



August 18, 2023

Outreach for Socially Disadvantaged Producers (2501 Program)

The 2018 farm bill (Agriculture Improvement Act of 2018, P.L. 115-334) reauthorized and expanded support for *socially disadvantaged farmers or ranchers* (SDFRs) within programs administered by the U.S. Department of Agriculture (USDA). Specifically, Congress expanded support within a long-standing USDA program supporting SDFRs—the *2501 Program* (also known as the Outreach and Assistance for Socially Disadvantaged and Veteran Farmers and Ranchers Program)—and also expanded support for SDFRs under some other USDA programs. Congress may consider additional changes to the 2501 Program and support for SDFRs and other underserved producer groups as it considers farm bill reauthorization.

Definitions in Statute

Under the 2501 Program, an SDFR (as defined at 7 U.S.C. §2279) refers to a farmer or rancher who is a member of a group whose members have been subjected to racial or ethnic discrimination. This statutory definition includes underserved producer groups (not limited to) farmers and ranchers that identify as Native American, Alaska Native, Black or African American, Asian American, Native Hawaiian and Pacific Islanders, Hispanic or Latino, or are refugee and immigrant producers belonging to these groups. Over time, the definition of eligible producer groups has expanded to include veteran farmers or ranchers (VFRs). VFRs include those who have served in the U.S. Armed Forces (as defined in 38 U.S.C. 101(10)) during the most recent 10-year period and were discharged or released under conditions other than dishonorable; VFRs include those who also meet the definition of a beginning farmer or rancher (BFR) and have not operated a farm or ranch for more than 10 years or previously operated a farm or ranch.

Available race and ethnicity data suggest that SDFRs meeting the definition at 7 U.S.C. §2279 accounted for 9% of all farms, 10% of all farmed acres, and 8% of farm sales reported in the 2017 *Census of Agriculture* data—the most recent year available from USDA. These data do not include White non-Hispanic women who are also included under an alternative SDFR definition (7 U.S.C. §2003). Including all women, regardless of race and ethnicity, about 30% of all U.S. farms in 2017 would be considered to be SDFRs. Which of these two statutory definitions apply may vary by USDA program. (For more background, see CRS Report R46727, *Defining a Socially Disadvantaged Farmer or Rancher (SDFR): In Brief*.) Reported SDFR data also might not include VFRs eligible under the 2501 Program.

Legislative History of the 2501 Program

Congress first added support for SDFRs in the late 1980s in order to improve access to USDA farm credit and loan programs by agricultural producers who may have been subjected to discrimination based on race, ethnicity, or

gender (P.L. 100-233; 7 U.S.C. §2003). This action was followed by subsequent actions in periodic omnibus farm bill legislation starting in the 1990 farm bill (Food, Agriculture, Conservation, and Trade Act of 1990; P.L. 101-624, §2501). Specifically, the 1990 farm bill included Section 2501 (Outreach and Assistance for Socially Disadvantaged Farmers and Ranchers) establishing the 2501 Program to support USDA’s commitment to ensuring underserved and veteran farmers, ranchers, and foresters can equitably participate in USDA programs. The provision further established a narrower definition of SDFRs (7 U.S.C. §2279) based on race and ethnicity only (excluding White non-Hispanic women).

The 1990 farm bill authorized annual appropriations to carry out the 2501 Program and for USDA to award grants and enter into cooperative agreements with eligible entities. The 2002 farm bill (Farm Security and Rural Investment Act of 2002; P.L. 107-171) and the 2008 farm bill (Food, Conservation, and Energy Act of 2008; P.L. 110-246) reauthorized appropriations and made further clarifying changes to the 2501 Program. However, congressional appropriations during this time remained well below authorized levels and USDA only began awarding grants under the 2501 Program in 2010. This followed the 2008 farm bill, which authorized mandatory Commodity Credit Corporation (CCC) funds of \$15 million for FY2009 and \$20 million annually for FY2010-FY2012 (§14004). Mandatory funding is not subject to annual appropriations.

The 2008 farm bill also created the *Office of Advocacy and Outreach* within USDA’s executive operations to improve access to USDA programs by underserved groups such as SDFRs as well as “small farms and ranches” and “beginning farmers or ranchers” (§14013). The 2014 farm bill (Agricultural Act of 2014; P.L. 113-79) expanded eligibility under the 2501 Program to include VFRs (§12201). It also authorized funding to establish an SDFR policy research center at an 1890 institution—referring to the historically Black land-grant universities established in the Second Morrill Act of 1890 (7 U.S.C. 321 et seq.) (§12203). Congress provided mandatory funding of \$10 million annually for FY2014-FY2018 (§12201). In FY2013, the 2501 Program was not operational while Congress continued to debate farm bill reauthorization and program funding had lapsed.

The 2018 farm bill made additional 2501 Program changes. It renamed the *Office of Advocacy and Outreach* to the *Office of Partnerships and Public Engagement* (OPPE) (§12406). It merged the existing 2501 Program and the existing Beginning Farmer and Rancher Development Program as the two subprograms of the newly created Farming Opportunities Training and Outreach (FOTO)

program (§12301), providing mandatory funding to be split equally between the two subprograms of \$30 million annually (FY2018-FY2019), rising to \$50 million annually in FY2023 and each year thereafter. In addition, Congress has provided additional funding through annual appropriation acts and pandemic supplemental appropriations. Other farm bill provisions provide support for underserved producers under several other USDA programs. Programs include crop insurance, disaster assistance, farm credit and loan assistance, farmland conservation support, research and extension, market promotion, training and education, and programs to match retiree landowners with buyers. See CRS In Focus IF12096, *Farm Bill Primer: Beginning and Underserved Producers*.

2501 Program Grant Awards

The 2501 Program provides eligible organizations with grant funds for training and technical assistance projects designed to assist eligible underserved producer groups that own and operate viable agricultural enterprises. Eligible activities include instructional and hands-on demonstration training on the farm, in classrooms, or in workshops. Other eligible activities include assistance in “USDA loan application processes, crop and livestock production, business and market planning, land acquisition or tenure, farmer-related legal assistance, establishment of local food systems, alternative enterprise opportunities, diversifying operations,” and other value-added activities. Grant funds may be used for nonconstruction costs and instructional processes and may include the disposition of certain types of equipment purchased and used for training purposes.

Table I. 2501 Program Grant Awards, FY2010-2022

Year	Number of Grants	Grant Funding (\$1000)	HEIs	CBOs and Other Nonprofits
FY2022	52	\$36,131	8	44
FY2021	29	\$18,652	12	17
FY2020	36	\$13,409	9	27
FY2019	33	\$16,216	9	24
FY2018	53	\$9,823	22	31
FY2017	46	\$8,440	15	31
FY2016	43	\$8,400	14	29
FY2015	54	\$9,100	24	30
FY2014	62	\$9,100	25	37
FY2013	0	0	0	0
FY2010-12	59	NA	25	34

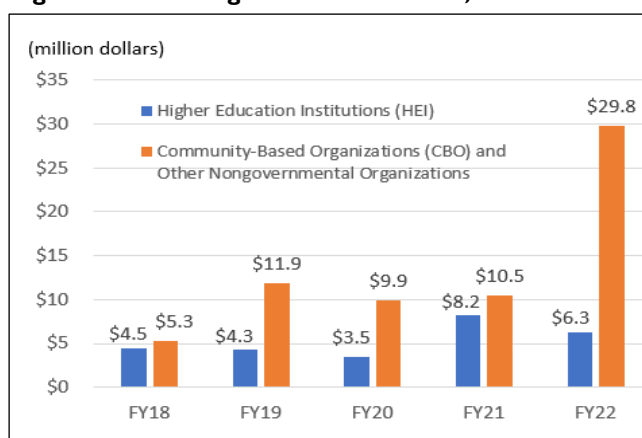
Source: CRS from USDA publicly reported annual data. HEIs include higher education institutions (HEIs); CBOs include community-based and other nonprofit organizations. The program was not operational in FY2013. FY2010-FY2012 data are reported in aggregate only.

Entities eligible to receive grants under the 2501 Program include higher education institutions (HEIs), nongovernmental community-based organizations (CBOs), and nonprofit organizations that provide agricultural education or agriculturally related services to underserved or veteran farmers and ranchers in their region. HEIs

include the 1890 institutions and the 1994 institutions, referring to Native American tribally-controlled colleges and universities that were provided land-grant status in the Equity in Educational Land-Grant Status Act of 1994 (P.L. 103-382; 7 U.S.C. §301 note). Eligible applicants must have at least three years of experience in working with underserved groups. Individual farmers and ranchers are not eligible to receive grants.

USDA reports it has awarded 615 grants totaling more than \$194 million under the 2501 Program since 2010. These summary data, however, do not match totals compiled from individual annual data published by USDA. **Table 1** and **Figure 1** summarize available USDA-reported annual data for the 2501 Program. These data highlight the growing prevalence of CBOs and other nonprofit organizations as the leading recipients of 2501 Program grants in terms of both the number and the amount of program grant awards, as compared to HEIs and land grant institutions.

Figure 1. 2501 Program Grant Awards, FY2018-2022



Source: CRS from USDA publicly reported annual data.

Considerations for Congress

As Congress debates farm bill reauthorization, it may consider additional changes to the 2501 Program. A 2021 audit of the 2501 Program by USDA’s Office of Inspector General (OIG) “disclosed a pattern of broad and pervasive mismanagement of 2501 Program grant funds” during the FY2018-FY2019 period. This resulted in USDA awarding grants to ineligible applications during this time. OIG determined that the “independent review panel did not follow established guidance and did not apply a consistent methodology to award points.” OIG found that agency personnel did not follow “procedures OPPE established to monitor and evaluate grantee performance effectively” and that OPPE “did not establish a performance plan and set performance goals and indicators to measure and assess its progress towards achieving the 2501 Program’s purpose.” OIG has recommended a series of program controls. A 2019 Government Accountability Office report further highlights challenges associated with the ability of SDFRs to access farm credit and general data limitations to address such access concerns, as well as the need to improve USDA’s outreach efforts and to educate producers on available credit options and lending requirements. Congress may consider these findings among other policy considerations as it debates the next farm bill.

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