December 15, 2006

The Honorable Saxby Chambliss
Chairman
Committee on Agriculture, Nutrition and Forestry
United States Senate
Washington, DC 20510

The Honorable Bob Goodlatte
Chairman
Committee on Agriculture
US House of Representatives
Washington, DC 20515

Dear Chairman Goodlatte and Chairman Chambliss:

We appreciate the hard work that you, the Members of your Committees, and your staff have put into the difficult task of crafting budget reconciliation legislation. As you work to resolve the outstanding issues in this regard, we thought that it would be timely to share our concerns on behalf of our members.

We oppose any proposal to effectuate most or all of the budget reconciliation cuts in commodity programs in a single year, 2006. We believe that it is unfair to force program crop producers to shoulder cuts for a 5 year reconciliation bill in only 1 or 2 budget years. This is especially the case with regard to the 2006 crop year, for which many producers have already made plans, preparations, or even plantings in the case of some crops. Significant cuts in 2006 could render the financing and cropping plans of many producers unworkable, at a time when it is too late for producers to find alternative financing.

In fact, we would prefer it if no program cuts are made in the 2006 crop year. This would allow producers to prudently plan ahead for any safety net reductions imposed in 2007 and beyond. However, if some reductions are necessary in 2006, we urge that they be as small as possible, and part of a series of modest cuts spread out across several years or more. With low commodity prices, high energy costs, and various weather related disasters, 2005 has been a very difficult year for many of our producers. They will need every dollar of income possible in 2006 to recover.

We strongly believe that any budget reconciliation bill must protect in statute the budget baseline for safety net programs, and must do so on terms that do not disadvantage commodity programs against other programs in the writing of the 2007 farm bill. A bill that preserves the budget baseline for major farm bill programs like CSP, EQIP, and others by extending their authorizations until 2010 or later must do the same for the commodity safety net. It is unfair to extend some of these programs beyond 2007 and not others, and it will complicate passage of a 2007 Farm Bill if major players aren't helping to "pull the wagon". We have often repeated that the 2002 farm law was supported by almost all of agriculture and related organizations because it was carefully balanced between nutrition, conservation, and commodity programs. We believe the 2007 farm bill will require the same coalition of supporters.

Finally, we ask that you be cautious about increasing the reductions in the advance direct payments available to producers, especially as it relates to the 2006 crop year. Many producers have already made financing plans based on the availability of these funds.

Thank you again for your consideration of our views,

Sincerely,

American Farm Bureau Federation
American Soybean Association
American Sugar Alliance
Florida Peanut Producers Association
Farm Credit Council

Georgia Peanut Commission
Independent Community Bankers of America
National Association of Wheat Growers
National Barley Growers Association
National Corn Growers Association
National Cotton Council
National Sorghum Producers
National Sunflower Association
Southern Peanut Farmers Federation
USA Rice Federation
US Canola Association
US Rice Producers Association

cc: The Honorable Tom Harkin, Ranking Member, Committee on Agriculture, Nutrition and Forestry
The Honorable Collin Peterson, Ranking Member, Committee on Agriculture