

April 9, 2010

The Honorable Tom Vilsack  
Secretary  
U.S. Department of Agriculture  
1400 Independence Ave., SW  
Washington, DC 20250

Dear Secretary Vilsack:

We are writing to express our grave concern regarding the March 2010 budget baseline established by the Congressional Budget Office (CBO). That baseline assumes a \$3.9 billion savings over 10 years as a result of the cuts proposed in the ongoing renegotiation of the Standard Reinsurance Agreement (SRA).

Congress was not “credited” with a savings mandate for the SRA renegotiation provision included in the 2008 farm bill. However, CBO appears to be basing its savings on what it believes to be a plausible outcome to those negotiations. We further understand that if the final negotiations provide more than \$3.9 billion in reductions, CBO will immediately update its baseline to reflect those savings and Congress will not be credited with the savings either.

These reductions in the federal crop insurance program may undermine this component of the farm safety net and will sharply reduce the agriculture budget in the advent of a baseline budget farm bill. It would make a potential budget reconciliation process next year extremely difficult.

If the situation is left unaddressed by the Agriculture Department, reasonable savings obtained in an SRA renegotiation cannot be properly credited to Congress to apply toward improving crop insurance for producers or to help meet potential reconciliation instructions. This does not bode well for any policies under the jurisdiction of the House and Senate Agriculture Committees.

We urge you to stay the ongoing SRA renegotiations, reinstate the current SRA, and allow Congress to address this issue legislatively in order to preserve the budget baseline.

Sincerely,

American Farm Bureau Federation  
American Soybean Association  
American Sugar Alliance  
National Association of Wheat Growers  
National Barley Growers Association  
National Corn Growers Association  
National Milk Producers Federation  
Southern Peanut Farmers Federation  
USA Rice Federation  
Western Peanut Growers Association

Cc: Chairman Lincoln, Senator Chambliss, Chairman Peterson, Congressman  
Lucas