



### Farm Loan Program Funding

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#### OVERVIEW

The U.S. Department of Agriculture (USDA) Farm Service Agency (FSA) makes and guarantees loans to family farmers to purchase farmland and finance agricultural production. Farmers may apply for direct loans at local FSA offices. Guaranteed loans are available from local commercial lenders who apply for loan guarantees from FSA. All programs are administered through local FSA county offices.

#### FUNDING SOURCE

Each year, the U.S. Congress appropriates funds for FSA farm loans as part of the USDA budget. The funds generally are appropriated for the government's fiscal year, which runs from Oct. 1 through Sept. 30 of the following year. The amount of funds appropriated does not always meet the demand for loans and occasionally the funds are depleted before the end of the federal fiscal year.

Congress may pass a supplemental appropriations bill to make additional funds available. If Congress does not appropriate additional funds, loans cannot be funded until the next fiscal year when new appropriations become available.

#### STATE ALLOCATIONS

Upon enactment of full fiscal year appropriation, every state receives an allocation of funds from the agency. It is possible for one state to deplete its funds while other states are still funding loans.

The agency allocates loan funds to states based on the potential need. This is determined by the number of farmers in each state, the value of farm assets and net farm income. The largest factor is the number of farmers in each state.

FSA does not allocate funds for emergency loans to states because of the difficulty in predicting the occurrence of natural disasters or federal

quarantines. Instead, FSA makes the funds available for these loans when a natural disaster or quarantine is declared. Emergency loan funds are available on a first-come, first-served basis.

When loan funds are near depletion in a state, FSA periodically will combine unused loan funds into a national office account. Should sufficient funds remain, it will be redistributed to the states.

If funds have neared depletion, the funds will be held at the national office and states can request funding on a loan-by-loan basis. Combining unused loan funds happens most commonly in the spring.

#### RESERVED LOAN FUNDS

FSA reserves loan funds for targeted underserved producers. The law requires FSA to reserve or target a portion of its direct and guaranteed operating and farm ownership loan funds for use exclusively by underserved groups whose members include American Indians or Alaskan Natives, Asians, Blacks or African-Americans, Native Hawaiians or other Pacific Islanders, Hispanics, women and new farmers.

Targeted funding for underserved groups whose members have been subjected to racial, ethnic or gender prejudice is based upon census data.

Funds are reserved for exclusive use by new farmers as follows: Direct Operating, 50 percent; Guaranteed Operating, 40 percent; Direct Farm Ownership, 75 percent; and Guaranteed Farm Ownership, 40 percent. Funds remain targeted for beginning farmers in the guaranteed programs until April 1 of each fiscal year. In the direct programs, funds are targeted for beginning farmers until Sept. 1 of each fiscal year.

**APPLYING FOR A LOAN WHEN PROGRAM FUNDS ARE DEPLETED**

Farmers may apply for a loan even when funds have been depleted for a loan program. In this case, FSA still accepts, processes and approves loan applications, subject to funding. Approved applications are placed on a waiting list and then funded based on the date the application was received in the FSA office, so applicants are encouraged to apply for a loan even when there are no funds available. Applicants who have been approved can contact their local FSA office to determine if funds are available for the loan.

**FOR MORE INFORMATION**

This fact sheet is provided for informational purposes only; other details or restrictions may apply. For further information, visit [www.fsa.usda.gov/farmloans](http://www.fsa.usda.gov/farmloans) or contact your local FSA office. To find your local FSA office, visit <http://offices.usda.gov>.

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