



April 27, 2017

# Farm Bill Primer: Federal Programs Supporting New Farmers

Beginning farmers and ranchers (BFRs)—generally defined as having operated a farm or ranch for no more than 10 years (7 U.S.C. 3319f)—comprise an important part of the U.S. agricultural sector. Not only do they contribute to rural and non-rural economies, but they are considered to be critical given ongoing concerns about the aging U.S. farm population, the so-called “disappearing middle” (i.e., mid-sized farms both in terms of farm number and value of sales), and general trends toward increasing consolidation and fewer, larger farms. The 2014 farm bill (Agricultural Act of 2014, P.L. 113-79) reauthorized and expanded programs supporting new farmers and ranchers, administered by the U.S. Department of Agriculture (USDA). These programs target new farmers within specific farm demographic groups based on age, race, and gender, as well as socially disadvantaged (underserved) farmers and farmers who are military veterans.

with new farmer provisions include crop insurance, disaster assistance, loans and grants, loan repayment assistance, training/education, tax benefits, conservation, and programs to match retiree landowners with buyers. Many of these programs are available to all U.S. farmers, while others specifically target new farmers. These programs have been periodically reviewed in omnibus farm bill legislation.

## BFRs Data and Characteristics

USDA’s latest *2012 Census of Agriculture* reports that there were 522,000 BFRs, representing about one-fourth of the 2.1 million U.S. farms (**Figure 1**). Compared to the *2007 Census*, however, the number of new farmers has declined by 20% (when there were a reported 650,000 new farmers). These same trends held regardless of whether the operation had been in business for fewer than five years or between six and 10 years. (For the purposes of crop insurance assistance, BFRs are alternatively defined as having operated for no more than five years (7 U.S.C. 1502(b)).

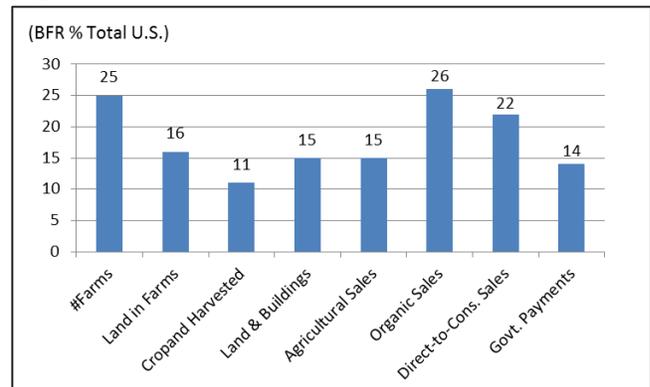
According to USDA, new farmers were, on average, younger than more established farmers. Among established farmers (with more than 10 years in operation), about 40% were 65 years or older, while 11% of farmers operating their current farm five years or fewer were 65 or older. The average age of farmers is 47 years for those in operation five years or fewer, 51 years for those in operation six to 10 years, and 61 years for established farmers. Compared to established farmers, new farmers were also more likely to be female, more likely to be minority, more likely to spend some time working off the farm, and less likely to consider farming their primary occupation.

As a share of total U.S. production value, new farmers are more widely engaged in cattle, poultry, milk, fruits and tree nuts (**Figure 2**). **Figure 3** maps out where most new farmers are concentrated throughout the nation.

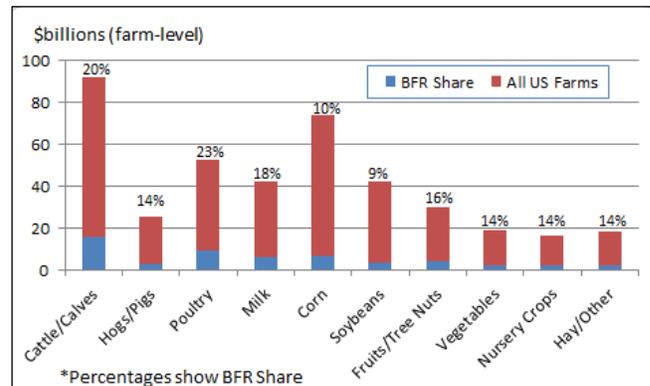
## USDA Programs and the Farm Bill

A number of resources identify existing USDA programs and financial support, along with information on how to start and plan a new farm. These include USDA’s new farmer toolkit (<https://newfarmers.usda.gov/>) and resources from the National Sustainable Agriculture Coalition (NSAC) and other organizations. Existing federal programs

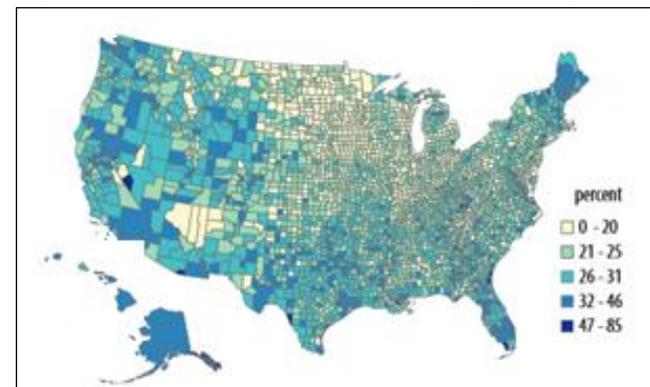
**Figure 1. BFRs, Share of All Farm Assets/Sales, 2012**



**Figure 2. BFRs, Share of Farm Commodity Sales, 2012**



**Figure 3. BFRs, Share of All Farmers, by County, 2012**



Source: USDA, 2012 Census data (farms operating under 10 years).

Policies supporting new farmers can be traced back to the early 1990s. Both the 1996 farm bill (P.L. 104-127) and 2002 farm bill (P.L. 107-171) established certain provisions supporting new farmers, including loan and grant programs. One authorized program—the Beginning Farmer and Rancher Development Program (BFRDP)—remained inactive for years but was later funded, and grants under the program were awarded in the late 2000s. Subsequent farm bills in 2008 (P.L. 110-246) and 2014 (P.L. 113-79) reauthorized and expanded existing programs supporting new and underserved farmers. The **text box** provides a list of current programs. In addition to these targeted programs, new farmers also benefit from other federal farm programs, including those targeting local and regional food systems.

The 2014 farm bill provided more than \$180 million in mandatory funding for BFRs (FY2014-FY2018) across three programs: BFRDP (\$100 million), Outreach and Assistance for Socially Disadvantaged Farmers and Ranchers and Veteran Farmers and Ranchers (\$50 million), and the Conservation Reserve Program Transition Incentives Program (CRP-TIP) (\$33 million). Additional mandatory funding was provided for federal crop insurance premium reductions for new farmers. Discretionary funding for certain programs was also authorized.

## Other Policy Proposals

The 2014 farm bill incorporated some of the provisions from the Beginning Farmer and Rancher Opportunity Act (H.R. 1727, S. 837, 113<sup>th</sup> Congress). Some have indicated that a reworked version of this bill could be reintroduced as a marker bill for the next farm bill debate. Provisions that might be included in such a bill could further facilitate farmers' access to land and markets, farm credit and risk management, training, tax incentives, and other policies.

Although legislative proposals have tended to focus on expanding existing programs, other approaches have been proposed. For example, some proposals would facilitate greater BFR access to grants and loans (e.g., H.R. 51 and H.R. 831, 115<sup>th</sup> Congress and H.R. 5733, 114<sup>th</sup> Congress), access to equipment, and land and training (H.R. 5280 and H.R. 5857, 114<sup>th</sup> Congress). Other bills would amend certain tax code provisions or allow loan forgiveness in some cases (e.g., H.R. 1750 and H.R. 1060, 115<sup>th</sup> Congress).

The Beginning Farmers and Ranchers Advisory Committee (BFRAC) has proposed other policy recommendations. BFRAC was created by the Agricultural Credit Improvement Act of 1992 (P.L. 102-554) and has advised USDA on policies supporting new farmers since the late 1990s. BFRAC's recommendations have covered a range of topics, including fiscal support for direct and guaranteed credit programs, guarantees on state agricultural loans ("aggie bonds"), assessment of existing programs, and USDA staffing needs to support loan activity and provide outreach and technical assistance for minority farmers. In August 2015, BFRAC released a report on land tenure and access and farm business transitions for new farmers. Its recommendations included creating a new Commission on Land Tenure, improving outreach and incentives to

landowners regarding land transfer strategies, and improving existing programs.

### Selected Farm Bill Provisions (P.L. 113-79)

#### Beginning Farmer or Rancher Access to Crop Insurance

(§11016)—Added term *beginning farmer or rancher* (defined as operating under five years) to the Federal Crop Insurance Act. Improved access to crop insurance through reduced premiums and waived fees for catastrophic-level policies, among other administrative changes.

**Noninsured Crop Disaster Assistance Program** (§12305)—Enhanced provision of catastrophic-level risk protection through reduced premiums and waived fees for beginning farmers who are producers of commodities that do not have an insurance product available.

**Beginning Farmer and Rancher Development Program** (§7409)—Funded training, education, outreach, and technical assistance to beginning farmers and ranchers.

#### Facilitate Land Transfers (Conservation Reserve Program Transition Incentives Program (CRP-TIP)

(§2006(b))—Facilitated transfers of CRP land enrolled in an expiring contract from retired/retiring farmer to a beginning, veteran, or underserved farmer or rancher who returns land to production. USDA may provide annual rental payments for up to two additional years after the expiration of the CRP contract if the transition is not to a family member.

**Managed Haying and Grazing of Conservation Reserve Program Lands** (§2004)—Waived the 25% payment reduction for beginning farmers.

#### Conservation Loan and Loan Guarantee Program

(§5002)—Increased the maximum conservation loan guarantee amount from 75% to 90% of the total loan amount for producers qualifying as beginning farmers or ranchers.

**Microloans to Beginning Farmers and Ranchers** (§5106)—Made permanent the USDA's microloan program, exempting beginning and veteran farmers from term limits that otherwise apply on direct operating loans.

**Beginning Farmer and Rancher Individual Development Accounts** (§5301)—Extended pilot program through FY2018.

**Definition of a Qualified Beginning Farmer or Rancher** (§5303)—Changed the definition of a "qualified beginning farmer" in ways that could expand eligibility to more beginning farmers for direct farm ownership loans.

**Down Payment Loan Assistance** (§5005)—Expanded assistance to new farmers seeking to purchase real property by increasing the maximum loan made under the program.

**Expanded Value-Added Producer Grant Opportunities** (§6203)—Gave new farmers who produce value-added products priority consideration for grants.

**Outreach to Military Veterans** (§12304)—Established a USDA position of Military Veterans Agricultural Liaison to help veterans prepare for a career in farming or ranching.

**Source:** CRS from USDA information.

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