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PATHWAYS TO FARMING: HELPING THE NEXT GENERATION OF FARMERS

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C O N T E N T S

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U.S. SENATE
Subcommittee on Commodities, Risk Management, and Trade
COMMITTEE ON AGRICULTURE, NUTRITION, AND FORESTRY
Washington, DC.

The Subcommittee met, pursuant to notice, at 2:30 p.m., in room 328A, Russell Senate Office Building, Hon. Tina Smith, Chairwoman of the Subcommittee, presiding.

Present: Senators Smith [presiding], Stabenow, Booker, Warnock, Hyde-Smith, Boozman, Ernst, Tuberville, Grassley, and Hoeven.

STATEMENT OF HON. TINA SMITH, U.S. SENATOR FROM THE STATE OF MINNESOTA

Senator SMITH. Good afternoon, everyone. I call to order the Subcommittee on Commodities, Risk Management, and Trade. Senator Hyde-Smith, a big thanks to you and your staff for working together with me to organize this hearing today. I know that Chair Stabenow and Ranking Member Boozman are going to be joining us shortly, and I am also grateful to them and their staffs for our work putting this together, and we appreciate their leadership very much. Thanks all the members of the Subcommittee, as well.

Our hearing this afternoon is going to focus on how Congress can help support the next generation of farmers, really this generation of farmers. According to the most recent Census of Agriculture, the average age of a producer in the United States is now around 58, and, of course, this number is only going to get higher.

This, in a nutshell, is why we need to invest in the next generation of farmers, so that this country's agricultural sector continues to work. This is a matter of national security, of food security, and the strength and vitality of rural America.

Agriculture is a driving force in Minnesota's economy and in America's economy. This is true not just in rural places but also in urban areas and suburban communities. It is also true that the agricultural sector faces challenges right now, and nobody feels the ups and downs of farming more than producers just starting out.

It can take years to establish yourself as a farmer, to find affordable and productive land, to establish a line of credit with a lender, and to develop and maintain a market for your products.

From rising input costs, changing climate and weather variability, to market consolidation that results in fewer options for processing and fewer avenues to market, many beginning farmers struggle to turn a profit. Today most small and beginning farmers close the financial gap with at least one, and often more than one, off-farm jobs.

Yet beginning farmers are some of the hardest working, innovative, entrepreneurial, and optimistic people that I know. What they tell me is that Federal farm programs need to work for them too.

Here is an example. The number one challenge I hear about from beginning farmers is finding productive, affordable land, and that means access to cash and lending to buy or rent. The reasons for the high cost of farmland are complicated, of course. Many farmers today are holding onto their land longer. Farmland is consolidating into bigger and bigger operations, or some land is being turned into residential and commercial developments. This is lowering the supply of land and driving up prices.

According to the Economic Research Service at the USDA, just 33 percent of beginning farmers and ranchers receive assistance from USDA programs, compared to 41 percent of established farms. Why is this happening? Again, the reasons are complex, but a big one is that beginning farmers face a lot of challenges finding farmland with base acres, so it is challenging for them to use the USDA commodity safety net.

An October 2023 study from the Food and Agriculture Policy Research Institute found that a 10 percent increase to the Price Loss Coverage program—which is a program that helps farmers facing a substantial drop in crop prices or revenue—that a 10 percent increase in the PLC would result in hundreds of millions of taxpayer dollars going into the pockets of landlords and investors, not farmers. Commodity programs are intended to be a risk management tool for active farmers.

To add to the challenge for beginning farmers, base acre payments have the primary effect of increasing land prices. Land that is counted as base acres by the commodity programs is more expensive to purchase and more costly to rent. Today, more than 50 percent of cropland across the country is rented, not owned by actual farmers doing the hard work of planting and harvesting, while also working to support their families. Beginning farmers often have only one choice, either renting cheaper and less productive land that does not have a base acre designation, which results in less support from the Federal Government. Sometimes it feels, I think, like they are getting hit coming and going.

I know that the issue of reference prices and base acres are very much on the mind of our Chair and Ranking Member, and I am grateful to Chair Stabenow for laying out a sensible farm bill framework that will support beginning farmers as they get started and as they operate their businesses day to day. I am looking forward to a conversation about what we can do to update the base acre formula so that it reflects current planting realities, not planting decisions made more than 40 years ago.

There are many other things that this Committee is working on to help beginning farmers. I have worked closely with the National Young Farmers Coalition on crafting the Increasing Land Access, Security, and Opportunities Act (LASO). This bill would directly help beginning farmers and historically underserved farmers acquire affordable land, develop markets, and get access to capital. I also worked closely with Chair Stabenow and the entire Agriculture Committee to update the Farming Opportunities Training and Outreach Grant Program—that is a mouthful. What it does is it helps coordinate training and outreach for emerging farmers and veteran farmers and historically disadvantaged farmers by allowing for better partnerships with known and trusted groups on the ground. In Minnesota this is very valuable, organizations like The Good Acre, the Hmong American Partnership, the Latino Economic Development Center, and Renewing the Countryside, among many.

I know that many of my colleagues on this Committee also have proposals to support beginning farmers and that we will be highlighting that today during this hearing. Our diverse panel today will provide the Subcommittee with a better understanding of the issues facing beginning farmers as you work so hard to stand up and then operate successful farming operations. We really appreciate you all being here today to share your stories and your experience, and I know that your presence here today will help to inform the Subcommittee and the full Committee as we work toward a bipartisan farm bill and as we consider how best to support our country's beginning farmers.

I would like to welcome Chair Stabenow and Ranking Member Boozman, and I will turn now to my Ranking Member, Senator Hyde-Smith, and then would welcome the opportunity for Chair Stabenow and Ranking Member Boozman to make opening remarks, if you choose.

Senator Hyde-Smith, thank you.

STATEMENT OF HON. CINDY HYDE-SMITH, U.S. SENATOR FROM THE STATE OF MISSISSIPPI

Senator HYDE-SMITH. Thank you so much, Chairwoman Smith, and thank you to our witnesses for traveling and getting here to give us real-life stories of the real challenges. We celebrate a lot of successes, but we realize that in reality there are so many challenges, as well.

As Ranking Member of the Subcommittee, I am just pleased to be a part of things like this, to ensure that the two percent of us who feed the other 98 percent, that we continue to grow. Throughout my time in the Senate I have loved working with Farm Bureau, with FFA, with young folks who come in, and they say, "I want to get into agriculture." Sometimes they were not born into agriculture, and they have to go and find land or find opportunities. As I was just speaking down there, ag lending is such an opportunity, and we have to look around because everybody plays a role to make this thing work and to keep the train on the track.

You are just such a breath of fresh air—young, resilient farmers who are willing to come, willing to sit in here and put up with these members, these politicians, and thinking, "Oh my goodness. What are they going to ask me?" You will always remember this day, too. America needs you. We need you on this Committee. Thank you for the willingness, and thank you for the sacrifices that you are willing to make to continue in production agriculture, because we know it is not always easy. We always need to be thinking about how to ensure a bright future for you and because of those who want to get into this business.

Today we get to hear from young and beginning farmers and directly to understand your unique perspective, because your perspective matters. This is your Capitol. We represent our States. We represent you. It is so incredibly important that you come and give us these honest discussions of exactly what is happening.

I am grateful we have a witness here today from Farm Credit, which is charged by Congress to serve creditworthy young, beginning, small farmers. I say all the time, finance is what makes the world go around. Our three Mississippi Farm Credit institutions are First South Farm Credit, Mississippi Land Bank, and Southern Ag Credit. They do so much to help the next generation. We know that is a necessity. They also award thousands of dollars in scholarships each year to students studying agriculture, and sponsor events like the Young Farmer and Rancher Conferences as well as the 4-H and FFA events.

I truly look forward to hearing from you and the incredible opportunity that lies in front of you, right in front of us, to support young and beginning farmers. That is our job, to pass a strong farm bill and to make sure that those opportunities continue to exist for you and so many others just like you.

I commend the House Ag Committee for favorably reporting a robust farm bill that modernizes the farm safety net, including multiple provisions beneficial to young and beginning farmers. I just look forward to working with my colleagues. I will continue to stand to emphasize the need for more farm in the farm bill, whether we are talking about young and beginning or old, experienced farmers, like my husband and I. This is why the farm safety net authorized in Titles I and XI of the farm bill, is so critical, and why I am so dedicated to ensuring that a new farm bill modernizes the safety net to keep up with today's challenges, like skyrocketing input costs, interest rates. We know when you have to borrow money to buy big, expensive equipment, when that interest rate goes up, that can be a game-changer in so many operations, and it can determine whether you can continue to do this or not.

I am so grateful for you and I look forward to hearing from you. Please stay in agriculture, and please bring others along with you, and hold us accountable and responsible for making sure that that pathway is obtainable for you. Write those letters. Make those calls to make sure everybody on this Committee and on this Subcommittee are aware of the needs out there and that we are doing our part to help young American farmers just like yourselves. Thank you.

Senator SMITH. Thank you so much. Now I will defer to Chair Stabenow for some opening remarks, if you would like.

STATEMENT OF HON. DEBBIE STABENOW, U.S. SENATOR FROM THE STATE OF MICHIGAN, CHAIRWOMAN, U.S. COMMITTEE ON AGRICULTURE, NUTRITION, AND FORESTRY

Chairwoman STABENOW. Well, thank you very much, Chairwoman Smith and Ranking Member Hyde-Smith. This is such an important hearing, and thank you both for your leadership and bringing us together. Yes, as Senator Hyde-Smith said, we want you in farming. We want you to have the opportunity to get into farming, to be able to stay, and I know this is something that everybody on the Committee cares about.

While the average age of Americans farmers has been on the rise, as we all know, the number of new and beginning farmers has been increasing, as well. Nearly one-third of all producers are beginning farmers. The problem, in addition to attracting new farmers, as I know all of you know, is getting them the support and removing the barriers that are keeping them from long-term success.

There are differences. There are things that work for big enterprises, there are things that work for established farms, that do not create opportunity for you. It is really important that we be focused on your needs.

The future of American agriculture and the strength of our agricultural economy depends on the long-term success of young, beginning farmers, and ranchers as well. However, new and beginning farmers often face what we have already heard, significant barriers to entering the agricultural economy, and are left with less support from the safety net than established farmers. That is a reality today that we need to fix. Almost half of beginning farmers receive the majority of their household income from off-the-farm employment.

For example, let's talk about one policy that Chair Smith talked about, land with base acres in the commodity program is more expensive to purchase. It is more valuable because it comes with a payment. It is more expensive to purchase and costlier to rent. Beginning farmers often lack the necessary capital to access this land and are forced onto land that does not have the automatic payment under base acres, which means they do not have base acres. So they do not qualify for the current commodity programs through ARC and PLC that we keep discussing.

The House proposal to increase these programs by 70 percent—extraordinary 70 percent increase in payments—and relax and remove payment and eligibility limits for the biggest farms, will make land rents even more unaffordable for beginning farmers, making access even more challenging. I think that is something we really have to discuss.

Making crop insurance more affordable and accessible is a much more effective way to help farmers, and it does not depend on what you planted back in the 1980's to be able to get support. It covers what the producer is actually growing.

Other barriers include challenges accessing necessary capital, financing, technical assistance, hands-on training, and risk management tools that you need to succeed. I know for many of our farmers and ranchers the pathway into the agricultural economy actually starts—as it does in my State—with small fruit and vegetable or livestock operations.

The success of these farms often depends on consistent access to local markets as well as international markets—local markets—that provide fresh local product directly to consumers, restaurants, and small businesses in the community. This is an economic model that depends on strong support for specialty crops. By the way, this is an important area of commonality in the House and Senate bill, focusing on crop insurance. There are many provisions there that we agree on, so it is a great place to start.

At the same time, a focus on local and regional supply chains, and technical assistance to navigate Federal programs and target solutions. Last month I unveiled our Rural Prosperity and Food Security Act, which makes significant investments in the next generation of agriculture professionals, whether they are on the farm, in the lab, or in the boardroom. The proposal incorporates more than 100 bipartisan provisions, and is aimed at expanding the reach of our farm safety net for all producers. It provides an opportunity for training and education, opens new pathways to getting started, ensures that risk management tools meet the needs of new and beginning farmers.

It makes several improvements to lower the barriers to credit. It provides the first expansion of the commodity programs, ARC and PLC access, in more than 20 years, by providing an opportunity for beginning farmers to use these programs through targeted base acres established. To get into the program, which is not what is happening right now. Crop insurance, making it more affordable, dealing with a number of different issues.

This is a strong bill for new and beginning farmers and ranchers. Madam Chair, I would ask unanimous consent that the document highlighting the provisions for new and beginning farmers be included in the record.

Senator SMITH. Without objection.

[The document can be found on page 60 in the appendix.]

Chairwoman STABENOW. I would appreciate that. I want to thank you again, both of the leaders of this Subcommittee. I know that we can build on bipartisan cooperation and finish a 2024 Farm Bill. It is so critical that the path maintain the long tradition of respecting the needs and interests of the broad farm and food coalition. That is how we get it done. That is the foundation for a successful farm bill. I look forward to working with you to get that done. Thank you.

Senator SMITH. Thank you so much, Madam Chair.

I look forward to hearing from Senator Boozman when he returns, but in the meantime I believe we will start with hearing testimony from our witnesses. I will start with introducing Ms. Parks and Ms. Sattazahn, and then Senator Hyde-Smith will introduce the next two witnesses.

Ms. Tessa Parks is a farmer and co-owner of W.T. Farms in Northfield, Minnesota. Tessa is a first-generation, half-Japanese Filipino farmer who co-owns and operates a beef and certified organic hay operation with her spouse, Wyatt, on rented farmland in Northfield. Tessa is the newly elected President of the Rice County Chapter of the Minnesota Farmers Union. As part of the Sharing Our Roots farm commons cohort since 2021, Tessa and Wyatt rotationally graze Holstein steers to improve soil health and provide quality beef directly to consumers. In addition to being involved in Minnesota's Farmers Union and the National Farmers Union, Tessa is an active member of the Land Stewardship Project and the National Young Farmers Coalition.

Off-farm, Tessa works as an organic certification specialist and inspector at the Minnesota Crop Improvement Association.

Welcome, Tessa.

I would now like to welcome Raechel Sattazahn, who is Director of Industry and Membership Relations for Horizon Farm Credit in Mechanicsburg, Pennsylvania. Horizon Farm Credit services 22,000 members across 100 counties in Delaware, Pennsylvania, Maryland, Virginia, and West Virginia. In her role, Raechel oversees Horizon's strategic industry relationships, member education, and young and beginning farmer efforts.

Raechel grew up on a small dairy farm in south central Pennsylvania and is now involved in her husband's dairy farm in Womelsdorf, Pennsylvania. Thank you. Welcome.

I will turn to Senator Hyde-Smith for introducing the next two witnesses.

Senator HYDE-SMITH. Thank you for this opportunity. What a cool name is Christian Good. It is my pleasure to introduce him, a corn and soybean producer from Macon, Mississippi. Mr. Good graduated from Mississippi State University in 2016, and shortly afterward set out to establish his own operation. He is involved with the Mississippi Farm Bureau Federation, American Soybean Association, and the United Soybean Board.

I am grateful we have Mr. Good here to lend valuable insights into challenges faced by Mississippi farmers and young farmers nationwide. Mr. Good lives on his farm with his wife, Laura, and two children. We certainly want to welcome you.

What are those children's names?

Mr. GOOD. Caleb and Peter.

Senator HYDE-SMITH. Caleb and Peter. I didn't have that in there. Well, we certainly welcome you, and I look forward to hearing your testimony.

Now I get to introduce Mr. Kevin Lussier, the Chair of the American Farm Bureau Federation Young Farmers and Ranchers Committee. Mr. Lussier is a graduate of Jacksonville University, and started a 300-cow dairy farm and creamery with his wife, Shelby, in 2020. They sell handcrafted cheese and also run a commercial cow-calf herd. Mr. Lussier has been involved in his county Farm Bureau and Florida Farm Bureau, and lives in Hawthorne, Florida, with his wife and family.

Thank you for being here, as well, and that is a whole lot like work, what I just read. Thank you.

Senator SMITH. Thank you so much.

Before we turn to our witnesses I want to give an opportunity to Ranking Member Boozman. If you would like to speak we would welcome it.

STATEMENT OF HON. JOHN BOOZMAN, U.S. SENATOR FROM THE STATE OF ARKANSAS

Senator BOOZMAN. Well, I am really anxious to hear the witnesses so I am going to submit my statement into the record. I want to thank you two, the Chair and Ranking Member, for bringing this forward, and then again we have got the big Chair here, Senator Stabenow.

We are in a situation where we have a lot of important hearings here, but I don't know that we are going to have any more important than the topic that we are discussing today. It is not only important now, but it is so important for the future of agriculture.

Thank you all for pushing forward so that we might have this hearing.

Senator SMITH. Thank you so much. That is great.

Let's see. Just to keep it simple we will start with Mr. Good, and then we will go down the panel. Please begin, and we look forward to your remarks. Please try to keep your remarks to roughly five minutes.

STATEMENT OF CHRISTIAN GOOD, OWNER/OPERATOR, CHRISTIAN GOOD FARMS, MACON, MS

Mr. GOOD. Madam Chair, Ranking Member Hyde-Smith, and other distinguished members of the Subcommittee, thank you for calling this hearing today to discuss this important topic and for allowing me to testify. Again, my name is Christian Good, and I am owner/operator of Christian Good Farms in Macon, Mississippi.

Since my childhood, I have always been involved in our family farm in Noxubee County, raising corn, soybeans, cotton, beef cattle, and catfish. After graduating high school, I went to Mississippi State University to get my Bachelor of Science in Agribusiness. Although I grew up in agriculture, I established my own operation shortly after college. In 2020, my wife Laura and I had the opportunity to purchase our first farmland tract of around 125 acres with financing through the Farm Credit System. We have expanded to over 300 acres of corn and soybean production through long-term land leases.

Farming in today's overall economic environment poses some real challenges for both beginning and experienced farmers. My fellow Mississippi farmers are facing one of the most difficult years in quite some time. First and foremost, our operating costs are at an all-time high. Inflated costs for seed, fertilizer, fuel, technology, equipment, and parts and repair costs continue to erode the profit headwinds for producers, both young and old. Most farmers in our community made one of the best crops they have ever produced in 2023, and due to these record input costs, many still lost money.

Second, the markets for the commodities that my farm produces are currently in a significant price downturn, yet are above the statutory reference prices established in the 2018 Farm Bill. In just two years, we have seen the market price for corn drop $2.40 per bushel, or roughly 35 percent. The same can be said for the soybean market that has dropped roughly 18 percent.

The third economic challenge that all of us are facing is the rising level of interest rates on our farm operating loans. Just four years ago, interest rates on farmland real estate loans and farm production loans were between three and four percent. Now, the same interest rates stand between eight and nine percent, more than doubling the cost of borrowing for agricultural producers. The current interest rate environment is a substantial roadblock to many producers to expand their operation as needed, and is certainly a challenge to many young and beginning farmers and ranchers like myself.

Finally, as we kick off the 2024 crop season, the lack of meaningful safety net that our current farm bill provides is a real concern for farmers in my community. The farm generally participates in the Price Loss Coverage, PLC, program provided by the USDA

Farm Service Agency, designed to provide a price floor that we receive. The statutory reference prices in the 2018 Farm Bill are so outdated that I can confidently say that if I were to receive those prices for corn and for soybeans, my farm and my family's farm would be out of business.

I highlight these challenges to provide some context into the importance of Congress passing a strong farm bill in 2024 for the future of all farmers, especially those beginning young farmers.

I would like to now give you my perspective of the some of the numerous challenges that young and beginning farmers face in my State with farm bill programs, and provide you with some recommendations to address some of these concerns.

One challenge on my farm is having an adequate amount of base acres to allow for me to enroll in FSA Price Loss Coverage Option program or other Title I risk management programs. My farm is roughly two-third based. My recommendation would be to devise some way for young producers to build base without adopting a policy for mandatory base updates.

The House Agriculture Committee just recently marked up a farm bill provision that will allow producers a one-time option of building base on their current farming operation. For young farmers this change would be monumental. Additionally, the House bill makes significant adjustments to the statutory reference prices for most commodities, bringing them more in line with today's market situation.

Many young and beginning farmers in my State utilize the Farm Service Agency loan programs. These programs are designed to assist young producers with limited resources and assets to get started farming. My experience and that of others in my community has been that these programs are overly cumbersome, complicated, and require too much time to complete an application. My recommendation would be to simplify and streamline the application process.

Additionally, the direct and guaranteed loan limits should certainly be raised. The bipartisan PACE Act, introduced by Senators Klobuchar and Hoeven, makes sweeping adjustments to these USDA direct and guaranteed loan programs to make them more effective and responsive to farmers and ranchers.

Crop insurance is also a vital tool used by young farmers and ranchers, but the premium costs for adequate coverage is a real challenge for young farmers. The bipartisan Crop Insurance for Future Farmers Act of 2023, introduced by Senators Klobuchar and Thune, extends the eligibility period from 5 years to 10 years, for beginning farmers and ranchers, thus lowering their cost for crop insurance coverage.

In closing, thank you for the opportunity to testify before you today. In my view, the most important thing Congress can do is to help the next generation of farmers by passing a robust farm bill that strengthens the farm safety net and improves access to credit, risk management tools, and voluntary conservation programs.

I look forward to working with you today to create a strong farm bill that provides sound policy for young and beginning farmers like me, and I stand ready to answer any questions that you may have.

[The prepared statement of Mr. Good can be found on page 36 in the appendix.]

Senator SMITH. Thank you very much.

We will now turn to Ms. Parks.

STATEMENT OF TESSA PARKS, FARMER, W.T. FARMS, NATIONAL FARMERS UNION, NORTHFIELD, MN

Ms. PARKS. Chair Smith, Ranking Member Hyde-Smith, and members of the Subcommittee, thank you for the invitation to testify.

My name is Tessa Sadae Parks, and I am a beginning farmer in Northfield, Minnesota. My spouse Wyatt and I own and operate W.T. Farms, raising grass-finished beef and certified organic hay, which we sell direct to consumer. I am a member of National Farmers Union, and President of the Rice County Chapter of Minnesota Farmers Union. I am also active in the National Young Farmers Coalition and Land Stewardship Project.

Farmers Union is general farm organization advocating for the economic prosperity of family farmers, ranchers, and their communities. Our grassroots policy recognizes the importance of putting sound policy in place to support the next generation of farmers who will produce the food, fiber, and fuel we need for our security and the health of our fellow citizens.

Beginning farmers like me face significant barriers to entry into agriculture. The farm safety net favors larger and more established farms. Land is expensive, and capital is difficult to access. Climate change makes farming more risky, and ongoing corporate consolidation limits our access to a fair and open market.

Before I dive into the issues further I wanted to share a bit more about myself, my family, and our farm. Though I am several generations removed from the farm, my connection to agriculture is strong. On my mother's side, our family farmed rice in Japan before immigrating to Hawaii where they were rice and pineapple farmers. In one sense, I see myself as a new or beginning farmer, but I also see myself as returning to the land.

After I met Wyatt, who was already farming at the time, I became increasingly involved in agriculture. The shared experience of building a farm with Wyatt brings me great joy, but we also face many challenges. It is exciting to grow our businesses, adding 100 more acres of hay and buying our first tractor this year. We cannot afford land of our own, and our access to markets is uncertain.

A program that might have helped us get a better start and that could help support many other beginning and underserved farmers in the future, if expanded, if USDA's Increasing Land Capital and Market Access Program. Senator Smith's Land Access, Security, and Opportunities Act (LASO), would reauthorize and improve this new USDA program, which takes a locally led, community-based approach to helping beginning and underserved farmers succeed. I hope LASO will be in the next farm bill.

Managing risks on our farm is important to us, especially considering the impacts of climate change. Using conservation practices helps us do our part to tackle climate change and build resilience. We are glad to see there is bipartisan support for including the Inflation Reduction Act funding for USDA's Voluntary Conservation Programs in the farm bill.

We know that crop insurance is an important risk management tool for many farmers, but it has been difficult to find the right fit for our farm. We have kept records for several years to prepare to purchase a whole-farm revenue protection policy, but it still does not work for us. The inclusion in Chairwoman Stabenow's farm bill framework of additional options in the Non-Insured Crop Disaster Assistance Program, NAP, including through a whole-farm concept, is encouraging, but more must be done to ensure all types of farms, especially so that smaller and more diversified farms can access crop insurance.

As important as crop insurance is for many of our neighbors, we worry that the program lacks limits. Crop insurance is known to increase land values, which makes it more difficult to us and other beginning farmers to afford land. The crop insurance program supports farms that need the most help while avoiding providing excessive protection to the farms that need it the least.

Another barrier to longer term success for many new or beginning farmers is that they often operate on land that does not have program base acres. The farm bill should provide ways to establish new base acres, especially for beginning farmers, which would provide greater financial stability for producers like me.

The root causes of the financial instability our farm faces are the monopolies that dominate agricultural markets. Our dreams of building a successful will not be possible if we can't get a fair price for our cattle and access to affordable inputs. That is why I am proud of the Fairness for Farmers campaign and that Farmers Union is standing up for fair and competitive markets in this farm bill debate. We appreciate the competition provisions in Chairwoman Stabenow's framework, including the Meat and Poultry Special Investigator Act, to strengthen Packers and Stockyards Act enforcement.

We need to make sure other Fairness for Farmers priorities are added to the farm bill in order to improve market price discovery and transparency, reestablish mandatory country of origin labeling for beef, and give farmers the Right to Repair their farm equipment. I also urge the Committee to reject any provisions that create loopholes that weaken the Packers and Stockyards Act.

The solutions I talked about will not be as effective in helping the next generation of farmers if we do not ensure access to affordable health and childcare in rural areas. Like many farm households, we have found it difficult to afford health care without working off-farm jobs, but the off-farm work means we have had less time to invest in our farm business. Lack of access to affordable health and childcare means we may need to choose between farming and starting a family. We appreciate the provisions from the Expanding Child Care in Rural America Act in Chairwoman Stabenow's farm bill framework.

It has been an honor to share my experience as a beginning farmer with you in the ongoing farm bill debate. Passing a good farm bill, the right farm bill, can only be done by building a broad and strong coalition of support through addition, not division. The right farm bill is not only one that establishes a sound foundation for beginning farmers like me, but for all of our rural, suburban, and urban neighbors, one that improves the farm safety net, takes climate change head-on, and that ensures food and nutrition security for all.

I look forward to any questions you may have. Thank you again for the opportunity to testify.

[The prepared statement of Ms. Parks can be found on page 40 in the appendix.]

Senator SMITH. Thank you very much.

Now we will turn to Mr. Lussier.

STATEMENT OF KEVIN LUSSIER, CHAIR, YOUNG FARMERS AND RANCHERS COMMITTEE, AMERICAN FARM BUREAU FEDERATION, HAWTHORNE, FL

Mr. LUSSIER. Thank you. Chairwoman Smith, Ranking Member Hyde-Smith, and distinguished members of the Committee, my name is Kevin Lussier, and I am a third-generation dairy farmer from Hawthorne, Florida. I am here with my wife and partner in my operation, Shelby.

I am honored to be here today to share my experiences and to advocate for the programs that are vital to the survival and success of young farmers like me. I also want to make clear how imperative it is that Congress pass a bipartisan farm bill this year.

Today's hearing focuses on helping the next generation of farmers. If we do not give young farmers the certainty of a five-year modernized safety net, young farmers will be less likely to go into the business of producing the food, fuel, and fiber that our country and national security depend on.

When I returned home from college in 2016, I stepped into management of our family farm. In 2017, I was able to take advantage of the Farm Service Agency Young Farmer Program and purchase 100 dairy cattle and 35 acres of cropland. With the dairy industry in the middle of its worst downturn in history, we decided we had to either grow or diversify if we were going to sustain our farm business.

In 2019, we went back to the FSA and secured another loan to purchase 100 additional head of Jersey cattle and cheese-making equipment to help us begin our artisan creamery. We also utilized the Value-Added Producer Grant through USDA Rural Development to help market our cheese. We are now milking 300 head of Jersey cows.

Dairy farming is not just a job for me; it is a way of life, a heritage that I am proud to carry forward and one that I hope to pass on to my own children one day. However, the challenges facing young farmers today are daunting, and without adequate support and creativity from producers, the future of American dairy farming and other small family farms like mine, is at risk.

Access to credit is one of the most critical issues young and beginning farmers face. Inflation continues to raise supply costs, and the price of agricultural land is skyrocketing. Starting and maintaining a dairy farm requires significant capital investment, from purchasing land and equipment to acquiring livestock and feed. Traditional lending institutions often view agriculture as a high-risk industry. When you combine that with the limited or zero credit history many young farmers and ranchers have, it makes it difficult for them to secure loans through private lending institutions on favorable terms.

Programs like the FSA's Guaranteed and Direct Farm Ownership and Operating Loans have been invaluable to the success of our farm and to many other young farmers and ranchers. Increasing the lending limits for these programs to more accurately reflect the costs of production agriculture in today's world would enable more young farmers to access the credit they need to start and sustain their operations.

Dairy farmers face unique challenges related to market volatility and pricing. Programs that offer price support and risk management tools, such as the Dairy Margin Coverage (DMC), program provide a safety net that can make the difference between staying in business and shutting down. Strengthening and expanding the DMC program will help young dairy farmers, like myself, manage the inherent risks in agriculture and ensure a more stable, predictable income.

Modifications to DMC will better allow our business to manage financial risk. Modifications the Committee should consider as it works toward a farm bill include increasing the cap on Tier 1 coverage for DMC above five million pounds. The House farm bill increased it to six million pounds, but moving the cap closer to 10 million would allow for more producers to benefit. For example, our farm milks roughly 300 head of Jerseys, which is right near the current cap. Should we choose to grow our business by adding cows, we would exceed the five million pound cap, leaving part of the business with no safety net.

Other positive enhancements that were included in the House bill include updating DMC production history, providing a premium discount for those producers who choose to enroll in DMC for the life of the farm bill, and restoring the "higher of" formula for the class one mover. The market disruptions seen in the last five years due to the change in milk pricing formula have created huge losses to our dairy farmers. In fact, my family farm alone has lost more than $230,000 when you compare today's pricing formula to the "higher of." We have continued to see losses in the first four months of 2024, and I believe this change is imperative when addressing the sustainability of the American dairy farmer.

Additionally, Farm Bureau members like me have expressed concern over the limited availability of childcare centers and the distance to get to a childcare facility. In order to keep young and beginning farmers on the farm, it is extremely important to have affordable childcare in rural areas. I thank Chairwoman Smith for supporting the Expanding Childcare in Rural America Act. I hope we can see this bill included in the farm bill.

The future of American dairy farming depends on investment in the next generation. By increasing access to credit and enhancing risk management programs, we can ensure that the next generation of farmers have the tools and resources we need to thrive. I urge the Committee to consider these vital programs and to take action to support young farmers across the country by passing a bipartisan farm bill this year. Young farmers like us cannot afford continued delays by Congress.

Thank you for the opportunity to speak today, and I am happy to answer any questions you may have.

[The prepared statement of Mr. Lussier can be found on page 49 in the appendix.]

Senator SMITH. Ms. Sattazahn.

STATEMENT OF RAECHEL SATTAZAHN, DIRECTOR OF INDUSTRY AND MEMBERSHIP RELATIONS, HORIZON FARM CREDIT, MECHANICSBURG, PA

Ms. SATTAZAHN. Madam Chair, Ranking Member Hyde-Smith, thank you for calling this hearing today. My name is Raechel Sattazahn and I am Director of Industry and Membership Relations at Horizon Farm Credit, headquartered in Mechanicsburg, Pennsylvania. At Horizon I lead strategic industry relationships, member education, and young and beginning farmer efforts. I have a passion for and lifelong experience in agriculture, and am proud to be the next generation on my husband's dairy farm in Berks County, Pennsylvania.

Horizon Farm Credit provides financing, crop insurance, and related services to more than 20,000 farmers, ranchers, agribusinesses, and rural homeowners in Pennsylvania, Delaware, and parts of Maryland, Virginia, and West Virginia. We are a member-owned, locally governed cooperative and a member of the Farm Credit system. Along with 59 other Farm Credit institutions, Horizon Farm Credit shares a critical mission to support rural communities and agriculture with reliable, consistent credit and financial services today and tomorrow.

Congress specifically directs Farm Credit to serve the needs of creditworthy young, beginning, and small farmers and ranchers, and we take that responsibility seriously. On a national level, in 2023, Farm Credit made over 50,000 loans to young farmers for $12.1 billion, nearly 70,000 loans to beginning farmers for $18.9 billion, and over 108,000 loans to small farmers for $14.9 billion. We work with each of our customers to put together the best financing packages to meet their needs. Often this means collaborating closely with the FSA through their Guaranteed Loan program to support young and beginning farmers who often have limited capital or assets as they start farming.

Each Farm Credit Association implements a tailored program for young, beginning, and small farmers in their geographic territory. Just last year, Horizon Farm Credit launched a new Grow Ahead program targeted at beginning farmers. Loans through Grow Ahead feature discounted pricing, reduced fees, customized loan terms, and relaxed underwriting requirements. In addition to these financing options, Grow Ahead offers educational offerings, mentoring opportunities, and grant programs to help beginning farmers establish and grow successful operations.

Our JumpStart grant programs help grow a new generation of farmers by offering $10,000 grants to startup farmers, like one of our 2021 JumpStart winners, Joel Kuhns, and his wife Emily. After serving in the Marine Corps for 10 years, Joel moved into a career in the corporate sector but desired to move back to his roots in central Pennsylvania and start a business. The Kuhns bought 47 acres in Huntingdon County, Pennsylvania, where they founded

Odyssey Orchard, a specialty apple orchard producing high-quality sharp and bitter sharp apples for fine and craft cider markets. The JumpStart grant supported growth of their new orchard.

Our Farmers on the Rise award competition honors outstanding beginning farmers, offering $10,000 awards to invest in their farming operations, like one of our 2022 winners, Nia Nyamweya. Nia owns and operates Beauty Blooms Farms in Montgomery County, Maryland, where she grows certified and naturally grown African heritage produce and flowers with low-till and organic practices. Inspired by her Kenyan-born father, Nia is developing a thriving ecosystem that celebrates the diversity of agriculture and community. Nia used her $10,000 award to purchase a walk-behind tractor and flail mower, allowing her to mechanize her small-scale farm. This award propelled the growth of Nia's farm and allowed her to provide more food to her Washington, DC, community.

Additionally, our Grow Ahead program includes educational courses such as Ag Biz Masters, which provides virtual learning opportunities for participants to learn farm management skills and develop a business plan. Ryan Brown and his wife Andrea are examples of Ag Bis Masters graduates. While working as a railroad diesel mechanic, Ryan had the opportunity to purchase his grandfather's 100-acre dairy farm in Cumberland County, Pennsylvania. Ryan formed a partnership with a high school classmate who was also enrolled in Ag Biz Masters, and together they now farm 4,000 acres in a three-county area.

Horizon Farm Credit's Grow Ahead program is designed to meet the needs of these farmers, ensuring they have the tools to start and grow their operations while realizing long-term financial success.

We have also founded and funded the Farm Credit Foundation for Agriculture Advancement in 2015. This nonprofit has awarded more than $1.6 million through scholarships and community education programs, recently awarding $315,000 in scholarships to 39 students pursuing careers in agriculture in our territory.

Thank you for the work this Subcommittee has put into writing a new farm bill, and we urge the Senate and House to come together in a bipartisan way to get the farm bill across the finish line.

In my written testimony I included ideas we believe would benefit the next generation of agriculture. Thank you very much, Madam Chair and Ranking Member Hyde-Smith, for your passion for the next generation of agriculture and for allowing me to testify today. I would be happy to answer any questions.

[The prepared statement of Ms. Sattazahn can be found on page 53 in the appendix.]

Senator HYDE-SMITH. [Presiding.] Thank you all for those opening statements. We have a vote going on now, so you will see members leave and come back, and Senator Smith will come back.

I will go ahead and start with my first question, and it is going to be to Mr. Good. One farm bill proposal I have seen floating around recently would lower adjusted gross income, AGI, limits from $900,000 to $700,000, and impose them on land owned by an individual or legal entity for which the adjusted gross income exceeds $700,000. The stated objective here is, quote, "to restrict wealthy investors and absentee landlords from benefiting from farm safety net programs intended to support the active farmers who are taking the risk and producing the crops."

Please tell me how such a proposal would affect farmers, especially young and beginning farmers.

Mr. GOOD. Thank you for the question, Senator. I think first and foremost we have to start with the fact that farmers want their income to be derived from the market and not from the government. I think it is really important for us, when we look at the price coverage option, and looking at young farmers, to realize that young farmers especially lease a lot of their land rather than own their land. When we look at an equation where a farmer should be the means testing in that equation, we are the primary operator and the farms themselves are absorbing the risk reward from the crop.

As somebody that leases a substantial amount of land, I do think that, again, it should be directed toward just the tenant, just because of that do means testing.

Senator HYDE-SMITH. Thank you for that honest answer. We have agreed to go to Senator Grassley, if that is okay, at this time, for a question.

Senator GRASSLEY. Whoever is accommodating me on this Committee, I thank you for doing that. I know it is rude to come here and not hear your testimony and ask you a lot of questions, but that is just the way the Senate operates, when you have two votes going on at the same time.

Some of the testimony spoke to the importance of passing a new five-year farm bill. I agree that the farm bill needs to be updated to reflect the realities of farming today, not six years ago when the 2018 Farm Bill was passed. Farmers today face increase in inputs of cost on diesel, fertilizer, chemicals, seed, interest rates.

Mr. Good, you will probably get a lot of these questions because you have got dirt under your fingernails. You spoke about these rising costs and the need for meaningful farm safety net that reflects those increases. Please speak to how an increase in reference prices for corn and soybeans would impact your farm.

Mr. GOOD. Absolutely. You exactly hit it right on the head, Senator. When we look at our crop budgets we have seen increases in nitrogen fertilizer by three times. We have seen seed and herbicide increase upwards of 25 percent or greater, along with equipment. We are very much in this inflationary environment. The reference prices, as I mentioned in my written testimony and spoken testimony, at those price levels would not sustain our farmer operation or our family farm's operation.

Base acres is a discussion, but I think when we look at the importance of reference prices, with base, without the reference price to support it, there is not much price support that is actually happening.

Senator GRASSLEY. Ms. Parks, going to you. You spoke about how farm safety net can be improved to help maximize the benefit for young and beginning farmers. I have been a strong advocate for higher reference prices. I believe that those higher reference prices share, there should be commonsense payment limitations on those programs. I have been an advocate for that for a long time. I have not been as successful as I would like to be. As I pointed out early and often, just 10 percent of the farmer operations receive 70 percent of all yearly farm payment subsidies.

Do you think that closing loopholes so that only actively engaged—and that is a legal term that we use in the law—or as I like to say, farmers with dirt under their fingernails, receive Title I payments can help beginning farmers compete with larger operations?

Ms. PARKS. Excuse me. What was your question?

Senator GRASSLEY. You want me to repeat it?

Ms. PARKS. Please.

Senator GRASSLEY. Okay. We have loopholes in the laws that allow several people to get in under the payment limitations we have. My question is, I have been for closing those loopholes, so I would like to have your opinion. In a technical sense we are really talking about making tighter the words "actively engaged." My question to you, do you think that would help beginning farmers compete with larger operations if we targeted the farm program toward medium and small farmers?

Ms. PARKS. Thank you, Senator, for repeating your question. I think it is a step in the right direction. Being a beginning farmer comes with so many complex challenges that creating spaces that are more equitable and accessible for beginning farmers like myself that are on 100 percent rented ground, so government programs and opportunities are not readily available or accessible for us versus larger, more established operations. By tightening up those loopholes so that we may have a fighting chance I believe is really important.

Senator GRASSLEY. Mr. Good, my last question will have to go to you. I might submit a question to others in writing. I travel my State quite regularly, getting to each of the 99 counties every year for a Q&A with constituents. What I hear is just support Federal crop insurance. It is very vital to ensure that farmers get through the next year despite weathering difficult times. It is everything that is out of their control, and I am not talking just about the weather. There are political decisions. There are embargos. There are a lot of things that farmers do not control.

We have a bill that goes by the acronym FARMERS Act that would improve crop insurance. Could you speak to how increasing the affordability of crop insurance would benefit young farmers?

Mr. GOOD. Absolutely. I am supportive of FARMERS Act, the FARMER Act. The premium support on the higher levels of coverage is very important. I was just at a young farmer and rancher conference meeting last weekend, and I was talking to an individual that had a third of their soybean crop was wiped out. Because they could not afford higher levels of coverage, they did not receive a claim. They had to get to a situation where they are looking to possibly self-insure with their own cash, moving forward.

When we look at the cost of crop insurance we really need to make it affordable for young farmers, to be able to allow them to reach higher coverage levels so that they do not have to dig so deep into the deductible. That is absolutely important.

Senator GRASSLEY. Once again, thanks to my colleagues for helping me out.

Senator SMITH. [Presiding.] Thank you so much. I am glad to have you with us, Senator Grassley.

I will defer to Senator Stabenow, Chair Stabenow, to ask her questions. We are in the midst of voting, for our witnesses, so that is why we are kind of running around a bit. Thank you for your understanding.

Chairwoman STABENOW. Well, thank you. Before Senator Grassley leaves I want to thank you, Senator Grassley, for all these years focusing on reforms. As you know, the bill we passed in the Senate in 2018 included your reforms, and I supported them. We did not make it all the way through the process, but your effort to make sure we are talking about active farmers in focusing this certainly affects young farmers that we are talking about today, but it affects everybody.

That is why in the bill that I put forward does not allow wealthy Wall Street investors or foreign landowners to get farm payments. I mean, that is part of it too. We should be aiming it right to the people that, as you say, have dirt under their fingernails. Thank you.

I also wanted to say that I think, in listening today, that there is so much common ground here. In so many ways I know some of you have talked about the House bill, or the Senate bill that we have put forward. There is a lot of common approaches in understanding the challenges that we need to have, and I think we need to start with that, where we agree. That is how you get a farm bill. That is how you get a bipartisan farm bill.

I did want to say on several good news fronts. I am writing down things. Like Mr. Good, you talked about we should focus on the PACE bill, Klobuchar/Hoeven. It is in our bill. We should focus on the Crop Insurance for Future Farmers Act, Klobuchar/Thun. It is in our bill. We should focus on childcare, in the bill that you talked about, which is Braun/Marshall/Smith. It is in our bill.

There is a lot of what you are lifting up today, we have put forward here, which I think is very, very important.

I think the difference is to get a farm bill we cannot split the farm community and the family safety net and get a bill. We have to be supporting both, and that is where success comes from. That is very, very important.

I also heard, Mr. Good, you were talking about, and others have talked about, the disadvantage for beginning farmers who cannot access land with base acres. If you are fortunate that you are part of a family operation and you have base acres, that is one thing. If you are not, or if you are new, really new, it is hard because you cannot get those payments that we are talking about.

The House did it one way. We got in our bill a proposal that would establish new base acres, or allow new farmers do to that. It is not a mandatory base update, but for new farmers it would establish new base acres, which I think is so important. Because we can talk about commodity payments, ARC and PLC, but if you do not have base acres, you do not have a chance to get that. It does not mean anything. Right now the vast majority of what the House bill does goes to that, and unfortunately not paid for, so we have to address that.

Another piece you have talked about is a bipartisan proposal that we have, and I know there is support in our Committee for lowering the cost for crop insurance, particularly for beginning farmers, which is something we can do. We can absolutely do. We have support, bipartisan support, to do that.

The final piece I will say before asking a question is on the dairy safety net. We have a lot of common ground there, both in what the House proposed, what we have in terms of the areas that you are talking about, boosting coverage levels, updating production histories, extending the premium discount, in our proposal and in the House. There is a lot of commonality there.

I wanted to dig a little deeper on crop insurance, though, because like the larger farm bill, the big tent for farmers needs to be all kinds of farmers being able to get crop insurance. This is the ongoing challenge we have tried to move forward on, and we still have challenges. Small, diversified, specialty crop farmers need more options for them, and that continues to be what we need to focus on. I heard whole farm revenue insurance, making that work, as well.

I am wondering—and I think I am running out of time here—Ms. Parks and Ms. Sattazahn, could you talk about the role that crop insurance plays as you are securing financing, and in particular, the barriers that you face if you are a small or young or diversified farmer, in getting the credit to run your operation.

Ms. PARKS. Thank you, Senator. First, to even qualify for crop insurance programs you need three consecutive years of submitted Schedule F. Though we have been farming we just hit that finish line, so, in theory, all these doors have opened for us. Unfortunately, because we are first-generation and there is not a foundation set for us, we are trying to build our own kind of brick by brick, crop insurance currently does not make any sense for us in the greater scheme of things. We will be applying for a rainfall index because we primarily depend on pasture and hay for our farm income. The devastation from drought and currently flooding is the scariest part of our farm operation as far as risk. Many other beginning farmers like us who are unable to even access—how do I put this?—access credit so that the debt load is enough where crop insurance is required by lenders and makes financial sense overall, we would need maybe to win the lottery or a couple more off-farm jobs.

Chairwoman STABENOW. That is another strategy we could put in the bill, winning the lottery.

[Laughter.]

Ms. PARKS. That is plan z, maybe.

Chairwoman STABENOW. I do not know if Ms. Sattazahn wants to take just a second. I know I am out of time here.

Senator SMITH. Please go ahead.

Chairwoman STABENOW. Thank you.

Ms. SATTAZAHN. You talked a lot about programs for beginning farmers, and Ms. Parks spoke to that, as well. I will just add to that, that is where it is really important to work with, for beginning farmers, to form relationships with a lender that knows and understands agriculture, and certainly some of the programs that I pointed to there in my testimony of what Horizon Farm Credit is doing. Certainly other Farm Credits across the country offer similar types of programs, as well. It is a challenge, but we are hoping to really work together, because beginning farmers are the future of agriculture, and we want to make sure that we are supporting them.

Chairwoman STABENOW. Thank you, Madam Chair.

Senator SMITH. Thank you very much. Senator Boozman.

Senator BOOZMAN. Thank you, Madam Chair, and thank you all so much for being here. This is very helpful.

We have talked a lot about how important it is to put meaningful investments in the farm safety net, and you all have different needs in that regard, regardless of if it is ARC, PLC, crop insurance, the milk program, disaster programs, all of those things, so that you have got the ability to hedge your risks. That is really the bottom line, it is so, so very difficult. We are working hard to do that, and we talk about putting more farm in the farm bill, and that is really what we are trying to do.

I would like to talk to you about something I think is really important, and this is something that there should not be any controversy that we can do. We can do it tomorrow. Mr. Good, in your testimony you mentioned that FSA loan applications can be overly cumbersome, complicated—and I am referring this to Mr. Good, but any of you could speak on this, you are going through the same process—and require too much time to complete. The need for application streamlining and simplification is something I hear routinely. Can you speak more specifically to ways in which you would like to see the process made more accessible for producers who rely on these programs to begin and expand your operations?

Mr. GOOD. Absolutely. Thank you for that question, Senator. When I went through that farmland purchase back in 2020, it was a situation that needed to close quickly, and basically the struggle for me was to be able to go through the process in a way that was timely for a real estate transaction in the real world. I found that when I met with the Farm Credit system it was very much more based on relationship and understanding of a sound balance sheet and working through your business plan. All that still happens at the FSA. It just is a long process and it takes a lot of time. Sometimes the boots-on-the-ground staff can shy away from getting that process done in a timely manner.

Senator BOOZMAN. Yes. I think it is especially hard on the smaller producers in the sense that the bigger producers are used to this. We have really been good about bringing forward new programs, but smaller producers just do not have the resources sometimes that others do.

Ms. Parks, you look like you can relate to this.

Ms. PARKS. Yes. Unfortunately, accessing programs like EQIP, where you need to submit a grazing plan, which the FSA can work with you on, is unfortunately an arduous and time-intensive process for beginning farmers like myself. Oftentimes when we need that support and that capital, we need it swiftly. Then with the finish line of our three Schedule F's, you know, FSA financing, so that we may live where our animals are rather than commuting 30 minutes one way, 45 from the farthest field, it will be probably through FSA financing. However, the requirement for a very patient, understanding, seller makes it even harder to access land, to find that right person and that right parcel, especially with livestock. They are needy.

Senator BOOZMAN. Very good. Mr. Lussier, we all know the importance of off-farm income to the success of farming operations, but many producers also rely on health care benefits secured by a spouse that works off the farm. It is really important for a lot of reasons.

Unfortunately, childcare can be difficult to find and extremely costly in rural areas. I understand you have two children and another on the way.

Mr. LUSSIER. Yes, sir.

Senator BOOZMAN. I would really like to hear—you are qualified to talk about this. Can you tell us more about the role childcare plays in your ability, enabling you to access capital and grow your business?

Mr. LUSSIER. Thank you for that question, Senator, and I think you mentioned it, that off-the-farm income is becoming extremely important to our young farmers and ranchers. My wife Shelby, she works really hard so that I can live my dream every day, and I thank her for doing that.

I represent a committee, American Farm Bureau, of 16 appointments. There is not one full-time farmer on there, that is a part of that, 16 appointments that does not have at least one spouse working off the farm.

When it comes to childcare, we have one option in our town. Pricing becomes an issue there. Cost is great. We have to drive at least 45 minutes for us to have any other options. It creates challenges for my wife being able to work. Lots of times I have got the kids with me at the farm, which creates challenges in its own, as you can imagine.

Identifying those issues and realizing some of the challenges that our young farmers have raising a family on their farms, and raising children, is extremely important and something I appreciate you identifying.

Senator BOOZMAN. Well, thank you, guys. We appreciate you being here.

Senator SMITH. Thank you very much. Senator Warnock.

Senator WARNOCK. Thank you, Madam Chair. I came in earlier and you were discussing the issue around base acres, and I want to talk some more about that. The average age of farmers is increasing. It is 58.1 nationally, and in Georgia it is older than that. About 59 is the average age. I am glad that we are having this hearing to talk about all the challenges around that.

Mr. Good, we all know that farming is a tough job, with very slim margins. I spend a lot of time with farmers down in Georgia, and there are many reasons for this. What role does access to farm safety net programs play in this?

Mr. GOOD. Absolutely. Thank you for that question, Senator. When we look at farming, it is inherently risky, and we really need to look at having an array of risk management tools. When you look at Title I and Title XI, I think they work in tandem, not against each other. I think crop insurance is vitally important, and then I think a base acre, having a strong base acre, and reference prices to make that base acre meaningful is really important. I think it is absolutely important, especially for this young generation.

Senator WARNOCK. I agree, and as you point out, it is especially difficult for farmers who are starting out, young generations. That is what we want to see. We want to see farmers who are able to pass this from one generation to the next. We want to see folks who, maybe it is not a part of their family history, but are drawn to the dream of hands in the soil, answering the prayer that many of us pray, give us this day our daily bread. I have to say farmers are an answer to a prayer.

How important are base acres to commodity farmers, and why are they more difficult to obtain?

Mr. GOOD. Base acres are really the foundational piece to that Title I, whether it be PLC or ARC. The importance to have a base acre means that you have that price support and you have that protection or that floor beneath you that you can grow off of. Base acres are vitally important for me and my community, absolutely.

Senator WARNOCK. They are expensive and hard to come by, and this is what I had in mind when we put together my legislation to provide underserved commodity farmers, including new and beginning farmers, the opportunity to establish or to increase their base acres through my Southern Crops Act. This bill would lower the barriers to entry for the next generation of farmers, and I was glad to see Chairwoman Stabenow, who played a disappearing act on me—I thought she was sitting in the chair—included my Southern Crops Act in her farm bill reauthorization framework. We will continue to work to see that it is included in the final farm bill. I think when we center people we have a chance to get the public policy right. It is folks like you that I think we have to center as we try to figure out a way forward, not only for your benefit but for the benefit of the American economy, for families.

Another barrier new farmers face is access to credit. According to a 2022 study, young and beginning farmers are more like to be credit constrained when compared to their more established peers.

Ms. Sattazahn—is that all right? Close enough?—what service does Farm Credit provide to producers who are just starting out, and why are they critical to their success?

Ms. SATTAZAHN. Thank you for that question, Senator. Young and beginning farmers are just that. They are young and beginning. Oftentimes they have not had their chance to buildup capital reserves, they may have limited credit, their risk profile tends to be a little bit riskier compared to other farmers. That is where the importance of working with an organization like Farm Credit, who understands farmers, is so critical, and really the challenges that beginning farmers face.

Again, at Horizon Farm Credit we are extremely pleased to be able to have launched our Grow Ahead program, where we have a series of different loan products available that offer discounted pricing, reduced fees, relaxed underwriting requirements, and customized terms. We also have introduced what we call our Farm Starter loan product. It is another specialized product for young and beginning farmers with limited credit and limited collateral, as well. We also look at some qualitative attributes that sometimes these young and beginning farmers might bring to the table, even though they might not have some of that credit and some of that background. We look at their experience, their attitude, their management abilities, sometimes their education that they bring to the table, which is extraordinarily important.

I think a lot of beginning farmers do not start farming because they like the business aspect of it. They like to grow the crops and raise the animals. The business side of it is critically important, and certainly we at Farm Credit are trying to do our best, from an educational standpoint sometimes, in helping to build them up and then certainly offering, from the credit side, how we are able to support these young and beginning farmers, as well.

Senator WARNOCK. Thank you so much. When we consider how the farm bill can best support the next generation of farmers we need to ensure that we are including all farmers. We know that as we think about young farmers, farmers of color, and women are disproportionately represented among the share of our Nation's agricultural producers. I am grateful for the work that you do. Thank you.

Ms. SATTAZAHN. Thank you.

Senator SMITH. Senator Ernst.

Senator ERNST. Yes. Thank you, Madam Chair and Ranking Member, for this Subcommittee hearing, and I want to thank our witnesses for being here today. I am really excited. Any time I get to see truly young farmers I think about when and where I grew up in southwest Iowa. I grew up on a farm, and I think about all the farmers on the surrounding farms now back home. I think of them as young farmers. Then I am like, oh my gosh, they are 50. They are like my age. Because it is all the kids. We all grew up together.

Senator SMITH. Maybe they are 40 and they look 50 or 60.

Senator ERNST. It is really, really nice to have you here, and again, I am so excited about it.

Many examples that you have given today. Thank you so much for sharing your own personal testimony. It really demonstrates why we need a modernized farm bill and one that focuses on those programs that are actually going to the farm. I hope that we do continue to make progress here in the Senate.

Ms. Sattazahn, we will start with you. In my home State of Iowa our turkey and our egg producers have been hit very hard by a highly pathogenic avian influenza. It hit us the first time when I came into the Senate in 2015, and that was a traumatic time for our producers. While we have been free of the virus since December of last year, just in this last week now we have identified bird flu in an egg-laying facility with 4.2 million chickens in the northwest corner of the State. Then we have got another farm with over 100,000 turkeys in a nearby county.

Now we do have the USDA Indemnification Program, and that does help, but the farmer is at a loss of any income that might have come, or would have been expected from the flock.

Ms. Sattazahn, those poultry and livestock producers are really focused on foreign animal disease preparedness and biosecurity. Can you walk us through what you can do for your customers when avian influenza or another foreign animal disease strikes?

Ms. SATTAZAHN. Thank you, Senator, so much for that question, and I certainly agree. Disease outbreaks are a significant concern in the agriculture industry, and I hate to see it when they do happen. Unfortunately we have seen a number of them happen here in recent years, and we certainly take that very seriously.

I would say, first and foremost, we work very closely with a lot of State organizations and others in the industry. We are not in this alone. Agriculture, we are supported by a number of different agricultural organizations that are supporting our producers out there, as well. Staying up to date on what is going on there with the outbreaks, the impacts that they may have, as well, is critically important.

I will also speak to the side of, if there is an outbreak, on a farm, a farm in our territory, certainly farmers being open and contacting their lender as soon as they are aware of the situation, sooner is better than later, and we can work through a number of different options with them. Again, a lot of times working with other agricultural organizations within the State and across the country in those matters, as well.

Internally, within Farm Credit, we take biosecurity very seriously. Even our staff limiting farm visits, providing them with necessary PPE, just very critical. I think, again, that is something that all of us in agriculture can come together for, in support of. Certainly they are terrible when they happen, but I think you see the agriculture industry really rally around trying to do our part to keep our farms and the animals safe.

Senator ERNST. Right. No, and that is great. Collaboration, I think, is key, any time we see those types of issues sweeping through our farms or for our producers.

Mr. Good, just very briefly, in your testimony you mentioned that markets are critical for the commodities you produce, particularly corn and soybeans. In my home State of Iowa our farmers are really frustrated to watch trade kind of go by the wayside under the Administration. In the past 3 1/2 years we really have not seen any new trade agreements, and that is discouraging for us.

As a result, the Department of Agriculture projected earlier on this year that the U.S. would see a record agricultural trade deficit of $3.5 billion in 2024. That has recently been updated to $32 billion trade deficit. Do you agree this only hurts farmers, especially those that are just starting out, if we are not engaging in trade agreements?

Mr. GOOD. Thank you, Senator, for bringing that point. Currently, as you stated, we are in a trade deficit, and farmers rely on foreign markets to grow demand. That is absolutely needed. The House highlighted this need with their bill, with MAP and FMD funding increases. To get better market access and develop foreign markets is vitally important.

I actually just went—and I will speak this briefly—but I went to Panama and Colombia on a trade mission alongside the USDA just recently, back in the spring, and got to meet with some of the end consumers in Colombia, and how the U.S. soybean is one of the most reliable quality products available. Our logistics are very timely. They spoke to the importance of using U.S. soybeans over some of our greatest competitors, and I think that is important as we find those markets, access new markets, not the ones that we have relied on for years, but find those new markets and do business with them.

Senator ERNST. Yes, thank you, and I appreciate all of you again for being engaged in agriculture. Thank you, Madam Chair.

Senator SMITH. Thank you so much, Senator Ernst. I will just mention—I am going to ask my questions next—I will just mention there was some good conversation about the importance of having good childcare in rural communities. I know that this is something that you and I have worked on a lot, and there are good provisions in the framework that Senator Stabenow has offered to forward that. That is a good bipartisan effort that I hope we can keep going as these young farmers are trying to figure out how to drive 45 minutes to find good childcare at the same time that you are trying to run an operation.

I want to just quickly, if I could, ask consent from my colleagues to submit the following items into the record. The first is the National Young Farmers Coalition farmer survey. The next is the National Sustainable Agriculture Coalition report titled, "Unsustainable: State of the Farm Safety Net." The third is the Independent Community Bankers of America testimony.

Is there any objection?

[No response.]

Senator SMITH. Thank you very much.

[The documents can be found on page 64–162 in the appendix.]

Senator SMITH. I am really struck by this conversation. It is so interesting and so useful. I am struck by a couple of things, but maybe the biggest of them is that if you are truly starting out, just getting going, and you are not coming from an operation where you are maybe transitioning ownership from one generation to the next, it is like you have to kind of have it together to get it together, you know what I mean, financially. Like there is a first step that you have to take, and how do you take that first step? Ms. Parks, you are describing that so clearly when you are hoping to be able to get to the place where you could take advantage of crop insurance, but just getting there is a challenge.

I want to ask, start with Ms. Sattazahn, from your perspective I am sure you just see hundreds and hundreds of young farmers. What could we do to kind of help create that first step so that you are able to actually participate in some of these, crop insurance, for example?

Ms. SATTAZAHN. Sure. Thank you, Senator, for the question. Yes, you describe it exactly right. There are a number of hurdles that beginning farmers face as they get started, and I think really we can all rally around a few different areas.

No. 1, I think the more that we can educate our young and beginning farmers on how they can overcome these challenges, but also providing them with the tools they need, so the education, the business, the financial management education, and the networking. No. 2, connecting them with other young and beginning farmers I think is also critically important, and I am sure a lot of these other individuals would speak to that, as well.

I think understanding the tools that are available is another huge hurdle. I spoke in my testimony about Joel Kuhns, right, a veteran, sort of a second career as a farmer. Where does he even go to get support through the Extension Service and the Small Business Development Centers and the Farm Credits, and all of the other organizations out there?

I think being able to showcase our resources and make sure they are getting into the hands of folks that, again, if they do not come from that background, they might not even be aware that those resources exist. Being very open about sharing those resources and leveraging one another within this community. Again, no two beginning farmers are the same. They come to us in a lot of different ways and capacities. To me that is the initial first start is education and resources.

Then really taking it from there. I spoke about our JumpStart grant program. That is an example of——

Senator SMITH. That is a grant program.

Ms. SATTAZAHN [continuing]. a grant program, precisely.

Senator SMITH. You need capital to build capital.

Ms. SATTAZAHN. Exactly. They might not even be ready for a loan yet, but that grant could help them in a lot of ways, maybe some initial equipment, business formation, those types of things. That is why we created that program.

Senator SMITH. Thank you. Ms. Parks, could you just talk a little bit about kind of what you and your husband have found in terms of getting access to those sorts of networks and kind of support systems that I know is a part of the place where you are farming and some of the good community groups we have in Minnesota.

Ms. PARKS. One of the many reasons why we decided to settle in Minnesota was that community. However, if you do not know how to get that introduction and get into that room, you find yourself feeling a listless. It is a lot of time and emotional labor to try and seek out those resources yourself, time that we also spend dedicated toward raising calves and building our farm business. You just cut out sleep.

Helping other beginning farmers know where those resources are, kind of what questions to even ask. Like we have been very fortunate with Farmers Union Insurance, that we are trying to figure out what insurance is, in our late 20's, you know, that kind of last push out of the nest for health insurance by my parents was a number of years ago, but it was still a learning process on how to advocate for yourself, how to take care of yourself as an adult, let alone a farm. Helping beginning farmers to kind of lead them to the water trough, so to speak, is something that this next generation really does need.

Senator SMITH. Thank you so much. I believe Senator Tuberville is next.

Senator TUBERVILLE. Thank you very much. Thanks for being here today. Great topics, farm bill and the future of our Nation's agriculture industry. I get very depressed when I go home to Alabama. Obviously farmers put food on our tables, but unfortunately a lot of people across this country think that all the crops and the meat come from out back of Walmart and Publix and Piggly Wiggly's. They need to wake up and smell the roses before it is too late.

We have hardworking people that believe in conservation. The EPA is unbelievably hard on our farmers, unfortunately. They need help. Everywhere I go they need help with the rising input costs, fluctuating prices. They cannot control the weather, obviously. Costs are up. Income is coming down. Just the last few years we have lost 25,000 farmers that have left the industry, and over 150,000 farms have closed. I talked to two farmers last week in Alabama who said, “Game, set, match this year if I can’t make a little money.” Can’t afford to pay back the bank.

We have got to open our eyes to this because we have to eat. We cannot depend on people from other countries to supply what we need. Plus we need to make sure that our farmers are held to a standard where they can compete with people that we import from.

Mr. Good, the farm bill that passed out of the House Ag Committee allows for a one-time allocation of base acres to growers using a planting history from 2019 to 2023. Do you see this opportunity to access base as encouraging to beginning producers, and what impact will this have from an economic perspective?

Mr. GOOD. Absolutely. Great question, Senator. I see the opportunity, especially in the House provision, where they have an update of base for everybody. Because I think, as you stated, inflation is not choosing sides. Inflation is hitting all of us. Like I addressed earlier, we are seeing it in seed, fertilizer, equipment, in every area. To have the safety net, we see the market fluctuations of just address the need for more markets.

I think the base is an opportunity. It is a foundational piece to be able to build that risk management portfolio, and for young farmers, especially, that, as we stated, their balance sheets are not as strong.

Senator TUBERVILLE. It is hard to understand how just in the last two or three years the prices of this equipment has doubled and tripled and quadrupled in amount of money. I know we do not make a lot in this country anymore. We need to get back to that. The manufacturing and a lot of it, it says it is made in America but it goes by way of other countries before it actually has the USA imprint put on it.

Do you see that? Are you hearing that from people that you work around?

Mr. GOOD. Absolutely. I think as we look at precision agriculture, I think that is a very vital piece. Just on my farm operation we are able to demo the John Deere See & Spray sprayer to be able to reduce inputs. With this technology there are additional costs. When we look at equipment, it seems to follow the way that the commodity markets do. As farmers we are putting an increasing amount of our budget into equipment, which is a very big issue for us young farmers, as well.

Senator TUBERVILLE. Yes. At Auburn, where I live, a land-grant university, they have a great ag school, vet school. We see it growing to a certain point, but I do not understand, you know, what a lot of these young people are looking at, to be honest with you. I know they talk to their parents about the future of farming and possibly going back and taking over their farms.

There are over 20,000 young and beginning producers in Alabama, 20,000, many of whom will want to pass their farms on to the next generation. Any of you can answer this. Mr. Good, you can start with this. Can you speak to the importance of extending President Trump's 2017 Tax Cuts and Jobs Act provisions such as the increased estate tax exemption, step-up in basis, and bonus depreciation to support farm families?

Mr. GOOD. Absolutely. I think at the core of what we need is a sound tax policy. When I think about my wife, Laura, and my two boys, Caleb and Peter, I am looking to build something. I am looking to build something that is meaningful in a way that we are feeding the world. For me to not be able to pass it on to my children in a meaningful way, or to give them more of a liability as a gift, I think that is against what we are looking to do here. My family is in full support of the step-up basis and extending that estate tax limit.

Senator TUBERVILLE. Well, God bless all farmers, because you do not get a lot of help. You get a lot of ridicule. You get the climate people looking at you, wanting to change all the rules in midstream. That is unfortunate because farmers care more about conservation than anybody could ever imagine.

Thanks for what you all do, and thanks for being here today. Thank you, Madam Chair.

Senator SMITH. Thank you, Senator Tuberville. Senator Hoeven.

Senator HOEVEN. Thank you, Chairman and Ranking Member, for letting me join you on your very important hearing today on young people in agriculture. I think the average age of our farmers and ranchers now is about 60 years old, which does not seem that old to me, but it probably seems pretty darn old to all of you. The reality is we have got to find ways to get more young people into farming and ranching, and then make sure they are successful, right.

The capital requirements are tough. The markets are tough. I mean, it is a tough business. It is a high-tech business now. These beginning farmer programs are really important.

I want to start with crop insurance, because one of the things that I want to make sure we do in this farm bill is that we make it more affordable to buy crop insurance at a level that is effective for you, whether it is at the enterprise level, so at your farm level, or the supplemental coverage option (SCO), to give you that added lift, you know, when you have tough weather and you get kind of a marginal crop.

First I would ask for all of you, do you agree that crop insurance is a really, really vital risk management tool for our farmers and ranchers, and it has got to be in the farm bill, and it has got to be in the farm bill in a way that is affordable. Would you all agree with that?

[Witnesses agree.]

Senator HOEVEN. Okay. Then let's take it to the next level. Now let's talk about beginning farmers. Senator Tester and I are working on some of the programs on the rancher side, whether it is LFP or LIP or ELAP and all those, to make them more dependable and consistent for cattle producers.

Talk to me. What can we do for beginning farmers on the crop insurance piece that, in your opinion, would strengthen it and help those beginning farmers? If you just run through the line and give me four great ideas, that would be good enough for today.

Mr. GOOD. Well, I think there has already been a lot of good progress spoken. We look at the FARMER Act. We look at the Crop Insurance for Future Farmers Act of 2023. Both of those, I think, create sound policy, moving forward.

Senator HOEVEN. Say that once more about the FARMER Act? Could you repeat that? I didn't quite hear it.

[Laughter.]

Senator HOEVEN. You said it would be really good policy?

Mr. GOOD. I think so, when we can bring premium support.

Senator HOEVEN. By the way, Cindy Hyde-Smith is on that bill. Go ahead. I am sorry.

Mr. GOOD. I think that the premium supports is the returning issue. I think for young farmers and ranchers they are putting out a lot of their costs on the upfront. We see these costs are inflated, as well. Deductibles may be the profit margin. Deductibles may be the profit margin. I think at the end of the day if we can reduce that deducible, we can make crop insurance affordable, then I think that we will have a much more solid base.

Senator HOEVEN. Less need for ad hoc disaster packages too, right?

Mr. GOOD. I think in tandem.

Senator HOEVEN. More certainty to get your operation financed every year, which hopefully brings down your cost of credit.

Okay.

Ms. Parks.

Ms. PARKS. Because our farm is beginning we have not yet been able to access crop insurance that makes sense for us, so having flexibility for the diverse number and types of farms is vitally important. Because those of us who find themselves not owning land and do not have that security of knowing where you are going to farm after your leases run out, potentially, having a safety net for what you do produce when you do produce it is vital.

Senator HOEVEN. Okay.

Mr. LUSSIER. Risk mitigation is the biggest part for me, for young farmers. I had a farmer tell me one time that they take a million dollars and they plant it this far underground every year, and they hope that it comes up. As you look at that—and that really struck me as we do not control the weather. There are a lot of challenges as farmers.

I do not have any crop insurance myself, as a dairy farmer that does not do any row crops. I take advantage of the DMC program. I know that when I go to lenders and when I talk about gaining access to capital, they ask me, "Are you involved in these programs that can mitigate the risks and give you the opportunity to ensure that you are going to be able to make these payments?"

Senator HOEVEN. Okay.

Ms. SATTAZAHN. Yes, and I will just put an exclamation point on it all that risk management is critically important to all farmers, certainly beginning farmers, as well, and add to that, I mean, I certainly support all the different crop insurance programs out there. In Pennsylvania we have a lot of dairy producers, so dairy margin coverage particularly of interest, as well. Certainly we encourage

Farm Credit borrowers, other producers out there, that is a way to help against all the different risks of farming, and certainly support that.

Senator HOEVEN. Affordability and then making sure that those deductibles do not eat up any margin. Then, Mr. Lussier, you brought up the access to credit. Senator Klobuchar and I have a bill that would increase the credit limits for FSA and some of the other programs. Then we need enhancements under beginning farmer and rancher, where you can borrow at a lesser cost.

Any ideas that you all would have that you would want to throw it on the FSA, the financing, the funding piece for beginning farmers?

Mr. LUSSIER. I think you hit the nail on the head when talking about raising those limits. I have been able to take advantage of three FSA loans, and just the cost of land has skyrocketed. The cost of inputs. To buy a facility and then put cattle on it, and buy the equipment to be able to farm it, those numbers have increased so much. Those limits need to follow suit.

Senator SMITH. Thank you so much. I think that Senator Hyde-Smith has a question before we wrap up. Thank you.

Senator HYDE-SMITH. Yes. Just one more. I think this is lingering on and I can submit the rest. Mr. Good, you had mentioned catfish production. You and I are from a State that produces more catfish than any State in the entire country. Arkansas and Alabama come in behind us. A lot of folks just simply do not understand or know how to manage or how challenging that is.

Please share more with the Subcommittee about how farm-raised catfish production works and how some of the challenges faced by those catfish producers might prohibit beginning farmers from getting involved in agriculture in that way. Because aquaculture is very important in Mississippi, and we still have a market. Could you kind of put some highlights on that, of how the challenges are?

Mr. GOOD. Absolutely. Thank you, Senator. In the catfish business it is very capital intensive in the beginning. We have to put up levees. That means moving dirt to make it happen. Then we stock our ponds with the fish, and then we harvest them at the end. It is not smooth as it sounds. In the middle of that process, and even from the beginning, we experience a nearly constant disaster due to federally protected migratory birds eating our fish, and this sum totals up to approximately $65 million a year. That cost goes from trying to scare off the birds to the birds eating the fish, which is our final product, and then also the diseases that can infiltrate a pond from those migratory birds.

Adding bird depredation as an eligible loss to ELAP would provide a desperate safety net for these catfish farmers. If you are a catfish farmer coming in, and you are laying out all that upfront cost for the infrastructure, and then at the end of the day your profit is literally consumed, we do need a safety net desperately. It has been one that is long overdue.

Senator HYDE-SMITH. Thank you for those comments. You have all done great.

Senator SMITH. Well, thank you so much. Thank you again to our witnesses for being here today and for providing testimony. We often mention, in the Agriculture Committee, that we are lucky to work in a space that is not as partisan as other spaces, although we certainly have our regional differences. I look forward to continued work that we can do to pass a bipartisan bill, and I am very grateful for the input and the insight that you all provided to us as we continue that work.

For Senators who wish to submit questions for the record, those questions are due one week from today, which will be Tuesday, June 11th. For our witnesses, you will have two weeks to respond to any questions for the record.

Thank you again, and with that this hearing is adjourned.

[Whereupon, at 4:37 p.m., the hearing was adjourned.]

APPENDIX

JUNE 4, 2024

Opening Statement
Ranking Member John Boozman

Subcommittee Hearing on Commodities, Risk Management, and Trade – Pathways to Farming: Helping the Next Generation of Farmers
June 4, 2024

First, I want to thank the Chair and Ranking Member of this subcommittee for conducting this hearing.

I also want to express my appreciation to our witnesses for taking time away from their operations to be here today.

Your insights are so valuable to this committee as we continue our work on a new five-year farm bill.

The average age of the American farmer is 58 years old, and that number continues to climb.

Of the 3.4 million producers on farms in the United States, roughly 300,000, or approximately 9%, are considered young farmers, or under the age of 35.

Just over 1 million are considered beginning farmers.

At the current rate of attrition, there may not be enough young and beginning farmers or other farmers entering the industry to replace those who are retiring from the profession.

So, I believe it is in our best interest to determine ways we can reduce barriers for the next generation of farmers so they can continue to provide an abundant source of food, fiber and fuel to our fellow citizens and the world.

A producer from Minnesota told me recently that record-high input costs coupled with declining crop prices, would mean that she would have to harvest a record yield for her farm just to break even.

That is not a scenario farm families want to pass on to the next generation.

Without access to an adequate farm safety net, voluntary conservation programs, market opportunities, and investments in research, farming may not be a viable opportunity for the next generation of farmers.

We also need to ensure that young and beginning farmers have the resources to enter a capital-intensive industry like production agriculture.

Updating farm loan limits to match the current inflationary environment that has elevated input costs and land values to historic highs will help more young and beginning farmers have the resources to enter this industry.
Off the farm, continued investment in rural infrastructure that delivers clean drinking water, reliable and affordable electricity and broadband, and services like healthcare and childcare, will also be critical to ensuring that rural and agricultural communities are places where young people can see themselves living and raising families.

Fortunately, I believe all of these priorities can be achieved through a bipartisan farm bill.

I look forward to the conversation today and learning from our witnesses.

Thank you, Madam Chair.

Written Statement of Mr. Christian Good, Owner

Christian Good Farms

Macon, Mississippi

To the Committee on Agriculture, Nutrition, and Forestry Subcommittee on Commodities, Risk Management, & Trade of the United States Senate

U.S. Senator Tina Smith, Chair
U.S. Senator Cindy Hyde-Smith, Ranking Member

Pathways to Farming: Helping the Next Generation of Farmers

June 4, 2024

2424 Longview Road
Macon, MS

Madam Chair, Ranking Member Hyde-Smith, and other distinguished members of the Subcommittee, thank you for calling this hearing today to discuss this important topic and for allowing me to testify. My name is Christian Good, and I am the owner and operator of Christian Good Farms in Macon, Mississippi.

Since my childhood, I have always been involved in our family farm in Noxubee County, MS, raising corn, soybeans, cotton, beef cattle, and catfish. After graduating high school, I went to Mississippi State University to get my Bachelor of Science in Agribusiness, with minors in Business Administration and Economics to better learn how to steward our land and manage our operation. Although I grew up in agriculture, I established my own operation shortly after graduating college. In 2020, my wife Laura and I had the opportunity to purchase our first farmland tract of around 125 acres with financing through the Farm Credit System. We have expanded to over 300 acres of corn and soybean production through long-term land leases.

My passion for agriculture extends beyond my farm, and I have been honored to be an advocate for our industry on the Mississippi Farm Bureau Young Farmers and Ranchers Leadership Committee, American Soybean Association Young Leader Program, the Thad Cochran Agricultural Leadership Program, and recently, a trade delegate to Panama & Colombia with the United Soybean Board.

General Economic Challenges in Agriculture:

As much as farming is in my heritage, farming in today's overall economic environment poses some real challenges for all farmers, both beginning and experienced. My fellow Mississippi farmers are facing one of the most difficult years in quite some time.

- First and foremost, our operating costs are at an all-time high. Inflated costs for seed, fertilizer, fuel, technology, equipment, and parts/repair costs continue to erode the profit headwinds for producers both young and old. Most farmers in our community made one of the best crops they have ever produced in 2023 and due to these record input costs, many still lost money.

- Second, the markets for the commodities that my farm produces (corn and soybeans) are currently in a significant price downturn, yet are above the statutory reference prices established in the 2018 Farm Bill. In just two years, we have seen the market price for corn drop more than $2.40 per bushel, or roughly 35%. The same can be said for the soybean market, which has seen a $2.75 per bushel decline, or roughly an 18% decline.

- A third economic challenge that all of us are facing is the rising level of interest rates on our farm operating loans. Just 4 years ago, interest rates on farmland real estate loans and farm production loans were between 3 to 4 percent. Now, the same interest rates stand between 8 and 9 percent, more than doubling the cost of borrowing for agricultural producers. The current interest rate environment is a substantial roadblock to many producers to expand their operation as needed and is certainly a challenge to many young and beginning farmers and ranchers like myself.

- And finally, as we kick off the 2024 crop season, the lack of meaningful safety net that our current farm bill provides is a real concern for farmers in my community. Our farm generally participates in the Price Loss Coverage (PLC) program provided by the USDA Farm Service Agency, designed to provide a price floor that we receive. The statutory reference prices in the 2018 farm bill are so outdated that I can confidently say that if we were to receive those prices for corn (at $3.70 per bushel) and soybeans (at $8.40 per bushel), my farm and my family's farm would be out of business.

I highlight these challenges to provide some context into the importance of Congress passing a strong farm bill in 2024 for the future of all farmers, especially those beginning young farmers.

<u>Challenges & Recommendations Specific to Young & Beginning Farmer Program:</u>

I'd now like to give you my perspective of the some of the numerous challenges that young and beginning farmers face in my state with farm bill programs and provide you with some recommendations to address some of these concerns.

- <u>Base Acres & Price Loss Coverage (PLC)</u>: One challenge on my farm is having an adequate amount of base acres to allow me to enroll in the FSA Price Loss Coverage Option program or other Title I risk management programs. My farm is roughly two-thirds under based. My recommendation would be to devise some way for young producers to build base without adopting policy for a mandatory base update. <u>The House Agriculture Committee just recently marked up a farm bill provision that will allow producers a one-time option of building base on their current farming operation. For young farmers, this change would be monumental. Additionally, the House bill makes significant adjustments to the statutory reference prices for most commodities, bringing them more in line with today's market situation.</u>

- <u>Farm Service Agency Loan Programs</u>: Many young and beginning farmers in my state utilize the Farm Service Agency loan programs. These programs are designed to assist young producers with limited resources and assets to get started farming. My experience and that of others in my community has been that these programs are overly cumbersome, complicated, and require too much time to complete an application. My recommendation would be to simplify and streamline the application process. Additionally, the direct and guaranteed loan limits should certainly be raised. <u>The bipartisan PACE act, introduced by Senators Klobuchar and Hoeven, makes sweeping adjustments to these USDA direct and guaranteed loan programs to make them more effective and responsive to farmers and ranchers.</u>

- <u>Strengthening Risk Management Programs</u>: Crop insurance is a vital tool used by young farmers and ranchers, but the premium cost for adequate coverage is a real challenge for young farmers. <u>The bipartisan Crop Insurance for Future Farmers Act of 2023, introduced by Senators Klobuchar and Thune, extends the eligibility period from 5 years to 10 years for beginning young farmers and ranchers, thus lowering their costs for crop insurance coverage.</u>

- Access to Natural Resources Conservation Service Programs: Another major concern of mine is access to conservation programs. Passed in 2022, the Inflation Reduction Act added some $18 billion of funding for USDA conservation programs. However, despite this monumental boost in funding, farmers in my hometown are still having issues gaining access to these important programs. Farmers support voluntary and incentive-based conservation funding, but many are concerned that these programs will come with too many strings attached that will make them harder to operate. To support both young and experienced farmers and conserve our land, a new farm bill needs to ensure continued access to voluntary conservation programs and streamline the enrollment processes.

- Precision Agriculture: The last concern that I'd like to bring before you today is the need for broadband in rural agricultural lands. Many times the equipment that we purchase is loaded with a tremendous amount of technology that will make us more efficient and better stewards of the land, but without connectivity covering rural lands, this technology is deemed useless. The bipartisan Last Acre Act, introduced by Senators Deb Fischer and Ben Lujan, would create a new Last Acre Program at the U.S. Department of Agriculture's (USDA) Office of Rural Development aiming to expand network connectivity across farmland and ranchland. This legislation would bring about some common sense policy to make sure that farm and ranch lands are not left out as we connect America.

In closing, thank you for the opportunity to testify before you today. In my view, the most important thing Congress can do to help the next generation of farmers is to pass a robust farm bill that strengthens the farm safety net and improves access to credit, risk management tools, and voluntary conservation programs. I look forward to working with you to create a strong farm bill that provides sound policy for young and beginning farmers like me and I stand ready to answer any questions that you may have.

National Farmers Union

Testimony of Tessa Parks

Submitted to the

U.S. Senate Committee on Agriculture, Nutrition, and Forestry

Subcommittee on Commodities, Risk Management, and Trade

“Pathways to Farming: Helping the Next Generation of Farmers”

June 4, 2024

328A Russell Senate Office Building

Washington, D.C.

Good afternoon, Chairwoman Smith, Ranking Member Hyde-Smith, and members of the Senate Subcommittee on Commodities, Risk Management, and Trade. Thank you for the invitation to testify before this subcommittee and for the opportunity to provide testimony from National Farmers Union (NFU). Founded in 1902, NFU is a grassroots organization with more than 230,000 members nationwide advocating on behalf of family farmers, ranchers, and our communities.

My name is Tessa Sadae Parks, and I am a beginning farmer in Northfield, Minnesota, and the newly elected President of the Rice County chapter of Minnesota Farmers Union. I am also active in the Land Stewardship Project and the National Young Farmers Coalition. Together with my spouse, Wyatt, I own and operate W.T. Farms, raising grass-finished beef, which we sell direct-to-consumer at farmers markets. We also produce and sell certified organic hay.

Though I am new to farming and several generations removed from the farm, my connection to and love for agriculture is strong. I fell in love with and married Wyatt, who was already working on an organic dairy and produce farm and raising livestock on the side when we met. That summer I learned livestock care basics, like how to identify and treat scours and how it feels when you touch a live electrified fence. Ever since then, Wyatt and I have been farming side-by-side. The shared experience of building our farm together – from bottle-feeding calves, walking pastures to check on the herd, and taking care of customers at the farmers market – has brought me immense joy and a unique sense of accomplishment in the face of many hardships.

Furthermore, agriculture is an important part of my family history. On my mother's side, our family farmed rice in Japan and immigrated to Hawaii where they were pineapple farmers and members of the Lawai-Kalaheo Pineapple Growers Association. My family escaped internment during World War II because they raised crops that helped feed the American troops stationed there. While in a sense I see myself as a new or beginning farmer, I also see myself as returning to agriculture, tying up loose threads that came undone generations ago. My husband is also several generations removed from farming. While we are without family land, we are working hard to chart a course back to the farm.

In addition to farming – and like most farmers in the United States today[1] – Wyatt and I work off-farm jobs. We dream of farming full-time while caring for our land, our livestock, and providing healthy food to our community.

Farmers Union's grassroots policy recognizes that it is critical for our economy and the health and security of our nation and communities that we create the conditions necessary for the next generation of family farmers to continue producing the food, fiber, and fuel we all depend on.[2] But beginning farmers like me face significant barriers to entry into agriculture, including a farm safety net that favors larger and more established farms, barriers to accessing land and capital, climate

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[1] USDA Economic Research Service (ERS), "Off-Farm Income a Major Component of Total Income for Most Farm Households in 2019." https://www.ers.usda.gov/amber-waves/2021/september/off-farm-income-a-major-component-of-total-income-for-most-farm-households-in-2019/
[2] NFU Policy Book, March 2024. https://nfu.org/policy/

change, and ongoing corporate consolidation in agriculture that limits our opportunities and diminishes competition in the marketplace.

Farmers Union is taking on these challenges and cultivating the next generation of farmers in many ways. NFU's flagship programming for beginning farmers and ranchers is called the Beginning Farmers Institute (BFI)[3]. Since 2011, NFU has hosted BFI to provide the next generation of farmers and ranchers with technical training, mentorship, and leadership development opportunities, with a dozen or so graduates from the program each year. While BFI is a tremendous program, we also need to make sure the right federal policies are in place and funded to meet the unique needs of the next generation of family farmers and ranchers.

As a Farmers Union member, I am proud to be part of the organization's annual grassroots policy development process. At NFU's 122nd Anniversary Convention in March 2024, delegates to the convention updated and adopted Farmers Union policy, with a focus on making sure the next farm bill is the right farm bill.[4] The right farm bill will stem the ongoing loss of family farms by establishing a stronger farm safety net, building fairer and more competitive markets, and creating better opportunities for the next generation.

Improving the Farm Safety Net

One of the special orders of business adopted at the 2024 NFU Convention noted the last farm bill fell short of providing the support farmers need due to market disruptions and weather disasters. Since 2018, farmers experienced many challenges: a period of low commodity prices, a rapidly deteriorating export market due to a unilateral trade war with China, economic shocks stemming from the COVID-19 pandemic, and swings in supply and demand due to geopolitical instability. Our farm policy should learn from these challenges. In that spirit, NFU delegates called for Congress to pass a farm bill that is fiscally responsible, directs improvements to farm bill programs to family farms and ranches, and mitigates or offsets the cost of these improvements through subsidy limits or eligibility restrictions.

One way to bolster the farm safety net is to make improvements to crop insurance, which is a risk management tool that works well and is popular among my neighbors and fellow farmers. For beginning farmers, legislation like the Crop Insurance for Future Farmers Act (S. 2458) makes crop insurance more affordable for those of us who are in our first several years of farming. I appreciate the support provided to this bill by its original cosponsors, Senators Klobuchar (D-MN) and Thune (R-SD), as well as from cosponsors like Senator Smith (D-MN). This bill was included in the Rural Prosperity and Food Security Act framework from Chairwoman Stabenow (D-MI), and I hope it will be part of the next farm bill.

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[3] NFU Beginning Farmer Institute (BFI). https://www.eventcreate.com/e/bfi

[4] "NFU Closes 2024 Convention, Outlines Policy Priorities and Special Orders of Business," March 12, 2024. https://nfu.org/2024/03/12/nfu-closes-2024-convention-outlines-policy-priorities-and-special-orders-of-business/

Similarly, the improvements to the Non-Insured Crop Disaster Assistance Program (NAP) in the Chairwoman's framework hold promise as a way for new and beginning farmers to better manage their farming risks. Farmers Union also supports the inclusion of the Whole Farm Revenue Protection Program Improvement Act (S. 2598) in the farm bill, which would spur adoption of crop insurance policies that could better provide coverage to diversified farm and ranch operations, not only for new and beginning farmers.

While greater crop insurance coverage and availability is very important for new and beginning farmers, Farmers Union believes that improved risk management products and revenue insurance are not a substitute for fair markets and price support programs. Lawmakers should be mindful of how crop insurance can negatively affect beginning farmers and ranchers, especially as it contributes to increases in land prices and rental rates. Congress should enact subsidy limits or eligibility restrictions on crop insurance so that the program can better direct the benefits of the program to family farmers and ranchers without pushing land prices higher and higher.

Fairness for Farmers

I am incredibly proud that Farmers Union is a champion for the issue of fair and competitive markets and keeping the topic of our nation's monopoly problem in the current farm bill debate. I know that I am not getting a fair price for my beef because livestock market prices are suppressed by lack of competition among the major meatpackers. But if I can get a fairer price for my beef that I raise and sell, we can reinvest that revenue in our farm, improve our access to financing, and circulate that additional income in our local community. Fair and competitive markets are foundational to the success of beginning famers and established operators alike.

In 2021, NFU launched the Fairness for Farmers campaign, which is an effort to shed light upon the devastating impact that monopolies and near monopolies have on family farmers, ranchers, and our communities. Very few firms control the market for agricultural inputs (such as seeds, crop protection products, fertilizer, and farm equipment), processing (including livestock slaughter and processing), food manufacturing, wholesale distribution, food service, and grocery retail. The small number of large, consolidated firms in the middle of the agricultural supply chain wield immense market power over both farmers and consumers.[5] [6] [7]

Fairness for Farmers calls for strengthening the Packers and Stockyards Act (PSA), increasing price discovery and transparency in livestock markets, ensuring farmers have the Right to Repair their

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[5] Jonathan B. Baker, "Market power in the U.S. economy today," Washington Center for Equitable Growth, March 2017. https://equitablegrowth.org/market-power-in-the-u-s-economy-today/
[6] USDA, Agricultural Marketing Service (AMS), Packers and Stockyards Division: Annual Report 2021 & 2022 (March 2024). https://www.ams.usda.gov/reports/psd-annual-reports.
[7] Claire Kelloway and Sarah Miller, "Food and Power: Addressing Monopolization in America's Food System," *Open Markets Institute*, May 13, 2019. https://www.openmarketsinstitute.org/publications/food-power-addressingmonopolization-americas-food-system.

own equipment, and creating new and more diverse market opportunities. Many of these priorities could be addressed in the next farm bill. We are pleased to see several key Fairness for Farmers priorities included in the Rural Prosperity and Food Security Act framework, but there are other provisions that have not yet been included.

NFU was especially pleased to see the inclusion of the Meat and Poultry Special Investigator Act (S. 346), introduced by Senators Tester (D-MT), Grassley (R-IA), Rounds (R-SD), and others to establish an independent office at USDA to enforce the PSA and prevent abuses by meatpackers. The PSA, which first became law in 1921, is meant to protect livestock and poultry producers from unfair, deceptive, and monopolistic practices in the marketplace. But the law has not kept up with changes in the livestock industry, which has seen rampant consolidation, reduced market transparency, and the rise of unfair contract terms for farmers and ranchers. USDA is undertaking rulemakings to update the PSA by providing additional protections for producers in livestock and poultry markets. The new special investigator would ensure USDA has an independent team dedicated to enforcing the law.

We also welcome the inclusion of parts of the Strengthening Local Processing Act of 2023 (S. 354), introduced by Senators Thune (R-SD), Brown (D-OH), Smith (D-MN), and others. This bill will provide resources and grants to support small and medium meat processors, improving market opportunities for farmers like me.

Additionally, NFU appreciates inclusion of the following Fairness for Farmers provisions: establishing the voluntary Product of USA label claims for Food Safety Inspection Service (FSIS) products; making permanent the USDA Cattle Contract Library pilot program; establishing the Farmer Seed Liaison at USDA to strengthen competition and choice in the seed marketplace; and requiring additional research into consolidation the livestock industry based on a bill introduced by Senators Smith (D-MN) and Grassley (R-IA).

These are important reforms, but family farmers need additional action on issues stemming from corporate consolidation and concentration.

To address the thinning cattle cash market and market manipulation caused by overuse of Alternative Marketing Agreements (AMAs), the committee should include the Cattle Price Discovery and Transparency Act of 2023 (S. 228). This bill, led by Senators Fischer (R-NE) and Tester (D-MT), is also supported by the Chairwoman and Ranking Member of this Subcommittee, Senators Smith (D-MN) and Hyde-Smith (R-MS), as well as 22 bipartisan cosponsors, including many members of the Senate Agriculture Committee.

The American Beef Labeling Act (S. 52), which would reinstate mandatory country of origin (COOL) labeling for beef, should also be added to the farm bill. While inclusion of a provision in Chairwoman Stabenow's framework on the voluntary Product of USA label is a step in the right direction, American cattle farmers and ranchers, and American consumers, deserve mandatory COOL for beef.

Finally, we are concerned with a provision included in the Rural Prosperity and Food Security Act framework that would exempt meat processing facilities from the prohibition on owning, financing, or participating in the management or operation of a livestock marketing agency under the PSA. We should *strengthen* the PSA, not create new loopholes.

Creating Better Opportunities for the Next Generation

Improving the farm safety net and ensuring family farmers get a fair shake in the marketplace are essential for creating better opportunities for the next generation of farmers. Congress should also create and improve programs to help with land and capital access for beginning farmers, invest in programs that tackle climate change and improve the resilience of our farm operations, and address the urgent need for better access to affordable health care and child care in rural areas.

Land and Capital Access for Beginning Farmers

One of the biggest challenges I face as a beginning farmer is access to the land and capital required to farm. Put simply, without land, you cannot farm – so it is really a make-or-break issue. Farming is a capital-intensive business and because we are truly starting from scratch, affording land and accessing capital is incredibly daunting for us. We need a diverse set of creative policy solutions so that we can have a fair shot at building a successful farm business.

While some beginning farmers can get their start on very small acreage producing fruits, vegetables, and other specialty crops, for us to cash flow, our acreage needs are greater because we graze cattle and cut hay. Unfortunately, farmland is incredibly expensive today, and where we live, farmland is often sold without houses or barns because that infrastructure is split off to sell as hobby farms. We cannot blame our neighbors for making the financial decision to split off those assets. But what we can do, and what Congress should do, is recognize this reality and establish policies that create opportunities for the next generation in the face of these challenges.

Presently, our pasture is rented from a local non-profit, Sharing Our Roots[8], for which we are incredibly grateful. Our arrangement is not perfect because the land is shared, so it is a little bit like farming with roommates. Our tenuous and impermanent land tenure also prevents us from investing in infrastructure. The approximately 100 acres we rent for hay production is cobbled together from four different fields and owners, which makes things complicated.

While we dream of owning land that allows us to fully invest in our farm, grow and raise a family, and keep our animals as comfortable and healthy as possible, in the near term, our ability to get started

[8] Sharing Our Roots. https://www.sharing-our-roots.org/

is thanks to creative partnerships and approaches from community-based and community-led organizations. This is why I support the Increasing Land Access, Security, and Opportunities (LASO) Act (S. 2340), which is led by Senator Smith (D-MN) and includes a bipartisan companion bill in the House. This bill would extend USDA's Land, Capital, and Market Access Program[9], first established in 2022. The program funds cooperative agreements or grants for projects that help underserved producers, including beginning farmers, access land through various approaches. These approaches include establishing innovative ways to connect available land to those that want to farm it, transitioning farmland from existing landowners to the next generation, and providing much needed technical assistance related to land, capital, and market access for underserved producers.

As we dream about land ownership, we know a USDA Farm Service Agency loan may be what we ultimately need to access financing early in our farming journey. This is why we support the Producer and Agricultural Credit Enhancement (PACE) Act (S. 2890), led by Senators Hoeven (R-ND) and Klobuchar (D-MN), and cosponsored by Senator Smith (D-MN), to update FSA loan limits to ensure they make sense for the current economic environment.

An important part of securing farm financing is pre-qualification or pre-approval to allow farmers to move quickly once farmland comes up for sale. But USDA FSA does not currently offer pre-qualification or pre-approval for farm mortgages like other lenders do, decreasing their utility in a competitive real estate market. Congress should consider including an FSA pre-qualification and/or pre-approval pilot program in the next farm bill.

We also need to make sure our FSA county offices are fully staffed and that these positions come with adequate compensation so that we have the guidance and support we need when applying for financing from FSA.

Climate Change and Voluntary Conservation Programs

As a beginning farmer, I think a lot about climate change and how to make our farm sustainable. We are experiencing many impacts of climate change, from sustained droughts to intense snowstorms and everything in between. I think about the risks to my farm, such as increased disease pressure and infrastructure damaged by storms, but I also think about the opportunities. As a beginning farmer, I have a chance to be on the land for many years and we have real opportunities to improve the land to make it more resilient.

Wyatt and I are doing all we can to reduce our climate impact through our management practices. I feel hopeful when I walk our pastures to see the improvements we are making through rotational

[9] USDA Farm Service Agency (FSA), *Increasing Land, Capital, and Market Access Program*. https://www.fsa.usda.gov/programs-and-services/increasing-land-access/index

grazing. But sometimes we run into roadblocks because we do not own the land we farm on, which means we cannot invest in permanent infrastructure that would make our operation more resilient.

We also know that even with secure land tenure, funding for voluntary, incentive-based conservation programs like the Environmental Quality Incentives Program (EQIP) and the Conservation Stewardship Program (CSP) is limited and there is no guarantee that we will be awarded that contract to install permanent fencing to further improve our pasture management. We are glad to see there is bipartisan support for bringing funding from the Inflation Reduction Act for these programs into the farm bill to increase overall future funding for conservation and climate change mitigation.

Affordable and Accessible Health Care and Child Care

Finally, as you work to craft the next farm bill, I want to highlight the importance of investing in accessible, affordable, and quality health care and child care. Farm programs are important, but they will not be as effective in helping the next generation if they are not paired with programs and policies that address these two issues central to everyone's lives.

Farmers face unique obstacles accessing quality, affordable health care. Since farmers are self-employed, we often need to pursue off-farm jobs to secure and afford quality health insurance. That is a choice Wyatt and I have made, but this has reduced the time we can spend investing in and growing our farm business. In the long-run, we worry about our ability to afford health insurance since premiums are consistently higher in rural counties where fewer insurers participate in health insurance marketplaces.[10] Also, many rural residents live in areas with health professional shortages, forcing us to travel much longer distances to access services.[11] All of this is particularly concerning since farming is such a dangerous occupation.[12] We must continue building on the Affordable Care Act to make sure all Americans, regardless of where they live, have access to quality and affordable health care.

Relatedly, access to affordable child care is another major barrier for us. We often talk about how health care and child care access and affordability issues, when coupled with our uphill battle starting our farm business, means we may have to choose between farming and starting a family. I have a friend who has three children under the age of six and she pays more than $30,000 each year for child care. She is lucky she can find childcare at all, since the child care gap – meaning where the number of children who need child care exceeds capacity – is larger in rural areas compared to

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[10] National Institute for Occupational Safety and Health (NIOSH), U.S. Centers for Disease Control. Sept. 18, 2023. https://www.cdc.gov/niosh/newsroom/feature/national-farm-safety-and-health.html
[11] Health Resources and Services Administration. "Designated Health Professional Shortage Areas Statistics." March 31, 2024. Bureau of Health Workforce. U.S. Department of Health and Human Services.
[12] U.S. Centers for Disease Control and Prevention (CDC), the National Institute for Occupational Safety and Health (NIOSH). https://aspe.hhs.gov/sites/default/files/private/pdf/75456/report.pdf

urban areas.[13] Parents in rural areas also report more difficulty finding quality childcare services within their budget.[14]

Access to affordable child care has a direct impact on farm viability and opportunities for beginning farmers, so I appreciate the inclusion of the Expanding Childcare in Rural America Act (ERCA) (S. 1867) in Chairwoman Stabenow's farm bill framework. This bill, introduced by Senators Brown (D-OH) and Marshall (R-KS), and with support from Senators Smith (D-MN), Ernst (R-IA), and others, would create a new multi-program initiative at USDA to address the availability, quality, and cost of child care in agricultural and rural communities.

Conclusion

I appreciate the committee's attention to the challenges and opportunities facing beginning farmers and ranchers. I believe we can build a brighter future together through necessary improvements to the farm safety net, by building fairer and more competitive markets, and by creating better opportunities for the next generation of farmers.

Thank you for holding this hearing today and for the opportunity to testify. I look forward to answering any questions you may have.

[13] Bipartisan Policy Center, "Rural Child Care Policy Framework," October 2023. https://bipartisanpolicy.org/report/rural-child-care-policy-framework/
[14] National Advisory Committee on Rural Health and Human Services (NACRHHS), "Childcare Need and Availability in Rural Areas," January 2023. https://www.hrsa.gov/sites/default/files/hrsa/advisory-committees/rural/nac-rural-child-care-brief-23.pdf

Statement of the American Farm Bureau Federation

To the Senate Subcommittee on Commodities, Risk Management and Trade

Pathways To Farming: Helping the Next Generation of Farmers

June 4, 2024

Presented By:
Kevin Lussier, Chair, American Farm Bureau Federation Young Farmers & Ranchers Committee

Chairwoman Smith, Ranking Member Hyde-Smith, and distinguished members of the Committee, my name is Kevin Lussier, and I am a third-generation dairy farmer from Hawthorne, Florida. I am here with my wife and partner in my operation, Shelby.

I am honored to be here today to share my experiences and to advocate for the programs that are vital to the survival and success of young farmers like me. I also want to make clear how imperative it is that Congress pass a bipartisan farm bill this year. Today's hearing focuses on helping the next generation of farmers. If we do not give young farmers the certainty of a five-year modernized safety net, young farmers will be less likely to go into the business of producing the food, fuel, and fiber that our country and national security depend on.

When I returned home from college in 2016, I stepped into the management of our family farm. In 2017, I was able to take advantage of the Farm Service Agency (FSA) young farmer program and purchase 100 dairy cattle and 35 acres of crop land.

With the dairy industry in the middle of its worst downturn in history, we decided we had to either grow or diversify if we were going to sustain our farm business. In 2019, we went back to the FSA and secured another loan to purchase 100 additional head of Jersey cattle and cheese-making equipment to help us begin our artisan creamery. We also utilized the Value-Added Producer Grant through USDA Rural Development to help market our cheese. We are now milking 300 head of Jersey cows.

Dairy farming is not just a job for me; it is a way of life, a heritage that I am proud to carry forward and one that I hope to pass on to my own children one day. However, the challenges facing young farmers today are daunting, and without adequate support and creativity from producers, the future of American dairy farming—and other small family farms like mine—is at risk.

Access to Credit

Access to credit is one of the most critical issues young and beginning farmers face. The dollar does not go as far as it used to. Inflation continues to raise supply costs and the price of agricultural land is skyrocketing. Starting and maintaining a dairy farm requires significant capital investment, from purchasing land and equipment to acquiring livestock and feed. Traditional lending institutions often view agriculture as a high-risk industry. When you combine that with the limited or zero credit history many young farmers and ranchers have, it makes it difficult for them to secure loans through private lending institutions on favorable terms. Programs like the FSA's Guaranteed and Direct Farm Ownership and Operating Loans have been invaluable to the success of our farm and to many other young farmers and ranchers. These programs provide not only the necessary capital but also the flexibility and understanding of the unique challenges we face in agriculture. Increasing the lending limits for these programs to more accurately reflect the costs of production agriculture in today's world would enable more young farmers to access the credit they need to start and sustain their operations.

Dairy Safety Net

Dairy farmers face unique challenges related to market volatility and pricing. Programs that offer price support and risk management tools, such as the Dairy Margin Coverage (DMC) program, administered by the FSA, provide a safety net that can make the difference between staying in business and shutting down. Strengthening and expanding the DMC program will help young dairy farmers, like myself, manage the inherent risks in agriculture and ensure a more stable, predictable income.

For young dairy farmers, like us, modifications to DMC will better allow our business to manage financial risk. Modifications the Committee should consider as it works towards a farm bill include increasing the cap on Tier 1 coverage for DMC above 5 million pounds. The House farm bill increased it to 6 million pounds but moving the cap closer to 10 million would allow for more producers to benefit. For example, our farm milks roughly 300 head of Jerseys, which is right near the current cap. Should we choose to grow our business by adding cows, we would exceed the 5-million-pound cap, leaving part of the business with no safety net.

Other positive enhancements that were included in the House farm bill include updating DMC production history, providing a premium discount for those producers who choose to enroll in DMC for the life of the farm bill, and restoring the “higher-of” formula for the class one mover. The market disruptions seen in the last five years due to the change in milk pricing formula have created huge losses to our dairy farmers. In fact, my family farm alone has lost more than $230,000 when you compare today’s pricing formula to the “higher-of.” We have continued to see losses in the first four months of 2024, and I believe this change is imperative when addressing the sustainability of the American dairy farmer.

Other than DMC, another risk management tool that we use is the Risk Management Agency’s Rainfall Index for Pasture, Rangeland and Forage. For example, we rely heavily on forage for our rations, and if we have no precipitation for any of the two-month intervals we select, our policy may trigger an indemnity. This tool is critical for us to offset the cost of replacing the forage we lost due to lack of precipitation.

Rural Development

While not in this subcommittee’s jurisdiction, I did want to mention rural development programs as an important part of risk management and giving farmers like us the opportunity to continue to do what we love. As I previously mentioned, in 2021, we applied for and secured a Value-Added Producer Grant through the USDA to start our creamery. The Value-Added Producer Grant program is an important tool that allows beginning farmers to diversify farm income and identify direct-to-consumer opportunities. It is critical to identify new markets in order to keep our business running and moving forward. For our farm the addition of the creamery and making cheese helps balance the impact of uncertain times in a challenging industry.

Farm Bureau members like me have expressed concern over the limited availability of childcare centers and the distance to get to a childcare facility. In order to keep young and beginning farmers on the farm, it is extremely important to have affordable childcare in rural areas. That’s why I want to thank Chairwoman Smith for her support of the Expanding Childcare in Rural America Act. I hope we can see this bill included in the next farm bill.

Conclusion

The future of American dairy farming depends on investment in the next generation. By increasing access to credit and enhancing risk management programs, we can ensure that the next generation of farmers have the tools and resources we need to thrive. I urge the committee to consider these vital programs and to take action to support young farmers across the country by passing a bipartisan farm bill this year. Young farmers like us cannot afford continued delays by Congress. Thank you for the opportunity to speak today, and I am happy to answer any questions you may have.

FARM CREDIT

Testimony of
Raechel Sattazahn, Director of Industry and Membership Relations,
Horizon Farm Credit,
Before the
U.S. Senate Subcommittee on Commodities, Risk Management, and Trade
"Pathways to Farming: Helping the Next Generation of Farms"
June 4, 2024

Madam Chair, Ranking Member Hyde-Smith, and other distinguished members of the Subcommittee, thank you for calling this hearing today to discuss beginning farmers and ranchers and for allowing me to testify.

My name is Raechel Sattazahn. I am the Director of Industry and Membership Relations at Horizon Farm Credit, headquartered in Mechanicsburg, Pennsylvania. Through my role, I have the pleasure of leading strategic industry relationships, member education, and young and beginning farmer efforts throughout Horizon Farm Credit's territory. In addition to my involvement in agriculture through my current role, I have a passion for and lifelong experience in agriculture, having grown up on a small dairy farm in southcentral Pennsylvania. I am now proud to be part of the next generation on my husband's family dairy farm in Womelsdorf, Pennsylvania, making Farm Credit's mission all the more meaningful in my eyes.

Horizon Farm Credit is a financial cooperative providing financing, crop insurance and related services to more than 20,000 farmers, ranchers, agribusinesses and rural homeowners in Pennsylvania, Delaware, and parts of Maryland, Virginia, and West Virginia. We have more than $6 billion in loans outstanding throughout the 100 counties in our territory and have nearly 500 team members.

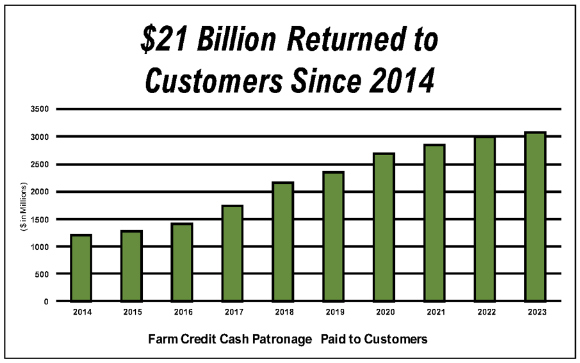
Most importantly, we are a member-owned, locally-governed cooperative and a proud member of the Farm Credit System. Along with 59 other Farm Credit institutions, Horizon Farm Credit shares a critical mission to support rural communities and agriculture with reliable, consistent credit and financial services, today and tomorrow.

A nationwide network of borrower-owned lending institutions, Farm Credit lenders were assigned a vital mission by Congress a century ago. These independent institutions include four wholesale banks and 56 retail lending associations, all of which are cooperatively owned by their customers: farmers, ranchers, cooperatives, agribusinesses, rural utilities and others in rural America.

Our mission is to ensure rural communities and agriculture have a reliable, consistent source of financing irrespective of cycles in the economy or vagaries of the financial markets. Hundreds of thousands of farmers around the country developed a farm operating plan this year knowing that Farm Credit has the financial strength to finance that plan and the strong desire and ability to help them succeed.

There is no federal funding provided to Farm Credit. Instead, the four Farm Credit System banks own the Federal Farm Credit Banks Funding Corporation, which markets debt securities to the investing public that funds the lending operations of all Farm Credit institutions.

Farm Credit's unique cooperative structure means that the customer-owners who sit on our boards of directors are living, working and raising their families in rural communities. They are deeply invested in the success of those communities and are interested in finding more ways for Farm Credit to contribute to that success.



Farm Credit's cooperative structure also means the profits generated by our institutions directly benefit our customer-owners. Farm Credit profits are used only two ways — either retained in the institution to build financial strength that supports more lending to our customers, or returned to our customers via patronage dividends, which lowers their overall cost of borrowing.

In 2023, Farm Credit returned over $3 billion in cash patronage dividends to its customers, representing just over 41% of its earnings. Over the past 10 years, Farm Credit has returned more than $21 billion in patronage to its customers. Horizon Farm Credit returned over $79 million in patronage to its member-owners this year, which translates to returning approximately 26.5% of the total interest paid on a member's Farm Credit loans.

The portion of Farm Credit's earnings not returned to customers provides the critical support to capitalize more lending to the agricultural producers, agribusinesses, rural infrastructure providers and rural homebuyers we serve. Farm Credit's lending grew by almost 32% between 2018-2023 as demand for loans increased and farmers and ranchers relied more heavily on Farm Credit to meet their credit needs.

Farm Credit Supports Young, Beginning and Small Farmers

Congress assigned Farm Credit a critical mission to serve all sectors of agriculture, in good times and bad, and we fulfill that mission every day. Congress also specifically directs Farm Credit to serve the needs of creditworthy young, beginning, and small farmers and ranchers, and we take that responsibility very seriously.

Our regulator, the Farm Credit Administration (FCA), defines these three areas as follows:

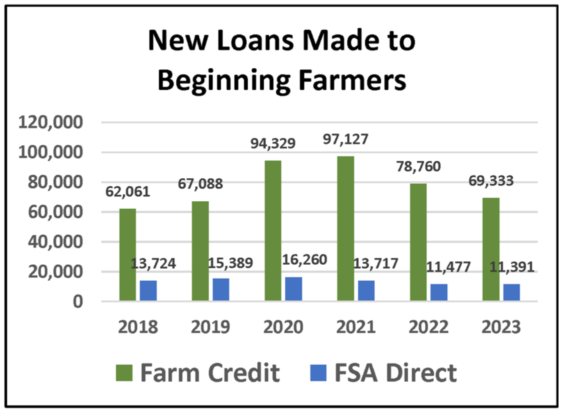
- Young: 35 years old or younger;
- Beginning: less than 10 years of farming experience; and
- Small: less than $350,000 in gross annual revenue
    - *Note: This standard was increased from $250,000 to $350,000, effective January 1, 2024. The new $350,000 standard aligns with USDA's definition of small. All data for small loans will*

reflect the $250,000 standard in this testimony. With this change taking place at the first of this year, Farm Credit has not yet begun to report results under the new definition.

It is important to note that our numbers for young, beginning, and small lending cannot be combined. For example, a single loan to a 25-year-old rancher in her third year of ranching with annual sales of $100,000 could be counted in the young, beginning, and small categories. We report this way for two reasons: our regulator requires it and, more importantly, it is the most accurate portrayal of who we serve.

On a national level in 2023, Farm Credit made:

- 50,541 loans to young farmers for $12.1 billion;
- 69,333 loans to beginning farmers for $18.9 billion; and
- 108,248 loans to small farmers for $14.9 billion.



Since 2018, Farm Credit lenders made 468,698 new loans to beginning farmers for $116.6 billion. The chart at right shows new loans made to beginning farmers each year by Farm Credit institutions and U.S. Department of Agriculture's Farm Service Agency (FSA) from 2018-2023. The bulge in lending during the COVID pandemic was largely caused by Farm Credit's effort to provide beginning farmers with Paycheck Protection Program (PPP) loans as part of the U.S. Small Business Administration program.

We work with each of our customers to put together the best financing package to meet their needs, and often, this means collaborating closely with the FSA through their Guaranteed Loan program. These guarantees provide an opportunity for young and beginning farmers who often have limited capital or assets as they start their farming operation.

In addition to hard numbers, each Farm Credit association implements a tailored program for young, beginning and small farmers. Given that Farm Credit associations range in size from a few counties to multiple states, each association uses a local approach to meet the needs of the producers in their geographic territory. These programs often include education, like financial skills training, and added financial benefits, like lower rates, or certain services (e.g. accounting) free of charge. Farm Credit leans in to helping young, beginning and small farmers because when they succeed, we succeed.

Horizon Farm Credit Grow Ahead Program
In commitment to serving young, beginning and small farmers, Horizon Farm Credit launched the Grow Ahead program in 2023, which features new financing options to help the next generation of farmers access the capital they need, as well as educational offerings, mentoring opportunities, and grant programs to help them establish and grow successful operations.

Loans through the Grow Ahead program feature discounted pricing, reduced fees, customized loan terms, and relaxed underwriting requirements. In addition to these financing options, the Grow Ahead program offers grant and award opportunities. The JumpStart grant program is an annual grant offering, helping to grow a new generation of farmers by offering $10,000 grants to startup farmers. The Farmers on the Rise award competition honors outstanding beginning farmers who excel in their field, and this program also offers $10,000 awards to invest on their farming operations.

Additionally, Grow Ahead includes educational courses including Ag Biz Masters, which hosts virtual learning opportunities where participants build a solid business foundation and plan, and learn crucial farm management skills to help them reach their goals.

The Grow Ahead program is specifically designed to meet the needs of these farmers, ensuring they have the necessary tools to start and grow their operations, achieve their dreams, and realize long-term financial success.

Horizon Farm Credit Young, Beginning, and Small Farmer Success Stories

We are proud to support young, beginning, and small farmers, and watch their dreams come to life. Below are a few stories that showcase the positive impact of our programs geared toward supporting the next generation.

Ryan Brown knew his career path from a young age as he began milking cows on his grandfather's 100-acre farm in Cumberland County, Pennsylvania during middle school. He ventured into raising beef cattle and crops, and continued farming part-time after high school, while also working as a railroad diesel mechanic. In 2015, Ryan and his wife, Andrea, had the opportunity to purchase his grandfather's farm. In 2017, he enrolled in the Ag Biz Masters program to learn about farm business financials and the importance of building connections in his ag community.

Ryan formed a partnership with a high school classmate who was also enrolled in his Ag Biz Masters class, and together, they now farm 4,000 acres in a three-county area. He also raises a small herd of beef cattle and leads digital agronomy efforts in a four-county area, taking soil and grid samples for farmers. Ryan was named a Farmers on the Rise winner in 2023 and noted that he is thankful for the award money, which he used to purchase a rough terrain vehicle, or RTV, for his agronomy business and updated animal handling equipment.

Nia Nyamweya owns and operates Beauty Blooms Farm in Montgomery County, Maryland, where she grows certified and naturally grown African heritage produce and flowers with low-till and organic practices. Inspired by her Kenyan-born father, Nia realized her dream of developing a thriving ecosystem that celebrates the diversity of agriculture and community. While Nia did not grow up in a farming community, she shares many of the values of environmental stewardship, sharing food with community, and growing food that's important to culture and heritage.

Nia was a 2023 Farmers on the Rise award winner and used her $10,000 award to purchase a BCS walk-behind tractor and flail mower. These purchases allowed her to mechanize her small-scale farm, while remaining low-till. Being recognized through the Farmers on the Rise program has propelled the growth of Nia's farm and allowed her to provide more food to her Washington, D.C., community.

Joel Kuhns and his wife, Emily, bought a 47-acre parcel of land in Huntingdon County, Pennsylvania in 2019 and soon after founded Odyssey Orchard, a specialty apple orchard producing high quality sharp and bitter sharp apples for fine and craft cider markets. Joel is a former Marine Corps tank officer and foreign security force advisor, serving for 10 years. After his service, Joel moved into a career in the corporate sector, but desired to move back to his roots in central Pennsylvania. Joel and Emily wanted to start their own business and noticed a niche market in apple production and an increasing demand for a more refined cider product.

Utilizing resources including Penn State Extension services and tapping on folks already ingrained in the apple industry, Joel and Emily were able to navigate getting their operation off the ground as beginning farmers. In 2021, Joel was awarded a JumpStart grant to support the growth of the orchard and propel the business to future success.

Farm Credit Foundation for Agricultural Advancement

In further commitment to supporting young people in agriculture, the Farm Credit Foundation for Agricultural Advancement was founded in 2015 and aims to advance the future of agriculture. This non-profit is funded by Horizon Farm Credit. Since its inception, the Foundation has awarded more than $1.6 million through scholarships and community education programs. The Foundation recently awarded $315,000 in scholarships to 39 students located throughout Delaware, Maryland, Pennsylvania, Virginia, and West Virginia. These scholarships aid in the students' pursuit of a career in the agriculture industry, as the Foundation believes investing in the future generation of agriculturalists is vital to ensuring the industry continues to thrive.

Farm Bill

Several programs throughout the Farm Bill support the next generation of agriculture, and Farm Credit urges Congress to come together in a bipartisan manner to pass a new Farm Bill this year. We also suggest including the bipartisan proposals outlined below.

Given the challenging situation most farmers and ranchers are facing for this crop year, Farm Credit asks the Committee to include a strong farm safety net, including a robust crop insurance title. Crop insurance underpins the farm economy today and serves as the cornerstone of the farm safety net. Farm Credit is strongly supportive of including S. 2458, the Crop Insurance for Future Farmers Act of 2023, in the Farm Bill. This bipartisan bill would extend crop insurance's Beginning Farmer and Rancher Development program eligibility from five years to 10 years, which would bring this program in line with other USDA beginning farmer programs.

At Farm Credit, we know well that the ability to secure credit is critical to a beginning farmer's success. S. 2890, the Producer and Agricultural Credit Enhancement Act of 2023, makes changes to USDA FSA's Direct and Guaranteed Loan programs to make it easier for young and beginning farmers to obtain credit through commercial lenders, USDA, or often, a combination of both. This bill brings these programs in line with the current cost of farming and ranching and is broadly supported by lenders and the agricultural community.

Agriculture looks different across the country, and for communities along the coast, including Eastern Shores of Maryland and Virginia, and the Delaware coast that Horizon Farm Credit serves, this includes commercial fishing and aquaculture operations. Farm Credit lenders today provide credit to commercial fishing and aquaculture operators in the U.S. in the exact same way that we provide credit to agricultural producers. To support the businesses that provide services directly to agricultural producers, Congress directed Farm Credit to provide financing to "farm-related" businesses, like custom harvesters, equipment repair, and veterinarians. However, the statute does not technically allow Farm Credit to support people and businesses that provide "fishing-related" services directly to fishing and aquaculture operations. S. 1756, the Fishing Industry Credit Enhancement Act, would correct this accidental omission in the law, and provide the working waterfront another option for credit.

Lastly, we know that for rural America and the next generation of agriculture to thrive, we must make needed investments in our essential community facilities, like rural hospitals, clinics, childcare centers, senior living facilities, and more. According to a 2023 study by Escalent, rural America is facing an $89 billion shortfall in funding of needed capital expenditures for these community facilities. Farm Credit lives and works in rural America, and we are ready to bring our capital to bear to better our communities. By including authorization for Farm Credit to work with local banks to finance these facilities, Congress can find a way to better rural communities – all without a cost to the federal government.

Thank you very much, Madam Chair and Ranking Member Hyde-Smith, for your passion for the next generation of agriculture and for allowing me to testify today. I would be happy to answer any questions you may have.

DOCUMENTS SUBMITTED FOR THE RECORD

JUNE 4, 2024

UNITED STATES SENATE COMMITTEE ON
AGRICULTURE, NUTRITION, & FORESTRY
U.S. SENATOR DEBBIE STABENOW, CHAIRWOMAN

New and Beginning Farmers: Investing in Our Future

The Rural Prosperity and Food Security Act makes significant investments in the next generation of agricultural professionals – whether they are on the farm, in the lab, or in the boardroom. It provides new opportunities for training and education, opens pathways to getting started, and ensures that risk management tools meet the needs of new and beginning farmers.

Training the Next Generation:

The bill continues mandatory funding for the Beginning Farmer and Rancher Development Program (BFRDP), and it invests in land-grant universities to support education and training to prepare the next generation to feed, clothe, and fuel the world.

For the first time, the bill permanently funds student scholarships at 1890 Institutions, and it also expands 1890 Centers of Excellence. It upholds our commitment to 1994 Tribal colleges and universities, Alaska Native and Native Hawaiian serving institutions, Hispanic-serving institutions, and insular area institutions.

The bill creates a new program to support partnerships between land-grant institutions, industry, and working farms to ensure that students are career-ready and can address the real, on-the-ground needs of our farms, ranches, and communities.

It also creates a new program to bolster agriculture programs at community colleges around the country. Community colleges play an important role in educating and training the agriculture workforce, and many provide access for first-generation and underserved students to enter the agriculture economy.

Starting on the Farm:

For most beginning farmers, access to credit is the first step to starting their own operation. The bill makes several improvements to lower barriers to credit and help beginning farmers get started.

It eliminates an outdated requirement, simplifies farm experience requirements, and significantly increases borrowing limitations on direct and guaranteed ownership and operating loans for beginning farmers. It also doubles the maximum amount for microloans and increases the maximum Down Payment Loan Program limitation to significantly expand financing for beginning farmers. The bill also provides $5 million in mandatory funding for microgrants directly to small farmers, ranchers, and foresters.

The bill invests $100 million in mandatory funding to support urban agriculture, which creates new pathways and access to the agriculture economy. It also creates cooperative agreements with community organizations to conduct outreach and provide technical assistance on installing water lines, building and land use, applying for USDA programs, and more.

Supporting New and Beginning Farmers:

The bill targets resources in the farm safety net to beginning farmers, ensuring that risk management tools meet their needs. It creates new opportunities to access the Agriculture Risk Coverage (ARC) and Price Loss Coverage (PLC) programs and cuts red-tape and paperwork to make crop insurance and disaster programs more accessible and responsive for new and beginning farmers.

The bill provides the first expansion of ARC and PLC in more than 20 years by providing an opportunity for beginning farmers to access these programs through a targeted base acre establishment.

It makes crop insurance more affordable by increasing and extending premium discounts on coverage for beginning farmers and ranchers, and it improves access and coverage for the Whole Farm and Micro Farm insurance plans.

Natural disasters can be especially devastating for farmers and ranchers who are just getting started. The bill strengthens the Noninsured Crop Disaster Assistance Program (NAP) in part by authorizing a new revenue coverage option and streamlining application paperwork for beginning farmers.

Providing consistent market channels for beginning farmers is key to helping them scale their operations. The bill provides local and regional food supply chain support for small, mid-sized, and underserved producers through the Local Food Purchase Cooperative Agreement Program (LFPA), the Food Supply Chain Guaranteed Loan and Grant Program, and the Regional Food Business Centers (RFBC). The bill also eliminates the match requirement for the Local Agriculture Market Program (LAMP).

The bill also carves out dedicated conservation funds from the Environmental Quality Incentives Program (EQIP) for beginning farmers. Beginning farmers often have a hard time competing with larger, more established farms for conservation programs. The bill dedicates 10% of all EQIP dollars for young and beginning farmers so they can start their career on the right foot.

For farmers with smaller operations, the bill recognizes the challenges of navigating USDA programs by establishing the Office of Small Farms. This new office will give small farmers a voice at the Department and help identify opportunities to better support these farms through existing programs and targeted technical assistance.

Beginning and young farmers often report childcare as a key barrier to growing their farm business. Nationally, three-quarters (77%) of farm families with children under 18 report difficulties securing childcare because of lack of affordability, availability, or quality. The bill prioritizes rural childcare projects in existing USDA Rural Development programs and creates a new rural childcare initiative to coordinate federal funding opportunities.

# # #

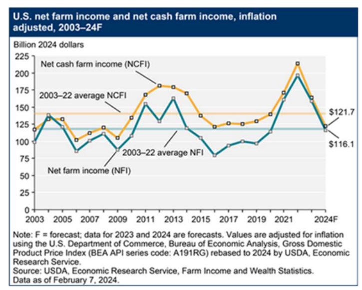
ICBA
One Mission. Community Banks.

June 4, 2024

Pathways to Farming: Helping the Next Generation of Farmers

The Independent Community Bankers of America, representing community banks across the nation with nearly 50,000 locations, appreciates the opportunity to provide this statement for the record for today's hearing by the Subcommittee on Commodities, Risk Management and Trade. The hearing on '**Pathways to Farming: Helping the Next Generation of Farmers**' is very appropriate given the economic challenges facing agriculture.

Agriculture has been in a time of declining farm income. According to the USDA, farm sector income is forecast to continue to fall in 2024 after reaching record highs in 2022. Net farm income, a broad measure of profits, reached $185.5 billion in calendar year 2022 in nominal dollars. After decreasing by almost $30 billion (16.0 percent) from 2022 to a forecast $156 billion in 2023, net farm income in 2024 is forecast to decrease further from the 2023 level by almost $40 billion, over 25 percent, to $116.1 billion. In inflation-adjusted 2024 dollars, net farm income is forecast to decrease by over $43 billion, or over 27 percent) from 2023 to 2024.[1]



Reversing this trend would be extremely important for assisting our nation's young, beginning and small (YBS) farmers and ranchers. We believe the next farm bill can help address some of the issues facing YBS farmers by updating the USDA's farm loan programs, particularly the guaranteed farm loan programs. Several recommendations were made by four national trade groups, including the ICBA, on how to improve these programs. These included raising the guaranteed farm loan limits and including a new program (USDA Express) to mirror the Small Business Administration's (SBA)'s Exress loan program. This program provides loan approvals within 36 hours but with a reduced guarantee level.

This type of program would help all guaranteed producers, including YBS farmers and ranchers, by providing quick access to credit when they need it for purchases of farm inputs, land at auction, and other needs so they do not miss out on opportunities to enhance their farming operations. However, this type of program needs to go beyond just the 'preferred lenders' participating in USDA guaranteed loan program and needs to apply to all guaranteed borrowers. The farm bill needs to set goals to ensure USDA accomplishes a quicker approval process for all USDA guaranteed borrowers.

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[1] https://www.ers.usda.gov/topics/farm-economy/farm-sector-income-finances/farm-sector-income-forecast/

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One lender, which does approximately one-half of all farm loans is the Farm Credit System (FCS), a government sponsored enterprise (GSE) with tremendous tax and funding advantages over the private sector. The FCS was established to fill market niches in agriculture at a time in the past century when there were not as many financial tools available in the marketplace, such as credit for long-term, fixed-rate financing. However, today the FCS has morphed into a giant financial behemoth, now with over $500 billion in assets, which seeks to step away from its original purpose of serving farmers and ranchers, and step into commercial lending.

Yet, the congressional agriculture committees and the general public have no real idea of what the FCS is doing or not doing in servicing the YBS marketplace. This is due to the clever way their regulator, the Farm Credit Administration (FCA), collects data on FCS's YBS lending.

One of the challenges to the FCA's reporting requirements is the FCA allows for the counting of loan "participations". One FCS lender can make a loan to a YBS producer and sell a portion (participation) to another FCS lender and the one YBS loan now counts as two YBS loans. If the YBS borrower qualifies for all three YBS categories – young – beginning – small, then this loan counts as three YBS loans made by the FCS lender. Again, if the FCS lender participates in the loan with another lender, it now counts as six YBS loans. How does this give Congress or the public an accurate reading as to what FCS is doing to "help the next generation of farmers"?

But this misrepresentation doesn't stop there. If a YBS producer takes out a 30 year mortgage should that producer still be considered a YBS producer 30 years later? Should they still be considered a "young" or "beginning" farmer 20 or 30 years later? Of interest would be knowing how many unique or individual YBS farmers/ranchers does the FCS actually serve? The FCS claims to have over 400,000 small farm loans, but if this number were to exclude participation loans and not triple count YBS loans, how many unique or individual YBS farmers/ranchers are truly served by the FCS? This is an important question Congress needs to know the answer to since the FCS is a GSE with special advantages not provided to the private sector. Additionally, 'small' farmer/rancher loans make up only 8 percent of all FCS loan dollar volume.

Community banks make 80 percent of banking industry agricultural loans. We support enhancing the farm bill, particularly the USDA guaranteed loan programs to better meet the needs of farmers and ranchers. We do not believe the FCS merits the granting of new non-farm and non-YBS lending powers for non-farm business purposes at a time of great challenges in agriculture.

ICBA also supports the ACRE Act (HR 3139 & S 2371) to help community banks offer lower rates to certain rural borrowers and homeowners. This important legislation will help revive and sustain rural economies struggling to overcome the impact of higher interest rates while allowing community banks to pass benefits on to customers, similar to other rural credit providers. ICBA looks forward to working with Congress on these important issues in the weeks and months ahead. Thank you.


NATIONAL SUSTAINABLE
AGRICULTURE COALITION
UNSUSTAINABLE:
STATE OF THE
FARM SAFETY NET
FEBRUARY 2024

EXECUTIVE SUMMARY

Federal crop insurance, commodity, and disaster assistance programs, which comprise the modern farm safety net, account for a majority of federal investment in U.S. agricultural production. While the sheer scale of this investment suggests that all farmers would benefit, data from the Department of Agriculture suggests otherwise. The current farm safety net tends to disproportionately benefit large, high-income agricultural operations and private companies, often at the expense of small to mid-sized beginning and diversified farmers. A true safety net would act as a last-resort mechanism available to help all farmers continue to farm, especially those with the smallest operating margins, when felled by sudden loss from unexpected disasters or market volatility.

This report expands on how the farm safety net falls short of meeting the needs of the diversity of American agriculture and contributes to resource concentration that drives structural unsustainability at the heart of the U.S. food system.

The National Sustainable Agriculture Coalition (NSAC) finds more than $142 billion was distributed to farmers between 2017 to 2022 through crop insurance premium subsidies ($46 billion), commodity programs ($29 billion), and ad-hoc disaster assistance ($67 billion).[i] Farmers in just 10 states – Texas, North Dakota, Kansas, South Dakota, Minnesota, Iowa, Illinois, Nebraska, Missouri, and California – received 61 percent of more than $88 billion in farm safety net subsidies, a figure which excludes Market Facilitation Program and Coronavirus Food Assistance Program payments. That resource concentration appears to correlate more closely to the number of acres planted to covered commodities than to the number of farms in a state or value of production. In comparison, analysis reveals producers across the Mid-Atlantic and Northeast are consistently underserved by permanent and ad-hoc safety net programs.

Historically, these programs are rarely designed with underserved producers in mind. The Whole-Farm Revenue Protection insurance program, on the other hand, does offer smaller and diversified farmers a pathway to coverage. In 2023, enrollment increased slightly for the first time in six years, and several opportunities exist to build upon recent improvements to the program that correlate with that rise. Elsewhere, new mechanisms built into ad-hoc disaster programs by the Farm Service Agency may improve the equitable distribution of assistance to producers with the most financial need, who are otherwise abandoned without access to a safety net in the wake of extreme weather events.

This report argues that the current farm safety net is ill-equipped to help farmers adapt to growing threats to the stability of the U.S. food system, and will only increase in cost without a significant recalibration. For example, crop insurance indemnities exceeded premiums in 2022 and broke a previous record set in 2012, yet the program does little to encourage farmers to mitigate preventable losses through adoption of on-farm risk reducing practices. Research finds that adding soil data to methodologies that calculate risk produces more accurate predictions of crop loss, and investing in the adoption of soil health practices as well as diversification of products and markets improves resilience against disasters. These measures would improve farmers' economic bottom-lines and strengthen the farm safety net while reducing its cost over time.

Ultimately, rather than promote a shortsighted dependence on federal subsidies, a holistic and informed approach to agricultural risk management must incorporate both the adoption of tailored, on-farm risk mitigation strategies and a limited, responsible safety net that can provide relief to all producers, especially those with the most financial need.

[i] This figure does not include commodity program data from 2022, which was not yet available at time of writing.

POLICY RECOMMENDATIONS

NSAC recommends the following short-term, common-sense policy reforms to build a sustainable strategy for federal agricultural risk management that is functional, fair, and informed.

Functional
Improve access to the safety net for underserved beginning, small to mid-sized, specialty crop, and diversified farmers.

- Improve the Whole-Farm Revenue Protection insurance program by expanding the Micro Farm option, removing the limit to revenue expansion, and offering additional compensation to agents who sell the product.

- Improve the Noninsured Crop Disaster Assistance Program by streamlining the application process, expanding options for base coverage, and creating an "on-ramp" option that allows for seamless graduation to WFRP.

- Align the definition of beginning farmers and ranchers enrolled in the federal crop insurance program with the less than 10 year definition used by all other USDA agencies.

Fair
Level the playing field for underserved farmers by ensuring responsible use of public funds.

- Close loopholes to payment limits and means tests in commodity revenue and price support programs.

- Do not raise Price Loss Coverage reference prices at the expense of popular conservation programs.

- Implement a $900,000 AGI means test and a simple $50,000 payment cap on federal crop insurance premium subsidies.

- Update the reinsurance agreement between USDA and AIPs to reduce the target rate of return for AIPs and consider alternative models for administrative and operating subsidies that account for workload to sell and service policies.

- Require greater transparency regarding the distribution of federal crop insurance subsidies.

- Build upon the model of Emergency Relief Program Phase 2 and ERP 2022 in future disaster programs to prioritize relief to underserved farmers with the smallest margins.

Informed
Promote a holistic risk management approach that helps farmers improve on-farm resilience and reduce dependence on federal subsidies.

- Establish a secure data service to collect, link, and analyze data on conservation practices so this information can be integrated into crop insurance actuarial tables.

- Reform disincentives against the adoption of conservation practices that are perpetuated by federal crop insurance rules, including cover crop termination guidelines.

- Authorize a limited insurance premium discount to farmers who adopt practices from a menu of regionally appropriate, risk-reducing conservation practices, including but not limited to cover crops and resource-conserving crop rotations.

- Increase funding for oversubscribed working lands conservation programs by protecting the Inflation Reduction Act's $20 billion investment in climate-smart agriculture.

- Expand access to credit and encourage financial institutions to invest long-term toward building healthy profit margins and asset ownership among the next generation of producers.

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INTRODUCTION

Farming is a uniquely risky business. Farms are particularly susceptible to the elements, pest and disease outbreaks, and sudden market volatility triggered by changes to domestic and foreign circumstances or policy. It is essential that the federal government play a role to help farmers mitigate financial loss from unforeseeable risk to maintain a reliable food supply chain as well as support family farms and the economic security of the communities in which they live. However, current policies encourage farmers to manage risk through an almost exclusive dependence on federal subsidies. This report analyzes safety net program data to illustrate how federal spending artificially bolsters a fragile commodity production system while leaving behind the vast majority of farmers, often to the detriment of small to mid-sized beginning and diversified producers.[1ii]

The first portion of this report provides a brief and simplified overview of the programs which constitute the modern farm safety net. The report then discusses persistent barriers that underserved producers experience when attempting to access safety net programs, and in particular the federal crop insurance program. This is followed by a detailed analysis of the concentrated distribution of commodity, crop insurance, and disaster assistance benefits, and then a discussion on the unsustainability of maintaining that public spending. Finally, the report considers the implications of risk assessment for farmers increasingly faced with supply chain volatility as well as extreme weather events, and proposes a path toward more holistic agricultural risk management.

Farm safety net 101

The primary goal of farm programs through most of the twentieth century was to control excess supply in order to boost or at least moderate commodity prices in the marketplace.[2] The 1996 Farm Bill represented a marked shift away from supply management and its underlying principles toward production incentive payments, a model which has continued to evolve.[3] Today, the farm bill's safety net leverages subsidies with the intent to maximize production while providing farms with some degree of protection against natural disasters, low commodity prices, and sudden price declines, theoretically allowing them to stay in business for another year.

The safety net includes the **federal crop insurance program, commodity support programs,** and **disaster assistance.** These programs are commonly analyzed in silos, independent from one another and the combined impact they have on farmers and rural communities. It is, however, important to understand the collective implications they pose for risk management on farms and resource concentration in rural communities today. This section briefly describes the key programs which comprise the current farm safety net and are relevant to this analysis.

Federal crop insurance program

Federal crop insurance is a cornerstone of the farm safety net that helps protect producers from unforeseen weather events and sudden revenue shocks. It is authorized in Title XI of the farm bill and in recent years, it has surpassed Title I as the second-most expensive permanently authorized program in the farm bill.[4iii]

The federal crop insurance program is a public-private partnership. Farmers pay a premium to purchase insurance policies offered by 13 private sector insurance companies, known as Approved Insurance Providers (AIPs). The United States Department of Agriculture (USDA), specifically its Risk Management Agency (RMA), regulates the policies sold by AIPs and uses taxpayer dollars to subsidize farmer premiums as well as AIPs and crop insurance agents for the cost of selling and servicing insurance policies.

[ii] USDA defines small farms as those with a gross cash farm income (GCFI) below $350,000 and mid-sized operations as those with a GCFI above $350,000 but below $1 million.

[iii] Nutrition (Title IV) accounts for 84 percent of May 2023 baseline farm bill spending projections.

INTRODUCTION (CONT'D)

Farmers enrolled in the federal crop insurance program may file a claim to receive an indemnity payment when they experience a natural peril or revenue loss, depending on the type of insurance policy purchased. Farmers may enroll in yield or revenue policies based on basic, enterprise, area, or whole farm units and purchase different coverage levels, among other options.[5] The availability of most insurance policies, with the exception of Whole-Farm Revenue Protection, varies by county and by crop, depending on local data for USDA to determine appropriate coverage. RMA must maintain the actuarial soundness of the federal crop insurance program, ensuring that the money generated from premiums is sufficient to cover indemnities paid out to farmers with reserves.

Commodity programs

Commodity support programs are authorized in Title I of the farm bill.[6] They include the Price Loss Coverage (PLC) and Agricultural Risk Coverage (ARC) programs, both administered by the Farm Service Agency (FSA) within USDA.[7]

PLC makes payments relative to a price floor, or "reference price," fixed in legislation, whereas ARC makes payments calculated according to individual or county revenue from the preceding five years. PLC is generally more attractive to farmers when commodity market prices drop below the reference price, while ARC is generally preferred when commodity prices are on the rise in order to protect against price dips. Payments are made according to base acres, or historical rather than current production of covered commodities.[8] Eligible farmers may elect whether to enroll base acres for a covered commodity in ARC or PLC on a commodity-by-commodity basis at the beginning of each planting year, irrespective of what is actually planted that year. Eligibility to receive price and revenue support under Title I is limited to non-perishable commodity crops. The covered commodities include corn, soybeans, wheat, seed cotton, long- and medium-grain rice, sorghum, barley, oats, and peanuts. This leaves out any specialty crops (i.e., fruits, vegetables, tree nuts, and horticulture and nursery crops) as well as livestock and poultry.

Sugar and dairy producers are eligible for support authorized separately in Title I. In addition, the Marketing Assistance Loan program allows farmers to use eligible commodities as collateral for government loans. Those programs are beyond the scope of this analysis.

Disaster assistance

FSA administers permanent disaster programs to provide financial compensation to producers that are generally not served well by commodity or crop insurance programs. The Noninsured Crop Disaster Assistance Program, or NAP, provides some coverage to crops for which no crop-specific policy is available under the federal crop insurance program.[9] Remaining permanently authorized disaster assistance programs exist to provide relief for livestock, animal, and tree producers, all outside the scope of this analysis.[10]

In addition to permanent programs, since 2018, Congress has routinely authorized ad-hoc disaster payments in response to hurricanes, wildfires, droughts, and other natural disasters. The spending for these direct payments to farmers and ranchers is appropriated outside of the farm bill's baseline and is distributed as a supplement to commodity and crop insurance indemnities.

ACCESS TO FARM SAFETY NET PROGRAMS

The current farm safety net upholds large, industrial farm operations exceedingly well, and for a reason. In 2022, large-scale operations and corporate nonfamily farms, most of which are also large, generated 62 percent of the country's agriculture production value, despite accounting for just six percent of farms and about 32 percent of acres operated.[11] This approach – in which few, large farms produce vast quantities of non-perishable commodities primarily used as inputs or international exports – is foundational to the dominant U.S. model of agriculture. For example, in 2022 roughly 249 million acres were planted to grains and oilseeds, or just under two-thirds of total cropland.[12] The current farm safety net primarily functions to maintain the stability and growth of that system.

However, NSAC believes that all farmers – not only those participating in the aforementioned system – should have the option to access relevant safety net programs as a tool to protect their operation against sudden loss. That is not currently possible for most small and diversified specialty crop farmers for whom commodity, disaster, and insurance programs are largely inaccessible.

In 2022, small farms accounted for 88 percent of farm operations and operated almost half (46 percent) of all farmland in the United States, while generating almost 19 percent the value of production.[13] That was roughly 38 percent of production value in conjunction with mid-sized farms, which represent 5.8 percent of farms and operate on 21.4 percent of farmland, and can also experience common barriers to access support from the safety net.[14] In its place, many of these producers often adopt soil health practices and diversify production and markets to improve their resilience against risk. But when hit with a sudden flood, frost, or wildfire, there is no readily accessible safety net for these producers to fall back on, save what may be collected to offset loss from crowdfunding or limited assistance from charities. Modern farm policy should keep farmers farming in case of unforeseeable disaster, but it is failing most U.S. producers.

Barriers to access

The design and implementation of safety net programs disproportionately leaves many smaller, beginning, socially disadvantaged, and diversified farmers without access.[15iv] Title I revenue and price supports are simply not extended to perishable specialty crops. There are small and mid-sized farms that produce commodities and benefit from Title I programs, including mixed operations that grow feed grains for their own livestock. But it still does not provide compensation for the fruits and vegetables such farmers may grow.

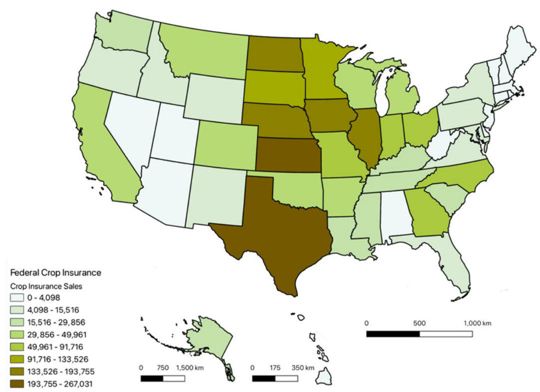
Notably, large specialty crop farms do benefit from alternative support structures, including marketing orders and export subsidies, but such benefits are largely irrelevant to smaller producers or those selling into local and regional markets.[16] Likewise, many underserved producers have been left behind by ad-hoc disaster assistance programs authorized since 2018, for which eligibility is predicated on prior enrollment in the federal crop insurance program or NAP, or conditioned on obtaining coverage for two years post receipt of assistance.

In theory, crop insurance extends a safety net to all remaining farmers. In practice, it does not. The Congressional Research Service reported that only 20 percent of farms were insured in 2019, yet that 20 percent accounted for more than 90 percent of acres planted to corn, soybeans, and cotton and 85 percent of wheat acres.[17] More recently, a new analysis published by the USDA Economic Research Service found that just 13 percent of U.S. farms were protected by a crop insurance plan in 2022.[18] In 2023, farmers in Kansas, Texas, North Dakota, Illinois, Iowa, and Nebraska – among the largest producers of row crops – enrolled most in the federal crop insurance program, as represented in Figure 1. It is important to note, throughout this report, that barriers to accessing farm safety net programs still exist for underserved farmers even in states where participation is otherwise high or payments are concentrated.

[iv] "Socially disadvantaged" is a statutory term used by USDA to refer to Black, Indigenous, and other farmers of color. It also sometimes includes women and veteran farmers.

ACCESS TO FARM SAFETY NET PROGRAMS (CONT'D)

FIGURE 1 Federal Crop Insurance Policies Sold in 2023



Source: Figure created using public data from RMA, Summary of Business.

Farmers in majority specialty crop-producing states are often underrepresented in the federal crop insurance program by comparison. In 2022, just nine percent of farms growing specialty crops purchased crop insurance.[19] Small farms are underrepresented as well: very few operations with less than 500 acres or with less than $100,000 in annual sales are enrolled in the federal crop insurance program as compared to the total number of farms in those ranges.[20]

Low enrollment in crop insurance policies among smaller and diversified producers does not reflect disinterest in participation. When asked, these farmers commonly express interest in an affordable safety net to protect against unpredictable weather events and market variability.[21] Instead, this discrepancy illuminates barriers in program design and implementation that prevent farmers from enrolling or seeking coverage. Insurable commodities vary by county for common multiperil insurance policies, dependent on RMA's ability to verify the projected yield or value of a farmer's product using local data. This county-by-county variability in whether an insurance policy is available already places small, beginning, and specialty crop growers at a structural disadvantage.

For example, a beginning farmer who wishes to grow strawberries in a Montana county where no other producer grows that crop will almost certainly not have the option to purchase a policy that insures strawberries, because RMA does not have the necessary data in that county to offer such a product.

ACCESS TO FARM SAFETY NET PROGRAMS (CONT'D)

If they desire the security of a safety net, the farmer will be incentivized to instead grow a commodity that is already widely grown in the county – such as wheat – which is unlikely to unlock market opportunity and allow the beginning farmer to differentiate themselves, but for which an insurance product is readily available.

Farmers in this circumstance may technically avail themselves of a Written Agreement, authorized to provide coverage for an insurable crop when coverage is otherwise unavailable.[22] But the process can be complicated, requiring extensive paperwork and recordkeeping as well as justification from local agricultural experts. Few small scale and diversified farmers complete written agreements for uninsurable crops, and private crop insurance agents are not incentivized to tailor a written agreement to smaller operations.

A common barrier to purchase coverage for many smaller-scale farmers is the inability to find an agent who is willing or possesses sufficient knowledge to sell insurance to smaller-scale and diversified operations. Insurance companies receive more subsidies to sell and service policies with a higher premium, which creates an incentive for agents to write policies for larger operations and leaves smaller producers inadequately served.[23] Tailoring insurance policies or written agreements to farms which grow a diversity of specialty or organic crops is a more time- and labor-intensive endeavor, and one that agents are not always trained to do.[24] These operations are typically smaller and command lower premiums, so an agent may expect to receive only marginal financial return compared to a larger operation with a high premium. In this case the costs simply exceed the benefits for most agents, although all agents are technically required to offer the full range of policies.[25]

Several rules and guidelines that determine how the federal crop insurance program is administered also challenge the ability of diversified and conservation-minded farmers to remain eligible for protection.[26] Indeed, many farmers perceive that crop insurance rules are a barrier to conservation practice adoption.[27] For example, guidance on when and how cover crops may be terminated stifles innovation and can discourage farmers from adopting the practice if it would threaten insurance coverage.

What should be a farm-specific decision is applied to broad regions even though conditions may vary significantly from farm to farm. Likewise, farmers must plant before a final planting date determined by region and crop to receive their full coverage guarantee. Organic and conventional operations are currently held to the same final planting date, even though certified organic farmers must sometimes plant crops, such as corn, later than their conventional counterparts to avoid cross-contamination with neighboring fields that spray chemicals and plant genetically engineered seed.[28] The value of a yield or revenue guarantee is reduced each day for farmers who plant after the final planting date.

In late 2023, RMA lifted a historical barrier to conservation practice adoption for insured producers and those seeking insurance.[29] For context, farmers found to be out of compliance with RMA's definition of "Good Farming Practices" (GFPs) are not able to receive indemnity payouts. Previously, RMA considered practices defined and financially supported by the Natural Resources Conservation Service as GFPs, on the condition that they did not negatively impact a crop's ability to make normal progress toward maturity or affect yields in any way.[30] This became a deterrent against the adoption of many conservation practices because temporary yield drags are common on farms transitioning to climate-friendly, regenerative, and organic systems before yields can stabilize and even rise. RMA's decision to remove the yield condition in the 2024 Good Farming Practices Handbook was an important step towards removing barriers to coverage for farmers that adopt approved soil health practices and enhancements.[31]

New and beginning farmers can often experience specific challenges to access coverage as well. To help offset the costs and challenges of farm start-up, Congress authorizes a 10 percent premium discount for beginning farmers and ranchers to help them enroll in crop insurance.[32] However, whereas beginning farmers and ranchers are defined as those with less than 10 years of experience across all other USDA farm programs, this discount only applies to those with less than five years of experience.

ACCESS TO FARM SAFETY NET PROGRAMS (CONT'D)

This can render the discount fairly ineffective, as many beginning farmers are unable to access insurance in their first five years of farming. In general, farmers need at least four years of actual production history or actual revenue history before becoming eligible to purchase insurance. This establishes an average yield or revenue amount based on a farmer's historical production against which losses can be measured and indemnity payouts may be made in case of disaster. County-level average transitional yields, or T-yields, are sometimes available as a temporary placeholder to production history, but this rarely benefits farmers who grow specialty crops not grown elsewhere in the county for which RMA does not have the data to generate a T-yield.[33]

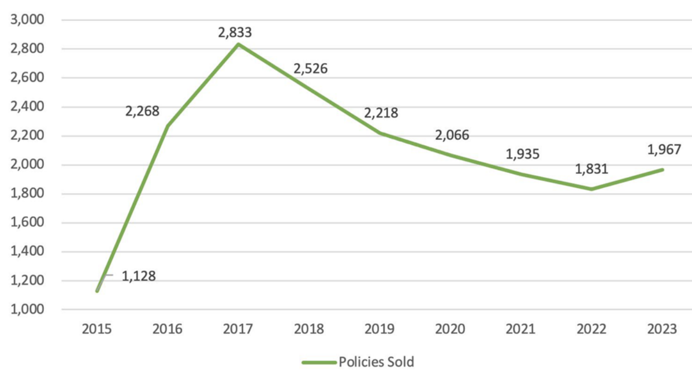
Notably, the required revenue history is reduced to three years for beginning farmers to access Whole-Farm Revenue Protection, and the discount for beginning farmers is extended to those farming less than 10 years under that product.

Whole-Farm Revenue Protection

The Whole-Farm Revenue Protection program (WFRP) is a novel crop insurance product that offers farmers nationwide the option to insure against revenue loss for their entire operation, including crop, livestock, and nursery production, under a single policy.[35] It is the first insurance policy intended to cover smaller, diversified operations that, in theory, addresses several of the barriers to insurance access laid out above.[35] It even includes a premium discount for crop diversification in recognition of its inherent risk-reduction impact.

In practice, however, WFRP is not performing near its optimal potential due to complicated rules and paperwork, skepticism from farmers, and disinterest from insurance agents.[36] WFRP participation nationally is low, compared to the total number of farms that remain uninsured. Just 1,967 farmers purchased a WFRP policy in 2023, down about 31 percent from peak enrollment in 2017 at 2,833 farmers.

FIGURE 2 Whole-Farm Revenue Protection Enrollment (2015-2-23)

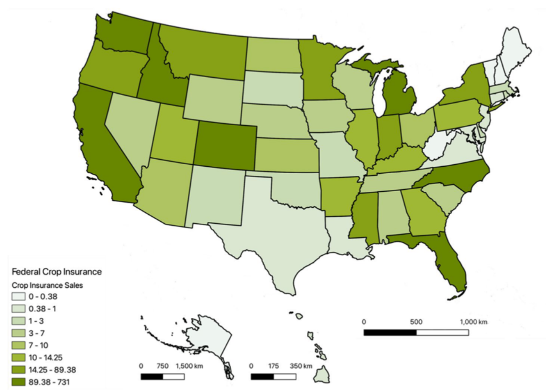


Source: Figure created using public data from RMA, Summary of Business.

ACCESS TO FARM SAFETY NET PROGRAMS (CONT'D)

Notably, 2023 was the first year since 2017 that enrollment increased from year-to-year. In 2023, Washington maintained its spot as the state with the most farmers (741) participating in WFRP, due to a large number of apple producers that rely on the product in the historical absence of a crop-specific revenue policy.[37] California became second nationally with a record number of enrollments (207), followed by Idaho (143), Colorado (141), Michigan (135), Florida (123), and North Carolina (92). In 2023, no farmers in Vermont, Maine, or Alaska enrolled in WFRP, and no farmers have ever enrolled in New Hampshire and West Virginia, despite a sizable presence of smaller and diverse farms in these states.[v] The distribution of WFRP enrollments is reflected in Figure 3.

FIGURE 3 WFRP Crop Insurance Policies Sold in 2023



Source: Figure created using public data from RMA, Summary of Business.

[v] These numbers include Micro Farm enrollment

ACCESS TO FARM SAFETY NET PROGRAMS (CONT'D)

The 2023 increase in WFRP enrollment correlates with the implementation of several changes to the program from RMA and signals real potential for revival with continued progress toward removing consistent barriers to access. For example, the creation of a new option within WFRP in 2022, the Micro Farm pilot, was among the most important changes RMA has made to address a longstanding participation decline. Historically, a uniquely high paperwork burden prevented small and direct-to-consumer producers from enrolling in WFRP. Most farmers who sell fruits and vegetables at farm stands or markets simply do not keep the detailed expense reports which were required on daily transactions, and it proved unreasonable to expect that farmers produce such records. Micro Farm streamlined paperwork for eligible farms and allowed these producers to include market readiness and post-production operations, such as canning, freezing, and processing, as revenue. In 2023, RMA removed the burdensome expense report requirement for all farms applying for WFRP, not only Micro Farm. Together, these measures to streamline paperwork are important changes aligned with the original intention for a program that requires only a farmer's tax returns to verify revenue loss.

In its first year, RMA limited Micro Farm eligibility to farms with less than $100,000 in approved revenue. Just 26 policies were sold nationwide. In 2023, RMA raised the ceiling to include all small farms as defined by USDA with an approved revenue up to $350,000. In response to this change, Micro Farm participation almost quadrupled to 95 enrollments. Michigan leads the country in Micro Farm enrollment, with half (47) coming from the state. Minnesota and Washington are tied for second place, each with 7 policies sold in 2023. These numbers are small, but hold promise.

The concentration of policies in a small number of states highlights persistent challenges with WFRP. It appears to partly reflect the presence of several crop insurance agents who have carved a niche in offering the product to small, specialty crop, and diverse farmers. This can serve as a business model for other crop insurance agents eager to distinguish their services in a saturated market. But with those rare exceptions, farmers continue to experience significant hurdles when searching for an agent willing to sell WFRP or even with knowledge of the product.

During an NSAC-facilitated listening session in 2021, one farmer recalled that he "experienced flat-out denial of the existence or availability of WFRP [and] claims that it would not cover our farm." Several farmers shared similar experiences, and one expressed: "It is not just that they don't understand, but in my experience, they are outwardly hostile to a different insurance program."

This speaks, at least in part, to concerns about inadequate education and outreach. Accounts from farmers NSAC received last year revealed that insurance agents continue to request extensive paperwork despite RMA's move to eliminate the expense report requirement for the 2023 insurance year. To address the gap in knowledge about the product that exists among both insurance agents and farmers, RMA facilitated virtual educational sessions and in-person workshops around the country as part of a "Roadshow" to discuss WFRP and Micro Farm. RMA estimates that over 1,750 agricultural producers attended.[38]

"I would have been forced to quit farming if I did not learn about Micro Farm."

-Angela Smith

Education is only one piece of the puzzle, however. WFRP will remain underused until farmers can easily locate insurance agents knowledgeable about and willing to sell the product. For the reasons discussed above, insurance agents are disincentivized from selling policies to small, diversified farms including WFRP, which is especially complex. This remains one of the most detrimental outstanding barriers to access.

Even farmers who have successfully enrolled in the program nurse criticisms of WFRP, and some have dropped their policies after less than favorable experiences. Highly diversified farms often express that they are too diversified for the product to provide meaningful coverage for the cost, where the diversification premium discount only applies for up to seven commodities. Larger farmers that split acreage between specialty crop rotations and commodity crops can enroll in both WFRP and traditional insurance policies but are sometimes underinsured because WFRP does not consider indemnity payouts received during loss years as historic revenue.

ACCESS TO FARM SAFETY NET PROGRAMS (CONT'D)

Further, many beginning and small farmers are underinsured because of an arbitrary 35 percent limit to annual revenue expansion, where rapid expansion of planted acres in early years of operation is common. RMA raised that ceiling to the higher of 35 percent or $500,000 in 2021 but only for certified organic producers, who are not uniquely constrained by the ceiling compared to non-certified organic producers.

Angela Smith moved to Oronoco, Minnesota, and started Middle Fork Farm with her husband, Erik, in 2013. There was no record of regular flooding on that land when it was purchased by the couple, but they have endured crop loss from five significant flooding events in just 10 years.

"Due to the impacts of climate change, it's becoming increasingly difficult to farm with every passing year. Our production field went under 12 feet of flood water in 2019 and two of the last three years we were in drought. It's tough to grow under such unpredictable conditions and not feel discouraged. This is especially the case when I know that I might lose a large portion of my income no matter how hard I work."

Angela is one of the many small farmers traditionally left out of farm safety net and assistance programs. But in 2022, she learned about Whole-Farm Revenue Protection and the new Micro Farm option.

It was a challenge to find a nearby insurance agent with the knowledge or willingness to sell her a policy, but Angela finally contacted an agent that agreed to work with her. He lives three hours away by car.

"I would have been forced to quit farming if I did not learn about Micro Farm."

But Angela has found WFRP is not without its shortcomings. The growing success of Middle Fork Farm's direct-market model means that revenue is outpacing the program's 35 percent ceiling to annual revenue expansion. Revenue on her farm grew by 125 percent between 2021 and 2022, and by 68 percent the following year. That leaves Angela underinsured in case of disaster. If she made a claim this year, she would only have received 28 percent of actual expected revenue.

"I do everything in my power to make sure that I have a healthy, resilient farm. I use conservation practices like planting cover crops, and I grow a diverse mix of veggies so that my eggs aren't all in one basket. I also spend a lot of time trying to build soil health so that when a flood or drought comes again, my plants are better able to weather it, but there is nothing I can do when it rains seven inches in one day or it doesn't rain at all for months on end. If I've done all that I can to avoid crop loss in the first place and it still happens for reasons beyond my control, I need to have the safety net of crop insurance to keep me in business. That's the only way that I will be able to continue growing healthy food for people in my community."

Despite challenges, WFRP represents one of the most important opportunities to improve access to the farm safety net for small to mid-sized, beginning, specialty crop, and diversified farms – if it is improved. The 2021 USDA Action Plan for Climate Adaptation and Resilience even cites WFRP as a key program to support farmers who use diversification to reduce risk and combat decreasing agricultural productivity.[39]

ACCESS TO FARM SAFETY NET PROGRAMS (CONT'D)

Noninsured Crop Disaster Assistance Program

The Noninsured Crop Disaster Assistance Program (NAP) – a permanent disaster program administered by the Farm Service Agency (FSA) – was designed before WFRP existed as a coverage option for farmers who grow crops for which no crop-specific insurance policy was available. NAP continues to be a useful product for farmers who find themselves unable to enroll in WFRP, which is technically available to cover all crops. NAP offers free basic coverage for beginning, limited resource, and socially disadvantaged farmers and ranchers. There is also a NAP buy-up option where farmers may pay a premium for additional coverage. Unfortunately, NAP has experienced a decrease in applications for specialty crops, from 95,000 in 2017 to 54,000 in 2022.[40]

Falling enrollment among these producers is a nod to several challenges that small and limited-resource farmers growing specialty crops face when trying to access the program.

Farmers have reported difficulty navigating the amount of and complicated nature of program instructions which can be removed from on-the-ground realities. For example, strict application timelines to enroll in NAP vary by crop and state and do not always align with farmer planting decisions. In addition, there are separate processes to report a loss after a disaster and then request payment, with unique applications and timelines. Further, the 72-hour window for farmers to report a loss of hand-harvested crops does not always allow sufficient time for producers to assess damage or salvage what they can in the days following a disaster.

The role FSA plays as the administrator of NAP poses yet another barrier that can impede access for socially disadvantaged farmers, and in particular Black, Indigenous, and other farmers of color. A distrust toward FSA and USDA-writ large is ingrained in these communities, rooted in a well-documented history of discrimination.[41] FSA notably made enrollment in NAP automatic upon certification as a socially disadvantaged, limited resource, beginning, or veteran producer in 2023, but discrimination continues to be a barrier for producers seeking resources from FSA county offices today.

Mike Strain (left), the Louisiana Commissioner of Agriculture and Forestry with John (center) and Betty (right) Chenier (Photo courtesy of Betty Chenier, Louisiana Department of Agriculture and Forestry)

Betty and John Chenier have grown seasonal vegetables and raised animals at Chenier Farm in Opelousas, Louisiana for more than 30 years. Years ago, Betty visited the FSA office to inquire about disaster assistance.

"It was so uncomfortable for me going in there. The things that they would say to me- I had to take a deep breath when I went in there because of the way I was not accepted there."

"I even had chills from the white farmers who would come in there. They were like 'what is she doing in here?'"

After a series of similar experiences, Betty stopped coming for 15 years. When she approached the FSA again last year, her agent gave her an overwhelming list of tasks involved in the application process.

Betty recalls saying, "Oh wow! When am I going to have time to do all of this?"

By the time Betty applied, she had missed the deadline to receive the premium discount that FSA made available to Black farmers. Her agent never told her that the discount was available. Betty also reports that her agent actively discouraged her from applying for NAP.

"That's been kind of a normal thing with them for me," she said. "They say, 'It's a lot of work and we're not going to get a lot of money from it.' But still, whatever it is, if it's my money, it's my money."

ACCESS TO FARM SAFETY NET PROGRAMS (CONT'D)

Despite challenges to enroll in the program, NAP can fulfill an important role for producers unable to purchase insurance. NAP is available even to producers without several years of production history. This makes it a viable coverage alternative to new and beginning farmers who do not yet have the three years of revenue history needed to enroll in WFRP. In fact, an important but yet-untapped opportunity to improve WFRP enrollment is to establish an "on-ramp" from NAP to WFRP. This would create an option within NAP to structure the farm operation and finance records required to match what WFRP requires, enabling farmers to seamlessly transition from NAP to WFRP once they have established three to five years of historic revenue.

In the same spirit of collaboration, FSA should actively share data collected on uninsured crops with RMA to improve the availability of crop-specific multiperil insurance options for specialty crops. [42]

Together, NAP and WFRP are currently the most viable options for small, beginning, and specialty crop producers to access the farm safety net. Improvements to the federal crop insurance program are needed to guarantee that undeserved farmers are no longer forced to choose between purchasing crop insurance as a safety net or adopting on-farm, risk mitigating conservation practices to build resilience. Both risk management tools should be within reach for all farmers.

CONCENTRATED DISTRIBUTIONS OF RESOURCES

The current safety net leaves many small to mid-sized, beginning, and diversified farmers behind, but it functions exceedingly well for large, industrial farm businesses. The concentrated distribution of billions of public dollars each year aligns with the intention of the framers of contemporary farm policy: that farmers must "get big or get out," in the infamous words of Earl Butz, who served as the U.S. Secretary of Agriculture from 1971 to 1976.[43] In fact, concentration has reached such heights that even the current Secretary of Agriculture Tom Vilsack – in his second reprisal of the role under the Biden Administration – has publicly challenged that longstanding rhetoric, even as important shifts in statutory and regulatory policy are still needed to give producers across the country a fair shake.[44]

This section of the report draws from crop insurance, commodity program, and ad-hoc disaster assistance data between 2017 and 2022 from the Risk Management Agency and Farm Service Agency, respectively, to analyze the distribution of subsidies across the United States. Note that state and even county level data cannot account for the diversity that exists within each state and county. However, this aggregate data does provide a useful snapshot to understand where farmers have benefited most from farm safety net programs and can be used to infer the kinds of farm operations which, in general, are and are not supported by federal subsidies. See the Appendix for aggregate data sorted by state.

Federal crop insurance

Congress first authorized subsidization of crop insurance premiums in the 1980 Farm Bill to encourage participation in the program. Today, the public pays on average 60 percent of a farmer's premium, which means farmers pay less than 40 percent of the cost to purchase an insurance policy.

In 2021, premium discounts which benefited farm operations growing corn, soybeans, cotton, and wheat averaged 78 percent of all premium subsidies paid.[45]

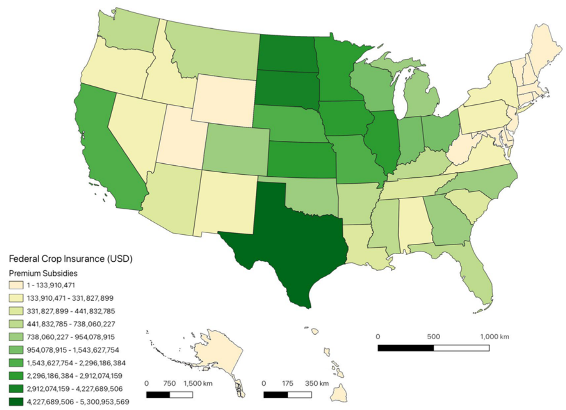
From 2017-2022, farmers benefited from $46 billion in crop insurance premium subsidies.[46] That figure is inclusive of livestock policies, which only account for two percent of the total. Farmers purchasing crop insurance in Texas and North Dakota alone received 21 percent of premium discounts.

CONCENTRATED DISTRIBUTIONS OF RESOURCES (CONT'D)

The top 10 states, most in the Midwest, also included South Dakota, Kansas, Illinois, Iowa, Minnesota, Nebraska, California, and Missouri, where collectively farmers received 64 percent of all premium subsidies.

Farmers in the 25 states which benefited least from crop insurance discounts received just nine percent of subsidies, or $3.9 billion, and were largely concentrated in the Mid-Atlantic, Northeast, and West.

FIGURE 4 TOTAL CROP INSURANCE PREMIUM SUBSIDIES BY STATE (2017-2022)



Source: Figure created using public data from RMA, Summary of Business.

CONCENTRATED DISTRIBUTIONS OF RESOURCES (CONT'D)

Farm economists find that the largest 10 percent of farms with the highest annual crop sales nationally receive 65.4 percent of all crop insurance subsidies, and that the smallest 80 percent of farms receive just 23.3 percent of premium subsidies.[47] The top percentile of farms alone receives 10 percent of total premium subsidies, or an average of $41 per acre.[48] These farms have an average adjusted gross income (AGI) of $1.5 million and possess an average household wealth of $15.7 million – far above the household wealth of the average American household.[49]

In short, crop insurance subsidy benefits are heavily concentrated on the largest commodity farms, despite these large operations' ability to cover more of their premium costs.

The disparity is exacerbated because any farmer or landowner, even millionaires and billionaires, can be eligible to receive unlimited premium subsidies.[50] The federal crop insurance program is the only farm subsidy program without any means test or payment limit. By comparison, farmers with an AGI above $900,000 are ineligible to receive subsidies from Title I (commodity) and Title II (conservation) programs, and payment ceilings, which vary by program, limit how much money an eligible farmer may receive each year. These spending guardrails exist to steward the responsible use of taxpayer dollars and reach farmers who need assistance most.

Lindi and Jared Phillips raise sheep and hay on Branch Mountain Farm in Washington County, Arkansas. They believe farming sustainably means creating healthy systems that will last through their lifetimes and benefit their whole community. To help secure that vision, they have off-farm jobs and Pasture, Rangeland, and Forage insurance to protect against droughts like the one they experienced in 2022.

"Last year, we got a small check, like $80 or $100, or whatever it was. It wasn't enough to really impact anything for us. It was nice, it felt good to be remembered, but it wasn't that much," said Jared.

"The program isn't built for farms like us," said Lindi. "Not that we don't appreciate it, but it feels like a gesture or a token and not like compensation."

This is part of a larger trend regarding the farm safety net, where smaller producers fall between the cracks. Even those with coverage sometimes find it does not meet their unique needs.

"It sounds and feels out of touch to me. Because even if crop insurance was working in the past, even just for the big guys, our climate is changing," said Lindi. "If you suddenly find yourself playing a different game, you probably ought to revisit the rules."

"It's also an indictment of the USDA, though," added Jared. "The USDA has operated for a long time as though there's a one size model for agriculture no matter what."

CONCENTRATED DISTRIBUTIONS OF RESOURCES (CONT'D)

Unchecked spending is only increasing – and dramatically.[51] In the last decade, the average total premium subsidy sat between $5 and $6 billion per year. But the premium subsidy reached an all-time high in 2021 at $8.6 billion, followed by another record-breaking $11.6 billion in 2022 – roughly double the preceding decade's average.[52] Expanding insurance enrollment for livestock producers accounts for at least some of this rise.[53] But doubling public dollars spent on crop insurance premiums without a comparable rise in insurance enrollment for underserved farming operations represents a shortcoming in the program's design and a missed opportunity to ensure the farm safety net can serve all producers.

In addition to premium subsidies, USDA subsidizes private insurance companies and agents to sell and service policies. This cost taxpayers more than $33 billion in the last 10 years alone, and $58.8 billion since 2001.[54] The reinsurance agreement which governs the public-private partnership between USDA and 13 private insurance companies, or Approved Insurance Providers (AIPs), reimburses companies for administration and operation expenses and shares the risks of underwriting gains and losses. Total compensation to these entities continues to rise over time, and is projected to cost an average $3.8 billion annually from 2024 through 2033.[55]

Ten AIPs are owned by large, publicly traded corporations, seven of which are headquartered outside of the United States, but still receive billions of dollars annually from American taxpayers.[56] That includes a federally-guaranteed target rate of return of 14.5 percent. The actual rate of return has averaged 16.8 percent each year from 2011 to 2022, which the Government Accountability Office (GAO) found exceeds a market-based 10.2 percent rate of return.[57] But a provision in the 2014 Farm Bill requires that any reinsurance agreement USDA negotiates with AIPs be budget neutral, effectively preventing the federal government from negotiating a lower target compensation for insurance companies, even when doing so would bring government rates in line with the market and would save significant taxpayer dollars.[58]

Congress authorizes the federal crop insurance program to operate with "such sums as necessary," to guarantee a non-competitive process that can support all farmers who experience disaster.[59] But because the distribution of benefits is highly consolidated – both in terms of who can enroll in the program and whose participation is actively subsidized or rewarded – it is clear that most smaller and diversified operations are unable to sufficiently access insurance.

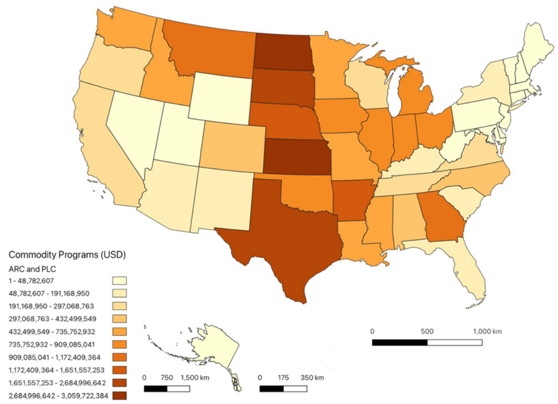
Commodity programs

Most farmers are simply ineligible for Title I commodity programs, which offer revenue and price support for a relatively narrow list of commodities. The Agriculture Risk Coverage (ARC) and Price Loss Coverage (PLC) programs primarily benefit the country's largest commodity farms, in the top 10 to 20 percent of crop sales.[60] The Congressional Budget Office estimates that farms growing wheat, seed cotton, peanuts, and rice received 95 percent of PLC payments in 2022, and corn operations alone received 50 percent of ARC payments that same year.[61]

From 2017 to 2021, FSA distributed $16 billion in PLC payments to commodity farms.[62] Farmers in Texas, Arkansas, Kansas, North Dakota, and Georgia alone received 45 percent of dollars distributed. Just 12 percent of total PLC payments, less than $2 billion, was allocated to farmers in the 30 states which benefited least from the program. The distribution of almost $13 billion in ARC payments from 2017 to 2021 follows a familiar pattern of concentration.[63] Farmers in South Dakota, North Dakota, Kansas, Nebraska, and Michigan received 54 percent of ARC payments during that time. Seventy-three percent of ARC payments were concentrated in 10 states which benefited most from ARC subsidies. Meanwhile, only four percent of ARC payments were distributed to farmers in the bottom-half of states which received the least assistance.

CONCENTRATED DISTRIBUTIONS OF RESOURCES (CONT'D)

FIGURE 5 TOTAL ARC AND PLC SUBSIDIES BY STATE (2017-2021)



Source: Figure created using public data from FSA.

In total, FSA distributed a total of $29 billion in PLC and ARC payments to commodity farmers between 2017 and 2021.[64] Collectively, farmers in North Dakota, Kansas, Texas, South Dakota, Arkansas, Nebraska, Georgia, Montana, Illinois, Oklahoma, and Iowa received 65 percent of commodity payments in this timeframe. These states are all in the American South and Great Plains. Just six percent of commodity program payments were distributed to farmers in the 25 states which received the least revenue and price support, mostly in the Mid-Atlantic, Northeast, and West.

While Title I commodity programs are technically subject to means tests and payment limits, loopholes are exploited that render these spending guardrails ineffective. The nominal farm bill payment limit is $125,000 a year, or $250,000 to farmers with a spouse.

But allowing people who are not actively and robustly engaged in the operation of the farm to collect federal subsidy payments, as current FSA rules allow, is a linchpin for commodity program fraud and abuse, and allows large farms to collect multiple payments far beyond the limits.

The 2018 Farm Bill expanded the list of family members who are eligible to receive Title I payments to include first cousins, nieces, and nephews, in addition to children, grandparents, and siblings.[65] It did, however, simultaneously assert that only those family members who were actively engaged in the farm business would be eligible for farm program payments. In August 2020, USDA released a final rule whereby, to be considered actively engaged, recipients must contribute significantly to the farm. Requirements to meet this standard included either personal labor equal to 1,000 hours or 50 percent of total hours necessary to conduct the farm, or management "on a regular, continuous, and substantial basis" equal to 500 hours or 25 percent of the farm's total management annually. Recipients could also abide by a combination of hours for labor and management. [66]

CONCENTRATED DISTRIBUTIONS OF RESOURCES (CONT'D)

That original final rule, which clearly reflected the bipartisan consensus from Congress in the 2018 Farm Bill, was abruptly "corrected" by the Trump Administration in November 2020 to exempt "family farms" – or 98 percent of all farms, as defined by USDA – from the requirement.[67] This means that absentee landowners and millionaires benefit from commodity programs, despite statutory intent to prevent such wasteful taxpayer spending.

Ad-hoc disaster assistance

Congress authorized a permanent, highly subsidized farm safety net to be a reliable and cost-effective alternative to free disaster coverage authorized under farm bills in the 1960s and 1970s. But an astounding $67 billion in ad-hoc disaster assistance – spending authorized outside of the farm bill to supplement permanent crop insurance and commodity programs – has been distributed directly to farms since 2017. These ad-hoc relief programs included the Market Facilitation Program (MFP), Coronavirus Food Assistance Program (CFAP), Wildfire and Hurricane Indemnity Program (WHIP), WHIP Plus, Emergency Livestock Relief Program (ELRP), and the Emergency Relief Program (ERP) Phases 1 and 2.

TABLE 1 Ad-Hoc Disaster Assistance Programs

Program	Program Loss Year	Dollars (billions)
MFP	2018, 2019	$ 23
CFAP	2020, 2021	$ 31.3
WHIP and WHIP Plus	2017, 2018, 2019	$ 3.4
ERP Phase 1	2020, 2021	$ 7.4
ERP Phase 2	2020, 2021	$ 0.8
ELRP	2021, 2022	$ 1.1

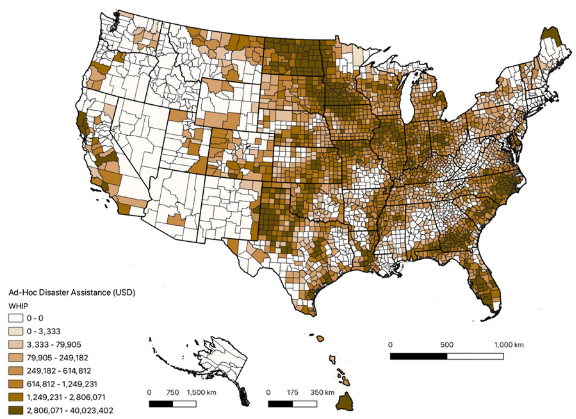
Source: Table created using data obtained from FSA.

CONCENTRATED DISTRIBUTIONS OF RESOURCES (CONT'D)

MFP was authorized to offset the impact of retaliatory foreign tariffs in response to the Trump Administration's trade war with the Republic of China.[68] CFAP, which had two phases, was an historic federal investment to keep farms which experienced massive supply chain disruptions afloat in the first years of the COVID-19 pandemic.[69] It is already well-documented that the combined $54 billion investment primarily benefited large, commodity farm operations.[70] NSAC has now obtained aggregated data from the Farm Service Agency to perform a comparable analysis on the distribution of disaster aid through WHIP, ELRP, and ERP.

The Wildfire and Hurricane Indemnity Program was authorized by Congress to cover losses of producers impacted by hurricanes and wildfires in 2017.[71] Then, WHIP Plus was authorized to provide payments to offset losses from hurricanes, wildfires, and other qualifying disasters that occurred in 2018 and 2019.[72] 70 percent of payments were concentrated in just 10 states. Farmers in Minnesota, Texas, North Dakota, Illinois, and North Carolina alone received almost 46 percent of total assistance distributed through WHIP and WHIP Plus, as reflected in Figure 6.

FIGURE 6 WHIP TOTAL FUND DISTRIBUTION BY COUNTY



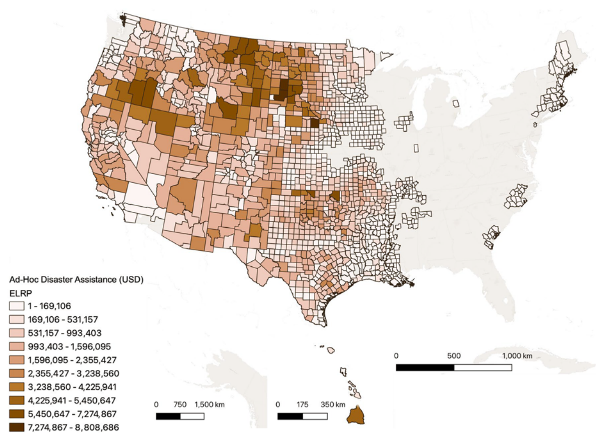
Source: Figure created using public data from RMA, Summary of Business.

CONCENTRATED DISTRIBUTIONS OF RESOURCES (CONT'D)

In 2021, Congress authorized $10 billion to provide emergency relief to offset the impacts of qualifying natural disasters which agricultural producers experienced that year and the year prior, as a successor to WHIP Plus.

USDA designed and implemented two programs to distribute these disaster payments: the Emergency Livestock Relief Program and Emergency Relief Program, the latter of which had two distinct phases.[73] At $7.4 billion, ERP Phase 1 accounted for 76 percent of almost $9.8 billion eventually distributed to farmers under this congressional mandate by the end of 2023.

FIGURE 7 ELRP TOTAL FUND DISTRIBUTION BY COUNTY

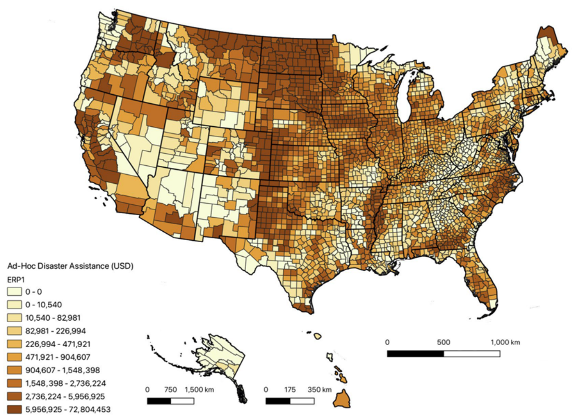


Source: Map created using data obtained from the Farm Service Agency.

The Emergency Livestock Relief Program was designed to provide emergency assistance for livestock producers impacted by severe drought or eligible wildfire, through which $1.1 billion was distributed by the end of 2023. Because ELRP was the only ad-hoc disaster assistance program explicitly intended to benefit livestock producers, all 10 states where farmers received the most relief – 76 percent of the total – are predictably in the Great Plains and West: Texas, Montana, South Dakota, Oklahoma, North Dakota, Wyoming, California, Colorado, Nebraska, and Oregon. ELRP accounted for almost nine percent of total spending between WHIP, ELRP, and ERP.

CONCENTRATED DISTRIBUTIONS OF RESOURCES (CONT'D)

FIGURE 8 ERP1 TOTAL FUND DISTRIBUTION BY COUNTY



Source: Map created using data obtained from the Farm Service Agency.

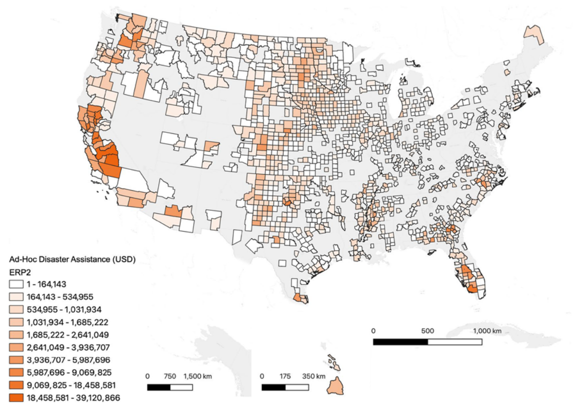
Eligibility for ERP Phase 1 was predicated on a farmer's prior or current enrollment in the federal crop insurance program or NAP. FSA sent pre-filled application forms to producers whose data was already on file. Thus, distribution of the $7.4 billion primarily benefited farmers in many of the same states where farmers received the most crop insurance premium subsidies. ERP Phase 1 also indirectly reimbursed recipients for any premium costs paid to enroll in an insurance policy or fees to participate in NAP.

Sixty-seven percent of ERP Phase 1 payments were concentrated in 10 states: North Dakota, Texas, South Dakota, Minnesota, Iowa, California, Kansas, Montana, Nebraska, and Washington. Farmers with insurance policies to cover corn, wheat, soybeans, and cotton received more than $5 billion, or almost 69 percent of program funds. Insured corn growers were the primary beneficiaries, who alone received $2.1 billion from ERP Phase 1. The bottom 25 states, most in the Mid-Atlantic and Northeast where fewer crop insurance policies are sold, received just eight percent ($0.6 billion) of relief distributed. Farmers with Whole-Farm Revenue Protection or NAP policies received less than four percent of total dollars distributed through ERP Phase 1.

CONCENTRATED DISTRIBUTIONS OF RESOURCES (CONT'D)

FSA designed a novel disaster assistance program in ERP Phase 2, with an explicit intent to reach the small to mid-sized, specialty crop, and diversified farms without insurance or NAP coverage that had been left out of prior relief programs. Accordingly, ERP Phase 2 allowed farmers to submit tax records to prove revenue loss associated with a qualifying disaster, not unlike the intended design of Whole-Farm Revenue Protection. Farmers who enrolled in ERP Phase 2 are required to enroll in crop insurance or NAP coverage for two years following receipt of payment.

FIGURE 9 ERP2 TOTAL FUND DISTRIBUTION BY COUNTY



Source: Map created using data obtained from the Farm Service Agency.

ERP Phase 2 delivered $829 million to producers nationwide by the end of 2023. Farmers in California received almost $232 million in disaster relief for uninsured crops, or 28 percent of the total distributed through ERP Phase 2. The 10 states where farmers benefited most also included Texas, South Dakota, Florida, Georgia, Nebraska, Minnesota, Oklahoma, Washington, and North Carolina, where more than 70 percent of disaster assistance from ERP Phase 2 was allocated. While several states which appear on this list and are also among the top recipients of ERP Phase 1, ERP Phase 2 was expressly designed to capture farmers who did not receive relief from Phase 1.

The resultant and relatively familiar concentration of relief reflects that resources are not distributed equitably between farmers even within states seemingly inundated with assistance. There is no publicly available data to compare individual recipients between programs to determine how many ERP Phase 1 recipients growing additional acreage to uninsured crops may also have enrolled in ERP Phase 2, nor did NSAC obtain crop-specific data for the program. Ultimately, the relief distributed through ERP Phase 2 only accounts for six percent of that distributed through WHIP, ELRP, and ERP, but it appears to represent a pivotal first attempt by USDA to design a program to catch farmers who are historically left out of farm safety net programs when disaster strikes.

CONCENTRATED DISTRIBUTIONS OF RESOURCES (CONT'D)

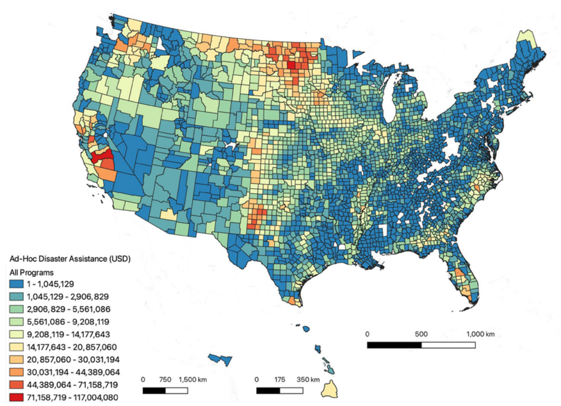
FSA implemented the revenue-based approach of ERP Phase 2 to overcome numerous challenges posed by attempting to distribute assistance to farmers without prior enrollment in crop insurance or NAP. While experiences differ by county and state, these farmers are historically less connected to FSA, especially socially disadvantaged farmers impacted by the agency's historic discriminatory behavior, which makes outreach and education about the availability of relief and technical assistance difficult.[74]

The requirement that farmers enroll in crop insurance or NAP for two years following receipt of payment also emerged as a challenge to meaningful participation in ERP Phase 2. For the reasons discussed at-length above, significant barriers continue to exist for small, beginning, specialty crop, and diversified farmers to enroll in the federal crop insurance program or NAP. NSAC heard from several farmers who were eligible to receive disaster assistance but were deterred from applying without certainty that they would be able to secure future coverage – or that the disaster assistance itself would justify the costs that would be necessary to enroll in coverage. The requirement may be practical from an administrative perspective to encourage broader participation in the permanent safety net, as well as an opportunity for farmers to build relationships with employees at FSA county offices that may contribute to future value.

But reforms are needed to improve access to NAP and crop insurance, especially Whole-Farm Revenue Protection, before the requirement is attainable to underserved producers.

Several lawmakers expressed displeasure with the revenue-based methodology of ERP Phase 2 during oversight hearings in 2023, with one senator even saying the approach "[did] not accurately reflect crop losses that Congress meant to cover."[75] That criticism is misplaced if a shared goal is to protect all of our country's producers, including those without access to any other recourse. To that end, a revenue-based disaster assistance program may be seen as a commendable innovation toward distributing resources more fairly to producers who need it most. The performance of ERP Phase 2 presents an opportunity to continue improving distribution of assistance to include more of this country's farmers and ranchers.

FIGURE 10 WHIP, ERP1, ERP2, AND ELRP TOTAL FUND ALLOCATION BY COUNTY



Source: Map created using data obtained from the Farm Service Agency.

CONCENTRATED DISTRIBUTIONS OF RESOURCES (CONT'D)

In total, FSA distributed $12.7 billion between 2017 and 2022 through WHIP, ELRP, and ERP Phase 1 and Phase 2. Farmers in North Dakota and Texas alone received almost a quarter of all assistance from these ad-hoc programs. Sixty-two percent of payments benefitted farmers in just 10 states, which also included Minnesota, South Dakota, California, Iowa, Kansas, Montana, North Carolina, and Georgia. The concentration of resources mostly in the Midwest and Great Plains largely mirrors that of ARC and PLC recipients as well as the distribution of crop insurance premium subsidies. Farmers in Alaska, Rhode Island, New Hampshire, West Virginia, Vermont, Delaware, Massachusetts, Maine, Maryland, and Connecticut – almost all in the Mid-Atlantic and Northeast, where specialty crop production and diversified production strategies are fairly common – received just 0.5 percent of relief payments. Farmers in the bottom half of states received just 8.5 percent, or roughly $1 billion, of total assistance distributed. The relative absence of financial assistance distributed to these states does not reflect the absence of need for relief among these farmers to recover from disasters; it only confirms that these producers are historically overlooked and harder to reach.

Congress has authorized USDA to provide another $3.7 billion in disaster assistance to farmers who experienced loss in 2022, far below the USDA estimate of $12 billion in uncovered losses.[76] FSA announced an expansion to the Emergency Relief Program in October 2023 to implement this congressional directive.[77] ERP 2022 will include two distinct "tracks," which largely mirror the intent of the original program's "phases." The biggest change is a progressive factor applied to payments under ERP 2022 Track 1, wherein all eligible producers may receive their full calculated indemnity up to $2,000 and a progressively smaller portion of disaster assistance, up to a 10 percent ceiling on any remaining value for producers with a calculated payment above $10,000.[78] To further conserve dollars in the face of high demand which far exceeds the congressionally-appropriated amount, driven in-part by expectations established by past ad-hoc disaster programs, only underserved producers, including beginning, veteran, socially disadvantaged, and limited-resource farmers, may benefit from an indirect crop insurance premium or NAP fee reimbursement, in-line with longstanding NAP provisions.

Data from the USDA Economic Research Service shows that smaller operations have much smaller operating profit margins to recover from losses when compared to larger farms, which are more insulated against financial loss.[79] Furthermore, young and beginning small farmers also tend to have less capital on hand than larger, established operations, suggesting that ERP 2022's intended approach to achieve a more equitable distribution of resources also supports a new generation of farmers amidst an ongoing generational shift in land ownership. That means relief distributed through ERP 2022 should build on the legacy of ERP Phase 2 to benefit farmers who demonstrate greater need and keep the most financially vulnerable farmers farming, in-line with the intention of a true safety net.

Even with these improvements USDA is making to how disaster aid is distributed, the reality that continued ad-hoc relief spending is needed each year above farm bill levels illustrates a failure of current law to address the underlying problems. Instead, lawmakers should invest in reforms that strengthen permanent safety net and risk management programs in ways that reduce the need for ad-hoc disaster assistance long-term.

Unsustainable public spending

Ultimately, the farm safety net cost taxpayers more than $88 billion from 2017 to 2022. That number is a low-end, conservative calculation, as it does not include assistance distributed to territories of the United States, subsidies paid to private insurance companies and agents, or 2022 ARC and PLC payment data, which is not yet available at time of writing. Furthermore, the total number balloons to more than $142 billion when subsidies distributed to farmers through the Market Facilitation Program and Coronavirus Food Assistance Program are added.

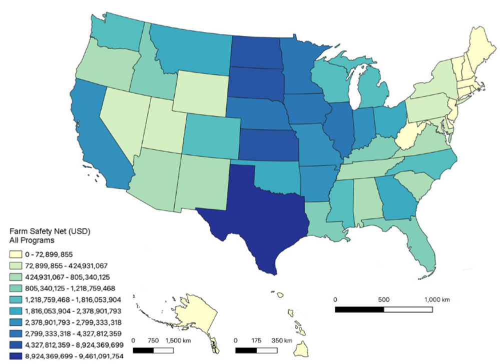
CONCENTRATED DISTRIBUTIONS OF RESOURCES (CONT'D)

Farmers in Texas and North Dakota alone received 21 percent, or more than $18 billion, of total farm safety net spending from 2017 to 2022 through crop insurance premium subsidies, commodity programs, and ad-hoc disaster assistance, excluding MFP and CFAP. Sixty-one percent of subsidies, more than $53 billion, benefited farmers in only 10 states, which also included Kansas, South Dakota, Minnesota, Iowa, Illinois, Nebraska, Missouri, and California. Less than nine percent of subsidies were distributed between farmers in the 25 states which received the least assistance. In general, states in the Midwest, Great Plains, and South consistently received greater assistance from safety net programs compared to those in the Mid-Atlantic, Northeast, and West.

The demonstrated concentration does not appear to be strongly correlated to the number of farmers in a state. For example, North Dakota, which is home to just one percent of the country's farmers, received more federal subsidies from farm safety net programs than any other state except Texas (10 percent).[80] To illustrate deeper concentration within that state, 69 percent of farms in North Dakota are small farms with farm income below $250,000; statistically, most farmers in the state are still unlikely to benefit from safety net subsidies.[81] The 25 states alluded to above which benefited less than nine percent of crop insurance, commodity, and disaster assistance subsidies represent almost a quarter of all farmers in the United States.[82] Furthermore, the concentration does not necessarily appear to correlate with raw production value. North Dakota accounted for just 2.1 percent of receipts for all commodities in 2022, whereas California – the top agricultural-producing state in the United States with 10.4 percent of receipts, but highest in specialty crop sales rather than grain and oilseed commodities – received just 3.2 percent of total safety net subsidies..[83]

Instead, the concentration of payments appears to correlate most closely to total acres planted to covered commodities. In that regard, North Dakota is ranked eighth and California is 32nd in the country. Texas, the top recipient of farm safety net subsidies, is fourth with almost eight percent of total acres planted to commodities. In fact, with the exception of California, each of the 10 states which received the most subsidies from farm safety programs were also among the 10 states with the most commodity acres as reported to FSA in 2022.

FIGURE 11 FARM SAFETY NET TOTAL FUND ALLOCATION BY STATE (2017-2022)



Source: Map created using data from FSA and RMA.

CONCENTRATED DISTRIBUTIONS OF RESOURCES (CONT'D)

The dramatic escalation of farm safety net spending, and especially the addition of annual ad-hoc disaster relief spending – which started well before the COVID-19 pandemic – illustrates significant shortcomings in the structure of permanent farm safety net programs. It calls into question the claim that crop insurance and commodity programs are effective when they have not, in fact, replaced the need for annual disaster appropriations as Congress intended. The ongoing strategy to throw more money at a worsening problem is not a solution, but a shortsighted bandage, and it will soon be impossible to sustain financially.

Moreover, farm subsidies enable the biggest operations to get bigger at the expense of smaller producers as benefits are siphoned to a limited number of commodity crops and relatively few farmers.[84] Permanent and ad-hoc farm safety net programs have become programs that many depend on – and expect – to guarantee an ever-increasing profit. The resultant resource concentration is a driving factor in the growing consolidation of farmland and the acceleration of rural depopulation by virtue of placing new, small to mid-sized, limited-resource, and marginalized farmers at a competitive disadvantage when it comes to buying land.[85] Research ties the rising value of cropland to rising farm subsidies, as some landowners adjust prices to capture government payments.[86]

Instead of equitably directing limited funding toward enhancing and expanding programs that help consumers purchase nutritious fruits and vegetables at reduced cost, alleviate rural poverty, or support farmers actively engaged in farming and selling direct-to-market, we continue to invest primarily in a farm safety net that concentrates subsidies into the hands of the largest and highest-income commodity farms which arguably need financial assistance the least.[87] In fact, net farm income recently reached consecutive all-time highs. USDA data reveals that net farm income in 2022 shattered previous records at almost $183 billion.[88vi] Net farm income in November 2023 was forecast at $151 billion, higher than was expected as recently as August that year and the second-highest total on record.[89] Net farm income is projected to remain strong in coming years, even after its recent peak, as the prices that farmers earn for their crops remain above the cost of production and stabilize to normal levels.[90]

Despite historic highs and record government payments for commodity farms in recent years, a proposal to further increase commodity program subsidies is emerging as a priority in ongoing negotiations to reauthorize the farm bill in Congress. Proponents argue that PLC reference prices must be increased to reflect rising costs of production. But this argument ignores that effective reference prices will already increase beyond the statutory value in 2023 without congressional action; Congress included an automatic adjustment mechanism in the 2018 Farm Bill, precisely to keep reference prices aligned with heightened market prices based on a five-year adjusted average.[91] If Congress further adjusts reference prices to reflect heightened market values, commodity farmers will be all but guaranteed payments under PLC and even ARC – for which the reference price is embedded in calculations – every year as commodity prices decline and eventually stabilize.[92] That is far beyond the purpose of a basic safety net.

Raising commodity subsidies as gross farm income continues to outpace expenditures and most farmers are still unable to access safety net programs at all would be fiscally irresponsible. Less than 6,000 farmers stand to gain most from statutorily increased PLC reference prices, mostly peanut, rice, and cotton producers in a few southern states for whom the price guarantee is often triggered.[93] In other words, the proposal may primarily benefit just 0.3 percent of farms – and cost projections range from $20 to $50 billion.[94] Proposals floated by some lawmakers to offset the steep cost have thus far included cuts to spending to nutrition programs and redistributing funds presently authorized for many smaller yet impactful programs that do serve the diversity of American agriculture, including popular conservation programs.[95]

The projected baseline for conservation programs in ongoing negotiations to reauthorize the farm bill is $60 billion over 10 years, excluding supplementary dollars appropriated in the Inflation Reduction Act.[96] But even these much smaller programs include enforced payment limitations to promote responsible use of public dollars, including provisions that prevent farmers from "double-dipping," or benefitting from several similar programs at once.

[vi] Net farm income reflects profit after expenses. This contrasts with gross farm income, which reflects all earnings prior to the subtraction of expenditures.

CONCENTRATED DISTRIBUTIONS OF RESOURCES (CONT'D)

No such guardrails exist to prevent large, high-income operations from receiving compounded public dollars through commodity and disaster assistance payments as well as crop insurance subsidies, despite a shared purpose across these programs to help farmers recover from loss. To rectify this problem, some have suggested a cap across ARC, PLC, and crop insurance premium subsidies to prevent double-dipping between permanent programs, which could save taxpayers hundreds of millions of dollars.[97]

The Government Accountability Office and Congressional Budget Office have both recommended that Congress introduce means tests to the federal crop insurance program or otherwise curb concentrated farm safety net spending to pursue public savings.[98] An agricultural economist commissioned by NSAC in 2022 found that applying a $900,000 AGI means test to determine eligibility for federal crop insurance premium subsidies, the same standard to which farmers are subject for conservation and commodity programs, would save almost $4.6 billion over 10 years and impact less than 1.3 percent of commodity farms. Likewise, a simple $50,000 premium subsidy payment limit would impact just 3.5 percent of commodity farms and save the federal government almost $16.6 billion over 10 years.[99]

TABLE 2 Proposals to Limit Federal Crop Insurance Premium Subsidies

Proposal	Limit	Total 10-Year Cost Savings (Billions)	Percent of Total Subsidies	Percent of Farms Impacted
Payment Limit	$ 50,000	$16.58	25.87	3.53
	$ 75,000	$13.52	21.10	2.40
	$100,000	$ 9.90	15.45	1.52
	$125,000	$ 6.80	10.61	0.97
AGI Means Test	$900,000	$ 4.58	7.15	1.28
	$750,000	$ 5.81	9.07	1.72

Source: Table created using data methodology in Eric J. Belasco, "An Economic Analysis of Payment Caps on Crop Insurance Subsidies," National Sustainable Agriculture Coalition

The most common argument against applying means tests or payment limits to premium subsidies suggests that the highest-income farmers would abandon the federal crop insurance program if their premium discount were reduced. In theory, this could threaten the program's actuarial soundness and force RMA to increase premium costs for the remaining, smaller producers. In response to these concerns, the Government Accountability Office finds that:

"… highest income participants would be unlikely to leave the program in response to a reduction in subsidies. A reduction in subsidies would require participants to pay more of their premiums, but… given their income levels, participants in the highest income category would likely be able to afford this small increase in costs. Also, academic literature and government information suggest that participants would not likely leave the program because of their heavy reliance on crop insurance and the increasing importance of crop insurance. Further, several incentives encourage participants to retain crop insurance, such as some lenders' requirement that farmers have crop insurance in order to obtain loans. Rather than leaving the program in response to a reduction in subsidies, it is more likely that participants would select lower levels of policy coverage than they currently have, according to an RMA analysis."[100]

CONCENTRATED DISTRIBUTIONS OF RESOURCES (CONT'D)

It is important to consider federal crop insurance, commodity program, and disaster assistance costs collectively to understand that the country is rapidly approaching unsustainable levels of public spending at the expense of the farmers and rural communities most in-need of investment. These programs will only become more and more expensive if they are not returned to function as a true safety net; not to guarantee record profits each year for few farmers, but to catch all farmers who fall unexpectedly and would not otherwise be able to recover.

Congress must first take steps to introduce common-sense reforms that modestly curb spending which primarily benefits a few farms with the highest income and leaves behind farmers in the Mid-Atlantic, Northeast, and West. Then, members of Congress serious about decreasing safety net costs and promoting systemic resilience should instead invest in policies and incentives to help farmers manage risk on-farm through diversification and the adoption of proven conservation and soil health practices.

REASSESSING RISK

Americans rely on farmers to put food on our tables, and we trust farmers to protect the lands they steward. Because of the important role farming plays in our lives and in our economy, it is in the public interest to help farmers manage major risks, such as weather variability. There are many approaches a farmer may choose to manage risk, including crop, enterprise, and market diversification or investing in soil health and conservation. However, rather than invest in strategies proven to mitigate risk on-farm and improve resilience over time, current agricultural risk management policy focuses primarily on taxpayer subsidized farm safety net programs, and as this report demonstrates, that assistance is concentrated in the hands of the largest commodity farms.

Industrial monocultures are particularly susceptible to risk from natural perils and supply chain disruptions. The pursuit of maximum efficiency comes at the explicit cost of necessary redundancies, or guardrails against failure. For example, the incentivized specialization and overproduction of a small number of resource-intensive commodity crops have contributed to a trend toward reduced crop biodiversity.[101] These operations are especially vulnerable to pathogens and natural disasters by virtue of their genetic uniformity.[102] Further, chemical pesticides, herbicides, and fertilizers will only be able to counter the effects of rapid erosion caused by poor soil quality for so long. This hurts the bottom-line of a farm business in the long run. One study estimates that farmers in the Corn Belt are already losing nearly $3 billion per year in harvest yields per acre.[103]

In pursuit of that efficiency, the farm safety net has shifted the burden and cost of risk mitigation away from building on-farm resilient production systems. It instead prioritizes farm operations that rely on federal programs for risk management and places underserved farmers at a significant economic disadvantage, particularly those who manage risk through diverse, integrated, and regenerative production systems that can bring significant benefits for our land, water, and the health of our communities and families.

This externalization of risk for industrial operations away from a natural system and onto taxpayers can inhibit what motivation a farmer may otherwise experience in a theoretical free market to adopt on-farm risk mitigation strategies, such as diversifying products and markets. This creates a moral hazard, or "the lack of incentive to guard against risk where one is protected from its consequences."[104] For example, one study documents how crop insurance acted as a strong disincentive for corn and soybean farmers to adapt to extreme heat.[105] Further, 22,000 farmers, representing 0.01 percent of all farms, each received an average of $1 million per year for 37 consecutive years in direct government commodity payments.[106] Yet these farm businesses are not incentivized to adopt on-farm practices that can reduce the risk of future loss, nor are they considered high-risk investments – despite annual losses for decades.

REASSESSING RISK (CONT'D)

Farm policy should not encourage farmers to outsource risk and perpetuate a dependence on federal subsidies at the expense of a responsibility to build resilient systems and adapt to the growing frequency of extreme weather events, soil erosion, and supply chain threats.

Likewise, small and diversified farms should be able to access farm safety net programs to protect against unforeseen disasters even as they continue to adopt practices that build resilience against loss. Risk management should be viewed through a holistic and multilayered lens where farmers choose to adopt a suite of tools tailored to their farm.

Joie and Tony Lehouillier run Foote Brook Farm, an organic vegetable operation in Johnson, Vermont. Behind their home, the rare wood turtle has been spotted in their farm's namesake river.

In the 28 years that Tony has been farming, he has been able to recover from extreme weather events without taking on excessive debt. Instead, the farmers manage risk within the structure of the business itself.

"Being diversified is a huge piece of trying to spread out that risk. So if the vegetables don't do so well, we have sod, we have the farm stand, we have property, we have rentals," said Joie.

However, when that same river flooded to a height of 23 feet in mid-July 2023, their risk management strategies were rendered completely ineffective.

"We lost most of the crops and that was a real bummer, but what really hurt us was losing the equipment because [the water] went into the equipment sheds. We never expected in a million years that would have happened. So, we didn't prepare for that," said Joie. To recover, they were supported by a GoFundMe, an emergency grant from NOFA-VT, and state assistance programs.

Joie Lehouillier (center in navy) and Tony Lehouillier (right, in navy) with the Foote Brook Farm team

"There was nothing federally," said Joie. "Had our community and the state not helped us, we wouldn't have been able to get through the first two weeks."

Tony added that federal disaster programs have not been accessible. "For the longest time, I was at the FSA office every single year," he said. "Multiple agencies are constantly asking us to do more and more for nothing. And we do it, and we're eligible for programs, but most of those programs aren't going to help us."

Lessons from the pandemic

The food supply chain in the United States has evolved from a diversified, localized industry where small, mid-sized, and large producers competed in the marketplace to a system where many small farms directly serve local markets and far fewer very large farms serve national and export markets through a complex web of distribution and manufacture. Too often in today's farm landscape you are either big or small, and the hollowing of the farm spectrum has created a bifurcated food system that is neither sustainable nor resilient, as the COVID-19 pandemic revealed.

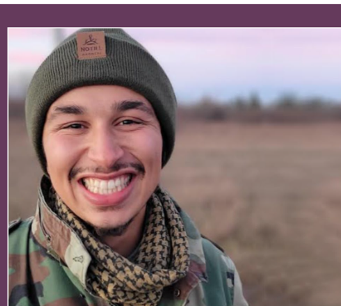
REASSESSING RISK (CONT'D)

When people stopped going to work, school, or restaurants and began to eat more meals at home, the largest farms could not easily pivot from supplying institutional customers to the consumer at home. Millions of Americans faced acute food insecurity and hunger.[107] The breakdown of distribution channels forced ranchers to euthanize animals that could not be brought to slaughter and tons of unharvested food rotted in fields, even as families lined up at food pantries not a town away.[108]

Meanwhile, farm operations with shorter supply chains and more on-farm crop and livestock diversity and which leveraged direct-to-consumer marketing were more resilient to shocks in the first year of the pandemic.[109] Small farmers selling to local and regional markets were better able to adapt to changing needs and consumer demand, including such innovations as drive-throughs, collaboration with local chefs, and increased reliance on online sales and marketing.[110]

The juxtaposition of the performance of the largest farms selling to national markets and direct-to-consumer producers in the pandemic exposed that our food supply chain rests on a few disconnected, parallel systems that risk collapse when faced with any disruption.

Despite the demonstrated resilience of operations that sell to local and regional markets, these farmers remain largely unsupported by farm safety net programs. The shortsighted approach of the federal crop insurance program, commodity programs, and disaster assistance inhibits meaningful movement toward a system that is more resilient to market threats, such as another pandemic. In the aftermath of COVID-19, assistance was distributed to help some farmers who experienced losses, and necessarily so, but further reforms to permanent programs that would help producers fortify themselves against future losses have not been embraced.



Alex Ball grew up in a family of entrepreneurs in Romulus, Michigan and started his farm at 18 years old. For the last six years, Old City Acres has been in Sumter, a historically Black farm town. However, Alex recently chose to relocate to a rented space.

"Because of climate change, we've invested so much money in water management systems. It's at an end point now where this last flood was so bad that we realized that we just can't build our way out of this," he said. "I'm selling the land and we're moving to a better piece of property higher than the river."

Alex relies on diversification, steady purchases of CSA shares, and a reliable local farm credit service to manage risk. As a result, his farm is thriving, even after heavy flooding and damage from a hailstorm during the past year.

"If we lose a crop, we don't just stop. We pull it out and replant right away. Because of that, our gross sales didn't go down this year. They went up," he said. "It doesn't look like we've lost money, even though we've lost $30,000 in product. The reason is that, especially for myself and a lot of other small farms, we might pay ourselves a base wage, but when we lost those crops, what was lost was basically just labor."

He noted that while he considered purchasing Micro Farm insurance, he decided against it.

"I'd have to stop working completely and then tank my gross sales so that it would then bring me into a range where I could qualify for the payback."

REASSESSING RISK (CONT'D)

Evolving with changing weather

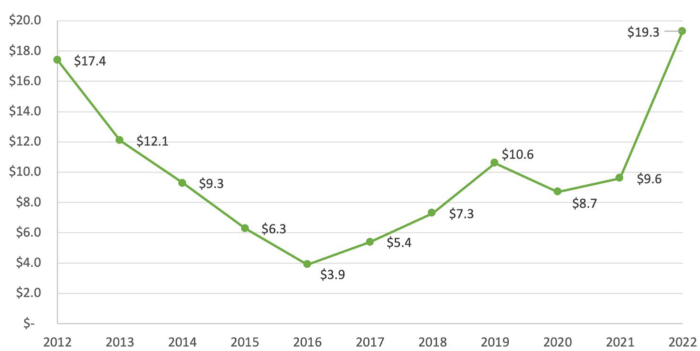
In recent years, farmers across the country have experienced worsening and more frequent weather events.[111] Natural disasters, including but not limited to floods, droughts, hurricanes, and frosts, change growing conditions for crops and livestock, erode soil and deplete its nutrients, and pose health challenges to farmers and farmworkers.[112] Last year alone, record floods wrought devastation upon farmers in central California and Vermont.[113] Prolonged drought continues to adversely impact much of the western United States and drought conditions plagued farmers in Florida and Minnesota.[114] Meanwhile, farmers in North Carolina and across the southeast are still recovering from recent storms.[115]

These natural disasters threaten the perceived stability and predictability of permanent farm safety net programs. In 2022, farmers enrolled in the federal crop insurance program received a record $19.3 billion in indemnities, or payouts for reduction in crop yield or revenue, with many reportedly made for weather-related losses.[116] That is far above the preceding decade's average at $9.1 billion, inclusive of the previous record-holder at $17.4 billion, 2012 – an infamous year in collective farm memory for critical drought conditions.

USDA reports that annual indemnity payments have increased on average by 15.8 percent since 2000, mostly due to drought and high temperatures as well as excess moisture.[117] Ultimately, federal crop insurance payouts exceeded premiums in 2022. With a loss ratio of 1.03, the program was just above the threshold to be considered actuarially sound.[118] The 10-year loss ratio average is within the target range.[119]

The disproportionate enrollment of large industrial farms in commodity, crop insurance, and disaster assistance programs while highly diversified farmers struggle to access the safety net at all reflects an unsustainable paradox, or default assumption, at the center of farm policy: that the farms most susceptible to loss in a changing climate are perceived as the safest investments. This contrasts with insurance and safety net programs outside of agriculture, where those less prone to risk are rewarded with favorable rates and assistance is targeted to those with fewer resources.

FIGURE 9 FEDERAL CROP INSURANCE INDEMNITIES (BILLIONS)



Source: Figure created using public data from RMA, Summary of Business.

REASSESSING RISK (CONT'D)

Research demonstrates that, over time, the adoption of conservation practices such as cover crops and no-till helps farmers mitigate losses from disasters by improving soil health, improving yields, and reducing yield variability. In addition to boosting farmers' economic bottom-lines, certain combined conservation practices can reduce or sequester greenhouse gas emissions to combat the rising frequency of extreme weather events altogether. [120]

It is surprising, then, that as farmers are faced with increased risk from market volatility due to climate change, agricultural risk management policy does not incorporate soil data in designing programs, rates, or setting guarantees.[121] Several studies have found that adding soil data to the federal crop insurance risk rating methodology, as a supplement to yield history, produced more accurate predictions of crop loss, and that ignoring this data can result in significant errors in rating.[122] USDA maintains that more large-scale soil data collection and financial benchmarking is needed to definitively quantify the degree to which certain conservation practices reduce risk and improve resilience across the United States. To illustrate its value, such data could inform policies that reduce insurance premiums based on the adoption of certain soil health practices and diversification and provide financial incentives for farmers to improve on-farm resilience against losses.

USDA took steps to reward the adoption of one such practice, cover crops, among insured producers in 2021 and 2022 through the Pandemic Cover Crop Program (PCCP).[123] The PCCP offered a $5 per acre premium discount to producers who planted qualifying cover crops and enrolled in eligible crop insurance policies, inspired by similar state programs in Illinois, Iowa, and Indiana. A strong body of research and case studies demonstrates the numerous benefits that planting cover crops can have on crop yields, soil health, and farmers' bottom lines.[124] In the future, RMA may be able to incorporate loss data derived from performance of cover crops on farms that benefitted from PCCP into actuarial tables, and some advocate for a permanent authorization of the program for that purpose.

Yet even here, policymakers and advocates must be careful to weigh the consequences that program design may have on equitable distribution of resources. Just 0.2 percent of crop insurance premium subsidies were directed to the PCCP, but without any payment limits or means test guardrails within the program, that is still $108 million distributed to high-income farmers already enrolled in crop insurance and benefiting most from farm subsidies.[126] Farmers in Texas, Iowa, Missouri, Indiana, North Dakota, Nebraska, Minnesota, Georgia, Ohio, and Illinois collectively received 61 percent of the total premium discounts distributed through the PCCP, following a familiar pattern of resource concentration.

Fundamentally, a $5 per acre discount may only act as a real incentive to adopt cover crops for farmers with hundreds or thousands of acres and does not reward the small to mid-sized, diversified farmers that are early adopters of the practice.

If the only goal is to scale adoption of cover crops on as many U.S. acres as possible, where does the line begin to blur with the historical drive to plant fencerow to fencerow, toward greater farm consolidation? Even then, cover crops should not be considered a one-size fits all or silver bullet solution to building soil health and reducing risk on farms. Farmers in the drought-stricken West, for instance, report planting cover crops less than producers in the Midwest and along the East Coast, and benefited least from the PCCP.[126] One study identified lack of water as a barrier that may impede some farmers from adopting cover crops in the West.[127] Policymakers should tread carefully to not incentivize the adoption of this practice alone on all farms without limits, irrespective of unique characteristics and to the exclusion of other practices foundational to build soil health.

The reduction of risk to disasters and market volatility benefits both farmers and taxpayers, who will see returns on investment over-time as farmers improve their bottom-lines, thereby reducing the cost of farm safety net programs overall and all but eliminating the need for future ad-hoc disaster assistance. But there is no one-size-fits all solution. Instead, a more holistic assessment of risk and a broader approach to risk management that helps farmers build resilience on-farm is the only sustainable solution that will reduce rising safety net costs.

REASSESSING RISK (CONT'D)

Landon and Anne Plagge farm 4,000 acres in north-central Iowa. They have transformed the family farm alongside Landon's father and uncle into an integrated crop and livestock operation which includes 1,600 corn, 1,600 soybean, and 800 oat acres on rotation as well as 1,500 head of cattle, 8,000 hogs, and 500,000 chickens.

"We manage risk by being diversified," says Landon. "By having livestock, manure and crops we are insulated from issues with a single crop... With a diverse rotation we have eliminated insecticides and fungicides from our operation and reduced herbicide applications by 40 percent. It has also allowed us to plant non-GMO corn because we have natural resistance to pests and diseases."

Landon and Anne's story reflects the economic opportunity that can arise for farmers that diversify crops and markets, rather than depend exclusively on chemical inputs and federal safety net programs. They leverage a multi-pronged approach to holistic risk management, and despite worsening weather, they have not made an insurance claim in 11 years.

"This has greatly reduced our reliance on crop insurance. We do not insure our oats and have cut our coverage on corn and beans in half since implementing cover crops, no-till, and diverse rotations... I feel we have diversified enough now that may start to wean off insurance coverage altogether."

CONCLUSION

Maintaining a federally subsidized safety net to help farmers recover from unexpected loss is both a legitimate function of government and within the public interest. But this report demonstrates that the combined benefits from the federal crop insurance program, commodity price and revenue support programs, and ad-hoc disaster assistance programs are highly concentrated to primarily support relatively few farms in a handful of states with the most acres planted to row crops.

Smaller and mid-sized farms that embrace product and market diversification and adopt practices to improve soil health consistently demonstrate improved resilience but are not considered safe or worthwhile investments when compared to large, commodity farm businesses. Meanwhile, indemnity payments continue to break records in-part because industrial operations reliant on federal safety net programs are especially vulnerable to experience loss from supply chain disruptions and natural disasters. Until these root vulnerabilities are addressed, throwing more money at current safety net programs year after year is not financially or structurally sustainable long-term.

Ultimately, repurposing public subsidies away from harmful practices and toward enhanced research and innovation, environmental services payments, and long-term capital investments in the next generation of producers can build nutritious foodways for consumers, support farmers and their communities, and protect natural systems. In the immediate term, the dominant agricultural risk management paradigm must be broadened to incorporate both an accessible safety net and the adoption of on-farm risk mitigation strategies, rather than a shortsighted dependence on federal subsidies alone. Policymakers serious about strengthening the safety net while decreasing its cost must support policies and incentives that help farmers to build soil health and diversify, in addition to targeting relief and expanding access to producers that demonstrate the most need. That is the most viable approach toward a sustainable risk management policy in agriculture – a shift from reactive programs to proactive policies.

APPENDIX

A. Federal Crop Insurance Program Premium Subsidies by State, 2017-2022

State	Premium Subsidies
Alabama	$ 326,387,083
Alaska	$ 437,074
Arizona	$ 378,405,170
Arkansas	$ 717,728,902
California	$ 1,822,754,034
Colorado	$ 792,134,886
Connecticut	$ 30,793,846
Delaware	$ 40,738,302
Florida	$ 678,684,591
Georgia	$ 801,099,973
Hawai'i	$ 5,477,259
Idaho	$ 331,827,899
Illinois	$ 2,841,206,725
Indiana	$ 1,543,627,754
Iowa	$ 2,754,288,899
Kansas	$ 2,912,074,159
Kentucky	$ 696,152,287
Louisiana	$ 427,640,034
Maine	$ 42,112,935
Maryland	$ 133,910,471
Massachusetts	$ 16,710,895
Michigan	$ 805,763,697
Minnesota	$ 2,679,322,635
Mississippi	$ 643,036,471
Missouri	$ 1,792,825,168
Montana	$ 738,060,227
Nebraska	$ 2,296,186,384
Nevada	$ 226,787,785
New Hampshire	$ 1,910,147
New Jersey	$ 30,263,575
New Mexico	$ 288,436,3192
New York	$ 273,403,518
North Carolina	$ 954,078,915
North Dakota	$ 4,227,689,506
Ohio	$ 1,118,861,660
Oklahoma	$ 847,578,835
Oregon	$ 257,178,729
Pennsylvania	$ 272,939,490
Rhode Island	$ 450,307
South Carolina	$ 411,884,001
South Dakota	$ 3,210,856,168
Tennessee	$ 441,832,785
Texas	$ 5,300,953,569
Utah	$ 84,190,237
Vermont	$ 15,965,098
Virginia	$ 292,385,889
Washington	$ 676,634,668
West Virginia	$ 10,507,730
Wisconsin	$ 1,145,178,081
Wyoming	$ 92,782,542
Total	**$ 46,432,137,314**

APPENDIX

B. Agricultural Risk Coverage and Price Loss Coverage Payments by State, 2017-2021

State	Commodity Subsidies	State	Commodity Subsidies
Alabama	$ 361,761,357	Montana	$ 1,064,944,038
Alaska	$ 684,207	Nebraska	$ 1,380,029,988
Arizona	$ 134,736,786	Nevada	$ 4,709,899
Arkansas	$ 1,651,557,253	New Hampshire	$ 130,423,649
California	$ 272,276,663	New Jersey	$ 2,637,525
Colorado	$ 425,891,183	New Mexico	$ 288,436,3192
Connecticut	$ 780,808	New York	$ 106,413,186
Delaware	$ 10,352,203	North Carolina	$ 432,499,549
Florida	$ 141,801,466	North Dakota	$ 3,059,722,384
Georgia	$ 1,172,409,364	Ohio	$ 835,344,923
Hawai'i	$ -	Oklahoma	$ 897,704,271
Idaho	$ 586,642,737	Oregon	$ 238,251,227
Illinois	$ 909,085,041	Pennsylvania	$ 48,782,607
Indiana	$ 790,309,606	Rhode Island	$ 25,783
Iowa	$ 853,065,986	South Carolina	$ 188,271,586
Kansas	$ 2,992,736,028	South Dakota	$ 2,215,571,722
Kentucky	$ 191,168,950	Tennessee	$ 294,360,951
Louisiana	$ 673,438,760	Texas	$ 2,684,996,642
Maine	$ 18,457,086	Utah	$ 32,695,530
Maryland	$ 45,175,489	Vermont	$ 16,679,054
Massachusetts	$ 2,158,967	Virginia	$ 228,712,283
Michigan	$ 823,910,216	Washington	$ 696,822,933
Minnesota	$ 735,752,932	West Virginia	$ 5,636,408
Mississippi	$ 663,908,174	Wisconsin	$ 297,068,763
Missouri	$ 649,219,031	Wyoming	$ 35,538,641
		Total	**$ 29,007,800,841**

APPENDIX

C. Ad-Hoc Disaster Assistance Payments by State (WHIP, ELRP, ERP), 2017-2022

State	Total	State	Total
Alabama	$ 86,316,095	Montana	$ 434,742,297
Alaska	$ 88,019	Nebraska	$ 396,065,609
Arizona	$ 38,327,227	Nevada	$ 24,547,336
Arkansas	$ 233,152,024	New Hampshire	$ 2,043,589
California	$ 686,857,235	New Jersey	$ 15,828,651
Colorado	$ 316,810,890	New Mexico	$ 97,128,788
Connecticut	$ 12,826,673	New York	$ 45,114,363
Delaware	$ 7,239,692	North Carolina	$ 429,475,440
Florida	$ 304,020,795	North Dakota	$ 1,636,957,809
Georgia	$ 405,392,456	Ohio	$ 166,263,095
Hawai'i	$ 20,572,622	Oklahoma	$ 332,607,570
Idaho	$ 115,698,886	Oregon	$ 139,793,925
Illinois	$ 404,593,071	Pennsylvania	$ 70,694,315
Indiana	$ 224,605,506	Rhode Island	$ 1,029,436
Iowa	$ 610,903,956	South Carolina	$ 106,665,071
Kansas	$ 475,271,350	South Dakota	$ 850,510,618
Kentucky	$ 126,121,046	Tennessee	$ 69,146,389
Louisiana	$ 117,680,674	Texas	$ 1,475,141,543
Maine	$ 12,329,834	Utah	$ 49,565,008
Maryland	$ 12,511,696	Vermont	$ 5,363,440
Massachusetts	$ 10,112,290	Virginia	$ 84,424,475
Michigan	$ 158,483,610	Washington	$ 286,710,561
Minnesota	$ 912,736,792	West Virginia	$ 5,186,057
Mississippi	$ 166,789,777	Wisconsin	$ 126,627,055
Missouri	$ 357,289,119	Wyoming	$ 78,677,090
		Total	**$ 12,747,040,866**

For web links to references, noted in blue, please download the electronic copy of this report at www.sustainableagriculture.net

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NATIONAL SUSTAINABLE AGRICULTURE COALITION


NATIONAL
YOUNG
FARMER
SURVEY
NATIONAL
YOUNG
FARMERS
COALITION
BUILDING A
FUTURE WITH
FARMERS 2022
Results and Recommendations from the
National Young Farmer Survey

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CONTENTS

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Land Acknowledgments

National Young Farmers Coalition staff, chapters, and farmer members live and work on the ancestral, contemporary, and unceded territory of Indigenous people across Turtle Island, encompassing what is now known as the United States. For staff, these lands include those of the Abenaki, Anishinaabeg (Three Fires Confederacy of Ojibwe, Odawa, and Potawatomi peoples), Arapaho, Chahta Okla (Choctaw), Cheyenne, Chinook, Chitimacha, Chumash, Clackamas, Cowlitz, Diné, Erie, Haudenosaunee, Houma, Kalapuya, Kathlamet, Kumeyaay, Lenni-Lenape, Manahoac, Methow, Mohawk, Mohican, Molalla, Monocan, Multnomah, Munsee Lenape, Muskogee, Nacotchtank (Anacostan), Oceti Sakowin (Sioux), Oneida, Pequawket, Piscataway, Pueblo, Seminole, Susquehannock, Shawnee, Timucua, Tualatin, Tiwa, Ute, Wazhazhe (Osage), Wahpekute, Wappinger, Wasco, and Wyachtonok. We acknowledge and honor the land and those who have stewarded it for centuries before colonization. We commit to forming deeper partnerships to address past and ongoing land-based injustices against Indigenous people through our work.

Acknowledgments

We would like to thank the more than 10,000 participants who responded to the 2022 National Young Farmer Survey for taking the time out of their busy days to support our collective work for a brighter future. Particularly, we extend thanks to the Black farmers, Indigenous farmers, and other farmers of color who participated for trusting us with your stories and to bring them forward into our advocacy.

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Thank you to La Semilla, the Midwest Farmers of Color Collective, and the Land Stewardship Project for working closely with us to ensure our outreach was as geographically equitable as possible. Young Farmers staff and network reached out to hundreds of agricultural organizations for support in sharing the survey. We are inspired by and thankful for the number of partners who supported this project and are proud to be a part of this powerful movement.

Thank you to Young Farmers chapters, chapter leaders, and fellows. Thank you for showing every day that, together, we can build a future that equitably resources a new generation of working farmers.

This work would not have been possible without the generous support of General Mills, Niman Ranch, Applegate, sweetgreen, and J&I Goldman; or without the in-kind support for our participant raffle from Chipotle, Avocado Green Mattress, Johnny's Seeds, Carhartt, Muck Boots, Stonyfield, Patagonia, and Patagonia Provisions.

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And thank you to our research partners, Kelly Elver and Nathan Jones, at the University of Wisconsin Survey Center for analyzing our data and ensuring our survey instrument met best practices.

WE BELIEVE WE HAVE ONE GENERATION TO TRANSFORM AGRICULTURE IN SERVICE TO OUR COMMUNITIES AND THE LAND. WE ARE THAT GENERATION.

Our Purpose

The National Young Farmers Coalition is a national grassroots advocacy organization working to shift power and change policy to equitably resource our new generation of working farmers. We envision a just future where farming is free of racial violence, accessible to communities, oriented towards environmental well-being, and concerned with health over profit.

Photo: Mallory Kessel

Introduction

The 2022 National Young Farmer Survey received 10,091 responses, including 4,344 from past, current, and aspiring farmers who self-identified as age 40 and under. Our findings reveal a new generation of farmers answering the call to provide healthy food, steward the land, and cultivate community well-being. They are building diversified operations designed for resilience in the face of a changing climate, and are motivated to farm for conservation, regeneration, and social justice.

The Survey also reveals the urgent structural challenges standing in the way of their success, including access to land, access to capital, health care costs, access to affordable housing, the high cost of production, student loan debt, climate change, immigration issues, and access to federal programs. barriers are even higher for farmers who identify as Black, Indigenous, and other people of color (BIPOC).

Congress and the United States Department of Agriculture (USDA) have the responsibility to reduce these challenges to ensure the success of the next generation in agriculture. Many of the challenges farmers face require policy change beyond the farm gate, including climate action, immigration policy reform, increased access to health care and education, and more. USDA programs must be redesigned with young farmer challenges in mind, and investments in equitable outreach and staff training are necessary to ensure federal resources reach young farmers. Our survey found that young farmers continue to lack knowledge of available federal programs and have difficulty accessing loans and conservation cost-share dollars. BIPOC farmers especially report being denied loans and other forms of support from the USDA.

With the average U.S. farmer approaching 60 years old[1] and nearly half of U.S. farmland on the brink of changing ownership over the next two decades[2], creating policy solutions to support this new generation of growers is essential if we are going to achieve food security, healthy communities, and protect natural resources into the future.

About the National Young Farmer Survey

Every five years, the National Young Farmers Coalition surveys young farmers, ranchers, and growers across the country to understand their brightest hopes and biggest challenges, and the policy solutions that will help them to be successful in their farming careers. We conducted our first survey in 2011. That survey and resulting report, Building a Future with Farmers, launched our national grassroots coalition and brought awareness of young farmers' needs and challenges to Capitol Hill and USDA. Our call for accessible credit for young farmers led to the creation of the USDA Farm Service Agency Microloan Program, which has since helped tens of thousands of young and beginning farmers launch their careers in agriculture.

Our 2017 Survey reached 4,746 total respondents, including 3,517 aged 40 and younger, and gathered important insights about young farmers' changing needs and challenges that allowed us to build a responsive policy platform, the Young Farmer Agenda, ahead of the 2018 Farm Bill. The Young Farmer Agenda led to passage of the best farm bill on record for young farmers, including historic funding for beginning farmer training and outreach to Socially Disadvantaged farmers, and an increased loan limit for USDA Direct Farm Ownership loans. Both surveys have been widely cited by academics, the government, and the press as the definitive data source on the nation's young farmers.

Our 2022 National Young Farmer Survey was conducted between December 2021 and April 2022. We partnered with nonprofit organizations, farmers in our network, and funders to reach a more diverse sample of young farmers than ever before, and to more equitably represent the disproportionate challenges that Black, Indigenous, and other people of color (BIPOC) are facing in agriculture. In order to better capture the many and complex experiences of farmers across the country, we included farmers who don't farm for income, expanded race and ethnicity options, and updated gender and sexuality questions to be open-ended.

Methodology

The National Young Farmers Coalition partnered with the University of Wisconsin Survey Center (UWSC) to design the 2022 National Young Farmer Survey. We resourced and worked closely with La Semilla, the Midwest Farmers of Color Collective, and the Land Stewardship Project to ensure geographic and racial equity in our outreach, and in parallel reached out to hundreds of organizations to share the survey uncompensated. We paid a stipend to 10 farmers to amplify our promotion of the survey on their social media accounts. We engaged in phone banking, text banking, outreach at farm conferences, press outreach, and a participant raffle to increase awareness and incentivize farmers to take the survey. Our 50 chapters also distributed the survey to farmers in their communities. We offered $25 incentives to Spanish-first farmers to help us reach Spanish-first farmers and farmworkers.

The data from the Survey were analyzed by the University of Wisconsin Survey Center (UWSC) in June and July 2022. UWSC's expertise in instrument design is supported by a full-time survey methodologist and a system of internal training and professional development which ensures that their reviewers know how to apply the findings of this extensive literature to the research needs of clients.

The UWSC review process includes a full documented survey review, with both general survey recommendations and question by question feedback and detailed suggestions for candidate revisions to questions. Recommendations draw on "best practices" in survey research questionnaire design and personal experience conducting hundreds of surveys, while attempting to avoid altering the substance of researcher's questions. Recommendations are aimed at both increasing the accuracy and reliability with which respondents process the questions, and increasing the response rate for the survey by decreasing the cognitive burden for respondents and the tendency for respondents to not begin the questionnaire or break-off during the questionnaire.

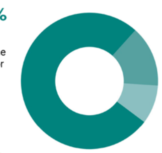
The data from the 2022 Survey were collected and analyzed using methods that adhere to UWSC's best practices. The data were not analyzed to determine statistical significance or correlations. The findings below should be understood as a narrative of the current experience of young farmers, and it was our aim to specifically highlight the unique challenges that Black, Indigenous, Latinx, Asian, and other young farmers of color face today. We acknowledge that there are complex histories and experiences for BIPOC farmers and immigrant farmers in the United States, and have worked hard to apply nuance to the survey design and in the writing of this report.

This survey did not specifically ask questions about the impacts of COVID-19 on young farmers' businesses. The impacts of the pandemic on farmers' businesses and personal lives are varied and ongoing. This survey was created to capture the current state of the young farmer experience, and it would be impossible to fully articulate the complexities of how the pandemic has impacted the next generation of growers.

Survey Participants

The 2022 National Survey received 10,091 total responses. To ensure that we are representing the specific challenges of the nation's next generation of growers, we focused our analysis on farmers age 40 and under. Of our total survey respondents, 4,344 current, aspiring, and former farmers self-identified as age 40 or under, and we call these individuals "young farmers" throughout this report. Unless otherwise noted, survey results are from the 3,319 respondents who identified as young farmers who are currently farming. Many of the farmers not included in data analysis may have been under 40 but chose not to share their year of birth.

Of the participants aged 40 years or younger living in the United States:



KEY FINDINGS

FINDING AFFORDABLE LAND TO BUY IS THE TOP CHALLENGE FOR YOUNG FARMERS

Purchasing affordable land is even more challenging for BIPOC farmers

59% of all young farmers named finding affordable land to buy as "very or extremely challenging."

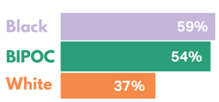
65% of BIPOC farmers ranked finding affordable land to buy as "very or extremely challenging," including **68% of Indigenous respondents and 66% of Black respondents.**

Over half of all respondents (54%), and 75% of Black farmers, said that they currently need more access to land, whether to buy or lease.

BIPOC farmers experience top young farmer challenges at heightened rates

Young BIPOC farmers were more likely to report top challenges as "very or extremely challenging."

For example, 59% of Black respondents and 54% of BIPOC respondents said finding access to capital was "very or extremely challenging," as compared to 37% of White respondents.



49% of young farmers have not utilized any USDA programming

Of the young farmers who have not participated in a federal program, **71% were unfamiliar with the programs that could help them.**

Black and Indigenous farmers reported challenges engaging with the USDA at higher rates

Black and Indigenous farmers reported that they were denied access to federal programs, being ignored by local or state USDA staff, and that a local or state USDA employee acted in ways that were unwelcoming to them based on their race at higher rates than White farmers.

86% of young farmers identify their practices as regenerative*

* The majority of young farmers who took our survey describe their practices as "regenerative." Regenerative agriculture broadly refers to an approach to farming and ranching that builds healthy soils and ecosystems, supports climate-resilient farms and communities, and addresses inequity in agriculture. Regenerative practices are not new, they have been innovated by Indigenous communities for thousands of years.

Young farmers are motivated by environmental conservation, anti-racism, and social justice

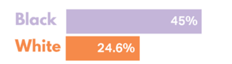
83% of young farmers said that "one of their farm's primary purposes for existing is engaging in conservation or regeneration."

87% of BIPOC young farmers said the same.

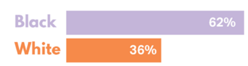
74% of Black farmers said "one of their farm's primary purposes is anti-racism work, or promoting healing from White Supremacy."

The burden of student loan debt is disproportionately affecting Black young farmers

Farmers who said that student loan debt was "very or extremely challenging":



Farmers who have student loan debt:



Climate change is impacting young farmers' businesses across the country

73.3% of young farmers have experienced at least one climate impact on their farm in the past year

&

88% of young farmers attribute changes in weather events they are experiencing on their farms to climate change

"I farm to build stronger relationships in my community; to work towards owning our food sources and economy; to provide green space for the community; and to cultivate opportunities for knowledge sharing. I farm because I love farming and I can't imagine myself doing anything else."

TOP YOUNG FARMER CHALLENGES

1. ACCESS TO LAND

Land access is the top challenge cited by current farmers, aspiring farmers, and those who have stopped farming, and proves even more challenging for BIPOC farmers. Responses highlighted the ability to buy land as a key concern (compared to leasing or other methods of access).

59% of young farmers named finding affordable land to buy as very or extremely challenging

45% of young farmers named finding available land to buy as very or extremely challenging

Young BIPOC farmers and ranchers identified an additional challenge:

33% of young, BIPOC farmers shared that maintaining access to land was very or extremely challenging, compared to 17.4% of White farmers.

2. ACCESS TO CAPITAL

41% of survey respondents said that finding access to capital to grow their businesses was very or extremely challenging.

That number was even higher for farmers of color:

59% for Black farmers // **54%** for all BIPOC farmers

3. HEALTH CARE COSTS

40% of young farmers named personal or family health care costs as very or extremely challenging

21% said family, business partner, or healthcare costs were a top challenge

4. COST OF PRODUCTION

35% of young farmers named that "the cost of production being greater than the price they receive for their products" is very or extremely challenging.

5. HOUSING

Finding an affordable place to live is a major challenge for young farmers and a leading reason why former farmers quit. Land access and housing are closely intertwined:

83% of farmers who own land purchased a property that included housing,c ompared to only 29% of farmers leasing land.

33% of young farmers reported that finding or maintaining affordable housing was very or extremely challenging. For BIPOC young farmers, that number jumps to 42%.

6. STUDENT LOAN DEBT

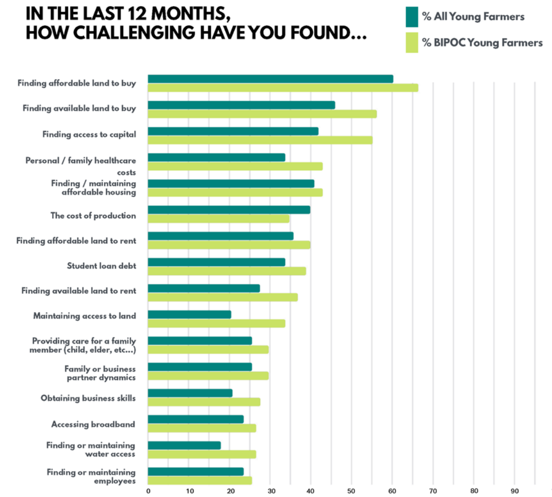
38% of young farmer respondents carry some student loan debt. Student debt burden is much higher for BIPOC farmers, and particularly Black young farmers.

62% of Black young farmers have student loan debt, compared to

36% of White young farmers.

Student loan debt can prevent farmers from qualifying for additional financing needed to launch their businesses. Twenty percent of young farmers did not take out additional loans to support or grow their farm businesses because of existing student loan debt.

IN THE LAST 12 MONTHS, HOW CHALLENGING HAVE YOU FOUND...



All of the top challenges reported by young farmers who participated in the survey are experienced at higher rates by young, BIPOC farmers.

Access to land, access to capital, health care costs, cost of production, access to housing, and student loans were reported at higher rates as being "very or extremely challenging" for BIPOC young farmers.

TOP YOUNG FARMER CHALLENGES

WE ASKED WHICH CATEGORY WAS THE MOST CHALLENGING OVER THE LAST 12 MONTHS, RESPONDENTS SAID:

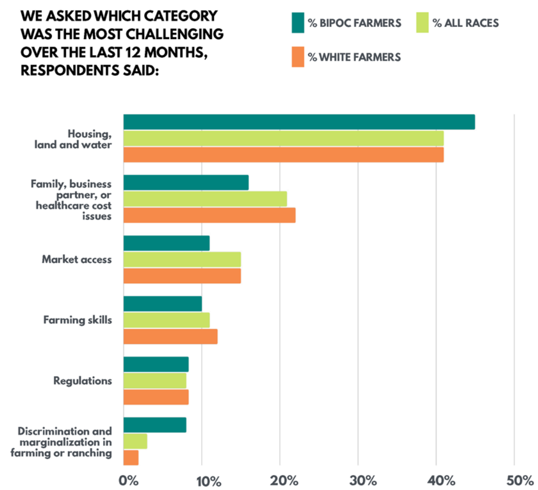


Photo: Mallory Kessel

MOTIVATION & PURPOSE

Though the challenges stacked against them are significant, many of the young farmers in our network tell us that the fulfillment they feel from planting seeds and helping them grow to harvest, providing more healthful food for their communities, and stewarding natural resources has not diminished since their very first season.

By and far, the majority of young farmers we surveyed named that one of their farm's primary purposes for existing is stewarding and regenerating natural resources.

Eighty-three percent of young farmers were motivated by environmental conservation. For BIPOC young farmers that number is 87%, and it is 88% for Black young farmers.

The majority of young, BIPOC farmers also find motivation for their farming work in anti-racism. Twenty-nine percent of all young farmers, 54% of BIPOC young farmers, and 74% of Black young farmers surveyed named that "one of their farm's primary purposes is anti-racism work, or promoting healing from White Supremacy."

When we asked young farmers to name another primary reason they are farming, their answers included:

"To produce food for the local community, protect the land, teach young farmers, and build community"	**"Create food sovereignty for native community"**	**"Strengthen resiliency and food security within our community."**
"Provide meaningful employment opportunities, feed our community, protect our air, soil and water resources"	**"Community support for LGBTQ folks"**	**"To carry knowledge forward."**

Sharlene Aguiler, Pauma Tribal Farm
By Mallory Kessel

WHO ARE THE NATION'S YOUNG FARMERS?

With the help of over 100 partner organizations, Young Farmers **surveyed 10,091 total respondents** between January and April 2022. After limiting the sample to respondents 40 years of age and younger living in the United States, our analysis **represents 4,344 aspiring, current, and former farmers.** Unless otherwise noted, "young farmers" refers to the 3,319 respondents 40 years of age and younger who are currently farming. Submitting age was an optional field, thus many young farmers who took the survey were not included in the final sample of farmers 40 and under.

NOT FROM FARM FAMILIES

78%

of young farmers identify as first-generation farmers

RURAL

78%

of young farmers said their farm or ranch is located on rural land[3]

FEMALE, NON-BINARY, AND LGBTQ+

63.5%

of young farmers surveyed identify as female, nonbinary, or a gender other than cisgender male

24.2%

of young farmers identify as a sexuality other than heterosexual

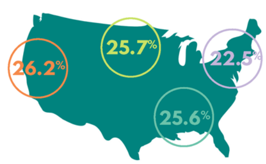
HIGHLY EDUCATED

78.5%

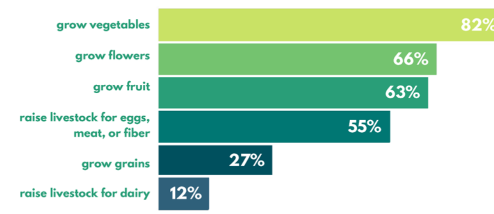
of young farmers hold an associate degree or higher

Where our survey respondents farm

West >>
Midwest >>
SE / Mid-Atlantic >>
Northeast >>



MORE LIKELY TO GROW VEGETABLES, FLOWERS, AND FRUIT



ENVIRONMENTAL STEWARDS

86%

of young farmers identify the practices they use on their farm or ranch as "regenerative"

97%

identify them as "sustainable"

YOUNG FARMERS ARE MOTIVATED BY CONSERVATION AND SOCIAL JUSTICE

83%

of young farmers named that "one of their farm's primary purposes for existing is engaging in conservation or regeneration."

That number is 87% for BIPOC young farmers and 88% for Black young farmers.

29%

of young farmers and 74% of Black farmers named that "one of their farm's primary purposes is anti-racism work, or promoting healing from White Supremacy."

//AGE

32

average age of young farmer survey respondents

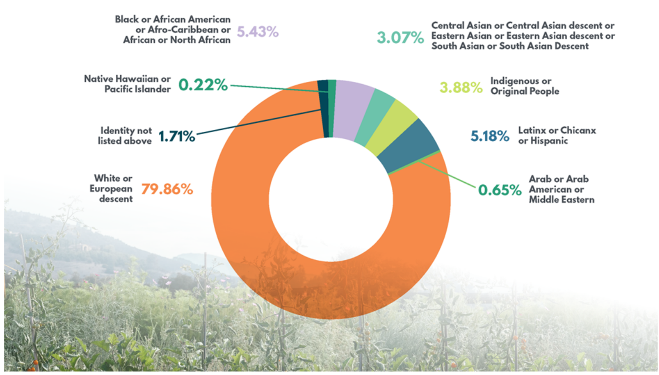
//GENDER + SEXUAL ORIENTATION

The 2017 Census of Agriculture reported that 36% of producers identify as female, but only collects data on male/female gender identification and does not ask about sexual orientation. In our survey, we asked respondents to share how they identify their current gender and how they identify their current sexual orientation in an open-ended response. This survey report provides the largest known comprehensive dataset on U.S. young farmers' sexual identification.

Of those who responded:

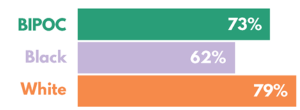
- 63.5% identify as female, nonbinary, or a gender other than cisgender male
- 36.5% identify as male
- 24.2% identified as a sexuality other than heterosexual

//DISTRIBUTION OF YOUNG FARMERS CURRENTLY FARMING BY SELF-IDENTIFIED RACE



//FARM LOCATION

78% of young farmer respondents described their farm as being located on rural land



Types of Land:

78%	31%	15%	17%	4.4%
Rural Land	Suburban Land	Urban Land	Home Garden	Community Garden

//HOUSING

63% of young farmers currently live on the land they farm or ranch

//FAMILY BACKGROUND

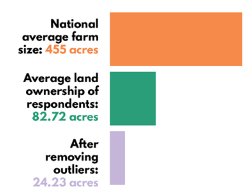
78% of young farmers identify as first-generation farmers

First-generation farmers do not inherit knowledge of the trade from their families, and likely do not inherit a farm business, land, infrastructure, or networks to support them.

//FARM ROLE

For Income:	Not for Income:
57% farm or ranch owner	55% farm or ranch to feed themselves, their family, or their community
20% farm or ranch manager or operator	21% farm or ranch as a personal hobby
20% farm or ranch worker	6% volunteer on a farm or ranch
2.5% farm or ranch apprentice	18% other

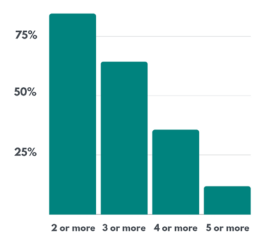
Farm Acreage Held:



//DIVERSITY IN PRODUCTION

Young farmers are building multi-enterprise businesses. We define enterprise as a broad category of production (flowers, fruit, grains, livestock for dairy, livestock for egg, meat, or fiber, and vegetables.) Within each enterprise, they are growing a diversity of species, varieties, and breeds.

% of Young Farmers with Multiple Enterprises:



What Young Farmers Grow:
(by average numers of crop type or livestock species)[8]

Vegetables	28.3
Flowers	17.7
Fruit	5.3
Livestock for egg, meat or fiber	4.0
Livestock for dairy	3.7
Grains	2.8

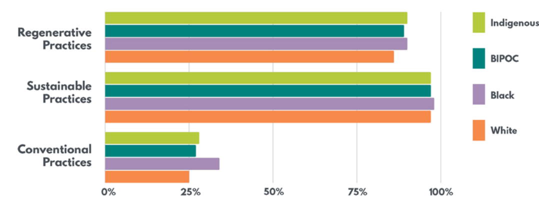
//GROWING PRACTICES AND SUSTAINABILITY

Respondents were able to select multiple options to describe their growing practices, and 97% of young farmers shared that they use sustainable practices, with 86% indicating that they use regenerative practices. Twenty-five percent of young farmers indicated that they use conventional practices. Twenty-one percent of respondents have USDA Organic certification and 2.3% have USDA Grass-Fed certification. Other practices young farmers identify using on their farms included low- and no-till methods, biodynamic practices, holistic or rotational grazing, Certified Naturally Grown practices, or practices approved by the Real Organic Project or state organic certification.

86% of respondents use regenerative practices

97% of respondents use sustainable practices

25% of young farmers use conventional practices



Sustainable practices or certifications young farmers cited include:

- Low and no-till
- Certified Naturally Grown
- Biodynamic practices
- Real Organic Project
- Holistic or rotational grazing

Certifications:

21% have USDA Organic certification

2.3% have USDA Grass-Fed certification

//REVENUE

Among young farmers, 74.11% of farm owners, operators, and managers reported that their farms grossed $100,000 or less in 2020.

On average, for young farmers who responded:

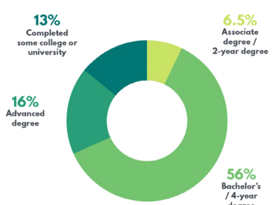
AVG. GROSS INCOME IN '20 **$160,758** // MEDIAN **$40,000**

After removing outliers:

AVG. GROSS INCOME IN '20 **$54,998** // MEDIAN **$30,000**

//EDUCATION AND STUDENT LOAN DEBT

The young farmers who participated in our survey are highly educated. 78.5% hold an associate degree or higher (56% hold a four-year degree, 16% hold an advanced degree, and 6.5% hold an associate or two-year degree). This is higher than the national average: 48.4% of Americans over 25 years old have an associate's degree or higher.



38% of young farmer respondents carry some student loan debt

Student loan debt is a particular challenge for young farmers seeking to build careers in agriculture, as it can prevent them from qualifying for additional financing needed to launch their businesses. Twenty percent of young farmers did not take out additional loans to support or grow their farm businesses because of existing student loan debt.

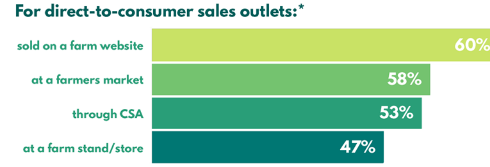
//MARKETS

86.4% of young farmers sell through at least one direct-to-consumer channel

Restaurants	51%
Retail markets, such as supermarkets, food cooperatives, and grocery stores	40%
Food hub or value-added producer	23%
Institutions, such as schools, universities, hospitals, or food banks	22%
Commodity market, such as through a cooperative	18%
Distributor	14%
Forward contracting to sell directly to an individual processor	12%
Commodity market, such as through an intermediary like a grain elevator	6.5%
Production contracts or custom feeding for livestock you do not own	2.4%

40.5% sell to at least one wholesale market

For direct-to-consumer sales outlets:*



*Farmers could select more than one option.

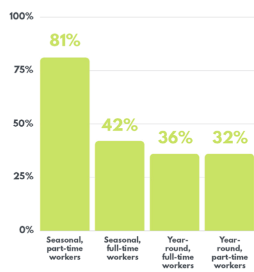
//LABOR

65% of young farmers worked over 40 hours per week during their farming or ranching seasons

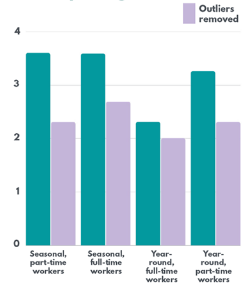
48% of young farmers hired workers, mostly seasonal-part time workers

About half of young farmers hired workers in the past 12 months, and on average, they hired four or fewer of each type of worker

Types of Workers by Seasonality:



Average Number of Workers Hired by Young Farmers:



Alkebu-Lan Marcus and Mike Jones
By Stella Kalinina

The 2022 Young Farmer Agenda

KEY RECOMMENDATIONS FOR POLICYMAKERS

Improve access to land and capital for young and BIPOC farmers

- Invest in community-led projects that create secure, affordable land access opportunities
- Bring coordination to federal land access initiatives across agencies and departments
- Improve access to credit to help farmers compete in the real estate market
- Invest in incentivizing farm transition and preventing land loss in communities of color
- Ensure the accessibility and accountability of USDA programs, centering young BIPOC farmers
- Facilitate voluntary, community-led farmland protection that keeps land in the hands of growers
- Invest in data collection, reporting, and research on farmland tenure, ownership and transition

Support farmer mental health and well-being

- Establish a national health insurance program
- Expand Medicaid access in all states
- Reauthorize and continue to fund Farm and Ranch Stress Assistance Network (FRSAN) at regional and state levels

Address cost of production and market access challenges

- Codify USDA's recently announced regional food business centers
- Drive better coordination and knowledge and data sharing across Farm Production and Conservation agencies, Rural Development, and Agricultural Marketing Service
- Expand outreach regarding, and make additional improvements to, the Value-Added Producer Grant program
- Expand relationships with trusted entities that can verify and improve price discovery of local and regional specialty crops
- Reauthorize and continue funding Urban Agriculture and Innovation Production grants

Increase access to affordable housing

- The Rural Development Rural Business-Cooperative Service should utilize the Community Facilities loan programs to develop on and off-farm community-led housing solutions for farmers and farmworkers
- Continue funding the Rural Housing Service Farm Labor Housing Loans and Grants

Invest in climate action and water access

- Improve access to USDA conservation programs for water and climate resilience
- Ensure that USDA resources and programs are culturally appropriate for Indigenous and farmworker populations
- Improve Natural Resource Conservation Service (NRCS) outreach to young and BIPOC farmers
- Increase funding for research on equitable and sustainable land and water stewardship
- Support young farmers and farmworkers facing disasters
- Reform laws and regulations to support farm and food system workers

Improve USDA access and accountability

- Adequately resource state Beginning Farmer and Rancher coordinating positions to be focused full-time on serving beginning farmers, and elevate the national coordinating position to be institutionalized as part of the Farm Production and Conservation Mission Area
- Increase the collection and reporting of demographic data to better understand who is accessing USDA resources and thus improve accountability to young and BIPOC farmers in how programs are implemented, evaluated, and improved over time
- Improve recruitment, hiring, and training of USDA customer-facing employees, and invest in staff competency around diversity, equity, and inclusion principles
- Increase investments in outreach through trusted organizations to improve awareness among BIPOC and young farmers of federal programs and aid them in accessing assistance
- Enact a path to citizenship for undocumented farmworkers and their families
- Conduct a thorough review of citizenship and tax identification requirements for participation in USDA programs.
- Allow applicants to or beneficiaries of USDA programs to use any tax identification number recognized by the Internal Revenue Service in lieu of citizenship based eligibility requirements

CASE STUDY

Tessa and Wyatt Parks

W.T. Farms, Minnesota

Livestock Farmers Limited by Land Access

My name is Tessa Parks and my husband Wyatt and I began our farm business, W.T. Farms, in 2018. After working on others' farms and dabbling in farming on our own in Washington State for six years, we moved to Minnesota in order to find more affordable farmland.

We now raise Holstein steers that we purchase as day-old calves from a local dairy farmer. We practice rotational grazing with our animals on 20 acres of rented land at Sharing Our Roots, an educational farm and nonprofit in Northfield, MN. We ultimately market our steers as beef shares for our local community and the Minneapolis-St. Paul metro area.

While we're grateful to operate as a part of the Sharing Our Roots landshare program, a major barrier in further developing our business has been finding more secure land closer to where we live. The land we rent is nearly half an hour from where we live, so we feel the strain as we raise animals 24/7, including bottle feeding calves, so far from home.

We envision a future where we can raise a diverse host of animals including pigs, chickens, and turkeys. Our current rental agreement does not allow hogs onsite, and because of the distance we live from the farm site, raising animals that require more frequent tending is difficult and unsustainable.

Though we live in a small town surrounded by farmland, we are unable to find available land that will meet the needs of our growing farm anywhere nearby. Any space we are going to invest our time into needs to be one that can support regenerative practices, such as rotational grazing and bale grazing. Any parcels with water access and enough space are planted in conventional crops.

Land access isn't our only barrier as young farmers. Our farm budget currently relies on Wyatt and I both working full-time jobs off the farm, which in turn limits the time and energy we have to invest in growing our operation. Many of our needs as a farm business rely on the approval of industry gatekeepers like USDA and Farm Credit, who have the power to deny us credit and access when purchasing feed, equipment, supplies, animals, and land. One of the only ways we have to mitigate their influence is by paying cash from our off-farm work for the equipment and supplies we need. We were very fortunate this season to receive financing for hay equipment; however, the loan would only cover 75% of the purchase value. Only because we had already invested heavily in the business from personal funds could we show sufficient equity to cover the remaining 25%. We worked with an agriculture specific lender that was able to underwrite the loan without us having cash, something other lenders generally will not do.

I am a Japanese-Filipino queer woman, and as part of a mixed-race couple I see the ease with which Wyatt navigates certain male-dominated spaces as a White man. When we're together, it is obvious that he is assumed to be the farmer and I am just the "helpful wife." When I go by myself to places like the farm supply store, I am regularly treated as if I am unable or unqualified to be buying farm supplies. On one occasion I was even cautioned that calves don't make good pets simply because I was buying milk replacer. Obvious assumptions are made about my competency and legitimacy as a farmer based on my identity, and this stirs a hesitancy to talk to suppliers and lenders or approach larger financial institutions who otherwise provide services to local farms. In my experience, the funding and support gap between White male farmers and farmers of color is evident in nearly every aspect of the farming industry.

Wyatt and I are exploring options like working with Agrarian Commons, a nonprofit that supports beginning farmers with accessing land, as well as purchasing land outright as we continue to search for land to grow W.T. Farms. As we look for our permanent home, a primary goal of ours is to continue to be sustainable land stewards. Between our educational and professional experiences, we are both well aware of the environmental cost of poor farming practices. We believe it is in farmers' best interest to protect the natural environment and practice conservation techniques as much as possible.

"AS PART OF A MIXED-RACE COUPLE I SEE THE EASE WITH WHICH WYATT NAVIGATES CERTAIN MALE-DOMINATED SPACES AS A WHITE MAN."

TOP CHALLENGES IN DEPTH

Photos: Mallory Kessel

LAND

//ACCESSING FARMLAND IS THE TOP CHALLENGE YOUNG FARMERS AND YOUNG BIPOC FARMERS FACE.

Equitable access to affordable, quality farmland is a foundational need of the growers and land stewards across the country. In both of our previous National Young Farmer Surveys, access to land has been at, or near, the top of the list of barriers reported by young farmers.[10 11] Our 2022 results show this challenge is growing. Regardless of years of experience or geographic location, land access is the top challenge facing the next generation of farmers in the United States, and this challenge is even greater for Black, Indigenous, and other people of color (BIPOC) farmers.

Land ownership provides the security that is critical for many of the long-term investments that farmers must make in soil health, infrastructure, and irrigation. It enables them to farm in deep relationship with the land and to build financial equity. The stability that comes from land ownership can also have immense impacts on farmer mental health and resiliency in the face of the many challenges of farming, such as climate change.[11.5]

Land ownership is rooted in the dispossession of Indigenous land and centuries of stolen labor from Black, Indigenous, and other people of color. Land-based discrimination, sanctioned through public policy, has occurred while the contributions these communities have made to U.S. agriculture remain largely unacknowledged. This history, and the resulting inequity, is essential to understanding the land access challenges young farmers face today.

//FARMERS STRUGGLE TO FIND AND MAINTAIN AFFORDABLE, SECURE LAND ACCESS

Buying farmland is expensive and out of reach for many young farmers, if land is available for them to consider purchasing at all.

The greatest overall challenge current farmers under 40 reported was finding affordable land to buy, followed by finding available land to buy:

59% of young farmers said finding **affordable land** to buy is very or extremely challenging.

45% of young farmers said finding **available land** to buy is very or extremely challenging.

For BIPOC farmers, the barrier of secure access to land is even higher: 65% named finding affordable land to buy as very or extremely challenging and 55% named finding available land to buy as very or extremely challenging

Respondents also face barriers renting land, with more than one-third of all respondents naming finding available land to rent (39%) and finding affordable land to rent (33%) as very or extremely challenging. An additional land access challenge we asked about was maintaining access to land, which was very or extremely challenging for 33% of BIPOC respondents, including 37% of Black farmers and Indigenous farmers.

//RACIAL DISPARITIES IN LAND ACCESS

OWNERSHIP OF LAND VS LEASING BY RACE:	ONLY LEASE	ONLY OWN	OWN & LEASE
All Young Farmers	37%	43%	20%
All BIPOC Young Farmers	43%	40%	17%
Indigenous Young Farmers	42%	37%	22%
Black Young Farmers	04%	40%	16%
White Young Farmers	36%	04%	20%

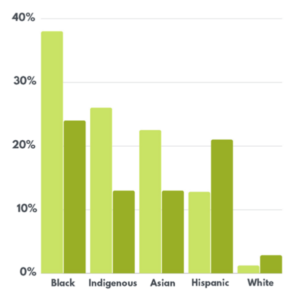
Black farmers, Indigenous farmers, other farmers of color, and immigrant farmers have faced historic discrimination and dispossession of land that has shaped the demographics of farming and patterns of land ownership we see in the U.S. today.

Ninety-five percent of all farmers in the U.S. identify as White,[12] and 98% of farmland is owned by White people.[13]

Policies like the Indian Removal Act of 1830, the Homestead Acts of the mid-1800s, the revocation of Field Order No. 15, and the Alien Land Laws of the early 1900s, among others, have dispossessed Indigenous people and other people of color from hundreds of millions of acres of land, while facilitating land ownership and access for White Americans.[14]

The legacies of slavery, sharecropping and tenant farming, and heirs property challenges have prevented Black farmers from building equity in land. Despite this, many Black farmers succeeded in purchasing property, but discriminatory lending practices and ingrained racism at USDA offices caused significant land loss in the ensuing decades. In 1910, Black farmers owned 16 to 19 million acres of farmland, but 90% of that land was lost over the next century, resulting in thousands of Black farmers leaving agriculture. **There were almost one million Black farmers in 1920; today there are approximately 45,000.[15]**

Farmers Naming Racial Discrimination as Very or Extremely Challenging by Race:



Unfortunately, the racism confronting BIPOC farmers is not a thing of the past. Ongoing discrimination impacts the ability of BIPOC farmers to access land today. Many of the BIPOC young farmers who responded to the 2022 Survey report that they have experienced discrimination in their farming careers.

Farmer Satisfaction with Land Arrangements by Race:

BIPOC farmers reported being less satisfied with their current land arrangements than White farmers: 27% of BIPOC young farmers who have access to land reported being not at all or slightly satisfied with their current land arrangements compared to 18.7% of White young farmers respondents. Black young farmers responded most often that they are "not at all or only slightly satisfied," at a rate of 36%.

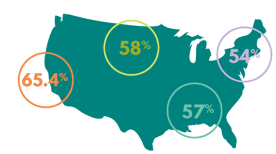
Regardless of experience or location, the majority of farmers identified finding affordable land to buy as being very or extremely challenging.

Finding Affordable Land Very/ Extremely Challenging by Experience:

Farming > 5 years	53%
Farming 5-10 years	55.3%
Farming < 10 years	52.1%

Finding Affordable Land Very/Extremely Challenging by Region:

West >>
Midwest >>
SE / Mid-Atlantic >>
Northeast >>



Land access is a challenge for young farmers across the U.S., regardless of how long they have been farming or the geographic region in which they farm. Farmland is a highly desirable asset for more than just agriculture. As developers, investors, technology companies, and individuals looking for a rural residence all compete with farmers for acreage, the cost of land is steadily becoming disconnected from its value for agricultural production.[16]

The prospect of saving enough money for a down payment while learning how to farm is becoming increasingly elusive. For many farmworkers, especially those who have traveled to the U.S. to work, language barriers, legal obstacles, and ingrained systems of oppression in farm labor further exacerbate this barrier.

Land prices have been steadily rising for decades and have skyrocketed in recent years.[17] This is particularly true in parts of the country near urban areas—precisely where access to customers and the most profitable market opportunities exist for new farmers.[18] Young farmers are easily outbid by more established farmers and non-farmers who are able to more readily offer a cash bid or secure access to credit. Land is often used as collateral for loans as well, which means existing landowners gain an additional advantage.[19]

Sharlene Aquiler,
Pauma Tribal Farm
By Mallory Kessel

//FARMERS ARE LEAVING AGRICULTURE BECAUSE OF LAND ACCESS CHALLENGES

Nearly half of all U.S. farmland is expected to change hands in the next two decades,[20] which will be a crucial opportunity to shift power and resources to young, BIPOC farmers and lift up the next generation of farmers as a whole. Yet rising land prices are causing secure access to affordable farmland to be increasingly out of reach for young farmers.

Land access is a primary reason that young farmers are leaving agriculture. Sixty-seven percent of respondents who quit farming said that finding affordable land to buy was a barrier that was very or extremely challenging, and 54% identified that finding affordable land to lease was a barrier that was very or extremely challenging

//LEASING VS OWNING LAND

Land as an entity that can be bought and sold is a settler-colonial construct. This framework has been enforced through the United States' political and legal systems, and it has been used to dispossess Indigenous people of billions of acres of land.[21] Many young farmers may wish to have long-term land access without relying on ownership, but feel they have few other realistic options.

Land ownership provides security, but it comes at a cost—50.3% of young farmers who only own land and 49.2% who both own and lease land reported that they feel that what they currently pay is somewhat or very expensive, compared to 31.1% of young farmers who only lease land.

37% of young farmers only lease the land they farm or ranch

43% only own the land they farm or ranch

20% both own and lease the land they farm or ranch

Young farmers owned on average 82.72 acres and leased on average 190.1 acres

Total Acres young farmers owned AND leased:

377,467

Average Acres: 134	Median Acres: 10
Without Outliers: 20	Without Outliers: 8

//LEASING LAND

Twenty-nine percent of young farmers found finding available land to rent very or extremely challenging, and 33% found finding affordable land to rent very or extremely challenging.

While the flexibility of leasing can be a good risk management strategy as farmers are getting started or growing their businesses, leasing is rarely viable as a farmer's sole long-term form of land access. These often precarious arrangements mean that farmers do not have the long-term security to make investments, build lasting marketing channels, or plan for their personal futures. Additionally, short-term leases or handshake deals can limit farmers' access to federal farm programs and disaster aid, which often require a written lease lasting the length of program agreements.

Of the 57% of young farmers who rely on leased land to farm, 79% are leasing land from an individual private landowner, including family members. In agricultural communities across the country, leases are often handshake agreements between neighbors and friends. For first-generation, and particularly BIPOC farmers, outside of these insider landowner networks it can be exceedingly difficult to find land to lease. According to the most recently available USDA data, 97% of principal landlords are White, 87% are not farm operators, and 45% have never farmed.

While 81% of White young farmers lease from an individual landowner, this percentage drops to 72% for BIPOC young farmers, including 66% for Black young farmers and Asian young farmers, and 77% for Indigenous young farmers.

Who are Young Farmers Leasing From?	All Young Farmers	All BIPOC YF	Black YF	White YF
Individual private landowner, including a family member	79%	72%	66%	81%
Non-profit, such as a land trust	15%	21%	27%	13%
Religious institution	3%	4%	11%	2%
Federally-held public land, such as from the Bureau of Land Management	1%	3%	6%	1%
Locally-held public land, such as from a state or municipality	12%	13%	15%	11%
Land held in trust by the federal government for the benefit of a Native American individual or Tribal Nation	1%	6%	8%	0.30%
Incubator property from a private owner or a non-profit	9%	15%	23%	7%
Publicly-held land as incubator property	3%	6%	11%	2%
Lease-to-own arrangement	6%	12%	23%	5%
Ground lease arrangement, also known as a long-term lease of the land combined with ownership of the infrastructure on the land	12%	15%	19%	11%

//VARIATION IN LAND OWNERSHIP BY GEOGRAPHIC REGION

According to the 2022 Survey results, rates of land ownership vary by geographic region for young farmers. Sixty-nine percent of young farmers indicated that they own some or all of the land they farm or ranch in the Midwest as well as the Southeast and Mid-Atlantic regions. 61% of young farmers located in the Northeast own some or all of the land they farm or ranch.

By contrast, only 52% of young farmers own the land they farm or ranch on in the West. The West also had the highest percentage of farmers who only lease land (48%). This is consistent with the relative cost of cropland in the Western U.S. compared to other regions of the country.[23]

In the West, farmers reported that they only lease their land more often, whereas in the Southeast and Mid-Atlantic they reported more often that they own their land:

LOCATION	LEASE	OWN	LEASE & OWN
WEST	48%	35%	17%
MIDWEST	31%	45%	24%
SE/MID-ATLANTIC	31%	52%	17%
NORTHEST	38%	44%	17%

//FIRST-GENERATION FARMERS HAVE ACCESS TO FEWER ACRES

Land access is a particularly acute challenge for first-generation farmers, who are less likely to own or inherit land than multi-generation farmers who grew up on a farm. Multi-generation young farmers reported owning and leasing more acreage than those who are first-generation. Twenty-two percent of multi-generation young farmers owned over 50 acres and 24% leased over 40 acres compared to 9% of first-generation farmers who selected either of these categories.

In many cases, farmland is sold by word of mouth or without ever coming on the market, which disproportionately excludes BIPOC farmers and other first-generation farmers who do not have deep community connections to majority-White landowner networks or a family history in agriculture.

//YOUNG FARMERS NEED MORE LAND AND DESIRE THE SECURITY OF OWNERSHIP

The bottom line is that young farmers need more land for their operations, and this need is even greater for BIPOC farmers.

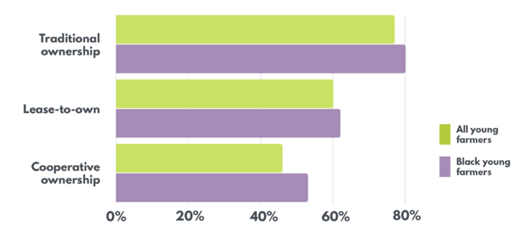
54% of young farmers say they need more land

75% of Black farmers in particular say they need more land

For farmers working in urban areas, securing adequate acreage is a particular challenge. In cities, farmers contend with high land values, insecure land tenure, lack of water access, legal challenges, zoning barriers, and possibly contaminated soil. Fewer young farmers growing in community gardens report being very or extremely satisfied with their current land arrangement (25.3%), and on urban land (23.1%), than farmers growing on rural land (37.5%).

There are many creative solutions to land access challenges, but the majority of respondents reported wanting to own their land, either through traditional purchase or a lease-to-own model. Young farmers are also interested in cooperative ownership, ground leases (in which the farmer owns the infrastructure while leasing the land through a very long-term, often inheritable, lease), and access to public lands.

Types of Land Tenure Young Farmers are Interested In by Race:



There is an urgent need for secure land tenure for young farmers. Land is at the root of racial equity, food sovereignty, economic prosperity, public health, and the climate crisis. Farmers have the transformative power to use climate resilient practices, pay fair wages to their workers, and provide healthy food to their communities, but they must have secure land access in order to do this important work. The 2023 Farm Bill is a crucial opportunity to facilitate equitable land access for the next generation of farmers.

CASE STUDY

Ara and Jim Holmes

Texas Eco Farms, Magnolia, Texas

Land Access Challenges Cause Texas Farming Couple to Rebuild Their Farm Three Times

Ara and Jim Holmes operate Texas Eco Farms, a successful 62-member community supported agriculture (CSA) program, but they didn't grow up raising vegetables or other food for their community.

Ara and Jim both started farming while working full-time as a safety and health professional and registered nurse. Things changed for them when they saw the potential in their local markets and decided to experiment with growing microgreens. Sales of microgreens really took off and showed them that a career in farming could be possible.

In 2016, they began searching for land to grow their operation and quickly realized there were a number of challenges in securing workable farmland. They farmed on two rented plots from 2016 to 2018 before purchasing their land. On their first rented property they had to clear out an area that was overtaken by brush and small trees mostly by hand, and on their second rented property they had to renovate the inside and outside of a 400 square foot cabin to live in on site. The soil was not ideal at either property, and both farms lacked basic infrastructure for tool storage and washing and packing, but they got scrappy and put together some facilities that would work for their operation.

It took Ara and Jim three years to find land that could meet all of their requirements to grow their microgreen business. The most important factors were affordability, zoning, good infrastructure, and workable soil. The property also had to be outside of a flood zone and it had to have access to clean and abundant water. Eventually, they found a three-and-a-half acre tract of land that met their specifications, and began the hard work of moving their pre-existing operations to their new permanent home. Rebuilding their farm three times was exhausting and expensive.

It was also impossible to continue farming while they were transitioning properties, and thus their income took a hit. At this point, Ara had to go back to work full-time off the farm while Jim spent months moving the farm production system to the new site and removing infrastructure at the old site.

In 2020, they went back to the farmers market, but after COVID hit and sales were not reliable, they pivoted to a CSA model serving 22 families that fall, then 32 families the next spring. The CSA proved to be a success: the pandemic brought them rapid growth as people were seeking safer options for local food and were trying to support local businesses. This year, they are serving 62 families for 16 weeks in the spring and fall, and they are happy with their level of growth and development as an ecologically responsible farm that serves a very-local customer base.

"THERE WASN'T A LOT OF AFFORDABLE, QUALITY FARMLAND AVAILABLE AND WE HAD TO TAKE WHAT WE COULD FIND."

Two key lessons they learned through their land search as young farmers was that one or both partners had to be able to work off the farm for extra income to build up a farming business, and that they had to become incredibly frugal to maximize their savings. Their savings and off farm employment not only helped support them economically, but it was a necessary step in obtaining a loan for their permanent farm, the place they now call home.

Obtaining loans through various farm lending programs was unsuccessful because of their low levels of revenue. Off-farm employment was necessary in obtaining a more traditional mortgage. But working off-farm also slowed their progress in establishing and growing their farm business.

There was huge community demand for fresh food, but they lacked the land security to meet that demand. Farm loan options should exist to support new farmers so they don't need to work off-farm to secure a traditional mortgage. With solid revenue records, they have been able to establish a farm number through the Farm Service Agency (FSA) and received a couple of high tunnel grants through the USDA's Natural Resource Conservation Service (NRCS).

Ara and Jim are excited to continue building Texas Eco Farms and serving local families by growing fresh foods in organically managed and remineralized soil for years to come.

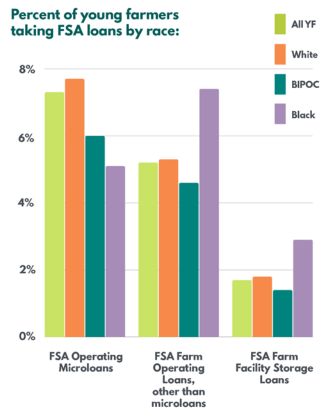
ACCESS TO CAPITAL

Farming is a capital-intensive undertaking. Seventy-eight percent of the farmers under forty years old surveyed identify as first-generation farmers, meaning that they most likely did not inherit farmland, infrastructure, or equipment from their families. Land, tractors, fencing, housing, and other farm infrastructure needed to grow a successful farm business are extremely expensive, and when coupled with the burden of student loan debt or lack of existing credit, access to capital can be a major barrier in building a successful farm career.

41% of all young farmers said that finding access to capital, such as money to start or grow their business, was very or extremely challenging. That number was even higher for BIPOC farmers: 59% for Black farmers and 54% for all BIPOC farmers. And 76% of all respondents said access to capital was at least a little bit of a challenge.

Difficulty in accessing capital is also a major reason why young farmers are leaving agriculture. Fifty-seven percent of former young farmers reported that finding access to capital was a barrier that was very or extremely challenging.

USDA's Farm Service Agency (FSA) offers low-interest rate loans that are designed to make credit available to our nation's farmers and ranchers, but only a small percentage of respondents have succeeded in using these loans. The FSA Operating Microloan is the most streamlined of the loan programs, but only 7.3% of participants have accessed them. Only 5.2% of respondents have used FSA Farm Operating Loans other than microloans.



Government financing represents only a small percentage of how farmers are buying land: half of the survey respondents who own land purchased it with personal cash, whereas only 14% purchased land with government financing (such as Ownership Loans through FSA).

72% of young farmers currently hold a loan to finance their farm or ranch business:

AVERAGE $208,885 // **MEDIAN $75,000**

With the outliers removed

AVERAGE $108,487 // **MEDIAN $60,000**

51.4% of respondents owe over $50,000

HEALTH CARE COSTS

Farming is not only a dangerous and physically strenuous occupation, it is also stressful and often isolating. Both physical and mental health care access are vital to our nation's farmers. Low-income and self-employed farm owners often struggle to afford health insurance premiums for themselves, their families, and their employees. Though farmworkers face significant workplace hazards–increasing in a warming climate–they rarely receive health care as part of their compensation. Without affordable health care options, many farmers and farmworkers work off-farm jobs to receive coverage or must forgo insurance, risking physical, mental, and financial harm.

Forty percent of young farmers identified personal or family health care costs as very or extremely challenging.

Health care costs were more challenging for Black young farmers, with 45% of Black young farmers citing health care costs as very or extremely challenging.

Seventy-nine percent of all survey respondents said that the cost of health care was a challenge.

Health care costs are a reason that farmers quit the industry in search of more stable income and health care coverage. Of former farmers surveyed, 51% identified personal or family health care costs as a barrier that was very or extremely challenging (compared to 40% for current farmers). Eighty-three percent of former farmers said health care costs were at least a little bit of a challenge compared to 79% of current farmers.

Health care costs were similarly challenging for farm owners and farmworkers, with 81% of farmworkers identifying personal or family health care costs as being at least a little bit of a challenge and 80% of farm owners.

Establishing a national health insurance program to provide comprehensive protection against the costs of health care to all individuals who are residents of the United States would ensure both our nation's farmers and farmworkers have access to the care they need.

"Farming is essential and therapeutic for my mental and physical health.

HIGH COST OF PRODUCTION

Young farmers who are growing high quality food using sustainable practices are struggling to receive a fair price for their products, especially in competition with the artificially cheap food available on the market. Unlike commodity farmers, young farmers who run diversified operations or grow specialty crops are typically not supported by government subsidies and often struggle to obtain USDA program support.

Overall, 35% of young farmers surveyed cited the cost of production being greater than the price they receive for their products as very or extremely challenging. For BIPOC farmers specifically, 39% surveyed identified this issue as very or extremely challenging. In other words, for many young and BIPOC farmers running a farm business today, the numbers don't add up.

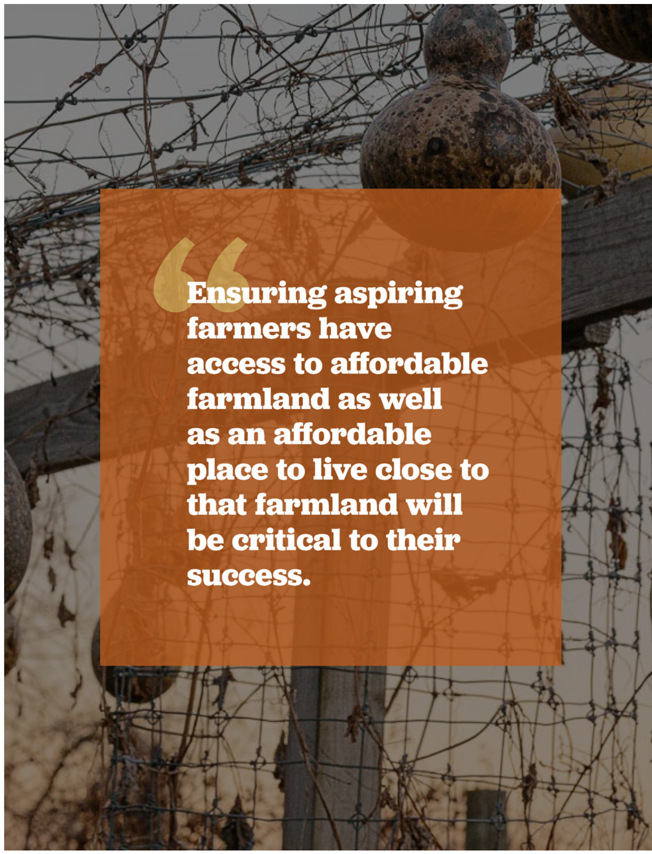
As inflation skyrockets in 2022, this challenge is exacerbated. Impacted by the war in Ukraine and disrupted supply chains from the pandemic, farm input and production costs rose 12% in 2021 from 2020 and are continuing to rise in 2022.[29] While some are able to raise prices modestly, young farmers are often motivated to keep prices stable and affordable in order to serve their communities good food when they need it most.

High cost of production is the most cited challenge in the survey when all those who said that the high cost of production was at least a little bit of a challenge are included.

More than three-quarters of young farmers said that the high cost of production compared to their income received was "a little" through "extremely challenging." The longer the respondents had been farming, the higher the rate of response; 77.9% of young farmers with less than five years, 84.8% of young farmers with five to 10 years , and 86.4% of young farmers with 10 years of experience reported that the cost of production being greater than the price they receive for their products is a challenge."

Whether farming for one year or ten, young farmers are passionate about their work. Farming is often a labor of love, but love is not enough to sustain farmers through long work weeks and grueling seasons. More than 64% of young farm owners worked more than full-time during their last season, with more than one-quarter working 61 hours or more per week. Similarly, more than half of young farmers employed on a farm or ranch worked more than full-time during their last season.[30]

At the National Young Farmers Coalition, we believe in constructively challenging existing economic paradigms by acknowledging the limits of an agriculture system that exists within the confines of capitalism. We work towards creating a public agricultural system where farming is a recognized public service, local and regional food systems are supported, and workers are fairly compensated.



"Ensuring aspiring farmers have access to affordable farmland as well as an affordable place to live close to that farmland will be critical to their success.

Alexis Wiley
By Stella Kalinina

HOUSING

Farming is an enterprise that requires daily monitoring and management, and long commute times can make this work a real challenge. Farmers are in need of on-farm housing or affordable options near farms, particularly those who rent their land. Though finding farmland is a challenge, once farmers are able to secure land, they are more likely to have secure housing as well. Eighty-three percent of the young farmers who own land live on their property, while only 29% of young farmers' land leases include housing.

Most young farmers who work on a farm but don't lease or own farmland named housing as a top challenge: 81% said that finding or maintaining affordable housing was at least a little bit of a challenge, with almost half (47%) finding it very or extremely challenging.

The difficulty and expense of finding housing is also a top reason why farmers ended up leaving farming: 90% of former farmers age 40 and under stated that finding or maintaining affordable housing was at least a little bit of a barrier.

More than half (52%) of young former farmers identified finding or maintaining affordable housing as a barrier that was very or extremely challenging.

Our 2019 California Young Farmer Report[31] highlighted the issue of housing and its interconnection with land access challenges. Report author Mai Nguyen wrote, "The combined costs of farmland and housing create a financially daunting scenario for respondents." A second-generation Fresno farmer said,

"When I'm not dealing with the cost of land going up, I'm dealing with [housing] rent going up. It's all too much."

And as land prices increase, farmers are looking further outside of cities for affordable prices. The result: long commutes.

> **"It's hard to live far from the farm, but it's so hard to find a good piece of land, that it's worth the travel," said a farmer who travels three hours daily to and from the farm property they lease.**

STUDENT LOAN DEBT

Student Loan Debt Held by Young Farmers

AVERAGE $35,660 // **MEDIAN $23,000**

For those farmers looking to grow their businesses, student loan debt can stand in the way of increasing their farm or ranch's economic viability and can prevent them from qualifying for the additional financing needed. Overall, 38% of young farmers and ranchers surveyed said they currently hold student loans. The challenge of student loan debt, however, is not held equally for all young farmers. Sixty-two percent of Black young farmers currently hold student loan debt, and 45% of those student loan borrowers identify their debt as very or extremely challenging.

Many more Black and Indigenous young farmers identified student loan debt as being a significant challenge, compared to young farmers as a whole.

Forty-five percent of Black young farmers and 37.8% of Indigenous young farmers identified student loan debt as being very and extremely challenging, compared to 24.6% of White young farmers.

Even when they qualify for assistance, some young farmers choose not to take out loans because they believe in a debt-free approach to life and business. For others, however, student loan debt prevents them from taking out additional business loans.

We see that this challenge disproportionately affects young BIPOC farmers. For young farmers, 20% of survey respondents identified student loans as the main reason why they are not taking out additional loans, but for Black young farmers that number jumps to 26%.

Student loan debt is also a reason that young farmers decide to leave their farming careers: 39% of former farmers said student loans were very or extremely challenging compared to 26.9% of current farmers.

Percentage of Debt Held by Young Farmers:

Less than or equal to $10,000	25.7%
$10,001 - $25,000	29.9%
$25,001 - $50,000	25.6%
$50,001 - $75,000	7.8%
$75,001 - $100,000	5.8%
$100,001 or more	5.1%

CLIMATE

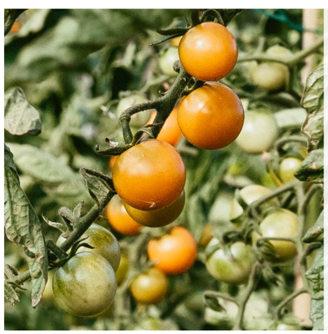
Young farmers call for climate action.

Young farmers across the country are dealing with the increasingly destructive impacts of the climate crisis on their farms every day. As farmers struggle to rebuild from hurricanes and record-breaking heat waves, and producers throughout the West manage extreme drought and the constant threat of wildfire, it is clear that the impacts of the climate crisis on U.S. agriculture are increasingly severe and demand immediate policy intervention.

73.3% of young farmers have experienced at least one climate impact, such as rising temperatures or changing precipitation patterns, on their farm in the past five years. 66% of respondents to our 2017 Survey said that they were experiencing weather and environmental changes on their farmand 53% attributed these changes to human-caused climate change.

More than half of the 2022 survey respondents reported experiencing climate impacts very or extremely often, including rising average temperatures (51%), extreme temperature changes (55%), and changing precipitation patterns (52%). These unpredictable weather events are not just an inconvenience—they can mean a total loss of income for the season.

Eighty-eight percent of young farmers under 40 who responded to our 2022 Survey attribute changes in weather patterns to climate change.



Young farmers reported experiencing the following very or extremely often:

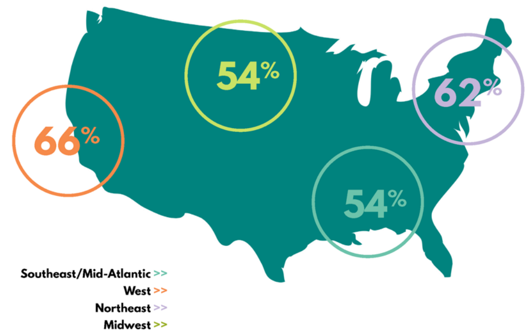
55% extreme temperature swings

51% rising average temperatures

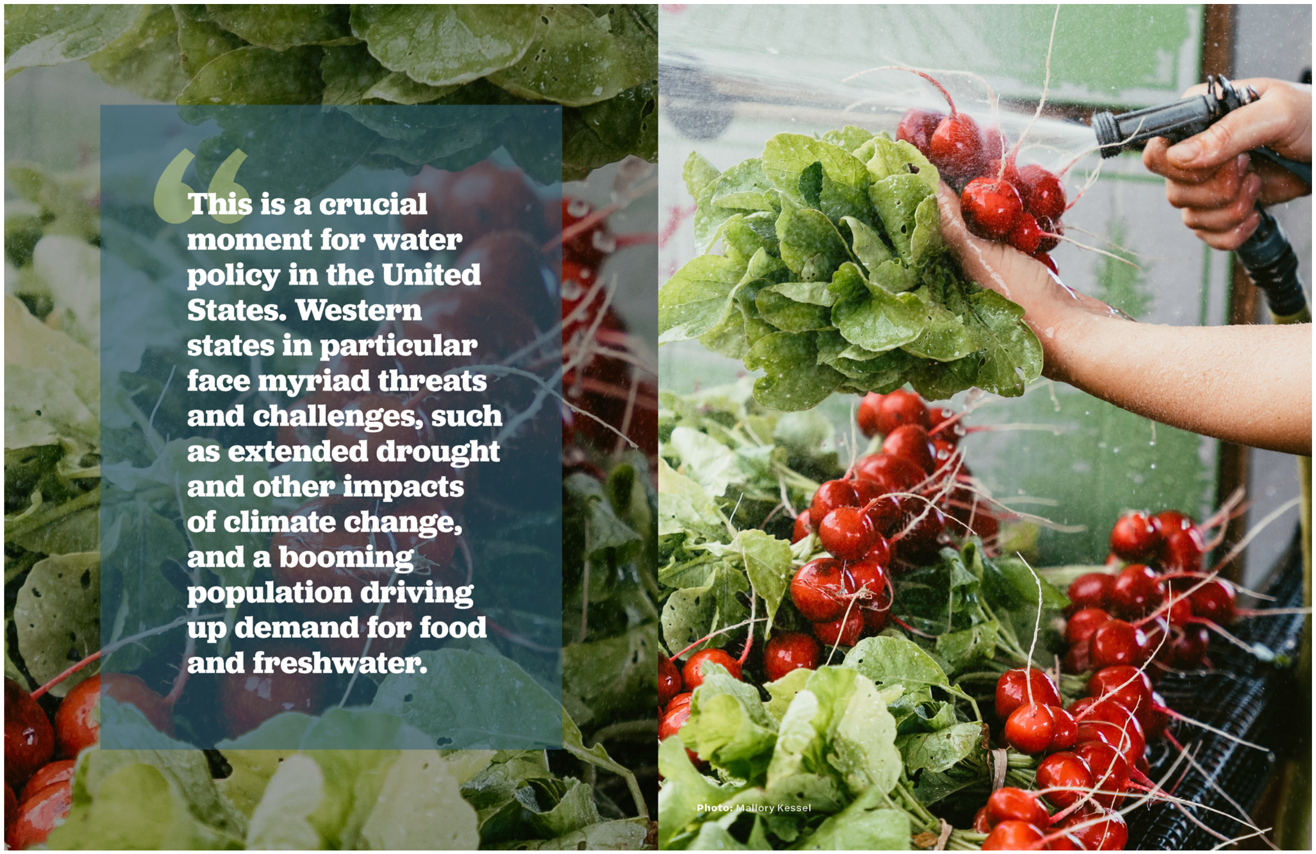
52% changing rain or snow patterns

44% more severe weather events

Percentages of Farmers Who Attribute Changing Weather Events to Climate Change:



Though BIPOC farmers reported more often that their purpose for farming is engaging in conservation or regeneration (88% of Black farmers and 87% of all BIPOC farmers versus 82% of White young farmers), their communities are more likely to suffer the impacts of the climate crisis. Crop loss, food shortages, distribution disruption, and eventual increases in food prices and access will impact communities of color and low-income communities first.



"This is a crucial moment for water policy in the United States. Western states in particular face myriad threats and challenges, such as extended drought and other impacts of climate change, and a booming population driving up demand for food and freshwater.

Photo: Mallory Kessel

CASE STUDY

Scott Chang-Fleeman

Shao Shan Farm, Northern California

Climate Change, Water and Land Access Challenges in Northern California

My name is Scott Chang-Fleeman and I live and farm in Northern California. My business, Shao Shan Farm, is a five-acre certified organic farm specializing in Asian vegetables. We sell our products at farmers markets, through vegetable boxes, and to chefs and grocery stores throughout the San Francisco Bay Area. This year, I am scaling up the production of Kabocha squash, Japanese sweet potatoes, soy beans, Azuki beans, Asian chilis, Chinese shallots, and dried flowers.

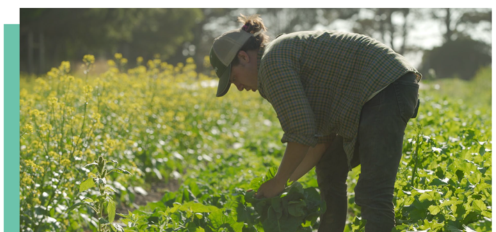
We are no strangers to the ways in which climate change is affecting farms like ours. Farming in California today is dynamic, adaptive, and sometimes heartbreaking. As the state faces historic droughts and wildfires due to climate change, farmers are having to make difficult decisions. In the 2020 season, we had to pivot away from growing fresh greens and switch to primarily dry-farming Kabocha squash and tomatoes due to a lack of water. We were also unable to irrigate our fields that season due to drought and decreased water availability.

Farming is always unpredictable, but it's even more drastic now because of climate change. There are going to be years where there just isn't enough water for everyone to farm. Frequent and persistent wildfires have also caused us to shut down operations so that my crew and I were not working in poor air quality. That decision, however, led to product and revenue loss, but I would rather have a loss of money than make people work in conditions like that.

Farm bill conservation programs, managed by USDA, are tools that can assist farmers in investing in on-farm sustainability and climate resilience, but these programs are underutilized by young farmers across the country.

Barriers like land tenure make accessing these programs difficult for farmers like me. Because I don't own the land I farm on, I didn't think it made a lot of sense to make costly and resource-intensive, long-term infrastructure investments on the farm. Additionally, financial assistance didn't cover the entire cost of the irrigation system we wanted to establish, so applying for USDA's EQIP program did not feel particularly worth the effort.

I want lawmakers to know that consistent financial support and land access for young and Black, Indigenous, and people of color (BIPOC) farmers is necessary for our success and for the health of the planet. People who own their land or have long-term land tenure are able, and incentivized, to buy the equipment and make the investments needed to build on-farm resilience. By helping young, BIPOC, small, and beginning farmers gain access to land and government services, we can begin the important work of addressing the climate crisis and investing in a sustainable and resilient future with farmers leading the way.



"FARMING IN CALIFORNIA TODAY IS DYNAMIC, ADAPTIVE, AND SOMETIMES HEARTBREAKING"

The National Young Farmers Coalition believes that our country's water systems should foster vibrant agricultural communities, healthy ecosystems, and water justice for Indigenous communities and other people of color. Public policy must protect water for agriculture, support on-farm conservation that can conserve and protect clean water resources, and ensure access to clean drinking water.

This is a crucial moment for water policy in the United States. Western states in particular face myriad threats and challenges, such as extended drought and other impacts of climate change, and a booming population driving up demand for food and freshwater.

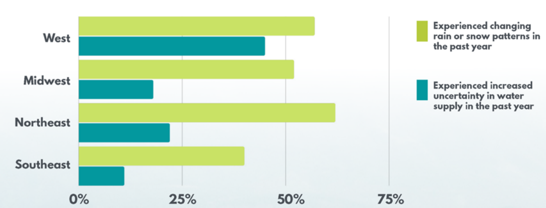
Sixty-five percent of young farmers and ranchers in the West said that finding or maintaining water access was at least a little challenging, with 30% stating that it is very or extremely challenging.

Local land or water use restrictions present additional challenges for farmers in the West, with 22.4% saying restrictions were very or extremely challenging and 44.4% saying they were a little or somewhat challenging. A typical land use restriction may limit or ban the use of high tunnels or other permanent structures on farmland, especially in urban or exurban areas. Water use restrictions may also impact a young farmer's ability to store water on their farm or expand their irrigated acreage.

Young farmers in the West also reported the highest rates of increased uncertainty in water supply, with 45% respondents experiencing water uncertainty very and extremely often in the past 12 months.

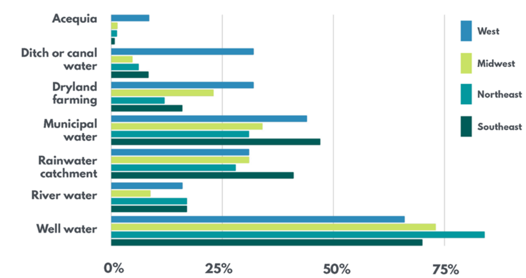
Young farmers in the West also reported the highest rates of increased uncertainty in water supply, with 45% respondents experiencing water uncertainty very and extremely often in the past 12 months.

Young Farmers Climate & Water Challenges by Region:



Young farmers in the West use various methods to access water, and are more likely to rely on ditches or use dryland farming practices than other regions. Farmers in other regions primarily use well water, municipal water, and/or rainwater catchment.

Currently, which of the following methods do you use to access water on your farm or ranch?



Young and BIPOC farmers and ranchers are critical to addressing both our dwindling water resources and producer populations. While young farmers innovate their operations to meet a mounting climate crisis, their work would be impossible without the Indigenous producers who have farmed under arid conditions for millenia. Their cultural practices form the basis of many commonly used conservation practices and systems, yet ongoing discrimination and the structure of USDA programs often exclude these producers from accessing federal farm funding.

Federal policy should ensure that Indigenous, Black, Latinx, and other communities of color are prioritized when it comes to conservation funding and access to clean, safe water.

Hernan Cavazos, Solidarity Farm
By Mallory Kessel

“We believe that a just future for agriculture depends on the recognition that immigrant farmers and farmworkers are agricultural experts without whom the food system could not operate.

CASE STUDY

Joseluis M. Ortiz y Muniz

Dream New Mexico LLC and Corinas Querencia Farms, New Mexico

Indigenous Farmer and Mayordomo Dedicated to Future Generations Through Land and Water Stewardship in Northern New Mexico

My name is Joseluis Ortiz y Muniz and I am a detribalized Indigenous and Indo-Hispano father, farmer, mayordomo and community liaison from the village of Llano de La Yegua in the Indigenous Genizaro Santo Tomas el Apostol de Rio de Las Trampas Land Grant. I currently live with my daughter Corina and partner Luzero in my maternal village of San Antonio Del Rio Embudo in the high desert of Northern New Mexico, where together we grow garlic, medicinal herbs, and other vegetables on one acre and care for a variety of animals on our ancestral lands.

For those who don't know, a mayordomo is a key role in stewarding the acequias of the Southwest. I facilitate sustainable water usage in the region by stewarding the Acequia Del Llano del Rio Embudo.

In Northern New Mexico and in our traditional self-governance systems, the mayordomo is the highest community-elected position. This role comes to me through a long line of water stewards as both my paternal and maternal grandfathers were acequia mayordomos who gave their lives to acequia culture for over fifty years. Additionally, one of my grandfathers worked closely with the USDA's Farm Service Agency (FSA) as well as our local conservation district on land stewardship efforts.

"AFTER FLASH FLOODING RAN DOWN BURN SCARS FROM PREVIOUS WILDFIRES, OUR COMMUNITIES HAVE BECOME OVERWHELMED AND ARE UNDER WATER"

As I write this, Northern New Mexico is experiencing devastating flooding that has been exacerbated by climate change-fueled wildfires. After flash flooding ran down burn scars from previous wildfires, our communities have become overwhelmed and are under water. As retirees and other folks from around the country relocate to or buy second homes in the southwest, our local food system and waterways have also been greatly impacted by the pressures that a growing population has brought to the region. The demands of the growing population have driven already thirsty cities to turn to agricultural areas for new water supplies, which has led to water being sold off the land and farmers and local businesses following suit. Additionally, these pressures have directly impacted the ability to find affordable housing across the Southwest. The reality is that many Indigenous youth are homeless in their homeland. As a young person who left home in the early years of adulthood, I can attest that it is not easy to find a way back home for the current generation.

For centuries colonizers across the United States have tried to systemically erase Indigenous knowledge and lifeways like those that have been passed on to me. Through policies such as the Indian Removal Act of 1830, the Homestead Acts of the mid-1800s, the revocation of Field Order No. 15, and the Alien Land Laws of the early 1900s, among others, Congress has been responsible for the dispossession of hundreds of millions of acres from Indigenous people and other people of color, while facilitating land ownership and access for White Americans. The exclusion of Indigenous and Hispano voices in land and water policy has led to our near erasure and extinction.

In my experience, however, cultural and traditional healing in community has been a journey of self-transformation and self-discovery that has shown me how to care for the land and water and how to overcome the hardships many young people face in occupied Northern New Mexico. Through my work as a Community Liaison and Research Scientist at Sostenga for the Greenroots Institute at the Northern New Mexico College, I help coordinate the development of grassroots, community-driven processes to determine and implement environmentally, economically, and culturally sustainable plans rooted in water, food, and economic security for the future of Northern New Mexico culture. I do this work alongside world-renowned traditional farmer, water rights advocate, and community leader and elder Don Bustos.

To ensure a future where we have thriving communities and a healthy food system, we must also ensure that we have a future where we have access to clean water: agua es vida (water is life). We need a future where food and water policies include an Indegenous perspective. We need a future where zoning laws help us to protect water, not sell it. We need a future where it's possible for our young people to find a way back home.

IMMIGRATION & LABOR

For centuries the United States has depended on violent and exploitative measures to power and operate the food system. The system we see today has only come to be through the dispossession of Indigenous lands, chattel slavery, and other forms of systematic exploitation and erasure. Since its foundation, the U.S. has been dependent on immigrant farmers and workers to feed the country, and it is imperative that we recognize the knowledge, labor, and time immigrant farmers and workers contribute to our food system.

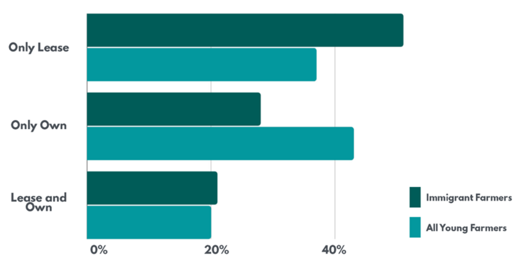
Of our 4,344 survey respondents who self-identified as young farmers, 110 also responded that they identify as an immigrant or refugee. Of the respondents who farm or ranch for income, 58% identify as farm or ranch owners. If a clear pathway to farm ownership is cultivated for more immigrant and undocumented farmers, the U.S. would no longer face a new farmer shortage. But immigrant farmers face tremendous obstacles, and the USDA fails to support many by requiring citizenship or permanent residency status for its grant and loan programs.

Despite being key players in the food system, undocumented farmers and farmworkers are unable to apply for many private and federal grants and financial assistance that require applicants to be full-time residents or citizens. Fifty-nine percent of young immigrant and refugee farmers indicated that they have been denied a loan to finance their farm or ranch business while only 32% of all young farmers indicated they had been denied.

Immigrant and refugee farmers and farmworkers face disproportionate obstacles in other facets of farming as well.

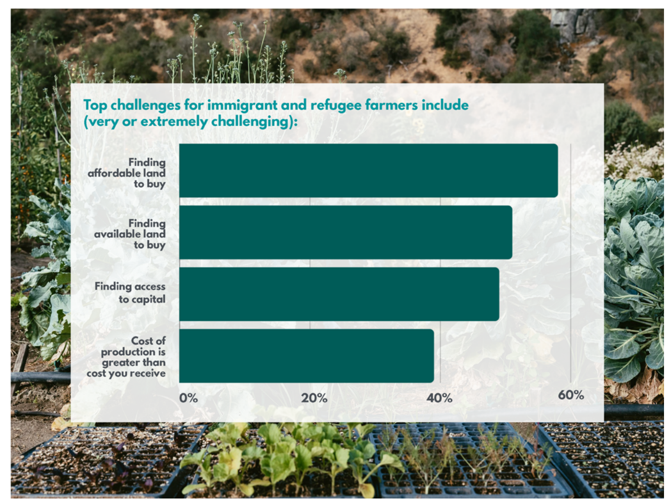
Eleven percent of young immigrant farmers named experiencing discrimination based on their immigration status as very or extremely challenging, compared to 0.9% of all young farmers.

Young immigrant respondents are also more likely to lease and less likely to own their land:



Additionally, many immigrant workers in the U.S. face inhumane working and living conditions.[34] Undocumented workers fear deportation and being separated from their loved ones. Lack of citizenship status makes undocumented workers particularly vulnerable to workplace abuse[35] and unsafe working conditions where they may experience injuries or casualties[36] and be afraid to seek treatment. The conditions many migrant farmworkers face on farms put them and their families at risk of harmful pesticide exposure, and many farmworkers do not have access to health care[37] should they become ill. Undocumented workers are also forced to navigate a car-dependent country without access to driver's licenses in most states,[38] making transportation to work or to the grocery store immensely challenging.

We believe that a just future for agriculture depends on the recognition that immigrant farmers and farmworkers are agricultural experts without whom the food system could not operate. We work toward the elimination of obstacles for immigrant farmers and the end of the exploitation of farmworkers. A just food system cannot exist without the full recognition and respect of immigrant farmer and farmworker expertise, rights, and freedoms.



Top challenges for immigrant and refugee farmers include (very or extremely challenging):

CASE STUDY

Irving Reza

Sugar Moon Mushrooms, Bennett, Colorado

Citizenship Status Prevents Colorado Mushroom Farmer from Accessing the Capital He Needs to Grow His Business

My name is Irving Reza and I am a farmer and owner of Sugar Moon Mushrooms in Bennett, Colorado. I got my start in agriculture back in 2018 when I became a farm apprentice for the GrowHaus in Denver. During a year-long apprenticeship, I worked at the hydroponic, aquaponic, and mushroom farms that are part of the GrowHaus' food access programming. Throughout the year, I developed skills in urban agriculture that eventually led me to manage the mushroom operation. With this experience, I was able to launch my own business, Sugar Moon Mushrooms, in 2020.

As an undocumented Latinx farmer with Deferred Action for Childhood Arrivals (DACA) status, I've come up against several challenges in my career, both in and out of agriculture. Before I began farming, I attended college in Denver where I majored in political science and dreamed of working in politics. I had a hard time finding work, however, due to the fact that my DACA status prevented me from holding positions in political offices. I decided I needed to change the path I was on, and that's when I sought out the apprenticeship at The Growhaus.

Since I began farming, my DACA status has prevented me from applying for many private and federal grants and assistance, as they generally require applicants to be a permanent resident or citizen. Because of my status, I am excluded from all USDA loans and cost-share grants. My business partners at Sugar Moon are U.S. citizens and therefore are able to apply for USDA programs, but I am personally limited in the amount of aid that I can apply for. I believe Congress should allow undocumented farmers to apply for USDA programs so that people like me can grow their farm businesses and provide healthy food for their communities.

I have faced additional barriers to entry into the mushroom market as an undocumented farmer. In my experience, almost all mushroom growers in Colorado are White male farmers with easier access to funding. As a beginning farmer of color, I have received pressure to stay clear from selling mushrooms through certain channels, like the local farmers markets, that would compete with 'established' growers.

We would like to expand our operations at Sugar Moon Mushrooms but lack the capital to invest in key infrastructure. A larger farm would allow me to pursue a dream of hiring other farmers of color to assist me in running the business. I've seen very little diversity in management positions at U.S. mushroom farms, an issue I aim to change at Sugar Moon Mushrooms. As an undocumented Latinx farmer, it's my goal to create more opportunities in agriculture, especially in mushroom farming, for other Latinx people.

"I BELIEVE CONGRESS SHOULD ALLOW UNDOCUMENTED FARMERS TO APPLY FOR USDA PROGRAMS SO THAT PEOPLE LIKE ME CAN GROW THEIR FARM BUSINESSES AND PROVIDE HEALTHY FOOD FOR THEIR COMMUNITIES."

REASONS FARMERS LEFT THE FIELD

Examining the reasons that ultimately lead young people to leave farming and ranching shows us the pain points of the agriculture industry and the interventions that can keep trained, passionate young people growing food for their communities.

Land access issues are the top reasons young farmers leave the industry, or never start at all.

Public and private resources for beginning farmers focus on farmer training and market access, but these are not the issues we found to be causing farmers to leave the field. Only 9% of former young farmers said that farming skills or market access were terminal barriers for their businesses. The Beginning Farmer and Rancher Development Program, which is the only federal program focused on beginning farmer training and success, cannot be the only USDA beginning farmer program. We need significant attention brought to the land access challenge.

41% of young former farmer respondents stopped farming in 2021

21% in 2020

69% of young former farmers identified as first-generation farmers

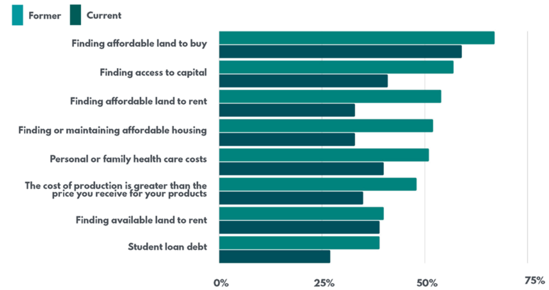
49% of young former farmers were farm or ranch workers

26% were farm or ranch managers or operators

15% were owners

Former farmers were more likely to cite significant challenges in accessing land, capital, housing and dealing with health care costs and student loan debt than current farmers.

Barriers for Former Farmers vs Current Farmers:



Factors That Had the Largest Impact on Former Farmers' Decision to Quit Farming:	
Housing, land and water	51%
Family, business partner, or health care cost issues	32%
Market access	5.4%
Farming skills	3.6%
Discrimination and marginalization in farming or ranching	4.4%
Regulations	2.8%

BARRIERS TO ENTRY

The top challenge facing aspiring farmers (those who would like to farm for income) is also finding affordable land to buy. Finding affordable housing is a greater challenge for aspiring farmers than current farmers: 58% said it was very or extremely challenging as opposed to 33% of current farmers. Ensuring aspiring farmers have access to affordable farmland as well as an affordable place to live close to that farmland will be critical to their success.

Top Barriers for Young Farmers

Finding affordable land to buy	80%
Finding access to capital, such as money to start and grow your business	69%
Finding available land to buy	62%
Finding or maintaining affordable housing	58%
Finding affordable land to rent	53%

YOUNG FARMERS AND THE USDA

The United States Department of Agriculture (USDA) is tasked with ensuring the success of our nation's farmers and ranchers, but for decades its programs and policies have been designed to support a select few: larger and larger operations, primarily growing commodities crops. In addition to exclusive program design, documented discrimination at USDA has contributed to the significant decline in Black farmers in the U.S. As a result, this new generation of farmers are largely unfamiliar with USDA programs or do not trust the Agency, and those who do seek support face tremendous obstacles.

Seventy-one percent of respondents who have not used a federal program reported being unfamiliar with USDA programs, and 26% had applied but were denied.

//YOUNG FARMERS' PARTICIPATION IN USDA PROGRAMS

Twenty-two percent of young farmers utilized at least one Farm Service Agency (FSA) program, with FSA Operating Microloans program being the most frequently used at 7.3%. 37.9% utilized at least one Natural Resource Conservation Service (NRCS) program and 26.7% used at least one other USDA program. 50.9% percent of farmers have used at least one USDA program on their farm or ranch, but 23% of those are farmers using the NRCS High Tunnel program which offers cost-share grants to farmers to promote season extension, protect against climate impacts, and improve plant and soil quality. Less than 12% of young farmers have ever used a USDA program other than the High Tunnel Program.

Young farmers report using the following USDA FSA programs:

7.3%	**FSA Operating Microloans** 7.7% White I 6% BIPOC I 5.1% Black
7.1%	**FSA Conservation Reserve Program, or CRP** 7.3% White I 6.3% BIPOC I 4.3% Black
6.4%	**FSA Commodity Programs, such as Price Loss Coverage, Average Risk Coverage, or the Dairy Margin Protection Program** 7% White I 4.2% BIPOC I 4.3% Black
5.2%	**FSA Farm Operating Loans, other than microloans** 5.3% White I 4.6% BIPOC I 7.4% Black
3.9%	**FSA Non-insured Crop Disaster Assistance Program, or NAP** 3.8% White I 4.4% BIPOC I 5.1% Black
1.8%	**FSA Conservation Reserve Program Transition Incentive Program, or CRP TIP** 1.7% White I 2% BIPOC I 2.9% Black
1.7%	**FSA Farm Facility Storage Loans** 1.8% White I 1.4% BIPOC I 2.9% Black
0.4%	**Heirs' Property Relending Program**[41] 0.2% White I 1.2% BIPOC I 2.2% Black

//YOUNG FARMERS' PARTICIPATION IN USDA PROGRAMS

Young farmers use of the following NRCS programs:	
23%	**NRCS High Tunnel Assistance** 24% White I 20% BIPOC I 15% Black
20%	**NRCS Environmental Quality Incentives Program, or EQIP, other than high tunnel assistance** 21% White I 18% BIPOC I 18% Black
12%	**NRCS Conservation Stewardship Program, or CSP** 13% White I 10% BIPOC I 7.4% Black
6%	**NRCS Agricultural Management Assistance, or AMA** 5.9% White I 6.2% BIPOC I 7.2% Black

Young farmer use of the following other federal programs:	
11%	**Organic Certification Cost-Share Assistance** 12% White I 7.5% BIPOC I 5.1% Black
11%	**Sustainable Agriculture Research and Education Program, or SARE** 12% White I 9.3% BIPOC I 7.3% Black
3.5%	**Risk Management Agency, or RMA Crop Insurance** 3.8% White I 2.6% BIPOC I 4.4% Black
2.3%	**Rural Energy for America Program, or REAP** 2.4% White I 1.6% BIPOC I 2.9% Black

//CHALLENGES TO ACCESSING FEDERAL PROGRAMS

The most common challenge young farmers report in accessing USDA programs is that they are unfamiliar with federal programs (71%).

Barriers to Participation in USDA Programs:

Barrier	%
Young farmers were unfamiliar with federal programs	71%
They did not have time to apply	59%
The application and reporting paperwork requirements were too much work	59%
Timing of applications is during peak production	42%

These challenges were particularly exacerbated for Indigenous young farmers. Indigenous young farmers are more unfamiliar with USDA programs (83%); the application and reporting requirements were too much work (63%), and/or did not have time to apply (66%). Fifty-three percent named that the timing of application deadlines is during peak production.

//THE CHALLENGE OF LAND TENURE AND USDA PROGRAMS

To access Farm Service Agency (FSA) loans, a farmer must demonstrate the ability to repay the loan. A loan officer may require a written lease agreement to support repayment ability, as not having secure land access can make it hard to implement the farm business plan. For Natural Resources Conservation Services (NRCS), proving land tenure is required to access cost-share grants. NRCS's focus is on the land and its ecological outcomes, not on the farmer. These policies contribute to inequities in program access, as young, BIPOC farmers in particular, and young farmers as a whole, often have precarious land arrangements.

Twenty-five percent of young farmers reported not having secure or adequate land tenure to be eligible for federal programs

Farmers Who Report Not Being Eligible for Federal Programs Based on Land Tenure by Race:

Black YF	38%
BIPOC YF	31%
Indigenous YF	28%
White YF	23%
Asian YF	24%

CASE STUDY

Friendly Vang-Johnson

Friendly Hmong Farms, King County, Washington

USDA Program Reform Needed for Equitable Farmland Access

As the daughter of Hmong refugees who have farmed in Minnesota since the early 1980s, my lived experience is grounded in the struggle for anti-racism, justice, equity, and inclusion. When I was younger and more naive, I believed that attaining higher education would allow me to participate equally in the American Dream. I thought education would enable my access to programs from USDA, especially those aimed at serving disadvantaged farmers: women and Black, Indigenous, and other people of color (BIPOC). In 2021, I learned firsthand how USDA programs continue to fail our farmers and communities. Reforms are needed for USDA programs to equitably serve BIPOC farmers.

During the height of the COVID pandemic, in conjunction with the Hmong Association of WA, I began a mutual aid effort to help local Hmong flower farmers. Leveraging a network of more than 40 volunteers and social media, we raised more than half a million dollars to keep our farmers afloat when the farmer's markets were closed. We gave out thousands of pounds of produce to address food insecurity and food apartheid in BIPOC and other vulnerable communities. We honored thousands of essential and frontline workers, elders, and other mutual aid and non-profit organizations serving our communities with gifts of food and flowers.

This work continued into 2021 with the creation of Friendly Hmong Farms, a social enterprise that works to advance food sovereignty, land reparations, and racial justice. Our community-supported agriculture (CSA) business sources vegetables, herbs, fruit, and flowers exclusively from Black and Brown farmers. We continue to gift food and flowers to the community. We have made both in-kind and monetary contributions to organizations led by and serving Indigeous people as an acknowledgement of their original stewardship of the lands our farmers farm, their resilience, and continued presence. We do all of this, without a farm ourselves, and without paid staff, because USDA programs and staff upheld systemic racism instead of standing in solidarity with us.

In the spring of 2021, I spent countless hours intensively looking for affordable, available farmland in King County–one of the most expensive housing markets in the country. When I found acreage that could work for our family, and discovered USDA FSA Direct Farmloan program, I happily announced to my mother that it would be just a matter of time before we could start farming in Washington State. She would be able to continue her decades of farming and our small CSA business would provide her the outlet she needed to avoid having to go to the market every day as a 67-year old farmer. When I explained to her the details of the program, she said to not bother: "Those programs are not meant for us." I insisted that it was just a matter of paperwork, and I, as someone who has a Masters degree in public policy and works for the federal government as a performance auditor, could surely navigate whatever hoops or hurdles they had. I was wrong.

We were not successful in getting USDA FSA loans for land, even though the lending program is supposed to support Socially Disadvantaged farmers and ranchers. One USDA requirement stood (and continues to stand) in our way: an applicant must provide a signed purchase and sale agreement from a seller, before USDA will even establish eligibility.

On the surface, this might appear race-neutral and simply the typical way that commercial property loan transactions are handled. That is, there is no intent to harm or disenfranchise BIPOC farmers, so how could it be racist? In fact, this is what a top USDA official told me, as he insisted that the FSA loan officer did her job (very courteously and professionally at that), but the failure was on my part. He announced that while USDA can "make a buffet, they can't force people to eat." In other words, it was the failure of BIPOC farmers, not this USDA program, for why billions of dollars appropriated by Congress to assist disadvantaged farmers was not getting out to our communities.

I explained that most BIPOC farmers–and refugee farmers in particular–lack pre-existing relationships with landowners through familial or local community ties. This is due to historic, systemic racism: Our forebears were not allowed to own land when land was taken from Indigenous people, and many of them did not settle or stay in rural areas because they did not feel welcome or safe. Therefore, today BIPOC farmers are at a distinct disadvantage when we are bidding on land and when we are trying to access public programs that are structured the way the USDA's are structured. USDA is perpetuating the racism that has kept BIPOC farmers from owning land and saying their hands are tied, because they won't recognize how their interpretation of the regulations and the way they've written their program policies institutionalizes that racism.

"USDA IS PERPETUATING THE RACISM THAT HAS KEPT BIPOC FARMERS FROM OWNING LAND."

USDA's failure to serve BIPOC farmers means that our farmers are more likely to use predatory lending and other forms of higher-cost financing. It puts our business, incomes, and families at more risk. If I had sought and somehow gotten a business loan (unlikely because the CSA had yet to turn a profit), I would have been charged three or four times the interest rate that USDA's FSA Direct Loan would have afforded me. That difference in expense effectively operates as a tax on me for being BIPOC and not having the intergenerational or community ties that a White farmer would be more likely to have by virtue of historic racism that has privileged them and their family.

This difference in the history and lived experience of BIPOC farmers compared to White farmers is especially poignant and stark to me, because I am married to the eldest grandson of White dairy farmers who were allowed to own and work 100+ acres of land in Minnesota. Their ability to own the land that they diligently farmed and stewarded meant that they were in a position to send their 10 children to college, retire comfortably This is the price and sacrifice that BIPOC farming families are being asked to pay when we cannot equitably access USDA programs and are kept from owning farmland.

I continue to operate Friendly Hmong Farms without land and without paid staff, sourcing exclusively from Black and Brown farmers in both Washington and Minnesota. I ask for anyone who reads my story to stand in solidarity with BIPOC farmers and advocate for the reform of USDA programs so that anti-racism, justice, equity, and inclusion can become the legacy we leave all our children.

//RACIAL DISPARITIES IN ACCESSING USDA PROGRAMS

Young White and BIPOC farmers alike report negative customer service experiences at their local FSA offices. But young BIPOC farmers reported more often that they have been ignored by local or state USDA staff and that a local or state USDA employee acted in ways that were unwelcoming based on their race. These experiences can be so harmful that they do not see the USDA as a place meant for them.

16% of Indigenous young farmers and 13.6% of Black young farmers reported having been ignored by local or state USDA staff very often or extremely often compared to 9.6% of Latinx farmers and 7.6% of White young farmers.

9% of Black young farmers and 8.1% of Indigenous young farmers reported that a local or state USDA employee acted in ways that were unwelcoming to them based on their race very often or extremely often compared to 0.4% of White young farmers. (20% reported sometimes for Black young farmers, 0.9% for White young farmers)

17% of Black young farmers and 12% of Indigenous young farmers reported trying but being unable to register for a farm number with the USDA compared to 4.4% of White young farmers (11% for all BIPOC young farmers)

BIPOC farmers, particularly Indigenous and Black farmers, reported having been denied funding from USDA at higher rates compared to all young farmers and White farmers.

Twenty-six percent of young farmers applied to federal programs but were denied, including:

Indigenous YF	37%
Black YF	30%
BIPOC YF	29%
White YF	25%
Asian YF	23%

In addition to land security challenges and racial discrimination, many young farmer challenges to accessing USDA programs stem from non-traditional business plans. Young farmers are building diversified, direct-market businesses with niche crops and price premiums based on their ecological practices, but FSA loan program applications and loan officers favor conventional business plans. Young farmers struggle to make use of the programs that should be prioritizing their needs. They are often not successful in making their alternative operations fit the mold of loan applications designed for single commodity operations.

//OUTREACH DISPARITIES

Although USDA Office of Advocacy and Outreach is working hard to reach underserved farmers, young farmers and particularly first-generation farmers are often not on the radar of county offices. Seventy-two percent of Black young farmers reported never or rarely receiving outreach about federal farm programs. First-generation farmers reported never or rarely receiving outreach from the USDA (66%) more often than multi-generation farmers (56%).

Have you received outreach from USDA or community partners about federal farm programs?

	Black YF	White YF	Multi-gen YF	First-gen YF
Never	72%	65%	56%	66%
Sometimes	23%	30%	37%	28%
Very/Extremely Often	5%	5%	7.2%	6%

//TECHNICAL AND BUSINESS ASSISTANCE

USDA has work to do to increase technical assistance to its customers. Sixty-eight percent of young farmers reported that they never or rarely received the technical and business support they require from the USDA. This was increased for BIPOC farmers (75%), and in particular Black farmers (77%), compared to White farmers (66%). Multi-generation young farmers reported that they have never or rarely received technical and business support less often at 57%, compared to first-generation young farmers at 68%.

//OUR USDA

As farmers over 65 outnumber farmers under 35 by more than six to one, the USDA must focus on this crisis of attrition in agriculture and ensure its programs are accessible and equitable for the next generation in agriculture. With access to land and capital as top challenges for young farmers, the Department has the opportunity to address these challenges through existing and new programs that support land transition, capitalize new operations, support scaling, and compensate farmers for their ecosystem services. A lack of demographic data collection and transparency across many programs makes proper evaluation of program implementation and outcomes difficult.

The Coalition's partnership with USDA consists of working with the Department to reform its programs to truly serve all farmers and ranchers and to address historic and current racial disparities and discrimination in federal farm programs and Agency support. Young Farmers' Operations and Impact Director, Michelle A. T. Hughes, serves on the Agriculture Subcommittee of the USDA Equity Commission and works to keep the Department accountable to the Commission's goal to integrate racial equity into the structure, policies, operations, and strategic plans of USDA's numerous agencies.

Since the founding of the Coalition in 2010, significant progress has been made in expanding young and beginning farmer access to critical federally-funded farm programs and services. For example, the Operating Microloan was created in 2013 and made permanent in 2014 in response to our Coalition's advocacy. Despite these victories, our report finds that 49% of young farmers have never utilized any of the most commonly used USDA programs.

CASE STUDY

Tasha Trujillo

Palm Pike,
Miami, Florida

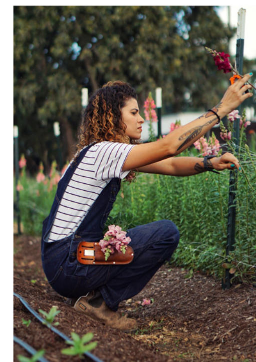
Young Flower Farmer in Florida Motivated by Regenerating Natural Resources and Protecting Pollinators, but Left Behind by USDA

My name is Tasha Trujillo and I am the owner and operator of Palm Pike, a second-year flower farm located in Miami, Florida. We specialize in growing flowers using both organic and regenerative practices to protect pollinators and our community from pesticides. Restoring the health of our soil through cover cropping and organic amendments is a priority so that we can sequester carbon and be part of the solution to climate change.

I came to farming by an unconventional path. I used to work at a science museum in Florida where I was deeply moved by our pollinator exhibit. In 2017, I began Palm Pike as an apiary. After studying sustainability at Florida International University, I wanted to expand my work to help save honeybees and other pollinators. So in 2021, I transitioned from beekeeping to flower farming on a 3,000 square foot field. I like to say that the flowers swallowed me whole.

We've experienced many difficulties in trying to receive funding to support our work at Palm Pike. After months of trying to reach someone at our local Farm Service Agency (FSA) office, we had no luck in acquiring a Direct Farm Ownership loan to secure farmland. Once we did finally get in touch with an FSA officer, we were informed that Direct Farm Ownership loans require you to secure a property before applying for the loan. Without an opportunity for pre-approval on the loan it feels almost impossible for us to secure land in Southern Florida, where farmland is being developed into housing at a very fast rate, and non-farmers have access to pre-approval through their traditional banks.

"WITHOUT SUPPORT FROM INSTITUTIONS LIKE THE USDA, REGENERATIVE AGRICULTURE AS A CAREER AND LIVELIHOOD FEELS OUT OF REACH FOR YOUNG FARMERS LIKE ME"



These barriers accessing federal support prevent many young farmers like me from building successful businesses. We hear about farming being a "dying profession," but most USDA programs are geared towards large, established farms and don't have young farmers in mind. I hope to grow Palm Pike a little more every year until I reach my goal of farming five acres. Once we reach that scale, I would like to expand into education by hosting workshops and trainings at our farm to teach others about beekeeping, gardening for pollinators, and growing your own cut flowers. But in order to reach that scale, I need credit from USDA for operating expenses and support to purchase my farmland. Five acres of farmland in Miami-Dade County is currently selling in the $500,000-$1 million range, and farmers are being outbid by developers.

Without support from institutions like the USDA, land tenure, regenerative agriculture as a career and livelihood feels out of reach for young farmers like me. This sort of farming is exactly what our soil and pollinators need, and the USDA should invest in the young people who are motivated to do this work.


POLICY RECOMMENDATIONS
THE YOUNG FARMER AGENDA
Photos: Mallory Kessel

ACCESS TO LAND & CAPITAL

Access to land is the number one challenge facing the next generation of farmers in the United States. Given the systemic challenges in finding secure land tenure, this barrier is even greater for BIPOC farmers. Land is deeply intertwined with all aspects of farmers' success and impacts more than agricultural communities. Land access is critical to the health and well-being of our environment, economy, and marginalized communities. Supporting equitable access to land means addressing the climate crisis, facilitating farm transition, investing in community-driven initiatives, and providing support to young farmers and ranchers to access capital, find markets, and strengthen their operations.

Our nation must take action now to facilitate secure, affordable access to land for farmers who are young and Black, Indigenous, and other people of color—there is no time to wait.

>// Invest in community-led projects that create secure, affordable land access opportunities centering BIPOC farmers.

- Establish a new initiative to direct funding to community-led land access projects. This USDA funding should be available to a wide variety of entities, such as tribes, municipalities, non-profits, and cooperatives, with priority for projects led by and benefitting Socially Disadvantaged and Economically Distressed farmers and ranchers.

This new farm bill program will be the first to invest in secure, equitable access to land for farmers from the onset. It will also complement the Department's existing farm production and conservation programs, making federal dollars available to community-led projects that create equitable land access outcomes and secure access to land for farmers. Specifically, funding may take the form of a long-term forgivable loan that incorporates support for housing, infrastructure, farmer training, technical assistance, and land stewardship practices. This funding should be available as a line of credit or grant prior to purchase enabling eligible entities to act quickly in the real estate market.

>// Bring coordination to federal land access initiatives across agencies and departments.

- Implement high-level oversight and thought leadership at USDA to ensure there is coordination within the department and across the federal government so that all USDA staff are working together to facilitate equitable land access and transition.
- Establish a new office and coordinating position within the Farm Production and Conservation (FPAC) mission area focused on equitable access to land and centered around the needs of small, beginning, urban, and BIPOC farmers.
- Amend and fund the Commission on Farm Transition established in the 2018 Farm Bill to study land access and transition to inform policy setting that facilitates equitable access to land.
- Seat the Tribal Advisory Committee authorized in the 2018 Farm Bill.
- Secure the purpose and functions of the USDA Equity Commission in the farm bill, providing a permanent statutory grounding and operational framework for the critical long-term work of the Commission.

>// Improve access to credit to help young farmers compete in the real estate market.

The ability to access financing is foundational to accessing secure land. Affordable federal sources of financing are crucial, but must be designed to meet farmers' needs and help them compete in a real estate market often driven by non-farmer buyers and investors. Federal policy should invest in making pathways to financing more widely accessible and applicable to those who have invested in building their farming skills rather than their net worth.

- Develop a pre-approval and pre-qualification process for Farm Service Agency (FSA) Direct Farm Ownership Loans to establish FSA as an appropriately competitive loan making institution.
- Ensure FSA Direct Farm Ownership Loan limits remain adequate by indexing them to land values.
- Secure FSA debt relief for Socially Disadvantaged and Economically Distressed farmers, including guaranteed loan borrowers.
- Expand funding for, and effectively implement, the Indian Tribal Land Acquisition Loan Program and the Highly Fractionated Indian Land Loan Program.
- Pilot a program within FSA to allow Socially Disadvantaged and Economically Distressed farmers to consolidate and refinance commercial debt that may be standing in the way of affording secure land access.
- Require FSA loan officers to waive the credit elsewhere test for Socially Disadvantaged and Economically Distressed applicants for FSA loan products.
- Provide FSA loan officers with guidance on working with collective, cooperative, and non-familial structures.
- In considering loan applications where profit and growth are not the principal goals of the operation, provide FSA loan officers with clear guidance on evaluating the financial soundness of farm operating plans.
- Allow applicants to use any tax identification number recognized by the Internal Revenue Service, in lieu of citizenship based eligibility requirements.
- Waive FSA Microloan eligibility constraints around state or federal convictions for possession of controlled substances.
- For Direct Farm Ownership Microloans, waive the management experience requirement for Socially Disadvantaged and Economically Distressed applicants if applicants provide a financially sound farm plan.
- Waive collateral and experience requirements for Operating Microloans of $10,000 or less.
- Create a micro-operating grant in addition to micro-operating loans. Many farmers need small amounts of capital, often $10,000-$25,000. A micro-grant would be transformative for these operations and could be an important entry point for new USDA customers. Micro-grants should be available regardless of citizenship status.
- Reauthorize and appropriate funding for the Beginning Farmer and Rancher Individual Development Accounts originally authorized in the 2008 Farm Bill.
- Expand support for "wrap around" capital that combines business technical assistance with affordable financing.
- Ensure that FSA is coordinated with other agencies, such as Rural Development, to address credit, land, and housing access challenges.

>// Invest in incentivizing farm transition and preventing land loss in communities of color.

Retiring farmers face legal, financial, health care, and tax considerations that impact their future and that of the land. BIPOC farmers face increased challenges due to systemic discrimination. Federal policies should acknowledge current land stewards' work and bolster incentives for aging farmers to transition land to the next generation of farmers, centering BIPOC growers.

- Continue investment in the Heirs' Property Relending Program and expand funding eligibility to include administration of program funds by relending entities.
- Invest in a dedicated source of multi-year funding for technical service providers supporting farmers seeking land access and landowners transitioning out of farm ownership—prioritizing funding for state mediation programs that focus on outreach to underserved farmers and heirs' property landowners.
- Incentivize farmland transition by creating a federal capital gains tax exclusion for the sale of land to qualified young, BIPOC farmers.
- Fund training for culturally-appropriate technical assistance services through FSA.
- Continue funding the Farming Opportunities Training and Outreach Grants Program.
- Create a strategy plan or blueprint designed to be a resource for staff across USDA agencies, to support equitable land transition to this new generation of farmers that will serve across the agency to access agency staff in prioritizing young farmers' land access and tenure.

>// Ensure the accessibility and accountability of USDA programs, centering young BIPOC farmers, and increasing access for the next generation of farmers as a whole.

Farmers are increasingly using alternative structures to grow food for communities and steward natural resources, yet these farms lack support from governmental and financial entities designed with for-profit family farm businesses in mind.

- Ensure USDA land-related programs are accessible to all young, BIPOC farmers specifically, and next generation farmers as a whole, by accommodating eligibility for collective, cooperative, and communal non-family entities, and tracking and publicly reporting demographics data on program participants. As stated in President Biden's Executive Order On Advancing Racial Equity and Support for Underserved Communities Through the Federal Government, "...lack of data has cascading effects and impedes efforts to measure and advance equity. A first step to promoting equity in Government action is to gather the data necessary to inform that effort."
- Implement thorough, racial equity-informed evaluation and reporting requirements to not only measure who is benefitting, but to measure program effectiveness in facilitating secure land tenure for young and BIPOC farmers.
- Provide continued funding for cooperative agreements with community-based organizations, such as the Natural Resources Conservation Service Cooperative Agreements for Racial Justice and Equity.
- Enact H.R. 40, the Commission to Study and Develop Reparation Proposals for African-Americans Act.

>// Facilitate voluntary, community-led farmland protection that keeps land in the hands of growers.

Federal funding for farmland protection has kept thousands of acres of farmland from being lost to development, but this funding has primarily benefited existing landowners. Farmland protection funding should prioritize farmer ownership and help keep land at its agricultural value, meaning the price a producer can afford. Programs should expand beyond conservation easements to include funding for long-term leasing, lease-to-own, and other mechanisms to increase land access opportunity. Easements should be flexible enough to allow farmers to respond to changing environmental and market conditions.

- Increase funding for the Agricultural Conservation Easement Program Agricultural Land Easements (ACEP-ALE), and the Regional Conservation Partnership Program (RCPP).
- Give priority to ACEP-ALE and RCPP projects that keep land affordable and in the hands of farmers by utilizing tools such as the Option to Purchase at Agricultural Value.
- Improve the Buy-Protect-Sell mechanism within ACEP-ALE so young farmers can access this program.
- Improve accessibility and adoption of the Conservation Reserve Program-Transition Incentives Program.

>// Invest in data collection, reporting, and research on farmland tenure, ownership, and transition.

Current and comprehensive data is critically important to understanding and responding to the challenges farmers face related to land access and transition. We urge policymakers to ensure the data collection components of the 2018 Farm Bill are fully implemented. We urge Congress to continue to invest in recurring data collection, reporting, and research on farmland tenure, ownership, and transition to better understand the large-scale trends and challenges related to land access for young, BIPOC farmers and the next generation of farmers as a whole.

- Authorize mandatory, recurring funding for land-access related data gathering, including the Tenure, Ownership, and Transition of Agricultural Land survey.
- Collect nationwide data on farmland concentration, consolidation, and corporate foreign ownership, as well as specific barriers and data for Socially Disadvantaged and economically distressed producers.
- Build in increased transparency for USDA data collection on land access trends, including mandatory reporting to relevant advisory bodies, including the Equity Commission and Commission on Farm Transitions.

CASE STUDY

WALTER DAVIS III

Davis & Daughter Farms, LLC
Douglasville, Georgia

Young Black Farmer Continues His Family's Legacy Aiming to Avoid the Loans That His Family Was Denied

My name is Walter Davis III and I grew up in New Orleans, but spent a large part of my childhood visiting my family's farm in St. Francisville, Louisiana. I'm so fortunate to have had the experience of spending time on my grandmother's farm, learning to love the land and understanding there is more to the world than the urban environment. But like many Black farm families in the South, my family experienced incredible adversity and trauma, including discrimination by the USDA. Though my family still owns their land, keeping the farm in the family has been incredibly difficult.

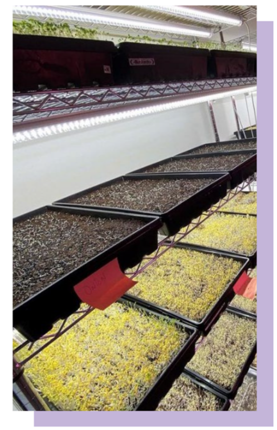
My family was constantly denied loans from the USDA, and had to work even harder without the capital and government support that some of the bigger, White-owned farms were receiving. We could never afford the best equipment or technology, so we tried everything from ranching to market gardening, and ultimately, we were able to keep the land by finding jobs off the farm.

Those off-farm jobs that my relatives found were in pulp and paper mills, where the pay was low and the impacts on worker health were tremendous. Employee cancer rates were sky-high, and some people died at very young ages. Our family has been able to retain our land, but at a huge cost.

I'm currently continuing my family's farming legacy through a social enterprise I created in northwest Georgia, about 20 miles west of Atlanta. Our farm, Davis and Daughter Farms, grows microgreens, mushrooms, and vegetables on our micro-urban farm, and we sell Belizean cacao as well. I've also begun consulting with other homeowners who want to grow food on their properties.

My farming venture grew out of an after-school gardening club that I started while teaching English to high school students over the last twelve years. I've seen firsthand that my students needed a deeper connection with the natural world around them.

My plans are to grow through wholesale market channels, but I want to capitalize my operation through grants instead of loans and debt. I've seen what debt being held over your head can do to a farmer. It happened to my family in Louisiana, and so many Black farm families have been dispossessed of their land because of bad loans and direct discrimination by USDA lending. I also have student loans. I've already been able to secure a couple of grants to support our new family farming operation, and I'll continue pursuing more as we expand.



"IF USDA TRULY WANTS TO SUPPORT THE NEXT-GENERATION OF BLACK FARMERS LIKE ME, IT SHOULD EXPAND GRANTS AND EDUCATION INITIATIVES THAT INVEST IN OUR OPERATIONS WITHOUT PUTTING OUR FARMS, FAMILIES, AND LEGACIES ON THE LINE."

FARMER HEALTH AND WELL-BEING

Good health and well-being motivate many young farmers to be out in their fields. As one farmer shared in the 2022 Survey, "Farming is therapeutic for my own mental and physical issues, and hopefully someday will be for others." At the same time, farming is also a physically and mentally demanding profession. Many young farmers cannot afford health insurance while they also invest in secure land access, housing, and farm inputs. Some married farmers are able to make ends meet if one spouse has an off-farm job that covers some of the cost of premiums, but young farmers who manage an operation without a legally recognized partner often lack this coverage. The strain of this challenge is confirmed by our survey results, with **40% of respondents naming personal or family health care costs as very or extremely challenging.**

In the Northeast, Cultivemos is a network to cultivate farmer well-being. The National Young Farmers Coalition, along with key partners, received USDA's Farm and Ranch Stress Assistance Network (FRSAN) funds to establish a regional network of service providers focused on reducing stress, increasing wellness, and improving overall mental well-being for farmers. Cultivemos addresses the structural root causes of farm stress such as land access, structural racism, and chemical contamination. The Network focuses on agricultural communities disproportionately harmed by these root causes: BIPOC farmers, Latinx farmworkers, and young farmers. As a nation, we must expand and strengthen existing mental and physical health resources by centering socially marginalized farmers' needs and experiences.

To realize a farming future where public policy is truly concerned with health over profit, Congress must take action to make access to comprehensive health care benefits free to everyone.

- Establish a national health insurance program to provide comprehensive protection against the costs of health- and wellness-related services to all individuals who are residents of the United States.
- Ensure stability in the insurance marketplace and increase market competition for insurance coverage in rural areas.
- The Administration should work with states to fully expand Medicaid access to close the gap for economically distressed individuals and families who are not able to purchase coverage in their state.
- Reauthorize and continue to fund Farm and Ranch Stress Assistance Network (FRSAN) at regional and state levels, and maximize funding impacts by applying learnings from developing the Cultivemos network.

At Young Farmers, we envision a future where our public policy systems are concerned with well-being over profit. While we have far to go in realizing that vision, we can act now to protect, improve, and expand upon existing programmatic resources. Without these resources, uninsured and underinsured individuals and families will continue to be one crisis or accident away from financial ruin, and be forced to decide between pursuing their passions and protecting their physical and mental wellbeing.

COSTS OF PRODUCTION AND MARKET ACCESS

Young farmers are driven by a variety of ambitions and guiding beliefs, and are implementing an array of different operational models—with varying relationships to profitability and various definitions of viability. At Young Farmers, we envision a public agricultural system that supports food sovereignty, where farming is recognized as a public service, and local food infrastructure is in place. Realizing this vision will take time, and to pursue it, we must constructively challenge existing economic paradigms and acknowledge the limits of solely market-based solutions. At the same time, we currently exist under capitalist systems that expect and reward profitability and economic growth.

This system isn't working for young farmers, with 81% of young farmers surveyed affirming that the cost of production on their farm is greater than the prices they receive for their products presents at least a little bit of a challenge. **Current business and market related policies should evolve to clearly recognize and include the diversity of farming operations this new generation is modeling.**

This means changing policy to: build on existing production, processing, distribution, and marketing infrastructures with a focus on local and regional food sheds; expanding metrics of success to consider community health and quality of life in addition to job creation and farm revenue; improving programmatic supports around economic- and climate-related losses (discussed in the water and climate section below); and reinforcing protections against potential abuses and economic harm.

The Biden Administration has rightly recognized the fragilities in our system laid bare by the pandemic and the war in Ukraine, along with the necessity and opportunity to invest heavily in the success and resilience of smaller scale operations and this new generation of farmers. We call on Congress to build on this work in crafting the 2023 Farm Bill, centering farmers who have been most marginalized from influencing our public agricultural policy systems.

- Congress should build on the national structure of regional food business centers proposed by USDA, institutionalizing this effort in statute and heavily investing in processing, distribution, and marketing challenges facing Economically Distressed communities.
- Ensure that Agricultural Marketing Service (AMS), Risk Management Agency (RMA), FSA, Natural Resources Conservation Service (NRCS), and Rural Development (RD) program and field staff have a good working knowledge of the variety of sister agency resources available to support young farmers and their operations. And ensure staff are actively reaching out and providing appropriate technical assistance to young and BIPOC farmers on how programmatic resources, from disaster and insurance to value-added investments, can complement each other to counter financial and market related pressures.
- Expand outreach regarding the potential of the Value-Added Producer Grant program (VAPG) to alleviate stress points in existing farm systems by investing in identity preserved marketing systems and food safety practices.
- Reduce VAPG matching requirements for Socially Disadvantaged and Economically Distressed applicants, and streamline application processes.
- Further expand VAPG capabilities to support additional activities and investments that would improve food safety, food quality, and community health and care.
- USDA and Congress should invest in expanding relationships with trusted entities that can verify and improve price discovery of local and regional specialty crops, providing better market data to support disaster reporting and insurance claims.
- Ensure that there is good consistent market data and information sharing between AMS Market News, RMA, and FSA.
- Reauthorize and continue funding the Urban Agriculture and Innovation Production grants that were authorized in the 2018 Farm Bill, supporting connections between farmers and consumers in urban communities.

Young farmers are leading the way, modeling solutions at the community level to produce and distribute high quality, fresh, affordable products. In some cases, they are creating much of the processing, aggregation and distribution, and marketing pathways and resources they need. As we have clearly seen the connections between small-scale agriculture and the stability of our food systems, as well as our collective well-being, we must do more to invest in and support farmers selling into local and regional markets and directly to consumers.

HOUSING

With the many layers of complicated challenges facing this new generation of farmers, it can be overwhelming to also face housing insecurity. Increased real estate pressures on suburban and rural communities through the pandemic—fueled in part by temporary rental and second-home demand—lack of available housing stock, and increasing rent prices together with inflation are contributing to housing insecurity and some very long commutes for this new generation. Only 29% of young farmers reported that their land leases include housing, and 63% said that finding or maintaining affordable housing was at least a little bit of a challenge. Further, as a farming operation evolves, meeting labor needs can be particularly challenging if there is nowhere convenient and affordable for employees to live. For farmers and farmworkers without full citizenship status or an adequate history of credit, this challenge is even more difficult to navigate.

- Rural Development Rural Business-Cooperative Service offers a broad suite of resources through the various current Community Facilities programs—emphasizing the potential for these resources to improve quality of life, development, and sustainability in rural communities. RD should coordinate with sister agencies to explore more fully what Community Facilities programs can do to support local and regional food systems, and specifically to develop on and off-farm community-led housing solutions available to farmers and farmworkers.
- Continue funding Rural Housing Service Farm Labor Housing Loans and Grants, the only program specifically designed to fund housing for domestic farmworkers.

CLIMATE & WATER

Young farmers are working hard to build solutions to the climate crisis and to grow climate resilient communities. Agriculture does not need to exist in opposition to climate action; in fact, agriculture can be at the heart of policy change in support of climate resiliency. **Eighty-eight percent of young farmers under 40 who responded to our 2022 National Young Farmer Survey attribute changes in weather patterns to climate change.** In our 2020 survey of policy issues, our members identified climate action as their number one priority and selected climate change as one of five pillars in our Federal Policy Platform.

Water is a critical resource for farmers and ranchers, and has been deeply impacted by the climate crisis. Producers and communities in the arid Southwest face challenges in accessing water, as state governments cut back on water usage due to ongoing drought across the region. Other regions are experiencing changing precipitation patterns such as severe rain and floods that can be as devastating as droughts for farms and ranches. Young Farmers believes that our water systems should foster vibrant agricultural communities, healthy ecosystems, and water justice for Indigenous communities and other people of color.

Young farmers and ranchers are on the frontlines of the climate crisis, and urgently need concerted policy action. They are committing their time, energy, and their farms to form part of our national response to the climate emergency. Young farmers need policies that encompass the depth of the climate crisis, the possibility of climate resilience, and that support both vibrant agricultural communities and healthy watersheds. Climate and water policies should focus on expanding and supporting the number of young and BIPOC farmers already following climate-smart agriculture guidelines while making it easier for other farmers to transition to using climate-smart practices.

>// Improve access to USDA conservation programs for water and climate resilience

- Increase investment in conservation programs such as the Environmental Quality Incentives Program (EQIP), Conservation Stewardship Program (CSP), and the Regional Conservation Partnership Program (RCPP).
- Establish an EQIP initiative or program to make cost-share dollars more accessible to young and BIPOC farmers. The modified program should streamline the conservation planning and application process to reduce the paperwork involved for both small or diversified acreage producers, and for NRCS staff in processing contracts for such operations. It should also include more flexible land tenure requirements, to allow producers with temporary land tenure arrangements to access cost-share assistance.
- Increase incentive payments for implementation of climate-resilient practices to ensure limited-resource farmers can participate in cost-share programs. Automatically provide EQIP advance payments for Socially Disadvantaged and Economically Distressed producers.
- Allow for the use of reused or recycled materials within NRCS practice standards to bring down costs for producers.

Often, small and diversified farms are denied access to conservation programs because they cannot compete against larger operations for available funding. NRCS should explore how to replicate successes, such as the EQIP High Tunnel Initiative, to modify existing programs to meet the needs of young, beginning, and BIPOC farmers. Programs should be easy to apply for, designed specifically for small, diversified operations, and prioritize climate-resilient practices.

>// Ensure that USDA resources and programs are culturally appropriate for Indigenous and farmworker populations

- Adjust EQIP practice standards to better accommodate cultural practices, such as Indigenous and acequia conservation practices.
- Provide funding for technical assistance to be culturally appropriate and invest in local experts and communities through cooperative agreements with tribes, acequias, and other experts.
- Support Indigenous communities in securing greater land sovereignty, and recognize traditional land management practices as the powerful tools they are for enhancing climate resilience.

Resources available from the NRCS are sometimes not accessible or not applicable to Indigenous communities or other communities of color. Land tenure, practice standards, and cultural barriers can pose challenges to accessing NRCS programs for these communities, perpetuating systems of inequity within our farming system. NRCS should examine these barriers and modify programs, as well as resource the communities directly to provide technical assistance.

>// Improve outreach to young and BIPOC farmers

- Require the collection and public reporting of demographic data on all conservation programs to better understand how producers who are young and BIPOC are utilizing these programs. USDA should then audit their programs for diversity and inclusivity and make public the results of their findings to address historic and existing racial disparities in federal farm programs.
- Establish a climate advisory committee on climate action at USDA, with positions allocated for young farmers, BIPOC farmers, and farmworkers.
- Adequately resource outreach to BIPOC farming communities and farmworker communities through organizations led by representatives of these constituencies.
- Institute regular reporting practices and engagement processes to inform farming communities of new climate policies.

Still, the biggest challenge producers face in accessing USDA programs is awareness. Nearly three-quarters of young farmers do not know there are USDA programs to assist them. Equitable and culturally appropriate outreach to young and BIPOC farmers, in addition to reduced application requirements and streamlined processes, would help more farmers benefit from federal programs.

>// Increase Funding for Research on Equitable and Sustainable Land and Water Stewardship

- Prioritize climate research, including farmer-led research and innovation, through programs like the Sustainable Agriculture Research and Education (SARE) program.
- Prioritize research that helps small-scale, diversified farmers implement conservation practices and measure their climate mitigation impacts through methods with a proven track record of success.
- Ensure that research programs focus on and celebrate the contributions of BIPOC farmers.
- Develop science-based climate-smart agriculture definitions that prioritize practices that afford the greatest climate benefit, such as incorporating cover crops, perennial crops, managed grazing of perennial pasture, and other investments in soil health.
- Provide adequate funding for agricultural research agencies and programs such as the Conservation Innovation Grants, Sustainable Agriculture Research and Education program, the Economic Research Service, Climate Hubs, and the National Institute for Food and Agriculture.
- Within agricultural research funding, prioritize research opportunities on land access and water conservation to better understand the large-scale trends and challenges related to land and water conservation for beginning and BIPOC producers.

Quality research and data is a crucial tool for farmers, advocates, and lawmakers, and we believe that climate action should be science-based and data-driven. Current and comprehensive data is important to understanding the challenges farmers face when building resilience. We must ensure the data collection components of the 2018 Farm Bill are fully implemented and continue to invest in recurring data collection, reporting, and research that helps small-scale, diversified farmers implement conservation practices and measure their climate mitigation impacts.

FSA has a variety of programs to help farmers, ranchers, and rural communities in the case of a disaster, such as a flood, wildfire, drought, hail, freeze, etc. Young farmers are learning to farm and starting their operations in more extreme and unpredictable weather conditions than previous generations. It is necessary that disaster programs are accessible to and designed for young producers who will need more support for livestock losses and forage, damaged farm and forest land, and crop losses. Increased transparency into application processes and eligibility, as well as improved outreach, could improve participation by young and BIPOC farmers in these programs. FSA should ensure these programs are streamlined and accessible. Additionally, FSA loan officers should be trained to understand new types of production including urban and indoor production that will be important in the face of the climate crisis, and to understand the needs of diversified, organic, and regenerative farmers and those receiving price-premiums for local, grass-fed, and other premium products.

>// Support Young Farmers and Farmworkers Facing Disasters and Hazardous Conditions Due to Climate Change

- Support climate justice solutions that target resources to BIPOC farmers by prioritizing both social and economic benefits in conservation programs alongside environmental outcomes. Move away from reimbursement-based payments and provide upfront payments so that farmers and farmworkers are not required to shoulder these costs.
- Protect farmers and farmworkers from hazardous working conditions due to climate change by adopting a federal standard to protect workers from harmful heat conditions and heat stress.
- Codify the new Micro Farm program through the Risk Management Agency to improve access to crop insurance for operations that are diversified, organic, and/or selling in local, regional, and specialty markets.
- Expand direct marketing prices within the Noninsured Crop Disaster Assistance Program (NAP) or allow farmers to use their own yields and historic pricing data to more equitably serve farmers who sell direct-to-consumer or receive a premium on their crops.
- Administer NAP as an on-ramp to more holistic risk management programs such as Whole Farm Revenue Protection program and the Micro Farm program.
- Increase the maximum allowable farm revenue for Socially Disadvantaged and Economically Distressed applicants to the Micro Farm program.
- Ensure that USDA Approved Insurance Providers are fluent in available insurance products and are actively marketing them consistent with USDA policies, as a condition of approval.
- Continue piloting and evaluating programs like the Emergency Relief Program and the Coronavirus Food Assistance Program that redefine and expand current availability of farm safety nets programs in the face of climate and natural disasters.

"Farmers are on the frontlines of the impacts of the climate crisis. At the same time, they are taking critical action to mitigate its effects by providing local food and fiber, stewarding biodiversity, sequestering carbon, and reducing carbon emissions."

Melissa Law & Ben Whalen, Bumbleroot Organic Farm

STUDENT DEBT

Student loan debt is a burden preventing many farmers from fully realizing their career ambitions, with 38% of young farmers overall, and 62% of Black young farmers surveyed reported that they currently hold student loan debt. Until we collectively decide to make access to higher education free in this country, Congress and the Biden Administration should reduce current costs, especially for those most marginalized from educational opportunities and those engaged in professions directly contributing to the public good.

- Eliminate federal and commercial student debt for all current borrowers.
- Recognize farmers as public servants within the Department of Education Public Service Loan Forgiveness Program (PSLF), including farmers working part-time and farmers operating at a community scale.
- Improve the PSLF program to reduce the total number of payments required, and increase flexibility around when payments are made and what types of debt are eligible.
- USDA should work with states, non-profits, and the Department of Labor to expand on the model proven through the federally-recognized Dairy Grazing Apprenticeship program and the state-recognized Diversified Vegetable Apprenticeship.
- Expand funding for the Agriculture and Food Research Initiative Competitive Grants Program Education and Workforce Development Program that invest in training the next generation of farmers at land grant universities through programs like the Rhode Island Agriculture and Food Systems Fellows Program.
- Expand funding and focus on farm careers as part of the USDA 1890 National Scholars Program and the 1994 Tribal Scholars Program.

Seventy-eight percent of young farmers did not grow up in a farming family and therefore they develop knowledge and skills, and access on the job training, through a wide variety of pathways. Agricultural education and workforce development policies are falling behind the need among this new generation of farmers. We must lessen the burden of educational debt and expand pathways for learning and hands-on experience.

IMMIGRATION & LABOR

Challenging capitalism is one of the National Young Farmers Coalition's Guiding Principles. Capitalism favors profit and wealth accumulation over community needs and the social good, perpetuating consolidation, wealth inequality, and labor exploitation in food and agriculture. Despite contributing to our society in such a tremendous and essential way—a fact made obvious to everyone living through the pandemic—farm and food system workers face harsh working conditions, and many live in fear of the various hazards and challenges that surround them. Our mission of building a brighter, just future for agriculture is only possible when we work in solidarity to address these critical issues.

All workers in the U.S. deserve full labor protections, especially farmworkers and immigrant workers. No one in their workplace should ever feel powerless, not know their rights, or have someone else infringe upon them. Further, supporting the transition of immigrants, farmworkers, and food systems workers to farm ownership and other agricultural roles will make our agricultural system resilient and diversified.

- Congress and the Administration must work together to develop and enact comprehensive agricultural labor reform, as well as immigration reform that includes a path to citizenship for undocumented farmworkers, food chain workers, and their families. Such reforms should also include improved labor protections for all farm and food workers, and more effective reporting and enforcement standards regarding violations of labor and human rights.
- One outcome of the USDA Equity Commission should be a thorough review of citizenship and tax identification requirements for participation in USDA programs. There is currently widely inconsistent application of such requirements at the Department. Applicants or beneficiaries of USDA programs should be able to use any tax identification number recognized by the Internal Revenue Service in lieu of citizenship based eligibility requirements. Regardless of citizenship status, farmers and farmworkers should be able to benefit from resources through the USDA.

USDA ACCESS

Federal programs are failing to reach and support the next generation of farmers and ranchers. Young farmers are unfamiliar with federal programs, overwhelmed with the cumbersome application processes, lack the land tenure required to make use of conservation programs, and/or are not successful in making their diversified, direct-market operations fit the mold of loan applications designed for large-scale commodity operations. We must work to improve the customer experience for young and BIPOC farmers, modernizing and streamlining processes, increasing USDA technical assistance staff capacity, and improving staff knowledge of diversity, equity, and inclusion—as well as knowledge of programs that benefit young and BIPOC farmers and the unique needs of this new generation.

- USDA has invested in establishing a Beginning Farmer and Rancher (BFR) national coordinating position at the Department, and has tapped employees across the country to serve as the Department's beginning farmer coordinator in each state. To be accountable to the needs of young and beginning farmers, Congress and USDA should adequately resource these state positions to be focused full-time on serving beginning farmers, and elevate the national coordinating position to be institutionalized as part of the Farm Production and Conservation Mission Area.
- For all programs, increase the collection and reporting of demographic data to better understand who is accessing USDA resources and practice accountability to young and BIPOC farmers in how programs are implemented, evaluated, and improved over time.
- Increase investments in outreach so BIPOC and young farmers are aware of federal programs and are empowered to apply for technical and/or financial assistance—looking to models such as the Technical Assistance Investment Program—by resourcing organizations that already have trust with these farming communities.
- Require USDA RD State Directors, FSA State Executive Directors, NRCS State Conservationists, and their respective state and county office leaders to complete Diversity, Equity, Inclusion, and Justice training programs at reasonable intervals.
- Train every USDA agent and representative on needs and opportunities for young and beginning farmers, and foster a culture of creativity and flexibility regarding the application of program rules and regulations.
- Continue to improve USDA recruitment so that field offices are fully staffed and can provide technical assistance to producers. Recruitment should target underrepresented demographics so field staff reflect the diversity of our farming populations.
- Acknowledge the leadership and lived experiences of young and BIPOC farmers by actively recruiting, including, and compensating their voices on all county, state, and federal advisory committees related to farmland protection, land access, and farm viability.
- Establish a new position within USDA Departmental Management to drive agency adoption of standards, practices, and training in support of cultural competency among all customer facing and application evaluation staff across the Department.

The next generation of producers are innovative and open to trying alternative methods for growing food and marketing it to their communities. USDA must ensure that its officers are empowered and expected to work with and understand these new growers, and to make every local, county, or state office a one-stop shop for programs specifically designed to benefit young and BIPOC farmers.

Photo: Stella Kalinina

Photo: Mallory Kessel

Conclusion

The 2023 Farm Bill will dictate U.S. farm policy for the next decade and impact the lives of hundreds of thousands of farmers, ranchers, farmworkers, and growers and the communities they serve.

But because our nation's farmers are aging and their land is transitioning hands, this farm bill will not only determine the next 10 years, but the future of our nation's farmland. According to the most recent Census of Agriculture, the average U.S. farmer is 57.5 years old, a significant increase from 50.5 years old in 1982. The majority of people who manage U.S. agriculture are on the brink of retirement, and over the next two decades, nearly half of all farmland is expected to change hands, and is at risk of being developed and leaving agriculture forever.

Access to affordable, quality farmland is the top challenge facing young farmers according to our survey, and this barrier is even greater for BIPOC farmers. Land is deeply intertwined with all aspects of farmers' success, and it does not just impact farmers—land access is critical to the health and well-being of our environment, economy, and marginalized communities. A lack of secure land access is preventing young farmers from investing in the growth and resiliency of their operations.

Young farmers need policies that enable equitable access to land now.

The 2022 National Young Farmer Survey findings reveal that farm policy is failing the next generation of farmers, and challenges such as access to land and capital are preventing a new generation from launching and scaling their operations. This is a pivotal moment to invest in the BIPOC and young farmers who will steward agricultural land and resources for decades to come, and a chance to reorient our farm policy to ensure their success.

We urgently need to support the next generation of young farmers stepping up and launching farm businesses in this country. And fortunately, the last Census of Agriculture showed an increase in the number of farmers under the age of 35. Beginning farmers with less than 10 years of farming experience now make up 27% of U.S. producers as of 2017, and farmers under the age of 35 comprise 8% of U.S. producers.

Young farmers, and specifically young, BIPOC farmers, are motivated by environmental conservation, social justice, and community health, and they need policies that will support their growth and success. Our policy recommendations provide a road map for how to mobilize our federal funding to equitably resource the next generation in agriculture. Let's work together to make the 2023 farm bill an opportunity to transform agriculture to be in service to our communities and the land.

APPENDIX

Challenges Accessing USDA Programs:

BIPOC young farmers: unfamiliar (73%), application and reporting paperwork requirements too much work (63%), no time to apply (61%).

- (46% named that timing of applications is during peak production)

Asian young farmers: unfamiliar (78%), application and reporting paperwork requirements too much work (67%), no time to apply (66%).

- (46% named that timing of applications is during peak production)

Indigenous young farmers: unfamiliar (83%), application and reporting paperwork requirements too much work (62%), no time to apply (66%).

- (53% named that timing of applications is during peak production)

Black young farmers: unfamiliar (73%), application and reporting paperwork requirements too much work (63%), no time to apply (58%).

- (44% named that timing of applications is during peak production)

White young farmers: unfamiliar (71%), application and reporting paperwork requirements too much work (58%), no time to apply (58%).

- (41% named that timing of applications is during peak production)

When asked, "Has your local or state USDA employee acted in ways that were unwelcoming to you based on your particular operation or practices?" Responses based on self-reported practices were:

Regenerative young farmers:

- Sometimes, Very often, Extremely often: 17.12%
- Very often, Extremely often: 5.93%

Young farmers growing two or more types of products (diversified farmers):

- Sometimes, Very often, Extremely often: 3.74%
- Very often, Extremely often: 1.53%

Certified Organic young farmers:

- Sometimes, Very often, Extremely often: 3.58%
- Very often, Extremely often: 0.86%

Primary Markets:

For direct-to-consumer sales outlets, of young farmers those who responded:

60% (n=1230) of young farmers sold on a farm website

58% (n=1190) at a farmers market

53% (n=1108) through CSA

47% (n=967) at a farm stand or store

Primary Markets:

For wholesale sales outlets, of those who responded:

51% (n=1047) sold to restaurants

40% (n=811) through retail markets such as such as supermarkets, food cooperatives, and grocery stores

23% (n=473) through a food hub or value-added producer

22% (n=448) through institutions such as schools, universities, hospitals, or food banks

18% (n=369) through a commodity market, such as through a cooperative

14% (n=289) through a distributor

12% (n=244) via forward contracting to sell directly to an individual processor

6.5% (n=133) though a commodity market, such as through an intermediary like a grain elevator

2.4% (n=49) through production contracts or custom feeding for livestock you do not own

Climate and Water

Farmers in all four regions of the United States reported experiencing changing rain or snow patterns very and extremely often in the past five years. 62% of young farmers in the Northeast said that they experienced changing rain or snow patterns very or extremely often in the past five years. The least amount of precipitation variation was experienced by young farmers in the Southeast and Mid Atlantic, with 40.1% experiencing changing rain or snow patterns very and extremely often in the past five years. Ninety-four percent of young farmers in Western states attribute changes in weather patterns to systemic climate change, versus 84% of young farmers in Southeast and Mid-Atlantic states.

USDA definition of a "Family Farm":

A business operation that:
(1) Produces agricultural commodities for sale in sufficient quantities so that it is recognized as a farm rather than a rural residence;
(2) Has both physical labor and management provided as follows:
(i) The majority of day-to-day, operational decisions, and all strategic management decisions are made by:
*--(A) The borrower, with input and assistance allowed from persons who are either related to the borrower by blood or marriage, or are a relative, for an individual borrower; or
(B) The members responsible for operating the farm, in the case of an entity.
(ii) A substantial amount of labor to operate the farm is provided by:
(A) The borrower, with input and assistance allowed from persons who are either--*
related to the borrower by blood or marriage, or are a relative, for an individual borrower;
or
(B) The members responsible for operating the farm, in the case of an entity.
(3) May use full-time hired labor in amounts only to supplement family labor.
(4) May use reasonable amounts of temporary labor for seasonal peak workload periods or intermittently for labor intensive activities."

EQUITY GLOSSARY

BIPOC | Acronym for Black, Indigenous, and other people of color. We use BIPOC instead of just "people of color" to emphasize the disproportionate harm caused to Black and Indigenous communities through the history of agriculture in the United States.

Cisgender | A person whose gender identity corresponds with the sex the person had or was identified as having at birth.

Economically Distressed | While there is not currently a widely used definition for Economically Distressed in agricultural policy, it is clear from recent legislative efforts that policies designed to address inequities will be more successful if economic measures are incorporated into programmatic eligibility frameworks.

Farmworker | People whose primary incomes are earned through permanent or seasonal agricultural labor in the fields, processing plants, or support activities on farms.

Racial Equity" | Racial equity is a set of social justice practices, rooted in a solid understanding and analysis of historical and present day oppression, aiming towards a goal of fairness for all" (Anti-Oppression Resource and Training Alliance). See Part One of our Racial Equity Toolkit for further discussion of racial equity.

Reparations | "The action of making amends for a wrong one has done, by providing payment or other assistance to those who have been wronged" (Oxford Dictionary). Often this term specifically refers to the practice of paying for the injustices of slavery in payments to Black people, and returning land stolen from Indigenous people. See the sections on Direct Action and Additional Resources in the Racial Equity Toolkit for more information about reparations.

Socially Disadvantaged (USDA) | The Socially Disadvantaged definition is applied inconsistently in agricultural policy, due to two differing versions of the definition currently in underlying Farm Bill statutes. One definition describes Socially Disadvantaged individuals as those who have been subjected to racial or ethnic prejudice or cultural bias within American society because of their identities as members of groups and without regard to their individual qualities. The second version of this definition speaks to gender prejudice in addition to racial and ethnic prejudice.

Structural Racism | A system of public policies, representations, institutional attitudes and practices, which reinforce and perpetuate racial inequity, exposing Black people, Indigenous people, and people of color disproportionately to various forms of disenfranchisement and violence.

Whiteness/White Privilege | Advantages that people of European descent and people perceived as White benefit from based upon their race in a society characterized by racial inequality and injustice. People can be beneficiaries of White privilege without consciousness of racism or forms of privilege; they often feel entitled to the benefits of this privilege even as it perpetuates structural oppressions.

White Supremacy | The belief that White people constitute a superior race and should therefore dominate society, to the exclusion and detriment of other racial and ethnic groups.

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37. The Heirs' Property Relending Program only began to be available to re-lending entities in mid-to-late 2021, so it was very very new when farmers were taking this survey and it is unlikely that many would have even had the opportunity to access it. Source: United States Department of Agriculture, "Heirs' Property Relending Program," https://www.farmers.gov/working-with-us/heirs-property-eligibility/relending.

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42. In this document we made the decision to capitalize "White" because it was used to refer to a specific self-identified demographic group surveyed. There are varying opinions on the appropriateness of capitalizing "White," with many holding the belief that the term should not be capitalized as it refers to a device for exclusion versus a specific culture or race. Further reading on this topic can be found here and here.

QUESTIONS AND ANSWERS

JUNE 4, 2024

U.S. Senate Committee on Agriculture, Nutrition, and Forestry
Subcommittee on Commodities, Risk Management, and Trade
Pathways to Farming: Helping the Next Generation of Farmers
June 4, 2024
Questions for the Record
Mr. Christian Good

Senator Tommy Tuberville

1. Mr. Good, interest rates on farm real estate and production loans have doubled over the last few years, negatively impacting Ag producers. Mr. Good, the ACRE Act would lead to an interest rate reduction of 1.5% according to experts. Would this be helpful to farmers?

   Certainly, any effort to reduce interest rates would be beneficial to farmers in today's challenging farm economy. I understand that the legislation you have referenced seeks to extend the same tax benefits to commercial banks on agricultural loans that are currently in place for all farm credit banks. It is my understanding that when Congress created the farm credit system, they provided these tax benefits to maintain lending stability to the farm community for the long term, in comparison to some commercial banks that lend money to farmers only when times are good. I utilize the farm credit system and understand its cooperative model of operation, which delivers patronage dividends back to all of its customer owners. Although lower interest rates would certainly be welcomed, before taking a position on this specific legislation I would need more details on how exactly the commercial banks plan to pass along these savings so that the actual agricultural borrower would receive that benefit in reduced interest rates.

2. I consistently hear from Alabama poultry producers about the rising costs of poultry houses as four houses can cost over $3 million dollars. Can any of you speak to the need to increase FSA Guaranteed Loan limits and increase access to capital to make it easier for young and beginning producers to enter the industry?

   Although I am not a poultry producer myself, broiler production is our number one commodity in the state of Mississippi and I have numerous friends and colleagues that are in the business. I have definitely heard loud and clear from them how the cost of poultry house construction has dramatically increased over the past four to five years. The FSA guaranteed loan program is absolutely vital to the poultry industry. Farm credit and commercial banks rely heavily on the FSA guaranteed loan programs to help mitigate the risk of lending to a new producer. Most of the farms that I know would not have been able to provide enough assets to collateralize their loan without the use of the FSA guaranteed loan programs. As I mentioned in my testimony, the PACE Act, introduced by Senator Hoeven and Senator Klobuchar, would increase the loan cap on the FSA guaranteed ownership loan program from $2.04 million to $3 million. Increasing these loan limits would greatly enhance the ability for young and beginning farmers to get into the poultry business.

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Questions for the Record
Ms. Tessa Parks

Senator Peter Welch

1. **Capital for Beginning Farmers and Ranchers:** Beginning farmers and ranchers face significant start-up costs in their first years of operation and need time to accumulate working capital by developing their production and marketing systems.

   However, the structure of annual operating loans is not conducive to intermediate credit needs of beginning farmers. Investments that will benefit the farm for multiple years often require multiple years to generate return-. However, farmers are expected to be paid off within one year, limiting the ability of beginning farmers to invest in critical start-up capacities.

   That is why I introduced the Capital for Beginning Farmers and Ranchers, which would address those barriers by directing the Farm Service Agency to develop a flexible, multi-year operating loan pilot program. The goal is to uplift a new generation of farmers who often struggle to repay loans withing the first year of operation.

   a. How can programs like this pilot program help beginning farmers and ranchers succeed in establishing their farms?

A flexible, multi-year operating loan pilot program at FSA could certainly make a difference for beginning farmers like me and my husband. We raise cattle, and we do not see a return on our investment until our animals are processed and sold. We typically send our cattle for processing at 18-24 months, so it takes about two years with cattle to have a product to sell.

We also raise hay, and we face significant upfront cost for land rental, equipment, and inputs like seed. Climate change has made harvest windows more unpredictable, so having flexibility on when loan payments are due would help us better manage in the face of weather challenges. Our area has had the wettest weather in recorded history so far in 2024. We anticipate a challenging hay harvest due to the wet season, which will impact our ability to cash flow and pay our equipment and operating loans on time.

We have a good relationship with our lender, Compeer Financial, and we hope that will keep us farming through these uncertain times. Nevertheless, if our circumstances were different, we could imagine a pilot program like the one you described being impactful for us, and we could see why it would be helpful for other farmers and ranchers.

2. **Pre-Approval and Pre-Qualification:** Farming is a capital-intensive undertaking, and access to credit can be one of the biggest challenges farmers face when working to ensure the long-term viability of their operations. Nothing is more expensive than accessing land–a challenge that is especially acute for young farmers and farmers of color.

   I am a co-sponsor of the *Increasing Land Access, Security, and Opportunities Act* (S.2340), which would directly invest in community-led land access projects, because that is a critical need of young producers in my state of Vermont and across the country.

   At the same time, I support the development of a pre-approval and pre-qualification pilot program at USDA–as we just saw included in the House farm bill draft. This pilot would help ensure that producers have access to the capital they need to compete in the increasingly challenging real estate market.

   In just the last four years, the average cost of farm real estate in Vermont has risen by over twenty percent and properties are selling faster than ever.

   Farm Service Agency (FSA) loans are critical, but we must ensure they continue to meet farmers where they are at and serve their evolving needs. FSA has many important tools but is not currently able to offer pre-qualification or pre-approval—services routinely offered by other lenders working with competing buyers for farm properties, which puts buyers who must use FSA financing at a disadvantage. This disproportionately impacts underserved farmers, who are less likely to have connections with current agricultural landowners willing to work with them through the long timeline of accessing FSA credit. A pre-approval pilot program would address these challenges head on.

   a. How have you seen the farm real estate market change during your time farming, and what sources of credit have you had available to you to compete and gain secure access to land?

According to USDA's National Agricultural Statistics Service (NASS), cash rent and land values in Minnesota have generally been increasing since 2019 (see USDA NASS MN Ag News – Cash Rent and Land Values, August 4, 2023).

Anecdotally, we have seen dwindling availability of parcels in our area needed to support a farm business like ours. Our farm business is built around livestock and hay which requires at least 40 acres to be sustainable, both financially and ecologically. Unfortunately, we are seeing more families that wish to leave the farm sell their house separately from their land, resulting in reduced parcel sizes. At this point, we cannot afford even one of these smaller parcels. If we are ever able to find suitable land to call home for our farm, we anticipate needing the assistance of USDA's FSA loan programs.

b. How would a program at FSA that enables loan agents to act quickly and provide assurance (in the form of pre-qualification or pre-approval) to sellers that you are a serious buyer make it easier for you to navigate the real estate market?

I shared in my testimony that an important part of securing farm financing is pre-qualification or pre-approval, which allows farmers to move quickly once farmland comes up for sale. Unfortunately, USDA's Farm Service Agency does not currently offer pre-qualification or pre-approval for loans like other lenders do. This decreases the utility of these FSA loans, which are an essential tool for beginning farmers and ranchers to successfully secure financing to purchase farmland. Ensuring FSA loans include an option for pre-qualification or pre-approval (or a similar mechanism) should make it easier for me and farmers like me to have success in securing a mortgage through USDA.

U.S. Senate Committee on Agriculture, Nutrition, and Forestry
Subcommittee on Commodities, Risk Management, and Trade
Pathways to Farming: Helping the Next Generation of Farmers
June 4, 2024
Questions for the Record
Mr. Kevin Lussier

Senator Tommy Tuberville

1. In Alabama, over 73% of young producers have a primary occupation other than farming. Mr. Lussier, can you please discuss the importance of off-farm income and what role it plays in addressing risk management and securing credit for young farmers such as yourself.

This question hits close to home as the off-farm income generated by my wife's job is vital to the success of our operation. In fact, of the 16 members of the American Farm Bureau Young Farmers & Ranchers national committee not one is operating their farms without at least one family member generating off-the-farm income. As my wife and I have worked toward growing our operation, this is one area that lending institutions have often credited us on our income statement. As we grow our family, I have often dreamt about the ability for us to be able to run the farm together but stark reality sets in and I know that this opportunity is not realistic. Young farmers must be incredibly frugal when it comes to the cash flow management of their operations. There is little money left over at the end of the month for necessary living expenses, let alone the ability to secure health care, child care or emergency expenses that always seem to pop up. My child recently broke a finger playing on a playground and I can't help to think about what would have happened if we were not covered by the health insurance plan secured from my wife's job. For young farmers and ranchers to be successful, it is critical that we address these issues and allow more young farmers to stay on the farm.

2. I consistently hear from Alabama poultry producers about the rising costs of poultry houses as four houses can cost over $3 million dollars. Can any of you speak to the need to increase FSA Guaranteed Loan limits and increase access to capital to make it easier for young and beginning producers to enter the industry?

Land values, inputs such as fertilizers and feed, and equipment costs have risen to levels that create incredible barriers to entry for young farmers. The simple fact of the matter is, FSA loan limits do not allow young farmers to gain enough capital to start a farm or even to expand a current operation. Many young farmers looking to start a new business often have little to no credit. The Farm Service Agency has always been and continues to be an incredible asset to young farmers as they enter the marketplace. However, the current limits have not reflected the shift in the economy, and they no longer create realistic opportunities for young farmers to gain access to capital. Increasing the lending limits for these programs to accurately reflect the costs of production agriculture would enable more young farmers to access the credit they need to start and sustain their operations.

U.S. Senate Committee on Agriculture, Nutrition, and Forestry
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Questions for the Record
Ms. Raechel Sattazahn

Senator Cory Booker

1. We know that the USDA offers loan guarantees for some ownership and operating loans Farm Credit gives to farmers.

    a. What role do these loan guarantees play in Farm Credit's lending decisions for livestock and poultry loans?

        i. USDA's Loan Guarantee program offers many farmers, especially young and beginning farmers, the ability to obtain credit from a commercial lender. For farmers, including livestock and poultry farmers, a USDA loan guarantee decreases the risk of that loan, and gives the lender more confidence to extend financing. Each farmer's operation is different and unique, and as such, faces unique risk. However, for young and beginning farmers, what we often see is risk stems from limited capital or assets since they are only beginning their farming career.

    b. What percentage of Farm Credit ownership and operating loans to livestock operations (hogs, cattle, and dairy) receive a USDA guarantee?

        i. This information is not officially reported in aggregate for the entire Farm Credit System and is not readily accessible for each Farm Credit institution. However, in an effort to fully answer this question, Horizon Farm Credit's Business Intelligence division undertook a special effort to gather this data. For Horizon Farm Credit, we estimate 80 of our 10,666 loans or 0.75% of our loans to livestock operations have a USDA guarantee.

    c. What percentage of Farm Credit ownership and operating loans to poultry operations receive a USDA guarantee?

        i. This information is not officially reported in aggregate for the entire Farm Credit System and is not readily accessible for each Farm Credit institution. However, in an effort to fully answer this question, Horizon Farm Credit's Business Intelligence division undertook a special effort to gather this data. For Horizon Farm Credit, we estimate 158 of our 3,571 loans or 4.4% of our loans to poultry operations have a USDA guarantee.

  d. What percentage of Farm Credit loans to hog operations are given to operations that produce animals owned by another entity (other than the borrower) or using production contracts?

     i. This information is not officially reported in aggregate for the entire Farm Credit System. For Horizon Farm Credit, this information is not readily accessible, and the dataset is limited. We were not able to reliably estimate an answer for this, given the limitations in the data.

2. I am concerned about loans to contract poultry growers for expensive, specialized facilities that are very difficult to convert to another purpose. This makes these growers very dependent on the integrators that own and then process the chickens the contract growers raise. Last year Tyson closed chicken plants in Arkansas, Indiana and Missouri. In addition to the thousands of workers who lost their jobs, there are also now dozens of contract farmers who incurred millions of dollars of debt to build barns and other infrastructure to raise the chickens for Tyson who are now left without the income needed to service the debt that they incurred. How does Farm Credit evaluate the risk for these loans to contract growers over the long term due to their dependence on processing infrastructure that can disappear abruptly?

   a. Agriculture, including poultry production, is an inherently risky business. For all of Farm Credit's loans, risk is evaluated based on the unique risks each individual customer faces.

3. Given that the FCS accounts for about half of all farm loans and the FCS's desire to expand into business loans (essential community facilities; aquaculture; and others), doesn't that leave significant gaps in the 1071 data that is being collected when the FCS is potentially only complying with three points of data (race, sex, and ethnicity) versus all other lenders collecting data on 80 or more data points?

   a. Farm Credit System lenders and other commercial lenders already collect and report different data to their regulators. For example, commercial lenders do not collect and report data on Young, Beginning, and Small customers like Farm Credit System lenders. H.R. 2423 would require Farm Credit System lenders to collect and report race, sex, and ethnicity data points in addition to data already collected and reported to our primary regulator, the Farm Credit Administration.

4. Farm Credit Council President and CEO Todd Van Hoose described H.R. 2423 as a policy that "will reduce unnecessary regulatory burden on Farm Credit institutions and their customers. And it will protect the ability of farmers to decide whether to disclose their personal demographic information." However, there is already an option for customer opt-out in the CFPB section 1071 implementation. Why does Farm Credit feel the need to further exempt themselves from this rule?

a. The Farm Credit Council strongly supports H.R. 2423. H.R. 2423 does not exempt Farm Credit lenders from collecting and reporting demographic data. Rather, the bill re-affirms the Farm Credit Administration (FCA) is the sole and independent regulator of the Farm Credit System and requires FCA to promulgate a rule for Farm Credit institutions to collect demographic data on a voluntary basis and report that data to FCA. As H.R. 2423 was being drafted, the CFPB's proposed rule required loan officers to guess a customer's race, sex and ethnicity based on visual observation or surname if the customer chose not to disclose it. Farm Credit strongly supports our customer's ability to choose whether they want this information disclosed.

5. FCS has a statutory mandate to serve the credit needs of young, beginning, and small farmers and ranchers. In addition to how the FCA collects YBS data, should this information be collected on an individual basis without double counting with participations (counting once for each lender, twice total) and triple counting for YBS categories, allowing YBS counting as three loans – one for young, one for beginning, and one for small? Do you agree it is not transparent to have a YBS participation loan between two FCS entities count as six YBS loans (two for the participation and three for each institution meeting all three categories of the YBS borrower)?

    a. Serving young, beginning, and small farmers is a critical part of Farm Credit's mission and we are proud of our success in all three categories. As I mentioned in my written testimony, the numbers for Young, the numbers for Beginning, and the numbers for Small cannot be combined, and we separated out the number of loans and dollar amount for each category. We do not aggregate the three categories into a "YBS" figure. We report this way because that is how our regulator, the Farm Credit Administration (FCA), requires we report the data. For several years now, Farm Credit YBS data reporting aggregates loan participations into a single loan reported by the "lead lender" in the participation.

Senator Tommy Tuberville

1. I consistently hear from Alabama poultry producers about the rising costs of poultry houses as four houses can cost over $3 million dollars. Can any of you speak to the need to increase FSA Guaranteed Loan limits and increase access to capital to make it easier for young and beginning producers to enter the industry?

    a. Farm Credit strongly supports S. 2890, the Producer and Agricultural Credit Enhancement Act of 2023, which would increase FSA Guaranteed Ownership and Operating Loan limits. We were also very glad to see provisions to increase these loan limits in both Chairwoman Stabenow's *Rural Prosperity and Food Security Act* and in Ranking Member Boozman's Farm Bill framework. As you mention, the cost of farming is increasingly costly, and it is important that USDA's Guaranteed Loan programs reflect that. USDA's Loan Guarantee program offers many farmers, especially young and beginning farmers, the ability to gain credit by decreasing their risk. This gives the lender more confidence to extend financing. Young and beginning farmers are often considered risky due to limited capital or assets, so USDA's Guaranteed Loan programs can be critical to their ability to secure financing.