



FCA's Annual Report on the Farm Credit System's Young, Beginning, and Small Farmer Mission Performance: 2015 Results

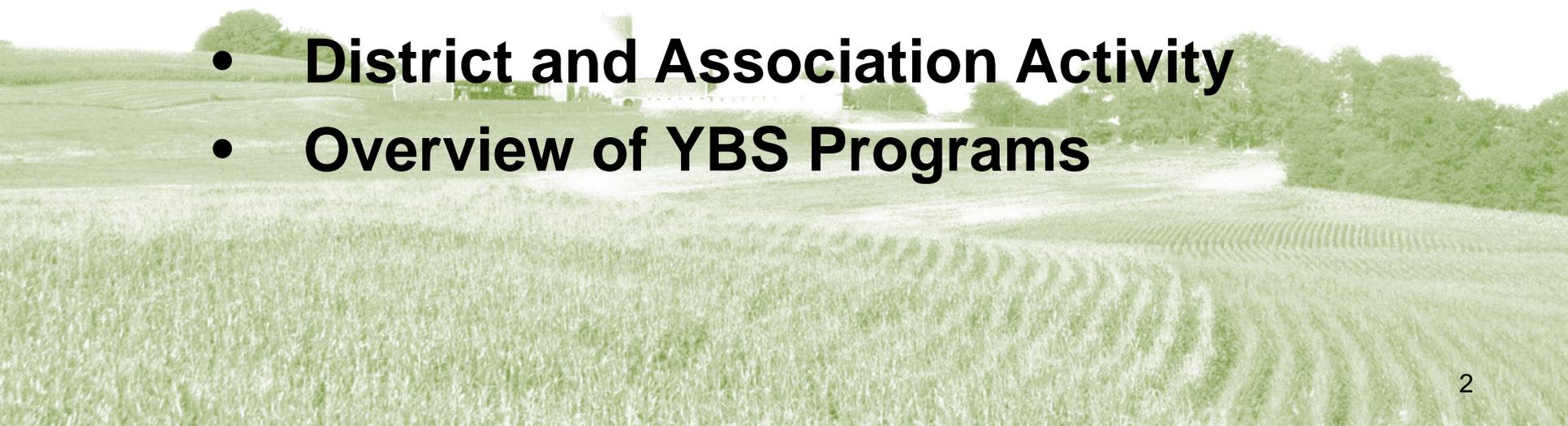
**Office of Regulatory Policy
FCA Board Meeting
June 9, 2016**

**Steven Koenig, Senior Economist
Salvatore Iannetta, Policy Analyst
Jessica Potter, Policy Analyst**



Outline

- **Review the System's YBS Mission**
- **YBS Numbers and Trends**
- **District and Association Activity**
- **Overview of YBS Programs**





YBS Mission

- **Farm Credit Act - 1980 Amendments**
 - FCS institutions must have programs to serve YBS Customers.
 - 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 Memo - (2014)**
 - Provides information on opportunities to coordinate lending, training, and outreach with the Farm Service Agency.



YBS Definitions

Definitions for FCA Reporting:

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

Important Data Clarifications:

- **Data are 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.**
- **Counts are for loans, not for borrowers.**



YBS Results

YBS Loans Outstanding As of December 31, 2015	Number of loans	Percentage of total number	Dollar volume of loans in millions*	Percentage of total volume
Young farmers/ranchers	188,696	18.1	\$27,070	11.0
Beginning farmers/ranchers	274,942	26.4	\$41,473	16.9
Small farmers/ranchers	502,398	48.2	\$46,729	19.0
YBS Loans Made During 2015 As of December 31, 2015	Number of loans	Percentage of total number	Dollar volume of loans in millions*	Percentage of total volume
Young farmers/ranchers	62,143	17.2	\$9,430	11.3
Beginning farmers/ranchers	79,642	22.0	\$12,741	15.2
Small farmers/ranchers	150,022	41.4	\$11,815	14.1

Green numbers indicate measures that declined in 2015 relative to those in 2014.

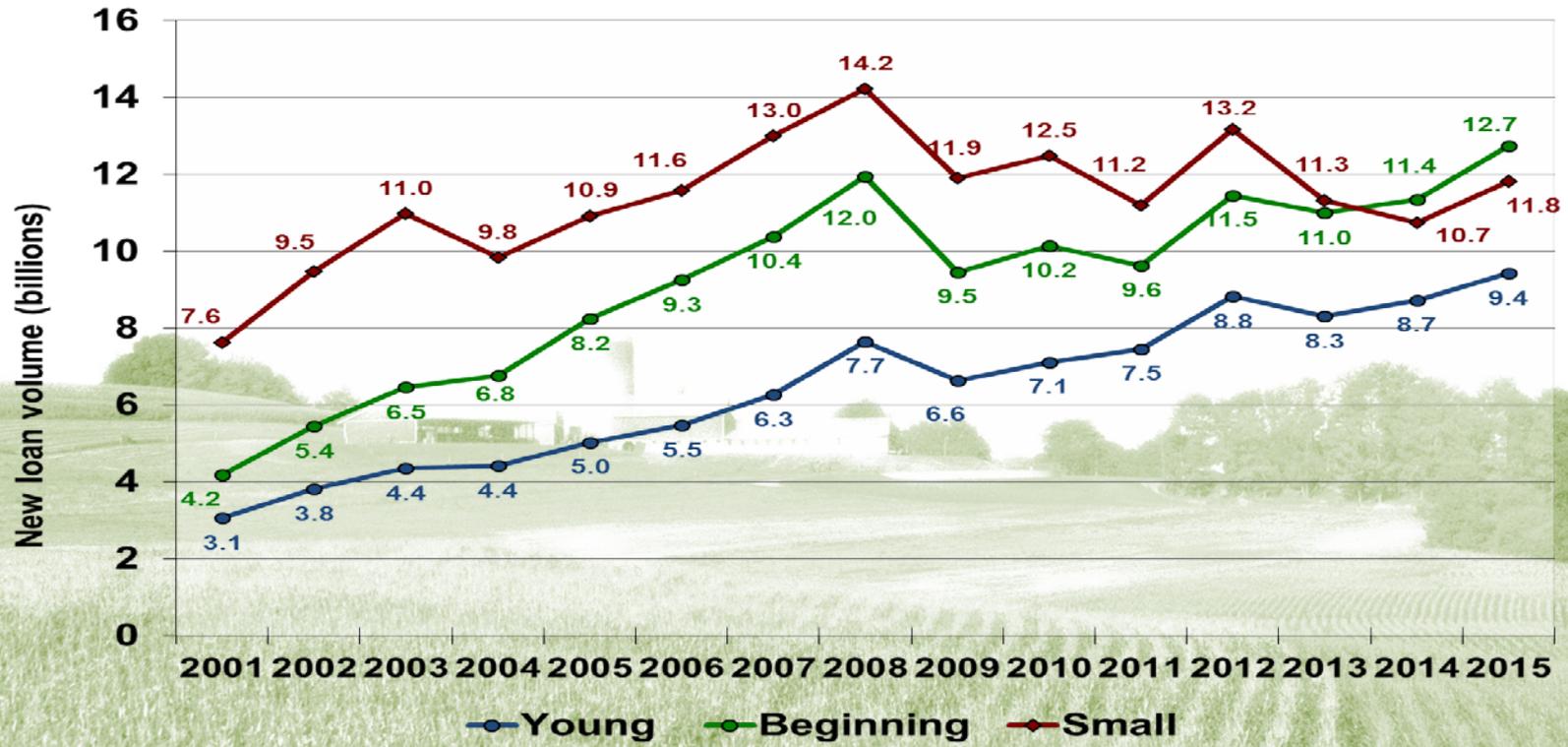
* Totals include loans, advancements, and commitments made to farmers, ranchers, and aquatic producers by the associations, and excludes rural home and Title III loans, and the Leasing Corporation activity.

Note: Because the three (young, beginning, and small) categories are not mutually exclusive, one should not add across the categories to count total YBS lending activity.

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



Loan Volumes on New YBS Loans



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



YBS Share of Total New Loan Volume



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



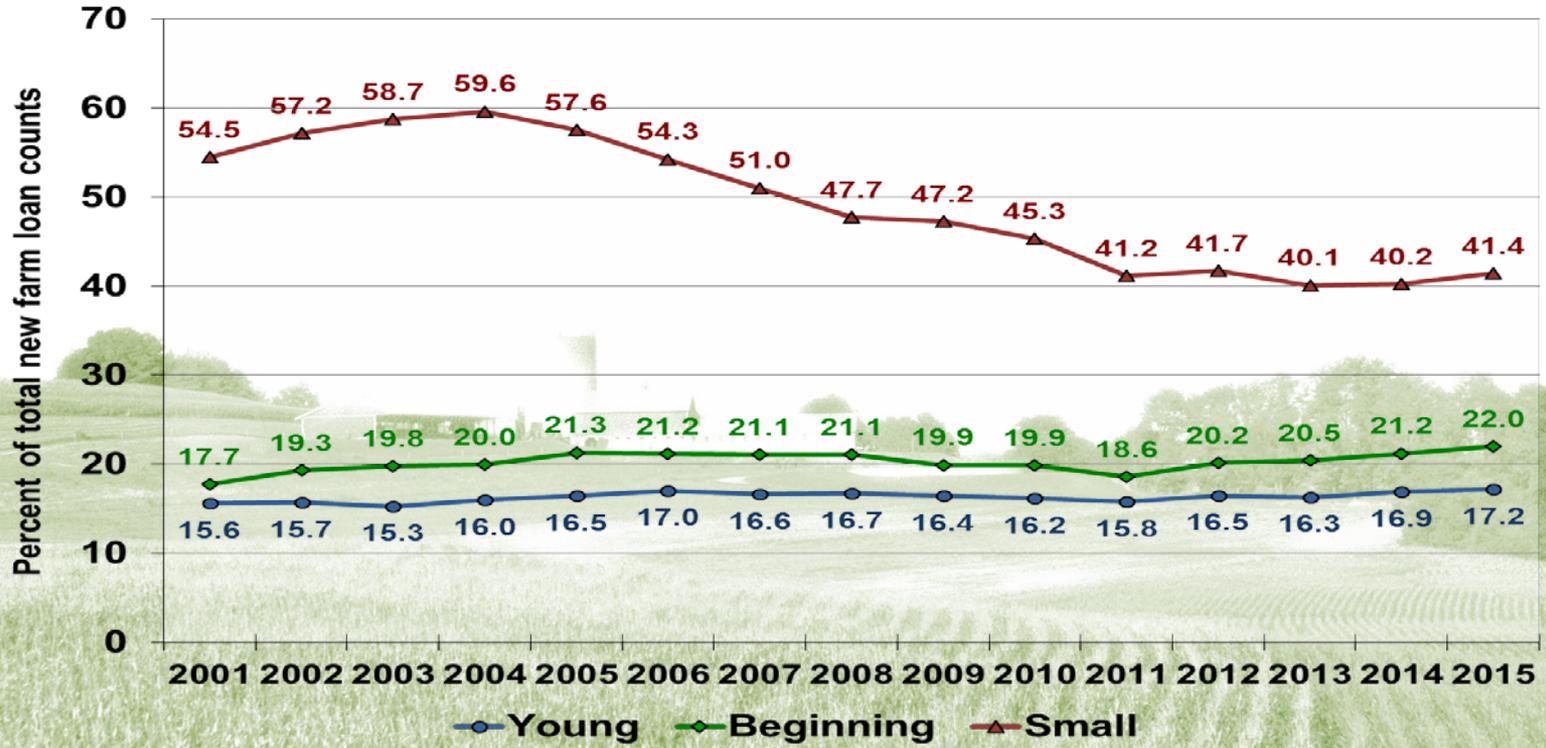
New YBS Loan Counts



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



YBS Share of Total New Loan Counts

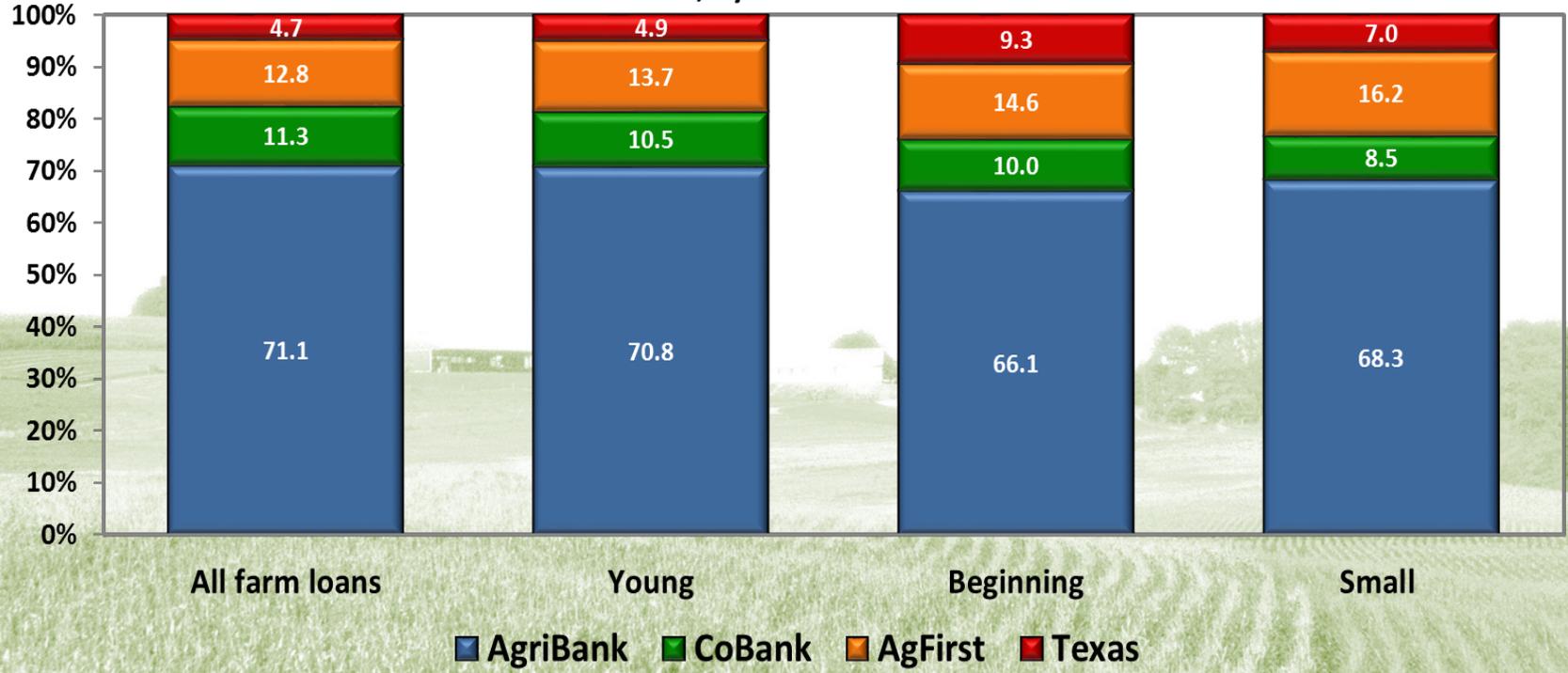


Sources: Annual Young, Beginning, and Small Farmer Reports submitted by each System lender through the District Banks.



District Lending to YBS Borrowers

Share of total new loan counts in 2015, by bank district

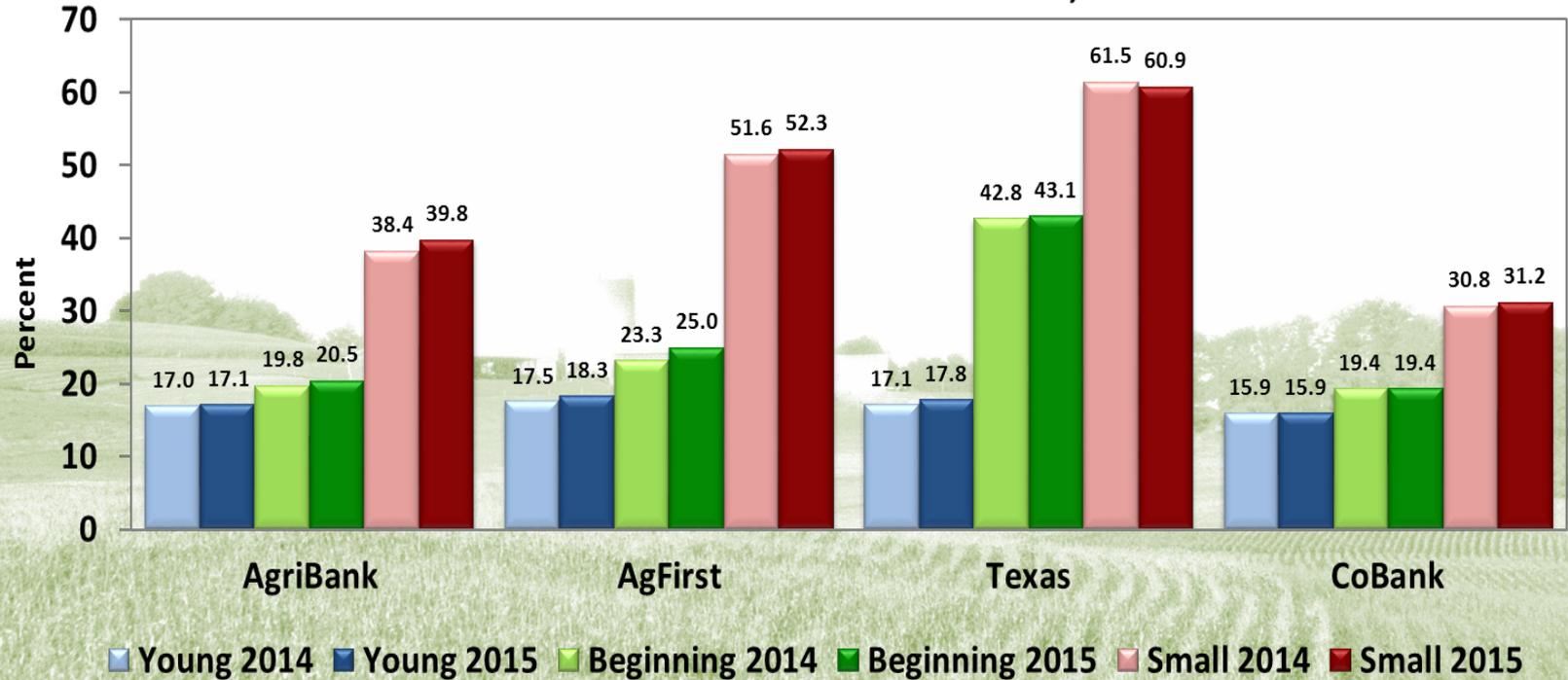


Source: Annual Young, Beginning, and Small Farmer Reports submitted by each System lender through the District Banks.



District Lending to YBS Borrowers

Share of total new loan counts made to YBS borrowers, 2014-2015

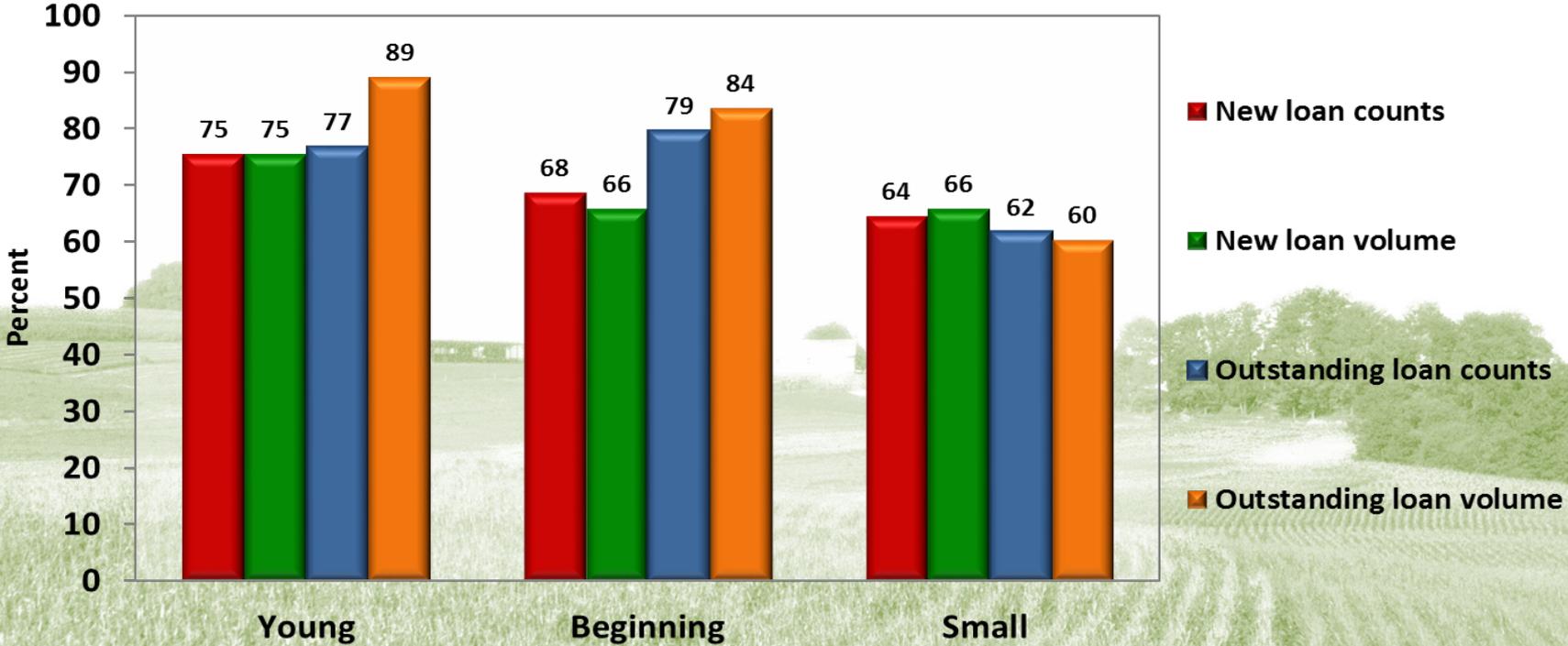


Source: Annual Young, Beginning, and Small Farmer Reports submitted by each System lender through the District Banks.



Association YBS Lending Growth

Share of associations with YBS measures that rose in 2015 relative to 2014





Conclusions – The Numbers

- **Most Systemwide and district level YBS performance measures increase.**
- **Small farmer performance measures generally increase.**
- **The majority of associations reported growth in their YBS lending.**



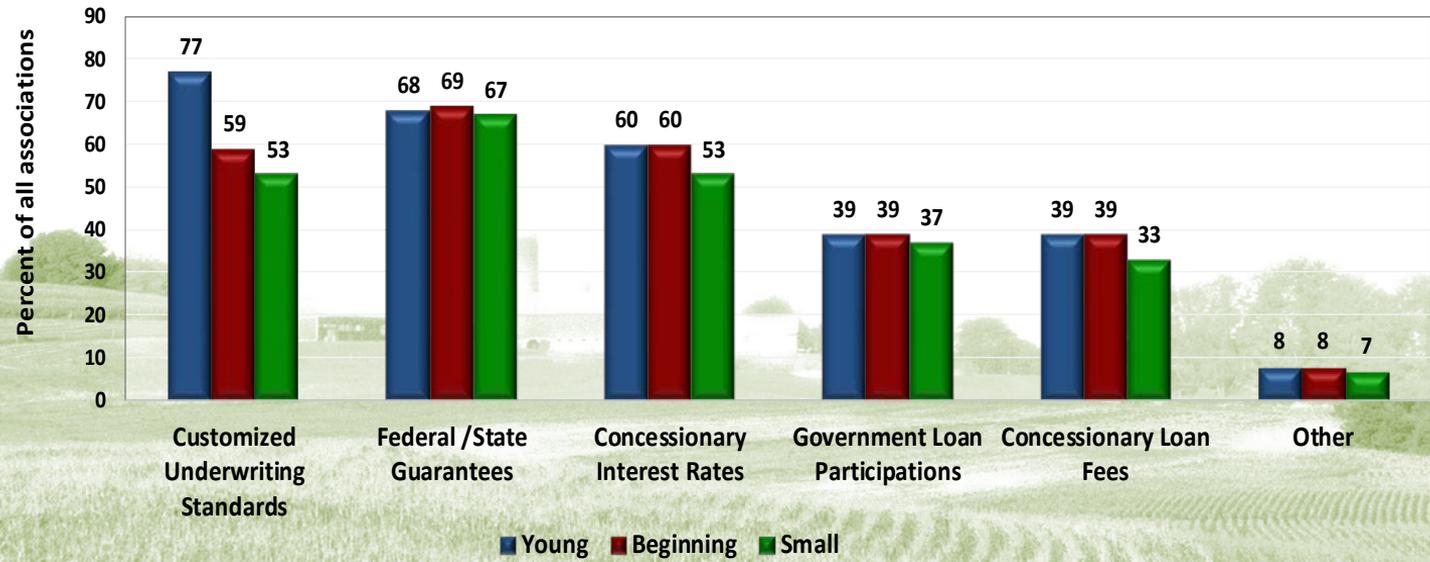
2015 YBS Questionnaire Results





Program Component: Delivery of Credit

Customized Standards, Guarantees and Reduced Fees Most Used Tools to Make YBS Loans in 2015





Program Component: Outreach

<u>Continued Coordination to Deliver YBS Program</u>	<u>2015</u>
FSA	99%
Other FCS	80%
FCB	72%
Producer and Organizations	71%
State/ Local Gov't	68%
Extension Service	68%
Non-Profit Organizations	55%
NRCS	47%
USDA Outreach	32%
SBA	28%
Farmer Mac	25%
Commercial Lender	24%
Other	17%
AMS	5%



YBS Program Management

- **YBS programs** continue to serve the needs of YBS.
- **Mission statements** continue to incorporate the marketing plan regulation.
- **Advisory committees** continue to provide valuable input to the Board and management.
- **Staff training** and **performance standards** for management and staff increased.



Training, Outreach, and Education

- Training continues to be customized to address the needs of YBS farmers, including new entrants to agriculture.
- Outreach and training efforts include YBS farmers involved in local and regional food systems, as well as veterans and members of minority groups.
- Associations also coordinate with other FCS institutions to train and educate YBS borrowers.
- Associations use both their internal experts and hire outside professionals to develop and present educational opportunities.



Conclusions – The Questionnaire

- YBS programs contributed to the overall increased performance in 2015.
- Federal loan guarantees and customized underwriting standards were the most commonly used tools to serve the YBS market.
- Input from YBS Advisory Committees continues to improve YBS programs.
- The System continues to emphasize YBS through staff training and performance standards.
- YBS Training, Outreach and Education addresses the needs of current and potential YBS borrowers.