



American Feed Industry Association's Government Action Team
G.A.T. NEWSLETTER
An inside look at industry-related issues before the government

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*Only the Senate was in session this week.
Both chambers will be meeting the week of
June 13th.*

**House GOP Says it Wants \$2.4 Trillion in
Cuts to Balance Debt Limit Extension**

In order for House and Senate Republicans to vote for a long-term increase in the federal debt limit, they want to see an equal amount in spending cuts, meaning Congress has to come up with \$2.4 trillion in reduced outlays. The \$2.4 trillion figure is what's needed to offset the federal government's borrowing through the end of 2012, said Sen. John Kyl (R, AZ), Senate minority whip and part of the bipartisan budget negotiations being led by Vice President Joe Biden. If the White House won't agree to cuts that deep, Kyl said, the Republican side of Congress is willing to force multiple debt ceiling votes over the next several months on smaller increases right up to the 2012 presidential election. Kyl contends multiple votes would be less disruptive to the economy than a failure to increase the debt ceiling. Kyl also explained the \$2.4 trillion in spending cuts would be spread out over a decade, while the debt ceiling increase would run for about 18 months.

White House Announces First-Ever “Rural Council” on Economics, Development

House Speaker John Boehner (R, OH) said he wants a debt ceiling vote by the end of June, but also said he wants President Obama to step up and get personally involved in the negotiations. U.S Treasury Secretary Tim Geithner said he can hold off on a debt ceiling increase until August 2 without broad economic implications.

Coburn Ramps up Action to Kill Ethanol Programs

Meanwhile, Biden has scheduled three meetings for his bipartisan group next week in hopes of getting a plan hammered out in time for a late June vote. Negotiators this week locked up over Geithner’s call to increase taxes as a revenue source, but House Majority Leader Eric Cantor (R, VA) said tax increases are counterproductive, will cost jobs and slow-economic growth. The GOP members of the negotiations said their goal is to get a plan that jump starts jobs growth, explaining uncertainty among employers as to the future of U.S. debt, tax levels and spending cuts is curtailing hiring.

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Senate ‘Gang of Six’ Floats Its Deficit Plan

The bipartisan group of Senators striving to find a deficit plan that will pass bipartisan muster this week began floating details of its proposal to cut federal spending to bring down federal debt. Called ‘the gang of six’ – now five, since Sen. Tom Coburn (R, OK) dropped out due to the lack of progress being made – the group briefed about 20 of their colleagues on how they plan to reduce the deficit by \$4.7 trillion over 10 years through combinations of spending cuts, tax increases, and modifications of federal entitlement programs. The group did not release the plan to the public. One source said the gang of six plan, supposedly based on the President’s deficit commission recommendations, actually goes beyond that

panel's programs.

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House Ag/FDA Approps Amendments Under Fire

An amendment accepted by the full House Appropriations Committee to limit total farm program payments to \$250,000, down from the \$750,000 adjusted gross income (AGI) maximum, is set for a major floor fight when the agriculture/FDA appropriations bill goes to the House floor next week. The bill appropriates \$17.25 billion in discretionary spending and \$108.2 billion in mandatory spending, 14% lower than last year and 23% less than recommended by President Obama.

The amendment, offered by Rep. Jeff Flake (R, AZ), who said farm program payments have “entered the realm of the absurd,” would withhold payments to any individual earning more than \$250,000 AGI per year, drastically slashing the current limit of \$500,000 AGI from off-farm earnings or \$750,000 AGI from on-farm sources.

This week three Democrat Iowa members – Reps. Leonard Boswell, Bruce Braley and Dave Loebsack – sent a letter to the chair and ranking member of the Senate ag appropriations subcommittee, praising the cap on direct payments included in the House bill and urging the Senate to embrace the same limits. They also said they're opposing a House cut in crop insurance spending, and warned their Senate colleagues about other spending cuts affecting energy infrastructure, including the biomass energy program. The three warned about significant cuts in the House bill to Commodity Futures Trading Commission (CFTC) spending, which they said will hamper new regulations on over-the-counter and speculative hedging protections.

A separate and highly controversial amendment is set for a floor challenge by the chair of the House Energy & Commerce Committee Rep. Fred Upton (R, MI). The amendment, by Rep. Denny Rehberg (R, MT), requires any money spent by FDA on a rule, regulation or guidance “intended to restrict the use of a substance or a compound” must be based upon “hard science,” including risk assessments, epidemiological studies that show the substance is more harmful than beneficial, and not on “consumer behavior.” Upton, whose committee oversees FDA programs, said the language violates House rules on legislating on appropriations bills and such action is within the purview of his committee, not appropriations. The language originated in the tobacco industry and mirrors a House resolution introduced earlier this year by Rep. Stephen Fincher (R, TN). Rehberg, in explaining the broader restriction, said “a key concern” is efforts by FDA to ban the use of antibiotics in livestock and poultry feed when “there is no scientific data” to support the action. FDA said the amendment would restrict its ability to ensure the safety of several products under its authority including drugs and cosmetics.

Another amendment set for a challenge, offered by Rep. Jim Moran (D, VA), would prohibit USDA from spending money to inspect horses for slaughter for human consumption, action he took at the behest of the Humane Society of the U.S. (HSUS) and the Animal Welfare Institute (AWI). Moran said the amendment will save USDA \$5 million a year; critics say there will be no savings from the amendment since USDA hasn’t provided inspection for a horse slaughter plant in nearly four years and when it did provide inspection, companies paid user fees to cover the cost of the inspection services.

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“Nanoscale” Materials in Pesticides Set for EPA Review; FDA Provides Guidance

In what appears to be an Administration-wide effort to bring consistency to federal oversight of nanotechnology, EPA this week proposed to collect information on “nanoscale” materials to determine if the use of the materials means the registration of the product “may cause unreasonable adverse effects” on the environment and human health. At the same time, FDA released a proposed guidance for industry to “provide greater certainty about the use of nanotechnology.”

Nanotechnology generally involves materials made up of particles atomic level, or at least one-billionth of a meter in size, FDA said, asking that the public review and comment on its guidance document.

Both agencies’ actions come on the heels of a June 9 White House Office of Science & Technology Policy (OSTP)/Office of Management & Budget (OMB)/U.S. Trade Representative (STR) report on “Policy Principles for the U.S. Decision-Making Concerning Regulation and Oversight of Applications of Nanotechnology and Nanomaterials.” EPA and FDA both say they recognize nanotechnology and nanoscale materials may have a benefit to the public in commercial and public health applications.

EPA’s document can be found at www.epa.gov; the FDA proposed guidance is posted at www.fda.gov, and the OSTP/OMB/STR report can be found at www.whitehouse.gov.

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Senate Dems Plan to Block Proposed Medicaid Overhaul

In an effort to change the debate on House Republican proposed changes to the Medicaid program, 41 Democratic Senators have signed on to letters vowing to oppose the overhaul, ensuring the proposal won't get enough votes to clear a 60 vote hurdle. Sen. Jay Rockefeller (D, VA) spearheaded a letter from 37 Democrats to President Obama making it clear that the senators will oppose proposals to cap federal spending on Medicaid. Sens. Dianne Feinstein (CA), Mark Udall (CO), Michael Bennet (CO), and Amy Klobuchar (MN) wrote separate letters to the president.

The House Republican passed budget would reduce federal Medicaid spending by more than \$700 billion over 10 years by turning it into a block grant to states. Senate Democrats oppose a block grant system as well as caps on federal spending on the program.

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White House Announces First-Ever “Rural Council” on Economics, Development

Having gone almost two and a half years without a special White House assistant on food, agriculture and trade – despite a Farm Bill mandate that requires the President to fill such a position – President Obama this week issued an executive order creating the “first-ever White House Rural Council to address economic challenges, build on the Administration’s rural economic strategy and improve the implementation of that strategy.” “Strong rural communities are key to a stronger America,” said Obama.

The formal White House announcement was followed by a press advisory call made jointly by Secretary of Agriculture Tom Vilsack and Secretary of Interior Ken Salazar. The new council, to be chaired by Vilsack, will bring together various departments and agencies across

the federal government to “encourage public-private partnerships to promote further economic prosperity and quality of life in rural communities,” the White House said. The group will be responsible for providing recommendations for investment in rural America and will coordinate federal programs with agriculture organizations, small business, and state, local and tribal governments.

The White House said the council will focus on increasing “the flow of capital to rural areas, promoting innovation, expanding digital and physical networks and celebrating opportunity through America’s natural resources.” Areas of concentration for the council include improving job training, expanding markets, including regional food systems and exports, increasing access to credit, promoting the expansion of biofuels production, developing “high-growth regional economies, improving access to health care, increasing post-secondary enrollment rates in education, increasing broadband access, coordinating investment in infrastructure, and expanding opportunities for conservation, outdoor opportunities and economic growth.

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Coburn Ramps up Action to Kill Ethanol Programs

Proving he’s tenacious, Sen. Tom Coburn (R, OK), the biggest deficit hawk in the Senate, this week renewed his call to kill off nearly \$6 billion in federal tax and import supports for corn-based ethanol. Coburn filed for an end to debate on a previously unrelated amendment after changing the language to include kill the 45-cent-per-gallon ethanol blenders’ tax credit and the 54-cent-per-gallon import tariff on ethanol. Sen. Dianne Feinstein (D, CA), Coburn’s co-author on the bill, joined him in filing the amendment on a pending economic development bill

on the Senate floor, and also said they'll offer the amendment on a small business research bill when it comes up for floor action.

Coburn previously agreed with Senate Majority Leader Harry Reid to withdraw an earlier attempt to offer the amendment in a pact that would require the Coburn-Feinstein measure to get two-thirds of voting Senators' support. This latest move lowers the vote threshold to 60 for approval. And while all of the floor maneuvering was going on, Taxpayers for Common Sense released a study attacking the ethanol tax credits, also opposing the use of the tax credit savings to fund ethanol infrastructure.

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Johanns Blasts EPA "Charm Offensive"

Sen. Mike Johanns (R, NE) this week called EPA's "charm offensive" to improve its image with rural America "disingenuous to farmers," and said the agency continues to engage in regulatory "overreach."

"Back home in Nebraska, like others states in this great country, we make agreements on a handshake, and believe that if you shake someone's hand, you can trust them. That's the way it works," the former Bush Administration secretary of agriculture said on the Senate floor this week. "But, unfortunately, within the bureaucratic walls of EPA, that's not the case. Instead of spouting charming verbiage about increased regulation, EPA should be looking for ways to work with farmers and ranchers and small businesses to find solutions to environmental challenges while creating jobs for Americans who are out of work...unfortunately, based on what we've seen over the past few years, EPA has used agriculture producers as offenders, not partners."

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EPA Farm Advisory Group to Hold Public Meeting June 22-23

The EPA Farm, Ranch and Rural Communities Committee (FRRCC) will hold a public meeting in Arlington, VA, June 22-23 to discuss “specific topics of unique relevance to agriculture, such as effective approaches to addressing water quality issues associated with agricultural production.” FRRCC, created some years ago to counter criticisms EPA is out of touch with the reality of farm production when it writes its regulations, is deemed a “policy-oriented committee” providing advice, information and recommendations to EPA on a range of environmental issues. Details of the meeting and how to register can be found at www.epa.gov/ocempage/frcc/ . The committee membership is posted at www.epa.gov/ocempage/frcc/members.htm.

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USDA: 2010 Cost of Raising a Child is \$226,920

A middle class family’s cost of raising a child born in 2010 to the age of 17 is expected to be \$226,920 for food, shelter and other necessities. That number spikes to \$286,860, if inflation projections are factored in. The cost is a 2% increase from 2009, and includes expenses for transportation, child care, education, health care, housing, food, clothing and miscellaneous child-rearing expenses. This the 50th year USDA has reported on the costs of raising a child.

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New Bills

S. 1157

Sen. Kirsten Gillibrand (D, NY) introduced legislation that would require plants that produce the cuts and trimmings that make ground beef to test their products regularly before it is ground and again before all the components are ground together. For those facilities where source trim and grinding occurs at the same facility, the legislation requires one test of the source trim and another test of the final ground product. If ground beef is found to be contaminated, the bill requires the company to properly dispose of the contaminated batch, or cook the meat to a temperature that destroys the E. coli.

H.R.2132

Democratic New York Reps. Nita Lowey and Steve Israel introduced the Skin Cancer Prevention, Education, and Consumer Right-To-Know Act to require FDA to publish a final sunscreen monograph within 180 days of the bill's enactment and require the Secretary of HHS to establish a nationwide education campaign "identifying the risks posed by sun exposure without the use of a sunscreen providing broad-spectrum protection."

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