

June 14, 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 Council of Farmer Cooperatives  
National Farmers Union  
National Grange  
National Milk Producers Federation  
National Rural Lenders Association  
National Sorghum Producers  
National Soybean Association  
National Sunflower Association  
National Young Farmers Coalition  
Southern Peanut Farmers Federation  
USA Rice  
US Canola Association  
US Dry Bean Council