

United States Senate

WASHINGTON, DC 20510

May 9, 2017

The Honorable John Hoeven
Chairman, Agriculture Subcommittee
Senate Committee on Appropriations
Washington, D.C. 20510

The Honorable Jeff Merkley
Ranking Member, Agriculture Subcommittee
Senate Committee on Appropriations
Washington, D.C. 20510

The Honorable Thad Cochran
Chairman
Senate Committee on Appropriations
Washington, D.C. 20510

The Honorable Patrick Leahy
Ranking Member
Senate Committee on Appropriations
Washington, D.C. 20510

Dear Chairs and Ranking Members:

As you begin consideration of fiscal year 2018 appropriations legislation, we request that you support robust funding for the Farm Service Agency's loan programs, particularly direct and guaranteed farm operating loans as well as farm ownership loans. We urge you to provide funding sufficient to fully meet loan demand from beginning, small, and other underserved farms that rely on FSA loans. In light of the President's FY18 Budget request, which would reduce USDA funding by 21% and could endanger critical programs like FSA loans, we ask that you provide appropriations at or above FY17 levels and carefully consider the importance of these farm loan programs.

As you know, the Farm Service Agency (FSA) provides direct loans and loan guarantees for beginning and small farms, along with established family farms, that are unable to secure adequate credit. These FSA loans serve the most disadvantaged farmers in our farm sector, including beginning, historically underserved, and veteran farmers, who depend on reliable credit to stay in business. FSA's operating loan programs provide these farmers with direct loans up to \$300,000, as well as loan guarantees up to \$1.4 million, to fund annual operating expenses such as livestock, equipment, feed, seed, and fertilizer. Ownership loans help family farms afford land and refinance when they are struggling economically. These loans are cost-efficient and work in tandem with private credit to serve farmers in need. Because of these loans, family farmers can get their crops in the ground and continue to serve their customers, even during tough economic times. Without FSA loans, these farmers would lack access to the operating capital that is necessary for any farm business to stay afloat.

The President's FY18 Budget requests only \$17.9 billion for USDA, a \$4.7 billion or 21% decrease from the 2017 continuing resolution level. Although FSA has not yet released its FY18 budget request, program levels consistent with the Department's overall reductions would significantly jeopardize FSA programs. Any cut in FSA loan funding would cause great hardship for our nation's farmers, and hit new, small, and other underserved farmers the hardest. With agricultural economists predicting no end in the near future to depressed commodity prices and the resulting downturn in the overall farm economy, it is all the more important to ensure that our nation's farmers have the capital they need to continue to invest in their businesses.

FSA loan programs are already facing high demand from farmers whose incomes have declined in recent years, and program funding is already stretched thin. In June 2016, FSA operating loans faced a significant funding shortfall, and hundreds of farmers whose loans had already been approved could not

receive the funds they needed until Congress passed emergency appropriations in December 2016. This shortfall in loan funding and the resulting backlog of farmers waiting for credit has become an all too common trend in recent years. Current projections indicate that FSA will also face FY17 shortfalls in farm operating and ownership loans and guarantees. Without sufficient and timely FSA loans, farmers in need will have no liquid funds, no ability to purchase equipment and other necessities for the planting season, and no choice but to curtail operations.

Amounts below past totals or in line with the President's FY18 Budget would undoubtedly and irreversibly harm our nation's farmers, their families, and our communities. We therefore ask that you provide robust funding, at or above the levels in the Senate and House FY17 Agriculture Appropriations bills, to address expected 2018 loan demand and ensure that shortfalls do not occur in the operating loan programs and other FSA loan programs.

Thank you for your consideration of these programs and your dedication to our nation's farmers.

Sincerely,



Gary C. Peters
United States Senator



Thom Tillis
United States Senator



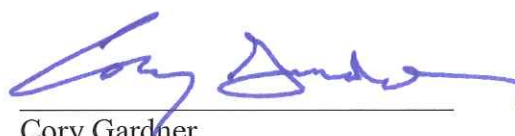
Ron Wyden
United States Senator



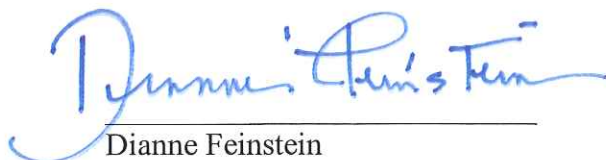
M. Michael Rounds
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Chris Van Hollen
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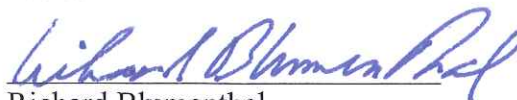
Robert P. Casey, Jr.
United States Senator



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Maria Cantwell
United States Senator



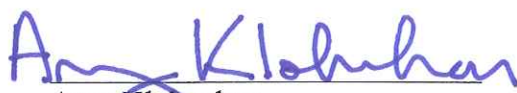
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United States Senator



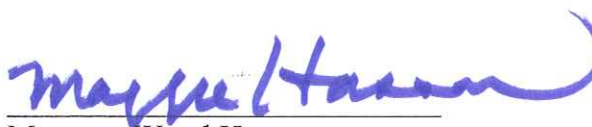
Thomas R. Carper
United States Senator



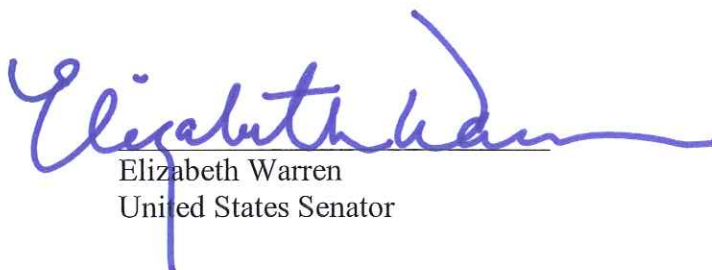
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