In Historic Move, USDA to Begin Loan Payments to Socially Disadvantaged Borrowers under American Rescue Plan Act Section 1005

The U.S. Department of Agriculture Farm Service Agency (FSA) published the first notice of funding availability (NOFA) (PDF, 242 KB) announcing loan payments for eligible borrowers with qualifying direct farm loans under the American Rescue Plan Act Section 1005. The official NOFA will be published in the Federal Register early this week and USDA expects payments to begin in early June and continue on a rolling basis. A subsequent notice addressing guaranteed loan balances and direct loans that no longer have collateral and have been previously referred to the Department of Treasury for debt collection for offset, will be published within 120 days.

Section 1005 of the American Rescue Plan Act of 2021 (ARPA) provides funding and authorization for USDA FSA to pay up to 120 percent of direct and guaranteed loan outstanding balances as of January 1, 2021, for socially disadvantaged farmers and ranchers as defined in Section 2501(a) of the Food, Agriculture Conservation, and Trade Act of 1990 (7 U.S.C. 2279(a)). Section 2501(a) defines a socially disadvantaged farmer or rancher as a farmer or rancher who is a member of a socially disadvantaged group, which is further defined as 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. Qualifying loans as part of today's announcement are certain direct loans under the Farm Loan Programs (FLP) and Farm Storage Facility Loan Program (FSFL).

For much of the history of the USDA, socially disadvantaged farmers and ranchers have faced discrimination—sometimes overt and sometimes through deeply embedded rules and policies—that have prevented them from achieving as much as their counterparts who do not face these documented acts of discrimination. Over the past 30 years, several major civil rights lawsuits have compensated farmers for specific acts of discrimination—including Pigford I and Pigford II, Keepseagle, and the Garcia cases. However, those settlements and other related actions did not address the systemic and cumulative impacts of discrimination over a number of decades that the American Rescue Plan now begins to address.

Sections 1005 and 1006 of ARPA provide USDA with new tools to address longstanding inequities for socially disadvantaged borrowers. Section 1006 of ARPA provides additional funding to begin long-term racial equity work within USDA, including to address heirs...
property claims and to stand up an Equity Commission to identify barriers to access USDA programming.

To learn more about the loan payments to socially disadvantaged farmers and ranchers, visit [www.farmers.gov/americanrescueplan](http://www.farmers.gov/americanrescueplan).

USDA touches the lives of all Americans each day in so many positive ways. In the Biden-Harris Administration, USDA is transforming America’s food system with a greater focus on more resilient local and regional food production, fairer markets for all producers, ensuring access to safe, healthy and nutritious food in all communities, building new markets and streams of income for farmers and producers using climate smart food and forestry practices, making historic investments in infrastructure and clean energy capabilities in rural America, and committing to equity across the Department by removing systemic barriers and building a workforce more representative of America. To learn more, visit [www.usda.gov](http://www.usda.gov).

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**USDA Announces Cooperative Agreements for Community Compost and Food Waste Reduction**

$2 million in cooperative agreements is available for local governments to host Community Compost and Food Waste Reduction (CCFWR) pilot projects. The cooperative agreements support projects that develop and test strategies for planning and implementing municipal compost plans and food waste reduction plans and they are part of USDA’s broader efforts to support urban agriculture.

[Learn more about the Cooperative Agreements.](#)

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**USDA Announces Grants for Urban Agriculture and Innovative Production**

$4 million in competitive grants is available to support the development of urban agriculture and innovative production projects. USDA will accept applications on Grants.gov for planning and implementation projects until midnight July 30, 2021.

**Planning Projects** Planning projects initiate or expand efforts of farmers, gardeners, citizens, government officials, schools and other stakeholders in urban areas and suburbs. Projects may target areas of food access, education, business and start-up costs for new farmers, urban agroforestry or food forests, and development of policies related to zoning and other needs of urban production.

**Implementation Projects** Implementation projects that accelerate existing and emerging models of urban, indoor and other agricultural practices that serve multiple farmers. Projects will improve local food access and collaborate with partner organizations and may support infrastructure needs, emerging technologies, educational endeavors and urban farming policy implementation.

[Find out more about these grants.](#)

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