FARMERS FIRST





"No other human occupation," said Abraham Lincoln, "opens so wide a field for the profitable and agreeable combination of labor with cultivated thought as agriculture."

The President who created the United States Department of Agriculture, "the people's department," knew that in speaking this truth he stood at the center of arguably one of the utmost important, longstanding American traditions. America was founded as a republic of farmers, and in President Lincoln's time, it was the farmer who was driving the relentless advance of the western frontier while simultaneously fighting the Civil War. Agriculture as a way of life was, by its nature, the bearer of particular values that President Thomas Jefferson also understood to be constitutively republican. President Lincoln agreed, and so do I.

Two and a half centuries after America's founding, the sweep of our national history reveals itself to have been driven by the men and the women who work the land alongside their families. Their ideals formed us: Lexington and Concord, Gettysburg, and D-Day are all unthinkable without those who left their plows to take arms. So too do the ideals beneath the Bill of Rights, the establishment of equal justice under law, the extension of suffrage, and the uniquely American faith in moral uplift as a function of civics rest upon the foundation of a republic underpinned by smallholders and their farms.

While other occupations have overtaken farming and ranching as the predominant trade, America remains a nation underpinned by agriculture and family farms — and agriculture itself stands preeminent, making possible all the rest. At their root, family farms make possible our cities on a hill.

It is our small family farms that constitute 86 percent of all farms that feed, fuel, and clothe us. It is our family farms that keep alive and vibrant our small towns and rural communities. Most important, it is family farms, especially small and midsize family farms, that sustain and preserve the American way of life. The defense of the family farm is a defense of everything America has been — and everything we will be. It is my privilege to come to their defense. What remains is to understand what must be done, and how.

Suballale



After nearly 100 days of traveling the U.S. and visiting with hundreds of farmers across the nation, Secretary Brooke L. Rollins is issuing a call to action to Federal, State, regional, and local partners to join USDA's bold new *Make Agriculture Great Again Agenda*. As part of this initiative, USDA will launch key policy initiatives with actionable and measurable goals that put U.S. farmers first, always. **The first policy pillar of the** *Make Agriculture Great Again Agenda* focuses on the **prosperity of small family farms, which are the heart of our communities and our nation**.

Small Family Farms First

In 2023, based on the USDA Economic Research Service Report titled "<u>America's Farms and</u> <u>Ranches at a Glance</u>" about 86 percent of all farms were small family farms. These farms—which have gross cash farm income (GCFI) below \$350,000—operated on 41 percent of U.S. agricultural land, while producing just 17 percent of the total value of agricultural production (as shown in Figure1 Below).

The definition a family farm is a farm in which the majority of the business is owned by an operator and/or any individual related by blood, marriage, or adoption, including relatives who do not live in the operator's household. USDA uses acres of crops and head of livestock to determine whether a farm or ranch with sales of less than \$1,000 could normally produce and sell the minimum amount required to be categorized as a farm. Among family farms, farms are divided by farm size, which is measured by GCFI, a measure of the farm's revenue that includes sales of crops and livestock, government payments, other farm related income, and fees received by operators from production contracts. Small family farms are further divided into categories based on the primary occupation of the principal operator.

To ensure small family farmers can start and stay in business for generations to come, USDA is placing specific emphasis on understanding the barriers to starting and keeping small family farms viable — especially for the next generation. USDA has outlined a toolkit of actions to take to ensure the profitability and prosperity of small family farms, including the streamlining of application processes; reliable access to credit; access to farmland; transitioning farms to the next generation; access to markets and infrastructure; access to reliable agricultural labor; and, access to appropriate risk management and business planning tools.

As USDA implements its action plan, ongoing assessment of gaps in service and support will occur. USDA will continue to measure and spotlight these specific metrics on an annual basis.

Further, as part of this initiative, Secretary Rollins welcomes small farmers to submit their stories for Farmers First Friday series. Showcasing all aspects of American farming is so important to American agriculture's history and future. Because Making Agriculture Great Again means helping all farmers, ranchers, and producers not only have the tools to succeed, but elevating the men and women who feed, fuel, and clothe our great nation.

FARMERS FIRST

Table 1

Number of farms and distribution of farms, value of production, and acres operated by farm type, 2023

Fari	m type	Number of farms	Percentage of farms	Percentage of acres operated	Percentage of value of production
	Retirement	209,812	11.1	2.8	0.7
	Off farm	741,922	39.3	12.3	4.4
Small	Low sales	573,411	30.3	15.7	4.4
	Moderate sales	101,463	5.4	9.9	7.7
Midsize		112,185	5.9	18.2	18.5
Large-	Large	75,110	4.0	26.0	27.7
scale	Very large	8,919	0.5	4.7	19.9
Nonfamily		66,977	3.5	10.5	16.8
All Farms		1,889,800			

Note: Acres operated is equal to owned land plus leased land minus leased land to others. The total acres operated were 893.8 million, and the total value of production was \$493.4 billion in 2023. Due to rounding, percentages may not sum to 100 or match values reported in figure 1.

Source: USDA, Economic Research Service (ERS) using USDA, National Agricultural Statistics Service and USDA, ERS, 2023 Agricultural Resource Management Survey data.



Figure 1 Distribution of farms, acres operated, and value of production by farm type, 2023

Note: Acres operated is equal to owned land plus leased land minus leased land to others.

Source: USDA, Economic Research Service (ERS) using USDA, National Agricultural Statistics Service and USDA, ERS, 2023 Agricultural Resource Management Survey data.



1. Streamlining & Digitizing USDA Application Processes

Small family farmers often have little to no support staff to fill out USDA required paperwork to participate in programs. The process is often complex and time consuming.

Action: Under President Trump, USDA is cutting red tape and streamlining delivery, as evidenced by USDA's rollout of the recent <u>Emergency Commodity Assistance Program</u> (ECAP), ECAP utilized pre-filled applications, was released ahead of schedule, and is paying farmers for economic losses within an average of three days of applications being filed. USDA is also launching an internal audit to identify every farmer-facing paper-based application that can be digitized and streamlined. Simplifying these processes for producers will reduce the barriers to entry for many programs while saving time and enhancing accuracy. Paper applications will remain available upon request for farmers who choose that option.

2. Generating Reliable Access to Credit

Often, family farmers struggle to secure financing. This is due to a variety of issues including lack of collateral, limited credit history, and the general pressures of the current farm economy.

Existing USDA Programs: Small farmers have a number of credit options available in the private sector, ranging from commercial banks to the Farm Credit System's Young, Beginning, and Small (YBS) farmer <u>resources</u>. For those producers who are unable to obtain loans at commercial institutions, the Farm Service Agency (FSA) and Rural Development (RD) at USDA have various options that are designed to provide financing, ranging from operating loans to loan guarantees. These programs can be utilized by small farmers to build credit and invest in their operations.

Action: These USDA resources are only effective if they are usable and accessible. That is why USDA is evaluating new shared services platforms for the FSA loan program and RD programs to streamline delivery and increase program efficiencies.



3. Providing Greater Access to Farmland: Land Acquisition and permitting

Land acquisition—whether purchased or rented—can be a considerable barrier for farmers and ranchers, particularly those who are small. There are many reasons for this, such as competition with real estate development (including solar development on productive farmland) and rising land values.

Existing USDA Programs: For the issue of rising land values, USDA's most effective tools are FSA's Farm Ownership Loans and the Guaranteed Farm Loan Program. FSA's Farm Ownership Loans offer up to 100 percent financing and are a valuable resource to help small farmers and ranchers purchase, improve and expand current operations. FSA's Guaranteed Farm Loan Program helps farmers and ranchers to obtain loans from USDA-approved commercial lenders at reasonable terms to buy farmland or finance agricultural production.

To protect against development pressures and rising tax burdens, small farmers can utilize the Agricultural Land Easement (ALE) program. This is a component of the Agricultural Conservation Easement Program (ACEP) administered by NRCS. This program provides financial assistance to eligible partners for purchasing Agricultural Land Easements that protect the agricultural use and conservation values of eligible land. This program helps farmers and ranchers keep their land in agriculture and also helps to mitigate estate tax burdens.

Additionally, USDA manages millions of acres of federal land in the form of national forests and grasslands. The U.S. Forest Service manages that land and issues <u>various types of grazing permits</u> for ranchers to access federal lands.

Actions: To address rising land costs, USDA is reforming the <u>FSA</u> and <u>RD</u> loan programs to streamline delivery and increase program efficiencies, ensuring small producers can have reliable access to credit and farmland.

USDA will also disincentivize the use of federal funding at USDA for solar panels to be installed on productive farmland through prioritization points and regulatory action. Farmland should be for agricultural production, not solar production. We call on state and local governments to work alongside USDA on local solutions.

Finally, to enhance flexibilities and ensure working lands stay working, the U.S. Forest Service is reforming the National Environmental Policy Act and pursuing additional flexibilities for permittees and leases, especially for farmers, ranchers, and adjacent landowners.



4. Transitioning Farms to the Next Generation

The average age of farmers in the United States is 58. While it should be up to the individual farmer or rancher to decide if or when the time is right to retire, the fact is that there are many institutional barriers that disincentivize the transition of farms and ranches from one generation to the next. In addition, older producers often lack a clear succession plan, and looming tax burdens create disincentives to transfer land to the next generation.

Existing USDA Programs: While USDA's farm loan resources help with credit needs for land acquisition and farm operation, the U.S. tax code has the biggest impact.

Actions: USDA calls on Congress to ensure that the vast majority of farms and ranches are protected from an increase in the death tax. Congress should also expand Section 179, which allows eligible small businesses to deduct the full purchase price of qualifying farm and business equipment upfront. It should be expanded to further benefit U.S. farmers and ranchers, including family farms. Further, Congress should restore 100% bonus depreciation expensing. If phased out in 2025, family farms, among others, will be unable to immediately deduct their business investments.

In addition, the House Agriculture Committee's proposed enhancements to improve the implementation of the 2018 Farm Bill's *Commission on Farm Transitions—Needs for 2050*, if enacted, would help identify additional ways that USDA and the U.S. Treasury Department could support farm transitions while ensuring that operations remain in production. USDA will also be engaging with agricultural tax and legal professionals across the country to identify ways the department can assist in developing tools that help to facilitate the orderly transition of agricultural operations from one generation to the next and will continue to enhance education for our customers on this topic. We call on state and local governments to work alongside USDA on local solutions to eliminate or minimalize death tax penalties.



5. Providing Small Family Farms With Greater Access to Markets and Infrastructure

It can be difficult for small farmers to establish and maintain markets, particularly for lowervolume producers. Limited access to infrastructure—such as cold storage, processing facilities, and reliable transportation—further complicates marketing of products.

Existing USDA Programs: Federal Programs like the <u>Farm Storage and Facility Loan program</u> (FSFL) and <u>the Local Agriculture Market Program</u> (LAMP) provide grants and resources aimed at improving infrastructure and market access for small producers. USDA's Rural Development mission area has multiple grant and loan opportunities like the <u>Rural Energy for America Program</u> (REAP) and the <u>Value-Added Producer Grant</u> (VAPG) which allow small family farmers to make their operations more energy efficient and add value to their products.

Actions: USDA has <u>reformed and overhauled</u> the Biden-era Partnerships for Climate Smart Commodities initiative into the Advancing Markets for Producers (AMP) initiative, ensuring that a minimum of 65% of federal funds must go to producers instead of special interests. Under President Trump, USDA will ensure that all funded programs dedicated to farmers are actually received by farmers.

USDA will work to improve and strengthen the state and federal food inspection agreements to expand access to processing capacity. By strengthening these state-federal partnerships, we will bolster the U.S. food system's resilience and security.

USDA will also prioritize local farmers in institutional and public food procurement policies, coupled with an effort to educate small farmers on the policies, with an emphasis on USDA nutrition programs such as Section 32, <u>The Emergency Food Assistance Program, SNAP</u> Healthy Incentives, <u>Senior Farmers' Market Nutrition Program</u>, <u>WIC Farmers' Market Nutrition Program</u>, and the Patrick Leahy Farm to School Program.



6. Providing All Family Farms, Including Small, with Affordable and Reliable Labor

The limited labor force for agriculture results in farmers being unable to secure seasonal and year-round employees. This is particularly acute for small operations who do not have the up-front resources to secure legal foreign labor.

Existing USDA Programs: The <u>Agricultural Labor Affairs Coordinator</u> (ALAC) operates within the Office of the Chief Economist and functions as the USDA-wide coordinator for agricultural labor issues, including regulations and immigration issues, and is responsible for coordinating activities with other Federal agencies.

Actions: USDA will leverage ALAC in actively working with other federal agencies such as the Department of Labor and the Department of Homeland Security to address the critical issue of labor access for agricultural producers. USDA is aggressively exploring coordinated solutions with agencies and Congress to ensure a stable, reliable, and legal workforce for agriculture. Small farmers can't diversify or grow their business without access to labor, and we must take action to relieve this persistent issue, including H-2A and H-2B nonimmigrant visa classification reform.

7. Enhancing Risk Management and Business Planning Tools

Beyond access to capital, perhaps no other resource is as important as access to risk management tools. These tools can be very complicated and also very expensive to access.

Existing USDA Programs: USDA's Farm Service Agency (FSA) administers a number of risk management tools, from income-support tools like <u>Price Loss Coverage (PLC) and Agricultural Risk Coverage (ARC)</u>, to the <u>Noninsured Crop Disaster Assistance Program (NAP)</u>, to permanent disaster programs like the <u>Tree Assistance Program (TAP)</u> and <u>the Livestock Indemnity Program (LIP)</u>, to the ad hoc disaster programs like the <u>Emergency Commodity Assistance Program (ECAP)</u> and the recently-announced <u>Supplemental Disaster Relief Program (SDRP)</u>. Additionally, USDA's <u>Risk Management Agency (RMA)</u> is responsible for implementing the <u>Federal Crop Insurance Program (FCIP)</u>. RMA partners with private <u>industry</u> to deliver crop insurance policies that are purchased by farmers and ranchers across the country. Many of these programs have special provisions that are targeted to expanding access for small farmers.

Action: Smaller farmers may not always be aware of the federal risk management and disaster assistance programs available to help them sustain weather and market volatility. As a result, USDA is working to make our programs simple and transparent, which is why we recently announced the disaster portal for all upcoming disaster programs, as a resource producers can access far in advance of their scheduled release.



8. Ensuring the Definition of small Farm Adequately Captures U.S Agriculture Today

According to USDA's definition, a small farm is a family farm with less than \$350,000 in annual gross cash farm income. While these farms are further subdivided based on the self-reported primary occupation of the farm's principal operator (i.e., whether the farmer has off-farm income), that definition is extraordinarily broad. It can involve an operation where the principal operator has an off-farm job where the farm contributes just \$1,000 in gross sales all the way to an operation where a full-time farmer is generating \$350,000 in annual gross cash farm income as the sole source of income for their family. The resource needs of those operations may differ drastically.

Action: USDA is currently reviewing farm size definitions to ensure they adequately reflect modern-day realities while also helping to ensure that the extensive resources that USDA makes available are appropriately tailored to the needs (and size) of farms.

9. Hosting Small Farmer Webinar and Educational Series

The Administration is proactively advancing family farms and getting federal government out of the way by cutting red tape and unleashing regulatory burdens with a bold and robust deregulatory agenda that puts farmers first.

Actions: High energy costs devastate various American sectors, including farming. As such, President Trump upon taking office signed various Executive Orders aimed at unleashing American energy dominance to ensure U.S. fuel is more abundant and affordable, including for our farmers and our ranchers. Further we are putting U.S. energy dominance first, by relying on homegrown U.S row crops for biofuels.

The Environmental Protection Agency is working with the United States Army Corps of Engineers to deliver on the President's promise to review the definition of "Waters of the United States." The agencies are moving quickly to ensure that a revised definition follows the law, cuts overall permitting costs, and lowers the cost of doing business at farms across the country.



10. Other Small Farmer Resources

In addition to the small and mid-sized farmer resource landing page, USDA houses a set of comprehensive resources on farmers.gov which are meant to be a one stop shop for all farmer needs which includes, self-service features that allow you to view loan information, history, and payments, get help requesting financial assistance, download and e-sign conservation documents and view and export detailed farm records farm/tract maps.





FSA Programs for Small and Beginning Farmers

Program	Description	How It Helps Smaller Farms
Direct Farm	Loans up to \$600,000 to	Allows Small farmers to buy land with
<u>Ownership</u>	purchase farmland or build	minimal down payment and lower
Loans	structure	interest rates
Direct Operating	Loans up to \$400,000 for	Provides affordable startup capital for
Loans	equipment, seed, livestock, etc.	production costs
Guaranteed	Private loans backed by USDA	Reduces lender risk and improves
Loans	guarantee	access to credit for new farmers
<u>Down Payment</u>	Helps new farmers purchase	Requires only 5% down, excellent tool
<u>Loan Program</u>	land using a combination of FSA	for land access
	and private funding	

RMA Tools for Small and Beginning Farmers

Program	Description	How It Helps New Farmers
Federal Crop	Covers loss of yield, revenue, or	Offers income protection against natural
Insurance	quality for eligible crops	disasters and price drops
Micro Farm	Covers loss of approved	This program is only for farms with up to
Program_	revenue	\$350,000 in approved revenue



NRCS Conservation Programs

Program	Description	How It Helps Smaller Farms
EQIP (Environme ntal Quality Incentives	Cost-share program for implementing conservation practices on working lands	Covers a % of producer cost for beginners (e.g., fencing, irrigation, cover crops)
<u>Program)</u> <u>CSP (Conservati</u> <u>on Stewardship</u> <u>Program)</u>	Rewards ongoing stewardship and advanced conservation	Annual payments for maintaining and improving practices; promotes continuous improvement
Agricultural Land Easement (ALE)	Funds permanent easements to protect ag lands	Keeps farmland in production and more affordable; land trusts can lease conserved land to small farmers

Rural Development Programs

Program	Description	How It Helps Smaller Farms
REAP (Rural	REAP provides grants and loan	Cost share program that helps farmers
Energy for	guarantees to help farmers,	add energy production and energy
<u>America</u>	ranchers, and rural small	efficiency projects for their farms, but
<u>Program)</u>	businesses	will disincentivize funding for solar panels on productive farmland
VAPG (Value-	Program helps agricultural	Cost share program for planning and
Added Producer	producers enter value-added	working capital grants
<u>Grant)</u>	activities to generate new products, create and expand marketing opportunities, and increase producer income	



Food and Nutrition Service Programs

Program	Description	How It Helps Smaller Farms
SNAP Healthy Incentives	Encourages people participating in SNAP to purchase healthy foods by providing a coupon, discount, gift card, bonus food item or extra funds.	Connects small and local producers to SNAP authorized retailers to incentivize fruits and vegetables.
Senior Farmers' Market Nutrition Program	Provides low-income seniors with access to locally grown fruits, vegetables, honey, and herbs.	Expands markets for local and small producers through the use of farmers' markets, roadside stands, and community support agricultural programs.
WIC Farmers' Market Nutrition Program	Provides nutritious, unprepared, locally grown fruits, vegetables, and herbs through farmers' markets and roadside stands to WIC participants.	Expands market opportunities for local and small producers through the use of farmers' markets or roadside stands approved by the State agency (i.e., state agriculture departments, health departments).
The Patrick Leahy Farm to School Program	Increases the availability of local foods in schools.	Expands markets for small producers and includes local producer trainings to educate how to sell foods to local schools.