

April 15, 2012

The Honorable Tom Vilsack  
Secretary  
United States Department of Agriculture  
14<sup>th</sup> & Independence  
Washington, DC

Dear Secretary Vilsack:

On March 19, you notified Congress that you intend to use your interchange authority to transfer \$156 million from the direct payment program to several other Farm Service Agency programs. This will be done to address a portion of the federal spending cuts known as “sequestration.” Those cuts, enacted by Congress as part of the Budget Control Act of 2011, apply to nearly all of the farm programs operated by USDA.

It is our understanding that \$156 million will be taken from direct payments made to farmers in October to offset the sequestration costs of (a) the Supplemental Revenue Assistance Payments Program (SURE); (b) the Tobacco Transition Payment Program; (c) the Marketing Assistance Commodity Loans Program; (d) the Crop Cash Loan Deficiency Payments Program; (e) Storage and Handling Programs; (f) the Noninsured Crop Disaster Assistance Program (NAP); and (g) the Milk Income Loss Contract Program (MILC). The effect of this change is to reduce the direct payments farmers are expecting to receive in October 2013 by 8.5 percent from what they anticipated when they enrolled in the program.

It was disappointing and unfortunate that Congress and the administration could not pass a budget agreement to avoid sequestration. Under these circumstances, we do not oppose “doing our fair share” and having direct payments reduced by the 5.1 percent sequestration level. We do, however, oppose the additional 3.4 percent reduction that is being applied only to those participating in the direct payment program.

You have said that 350,000 producers are affected by sequestration under all eight of these programs, but that about 90 percent of those producers would be receiving direct payments in October. Therefore, about 35,000 producers and others received payments from one or more of the other seven programs but are not due to receive direct payments. Taking funds to offset the “excess” payments to these 35,000 producers would shift the sequester burden to those 315,000 producers by an average of \$500 per producer.

We do not envy your position, especially in this budget environment, and we applaud your decision to avoid the costly administrative challenge of seeking remuneration for payments already made. However, we strongly oppose penalizing those 315,000 farmers who receive direct payments by adding on an additional \$156 million hit because reductions in other programs are difficult to sequester elsewhere. It is simply not fair. In addition, we are concerned that the Department is considering how to handle a sequestration for the Conservation Stewardship Program. We adamantly oppose those repayments being made from the direct payment program or any other conservation program.

Sincerely,

A handwritten signature in black ink, appearing to read 'Bob Stallman', with a long horizontal flourish extending to the right.

Bob Stallman  
President