



October 8, 2015

Senator Mitch McConnell
Majority Leader
U.S. Senate

Senator Harry Reid
Minority Leader
U.S. Senate

Congressman John Boehner
Speaker
U.S. House of Representatives

Congresswoman Nancy Pelosi
Minority Leader
U.S. House of Representatives

Dear Majority Leader McConnell, Speaker Boehner, Leader Reid and Leader Pelosi:

On behalf of 200,000 family farmer and rancher members, National Farmers Union (NFU) encourages the advancement of legislation aimed at removing sequestration. We are encouraged by recent reports that congressional leadership has begun to negotiate with the Obama administration on a budget framework for fiscal years 2016 and 2017 that would remove sequestration. However, we remain very concerned about the effects of sequestration, which have once again adversely impacted farm safety net programs, as well as federal services that are critical to rural America.

As you are well aware, the 2014 Farm Bill significantly altered Title I commodity programs. Direct and countercyclical payments, which were previously paid regardless of crop prices and planting decisions, were replaced by the Agricultural Risk Coverage (ARC) and Price Loss Coverage (PLC) programs. These programs are partially decoupled, with any potential payments connected to current market prices, thus ensuring that payments only go out when crop prices are low. Likewise, changes to dairy programs resulted in a more risk-based system that only provides support when a dairy producer's margins fall below a prescribed level.

In short, commodity programs are more reflective of market conditions and are significantly pared back from previous safety net programs. Our members support deficit reduction, and these changes were promoted as agriculture's contribution to that objective, but few outside of agriculture have actually shared in this sacrifice. Yet despite the savings, farmers and ranchers will once again be asked to sacrifice in the form of reduced payments under these and other programs at the very time when they are most needed. The U.S. Department of Agriculture (USDA) has forecast that 2015 farm income will drop to \$58.3 billion, more than 20 percent lower than its February forecast of \$73.6 billion. Farmers have witnessed a 36 percent decline in net farm income from 2014 to 2015 -- the largest drop since 1983.

During these troubled times, the safety net is designed to protect producers so they may survive another year, with the hope that commodity prices rebound and a profit can be made

to offset previous losses. Unfortunately, sequestration will cut program assistance by between 6.8 percent and 7.3 percent for a range of USDA programs. This will present further challenges to a sector that has already done its part and will directly threaten the viability of farms and ranches across the country.

Beyond the direct impact that sequestration has on businesses is its bearing on the federal services on which rural America relies. A sample of these services include healthcare through Medicare contributions to Critical Access Hospital, education through cuts to Title I and special education funds and agricultural services resulting from cuts to USDA's operating budget.

As you know, the direct cuts also produce "follow-on" effects that ripple through the economy. There is a significant need for cooperation to reduce the deficit, but the arbitrary nature of sequestration is not the way. Disproportionately targeting farmers and ranchers at this most inopportune time has the potential to do irreparable harm to this critical sector of the economy. As agricultural operations fail, there is little chance of their return. It is in our nation's best interest to ensure the viability of family farms, and for this reason NFU once again urges you to work toward a responsible federal budget that reduces the deficit and removes sequestration.

Thank you for your consideration in this matter.

Sincerely,



Roger Johnson
President