

MEETING MINUTES

ADVISORY COMMITTEE ON BEGINNING FARMERS AND RANCHERS

**DOUBLETREE HOTEL, 1515 RHODE ISLAND AVE, NW
WASHINGTON, DC
JULY 10 - 11, 2006
8:30 a.m.**

WELCOME

Mark Falcone, Designated Federal Official (DFO) for the Secretary's Advisory Committee on Beginning Farmers and Ranchers (Committee) called the meeting to order at 8:30 a.m., July 10, 2006. He mentioned he would temporarily chair the meeting for Linda Prentiss, Vice Chair of the Committee for the previous two years, as she became ill on her flight to Washington (Ms. Prentiss was scheduled to chair the meeting until elections were held later in the day). Mr. Falcone welcomed all Committee members and visitors in attendance.

Committee members in attendance included Terry Barta (Smith County State Bank and Trust Company, Kansas), John Hays (The Farm Credit Council, Washington, D.C.), Trenton McKnight (rancher and Future Farmers of America (FFA) past president, Texas), Todd Lang (Strasburg State Bank, North Dakota), Lisa Koester (farmer, Indiana), Maria Moreira (farmer, Massachusetts), Omar Garza, (farmer and rancher, Texas), Traci Bruckner (Center for Rural Affairs, Nebraska), Timothy Harlow (farmer, North Dakota), Marian Beethe (The Beginning Farmer Program and Farm Mediation Service, Nebraska), Janie Hipp (University of Arkansas), Mary Peabody (University of Vermont), Marion Bowlan (farmer, Pennsylvania), Catherine Twohig, (Farm Beginnings Program at the Land Steward Project, Minnesota), Ray Mobley (Florida A&M University), J. Latrice Hill-Moore (Farm Service Agency (FSA), Mississippi), Ray Ellenberger (FSA, Wisconsin), Jeffrey Ward (Iowa Agricultural Development Authority), and Richard Cates, Jr. (University of Wisconsin).

Department of Agriculture (USDA) employees from Washington, D.C. who were in attendance and provided support to the Committee included Mark Falcone, Designated Federal Official DFO for the Advisory Committee on Beginning Farmers and Ranchers (FSA, Deputy Director, Farm Loan Programs Loan Making Division (FLPLMD)), Charles Dodson (FSA, Economist, Economic and Policy Analysis Staff (EPAS)), Sam Snyder (FSA, Senior Loan Officer and Assistant to the Director, FLPLMD), and Carolyn Cooksie (FSA, Deputy Administrator for Farm Loan Programs).

OPENING REMARKS

Mr. Falcone briefly covered the planned agenda for the meeting. He noted the agenda showed that Floyd Gaibler, USDA Deputy Under Secretary, Farm and Foreign Agricultural Services, was scheduled to provide opening remarks. Mr. Gaibler was unable to do so as he was ill. Mr. Falcone then introduced Carolyn Cooksie, who provided opening remarks.

Ms. Cooksie welcomed everyone to Washington, D.C. She then thanked Committee members for their devotion and expressed that given their busy schedule she would not take too much of their time. Ms. Cooksie commented on the Committee solicitation and selection process that took place late last year, and stated that USDA received the most nominations to serve on the Committee it has ever received. She stated that getting more beginning farmers and ranchers started is a most important issue.

Ms. Cooksie briefly commented on the 2007 budget and FSA's recently published proposed rule that would raise fees for FSA's guaranteed loan program. She explained this was a USDA initiative because there were no appropriated funds in the proposed Fiscal Year (FY) 2007 budget for the guaranteed loan program, and raising fees were a way to fund the program. She stressed that raising guaranteed fees is not good for farmers and ranchers, who are already struggling with high energy costs. She mentioned she was pleased that the House and the Senate added funding to the proposed budget after the proposed rule was published, and the budget would go to Conference for mark-up, which will hopefully resolve the issue. Ms. Cooksie then mentioned that work has begun on proposals for the 2007 Farm Bill, and addressed two issues that were previous Committee recommendations: FSA loan limits and FSA term limits. In the past, she thought it was not a good idea to raise the limits, considering the backlog of approved applications FSA has had due to lack of funding, and that larger loans would mean fewer farmers and ranchers would receive assistance. She now thinks that an increase in limits is needed, as it's difficult to finance operations on limits that have not changed since the late 1970s and early 1980s. She mentioned she would like to see a combined limit for direct operating (OL) and farm ownership (FO) loans, similar to the guaranteed loan program. This would provide farmers and ranchers with flexibility in financing their operations up to the specified aggregate limit in any manner necessary to meet their needs. Ms. Cooksie addressed the concern with term limits (the statutory limit on the number of years FSA borrowers can receive assistance) and stated that term limits should be abolished as FSA has a statutory graduation policy. She asked the Committee to make a recommendation on this topic.

Ms. Cooksie concluded her remarks by discussing FSA's ongoing project to streamline its' direct loan program. She mentioned it was a huge undertaking and that she hoped that once implemented, it will benefit FSA customers and employees. She thanked members for serving on the Committee.

INTRODUCTIONS

Mark Falcone asked the public and speakers to introduce themselves. In attendance from the public were the following:

Kim DePasquale, Farm Loan Manager, FSA; Robert Molleur, National Small, Limited Resource, and Beginning Farmers and Ranchers Program Manager, Natural Resources Conservation Service (NRCS); Ron Harris, Team Leader, Community and Rural Assistance, NRCS; Joe Antzler, USDA Summer Intern, American University; Anthony Reed, Farm Management Specialist, Alcorn State University Extension; Jill Auburn, Sustainable Agriculture Research and Education (SARE) Director, Cooperative State Research, Education and Extension Service (CSREES); Bill Buchanan, Director of Civil Rights and Outreach, Risk Management Agency (RMA); Ben Turner, Institute for Social and Economic Development, Washington, DC; Stephanie Berrony, *St. Joseph News Press*, Washington, DC; Makla Kotamura, *Greeley Tribune*, Washington DC; Ferd Hoefner, Sustainable Agriculture Coalition, Washington, DC; Barry Mardock, Credit Director, Farm Credit Administration (FCA), McLean, Virginia; John Moore, Associate Director and Chief Economist, FCA, McLean, Virginia; Clayton Constien, USDA Summer Intern, Oklahoma State University; Lao Xiong, Director of Hmong America, Inc., Gentry, Arkansas; Linda Oliphant, Outreach Coordinator, NRCS; Cheryl Bailey, USDA Small Farms Coordinator, Forest Service; Alfonso Drain, Director, Small Farms Coordination, National Agricultural Statistics Service (NASS); Larry Laverentz, Senior Program Analyst, Office of Refugee Resettlement, Department of Health and Human Services; Elizabeth Tuckermanty, National Program Leader, CSREES; Jorge Comas, Office of Outreach, FSA.

USDA COOPERATIVE STATE, RESEARCH, EDUCATION AND EXTENSION SERVICE (CSREES) PRESENTATION

Mark Falcone introduced Jill Auburn, National Program Leader and Sustainable Agriculture Research and Education Director (SARE), USDA, CSREES. Ms. Auburn thanked the Committee for her invitation to speak and provided a PowerPoint presentation on opportunities for beginning farmers and ranchers (**Attachment 1**). Ms. Auburn asked the Committee to identify themselves if they had received SARE Grants. Nine Committee members responded affirming they were recipients.

Ms. Auburn concluded her presentation and asked if there were any questions from the Committee and the floor was opened for comments and questions. The paraphrased question/comment and the presenter's paraphrased response follows:

1. Ms. Koester (**question**): On the local level, how is the awareness of the SARE program?

Ms. Auburn (**response**): There is communication through press releases, websites, and Cooperative Extension. We have worked with Professional

Development Programs, and we certainly could use suggestions on how we can do a better job.

USDA CSREES PRESENTATION

Mr. Falcone introduced Elizabeth Tuckermanty, National Program Leader, USDA, CSREES. Ms. Tuckermanty provided a PowerPoint presentation on the National Research Initiative Grants Program and the Outreach and Assistance for Socially Disadvantaged Farmers and Ranchers Program (2501 Program) (**Attachments 2 and 3**). In both presentations, she noted that there was stakeholder input by the Advisory Committee for Fiscal Year 2007 because of last year's recommendations to the Secretary. She also mentioned that 80 to 90 percent of the projects under the 2501 program involve beginning farmers and ranchers.

Ms. Tuckermanty asked the audience how many have received grants under the 2501 program and asked for those who had to briefly share the experience with the rest. Mr. Anthony Reed (public) spoke about his experience with the 2501 grant program through Alcorn State University. Ms. Janie Hipp (Committee) expressed that a 2501 grant program will be utilized in Arkansas to launch 8 Native American women in agriculture meetings over the next few years.

Mr. Omar Garza (Committee) explained that he has been involved with the 2501 grant program for a number of years through the University of Texas Pan American to assist producers along the Texas/Mexico border. The 2501 program has assisted in establishing a program called "The Farm", a trailer hauled facility for a mobile training project to get computers for farmers so they can be connected to the information technology world.

At the conclusion of Ms. Tuckermanty's presentation she asked if there were any questions from the Committee and the floor was opened for comments and questions. There were none.

USDA NATURAL RESOURCES CONSERVATION SERVICE (NRCS) PRESENTATION

Mark Falcone introduced Ron Harris, Team Leader, Community & Rural Assistance, USDA, NRCS. Mr. Harris presented a PowerPoint presentation (**Attachment 4**) on USDA assistance available to beginning farmers and ranchers through NRCS. Mr. Harris discussed NRCS cost share programs and provided statistical data to demonstrate national participation levels. At the conclusion of Mr. Harris' presentation the floor was opened and questions as well as comments were taken from the Committee. The paraphrased questions/comments and the presenter's paraphrased responses follow:

1. Ms. Koester (**comment**): The challenge for the young producer is the increasing cost of compliance. NRCS's Environmental Quality Incentives Program (EQIP) has been very helpful.
2. Mr. Garza (**comment**): I'm a participant in these programs.
3. Ms. Moreira (**comment**): As a dairy farmer, I participate in the EQIP program and could not exist without it.
4. Mr. Barta (**question**): The chart you showed had the number of applications versus the number of contracts approved. Were there any issues with delivery other than lack of funding?

Mr. Harris (**response**): Some applicants were ineligible.

USDA RISK MANAGEMENT AGENCY (RMA) PRESENTATION

Mr. Falcone introduced Bill Buchanan, Director of Civil Rights and Outreach, USDA, RMA. Mr. Buchanan provided a presentation on RMA's Cooperative and Partnership Agreement Programs (**Attachment 5**). Mr. Buchanan outlined RMA's role is to help producers manage their business risks through effective, market based risk management solutions, and regulate sound risk management solutions to preserve and strengthen the economic stability of America's agricultural producers. He emphasized that he considered Outreach as the most important aspect of RMA.

Mr. Buchanan concluded his presentation and asked if there were any questions from the Committee (and if anyone had positive experiences with RMA) and the floor was opened for comments and questions. The paraphrased questions/comments and the presenter's paraphrased responses follow:

1. Mr. Mobley (**question**): Can you define priority commodities?

Mr. Buchanan (**response**): Priority commodities are those that are underserved (including livestock) that are insurable.

2. Mr. Mobley (**question**): Primary livestock as well as minor species such as goats?

Mr. Buchanan (**response**): Goats aren't insurable yet. The AGR-LITE program is available (a whole-farm revenue risk management product) and goats can be covered under that program.

3. Mr. Garza (**comment**): We have had partnerships with RMA for 4 or 5 years in the border areas of Texas, Mexico and New Mexico. It's a good program and recommend that those not aware of it should be made aware.

4. Ms. Hipp (**comment**): I've been involved in multiple RMA projects and it is refreshing to see underserved groups targeted.
5. Mr. Barta (**comment**): (Discussed a wheat producer who had crop insurance). We need consistency in producer reporting requirements between RMA and FSA. RMA is severe on correct and timely reporting. FSA allows certification later. Loss claims can be reduced significantly if there is inconsistency.

Mr. Buchanan (**response**): I'll get your name and phone number and have the regional office contact you.

6. Ms. Hipp (**comment**): We do a lot of training with all producers on the legal liability of landowners. Hearing from the field it is difficult to find general landowner liability insurance.

Mr. Buchanan (**response**): We have the same issues with Farmers Markets. At the end of the year all our partners get together to discuss what they have done to resolve this issue.

FARM CREDIT ADMINISTRATION (FCA) PRESENTATION

Mr. Falcone introduced John Moore, Jr., Associate Director and Chief Economist, Office of Chief Economic Policy, FCA. Mr. Moore provided a PowerPoint presentation on FCA's Young, Beginning and Small (YBS) Farmers and Ranchers program (**Attachment 6**). Mr. Moore discussed FCA's role is to ensure each Farm Credit System (FCS) Institution has a program for furnishing sound, constructive credit and related services to YBS borrowers, and that each Farm Credit Bank annually report on YBS activities and provide FCA an annual report. Further, FCA must annually submit summary and analysis of the reports to Congress. He provided various statistical information throughout his presentation and provided a brief explanation of data interpretation (including loans in three categories (Young – less than 35 years old, Beginning – farming less than 10 years, and Small – less than \$250,000 in annual gross sales).

Mr. Moore then took questions from the Committee and the floor was opened for comments and questions. The paraphrased questions/comments and the presenter's paraphrased responses follow:

1. Mr. Ellenberger (**question**): Farm Credit provides information on loans. Is that available to the Committee?

Mr. Moore (**response**): Yes, that information is available at the FCA website.

2. Mr. Barta (**question**): If I was a Young, Beginning, and Small Farmer, would I be counted in all three categories.

Mr. Moore: (**response**): Yes.

3. Ms. Hipp (**question**): Can we break down the information by gender?

Mr. Moore (**response**): No, our attorneys tell us we can't collect gender specific information.

AMERICAN BANKERS ASSOCIATION (ABA) PRESENTATION

Mr. Falcone introduced John Blanchfield, Director, Center for Agricultural and Rural Banking, ABA. Mr. Blanchfield provided an overview of commercial bank lending to beginning farmers and ranchers. He provided everyone with a copy of the testimony of Dennis Everson on behalf of ABA before the U.S. Senate Committee on Agriculture, Nutrition and Forestry on June 13, 2006 (**Attachment 7**). This was an oversight hearing on FSA's Farm Loan Programs, and the testimony was related to FSA's guaranteed loan programs.

Mr. Blanchfield focused on access to capital and the importance for young, beginning and small farmer's success to tap into this access. Mr. Blanchfield discussed other important USDA topics. He outlined the long standing good relationship with USDA, but was critical of what he termed an "anti-beginning farmer" proposal by USDA. He was referring to the proposal to increase guarantee loan fees, which is how the guaranteed loan program would now be funded (through a fee-based method). ABA's opposition to this was included in the testimony, as was opposition to FSA's "Average Agricultural Loan Customer Interest Rate" and FSA Term Limits, which restricts the number of years FSA borrowers are allowed to receive FSA direct and guaranteed loan assistance.

Mr. Blanchfield commented on farm organizations and challenged the Committee to bring together recommendations to provide through advocacy to these organizations. He concluded his presentation with a scenario of a young beginning farmer experience in rural Nebraska, which he concluded renewed his faith in agricultural lending.

Mr. Blanchfield then called for questions from the Committee and the floor was opened for comments and questions. There were no questions.

After a lunch break, Mr. Falcone acknowledged the presence of Linda Prentiss, rancher, Estralita Springs Ranch Company, Camp Nelson, California. Ms. Prentiss is also the former Vice-Chair of the Committee. She asked Mr. Falcone to continue overseeing the meeting until she felt better.

PUBLIC COMMENTS PRESENTATION

Mark Falcone provided a handout with information on written comments received by members of the public. He then introduced the following members of the public who had requested to make oral comments:

LAO XIONG, HMONG AMERICA INC., ARKANSAS

Mr. Xiong provided the Committee with background information (**Attachment 8**) regarding the plight of Hmong farmers that have settled in the Arkansas, Missouri and Oklahoma Ozark regions and purchased poultry operations, many with FSA guaranteed loans. They are currently undergoing high failure rates (estimating that 100 families will file Chapter 12 bankruptcy). He alleged that there was a conspiracy to sell them poultry operations at highly inflated values and that lenders overstated loan cash flow documents so they could qualify for guaranteed loan assistance. He mentioned they needed RMA assistance and asked FSA to also provide some assistance. He then concluded his remarks by asking the Committee to seriously look into the situation.

STEPHEN HOUSTON, FARMER, GEORGIA

Mr. Houston provided a handout (**Attachment 9**) and discussed issues associated with beginning farmers and ranchers in his locality and the impact that high input costs such as fuel have had on the ability to remain a viable operation. He stressed the importance of access to capital as a necessary need for young and beginning farmers and ranchers to succeed. He concluded by mentioning the 2007 Farm Bill will be important for small and beginning farmers and ranchers.

KIMBERLY DEPASQUALE, FSA FARM LOAN MANAGER, ON BEHALF OF THE NATIONAL ASSOCIATION OF CREDIT SPECIALISTS (NACS)

Ms. DePasquale provided a handout (**Attachment 10**) and comments on behalf of NACS, which is an interest organization consisting of FSA loan officials and program managers. She mentioned that NACS supports: legislation and/or changes to provide tax incentives or benefits to landowners that sell or rent property to beginning farmers and ranchers; an increase in the maximum FSA loan term for the beginning farmer down payment loans to 20 or 25 years; elimination of or modification of capital gains taxes payable by sellers on land sales to beginning farmers and ranchers; tax incentives for interest paid to sellers on land contracts to beginning farmers and ranchers; and tax incentives for interest income received by commercial lenders on guaranteed long term loans to beginning farmers and ranchers for acquisition of capital assets. NACS opposes the proposed increase in FSA guaranteed loan fees. Finally, NACS supports abolishing loan term limits, increased loan amount limits for FSA direct loan programs, and increased funding for both FSA direct and guaranteed loans.

Mark Falcone then read email comments submitted from other members of the public (**Attachments 11-15**).

- David and Judy Stallman, farmer, Wyoming- commented regarding passing of farms to the next generation.
- Thomas Becker, farmer, New York - commented regarding access of beginning farmers and ranchers to capital and requested outreach to that group to instill awareness.
- Eric Alegria, Center for Latino Farmers, Washington - commented on increasing FSA direct loan limits, access to bilingual information, CBO and Land Grant College Partnerships and grant funding.
- Cristobal Perez, FSA employee, Texas - commented on bilingual forms for all of FSA programs, increased efforts to recruit and hire bilingual employees and provide cash incentives, stipends, and similar methods to encourage the hiring and retention of Spanish speaking employees.
- Frank Spray, FSA employee, Maryland - commented on the 3-year experience requirement to be eligible for FSA direct farm ownership loans and the impact it has on those entering the poultry and greenhouse industry. Since those both provide extensive technical support, he supports a change in the definition for those industries when production and financial knowledge need not be immediately present when entering farming and ranching.

SUSTAINABLE AGRICULTURE COALITION PRESENTATION

Ferdinand Hoefner, Policy Director, Sustainable Agriculture Coalition (and former Committee member for 6 years) provided a discussion on proposed Beginning Farmer and Rancher programs and titles to be considered in the 2007 Farm Bill (**Attachment 16**). He also discussed a previous recommendation the Committee made concerning USDA providing a mission focus on beginning farmer and rancher issues (Recommendation number 1 from last year). The Secretary agreed to amend Departmental Regulation (DR) 9700-1 from a “Small Farms Policy” to a “Small and Beginning Farmer and Rancher Policy”. He mentioned to the Committee that the Agency coordinators addressed in DR 9700-1 should: (1) be a point of contact for the Committee, (2) speed up beginning farmer and rancher actions, (3) take seriously establishing measurable goals and objectives (as outlined in the DR), and (4) provide ideas for the Farm Bill to the Secretary.

Mr. Hoefner briefly discussed past Committee recommendations that got included in the 2002 Farm Bill, and that he was encouraged that USDA will have more beginning farmer and rancher provisions ending up in the 2007 Farm Bill since the Secretary is very interested in the issue.

CALIFORNIA FARM LINK PRESENTATION

Steve Schwartz, Executive Director, California Farm Link provided a discussion on Individual Development Accounts (IDAs) for Beginning Farmers and Ranchers (**Attachment 17**). Mr. Schwartz outlined that IDAs are designed to create assets for the economically challenged, to promote savings, financial independence, fight poverty and facilitate budgeting and financial literacy. The concept began in the late 1990s as a program referred to as the American Dream Demonstration Project. The synopsis of an IDA involves a host (non-profit), a sponsor (bank, credit union, foundation, government) and a participant/saver (underserved and low-income individuals needing assistance saving for capital expenditures or education). Simply put, the host and sponsor provide a savings mechanism for participants.

Mr. Schwartz concluded his presentation and asked if there were any questions from the Committee and the floor was opened for comments and questions. The paraphrased questions/comments and the presenter's paraphrased responses follow:

1. Mr. Cates: (**question**): You suggested you had some ideas with funding sources?

Mr. Schwartz (**response**): Farm Credit Administration would make a lot of sense. Borrowing from other programs, perhaps also USDA lending programs.

2. Ms. Twohig (**question**): What traditional lenders partner with you?

Mr. Schwartz (**response**): We went to Community Investment Officers of large banks, as well as smaller agricultural banks in rural areas.

HOUSE COMMITTEE ON AGRICULTURE PRESENTATION

Bryan Dierlam, Professional Staff of Congressman Bob Goodlatte, Chairman, House Committee on Agriculture, spoke on the upcoming 2007 Farm Bill. Mr. Dierlam indicated that the current Farm Bill begins expiring September 30, 2007. Chairman Goodlatte intends to have a Bill to the President by the end of next year. He outlined events that might impact the schedule, such as the World Trade Organization Doha agreement, which will have a significant impact on framing the bill. If there is no agreement, the Bill will be budget driven. The Farm Bill will be written on the March 2007 baseline, and it is too early to tell what the Bill will actually look like. He mentioned the declining domestic budget and the desire to expand programs, but asked where does the money come from? By cutting other domestic budgets. He said there will be many tough decisions.

Mr. Dierlam pointed out that there have been eight hearing sessions across the U.S. on Farm Bill needs, and that the Agriculture Committee will be in Minnesota, Indiana and Virginia in the next 11 days to do additional hearings. This fall they will hear testimony from various groups about their concerns. He told the Committee there has been one

consistent theme at the hearings and at last year's sessions held by Secretary Johanns: young and beginning farmer and rancher issues. They continue to compete with older farmers for USDA programs. He concluded his remarks asking the Committee for input on how Congress can resolve beginning farmer and rancher concerns.

Mr. Dierlam then inquired if there were any questions from the Committee and the floor was opened for comments and questions. The paraphrased questions/comments and the presenter's paraphrased responses follow:

1. Mr. Schwartz (**question**): Do you have any comments on \$200,000 loan caps on FSA direct loans?

Mr. Dierlam (**response**): We heard that the amounts are not high enough to enter into farming. Mr. Lucas, the Chair on the Subcommittee has it as an item. It will be looked at and addressed.

2. Ms. Koester (**question**): Regarding revenue insurance are you familiar with what Canada is doing, and what do you feel are the pros and cons?

Mr. Dierlam (**response**): New programs are difficult to enter into when the status quo doesn't need to be changed. The folks that have been beneficiaries of existing programs are pretty content. Those coming in want new programs.

3. Ms. Bruckner: (**question**): I'm confused by why incentive payments are not considered green payments.

Mr. Dierlam (**response**): If you are paying someone for something they have already done it is not a green payment.

4. Mr. Dodson (**question**): What are the dynamics on Senate hearings/timeframes?

Mr. Dierlam (**response**): I can't speak for them, they are also having full committee hearings. Chairman Chambliss is on the same schedule as Chairman Goodlatte. We could be marking up a Farm Bill next fall and waiting for the Senate as their process is a bit different.

5. Mr. Schwartz: (**question**): One option on direct loan limits is to give FSA State Executive Directors authority as to what the limit will be in their state. What are your thoughts?

Mr. Dierlam (**response**): The challenge is when land values require higher limits, but the biggest concern is consistency, which is best to alleviate disparity.

6. Ms. Bruckner (**comment**): During reconciliation there have been conversations with Chairman Goodlatte's staff about contracts with farmers and ranchers to not change the rules midstream.

Mr. Dierlam (**response**): When we get into the Farm Bill everything will be on the table.

MARK FALCONE COMMENTS

Mr. Falcone provided members with a series of handouts related to FSA beginning farmer and rancher loan activity (**Attachment 18**). He also discussed FY 2006 funding, including the backlog of approved applications waiting for funding. He then gave an overview of the Committee's previous recommendations and provided an update on the status of each. Mr. Falcone commented that a web site (<http://www.fsa.usda.gov/FSA/webapp?area=home&subject=fmlp&topic=bfl-er>) has been updated and enhanced for the Advisory Committee on Beginning Farmers and Ranchers, with links that provide the Committee Charter, Committee Members, Federal/State Beginning Farmer Partnerships (including interactive URLs to those sites), Committee Recommendations and Committee Minutes of past meetings, and FSA funding to beginning farmers and ranchers (updated quarterly).

Mr. Falcone then asked for questions and comments from the Committee and the floor was opened for responses. The paraphrased questions/comments and the presenter's paraphrased response(s) follow:

1. Ms. Bowlan (**question**): Concerning previous Recommendation number 3 (**we encourage the Secretary to pursue farm assistance based on alternative incentives for beginning farmers and ranchers getting started in farming rather than utilizing a commodity approach**), have you heard anything as a result of our meeting with the Secretary (March 6, 2006) when we discussed this recommendation?

Mr. Falcone (**response**): The Farm Bill Paper I handed out on Risk Management that was released by the Secretary in May addresses some possible options.

2. Ms. Bruckner (**question**): For those recommendations that have had no action taken, what happens?

Mr. Falcone (**response**): The Committee can address those again if they wish to do so.

There were several comments concerning the numerous NRCS recommendations and a request that an NRCS representative attend tomorrow's meeting. Mr. Falcone agreed to contact the two NRCS officials who attended most of today's session and request one of them be present.

COMMITTEE ELECTIONS

Mr. Falcone discussed the Bylaws and election procedures and opened up the floor for nominations for Committee Chairperson. **Mr. Garza nominated Linda Prentiss as Chairperson. Ms. Hill-Moore seconded the motion. Mr. Lang nominated Mr. McKnight as Chairperson. Mr. Hayes seconded the motion. Ms. Moreira nominated Ms. Hipp as Chairperson. Ms. Hipp declined the nomination. Mr. Barta moved that the nominations for Chairperson be closed. Mr. Ellenberger seconded the motion. Mr. Falcone closed the nominations for Chairperson and called for a vote. Ms. Prentiss was elected as Chairperson with 13 votes.**

Mr. Falcone opened up the floor for nominations for Committee Vice-Chairperson. **Mr. Hays nominated Mr. McKnight as Vice-Chairperson. Ms. Prentiss seconded the motion. There were no other nominations. Mr. Falcone closed the nominations for Vice Chairperson and called for a vote. Mr. McKnight was elected unanimously as Vice-Chairperson.**

Mr. McKnight moved to approve the 2005 Committee Minutes. Mr. Ellenberger seconded the motion. The motion carried by majority.

NEW RECOMMENDATIONS DISCUSSION

Mr. Falcone turned over the floor to Chairperson Prentiss. A general discussion ensued on formulating new recommendations including the review of previous recommendations. Members agreed to be give some thought tonight as to what they'd like to see considered for recommendations and address them tomorrow.

Mr. McKnight moved to adjourn the meeting for the evening and reconvene tomorrow at 8:00 a.m. Ms. Peabody seconded the motion. The motion carried by majority. The meeting adjourned at 4:43 p.m.

Tuesday, July 12, 2006
8:00 a.m.

Chairperson Prentiss called the meeting to order at 8:04 AM.

COMMITTEE DISCUSSION CONTINUED

Chairperson Prentiss reviewed the Bylaws with the Committee and discussed procedures for posting potential future recommendations based on various “themes” strategically located on the wall throughout the conference room. She requested each member to list their Number 1 priority on the appropriate chart.

1. Mr. Barta (**question**): Is it too late to officially oppose the proposed increase in FSA guarantee fees?

Mr. Falcone (**response**): No. The House and Senate recently added language in the proposed FY 2007 budget to include appropriations for the guaranteed program and prohibit an increase in fees. The Committee can still make a recommendation opposing the fees.

Mr. Falcone reminded the Committee of the various topics addressed yesterday concerning potential recommendations, including: last year’s recommendations, USDA Farm Bill Papers on Conservation and Risk Management, public comments, various handouts from the prior day’s meeting, and other presentations.

Chairperson Prentiss introduced Robert Molleur, NRCS, who was present to answer any questions the Committee had on last year’s NRCS recommendations. She opened the floor for questions.

1. Ms. Prentiss: (**comment**): Any questions for Mr. Molleur?

Ms. Bruckner: (**question**): Recommendation 10(a) requested that funds be targeted to beginning farmers and ranchers on all conservation programs. It’s been noted that funds were targeted on EQIP. How about other programs?

Mr. Molleur (**response**): NRCS was able to target EQIP funds to beginning farmers and ranchers administratively. We’re looking at expanding targets to other programs.

2. Mr. Garza (**question**): How much money is used by beginning farmers and ranchers?

Mr. Molleur (**response**): Ten million dollars was targeted and exhausted for limited resource and beginning farmers and ranchers. Some funds were also utilized from non-targeted monies. Ten million isn’t a lot, but it’s a start. Since 2003, \$183 million in EQIP funds has gone to beginning farmers and ranchers.

3. Mr. Barta: **(question)**: Are EQIP funds allocate by State and does the agency have the authority to pool?

Mr. Molleur **(response)**: Yes. Funds are monitored and moved around.

4. Mr. Ellenberger **(question)**: Do you use a 50 percent or 75 percent cost share based on a Schedule F (tax form)?

Mr. Molleur **(response)**: I am not aware of that. The maximum cost share is 75 percent. Beginning farmers and ranchers can receive up to 90 percent. State and technical committees provide the rates.

5. Mr. Barta: **(question)**: EQIP has no income verification?

Mr. Molleur **(response)**: No.

A general discussion ensued on this issue, which was Recommendation 10(f) last year. The concern is that the USDA beginning farmer and rancher definition (except for FSA loan programs) has no “needs” test. A beginning farmer or rancher could have significant income (and could be a doctor or lawyer) and not really need the cost share differential. There were various suggestions as to how to proceed with a recommendation, including at least 50 percent income being agriculturally related. One commented this would hurt the small farmer needing to rely on off-farm income.

The Committee moved on to another issue: FSA bridge loans to farmers and ranchers until cost share funds are available. Mr. Molleur mentioned FSA can provide bridge loans for operating purposes. He and Mr. Falcone met with other NRCS and FSA officials several months ago to discuss this and that a marketing effort is needed so USDA employees and producers are aware of this. Mr. Molleur also advised that NRCS can make a partial payment on installed practices. Payment can be made directly to the vendor.

6. Mr. Ward: **(comment)**: We are putting out \$50 million to beginning farmers and ranchers each year in Iowa for EQIP projects.

Mr. Molleur: **(comment)**: With EQIP there are extra bonus points for leveraging funds.

7. Ms. Bowlan: **(question)**: Do states decide EQIP disbursing? I am on the Pennsylvania State Technical Committee. The producers with fewer problems are further down the list. A lot of farmers don't get funds because they go to farmers with the worst problems.

Mr. Molleur **(response)**: Yes. States decide EQIP disbursement based on recommendations from the State Technical Committee. EQIP is much different than the ACP program, where first-come first served tended to be policy. EQIP

tries to put more emphasis on conservation plans and conservation practices (best management practices), but those practices vary from state to state. The intent is to demonstrate sound conservation.

There was general discussion about EQIP funds being targeted at the State level. Chairperson Prentiss asked if anyone wanted to make a motion.

Mr. Ellenberger made the motion to recommend that the national precedent that NRCS uses for beginning farmers and ranchers and the authority to target funds be passed to the state and local level for the EQIP program. Mr. Cates seconded the motion.

A general discussion ensued on passing the authority to the state and local level and how it's interpreted between levels. Ms. Bruckner suggested the Committee stay with last year's recommendation (10(a)). Mr. Falcone read the recommendation. Discussion ensued and the recommendation made by Mr. Ellenberger remained in place.

Ms. Hipp addressed her concern that Tribal members are prohibited from sitting on Conservation Committees and that funds are not being distributed equally. She also mentioned this problem with black farmers in the Delta, and the need to ensure that county committees are not discriminating. A general discussion ensued on this issue, including some comments on USDA's strategic plan, and Agency strategic plans concerning assistance to minority farmers.

Chairperson Prentiss requested members to come back to address the motion on the floor and asked Mr. Snyder to read Mr. Ellenberger's motion again. A vote was taken and the motion carried by majority.

Mr. Garza raised the issue brought up earlier concerning the EQIP contract requiring up-front money, and that it's difficult for beginning farmers and ranchers to come up with funds. Mr. Molleur mentioned about the possibility of FSA loans. Mr. Falcone informed members that he and Mr. Molleur met with other FSA and NRCS officials a few months ago to discuss this issue, and that FSA can (and has) provide loan assistance for short-term contracts, and planned to notify field offices that it can be done. Mr. Molleur also mentioned that partial payments require component installation before a payment can be made.

Ms. Bowlan made the motion to have FSA and NRCS do a joint marketing effort to emphasize that FSA can provide bridge financing for EQIP to beginning farmers and ranchers until cost share funds become available from NRCS. Ms. Twohig seconded the motion. The motion carried by majority.

Chairperson Prentiss asked the Committee to continue with reviewing last year's recommendations. Ms. Bowlan referenced last year's issue (Recommendation 10(b)) concerning the Farm and Ranchland Protection Program, and that Pennsylvania has the program guideline for farm transition. She mentioned it's easier implementing such a

program when it comes from the national level down to the State. She asked if any direction was coming from the National level. Mr. Molleur responded by saying they are encouraging states to give priority points if farm transition is part of the program.

Mr. Harlow still had concerns that there should be some way for farmers and ranchers in need to have access to up-front funds for EQIP. Mr. Molleur said there is no statutory authority to allow that, and that funds should not be provided for something not installed correctly.

Chairperson Prentiss asked if anyone else had questions concerning last year's NRCS recommendations that Mr. Molleur can assist with. **Ms. Bruckner requested a motion to continue with Recommendation 10(d), which concerned the Conservation Security Program. Mr. Molleur discussed what was done since last year on all NRCS recommendations. Ms. Bruckner made a motion to include Recommendations 10(a) (targeting or bonus points in all conservation programs), 10(d), and 10(f) (revise beginning farmer and ranchers definition) from last year's recommendations. Ms. Twohig seconded the motion. Mr. Ellenberger agreed with two of the three, but questioned the need for 10(a). There was a brief discussion and Ms. Bruckner agreed to modify her motion. Ms. Bruckner made the motion to commend the NRCS for addressing those recommendations in the Committee's September 26, 2005, memorandum to the Secretary, and request that they further address the following recommendations:**

- a. **We urge the Secretary to support full funding for the Conservation Security Program (CSP) with no caps or limitations on the program in the USDA budget request or congressional appropriations, and to direct NRCS to make the following changes to the CSP: (1) revert from the selected watershed approach back to a full-scale, national program; (2) if, despite our recommendation, the selected watershed approach is continued, then provide for enrollment on a national basis for beginning farmers and ranchers; (3) abide by the 90 percent cost-share, 15 percent cost-share differential provision for beginning farmers and ranchers in all states and regions of the country; and (4) encourage states to provide special enhanced payments for beginning farmers and ranchers, consistent with the authority granted by Section 2004 of the 2002 Farm Bill.**
- b. **We recommend the Secretary direct the NRCS to revise the definition of beginning farmer and rancher to include other applicable components of the statutory definition used by the FSA, with appropriate adaptations for use in conservation program implementation. For instance, NRCS could adopt a cap on farm land ownership, but use a much higher percentage of median farm size than the one FSA uses for the purposes of first time real estate credit. Also, a "needs" element should be included in the definition, so those who have financial resources are not receiving subsidized assistance. Ms. Twohig seconded the motion. The motion carried by majority.**

Ms. Bruckner made the motion to recommend the Secretary supports language in the 2007 Farm Bill that continues and strengthens the existing cost share differential for beginning and limited resource farmers and ranchers in EQIP and CSP by clarifying that the 15 percent bonus is in relation to the underlying regular rate for a particular practice. Mr. Harlow seconded the motion. The motion carried by majority.

A general discussion ensued on special incentives for conservation programs, which NRCS is allowed to do per the 2002 Farm Bill. Mr. Molleur mentioned the law is vague and it would be helpful to have examples as to what could be done. Ms. Bruckner mentioned she would be glad to provide examples. Chairperson Prentiss entertained that a motion be made concerning special incentives and that Ms Bruckner provide some examples to the language.

Ms. Twohig made the motion to recommend the Secretary support language in the 2007 Farm Bill that continues and strengthens existing authority (Sec. 2004(a) of the 2002 Farm Bill) to provide special incentives to beginning and limited resource farmers and ranchers to encourage their participation in conservation, to help get new farmers started, and to achieve long lasting conservation improvements. Ms. Hill-Moore seconded the motion. The motion carried by majority.

Mr. Harlow moved to thank Mr. Molleur for coming and providing technical assistance.

Chairperson Prentiss asked the Committee to turn to FSA issues in last year's letter. Ms. Hill-Moore referenced FSA loan limits and suggested that the recommendation be the same as last year's. A brief discussion ensued. **Ms. Hill-Moore made a motion that subject to also obtaining increased annual appropriations, we recommend the Secretary send Congress proposed legislation to increase loan limits with latitude to split the maximum authority between direct farm ownership loans (DFO) and direct operating loans (DOL) and index subsequent annual increases of loan caps for future years to inflation in a manner similar to the method utilized for the guaranteed loan program. DOL limits were last increased in 1984 when the limit went from \$100,000 to \$200,000. DFO limits were last increased in 1978 to \$200,000. Mr. McKnight seconded the motion. The motion carried by majority.**

In conjunction with the motion to raise loan limits, there was some discussion concerning the statutory eligibility requirement in the beginning farmer and rancher definition that prohibits a producer applying for a farm ownership loan from owning more than 30 percent of the median farm or ranch acreage of the farm or ranch acreage in the county where the property is located. Mr. Dodson and Mr. Falcone explained that FSA has been using "average" size acreage since USDA did not have records on median size. Since the 2002 Census of Agriculture now captures "median" size acreage, FSA (based on guidance from legal counsel) will be using "median" size acreage when determining someone's eligibility. Mr. Dodson pointed out that more beginning farmers and ranchers will exceed the "median" size than would exceed the "average" size.

Mr. Harlow and Ms. Peabody raised concerns that if loan limits are raised as proposed above, most farmers and ranchers would use the majority of the maximum authority for FO loans which would leave an insufficient amount for them to borrow for operating purposes.

Mr. Hays made the motion to recommend changes to the statute to change the median definition to average (mean) and drop 30 percent from the existing definition of acreage limitations to be eligible for an FSA direct FO loan. Mr. Lang seconded the motion. The motion was defeated.

There was a discussion on what the real issue was here. (The law requires FSA to target 70 percent of its direct farm ownership funds to beginning farmers and ranchers. The part of the definition concerning the 30 percent acreage issue was included in the law to make sure that targeted funds went to beginning farmers and ranchers who owned little or no land). Mr. McKnight recommended to just changing “median” to “average”.

Chairperson Prentiss made the motion to recommend the Secretary send proposed legislation to Congress to amend the statutory definition of beginning farmer and rancher concerning the owned acreage limitation to be eligible for an FSA direct FO loan. We recommend that the owned aggregate acreage limitation be changed from 30 percent of the median acreage to 30 percent of the “average” acreage. Mr. Hays seconded the motion. Mr. Barta recommended a friendly amendment by stating “mean average”. The motion carried by majority.

Ms. Hill-Moore addressed FSA term limits, which was a recommendation from last year. Chairperson Prentiss read Recommendation 12 from last year: **“We urge the Secretary review the impact that FSA direct and guaranteed term limits will have on the farming community, including beginning farmers and ranchers, and take appropriate administrative actions or propose legislative action to ensure adequate financing will be available for those producers”.**

Mr. Barta mentioned that this issue was outlined yesterday by Ms. Cooksie. **Mr. Barta made the motion to recommend the Secretary request Congress repeal term limits and continue with existing graduation policies. Ms. Hill-Moore seconded the motion.**

A general discussion ensued on FSA term limits. Mr. Falcone explained that the law limits the number of years farmers and ranchers can receive loan assistance. There was quite a bit of disagreement on this issue. Some issues raised: it isn't FSA's or the government's role to keep providing loan assistance to poor operators; shouldn't be pushing them out the door; FSA graduation policy is in place (natural disasters, family illness, etc, can be taken into consideration here), therefore don't need term limits; less assistance will go to beginning farmers and ranchers if term limits are abolished. **A vote was taken. The motion was defeated.**

Chairperson Prentiss asked if there were any more issues for FSA.

Ms. Koester made the motion to recommend that FSA loan programs have more flexibility to allow beginning farmers and ranchers to buy into established operations, including purchasing a percentage of an operating entity such as a Limited Liability Corporation (LLC), Partnership, Limited Liability Partnership (LLP), etc. Ms. Bowlan seconded the motion.

A general discussion ensued as to whether this would apply to farm ownership, operating loans, or both. Mr. Ellenberger recommended both. Ms. Hipp suggested we explore innovative options while being sensitive to tax implications. Mr. Ellenberger mentioned the need for the change as the way things are now, beginning farmers are being forced to go off on their own. More people would like to farm with their family and our regulations don't support it. Ms. Bowlan mentioned we need to assist family transitions, and Mr. Ellenberger agreed it needs to take place as early as possible. **A vote was taken. The motion carried by majority.**

Mr. Barta made the motion to recommend the Secretary oppose the proposed increase in FSA guaranteed loan fees. Mr. Lang seconded the motion. The motion carried by majority.

Mr. Hays made the motion to recommend the Secretary seek authority for flexibility to operate an Intermediary Re-lending Program. There was a brief discussion and Mr. Harlow seconded the motion. The motion carried by majority.

Ms. Prentiss asked the Committee to turn to CSREES issues. Ms. Bruckner mentioned that the Committee hadn't discussed the Beginning Farmer and Rancher Land Contract Pilot Program. Ms. Bowlan mentioned it is related to programs where farms are transferred to the next generation.

Ms. Bowlan made the motion to include Recommendation Number 7 (fund the Beginning Farmer and Rancher Development Program) from last year's letter to the Secretary and explore mentoring programs to beginning farmers and ranchers. Mr. Cates seconded the motion.

Discussion: Mr. Cates commented that there is a need for mentoring and follow-up for those in need of capital for farming. He referred to the Small Business Administration's program called SCORE that offers mentoring. The program consists of retired executives that provide mentoring to young entrepreneurs. He said we need these kinds of programs regionally throughout the country. Ms. Bruckner commented that the program Ms. Bowlan referred to is in place, but not funded. There was some discussion on this issue as to how it was worded in the presentation made yesterday by Ferd Hoefner. Chairperson Prentiss asked that the motion be restated to be similar to Mr. Hoefner's document.

The motion was subsequently modified and seconded by the same individuals to urge the Secretary to support the following in the 2007 Farm Bill:

(1) reauthorization of the Beginning Farmer and Rancher Development Program, a competitive grant program authorized by the Research and Related Matters title of the 2002 Farm Bill, (2) an amendment to specifically include new refugee and immigrant farming concerns, and (3) at least a mandatory \$20 million a year in farm bill funding. The motion carried by majority.

Mr. Harlow commented that FSA's borrower training program is not articulated to the demands of FSA and asked if training language could be included. Mr. Falcone mentioned that these are two different issues, and the Beginning Farmer and Rancher Development Program is not under FSA. There was some general discussion on various training needs.

Ms. Hipp made the motion to urge the Secretary to support substantial funding for in-depth credit and business training as a part of the Beginning Farmer and Rancher Development Program, which was seconded by Mr. Garza.

Discussion: Mr. Ellenberger commented that we shouldn't create something that's already out there. He uses SBA's SCORE program to help Wisconsin producers. He mentioned these programs are set up all over the Country and it's free. Ms. Hill-Moore mentioned that the 2501 program also provides these services. Ms. Hipp's concern is that the 2501 program is not fully funded. She withdrew her motion.

Ms. Hill-Moore made the motion to urge the Secretary to support reauthorization and full funding for the Outreach and Technical Assistance for Socially Disadvantaged Farmers and Ranchers (Section 2501) Program. The 2002 Farm Bill authorized funding of \$25 million each fiscal year. The Committee recommends the Secretary support mandatory funds of \$25 million each fiscal year. Mr. Mobley seconded the motion. The motion carried by majority.

More discussion on FSA borrower training ensued. Mr. Barta said FSA used to require borrower training for guaranteed borrowers. He mentioned it was debated for years, and finally removed from the law as a requirement. He said the lending community supported the change. Mr. Falcone mentioned that FSA's direct loan regulations will address waivers of borrower training in the rule being finalized now. Ms. Hipp commented that FSA borrower training is needed for direct and guaranteed borrowers. Mr. Barta indicated it is irrelevant in certain situations.

Chairperson Prentiss referred to the remaining issues list on charts across the room. A discussion ensued on last year's recommendations on two proposed bills on Tax Policy.

Mr. Lang made the motion to encourage the Secretary to support initiatives to amend the Internal Revenue Code of 1986 to provide an exemption from capital gains for the sale of farmland to a first-time farmer as proposed in H.R. 2034, "The Beginning Farmers and Ranchers Act of 2005". Mr. Harlow seconded the motion. The motion carried by majority.

Ms. Beethe made the motion to urge the Secretary to support amendments to the Internal Revenue Code of 1986 to improve Agricultural Bonds as proposed in H.R. 651, “The Agricultural Bond Improvement Act of 2005.” The changes to improve the availability of credit to beginning farmers and ranchers are as follows:

- **Exempt FSA guarantees from the federal guarantee prohibition on tax-exempt bonds.**
- **Increase loan limits on agricultural bonds from \$250,000 to \$450,000 and index for future increases.**
- **Repeal the dollar amount in the definition of substantial farmland.**
- **Exempt agricultural bonds from the volume cap on industrial revenue bonds.**

Mr. Hays seconded the motion. The motion carried by majority.

Chairperson Prentiss raised another issue listed on one of the charts: a rent program. Ms. Bowlan said beginning farmers and ranchers would be better to rent land first rather than purchase land. She mentioned incentives are needed for farmers to lease land to beginning farmers and ranchers and tax credits are needed as an incentive. A general discussion ensued on short-term versus long-term rentals, and escape clauses in long-term leases. Chairperson Prentiss recommended tabling this issue and moving on to the next issue.

Mr. Ellenberger addressed an issue raised in Mr. Blanchfield’s presentation yesterday—having a percent of net income of government sponsored entities (Farm Credit) go into beginning farmer and rancher programs. Mr. Hays moved to table it because it is outside the purview of the Secretary of Agriculture.

Chairperson Prentiss suggested a review of last year’s recommendation on a cross cutting title incentive in the Farm Bill.

Ms. Bruckner made the motion to recommend the Secretary champion beginning farmer and rancher initiatives and perspectives in the run up to the next farm bill. The Committee recommends that USDA, as part of its 2007 Farm Bill proposed policy options, urge Congress to include a new title of the bill to deal with farm entry, farm transition, and farming opportunities, or, if not a separate title, then to at least include a cross-cutting, cross-title initiative to address these beginning farmer and rancher issues, with specific proposals geared to the sections of the farm bill dealing with commodity programs, crop insurance, credit, conservation, research and other relevant titles. Mr. Ellenberger seconded the motion. The motion carried by majority.

Mr. Hays made the motion to encourage the Secretary to ensure that the National Agricultural Statistics Service (NASS) collects Ag Census data on beginning farmers and ranchers before 2012. Mr. Ellenberger seconded the motion. The motion carried by majority.

Discussion: Ms. Moriera asked what data is needed. Mr. Hays responded that only one additional question is needed; the number of years on the present farm, rather than the number of years farming.

Chairperson Prentiss raised the issue concerning health insurance for farmers. Ms. Bowlan mentioned that the biggest thing farmers talk about is health insurance, and she would like to see a motion on this issue.

Ms. Hipp made the motion to recognize the need for medical and health care insurance coverage for beginning farmers and ranchers nationwide and urge the Secretary to require the Economic Research Service (ERS) to research how these needs can be met. Ms. Koester seconded the motion. The motion carried by majority.

Ms. Beethe made the motion that the 2007 Farm Bill should establish a Beginning Farmer and Rancher Individual Development Accounts (IDA) Pilot Program that uses special matched savings account to assist those of modest means to establish a pattern of savings and to promote a new generation of farmers and ranchers. Ms. Twohig seconded the motion. The motion carried by majority.

There was a brief discussion ensued on IDAs relating to Mr. Schwartz's presentation yesterday.

Chairperson Prentiss noted that 20 motions had been made, and asked if the Committee wanted to stop here. A general discussion ensued again concerning tax credits for land owners leasing to beginning farmers and ranchers. This was tabled earlier today. Further, comments were made for the Secretary to institute an ERS study on access to land through tax credit incentives for beginning farmers and rancher renters and land owners. Charles Dodson suggested the Committee encourage the inclusion of this issue in USDA's annual Agricultural Outlook Forum. A discussion then ensued on mediation.

1. Ms. Beethe (**comment**): FSA could refer all applicants to Farm Mediation programs in their states, in an effort to avoid problems for beginning farmers and ranchers. In reference to the Hmong speaker yesterday, if mediation services had been offered to all guaranteed applicants the problems in the Ozarks could have been avoided.
2. Mr. Ellenberger (**comment**): I don't know if it's practical and would work for FSA.
3. Ms. Hipp (**comment**): I'm an Agricultural lawyer and every presentation I make talks about estate planning and mediation resources. FSA doesn't tell them about resources available. There are 35 certified mediation programs and FSA and banks are not embracing it. This is a problem and we need communication. I am passionate about these programs.

4. Ms. Beethe (**comment**): We have a different system. We ask people up front to go to counseling. They just need to know about the services.
5. Mr. Lang (**comment**): Mediation services in our state is not the way to go.
6. Ms. Hipp (**comment**): We need to recognize the usefulness of mediation programs and use them as a tool.
7. Mr. Cates (**comment**): I want to champion that. It will propel agricultural development in our state.
8. Mr. Ellenberger (**comment**): In education, it is different than it is for loans.

Chairperson Prentiss left for the airport, as did some other members, and Vice-Chair McKnight presided over the proceedings.

Ms. Bruckner made the motion to request the Secretary or Chief Economist and a few members of the Advisory Committee to discuss cross-cutting issues of the 2007 Farm Bill. Ms. Twohig seconded the motion. The motion never reached a vote.

Mr. Falcone addressed his concerns with requesting to meet with the Secretary again, since some members just met with him a few months ago, but he said it's up to the Committee to recommend what they want.

Ms. Bruckner made the motion for the FSA Land Contract Pilot Program to be made permanent and applied nationwide. Ms. Peabody seconded the motion.

Discussion:

1. Mr. Ellenberger (**comment**): Wisconsin is a pilot State. We were very excited about the program, but there has been no interest. Only two have been approved nationwide. It's a good idea but not working. Why authorize it nationwide?
2. Mr. Snyder (**comment**): Prior to my role with FSA in the national office, I was a specialist in Pennsylvania. We were also a pilot state, and in spite of much outreach, there was just no interest.
3. Mr. Hays (**comment**): It is a good extra tool to have.
4. Ms. Bruckner (**comment**): It worked for two people. It should be made available.

A vote was taken. The motion failed with a vote of 8 "yes" and 5 "no". NOTE: There was a general discussion on parliamentary procedure and what constituted a passing vote, since all members were not in attendance. Vice-Chair McKnight ruled the vote failed based on "Roberts Rules of Order".

Ms. Hipp asked if she could prepare one sentence for the Secretary's letter that commends the Secretary on continued attention to energy management and alternatives (which she would email to Mr. Falcone). There was no opposition. She also referred to yesterday's comments during lenders' presentations, and wanted it clarified on loans to women. Mr. Dodson responded that FSA direct and guaranteed loans are tracked by race, sex, and national origin (however, regulated lenders, as mentioned in the FCA presentation yesterday, do not have the authority to collect such information on loans that aren't guaranteed).

Ms. Hill-Moore made reference to several public (written) comments received from individuals that Mr. Falcone had read earlier. They requested that FSA distribute bilingual literature and forms for the Spanish speaking population. Ms. Hill-Moore informed the Committee that FSA's National Office recently issued a notice to all field offices (June 20, 2006) requesting input on State needs for translation of materials (the notice stated that "FSA plans to translate vital public documents and information into non-English languages for those groups with limited English proficiency to be served or affected in the delivery of FSA programs". FSA has also translated 114 forms to Spanish).

Ms. Bowlan asked about developing the letter for the Secretary. Vice-Chair McKnight and Mr. Falcone explained that the recommendations would be provided to members via e-mail for review before Chairperson Prentiss submits the recommendations to the Secretary.

Ms. Peabody made the motion to adjourn. Mr. Garza seconded the motion. The motion passed with none opposed.

Vice-Chairperson McKnight thanked everyone for their participation. The meeting adjourned at 3:27 p.m.