

May 28, 2019

2018 Farm Bill Primer: Beginning Farmers and Ranchers

Food and agriculture policy in the United States provides support and resources for farms operated by new and beginning farmers and ranchers (BFRs). Although BFRs are eligible for all programs administered by the U.S. Department of Agriculture (USDA), recent farm bills have provided targeted support specifically addressing the needs of new and beginning producers. The farm bill also provides targeted support to related producer groups, including those based on certain demographic characteristics (e.g., age, race, and gender) as well as groups that have been historically underserved (e.g., limited resource and socially disadvantaged farmers). The 2018 farm bill (Agriculture Improvement Act of 2018, P.L. 115-334) reauthorized and expanded these programs.

Beginning Farmers and Ranchers (BFRs)

BFRs are defined as persons who have not operated a farm or ranch or who have operated a farm or ranch for not more than 10 years and meet other criteria as established by USDA (7 U.S.C. §2279). According to the most recent *2017 Census of Agriculture*, there were over 516,000 farms where the “principal producer is a new and beginning producer,” representing about one-fourth of all U.S. farm operations in 2017. Compared to 2012, the number of BFRs has increased by about 5%. Sales of agricultural products sold by BFRs totaled \$60.4 billion, or about 15% of total U.S. farm-level sales in 2017. Land in farms operated by new or beginning producers accounted for about 16% of all land in farming.

About 27% of farms operated by new or beginning producers were engaged primarily in cattle production in 2017, with another 10% engaged in other meat and dairy production (**Figure 1**). Another 9% of farms were engaged in either aquaculture or grain/oilseed production. A combined 10% of farms were engaged in specialty crop production, with the remaining 34% engaged in other crop production (tobacco, cotton, sugarcane, sugar beets, peanuts, agave, herbs, hay, and grass seeds).

Farms with new or beginning producers tend to be smaller in size, both in terms of acres and value of production. In 2017, two-thirds of all BFRs reported a total market value of agricultural products sold (including government payments) of less than \$10,000 (**Figure 2**). Nearly 30% of all BFRs have sales of less than \$1,000 annually. Only about 15% of farms operated by new or beginning producers had farm-level sales exceeding \$50,000 in 2017. Beyond sales, BFRs contribute to the U.S. agricultural sectors, for example, by supporting rural and non-rural economies, providing additional capacity to an aging U.S. farm population, and helping to stem the decline in farm numbers amid general trends toward increasing consolidation and fewer, larger farms.

Figure 1. Share of BFRs, by Primary Activity (2017)

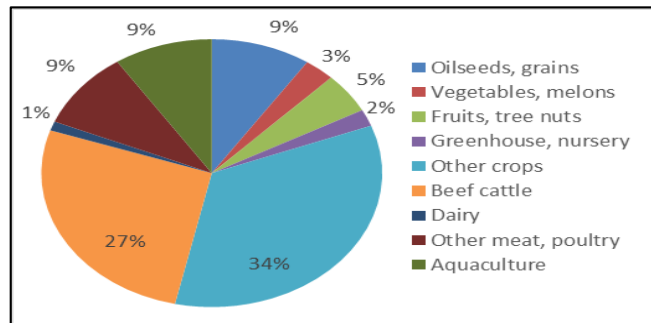
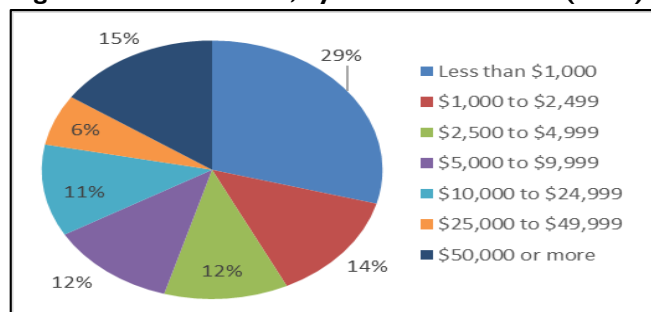


Figure 2. Share of BFRs, by Market Value Sold (2017)



Source: CRS from *2017 Census of Agriculture* (Table 69). Categories as classified under the North American Industry Classification System. Numbers may not add to 100% due to rounding.

Provisions in the 2018 Farm Bill

The 2018 farm bill builds on previous support for BFRs and other underserved groups addressed in the previous two farm bills—the Agricultural Act of 2014 (P.L. 113-79) and the Food, Conservation, and Energy Act of 2008 (P.L. 110-246). Existing federal programs with new farmer provisions include crop insurance, disaster assistance, loans and grants, training/education, tax benefits, conservation, and programs to match landowners with new farm buyers. While many programs are available to all U.S. farmers, these specifically target new farmers. For more information, see CRS In Focus IF10641, *Farm Bill Primer: Federal Programs Supporting New Farmers*.

The leading 2018 farm bill program in terms of its operational breadth and funding supporting new and beginning farmers and ranchers is the newly authorized *Farming Opportunities Training and Outreach* (FOTO) (§ 12301). FOTO combines and expands the existing (renamed) Beginning Farmer and Rancher Development Grant Program (BFRDGP) and the Outreach and Assistance to Socially Disadvantaged Farmers and Ranchers (OASDFR). This provision also directs USDA’s National Institute of Food and Agriculture to make competitive grants to support new and established local training, education, outreach, and technical assistance initiatives for

BFRs. BFRDGP authorizes project grants of up to \$250,000 per year for up to three years (matching funds are required). OASDFR authorizes project grants ranging from \$100,000 to \$400,000 per year for up to three years (with no matching requirements). FOTO is authorized to receive annual mandatory funding of \$30 million (FY2019-FY2020), \$35 million (FY2021), \$40 million (FY2022), and \$50 million in FY2023 and each year thereafter. (Mandatory funding is through the Commodity Credit Corporation and is not subject to appropriations.) Additional appropriations are authorized at \$50 million annually (FY2019-FY2023).

By consolidating BFRDGP and OASDFR into a single program (FOTO), along with other legislative changes, Congress addressed previous concerns regarding funding availability to continue these programs beyond the 2018 farm bill. Previously, both BFRDGP and OASDFR were “programs without baseline.” *Baseline* refers to the Congressional Budget Office’s projection at a particular point in time of future federal spending on mandatory programs under current law. Having a baseline gives programs built-in future funding if policymakers decide that the programs should continue. Previously, even though the 2014 farm bill authorized mandatory funding for both BFRDGP and OASDFR, these programs were among the programs in that farm bill that did not have baseline beyond FY2018. This meant that even though Congress reauthorized these programs beyond FY2018, mandatory funding for these programs was not assured and came at a cost (or *score*). This also meant that because of delays in reauthorizing the farm bill in 2012-2013, both BFRDGP and OASDFR did not receive funding in the one-year farm bill extension in FY2013. Funding changes and consolidation of these programs into FOTO provides both new funding and permanent baseline for these programs, thus ensuring that they have future funding if policymakers decide that the programs should continue beyond FY2023. For information about baseline issues, see CRS Report R45425, *Budget Issues That Shaped the 2018 Farm Bill*.

The 2018 farm bill (§10102) reserves 10% of available grant funding for BFRs under the newly created Local Agriculture Market Program (LAMP). LAMP combines and expands the existing Farmers’ Market and Local Food Promotion Program and the Value-Added Agricultural Product Market Development Grants to support market development, cooperative extension, and regional partnerships. LAMP receives annual mandatory funding of \$50 million for FY2019 and each fiscal year thereafter.

The 2018 farm bill requires USDA to establish a National BFR coordinator position to provide outreach and technical assistance to help BFRs participate in USDA farm programs (§12304). The national BFR coordinator is required to designate a state BFR coordinator for each state. Other provisions in the 2018 farm bill allow for BFRs and historically underserved producer groups to receive increased benefits under select USDA programs, including crop insurance, disaster assistance, farm credit and loan assistance, tax benefits, farmland conservation assistance, program grants, training and education, transition assistance to convert to certified organic agriculture, and programs to

match retiree landowners with buyers. BFRs are eligible for increased cost-share assistance and other financial incentives and funding preferences for engaging in certain conservation efforts. The farm bill also requires USDA to collect data on land access and farmland ownership to identify barriers that prevent new farmers, including veterans, from acquiring or accessing farmland (§12607). For provisions supporting BFRs, see the **text box** below.

Considerations for Congress

USDA is in the process of implementing the 2018 farm bill provisions. Congress may continue to track USDA’s progress in implementing these provisions as part of its general oversight of the farm bill’s implementation.

2018 Farm Bill Provisions Supporting BFRs

- **Farming Opportunities Training and Outreach** (§12301). Combines and expands the existing Beginning Farmer and Rancher Development Grant Program and the Outreach and Assistance to Socially Disadvantaged Farmers and Ranchers. Authorizes competitive grants to support training, education, outreach, and technical assistance. Provides annual mandatory funding of \$30 million (FY2019), rising to \$50 million (FY2023), and authorizes \$50 million in annual appropriations.
- **Local Agriculture Market Program** (§10102). Combines and expands the existing Farmers’ Market and Local Food Promotion Program and the Value-Added Agricultural Product Market Development Grants. Provides \$50 million annually in mandatory funds and reserves 10% of grant funding for BFRs and other historically underserved producers.
- **Underserved Producers** (§11108). Establishes a definition of *underserved producer*. Provides additional assistance to certain underserved groups in obtaining federal crop insurance.
- **Tree Assistance Program** (§1501). Increases cost sharing to 75% for BFRs and other producers.
- **USDA Conservation Programs** (Title II). Provides preferences for BFRs and other historically underserved producers under some programs (§2204, §2403, §2501, §2706).
- **BFR Individual Development Accounts Pilot Program** (§5301). Reauthorizes appropriations for the program, which, to date, has never been funded or implemented.
- **Farm Credit Programs** (Title V). Provides additional support for, and requires additional reporting regarding, BFRs and historically underserved producers to gain access to credit (§5104, §5306, §5413, §5316).
- **State Agricultural Mediation Programs** (§5402). Expands state agricultural grants to support mediation services related to credit counseling and other issues requiring mediation.
- **Competitive, Special, and Facilities Research Grant Act** (§7504). Requires USDA priority research areas to consider barriers to entry for underserved farmers and ranchers.
- **Reports on Land Access and Farmland Ownership Data Collection** (§12607). Requires USDA to submit a public report within a year of enactment on barriers that prevent BFRs from acquiring or accessing farmland.
- **BFR Coordination** (§12304)—Establishes a national BFR coordinator to provide outreach and technical assistance to help BFRs participate in USDA farm programs.

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