



# National Association of Wheat Growers

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July 28, 2022

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

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

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

The National Association of Wheat Growers (NAWG) writes to share our initial 2023 Farm Bill priorities with the Senate and House Agriculture Committees as you continue with 2018 Farm Bill oversight hearings and work towards timely reauthorization of the next Farm Bill. Attached is a one-pager outlining these priorities. However, we would like to take the opportunity to elaborate on several of these priorities, and we welcome the opportunity for future engagement as the committee process continues.

NAWG is a federation of 20 state wheat grower associations and other industry partners that works to represent the needs and interests of wheat producers before Congress and federal agencies. Based in Washington, D.C., NAWG is grower-governed and works in areas as diverse as federal farm policy, trade, environmental regulation, agricultural research, and sustainability. Since last fall, our membership has reviewed the 2018 Farm Bill programs and subsequent ad-hoc programs through our internal committee structure and solicited individual grower feedback through a survey earlier this spring. Our Board of Directors met at the end of June and voted to approve this list as the basis of our Farm Bill priorities. NAWG will continue to seek input from our members on programs that are working, areas where modifications are needed and refine our priorities.

As we look towards the next Farm Bill, NAWG's principal priority will be protecting crop insurance. NAWG has emphasized to Congress on many occasions that additional cuts 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. According to the U.S. Department of Agriculture's Risk Management Agency, nearly 37 million acres, or 78 percent of the country's total wheat acres, were covered by crop insurance in 2021. Crop insurance is a vital tool to help farmers mitigate risk. It is essential that we do not limit the effectiveness, affordability, and accessibility of crop insurance as it is the primary tool that helps avert cropping disasters.

In addition to protecting crop insurance, we would encourage the House and Senate Agriculture Committee leadership to look for ways to enhance crop insurance programs. Wheat growers have appreciated the additional assistance and ad hoc disaster aid Congress has authorized and appropriated in recent years. However, NAWG would encourage leadership to explore ways to strengthen crop insurance and make higher coverage levels more affordable to help encourage more participation in crop insurance to address the need for additional assistance in the form of disaster relief. One of the biggest critiques of ad hoc disaster aid programs is the untimely delivery of such assistance and the need to continuously stand up a new program each time aid is appropriated. While a permanent disaster aid program could alleviate some of these issues, we believe strengthening crop insurance is a more appropriate means to do this through one of our most reliable and essential safety net programs.

When considering Title I programs, NAWG recommends increasing the reference price for wheat. The current \$5.50 reference price for the Price Loss Coverage Program (PLC) 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. The reference price should be increased to reflect the current cost of production more accurately. Current prices are abnormally high, over 90 percent higher than the 10-year season-average price. Yet in 2021, when prices were already nearly 20 percent above the 10-year average, the value of production after receiving no PLC payments, according to USDA, was a negative \$45.64. We have now seen prices for inputs skyrocket. Diesel is 77 percent higher than the 10-year average, fertilizers are 300 percent higher than last year, while other chemical inputs have doubled or more.

In my testimony before the House Agriculture Committee on March 1, 2022, I urged the committee to thoroughly review the effectiveness of Title I programs, which include the existing statutory reference price for wheat. The 2018 Farm Bill maintained the current statutory reference prices but requires the use of an “effective reference price.” In any given year, the five-year Olympic average market year average price will be multiplied by 85 percent; if that level is higher than the statutory reference price, then the effective reference price is that level up to 115 percent of the statutory reference price. The maximum level for wheat would be \$6.33 per bushel, and it cannot drop below the statutory reference price of \$5.50. The effective reference price attempted to remedy this issue. However, this change to the reference price will help if the current high prices are sustained over multiple years and does not accurately capture cost of production. Overall, having an adjustment that takes years to occur is too slow with the current volatility of commodity markets and ever-increasing cost of production.

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. Conservation practices can be costly and difficult to implement, and growers need financial and technical assistance to implement new practices and maintain existing practices. The Farm Bill’s voluntary cost share programs are oversubscribed, with more farmers seeking assistance than funding available. In addition, technical assistance provided through the programs is critical for farmers to undertake new practices that are right for their individual operations. These conservation programs must include a variety of practices that recognize the different types of production systems in different regions of the country. NAWG supports using Farm Bill conservation programs to continue to work with farmers on a voluntary basis to adopt practices that are appropriate to their region and production system but does not support expanding conservation compliance.

Additionally, crop protection tools are essential for farmers to not only implement climate friendly cropping practices, but also to maintain the abundant, safe food supply that the United States enjoys. Conservation systems and producing more agricultural commodities on the land in

production – being the most efficient we can be – require reliable access to crop protection tools.

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. NAWG recommends doubling the funding for MAP and FMD to bolster these public-private partnerships. The federal component for MAP has been level at \$200 million annually since 2006, and for FMD, it has remained unchanged since 2002 at \$34.5 million. According to a 2022 econometric study by Texas A&M University and IHS Markit, MAP and FMD accounted for 13.7 percent of all the revenue generated by U.S. agricultural exports between 1977 and 2019. The ROI for each dollar invested translates to \$24.5 during this timeframe.

In the wheat industry, U.S. Wheat Associates is the USDA cooperator organization. They participate in MAP, FMD, and occasionally EMP 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 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. Therefore, going into the next Farm Bill, NAWG lawmakers consider increasing federal support for the MAP and FMD programs.

NAWG recognizes several of these priorities would require securing additional budget authority to craft the next Farm Bill. With that in mind, NAWG is encouraging lawmakers and is committed to working across the industry to ensure increased budget authority to enact a Farm Bill that invests in farmers and the future of American agriculture. 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. Additionally, by investing in Title I and Title XI programs, we can work to mitigate ad hoc disaster aid programs in the future. While ad hoc assistance was necessary and appreciated throughout the farming community, addressing these gaps through increased reference prices and strengthening crop insurance growers would be provided additional certainty and more timely assistance for when disaster strikes, or supply chains are roiled by global events. Congressional leaders should come to an agreement to increase the budget authority for the Farm Bill to help safeguard the future of U.S agriculture.

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 blue ink, appearing to read 'Nicole Berg', with a long horizontal flourish extending to the right.

Nicole Berg  
President  
National Association of Wheat Growers