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Legislative Update

POLICY UPDATES and ISSUE NEWS **MAY 2017**

The Summer Challenge for Congress

Will Congress be able to make major legislative achievements this summer before they break for a five week recess in August through Labor Day? There are only 31 legislative days left between the Memorial Day recess and the August recess. Here are some areas that have the best chance of at least some action before the end of the FY'17 fiscal year September 30:

Adopt a budget for FY'18

Congress was unable to pass a budget last year so the pressure is on the Republican majority to do better this time around. Republicans blasted Democrat-controlled Congresses in the past for going years without adopting a budget. The FY'18 budget year begins October 1.

Raise the debt limit

Congress has been notified by Treasury Secretary Mnuchin the debt ceiling may have to be raised sooner than expected, meaning before they leave for the August recess. Conservative members of Congress want to tie any debt ceiling increase to spending cuts. Liberal members of Congress counter that a clean debt hike bill could garner bipartisan support and avoid a bruising debt limit battle.

Avoid a government shutdown

Congress is way behind on its annual appropriations process. Appropriators concede there's not enough time to get every individual appropriations bill through committee and adopted on the House and Senate floor. So Congress is faced with passing a series of "minibuses" or a giant omnibus to keep the government open after September 30 and avoid a shutdown.

Replace Obamacare

The Affordable Care Act/Obamacare replacement passed by the House has something for almost everyone, including the Senate, to hate. Senate staffers have been working long and late on a legislative package to circulate to Senators when they return from their Memorial Day recess June 8. The Senate Republican leadership's goal is to pass repeal and replace legislation by the August recess.

Reform the tax code

Congress must find some way to pay for tax reform, unless they add it to the deficit, which means moving Obamacare repeal and the FY'18 budget or omnibus through the chambers first. With tax

reform, everyone's ox gets gored somewhere. It will take time to float multiple concepts to members of Congress in hopes of finding a compromise with some chance to pass.

Push Back on Budget and Rural Development Reorganization

The Administration's Budget

President Trump's proposed budget for FY'18 is not making most folks around Washington happy except the defense industry. The reshuffling of funds cuts programs at practically all departments and agencies including USDA. Crop insurance, food stamps, international food aid, conservation programs, foreign market promotion funds, and several rural development programs including rural community development grants are all affected. Agriculture, food and rural advocacy groups were quick to point out that recently confirmed Secretary of Agriculture Sonny Perdue was not involved in developing the budget which was crafted by the Office of Management and Budget (OMB). Congress was quick to clarify and reiterate its jurisdiction over the final budget and promised to make final judgment on program funding.

USDA Reorganization

Secretary Perdue's reorganization of USDA is getting mixed reviews. His most popular move was to create an Under Secretary for Trade. In what is considered common sense reorganization, the Farm Service Agency (FSA), Natural Resources Conservation Service (NRCS), and the Risk Management Agency (RMA) were consolidated within a new Under Secretary for Farm Production and Conservation. Secretary Perdue's decision to eliminate the Under Secretary for Rural Development (RD) and have those agencies within Rural Development report directly to the Secretary's office is controversial. RD supporters say the move is a demotion that will cripple rural development efforts across the country. Secretary Perdue insists rural development will now receive greater attention and his move in fact is an elevation in status for the rural development mission.

Health Care in the Cross Hairs

As the American Health Care Act moves from the House to the Senate, the goal of the Republican leadership is to pass a revised bill by the August recess. That will be a challenge. There is a definite bipartisan consensus that the House-passed version will need to be revised by the Senate. Priority concerns of senators seem to be adequate funding of Medicaid, getting rid of the age tax on older Americans, coverage of preexisting conditions, and allowing individual states some flexibility. Major health care industry groups are practically living at the Senate. Here are some of their priorities:

Insurers

The insurance industry wants assurance that crucial payments under Obamacare of about \$7 billion will continue. They continue to be concerned about Medicaid cuts to cover under-insured populations and regions of the country.

AARP

Axing the proposed "age tax" in the House bill that would allow insurance companies to charge older adults five times more than younger people is AARP's top priority for the senate bill.

Health Care Providers

For the American Medical Association and other providers, it's all about health coverage. Providers want to 1) ensure that currently covered individuals do not lose access to affordable, quality insurance, 2) retain coverage for pre-existing conditions, and 3) ensure states that previously expanded Medicaid are not put at risk to lose that coverage.

Hospitals

For hospitals, it's all about coverage and the ability of people with health insurance stay covered under the new legislation. Adequate funding for the Medicaid program is another top priority since hospitals cannot turn patients away if they can't pay. Medicaid funding is critical they say to deliver care, pay costs and, in the case of rural hospitals, stay open.

Major Tax Code Reform Could Prove Elusive

Both parties agree that real tax reform is long overdue. That's where the bipartisan agreement ends. Both President Trump and Speaker Paul Ryan have floated ideas for a legislative tax package. Congressional Democrats have been rather quiet and are content so far to let Republicans take the lead. With support waning on Capitol Hill for the border adjustment tax, it's back to the drawing board for House Speaker Ryan and Senate Majority Leader McConnell. Then there is the dogged "pay for" rule in Congress that requires revenue lost through tax cuts be replaced with new revenue streams. If Congress can't pass a budget and dispense with health care legislation first, there's little chance of tax reform seeing the light of day for a while.

Immigration

For agriculture, immigration is all about access to a legal, stable work force that is not available in our domestic labor force. The current H-2A visa program is cumbersome, inflexible, and depends upon the involvement of several federal agencies. Many producers watch crops rot in the fields while they wait on foreign workers. Current federal interpretation of seasonal work prohibits H-2A use for many segments of agriculture, including dairy and livestock, leaving these industries without a legal mechanism to hire foreign workers.

It's no wonder then that farmers, dairymen, ranchers and others are forced to find labor wherever they can, legal or illegal. Many in Congress understand, are supportive and have even introduced strong legislation to create a reliable, timely, legal workforce to meet the country's short term and long term temporary labor needs. Unfortunately, there is an overriding belief among pro-immigration as well as anti-immigration members of Congress that passing any immigration-related legislation would undermine their efforts to leverage a larger immigration reform package in the future.

Robots might be the answer to labor shortages for bigger operations in some industries. Large dairies have already installed robotic milking machines with high-tech sensors, individual animal monitoring and automatic record-keeping. Machines yielding high pressure water knives harvest lettuce in California. Mechanical fingers pick berries in the Pacific Northwest. Huge investments in robots, however, are not the answer to labor shortages at this time for most food producers.

Regulatory Relief

Democratic senators Heitkamp of North Dakota and Manchin of West Virginia have joined Republican senators Portman of Ohio and Hatch of Utah to sponsor the Regulatory Accountability Act (S. 951). The bill proposes to ease regulatory burdens by significantly amending the Administrative Procedures Act for the first time in 70 years. New rules and regulations would be reviewed no less than 10 years after their effective date. Agencies would be required to consider cost-effective alternatives to the most expensive rules and to consider the best reasonably available science.

Did You Know?

Making a New Laying Hen

The demand for cage-free and free-roam eggs is steadily growing and America's egg farmers are struggling to keep up with that demand. But their challenge is more than just producing more eggs. Layers bred for years to adapt to caged environments convert their feed energy into egg production and not muscle or bone structure. As a result, their offspring are having trouble adapting to flying, landing, running and jumping onto perches and laying boxes. Widespread bone and muscle injuries occur and egg quality scores are lower. Poultry geneticists now face the challenge of breeding a more substantial and traditional range layer.

Cutting Through Generations with Gene Editing Technology

That new laying hen may not take ten generations of conventional breeding to develop. Unlike GMOs where a foreign gene is introduced into a species, genome editing modifies a gene that is already existing in the species to produce a desired trait.

Are Food Allergies Overdiagnosed?

The American College of Allergy, Asthma, and Immunology says there is confusion between food allergy and food intolerance. According to the Centers for Disease Control and Prevention (CDC), the prevalence of food allergies rose 50 percent among adults and 18 percent among children between 1997 and 2007. Some experts speculate a combination of environmental, genetic, and lifestyle factors are to blame. A food allergy causes the immune system to overact to components in certain foods. Recent studies, however, indicate food allergies are being overdiagnosed and overreported and may actually be food intolerance on many cases. Food intolerance is caused by a reaction in the gastrointestinal tract as opposed to the immune system.