



## **2017 Results:**

# **FCA's Annual Report on The Farm Credit System's Young, Beginning and Small Farmer Mission Performance**

**FCA Board Meeting  
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# Outline

- Review the System's YBS Mission
- YBS Results and Trends
- Attributes of YBS Programs



# YBS Guidelines

## **Farm Credit Act - 1980 Amendments**

- FCS institutions must have programs to furnish sound and constructive credit and related services to YBS farmers and ranchers.
- Requires the reporting of YBS activities.

## **Regulation - 614.4165 (2004)**

- Sets minimum YBS program components, reporting and disclosure requirements for associations.

## **Bookletters**

- 040 (2007) Provides flexibility on lending opportunities for YBS farmers and ranchers.
- 066 (2012) Provides guidance for serving farmers who market their agricultural products through local or regional food systems.

## **Informational Memorandum - (2014)**

- Provides information on opportunities to coordinate lending, training, and outreach with the Farm Service Agency.





# YBS Definitions



## Definitions for FCA Reporting:

- *Young Farmer*: age 35 or younger
- *Beginning Farmer*: 10 years or less farming experience
- *Small Farmer*: gross annual farm sales of \$250,000 or less

## Important Data Clarifications:

- Data are reported separately for each category.
- Borrowers may qualify under more than one category; one should not add Y, B, and S data together.
- Dollar volumes include advances and commitments.

# YBS Results



## YBS Loans Outstanding

As of December 31, 2017

	Number of loans	Percentage of total number	Dollar volume of loans in millions	Percentage of total volume
Young farmers / ranchers	187,156	18.6%	\$ 29,105	11.2%
Beginning farmers / ranchers	279,027	27.7%	\$ 45,073	17.3%
Small farmers / ranchers	489,694	48.7%	\$ 48,668	18.7%

## YBS Loans Made During 2017

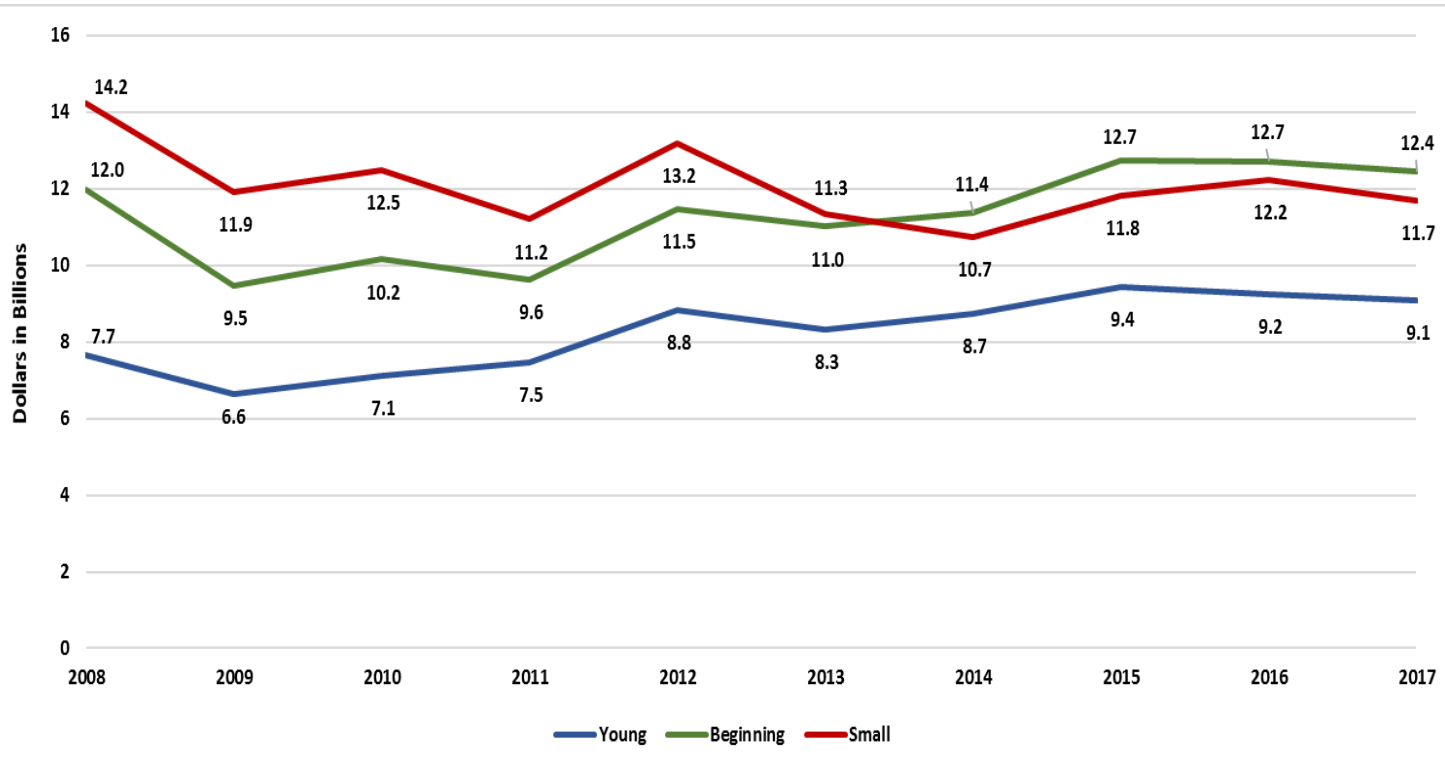
As of December 31, 2017

	Number of loans	Percentage of total number	Dollar volume of loans in millions	Percentage of total volume
Young farmers / ranchers	56,705	17.3%	\$ 9,072	11.8%
Beginning farmers / ranchers	73,752	22.5%	\$ 12,445	16.2%
Small farmers / ranchers	136,910	41.8%	\$ 11,688	15.2%

Source: Annual Young, Beginning, and Small Farmer Reports submitted by each System lender through the District Banks



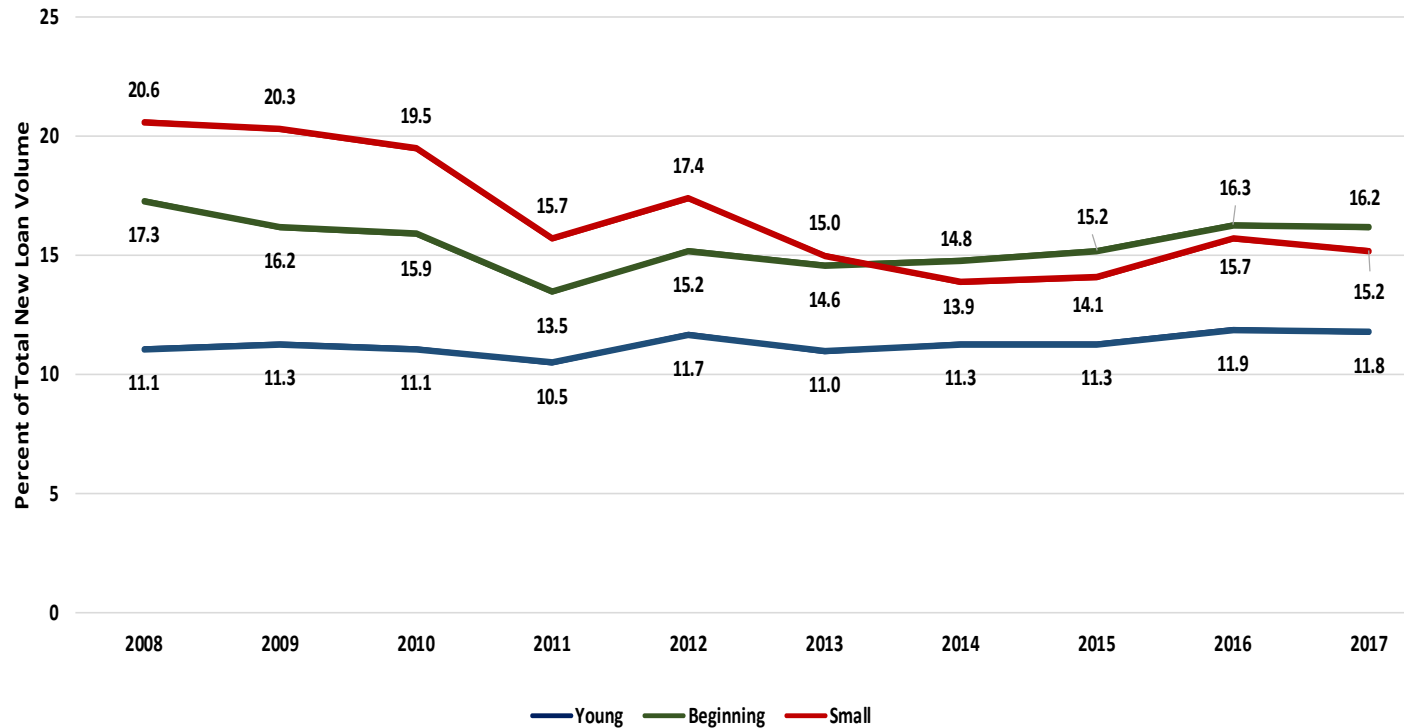
# New YBS Loan Volume



Source: Annual Young, Beginning, and Small Farmer Reports submitted by each System lender through the District Banks



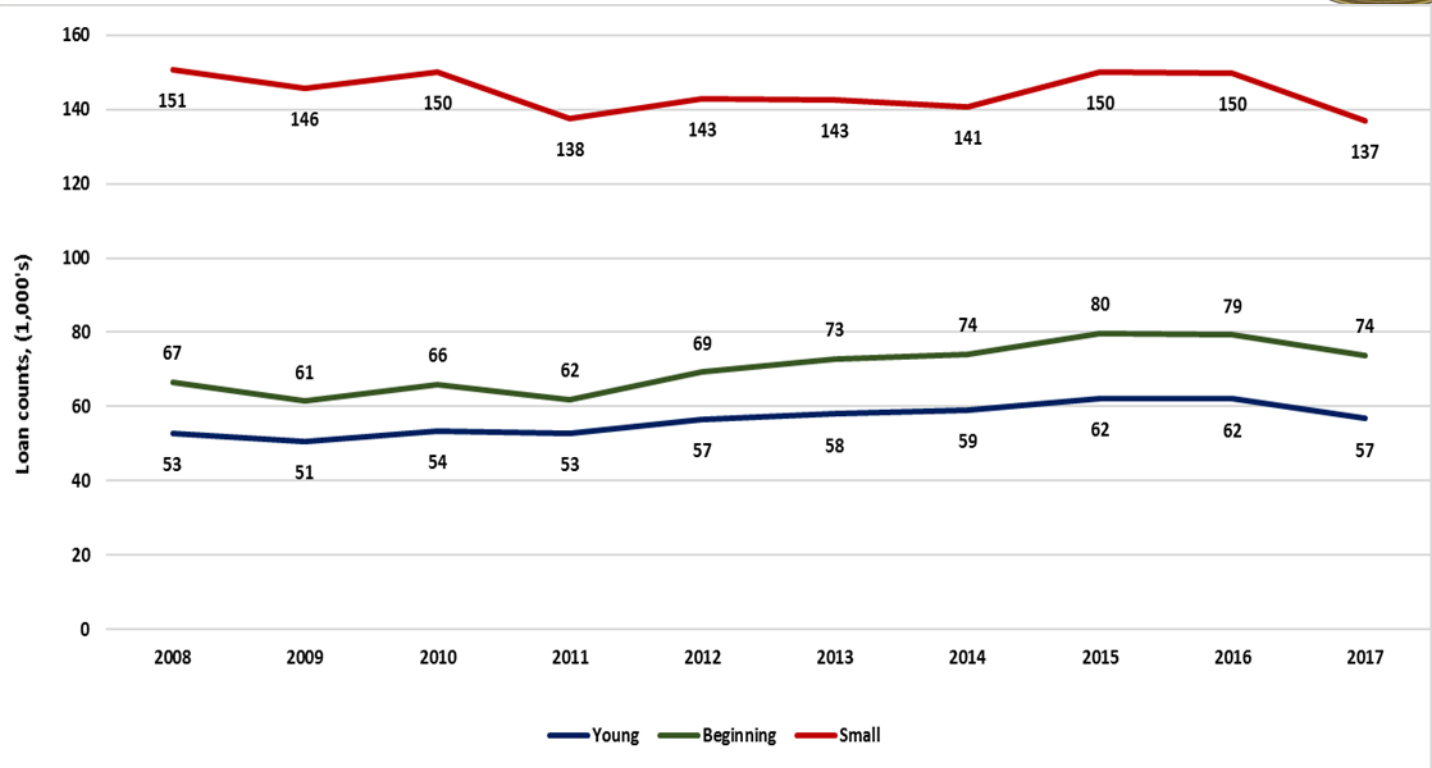
# YBS Shares Total New Loan Volume



Source: Annual Young, Beginning, and Small Farmer Reports submitted by each System lender through the District Banks



# New YBS Loan Counts

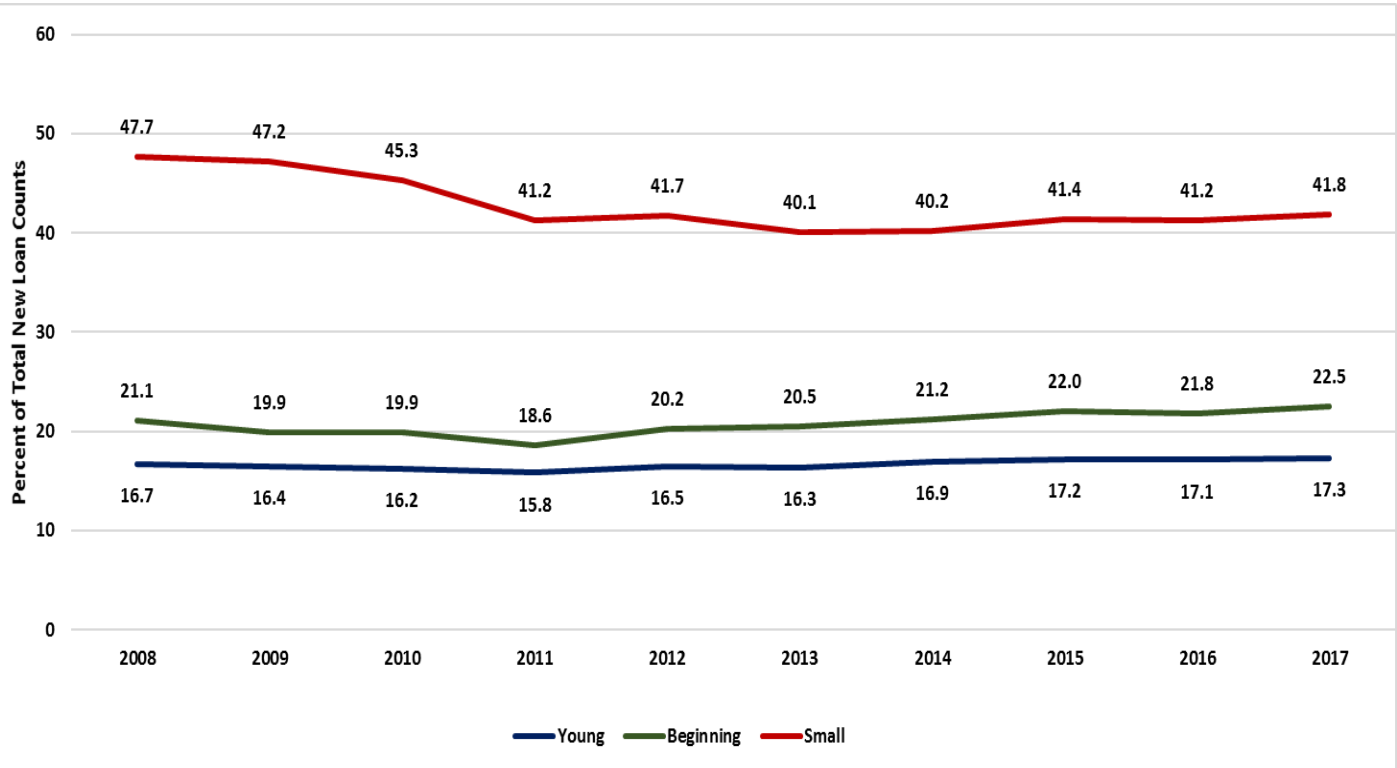


Source: Annual Young, Beginning, and Small Farmer Reports submitted by each System lender through the District Banks





# YBS Shares Total New Loan Counts



Source: Annual Young, Beginning, and Small Farmer Reports submitted by each System lender through the District Banks



# 2017 YBS Programs Qualitative Results



# Components of a YBS Program



## FCA Regulation §614.4165:

- Mission Statements
- Annual Quantitative Targets
- Annual Qualitative Goals
- Providing Credit in a Safe and Sound Manner



# Mission

## How do associations carry out their mission?

- Develop strategies to identify and outreach to creditworthy YBS farmers.
- Understand demographic diversity and financial needs of current and potential YBS farmers.
- Coordinate credit and delivery of related services with third parties.





# Quantitative Targets



Quantitative targets are based on an understanding of demographic data for the lending territory.



# Qualitative Goals



Institutions have an assortment of qualitative goals:

- Coordinate credit and related services with 3<sup>rd</sup> parties
- Develop advertising campaigns
- Use advisory committees
- Implement outreach programs
- Provide educational programs



# Qualitative Goals (continued)



## Outreach and Education:

- Outreach used to connect with current and potential YBS farmers.
- Nature and content of educational programs were comprehensive.



## Qualitative Goals (continued)



Associations developed new programs to assist YBS farmers, some of whom are new to agriculture:

- Developed customized programs to assist existing and new YBS farmers.
- Used a multifaceted approach.





# Providing Credit in a Safe and Sound Manner

Institutions establish risk parameters:

- YBS specific loan underwriting standards
- State and Federal loan guarantees
- Personal guarantors or co-signers
- Related services (i.e. Crop Insurance)
- YBS capital commitment
- Advisory committee feedback and board member input
- Education – for both staff and borrowers