Oral Remarks
by Juli Obudzinski
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Farm Bill Implementation Listening Session
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Good afternoon! My name is Juli Obudzinski, Interim Policy Director at the National Sustainable Agriculture Coalition. I'd like to thank USDA for the opportunity to provide input on the new farm bill, and will focus my remarks today on FSA credit programs.

I'd like to start with the question regarding what additional programmatic changes FSA should consider to increase participation by socially disadvantaged and beginning farmers in farm loan programs.

While the new farm bill includes changes to farm loan programs, the real impact of these changes is not yet known. For example, the farm bill increases the maximum loan amount for both Direct and Guaranteed Loans. And while this change will increase access to credit for some (primarily larger operations), it may very well adversely impact credit for others (including current borrowers and new farmers).

In that light, I'd like to make four specific recommendations:

First, USDA should closely monitor and report on lending trends (beginning this year) to ensure that small and mid-size family farms, new and beginning, socially disadvantaged, and veteran farmers are able to access credit at rates similar to those under previous loan caps.

The new farm bill establishes annual public reporting requirements on FSA lending trends to ensure close monitoring (and mitigation) of any negative impacts the higher loan limits may have on lending to current borrowers. While FSA currently provides some annual and state level data on loan programs, there is very little longer-term analysis of changes in lending trends. Given the potential serious impact that the increase in loan caps may have on the next generation of farmers, we strongly encourage USDA to prioritize more robust monitoring and public reporting of loan programs going forward.

Relatedly, we believe USDA should conduct more robust analysis and public reporting comparing lending trends with statutory target participation rates for beginning and socially disadvantaged farmers.

We urge USDA to move forward with the comprehensive review of FSA loan programs established in Section 5413 of the new farm bill – including an analysis of target annual participation rates and specific actions or recommendations to improve lending to these communities. While these lending goals are well established, we agree with Congress that there is a need for more transparency and accountability with regard to actually meeting these lending targets.

Thirdly, if lending trends this year indicate decreased lending to small and mid-sized farms, beginning, socially disadvantaged and veteran farmers, USDA should take immediate actions to increase lending to these communities in future years.

Given increased loan limits and the anticipated increase in demand for a limited pool of FSA loan funding, USDA must take a proactive role to ensure that FSA loan programs remain accessible for small and mid-sized farms, beginning and socially disadvantaged farmers – especially if FY19 lending trends indicate that a shortfall in loan funding may be in sight (similar to FY16.)

USDA should take immediate steps to fill the state Beginning Farmer Coordinator positions established in the new farm bill, and charge them with developing state-specific outreach plans to target the unique credit and other needs of beginning farmers.

In addition to creating effective strategies for targeted outreach and technical assistance, FSA should partner with organizations on the ground who work with these communities to develop meaningful and effective strategies to respond to their credit needs. We urge USDA to move forward quickly in rolling out the new Farming Opportunities Training and Outreach program and urge FSA to work closely with OPPE and NIFA in providing outreach and training to undeserved farmers.

Finally, USDA should establish stricter requirements to ensure guaranteed lenders are making progress in meeting statutory target participation rates for beginning and socially disadvantaged farmers.

To date, most statutory target participation rates for beginning and socially disadvantaged farmers are not being met across all loan programs – with guaranteed lenders performing the most poorly.

All guaranteed lenders should at a minimum, be required to develop an outreach plan that details specific plans and strategies to effectively reach underserved communities, along with documentation that outreach efforts were actually conducted. Given the ever-important role FSA loans play in the farm safety net, the time is ripe for USDA to approach these lending targets in a meaningful way that does not simply allow lenders to fail year after year without penalty.

In closing, I would like to thank you for the opportunity to comment and note that we will be submitting more detailed recommendations in our written statement.