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Washington Report

Washington Report Headlines

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News from the Halls of Congress & The White House

USDA Announces \$372 Million for Conservation under Farm Bill Program

Agriculture Secretary Tom Vilsack Jan. 14 announced the release of \$372.5 million to fund 115 conservation projects across the country to improve soil health, water quality and water use efficiency, wildlife habitat and other related natural resources on privately held farms and ranches.

The federal funding is part of the Agriculture Department's new Regional Conservation Partnership Program. In May the USDA was set to start setting aside funding for projects under this new program for fiscal years 2014 and 2015. The new USDA program was created under the Agricultural Act of 2014 consolidating the activities of the now subsumed Agricultural Water Enhancement Program, the Chesapeake Bay watershed program, the Cooperative Conservation Partnership Initiative and the Great Lakes Basin Program for Soil Erosion And Sediment Control.

The federal funding will be used to leverage an additional \$400 million in contributions from local, state and private partners in the program, bringing a total of \$800 million to the program over the course of fiscal year 2015. Over the five-year term of the farm bill, the RCPP will receive \$1.2 billion in federal funds, while an equivalent \$1.2 billion is to be matched by its state, local, tribal and private partners in the form of technical assistance, financial assistance, education and outreach.

RCPP competitively awards funds to conservation projects designed by local partners specifically for their region. Through RCPP, farmers and ranchers will enter into conservation easements or contracts with the USDA Natural Resources Conservation Service as well as agricultural or silvicultural producer associations, farmer cooperatives, state or local governments, tribes, municipal water treatment utilities, water and irrigation districts, conservation-driven nonprofit groups and universities.

The USDA received more than 600 pre-proposals for RCPP in 2014. With so many strong project proposals, the selection process was extremely competitive. RCPP is a five-year, \$1.2 billion USDA opportunity, and projects not selected in this first year may be eligible in subsequent years. The regional partnership program will pave the way for innovative conservation projects because businesses, farmers, non-profits and conservation leaders have a strong desire to protect water quality, preserve wildlife habitats, and keep soil healthy.

The 2014 farm bill represents the nation's biggest investment in private land conservation, with funding for conservation programs for the first time exceeding those for commodity crop programs. Of the \$372.5 million that the USDA plans to disburse, the Tri-State Western Lake Erie Basin Phosphorus Reduction Initiative will receive \$17.5 million in funding to help farmers implement conservation practices that reduce the flow of phosphorus, which contribute to harmful algal blooms that release toxins that were responsible for contaminating drinking water supplies in Toledo, Ohio, this past August. The Michigan Department of Agriculture and Rural Development will lead the initiative in collaboration with Ohio, Indiana and more than 40 local partners. Both Sen. Debbie Stabenow and Sen. Sherrod Brown (D-Ohio), also an agriculture committee member, noted the importance of funding phosphorus runoff reduction in Lake Erie.

Among the nonprofits, American Rivers is one of the partners involved in RCPP projects to improve water quality in the Chesapeake Bay, promote water and energy efficient irrigation in the Colorado River Basin and secure water for farms and fish in the Columbia and Yakima River Basins.

Under the program, the USA Rice Federation, Ducks Unlimited Inc. and more than 40 collaborating partners would receive \$10 million to assist up to 800 rice producers to address water quantity, water quality and wildlife habitat across 380,000 acres in Mississippi, Arkansas, California, Louisiana, Missouri, and Texas.

FSMA Water Quality Standards may have Adverse Environmental Impact

Water quality under the Food Safety Modernization Act's produce safety rule may have an adverse impact on the environment. The standards that the FSMA outlined for testing water that comes into direct contact with produce may cause some producers to switch to groundwater.

The FDA, in crafting the produce safety rule, identified water as a potential source of contamination by pathogens, supporting its inclusion under the proposal. The FDA also evaluated other requirements in the produce safety rule that may affect the environment, including the use of raw manure and compost for fertilizer and provisions affecting domesticated and wild animals. The agency concluded these factors wouldn't have a harmful impact on the environment.

FSMA was enacted in 2011 to shift FDA's focus from responding to foodborne illness outbreaks to preventing them. In addition to the produce industry, the FDA has proposed regulations outlining safety procedures for food processors, importers and transporters. The FDA estimates the produce safety rule alone would prevent an estimated 1.57 million foodborne illnesses each year if implemented as currently proposed.

Under certain circumstances, farmers would have to switch from surface water to groundwater or chemically treated. That would occur, for example, if irrigation water doesn't meet microbial testing standards defined in the produce safety rule. There are critical groundwater shortages in certain parts of the country that would exist even if this proposed rule were not enacted. Actions that may lead to increases in groundwater drawdown in parts of the country experiencing severe shortages would be considered a significant environmental impact.

Most farms covered under the produce rule wouldn't need to make the switch because of flexibility included in a re-proposed version released in September. That revision lets farmers wait an appropriate time interval between the end of irrigation and harvest of produce because potentially dangerous pathogens to human health tend to die off.

Some members of the farming industry remain critical of FDA's decision to use the Environmental Protection Agency's recreational water standards, arguing it isn't intended for irrigation water management. The FDA will evaluate comments on the EIS until March 13 and will hold a public meeting on Feb. 10. The agency has a court-ordered deadline of Aug. 30 to finalize the produce safety regulation.

Federal Employee News

Employment Gain Boosts U.S. Role as Global Standout

A rise in employment and a falling jobless rate in December capped the best year for the labor market since 1999 and reinforced the U.S. role as the global economy's standout performer. The 252,000 jobs added followed a 353,000 rise the prior month that was more than previously estimated. The jobless rate dropped to 5.6 percent, the lowest level since June 2008. The report wasn't all good news as earnings unexpectedly declined from a month earlier. There is continued, solid job growth and a projected 240,000 gain that shows strong momentum in U.S. growth.

About 3 million more Americans found work in 2014, the most in 15 years and a sign companies are optimistic U.S. demand will persist even as overseas markets struggle. The drop in workers' hourly wages means Federal Reserve policy makers are less likely to move up the timing of an interest-rate increase.

Stocks fell, after a two-day rally in the Standard & Poor's 500 Index, on the drop in wages and concern grew that Europe's stimulus plan might not be sufficient. The S&P 500 declined 0.8 percent to 2,044.81 at the close in New York. The yield on the benchmark 10-year note retreated to 1.95 percent from 2.02 percent late on January 8, 2015.

Job growth last month was highlighted by the biggest gain in construction employment in almost a year. Factories, health care providers and business services also kept adding workers in December. The median forecast called for a 240,000 advance in payrolls. Estimates ranged from 160,000 to 305,000 after a previously reported 321,000 November increase. Revisions to prior reports added a total of 50,000 jobs to the previous two months.

The unemployment rate, which is derived from a separate Labor Department survey of households, was projected to drop to 5.7 percent from 5.8 percent. The jobless rate averaged 6.2 percent last year, down from 7.4 percent in 2013 and the biggest decrease since 1984.

The jobs report demonstrates that there is solid momentum in the U.S. economy. Part of the government's unfinished agenda is to make sure that the momentum positively affects all sectors of the economy.

More people dropped out of the labor force in December. The participation rate, which indicates the share of working-age people in the labor force, decreased to 62.7 percent, matching the lowest level since February 1978, from 62.9 percent. The combination of job growth

and cheaper gasoline will probably help stretch workers' paychecks and sustain consumer spending. Prices at the gas pump are the lowest since 2009.

Average hourly earnings for all employees dropped from the prior month by 0.2 percent, the biggest since comparable records began in 2006. Earnings rose 0.2 percent in November, half as much as previously reported. They increased 1.7 percent over the 12 months ended in December, the least since October 2012. The monthly decline in pay may prove temporary because it was influenced by the mix of workers on payrolls. Big gains in hiring for the holidays, more entry-level positions and retirements of more expensive workers all probably played a role.

If a company hires a lot of people in the last three or four months, and to the extent that they are bringing in a lot of new talent, this new talent is not getting paid as the more experienced talent. It is probably only temporary that the hourly earnings dropped and economists expect that at the beginning of this year, and going forward, those wages will increase.

Construction companies added 48,000 jobs last month, the most since January. Factories increased payrolls by 17,000 in December. Business services took on another 52,000 workers.

Wage gains have lagged behind the pace of employment growth. Increased incomes, combined with the cheapest fuel costs since 2009, are needed to help lay the ground work for a pickup in the household spending that accounts for about 70 percent of the economy.

The outlook is improving for earners at the lowest end of the income ladder. Voters approved ballot measures and legislatures enacted laws that allowed the minimum wage to rise in almost half of U.S. states on Jan. 1. The advances may be reflected in the wage data in the jobs report for January. Stronger employment growth underscores the U.S. economy's resilience in the face of cooling markets that stretch from Europe to China.

Greenbrier Cos. is among companies that are expecting stronger domestic demand. The Lake Oswego, Oregon-based supplier of railroad equipment boosted its annual forecast after reporting a record backlog in the first quarter. Macroeconomic conditions indicate strength and expansion for the U.S. economy in 2015 and beyond, with lower energy prices creating a strong impetus for auto production, consumer spending and overall growth. Fed policy makers last month noted the improvement in the job market that's underpinning growth in the sixth year of the expansion.