

**The Honorable David Scott  
Chairman  
House of Representatives Committee  
on Agriculture  
Washington, DC 20515**

**The Honorable Glenn 'GT' Thompson  
Ranking Member  
House of Representatives Committee  
on Agriculture  
Washington, DC 20515**

**Testimony of Julia Asherman, Owner and Operator of Rag and Frass Farm**

**Re: A 2022 Review of the Farm Bill: The State of Credit for Young, Beginning, and Underserved Producers before the U.S. House of Representatives Committee on Agriculture**

**Date: July 14, 2022**

Thank you to the Honorable David Scott and Glenn 'GT' Thompson for holding this hearing, and for the opportunity to testify on this important topic.

My name is Julia Asherman and I am the owner and operator of Rag & Frass Farm, which I started in late 2012. I farm 3 acres of certified organic vegetables and specialty cut flowers in rural central GA. I employ 5 people, 3 full time and two part time, year round. We grow and sell 12 months a year, and I do this with no off-farm income. Until this year, when I had a baby, I worked 7 days a week. Now I work 6 days a week. Farming is mentally and physically challenging but I am pleased that I found my calling, and hope my testimony is helpful to your policy decisions and to other farmers.

I grew up in the city, born and raised in Boston and went to college in Chicago. I hail from several generations of proud gardeners. As a child my family would regularly drive two hours to southern Vermont where my grandparents had family land. This land is no longer in my immediate family, but it holds a piece of my heart. It is where I learned to love the country, walk the woods, and where I formed the foundational experiences that would direct me to farming later on.

While in Chicago, I studied printmaking and metal sculpture, and dabbled in bike mechanics on the side. Indirectly these experiences lead me to farming: the tools, the creation, the problem-solving, working with my hands, and getting dirty.

While in school I realized I wanted to live in the country, to carve out a piece of land and be self-sufficient. In 2009 I graduated and took the first cheap land opportunity I found, bringing me to rural central Georgia to a run down 1970's conventional hog farm. There I set to work turning it into a sustainable market garden with trial and error. There were a *lot* of errors. The learning curve was steep, and I had many hard lessons. Unexpectedly, the benefit to not learning from a more experienced mentor is I had no one telling me what was or was not possible.

It took 3 years of 'faking it till I made it' (and books, the internet, etc) to get to a 1 acre small farm, selling at market, with customers. Initially, having not worked on a farm, I thought having one would be like having a big garden. I quickly realized it meant actually running a complex small business. I kept records, mostly so I could try to repeat my

successes and minimize mistakes. I didn't know then that the harvest and sales records would be the most important thing I created.

In early 2012, I was evicted. The land was abruptly no longer available to me, and I had to abandon the small farm I had worked the past 3 years on. I was a landless farmer. I had poured myself into creating my little farm, built infrastructure, but failed to get a clear written lease. This devastating experience was a wake up call to the risks of being a tenant farmer and the fragileness of a handshake agreement. It also planted the seeds of the benefit and security to land ownership.

I moved to a bigger and much more established farm a few hours away and worked as an employee for a season. It was one of the first certified organic farms in the state, and was 10+ acres of veggies and produce. This was a much bigger scale, with more equipment and mechanization. I was part of a 5-10 person crew and helped manage harvests, market, and planning. During this time I realized I never wanted to have tenuous land arrangements again, and I also didn't want to work on just any farm, I wanted to work on my own farm. A farmer friend suggested I look into FSA loans. My first reaction was a hard 'NO', simply because I didn't want to go back into debt after paying off my college debt. As I researched buying land, it sank in that I would never be able to own anything significant, like land, without debt.

It sounds crazy to say I found my land on Craigslist, but I did. 54 acres with an old fixer upper motel, old storefront, barn, pasture, pond, woods; in Jeffersonville, GA, a small town with 1500 people and one flashing red light.

By early 2013 I had moved to the property with a sales contract, a business plan, and FSA loan application. When I moved I had \$2000 in my bank account, my 1994 Chevy, two dogs and a cat. I was lucky and found a real estate attorney who took interest in my plan and drafted my purchase and lease agreements for a bargain. I borrowed a tractor from one of my 'old man friends'. I disassembled and moved greenhouses that I got cheap from out-of-business nurseries, and put them up again. During the winter of 2012 when I moved to the land, I had no working electricity, no well or running water, and no heat. It was very rustic, I was resourceful, and I got crops in the ground 3 months later. I did not use any operating loans to get off the ground, I saved my debt for the land, and hobbled along for a few years, reinvesting as I went.

I was a tenant on the property (with a frequently renewing sales contract) for four years before closing on the property in 2017 with an FSA Direct Ownership Loan for \$75,000. The land had a lien on it, had underground storage tanks from an old gas station, and the seller was in a foreclosure/bankruptcy process, all of which added years to the process. By the time I bought the farm, I was fully in business growing on 3 acres. During the time that I was waiting to buy the land, I was farming and keeping records. These production and sales records, along with the records from the first farm I managed, were the most important factor in accessing USDA credit. I had no money for a down payment, all I had was experience and proof that it could be done.

So far the story sort of sounds like the 'American dream'. However, in hindsight, my success with FSA has been due to a few specific lucky factors:

I am a persistent and stubborn person—not the giving up type. I stuck with the paperwork, the county loan officers, and did my homework enough that I could make it

work, and sufficiently negotiate the deal with both the seller and lender. However, most farmers are busy and use their time strategically. Any program that requires significant frustrating paperwork and a lot of effort, for what is essentially a gamble, is not really geared toward being accessible to most farmers, most of the year. The cost of wasting time right now can outweigh the hypothetical benefits down the road. Having the right documents and records at your fingertips during the right time of year is a must, to make everything come together. Even then, a lot depends on the loan agent's understanding of the type of operation you run. Beginning farmers often do things differently from the farmers my loan officers are used to working with: we are more likely to be organic or sustainable; we are more likely to be diversified; we are more likely to be smaller scale (with more focus on specialty crops); we are more likely to be direct market; we are more likely to be women, queer, people of color; and we are more likely to be first generation.

Luckily, I was able to successfully navigate the timeline. I was able to secure a lease in addition to a sales contract, and this was because the seller was motivated to sell. The property was on the market for a while, it was not in a desirable or populated area, and the condition of the buildings was poor. I was the only person interested in it, and that was great for me and the seller. If I had been trying to buy a property in better condition, in a different area or facing any type of development pressure, it would be unlikely that the seller would wait for me and my FSA process, which took months. The current process is slow, with many steps going back and forth, and no pre-approval. Farmers easily lose out on potential properties by not being able to act fast. I have known several farmers who have not been able to use FSA loans to purchase for this reason.

My land was cheap. I paid \$75,000 for 54 acres. It was a small, comparatively easy first ask. Everything I claimed in terms of yield, price, budget, etc. was foreign or unbelievable to my loan officers. It would have been very difficult to get them to take me or my farm seriously if I didn't have the records to prove what a small farm can produce in food, or what it can gross in sales. Additionally, as you know the FSA requires 150% equity on a purchase loan—if my property didn't appraise at 150% of the sales price, then FSA would have taken a lien on my truck or tractor—which was pretty much all that I owned at the time. And I bought my tractor with cash, so adding a lien to the most important equipment I owned for land collateral would have been a tough pill to swallow. While my story is one of success, I am sharing it today because it highlights how precarious and fortunate my experience was. As a country, we can't expect farmers to find suitable land for a steal the way I did. We are looking at the impending transition of more than 40% of farmland, and this crisis of land access will only become more acute if we do not address it head on. Farmers like me across the country need access to good farmland, and to have secure tenure. Making sure that good farmland stays or gets into the hands of farmers must be a priority. Making sure we always have new farmers to replace those who retire is a priority. We need to focus this next Farm Bill process on policies that enable equitable land access and transition, and access to credit is at the heart of this issue.

While loan limits did not play a factor in my land purchase, I applaud Congress for increasing the limits in the 2018 Farm Bill, making land value a bit less of an access issue. However, loan limits certainly still affect many farmers in other areas, particularly near more populated areas. For me, that was not the foremost barrier. For farmers across the board, the lack of a pre-approval combined with the burdensome slow process, and the luck of the draw in finding a local loan officer with the necessary training, openness, and desire to meet the spirit of the law, are all salient challenges to

be addressed. One of the great things about FSA is the ability to make annual payments, which reflects the seasonal cash flow of most farmers. If there was loan pre-approval, it would better reflect the seasonal workload. Farmers could get approved in their off seasons, instead of whenever they find the land, which could be in a very busy time.

I also applaud Congress and the USDA for the creation and implementation of the microloan program, especially as a way to open doors to underserved and beginning farmers. Not all loans are of equal size or risk. Last year I applied for a \$50,000 Direct Operating Microloan to purchase a bigger more reliable delivery truck. We did successfully get the loan and get the vehicle, however, the process was nearly identical to a Direct Operating Loan. I filled out the same paperwork, gave the same financial, crop planning, and cash flow projections as I did when I purchased the land. I did ask my loan officers if there was an expedited process since it was a microloan. I was told that since I was already in business, they would need the full paperwork of any operating loan. Essentially, my application process for this microloan (in terms of which documents I would need to supply and to what level of detail) was no different than any operating loan (up to \$400,000) that I might apply for. This is not in keeping with my understanding of the stated purpose of the microloan program, and would certainly be a barrier to any farmer not already familiar with FSA loan processes.

Another considerable factor in accessing land is student debt. While I *did* have student debt upon graduation, I had a 'reasonable amount', which I was able to pay off before borrowing from the FSA. We know from surveys conducted by the National Young Farmers Coalition, that most of the new farming generation is likely to be college educated. If I still had debt to manage, I am not sure if I would have been able to make the numbers work for the loan, let alone start a farm at all. This is a hugely critical issue for young farmers like me, and is an even greater challenge for young farmers of color. It is challenging enough to enter a physically and financially risky profession that requires intense capitalization. For new farmers entering farming with immense debt, they face a real risk of failure or incredible hardship, if they are able to move forward at all. At the same time, I believe that I would not have been successful in my land access journey without my college education, and if I was not college educated, I doubt I would have been able to navigate the loan processes with FSA effectively.

Farmers don't dream of a life filled with debt and financial stress. Access to credit can help us get our farms off the ground but we still need basic quality of life things afforded to most other working people: health insurance, basic risk mitigation, family leave, being able to send our kids to college, rural high speed internet, and a protected natural resources and climate to work within. The old timers say "The quickest way to end up with a million dollars farming is to start with two million."

To my surprise, despite my long repaid Federal student loans, despite my two current FSA loans, and despite my Farm Credit loan, I still do not have a credit score. Apparently federal and farm credit debt do not contribute to credit scores. This means that regardless of my good standing on my loans, I still have no credit history, and if I were to go to a traditional lender, they may not lend to me, or I might pay the highest interest rate on the least favorable terms. I don't understand why this is the case or how you can remedy it, but I work hard to pay off my debt, and my federal credit counting for nothing seems to cut me out of opportunities. Furthermore, since USDA has an increasing commitment to beginning and underserved farmers, if our federal debt could

help us build traditional credit, we would be more independent and have more options available to us.

I ask that the next farm bill consider these issues.

Establish clear processes and structures to implement a pre-approval mechanism for Farm Service Agency Direct Farm Ownership Loans, so that farmers who have identified available land and gathered necessary supporting information do not lose out on farm ownership opportunities simply because they need to utilize USDA's help. Further, I recommend that USDA index Direct Farm Ownership Loan limits to inflation, so that farmers can bring competitive offers to the table.

Thank you for listening to me and to the voices of farmers, even if we are small or young farmers. The Farm Bill touches everyone in this country, and your policies have an incredible impact on the direction our farms take. Please consider the big picture urgency for the nation's farmers, and the subsequent opportunity to make agriculture thrive. Our work is dangerous, risky, and exhausting, and we persist despite sacrifice and challenges, forgoing benefits many people enjoy.

Many small, beginning, and underserved farmers feel largely invisible to most consumers, overlooked by most of society, and overlooked by our government. We feed and clothe communities and steward our nation's most precious resources for the future. Our resilience is a matter of national security. Yet many of us survive with luck, willpower, and with little tidbits of USDA support sprinkled in. Young farmers, beginning farmers, and underserved farmers need policies that acknowledge inequities, lift the burdens, give us pathways to success, open doors, watch our backs, and instill equity into agriculture.

Sincerely,

Julia Asherman  
*Owner and Operator of Rag and Frass Farm*