Where Credit is Due: Examining USDA Finance, the Farm Credit System, and Barriers to Local Wealth and Sustainability

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Published December 2022
By the Livelihoods Knowledge Exchange Network (LiKEN)

This research was supported by funds from the
Socially Disadvantaged Farmers and Ranchers Policy Research Center
Alcorn State University
Mississippi

Contents

Executive Summary

Introduction

This project is a multi-modal examination of barriers experienced by small farmers in access to credit and financial services provided by the U.S. Department of Agriculture (USDA) and the Farm Credit System (FCS). We focused on subregions of the U.S. characterized by widespread generational disadvantage, including African American communities in central Kentucky and coastal Georgia, as well as the predominantly white populations of the Appalachian coalfields in eastern Kentucky. This project seeks to: a) inform policy recommendations for the 2023 Farm Bill, USDA, and related federal entities by amplifying issues faced by socially disadvantaged (SDA) farmers and landowners, and b) as with all LiKEN projects, to co-produce knowledge and share resources with partnering communities and promote healthy and sustainable growth within those communities.

Objectives

1. To document and analyze the experiences and perspectives of officials with the Farm Credit System (FCS) and USDA Farm Service Agency (FSA) who serve in the immediate vicinity of partnering communities: specifically, their demographics, their policies for providing financial assistance to socially disadvantaged (SDA) farmers, and their relationships with members of their respective communities;
2. Document the use, and unmet demand for, loans and credit in historically disadvantaged communities with high levels of land insecurity, high incidence of heirs' property, smallholdings, diversified production, and unique cultural assets (traditional knowledge and intergenerational farming and forestry practices, household sustenance and noncommercial production, etc.).
3. Analyze trends in access to credit and loans within a regional framework that explores intersections of race, class, gender, and place. We examine whether and how these forces converge to create last-mile gaps between a) agency mandates and resources and b) the actual needs in the communities.
4. Explore gaps and overlaps between community perception and FSA/FCS institutions in order to identify possible modes of cross-sectoral translation and trust-building.

Methods

Methods vary among counties and states due to data availability and format. The study included the following methods:

- Ethnographic data gathering from workshops and public events designed to inform and equip early career farmers and first-time loan/credit applicants in the selected states: These were offered by Farm Credit System partners, nonprofits, and a historically black university;
- Interviews with county and regional loan manager personnel with the Farm Service Agency;

- Interviews with a diverse range of farmers across the study area: We interviewed eight African American farmers in central Kentucky and ten farmers in eastern Kentucky. We had hoped to conduct small, participatory forums with at least 10 farmers in coastal Georgia. However, our community partners in Georgia could not collaborate because they face a rising tide of commercial/industrial development pressures and on-going political, racial, and economic discrimination. Given the acute pressures on this community, our key community partners decided that they needed to focus hard-pressed time and resources on civic mobilization against the negative effects of coastal development focused on industry tied to global trade, tourism, and gentrifying real estate patterns.
- Collection and analysis of socioeconomic and other data.

Discussion

The purpose of this study is to assess the last-mile barriers between a) socially disadvantaged and otherwise underserved farming communities and b) the offices of several USDA-supported credit and loan agencies, and other federal loan programsthat have been tasked with serving farmers in those communities. We make recommendations for the 2023 Farm Bill based on our findings. We are approaching this question of the last-mile barriers primarily by interviewing representatives from both sides of this gap.

Interviews with USDA officials indicate a mostly favorable outlook on the state of USDA lending to socially disadvantaged farmers in our study areas. By and large, the officials report that credit and loan opportunities are publicized in communities, that people are treated fairly who come into their offices.

The picture painted by farmers is different. FSA and FCS programs and resources are largely invisible to farmers. The few who have heard of FSA / FCS offerings find materials hard to get or understand. Many farmers perceive that government resources tend to go to local farmers who are socially well connected. Black farmers describe active discrimination. Farmers report that "who you know" determines access. Socially disadvantaged communities can carry generational memories of trauma and displacement that create a fear of indebtedness that can lead to loss of precariously held and stewarded land and homes.

Intermediaries like historically black universities, non-profits, farmers' cooperatives, farmers' markets play a large role in connecting small and marginalized farmers to programs that might help them. They mitigate discrimination, provide support for farmers that feel left out of mainstream programs, and inspire youth to pursue farming.

In the socially disadvantaged communities studied, farming has cultural and emotional significance and impacts that go far beyond its commercial value. Intergenerational legacies and informal subsistence and informal economies have incalculable value in maintaining civic health and community resilience. USDA staff have to work within mandates and models focused on highly commercialized commodities and value chains.

Conclusion

Support for agricultural operations by the USDA is needed in these areas, the general support mechanisms in place with the FSA and the FCS may not be finely attuned to the small-scale practices employed by farmers in these areas. FSA and FCS programs are designed to induct farmers into larger and more profitable farm enterprises, while many of the farmers we have studied are content with smaller or more moderately-sized operations and focused more on mutual aid and support of their communities.

Recommendations

1. Increase local FSA and FCS staffing. Make outreach materials more intelligible and increase digital access. Expand opportunities for remote or virtual business interactions in place of in-person requirements. Encourage more dialogue and interaction between FSA loan staff and county committees, either through formalized tasks and obligations, or through incentives. Expanded public outreach and education for community members. Liaise with better known entities like NRCS and agricultural extension to create 'one-stop', local informational outlets.

2. Improve ways to report discrimination. Include minorities in outreach and promotion activities and materials. Increase and diversify outreach. Increase transparency and expand mandates of county committees—or abolish them.

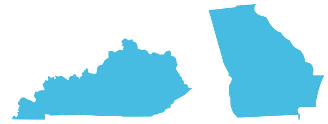
3. Develop more awareness of the 'community infrastructure' created by intermediaries like historically black universities, non-profits, cooperatives, and farmers' markets. Increase dialogue with, and outreach to, these bridging organizations - through mechanisms like the highly successful Cooperative Agreements. Bring stakeholders together for high-level discussion of innovative new funding mechanisms to transfer FSA resources to farmers who are loan-averse because of generational fears of indebtedness or distrust of legal and financial service providers.

4. Work with FSA and FSC staff to expand the model of what 'successful farming' is, to include small-scale and locally diverse production. Increase liaison and inter-agency funding with entities responsible for all dimensions of community well-being - to integrate economic development, tourism, forestry, culture and creative-placemaking, nutrition and public health, environmental stewardship.

List of figures

Where Credit is Due: Examining the USDA Finance Agencies and Barriers to Local Wealth and Sustainability

A Proof of Concept Investigation



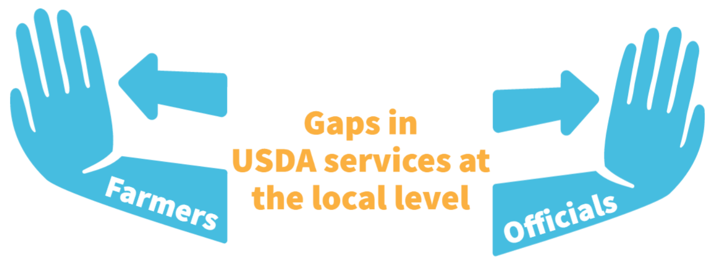
Too often, federal monies and support that were meant to help socially disadvantaged farmers in African American and low-income communities have not reached the people it was intended to help. In the past, the agency has privileged large scale, single product, heavily commercialized farmers over smaller, local, family-owned, and next generation farmers.

We interviewed small farmers in eastern and central Kentucky about financial needs, and their knowledge about, and experience of, USDA farm credit and loans

We interviewed local staff from USDA's Farm Service Agency and regional representatives and staff of the Farm Credit System in Georgia and Kentucky about their needs and whether their offices were meeting farmer needs

WHAT CREATES BARRIERS?

- Entrenched local inequalities caused by racism, land inequality and economic inequality associated with extractive industry
- Fear of indebtedness leads economically vulnerable farmers to shun credit and loans
- Severely declining funds and staff for local USDA offices stretch officials across too large a service area
- Invisibility (in official economic models) of community infrastructure, assets, and informal economies



Findings

FSA and FCS programs and resources are largely invisible to farmers. The few who have heard of FSA / FCS offerings find materials hard to get or understand.

Farmers' perceptions are that USDA financial services tend to go to local farmers who are socially well connected . Black farmers describe active discrimination. Farmers report that "who you know" determines access.

Intermediaries like historically black universities, non-profits, farmers' cooperatives, farmers' markets play a large role in connecting small and marginalized farmers to programs that might help them. They mitigate discrimination, provide support for farmers that feel left out of mainstream programs, and inspire youth to pursue farming.

In socially disadvantaged communities studied, farming has cultural and emotional significance and impacts that go far beyond its commercial value. Intergenerational legacies and informal subsistence and informal economies have incalculable value in maintaining civic health and community resilience. USDA staff have to work within mandates and models focused on highly commercialized commodities and value chains.

Recommendations

Increase local FSA and FCS staffing. Make outreach materials more intelligible and increase digital access.

Improve ways to report discrimination. Include minorities in outreach and promotion. Increase and diversify outreach. Liaise with better known agencies like NRCS to create 'one-stop', local informational outlets. Increase transparency and change mandates of county committees—or abolish them.

Increase dialogue with, and outreach and USDA funding to, these bridging organizations - through mechanisms like Cooperative Agreements.

Work with FSA and FSC staff to expand the model of what 'successful farming' is, to include small-scale and locally diverse production. Increase liaison and inter-agency funding with entities responsible for all dimensions of community well-being - to integrate economic development, tourism, forestry, culture and creative-placemaking, nutrition and public health, environmental stewardship.

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Inquiries about this project? Contact Betsy Taylor at director@likenknowledge.org

Introduction

This study arose in response to a call, in 2021, from the Alcorn State University's Socially Disadvantaged Farmers and Ranchers Policy Research Center to study access to credit and loans among socially disadvantaged (SDA) farmers, in order to provide evidence-based recommendations for the 2023 Farm Bill about ways to improve USDA and other federal financial services. Key goals of this call from the Policy Research Center were to gather more administrative and political data about USDA Farm Service Agency and Farm Credit System local and state offices, and to gain an increased understanding of FCS loan programs and/or FSA direct and guaranteed loan programs. The Farm Service Agency and affiliates of the Farm Credit Administration (the latter known as Farm Credit System cooperatives) offer a range of direct loans and lines of credit to socially disadvantaged and otherwise underserved farmers, either through the FSA offices themselves or through loans backed by an FSA guarantee. Our study examines the "last mile" barriers between farmers and these USDA lending agencies in subregions of two southern states.

A recent Government Accountability Office (GAO) study indicated that, in spite of a continuing decline in the number of active farming operations across the United States, the number of practicing farmers has increased slightly in recent years, and that many of these new farmers come from socially disadvantaged backgrounds (GAO 2019). The GAO report also observed that a significantly low amount of credit was extended to farmers from socially disadvantaged backgrounds. A low proportion of socially disadvantaged clients within the overall clientele of these agencies is of major concern to the USDA, as their lending agencies are explicitly chartered to support communities of farmers who lack the resources (collateral, credit rating, property size, etc.) to qualify for commercial loans and credit. The USDA lending agencies themselves are limited in their ability to determine reasons for the low rate of participation among socially disadvantaged farmers.

Examining these "last mile" barriers requires an in-depth look at the personal histories of socially disadvantaged and other underserved producers, along with a historical assessment of the regions in which these disadvantaged producers are situated. Furthermore, some attention to the perspective of the loan officers who oversee these credit and loan programs is warranted, as high-level agency directives issued by the USDA may not be appropriately tailored to the local contexts where many of these farmers operate or hope to operate. Crucially, farmers of African American descent in two of the subregions we selected (central Kentucky and coastal Georgia) have an expectation that the effects of decades of the USDA's discriminatory practices and implicit prejudices (Daniel, 2013) should by now be accounted for and ameliorated.

We have also endeavored to look at access to farm credit and loans in a particular demographic that is historically underserved but not listed among the socially disadvantaged categories that the USDA highlights. The Livelihoods Knowledge Exchange Network (LiKEN) is based in Kentucky and has strong research and community engagement experience in the central Appalachian region of eastern Kentucky, and we thus included eastern Kentucky counties within our study. The Appalachian Regional Commission, the major federal-state agency charged with addressing poverty in the region and promoting economic development has classified the counties we selected as “distressed,” an indication of seriously high poverty rates and very low median family income levels. The primary economic driver in these counties has historically been mineral and other natural resource extraction, but there is also in these areas a strong historical precedent for small-scale agriculture. Farming has and continues to be a critical component of the local economy, culture, and environment, and the USDA can serve an important role in sustaining this activity. It is not our intention here to submit central Appalachia as deserving of inclusion alongside other socially disadvantaged demographics. Rather, we hold that farmers in this area are in need of further support, and the USDA should consider how they may better tailor their approach to farmers in the mountain region.

Conditions Affecting Access to Farm Credit and Loans in Kentucky and Georgia

Within the African American community generally, there are a number of major factors affecting access to credit and loans. The most outstanding of these is, of course, direct discrimination by lending institutions and exclusionary policies that prevented access to credit by African American borrowers, but these historical influences have also resulted in indirect, compounded pressures that adversely affect black borrowers even as discriminatory systems are dismantled and policy is reshaped.

The outright exclusion of black farmers from federal farm loan programs in the past, along with their general mistreatment by those agencies even if they were accepted into the programs, is a major component of Pete Daniel’s revealing history (2013) of the USDA. Through the late twentieth century, the Farm Service Agency’s predecessor, the Farmers Home Administration, routinely ignored the obvious needs among black and low-income farmers, redirected funds that had been designated to help black and low-income farmers to wealthier and more established white farmers, and brazenly mistreated black farmers who came seeking support, through intimidation and willfully misleading applicants about their loans and debt service requirements. Viewed within the wealth of recent scholarship on how African Americans were systematically excluded from mainstream banking and lending opportunities (Lui et. al, 2006; Rothstein, 2017; Baradaran, 2018; Charron-Chenier and Seamster, 2021), historical access to farm loans by African Americans appears both unsurprising and notably troubled. Even in light of the supposed remuneration brought forth following the Pigford v. Glickman (1999) class-action suit that highlighted discrimination and an unwillingness by the USDA to look into civil-rights complaints, black farmers still reckon with the trauma and emotional toll of being mistreated by the USDA for so long (Charles, 2022).

Other indirect factors affecting black farmers' access to farm loans include the domain of credit scoring and creditworthiness. Karan Kaul’s recent study for the Urban Institute (2021) found that owing to black and Hispanic consumers’ preference for using cash rather than credit in everyday purchases, and for other reasons, 41.5% of black consumers have subprime credit scores, while only 18.5% of white consumers are in that credit score range. Though the FSA is mandated to work with low credit-scoring borrowers, the Farm Credit System does not have those same requirements, and this likely puts excessive pressure on the FSA to handle these borrowers. Furthermore there remains the likelihood that disproportionately poor treatment of black and other minority farmers over decades by commercial and government lending agencies has resulted in negative attitudes toward seeking or relying on credit to start an operation or to seek assistance during a downturn. Keeanga-Yamahtta Taylor (2019) has accounted for this factor in the context of mortgages and other homeowner loans, and while the more capital-intensive undertaking of farming may necessitate black farmers seeking credit from lenders, the particularly fraught history of black farmers and the USDA lenders may result in a specific reluctance among those farmers with regard to USDA programs.

In its heyday, coal mining attracted significant populations of African Americans and many other racial and ethnic to eastern Kentucky. These populations have decreased due to higher rates of outmigration, but this heritage is culturally still significant in some counties (Turner, 2021). However, the farm communities we study there are predominantly white. Small scale farmers in this region have not experienced anything close to the broad discrimination like that leveled against African Americans in general, but they have been excluded from the benefits of USDA and the larger agricultural economy for some time. Most notably Appalachian small-scale farms, which in the 1930s still rivaled coal and timber businesses as a major source of livelihoods in the region, were denied the protections afforded through the Agricultural Adjustment Act, a crucial New Deal-era relief program during the Great Depression. In the rollout of that program, many Appalachian farms fell below the minimum threshold for benefits, and many subsequent USDA administrations demonstrated that same disregard for small-scale farms, preferring instead to support larger, commodity-centric farms (Salstrom, 1997). Adding to this pressure, the Appalachian Land Ownership Task Force, a region-wide network of grassroots researchers, revealed in their landmark 1983 study *Who Owns Appalachia*? (1983) that over three-fourths of the land in the region was owned by absentee or corporate owners, and more recent iterations of the task force have found that similar conditions obtain in the present. What seems to most outsiders like a very open and available region for farming in many capacities is, in actuality, a very tight land market that precludes the option for many people to enter the farming profession.

One factor affecting farmers' ability to access credit and loans that is common to all three of the regions is the high estimated level of heirs' property. Heirs' property is a form of clouded title that generally results from the passing of land interests from a deceased person without a will (or intestate) to the heirs of the deceased. Heirs' property, as many scholars have observed, is a highly tenuous and precarious form of ownership, as some heirs living on the property can have their interests nullified and sold out from under them by other heirs who do not reside on the property (Chandler, 2005; Rivers, 2007; Baab, 2011). For heirs' property parcels that are not at risk of being sold over the objections of some residents, leveraging credit (such as with USDA farm loans) can be very difficult, as certain forms of majority agreement between all heirs' must be produced to substantiate legitimate ownership claims in the application process. The passage of the Uniform Partition of Heirs Property Act (UPHPA) in nineteen U.S. states has regularized this process and made access to USDA farm loans much easier for heirs' property owners (Mitchell, 2019), but the UPHPA has not been passed in all states, and for our purposes, Georgia has passed it but Kentucky has not. Heirs' property has historically been associated with African American communities in the U.S. South (such as central Kentucky and coastal Georgia), but recent estimates and scholarship have demonstrated its prevalence in central Appalachian areas as well (Deaton, 2007; Johnson et al, 2019). In fact, in recent analyses of the incidence of heirs' property across the U.S., Cassandra Gaither Johnson found Leslie County in eastern Kentucky to have the highest estimated rate of heirs' property of any county in the country (Johnson, 2022).

Methods

We designed our methods in order to understand the present landscape of credit offered by federal farm agencies to socially disadvantaged (SDA) farmers and ranchers and to situate it within the socioeconomic contexts of the counties and subregions studied. Our goal was to triangulate between farmer and official points of view. We sought to look through the eyes of farmers to see their needs for financial services within the complex, multidimensional, and lived experiences of their everyday lives, community, and concrete farming practices. We sought to look through the eyes of officials to understand their perceptions as workers within a government bureaucracy, to ask what pressures and needs they face as they do their mandated work within the enabling limits of local offices embedded within multiple administrative levels at state, regional, and national scales. We also sought to understand what officials see when they evaluate how effective their agencies are in meeting the real life needs of socially disadvantaged farmers.

We sought to use the following methods:

1. Ethnographic data gathering from workshops and public events designed to inform and equip early career farmers and first-time loan/credit applicants in the selected states: These were offered by Farm Credit System partners, nonprofits, and a historically black university;
2. Interviews with county and regional loan manager personnel with the Farm Service Agency and Farm Credit System;
3. Interviews with a diverse range of farmers across the study area: We interviewed eight African American farmers in central Kentucky and ten farmers in eastern Kentucky. We had hoped to conduct small, participatory forums with at least 10 farmers in coastal Georgia. However, our community partners in Georgia could not collaborate because they face a rising tide of commercial/industrial development pressures and on-going political, racial, and economic discrimination. Given the acute pressures on this community, our key community partners decided that they needed to focus hard-pressed time and resources on civic mobilization against the negative effects of coastal development focused on industry tied to global trade, tourism, and gentrifying real estate patterns.
4. Collection and analysis of socioeconomic and other data.

We analyzed these data in two stages. First, we reviewed what we learned in the initial ethnographic phase, as well as our draft interview guides. Our goal was to develop a list of factors and issues that were central to our research objectives. This list functioned as an *a priori* codebook–a summary of what we knew we wanted to analyze based on the fundamental design of the study. Second, we discussed data as it was coming in, in small meetings among our field staff, to identify unexpected themes that we had not anticipated. We also coded field notes and interviews to pull out emergent themes. Together, the *a piori* and emergent themes became the basis of the codebook that we used in conducting the final analysis.

County Selection Methodology

In Georgia, we originally intended to focus on one coastal county—Chatham--which has a relatively high African American population (40%). This county has strongly-rooted, historic traditions of small-scale horticulture and agriculture within their African American communities, and lies within the boundaries of the Gullah Geechee Cultural Heritage Corridor, a coastal region of the southeastern United States long recognized and supported by the U.S. Department of the Interior and the National Park Service as a site of distinct African American cultural history and significance. As described below, our community partners were unable to continue to collaborate in participatory data gathering from farmers. However, we were able to conduct rich conversations with one USDA official with wide administrative responsibilities.

The selected counties in central Kentucky (Madison, Clark, Jefferson, Woodford, Shelby, Powell, Fayette, and Franklin) also possess remarkable historic traditions in agriculture within African American communities, though these practices are not so widely recognized as the Gullah Geechee areas. Like the coastal Georgia counties, central Kentucky counties have a fairly uneven population density since they include Kentucky's two largest urban areas as well as farmland. And while the percentage of African American population is much lower than the Georgia counties (17%), this figure is twice the average percentage for the entire state. Both coastal Georgia and central Kentucky have dedicated groups of SDFRs, as well as local, community-based organizations that seek to serve them.

Eastern Kentucky counties (Harlan, Knott, Leslie, Martin, and Pike) are all federally designated as part of Appalachia by the Appalachian Regional Commission (ARC). All of these eastern Kentucky counties are classified by the ARC as "distressed," which the agency determines through the use of median income and poverty-level statistics. All of the eastern Kentucky counties are coal-producing and rank in the top ten in the state for coal production. Though eastern Kentucky has a strong history of farming and agriculture, this sector has been heavily diminished by the influence of extractive industries such as coal mining and timber cutting on the region. The hegemony of these particular industries has diminished significantly in recent decades, but the region is still hampered by high instances of absentee and corporate landownership, which puts stringent limits on the amount of land available for local farming. Previous studies conducted by LiKEN have concluded that the effects of these industries and landownership patterns on the region's ecology are not so harmful as to completely preclude the possibility of mixed-use agriculture and forest farming practices.

For the selection counties in the study, two more factors which applied to all regions need mentioning. Each county is estimated or known to have a high instance of heirs' property, meaning that significant amounts of land is held in a tenancy-in-common situation. An heirs' property arrangement results from a landowner passing away without a will (or "intestate") and leaving the undivided property to be held commonly by shareholding descendants. All counties meet certain criteria that heirs' property scholars have employed to estimate the prevalence of this issue (e.g. being in the 90th percentile or greater for higher for African American population, poverty, low per capita income, and low educational attainment), and high estimates of heirs property likely indicate significant barriers to intergenerational wealth (Pippin et al. 2017). Furthermore, farmers are especially burdened by heirs' property arrangements, since securing credit and capital investments can be more difficult to obtain by residents without clear title to their property.

All of our study counties have resident farmers or groups of farmers whose practices might keep them out of the direct focus of federal credit-lending agencies because of their small scale and lack of orientation to commodity or highly commercialized farming, and histories of subsistence and informal economies. Definitions of who qualifies as a "farmer" varies across federal agencies, but we follow the Farm Credit Association's definition of a "bona fide" farmer: "a person owning agricultural land or engaged in the production of agricultural products" (Strom, 2012). Use of this more inclusive definition can shed light on the smaller-scale farmers whose practices might not accord with federal agency representatives' understanding of conventional farming, but who nonetheless could benefit from these lending programs.

Objective 1 Methods

Objective 1: Document and analyze representatives of the Farm Credit Administration and Farm Service Agency in the immediate vicinity of partnering communities: specifically their demographics, their policies for providing financial assistance to SDFRs, and the health of their relationships with members of their respective communities

Ethnographic and background interviews for developing research design

To build our understanding of the history, structure, and regional contexts of USDA financial services in agriculture, we began by conducting background ethnographic interviews with scholars, elected officials, nonprofits, and government officials who have special expertise about the history of USDA. Carson Benn interviewed:

- State Sen. Reggie Thomas, who has a strong legislative history in issues relating to African American farmers and was responsible for introducing the UPHPA for consideration by the Kentucky State Legislature in 2021;
- Debbie Wakefield, Acting Kentucky FSA Director

- Latrice Hill, National Outreach Director, FSA
- Luke Fries, Director of the Growing Forward Program with Farm Credit Mid-America;
- Mark Barker, Senior Vice President for Agricultural Lending for Farm Credit Mid-America;
- Brian Lacefield, of the Kentucky Office of Agricultural Policy and former state director of FSA;
- Steven Isaacs, Professor, University of Kentucky Agriculture;
- Irma Johnson, Coordinator of Regional Stewardship at Kentucky State University's Extension Dept.

To design our FSA / FCS official interview guide, we drew on insights gathered from the above interviews and from our review of relevant scholarly and policy literatures. The interview guide can be found in the Appendix.

Interviews with USDA officials

The core method of Objective 1 was semi-structured interviews with officials at regional offices of the Farm Service Agency (FSA) and the Farm Credit System (managed by the Farm Credit Administration). In the mid-twentieth century, every one of Kentucky's 120 counties had its own USDA service center, but in recent decades the Department has had to close a number of these due to changes in the state's agricultural economy, to the point where, like Georgia, one local office serves approximately 2-6 counties. The tables below list each county in the study and its corresponding FSA and FCS Office.

FSA Offices in Georgia

County	**City where FSA office is located, County**
Chatham	Sylvania, Screven County

FSA Offices in Central Kentucky

Clark	Winchester, Clark County
Fayette	Lexington, Fayette County
Franklin	Versailles, Woodford County
Jefferson	Shelbyville, Shelby County
Madison	Richmond, Madison County
Powell	Winchester, Clark County

Shelby	Shelbyville, Shelby County
Woodford	Versailles, Woodford County

FSA Offices in Eastern Kentucky

Harlan	Barbourville, Knox County
Knott	Jackson, Breathitt County
Leslie	Jackson, Breathitt County
Martin	West Liberty, Morgan County
Pike	West Liberty, Morgan County

To initiate the interviewing process of USDA officials, we contacted state directors for the FSA to tell them about this study. They agreed to contact FSA officers to alert them about the study, explaining that it was an independent study unrelated to work requirements as FSA employees, that participation was entirely voluntary, and that we researchers would follow up to invite them to participate in an independent and confidential interview. Five FSA loan officers in Kentucky responded to our invitation, and one FSA loan officer in Georgia responded, to generate a total of six interviews. All of our study counties were included in the service area for which these officials were responsible. However, we promised them anonymity. Because of the small number of interviewees and the geographic scope of responsibilities, we are careful to not discuss our findings below in a way that would betray which individual is speaking.

We encountered difficulty in interviewing Farm Credit System affiliates. The Farm Credit System national network is made up of a number of member organizations with various coverage locations within states. These member organizations more closely resemble a typical bank, but they engage in community outreach programs. Kentucky has two overlapping FCS affiliates–Farm Credit Mid-America, and Central Kentucky Ag Credit. Georgia's FCS affiliate for the region we are studying is AgSouth Farm Credit. Both Ag South and Central Kentucky Ag Credit have declined to participate in the study altogether. Farm Credit Mid America is participating, but they have not given us clearance to interview the 2-3 Loan Managers that would oversee lending in the studied areas. We were, however, invited to participate in two first-time borrower workshops offered by FCS affiliates, one in Kentucky ("Know to Grow," to which Mid America invited us and where we took helpful ethnographic fieldnotes) and one in Georgia ("AGAware," which we were not able to attend).

The Farm Service Agency and the Farm Credit System–have varying levels of community involvement. The FSA holds offices in many county level service centers across states, and the nation's regional FCS divisions are obligated to perform community outreach programs to disadvantaged farmers and ranchers. Loan officers and outreach coordinators were asked about their experiences in working with socially disadvantaged farmers, how they feel the USDA programs could improve their services to these communities. What, in their view, would an ideal credit agency, fully committed to supporting socially disadvantaged farmers, look like?

We asked each interviewee to not disclose the names of clients or other identifying information, unless they are referring to information already in the public record. We asked them to discuss patterns and trends in a way that conveys information while keeping individuals anonymous. We assured them that our interviews were completely confidential and that their identity would be kept anonymous in reporting our findings. We let them know that their supervisors know about the study, but do not know who chose to participate or what was said.

We conducted the interviews with USDA officials and loan officers online, using the virtual meeting software Zoom. Several days before the interview, we emailed them the interview guide.

Objectives 2-4 Methods

Objective #2: Document the demand for loans and credit in the historically disadvantaged communities with high levels of land insecurity, characterized by high incidence of heirs' property, smallholdings, diversified production, and unique cultural assets (agroforestry, horticulture, etc.)

Objective #3: Analyze trends in access to credit and loans within a regional framework that explores intersections of race, class, gender, and place. Examine whether and how these forces converge to create last-mile gaps between a) agency mandates and resources and b) the actual needs in the communities.

Objective #4: Explore gaps and overlaps between community perception and FSA/FCS institutions in order to identify possible modes of cross-sectoral translation and trust-building

Ethnographic engagement to design research instruments and recruit participants

Collaborations: We set up collaborations with civic organizations with long histories of grassrooted service to small farmers in our study area. In Chatham County, Georgia, Dr. Simona Perry had extended meetings with community networks in Port Wentworth which have long histories of small scale African American farming. These included an historic African American-owned business – Promised Land Farms – and an informal network of families in Monteith who have owned and farmed their lands since the 1860s and had expressed interest in being the primary collaborators on this project.

In Kentucky, we set up collaborative relationships with the Community Farm Alliance, Grow Appalachia, and Jim Embry, Director of the Sustainable Communities Network, joined our research team as a key advisor.

Kentucky ethnography and recruitment: We engaged in an ethnographic listening process a) to identify the factors that would be important to discuss with farmers in interviews, and b) to identify effective ways to recruit appropriate participants. We were looking for people doing small scale agricultural production who were residents in communities that have historically been disengaged from FSA/ FCS loans and programs. But, we focused on recruiting participants, however, who were positioned to be more likely adopters. In other words, we were not trying to reach out to farmers who are radically disconnected from retail value chains or disconnected from any support services.

We had in depth, open-ended conversations with:

- Grow Appalachia staff: Candace Mullins (Director) and Mark Walden (Associate Director of Production Programming)
- Community Farm Alliance staff: Tiffany Bellfield-El Amin (Food Justice Organizer) and Martin Richards (Executive Director).

Working with these key Kentucky leaders in small scale agriculture, we identified settings and convenings where we could learn about issues and recruit study participants.

We attended forums and venues designed to serve and promote small farmers: farmers' markets, conferences organized by nonprofits and / or a historically black university. These included:

- Eastern Kentucky Farmers' Conference, February 25-26, organized by the Community Farm Alliance
- Black Farmers' Conference, March 4-6, organized by Community Farm Alliance
- (KSU Third Thursday) Juneteenth Celebration: Resources, storytelling, resilience, June 16, organized collaboratively by Kentucky State University, Community Farm Alliance, and Black Soil
- farmers' markets in east KY counties studied.

These events gave us a wealth of insight into past and emerging issues affecting small farmers across Kentucky. We had informational tables at the nonprofit / university conferences with hard copy flyers about this study, and made short informational announcements about our project to invite people to discuss the project with us in person, and consider becoming interviewees. At the farmers' market we talked in person with farmers and gave them hard copy flyers to invite them to participate.

Georgia ethnography and recruitment: Promised Land Farms and the Monteith community families in Port Wentworth, Georgia who have owned and farmed their lands since the 1860s had expressed interest in being the primary collaborators on this project. Simona Perry was in close conversation with them in early 2022 about how participation in this project could enable an empowering and participatory process for helping to make their small scale farming more visible and better supported.

However, by summer 2022, these Monteith families (9 original descendant families and about 15 total families) found themselves surrounded by new warehouse construction and infrastructure developments (which they have opposed unsuccessfully for over 10 years). These developments threaten the community's physical safety (e.g., unsafe roads, flooding), the quality of their drinking water (e.g., broken water pipes that have never been adequately repaired), surrounding air quality (e.g., increased industrial port traffic), the long-term viability of their farms and community cohesion (e.g., proposed rezoning changes from agricultural/residential to commercial and industrial, threat of increased property taxes), their traditions, customs, and history (e.g., some of the only remaining farmland owned by black families granted that land during the Reconstruction Period), and their overall well-being (e.g., psychological and emotional stress and harm).

In the past twelve months, unprecedented pressure has been exerted by Georgia Ports Authority (GPA) and commercial/industrial development interests on local planning authorities and municipal governments to rezone for industrial and commercial uses (e.g., port infrastructure, warehousing, storage yards, roads, railyards, etc.) in order to support the growth of GPA. This unrelenting pressure and the resulting growth in commercial/industrial developments throughout Chatham County in 2022 has meant that historically black neighborhoods and the descendants of formerly enslaved Africans in the region have had to focus their time and effort on securing their household and individual incomes, maintaining safe, affordable housing and roadways, fighting to preserve their unique agricultural history, and retaining ownership of the lands that have been in their families since the Post-Civil War/Reconstruction Period (1860-70) from commercial/industrial encroachment via eminent domain, annexation, rezoning, and increased property taxes.

Exacerbating these current threats is the long-term political and economic disenfranchisement and racist history of Port Wentworth which for the past 10 years has included the words and actions of city elected officials and their allies. This long history of discrimination, inequity, and mistreatment has left Monteith families and area residents feeling despondent and powerless when it comes to standing up to the city and county with their own self-interests and future well-being.

The Monteith families and landowners have decided they did not have the capacity to participate in this project focused on barriers to USDA credit. Rather, they decided that they would like to conduct a dialogue process to analyze past, current, and future harms to their community and design mitigation and prevention strategies. LiKENeer Simona Perry has been asked to co-facilitate and assist in guiding this dialogue. So far in this dialogue Monteith participants have determined that one of the community's most urgent needs is to organize themselves collectively against the tide of commercial/industrial development pressures and on-going political, racial, and economic discrimination. What will emerge from this dialogue may be strategies and measures to protect community safety, quality of life, individual lands/property, agricultural traditions and foodways, unity, history, and overall well-being.

Because residents of the Monteith community work multiple jobs and shift work, or are either elderly or caring for their elders, their time and ability to participate in projects by outside organizations is limited. Monteith families and residents have decided to prioritize what little time they have and their individual efforts into cultivating their collective strength and unity and focusing on actively organizing themselves to build out their own capacities for self-determination in facing and transforming the on-going stressors, harms, and uncertainties they face regarding possible loss, relocation, and displacement.

This decision means that it was not feasible at this time to conduct interviews for this project about access to credit for agriculture and the “future” of farming in the Monteith community. However, the outcomes of this project, and especially the lessons learned from Kentucky, will be shared, and will, we anticipate, provide important information for the Monteith community if they choose to continue to be active in agriculture in the future.

Interview design and conduct: Drawing on all of the background ethnographic work described above, we developed an interview guide for semi-structured interviews with farmers (see Appendix). Interview questions included the following topics:

- family demography
- land tenure
- farm practices and equipment
- community wealth and social capital
- sources of information and knowledge
- fiscal management
- land loss and insecurity
- impact of racism and ethnic stereotypes
- familiarity with FSA and FCA programs
- felt levels of trust with those latter agencies in the community.

In conducting these interviews, we endeavored to provide a setting and a medium that interviewees found to be comfortable, private, and with good sound quality. When desired by the interviewee, the sessions were conducted at their own farm property, or somewhere within their community. We also offered the opportunity to conduct the interviews remotely if that was more convenient for them. Online interviews with farmers were recorded in audiovisual formats, and the interviewee was visible but the interviewee had the option of turning off their video if they wanted.

Discussion

Agency transparency and accessibility to researchers

- In response to our request for interviews, FSA staff at all levels were very open and generous with their time. Overall, they gave detailed and thoughtful responses to our questions. There was no question that any FSA employee refused to answer.
- By contrast, we were completely shut out from access to Farm Credit Systems (FCS) employees. State administrators refused to cooperate with this study, and did not authorize us to contact people at lower levels in the agency. We consider this lack of transparency and accessibility to research to be a significant problem and it suggests a lack of accountability to the general public.

Role and mandate of the government agency within the regional agricultural economy

- There is a deep mismatch between the material needs of FSA offices (staffing, training, funding), their mandates, and the material needs of socially disadvantaged (SDA) farmers in our study:
  - FSA staff are stretched too thin to reach underserved farmers as well as they would like because of a dramatic decline in the number of FSA offices and their funding levels over the past several decades.
  - Without FSA offices in their county, economically vulnerable farmers say that they are unable to seek financial services because travel can cost too much and take too much time from farmwork.
  - Shortage of resources forces FSA offices to make difficult trade offs between time investments in outreach to bring in new farmers vs. processing loans.
  - Recruitment, training, and retention of qualified FSA staff are challenging. Programs and protocols are highly complex. It can take up to two years to train new staff. They are competing against private, corporate employers in banking and finance who pay more than the FSA.
  - Shortage of funds, offices, and staff can decrease the ability to create a consumer-centered and consumer-friendly atmosphere in FSA offices when new potential recruits come in, and can make it hard for them to process applications in a timely manner. This can have a particularly problematic impact on the experience of SDA's.
- The FSA is largely invisible to the farmers we interviewed:
  - Most farmers said they had never heard of it and had no idea what it does.
  - Only three farmers had ever attempted to get FSA services. Notably, all of these farmers were African Americans with advanced degrees or professional experience in agriculture, and / or long and deep experience with social movements or civic advocacy centered on agricultural policy and / or social equity. All of them, felt that they had been treated in a discriminatory or dismissive way by FSA offices in Kentucky.
  - This invisibility of FSA is particularly notable because most of our farmers mentioned a web of entities that they turned to for support. The National Resources Conservation Service (NRCS) which is a sister USDA agency to FSA

was frequently mentioned, as were a historically black university, agricultural extension, and nonprofits serving farmers.

Impacts of generational inequality on the functioning of government agencies and their ability to serve

Themes of structural inequality pervade the narratives told by SDA farmers–in ways that are sometimes implicit, sometimes explicit, but are always foundational to the story line. These systemic patterns of inequality are deeply embedded in the long history of the places studied and the very landscape and patterns of land ownership and (in)security:

- The legacy of 19th century plantation economies and Jim Crow segregation deeply affect the quality and extent of the land African Americans own and their household wealth. The memory and impacts of these systemic patterns and the USDA's entanglement with this troubled history, act as an undertow to African American engagement with FSA services.
    - Distrust of USDA discourages most black farmers interviewed from considering or pursuing help.
    - The few black farmers in Kentucky who did try to engage with FSA offices felt either passive discrimination (not following up with them, not giving them the full run-down of what is available to them, not being clear about deadlines for applying) or active discrimination that required the intervention of state administrators.
- All of the FSA officials interviewed felt that current regulations largely prevent racist discrimination against SDAs and, if there were exceptions to this, that existing remediation by supervisors could correct the behavior of a few discriminatory persons.
- Farming in eastern Kentucky is deeply shaped by the legacy inequalities left by a century of coal and timber extraction.
    - Agriculture continues to be oriented towards subsistence and informal economies as it was during the many decades when gardening, gathering, and hunting were key to surviving the boom and bust of coal mining employment and the trauma of strikes.
    - Corporate and absentee land ownership and steep local economic inequality, create a two-tier class society in which farmers feel that access to financial and legal services is largely determined by 'who you know' rather than transparent and neutral protocols for processing applications.
- Cultural attitudes towards loans and indebtedness are deeply shaped by past historical traumas in which people experienced radical displacement tied to loss of land and homes or insecurity of title:
    - In eastern Kentucky, flooding, strikes, mining-related disability, hunger, and forced economic migration have left people with a deep concern about being displaced from their land–which makes people hesitant to put land up as collateral or to carry debt.
    - Poverty, fear or distrust of lawyers and bankers, and past land grabs have generated considerable heirs' and under-surveyed property.

New opportunities, coalitions, and development models created by diversification of agricultural production, localizing retail chains

All of the officials and the farmers noted the rise of more diversified production less focused on global, commodity markets and more focused on regional, and local retail chains. Despite the many challenges faced by small farmers who used to depend on the global, cash crop of tobacco, there is a sense of possibility in the rise of urban agriculture, farmers' markets, and niche markets for local products.

- The tendency of FSA, in the past, to focus on larger loans for large producers with highly commercialized and well established operations, had much to do with how they defined creditworthiness. However, all the FSA officials noted that new policies of microloans with new standards for qualification, had significantly increased their ability to respond to SDA's needs for more small-scale and diversified production focused on shorter and different value chains. The microloan program seems to be highly effective in serving the needs of SDAs and could be a model for additional innovations that are more fine-tuned to SDA needs than other loan programs.
- This renewed valuing of diversified production could help nurture a cultural change in FSA that is more conducive to SDA needs.We see this as an area of potential common ground and innovative programs and policies.

The importance of collaboration with community infrastructure and diversified, cross-sectoral webs of support[1]

When we looked from the point of view of SDA farmers, we found wide webs of cross-sectoral support for farming households that can provide important mechanisms for building better alignment and engagement between these communities and CSA offices.

- One high ranking CSA official felt that county councils could become better ways for CSA to engage. CSA loan managers must attend council meetings, but most loan managers saw this only as a simple requirement to report on loans made. However, this official felt that new requirements for ethnic minority participation equivalent to population percentages had opened up the "good old boys' network" to more SDA accountability. He saw multiple ways in which CSA loan managers could use the councils as mechanisms for better listening and accountability to the needs of SDAs. His arguments for this were based in detailed discussions of dynamics that he has observed over some years.
- One or our major findings was the importance of what one farmer called "community infrastructure" – the local organizations and networks created in farming communities that provide crucial support systems for otherwise, underserved farmers:
    - In central Kentucky, several farmers' described legacies passed on in their families and communities of African American organizations that played vital roles in knowledge transfer and the mutual support that enabled formerly enslaved

[1] We use "cross-sectoral" to refer to relationships that cross the sectors of community, civil society, government, and experts.

people to become landowning farmers. In segregated, central Kentucky, in the 19th century, there was a vibrant web of locally created community institutions (churches, schools, cooperatives, Black Chautauquas, etc.) that created bridges with national intellectuals (notably George Washington Carver) and scholarly institutions (notably Tuskegee University's popular education materials, and Berea College). This home-grown, agricultural, intellectual legacy continues to be a vibrant part of the cultural message and inspiration nurtured by African American leadership in highly impactful nonprofits in the state–such as Black Soil, and the Black Farmers' meetups and other convenings of the Community Farm Alliance. FSA officials could benefit from more awareness of these cultural and historic legacies.

  - The one historically black university in Kentucky–Kentucky State University–was mentioned by all of our black interviewees and several white interviewees. It is vitally important to SDAs, particularly because of the steady role that it plays as a site where they can network and reflect in a space that is not white-dominated.
  - The state-wide nonprofit, the Community Farm Alliance, was cited by farmers from eastern Kentucky as a key bridge to vital knowledge, small grants, and skill building.
  - Most farmers had some knowledge of, and largely positive experiences with, the National Resources Conservation Service (NRCS). University of Kentucky agricultural extension was also mentioned by eastern Kentucky farmers, but received mixed reviews (with some perception of bias towards local power brokers and the socially well connected).

Conclusion

Role and mandate of the government agency within the regional agricultural economy

For the FSA Loan Managers, one of the most surprising findings to date, even prior to actually speaking with these officers, is how few there are within the state of Kentucky. We sought recognition and approval from the state FSA directors for our interview, and for Kentucky we were granted interviews with only 5 people. County service centers were, we knew from the beginning, fairly sparse in the three regions being studied: especially in eastern Kentucky, where some residents of say, Martin County would have to travel over 50 miles to the nearest USDA service center—a drive that would take roughly 1.5 hours one-way in windy mountainous roads. Not every piece of FSA loan applicant business requires physical travel to the office space, nor do they all require the attention of the Farm Loan Manager. The current level of staffing stands out all the same, as the staff of one single office (and one Loan Manager) must preside over an area of roughly 10-12 counties.

The issue of distance is also at play with first-time applicants to the Farm Credit System program. The workshops offered by regional affiliates for early-career farmers or first-time applicants in general are held in single locations, on a single particular date in the height of growing season. In Kentucky, Mid-America Farm Credit offers its Know to Grow conference, a conditional requirement for some first-time applicants, in Louisville in July—which means that for a farmer in the most distant county within our study, Pike, a farmer would have to travel over 200 miles and find lodging for one night.

We have been surprised by the complete refusal by FCS affiliates to engage in this project. The affiliate that oversees coastal Georgia, AgSouth, and one affiliate that overlaps parts of Mid America Farm Credit in Kentucky, Central Kentucky AgCredit, both declined to participate in our study. All of these organizations have a very visible presence in their community, through sponsorships of local agricultural awareness campaigns, agritourism opportunities, and demonstrations in local schools, but the credit and loan side of their operations is much more obscured.

The FSA agents, on the other hand, have been very open in their interviews. Commonalities have emerged. Most of the loan managers have focused on staffing issues as a major concern—confirming our hypothesis that the distances between farmers and their nearest FSA offices can constitute a major burden on access to credit and loans. This comes in spite of the enhanced flexibility FSA offices were endowed with as a result of the coronavirus pandemic, when previous rules and stipulations (such as print rather than electronic signatures) were relaxed and changed in order to allow more remote interactions between farmers and staff. Even with the relaxed standards, loan managers expressed frustration at their shrinking staff capacity, though they knew that declining staff positions came as a result of a diminishing farm economy across the entire state. In general, they feel that the set-aside programs for socially disadvantaged farmers are being administered fairly and efficiently, although some commented that limits on loan size and service terms prevented their ability to adequately serve some of their more financially disadvantaged clients.

One emerging issue that the project has taken on since its inception has to do with county committees. Conversations with our community partners who work with black farmers in the central Kentucky region indicated that the USDA-supported committees of locally-elected farmers have not acted with a necessary level of sensitivity to the particular needs of smaller and socially disadvantaged farmers within their respective counties. In fact one of our partners detected a sense of willful obstruction by one county to allow the election of a black farmer to one county's committee, on the basis that that farmer had improperly recorded their address in their candidate application. FSA Loan Managers reported no recollection of any serious discrimination or bias within the county committees they oversaw. However, it is interesting to note that loan managers themselves are not expected to be closely involved with the business of county committees: they merely give notice of specific new initiatives and loan opportunities and leave the county committees to conduct more of the program side of the FSA. This seems like a barrier: if the personnel who issue loans are partitioned from the emerging issues within the agricultural community of a given county, this may limit their ability to respond effectively with the financial resources they have to offer. More attention to the reasons why loan managers are kept apart from the county committees would be helpful.

Impacts of generational inequality on the functioning of government agencies and their ability to serve

The fear of indebtedness is deeply rooted in many farmers who carry generational memories of land insecurity, and economic migration and displacement. The most basic misalignment between FSA and SDAs is the predisposition of those farmers who reject the very concept of loans, or the dependence on banking and legal experts who have, in the past, been distrusted because of their alignment with extractive and exploitative local structures. However, other models of financial and direct support are popular and effective – such as those offered by NRCS through cost-share models, or through USDA collaborative agreements with nonprofits. We feel that there could be an increase in SDA use of FSA resources, if there could be high level discussions about ways to get resources transferred through intermediaries in a way that diffuses risk away from the individual household.

New opportunities, coalitions, and development models created by diversification of agricultural production, localizing retail chains

In the past, the FSA definition of creditworthiness has tended to privilege profitability in value chains tied to highly commercialized, even globalized, commodities. Beginning and socially disadvantaged farmers can appear relatively less appealing because of their small scale and low profit margins. However, a common feature in all interviews was the recognition that there is a growing trend towards diversification and that this potentially benefits SDAs. In the interviews with farmers, we found considerable experimentation with different products. It is hard to summarize in this small space the excitement that some of them expressed, and the richness of reflection as they discussed their exploration of diverse products. We feel that this could be an area of common ground. Several of the FSA officials also expressed excitement about this as an area of innovation and new possibilities for SDAs. For instance, in Georgia, an FSA director anticipated creative cross-fertilization in rural / urban knowledge exchanges as USDA initiates new urban councils to complement county councils. This person anticipates that small scale production models in urban areas could catalyze new ideas elsewhere.

The importance of collaboration with community infrastructure and diversified, cross-sectoral webs of support[2]

One promising common feature of most interviews was the respect that both farmers and officials expressed for the local knowledge developed by farmers over time as they experimented and adapted ideas to their unique local circumstances. Many officials expressed much pleasure in opportunities to go to farms and to learn from farmers. This pleasure in the variegated forms of local knowledge was shared by the farmers. All interviewees talked about how much hard work farming takes, but the most common word used by farmers to describe how they felt about

[2] We use "cross-sectoral" to refer to relationships that cross the sectors of community, civil society, government, and experts.

farming was “love”. This passion and respect for farming and for farmer’s experience-based knowledge is a potential resource for bridging government / community divides. In farmers’ convenings that we attended, there were vibrant celebration of the cultural meanings, pride, expressive art, and wealth of local and generational knowledge carried by African American and Appalachian farming traditions. Thanks to the work of nonprofits, social movements, and scholars there is a wealth of cultural documentation and infrastructure emerging around the revivals of agriculture in these circles. It could be powerful to find forums and vehicles for sharing with government officials the cultural, historical, and affective dimensions of agriculture in African American and Appalachian communities that are rich in history despite economic challenges.

This recognition of non-commercial values of agriculture could open up possibilities for inter-agency collaboration. All of the farmers spoke of motivations that went beyond the drive to produce market value in their agricultural sales. Many spoke with delight and a detailed connoisseurship about the taste, beauty, and healthfulness of products produced on their own land. They are speaking of values that are more than non-pecuniary or aesthetic. Local consumption of self-produced goods has direct material effects insofar as it enables people who live in remote food deserts to get healthy food. Such cultivation of knowledge and love of their own products could have considerable material impact on the social costs of poor nutrition and health. In addition, as communities try to transition from coal and other extractive industries, diversified agriculture and forestry is often tied in with development based on amenity-based tourism. Many are arguing for folding cultural development into post-extractive regional development models. When we analyzed our interviews with farmers, we found that they wove together discussion of the economic, affective, environmental, and cultural values as they talked. Making a living, nurturing healthy food for their families, passing on cultural traditions, and cultivating quality of life were all integrated in how they spoke. In a parallel process, it could be valuable to bring together the government agencies responsible for these issues together with USDA financial resources. Such an inter-agency discussion might explore new models for collaboration and co-funding that could help socially disadvantaged communities do integrative planning based on cost-benefit analysis of different aspects of public health, ecosystem services, community and household wealth from FSA investments in diversified agriculture. For instance, many of these farmers are in communities racked by substance abuse and ‘diseases of despair.’ The improved quality of life described by farmers might sound intangible and non-monetary–but in cumulative impact on their communities might add up in direct collective savings in poverty alleviation and the public expense of diabetes, addiction, obesity, etc.

The importance of community infrastructure is suggested by the very positive role of cooperative agreements. These are arrangements in which organizations such as nonprofits have been granted funds by the USDA to perform certain community-engaged tasks within the areas where they operate. One of our research partners, the Community Farm Alliance, holds such a cooperative agreement, and has used it to great effect among black farmers in central Kentucky. The “Black Farmer Needs Assessment” program they have developed has very successfully promoted awareness of the many USDA resources (including loans and credit) that are available to these farmers. Lack of awareness of available FSA and FCS loan and credit opportunities is, in Community Farm Alliance's perspective, a major reason why black farmers do not take advantage of these resources. Cooperative Agreement holders are in this sense usually more connected to underserved and socially disadvantaged farm communities, and thus have greater sensitivity for where and how USDA opportunities can be publicized—in ways that outreach offices for the FSA and FCS cannot replicate. Community Farm Alliance has, furthermore, leveraged their role with black farmers in the area to raise funds for black farmers specifically. Our research suggests that these cooperative agreement holders are vitally important in promoting and encouraging use of USDA credit and loan programs in socially disadvantaged and underserved communities.

Recommendations

The first set of recommendations focus on increasing the capacity of FSA staff in the areas we are researching and others like it. USDA service centers and their staff have been in steady decline over recent decades, in conjunction with a declining farm sector generally. Increasing office capacity and hiring more staff will promote more awareness of the availability of USDA resources that are set aside for young, beginning, small, socially disadvantaged, and all other sorts of underserved farmers. This includes a greater focus on technological capacity—permitting FSA personnel to offer business meetings and workshops to clients and prospective clients remotely and over the Internet. This in turn will require a bolstered attention to providing broadband internet to rural areas, an initiative that has received near-universal support but has yet to be widely implemented in most of the nation's farm communities. Expanding these staffing capacities will allow USDA personnel, particularly the FSA, to adopt a more "customer service"-type presentation for their employees over the rigid bureaucracy they more often resemble.

The other set of recommendations focuses on how the credit-issuing USDA agencies can more actively partner with adjacent USDA offices and initiatives and also learn from the successes of those other areas. This includes, as mentioned earlier, greater cross-pollination between the loan and program sides of FSA, with the county committees being one of the primary focus areas in this regard. FSA and FCS branches pride themselves on their involvement in the farm community, either in the form of promotional activities that highlight the work of farmers in their area, or through the personal relationships loan officers form as they work closely with individual clients. To allow the loan personnel to go without a perspective on the larger impact of USDA programs and local communities as a whole is to diminish their understanding of what loans and credit can accomplish beyond merely establishing a successful farm business. Furthermore, FSA and FCS can both learn from and support the Cooperative Agreement holders in their area for these same reasons. And in assessing generally how financial resources from the USDA can more effectively be administered through socially disadvantaged and underserved farm communities, greater incentives to cultivate more successful Cooperative Agreement stories should be provided.

Increase local FSA and FCS staffing and visibility. Make outreach materials more intelligible and increase digital access. Expand opportunities for remote or virtual business interactions in place of in-person requirements. Encourage more dialogue and interaction between FSA loan staff and county committees, either through formalized tasks and obligations, or through incentives. Expand public outreach and education for community members. Liaise with better known entities like NRCS and agricultural extension to create 'one-stop', local informational outlets.

Improve ways to report discrimination. Include minorities in outreach and promotion activities and materials. Increase and diversify outreach. Increase transparency and expand mandates of county committees—or abolish them.

Develop more awareness of the 'community infrastructure' created by intermediaries like historically black universities, non-profits, cooperatives, and farmers' markets. Increase dialogue with, and outreach to, these bridging organizations - through mechanisms like the highly successful Cooperative Agreements. Bring stakeholders together for high-level discussion of innovative new funding mechanisms to transfer FSA resources to farmers who are loan-averse because of generational fears of indebtedness or distrust of legal and financial service providers.

Work with FSA and FSC staff to expand the model of what 'successful farming' is, to include small-scale and locally diverse production. Increase liaison and inter-agency funding with entities responsible for all dimensions of community well-being - to integrate economic development, tourism, forestry, culture and creative-placemaking, nutrition and public health, environmental stewardship.

Appendix

Interview guide for FSA officials

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Where Credit is Due: Examining the USDA and Barriers to Local Wealth and Sustainability

Background: The goal of this community forum is to understand your experiences and perceptions in an underserved agricultural community—we are especially interested in the experiences of your community with regard to socially disadvantaged farmers and ranchers, including established farmers and also young people interested in the profession. This information is part of a research project supporting Alcorn State University's Socially Disadvantaged Farmers and Ranchers Policy Research Center's input into the 2023 Farm Bill. We will maintain strict confidentiality regarding what is shared in this forum. We would like you to share any information you feel is relevant to your experiences with farming and farm communities, but you are not obligated to disclose information or discuss topics that you would rather keep private. If you do not wish to have your comments or records of your attendance included in our study of these community forums, please fill out the forms handed out by the facilitator.

[FOR FACILITATOR: These questions below are a semi-structured offering of potential questions for you to use, in order to generate conversation. The **bold** subject areas should be addressed, but focus on eliciting discussion and sharing from attendees on each subject area. You should also make it clear that any pictures or videos that attendees would like to share are welcome]

1. **Historical + Economic + Social Context**
    a. Can you talk a little bit about the county and region of KY where your farms and communities are located?
    b. What have been the main historical trends or changes in farming practices in the area (what is produced, scale of operations)?
    c. Is poverty a significant issue in the counties where you work?
    d. How about population shifts—are people moving in/out? Why might this be the case?
2. **Types of farmers & their needs for loans and credits:**

a. How would you describe the types of farms in your service area -- in terms of size or scale? [PROBE to understand exactly how they define the different sizes]

b. Our project is particularly focused on small producers (including people who only supplement their income with agricultural or forest products). What needs for loans and credit do small producers in your area have? Are their needs different from mid or large size producers?

c. How would you describe interactions you've had with lending agencies, within the USDA or otherwise, as you've tried to build up your farm businesses [PROBE for stories about when, who to get a sense of how much actual interaction there is]

d. What would you estimate to be the percentage of farmers in your area who are from ethnic or racial minority groups?

3. **Obtaining Loans and Credit from FSA/FCS**

   a. How does a farmer apply for loans or credit in your community? [PROBE: How are opportunities communicated, how do people go about applying, timing/sequence of application and approval process]

   b. How do you hear or learn about available loan or credit programs?

   c. How well do you think these loan programs serve the needs of:

      1. Farmers in general
      2. Early career farmers
      3. People who are socially disadvantaged, because of a lower income or their racial or ethnic background
      4. People who are disadvantaged due to their location within their county and/or state
      5. [PROBE to get concrete description of what what they perceive as the gaps and unmet needs -- and why it is hard to meet them]

4. **Effectiveness of the USDA credit and loan programs**

   a. Based on your experiences, what does a successful partnership between a farmer and the FSA or FCS look like?

   b. What could be done to improve the USDA's ability to serve farmers in your community?

   c. How would you describe the working relationship between farmers and the FSA county committee(s) in your community? [PROBE: Can offer a basic summary of the county committees, if some attendees are unfamiliar.

   d. Can you describe a past success story, where the county committee and the FSA staff partnered to resolve an issue with local farm policy? What factors went into that success?

e. Do you think the county committee(s) in your service area represent the diversity of farm scale and farmer backgrounds in your area?

Thank you for contributing your time and depth of knowledge to this project. We are grateful to you and look forward to sharing our findings with you. The project staff may be in touch with you to ask clarifying questions over the coming weeks. We will share a copy of our final report with you in August of 2022. If you have any questions or would like to share any additional information in the meantime, please contact Carson Benn at cbenn@likenknowledge.org or Karen Rignall at karen.rignall@uky.edu.

This research is supported by funds from the Socially Disadvantaged Farmers and Ranchers Policy Research Center with funding from the USDA.

Interview guide for farmers

LiKEN

Livelihoods Knowledge Exchange Network

Where Credit is Due: Examining the USDA and Barriers to Local Wealth and Sustainability

Background: The goal of this interview is to understand your experiences and perceptions as a Farm Service Agency officer—we are especially interested in experiences you may have had with socially disadvantaged farmers and ranchers, including established farmers and also young people interested in the profession. This information is part of a research project supporting Alcorn State University's Socially Disadvantaged Farmers and Ranchers Policy Research Center's input into the 2023 Farm Bill. We will maintain strict confidentiality regarding the content of this interview. We would like you to share any information you feel is relevant to your experiences with heirs' property, but you are not obligated to disclose information or discuss topics that you would rather keep private.

1. **Professional Background**
   a. How long have you served in your current position?
   b. What drew you to this line of work?
   c. Are there areas that you specialize in?
2. **Historical + Economic + Social Context**
   a. Can you talk a little bit about the county and region of KY where your service center is located?
   b. What have been the main historical trends or changes in farming practices in the area (what is produced, scale of operations)?
   c. Is poverty a significant issue in the counties where you work?
   d. How about population shifts—are people moving in/out? Why might this be the case?
3. **Types of farmers & their needs for loans and credits:**
   a. How would you classify the types of farms in your service area -- in terms of size or scale? Can you estimate approximately what percentage of farmers are large, medium, or small? [PROBE to understand exactly how they define the different sizes]
   b. Our project is particularly focused on small producers (including people who only supplement their income with agricultural or forest products). What needs for

loans and credit do small producers in your area have? Are their needs different from mid or large size producers?

c. In the everyday work on your job, do you have the opportunity to talk with small producers and / or visit their land? [PROBE for stories about when, who to get a sense of how much actual interaction there is]

d. What would you estimate to be the percentage of farmers in your area who are from ethnic or racial minority groups?

4. **Obtaining Loans and Credit from FSA**

   a. How does a farmer apply for loans or credit from your office? [PROBE: How are opportunities communicated, how do people go about applying, timing/sequence of application and approval process]

   b. Who has input into the loan and credit programs and how do they change over time?

   c. In general, how does your office get the word out about available loans and other programs?

   d. Are these programs well designed to serve the needs of:

      1. Farmers in general
      2. Early career farmers
      3. People who are socially disadvantaged, because of a lower income or their racial or ethnic background
      4. People who are disadvantaged due to their location within their county and/or state
      5. [PROBE to get concrete description of what what they perceive as the gaps and unmet needs -- and why it is hard to meet them]

5. **Effectiveness of the USDA credit and loan programs**

   a. Based on your experiences, what does a successful partnership between a farmer and the FSA look like?

   b. Can you give some examples of when the FSA programs did particularly well in meeting community needs?

   c. What are the main challenges someone in your position faces in trying to meet the real needs in your community?

   d. What could be done to improve the USDA's ability to serve farmers in your service area?

6. **Outreach to Socially Disadvantaged Populations and Equity**

a. Are there people out there in the community that you think could benefit from your program who are not currently included in your services?
b. What steps has your office taken to reach those folks?
c. Are there additional outreach steps you think could be taken to incorporate more aspiring farmers, especially those who come from underserved or disadvantaged communities?
d. Do you believe your office has been able to maintain the same level of service to your community during recent years as it had before?
e. How have you served clients differently during the past few years?
f. How well do you think farmers in your community have recovered from recent economic hardships? Have you been able to follow up with folks after assistance programs have concluded?
g. What lessons from the past two years can be applied to future crises/downturns?

7. **Experiences with Heirs' Property**
   a. In your work, have you encountered families or individuals that come to you seeking loans and credit, but whose land is considered heirs' property or a co-tenancy? Do any examples come to mind?
   b. Have you been able to resolve these issues with fractionated title?
   c. [If no to the above] What challenges would that present to you and the client(s)?
   d. What would it take to improve working relationships between your office and heirs' property owners? What would it take to better serve them?
8. **County Committees**
   a. How would you describe the working relationship between your office and the county committee(s) in your service area?
   b. Can you describe a past success story, where the county committee and the FSA staff partnered to resolve an issue with local farm policy? What factors went into that success?
   c. Do you think the county committee(s) in your service area represent the diversity of farm scale and farmer backgrounds in your area?

Thank you for contributing your time and depth of knowledge to this project. We are grateful to you and look forward to sharing our findings with you. The interviewer may be in touch with you to ask clarifying questions over the coming weeks. We will share a copy of our final report with you in August of 2022. If you have any questions or would like to share any additional information in the meantime, please contact Carson Benn at cbenn@likenknowledge.org., or Karen Rignall at karen.rignall@uky.edu.

This research is supported by funds from the Socially Disadvantaged Farmers and Ranchers Policy Research Center with funding from the USDA.

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