Agricultural Finance Program and Debt Stabilization Program 1988 through 1999

In 1988, a recession and low milk prices caused many farmers to experience severe cash flow problems. To assist these farmers, the General Assembly authorized the Farm Debt Stabilization Program (DSP) and authorized the DSP to borrow $22 million from a consortium of Vermont banks to lend to farmers for operating debt and working capital.

Over 12 year period, the DSP made 666 loans totaling $54.4 million to 280 farmers at subsidized rates and the DSP received $3.2 million in appropriations, an average of $267 thousand per year to fund the loan subsidies to farmers. The State Treasury also loaned the DSP $1 million to fund lending operations. In 2003, the remaining unpaid balance of the State debt as well as the debt from the Vermont banks was satisfied in full.

VEDA also operated the Agricultural Finance Program (AFP) during this period making real estate and fixed asset loans to farmers. With $2.5 million in appropriations, the AFP made over 268 loans totaling $8.0 million. The State Treasury also loaned the AFP $1.5 million to fund operations. The remaining balance on the State debt for AFP was also satisfied in full in 2003. **The DSP and AFP made a combined 966 loans totaling $65.0 million to 404 farmers the during the 12 year period from 1988 through 1999.**

VACC

In 1999, the DSP and AFP had loaned out all available funds and utilized the cash flow from the farm borrowers to repay the debts with the banks and the State. To continue lending new funds, the program needed a new source of funding. The State made a one-time appropriation of $3.5 million to capitalize the **Vermont Agricultural Credit Corporation (VACC)** and combined the assets and liabilities of the DSP and AFP into the new program. With the new $3.5 million capitalization, combined equity of the existing AFP and DSP, the VACC was able to secure a bank line of credit to fund future lending.

2000 through 2009

In the period fiscal years 2000 through 2009, the VACC made 1,204 loans totaling $100.0 million to 301 different Vermont farms. The VACC received a total of $2.965 million in appropriations and debt forgiveness during the period to be used for interest rate subsidies for VACC borrowers. The $2.965 million of loan subsidy resources contributed to the growth in outstanding VACC loans from $8.3 million at year end 1999 to $43.0 million at the end of fiscal 2009, more quadrupling the size of the agriculture program.

2010 through 2016

In the last seven fiscal years, 2010 through 2016, the VACC made 1,054 loans totaling $114.4 million to 369 different Vermont farms. The VACC received a total of $950 thousand in appropriations during the period to be used for interest rate subsidies for VACC borrowers. **Outstanding VACC loans continued to grow significantly from $43.0 million at year end 2009, to $93.4 million, a 110% increase.**

Since its formation in 1999, the VACC has maintained an excellent relationship with its primary lender, CoBank, ACB, a member bank in the Federal Farm Credit system. Cobank has increased its line of credit from an initial $3 million line to the current $40 million line of credit at June 30, 2016.

Supplemental Information

FROM	THRU	# FARMS	# LOANS	AMOUNT	GUAR %
1988	**1999**	*TWELVE YEARS*		**('000)**	
FEDERALLY GUARANTEED		176	499	$42,239	90%
NON-GUARANTEED		228	467	$22,719	0%
COMBINED TOTAL		**404**	**966**	**$64,958**	**58%**
2000	**2009**	*TEN YEARS*		**('000)**	
FEDERALLY GUARANTEED		115	499	$58,875	90%
NON-GUARANTEED		186	705	$41,118	0%
COMBINED TOTAL		**301**	**1,204**	**$99,993**	**53%**
2010	**2016**	*SEVEN YEARS*		**('000)**	
FEDERALLY GUARANTEED		107	347	$55,412	91%
NON-GUARANTEED		262	707	$58,981	0%
COMBINED TOTAL		**369**	**1,054**	**$114,392**	**44%**
1988	**2016**	*TWENTY-NINE YEARS*		**('000)**	
FEDERALLY GUARANTEED		398	1,345	$156,526	90%
NON-GUARANTEED		676	1,879	$122,818	0%
COMBINED TOTAL		**1,074**	**3,224**	**$279,343**	**50%**