Remarks of
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As I sifted through the history and background of the FCA and FCS to learn more about the changes, consolidations and re-consolidations since its establishment, it sheds light on issues may that pertain to the access and use of credit by small and part-time producers. Not unlike other institutions established or supported by the federal government, FCA sought to assist farmers by meeting their changing credit needs, as they knew this was essential to promote a thriving agricultural industry and vibrant rural communities. This has been critical to the success of agriculture, rural and urban communities, economic development and the availability of a strong food supply in the United States.

Since President Theodore Roosevelt planted the seeds of the Farm Credit System in 1908, it has undergone many iterations, consolidations and reconsolidations … more than I fully understand. As I pondered some of my challenges in understanding the administrative restructures of FCA, I wondered how much more complicated all of that may appear to the small, limited-resource and part-time farmers served by Virginia State University. I would go even further to say that they may have little knowledge about what the restructure really means regarding their ability to obtain credit. What I do know is that the ability to access short medium and long-term credit is critical to farmers, rural communities and their future sustainability.

Virginia State University, as an 1890 Land-Grant Institution, is missioned to serve the “underserved” with a strong history with black farmers and families, rural communities and underserved youth. VSU has a known history of work with “targeted” farmers, who include limited-resource, socially disadvantaged, small, part-time and beginning farmers. We are also known for research and extension efforts with specialty crops, aquaculture and small ruminants (goats and sheep). Our goal is to assist farmers in diversifying their farm operations with profitable market alternatives. Many of the farmers with whom we work seek viable options to replace tobacco crops. But most importantly, they are savvy, creative, and resilient, and they add significant value to our food system.

Characteristics of the farmers served by VSU:

- Most are part-time farmers who heavily rely on off-farm income. The sources of the off-farm income may include Social Security, pensions, dividends, interest and rent.
- They may face liquidity constraints (challenged by an ability to sell quickly without having to reduce the price).

- Perhaps due to financial constraints or the smaller nature of their farms, they are less likely than other farmers to participate in conservation programs and other programs that could have economic and environmental impact.
- They tend to operate fewer acres.
- Many have lower household income, are older in age, and are less willingness to utilize government assistance. Limited resource farmers, specifically, generally have household incomes of less than $20,000 per year.
- They are less likely to use government programs to assist them with record keeping or credit, preferring cash to advisory services.
- They express a desire to earn a good living from the land; however, many feel that past and current discrimination toward them may hamper them from accessing credit and resources needed to achieve their goals.
- They are more often denied credit and resources to support the farm operation (more than 30 percent of the farmers who applied for USDA loans have been denied).
- They lack access to capital, labor and equipment and need loans to purchase transportation, access to processing facilities.
- Have social, cultural, customs or language barriers, minimal awareness of programs.
- Some are less likely to take business risks and adopt new technologies.
- Because they have been historically marginalized from the resources needed to encourage group formation and networks, such as education, local markets, and an affordable supply of inputs, they may not actively participate in alternative marketing ventures, the production and distribution of locally-grown highly nutritious agricultural products.
- Have often felt by-passed by the institutions that were set up to serve them.
- Have historically obtained more credit from FSA than from FCA institutions (i.e. Since 1978, FSA has provided more than a billion dollars in low-interest loans to borrowers with limited resources, such as new farmers, disadvantaged farmers and farmers making changes to their operations who lack the income, credit or resources necessary to succeed in farming).

What is beginning to change…?

- A new age of part-time and beginning farmers are on the rise. The new farmers often consist of professionals and retirees who own land but don't have a history in farming. They want to return to the land, keep the land in the family and learn how to generate money from it. Many are satisfied with being part-time farmers. Others would be very interested in running a full-time operation with the appropriate support.
- Many are interested in growing specialty local food.
- Many are savvy and more willing to work together to reach new markets and share resources.
- Many are adept at the use of technology and social media.
- "Targeted" farmers recognize the need to increase their competitive advantage in the market place and have created alternatives to traditional ways of doing business. The expansion of community-supported agriculture, farmer's markets and niche efforts in

specialty products increase annually. However, limited resource, minority farmers are just on the cusp of fully participating in these ventures, because of unwillingness to assume risk. It becomes critical that other approaches to working with this population emerge to offer sustainable alternatives.

Their needs:

Beginning farmers (less than 10 years) often have adequate training or farm experience but do not have the income and other resources, including credit, to enter into a successful farming operation.

Farmers making changes in their operation may need to reorganize or enlarge their operations, inject working capital into their farms, or restructure indebtedness. These farmers may have the opportunity to purchase farms or change their farming systems due to economic conditions. The disadvantaged farmer is confronted with low income, poor production, financial management deficiencies, inadequate credit, limited education, and/or a lower standard of living.
Given their situation they may…

- Seek greater access to government programs and credit for both short-term operating funds and long-term improvements.
- Seek to achieve a better understanding of credit and loan programs.
- Seek access to accurate information from agencies and service providers (such as FCA and FCS) who are genuinely interested in their livelihoods.
- Seek greater responsive from agencies and lending institutions to local needs. Need easy access and use of locally relevant communication channels.
- Need more assistance in farm management or practices needed to develop a viable farm operation than other farm loan borrowers, such as annual farm planning or long range farm planning, record-keeping, etc.
- Seek management assistance, along with credit. This may be essential for increasing the borrower's chance of farming success while protecting the government's interest.

Cooperative Extension, Land-Grant Institutions and other USDA agencies can serve as a conduit of information, technical assistance and resources (i.e. Extension Agents can assist farmers with steps for completing applications, farm management plan development).

The Agricultural Credit Act of 1987 requires that Limited Resource Farmers and Ranchers be provided adequate access to USDA technical assistance programs and activities.

The Food, Conservation, and Energy Act of 2008, also known as the 2008 Farm Bill, further addresses the issues and concerns associated with Socially Disadvantaged, Beginning, and Limited Resource Farmers and Ranchers. In order to address these issues and concerns, the Act perpetuates farmer and rancher equity of access to support programs offered by the USDA. The Act calls for technical and financial assistance, improved programs and services, and flexibility in decision making.