

## FSA Youth Loans help rural students start ag enterprises

By Lura Roti  
REPORTER

**K**yle Heylens' college savings plan has four legs, eats hay and likes to chew cud - this Sioux Valley High School senior is counting on the Red Angus herd that he started five years ago to help foot his college bill.

"I'm planning on going to SDSU and living at home so I can keep the herd going so I can pay for college," Heylens said.

Heylens started his cow/calf herd when he was 13 with four heifers and one bred cow. He took out a \$5,000 Farm Service Agency (FSA) Youth Loan to cover the purchase. Today, Heylens' herd consists of 30 purebred Red Angus cows and calves. Five years later, he has utilized this fixed low-interest youth loan several times to expand his herd.

"Your parents can't buy everything," said Heylens, who raises his herd along with his family's herd on their farm north of Volga, S.D. "Because I paid for my herd myself, I know that I am a part of this farm now. I'm not just a worker."

There were 178 South Dakota youth who, like Heylens, took advantage of the low-interest FSA youth loan program in 2007. The loans are available through local FSA offices. In 2007, South Dakota ranked third nationally in the number of youth loans made - totaling \$732,924.

Rural youth, ages 10 to 20, can qualify for the loans as long as they meet FSA's general eligibility requirements and the loan will be used to finance income-producing, agriculture-related projects.

Like loans made to adults, these youth loans require record keeping, a cash-flow statement and the student's signature on a promissory note.

Unlike a loan their parents might get from the FSA, the youth loan also requires that the student be involved in a supervised program of work, such as 4-H or FFA.

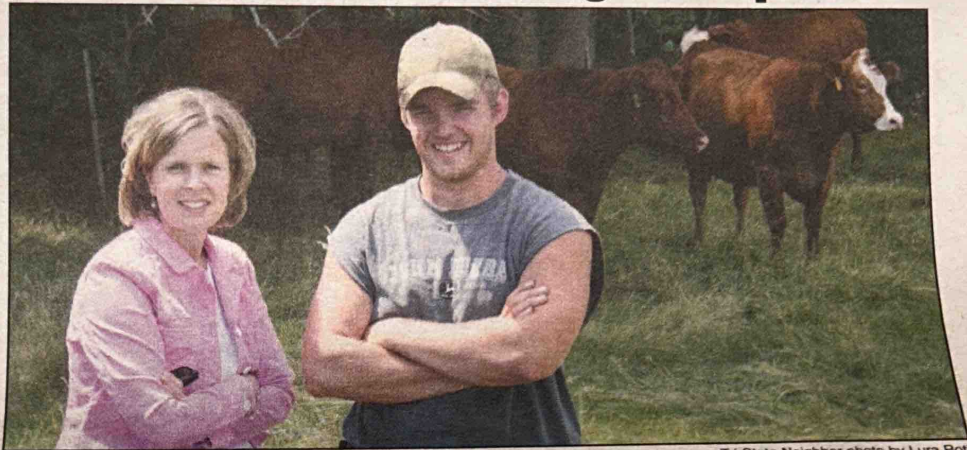
"Being involved in 4-H or FFA helps insure that they are successful - it allows for more checks and balances," said Gail Gullickson, farm loan officer with FSA. "We want this to be a positive learning experience."

Gullickson says that although most parents accompany the students on their first visit to her office, she says that she encourages parents to support their children by taking more of a back-seat approach when it comes to the project.

"When young people take ownership of the project, those are the individuals that we see succeed," she said. "We don't encourage co-signers here. They are signing the promissory note themselves. We have 10-year-olds sign the note and we make sure they understand that by signing the note, they are promising to pay the money back."

This real life experience of taking out a loan to help start a money-making enterprise is one that FFA adviser and agriculture education instructor, Don Sutera supports.

"Record keeping is a vital part of being profitable in the agriculture industry. This puts



Gail Gullickson, FSA farm loan officer, meets with Kyle Heylens, 17, her client who utilizes the FSA Youth Loan to expand his purebred Red Angus cow/calf herd. Heylens took out his first \$5,000 FSA Youth Loan when he was 13. Heylens will use the money he earns from his herd to pay for college.

Tri-State Neighbor photo by Lura Roti

more responsibility on the kids than if they were to borrow the money from their parents," said Sutera, who is Heylens' FFA adviser. "It is also a great opportunity for kids to get a loan at a reasonable price."

Gullickson says that many times, lack of funds is the main obstacle standing between a student and starting their own agriculture project.

"Sometimes moms and dads can't start handing out money. Oftentimes the first obstacle to rural youth today is where will they come up with the money," she said. "To have their own \$5,000 to purchase a few bred heifers and start a project - that is worth a lot."

Along with saving money for college, Heylens says that he has benefited from the record keeping experience.

"I have a program where I keep all my records of pasture rent and my livestock separate from my dad's records," Heylens said. "It's important to keep a history of what you are doing so when you sell stock to different people or need to sell cattle from your herd you can go back to your records and see where the cows have been and what money you put into them."

Heylens pays for his cattle's feed and pasture rent by working on his farm and operating a custom haying business.

He says that by being responsible for his cattle herd he has learned a lot about making wise spending decisions.

"There are kids at school with brand new cars and pickups. I own a pickup too, but it's not the

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- Kyle Heylens

newest one at school," he said. "I own equipment that I need to run a business and keep it running."

Allen Fredrickson, 27, a dairy farmer from Arlington, S.D., says he is still using the record keeping skills he developed when he took out his first FSA Youth Loan at 13. Today, he operates a dairy northeast of Arlington with his dad.

"I learned how to do a cash-flow and balance sheet at 13. It made keeping records for FFA easy," said Fredrickson, who still has operating loans with

FSA. "I'm glad that I learned how to keep records when I did - at the age of 13. The younger you are when you learn something, the better off you are."

To help students keep their records straight, Gullickson meets with them each year to go over their cash-flow and management records.

"We don't bug them, but we are here when they need information or advice. Each year we sit down with them and talk about their plan for the next year," she said. "It is an opportunity for them to give us a picture of where they are. If they put it on paper they can see what they have invested in their operation and if it is headed the direction they want it to."

Looking toward his future, Heylens plans to pursue degrees in agriculture production and agriculture business. His goal is to get a job in town and continue working on his family's farm and expanding his herd.

To learn more about FSA Youth Loans, contact your local FSA office.