



• Commodities • Conservation • Credit • Crop Insurance • Energy •  
 • Forestry • Nutrition • Research, Extension, & Related Matters •  
 • Rural Development • Specialty Crops & Horticulture • Trade •

## What are the Beginning Farmer and Rancher Benefits in the Crop Insurance Program and How are they Working?

### BACKGROUND

The 2014 Farm Bill included several enhancements for Beginning Farmers and Ranchers (BFR) utilizing federal crop insurance. Farmers and ranchers are eligible to access these benefits if they have been engaged in a farming or ranching operation five years or less. Years may be excluded for active military duty, years enrolled in post-secondary education, or if the person is under 18 years old.

These benefits were intended to improve a BFR's ability to obtain meaningful and affordable crop insurance coverage. Crop insurance coverage is based upon the insured's Actual Production History (APH), which consists of four to 10 years of farming on the insured ground. Typically, BFRs do not have the minimum four years of actual history and are required to use county Transitional Yields (T-Yields) for missing years of actual history. Prior to the 2014 Farm Bill, T-Yields were defined as 60 percent of a county's yield average. Thus, use of T-Yields can significantly reduce available coverage until such time that enough actual history exists to replace use of T-Yields. The 2014 Farm Bill authorized changing the T-Yield definition to 80 percent of the county average rather than 60 percent.

### ISSUE

BFR crop insurance benefits include the following:

- Allowing eligible BFRs to use 80 percent of the county average for T-Yield rather than the 60 percent that is used for non-BFR insureds.
- Providing an additional 10 percent premium discount on the farmer's policy. The intent is to provide BFRs the ability to afford meaningful coverage sooner than they would otherwise be able to purchase.
- Waiving any administrative fees associated with the policy and coverage level choice.
- Allowing BFRs to use the previous farm operator's APH rather than T-Yields if the BFR was previously involved in decision making or physical activities on that farm.

The 2015 reinsurance year was the first year the new BFR benefits were available. The level of participation and corresponding financial assistance from new BFR benefits was as follows:

- Number of primary producers using BFR benefits: 13,733 (2.5 percent of total crop insurance users)
- Additional premium subsidy: \$13,018,843
- Administrative fees waived: \$1,670,730
- Number of BFRs using previous operator's production history: 1,233
- Net acres utilizing new BFR benefits: 3,549,012
- Average net benefit per BFR producer: \$1,070

### OPTION #1

Farm Bureau policy supports allowing new producers and/or beginning farmers to use county National Agricultural Statistics Service (NASS) averages instead of T-Yield when establishing their APH for federal crop insurance. Is this a change we desire to make? If so, should it be at 100 percent of county NASS averages instead of 80 percent?

## OPTION #2

Farm Bureau policy supports making Beginning Farmer and Rancher Program eligibility requirements consistent through all USDA agencies. Should we attempt to change the definition of a beginning farmer or rancher to 10 years or less of being engaged in farming to coincide with the Farm Service Agency's definition?

## OPTION #3

Should we seek additional premium discounts over and above the current 10 percent allotment to provide additional assistance?

## OPTION #4

Should we allow BFRs to use a previous operator's production history even if they were not part of the previous farming operation?

## OPTION #5

Given the tight budget situation and likely efforts to reduce crop insurance benefits, do the BFR crop insurance benefits provide too much assistance? Should the financial benefits be reduced to reduce overall expenditures of the crop insurance program?

## OPTION #6

Should we tighten the definition and enforcement of BFR benefits to ensure intended benefits are reaching the target audience only?