

March 13, 2017

Dear Director Mulvaney:

Congratulations on your confirmation to serve as the Director of the Office of Management and Budget. We look forward to working with you in your new role, and as we approach budget season, we would like to take this opportunity to remind you of the importance of crop insurance to rural economies.

The 2014 Farm Bill made a multitude of cuts to the farm safety net. In addition to these cuts, the Congressional Budget Office (CBO) is now projecting that crop insurance will come in more than \$20 billion under budget as compared to the costs projected at the time of passage of the 2014 Farm Bill. However, an overreliance on savings from the agriculture community in the future will greatly undermine rural economies that have faced an almost 50% decline in net farm income from over the past three years. In these challenging economic times, it is federal crop insurance that offers lenders the assurances they need to continue to provide capital to America's hard-working farmers and ranchers.

The 2014 Farm Bill placed greater emphasis on risk management than previous farm bills and in doing so protects the interests of the American taxpayer. Farmers spend approximately \$3.5 to \$4 billion per year of their own money to purchase insurance from the private sector. On average, farmers also must incur losses of almost 30 percent before their insurance coverage pays an indemnity.

Crop insurance allows producers to customize their policies to their individual farm and financial needs. Federal crop insurance is based on fundamental market principles, which means high risk areas and high value crops pay higher premiums for insurance. This emphasis on crop insurance and risk management has replaced the constant demand for ad hoc disaster assistance, which is subject to the whim of Washington, is paid for entirely by the taxpayer, and is not delivered in a timely manner.

Farmers and lawmakers agree that crop insurance is a linchpin of the farm safety net and is crucial to the economic security of rural America. **We urge you to break with a tradition set by the previous Administration and to avoid cuts to crop insurance during budget discussions.**

Sincerely,

American Agri-Women
American Association of Crop Insurers
American Bankers Association
American Farm Bureau Federation
American Farmland Trust
American Insurance Association
American Malting Barley Association
American Seed Trade Association

American Sesame Growers Association
American Society of Farm Managers and Rural Appraisers
American Soybean Association
American Sugar Alliance
American Sugarbeet Growers Association
Association of Equipment Manufacturers
Association of Fish and Wildlife Agencies
California Association of Winegrape Growers
Corn Refiners Association
Crop Insurance and Reinsurance Bureau
Crop Insurance Professionals Association
Ducks Unlimited
Farm Credit Council
Florida Sugar Cane League
Independent Community Bankers of America
Independent Insurance Agents & Brokers of America
National Association of Mutual Insurance Companies
National Association of Professional Insurance Agents
National Association of State Departments of Agriculture
National Association of Wheat Growers
National Barley Growers Association
National Corn Growers Association
National Cotton Council
National Council of Farmer Cooperatives
National Farmers Union
National Grain and Feed Association
National Oilseed Processors Association
National Peach Council
National Potato Council
National Rural Lenders Association
National Sorghum Producers
National Sunflower Association
National Young Farmers Coalition
Panhandle Peanut Growers Association
Pheasants Forever
Quail Forever
Reinsurance Association of America
Rio Grande Valley Sugar Growers
Rural & Agriculture Council of America
Southern Peanut Farmers Federation
Specialty Crop Farm Bill Alliance
Theodore Roosevelt Conservation Partnership
United Fresh Produce Association

US Apple Association

US Canola Association

US Dry Bean Council

US Rice Producers Association

USA Dry Pea & Lentil Council

USA Rice

Western Peanut Growers Association

Wildlife Mississippi