

February 27, 2019

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 2020 budget cycle.

The Committee's budget priorities are aligned with the full implementation of the Agriculture Improvement Act of 2018 (the 2018 Farm Bill) that was signed into law on December 20, 2018. Through the farm bill development process, Members of Congress debated many facets of the now-enacted policies, including their associated purposes, structures, and costs. The Committee took our duty to be fiscally responsible to taxpayers seriously, reauthorizing and improving programs without increasing the overall bill cost. According to the Congressional Budget Office (CBO), the 2018 Farm Bill is expected to spend no new money, preserving the significant savings achieved through the 2014 Farm Bill. Final passage of the 2018 Farm Bill was supported by more than 700 groups and received broad bipartisan support, passing by a margin of 369 to 47 in the House and 87 to 13 in the Senate.

The improved programs and authorities in the 2018 Farm Bill were enacted at a time of great need for farmers, ranchers, and those struggling to put food on their tables. While approximately 76 percent of farm bill spending goes to the Supplemental Nutrition Assistance Program (SNAP), which is intended to provide temporary food assistance for those in need, the actual cost of SNAP has decreased as the economy has recovered from the Great Recession and people have gone back to work. SNAP is on pace to spend \$64 billion less over the 2014 through 2023 time period than CBO originally forecasted in 2014. The 2018 Farm Bill was able to stay on track for reduced SNAP spending by making commonsense reforms to strengthen program administration and integrity without cutting benefit eligibility.

While many sectors of the economy have continued to improve over the last decade, February 2019 estimates by the U.S. Department of Agriculture (USDA) project that net farm income declined by an additional \$6.3 billion in 2018, following previous declines in four of the last five years. Looking to the future, those same estimates also project an \$8.4 billion increase in 2019. While encouraging, the longer-term outlook shows little sign of substantial recovery.

This Committee has long highlighted trade-distorting foreign subsidies, tariffs, and non-tariff trade barriers that put American farmers and ranchers at a competitive disadvantage in international markets. While negotiations to reduce some of these challenges are underway, the ongoing trade disputes have compounded already tough market conditions. Recent administrative measures have attempted to help farmers cope with trade damages in the near term, but the underlying market challenges persist and several new trade agreements are still in the early stages of negotiation. Farmers, ranchers, and rural communities impacted by recent natural disasters, including wildfires in the West and hurricanes in the South and East, have had to contend with even more challenging conditions.

While producers of most agricultural products are facing steep declines in income, U.S. dairy farmers have been some of the hardest hit. The 2018 Farm Bill establishes flexible and affordable risk management tools for dairy farmers and reauthorizes important existing authorities. When fully implemented, significant improvements made in the 2018 Farm Bill should help dairy farmers better manage their continued market risks.

As the world grapples with the threat of animal diseases like African Swine Fever, Avian Influenza, and Foot and Mouth Disease, the 2018 Farm Bill expands the U.S.'s animal pest and disease prevention and response capacity. These new resources and authorities protect the health and wellbeing of our animals and the safety and security of our food value chain. The House voted to support funding for these programs by a margin of 392 to 20 during the Motion to Instruct Conferees on the 2018 Farm Bill.

Farmers growing grains, oilseeds, cotton, and peanuts also look to the full implementation and continuation of essential risk management and mitigation authorities including federal crop insurance, Price Loss Coverage, and Agriculture Risk Coverage. For growers of fruits, vegetables, and nuts, block grants and research for specialty crops and the Emergency Citrus Disease Research and Development Trust Fund provide necessary research and resources.

Other tools like voluntary conservation programs help farmers address water quality and quantity issues facing many regions of the United States. The 2018 Farm Bill conservation programs also help provide funding to address soil health, habitat concerns, and other regional and local resource needs.

The 2018 Farm Bill paves the way for the next generation of farmers and ranchers by investing in the Beginning Farmer and Rancher Development Program, a new scholarship program for 1890 institutions, and the Outreach and Assistance for Socially Disadvantaged and Veteran Farmers and Ranchers program. The bill also provides investments in programs that support local foods, organic research, and value-added products that provide resources and opportunities for new and innovative business models and practices.

As farmers and ranchers struggle, so do the rural communities in which they live and work. The 2018 Farm Bill addresses efforts to increase the availability of high-speed broadband in rural areas,

both for farmers' use in precision agriculture and other aspects of their operation, as well as for the small businesses that are working to stay and grow in rural areas despite limited access to internet and adequate healthcare. The 2018 Farm Bill also focused on providing better access to medical and rehabilitation services to help fight the opioid crisis facing rural America, including expanding access to counseling and mental health services for farmers, ranchers and their families.

Given the strong political support for the programs mentioned above and the economic realities facing many Americans, the Committee believes that the farm, rural, and nutrition program benefits of the 2018 Farm Bill should be maintained. The Committee on Agriculture is planning 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,