

Assessing the Potential of Developing Agricultural Individual Development Accounts (IDA) for Pennsylvania – Focus Group Background

Background:

Individual Development Accounts (IDA) are matched savings programs that are common in a variety of settings (personal finance, refugees, higher education, etc.). The first IDA for farmers was developed and implemented by California FarmLink in 2002 and administered until 2012. California FarmLink received USDA Beginning Farmer and Rancher Development Program (BFRDP) funding to help eight other organizations across the US to create IDA programs from 2011-2014: (Angelic Organics Learning Center (AOLC); The Center for Rural Affairs (CFRA); The Land Stewardship Project (LSP); The Northwest Michigan Council of Governments (NWMCOG); Practical Farmers of Iowa (PFI); New England Small Farm Institute (NESFI); UVM Center for Sustainable Agriculture; and Viva Farms). The BFRDP grant provided funds (\$18k over three years), and each organization provided an in-kind match (staff time and materials). California FarmLink stopped offering the IDA program because of a business model change and they now focus on helping farmers to find, lease, and buy land.

Common across all programs are a) matching funds/savings and b) educational/networking components. The matching funds component allows farmers access to a one-year small operating grant – matched to their deposit (commonly around \$10k). The educational component provides training about savings and capital building, one on one technical assistance, and/or networking opportunities. IDA programs have been targeted towards beginning (varying from 5 to seven years of farming experience), small-scale producers, minority, and young farmers.

The table below lists how the above-mentioned organizations acquired funding to match the farmer savings:

Funders for Partner Programs

Partner Organization	Gov't Funds, AFI	Individual Donors	Org. General Funds	Financial Institutions	Private Fndns, Slow Money, non-profits	Farm Credit
AOLC				X	X	X
CFRA				X	X	
LSP	X		X		X	
NWMCOG		X		X	X	
PFI	X	X	X	X	X	
TFS		X	X			
UVM		X		X		
Viva Farms		X			X	X
CFL	X			X	X	

Source: [California Farm Link](#)

Currently there is only one active Ag IDA program in the United States:

Practical farmers of Iowa (PFI): [Savings Incentive Program](#)

- Two-year program; matched 1:1 up to \$2,400 for farm assets.



- Eligibility requirements: < 7 years farming, member of PFI
- Participating farmers: 2-40 acres farms, horticultural growers, small livestock
- Funds are mainly used for: vehicle down payment, land, fencing, greenhouse, equipment, feeders, planting equipment.
- Educational component focuses on: business plan support, network building, event participation (no formal educational program attendance required) → focus on mentorship.
- Program financed through annual fundraiser campaign (community support days, collaboration with Whole Foods)
- Typically get 15 applications/year; 12 accepted; selection by committee (PFI members, farmers, former participants)

Advantages of IDAs:

- Small grants, access to capital
- Networking/educational opportunity
- Target specific groups of farmers (young, beginning, socially disadvantaged)
- Create visible community impact of organizations that administer and financially support the program.

Disadvantages of IDA's:

- Administration costs (set up, execution, fundraising)
- A small number of farmers benefit/year (highly dependent on design)

During the focus group, we would like to gauge your opinion about the opportunity to establish an agricultural IDA program in Pennsylvania. Please see the questions we will discuss below:

Focus Group Questions:

- 1) Based on your experience, do you think there is a need for an agricultural IDA program in Pennsylvania?
- 2) Who would be the target group for an IDA program in PA?
 - a) How does your organization/do you define new and beginning farmers? (Length of farm experience)
 - b) Socially disadvantaged/minority farmers, young farmers
 - c) Type of farm
 - d) Location
- 3) What are the existing resources (educational and financial) available to the above-identified group(s)?
 - a) Are they competing or complementary to a potential IDA program?
- 4) How would an IDA program be beneficial for the group of farmers described above?

- 5) Who could potentially administer an IDA program in Pennsylvania?
- 6) Financing
 - a) Who would provide the funds?
 - b) What would be the maximum savings amount?
 - c) What would be the restrictions on spending the funds for farmers?
 - d) What would be the follow up to ensure program success?

Participants of the focus group:

<u>Contact Person</u>	<u>Organization</u>	<u>Role</u>
<i>Facilitators:</i>		
Christi Powell	Penn State Extension	Extension Associate/Grant PI
Claudia Schmidt	Penn State Extension	Extension Specialist
<i>Participants</i>		
Lynn Kime	Penn State Extension	Extension Associate
Darlene Livingston	PA Farm Link	Executive Director
Karen Gardner	Nat. Young Farmers Coal.	PA Policy Associate
Shawn Frantz	Ag Choice Farm Credit	Ex. Loan Officer & Ass. Region Man.
Johanna Rohrer	Mid-Atlantic Farm Credit	Division Marketing Specialist
Mike Firestine	Fulton Bank	Senior Vice President
David Poorbaugh	Farm Service Agency	PA Farm Loan Program Chief
Lauren Feldman	Farm Service Agency	Farm Loan Program Specialist
Phil Stober	PA Department of Ag	Chief of Econ. Development
Justin Clapper	PA Farm Bureau	Young Ag Profess. Comm. Dir.
Aaron DeLong	PASA	Delaware Val. Program Mang.
Benjamin Bartley	Ecosystm. Ser. Mkt. Const.	Project Manager (former Ext.)
Russ Thorenson	Nat. Yng Farmers Coal. Farmer	Beginning Farmer
Tacumba Turner	Nat. Yng Farmers Coal. Farmer	Project Coordinator
Drew Manko	Farm Bureau YAP Farmer	Farmer at the Ross Farm
Simon Itle	Farm Bureau YAP Farmer	Farmer at Vale Wood Farms

If you have any questions about the focus group, please do not hesitate to contact:

Christi Powell
cug137@psu.edu

Claudia Schmidt
cschmidt@psu.edu