Testimony of
Mandy Minick, SVP – Stakeholder Relations,

AgWest Farm Credit

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Chairman Scott, Ranking Member Davids, and members of the Committee, thank you for convening this hearing today to discuss the importance of the Farm Bill on lending and credit. My name is Mandy Minick. I hold the position of Senior Vice President – Stakeholder Relations with AgWest Farm Credit, located in Spokane, Washington.

AgWest Farm Credit is a lending cooperative serving the agriculture industry. We offer dependable credit, risk management tools, and business resources to help farmers, ranchers, and rural residents succeed. For more than a century, we have provided financing expertise and support for rural communities located in Alaska, Arizona, Idaho, Montana, Oregon, Washington, and parts of California. As of March 31, 2025, we have provided more than $31.35 billion in loans throughout seven states, where we operate in 59 locations.

AgWest is part of the Farm Credit System, a nationwide network of cooperative lending institutions. Our mission is to support rural communities and agriculture with reliable, consistent credit and financial services today and tomorrow. Together, Farm Credit associations provide approximately 46 percent of commercial agricultural credit.

The Farm Credit System

Farm Credit lenders were assigned a vital mission by Congress a century ago.

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. As this Committee has heard, 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 times and bad is especially important.

Although Congress created Farm Credit in 1916, we do not receive any government funding or tax dollars. Instead, Farm Credit reverses the traditional flow of funds by raising money on Wall Street and bringing it back to rural communities.

Like AgWest Farm Credit, all Farm Credit institutions rely on the availability of certain USDA programs to make credit decisions. A customer's ability to purchase crop insurance and the strength of the coverage available is a key factor in determining if and how much credit to extend to a borrower. The Farm Service Agency guarantee and direct lending programs help Farm Credit institutions to work with customers that may have higher risk profiles, particularly young and beginning producers. The availability of the many types of indemnity programs is essential to the survival of farm operations who suffer during natural or other disasters and ensure those borrowers can pay down existing debt and access credit for future years. The many commodity programs, such as ARC and PLC that are administered through USDA provide a level of certainty for the producer and gives lenders assurances that in difficult price environments customers have tools to manage their risk.

Finally, Farm Credit member institution, CoBank, provides significant financing to rural infrastructure providers. Their customers provide water and waste services, electricity, telecommunications, and broadband to rural communities across the country. The USDA Rural Utility Service is not only a partner to CoBank in order to help make electricity costs more affordable for people living in rural America, but their loan guarantee programs are an essential tool for rural utility providers. Their programs help CoBank address the unique credit needs in the hardest to reach places.

As a cooperative, Farm Credit is owned and governed by our borrowers. Nationally, Farm Credit returned over $3 billion in patronage (cash dividends) to our customers, representing 40% of total earnings in 2024. Since 2012, Farm Credit has returned $24 billion in patronage to our customers.

As a Farm Credit institution, the AgWest Farm Credit Board of Directors consists of agriculture producers who are invested in supporting local communities and agriculture. Annually, our board approves the distribution of patronage (cash dividends) to customers through our patronage program, representing 54.4% of our total earnings in 2024. This equated to $414 million returned to borrowers.

The Farm Economy

Farmers operate in a cyclical, unpredictable, and sometimes risky environment. AgWest is proud to be a trusted resource for producers by sustaining and strengthening their operations through these dynamic cycles and supporting a thriving future for agriculture.

AgWest serves a remarkably diverse portfolio, financing hundreds of specialty crops and bulk commodities, with the most significant loan volume last year concentrated in dairy, tree nuts, cattle and livestock, diversified crops, tree fruit, grains, wine, and forest products. We also serve fisheries and aquaculture markets in our coastal regions.

AgWest offers tailored financial products based on the needs of our customers. Our lending programs consist of real estate mortgages, intermediate-term and revolving lines of credit, equipment leasing, crop insurance and appraisal services. This range of products allows AgWest to respond to borrowers’ needs and market changes. A strong capital base is critical in our ability to provide steady lending capacity during this cyclical downturn.

The current agricultural economy is encountering substantial challenges affecting numerous commodities. It is unusual to observe such widespread economic pressures simultaneously influencing multiple sectors within agriculture. In nearly all areas, farmers are grappling with price declines, rising input costs, shrinking margins, and financial strain.

Additionally, trade policy and tariff volatility, labor shortages, environmental and climate pressures and uncertainty surrounding the Farm Bill are exacerbating these issues.

Specialty Crops

USDA defines specialty crops as “fruits and vegetables, tree nuts, dried fruits, horticulture, and nursery crops (including floriculture).” This includes many items you might find on your dinner table. Specialty crop growers encounter challenges not faced by bulk commodity producers. These crops have shorter harvest periods, are vulnerable to weather and pests, often require manual harvesting, and must be quickly delivered to market due to their perishability. It is not uncommon for tomatoes harvested in the morning to be canned in the afternoon. Cherries are often harvested in the field, meticulously washed, and sorted, then immediately cold packaged for export, and shipped by air freight to foreign markets on the same day. Market availability, trade restrictions, and shipping container access are critical for fresh, perishable products. Labor shortages in any part of the supply chain, delays in shipping, or issues with customs can significantly reduce marketability.

The health of the specialty crop economy depends on product type and is mainly influenced by market demand at home and abroad. Export markets are crucial. Shifting trade dynamics have created uncertainty. Drought and extreme weather continue to challenge growers in all the states that we serve. Additionally, increased expenses related to labor, energy, transportation, compliance with new regulations, litigation and water are substantial factors. These numerous headwinds, along with other barriers to entering agriculture, continue to contribute to the increasing number of farm consolidations.

AgWest Commodity Overview

At the end of 2024, almond producers were slightly unprofitable yet remained hopeful that conditions would improve during 2025. Recently, pricing has increased as demand has improved. Pistachio producers ended 2024 slightly profitable. With minimal inventory carry-over from 2024 and strong demand, prices should continue to support profitability. Pistachio trees are alternate bearing, suggesting that 2025 crop will be larger than 2024, which may reduce pricing for the 2025-26 marketing season.

Conventional apple prices are holding flat, while input costs and water allocations are ongoing concerns. Organic apples (13% of the total supply) are maintaining stronger pricing. California leads the nation in citrus production, yet growers have reported escalating input costs (fuel, fertilizer, labor), increased regulatory burden and rising packaging and marketing expenses. Lemon markets remain weak, and production capacity is likely to exceed demand over the next year. According to a recent report by California Citrus Mutual, the average cost to grow navel oranges in the state has risen by 28% over the past five years. Reduction in tree fruit imports may help domestic prices; however, the benefits may not be enough to offset the current challenges.

Falling wine demand, excess inventory and production capacity are pressuring prices and margin. Declining export demands may further challenge this industry.

Ending in 2024, wood product mills were slightly profitable, a trend expected to continue in 2025. The industry is reliant on the growth of the housing market to increase demand for wood products. Potential tariffs on imported lumber may also support prices.

Regional topography and unique climates across the states AgWest serves makes the production of specialty crops possible - and nowhere is that more evident than in California. The state produces more than 400 commodities and represents over a third of the country's vegetables and over three-quarters of the country's fruit and nut production. Like the rest of the nation, California producers have experienced substantial increases in expenses. Exacerbating these rising costs is continual implementation of new regulations. In a recent study, California Polytechnic University, San Luis Obispo professors Dr. Lynn Hamilton and Dr. Michael McCullough report that growers have experienced a 1,366% increase in costs solely to comply with regulations in 2024 when compared to 2006. This environment has produced extreme barriers to entry and agricultural sustainability, impacting producers in the state and potentially threatening our nation's food supply.

While not specialty crops, substantial volume of beef and dairy products are produced in the Western United States. The livestock industry is navigating a complex but cautiously optimistic landscape shaped by evolving market dynamics, regulatory pressures, and strategic outreach efforts. According to USDA, beef production is projected to rise in 2025, buoyed by heavier slaughter weights and increased cattle placements. However, the overall cattle herd remains historically tight, keeping prices firm.

Dairy margins have improved over the past year due to expanded processing capacity, stronger milk prices and lower feed costs, but federal reforms to milk pricing formulas are likely to hurt prices received by Western dairies. Challenges loom for producers as strong beef prices have reduced availability of replacement dairy heifers.

Input Costs

Headwinds in this current environment for producers include input costs. We are seeing crop input costs rise with ocean freight and fertilizer pricing. Container rates started to accelerate in the first week of June. Companies are once again front-loading goods to the U.S. in anticipation of higher tariffs in July and August. A rapid increase in import volumes could lead to temporary port congestion and trucking/rail bottlenecks over the next month or two.

Fertilizer prices rose across the board over the last month due to increased demand from spring applications and global supply constraints. It remains unclear as to how much urea China plans to export in 2025, though the consensus is that it will keep shipments well below average.

Specialty Crop Challenges

Price declines, rising input costs and shrinking margins, credit access and financial strain, trade policy and tariff volatility, labor shortages, environmental and climate pressures and Farm Bill uncertainty are impacting not only business viability but also mental health in rural communities. Farmers and ranchers are managing today’s problems under the 2018 Farm Bill solutions, which served agriculture well then, but no longer adequately addresses current challenges. We need a new Farm Bill to help mitigate these rising challenges.

The struggles in today's agricultural economy are serious. Unique to this downturn is the widespread impact across most commodities AgWest serves. Agriculture Risk Coverage (ARC) and Price Loss Coverage (PLC) programs offer price support for 22 covered commodities. The recently enacted improvements to these programs will greatly help our grain producers, but our specialty crop growers do not have access to these programs.

Serving Young and Beginning Producers

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 also directs Farm Credit specifically to serve the needs of young and beginning 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 Young, Beginning, and Small producers.

[Note: The numbers above 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. We report this way for two reasons: our regulator requires it and, more importantly, it is the most accurate portrayal of who we serve.]

With this mission as our focus, AgWest has developed a unique and robust program focused exclusively on serving young, beginning and small producers grow and sustain their operation. With the average age of U.S. farmers just over 58, there is a need to develop the next generation of producers to ensure the sustainability and viability of the agriculture industry for years to come.

The AgWest AgVision program offers qualified producers loan options with modified underwriting guidelines, preferred interest rates, fee waivers, FSA guarantee fee coverage and financial incentives for producers to further their education and invest in their operation. AgWest also supports these producers with in-depth financial and business training opportunities to help them grow and refine their business management skills.

Eligible participants in this program are 35 years old or younger, have farmed for 10 years or less or generate under $350,000 in annual gross agricultural income. AgWest has offered the AgVision loan products and programs for over 25 years, during which time we have seen many producers develop their farming, ranching, and aquatic production operations into viable businesses. These operations have grown to be both successful and sustainable, reflecting the effectiveness of the program's approach.

Tighter financial conditions in the broader economy have impacted businesses and consumers. Borrowing costs and stricter credit standards may increase barriers to obtaining credit. This is especially problematic for new producers.

FSA Lending Programs

AgWest supports and participates in Farm Service Agency lending programs, including guaranteed loans and direct lending, to serve producers. We use joint financing structures that combine FSA and AgWest programs for greater support, particularly for our AgVision customers.

We support the Producer and Agricultural Credit Enhancement (PACE) Act to modernize Farm Service Agency loan programs, including increased loan limits that reflect current costs of production agriculture. A strong FSA Guaranteed Loan Program assist agriculture lenders in working with farmers and ranchers dealing with these challenges and provides opportunities for young and beginning farmers and ranchers.

Farmland values and input costs have soared in recent years, making it more expensive for farmers and ranchers to finance land and their agricultural operations. FSA-guaranteed loan limits must keep pace with the increased costs of production agriculture.

Crop Insurance

Federal crop insurance is a vital tool in stabilizing access to credit, sustaining farming communities and protecting the nation's food supply, making it a sound investment for taxpayers. The federal crop insurance program works as intended by Congress when coverage is available and purchased. Crop insurance allows producers to customize risk mitigation plans that protect our national food supply from unforeseen disasters. Federal crop insurance is a cost-share investment between taxpayers and producers, and as such, farmers and ranchers pay premiums. In contrast, ad hoc disaster relief programs are 100% funded by taxpayers, unpredictable and subject to political gridlock.

Recent ad hoc disaster programs have delivered billions in relief, but their ad hoc nature creates uncertainty, distribution delays and often gives very little consideration to specialty crops. Ad hoc disaster relief programs are most effective when complementing structured crop insurance plans and should not be used to substitute for producers properly planning to mitigate impacts of a disaster. For maximum success, ad hoc disaster programs must be anchored in crop insurance and support program distribution to include specialty crop producers.

America Needs a Strong Farm Bill

We appreciate the efforts in both chambers of Congress throughout the Budget Reconciliation process that have led to key reforms in crop insurance and agriculture policy. Further improvements need to address coverage gaps for underserved and uninsurable commodities. Passing a strong Farm Bill this year would give America's farmers and ranchers much needed stability and prioritize farmers in the bill.

Farmers and ranchers need a new Farm Bill to help mitigate unprecedented challenges in a difficult economic environment. Farm Credit encourages Congress to pass a strong, five-year Farm Bill, and we have highlighted several of our priorities in this testimony.

In addition to the PACE Act, we also encourage Congress to support rural communities and agriculture by:

Allowing U.S. commercial fishing related businesses to access Farm Credit—just as related farm businesses do—to support the industry, as proposed in the Fishing Industry Credit Enhancement Act (S.1217/H.R.2518);

Authorizing Farm Credit institutions to voluntarily collect customer demographic data with the Farm Credit Administration as their primary regulator, as outlined in H.R.1063, the Farm Credit Administration Independent Authority Act;

Enhancing the development of essential rural community facilities—including hospitals, rural clinics, and skilled nursing facilities—by clarifying the authority of Farm Credit institutions to finance such projects and promoting collaborative partnerships with community banks, as demonstrated by 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 increasing 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;

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 Scott and Ranking Member Davids, 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.