



# Beef Business

► A look at current issues affecting the cattle industry. Compiled by *Shauna Rose Hermel*

## Agricultural Act of 2014 marks new era for farm and food policy

President Barack Obama signed the Agricultural Act of 2014 into law Feb. 7, following the bill's passage in the U.S. House of Representatives on Jan. 29 by a vote of 251-166 and passage in the U.S. Senate on Feb. 4 on a 68-32 vote.

"The amazing reality about farm bills is that they reflect the times in which we live," said House Agriculture Committee Chairman Frank Lucas. "They are reviewed, written, debated and reauthorized nearly every five years. Today our concerns are rightly placed on reducing the size and cost of the federal government. With the president signing the Agricultural Act of 2014 into law, we mark a new era of farm and food policy that values saving money, reforming or repealing government programs, and yet still providing an effective safety net for the production of our national food supply and for those Americans who are struggling."

In a news release tendered by the House Agriculture Committee, Lucas noted the following laundry list of reforms in the 2014 Farm Bill:

**Farm policy reforms.** The Agricultural Act of 2014 includes the most significant reduction to farm policy spending in history by improving agricultural programs, according to the release.

- Repeals direct payments and limits producers to risk-management tools that offer protection when they suffer significant losses.
- Limits on payments are reduced, eligibility rules are tightened, and means tests are streamlined to make farm programs more accountable.
- Strengthens crop insurance, a successful public/private partnership that ensures farmers invest in their own risk management.
- Provides historic reforms to dairy policy by repealing outdated and ineffective dairy programs. Offers producers a new, voluntary, margin-protection program without imposing government-mandated supply controls.
- Supports small businesses and beginning farmers and ranchers with training and access to capital.

**Food stamp reforms.** The Agricultural Act of 2014 makes the first reforms to the food stamp program since the welfare reforms of 1996 while maintaining critical food assistance to families in need, according to the release.

- Closes the "heat-and-eat" loophole that artificially increases benefit levels when states provide nominal Low Income Home Energy Assistance Program (LIHEAP) assistance.
- Establishes a 10-state pilot to empower states to engage able-bodied adults in mandatory work programs.
- Prohibits USDA from engaging in Supplemental Nutrition Assistance Program (SNAP) recruitment activities, and advertising SNAP on TV, radio, billboards and through foreign governments.
- Ensures illegal immigrants, lottery winners, traditional college students, and the deceased do not receive benefits.
- Ensures SNAP recipients are not receiving benefits in multiple states.
- Prevents abuses such as water dumping to exchange bottles for cash.
- Demands outcomes from existing employment and training programs.
- Prohibits states from manipulating SNAP benefit levels by eliminating medical marijuana as an allowable medical expense.
- Allows states to pursue retailer fraud through a pilot investigation program and crack down on trafficking through data mining, terminal ID and other measures.
- Increases assistance for food banks.

**Additional reforms and regulatory relief.** Lucas says the Agricultural Act of 2014 includes multiple regulatory relief provisions benefitting agricultural and forestry industries.

- Consolidates 23 duplicative and overlapping conservation programs into 13.
- Provides one year of full funding for the Payment In Lieu of Taxes (PILT) program, which provides funding for vital services in communities containing federal lands.
- Provides certainty to the forest products industry by clarifying that forest roads and related silvicultural activities should

not be treated as a point source under the Clean Water Act.

- Creates a permanent subcommittee within the Environmental Protection Agency (EPA) Science Advisory Board to conduct peer review of EPA actions that would negatively impact agriculture.
- Enhances coordination between USDA, EPA, U.S. Fish and Wildlife Service (USFWS) and the National Oceanic and Atmospheric Administration (NOAA) regarding the conflict between laws governing pesticide use and the Endangered Species Act.
- Enhances coordination between USDA and the USFWS regarding actions taken to manage the lesser prairie chicken.
- Eliminates duplicative reporting requirements for seed importers; requires improved economic analysis of FDA regulations.

*Source: House Committee on Agriculture.*

## American Farm Bureau Federation welcomes 2014 Farm Bill

After more than two years of dedicated work toward passage, farmers and ranchers from across the nation now have answers about how they can manage the many and varied risks they face in producing food and fiber, according to American Farm Bureau Federation (AFBF) President Bob Stallman. "Farm Bureau believes this farm bill will give farmers and ranchers a measure of business certainty for this and coming years, allowing them to better manage risk while carrying out the important business of providing food and jobs for America."

Stallman credited congressional Agriculture Committee leaders, House Chairman Frank Lucas (R-Okla.), House Ranking Member Collin Peterson (D-Minn.), Senate Chairwoman Debbie Stabenow (D-Mich.), and Senate Ranking Member Thad Cochran (R-Miss.), for their leadership, perseverance and cooperation during what was a long, difficult and politically charged farm bill cycle.

Including the cuts already made through sequestration, the Farm Bill will save \$23 billion over the next 10 years. It will enhance rural economies with additional jobs, invest in research and education and include reform that works for farm and ranch families. Importantly, the bill also provides disaster

provisions for livestock producers and fruit and vegetable growers.

Source: American Farm Bureau Federation.

### President Obama picks veterinary college as site to sign Farm Bill

President Obama signed the long-awaited Farm Bill at the Mary Anne McPhail Equine Performance Center at Michigan State University's College of Veterinary Medicine.

The Farm Bill is only the second time that Obama has signed legislation in a location other than the White House. This vital legislation has a far-reaching impact on the work veterinarians do every day to protect the health and welfare of both people and animals. Fittingly, he chose a college of veterinary medicine to sign it into law.

In describing the impact of the Farm Bill, Obama said, "It's like a Swiss Army Knife — it multitasks. It creates more good jobs and gives more Americans a shot at opportunity."

"The Farm Bill is often referred to as the 'Food, Farm and Jobs Bill,' but here at the AVMA (American Veterinary Medical Association), we'd like to add that it's a bill for animals, too, because of its far-reaching impact on the work that veterinarians do every day to protect their health and welfare," said Ron DeHaven, AVMA's executive vice president and CEO.


"We commend the president, as well as the Farm Bill conference committee and House and Senate leadership, for their diligence in passing a bill that helps ensure that Americans have access to the safest and

highest-quality food supply in the world," said Clark Fobian, AVMA president.

The Farm Bill contains several crucial veterinary research and food safety programs that are vitally important for animal health and welfare, including:

- ▶ Authorizing up to \$15 million annually for the National Animal Health Laboratory Network (NAHLN), a vital, early-warning disease-surveillance program that gives veterinarians and scientists the ability to test for economically devastating diseases such as bovine spongiform encephalopathy (BSE), foot-and-mouth disease (FMD), avian and swine influenza, and classical swine fever, many of which could affect public health.

CONTINUED ON PAGE 288



## Farm Bill Update

### NCBA Ag & Food Policy Committee offered an update on the 2014 Farm Bill.

National Cattlemen's Beef Association (NCBA) members attending the 2014 Cattle Industry Convention in Nashville, Tenn., had the opportunity to attend several committee meetings Feb. 6.

Kristina Butts, NCBA executive director of legislative affairs, presented an update on the Farm Bill to the Ag & Food Policy Committee. She noted that the bill, which had finally passed the House and Senate, contained several positives, such as removal of the livestock title, which was a top priority of NCBA, as well as maintaining funding for the conservation title. She noted that the 60% allocation for the Environmental Quality Incentives Program (EQIP) was in jeopardy at one point, but because of grassroots input, it was maintained.

Butts said they are excited for the research title and the provisions it outlines, and they are pleased that disaster assistance was kept in the final version of the Farm Bill. Butts also noted that the disaster assistance is retroactive to cover the past two years when no program was in place to offer such assistance.

In spite of those positives, Butts said they are very concerned with the mandatory country-of-origin labeling (mCOOL) provisions the 2014 Farm Bill failed to address.

"Unfortunately you (the beef industry) are going to suffer retaliations from our two largest trading partners — Canada and Mexico — if Congress does not fix the problematic COOL law," she said, noting that both countries did about \$1 billion dollars each in trade with the beef industry last year.

NCBA president Scott George also weighed in regarding the Farm Bill. He explained that NCBA has worked for three years to get the Farm Bill finalized. When it came time for this most recent version to be voted on, he said NCBA's leadership decided to publically oppose the Farm Bill because of the mCOOL requirements. "We know we need disaster assistance as that helps some of our producers, but we wanted to get mCOOL stopped, as that impacts every one of our producers. We hoped by opposing it, we could get it fixed before the final vote," he explained.

Of mCOOL George added, "When the Farm Bill came out without fixing mCOOL, it was a slap to the face of every livestock producer. The potential for this is really scary."

The current mCOOL label was determined by the Office of Management and Budget to cost the industry as much as \$100 million to implement, George said. "Packers and consumers are not going to pay it all; it's going to be passed back to feeders and cow-calf producers."

George expressed fear that beef's limited supply combined with mCOOL costs could cause more consolidation among the packing industry, which he said, "is not a good thing."

Butts noted that the retaliations list from Canada currently would impact numerous industries, including the U.S. wine industry, corn-based ethanol and sugar. She stated, "mCOOL is a much broader issue than just livestock. So as we work to get this fixed, we will be working with these other industries."

She asked for continued grassroots efforts and input and noted that it does make a difference.

— by Kindra Gordon, field editor

- ▶ Authorizing up to \$10 million annually to establish a new competitive Veterinary Services Grant Program, which will complement the existing Veterinary Medicine Loan Repayment Program. The new grant program is aimed at relieving veterinary shortage situations and supporting private veterinary practices that are engaged in public health activities in rural and underserved areas of the country.
- ▶ Expanding the Animal Health and Disease Research/1433 Formula Funds, which have traditionally focused on animal health and disease research, and will now include a competitive grant program that will focus on three areas: food security, One Health and stewardship. The program will look at improving food security in a variety of ways, including enhancing the efficiency of feed and reproduction in livestock; researching biological phenomena related to animal production; and improving pre- and postharvest food safety systems. In the area of One Health, the program will explore topics such as vaccine development, the control of zoonotic diseases, and the quality and nutrition value of food products.
- ▶ Establishing a Foundation for Food and Agriculture Research, which would provide \$200 million in funding for new research projects aimed at addressing key problems of national and international significance, including knowledge gaps in animal and plant health, food production and products, food safety, and nutrition and health, to name a few.
- ▶ Reauthorizing up to \$2.5 million annually for the Food Animal Residue Avoidance Databank (FARAD), which gives scientists the tools they need to provide vital information to veterinarians and livestock producers to ensure that milk, meat and eggs are free of drug and chemical residues before entering the food supply.
- ▶ Reauthorizing up to \$700 million annually for the Agriculture and Food Research Initiative (AFRI), which provides grants for research, education and extension work into sustaining all components of U.S. agriculture. The program has added new priority areas for research, including the study and development of surveillance methods; vaccines, vaccination delivery systems and diagnostics for pests and diseases,

including epizootic diseases in domestic livestock; zoonotic diseases in domestic livestock or wildlife reservoirs that present potential public health concerns; the identification of animal drug needs; and the generation and dissemination of data for the safe and effective therapeutic uses of animal drugs for minor species (such as sheep, goats, rabbits, guinea pigs, zoo animals, fish and shellfish, etc.) and minor uses in major species (i.e., dogs, cats, horses, cattle, swine, chickens and turkeys).

In addition to supporting those food research and food safety programs, the newly approved Farm Bill also includes an important provision that cracks down on the abusive practice of animal fighting by making it a federal crime to attend, or cause a minor under the age of 16 to attend, these cruel events. Targeting those who participate in animal fights is essential to putting organizers out of business.

For more information about the association's priorities for the Farm Bill, see AVMA's legislative agenda for the 113th Congress.

*Source: American Veterinary Medical Association.*

### Service reopens comment period on wolf proposal

Following receipt of an independent scientific peer review, the USFWS is reopening the comment period on its proposal to list the Mexican wolf as an endangered subspecies and remove the gray wolf from the Endangered Species List. The



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USFWS is making that report available for public review, and, as of Feb. 10, interested stakeholders had an additional 45 days to provide information that may be helpful to the USFWS in making a final determination on the proposal.

The independent scientific peer review was hosted and managed by the National Center for Ecological Analysis and Synthesis (NCEAS), a highly respected interdisciplinary research center at the University of California–Santa Barbara. At the USFWS's request, NCEAS sponsored and conducted a peer review of the science underlying the USFWS proposal.

“Peer review is an important step in our efforts to assure that the final decision on our proposal to delist the wolf is based on the best available scientific and technical information,” said USFWS Director Dan Ashe. “We thank the National Center for Ecological Analysis and Synthesis for conducting a transparent, objective and well-documented process. We are incorporating the peer-review report into the public record for the proposed rulemaking and, accordingly, reopening the public comment period to provide the public with the opportunity for input.”

The peer-reviewed report is available online, along with instructions on how to provide comment and comprehensive links relating to the proposal, at [www.fws.gov/home/wolfrecovery](http://www.fws.gov/home/wolfrecovery).

The USFWS will post all comments on [www.regulations.gov](http://www.regulations.gov). This generally means the agency will post any personal information provided through the process. The USFWS is not able to accept email or faxes. Comments must be received by midnight on March 27.

The *Federal Register* publication of this notice was available online as of Feb. 10 at [www.fws.gov/policy/frsystem/default.cfm](http://www.fws.gov/policy/frsystem/default.cfm) by clicking on the “2014 Proposed Rules” under “Endangered and Threatened Wildlife and Plants.”

The USFWS expects to make final determination on the proposal by the end of 2014.

*Source: U.S. Fish and Wildlife Service*

### Montana hail program pays out record amount

Montana's hail insurance program paid out record amounts in 2013. Due to the costs associated with the extensive crop damage, the hail board voted to not offer refunds to farmers this year. After issuing 2,082 policies last year, the Montana Department of

CONTINUED ON PAGE 293

Agriculture and the hail board covered 1,046 losses totaling more than \$14 million from hail events. In the programs 98-year history, Montana hail program experienced the worst loss on record.

“The bottom line is Montana had a bad hail year. With sound fiscal management and a strong reserve fund, the department was able to cover 186% of premiums in 2013.

After reviewing the actuarial report at our annual meeting, the hail board voted to not offer refunds to farmers this year to keep the program whole for next year,” said Montana Department of Agriculture Director Ron de Yong.

The Montana state hail insurance program was created to

provide basic hail insurance coverage on any crop grown in the state. The five-member board consists of Commissioner of Insurance Monica Lindeen, de Yong, Chair Gary Gollehon, and producers Trudy Lass Skari and Jim Schillinger. A reserve fund is maintained to provide security for the program’s financial responsibilities.

“This might have been a once-in-a-lifetime hail year, but we need to be prepared for the worst and hope for the best. Currently, we are looking into reinsurance so Montana farmers are protected next year,” explained Gary Gollehon, chairman of the hail board.

The program, with existing reserves, can cover 122% of claims next year. In examining reinsurance, the board must consider catastrophic weather events that could be harmful to farmers.

*Source: Montana Department of Agriculture*

**Record \$16 million verdict in grain entrapment incident**

Following a two-and-a-half-week trial, a Carroll County (Ill.) jury deliberated just 8 hours before granting \$8 million to each of the two plaintiffs’ families who were working at Haasbach at a Consolidated Grain and Barge Co. grain elevator.

The incident involved the July 2010 deaths of Wyatt Whitebread, 14, and Alejandro Pacas, 19, who were standing on the grain in the bin, pushing the grain down to go to a

conveyor. According to a third worker, Will Piper, he and Pacas jumped in to save Whitebread who was crying for help as he was being buried like quicksand. Pacas jumped into what became a sinkhole trying to pull out Whitebread and they both suffocated. Piper was partially engulfed to his neck for approximately 6 hours before rescuers were able to save him. The jury awarded him \$875,000.

“These boys should not have been working in the bin in the first place,” said Kevin Durkin, attorney at Clifford Law Offices, following the record verdict. “Consolidated Grain and Barge had ultimate responsibility for what went on in that bin and the company failed these families.”

*Source: Clifford Law Offices*

**Opportunity for all establishing a new ‘Made In Rural America’ export and investment initiative**

The president directed his administration, working through the White House Rural Council, to lead a new “Made in Rural America” export and investment initiative. This initiative is charged with bringing together federal resources to help rural businesses and leaders take advantage of new investment opportunities and access new customers and markets abroad.

Specifically, the president has instructed his Rural Council — in coordination with the USDA, the U.S. Department of Commerce, the Small Business Administration, the Export-Import Bank, the Office of the U.S. Trade Representative and other agencies — to commit to connecting more rural businesses of all types to export information and assistance through a comprehensive strategy including the following specific commitments, to be provided over the next nine months:

- ▶ Host five “Made in Rural America” regional forums dedicated to promoting rural exports by providing rural leaders and businesses with information about federal and other resources available to help expand exports. Working with local partners, including the National Association of Counties (NACo), the Delta Regional Authority, and the Appalachian Regional Commission, these export-focused regional forums will help rural businesses take advantage of new market opportunities by providing training from experienced exporters and federal officials on the basics of exporting, accessing federal support, and participating in major trade events and trade shows across the

country, as well as overseas trade missions.

- ▶ Convene an “Investing in Rural America” conference later this year to connect major investors with rural business leaders, high-level government officials, economic development experts and other partners. This conference, hosted by the White House Rural Council in coordination with the USDA and other partners, will promote opportunities to invest in Rural America by highlighting successful projects in energy; biofuels and bioproducts; infrastructure, from transportation to water systems to telecommunications; healthcare; manufacturing; and local and regional food systems.
- ▶ Host training sessions to equip local USDA Rural Development staff in all 50 states plus territories with the tools they need to counsel businesses on export opportunities and resources. The Department of Commerce, through the Trade Promotion Coordinating Committee, will cross-train USDA Rural Development staff so they can better deliver support or refer rural businesses to federal services.
- ▶ Provide enhanced export counseling for rural businesses to connect with foreign buyers through the Department of Commerce’s U.S. Export Assistance Center trade specialists in more than 100 domestic locations and in collaboration with the USDA’s field staff.
- ▶ Coordinate across the administration to promote rural-produced goods and services at trade events including trade missions, buyer programs, trade shows, and other promotion programs.
- ▶ Educate local leaders across the country on the importance of rural exports in partnership with NACo and through the Trade Promotion Coordinating Committee in order to connect these leaders with federal resources and information to better support rural businesses to develop their potential for exporting.
- ▶ Use the BusinessUSA online platform to better connect rural businesses with export and investment resources and coordinate support from across the federal government. BusinessUSA was launched by the president last year to serve as a “one-stop-shop” that matches businesses and entrepreneurs to the full range of services and resources available to them at every stage of development.

