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Denis Ebodaghe
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USDA Representatives

Dear Secretary Perdue,

As members of the Advisory Committee on New and Beginning Farmers and Ranchers, we greatly appreciate the administration's and the department's ongoing efforts to assist farmers and ranchers who have been significantly impacted by the COVID-19 pandemic. As this challenge persists, it is clear that all sectors of agriculture have been affected and the agricultural economy continues to see the rippling effects. As our Committee and others before us have indicated, new and beginning farmers and ranchers face additional and significant barriers in agriculture, even in more prosperous times. We hope the information and recommendations we provide to the department will allow for expanded assistance that can help us all get through these unprecedented times.

To begin, our Committee would like to commend the department and, in particular, the Farm Service Agency staff across the country for adapting to the conditions necessary to continue business in a manner that was safe and flexible to accommodate COVID-19 precautions. We have heard many stories of praise for the customer service provided by members of the FSA staff who went above and beyond to help farmers and ranchers enroll in the Coronavirus Food Assistance Program (CFAP) and meet other FSA program deadlines. We would like to extend our gratitude as a committee to you and your team for helping farmers and ranchers during this time.

While the financial assistance provided now and, what we hope to be more in the future, is appreciated, it has not reached every farmer and rancher in need. Given the unique and various sectors of agriculture, some farmers and ranchers had markets lost or diminished that may never return. Many experienced price declines, added expenses to adapt to new public health concerns, or the complete loss of value-added marketing opportunities (i.e. farmers markets, restaurants, schools, etc.).

We are concerned that entire sectors of the farm economy are falling through the cracks in USDA's emergency relief efforts. Through months of deliberations, we are providing below the highest priority concerns and recommendations for how USDA can better meet the needs of new and beginning farmers and ranchers as they struggle to keep their farms afloat during this unprecedented time. We would urge your immediate attention and swift action in responding to the concerns and recommendations we include below.

Our summary list of recommendations include:

- 1) USDA continues to extend monthly payment deferrals and offer annual payment deferrals to cover new and beginning farmer and rancher borrowers through these difficult times.
- 2) USDA applies the same standard of funding six months of loan payments used by the U.S. Small Business Administration to agriculture loans held by new and beginning farmers and ranchers in USDA programs and better coordinate rules for loan forgiveness and deferral programs between SBA and USDA loan programs.
- 3) USDA extend the application deadline for the CFAP program through January 31, 2021, to allow more time for producers to apply.
- 4) Expand CFAP direct payments to compensate producers based on actual losses or a percentage of historic revenue to address barriers of participation for new and beginning farmers and ranchers. The Committee also asks that 10% of the funds be dedicated to assisting new and beginning farmers and ranchers with the specific challenges they are facing due to COVID-19 as outlined in this letter.
- 5) USDA expands the CFAP data reported weekly to include demographic information regarding new and beginning producers, socially disadvantaged farmer or rancher status, size of the operation, the scale of operation of both total acres and gross sales, percentage of sales made directly to consumers or directly to institutions (including schools, universities, institutions, or restaurants) and organic certification status.
- 6) USDA allows the small farm exemption outlined by the Final Rules of the Food Safety Modernization Act to expand producer eligibility in the "Farmers to Families Food Box" program beyond the requested GAP audit and certification.
- 7) USDA dedicate 10% of the "Farmers to Families Food Box" program reopened application process for new and beginning farmers and ranchers with a simple, streamlined application with a finalized deadline that gives producers more time to apply.

Our Committee has been meeting virtually to complete the work we set out to achieve as stated at our November 2019 meeting. Since COVID-19 has swept through our country, we have shifted our focus to concentrate on the needs of new and beginning farmers and ranchers as a result of COVID-19. We have three areas of focus, the expense-burdens incurred throughout this pandemic, the depletion of revenue sources, and the challenges experienced with new USDA grants. Below we go into detail about the summary recommendations listed above.

Recommendation 1: For new and beginning farmers and ranchers, the financial capital needed to start and continue operating a farm or ranch is a significant obstacle. With fewer years of experience and fewer assets to leverage, new and beginning farmers and ranchers tend to have more contingencies put on lending tools available, hence the creation of many USDA loan programs to ease this burden. Since COVID-19, the slowed pace of revenues or even the lack of revenues coming in for producers in quarter one and quarter two has made it difficult to meet monthly payments for credit lines and other lending products. The Committee recommends that USDA and other agencies continue to extend monthly payment deferrals and offer annual payment deferrals to cover new and beginning farmer and rancher borrowers through these difficult times. We ask that the administration specifically look to assist in annual payment deferrals as the pandemic persists later into 2020, and possibly into 2021 when annual loan payments are typically made.

Recommendation 2: The Committee has noted that the U.S. Small Business Administration has agreed to fund six months of loan payments and asks the same standard apply to agriculture loans held by new and beginning farmers and ranchers in USDA. With this, the Committee also asks that there be better coordination of rules for loan forgiveness and deferral programs between SBA and USDA loan programs. We also recommend that the departments avoid issues of Paycheck Protection Program payments being included in deductible salaries so that there is no taxable event incurred by farmers and ranchers and that no invalidation occurs to guaranteed loans that would create balloon payments to farmers and ranchers. Of these options, we recommend that new and beginning farmers and ranchers who hold that status receive automatic payment deferment with the option for six months of loan forgiveness to level the playing field between USDA loans and SBA loans.

Recommendation 3: On the revenue side, the CFAP was created for direct financial assistance that could help farmers and ranchers through times of slowed or eliminated revenue streams. However, as of August 3, 2020, there is just under \$10 billion left in the program with only four weeks left to apply by August 28, 2020. Additionally, communication and outreach for the program have been significantly impacted without the use of regular face-to-face and person-to-person promotion. The only outreach currently available is virtual and it has created a significant barrier to help farmers and ranchers access programs. New and beginning farmers and ranchers are not as familiar with programs in USDA, especially in the early stages of their business. Additionally, the time allotted for applying to the program was during two of the busiest seasons for farmers and ranchers. The Committee recommends that the department extend the deadline for the CFAP program through January 31, 2021, to allow more time for producers to apply and to expand the application period to less demanding seasons of the year.

Recommendation 4: With an extended CFAP application deadline, it would also provide more accessibility for new and beginning farmers and ranchers to retrieve any additional support the administration or Congress makes available. CFAP was created for direct financial assistance for losses incurred during quarter one and quarter two of 2020. COVID-19 challenges facing agriculture will continue to persist well into the rest of 2020 and beyond. The Committee recommends that USDA to use a portion of the \$14 billion Commodity Credit Corporation replenishment that occurred in July 2020 to be available with a more accessible and streamlined application for all farmers and ranchers of all sizes and all products to help cover losses resulting from COVID-19. The Committee also asks that 10% of the funds be dedicated to assisting new and beginning farmers and ranchers with the specific challenges they are facing due to COVID-19 as outlined in this letter.

Given our request to make the CFAP program more accessible for all farmers and ranchers of all sizes and all products, the Committee asks USDA to modify CFAP to include a formula that is similar to the USDA Risk Management Agency's Whole-Farm Revenue product that would look back at 2019 revenue for farmers and ranchers and provide a direct payment based on actual revenue losses that occurred in each correlating 2020 quarter. This modification will address issues related to regionalized price data, price premiums on specialty products like organic, and unique demand markets that were eliminated, such as farm to school programs.

Recommendation 5: With expanded CFAP eligibility, the Committee also requests that USDA expand the CFAP data reported weekly to include demographic information regarding new and beginning producers, socially disadvantaged farmer or rancher status, size of the operation, the scale of operation of both total acres and gross sales, percentage of sales made directly to consumers or directly to institutions (including schools, universities, institutions, or restaurants) and organic certification status.

Recommendation 6: For grants available to farmers and ranchers during the pandemic, new and beginning farmers and ranchers struggled to break the barriers in the USDA Agricultural Marketing Service’s “Farmers to Families Food Box” Program. The “Farmers to Families Food Box” Program was created as part of the USDA’s coronavirus response to meet the surging demand for emergency feeding programs, loss of markets for many farmers, and dramatic increases in unemployment in the food distribution sector. While generally considered successful in moving large quantities of farm products and produce into the emergency food system, the program had several critical shortcomings that restricted participation by new and beginning farmers and ranchers. A major barrier to new and beginning farmer and rancher participation in USDA is the requirement that all farms supplying products for the program must have completed the voluntary Good Agricultural Practices (GAP) audit and certification.

The Committee recommends that USDA allow the small farm exemption outlined by the Final Rules of the Food Safety Modernization Act to expand producer CFAP eligibility beyond the requested GAP audit and certification. GAP audits tend to be time-consuming and costly, creating an additional financial burden for new and beginning farmers and ranchers. The requirement for producers to be GAP audited also means many new and beginning farmers are effectively excluded from participating in the program.

Recommendation 7: With this change to the “Farmers to Families Food Box” Program, the Committee recommends USDA dedicate 10% of the program funding from the reopened application process for new and beginning farmers and ranchers with a simple, streamlined application with a finalized deadline that gives producers more time to apply. We are concerned that the lack of a deadline for new applications will benefit larger institutions who are able to submit applications more quickly. The short application process was a noted barrier in the first round of funding, and the Committee recommends USDA set-aside 10% of funding for smaller entities and those serving new and beginning farmers and ranchers.

This is a challenging time for our country as we combat the physical health, mental health, and economic struggles brought on by the COVID-19 pandemic. We appreciate all the work that has been done thus far in helping agriculture meet the needs of feeding America despite the challenges felt in their businesses.

Thank you for your consideration of our recommendations. Our Committee members are honored to have the opportunity to serve.

Sincerely,

The USDA Advisory Committee on New and Beginning Farmers and Ranchers

Jason Brand
Chairman



Shelby Myers
Vice-Chair

