

Newsom's approach to pesticides frustrates farm groups

In releasing his initial budget proposal on Friday, Gov. Gavin Newsom unveiled a plan to overhaul the state's approach to pesticide regulation. Newsom wants to replace the flat fee on pesticides sales with a tiered approach based on U.S. EPA toxicity warnings.

While the administration has in the past raised the possibility of increasing the mil assessment, the risk-based approach came as a surprise to the agriculture industry.

"It actually sounds fairly simple, but it's fairly radical," CalEPA Secretary Jared Blumenfeld explained in a press call. "The more toxic the pesticides, the higher the fee will be assessed."

The restructuring would draw \$45 million in new revenue for the Department of Pesticide Regulation (DPR) and bolster the administration's expansion of environmental justice initiatives, a central goal under its strategic plan.



Gov. Newsom plants in the garden of the governor's mansion.

In a press briefing, Newsom praised farmers and ranchers, saying he was proud of the agriculture community and that it raises "so much envy around the world." He recognized the burden farmers face from the state "stacking" so many environmental rules and regulations on them. Yet Newsom then described "a harmful overuse of pesticides in the state" and said regulatory agencies must be "punitive to bad actors that are flagrant."

"This is something the governor cares deeply about," said Blumenfeld. "He's said, [CDFA Secretary Karen Ross], Jared, go forward and work out how to do this in a way that that moves us in the right direction, that brings everyone along at the same time."

Blumenfeld said this is a policy that consumers as well as conventional and organic farmers want.

“The governor is focused like a laser on improving public health outcomes, and enhancing public transparency around pesticide use,” DPR Director Val Dolcini told *Agri-Pulse* in an interview.

The proposal drew immediate praise from the Natural Resources Defense Council, with policy advocate Allison Johnson saying the environmental group was “thrilled” to see this prioritized in the budget proposal. California Farm Bureau Administrator Jim Houston, however, called the policy reactionary and an effort to gain political points by stoking fear.

“[Pesticides] can be used safely,” he said. “It’s not that every time you use an organophosphate or a fumigant people are harmed. That’s simply not the case.”

Houston, who learned about the policy the morning Newsom introduced it, shared frustration that the ag community was not at the table when the administration began considering this approach.

A similar situation played out in 2020, when Newsom issued a directive calling on county agricultural commissioners to maintain pesticide enforcement during the pandemic.

Commissioners, who felt they were indeed maintaining their full duties to the law, were taken aback and said the messaging was a disservice to the agriculture community at large.



CACASA President Josh Huntsinger

Houston said the Farm Bureau does not want to argue or sue

over these policies but to problem solve with the administration through farmer-led solutions. He also pushed back on Newsom’s comments, arguing there is no evidence of flagrant violators and the state’s robust and effective enforcement system is already designed to address that.

The proposal does not offer punitive measures for violators either. The revenues would deliver nearly \$10 million to agricultural commissioners to backfill enforcement activities. Yet that pencils out to less than \$200,000 per county, adding a modest bump to each office. Dolcini hinted at bills soon to be introduced in the Legislature that will further address enforcement issues.

Houston also questioned the legal authority for penalizing growers who use higher risk crop protection tools.

“He’s trying to apply a sin tax to a regulatory program,” said Houston. “And that’s just not going to work under the current paradigm.”

The mil assessment is currently capped at 21 mills, or about two cents to the dollar on pesticide sales. The proposal would more than double this to 45 mills for products labeled with “danger” or “poison” as the signal words. Those with just a “caution” label would be assessed at 26 mills.

“[The hazard warnings] are not necessarily the most precise, but it makes – from our perspective – the most sense,” said Sec. Blumenfeld. “There’s obviously details that need to be worked out.”

Houston argued such a program would be outside DPR’s authority and better handled by another CalEPA department. DPR scientists, he explained, go through a rigorous review process for registering pesticides in the state. That results in qualifications on the use of each pesticide, as far as when and how it can be used. The mil assessment pays for that process. According to Houston, the legal rules governing it are as robust as the California Environmental Quality Act, a broad state law that is continually tested in court.

The mil assessment accounts for 80% of DPR’s funding, which is a central reason for the administration in seeking to raise the fee.

“Over the last several years, there has been significant growth in the scope of DPR’s programs and activities without any significant change in funding,” notes the budget proposal.

The additional revenue would allow the department to hire 44 new staff scientists and outreach specialists to bolster and expand enforcement programs as well as engagement with disadvantage communities and social justice groups through air quality programs like AB 617.

The policy would backfill much-needed funding for research and cooperative extension programs as well. Blumenfeld expected to generate \$20 million a year for research into integrated pest management (IPM) strategies and add nearly \$17 million for enforcement and monitoring, which would add underfunded DPR programs related to schools and notification systems.

“That enforcement has been a significant addition,” said Josh Huntsinger, the Placer County agricultural commissioner and president of the County Agricultural Commissioners and Sealers Association. “We’re asked to do more with the same revenue.”

CACASA strongly supports the increased funding for IPM research as well, and Huntsinger acknowledged the potential impact on the industry of raising costs on crop protection materials.

“UC research is a big part of the reason that agriculture is successful,” he said, noting how that funding has been “decimated” in recent decades. “Any backfills to those previous cuts are a good thing, especially in light of the state really – in a regulatory sense – forcing farmers to do more with fewer crop protection products, fewer pesticides available.”

Dolcini said the administration chose the tiered system over simply raising the flat fee in order to “incentivize the move to safer and more sustainable pest management tools and practices.” He noted this transition is already underway, as pesticide use reports show. In making more alternatives available to growers, DPR registered nine new biopesticide products in 2019 and 11 in 2020, according to Dolcini.

A companion provision in the budget proposal requests funding to update DPR's antiquated registration process to a digital system, which Dolcini said would expedite future registrations. The Legislature has already approved 10 new positions to bolster the registration branch of DPR as well and Dolcini said DPR has worked to further streamline the process.

When asked if the mil assessment proposal is a regressive tax that could hurt small and disadvantaged farmers, Dolcini said he felt it did not single out any one sector, adding that half of those paying the mil fee are in agriculture and the other half is general consumers.

Houston warned that the Newsom policy could have significant tradeoffs, however, beyond raising food prices and availability for underserved residents. Pesticide use reports from DPR show a decline in organophosphates and fumigants, two classes often in the California spotlight for toxicity. During that timeframe, however, biopesticide use rose by nearly three million pounds on just 46,000 acres. Researchers and extension specialists have long been warning that less-toxic pesticides used in higher concentrations could have even more detrimental effects to the environment and carry more risk for people. This was a central concern when the Newsom administration banned the insecticide chlorpyrifos in California in 2019.



Jim Houston, California Farm Bureau

“When synthetic or highly toxic are the two primary metrics by which we're evaluating the program,” said Houston, “we're going to lose opportunities to find a more healthy and effective pest management system.”

Despite the strong rhetoric on pesticides, the administration will be handing over responsibility for fleshing out the policy to state lawmakers. Keely Bosler, the state's finance director, noted that the mill assessment carries the legal standards of a tax and would require a two-thirds vote from the Legislature to change, likely setting up yet another divisive battle

between urban and rural lawmakers.

The budget proposal does offer a middle ground. An alternative to overhauling the assessment system would be a simple flat increase to 23 mills on all pesticides. This would generate an estimated \$8 million in revenue to address DPR's structural imbalance.

The plan is likely to evolve as budget negotiations between the two branches begin and as interest groups further assess the many details of the proposal.

When asked why the proposal was tucked away in a trailer bill to be considered within an enormous budget package, rather than through a public regulatory review process, Dolcini said the intention was actually the opposite.

“It's almost impossible to hide a proposal of this magnitude in the budget,” he said. “it was obviously something that we wanted to really bring a lot of attention to, and, frankly, shine a light.”

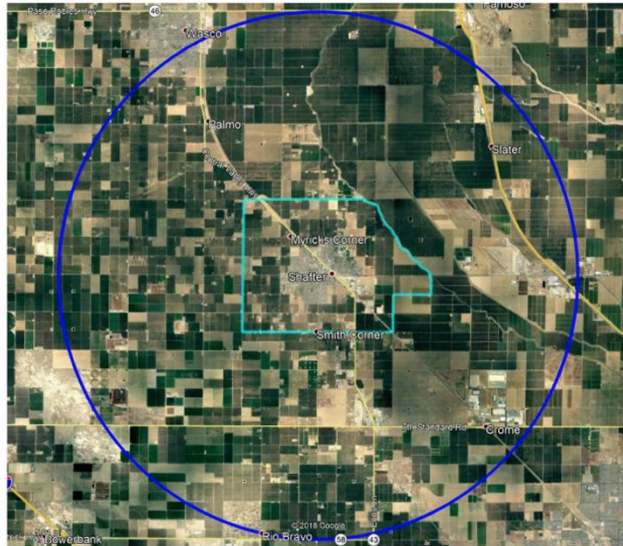
CalEPA puts regulatory mite behind environmentalist calls for pesticide notifications

CalEPA's Department of Pesticide Regulation (DPR) is pressuring a county agricultural commissioner to implement a notification program that environmental activists have long advocated for. The system would notify residents and the general public of pesticide applications 24 hours in advance.

In a sternly worded letter in December, DPR Director Val Dolcini said he has the authority to order Kern County Agricultural Commissioner Glenn Fankhauser to comply. He requested Fankhauser submit regular reports for three controversial pesticides, 1,3-D, MITC and chloropicrin, which have been on DPR's radar as the agency [considers new regulations](#).

On Tuesday, Fankhauser pushed back.

“I have offered two different workable notification programs that have fallen on deaf ears,” he wrote, arguing that DPR, the Air Resources Board (CARB) and “the activist representatives” have not compromised in their specific request for an online notification system.



DPR wants notifications for a radius of farmland around Shafter.

The issue stems from discussions over an emissions reduction plan for the town of Shafter the Air Resources Board approved in 2020 and initiated by the Legislature in AB 617. The plan calls for DPR to work with stakeholders on a pilot program for a notification system but does not spell out how that system should work. The steering committee advising the plan consisted of several environmental advocates.

According to Fankhauser, they pushed an idea that environmental groups had been asking him to do for several years, and even before he took over as commissioner, and then “seeded” that into the discussions for the emissions reduction plan. Their idea was for an online system making the notices public to everyone and hold growers liable for legal actions.

Fankhauser and the ag community countered with a proposal to hang notices on door handles within a 200-foot radius of applications. When the advocates refused to compromise, CARB board member Dean Florez, a native of Shafter, came down to intervene. Fankhauser noted that Florez then cancelled a second meeting “when it became clear that the same stakeholders in the process were not negotiating in good faith.”

“I believe it became clear to Senator Florez that there was an overarching agenda of the statewide activists that was more important than actually addressing the needs of Shafter residents,” wrote Fankhauser.

Deciding that repeated attempts to reach a voluntary agreement have failed, Dolcini cited his authority in an obscure food and agriculture code developed when CDFA transitioned its pesticide enforcement duties to DPR in the 1990s and he ordered Fankhauser to comply with the proposal from the environmentalists.

Josh Huntsinger, president of the County Agricultural Commissioners and Sealers Association, called Dolcini’s action unprecedented and his authority “tenuous at best.”

“This letter serves as another example of a continued lack of consideration that CDPR has exhibited over the last year damaging our longstanding partnership and history of collaboratively working together to develop and implement new programs,” Huntsinger argued in a letter.

He cited another example in 2020, when the Newsom administration [ordered commissioners](#) to maintain pesticide enforcement during the pandemic.

“The Executive Order was received as heavy-handed guidance and an attempt to stretch regulatory authority,” wrote Huntsinger.

Huntsinger sided with Fankhauser in his argument that Dolcini’s request ignored the commissioner’s proposals, “specifically addressed [the environmentalists’] purported concerns.”



DPR Director Val Dolcini

Fankhauser also offered to host informational meetings in Shafter to educate residents on pesticide applications and regulations. Since 2008, Kern County, he noted, has been the only county in the country to provide growers to have a notification system among growers for applications. This information is also shared with first responders. With this system already in place, Fankhauser questioned the need for another one and whether it was within the scope of AB 617.

“Notification of residents does not reduce emissions but only provides notification,” he wrote, adding that Kern has been singled out as the only county in the state required to comply with this system. “If this is a ‘right-to-know’ issue, then that issue exists statewide.”

Fankhauser feared the environmentalist proposal would backfire and put the public at risk by flooding his office with thousands of notifications that growers had no intention of following through on but submitted simply to avoid legal repercussions.

Dolcini told *Agri-Pulse* spray drift is an important public health issue and notifications are a way to offer transparency.

“There is a public right to know about pesticides being used in the vicinity of your home or your school or your park,” he said. “There’s a certain transparency that’s associated with

the use of materials like this that is important for Californians to know, regardless of where they live.”

Dolcini felt he had the authority to make the request of Fankhauser. “My hope in communicating with the commissioner in Kern County was that he would work with me to collaborate on something that made sense in Kern County,” said Dolcini.

Meet Biden’s new Cabinet picks who can impact agriculture and Rural America

New faces will head key departments as the Biden administration takes office Jan. 20, and their actions on regulations affecting agriculture and rural America may differ sharply from the last four years.

In addition to the selection of Tom Vilsack, a well-known official picked for another term to lead



President-elect Joe Biden (Photo by Adam Schultz / Biden for President)

the Department of Agriculture, and Michael Regan, a North Carolina official being embraced by the ag industry, President-elect Joe Biden has named his planned nominees for Office of Management and Budget and the departments of Interior, Transportation, Energy, Labor, and others. These departments will have major impacts on agricultural policies like the Renewable Fuel Standard, livestock grazing on public lands, and boosting access to high-speed internet in rural America.

All of these planned nominees will need to be confirmed by the Senate.

Office of Management and Budget, Neera Tanden



Neera Tanden

Tanden, who currently serves as President and CEO of the Center for American Progress, a left-leaning think tank, said **one her first priorities as director would be securing rural broadband across the United States**. She also said tackling the climate crisis, securing affordable health care, and advancing racial equality are among other top priorities, according to Biden’s transition website.

OMB has a far-reaching impact on government spending and regulation. The agency develops the president's annual budget, reviews regulations developed by departments and agencies, and also prepares the administration's position statements on bills being debated in Congress.

Under Tanden's leadership, CAP released a series of reports and blog posts on farm, food and rural development policy. A report called "A

Fair Deal for Farmers" detailed the consolidation that has taken place in agribusiness and called for government action to curb market concentration. "If this market power remains unchecked, America may lose the last of its family farms, dealing a deadly blow to agriculture-dependent rural communities," the report said.

Tanden previously worked for the Obama administration, where she helped draft the Affordable Care Act. She has also served as then-Sen. Hillary Clinton's legislative director and began her career in former President Bill Clinton's administration as an associate director for domestic policy, according to her [bio](#).

If confirmed, Tanden, who says she was raised on food stamps and Section 8 housing as a child, would be the first woman of color and South Asian American to lead OMB.

U.S. Trade Representative, Katharine Tai

Tai is a "trade professional" steeped in the ways of international commerce and politics, and that's going to be very important for America's farmers, who depend on access to foreign markets across the globe, says American Farm Bureau Federation Senior Director David Salmonsens,

Tai, who was the chief counsel on China trade enforcement at USTR before taking the job as the top trade lawyer for the House Ways and Means Committee, will face an onslaught of challenges coming from Geneva, Hanoi, Mexico City, Beijing, and elsewhere after four years of trade tumult during the Trump administration.

The U.S. remains in a trade war with China, negotiations with the UK are on hold, and the U.S. and European Union are engaged in heated battles over aircraft manufacturing subsidies, aluminum and steel tariffs and digital taxes. In addition, the USTR is investigating Vietnam for currency manipulation and accusing Canada of failing to uphold dairy quota promises. That is just some of the unfinished business Tai will face as the top U.S. trade ambassador.



USTR-designate Katherine Tai

In remarks Tuesday to the National Foreign Trade Council Foundation, Tai warned that the U.S. faces “stiffening competition from a growing and ambitious China” and must ensure that the U.S.-Mexico-Canada Agreement is working properly. Addressing those challenges will require cooperation between the political parties and with “stakeholders across the entire spectrum of the U.S. economy and polity,” she said.

“On day one of President-elect Biden’s administration, the U.S. trade situation will be complex at best,” said International Dairy Foods Association President and CEO Michael Dykes. “The future success and viability of the U.S. dairy industry relies on the health of global market opportunities, and therefore IDFA offers its partnership to Ms. Tai and the staff at USTR to position U.S. dairy for success.”

The first and most pressing issue for the ag sector that Tai will be faced with is China.

“That’s something farmers will all be looking to the administration for,” Salmonsén told *Agri-Pulse*. “I’m sure there will be plenty of discussion about where they go from here. Do they go to phase two? Do they try to continue a purchases approach? What do they do with the tariffs? Those are a lot of the issues that are important to agriculture that the USTR will have a big role in.”

The Biden administration is also expected to be eager to focus on the World Trade Organization. Biden has often stressed the need reengage the world on a multilateral stage, and the WTO’s role as an international arbiter has been hobbled by the Trump administration refusal to allow the institution to approve appellate court judges.

Interior Department, Deb Haaland



Rep. Deb Haaland

Progressive New Mexico Rep. Deb Haaland, who currently serves as vice chairwoman of the House Natural Resources Committee, said in an interview with the Guardian in December that she would **“move climate change priorities, tribal consultation and a green economic recovery forward.”**

The Interior Department includes the Bureau of Land Management, which oversees 245 million acres of land; the Fish and Wildlife Service, which enforces the Endangered Species Act

and manages wildlife refuges; and the Bureau of Reclamation, which oversees water projects across the West.

BLM proposed a rule in January to revise grazing regulations to provide additional flexibility for land and resource management. That includes issuing “nonrenewable grazing permits to address changing landscapes in response to fire and invasive vegetation,” according to BLM.

New Mexico Farm and Livestock Bureau CEO Chad Smith said his group will be watching how Haaland handles those updates.

“This administration that we’re currently in opened up BLM grazing regulations for the first time in many years. That was a much-needed due process. It’s going to be a matter of what happens now that we have the transition,” Smith told *Agri-Pulse*.

In 2020, Haaland and Sen. Cory Booker, D-N.J., introduced the Climate Stewardship Act, which is designed to reduce greenhouse gas emissions through carbon sequestration on agricultural lands and reforestation. The bill would sharply expand the Conservation Stewardship Program and Environmental Quality Incentives Program at USDA and pay for planting over 15 billion trees on federal lands and across the nation.

“Climate change is an immediate threat our communities face that calls for bold solutions. However, deforestation and some current agricultural practices are making global warming worse,” Haaland said.

Before coming to Congress, Haaland ran her own small business making salsa. She also became the first chairwoman elected to the Laguna Development Corp. board of directors, which has oversight over the second largest tribal gaming enterprise in New Mexico.

Transportation Department, Pete Buttigieg

The former South Bend, Ind., mayor’s transportation and climate goals closely align with Biden’s. **During his own campaign for the Democratic presidential nomination, Buttigieg touted his plan to fix and update at least half of America’s roads and bridges in the next decade with some \$50 billion in state grants being used to repair bridges.**

Buttigieg proposed \$169 billion for the Highway Trust Fund during the campaign that would be funded through a fee for vehicle miles traveled instead of increasing the federal gas tax, which hasn’t been raised since 1993. Gasoline tax revenue collections have slumped in recent years as motor vehicles have become more efficient.



Pete Buttigieg

Whatever the Biden administration might do, Mike Steenhoek, executive director of the Soy Transportation Coalition, said a new funding mechanism to improve roads and bridges is needed. **“The fuel tax as it currently exists will increasingly be less able to meet the needs of maintaining and improving our inventory of roads and bridges,” Steenhoek told *Agri-Pulse*.**

Also under Buttigieg’s jurisdiction will be hours of service for livestock haulers. At this time, livestock haulers do not have to have an electronic logging device, and an exemption remains in place until further notice, according to the Federal Motor Carrier Safety Administration.

Buttigieg also proposed increasing electric vehicle charging stations with \$6 billion in grants and loans for states and cities. **This could be problematic for the renewable fuels industry, but Renewable Fuels Association President and CEO Geoff Cooper said Buttigieg understands how ethanol and biodiesel can play an important role in the transportation sector by reducing carbon emissions.**

Energy Department, Jennifer Granholm

Granholm, who served as Michigan’s governor from 2003-2011, is expected to focus on improving energy efficiency.

In 2008, she signed an energy package into law requiring more electricity to be used from renewable energy sources, according to a local news report. She supports the increased use of electric vehicles, but biofuel industry leaders say she’s been a “strong supporter of ethanol” over the years.

“She exhibited a great understanding of the benefits of renewable fuels and the dangers of dependence on foreign oil at that time,” RFA's Cooper told *Agri-Pulse*, referring to her time as governor. Coming from Michigan, Cooper said she understands the needs of the auto industry and supports flex-fuel vehicles that can run on blends of up to 85% ethanol.



Granholm’s career in public service started as a judicial clerk for the 6th U.S. Circuit Court of Appeals. In 1990, she became a federal prosecutor and was elected the state’s first female attorney general in 1998.

Department of Labor, Marty Walsh

One of Boston Mayor Marty Walsh’s first issues as Labor Secretary could be dealing with wage rates in H-2A visa program. He has the backing of the AFL-CIO, one of the nation’s top labor unions. But agricultural employers say it will be important for Walsh to handle wage rates in the H-2A visa program quickly. In addition to administering the H-2A program, the department also enforces labor standards.

In November, the Trump administration attempted to lower wage increases for the H-2A program through a new rule halting the use of USDA’s annual Farm Labor Survey. The survey is used to calculate wage rates for farmworkers. However, a federal judge in California blocked implementation of the rule in December.

Michael Marsh, President and CEO of the National Council of Agricultural Employers, wouldn't speculate on whether Walsh would withdraw the new rule or not, but said he would be pushing him on the importance of ag labor.



Bruce Goldstein, president of Farmworker Justice, an advocacy group, wants Walsh to "reverse the many harmful policies adopted by the Trump Administration and resolve the pending lawsuits against the Department of Labor. We are also hopeful that the DOL under his leadership will improve enforcement of farmworkers’ rights and adopt new policies and programs that help the nation’s farmworkers improve their wages, working conditions and occupational safety."

Walsh signed a sanctuary-city law barring the Boston police from cooperating or sharing information with Immigration and Customs Enforcement. From 2011-2013, he headed a local union, the Boston Building and Construction Trades Council.

Ag groups rally behind choice of Regan as EPA chief

Ag groups are more than happy with the choice of Michael Regan, secretary of North Carolina's Department of Environmental Quality, to be the next administrator of the Environmental Protection Agency, citing his experience working with the farming community in North Carolina and the Biden administration's extensive outreach to farm groups thus far.

"We are big fans of his," says Michael Formica, assistant vice president and general counsel at the National Pork Producers Council, which is circulating a letter among farm groups supporting Regan's upcoming nomination to be EPA chief. He says in North Carolina, Regan "really took it upon himself to actually go out and visit farms, meet with farmers, and figure out what was really going on" before moving ahead with regulations.

Regan, 44, has some farming in his background, sharing with a group of more than a dozen ag CEOs that his grandfather was a small farmer in Bladen County, North Carolina, "where he planted corn, tobacco, peanuts, and soybeans and also raised pork and poultry," according to a readout of a Jan. 5 meeting.

The probable administrator's background includes 18 years' experience almost evenly split between EPA and the Environmental Defense Fund. At EDF, he focused mostly on climate change issues, which have emerged as a top priority for the Biden administration. At EPA, he worked on air issues, ending up as a national program manager for program design in the Office of Air Quality Planning and Standards.



Michael Regan

On one issue important to farmers, Regan has told National Corn Growers Association CEO Jon Doggett that he understands the importance of the Renewable Fuel Standard.

In a conversation with Doggett, Regan said "he certainly understands the importance of the ethanol industry, not only to corn, but he indicated he understood the importance of ethanol to rural communities," Doggett said. "And so many of those ethanol plants are located in smaller communities."

Doggett said he's been impressed by the Biden transition's willingness to reach out to agriculture.

"I've been in town since Ronald Reagan was president," he says. "So, I've seen six transitions and never have I seen a transition where there was this much outreach to agriculture."

Daren Coppock, CEO and president of the Agricultural Retailers Association, said he left the meeting with Regan feeling he will be open to conversations with the ag community. “I was impressed by what I heard,” Coppock said.

Regan will be facing a host of thorny issues when he takes over at EPA, including whether to pull back on the Trump administration’s “waters of the U.S.” rule now being challenged in courts around the country; how best to address climate change; PFAS contamination; and environmental justice, also a major priority for the incoming administration.



Jon Doggett, NCGA

The Environmental Working Group, a frequent critic of the ag industry, said Regan is a great choice for EPA, citing an agreement he helped craft **“to stop pollution of North Carolina’s drinking water with the toxic fluorinated chemicals known as PFAS.”**

“Few people know more about PFAS and the public health emergency posed by these toxic 'forever chemicals' than Michael Regan,” said EWG President Ken Cook.

Geoff Gisler, an attorney at the Southern Environmental Law Center who worked on the PFAS settlement, said, “What we’ll get with Secretary Regan at the EPA is someone who really values and recognizes the importance of clean air and clean water for everyday people.”

Regan “knows about the harmful impacts” of hog farming but will “listen to everyone,” Gisler said. On environmental justice, “He will certainly prioritize lifting up the voices of environmental justice communities and communities that have been marginalized over the past many decades.”

Not everyone is convinced. Naeema Muhammad, a member of DEQ’s Environmental Justice and Equity Board, commenting on a general permit adopted in 2019 for hog operations in the state, told the publication *Facing South* in 2019 that “DEQ is refusing to make necessary changes to address the discriminatory and cumulative impacts that these swine operations have on our communities.”



Chandler Goule, NAWG

An environmental justice advocate in the state, who asked not to be identified by name, was cautiously optimistic about where the new administration will land on some of those issues.

“I don’t know that there has been this level of engagement from previous administrations,” the activist said, citing the “vocal commitment during the campaign on environmental justice. I hope that that difference would translate into meaningful changes in the long run.”

At the meeting with ag CEOs, Regan said “he definitely understands the importance of production agriculture, but also understands that we need to maintain environmental justice,” said Chandler Goule, CEO of the National Association of Wheat Growers.

Formica said Regan “treated us fairly. He listened to both sides and then he looked at what the science showed — that’s all you can ask him to do.”

The North Carolina Farm Bureau also said it’s pleased with the choice, saying that “as a native of one of North Carolina’s top agricultural counties, Regan carries insight into the broader scope of the impact of environmental policy. We have found him to be fair, welcoming feedback from stakeholders representing a diversity of policy stances.”

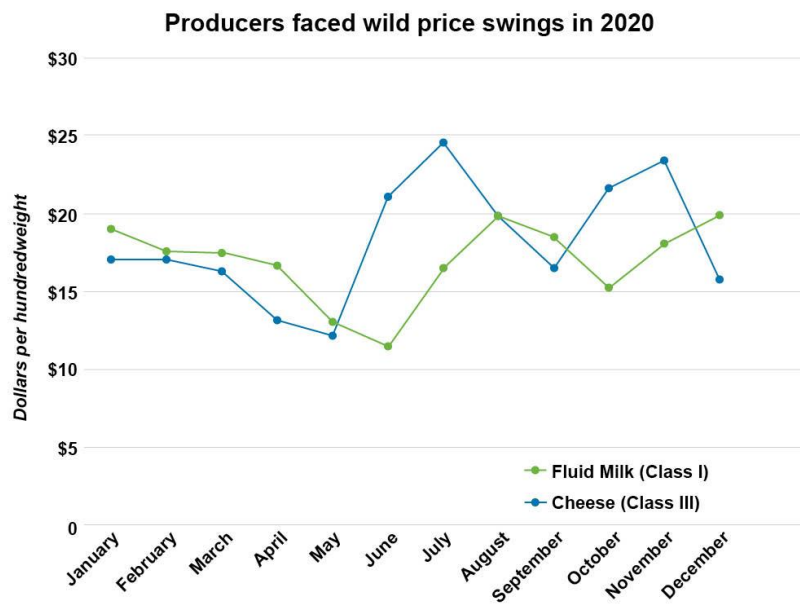
Food Box cheese-buying splurge sparks debate over dairy policy

A surge of nationwide cheese demand, driven at least in part by the Trump administration’s Farmers to Families Food Box program, sparked wild swings in dairy markets and fueled a new debate over changes in federal milk pricing policy made in the 2018 farm bill.

Prices for all uses of milk plunged in March and April as schools, restaurants and hotels closed because of the COVID-19 pandemic. But cheese prices skyrocketed starting in May as the Agriculture Department launched the first round of the Food Box program, which was aimed at aiding farmers and the food service sector by funding the delivery of fresh food, including dairy products and produce, directly to the needy.

Meanwhile, prices for milk sold for fluid milk or for butter, which is heavily used in restaurants and food service outlets hammered by the pandemic-related restrictions, remained relatively lower.

But many producers failed to benefit from the booming cheese prices, in part because of the complex rules for pricing under the federal milk marketing order system, together with a key change made in the 2018 farm bill.



Source: Cheese Reporter

At issue are rules that link milk sold in fluid form to prices for cheese and butter and other rules that allow processors to remove milk from revenue-sharing pools, economists say.

An analysis by the American Farm Bureau Federation estimated in December that the rules resulted in \$3 billion in forgone income to producers. Meanwhile, USDA announced the launch of a fifth round of the Food Box program, which is likely to help maintain demand for cheese.

The National Milk Producers Federation is starting internal discussions on reworking the pricing changes the farm bill made as the result of an agreement NMPF had reached with the International Dairy Foods Association.

The formula included in the farm bill was intended to be “a revenue-neutral solution to the concerns of fluid milk processors about hedging their price risk,” NMPF President and CEO Jim Mulhern said in a statement issued following a decision by the group’s executive committee. “With that balance severely upended due to the pandemic, a modified approach is necessary. We need a solution that provides more equity and balance between farmers and processors.”



Jim Mulhern, NMPF

Paul Bleiberg, NMPF’s senior vice president for government relations, said there is “a lot of urgency” to address the issue among members in some regions of the country, depending on how much of their milk goes into fluid milk. The feeling among many members is that the demand surge caused by the Food Box program highlighted a flaw in the pricing system that needs to be addressed before another disruption occurs, he said.

Under an agreement between NMPF and the IDFA that was written into the farm bill, the price for fluid milk is set at 74 cents per hundredweight over an average of the prices for Class III (milk sold for cheese) and Class IV (butter and milk powder).

Under the old system, the price for fluid milk was set as a premium over the price paid for either Class III or Class IV, whichever was higher. The change was intended to eliminate price spikes and provide companies buying fluid milk with more predictability. Processors had preferred getting the legal authority to forward contract for fluid milk, but NMPF has long declined to support that. (The 74-cent premium was based on the historic average of what producers have been receiving for fluid milk over the cheese and butter prices.)

But the change in the formula also meant producers of fluid milk didn’t really benefit last year when cheese prices surged, and then many processors also removed a significant amount of milk from revenue pooling. Other producers saw deductions in their payments from producers based on the “producer price differential,” or PPD. PPDs turned negative in some months due to the divergence in milk pricing.

“Producers are rightfully agitated about” the formula change, said Marin Bozic, an economist at the University of Minnesota. “They were promised a system that would be facilitating risk management programs by companies such as Starbucks or others that wanted to lock in their budgets for multiple months and are using fluid milk in their offerings.”

He said producers “were promised that they would not be hurt” by the formula change, but “they were hurt by like many hundreds of millions of dollars in 2020.”

In June, with the Food Box program up and running, the average Class III price hit \$21.04 per hundredweight, while the Class I and IV prices remained at just over \$14 and under \$13 per hundredweight respectively.

An official with IDFA cautioned against making changes to the formula as the result of market disruptions related to the pandemic. But Dave Carlin, senior vice president for legislative affairs and economic policy, said he expected the issue to be discussed by the group's economic policy committee at an upcoming meeting. The committee includes companies' milk procurement experts.

“Let’s be careful about coming up with a solution that is based on current market conditions, and those current market conditions are just so crazy and skewed compared to what they normally look like,” Carlin said.

Revenue pooling is intended to allow producers to receive a uniform price for their milk regardless of how it is used. But the sharp divergence in milk component prices led many processors to de-pool Class III milk, which was benefiting from the cheese demand, so that producers didn't benefit from its higher value, economists say. Only Class I milk is required to stay in the pool.



Marin Bozic, University of Minnesota

The AFBF analysis provided two examples of the impact on dairy farms: From June to November, a 200-cow dairy in western Pennsylvania would have experienced PPD milk check deductions of nearly \$130,000, while a 3,000-cow dairy operation in California would have seen deductions of more than \$2.5 million.

Another issue, according to Bozic, is that processors aren't required to disclose to producers when they have de-pooled milk to avoid revenue sharing.

Under the 2018 farm bill, the pricing formula can be changed anytime after May by USDA. But it remains to be seen whether the industry can agree on what USDA should do.

Bozic said it's important that there be a vigorous public debate about any changes. If not, “those that mean well may end up producing something that doesn't perform as well,” he said. USDA didn't respond to a request for comment on the pricing issue.

Congress pushes EPA to address nutrient pollution, pesticides

EPA's spending bill approved last month continued to fund the agency at a level well above the Trump administration's request, providing \$9.24 billion for fiscal 2021, just \$180 million above fiscal 2020 but 29% higher than the administration's budget request.

But in addition to the money, Congress provided direction for the agency's priorities in the coming fiscal year on a wide range of subjects, including nutrient pollution and pesticides.

For example, EPA was directed to brief House and Senate appropriators “on the potential impacts of pesticide use on regenerative agriculture and pollinators and other insects,

wildlife, and water quality in the regenerative agriculture process.” Such directives are included in reports that accompany the legislation. Report language is intended to influence administration decisions without tying the agencies' hands in law.

The appropriations bill also urges EPA to continue with a Spanish-language radio outreach program to educate farmworkers and pesticide handlers about improving worker safety when applying pesticides, saying it had “materially improved farmworkers' knowledge and ability to reduce exposure risks for themselves and their families.”

Given concerns about the “dead zone” in the Gulf of Mexico, EPA was directed to coordinate with USDA, Gulf states, “and other state, local, and private partners to leverage greater resources toward conservation projects on working-lands within the Gulf Region and Mississippi River Basin.”

Significantly for livestock operations, the funding agreement scraps previous report language urging EPA to prioritize development of models to estimate air emissions from animal feeding operations.

Instead, the report directs EPA “to study new and innovative lagoon and sprayfield waste management systems, including biodigesters and methane recapture systems on animal waste lagoons, and whether these or other methods and technologies can help mitigate health or environmental impacts on communities living near swine and dairy farms.” EPA was told to submit the study to appropriators within 180 days.

The bill keeps in place prohibitions on the use of funds “to promulgate or implement any regulation requiring the issuance of [Clean Air Act] permits for carbon dioxide, nitrous oxide, water vapor, or methane emissions” or to adopt regulations requiring mandatory reporting of greenhouse gas emissions from manure management systems.

Regarding the Food and Drug Administration, Congress has directed the National Academies of Sciences, Engineering, and Medicine to provide a report on the most recent edition of the Dietary Guidelines for Americans, specifically examining whether the latest DGA process followed recommendations in a 2017 NASEM report that sought to make the process more scientifically transparent. The report must be prepared within 12 months.

On regulation of cannabidiol, or CBD, FDA was directed to work with the Office of Management and Budget to issue policy guidance “in a timely manner” regarding enforcement discretion. The agreement also “encourages FDA to partner with an academic institution to expand sampling studies of CBD products currently on the market.”

Appropriators said they remain concerned about “the proliferation of products marketed using standards of identity for dairy products that do not contain dairy ingredients. **The agreement directs FDA to provide clarity around the appropriate naming of plant-based dairy alternatives within 90 days “on steps taken to enforce against such alternatives.”**

On added sugars, the spending agreement says appropriators are worried about “potential consumer confusion” over nutritional labeling requirements and guidelines for added sugar for single ingredient products like maple syrup and honey, “where sugar is naturally occurring in the product rather than added to the product.”

Within 60 days of the date the act was signed — Dec. 27, 2020 — FDA was directed to submit a report to the appropriations committees updating its June 2019 guidance on added sugars.

“The report shall include multiple examples of factual and non-misleading statements describing the applicable percent daily value of sugar added to one's diet that can be used by producers and processors of honey, maple syrup, other single-ingredient sugars and syrups, and certain cranberry products as optional explanatory statements to inform consumers of the meaning of this component of the nutrition facts panel,” the agreement says.

News Briefs:

California NRCS announces priority conservation practices. Conservation officials in California have outlined 10 conservation practices with high potential for benefits that will receive priority incentive payments. The practices – which would be employed through the Environmental Quality Incentives Program – were identified by the California office of USDA’s Natural Resources Conservation Service. According to a [release](#), producers who receive contracts for applying the practices “may now receive incentive payments that could reach as high as 90% of the nationally-identified cost.”

“The 2018 Farm Bill provides for us to work with partners to identify this set of conservation practices that are underutilized relative to California’s natural resource needs,” NRCS State Conservationist Carlos Suarez said. “This allows us more flexibility to tailor our conservation tool chest to offer ‘bigger carrots’ to landowners who incorporate the prioritized practices into their conservation plans.”

For California, the priority practices are: conservation cover, conservation crop rotation, cover crops, residue and tillage management, mulching, prescribed grazing, nutrient management, pest conservation management systems, upland wildlife habitat management, and forest stand improvement. These 10 practices were selected from 143 different efforts used to address conservation challenges in the state. Interested parties are encouraged to contact an NRCS field office in California to learn more; funding decisions will be made in early spring.

Tractor, combine sales end higher in 2020. Farm equipment sales finished 2020 by exceeding the previous year’s figures across a variety of categories, according to new data from the Association of Equipment Manufacturers. According to AEM’s Ag Tractor and Combine Report for December 2020, tractor sales for the year were up 17.7% over 2019 figures; combine sales observed a smaller increase, up 5.5%. “The year 2020 was difficult on a number of fronts. Despite uncertainty in the overall economy, the ag equipment market has been pretty strong,” Curt Blades, AEM’s senior vice president of ag services, said in a statement. “The growth we saw in farm tractors and combines was pleasant news — driven largely by smaller equipment.” Sales of two-wheel drive tractors were up 17.9%, with much of that growth coming from machines with less than 40 horsepower. Sales of four-wheel drive tractors showed a modest increase in 2020 — up about 3.7% — but actually dropped in the final month of the year — down 3.7% — when many producers are known to make large purchases after assessing their annual income. Monthly sales figures throughout the year were higher in 2020 than the 2019 amounts and the five-year averages in almost every case; February and March were the only exceptions.

Livestock economist watching for shrinking of beef herd. A livestock industry expert says the slight beef cattle herd liquidation that took place in 2020 could continue into the new year. Derrell Peel, an ag economist with Oklahoma State University, said the size of the herd peaked in early 2019 and can be expected to take a gradual decline. “I’m anticipating that USDA will confirm at the end of January that we probably had another one-half to one percent decrease in the beef cow herd, and something along the lines of maybe a half a percent decrease in overall cattle numbers,” Peel said in a session at the American Farm Bureau Federation’s annual convention. However, he did note some variables remain at play that could lead to a reversal of that prediction for the next year. Specifically, he noted the “degree and pace of pandemic control” and what that might mean for consumer spending and other market indicators that could influence the cattle industry. “If we move past the pandemic in some kind of measurable way through the first part of the year and see a lot of progress in both the U.S. and global markets in the second part of the year, I think there’s a scenario where we might actually be thinking about restarting a little bit of herd expansion,” he said. “All of those scenarios are possible; I don’t know that you can really make a strong prediction one way or the other at this point.” Peel also pointed to forecasts of decreased beef production, cattle slaughter, and carcass weights after the pandemic caused slowdowns at packing plants and heavier animals going to market.

Farm Hands West: Burr joins Markon Cooperative, Gonzales promoted

Markon Cooperative has brought on **Kate Burr** as the new food safety director. Burr previously worked at Church Brothers Farms for the past 6 years, most recently as the sustainability and customer response program manager.

Michael Gonzales has been promoted to head of marketing at Limoneira Co., succeeding John Chamberlain, who has retired after 15 years with the company. Gonzales was previously a marketing manager.

The Organic Trade Association has hired **Lisa Braun** as the new sustainability technical services manager for OTA’s new Sustainable Food Trade Action Council. Braun previously was the sustainability technical services manager for the Sustainable Food Trade Association.

The Fresh Produce Association of the Americas has brought on **Andrea Ortega** as the new communications coordinator. Ortega has worked at the Tubac Chamber of Commerce, Tucson Hispanic Chamber of Commerce and most recently was an entry specialist for GOCM LLC, where she worked as a liaison between the U.S. Custom and Boarder Protection and the company to track imports and exports of company products.

Everett Hoekstra has retired as president of Boehringer Ingelheim Animal Health USA and has been succeeded by **Randolph Legg**. Legg will remain head of the company’s U.S. commercial business while serving as president. The company has also appointed **Helmut Finkler** as head of regional bio manufacturing Americas and global



Kate Burr



Trey Forsyth

manufacturing science and technology. He will oversee vaccine-production sites in the Americas. Finkler most recently served as head of global bio operations in global operations animal health.

President-elect Joe Biden announced Ambassador **Samantha Power** as his nominee for Administrator of the United States Agency for International Development and elevated the position to become a member of the National Security Council. Ambassador Samantha Power served in the Obama-Biden Administration Cabinet from 2013 to 2017 as the 28th U.S. Permanent Representative to the United Nations.

Trey Forsyth has joined Michael Torrey Associates as the new director of government affairs. Forsyth joins MTA after serving as a policy adviser to chief agricultural negotiator, **Gregg Doud**, at the Office of the U.S. Trade Representative. Before that, Forsyth worked for Land O'Lakes.

Morgan Beach has been promoted to director of public affairs at the Pet Food Institute. She has been with PFI for two years and before that worked for the National Milk Producers Federation.

Rob Rosado will be joining the International Dairy Foods Association as senior director of legislative affairs, effective Jan. 19. Rosado comes to IDFA from Capitol Hill where he worked on the Senate Ag Committee as a senior professional staff member for nutrition and specialty crops policy.



Rob Rosado

Faith Vander Voort has returned to Capitol Hill to join the staff of newly elected Rep. **David Valadao**, R-Calif., as his communications director. Vander Voort previously worked at the Department of the Interior, most recently as the deputy director of the office of congressional and legislative affairs. Smithfield Foods has announced new executive leadership appointments, following **Dennis Organ's** promotion to president and CEO in late 2020. Organ previously served as the chief operation officer. **Russ Dokken** has been appointed to chief sales officer. He most recent was the executive vice president of U.S. packaged meats. **Keira Lombardo** has added the title chief administrative officer and will lead the company's administrative operations, including corporate communications, external affairs, government affairs, human resources, investor relations, legal and sustainability functions. She joined the company in 2002. **Scott Saunders** was appointed to chief supply chain officer. He has over 30 years of experience at Smithfield with his previous roles including executive vice president of U.S. supply chain and president of the fresh pork division. **Shane Smith** was appointed chief strategy officer. He joined Smithfield Foods in 2003 and previously served as executive vice president of European operations. **Brady Stewart** has been elevated to chief manufacturing officer. In 2019, Stewart was promoted to executive vice president of U.S. hog production. **Joe Weber** is now the chief commodity hedging officer. He joined Smithfield Foods in 1994 and most recently served as executive vice president of growth and emerging business. **Glenn Nunziata** will continue in his role as chief financial officer. Five individuals have been promoted to executive vice president: **Luis Cerdan** was appointed to executive vice president of European

operations, **Jamie Dik** will be the executive vice president of fresh meats, **Steve France** is now the executive vice president of packaged meats, **Mark Hall** was promoted to executive vice president of finance, and **John Sargent** is now the executive vice president of hog production. Smithfield also announced the retirements of four outgoing leaders. **Dhamu Thamodaran**, executive vice president, chief strategy officer and chief commodity hedging officer will retire after a 35-year career at Smithfield. **John Pauley** will retire after 20 years of service. He most recently was the chief commercial officer of packaged meats. He joined Smithfield Foods 20 years ago as president of Curly's Foods, Saratoga Spice, and Iowa Quality Meats. **Bill Michels**, senior vice president of operations for packaged meats, will retire after four decades of service. **Michael Cole**, senior advisor to the chief executive officer and corporate secretary, will retire after 24 years of service. Cole joined Smithfield Foods in 1996 as its only corporate attorney.



Jenny Maloney

Jenny Maloney has been promoted to global-Americas strategic accounts manager for Bayer CropScience-Vegetable Seeds. She previously worked as the food stakeholder manager for Bayer. Before that, she worked for John Deere as the senior manager of water policy and international affairs.

Daniel Davis's last day at the Commodity Futures Trading Commission will be on Jan. 15. Davis serves as the general counsel and head of the legal division. Davis will be taking a new job in the private sector.

Christopher Chaffee has left the White House where he served as the director of food and agricultural outreach in the Office of Public Liaison. Chaffee was at the White

House for the last three years.

The American Egg Board has hired **Mike Koenigs** to join the team in a newly created role of chief outreach and operations officer. Most recently, Koenigs served as vice president at global PR agency Weber Shandwick

The U.S. Roundtable for Sustainable Poultry and Eggs and the International Poultry Welfare Alliance has announced **Candace Bergesch** will be joining the team as the new director of communications for both organizations. Most recently, Bergesch worked as a public relations supervisor at marketing and advertising agency Osborn Barr Paramore.

Idaho Potato Commission has gained **Mark Daniels**, a produce veteran with 35 years of industry experience, as the new retail promotion director-Southeast. He will be based in Savannah, Ga.

Neil DeStefano has started his own business called Neil DeStefano Consulting focused on helping clients with strategy, portfolio expansion, business development and marketing communications. DeStefano had a 43-year career in the agricultural chemical industry and he most recently was director of portfolio management, business development and marketing communications with AMVAC.

Hargrove and Associates, an Association of Equipment Manufacturer subsidiary, has added **Todd Snell** as the company's new vice president and chief operating officer. Snell previously served as a lead representative of Deere & Company in the AEM Statistics Program and retired from the company in early 2020.



Candace Bergesch

The Cotton Board has hired Grant Saum as its new Mid-South regional communication manager, covering the territory of Arkansas, Louisiana, Mississippi, Missouri, and Tennessee. Saum previously worked as a district sales manager for GreenPoint Ag in Alabama and Southern Mississippi.

Helmut Claas, managing director, chairman of the supervisory board and chairman of the shareholders' committee of the CLAAS group, has died at the age of 94. Claas studied agriculture in Paris and joined his parent's small agricultural machinery firm in 1958, where he was later promoted to managing director. In 1996, as part of the restructuring of the firm into a joint-stock company, he changed from the role of managing director to chairman of both the supervisory board and the shareholders' committee.

John Charles Foltz has passed away after complications with COVID on Jan. 7. He was 87 years old. A Navy veteran, Foltz became the director of the FFA Foundation and also served as the deputy undersecretary for congressional relations at the USDA. He then took an assignment with the Foreign Agricultural Service as assistant administrator for market development and traveled around the world American farm products.

Best regards,

Sara Wyant
Editor

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