

March 11, 2009

Dear Chairman Conrad and Senator Gregg:
Dear Chairman Harkin and Senator Chambliss:
Dear Chairman Peterson and Congressman Lucas:
Dear Chairman Spratt and Congressman Ryan:

We are writing to express our strong opposition to the more than \$16 billion in cuts to the farm safety net proposed in the President's fiscal year 2010 budget.

This round of cuts is being proposed just eight months after enactment of the 2008 Farm Bill which, at the time, contained more than \$7.6 billion in cuts to the safety net despite the fact that the cost of these provisions over the preceding six years was already \$21.8 billion under budget. In fact, the safety net provisions singled out for cuts already constitute less than one quarter of one percent of the total federal budget and an ever-shrinking share of total Farm Bill costs, now comprising just 16%.

The cuts also threaten, once again, to change the rules midstream on American farm and ranch families. The proposed cuts come before the Farm Bill is even fully implemented and at a time when producers are struggling to understand and comply with confusing, costly and unduly burdensome payment and eligibility rule changes already being imposed that far exceed what the Farm Bill required, the Congress intended, and producers anticipated. The proposed budget cuts totally overlook the fact that producers and lenders alike have made long-term business decisions based upon the commitments made by Congress in the five-year Farm Bill and, thus, will exacerbate the current credit crisis.

Most troubling, far from targeting large agribusinesses that do not need assistance, the proposed cuts would strike at the economic heart of full-time farm families, of every sized operation, in the midst of the worst economic downturn since the Great Depression and at a time when net farm income is projected to be down 20%, threatening the viability of hundreds of thousands of family-owned farms and ranches and further undermining the U.S. economy.

As you know, the economic outlook for agriculture has substantially changed since earlier last year when Farm Bill critics argued that higher commodity prices warranted deeper cuts to the farm safety net. Today, the futures price for most major commodities is down by anywhere from 36% to 52% relative to the prices reached earlier last year. Meanwhile, production costs, which reached record highs last year, are expected to recede only half way back to their 2007 level.

Given current conditions, we are deeply concerned that the existing safety net may be inadequate with respect to some crops in responding to further declines in commodity prices even without the proposed cuts. But, with the cuts, the possibility becomes an absolute certainty, in part because the policies targeted by the budget are the very front-line defenses against today's high volatility in prices and production costs. The cuts to crop insurance also mark an unfortunate retreat and reversal of ongoing efforts to improve access to quality and affordable coverage for producers of all commodities across the nation in order to reduce the number of uninsured and underinsured and the need for unbudgeted *ad hoc* disaster assistance.

The current situation, even without the proposed cuts, is a serious one for farm and ranch families, their lenders and for the U.S. economy, generally, which has relied upon and greatly benefited from a strong U.S. agriculture sector over the past fourteen months.

Accordingly, because the farm safety net was one of the few policies not strengthened in the recently passed stimulus package, we strongly urge you to oppose any efforts to cut the 2008 Farm Bill which remains the primary economic stimulus for rural America.

Sincerely,

Alabama Peanut Producers Association
American Association of Crop Insurers
American Beekeeping Federation
American Farm Bureau Federation
American Sesame Growers Association
American Society of Farm Managers and Rural Appraisers
American Soybean Association
American Sugar Alliance
CoBank
Crop Insurance Professionals Association
Farm Credit Council
Florida Peanut Producers Association
Georgia Peanut Commission
Independent Community Bankers of America
Independent Insurance Agents and Brokers of America
Mississippi Peanut Growers Association
National Association of Wheat Growers
National Barley Growers Association
National Corn Growers Association
National Cotton Council
National Council of Farmer Cooperatives
National Farmers Union
National Sorghum Producers
National Sunflower Association
North Carolina Peanut Growers Association
Northeast States Association for Agriculture Stewardship
Peanut Growers Cooperative Marketing Association
Rain and Hail LLC
Rural Community Insurance Services
State Agriculture and Rural Leaders
Southern Peanut Farmers Federation
Southwest Council of Agribusiness
United Dairymen of Arizona
US Canola Association
US Rice Producers Association
USA Dry Pea and Lentil Council
USA Rice Federation
Virginia Peanut Growers Association
Western Peanut Growers Association