Statement by
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Before the Senate Committee on Agriculture Nutrition and Forestry
Hearing on Perspectives From the Field: Risk Management, Credit, and Rural Business Views on the Agricultural Economy Part 3
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Chairman Boozman, Ranking Member Klobuchar, and members of the committee, thank you for this opportunity to appear before you and testify to my experience as a young and beginning farmer, and a leader in my community and growing region.

My name is Sedrick Rowe. I am a young, first-generation, Black farmer. I have a Bachelor's Degree in Plant Science with a concentration in Horticulture and a Masters of Public Health with a concentration in Environmental Health. I am currently working with the Soil Health Institute, helping to shape the institute's outreach, grants, recruitment, and strategy to better serve producers communities and the people and markets their farms nourish. I am also a candidate for a PhD at Tuskegee University for Integrated Bioscience.

I have been involved in agriculture all of my life and that experience continues to show me what it takes to start and develop a successful farm business. I own and operate a 30-acre organic farm in Albany, Georgia. At Rowe Organic Farms, I grow peanuts, watermelons, sunflowers and hemp. I am one of the first three farmers in my area to establish a market for organic peanuts and am a founding member of the Georgia Organic Peanut Association (GOPA), whose primary mission is to create markets for value-added agricultural products and support small and medium-sized farmers in the Southeast. GOPA supports peanut growers in the region, selling into supply chains for peanut butter companies.

Today, I am going to share with the Committee, highlights of my farming experience related to the state and potential future of agricultural credit and risk and management policy decisions and programmatic support. Access to effective and consistently administered credit and risk management products and programs is critical for the success of this next generation of farmers and ranchers. With the delays in the ongoing Farm Bill process - and in the context of a nation in disagreement with itself about the role of government - I am deeply concerned about the future of the farm safety net, and how that net will be extended to support a new generation of farmers. This next generation is committed to serving and feeding their communities, the country, and the globe. Your committee has an opportunity to use its power to develop thoughtful, effective policies to help new farmers enter and stay in agriculture for generations.

Credit access is critical for young farmers to have land. Yet, finding and accessing affordable land is the number one challenge facing young farmers and ranchers in the United States, regardless of geography, number of years in agriculture, or whether or not they are first generation producers. With the average age of U.S. producers approaching 60 years old and nearly half of U.S. farmland expected to change hands over the next two decades, the next

Farm Bill is our best chance at creating meaningful policy solutions to this daunting trend that keeps land out of reach for so many. If the next Farm Bill does not respond to these critical needs, not only is the success and economic security of young and beginning producers at risk, but so is the strength and security of our food and agricultural systems, and thus our national security.

I have seen and experienced first hand the variability in customer experience and outcomes from USDA. Farmers, like any small business owner, deserve access to a consistent and effective system of federal programmatic support that prioritizes the long-term financial health of farmers, and the long-term viability of our operations. I consider myself a successful young farmer, and it's hard to convince others to farm or use USDA's critical farm programs, when I can't speak with certainty about the accessibility of federal farm programs or the future of farm support systems.

My farm managed to survive and succeed despite many obstacles. Unfortunately, I did not inherit land, so I built my farm from the ground. The Farm Service Agency (FSA) has had a significant impact on my experience. FSA loan program support helped me to purchase the farmland I steward. At the same time, I have also had some frustrating and limiting experiences engaging with the agency, and have had to look to other sources of credit to move forward with my farm business plans. Unfortunately, this mixed bag experience is very familiar for my beginning farmer peers across the country. For example, I was denied a microloan due to "unsatisfactory collateral", "insufficient contracts", and income on my tax returns that was assessed as too little to pay back the loan. Additionally, like so many young farmers, I was penalized for investing in my success through higher education, and carrying student loan debt. Clearly, based on my success, I had a sound business plan and my operation was worthy of investment. Nevertheless, it has generally been extremely difficult for young farmers to meet FSA loan criteria, even when applying for a microloan.

As the lender of last resort, USDA is the go-to agency for farmers who can't access credit through other means. I have been really encouraged by the progress made at the program level in recent years. Recent critical updates made to FSA loan programs include: prioritizing financial stability; offering more flexible terms; emphasizing savings and capital reserves when planning repayment schedules; avoiding unnecessary impacts from balloon payments; right-sizing collateral requirements to reduce borrower risk without increasing risk to the agency; and many other important improvements. Overall, FSA should meet farmers where they are; not rely on outdated assumptions and financial benchmarking. The agency has been moving intentionally to rise to this expectation, and I encourage continuing on that path. Critically, I also encourage the committee to work with USDA to ensure appropriate staffing levels are maintained.

On the legislative side, last year, both Chairman Thompson's and former Chairwoman Stabenow's visions for the next Farm Bill included provisions that would reduce and streamline the experience requirements to expand access to credit for beginning farmers, to make loans accessible to more beginning farmers. Key provisions in these proposals or marker bills that are currently or soon to be introduced would: increase the maximum amount a producer may owe on a microloan to $100,000; index the Direct Farm Ownership Down Payment Loan Program to align with current loan limits; remove the punitive and arbitrary seven year limit of loan eligibility for operating loans; create an agency rulemaking pathway for allowing distressed borrowers to refinance guaranteed loan into direct loans; develop a pre-approval or pre-authorization pilot program for Direct Farm Ownership loans; and authorize a multi-year loan pilot to finance start up costs - all common sense improvements that treat farmers as equal partners in the long-term success their operations and of American agriculture.

Further, community level organizations also need support from Congress and USDA, as their work is often making the difference between farmers staying in operation or folding and losing their farms. Community organizations are the connective tissue that ensure effective return on treasury dollars that the American people - through Congress and the Farm Bill - invest in our food and farming systems. I encourage the committee to support establishing a pilot program to resource locally-led, community-based projects that address the interrelated challenges of access to land, credit, and markets.

Reliable access to scale-appropriate capital is pivotal for young farmers to get their feet under them, but it is only part of the picture of what the farm safety net needs to include to support all farmers in navigating the many challenges and uncertainties they face. Farming is risky. Sometimes, no matter how prepared a farmer is, disaster strikes and sweeps it all away.

Together, both the Risk Management Agency (RMA) and FSA offer vital risk management programs and financial relief to farmers and ranchers exposed to loss from adverse events like drought, hail, floods, and disease. These farm safety net programs must be strengthened to support young farmers. Many of us have smaller farms and grow multiple crops, but unless it is a major commodity elsewhere in my county, RMA does not always offer insurance products to cover what we are growing. In addition, I find that high-value organic crops are often undervalued by insurance coverage.

Whole-Farm Revenue Protection (WFRP) is the only insurance program that is designed for smaller, diversified farms. It is technically available in every county in the country and it insures against revenue loss for an entire farm *under one policy*. Recent improvements from RMA have started to boost enrollment, but there are still barriers that keep it from becoming an accessible option for farmers like me. One of the biggest challenges is finding a crop insurance agent that wants to sell WFRP, or any crop insurance product, to a small farmer like me. For many agents, it just isn't worth the time. Just ten WFRP policies were sold in Georgia last year, while *83 percent of farmers with cropland in Georgia do not have insurance*. That gap means there are <u>a lot</u> of opportunities to expand crop insurance access. I encourage the committee to consider how you may be able to incentivize insurance agents to sell crop insurance to small-scale and specialty crops farms and remove the red-tape that keeps WFRP from reaching its potential. There may be new ways to reach previously uninsured farmers, too, such as a single index-based insurance pilot tied to weather data - similar to the RMA Pasture, Rangeland, and Forage Insurance Policy - to deliver fast relief to farmers following a qualifying weather event.

Farmers who cannot access crop insurance often turn to FSA, which offers the Noninsured Crop Disaster Assistance Program, or NAP. This important program needs to continue to be a support for young farmers. So long as crop insurance policies require three to five years of yield or revenue history before a farmer is eligible for coverage, NAP is the only option for beginning farmers. The coverage is not sufficient, and the paperwork and recordkeeping requirements are too burdensome for most small and new farmers. But this committee has an opportunity to streamline access to NAP by making the program more flexible. One size does not fit all. By creating a revenue-based option within NAP, similar to Whole Farm Revenue Protection, the agency could offer an on-ramp to help farmers transition from NAP to WFRP once they have the required history.

Getting more farmers enrolled in NAP early not only supports them with a basic safety net, but gets them in the door at USDA. That is so important to help beginning farmers like me get started with a strong foundation and leads to greater success down the road.

Young farmers need to know we are being heard, and that we have agency in determining the future of our food and agriculture systems. We need certainty that Congress will fulfill its responsibility to deliver an effective Farm Bill, and that USDA - the People's Department - will continue to act in good faith on its responsibility to level the playing field, support farmers in moving from surviving to thriving. It should not be so universally difficult for young and beginning farmers to secure the investment and support necessary to innovate and establish dynamic, viable, and durable farming operations.