



July 25, 2019

Hearing: Supporting the Next Generation of Agricultural Businesses

House Small Business Committee

Subcommittee on Rural Development, Agriculture, Trade, and Entrepreneurship

Testimony of Mr. Jason Grimm

Owner, Grimm Family Farm

Williamsburg, Iowa

*Testifying on behalf of the National Young Farmers Coalition and the Eastern Iowa Young Farmers Coalition

Good Morning, Committee and Staff. Thank you for this opportunity to share my experiences as a young and beginning farmer. Congresswoman Finkenauer, thank you specifically for inviting me to represent the 1st District of Iowa and for hosting this hearing.

My name is Jason Grimm. I am 33 years old. I am a beginning farmer. My hometown of Williamsburg, Iowa has a population of 3,100 and is about 30 minutes from Iowa City. My grandfather and father farm where I grew up outside of North English, Iowa, and today have a cow and calf operation and grow soybeans, corn, hay, and oats. I began farming eight years ago, and started with a specialty crop of black beans, because it matched my market demand. My family's farm also had the proper equipment, so reduced my upfront equipment costs to start with beans.

In addition to farming, I am a co-founder and treasurer for the Eastern Iowa Young Farmers Coalition and a member of the National Young Farmers Coalition, Practical Farmers of Iowa, and Iowa Farm Bureau. However, farming is my secondary income. Off the farm, I am Deputy Director at Iowa Valley RC&D, a nonprofit, located in the historic Amana Colonies where I've worked for ten years. I started the organization's Regional Food Initiative in 2009 to address strategic and system change in Iowa's food system. I coordinate the Iowa's Food Hub Managers Working Group, and am a member of the Iowa Food and Farm Advisory Council. During my tenure, I have developed the Iowa Farm to School Toolkit, created a program called Iowa Kitchen Connect and established food policy councils in Linn and Johnson Counties.

Like many other farmers in the Midwest, my family has **struggled to transition our land to the younger generation, due to high capital gains tax on farmland and student loan debt that has negatively**

impacted my ability to grow my farm business. There is a shortage of young and beginning farmers to guide agriculture into the future. However, farmers support our rural communities, provide jobs and economic activity, and feed our communities. **This hearing is timely as we continue to implement the recently passed farm bill and as millions of acres of agricultural land are changing hands.** I am reminded of this land transition, both personally and professionally, every week. I have been a part of small conversations around many dining room tables (my grandfather's included) as well as a speaker on panels at conferences around Iowa. I am also reminded of the many federal programs that have supported my farming career and the opportunities Congress has to reverse the trend of our aging agricultural workforce. **Federal loan and grant programs, especially the USDA Micro Loan Program and the Beginning Farmer and Rancher Development program, have been critical to my professional development and success.**

LAND ACCESS

Today, I'd like to tell you more about my farm business: Grimm Family Farm. It's a small farm business that I started in 2011 with the help of my wife and my family. My two young boys, Emmet, age two, and Elliot, age six, are already incorporated into farm life. Elliot loves to feed the chickens. Emmet loves to go on tractor rides with his grandpa. Soon they will be big enough to open the gates to our farm fields while riding along on the tractor, like I did, during harvest. I started my farm business because I love the challenge of agriculture, enjoy being outdoors, and have an entrepreneurial spirit. I also believe that farming can strengthen community. Farming is a tradition in my family.

Continuing that transition, I began renting a few acres of my family's land in 2011 to raise pastured poultry and grow dry beans, potatoes, and produce. When I first began farming, I sold primarily to family and friends. Today, I sell these crops throughout Eastern Iowa—to grocery stores, restaurants, caterers, school districts, and colleges. Now in my eighth growing season, like so many other young farmers across the country, I have found myself limited by the instability of growing a business on leased land without an opportunity to build infrastructure and earn equity through ownership.

My customer list grows every year and my need to increase production of my crops has led me to pursue purchasing some of my family's land or relocating my family to purchase land nearby. Owning, rather than renting, would enable me to build a facility to properly store and operate the equipment needed to clean and bag my dry beans. Such a facility could help me expand my production capacity to grow my business to a point that would potentially support a career full-time on the farm. In 2013, I approached my grandparents about buying a tract of their land but hit a roadblock. My grandparents—who I have gained a tremendous amount of knowledge from and who are now in their mid-eighties—are hesitant to sell the land because of financial advice warning them about high capital gains taxes. For this same reason, my grandparents are not selling to my dad, who currently farms most of the land and owns his own off-farm business.

As a third generation farmer, I did not expect land access to be so difficult. I thought I just needed a viable business plan and everyone would be happy to have the land stay in our family. I thought I had the best case scenario.

In the last couple years, discouraged with the set of circumstances that my grandparents face, I have turned my attention to other land that may be available near my home. I've approached landowners and mailed letters. Many of these landowners though do not want to go through a multi-year process of transitioning land to me as a beginning farmer. It is easier for them to sell property through an auction or real estate agent on the open market. When landowners do want to sell to a beginning farmer, the cost of land is out of reach for my farm business.

I believe that if I had been able to purchase part of my family's farm six years ago, or any year since then, my businesses would look a lot different today. I would have grown my line of dry beans to include pinto, kidney, and an heirloom variety of beans in addition to the black bean variety I already grow and market. I would also like to think that my business would be at a point that I could contract other farmers to grow beans for me. Today, I market my beans in Iowa City, Cedar Rapids, Waterloo, Harlan, Des Moines, and sometimes Council Bluffs and Omaha. With access to more land, I believe I would be selling product into the larger midwest market and possibly even have some value-added product lines.

Recently, I have connected with one landowner about an hour away from where my family lives. She has been operating her farm for 25 years and does not have any heirs to take over her land. This season, I am renting an acre of land to grow potatoes in exchange to providing labor. It's just a one year commitment so both parties can determine if we would like to continue the discussion about farm transition. We have discussed transitioning land, but selling outright would be challenging for her as well because of the taxes incurred through the sale. My wife and I are also unsure we want to relocate to another community and another school district. The school district our oldest son attends is the same one that I grew up in—and many of our family and friends' kids attend school there as well. Our church community is located in Williamsburg too.

I urge you to explore creative solutions to this land transition challenge. Examples include tax provisions for land sold or rented to beginning and socially disadvantaged producers, which has been successful in Minnesota, or a tax break on the capital gains tax incurred on farmland sold to beginning or socially disadvantaged producers. These tax incentives could help level the field for beginning farmers and give them more negotiating power when discussing purchase or renting land.

STUDENT LOAN DEBT

Next, I'd like to also speak to you about student loan debt because of the significant barrier it poses for young and beginning farmers. A 2017 National Young Farmer Coalition survey of 3,500 young farmers across the country found that student loan debt is one of the top challenges faced by young farmers. It was a close second to their biggest challenge, access to land.

I went to Iowa State University and graduated with honors with a degree in Landscape Architecture and Environmental Studies. My wife, Hannah, went to Iowa State as well and graduated with a degree in Marketing. Our education story is not unique. Neither is our student loan debt. Together since 2009, we have worked to pay off over \$30,000 in student loans.

Six years into paying off my student loans, I learned about the Public Service Loan Forgiveness (PSLF) Program. I was excited to learn about this program because I was working for a local non-profit and was eligible to have my student loans forgiven after working for a non-profit for 10 years. I quickly learned, however, that the six years of paying for my student loans did not qualify because I was on the graduated payment plan instead of a qualified payment plan. Even though I paid more than the program required per month on my loans, I wasn't able to count 72 monthly payments towards the plan.

My wife and I decided at the time that the best option for us was to forget the PSLF program and just buckle down and consolidate my loans to get a better interest rate. It is disheartening to think that last month was my 10 year anniversary at the Iowa Valley RC&D, the non-profit where I still work. Instead of moving forward debt-free through PSLF, I have \$12,000 remaining on my student loans. Without student loan payments, I could have been investing those payments into a mortgage or equipment loan payments and growing my farm business.

Even though I will not personally benefit from farmers being included in the Public Service Loan Forgiveness program, I think it is important that the Small Business Committee supports the Young Farmer Success Act [H.R. 3232] to include farming as a career option in the program. I also urge you to support fixes to the Public Service Loan Forgiveness program, so that the program is more transparent and navigable for graduates and actually provides forgiveness for those individuals enrolled. Student loans should not be a burden that slows down the growth of a farm business or hinders a farm enterprise from being a viable option.

LOCAL AND REGIONAL FOOD AND FARM PROGRAMS

Lastly, I would like to address the importance of several federal programs that have meaningful and measurable impact for young and beginning farmers. My career with the Iowa Valley Resource Conservation and Development (IVRCD) has afforded me the opportunity to become familiar with, apply for, and implement USDA and Iowa farm program funding. I am in a strong position to speak about these programs because I have seen their success from several perspectives. These programs have helped me personally in my farm businesses and I have used them professionally to support the next generation of agricultural businesses in Iowa.

The first **USDA program** I applied for was the **USDA Microloan program**. I worked with my loan manager, Mary Glaspie, at my local **USDA Farm Service Agency (FSA)**. This program was first available in 2014 and was meant to assist beginning farmers who needed a small loan of under \$50,000. The loan was also based on credit and farming experience and didn't require the experience as a sole proprietor like other FSA loan programs. Thanks to the loan manager at FSA, I was able to secure my first loan of only \$5,500. However, this small loan helped me purchase a tiller for my tractor and processing equipment for my pastured poultry business. I paid off this loan easily and this equipment has had a huge impact on my business. FSA staff also helped me use the NAP Crop Insurance program for my black beans. This program is for crops not covered by the federal crop insurance program like corn and soybeans are in Iowa. I have never had to use this program, but it has been worthwhile knowing I was covered in case of a crop loss.

Early in my career I partnered with Practical Farmers of Iowa to use the **Beginning Farmer Rancher and Development Program (BFRDP)** to bring over 20 workshops to beginning farmers in my region. These workshops covered business planning, marketing and merchandising, food safety and more. As a member of Practical Farmers of Iowa (PFI), I have also benefited from BFRDP funds through their **Savings Incentive Program**. The two-year program matched me with a mentor, facilitated the development of a five year business plan, and helped me direct funds toward the purchase of seed cleaning equipment and a tine weeder for my black bean enterprise. I was able to best assess my resources, was supported in conducting market research, and able to develop enterprise budgets for each part of my farm business. I am so thankful for this program and for the BFRDP funds that made it possible. My participation in this program had a very positive impact on my farm business and was an experience that would have otherwise not been available to me.

Through Iowa Valley RC&D, I have also used USDA's **Farmers Market Promotion Program, Local Food Promotion Program**, and the **Farm to School Grant Program**. Each of these projects has allowed me to learn more about the struggles faced by my beginning farmer peers and find ways to assist them to overcome these challenges.

Through the Farmers Market Promotion Program, our organization has developed a series of handouts to be used by beginning farmers when they first begin selling at a farmers market. With this funding, our staff has also been developing a Handbook for Market Managers to better equip them to support beginning farmers as they start their businesses. We are also hosting a social media coaching program to assist beginning farmers to effectively use online marketing to build their businesses and keep pace with the dynamic world of social media.

At Iowa Valley RC&D, I have been co-coordinating the Iowa Food Hub Managers Working Group in Partnership with Iowa State Extension and Outreach. We were awarded a Local Food Promotion Grant and a Sustainable Agriculture Research and Education (SARE) Grant to support the Working Group. Over the Working Group's five year tenure, we have assisted the group to develop a shared warehousing and cross-docking network across the state to assist farmers of all types to market and distribute their products to a larger distribution region. This network assisted me to expand my geographic sales network from a 50-mile radius to 250-mile radius.

An important and growing market for my business is the school districts in my region. Since 2011, I have been working to assist area school districts increase their local procurement of food direct from regional farms. In the last two years, I have worked closely with the Cedar Rapids Community School District to introduce black beans onto their menus. Through recipe development, student taste tests, and finally full production in the cafeteria, we implemented a rice and black bean menu item this past April in Cedar Rapids. Funds that I have received from the **USDA Farm to School Grant Program** have helped me build my network with area school districts, introduce school food service to other beginning farmers, and inspire students in the classroom by introducing them to a real farmer! Farm to School has been a great way for me, as a beginning farmer, to scale up to a wholesale customer.

FARMING SHOULD BE A CAREER OPTION FOR YOUTH IN THE FUTURE

When I explored career paths in high school and entered college at Iowa State University, I didn't think a career in farming was an option for me. While pursuing degrees in Landscape Architecture and Environmental Studies, I discovered that agriculture and our food system was extremely diverse and had an enormous impact on our communities. I saw the gaps in our regional food system that were being filled by imports from outside our state. This included access to Iowa grown vegetables, legumes, fruits, value-added products, and even the businesses that support these types of on-farm enterprises such as meat processors, canners, co-packers, grocers, grain/seed cleaning, equipment dealers, marketing and sales brokers, and trucking. After earning my degree, I decided I wanted to pursue a career that would reinvigorate Iowa's food and agriculture industry and provide new opportunities for Iowa's farmers and small businesses. After a few years working off the farm and interacting with local grocers, institutions, and other purchasers of food, I discovered there was an opportunity for me to fill a need by starting my own farm business.

I am honored that today I am representing beginning farmers in Iowa. Every year, graduating high school students look for viable and interesting careers. America needs farmers. I hope that farming can be an option for young people now and into the future.