



October 5, 2016

The Honorable Hal Rogers, Chairman  
House Appropriations Committee

The Honorable Nita Lowey, Ranking Member  
House Appropriations Committee

The Honorable Thad Cochran, Chairman  
Senate Appropriations Committee

The Honorable Barbara Mikulski, Ranking Member  
Senate Appropriations Committee

The Honorable Robert Aderholt, Chairman  
House Agriculture Appropriations Subcommittee

The Honorable Sam Farr, Ranking Member  
House Agriculture Appropriations Subcommittee

The Honorable Jerry Moran, Chairman  
Senate Agriculture Appropriations Subcommittee

The Honorable Jeff Merkley, Ranking Member  
Senate Agriculture Appropriations Subcommittee

Dear Chairs and Ranking Members:

As you prepare to finalize appropriations legislation for FY 2017, we write on behalf of our 46 farm, conservation, and rural member organizations to highlight a number of issues that are critically important to agriculture, and for which we urge your support.

**1. VALUE-ADDED PRODUCER GRANTS - \$15 MILLION DISCRETIONARY**

House FY17 Agriculture Appropriations bill:	\$15 million
Senate FY17 Agriculture Appropriations bill:	\$10.75 million
NSAC Request:	\$15 million

We commend the House Subcommittee and Committee for including a much-needed increase in discretionary funding for the Value-Added Producer Grants (VAPG) program, from \$10.75 million to \$15 million in the FY 2017 agriculture appropriations bill.

VAPG offers grants to farmers and ranchers developing farm- and food-related businesses that boost farm income and create jobs in rural America. Grants are used to fund business and marketing plans and feasibility studies or to acquire working capital to operate a value-added business venture or alliance.

Recent data demonstrates that when USDA invests in rural businesses through VAPG, those businesses thrive. USDA economists reviewed the status and business survival rate of nearly all of the 1,200 award recipients between 2001 and 2010 and found that, in comparison with small businesses in general, VAPG recipients have much higher survival rates. According to the Small Business Administration, only 34 percent of small firms in general survive after 10 years. Among VAPG recipients, 56 percent of the producers who received grants in 2001 were still operating in 2014. Of the producers who received grants in 2002, 2003, and 2004, survival rates are even higher – 61 percent, 68 percent, and 73 percent, respectively. **We strongly urge you to adopt the House level of \$15 million in final funding legislation.**

## **2. GRAIN INSPECTION, PAKCERS & STOCKYARDS ADMINISTRATION RIDER – NO RIDER**

House FY17 Agriculture Appropriations bill: Includes GIPSA rider  
Senate FY17 Agriculture Appropriations bill: Does not include GIPSA rider  
NSAC Request: Do not include GIPSA rider

As a result of rapid consolidation and vertical integration, livestock and poultry markets have reached a point where unfair and anti-competitive practices dominate to the detriment of farmers and consumers. USDA is in the process of issuing a new set of proposed rules for public comment to guard against these anti-competitive actions by multinational livestock and poultry processing companies, which exercise nearly unchecked power over family farmers. In response, the so-called GIPSA rider was included in the House agriculture appropriations bill to prevent USDA from publishing these proposed rules and ensuring a level playing field for farmers. The rider seeks to maintain a system wherein livestock and poultry integrators can freely retaliate against contract farmers if they speak out about unfair treatment, a system which gives farmers little-to-no recourse against fraudulent or deceptive practices, and one in which farmers do not even have the right to know how their payments are calculated, let alone whether or not they are fair or just. **We strongly urge you to join NSAC, the National Farmers Union, American Farm Bureau Federation, National Family Farm Coalition, and other farm groups in opposing the House GIPSA rider.**

## **3. MANDATORY CONSERVATION SPENDING – NO CHIMPS**

House FY17 Agriculture Appropriations bill: Cuts CSP by 2 million acres and EQIP by \$211 million  
Senate FY17 Agriculture Appropriations bill: Cuts EQIP by \$191 million  
NSAC Request: No cuts to any farm bill conservation program

Repeated annual cuts to the Conservation Stewardship Program (CSP), Environmental Quality Incentives Program (EQIP), and other farm bill conservation programs have created enormous backlogs of applications among highly qualified producers and made it difficult for farmers to maintain healthy soil, protect water, and mitigate and adapt to the impacts of drought and flooding. The proposed cut to CSP in the FY 2017 House bill would reduce the size of the 2017 enrollment by 20 percent, from 10 million acres to 8 million acres, and over 10 years would mean a \$325 million cut from baseline farm bill funding. A similar cut in FY 2015 forced state NRCS offices to reject 75 percent of the qualified farmers, ranchers, and foresters who applied for the program.

Fortunately, the Senate bill does not cut funding for CSP. However, both the House and Senate bills slash funding for EQIP. While not cut directly in either bill, the Regional Conservation Partnership Program (RCPP) would also be impacted by the proposed cuts to CSP and EQIP because RCPP draws its funding from both programs. We strongly oppose re-opening the farm bill via changes in mandatory program spending to these critical conservation programs. **We therefore urge you to reject the proposed cuts in your final FY 2017 appropriations legislation.**

## **4. SUSTAINABLE AGRICULTURE RESEARCH AND EDUCATION COMPETITIVE GRANTS - \$27 MILLION**

House FY17 Agriculture Appropriations bill: \$24.7 million  
Senate FY17 Agriculture Appropriations bill: \$27.0 million  
NSAC Request: \$27.0 million

Investment in agricultural research is vital to continued productivity and innovation in American agriculture. The Sustainable Agriculture Research and Education (SARE) program, one of NIFA’s longest-standing and most successful competitive grants programs, has helped turn farmer-driven research, education, and extension into profitable and environmentally sound practices for over 25 years. Despite SARE’s popularity, technological breakthroughs, and demonstrated administrative efficiency, the program is funded at less than half of its authorized amount. As a result, USDA can fund only *6 percent* of all research and education pre-proposals. We are pleased that the Senate bill begins to address this shortfall by increasing SARE funding from \$24.7 million to \$27 million. This is a small but critical increase, and **we urge you to accept the Senate level in final funding legislation.**

**5. OUTREACH AND TECHNICAL ASSISTANCE TO SOCIALLY DISADVANTAGED AND VETERAN FARMERS AND RANCHERS (2501 PROGRAM) - \$3 MILLION DISCRETIONARY**

House FY17 Agriculture Appropriations bill:	\$0
Senate FY17 Agriculture Appropriations bill:	\$3 million
NSAC Request:	\$3 million

Farming is a risky business and has become increasingly difficult to enter over the past few decades. For farmers of color and military veteran farmers, building a successful farming operation is fraught with even greater challenges. The 2014 Farm Bill expanded the 2501 program to also serve veteran farmers and ranchers, yet cut mandatory funding for the program in half. This reduction in funding has had real impacts on the grown for these underserved farmers and has meant fewer groups have been able to launch new or expand existing successful programs that provide critical assistance to our country’s most vulnerable farming communities. Ultimately, this means that fewer farmers are able to get the support they need to build successful, profitable farming operations.

Since the 2014 Farm Bill slashed funding for the program, USDA has been forced to reduce both the size and duration of grant awards, in order to spread limited program dollars across the country and support as many organizations as possible. Smaller and shorter grants are less impactful and serve fewer farmers than a more robust and stable program.

Additional discretionary funding is urgently needed to restore this long-standing program’s capacity to provide technical assistance to our nations’ minority and veteran farming communities. We applaud the Senate Appropriations Committee for holding a hearing this spring to identify what steps Congress could take to better serve the needs of our returning military veterans. One immediate step is additional resources for USDA’s only program specifically focused on providing outreach and technical assistance to help transition veterans into a farming career. **Therefore, we urge you to, at the very least, adopt the Senate funding level of \$3 million in discretionary funding for 2501.**

**6. FSA DIRECT AND GUARANTEED OPERATING LOANS – PROGRAM LEVELS OF \$1.7 BILLION FOR DIRECT LOANS AND \$1.6 BILLION FOR GUARANTEED LOANS**

House FY17 Agriculture Appropriations bill:	Program levels of \$1.46 billion for direct loans and \$1.432 billion for guaranteed loans
Senate FY17 Agriculture Appropriations bill:	Program levels of \$1.46 billion for direct loans and \$1.432 billion for guaranteed loans
NSAC Request:	Program levels of \$1.7 billion for direct loans and \$1.6 billion for guaranteed loans

We thank you for agreeing to the USDA reprogramming request that is providing approximately \$185 million to partially offset the FY 2016 shortfall for the Farm Service Agency's (FSA) farm loan programs. This was very welcome news for our nation's farmers and the agriculture sector at large. However, even with this recent reprogramming, FSA will be entering FY 2017 with an estimated \$215 million shortfall in operating loans. Under FSA's protocol, these backlogged applications will be funded before any new borrowers who apply after October 1 will have their loan applications considered.

This is particularly problematic because demand for operating loans is expected to be above average due to the uncertainty around lower than usual commodity prices. The expected shortfall, even under the higher levels provided in the FY 2017 House and Senate bills, will leave many beginning farmers, and others who cannot be fully serviced by commercial credit under current price conditions, without the loans they need to stay in business.

To ensure the next generation of farmers are able to secure the financing they need to make it through another growing season, we therefore respectfully **urge you to provide a modest increase in funding for FSA direct and guaranteed operating loans – on top of the increase already provided in the House and Senate FY 2017 Agriculture Appropriations bills – to cover both the backlog from FY 2016 and the anticipated increase in demand beyond the level projected back at the beginning of the year. We recommend that you provide sufficient appropriations to reach program levels of at least \$1.7 billion for direct operating loans and \$1.6 billion for guaranteed operating loans.**

#### **7. FOOD SAFETY OUTREACH PROGRAM - \$5 MILLION**

House FY17 Agriculture Appropriations bill:	\$5 million
Senate FY17 Agriculture Appropriations bill:	\$5 million
NSAC Request:	\$10 million

FDA recently finalized two expansive food safety regulations for farmers and food processors under the Food Safety Modernization Act (FSMA). The FSMA-authorized Food Safety Outreach Program (FSOP) provides farmers and processors with the training they need, exactly when they need it, to implement and comply with new food safety rules, to ensure their farm businesses are able to stay in business.

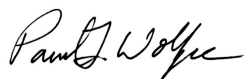
While both the House and Senate agriculture appropriations bills increase food safety enforcement funding for the Food and Drug Administration (FDA), neither provides a similar funding increase to train those expected to comply with the new regulations – i.e. our nation's farmers and ranchers – through FSOP, also known as the National Food Safety Training, Education, Extension, Outreach, and Technical Assistance program. FSOP is a competitive grants program that is administered by USDA, not FDA, but is nonetheless, a critical component of FSMA implementation. While increased funding for enforcement is certainly important; without a parallel increase in training resources for producers, FDA's new food safety regulations will pose a significant burden for small and midsize farmers and food processors, and will inevitably fall far short of the goal of improving food safety. **We therefore urge you to provide additional resources for farmer food safety training by including \$10 million in final funding legislation.**

Thank you for considering our views.

Sincerely,



Greg Fogel  
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National Sustainable Agriculture Coalition



Paul Wolfe  
Policy Specialist  
National Sustainable Agriculture Coalition