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### **FCA board receives 2022 annual report on the Farm Credit System's young, beginning, and small farmer lending**

McLEAN, Va., Aug. 10, 2023 — At its monthly meeting today, the Farm Credit Administration board received FCA's 2022 Annual Report on the Farm Credit System's Young, Beginning, and Small (YBS) Farmer Mission Performance.

FCA defines young farmers as those who are 35 years old or younger, beginning farmers as those who have been farming for 10 years or less, and small farmers as those with gross annual sales of less than \$250,000. Since the value of \$250,000 is much less today than it was when FCA first implemented the YBS reporting requirements, the agency will raise this figure to \$350,000 beginning next year.

Also in 2024, FCA will transition to a new YBS reporting system to provide a clearer picture of YBS lending by allowing the agency to better break down and categorize loan data. The new reporting system will also provide greater consistency in reporting, leverage the Farm Credit System's existing data systems, and reduce regulatory reporting burden for institutions over the long term.

The following information summarizes the System's 2022 lending service to YBS farmers, ranchers, and producers or harvesters of aquatic products.

#### **Outstanding loans**

Dollar volume outstanding increased for both total System lending and YBS lending. Total System loan volume outstanding increased by 9.4%. Loan volume outstanding to young farmers increased by 6.3%, to beginning farmers by 9.6%, and to small farmers by 5.3%. The growth rate of outstanding loans was lower in 2022 than it was in both 2020 and 2021.

While the total number of loans outstanding for the System as a whole decreased by 0.6%, the number of outstanding loans to young and beginning farmers increased modestly — by 1.3% and 2.9%, respectively. However, the number of small farmer loans outstanding contracted by 1.0%.

#### **New loans**

The dollar volume of loans made in 2022 decreased for the System as a whole and for the YBS categories. From Dec. 31, 2021, to Dec. 31, 2022, the System's total new loan dollar volume decreased by 1.7%. New loan volume to young farmers decreased by 12.5%, to

beginning farmers by 17.9%, and to small farmers by 25.3%. The number of total System loans made during the year decreased by 17.2%. The number of loans to young farmers decreased by 17.1%, to beginning farmers by 18.9%, and to small farmers by 22.9%.

Several factors led to reduced System lending in 2022:

- Rising interest rates and fewer refinanced loans
- Changing economic conditions and less demand for rural properties
- End of the Paycheck Protection Program

New loans (by dollar volume and loan count) increased considerably in 2020 and 2021 because of factors unique to the pandemic. The 2022 numbers are more consistent with pre-pandemic trends.

**Young:** The System reported making 56,100 new loans to young farmers in 2022, and the volume of these loans amounted to \$13.1 billion. The new loans made to young farmers in 2022 represented 17.9% of all loans the System made during the year and 9.7% of the dollar volume of loans made. At the end of 2022, the System reported 188,756 loans outstanding to young farmers, totaling \$39.3 billion.

**Beginning:** In 2022, the System reported making 78,742 loans to beginning farmers. The volume of total new loans to beginning farmers amounted to \$21.5 billion in 2022. The loans made to beginning farmers in 2022 represented 25.1% of all System loans made during the year and 16.0% of the dollar volume of loans made. At the end of 2022, the System reported 305,742 loans outstanding to beginning farmers, totaling \$70.9 billion.

**Small:** In 2022, System institutions reported making 129,288 loans, totaling \$19.1 billion, to small farmers. The loans in 2022 to farmers in this category represented 41.2% of all loans made during the year and 14.2% of the dollar volume of loans made. At the end of 2022, the System reported 473,549 loans outstanding to small farmers, totaling \$70.3 billion.

**Total:** In 2022, the System made a total of 313,439 new loans, totaling \$134.5 billion. The total number of outstanding loans at year-end 2022 was 957,161, amounting to \$383.3 billion.

#### YBS loans made during 2022

YBS Category	Number of Loans	Percentage of Total Number of System Loans	Dollar Volume of Loans in Millions	Percentage of Total Volume of System Loans	Average Loan Size
Young	56,100	17.9%	\$13,085	9.7%	\$233,248
Beginning	78,742	25.1%	\$21,532	16.0%	\$273,451
Small	129,288	41.2%	\$19,105	14.2%	\$147,775

**YBS loans outstanding as of Dec. 31, 2022**

<b>YBS Category</b>	<b>Number of Loans</b>	<b>Percentage of Total Number of System Loans</b>	<b>Dollar Volume of Loans in Millions</b>	<b>Percentage of Total Volume of System Loans</b>	<b>Average Loan Size</b>
Young	188,756	19.7%	\$39,338	10.3%	\$208,407
Beginning	305,742	31.9%	\$70,857	18.5%	\$231,753
Small	473,549	49.5%	\$70,322	18.3%	\$148,500

Sources: Annual YBS Farmer Report submitted by each System lender through the System banks.

Note: Because the YBS mission is focused on each borrower group separately, data are reported separately for each of the three YBS borrower categories. Since some loans fit more than one category, adding the loans across categories does not produce an accurate measure of the System's YBS lending. As noted above, FCA will transition to a new reporting system next year to eliminate cross reporting and allow the totals to be added.

System institutions are required by law and FCA regulation to maintain programs to provide sound and constructive credit and related services to YBS farmers and ranchers. They must report annually to FCA on their YBS lending activity.

The FCA board approved a proposed rule in May 2022 on the System's service to YBS borrowers. FCA staff members have reviewed the many comments received and are addressing them in a draft final rule. FCA is on track to publish the final rule later this year, as scheduled in the agency's most recent submission for the Unified Agenda.

For more information about the System's YBS farmer lending in 2022, see the [PowerPoint presentation \(PDF\)](#) used at the FCA board meeting.

**Notational votes**

Since the July 13 FCA board meeting, three notational votes have occurred. Notational votes are actions the FCA board takes between board meetings.

On July 17, the board approved the reallocation of budget funds within the Office of Information Technology budget.

On July 21, the board approved the appointment of a new general counsel and director of the Office of General Counsel.

On July 25, the board voted to authorize the general counsel to draft and execute two consent civil money penalty orders related to a recommendation (#23-1) made by FCA's Regulatory Enforcement Committee.

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The Farm Credit Administration is the safety and soundness regulator of the Farm Credit System. The System consists of two government-sponsored enterprises — a nationwide network of cooperative banks and associations established in 1916, and a secondary market entity known as the Federal Agricultural Mortgage Corporation (Farmer Mac), which was established in 1988. The System's borrower-owned banks and associations provide credit to farmers, ranchers, residents of rural communities, agricultural and rural utility cooperatives, and other eligible and creditworthy borrowers. Farmer Mac provides a secondary market for agricultural real estate loans, rural housing mortgage loans, and certain rural utility loans. FCA news releases are available on the web at [www.fca.gov](http://www.fca.gov).