
AGRICULTURE IMPROVEMENT ACT OF 2018

51; 52; 54

MARCH 28, 2024

**Agriculture Improvement Act of 2018
Section 5413 Report
Fiscal Year 2023**

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Attachment 2Excel Document

- **Tab 1 “Age of the Recipient Producer”** provides a state-by-state analysis of FSA direct and guaranteed loan distribution by age of the recipient, including total borrower count and total loan obligations.
- **Tab 2 “Number of Years Farming Detail”** provides a state-by-state analysis of FSA direct and guaranteed loan distribution based on the number of years a recipient producer has been engaged in agricultural production, including a breakdown by state, borrower count, and total number of obligations.
- **Tab 3 “Farm Size (Gross Revenue) Breakout”** provides a state-by-state analysis of FSA direct and guaranteed borrower distribution based on gross revenue.
- **Tab 4 “Race Breakout”** provides a state-by-state analysis of FSA direct and guaranteed loan borrower and loan count distribution based on recipients’ reported race.
- **Tab 5 “Ethnicity Breakout”** provides a state-by-state analysis of FSA direct and guaranteed loan borrower count and loan count distribution based on the reported recipient’s ethnicity.
- **Tab 6 “Gender Breakout”** provides a state-by-state analysis related to FSA direct and guaranteed loan borrower count and loan count distribution based on the reported recipient’s gender.
- **Tab 7 “Farm Oper Type (NAICS) Breakout”** provides a state-by-state analysis of FSA direct and guaranteed loan borrower count, loan count, and loan obligation distribution based on the reported recipients type of operation (NAICS code).
- **Tab 8 “Ln Cnts & Amts by Amt Groupings”** provides a state-by-state analysis of FSA direct and guaranteed loan borrower loan counts and total dollars loaned as distributed by loan amount groupings.
- **Tab 9 “Ln Cnts & Amts by Ln Type”** provides a state-by-state analysis of FSA direct and guaranteed loans distributed by loan type.
- **Tab 10 “Loan Pct of \$Amt Delq 09.30.23”** provides a state-by-state analysis of FSA direct and guaranteed loan delinquency rates as of September 30, 2023.
- **Tab 11 “Ln Cnts&Amts BF&SDA TrgtdFnding”** provides a state-by-state analysis of FSA direct and guaranteed loan counts and obligated funds distributed through FSA’s targeted funding categories.
- **Tab 12 “Veteran Status Breakout”** provides a state-by-state analysis of FSA direct and guaranteed loan counts and obligated funds distributed to veterans.

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Executive Summary

The report, required by Section 5413 of the Agricultural Improvement Act of 2018, covers Farm Service Agency (FSA) loan distributions, using data aggregated to the State and National levels. In order to provide additional context, the report also includes 2022 Census of Agriculture (2022 Ag Census) data, which covers the entire agricultural sector, in addition to the data analysis required by Section 5413. Not all producers in the 2022 Ag Census are eligible for FSA loans, and this comparison is not intended to suggest otherwise. In addition, FSA loan data describes a single, primary borrower; co-borrowers are not included. By contrast, 2022 Ag Census data reflects as many as four producers per farm. The narrative report summarizes the data at the national level, and places it in context. More detailed tables are provided in an appendix excel spreadsheet that provides data at the state level.

Under the Biden-Harris Administration, USDA's FSA has embarked on a comprehensive and systemic effort to ensure equitable delivery of Farm Loan Programs and improve access to credit for small and mid-size family farms. FSA has prioritized reforming Farm Loan Programs to reflect President Biden's commitment to equity and positively impact FSA borrowers for generations to come. As a part of this effort, FSA has been developing policy changes that remove unnecessary hurdles that can impact loan access and is also making improvements to loan making and servicing policies to provide more flexibility on how loans are structured and to maximize opportunities for borrowers. FSA is also making improvements to internal controls in loan decision making, and since 2022 has been rolling out farm loan modernization efforts to improve producer access.

In October 2022, FSA launched the Loan Assistance Tool, which provides prospective borrowers with a comprehensive explanation of loan application requirements and processes in order to inform customers, ensure they receive a consistent customer experience, and increase navigability of the loan application process.

In February 2023, FSA implemented the simplified direct loan application, which reduced the application from 29 pages to 13. The simplified direct loan application enables producers to complete a more streamlined application and can save a customer over two hours in the time needed to compile their loan making or loan servicing request. Customers also have the option to complete an electronic fillable form or prepare a traditional, paper application for submission to their local FSA farm loan office. This action is expected to reduce the burden associated with the application process for nearly 26,000 producers annually.

In August 2023, FSA launched the Application Fast Track Pilot Program, which provides an expedited underwriting process and is estimated to reduce processing times by as much as a 11 hours per eligible application. The pilot was originally introduced in 166 county offices and was expanded nationwide in early 2024.

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In December 2023, FSA launched the Online Loan Application for direct loan customers, which provides a more intuitive and guided walk-through to complete and submit loan applications and supporting documents electronically.

In January 2024, FSA launched Pay My Loan, an online direct loan repayment feature that gives customers the ability to pay online 24/7 and relieves borrowers from the necessity of calling, mailing, or visiting a local Service Center to pay a loan installment.

In addition to improvements that increase farm loan access via modernization, FSA is acutely focused on effecting systemic changes to ensure that farm loan programs adequately invest in our nation's producers. In August 2022, President Biden signed the Inflation Reduction Act (IRA) into law. Section 22006 of the IRA provides \$3.1 billion for USDA to provide relief to distressed borrowers with certain FSA direct and/or guaranteed loans and to expedite assistance for those whose agricultural operations are at financial risk. USDA continues to implement this provision with the goals of keeping farmers farming, removing obstacles that currently prevent many borrowers from returning to their land, and improving the FSA's approach to loan servicing in the long-term. For many distressed borrowers, including those hard hit by pandemic-induced market disruptions that have only been exacerbated by more frequent and intense natural disasters, this assistance is vital if they are to continue producing the food, fiber, and fuel that are essential to the well-being of not only our rural communities but our Nation as a whole. As of April 24, 2024, FSA has provided \$2.3 billion in IRA 22006 assistance to 42,434 borrowers. This work accompanies ongoing efforts to improve farm lending programs with a focus on proactive loan service and support to keep farmers farming.

FSA is also undertaking a review of all procedures for simplification as well as automation to imbed additional internal controls. Internal controls, such as Credit Quality Reviews are intended to evaluate accuracy and address inconsistencies by clarifying policies and procedures for employees and to provide them with additional training where needed. Policy handbook changes to address simplifications have been implemented and regulatory changes are also being evaluated.

In February 2022, the U.S. Department of Agriculture launched the Equity Commission (EC) to provide recommendations to the Secretary that would address racial equity issues in its programs and services and strengthen accountability within USDA. All of the efforts outlined above contribute to the equity actions outlined in FSA's [Equity Action Plan](#), which was developed in response to recommendations from the EC. FSA's overall equity goal is to ensure agricultural resources and assistance are broadly accessible, while creating new, more, and better market opportunities, so policies and programs advance agriculture for the "many and most."

Note: This report can be located on FSA's website at the following link:
<https://www.fsa.usda.gov/news-room/efoia/index>

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2018 Farm Bill Statutory Language

SEC. 5413. REPORTING

- (a) **DEFINITION OF FARM LOAN**—In this section, the term “farm loan” means—
- (1) a farm ownership loan under subtitle A of the Consolidated Farm and Rural Development Act (7 U.S.C. 1922 et seq.); and
 - (2) an operating loan under subtitle B of that Act (7 U.S.C. 1941 et seq.).
- (b) **REPORTS**—
- (1) **PREPARATION**—For each fiscal year, the Secretary shall prepare a report that includes—
 - (A) aggregate data based on a review of each outstanding farm loan made or guaranteed by the Secretary describing, for the United States and for each State and county in the United States—
 - (i) the age of the recipient producer;
 - (ii) the duration that the recipient producer has engaged in agricultural production;
 - (iii) the size of the farm or ranch of the recipient producer;
 - (iv) the race, ethnicity, and gender of the recipient producer;
 - (v) the agricultural commodity or commodities, or type of enterprise, for which the loan was secured;
 - (vi) the amount of the farm loan made or guaranteed;
 - (vii) the type of the farm loan made or guaranteed; and
 - (viii) the default rate of the farm loan made or guaranteed;
 - (B) for each State and county in the United States, data demonstrating the number of outstanding farm loans made or guaranteed, according to loan size cohort; and
 - (C) an assessment of actual loans made or guaranteed as measured against target participation rates for beginning and socially disadvantaged farmers, broken down by State, as described in sections 346(b)(2) and 355 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1994(b)(2), 2003).
 - (2) **SUBMISSION OF REPORT**.—The report described in paragraph (1) shall be—
 - (A) submitted—
 - (i) to—
 - (I) the Committee on Agriculture of the House of Representatives;
 - (II) the Committee on Appropriations of the House of Representatives;
 - (III) the Committee on Agriculture, Nutrition, and Forestry of the Senate; and
 - (IV) the Committee on Appropriations of the Senate; and
 - (ii) not later than December 30, 2019, and annually thereafter; and
 - (B) made publicly available not later than 90 days after the date described in subparagraph (A)(ii).

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Section A - § 5413(b)(1)(A)(i) - Age of Recipient Producers

FSA is dedicated to providing America’s next generation of farmers and ranchers with support through access to credit. This dedication is evident in the distribution of FSA loans by age of the recipient producer. About 46 percent of FSA’s direct and guaranteed loans with available age information are concentrated to producers between age 25 and 44, a group that makes up just 19.7 percent of producers in the 2022 Ag Census. The 2022 Ag Census reflects that 49.4 percent of producers are between age 55-74, compared to only 8.2 percent of FSA direct loans and 10.1 percent of guaranteed loans. In Fiscal Year (FY) 2023, the average age of a producer receiving a direct loan was 34.8 and 39.6 for guaranteed loans, compared to 58.1 in the 2022 Ag Census. The following table tallies direct and guaranteed loans obligated for FY 2023 by producer age.

Table 1. Age of Recipient Producers

<i>Table 1. Age of Recipient Producers</i>						
<i>AGE</i>	FLP DIRECT Loan Recipients in FY2023¹		FLP GUARANTEED Loan Recipients in FY2023¹		Ag Census (2022) Producer Characteristics (Table 52)	
	CUSTOMER Count	% of column	CUSTOMER Count	% of column	PRODUCER Count³	% of column
BREAKOUT						
Unknown ²	2,335	15.7%	891	25.8%	<i>n/a</i>	<i>n/a</i>
10yrs-17yrs	1,256	8.5%	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>
18yrs-24yrs	1,792	12.1%	230	6.7%	57,000	1.7%
25yrs-34yrs	4,167	28.0%	875	25.3%	239,480	7.1%
35yrs-44yrs	2,732	18.4%	713	20.6%	426,616	12.6%
45yrs-54yrs	1,375	9.3%	399	11.6%	519,430	15.4%
55yrs-64yrs	753	5.1%	248	7.2%	837,525	24.8%
65yrs-74yrs	340	2.3%	78	2.3%	826,931	24.5%
75yrs+	112	0.8%	19	0.6%	467,062	13.8%
Total	14,862	100.0%	3,453	100.0%	3,374,044	100.0%

¹ Prior reporting summarized FSA data at the loan obligation level. This year, in order to provide a like-to-like comparison with Ag Census data, loan data is summarized at the primary borrower count level, so customers with multiple loan obligations are counted only once in this table and co-borrowers are not included. Loan obligation details are provided in the detailed appendix table.

² “Unknown” is marked where borrowers operate as an entity; because such entities may include multiple members of different ages, an age cannot be assigned. Husbands and wives operating under individual Social Security Numbers are reported based on the age of the primary borrower whose Social Security Number was used for IRS reporting.

³ Ag Census data reflects as many as four producers per farm.

See Tab 1 “Age of the Recipient Producer” of Attachment 2 for additional data.

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Section B - § 5413(b)(1)(A)(ii) – Duration Recipient Producer Has Engaged in Agricultural Production

More than 61 percent of producers receiving a direct loan and 46.8 percent of producers receiving a guaranteed loan had operated a farm or ranch for 10 years or less; this compares to only 30 percent of producers in the 2022 Ag Census. This distribution evidences FSA’s commitment to supporting new and beginning farmers. The following table summarizes direct and guaranteed loan recipients in FY 2023 grouped by number of years farming.

Table 2. Duration Recipient Producer has Engaged in Agricultural Production

<i>Table 2. Duration Recipient Producer has Engaged in Agricultural Production</i>						
<i>YEARS FARMING</i>	FLP DIRECT Loan Recipients in FY2023¹		FLP GUARANTEED Loan Recipients in FY2023¹		Ag Census (2022) Producer Characteristics (Table 52)⁴	
BREAKOUT	CUSTOMER Count	% of column	CUSTOMER Count	% of column	PRODUCER Count	% of column
Unknown ²	1,659	11.2%	636	18.4%	<i>n/a</i>	<i>n/a</i>
1yr-5yrs	5,440	36.6%	956	27.7%	481,821	14.3%
6yrs-10yrs	3,752	25.2%	660	19.1%	529,894	15.7%
11yrs-20yrs	2,456	16.5%	620	18.0%	<i>n/a</i>	<i>n/a</i>
21yrs-30yrs	778	5.2%	302	8.7%	<i>n/a</i>	<i>n/a</i>
31yrs-40yrs	398	2.7%	164	4.7%	<i>n/a</i>	<i>n/a</i>
41yrs-50yrs	252	1.7%	84	2.4%	<i>n/a</i>	<i>n/a</i>
>50yrs	127	0.9%	31	0.9%	<i>n/a</i>	<i>n/a</i>
All years 11+ ³	4,011	27.0%	1,201	34.8%	2,362,329	70.0%
Total	14,862	100.0%	3,453	100.0%	3,374,044	100.0%

¹ Prior reporting summarized FSA data at the loan obligation level. This year, in order to provide a like-to-like comparison with Ag Census data, loan data is summarized at the primary borrower count level, so customers with multiple loan obligations are counted only once in this table and co-borrowers are not included. Loan obligation details are provided in the detailed appendix table.

² “Unknown” is marked where the number of years an applicant has operated a farm is not available in the automated system (even though the information is included in loan applications for manual determinations of eligibility).

³ The Ag Census groups in one category all producers farming more than 10 years.

⁴ Ag Census data reflects as many as four producers per farm.

See Tab 2 “Number of Years Farming Detail” of Attachment 2 for additional data.

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Section C - § 5413(b)(1)(A)(iii) – Size of Farm or Ranch of the Recipient Producer

Table 3 summarizes the number of direct loan borrowers by farm size for FY 2023. As the table shows, farms and ranches with the smallest revenue (< \$100,000 per year) are much less prevalent in FSA’s direct loan portfolio than in the 2022 Ag Census. This is likely due to the significant number of “point farms” in the 2022 Ag Census. These types of operations often do not meet specific criteria for loan approval, including the ability to service debt, and therefore do not participate in FSA farm loan programs. Through recent policy and administrative changes, FSA has committed to expanding access to niche markets and urban agriculture, which will provide access to credit to more operations within this smaller revenue category. Consistent with FSA’s deep commitment to improving credit access for small- to mid-size family farms—FSA lending exceeds 2022 Ag Census representation for the next several income ranges, from \$100,000-\$1,000,000. FSA’s concentration of borrowers with gross revenue greater than \$1 million is comparatively small, presumably reflecting existing FSA loan limits and those borrowers’ readier access to commercial credit.

Table 3 – Size of Farm or Ranch of the Recipient Producer (Gross Revenue)

<i>Table 3. Size of Farm or Ranch of the Recipient Producer (Gross Revenue)²</i>				
<i>FARM SIZE</i>	FLP DIRECT Loan Recipients in FY2023¹		Ag Census (2022) FARM Characteristics (Table 71)⁴	
BREAKOUT	CUSTOMER Count	% of column	FARMER Count	% of column
<100k	5,806	39.1%	1,509,800	79.4%
100k-249k	3,247	21.8%	126,351	6.6%
250k-499k	2,135	14.4%	86,739	4.6%
500k-1mil	1,336	9.0%	69,645	3.7%
>1mil	567	3.8%	107,952	5.7%
Other ³	1,771	11.9%	<i>n/a</i>	<i>n/a</i>
Total	14,862	100.0%	1,900,487	100.0%

¹ Prior reporting summarized FSA data at the loan obligation level. This year, in order to provide a like-to-like comparison with Ag Census data, loan data is summarized at the primary borrower count level, so customers with multiple loan obligations are counted only once in this table and co-borrowers are not included. Loan obligation details are provided in the detailed appendix table.

² Farm Size – based on Gross Revenue, data available at the customer level for those receiving loans in FY 2023.

³ Data unavailable for customers with no loan debt remaining as of the date run (10/02/2023).

Note: The data provided for direct loans is the best available data; there is no equivalent data captured for guaranteed loans.

⁴ Ag Census data represents the Market Value of Agricultural Products Sold and Government Payments. Additionally, Ag Census data reflects as many as four producers per farm.

See Tab 3 “Farm Size (Gross Revenue) Breakout” of Attachment 2 for additional data.

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Section D - § 5413(b)(1)(A)(iv) – Race, Ethnicity, and Gender of the Recipient Producer

FSA’s loan distribution in guaranteed and direct lending programs by race, ethnicity, and gender helps evaluate the impact of FSA’s commitment to providing equitable service to all producers. FSA’s overall loan distribution by race demonstrates a more diverse distribution among FSA borrowers than what is apparent from the 2022 Ag Census. (FSA’s minority participation rates shown in the summary table represent the lower bounds of participation as a significant percentage of producers’ race and ethnicity is unknown.) In the 2022 Ag Census, 95.4 percent of all producers identified as “White Only”; only 4.6 percent of producers reporting any non-White race. By contrast, among FY 2023 FSA borrowers, 74.6 percent identified as “White Only,” with 11.8 percent of borrowers reporting 1 or more other races. (13.6 percent of borrowers have an unknown race.) Guaranteed loans likewise have a larger percentage of non-White borrowers than the 2022 Ag Census data. Table 4a summarizes. As outlined in the Executive Summary, FSA has been working to institutionalize the equitable delivery of farm loan programs and improve access to credit for all producers. In addition to policy and employee training improvements, FSA continues to work with its cooperators to improve outreach efforts to underserved communities.

FSA’s loan distribution by ethnicity is more similar to that of the 2022 Ag Census. FSA’s direct loan lending rate of 4.1 percent to Hispanic/Latino individuals moderately exceeds the 2022 Ag Census rate of 3.3 percent; the Guaranteed loan borrower lending rate, however, is lower than in the 2022 Ag Census, at 2.9 percent.

FSA’s loan distribution by gender shows that FSA primary borrowers are less likely to be female or female-owned than the producer population reported in the 2022 Ag Census data.¹

FSA remains committed to supporting all operations; FSA’s continued commitment to equitable lending practices is critical to ensuring access to credit for all eligible producers.

¹ To some degree, this difference reflects the different methodologies of the two data sources. FSA’s data is based on the primary borrower and does not take in to account co-borrowers while the 2022 Ag Census data reflects up to 4 producers per farm. While 2022 Ag Census data does not distinguish among those producers, the 2017 Ag Census did allow comparisons. That year, the full tally of producers was 36% female, compared to 24% female for {primary} producers alone.

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Table 4a – Race and Ethnicity of the Recipient Producer

<i>Table 4a. Race and Ethnicity of the Recipient Producer</i>						
<i>RACE/Ethnicity</i>	FLP DIRECT Loan Recipients in FY2023¹		FLP GUARANTEED Loan Recipients in FY2023¹		Ag Census (2022) Producer Characteristics (Table 52)³	
	CUSTOMER Count	% of column	CUSTOMER Count	% of column	PRODUCER Count	% of column
Race						
Am. Indian/Alaskan Native Only	808	5.4%	80	2.3%	56,203	1.7%
<i>Hispanic or Latino</i>	37	0.2%	7	0.2%	2,990	0.1%
<i>Not Hispanic or Latino</i>	726	4.9%	69	2.0%	53,213	1.6%
<i>Unknown²</i>	45	0.3%	4	0.1%	<i>n/a</i>	<i>n/a</i>
Asian American Only	97	0.7%	185	5.4%	22,788	0.7%
<i>Hispanic or Latino</i>	1	0.0%	0	0.0%	952	0.0%
<i>Not Hispanic or Latino</i>	91	0.6%	185	5.4%	21,836	0.6%
<i>Unknown²</i>	5	0.0%	0	0.0%	<i>n/a</i>	<i>n/a</i>
Black or African American Only	316	2.1%	17	0.5%	41,807	1.2%
<i>Hispanic or Latino</i>	9	0.1%	0	0.0%	1,025	0.0%
<i>Not Hispanic or Latino</i>	284	1.9%	17	0.5%	40,782	1.2%
<i>Unknown²</i>	23	0.2%	0	0.0%	<i>n/a</i>	<i>n/a</i>
Pacific Islander/Hawaiian Only	32	0.2%	1	0.0%	3,419	0.1%
<i>Hispanic or Latino</i>	5	0.0%	1	0.0%	627	0.0%
<i>Not Hispanic or Latino</i>	26	0.2%	0	0.0%	2,792	0.1%
<i>Unknown²</i>	1	0.0%	0	0.0%	<i>n/a</i>	<i>n/a</i>
White Only	11,092	74.6%	2,809	81.3%	3,219,263	95.4%
<i>Hispanic or Latino</i>	456	3.1%	77	2.2%	104,056	3.1%
<i>Not Hispanic or Latino</i>	10,396	70.0%	2,678	77.6%	3,115,207	92.3%
<i>Unknown²</i>	240	1.6%	54	1.6%	<i>n/a</i>	<i>n/a</i>
Two or More Races	490	3.3%	55	1.6%	30,564	0.9%
<i>Hispanic or Latino</i>	17	0.1%	2	0.1%	2,729	0.1%
<i>Not Hispanic or Latino</i>	444	3.0%	51	1.5%	27,835	96.7%
<i>Unknown²</i>	29	0.2%	2	0.0%	<i>n/a</i>	<i>n/a</i>
Unknown²	2027	13.6%	306	8.9%	<i>n/a</i>	<i>n/a</i>
<i>Hispanic or Latino</i>	79	0.5%	12	0.3%	<i>n/a</i>	<i>n/a</i>
<i>Not Hispanic or Latino</i>	583	4.0%	17	0.5%	<i>n/a</i>	<i>n/a</i>
<i>Unknown²</i>	1365	9.1%	277	8.0%	<i>n/a</i>	<i>n/a</i>
Total	14,862	100.0%	3,453	100.0%	3,374,044	100.0%
Ethnicity						
Hispanic or Latino	604	4.1%	99	2.9%	112,379	3.3%
Not Hispanic or Latino	12,550	84.4%	3,017	87.4%	3,261,665	96.7%
Unknown ²	1708	11.5%	337	9.8%	<i>n/a</i>	<i>n/a</i>
Total	14,862	100.0%	3,453	100.0%	3,374,044	100.0%

¹ Prior reporting summarized FSA data at the loan obligation level. This year, in order to provide a like-to-like comparison with Ag Census data, loan data is summarized at the primary borrower count level, so customers with multiple loan obligations are counted only once in this table and co-borrowers are not included. Loan obligation details are provided in the detailed appendix table.

² FSA customer race, ethnicity, and gender information is captured from FSA Business Partner data. Employee-observed entries (from prior to November 2021) are tallied under the ‘Unknown’ category, and those observations are not otherwise used. All other race, ethnicity, and gender entries are customer-declared. Producers may also choose to not provide their information and this is additionally captured within the ‘Unknown’ Category.

³ Ag Census data reflects up to four producers per farm.

See Tab 4 “Race Breakout” and Tab 5 “Ethnicity Breakout” of Attachment 2 for additional data.

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Table 4b – Gender of the Recipient Producer

<i>Table 4b. Gender of the Recipient Producer</i>						
<i>GENDER</i>	FLP DIRECT Loan Recipients in FY2023¹		FLP GUARANTEED Loan Recipients in FY2023¹		Ag Census (2022) Producer Characteristics (Table 52)⁴	
	CUSTOMER Count	% of column	CUSTOMER Count	% of column	PRODUCER Count	% of column
BREAKOUT						
Female/Female Org ³	2,217	14.9%	245	7.1%	1,224,726	36.3%
Male/Male Org ³	11,038	74.3%	2,982	86.4%	2,149,318	63.7%
Non-Binary	2	0.0%	3	0.1%	n/a	n/a
Other Organization	195	1.3%	n/a ²	n/a ²	n/a	n/a
Not Provided	304	2.0%	182	5.3%	n/a	n/a
Not Verified	1,106	7.4%	41	1.2%	n/a	n/a
Total	14,862	100.0%	3,453	100.0%	3,374,044	100.0%

¹ Prior reports summarized FSA data at the loan obligation level. In an effort to provide a like-to-like comparison to Ag Census data, the 2023 loan data is summarized at the primary borrower count level. Customers with multiple loan obligations are counted only once in this table and co-borrowers are not included. Loan obligation details are provided in the detailed appendix table.

² FSA does not track data for “Org/Other” for Guaranteed loans.

³ Detailed breakouts for Female, Female Owned Organization, Male, and Male Owned Organization data can be found in the detailed appendix table.

⁴ Ag Census data reflects up to four producers per farm.

See Tab 6 “Gender Breakout” of Attachment 2 for additional data.

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Section E - § 5413(b)(1)(A)(v) – Agricultural Commodity or Type of Enterprise for Which the Loan Was Secured

FSA provides direct and guaranteed loans to a wide variety of agricultural enterprises. The distribution of loans by enterprise varies between the direct loan program and guaranteed loan program, but neither closely matches the 2022 Ag Census Data. Nearly half of FSA’s direct loans are provided to “Cattle Farming and Ranching” enterprises; this category is only 30 percent of 2022 Ag Census farmers, and less than a quarter for guaranteed loans. For FSA guaranteed loans, the largest category is “Oilseed and Grain Farming” with over 44 percent; this category accounts for 29 percent of direct loans, and 17 percent in the 2022 Ag Census. Numerous factors are likely contributors to the variation among loan type and between FSA lending and the 2022 Ag Census, including (but not limited to) total input costs and capital needs given FSA loan limits. Table 5 and Figure 1 present the data.

Table 5 – Farm Operation Type (Based on NAICS Code)

<i>Table 5. Farm Operation Type (Based on NAICS Code)</i>						
<i>OPERATION TYPE</i>	FLP DIRECT Loan Recipients in FY2023¹		FLP GUARANTEED Loan Recipients in FY2023¹		Ag Census (2022) FARM Characteristics (Table 52)	
	CUSTOMER Count	% of column	CUSTOMER Count	% of column	FARM Count	% of column
BREAKOUT						
Cattle Ranching and Farming (1121)	7,183	48.30%	843	24.40%	568,972	29.90%
Other Crop Farming (1119)	1,120	7.50%	282	8.20%	443,926	23.40%
Oilseed and Grain Farming (1111)	4,330	29.10%	1,534	44.40%	330,930	17.40%
Other Animal Production (1129)	143	1.00%	7	0.20%	185,241	9.70%
Fruit and Tree Nut Farming (1113)	233	1.60%	84	2.40%	97,343	5.10%
Sheep and Goat Farming (1124)	500	3.40%	32	0.90%	79,398	4.20%
Poultry and Egg Production (1123)	342	2.30%	530	15.30%	75,597	4.00%
Greenhouse, Nursery, and Floriculture Production (1114)	119	0.80%	28	0.80%	50,785	2.70%
Vegetable and Melon Farming (1112)	323	2.20%	46	1.30%	41,793	2.20%
Hog and Pig Farming (1122)	255	1.70%	43	1.20%	21,865	1.20%
Aquaculture (1125)	30	0.20%	22	0.60%	4,637	0.20%
Crop Related Operation ³	3	n/a ²	1	n/a ²	n/a	n/a
Livestock Related Operation ³	11	n/a ²	1	n/a ²	n/a	n/a
Farm Related/Supporting Oper ³	92	0.60%	0	n/a	n/a	n/a
Unknown ⁴	178	1.20%	0	n/a	n/a	n/a
Total	14,862	100.0%	3,453	100.0%	1,900,487	100.0%

¹ Prior reports summarized FSA data at the loan obligation level. In an effort to provide a like comparison to Ag Census Data, the 2023 loan data is summarized at the primary borrower count level. Customers with multiple loan obligations are counted only once in this table and co-borrowers are not included. Loan obligation details are provided in the detailed appendix table.

² Percent is negligible.

³ Misc non-Farm Production were also reported for FLP loans for the Crop Related Operation Organization, Livestock Related Operation Organization, and Farm Related or Supporting Operation

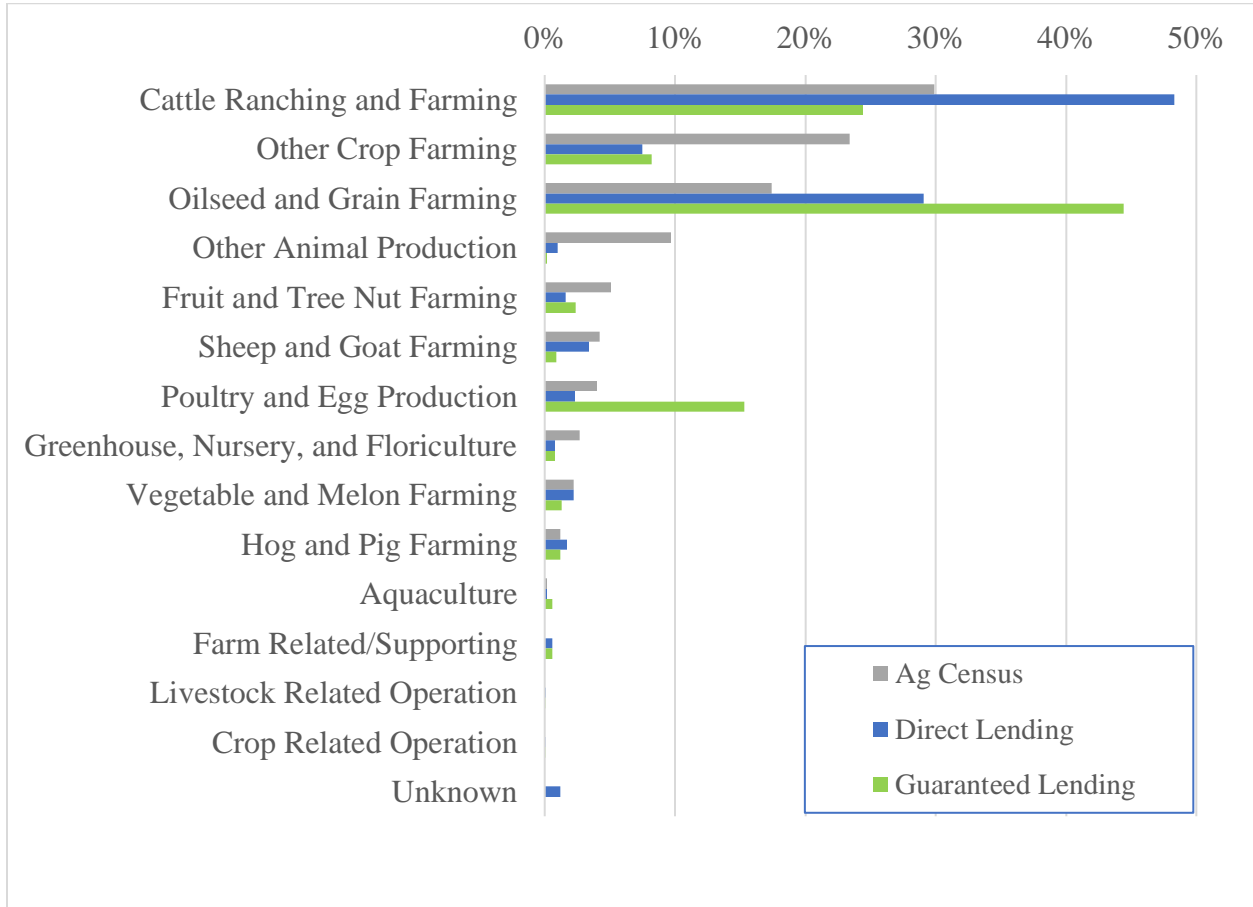
⁴ Direct data unavailable for customers with no loan debt remaining as of the date run (10/02/2023)

⁵ NAICS site link: <https://www.naics.com/six-digit-naics/?v=2017&code=11>

See Tab 7 “Farm Oper Type (NAICS) Breakout” of Attachment 2 for additional data.

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Figure 1 – Farm Operation Type (Based on NAICS Code)



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Section F - § 5413(b)(1)(A)(vi) & § 5413(b)(1)(B) – Number and Amount of Farm Loans Made or Guaranteed According to Loan Size Cohort

FSA’s largest percentage of direct loans falls in the \$50,000 or less category; the share of loans made gets smaller as the amount of the loan increases. This distribution reflects FSA’s microloan program and new focus on Urban Agriculture and niche market lending. The microloan program is essential for many beginning farmers and ranchers and non-traditional farm operations with limited experience or assets, but the current loan limit reduces the effectiveness of the program. Increasing the limit would improve utilization of the microloan program, which would reduce loan processing times and help more customers establish experience and eligibility required for other loan options.

Additionally, FSA’s established lending limits prevent FSA from making direct loans greater than \$600,000 for farm ownership loan purposes and \$400,000 for operating loan purposes. The distribution of guaranteed loans is similar to direct loans however, more evenly distributed for loans less than \$300,000.

Table 6a – Count of Loans Made by Amount

<i>Table 6a. Count of Loans Made by Amount</i>				
<i>LOANS BY \$ GROUPS</i>	FLP DIRECT Loans Made in FY2023¹		FLP GUARANTEED Loans Made in FY2023	
BREAKOUT	Loan COUNT	% of column	Loan COUNT	% of column
<\$50,000	6,788	36.8%	750	18.1%
\$50,000-\$99,999	3,019	16.4%	320	7.7%
\$100,000-\$199,999	3,217	17.4%	678	16.4%
\$200,000-\$299,999	2,059	11.2%	559	13.5%
\$300,000-\$399,999	1,525	8.3%	406	9.8%
\$400,000-\$499,999	855	4.6%	245	5.9%
\$500,000-\$599,999	435	2.4%	240	5.8%
\$600,000-\$699,999 ²	562	3.0%	161	3.9%
\$700,000-\$799,999	n/a	n/a	138	3.3%
\$800,000-\$899,999	n/a	n/a	91	2.2%
\$900,000-\$999,999	n/a	n/a	93	2.2%
\$1mil-\$1.5mil	n/a	n/a	278	6.7%
>\$1.5mil	n/a	n/a	184	4.4%
Total	18,460	100.0%	4,143	100.0%

¹ The maximum direct loan amount is \$600K for FO and \$400K for OL.
See Tab 8 “Ln Cnts & Amts by Amt Groupings” of Attachment 2 for additional data.

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Table 6b - \$ Total of Loans Made by Amount of Loan

Table 6b. \$ Total of Loans Made by Amount of Loan				
AMOUNT OF LOANS	FLP DIRECT Loans Made in FY2023¹		FLP GUARANTEED Loans Made in FY2023	
	Loan AMOUNT	% of column	Loan AMOUNT	% of column
BREAKOUT				
<\$50,000	131,716,950	4.8%	318,926,565	16.0%
\$50,000-\$99,999	200,892,945	7.3%	22,950,910	1.2%
\$100,000-\$199,999	457,554,484	16.7%	95,273,114	4.8%
\$200,000-\$299,999	499,373,704	18.2%	133,620,044	6.7%
\$300,000-\$399,999	510,142,561	18.6%	137,069,457	6.9%
\$400,000-\$499,999	366,787,692	13.4%	107,532,287	5.4%
\$500,000-\$599,999	234,882,503	8.6%	128,630,940	6.5%
\$600,000-\$699,999 ²	337,200,000	12.3%	101,791,704	5.1%
\$700,000-\$799,999	n/a	n/a	102,342,246	5.1%
\$800,000-\$899,999	n/a	n/a	76,761,478	3.9%
\$900,000-\$999,999	n/a	n/a	87,868,667	4.4%
\$1mil-\$1.5mil	n/a	n/a	334,500,099	16.8%
>\$1.5mil	n/a	n/a	340,548,698	17.1%
Total	2,738,550,840	100.0%	1,987,816,210	100.0%
¹ The maximum direct loan amount for farm ownership loans is \$600,00 and direct operating loans is \$400,000. See Tab 8 "Ln Cnts & Amts by Amt Groupings" of Attachment 2 for additional data.				

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Section G - § 5413(b)(1)(A)(vii) – Type of Farm Loans Made or Guaranteed

Nearly two-thirds of FSA’s direct loans are operating loans; for guaranteed lending, most loans are farm ownership loans. Increasing land values across the country and FSA loan limits are making it increasingly difficult for FSA to finance large real estate purchases within the direct loan program. As a result, producers more regularly work with commercial lenders and the FSA guaranteed loan program or a combination of the direct and guaranteed loan program to support real estate purchases.

In addition, the inability to use direct farm ownership loan program funds to refinance debt can prevent producers experiencing financial distress from structuring loans as necessary to ensure success. Authorizing refinancing of debt as an acceptable use of funds would benefit producers who require direct farm ownership loan rates and terms to ensure feasibility. See Attachment 1: FSA FY2025 Budget Legislative **Recommendations** for additional information.

FSA’s emergency loan program in recent years has not been significantly utilized as the regular direct loan interest rates had consistently been lower than the established emergency loan rate. However, with continued increases in natural disasters across the country and higher interest rates, FSA anticipates an increased utilization of the emergency loan program in FY 2024 and future years.

Table 7 – Type of Farm Loans Made or Guaranteed

<i>Table 7. Type of Farm Loans Made or Guaranteed</i>				
<i>LOAN TYPE</i>	FLP DIRECT Loans Made in FY2023		FLP GUARANTEED Loans Made in FY2023	
	Loan COUNT	% of column	Loan COUNT	% of column
Operating Loan (OL)	12,283	66.5%	1,702	41.1%
Farm Ownership (FO)	6,156	33.3%	2,441	58.9%
Emergency (EM) ¹	21	0.1%	n/a	n/a
Total	18,460	100.0%	4,143	100.0%

¹ The Eeergency loan program is only available for FSA direct loans. An emergency loan program does not exist for FSA guaranteed loans.
See Tab 9 “Ln Cnts & Amts by Ln Type” of Attachment 2 for additional data.

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Section H - § 5413(b)(1)(A)(viii) – Default Rate of Farm Loans Made or Guaranteed

FSA continues to maintain a low overall delinquency rate across the portfolio. In FY 2023, FSA’s delinquency rates were impacted by the implementation of the Inflation Reduction Act. As of April 24, 2024, FSA has provided \$2.3 billion in IRA 22006 assistance which has aided distressed borrowers with certain FSA direct and/or guaranteed loans. As IRA 22006 assistance comes to a close and borrower payments are due, FSA anticipates delinquency rates may slightly increase in FY 2024 as producers adjust to increased operating costs and reduced commodity prices.

Table 8 – Loan Delinquency Rates

<i>Table 8. Loan Delinquency Rates¹</i>					
<i>LOAN DELINQUENCY</i>	Percent of Dollars Delinquent of Total Amount Owed				
	FY2019	FY2020	FY2021	FY2022	FY2023
FLP Direct					
Operating Loan (OL)	7.98%	8.43%	10.67%	12.22%	4.67%
Farm Ownership (FO)	1.33%	1.21%	1.38%	1.22%	0.40%
Emergency (EM)	35.80%	39.53%	43.48%	45.62%	19.93%
National Total	4.53%	4.28%	4.65%	4.48%	1.50%
FLP GUARANTEED					
Operating Loan (OL)	4.84%	4.46%	3.72%	3.38%	3.14%
Farm Ownership (FO)	0.82%	0.83%	0.58%	0.52%	0.44%
Emergency (EM)	n/a	n/a	n/a	n/a	n/a
National Total	1.62%	1.52%	1.08%	0.91%	0.77%
¹ Delinquency data is as of September 30, each fiscal year.					
See Tab 10 “Loan Pct of \$Amt Delq 09.30.2023” of Attachment 2 for additional data.					

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Section I - § 5413(b)(1)(C) – Assessment of Actual Loans Made or Guaranteed as Measured Against Target Participation Rates for Beginning Farmer (BF) and Socially Disadvantaged Farmers (SDA)

7 U.S.C. 2003 and 7 CFR Section 761.208 establish target participation rates for socially disadvantaged groups while 7 U.S.C. 2003 and 7 CFR Section 761.209 establish loan funds for beginning farmers. Table 9 below identifies these established targeted funding rates as well as the FY 2023 FSA actual percent of funds distributed to these specified cohorts. Direct loan funds are statutorily targeted to beginning farmers until September 1 of each year and guaranteed loan funds are statutorily targeted to beginning farmers until April 1 of each year. After those dates, funds may be used to satisfy pending applications for non-beginning farmer participants. The statute does not impose specific dates for SDA target, but instead provides the funds are targeted to the extent practicable.

In FY 2023, total loan obligations for direct beginning farmer operating loans, and direct SDA operating loans exceeded the established target funding levels for each of those cohorts. Beginning Farmer and SDA farm ownership total loan obligations, however, were less than the established targeted funding level. For guaranteed loans, all categories except SDA Gender farm ownership loans were right at the targeted funding levels with the SDA Gender farm ownership loans being at only half of the established targeted funding level.

While FSA continues to see strong participation from beginning farmers, FSA anticipates increased participation could be aided by a revision to the beginning farmer definition. The current language defining “qualified beginning farmer or rancher” requires in the case of a cooperative, corporation, partnership, joint operation, or such other legal entity that all members of such entity be related to one another by blood or marriage. Removing this requirement would expand program eligibility to entities whose members are not related by blood or marriage, but otherwise qualify as beginning farmers or ranchers.

Of the 75 percent of direct farm ownership funds that are targeted to beginning farmers, 2/3rds of the funds reserved each year until September 1 are further reserved for beginning farmer down payment/participation loans until April 1 of each fiscal year. In FY 2023, FSA beginning farmer down payment/participation loans were well below the established target funding level. FSA anticipates participation in this program could be further increased through statutory changes. Direct farm ownership loan limits have increased over time while the limit for the down payment loan program has remained the same, resulting in a decrease in utilization of that program over time. Aligning the down payment loan limit with the limit for other direct farm ownership loans would increase program utilization relative to other direct farm ownership loans.

While FSA remains committed to serving beginning farmers, a revision to beginning farmer reserved funds authorizing language to allow for additional flexibility would allow FSA the ability to better fund loans for all producers. The current beginning farmer lending targets earmark a substantial amount of appropriated loan funds for the exclusive use of beginning farmers for most of the fiscal year. This hinders FSA’s ability to make loans to non-beginning

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farmers who have been negatively impacted by increasing interest rates and input costs early in the fiscal year.

Table 9 below provides a high-level summary of the targeted funding levels compared to FSA’s total obligations for each cohort. Table 10 provides a more detailed summary of the total loans verse total obligations as broken down by each loan type and targeted funding cohort.

Table 9 – Targeted Loan Participation Rates for BF, SDA, DP, & Women

<i>Table 9. Targeted Loan Participation Rates for BF, SDA, and Gender</i>				
<i>PARTICIPATION</i>	FLP DIRECT Loans Made in FY2023, \$s		FLP GUARANTEED Loans Made in FY2023, \$s	
BREAKOUTS	vatern	Actual %	Target %	Actual %
BF OL	50.0%	66.3%	40.0%	39.0%
BF FO	75.0%	65.2%	40.0%	54.1%
BF DP FO ¹	50.0%	39.3%	<i>n/a</i>	<i>n/a</i>
SDA OL ²	18.5%	24.4%	18.5%	19.0%
SDA FO ²	15.0%	9.7%	15.0%	22.5%
SDA FO-Gender ^{2, 3}	14.6%	9.2%	14.6%	7.0%
¹ Of the 75% of all FO funds reserved for BFs, 2/3 of the funds reserved each FY are further reserved for beginning farmer down payment/participation loans until April 1 of each year. Equating to a total of 50% of all FO funds. ² SDA targeted funding rates are based on available Census data. With the newly available 2022 Ag Census data, FSA SDA targeted funding rates are anticipated to change in the upcoming Fiscal Year due to available data. ³ Loan types for Gender exist for the FO loan program only. See Tab 11 “Loan Cnts&AMTS BF&SDA TrgtdFnding” of Attachment 2 for additional data.				

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Table 10 – Targeted Loan Participation Rates for Beginning Farmers (BF), (Socially Disadvantaged (SDA), Down Payment (DP), & Women

Table 10. Targeted Participation Rates for BF, SDA, Women, & DP										
LOAN TYPE DETAIL			FLP DIRECT Loans Made in FY2023				FLP GUARANTEED Loans Made in FY2023			
BREAKOUTS			Loan COUNT	% of Total Loans by Type	Loan AMOUNT	% of Total Obs. by Type	Loan COUNT	% of Total Loans by Type	Loan AMOUNT	% of Total Obs. By Type
Farm Operating (OL)	Beginning Farmer (BF)	SDA	1,953	15.9%	146,456,302	5.3%	143	3.5%	44,952,725	2.3%
		Non-SDA	5,325	43.4%	464,679,448	17.0%	605	14.6%	193,696,102	9.7%
	Regular (Non-BF)	SDA	995	8.1%	74,802,059	2.7%	158	3.8%	70,330,187	3.5%
		Non-SDA	2,408	19.6%	229,599,943	8.4%	796	19.2%	307,579,847	15.5%
Youth	SDA	913	7.4%	3,372,576	0.1%	n/a	n/a	n/a	n/a	
	Non-SDA	689	5.6%	2,630,250	0.1%	n/a	n/a	n/a	n/a	
TOTAL Farm Operating (OL)			12283	100%	921,540,578	100%	1,702	100.0%	616,558,862	100%
<i>Targeted BF Summary (Targeted Rate = 50% of Total \$)</i>			7,278	59.3%	611,135,750	66.3%	748	43.9%	238,648,827	39%
<i>Targeted SDA Summary (Targeted Rate = 18.5% of Total \$)</i>			3,861	31.4%	224,630,937	24.4%	301	17.7%	115,282,912	19%
Farm Ownership (FO)	Beginning Farmer (BF)	SDA-Ethnic	298	4.8%	84,729,182	4.7%	279	11.4%	251,826,341	18.4%
		SDA-Gender	252	4.1%	72,097,492	4.0%	114	4.7%	62,761,790	4.6%
		Non-SDA	1,142	18.6%	360,470,398	19.9%	1,051	43.1%	427,374,547	31.2%
	Regular (Non-BF)	SDA-Ethnic	115	1.9%	30,174,255	1.7%	68	2.8%	56,514,201	4.1%
		SDA-Gender	103	1.7%	26,316,890	1.5%	54	2.2%	33,358,232	2.4%
		Non-SDA	610	9.9%	186,729,688	10.3%	875	35.8%	539,422,237	39.3%
Farm Ownership Down Pmt (DP)	Beginning Farmer (BF)	SDA-Ethnic	133	2.2%	37,928,950	2.1%	n/a	n/a	n/a	n/a
		SDA-Gender	174	2.8%	46,094,180	2.5%	n/a	n/a	n/a	n/a
		Non-SDA	2,110	34.3%	581,059,956	32.0%	n/a	n/a	n/a	n/a
	Regular (Non-BF)	SDA-Ethnic	91	1.5%	23,692,060	1.3%	n/a	n/a	n/a	n/a
		SDA-Gender	73	1.2%	22,925,910	1.3%	n/a	n/a	n/a	n/a
		Non-SDA	1,055	17.1%	341,339,610	18.8%	n/a	n/a	n/a	n/a
Total Farm Ownership (FO)			6,156	100%	1,813,558,571	100%	2,441	100%	1,371,257,348	100%
<i>Targeted BF FO Summary (Targeted Rate = 75% of Total \$)</i>			4,109	66.7%	1,182,380,158	65.2%	1,444	59.2%	741,962,678	54.1%
<i>Targeted BF DP FO Summary (Targeted Rate = 50% of Total \$)</i>			2,417	39.3%	665,083,086	36.7%	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>
<i>Targeted SDA FO (Targeted Rate = 15% of Total \$)</i>			637	10.3%	176,524,447	9.7%	347	14.2%	308,340,542	22.5%
<i>Targeted SDA-Gender FO (Targeted Rate = 14.6% of Total \$)</i>			602	9.8%	167,434,472	9.2%	168	6.9%	96,120,022	7.0%
Emergency (EM)	Regular	Non-SDA	21	0.1%	3,451,690	0.1%	n/a	n/a	n/a	n/a
TOTAL LOANS			18,460	100.0%	2,738,550,840	100.0%	4,143	100.0%	1,987,816,210	100.0%

See Tab 11 "Ln Cnts&AMTS BF&SDA TrgtdFndng" of Attachment 2 for additional data.

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Section J – Loans made to Recipient Producers with Veteran Status (Section not required by § 5413)

Veterans received at least 3.3 percent of FSA direct loans and 1.7percent of guaranteed loans made in FY 2023. Veterans have substantially higher presence in the 2022 Ag Census data. The relatively high percentage of FSA loan recipients who do not self-identify their veteran status could be depressing the FSA rate.

In any event, FSA is committed to enhancing accessibility of loan assistance to America’s veterans, and offers loan assistance to help veteran farmers access capital through the following methods:

- 1) Down payment program funds may be used to finance the purchase of a farm specifically for beginning, veteran, and socially disadvantaged farmers.
- 2) Microloans made to a veteran farmer will not count toward direct operating term limits
- 3) Preference when there is limited funding: When there is a shortage of loan funds, approved applications will be funded in the order of the date the application was received. If two or more applications are received on the same date, preference will first be given to a veteran of any war.
- 4) Veterans do not need to comply with the average farm size typically required for farm ownership loans.
- 5) An honorable discharge can be used as a substitute for 1 of the 3 years’ experience required for farm ownership loans.

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Table 11 – Producer’s Veteran Status

<i>Table 11. Producers’ Veteran Status</i>						
<i>VETERAN STATUS</i>	FLP DIRECT Loan Recipients in FY2023¹		FLP GUARANTEED Loan Recipients in FY2023¹		Ag Census (2022) Producer Characteristics (Table 52)²	
BREAKOUT	CUSTOMER Count	% of column	CUSTOMER Count	% of column	PRODUCER Count	% of column
Veteran	485	3.3%	60	1.7%	305,753	9.1%
Not Veteran	12,535	84.3%	3,216	93.1%	3,068,291	90.9%
Unknown ³	1,842	12.4%	177	5.1%	<i>n/a</i>	<i>n/a</i>
Total	14,862	100.0%	3,453	100.0%	3,374,044	100.0%

¹ Prior reporting summarized FSA data at the loan obligation level. This year, in order to provide a like-to-like comparison with Ag Census Data, loan data is summarized at the customer count level, so customers with multiple loan obligations are counted only once in this table. Loan obligation details are provided in the detailed appendix table.

² Ag Census data is captured for farmers with military service: “Active duty now or in the past” or “Never served or only on active duty for training in the Reserves or National Guard.”

³ FSA veteran status information is captured from FSA Business Partner data. Those individuals who do not self-identify their status are reported as “Unknown”.

See Tab 12 “Veteran Status Breakout” of Attachment 2 for additional data.

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Section K – Operating Loan Term Limits

Operating loan term limit data has been prepared for the upcoming *Annual Report to Congress Regarding Term Limits on Direct Operating Loan*. Past *Annual Reports to Congress Regarding Term Limits on Direct Operating Loans*, starting in September 2015 and ending in the most recent from February 2023, are available on the [USDA’s Freedom of Information Act \(FOIA\) Home page](#). Operating term loan limits are not required as part of the Section 5413 report however, FSA has provided this information in this report to provide a complete picture of the FSA lending program.

Table 12 –Term-Limited Direct Operating Loan (DOL) Borrowers

<i>Table 12. Term-Limited Direct Operating Loan (DOL) Borrowers¹</i>				
	Borrowers reaching term limits during the calendar year (cumulative)		Borrowers reaching term limits each calendar year	
Year	Number of borrowers^{2,3}	Percent of all DOL borrowers³	Number of borrowers⁴	Percent of all DOL borrowers with outstanding loan balance³
2012	3,216	4.5%	382	0.7%
2013	3,598	4.7%	407	0.8%
2014	4,005	4.9%	441	0.8%
2015	4,446	5.1%	569	1.0%
2016	5,015	5.3%	675	1.1%
2017	5,690	5.4%	635	1.0%
2018	6,325	5.4%	581	0.9%
2019	6,906	5.4%	710	1.1%
2020	7,616	5.5%	693	1.1%
2021	8,309	5.5%	587	1.0%
2022	8,896	5.5%	472	0.9%
2023	9,368	5.4%	521	1.1%
Average ⁵	6,116	5.2%	556	1.0%

¹Numbers differ this year due to change in methodology to reflect (1) updated data sources and methodology (2) excluding beginning farmers with waivers and other exemptions (3) if farm start year was missing and prior to 2000 it is now imputed as 3 years prior to first obligation year.

²Number of current and past borrower who have completed 7 or more years of eligibility since December 31, 2023. This excludes borrowers who have completed 7 or more years but are not term limited due to waivers and other exemptions, including beginning farmers with ten or fewer years farming. Borrowers with years of eligibility in 1996 and prior were given 3 years of eligibility were given three years of eligibility per statute (see February 2023 Term Limit Report for details).

³The third column uses the cumulative sum of total borrowers in the dataset from 1987 through 2023 (Table 1, Column 2), the fifth column use the ending balances by type of loan (Table 1, Column 4).

⁴This is the additional number of borrowers who completed 7 or more years of eligibility in the calendar year, including beginning farmers and others who are no longer exempt due to waivers.

⁵These are the averages for borrowers reaching term limits between calendar years 2012-2023

Sources: USDA-FSA FLPID RPT ODS ODS_HST databases, USDA-FSAdbmd webequity and EPAS_SCIMS_RPT databases, r540a archive data from pre2015 FOCUS converted datasets

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Attachment 1 – Farm Service Agency FY 2025 Presidential Budget Legislative Proposals

The Administration’s proposed 2025 Budget includes a number of legislative proposals for the Direct Farm Ownership, Direct Farm Operating, and Emergency loan programs. These proposals are designed to improve the borrower experience and make these farm loans work better for FSA borrowers. Where applicable, these additional benefits to the borrowers will be factored into the program subsidy rate, with modest increases expected.

The specific proposals are:

1. Eliminate the limitation on the number of years applicants may receive loans.

Eliminate the cap on the number of times a borrower can get a Direct Operating or Direct Farm Ownership loan.

Rationale: Each year, agricultural producers exhaust their loan eligibility due to statutory caps on the number of years an agricultural producer may receive direct loan funds from the Secretary. Removal of this requirement for direct loans would assist various types of borrowers, including borrowers who live in credit deserts, who have continued need for loan assistance beyond the number of times currently allowed and still meet all other eligibility criteria.

2. Authorize direct Farm Ownership loan program to be used to refinance debt.

Authorize refinancing of debt as a direct Farm Ownership loan program purpose.

Rationale: The inability to use direct Farm Ownership loan program funds to refinance debt can prevent producers experiencing financial distress from structuring loans as necessary to ensure success. Authorizing refinancing of debt as an acceptable use of funds will benefit producers who require direct Farm Ownership loan rates and terms to ensure feasibility. Test for credit eligibility criteria will remain to ensure the direct loan program is not in competition with commercial lenders, and that refinancing of debt is only used in circumstances where a distressed producer requires the Direct Farm Ownership loan program rates and terms to ensure success.

3. Increase the maximum amount of a Down Payment loan

Increase down payment loan limit to match the Direct Farm Ownership loan limit.

Rationale: Direct farm ownership loan limits have increased over time while the limit for the down payment loan program has remained the same, resulting in a decrease in utilization of that program over time. Aligning the down payment loan limit with the limit for other direct farm ownership loans will increase program utilization relative to other direct farm ownership loans. This alignment has historically been in place, and there is

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general agreement that it was an oversight in the 2018 Farm Bill not to maintain the same limits for the loan programs.

4. Eliminate written denials of credit and provide flexibility in establishing the percentage of loss

Remove Emergency Loan program requirements for written credit denial and adjust the production loss percent threshold from 30 percent to an amount to be determined by the Secretary.

Credit denial: Agricultural producers impacted by a disaster who wish to use emergency loan funding must provide one or more written declinations from a commercial lender. Removal of this requirement will give the Secretary maximum flexibility in regard to applicant eligibility for emergency loans, better aligns eligibility requirements with those for farm ownership and operating loans and improves producer access to emergency funding.

Production loss threshold: The current language defines a qualifying loss from a disaster event as being at least 30 per centum loss of normal per acre or per animal production. Removal of this language ensures that the Secretary has maximum flexibility in defining loss to improve eligibility for agricultural producers seeking emergency loan funding. The intent of this action is to improve producer access to emergency funding.

5. Authorize Future Loans to those with previous debt forgiveness after a 7-year waiting period

Remove prohibition of new loans for applicants that have received debt forgiveness when at least 7 years has passed since receiving debt forgiveness.

Rationale: Agricultural producers who have previously received debt forgiveness are limited in the types of loans they qualify for, with many producers not able to qualify for any additional loan assistance. Removing this prohibition will provide new loan opportunities for producers who otherwise satisfy program requirements after a 7-year waiting period from when debt forgiveness was provided.

6. Simplify Farm Experience Requirement

Reduce the Direct Farm Ownership loan requirements to require that applicants have one year of farming experience (and not three), or that applicants have an established relationship with a mentor approved by the Secretary.

Rationale: Direct farm ownership loans require an applicant to have three years of experience farming or ranching. While an applicant can use certain educational and training experiences to reduce the number of years of actual experience required, these requirements are a constant source of confusion for applicants and increasingly

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difficult for an applicant to satisfy as barriers to accessing land increase. Reducing the experience requirements to one year will lower these barriers and simplify the process allowing for greater program participation.

7. Increase the maximum amount of Debt Forgiveness

Increase the lifetime limitation on debt forgiveness per borrower from \$300,000 to \$600,000.

Rationale: The individual lifetime limit on debt forgiveness has not changed since the limit was established in 1990, despite direct loan limits increasing significantly since that time. Increasing the lifetime debt forgiveness limit to match the current direct Farm Ownership loan program limit of \$600,000 will improve the opportunity for distressed borrowers to utilize debt write-downs if necessary to achieve a feasible plan at the time of loan servicing.

8. Increase the Microloan maximum loan amount

Increase the microloan limit from \$50,000 to \$100,000.

Rationale: The microloan program is essential for many beginning farmers and ranchers and non-traditional farm operations with limited experience or assets, but the current loan limit reduces the effectiveness of the program. Increasing the limit will improve utilization of the microloan program, which help more customers establish experience and eligibility required for other loan options.

9. Establish Interest Rates for Microloan Operating Loans to Veterans and Beginning Farmers, Limited Resource Loans, and the Indian Tribal Land Acquisition Program

Modify the statutory language describing the interest rate requirements for limited resource loans, microloans to beginning farmers and veteran farmers, and Indian Tribal Land Acquisition loans, including the establishment of an interest rate ceiling.

Rationale: The language is ambiguous and internally conflicting, leading to confusion regarding interest rate requirements. Correcting the existing language will alleviate confusion and ensure proper establishment of the interest rate ceiling historically provided for these programs.

10. Simplify the definition of Beginning Farmer

Revise beginning farmer definition to require individuals of an entity to be beginning farmers without regard to relationship by blood or marriage.

Rationale: The current language defining “qualified beginning farmer or rancher” requires in the case of a cooperative, corporation, partnership, joint operation, or such

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other legal entity that all members of such entity be related to one another by blood or marriage. Removing this requirement will expand program eligibility to entities whose members are not related by blood or marriage, but otherwise qualify as beginning farmers or ranchers.

11. Allow for Greater Oversight Over Liquidation Initiated by Preferred Certified Lenders

Allow for greater oversight over liquidation plans of preferred certified lenders, similar to all other certified lenders.

Rationale: Preferred certified lenders are statutorily provided discretion to determine and carryout a variety of loan making and servicing actions, including liquidation and foreclosure of distressed accounts. Allowing the Farm Service Agency greater oversight over liquidation plans of preferred certified lenders, similar to all other certified lenders, will ensure all borrowers are provided equitable access to Farm Service Agency programs to help resolve delinquency.

12. Provide Flexibility on the Use of Funds reserved for Beginning Farmers

Revise beginning farmer lending targets required to “to the extent practicable”.

Rationale: The current beginning farmer lending targets earmark a substantial amount of appropriated loan funds for the exclusive use of beginning farmers. These funds largely go unused until targets are lifted late in the fiscal year when the backlogged requests from non-beginning farmers can be funded with these resources. This change will allow FSA greater flexibility to fund approved loan requests while maintaining robust support of beginning farmer customers.