



## The Beginning Farmer & Rancher IDA Program: Growing Rural Communities

*The Food Conservation and Energy Act of 2008* created a matched savings account program to enable up to 4,000 new farmers and ranchers start or expand their farms. The Beginning Farmer and Rancher Individual Development Account (BFRIDA) program matches the savings of and provides financial education to agricultural entrepreneurs. The objectives of BFRIDA are to:

- Promote local economic development in rural communities;
- Increase farming opportunities among individuals who may be new to this country or otherwise lack collateral; and
- Strengthen food security and independence.

### Program Details:

BFRIDA is a competitive grant program available to non-profits, tribes, and local government agencies to be administered by USDA's Farm Services Agency. The program would enable beginning farmers and ranchers to open an Individual Development Account (matched savings account) in order to save for a farming-related asset including, farmland, farming equipment, breeding stock, trees, or similar expenditures permitted by USDA.

BFRIDA allows up to \$3,000 of an individual farmer or ranchers' savings to be matched by local IDA providers at up to a 1:2 rate. Thus, farmers and ranchers can receive up to \$6,000 annually in match, totaling \$9,000 in leveraged savings. Program participants are required to complete financial training programs and develop a savings plan before the funds may be withdrawn for asset purchase.

The legislation authorizes up to \$25 million – or five million a year over a five year period – for the program. While any tribe, non-profit, or local or state government can submit an application to receive a grant, a 50% local match is needed to obtain the federal grant which may not exceed \$250,000.

If fully funded, BFRIDA could administer at least 20 grants. With up to 40 IDA accounts at each site and 800 IDA savers in 15 states annually, and 4,000 agricultural entrepreneurs could receive matched savings over the tenure of the pilot program.

### Policy Details:

This program contains both the infrastructure as well as the incentives for individuals (who might not historically be able) to save towards retirement or make intermediate, asset-building purchases. Funding has been authorized, but still needs to be appropriated. USDA staff is developing regulations now in anticipation of funding. President Obama included a request for \$5 million in his budget.

### Recommended Action:

Include \$5 million for the Beginning Farmer and Rancher IDA program in the FY 2010 Budget.

### Legislative Language:

Section 5301 within the Credit Title of *The Food Conservation and Energy Act of 2008* (P.L. 110-234)

### Resource Information:

<http://www.ers.usda.gov/FarmBill/2008/Titles/titleVCredit.htm>

<http://www.agriculture.senate.gov/>

<http://www.cfed.org/go/advocacy>

## BFRIDA Frequently Asked Questions

### **BFRIDA GROWS RURAL ECONOMIES AND PROMOTES LOCAL ECONOMIC DEVELOPMENT**

Agriculture plays a critical role in sustaining rural economies. By promoting rural entrepreneurship through agricultural development, rural communities can benefit from exporting food for income, keeping food dollars local and ensuring that community members have broad access to nutrition. The BFRIDA program also provides prospective opportunities for niche market farmers, whose clients pay premium prices for non-conventional goods such as local and organic produce.

### **BFRIDA EQUITABLY SERVES MINORITY, IMMIGRANT, AND OTHER DISADVANTAGED NEW FARMERS**

In addition to providing opportunities for new farmers, BFRIDA helps spur farming among groups that have historically been underrepresented in agriculture, specifically recruiting farmers among communities of color and new Americans. Farmers who may be immigrants, refugees, or have other transferable skills but lack collateral, can build assets through the BFRIDA savings match. IDAs have been highly successful at helping refugees, African American, Latino, and Native American start businesses and build wealth.

### **BFRIDA ADDRESSES OUR IMPENDING GENERATIONAL SHIFT**

In 1978, 350,000 farmers aged 34 or younger claimed farming as their primary occupation. By the 2002 Census of Agriculture, just over 70,000 people aged 34 or younger made the same claim.<sup>i</sup> Over the next 20 years, 70% of all Agricultural land in the United States is set to change hands. The BFRIDA program can help assist this transition, while ensuring that those with a non-farming family background can assume these important occupations. Currently, there is more than two times the number of farmers who are over the age of 65, as compared to those under 35.<sup>ii</sup> BFRIDA helps compliment existing credit programs and effectively promotes the entrance of young farmers into the field of agricultural development, as well as the financial mainstream.

### **BFRIDA HELPS GENERATE A MORE SECURE AND INDEPENDENT FOOD SOURCE FOR AMERICA**

Although the United States is currently a net exporter of food, many farmers currently fight to compete in international markets. In a time in which food disease scares are rising and food access and pricing crises continue, it is critical for the United States to ensure that it has a safe, secure, and independent food source. Providing IDAs to beginning farmers and ranchers in the United States can help ensure that all three of these goals are met, while spurring local economic development across the country.

The 2008 Farm Bill's creation of matched savings accounts for mid-term wealth building through products such as the BFRIDA program, are the critical first step towards building assets, broadening and diversifying our network of current farmers, promoting rural development, and securitizing our food sources.

To expand matched savings accounts, CFED supports the Beginning Farmer and Rancher IDA pilot program created in the Farm Bill, and urges for full appropriation of the \$5 million annual grant program.

### **FOR ADDITIONAL INFORMATION**

Carol Wayman, Federal Policy Director, CFED, 1200 G Street, NW, Suite 400, Washington, DC 20005 (202) 207-0125 work, (202) 725-0762 cell, [Cwayman@cfed.org](mailto:Cwayman@cfed.org)

---

<sup>i</sup> Center for Rural Affairs. <http://www.cfra.org/newsletter/2007/06/beginning-farmer-rancher-bills>.

<sup>ii</sup> Sustainable Agriculture Coalition: <http://www.msawg.org/farmland/FinalPolicyBackgnd%20-%20Beginning%20Farmer%20Initiative.pdf>.