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Harvey, Irma Throw Hill Schedule into Cocked Hat; Trump Agrees with Dems on Debt Ceiling

Proving once again Congress and its best-laid plans are no match for Mother Nature, the ambitious legislative schedule talked about pre-August recess is now a memory as Capitol Hill and the White House hammer out plans to provide emergency assistance to the victims of Hurricanes Harvey and Irma, while wrestling with federal spending to avoid a government shutdown and the federal debt ceiling so the government doesn't default on monies owed.

The House approved this week an \$8-billion Hurricane Harvey aid package when FEMA and the Office of Management & Budget (OMB) confirmed FEMA's nearly \$3 billion in emergency funding will run out this week or at the latest, early next week. At the same time, Harvey and Irma forced House leadership to suspend debate and a vote on an eight-bill FY2018 spending package until next week.

President Trump complicated matters even more when he stunned GOP leadership and his own cabinet members this week during a bipartisan House-Senate leadership meeting on increasing the federal debt ceiling – the level to which federal borrowing can go – by agreeing with Democrats to increase the debt ceiling only through December 8, not through the end of FY2018 as the Republicans want. The GOP countered with a six-month extension proposal, but the Democrats rejected that plan as well. Trump defenders said he was trying to demonstrate bipartisanship in the face of the weather disasters, getting Democrat assurance they'd not slow down aid delivery to Texas, Louisiana and Florida.

A \$15-billion package carrying hurricane/disaster relief, a three-month extension of the debt ceiling and an FY2018 continuing resolution keeping the government operating past September 30, was subsequently approved by the Senate on an 80-17 vote, and will be sent to the House by September 8.

House Speaker Paul Ryan (R, WI), along with Treasury Secretary Steve Mnuchin and OMB Director Mick Mulvaney, are wrestling with the GOP caucus to get the package approved. Ryan is getting serious pushback from the two major conservative groups – representing nearly 200 Republican votes – which refuse to greenlight Trump's agreement with the Democrats. Already nearly 100 GOP members have said they'll vote against the bill, but Mnuchin and Mulvaney, a Freedom Caucus founder when he was in the House, are trying to convince reluctant the GOPers to vote "aye" on the package.

If all members of the two caucuses voted "nay" on the Senate-approved package, there are enough GOP and Democrat votes to approve it. Trump has said he'll sign it.

The conservatives want the debt ceiling debate pulled out of the package, preferring to see a long-term extension. In a letter to Ryan delivered after the White House meeting, the two caucuses laid out 19 policy issues and how they wish to see them addressed.

Trump Nominates More USDA Subcabinet Candidates; Senate Confirmation Hearing Likely this Month

President Trump this week nominated a number of candidates for USDA subcabinet jobs, and the Senate Agriculture Committee says it plans to hold confirmation hearings this month for earlier nominees.

Ready for hearings are Steve Censky, nominee for deputy secretary; Ted McKinney, White House choice to be the new under secretary for trade and foreign agriculture, and Dr. Sam Clovis, the controversial pick to be under secretary for research, education and economics.

Nominated late last week were Iowa Secretary of Agriculture Bill Northey to be under secretary for farm production and conservation, a new job as part of Agriculture Secretary Sonny Perdue's USDA reorganization; Greg Ibach, Nebraska director of agriculture, to be under secretary for marketing and regulatory programs, and Steve Valen, a Washington, DC, attorney, to be USDA general counsel after serving as acting general counsel since January.

The Clovis nomination remains controversial, with Senate Minority Leader Charles Schumer (D, NY) calling the Iowa economist "wildly unqualified" and pledging to oppose confirmation. Clovis is under attack for public statements and blog posts he made while a private citizen on a host of issues, including race, gay rights, women's rights and the constitutionality of federal crop insurance.

Perdue this week also named several acting officials at USDA, including Don Bice to be acting deputy assistant secretary for administration; Gary Washington as acting chief information officer, and Diem-Linh Jones to be acting director of the Office of Budget & Program Analysis. Lynn Moaney continues in her job as acting deputy chief financial officer.

Meanwhile over at the Senate Finance Committee, Gilbert Kaplan, Trump's nominee to be under secretary for international trade, sailed through his confirmation hearing August 3, but no full committee vote has been scheduled. Pending at the finance panel with no word on scheduled confirmation hearings are Gregg Doud, former Nation Cattlemen's Beef Assn. (NCBA) economist, to be chief agriculture negotiator at the Office of the U.S. Trade Representative (USTR), Jeff Gerrish to be deputy USTR for Asia, Europe, the Middle East and competitiveness, and Dennis Shea to be ambassador to the World Trade Organization (WTO).

Perdue Unveils Major USDA Reorganization Plan

To "improve customer service and maximize efficiency," Secretary of Agriculture Sonny Perdue this week announced a major overhaul and reorganization of USDA operations, including "innovation, consolidation and the rearrangement of certain offices in to more logical organizational reporting structures."

Perdue is building on his initial reorganization announcement last May – his commitment to build the most efficient and well run department in the federal government – and like the first announcement, he was quick to point out that any staffing changes will be achieved through attrition or reassignment.

Perdue explained the new under secretary for farm production and conservation (FPAC), a newly organized mission area that includes the Farm Service Agency (FSA), the Risk Management Agency (RMA) and the Natural Resources Conservation Service (NRCS). While grain inspection activities will be a separate program area, all other commodity grading and inspection programs of the Grain Inspection Packers & Stockyards Administration (GIPSA) are now part of the Agricultural Marketing Service (AMS). The Perishable Agriculture Commodities Act (PACA), and Packers & Stockyards programs will also be part of the new program area at AMS, along with some of Warehouse Act functions provided now by FSA.

The National Grain & Feed Assn. (NGFA) and the North American Export Grain Assn. (NAEGA) praised the shift of the Federal Grain Inspection Service (FGIS) to AMS, saying the move will "help the agency better fulfill its statutory obligation to provide reliable, accurate, timely, impartial and cost-effective

services...we commend Secretary Perdue for recognizing this need and moving expeditiously to bring about this change."

Commodity procurement is now consolidated within AMS commodity procurement operation, including the International Food Commodity Procurement Program now within FSA.

To focus on trade, Perdue created in May, under authority granted him in the 2014 Farm Bill, a new positon of under secretary for trade and foreign agriculture (TFAA). USDA predicts farm exports will total nearly \$140 billion this fiscal year, the third highest in history. Further, Perdue announced this week he'll move the U.S. Codex Office of Codex Alimentarius out of the Food Safety & Inspection Service (FSIS) to the TFAA mission area. The office is an interagency partnership "which engages in the development of international and on-governmental food standards. The focus of the Codex Office aligns better with the mission of TFAA.

A new assistant to the secretary for rural development position was also created in May, reporting directly to Perdue. This office focuses on economic development and revitalization, jobs, infrastructure, innovation and quality of life issues in rural communities. The new "RD" mission area has created an Innovation Center to evaluate the impacts of business, housing and utilities programs provided by the government, so as to identify where federal dollars are best spent. RD represents USDA on the Interagency Task Force on Agriculture & Rural Development, and four working groups have been set up to deal with specific program areas. These groups have met more than 10 times, Perdue said, including his own listening sessions on regulatory reform and program improvement.

In creating the FPAC mission area, "it became apparent that across USDA there are redundancies and inefficiencies in mission support activities," Perdue said. Agencies maintain separate support functions, such as human resources, IT, finance, procurement and property management. As an example, Perdue pointed out there are 22 employees designated as chief information officers, and this has led to problems with IT, leadership and direction. To fix it, USDA is consolidating all support activities at the mission area level across the department.

Several efficiencies are also in store for USDA nutrition programs, as well as in consolidating and coordinating "customer-focused outreach" efforts.

NAFTA 2.0 Round Two Yields Little News; KORUS Likely Safe – for Now

In the nervous world of agriculture exports – President Trump keeps threatening to kill off ag's favorite trade treaties – the word from Mexico City where round two of the NAFTA 2.0 negotiations ended this week is that the three nations made "progress," but came to no major agreements on change.

"Important progress was achieved in many disciplines and the parties expect more in the coming weeks," U.S., Canadian and Mexican negotiators said in a joint statement. The next round of talks will be September 23-27, in Ottawa, Canada, part of the "accelerated" schedule to modernize NAFTA.

Meanwhile, keeping true to his campaign promise to review all U.S. bilateral trade deals, early Trump statements about the possibility of cancelling the Korea-U.S. Free Trade Agreement (KORUS) were tempered this week when U.S. Special Trade Representative (USTR) Robert Lighthizer said he was confident improvements in KORUS are forthcoming. He did not talk cancellation.

On NAFTA, the list of negotiation topics remains, including U.S. use of domestic trade dispute resolution laws, the “buy U.S.” imperative for products and components, and labor issues. Lighthizer told the press, “I’m hopeful we can arrive at an agreement that helps American workers, farmers and ranchers, while also raising the living standards of workers in Canada and Mexico.” Higher wages, particularly in Mexico, are seen as a disincentive for U.S. companies to outsource production south of the border.

Mexican officials continue to seek alternative suppliers for a number of commodities now coming from the U.S. should NAFTA talks break down. Canadian officials this week headed to China, part of an effort to explore ways to diversify that nation’s overseas customer base. A trade deal with China, given the ongoing nervousness about the future of NAFTA, is one way to show Canada is not captive to the U.S. market, said one Canadian source, adding an “updated” TransPacific Partnership (TPP) treaty is also to be discussed. The U.S. pulled out of TPP shortly after Trump was sworn into office because he doesn’t like multinational trade deals. However, several TPP components are being discussed as part of a modernized NAFTA treaty.

When it comes to KORUS, Trump got an earful from Capitol Hill as several lawmakers from both sides of the aisle sent word to the White House telling him the administration should work on South Korea to improve compliance with treaty obligations, but to even considering pulling out of the bilateral trade deal is a bad idea.

Sen. Orrin Hatch (R, UT), chair of the Finance Committee, and ranking member Sen. Ron Wyden (D, OR) joined Rep. Kevin Brady (R, TX), chair of the Ways & Means Committee, and his ranking member, Rep. Richard Neal (D, MA), in releasing a joint statement this week calling South Korea a “significant economic partner, our seventh largest export market and a vital customer for U.S. manufacturers, service providers, farmers and ranchers.”

Sen. Chuck Grassley (R, IA) said a U.S. withdrawal from KORUS would be “catastrophic;” Sen. Joni Ernst (R, IA) said the South Korean market is important for her state’s beef, corn and pork exports, and said “terminating KORUS would leave our farmers at a competitive disadvantage.”

KORUS, in place since 2012, has facilitated U.S. animal feed and pet food exports to South Korea, increasing U.S. sales from \$554 million in 2012, to \$580 million in 2016, a nearly 5% increase, reports the American Feed Industry Assn. (AFIA). With the elimination of South Korea’s 5% tariff on dog and cat food, there has been a 67% increase in pet food sales; animal feed exports increased 41%, from \$40 million to \$58 million, during the same period.

Trump Drops DACA Program, Gives Congress Six Months to Fix It; Goodlatte to Replace H-21 Visas

President Trump this week announced he’s rescinding the Obama administration executive order which created the Deferred Action for Childhood Arrivals (DACA) program, a move by the previous administration designed to protect the U.S. residency and work status of immigrants brought to the U.S. as minor children by their parents who entered the country illegally.

In other immigration news, Rep. Bob Goodlatte (R, VA), chair of the House Judiciary Committee, announced he’ll soon reintroduce legislation to reinvent the H-2A visa program allowing agricultural “guest workers” into the country by offering more visas and allowing employers with year-round work to participate in the program.

Trump's action on DACA was not unexpected – 10 state attorneys general told the White House Trump had to act on DACA by a date certain or they'd file suit in federal court to end it – but his six-month "opportunity" for Congress to deal with the program was a surprise to most observers. DACA enjoys bipartisan support – as well as broad business support – and some Democrats are quietly suggesting the DACA legislative fix be attached to the FY2018 spending package expected in December.

In announcing the White House action, Attorney General Jeff Sessions said the Obama administration "deliberately sought to achieve what the legislative branch specifically refused to authorize on multiple occasions."

President Obama said in a Facebook post the Trump action has "cast a shadow over some of our best and brightest young people again. To target these young people is wrong – because they have done nothing wrong. It is self-defeating – because they want to start new businesses, staff our labs, serve in our military and otherwise contribute to the country we love. And it is cruel."

Both Trump and Vice President Mike Pence have publicly said they want to deal with so-called "dreamers" with "heart." DACA allows those immigrants who entered the country illegally as minors to undergo a background check, pay a fee and apply for a work permit, good for two years. Unfortunately, critics contend, DACA's legality is iffy at best.

The Goodlatte bill would shift administration of the visa program from the Department of Homeland Security and Labor Department to USDA, and would allow dairy and forestry industries, along with others who need workers all year, to apply for the worker visas when they can't fill jobs with domestic employees, and allows those "guest" workers to stay for a longer period.

Goodlatte's legislation is a "more efficient and flexible guest worker program" designed to meet diverse employment needs across agriculture. He introduced the bill in the last Congress where it was approved by committee, but never saw floor action. The current House FY2018 DHS appropriations bill, set to be voted on next week, carries similar language expanding eligibility to industries in need of year-around workers.

USDA Allows Dairy Producers to Opt Out of MPP for 2018

USDA announced it's allowing dairy producers enrolled in the Margin Protection Program (MPP), an income support program, to re-up for 2018 by December 15, or opt out of the program altogether beginning September 1. The level of MPP dissatisfaction warrants USDA allowing producers to opt out for 2018, the National Milk Producers Federation (NMPF) said, and ditching MPP allows producers to enroll in the more generous Livestock Gross Margin Program for the 2018 calendar year.

USDA explained producers previously enrolled in MPP and obligated to pay the \$100 annual administrative fee for the five-year life of the 2014 Farm Bill are no longer required to do so, explaining its action is "in response to requests by the dairy industry and a number of MPP-Dairy program participants."

The decision applies to 2018 only and is not retroactive. The department explained to opt out, a producer should simply not sign up for the 2018 program. However, opting out means "a producer wouldn't receive any MPP-Dairy benefits if payments are triggered for 2018."

The National Milk Producers Federation (NMPF) calls MPP a “disappointment” and a program needing “significant improvements,” and is pushing both House and Senate agriculture committees to revise the program to reflect how NMPF first recommended it in 2014.

EPA Considering Dicamba Options; Monsanto Works Hard to Stop Arkansas Broad Action

While EPA considers whether or not to ban the use of the herbicide dicamba on plants which have emerged from the soil due to complaints over damage to crops from chemical drift, dicamba user Monsanto is working hard to make sure Arkansas does not become the first state to ban dicamba altogether.

Dicamba is deemed a “highly volatile” herbicide used on Monsanto’s Roundup Ready Xtend crops, and this past summer saw hundreds of complaints filed that use of the chemical on plants after they’ve emerged is subject to wind drift that’s damaged other crops. Arkansas says its fielded 963 complaints in 26 counties, leading to its decision to halt the sale of dicamba in July. In addition, a class action suit against Monsanto has been filed.

The company this week petitioned the Arkansas Plant Board, and sent a letter to Gov. Asa Hutchinson, asking that a state task force report recommending dicamba use be banned on plants after they’ve emerged, be rejected. Monsanto said the state action would go beyond EPA, which approved the chemical’s use in 2016, and that the plant board recommendation is arbitrary and capricious.

Monsanto contends more sophisticated training on the proper use of dicamba will end the drift problem. The company told *Politico* it’s working with EPA on rules for proper use and the agency is not contemplating a ban, but rather wants to achieve “national uniformity with dicamba regulation to avoid a state patchwork.”