

Congress of the United States

Washington, DC 20515

May 1, 2006

The Honorable Mike Johanns
United States Department of Agriculture
14th and Independence Ave., SW
Washington, D.C. 20250

Dear Secretary Johanns:

We are writing to express our grave concerns about proposals by the Department of Agriculture (USDA) to fundamentally change the Farm Service Agency (FSA) guaranteed farm loan program. We believe that the rulemaking suggested by USDA in its budget request that impose new user fees would force new costs on farmers and undermine credit delivery to farmers and ranchers who have some weakness in their financial profile. The FSA guaranteed loan program has long been a cost-effective means for facilitating the flow of credit to farmers and ranchers. We oppose the dramatic change to the program that you are considering.

Since the loan guaranty program serves farmers and ranchers that have some financial vulnerability, new user fees will fall disproportionately hard on those who are least equipped to bear the cost. USDA budget documents term the new fees "modest." However, some estimates show that these new fees would be four or five times what they are today, hardly a modest increase. Furthermore, if the USDA envisions that all appropriations for the program would be eliminated next year and replaced by user fees, these fees will be higher still. Farmers and ranchers cannot afford these increased costs, particularly at a time when record input prices are causing financial distress in the farm economy.

We are asking that you reconsider these harmful changes to a program that has enjoyed such an excellent record for success and cost-effectiveness. Because the program efficiently leverages federal dollars, a small investment produces a sizable volume of loans. Since the loans are delivered by the private sector, administrative costs to the federal government are kept to a minimum. Such an efficient and disciplined use of taxpayer resources, not to mention the strong public-private partnership that is the hallmark of the program, lends credence to its continued support.

We are opposed to any proposal to remake the FSA guaranteed farm loan program into one based on user fees, and we urge you to reconsider any plans by the Department to propose rulemaking in this regard.

Sincerely,

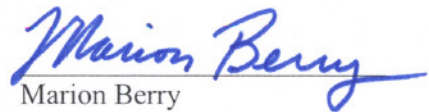



Jerry Moran
Member of Congress

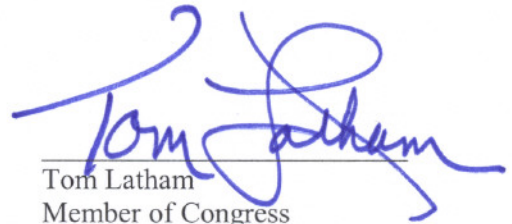



Collin C. Peterson
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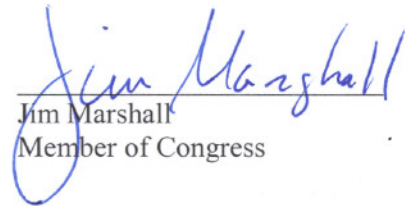

Jo Ann Emerson
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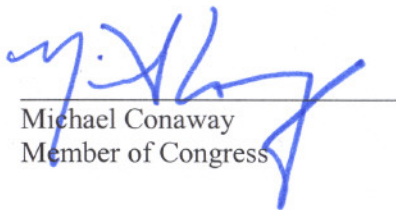

Marion Berry
Member of Congress



Tim Holden
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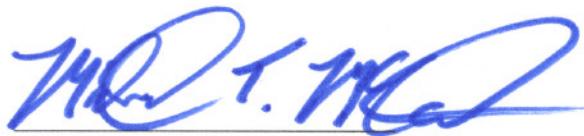

Tom Latham
Member of Congress

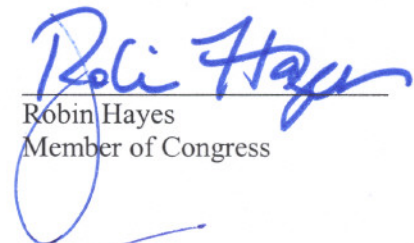

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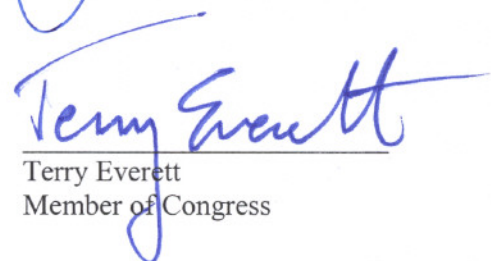

Michael Conaway
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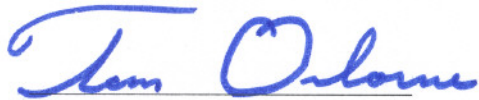

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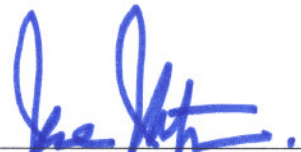

Robin Hayes
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Jim Costa
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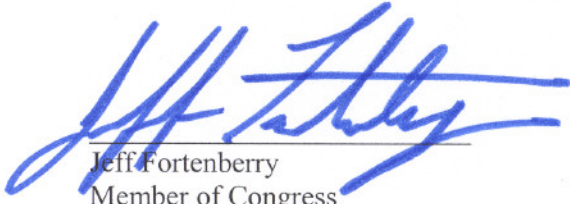

Terry Everett
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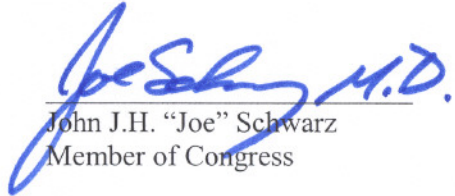
Tom Osborne
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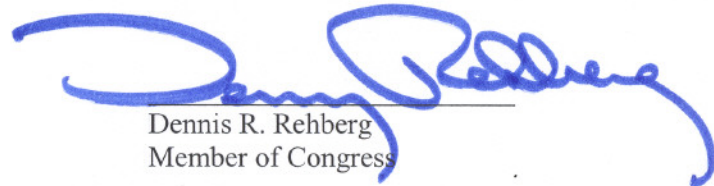
Jeff Fortenberry
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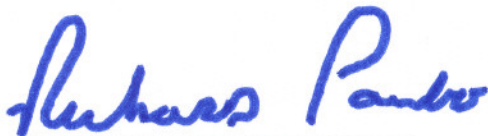
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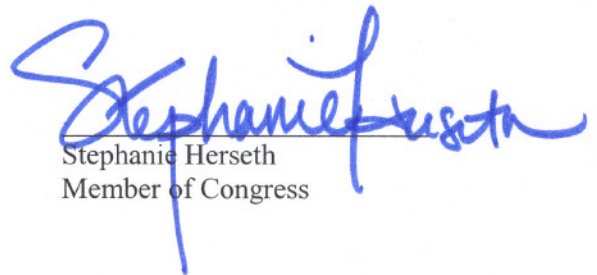
Jim Nussle
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Dennis R. Rehberg
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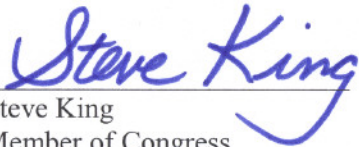
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Member of Congress



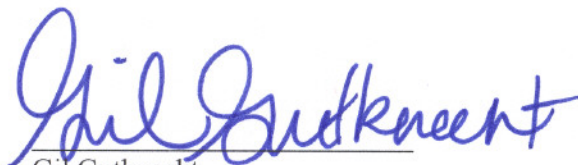
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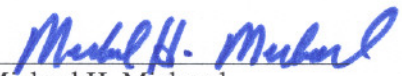
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Gil Gutknecht
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