

COMMODITY CREDIT CORPORATION – HOW IT WORKS

Thursday, February 4, 2021

By Jeff Harrison, Combest-Sell & Associates

There have been a lot of questions concerning the Biden Administration's interest in tapping the Commodity Credit Corporation (CCC) to fund an agricultural carbon sequestration program.

One basic question is whether this action would come at the expense of policies currently funded through the CCC, including the Farm Bill's commodity title, conservation title, portions of the trade title, etc., as well as ad hoc assistance relating to trade and pandemic relief in recent years.

During the Senate Agriculture Committee hearing to consider the nomination of Secretary Tom Vilsack to become the Secretary of Agriculture under the Biden Administration, Ranking Member John Boozman (R-AR) questioned the USDA's legal authority to do this without legislation, although others in Congress and the Administration clearly believe they have such authority by broadly defining agricultural commodity to include sequestered carbon.

In any event, Secretary Vilsack did assure Senators that use of the CCC for such a purpose would not come at the expense of policies for which the CCC is primarily established to fund.

By way of background, the CCC Charter Act, enacted in 1948, was first established by executive order in 1933. The CCC essentially operates as a line of credit from which the Secretary of Agriculture must fund certain programs required by Congress (e.g., Farm Bill's Commodity Title, etc.) or may fund at the Secretary's discretion using the CCC's broad legal authority (e.g., Market Facilitation Programs (MFP), Coronavirus Food Assistance Programs (CFAP)).

As the Secretary draws against his CCC line of credit each year, the annual Agriculture Appropriations Bill replenishes the CCC by the amount spent in order to restore the CCC to its full \$30 billion line of credit. In this sense, it is similar to a credit card that is used all month, drawing down against one's credit limit. At the end of the month, when the balance is fully repaid, one's line of credit is fully restored.

In regard to concerns over the adequacy of available line of credit to fund both mandatory Farm Bill programs and discretionary spending priorities of the Secretary, including carbon sequestration, programs specifically mandated by Congress to be funded by the CCC would take precedent over the exercise of general authority to carry out a program not otherwise specifically authorized or mandated by law, although if USDA fails to properly account for expected mandatory program costs for a year there could be budget tension between these two purposes.

Moreover, by creating a carbon sequestration program using broad authorities and funding from the CCC, such action would limit the ability of the Secretary to address trade disruption and

pandemic impacts as the Secretary was able to do in recent years, at least by the amount that it would cost to carry out a carbon sequestration program.

That said, the current CCC \$30 billion line of credit was sufficient to meet Farm Bill requirements while also meeting MFP and CFAP programs. Declining Farm Bill costs are likely to create even more room for USDA to operate. Finally, to the extent that the CCC falls short in meeting demands, Congress is always able to step in and replenish so USDA is able to do its work.

In summary, while the CCC may be able to accommodate mandatory Farm Bill spending, ad hoc relief provided to address certain emergencies, and the funding of a carbon sequestration program, there are disagreements as to the legality of using the CCC for carbon sequestration and the cost of the carbon sequestration program would limit by its annual price tag the total amount available in the CCC to carry out programs that USDA is required to administer as well as any ad hoc programs developed to address emergencies. Yet, given recent experience, it would likely be manageable.

Policymakers that wish to pursue a carbon sequestration program could address any concerns by: (1) Congress increasing the CCC line of credit above the \$30 billion annual amount, although the Congressional Budget Office (CBO) oddly scores any such increase rather than simply score any actual expenditure, akin to a credit card company charging you for unused credit on your credit card rather than actual charges; or (2) Congress expressly authorizing or mandating a carbon sequestration program using CCC funds.

PLAINS COTTON GROWERS, INC.

64th Annual Meeting

Friday, April 9, 2021

Overton Hotel & Conference Center

Bayer/Deltapine Breakfast – 7:30 a.m.

Registration – 8:30 a.m.

Program – 9:00 a.m.

BASF FiberMax Luncheon – Noon

Featured Speaker:

**Jim Wiesemeyer, ProFarmer Journalist &
Analyst – Washington, D.C.,**

Sponsored by Farmers Cooperative Compress

REGISTER TODAY FOR PCG'S COTTON CROP INSURANCE SEMINAR

Friday, February 5, 2021

By Whitney Curry

Plains Cotton Growers, Inc. is set to host a virtual Cotton Crop Insurance Seminar on **Tuesday, February 16, 2021**. Register online TODAY (<https://plainscotton.org/cotton-crop-insurance-seminar/>), once you register you will receive the zoom information.

During this seminar we will review and discuss numerous options that are currently available to producers for the 2021 growing season through the Federal Crop Insurance Program.

The purpose of this seminar is to familiarize producers with the wide variety of existing and new crop insurance products available to them in 2021. We will also discuss how crop insurance can be employed to complement or in some instances be substituted for other USDA program options.

“With uncertain weather and market situations, cotton producers should carefully consider the full range of risk management products heading in the 2021 growing season,” says Shawn Wade, Director of Policy Analysis and Research for Plains Cotton Growers, Inc. “The fact is that growers have a tremendous amount of latitude when it comes to putting together a robust risk management program due to the availability of existing program enhancements, such as Yield Exclusion and Trend Adjusted adjustments and policy add-ons like the Cotton Seed (Pilot) Endorsement, Stacked Income Protection Program (STAX), Supplemental Coverage Option (SCO), and the new Enhanced Coverage Option (ECO).”

Crop insurance in combination with one or more of these components has the ability to provide a multitude of meaningful options for producers and improve the risk management programs they depend on to get them through uncertain weather and market situations.

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<http://www.facebook.com/plainscottongrowers>

<http://www.twitter.com/PCGNews>

JIM WIESEMAYER TO KEYNOTE PCG ANNUAL MEETING

Friday, February 5, 2021

By Whitney Curry

Earlier this week the Texas Cotton Ginners' Association announced the cancelation of the 2021 TCGA gin show due to the Lubbock Memorial Civic Center venue being closed to outside events through the end of April. However, the Plains Cotton Growers Annual Meeting is still being held on **Friday, April 9th** -- at the Overton Hotel.

The meeting will kick-off with a breakfast starting at 7:30 a.m. sponsored by Bayer/Deltapine at the Overton Hotel. PCG's Annual Meeting will begin at 8:30 a.m. with registration, and the program will start promptly at 9 a.m.

Keynote for the PCG Annual Meeting is Jim Wiesemeyer. Wiesemeyer is the Dean of Washington farm journalist, having covered U.S. agriculture in the nation's capital for nearly 50 years,

interviewing senior government officials including U.S. Presidents and USDA Secretaries since Earl Butz. Mr. Wiesemeyer rejoined Pro Farmer after serving as its Washington consultant for 19 years while at Informa Economics and before that worked directly for Pro Farmer. Mr. Wiesemeyer also is one of the writers for the Agriculture Letter. Prior to Pro Farmer, he was a Washington editor with Doane's Agricultural Report and Washington editor and managing editor of the Washington Farmletter.

Wiesemeyer is no stranger to PCG audiences, returning to the Annual Meeting podium for the fourth time, the last time being in 2010.

The Lubbock Cotton Exchange will be on the program as well to discuss the plans for the upcoming Texas International Cotton School.

Current PCG president Brent Nelson, who farms near Sudan, Texas, will preside over the meeting. PCG CEO Steve Verett will report on the status of PCG operations and activities, and Kody Bessent, PCG Vice President of Operations and Legislative Affairs, will provide an update on the PCG PAC. An award recognizing the 2020 High Plains Cotton Agent of the Year will be presented at the meeting. Other speakers are still being confirmed.

There is no charge to attend and no RSVP is necessary. Additional information about PCG can be found at <http://www.plainscotton.org>.

REMINDER - REGISTER FOR THE NATIONAL COTTON COUNCIL ANNUAL MEETING

Friday, February 5, 2021

By Whitney Curry

The National Cotton Council's 2021 Annual Meeting will be conducted in a virtual format to minimize risks to industry members due to the COVID-19 pandemic.

Committee meetings will begin Tuesday, January 19, 2021, and will end with the convention's final event, the General Session on **Thursday, February 11, 2021**. To view the schedule-at-a-glance visit

<https://www.cotton.org/news/meetings/am/2021/schedule-at-a-glance.cfm>.

To register for the NCC Annual Meeting, visit <https://www.cotton.org/news/meetings/am/2021/2021-am-registration.cfm>, the pre-meeting registration deadline is Thursday, February 11, 2021 at 10:30 p.m. CST.

For more information regarding the meeting visit <https://www.cotton.org/news/meetings/am/2021/>.

UPCOMING DEADLINES:

Conservation Reserve Program (CRP) –
February 12, 2021

<https://www.fsa.usda.gov/programs-and-services/conservation-programs/conservation-reserve-program/>

Quality Loss Assistance Program (QLA) – **March 5, 2021**

<https://www.farmers.gov/quality-loss>

ARC/PLC - **March 15, 2021**

https://www.fsa.usda.gov/programs-and-services/arcplc_program/index

Editor's Note:

"Cotton News", a weekly service of Plains Cotton Growers to the cotton industry and news media in the 41-county High Plains area, is mailed from Lubbock each Friday. Its contents are confined to news items and comments pertaining to the High Plains cotton industry which is so vital to U.S. all. Anyone interested in making comments about the contents of this column can call 806-792-4904 or Email PCG at: editor@plainscotton.org