

March 18, 2021

The Honorable Nancy Pelosi
Speaker
United States House of Representatives
Washington, DC 20515

The Honorable Kevin McCarthy
House Republican Leader
United States House of Representatives
Washington, DC 20515

Dear Speaker Pelosi and Representative McCarthy,

As Congress considers the USDA budget implications of the American Rescue Plan Act of 2021, we respectfully urge you to protect critical USDA mandatory programs from harmful cuts that will be triggered by sequestration if Congress does not take action. There is precedence for Congress waiving Statutory Pay-As-You-Go (PAYGO) requirements, with such action taken as recently as 2018 following enactment of the Tax Cuts and Jobs Act. If such a waiver is not enacted, severe cuts will be imposed on a variety of USDA programs, including farm safety net and conservation programs, and the Supplemental Nutrition Assistance Program (SNAP), among others. H.R. 1868, which is expected to be considered by the House of Representatives this week, would prevent these cuts from happening, and we urge Members of Congress to support the bill.

The last several years have brought an onslaught of uncertainty for America's farmers and ranchers - from weather extremes to the disruptions of international markets to COVID-19 and all of its unique challenges. During this tumultuous time, one of the few certainties that farmers could rely on was the protection provided by a strong and reliable farm safety net.

USDA and Congress have taken extraordinary ad hoc measures over the past three years to ensure the financial security of rural America. It would only serve to undercut these efforts to allow harmful cuts to be enacted to USDA farm programs that provide certainty to America's farmers and ranchers. The current pandemic has magnified the importance of U.S. agriculture and fragility of supply chains and its impact on the food security of our nation for all consumers. Food security sustains national security.

America's food and agriculture sectors are responsible for nearly one-fifth of U.S. economic activity, directly supporting 23 million jobs or 15% of U.S. employment, and contributes \$7 trillion in direct and indirect economic output. Farmers and their agribusiness partners are the economic backbone of our rural economies.

Since 2012, real net cash farm income has fallen by 30% and in the face of COVID-19, American agriculture faces more severe economic stress and desperately needs support and attention from policymakers. Farming is one of the most important and riskiest businesses in our nation and requires a strong safety net, on-farm conservation assistance, and risk management tools provided in farm policy. Farmers borrow more money each year to plant their crops or raise their livestock than most people borrow in a lifetime and lenders need a strong safety net in order to provide the cash needed to finance these farming operations.

Long before a crop is harvested, cows are milked, or livestock are ready for market, farmers hope that weather, trade relationships, markets, labor availability, transportation, exchange rates and other

variables will cooperate. An adverse change in any of these variables can erase farm profits for the year, and those strains are felt by all in the supply chain.

Programs in the Farm Bill, set to be renewed in 2023, provide key safety net and risk management tools for farmers, as well as critical assistance to help farmers implement resource conserving practices on the farm, create value added markets through the promotion and development of advanced biofuels and biobased technologies, and authorize trade promotion programs that help grow current and build new markets abroad for U.S. agricultural goods. According to the most recent available data in the 2017 USDA Census of Agriculture, U.S. farmers have enrolled more than 140 million acres in federal conservation programs, equal to the land area of California and New York. Millions more acres are dedicated to voluntary and state-led conservation programs.

Sustained, well-funded, effective and predictable policy through the Farm Bill is necessary to address the threats that farmers have faced historically as well as new threats we now face to provide a consistent supply. This includes defending and strengthening crop insurance for risk management that is affordable and flexible for all producers.

It is more apparent now than ever that reliable food supplies and stable safety net and risk management programs are critical for the United States' long-term prosperity and economic well-being. We urge Congress to act to waive PAYGO requirements in order to avoid harmful cuts.

Sincerely,

Agricultural Retailers Association
American Farm Bureau Federation
American Seed Trade Association
American Soybean Association
CropLife America
Farm Credit Council
National Association of State Departments of Agriculture
National Cattlemen's Beef Association
National Corn Growers Association
National Cotton Council
National Milk Producers Federation
National Association of Wheat Growers
United Fresh Produce Association
USA Rice Federation