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PACS pave the way for greater political influence in Rural America

By Sara Wyant

WASHINGTON, July 21, 2014 – Shortly after the U.S. House of Representatives defeated the farm bill on June 20, 2013, Rep. Justin Amash, along with hundreds of business leaders, government officials and staff, attended a \$250-a-plate dinner hosted by the Competitive Enterprise Institute (CEI). The libertarian group, which espouses “free market” principles, made a James Bond spoof video called “Capitalism Never Dies,” and the group’s president, Lawson Bader, sported a kilt in tribute to actor Sean Connery.

But before the elaborate Bond-themed dinner began, the emcee announced two other reasons to celebrate: CEI had just raised [\\$1 million](#) from sources like Google, Facebook, Koch, Altria and the Association of American Railroads. Plus, there was the political victory: the organization had helped defeat the farm bill - thanks in part to Amash and dozens of other House conservatives.

CEI aligned with conservative groups, such as Heritage Action, Taxpayers for Common Sense and the National Taxpayers Union, along with an eclectic mix of other organizations, including the National Black Farmers Association, U.S. PIRG, and Defenders of Wildlife and the Environmental Working Group, in order to bring down the farm bill. Several of them expressed concerns about the largess of the bill, which was expected to cost about \$956 million over the next 10 years, at a time when farmers were enjoying record farm incomes. The largest portion – almost 80 percent – would be spent on food stamps, or the Supplemental Nutrition Assistance Program (SNAP).



Rep. Justin Amash

It was widely known that Rep. Amash had concerns about SNAP and supported splitting the “nutrition” portion of the bill away from the “farm” portion, while adding more work requirements for SNAP recipients. But he also opposed price supports and other farm programs “because they damage the economy, harm consumers, and hurt the environment by encouraging more agricultural production than may be necessary,” he explained on his Facebook page.



PACKING POLITICAL PUNCH IN RURAL AMERICA



Asked after the CEI dinner what it would take to win his support for the farm bill, the Michigan Republican told *Agri-Pulse* that *he wasn't sure, but* the bill would have to be significantly rewritten before he could support it because of concerns over both crop insurance and SNAP.

That type of response didn't sit well with the Michigan Farm Bureau, which had endorsed Amash in his most recent bid to represent the state's 3rd Congressional District, a seat once held by President Gerald Ford. Amash, the son of a wealthy Palestinian immigrant, was part of the tea party wave of conservative House lawmakers first elected in 2010 with a focus on downsizing government. Since then, he's become known as a member of the "No" caucus because of his resistance to compromise.

This year, members of "Michigan's Voice of Agriculture" decided they had enough. The grassroots-driven Michigan Farm Bureau Agri-Pac recently announced its endorsement of challenger Brian Ellis over incumbent Amash in the Aug. 5 Republican primary. The group's political action committee (PAC) had over \$300,000 on hand in March of this year, according to Federal Election Commission (FEC) documents.

"We are widely viewed as an organization that connects with 500,000 voters in our state," says Michigan Farm Bureau (MFB) President Wayne Woods, who says he frequently gets called by both state and federal candidates, seeking his organization's endorsement - as much and sometimes more - than its campaign contributions.

After MFB evaluated the candidates' records on the issues, "our members sent a message that they didn't appreciate Amash's unwillingness to work on the farm bill," explained Wood. "Plus, he didn't want to work with us on immigration – a crucial issue for our members."

While Amash is still heavily favored in the polls, the MFB's endorsement of his long-shot GOP challenger underscores the fact that **farmers – who may support Republicans on a wide variety of social and business issues – are taking a harder look at whether or not candidates support them on their key legislative issues. And if not, they are giving them the boot.**

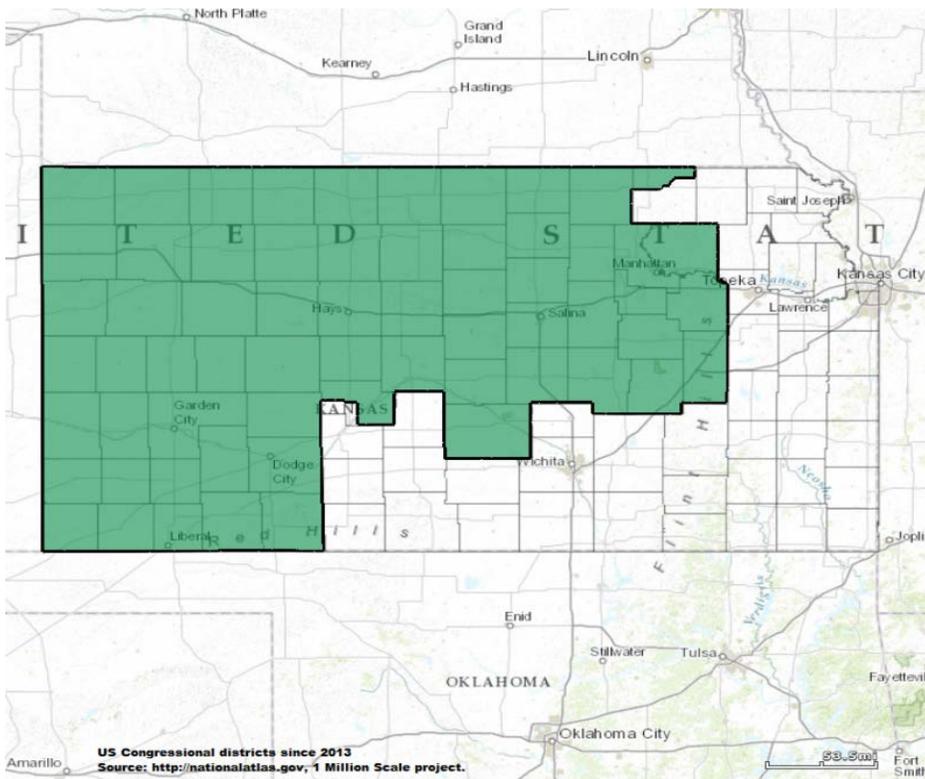
The conundrum in Kansas

Take the case of Rep. Tim Huelskamp, who represents the sprawling "Big First" congressional District in Kansas. His mostly rural district encompasses 63 counties in western and northern Kansas, making it the 11th largest congressional district in the nation. Voters there helped launch the political careers of some of the most notable advocates for American agriculture, including Senators Bob Dole, Pat Roberts and, most recently, Jerry Moran. For nearly 100 years, a representative of the district has served on the House Agriculture Committee.

But not so with this Kansas Republican. A tea party favorite and farmer by trade, Huelskamp frequently rails against any type of new government spending – voting repeatedly against the farm bill and the Water Resources Development Act. He got crossways with his own GOP leadership so often that, at the end of 2012, House Speaker John Boehner stripped Huelskamp of his seat on the Agriculture Committee.



Rep. Tim Huelskamp



The Big First in Kansas

Huelskamp won the endorsement of the Kansas Farm Bureau when he was first elected in 2010 and again in 2012, but this year, the grassroots membership organization said “no more.” That’s despite the fact that almost all other members of the Kansas delegation also opposed the farm bill.

Kansas Farm Bureau (KFB) President Steve Baccus said members in each county have a chance to vote and the group did not surpass the 50 percent margin needed to get an endorsement for either Huelskamp or his challenger, Alan LaPolice.

Baccus said his members are simply “fed up” with the failure to get things done in Washington.

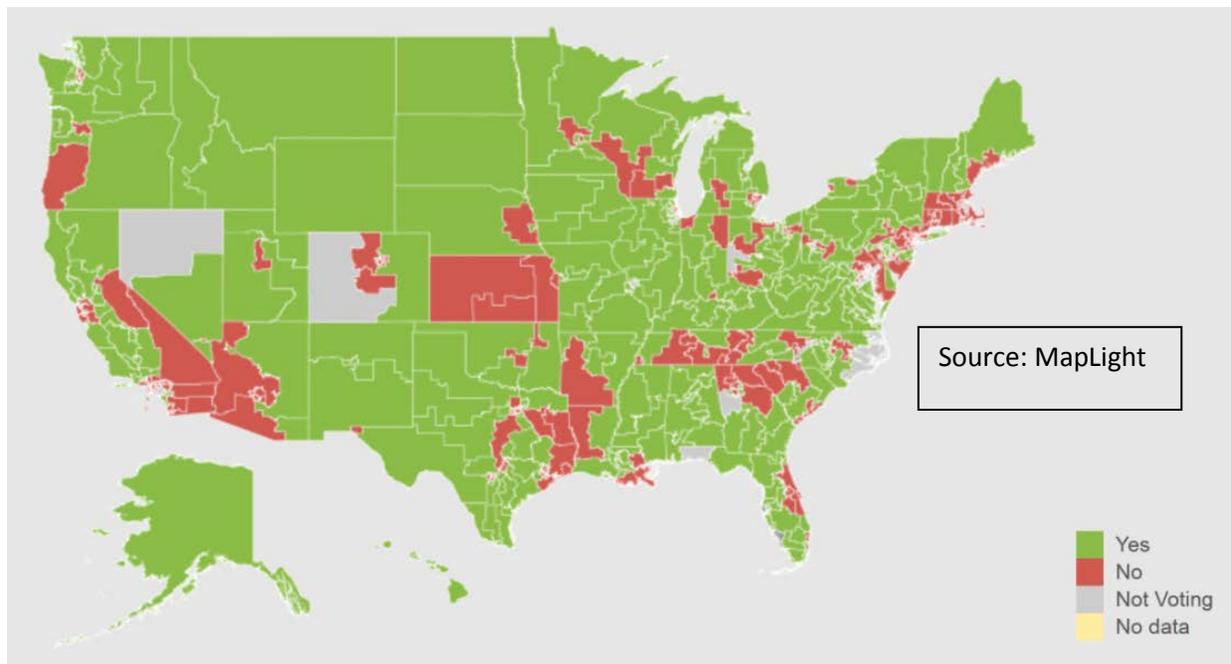
“For Huelskamp, it’s always ‘my way or the highway’ and that simply doesn’t work.” Baccus said Huelskamp had a zero percent voting record with KFB. Even Democratic Leader Nancy Pelosi scored better, at 50 percent.

Still, most polls show Huelskamp taking a commanding lead over challenger LaPolice ahead of the state’s August primary. Touting endorsements from groups like the National Rifle Association, the Huelskamp campaign recently released a poll showing he held a 62 percent to 12 percent lead over his opponent.

Some Kansas farmers believe that, while LaPolice may not have the name recognition to win in this cycle, their support may pave the way for victory in the next one. They hope to have a representative on the House Agriculture Committee prior to the next farm bill.

Despite criticism from members like Huelskamp and Amash and attacks from hundreds of different interest groups, a comprehensive farm bill eventually sailed through the House by 251-166 on Jan. 29 and the Senate by 68-32 on Feb. 4. The almost one trillion dollar package was signed into law by President Barack Obama on Feb. 7.

The House 2014 Farm Bill vote by congressional district



“Part of why the farm organizations were successful was because of their PACs,” says Rep. Collin Peterson, D-Minnesota, who serves as the House Agriculture Committee’s ranking member and represents parts of the Red River Valley. He noted that many farm groups “had fairly significant PAC money, especially sugar.”

However, he questions whether those PAC dollars will be as important in the future, especially given the impact of the so-called “super PACs,” which Peterson believes could make “some PACs irrelevant.”

The U.S. Supreme Court’s 2010 Citizens United ruling struck down spending restrictions by corporations, associations and unions, enabling super-PACs -- which typically are supported by multiple donors—to create an outsized influence on political expenditures. As a result, Peterson says it may be more difficult for some traditional PACs to deliver political punch.

Based on reports filed with the Federal Election Commission (FEC) in 2013 and 2014, there are 7,025 federal PACs trying to influence candidates and their campaigns. Those PACs reported total receipts of \$1.1 billion during this election cycle, with disbursements of \$951.5 million, debts of \$20.9 million, and combined cash-on-hand of \$594.1 million as of the end of March

Sugar’s sweet influence

But for now, the American Crystal Sugar Co. PAC, headquartered in Moorhead, Minnesota, is one of the largest and most powerful in agriculture – delivering far more political punch than many of their relatively small number of growers and contributors had ever anticipated.

As of June 30, American Crystal Sugar had collected a whopping \$2.45 million in receipts, with the majority of the funds coming from growers. In terms of contributions to candidates and other committees, American Crystal Sugar doled out over \$2 million during this election cycle.

“Between 80 to 90 percent of what we take in as a PAC comes from growers’ own pockets,” explains American Crystal Sugar’s Vice President of Government Affairs Kevin Price. “So

they invest not only in their crops and in their machinery, but they invest their money wisely in a Political Action Committee. And we work hard to make sure those dollars are used wisely.”

American Crystal’s PAC receipts may pale in comparison to a PAC like Emily’s List, which had raked in \$24.5 million as of March 31 for this election cycle, or the National Rifle Association’s America Political Victory Fund, which collected \$14.9 million, according to the FEC reports.

However, when the FEC ranked all PACs in terms of contributions to candidates and other committees on March 31 of the current election cycle, American Crystal ranked No. 15.

That put the company below PACs like the American Federation of Teachers, AFL-CIO Committee (\$2.7 million) and the National Beer Wholesalers Association (\$2.16 million), but ahead of the American Bankers Association (\$1.9 million) and the National Rural Electric Cooperative Association (\$1.54 million).

Throughout the farm bill debate, there was perhaps no segment of agriculture that was attacked and tested as frequently as the sugar industry, as reformers tried to modify or simply dismantle a program that combines price supports, domestic marketing allotments and tariff-rate quotas to support prices and influence the amount of sugar available to the U.S. market.



Kevin Price, VP of Government Affairs – American Crystal Sugar

Yet, a small army of sugar beet growers who represent only about 1.2 million acres in 10 states, along with their “brethren” who raise sugar cane on about 900,000 acres in four states, seemed to exert outsized political influence when fending off attackers. They fought off three different attempts to reform the sugar program in committee and five attempts on both the House and Senate floor.

“It’s always a challenge to face votes either in the committees or on the House and Senate floors, but our growers were up to the task and our industry was up to the task of conveying to Congress why we think sugar policy is important and ought to be continued,” noted Price. “Ultimately, Congress agreed with that.”

Price says his industry thinks “the policy stands on its own, but we certainly want to be active in supporting those folks who are supportive of us. That is certainly no secret in agriculture and nothing unique to sugar. Yet, we don’t take anything for granted.

“We don’t assume anything in exchange for any campaign contributions. We just want to be constructive players in a political process and constructive players in the policy-making process.”

Price says regular communication is key to the industry’s PAC and its lobbying strategy.

“Within Crystal Sugar, we work very hard to communicate to the shareholders and the growers that being politically active is important. It’s a part of our monthly company board meetings where I discuss what’s going on in Washington. It is also part of almost every meeting in our districts - around our factories with the shareholders and employees.

“We’ve just been fortunate to have good leaders in the (Red River) Valley, from the CEO on down to the board members of American Crystal to the Red River Valley Sugar Beet Growers

Association. They take it upon themselves to talk to their neighbors about contributing to the PAC and travel to D.C. to lobby Congress. They believe in it, they show their peers the importance of it. That peer-to-peer communication, along with our CEO and board communication, provides just a roundhouse of exhibits of why being involved is important. The results have proven themselves.”

Of course, American Crystal is not the only sugar industry PAC making an impact on Capitol Hill. In an analysis of the top cooperative PACs, in terms of contributions to candidates and other committees from Jan. 1, 2013, to March 31, 2014, several sugar cooperatives made the list, including the Michigan Sugar Company Growers PAC (\$397,750) and the MINN-DAK Farmers Cooperative Sugar PAC (\$255,000). See our snapshot of the top 30 cooperatives, below.

**Top 30 Cooperative PACs Contributions to Candidates and Other Committees
Jan. 1, 2013 - March 31, 2014**

Rank	Committee	Amount
1	AMERICAN CRYSTAL SUGAR COMPANY PAC	\$2,019,000
2	MICHIGAN SUGAR COMPANY GROWERS PAC	\$397,750
3	CALIFORNIA DAIRIES FEDERAL PAC	\$387,000
4	SOUTHERN MINNESOTA BEET SUGAR COOPERATIVE PAC	\$298,500
5	MINN-DAK FARMERS COOPERATIVE SUGAR PAC	\$255,000
6	LAND O'LAKES, INC., PAC	\$248,100
7	DAIRY FARMERS OF AMERICA, INC. - DEPAC	\$159,500
8	SNAKE RIVER SUGAR COMPANY PAC	\$111,570
9	BLUE DIAMOND GROWERS PAC	\$76,000
10	ORRICK HERRINGTON & SUTCLIFFE, LLP FEDERAL PAC	\$74,000
11	FARMERS' RICE COOPERATIVE FUND	\$64,250
12	AG PROCESSING INC PAC	\$37,625
13	ASSOCIATED MILK PRODUCERS INC. PAC	\$36,500
14	RICELAND FOODS, INC. PAC	\$35,100
15	RIO GRANDE VALLEY SUGAR GROWERS INC PAC	\$33,500
16	SUGAR CANE GROWERS COOPERATIVE OF FLORIDA (PAC)	\$30,500
17	AGRI-MARK INC PAC	\$25,550
18	SECURITY SERVICE FEDERAL CREDIT UNION PAC	\$21,950
19	ARIZONA DAIRYMEN PAC	\$17,500
20	INDIANA ACRE/INDIANA STATEWIDE ASSN OF RECS INC	\$17,300
21	MICHIGAN MILK PRODUCERS ASSOCIATION PAC	\$11,500
22	DARIGOLD PAC	\$11,500
23	DAIRYLEA COOPERATIVE PAC	\$9,750
24	BASIN ELECTRIC POWER COOPERATIVE PAC	\$8,800
25	MARYLAND & VIRGINIA MILK PRODUCERS COOPERATIVE ASSOCIATION INC PAC	\$7,000
26	WEST CENTRAL COOPERATIVE PAC	\$5,100
27	OKLAHOMA ASSOCIATION OF ELECTRIC COOPERATIVES	\$5,000
28	SIOUXLAND ENERGY & LIVESTOCK COOPERATIVE PAC	\$5,000
29	INDIANA FARM BUREAU INC ELECT PAC INC	\$4,500
30	JEWISH COMMUNITY PAC OF PITTSBURGH	\$4,500

Model for success

As total farm numbers continue to decline, the sugar industry's political success has many other farm organization leaders, such as those representing the nation's most widely planted crops of corn (on 91.6 million acres this year) and soybeans (planted on 84.8 million acres), thinking they could also pack more political punch into their legislative strategies with PACs.

But for some farmers, writing a check is still a hard sell. Many of these groups are far behind American Crystal Sugar when it comes to fundraising.

Former National Corn Growers Association (NCGA) President Ken McCauley recalls that even he was not really supportive of establishing a PAC 10 years ago, but his members saw that politics were changing and it was necessary to "pay to play."

Showing up at a fundraising event with a check won't "buy" a vote, but the donation may buy access and potentially build relationships with key allies, says McCauley, who now serves as President of NCGA's PAC

"If you do it right, you might get the ear of a member of Congress for 1-2 hours. That's a big deal for us."

McCauley, a farmer from White Cloud, Kansas, has worked tirelessly to attract products and events – like John Deere Gators, duck hunts and NASCAR races - that his members will bid for at his organizations' annual PAC auction, held during the Commodity Classic each year. And it's paid off: the event generated over \$160,000 in March, bringing NCGA's cash on hand to \$293,000. As the chart below shows, annual contributions doubled within the last five years.

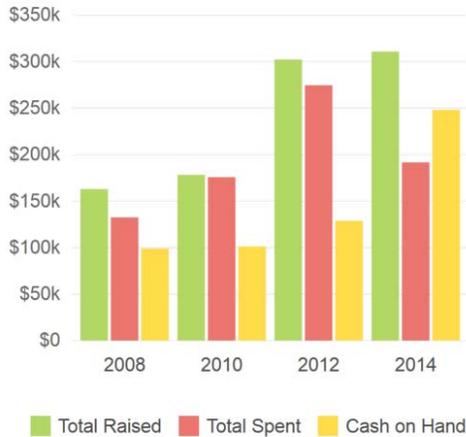
The American Soybean Association had even greater success at fundraising, holding their event at a different night during the Classic. They gathered over \$200,000 in new contributions in March.

However, with more funds to spend comes even greater responsibility.

NCGA's Vice President for Public Policy Jon Doggett says that his organization's PAC and overall legislative strategy requires growers to be better educated about what is happening in Washington, and better prepared to ask tougher questions that hold their elected officials accountable.

In the past, many agricultural organizations contributed their PAC funds to congressmen who they liked and who supported their issues "most" of the time. But the stunning defeat of a new five-year farm bill in June 2013 caused many to rethink their priorities and pay even closer attention to key votes on their legislative scorecards.

NATIONAL CORN GROWERS ASSOCIATION (NCGA) IN OTHER YEARS



AMERICAN SOYBEAN ASSOCIATION PAC (SOYPAC) IN OTHER YEARS



Source: U.S. Campaign Committees

Bring back the balance?

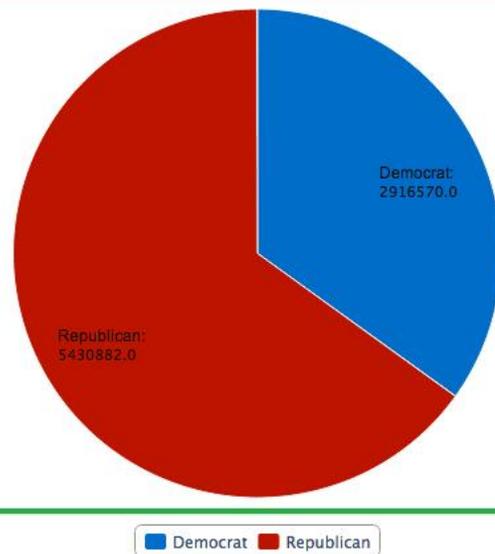
In recent campaign cycles, the majority of farm organizations and agribusinesses have supported more Republicans than Democrats, as *Agri-Pulse* reported in our PAC analysis in March. But several of those GOP candidates also opposed the farm bill.

So that led many to wonder: **If farmers traditionally vote for GOP candidates, is the GOP taking them for granted? And perhaps, should they give more money to Democrats so there is more balance in their giving?**

Senate Agriculture Committee Leader Debbie Stabenow, a Michigan Democrat, has been quietly meeting with farm leaders to elevate questions about political balance. Some farm leaders tell *Agri-Pulse*, it's an argument they are taking to heart.

“Our leader (Senate Majority Leader Harry Reid D-Nev.), who has almost no agriculture in his state, stood with American agriculture, stood with me, which I am very grateful for, and gave us every bit of time we needed on the floor, not once, but twice to pass it all and then go to conference,” she told *Agri-Pulse*. “So, if we’re going to pass future farm bills, the agriculture community needs to support the people that support them.

Ag PAC Contributions
Source: Center for Responsive Politics



Ag PAC Contributions 2013 – March 2014

“This is not about politics, it is about being smart; about supporting people that will support agriculture. It’s pretty foolish not to support the people that support agriculture.

In the long run, that’s certainly not going to make it very easy to pass another farm bill. It ought to be Basic Politics 101,” she added.

Stabenow said her message to farm groups has not been as political as it has been practical.

“I don’t know how many times we had folks who didn’t support anything about this bill. If they get supported by agricultural groups, then the next time, they get what they get. So that was my message.

“You can support Democrats and Republicans, but support the people who supported agriculture and understand that our majority went way beyond what was necessary here to get this thing done,” she added.

Yet, for House Agriculture Committee Chairman Frank Lucas of Oklahoma, all of the talk about GOP opposition to the farm bill and the need for farmers and ranchers to support more Democrats with their political contributions may be a bit overblown.

“I’m an old Baptist. There are sinners in every congregation that sit on both the left and right side of the room,” he told *Agri-Pulse*.

“Yes, I was frustrated with some of my conservative friends when they voted for all of the food stamp reforms that are in the final bill. But by the same token, I watched some of my friends on the left try to take profit-sharing apart at every opportunity.... to try to torture the process at every opportunity. I would tell you that there’s just a

good set of very challenging people with slightly confused attitudes – on both left and right together – they helped to make this (farm bill) a two-and-a-half year process.

“With time, will they all grow up and come to their senses?” he asked. **“A bunch of ‘em are adults already.”**

Michigan farmers increase Stabenow’s margin of victory

For Stabenow, serving as Chairwoman of the Senate Agriculture Committee and her overall support for agriculture and rural issues appears to be paying off at the ballot box. When she first ran statewide for the U.S. Senate seat, the Michigan Democrat received slightly more than two million votes.

But in 2012, she won the endorsement of the Michigan Farm Bureau. Her unwavering support for farmers, especially after the devastating freeze that year, convinced many of them to vote for the Democrat, even though most of their other endorsements were for GOP candidates. An Agri-Pulse analysis of some of the most heavily farming-dependent counties in the state showed that she increased her margin of victory in those counties, attracting over 2.7 million votes in her 2012 election.