

Beginning Farmer and Rancher Opportunity Act of 2011

This bill has been drafted by legislative counsel with the expectation of introduction in September in both the House and Senate. Co-sponsors are welcome! A brief summary follows. The bill will include revisions to existing farm bill measures, as well as new farm bill provisions which are indicated by *.

Conservation Provisions

Conservation Reserve Program Transition Incentive Program (CRP-TIP): Extend the authorization of CRP-TIP through 2017 and amend the program to strengthen provisions for conservation, create a comprehensive conservation plan option, and in certain circumstances allow CRP-TIP transition between family members who meet the eligibility criteria.

Farm and Ranchland Protection Program (FRPP): Amend the FRPP to provide selection criteria that allow the eligible entities that implement the program to give funding priority to farm transfers to beginning and farmers and ranchers (BFRs), easements with an option to purchase at the agricultural use value, applicants with a succession plan that creates opportunities for BFRs, and other mechanisms that maintain the affordability of farm and ranchland.

Environmental Quality Incentives Program (EQIP): Reaffirm the existing cost share differential for BFRs within EQIP. Also, reaffirm the advance payment option allowing beginning and socially disadvantaged producers to receive an advance payment for the project's costs for purchasing materials or contracting services, but increase the limit on the advance payment from 30 percent to 50 percent of costs. Include BFRs and socially disadvantaged farmers and ranchers in the Conservation Innovation Grant subprogram.

EQIP and Conservation Stewardship Program (CSP) Funding Set Aside: Raise the reservation for BFRs from 5 percent to 10 percent of the total EQIP funds and 10 percent of total CSP acres. Also, give USDA authority to increase the rate at which technical assistance is provided when assisting BFRs.

Whole Farm Conservation Planning: Reauthorize farm bill authority for special incentives for beginning, limited resource, and socially disadvantaged farmers and ranchers with a new provision authorizing that Natural Resource Conservation Service (NRCS) to provide these farmers and ranchers with technical and financial assistance (through EQIP, CSP, or Conservation Technical Assistance), to develop whole farm resource management system plans.

Credit Provisions

Direct Farm Ownership Experience Requirement: Reduce the farming experience requirement for direct farm ownership (DFO) loans from 3 years to 2 years, thereby extending eligibility as a beginning farmer from 7 years to 8 years, and provide FSA with the discretion to consider a wide range of types of farm experience.

Conservation Loans: Reauthorize direct and guaranteed conservation loans with the existing priority for beginning and socially disadvantaged farmers and ranchers but delete the existing provision that waives the FSA loan eligibility requirements to ensure that limited government financing is well targeted. Create a target participation rate for BFR similar to the targets for other loan programs.

Direct Loans – Loan Limits: Retain the existing \$300,000 loan limitations for direct farm ownership loans and direct farm operating loans but add new discretionary authority to USDA to adjust the direct farm ownership loan limit by up to \$200,000 to reflect geographic variation in land prices.

*** Young Beginning Farmer and Rancher Microloan Program:** Create a new simplified loan category to provide flexible capital through operating microloans (not to exceed a balance of \$35,000) for beginning farmers and ranchers from 19-35 years old who have received borrower training.

Beginning Farmer and Rancher Individual Development Accounts Pilot Program: Reauthorize this matched savings program per the 2008 Farm Bill but with \$5 million per year in mandatory funding. The program will be administered by the Farm Service Agency (FSA) through pilot programs in at least 15 states.

Graduation to Commercial Credit: Direct FSA to eliminate term limits on direct and guaranteed loans on a state-by-state basis once FSA certifies that (1) rules and employee performance evaluation criteria are in place to strengthen borrower training, loan assessment, market placement, and graduation procedures; and (2) training of all state and local loan officers on these four existing program elements has taken place and are fully operational in the state.

Authorization Levels: Increase the authorization for appropriations for program levels for direct operating loans to \$1.25 billion, for direct farm ownership loans to \$750 million, and for guaranteed farm ownership loans to \$1.5 billion to better reflect the actual appropriations levels for these programs that have exceeded authorized levels nearly every year during the current farm bill cycle.

Loan Reserve Fund and Priority for Participation Loans: Continue existing statutory loan fund set-asides for BFRs at current levels with current timing provisions, and extend current direct operating loan reserve rate beyond 2012. In order to serve the most borrowers and to encourage partnerships with private lenders, establish a policy to give a priority in the DFO loan portfolio to down payment loans and 50/50 joint financing participation loans.

Borrower Training Program: Coordinate the borrower training program administered through FSA with the Beginning Farmer and Rancher Development Program (BFRDP) administered by NIFA to ensure that BFRDP training programs that provide financial management training are able to meet FSA borrower training requirements.

Rural Development Provisions

Value-Added Producer Grants: Retain the priority for projects benefitting beginning farmers and ranchers as well as the set-aside of program funding for these projects, but clarify that Value Added Producer Grant Program (VAPG) projects in which more than a quarter of the beneficiaries are beginning farmers or ranchers shall qualify.

* **Rural Development Authority for New Entrepreneurial Farm Enterprises:** Include new general authority to allow USDA to use Rural Development (RD) grant and loan programs to foster new entrepreneurial opportunities for BFRs, with such grants and loans targeted exclusively to small and mid-size farm enterprises, consistent with the purposes of each individual underlying program and excluding annual agricultural production purposes.

Research, Education, and Extension Provisions

Beginning Farmer and Rancher Development Program: Reauthorize this highly successful program, increase mandatory funding from \$75 million to \$125 million over the next 5 years to help meet growing demand for the program, and include a new priority on agricultural rehabilitation and vocational training programs for military veterans.

* **Beginning Farmer and Rancher Research Priority:** Authorize a new program area within the Agriculture and Food Research Initiative (AFRI) competitive grants program administered by the National Institute of Food and Agriculture (NIFA), to support research, education, and extension related to BFRs, socially disadvantaged and immigrant farmers, farm transition, farm entry, new marketing and farm viability alternatives, and related issues.

Crop Insurance and Risk Management Provisions

BFR Revenue Insurance Eligibility: Sense of Congress language to encourage the Risk Management Agency (RMA) to make whatever regulatory or operational changes are necessary to remove barriers and ensure fair access to crop and revenue insurance by BFRs.

Risk Management Partnership Programs: Increase partnership program funding and add a strong emphasis on beginning and socially disadvantaged farmers and ranchers within the partnership programs.

Coordination Provisions

* **Beginning Farmer and Rancher Coordinators:** Add new authority, under the Office of Advocacy and Outreach, for beginning farmer-rancher coordinators at the state office for FSA, RMA, NRCS and RD to coordinate outreach and technical assistance to help BFRs gain access to USDA programs and to develop a State plan to ensure adequate services at all county and area offices.

* **Military Veterans Agricultural Liaison:** Create a new Veterans Agricultural Liaison Position at USDA charged with facilitating the process of educating returning veterans about and connecting them with BFR training and/or agriculture vocational and rehabilitation programs as well as ways to use veterans educational benefits for purposes relating to beginning a farming career.