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April 12, 2023

The Honorable Debbie Stabenow
Chairwoman
Senate Agriculture Committee
328A Russell Senate Office Building
Washington, D.C. 20510

The Honorable Glenn 'GT' Thompson
Chairman
House Agriculture Committee
1301 Longworth House Office Building
Washington, D.C. 20515

The Honorable John Boozman
Ranking Member
Senate Agriculture Committee
328A Russell Senate Office Building
Washington, D.C. 20510

The Honorable David Scott
Ranking Member
House Agriculture Committee
1301 Longworth House Office Building
Washington, D.C. 20515

Dear Chairwoman Stabenow, Chairman Thompson, Ranking Member Boozman, and Ranking Member Scott:

As Congress continues to review the provisions in the 2018 Farm Bill and begins to craft the 2023 Farm Bill, the National Association of Wheat Growers (NAWG) writes to elaborate on our 2023 Farm Bill priorities. In July 2022, we sent you a letter outlining our original priorities, which are attached for your reference. However, we would like to update you on a few specifics within these priorities our grower leaders have refined over the winter months. We welcome the opportunity for future engagement as the committee process continues.

NAWG has emphasized to Congress on many occasions that additional spending cuts to crop insurance beyond those already made in the 2014 Farm Bill may jeopardize the partnership between the federal government and the private insurance industry to deliver risk protection to our members effectively. We encourage the Committee to look at ways to enhance the affordability of higher coverage and make the system more effective for wheat farmers.

One specific improvement to the program would come with the separation of Enterprise Units (EU) by continuous and fallow cropping systems. Currently, farmers must combine fallow and continuous wheat acres. You can have a fallow Average Production History (APH) and a continuous APH that are reported separately but must have a blended unit in an EU. This ends up hurting most farmers when crop insurance needs to be a safety tool for their protection. The solution would use precedent language in previous farm bills that makes changes to EUs to allow insure wheat EUs by fallow and continuous, while still offering a combined option. This legislation would benefit farmers and help them be better able to insure their wheat and their livelihood.

On Title I programs, NAWG recommends making a meaningful increase to the statutory reference price for the Price Loss Coverage (PLC) program for wheat. The current statutory reference price of \$5.50 is not an adequate safety net for wheat production. It neither covers the cost of production nor does it take the rising cost of inputs into account. Another area of focus in improving the Title I program would be to modify the parameters of the effective reference price. The effective reference price and its

adjustment mechanism could be improved to provide a better safety net for wheat farmers. The current effective reference price is capped at 115 percent of the statutory reference price, with a maximum level of \$6.33 per bushel for wheat. Additionally, the 85 percent factor on the moving average should be reexamined and increased to 90 or 95 percent. Overall, having an adjustment that takes years to occur is too slow with the current volatility of commodity markets and the ever-increasing cost of production and the Committees should consider making this mechanism more responsive to market conditions.

Regarding the Title II conservation programs, NAWG supports continued funding for Farm Bill Conservation programs that work with farmers to improve soil health, increase habitat, sequester carbon, improve water quality and provide many other benefits. After further discussion, NAWG has more specific recommendations under the conservation title.

We urge the committee to consider the regional differences in agriculture production and climate when reviewing the administration of conservation programs. Dryland farmers in western states are facing continued drought conditions and the conservation programs must continue to work in these regions. NAWG supports the voluntary conservation programs and supports continued investments in the Environmental Quality Incentives Program and the Conservation Stewardship Program. The Conservation Reserve Program (CRP) is also an essential conservation tool NAWG encourages the committee to consider a few changes. NAWG supports increasing the payment cap in CRP. NAWG supports allowing cost share for mid-contract management and increasing the payment limitation in CRP. As prices for all inputs associated with managing land in CRP increase, the higher payment limitation should reflect the rising costs. Additionally, the CRP program should focus on highly erodible, less productive ground that is environmentally sensitive land.

With half of all wheat grown in the U.S. destined for export, the Market Access Program (MAP) and Foreign Market Development (FMD) programs play a critical role in helping boost American agricultural exports and increase farm cash income. In our previous letter, we recommended doubling the funding for those programs. Since then, two bipartisan bills have been introduced in both chambers, which, if enacted, would do just that. NAWG strongly supports these legislative efforts (add bill numbers), and encourages the committee to work to incorporate these marker bills into the committee's base text.

Additionally, the use of American-grown commodities as food aid has been a cornerstone of U.S. foreign assistance programs for decades, and U.S. commodities have been integral in providing hunger relief. However, over time, these proven programs have shifted away from their bedrock of U.S. commodities to alternatives lacking in accountability, such as physical cash handouts in some of the most unstable regions of the world and using American taxpayer dollars to purchase commodities from foreign agricultural competitors. NAWG has made it a priority to reaffirm and strengthen the role of U.S. commodities in food aid programs. Specifically, Congress should restore the farm bill authorized program as pure in-kind commodity donation programs, limit nebulous administrative costs and require USAID to use Food for Peace funding to purchase American-grown commodities, require USAID to spend no less than 50 percent of program costs on commodities and ocean transportation, increase programmatic transparency and accountability, update the Food for Progress transportation cap to \$63.5 million and keep it up-to-date with inflationary pressures, allow USDA to disburse Bill Merson Humanitarian Trust commodities and create an automatic replenishment mechanism.

One additional area that NAWG has added to our Farm Bill priorities is Title VII, where our growers recognize the need to increase support for agricultural research to address new and emerging challenges. While NAWG is supportive of broader efforts to increase investments in ag research, there are two specific areas related to wheat research we would like to see addressed within the Farm Bill. First, NAWG recommends increasing the authorization for the U.S. Wheat and Barley Scab Initiative

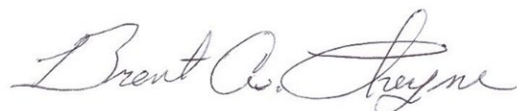
(USWBSI) from \$15 to \$20 million annually. Rising research costs are eroding the ability to conduct current research and varietal development is key to delivering solutions for growers. Second, NAWG recommends authorizing a new Wheat Resiliency Initiative at \$6 million annually, which would increase public research support for rusts, Wheat Stem Sawfly, Hessian Fly, and Bacterial Leaf Streak. These diseases and pest challenges have been identified by researchers as the greatest future threats to wheat production as changes in growing conditions have led these pests and pathogens to spread into new areas and increased in severity. Collectively, these pests and pathogens can cause up to \$5.5 billion in farm gate losses annually.

Finally, as was the case previously, NAWG recognizes several of these priorities would require securing additional budget authority to craft the next Farm Bill. We've continued to work across the industry to advocate for additional funds for the Committees to work with. NAWG joined a letter to the four corners of the budget committee with over 400 other organizations asking for increased resources. NAWG also appreciates the budget views and estimates letter that Chairman Thompson and Ranking Member Scott sent to the Budget Committee last month. In a world faced with increasing global hunger, massive increases in input costs, unprecedented market volatility, and large government expenditures, now is not the time to limit agricultural spending.

As the House and Senate Agriculture Committees continue to have hearings and consider improvements to the next Farm Bill, NAWG looks forward to working with the four corners, members of the committees, staff, and industry to authorize a Farm Bill that works for wheat farmers and all of American agriculture. I welcome the opportunity to testify before the committee and meet with you during our upcoming hill visits in September.

Thank you for your time and consideration.

Sincerely,

A handwritten signature in cursive script that reads "Brent A. Cheyne". The signature is written in black ink and is positioned above the printed name and title.

Brent Cheyne
President
National Association of Wheat Growers