



**FY 2011 BUDGET REQUEST:  
BEGINNING FARMER AND RANCHER  
INDIVIDUAL DEVELOPMENT ACCOUNT (IDA) PROGRAM**

2008 Farm Bill Authorization	\$5 million
FY 2010 Actual	\$0
USDA FY 2011 Request	\$0
<b>NSAC FY 2011 Request</b>	<b>\$5 million</b>

*The Beginning Farmer and Rancher Individual Development Account (IDA) Program is designed to help beginning farmers and ranchers of limited means finance their agricultural endeavors through business and financial education and matched savings accounts. This program contains both the training and the incentives for individuals who might not otherwise be able to make asset-building purchases to get started in agriculture.*

**Program Background:** The 2008 Farm Bill directs USDA to establish Beginning Farmer and Rancher IDA pilot projects in at least 15 states. The program is modeled after the more urban-based Individual Development Account program, administered by the Department of Health and Human Services, that focuses primarily on home purchase or business development. The new Beginning Farmer and Rancher IDAs, administered by the Farm Service Agency, will promote a new generation of farmers and ranchers by assisting those of modest means to establish a pattern of savings.

The 2008 Farm Bill authorizes appropriations of \$5 million a year for the Beginning Farmer and Rancher IDA Program.

**Substantial new farming start-up opportunities...**

It is expected the BFRIDA program will provide a total of at least 20 grants annually. This would create at least 40 IDAs at each site. In total, the program may generate up to 800 IDAs for farmers and ranchers in 15 states annually. *Thus, if fully funded over the remaining four-year period, the program could assist approximately 3,200 new farmers to get established in farming livelihoods.*

**For new farmers who would be unlikely to secure even direct FSA credit without a leg up...**

Eligible participants include any beginning farmer or rancher who lacks significant financial resources or assets. Specifically, he or she must have an income less than 80 percent of the median income of their state of residence, or less than 200 percent of the annual federal poverty income guidelines.

In addition to income eligibility qualifications, a beginning farmer or rancher will be required to complete a financial training program and create a savings plan. The savings can be used as part of a down payment on farmland or to purchase breeding stock, farm equipment, or other productive assets. FSA believes that once participants have been through the programs financial and credit training and have established savings, they will be good candidates for FSA and then commercial credit.

**Farm bill establishes terms to make the program successful...**

Up to \$3,000 of an individual's savings will be matched at a 2:1 rate. Thus, farmers and ranchers can receive up to \$6,000 annually in match, totaling \$9,000 in leveraged savings.

Any tribe, non-profit, or local or state government can submit an application to USDA to receive a grant. These groups will both establish and administer the IDAs if awarded a grant. The maximum grant size is \$250,000, with a required 50 percent local match.

Grantees can support program operation, including account management, business assistance and financial education, with up to 10% of the federal grant award (up to \$25,000). The remainder of the Federal grant funding must be used to match individual savings. The local match may be used for program expenses.