



Farm Credit Administration Board Meeting

August 8, 2019



2018 Results: FCA's Annual Report on the Farm Credit System's Young, Beginning, and Small Farmer Mission Performance

**FCA Board Meeting
August 8, 2019**

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Outline

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



YBS Guidelines

Farm Credit Act

- 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.

Advanced Notice of Proposed Rulemaking (ANPRM) - (2019)



ANPRM for YBS



FCA Gathered Public Input on How We Might:

- Improve the accuracy, transparency, and process by which FCA ensures that YBS Farmer data is properly collected and reported by the FCS.
- Clarify the definitions of terms related to the collection, reporting, and identification of YBS Farmer data.
- Ensure the definitions of YBS Farmers and related terms remain relevant and reflective of the evolving agricultural economy.
- Evaluate the effectiveness of each FCS institution's YBS program to achieve its mission of serving YBS Farmers.

ANPRM Timeline and Process:

- Placed in the Federal Register in February of 2019
- Comment period closed May 2019
- FCA staff is in process of summarizing public comment letters



YBS Definitions



Definitions for FCA Reporting:

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

Important Data Clarifications:

- YBS data is 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, 2018

	Number of loans	Percentage of total number	Dollar volume of loans in millions	Percentage of total volume
Young farmers / ranchers	177,132	19.5%	\$30,885	11.7%
Beginning farmers / ranchers	268,444	29.5%	\$47,100	17.9%
Small farmers / ranchers	456,305	50.1%	\$49,533	18.8%

YBS Loans Made During 2018

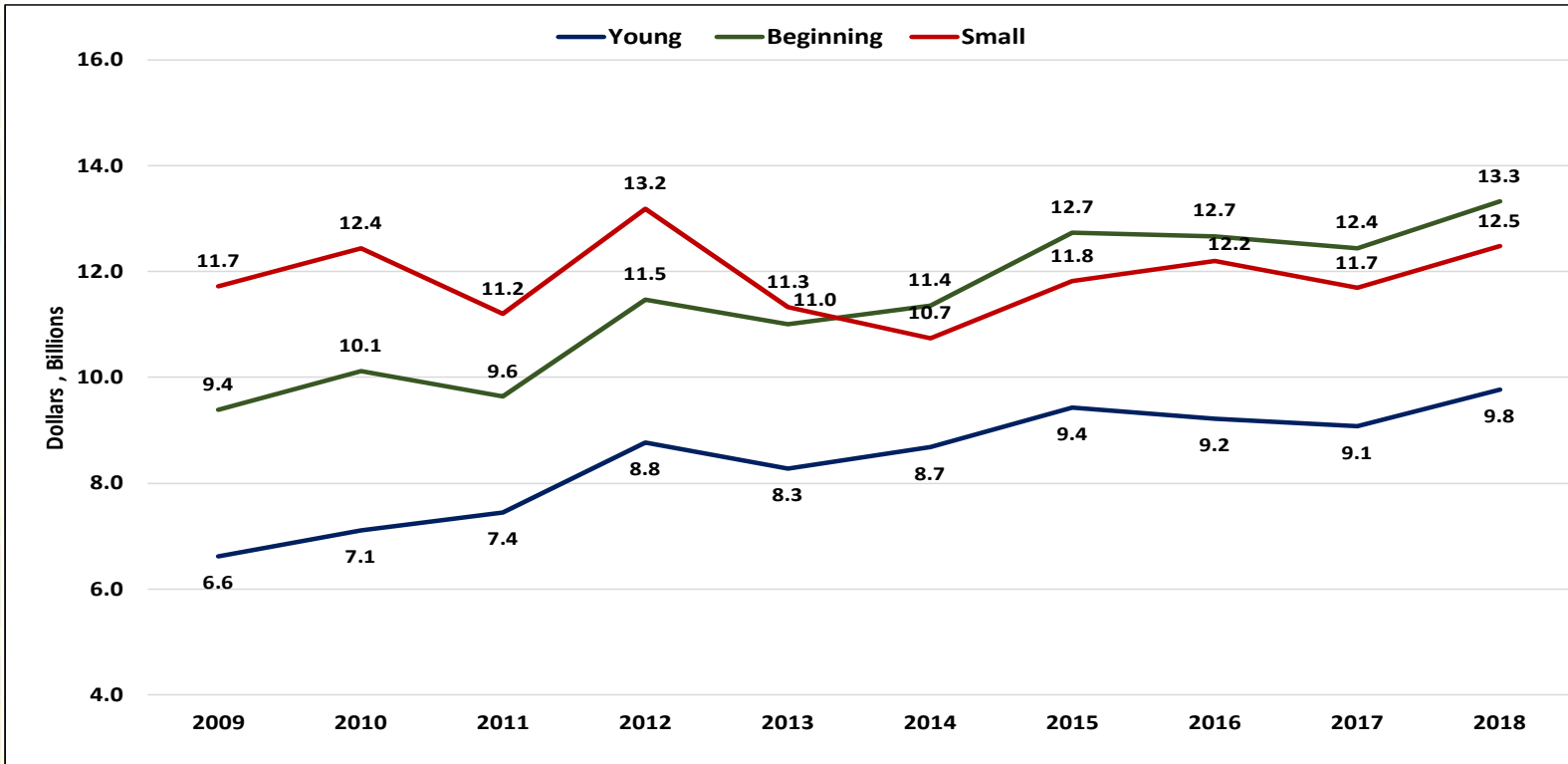
As of December 31, 2018

	Number of loans	Percentage of total number	Dollar volume of loans in millions	Percentage of total volume
Young farmers / ranchers	46,680	18.1%	\$9,765	11.4%
Beginning farmers / ranchers	62,323	24.2%	\$13,327	15.6%
Small farmers / ranchers	114,817	44.6%	\$12,479	14.6%

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

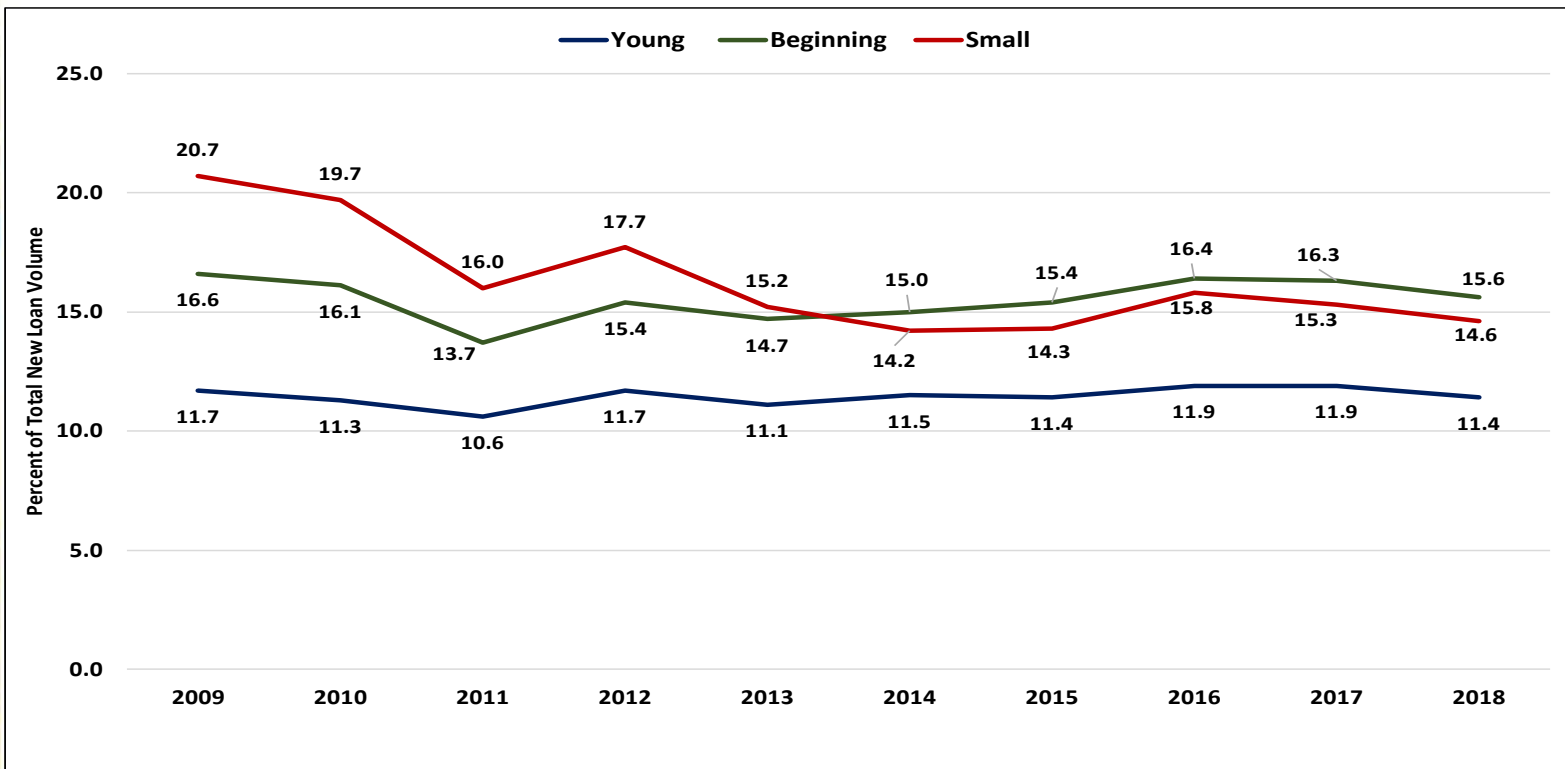


New YBS Loan Volume



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

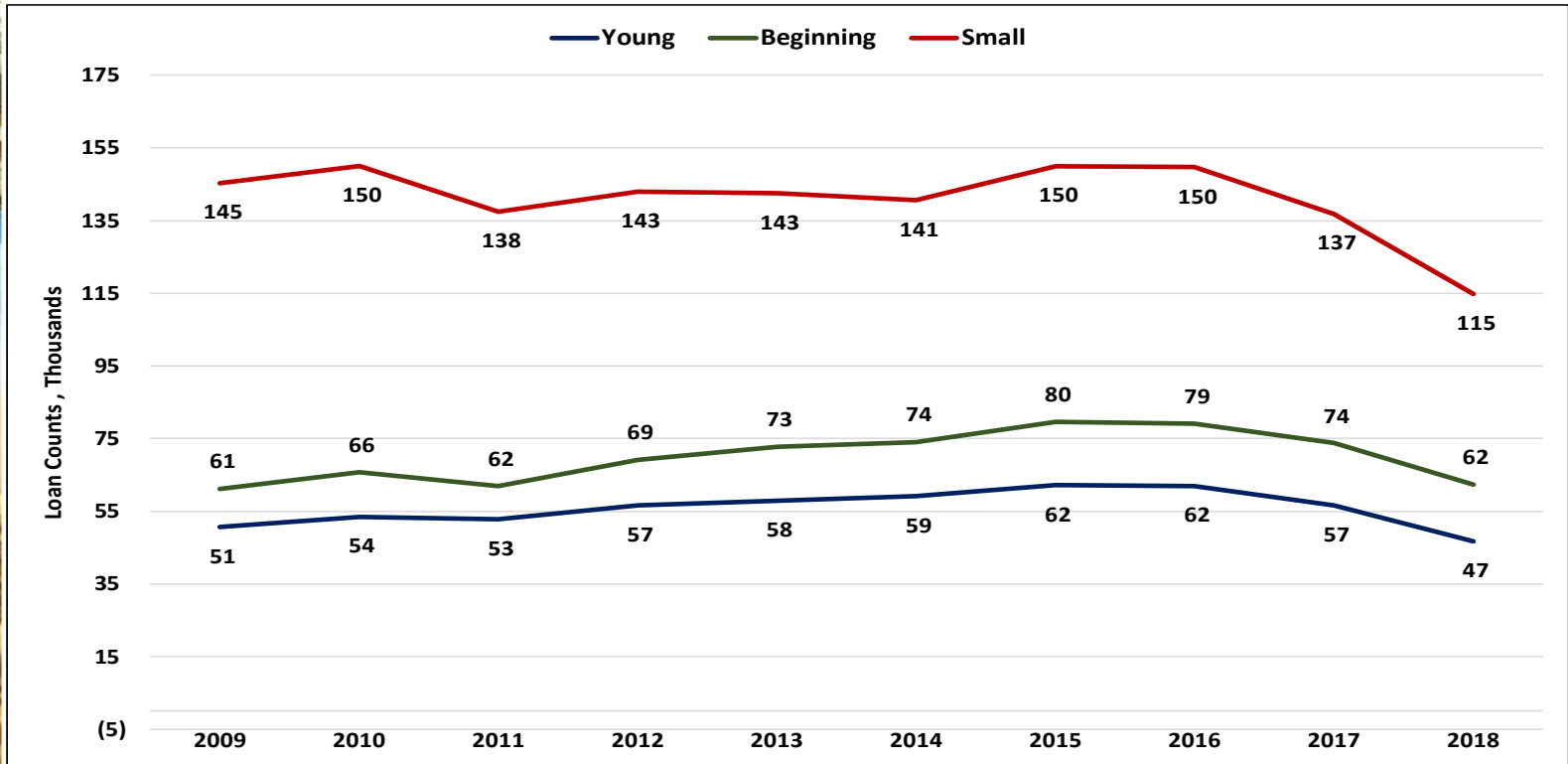
YBS Share of Total New Loan Volume



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

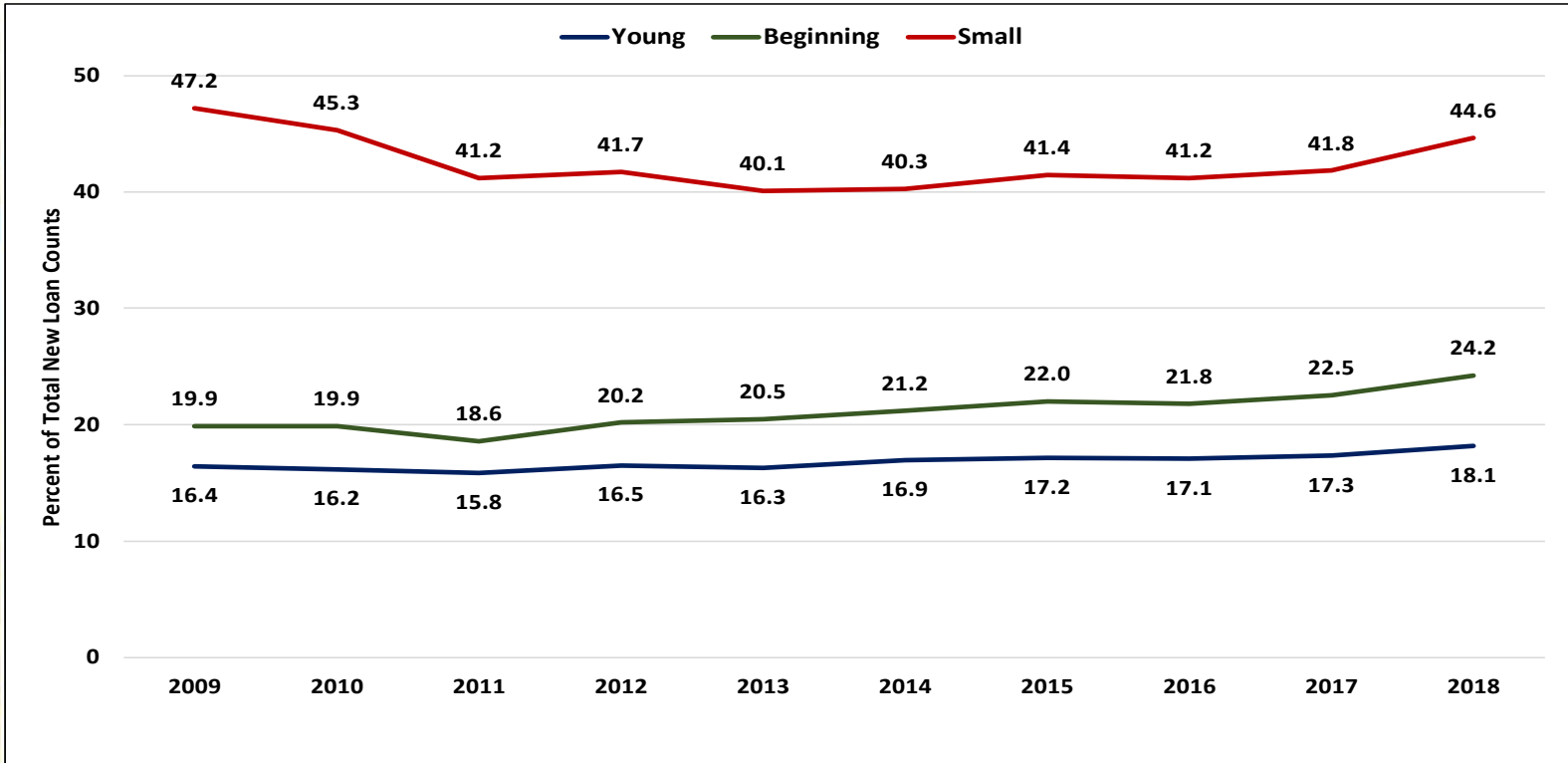


New YBS Loan Counts



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

YBS Share of Total New Loan Counts



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



2018 YBS Programs Qualitative Results



Attributes of YBS Programs



- Mission
- Related Services
- Coordination
- Outreach and Education
- Safety and Soundness



Mission



- Farm Credit System Institutions:
 - Conducted new studies and updated previous studies.
 - Researched demographic diversity and financial needs of current and potential YBS farmers.
 - Developed strategies to identify and outreach to creditworthy YBS farmers.
 - Coordinated credit and delivery of related services with third parties.



Related Services



- FCA requires institutions to establish goals for offering related services to YBS farmers.
- Some examples of related services:
 - Crop insurance
 - Risk management seminars
 - Financial document preparation
 - Educational courses
 - Farm management seminars
 - Generational transfer workshops



Coordination



- Institutions coordinated with other System institutions, government, and private sources.
- Coordination aided in credit delivery and offered related services, outreach and education.
- Institutions reported networking and partnering with agencies and organizations such as:
 - Farm Service Agency
 - District funding banks
 - Extension service staff
 - Other Farm Credit System institutions
 - Producer organizations
 - Non-profits
 - State and local government
 - Natural Resources Conservation Service



Outreach

- Institutions attended and sponsored tradeshows, educational seminars, county fairs, and commodity group events.
- Scholarships and grants awarded to those looking to continue their education or acquire trade skills.
- Institutions worked with ethnic organizations and local and regional food banks to identify needs.
 - Develop tailored programs that included education, outreach, coordination, and related services.



Education

- Institutions offered one-time classes or webinars, while others had multiyear programs with in-depth curriculums.
- Institutions held economic outlook meetings and next generation conferences.
- Examples of educational topics:
 - Ag leadership
 - Business planning
 - Personal finance
 - Commodity marketing
 - Crop insurance
 - Risk management
 - Succession and retirement planning



Safety and Soundness



- Each institution is responsible for serving the needs of YBS farmers in a safe and sound manner.
- Methods used include:
 - Federal or state loan guarantees
 - YBS-specific underwriting standards
 - Personal guarantors
 - Co-signers
 - YBS capital commitment programs



Thank you
Questions?