

June 15, 2020

Mr. Richard Fordyce, Director, SND
Farm Service Agency, USDA
1400 Independence Ave SW, Stop 0522
Washington, D.C. 20250-0522

Re: Docket ID FSA-2020-0004: Coronavirus Food Assistance Program Notice Funding Availability

Dear Director Fordyce,

Thank you for the opportunity to comment on this important issue. Oklahoma Farm Bureau is concerned about the lack of assistance to growers of Hard Red Winter Wheat in the Coronavirus Food Assistance Program (CFAP). Although hard red spring and durum wheat were included, CFAP omits Oklahoma's HRW growers who are experiencing economic harm because of COVID-19. Oklahoma ranks third in the nation in production of HRW and fifth in the nation in production of all wheat. Over a recent five-year period, Oklahoma wheat averaged 102,780,000 bushels annually, with average cash receipts of \$410,910,800¹.

Production of HRW is vital to Oklahoma growers' farm income. We urge the USDA to consider alternate methods to measure economic harm to HRW growers to allow their inclusion in CFAP. One metric that could be used is to consider actual cash bid price drops during the applicable time frame, rather than looking strictly at futures prices. This would be the actual cash price Oklahoma farmers received at grain elevators in Oklahoma.

The graph below shows Oklahoma U.S. No 1 Hard Red Winter Wheat grain elevator cash bids on January 14, 2020², the highest price for the week of January 13-17 and April 7, 2020³, the lowest price for the week of April 6-9. Using the actual cash bid approach shows a 5 percent or more decline in the price per bushel of wheat in 18 of 25 grain elevators in Oklahoma.

¹ https://www.nass.usda.gov/Statistics_by_State/Oklahoma/Publications/Annual_Statistical_Bulletin/ok-pocket-facts-2019.pdf

² http://oklahomafarmreport.com/wire/news/2020/01/05146_OklahomaCashGrains01142020_170818.php#.XuKcGUVKiUk

³ http://oklahomafarmreport.com/wire/news/2020/04/00071_OklahomaCashGrains04072020_172717.php#.XuKb2UVKiUk

	13 Jan	14 Jan	15 Jan	16 Jan	17 Jan	6 Apr	7 Apr	8 Apr	9 Apr	%
Hooker	4.48	4.52	4.52	4.4	4.49	4.36	4.33	4.38	4.52	4.2
Hobart	4.53	4.57	4.57	4.45	4.54	4.31	4.28	4.33	4.47	6.3
Keyes	4.53	4.57	4.57	4.45	4.54	4.41	4.38	4.43	4.57	4.2
Frederick	4.58	4.62	4.62	4.5	4.59	4.35	4.33	4.38	4.25	6.3
Lawton	4.58	4.62	4.62	4.5	4.59	4.36	4.33	4.38	4.52	6.3
Buffalo	4.6	4.64	4.64	4.52	4.61	4.44	4.41	4.46	4.6	5
Temple	4.6	4.65	4.64	4.52	4.62	4.4	4.38	4.43	4.57	5.8
Eldorado	4.63	4.67	4.67	4.55	4.64	4.46	4.43	4.48	4.62	5.1
Medford	4.66	4.7	4.7	4.58	4.67	4.53	4.5	4.55	4.69	4.3
Alva	4.67	4.71	4.71	4.59	4.68	4.54	4.51	4.56	4.7	4.2
Cherokee	4.68	4.72	4.72	4.6	4.69	4.52	4.49	4.54	4.68	5
Clinton	4.68	4.73	4.72	4.6	4.71	4.47	4.45	4.5	4.64	5.9
El Reno	4.67	4.73	4.72	4.6	4.7	4.47	4.45	4.5	4.64	5.9
Geary	4.68	4.73	4.72	4.6	4.7	4.47	4.45	4.5	4.67	5.9
Manchester	4.68	4.72	4.72	4.6	4.69	4.61	4.58	4.63	4.77	3
Okarche	4.68	4.73	4.72	4.6	4.7	4.47	4.45	4.5	4.64	5.9
Okeene	4.68	4.72	4.72	4.62	4.71	4.48	4.45	4.5	4.64	5.7
Ponca City	4.68	4.72	4.72	4.6	4.69	4.54	4.51	4.56	4.7	4.4
Watonga	4.68	4.73	4.72	4.6	4.7	4.47	4.45	4.5	4.64	5.9
Davis	4.69	4.73	4.73	4.61	4.7	4.37	4.34	4.39	4.53	8.2
Weatherford	4.69	4.73	4.73	4.61	4.7	4.48	4.45	4.5	4.64	5.9
Banner	4.71	4.75	4.75	4.6	4.72	4.51	4.48	4.53	4.67	5.7
Shattuck	4.72	4.77	4.77	4.65	4.74	4.65	4.63	4.68	4.82	2.9
Perry	4.8	4.84	4.84	4.72	4.81	4.55	4.52	4.57	4.71	6.6
Stillwater	4.8	4.84	4.84	4.72	4.81	4.55	4.52	4.57	4.71	6.6

Another metric USDA could consider using is price volatility. All three wheat May futures contracts experienced at least a 10 percent price decline in the period covering January to mid-April. Markets were being affected by COVID-19 and farmers selling wheat during this timeframe were negatively affected by those market impacts. HRW ranged from \$5.07 per bushel to \$4.23 per bushel, a 16.5% drop. The April 6-9, 2020, timeframe used to calculate the economic loss from COVID-19 pandemic does not account for the significant drop in prices experienced in March, or the subsequent decline in prices following the April 6-9 time frame. The snapshots chosen for CFAP mask the economic impact felt by wheat farmers by including a temporary recovery in futures prices, which was quickly erased by declining market conditions.

USDA should keep in mind that the cash price that farmers are actually receiving is even lower than the futures prices in many areas because of the widened basis during this timeframe. As such, the futures price is not necessarily a direct representation of the price that farmers are receiving for their grain. We urge USDA to incorporate the price volatility experienced across the January to April timeframe when calculating price loss.

If USDA is unwilling to consider either actual cash bid prices or price volatility for HRW, we recommend removing the requirement that a commodity experience a 5 percent or greater price decline. This threshold prevents farmers who are economically impacted by COVID-19 from receiving needed assistance. Using the May futures prices for the January and April time frames in the current CFAP means that HRW experienced a price drop of approximately \$0.21 per bushel, or 4.2 percent, excluding it from CFAP consideration.

In addition to extending the CFAP to HRW, more assistance will undoubtedly be needed as the impact of the pandemic continues to unfold. Harvest is underway in Oklahoma and farmers continue to market their grain under depressed prices due in part to COVID-19.

Thank you for your consideration in this matter.

Sincerely,

Marla R. Peek
Sr. Director of Regulatory Affairs

Caylie Holman
Director, Public Policy

cc: Oklahoma Farm Bureau Board of Directors
Mr. Scott Biggs, State Executive Director, Oklahoma State Farm Service Agency