

SUMMARY XIII  
SOCIALLY  
DISADVANTAGED  
PRODUCERS

# **SUMMARY OF SUPPORT OF SOCIALLY DISADVANTAGED PRODUCERS**

## ***Recommendations In Brief***

Increase assistance to socially disadvantaged farmers and ranchers through an array of changes that will help them meet the challenges of today's production agriculture.

## ***Problem***

Socially disadvantaged (SDA) farmers and ranchers face many challenges. Increased production costs, lack of economies of scale, and government payments predominantly delivered to the largest farms serve as significant barriers to success for these farmers.

More than the typical U.S. farm, SDA-operated farms tend to raise livestock and specialty crops such as fruits and vegetables rather than field crops. Since commodity program payments have traditionally focused on the six major program crops, minority and other socially disadvantaged farmers have often been underserved by the farm bill safety net. In many cases, farm income contributes less to the SDA household's overall income, so rural development programs and off-farm employment are often more relevant to these producers.

The 1992 farm bill took the important step of establishing the Office of the Assistant Secretary for Civil Rights. This new office has worked with all USDA mission areas to help make tremendous strides in reaching out to help SDA farmers. But more can be done. Extensive outreach and targeted assistance are appropriate to ensure these producers are aware of and participate in these programs. As Catherine from Mississippi said, "Previous farm policies have forced many minority producers to sell their land only to [be] taken in by large corporations." And Lorette noted at the North Carolina Farm Bill Forum, "the current programs cannot be accessed by small and particularly minority farmers. We need a lot more resources to work one-on-one with farmers to eradicate all the problems in the system, to get farmers into the programs that do exist."

## ***Recommended Solution***

The Administration is recommending a broad package of proposed changes to several titles of the farm bill to provide additional support to socially disadvantaged farmers and ranchers. Following is a list of the major components of the package.

### ***Conservation Title***

Reserve 10 percent of farm bill conservation financial assistance for beginning farmers and socially disadvantaged producers under a new Conservation Access Initiative. (For further information, see the proposal entitled "Conservation Access for Beginning and Socially Disadvantaged Producers" on pages 57 – 58.)

### ***Credit Title***

Make socially disadvantaged farmers eligible for the Beginning Farmer and Rancher Downpayment Loan Program. Enhance this loan program in several important ways – cut

the interest rate in half to two percent; defer the initial payment for one year; double the potential beginning farmers buying power by increasing the maximum loan value; and decrease the minimum farmer contribution from 10 percent of the property purchase price to five percent. (For further information, see the proposal entitled “Beginning Farmer and Rancher Downpayment Loan Program” on pages 110 – 111.)

Double the statutory target of USDA direct operating loans for beginning and disadvantaged farmers and increase the target for direct farm ownership loans for beginning and disadvantaged farmers to 100 percent. Overhaul the federal repooling procedures to ensure that these targets are reserved only for beginning and disadvantaged farmers to the maximum extent possible. (For further information, see the proposal entitled “Loans Targeted to Beginning and Disadvantaged Farmers” on pages 108 – 109.)

Increase the existing statutory limits of \$200,000 for direct ownership loans and \$200,000 for direct operating loans to a maximum of \$500,000 indebtedness for any combination of the two loan types. (For further information, see the proposal entitled “FSA Direct Loan Limits” on pages 112 – 113.)