



STATE OF IDAHO

DEPARTMENT OF AGRICULTURE

C.L. "BUTCH" OTTER
Governor
CELIA R. GOULD
Director

September 26, 2016

Brandon Willis
Administrator, Risk Management Agency
United States Department of Agriculture Room
6092-South, 1400 Independence Avenue Southwest
Washington, D.C. 20250

Dear Administrator Willis,

Please accept this letter as a request to immediately waive the Risk Management Agency's (RMA) current rules regarding Falling Numbers discounting as it relates to determining a producer's Actual Production History (APH). My letter echoes the requests also sent by Idaho and Washington wheat organizations, our congressional delegations, and the Washington State Department of Agriculture. I share the concerns that quality discounts currently assessed at grain elevators will negatively affect future APH average yields for producers. As you know, the Falling Numbers test was developed to determine wheat quality by analyzing the amount of sprout damage present within a given sample of grain. When a Falling Numbers test for a grain sample is reported at 300 or lower, large discounts are applied to the crop.

This year, wheat growers across the Northwest are experiencing unprecedented difficulties as a result of low falling numbers. As of September 13, 2016, Falling Numbers of 300 or lower have been seen in numerous samples—42 percent of soft white wheat; 43 percent of club wheat; 20 percent of hard red winter wheat; and 10 percent of hard red spring. The widespread nature of this problem, coupled with wheat futures dropping to their lowest price in nearly a decade, is a serious threat to economic well-being of wheat growers across the Northwest. The issues of the current year combined with the recent multiple drought years only add to the increasing financial burden wheat growers are facing. As a result of low APH average yields resulting from droughts and current policy many – especially young and beginning growers – are at risk of losing their businesses.

Due to high yields this harvest season, many growers are not submitting crop insurance claims when their wheat samples test between 200 and 300. However, despite growers not submitting a claim, current RMA policy requires crop insurers to reduce the grower's actual yield based upon falling numbers discounts assessed at the grain elevator. This policy, if not changed or waived, will have a negative effect on a grower's APH for the next decade. This policy, in effect, penalizes growers for circumstances out of their control, specifically growers who choose not to file a crop insurance claim.

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Please reconsider the current RMA policy to allow growers who have not made a crop insurance claim to report their actual production without including a Falling Numbers discount. Considering the difficult economic situation wheat growers are already experiencing, a change in RMA's policy could alleviate some of the significant economic burden being felt by growers across the Northwest.

Wheat production is very important to state economies in the Northwest. In Idaho alone, wheat is a \$580,000 million industry and is our second largest export sector. However, we all know how slim margins are in agriculture. When wheat producers are already facing the effects of natural disasters and uncertain markets, I hope that we are doing all that we can to support this industry, which in turn fuels economies across the Northwest.

I appreciate your positive consideration of this issue. Should you have further questions, please contact me directly at celia.gould@isda.idaho.gov or (208) 332-8503.

Sincerely,



Celia Gould
Director