

March 1, 2004

The Honorable Don Nickles
Chairman
Senate Budget Committee
United States Senate
Washington, DC 20510

The Honorable Kent Conrad
Ranking Member
Senate Budget Committee
United States Senate
Washington, DC 20510

Dear Chairman Nickles and Ranking Member Conrad:

On behalf of the undersigned U.S. farm and commodity organizations, we write to express concern over the agricultural provisions of the budget proposal submitted by the administration for fiscal year 2005.

Under the President's plan, the U.S. Department of Agriculture's budget authority for discretionary programs in 2005 would be reduced about \$1.7 billion or 8.1 percent compared to the spending levels adopted for the current fiscal year. When the increased spending for additional homeland security responsibilities are included, the effective reduction in budget authority for traditional USDA programs climbs to nearly \$2.1 billion or 10 percent of total discretionary spending authority.

Due in part to weather related production shortfalls in many parts of the world, including the U.S., over the past three years and modest improvements in both export and domestic market conditions, commodity program support and related payments declined by about \$4.8 billion in FY 2004 compared to the August 2003 baseline. The five-year cost of the farm bill is now projected to cost \$14.6 billion less than projected by the Congressional Budget Office in its August 2002 estimates which were made shortly after the 2002 farm legislation was enacted. These savings represent additional "real" dollar reductions in federal expenditures for commodity program outlays that are not fully considered in the budget process.

When all these factors are considered, production agriculture and rural communities are being asked to take a disproportionate reduction in important programs, including conservation, research, energy, rural development, and international food assistance, that were authorized in the bi-partisan farm legislation signed by the president in 2002.

Agricultural producers and rural communities have yet to recover from the effects of the agricultural recession which for many began in 1997 and the severe economic losses associated with ongoing weather disasters that have occurred since the 2001 production year for which assistance has been minimal.

As you consider a budget for FY 2005, we urge that you oppose reductions in the commitments made in the 2002 farm bill. As such, we urge that you oppose the adoption of a resolution that either incorporates the President's agriculture spending proposals or includes reconciliation instruction to the agriculture authorizing committee.

Efforts to enhance economic opportunities for America's farmers and rural communities require that the federal budget be able to accommodate a meaningful economic safety net for producers, expand our nation's resource conservation, renewable energy and agricultural research activities while addressing a broad range of rural development and global hunger needs.

Thank you for your consideration of our views.

Sincerely,

American Corn Growers Association
American Farm Bureau Federation
Farm Credit Council
National Association of Wheat Growers
National Cotton Council
National Farmers Union
National Grain Sorghum Producers
National Grange
National Grape Cooperative
R-CALF USA
Soybean Producers of America
U.S.A. Rice Federation
U.S. Rice Producers Association

Cc: Members of the United States Senate

March 1, 2004

The Honorable Jim Nussle
Chairman
House Budget Committee
United States House of Representatives
Washington, DC 20515

The Honorable John M. Spratt
Ranking Member
House Budget Committee
United States House of Representatives
Washington, DC 20515

Dear Chairman Nussle and Ranking Member Spratt:

On behalf of the undersigned U.S. farm and commodity organizations, we write to express concern over the agricultural provisions of the budget proposal submitted by the administration for fiscal year 2005.

Under the President's plan, the U.S. Department of Agriculture's budget authority for discretionary programs in 2005 would be reduced about \$1.7 billion or 8.1 percent compared to the spending levels adopted for the current fiscal year. When the increased spending for additional homeland security responsibilities are included, the effective reduction in budget authority for traditional USDA programs climbs to nearly \$2.1 billion or 10 percent of total discretionary spending authority.

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