August 17, 2018

The Honorable Mike Conaway  
Chairman  
House Committee on Agriculture  
1301 Longworth House Office Building  
Washington, DC 20515

The Honorable Pat Roberts  
Chairman  
Senate Committee on Agriculture  
328 Russell Senate Office Building  
Washington, DC 20515

The Honorable Collin Peterson  
Ranking Member  
House Committee on Agriculture  
1301 Longworth House Office Building  
Washington, DC 20515

The Honorable Debbie Stabenow  
Ranking Member  
Senate Committee on Agriculture  
328 Russell Senate Office Building  
Washington, DC 20515

Dear Chairmen Conaway and Roberts and Ranking Members Peterson and Stabenow:

On behalf of the Southwest Council of Agribusiness (SWCA) representing farm and ranch organizations, lenders, and Main Street businesses operating in Colorado, Kansas, New Mexico, Oklahoma, and Texas, we want to congratulate you on successfully moving the farm bill to conference committee. You have overcome the most difficult challenges in any farm bill reauthorization process and produced bills that strive to provide stability and predictability for America’s farmers and ranchers. We commend you for this significant accomplishment and we are eager to work with you toward enactment of a strong new farm bill this fall.

The U.S. Congress and Administration have achieved much for the U.S. farmer and rancher over the last two years. Regulatory relief has created a more conducive operating environment. Tax reform is reducing the tax burden on farm and ranch families. Legislation was enacted that provides a safety net to cotton farmers under Title 1 of the farm bill, that addresses the shortcomings in the margin protection program for dairy farmers, and that provides disaster relief for those stricken by record losses due to wildfires and hurricanes. These and other actions have provided meaningful relief to struggling farm and ranch country and are greatly appreciated.

Nevertheless, further depressed prices, regional weather events, uncertainty over trade, and weaknesses in certain aspects of the current safety net are exacerbating the already hard times of a five year recession in agriculture and farmers and ranchers are struggling to hang on. In short, current needs are acute in rural America.

Since May, corn, soybean, wheat, rice, and other commodity prices have seen sharp and precipitous declines from already low prices. These market conditions have exposed the inherent weakness in the design of the Agriculture Risk Coverage (ARC) program, which is anticipated to provide little or no relief despite worsening conditions. With respect to corn, 93 percent of 95 million base acres were elected into ARC for reasons that made sense at the time. In 2014, ARC had a benchmark price threshold of $5.29 per bushel such that assistance was available to
farmers, assuming normal yields, if corn prices fell below $4.55 per bushel. Unfortunately, for the current crop in the field, the benchmark price threshold has fallen to its base price of $3.70 per bushel meaning in normal production areas prices would have to fall below $3.18 before any relief would be available. In essence, this reflects a 30 percent reduction in the value of this component of the safety net and, more pointedly, it means most farmers will receive no assistance relative to the 2018 crop. In a similar vein, Price Loss Coverage (PLC) reference prices are not adequate for many crops and PLC also does not help to address multi-year, severe, and sustained weather-related conditions afflicting many parts of the country.

The reality is that many farmers and ranchers who have sustained deep economic losses have not yet been helped and the rural economy is likewise ailing. The Administration recognized these conditions when it announced $12 billion in relief to farm and ranch country. We laud the Administration’s decision and we are hopeful that the Administration will work with us, and others, to ensure this help is both effective and timely.

The farm bill conference committee also offers a critical opportunity to build on the Administration’s efforts; critical because stability and predictability can only truly emanate from long-term policy. The SWCA has contended for some time that there is a very real need for significant improvements to the safety net for farmers and ranchers in the context of the 2018 farm bill. We have written of this mostly from a national scope, where net farm income is down 52 percent, farm bankruptcies are up 39 percent, and analysis by two major universities based on the financial health of representative farms from across the country suggests that two-thirds of America’s farmers and ranchers are at serious financial risk.

The reality is a very real crisis is unfolding in the America's heartland that warrants our most careful attention. Most farm families will be losing money on every bushel or pound they produce. At best, this means years of savings and equity will continue to be lost by farmers just to pay the bills this year, and at worst it means farmers will be forced out of the family farming business.

The SWCA is petitioning for a higher reference price for corn and wheat and other commodities in order to address this type of depressed market, as now the need is more pressing than ever. We respectfully urge you to explore all options to increase reference prices and include strengthened weather-related disaster support to address the needs of all farmers and ranchers. We further urge that you adopt section 11101 of the House farm bill and adhere to the House motion to instruct in order to provide for meaningful, long-term investment in animal disease preparedness and response.

Passage of even a significantly enhanced farm bill will not address all of the mounting challenges that farmers and ranchers are facing — challenges that only more open and fair trade markets, stronger prices, ample moisture, solid production, regulatory relief, and an adequate labor supply will help to mitigate. However, sound U.S. farm policy, including a stronger Title 1, conservation incentives, trade promotion authorities, and Federal Crop Insurance, is an essential part of helping to sustain rural America and the farm and ranch families that remain the backbone of this country.

Again, we congratulate you on getting the farm bill to this critical juncture and commend you for your great efforts and this accomplishment. And, we strongly urge you to take the steps
necessary to enhance the farm safety net in order to meet the pressing needs of farmers and ranchers across country.

Thank you for your consideration.

Sincerely,

[Signature]

Matt Huie
President

cc: House and Senate Conferees