

Congress of the United States
Washington, DC 20515

April 9, 2020

The Honorable Jovita Carranza
Administrator
U.S. Small Business Administration
409 3rd Street SW
Washington, D.C. 20416

Dear Administrator Carranza:

On behalf of rural America, we thank you and your team for your swift action in implementing the small business provisions under the Coronavirus Aid, Relief, and Economic Security (CARES) Act. Your agency is an essential component in our nation's response to the urgent economic threats posed by COVID-19.

During this time of crisis and disruption, the importance of our food, fiber, fuel, and feed supply has been brought into sharp focus. Yet, at the same time, our farmers, ranchers, and rural America are struggling to survive.

Thankfully, over the past eleven years, small businesses and workers in other sectors of our economy have enjoyed the longest cycle of economic growth in U.S. history. For those sectors that recovered in the wake of the Great Recession, the COVID-19 pandemic has ushered in new and serious economic challenges that we as a nation must effectively work to overcome. In the case of agriculture, however, farmers, ranchers, and rural America not only share in shouldering the economic burdens imposed by COVID-19, but this extraordinary burden comes on the heels of a deep, seven-year recession. During this time, U.S. net farm income has fallen by \$43.8 billion in inflation-adjusted dollars, cutting farm income by roughly a third. Consequently, even prior to this pandemic, farm debt was forecast to climb to \$425 billion, nearly an all-time high and reminiscent of the debt levels experienced just prior to the 1980s farm financial crisis.

In short, with agriculture income plummeting and debt soaring, the farm economy was already in serious trouble well before this pandemic hit. In view of these conditions, we believe the programs created under the CARES Act are absolutely vital to the survival of agricultural producers and rural businesses.

Accordingly, we respectfully request that you use all your authority to allow the producers of this country's food, feed, fuel, and fiber to access both the Economic Injury and Disaster Loan Program (EIDL) and the Paycheck Protection Program (PPP) while providing maximum flexibility in terms of both determining eligibility and available support under each program.

Although it is clear that farmers and ranchers are eligible under the PPP, and the U.S. Department of Agriculture has issued a publication confirming this, there remains confusion on the ground. Farmers and ranchers are being turned away by lenders who believe producers are

ineligible. We respectfully urge you to publicly correct this misunderstanding immediately, so producer applications are not at a disadvantage because they are submitted late.

Moreover, while agricultural producers have not traditionally been eligible for loans through the EIDL program, the temporary modifications made by the CARES Act signal that prohibitions be waived in order to ensure that those who need EIDL program loans may receive them. We urge you to also clarify this matter so farmers and ranchers may apply for this assistance in a timely fashion.

About 98 percent of the nation's estimated 2 million farms and ranches are family operations and they are the foundation of the \$1 trillion economic footprint of U.S. agriculture per annum. It is estimated that in 2019, 23 million jobs were owing to the agriculture sector.

Unfortunately, despite agriculture's contribution to the U.S. economy, vast numbers of agricultural businesses that help make up this essential sector of the economy would be ineligible for PPP loans under the limitations provided in the "Table of Small Business Size Standards Matched to North American Industry Classification System Codes" referenced in the interim final rule. It is of the utmost urgency that these business size standards be updated to allow America's family farms and ranches and other critical agricultural infrastructure to access SBA programs. Toward this end, we respectfully request that you update the program immediately.

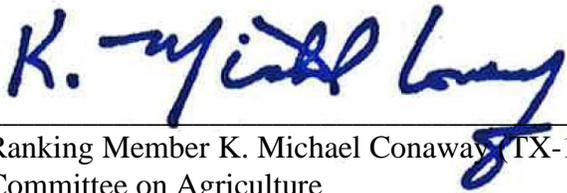
In addition, it is critical that PPP recognize the critical need that farmers and ranchers have for H-2A workers in order to maintain our nation's food, fiber, feed, and fuel supply. Many U.S. producers are fully reliant on H-2A workers, and thus employers ought to be able to include their wages when calculating employer eligible payroll costs under the PPP.

We are grateful that the PPP now makes eligible many cooperative enterprises that are a central part of agricultural production and rural life. Across the country, but especially in rural communities, Americans count on cooperative enterprises. Many cooperatives provide essential public utilities and vital services to public institutions, households, and businesses every day, including electricity and broadband. These cooperative enterprises are facing the same struggles as other small employers during this crisis, including the financial pressures of meeting a payroll when revenues are collapsing. Millions of Americans earn their paycheck by working for cooperatives and it is essential that these small businesses are not excluded from the PPP – especially at a time when their work is deemed essential. We respectfully request that all cooperatives, including rural electric cooperatives, be eligible under the PPP.

We recognize that some of the rules under the old 7(a) program may have otherwise required the exclusion of U.S. farmers, ranchers, agricultural businesses, and rural American workers from relief under the PPP. But, as Treasury Secretary Steven Mnuchin has noted, the PPP that Congress created transcends the purposes and limitations of the old program. These are truly extraordinary times, Congress passed and the President signed into law extraordinary measures, and now the PPP and the EIDL must rise to the occasion, unencumbered by limitations that ought to no longer apply because they hinder rather than help economic recovery.

The challenges facing production agriculture and rural America are bigger than just COVID-19 although the pandemic has greatly exacerbated already extremely difficult conditions. Each day, farmers and ranchers are expected by the U.S. government to carry on in producing food, fiber, fuel, and feed as essential infrastructure even though a vast number will do so at personal risk to their health and the health of their families -- and at an almost certain economic loss due to current economic conditions in farm and ranch country. Yet, we are confident that our farmers and ranchers and rural America will face this challenge down if given the tools to do so.

Sincerely,



Ranking Member K. Michael Conaway (TX-11)
Committee on Agriculture



Representative Glenn "GT" Thompson (PA-15)



Representative Austin Scott (GA-08)



Representative Rick Crawford (AR-01)



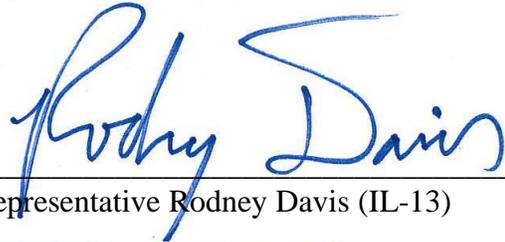
Representative Scott DesJarlais, M.D. (TN-04)



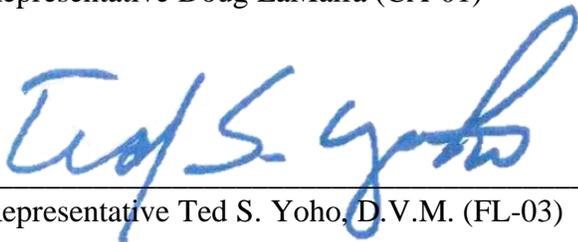
Representative Vicky Hartzler (MO-04)



Representative Doug LaMalfa (CA-01)



Representative Rodney Davis (IL-13)



Representative Ted S. Yoho, D.V.M. (FL-03)



Representative Rick W. Allen (GA-12)



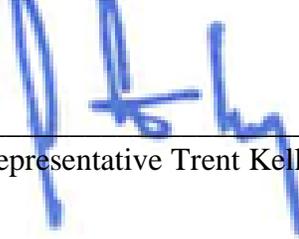
Representative Mike Bost (IL-12)



Representative David Rouzer (NC-07)



Representative Ralph Abraham, M.D. (LA-05)



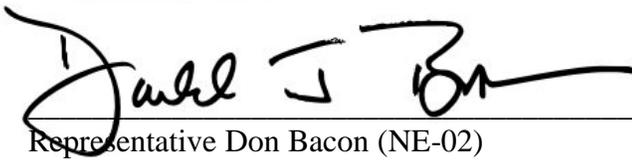
Representative Trent Kelly (MS-01)



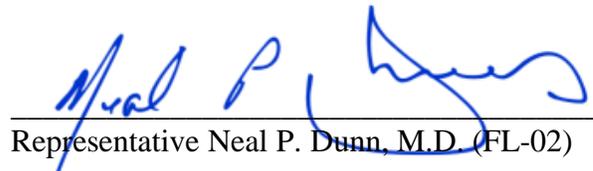
Representative James Comer (KY-01)



Representative Roger Marshall, M.D. (KS-01)



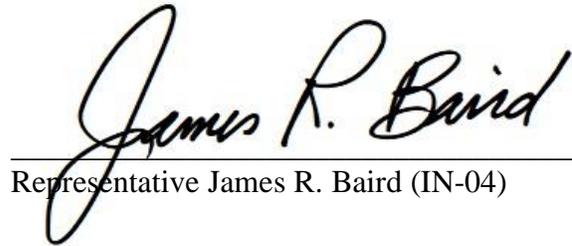
Representative Don Bacon (NE-02)



Representative Neal P. Dunn, M.D. (FL-02)



Representative Dusty Johnson (SD-AL)



Representative James R. Baird (IN-04)



Representative Jim Hagedorn (MN-01)