



# FARM CREDIT

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

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

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

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

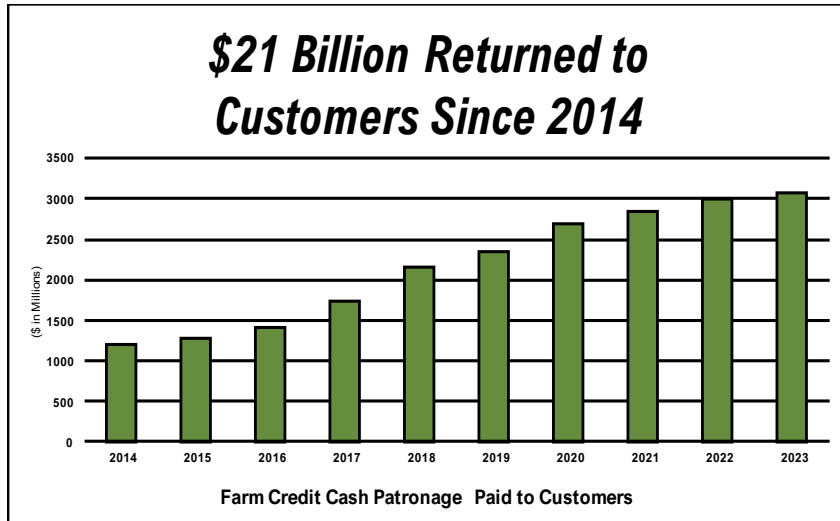
Most importantly, we are a member-owned, locally-governed cooperative and a proud member of the Farm Credit System. Along with 59 other Farm Credit institutions, Horizon Farm Credit shares a critical mission to support rural communities and agriculture with reliable, consistent credit and financial services,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

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

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

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

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



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

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

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

### **Farm Credit Supports Young, Beginning and Small Farmers**

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

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

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

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

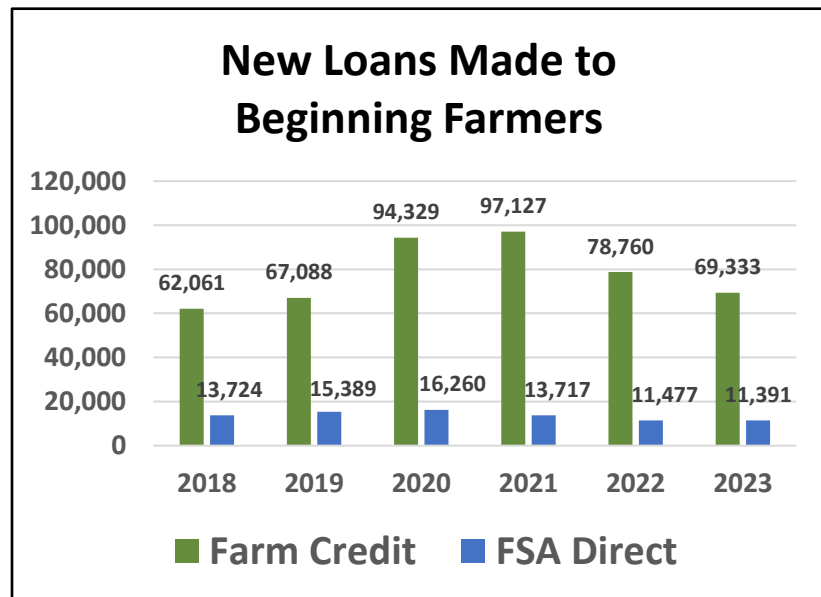
It is important to note that our numbers for young, beginning, and small lending cannot be combined. For example, a single loan to a 25-year-old rancher in her third year of ranching with annual sales of \$100,000 could be counted in the young, beginning, and small categories. We report this way for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

On a national level in 2023, Farm Credit made:

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

Since 2018, Farm Credit lenders made 468,698 new loans to beginning farmers for \$116.6 billion. The chart at right shows new loans made to beginning farmers each year by Farm

Credit institutions and U.S. Department of Agriculture’s Farm Service Agency (FSA) from 2018-2023. The bulge in lending during the COVID pandemic was largely caused by Farm Credit’s effort to provide beginning farmers with Paycheck Protection Program (PPP) loans as part of the U.S. Small Business Administration program.



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

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

### **Horizon Farm Credit Grow Ahead Program**

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

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

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

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

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

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

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

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

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

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

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

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

### **Farm Credit Foundation for Agricultural Advancement**

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

### **Farm Bill**

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

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

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

Agriculture looks different across the country, and for communities along the coast, including Eastern Shores of Maryland and Virginia, and the Delaware coast that Horizon Farm Credit serves, this includes commercial fishing and aquaculture operations. Farm Credit lenders today provide credit to commercial fishing and aquaculture operators in the U.S. in the exact same way that we provide credit to agricultural producers. To support the businesses that provide services directly to agricultural producers, Congress directed Farm Credit to provide financing to "farm-related" businesses, like custom harvesters, equipment repair, and veterinarians. However, the statute does

not technically allow Farm Credit to support people and businesses that provide “fishing-related” services directly to fishing and aquaculture operations. S. 1756, the Fishing Industry Credit Enhancement Act, would correct this accidental omission in the law, and provide the working waterfront another option for credit.

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

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