

June 2, 2016

The Honorable Jerry Moran
Chairman, Agriculture Subcommittee
Senate Committee on Appropriations
United States Senate
Washington, DC 20510

The Honorable Robert Aderholt
Chairman, Agriculture Subcommittee
House Committee on Appropriations
United States House of Representatives
Washington, DC 20515

The Honorable Jeff Merkley
Ranking Member, Agriculture Subcommittee
Senate Committee on Appropriations
United States Senate
Washington, DC 20510

The Honorable Sam Farr
Ranking Member, Agriculture Subcommittee
House Committee on Appropriations
United States House of Representatives
Washington, DC 20515

Dear Chairs and Ranking Members:

We, the undersigned organizations, very much appreciate that the Committee-passed House and Senate FY 2017 agriculture appropriations bills include the USDA requested program level of \$1.46 billion for Direct Operating Loans (DOL), and \$1.432 billion for Guaranteed Operating Loans (GOL).

We have recently learned, however, that FSA is running out of DOL and GOL FY 2016 funding in June, with a third of the fiscal year still remaining. This substantial shortfall 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. It will also create a backlog and long waiting list for FY 2017.

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.

As you well know, access to annual operating credit is a make-or-break issue for many farmers, especially those just starting out. Access to credit can largely determine whether or not farmers can continue working on their lands, and for beginning farmers it can determine whether or not they decide to pursue a career in agriculture in the first place.

According to the best estimates available, to fill the gap and ensure that FSA can meet growing demand for FSA operating loans due to lowered commodity prices, the final FY 2017 appropriations package would need to increase program levels by \$300 million and \$350 million for direct and guaranteed operating loans, respectively.

Those program levels would require an increase in the appropriation of approximately \$12.9 million and \$3.6 million in the budget authority (BA), respectively, on top of the levels provided in the bills already passed by the House and Senate Committees.

We realize there are many demands to juggle as you put together the final FY 2017 bill. We urge you to take these escalating operating credit needs into account and make the necessary adjustments.

Sincerely,

American Banking Association
Farm Credit Council
Independent Community Bankers of America
National Association of Credit Specialists
National Farmers Union
National Sustainable Agriculture Coalition
National Young Farmers Coalition
Opportunity Finance Network

cc: Members of the Senate Agriculture Appropriations Subcommittee
Members of the House Agriculture Appropriations Subcommittee

The Honorable Thad Cochran
The Honorable Barbara Mikulski
The Honorable Hal Rogers
The Honorable Nita Lowey