

March 10, 2020

The Honorable John Yarmuth
Chairman
Committee on the Budget
U.S. House of Representatives
Washington, D.C. 20515

Dear Mr. Chairman:

Pursuant to section 301(d) of the Congressional Budget Act of 1974 and clause 4(f) of House Rule X, we offer the following budget recommendations with respect to programs within the Committee on Agriculture's jurisdiction. The Committee appreciates this opportunity to share its views and estimates for the fiscal year 2021 budget cycle.

Last year, we wrote to you about the necessity to fully implement the bipartisan Agriculture Improvement Act of 2018 (the 2018 Farm Bill) that was signed into law on December 20, 2018. We worked carefully and in a bipartisan way to authorize, and in some cases fund, programs and functions that will support farmers and ranchers, rural communities, and hungry people in times of need today, while building the tools necessary for success in the future. Through the farm bill development process, Members of Congress debated many facets of the now-enacted policies, including their associated purposes, structures, and costs, and ultimately passed a broadly supported bipartisan bill. Given that fiscal year 2021 is likely to be another year of challenges and uncertainty for many sectors, including farmers and ranchers, we must keep the promises made through this five-year bill.

The Supplemental Nutrition Assistance Program (SNAP) provides temporary food assistance for those in need, including low wage working families, low-income seniors, and people with disabilities living on fixed incomes. The 2018 Farm Bill made commonsense reforms to improve SNAP administration and integrity without cutting benefit eligibility. The cost of SNAP has decreased as the broader economy has recovered from the Great Recession. SNAP is on pace to spend \$31 billion less over the 2019 through 2028 time period than CBO originally forecasted prior to the passage of the 2018 Farm Bill.

Modest forecasted increases in net farm income in 2020 will do little to make up for the last several years of sustained low prices and market volatility. According to U.S. Department of Agriculture (USDA) estimates, farm sector debt is expected to increase more than twice as fast as farm sector equity in 2020. There are a number of examples of financial stress in the farm economy. For example, over the last ten years, the U.S. has lost nearly 40 percent of USDA licensed dairy farms, and farm bankruptcies in general are up nationwide. Policies authorized in the 2018 Farm Bill,

including Dairy Margin Coverage, Price Loss Coverage, Agricultural Risk Coverage, and Marketing Assistance Loans, provide a basic safety net for commodity crop and dairy farmers in the worst of times. The Federal crop insurance program's public-private partnership builds on the USDA commodity safety net and allows farmers and ranchers to afford to purchase flexible and actuarially-sound tools to better manage the risks inherent to farming. As farmers continue to face unpredictable markets, we continue to work to provide improved and transparent risk management tools.

Weather volatility and associated natural disasters continue to threaten farmers and communities around the world. Flooding, wildfires, droughts, hurricanes, snowstorms, and more have had significant impacts on individuals and communities in recent years and forecasts for fiscal year 2021 show more is likely on the way. USDA permanent disaster, voluntary conservation, and U.S. Forest Service programs help impacted communities respond to and recover from disasters, and they provide the tools to help build resiliency in the face of future threats. USDA and U.S. Agency for International Development international food assistance programs play a similar role on the international stage.

Trade disputes continue to add to market uncertainty and price volatility. The Committee has long highlighted the trade-distorting foreign subsidies, tariffs, and non-tariff trade barriers that put American farms and ranchers at a disadvantage in international markets.

This Committee has also long supported reducing barriers for U.S. agricultural products in competitive world markets, which relies heavily on technical work carried out and partnerships forged by USDA. We were glad to safeguard our successful trading relationships with Mexico and Canada by passing the U.S.-Mexico-Canada Agreement and to see an initial agreement to increase market access for U.S. agricultural exports to Japan. While we are hopeful that the recently signed Phase One agreement with China will yield the promised results, careful monitoring and enforcement of the agreement is needed. In the interim, trade assistance has proven to be vital in helping producers survive the downturn in the farm economy and the trade dispute with China.

In the face of high-consequence threats like African Swine Fever, Citrus Greening, Avian Influenza, USDA animal and plant pest and disease prevention and response efforts are crucial to safeguard our domestic food supply and keeping international markets open. Effective surveillance, thorough response plans, and access to the best available technologies are crucial to prevent or minimize the impacts of future incidents. The 2018 Farm Bill re-authorized existing funding for plant pest and disease prevention and response, and, for the first time, provided mandatory funding for three programs to prevent, detect, and respond to animal pest and diseases.

In the face of so many immediate challenges, we also recognize the need to build for the future. USDA's internal research and cooperative partnership work in plant pest resistance, soil health, food safety, human nutrition, animal genomics, bioenergy, and more have improved livelihoods for farmers and consumers alike. These programs are essential in driving public sector research and extension to support both discovery and dissemination of this valuable work.

Maintaining vibrant rural communities requires access to high-speed broadband internet, reliable rural utilities, accessible healthcare (including mental health services), and the ability to support

new businesses and innovation. USDA efforts like the Value-Added Producer Grant Program and the National Organic Program help farmers diversify what they produce and access new markets. USDA's new and beginning farmer programs, as well as outreach and assistance for socially disadvantaged and veteran farmers, also help make sure the next generation is ready to tackle the challenges of the future.

Given the strong support for the work mentioned above and the economic realities facing many Americans, the Committee believes that the farm, rural, and nutrition priorities should be maintained and that no budget reductions are warranted in any part of our jurisdiction. The Committee on Agriculture is planning continued thorough oversight and monitoring of the implementation of the 2018 Farm Bill, as well as the continuing authorities of USDA and the Commodity Futures Trading Commission. Our goal is to ensure that the investments made in these programs and authorities yield results consistent with Congressional intent. The Agriculture Committee will also continue to gather new insight into how to improve programs and authorities, including ways to continue to invest taxpayer money wisely.

Sincerely,

CC: The Honorable Steve Womack, ranking member