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Beginning Farmers or Ranchers (BFRs): Challenges and Opportunities

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Beginning Farmers or Ranchers (BFRs): Challenges and Opportunities

SUMMARY

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In statute, a *beginning farmer or rancher* (BFR) refers to a farmer or rancher who has operated a farm or ranch for not more than 10 years. This statutory definition applies to most of the farm support programs administered by the U.S. Department of Agriculture (USDA). One exception is USDA's Federal Crop Insurance Program, which for most types of policies offered defines a BFR as a farmer or rancher who has not operated a farm or ranch for more than 5 years.

A June 2024 Senate Agriculture Committee hearing identified barriers to entry, growth, and profitability for BFRs. These include barriers to accessing federal government support, agricultural commodity support programs, agricultural base acres, farm credit, agricultural land, capital assets and technology, and markets. Extensive agricultural research corroborated these findings. This report describes some of the challenges facing BFRs and highlights selected USDA programs established to address their needs.

Although BFRs generally are eligible for all USDA programs, recent farm bills have provided targeted support addressing the specific needs of BFRs and other types of historically underserved producer groups. For example, the Agriculture Improvement Act of 2018 (2018 farm bill; P.L. 115-334) reauthorized and expanded existing support and provided additional support for BFRs. USDA programs and provisions supporting BFRs are found under most titles in the 2018 farm bill. Congress has provided additional targeted support for BFRs in annual Agriculture appropriations acts and in ad hoc emergency spending laws.

During the 118th Congress, some Members of the House and Senate Agriculture Committees have indicated continued support for BFRs and have proposed provisions that would expand BFR support as well as amend the existing BFR statutory definition in a future farm bill. As Congress debates the next farm bill, it may consider additional changes to how BFRs are defined in statute and how BFRs may be supported under USDA programs.

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In statute, a *beginning farmer or rancher* (BFR) generally refers to a farmer or rancher who has not operated a farm or ranch for more than 10 years (see **text box**).[1] This definition applies to most programs administered by the U.S. Department of Agriculture (USDA). One exception is USDA's Federal Crop Insurance Program (FCIP). Most types of FCIP policies define a BFR as a farmer or rancher who has not operated a farm or ranch for more than 5 years.[2]

In general, BFRs are eligible for all USDA programs. Recent farm bills, however, have provided targeted support addressing the specific needs of BFRs and other historically underserved groups. The Agriculture Improvement Act of 2018 (2018 farm bill; P.L. 115-334) reauthorized existing support and expanded support for BFRs. USDA programs and provisions supporting BFRs are found under most 2018 farm bill titles. Congress has provided additional support for BFRs in annual Agriculture appropriations acts and in ad hoc emergency spending laws.

A Statutory History of Beginning Farmer or Rancher Definitions

For most U.S. Department of Agriculture (USDA) programs, a *beginning farmer or rancher (BFR)* is "such term as defined by the Secretary" of USDA (7 U.S.C. §1991(a)(8)), and *qualified beginning farmer or rancher* means an "applicant … who has not operated a farm or ranch or who has operated a farm or ranch for not more than 10 years" (7 U.S.C. §1991(a)(11)(B)). Other conditions may apply in statute to a cooperative, corporation, partnership, joint operation, or other legal entity depending on the composition of its members, stockholders, partners, joint operators, or owners (7 U.S.C. §1991(a)(11)). The term as defined at 7 U.S.C. §1991(a)(8) was added to statute by the Food, Agriculture, Conservation, and Trade Act of 1990 (P.L. 101–624, §1814). The term as defined at §1991(a)(11)(B)) was added by the Agricultural Credit Improvement Act of 1992 (P.L. 102–554, §19) to "establish a program to aid beginning farmers and ranchers" to improve the operation of the Farmers Home Administration, amending the Farm Credit Act of 1971.

For the Federal Crop Insurance Program (FCIP), a BFR "means a farmer or rancher who has not actively operated and managed a farm or ranch with a bona fide insurable interest in a crop or livestock as an owner-operator, landlord, tenant, or sharecropper for more than 5 crop years, as determined by the Secretary" (7 U.S.C. §1502(b)(3)). The FCIP version of the term was added to statute by the Agricultural Act of 2014 (P.L. 113-79, §11016), which also made BFRs eligible for premium subsidy increases and administrative fee waivers. This definition applies to all FCIP policies sold with the exception of Whole Farm Revenue Protection coverage, under which a BFR is defined in statute as having 10 years or less experience operating and managing a farm or ranch (7 U.S.C. §1522(c)(7)(F)).

This report provides an overview of BFRs in the United States, describes some of their challenges, and highlights selected USDA programs specifically addressing their needs.[3] It also describes some issues related to BFRs that have been debated during the 118th Congress. Specifically, the report describes issues raised at a Senate Committee on Agriculture, Nutrition, and Forestry hearing in June 2024.[4] The report also describes selected provisions addressing BFRs in the Farm, Food, and National Security Act of 2024 (H.R. 8467), which was ordered to be reported by the House Agriculture Committee in May 2024. Draft proposal summaries issued by the majority and minority in the Senate Committee on Agriculture, Nutrition, and Forestry are not addressed in this report because detailed legislative proposals are not publicly available.

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[1] 7 U.S.C. §§1991(a)(8) and (a)(11). Definitions may vary depending on the U.S. Department of Agriculture (USDA) program.

[2] 7 U.S.C. §1502(b)(3).

[3] See CRS Report R47933, *Programs for Beginning, Limited Resource, Veteran, Socially Disadvantaged, and Tribal and Indigenous Farmers and Ranchers and for Small Farms and Ranches*.

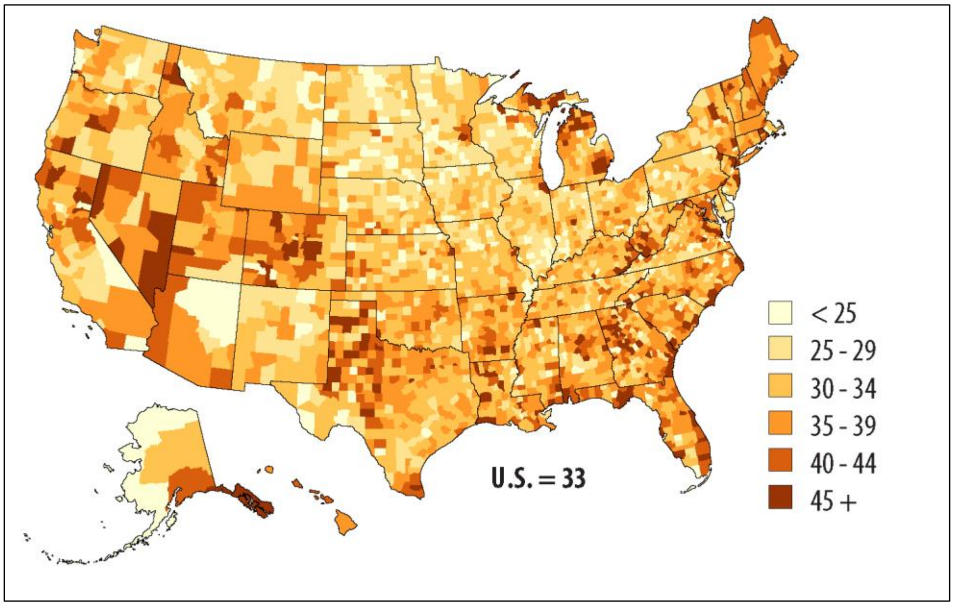
[4] U.S. Congress, Senate Committee on Agriculture, Nutrition, and Forestry, Subcommittee on Commodities, Risk Management, and Trade, "Pathways to Farming: Helping the Next Generation of Farmers," hearing, 118th Cong., 2nd sess., June 6, 2024, https://www.agriculture.senate.gov/hearings/pathways-to-farming-helping-the-next-generation-of-farmers.

Data and Statistics

According to USDA's *2022 Census of Agriculture*, 1,011,715 producers in the United States identify as BFRs (with fewer than 10 years of farming experience), accounting for 33% of all U.S. producers in 2022 (**Figure 1**).[5] Compared with the previous census, the number of BFRs increased 11%, up from 908,274 BFRs in 2017 (about 27% of all U.S. agricultural producers).[6]

Figure 1. U.S. Farms and Ranches Operated by New and Beginning Producers, 2022

Percentage of All U.S. Farm and Ranching Operations by County



Source: Figure found in U.S. Department of Agriculture (USDA), National Agriculture Statistics Service (NASS), "2022 Census of Agriculture Highlights: New and Beginning Farmers," April 2024, https://www.nass.usda.gov/Publications/Highlights/2024/Census22_HL_Beginning.pdf.

Notes: "U.S. = 33" means that, on average, producers with fewer than 10 years of farming or ranching experience accounted for 33% of all U.S. producers in 2022.

Figure 1 provides a map of the percentage of BFR farms relative to all farms across U.S. counties. States with the highest percentage of BFR farms relative to total farms are Rhode Island (41%), Alaska (39%), Maine and Colorado (36% each), and New Hampshire and Hawaii (35% each).[7] BFRs operate on about 196 million acres, or about half of all U.S. farmland acres.[8]

U.S. agricultural operations with at least one beginning producer sold $122 billion in agricultural products in 2022, consisting of $60 billion in crop sales and $62 billion in livestock and poultry

[5] USDA, National Agriculture Statistics Service (NASS), "2022 Census of Agriculture Highlights: New and Beginning Producers," April 2024, https://www.nass.usda.gov/Publications/Highlights/2024/Census22_HL_Beginning.pdf (hereinafter USDA, NASS, "2022 Census: New and Beginning Producers," April 2024). In 2022, the total number of all U.S. producers was 3.4 million.

[6] USDA, NASS, "USDA Releases 2022 Census of Agriculture Data," February 13, 2024. For 2017 census data, see USDA, NASS, "2017 Census of Agriculture Highlights: New and Beginning Producers," November 2020, https://www.nass.usda.gov/Publications/Highlights/2020/census-beginning%20-farmers.pdf.

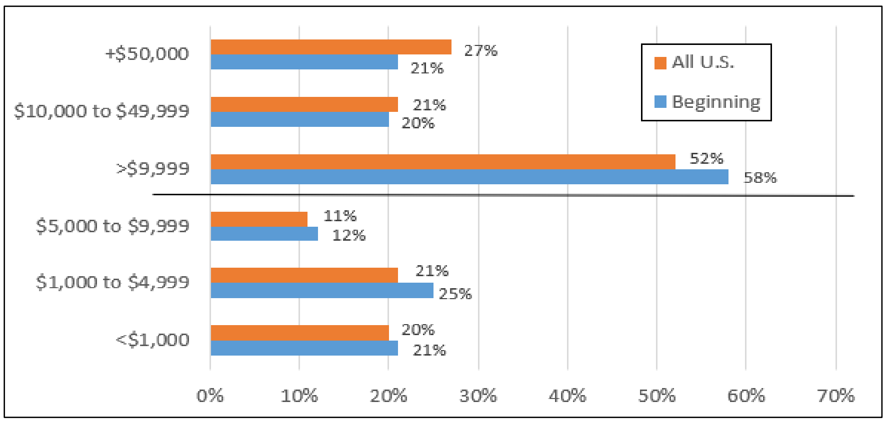
[7] USDA, NASS, "2022 Census: New and Beginning Producers," April 2024.

[8] Table 57 in USDA, NASS, *2022 Census of Agriculture*, state-level data, https://www.nass.usda.gov/Publications/AgCensus/2022/Full_Report/Volume_1,_Chapter_2_US_State_Level/st99_2_057_057.pdf. In 2022, acreage across all U.S. farms totaled 382 million acres.

sales.[9] Overall, BFRs accounted for 23% of total U.S. agriculture sales.[10] A reported 58% of BFR operations had annual gross sales and government payments of less than $10,000 compared with 52% across all U.S. farming and ranching operations (**Figure 2**).[11] The *2022 Census of Agriculture* indicates that the average BFR operation is smaller in size than the average U.S. farming operation overall (averaging 312 acres compared with 463 acres), with the majority of BFRs (51%) operating on fewer than 50 acres. BFRs also are more likely to have primary occupations other than farming. In 2022, 72% of BFRs had other primary jobs compared with 58% across all U.S. operations. In addition, the average BFR is younger than the average U.S. farmer (47 years in age compared with 58 years, respectively).

Figure 2. Annual Sales and Government Payments for BFRs and All Operations, 2022

Percent of Total Sales and Government Payments Combined



Source: CRS from USDA, NASS, "2022 Census of Agriculture Highlights: New and Beginning Producers," April 2024, https://www.nass.usda.gov/Publications/Highlights/2024/Census22_HL_Beginning.pdf. Data are based on operations with at least one beginning farmer or rancher (BFR) compared with all U.S. agricultural operations.

USDA's Economic Research Service (ERS) reported similar data in 2019, finding that BFRs generally operate at a smaller scale and earn less farm income than operators of established farms or ranches (i.e., those operating farms or ranches for more than 10 years).[12] Based on 2013 and 2017 data, among agricultural operations producing at least $10,000 in output, 12% of beginning operations earn more than $350,000 in annual gross cash farm income (GCFI) compared with 22% of established operations.[13] ERS also reported that relative to established farm households beginning farm households work more off the farm, are more reliant on off-farm income, have less wealth, and have more debt relative to their assets.

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[9] USDA, NASS, "2022 Census: New and Beginning Producers," April 2024.

[10] USDA, NASS, "2022 Census: New and Beginning Producers," April 2024. In 2022, the total market value of all U.S. agricultural products sold totaled $543 billion.

[11] Financial outcomes for beginning farmers or ranchers (BFRs) who are first generation farmers may differ, on average, with BFRs who are taking over from a previous generation. See Christine Whitt et al., *America's Farms and Ranches at a Glance: 2023 Edition*, USDA, Economic Research Service (ERS), Economic Information Bulletin no. 263, December 2023; and USDA, NASS, "2022 Census of Agriculture Highlights: Farm Producers," February 2024, https://www.nass.usda.gov/Publications/Highlights/2024/Census22_HL_FarmProducers_FINAL.pdf.

[12] Nigel Key and Greg Lyons, *An Overview of Beginning Farms and Farmers*, USDA, ERS, Economic Brief no. 29, September 2019, p. 5, https://www.ers.usda.gov/webdocs/publications/95010/eb-29.pdf?v=9561.9 (hereinafter Key and Lyons, *An Overview of Beginning Farms and Farmers*, September 2019). For the purposes of this report, an "established" farm or ranch generally refers to businesses run by operators with more than 10 years of experience.

[13] Gross cash farm income (GCFI) includes a farm producer's sales of crops and livestock, fees for delivering commodities under production contracts, government payments, and other farm-related income.

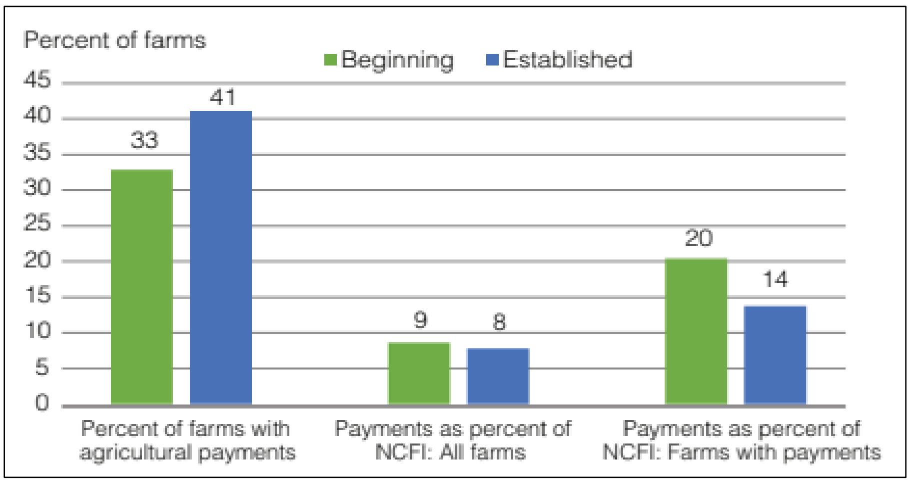
Selected Challenges

A June 2024 Senate Agriculture Committee hearing identified barriers to entry, growth, and profitability facing BFRs. These identified challenges are backed by extensive agricultural research and include BFRs' barriers to accessing federal government support, agricultural base acres, farm credit, agricultural land, capital assets and technology, and markets.[14]

Access to Government Programs

ERS reported that BFRs—particularly small, diversified operations—generally are less likely than established farms to receive assistance under USDA's commodity support and conservation programs and are less likely to participate in the Federal Crop Insurance Program.[15] A 2019 ERS report indicated that about 33% of BFRs received direct payments from federal agricultural programs (in 2013-2017), compared with 41% of established farms (**Figure 3**). For those receiving payment, payments accounted for 20% of a BFR farm's net cash farm income, compared with 14% for established farm.

Figure 3. Share of Beginning and Established Farms with Federal Agricultural Payments and Payments as a Percent of Net Cash Farm Income, 2013-2017



Source: Figure 9 in Nigel Key and Greg Lyons, *An Overview of Beginning Farms and Farmers*, USDA, Economic Research Service (ERS), Economic Brief no. 29, September 2019, https://www.ers.usda.gov/webdocs/publications/95010/eb-29.pdf?v=9756.2.

Notes: The figure includes family farms with production value greater than or equal to $10,000. Net cash farm income (NCFI) is gross cash farm income (crop and livestock sales, government payments, and other farm-

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[14] U.S. Congress, Senate Agriculture, Nutrition, and Forestry Committee, Subcommittee on Commodities, Risk Management, and Trade, "Pathways to Farming: Helping the Next Generation of Farmers," hearing, 118th Cong., 2nd sess., June 6, 2024, https://www.agriculture.senate.gov/hearings/pathways-to-farming-helping-the-next-generation-of-farmers. For one review of available research studies, see Jeffrey W. Hopkins, "Guest Editorial: Special Issue on Beginning Farmers and Ranchers," *Agricultural Finance Review*, vol. 82, no. 3 (February 2022), pp. 441-447, https://www.emerald.com/insight/publication/issn/0002-1466/vol/82/iss/3 (hereinafter Hopkins, "Guest Editorial," February 2022).

[15] Key and Lyons, *An Overview of Beginning Farms and Farmers*, September 2019, p. 13. More recent estimates are not available. See also Mary Clare Ahearn, "Potential Challenges for Beginning Farmers and Ranchers," *CHOICES* (2nd Quarter, 2011) (hereinafter Ahearn, "Potential Challenges," 2011); and National Sustainable Agriculture Coalition (NSAC), *Unsustainable: State of the Farm Safety Net*, 2024.

related income) minus cash expenses. Government payments include commodity support, conservation, and other federal government payments.

Access to Agricultural Commodity Support Programs

Agricultural commodity support programs are available for producers of certain commodities, including grains, oilseeds, fibers, and dairy. BFRs are less likely to operate farms that specialize in these commodities than the total farm operator population (see **Table 1**). Additionally, participation in certain commodity support programs is restricted to farms that possess *base acres* (i.e., acres that historically were used for production of eligible crops as recorded by USDA; see "Commodity Support Programs"). Historically, lower BFR participation in commodity support programs was due in part to BFRs' difficulty acquiring farmland with associated base acres.[16] Farmers must possess land with associated base acres in order to participate in certain commodity support programs. Land with associated base acres may be more expensive to purchase or rent than land without base acres because of the requirement to have them in order to enroll in some commodity support programs.[17] BFRs with limited resources may find land associated with base acres unaffordable.[18]

Table 1. U.S. Farms Specializing in Selected Covered Commodities in 2022

Farms Operated by Beginning Farmers or Ranchers Compared with All Farms

Commodity Specialization	Farms Operated by Any Farmer or Rancher	Farms Operated by BFRs
All Farms by Operator Type	1,900,487	630,116
Farms Specializing in Selected Covered Commodities	361,807	95,688
Oilseeds and Grains	330,930	87,212
Cotton	7,724	1,983
Dairy	23,153	6,493
Farms Specializing in Selected Covered Commodities (% of All Farms by Operator Type)	19%	15%

Source: CRS calculations using Tables 69 and 75 in U.S. Department of Agriculture (USDA), National Agricultural Statistics Service (NASS), *2022 Census of Agriculture*.

Notes: BFRs = beginning farmers or ranchers. Operator type is either "Any Farmer or Rancher" or "BFR." Farms are classified as per the North American Industry Classification System (NAICS). The NAICS classification is based on the primary commodities produced by the farm and may exclude farms that produce oilseeds, grains, cotton, or dairy on a more limited basis. Covered commodities include various grains, oilseeds, cotton, dairy, and other commodities not included in the table. For additional background, see CRS Report R45730, *Farm Commodity Provisions in the 2018 Farm Bill (P.L. 115-334)*. The NAICS classification includes information by commodity categories (e.g., oilseeds and grains). Some categories include both covered and non-covered commodities (e.g., sugarcane farming, hay farming, and all other crop farming). The table includes information for

16 Ahearn, "Potential Challenges," 2011. See also CRS In Focus IF12418, *U.S. Farm Commodity Support: Base Acres and Payment Yields*.

17 See, for example, Sergio Lence and Ashok Mishra, "The Impacts of Different Farm Programs on Cash Rents," *American Journal of Agricultural Economics*, vol. 85, issue 3 (August 2003); Barrett Kirwan, "The Incidence of U.S. Agricultural Subsidies on Farmland Rental Rates," *Journal of Political Economy*, vol. 117 (February 2009); and Nathan Hendricks et al., "Subsidy Incidence and Inertia in Farmland Rental Markets: Estimates from a Dynamic Panel," *Journal of Agricultural and Resource Economics*, vol. 37 (December 2012).

18 Environmental Working Group, "Increasing Crop Reference Prices Would Hurt Young Farmers," February 7, 2024.

all NAICS categories listed in the *Census of Agriculture* that include only covered commodities and excludes NAICS categories that combine covered and non-covered commodities.

Access to Credit

Access to credit may support a business's growth and economic viability. Beginning agricultural businesses that have access to credit may benefit from economies of scale and take advantage of technologies that support efficient production practices. ERS reports that BFRs are more likely to face financial challenges than established operations, which may affect their access to credit.[19] On average, compared with the households of established farm operations, BFR households have approximately half the net worth, reported earning less farm income, and are more likely to have debt and higher relative debt (debt-to-asset ratio).

A 2022 study found that credit was a critical tool used by BFRs to navigate fluctuations in income from their farms and off-farm jobs.[20] The study found that BFRs who were relatively *credit-constrained* (i.e., high interest expenses relative to gross income) had lower farm survival and growth rates—particularly for BFRs younger than 40 years old—than non-credit-constrained BFRs. A different 2022 study found that credit constraints impede the growth and survival of BFR farms. The study concluded that this finding supports "a rationale for targeted loan programs designed to help beginning farmers acquire land and equipment."[21] Another study noted that "agricultural credit terms and conditions for young and beginning farmers are different from those for experienced farmers," in part, due to the increased risk these producers present to commercial lending institutions.[22] For examples of selected USDA programs designed to address credit access concerns, see "Agricultural Credit."

Access to Farmland

A 2022 National Young Farmer Coalition survey of approximately 10,000 young farmers found that for most young farmers (59%), access to farmland is the top challenge.[23] A 2022 ERS study cites two reasons that access to farmland to purchase or rent has become limited: (1) farmers are holding onto their farms longer as they age, and (2) farms have consolidated into larger holdings that tend to be more productive and more expensive than in the past.[24] BFRs may be constrained in terms of purchasing high-value farmland or affording high rents on that land. ERS's study notes that the aging of the average U.S. farm operator raises questions about the pace of land transfer to the next generation of farm operators. The study highlights that the increasing concentration of land ownership by fewer larger-sized operations and the impact of land retirement programs may limit the ability of beginning and socially disadvantaged farmers or

[19] Key and Lyons, *An Overview of Beginning Farms and Farmers*, September 2019, p. 14.

[20] Nigel Key, "Credit Constraints and the Survival and Growth of Beginning Farmers," *Agricultural Finance Review*, vol. 82, no. 3 (2022), pp.448-463.

[21] Becca Jablonski et al., "Opportunities to Support Beginning Farmers and Ranchers in the 2023 Farm Bill," *Applied Economic Perspectives and Policy*, vol. 44, issue 3 (September 2022), pp. 1177-1194.

[22] Nathan S. Kauffman, "Credit Markets and Land Ownership for Young and Beginning Farmers," *CHOICES* (2nd Quarter, 2013).

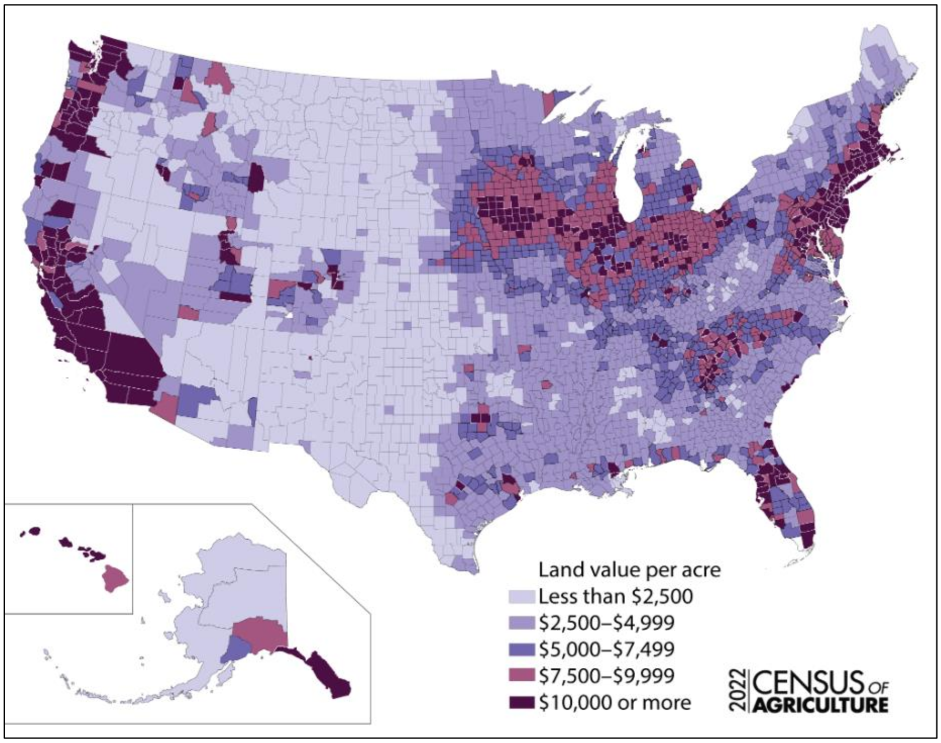
[23] Sophie Ackoff et al., *Building A Future with Farmers 2022: Results and Recommendations from the National Young Farmer Survey*, National Young Farmers Coalition, 2022. See also Lauren Manning, "Beginning Farmers Identify Three Barriers," *Successful Farming*, February 12, 2019.

[24] Scott Callahan and Daniel Hellerstein, *Access to Farmland by Beginning and Socially Disadvantaged Farmers: Issues and Opportunities – A Report to Congress*, USDA ERS, Administrative Publication no. 096, December 2022, https://www.ers.usda.gov/publications/pub-details/?pubid=105395 (hereinafter Callahan and Hellerstein, *Access to Farmland*, December 2022).

ranchers to obtain farmland.[25] The study found that BFRs tend to lease or rent farmland, are less likely to participate in federally subsidized crop insurance programs, and tend to be younger than farmers who own established operations. Such challenges may be mitigated by the predicted transfer of farmland acres from retiring farm operators, some of which may go to BFRs.[26]

In 2022, the national average value per acre of farmland (including buildings) was $3,846 per acre, as reported in the *2022 Census of Agriculture*, a 10% increase (adjusted for inflation) since 2017.[27] **Figure 4** shows USDA-reported per-acre farmland values (including buildings) by county in 2022, illustrating that agricultural production areas in the Midwest and coastal states had some of the highest recorded per-acre farmland values.

Figure 4. Average Farmland Value (Including Buildings) Per Acre, by County, 2022



Source: Figure found in USDA, ERS, "2022 Census of Agriculture: Average Farmland Value Higher on Coasts and in Corn Belt," https://www.ers.usda.gov/data-products/chart-gallery/gallery/chart-detail/?chartId=109375.

Notes: In some cases, data are not available because of *Census of Agriculture* data disclosure limitations. For Alaska, county-level data were grouped into five agricultural census areas.

As reported in USDA's *Land Values* 2024 annual report, the average farm real estate values in the United States rose from $2,150 per acre in 2010 to $4,170 per acre in 2024; average cropland values rose from $2,700 per acre in 2010 to $5,570 per acre in 2024; and average pastureland values rose from $1,060 per acre in 2010 to $1,830 per acre in 2024.[28] As shown in **Figure 5**,

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[25] Callahan and Hellerstein, *Access to Farmland*, December 2022, p. 2.

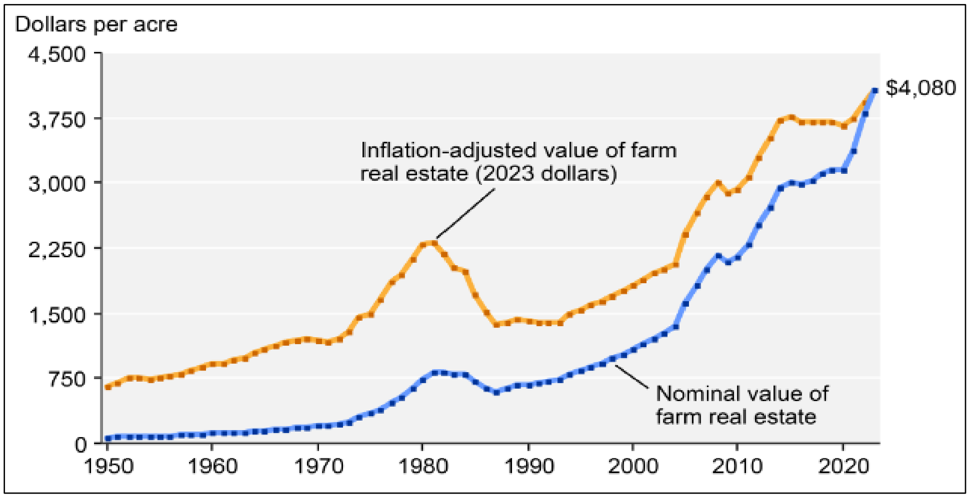
[26] For example, according to the American Farmland Trust (AFT), 40% of U.S. farmland is owned by farmers or ranchers 65 years and older. See Julia Freedgood et al., *Farms Under Threat: The State of the States*, AFT, May 2020.

[27] See USDA, ERS, "2022 Census of Agriculture: Average Farmland Value Higher on Coasts and in Corn Belt," https://www.ers.usda.gov/data-products/chart-gallery/gallery/chart-detail/?chartId=109375.

[28] USDA, NASS, *Land Values: 2024 Summary, August 2024*, https://www.nass.usda.gov/Publications/Todays_Reports/reports/land0824.pdf. USDA's annual *Land Values* report does not include values for Hawaii and Alaska.

average farm real estate values (adjusted for inflation) have increased since 1950 and at a faster rate in the past two decades. The increasing cost of acquiring suitable land of a scale large enough to be profitable hinders BFRs' access to farmland.[29] USDA also reports that cash rent values for cropland were, on average, $160 per acre and $15.50 per acre for pastureland.[30]

Figure 5. Average U.S. Farm Real Estate Value, 1950-2023



Source: USDA, ERS, "Farmland Value," https://www.ers.usda.gov/topics/farm-economy/land-use-land-value-tenure/farmland-value/.

Notes: "Farm real estate" includes land and buildings. Data reflect values as of June 1 of each year. The annual gross domestic product implicit price deflator is used to convert nominal values to 2023 U.S. dollars (based on U.S. Department of Commerce, Bureau of Economic Analysis). USDA data exclude Alaska and Hawaii.

Access to Markets

Some researchers claim that new and beginning agricultural operations often face challenges in gaining access to certain markets, causing them to rely on direct-to-consumer outlets (i.e., mostly farmers markets, pick-your-own operations, and farm stores), as well as local and regional food markets. In general, BFRs are less likely than large, established operations to participate in intermediated markets activities, such as sales to grocery stores, restaurants, and regional aggregators (e.g., food hubs) and to institutions, such as schools, universities, and hospitals. In part, this may be attributed to aggregation challenges that may limit the ability of numerous small, disparate, and geographically dispersed agricultural producers to practically and cost-effectively participate in intermediated markets.

A 2022 survey concluded that 88% of surveyed BFRs reported using the direct-to-consumer market channel. Of those in their first five years of farming, 82% sold directly to consumers, and 96% of those in their second five years of farming reported direct sales.[31] The survey highlights that 12% of BFRs market their products directly to institutions. Another 2022 study highlights

[29] Ahearn, "Potential Challenges," 2011.

[30] USDA's Quick Stats database, available at https://quickstats.nass.usda.gov/results/58B27A06-F574-315B-A854-9BF568F17652#7878272B-A9F3-3BC2-960D-5F03B7DF4826. See also USDA, NASS, "2023 Agricultural Land: Land Values and Cash Rents," NASS Highlights no. 2023-6, October 2023.

[31] Michelle Hughes et al., *Selling To Local And Regional Markets: Barriers And Opportunities For Beginning Farmers*, National Center for Appropriate Technology, ATTRA Sustainable Agriculture, July 2022, https://attra.ncat.org/publication/selling-to-local-and-regional-markets-barriers-and-opportunities-for-beginning-farmers/.

how local food markets can be profitable for BFRs, particularly for those with more than $75,000 in GCFI.[32] The study found that although established operations engaging in local food markets may outperform BFRs in the short-term, BFRs that continue to engage in agricultural production tend to match the profitability of established farmers over time.[33] The study also found that BFRs selling through intermediated markets (e.g., distributors, institutions, and retailers) tend to be more profitable than those selling directly to consumers. Federal crop insurance could help BFRs enter new markets by lowering risk and help them access value-added and organic markets.

Access to Technology

Some surveys show that beginning producers might be more willing to adopt new technologies and innovations in agricultural production and when engaging in the value-added market. For example, one 2022 study shows that beginning farmers of specialty crops tend to adopt hydroponic and hoop house production innovations at high rates and are more likely to engage in value-added efforts, such as drying vegetables and using customer-ready portion packaging.[34] BFRs who adopt such innovative production and marketing practices may be able to better achieve economies of scale fostered by growth and continued investment.[35] Other studies noted constraints that may discourage or prevent BFRs from adopting new technologies and innovations, including high costs and "unclear benefits" of some technologies.[36] (Higher returns from production and marketing innovations may be highly variable depending on the operation type and operator experience.) BFRs adopting new technologies may benefit from policies that address barriers to scaling their business.

USDA Program Support

Policies supporting new farmers can be traced back to the 1990s.[37] Numerous provisions in the 2018 farm bill (P.L. 115-334) also address the needs of BFRs.[38] Programs and provisions supporting BFRs are found within most titles of the bill, including Title I, Commodities; Title II, Conservation; Title V, Credit; Title VI, Rural Development; Title VII, Research and Extension; Title X, Horticulture; Title XI, Crop Insurance; and Title XII, Miscellaneous. For more information, see CRS Report R47933, *Programs for Beginning, Limited Resource, Veteran, Socially Disadvantaged, and Tribal and Indigenous Farmers and Ranchers and for Small Farms and Ranches*.

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32 Becca Jablonski et al., "The Profitability Implications of Sales Through Local Food Markets for Beginning Farmers and Ranchers," *Agricultural Finance Review*, vol. 82, no. 3 (February 2022), pp. 559-576. As shown in **Figure 2**, 21% of BFRs have annual sales and subsidies of more than $50,000; the percentage of BFRs with more than $75,000 in GFCI would be lower.

33 Data are not available on the share of BFRs who discontinue operations.

34 Ariana Torres, "Exploring the Adoption of Technologies Among Beginning Farmers in the Specialty Crops Industry," *Agricultural Finance Review*, vol. 82, no. 3 (February 2022), pp. 538-558.

35 For one review of such studies see Hopkins, "Guest Editorial," February 2022.

36 BushelFarm, *Bushel's 2024 State of the Farm Report*, https://bushelfarm.com/state-of-the-farm-report/; and Jennifer Marston, "Agtech Company Bushel Finds 'Aggressive Adoption of Technology by Younger Farmers' in Latest Report," *AgFunderNews*, February 29, 2024.

37 Both the 1996 farm bill (P.L. 104-127) and the 2002 farm bill (P.L. 107-171) included loan and grant provisions supporting BFRs.

38 For more background, see CRS In Focus IF11227, *2018 Farm Bill Primer: Beginning Farmers and Ranchers*; and CRS In Focus IF10641, *Farm Bill Primer: Federal Programs Supporting New Farmers*. See also CRS In Focus IF12096, *Farm Bill Primer: Beginning and Underserved Producers*.

The following sections summarize selected USDA programs targeting BFRs. Among those selected are training and technical assistance programs, credit and federal crop insurance programs, and USDA programs that may assist BFRs with farmland conservation, land use issues, disaster assistance, and farm income support. This report does not include a comprehensive list of USDA programs supporting BFRs.[39]

As Congress considered farm bill reauthorization in the 118th Congress, some Members of the House and Senate Agriculture Committees have proposed a series of provisions addressing BFRs.[40] BFR-related bills introduced in the 118th Congress include H.R. 3904/S. 2458, H.R. 8598/S. 4441, and H.R. 1824. Other proposals of possible congressional interest include recommendations by the U.S. Government Accountability Office (GAO). In 2007, GAO recommended that USDA should track its progress and effectiveness of providing support and assistance to BFRs.[41] GAO reports that USDA took initial steps on tracking performance goals but did not fully implement GAO's recommendations.[42]

Training and Technical Assistance

Beginning Farmer and Rancher Development Grant Program

The Beginning Farmer and Rancher Development Program (BFRDP) is USDA's grant program dedicated to supporting BFRs. Congress originally authorized BFRDP in the 2002 farm bill (P.L. 107-171) and has amended it in successive farm bills.[43] BFRDP, which is administered by USDA's National Institute of Food and Agriculture (NIFA), provides competitive grants to new and established local and regional training, education, outreach, and technical assistance initiatives that address the needs of BFRs. Eligible applicants must be a state, tribal, local, or regional network or partnership of public and/or private entities. Eligible project areas include production and land management strategies that enhance land stewardship; business management and decision support strategies that improve financial viability; marketing strategies for increased competitiveness; and legal strategies that assist with farm or land acquisition and transfer. Project types cover standard grants, educational grants, and curriculum and training grants. In statute, the maximum grant amount is $250,000 per year, limited to three years with a 25% match from

[39] For example, USDA has identified several targeted loan programs that may help BFRs acquire land and capital, such as the Direct Farm Ownership, Direct Down Payment, Microloans, Direct Operating, Direct Emergency, and Farm Storage Facility Loan programs, as well as loans in connection with an agricultural youth organization. Other USDA Rural Development programs include the USDA Business and Industry Loan and Value-Added Producer Grants programs. See Key and Lyons, *An Overview of Beginning Farms and Farmers*, September 2019, p. 2.

[40] See, for example, H.R. 8467 as ordered reported by the House Committee on Agriculture; the Senate Committee on Agriculture, Nutrition, and Forestry's section-by-section summary of the Rural Prosperity and Food Security Act (summary posted in May 2024, available at https://www.agriculture.senate.gov/newsroom/dem/press/release/chairwoman-stabenow-unveils-the-rural-prosperity-and-food-security-act); and the Senate Agriculture Committee's Republican Framework Short Summary, https://www.agriculture.senate.gov/imo/media/doc/Senate%20Republican%20Framework%20Short%20Summary.pdf.

[41] U.S. Government Accountability Office (GAO), *Beginning Farmers: Additional Steps Needed to Demonstrate the Effectiveness of USDA Assistance*, GAO-07-1130, September 2007.

[42] U.S. Government Accountability Office (GAO), *Beginning Farmers: Additional Steps Needed to Demonstrate the Effectiveness of USDA Assistance*, GAO-07-1130, September 2007.

[43] The 2002 farm bill authorized "such sums as may be necessary" for FY2002-FY2007. The 2008 and 2014 farm bills established and expanded authorities for mandatory funding and discretionary appropriations for the Beginning Farmer and Rancher Development Program (BFRDP). The 2018 farm bill incorporated BFRDP's funding into Farming Opportunities Training and Outreach (FOTO).

nonfederal resources. The three-year grant amount ranges from $49,999 to $750,000.[44] About 25% of applications are awarded funding. USDA grant programs generally do not allow awarded funds to be used the purchase of tangible capital assets (such as land) or large-scale farm equipment, or the construction of buildings or facilities. USDA farm loans may support those types of capital investments. USDA grants generally are not available to single individuals or for-profit businesses and instead must benefit more than one person. Most grantees tend to be associations or organizations or community-based, nonprofit corporations.

BFRDP is one of the subprograms under Farming Opportunities Training and Outreach (FOTO), which coordinates USDA training and outreach to BFRs and other historically underserved groups.[45] Overall, FOTO is authorized to receive $50 million annually in mandatory funding through USDA's Commodity Credit Corporation.[46] BFRDP is authorized to receive half of this amount ($25 million per year). FOTO is authorized to be appropriated another $50 million in discretionary funds annually. USDA provided additional available discretionary funds to administer BFRDP in FY2021-FY2023, ranging from $2.0 million to $2.05 million annually.[47]

Other USDA Programs

Other USDA programs support BFRs engaged in various types of businesses. For example, the Local Agricultural Marketing Program (LAMP) supports a range of operations intended to assist small, diversified operations. These operations may sell products through U.S. farmers markets, local and regional food markets, or both or be engaged in value-added processing. Some USDA community and nutrition programs also support BFRs. For examples, see CRS Report R46538, *Local and Urban Food Systems: Selected Farm Bill and Other Federal Programs*.[48]

National, Regional, and State BFR Coordinators

The 2018 farm bill codified in statute requirements for the appointment of national, regional, and state BFR coordinators.[49] BFR coordinators are administered through USDA Service Centers and coordinated through USDA's Farm Production and Conservation mission area, with USDA's Farm Service Agency (FSA) acting as the lead agency. FSA coordinates its BFR activities with other USDA agencies, including the Natural Resources Conservation Service (NRCS), Rural

[44] USDA, National Institute of Food and Agriculture (NIFA), "Beginning Farmer and Rancher Development Program," https://www.nifa.usda.gov/grants/funding-opportunities/beginning-farmer-rancher-development-program. Abstracts of previously funded grants are at NIFA's REEIS database, available at https://portal.nifa.usda.gov/enterprise-search/project_details/ss/1470.

[45] FOTO was established in the 2018 farm bill (P.L. 115-334, §12301; 7 U.S.C. §2279), which combined and expanded existing competitive grant programs. Outreach and Assistance to Socially Disadvantaged and Veteran Farmers and Ranchers (also known as the 2501 Program) is a FOTO subprogram. For more background on the 2501 Program, see CRS In Focus IF12475, *Outreach for Socially Disadvantaged Producers (2501 Program)*; and CRS Report R46727, *Defining a Socially Disadvantaged Farmer or Rancher (SDFR): In Brief*.

[46] USDA's Commodity Credit Corporation (CCC) is a government-owned corporation that is authorized to borrow up to $30 billion at any one time from the U.S. Treasury. Most CCC-funded programs are classified as mandatory spending programs that Congress authorizes through farm bills for commodity price and income support, agricultural conservation, export assistance, and other purposes. For background, see CRS Report R44606, *The Commodity Credit Corporation (CCC)*.

[47] USDA, NIFA, FY2021 Congressional Budget Justification, https://www.usda.gov/sites/default/files/documents/22-2024-NIFA.pdf.

[48] See also NSAC, *Growing Opportunity: A Guide to USDA Sustainable Farming Programs*, Spring 2022, https://sustainableagriculture.net/wp-content/uploads/2022/05/Growing-Opportunity-Guide-2022-interactive.pdf.

[49] P.L. 115-334, §12304; 7 U.S.C. §6934a. See also USDA, Farm Service Agency, (FSA), *Notice AO-1849, Beginning Farmer and Rancher (BFR) Program*, August 10, 2023, https://www.fsa.usda.gov/Internet/FSA_Notice/ao_1849.pdf.

Development, and Risk Management Agency (RMA). BFR coordinators are responsible for building partnerships with BFRs and between USDA and related organizations (including nonprofits and state and local governments); supporting farmers and ranchers; helping BFRs navigate USDA resources and troubleshooting issues with accessing those resources; coordinating technical assistance; offering training and education; and conducting outreach to groups of potential farmers. These efforts originated, in part, under USDA departmental regulations in 2006 and USDA's former Office of Small Farms Coordination.[50]

Other support is available through USDA's Office of Partnership and Public Engagement (OPPE). Among its duties, OPPE broadly supports the agency's efforts related to BFRs and other historically underserved groups.[51] OPPE also oversees education and outreach efforts as part of the Advisory Committee on Beginning Farmers and Ranchers.[52]

Other resources supporting small, diversified BFRs are available through programs supporting local and urban agricultural production, such as Local Food Directories managed and operated by USDA's Agricultural Marketing Service (AMS) and other USDA urban agricultural resources.[53] These programs provide educational resources for all farmers and ranchers and focus on the types of support generally sought by small, diversified BFRs. Resources include USDA guidance on and technical assistance with marketing agricultural products and connecting sellers to buyers, as well as USDA production-related support for soil health, irrigation and water conservation, and pest and disease control efforts. General resources for U.S. farmers and ranchers are available through USDA's farmers.gov portal.

Agricultural Credit

The federal government provides credit assistance to farmers and ranchers who cannot obtain loans elsewhere through FSA and helps make credit available in rural areas through the Farm Credit System (FCS). Access to this financing may help BFRs to buy land, buildings, equipment, and inputs.

Farm Service Agency

USDA's FSA is a lender for family-sized operations that do not qualify for credit elsewhere. In addition to making direct loans, FSA provides guarantees on loans made by other lenders, such as commercial banks and FCS. FSA has a direct market share of 3% of all farm loans and issues guarantees on loans made by other lenders amounting to another 4% of all farm loans.[54]

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[50] See, for example, USDA, Office of the Chief Economist, *Departmental Regulation 9700-001, Small Farms and Beginning Farmers and Ranchers Policy*, August 3, 2006, https://www.usda.gov/sites/default/files/documents/DR9700-001.pdf; and USDA, *Small Farms and Beginning Farmers & Ranchers: Success Stories*, 2006, https://corpora.tika.apache.org/base/docs/govdocs1/324/324153.pdf.

[51] See Office of Partnership and Public Engagement (OPPE), https://www.usda.gov/partnerships. USDA's Office of Advocacy and Outreach was established in the 2008 farm bill (P.L. 110-246, §14013) and renamed OPPE in the 2018 farm bill (P.L. 115-334, §12406).

[52] The Advisory Committee on Beginning Farmers and Ranchers 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. For more information, see CRS In Focus IF10641, *Farm Bill Primer: Federal Programs Supporting New Farmers*.

[53] See, for example, USDA, Agricultural Marketing Service (AMS), "Local Food Directories," https://www.ams.usda.gov/services/local-regional/food-directories; and AMS, *Urban Agriculture Programs*, https://www.farmers.gov/sites/default/files/documents/farmersgov-urban-ag-programs-at-a-glance-10-2023.pdf.

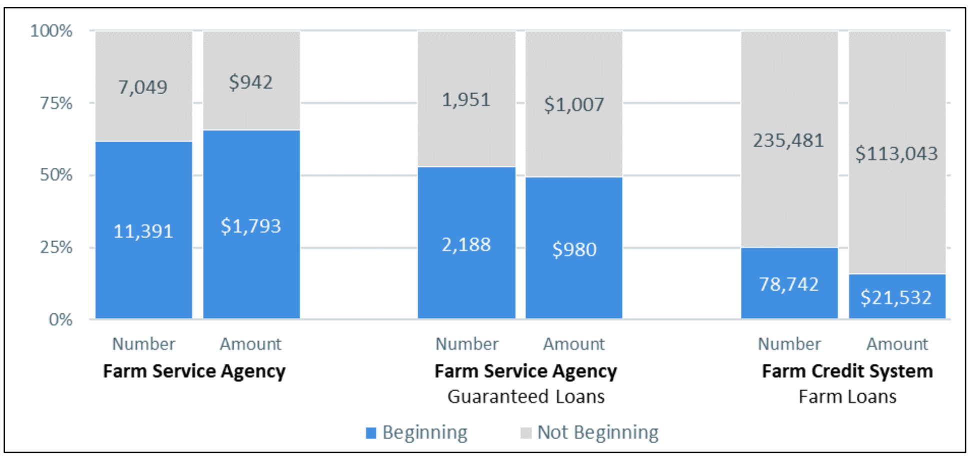
[54] For background, see CRS Report R46768, *Agricultural Credit: Institutions and Issues*.

Applicants must have three years of farming experience to be eligible for the FSA farm loan program. For BFRs, the experience requirement may be waived or reduced for combinations of education, experience, and veteran status. Parts of the FSA loan program are reserved for BFRs: 75% of direct farm ownership loans and 50% of direct operating loans are reserved for the first 11 months of a fiscal year, and 40% of guaranteed loan funding is reserved for the first half of a fiscal year. A down payment loan program is available for BFRs at a lower interest rate than regular FSA loans and can be combined with other financing. Microloans of up to $50,000 offer a simplified application and approval process compared with the regular FSA farm loan program and may provide flexibility for meeting eligibility and security requirements. For guaranteed loans, FSA provides BFRs a higher guarantee ratio (i.e., 90%-95%) than the general 80% guarantee limit. For BFRs who purchase farms from retiring farmers, USDA can provide guarantees for seller-financed land contracts.

In FY2023, FSA made 18,440 direct farm loans, of which 11,391 (62%) were to BFRs.[55] The total amount of loans made to BFRs was $1.8 billion (66% of the total direct loan volume). FSA guaranteed 4,139 new loans in FY2023, of which 2,188 (53%) were for BFRs. The total amount guaranteed for beginning operations was nearly $1 billion (49% of the guaranteed loan volume; see **Figure 6**).

Figure 6. USDA Farm Service Agency (FY2023) and Farm Credit System (CY2022) Loans to BFRs

$ in millions



Source: USDA, Farm Service Agency, "FY 2023 Funding Accomplishments: Beginning Farmer Lending" and "Executive Summary for Farm Loan Programs"; and Farm Credit Administration, *2022 Annual Report of the Farm Credit Administration*, pp. 29-30.

Notes: Numbers are number of loans. Amounts are millions of dollars.

Farm Credit System

FCS is a nongovernmental, for-profit cooperative network of borrower-owned lending institutions. It has a statutory mandate to serve the agriculture sector. FCS lends to all types of creditworthy agricultural producers and has a market share of 46% of farm loans. FCS has a statutory requirement, but not a quota, to serve young, beginning, and small (YBS) farmers and ranchers. The YBS provision obligates FCS to have an operational plan to serve these farmers and

55 USDA, FSA, "FY 2023 Funding Accomplishments: Beginning Farmer Lending" and "Executive Summary for Farm Loan Programs" https://www.fsa.usda.gov/programs-and-services/farm-loan-programs/program-data/index.

establishes reporting requirements. The regulator of the FCS, the Farm Credit Administration, defines BFRs as those who have been farming for 10 or fewer years.

FCS made about 314,000 farm loans in 2022, of which about 25% were to beginning producers. Since YBS loans are typically smaller than the average loan, BFRs accounted for 16% of the $135 billion of farm loans that FCS made in 2022.[56] Although a greater percentage of FSA's loan portfolio is devoted to BFRs than FCS's portfolio, FCS's higher overall market share results in a greater absolute number of loans and amounts for BFRs (**Figure 6**).

Farmland Conservation

For USDA conservation programs, BFRs are defined as not having operated a farm or ranch for more than 10 years.[57] BFRs may be eligible for all conservation programs, and Congress has provided set-asides and additional incentives for BFRs within several conservation programs. Frequently, these BFR set-asides and incentives are combined with other groups of farmers or ranchers (i.e., veteran, limited resource, and socially disadvantaged farmers or ranchers).[58] In general, the additional support for BFRs within conservation programs is to provide opportunities for land access or natural resource improvement through adopting conservation practices on working agricultural lands.[59]

Land Access

Two conservation programs enroll eligible land for resource conservation and land preservation—the Conservation Reserve Program (CRP) and the Agricultural Conservation Easement Program (ACEP). CRP provides annual rental payments to producers to replace crops on highly erodible and environmentally sensitive land with long-term resource-conserving plantings. CRP's Transition Incentives Program (CRP-TIP) facilitates the transfer of expiring CRP acres from a CRP contract holder to a BFR who returns the land to production.[60] The new owner/renter may begin land improvements two years before the CRP contract expires and begin the organic certification process three years before the contract expires. The new owner/renter receives priority enrollment in other USDA conservation programs, such as the Environmental Quality Incentives Program (EQIP) and the Conservation Stewardship Program (CSP). In exchange for transitioning the acres, the CRP contract holder receives up to two additional years of annual CRP rental payments after the CRP contract expires. Since the 2018 farm bill through October 2024, over 402,000 acres through 2,900 contracts have enrolled in CRP-TIP, accounting for nearly $45 million in additional CRP payments.[61] CRP also allows BFRs to hay or graze CRP land without a reduction in rental payments.

[56] Farm Credit Administration, *2022 Annual Report*, pp. 29-30, https://www.fca.gov/template-fca/about/2022AnnualReport.pdf.

[57] 16 U.S.C. §3801 includes definitions that apply to all farm bill authorized conservation programs. The BFR definition under paragraph (a)(2) cross references the definition under 7 U.S.C. §1991(a)(8).

[58] For example, USDA is authorized to use additional incentives through all farm bill conservation programs to encourage participation of BFRs, as well as socially disadvantaged, limited resource, and veteran farmers or ranchers (16 U.S.C. §3844(a)).

[59] For background on USDA conservation programs, see CRS Report R40763, *Agricultural Conservation: A Guide to Programs*.

[60] Socially disadvantaged and veteran farmers or ranchers also are eligible for the Conservation Reserve Program's (CRP's) Transition Incentives Program.

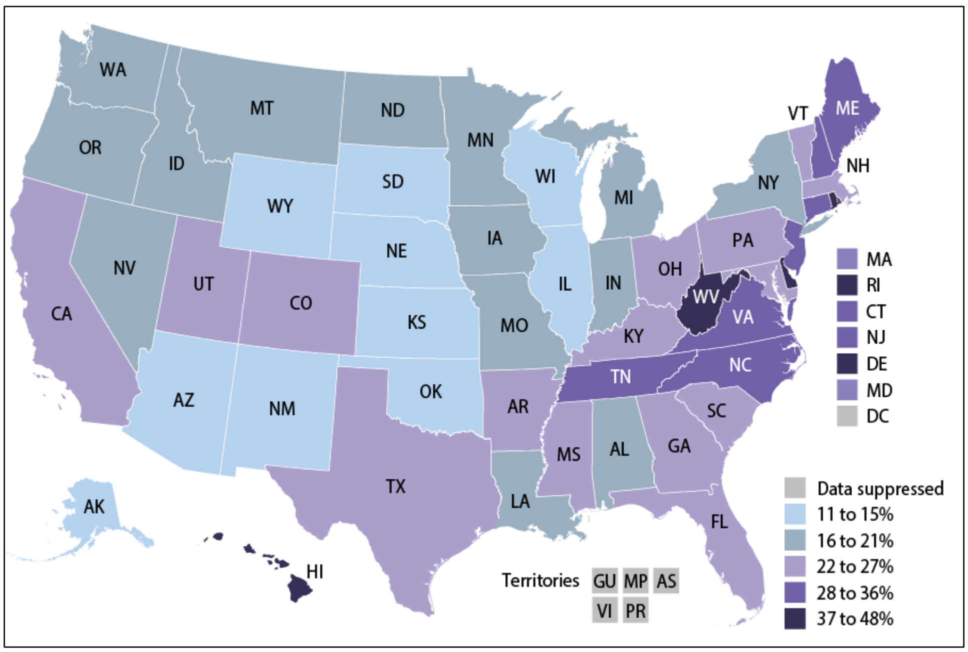
[61] USDA, FSA, "Conservation Reserve Program Monthly Summary – October 2024," p. 8.

ACEP includes agricultural land easements (ALE) that limit nonagricultural uses on productive farm or grasslands by entering into partnership agreements with eligible entities to purchase permanent easements from willing landowners. ACEP does not include a direct incentive for BFRs, but an indirect benefit of an ACEP-ALE is that the easement removes the development rights from the land and limits its use to farming. This reduces the overall purchase price, which may facilitate farmland access for BFRs.

Working Lands Conservation Programs

Working lands conservation programs pay a portion of the participants' cost to implement various conservation practices that address natural resource concerns specific to an area while allowing private land to remain in production. Participants receive federal financial support to defray a portion of the cost to install or maintain the conservation practice. The two main working lands programs are EQIP and CSP, both of which include specific incentives for BFRs (**Figure 7**).

Figure 7. Working Lands Conservation Programs Percent of Total Obligations to BFRs by State, FY2014-FY2024



Source: USDA, Natural Resources Conservation Service, "NRCS Financial Assistance Program Data," https://www.farmers.gov/data/financial-assistance-overview.

Notes: Totals include the Agricultural Management Assistance Program, Environmental Quality Incentives Program (EQIP), Conservation Stewardship Program (CSP), Regional Conservation Partnership Program (RCPP)-EQIP, RCPP-CSP, and funding provided to EQIP and CSP through the Inflation Reduction Act of 2022 (P.L. 117-169). Data are suppressed by USDA due to privacy requirements.

Under EQIP, BFRs may receive between 25% and 90% of the applicable cost of the conservation practice. They may also receive up to 50% of the estimated payment for materials and contracting before the completion of an approved practice. Both EQIP and CSP are required to use, to the maximum extent practicable, 5% of funding to assist BFRs.[62] The Regional Conservation Partnership Program (RCPP) can use EQIP- and CSP-type contracts to implement conservation practices through partners. RCPP requires USDA and project sponsors to conduct outreach to

[62] 16 U.S.C. §3841(h)(1).

historically underserved producers, including BFRs. For all the working lands conservation programs in FY2024, BFRs accounted for nearly $165 million (23%) of obligated funding and 13,073 (33%) contracts.[63] Between FY2014 and FY2024, working lands programs have obligated nearly $4.6 billion to BFRs, accounting for 22% of all total inflation-adjusted obligations in this period.[64] For the same time frame, working lands program contracts with BFRs accounted for over 21% of total obligations in 27 states (**Figure 7**).

Federal Crop Insurance

The Federal Crop Insurance Program (FCIP) helps producers of agricultural commodities manage financial risk and provides financial support to U.S. agricultural producers in times of low commodity prices, natural disasters, and other adverse growing conditions.[65] Agricultural producers—including beginning farmers—may purchase FCIP insurance for a variety of agricultural commodities, including field crops (e.g., corn, soybeans, wheat), specialty crops (e.g., fruit, vegetables, nuts), aquaculture, dairy, livestock, and grazing lands. The federal government subsidizes the premiums that agricultural producers pay for these insurance policies to encourage producers to participate in the program, covering about 63% of the total premium on average for all policies sold in 2023.[66] Agricultural producers can choose among many types of policies and policy options to customize coverage to their farm businesses' specific needs.[67]

Statute defines a BFR for the purposes of the FCIP as an individual who has not actively operated and managed a farm or ranch for more than 5 years.[68] This definition applies to all FCIP policies sold (with the exception of Whole Farm Revenue Protection coverage, in which the BFR statutory definition is an individual who has not actively operated and managed a farm or ranch for more than 10 years).[69] In addition to the benefits provided to all farmers electing to purchase FCIP coverage, BFRs are eligible to receive

- an administrative fee waiver;
- an additional 10 percentage points in premium subsidies;
- additional options for establishing insurance guarantees based on the previous farm operator's production history; and

[63] USDA, Natural Resources Conservation Service (NRCS), "NRCS Financial Assistance Program Data," https://www.farmers.gov/data/financial-assistance-overview. Totals include the Agricultural Management Assistance Program, Environmental Quality Incentives Program (EQIP), Conservation Stewardship Program (CSP), Regional Conservation Partnership Program (RCPP)-EQIP, RCPP-CSP, and funding provided to EQIP and CSP through the Inflation Reduction Act of 2022 (P.L. 117-169).

[64] Obligations adjusted for inflation to 2023 dollars using the gross domestic product price deflator from Office of Management and Budget, *Table 10.1—Gross Domestic Product and Deflators Used in the Historical Tables: 1940–2029*, March 2024, https://www.whitehouse.gov/wp-content/uploads/2024/03/hist10z1_fy2025.xlsx.

[65] The Federal Crop Insurance Program (FCIP) is permanently authorized under the Agricultural Adjustment Act of 1938 (P.L. 75-430) and the Federal Crop Insurance Act of 1980 (P.L. 96-365, 7 U.S.C. §§1501 et seq., as amended). The Federal Crop Insurance Corporation (FCIC)—the agency that finances FCIP operations—is funded with mandatory appropriations of such sums as necessary. FCIC received appropriations of approximately $19.7 billion for FY2022 and $16.6 billion for FY2023.

[66] CRS calculations using data from USDA, Risk Management Agency, "Summary of Business," database, March 2024.

[67] For additional background on FCIP, see CRS Report R46686, *Federal Crop Insurance: A Primer*.

[68] 7 U.S.C. §1502(b)(3).

[69] 7 U.S.C. §1522(c)(7).

- additional benefits for yield adjustment options.[70]

USDA's RMA provided FCIP administrative records to CRS showing that the number of BFRs purchasing FCIP polices and the number of policies purchased increased between 2015 and 2023 (**Table 2**).

In the 118th Congress, H.R. 8467, as ordered to be reported, and the Senate Agriculture Committee majority and minority proposals for a 2024 farm bill would redefine the BFR eligibility period from 5 years to 10 years for all FCIP policies.[71]

Table 2. BFR Purchases of Federal Crop Insurance Coverage, Additional Subsidies Provided, and Administrative Fees Waived, 2015-2023 Reinsurance Years

Reinsurance Year	Producers Claiming BFR Status	Policies Purchased by BFRs	Value of Additional Subsidies for BFRs	Administrative Fees Waived for BFRs
2015	13,184	25,968	$13,075,647	$821,040
2016	14,372	28,643	$13,878,803	$913,830
2017	14,779	29,073	$15,470,282	$921,870
2018	15,028	29,566	$15,301,889	$934,770
2019	14,900	29,607	$15,904,494	$934,530
2020	14,471	29,211	$14,835,873	$933,670
2021	15,450	32,440	$21,259,320	$1,033,880
2022	16,422	35,318	$29,992,756	$1,113,575
2023	17,350	37,887	$29,188,093	$1,180,190

Source: Based on data provided to CRS by USDA, Risk Management Agency, May 2, 2024.

Note: BFR = beginning farmer or rancher. A reinsurance year is the 12-month period beginning on July 1 of each calendar year.

Disaster Assistance

USDA administers a suite of permanent supplemental agricultural disaster assistance programs designed to help producers of livestock, including farm-raised fish and honey bees, and orchardist (e.g., fruit, nuts, and nursery crop growers) recover financially from qualifying natural disasters.[72] For producers who are ineligible for certain FCIP policies, USDA offers access to a separate risk management program that can cover losses from natural disasters. For the purposes of the disaster assistance programs, a BFR is defined as an individual with 10 years or less experience operating and managing a farm or ranch. BFRs may be eligible for all disaster assistance programs if they

[70] Yield adjustment options allow farmers to substitute certain years of relatively low yields due to insured causes of loss for the purpose of calculating the policy's insurance guarantee. BFRs may substitute low yields with 80% of a county's transitional yield. Farmers who are not BFRs may substitute low yields with 60% of a county's transitional yield. For background on yield adjustment options, see Gary Schnitkey, "Use of YA, YE, and TA in Determining Yield for Crop Insurance," *Farmdoc Daily*, (6):25, February 9, 2016.

[71] See H.R. 8467, §11008; the Senate Committee on Agriculture, Nutrition, and Forestry Chair's section-by-section draft (§11101), https://www.agriculture.senate.gov/newsroom/dem/press/release/chairwoman-stabenow-unveils-the-rural-prosperity-and-food-security-act; and the Republican Framework summary (Title XI), https://www.agriculture.senate.gov/imo/media/doc/Senate%20Republican%20Framework%20Short%20Summary.pdf.

[72] For more information on these programs, see CRS Report RS21212, *Agricultural Disaster Assistance*.

meet the conditions of loss and program requirements, and some programs offer additional benefits or payments for loss experienced by BFRs.

Supplemental Agricultural Disaster Assistance Programs

The supplemental agricultural disaster assistance programs include the Livestock Forage Disaster Program (LFP), Livestock Indemnity Program (LIP), Tree Assistance Program (TAP), and Emergency Livestock, Honey Bee, and Farm-Raised Fish Program (ELAP).[73] TAP and ELAP include provisions that provide higher payments to BFRs relative to established producers. TAP provides payments to replant or rehabilitate trees, bushes, and vines following a natural disaster. Under TAP, BFRs may be eligible to receive a reimbursement up to 75% of the cost of replanting trees and rehabilitating damaged trees due to a qualifying natural disaster.[74] ELAP provides payments to producers of livestock, honey bees, and farm-raised fish as compensation for losses due to disease, adverse weather, feed or water shortages, or other conditions (such as wildfires) that are not covered under LIP or LFP. Under ELAP, BFRs are eligible for up to 90% of the cost of the loss.[75]

Noninsured Crop Disaster Assistance Program

The Noninsured Crop Disaster Assistance Program (NAP) can provide risk mitigation for some producers who are ineligible for certain FCIP policies. Producers can elect different levels of coverage and policy options to customize coverage to their farm businesses' specific needs. Eligible producers must pay to enroll in NAP, and their cost depends on their coverage election.[76]

Statute requires that BFRs receive an automatic waiver of the cost associated with the lowest NAP coverage option (i.e., basic NAP coverage).[77] In 2023, USDA announced the simplification of the NAP application form for underserved producers.[78] These changes allow for BFRs to be automatically enrolled in basic NAP coverage upon their timely certification of their BFR status with their local FSA office.[79] Also under these changes, premiums for BFRs electing higher coverage levels are reduced by 50%.[80] The number of BFRs participating in NAP increased 106%, from about 8,000 in 2021 to almost 16,600 in 2024.[81]

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[73] 7 U.S.C. §9081.

[74] 7 U.S.C. §9081(e)(5). The higher payment rate also applies to veteran farmers. Established producers may receive reimbursement of 65% of the cost of replanting trees and 50% of the cost of rehabilitating certain damaged trees as a result of a qualifying natural disaster (7 U.S.C. §9081(e)(3)).

[75] 7 U.S.C. §9081(d)(4). The higher payment rate also applies to socially disadvantaged, limited resource, and veteran farmers or ranchers. Established producers may receive a payment rate of up to 80% of the cost of loss with the exception of milk losses due to H5N1, which receives a 90% payment rate (7 C.F.R. §1416.109).

[76] For more information, see CRS Report R48245, *The Noninsured Crop Disaster Assistance Program (NAP)*.

[77] 7 U.S.C. §7333(k)(2). A NAP service fee waiver is provided to socially disadvantaged, limited resource, and veteran farmers or ranchers. Producers may be eligible for an indemnity payment under NAP basic coverage when their production loss exceeds 50% of approved levels as a result of a qualifying natural disaster.

[78] Zach Ducheneaux, "USDA Simplifies Application Process for Noninsured Crops for Underserved Producers; Improves Risk Management Accessibility," USDA, Farmers.gov blog, April 26, 2023, https://www.farmers.gov/blog/usda-simplifies-application-process-noninsured-crops-underserved-producers-improves-risk.

[79] For additional background on underserved producers, see CRS Report R47933, *Programs for Beginning, Limited Resource, Veteran, Socially Disadvantaged, and Tribal and Indigenous Farmers and Ranchers and for Small Farms and Ranches*.

[80] 7 U.S.C. §7333(l)(3).

[81] CRS communication with USDA personnel, September 11, 2024.

Commodity Support Programs

Eligible farmers, including BFRs, may participate in commodity support programs, including the Agriculture Risk Coverage (ARC), Price Loss Coverage (PLC), Marketing Assistance Loan (MAL), Loan Deficiency Payment (LDP), and Dairy Margin Coverage (DMC) programs. These programs provide price and income support to farmers based on county or farm revenues (ARC), national prices (PLC), local prices (MAL and LDP), or the national milk margin (DMC). These programs are available to producers of covered commodities.[82] ARC and PLC are available for producers of program crops. MAL and LDP are available for producers of the same commodities as ARC and PLC, plus honey, mohair, processed sugar, and wool. DMC is available for dairies and makes payments based on a dairy's selected margin level and percentage of the dairy's milk production history. ARC and PLC make payments proportional to a farm's enrolled base acres. MAL and LDP make payments proportional to actual stored commodities. These programs are authorized through the 2024 crop year and through December 31, 2024, for dairy and receive mandatory appropriations of such sums as necessary.[83]

ARC, PLC, and DMC provide benefits for BFRs beyond those available to all eligible farmers. Unlike eligible farmers generally, BFRs and certain other categories of farmers are not required to possess at least 10 base acres to be able to enroll in ARC or PLC.[84] BFRs are exempted from administrative fees charged for DMC.[85] In addition, DMC includes provisions for USDA to grant new milk production history for new dairy operations, which would include dairy operations managed by BFRs, when the operation initially opts to enroll in DMC.[86] These provisions ensure that farmers who are starting new dairy operations can participate in DMC when they opt into the program. In contrast, USDA cannot grant new base acres to BFRs or any other producers of program crops when they initially opt to enroll in ARC or PLC. Congress has authorized USDA to grant new base acres to farms for the purpose of enrolling in ARC, PLC, or predecessor programs at specific times.[87] Because USDA is restricted from issuing new base acres to farms, farms operated by BFRs can only gain access to base acres—and thereby enroll in ARC or PLC—by renting or purchasing land that is already associated with base acres.

In the 118th Congress, H.R. 8467, as ordered to be reported, includes provisions that would grant new base acre holdings to eligible farmers—including BFRs. These provisions would allow for a one-time grant of new base acres based on historical plantings of program crops and certain other crops.[88] Because BFRs are less likely to specialize in program crops than other types of farms,

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[82] Covered commodities include program crops, upland cotton, extra long staple cotton, honey, mohair sugar, wool, and dairy. Program crops are barley, chickpeas, corn, lentils, oats, peanuts, peas, rice, seed cotton, sorghum, soybeans, wheat, and certain other oilseeds.

[83] For background on these programs, see CRS In Focus IF12114, *Farm Bill Primer: PLC and ARC Farm Support Programs*; CRS In Focus IF12140, *Farm Bill Primer: MAL and LDP Farm Support Programs*; and CRS In Focus IF12202, *Farm Bill Primer: Support for the Dairy Industry*.

[84] 7 U.S.C. §9014(d)(2).

[85] 7 U.S.C. §9054(c)(4).

[86] 7 U.S.C. §9055(b).

[87] For example, Congress last granted USDA authority to provide new base acres for soybeans and other oilseeds in 2002 (7 U.S.C. §7911) and for pulse crops in 2008 (7 U.S.C. §8711). For background on the history of base acres, see CRS In Focus IF12418, *U.S. Farm Commodity Support: Base Acres and Payment Yields*. Congress created Agriculture Risk Coverage (ARC) and Price Loss Coverage (PLC) in the Agricultural Act of 2014 (2014 farm bill; P.L. 113-79). Before enactment of the 2014 farm bill, Congress authorized other programs to provide commodity support to farmers in proportion to enrolled base acres. The 2014 farm bill discontinued these programs and replaced them with ARC and PLC.

[88] The frameworks released by the Senate Agriculture Committee majority and minority include provisions to grant (continued...)

legislation that would allow USDA to grant acres for historical plantings of crops not eligible for ARC or PLC may allow eligible BFRs to receive larger allocations of base acres than they would be eligible to receive solely based on historical plantings of program crops. H.R. 8467 also would prohibit allocations of new base acres to farmers without a history of planting program crops between 2019 and 2023 and would require USDA to use the planting history of previous owners for farmers who did not own their current farm in the 2019 crop year. If enacted, H.R. 8467 would allow farmers—including BFRs—to receive new base acres if (1) they had planted a covered commodity between 2019 and 2023 or (2) if they have taken ownership of the farm after 2019 and the previous owner had planted a covered commodity between 2019 and 2023.

Considerations for Congress

In the 118th Congress, some Members of House and Senate Agriculture Committees indicated continued support for BFRs and proposed provisions that would further expand support for BFRs as well as amend the existing BFR statutory definition in the next farm bill. As Congress continues to debate reauthorization of the farm bill, it may consider additional changes to how BFRs are defined in statute and how BFRs are to be supported under USDA programs.

new base acre holdings to eligible producers, which may also include BFRs. See the Senate Agriculture Committee Chair's section-by-section draft (§1102), https://www.agriculture.senate.gov/newsroom/dem/press/release/chairwoman-stabenow-unveils-the-rural-prosperity-and-food-security-act; and the Republican Framework summary (Title I), https://www.agriculture.senate.gov/imo/media/doc/Senate%20Republican%20Framework%20Short%20Summary.pdf.

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