



Asset Building and the Farm Bill: An Untapped Resource



Agriculture



Food and Nutrition



Rural Housing



Small Business



Infrastructure

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Introduction

Asset building in the rural South has always been an organic process that is constantly changing in order to meet the ever evolving needs of the diverse individuals and communities in the area. A variety of financial resources, policies, projects, programs and leaders have been deployed to help save and increase the assets of predominately people and communities of color in the rural South to varying degrees of success. Unfortunately, due to the local nature of these resources, policies and programs, which makes interstate coordination difficult, the rural south remains one of the poorest regions of the nation.

The largest resource and policy initiative that has the greatest potential to move these communities out of poverty and on to a road toward wealth creation and asset building, the Farm Bill, is relatively untapped. The Farm Bill is authorized by Congress approximately every five years. The five-year budget for the 2008 Farm Bill exceeded 280 billion dollars. The majority of the public (those who are even aware that there is a Farm Bill) believe that this legislation only impacts farmers specifically and agriculture in general. The Farm Bill, however, impacts all aspects of rural and, in some instances, urban life. In addition to agriculture; housing, infrastructure, small business and cooperative development, food and nutrition, education and community facilities are all affected by the Farm Bill. It has even been said that the Farm Bill can be used to build a town.

Unfortunately, people and communities of color have had relatively little impact on the Farm Bill process therefore they do not have equitable access to the resources contained in the it, in addition, as opposed to recent and comparatively limited asset building initiatives, the Farm Bill is created through a highly politicized process, where politically and economically powerful interests direct Farm Bill resources to constituencies mainly outside the rural South and away from communities of color.

The Southern Regional Asset Building Coalition (SRABC) views the Farm Bill as a key resource yet it is virtually untapped by community organizations, local leaders and even local governments that are working in the asset building arena. In order to address this problem and help insure equitable access to this critical resource, SRABC implemented a Farm Bill education and policy development project. The primary goal was to educate key leaders from all sectors - not just agriculture - about the importance of the Farm Bill in their work and to gather information from them that could lead to specific policy recommendations around asset building and protection.

Over a six month period SRABC conducted twelve Farm Bill Listening sessions in Alabama, Mississippi, Louisiana, and Florida. Total attendance for the sessions exceeded 250 local leaders including; farmers, doctors, nutritionists, elected officials, educators, small business representatives, community organizers, attorneys and students. The Farm Bill recommendations that resulted from the listening sessions and detailed on the following pages represent the sentiments and concerns of those who are most impacted by the bill and if implemented would help channel resources to asset building initiatives that best meet their as well as the regions needs.

Nutrition

Several programs have been targeted as potential asset building factors within the 2008 Farm Bill. These include the Supplemental Nutrition Assistance Program (SNAP), The Emergency Food Infrastructure Grant (TEFAP), the Fresh Fruit and Vegetable Program, the Senior Farmers Market Nutrition Program, the Local Food Enterprises, the Healthy Urban Food Enterprise Development Center, the Locally Produced Food Program, the Farmer's Market Promotion Program, and Healthy Food Education and Gardening Program.

Particularly, we are interested in the continued focus on administrative efficiency for the SNAP program as well as an allowance for additional increases in personal assets for eligibility for the program. We also seek to increase the number of participants in the TEFAP as many of the recipients of the program fall outside of our region. We also request a continued increase in the Fresh Fruit and Vegetable Program through funding and scope, as well as, through the usage of locally grown products for schools and other governmental agencies. We would like additional funding for the Senior Farmer's Market Nutrition Program, including some changes in the use of the EBT system as the cost is sometimes prohibitive for small farmers. In addition, we would like to see more resources provided the Local Food Enterprises program through additional resources for the Business and Industry (B&I) loan program administered by Rural Development and the Farmer's Market Promotion Program administered by the Agricultural Marketing Service. We hope to obtain more technical support in utilizing these programs. We seek an expansion of the healthy Food Education and Gardening Program from just five states to nationwide to increase the production and scope of small farmer, while providing additional persons with opportunities for healthy food choices and work opportunities. Finally, we would like to expand the Healthy Urban Food Enterprise Program (HUFEP) to include a program for rural communities that experience food deserts and other healthy food challenges. This would include the opportunity to promote school garden programs and have these ventures serve as opportunities to receive GAP certification (Good Agricultural Practices) for products produced.

Recommendations:

- *We support maintaining or increasing the authorization and appropriation for the SNAP and WIC programs to assure nutrition for all people in America especially during this current economic downturn. These programs are a last resort for the unemployed and others who have been disadvantaged.*
- *The Secretary should commission \$10 million for an 1890 institution to conduct a study on rural hunger and the availability of fresh and healthy foods. Subsidize operating costs at \$10 million annually to be renewable for a period of three (3) years for socially disadvantaged farmers and ranchers accepting EBT/SNAP for one year, lasting from fiscal years 2012-2016. The SRABC has found operating costs to be a considerable prohibitive factor for many beginning, small producers. In addition, a one year subsidy would not count against participation in any other USDA Programs*
- *Expand HFEGP to nation-wide status and allow school gardeners to be GAP certified.*

Infrastructure

Several asset building programs address infrastructure development of rural communities as business development, educational opportunities and other activities are often determined by the physical infrastructure of the community. The SRABC has identified several programs that we would like to target for their asset building potential.

The Special Evaluation Assistance for Rural Communities and Households or SEARCH grants provide predevelopment planning grants for feasibility studies, design assistance, and technical assistance, to financially distressed communities in rural areas with populations of 2,500. We have targeted this program as a potentially valuable program with needed changes. We have identified potential asset building opportunities through the usage of authorized regional authorities and commissions.

The Delta Regional Authority (DRA) is a federal-state partnership that serves a 240-county/parish, eight-state region of the Mississippi Delta. It provides grants to support health care services, health education programs, health care job training programs, and development and expansion of public health-related facilities in the Delta region. Yet, because of changes to the Northern Great Plains Regional Authority in the 2008 Farm Bill, which resulted in a lack of focus on the neediest communities, the SRABC would like to include additional administrative and policy implementation criteria for the DRA.

The Southeast Crescent Regional Commission was authorized in this bill and covers parts of Virginia, South Carolina, Georgia, Alabama, Mississippi, and Florida not served by ARC. Yet, because of its duplication of the ARC model the SRABC would like to include additional administrative and policy implementation criteria.

Recommendations:

- *We request that the SEARCH grants be provided to population areas of up to 10,000 residents in an effort to provide opportunities for technical assistance, and study possibilities to a larger coverage area. In addition, we call for an appropriations increase for SEARCH funding for greater support.*
- *We call for DRA resources to target the neediest communities of the DRA 8 state region and give them first priority of resources and technical assistance. In addition, we recommend greater community input in decision making processes of the authority.*
- *We also request appropriations for a feasibility study, on the accessibility of technical assistance for rural development initiatives within socially disadvantaged communities of 10,000 or less, within the Black Belt region.*
- *We also recommend that constituents of the newly authorized South East Crescent Commission would play a greater role in decision making than in the current ARC or DRA. We call for the development of a Community Constituency Board (CCB), made up of recognized community members who have a proven track record of serving the targeted socially disadvantaged community for at least 10 years in collaborative activities that include HBCU, faith-based organizations, community-based organization, cooperatives, and other grassroots efforts of*

community development. In addition, we would like the commission to give priority funding to socially disadvantaged communities and census tracts within targeted areas. We request that twenty percent or more of the commission's funds be allocated to priorities set by the CCB and that Infrastructure funding be capped at twenty-five percent.

- *We request that \$1 million be provided to establish the initial infrastructure for a Black Belt Rural Policy Center at Tuskegee University.*

Broadband Infrastructure: Community Connect Program

The greatest barrier to participating in the USDA Community Connect Broadband Grant and other related resource opportunities is that the proposed projects are supposed to provide broadband transmission service to a rural area that does not currently have such service 'anywhere' in the proposed service area." This clause is the proverbial show stopper in that it totally ignores the most prevalent issue facing rural America as to things related to broadband access, namely, the barrier of cost and being under-served in terms of capacity and data speed/throughput. There are so many areas where a telecommunication incumbent provides internet services but only in certain sections of a "proposed service area" and the customers who could have access often times neglect signing up for the service due to the excessive cost involved. The remaining customers who do opt into contractual agreements are often severely disappointed with the level of services that they receive from the broadband provider. The current requirement that is found within the Community Connect Grant stifles the opportunity for the community itself to create an entity that has the benefits of its stakeholders first and foremost in mind.

These concerns could be mitigated through better community assessment of the business model currently being used and the creation of "broadband cooperatives" whose sole responsibility is to serve as the alternative business model and watchdog groups for the broadband provision services within the communities. These cooperatives should receive the invaluable assistance of entities such as the 1890s, the Federation of Southern Cooperatives and other proven for-profit and non-organizations whose mission includes lifelong commitment to the underserved and rural areas. In many respects this model could proliferate the rural South where the broadband infrastructure becomes the conduit through which so many of the societal/economic ills that plague these areas could be addressed, to include health care (tele-medicine), education (distance learning/extension services), job creation (call centers, entrepreneurial based commerce, etc), security and law enforcement (video surveillance/security monitoring), etc. The 1890 Institutions, CBOs and their partners could utilize this same infrastructure as a means of managing, monitoring and providing technical services, and revolutionize outreach on behalf of themselves and USDA.

Recommendation:

- *\$5 million for a targeted pilot program to conduct Broadband community needs assessment and develop Broadband Cooperatives for unreached communities in the "proposed service area" of the Community Connect Program.*

Small Business and Community Development

The main programs in small and community development include the Rural Business Enterprise Grant (RBEG), Rural Business Opportunity Grant (RBOG), Rural Energy for America Program (REAP), Rural Cooperative Development Program (RCDP), Small Socially Disadvantaged Producer Grant Program, Rural Micro-enterprise Assistance Program (RMAP), etc. These programs have generally served rural areas well, although some better than others. Communities in the rural south have continued to lag in utilizing these programs in both good and bad economic times. Delays in the creation of jobs during the current tough economic times have been compounded in rural and persistent-poverty communities where many socially disadvantaged clients and communities are still not benefiting from existing resources.

In the middle of these communities sit educational institutions and community based organizations that have the history of effective outreach when provided with the capacity to provide technical assistance and education for the purpose of fostering economic growth for the hard-to-reach clientele. The 1890 Land Grant institutions, and other minority serving institutions, as well as community based organizations (CBOs) are well positioned to provide services that build economic and human capital. These institutions and CBOs are committed to working individually and collectively to support rural development and strategies that promote rural prosperity.

Particularly, we are interested in the continued focus on administrative efficiency for all Rural Development programs, as well as better access to existing resources for all and improved technical assistance, while reducing application requirements that make it difficult for interested parties to partake in the resources and programs that target economic recovery in rural areas.

Recommendations:

- *We request 5% targeted focus, plus multi-year grants for socially disadvantaged clients for RBEG, RBOG, REAP,, and RMAP*
- *Maintain the 20% targeted funding for RCDG (Rural Cooperative Development Grant Program)*
- *We request a more streamlined application process*
- *We request \$20 million targeted for Rural Development to enter into cooperative agreements with 1890s, 1994s, Hispanic serving universities and CBOs with a ten year history of serving socially disadvantaged communities to provide technical assistance to applicants.*
- *We request an increase in grant limits to \$400,000 annually for Rural Cooperative Development Grants; and extend grant period through the life of the Farm Bill.*
- *We request elimination of all cash matching requirements.*
- *We request \$5 million annual funding for youth entrepreneurial grants when partnering with 1890s, 1994s, Hispanic serving universities and CBOs with a ten*

year history of serving socially disadvantaged communities to provide technical assistance to applicants.

- *We request that for SSDPGP allowable use of grant funds include facilities, equipment and supplies for demonstration projects in addition to expenses for staffing.*

Agriculture

Equitable access to agricultural programs is critical for asset building in the Black Belt region. A history of exclusion from USDA programs means minority farmers have been systematically starved of the financial and technical resources they need to sustain their agricultural production.

The Food, Conservation and Energy Act of 2008 targeted socially disadvantaged and limited resource farmers for increased access to conservation and lending programs. While this legislation was a significant first step, we seek to ensure that socially disadvantaged and limited resource farmers are targeted for a minimum of 5% of all conservation and lending programs.

We also recognize that additional steps must be taken to overcome other barriers which inhibit equitable access to conservation and lending programs. These challenges include, most notably, eligibility criteria. Eligibility for FSA loans and guarantees are only available to applicants who are able to meet the program's credit standards. Historically, these standards have placed great emphasis on credit history. More lending program flexibility is required to improve access to these programs for socially disadvantaged and limited resource farmers.

We recommend that FSA expand its eligibility requirements to include payment history or "pay back ability". For example, a socially disadvantaged and limited resource farmer could become eligible for a lending program by demonstrating a three year payment history with no delinquencies. Additionally, we recommend the elimination of all monetary matching requirements for grants as socially disadvantaged and limited resource farmers are commonly ineligible for agricultural programs because they lack the matching funds required.

We seek to increase accountability and transparency in the loan application process. We recommend that the USDA mandatorily provide a written receipt to all current or prospective USDA clients of the Farm Service Agency, the Natural Resources Conservation Service, or an agency of the Rural Development mission area. The receipt should specifically explain the action taken or not taken and any reason(s) for denial. We also recommend that, if denied, the agency explain how the farmer can become eligible or refer the applicant to a 2501 partner for more intense technical assistance.

The 2501 Program was established as a partnership between USDA and community based organizations and minority serving institutions to provide outreach and technical assistance to socially disadvantaged farmers. The 2008 Farm Bill provided \$75 million over four years in mandatory funding. The 2501 Program has become a critical tool for disseminating information and providing technical assistance to socially disadvantaged farmers, thereby, increasing the likelihood of participation in agricultural programs.

The underutilization of agricultural programs such as the Beginning Farmer Program and existing value added competitive grant programs is mainly attributed to a lack of awareness as well as prohibitive eligibility criteria.

We recommend increasing the funding for the 2501 program by 10 % and commissioning a \$5,000,000 study through the Office of Advocacy and Outreach and coordinated to report to the Secretary on the effectiveness of current 2501 programs. We also recommend that all 2501 grants should be funded for the life of the authorizing Farm Bill. We further recommend that eligible 2501 entities be limited to 1890 and 1994 Land Grant Institutions and Hispanic Serving Institutions and community based organizations that possess at least 10 years of demonstrated experience in representing and providing services to socially disadvantaged farmers and ranchers.

We recommend an expansion of funding in two programmatic areas; Value Added Producer Grants and EQIP advance payments. Specifically, we recommend an increase in Value Added Producer Grants from \$300,000 to \$500,000 and an increase in EQIP advance payments from 30% to 50%.

Recommendations:

- *Ensure that socially disadvantaged and limited resource farmers are targeted for a minimum of 5% of all conservation and lending programs. FSA should expand its loan eligibility requirements to include payment history or “pay back ability” rather than relying so heavily on credit scores.*
- *Elimination of all monetary matching requirements.*
- *The Secretary should mandatorily issue a written receipt for service or denial of service to any current or prospective USDA client by the Farm Service Agency, the Natural Resources Conservation Service, or an agency of the Rural Development mission area. The receipt shall contain (1) the date, place and subject of the request and (2) the action taken, not taken or recommended to the client.*
- *Funding for the 2501 program should remain mandatory and be increased by 10 percent.*
- *The Secretary should commission a \$5 million study through the Office of Advocacy and Outreach and coordinated by minority serving institutions and community based organizations with a minimum of a 10 year history of working with socially disadvantaged farmers and ranchers to report to the Secretary on the effectiveness of the current program.*
- *All 2501 grants should be funded for the life of the authorizing Farm Bill.*
- *Eligible 2501 entities should be limited to 1890 and 1994 land grant institutions and Hispanic serving institutions and community based organizations that possess at least 10 years of demonstrated experience in representing and providing services to socially disadvantaged farmers and ranchers.*

- *Increase Value Added Producer Grants from \$300,000 to \$500,000 and eliminate matching requirements for projects that service socially disadvantaged farmers and ranchers.*
- *Increase in EQIP advance payments from 30% to 50%.*

Rural Housing

At USDA Rural Development, two of the major housing programs that impact persistently low income residents in the rural South are the 502 Direct Loans to “acquire, build, rehabilitate, or improve single family dwellings in rural areas,” the 504 Loans to repair single family homes, and the 504 grants for those 62 years old and above. Despite the plethora of substandard housing in rural areas of the South, many state programs return unobligated 502 and 504 funds back to Washington to then be redistributed to other states. One major constraint for eligibility is the use of an applicant’s credit history as the determining factor for loan or grant approval. This is significant in that the targeted communities are most affected by economic downturns, are un – or under-employed and are impacted by catastrophic events such as natural disasters (tornadoes, hurricanes, floods) and medical events. In many cases, this clientele does not know about these loan and grant opportunities or they have trouble navigating the paperwork necessary for a successful application. Unfortunately, they have little or no property or health insurance.

Recommendations:

- *Use payment history over credit history for applications. The payment history should include no delinquencies over the previous 36 months, with the exceptions of medical bills and federally declared natural disasters and related expenses.*
- *Create a training and technical assistance program similar to 2501 at \$25M in cooperative agreements with the 1890s, 1994s, Hispanic Serving Institutions and community based organizations with a ten-year history of serving socially disadvantaged communities to help recruit, explain and assist applicants in the loan and grant application process.*
- *Appropriate \$5M to conduct a study on cooperative housing as wealth creation administered by an 1890 and community based organizations with experience in housing development.*

1890 Land-Grant Institutions 2012 Farm Bill Rural Business Development Priorities

The 1890 Land-Grant System is made up of 18 universities of higher education. These institutions, born out of necessity, continue to serve vital roles the development of both rural and urban America. The 1890 Land Grant Universities have had a longstanding relationship with the United States Department of Agriculture and the Rural Business and Cooperative Service. This relationship has included the Rural Business Entrepreneurship Development Initiative. The 1890 Universities serve socially disadvantaged rural and minority communities, particularly those hardest hit by economic downturns, by

providing services that build economic and human capital. These Institutions are committed to working individually and collectively to support rural development programs and strategies that promote rural prosperity.

Seizing on the opportunity to bolster the effectiveness of the Farm Bill during its 2012 reauthorization, the 1890 Land-Grant Institutions, through this policy paper, would like to recommend the following priorities that will strengthen USDA Rural Development investments and improve its programmatic impact on various constituency groups jointly served by USDA Rural Development and the 1890 Land-Grant schools. Through a comprehensive Rural Development Title that fully engages 1890 Universities, rural America will gain increased access to important seed capital, infrastructure financing, professional expertise and support services that help translate rural dreams and hopes into reality.

Recommendations:

- *USDA should strategically seek to fully engage 1890 Institutions by utilizing the breadth of knowledge of the faculty, staff, and student human capital found within 1890 Universities. Faculty, staff, and students have expertise that has proven to be useful in providing technical assistance and training to entrepreneurial businesses of all types. Programs such as the Rural Business Enterprise Development Initiative should be funded annually at a \$10M level to provide specific funding resources to adequately staff 1890 Institutions to provide management and technical assistance useful and necessary to assist local entrepreneurs to start, manage, and grow viable and sustainable small businesses in rural communities, town, and cities.*
- *USDA should develop and/or strengthen programs to authorize and appropriate resources to engage 1890s to provide technical assistance to develop and create state and regional strategies that benefit cities, towns, counties, and parishes served by 1890 schools. Initiatives such as the Healthy Foods Initiative, Farm to Fork, Know Your Farmer, etc. are all examples where 1890 universities could play a more vital role especially in the area of small business development (i.e., food truck vendors, transportation cooperatives, etc.). Priority points should be given to non-1890 schools as well as small businesses that include and involve 1890 universities as contractors or project collaborators.*
- *Mandatory funding for the 1890-Rural Business Entrepreneurship Development Initiative.*