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PERSPECTIVES FROM THE FIELD: RISK MANAGEMENT, CREDIT, AND RURAL BUSINESS VIEWS ON THE AGRICULTURAL ECONOMY, PART 3

HEARING

BEFORE THE

COMMITTEE ON AGRICULTURE, NUTRITION, AND FORESTRY

UNITED STATES SENATE

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C O N T E N T S

Tuesday, March 11, 2025

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APPENDIX

PERSPECTIVES FROM THE FIELD: RISK MANAGEMENT, CREDIT, AND RURAL BUSINESS VIEWS ON THE AGRICULTURAL ECONOMY, PART 3

TUESDAY, MARCH 11, 2025

U.S. SENATE
COMMITTEE ON AGRICULTURE, NUTRITION, AND FORESTRY
Washington, DC.

The Committee met, pursuant to notice, at 2:30 p.m., in Room 328A, Russell Senate Office Building, Hon. John Boozman, Chairman of the Committee, presiding.

Present: Senators Boozman [presiding], McConnell, Hoeven, Ernst, Marshall, Tuberville, Moran, Klobuchar, Bennet, Smith, Booker, and Warnock.

STATEMENT OF HON. JOHN BOOZMAN, U.S. SENATOR FROM THE STATE OF ARKANSAS, CHAIRMAN, U.S. COMMITTEE ON AGRICULTURE, NUTRITION, AND FORESTRY

Chairman BOOZMAN. Good morning, and welcome. It is my privilege to call this hearing to order.

We will have people kind of drift in and out. We have got a vote going on right now, and then we have got another one that is going to be called in a little bit, so if you are testifying and somebody gets up and leaves, they are probably coming back. But, as you all know, you are here at an interesting time. It is just a busy time and a lot is going on.

Welcome. It is my privilege to call the hearing to order. I would like to thank our witnesses today for taking time from your families, your work responsibilities to share your expertise with our Committee today.

As a proud Arkansan, I am delighted to have Ben Noble of Little Rock, Arkansas, on today's panel as well.

This hearing is the third in a series which our Committee is conducting to examine the current state of America's rural economy from the perspective of our farmers, ranchers, lenders, and rural leaders. Having time to reflect on what we have heard in the previous two hearings, it is clear to me that a common theme has emerged. If we expect current and future generations of producers to not only survive but thrive, we need to pass a strong five-year farm bill this year that strengthens the farm safety net and revitalizes rural communities, many of which are struggling to retain an adequate workforce to feed, fuel, and clothe the next generation of Americans. More than 70 percent of all counties in this country are rural, and agriculture is the number one industry in a large majority of those rural areas.

While there are numerous valuable rural development programs in the farm bill that many of us on this Committee champion, the most potent mechanisms for rural development are the risk management tools that our producers utilize to secure the financing necessary to grow and expand their operations, which in turn support the communities they call home.

The economic activity generated by agricultural sector in rural communities supports everything from local retail operations that supply inputs such as feed, seed, fertilizer, and fuel to the grain mills, cotton gins, or other processing facilities that provide direct employment opportunities for local residents. Local governments count on that tax base to provide critical services and infrastructure needed to keep communities healthy and vibrant.

Unfortunately, every Member of this Committee has heard directly from farmers in their State about the very difficult conditions they have endured over the past several years and are likely to face in the future if things continue the way that they are. While many of us have heard from ag groups for years now about the importance of getting a farm bill signed into law, I noticed a distinct change in tone beginning last summer as I visited with not just producers but also their lenders. One banker in Arkansas then estimated that producers could struggle to secure financing for planting roughly 20 percent of the acres in my home State.

Unfortunately, tough times are nothing new for our Nation's farmer. They have endured many challenges before, but we have entered a scenario in which many economic indicators of the health for the agriculture sector, especially for row crops, are headed in the wrong direction and have been doing so for some time now. The $10 billion in economic assistance provided at the end of last year is a critical bridge for many farmers to secure 2025 operating loans. I appreciate the work of many Members of this Committee in securing this assistance and look forward to swift implementation by Secretary Rollins and the Department.

However necessary to ensure many farms stayed in operation for the upcoming year, this economic assistance should not in any way be considered a substitute for a five-year farm bill. Whether you look at rising levels of farm debt, loan delinquency rates, or the percent of row crop farmers that need to refinance debt to cashflow, it is clear that Congress needs to act quickly to strengthen the farm bill programs. The suite of risk management tools should provide a critical backstop for producers and ensure adequate credit access for all generations of farmers, but especially our young and our beginning farmers who we are counting on to carry on the honorable work of feeding the world.

I look forward to hearing from our witnesses here today and putting their advice into action as we continue our work on the farm bill this Congress.

Ranking Member Klobuchar will be joining us momentarily, so I will now proceed with our witness introductions. Following introductions, the Ranking Member will deliver her opening statement.

Leading off our panel today is Mrs. Tara Durbin. Senator McConnell was unable to be with us at this moment, but he is very proud to have Mrs. Durbin here before the Committee today. I am submitting Senator McConnell's remarks regarding Tara into the record. Without objection, so ordered.

[The letter can be found on page 34 in the appendix.]

Chairman BOOZMAN. Mrs. Durbin serves as Chief Lending Officer for Agriculture Farm Credit Mid-America, which is headquartered in Louisville, Kentucky. As a member of the organization's Executive Committee, she helps to strategize operations across Farm Credit Mid-America footprint, which serves residents of Kentucky, Tennessee, Ohio, Indiana, Missouri, and my home State of Arkansas. Mrs. Durbin understands the challenges producers are facing as she works alongside her husband and son on the farm. I look forward to listening to your testimony, Mrs. Durbin. Thank you so much for being here.

Mrs. Dalynn Hoch, did I get that right?

Mrs. HOCH. Close enough, Dalynn.

Chairman BOOZMAN. Dalynn, I am sorry. I did not get it right. [Laughter.]

Chairman BOOZMAN. We are very pleased to have you. Mrs. Hoch serves as the Head of Rural Community Insurance Services. She also serves as an executive member of the Crop Insurance and Reinsurance Bureau, a member of the National Crop Insurance Services Board of Directors, a member of the American Association of Crop Insurance, and her family farms in the home State of our Ranking Member. Mrs. Hoch brings valuable insight to today's hearing through her leadership with RCIS and intimate understanding of how crop insurance impacts farmers and the communities in which they live. Mrs. Hoch, thank you so much for being here. I look forward to your testimony.

I believe Senator Ernst is going to introduce our next witness.

Senator ERNST. Yes. Thank you, Mr. Chair, for the opportunity to introduce my constituent, Caleb Hopkins, who hails from Halbur, Iowa, which is a tiny, tiny little town in Carroll County, which is west central Iowa. If you go up Highway 71 from my neck of the woods, you are going to end up fairly close to where Caleb and his family live.

Mr. Hopkins is a Loan Production Officer for Dakota MAC and serves as the Chair for the American Bankers Association's Agriculture and Rural Lenders Committee, which he represents here today. Mr. Hopkins received his bachelor's degree in Agricultural Business from the greatest university in the United States, Iowa State University—go Cyclones—and later obtained an advanced degree from the Graduate School of Banking in Madison, Wisconsin.

In addition to his work as a loan officer, Mr. Hopkins is an active farmer with his wife and three children, raising pure-bred Hereford cattle. I am a Hereford fan myself. When I show for the Governor's charity steer auction, it is always a Hereford, so thank you.

We are all very grateful you could make it here today, and we look forward to your valuable testimony on how Congress can better serve, protect, and support our ranchers, farmers, and rural communities. Thanks for being here, Caleb. We appreciate you. Thank you, Mr. Chair.

Chairman BOOZMAN. Thank you. Now, it is my pleasure to introduce to the Committee a great Arkansan from a small community in the heart of the Delta, Mr. Ben Noble. Ben has grown up surrounded by agriculture, has done well to serve the industry for many years. Upon his graduation from the University of Arkansas, Ben made his way to Washington, DC, working as a staffer for both Senator Dale Bumpers and Senator Blanche Lincoln of Arkansas. Blanche is up there. She is making sure you and I behave.

[Laughter.]

Chairman BOOZMAN. We often hear about the mass exodus from rural America, that when young people leave, new ideas and innovation leave with them. Ben is the exemplary example of what can happen when those people return to their rural communities. Ben uses his experiences to help guide new ideas through his service at the Arkansas Hunger Relief Alliance, the Little Rock Chamber Board of Directors, Commissioner of the Arkansas Heritage Commission, and through his work in public affairs.

Ben now serves as the Executive Vice President and Chief Operating Officer for Riceland Foods based in Stuttgart, Arkansas. Riceland is the world's largest miller and marketer of rice, a major soybean processor in the Mid-South, and a staple for farmers and rural communities alike. Ben, thank you for being here, and we look forward to your testimony.

Mr. Sedrick Rowe. I am pleased to introduce Mr. Sedrick Rowe. Sedrick is a first-generation organic peanut farmer from Albany, Georgia. Sedrick owns and operates Rowe Organic Farms where he grows peanuts, watermelons, sunflowers, and hemp. He is a founding member of the Georgia Organic Peanut Association, where he helps create markets for value-added agricultural products and support small and medium-sized farmers in the Southeast. He attended Fort Valley State University, where he earned a bachelor in Plant Science with a concentration in Horticulture, as well as a master's of Public Health with a concentration in Environmental Health. He is currently a candidate for a Ph.D. at Tuskegee University for Integrated Bioscience. Sedrick, thank you so much for being here. We look forward to your testimony.

Again, thank you all for being here. Mrs. Durbin, you are now recognized for your statement.

STATEMENT OF TARA DURBIN, CHIEF LENDING OFFICER FOR AGRICULTURE, FARM CREDIT MID-AMERICA, LOUISVILLE, KENTUCKY

Mrs. DURBIN. Chairman Boozman, Ranking Member Klobuchar, and Members of the Committee, thank you for inviting me to testify here today. My name is Tara Durbin, and I am a lifelong advocate for agriculture. My husband Dusty and I run a cash grain operation, and for more than two decades, I have also worked with Farm Credit Mid-America's customers in various lending roles. Today, I serve as Farm Credit Mid-America's Chief Lending Officer, where I oversee the agriculture lending activities.

Farm Credit Mid-America is a customer-owned lending cooperative and a proud part of the Farm Credit System. We serve more than 145,000 customers in Arkansas, Indiana, Kentucky, Missouri, Ohio, and Tennessee. Together with 55 other Farm Credit Associations, we are committed to supporting rural communities in agriculture with reliable, consistent credit.

Over the past several months, this Committee has heard from producers and industry experts about the challenges emerging in the agriculture economy. It is important for me to highlight that we are, in fact, seeing "a tale of two worlds" when it comes to the financial health of American agriculture, the factors that most commonly determine which farm economy is being felt include geographic region, commodity produced, farm diversification, and financial position. I have provided more in my written testimony, so I will just briefly describe the financial conditions that we are seeing.

Row crop producers are facing headwinds. However, those in corn, soybeans, and wheat have benefited from several years of being able to build liquidity and reinforce their financial positions. Our cotton and rice producers, particularly our Arkansas customers, have faced multiple years of price volatility, quality concerns, and yield challenges, leading to more rapid liquidity erosion. The protein sector is a bit of a bright spot as it benefits from strong demand, limited supply, and lower feed costs.

We are committed to working with our customers as current conditions are placing financial strain on many farmers, regardless of age or experience in farming. Like other Farm Credit Associations, we utilize several practices to work with producers through challenging cycles. These include proactively restructuring debt to support cash-flow concerns, providing financial coaching and education, and using Federal programs like crop insurance and the FSA Loan Guarantee program to mitigate risk.

Before I discuss the farm bill, I would like to recognize the importance of the assistance provided in the American Relief Act that was enacted late last year and championed by many on this Committee. As we look to the future, American farmers must have certainty and predictability of a strong five-year farm bill with additional Federal investment that reflects today's market reality. My written testimony identifies a detailed list of Farm Credit priorities in supporting the next farm bill, and I would like to briefly mention two that are particularly relevant for this hearing.

First, crop insurance is the cornerstone of the farm safety net and one of the most important risk mitigation tools available to our farmers. We support the strongest possible Crop Insurance program, and we applaud the Committee for exploring ways to enhance this vital tool to improve affordability and coverage.

Second, the FSA Loan Guarantee program allows lenders to make loans to farmers who may not qualify for traditional credit. This tool is not only important for lenders when financial conditions and agricultural economy become more challenging, but also helpful when working with young and beginning producers. We thank Ranking Member Klobuchar and Senator Hoeven for their work on the PACE Act, which will provide critical updates to the FSA Loan program by aligning the current costs of operating a farm with the loan limits.

The future of agriculture relies on the success of our young, beginning, and small farmers. Every Farm Credit Association offers a uniquely tailored program designed to meet the needs of their young, beginning, and small farmers. Farm Credit Mid-America's program is called Growing Forward, which provides special underwriting standards and tier 1 interest rates, along with personal and business education programs. These Growing Forward customers are expected to create business plans and to work with their loan officers to receive financial coaching and make sure they are on track to accomplish their goals and support the operation's viability.

Growing Forward supports young producers like Jordan Brewer from LaRue County, Kentucky. In 2021, he took over his grandfather's cow-calf operation while balancing school and working full-time as a nurse. With the help of Growing Forward, State and Federal programs, and hard work, he has grown his operation and currently runs 150-head cattle herd. Growing Forward was a critical resource that helped Jordan access the capital needed to secure his family farming legacy.

In conclusion, thank you very much, Chairman Boozman and Ranking Member Klobuchar, for allowing me to testify today. Farm Credit is committed to fulfilling our 109-year-old mission, and we look forward to working with you as you reauthorize the farm bill. Thank you.

[The prepared statement of Mrs. Durbin can be found on pages 35–40 in the appendix.]

Chairman BOOZMAN. Thank you, Mrs. Durbin. Mrs. Hoch.

STATEMENT OF DALYNN HOCH, EVP AND HEAD OF RURAL COMMUNITY INSURANCE SERVICES, ZURICH NORTH AMERICA, ANOKA, MINNESOTA

Mrs. HOCH. Chairman Boozman, Ranking Member Klobuchar, and other distinguished Members of this Committee, thank you for allowing me the privilege and the opportunity to testify today on the importance of crop insurance and the vital role that it plays in providing risk management to farmers across the country and facilitating capital flow to the rural American economy. My name is Dalynn Hoch, and I am the Head of Rural Community Insurance Services, RCIS, which operates as one of the 12 approved insurance providers, or AIPs. RCIS delivers crop insurance nationally, so we are proud to serve farmers in each State represented on this Committee.

I am a proud farmer's daughter, and I now also farm with my husband Emory and my brother Dan in the great State of Minnesota. I learned a lot of lessons on the farm. I learned the importance of generational values, honesty, integrity, faith, and hard work. I also learned that sometimes we faced terrible losses that came with large hail, flooding rains, and weeks of drought. In 2016, I was the CFO for Zurich North America when we acquired RCIS, and it was one of the proudest moments in my career when I was able to call my dad and tell him that we had just bought a crop insurance company. Now this last year, I have had the privilege to become the head of RCIS.

This conversation today, it is personal for me, not just as the head of an insurance provider, but as a farm owner and operator, and perhaps most importantly, as a farm girl who saw how crop insurance protected us, allowed us to continue to farm when it mattered most. I do thank those of you on the Committee and other policymakers who have worked hard to continually improve our farmers' most important risk management tool.

Crop insurance is an economic driver in rural America. It is critical to the flow of capital for our farmers as it secures the operating loans they need with the banks. Imagine if we had to pay all of our expenses at the beginning of the year before we get a paycheck. That is exactly what our farmers have to do every year with all of their input costs. Crop insurance not only secures loans and protects the farmers when they suffer a loss, it also spills over into the local economy, empowering agriculture retailers and other local businesses often the first line of unsecured debt to the farmer.

The last several years have seen a drastic increase in ad hoc disaster payments to rural America. It is only prudent for this body to be looking for ways in the next farm bill to plug these gaps in the safety net. We ask that you consider crop insurance as the primary tool to help fill these gaps. We discourage the creation of any disaster program that would disincentivize farmers from purchasing crop insurance, request recognition that companies do incur costs for administering aid outside the purview of the Federal Crop Insurance program, and we would oppose the creation of any disaster package that is funded by cuts to crop insurance.

For crop insurance to function as designed, it must be affordable, widely available for purchase across the country, and economically viable for the private sector to deliver and sustain the long-term commitment of their capital, both dollars and talent, to this great industry.

With the growth of the program has come challenges. AIP's expenses have grown significantly as the cost to market, service, and adjust claims have expanded, education costs are increasing, and investments are constantly made to improve the tools and technologies that are needed to provide exceptional service to America's farmers. The effects of inflation have been felt throughout our industry. The administrative and operating payments provided by the USDA to help cover these delivery costs have not kept pace with either inflation or the rising price or complexity of delivering modern day crop insurance.

The inflation factor adjustment that was built into A&O calculations was unfortunately removed in 2015. These shortfalls come out of insurers' income, dragging down the real rate of return for the industry to levels that are just marginally better than the risk-free U.S. Treasuries. We want to see farmers and ranchers succeed, and as private businesses, we must also earn an adequate return to ensure that our investors keep this capital invested in the agricultural industry long term.

Crop insurance is the premier risk management tool for the American farmer. The public-private partnership that we enjoy delivers it in an efficient and effective way. These crop insurance benefits have kept families on their farms and Americans clothed, fueled, and fed.

Thank you for inviting me to speak today and for your continued support of the Crop Insurance program. I look forward to answering any questions you have.

[The prepared statement of Mrs. Hoch can be found on pages 41–47 in the appendix.]

Chairman BOOZMAN. Thank you, Mrs. Hoch. Mr. Hopkins.

STATEMENT OF CALEB HOPKINS, LOAN PRODUCTION OFFICER, FIRST DAKOTA NATIONAL BANK, HALBUR, IOWA

Mr. HOPKINS. Thank you, Chairman. Chairman Boozman, Ranking Member Klobuchar, and the Members of the Committee, my name is Caleb Hopkins. I am the current Chairman of the American Bankers Association's Agricultural and Rural Bankers Committee and testifying in that capacity today.

I have worked in agricultural banking for 13 years, including the past two years as a Loan Production Officer for Dakota MAC, a subsidiary of First Dakota National Bank in Yankton, South Dakota. Before First Dakota National Bank, I worked at a small community bank helping to lead their agricultural lending. Agricultural bankers have a deep appreciation for the important role producers play in our economy and the unique challenges they face.

Like many agriculture bankers, my passion for agriculture goes beyond the bank. I have a herd of cattle, I am a proud 4-H dad, and I have a crop insurance business with my wife. Our passion for the next generation of producers goes beyond a program or clinic. Fostering the next generation of producers is what we do every day. I appreciate the opportunity to present the views of the bankers at this hearing.

Banks continue to be one of the first places that farmers and ranchers use when looking for agricultural loans, and over 80 percent of the banks in the United States have agriculture in their portfolio. Bankers finance all types of agriculture in every part of the country. Agricultural lending is a good business, and we work with our customers to improve their business, both in the short and long term.

I would like to start today by highlighting the current state of the agricultural economy. I was personally involved in congressional meetings to get economic assistance for farmers and ranchers. The economic assistance that was passed by Congress will provide some relief to our customers, but it still will not be enough for many. For example, soybean acres are expected to have a payment of $30 per acre, but estimates in my area show farmers being short $300 per acre on soybean ground. This is a trend across most commodities.

USDA has projected an increase in farm income of 29 percent due to economic assistance, but input prices are still high due to inflation. At the same time, commodity prices are expected to drop this year. Every region will be affected differently, but it is becoming increasingly apparent that economic assistance will not be enough to cover the shortfalls this year or enhance the long-term health of balance sheets to weather another economically challenging year.

This is why bankers are so supportive of a long-term farm bill. Our customers need the certainty that comes with a farm bill, and lenders must operate on knowns, not projections. A long-term farm bill provides certainty to agriculture, which allows for long-term planning. We look forward to working with the Senate Agriculture Committee to develop a new farm bill.

ABA does have a list of priorities that bankers would like to see in the next farm bill that I have highlighted in my written testimony. This includes increasing FSA Guaranteed and Direct Loan programs. We thank Senators Hoeven and Klobuchar for the PACE Act that creates a model for how this can be achieved. Additionally, changes to eligibility for beginning farmers and ranchers is vital to bringing in the next generation of farmers and ranchers. Bankers are supportive of modernizing reference prices and protecting and enhancing crop, livestock, and dairy insurance programs. Last, Farmer Mac is a tremendous partner to the banking industry, and we support efforts to modernize Farmer Mac to meet the modern needs of American agriculture.

Beyond the farm bill, ABA is looking forward to the tax reform process that is playing out in Congress. Our customers rely on keeping the current estate tax exemptions and capital gain exemptions. The Access to Credit for our Rural Economy Act, better known as the ACRE Act, is tax legislation that would create a level playing field for all lenders in agriculture. ABA analysis has shown that the ACRE Act would reduce the effective interest rate by up to one percent for qualified borrowers. We thank Senators Moran, King, Tuberville, Gallego, Marshall, and Cramer for sponsoring this vital piece of legislation. The ACRE Act will increase credit availability to rural America while driving down the cost for our borrowers. We believe this is the right solution to help rural America during these tough economic times, as well as in the long term.

Farm banks are healthy and continue to be forward-looking, growing capital and increasing reserves. Bankers are proud of the work we do to support our Nation's farmers and ranchers. The agriculture economy is a critical part of our economy, and America's banks remain committed to serve it through good times and bad.

Thank you. I would be happy to answer any questions you may have.

[The prepared statement of Mr. Hopkins can be found on pages 48–58 in the appendix.]

Chairman BOOZMAN. Thank you. Mr. Noble.

STATEMENT OF BEN NOBLE, EXECUTIVE VICE PRESIDENT AND CHIEF OPERATING OFFICER, RICELAND FOODS, STUTTGART, ARKANSAS

Mr. NOBLE. Good afternoon, Chairman Boozman, Ranking Member Klobuchar, and Members of this Committee. It is truly an honor to be before you today.

As Senator Boozman shared earlier, many years ago, I sat as a staffer in this very room to then-Senator Blanche Lincoln of Arkansas. She eventually served as Chairman of this Committee, and it brings back a lot of memories seeing her portrait here on the wall today. Nearly 30 years later, our own John Boozman now holds that gavel, and I cannot think of a better man to lead this Committee, so forgive me for just taking a moment here, but this is truly a special moment for a boy from Arkansas.

I am Ben Noble, Executive Vice President and Chief Operating Officer of Riceland Foods, but I am also the son of Buddy Noble and the brother of Andy Noble, who own and manage Noble Farms. As we discuss the state of the farm economy today, my story unfortunately mirrors what is happening across the countryside in rural America. Due to high input cost and lack of profitability over a multi-year period and the low probability for profitable returns this year, my family is pulling the ripcord. 2025 will be the first year since 1890—that is 135 years—that a Noble has not actively farmed in east Arkansas. We are selling our equipment at an auction this Friday.

Our experience is unfortunately not unique, as lenders and farmers across the Mid-South face tough decisions with the prospect of low commodity prices, high input costs, and extreme uncertainty and volatility. This situation has profound and far-reaching effects across the economy and the livelihood of rural America.

Riceland Foods is a farmer-owned cooperative that has been in business since 1921. We are the largest miller and marketer of rice in the United States, and we also serve as the largest marketer of soybeans in the Mid-South. Our membership consists of 5,500 members across America, and our farmer patrons are concentrated in Arkansas and Missouri. We directly employ over 1,700 people and indirectly support hundreds of jobs in rural America.

For decades, our business model has been to provide marketing options for our members' rice and soybeans, process the grain, and then sell and distribute the finished goods through domestic and international channels. This activity generates well over $1 billion annually and is turned over multiple times in our region of the Mississippi Delta.

The key in the aforementioned business model is the ability of the farmer to secure financing and produce a crop on an annual basis. Also key in this equation is a strong economy that allows farmers to remain profitable. Without our farmer members, all the economic activity that Riceland Foods generates and the jobs we support disappear, leaving economic deserts in many areas of east Arkansas and the Bootheel of Missouri.

Financial institutions work diligently and creatively to keep farmers on the farm this growing season, but a shadow of uncertainty remains across the entire system. Planting decisions and seed purchases are often made months before now. As final assessments are made, productive farmland will likely remain fallow this year due to some farmers' inability to attain financing. Ultimately, this could reduce the production of rice, soybeans, corn, and possibly other commodities in our growing region. Businesses like ours are struggling to plan accordingly to receive and process this year's crop.

Our company has four million locations across Arkansas and Missouri. We also have 24 drying locations across the same footprint. In small rural towns like Stuttgart, Hazen, Poplar Bluff, New Madrid, Wheatley, and many, many more, Riceland Foods is the largest employer and the main driver of the local economy. When our farmers suffer, we suffer. Ultimately, this impacts the entire region. It is not overstating to say that if Riceland Foods does not operate in many of these small towns, the towns no longer exist.

We must take serious and substantial action that results in updated reference prices that secure a strong safety net for rice farmers. This means a substantial increase in the PLC reference price and the assurance that payment limitations are increased to reflect modern day farming. These enhancements must be effective for the 2025 crop year. Securing a strong safety net for our growing members also provides stability for both farmer-owned cooperatives and private mills.

Along those same lines, I would be remiss if I did not mention the importance of tax policy on our cooperative. Of particular significance to cooperatives such as Riceland, the section 199A deduction stands out as one of our farmer members most crucial tax policies. This provision enables cooperative to pass tax deductions directly through their members, who then reinvest the funds back into their operations. These reinvestments, in turn, strengthen local economies by creating jobs, increasing spending on agriculture production, and fostering growth in rural communities.

I will finish where I began in this full-circle moment for me. I have witnessed firsthand the work Congress can do to support American agriculture as both a Senate staffer and a professional in this industry working on behalf of farmers. Now is the time for Congress to act on a new farm bill and support the industry I devoted my life to before it is too late. Unfortunately, there are many farmers out there who will not be farming this year, and the outlook is even more grim. I implore you to act. Keep farmers farming. Every American is relying on this Committee and your colleagues in Congress to deliver.

Thank you for the opportunity, and I look forward to answering any questions.

[The prepared statement of Mr. Noble can be found on pages 59–63 in the appendix.]

Chairman BOOZMAN. Thank you, Mr. Noble, and thank you for sharing your story. Your family has been a powerful force for agriculture since 1890 and are so well respected, but I think it really highlights how difficult it is right now, and the importance of the hearing today and the importance of getting a five-year farm bill done. I know your ancestor of 1890 is very, very proud of you right now.

Now, we would like to hear from Mr. Rowe.

STATEMENT OF SEDRICK ROWE JR., FARMER/OWNER, ROWE ORGANIC FARMS, ALBANY, GEORGIA

Mr. ROWE. Mr. Chairman, Ranking Member, and Members of the Committee, thank you for the opportunity to be here today. My name is Sedrick Rowe. I am a young, first-generation farmer from Albany, Georgia. I own and operate a 30-acre farm where I grow organic hemp, peanuts, sunflowers, and watermelons. Today, I am going to talk to you on some highlights of my farming experience and talk about access to credit and risk management resources.

I am concerned that without a new farm bill, the safety net would continue to be largely out of reach for us. This Committee has the opportunity to promote effective policy to help new farmers enter and stay into the agriculture generation. I did not inherit land. I had to build it from the ground up. Without FSA, I was not able to purchase my first land.

At the same time, I have also had some frustrations with FSA. For example, I was denied a microloan early on, even though my business plan was clearly sound. FSA is the go-to agency for farmers who cannot find credit from other means. Recently, they have been making some improvements. For example, recent critical updates from the FSA Loan program include prioritizing financial stability, offering more flexible terms, emphasizing savings and reserve payment scheduling, avoiding necessary impacts from balloon payments, and appropriate collateral requirements to reduce borrower risk without increasing the risk of the agency. We need to ensure appropriate staff levels are there too. It is important that someone is there to answer the phone at FSA and also other USDA offices.

Looking to the farm bill, last year, versions include proposals to improve beginning farmers' access to credit. The next farm bill should include provisions that would increase microloan limits to $100,000; match loan limits across programs, including direct farm ownership down payment loan programs; remove the seven-year limit on eligibility for operation loans; support distressed borrowers; a pilot program preapproved for direct farm ownership loans; and also pilot loan programs to help with startup costs.

Credit is only part of the picture. Farming is a risk, and we all know, sometimes, no matter how much you prepare, there is still uncertainty. The Risk Management Agency and FSA offer important risk management programs and financial relief to farmers and ranchers exposed to loss from events such as drought, hail, floods, and also diseases. These farm safety nets must be strengthened and support young farmers. Also, high value organic crops are often undervalued by insurance coverage. For me and many other farmers, RMA does not offer insurance products that cover what we are growing on a small scale.

Whole-Farm Revenue Protection is the only insurance program that is designated for small farmers and diverse farms. Only 10 whole farm policies were sold in Georgia last year. Eighty-three percent of the farmers in Georgia do not have crop insurance. I encourage this Committee to incentivize insurance agencies to sell crop insurance to small-scale and specialty crop farms like me. I also encourage this Committee to consider new insurance products specifically designated to deal with weather impact.

For farmers who cannot access RMA programs, the FSA offers noninsurance crop disaster programs. This is an important program. This program needs to continue in the support by young farmers. By creating a revenue-based option with NAP, similar to the Whole-Farm Revenue Protection, the agency could offer an onramp to help farmers transition from NAP to whole farm revenue protections once they have acquired operational history. Getting more farmers enrolled in NAP early on is the goal, and keep supporting them with the basic safety net. It also gets them in the door with USDA when it comes to loan access.

What I really want to emphasize today is that, as a young farmer, we need to be heard. We need to know that our experience is being considered when it comes to the farm bill being put together. We need certainty. We need certainty that Congress will fulfill the responsibility and deliver an effective farm bill for all farmers. We also need certainty that the USDA will continue to support farmers moving forward from surviving to thriving farms. It should not be so difficult for young and beginning farmers as myself to secure support. We need to innovate and achieve long-term success.

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

[The prepared statement of Mr. Rowe can be found on pages 64–67 in the appendix.]

Chairman BOOZMAN. Thank you, Mr. Rowe, very much.

I am going to get into line later on, so we are going to go right to you, Mitch. I know you have got lots of stuff going on. You are an important guy. As I was explaining to them earlier, there is just a whole lot of stuff going on, so you are welcome to go ahead and question the witnesses.

Senator MCCONNELL. Thank you, Mr. Chairman.

I want to thank Tara Durbin from my hometown of Louisville, Kentucky, and Farm Credit, and the other witnesses for being here.

I have been on this Committee my entire time in the Senate. It is important to Kentucky. We have 70,000 farms, most of them small. Small farms in particular make up the backbone of agriculture in my State and many others.

As my colleagues on the Committee know well, farmers face a whole lot of uncertainty in today's economy. Unstable markets, volatile prices, record drops in farm income have made this job, which was already difficult, even harder. Kentucky farmers and farmers across the country are grappling with a steady decline in farmland itself. It is more important than ever that we ensure our farmland remains farmland, while providing opportunity for new farmers to get involved in the agricultural economy.

I was pleased to work with the Kentucky Farm Bureau on legislation that would offer retiring farmers a viable path to transition their farmland to the next generation of farmers. Protecting American Farmers Act would reduce the tax burden on selling farmland and encourage landholders to keep their farmland in the hands of active, young farmers.

Tara, what financial tools would help address the problem of land and capital access that American farmers face?

Mrs. DURBIN. Thank you, Senator, for your question. As you mentioned, that is a very complex issue. As you mentioned, you know, a lot of communities in Kentucky specifically are kind of wrestling with trying to solve for that. That is something that at Farm Credit Mid-America we have witnessed across our service territory. I, you know, personally want to share I have witnessed that, myself and my husband. About 20 miles from our home farm, a microchip plant has come in, and so that has driven up the cost of land. Your question and that complex issue hits very close to home to me as well.

You know, I would challenge you to consider looking for ways that we can incentivize farmland to stay in agriculture production. You mentioned our young, beginning farmers. You know, that incentive would really help our young, beginning farmers, as far as getting into agriculture. The barriers to entry into agriculture, as Sedrick mentioned, are huge when we think about land. Looking for ways to incentivize keeping agriculture in production is definitely a way that we could work together to solve that complex issue.

Senator MCCONNELL. I assume Congress must have some role in all of this. Does it require changing the law to try to get the outcome that we prefer?

Mrs. DURBIN. That would be a question that I guess we would have to work on. As I said, that is a complex issue, and that would take a lot of work from you all pulling together and working with industry partners as well, as you said you had worked with Kentucky Farm Bureau and some others to help resolve that issue.

Senator MCCONNELL. Okay. Thank you. Thank you, Mr. Chairman.

Mrs. DURBIN. Thank you.

Chairman BOOZMAN. Thank you, Senator McConnell. Senator Hoeven.

Senator ERNST. Thanks to Senator Hoeven for allowing me to hop ahead.

Thank you, Chairman Boozman, and to our panel of witnesses for being here today, we really do appreciate it, and would like to start with crop insurance. Mrs. Hoch and Mr. Hopkins, crop insurance is the most effective and reliable risk management tool available to farmers that must remain affordable and accessible. Over the years, Congress has approved multiple rounds of ad hoc disaster payments to help farmers recover from severe weather events. We see these frequently in Iowa and, most recently, last December. I am thankful Secretary Rollins is moving quickly to disburse to these hurting farmers.

While these payments offer relief in times of crisis, they are slow, they are unpredictable, and subject to political gridlock, leaving farmers uncertain about when or if help will actually arrive. Iowa farmers who have faced multiple natural disasters in recent years have made it clear that they need certainty and protection in real time, not months or years after the damage is done.

Mrs. Hoch, can you explain why Federal crop insurance is superior to the ad hoc disaster payments? Second, do you see any improvements that Congress needs to make in the next farm bill?

Mrs. HOCH. Thank you very much for the question. I made some comments on that in my opening remarks. The disaster payments that have been made in recent years have been significant, and there is true opportunity to look at crop insurance. A number of those have been already developed, right? Could be the products, the indexed products that were made available in the Southern part of the country. There are area-based plans that can additionally help a farmer to have additional cover beyond their immediate cover. These are important steps that we can take. We can work together through 508(h) products, which allow that opportunity for new products to be brought forward and developed, that we can work creatively together to ensure that we bring what was more timely and targeted than ad hoc and, as my dad always told me, hope is not a plan——

Senator ERNST. Yes.

Mrs. HOCH [continuing]. and ad hoc disaster can be hope-based, and that is why that certainty that your farmers say in Iowa—it is the same in Minnesota—that certainty is so critical. It is also critical to my banking colleagues as well. The ability to work creatively together to find ways to move those disaster payments into crop insurance where there is a risk sharing. The farmer takes the risk, the government takes risk, and as insurance providers, we also take risk. That together creates a very effective and efficient process with competition to bring the best results to our farmers.

Senator ERNST. Very good. Hope is not a plan. Okay.

Mr. Hopkins, can you expand on this a little bit and help us understand why crop insurance is a necessary tool for farmers to have when you are making loans to those farmers?

Mr. HOPKINS. Thank you, Senator. I appreciate the opportunity to discuss this. Yes, crop insurance is the number one risk management tool in the belt for agriculture lenders. It is a tool that also puts the power back in the producers' hands. They have the opportunity to look at different coverage levels and make those decisions about their operation, not only on the risk management side, it also creates marketing opportunities for producers when it comes to marketing those crops proactively throughout the year. That level of certainty helps bankers make that decision as we look at renewing operating lines. Reference prices combined with crop insurance are the two most important tools that bankers have.

Senator ERNST. Wonderful. Thank you, Mr. Chair. I am going to yield back.

Chairman BOOZMAN. Senator Smith.

Senator SMITH. Mr. Chair, since I just got here, I will defer to Senator Tuberville if he has not asked questions, and then I will be ready to go. Thank you.

Chairman BOOZMAN. No, that is fine. Senator Tuberville.

Senator TUBERVILLE. Well, thank you very much.

Welcome. Glad you are here. Unfortunately, we have been hearing some very bad news. Mr. Noble, I have got friends in Arkansas, you know. I am hearing from them quite often. Our agriculture economy is a disaster right now, and we have obviously failed in some degree. I do not know where it has failed, but it is obviously in a tailspin, and we need to help.

Mr. Noble, what can we do to help? I mean, you are seeing all this going on firsthand. What can we do to help?

Mr. NOBLE. Yes, the main thing, Senator, is quick action on a farm bill. I mean, obviously, that is easy to say and hard to accomplish, but I think everybody up here has said something along the similar lines, that long-term policy matters, and it matters to agriculture lenders. It matters to the farmers that are the recipients of the loans, but there has got to be some certainty.

At the risk of spinning off into another aspect, we face intense international competition with the commodities that our company trades in. We have always been free traders, but quite frankly, trade has got to be fair, and it has not been. There is a lot of challenges and complexities to that. If we are going to ask our domestic producers to compete in a worldwide market, there has got to be stability there, and there has got to be certainty. The quicker you all can provide that, the better.

Senator TUBERVILLE. Yes, thank you. I am hoping President Trump is right on the situation right now with tariffs. Obviously, it is our last chance to do something to help this country, especially our farmers and producers.

Mrs. Durbin, I have been talking about the need to raise FSA guaranteed loan limits for some time. I was pleased Chairman Boozman included this in his framework. Can you discuss the importance of raising guaranteed ownership loans to $3.5 million?

Mrs. DURBIN. Yes, so thank you, Senator, for that question. At Farm Credit, we utilize the FSA Guaranteed Loan program as an important tool for serving our customers. Specifically our young, beginning, and small customers, that tool is extremely important. That would allow us to loan to more customers, to more farmers, and help them get their operations up and going, but also as a risk-mitigating tool for us to better serve agriculture.

Senator TUBERVILLE. Thank you. Mr. Hopkins, we are trying to save not just the farmers that have been doing it for a long time, like Mr. Noble, but we are trying to get young farmers involved in this fiasco as we are looking at that. Why in the world you do it, I do not know, but hopefully, there are a lot of people out there that want to get into farming. I know at Auburn, you know, we have an agriculture department that is very strong, and you see a lot of great activity. How do we do that? How do we get young people involved? We lost 150,000 farms in the last four years, a disaster that nobody is talking about.

Mr. HOPKINS. Definitely. Thank you for the question, Senator. We start with the farm bill with increasing lending limits. As much negativity as we see surrounding agriculture, I am very optimistic when I look at young producers we have around our area that are very on top of management. They are very on top of technology. They are looking for opportunity. The question is how do we give them the opportunity? What tools do we have to provide them with opportunity as capital expenses are getting to be so high that the barrier to entry into agriculture, like you said yourself, why would you want to do it? But there are still individuals with that passion to be producers for this country.

Senator TUBERVILLE. Yes.

Mr. HOPKINS. Raising those lending limits in order to keep pace with that increased capital requirement allows us to provide that capital to those producers.

Senator TUBERVILLE. One point five million dollars for a cotton picker, man, we have lost it, you know?

Mr. Rowe, Tuskegee, Alabama, glad to see somebody from my home State and close to my hometown, and I know you are an Auburn fan, right?

Mr. ROWE. Yes, sir.

Senator TUBERVILLE. Yes, good.

[Laughter.]

Senator TUBERVILLE. Good answer. Good answer. Hey, being a peanut farmer, tell us how peanuts have weathered this storm because peanut prices have been pretty good over the last few years. What do you see for the future of peanuts?

Mr. ROWE. Thank you for the question, Senator. Personally, my opinion when it comes to the peanut industry, it is growing strong. Peanuts are a legume that grows on the ground, so a lot of weather impact does not affect the peanut itself during the growing season.

What I can say is that it is challenging with tariffs being raised, prices go up for growers, and access to land is very critical to stay surviving with rising tariffs. In order for farmers to survive, they have to plant more acreage, and that can be a challenge itself.

Senator TUBERVILLE. Thank you. Thank you. Thank you, Mr. Chairman.

Chairman BOOZMAN. Thank you. Mr. Noble, I truly believe there is no greater tool for rural development in many agriculture communities than strong risk management tools. Riceland is an anchor of the community in eastern Arkansas. Can you illustrate for the Committee the impact a strong farm safety net has on rural communities?

Mr. NOBLE. Sure, Senator. You know, when you think about the support we are talking about with the safety net for farmers, it sometimes gets lost. That is just a transaction with the government and the farmer. I guess in one sense it is. But when you think about how many times that dollar turns over economically in a rural community, whether it is the grocery store, rural health facilities, machinery repairs, countless of other small businesses, rural America ultimately depends on the farmer as the backbone and really the heart of their entire community.

I think I shared earlier, for businesses such as ours, when you go to many of these small towns, we are the largest employer, if—I do not want to say the only—but we are a significant player in some of these really small towns. Without a significant safety net, I kind of shudder to think what is going to happen to some of those areas.

Chairman BOOZMAN. Mrs. Hoch, do you want to add to that?

Mrs. HOCH. I think the importance of crop insurance comes into play here as well, the ability of the Committee to continue to deepen coverage levels and the premium support for our farmers through the work that you have done in such areas as area plans. I will give you a personal example. When you are facing extremely high input costs, the importance of being able to secure that loan, of being able to have a sense of certainty around the growth of your crop can actually be covered in the event of a loss. Today, that coverage for soybeans would not be adequate, and just even the highest level, which is what my family takes of the MPCI coverage. The ability to layer on, for instance, the ECO plan that is out there so that it provides an additional cover from an area perspective, it allows you to increase that coverage level in the event that there is a loss.

However, I would make two really critical points around this. The first one is that it is really important with these area plans that a farmer is well educated by their agent and their provider, that it does not supplant their individual coverage for their farm. They still need to maintain that individual coverage and then could layer on additional area coverage to give them more cover in the event of a loss.

It is also important that these products, as they continue to be developed, I think they are an important tool for our farmers of all sizes. As they are developed, it is very important that they remain actuarially sound.

Chairman BOOZMAN. Very good.

Mr. Hopkins, last summer, lenders like yourself started sounding the alarm bells that getting financing might be difficult heading into 2025. Can you give us very quickly just, you know, something in regard to where we are at with credit availability in light of the current farm balance sheet?

Mr. HOPKINS. Thank you for the question, Senator. Yes, sitting on American Bankers Agriculture Committee, I get the opportunity to speak with bankers across the country. It started in your area, in Arkansas and the Southeast, and it is kind of starting to move its way up through the Midwest across the country. What we are seeing is continued significant earned net worth losses across the board. Talking to lenders down in that area and as well as what I am seeing in the Midwest is certain parts of the Southeast part of the country are on year two, three, if not four of losses, and bankers are starting to have to work at workout plans, have uncomfortable conversations on what is the end game here?

When I look at the Midwest coming through renewal season, we are able to get all of our renewals completed this year, but those conversations are, what is the burn rate of working capital? It is creeping up on us much faster. When I was here last summer, I was hearing that from across the country, and it is hitting home right now.

Chairman BOOZMAN. Okay. Very good. Senator Smith.

Senator SMITH. Thank you, Mr. Chair. Welcome to our panelists. I want to say a particular hello to Mrs. Hoch, my fellow Minnesotan. It is great to have you on the panel today.

Mrs. HOCH. Thank you very much.

Senator SMITH. I want to start out by touching on something that Senator Tuberville was touching on, which is the challenges facing folks that are just getting into farming. We know that the average age of farmers is creeping up, just like my age is creeping up. As we see this big generational transition in agriculture, we know that it is harder and harder for beginning farmers to put the tools together to be able to get going, whether it is access to capital or to land or to farm safety net programs, right, and markets. Without support, what I am very concerned about is that we will not see the transfer of land from one generation to the next, to new producers who maybe do not come from the farm themselves or do not have access to land through their families and what happens.

In Minnesota, what happens in that situation? In Minnesota, we have developed a beginning farmer tax credit that has been a really successful tool for young farmers as they try to get their businesses going. I know that other States like Iowa and Kentucky and Nebraska have also developed similar beginning farmer tax credit programs. What this does is it provides a tax credit to incentivize the sale or rent of farmland to beginning farmers, and I am working on making this a national program.

I am just going to address this question to the whole panel as a start. What do you see as the biggest hurdles facing folks as they are going to get into farming? What do you think we ought to be most focused on in Congress as we think about this big farm bill that hopefully will get moving?

Mrs. DURBIN. Thank you for the question, Senator. One of the things that you have mentioned was the barrier to entry for our young farmers, and that is true. Land access continues to be a challenge for our young farmers. You also were inquiring about what lenders are doing to encourage young farmers to engage into agriculture production. The Farm Credit System, all Farm Credit Associations have a young, beginning, small farmer program.

Senator SMITH. Yes.

Mrs. DURBIN. Our young, beginning, Small Farmer program at Farm Credit Mid-America is called Growing Forward. Within that program, we have different underwriting standards for the young, beginning, and small farmers. For example, somebody that is starting out and getting into the agriculture industry is not expected to chin the bar maybe in their early 20's at maybe where their parents or grandparents would when we think about loan underwriting standards. We have different loan underwriting standards.

Specifically for those customers, they will get our tier 1 best interest rate. That is important to them. Now, that comes with a little caveat, and that caveat is, they go through educational programming, and we provide that educational programming to them. We require that——

Senator SMITH. Yes.

Mrs. DURBIN [continuing]. they put a business plan together to ensure that that operation——

Senator SMITH. There is some technical assistance and other kind of support that goes along with that, yes, absolutely.

Mrs. DURBIN. Absolutely. Mr. Rowe, I am sorry to—I want to make sure I have a chance to talk with Mr. Rowe about this. We know from surveys from the National Young Farmers Coalition and the National Farm Bureau that getting access to land, high-quality land, is one of the biggest barriers, and we know also that the average farm real estate value has increased, you know, pretty dramatically. Can you talk a bit about how you see this and what are the impacts of rising land prices on your business and others that are wanting to get into farming?

Mr. ROWE. Thank you for your question, Senator. As you know, like I say, land access is always a challenge for young farmers or farmers in general. Me, personally, you know, to speak on that, I would say the challenge also is that young farmers come from an educational background, so they are going to school for research and be innovative——

Senator SMITH. Yes.

Mr. ROWE [continuing]. on the farm. That carries over when it is time to go get a loan. That is a challenge right there, a barrier by young farmers pursuing their education to better, you know, come up with different ways to grow a crop or grow it in a particular different environment. The challenges would be, you know, just having more access to opportunities for young farmers to be able to startup the farm, not based on the history of education.

Also, I want to thank you for your leadership on this issue, and I encourage this Committee to support establishing a pilot program to invest in local-led projects to tackle challenges in accessing land, credit, and markets.

Senator SMITH. Thank you. Thank you very much.

Senator KLOBUCHAR [presiding]. All right. Senator Booker.

Senator BOOKER. Thank you, and thank you for your generosity as well to the Ranking Member for allowing me to get my questions in.

At the last full hearing, we talked about the crisis, really the threat from the illegal freeze of funding that is imposed by the USDA on thousands of signed contracts with our American farmers. Two weeks have gone by, and I am getting continued frantic calls and emails from farmers, not just in New Jersey, but across the country, who invested money into their farms according to the terms of signed contracts with the USDA but who are still not receiving their reimbursement payments from the USDA.

Planting season is now here, and many of these farmers simply do not have the resources to get their crops in the ground and the absence of the funding that is owed to them, again, by the USDA. It is not just the signed contracts with the farmers, but it is also the continuing freeze of reimbursements to nonprofits and small businesses that provide assistance to those farmers. These nonprofits and small businesses in New Jersey and around the country are now being forced to lay off staff and stop helping farmers that are in need. To make matters worse, the USDA now plans to close local offices around the country that farmers rely on.

I have a letter dated March 10 from the National Young Farmers Coalition focused on the USDA funding freeze that I would request consent to have placed into the record.

Senator KLOBUCHAR. It will be on the record.

[The letter can be found on pages 70–73 in the appendix.]

Senator BOOKER. I will not read the whole letter, obviously, but I think it is really important that we highlight the main message. They write, "The abrupt freeze of the USDA grant funding has left young farmers nationwide in financial distress. Congress must act swiftly to unfreeze these funds and ensure that young farmers can access land, capital, and markets." To address this, I plan to file an amendment to the continuing resolution this week to lift the USDA freeze on signed contracts and to require USDA to make all past due payments. I am hoping others on the Committee will join me.

I have a question, Mr. Rowe. Could you just for a moment talk about the impact you are seeing from the USDA funding freeze on the young farmers you know and work with?

Mr. ROWE. Thank you for your question, Senator. The impact has, you know, been found, you know, that is going on in my area, not only me, but young farmers, is with the freezing, uncertainty is bad for farmers. It is bad for business. Not only that, but we do not have anyone to talk to when you go to these local FSA offices or USDA offices. Having someone in the office or boots on the ground is affecting us when it comes to, you know, managing different practices that we are doing on our farm. Also, contracts with other USDA agencies are on pause, and that means a lot of farmers will have to cancel their plans for that year, or if they were growing a particular crop based on that contract, it is a pause.

With the funding freeze, a lot of opportunities that farmers have, like myself, to go out and get grant money to be able to make my operation more thriving is not there anymore.

Senator BOOKER. On farmers who are often struggling financially to make it all work, what does this mean to the financial well-being and stability of a lot of the farmers you know?

Mr. ROWE. They either have to not farm this year or cut back. But, like I say, it is a challenge itself when you do not have the support of the Federal Government.

Senator BOOKER. Mr. Rowe, in your testimony, you mentioned that 83 percent of farmers in Georgia do not have crop insurance, 83 percent uncovered. This is really a striking failure of our safety net. As you mentioned, many of these farmers have never had the option to purchase crop insurance because it is difficult to find agents that are willing to work with small farmers. I am seeing similar things in my State. Can you speak to the importance of Congress making changes in the upcoming farm bill to ensure that crop insurance agents are incentivized to sell crop insurance to small farms like yours?

Mr. ROWE. Thank you for your question, Senator. I just encourage the Committee to, like I say, incentivize crop insurance agencies to sell crop insurance to small-scale farmers like myself and also specialty crops because, right now, it is a waste of their time dealing with a small farmer like myself. Large crop insurance does not particularly focus on young farmers because they do not have any type of risk management there themselves.

Senator BOOKER. That is really enlightening. Thank you very much.

In the 10 seconds I have left—and I remind you, this is for the permanent Senate record—I and you both played college ball. My press guide listed me as 6′8″, 270. Was your press guide equally as inaccurate in listing your height and weight?

Mr. ROWE. Yes, sir, he was.

Senator BOOKER. Okay.

[Laughter.]

Senator BOOKER. Thank you very much.

Senator KLOBUCHAR. Okay. Very good. I am not going to ask anyone else their weight. I just want to be clear.

[Laughter.]

Senator KLOBUCHAR. Okay. Thank you, Senator Booker. I apologize. We had a long leadership meeting, as you can imagine. Both Senator Booker and I were there. There are just a few things going on right now that it is in everyone's interest that we resolve.

I want to thank—I know you were introduced, Mrs. Hoch from Minnesota, from Anoka, Minnesota. Thank you. I am sure you survived without me introducing you. I heard you did a good job, so thank you for that.

Mrs. HOCH. Thank you.

Senator KLOBUCHAR. We all know that our farmers are in a challenging environment right now. That obviously includes tariffs, something that is whiplashing farmers back and forth. You know, then they are on, then it is paused, then they are doubled, as happened today. That is not certainty, it is chaos, and our farmers are among those that are hit the hardest.

On top of that is input costs, and I am very concerned about what is happening right now as already a difficult time. One of the ways we can give you that certainty is by making sure you have access to affordable and reliable credit. That can mean the difference—I know you all know better than me—between economic viability and foreclosure. Farmers rely on USDA, commercial banks, and our Farm Credit System.

Senator Hoeven and I have worked together to expand credit opportunities and improve our farm loan programs. I have heard many of the Members mention this. This is the bill that Senator Hoeven and I have, and I am very much looking forward to working with the Chairman as we work on a farm bill to increasing those loan limits and improving access to credit. The bill also includes new authority to allow farmers who fall into distress to refinance USDA guaranteed loans into direct loans.

In addition to credit access, our farmers need strong and reliable crop insurance, and we all know that since the 2018 Farm Bill, more farmers have been able to purchase crop insurance, but there are still gaps in risk management options and access for farmers. Many small, diversified producers face challenges with buying crop insurance policies, particularly cost. That is why Majority Leader Thune, who remained on this Committee—I do not know where his staff is; we are very happy about that—he and I have worked on legislation to make insurance policies a little more affordable for beginning farmers and ranchers.

I want to start with you, Mrs. Hoch, and just ask you. The crop insurance groups you are representing here today have endorsed the Crop Insurance for Future Farmers Act, the bill I just mentioned that Senator Thune and I have and are going to reintroduce. Can you talk about those unique challenges for beginning farmers and why this legislation will help them better manage risk?

Mrs. HOCH. Thank you, Senator, and great to be from the same great State of Minnesota. Thank you for the question. It is challenging. I mean, we have heard the discussion already for a new farmer, and actually a young farmer, also a beginning farmer, right? You do not only have to start farming young. As you come in, there are—and I know personally—significant investments that you need to make land we discussed, but also equipment, right? The cost of equipment has become significant. The inputs you need to buy your seed, your fertilizer, all before you even know what the prices are going to be that you will receive at the point that you harvest and if you will have a harvest.

Crop insurance, especially for that beginning farmer, gives them that certainty. That certainty is what we have all said is so critical and important. Providing the premium support to those beginning farmers, I endorse that. I am happy and supportive of that because it also brings about education that brings them——

Senator KLOBUCHAR. Thank you.

Mrs. HOCH [continuing]. into the program right away.

Senator KLOBUCHAR. Thank you. Well, Senator Hoeven has walked in, and he and I, as I just mentioned before he even got here, have partnered for years on legislation to improve access to credit by modernizing loan limits for USDA loan programs. New and beginning farmers are often deemed too risky of an investment for commercial lenders, and high land values and increased costs in recent years can be prohibitive for new farmers. I guess I would ask you, Mrs. Durbin and Mr. Hopkins, can you speak to the importance of updating these farm loan limitations in the next farm bill? From your perspective as a lender, are there other improvements we should consider making?

Mr. HOPKINS. Thank you, Senator. I would be happy to address that question. Like you mentioned, the increase in capital expenses, along with just your normal operating costs, have grown substantially over the last five years. When you look at what land costs have done, the guarantee limits have not kept pace in that time period. That would allow us as lenders to have more tools in our belt to get creative with producers as we work through these adverse times. Those increased lending limits. I have talked to some of my lenders from across the country, two years ago had already hit the limits as they were trying to figure out how to work through some of these losses with customers. Increasing those limits would again give us flexibility to work with these producers to keep them going.

Senator KLOBUCHAR. Okay. Very good. Mrs. Durbin

Mrs. DURBIN. Yes, thank you, Senator. I agree with what Mr. Hopkins shared. I would also add that, given the rising cost of inflation, that it is very important as we think about this next farm bill to properly index that so that we do not have to continue to keep coming back and asking for increases in farm bills to come.

Senator KLOBUCHAR. Okay. Mr. Rowe, the one last question here, do the current USDA loan programs meet the needs of younger farmers who rely on FSA lending programs? What suggestions do you have to improve access?

Mr. ROWE. Thank you for the question, Senator. Yes, the programs that are currently there do support farmers and also young farmers, but some of the loans do not—some of the loan programs are still a barrier for young farmers to get into like for myself. I would say just to piggyback on that, just to focus on more so understanding that young farmers come from a different perspective of farming, more innovative, more hands-on, and it does not take a lot of land for a farmer to be diversified and successful.

Senator KLOBUCHAR. Okay. Very good. Well, the Chairman has returned, so I will give him back the gavel. I never actually took it, but here it is. I think that Senator Hoeven is next, so thank you.

Chairman BOOZMAN. She will probably hit me with the gavel.

[Laughter.]

Senator Hoeven.

Senator HOEVEN. Thanks, Mr. Chairman. I just want to follow-up on a question Senator Klobuchar brought up. As she said, we put in legislation that would raise the limits on both the direct operating and the guaranteed ownership loans, as well as the guarantee programs. We have done that before, and that has been part of the farm bill as we reauthorize the farm bill, and we certainly hope to do that again this time.

I would ask probably both Mrs. Durbin and also Caleb Hopkins. I am going to give you the changes we made and just let you react to them and see if you have any thoughts in regard to it. The direct operating we increased from $400,000 to $750,000, the guaranteed operating we increased from $2.25 million to $2.6 million. The direct ownership we increased from $600,000 to $850,000, and then the guaranteed ownership from $2.25 million to $3 million. Then we also increase the loan limits on the FSA Microloan program from $50,000 to $100,000. My question would be I would like you to react to that, starting with Mrs. Durbin, and then also particularly in regards to some of our beginning farmers as well, big challenge getting younger folks into farming and ranching.

Mrs. DURBIN. Yes, so thank you, Senator, and thank you for continuing to raise this important issue. As we have been sharing today, you know, the input costs continue to rise, and it is important for us to be able to work more closely with our customers and help more farmers by using those increased loan limits that really align with more modernized agriculture, and so we appreciate your efforts in working toward that.

Specifically regarding our young, beginning farmers, we work with our young, beginning, and small farmers to have different underwriting standards, that they have a different kind of bar to chin. It is not as high as what we would expect someone who has been farming for 40 or 50 years to have to chin when we think about experiencing and building your financial position. That is one way that we work with our young, beginning, and small farmers. We also put them through different educational opportunities over their journey as customers with us, and so allowing them the opportunity to understand their financials, understand different decisions that they make and how that impacts their operation, not only today, but in years to come is something that we work very closely with our young, beginning, and small farm customers at Farm Credit Mid-America, and that is through our Growing Forward program.

Senator HOEVEN. Well, I am going to add to that. Also, then, Senator Welch and Senator Tina Smith as well, who is Member of this Committee, have introduced the Farm Ownership Improvement Act where it would allow FSA to provide a pre-qualification so that the borrower would actually, you know, if they are going to acquire farmland or equipment, whatever it is, they can actually get pre-qualified so they do not miss out, for example, if they would go to an auction or to some type of, you know, estate sale or something like that.

Bring that into the discussion too. I guess I am just looking for any ways that we can enhance the program both for established but particularly for new farmers, beginning farmers.

Mrs. DURBIN. Yes, so I think that opportunities like what you are suggesting are important to our young, beginning farmers, and the more ways that we can look for ways to help encourage and incentivize them to get into agriculture is important specifically for Farm Credit, as we think about our mission to serve customers, not only in good but also in challenging times. Those are great opportunities that I think we need to further consider.

Senator HOEVEN. Mr. Hopkins or Mr. Rowe, any thoughts on enhancements?

Mr. HOPKINS. Thank you for the question, Senator. I would like to elaborate on the last part a little bit more. The enhancement on pre-qualification would not only increase efficiency within the FSA loan programs, but it would allow us to get capital to those beginning farmers much quicker. Proactive education is our best tool to help young and beginning farmers as we look to the future. Pre-qualification allows them to start those conversations much earlier. I hear time and time again from young producers that once an opportunity comes, in most instances in Iowa, you have four to six weeks. You are seeing most of these farms go through auction sale, not private sale like we used to. That is not enough time to get through the process. The pre-qualification enhancement would greatly, again, improve that for young and beginning farmers to make sure that they are able to be proactive on that decision.

Senator HOEVEN. Yes, good to hear. Then, Mr. Rowe, any thoughts on that?

Mr. ROWE. Thank you for the question, Mr. Senator. I support this legislation, and thank you for taking the lead on it.

Senator HOEVEN. Okay. Again, thanks to all. We appreciate you being here very much. Thank you, Mr. Chair.

Chairman BOOZMAN. Senator Warnock.

Senator WARNOCK. Thank you, Chair Boozman. Before I get started on my questions, I just want to recognize that among this incredible panel of folks testifying, I am glad that we got a Georgian on the panel. Mr. Sedrick Rowe is a first-generation farmer from Albany, Georgia, and a graduate of Fort Valley State University, one of our 1890 universities, land grant institutions and an HBCU. Thank you so very much, Mr. Rowe, for being here.

Underserved farmers, including historically marginalized farmers, those with limited resources, and folks who served in the armed forces face many structural barriers in starting and running their farms. But one of those barriers, of course, is access to credit. USDA's Farm Service Agency, or FSA, is frequently called a lender of last resort because it provides credit to folks like underserved farmers who are not eligible for traditional loans.

Mr. Rowe, did you inherit your land?

Mr. ROWE. No, sir.

Senator WARNOCK. What role did FSA play in helping you start your farm operation?

Mr. ROWE. FSA played a viable role when it came to purchasing my farm. They helped me when it came to understanding the value of land, understanding how production can be, you know, operated on that land. FSA, without them, it was kind of hard for me to purchase my first land.

Senator WARNOCK. It was critical for you being able to get started?

Mr. ROWE. Yes, sir.

Senator WARNOCK. Many underserved farmers do not inherit their land, as is the case with you, and cannot afford to buy it, which is why these loan programs are so critical. Historically, USDA has not equitably administered these programs. In fact, many black farmers in Georgia and across the country have historically experienced blatant discrimination at the hands of FSA, and that is why I was so glad to fight to secure financial assistance for farmers who had experienced discrimination at the hands of FSA and the Inflation Reduction Act. I am glad that the Biden Administration was able to get that money out to those farmers. But in addition to acknowledging past wrongs, we need to make sure that these lending programs work for today's and tomorrow's underserved farmers.

Mr. Rowe, what changes to FSA's lending programs would you recommend so that these programs work better for underserved farmers?

Mr. ROWE. Thank you for your question, Senator. As stated in my testimony, I think it is important that USDA carry on what they started by prioritizing financial stability for farmers, offering more flexible terms, emphasizing saving and reserve payment schedules, avoid unnecessary impacts to balloon payments, and also the appropriate collateral requirements. That is a big issue when it comes to getting a loan, collateral.

Senator WARNOCK. Of course, you have seen this up close. You know, this is your own story and what it has meant for you. It was helpful for you. But this is an important issue for all of us. The average age of the American farmer is reaching 60 years old, so it is in our enlightened self-interest to make sure that we provide a path for all of our motivated young people who have the grit, the work ethic, the skills to farm but need a path. That is the case in a number of sectors. Aviation sector is another. That is for another Committee, but it is such an important issue.

Farmers today are experiencing an overall lack of certainty. They are dealing with high input costs like fuel and fertilizer, as well as changing weather patterns and a longer and stronger hurricane season brought on by climate change. USDA programs aimed at helping farmers manage risk, like commodity support programs, crop insurance, and disaster assistance programs have not been updated to reflect everything that has changed since the last farm bill was enacted in 2018.

Mr. Hopkins, will uncertainty in the farm economy help or hurt your ability to provide credit?

Mr. HOPKINS. Uncertainty always provides added risk. Crop insurance is the number one tool that agriculture lenders have to help mitigate that risk. The second one is the increased reference prices that are needed in an updated farm bill. Agriculture lenders that I have all talked to, we look at those two as a one-two punch.

Senator WARNOCK. Right. The folks you are trying to help right now, they are planning for the upcoming season. In the last two months, President Trump has threatened and rolled back tariffs on our largest trading partners, which farmers rely on for inputs critical to making fertilizer, as well as export markets they have worked hard to open. Mr. Rowe, which farmers do you think are hurt worse by uncertainty from tariffs, the giant farming operations or small and underserved farmers?

Mr. ROWE. Thank you for the question. All farmers are affected by tariffs, but small and beginning farmers are still out of the picture when it comes to that.

Senator WARNOCK. Yes. Thank you, both of you, for your testimony.

Chairman BOOZMAN. Senator Marshall.

Senator MARSHALL. Thank you, Chairman, and welcome to all of our guests, panelists as well. My first question will be for Mrs. Durbin. Mrs. Durbin, you probably know this, but we lose more farmers to suicide than we do from farming accidents. We are losing one, two, three farmers a day now to suicide. It is said that the rate of suicide in farmers is multiple compared to other professions.

I think the reasons to me are somewhat obvious. The stress is real out there. It is very real in farmland, and I bet the suicide rate in farmers is proportionate to their debt and their net income as well.

The added stress for a farmer is that this is not just a business I started. I am a fifth-generation farm kid, my children would be the sixth, and I have grandchildren who would be the seventh. All over Kansas, sixth, seventh generation farmers and ranchers are feeling that challenge so that the stress is real. Farmer suicide is very real as well. It is not often talked about, but Farm Credit is actually out there leading, trying to educate farmers how to recognize it, how to be a good neighbor.

I just want to compliment you, and maybe you could share a little bit about your program. There is no one that knows that customer—a good farm loan agent, community bank, Farm Credit knows their customer, and they know when that stress is real. Maybe you could talk a little bit about what you are doing to try to address that farmer suicide rate.

Mrs. DURBIN. Thank you, Senator, for raising that question to me today. You know, what you shared is real, and I think we all could agree that if we look back over history, you know, farmers are no stranger to, you know, challenge, and our farmers are resilient. You know, I know some of this firsthand. I am a farmer myself. My husband and I have our own farming operation, and I understand the stress that comes with that.

Farmers have the most faith of anyone I know.

Senator MARSHALL. They do.

Mrs. DURBIN. When you think about that, there is so much out of their control. You know, they cannot control the weather, they cannot control prices, and so there is a lot of stress that comes with that. When you think about the current economic environment in agriculture, that stress is compounded, right?

One of the things that I continue to be extremely proud of, not only as a farmer, but working for the Farm Credit System, specifically Farm Credit Mid-America, and the ways that we are partnering with our industry partners to help our customers experiencing that stress. One of the things that we have done as a system is partner with the American Farm Bureau, the National Farmers Union on the resilience relief, which is a free program for online help and coaching to farmers, farm families that are experiencing that stress and helping them work through that stress and how to do that in a way that helps them thrive coming out on the other side.

For me, working for an organization and the Farm Credit System that truly keeps the customer at heart, you know, our 109-year-old mission is to serve all of agriculture and to be there for customers in good and challenging times, providing reliable credit to our farmers. That is something that I am extremely proud of, and I appreciate that you have raised that question today.

Senator MARSHALL. Yes. Just in case anybody is out there watching, listening, I think the number is 988. Lacy, is it 988? The 988 number you can call if you are having suicidal thoughts. Maybe it is your neighbor, though, that is having—you know, you recognize something about your neighbor, that they are not sleeping well, that they are not going to the high school basketball games this time of the year, they are not going to church, that you might recognize something. Be a good neighbor and say, hey, let's go get a cup of coffee or, if it is really bad, let's call 988.

Let's go to Mrs. Hoch next. You deal with crop insurance every day, right?

Mrs. HOCH. Yes.

Senator MARSHALL. Okay. I want to make sure I understand, why is crop insurance increasing so much? I mean, I assume it is. Is it input costs? Is it Mother Nature? Why are crop insurance rates going up?

Mrs. HOCH. Yes. I mean, I think crop insurance creates certainty. If I can comment on your previous——

Senator MARSHALL. Oh, please do.

Mrs. HOCH [continuing]. question, we are passionate at RCIS around the mental health and wellness of our farmers. It is a topic we have been trying to raise more to the forefront, so I love that you raise that.

As crop insurance, actually, our adjusters are out there on the frontline in the moment when that loss occurs, and, having been there myself, it is extreme stress for a farmer. You are thinking about the loan you have to pay off, you are thinking about your family, you are thinking about education for your kids, and you are facing a loss and not quite sure what is going to happen. Those crop insurance agents, we have created training for them to be first responders, to have a sense of an awareness when they are interacting even with a farmer out in the field in that loss-adjusting moment. There are so many moments that we can all take to be good neighbors, to be careful and thoughtful about the mental health and wellness of those around us. I wanted to——

Senator MARSHALL. Thank you.

Mrs. HOCH [continuing]. add that. I think it is so important to share.

Senator MARSHALL. If I could share one thing back with you, and I talked to this with Farm Credit. You need to make sure that your own employees get some TLC after those events as well because it is traumatic to them as well. No one likes to go in and have a metal shed sale. No one likes to go in there in these traumatic events and work the adjustment. It is tough on your employees too.

Mrs. HOCH. Very much agreed. Back to your first question, crop insurance is a really important tool. The availability of that to all farmers across the country is critical to this program, ensuring that it is affordable, that it is widely available, that it serves our farmers across all crops, and that, important to the program itself, that it is actuarially sound, that we have the right data, we have the right understanding of those products to make sure that they are available to serve our farmers in America when they need it the most.

Senator MARSHALL. When I ask people why is flood insurance going up so much, and the answers would be, well, it costs a lot more to replace a home, and there are more storms, there are more floods. In crop insurance, is it also a reflection, though, of just rising input costs and interest rates as well? I assume there are some reasons.

Mrs. HOCH. Yes, the cost of crop insurance will be driven by two predominant things, the yields that come out, and those yields can be impacted by weather, they could be impacted by a farmer's particular choice around seed or inputs that they put into their crop, and it will be absolutely impacted by the commodity price.

Senator MARSHALL. Thank you. Thank you so much, Chairman. Sorry to go over. I yield back.

Chairman BOOZMAN. No, thank you. That was really an important line of thought and questioning. Senator Moran.

Senator MORAN. Chairman Boozman, thank you.

The Chairman's mark of his farm bill framework extends this opportunity for beginning and veteran farmers to get a benefit on crop insurance for the first five years and extends that to ten. Can someone tell me the value of that? I think, Mr. Rowe, maybe you are a beneficiary of that program. Five to ten years, does that make a difference in what we are trying to accomplish in encouraging beginning farmers to begin farming and to stay in farming?

Mr. ROWE. Thank you for the question. Yes, sir, five to ten years, that is reasonable time based on my experience and what I see with my colleagues.

Senator MORAN. What kind of benefit does this crop insurance—what does that benefit look like to you?

Mr. ROWE. It is already a risk itself, so with crop insurance, it basically gives me a sigh of relief that, no matter what happens, I have someone that can, you know, not say take care of the debt I may have to face, but also give me a starting point to be able to move forward.

Senator MORAN. In the absence of crop insurance, what would your circumstance have been in starting your operation, and how would your relationship have been with your banker if you could have gotten a relationship with a banker?

Mr. ROWE. Thanks for the question. The banker would have loved that a lot, knowing that I had a way to be able to take care of my loan. With the crop insurance, for me, personally, it helped me when it comes to knowing what I am going to plant that year and knowing that I am covered no matter what type of payment I may have. But without that crop insurance, you are really taking a big risk.

Senator MORAN. In your specialty crop world, crop insurance is working on those crops, working well?

Mr. ROWE. No, sir. The specialty crops that I grow, they do not offer crop insurance for such as hemp. That is a fairly new crop in the State of Georgia, and a lot of crop insurance do not want to take the risk, like I say, when it comes to that crop.

Senator MORAN. Mrs. Hoch, I think you testified—my notes I can hardly read—but you cautioned us about disaster assistance that damages the viability of crop insurance, that you could have a disaster program, I suppose, that diminishes the desire of farmers to purchase crop insurance and spread those risks among producers. Tell me more about that. I guess my question is, what about the disaster assistance that we provided in January, in December? Is that an impediment to crop insurance?

Mrs. HOCH. Thank you for the question. The disaster relief that was provided, these are critical sources of funds to farmers. They are going to help, particularly as they are looking to pay down operating loans when there has been multiple years.

My point around it is, crop insurance, we cannot cover every single gap. We are not here for every single situation that could occur, so there are moments when disaster aid is incredibly important. My hope is, is that we can continue to work together to find more opportunity, to find more products that can work, that can be actuarially sound, and help cover some of those gaps so that it is distributed out in a fair and equal way through a very efficient system which the public-private partnership has built. It gets those payments to a farmer in a very efficient, fast, and effective way.

Senator MORAN. Are the circumstances in which actuarially sound occurs, are they increasing or decreasing?

Mrs. HOCH. Sorry, could you repeat that?

Senator MORAN. Yes, the question is, crop insurance is becoming more available or less available because of the requirement of actuarially sound? Are we able to get more crops covered and be actuarially sound, or has it become more difficult? The gaps you talk about, are they increasing or decreasing?

Mrs. HOCH. I think that the gaps are decreasing, and we would like to see them continue to decrease more. The importance is obtaining that data underneath on the products using the 508(h) process that the act allows for to be able to bring forth that data, to get that actuarial soundness so that you can provide crop insurance to that product.

Senator MORAN. That 508 process, is it used to provide new insurance products or modify existing or both?

Mrs. HOCH. Both.

Senator MORAN. Okay. I think those are my questions. Thank you very much.

Oh, Mr. Noble, I am saddened to hear the story that you told today. I am sorry that you have a personal circumstance, and it is the—you know, a primary reason I asked Kansans to give me the chance to represent them here is to try to make sure that rural America is alive and well. While I do not know your family's operation well, it has a reputation of being solid and pillars of the community, and it is a real—the loss is economic as well as just like leadership within the community. The future of the places that most of us come from is determined on whether people like you and your family are in business and are part of the community, and I am saddened by what you described today is occurring.

Mr. NOBLE. Thanks for your word, Senator. I appreciate that greatly. As we were able to reconnect earlier, you and I have been able to work together on agriculture policy for a long time. It is great to see you in this Chair, and I appreciate your comments. I will pass them on to my family.

Senator MORAN. Please do. Thank you. Mr. Chairman, thank you. Mr. Chairman, it is a long way from you to me.

[Laughter.]

Senator MORAN. I do not really like it.

[Laughter.]

Chairman BOOZMAN. Thank you all. Thank you again for being here. The hearing today was really outstanding, and we got a lot of good information that, along with our other hearings, just kind of reinforces each other about the need to get a good, strong farm bill and the programs you describe, you know, the need to improve on those, which, again, we are quite willing to do. This is how you do it is listening to the people who are literally out in the fields every day, you know, trying to make a living. The answers need to come from the bottom up.

Thank you for being here. The record will remain open for five days. Today's hearing is now adjourned.

[Whereupon, at 4:11 p.m., the Committee was adjourned.]

A P P E N D I X

MARCH 11, 2025

Perspectives from the Field: Risk Management, Credit, and Rural Business Views on the Agricultural Economy, Part 3
Introduction by Senator Mitch McConnell
Senate Agriculture Committee
March 11, 2025

Mr. Chairman, Ranking Member Klobuchar, Fellow Senators:

Thank you for giving me the opportunity to introduce my fellow Kentuckian, Tara Durbin.

Farming has never been easy, but today, American farmers face an uphill battle unlike any in recent memory: navigating years of volatile prices, unstable markets, and the lurking threat of natural disasters. Few understand the challenges facing farmers in Kentucky better than Tara. Growing up on a small farm herself, Tara saw firsthand the dedication it takes to succeed in agriculture. She's since devoted decades to supporting farm families in achieving their goals, ensuring they have the financial tools they need to weather uncertainty. As Chief Lending Officer for Agriculture at Farm Credit Mid-America, Tara plays a crucial role in providing reliable credit to farmers and rural families across Kentucky, Indiana, Ohio, and Tennessee.

In Kentucky, we're home to over 69,000 farms that produce everything from soybeans and poultry to horses and corn. For the hardworking men and women who run these operations, access to reliable, consistent credit is critical not just in keeping the lights on, but also in securing our nation's food supply and the future of American agriculture.

I'm proud Tara is here today to share her expertise and insight with the committee. Her testimony will shed valuable light on the challenges facing American farm families, particularly when managing risk in today's uncertain economy.

Thank you for allowing me to introduce Tara. I look forward to working with my colleagues on this committee as we continue to consider how best to support America's farm families.

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Testimony of
Tara Durbin, Chief Lending Officer,
Farm Credit Mid-America
Before the
U.S. Senate Committee on Agriculture, Nutrition, and Forestry
March 11, 2025

Chairman Boozman, Ranking Member Klobuchar, and members of the Committee, thank you for calling this hearing today to discuss the agricultural economy and for allowing me to testify. My name is Tara Durbin. I serve as Chief Lending Officer of Farm Credit Mid-America, headquartered in Louisville, Kentucky.

Farm Credit Mid-America is a financial cooperative providing financing, crop insurance and related services to more than 145,000 farmers, ranchers, agribusinesses and rural homeowners in Arkansas, Indiana, Kentucky, Missouri, Ohio, and Tennessee. More than 1,600 team members serve our customer-owners across our 391-county territory. We provided $34.4 billion in loans to farmers and ranchers as of September 30, 2024.

Most importantly, our association is a customer-owned, locally governed cooperative and proud member of the Farm Credit System, which was created by Congress more than a century ago. Along with 55 other Farm Credit institutions, we share a critical mission to support rural communities and agriculture with reliable, consistent credit and financial services, irrespective of cycles in the economy or fluctuations in financial markets.

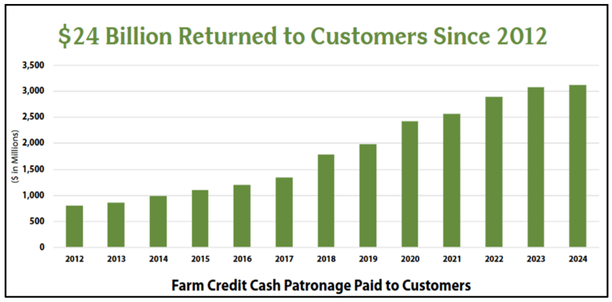
As this Committee has heard over the course of this hearing series, there are numerous challenges facing US agriculture. However, hundreds of thousands of farmers around the country developed a farm operating plan this year knowing that Farm Credit has the financial strength to finance that plan and the strong desire and ability to help them succeed. As margins have tightened for farmers across the country, our mission to serve all of agriculture in good and challenging times is especially important.

There is no federal funding provided to Farm Credit, and we do not take deposits. Instead, we issue debt securities on the public markets and use proceeds from the sale of those securities to fund our lending activities. While the interest rates we pay for our funding have risen sharply, funding remains plentiful. Our access to funding, along with our financial strength, means that Farm Credit is well positioned to continue providing competitively priced credit.

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 and support more lending to our customers or returned to our customers via patronage dividends.

In 2024 alone, Farm Credit returned over $3 billion in patronage to our customers, representing 39% of total earnings. Since 2012, Farm Credit has returned $24 billion in patronage to our customers.



Later this month, Farm Credit Mid-America will return $260 million in patronage back to our customers-owners. Over the last nine years, we have returned to more than $1.5 billion through our patronage program.

The portion of Farm Credit's earnings not returned to customers provides the critical support for more lending to the agricultural producers, agribusinesses, rural infrastructure providers and rural homebuyers we serve. Farm Credit's lending has grown by an average of over 8% per year for the past 5 years as demand for loans increased and farmers and ranchers relied more heavily on Farm Credit to meet their credit needs.

Congress assigned Farm Credit a mission to serve all sectors of agriculture, and we fulfill that mission every day. From the largest producers to the more specialized local producers, Farm Credit offers a wide range of loan products to support specific needs across all 50 states and Puerto Rico.

Congress specifically directs Farm Credit to serve the needs of young, beginning, and small (YBS) farmers and ranchers. In 2024, Farm Credit made just over 129,000 loans to YBS producers which is about 57% of the total of new Farm Credit loans made during the year. The chart below details Farm Credit loans made last year to YBS producers.

	For Year Ended December 31, 2024			
	Number of New Loans	Volume	Percentage of New Loans	Percentage of Volume
		($ in Millions)		
Young Only	6,548	$ 5,853	2.9%	3.1%
Young & Beginning	10,787	$ 7,879	4.8%	4.1%
Young & Small	4,507	$ 856	2.0%	0.5%
Beginning Only	7,355	$ 7,482	3.3%	3.9%
Beginning & Small	24,833	$ 8,468	11.0%	4.5%
Small Only	52,914	$ 12,522	23.5%	6.6%
Young, Beginning, and Small	22,190	$ 5,112	9.9%	2.7%
Non-YBS	95,706	$ 141,666	42.6%	74.6%
Total	224,840	$ 189,838	100.0%	100.0%

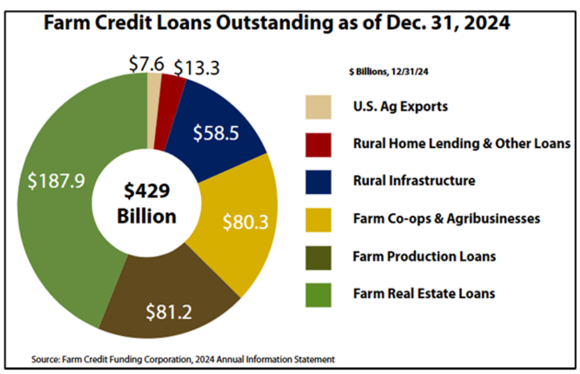
New for 2024, the Farm Credit Administration made substantial changes to the way Farm Credit institutions were required to collect and report YBS loan data. Changes were made to both the categories being reported and to the criteria for inclusion in those categories. For instance, FCA increased the annual gross farm income threshold for small farmers to $350,000 where previously it had been $250,000. As a result, 2024 data cannot be compared to previous years.

Considering these new FCA reporting requirements, at year-end 2024, Farm Credit institutions had approximately 618,000 loans outstanding to YBS producers for about $185.6 billion. Again, because of the regulatory reporting requirement changes, these numbers cannot be compared to previous years. *[Note: The numbers cannot be combined. 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.]*

Farm Credit Associations proudly meet the YBS mission by offering unique loan programs and tools to serve these customers in the way that is most appropriate for their specific agriculture products and geographic region. Farm Credit Mid-America does this through our Growing Forward Program. Growing Forward provides special underwriting standards and tier one interest rates along with personal and business financial education programs. Growing Forward customers are also expected to create business plans and work with their loan officers regularly to make sure they are on track to accomplish their goals. Through these conversations, they also receive financial coaching to support the operation's long-term viability regardless of margin or economic cycle.

Farm Credit's mission to support U.S. agriculture extends well beyond the farm gate. We make loans to farmer-owned cooperatives and other agribusinesses that are critical to farmers' success. We also provide leases for agricultural equipment and facilities, and we finance the export of U.S. agricultural products overseas.

Farm Credit's mission also extends to rural communities where we finance critical rural infrastructure, including power generation and transmission, communications providers, water and waste services, and some community facilities. These loans improve the quality of life in our rural communities, providing clean drinking water, broadband for schools and farms, and reliable energy for rural families and businesses. In addition, we lend to rural homebuyers in very small communities with less than 2,500 in population. Because a steady flow of credit means more jobs and economic growth, Farm Credit helps ensure the vibrancy of communities throughout rural America. Farm Credit's mission is as vital today as it has ever been.



Current Ag Outlook

The Committee's hearing today offers a timely look at the ag economy, as producers of many agricultural products face increasingly difficult economic circumstances. Those already difficult circumstances were exacerbated by hurricanes, drought, wildfires, flooding, and other natural disasters from earlier this year and last year.

Excluding government payments, USDA's inflation-adjusted net farm income has fallen by $43 billion. While some livestock producers have benefited from high cattle and milk prices, low prices for other ag products, coupled with high input costs are tightening margins and creating severe losses for many producers. Some geographic regions and some commodities are being more impacted than others. In some regions and for some producers, 2024 was the second or third consecutive year of loss. Unfortunately, the current economic environment is expected to continue in 2025. As working capital decreases, producers' margin for error is also decreasing.

Current conditions are making it especially difficult for young and beginning producers, many of whom do not have significant equity built up from long-time land ownership. Many of these producers have few remaining options as they work to continue for another growing season. More experienced producers with equity built up also face difficult decisions about how much of their hard-earned equity to risk with little to no sign of profitability on the horizon.

Land values have generally been strong, which bolsters some farmers' balance sheets. However, cash rents remain very high and are compressing margins for farmers who rent land. Additionally, high land prices also create a very real barrier to entry for young and beginning farmers.

As a cooperative and a mission-driven lender, owned and governed by our customers, Farm Credit will continue leveraging our financial strength to support U.S. producers through this difficult period.

Prior to the run up in interest rates, Farm Credit worked with producers over the past several years to lock in very low, long-term interest rates on farm mortgage loans. However, higher interest rates have impacted short-term operating loans and those currently purchasing new farm ground. As all of this margin pressure impacts our customers, we are tailoring financial packages to help farmers deal with the economic situation, including in some cases by restructuring debt to ease short-term cash shortfalls.

Farm Credit works closely with USDA's Farm Service Agency (FSA) across the country to ensure farmers and ranchers have access to the most affordable and flexible credit available to them. FSA's guaranteed loan program is a valuable tool in helping our customers get their start in agriculture or stay in operation.

Farm Credit strongly supports the PACE Act, authored last Congress by Ranking Member Klobuchar and Senator Hoeven, which would increase guaranteed loan limits as well as make other positive changes within FSA's loan programs. Land values and input costs for farmers continue to increase, and current FSA loan limits have simply not kept pace with the rising costs that farmers are currently facing. We were pleased to see that last year's Farm Bill frameworks included this important legislation.

Customers in Farm Credit Mid-America's territory are experiencing a farm economy with both strengths and emerging concerns. The factors that most commonly determine which farm economy is being felt include geographic region, commodity produced, farm diversification, and financial position.

Over the past five years, many traditional row crop producers—particularly those producing corn, soybeans and wheat—have benefited from strong margins, allowing them to build liquidity and reinforce their financial positions. However, this is not the case across all commodities. Cotton and rice producers, particularly in our Arkansas portfolio, have faced multiple years of price volatility, quality concerns, and yield challenges, leading to more rapid liquidity erosion. Meanwhile, the protein sector remains a bright spot within our portfolio, with strong demand, limited supply, and lower feed costs providing a counterbalance to tightening margins in grain production.

While many of our customers have diversified to operate in both protein and row crops, several headwinds are emerging that are making it more difficult for producers to expand or maintain profitability. Two primary drivers include a higher interest rate environment, which has significantly increased borrowing costs, and rising farmland values—driven in part by non-agricultural income and land conversion for commercial uses. Additionally, we are seeing increased reliance on revolving lines of credit as net farm income declines, indicating that producers are drawing down the liquidity they built during more profitable years. While our current revolving credit line utilization rate remains in line with pre-pandemic levels, historical trends highlight the impact of agricultural cycles on liquidity. Over the past decade, utilization of operating lines of credit fluctuated between a low of 34% during stronger financial periods and a peak of 58% during times of greater financial stress. This pattern underscores the critical role of working capital in helping producers navigate downturns and maintain operational stability.

Farm Credit Mid-America and our peers across the Farm Credit System utilize a number of practices to work with producers through challenging cycles. Some of those practices include proactively restructuring debt as necessary to support cash flow concerns, providing financial coaching, and using federally administered programs such as crop insurance and the Farm Service Agency Loan Guarantee Program to mitigate risk. Farm Service Agency loan guarantees help producers secure credit in times of financial strain, ensuring they have access to the capital needed while also managing our cooperative's risk. We are working with customers to navigate rising interest expense, since this is a cost many producers have not had to navigate at this scale in the past several decades.

A Strong, 5-Year Farm Bill

While the *ad hoc* disaster and economic assistance from December 2024 was greatly appreciated, American farmers and ranchers must have the certainty and predictability of a strong, 5-year Farm Bill with additional federal investment that reflects today's market reality.

Farm Credit believes this includes improvements to the federal crop insurance program. Crop insurance is the cornerstone of the farm safety net, with policies covering over 125 different crops and livestock. The program functions as intended. Farmers pay for coverage they can count on when weather decreases production and crop insurance cushions the impact of falling commodity prices – to a degree. We applaud the Committee for exploring ways to enhance this vital tool.

Specifically, Senator Hoeven's FARMER Act would strengthen the crop insurance program and make higher levels of coverage more affordable for producers. Also, the Crop Insurance for Future Farmers Act, authored last Congress by Majority Leader Thune and Ranking Member Klobuchar, would provide more affordable crop insurance options for beginning farmers.

In addition to the items already mentioned in my testimony, Farm Credit developed specific credit-related recommendations for inclusion in the Farm Bill. These proposals will allow Farm Credit to have more tools in the toolbox to support our customers. We appreciate Chairman Boozman including many of these proposals in his Farm Bill Framework last year, and we look forward to working with both him and Ranking Member Klobuchar on a Farm Bill this year that supports rural communities and agriculture.

We encourage Congress to support rural communities and agriculture by:

- Supporting the U.S.-based commercial fishing industry by allowing some fishing- related businesses to borrow from Farm Credit, similar to how farm-related businesses borrow from Farm Credit, like the 118th Congress's S.1756/H.R.4940, the Fishing Industry Credit Enhancement Act.

- Authorizing Farm Credit institutions to collect demographic information from customers on a voluntary basis and ensure that the Farm Credit Administration is the primary regulator of Farm Credit System institutions, like H.R.1063, the Farm Credit Administration Independent Authority Act.

- Boosting development of vital rural community facilities (hospitals, rural clinics, skilled nursing facilities, etc.) by clarifying Farm Credit institutions' authority to finance rural community facilities projects and encouraging partnerships on these projects with community banks, like H.R.1246, the Investing in Rural America Act.

- Allowing more time between examinations for low-risk institutions, like the 118th Congress's H.R.6564, the Farm Credit Adjustment Act.

- Modestly increase Farm Credit's rural home lending population limit, like the 118th Congress's S.3497, the FARM Home Loans Act.

- Expanding access for rural businesses to equity capital investment by eliminating unnecessary restrictions on Rural Business Investment Companies (RBIC) and allowing RBICs to access federal leverage funding, similar to how small business investment companies operate.

- Promoting U.S. ag exports by increasing the amount of export financing CoBank is allowed to provide; and

- Improving the transparency and safety and soundness of the Federal Agricultural Mortgage Company (Farmer Mac) by requiring the company to obtain and maintain public ratings on its debt securities.

Thank you very much, Chairman Boozman and Ranking Member Klobuchar, for allowing me to testify today. Farm Credit is committed to fulfilling the mission Congress charged us with 109 years ago, and we look forward to working with you as you reauthorize the Farm Bill.

Dalynn Hoch Testimony
Senate Committee on Agriculture, Nutrition and Forestry
Subcommittee on Commodities, Risk Management and Trade
Hearing on Crop Insurance and Credit
March 11, 2025

Chairman Boozman, Ranking Member Klobuchar and other distinguished Members of the Senate Committee on Agriculture, Nutrition, and Forestry – thank you for allowing me the privilege and opportunity to testify today on the importance of crop insurance and the vital role it plays in providing risk management to farmers across the country and facilitating capital flow to the rural American economy.

My name is Dalynn Hoch, and I am the Head of Rural Community Insurance Services (RCIS), which operates as one of the 12 Approved Insurance Providers, or AIPs, that sell crop insurance policies to farmers, ranchers and growers across the country. My background is a bit different for this sector as I haven't spent the majority of my career working in crop insurance, but I am a proud farmer's daughter and now also farm in the great state of Minnesota!

On our farm, we rotated growing corn and soybeans, as well as a garden that fed our family. Frankly, I didn't even realize you could buy spaghetti sauce in a jar until I went to college! I was a proud member of 4-H and FFA -- Future Farmers of America. I give credit and thanks to these organizations for shaping some of the great leadership and project management skills that I use everyday. I think often that the potential and development of kids growing up in a rural community can be underestimated! One of my favorite projects was showing sheep and I had the opportunity to show them at the Minnesota State Fair a number of times and that was one of the highlights of the year for me as a kid! So many amazing memories at the Minnesota State Fair. Last year we started a gathering with our RCIS agents at the Iowa State Fair to watch their kids show their pigs. Now that is a great work day!

Like so many farm kids growing up in the Midwest - and all around our great country -- we learned a lot of skills and a lot of lessons about what it means to nurture the crops that feed the world out of the ground each year. And unfortunately, we also learned that sometimes we had to face together terrible losses when nature came with large hail, flooding rains or weeks of drought. Farming is not for the faint of heart or body!

But what has really stuck with me throughout my life -- were the generational values that we shared as a family and have now passed on to our own kids. As much as anything, agriculture is about community and sharing. Yes, it's a business. But it's also about hope and humility. Courage. Faith. Honesty. Doing the right thing. The value of hard work. I tell my children almost every day that hard work equals outcomes. These deep-rooted convictions were built growing up and working on our family farm. It's a belief that there is something noble about what farmers, ranchers and growers do to provide food, fuel and fiber. And because I believe that we all hold those values in common, that's why I'm so pleased to talk with you today and to share both my personal and professional knowledge about the importance of crop insurance with you.

In 2016, when I was the Chief Financial Officer for Zurich North America here in the U.S., I was a strong proponent in our acquisition of Rural Community Insurance Services. It was one of the proudest moments of my career when I could call my dad and tell him we had bought a crop insurance company!

In 2019 my career took me overseas to Switzerland, where I served as Head of Mergers and Acquisitions for Zurich Insurance Group. This is where my family and I were when I was overjoyed to accept the role of Head of RCIS. We moved back home to Minnesota, where my husband is now farming alongside my brother on our family farm and our own farmland we had bought in 2023. So, this conversation today is very personal for me – not just as the head of an insurance provider, but as a farm owner and operator, as well. And perhaps most importantly by a farm girl who saw how crop insurance protected us, allowed us to stay on our family farm and continue to farm in a moment when it mattered most.

And I want to share one more thing … This past year my visit to the Minnesota Fair was more special than usual…and not just because I wasn't able to go as often from Switzerland. But this time I wasn't showing sheep; we were celebrating, my niece, Donnae Morton, who was blessed with the honor of serving as Miss Rodeo Minnesota 2024. We were so excited and proud to support her in what is a pretty epic experience for someone in the farming and ranching community! I had to give that little shout-out to Ranking Member Klobuchar and our great state!

I appreciate being here today to discuss the role that crop insurance plays in the farm economy. And I would be remiss if I did not thank those of you on the Committee and other policymakers who have worked hard to continually improve farmers' most important risk management tool. Those investments are paying off. Since the 2018 Farm Bill was signed into law, crop insurance has seen unprecedented growth and popularity in the agricultural communities. The crop insurance system has added more than 200 million acres during that time – an area larger than the states of California and Texas combined. And farmers and ranchers have purchased and companies have provided more than $70 billion in protection.

Today, crop insurance is an economic driver in rural America that helps maintain capital flow by not only in its most basic function of paying claims for farmers who suffer losses but also ensuring access to needed credit for operating loans. This mechanism not only secures loans and empowers the farmer to plant with necessary risk protection but also spills over into the local economy empowering agricultural retailers and other local businesses, often the first line of unsecured debt to the farmer in communities across the country. Additionally, crop insurance spurs job creation by providing many head of household jobs due to companies' commitment to service and innovation in risk management for agricultural production.

RCIS delivers crop insurance nationally, so we are proud to serve farmers in each state represented on this Committee. We are also a member of the American Association of Crop Insurers, Crop Insurance and Reinsurance Bureau, which spearheads the Crop Insurance Coalition, and National Crop Insurance Services; all working diligently with a cross-section of stakeholders to protect and preserve the program.

Although Federal crop insurance has been available since 1938, it wasn't fully utilized until almost 60 years later. Prior to 2000, natural disaster management typically came in the form of ad hoc disaster bills, which were slow in delivering assistance, very costly, and relied completely on taxpayers to fund. After spending billions in unbudgeted dollars, Congress decided that it was time to find a better way to help farmers across the country, so this body worked to make crop insurance more widely available and affordable to farmers and ranchers. The legislation enacted in 1994, 2000 and 2014 amplified the involvement of the private sector, made the program more actuarially sound, encouraged farmer participation, and improved the availability of coverage. The program has become the cornerstone of risk management on the American farm and an economic engine for rural America. With the continued bipartisan support for crop insurance and the public-private partnership, farmers are able to receive a reliable and cost-efficient safety net to protect both themselves and the future of farming. This is critical to ensure food security for all of us.

The Federal Crop Insurance Program is a "three-legged stool" design. The risk insured under crop insurance policies is shared by crop insurance companies; the farmers, who pay a premium for the policy and must meet a deductible before receiving assistance for a confirmed loss; and the Federal government, which offers premium support to farmers and reinsures part of the risk. Each player has a vested interest in the success of the crop insurance program, helping to ensure the success of the program over the long-term.

As an Approved Insurance Provider, we underwrite crop insurance policies - which means we share in bearing the risk of policies, so the taxpayer is not solely responsible for covering losses. We contract with agents to sell policies and employ claims adjusters to assess and verify losses. We invest in technology, training and services to promote efficiency, foster innovation and ensure the highest integrity of the program. This investment helps to ensure one of the lowest improper payment rates amongst USDA programs.

Crop insurance is a big tent. Our industry protects farmers of all sizes and covers over 406 varieties of 134 different agricultural commodities including a significant number of specialty and organic crops. For those crops without individual policy coverage, Whole Farm Revenue Protection insurance is available. And more recently, the program has been expanded to include dairy farmers and additional options for livestock producers.

We believe that crop insurance is one of the best tools available to farmers to protect against the perils of nature and the volatility of commodity markets, because crop insurance provides a rapid-response solution to disasters and is a farmer's first line of defense against these losses which could otherwise potentially take a family off their farm. Private companies, like RCIS, typically are able to deliver indemnity payments to farmers in fewer than thirty days after a loss occurs and the claim finalized – not months or years later. I know how critical it is to receive this payment and the relief that is felt in a family. The private sector delivery of crop insurance also means that farmers have a choice in who they do business with, and this choice ensures that a farmer is able to find an agent and a company that can provide them with the best service for their operation.

The cost-sharing with the Federal government helps to keep crop insurance affordable for most farmers, while also ensuring that the program is fiscally responsible. It's important to note that Congress requires crop insurance to be actuarially sound and that premium rates are set by the Risk Management Agency (RMA) at USDA. Companies do not set rates. Instead of competing on price, we compete on the service we provide to farmers. Premium discounts are also dictated by statute and are outside the control of companies but are within your purview. Again, any changes to crop insurance must ensure that the program remains actuarially sound to ensure long-term stability and sustainability of the investment of private capital into the risk management tools of this incredibly important agriculture industry.

Crop insurance companies have worked with RMA and other stakeholders to find innovative ways to provide different types of less expensive risk management options to those farmers that may face affordability issues. For example, crop insurance companies now offer Hurricane Insurance Protection – Wind Index Endorsement policies, which pays part of a farmer's deductible when a county or adjacent county sustains hurricane-force winds from a named hurricane. It is an inexpensive way for a farmer to supplement an underlying policy where high coverage levels may be unaffordable.

That added protection was essential to rural communities impacted by hurricanes in 2024. In fact, crop insurers delivered more than $800 million in indemnity payments within two weeks of last year's deadly hurricanes, making it among the first meaningful money to arrive after Hurricanes Milton and Helene. These payments give a farmer hope in what seems like an insurmountable moment of disaster.

Similarly, we now sell products such as STAX, the Supplemental Coverage Option (SCO) and Enhanced Coverage Option (ECO) policies, all of which allow farmers to supplement an underlying policy on their individual farm with less expensive county coverages. While not perfect, these options demonstrate the industry's ability and willingness to adapt within the boundaries provided by statute to offer more affordable risk management tools to farmers, an additive tool that can supplement adequate levels of individual risk coverage.

Crop insurance is also flexible. Farmers can tailor their coverage to fit the needs of their specific operation. The program is continuously evolving and improving to meet the needs of America's farmers and ranchers. Some recent advances have included the introduction of the quality loss option to improve APH coverage, improved livestock insurance options, and margin insurance to assist farmers in a volatile input pricing environment.

If a farmer or commodity organization doesn't believe there is an existing policy that works on their farm, the Federal government will provide significant reimbursement to them to develop a product under section 508(h) of the Federal Crop Insurance Act. Most 508(h) changes don't require a Farm Bill or any other legislation. The development of these policies require only an interested party willing to work with the Federal Crop Insurance Corporation Board to design a better product in an actuarially sound and marketable way.

The crop insurance program and crop insurance companies have also worked hard to serve producers in all regions. In addition to offering policies for more than 160 different commodities, we've strongly supported additional benefits for veterans and beginning farmers and ranchers as included in the 2014 statute, and we look forward to continuing support for those efforts.

We know that crop insurance is not a panacea for every challenge that America's farmers have faced in recent years. The program simply isn't designed to address every type or cause of extreme loss. The statute prevents the program from covering some losses, such as those that occur after the harvest of a crop. But for those losses that can be appropriately covered by crop insurance – such as in-season commodity price decreases, yield losses due to the multiple perils of nature, and even squeezes in farmer margins – there is no more effective means of providing relief to farmers in a timely fashion than through crop insurance.

Ultimately, the crop insurance program successfully meets the needs of thousands of farmers who can tailor their risk management needs to serve them best with the help of a local agent and the backing of an efficient private sector delivery system. Crop insurance is fiscally sound and protects America's taxpayers, especially when compared to other alternatives for addressing losses suffered by American farmers.

Crop Insurance Complements Agronomic Choice for Producers

As the Committee continues to evaluate the intersection between agriculture and weather and input costs, it is important to note that a farmers' best tool in defense against weather-related production losses is crop insurance. Crop insurance and local natural resource management concerns intersect in positive ways. For example, to be eligible for crop insurance, farmers must follow Good Farming Practices, as defined by local agronomic experts. Farmers who follow those Good Farming Practices that help build their resiliency, such as, for example, no-till farming and planting cover crops, can see lower production costs, better soil health and increased yields, all of which can lower their crop insurance premiums and increase their production guarantees in an actuarially sound way.

By promoting Good Farming Practices that can help lead to lower premiums, crop insurance helps complement healthy soil and conservation efforts. The *Journal of Environmental Management* published a peer-reviewed study that credited crop insurance with encouraging the adoption of conservation practices.

The 508(h) process is another tool that can be used to enhance agronomic choice through crop insurance. As mentioned, Section 508(h) allows for individuals or groups who would like to add additional insurance products into the marketplace a pathway for getting those products considered and approved by the Federal Crop Insurance Corporation Board of Directors. Products considered under this process are farmer-driven and must be actuarially sound and follow sound insurance principles. Recent examples of products approved by the FCIC Board, which highlight the effectiveness of the 508(h) process in driving adoption of resilient practices, include expansion enterprise unit options to better meet varying farm operations and the Sprinkler Irrigated Rice Endorsement, with other agronomic and pro-stewardship policies currently under consideration.

Crop Insurance and Disaster Assistance

Crop insurance provides certainty to farmers and their lenders and often corresponds to actual losses incurred by a farmer, especially in today's difficult farm economy. If a farmer has a loss, they will typically receive a crop insurance payment within 30 days of a claim being finalized through an efficient private-sector delivery system. By contrast, other types of assistance can often take a year, or oftentimes more than a year, after a disaster before a farmer receives a payment. Farmers get to work with an agent to identify their individuals risks and choose their level and type of coverage, which provides a predictable financial backstop for lenders in times such as these where input costs remain high, and farmers are borrowing more to purchase these inputs let alone their significant investments in machinery.

The last several years have seen a drastic increase in ad hoc disaster payments as unprecedented crises have hit rural America. As an industry, we are continuously evaluating where the gaps in the program exist and what we can do to help more farmers better manage their risk through the Federal crop insurance program. This has been particularly true in the last few years. For example, as ad hoc assistance was required to address increasingly intense hurricanes, the Risk Management Agency developed and the industry implemented a simple, inexpensive coverage for hurricanes that is based on wind speed and can help to address the concerns of many southern farmers who have often felt that more traditional coverage is too expensive for their needs. This product has since received a Tropical Storm endorsement announced in early 2023 for damages caused by strong weather systems that are not categorized as hurricanes.

This is not to say that crop insurance can solve, or should be used to solve, every problem confronted by America's farmers. However, if this Committee considers a new Farm Bill in a backdrop of disaster-related needs, this legacy of improvement should lead the Committee to consider how crop insurance can be strengthened further.

Regarding any proposals considered by the Committee, we:

- Discourage any disaster assistance program that would disincentivize farmers from purchasing crop insurance. Often crop insurance and disaster programs work together through purchase requirements to ensure that crop insurance participation is encouraged. However, even the existing ad hoc programs created by USDA and authorized by Congress, as they are designed today, discourage farmers from purchasing the highest levels of crop insurance coverage available to them.
- Request recognition that companies incur costs (direct and indirect) for administering aid outside the purview of the Federal Crop Insurance Program.
- Oppose double paying farmers for the same loss. In addition to indirectly discouraging crop insurance purchases, a duplicative policy design is not in the best interest of the taxpayer or the farmer over the long-term.
- Oppose any disaster package that is funded by cutting crop insurance.
- Encourage the use of the 508(h) process for the creation of additional policies that can better address existing gaps. Your predecessors on this Committee understood the ever-changing agricultural landscape and designed mechanisms within the crop insurance program, including 508(h), that would help agriculture adjust to changing times. These processes should be protected and utilized moving forward.

Given the multiple references to section 508(h), I would be remiss not to mention that we are working actively with the Risk Management Agency and look forward to working with this Committee to ensure transparency and timeliness in the rollout of future products submitted through the 508(h) process. In the past, crop insurance companies have been faced with the implementation of new crop insurance products at such a late date and with so little information that it has been difficult to support a successful product launch for our farmer customers.

Capital Sustainability and Program Viability

For crop insurance to function as designed, it must be affordable for farmers and ranchers, widely available for purchase across the country, and economically viable for the private sector to deliver and sustain long term the commitment of their capital, both dollars and talent to this industry. As stated earlier, policymakers have made big strides in both the affordability and availability buckets. We are selling more policies, to more producers, and insuring more acres than ever before.

But with this growth has come challenges to the economic viability of the system. Approved Insurance Providers' expenses have also grown exponentially, as costs to offer, market, service, and adjust claims for policies have expanded. Education and training budgets are increasing, new staff must be hired and onboarded, and investments are being made across the industry to constantly improve the tools and technologies needed to provide exceptional service to America's farmers and ranchers. Meanwhile, the effects of inflation have been felt throughout our industry, just as it has in others.

Unfortunately, the Administrative and Operating (A&O) payments provided by the U.S. Department of Agriculture to help cover delivery costs have not kept pace with either inflation or the rising price of delivering modern-day crop insurance. Prior to 2015, an inflation factor adjustment was built into A&O calculations. That inflation factor was sunset after 2015, and as a result, expense deficits today are nearly double what they would have otherwise been.

Based on the economic data that crop insurers submit to the USDA, we know that the shortfall of A&O expense reimbursement is considerable, only meeting about two-thirds of the private-sector expenses being incurred to deliver and expand a growing program. This one-third shortfall comes entirely out of insurers' profits, dragging down the real rate of return for the industry to levels that are just marginally better than risk-free U.S. Treasuries. We are in the crop insurance business because we love agriculture, we want to be an important part of ensuring food security and we want to see farmers and ranchers succeed, but as private businesses, we must also earn an adequate return on our capital to ensure our investors keep this capital in the agriculture industry long term.

As the committee works through their Farm Bill deliberations this Spring, RCIS and the whole of the private sector in crop insurance is open to conversation on this important issue and stands ready to work with you to ensure viability of the Federal Crop Insurance Program and all that participate in it.

Concluding Remarks

In conclusion, crop insurance is the premier risk management tool for the American farmer. Multiple factors combine to make crop insurance the cornerstone of many farmers' financial and risk management plans: the ability to tailor coverage to their own operation at a meaningful level and affordable price, the comfort of working with a local and trusted insurance professional and the knowledge that losses will be covered in a timely manner and before operating loans must be repaid. Over time, these crop insurance benefits have accounted for the success and acceptance of the program and will continue to do so well into the future. They have kept families on their farms, farming to grow crops and produce that keep us clothed, fueled and healthy.

Again, thank you for inviting me to speak today and for your continued support of the crop insurance program. I look forward to answering any questions you have, and I am happy to be a continuous resource for you during the upcoming Farm Bill discussions.

Testimony of

Caleb Hopkins

On Behalf of the

American Bankers Association

Before the

Senate Committee on Agriculture

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Chairman Boozman, Ranking Member Klobuchar, and members of the Committee, my name is Caleb Hopkins. I am the current chairman of the American Bankers Association's Agricultural and Rural Bankers Committee and testify in that capacity today. I am currently based out of Halbur, Iowa. I have worked in agricultural banking for 13 years, including the past 2 years as a Loan Production Officer for Dakota Mac, a subsidiary of First Dakota National Bank in Yankton, South Dakota. Before First Dakota National Bank, I worked at a small community bank helping to lead their agricultural lending. Agricultural bankers have a deep appreciation for the important role producers play in our economy and the unique challenges they face. I appreciate the opportunity to present the views of the ABA for the hearing titled "Perspectives From the Field: Risk Management, Credit and Rural Business Views on the Agricultural Economy."

The American Bankers Association (ABA) is the voice of the nation's $24.1 trillion banking industry, which is composed of small, regional and large banks that together employ approximately 2.1 million people, safeguard $19.2 trillion in deposits and extend $12.7 trillion in loans. ABA is uniquely qualified to comment on agricultural credit issues as banks have provided credit to the agriculture industry since the founding of our country. At year-end 2024, 3,725 banks –82 percent of all banks nationwide– reported agricultural loans on their books with a total outstanding portfolio of more than $204 billion.

Over the past year, ABA has supported the passage of a long-term Farm Bill. Bankers were in constant conversation with both the House Committee on Agriculture and the Senate Committee on Agriculture during the development of a 2024 Farm Bill. In addition to the 2024 Farm Bill, bankers worked with Members of Congress to provide information on the need for economic assistance for our farmers and ranchers. Bankers continue to monitor the agricultural economy, and we are very cognizant of how economic headwinds affect our customers. Congress has several tools to help the farm economy – starting with the passage of a strong Farm Bill. Additionally, outside this committee's jurisdiction, bankers believe the Access to Credit for our Rural Economy (ACRE) Act of 2025 is a solution that will provide another form of economic relief for farmers, ranchers and rural homeowners by lowering the cost of credit for these customers.

To the American Bankers Association, fostering the next generation of producers goes further than a program – it's part of what drives our lenders in rural communities every day.

Introduction

In May of 2024, the House Committee on Agriculture held a committee markup of the Farm, Food, and National Security Act of 2024 (H.R. 8467), commonly known as the "2024 Farm Bill." This legislation included comprehensive risk management tools for farmers and ranchers, loan guarantees for agricultural loans, rural development programs, nutrition support and investments in conservation. Banks play a critical role in rural America, and this legislation provided a vehicle for the banking industry to help meet the financial needs of farmers, ranchers, and agricultural communities across the country. The meaningful changes proposed in the 2024 Farm Bill would allow bankers to better serve their customers and ensure they have high levels of credit availability in the years to come.

ABA commends the House Committee on Agriculture for including many of our priorities in the 2024 Farm Bill,[1] including modernizing the USDA's Farm Service Agency (FSA) loan guarantee limits, clarifying bona-fide operator rules for beginning farmer programs, modernizing and raising limits for the down payment assistance program, and providing robust risk management tools that allow our customers to have greater stability and predictability for each growing season. We also commend Sen. Boozman on his farm bill frameworks that made similar much-needed modernizations, and look forward to working with Sen. Klobuchar as she crafts her priorities and adds her leadership to the Committee. We look forward to working with the Senate Committee on Agriculture developing Farm Bill this year that will potentially include many of the same banker supported provisions as the 2024 House Farm Bill.

In addition to the Farm Bill, bankers were supportive of economic assistance for farmers and ranchers. Bankers joined commodity groups to have meetings on Capitol Hill with congressional offices to push for the inclusion of economic assistance within the Congressional appropriations legislation. Farmers and Ranchers are struggling throughout the country, and bankers work with these customers every day to create solutions to ease economic challenges. Without economic assistance, farmers and ranchers will continue to have cashflow issues that will adversely affect their operations. As the agricultural economy continues to struggle, bankers stand ready to work with their customers through this economic downturn.

Banks continue to be one of the first places that farmers and ranchers turn when looking for agricultural loans. Agricultural credit portfolios among banks of all types are very diverse – banks finance large and small farms, urban farmers, beginning farmers, women farmers and minority farmers. To bankers, agricultural lending is a productive way to serve our communities the right way: we make credit available to all who can demonstrate they have a sound business plan and the ability to repay. With our deep connection to farmers and ranchers, banks are often the first to see changes within balance sheets and cash flows on farm operations, often due to changing economic conditions—and to help them manage those changes.

In 2024, farm banks – banks with more than 14.26 percent of their loans made to farmers or ranchers – increased lending by 6.4 percent to meet the rising needs of farmers and ranchers, and now provide $115 billion in total farm loans. Farm banks are an essential resource for small farmers, holding more than $45.3 billion in small farm loans, with $9.1 billion in micro-small farm loans (loans with origination values less than $100,000). Farm banks are healthy, well-capitalized, and stand ready to meet the credit demands of our nation's farmers large and small.

In addition to our commitment to farmers and ranchers, thousands of farm-dependent businesses – food processors, retailers, transportation companies, storage facilities, manufacturers, etc. – receive financing from the banking industry as well. Agriculture is a vital industry to our country, and financing it is an essential business for many banks.

Banks work closely with the FSA to make additional credit available by utilizing the Guaranteed Farm Loan Programs. The increased loan limits on FSA guaranteed loans is the right policy to ensure more credit availability to farmers and ranchers. Additionally, entities like Farmer Mac provide another avenue for banks to increase credit availability. By purchasing guaranteed loans from banks, Farmer Mac allows banks to lower interest rates for their customers and provide better loan products.

Our nation's farmers and ranchers are a critical resource to our economy. Ensuring that they continue to have access to adequate credit to thrive is essential for the wellbeing of our whole nation. America's banks remain well equipped to serve the borrowing needs of farmers of all sizes.

In my testimony today, I will elaborate on the following points:

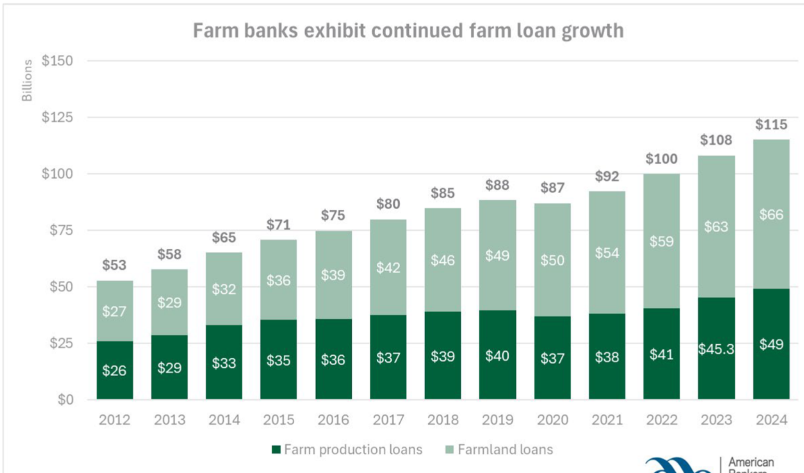
- Banks are a primary source of credit to farmers and ranchers in the United States.

- The agricultural economy is experiencing headwinds and economic assistance will provide some relief.
- The 2025 Farm Bill provides an opportunity to make needed changes to the Credit Title including increased limits for the FSA Guaranteed Loan Programs, changes to the bona fide operator definitions, and modifications to Farmer Mac eligibility.
- There are additional changes needed to improve access to agricultural credit. The passage of the Access to Credit for our Rural Economy (ACRE) Act of 2025 will provide more competition for agricultural lending and lower the costs for producers.

I. Banks Are a Primary Source of Credit to Farmers and Ranchers in the U.S.

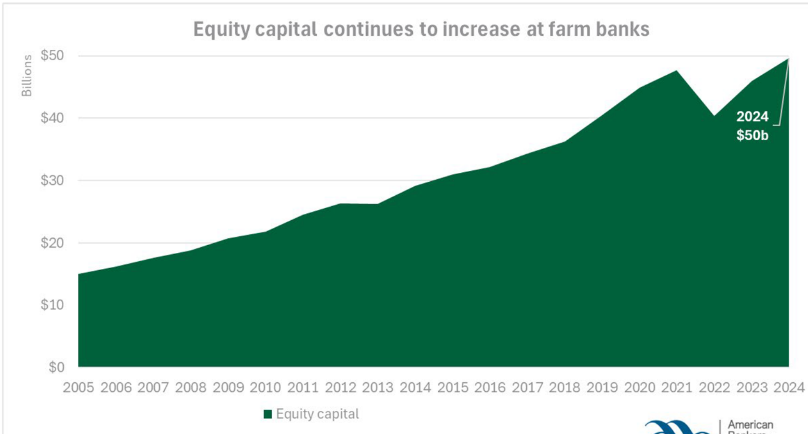
For many of ABA's members, agricultural lending is a significant component of their business activities. ABA has studied and reported on the performance of "farm banks" for decades and, we are pleased to report that the performance of these highly specialized agricultural lending banks continue to be strong. ABA defines a farm bank as one with more than 14.26 percent farm or ranch loans (to all loans).

At the end of 2024, there were 1,399 banks that met this definition. Farm lending posted solid growth over the year. Total farm loans at farm banks increased by 6.4 percent to $115 billion in 2024 up from $110 billion for these banks in 2023. Approximately one in every three dollars lent by a farm bank is an agricultural loan.



Source: Federal Deposit Insurance Corporation & American Bankers Association analysis.

Farm production loans grew at a faster rate than farm real estate loans. Outstanding farm production loans rose by 8.9 percent to $49.3 billion. Farm real estate loans grew at a pace of 4.7 percent to a total of $65.9 billion. Farm banks are a major source of credit to small farmers – holding more than $45.3 billion in small farm loans (origination value less than $500,000) with $9.1 billion in micro-small farm loans (origination value less than $100,000) at the end of 2024. The number of outstanding small farm loans at farm banks totaled 676,181, and over half – 413,658 loans – have origination values less than $100,000. Farm banks are healthy, well capitalized, and stand ready to meet the credit demands of our nation's farmers large and small.



Source: Federal Deposit Insurance Corporation & American Bankers Association analysis.

Equity capital at farm banks increased 8.1%, or $3.7 billion, to $49.7 billion in 2024. Meanwhile, tier 1 capital increased by 6.7%, or $3.5 billion, to $55.8 billion.[2]

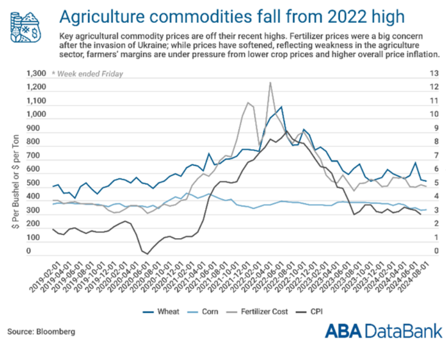
Aggregate tier 1 leverage ratios[3] increased 10 basis points (bps) in 2024 to 10.6%. Aggregate tier 1 capital ratios (assessed on risk-based assets) increased slightly to 13.44%, down 1 bps from 2023 indicating that farm banks are still well capitalized.[4] Farm banks' median tier-1 leverage ratio remained 71 bps above where it was before the start of the Great Recession (2007).

In 2020-2021, banks experienced an unprecedented influx of deposits, alongside a pullback in loan demand. This led many banks to increase their holdings of long-term assets such as Treasury securities. When the Federal Reserve began rapidly raising the federal funds rate over the course of 2022, the market value of those bonds fell in the rising interest rate environment. Under tangible capital calculations, unrealized gains and losses are recorded as though the bank intends to sell those securities immediately at market value. This volatility in market valuations can distort assessment of a bank's financial health; post Dodd-Frank, regulatory capital has replaced equity capital as a reliable measure of the capital available at banks to absorb shocks.

Farm banks have built strong, high-quality capital reserves and remain liquid and prepared to manage potential economic headwinds.

II. The Agricultural Economy is Experiencing Headwinds

The agricultural economy is in a position it has not been in for many years. There is a return to the cyclical agricultural conditions that were present before the surge of government support during the COVID-19 pandemic. Despite ever rising input prices, the USDA Economic Research Service has forecasted a 29.5 percent increase in farm income in 2025 that will be mostly driven by economic assistance payments. However, at the 2025 USDA Outlook Forum, USDA predicted a drop in commodity prices across all major commodities. This is going to create additional strain on agricultural producers in 2025, and economic assistance payments alone will not be enough to get farmers out of the red.



With rising input costs and lower commodity prices, farmers and ranchers have worked through the liquidity and working capital they built up over the past few years at a more rapid pace than anticipated. As a result, farmers and ranchers are naturally turning to credit to finance their agricultural operations. This has resulted in increased debt levels for agricultural producers across the country.

Bankers believe it will be difficult to continue lending at current levels without changes to government policy. These policy changes include increases to modernize reference prices and ensuring that crop insurance covers loss appropriately for producers. Additionally, bankers desire a faster payment system in the event of natural disasters. Waiting over a year to receive disaster payments can create unnecessary credit crunches that hurt agricultural producers and their access to credit.

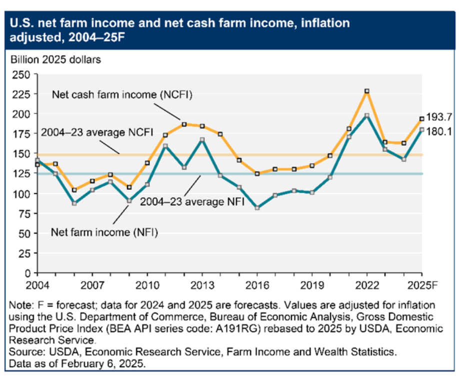
The economic assistance payments that were included in last year's continuing resolution will help provide some relief for farmers and ranchers. Bankers had many conversations with members of Congress on the need to push economic assistance out to agricultural producers. We continue to have conversations with USDA on timing for producers to apply for these programs, and we will provide technical assistance to USDA if it is needed. These economic assistance payments will provide some relief, but a long-term Farm Bill is vital for rural America.

III. **The 2025 Farm Bill Needs to Include Policy Changes to Increase Credit Availability for Rural America.**

Bankers look forward to working with the Senate Committee on Agriculture to develop a new Farm Bill in 2025. Many provisions in the 2024 House Farm Bill provide a blueprint for policy changes to the credit title that will improve credit availability for rural America. The most significant change bankers would like to see in the next Farm Bill is an increase in the FSA Guaranteed Farm Ownership Loan Program to $3.5 million and the FSA Guaranteed Farm Operating Loan Program to $3 million. As the cost of agriculture continues to increase, it is vital to have the FSA loan programs keep pace with modern agriculture. These new limits will achieve that goal. We thank Senator Hoeven and Senator Klobuchar for their work on the Producer and Agricultural Credit Enhancement (PACE) Act. Although the PACE Act has slightly lower guaranteed loan limits, we believe this legislation is a step in the right direction for FSA loan programs.

FSA loan programs, and the FSA employees that administer the programs, are very important to our customers and their financial well-being during an economic downturn. Bankers will continue to work with FSA at all levels to ensure credit is available when it is needed most. However, the need for technology to improve FSA programs continues to be an issue. For too long, USDA has ignored the need for new technology within the FSA loan programs. The 2025 Farm Bill is a great opportunity to improve FSA loan programs through technology and create greater efficiency for loan origination.

For beginning farmers and ranchers, credit availability is vital to their survival. ABA supports re-examining the 10-year eligibility limits for FSA Beginning Farmer and Rancher programs. Beginning farmers and ranchers are often starting to get their footing when their eligibility runs out. Collectively, we need to do everything we can to help beginning farmers and ranchers succeed.



Bankers support a change to the down payment assistance program by removing arbitrary cap on the size of the loan. Instead, we support a cap on down payment loans at 45 percent of the lesser of acquired price or appraised value. Senator Tuberville has legislation that provides a revised definition of owner-operator that allows various business structures to increase eligibility to beginning farmer guaranteed loan programs to more producers and customers. This should be included in the next Farm Bill.

Bankers endorse allowing Farmer Mac to support all USDA guaranteed loan programs financing. Farmer Mac is a valuable tool for agricultural bankers because it provides another avenue for banks to increase credit availability. By purchasing guaranteed loans from banks, Farmer Mac allows banks to lower interest rates for their customers and provide better loan products. Further, ABA continues to recommend the removal of the cooperative lender requirement for energy loans to be sold to Farmer Mac. This requirement limits the ability of banks to participate in rural energy projects, limiting available credit in rural America.

Additionally, the next Farm Bill must include provisions that will speed up the USDA loan approval process while making it easier for producers to use USDA loan programs. USDA loan programs are likely to provide lifelines to agricultural producers through this economic downtown. There are many innovative approaches that could be implemented at USDA and all options should be on the table.

Crop, livestock, and dairy insurance continue to be extremely important for bankers. Our customers know these programs well and heavily use them. The next Farm Bill needs to protect insurance programs as they help producers manage risk and help keep interest rates down.

Finally, we note that the language to modify the Consumer Financial Protection Bureau's 1071 Final Rule reporting requirements for the Farm Credit System is problematic for the banking industry. ABA supports efforts to provide relief from the 1071 Final Rule, but that relief should be equal across all lenders.

IV. The Access to Credit for our Rural Economy Act

ABA is a proud supporter of S. 838, the Access to Credit for our Rural Economy Act (ACRE Act) of 2025. The ACRE Act has been introduced by Senator Moran (R-KS), Senator King (I-ME), Senator Cramer (R-ND), Senator Gallego (D-AZ), Senator Tuberville (R-AL) and Senator Marshall (R-KS). This legislation will help to lower lending costs for farmers, ranchers, and rural communities. ACRE would remove the taxation on income earned from interest on new agricultural real estate loans and new loans for rural residences in a population area of less than 2,500 people with a mortgage value of less than $750,000. By removing this taxation, banks will be able to lower their interest rates, which helps to lower costs for borrowers. Additionally, ACRE includes a provision that will require the Treasury Department to report on how interest rates have changed due to the Act.

The ACRE Act will be beneficial to both new and existing farmers by lowering interest rates on agricultural real estate. However, access to credit can be much more difficult for "Beginning

Farmers and Ranchers" and "Socially Disadvantaged Farmers and Ranchers" due to a lack of preexisting land ownership and access to other sources of capital. 54 percent of young farmers say they need more land. ACRE will help new farmers and ranchers by lowering their cost to acquire land, which is the most capital intense portion of any farming operation and a critical asset to achieve long-term, reliable access to credit. Lastly, ACRE will reduce the need for farmers and ranchers to find off-farm income by reducing interest payments, which increases the cashflow from their operation and reduces the need for off-farm income. It has been estimated that ACRE will deliver approximately $1 billion in annual interest expense savings for loans secured by farmland.

The ACRE Act will also provide much needed access to credit for rural home mortgages. According to the 2020 Census, rural America lost population over the last decade for the first time in history. Additionally, rising interest rates are putting homeownership out of reach for many rural Americans. Current interest rates for rural mortgages are averaging 6.85 percent. ACRE is estimated to lower those interest rates between 50 and 100 basis points – bringing interest rates down to 6.35 percent to 5.85 percent from 6.85 percent, or possibly more.

The U.S. Census lists 15,769 communities with a population of less than or equal to 2,500. In 2023, $21 billion in bank mortgages were originated in these communities – a need that is only increasing. Given a conservatively estimated 3 percent growth, approximately $23 billion in rural mortgages will qualify for ACRE in 2025. Enacting the ACRE Act will help provide additional access to credit that is needed for rural communities to thrive.

Conclusion

The banking industry is well positioned to meet the needs of U.S. farmers and ranchers. Rising input prices and declining commodity prices, however, have resulted in lower net farm income for agricultural producers. Moreover, debt levels have been increasing, and bankers are concerned that without changes to government policy, agricultural producers may experience a tightening of credit availability. The 2025 Farm Bill and the ACRE Act provide opportunities to make the changes necessary to provide the credit needed for farmers and ranchers to successfully navigate tougher economic times. Bankers continue to see great opportunities in agriculture and will continue to stand with farmers and all our partners in agriculture going forward. We will also continue to work constructively with the Committee and your colleagues in Congress on the 2025 Farm Bill and ACRE Act to help ensure that farmers have the credit they need to be a successful and strong part of the U.S. economy.

Thank you for the opportunity to express the views of the American Bankers Association. I would be happy to answer any questions that you may have.

Testimony of

Ben Noble

Before the Senate Committee on Agriculture, Nutrition, and Forestry

Perspectives from the Field: Risk Management, Credit, and Rural Business Views on the Agricultural Economy, Part 3

Washington, D.C.

March 11, 2025

Good afternoon, Chairman Boozman, Ranking Member Klobuchar, and members of the Committee. It is truly an honor to be before you today. Many years ago, I sat as a staffer in this very room to then Senator Blanche Lincoln of Arkansas, who eventually served as Chairman of this Committee. It brings back a lot of memories seeing her portrait here on the wall today. Nearly 30 years later, our own John Boozman now holds the gavel, and I can't think of a better man to lead this Committee, so forgive me for taking a moment. This is truly a special day for a boy from Ethel, Arkansas.

I'm Ben Noble, Executive Vice President and Chief Operating Officer of Riceland Foods. But I'm also the son of Buddy Noble and brother of Andy Noble who own and manage Noble Farms. As we discuss the state of the farm economy today, my story, unfortunately, mirrors what is happening across the countryside in rural America.

Due to high input costs and lack of profitability over a multi-year period, and the low probability for profitable returns this year, my family is pulling the rip cord. 2025 will be the first year since 1890 – 135 years – that a Noble has not actively farmed in east Arkansas. We are selling our equipment at an auction this Friday.

Our experience is unfortunately not unique, as lenders and farmers across the Mid-South face tough decisions with the prospect of low commodity prices, high input costs, and extreme uncertainty and volatility. This situation has profound and far-reaching effects across the economy and livelihood of rural America.

Riceland Foods is a farmer-owned cooperative that has been in business since 1921. We are the largest miller and marketer of rice in the United States, and we also serve as the largest marketer of soybeans in the Mid-South. Our membership consists of 5500 members across America and our farmer patrons are concentrated in Arkansas and Missouri. We directly employ over 1700 people and indirectly support hundreds of jobs in rural America. For decades, our business model has been to provide marketing options for our members' rice and soybeans, process the grain, and then sell and distribute the finished goods through domestic and international channels. This activity generates well over a billion dollars annually and is turned over multiple times in our region of the Mississippi Delta. Being a cooperative, the net revenue from these activities and the profits are returned to the farmer-member via cash payments for commodities and patronage dividends.

The key in the aforementioned business model is the ability of the farmer to secure financing and produce a crop on an annual basis. Also key in this equation is a strong farm economy that allows farmers to remain profitable. Without our farmer-members, all the economic activity that Riceland Foods generates and the jobs we support disappear, leaving economic deserts in many areas of east Arkansas and the Bootheel of Missouri.

As I sit here today, farmers are making planting decisions due to the extended lending cycle. Financial institutions work diligently and creatively to keep farmers on the farm this growing season, but a shadow of uncertainty remains across the entire system. Planting decisions and seed purchases are often made months before now. As final assessments are made, productive farmland will likely remain fallow this year due to some farmers' inability to obtain financing. Ultimately, this could reduce the production of rice, soybeans, corn, and possibly other commodities in our growing region. Businesses like ours are struggling to plan accordingly to receive and process this year's crop.

Our company has four milling locations across Arkansas and Missouri. We also have 24 drying locations across the same footprint. In small rural towns like Stuttgart, Hazen, Poplar Bluff, New Madrid, Wheatley, and many more, Riceland Foods is the largest employer and main driver of the local economy. When our farmers suffer, we suffer. Ultimately, this impacts the entire region. It's not overstating to say that if Riceland Foods doesn't operate in many of these small towns, the towns no longer exist.

Along these same lines, I would be remiss if I did not mention the importance of tax policy on our cooperative, farmer-owners, and the rural communities we serve. While not under the jurisdiction of the Senate Agriculture Committee, certain provisions are set to expire under the Tax Cuts and Jobs Act this year that will profoundly affect farmers and rural communities across the country.

Of particular significance to cooperatives such as Riceland, the Section 199A deduction stands out as one of our farmer-members' most crucial tax policies. This provision enables cooperatives to pass tax deductions directly through to their members, who then reinvest the funds back into their operations. These reinvestments, in turn, strengthen local economies by creating jobs, increasing spending on agricultural production, and fostering growth in rural communities.

Farmer cooperatives provide over 250,000 jobs, with a total payroll of more than 8 billion dollars. Extending these provisions is critical to prevent billions of dollars from exiting rural areas while bolstering local economies and supporting investments in farming families.

While this is the Riceland footprint, plenty of small, rural towns across the rice-growing regions tell the same story. The U.S. rice industry, as a whole, contributes $34 billion to our economy and employs 125,000 people. Each rice farmer, on average, provides $1 million to the local economy. Rice farmers and businesses keep Main Street in business in these areas, and this is something we take great pride in.

Kicking the can down the road on the farm bill reauthorization has gone on too long. While temporary, ad hoc assistance has been appreciated by farmers and the broader agricultural sector, it is just that – temporary – and in no way should it be considered a substitute for the longer-term certainty a good and meaningful farm bill can provide. Both the Rice Production Program and the Emergency Commodity Assistance Program will help bridge many farmers from one year to the next, but not everyone. My family farm is a case in point.

For over four years, America's rice farmers have experienced negative margins. As an industry, we have had to appeal to our government twice to provide much-needed assistance to hold on.

Thankfully, Congress delivered because people like Chairman Boozman and others on this Committee understand that the agriculture sector is the backbone of our rural economy.

Without the overdue action of Congress by way of a new farm bill, a way of life is at risk – for the farmer, employees at companies like mine, and not only rural Americans but all Americans who have long enjoyed one of the lowest percentages of income spent on food in the world.

We must take serious and substantial action that results in updated reference prices that secure a strong safety net for rice farmers. This means a substantial increase in the PLC reference price and the assurance that payment limitations are increased to reflect modern-day farming. These enhancements must be effective for the 2025 crop year. Securing a strong safety net for our growing members also provides stability for both farmer-owned co-ops and private mills.

Rice is one of the most politically traded crops around the world, and market prices are our ultimate peril.

While we consider ourselves free traders, our experience has been that free is not always fair. Thirty-four percent of the rice consumed annually in the United States is imported from countries worldwide with free or near-free access to our markets while putting up protectionary guardrails to prevent competition in their own markets. That leaves companies such as mine and our respective farmer-members fighting with our hands tied behind our backs without adequate support from our government. In addition to farm bill programs that will provide certainty for our industry, our government needs to hold these bad trade actors accountable for their actions and egregious World Trade Organization violations.

Approximately 50 percent of the U.S. rice crop is exported yearly to more than 120 countries. We have long been proponents of increasing our market access and have successfully done so using programs like the Market Access Program and the Foreign Market Development Program. Funding levels for these programs must be increased.

Additionally, we believe strongly in our role as an industry in international food aid programs. We feel this assistance for some of the world's hungriest should be in the form of U.S.-grown rice and other commodities, not cash or vouchers.

I would also be remiss in excluding our industry's conservation and sustainability work. Over the past 40 years, we have worked diligently to reduce water, energy usage, and greenhouse gas emissions, all while increasing land use efficiency, biodiversity, and wildlife habitat. This work has been supported by USDA's working lands conservation programs, including the Conservation Stewardship Program, Environmental Quality Incentives Program, and the Regional Conservation Partnership Program. We believe these programs should be promoted over set-aside programs in the new farm bill.

I'll finish where I began in this full-circle moment for me. I've witnessed firsthand the work Congress can do to support American agriculture as both a Senate staffer and a professional in this industry working on behalf of farmers. Now is the time for Congress to act on a new farm bill and support the industry I've devoted my life to before it's too late. Unfortunately, there are many farmers out there who won't be farming this year, and the outlook is even more grim. I implore you to act. Keep farmers farming. Every American is relying on this Committee and your colleagues in Congress to deliver.

Thank you for this opportunity. I look forward to any questions you may have.

Statement by
Sedrick Rowe, Farmer Owner
Rowe Organic Farms, Albany Georgia
Before the Senate Committee on Agriculture Nutrition and Forestry
Hearing on Perspectives From the Field: Risk Management, Credit, and Rural Business Views on the Agricultural Economy Part 3
March 11, 2025

Chairman Boozman, Ranking Member Klobuchar, and members of the committee, thank you for this opportunity to appear before you and testify to my experience as a young and beginning farmer, and a leader in my community and growing region.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

DOCUMENTS SUBMITTED FOR THE RECORD

MARCH 11, 2025

March 10, 2025

RE: Urgent: Restore USDA Funding to Protect Young Farmers and Rural Economies

The National Young Farmers Coalition (Young Farmers) represents more than 200 thousand young and beginning farmers and supporters across the country who are building the future of American agriculture. Our members are committed to sustainable farming, local food systems, and climate resilience, yet they face significant structural barriers including secure access to land, capital constraints, and labor shortages. Federal programs under the United States Department of Agriculture (USDA) are critical to ensuring young farmers can start, sustain, and expand their operations.

USDA farm programs–including conservation funding, farm ownership loans, local food initiatives, and labor support–are vital lifelines for young and beginning farmers. According to the 2022 National Young Farmer Survey, **49% of young farmers have not accessed any USDA programs, and 71% of those were unaware of programs that could help them**. These programs provide essential financial assistance, technical training, and market access opportunities, all of which are needed to stabilize and grow their farm operations. With the **average U.S. farmer just over 58 years old and nearly half of all U.S. farmland set to change ownership in the next two decades**, ensuring that young farmers can access USDA programs is essential for the future of American agriculture. The recent federal funding freeze that affected USDA grant funding has harmed small, young, and beginning farmers who rely on these programs, and threatened the economies and food security of rural economies.

Summary: The abrupt freeze of USDA grant funding has left young farmers nationwide in financial distress. The young farmer stories we've collected report that **over $5,259,218 in approved funds and at least $850,000** in pending reimbursements are locked and multiple programs are stalled. Farmers report being unable to pay workers, leading to dozens of layoffs, while critical projects, such as irrigation, high tunnels, and solar installations, remain unfinished. At least 10 programs, including the **Partnerships for Climate-Smart Commodities, Environmental Quality Incentives Program (EQIP), Local Food Promotion Program, and Sustainable Agriculture Research and Education program**, have been impacted, halting support for food production, conservation, and farmworker stability. Without immediate Congressional action to unfreeze these funds, farms will continue to lay off workers, abandon projects, and scale back operations, undermining food security, economic prosperity, and climate resilience.

Conservation Programs: Supporting Climate-Resilient Farming

Conservation programs are one of the most effective tools for helping young farmers build resilience in the face of climate change, yet **only 11% of young farmers have successfully accessed USDA conservation programs**. This lack of access is now being worsened by the federal funding freeze, which has stalled **EQIP, the Conservation Stewardship Program (CSP), the Rural Energy for America Program (REAP), and Partnerships for Climate-Smart Commodities** contracts, leaving farmers without critical financial support. With 73% of young farmers reporting that they have experienced at least one climate impact on their farm in the past year, these programs are essential for protecting farmland and ensuring long-term sustainability. Without immediate action to restore funding, young farmers will be forced to delay or abandon critical conservation projects, putting their farms and communities at greater risk.

- In California, a farmer was approved for an EQIP grant to install a high tunnel and irrigation system. He completed the project in January, but his $13,000 reimbursement is now frozen, leaving him without funds to reinvest in his farm.
- In Vermont, a farmer's Partnerships for Climate-Smart Commodities contract was abruptly canceled, and his EQIP reimbursement remains uncertain. He says, "We're trying to grow the business to the point that it can sustain us, but now we're delaying critical investments indefinitely."
- In Louisiana, a young farmer completed a Rural Energy for America Program Renewable Energy Systems Grant project for on-farm solar installation but is owed $18,444 in reimbursements, which are now indefinitely on hold.

Without immediate funding restoration, young farmers will be forced to halt their conservation efforts, undermining federal investments in soil health, water conservation, and carbon sequestration.

Access to Land: A Critical Need for Land and Infrastructure

Regardless of geography or whether or not they grew up on a farm, finding secure access to high-quality land and access to capital are the top two challenges that young farmers face. In our 2022 survey of over 10,000 young farmers, **59% of young farmers reported that finding affordable land to buy was very or extremely challenging** and 41% reported that finding access to capital to grow their business was very or extremely challenging. Those numbers are even higher for Black, Indigenous, and other people of color (BIPOC) farmers at 65% and 54%, respectively.

The launch of the **Increasing Land, Capital, and Market Access (LCM) Program** by FSA in 2022 was a meaningful step toward resourcing creative, community-led solutions to some of the greatest barriers the next generation of farmers and ranchers face. However, the USDA funding freeze has threatened the fifty projects funded by this innovative program across the country, cutting off direct financial assistance to farmers, putting farmers' contracts with markets at risk just before the start of a new growing season, and derailing plans to provide technical assistance to farmers, including for developing food safety plans, succession plans, and farm business plans. For example:

- In the South, an LCM grantee was prepared to launch a re-granting program to support farmers with the costs of down payments and back taxes on properties, farm infrastructure, and landowner incentives. This re-granting program is now on hold.
- In the West, an LCM grantee was preparing to launch a mini-grant program to help farmers lease and purchase land, but the USDA has paused all reimbursements, forcing the organization to pause this mini-grant program and even consider layoffs.
- An LCM grantee whose project serves 10 states was depending on LCM funds to expand its training program and provide low-interest loans for land purchases. Now, they are deciding whether to terminate contracts with farmers, stop preparing land for spring planting, and furlough or layoff all staff due to the inaccessibility of funds.

These projects were essential for creating pathways to land ownership and farm viability for young and beginning farmers. Without immediate funding restoration, these crucial projects will continue to be derailed and may not be able to recover. Congress must act swiftly to unfreeze these funds and ensure that young farmers can access land, capital, and markets as intended.

Local Food Programs: Strengthening Regional Markets
Young farmers are leading the growth of local and regional food systems, yet programs that support direct market access—such as the **Local Food Procurement Program (LFPP) and the Organic Market Development Grant**—are now in jeopardy.

- In Washington, the Viva Farms incubator program depends on four multi-year federal grants, which have all been frozen. Without funding, most of their staff will be laid off, cutting off essential support for new organic farmers.
- In Pennsylvania, a farmer with a $100,000 LFPP grant is unable to move forward with expanding market access to underserved communities due to delayed payments.
- In New York, a farmer granted $30,000 through the Local Food Purchase Assistance Cooperative Agreement Program is unable to expand their operation and hire additional crew members. The farm is also decreasing the number of hours they operate.

These programs connect farmers with consumers, schools, and institutions. Delays in funding threaten farm viability, disrupt local supply chains, and harm communities that rely on fresh, local food.

Farm Labor Programs: Stabilizing the Agricultural Workforce
Many young farmers depend on federal programs to hire and retain skilled farmworkers, particularly through initiatives like the **Farm Labor Stabilization and Protection Program Grant**.

- In Pennsylvania, a young farmer is at risk of laying off both domestic and H-2A visa workers after their $100,000 Farm Labor Stabilization and Protection Program grant was halted.

These funding delays risk leaving farmworkers without jobs and employers without the ability to sustain operations. Congress must act to ensure that labor programs continue to provide critical workforce support to young farmers' operations.

We urge you to contact **Secretary of Agriculture Brooke Rollins** and demand the immediate reinstatement of funding for all USDA contracts and agreements that have been frozen. These programs are essential for young and beginning farmers to access land, implement conservation projects, strengthen local food systems, and sustain their businesses. Every day that funding remains stalled, more farmers face layoffs, lost investments, and uncertainty about their future. **We ask that you press USDA to honor its commitments and immediately restore funding to ensure farmers receive the resources they were promised.**

Sincerely,

Yahaira Caceres
Government Relations Manager
National Young Farmers Coalition

Vanessa Garcia Polanco
Government Relations Director
National Young Farmers Coalition

QUESTIONS AND ANSWERS

March 11, 2025

Agriculture Committee
Perspectives From the Field: Risk Management, Credit, and Rural Business Views on the Agricultural Economy Part 3
March 11, 2025
Questions for the Record
Mrs. Tara Durbin

Senator Adam Schiff

1. California produces many of the specialty crops enjoyed by people around the country. Can you describe the importance of crop insurance access for specialty crop producers and how it *differs* from the importance of crop insurance access for commodity crop producers?

    a. Crop insurance is a vital risk management tool for agriculture producers, and commodity and specialty crop producers benefit from essential products provided by the Risk Management Agency (RMA). Specialty crop producers can take advantage of RMA programs, such as Whole Farm Revenue Protection (WFRP), Micro Farm, and Actual Production History (APH) policies, which are helpful tools for producers to manage risk in the event of revenue loss. Since these policies help protect producers from revenue loss, they reduce risk for the producers of specialty crops. This reduction of risk is good for the farmer's business viability and is often viewed favorably by farm service providers such as lenders.

    Programs like WFRP and Micro Farm are revenue protection policies that cover insured revenue for the entire operation which is different from other crop insurance policies that cover specific commodities. WRFP and Micro Farm are suitable for specialty crop producers, however they are not exclusive to specialty crop producers. For instance, a farming operation that produces corn, soybeans, and cattle may choose to purchase a WRFP policy to protect the entire farm's revenue loss rather than insuring their crops and cattle through other policies. Many row crop producers prefer Enhanced Coverage Options (ECO) or Supplemental Coverage Options (SCO), as these federal crop insurance programs offer targeted coverage for risk mitigation, focusing specifically on revenue or yields based on their local area. The key distinction lies in the market dynamics: bulk commodities such as corn and soybeans are typically traded on commodity exchanges, introducing price volatility and market-driven risks. Specialty crops, however, generally lack these standardized markets, amplifying the importance of comprehensive, farm-level revenue protection.

Agriculture Committee
Perspectives From the Field: Risk Management, Credit, and Rural Business Views on the Agricultural Economy Part 3
March 11, 2025
Questions for the Record
Mrs. Dalynn Hoch

Senator Adam Schiff

1. California produces many of the specialty crops enjoyed by people around the country. Can you describe the importance of crop insurance access for specialty crop producers and how it *differs* from the importance of crop insurance access for commodity crop producers?

Thank you for the question, Senator Schiff. I am pleased to agree with you that your home state of California is a diverse and productive state when it comes to agriculture. We are thrilled to have many insureds in the state and numerous agency relationships that allow us to experience first-hand the diversity and beauty of production agriculture in California. We also have a corporate office in Fresno.

Specifically, RCIS insures over 2,400 producers and works with 59 agencies in California to ensure farmers and ranchers in the state have adequate risk management coverage for their crops and herds. We cover dozens of commodities in the state and our top covered crops by policies would be wine and table grapes, almonds, rice, oranges, and pistachios- so we can certainly appreciate the diversity of production you reference in your question.

At the outset, it is important to level-set to the fact that when it comes to Multi-Peril Crop Insurance (MPCI) under the Federal Crop Insurance Program, Approved Insurance Providers do not develop, rate, or price these Federally available policies; this responsibility falls to the Risk Management Agency (RMA) at USDA, which has a statutory obligation to ensure that these policies maintain an actuarial soundness principal of 1.0 for program administration.

Access to risk management tools is essential for all producers, especially those who produce high-value table crops like your state. In looking at an overview of risk management usage and performance in California, it would appear that California producers- in comparison to other states- have a robust offering of risk management options and RMA program access to account for its diversity in production needs and tools marketing for crops grown. I would suggest that, if there is an issue impacting Californians' risk-management needs, affordability is the challenge facing farmers and ranchers. As a proof-point on accessibility, I have highlighted below various options that have come online via RMA in recent years to assist California producers in managing their production and marketing risks from an access point of view and additionally, provided some perspective as to why affordability may be the bigger challenge for California. And this is an area that Congress can intervene when looking at premium support offered to its producers via the Farm Bill.

Again, it is important to note that AIPs work with RMA to deliver and service policies available to farmers and ranchers, and the responsibility for pricing, rating, and developing new and expanded products lies with the RMA.

New Expansion and Programs – The RMA extended the Quality Loss Option (QLO) to several specialty crops in 2024 allowing farmers to replace post-quality production amounts in their Actual Production History (APH) databases with pre-quality production amounts. The net effect is to prevent a producer's insurance guarantee from declining due to low quality when the option is elected. Previously, QLO was available only to certain row crops, but now it is available for the following specialty crops of avocados (California); blueberries; cranberries; grapes; peaches; stonefruit; table grapes; and walnuts. RMA plans to make the option available to additional specialty crops in the future.

Over the past eight years, the number of individual specialty crops insured under crop insurance programs increased by 34%, many of which are in California. Additionally, RMA continues to enhance revenue coverage options for specialty crop producers. The Production Revenue History (PRH) program is the latest in a suite of insurance plans offering revenue coverage for specialty crop farmers, including strawberries in select California counties. RMA is actively working to expand the plan to additional specialty crops. In addition, significant progress has been made in research and development of additional innovative risk management products. Five new products have recently been implemented, including Controlled Environment (CE) with quarantine coverage when meeting certain qualifications, grapevine, kiwifruit, pomegranate, and shellfish.

Supplemental Coverage Option (SCO) and Enhanced Coverage Option (ECO) have seen a nearly 300% uptick in adoption from the 2024 to 2025 crop years. The number of 2025 acres covered under SCO and ECO already surpasses the acreage reported in 2024, keeping in mind that not all acres have been reported for 2025 at this time. While there are significant increases noted on the RMA Summary of Business report for both almonds and grapes, increases for other crops within the region are notable, as well.

The Fire Insurance Protection – Smoke Index (FIP-SI) product was developed and initially rolled out for the 2024 crop year. FIP-SI is an index product, similar to Hurricane Insurance Protection – Wind Index (HIP-WI), which uses satellite data the is already gather for other purposes in order to measure the impact of smoke event damage to the grape crop. In its initial year of availability, FIP-SI yielded 97 policies sold covering nearly $7.25 million in crop liability. As shown in the recent heavy hurricane season, index products are touted for their ability to get money in the hands of producers quickly, with little to no human intervention or in-person loss adjustment process. The FCIC Board of Directors recently approved an expansion of this program to the Pacific NW for 2026.

Existing Program Improvements –

Actual Revenue History (ARH) Citrus - In response to a California citrus trade association request, RMA added Cara Cara as a separate type of insurable orange to the ARH Citrus program, which is offered in select California counties. This change results in a more appropriate insurance guarantee for the farmer, as Cara Cara is a higher-priced and lower yielding variety than other Navel varieties. The change allows RMA to collect type-specific data that could provide useful analysis for future decisions. It also provides consistency amongst the citrus programs available to farmers in California and may increase participation in the ARH Citrus program.

Olives - In response to a request from the National Olive Oil Producer Association, the program expanded coverage for oil type of olives to the counties of Kerns, Kings, and Merced in California. The program now allows farmers to use their contract price to establish their insurance coverage. Updates were also made to oil conversion factors which are used for oil types to convert production from a ton basis to a gallon basis.

Pistachio - Several revisions were made to the Pistachio policy, including:

- Allowing insurance for producers with less than four years of production records with the use of new Transitional Yields (T-Yields);
- Clarifying requirements related to APH databases; and
- Allowing assigned yields and temporary yields, if indicated in the Special Provisions.

Pomegranate - In response to stakeholder requests, the Pomegranate crop insurance program was modified to allow optional units by type as an additional coverage option for farmers. This change accounts for the different risk periods for early and late varietal groups. This also provides consistency with other APH program insurance offers.

RMA Specialty Crop Report- Please note the latest required Specialty Crop Report for 2023 that RMA must submit to Congress in compliance with Section 508(a)(6)(A)(B) of the Federal Crop Insurance Act.

The report can also be accessed through the following website:

https://www.rma.usda.gov/sites/default/files/2024-08/2023-Specialty-Crops-Report.PDF

Affordability: Specialty crops often have high crop value, and thus higher liability can mean higher overall premiums. However, while specialty crop growers can see larger premiums due to higher crop values, on average specialty crop growers can pay a lower percentage per dollar crop value than their commodity crop counterparts. In 2023 for CA crops like almonds, grapes and tomatoes, the average producer paid premium for the value of the crop is around 1%. For U.S. corn/soybean growers whose crop value is less, producer paid premiums average around 2-2.5% of crop value, while wheat, cotton, and grain sorghum can average closer to around 5% of crop value. There is a continued need for education and understanding around the overall benefits that specialty crop growers can get from crop insurance when encountering premium costs for high value crops.

Time-Tested Products vs. New Development – Many major commodity programs have crop insurance policies that began their development over 50 years ago, and through time have seen significant improvements and enhancements through actual experience and circumstances upon which learning and data accumulation help improve policy design and performance. Admittedly, specialty crops have not had the luxury of this long, time-tested period, but rather have seen more explosive growth within the last 15-20 years. Policy improvements are a constant theme as experience and more information is learned about the unique aspects and challenges of specialty crops, along with improved methods for capturing marketing, production, and agronomic data. An exception is the raisin program, which has been in existence for some time and in its early stages saw considerable improvements needed from the learned experience, thus resulting in a more effective policy and critical safety net for growers with significant participation.

Crop Insurance Access – Access to crop insurance is critical to both specialty crop growers and commodity crop producers. Commodity crops are often grown in multiple regions of the country and, thus, enjoy a broad range of characteristics that can help in development, understanding, data collection, and other uses critical to the crop insurance program. Unfortunately, many specialty crops are limited to specific states or areas within a state, and the research, learning, and information curves to understand these unique crops and situations can be on a longer period of time. This does not mean they are ignored, but just more challenging in finding the most effective ways to create policies, gather information, and conduct needed field research to construct actuarially appropriate programs.

RMA and the Industry make product improvement a key priority through joint committees formed with local insurance experts who experience and can convey needed and effective policy changes and design. In addition, the Industry has a Specialty Crop Committee fully devoted to the improvement and success of specialty crops. This is also where the use of policy development and submission through the 508(h) process can be critical and responsive to grower needs. This also leads to the need for timely program changes and important education for the delivery system who, in turn, can inform and service growers so they have the best information to construct their risk management plans and strategies. The insurance delivery system employs agents and adjusters across all of California to provide the highest quality products and services available for growers. This is consistent with the program as delivered in the rest of the U.S.

Again, thank you for your question. As you and the committee move forward with your work on a Farm Bill in 2025, please consider RCIS as a resource to help you in your efforts on behalf of your producers on this important issue.

Agriculture Committee
Perspectives From the Field: Risk Management, Credit, and Rural Business Views on the Agricultural Economy Part 3
March 11, 2025
Questions for the Record
Mr. Ben Noble

Senator John Boozman

1. Mr. Noble, thank you for your service as a board member of the Foundation for Food and Agriculture Research (FFAR). FFAR is a great example of a public private partnership filling gaps in research to support American agriculture, which is so desperately needed. It is my hope that we on the Senate Agriculture Committee find a way to give FFAR the tools it needs to provide a lasting and sustaining impact both as a key part of the farm bill's research title and beyond the federal funding process. And I am grateful to have you as a partner in that endeavor.

    - Thanks to your leadership and the work of the U.S. rice industry, FFAR has funded a number of forward-looking research projects benefiting U.S. rice producers. What projects would you highlight as major successes, and what is your vision for the next several years of FFAR-funded research?

The Foundation for Food and Agriculture Research (FFAR) is a proven, innovative public-private partnership model that invests in pioneering research to increase the competitiveness, profitability and productivity of American food and agriculture. The public funding from Congress incentivizes the private sector to invest in agriculture research partnerships that deliver broader benefits to U.S. food and agriculture. FFAR has successfully mobilized over $800 million dollars in bold food and agriculture research, leveraging $1.40 from the private sector for every $1 of Farm Bill funding invested in research.

As the Executive Vice President and Chief Operating Officer at Riceland Foods Inc. and as a FFAR Board Member, I have been pleased to see the Foundation bring public and private funding to research benefiting the rice industry. Rice growers, including Riceland's 5,500 farmer members in Arkansas and Missouri, continue to face severe drought, high temperatures and disease that ultimately reduce yields and profits.

FFAR has made critical investments in rice research designed to deliver higher yields, enhance drought and heat tolerance and bolster rice farmers' ability to defend their crops against damaging diseases. One FFAR research project resulted in higher-yielding, healthier rice with lower glycemic index and higher protein content. Another FFAR-funded project is identifying new genes that determine root structure to make rice better able to survive drought. FFAR further invested in research to activate rice genes involved in heat tolerance and disease defenses.

Continued investment in FFAR's innovative research is needed to provide rice farmers with the solutions they need to remain productive and profitable.

Additionally, FFAR's rapid response program, the Rapid Outcomes from Agricultural Research (ROAR) Program, quickly directs funds to unanticipated challenges threatening U.S. food and agriculture. The ROAR program supports research and outreach in response to emerging threats, often in as little as 2-3 months. Their rapid-response ability sets FFAR apart from USDA and others.

Recently, FFAR funded several grants developing strategies to help farmers combat H5N1, or bird flu. One grant provides farmers with tools to track waterfowl movements near their operations to better understand the risk the movement of these birds, which are reservoirs for the virus, poses to their animals. Another grant monitors wastewater to detect the virus on farms before animals show symptoms. These measures will slow the spread of the virus and safeguard farmers' profits and consumers' wallets.

It is my hope that FFAR is allocated the federal resources it needs to continue innovative research benefiting the rice industry. Not only should future funding for FFAR be included in the next Farm Bill, or other funding vehicle for orphan programs, but Congress should also increase investment in FFAR, as the Foundation is on track to responsibly absorb and leverage $75 million per year. FFAR's ability to amplify federal investment significantly benefits U.S. farmers.

Senator Adam Schiff

1. California produces many of the specialty crops enjoyed by people around the country. Can you describe the importance of crop insurance access for specialty crop producers and how it *differs* from the importance of crop insurance access for commodity crop producers?

Crop Insurance is a vital risk management tool for many, and the fact that special policies are tailored to different crops and sold by agents who have particular knowledge of those crops is a big advantage. Rice has generally been behind other major program crops in terms of crop insurance purchases/participation – this is due largely to the fact that our yields are less variable than other crops. However, through the USA Rice Federation, we have worked with RMA and private developers to improve the policies to provide options for coverage around the systemic risks we do face including in-season price risks, major wind or hurricane events, etc. We greatly appreciate that the Federal Crop Insurance Act allows for continued improvements and participation from stakeholders. I cannot speak to the relevance to specialty crops generally, but I know in Federal Crop Insurance some 134 crops have unique policies, and Whole Farm Revenue Policies have become increasingly attractive for diverse specialty crop farms. I would offer that USA Rice's model of digging in and doing the work to improve the rice policies for rice producers is a good model for any and all other organizations who are wanting to work for the benefit of their growers and industry.

Agriculture Committee
Perspectives From the Field: Risk Management, Credit, and Rural Business Views on the Agricultural Economy Part 3
March 11, 2025
Questions for the Record
Mr. Sedrick Rowe Jr.

Senator Peter Welch

1. It is crucial that the next Farm Bill improves access to Farm Service Agency (FSA) loans for the next generation of farmers and ranchers to secure more pathways to land ownership for young producers. That's why I'm proud to lead the bipartisan Farm Ownership Improvement Act with Senator Hoeven, which, if included in the next Farm Bill, will help farmers be more competitive on the open market by establishing a pre-approval or pre-qualification pilot program for FSA Direct Farm Ownership loans.

    a. Do you agree that a pre-approval or pre-qualification pilot program can help farmers be better positioned to make offers and purchase farmland, particularly among beginning farmers?

    Yes, just because you are pre-approved doesn't mean you will get the loan so this will ensure that if they are pre-approved that should be good enough to move forward.

    b. In addition to pre-approval, how else can this committee increase access to credit for young and beginning producers in the next Farm Bill?

    By offering farmers pilot programs to help them guide them with financing land to start farming or for equipment. The education along on how loan structure works and what's best for each operation is critical when it comes to determining what loan is best fit for a young farmer.

2. I introduced the Capital for Beginning Farmers and Ranchers Act last year to invest in farmers long-term. Mr. Rowe, imagine an operating loan program from USDA with a multi-year repayment period, reduced interest rates, and low collateral requirements that you could use for business start-up costs.

    a. Would a loan program like that, as envisioned under my bill, help set young farmers up for success?"

    Yes, that would be a start for young farmers, especially when you are talking about multiyear repayment period because we know farming is risky and there are challenges when it comes to farming

3. Mr. Rowe, you spoke to your experience being denied for an FSA farm loan and the importance of improving access and accountability in the FSA loan application and appeals process. Proposals like the Fair Credit for Farmers Act would make these processes fairer and more transparent for farmers and ranchers like yourself.

    a. Could you speak more to what the appeals process was like for you and how Congress can work to improve it?

    The appeal process is not in the favor of a young farmer because they want you to argue and show evidence on why you are not qualified based on their standards. My process was writing a letter to the loan office with supporting documents. The reason I was denied because of my student loan debt when I was currently still in enrolled in school. So by me pursuing my higher education in the agricultural sector that held me back from being approved from any type of loan.

4. In your experience, have you found race to be a factor in the kind of rates and services applicants receive when applying for credit and loans?

    Race always plays a factor when it comes to money and farmers. It has shown favoritism to the ones that people are familiar with and have a conflict of interest when it comes to money available through the government for farmers. It's always been about who you know when it comes to getting money. Young farmer suffer because of lack of collateral.

5. What are some of the major challenges you have faced in regard to USDA crop insurance and disaster relief programs? Do you have any recommendations on how to improve those offerings?

    Some major challenges I have faced is growing a crop that you know will not be certified through your insurance because of the lack of knowledge in participation with growing the crop. Seeing I am a young farmer and to survive I have to have a niche market makes it hard because my crop will not be insured in being organic. You are already taking a lot of risk without using any chemicals. One recommendation will be allowing crop insurance agencies incentives so they can offer this to specially crop growers that are not up under your standard crop insurance policies.

<u>**Senator Adam Schiff**</u>

1. California produces many of the specialty crops enjoyed by people around the country. Can you describe the importance of crop insurance access for specialty crop producers and how it *differs* from the importance of crop insurance access for commodity crop producers?

    Specialty crop growers have to deal with more rules and regulations when it comes to growing their particular crop. Having cop insurance is a safe haven

because they are held accountable from growing all the way to when a person consumes the product versus growing commodity it is hard to specify if one particular form was the cause of a Major outbreak or health concern.

2. The current Administration has taken a series of actions – funding freezes, hiring freezes, tariff impositions – that have caused uncertainty for constituents in California and across the country. How have these actions added to the baseline risk that farmers face?

   It affects farmers because we don't not already have enough USDA staff available to service the rural areas offices where farmers are needed service the most. Not having people in office and also contracts that were approved but not yet receive funds make it hard for farmers to progress for that year. We put a lot of time and effort into finding other financial outlooks to help support the farm. The biggest challenge is young. Farmers are very innovative and do a lot of research to better the agriculture world, and this put a tremendous burning on financial assistant when it comes to climate, smart, environmental health, and human consumption of food.

3. You stated in your written testimony that "one size does not fit all" when it comes to crop insurance. Improvements to risk management and loan programs at USDA can support small, beginning, and specialty crop farmers. In a similar vein, should USDA and Congress ensure that disaster assistance, which will soon be administered by USDA according to Secretary Rollins, is distributed in a way that accounts for small, non-insured, beginning, and specialty crop farmers? If yes, what are considerations USDA and Congress should keep in mind in designing this assistance?

   When designing this assistant program USDA and Congress should keep in mind that young farmers are not your traditional farmers anymore so therefore the assistance for the disaster should be very specific and narrow down to only young farmers. There is enough money to keep farmers separate based on their size and their type of operation. Having a designated program just for young and beginning farmers will not only benefit, but will also save money to where farmers do not have to get the bare minimum when a disaster happens.

4. Specialty crop growers provide safe, healthy, and delicious food to consumers, and are vital to California and U.S. agriculture. Yet, fewer than *ten percent* of specialty crop farms have crop insurance. Whole-Farm Revenue Protection (WFRP) and the Noninsured Crop Disaster Assistance Program (NAP), rather than the Federal Crop Insurance Program (FCIP), are important insurance tools for specialty crop growers. However, there are still barriers to accessing these programs. What are these barriers and how can WFRP and NAP be improved such that these programs better support specialty crop producers?

   The barriers that young farmers face when it comes to crop insurance is not knowing the market value in history of a special crop that is grown. Insurance company only ensure what they know. They have proven facts about from FSA

that can tell them how to better structure the financial distribution of covering crops. Offering incentives to insurance company that will ensure specialty crop producers. Just because all young farmers are not generation farmers that doesn't mean they do not have rights to ensure their crops. The barriers that I faced with growing specially crops is that particular crop not being value like it should or have the coverage.

5. Increased variability in weather and natural disasters has already resulted in serious consequences for farmers and our food system. Reactive risk management supports farmers in such crises, but wholesome risk management is critical to *prevention* of farmers' output and revenue losses. It carries additional benefits, such as supply chain diversification and improved soil health. How can USDA's suite of risk management tools support farmers in being more *proactively* resilient in light of weather, climate, and supply chain challenges?

   I think that the risk management should support farmers more prior to something happening for example going out and so sampling the soil for any microbial diseases or pathogens that may be affecting the farmers crop. Next assist farmers with weather predictions for that year so they can be pre-covered prior to the disaster happening. The supply chain should be the same way when it comes to market value prices going down after the farmers have planted their crop. This is typically the norm for farmers when they see one price at the beginning and by the time they harvest is a whole different price so being ahead of the game with farmers will benefit and help them survive more.

6. Farmers cannot access programs if they aren't aware that they exist or how to sign up for them. Can you describe the importance of USDA Farm Service Agency (FSA) and Risk Management Agency (FSA) outreach to farmers, especially new and beginning farmers, in accessing such programs?

   There needs to be more invested in promoting what USDA and FSA does for farmers Young farmers have the ability to be able to use technology and stay up-to-date news and changes within the government. Traditional farmers do not have that same ability due to age and lack of literacy with the world we live in today. I think USDA and FSA should do more than just sit in the office and wait for farmers. It should be their duty to go out knock on farmers doors and make sure that their conservation plan is solid and if they need a conservation plan or any assistance it shouldn't be a lot of back-and-forth and challenges they have to do.