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Small Farm Funding Resources



Introduction

Starting your own farm business offers rewards that range from being your own boss, to working at something you enjoy, to earning income for yourself. A successful farm operation requires careful planning and decision-making, and most importantly, a sound business plan to guide you through the initial start-up years.

This guide contains information about issues to consider before starting a farming operation with links to full-text guides on how to start a farm business, and develop business and marketing plans. It also contains information about funding sources for beginning farmers, training, technical assistance contacts, organizations with resources and programs for beginning and experienced farmers, and more.

You may also consult a related Rural Information Center resource, *Starting a Small Business*, http://www.nal.usda.gov/ric/ricpubs/small_business.htm

Developing a Farm Business Plan

1. **Agribusiness Planning: Providing Direction for Agricultural Firms.**

Jeffrey Hyde, Sarah Roch. UA371. University Park: Penn State University Cooperative Extension, 2002. 12 p.

<http://pubs.cas.psu.edu/freepubs/pdfs/ua371.pdf>

2. **Business Plan Preparation: Tools for Writing Business Plans.** Stephen Lawrence, Frank Moyes. Boulder, CO: University of Colorado Leeds School of Business. <http://leeds-faculty.colorado.edu/moyes/bplan/>

3. **Farm Business Plan Worksheet: Balance Sheet.** FAS2037. Washington, DC: U.S. Department of Agriculture, Farm Service Agency, 2005. 4 p.
http://forms.sc.egov.usda.gov/efcommon/eFileServices/Forms/FSA2037_050118V01.pdf
4. **Farm Business Plan Worksheet: Projected/Actual Income and Expense.** FSA2038. Washington, DC: U.S. Department of Agriculture, Farm Service Agency, 2005. 2 p.
http://forms.sc.egov.usda.gov/efcommon/eFileServices/Forms/FSA2038_050118V02.pdf
5. **Small Business Planner.** Washington, DC: U.S. Small Business Administration. <http://www.sba.gov/smallbusinessplanner/plan/index.html>

Financial and Planning Resources

1. **Agricultural Income and Finance.** (Annual reports) Washington, DC: U.S. Department of Agriculture, Economic Research Service.
<http://usda.mannlib.cornell.edu/MannUsda/viewDocumentInfo.do?documentID=1254>
2. **Characteristics and Risk Management Needs of Limited-Resource and Socially Disadvantaged Farmers.** Robert Dismukes, Joy L. Harwood, Susan E. Bentley. Agriculture Information Bulletin A1B733. Washington, DC: U.S. Department of Agriculture, Economic Research Service, 1997. 104 p.
<http://www.ers.usda.gov/publications/aib733>
3. **Determinants of Financial Performance of Commercial Dairy Farms.** Hisham S. El-Osta, James D. Johnson. Technical Bulletin 1859. Washington, DC: U.S. Department of Agriculture, Economic Research Service, 1998. 42 p.
<http://www.ers.usda.gov/publications/tb1859>
4. **Exploring the Small Farm Dream: Is Starting an Agricultural Business Right for You?** Belchertown, MA: Growing New Farmers Consortium.
http://www.smallfarm.org/main/for_new_farmers/exploring_the_small_farm_dream
5. **Farmers Market Consortium: Resource Guide.** Washington, DC: U.S. Department of Agriculture, Agricultural Marketing Service. Updated 2007.
<http://www.ams.usda.gov/AMSV1.0/getfile?dDocName=STELDEV3100937&acct=frmrdirmt>
6. **Financing Small-Scale and Part-Time Farms.** Gregory D. Hanson, Jayson K. Harper, George L. Greaser. University Park: Penn State University Cooperative Extension, 2004. 6 p.
http://agalternatives.aers.psu.edu/publications/financing_small-part_farms.pdf
7. **Financing the Farm Operation.** Phillip L Kunkel, Jeffrey A. Peterson, Jessica A. Mitchell. FS-02589. St. Paul, University of Minnesota Extension Service, 2009.
<http://www.extension.umn.edu/distribution/businessmanagement/DF2589.html>



The Rural Information Center (RIC) provides information services for rural communities, farmers & ranchers, businesses, and rural citizens working to maintain the vitality of America's rural areas.

**Call us Toll-Free at
800-633-7701
To locate programs that
can assist you.**
<http://ric.nal.usda.gov>

8. **How to Finance a Small Farm.** Karen Klonsky. Family Farm Series. Davis: University of California Small Farm Center, n.d. 6 p.
http://www.sfc.ucdavis.edu/Pubs/Family_Farm_Series/Farmmanage/finance.html

9. **Starting or Diversifying an Agricultural Business.** Lynn F. Kime, Sarah A. Roth, Jayson K. Harper. UA401. University Park: Penn State University Cooperative Extension, 2004. 6 p.
<http://agalternatives.aers.psu.edu/publications/StartingAgBusiness%20PM7.pdf>

10. **Structural and Financial Characteristics of U.S. Farms: 2004 Family Farm Report.** David E. Banker, James M. MacDonald, editors. Agriculture Information Bulletin AIB797. Washington, DC: U.S. Department of Agriculture, Economic Research Service, 2005. 87 p.
<http://www.ers.usda.gov/publications/AIB797/DBGen.htm>

11. **Successful Small Farming.** Greensboro: North Carolina A and T State University. <http://www.ag.ncat.edu/successfulsmallfarming/Default.htm>

12. **Tip Sheet for Young and Beginning Farmers: How to Build Successful Financial Relationships.** Washington, DC: ABA Center for Agricultural and Rural Banking, n.d. 1 p.
<http://www.aba.com/NR/rdonlyres/E1577452-246C-11D5-AB7C-00508B95258D/31065/TipsheetforyoungandBeginningFarmers9996.pdf>

13. **Resources By Topic (to Help New Farmers).** Belchertown, MA: New England Small Farm Institute. Web site.
http://www.smallfarm.org/main/for_new_farmers/resources_by_topic/

Contacts for Technical Assistance: Both SBA and USDA provide small business planning technical assistance and USDA also provides technical farming specifics through the extensive network of USDA, Cooperative Extension Service (CES) specialists:

- Cooperative Extension Service State Specialists,
http://www.csrees.usda.gov/qlinks/partners/state_partners.html
- Cooperative Extension Service County Agents,
<http://www.csrees.usda.gov/Extension/index.html>
- Small Business Development Centers,
http://www.sba.gov/aboutsba/sbaprograms/sbdc/sbdclocator/SBDC_LOCATOR.html

Funding and Program Assistance

State Programs

Start your financial assistance search with your state Department of Agriculture to see if your state has a Beginning Farmer Loan Program. The Federal government provides tax-exempt status for Beginning Farmer Loan Programs or "Aggie Bonds" that allow states to assist beginning, first-time farmers purchase land, equipment, buildings and livestock with reduced interest rate loans. The state creates the bond that in turn, allows lenders to earn federally-tax exempt interest income on loans to eligible beginning farmers and ranchers. The tax-

savings allows the lenders to provide the loans at a reduced interest rate for first time farmers. Aggie Bond programs are federal-state, public-private partnership programs that provide a cost effective way for states to assist beginning farmers.

- **Locate Departments of Agriculture, by State.**
USDA Risk Management Agency.
<http://www.rma.usda.gov/other/stateag.html>
- **Types of State Agricultural Finance Programs.**
National Council of State Agricultural Finance Programs.
<http://www.stateagfinance.org/types.html>
 - **Directory of State Programs**
<http://www.stateagfinance.org/directory.html>

Agricultural Lenders

Information on Small Farms and Farm Financial Management can be located on the USDA's Economic Research Service web site.

- **Briefing Room: Small Farms.** Washington, DC: USDA, Economic Research Service.
<http://www.ers.usda.gov/Browse/RuralEconomy/SmallFarms.htm>
- **Farm Financial Management & Performance.**
<http://www.ers.usda.gov/Browse/FarmEconomy/FarmFinancialManagementPerformance.htm>

Farm Banks: The nation's more than 2,500 farm banks (defined by the Federal Reserve Board as banks that have above average proportions of farm real estate and production loans in their loan portfolios -- around 14 percent and higher) offer a variety of loans to small and large farms and agribusiness firms; they also handle many of the loans made under USDA's guaranteed farm loan programs. Farm banks may provide short-term operating loans, less than a year in duration, for annual expenses such as seed and fertilizer; intermediate-term loans, usually two to five years, for capital expenses such as livestock and equipment; and, long-term loans, lasting ten years or more, for real estate or major structures and construction.

- **Small-Farm Lending in the United States: A Directory of Small Farm Lending Reported by Commercial Banks in June 1999.** Washington, DC: U.S. Small Business Administration, 2000. 150 p.
<http://www.sba.gov/advo/stats/lending/1999/farm99.pdf>

Farm Credit System (FCS): The FCS is a network of slightly more than 100 federally chartered borrower-owned lending institutions and related service organizations that specialize in providing credit and related services to farmers (also young and beginning), ranchers, and producers or harvesters of aquatic products. The FCS's provides credit and lease financing for full-time and two-career farmers. In addition to offering the same category of loans as farm banks, FCS institutions also offer revolving credit lines that are popular financing tools tailored to specific borrowing situations with repayment tied to cash flows. Additional information about the FCS is available from the Farm Credit Administration at <http://www.fca.gov/FCS-Institutions.htm>

- **Farm Credit: Nurturing Tomorrow's Farmers.** (Farm credit serving young and beginning farmers) Washington, DC: Farm Credit Council video. <http://www.fccouncil.com/Default.aspx?pageid=74>
- **Locate Farm Credit System Lenders:**
 - Farm Credit System Lenders, by County, Farm Credit Council. <http://www.fcredit.com/Default.aspx?pageid=5>
 - Locating Your Nearest FCS Branch Office, Farm Credit Administration. http://www.fca.gov/home/locate_nearest.html
 - Farm Credit Council. <http://www.fccouncil.com/>

USDA's Farm Service Agency (FSA): The FSA provides a variety of farm loan programs, including traditional operating loans, beginning farmer and youth programs. FSA also includes a mediation program for agricultural disputes. FSA offers direct and guaranteed farm ownership and operating loans to family-size farmers and ranchers who cannot obtain commercial credit from a bank, Farm Credit System institution, or other lender. Borrowers include beginning farmers who do not qualify for conventional loans because they have insufficient financial resources, as well as established farmers who have suffered financial setbacks from natural disasters, or whose resources are too limited to maintain profitable farming operations. FSA loans can be used to purchase land, livestock, equipment, feed, seed, and supplies; they can also be used for building construction and improvements.

FSA guaranteed loans provide conventional agricultural lenders with up to a 95 percent guarantee of the principal loan amount. The lender is responsible for servicing a borrower's account, including the collection of payments, for the life of the loan. All loans must meet certain qualifying criteria to be eligible for guarantees.. Farmers interested in these loans must apply to a conventional lender, which then arranges for the FSA guarantee.

- **Farm Service Agency, Farm Programs:**
 - Farm Loan Program Information <http://www.fsa.usda.gov/FSA/webapp?area=home&subject=fmlp&topic=landing>
 - Loans for Beginning Farmers and Ranchers, <http://www.fsa.usda.gov/FSA/webapp?area=home&subject=fmlp&topic=bfl>
 - Loans for Socially Disadvantaged Persons, <http://www.fsa.usda.gov/FSA/webapp?area=home&subject=fmlp&topic=sfl>
- **Locate Farm Service Agency Offices:**
 - Locate Farm Service Agency Offices, by State: <http://offices.sc.egov.usda.gov/locator/app?state=us&agency=fsa>
 - Locate Farm/Ranch Properties for Sale: <http://www.resales.usda.gov/FSA/FSAPropMain.cfm>



The Alternative Farming Systems Information Center (AFSIC) specializes in identifying resources about sustainable food systems and practices in support of USDA's effort to ensure a sustainable future for agriculture and farmers worldwide.

<http://afsic.nal.usda.gov/>

- **Additional USDA Farm Programs and Resources**
 - ATTRA - National Sustainable Agriculture Information Service
 - **Building Better Rural Places: Federal Programs for Sustainable Agriculture, Forestry, Entrepreneurship, Conservation and Community Development.** Margaret Krome, Susan LeVan, David Zodrow. Washington, DC: U.S. Department of Agriculture, 2004. 146 p. <http://attra.ncat.org/guide/>
 - Programs to Assist Farmers, Ranchers and Agricultural Concerns, <http://attra.ncat.org/guide/agriculture/index.html>
 - USDA, Agriculture Marketing Service
 - **Farmers Market Promotion Program,** <http://www.ams.usda.gov/AMSv1.0/ams.fetchTemplateData.do?template=TemplateN&navID=WholesaleandFarmersMarkets&leftNav=WholesaleandFarmersMarkets&page=FMPP&description=Farmers%20Market%20Promotion%20Program&acct=fmpp>
 - USDA, CSREES
 - **Grant Programs List That Assist Small Farmers,** http://www.csrees.usda.gov/nea/ag_systems/in_focus/smallfarms_if_grant.html
 - **National Research Initiative - Agricultural Prosperity for Small and Medium-Sized Farms,** <http://www.csrees.usda.gov/fo/smallfarmsagriculturalprosperitynri.cfm>
 - **Small Farms,** <http://www.csrees.usda.gov/familysmallfarms.cfm>
 - **Sustainable Agriculture Research and Education Programs (SARE),** <http://www.sare.org/grants/>
 - USDA, Natural Resources Conservation Service
 - **Farm Conservation Programs** <http://www.nrcs.usda.gov/programs/>
 - USDA, Risk Management Agency <http://www.rma.usda.gov>
 - USDA, Rural Business and Cooperative Service
 - **Value-Added Agricultural Product Marketing Development Grants,** <http://www.rurdev.usda.gov/rbs/coops/vadg.htm>
 - **Rural Cooperative Development Grants,** <http://www.rurdev.usda.gov/rbs/coops/rcdg/rcdg.htm>
 - **Renewable Energy and Energy Efficiency Program,** <http://www.rurdev.usda.gov/rbs/energy.htm>
- U.S. Environmental Protection Agency & USDA Supported Program
 - National Agriculture Compliance Center
1-888-663-2155
<http://www.epa.gov/agriculture/agctr.html>
- Additional U.S. EPA Agriculture Programs
 - Animals: <http://www.epa.gov/agriculture/animals.html>
 - Crops: <http://www.epa.gov/agriculture/crops.html>
 - Forestry: <http://www.epa.gov/agriculture/forestry.html>
 - Nurseries & Greenhouses: <http://www.epa.gov/agriculture/nurgreen.html>

Agriculture Disaster Assistance

- **Disaster Assistance.** USDA, Farm Service Agency.
<http://www.fsa.usda.gov/FSA/webapp?area=home&subject=diap&topic=landing>
- **Disaster Assistance for Agricultural Producers.** ATTRA - National Sustainable Agriculture Information. Service
<http://attra.ncat.org/disaster.html>
- **Farm Aid.**
1-800-FARM AID
<http://www.farmaid.org/>
- **Farm Animals: Disaster Planning.** USDA, NAL, Animal Welfare Information Center.
http://awic.nal.usda.gov/nal_display/index.php?info_center=3&tax_level=2&tax_subject=170&topic_id=1490&&placement_default=0
- **Information for Livestock Owners.** U.S. DHS, Federal Emergency Management Agency.
<http://www.fema.gov/plan/prepare/livestock.shtm>
- **Getting Through Tough Financial Times.** University of Illinois Extension Service.
<http://web.extension.uiuc.edu/toughtimes/>

Organizations and Web Sites

ABA Center for Agricultural and Rural Banking

1-800-BANKERS

Washington, DC: American Bankers Association.

http://www.aba.com/Industry+Issues/issues_ag_menu.htm

Acreage Insights

Lincoln: University of Nebraska.

<http://acreage.unl.edu>

ATTRA, National Sustainable Agriculture Information Service

1-800-346-9140

Fayetteville, AR.

<http://www.attra.org>

Begin Farming Ohio

Columbus, OH: Public-Private Collaborative

<http://www.beginfarmingohio.org/>

Beginning Farmers

East Lansing: Michigan State University.

<http://beginningfarmers.org/>

Center for Farm Financial Management

1-800-234-1111

St. Paul: University of Minnesota.

<http://www.cffm.umn.edu>



The Farm Service Agency's (FSA) electronic Hay Net Ad Service (eHayNet) is an Internet-based service allowing farmers and ranchers to share 'Need Hay' ads and 'Have Hay' ads online.

<http://www.fsa.usda.gov/FSA/webapp?area=online&subject=landing&topic=hay>

Farm Credit System Foundation

Washington, DC.

<http://www.fcsfoundation.org>

Growing Small Farms

Pittsboro: North Carolina Cooperative Extension.

<http://www.ces.ncsu.edu/chatham/ag/SustAg/index.html>

National Ag Risk Education Library

St. Paul: University of Minnesota.

<http://www.agrisk.umn.edu/>

National Association of State Departments of Agriculture

Washington, DC.

<http://www.nasda.org/>

New England Small Farm Institute

Belchertown, MA.

<http://www.smallfarm.org>

Links for New Farmers

Manoa: University of Hawaii.

<http://www.ctahr.hawaii.edu/sustainag/NewFarmer/Links.asp>

Oregon Small Farms

Corvallis: Oregon State University Extension Service.

<http://smallfarms.oregonstate.edu>

Small Farm Center

Davis: University of California

<http://www.sfc.ucdavis.edu>

Small Farm Connection

Puyallup: Washington State University.

<http://smallfarms.wsu.edu>

Women's Agricultural Network

Burlington: University of Vermont.

<http://www.uvm.edu/~wagn>

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