AGENCY BURDEN REDUCTION INITIATIVES

CASE STUDY

The Form: Farm Service Agency Loan Applications (Department of Agriculture)

Cutting the time tax for farm loan applications in half through form simplification and online assistance tools.

What Are Farm Service Agency Loans?

The U.S. Department of Agriculture (USDA) Farm Service Agency offers loans to help farmers secure financing to start, expand, or maintain a family farm. These loans can be used for a wide range of purposes, including to purchase land, livestock, seed, and equipment; cover farm operating costs and family living expenses; and refinance certain debts associated with the farm. Currently, approximately 115,000 farmers who cannot otherwise obtain sufficient credit receive support from the U.S. Department of Agriculture. Last fiscal year, USDA received over 33,000 applications and approved over 23,000 of those applications.[40]

Despite the important role that these loans play for American agriculture, many farmers — and especially those from underserved communities — struggle to submit applications. An investigative report from National Public Radio estimates that approval rates for Black farmers' applications for direct farm loans were just 36% in 2022, the lowest of any racial or ethnic group.[41] White farmers, by comparison, had over 70% of their applications approved. The differences can be explained both by higher rates of applications being rejected among underserved communities, as well as higher rates of incomplete or withdrawn applications among those communities. Advocates for underserved farming communities explain that these farmers often struggle with a complicated application process that can be confusing and difficult to navigate.

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40.   Department of Agriculture. 2023. "FY 2022 Funding Accomplishments." https://www.fsa.usda.gov/programs-and-services/farm-loan-programs/program-data/index.

41.   Ximena Bustillo. 2023. "In 2022, Black farmers were persistently left behind from the USDA's loan system." National Public Radio: February 19, 2023.

AGENCY BURDEN REDUCTION INITIATIVES

Overhauling the Loan Application and Creating a New Online Tool

USDA revised its direct loan program application, which began as a combination of 10 different forms with 29 pages of paperwork, estimated to take 5 hours and 20 minutes to complete. The revised application, which streamlines and simplifies the form, consolidated those 10 forms into a single 13-page document, which includes a cover page and checklist for the applicant's information.[42] The new form is estimated to take under three hours to complete — an estimated burden reduction of nearly 50%.

Aside from simplifying the form itself, USDA launched a new online Loan Assistance Tool that guides farmers through the process of determining their eligibility and submitting their application with easy-to-navigate prompts.

These tools will be coupled with two additional enhancements USDA anticipates to launch in 2023, which includes an online application option that provides the ability for farmers to submit a paperless, online option as opposed to requiring paper-based signatures and submission, and an online direct loan repayment option to save farmers from needing to call, mail, or visit a local Farm Loan Service Center to pay a loan installment.

Together, these changes will reduce *learning costs*, making it easier for farmers to understand the program, eligibility, and documentation requirements; *compliance costs*, making it easier for farmers to complete the necessary paperwork by streamlining required information and bringing processes online; and *psychological costs*, by trying to convey that more eligible farmers can and should access the program.

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42.   Department of Agriculture. 2022. "USDA Launches Loan Assistance Tool to Enhance Equity and Customer Service." https://www.fsa.usda.gov/news-room/news-releases/2022/usda-launches-loan-assistance-tool-to-enhance-equity-and-customer-service.