

SUMMARY XII
BEGINNING
FARMERS

SUMMARY OF SUPPORT OF BEGINNING FARMERS AND RANCHERS

Recommendations In Brief

Increase assistance to beginning farmers and ranchers through an array of changes that will help them to become established in production agriculture.

Problem

Beginning farmers and ranchers entering production agriculture face many challenges. High land prices, increasing equipment costs, and government payments predominantly delivered to larger, more established farmers serve as barriers to entry.

These issues were raised at many USDA Farm Bill Forums. For example, Devan from Kentucky said, "One of the biggest barriers, I believe, facing a new generation of farmers is the inability to start farming from scratch. Today if anyone wanted to begin farming they either have to marry into a family farm or inherit an existing family-owned farm. It is extremely difficult, if not impossible, to simply start farming." Dan in California said, "The increasingly high investment costs and relatively low return rates associated with production agriculture are some of the most prominent unintended consequences that discourage future generations from entering production agriculture."

Recommended Solution

The Administration is recommending a broad package of proposed changes to several titles of the farm bill to provide additional support to beginning farmers and ranchers. Following is a list of the major components of the package.

Commodity Title

Provide beginning farmers a 20 percent increase in their direct payment rate, adding \$250 million to producer income over 10 years. After the initial five years, these producers would no longer be eligible for the higher direct payment rate. (For further information, see the proposal entitled "Increase Direct Payment for Beginning Farmers" on pages 16 – 17.)

Conservation Title

Reserve 10 percent of farm bill conservation financial assistance for beginning farmers as well as socially disadvantaged producers under a new Conservation Access Initiative. (For further information, see the proposal entitled "Conservation Access for Beginning and Socially Disadvantaged Producers" on pages 57 – 58.)

Credit Title

Enhance the existing Beginning Farmer and Rancher Downpayment Loan Program to help ensure the next generation of production agriculture – cutting the interest rate in half to two percent; deferring the initial payment for one year; doubling the potential beginning farmers buying power by increasing the maximum loan value; and decreasing the minimum beginning farmer contribution from 10 percent of the property purchase

price to 5 percent. (For further information, see the proposal entitled “Beginning Farmer and Rancher Downpayment Loan Program” on pages 110 –111.)

Double the statutory target of USDA direct operating loans for beginning and socially disadvantaged farmers and increase the target for direct farm ownership loans for beginning and socially disadvantaged farmers to 100 percent. Overhaul the federal repooling procedures to ensure that these targets are reserved only for beginning and socially disadvantaged farmers to the maximum extent possible. (For further information, see the proposal entitled “Loans Targeted to Beginning and Socially Disadvantaged Farmers” on pages 108 – 109.)

Increase the existing statutory limits of \$200,000 for direct ownership loans and \$200,000 for direct operating loans to a maximum of \$500,000 indebtedness for any combination of the two loan types. (For further information, see the proposal entitled “FSA Direct Loan Limits” on pages 112 – 113.)