

December 13, 2019

The Honorable Sonny Perdue
Secretary
US Department of Agriculture
1400 Independence Avenue SW
Washington, DC 20250

Mr. Russell Vought
Acting Director
The Office of Management and Budget
725 17th Street NW
Washington DC 20503

Dear Secretary Perdue and Acting Director Vought:

As the Administration develops its budget proposal for FY 2021, **we respectfully urge you to protect crop insurance from harmful cuts.** Crop insurance is more important than ever to farmers, lenders and all of rural America as farmers face a dire time in the farm economy.

For good reason, the state of the agricultural economy has been the subject of numerous recent hearings, reports, and media coverage. Cash crop receipts have dropped more than \$34 billion since 2012, and despite a recent bump in net farm income this year, net farm income is still down \$44 billion from 2013 in inflation-adjusted dollars. Multiple years of hardship have taken their toll on farm families across the country. Farm debt has increased 55 percent over the last decade, and now stands at \$415 billion. Moreover, inflation-adjusted farm debt is at a level just shy of the record set prior to the farm financial crash of the early 1980's. More farms are struggling to service this debt and as a result, farm bankruptcies have increased 24 percent since just last year.

Given this picture of the agricultural economy, now is not the time to make cuts to crop insurance, a program that farmers have described time and again as a linchpin of the farm safety net. This Administration has gone the extra mile during these difficult times to provide much-needed aid to farmers suffering from unfair retaliatory tariffs from China through ad hoc assistance such as the Market Facilitation Program. It would undercut these efforts to then recommend cuts to a program such as crop insurance that provides predictable, on-budget assistance to farmers in a way that helps lenders continue to support America's farmers and ranchers. No other piece of the farm safety net can provide this reassurance to lenders.

The need for a strong crop insurance safety net was put to the test in 2019 when farmers across the Midwest and Midsouth experienced historic precipitation amounts during the planting season and then, during harvest, faced unprecedented and earlier than anticipated winter conditions. Many farmers were unable to plant a crop, and some may be unable to harvest the crops they did plant until next spring, if at all. However, because of crop insurance, these losses will not further risk the financial stability of the family farm.

The 2018 Farm Bill signed by the President less than a year ago continued the emphasis on risk management from previous farm bills, and in doing so, protects the interests of American taxpayers. Farmers spend as much as \$4 billion per year of their own money to purchase insurance from the private sector. On average, farmers also must incur losses of almost 30 percent before their insurance coverage pays an indemnity. Crop insurance allows producers to

customize their policies to their individual farm and financial needs. Federal crop insurance is based on fundamental market principles, which means higher risk areas and higher value crops pay higher premiums for insurance.

Cuts to crop insurance during this difficult time for rural America should be avoided. Farmers and lawmakers agree that crop insurance is a linchpin of the farm safety net and is crucial to the economic and food and fiber security of urban and rural America. **We urge you to support America's farmers and ranchers during this difficult time and oppose cuts to crop insurance during this year's budget process.**

Sincerely,

Agricultural Retailers Association
American Association of Crop Insurers
American Bankers Association
American Farm Bureau Federation
American Farmland Trust
American Malting Barley Association
American Property Casualty Insurance Association
American Pulse Association
American Seed Trade Association
American Sesame Growers Association
American Society of Farm Managers and Rural Appraisers
American Soybean Association
American Sugar Alliance
American Sugarbeet Growers Association
Association of Equipment Manufacturers
Corn Refiners Association
Crop Insurance and Reinsurance Bureau
Crop Insurance Professionals Association
Ducks Unlimited
Environmental Defense Fund
Equipment Dealers Association
Farm Credit Council
Independent Community Bankers Association
Independent Insurance Agents and Brokers of America
National Association of Mutual Insurance Companies
National Association of Professional Insurance Agents
National Association of State Departments of Agriculture
National Association of Wheat Growers
National Barley Growers Association
National Corn Growers Association
National Cotton Council
National Council of Farmer Cooperatives
National Crop Insurance Services
National Farmers Union
National Grain and Feed Association
National Milk Producers Federation
National Oilseed Processors Association
National Peach Council
National Potato Council

National Sorghum Producers
National Sunflower Association
Organic Trade Association
Panhandle Peanut Growers Association
Rural & Agriculture Council of America
Southern Peanut Farmers Federation
Southwest Council of Agribusiness
Theodore Roosevelt Conservation Partnership
United Fresh Produce Association
United States Cattlemen's Association
US Apple Association
US Canola Association
US Dry Bean Council
US Durum Growers Association
USA Dry Pea & Lentil Council
USA Rice
Western Peanut Growers Association
Women Involved in Farm Economics

Cc: Sen. Pat Roberts, Chairman, Committee on Agriculture, Nutrition and Forestry
Sen. Debbie Stabenow, Ranking Member, Committee on Agriculture, Nutrition and Forestry
Rep. Collin Peterson, Chairman, Committee on Agriculture
Rep. K. Michael Conaway, Ranking Member, Committee on Agriculture