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FARM SECURITY ADMINISTRATION

SERVICES

TO

RURAL FAMILIES

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UNITED STATES

DEPARTMENT OF AGRICULTURE

Farm Security Administration

Washington 25, D. C.

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REV. 11-20-44

FARM SECURITY ADMINISTRATION

SERVICES

To Rural Families

THE FARM SECURITY ADMINISTRATION offers the small farmer and his family a start on the road to more adequate income, better living, and a more secure place in agriculture. It combines financial help with individual on-the-farm guidance in sound, efficient farm and home management.

Farm families who lack necessary equipment and operating capital, and cannot get credit elsewhere on reasonable terms and conditions are eligible for Farm Security supervised credit.

Farm Security borrowers attain greater security on the land and achieve a more useful place in agriculture. They are encouraged to build up their land and livestock, and to use both their labor and land resources to better advantage. Through diversification they achieve a balanced farming program with its year-round income and improved living standards.

These families participate in agricultural programs. Many cooperate with the Soil Conservation Service to prevent soil erosion and provide water control on their farms, work with the Forest Service in the care of farm woodlots, and take part in local activities of the Extension Service and AAA.

FSA loans are of two general types:

- 1—Rural Rehabilitation, or operating loans which are made in all rural counties.
- 2—Farm Ownership loans, made under the provisions of the Bankhead-Jones Farm Tenant Act of 1937, in most rural counties.

In the 17 Western States a major activity is the water program which provides water facilities loans for developing water resources on farms and ranches.

A committee of three local farmers works with the Farm Security supervisor in each agricultural county. These committees determine applicants' eligibility for loans, review borrowers' progress, and approve farms to be bought and the prices to be paid.

RURAL REHABILITATION

Operating credit has been furnished to about 870,000¹ families to enable them to obtain the livestock, equipment, or other essentials needed to run their farms efficiently and on a paying basis. These loans are made for periods of from 1 to 5 years, at 5 percent interest.

Supervisors help the families plan their farm and home operations and put these plans into practice. Such plans usually call for the production of two or more farm commodities for market, food and feed needed at home, and cash income for the family's own necessities and the repayment of debts.

Supervised credit is accompanied by other types of aid necessary for improved living and efficient farming. More than 70,000 farm families in 1,012 counties are cooperating with local physicians in group health plans. Most of these plans offer general practitioners' services, either alone or in combination with surgery, hospitalization, prescribed drugs, or dental treatment.

With FSA help, about 85 percent of the tenant farmers on the program have arranged written leases, many of them for 2 or more years. For loan applicants over-burdened with debt, voluntary debt adjustments have been worked out with creditors by FSA supervisors and committeemen. More than 188,000 families have used this service to avoid bankruptcy, and both creditors and debtors have benefited through subsequent payment of the debts.

Farm Security also has provided services to improve rural housing. Through an environmental sanitation program, farm families have screened their houses, obtained sanitary privies and pure water supplies.

FSA borrowers and their neighbors have formed about 17,000 small informal group services. They buy and use together high-grade sires and farm equipment that would not be profitable for each to own and use alone. FSA makes small loans to individual farmers who need financial assistance in order to participate.

Improved Farming—Increased Security.—

Families using FSA rehabilitation services were able to make outstanding food production records when wartime demands were greatest. A survey of the production by 311,880 borrowers who operated farms in both 1942 and 1943 showed they made increases in 5 war-essential food and oil crops that ranged from 14 to 65 percent over their 1942 production. They also increased cash marketings of

livestock and livestock products. In 1943 they sold 56 percent more hogs than the year before; 43 percent more cattle and calves; 30 percent more sheep; 18 percent more milk; 47 percent more chickens; and 32 percent more eggs.

Also they had learned to raise, conserve, and prepare more and better food for the family table, thus improving their diets and health as well as cutting down cash expenditures. In 1943 the average borrower's farm produced for home use 523 gallons of milk and 484 pounds of meat. Home canning of vegetables and fruit averaged 305 quarts. Earlier studies have shown that the average borrower, before getting the FSA loan, had for home use 288 gallons of milk, 252 pounds of meat, 139 quarts of home-canned vegetables and fruit.

By the end of 1941, the average net worth of rehabilitation borrowers, or the value of what they owned over what they owed, had risen 42.5 percent. Their average net worth was \$871 before they got FSA help, compared with \$1,242 in 1941. A later survey showed the average family active on the program during 1943 had a net worth of \$2,301 at the end of the crop season.

Rural rehabilitation borrowers have repaid 89.2 percent of the principal due on their loans, and about 306,400² have completely retired their loans and are now in a position to get credit from banks and other lending institutions. Altogether, \$484,957,193 of the \$843,243,890 advanced since the beginning of the program in 1935 has been paid back, and an additional \$67,661,935 has been collected in interest.²

FARM OWNERSHIP

Under the Bankhead-Jones Farm Tenant Act of 1937, the FSA has made long-term loans to 36,426 farm tenants, sharecroppers, and farm laborers unable to get credit elsewhere to buy family-type farms of their own. All services available to rural rehabilitation borrowers are also available to farm-ownership borrowers. The loans are made for 40-year periods, at 3 percent.

An important requirement for a loan is that the farm to be purchased will provide a good living for the family, as well as pay for itself over the period of the loan. It must be large enough to earn the necessary income, but not so large that outside help will be needed except at peak periods. Supervisors advise the borrowers, as in the rehabilitation program, relative to plans of operation that will conserve the soil and result in maximum returns.

¹ This number does not include loans made from funds held in trust by the Government for the various State Rural Rehabilitation Corporations created during the depression period.

² Not including loans made from corporation trust funds.

Safeguards for Borrower.—The primary aim of the farm-ownership program is to enable tenant farmers and sharecroppers to buy farms and find security on the land. There is no security in the purchase of land at inflated prices which the borrower might not be able to repay out of farm earnings.

Before an applicant will be loaned money to buy a farm, the property undergoes a careful appraisal to determine its earning capacity and the probability of its yielding sufficient income over a period of years to enable the borrower to pay for it. With land values in many areas approaching boom levels, loan applicants are experiencing some difficulty in locating suitable farms that can be bought at fair prices. However, with careful search, they frequently find farms that can be bought at prices in line with their long-range earning capacity, even in areas where land values have generally risen sharply.

Borrowers Make Progress.—The typical family in this program has made great progress in improving land and buildings, adopting soil conservation practices, diversifying enterprises, and in retiring the loan with which the farm was bought.

Under a variable payment plan, borrowers are billed for higher than average amounts in good years, and smaller amounts in poor years. Thus during a period of higher income, they can pay ahead of schedule, providing a margin of security for themselves in case of crop failures or low prices later on.

Although they had 40 years to complete payments, 536 farmers have retired their loans within 7 years or less, some from farm income alone, and some with the help of other income. Another 221 borrowers paid out with money received from the sale of their farms, most of them having turned their land over to the Government for military purposes.

As of December 31, 1943, payments have come due on 30,603 loans. The amount which would have been due from these borrowers paying at a rate required to retire their debts in the allotted 40 years would have been \$19,234,611. The amount actually repaid exceeded this sum by \$9,210,022. In addition to this substantial payment ahead of schedule, \$7,937,749 was paid from the sale of mortgaged property or refunds on unused portions of loans. Fifty-seven percent of the borrowers were ahead of schedule by an average of \$736.

Loans for Veterans.—The Servicemen's Readjustment Act of 1944 (GI Bill of Rights) provides that World War II veterans will be eligible for these loans just as though they were farm tenants.

Veterans who can get loans on reasonable terms from other sources will, as in the case of non-veterans, be expected to do so. But if they need and want the kind of supervision furnished by FSA, their application for an FSA loan may be approved, even if they could get a loan elsewhere.

WATER PROGRAMS

Water Facilities.—In the arid and semiarid sections of the 17 Western States, where lack of water is often a greater handicap than lack of good soil, the FSA makes loans to individual farmers and ranchers, and to farmers' groups, to enable them to install or repair such water facilities as ponds, wells, stock water tanks, diversion dams, conduits, windmills, spring developments, water spreaders, farm distribution systems, flood irrigation works, small irrigation facilities, and facilities for supplying farmstead water. Technicians advise the borrowers in planning the changes to be made, and in building or repairing the facilities.

Individual loans have been made to 6,848 families, and more than 4,000 other families have benefited by financial assistance to groups.

These Western families have built or repaired 14,595 separate water services of many different kinds. On range land, stock watering facilities and supplemental irrigation water have been provided; on individual farms and ranches, families have been able to improve and expand their work after getting water for work stock and farmstead use nearer to their buildings. Underground water supplies have been developed in some areas previously dry-farmed, with the result that food production per acre has risen greatly.

The borrowers have repaid 109.5 percent of the principal due on their loans. A total of \$4,166,237 has been advanced. Principal due as of June 30, 1944, was \$1,198,047, and payments totaled \$1,311,520 plus an additional \$148,948 in interest.

Water Conservation and Utilization.—The FSA cooperates with the Bureau of Reclamation (Department of the Interior) in the Federal program for water conservation and utilization (also called the Wheeler-Case program) in the 17 Western States. Farm Security is responsible for land acquisition, land development and settlement on selected irrigation projects.

ASSISTING RETURNING VETERANS

More than 35,000 veterans of the first World War have used the supervised credit services of Farm Security, and before the end of 1944 nearly 6,000

veterans of World War II had come to FSA for help in getting reestablished as farmers.

Credit has been made available to more than 1,400 of these War II veterans to enable them to purchase feed, seed, livestock, equipment, and other operating items necessary to resume farming. Sixteen hundred other returning servicemen have applied for farm-ownership loans. About 50 already have been financed in the purchase of farms. Many more who are eligible have so far been unable to locate farms they can buy at prices in line with their long-time earning capacity.

Applications from World War II veterans will increase as discharges from the armed forces progress, since many inquiries have already been received from veteran organizations and men still in uniform seeking information about the services of FSA.

FLOOD RESTORATION PROGRAM

During 1943-44, the FSA was in charge of the flood loan program set up with a special appropriation to assist farmers in counties damaged by the 1943 floods. Of the \$1,918,711 loaned, \$66,292 in principal and \$1,132 in interest was repaid during the year. In 1944-45, the FSA is in charge of a similar program in designated counties damaged by flood or windstorm.

LIQUIDATION OF RESETTLEMENT PROJECTS

The rural resettlement projects under FSA management are being liquidated as expeditiously as possible through sales of the land to private owners. In many cases, the farm units are being made available to low-income farm families already living on them, under the same terms as provided by the Bankhead-Jones Farm Tenant Act. Private owners had received quitclaim deeds to 3,500 of the 9,045 units in the 152 farm projects by June 30, 1944, purchase commitments were outstanding for another 2,708 units, and 305 units had been transferred to other Government agencies or sold for cash. There were 2,532 units not yet sold.

(All figures are as of June 30, 1944 unless otherwise noted.)

