

<b>Bill number</b>	<b>S. 1460</b>
<b>Title</b>	Beginning Farmer and Rancher Opportunity Act. To amend the Farm Security and Rural Development Act of 2002 to support beginning farmers and ranchers, and for other purposes.
<b>Sponsor / Co-sponsors</b>	Sponsored by Senator Tom Harkin (D-IA) Co-sponsors: Senators Chuck Grassley (R-IA), Max Baucus (D-MT), Sherrod Brown (D-OH), Barbara Boxer (D-CA), Hillary Rodham Clinton (NY), Ben Nelson (D-NE), Russell Feingold (D-WI), Amy Klobuchar (D-MN), Claire McCaskill (D-MO), Debbie Stabenow (D-MI)
<b>Latest Development</b>	5/23/2007 Referred to Senate committee. Status: Read twice and referred to the Committee on Agriculture, Nutrition, and Forestry.
<b>ACTION NEEDED</b>	<b>ENCOURAGE YOUR SENATORS TO CO-SPONSOR THIS IMPORTANT BILL.</b>

### **Background to S. 1460**

New farmers and ranchers are much more diverse than previous generations. In addition to next-generation farmers from multi-generation farm and ranch families, this new generation includes former farm workers, people from non-farming backgrounds such as mid-life career-changers, and college graduates who have chosen farming as their first career. They include more women than ever before as well as families with Hispanic, Somali, Hmong, and Eastern European backgrounds. Whether or not they are from a farming background, this diverse new generation of farmers and ranchers has very different challenges and needs than previous generations. Adequate access to training, technical assistance, land, credit and markets are critical to their success, however current farm policy is clearly deficient in these areas. The future health and vitality of agriculture, the food system, and rural communities will depend on public policies that encourage this new generation to work in agriculture and manage land sustainably.

### **Beginning Farmer and Rancher Opportunity Act Summary**

- **Beginning Farmer and Rancher Development Program:** This national competitive grants program to be administered by USDA's CSREES is reauthorized and is funded at \$25 million a year with mandatory farm bill resources. The BFRDP is targeted to collaborative local, state, and regionally based networks and partnerships to support financial and entrepreneurial training, mentoring and apprenticeship programs, "land link" programs, innovative farm transfer and transition practices, and education and outreach activities to assist beginning farmers and ranchers.

- **Beginning Farmer and Rancher Individual Development Accounts Pilot Program:** A new pilot program is established to promote special matched savings account to assist those of modest means to establish a pattern of savings and to promote a new generation of farmers and ranchers. The account proceeds may be used toward capital expenditures for a farm or ranch operation, including expenses associated with purchases of land, buildings, equipment, infrastructure, or livestock, or toward acquisition of training. The proposed asset-building program would be administered through the Farm Services Agency and include at least 15 state pilot programs. The pilot would be funded at \$5 million per year for five years and subject to an annual and a 5-year evaluation. The Department of Health and Human Services currently runs an IDA program, but it is primarily aimed at urban residents.
- **Beginning Farmer and Rancher Down Payment Loan Program:** Several improvements are made to the Down Payment Loan Program, most importantly fixing the interest rate provision to set it at 4 percent below the regular direct farm ownership interest rates or one percent, whichever is greater. In addition, the maximum allowable sales price is updated to \$500,000 to reflect new market realities and is also changed from a sales price restriction to a loan size restriction. The borrower's minimum down payment contribution is decreased from 10 to 5 percent of the purchase price, and the initial payment is deferred for one year. The bill directs FSA to utilize the down payment program or the 50/50 joint financing participation loans as the first choice option for real estate loans in all regions of the country.
- **Beginning Farmer Land Contract Pilot Project:** The existing Land Contract guaranteed loan pilot program is made permanent, strengthened, and applied nationwide to encourage private land sales that transfer farms from retiring farmers to new farmers.
- **Conservation Cost Share Differential:** The existing cost share differential for beginning and limited resource producers in EQIP and CSP is continued, with the 'limited resource' designation changed to 'socially disadvantaged,' and with a clarification that the differential cannot be less than 15 percent greater than the underlying regular rate for a particular practice (e.g., if regular cost share rate is 60%, beginning and socially disadvantaged farmers would receive 75% cost share).
- **Special Conservation Incentives:** The existing stewardship authority (Sec. 2004(a) of the 2002 Farm Bill) to provide special incentives to beginning and limited resource producers to encourage their participation in conservation, to help get new farmers started, and to achieve long lasting conservation improvements is reauthorized and strengthened to include specific authorizations for sustainable agriculture training, conservation planning assistance, bonus payments for whole farm total resource management, and special ranking points. The 'limited resource' designation is changed to 'socially disadvantaged.'

- **Conservation Funding Set-Aside:** For each farm bill conservation program, 10 percent of total funds are reserved for beginning and socially disadvantaged farmers and ranchers for the first four months of the program year. Within that reserve, technical assistance to better address conservation planning needs of new farmers can be at a higher rate than for other participants.
- **CRP Farm Transition Option:** For any land that may be leaving the Conservation Reserve program, program incentives are provided to landowners who opt to sell or lease land to beginning or socially disadvantaged farmers and ranchers using sustainable grazing practices or conservation cropping systems or converting to organic production.
- **Direct and Guaranteed Loan Fund Set-Asides and Inventory Land Sales Preferences:** All of the existing statutory loan fund set-asides and inventory land sales preferences for beginning farmers and ranchers are continued, and in some cases strengthened. Direct operating loan funds reserved for beginning farmer would increase from 35% to 50% of the total. Guaranteed farm ownership loan funds reserved for beginning farmers would increase from 25% to 40%. Greater flexibility is built into the reservation of funds for Down Payment loans to ensure adequate funding for other joint financing participation loans to beginning farmers and ranchers. The beginning farmer inventory land purchase preference is continued, and socially disadvantaged farmers are granted the same inventory land purchase preference.
- **Direct Loan Limits, Loan Authorization Levels, and Term Limits:** Direct farm ownership and farm operating loan limitations are each be raised from \$200,000 to \$300,000. Direct credit funding authorization levels are increased to indicate the need for increased appropriations to ensure that the number of farmers served does not decline as a result of loan limit modernization. Arbitrary term limits on loan eligibility are eliminated, but at the same time the graduation, borrower training program, loan assessment process, market placement procedures are maintained and strengthened, and FSA is directed to issue rules and performance criteria that will ensure these existing program elements are fully utilized.
- **Conservation Loans:** Conservation loan authorization is retained but strengthened by adding a priority for beginning and socially disadvantaged farmers and ranchers as well as a priority for using the loan to help convert to sustainable or organic production systems. The current \$50,000 cap on the size of conservation loans is eliminated.
- **Beginning Farmer Research Priority:** A new national program area is established within the National Research Initiative (NRI) and the Initiative for Future Agriculture and Food Systems (IFAFS) to support research, education and extension competitive

grants related to beginning farmers and ranchers, socially disadvantaged and immigrant farmers, farm transfer and farm entry, new marketing alternatives, transition, and related issues.

- **Risk Management Education:** The current risk management education and partnerships programs is amended to include a special emphasis on risk management strategies and education and outreach specifically targeted at beginning farmers and ranchers, immigrant farmers and ranchers who are attempting to become established producers in this country, farmers and ranchers who are preparing to retire and are using transition strategies to help new farmers and ranchers get started, and new and established farmers and ranchers who are converting their production and marketing systems to pursue new markets.