



Building Rural America
National Association of Credit Specialists
of the
USDA – Farm Service Agency

12-10-2016 Legislative Update

The Legislative Issues Committee has been hard at work since our national convention in Washington D.C. back in July. Farm loan funding continues to be one of our most important priorities as our demand has greatly increased in light of the struggling farm economy.

NACS continues to strengthen its relationship with other Ag credit and farm related groups. This group has become known as the Ag Lending Coalition, which NACS was instrumental in bringing together in the fall of 2015. This group started a push this past spring to raise awareness of the struggling farm economy and need for additional FSA loan funds. A good example of the positive press we received in early June of 2016 can be found at <http://sustainableagriculture.net/blog/release-farm-groups-and-farm-lenders-appeal-for-assistance-during-credit-crunch/>.

The efforts of NACS and the Ag Lending Coalition groups paid off as USDA reprogrammed \$185 million in early September and made these funds available for backlogged direct and guaranteed OL's. The groups thanked the appropriators in a letter in mid-September, but also began to lay the ground work for the effects that a long-term CR would have on FSA's loan programs and the need for more funds as the 2016 OL backlog was not fully taken care of. This letter can be read [here](#).

The key request in this September letter, beyond the need for additional loan funds, was the request for FSA farm loan funds for 2017 to be included in the anomalies package for any long-term CR. By being included in the anomaly package, FSA loan funds would be issued as needed during the CR and would not be limited to the apportionment allotted during the CR based on its length. This request was not traditional for FSA loan funding under a CR and was not included in the original CR that ran through December 9, 2016.

NACS and the Ag Lending Coalition groups remained dogged though and again reached out to the Appropriations Committees with a letter of support on December 2, 2016. This support letter did receive a fair bit of press. Below is an excerpt from POLITICO'S Morning Ag that was published in the early morning hours of December 6, 2016. A link to view the latest letter is included in the last sentence of the article.

POLITICO'S Morning Ag
12/06/2016 09:20 AM EDT

FARM GROUPS RENEW REQUEST FOR MORE USDA LOAN MONEY: Peak demand for agricultural loans arrives in the winter and spring months, and a group of farm and lending organizations is urging appropriators to make sure the next stopgap federal spending bill — expected to be unveiled today — gives USDA enough money to get through the height of the lending season. The continuing resolution, which needs to be passed by Friday to avoid a

government shutdown, should include an anomaly that ensures USDA has the flexibility to provide direct and guaranteed loans in proportion to demand, groups like the National Sustainable Agriculture Coalition, American Bankers Association, National Farmers Union and Farm Credit Council said in a letter to leaders of the House and Senate agricultural appropriations committees.

Entering fiscal 2017, USDA had a backlog of direct and guaranteed operating loan applications due to a \$137 million shortfall, the letter said. The CR that expires Friday helped clear the backlog, but the groups worry that peak demand will cause USDA to run out of money during the period of the new CR — which is expected to last through April.

The groups also said that USDA and the Office of Management and Budget have met to discuss allowing an "advanced allocation" of funds, so USDA can continue servicing loan applications. Congressional approval would be needed. "If that were the scenario that happens, we would strongly urge your swift sign-off," the letter said. "Whether through an anomaly or through such an agreement, we believe clear and definitive action is needed to provide farmers and ranchers with needed credit during the prime lending season." Read the letter [here](#).

Later that day NACS was made aware that our push to be included in the anomalies package was successful. The actual language reads **“SEC. 146. Amounts made available by section 101 for ‘Department of Agriculture—Farm Service Agency—Agricultural Credit Insurance Fund Program Account’ may be apportioned up to the rate for operations necessary to fund loans for which applications are approved.”** This is an ENORMOUS win for NACS. This will help ensure that OL funds are available to us in February and March of 2017, our peak lending months, and that we don’t have a stopgap in funds until the current CR expires on April 28, 2017.

The difficulty in getting FSA farm loan funding included in this anomaly package was recognized by the Chair of the Senate Ag Appropriations Committee in an article in POLITICO later that same day.

POLITICO Pro Agriculture Whiteboard
By Catherine Boudreau
12/06/2016 04:45 PM EDT

A provision to give the USDA the authority to make loans to farmers and ranchers in proportion to demand is expected to be included in the stopgap government funding bill being unveiled today, Sen. Jerry Moran told POLITICO.

The provision, known as an "anomaly" in the continuing resolution, is designed to ensure that the department can continue to offer credit to producers during the winter months when demand is at its peak, the chairman of the Senate Appropriations agriculture panel said.

This year, the USDA has run out of money for direct and guaranteed operating loans, which caused a backlog of applications, a situation that should be avoided given the difficult financial time farmers have had, Moran said.

"This was not an easy anomaly to accomplish," Moran said, noting that there was a high bar for special provisions because of pressure to pass a "clean" CR. "But I believe we were able to convince colleagues that the crisis in farm country is real."

The news comes after 13 farm and lending groups sent a letter to Moran and other leaders of the House and Senate Agricultural Appropriations committees requesting the anomaly.

The stopgap spending measure, which is likely to last through April, should be made public this evening. Passage is expected in the House on Thursday and in the Senate on Friday in order to avoid a government shutdown.

The Legislative Committee and McAllister and Quinn will continue their efforts to push for an increase in loan funds in the final FY 2017 appropriations bill, should there be one next spring. As always, if there is anything that you feel the committee needs to be focusing on, please let myself know or one your NACS national board members.

Have a wonderful holiday season over these next few weeks.

Sincerely,

Ben J. Herink
Legislative Issues Committee Chair