National Association of Wheat Growers
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Importance of the Farm Bill: Title 1 and Crop Insurance

The last Farm Bill was written when there were much different economic conditions than what farmers are currently facing. Wheat prices have dropped below loan rates, which has only happened a couple of times in the last two decades. The low prices triggered the availability of Marketing Assistance Loans (MALs) and Loan Deficiency Payments (LDPs). These programs are critical to helping producers with short-term cash-flow needs; the fact that they were triggered at all is an indicator of the bad economic conditions in rural America. In fact, as of January 17th, 2017, LDPs for the 2016/2017 marketing year totaled over $114 million, indicating just how extensive the low prices have been. The drop in commodity prices has also been much faster than change in cost of production. Farmers are having a much more difficult time making ends meet, and many are seeking help through the Farm Service Agency's (FSA) direct and guaranteed operating and ownership loan programs.

For longer-term help to producers, the Agriculture Risk Coverage (ARC) and Price Loss Coverage (PLC) programs offer key support. The Agricultural Act of 2014 allowed producers a choice between revenue protection and price protection, programs which replaced the former direct payment program. While NAWG may seek adjustments to these programs, they have functioned well and provided a helpful safety net for producers during these difficult times.

The federal crop insurance program has also functioned as the most important risk management tool available to producers. Farmers pay a premium for the policies, just like any other type of insurance program, and producers only get a payment when they suffer an indemnifiable loss, just like any other type of insurance program. The current structure has functioned well and has attracted a high enrollment rate among farmers across the country. This large participation means that risk can be spread across a lot of acres. Should Congress attempt to cut funding for the program or restrict participation, that will mean fewer acres will be insured, risk will be spread across fewer acres, and premiums will be more expensive for all farmers.

NAWG Priorities:

- Farmers and ranchers across the country are facing challenging economic conditions, with low prices across the industry coupled with input costs. The need for a strong and stable safety net is critically important.
- NAWG urges Congress to continue oversight of Farm Bill implementation and to actively seek producer input in writing the next Farm Bill to ensure programs work effectively.
- The federal crop insurance program has become the foundation of the farm safety net. Farmers pay a premium to participate and indemnities are paid in a timely fashion when disaster hits. NAWG strongly opposes any Congressional efforts, including both standalone legislation or appropriations riders, which would undermine the current structure of the crop insurance program or make it more costly for producers.

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