

Policy Updates and Issue News June/July 2017

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NATIONAL GRANGE
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View from the Hill



The Administration

What some political pundits are referring to as chaos has escalated at the White House. For months, there have been hushed rumors the senior White House staff has been a feuding, conniving, undisciplined band vying for the President's attention. The turbulence came to a head in late July when the White House Chief of Staff Reince Priebus and White House Communications Director Sean Spicer were abruptly replaced by Homeland Security Secretary and Marine Corps General John Kelly and investment banker Anthony Scaramucci respectively. Kelly's first official action as Chief of Staff was to fire Scaramucci who had gotten himself into deep trouble with an off-color interview with The New Yorker magazine. The collapse of efforts to change the Affordable Care Act seems to have escalated discourse between the White House and Congress as well. Washington, Congress and the White House have month-long August congressional recess to pause, reflect and look for a path forward.

On the brighter side, President Trump is making progress putting his agriculture and rural issues team in place. Much of the delay has been blamed on heightened scrutiny for FBI background checks on potential appointees which has caused huge backlogs. Nominated to join Secretary Sonny Perdue at USDA are Steve Censky, Deputy Secretary and Dr. Sam Clovis, Under Secretary for Research, Education and Economics. South Dakota native Censky has extensive agriculture policy experience on the Hill, served at USDA under two presidents and for 21 years was CEO of the American Soybean Association. Clovis is a PhD economics professor from Iowa, Air Force Academy graduate and an early agriculture advisor on the Trump campaign.

Indiana Agriculture Director Ted McKinney has been nominated to be Under Secretary for Trade and Foreign Agriculture Affairs. McKinney is well known in agriculture circles for his passion to sell American agricultural products in foreign markets. He had previous careers at Dow AgroSciences and Elanco.

Indiana native Anne Hazlett and has been appointed as the newly-created Assistant to the Secretary for Rural Development. Her position replaces the Under Secretary for Rural Development spot eliminated by Secretary Perdue soon after he was confirmed. That move has been criticized by some on the Hill who fear rural needs may lose support. Secretary Perdue contends USDA's rural focus will actually be enhanced with the move into the Secretary's office. Hazlett is well respected for her rural issues experience as Chief Counsel for the Senate Agriculture Committee, as an advisor to Indiana Governor Mitch Daniels and in private law practice specializing in agriculture and environmental regulatory matters.

Greg Doud has been nominated to be Chief Agriculture Negotiator for the Office of Special Trade Representative. Greg comes from a ranch in Kansas, is the current President of the Commodity Markets Council, and has previously worked for the Senate Agriculture Committee, National Cattlemen's Beef Association and U.S. Wheat Associates.

The President's newly-appointed Interagency Taskforce on Agriculture and Rural Prosperity is meeting regularly. Several members of the Cabinet including Secretary Perdue (Task Force Chairman) are at the table. Federal

Communications Commission Chairman Ajit Pai is also a member and is a strong rural broadband expansion advocate (National Grange President Betsy Huber serves on his Broadband Deployment Advisory Committee). The Task Force mission is to improve the quality of life for people living in rural areas, develop a reliable workforce, spur innovation and technology development, and roll back regulations to allow communities to grow and thrive.

Rural Broadband

Expanding high speed internet to agriculture, small business, schools, medical facilities, first responders, entrepreneurs and residents of rural and small town America continues to be a top priority for the National Grange. Deploying broadband to rural areas is neither easy nor cheap. The economy of scale and a large population mass allows urban areas affordable access to the latest and best technology. Rural areas need that same access but to fewer people over large geographical areas. Economic feasibility and regulatory barriers that date back to the Great Depression are huge challenges. The Grange is working to identify ways to modernize rules governing permitting, zoning, franchising and other areas that have sometimes unreasonably hindered broadband deployment.

The National Grange recently filed comments with the Federal Communications Commission (FCC) in support of the Commission's Notice of Proposed Rulemaking on Restoring Internet Freedom. The Grange noted that previous reclassification of high-speed internet as a utility service caused a decline in broadband investment and encouraged the Commission to return to rules that protect internet user's online rights while encouraging broadband build-out.

Washington's Real Clear Policy newsletter recently published an op-ed by National Grange President Betsy Huber commending new Federal Communications Commission Chairman, Ajit Pai, for establishing a Broadband Deployment Advisory Committee. She challenged the FCC to modify an existing license to allow companies to create a nationwide network that combines satellite and terrestrial capabilities in a manner that would bring industrial 5G speed and reliability to rural communities.

The daily Morning Consult newsletter recently published an op-ed by Huber supporting FCC Chairman Pai's plan to change several rules that were adopted from a 1934 law designed to help the rotary phone system but is now a hurdle to gaining access to modern broadband services. These regulations are another barrier to gaining rural access to modern broadband services.

The Federal Communications Commission should move with all due speed to complete the Connect America Fund Phase II auction to build broadband networks across rural areas that lack access to sufficient resources. A letter to FCC Chairman Pai signed by the National Grange and 32 agriculture, rural and business groups stated, "As users of networks in rural areas, we have a vested interest in seeing this auction move forward quickly and successfully."

Budget and Appropriations

For the first time in years, Congress just might adopt a federal budget and pass all its appropriations bills to fund the departments and agencies of government. The National Grange joined the dairy industry to secure \$500 million over the next ten years to provide greater levels of Margin Protection Program insurance coverage. These funds will carry forward to the upcoming new Farm Bill. Farm Service Agency funding for farm loans will hold at the same level FY 2017, thanks to the efforts by the National Grange and several rural lender organizations; with farmers and ranchers facing difficult economic conditions ahead, now is not the time for FSA to run out of loan money.

Included in the FY 2018 budget resolution proposed by the House is a \$10 billion reduction in agriculture spending over ten years. Congressional agriculture committees will decide what programs to trim. Supporters of the Supplemental Nutrition Assistance program (food stamps) are gearing to defend SNAP from program cuts in the new farm bill.

Conservation and Environment

Finally, some regulatory relief is on the horizon. The Environmental Protection Agency and Army Corps of Engineers have acted officially to rescind the “Waters of the U.S.” (WOTUS) rule and to propose a replacement. Several committee chairmen on the Hill praised the proposed withdrawal calling it “an important first step to getting the federal government out of America’s backyards, fields and ditches.” FY 2018 House appropriations language also bars spending any money to require permits for normal farming activities such as plowing, stock ponds, irrigation ditches and drainage ditches. Repeal of the WOTUS rule has been a top priority for the National Grange.

Farm Bill

Food, agriculture, conservation and rural groups along with school and community feeding advocates are shifting serious focus to developing a new farm bill. The House and Senate Agriculture Committees have already begun farm bill hearings in Washington and several locations around the country. The leadership of both committees, (Roberts R-KS, Stabenow D-MI, Conaway R-TX, Peterson, D-MN) are anxious to get a farm bill rolling through the legislative process as early as this fall. However, the logjam of major legislation on the Hill will likely slow the farm bill’s progress somewhat. National Grange will be working with Congress and other rural and agriculture groups to craft specific sections of the legislation. Chief among Granger farm bill priorities are crop and whole-revenue farm insurance, working lands conservation (Environmental Quality Incentives Program and Conservation Security Program), research and education, and the coupling farm and food programs together in the same piece of farm legislation.

Health Care

At the end of July, the Senate’s attempt to repeal and replace the Affordable Care Act (Obamacare) collapsed. Last minute attempts failed to salvage pieces and parts of the Senate bill so a comprehensive health care package could be written in conference with the House-passed health care legislation. In the end, there were no easy answers to the “pay for” elephant under the capitol dome. For the foreseeable future, health care professionals expect insurance markets to remain unstable and expensive with additional insurance market withdrawals and unbalanced risk pools around the country.

The National Grange joined a large group of patient groups and health professionals on a letter to Health and Human Services Secretary Price urging him to protect the Medicare Part B program. There have been recent policy recommendations to change Part B that would jeopardize access to care, force community clinics to close through consolidation, make it more difficult for physicians in small practices and in rural areas to give personalized care, and increase costs for seniors.

Rural health concerns continue to mount. The Centers for Disease Control and Prevention finds rural residents are less likely to contract cancer than their urban counterparts but are more likely to die from it. Rural residents have fewer choices for diagnosis and intervention than do urbanites. The Chartis Center for Rural Health reports that 80 rural hospitals have closed since 2010 and 41 percent of rural hospitals now are operating at a negative margin.

Counterfeit drugs continue to be a growing problem, especially among unsuspecting senior citizens apparently. Patient groups are concerned that cheap fake and even dangerous prescription drugs can be produced in third-world countries and sold through non-American pharmacies. National Grange President Betsy Huber released a public policy statement in June urging Congress to protect Americans from the potential dangers of imported counterfeit prescription drugs as it reauthorizes the Prescription Drug User Fee act.

Infrastructure

The National Grange is a member of the Rebuild Rural Coalition that testified recently before the House Agriculture Committee at a hearing on rural infrastructure needs recently. The coalition’s top priorities are to increase rural

competitiveness through improvements in roads and bridges, clean water, reliable electricity and broadband internet access. Coalition members are anxious to see infrastructure legislation begin moving on the Hill. However, it appears that with health care legislation out of the way, comprehensive tax code reform could be next in line first pushing infrastructure into next year.

Taxes

Comprehensive tax code reform is challenging, is a political land mine, encounters the “pay for” elephant and is long overdue. The last major overhaul of the tax code was 31 years ago in 1986 under President Reagan’s leadership. That one was achieved with bipartisan support and was credited with driving economic growth.

The White House and congressional leaders have decided to drop the controversial border-adjustment tax from their plan. Border-adjustment, which taxes imported goods but not exports, could fund large tax cuts but has been fiercely opposed by retailers and other import-dependent industries. The challenge will be to “pay for” popular tax cuts by eliminating commensurate tax deductions. Opposition then arises from individuals and businesses that benefit from those breaks. One area that enjoys some bipartisan support is lowering the corporate tax rate to remove the incentive for companies to relocate overseas thus luring trillions of dollars in foreign earnings back to the United States for investment.

View from Rural America

A recent survey of rural and small town America by the Washington Post and the Kaiser Family Foundation was designed to gauge the views and experiences of these communities and how they compare to their of urban and suburban counterparts.

Key findings include:

- The biggest problem facing their rural communities is lack of jobs, followed by drug abuse and the general economy.
- Most rural residents say they would encourage young people in their community to leave for more opportunity elsewhere. Far fewer urban and suburban residents would encourage young people to do so.
- Rural residents are three times more likely than urban residents to say immigrants are a burden to the country.
- Rural residents feel their community has a sense of shared values that are different from people in big cities.