

Statement
Glen R. Smith, FCA Board Chairman and CEO
Farm Credit Administration Board Meeting
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My wife and I started out as young, beginning farmers in the early '80s, so I am extremely sensitive to the credit needs of young, beginning, and small farmers and ranchers.

The Farm Credit Act imposes responsibilities on the Farm Credit System concerning service to young, beginning, and small (or as we say, YBS) farmers. It requires each FCS association to have a program "for furnishing sound and constructive credit and related services to young, beginning, and small farmers and ranchers." In addition, the Farm Credit Act requires that FCS banks report annually to FCA about the operations and achievements of their associations' lending and service programs for YBS farmers.

These provisions were added to the act during the 1980s, which were difficult times for agriculture. I personally believe these provisions were added to help address the decline in the numbers of farmers by ensuring the availability of credit necessary to develop a new generation of farmers.

Many years have passed since the 1980s. The Farm Credit System has made consistent efforts to serve YBS farmers, but the average age of American farmers has continued to rise. USDA reported in 2017 that the average age of U.S. farm producers was 57.5 years, up 1.2 years from 2012.

There obviously is work to be done in continuing to improve and advance the System's YBS programs. It makes sense from a business development standpoint. It makes sense for the security of American agriculture.

Over the past year FCA staff has been considering revisions to our YBS regulations. In February 2019, we issued an advance notice of proposed rulemaking. Since then, our staff has been working to modernize the collection of data and reduce the burden for System institutions to report it. They've been working to improve our ability to track FCS service to YBS producers and to identify best practices for serving YBS producers. They've also been coordinating with other government agencies to serve YBS borrowers and to develop metrics for understanding and ultimately evaluating programs.

FCA staff is now working on a proposed YBS rule for FCA board consideration. I anticipate that the proposed rule will be designed to create a rating system that evaluates each institution's program and measures each institution's year-over-year progress in lending and nonlending support provided to the YBS population. I look forward to hearing more from staff in the coming months.