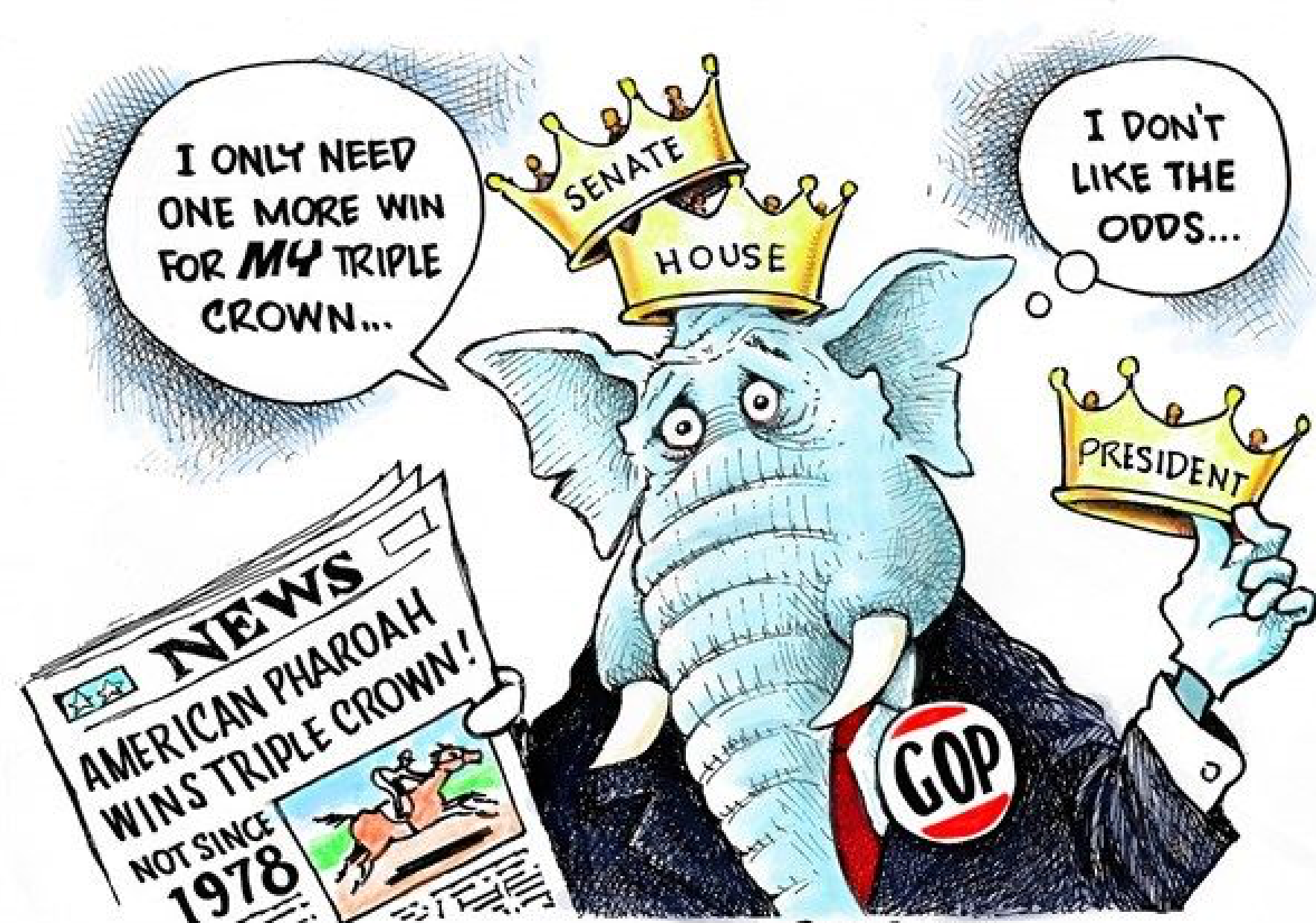


# Politics and Policy Update – 9.13.2016

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BY KODY BESSENT, PLAINS COTTON GROWERS, INC.

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DAVE GRANLUND © [www.davegranlund.com](http://www.davegranlund.com)

# POLITICAL UPDATE

T – MINUS 55  
DAYS TILL  
ELECTION

# Big news out of the “Big First”

## Kansas vote shows power of ag lobby

### DC Dialogue

Huelskamp's loss shows government needs to do something besides just stand on principles ahead of next farm bill.

Published on: **August 5, 2016**

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Tuesday night, Dr. Roger Marshall from Kansas' "Big First" district won the primary against three-term incumbent and Tea Party conservative Rep. Tim Huelskamp, after a closely-followed race. Marshall, endorsed by several national and state agriculture groups, won with 57% of the vote to secure himself the candidacy.

Marshall's victory in the primary is an important step forward in reclaiming a House Agriculture Committee seat for Kansas' First district. The Big First is a district that encompasses more than 60 counties across two time zones.

But it also shows the agricultural lobby will not stand with someone who doesn't listen to his constituents and offer them a voice when needed. Huelskamp was kicked off the House Agriculture Committee by then House Speaker John Boehner. For the first time in nearly a century, Kansas didn't have a voice on the House Agriculture Committee. He also was removed from the House Budget Committee. During his days as a state representative he was also asked to step down from a committee, showing for him, this wasn't a one-time fluke.

National commodity groups such as the National Sorghum Producers and National Assn. of Wheat Growers as well as the Kansas Farm Bureau and Kansas Livestock Assn. had **all come out endorsing Marshall**. In the primary, outside groups poured more than \$2.5 million into the massive stretch of Kansas farmland, and much of the advertising took aim at Huelskamp's lack of commitment to supporting local agriculture in Congress.

Huelskamp, although hailing from a farm himself, voted against the farm bill. He had also proposed eliminating the Renewable Fuels Standard.



209 Clinton/Kaine

Toss Ups  
175

Trump/Pence 154

86 89 34 175 65 26 63

270 Electoral Votes Needed To Win (Create Your Own Map)

Recent Elections: 2012 | 2008 | 2004 | 2000 | 1996 | 1992 | 1988 | 1984 | 1980 | 1976 | 1972

Likely Clinton (89)

Connecticut (7)  
Rhode Island (4)  
New Jersey (14)  
Washington (12)  
Delaware (3)  
Illinois (20)  
New York (29)  
Solid Clinton

Leans Clinton (34)

Colorado (9)  
Minnesota (10)  
Oregon (7)  
New Mexico (5)  
Maine (3)

Toss Up (175)

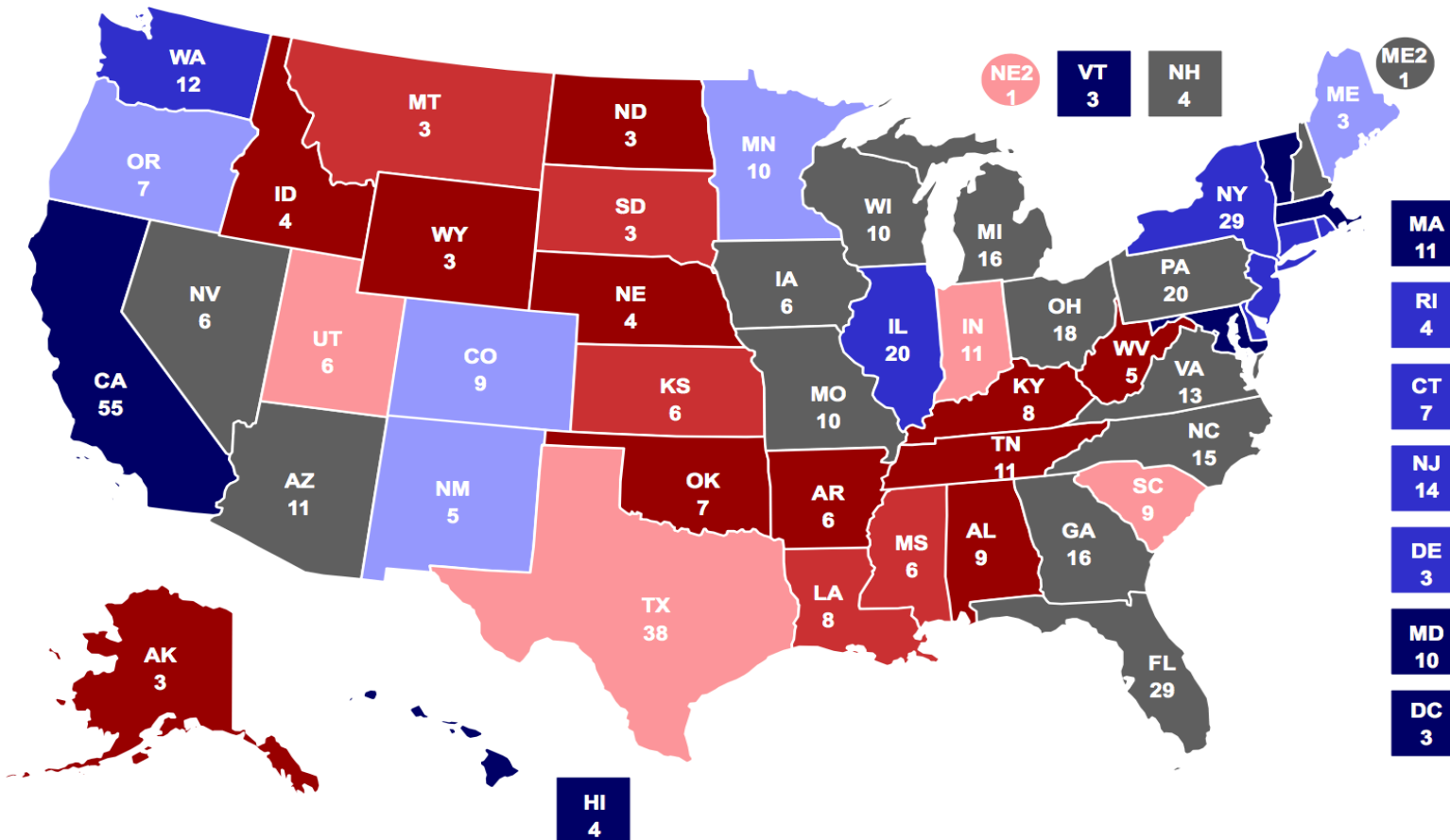
Ohio (18)  
Florida (29)  
Michigan (16)  
Iowa (6)  
Nevada (6)  
Arizona (11)  
Wisconsin (10)  
Pennsylvania (20)  
Virginia (13)  
North Carolina (15)  
Georgia (16)  
New Hampshire (4)  
Missouri (10)  
Maine CD2 (1)

Leans Trump (65)

Indiana (11)  
South Carolina (9)  
Utah (6)  
Texas (38)  
Nebraska CD2 (1)

Likely Trump (26)

Mississippi (6)  
Montana (3)  
Louisiana (8)  
South Dakota (3)  
Kansas (6)  
Solid Trump



# Race for the White House

Currently estimated that Trump must significantly out perform Romney among white working class voters in PA, OH, FL to have a chance of winning the electoral college.

47 Democrats \*

Toss Ups  
7

Republicans 46

44 Safe or Not Up

1 2 7 2 4

40 Safe or Not Up

51 Seats Needed For Majority

Likely Dem	Leans Dem	Toss Up	Leans GOP	Likely GOP
CO: Bennet (D) Safe Dem Seats	WI: Johnson (R) IL: Kirk (R)	FL: Rubio (R) IN: Open (R) PA: Toomey (R) NV: Open (D) NC: Burr (R) NH: Ayotte (R) MO: Blunt (R)	OH: Portman (R) IA: Grassley (R)	GA: Isakson (R) AZ: McCain (R) KY: Paul (R) LA: Open (R) Safe GOP Seats

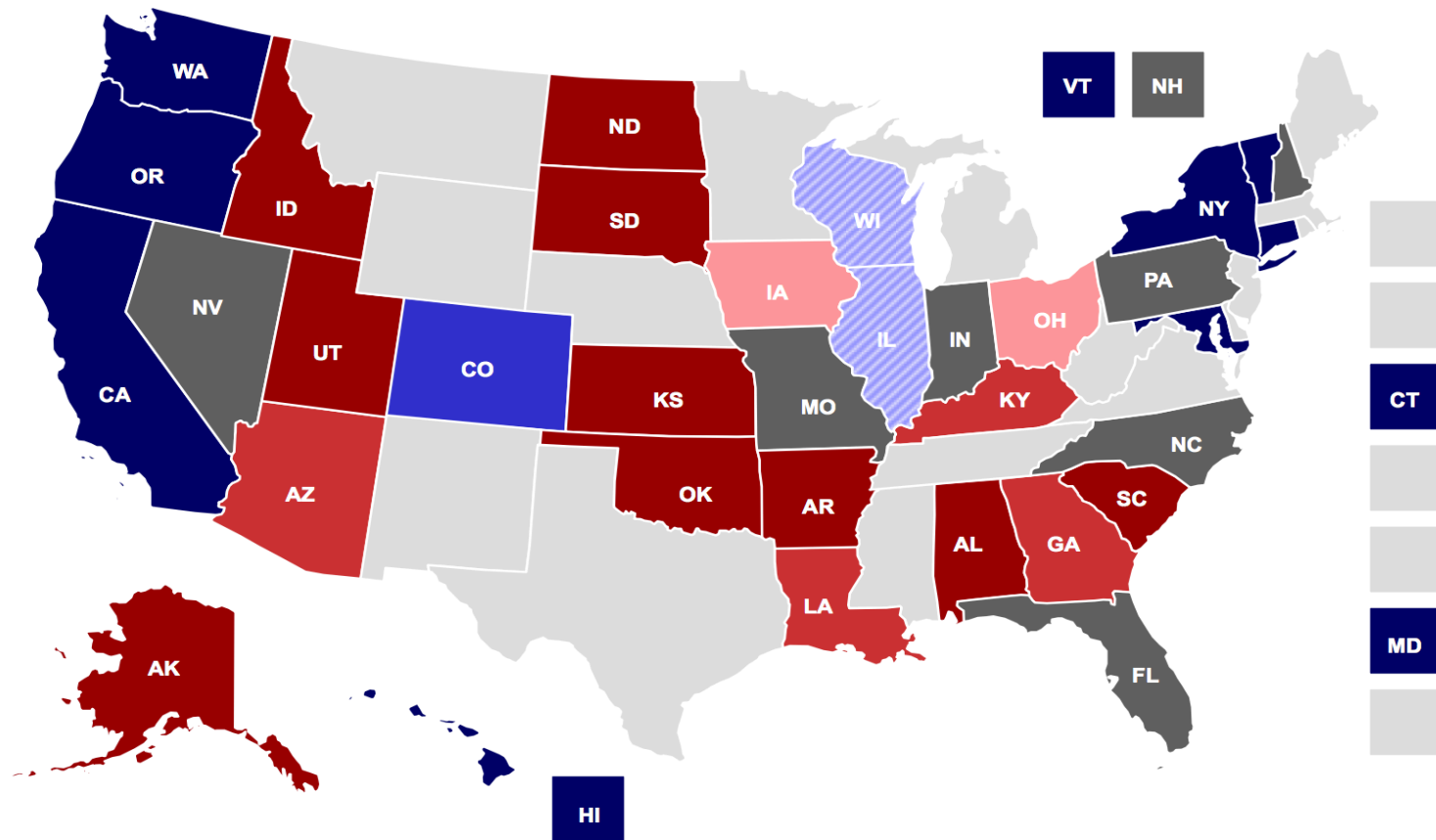
# Race for the Senate

36 Seats Up

10 Dem Held

26 GOP Held

6 GOP Seats in States Obama Won – FL, IA, NH, OH, PA, WI



CREATE YOUR OWN MAP

DEMOCRATS		REPUBLICANS	
Safe	Likely	Safe	Likely
Leans	Toss up	Leans	Toss up
Pick-ups ( IL WI )		Pick-ups	

\* Sen. Angus King (I-ME) currently caucuses with the Democrats.



Democrats 191

226 Republicans

177

6

8

18

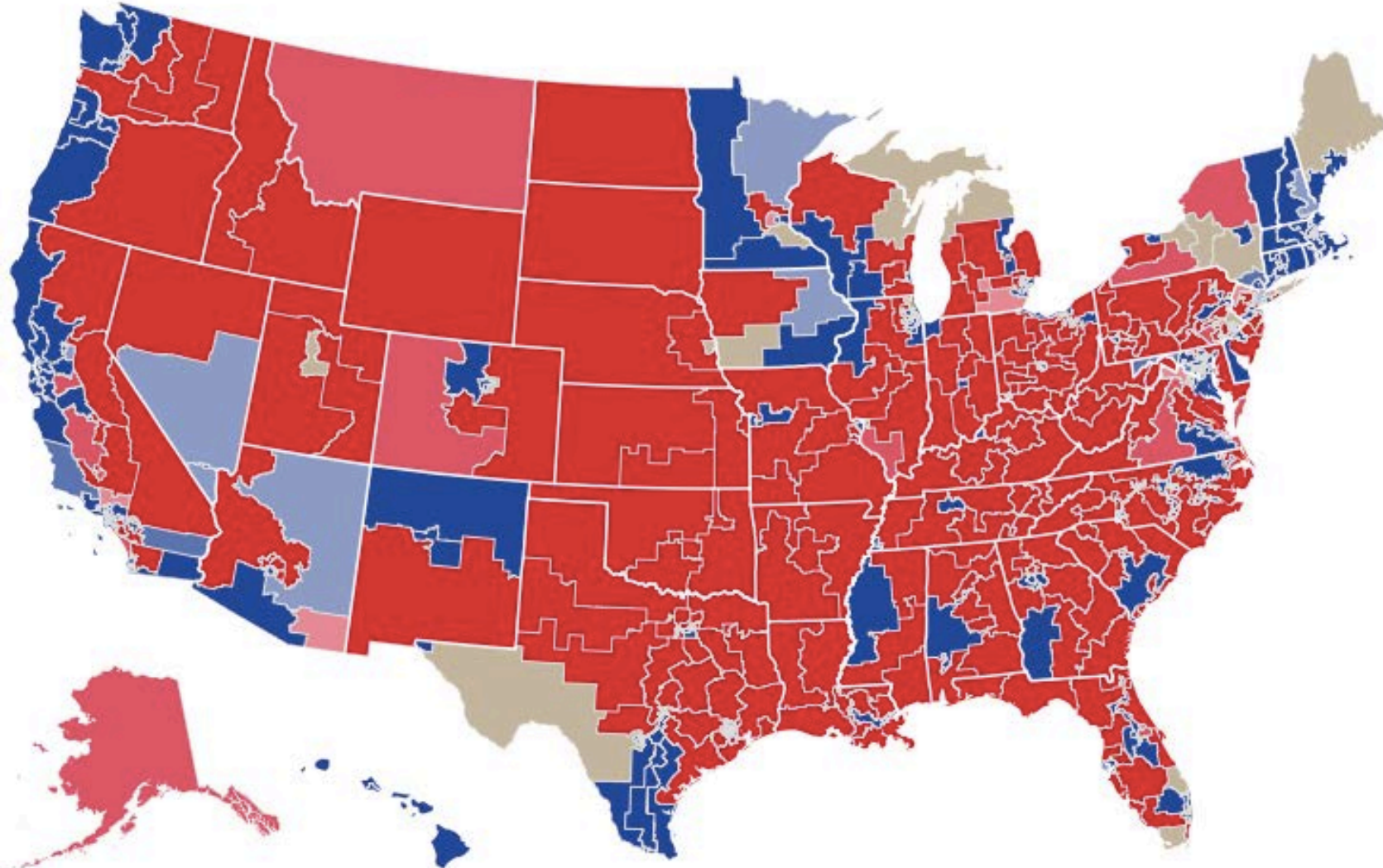
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13

207

# Race for the House Less Competitive

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Democrats 191

226 Republicans

177

6

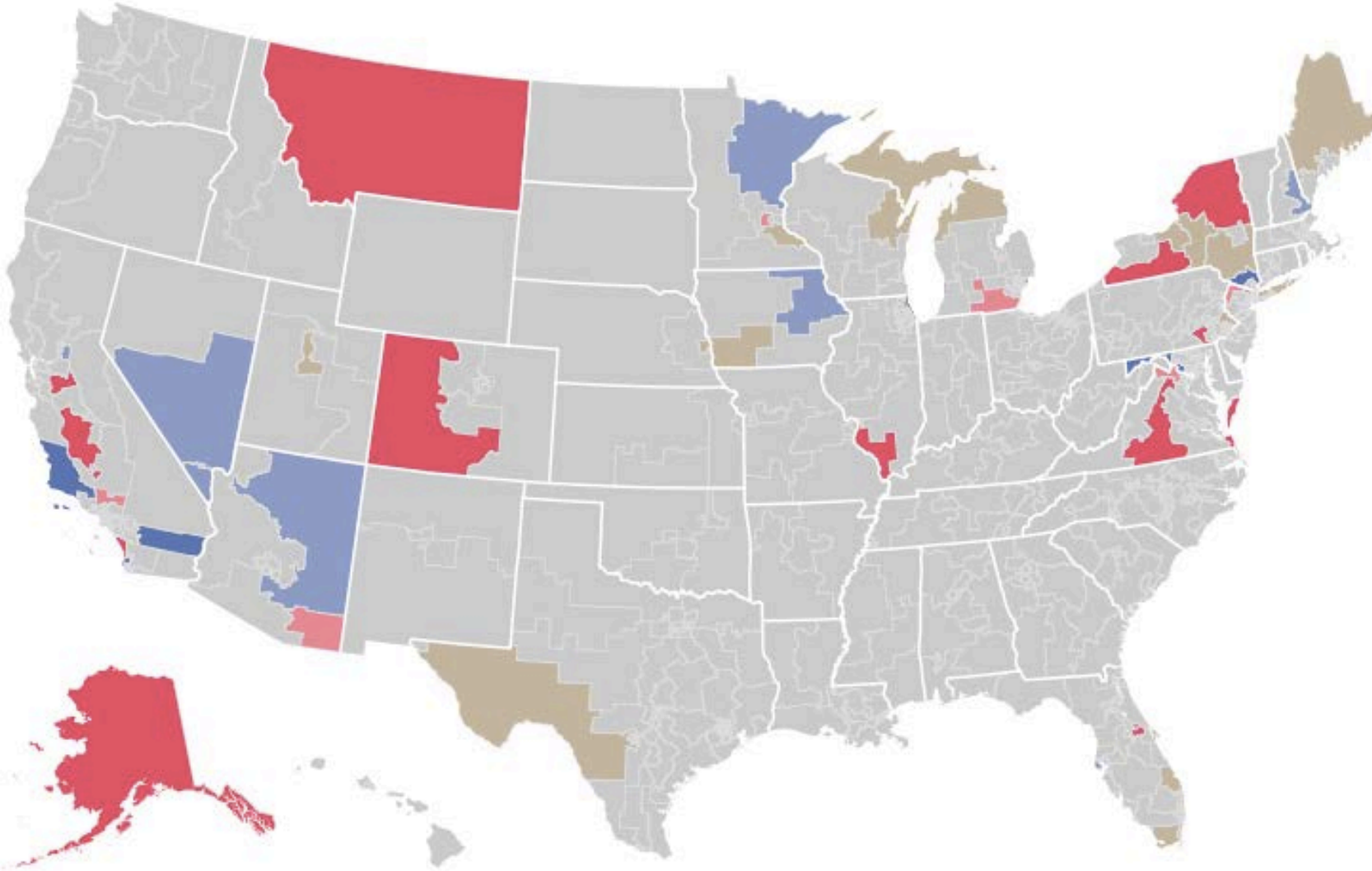
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207



## Race for the House Less Competitive

Only 32 districts up for grabs at this point. GOP could lose all of them and still have a 2 seat majority.

# Status of Appropriations

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Attempt at “regular order” in 2016 – move all 12 bills separately and with open amendment process

- Only two of twelve bills passed both chambers to date



# Status of Appropriations

Bill	House Committee	Senate Committee	House Floor	Senate Floor	Conference Report
Agriculture	Passed 4/19	Passed 5/19			
CJS	Passed 5/24	Passed 4/21			
Defense	Passed 5/17	Passed 5/26	Passed 6/16	Rejected MTP 7/7	
Energy and Water	Passed 4/19	Passed 4/14	Passed 5/26	Passed 5/12	
Financial Services	Passed 6/9	Passed 6/16	Passed 7/7		
Homeland Security	Passed 6/22	Passed 5/26			

# Status of Appropriations

Bill	House Committee	Senate Committee	House Floor	Senate Floor	Conference Report
Interior	Passed 6/15	Passed 6/16	Passed 7/14		
Labor/HHS	Passed 7/14	Passed 6/9			
Legislative Branch	Passed 5/17	Passed 5/19	Passed 6/10		
MilCon/VA	Passed 4/13	Passed 4/14	Passed 5/19	Passed 5/19	Senate rejected cloture on 6/28 and again on 7/14
State/Foreign Ops	Passed 7/12	Passed 6/29			
Transportation/ HUD	Passed 5/24	Passed 4/21			

What is the latest holdup?

---



# Leadership's Last Resort – CR

ns ☰

estic programs would receive as big a funding increase

The Washington Post

Republicans are now debating how long a stop-gap spending bill they need to move before the end of the fiscal year on Sept. 30 should last. Congress goes on a seven week recess after this week and will return after Labor Day.

Some House conservatives are pushing for a bill, known as a continuing resolution or CR, that would last six months so work on this year's annual spending work can be completed with a new president in the White House rather than have a massive year-end omnibus funding measure pushed through during a post-election lame duck session. A CR generally funds the government at current spending levels and includes few policy provisions.

# Leadership's next move – The MiniBus or OmniBus?

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# What to Expect Moving Forward

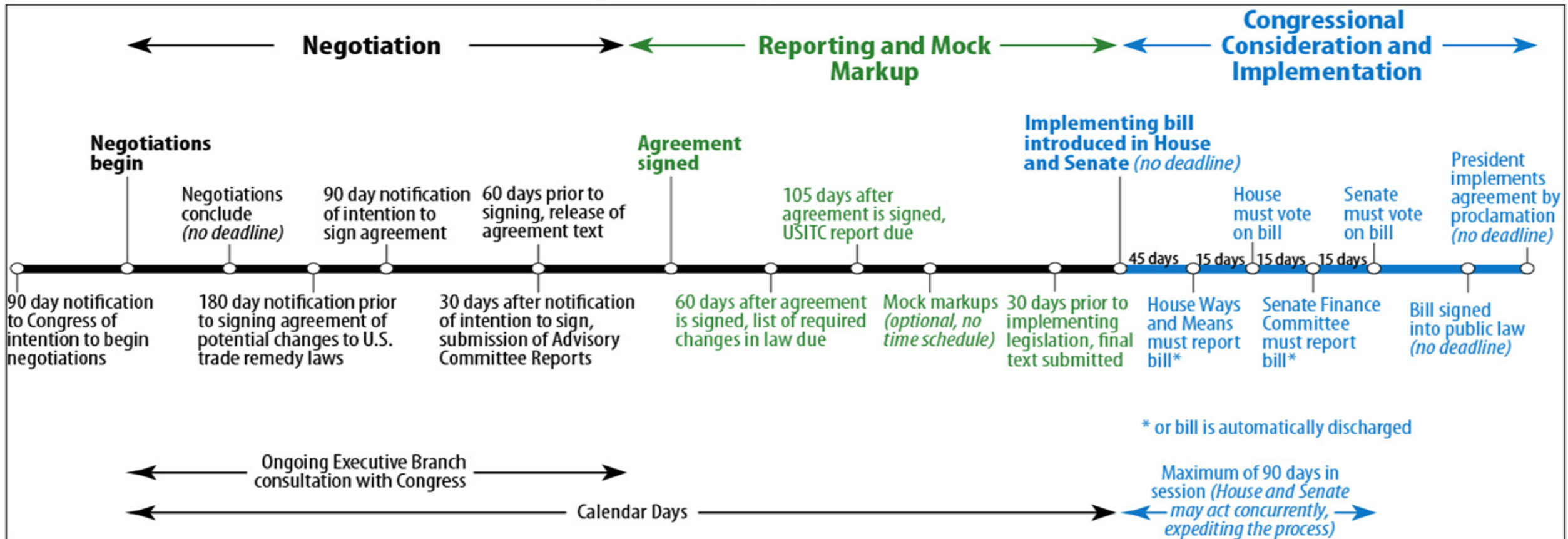
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## Appropriations Activity

- Expect short-term CR in Sept. (through early Dec?)
- Decision by Dec. on long-term CR or omnibus bill
- Possibly pass several smaller, combined appropriations packages
- Election outcome will influence decision

# TPP in Lame Duck Session?

Figure B-1. Congressional Timeline



# Calendar is Running out... 28 Working Days left in House, 38 in Senate.

JULY	AUGUST	SEPTEMBER
1 2	1 2 3 4 5 6	1 2 3
3 4 5 6 7 8 9	7 8 9 10 11 12 13	4 5 6 7 8 9 10
10 11 12 13 14 15 16	14 15 16 17 18 19 20	11 12 13 14 15 16 17
17 18 19 20 21 22 23	21 22 23 24 25 26 27	18 19 20 21 22 23 24
24 25 26 27 28 29 30	28 29 30 31	25 26 27 28 29 30
31		
OCTOBER	NOVEMBER	DECEMBER
1	1 2 3 4 5	1 2 3
2 3 4 5 6 7 8	6 7 8 9 10 11 12	4 5 6 7 8 9 10
9 10 11 12 13 14 15	13 14 15 16 17 18 19	11 12 13 14 15 16 17
16 17 18 19 20 21 22	20 21 22 23 24 25 26	18 19 20 21 22 23 24
23 24 25 26 27 28 29	27 28 29 30	25 26 27 28 29 30 31
30 31		

**(Red days = Senate not in session)**



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## FARM POLICY UPDATE

2 YEARS IN, 3 (MAYBE) TO GO

**TABLE 2. PROJECTED 2015 PRICE LOSS (PLC) COVERAGE PAYMENT RATES  
 BASED ON STATUTORY REFERENCE PRICES, PROJECTED 2015/16 MARKET YEAR AVERAGE (MYA) PRICES AND 2015 NATIONAL AVERAGE LOAN RATES  
 August 31, 2016 1/**

A	B	C	D	E	F	G	H Higher of (F or G)	I Higher of (E-H or zero)	J (E-G)
Commodity	Marketing Year	Publishing Dates for the Final 2015/16 MYA Price and 2015 PLC Effective Price	Unit	Statutory Reference Price	Projected (P) or Final (F) 2015/16 MYA Price	2015 National Loan Rate	Projected (P) or Final (F) 2015 Effective Price	Projected (P) or Final (F) 2015 PLC Payment Rate	Maximum PLC Payment Rate
Wheat	Jun. 1-May 31	June 29, 2016	Bushel	\$5.50	\$4.89 F	\$2.94	\$4.89 F	\$0.61 F	\$2.56
Barley	Jun. 1-May 31	June 29, 2016	Bushel	\$4.95	\$5.52 F	\$1.95	\$5.52 F	\$0.00 F	\$3.00
Oats	Jun. 1-May 31	June 29, 2016	Bushel	\$2.40	\$2.12 F	\$1.39	\$2.12 F	\$0.28 F	\$1.01
Peanuts	Aug. 1-Jul. 31	August 31, 2016	Pound	\$0.2675	\$0.1930 P	\$0.1775	\$0.1930 F	\$0.0745 F	\$0.0900
Corn	Sep. 1-Aug. 31	September 29, 2016	Bushel	\$3.70	\$3.60 P	\$1.95	\$3.60 P	\$0.10 P	\$1.75
Grain Sorghum	Sep. 1-Aug. 31	September 29, 2016	Bushel	\$3.95	\$3.30 P	\$1.95	\$3.30 P	\$0.65 P	\$2.00
Soybeans	Sep. 1-Aug. 31	September 29, 2016	Bushel	\$8.40	\$8.95 P	\$5.00	\$8.95 P	\$0.00 P	\$3.40
Dry Peas	Jul. 1-Jun. 30	September 29, 2016	Pound	\$0.1100	\$0.1280 P	\$0.0540	\$0.1280 P	\$0.0000 P	\$0.0560
Lentils	Jul. 1-Jun. 30	September 29, 2016	Pound	\$0.1997	\$0.3090 P	\$0.1128	\$0.3090 P	\$0.0000 P	\$0.0869
Large Chickpeas	Sep. 1-Aug. 31	November 30, 2016	Pound	\$0.2154	\$0.3100 P	\$0.1128	\$0.3100 P	\$0.0000 P	\$0.1026
Small Chickpeas	Sep. 1-Aug. 31	November 30, 2016	Pound	\$0.1904	\$0.2500 P	\$0.0743	\$0.2500 P	\$0.0000 P	\$0.1161
Sunflower Seed	Sep. 1-Aug. 31	November 30, 2016	Pound	\$0.2015	\$0.1970 P	\$0.1009	\$0.1970 P	\$0.0045 P	\$0.1006
Canola	Jul. 1-Jun. 30	November 30, 2016	Pound	\$0.2015	\$0.1570 P	\$0.1009	\$0.1570 P	\$0.0445 P	\$0.1006
Flaxseed	Jul. 1-Jun. 30	November 30, 2016	Bushel	\$11.284	\$9.000 P	\$5.650	\$9.000 P	\$2.284 P	\$5.634
Mustard Seed	Sep. 1-Aug. 31	November 30, 2016	Pound	\$0.2015	\$0.3180 P	\$0.1009	\$0.3180 P	\$0.0000 P	\$0.1006
Rapeseed	Jul. 1-Jun. 30	November 30, 2016	Pound	\$0.2015	\$0.4320 P	\$0.1009	\$0.4320 P	\$0.0000 P	\$0.1006
Safflower	Sep. 1-Aug. 31	November 30, 2016	Pound	\$0.2015	\$0.2450 P	\$0.1009	\$0.2450 P	\$0.0000 P	\$0.1006
Crambe	Sep. 1-Aug. 31	November 30, 2016	Pound	\$0.2015	\$0.5180 P	\$0.1009	\$0.5180 P	\$0.0000 P	\$0.1006
Sesame Seed	Sep. 1-Aug. 31	November 30, 2016	Pound	\$0.2015	\$0.3900 P	\$0.1009	\$0.3900 P	\$0.0000 P	\$0.1006
Rice (long grain)	Aug. 1-Jul. 31	October 31, 2016	Pound	\$0.1400	\$0.1100 P	\$0.0650	\$0.1100 P	\$0.0300 P	\$0.0750
Rice (med/short grain) 2/	Aug. 1-Jul. 31	October 31, 2016	Pound	\$0.1400	\$0.1130 P	\$0.0650	\$0.1130 P	\$0.0270 P	\$0.0750
Rice (temperate japonica)	Oct. 1-Sep. 30	January 31, 2017	Pound	\$0.1610	\$0.1800 P	\$0.0650	\$0.1800 P	\$0.0000 P	\$0.0960



# Scene 1; Marketing Loan Score – May 2013

## PROGRAM PAYMENT SUMMARY

CBO's May 2013 Baseline

{Direct, CCP, ACRE & MLG Only}

	Fiscal Year												Total
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2013-23
	Actual	-----	-----	-----	-----	Projection	-----	-----	-----	-----	-----	-----	-----

Millions of Dollars

### Total Marketing Loan Benefits

Corn	0	0	2	4	5	6	5	5	5	5	4	3	44
Soybeans	0	0	4	17	16	13	11	14	17	18	15	12	137
Wheat	0	0	0	0	0	0	0	0	0	0	0	0	0
Upland Cotton	0	4	5	14	27	33	37	40	38	44	43	43	328
Rice	0	3	7	6	6	6	6	6	6	6	6	6	64
Peanuts	6	12	12	20	25	26	27	28	28	30	30	31	269
Sorghum	0	0	2	2	2	2	2	2	1	1	1	1	17
Barley	0	0	1	2	1	1	1	1	1	2	1	1	13
Oats	0	0	1	1	1	1	1	1	1	1	1	1	11
Other Oilseeds	0	0	1	1	2	2	2	2	2	2	2	2	16
Wool	0	1	3	3	3	3	3	3	3	3	3	3	31
Mohair	0	1	1	1	1	1	1	1	1	1	1	1	11
Honey	0	3	3	3	3	3	3	3	3	3	3	3	33
Dry Peas	0	2	2	2	2	2	2	2	2	2	2	2	22
Lentils	0	2	2	2	2	2	2	2	2	2	2	2	22
Small Chickpeas	0	0	0	0	0	0	0	0	0	0	0	0	0
Large Chickpeas	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total Marketing Loan Benefit:</b>	<b>6</b>	<b>28</b>	<b>47</b>	<b>78</b>	<b>96</b>	<b>101</b>	<b>103</b>	<b>110</b>	<b>111</b>	<b>119</b>	<b>115</b>	<b>111</b>	<b>1,018</b>

continued

July 6, 2016



# BULLETIN



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## 2016 Loan Deficiency Payments Now In Effect

As cash commodity prices have dropped recently, producers have been watching for LDP's to go into effect, which happened this week. Loan Deficiency Payments (LDP's) were first utilized in the 1990's as a way to provide commodity producers price protection up to the USDA-established commodity loan rate without obtaining a grain commodity Marketing Assistance Loan (MAL). The 2014 Farm Bill re-authorized LDP's and MAL's.

# Scene 2; Marketing Loan Score – March 2016

## PROGRAM PAYMENT SUMMARY CBO's March 2016 Baseline

	Fiscal Year												Total
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2016-26
	Actual	Projected											

### Total Marketing Loan Benefits

Millions of Dollars

Corn	0	8	25	24	21	18	14	11	11	11	12	12	165
Sorghum	0	3	8	7	6	4	4	4	3	3	3	3	50
Barley	0	3	6	8	8	9	9	8	7	7	7	7	79
Oats	0	1	1	1	1	1	1	1	1	1	1	1	9
<b>Total Feed Grains</b>	<b>0</b>	<b>15</b>	<b>40</b>	<b>39</b>	<b>35</b>	<b>32</b>	<b>27</b>	<b>23</b>	<b>23</b>	<b>22</b>	<b>22</b>	<b>23</b>	<b>303</b>
Soybeans	0	33	52	43	40	32	27	25	31	30	29	31	371
Wheat	0	34	127	128	116	72	67	63	61	62	60	64	852
Upland Cotton	360	255	272	79	71	55	31	41	54	63	69	84	1,075
Rice	1	4	10	12	13	13	12	12	14	12	14	16	132
Peanuts	16	49	55	60	70	67	60	54	53	54	49	54	626
Other Oilseeds	0	2	5	5	5	5	4	4	3	3	2	2	39
Wool	0	1	1	1	1	1	1	1	1	1	1	2	11
Mohair	0	0	0	0	0	0	0	0	0	0	0	0	0
Honey	1	1	1	0	0	0	0	0	0	0	0	0	2
Dry Peas	0	0	0	0	0	0	0	0	0	0	0	0	0
Lentils	0	0	0	0	0	0	0	0	0	0	0	0	0
Small Chickpeas	0	0	0	0	0	0	0	0	0	0	0	0	0
Large Chickpeas	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total Loan Benefits</b>	<b>379</b>	<b>393</b>	<b>564</b>	<b>367</b>	<b>349</b>	<b>276</b>	<b>229</b>	<b>224</b>	<b>239</b>	<b>248</b>	<b>246</b>	<b>276</b>	<b>3,412</b>

Continued

# What happens when you don't have a safety net? "Band-aids don't fix bullet holes"

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**Office of Communications**

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(202) 720-4623  
oc.news@usda.gov  
www.usda.gov

## News Release

Release No. 0140.16

Contact:  
Kent Politsch, 202-720-7163

### **USDA Provides Targeted Assistance to Cotton Producers to Share in the Cost of Ginning**

#### ***One-time Payments to Begin in July to Assist with 2016 Ginning Season***

WASHINGTON, June 6, 2016 - Agriculture Secretary Tom Vilsack today announced that the U.S. Department of Agriculture (USDA) Farm Service Agency (FSA) will provide an estimated \$300 million in cost-share assistance payments to cotton producers through the new Cotton Ginning Cost-Share program, in order to expand and maintain the domestic marketing of cotton.



# House Ag Committee Activity

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Chairman Conaway has led an aggressive hearing schedule highlighting the state of the farm economy and examining how programs are working.

Hearings held in 2015: **49**

Hearings held to date in 2016: **31**

Activity in 2017?





# What happens if Farm Bill gets extended? Option to switch to PLC

## CORN SUPPLY AND USE CBO's March 2016 Baseline

	Marketing Year <sup>2</sup>												
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
	Actual						Projected						

## Participation in ACRE/ARC

	93.4%	93.4%	93.4%	93.4%	93.4%	52.4%	52.4%	52.4%	52.4%	52.4%	52.4%	52.4%	52.4%
--	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------

### Peterson: Farm bill may be need to be moved up

House Agriculture Committee ranking member Collin Peterson, D-Minn., said last week that if complaints about the farm bill get worse, the next rewrite of the bill may need to be moved up from 2018 to 2017, KDAL, a Duluth, Minn., radio station reported.

“It hasn’t gotten to be too much of an issue so far, but I think this winter is gonna be a big problem, and if it gets bad enough, it might force us to move a year early on the farm bill, which wouldn’t be a bad idea,” Peterson said.

How does this affect potential 2018 Farm Bill?

# Questions

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