

Beginning Farmer and Rancher Opportunity Act of 2011 (H.R.3236, S.1850)

This bill was recently introduced in the House by Rep. Tim Walz (D-MN-1) and Rep. Jeff Fortenberry (R-NE-1), and in the Senate by Sen. Tom Harkin (D-IA), along with nine original co-sponsors. A brief summary of the bill follows, which includes revisions to existing farm bill measures, as well as new farm bill provisions which are indicated by *. Items marked with a # include farm bill mandatory funding. Provisions are listed in the order of current farm bill titles.

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 allow CRP-TIP transition between family members who meet the eligibility criteria in cases in which the land is transferred to the next generation. Add a new option for beginning farmers and ranchers to enroll exiting CRP land into the grassland reserve program or FRPP.

Farm and Ranchland Protection Program (FRPP): Amend the FRPP to make farm viability part of the purpose of the program and to give discretionary authority to the eligible entities that implement the program to give priority to easements with an option to purchase at the agricultural use value, deals that transfer the land to beginning and farmers and ranchers, applicants with farm succession plans, and other similar mechanisms to maintain the affordability of protected land.

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 beginning and socially disadvantaged farmers and ranchers 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 these farmers.

Whole Farm Conservation Planning: Reauthorize farm bill authority for special incentives for beginning, limited resource, and socially disadvantaged farmers and ranchers and add a new provision authorizing the 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 farm management experience requirement for direct farm ownership loans from 3 years to 2 years, thereby extending eligibility as a beginning farmer from 7 years to 8 years.

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 family farm eligibility requirement to ensure that limited government financing is well targeted. Create a target participation rate for BFRs similar to the targets for other loan programs.

Down Payment Loan Limits: Increase the limit on the size of the land value that can be FSA-financed from \$500,000 to \$667,000 for the down payment loan program to help BFRs afford to purchase land in areas with high real estate values; this change will make the maximum FSA portion of the loan at \$300,000, consistent with the other FSA direct loan programs.

*** Young Beginning Farmer and Rancher Microloan Program:** Create a new simplified loan category within direct operating loans 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 also receive 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: Retain all existing graduation language and change term limit provisions to not more than 15 consecutive years for guaranteed loans and not more than 9 consecutive years for direct loans.

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.

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.

Definition of Qualified Beginning Farmer: Modify the definition of “qualified beginning farmers and ranchers” who are eligible to receive FSA loans so that the average, not median, farm size is used to determine eligibility.

Rural Development Provisions

Value-Added Producer Grants: Retain the priority for projects benefitting beginning and socially disadvantaged 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 or socially disadvantaged farmers or ranchers shall qualify. Renew mandatory farm bill funding for VAPG, at \$30 million per year.

*** Rural Development Authority for New Entrepreneurial Farm Enterprises:** Include new general authority to allow USDA to use Rural Development 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 flagship training 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 competitive grants program administered by the National Institute of Food and Agriculture, 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: Adopt Sense of Congress language to encourage the Risk Management Agency 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

*** Small and Beginning Farmer and Rancher Coordinators:** Add new authority, under the Office of Advocacy and Outreach, for a small and beginning farmer-rancher coordinator (from within existing staff) 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.

*** 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.

All Members are invited to co-sponsor the *Beginning Farmer and Rancher Opportunity Act of 2011*. For more information, please contact Leah Rosales in Rep. Walz’s office at (202) 225-2472 or leah.rosales@mail.house.gov, or Mark Halverson in Sen. Harkin’s office at (202) 224-3254 or mark_halverson@harkin.senate.gov.