

May xx, 2017

The Honorable Thad Cochran
Chairman
Senate Committee on Appropriations
S-128, The Capitol
Washington, DC 20510

The Honorable Patrick Leahy
Vice Chairman
Senate Committee on Appropriations
S-128, The Capitol
Washington, DC 20510

The Honorable Rodney Frelinghuysen
Chairman
House Committee on Appropriations
H-305, The Capitol
Washington, DC 20515

The Honorable Nita Lowey
Ranking Member
House Committee on Appropriations
1016 Longworth House Office Building
Washington, DC 20515

Dear Chairmen Cochran and Frelinghuysen, Vice Chairman Leahy, and Ranking Member Lowey:

We thank you for your continued commitment to American agriculture. Your support through the appropriations process has helped our members continue to feed, fuel, and clothe our great nation. As you are well aware, farmers and ranchers have been facing difficult economic conditions for several years. With the farm economy only expected to worsen, access to credit, specifically credit provided through the U.S. Department of Agriculture (USDA) Farm Service Agency's (FSA) Farm Loan programs, is critical.

As part of the 2017 Consolidated Appropriations Act (P.L. 115-31), Congress provided additional funding for FSA's Farm Loan programs. The increase of roughly \$1.4 billion, spread out over both direct and guaranteed farm operating and farm ownership loans, was an important and necessary step in ensuring continued access to credit. The outlook for 2017 grain and livestock prices appears to be no better than in 2016, likely meaning FSA loans will be even more vital to the financial viability of farm and ranch operations. The added funding will help FSA avoid backlog issues faced last year and during the beginning of this year.

Metrics associated with farm health, including debt to asset ratios, working capital, and cash flow, are projected to weaken further in 2017 or stay even from last year. As a result, we expect demand for new or revised loans to at least match 2016, which was a record year for the portfolio. In order to meet demand, FSA will need additional resources for FY-2018. Such resources include adequate lending authority and state mediation grants that reflect the growing stress in the countryside.

We urge you to match this demand with an appropriate level of resources for FY-2018. We recognize that budget restrictions weigh into such calculations. But low commodity prices have reduced net farm income by over 50 percent in the past four years, and FSA loans serve as an important lifeline for many distressed producers. Inadequately funding FSA would be a disservice to our hardworking farmers and ranchers, who are dedicated to feeding our nation and the world.

We appreciate your attention in this matter and stand ready to provide any needed assistance.

Sincerely,

American Bankers Association
Farm Credit Council
Independent Community Bankers of America

National Association of Credit Specialists
National Association of Wheat Growers
National Barley Growers Association
National Corn Growers Association
National Cotton Council
National Farmers Union
National Grange
National Rural Lenders Association
National Sorghum Producers
National Soybean Association
National Sunflower Association
Southern Peanut Farmers Federation
USA Rice
US Canola Association
US Dry Bean Council