

AG ISSUES UPDATE
Edited by Brad Hollabaugh
June 2017

USApple Leaders Bring Key Issues to White House Meeting

USApple Vice Chairman Mark Boyer, President and CEO Jim Bair and Senior Vice President Diane Kurrle went to the White House to meet with Ray Starling, President Trump's Special Assistant for Agriculture, Trade and Food Assistance and Richard Chalkey, Associate Director of the National Economic Council. They discussed immigration, labor reform and international trade. Starling knows our issues well as he served as chief of staff for U.S. Senator Thom Tillis (R-NC) and prior to that worked for the North Carolina Dept. of Agriculture and the North Carolina Farm Bureau. *Apple Bites* - 5.31.17

Trump Budget Cuts USApple Priority Programs

In May, the Trump Administration released its proposed budget for FY18 beginning Oct. 1. The proposal includes significant cuts across the board including a 21 percent reduction to the current USDA budget. The proposal calls for the elimination of the Market Access Program, Specialty Crop Block Grants and Value-Added Block Grants. The proposal also calls for drastic cuts to the federal crop insurance program including a means test that would eliminate the premium subsidy for larger producers and the elimination of subsidies for harvest price revenue coverage. As a result, the vast majority of apple growers would not qualify to participate.

The budget has been widely criticized by agriculture leaders in Congress from both parties, which is not unusual. Regardless of political party, the President's budget is usually considered "dead on arrival" by Congress. However, it is important to prepare for the budget debate that will take place as Congress assembles their version of the 2018 budget.

At a Farm Bill hearing last week, Senate Agriculture Chairman Pat Roberts (R-KS) said "Farmers, ranchers, and rural families understand fiscal responsibility. But, now is not the time for additional cuts. We need to review what is working and what is not working."

USApple will work vigorously to defend our priority programs during the budget process and larger Farm Bill debate. We will do this on our own and through our coalition efforts. In addition to the leadership role we play in the Specialty Crop Farm Bill Alliance, USApple is also active in broad agriculture coalitions working in support of the MAP and Crop Insurance programs. These coalitions have successfully defeated amendments and proposals to cut these programs in the past. *Apple Bites* - 5.31.17

Making Headlines: Newsroom Chatter

USApple member, Phil Glaize, spoke to a packed room of U.S. House of Representative staffers on Capitol Hill May 19, as reported in *The Packer*. The briefing was hosted by the Agriculture Workforce Coalition, of which USApple is a founding member.

"When my grandfather founded the business in 1921, apple growing was very different than what it is today; however, nothing has changed the fundamental fact that apples still need to be manually pruned and hand-picked," Phil Glaize said.

Glaize said delays and current limitations in the H-2A program cripple apple grower-shippers. "The infrastructure is not there to support the current program, let alone the five- to ten-fold increase that would occur if everyone were to shift to H-2A at once," he said.

"It is an exciting time to be an apple grower and I am proud that my sons, Philip and David, the fourth generation, have returned home and are working with me. But we have to get the labor situation figured out. If we don't I won't have a business to pass to the next generation and the many people we employ year-round will be forced to look for work elsewhere." - *Fruit Growers News / Apple Bites* - 5.31.17

Progress Made on Trade Issues

The U.S. Department of Agriculture is creating a new position for a high-ranking official to oversee agriculture-related trade. USDA Secretary Sonny Perdue recently announced the creation of the Under Secretary for Trade and Foreign Agricultural Affairs position along with other changes to the department's structure.

American Farm Bureau Federation President Zippy Duvall said the decision is "good news for farmers and ranchers, and assures that exports will receive daily attention at the USDA." He explained why international trade is a key part in keeping American agriculture competitive. More than 20 percent of U.S. crops are grown for export, he said. And U.S. agriculture has only just started to tap into the export opportunities that come from 95 percent of the world's customers living in other nations.

"Farmers and ranchers need trade agreements that level the playing field for our products and remove barriers to fair trade," Duvall said. "Although we supply the highest-quality food, fiber and fuel, our products often face a disadvantage in foreign markets with high tariffs and unnecessary, non-science based barriers to trade."

Farm Bureau was also happy to see President Donald Trump's administration opt to renegotiate, rather than scrap, the North American Free Trade Agreement (NAFTA). More than a third of U.S. agricultural exports go to partners in Canada and Mexico. Farm Bureau sees some areas to improve NAFTA as it is renegotiated, such as addressing issues related to animal and plant health, biotechnology regulations and specific commodities. But it's critical that the revised pact maintain, or even strengthen, the trade relationship American farmers have with our neighbors.

Regulatory Reform Bill Clears Committee

An effort to cut some of the red tape surrounding federal regulations and enable programs to operate as intended has cleared its first hurdle in the U.S. Senate. The bill, by Sens. Rob Portman (R-Ohio) and Heidi Heitkamp (D-N.D.), was approved by the Senate Homeland Security and Governmental Affairs Committee, a first step in it being considered by the full chamber. If passed, it would be the first major overhaul of the federal rulemaking process in 70 years.

The bill would require a cost-benefit analysis for proposed rules, invite public participation, require agencies to disclose information that they rely upon, ensure major regulations are reviewed every 10 years, and subject major proposals to a hearing. A similar bill already passed the House.

Pennsylvania's Fiscal House Needs Repairs

Pennsylvania has a recurring structural deficit. Simply put, that means the state routinely spends more money than it takes in. That results in each state budget starting with a hole that leaders must fill with new revenue - from higher taxes or other sources - or savings from spending cuts.

Here's why that's a concern to the agricultural community: Every year that state leaders are struggling to balance the budget is a year that programs important to agriculture could be in the crosshairs for potential cuts. That adds a level of uncertainty, making it difficult for farmers and agribusinesses to plan for the long term.

State budgets have been balanced on one-time cash infusions, accounting maneuvers and small-scale niche taxes, such as those on tobacco. The state has not increased big-ticket, broad-based taxes (such as sales and income taxes) or found sustainable alternatives that would generate the same amount of funding. Nor has it taken significant steps to address major cost drivers.

The state Independent Fiscal estimated this year that if left alone, the structural deficit will increase to nearly \$3 billion by the 2021-22 budget. But there's also trouble this year. At the end of April, state revenue collections had come in \$1.2 billion short for the 2016-17 fiscal year. Since the shortfall this year will have to be made up, lawmakers now have the task of closing a more than \$3 billion gap to balance the 2017-18 budget.

Proposed Agriculture Cuts in Pa. Budget Draw Concern

The deadline for state leaders to finalize the 2017-2018 state budget is at the end of June and agriculture advocates are stressing the importance of maintaining programs that keep the state's foremost industry viable.

The spending plan approved by the state House in April would cut just more than \$2 million in operating funds from the state Department of Agriculture. According to Agriculture Secretary Russell Redding, the loss of that funding translates into the loss of about 21 positions. That could mean the elimination of the Farmland Preservation Program and PA Preferred. It could also force the department to slash its contingent of food safety inspectors by up to a third.

Pennsylvania Farm Bureau is concerned about the proposal because those programs play a key role in helping new farmers get started and in ensuring the viability of Pennsylvania's food supply. PFB is also concerned about the proposed elimination of funding for the University of Pennsylvania School of Veterinary Medicine. As the state's only veterinarian school, Penn Vet plays a major role in training the next generation of veterinarians in

Pennsylvania, preventing disease and ensuring food safety. (This budget story was prepared in early June. The budget may be completed by the time of publication.)

Wind Power Bill Passes State House

A bill that would allow construction of wind turbines on preserved farmland has cleared the state House. House Bill 187, sponsored by Rep. Curtis Sonney of Erie County, now heads to the Senate for consideration.

The plan would allow the owner of preserved farmland with 50 or more acres to grant a right-of-way for the installation of a wind power generating system. Now, such landowners may grant rights-of-way for other utilities, such as water, sewage, electric, telephone, underground mining and gas- or oil-product lines.

The bill would add wind facilities to that list, giving farmers with preserved land the opportunity to take advantage of benefits some other farmers have seen from leasing space to wind farms.

Lyme Disease Bill Clears State House

A bill that aims to ensure patients of Lyme disease and other tick-borne illnesses can receive the appropriate treatment recommended by their doctors has cleared the state House. House Bill 174, by Rep. Matt Baker of Tioga County, now heads to the state Senate, where similar legislation has been introduced by Sen. Stewart Greenleaf of Montgomery County.

The proposal would require health insurance providers to cover both short- and long-term antibiotic treatments prescribed by a doctor. Now, insurers can refuse to cover long-term treatment options. Pennsylvania has ranked highest in the nation for cases of Lyme disease over the past five years. There were 59,478 confirmed cases in the state from 2002 and 2014 and another 10,817 in 2015. A state study found that citizens in every county are at risk of coming in contact with the disease.

Pa. Department of Agriculture offers Grants for Succession and Transition Planning on Preserved Farms

The state Department of Agriculture is accepting grant applications from landowners who have preserved their farms to assist with transition and succession plans of those lands to the next generation of agricultural producers. Grants of up to \$3,000 are available. The average age for agricultural producers in Pennsylvania is 58 years old, which means there is a need for transition plans for all types of agricultural operations, including preserved farms. Applications can be obtained by calling the Center for Farm Transitions at 717.783.3167.

Honey Bees Adapt Well to Agricultural Areas

A recent study found the health of honey bee colonies may thrive in agricultural areas, including areas where pesticides are applied. Areas not associated with agriculture did not possess adequate food resources for bee colonies compared to areas engaged in row crop production, where better sources of nutrition and nectar were present.

Research from University of Tennessee revealed that the lack of forages in non-agricultural areas could lead to colony collapse from starvation. Although nonlethal levels of fungicides, herbicides and insecticides were present in pollen samples, it must be recognized that mites and food availability are important factors affecting colony health and not just neonicotinoid pesticides.

New CWD Cases Emerge in Pa.

The Pennsylvania Game Commission has uncovered an additional 25 cases of deer carrying chronic-wasting disease (CWD) through late 2016, early 2017 sampling. All 25 of the CWD-positive deer came from within or slightly out of Disease Management Area 2 (DMA 2), which consists of parts of Bedford, Blair, Somerset, Fulton, Cambria, and Huntingdon counties. Of the 25 positive deer, 13 were road-killed, 10 were hunter-harvested, and two were collected after they exhibited clinical signs consistent with CWD. All the deer which tested positive were in the wild population.

Due to the increased prevalence of CWD in DMA 2, the management area will soon be expanded with the hope of stopping the disease from spreading any further. Regulations in place to reduce the risk of CWD spreading include restrictions on deer carcass transportation, feeding deer, and the use of urine-based deer lures. CWD affects all cervids, including deer and elk, and is spread by deer-to-deer contact. It is always fatal.

McDonnell Confirmed as DEP Secretary

Patrick McDonnell has been officially confirmed by the state Senate as Pennsylvania's Environmental Protection Secretary. McDonnell has had a 20-year career in government service, starting at the agency he now leads, the state Department of Environmental Protection (DEP).

"His deep knowledge of DEP's mission, policies, and processes are why I chose him to lead an agency that plays such an important role in Pennsylvanians' lives," Gov. Tom Wolf said. McDonnell was most recently director of policy for DEP, where he was tasked with regulation and policy development. While in that position, he also ran the State Energy Office, working to solve energy efficiency issues and promoting renewable energy.