

December 13, 2019

The Honorable Sonny Perdue  
Secretary  
US Department of Agriculture  
1400 Independence Avenue SW  
Washington, DC 20250

Mr. Russell Vought  
Acting Director  
The Office of Management and Budget  
725 17<sup>th</sup> Street NW  
Washington DC 20503

Dear Secretary Perdue and Acting Director Vought:

As the Administration develops its budget proposal for FY 2021, **we respectfully urge you to protect crop insurance from harmful cuts.** Crop insurance is more important than ever to farmers, lenders and all of rural America as farmers face a dire time in the farm economy.

For good reason, the state of the agricultural economy has been the subject of numerous recent hearings, reports, and media coverage. Cash crop receipts have dropped more than \$34 billion since 2012, and despite a recent bump in net farm income this year, net farm income is still down \$44 billion from 2013 in inflation-adjusted dollars. Multiple years of hardship have taken their toll on farm families across the country. Farm debt has increased 55 percent over the last decade, and now stands at \$415 billion. Moreover, inflation-adjusted farm debt is at a level just shy of the record set prior to the farm financial crash of the early 1980's. More farms are struggling to service this debt and as a result, farm bankruptcies have increased 24 percent since just last year.

Given this picture of the agricultural economy, now is not the time to make cuts to crop insurance, a program that farmers have described time and again as a linchpin of the farm safety net. This Administration has gone the extra mile during these difficult times to provide much-needed aid to farmers suffering from unfair retaliatory tariffs from China through ad hoc assistance such as the Market Facilitation Program. It would undercut these efforts to then recommend cuts to a program such as crop insurance that provides predictable, on-budget assistance to farmers in a way that helps lenders continue to support America's farmers and ranchers. No other piece of the farm safety net can provide this reassurance to lenders.

The need for a strong crop insurance safety net was put to the test in 2019 when farmers across the Midwest and Midsouth experienced historic precipitation amounts during the planting season and then, during harvest, faced unprecedented and earlier than anticipated winter conditions. Many farmers were unable to plant a crop, and some may be unable to harvest the crops they did plant until next spring, if at all. However, because of crop insurance, these losses will not further risk the financial stability of the family farm.

The 2018 Farm Bill signed by the President less than a year ago continued the emphasis on risk management from previous farm bills, and in doing so, protects the interests of American taxpayers. Farmers spend as much as \$4 billion per year of their own money to purchase insurance from the private sector. On average, farmers also must incur losses of almost 30 percent before their insurance coverage pays an indemnity. Crop insurance allows producers to

customize their policies to their individual farm and financial needs. Federal crop insurance is based on fundamental market principles, which means higher risk areas and higher value crops pay higher premiums for insurance.

Cuts to crop insurance during this difficult time for rural America should be avoided. Farmers and lawmakers agree that crop insurance is a linchpin of the farm safety net and is crucial to the economic and food and fiber security of urban and rural America. **We urge you to support America's farmers and ranchers during this difficult time and oppose cuts to crop insurance during this year's budget process.**

Sincerely,

Agricultural Retailers Association  
American Association of Crop Insurers  
American Bankers Association  
American Farm Bureau Federation  
American Farmland Trust  
American Malting Barley Association  
American Property Casualty Insurance Association  
American Pulse Association  
American Seed Trade Association  
American Sesame Growers Association  
American Society of Farm Managers and Rural Appraisers  
American Soybean Association  
American Sugar Alliance  
American Sugarbeet Growers Association  
Association of Equipment Manufacturers  
Corn Refiners Association  
Crop Insurance and Reinsurance Bureau  
Crop Insurance Professionals Association  
Ducks Unlimited  
Environmental Defense Fund  
Equipment Dealers Association  
Farm Credit Council  
Independent Community Bankers Association  
Independent Insurance Agents and Brokers of America  
National Association of Mutual Insurance Companies  
National Association of Professional Insurance Agents  
National Association of State Departments of Agriculture  
National Association of Wheat Growers  
National Barley Growers Association  
National Corn Growers Association  
National Cotton Council  
National Council of Farmer Cooperatives  
National Crop Insurance Services  
National Farmers Union  
National Grain and Feed Association  
National Milk Producers Federation  
National Oilseed Processors Association  
National Peach Council  
National Potato Council

National Sorghum Producers  
National Sunflower Association  
Organic Trade Association  
Panhandle Peanut Growers Association  
Rural & Agriculture Council of America  
Southern Peanut Farmers Federation  
Southwest Council of Agribusiness  
Theodore Roosevelt Conservation Partnership  
United Fresh Produce Association  
United States Cattlemen's Association  
US Apple Association  
US Canola Association  
US Dry Bean Council  
US Durum Growers Association  
USA Dry Pea & Lentil Council  
USA Rice  
Western Peanut Growers Association  
Women Involved in Farm Economics

Cc: Sen. Pat Roberts, Chairman, Committee on Agriculture, Nutrition and Forestry  
Sen. Debbie Stabenow, Ranking Member, Committee on Agriculture, Nutrition and Forestry  
Rep. Collin Peterson, Chairman, Committee on Agriculture  
Rep. K. Michael Conaway, Ranking Member, Committee on Agriculture