



Mr. Chairman and esteemed members of the House Agriculture Committee, I am extremely honored to have this opportunity to highlight ongoing credit access challenges Black farmers, landowners and cooperatives continue to face despite credit access improvements in the 2018 Farm Bill.

My name is Dãnia Davy and I serve as a Board representative of the Socially Disadvantaged Farmer & Rancher Policy Center at Alcorn State University.

My legal career has afforded me the opportunity to serve rural, Black Americans starting with my Skadden legal fellowship at a nonprofit law firm in North Carolina, then performing outreach to Socially Disadvantaged Farmers & Ranchers in the *Pigford II*, *Keepseagle*, *Garcia & Love* class action discrimination settlements, and currently through the Federation of Southern Cooperatives/Land Assistance Fund where I serve as Director of Land Retention & Advocacy.

I appear before you today from the Mississippi Association of Cooperatives office in Jackson, Mississippi where our legal team is providing estate planning services via our mobile estate planning clinic which has brought us from Opelousas, Louisiana to Jackson and this weekend we will travel to Epes, Alabama. Along the way, we have had the opportunity to meet with many of our members, consisting of Black farmers, landowners and cooperatives that have stewarded the Federation throughout our 55-year history. This has been a deeply enlightening experience and a timely opportunity for us to hear directly from our members which has largely been limited to virtual meetings due to the ongoing pandemic that continues to disproportionately devastate rural, Black America.

This year, the Federation has hosted monthly listening sessions with our members, communities, and allied organizations, the most recent of which was focused on our members' credit access. Leading this work has given me specific insight into the deleterious impact of credit access challenges and the corresponding disproportionate debt burden, loss of land, livelihood, and legacy for rural, Black America.

I have spoken to a Black farmer in the Midwest who was unable to purchase the certified organic farm he sought because of lengthy and duplicitous loan application process with his local Farm Service Agency. Despite the farmer's ability to cash flow his proposal and extensive farm management experience, the loan officer refused to approve the loan because the officer advised the farmer that the home on the farm was too nice.

A Black farmer in North Carolina shared with me that she was unable to expand her farm operations when she was discouraged from submitting her microloan application by her local FSA agent. Her loan officer advised her that she would need to collateralize her \$50,000 microloan with her home which far exceeded the microloan value. The FSA agent encouraged her to use credit cards to finance her farm instead of applying for a microloan.

But perhaps the most disturbing story I have heard is from a Black rancher in Texas who first contacted us seeking assistance when the debt relief promised last year was delayed putting his farm operations in a devastating limbo. In our most recent conversation, he further emphasized the vulnerability of his operation due to the combination of an unrelenting drought, extremely high input costs, and the uncertainty surrounding his promised farm loan debt relief which put him at risk of losing his farm – thereby repeating a pattern of disproportionate land loss that cost his grandfather his entire farm operation many acres of which this rancher had dutifully recovered to keep his family’s ranching legacy alive and pass on to his children. Despite my assurances of a farm foreclosure moratorium, he referenced contemplating suicide as he has taken the heartbreaking step of initiating the liquidation of his livestock and land to avoid foreclosure.

Access to credit is the lifeblood of any farm or ranch operation. Without it, no farmer can meet the demands of acquiring or accessing land, developing critical infrastructure, or purchasing inputs. The changes in credit access in the 2018 Farm Bill did not anticipate the devastation caused by the global pandemic and, thus, did not go far enough to address the credit needs of farmers on the ground today.

Dating as far back as Reconstruction, Black farmers have been disproportionately denied credit or provided less favorable terms a trend that is so well documented as to be common knowledge. The long-standing history of race-based discrimination in credit access popularly resulted in the race-based class action litigation against the USDA. As one devastating consequence of disparate credit access, Black farmers have been at least three (3) times more likely to lose their land compared to White farmers during the same time period.

Our farmers are their communities’ first responders, not only do they perform the critical feat of feeding their families and communities, but they create jobs, stimulate rural economies, and lay the foundation for thriving self-sufficient rural regions. As we review the Farm Bill and prepare for the scheduled reauthorization next year, we must use this opportunity to prevent the looming threat of the loss of Black farms, land, and livelihoods that has been institutionalized by racially disparate credit access.

As the farmer stories I have shared this morning have outlined, our farmers need a more flexible, transparent, and streamlined FSA loan application process. One way to do so is to simplify the first \$100,000 of any farm loan in line with the existing microloan process. This will accomplish both an increased limit for microloans and position our farmers to acquire their initial inputs and establish their initial infrastructure more expeditiously. For any loans that exceed \$100,000, we recommend alignment on farm ownership and farm operating loans to the farm ownership loan’s \$600,000 limit. There is already a process in place for evaluating a loan application’s ability to cash flow up to the \$600,000 limit and with the increased cost of all inputs, we need our farmers to have access to increased operating loan amounts to remain competitive. Finally, our farmers need support and resources to develop a financial institution, owned and controlled by farmers of color, which accomplishes the same rural credit access as the existing Farm Credit System.

I humbly submit this testimony and recommendations for your consideration.