NATIONAL ASSOCIATION OF WHEAT GROWERS

25 Massachusetts Avenue, NW, Suite 500B • Washington, D.C. 20001 • (202) 547-7800 • wheatworld.org

**Testimony of Keeff Felty**
**President**
**National Association of Wheat Growers**

**Before the U.S. Senate Committee on Agriculture, Nutrition, and Forestry**

**"Producers from the Field: Farmer and Rancher Views on the Agricultural Economy, Part 1"**
**106 Dirksen Senate Office Building**
**Washington, DC**

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Chairman John Boozman, Ranking Member Amy Klobuchar, and distinguished Senate Committee on Agriculture, Nutrition, and Foresty members thank you for the opportunity to testify today on the state of the farm economy.

My name is Keeff Felty, a fourth-generation farmer from Altus, Oklahoma, where my family and I farm wheat, cotton, and pastureland. Right after high school, I became invested in the family farm my father and grandfather operated, which I eventually took over and expanded into what it is today. While farming, I also attended Oklahoma State University, where I received a Master of Science degree in Agriculture Economics in 1991. I am here today in my role as the president of the National Association of Wheat Growers (NAWG).

Founded on December 7, 1958, NAWG is celebrating its 75th anniversary this year, working to represent wheat growers in Washington, DC. NAWG is a federation of 20 state wheat grower associations and industry partners that work to represent the needs and interests of wheat producers before Congress and federal agencies. We are a grower-governed organization and work in areas as diverse as federal farm policy, environmental regulation, trade, transportation, and uniting the wheat industry around common goals. Our mission is to unite wheat farmers to promote policy efforts that create an environment that is conducive to the success of wheat farming in the United States. We feel it is important to provide testimony before the Senate Committee on Agriculture, Nutrition, and Forestry as we continue working toward reauthorizing the farm bill in the 119th Congress.

Today's hearing is particularly timely given that farmers – and wheat growers – are currently facing a severe downturn in the agricultural economy. NAWG appreciates the hard work the leadership and members of this committee played in getting economic and disaster assistance signed into law in December 2024. That assistance is much needed across all of agriculture. However, long-term improvements to the farm safety net must be included as this committee and Congress work to reauthorize the farm bill this year.

**Wheat Overview**

Nationwide, there are six different classes of wheat, each grown for different uses in various geographic regions and climates, using varied agronomic practices and facing unique challenges. These six classes present a variety of unique challenges, uses, and growing conditions, which makes creating a one-size-fits-all program for wheat particularly difficult. My home state of Oklahoma planted 4.35 million acres of Hard Red Winter (HRW) wheat in 2024, harvesting nearly 2.9 million acres. HRW is a versatile grain used in hard rolls, croissants, and flatbreads. It is also an ideal wheat choice for some types of Asian noodles.

The U.S. Department of Agriculture (USDA) Economic Research Service (ERS) ranks wheat third amongst U.S. field crops in planted acreage, production, and gross farm receipts. According to the January 10 USDA National Agricultural Statistics Service (NASS) Crop Production Summary report, all wheat planted acres in 2024 were at 46.1 million acres, down from 49.6 million in 2023. However, the area harvest was 38.5 million acres, up nearly 1.4 million acres from the prior year. The NASS report also notes that wheat production was 1.97 billion bushels in 2024, up from 1.8 billion bushels in 2023. The farm gate value for 2024 is nearly $11 billion.

Wheat growers in the United States pride themselves in growing a safe, abundant, and sustainable crop that we consume here at home and export globally. According to the United Nations, 20 percent of the calories humans consume are from wheat. This complex carbohydrate is a necessary nutritional tool that provides essential fuel for the body's needs. With over half of the wheat grown in the United States headed to international markets, our growers play a vital role in feeding the world.

Wheat production across the United States is varied, from the climate, soil, rotations, and most importantly, the type of wheat and end-use markets for the wheat produced. As a crop primarily destined for food supply, the quantity and quality of the wheat we produce are equally important. The six classes of wheat have a variety of end uses – whether it is pizza, pasta, bread, cakes, or crackers – each product has characteristics that rely on a different type of wheat and a different protein content in the wheat and flour. Some wheat – winter wheat – is planted in the fall and harvested in the following summer, and some – spring wheat – is planted in the spring and harvested a few months later in the summer.

There are several environmental benefits of growing wheat. Wheat improves soil quality, protects the soil from erosion, and reduces weed pressure when added to crop rotations. The wheat crop allows for different timings and pest control products which help combat pest resistance. Winter wheat provides living plant cover over the winter months. The wheat straw residue left on the field provides a durable cover to protect the soil from wind and water erosion. In certain regions, winter wheat can be added to a corn-soy rotation, adding a third crop over the two years and providing a living cover over the winter and additional economic revenue from adding a wheat crop.

**Farm Economy**

The agricultural economy is in a tough spot. While farmers often grapple with challenges daily, the entirety of the agricultural economy is in a position it has not been in for decades. When my predecessor Brent Cheyne was before the Senate Committee on Agriculture, Nutrition, and Forestry's Subcommittee on Commodities, Risk Management, and Trade in May 2023, he stated: "Wheat farmers across the country are currently experiencing high prices but at extreme risk." In that testimony, he stressed that while prices were able to help producers weather the heightened cost of production, those prices were unlikely to last, which is where we find ourselves today.

In December, USDA ERS updated its Farm Sector Income & Finances: Farm Sector Income Forecast, which noted, "After reaching record highs in 2022, farm sector income is forecast to fall in 2024 but at a slower rate than in 2023." However, that statement masks a significant decline in crop cash receipts, given the robust returns in the livestock sector. When looking at the commodity-level changes in farm income, a recent Terrain analysis revealed that wheat growers experienced a 43 percent decrease in net cash farm income from 2023 to 2024 when adjusted for inflation. That marks the lowest level in the last 15 years.

When President Cheyne testified before the subcommittee, the Market Year Average (MYA) was $8.83 per bushel for wheat for the 2022/23 marketing year. According to the most recent USDA WASDE report published earlier in January, the forecasted season-average price for wheat is $5.55 per bushel, which is down $0.05 per bushel from the December report. From that time, two and a half years ago, wheat prices fell by over 37 percent.

One of the most significant financial risks and challenges growers have continued to face is the cost of production, which includes operating costs (seed, fertilizer, chemicals, fuel, repairs, etc.) and allocated overhead (labor, capital recovery of machinery and equipment, taxes and insurance, etc.). According to the USDA ERS' Commodity Costs and Returns report published in October for wheat, for the three most recent years (2021-2023), the cost of production has averaged $384.47 per acre and peaked at $401.81

in 2022. During the three prior years (2018-2020), the cost of production averaged $322.94 per acre. When comparing these two data ranges, the cost of production has gone up by over 20 percent on average, according to USDA's data. Concerningly, the USDA ERS' cost-of-production forecast published in November expects that cost of production will remain elevated. For wheat, it is forecasted to be at $388.14 in 2024 and $386.14 in 2025.

While USDA projects the MYA average prices for wheat to be $5.80 per bushel in 2025/26, there is still a projected shortfall for wheat. Strong prices helped mitigate the revenue shortfalls in pervious crop years, but in 2024/25 wheat growers will experience a $101 loss per acre according to USDA ERS' cost of production data. For the 2025/26 year, USDA projects a $96 loss per acre.

As I reflect on my 40th year of farming, the challenges facing the farm economy are real and reminiscent of the 1980s farm crisis. The silver lining of today compared to the early 1980s is that interest rates are roughly half what they were during those tumultuous times. Additionally, our safety net has been greatly improved through the efforts of subsequent farm bills and the increased adoption of crop insurance tools. However, according to USDA ARS Farm Income and Wealth Statistics, the cumulative interest expenses are expected to exceed $30 billion in 2025, which would mark the highest level since the mid-1980s when adjusting for inflation.

Last week, Texas A&M University's Agricultural and Food Policy Center published an article summarizing their representative farms, which can be used to forecast farm finance performance and serves as an agricultural barometer. In the article, it noted "In the 42 years that AFPC has been projecting farm financial performance, the most recent crop outlook for the representative farms is the worst in terms of the number of farms in each of the four commodity types (feed grains, cotton, rice and wheat) that are not currently expected to have a positive cash flow over the next 5 years. What makes this so troublesome is there is not a crop that producers can switch to from their current crops that would generate a positive return."

The economic assistance relief package enacted in December 2024 helped soften the blow for wheat growers. According to our assessment of the legislation, wheat growers should receive about $31.80 per acre. While these payments will not make growers whole, they will help them secure operating notes and prevent them from having to exit the industry. Even with these payments, a wheat grower could still be losing about $72 dollars per acre.

Each year, I invest millions of dollars into planting a crop with a requirement to pay back the full amount at the end of harvest. The following year, I do the same thing. In addition to making that investment, myself and other farmers often have long-term land and equipment payments we need to make each year, just like you might with a home or auto loan.

NAWG appreciates the hard work members of this committee played in helping get the economic assistance signed into law, and these efforts do not go unnoticed. We are encouraged that Congress recognizes the challenges facing agriculture by providing this ad hoc relief for 2024, and we hope this recognition underscores the desire to reach an agreement to pass a bipartisan, robust farm bill in the first half of the 119th Congress.

**Farm Bill Process and Background**

In the lead-up to the initial expiration of the 2018 Farm Bill, NAWG undertook an extensive process to develop principles and policy priorities in anticipation of Farm Bill reauthorization. These efforts included soliciting individual grower feedback, internal review of existing programs by our policy committees, and presenting recommendations to NAWG's board of directors. In the summer of 2022, NAWG's board of directors identified our initial top ten farm bill priorities, which was further expanded upon at Commodity Classic in March of 2023.

The key priorities identified by the NAWG board of directors include:

- Protect and enhance crop insurance;
- Improve Title I by increasing the statutory reference price for wheat;
- Support funding for financial and technical assistance through voluntary conservation cost-share programs;
- Support increasing state and regional management of Conservation Reserve Program based on local input;
- Oppose any efforts to expand conservation compliance;
- Double funding for the Market Access Program and Foreign Market Development program;
- Prioritize American-grown commodities as part of American food aid programs to feed more people;
- ensure predictable access to crop protection tools;
- and to work with Congress to ensure there are sufficient budgetary resources available to craft a bipartisan, multi-year, comprehensive and meaningful piece of legislation.

Throughout the farm bill reauthorization process, NAWG has appreciated the ability to testify before Congress on five separate occasions. In 2022 and 2023, our grower leaders testified before the full House Agriculture Committee; the Subcommittee on General Farm Commodities, Risk Management, and Credit; the Subcommittee on Livestock and Trade; Subcommittee on Conservation and Forestry; and the Senate Committee on Agriculture, Nutrition and Forestry's Subcommittee on Commodities, Risk Management, and Trade. These past testimonies are still relevant today, however, since credit and lending conditions throughout the countryside have changed due to the collapse in commodity prices and the near-high cost of production.

The farm safety net is outdated, as 86 percent of federal support to farmers since 2018 has been in the form of ad hoc assistance. While this assistance is needed when there are shortcomings in the farm safety net, Congressionally driven ad hoc assistance is not timely and has proven challenging to implement. We encourage lawmakers to strengthen existing farm safety net programs to provide a more reliable and timely delivery system.

Wheat growers recognize the complicated budget environment in which the farm bill will be considered. To that end, we appreciate that both the Senate and House Agriculture Committee leaders sent a strong bipartisan letter to the Budget Committees in March 2023 acknowledging the needs and challenges facing agriculture.

On March 14, 2023, NAWG joined more than 400 national, regional, and state organizations in sending a letter to the House and Senate Budget Committee members requesting sufficient budgetary resources to craft a new bipartisan, multi-year, comprehensive, and meaningful piece of legislation.

We acknowledge that the federal budget and fiscal environment present challenges and complexities. However, as outlined earlier in my testimony, the farm economy is facing unprecedented headwinds, and sufficient budgetary resources will be needed to craft a comprehensive farm bill if there is a desire to tackle the challenges facing farmers in rural America.

Additionally, we appreciate the framework outlined by Senator Boozman in June 2024, which included several of NAWG's priorities. NAWG also appreciates the work the House Agriculture Committee put into passing the Farm, Food, and Natural Security Act of 2024 (H.R. 8467) out of committee in May 2024, which incorporated many of NAWG's priorities. At the end of my testimony is a letter NAWG sent to Chairman Thompson and Ranking Member Scott detailing those priorities included in the committee's bill.

**Crop Insurance**

Crop insurance is one of the leading pillars of the farm safety net. Through successful public and private partnerships, crop insurance has helped wheat growers throughout the nation in response to natural disasters. Protecting crop insurance is NAWG's number one farm bill priority as we look towards reauthorization of the bill. A reliable safety net is crucial as the list of ongoing challenges grows for wheat producers across the nation. Additionally, we encourage this committee to avoid further cuts and even look at ways to enhance the program through better affordability. Crop insurance is the first wave of financial support following disaster. Following a claim, producers can typically see indemnity payments in as soon as 30 days, which is vital for growers following a production disaster.

The Risk Management Agency (RMA) has shown over the last 10 years that on average 82 percent of wheat acres have been covered with some type of risk management coverage. During the 2024-year, RMA reported 37 million acres of wheat were covered by some type of crop insurance. This accounted for 81 percent of total wheat acres planted across the nation. This coverage is necessary, because the last 10 years wheat acres have on average had a 0.87 loss ratio. Producers did see one of the lowest loss ratios last year with the ratio for wheat at 0.67. This loss ratio being below 1.0 highlights that producer premiums were higher than the indemnities delivered through crop insurance. When this is paired with the immense increase in input costs and poor commodity prices, our growers still felt the burden of the current agriculture economy.

Crop insurance is a producers only sense of protection from unpredictable weather patterns and lack of precipitation. Wheat growers experienced this with extreme drought conditions from 2021 – 2023. According to the U.S. Drought Monitor, at some points, nearly 80 percent of the Continental U.S. experienced conditions greater than D1 (Abnormally Dry), with 20 percent of the nation facing D3 (Extreme Drought) and D4 (Exceptional Drought) drought conditions. Unfortunately, these extreme drought conditions contributed to indemnity payments were at a 20 year high with 2023 numbers reaching $2.5 billion. Premium payments also reached a 20 year high with RMA reporting 2023 numbers peaking just above $2.2 billion. Premium payments must be reevaluated and readjusted to more directly align with the challenges producers are currently facing. The $2.2 billion that farmers paid in premium costs is a 245 percent increase from the $895 million in premium costs producers paid in 2020.

The use of revenue protection policies and yield protection policies are prominent among the agriculture industry, especially wheat growers. In 2024, growers covered 35 million acres under revenue protection, while 2.3 million acres were covered under yield protection. Aside from revenue and yield protection, growers have access to a variety of endorsements. These endorsements are changes to a specific policy that adds, changes, or adjusts your initial coverage. In 2024, Enhanced Coverage Option (ECO) covered 2.1 million acres. This policy endorsement raises coverage from 86 percent to 95 percent of a grower's approved yield. Additionally, growers utilize Supplemental Coverage Option (SCO) which is dependent on the liability, coverage level and approved yield for your underlying policy dependent on a county-wide loss. The Federal Crop Insurance Corporation stated that in 2024, wheat producers covered 2.68 million acres under SCO.

Crop insurance has been the cornerstone for my operation for many years. Revenue protection is utilized on our operation with area wide programs of SCO and ECO. Selection of crop insurance prices vary on my operation with projected price election, volatility factor, and yield change on each unit which all impact the coverage and premium. Last year, I had a well-conditioned wheat crop and then suffered a massive hailstorm days before harvest along with revenue losses due to such low prices. My spring crop saw claims due to drought, excessive heat, and hot dry winds. Congress must strengthen the safety net by making premiums more affordable, while enhancing endorsement options with additional premium assistance. Lastly, all wheat varieties need a more modern quality adjustment procedure that aligns with today's requirement by the supply chain.

In efforts to support and strengthen crop insurance NAWG has endorsed legislative efforts by members of this committee. Senator Hoeven's Federal Agriculture Risk Management Enhancement and Resilience (FARMER) Act (S. 4081) strengthens crop insurance and makes higher levels of coverage more affordable for producers. Additionally, the bipartisan effort between Senator Marshall and Bennet (S. 2104) to allow for the separation of enterprise units (EU) by continuous and fallow land is a necessary change to help our wheat producers in drought-stricken areas. Currently, farmers must combine fallow and continuous wheat acres. As a result, you can have a fallow actual production history (APH) and a continuous APH that are reported separately but must have a blended unit in an EU. This dynamic ends up hurting farmers in arid areas when crop insurance needs to be a safety tool for their protection. NAWG also supports the bipartisan effort of the Crop Insurance for Future Farmers Act (S. 2468), which was introduced by Senator Klobuchar. This piece of legislation amends the federal crop insurance program to increase the premium assistance rate for beginning and veteran farmers. These pieces of legislation all represent NAWG's priorities to strengthen and enhance crop insurance, and NAWG greatly appreciates all the committee's work on these legislative efforts.

As we continue to have conversations about the reauthorization of the farm bill, NAWG will continue to put crop insurance as one of our top policy priorities. A protected and strengthened safety net is essential as we continue to deal with a multitude of factors that increase the pressure on agriculture producers. NAWG will oppose any proposals of cuts to crop insurance or any restrictions or barriers that could directly affect producers or crop insurance products. NAWG also supports any efforts to make crop insurance more affordable for producers. We continue to partner with state and national organizations to study and enhance crop insurance and their policies.

It's also important to understand that the crop insurance program is not just valued by farmers but the entire rural community. Many banks refuse to extend lines of credit without farmers enrolling in crop insurance. This is done as a form of protection for banks themselves. Crop insurance allows farmers to pay their bills to input dealers, seed suppliers, and cooperatives even in years where production or prices fall. Crop insurance is not just important to farmers, it's essential to the survival of rural America.

**Title I**

The annual producer election of either Agriculture Risk Coverage (ARC) or Price Loss Coverage (PLC) included in the 2018 Farm Bill has worked well for growers and should continue in the new farm bill. For the program year 2024, 50.8 percent of wheat growers chose PLC, and 48.3 percent chose ARC-CO. The nearly 50-50 split began in 2022; however, prior years 80 to 90 percent of wheat growers elected PLC as their farm safety net.

In the commodity title, NAWG recommends a meaningful increase to the statutory reference price for PLC and changing the parameters on the effective reference price calculation. These recommendations would allow for a stronger Title I program that can more effectively protect farmers, and better adjust to market conditions. This is especially important with the substantial increases in the cost of production.

As noted above, in the farm economy section, the cost of production has remained at near all-time highs, while the MYA prices have dropped precipitously. The statutory reference price established in the 2014 Farm Bill is outdated and doesn't work for this agricultural economy. Since the 2014 and 2018 Farm Bill, one of the lingering challenges of the past several years has been the increased cost of production, which heightens the need for increased reference prices. The pandemic, the Russian invasion of Ukraine, labor challenges and shortages, and global supply chain challenges have dramatically increased input prices. Growers have minimal tools to hedge against such global and lingering impacts.

Another area of focus in improving the Title I program would be to modify and strengthen the parameters of the effective reference price in tandem with updating the statutory wheat reference price. The effective reference price and its adjustment mechanism could be improved to provide a better safety net for wheat farmers that can be responsive to market conditions. 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.

While the effective reference price is projected to rise above the statutory reference price for the first time in 2025/26, climbing to $5.56, and the effective reference price may climb to near $6.00 in the two years following, it is expected to drop below the statutory reference price by 2029/30. The temporary increase in the effective reference price escalator is not a substitute for a permanent increase in wheat's statutory reference price.

We do not propose increasing the reference price to guarantee a profit for wheat farmers. It would simply mitigate some of the substantial risks involved in the industry and help protect them from the serious increases in unavoidable costs that farmers face. For wheat, the escalator can be more meaningful if the statutory reference price is adjusted to more accurately account for increased input costs and value of production, which has increased significantly since the 2018 Farm Bill.

**Trade**

With over 50 percent of U.S. wheat heading to overseas markets, trade is a major priority for wheat farmers. The United States is the world's fourth largest exporter of wheat, exporting 18.6 million metric tons in Market Year 2023/34, worth a farmgate value of nearly $4.8 billion. We have long-term trading relationships with our top markets, Mexico, the Philippines, and Japan, but we are also continuously working on developing new markets. Future growth in exports to Southeast Asia and Western Africa may be especially promising with projects underway through critical Market Access Program (MAP) and Foreign Market Development Program (FMD) resources. Expanding MAP and FMD resources in the Farm Bill will ensure that we can continue to grow and maintain strong wheat exports across the world.

Similarly, we must also work to secure a fair playing field across global markets. We welcome President Trump's Executive Order on an America First Trade Policy and look forward to holding countries accountable that discriminate against or unfairly compete with US wheat exports. From heavily subsidized exports from Turkey, to India's trade distorting wheat subsidies, there are many opportunities to rebalance out trading relationships and put American farmers first.

The world wheat market is an ever-changing one that provides unique opportunities for U.S. wheat farmers. But wheat is also the world's most widely planted and traded commodity. That means global competition among exporters is fierce. It highlights the continuous need for new market access to keep U.S. growers on a level playing field with other countries – especially as our primary competitors in quality wheat markets – Canada and Australia continue to sign and pursue new free trade agreements around the world.

In the wheat industry, U.S. Wheat Associates is the USDA cooperator organization. They participate in MAP, FMD, Regional Agricultural Promotion Program and occasionally the Emerging Markets Program in their efforts to expand markets for U.S. wheat producers. Those USDA grants are required to be matched, in the case of wheat, though farmer dollars that are collected by individual state checkoffs. Combined, those monies support a global network of 13 overseas offices and around 75 technical, marketing, and support staff, all working on behalf of U.S. wheat farmers.

According to a 2021 econometric study conducted by IHS Markit, commissioned by USDA, it showed that MAP, FMD, and industry partners have a significant economic impact to our nations economy. The economic impact from these increased trade opportunities add 225,000 jobs annually throughout the American economy. Additionally, agricultural export revenue increased by an average of $9.6 billion because of program activities. Overall, U.S. economic output increased by $45 billion because of program activities.

These programs also boost export volume, and farm cash income. A separate study commissioned in 2016 by the Coalition to Promote U.S. Ag Exports with Informa Economics (now IHS Markit) working with Texas A&M and Oregon State University economists, showed that if MAP and FMD were doubled and private cooperator contributions increased by just 10 percent, ag export value would increase $3.4 billion per year on average, farm cash receipts would rise $2.2 billion a year on average, and 64,000 jobs would be created.

As this committee works to reauthorize the farm bill, NAWG recommends doubling the funding for MAP and FMD. We were particularly glad to see two bipartisan bills introduced in the 118$^{th}$ Congress, which, if enacted, would do just that. We look forward to the reintroduction of the Expanding Agricultural Exports Act (S.176) and Agriculture Export Promotion Act (H.R. 648) this year and encourage the committee to work to incorporate these legislative priorities into the committee's base text.

**Other Farm Bill Priorities**

The Farm Bill's conservation title has always enjoyed strong bipartisan support through locally led, voluntary, and incentive-based conservation systems that originated to combat the Dust Bowl. 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.

While commodity prices have decreased, input costs have remained high. These high prices also carry over into the adoption of conservation practices. With farmers facing higher costs in all areas of their operations, the decision to adopt conservation practices can depend on the financial assistance that Farm Bill programs provide. The cost share rates of the conservation programs, where limited in the statute, should be reviewed, and the committee should also review the payment limits in the statute. Several of these provisions have been in place for decades through many Farm Bills and do not reflect the costs of doing business on the farm. Growers are managing larger acreage to become more efficient and spread their operation costs over a greater acreage on the farm.

We urge the committee to consider the regional differences in agriculture production and climate when reviewing the administration of conservation programs. In recent years, dryland farmers have faced regional and multi-year drought conditions, and conservation programs must continue to work in these regions. NAWG supports voluntary conservation programs and continued investments in the Environmental Quality Incentives Program and 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.

As mentioned earlier, there are six different classes of wheat, with winter wheat making up the majority of the wheat grown in the US. For conservation programs to work well in each of these regions and states, they must provide various options and be flexible to work within different farming operations. Dryland farming practices are lacking in conservation options because we have already adopted no-till and several other practices. Conservation programs should be looking towards the next technology, innovation, and practice to expand the conservation opportunities for early adopters of conservation management systems such as no-till. Growers that adopted conservation tillage or no-till several years ago are looking for the next option. As you develop Farm Bill policy, please remember that one size doesn't fit all when it comes to conservation (or even wheat production). Farmers need a variety of program and conservation practice options to allow them to find the conservation approach that makes economic and environmental sense for their operation.

One of the most critical pieces our wheat growers use is crop protection tools. Recent years have proven how fragile our food production system is, and pesticides are a necessary tool that growers utilize to manage pests on their operations. Pest management is essential to produce an abundant crop while keeping the cost of production low. This is crucial as growers are running on razor-thin margins, and without these necessary products, production costs would soar. Unfortunately, grower access to these products is at risk as some states have started to regulate pesticides in a manner that directly contradicts decades-long conclusions from the Environmental Protection Agency. If these issues are not addressed, this will negatively affect farmers' ability to produce and threaten our nation's food security. NAWG

supports legislation that reinforces EPA as the preeminent authority on pesticide labeling and packaging requirements to provide certainty for farmers and American food security.
Lastly, the farm bill authorized critical funds for the U.S. Wheat and Barely Scab Initiative (USWBSI), which is a stakeholder-driven approach along with USDA-ARS base funding, both aimed at identifying and providing research-based solutions to the *Fusarium* Head Blight (FHB or scab) problem in wheat and barley. Scab significantly affects the yield and quality of wheat and barley, and its associated mycotoxins contaminate the grain, resulting in losses for U.S. growers, processors, and end users. With the U.S. average annual farm-gate value at nearly $15 billion for these two crops, minimizing loss is critical. Yet, FHB-related losses to farmers, food processors, and brewers can run in the hundreds of millions of dollars annually.

The USWBSI's effective model is built around a federal, state, grower, and industry partnership that leverages state and federal research infrastructures to address scab through a coordinated national program. Competitively awarded research examines crop management, development of resistant varieties, disease forecasting, and food safety with direct results for U.S. wheat and barley growers. As an example, a recent survey of growers on their use of the funded FHB Risk Tool found that 80% of growers using the tool experienced an increase in crop profits.

**Conclusion**

Naturally, this overview provides a look at national estimates, and each individual wheat farmers' situation will vary. However, behind these national estimates there are people just like you and me trying to make a living and enjoy life. These people are our friends and family, fellow churchgoers and neighbors, and members of the community who are having to make hard decisions about whether or not they will be able to continue to farm for another year. If they choose to or are forced to sell their farm, what does that mean for the future of Altus, Oklahoma, or a farm community in your state?

As the Senate Agriculture Committee continues to have hearings and begins efforts to reauthorize the farm bill in the 119th Congress, I look forward to working with the members of this committee, their staff, and the other witnesses here today to help craft a farm bill that works for wheat growers and all of American agriculture. Farmers are key in helping sustain our rural communities and feed the world. However, the agricultural community needs a farm bill that addresses the agricultural economy's challenges. We urge the committee to work expeditiously, in a bipartisan fashion, to pass a long-term farm bill that includes significant improvements and investments in the farm safety net to provide certainty and stability for our farmers.

We look forward to continuing to work with you to ensure a strong U.S. farm economy. Thank you again for this opportunity.

NAWG | NATIONAL ASSOCIATION OF WHEAT GROWERS

25 Massachusetts Avenue, NW, Suite 500B • Washington, D.C. 20001 • (202) 547-7800 • wheatworld.org

May 21, 2024

The Honorable Glenn "GT" Thompson
Chairman
1301 Longworth House Office Building
Washington, DC 20515

The Honorable David Scott
Ranking Member
1301 Longworth House Office Building
Washington, DC 20515

Dear Chairman Thompson and Ranking Member Scott,

The National Association of Wheat Growers (NAWG) is pleased that the House of Representatives is taking the first step in the farm bill reauthorization process by introducing and scheduling a markup of the Farm, Food, and Natural Security Act of 2024. NAWG is committed to working with committee members and their staff to ensure that the bill addresses the priorities of wheat farmers and can move forward in a bipartisan fashion to allow for its ultimate passage in both chambers.

NAWG continues to advocate for a strong crop safety net. Integral to this will be ensuring that there are no cuts that could undermine the crop insurance program. Crop insurance is a critical public-private risk management tool for wheat growers. NAWG urges lawmakers to protect and strengthen crop insurance in this bill, which is the cornerstone of the farm safety net. NAWG appreciates that the bill increases the maximum coverage level for the Supplemental Coverage Option (SCO) to 90 percent of the county yield and the premium discount to 80 percent. Additionally, we appreciate the inclusion of the bipartisan Crop Insurance for Future Farmer Act (H.R. 3904), which expands premium discounts for beginning and veteran farmers for the first ten years of farming.

The Title I farm safety net programs Agriculture Risk Coverage (ARC) and Price Loss Coverage (PLC) help protect wheat growers from significant crop price or revenue declines. To this end, NAWG is incredibly grateful to see a meaningful increase to the statutory wheat reference price addressed in the bill. The current statutory reference price of $5.50 is not an adequate safety net for wheat production, and the proposed statutory reference price of $6.35 is a meaningful improvement to help address the rising cost of production and increased input costs. We also appreciate the increase in the ARC guarantee, increased maximum payment rate, continuation of the annual election between ARC and PLC, and opportunity to expand base acres.

The conservation title includes several provisions NAWG supports including an increased focus on technical assistance and staffing for conservation program delivery and the bill's continued strong funding for the voluntary incentive-based programs, the Environmental Quality Incentives Program and the Conservation Stewardship Program. NAWG appreciates the focus on highly erodible land in the Conservation Reserve Program (CRP) and increasing the payment limit in the program to $125,000 per year. Additionally, NAWG welcomes the updated rental rate development process for CRP and additional transparency on the U.S. Department of Agriculture's (USDA) decisions on county rental rates.

The trade title includes several NAWG priorities, including the doubling of the Market Access Program (MAP) and Foreign Market Development Program (FMD), which are critical to building and expanding United States wheat into new markets and increasing wheat demand worldwide. Additionally, we appreciate elements of the American Farmers Feed the World Act (H.R. 4293) being included in the base text, notably the prioritization of U.S. commodities, increased consultation between the U.S. Agency for

International Development and USDA, and streamlining the release mechanism for the Bill Emerson Humanitarian Trust to better respond to humanitarian crisis.

The farm bill also includes many other important programs for wheat growers, such as research, rural broadband, credit, and certainty in crop protection product labeling. As Congress continues its work on the farm bill, we urge you to include these bipartisan policy priorities and advance legislation that will provide a strong safety net for our farmers, prioritize working lands conservation programs, and help to build new markets for United States wheat. Ultimately, Congress must produce a farm bill that can pass the House and Senate this year to give certainty about the structure of the safety net moving forward. We urge Congress to move forward to secure the best farm policy options for wheat growers.

Sincerely,

Keeff D. Felty

Keeff Felty
President

CC: Members of the House Agriculture Committee