February 10, 2022

The Honorable Tom Vilsack Secretary U.S. Department of Agriculture 1400 Independence Avenue, SW Washington, D.C., 20250

Dear Secretary Vilsack:

Thank you and your team for working to implement the agricultural disaster aid provisions that were included in the continuing resolution (H.R. 5305), which was signed into law on September 30, 2021. We greatly appreciate your comments made at the recent Houe Agriculture Committee hearing on the timeline for implementation of the ad hoc disaster aid program and how the U.S. Department of Agriculture (USDA) might issue payments. Additionally, the National Association of Wheat Growers (NAWG) appreciates the access and engagement from USDA and the Farm Service Agency (FSA) in working to implement this and past ad hoc disaster programs.

Given significant disasters experienced in recent years for wheat growers, we would like to take this opportunity to reiterate these past challenges from a wheat perspective related to the Wildfires and Hurricanes Indemnity Program (WHIP), subsequent WHIP Plus (WHIP+), and the Quality Loss Adjustment (QLA) program. From NAWG's perspective, there is demonstrated need to see these programs get rolled out in a timely manner. However, we also need to make sure that as these programs are rolled out, it works for wheat farmers who have experienced extreme drought in some areas, excessive moisture in others, and damaging winds. The following examples are some of the challenges and experiences that NAWG has encountered as it relates to wheat growers, and we wanted to bring these to your attention as you continued to review past ad hoc programs and the language included in H.R. 5305, which includes several technical improvements.

Regarding WHIP+, there were some challenges related to differentiating between losses resulting from "excessive moisture" versus "flooding." Congress gave direction to the U.S. Department of Agriculture (USDA) to include "excessive moisture" as a cause of loss for eligibility. Confusion resulted at the ground level if the cause of loss with crop insurance wasn't included in the Secretarial disaster designation triggering eligibility, despite the intention that coverage be available to either cause of loss. In these instances, additional paperwork and documentation were required even though both were eligible causes of loss. Additionally, given the severe prevented planting that occurred in 2019 because of wet conditions, USDA provided a "top-up" payment of 10 percent for those producers who had a prevent plant indemnity. While this was important assistance for growers who experienced these losses, it was not available to 2019 winter wheat growers because the program was restricted to the calendar year 2019 losses; 2019 winter wheat was seeded in the fall of 2018, and so any prevented planting that would have been experienced would have been in the calendar year 2018. Those growers were ultimately made eligible for WHIP+ assistance, but they had to wait several months for it to become available. If any future top-up payments are considered, we would ask to evaluate this issue to process more timely winter wheat payments.

Separately, NAWG has been in close contact with the QLA team since the program was rolled out in January 2021, and we appreciate their assistance and help in overcoming many of these challenges. However, we wanted to highlight two separate issues that were experienced as the USDA works to implement the quality loss portion of the disaster aid. The first issue that arose is that the quality losses were so severe and widespread that feed wheat contracts were the only options made available to farmers in some cases. Such contracts were offered "as is" without the quality factors noted on the contracts. Testing was not necessarily done or not officially recorded or graded in some areas, so the specific quality factor information is not available. However, much of this grain was being sold as feed quality, which itself is an indicator of poor quality. A quality loss is a marketing condition and is reflected in the price received. U.S. wheat farmers grow wheat for quality, not with the intention of growing it for feed.

A second issue that arose in the QLA program was whether and how the protein was considered an eligible quality factor. While some QLA applications for falling numbers and low protein discounts were initially approved by FSA County Committees, there was a determination by a State Committee that these discounts were not the direct result of an eligible loss condition. NAWG was pleased to see that as part of a national review of the QLA program, excessive moister was considered an eligible condition that could result in falling numbers or low protein. As the USDA continues to look at the quality loss components of the new disaster aid program, we would reiterate that excessive moisture and other conditions like drought do contribute to lower quality and higher falling numbers that lead to discounts on wheat that can be beyond a grower's control.

Thank you again for this opportunity, and we would be happy to discuss this with you further.

Sincerely,

David Milligan, President

National Association of Wheat Growers