is the president of the American Farm Bureau Federation. This is a national organization that's built up through counties and states, farm bureaus and association of farmers, most farmers in this country. So, he's got his finger on the pulse of what's going on in the Ag industry, a very, very vital industry that's made up of countless small businesses that affects your small business and affects us as consumers. We're going to be talking about some of the issues that they have, of course, labor, inflation. We're going to be talking about Right to Repair as well and also his thoughts on President Biden's infrastructure program as well. So Zippy Duvall, thank you very much for joining me.

Zippy Duvall:

I'm proud to be with you today, look forward to our conversation.

Gene Marks:

Yeah, me too. I've been looking forward to speaking with you for a while now, I have a lot of questions for you. Zippy, you are the president of the American Farm Bureau Federation. So for our listeners, tell us what that organization is and what you do for the organization.

Zippy Duvall:

Sure. We are put together with 50 federated states and Puerto Rico. Each one of them have their own state farm bureau and underneath all those farm bureaus, that states farm bureau, is our counties. We have 2,800 county farm bureaus across this country. Our reason for coming together 102 years ago was to provide one united boards for the American farmer and rancher across this country. We work really hard to do that.

Zippy Duvall:

We're just now coming up on August, starting the process of our county leaders and our state leaders developing our policy book that we use as a roadmap each year. So the counties will come together to look at the policy books, send resolutions to their state, their state resolutions committee will go through it, take it through their convention, then it'll be sent to us and we'll do the same process at the American level in December and January to finalize our national policy, to provide that one united voice for American farmers and ranchers.

Gene Marks:

Can you give me an example of what you mean by policy?

Zippy Duvall:

Yeah, so say there's someone out west and having difficulty with water. So we have policies around water and some county out there might have something that's happening in their area. They might put forward a resolution that deals with how water is distributed or dispersed out across their community and something's going on that they might not like and think a change in policy might fix that problem. It would go to the state, the state would weigh it out and see if that's a isolated incident. So would that be helpful to the whole state and then they'll send it to national if it makes it that far. We'll evaluate, is it a regional or local problem and does it really fit in national policy? And then it'll go to our national convention and if our delegates at the national convention votes on it, then that farmer who put that resolution in would end up having his thoughts and wishes in our national policy.

Gene Marks:

Got it.

Zippy Duvall:

We have policies that deal with just about everything you can think of.

Gene Marks:

So would I equate the Farm Bureau Federation to like a national association? I mean, I'm a CPA, so I belong to the Pennsylvania Institute of CPAs, which then goes up to the American Institute of CPAs and the AICPA has its guidelines and rules for us as financial people to follow if we want to be a member in good standing of the profession. Is it similar to that?

Zippy Duvall:

I think it would be more similar to ARP, where they have members and they provide services, and they also represent those members on issues around each population.

Gene Marks:

Makes sense. Who are your members?

Zippy Duvall:

A lot of farmers, I would say. Of course not every farmer is a member, but I'd say a big percentage of them. I don't know what percentage. Then we have a lot of other members that come to us and be a member because either they support, supporting farmers and ranchers, or they want to be provided some service that we provide through our state farm bureaus.

Gene Marks:

Your members themselves, what benefits... When you're looking for new members, which I'm sure you're always doing that, what do you tell your members, both existing and prospective members, are the biggest benefits for belonging to the Federation?

Zippy Duvall:

Well, from my position, I tell them the biggest benefit is we provide that one united voice, and it's not my voice, it's the farmer's voice that we provide. We're on Capitol Hill each and every day, watching their backs as policies being made while they're at home, working on the farm. Then their state organizations, which is a member of our American Farm Bureau. They also provide that same level of service in their state capitals.

Zippy Duvall:

Then their county organizations are very active on local issues. Policy-making issues on local level might be around school districts and may be talk about water and noise and whatever all might be going on at county government in ordinances or anything like that, taxes. Taxes, we spend a lot of time talking about taxes.

Gene Marks:

Sure, sure. All right, so let's dig into some of these issues that are affecting farmers around the country. I'm going to jump around a little bit because the news has changed. I know you've got some insights and activities on a lot of these issues. Just a couple of weeks ago, President Biden issued an executive order regarding anti-competition and trying to—he wants to pull back the monopolistic power of bigger organizations. One thing that really struck a chord for me, when it came to farmers is there's a provision in there, that now would be requiring equipment manufacturers to allow their customers, farm equipment manufacturers, to do their own repairs.

Gene Marks:

I wrote about this a couple of years ago, how there was this booming industry among farmers and buying used farm equipment because farmers want to be able to be master and have control over the equipment they're using. So, I'm curious what your thoughts were on that specific provision of what the president has in his executive order. I'm assuming you think that's a good thing for the farming industry, right?

Zippy Duvall:

It is. Right to Repair is a big issue for our farmers and it's different today. Back when my dad was in business, of course, that diesel engine ran just like any other diesel engine, but tractors aren't the same today. It's full of technology. It collects a lot of data. The farmers own that data because it's their data that they create on their own farm. But the technology that actually runs that tractor belongs to the manufacturer who built that tractor. When it comes time to go into the field and you start working in it, and some of that tractor, or some of that technology doesn't perform like it's supposed to, everything comes to a stop. If you know agriculture, it's all about time. If the crop is right, you got to get it out. If the soil is right, you got to get it planted.

Zippy Duvall:

There may be a storm coming the end of the week, so we've got to work 24 hours a day to get out as much as we can before the storm gets here. It's all about timing and working around Mother Nature. We don't have time for things to break down and have to wait on some approved mechanic by a manufacturer to come hundreds of thousands of miles to our farm, to work on, or either evaluate it from where they're at through computers.

Zippy Duvall:

So, we need to have the right to be able to repair our equipment. We're the ones spending the money we're buying that tractor and that piece of machinery and we feel like we should have the rights to have it repaired.

Gene Marks:

Kind of curious, why hasn't this issue been settled just within the industry itself? I mean, you have good relationships, I know with the main farm equipment manufacturers, the John Deeres and whatnot, and they know who their customers are, they know... I'm assuming you've tried, but I'm just curious, why is it that we have to have now an executive order that forces these companies to do this.

Zippy Duvall:

Well, we're really still trying. It's not an easy thing to decide, or the solution's not easy, and I will hand it to the manufacturers, they are working with us and we're trying to find it associates. Of course, we all would rather have a industry solution rather than a political or a legislative solution.

Gene Marks:

Regulatory, yeah.

Zippy Duvall:

Yeah, because anytime you put regulation on something, it raises the price of it. We're already having to pay too much for the machinery and the technology that we're using.

Gene Marks:

Speaking of prices, tell me how inflation is affecting your members.

Zippy Duvall:

Well, I can give you a personal example. I mean, my hay fields around the farm is about—just to fertilize them one time, and I fertilize them each time I take a cutting off, you don't take things off land unless you're going put the nutrients back, you got to put the nutrients back, but it's up 40%. 40%.

Zippy Duvall:

I sell cattle and chickens. I'm locked into a contract with chickens, poultry. They pay me what they want to pay me and when they want to pay me and tell me how to do it. And then beef, I get one paycheck a year, because I sent them all out on truckloads one time a year. The price of beef is at where it was last year, or lower. Here it is, I'm paying 40% more just for fertilizer. That's just one item of many that it takes to keep my farm running.

Gene Marks:

So what are you doing?

Zippy Duvall:

Well, we're fertilizing. We'll pull resources out to try to keep things going, hoping that the price will respond soon. Even grain price is up, so it cost even more to feed the cattle. I've got about 300 feeder calves being preconditioned right now, getting ready to go to the feedlots. It is not cheap feeding them. I'm glad the grain farmers are getting a fair price for their grain. I just wished I could get a fair price for my beef and there in that is another executive order.

Zippy Duvall:

Where is the transparency in beef processing? Because you know as well as I do, if you've been in a grocery store and bought a steak, that price has done nothing but go up, but it has not affected my bottom line at all.

Gene Marks:

Right, but if you're stuck with fixed price—I asked this, I actually spoke to a couple of manufacturers, not in the farming industry for another piece that I wrote for the Philadelphia Inquirer. They have a similar issue to you in that they do work for the government. So they contract out, so they have fixed price contracts as well, and their prices have also gone up and it's 37%, 40% a year, those numbers as well. So they are forced to really take another look at their businesses and cut costs wherever they can and invest in technologies. They're scrambling, they're scrambling. I'm wondering if you're doing the same, or if your options just limited given the nature of your business?

Zippy Duvall:

Well, if you know agriculture, agriculture has been trimming the fat for years and years and years. There's not a lot left to trim out. I mean, of course you can always look for efficiencies and yes, there may be a new machine out there that, over a long period of time of a little savings, it might pay out, but it's very, very difficult to find any more fat in your businesses to cut out.

Zippy Duvall:

Labor is a tremendous problem, not just agriculture, but small businesses across America and finding enough labor to do the work we do on our farm is very, very difficult. A lot of people have the perception that we don't pay enough, that's the reason people won't come and work. Now, that's not true. I mean, if you find somebody that is good, when they come to farm and they work hard and they give you a good day's work and they think about what they're doing and they're helping you run that job efficiently, you better pay them or they won't be there long. Most of my farmers that I know, pay their people and reward them very well and really want them to have buy-in into the farming operation itself and feel the ownership in it and the pride that comes with taking care of livestock and the soul.

Gene Marks:

Do you think that attracting labor, Zippy, to your businesses, do you think it's tougher now or do you think in the future, it could potentially get easier as younger workers look to maybe move away from the cities, want a more healthier lifestyle, want to be out in the open, doing something with their hands, with their brains, not necessarily in an office setting? Have you seen any of that, or has the situation gotten worse when it comes to finding good people to work in your business?

Zippy Duvall:

Yeah, the situation has gotten worse. No one raises their children to go back and work on somebody's farm. They just don't do it. We have a lot of fantastic young people that's in our agricultural schools all over America, but they get stolen away by big companies and they divert them off because those big companies, they can turn enough profit to pay their people really well. They don't have to work outside in 95 degree weather and be dirty and deal with all the things that Mother Nature throws at them. They come to work and they work hard, they going to get paid well. Well, in agriculture it's not that easy. If we could make agriculture more profitable, we would have droves of young people coming to agriculture. Back in 2012, '13, when we saw some of the highest prices, young people were coming out of college everywhere, getting into agriculture, starting up, working with other farmers, trying to get that process started.

Zippy Duvall:

Then all of a sudden, we go into the six, seven, eight years we've been through and a lot of them don't farm anymore because they couldn't survive it. But I did the same cycle of mine in the '80s when I started out in the late '70s and the '80s hit me and if it hadn't been for diversification into poultry, I'd have never survived it.

Gene Marks:

Right. How has the business changed for you since you started back in the '80s? I mean, that was 30 years ago.

Zippy Duvall:

Yeah, it's changed. If you're going to stay, you got to get bigger and you got to get better. You got to get better by being more efficient. Stability of workforce is crucial, for safety reasons, just the knowledge that they take on as they work for you and the buy-in that they have in your operation, having the pride of working there and feeling like, "This is really a good thing that I'm doing here." And that's hard to develop anymore. Back when I started in business, a young man could get him 80 or 90 cows and milk them and I was milking about 100 and you could make a little bit of a living and do what you wanted to do. Then, I went from 100 cows, to 150 cows, to 200 cows, 250 cows and two chicken houses, and then 300 cows or four chicken houses. I mean, that's the only way you could keep the cycle up and get enough profit to be able to have a decent living in it.

Gene Marks:

Can immigration reform help fix this problem?

Zippy Duvall:

We all wished our young people in America would come back and do farm work and would want to be in agriculture for the rest of their life, whether that be working or managing or ownership. But reality is not very many of those young people being raised in America today are being raised to come back to agriculture and yes, immigration form and a workable farm worker bill legislation would help us tremendously, but it can't come with too many regulations because the American people love a farmer, especially a medium or small family farm. That's what they relate to. They have this romantic draw to them and they trust us, but a medium, small farmer doesn't have HR department. He doesn't have a whole list of lawyers working for them, and they got to have a simple program that they can go through and that they can afford to participate in, that brings guest workers here that want to work.

Zippy Duvall:

Of course, a lot of the workers on farms today are undocumented. Some of them been there decades. Wonderful people, all part of the community. A lot of them are part of our families, and they're having to live in the shadows in America in 2021 and that's not the way to do it. There needs to be a fix, give them some type of adjustment status where they could stay here and work and provide a living for their families and be able to go back and forth and see their families, if any of them still have any family in their home country. We need workers year round. The guest worker program we have right now for agriculture only provide seasonal work.

Zippy Duvall:

A lot of our farmers work year-round: dairymen, livestock people, mushroom growers. I mean, I could just go on and on and on of the farms that do year-round work, and we don't have any labor that comes from outside of the country to do that illegally.

Zippy Duvall:

Then of course, the program that we have now dictates what we can pay them, what we have to pay them. To get a worker from overseas, you got to provide them transportation here. When it gets here, you've got to give him housing. You've got to give him transportation back and forth to work. There's so many things you've got to provide, and then they're going to tell us how much we have to pay them. Of course, pay in Georgia is different than paying in California—

Gene Marks:

Of course.

Zippy Duvall:

—or Wisconsin or Texas. There's one formula out there that tell us what we have to pay them. So, we need to have a simpler program, one that's affordable to where farmers can provide jobs and be able to still stay in business.

Gene Marks:

So, we've talked about your labor issues. We've talked about price and inflation issues. We've talked about the Right to Repair issues as well. Before I let you go, I've got a couple of other things. Obviously infrastructure is a big top of your conversation in Washington right now. How do you view the president's infrastructure proposals, wherever it comes out to be? A trillion dollars, a trillion and a half dollars on infrastructure? How do you view that impacting the farm industry?

Zippy Duvall:

It is huge. I'll tell you that I've heard Secretary of Agriculture say, Secretary Purdue. He said the biggest advantage that American agriculture has over farmers in the rest of the world is our infrastructure. I remember him saying it, it was a profound statement. We can deliver quality products with a USA stamp on it on time, and as much as you want, and not any other country can do that because we have the infrastructure. Our infrastructure is getting in bad shape, roads, bridges, locks, dams. Then of course, for us to continue to stay on that cutting edge and to be able to hold to what the secretary said in that statement, is we got to have broadband.

Zippy Duvall:

We got to have broadband across America because all the technologies that we're going to use to do climate-smart farming is going to require broadband to do it, not all of them, but most of them. We need a streamline system of approval of products that companies are investing billions of dollars in to deliver those products to us so that we can do climate-smart farming and do a even a better job at protecting our environment.

Zippy Duvall:

By the way, in all the agriculture in all the world, the American farmer puts less emissions in the air than any other country in the world. Now, we get bad mouthed by other countries, but we're really leading them in the right thing to do, to protect our environment.

Gene Marks:

Our emissions reductions are by far ahead of every other country in the world as well, over the past 10 years. By far.

Zippy Duvall:

That's exactly right. If you look at what we sequestered now, we're already in agriculture at that neutral mark, and we can do better, we can help other companies be able to sequester some of their carbon as we move forward and use these carbon-smart practices or climate-smart practices. Other country in the world. Now, we get bad mouthed by other countries, but we're really leading them in the right thing to do, to protect our environment.

Gene Marks:

How do you feel about the cost of all of this, though Zippy? I mean, there's the other side of all of this, is funding an infrastructure bill. Just it seems to me that investing in infrastructure is kind of a no-brainer, even at the cost that it is, because the returns seem so significant, but there is a cost, and obviously it has to be funded through deficits, higher taxes, a combination of things. So where do you come out on the cost of paying for these things?

Zippy Duvall:

Well, one, we would love to see a pure infrastructure bill. We all know that that doesn't happen in this day and time in Congress, but if everybody would focus on infrastructure, we could get it done. Second thing is when you start talking about paying for it, of course it takes taxes to do that. We're very concerned about the direction that this administration is going when they start talking about doing away with stepped up basis and making capital gains paid at death. We already have an aging population of farmers and ranchers, and we need to have a way to pass our farms on to the next generation, because most of us have one, or maybe one, or a couple of our children that might want to continue to farm. We need to have the ability to pass that on and continue to produce the food and fiber and energy for this country. It's called food security.

Zippy Duvall:

Everybody's aware of that because we went to the grocery store last March and saw empty shelves. None of us want that to happen. So we had to find a way to build, pass our farms on, and if they do away with stepped up basis, or just push it on down the line and still let that tax liability lie within that family, or that farm, or whoever might purchase that farm. I mean, we can't afford to do that. It will totally destroy the ability to continue our family farms, because farmers may be land rich, but they're not cash rich. When you die, you leave that land to your children and they'll end up having to sell part of that farm to be able to pay the tax liability. Then it will make it unsustainable for the future, because they won't have enough land to do enough agriculture there to be able to make a living. And by the way, that's not just an agriculture issue, that touches every small business in America.

Gene Marks:

Yeah, that's right. It's a big issue and selling your bid. Look, we have an aging demographic, people are getting older. There's a growing number of younger entrepreneurs. I think there are plenty of people that would love to get into the farming business if the numbers make sense to them and passing on that type of a tax liability is definitely going to be a challenge for a lot of industries, not just farming.

Gene Marks:

Zippy, let me conclude with this. Let's look to the future. Obviously you've been doing this for a number of years, but you talk to, and you know a lot of farming colleagues that are out there, that are probably doing some pretty neat and interesting stuff. I'm curious, what things have you seen in the industry that have excited you? Or new technologies that people are using, or new things that they're doing with farming, that made you stop and say, "Wow, that's a really cool thing that they're doing, and that could really have a future."

Zippy Duvall:

Yeah. From soil health, which has become a big topic, every farmer wants to know even more about it, so we thought we knew it and we're learning even more about that soil health, to technologies where just millions of pieces of fruit are going past sensors and kicking out fruit that might have a spot on it, or might be bad, to the ability to feed cattle and do it in a more efficient way, that's more safe to the environment. It's all over the board of what's going on but the technologies that are coming our way, I mean, just the streamline of approval of products, there are feed attitudes right now that are in system that will help us cut down emissions of our cattle, but we got to get it approved. Before we get it approved, there be something that's better coming along. So, let's streamline that system so that we can get those products out on the farm. We won't play our role because we play a major positive role in all of these things that we're confronting as Americans.

Gene Marks:

Zippy Duvall is the president of the American Farm Bureau Federation. Zippy, I thank him very, very much for joining us today. If you would like help, advice or tips for running your small business, please join us at paychex.com/worx, W-O-R-X. This is the Paychex Business Series podcast and my name is Gene marks. Thank you so much for joining us today and we look forward to seeing you sometime soon.

Speaker 3:

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