



Updated: March 30, 2021

The American Rescue Plan

Debt Relief for Black Farmers

Relief for Black Farmers - Section 1005 of the American Rescue Plan (ARP)

The American Rescue Plan includes two provisions to provide needed relief to Black, Indigenous, and Farmers of Color. First, the bill provides \$4 billion in debt relief for certain USDA farm loans. Second, \$1 billion is allocated to allow the Secretary of Agriculture to provide training, technical assistance and other assistance to black farmers and other farmers of color, as well as community-based organizations and the 1890 and 1994 Land Grants and other minority serving institutions.

Background:

Decades-long discrimination against farmers and ranchers of color by the USDA in its administration of farm loan programs and other safety net programs is well-documented, and we still see the effects of that discrimination today.

This pandemic did not affect all farmers and ranchers the same way. Due to longstanding discriminatory practices by the USDA, farmers of color have not had equal access to credit and other USDA safety net programs and are at risk of losing their farm due to the pandemic.

Data from USDA shows a disproportionate percentage of the \$50 billion in Federal payments to agricultural producers to offset the effects of COVID-19 and the trade war went to white farmers.

Section 1005 in the American Rescue Plan is tailored to provide relief for socially disadvantaged farmers and ranchers with outstanding USDA FSA indebtedness.

Eligibility:

Socially disadvantaged farmers and ranchers, as defined in the Food, Agriculture, Conservation, and Trade Act of 1990, with existing Farm Service Agency (FSA) farm loan debt. These are farmers or ranchers who have been subjected to racial or ethnic prejudice because of their identity as members of a group without regard to their individual qualities.

Types of Loans Covered:

Debt relief in the ARP agriculture section is only for USDA direct and guaranteed farm loan debts as of January 1, 2021. It does not address “non-Federal” debt unless it is an FSA guaranteed loan with a commercial bank or Farm Credit System institution.

The loans covered are:

- 1) Commodity Credit Corporation Farm Storage Facility Loan Program
- 2) Direct and guaranteed loans administered by the FSA under subtitle A, B, or C of the Consolidated Farm and Rural Development Act, which include:
 - Emergency loans
 - Farm ownership loans
 - Farm operating loans
 - Soil and Water loans
 - Conservation loans

Implementation of Debt Relief:

The American Rescue Plan (ARP) was signed into law on March 11th, and we are awaiting details from USDA on how they will implement the provisions.

The debt relief in the American Rescue Plan provides up to 120 percent of outstanding indebtedness, as of January 1, 2021, on certain direct or guaranteed farm loans. Amounts remaining after debt obligations to the USDA or guaranteed lender are paid off are provided to the farmer or rancher to account for the tax implication of the debt relief. *Debt relief would not affect the eligibility of farmers or ranchers for farm loans.*

Summary of Training, Technical Assistance, and other Assistance Provisions:

The American Rescue Plan provides \$1.01 billion to the Secretary of Agriculture for assistance to socially disadvantaged farmers, ranchers, and forest landowners who have historically faced discrimination by USDA, with such assistance provided directly to producers and through community-based organizations, land-grant universities, and other minority serving institutions of higher learning. These funds will support:

- Outreach, financial training, cooperative development and capacity building, and other technical assistance to socially disadvantaged groups;
- Grants and loans to improve land access, including heirs’ property issues, and aid former farm loan borrowers that suffered adverse actions or past discrimination or bias;
- The creation and activities of equity commissions;
- Research, education, and extension activities at minority serving institutions, including scholarships, internships, and pathways to Federal employment for students; eligible

institutions include 1890 Land-Grant Institutions, 1994 Tribal Land-Grant Colleges and Universities, Alaska Native/Native Hawaiian Serving Institutions, Hispanic-Serving Institutions, and Insular Area Institutions.

For more information on agricultural provision in the American Rescue Plan, please visit the [USDA's website](#).