

September 15, 2016

The Honorable Jerry Moran  
Chairman, Agriculture Subcommittee  
Senate Committee on Appropriations  
United States Senate  
Washington, DC 20510

Dear Chairman Moran:

We thank you for agreeing to the USDA reprogramming request that is providing approximately \$185 million to partially offset the FY 2016 shortfall for the Farm Service Agency's (FSA) farm loan programs. This was very welcome news. However, even with this recent reprogramming, it is our understanding that FSA will be entering FY 2017 with an estimated \$215 million shortfall in operating loans. Under the FSA's protocol, these backlogged applications will be funded before any new borrowers who apply after October 1 will have their loan applications considered.

Compounding the backlog issue even further is the fact that USDA will be operating under a continuing resolution for months. As you know, FSA loan obligations are historically frontloaded, in alignment with the normal farming and farm lending calendar. When you factor in the existing loan backlog and the higher than previously anticipated demand of FSA loan programs due to lower commodity prices, FSA will likely run out of money during the CR period, just when farmers need the program the most.

As you prepare to draft the FY 2017 CR, we request that you provide within the anomalies package language concerning FSA's farm loan programs. Later, as the final appropriations bill is written for FY 2017, we urge you to include additional funding for direct and guaranteed operating loans sufficient to address the FY 2016 backlog, given clear signs that there will be increased demands on the program in the coming year.

In the FY 2016 CR the Committee included in the anomaly package additional flexibility for the Small Business Administration to accommodate demand for the 7(a) loan program. We respectfully request that you include similar language in the FY 2017 CR for the FSA.

Equally important, the final FY 2017 measure, which we hope will be finalized in early December, should include an increase for direct and guaranteed operating loans over the amounts approved by the Committees earlier this year to cover both the carryover from FY 2016 and the increased demand that is surely coming.

We urge you to address the shortfalls for FY 2016 and 2017 so that producers who cannot be fully serviced by commercial credit under current price conditions, including beginning, historically underserved and veteran farmers and ranchers, can get the loans they need to stay in business. We want to thank you for your consideration on these issues and look forward to working closely with you on solutions.

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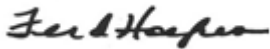
With kindest regards, we are

Sincerely yours,



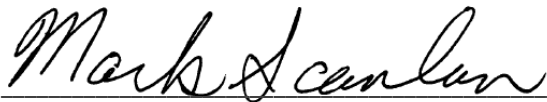
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Ben Herink, Legislative Chair, National Association of Credit Specialists



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Ferd Hoefner, Policy Director, National Sustainable Agriculture



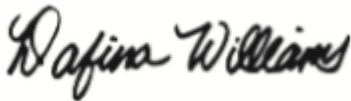
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Mark Scanlan, Senior Vice President, Independent Community Bankers of America



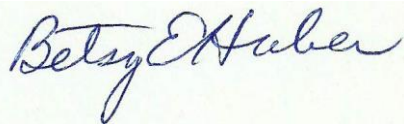
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Jerry Spruill, National Rural Lenders Association



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Dafina Williams, Vice President of Public Policy, Opportunity Finance Network



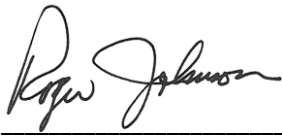
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Betsy Huber, National Grange



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Caroline Mugar, Executive Director, Farm Aid



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Roger Johnson, President, National Farmers Union



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Lindsey Lusher Shute, Executive Director, National Young Farmers Coalition



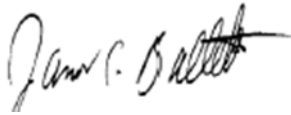
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Katherine Ozer, Executive Director, National Family Farm Coalition



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Zippy Duvall, President, American Farm Bureau Federation



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James Ballentine, Executive Vice President, American Bankers Association



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Rudy Arredondo, President, National Latino Farmers and Ranchers Trade Association



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Lorette Picciano, Executive Director, Rural Coalition/Coalición Rural



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Todd Van Hoose, President and CEO, The Farm Credit Council