USDA

United States Department of Agriculture

Farm and Foreign Agricultural Services

Risk Management Agency

Beacon Facility
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Kansas City,
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July 16, 2014

INFORMATIONAL MEMORANDUM: PM-14-028

TO: All Approved Insurance Providers
All Risk Management Agency Field Offices
All Other Interested Parties

FROM: Tim B. Witt */s/Tim B. Witt*
Deputy Administrator

SUBJECT: Agricultural Act of 2014 – Beginning Farmer and Rancher

BACKGROUND:

Section 11016 of the Agricultural Act of 2014 (2014 Farm Bill), provided specific benefits for Beginning Farmer and Ranchers (BFR). To be a BFR, an individual must not have actively operated and managed a farm or ranch, with an insurable interest in any crop or livestock as an owner-operator, landlord, tenant, or sharecropper for more than five crop years, excluding any crop year the BFR was under the age of 18, in post-secondary studies or on active duty in the U.S. military. Benefits for BFRs include: exemption from paying the administrative fee for catastrophic and additional coverage policies; an additional 10 percentage points of premium subsidy for additional coverage policies that have premium subsidy; use of the production history of farming operations BFRs were previously involved in the decision making or physical activities of a farm or ranch operation; and an increase, from 60 to 80 percent of the applicable transitional yield (T-Yield), in the substituted yield for Yield Adjustment when replacing a low actual yield due to an insured cause of loss.

ACTION:

The attached procedures provide the instructions for implementing this provision of the 2014 Farm Bill. These procedures are in effect for all plans of insurance and all crops with a contract change date of June 30, 2014, or later for the 2015 crop year. For all other plans of insurance and crops, the attached procedures will be in effect starting with the 2016 crop year.

DISPOSAL DATE:

Until incorporated into the applicable approved procedures.

Attachment