



Intertribal Agriculture Council: USDA changes to Socially Disadvantaged Farmer and Rancher programs



Agenda



What is a Socially Disadvantaged Farmer or Rancher?



What does USDA's Final Rule say?



What programs are (and are NOT) changing?



What is a Socially Disadvantaged Farmer or Rancher?

What is a socially disadvantaged farmer or rancher?

Figure 1. Alternative Statutory Definitions of Socially Disadvantaged Group

Definition including race, ethnicity and gender

7 U.S.C. §2003. Target participation rate

e) Definitions

(1) Socially disadvantaged group

As used in this section, the term "socially disadvantaged group" means a group whose members have been subjected to racial, ethnic, or gender prejudice because of their identity as members of a group without regard to their individual qualities.

(2) Socially disadvantaged farmer or rancher

As used in this section, the term "socially disadvantaged farmer or rancher" means a farmer or rancher who is a member of a socially disadvantaged group.

Definition including race and ethnicity only

7 U.S.C. §2279. Farming Opportunities Training and Outreach (FOTO) program

(a) Definitions

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(5) Socially disadvantaged farmer or rancher

The term "socially disadvantaged farmer or rancher" means a farmer or rancher who is a member of a socially disadvantaged group.

(6) Socially disadvantaged group

The term "socially disadvantaged group" means 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.

Source: CRS from definitions in the U.S. Code.

Who are socially disadvantaged farmers or ranchers?

- African Americans
- American Indians
- Alaskan Natives
- Asians
- Hispanics
- Pacific Islanders
- Depending on definition, women

The “socially disadvantaged” definition is not based on Tribal citizenship

- Based on self-identification of race and not enrollment as a member/citizen of a federally recognized Tribe
- However, many Tribal members/citizens utilize these programs
- Important for bridging gaps in access from operating in Indian Country



What does USDA's Final Rule say?

July 10: USDA publishes Final Rule changing benefits for Socially Disadvantaged Farmers and Ranchers



FEDERAL REGISTER

The Daily Journal of the United States Government



® Rule

Removal of Unconstitutional Preferences Based on Race and Sex in Response to Court Ruling

A Rule by the Federal Crop Insurance Corporation, the Natural Resources Conservation Service, the Farm Service Agency, the Commodity Credit Corporation, the Rural Business-Cooperative Service, the Rural Housing Service, and the Rural Utilities Service on 07/10/2025





What does the Final Rule say?

- History of discrimination at USDA
- President Trump's Executive Orders ending DEI
- Court cases ruling on race- and sex-based preferences



What does the Final Rule say?

“USDA will no longer apply race- or sex-based criteria in its decision-making processes, ensuring that its programs are administered in a manner that upholds the principles of meritocracy, fairness, and equal opportunity for all participants.”



**What programs are
(and are NOT) changing?**

Most SDA terms are NOT changing



Many SDA terms are enshrined in law — meaning it takes an Act of Congress (a new law) to change

Farm Bills introduced last year do NOT make changes to socially disadvantaged farmer and rancher programs



Benefits for veterans, limited resource, and beginning farmers are not changing



- Veteran farmer:
 - Former service member AND
 - Has not operated a farm/ranch for more than 10 consecutive years
- Limited resource farmer:
 - With direct or indirect gross farm sales not more than the current indexed value in each of the previous 2 years AND
 - Who has a total household income at or below the national poverty level for a family of four, or less than 50 percent of county median household income in each of the previous 2 years.

Terms for veterans, limited resource, and beginning farmers are not changing



- Beginning farmer
 - Has not operated a farm/ranch for more than 10 consecutive years



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FSA Changes



FSA - Down Payment Loan Program

- Provides down payment loans to beginning, veteran, and socially disadvantaged farmers
- Changes: Guarantee level
 - **Previously:** Enhanced guarantee level of 95% for socially disadvantaged farmers
 - **Now:** Standard 90% guarantee level

FSA - Down Payment Loan Program

- Provides down payment loans to beginning, veteran, and socially disadvantaged farmers
- Changes: Lender fee
 - **Previously:** Waiver of 1.5% fee charged to lender
 - **Now:** Standard charge of 1.5% fee to lender

FSA - Leasing of inventory property

- When a borrower defaults on an FSA loan, FSA may acquire the land in certain cases. FSA generally aims to quickly sell any acquired land, but under certain circumstances, they may lease it to producers instead.
- Changes:
 - **Previously:** FSA could lease acquired properties to beginning farmers or socially disadvantaged farmers if the farmer was selected to purchase the property through an FSA loan program but then was unable to make the purchase due to lack of FSA funds
 - **Now:** Leases to socially disadvantaged farmers no longer allowed

FSA - Disposal of inventory property

- FSA is directed to sell its inventory property as quickly as possible. Under law, SDRFs and beginning farmers generally have first right of refusal to purchase inventory property.
- Changes: First right of refusal to lessees
 - **Previously:** Lessees of inventory property are offered first option to purchase property.
 - **Now:** Leases cannot be offered to socially disadvantaged farmers

FSA - Disposal of inventory property

- FSA is directed to sell its inventory property as quickly as possible. Under law, SDRFs and beginning farmers generally have first right of refusal to purchase inventory property.
- Changes: Down payment
 - **Previously:** Waiver of 10% down payment requirement for socially disadvantaged and beginner farmers
 - **Now:** Socially disadvantaged farmers must pay 10% down payment

FSA - Conservation Reserve Program

- Provides cost-share and rental payments for farmers to remove environmentally sensitive land from production and to plant resource-conserving land cover to protect soil, water, and wildlife.

FSA - Conservation Reserve Program

- Changes: Incentives for socially disadvantaged farmers
 - **Previously:** USDA could provide incentives to socially disadvantaged farmers to enhance long-term environmental goals
 - **Now:** Incentives for socially disadvantaged farmers no longer allowed

FSA - Conservation Reserve Program

- Transition Incentive Program (TIP)
 - In the last two years of a CRP contract, farmers can work with socially disadvantaged, beginning, and veteran farmers to transition CRP acres to these farmers to return land to active production using sustainable methods.
 - USDA can modify CRP contracts to support transition

FSA - Conservation Reserve Program

- Changes: Transition Incentive Program
 - Socially disadvantaged farmers cannot participate in TIP
 - CRP contracts cannot be modified to facilitate transfer of land to socially disadvantaged farmers

FSA - Milk Loss Program

- Provides payments to dairy producers who cannot sell their milk on the commercial market due to contamination (such as residues, chemicals, toxic substances, or nuclear radiation)
- Changes:
 - **Previously:** Socially disadvantaged farmers received enhanced payment of 90% of fair market value of lost milk
 - **Now:** Socially disadvantaged farmers receive standard 75% payment

FSA - Emergency Relief Program for CY 2020 and CY 2021

- Provides payments to producers who suffered eligible crop losses due to qualifying disaster events including wildfires, hurricanes, floods, derechos, excessive heat, winter storms, freeze, smoke exposure, excessive moisture, and drought for CY 2020 and 2021
- Changes:
 - **Previously:** If demand exceeds funding, payments are decreased but socially disadvantaged farmers receive enhanced payment 15% above standard payment, up to a certain limit
 - **Now:** Socially disadvantaged farmers receive standard payment

NRCS Changes



NRCS - Wildlife Habitat Incentive Program

- Provides cost-share payments to participants to develop upland wildlife habitat, wetland wildlife habitat, habitat for threatened and endangered species, fish habitat, and other types of wildlife habitat
- Changes:
 - **Previously:** Federal cost share increased by 25% for socially disadvantaged farmers
 - **Now:** Socially disadvantaged farmers receive standard payment

NRCS - Agricultural Management Assistance

- Provides funding for producers to construct or improve water management structures or irrigation structures; plant trees for windbreaks or to improve water quality; and mitigate risk through production diversification or resource conservation practices, including soil erosion control, integrated pest management, or transition to organic farming

NRCS - Agricultural Management Assistance

- Changes:
 - **Previously:** Socially disadvantaged farmers received increased federal cost share of at least 25% above the applicable rate, though no more than 90% of the estimated incurred cost.
 - **Now:** Socially disadvantaged farmers receive standard federal cost share of 75% of incurred costs or 100% of estimated income forgone of an eligible practice.

NRCS - Agricultural Conservation Enhancement Program (ACEP)

- Conservation easement program that combines three previously separate easement programs — the Wetlands Reserve Program (WRP), Grassland Reserve Program (GRP), and Farm and Ranch Lands Protection Program (FRPP).
- Changes:
 - **Previously:** NRCS could provide incentives to socially disadvantaged farmers to participate in ACEP.
 - **Now:** NRCS can no longer provide incentives to socially disadvantaged farmers for ACEP.

FCIC Changes



FCIC: Submission requirements for 508(h) plans

- Private sector developed insurance plans, concept proposals, and index-based weather plans of insurance, called 508(h) plans, must provide certain information to FCIC to be approved
- Changes:
 - **Previously:** These plans were previously required to include a detailed description of the coverage provided and “its applicability to all producers, including” small, socially disadvantaged, beginning, and limited producers.
 - **Now:** 508(h) plans no longer need to report on applicability of its coverage to socially disadvantaged farmers.

Rural Development Changes



RD: Renewable Energy System (RES) and Energy Efficiency Improvement (EEI) Grants

- Provides grant funding to agricultural producers and rural small businesses for renewable energy systems or to make energy efficiency improvements.
- Changes:
 - **Previously:** Socially disadvantaged farmers received priority for grants.
 - **Now:** No longer have priority.

RD: Rural Energy for America (REAP) Loan Guarantees

- Provides loan guarantees to agricultural producers and rural small businesses for renewable energy systems or to make energy efficiency improvements.
- Changes:
 - **Previously:** Socially disadvantaged farmers received priority for loans.
 - **Now:** No longer have priority.

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What now?



What now?

- Continued assistance with accessing USDA programs and services
- Continued advocacy for Tribal producers to address gaps and barriers in accessing USDA programs
- Resources on changes will be on website

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