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White House Wants \$30 Billion in Hurricane, Disaster Aid

President Trump this week sent to Capitol Hill his request for almost \$30 billion in disaster aid to help recovery efforts in Puerto Rico, Texas, Florida and the sites of wildfires across the country. Congressional leadership said they will consider the request when they return from a week-long Columbus Day recess October 16.

The formal request from the Office of Management & Budget (OMB) includes \$12.8 billion for FEMA's disaster relief effort; \$576.5 million for the USDA U.S. Forestry Service's firefighting fund, and \$16 billion for the National Flood Insurance Program.

House Agriculture Committee Chair Mike Conaway (R, TX) praised the inclusion of firefighting money "so we won't be, in fact, robbing Peter to pay Paul" when it comes to the escalating cost of fire suppression.

House Appropriations Committee Chair Rodney Frelinghuysen (R, NJ) called for chamber support for the request, but cautioned this request "certainly won't be enough to address the needs of all individuals affected."

Support for the request was bipartisan, with Rep. Nita Lowey (D, NY) ranking member of the appropriations panel, calling on her committee to add funding for the Community Development Block Grants; coastline rebuilding, along with roads, transit systems, airports, ports and other infrastructure; small business loans, and military installation repair.

Censky, McKinney Get Committee, Full Senate Blessing; Roberts Tees Up Next Subcabinet Players

The Senate Agriculture Committee is on a roll, approving early this week the nominations of Steve Censky, head of the American Soybean Assn. (ASA), to be USDA deputy secretary, and Ted McKinney, Indiana agriculture director, to be the department's first-ever under secretary of trade and foreign agriculture. Just 24 hours later, the full Senate approved the nominations on a voice vote, giving Agriculture Secretary Sonny Perdue his first subcabinet team members since taking the USDA reins in April.

And just as the Senate finished approving Censky and McKinney as part of a package of nominations voted en bloc, committee Chair Pat Roberts (R, KS) gavelled to order the confirmation hearing for Iowa Agriculture Secretary Bill Northey to be under secretary for farm production and conservation, and Greg Ibach, Nebraska agriculture director, to be under secretary for marketing and regulatory programs.

The Northey-Ibach hearing lasted a little over an hour, and no Senator objected to the nominations. Northey was introduced to the committee by Sen. Charles Grassley (R, IA), and Ibach was introduced by Sens. Deb Fischer (R, NE) and Ben Sasse (R, NE), as Rep. Adrian Smith (R, NE) watched from the audience. Both nominees are farmers as well as politicians, with Northey's family beginning farming in Iowa 150 years ago. Fischer described Ibach as "immersed in agriculture."

Both were asked by Roberts and panel ranking member Debbie Stabenow (D, MI) to protect federal crop insurance, the perennial target for congressional budget cutters. Northey said crop insurance is "the most important part of the farm safety net." Others on the committee, including Sen. John Thune (R, SD), zeroed in on whether Northey would support increasing the cap on acres enrolled in the

Conservation Reserve Program (CRP), as well relaxing the rules so that more CRP acres can be used for grazing. Northey dodged both of those policy bullets. The CRP will be major area of debate as the 2018 Farm Bill evolves.

Ibach was equally nimble when asked by Stabenow to “advocate strongly to the White House to protect the USDA budget,” referring to President Trump’s FY2018 budget recommendations which included sharp cuts in the department’s overall spending and personnel levels. “I commit to doing the best job I can with the resource Congress designates,” Ibach responded. Stabenow allowed, however, “we need strong advocates as well.”

After the hearing, Roberts told reporters he will assemble his committee on the Senate floor sidelines to approve the nominees, then move both names to the full Senate for a vote as quickly as he can after the Senate returns from its Columbus Day recess October 16. This was the strategy he followed with the Censky-McKinney nominations.

Once that process is completed, Roberts said he’ll turn to the confirmation process for Stephen Valen to be USDA general counsel, and Dr. Sam Clovis to be under secretary for research, education and economics. “We are going to push for them as soon as we can,” Roberts said. “There’s some paperwork that’s still out there that we need.”

Stabenow, just one of several senior Democrats opposing the Clovis nomination, said she wants a face-to-face meeting with the Iowa economist and long-time Trump lieutenant. Because the job for which Clovis is nominated is generally considered to be USDA’s “chief scientist,” Stabenow said, “Our farmers and ranchers depend on science. The whole idea of a chief scientist is someone who has a commitment to science. I don’t think this gentleman meets the criteria,” Stabenow said.

Perdue wasted no time in commending the Senate for its efficiency and his respect for the all four men nominated to be part of his leadership team at USDA.

On Censky and McKinney, Perdue said, “I commend the Senate for confirming these two experienced, prepared and capable nominees.” Censky, a former Senate staffer and White House aide, will handle the department’s administrative tasks, but will also “help us be responsive to producers reeling from the effects of multiple hurricanes, and also offer prudent counsel as Congress continues work on the 2018 Farm Bill.” McKinney, a self-described “happy warrior,” is in charge of agriculture trade efforts, a new mission area, “and (will) wake up every morning seeking to sell more American products in foreign markets,” Perdue said.

“These two nominees will bring experience and integrity to USDA the moment they walk in the door,” Perdue said of Northey and Ibach. He praised Ibach’s farming and cattle background, and Northey’s fourth generation corn and soybean production history.’

Doud Says NAFTA, KORUS Important, but New Markets Need Attention Now

While NAFTA modernization and the Korean-U.S. trade relationship are “enormously important,” new markets for U.S. corn, wheat, beef, pork and dairy need attention now, said Gregg Doud this week in testimony before the Senate Finance Committee during his confirmation hearing to be the U.S. Trade Representative’s Office (USTR) chief agriculture negotiator. He specifically talked about new Indian and Japanese markets.

Doud, former CEO of the Commodity Markets Council (CMC), as well as an economist for the National Cattlemen's Beef Assn. (NCBA) and trade policy advisor for the Senate Agriculture Committee, said his goal is to increase total ag exports beyond the current \$140 billion sold annually. He reminded lawmakers trade deals take time and patience, and work today will yield benefits down the road.

Committee member Sen. Pat Roberts (R, KS) told Doud, "Do what you can to get our trade policy back to being robust and a reliable supplier and quit letting countries take our markets...that's what farmers and ranchers and growers are upset about." Sen. John Thune (R, SD) told the nominee, "In the wake of TPP being withdrawn from, I think we've got to be very aggressive in trying to enter into bilateral agreements with some of those countries that represent huge market opportunities for U.S. agriculture."

Japan should be a top priority, Doud said, and a bilateral free trade deal should be the goal as American trade stays on offense. While U.S. producers already enjoy strong Japanese demand for their products, Australia and others beat out U.S. producers because they enjoy free trade agreements, he said.

Conaway Heads to Ottawa to Press NAFTA Need; Next Round of NAFTA Talks All About Ag: Perdue

House Agriculture Committee Chair Mike Conaway (R, TX) will take advantage of next week's week-long Columbus Day congressional recess to lead a congressional delegation to Ottawa, Canada, to "communicate a sense of urgency" and push for Canada to quickly agree on how to modernize NAFTA.

Meanwhile, Agriculture Secretary Sonny Perdue, who shares Conaway's frustration with the slow pace of the tripartite talks, told the International Trade Assn. in Washington, DC, this week the Ottawa round of negotiations – the fourth round so far – will focus primarily on agricultural issues, including dairy, poultry, wheat and other Canadian market access topics.

"We need to stop circling the ring in NAFTA negotiations and begin laying out concrete agriculture proposals. We're serious about getting this done and we need our Canadian counterparts to understand that time is of the essence here," Conaway said in a statement. Accompanying him will be Reps. David Rouzer (R, NC), Jon Faso (D, NY), Ted Yoho (R, FL) and Kurt Schrader (D, OR).

In remarks to the trade group and in talking with reporters, Perdue said the U.S. will specifically tackle poultry and dairy access issues. In that vein, the U.S. Chamber of Commerce has organized an October 11 "NAFTA Hill Lobbying Day" during which general business, agriculture and food groups will hit Capitol Hill to talk about the value of NAFTA and a speedy resolution of the talks.

Perdue also told reporters it's time to work out a bilateral deal with China and Japan, among others, countries where there is growing demand for U.S. products. On the list of potential trade partners are several countries which are part of the Trans-Pacific Partnership (TPP) from which the U.S. withdrew, including Indonesia, Vietnam, Thailand, Taiwan, the Philippines and India. Perdue also said the U.S. and South Korea have formally agreed it's time to modernize the 2012 Korea-U.S. free trade agreement (KORUS), a development confirmed in statement released by the Korean Embassy in Washington, DC, this week.

Nominee to Head EPA Chem, Pesticide Office Slammed in Confirmation Hearing for Industry Ties

"Never in the history of the EPA has a nominee to head the chemical safety office had such deep ties to industry. Never, to my mind, has a nominee so consistently underestimated the risks of chemical

exposure to the most vulnerable among us,” declared Sen. Tom Carper (D, DE), ranking member of the Senate Committee on Environment & Public Works (EPW) this week as the panel heard testimony from Michael Dourson, President Trump’s pick to be deputy administration of the EPA office of chemical safety and pollution prevention office.

Dourson is a University of Cincinnati professor who also runs an effort called Toxicology Excellence for Risk Assessment (TERA), described as a nonprofit research foundation. While the committee questioned five EPA nominees, Dourson was the obvious target of Democrat opposition despite his pledge to use the best available science and to be collaborative and transparent in chemical safety evaluations.

TERA has conducted research for the chemical, petroleum and tobacco industries, as well as governments, according to documents. Dourson was accused by committee Democrats of being “a science outlier,” “far from the mainstream of science.” He heads an organization critics contend that consistently comes up with industry-friendly assessments of chemical exposure risk.

Particularly frustrating for the Democrats was Dourson’s refusal to say whether he would recuse himself from decisions affecting chemical companies that have given money to his foundation. Carper said he wanted to see a blanket recusal, but Dourson said he would rely on the EPA ethics office when it came to issues of recusal.

Rep. Steve Chabot (R, OH) who introduced Dourson to the committee said, “his expertise in his field has been recognized time and time again.”

House Approves FY2019 Budget Resolution – First Step to Tax Cuts

The House this week approved on a 219-206 party line vote its version of a FY2018 \$-trillion budget resolution, taking the first step on the long road to enacting a framework of federal personal and corporate tax cuts, the first tax code rewrite since 1986. The Senate version of the package was the subject of a two-day Senate Budget Committee markup, expected to finish before Congress leaves for a week-long Columbus Day recess. A vote is expected early the week of October 16.

The House resolution, says leadership, is deficit neutral, meaning it adds nothing to the nation’s debt. However, the Senate resolution would allow the Budget Committee and House Ways & Means Committee to add up to \$1.5 trillion to the deficit over the next 10 years as part of the pathway to federal tax reform. While there’s political rhetoric aplenty, both resolutions are written in such a way as to ultimately carry the GOP tax reform mechanism, allowing the framework to be approved on simple majority votes through reconciliation.

While a version of a budget resolution was approved in 2017 to establish reconciliation rules, the last formal budget resolution approved by Congress was in 2015, and before that, 2009. A budget resolution is not law; it is a non-binding outline of budget priorities that doesn’t require the president’s signature. It underpins the rest of 2018 spending process by setting goals or caps for the dozen spending bills that keep that keep the government running.

The real incentive to approve a joint resolution on the budget is to be able to move tax reform measures as part of what’s called “reconciliation.” Created by the Congressional Budget Act of 1974, reconciliation allows for expedited consideration of certain tax, spending and debt limit bills. Senate reconciliation bills can’t be filibustered and amendments are limited to tax, spending and debt. Once a resolution with

its spending targets is approved, each committee of jurisdiction is given a “reconciliation directive,” instructing each chair to adjust/cut program spending so it meets the budget spending target, i.e. reconcile spending to the budget. For example, the House resolution targets \$203 billion in overall mandatory savings over the next decade. The only directives in the Senate bill is for the Senate Finance Committee to find \$1.5-trillion in savings over 10 years, i.e. tax cuts, and for the Energy & Natural Resources Committee to find \$1 billion in savings, by allowing oil drilling in the Arctic National Wildlife Refuge.

Budget Resolution Exercise Signals Ag May Avoid Cuts

The \$1-trillion FY2018 House budget resolution approved this week signals good news and bad news when it comes to hammering out a 2018 Farm Bill. House Agriculture Committee Chair Mike Conaway (R, TX) said he expects the final joint congressional budget deal won’t touch agriculture spending.

The House version current instruct the Agriculture Committee to cut \$10 billion over 10 years out of broad ag spending under its jurisdiction, but most assume it will come out of the Supplemental Nutrition Assistance Program (SNAP). The Senate resolution does not require the agriculture cuts, a reality about which Senate Agriculture Committee Chair Pat Roberts (R, KS) was very pleased.

“I’d appreciate Enzi’s efforts to provide budget certainty for the committee to craft a farm bill that works for producers across the country. I will continue to work with (him) to ensure that the Farm Bill remains intact,” said Roberts.

Ranking panel member Sen. Debbie Stabenow (D, MI) isn’t a fan of the Senate budget resolution. She says the resolution “assumes” \$21 billion in spending cuts over 10 years even though there is no formal directive to the committee to make the cuts. The resolution does “assume” \$21 billion in savings from farm program spending over a decade.

Conaway’s view is based on his reading of the political tea leaves, an exercise that tells him a final joint budget resolution will dump spending cuts in favor of getting federal tax reform – or at least tax cuts – through Congress before the end of the year. If his read proves accurate over time – means lawmakers can write a bill that meets current spending levels, roughly \$880 billion. This means no cuts; however, it also means there won’t be any spending increases. To fund a new program or expand an existing program will mean other programs will need to be trimmed.

Trump Administration Contemplates Cutting RFS; Grassley Leads Battle to Reverse Actions

With the Trump administration already asking for public comment on slashing the Renewable Fuel Standard (RFS) on advanced biofuels – biodiesel, renewable diesel and cellulosic ethanol – and EPA this week announcing it’s “studying” the possibility of reducing the amount of non-corn ethanol blended in gasoline under the RFS, Sen. Charles Grassley (R, IA) moved from simply miffed to seriously outraged and is demanding a meeting with EPA Administrator Scott Pruitt.

Grassley said he talked with President Trump and that Trump is urging him to meet with Pruitt whom the president asked to meet with the Iowa lawmaker and his delegation of fellow Senators. That meeting will take place in Grassley’s office on October 17, with Grassley inviting Sen. Joni Ernst (R, IA) and Sen. Deb Fischer (R, NE) to participate, and other senators may be invited.

The meeting idea came after Grassley blasted the president in a tweet, saying “Trump promised to be pro biofuels and pro rural America/Pruitt RFS proposal = anti biofuels and anti rural America/EPA not doing what POTUS said.” Similar sentiments were released by the National Biodiesel Board (NBB) and the Renewable Fuels Assn. (RFA).

Grassley is particularly upset given his meetings with Pruitt during the Oklahoman’s January confirmation process. Those meetings gave Grassley confidence Pruitt would protect the RFS and follow the law, he said. Following last week’s call for public comment on cutting the biomass-based fuel RFS, Grassley took to the Senate floor, saying, “This seems like a bait and switch from the EPA’s prior proposal and from assurances from President Trump himself and from those cabinet secretaries who came to my office to assure us of their support for the RFS.” He said this tells him “big oil companies and big refineries are prevailing once again in this Trump EPA.”

Meanwhile a letter from a bipartisan group of Senators called on Pruitt to reverse any proposed cuts to the RFS for biodiesel and cellulosic ethanol, and not lose the opportunity “to continue our nation’s path to not only be the world leader in first generation ethanol production, but also in cellulosic ethanol and advanced biofuels production by spurring investment here in the U.S.”

Grassley and Sen. Amy Klobuchar (D, MN) led 36 other Senators in praising Pruitt for previously proposing raising the RFS volumes for conventional biofuels to the levels called for in law, but the new thinking at EPA “unjustifiably flatlines biomass-based diesel, reduces advanced biofuels and reduces cellulosic biofuel blending targets by about 25%.” The Senators also took Pruitt to task for the agency’s methodology that looks backward at historical supply, use, import and cost numbers rather than using forward projections and warned him about allowing credits for exported biofuels to meet RFS obligations.

A letter from the biofuels industry was sent to the White House this week as well, commending Trump’s earlier campaign commitments to their industry, but expressing concern about EPA’s actions and apparent direction. “We are concerned about EPA’s consideration of drastic, unprecedented changes to the RFS that would undercut investments in the production of American-made biofuels such as ethanol and biodiesel. The proposed changes are inconsistent with the law and threaten...the U.S. biofuels industry,” the groups wrote. They also said if the agency finalized what’s been proposed, EPA would “cause severe harm to our industry” and undermine the president’s push for broad economic growth.

Grassley’s initial outrage came when the agency said it was looking at using its waiver authority to reduce an already-approved RFS on biomass-based biodiesel blended during 2018, while seeking public comment on the agency’s option to reduce the biodiesel RFS to 1 billion gallons a year in 2019, the lowest legal level allowed. The potential action would likely not affect corn ethanol RFS levels for 2018-2019, but only those fuels based refined from so-called biomass, such as animal-based biodiesel and renewable diesel.

E15 Bill Set Aside in Committee as Major Amendments Cut Likely Votes

Legislation teed up in the Senate Environment & Public Works Committee to allow year-around sales of 15% ethanol gasoline blends (E15) won’t get a vote this year because there are too many unrelated amendments to other environmental laws blocking both GOP and Democrat support.

Sen. Deb Fischer (R, NE), author of the bill previously pulled it from full committee consideration in July because she lacked the votes for approval, despite having five committee members as cosponsors.

Several committee Republicans oppose the measure, including Sen. James Inhofe (R, OK) who nevertheless saw the bill as an opportunity to move Clean Air Act amendments. Other committee Democrats were set to offer amendments on the Renewable Fuel Standard (RFS) and high food prices – capping the RFS if food prices increased too much – and air pollution changes.

Obama Clean Power Plan Rule Withdrawal, Replacement Begins

As is the case with EPA's controversial "waters of the U.S. (WOTUS)" final rule, EPA made it known this week it intends to propose withdrawing the Obama administration's "clean power plan" (CPP) on old power plant emissions, and begin the process of collecting public opinion on how to replace it.

The CPP, considered the cornerstone of President Obama's climate change battle plan, called for existing power plants to cut carbon emissions 32% below 2005 levels by 2030, and required each state to come up with its own way of hitting EPA's targets. However, 27 states sued the federal government to stop the rulemaking in 2015, and the rule is in limbo thanks to an order by the D.C. Circuit Court of Appeals. The court ordered EPA to report this week on how it plans to move forward on the rulemaking.

Following a March executive order from President Trump ordering the CPP review, the agency began the process of repealing the rule. It intends to also publish an advanced notice of proposed rulemaking (ANPR) to get public opinion on how to "reduce CO2 emissions from existing fossil fuel electric utility generating units." Skeptics say an ANPR could take years, amounting to a de facto scuttling of the rule.

The agency action is destined to generate lawsuits from environmental groups, while EPA struggles with conservative pressure to simply kill the rule and move on.

Goodlatte Effort to Fast Track H-2A Program Rewrite Sidelined by Iowa's King

Rep. Bob Goodlatte (R, VA), chair of the House Judiciary Committee, introduced this week reworked legislation to revamp and expand the H-2A agricultural guest worker visa program, but his plan to move the bill through his committee quickly this week was derailed by Rep. Steve King (R, IA) and the Iowa lawmaker's "major objections" to the bill.

Nevertheless, Goodlatte's bill won immediate praise from the National Milk Producers Federation (NMPF), the National Chicken Council (NCC), the National Pork Producers Council (NPPC) and the North American Meat Institute (NAMI).

King told *Agri-Pulse* he went to Goodlatte with his objections in private, saying, "I don't really want to turn this (the issue and markup) into a national debate. I think we need to have our dialogue so that we can work these things out before...the markup." Goodlatte pulled the bill from committee consideration saying only more time is needed to work on the legislation.

King has long doubted agriculture's assertion there's a general shortage of legal U.S. labor, and while he wouldn't say what his specific objections to the bill are, he did allow he thinks the Goodlatte approach will reduce farm wage rates. "We don't need lower wages, we need higher wages and better benefits. We don't get that from more labor supply. You get that from less labor supply," King told *Agri-Pulse*.

Goodlatte's effort focuses on expanding the guest worker program to businesses which need immigrant labor year around. Currently, H-2A visa holders, applied for by employers based on seasonal need, enter the U.S. to harvest a crop or do other work, then return to their homelands until needed again.

The Virginia lawmaker, who formerly chaired the House Agriculture Committee, calls H-2A "expensive, flawed and plagued with red tape," and seeks to allow ag employers with certain annual jobs to apply for the guest worker visas, modifying the program so workers initially receive permission to stay 36 months, and renewed visas are good for 18 months. Renamed the H-2C program, the operation will be shifted to USDA from the Department of Homeland Security (DHS) and the Department of Labor (DOL). Goodlatte's changes also streamline the application process and change housing, transportation and lower wage requirements.

Rep. Dan Newhouse (R, WA) was successful in offering an amendment to expand the H-2A visa program during consideration of the FY2018 Department of Homeland Security (DHS) spending bill. The United Farm Workers (UFW) and the AFL-CIO, leading a coalition of more than 140 groups, oppose the expansion of the program and want comprehensive immigration reform. These groups demand any H-2A changes must include a pathway for farmworkers to become legal U.S. residents. This is the approach taken by so-called "Blue card" legislation introduced by Sen. Dianne Feinstein (D, CA) and Rep. Luis Gutierrez (D, IL).

White House to Unveil Immigration Plan Next Week

President Trump will unveil his immigration reform priorities next week, the White House press office confirmed this week, explaining "The president will be laying out his responsible immigration plan" by next Wednesday, October 11.

While it's unknown exactly what the plan will include, Trump has said he intends to kill off the Obama administration's Deferred Action for Childhood Arrivals (DACA) program. He is also expected to focus on tougher border security, including billions in funding for the much-ballyhooed wall along the U.S.-Mexican border. He may also push for an overall reduction in legal immigration quotas in return for some variation on DACA, said one news report.

There are reports the plan will include conversion of the current visa system to a merit-based system, a plan favored by Sen. David Perdue (R, GA) and Sen. Tom Cotton (R, AR). Other expected pieces of the plan include a federal mandate that states and cities enforce all federal immigration laws; that funding is provided for more administrative law judges to deal with the backlog of deportation cases, and more beds at immigration detention centers.

There are several other bills rocketing around Capitol Hill dealing with DACA, border security, protection for so-called "dreamers"—minor children brought to the U.S. illegally by undocumented parents – and other immigration reform efforts. No word on what, if anything, from that legislation will surface in the White House plan.

Over \$9.6 Billion in Income Support, Conservation Payments Mailed by USDA

Eligible Farmers and ranchers can expect to receive more than \$9.6 billion in farm safety net and conservation payments beginning this week, as USDA cuts checks to participants in the Agriculture Risk Coverage (ARC) program, the Price Loss Coverage (PLC) program and the Conservation Reserve Program

(CRP). Of the total, \$8 billion will be paid out under ARC and PLC for the 2016 crop year; \$1.6 billion will be paid to over 375,000 recipients under CRP for 2017.

Said Agriculture Secretary Sonny Perdue: "Many of these payments will be made to landowners and producers in rural communities that have recently been ravaged by drought, wildfires and deadly hurricanes. I am hopeful this financial assistance will help those experiencing losses with immediate cash flow needs as we head toward the end of the year."

ARC and PLC payments will go to producers who enrolled base acres of barley, corn, grain sorghum, lentils, oats, peanuts, dry peas, soybeans, wheat and canola, USDA said.