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Chairman Williams
House Committee on Small Business
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Dear Chairman Williams,

Thank you, Chairman Williams, Ranking member Velázquez and all members of the Small Business Committee. It's an honor to sit before you today along-side my fellow witnesses to discuss the challenges rural small business owners face.

In this testimony, I want to share my experiences and thoughts on the current state of rural entrepreneurship and how it pertains to the agriculture industry. Although I will hit on many issues, there are 3 primary areas I will focus on:

1. Challenges for today's small business owners
2. Opportunities that exist
3. Quality of Life for rural America

Background:

In 2010, my wife Janna and I had the opportunity to come to our family farming operation after the passing of my father. At that time, we were 24- and 22-years old farming roughly 1,200 acres around the small town of Lorraine, KS. We took on an aging equipment fleet and had 1 seasonal employee. I worked full time for the National Sorghum Producers and farmed in my free time. That is what it took to make ends meet. Over the course of the next 2 years, we were able to rent more farm ground and I was able to farm full time. Fast forward to today. As I wrap up my 11th year of full-time farming, we now manage roughly 10,000 acres with 6-8 full time employees. Janna, my wife, is co-owner and office manager.

In those 11 years of growth, there were many challenges and success stories. Our businesses growth has been from retiring farmers or relationships built over the years. We own very little ground ourselves, relying on the rental agreements to maintain our farm size and position ourselves for future generations to return to this operation.

Challenges:

There are many Macro and Micro challenges facing today's young farmers. One of the largest challenges facing them is access to capital. Regulations placed on lending institutions make it difficult to access the necessary funding allowing young farmers to plant a crop. With little to no collateral, the ability to borrow is significantly limited. Other resources, such as USDA/FSA loans are great alternatives, but are cumbersome and time consuming. In today's fast changing markets, time is of the essence. Same is the case for rural main street businesses, capital is hard to come by and is very complicated to work through. Most recently, supply chain issues, inflation, regulatory uncertainty and weather have made producing the world's safest and most

affordable food supply difficult. Inflation continues to wreak havoc on equipment purchasing and borrowing. Daily, we struggle procuring parts for equipment and seed/fertilizer for our crops – regardless of the price. More specifically, equipment costs for the operation were up over 12% from late 2021 to early 2023. Seed costs were up 7% from 2022 to 2023. Fertilizer prices have fluctuated from 25% increases to 70% increases. Although prices were up, commodity prices were higher for the 2022 season as well. The 2022 growing season was extremely dry. We had 33% of our average rainfall and were unable to raise our average production numbers.

To me, it feels some federal regulations are trying to put family farms out of business, while we should be working together to be the world's gold standard in agriculture.

More challenges rural Americans face, not just business owners are: access to health care, quality education, child care, high speed internet access, quality housing – the list goes on.

Opportunities:

There exist great opportunities for entrepreneurs in rural America. The need for main streets to stay vibrant and cater to the local economy remain. We need local businesses where we can shop and socialize without having to travel out of our local community. With the realization that working remotely is more widely accepted, moving to rural areas has become more attractive. The push and implementation of rural broadband access will allow employees to connect with employers regardless of geographical location. In agriculture, the average age of a U.S. farmer as of the 2017 census is 57.5. The land is not going anywhere and opportunity for young farmers is there. Kansas State University's office of Farm and Ranch Transition is helping to link beginning farmers with retiring farmers. This program allows for mentorship while searching for the next generation to farm. It is a one of a kind program providing young entrepreneurs a chance to follow their dreams.

Quality of Rural Life:

Up to this point, we have been proud to say all our full-time employees are long time members of the local community. The wages we pay stay in the local communities. Their children go to or have gone to the local public schools, they shop local, tax dollars stay local, use local medical services and support many local organizations. They are volunteers in their local 4-H clubs, members of the volunteer fire departments and volunteer their time serving others in their churches. Our closest friends are doctors, nurses, school teachers, engineers, work in the technology sector, veterinarians, bankers, coaches, restaurant owners, neighboring farmers, etc. They have all chosen to live in rural America and are doing their part to make sure it thrives. They are the epidemic of what makes rural communities great.

Our county, Rice County, has a population of roughly 9,400 people as of the July 1, 2022 census estimate and 4 stop lights. We are a rural community and economy. Small businesses, including farmers, are rural entrepreneurs that are the backbone of our community and what allow us to thrive.

Again, thank you for inviting me to share with the committee. I look forward to answering any questions and to be a resource in further policy discussion.

Regards,
Matt Splitter