

April 17, 2015

The Honorable Tom Vilsack  
Secretary of Agriculture  
U.S. Department of Agriculture  
Washington, DC 20250

Re: USDA Advisory Committee on Beginning Farmers and Ranchers Recommendations

Dear Secretary Vilsack,

On behalf of the USDA Advisory Committee on Beginning Farmers and Ranchers, I am pleased to transmit the Committee's recommendations from our meetings and deliberations over the past year.

The Agricultural Credit Improvement Act of 1997 authorized the Advisory Committee on Beginning Farmers and Ranchers, which was established in November 1998. The meetings in June and September of 2014 represent the eleventh time the Advisory Committee has been convened.

We understand that the purpose of the Advisory Committee is to advise the Secretary on: 1) the development and administration of coordinated assistance to beginning farmers and ranchers between Federal and State beginning farmer programs; 2) methods to maximize the number of farming and ranching opportunities created through the Federal/State beginning farmer partnership and ways to encourage the States to participate; and 3) other methods of creating new farming and ranching opportunities. Previous Committee recommendations have led to changes that have improved the ability of beginning farmers and ranchers to succeed, and we hope that this Committee's recommendations will be as effective.

The Advisory Committee members listened to testimony from USDA agency officials and the public, had open-ended discussion to identify topics of importance, deliberated the substance of recommendations in three Subcommittees, and then established final approval by action of the entire Committee. Committee members volunteered their time, talents, and insights based on their common commitment to the success of beginning farmers and ranchers, as informed by their unique backgrounds and experiences.

The Committee's recommendations are as follows:

### **Annual Performance Report**

**Recommendation:** We recommend the Secretary publish an annual USDA-wide report on BFR's. This report should: a) describe BFR program successes across USDA, b) share metrics and performance measures already being tracked by individual USDA agencies, and c) identify

areas of improvement in BFR program outcomes. The Committee envisions such a report serving as a feedback mechanism enabling greater cross-agency coordination, eliminating duplication and providing clarity on BFR efforts for USDA staff.

**Background:** USDA has a multitude of performance goals related to BFR's. From programs that provide outreach efforts, to technical advising, to grants; each of these areas has a set of existing metrics that is already being tracked and reported on. Currently there is no annual cross-agency comprehensive summary of these metrics that speaks to the overall effectiveness of USDA's BFR efforts. The transparent sharing of this information would support a more compelling mission focus of the BFR outcomes sought by USDA agencies and its partners working in support of BFR's. Such a summary can be used to identify and eliminate duplicative efforts and direct valuable BFR resources in a more strategic manner.

### **Liaison**

**Recommendation:** We urge the Secretary to designate a Farm Service Agency Beginning Farmer and Rancher Liaison in each state. This liaison would work across all USDA agencies and with state level vector organizations (Non-Governmental Organizations, Community Based Organizations, Mutual Assistance Associations, Extension, etc.) and USDA grantees that support BFRs. This liaison would conduct trainings with partner organizations about USDA BFR programs, and would provide a communications channel to and from these partner organizations that already effectively reach BFRs. These beginning farmer and rancher liaisons would identify goals and outcomes for their state to improve access to USDA programs by beginning farmers and ranchers in a cross-agency integrated manner.

**Background:** USDA has begun strengthening their service structure between Federal and State agencies to improve performance in the field. This has improved communication between agencies, however, beginning farmers and ranchers are not always being reached effectively with information regarding Federal programs. USDA employees would be better able to serve the needs of BFRs by having an integrated information source on BFR's at a state level.

### **Streamlining the Application Process/Cross-Agency coordination (SCIMS)**

**Recommendation:** The committee recommends that USDA agencies identify opportunities to synchronize and streamline both the program application processes and producer data gathering for BFRs. We recommend creating one common online application portal for all USDA programs to intake general overarching information with additional individual program specific applications attached as needed for particular agency use. One small step would be to assure SCIMS information is efficiently exchanged between NRCS and FSA.

**Background:** Producers have had experiences where different USDA agencies have had different background information on file in their systems, or have been asked to submit the same information to two different agencies. In situations where two USDA agencies' decisions

directly impact one another, (as when FSA provides a bridge loan to a farmer who receives a conservation cost share from the NRCS requiring up-front investment), the two agencies could better coordinate if they used a shared record for every farm on file. It is undesirable for a BFR to have to submit the same operator information and the same direct deposit information, or not be able to change a mailing address one time. Streamlining the process for the farmer is important for BFR's because the process of utilizing USDA resources is already daunting.

### **Self-Assessment Tool / Entry into USDA program**

**Recommendation:** We recommend USDA develop an online BFR self-assessment tool as part of the new farmer website. This online portal for BFRs would solicit basic information from individual BFRs (see examples below), and through algorithms designed to personalize the process (similar to online TurboTax forms), will design for the BFR a guideline to USDA programs tailored to their needs. USDA would capture the new farmers' basic information into their shared database so that the new farmer may receive further communication from both local and national agency offices, thereby enhancing the impact of local and national outreach to BFRs.

Examples of information solicited by the tool could include:

- Basic Information (Contact information, years farming, basic demographic information)
- Production type(s)
- Size of operation (gross sales, acreage, animal units, etc., based on production types)
- Business information (wholesale, retail, value-added, etc.)
- Rural, urban, peri-urban, etc.
- Land features/tenure
- Areas of interest (organic production, rotational grazing, water catchment, land remediation, nutrient management, woodlot management, etc.)
- Other

After self-assessment information entry, the BFR would receive a profile sheet with the names of the USDA agencies and local contacts, and a list of grant/loan/conservation programs they may be eligible for. The BFR would then be prepared to contact their field agents. Additionally, their field agents would have their information on file when the BFR came in, and would be better prepared to provide them targeted service and support.

**Background:** New entrants to agriculture often turn to the internet as a tool to seek resources. When they discover the USDA new farmer website, they are introduced into a broad suite of programs and agencies that can be confusing. Beginning farmers often need to be directed to the programs and personnel appropriate to their farm or ranch situation. They should be able to make personal contact confidently, and with a basic understanding of what opportunities fit their particular needs. From the field office perspective, if beginning farmers and ranchers come into the office with a more comprehensive understanding of what's available, the field agent would have more time to spend with the new farmer and starting application processes where

applicable. This would allow BFR's to be able to know right away which agencies have which programs that could help their operation now and in the future. Informed self-screening by BFRs would effectively focus valuable and limited USDA resources.

### **Partnership**

**Recommendation:** We recommend FSA form strategic partnerships with effective elements of the local agricultural infrastructure such as Extension Offices, NGOs, or for profit entities. Such partnerships may in some instances require funding from FSA, such as outreach delivered by 1890 universities. This may include FSA collaboration with NGOs that have received USDA grants such as BFRDP grants to perform such outreach.

**Background:** The goal is to provide technical assistance to BFRs in a collaborative environment with other partners to be able to reach minority farmers.

### **Education on good neighbor practices**

**Recommendation:** We recommend USDA agencies include education of all beginning farmers regarding good neighborly practices to encourage successful coexistence of differing production strategies.

**Background:** Organic farmers are concerned about contamination by GMO crops and spray drift, whereas conventional producers are concerned that organic production systems introduce pests and weeds that may harm conventional production. Successful coexistence means that practitioners of a given production strategy should be aware of the capacity for their practices to negatively affect other production systems, as well as appropriate methods to mitigate such negative effects.

### **Food Hubs incent the inclusion of BFR's**

**Recommendation:** We recommend USDA programs or grants promoting or building food hubs incentivize the inclusion of BFRs.

**Background:** Conscious inclusion of new market channel opportunities for BFRs should be a goal of USDA programs or grants. Food hubs provide both market channel opportunities and the possibility of inclusion in a farmer to farmer network that may be effective in promoting long-term BFR success.

### **Align grant awards with USDA emphasis areas**

**Recommendation:** We recommend USDA solicit grant proposals based on targeted accomplishment of specific program objectives in areas of emphasis laid out by USDA and identified in an annual BFR report. This will allow grants to in effect extend the workforce of USDA to accomplish specific outcomes that are measurable and for which grantees can be held accountable.

**Background:** USDA ought to solicit grants specifically for the outcomes desired. USDA offers grants for many very different purposes, applicants be required to have goals that include core proficiencies such as financial literacy or business planning.

### **Refrigerated trucks**

**Recommendation:** We recommend that the Farm Storage Facility Loan Program of FSA be modified to include refrigerated trucks.

**Background:** We see the need for expansion of the FSFLP to include small refrigerated trucks (such as small pickup truck style slide-in units and small trailers) to enable beginning farmers to transport product from farm to market.

### **Individual Development Accounts (IDAs)**

**Recommendation:** We encourage the Secretary to fund Individual Development Accounts (IDA), and to expand this program nationwide.

**Background:** The 2007 Farm Bill authorized the implementation of IDAs. We support this concept, and look forward to the results of these pilot projects with the hope that there is a potential for expansion of this program. Regarding pilot projects, we encourage the Secretary to choose a mix of different match funding levels to assure a suitable test.

### **Increase Direct Loan Limits at FSA**

**Recommendation:** We recommend the Secretary make full use of increased FSA direct loan program limits and encourage USDA staff to utilize all available federal, state, and other public or private programs to make financing available to BFRs.

**Background:** The current direct loan program limit is set by statute. We acknowledge that this limit may not be suitable in the face of high land costs in some regions. However, increased funding for a given farmer may be obtainable by directing USDA agencies to consider using a variety of programs including Small Business Administration, Veterans Administration, Rural Development, and working with private lenders through the FSA Guaranteed Loan Program. This approach could result in a coordinated financial package that in total may be in excess of the statutory limit. Appropriate financial skills training for borrowers is crucial in such collaborative loan packages.

### **FSA Loan Requirements for BFRs**

**Recommendation:** We encourage FSA to continue being as flexible as possible when it comes to loan requirements in general as well as specifically to BFRs, and we encourage USDA to fund and leverage cooperative agreements with local organizations to help BFRs come into FSA offices more prepared and to ensure that FSA's statutory requirement for borrower training/skills training is met.

**Background:** A lot of progress has been made on this recently, and we applaud the changes and flexibility that have been offered through that work.

### **Microloan Re-lending Programs**

**Recommendation:** We recommend that the Secretary not support the microloan relending program. However, we recognize the importance of the technical assistance and knowledge many of the CDFIs, CBOs, and NGOs can provide to our nations farmers and ranchers, particularly in the underserved areas. Consequently, in order to leverage the knowledge and technical assistance these organizations can offer, we recommend the Secretary consider providing FSA with authority to enter into cooperative agreements with these organizations to help provide technical assistance in underserved areas including urban areas. In addition, we recommend the Secretary annually request funding to help support these cooperative agreements, encourage FSA to establish a guaranteed micro loan program which allow nontraditional lenders to leverage their limited capital, and where appropriate become USDA guaranteed lenders.

**Background:** In January of 2013 FSA established a micro loan program designed to assist smaller and beginning farmers and ranchers to obtain financing for smaller operations. The 2014 farm bill adopted the provisions of this program and added additional provisions including providing for the Secretary to have discretionary authority to establish a separate microloan re-lending program. The implementation of a micro loan relending program is problematic for the following reasons.

- 1) The current interest rate for FSA micro loans is 1.5%. If FSA loan funds are loaned to a re-lender they will likely offer their micro loans at a significantly higher rate in order to cover overhead.
- 2) In order to obtain an FSA micro loan an applicant has to certify that other credit is not available. If a lender is approved as a micro loan re-lender, all applicants for FSA micro loans would first have to go to an approved micro re-lender. If the applicant is eligible to get their loan from the micro loan re-lender it would be at a higher rate.

### **Address Staff Shortages**

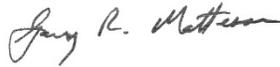
**Recommendation:** We recommend the Secretary increase the number of FSA lending staff to provide greater capacity to deliver and service the loan portfolio of BFRs and underserved communities.

**Background:** Over the past several years FSA has experienced substantial staff cuts. Due to these cuts, it has become increasingly difficult for FSA loan officers to address the needs of BFRs. Service complaints are often not because of the process involved, but because of the lack

of staff to carry out the work. We are concerned that FSA staff's ability to provide timely service to BFRs will be compromised by increased lending authority, coupled with a backlog of loan applications.

Thank you for your attention to these recommendations. My fellow Committee members and I are honored to have served in this capacity.

Sincerely,



Gary R. Matteson

Gary Matteson, VP of Young, Beginning, Small Farmer Programs for the Farm Credit Council from Washington, DC (**Chair**)

Mr. Peter Scheffert, Vice President/Farm Loan Officer with Farmers State Bank of Hartland from Minnesota (**Vice Chair**)

Mr. Chris Beyerhelm, Associate Administrator for Operations and Management, with the Farm Service Agency from Washington, DC

Ms. Deborah Cavanaugh-Grant, Local Food Systems and Small Farms Educator, University of Illinois Extension

Dr. Duncan M. Chembezi, Professor and Extension Economist from Alabama A&M University in Madison, Alabama

Ms. Michelle Conner, Owner/Farm Manager of Evandale Farm, LLC, and Beginning Farmer Program Coordinator with Northeast Organic Farming Association of New Hampshire

Mr. Marcus Creasy, Cow/Calf Producer & Immediate Past President of the Arkansas Cattlemen's Association in Arkansas

Mr. Kole James Fitzpatrick, Regional Technical Assistance Specialist with Intertribal Agriculture Council & Operator of a Small Cow/Calf Ranch from Montana

Ms. Marty Gerencer, Principal/Owner of Morse Marketing Connections, LLC in Michigan

Mr. Timothy M. Gossman, Farm Loan Officer/Vice President, Merchants Bank, St. Charles from Minnesota

Mr. Christopher Holman, Farmer/Owner Operator of Nami Moon Farms from Custer, Wisconsin

Mrs. Adrienne Farrar Houël, President and CEO of Greater Bridgeport Community Enterprises, Inc., from Connecticut

Dr. Anna J. Jones-Crabtree, Beginning Farmer and Owner/Operator of Vilicus Farms in Montana

Ms. Yani Rose Keo, Executive Director/Co-Founder of the Alliance for Multicultural Community Services and President/Founder of Cambodian Gardens Inc., from Texas

Ms. Maria Miller, Director of Education, National Farmers Union in Colorado

Mrs. Julie D. Neill, Owner/Operator of Neill & Sons Dairy, a grazing dairy in Missouri

Mr. Jose Antonio Serrano, General Manager of Alba Organics from California

Dr. Garry Stephenson, Professor/Coordinator of Small Farms Program from Oregon State University

Dr. Jennifer Elaine Taylor, Associate Professor, Coordinator of Small Farm Programs from Florida Agricultural & Mechanical University in Tallahassee, Florida.

Mrs. Windy Mae Van Dam, Dairy Rancher/Operator of Two B Dairy and Director, Animal Health & Food Safety Laboratory Board from California