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MGFA Newsletter

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Farm Bill Deliberations May Stretch Into 2024, Analysts Say

Congress could be even later than expected in completing the new farm bill, said two farm policy experts during a webinar on Tuesday, four days before the current law expires. House and Senate Agriculture Committee leaders are now aiming for passage of the 2023 farm bill by the end of December, but closed-door negotiations have moved slowly.

Congress rarely finishes a farm bill in one year, said associate professor Jonathan Coppess of the University of Illinois. Professor Joe Outlaw of Texas A&M said if an agreement is reached by February, before the presidential campaign begins in earnest, "I think they'll do it." If not, "I think we're going to get a big long extension" of the 2018 farm law.

Leaders of the Senate and House Agriculture committees were at loggerheads over farm group demands for higher reference prices—the trigger for subsidy payments—and expansion of taxpayer-subsidized crop insurance with no new funding allotted for the farm bill. Also in dispute were SNAP eligibility rules, with House Republicans in particular wanting to slash food stamp spending, and whether $20 billion earmarked for climate mitigation in the 2022 climate, health, and tax law can be used for all types of USDA-funded land and water stewardship projects.

"That's Sen. Boozman's No. 1 priority in the farm bill, a meaningful increase in reference prices," said economist John Newton, who works for Arkansas Sen. John Boozman, the senior Republican on the Senate Agriculture Committee. "Now is the time."

A 10 percent increase in reference prices would cost more than $20 billion, and a 20 percent increase would be in "the $50-billion range," said Outlaw. In comparison, the CBO projects commodity subsidies would cost $62 billion in the coming decade under current law.

The 2018 farm law included an **escalator provision** to automatically boost reference prices when there is a sustained rally in commodity prices. "Some of them this year are going to get nice increases," said Outlaw. The effective reference price will rise for fewer than half of the 23 crops that are in the farm program, he said.

"I think we're still working with CBO to get our scores," said Newton when asked about the budgetary impact of higher reference prices. Steve Wallander, an economist for Democrats on the Senate Agriculture Committee, said higher reference prices had ripple effects in the farm bill so it was a complex task to estimate costs: "It all interacts."

Farm bill prospects "are very much in doubt," said Coppess, before listing potential roadblocks. Among them, he said, "We don't know if the House will go into a third round of this fight over SNAP." Passage of the 2014 and 2018 farm bills was delayed by unsuccessful attempts by Republicans to cut SNAP funding and to curtail eligibility.

Democrats on the House Agriculture Committee oppose changes in SNAP in the wake of the debt agreement that made able-bodied adults ages 50-54 subject to a 90-day limit in food stamps if they do not work at least 80 hours a month, said Emily Pliscott, economist for Georgia Rep. David Scott, the senior Democrat on the committee. "This is a very hard line for Democrats."

Leaders of both committees are interested in moving the $20 billion in climate funding into farm bill jurisdiction because it would "build baseline" and make conservation programs eligible for larger funding in the future. "I will not support taking those dollars and moving it into another title," said Stabenow last week. Newton said Boozman believed the money could be used for "meeting the conservation and local resource concerns around the country.... We're not talking about taking the [money] and using it for reference prices."

Source: Successful Farming

FDA Announces Animal and Veterinary Innovation Agenda

The U.S. Food and Drug Administration (FDA) on Sept. 15 announced the agency is taking new steps to modernize its approach to evaluating and supporting the development of innovative animal and veterinary products, to increase regulatory flexibility, predictability and efficiency.

The **Animal and Veterinary Innovation Agenda** released by FDA lists four objectives and details the supporting actions by the agency's Center for Veterinary Medicine (CVM) to foster product development and implement modern approaches to regulating animal and veterinary products. The four objectives are: 1) support technologies and products that address high-priority needs; 2) align regulatory pathways to the modern landscape; 3) enhance CVM's One Health workforce for the future of innovation; and 4) identify and address gaps specific to new technologies and emerging health threats.

Related to modernizing regulatory pathways, CVM states in the agenda that it will create a Regulatory Modernization Task Force to review and recommend changes to law and policy, such as through changes to regulations and guidance documents, that align with CVM's commitment to sensible science- and risk-based regulation. CVM also notes that proposed legislative changes to the Federal Food, Drug, and Cosmetic Act, such as the introduction of new approval pathways for zootechnical animal food substances and biologic products for animals, hold promise to create evaluation and approval pathways that are appropriate for novel FDA-regulated product types. NGFA has endorsed the referenced legislation – the **Innovative Feed Enhancement and Economic Development Act** – currently being considered within Congress that would provide FDA legal authority to approve the use of zootechnical animal food substances – non-nutritive substances with substantiated benefits, such as minimizing food safety pathogens, improving animal productivity, and reducing environmental emissions.

FDA states it intends to publicly track its progress, collaborate with federal, tribal and state partners, and solicit public input on certain elements of the agenda as it continues to implement a scientifically sound, risk-based regulatory approach that promotes innovation while protecting public health.

Source: NGFA Newsletter

Lawmakers Introduce Bills to Protect Agriculture from Cyberattacks

Sens. Mike Rounds, R-S.D., and Catherine Cortez Masto, D-Nev., on Sept. 15 introduced two bipartisan pieces of legislation designed to protect rural and agricultural communities and the food supply chain from cyberattacks.

The **Cybersecurity for Rural Water Systems Act** would address vulnerabilities in rural water systems by expanding the Circuit Rider Program to provide updated cyber defenses and technical assistance. Currently, only 20 percent of water and wastewater systems across the U.S. have even basic levels of cyber protection, the senators noted. Reps. Zach Nunn, R-Iowa, and Don Davis, D-N.C., have introduced companion legislation in the House.

The **Food and Agriculture Industry Cybersecurity Support Act** would help farmers and ranchers prevent and respond to threats, including ransomware attacks by creating a specialized hub within the National Telecommunications and Information Administration (NTIA) to help agricultural producers secure technology, equipment and hardware to protect their operations. It would also create a hotline for industry-specific advice and best practices to adhere to cybersecurity issues.

Reps. August Pfluger, R-Texas, and Marc Veasey, D-Texas, have introduced companion legislation in the House.

Source: NGFA Newsletter

MDA Grain Advisory Group Meeting Recap

Earlier this month, MDA reconvened the Grain Advisory Group to discuss the grain indemnity fund legislation that passed this year, the statutory financial reporting requirements for grain buyers & warehouses, and potentially re-implementing grain bonding.

Following the legislative recap, the group had an open discussion about the financial reporting requirements. According to MDA, this reporting requirement by licensees costs the grain industry approximately $4.5M annually. Additionally, there are many hurdles that industry members face to become compliant with the statute, including the high cost of these financial reports, a lack of service providers, lack of elevator staff to manage the requirements for reviews & audits, and accountants advising clients against performing the financial reports.

Through the discussion, it was made clear to participants that although the grain industry is investing significant amounts of time and money to be compliant with the statute, MDA does not measure the financial health of grain buyers & warehouses. State statutes only allow MDA to evaluate the completeness of the financial reports and nothing else, which begs the question – why is industry submitting these reports if the State can't or doesn't do anything with the information? In short, MDA is looking to group members to suggest specific metrics that could be established within the statutes so that MDA could evaluate financial stability of grain licensees in the future. As a side note, MDA shared that with the implemented requirement of annual financial reporting, they feel the State has set a baseline for accounting standards for Minnesota grain buyers & warehouses, which they view as a positive step for the industry.

In the discussion on grain bonding, grain industry representatives within the group were supportive of the program for a variety of reasons, including the bond payout if a failure occurs and the complete financial review of licensed entities by an independent 3rd party surety (especially since that isn't occurring under current law). However, MDA and a few others shared the often-repeated criticism of the bond program: grain bonds are currently set too low to protect producers. Since producers are now protected by the newly established grain indemnity fund, that argument rings a bit hollow, although to ensure the bond program is keeping up with today's grain business, it seems logical that bond amounts should be increased if the bond program is to be re-implemented.

MDA plans to host another meeting in the coming weeks with plans to wrap up the discussion by early December.

If MGFA members have comments, concerns, or input on these proceedings, please contact Laura at the MGFA office – 952-758-3999 or **laura@mgfa.org**.

MGFA Sustaining Sponsor Spotlight – AgCountry Farm Credit Services

The MGFA would like to spotlight our 2023 Sustaining Sponsor firms for their generous contributions to the association. The Sustaining Sponsorship program allows our industry friends to be promoted as sponsors at MGFA's events all year long. This week we'd like to feature our Silver Sponsor, **AgCountry Farm Credit Services.**

AgCountry Farm Credit Services works hard to meet the unique financial needs of farmers, ranchers and agribusinesses by providing competitive credit and financial services products with more options, greater flexibility, competitive rates, local decision making and personalized service.

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AgCountry is a part of the Farm Credit System, a nationwide network of cooperative financial services institutions that serves rural America. The primary goal of the System is to support rural communities and agriculture with reliable, consistent credit and financial services, today and tomorrow.

The MGFA greatly appreciates the generous sponsorship of AgCountry Farm Credit Services and all of our Sustaining Sponsors for your support of the various programs and services provided by the Association. Thank You!

MINNESOTA GRAIN & FEED ASSOCIATION

Ph: 952.758.3999
Fax: 952.758.3997

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