

MEETING MINUTES

ADVISORY COMMITTEE ON BEGINNING FARMERS AND RANCHERS

TUESDAY, AUGUST 31, 1999

1:30 p.m.

WELCOME:

Mark Falcone, Designated Federal Official (DFO), opened the first meeting of the Advisory Committee on Beginning Farmers and Ranchers (Committee) at 1:30 p.m., August 31, 1999. After describing his background and tenure with the Farm Service Agency (FSA, formerly Farmers Home Administration), Mark asked each of the 15 Committee members in attendance to introduce themselves. **Members in attendance included Jo Anderson, Gary Blahosky, Tim Cross, Henry English, Juan Guzman, Ferd Hoefner, Carnell McAlpine, Howard Nakae, Nancy New, LaVonne Nicolai, Jeff Plagge, Hazell Reed, Kathy Ruhf, Wayne Soren, and Russell Washington (see Attachment 1 for additional member information).** Mark then informed the Committee that member Gregory Smitman would be unable to attend the meeting and that another member, Calvin King, would not arrive until the second day. After the member introductions, Mark asked the other Department of Agriculture (USDA) employees (Margaret Grimm and Kathy Zeidler) and the meeting facilitator Cyril (Cy) Svoboda to introduce themselves. Mark then welcomed a member of the public, Mary Helen Askins of the Independent Community Bankers of America (ICBA), and asked her to briefly describe her work with ICBA.

After commenting on the highly diversified background and expertise of the Committee members, Mark gave a brief overview of the Committee's purpose. He noted that the Agricultural Credit Improvement Act of 1992 (1992 Act) required the Secretary of Agriculture to establish the Committee for a number of purposes, including advising the Secretary on the development of the program of coordinated assistance (Federal-State Beginning Farmer Partnership) to qualified beginning farmers and ranchers and methods of maximizing the number of farming and ranching opportunities created through the program. He stated that the delay in establishing the Committee was due to a major reorganization of USDA and turnover in top USDA positions.

A. OVERVIEW OF AGENDA:

Cy gave an overview of the meeting agenda, which included a briefing on the Federal Advisory Committee Act (FACA) and FSA beginning farmer programs; completion of value and skills surveys by Committee members; development of the Committee's vision, mission and goals; discussion of draft operating procedures; development of goal-related objectives; review of public comments; election of officers; and development of draft recommendations.

B. BRIEFING ON FACA AND FSA BEGINNING FARMER PROGRAMS:

Mark delivered a Power Point presentation providing details on FACA and FSA beginning farmer programs (Attachment 2). He then turned the meeting over to the facilitator, Cy Svoboda.

C. VALUE AND SKILLS SURVEY:

Cy led the Committee members in two “ice-breakers.” First, he asked members to list three values that they possess and three values that they appreciate in people with whom they work. The Committee members were then asked to share their *value survey* results with the rest of the group. Next, Committee members were asked to complete a *skills survey* (Attachment 3), which listed a number of competency categories and component skills. Members then rated their proficiency in each skill and shared their results with the group.

Cy said he hoped the surveys would help the Committee determine the way in which each member could best contribute. He said that the results may also help members make more informed choices during the election of officers.

D. COMMITTEE VISION/MISSION/GOALS:

Members discussed possible vision, mission, and goal statements for the Committee. Several members remarked that “farm/ranch” needed to be defined before the Committee could effectively craft vision, mission, and goal statements. Members debated several definitions, including the Internal Revenue Service (IRS) and FSA definitions, and noted that the definition of a farm varies according to area and land uses. Mark stated that FSA’s definition of a family farm has been debated over the years but has never changed since he started with the Agency in 1975. He said FSA’s definition has remained general because what is considered a family farm varies from State to State. Local FSA officials make the determination based on farming operations in their area.

Nancy New stated that FSA’s definition of family farm has worked well for the Agency. She also pointed out that many farmers which the Agency is trying to assist would be ineligible for farm loans if specific dollar amounts, acreage requirements, or other factors were included in the definition.

Members then suggested several vision statements for the Committee, including the following:

- Assure effective transition to the next generation of beginning family farmers and ranchers.
- Ensure financial and technical support for beginning farmers and ranchers into the 21st Century and beyond.
- Provide enhanced economic opportunities in Agriculture into the 21st Century.

Members debated the definition of “transition” and “next generation” and questioned whether this could imply only a transfer of land within a particular family. Members did not reach a consensus on a vision statement.

Mission statements, including the following, were then considered:

- Assist beginning farmers and ranchers in building profitable and sustainable operations by leveraging and improving the resources available to them through USDA/FSA, State agricultural finance programs, and Land-Grant universities.
- Assure availability of credit resources for beginning farmers and ranchers.

Members did not reach a consensus on a mission statement.

Members then discussed the Committee's goals. Various members made the following suggestions:

- Make changes to improve existing FSA beginning farmer programs.
- Make the beginning farmer programs friendlier and more attractive to applicants and lending institutions.
- Make recommendations that other resources/programs be provided to beginning farmers and ranchers.
- Increase the number of cooperative agreements and State financial programs to help beginning farmers and ranchers.
- Thoroughly assess FSA beginning farmer loan programs.
- Assist beginning farmers and ranchers in building profitable and sustainable operations by leveraging and improving the resources available to them through USDA/FSA, State Agricultural Finance Programs, Land Grant Universities and private sector entities.
- Target FSA program funds (other than credit) to beginning farmers and ranchers.
- Alert USDA to the coming demands that will be placed on FSA staffing and funding (due to the agricultural crisis).
- Examine the existing FSA outreach program to determine how it addresses the needs of beginning farmers.
- Develop models of successful farm transfers.

E. ADJOURNMENT FOR TUESDAY, AUGUST 31, 1999:

Cy reviewed the agenda for the next day, then adjourned about 5:00 p.m.

WEDNESDAY, SEPTEMBER 1, 1999
8:30 a.m. to 5:00 p.m.

RECAP OF PREVIOUS DAY:

Mark Falcone, DFO, opened Wednesday's meeting and asked Committee member, Calvin King, to introduce himself to the group. Mark then referred members to a one-page summary which he prepared detailing the "goals" discussion from the previous day. He stated that the items discussed by members fell into one of three areas: (1) improve programs for beginning farmers (both FSA and State programs); (2) funding; and (3) outreach.

Calvin King suggested that an additional goal be added to the "outreach" category urging USDA support for full funding of the 2501 program (Small Farmer Outreach Training and Technical Assistance). The 2501 program was established by the Food, Agriculture, Conservation and Trade Act of 1990, and requires the Secretary to enter into contracts with 1890 Land Grant Institutions and other eligible educational institutions or community-based organizations to provide outreach and technical assistance to socially disadvantaged farmers and ranchers, many of whom are small and beginning farmers. Socially disadvantaged farmers include African Americans, Native Americans, Alaskan Natives, Hispanics, Asians, Pacific Islanders, and Women. Lack of full funding of the program by Congress has limited the assistance provided to such farmers and ranchers.

A. OPEN DISCUSSION BY BOARD MEMBERS (free-flowing):

Mark informed the Committee that following passage of the 1992 Act, USDA sent a letter to the Governors of all 50 States explaining that FSA would execute Memorandums of Understanding (MOU) with interested States that had beginning farmer programs. This would establish Federal-State beginning farmer partnerships for the purpose of providing joint financing to beginning farmers and ranchers. He told members that to date, USDA has signed MOUs with 16 States. Mark then suggested that it would be appropriate to send another letter to Governors of States where no MOU has been executed. Members agreed. It was suggested that copies of the letter also be sent to State Secretaries of Agriculture and banking committees.

A discussion then ensued about the Aggie Bond program and other State beginning farmer programs. A question was raised as to whether the Aggie Bond program was consistent across State lines. Gary Blahosky explained that the programs were consistent from State to State because of IRS policy. Kathy Ruhf asked about the Aggie Bond program's relationship to State beginning farmer programs. Specifically, she asked if all State beginning farmer programs are funded through the use of Aggie Bonds. A comment was made that not all programs are funded with the bonds.

A discussion then followed regarding the mandate of the Committee. Kathy Ruhf mentioned that the law states the Committee's purpose is to advise the Secretary on methods to improve the Federal-State Beginning farmer partnership, as well as its broader mandate on ways of creating farming and ranching opportunities for beginning farmers, such as successful transfers of farmland.

Mark then turned the meeting over to Cy Svoboda, meeting facilitator.

B. DRAFT OPERATING PROCEDURES:

Cy led a discussion of the draft operating procedures (Attachment 4). Mark explained that the draft was taken mostly from examples of other Advisory Board operating procedures and the Committee was at liberty to make any changes it felt were necessary, except the portions required by law.

Ferd Hoefner suggested another bullet be inserted on page 2 of the procedures indicating that, in addition to the responsibilities already mentioned, members would also be responsible for advising the Secretary on other methods of creating new farming or ranching opportunities. He allowed that perhaps the sentence was repetitious of the information on page 1, but felt it should be reiterated. Members agreed.

A discussion ensued regarding whether subcommittees would be necessary. A consensus was reached to include a sentence in the procedures regarding the appointment of subcommittees as necessary.

Hazell Reed asked about a section on page 3 which stated, "Any member, including the Chairperson, may make a motion for a vote. No second after a proper motion will be required to bring any issue to a vote." He stated that parliamentary procedures require a second after a proper motion and that if a second was not required, the Chairperson could effectively dictate what issues were brought up for a vote. Members agreed that a second should be required before an issue could be brought up for a vote. Jeff Plagge suggested changing the word "No" in the second sentence to "A," thereby satisfying the requirement for a second after a proper motion. Members agreed.

There was some discussion about the length of a member's term and when the term expires. Members also raised questions about their role in nominating successors to serve on the Committee. Mark explained that the members' terms end when the existing Committee charter expires, which is 2 years from the date of the Committee charter (November 1998). However, up to two thirds of the current membership would be reappointed to assure effectiveness and continuity of operations. He also said that members would likely play a role in nominating successors.

Hazell Reed recommended that a Chairperson elect or Vice Chairperson be elected to preside over the meetings in the Chairperson's absence. Members also suggested that a Secretary be elected, stipulating that his/her role would not include taking meeting minutes. Members expressed interest on drawing upon the resources of FSA to take the minutes and distribute them to the membership. Mark said that FSA could assist in this area. Members discussed forming an Executive Committee comprised of the Chairperson, Chair Elect and Secretary. Members suggested that a record be kept of any meeting of the Executive Committee (and other subcommittees) and that minutes of those meetings be distributed to the other members. A question was raised about the role of Secretary. Members agreed that this officer's primary duty

would be to serve on the Executive Committee.

LaVonne Nicolai suggested that a rancher be appointed to the Committee out of concern that the Committee was not meeting the needs of this segment of producers. Mark informed the Committee that a rancher had been appointed to the Committee but declined due to health reasons. There was general consensus that a rancher be appointed when the current membership expires.

Hazell Reed moved, and Henry English seconded the motion, that the Committee accept the operating procedures, as revised. Motion passed.

C. GOAL-RELATED OBJECTIVES:

Cy suggested that the members break into smaller groups to discuss issues raised during the previous day's discussion and to formulate goal-related objectives. Kathy Ruhf voiced concern that although she could see the benefit of break-out groups, she was interested in all of the topic areas and questioned whether members of one group would have adequate input into the other issue areas being discussed. Consensus was reached not to break into smaller groups, but to discuss all issues among the Committee of the whole. The discussion focused on three main categories: **FSA loan programs, State beginning farmer programs, and Outreach.**

After a lengthy discussion, Committee members arrived at a number of issues, action items, and proposed recommendations.

D. ELECTIONS:

Cy provided instructions on the nomination process. The nominees for Chairperson were Jo Anderson and Hazell Reed. Jeff Plagge was nominated but declined. A suggestion was made and consensus was reached that the nominee who did not receive the highest number of votes would serve as Chairperson elect. Members submitted their ballots.

ACTION: The Committee elected Hazell Reed to serve as Chairperson. Jo Anderson was elected to serve as Chairperson Elect.

Nominations were then taken for the office of Secretary. Wayne Soren was nominated.

ACTION: The Committee elected Wayne Soren as Secretary by unanimous voice vote.

E. PUBLIC COMMENTS

Members reviewed public comments received from the National Council of State Agricultural Finance Programs; the American Farm Bureau Federation; the Campaign for Family Agriculture; and two individuals, Mr. John Auerswald of Deptford, New Jersey and Mr. Levi Huffman of Lafayette, Indiana. A summary of the comments follow:

- Exempt Aggie Bonds from the volume cap on Industrial Revenue Bonds

- Expand funding for the FSA guaranteed loan program and direct Down payment loan program
- Allow FSA guarantees on Aggie Bonds
- Review FSA beginning farmer definition
- Allow separate FSA loans to farmers who share collateral and farm together
- Review FSA farm ownership eligibility requirement that applicant must have operated for three years
- Expand value-added opportunities for beginning farmers and ranchers
- Eliminate FSA's direct loan program

Most of these comments had been discussed earlier, some of which were included in the draft recommendations.

F. ADJOURNMENT FOR WEDNESDAY, SEPTEMBER 1, 1999:

Mark reviewed the agenda for the next day, and mentioned that Deputy Secretary Richard Rominger and Under Secretary for Farm and Foreign Agricultural Services (FFAS) Gus Schumacher would make a brief appearance at the meeting on Thursday at 11:00 a.m. Members would brief them on priority items needing immediate attention. The meeting was adjourned about 5:00 p.m.

THURSDAY, SEPTEMBER 2, 1999
8:30 a.m. to 12:00 p.m.

RECAP OF PREVIOUS DAY:

Committee Chair Hazell Reed opened Thursday's meeting and then turned the proceedings over to the meeting facilitator. Mark provided members with a list of the issues and proposed recommendations discussed the previous day along with a briefing paper that he and Ferd Hoefner prepared and submitted to the Deputy Secretary and Under Secretary's office on Wednesday evening. The briefing paper included five recommendations determined to be priorities (Attachment 5).

Calvin King requested that a sixth recommendation be added stating that USDA should continue to support full funding (\$10 million) of the Section 2501 program. Members agreed.

A comment was made to recommend exempting Aggie Bonds from the volume cap on Industrial Revenue Bonds. Members agreed and determined it would be included and discussed as part of the recommendation to allow FSA guarantees on Aggie Bonds

Members agreed that all six items would be presented to the Deputy Secretary and FFAS Under Secretary during their visit with the Committee later in the morning.

A. OPEN DISCUSSION BY BOARD MEMBERS (free-flowing):

Gary Blahosky suggested asking FSA to provide data on how many farmers would be affected by increasing the repayment terms (currently 10 years) on the Beginning Farmer Down payment Farm Ownership Program. Ferd Hoefner pointed out that less farmers would receive assistance because the cost to the government of making these loans would increase. Ferd mentioned he would work with FSA staff to obtain information on how longer terms would affect the number of FSA loans that would be available. This data would be provided at the next meeting.

RECOMMENDATION: Ferd Hoefner recommended that the Committee send a letter to Secretary Glickman reiterating the 6 priority items. Dr. King moved, and Gary Blahosky and LaVonne Nicolai seconded the motion, that this recommendation be approved. The motion passed. Ferd suggested that action on the Committee recommendations take place prior to the next meeting.

A discussion then ensued among members about when and where to hold the next meeting. Members agreed that they should meet more than once a year. Mark said that the proposed budget would probably include enough funds for only one meeting in Fiscal Year (FY) 2000. He mentioned that members could still meet if funds were not available but they would not be reimbursed for travel costs. Gary Blahosky recommended that the next meeting be held in Kansas City. Members voted and the majority agreed. March 2000 was agreed to as a tentative meeting time (two full days during the week of March 20-24). Chairman Reed said that the Executive Committee would work out the logistics of the next meeting. Jeff Plagge suggested that someone from the Kansas City Federal Reserve Board be invited to participate and bring

statistics on beginning farmer programs. Ferd Hoefner informed members that the Risk Management Agency's (RMA) Research and Development office is also located in Kansas City and that an RMA official could also be invited to discuss beginning farmer issues.

Mark said he would draft the letter to Governors of States without MOUs as discussed on Day 2 of the meeting. Discussion followed concerning whether the letter should be signed by the Secretary, and members agreed.

Ferd Hoefner suggested that a subcommittee be formed to look at issues that would need to be researched before the next meeting, and that the subcommittee work with USDA to obtain the necessary information. Tim Cross, Ferd Hoefner, and Carnell McAlpine were selected to serve on the subcommittee. Chairman Reed said that he would serve as an ad hoc member.

Mark told Committee members he was just informed that Under Secretary Schumacher would not be able to make an appearance at the meeting. Deputy Secretary Rominger would be coming, but his arrival had been delayed. He also welcomed a member of the public, Cody Lyon of the American Farm Bureau Federation, to the meeting.

A suggestion was made that certain members of the Committee be selected to present the six priority items to Deputy Secretary Rominger. Another suggestion was made that the Chair make the presentation. Chairman Reed suggested that members with the most knowledge on a particular issue give the presentation on that item. Members agreed.

Ferd Hoefner agreed to make remarks on Item 2 - *Have the Secretary become involved in promoting Federal/State Beginning Farmer Partnerships*, and Item 4 - *Include full FY 2000 funding of FSA loan programs in the pending emergency supplemental appropriations bill.*

Jo Anderson agreed to discuss Item 1 - *Allow FSA guarantees on Aggie Bonds (including the volume cap issue).*

Calvin King agreed to present item 6, which was added - *USDA should continue to support full funding (\$10 million) of the Small Farmer Outreach Training and Technical assistance (Section 2501) program.*

Kathy Ruhf was asked to present item 3 - *Have USDA conduct a comprehensive assessment of FSA's beginning farmer programs.*

Wayne Soren agreed to present item 5 - *Assure that adequate, trained staff is available in FY 2000 in FSA offices where heavy loan application demand is expected.*

Hazell Reed then suggested that the remaining list of draft issues and recommendations be reviewed and revised by the Executive Committee prior to the next meeting and sent to all members. It was determined that once they were reviewed and revised, the Executive Committee would discuss them with FSA staff to determine which issues/recommendation have a realistic chance of being implemented.

B. APPEARANCE BY DEPUTY SECRETARY ROMINGER

Mark Falcone introduced Deputy Secretary Rominger and asked members and others in attendance to briefly introduce themselves. Chairman Hazell Reed then told the Deputy Secretary that the Committee had arrived at six priority recommendations and members would elaborate briefly on those items.

Following the presentations, Mr. Rominger made brief remarks about each of the suggestions and thanked the Committee members for their hard work.

C. CLOSING REMARKS

Mark thanked the Committee for their time and hard work over the last few days. He agreed to work with the Chair in drafting a letter to the Secretary concerning the six priority items.

Calvin King moved, and Gary Blahosky seconded the motion, that the Committee meeting be adjourned. Motion passed.