

MICHAEL T. McCAUL

10TH DISTRICT, TEXAS

COMMITTEE ON
HOMELAND SECURITY

RANKING MEMBER, SUBCOMMITTEE ON
INTELLIGENCE, INFORMATION SHARING,
AND TERRORISM RISK ASSESSMENT

COMMITTEE ON FOREIGN AFFAIRS

COMMITTEE ON SCIENCE AND TECHNOLOGY

REPUBLICAN POLICY COMMITTEE

ASSISTANT REPUBLICAN WHIP

Congress of the United States
House of Representatives
Washington, DC 20515-4310

WASHINGTON OFFICE:
131 CANNON HOUSE OFFICE BUILDING
WASHINGTON, DC 20515
(202) 225-2401

AUSTIN OFFICE:
5929 BALCONES DRIVE, SUITE 305
AUSTIN, TX 78731
(512) 473-2357

BRENNHAM OFFICE:
2000 SOUTH MARKET, SUITE 303
BRENNHAM, TX 77833
(979) 830-8497

KATY OFFICE:
1550 FOXLAKE, SUITE 120
HOUSTON, TX 77084
(281) 398-1247

TOMBALL OFFICE:
TOMBALL ROSEWOOD PROFESSIONAL BUILDING
990 VILLAGE SQUARE, SUITE B
TOMBALL, TX 77375
(281) 255-8372

July 31, 2009

The Honorable Tom Vilsack
Secretary of Agriculture
US Department of Agriculture
14th Street and Independence Avenue, SW
Washington, DC 20250

Dear Secretary Vilsack:

As you are aware, the State of Texas has been experiencing exceptional drought conditions, specifically the central part of my district, Congressional District 10.

This drought is at a critical point of becoming a major disaster to the area. Time is running out. The farmers and ranchers in my district indicate they will have to take drastic actions if the Federal government does not live up to its obligations, giving them access to FSA emergency loans and the Supplemental Revenue Assistance Payments Program which was approved as part of the Food, Conservation, and Energy Act of 2008.

Soon they estimate they will have no choice but to sell the rest of their cattle because of the inability to reasonably purchase feed. Drought conditions have made hay so scarce the price has more than doubled to \$125 a ton. At this price ranchers cannot afford to feed their herds and the only option is to sell at deflated prices because of an anticipated flood of cattle on the market. Emergency funding from USDA will allow them to purchase hay at the higher price, purchase protein supplements needed because of the poor quality of the hay, or to help pay freight on higher quality feed from other regions.

In April of this year, six of the eight counties in my congressional district (Austin, Bastrop, Lee, Travis, Waller, Washington) were declared primary disaster areas by USDA for drought-related losses during 2009. However, my constituents are having difficulty in obtaining FSA emergency loans and access to the Supplemental Revenue Assistance Payments Programs based on eligibility guidelines and the pending establishment of program rules by USDA.

For example, most of my constituents are not eligible to receive FSA emergency loans because their land is valued at appraised market value, instead of the significantly lower agriculture value. This policy penalizes farmers and ranchers by creating a higher net worth. It forces them to take out second liens on their property to absorb their losses. By using market value their assets make them ineligible for low interest disaster loan eligibility and they are forced to use commercial loans at higher rates significantly increasing the risk of default and running them out of business. In some cases they are forced to sell their land to pay off the loan.

I implore the USDA to find ways to immediately make more of my constituents eligible for disaster relief under the current FSA loan programs such as altering the way land values are determined, as well as accelerating the release of money farmers paid into the Supplemental Revenue Assistance program. According to information I have received from my constituents, USDA has indicated that due to software development delays and establishment of program rules, 2008 losses would not be disbursed until October or November of this year and money for 2009 losses will be paid out in 2010. This program, part of the \$290 billion Farm Bill approved by Congress in 2008, is meant to help crop producers weather natural disasters through a revenue guarantee program.

As outlined above, this timeline is not acceptable. Time is of the essence for the USDA to accurately determine agriculture production losses so producers can begin receiving immediate relief from the federal government for drought assistance before we have a devastating catastrophe involving constituents in my district, as well as the rest of the State of Texas.

Thank you in advance for your immediate response to this request.

Sincerely,

A handwritten signature in black ink that reads "Michael T. McCaul". The signature is written in a cursive, slightly slanted style.

Michael T. McCaul
Member of Congress