Land Access to Beginning Farmers and Ranchers (BFRs)

1970’s- Farmers Home Administration (FMHA-now FSA) and Federal Land Bank (now Farm Credit Services (FCS)) partnered to provide joint financing to BFRs

1980’s- FmHA issued notices to field offices setting goals to assist BFRs

Late 1980s- Congressional concern on aging of American farmers

Agricultural Credit Improvement Act of 1992-first heavy focus on BFR in USDA

By Oct 1994- required FmHA/FSA to:
  - establish down payment program for BFR to purchase real estate
  - target funds to BFRs
  - establish partnership with State BF programs (partnerships with almost all active State BF programs)
  - Required Secretary to establish Advisory Committee (I’ve overseen since inception). Some former and current members are here.

FSA has worked closely with National Council of State Agricultural Finance Programs and State BF programs-work well together to provide joint financing to assist with direct and guaranteed farm ownership loans

Also have worked closely with FCS and other lenders to assist BFR

Would be remiss if I didn’t mention wonderful job Land Link organizations (International Farm Transition Networks) have been doing since early 90s

Up until 2002 Farm Bill, FSA was the only USDA agency focused on BFR land/tenure/succession issues

2002 Farm Bill

authorized more FSA assistance for BFRs
authorized NRCS to provide higher payments to BFR in conservation programs
authorized CSREES to establish a BFR Development Program (not funded)

In 2003, as recommended by Secretary’s Advisory Committee on BFR, USDA’s Risk Management Agency (RMA) started targeting grant applicants that were sensitive to needs of BFRs, and continues to provide grant assistance to such groups
In 2006, Secretary Johanns, a huge supporter of BFRs, had nationwide listening sessions in preparing for the 2007 Farm Bill—one of his six core issues BFRs and Farm Succession.

In 2006, he also implemented a recommendation by the Advisory Committee to establish a Small AND Beginning Farmer and Rancher Policy at USDA. (requires Agency BFR strategic plans, policy goals, performance plans)

In 2007, the Secretary issued Theme Bill Papers addressing his 2007 Farm Bill Proposals—including a theme on “Preparing the Next Generation of Farmers and Ranchers. This paved the way for a substantial number of BFR sections included in 2008 Farm Bill

- included positive changes to FSA’s down payment program
- increased FSA direct loan limits, (first changes in over 25 years) which had been a barrier for land purchase for BFRs
- funded CSREES BFR Development Program
- targeted BFR assistance for Risk Management Education under RMA
- targeted BFR funding in some NRCS programs
- targeted funds to BFRs for value-added grants under USDA’s Rural Development
- Required USDA to establish an Office of Advocacy and Outreach, where a BFR group must be established.

What’s at Stake in the Future? Serious Concerns facing Ag economy today

Wall Street Journal Article-5/19 FARMERS START TO FEEL THE PINCH
-Failure of New Frontier Bank her in Colorado

Tightening of Credit Increase demand for FSA

- Most Direct Farm Ownership loans since 1985 (over 80 percent D-FO to BFR this year)
- FO Down payment Loans 38 this time last year—477 now plus 361 approved waiting for funding (would increase funded loans to 838)
- 1,500 total Direct FO loans approved waiting for $275 million
- FSA only provides about 6 percent of financing to farmers/ranchers in Country
- FCS/Commercial Lenders provide about 70 percent
- Life Insurance Companies and others provide balance
Big challenges ahead for BFR and others

- Worldwide recession and Credit crunch
- Slash in dairy prices (more than half)
- Cow-calf operators facing sharply lower feeder cattle prices (lower US beef demand/less exports)
- Poultry (Pilgrim’s Pride Bankruptcy and less worldwide demand for poultry)
  Broiler output this year first decline in history
- Hog operators-H1N1 virus

Succession issues for BFRs

- Fractionated land
- Farmers not wanting to retire
- Sibling Issues