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Farm Bill Primer: Beginning and Underserved Producers

Food and agriculture policy in the United States provides support for farms and ranches operated by beginning, small and limited resource, and historically underserved farmers and ranchers. Although these producers generally are eligible for programs administered by the U.S. Department of Agriculture (USDA), recent farm bills have provided targeted support addressing their needs. The 2018 farm bill (P.L. 115-334) reauthorized and expanded existing support and established additional support for beginning, veteran, and socially disadvantaged producers. In addition, Congress has provided additional targeted support for these producer groups in recent Agriculture appropriations and ad hoc emergency spending laws. (See **text box** for selected descriptions in the *U.S. Code*.)

many SDFRs. USDA data indicate that SDFRs excluding non-Hispanic White women accounted for about 9% of all farms, 10% of all farmed acres, and 8% of sales.

Beginning and Underserved Producers

Beginning, veteran, limited resource and smaller-sized, and historically underserved farmers and ranchers represent a diverse, growing, and recognized share of all U.S. agricultural producers. This includes socially disadvantaged farmers or ranchers (SDFRs) or producers who are a member of a group whose members have been subjected to racial, ethnic, and gender discrimination.

Beginning and veteran farmers and ranchers are those who have operated a farm or ranch for not more than 10 years and in the case of veterans, also have served in the Armed Forces. Limited-resource farm households are those with two consecutive years of low farm sales and low household income, defined by USDA as direct or indirect gross farm sales of not more than \$180,300 (FY2020) and household income below the national poverty line for a family of four.

The most recent *2017 Census of Agriculture* reports there were 516,000 farms where the “principal producer is a new and beginning producer,” representing about one-fourth of all U.S. farm operations. Agricultural products sold by beginning producers totaled \$60.4 billion or about 15% of total U.S. farm-level sales in 2017. Land in farms operated by beginning producers accounted for about 16% of all land in farming. These data may include some veteran, small and limited resource, and historically underserved producers.

USDA estimates about 7% of farm households were classified as limited-resource operations in 2016. Limited resource operations tend to be smaller-sized, operated by older or retired persons, or have lost money farming (measured on a cash basis). USDA reports more than 370,000 producers who either served or are serving in the military, account for 11% of all U.S. producers in 2017.

SDFRs (including women, regardless of race and ethnicity) accounted for about 30% of all U.S. farm operators, 21% of all farmed acres, and 13% of the value of all agricultural sales in 2017, according to Government Accountability Office analysis. Non-Hispanic White women account for

Selected Terms and Definitions

Beginning farmer or rancher—“a term as defined by the Secretary” whereas a qualified beginning farmer or rancher means “an applicant ... who is eligible for assistance...who has not operated a farm or ranch, or who has operated a farm or ranch for not more than 10 years” among other requirements (7 U.S.C. §1991(a)(8) and (11)). For the purposes of crop insurance, a beginning producer is “a farmer or rancher who has not actively operated and managed a farm or ranch with a bona fide insurable interest in a crop or livestock as an owner-operator, landlord, tenant, or sharecropper for more than 5 crop years...” (7 U.S.C. §1502(b)(3)).

Underserved producer—“an individual (including a member of an Indian Tribe) that is - (I) a beginning farmer or rancher; (II) a veteran farmer or rancher; or (III) a socially disadvantaged farmer or rancher” (7 U.S.C. §1508(a)(7)(A)(ii)).

Veteran farmer or rancher—“a farmer or rancher who has served in the Armed Forces (as defined in section 101(10) of title 38) and who - (A) has not operated a farm or ranch; (B) has operated a farm or ranch for not more than 10 years; or (C) is a veteran (as defined in section 101 of that title) who has first obtained status as a veteran (as so defined) during the most recent 10-year period” (7 U.S.C. §2279(A)(7)). For the purposes of crop insurance, a veteran producer is “a farmer or rancher who ... has operated a farm or ranch for not more than 5 years” (7 U.S.C. §1502(b)(14)).

Socially disadvantaged farmer or rancher—“a farmer or rancher who is a member of a socially disadvantaged group” where, depending on the program, a socially disadvantaged group means either “a group whose members have been subjected to racial or ethnic prejudice because of their identity as members of a group without regard to their individual qualities” (7 U.S.C. §2279(a)(6), or “a group whose members have been subjected to racial, ethnic, or gender prejudice because of their identity as members of a group without regard to their individual qualities” (7 U.S.C. §2003(e)(1)).

Indian Tribe—“a person who is a member of an Indian tribe” where an “Indian Tribe” means “any Indian tribe, band, nation, or other organized group or community, including any Alaska Native village or regional or village corporation as defined in or established pursuant to the Alaska Native Claims Settlement Act (85 Stat. 688) [43 U.S.C. 1601 et seq.], which is recognized as eligible for the special programs and services provided by the United States to Indians because of their status as Indians” (25 U.S.C. §5304(d)-(e); Indian Self-Determination and Education Assistance Act (P.L. 93-638)).

USDA program eligibility depends on specific and sometimes different definitions. For example, a beginning or veteran producer generally is defined as having engaged in farming for no more than 10 years, but eligibility for federal crop insurance limits the time period to 5 years. SDFR status also depends on the program. In general, USDA defines SDFRs as belonging to the following race and ethnic groups: African Americans, American Indians, Alaskan Natives, Asians, Hispanics, Pacific Islanders, refugees, immigrants, and groups as determined by the Secretary of Agriculture. USDA regulations further define eligible entities under some programs to include 1890 Institutions (historically Black land-grant colleges and universities), 1994 Institutions (Alaska Native and

American Indian Tribal colleges and universities), and Hispanic-serving colleges and universities. Some, but not all, SDFR-focused programs cover women. Many USDA programs relating to commodity support, credit, noninsured crop assistance, and rural development that support SDFRs apply the SDFR definition that includes women. In contrast, some USDA programs relating to grants, conservation, and energy tend to reference the SDFR definition that excludes non-Hispanic White women.

Farm Bill Programs and Provisions

Title XII, Subtitle C, of the 2018 farm bill (Historically Underserved Producers) specifically addresses USDA support for beginning, veteran, and socially disadvantaged producers. The subtitle expands training and outreach to these producer groups under the Farming Opportunities Training and Outreach program, merging two formerly separate USDA programs, the Beginning Farmer and Rancher Development Grant Program and the Outreach and Assistance to Socially Disadvantaged and Veteran Farmers and Ranchers (the “2501 Program”). The subtitle also provides new support and grant funding for urban agricultural producers and supports Tribal and veteran producers, among other changes. These, along with provisions in other farm bill titles, expand on existing USDA programs and policies initiated in previously enacted omnibus farm bills for beginning, veteran, and socially disadvantaged producers.

Considerations for the Next Farm Bill

Numerous bills introduced in the 117th Congress would expand support for beginning, veteran, and underserved agricultural producers. Congress might consider these or other options in debate on the next farm bill. Some of these issues have been discussed in congressional hearings.

Several bills seek to address historical discrimination and racial inequities toward some producer groups in accessing USDA services and assistance (e.g., through loan forgiveness, targeted assistance, and/or instituting reforms at USDA; H.R. 1393/S. 300, H.R. 4169, H.R. 4421, S. 2332, S. 278). Other bills would focus on giving Indian Tribes more control over administration of supplemental nutrition assistance program benefits (H.R. 6334/S. 2757) and other services (H.R. 4705/S. 2492, H.R. 4504, H.R. 1047, H.R. 3370, H.R. 1721). The American Rescue Plan Act (P.L. 117-2) has a farm loan debt forgiveness provision for SDFRs, but various courts blocked implementation because of how it directed benefits based on race. The Build Back Better Act (H.R. 5376) would reorient the debt forgiveness based on economic criteria instead of race and ethnicity.

Other bills would expand financial and technical assistance for certain producer groups (e.g., requiring USDA to raise beginning, veteran, and SDFR participation in farm-to-school programs; H.R. 1768/S. 1328). Some bills would expand USDA programs or establish set-asides for beginning, SDFRs, and other underserved producers to support agricultural resiliency related to climate change (H.R. 2803/S. 1337, H.R. 2534/S. 1072) or provide other types of emergency relief (H.R. 1798). Other bills would provide additional training, support, and opportunities for veteran and other beginning producers (H.R. 5354/S. 2812,

H.R. 4552, H.R. 6003, H.R. 2789) and expand disabled veterans' eligibility to receive supplemental nutrition assistance benefits (H.R. 7272).

Congress may consider these and other policy and program changes in the next farm bill. Topics may include expanded support for beginning and small/mid-sized farms, including creating additional income opportunities, providing more equal access to USDA programs and resources, and facilitating entry to farming and transition to sustainable and organic agricultural practices. Other issues may relate to whether to amend the statutory definition of veteran producers. The current definition generally restricts benefits to those engaged in farming during the past 10 years.

Congress may consider ongoing efforts to expand racial, ethnic, and gender equity in USDA's delivery of services and support. Topics may include if and how to amend USDA programs to address historical discrimination of underserved producers and provide more equal access to assistance. Related debate may include loan forgiveness and access to credit for certain targeted producer groups. Other topics may involve prioritizing underserved producers in competitive grant programs and increasing investment in Historically Black Colleges and Universities, Hispanic Serving Institutions, and Tribal Colleges and Universities. Congress also may consider expanding self-governance

authority for Indian Tribes, including addressing potential barriers to implementing USDA's food and nutrition programs and certain land use policies.

More Information in Other CRS Reports

- CRS In Focus IFI 1093, *2018 Farm Bill Primer: Veteran Farmers and Ranchers*
- CRS In Focus IFI 1227, *2018 Farm Bill Primer: Beginning Farmers and Ranchers*
- CRS In Focus IFI 1287, *2018 Farm Bill Primer: Support for Indian Tribes*
- CRS In Focus IFI 1210, *2018 Farm Bill Primer: Support for Urban Agriculture*
- CRS Report R46727, *Defining a Socially Disadvantaged Farmer or Rancher (SDFR): In Brief*
- CRS Report R47066, *Racial and Ethnic Equity in U.S. Agriculture: Selected Current Issues*
- CRS memoranda (available upon request from author): *Selected USDA Programs and Policies that Address Beginning and Historically Underserved Producers*; and *Selected USDA Programs and Policies that Address Indian Tribes*

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