



2007 Farm Bill Policy Recommendation

Provide Opportunities for Socially Disadvantaged and Beginning Farmers

Recommendation

The 2007 Farm Bill should dramatically increase, and make mandatory, funding for the “2501” program to support universities and community-based organizations that provide outreach into minority communities. Further, we need to ensure that all farmers and ranchers are counted in the U.S. Census of Agriculture, since this drives the allocation of funds for many programs. Other areas of need include reviews of USDA programs to guarantee fairness and access for all farmers and programs to improve the availability of credit among socially disadvantaged farmers.

With the rising price of land and increasing capital investment required, beginning farmers face a unique challenge in the current economic climate. Our nation is at a crucial stage in cultivating a new generation to take over the land, requiring new policies to improve access to land, credit and tools to manage risks. These can include loan guarantees, tax credits and support for state programs that help match retiring and aspiring farmers.

Rationale

As we create a more resilient agricultural sector free of market distortions, we must pay special attention to producers who haven’t participated fully in past efforts, whether they are socially disadvantaged or just starting out. The farm bill defines “socially disadvantaged” as a group whose members have been subject to racial, ethnic, or gender prejudice because of their identity as members of a group without regard to their individual qualities.

Socially disadvantaged farmers have participated in most farm bill programs at a much lower rate than the general farming population. Causes for this low level of participation vary widely, from documented past discrimination in credit and commodity programs for Black farmers, to language barriers for Hmong and Hispanic farmers, to lack of program eligibility and service providers to assist Native Americans who farm tribal lands. In addition, most minority-operated farms are relatively small and face the same infrastructure and technology adoption challenges that all small farmers are encountering in the global marketplace.

For beginning farmers, the rising price of land and the increasing capital investment required pose a unique challenge in the current economic climate. There is strong support across sectors and in diverse geographic regions for programs to help new farmers gain access to land and credit while adequately managing the risks of production.

Mechanics: Assist Socially Disadvantaged Farmers

Increase levels of mandatory funding for the 2501 outreach program to provide expanded



and targeted educational support and technical assistance:

The 2501 Program refers to Section 2501 in the 1990 Farm Bill, part of the USDA civil rights initiative to help underserved farmers. It is currently authorized at \$25 million per year but funded annually at a much lower level. Typically, USDA receives 70 to 85 grant applications a year and funds 20 to 30 grants at \$150,000-\$300,000 per grant for one to three years. We recommend increasing the authorization level to \$100 million a year with mandatory funding from the Commodity Credit Corporation and stipulate that at least 50 percent of the funding should be provided to community based organizations and the 1890 and 1994 Land Grant Universities.

Provide direct loans with low interest rates:

We recommend new direct loans to fund socially disadvantaged farmers and ranchers at \$100 million per year for farm ownership at two percent interest, and \$200 million per year for operating loans at 2.5 percent interest. We direct USDA to develop a model farm loan package to enable loans for groups of farmers who want to pool resources and collateral.

Maintain the moratorium on foreclosures of farms owned by members of socially disadvantaged groups:

We recommend that USDA examines these loans for discriminatory service provisions that hinder profitable farming and direct USDA to allow restructuring of debt.

Examine USDA programs on tribal lands for eligibility and access:

Native American tribes are the second largest landowners in the United States with more than 96 million acres of Indian and Alaska Native lands. Their greatest needs are in the conservation area. USDA is hindered from delivering services to Native Americans and on tribal lands by factors such as land ownership, tenure, differing conservation needs and multiple tiers of government involved in the administration and/or management of lands. We recommend either establishing a separate Native American Title in the 2007 Farm Bill or establishing a special emphasis program aimed at benefiting only Native American-owned land.

Provide special incentives to limited resource producers to participate in federal conservation assistance programs:

The conservation title of the 2002 Farm Bill in Section 2004 authorized the secretary of agriculture to provide special incentives to beginning farmers and ranchers and limited resource producers to participate in federal agricultural conservation programs. We recommend strengthening the general authority and make it more specific (e.g., perhaps scoring extra points in current indices used by USDA conservation programs).

Mechanics: Assist Beginning Farmers

Provide loan guarantees by funding and expanding the Beginning Farmer and Rancher Land Contract Pilot Program:

The 2002 Farm Bill established the Beginning Farmer and Rancher Land Contract



pilot program to allow USDA to provide loan guarantees to sellers who self-finance the sale of land to beginning farmers and ranchers. The program is currently operating in Pa., Wis., Iowa, Ind., N.D., Minn., Neb., and Calif., although only a few deals have been made. We recommend making the program nationwide and permanent.

Provide special incentives to beginning farmers and ranchers to participate in federal conservation assistance programs:

(See description above.)

Invest in collaborative efforts to support activities that assist beginning farmers:

The Beginning Farmer and Rancher Development Program (BFRDP) was authorized in Section 7405 of the 2002 Farm Bill. It targets collaborative local, state, and regionally based networks and partnerships to support training, mentoring, land linking, education and planning activities that assist beginning farmers and ranchers. To date, the Agricultural Appropriations Committee has not provided the BFRDP with any money. We recommend revisiting the existing language to decide if changes are necessary and recommend CCC funding.