

## THINGS YOU CAN DO

### *Talk to your Members of Congress*

Members need to hear from their constituents! Send your Representatives and Senators e-mails, faxes or through the NAWG Legislative Action Center online at <http://capwiz.com/wheatworld/home/> Better yet, pay your Members visits in their home offices.

When you talk to your Members, remember to give them on-the-ground examples of what is happening in your area and on your operation. Lawmakers need to know what is really happening in farm country, and what growers really need.

### *Write your local newspapers*

Members – not to mention your neighbors - read their local newspapers. Write your local papers and tell them what you support and why. If you need sample letters, contact your state wheat association or the NAWG office in Washington, D.C.

### *Talk to your friends!*

Spread the word about the NAWG proposal and why it would benefit wheat growers. Tell your fellow growers about your operation and the financial realities you face. Then decide, as a group, to take action.

### *NAWG's Title I Proposal in a Nutshell*

*Wheat direct payment:  
\$1.19*

*Wheat target price:  
\$5.29*

*Payment limit adjustments  
commensurate with the  
increased direct payment*

## THE NUMBERS BEHIND NAWG's PROPOSAL

Average cost of production for  
wheat in 2005 and 2006:  
**\$215.79/acre**

Olympic average yield for wheat  
between 1995 and 2004:  
**40.79 bushels per acre**

Per bushel cost of production:  
**\$5.29 = NAWG Proposed Target Price**

Portion of cost of production that  
can't be covered by crop insurance  
and that isn't a risk to the market:  
 $\$5.29 \times 22.5\% =$   
**\$1.19 = NAWG Proposed Direct  
Payment**

Source: USDA/ERS

# NAWG's 2007 FARM BILL PROPOSAL

National Association  
of Wheat Growers

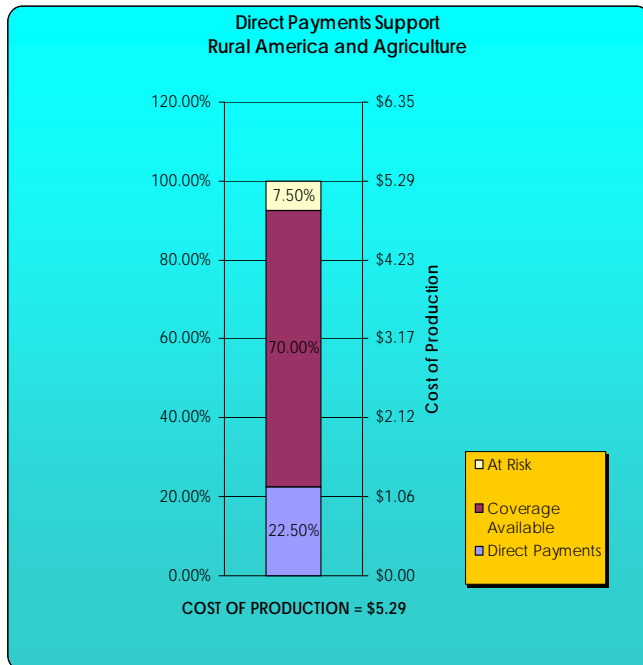
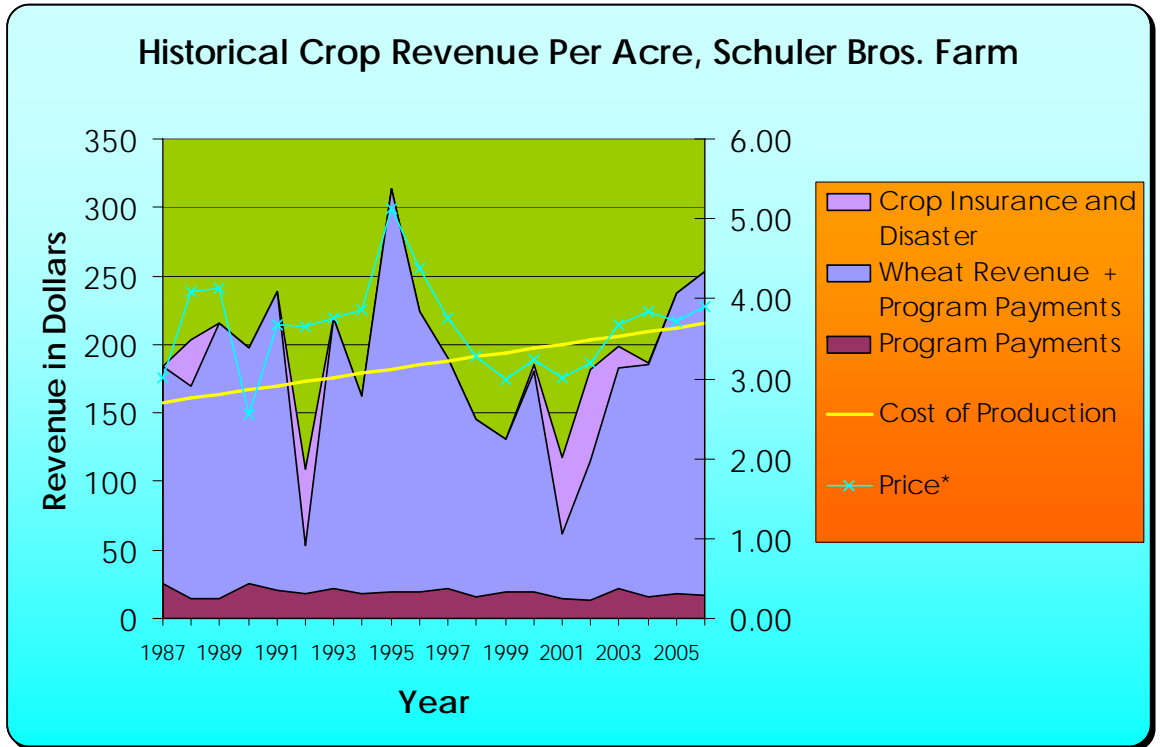
(202) 547-7800  
[www.wheatworld.org](http://www.wheatworld.org)

## WHY FOCUS ON THE DIRECT PAYMENT?

The chart on the right is economic data from Schuler Bros. Farm near Carter, Mont., run by NAWG Immediate Past President Dale Schuler.

As you can see, this chart shows that wheat revenue did not cover the cost of production during 11 of the past 20 years. The addition of crop insurance, disaster assistance and program payments failed to provide a profit during nine of these 20 years. In addition, notice that cost of production has gone consistently up, even though price has gone up and down over time.

The only consistent entry on this chart is the farm's direct payment. But, at \$0.52/bushel over the term of the 2002 Farm Bill, it hardly makes the difference between profitability or loss.



Wheat growers can typically only cover about 70 percent of their crops before crop insurance costs and coverage converge. As a result, growers typically have a 30 percent risk exposure.

If the target price is the average cost of production, \$5.29 in the case of wheat growers, then the direct payment should be the historic costs that cannot be guaranteed by the market or covered by insurance.

The chart to the left shows a 7.5 percent level of risk in the market (\$0.40), a 70 percent level of crop insurance (\$3.70) and a direct payment filling in the additional 22.5 percent (\$1.19).

### THE DIRECT PAYMENT IS:

- **Predictable** for farm families and farm communities
- The **only safety net** available in times of **crop loss** or disaster
- **Decoupled** from crop production
- The **least market distorting** program in current farm policy
- Trade-friendly and **WTO-compliant**