

March 21, 2016

Chairman Jerry Moran
Subcommittee Agriculture, Rural Development,
Food and Drug Administration, and Related Agencies
Committee on Appropriations
U.S. Senate
125 Dirksen Senate Office Building
Washington, DC 20002

Ranking Member Jeff Merkley
Subcommittee Agriculture, Rural Development,
Food and Drug Administration, and Related Agencies
Committee on Appropriations
U.S. Senate
125 Dirksen Senate Office Building
Washington, DC 20002

Dear Chairman Moran and Ranking Member Merkley:

On behalf of the members of the American Bankers Association (ABA), I would like to thank the Subcommittee for its continued recognition of the United States Department of Agriculture (USDA) Farm Service Agency (FSA) Guaranteed Farm Loans Program. This program is a vital tool to ensure that America's farmers and ranchers continue to receive needed financing from the private sector in the ownership and operations of their farms and ranches, especially in times of reduced farm income and low commodity prices. With almost 2,000 agricultural banks located in rural America, the ABA fully understands the importance of these loan programs for rural America, and the ABA believes in continuing to build this unique public-private partnership. To ensure the viability of the FSA Guaranteed Farm Loan Programs, we are requesting the Subcommittee to consider the following:

Guaranteed Farm Ownership Loan Program: The program is currently funded at \$2 billion for FY2016. We respectfully ask for the program funding to remain at \$2 billion for FY2017 with the ability for the Secretary of Agriculture to ask for up to an additional \$1 billion if there is a potential budget shortfall. This will ensure that the program will remain viable and able to assist as many farmers and ranchers as necessary.

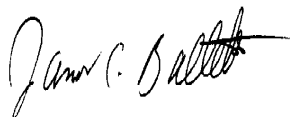
Guaranteed Farm Operating Loan Program: The program is currently funded at \$1.395 billion for FY2016. We respectfully ask for the program funding to be increased to \$1.5 billion for FY2017 with the ability for the Secretary of Agriculture to ask for up to an additional \$1 billion if there is a potential budget shortfall or need for emergency funding. The ABA has a great deal of concern that this program may experience budget shortfalls due to lower commodity prices in the agricultural sector. With this scenario playing out, it will put much more pressure on the Guaranteed Farm Operating Loan Program to assist farmers and ranchers in meeting their operating loan obligations over the coming years.

Staffing: The ABA believes that there should be adequate funding for staffing at the FSA and supports the Administration's budget request of \$1.21 billion for salaries and expenses. It is vital that staff is well-trained throughout the country to ensure that FSA loan demands are made accurately and in a timely manner. Without adequate funding levels for staff, it can be very difficult to provide the needed financial assistance to our nation's farmers and ranchers and continue to increase FSA outreach to both socially disadvantaged and beginning farmers.

Farm Financial Benchmarking Program: As you may be aware, the 2008 Farm Bill authorized a competitive grant program to create a national farm financial benchmarking database to help producers successfully manage their businesses. The program was funded at \$1.45 million in FY2016. The ABA respectfully requests that the program be increased to \$2 million in FY2017. In this era of tight profit margins and a potentially challenging financial environment in the agricultural sector, we believe that we should use all available tools to best help producers.

Thank you for your continued support of the FSA Guaranteed Farm Ownership Loan Program, the FSA Guaranteed Farm Operating Loan Program, staffing for the FSA Loan Programs, and the Farm Financial Benchmarking Program. All of these programs provide vital financing and financial management tools to farmers and ranchers in rural America. The ABA strongly believes in these programs as a means to provide the best possible outcomes for all producers in rural America.

Sincerely,



James C. Ballentine