

Briefing Paper

EQUIP Funding for Historically Underserved Individuals and Groups

In a USDA report entitled, *Civil Rights at the United States Department of Agriculture Report*, completed February, 1997, recommendations #35 and #46 suggest that \$100 million be added to EQUIP funds annually and that cost share payments be transferred in the same year conservation practices are completed.

This *Briefing Paper* will address the following issues: why we need to increase EQUIP funds, will this type of transfer maintain the existence of small farms, and how do we ensure that a financial increase of this nature will be distributed in a way that ensures success.

There are several reasons “why” we need to initiate a flow of assistance and funds to historically underserved customer groups (1) agriculture, like many other industries before, is undergoing an industrialization process. This means that as farms and ranches become larger, they have a greater percentage of the market share. In the long run, this type of concentration can prove to be unstable (e.g., energy crisis of the 1970’s) (2) Overall, there are less farms and ranches and a steady decrease among some minority groups. In addition to the loss of production, no matter how small, there is the grander issue of morally and ethically maintaining a small farm system in the U.S. (Andrews, 1994) (3) Individuals of minority groups have a difficult time competing directly against large scale producers because their small scale can lead to production inefficiencies (4) Unless you are capitalized or have stable financing, it is extremely difficult to successfully maintain an agricultural business (5) Discrimination against minority groups has been an important factor that limits participation of minorities in government and non-governmental programs. This has included marketing, loan, and commodity support programs as well as technical and educational assistance (Paige, 1997). Only 14 percent of minority farmers receive any type of government payment (Ross, 1994) and (6) Limited education and lack of socialization in the culture of agriculture, impedes an agricultural producers’ adoption of more efficient operational techniques and more profitable marketing strategies.

Unless these issues are addressed through outreach programs, the historically underserved producer will continue to lose their enterprises. Their personal financial distress will not only affect the producer and their family directly, but it will also affect the communities in which they reside.

Taken in isolation, EQUIP funding, even at this level, will only be successful if USDA also strengthens technical assistance, educational assistance, research, and training to these groups. The recommendations for how to fortify a total outreach effort are detailed in the 92 recommendations of the *Civil Rights at the United States Department of Agriculture Report*. A good example of a comprehensive package of assistance to farmers is the “Ways to Grow” program conducted in North Carolina. This program used 44 on-farm demonstrations and case studies to show how training, education, record management and funding assistance not only helps in the conservation of natural resources but also in the production and marketing of traditional and alternative agricultural products (McKinnie and McAlpin, 1996a; 1996b).

In Kentucky, from 1986 to 1991, NRCS helped support Kentucky State’s Small Farm program that use demonstration projects and one-on-one educational programs to provide assistance. It was

estimated that over a five-year period participating farmers increased their incomes by \$10,000. With additional assistance from FmHA these farmers also experienced a 15 percent increase in their assets and 20 percent increase in net worth (SCS Internal Report, 1994). During 1995-1996, Farmers Home Administration and Southern University implemented a joint project entitled the Family Farm Technical Assistance Project. This project had a positive financial impact on several farm communities. The entire farm family was given technical, educational and financial assistance to help them better manage their farming enterprise. There were 66 clients who participated in the project. The results were very positive. The participants real estate value increased about \$400,000; total assets increased by almost one million dollars; and debts decreased more than \$114,000 (Wims, 1996).

Alabama A&M University has worked with Heifer Project International, a private voluntary organization, to pass on 278 high quality breeding animals to 98 livestock producers in 12 counties in North Alabama. Producers give an animal offspring back to the project for their in-kind contribution. This "Passing on the Gift" ensures expansion and positive financial impacts for other livestock producers. The total value of the 278 animals was \$112, 582. Average profit gains for one year were: beef cattle - \$1,533; swine - \$2,952; and dairy goats - \$50 (Trotman and Brooks, 1986).

In 1991, NRCS (then SCS) began offering an increased cost share level of 90 percent through the small watershed program (P.L. 83-566) to historically underserved groups. Farmers applied conservation practices in 10 projects throughout the nation. Participation by minority producers in these projects was up to 1,000 percent higher than typical. NRCS provided an additional incentive in these projects by enabling farmers to provide their part of the cost share (10 percent) through their own labor and use of equipment. These type of incentives provided hope, encouragement, higher self-esteem, and needed assistance to small farmers who prospered because of this special help (SCS Internal Report, 1994).

The Spring Creek Watershed Project in Jackson County, Florida began in 1990 and continues today. This project provides a 90 percent cost-share rate to aid underserved farmers in installing conservation practices. Through community outreach efforts, the local NRCS field staff convinced many farmers who had not previously participated in NRCS programs to participate in this project. Of the 90 project participants, 77 percent are African-American farmers who farm close to the poverty level. The \$1.5 million spent on the project to date has led to farmers installing terraces, grass waterways, pasture management practices, grade stabilization structures, fencing and other soil erosion improvement practices. These farmers are also eligible to receive funding under the FAIR Act since they now have a conservation plan. According to interviews with local officials, this project has kept these farmers in business and made them better stewards of the land. These officials feel the project is successful because of personal contacts with farmers and because NRCS worked with community and church leaders to helped promote the project.

The Cane Valley Watershed Project in Kentucky began in 1992 and is nearing completion. This watershed covers 14,000 acres and the average farm size is 108 acres. The project's purpose is to increase participation of low income farmers in USDA programs. Local field staff not only used the media, but also went door-to-door to explain the project. Approximately 60 landowners signed up for the project and received an 80 percent cost-share from the government. Without the special cost-share rate, these farmers would have been unable to participate in the project according to interviews with local officials in Adair County, Kentucky.

The Jaybird Creek portion of the Whitesand Creek Watershed in Mississippi has a population that is 85 percent minority and 70 percent elderly. These people needed technical assistance and land treatment measures for their farms. Many of the elderly residents who own their land choose to rent the land, while younger residents farm part-time. Because of low farm income, low education, and a distrust of government programs, not one person in this community had participated in soil and water conservation programs. The NRCS used technical and financial assistance from the small watershed program to encourage the installation of needed conservation practices by modifying the cost share rates so land users only paid 5 percent of the installation costs. Most farmers paid their share through “in-kind” work in installing conservation practices. This effort enabled land users to generate a sustained income from their farms which benefits the agriculture economy of rural America and has helped maintain the family farm in this area. (Keeter, Ellis, Stamps, Leach, Hinton, and Clardy, 1990)

The Arkansas Land and Farm Development Corporation, a community based organization, began the Integrated Farming Food Systems (IFFS) Project in 1993. Through a working partnership, NRCS provided 80 percent cost-share to minority and limited resource IFFS farmers to incorporate soil and water technology and practices in their farming operations. In addition to financial assistance, participants attended educational meetings, field days, and workshops on the importance of new farm technology and participating in governmental farm programs. This project has accelerated environmental soundness and profitability of IFFS participants’ farms in eastern and southeastern Arkansas. (Stevens, 1997)

The common thread running through all these examples is that these special programs have not only assisted historically underserved customers stay in business, but they enable them to achieve some prosperity as well.

Based on these examples, we feel there are several program adjustments that need to be addressed in order for this special designated EQUIP program to be successful:

- ◆ Cultural and social factors need to be an equal factor along with the environment in order for areas with high numbers of minority and low-income farmers to be part of this and other USDA programs. Research shows that historically underserved customer groups operate land that can cause excessive environmental damage due to their misuse of fertilizers and pesticides (Tegegne, 1996). Cost sharing and other assistance can increase the likelihood that farmers can not only stay in business but also thrive, especially in alternative enterprises (Munoz, 1985; The Prentiss Headlight, 1990; and Sinclair, 1986).
- ◆ EQUIP funds need to be distributed as part of a larger outreach effort that takes place through multi-year planning. Presently, a *low* percentage of historically underserved customer groups have conservation plans in place. Having an existing conservation plan is an ingredient for distributing EQUIP funds. Consequently, a time consideration should be factored into this special EQUIP program so that USDA staff can be trained in outreach techniques and historically underserved customer groups can be educated on various aspects of conservation planning. This process has never been quick and it will take a period of time before it can occur. To assure that funding, planning, and education can happen at about the same time, EQUIP funds need to be able to be carried from year to year, until their distribution coincides with the conservation planning and educational processes.

- ◆ Financial need is a major factor for why low income farmers cause negative impacts to the environment. A cost share rate of 75-25, with the government putting up 75% is seemingly an excellent rate especially when farmers can furnish their 25% portion through in-kind work. However, in some cases, farmers may not have the equipment, time, or labor power to contribute their portion of 25% through in-kind work. A ten percent contribution, which also enables producers to contribute in-kind work to substitute for their portion, is more reasonable. As cited above, NRCS's watershed program raised the government's portion of the cost-share rate to 90%, with 10% of the total cost contributed by the farmer. Farmers were able to fulfill their portion of the cost share through in-kind work. Implementation of programs in several Southern states were extremely successful. Participation in one project increased from zero to over 500 African American families (The Prentiss Headlight, 1990).

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Note: Telephone interviews were conducted with numerous local USDA staff and officials to acquire and corroborate information .