

News from Washington: February 12-16

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Trump's Budget Proposal for FY2019

The White House fiscal 2019 budget request sent to Congress on Monday, Feb. 12 was familiar, with a proposed 16 percent cut to USDA discretionary spending. It also discusses slashing programs like: loans and grants for rural water infrastructure and housing; technical assistance for farmers and ranchers using conservation practices on their land; and the country's flagship emergency food aid program, Food for Peace. President Donald Trump, for the second year in a row, also proposed sweeping changes to mandatory USDA spending to save hundreds of billions over a decade.

Congress' say: All these ideas are sure to be rejected by Congress. For example, the crop insurance program is targeted for about \$26 billion in cuts over a decade. It would do so by reducing to 48 percent, from 62 percent, the average portion of farmers' premiums covered by taxpayers. It would also limit eligibility to those earning less than \$500,000 in annual adjusted gross income, among other changes.

Some support crop insurance changes: The Center for Rural Affairs, based in Lyons, Neb., largely criticized the White House budget for shrinking programs that serve rural communities. However, the nonprofit, which advocates for small farmers and rural business owners, said an overhaul to crop insurance and commodity subsidies would bring greater fairness to the system.

Ag Chairmen React to Administration's FY2019 Budget Proposal

Following the release of the Trump administration's FY 2019 budget proposal, Senate Agriculture Committee Chairman Pat Roberts, R-Kan., and House Agriculture Committee Chairman K. Michael Conaway, R-Texas, issued the joint statement below:

"As Chairmen of the Agriculture Committees, the task at hand is to produce a Farm Bill for the benefit of our farmers, ranchers, consumers and other stakeholders. This budget, as with every other president's budget before, will not prevent us from doing that job. We are committed to maintaining a strong safety net for agricultural producers during these times of low prices and uncertain markets and continuing to improve our nation's nutrition programs."

[Source: U.S. Senate Ag Committee](#)

Perdue's First Budget

Perdue wasn't involved in last year's budget because it was released before the former Georgia governor was confirmed - timing that gave the ag sectors equal parts anxiety and relief. It was tough for many to see the Trump administration propose a roughly 20 percent cut to discretionary spending at USDA, as well as a big squeeze to crop insurance and SNAP. This year, the thinking is that with an Agriculture secretary in place, this budget will be better.

Aggies brace for cuts: House Agriculture Chairman Mike Conaway warned the audience at the National Cotton Council meeting in Fort Worth, Tex., over the weekend that the Trump blueprint would likely to again call for farm bill cuts, Agri-Pulse reported. Ted McKinney, USDA's top official on trade, also warned at the meeting that the Market Access Program and Foreign Market Development Program could both be targeted for cuts again. McKinney argued that both programs are valuable, according to Agri-Pulse.

Rural Infrastructure Details

The White House budget blueprint calls for \$50 billion in rural infrastructure funding that will be funneled to states via block grants, which governors can use to back projects of their choosing. Financing rural projects is one of the core objectives of the Trump administration's proposal, and a senior White House official said there's a "frontloading of rural funds."

Picking up the pace: Faster permitting is expected to be one element of Trump's infrastructure plan, which aims to drastically speed up the time it takes to secure environmental permits. A draft memorandum of the proposal that's been circulating among agencies would help implement a previous executive order that set a goal of completing the environmental review process for major projects within two years

Where the power lies: What the White House will release today is a statement of principles. It will be up to Congress to translate that into legislation - mainly with the 11 House and Senate committees that oversee slices of the policies in play. Some lawmakers are already concerned that the White House wants to pay for the federal share of its infrastructure proposal with budget cuts instead of proposing new revenue sources.

Ag Deals in FTC Crosshairs

The Federal Trade Commission would take a close look at deals approved by past leadership to determine if regulators went too easy on companies. At least that's the promise of Joseph Simons, the White House's nominee for FTC chairman.

During a Senate Commerce confirmation hearing on Wednesday, Simons, said that, if confirmed, he would direct a formal study of closed deals, including some in the agriculture industry. Simons also said he would police the conduct of big agribusinesses. If illegal behavior comes to the agency's attention, he pledged to sue.

Consolidation in agriculture has been coming at a rapid clip, and U.S. regulators have mostly waived these deals through. If the federal government decides to take a more aggressive stance based on information gathered from any potential FTC's merger study, it would mark a new era of antitrust policy under Republicans. (Simons, co-chairman of the antitrust group at the law firm Paul Weiss is a former FTC antitrust official during the George W. Bush administration.)

Fear among farmers: Farmers and advocacy groups worry that consolidation will cause prices for seeds, fertilizers and other needs to spike. Last year, a group asked the Justice Department to stop the Bayer-Monsanto combination, saying it would create a vegetable seed monopoly. Montana Sen. Jon Tester, who questioned Simons during the Wednesday hearing, said he, too, was worried about how consolidation had hurt farmers. Citing the fact that a handful of companies control the beef, pork and chicken industries, Tester said: "That's not what I would call very capitalistic in my book, and it makes me want to dig Teddy Roosevelt up and bring him back to life."

Republican administrations have generally taken a more hands-off approach to merger enforcement than Democrats. But if Simons is anything like Trump's pick to lead the Justice Department's antitrust division - Makan Delrahim - then enforcement at the FTC could be a wild card. Delrahim is behind the division's attempt to block the blockbuster merger of AT&T and Time Warner, surprising many and leading some to think Trump antitrust policy will be more aggressive than expected.

USADA's Meal-Kit Idea Faces Backlash

Perhaps the biggest surprise in the blueprint was a proposed SNAP overhaul, part of the administration's sweeping plan to save more than \$213 billion from the program over 10 years.

The deets: The concept would take about half of the money most families receive from SNAP and replace it with what the USDA is calling "America's Harvest Box." That package would be made up of "100-percent U.S. grown and produced food" and would include items like shelf-stable milk, peanut butter, canned fruits and meats, and cereal.

Perdue's big idea: White House OMB Director Mick Mulvaney on Monday credited USDA Secretary Sonny Perdue for the coming up with the concept during a briefing at the White House. "We thought it was a tremendous idea," Mulvaney said.

Mulvaney called it a "Blue Apron-type program" - a nod to the high-end meal kit delivery company (which actually isn't doing so hot on the public markets). But USDA's version won't have fresh items, like produce or meats, which perish quickly and are incredibly expensive to sort, package and ship. Retailers and anti-hunger groups are also not thrilled with the idea.

WOTUS Opponents Put Backup Plan in Place

Critics of the Obama administration's controversial water rule are mounting a double-pronged attack to keep the regulation from going into effect now that an appellate court stay could be lifted as soon as next week.

The Trump administration has moved to delay the 2015 rule administratively - a move that legal experts say could be on shaky ground. In the meantime, industry groups like the American Farm Bureau Federation and the National Home Builders Association this week asked the U.S. District Court for the Southern District of Texas to issue a nationwide preliminary injunction for the rule.

Pointing to the multiple steps the Trump administration is taking to overturn the rule and the lawsuits expected as a result, the groups argue they are facing "paralyzing uncertainty" that could last for years and would risk not only civil fines but also criminal charges for acting in the meantime.

While the Trump administration is apt to agree with the industry groups, the Natural Resources Defense Council and the National Wildlife Federation have both intervened in the case to oppose the injunction request.

Health Insurance A Huge Issue on the Farm

Many farmers have an even bigger worry than low commodity prices, NAFTA or the farm bill: the cost of health care. Nearly two thirds of commercial farmers say the cost of health insurance poses the biggest threat to their livelihoods, according to a new [study](#). The study found that most farmers went to great lengths to get insurance, cobbling it together with great difficulty.

"We really would love it if we didn't have to worry about me having a full-time job for insurance so that we could just farm and ranch," one rancher who commuted to a full-time job 45 minutes away told researchers. "You'd get more done so you're not doing everything in the dark at 11 o'clock at night."

An under-the-radar worry: Despite the years-long national debate about health coverage, the issue has not been part of the discussion about the viability of farms and the agricultural

economy, said Shoshanah Inwood, who co-authored the study and is an assistant professor at the School of Environment and Natural Resources at Ohio State University.

Amazon to Pay \$1.2 Million In Illegal Pesticide Settlement

The [Environmental Protection Agency](#) on Thursday announced a \$1.2 million settlement with [Amazon](#) over the sale and distribution of illegal pesticides, one of the largest penalties assessed under federal pesticides laws.

Federal regulators said the agreement settles allegations that the Seattle-based internet giant committed nearly 4,000 violations between 2013 and 2016 for selling and distributing imported pesticide products not licensed for sale in the United States. The pesticides, including insecticide in the form of chalk and cockroach bait powder, were sold by independent sellers who offered the products through Amazon's website.

The products were sold through a program in which sellers provided products to Amazon, which stored them at its warehouses and shipped them after they were purchased, Chad Schulze, an EPA pesticide enforcement team lead, said at a news conference in Seattle Thursday. It's one of the first enforcement actions related to sales of illegal pesticide in the online marketplace, he added.

In a statement, Amazon said complying with regulations was a "top priority" and that it works quickly to take action when third-party sellers don't follow the rules.

As part of the agreement filed in administrative court Wednesday, Amazon agreed to develop an online training course to educate sellers about pesticides. The training will be available to the public and online sellers and available in English, Spanish and Chinese.

"This settlement is a step in the right direction to protect the public health and the environment," said Ed Kowalski, who directs compliance and enforcement for the EPA region covering the Pacific Northwest.

EPA interns uncovered the illegal sales in 2014 while reviewing online marketplaces, identifying unregistered insecticide chalk being sold on Amazon.com.

EPA officials purchased and analyzed those products. It then issued two orders stopping sales, once in mid-2015 for the insecticide chalk and a second time in early 2016 after finding six other unregistered pesticides.

EPA officials said Amazon quickly removed the products and prohibited foreign sellers from selling the pesticides. In October 2016, the company notified people who bought the illegal pesticides and urged them to dispose of them. It also made refunds totaling about \$130,000. Most were purchases by individuals.

The EPA has limited tools to enforce laws against foreign sellers so regulators focus on services in the U.S. that are facilitating the sale of these products, Schulze said.

Illegal pesticides are still widely available for online purchase in the U.S., the EPA said. "This is a very difficult avenue of pesticide sales to get our hands around and that's what this action is starting to try to do," Schulze said.

[Source: ABC News](#)