

News from Washington: January 14-20

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Shutdown Could Shake Government for Years

Even if the record-setting shutdown is resolved soon, the pain it's caused promises to endure for months, if not years. From the agriculture industry to the real estate sector, people are bracing for years of setbacks prompted by the pause in government loans, permitting and deal-making approval.

Tom Vilsack, who served as Agriculture secretary from 2009-17, said some of the effects could take months or years to realize — like the ramifications of pausing some Forest Service efforts to reduce fire hazards.

“You may not see the consequences of this until August of next year, when there is a worse fire than we would have had,” Vilsack said. “It’s difficult to draw that direct line. But a month or two can make a difference in the scale of a fire.”

School lunches could be the next victim. School districts across the country could be forced to scrape together emergency funds to feed low-income public schoolchildren if the shutdown continues for two more months.

The House next week will reconsider a measure to reopen shuttered departments — this time holding a roll call instead of a voice vote, as was done on Thursday. Majority Leader Steny Hoyer made the decision after a heated moment on the House floor during which Republicans and Democrats traded jabs, underscoring the crazy level of tension as we approach week four of the partial shutdown.

The bill doesn't have a future, as Senate Majority Leader Mitch McConnell has vowed to cast aside Democrats' attempts to end the shutdown unless President Donald Trump blesses the deal.

FSA Offices Open Briefly, But Still Handcuffed

With USDA bumping along under the record-breaking shutdown, Agriculture Secretary Sonny Perdue announced Wednesday that about half of all local FSA offices will reopen for three days to provide a few [basic services](#). (Here's the list of [open locations](#).)

FSA offices were shuttered after Dec. 28, cutting off farmers and ranchers from getting help with their operations just as planning for 2019 ramps up. Perdue said FSA staff today, Friday and Tuesday can help producers process 2018 payments, extend expiring financing statements, handle important mail and provide 1099 tax documents to borrowers.

FSA still can't process new trade aid applications or certify 2018 production; offer hurricane or wildfire relief; grant new loans or guarantees; or register dairy producers for the margin protection program, among other frozen services.

With growing season just months away, the closure of FSA offices and other USDA programs is threatening some farmers' ability to buy seeds, land and fertilizer in time to plant many of their crops this year.

Without access to the more than 2,100 FSA offices dotting the country, farmers and ranchers can't discuss financing options for buying land or read monthly market reports that influence planting decisions, for example.

Andrew Barsness, a central Minnesota organic grain farmer, took out an operating loan from USDA last year and now has a lien on his crop, meaning he can't access his profits until FSA processes the paperwork. He told POLITICO his "hands are kind of tied both going forward and finishing up last year's season."

The 2,500 recalled employees represent about one-quarter of FSA's staff. They won't be paid during the shutdown, but Trump on Wednesday signed a bill, S. 24 (116), that ensures federal workers will be repaid once the shutdown ends.

Trade Aid Bottled Up

USDA has processed \$2.78 billion in direct payments since Dec. 21 (and \$5.2 billion since September), a spokesperson told MA. The numbers are unchanged since at least Jan. 3, indicating that new payments effectively ceased as the shutdown stretched into 2019.

There's about \$4.4 billion left on the table out of the total \$9.6 billion USDA promised farmers. But there's no way for new applicants to access relief funding until the shutdown ends.

Dems Revive 'Blue Card' Debate

The politically thorny issue of providing a pathway to legalization for undocumented farm laborers already working in the U.S. was resurrected on Thursday with the introduction of a bill from Sen. Dianne Feinstein and Rep. Zoe Lofgren, two California Democrats.

The bill, which has backing from a number of Democrats in both chambers but no GOP co-sponsors, would allow foreign farmworkers who have worked in the U.S. for at least 100 days over the past two years to apply for legal status via a "blue card." Laborers who maintain blue-card status for three to five years would then be eligible for permanent residency.

Followers of the labor policy debate have seen this before. Feinstein introduced a similar measure in the 115th Congress, but it never made it out of the Judiciary Committee, which has jurisdiction over immigration. The blue-card concept was also included in the comprehensive immigration package that passed the Senate in 2013 as a result of the so-called Gang of Eight bipartisan negotiations.

This latest measure doesn't do enough to win support from the American Farm Bureau Federation, which wants to see comprehensive legislation that grants legal status to farm laborers already in the U.S. but also reforms the H-2A guestworker program so that farmers have access to more workers, said Paul Schlegel, the Farm Bureau' public policy manager.

"That's not to say elements of it can't be incorporated in a broader package," Schlegel said of the Feinstein-Lofgren measure.

Shutdown Starting to Crack Trump Farm Support

Trump spent much of his speech at the AFBF event defending his battle with Democrats over border wall funding, which has caused the longest government shutdown in U.S. history.

Trump thanked farmers for having his back during the shutdown and the months of trade turmoil that have left the ag industry reeling, promising that "the greatest harvest is yet to come."

On a chilly day, as protestors chanted “End the shutdown!” outside the New Orleans convention center, farmers and ranchers inside gave the president another warm welcome. Applause was aplenty when Trump touted tax cuts, deregulation and even his border wall demands.

A few cracks are starting to show, however. The shutdown’s shuttering of FSA offices and other key USDA programs is beginning to affect the ag industry and test some producers’ patience with Trump. Trade tension remains the top concern among most farmers who chatted with MA.

Randy Poskin, a corn/soybean grower and Illinois Farm Bureau board member, said the shutdown hasn’t been too painful yet — but it will start doing damage if it drags on.

“We have farmers that have loans with the FSA. If they can’t do that business, that’s going to create problems,” said Poskin, who voted for Trump but said his record so far has been a “mixed bag.”

Biggest applause line? Trump got a huge hand when he said he wants to “make it easier” for farmers to bring in foreign laborers. “For the people that work the farms, that have been here ... it’s going to be easier for them to get in than what they have to go through now.”

Trump Touts Trade, But Farmers See Uncertainty

In his remarks Monday, Trump promised farmers trade deals that will bring the ag industry “so much business you’re not even going to believe it.”

Besides talking up the so-called U.S.-Mexico-Canada Agreement and claiming progress in negotiations with China, Trump boasted of developing new markets including Argentina, Brazil, Japan, Morocco and India for specific U.S. farm goods like pork, beef, potatoes, lamb and poultry.

But producers still see trade turmoil as a big risk moving forward, after Trump’s feuds already slammed certain commodity prices in 2018.

“Farmers are taking the brunt of the retaliation from China and other trade partners, but I think his goal is good,” said Billy Rochelle, a corn, soybean, wheat and cattle farmer in Centerville, Tenn. As for 2019? “I don’t see it getting any better until we get something resolved with China,” he said.

Former Rep. Charles Boustany (R-La.), now a spokesperson for Tariffs Hurt the Heartland, said “uncertainty and real fear” about Trump’s trade policies were “evident here in New Orleans all week.”

“Farmers are tremendously patient by nature, but the toll of the trade war has continued to mount to an unsustainable point,” he said in a statement.

Farm Belt Bankers: Producers to Hang Tough In 2019

While some parts of the ag economy are under financial strain, most farmers and ranchers will be able to weather another year of low commodity prices, Farm Credit System lenders predicted Wednesday. The network of bankers, who oversee \$259 billion in loans, said they haven’t yet witnessed a spike in delinquencies or a flood of producers leaving the business — other than dairy farmers.

“I’m not seeing or anticipating a downward spiral,” said Mark Jensen, president and CEO of Frontier Farm Credit in Omaha, Neb.

Marc Knisely, CEO of AgCountry Farm Credit Services in Fargo, N.D., said it’s “clear that we are at a tipping point for a growing number of producers.”

Beyond the farm economy, broader recession warnings are piling up as the shutdown approaches the one-month mark on Monday.

Wall Street analysts are flashing warning lights that the shutdown’s impact on federal workers and contractors, not to mention new stock offerings, could nudge first-quarter economic growth toward zero — or even into negative territory — if it lasts much longer.

Food Safety Groups Fear Long-Term Shutdown Damage

Even after funding is restored to USDA and FDA, food oversight efforts might not simply revert back to normal, food safety advocates warned Wednesday.

Rep. Rosa DeLauro (D-Conn.) hosted a jam-packed Capitol Hill briefing with food safety advocates from groups including the Consumer Federation of America and Center for Science in the Public Interest. They highlighted potential long-term fallout from the shutdown, like potential damage to worker morale and retention as thousands of inspectors continue to work without pay.

CFA’s Thomas Gremillion noted that USDA’s complaints phone line, where consumers can flag problems with meat and poultry, is currently down, while FDA has stopped posting warning letters on its website.

Shutdown Could Delay Organic Fraud Rule

When Trump signed the new farm bill, H.R. 2 (115), it started a 12-month clock for USDA to issue regulations aimed at blocking fraudulent organic imports from crossing U.S. borders. The longer the government is shut down, the less likely the department will be able to meet that deadline, said Organic Trade Association President Laura Batcha.

The farm bill directs USDA’s National Organic Program to create a system to track organic import certificates. The law seeks to close gaps in the supply chain by narrowing the types of operations that are exempt from certification by NOP (think middlemen, like brokers and traders). And it also gives the agency greater authority to oversee organic certifiers in foreign countries.

News reports in 2017 showed that imported grains were being marketed as “organic” in order to fetch premium prices despite not meeting program standards. USDA’s inspector general [recommended](#) NOP strengthen controls over the approval and oversight of international trade arrangements.

With NOP staff on furlough amid the shutdown, Batcha said, the agency can’t review complaints of organic fraud or conduct investigations — which could lead to a pile-up.

States Hustle to Get SNAP Benefits Out

States have started to inform recipients that they’ll be getting their February food stamp benefits starting this week — a big logistical and communications undertaking.

States have until Jan. 20 to upload the early benefits. Because the date falls on a Sunday during the Martin Luther King Jr. holiday weekend, many states are issuing benefits well ahead of that deadline.

In California, for example, officials are planning to load EBT cards for their program, called CalFresh, starting Wednesday through Sunday. California usually staggers uploading monthly benefits for recipients between the 1st and the 10th of every month. CalFresh serves about 3.8 million people in California.

Millions of SNAP recipients will need to be aware that they have to make their allocations last. It could be 40 days — or longer, in some cases — before any other money is added to their benefit cards.

Peterson Keeps Distance from Dem Climate Agenda

House Democrats are facing mounting pressure from the party's progressive wing to use their new majority to put a policy spotlight on climate change. But House Agriculture Chairman Collin Peterson, a Minnesota farmer and one of the most conservative Democrats in Congress, isn't joining the calls for a sweeping congressional response.

Climate issues were not a top priority on House Ag Democrats' list of 2019 objectives, though they were mentioned indirectly, as part of the panel's oversight of existing farm bill programs. In a recent interview with POLITICO, Peterson was noncommittal about holding hearings on climate change mitigation, saying it would "depend on the context." The panel hasn't held a hearing specifically on climate change since 2009, according to a review of the committee archives.

"What is our goal? Planting all those trees? I'm actually cutting down the forest," Peterson told reporters last month, shortly after he began logging his own land.

Peterson told POLITICO recently that the ag industry has already taken steps to reduce its environmental footprint, citing a conservation program that provides 27 million acres of grassland under the new farm bill, H.R. 2 (115). "I think we're already doing a lot of things that we're getting no credit for," he said.

Speaker Nancy Pelosi called climate change an "existential threat" in her opening address this month, but Peterson seems to be more aligned with the White House and some Republicans on the issue. Still, he could be something of a wild card, having ultimately backed the "cap and trade" effort in 2009.

The so-called Green New Deal backed by many liberals in the House, a plan that would transition the U.S. economy to renewable energy only, calls for complete de-carbonization of the agriculture sector.

Lancet Report Opens Fresh Debate About Meat

The [comprehensive report](#), published in the prestigious journal The Lancet, outlines an ideal diet — dubbed the "planetary health diet" — which aims to promote human health as well as the planet's long-term health by reducing agriculture's contribution to environmental degradation and climate change.

Most people should eat drastically less red meat and sugar, and add more plant-based foods to their diets. "It allows one beef burger and two servings of fish a week, but most protein comes from pulses and nuts," per [The Guardian](#). "A glass of milk a day, or some cheese or butter, fits

within the guidelines, as does an egg or two a week. Half of each plate of food under the diet is vegetables and fruit, and a third is wholegrain cereals.”

The report comes out of The EAT-Lancet Commission, which included 19 commissioners and 18 co-authors from 16 different countries. It was co-chaired by Walter Willett, of Harvard University, and Johan Rockström, of the Potsdam Institute for Climate Impact Research and the Stockholm Resilience Centre. The commission itself is a collaboration among a handful of European nonprofits: EAT, the Stockholm Resilience Centre, the Wellcome Trust, and the Stordalen Foundation.

Meat and livestock groups were, unsurprisingly, quick to criticize the report. The North American Meat Institute [called it](#) a “fad diet solution” that’s out of step with nutrition science. The National Pork Producers Council [said](#) the report was “based on dubious science and is irresponsible.” But it’s not just industry groups criticizing the findings. Registered dietitians, paleo enthusiasts and a chorus of low-carb advocates are raising an uproar on Twitter, some tweeting under the hashtags #yestomeat and #yes2meat.

There are EAT-Lancet launch events happening all over the globe, from Norway to California and Indonesia to Belgium. The group lists The World Bank as hosting an event in D.C. in April.