

United States Senate

WASHINGTON, DC 20510-3205

July 30, 2020

The Honorable Mitch McConnell
United States Senate Majority Leader
317 Russell Senate Office Building
Washington, D.C. 20510

The Honorable Charles E. Schumer
United States Senate Minority Leader
322 Hart Senate Office Building
Washington, D.C. 20510

The Honorable John Hoeven
Chairman
328A Russell Senate Office Building
Washington, D.C. 20510

The Honorable Jeffrey Merkley
Ranking Member
328A Russell Senate Office Building
Washington, D.C. 20510

Dear Leader McConnell, Leader Schumer, Chairman Hoeven, and Ranking Member Merkley,

As the United States continues to grapple with the economic and public health effects of COVID-19, our small farmers are feeling the brunt of the hardship as critical marketing channels like restaurants, schools, and farmers markets have been closed for months and may remain shuttered for the foreseeable future due to the pandemic. That is why we ask that you include the *Relief for America's Small Farmers Act* in the next COVID-19 relief package.

Prior to the economic fallout of COVID-19, family farmers carried historically high levels of farm debt (more than \$415 billion in 2019)¹ due to a variety of factors outside of their control, including international trade disputes, frequent and intense natural disasters, and levels of market concentration that have depressed farm gate prices for producers and increased their costs of production. These trends contributed to the loss of more than 38,000 farms from 2016 to 2018 according to USDA², and left droves of other farms on the financial brink. COVID-19 has only exacerbated these challenging economic conditions. Without support, many farmers and ranchers across the country will not be able to sustain their livelihoods for much longer, with ripple effects that will further depress rural economies. A report released by the American Farm Bureau Federation reports that “data released in March 2020 shows that farm bankruptcies in a 12 month period increased 23 percent compared to the 12 months prior.”³ Although current circumstances are especially dire, there has been an upward trend of family farm bankruptcies for the past 5 years with a 46 percent increase in Chapter 12 filings from 2015-2019.⁴ And these

¹ USDA ERS: <https://data.ers.usda.gov/reports.aspx?ID=17835>

² USDA Farms and Land in Farms 2020 Summary; USDA Farms and Land in Farms 2018 Summary

³ <https://www.fb.org/news/more-farms-file-for-bankruptcy-protection>

⁴ https://www.lagrandeobserver.com/business/a-second-chance-more-farms-file-for-bankruptcy-protection/article_cddef794-aa8f-11ea-982b-dfa2ac4e4151.html

numbers do not reflect farm foreclosures that have prematurely ended the farming careers of so many in our rural communities. Small-scale farmers are the foundation of our local food systems and rural economies, but they are facing a crisis and it is our duty to provide them with the support they require. I believe this support can be achieved through my legislation S.3602 the *Relief for America's Small Farmers Act*.

The *Relief for America's Small Farmers Act* is a comprehensive bill that would help alleviate crippling debt for our most vulnerable farmers. According to USDA's Farm Service Agency (FSA), farmers across the country received more than \$2.6 billion in Direct Farm Operating and Direct Farm Ownership Loans in FY19 alone. The *Relief for America's Small Farmers Act* would provide a one-time debt forgiveness of up to \$250,000 across three types of USDA FSA loans: Direct Farm Operating Loans, Direct Farm Ownership Loans, and Emergency Loans. Relief can be applied to shared loans and loans of any price tag, even those in default, and the legislation ensures that farmers who receive this debt forgiveness maintain their eligibility for further USDA Direct and Guaranteed loans. While farmers of all sizes are struggling, it is small-scale farmers who are operating on the thinnest margins that have been hit hardest by this epidemic. Farmers with an average adjusted gross income of \$300,000 or less over the previous five years will be eligible for this debt relief. The bill further extends eligibility for debt relief to farmers who have had to sit out farm seasons over the previous five years. This legislation is not another yearly entitlement program, but a one-time debt forgiveness to help our farmers regain their footing in the middle of a global public health emergency. By easing the debt burden for eligible small-scale farmers, farm families can prioritize urgent household and business expenses, such as groceries, medical bills, and pressing farm operating costs during peak harvest season for many.

There is currently no other legislation that focuses specifically on debt forgiveness for small farmers. The recently passed *CARES Act* provided relief to small businesses in myriad ways including forgivable loans, but small farms have mostly been excluded and are just minimally benefitting from the Small Business Administration programs aimed to help keep affected industries afloat during this time of economic burden. The impact of the direct assistance provided through the Coronavirus Food Assistance Program on small farms is yet to be seen, but preliminary reporting⁵ and USDA's own CFAP data indicates that small-scale and diversified operations are not the primary beneficiaries of this federal support, which only addresses price loss during the first quarter of 2020. The *Relief for America's Small Farmers Act* will provide the support our small farmers need during this time as they see their operations severely impacted by the COVID-19 pandemic.

The *Relief for America's Small Farmers Act* is a critical tool for assisting small farms and rural communities in weathering this current economic crisis. With over 60 endorsements from various organizations across the agriculture sector, and throughout the United States, the *Relief for America's Small Farmers Act* is seen as the way forward for our family farms. Farms across the United States are suffering and their relief should be a shared concern irrespective of region

⁵ https://www.washingtonpost.com/business/2020/07/16/cfap-ppp-farmers-coronavirus/?fbclid=IwAR1NweN9AKQBU3K4zyAHuLYF830gUvOibGPHFVgxwmf7sIi_bC4S9Wxhvpw

or party. This is a way to help farm families from across our country stay in business, in their homes, and on their land. We cannot afford to lose a single additional farm in rural America; the urgency of this moment cannot be stressed enough.

Sincerely,



Kirsten Gillibrand
United States Senator



Ron Wyden
United States Senator



Cory A. Booker
United States Senator



Bernard Sanders
United States Senator