

TRANSCRIPT

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**TRANSCRIPT OF CALIFORNIA FARM BILL FORUM
WITH AGRICULTURE SECRETARY MIKE JOHANNIS
AND MODERATOR ROY ISOM OF KMJ RADIO,
FRESNO COUNTY FAIRGROUNDS -- FRESNO, CALIFORNIA
ON AUGUST 12, 2005**

(in progress)

CALIFORNIA SECRETARY OF FOOD AND AGRICULTURE A.G. KAWAMURA:
I think I'd want to emphasize California's part in the nation's total food supply. He is here to learn all about California, and I share with you, then, our enthusiasm in welcoming Secretary of Agriculture Mike Johannis.

[Applause.]

USDA SECRETARY MIKE JOHANNIS: Thank you. Well, thank you very much. It is great to be in California. I appreciate this opportunity immensely. I get to start out here and offer a few words.

But I will tell you after I speak to you for a few minutes you're not going to hear much from me after that. This is your time. This is your opportunity to go to the microphone, and quite honestly my role here is going to be to listen, take some notes. I'll offer a few comments maybe here and there, but not very much. And then about three hours from now I'll wrap up, and we'll have another Farm Bill listening session under our belt.

Now the Secretary mentioned that I did grow up on a dairy farm in North Central Iowa. That was near a community called Osage, Iowa. Now you're all looking puzzled-- like where is Osage, Iowa? Right? So I better clear that up. I don't want you thinking about that during this forum. Osage is straight south of Stacyville and St. Ansgar, and it's straight east of Manly. So now you know where Osage is at.

[Laughter.]

My father had three sons, and his idea of building character for these sons was, he would hand us the scoop shovel or a pitchfork and send us out to the barn or the hog house and you know we'd stand knee-deep in you-know-what and we'd pitch away. And that was his idea of building character in his sons. Little did John know that what he was really truly doing was preparing me for my life in politics, right?

[Laughter.]

Well, before I get in any more trouble I should move on here. Secretary Kawamura, thank you so very much for your hospitality. I want to also extend my appreciation to the Governor for extending the invitation for me to be out here.

Secretary Chrisman, I appreciate spending the day with you also. We had a great morning together, and then as we came over here we flew over some of the water projects in the state-- which to me was immensely, immensely informational, fascinating information. So I really appreciate being put on the list.

And your two congressmen-- Congressman Nunes and Radanovich. How do you like that? So it is great to have them here.

We've done a number of these, and I always consider it to be so impressive when you have state officials here, you have people from Congress who really are interested and so they show up. So we thank you.

Roy, thank you.

MODERATOR ROY ISOM: Thank you, sir.

SEC. JOHANNIS: The broadcasters across the nation were in Washington some months ago, and we were just starting to think about this idea, and the president was encouraging me. He said, 'Mike, I want you to really get out across the country and talk to farmers and ranchers.' So we were kind of thinking about this idea of Farm Bill Forums, so I thought, what better way of testing that idea than to visit with the nation's farm broadcasters? And so we said, what do you think? And they said, well we think that would be a great idea. And I said, Great, then we enlist you; we want you to be moderators and help us promote what we're doing.

And ladies and gentlemen, thank you so much for being here. What a great crowd. Really, really appreciate that.

We had a children's choir, the Central California Children's Choir. I thought they were great. Our -- yeah, you bet.

[Applause.]

Our National Air Station in Lemoore in Kings County was the color guard. We appreciate that.

[Applause.]

And then Jordan and Natalie helped us with the Pledge of Allegiance, and I thought that was great-- 4-H and FFA, thank you very much-- Jordan and Natalie.

[Applause.]

When I was growing up, I'll share with you that I was both in 4-H and FFA, and it's great to see you all here-- the green for 4-H and the blue jackets for FFA. I'm really proud of you. Believe in agriculture. You have a future here. We'd love to see you, and that's part of what we're going to talk about today-- how do we build a Farm Bill that recognizes the need to have good farm policy so young people can get excited about being involved in agriculture?

I was doing some of my homework before I came out to California, and I have to tell you that when it comes to agriculture the statistics here are incredibly impressive. You have the largest and most diverse agriculture in the nation. Now if there's another state out there that challenges me on that, we'll probably have a debate. But it's unbelievable what you see here. The facts are almost breathless. More than 80,000 farms and ranches, nearly a \$28 billion industry that generates \$100 billion in related economic activity.

So it is really incredible. Now there's another thing I want to mention. I succeeded a very special person as Secretary of Agriculture, Secretary Ann Veneman. And as you know, Ann was from California, the family has a long history here. I want to report to you, she's doing great at UNICEF. She's very admired and respected. And I took over a department that she had managed very well.

I too came from a state that was rich in ag heritage, the state of Iowa where I grew up, the state of Nebraska where I lived during really all of my adult life. I loved growing up on a farm. This whole idea of the Farm Bill Forums is to try to make sure we're doing the right thing with ag policy so that these young people have the same opportunities that previous generations have had. So we're doing this nationwide listening tour, and the tour has been fantastic.

A little earlier this week on Tuesday I was at a ranch in Crawford, Texas, with the President of the United States. He is so engaged and interested in what we're doing. Every time I see him he wants to know, 'Where've you been, what are people talking about, what are the issues you're hearing about?' Well, I told him I was going to be in Iowa this week and in California, and he said, Great, send my warm regards to the people of Iowa where I was at yesterday and to the people of California where I'm of course at today.

And if this is working right, I think I even brought a message from the President of the United States. Did we do that? If we're ready for that, let's roll it.

[Showing of videotape]

PRESIDENT GEORGE W. BUSH: Thanks for letting me speak to you at this Farm Bill Forum. America's farm and ranch families provide a safe and abundant food supply for our people and for much of the world. You represent the best values of America-- stewardship of the land, hard work and independence, faith, service, and community.

Mike Johanns understands the importance of America's farmers to our country -- which is why I chose him to lead our Department of Agriculture. I'm proud of his work, and he will lead our efforts on the next Farm Bill. Secretary Johanns and I believe the first step in this process is to ask each of you how today's Farm Bill is working and how it can be better.

And as we look to improve America's farm policy, we will continue to focus on the following goals:

See, America has about 5 percent of the world's population, which means 95 percent of your potential customers are overseas. So one of our goals must be to ensure that America's farmers and ranchers have access to open, global markets.

A second goal is that we want future generations to have plenty of opportunities to go into agriculture.

Thirdly, we need cooperative conservation that encourages good stewardship of our land and natural habitats. We also need to act wisely in delivering health to our nation's producers, and we must promote cutting-edge agricultural products and research.

And finally, we must ensure a good quality of life in rural America. The Farm Bill is important legislation that meets real needs. The next Farm Bill should further strengthen the farm economy and preserve this way of life for farmers and ranchers of the future.

Hearing your advice is an important step toward meeting these goals. I thank you for all you do for our country, and thank you for listening.

SEC. JOHANNIS: Great. That's your President. You bet!

[Applause.]

Well, ladies and gentlemen, the President and I have a vision for rural America and it's a vision of a vibrant rural economy. Forward-looking policies are a part of that vision, and that's exactly what this Forum is about. You've heard the six questions that we're going to ask you to talk about today. We don't strictly enforce that necessarily, but I would ask just one thing from you. If you have a specific issue, maybe you've got a loan application pending that's taking too much time or whatever, we want to help you with that. And so we have USDA people all over the place to try to help you with those specific issues. But what we would like to hear from you today about is the Farm Bill, farm policy, and what's working and what you think we might do better.

So it's your time. It's your opportunity to grab that microphone. We're going to spend some time together this afternoon, and I'm going to sit back now. I'm going to listen and I'm going to take some notes.

Thank you for being here. God bless each of you.

[Applause.]

MODERATOR: Thank you, Mr. Secretary. Before we go over the parameters once again on how this will work this afternoon, I want to call up a couple other speakers-- the California Future Farmers of America Treasurer, Daniel Bays, for some remarks.

MR. DANIEL BAYS: I want to thank you, Mr. Secretary, for allowing me to speak today on behalf of the California Association of Future Farmers of America, young agriculturalists throughout this state. My name is Daniel Bays, and I will be addressing question number one.

The increasingly high investment costs and relatively low return rates associated with production agriculture are some of the most prominent unintended consequences that discourage future generations from entering production agriculture. Federal programs need to be established that help to support and encourage future generations to return back to the family farms.

Resources should be allotted for agriculture education programs -- such as the 4-H, FFA, Grange, and Farm Bureau -- that help to educate future generations on the importance of production agriculture and of the importance of agriculture to the United States of America's economy.

Funding is also needed to help encourage future generations to return back to the family farm.

A program that would base the amount of financial assistance upon initial start-up costs and land value relative to the applicant's respective region would make the most sense so that young agriculturalists returning or entering into production agriculture for the first time would have an equal opportunity, no matter which state or region they come from.

Mr. Secretary, each of the proposals that I have mentioned are two of many that you will hear. I stand ready and able along with the other 63,711 Future Farmer members of the California Association of Future Farmers of America to assist you in finding solutions to the problems.

Thank you. Are there any questions?

MODERATOR: Thank you, Daniel. You wouldn't know I get paid for reading for a living, but actually Daniel Bays from Patterson, California.

Next speaker -- I hope I get this one right -- is from the 4-H, Fairmont 4-H. Fairmont is, I believe there's a Fairmont here, but this could be outside the area -- Catherine Rubio?

MS. CATHERINE KUBER (sp): Kuber.

MODERATOR: See? Thank you. Catherine?

MS. CATHERINE KUBER (sp): Thank you. Thank you for inviting me to speak to representing the 4-H program. My views on the Farm Bill and its unintended consequences I'll be addressing question one, will be focused on the communication aspect of the bill itself.

Instead of focusing on the details of the Farm Bill I'd like to talk about the Farm Bill as a whole and its unintended consequences towards the agriculture industry and young people starting in agriculture.

The general public perception of the Farm Bill can be extremely negative. The general public views the Farm Bill as welfare for farmers. They view subsidies as a way for farmers to become rich while the rest of the country suffers. On the contrary, subsidies are in place to help maintain a stable economy, allowing the food that we eat to continue to be reasonably priced. The public does not realize that the agriculture industry is working to maintain a safe, affordable food supply for the United States -- because we don't do enough to advertise that fact.

I just returned home from Washington, DC where I spent three weeks at the Junior Statesman of America Summer School learning about politics, government, and U.S. foreign policy. My fellow students were shocked to learn that I raise dairy cattle and were convinced that farmers were the Old McDonald variety and, worse, that they are paid by the government surplus of (unclear).

I did my best to explain, with my limited knowledge of the Farm Bill, that the Farm Bill is intended to maintain a healthy farm economy, stabilizing prices for consumers and farmers alike. I made little headway but learned that the more I communicated with them about what the Farm Bill is, the more they had a better understanding of its relevance and importance.

I also spent a week at the University of Delaware for the Gillette Company Economics For Leaders Conference where one of my professors lectured about subsidies and actually stated

that dairy producers are welfare recipients, and posed the question why should we subsidize farmers?

The young people that I met are four to five generations removed from agrarian culture. Unfortunately for every young person wanting to enter into production agriculture there are perhaps two to three others who will be future environmentalists, regulators, or legislators who do not understand agriculture and its importance. Hence, I would say that the greatest unintended consequence, looking at the Farm Bill as a whole, would be the lack of communication by the government as well as producer groups. We must educate consumers of the Farm Bill's role and importance. If we don't, it will be even harder for young farmers to get their start in agriculture.

Again, thank you for allowing me to express my opinions today.

[Applause.]

MODERATOR: Thank you, Catherine. Quickly, remember to comment to the six questions as stated, as I've stated already. And this first session will go until about 10 minutes to 2:00. So you can pick up on mike one or two, and here we go.

MR. KIM PENNINGTON: Good afternoon. Kim Pennington, battalion chief, California Department of Forestry and Fire Protection, representing Fresno County Fire Protection District. This is a little different, but we are here to address number five. We welcome you, sir, distinguished guests, and, from Secretary Chrisman, you are in the safest place in California with us.

The Fresno County Fire Protection District is the emergency provider throughout many of the rural communities in Fresno County. Our funding is very limited due to the agriculture land base value and the transient workforce which is employed to harvest the vast crops.

Maintaining the public and firefighter safety and the protection of properties is our number one priority. This requires the deployment of suppression, rescue and emergency medical services, HAZMAT, the law enforcement resources, every minute, every hour, every day in Fresno County, the state of California, and we've been deployed throughout the nation, sir.

Providing emergency services will be challenging without the USDA's assistance. Fresno County Fire Protection District is funded by property taxes. Current budgets do not fully meet the need of providing emergency services to our stakeholders of Fresno County. They occupy a limit of real property values within the rural communities and cities (unclear) our budget.

Our district utilizes the USDA grants in maintaining an acceptable level of service. The USDA provides and improves equipment for emergency services. Our district has been fortunate recipients of the Economic Impact Initiative Community Grant facilities, i.e., for first responders, for a total of about \$62,600 over the last three fiscal years. This has provided the ability to maintain and enhance our services to the rural communities of Del Rey, the cities of Mendota and Parlier -- using this equipment related to the fire service, EMS and law enforcement.

In closing, Fresno County Fire Protection District thanks you, sir, the Secretary of Agriculture, our state director Paul Venosdel, and the staff of the Fresno office for your continued assistance and support to maintain emergency services saving lives and properties and the environment. To the all the citizens and stakeholders we proudly serve within the heartland of the nation's agriculture center, Fresno County, San Joaquin Valley, state of California.

We need to continue to support the much needed and deserved emergency services that we provide daily to the cities and communities throughout Fresno County. Any questions?

MODERATOR: Thank you very much, Chief Pennington.

MR. PENNINGTON: Thank you, sir. I have my division chief Doug Hicks and I have my daughter who is currently a combat veteran from Iraq, Kaci Pennington.

[Applause.]

MODERATOR: Over here on this side. We'll take this side this time, okay? Two minutes. Remember that.

MS. EDIE JESSUP (sp): Okay. Thank you. Good afternoon, Secretary. My name's Edie Jessup, and I'm privileged to work for Fresno Metro Ministry, a faith-based organization on a hunger and nutrition food security project that is focused on access to healthy, affordable culturally appropriate food for all Fresnoans and all of our country.

I speak for the hard work of some 80 organizations, interfaith communities, and small farmers who are linked with like collaboratives throughout California.

I come from a blatantly social justice perspective, and I really feel that healthy food that is accessible by all is homeland security. I hope that you will understand that food is important to the fabric of all of people in our country, not just the agricultural industry.

The 2007 Farm Bill does not just affect agriculture. Farm policy on your watch will affect all of the American people and the people of the world. It will be a legacy of health, good employment for growing families and community and responsible for modeling sustainability and access to food on this planet.

Government does indeed have a place to play in assuring the health of our economic and health of our world. I want to speak to two issues -- the rural economic development and expanded markets. I have two recommendations.

One, please do not retreat from funding federal nutrition programs until we can assure healthy food access to all of our population. People are customers of farmers. Government has a role. Charity cannot provide that. Until such time people have jobs that put food on the table, the Farm Bill can assist in seeing that they are healthy, ready to learn and ready to work.

And also, Food Stamps bring in money to our county and the estimates from our Board of Supervisors are that \$89 million more in food to buy food by Food Stamps -- if we had full enrollment in the Food Stamp program. It's necessary. Our children, 85 percent of the kids in Fresno schools are eligible for free and reduced price meals. Please do not cut those programs. They are our future.

The second --

MODERATOR: Ms. Jessup, not to cut you short, time is up. Don't want to go long. Want to give everybody an opportunity. Thank you very much for your comments. And we'll go to this side over here now, to the left.

MR. TOM NASSIF: Mr. Secretary, Representatives Radanovich and the new Secretaries Kawamura and Chrisman, I'm Tom Nassif from Western Growers, representing approximately 3,000 growers, packers, and shippers of fresh produce in Arizona and California.

As you know, Mr. Secretary, a secure domestic food supply is a national security imperative, and a competitive specialty crop industry is necessary for the production of an abundant, affordable supply of highly nutritious fruits, vegetables, and nuts and other specialty crops. Specialty crops are vital to the health and well-being of all Americans, and increased consumption of specialty crops will provide tremendous health and economic benefits to both consumers and growers. It has become increasingly difficult for specialty crop growers to compete against heavily subsidized and minimally regulated foreign producers in today's global markets. The next Farm Bill must address specialty crop issues much more effectively than in the past Farm Bills.

Specialty crop growers produce approximately 50 percent of the farm gate value of total plant and agricultural production in the United States but receive a very small percentage of federal resources aimed at promoting and sustaining efficient agricultural production. Federal resources aimed at addressing issues of concern to specialty crop producers must reflect the value of their production to the U.S. economy as well as the dietary needs of all Americans. Despite a decade of free trade agreements, U.S. specialty crop growers continue to face tariff and non-tariff trade barriers from many international markets, thus impeding the growth of our exports.

Congressional enactment of the Specialty Crop Competitiveness Act of 2004 was a small first step toward addressing the many challenges that now confront specialty crop growers. We urge USDA to move forward as expeditiously with the implementation of this landmark law. The Farm Bill must build upon the Specialty Crop Act and provide growers with the tools needed to remain competitive in global and domestic markets.

Policy areas that the next Farm Bill must address, with respect to the unique needs of specialty crop growers, include the following: specialty crop block grants, international trade, nutrition, marketing, invasive pest and disease issues, research, competitive grants, and conservation programs. The specialty crop industry looks forward to working with the Bush administration and Congress to craft a Farm Bill which truly addresses the needs of specialty crop growers and allocates resources sufficient to achieve the specialty crop policy goals. Thank you.

MODERATOR: Thank you, sir.

[Applause.]

MODERATOR: Let's go to the north side now.

MR. JOSE RAMIREZ: Yes. Honorable Secretary Johanns and Congressmen Nunes and Radanovich, thank you for being here. My name is Jose Ramirez, city manager for the city of Firebaugh. It's a rural community on the north side of Fresno County. I'm here to let you know the specific programs like Rural Business Enterprise Grant, the Community Facilities Grant, and Economic Impact Grants do work. And they work because you have a wonderful set of staff all the way to the top. Mr. Paul Venosdel, of course-- they're the ones who really look at the proposals and work with us professionally. And we want you to keep funding those because they certainly do help communities like ours that are in need of new fire trucks, police cars, and other projects that really are important for small communities such as ours.

So I certainly want to thank Sally Tripp, Jose Guardado, Pete Yribarren, and all the other folks from USDA. So continue to fund again those specific programs. Thank you for being here.

MODERATOR: Thank you, sir. Now back to the south side.

MR. JOE PARIS (sp): My name is Joe Paris. I'm here today on behalf of Joseph Gallo Farms in Atwater, California. We want to thank the Secretary for the opportunity to express our thoughts as we approach the 2007 Farm Bill. And I'll be addressing question number four.

Joseph Gallo Farms was established in 1946. It's a study in total integration, balancing thousands of business and environmental elements to maintain cost-effective farming operations and a highly productive cheese processing facility while protecting the environment. It is both a state-of-the-art dairy and crop farm.

At Gallo Farms we continuously monitor our operating plan to ensure a high level of compatibility with our surrounding environment while meeting our business profit of objectives. Nutrients from farm waste are returned to our land with a sophisticated waste control program and irrigation that ensures no groundwater seepage and zero reliance on naturally occurring evaporation.

Joseph Gallo Farms began operating a methane digester system in 2004 that generates power for the operations of our own dairy waste. With the addition of another power generator we'll soon be providing over 80 percent of our (unclear) plants' power needs as well as saving thousands of gallons of propane annually.

As farmers face increased air, water, and other environmental regulations requiring the best available control technology, the demand for financial investments can be daunting. Gallo's digester project costs in excess of \$2 million and would have been difficult to finance without the help of the California State Grants for Alternative Energy Programs administered by Western United Resource Development and Pacific Gas and Electric Company.

USDA as well as other federal agencies must provide necessary resources to farmers to make these demanding investments that are clearly in the public interest. Farm support programs must be continued in order to ensure an adequate level of income to all food producers. Regulations must be based on sound science and economic principles.

However, under the increasing environmental regulations we are entering a new era in food production. The 2000 Farm Bill should provide adequate programs to enable farmers to meet these challenges and continue to provide consumers with the safest, highest quality food available.

MODERATOR: Thank you, sir. Okay, remember to keep it within two minutes so we can all give everybody an opportunity here. All right. We'll go to the north side this time.

MR. RICHARD MOLINAR: Mr. Secretary, my name is Richard Molinar. I'm with the University of California Cooperative Extension Service. You are also in one of the most ethnically diverse states in the nation, so in Spanish, Hmong, and Lao, I will say hola, nyob zoo, sawbyedee.

I have two points to make. USDA state funds for outreach -- these are to provide for linkages and partnerships to assist the farmers. Specifically the small farm center at Davis is operating primarily on state funds; federal funds are limited. And so we ask that you look at 3B

and 4B formula funds which have not been changed in the last 10 years. This impacts negatively our state-wide small farms program.

Point number two is related to assistance to small family farmers and minorities. This is being done on a shoestring. There is inadequate and unacceptable dollar support from USDA. I think I can speak for the 10,000 Hispanic farmers, 336 African American farmers in California, and 1,200 Hmong farmers in Fresno County when I say that Washington is only providing minimal support to California small family farms. This includes risk management, food safety, alternative marketing, value added foods and agri-tourism.

FSA, RMA, NRCS have been doing a wonderful job here in Fresno with what they have to work with, but we need Washington to pay more attention to California and to make these kinds of programs and others more accessible and more user-friendly especially to the minorities.

Specifically, now, with relationship to the specialty crops grant, the problem is that the specialty crops include just about everything in California. The grants are very competitive and hard to get. Ethnic crops are left out of the picture. Two examples are lemon grass and sinqua. Few if any registered pesticides are available for these, and so for the 2,000 to 3,000 Hmong and Lao growing these crops in California, we ask for equal opportunities and access to their assistance.

MODERATOR: Thank you, Mr. Molinar. I think you're all getting the hit. You want to raise the mike up here and raise the papers, it's time to cut it short there. Okay. Now we'll go to the south side.

MR. JOEL NELSON: Thank you. Mr. Secretary, Joel Nelson, president of California Citrus Mutual, Congressman Radanovich, Congressman Nunes, thank you for being here.

We're a billion-plus industry, sir, employing over 14,000 people in the San Joaquin Valley, and when we catch a cold like in 1990, 1998, the whole Valley freezes. As a result of that, we are well aware of how important the Farm Bill is, and we remain to play this year. I've also been asked to captain the task force by the specialty crop industry on APHIS-related issues and invasive species. The balance of my comments will focus on that.

It's unprecedented that under this administration, triggered by comments made in the previous administration, we now have a deficit balance of payments as it relates to trade whereas it relates to fresh fruits and vegetables. That has to be corrected, sir, and I believe more resources to APHIS, to help us overcome artificial barriers placed in front of us after trade agreements are reached, can be helpful. You'll see that being articulated by the specialty crop industry.

We also believe the invasive species problem in the United States is second to none as to what it's been in the past. Our borders have become a sieve. We don't believe the transition to the Department of Homeland Security has worked as smoothly as we would have liked to have seen. Therefore we will be asking for more interface with your people at APHIS so that their expertise can be made more valuable to pest-invasive activities.

We'll also be asking for the Department to prioritize where offshore threats will be coming from as it relates to future trade agreements and pressures from competing countries so that they can access our market. Pest-infested areas, products come in from so-called pest-free areas-- that's creating additional pressures throughout the United States. We believe the Department can prioritize that and help us develop mitigation steps along those lines.

Lastly, we believe your Foreign Agricultural Service is an excellent agency but woefully understaffed and underfunded. As a result of that, we believe there too is areas for improvement as it relates to the specialty crop industry.

Finally, sir, as it relates to question three, I believe the Department has already answered how Farm Bill dollars should be allocated. That's your Food Pyramid, sir. You've got a significant amount of activity focused on the Food Pyramid. The dollars should be allocated as to the plates that you've designed there. Thank you.

MODERATOR: Thank you, Mr. Nelson. You're doing a great job here, folks, keeping it moving along. I would say at this point though, we're going to take a break for about five minutes, then come back and we'll do it again. But keep in mind the two minutes. You see when I raise the mike up here and the papers go flying around, that's your signal you've got to wrap it up so we can give everybody an opportunity to have their say about what should go into this 2007 Farm Bill Forum. I'll redo those questions once we come back from our little break. Take a little break right now and we'll be right back.

(The Farm Forum was in recess.)

(Off and on the record)
(in progress)

MALE VOICE: -- payment limitations. That affects one out of every two, and that's the highest of any state. Changes in eligibility rules forces changes in rental contracts with the possible consequences of forcing landlords to cash rents rather than share rent land. This change will adversely affect beginning farmers and small operators who are normally unable to obtain production financing on a cash-rent basis.

MODERATOR: Sir, that's your time. Thank you very much. Let's go to the south side now.

MR. VERNON HIGHLEY: All right. Mr. Secretary and our capable members of Congress, Secretary Kawamura, and also Phil Larsen who's one of our capable supervisors-- I'm Vernon Highley, the public affairs director of the National Watermelon Association. I reside here in Fresno. Our national office is in Plant City, Florida.

We were established in 1914, which makes us about the second or third oldest farm service organization in America behind the Farm Bureau and the Grange. We have about 3,100 watermelon producers in the United States that grow about 4 billion pounds of seeded and seedless watermelon for a farm-gate value of about \$300 or \$400 million.

Our association, along with dozens of other commodity groups in the United States, believes that specialty crops deserve to have a major title in the 2007 Farm Bill. The produce industry continues to have decreased availability of crop production tools that can be used to provide the abundant and safe food supply the consumer demands. So the impact of increased fruit and vegetable consumption in preventing chronic diseases, including reduced obesity and diabetes and diverticulosis, cataracts, cancer, heart disease, stroke, hypertension-- the overall benefits of whole-food consumption, including the documentation of phytonutrients like lycopene found in fresh fruit produce, may help prevent those chronic diseases.

We're working closely with United Fresh Fruit and Vegetable in Washington, DC on a major specialty crops plank for the Farm Bill. United will be our spokesman even though we as several hundred other produce organizations across the country will have a slate of our own.

I'm glad to say that Robert Guenther who is the senior member of the United staff is here and will be testifying shortly -- came here today from Washington, DC to be with you, Mr. Secretary.

I'd like to associate Tom Nassif's remarks on the Specialty Crops Competitiveness Act with mine and that of the National Watermelon Association. Though final funding was far reduced when that bill passed in the 108th Congress, we did get a goodly amount, and that will be used to help us compete globally. None of this money will be used as a subsidy to specialty crop agriculture, and funds will strengthen the industry through research, enhancements of food inspection, improved training, and other tools to improve the competitiveness of each state's agriculture. Thank you.

MODERATOR: Thank you, sir. Now we'll go to the north side.

MR. CHUKOU THAO: Mr. Secretary, thank you. It's good to see you again. My name is Chukou Thao. I work with the National Hmong American Farmers and I represent the Hmong farmers here and also across the nation.

As you know, after 30 years here in the United States many of our farmers are still spinning their wheels. They face the same challenges that they faced 30 years ago when they came here in the Central Valley just to farm. We need small minority farm programs that will help the family farm. There's a lack of land and a lack of land ownership in our community. Less than 5 percent of our people own land, so that as development happens they're being pushed out.

Our farmers want to farm and market (unclear) to develop markets to sell Asian specialty crops. That's what they know and that's what they grow and that's what they use in the homes.

Recently we've had an issue with Workers Comp. We work with the Nisei Farmers League on this. We lost 25 percent of our farmers and many of them are still farming in fear. They don't understand the regulations. We need to have training on those regulations, both at state and federal level. Because the last thing we need is for our people to go back and work where they took 30 years to come off of it.

The ag census -- I don't think it's representative enough of all the farmers out there. Again, many of our small farmers aren't counted. Please work with CBOs like (unclear) and others to get in touch with those farmers.

We need new markets again. For example working with NRCS the EQIP program to develop matching grants that can help develop new technologies for our farms -- maybe develop refrigerated trucks or develop sorting tables for our cherry tomatoes.

As you know, it's 100 degrees here in Fresno during the peak farming season, and that raises a challenge for many of our farmers. Loan program. Many of our farmers don't qualify for loans. We know there's loan programs throughout through FSA, but the paperwork is so thick and it's not user-friendly that our farmers, limited English-speaking farmers, aren't able to apply. We need to simplify those loan application for smaller loans.

MODERATOR: Thank you, sir. Thank you very much. We'll now go to the south side.

MR. RICHARD MOSS: My name is Richard Moss. Welcome to Fresno, Mr. Secretary, and I thank you for coming. I want to thank the congressman, both Congressman Nunes and Radanovich, for helping to bring the Secretary here.

I'm primarily a civil engineer, and working in water resources. But I'm here today as a citrus grower, a small citrus grower farming near Ivanhoe, and it's like your small town in Iowa. To help you find Ivanhoe it's south of Civil and west of Tuleville (sp).

Specifically today I want to talk about air quality issues. We have a tremendous air quality problem here in the San Joaquin Valley. Part of it is because of our geography. We have a bowl, if you will, trapped between three sets of mountains, with an inversion layer lid that oftentimes traps pollution within this bowl.

It's also part of our-- because of the intensity of agriculture here which you've seen and the predominance of it in the area, if you will, combined with the fact that our demographics are changing that we are in fact the fastest-growing region in the West where we have lots of new people, if you will, coming to the Valley. We need help in meeting the new air quality mandates. We need research to help us understand the true impacts of farming here in the Valley-- both good and bad. We need better science to know where we can focus our limited resources to guard the most bang for our buck, if you will, in terms of helping to fix these problems. We need to develop practical, implementable, best-management practices and best-control technologies.

We need expansion of such programs such as EQIP to provide-- both technically and financially assist our growers. We want to thank the USDA for what they've done to date, but we really need you to step it up and would suggest that a new air quality division within NRCS be created.

I feel compelled to mention one other issue close to my heart, and that is water. And we are facing a reduction in our water supplies as a result of environmental issues associated with the restoration of a fishery on the San Joaquin River. And this has potential adverse impacts especially for the citrus industry along the east side of the San Joaquin Valley as we don't have alternative sources of supply. We need the USDA to engage in this issue-- not to help us pick up the pieces but before the hammer falls. Thank you.

MODERATOR: Thank you very much. Okay. We'll go to the north side.

MR. JERRY PRIETO: Mr. Secretary, Congressmen Nunes and Radanovich, and Secretary Kawamura-- I'm Jerry Prieto, Jr., Fresno County Agriculture Commissioner and president of the California Agriculture Commissioners Association.

I will address the question of: How should farm policy best achieve conservation and environmental goals? The need to protect our food supply is greater than ever. With increasing movement of people in commerce, our environment and food supply are at a serious risk from accidental or intentional introduction of exotic and invasive species. Invasive species are considered the second greatest threat to biological diversity, after habitat loss, and range from plants and animals to insect pests and various diseases. California is particularly vulnerable because of the diversity of its ag production and the trade of agricultural products with states and foreign countries.

Further, California has the single largest land international border at San Ysidro, the sixth busiest port in the world in Los Angeles. We're home to over 10 percent of the nation's population. We produce \$30 billion annually in agriculture production and 15 percent of the

nation's agriculture production value. We supply over 40 percent of the nation's fruits, nuts, and vegetables.

Consequently, the risk to California is in reality a risk to the entire nation's food supply. California is a potential gateway to the entire nation for biological pollution. The California county agriculture commissioners and the California Department of Food and Agriculture manage programs for excluding, detecting, eradicating, controlling harmful animal diseases, insects, weeds, plant diseases and rodents, interception of quarantined pests and diseases at points of entry to California as our primary defense against introduction and spread of these pests and diseases in the state.

Allowing these pests to become established threatens our environment and conservation efforts.

Last March Agriculture Commissioners traveled to DC to meet with our congressional representatives. Two of them are up there now. And we're working with them to develop a federal funding proposal in the Farm Bill to provide \$30 million to California for the Agriculture commissioners and the State Department of Agriculture to help prevent these pests from being introduced. We need the help of the federal government. The problem has outpaced what California can handle on its own. Thank you very much.

MODERATOR: Thank you, Ag Commissioner. Okay, we'll go to the south side.

MR. BEN HIGGINS: Good afternoon, gentlemen. It's good to see all of you again. My name is Ben Higgins. I'm the executive vice president of the California Cattlemen's Association. I appreciate the opportunity to speak to you today.

As you know, California beef cattle producers have a long tradition of producing safe and healthy food, contributing significantly to California's agricultural economy and maintaining millions of acres of open space and wildlife habitat. We feel very strongly, however, that if these ranches are to survive and succeed in the 21st Century we're going to need policies which among other things reward these beef cattle producers for their stewardship efforts and doing so without compromising the viability of the operation.

As such we strongly believe the next Farm Bill should enhance and fully fund programs like the Grasslands Reserve Program, the Farm and Ranchland Protection Program, and the Conservation Security Program.

This isn't just a request, though, for more dollars. We need USDA to work more closely with the agricultural community to make these programs more user friendly. Too often we have good programs that are undermined by policies which preclude participation by interested producers. We could also -- you won't hear this one probably again -- we could use programs specifically tailored to help agricultural producers recover from catastrophic disasters like wildfires or floods. We found that in trying to assist our members after past disasters we've been trying to stuff a conservation program peg into a disaster assistance hole, and it hasn't worked.

We could very much use programs specifically tailored for helping agricultural producers rebuild their livelihoods after disasters.

Lastly and very briefly, our producers need resolution on the ongoing debates over country of origin labeling and the proposed ban on packer ownership. We hope USDA will recognize that there's a tremendous desire out there for producers to differentiate their products in the marketplace and work to correct some of the fundamental flaws of the country of origin

labeling provisions in the Farm Bill. We'd also hope that you work to continue to defeat a proposed ban on packer ownership.

Thank you very much. Appreciate the opportunity.

MODERATOR: Thank you very, very much. Doing very well, keeping it right on the two-minute limit here. So let's go down to the north side.

MR. KEN MICHAEL: Congressmen and Secretary Kawamura, Secretary Johanns, thank you very much for allowing us to be here and, and we appreciate the chance to address you. My name's Ken Michael. I'm the sixth generation of a California farming family, been here since the 1850s, and I hope with officials like yourselves that we're able to continue in the future with responsible farm policy.

I wanted to just briefly touch on the current Farm Bill. In 2002 the United States enacted the farm law that has been criticized since its inception, yet the current program provides an important safety net for production agriculture and it does so in a fiscally responsible manner. Spending under the current farm law is much less than was originally projected. Countercyclical payments, along with direct payments and the marketing loan program, protect farmers from fickle weather and commodity markets while allowing us to respond to market signals and to not distort overproduction prices.

Today farmers face greater risks than the vast majority of businessmen. Many of these factors are beyond our control, a variable dollar, unanticipated oversupply in high production years depress prices and destructive natural events that can wipe out an entire crop. An effective farm program is essential for providing stability in production, financing, and marketing.

Looking forward to the next Farm Bill, it is vital that the U.S. maintain a stable, predictable, and equitable farm policy. Such policy supports rural America and permits U.S. consumers continued access to the safest, most affordable, and secure supply of food and fiber in the world. I ask you to continue your support of this legislation in its current form.

And I thank you.

MODERATOR: Thank you very much. Okay, we'll move now to the south side.

MR. BARRY BEDWELL: Thank you. Good afternoon, Mr. Secretary. My name's Barry Bedwell. I'm president of the California Grape & Tree Fruit League. Specifically, I'd like to address the issue that was mentioned in the President's discussion, that 95 percent of the world's population lives outside the United States and the need to export our product.

Unfortunately, our ability to increase those exports is hindered by the reality of non-tariff trade barriers evidenced by quarantine pest lists and unreasonably high oversight levels on the part of those countries we are exporting to. On the other hand, our efforts have been assisted by the existence of task funds, technical assistance for specialty crops, and this is an area that should definitely be expanded.

If we are going to realize our true potential in the world market, the Farm Bill must meet these challenges to fund these very vital programs.

I would also like to emphasize the growing recognition of the importance of fruits and vegetables and their role in providing nutrition and fighting obesity. The economic impact of specialty crops cannot be ignored as well. This sector comprises a majority of the total values of

crops grown in the United States as well as employing almost three-quarters of the nation's agricultural workforce.

In California alone the importance of specialty crops is well-documented in that they represent an estimated 92 percent of the state's agricultural crop production and a like number of the agricultural workforce.

In the final analysis, we are going to require a Farm Bill that will help our competitiveness, strengthen our research efforts, enhance our conservation goals, and encourage investment and efficiency in all sectors of agricultural production.

Again, Mr. Secretary, thank you for being here in California today.

MODERATOR: Thank you, sir. Let's go to the north microphone now.

MR. DAVE ZOLDOSKE: Good afternoon. And welcome, Secretary and Congressmen. Appreciate you putting together this listening session.

I'm Dave Zoldoske, and I'm with Fresno State University. But today I'm here representing the Irrigation Association, of which I'm serving as president of the industry. We represent about 90 percent of all the irrigation equipment manufacturers in the country, and we'd like to express our concerns or our issues related to number four-- 'How can farm policy best achieve conservation and environmental goals?'

Irrigation equipment and irrigation is responsible for about 100 percent of the agriculture in California and much of the production in the West. It impacts air quality, water quality, water quantity and energy use. And we believe it's a major factor in the security of this country to have good policies and practices that will enable us to continue our successes.

Along those lines we'd like to encourage the Secretary to meet with other department heads and secretaries of the Department of Energy, Bureau of Reclamation, EPA and bring together like programs. We've recognized that the different agencies and departments are all interested in water, all attack it from different areas-- water quality, energy use, quantity of water. And we think it's important that there's a unified policy at the United States government that we can look to rather than bits and pieces across the whole funding spectrum.

Along that line, with the EQIP program, while we believe it's a good start to have funds available for irrigation equipment and such, the regulations vary by county. Perhaps there's too much flexibility and a lack of focus. And we'd really like to encourage not just the adoption of pressurized irrigation systems, because in and of that there may not be any water savings or energy savings. But we need to be sure the best products are used and the best systems are designed and utilized.

The Irrigation Association will be submitting their comments in a separate letter to the Secretary, and we hope you'll take time to read them. Thank you.

MODERATOR: Thank you very much. Okay, moving now to the south side.

MR. BOB FEENSTRA: Mr. Secretary, members of Congress, Bob Feenstra from Milk Producers Council. Thank you for coming to the number one dairy state in America.

First of all, Milk Producers Council strongly supports the continuance of three historical pillars of national dairy policy. The Capper-Volstead Act, the Dairy Support Price Program, and

the Federal Milk Marketing Order Program-- those are three major pillars that we hope would continue in the national dairy policy of a Farm Bill.

We strongly oppose the forward contracting exemption, Mr. Secretary, to the Federal Order Program because it will undermine the basic principles of equal raw product cost to all processors. We oppose, however, the Milk Income Loss Program because it distorts the ability of the market to communicate supply and demand signals to our industry. So we're opposed to that.

We support improving the efficiency of our hearing process in the Federal Milk Marketing Orders. And we want that so that we could -- it would be a major improvement to mandate timelines for those hearings to be ruled on. Bottom line, Milk Producers Council supports no major changes that are needed to the fundamental outline of our Farm Bill.

Again, thank you for coming to California.

MODERATOR: Thank you very much. Okay, moving now the north side. Pat?

MR. PAT RICCHIUTI: Thank you, Secretary Johanns, Congressman Nunes and Radanovich, Secretaries Kawamura, Chrisman-- thank you very much for the opportunity to be here to speak before you today. My name is Pat Ricchiuti. I'm president of the Fresno County Farm Bureau, and I'm representing our Diversified Family Farming Corporation.

One thing I find we're dealing with is that agriculture is caught between government and common sense these days, and we're really truly handicapped by some of the policies and procedures that are in place. One particular procedure that addressed policy of EQIP and some of the payments made in the cost sharing program are: we have a problem with the application process going through to the approval process. If any individual farmer wants to apply, they need to apply prior to their starting the program or their project. We find that's a great disincentive to a grower who has to start his farming operation and has a plan he wants to implement.

I'll give you an example. If I'm planting deciduous tree fruit in January and I'm applying for an irrigation project to be cost shared, it won't be approved until July -- I'm frustrated in the fact that I can't be approved, disqualified because I have to have an irrigation system in place with those trees planted in January. I think it's a great disincentive.

And I've gotten support from your wonderful people at FSA and NRCS. They are really truly great to work with in both Fresno and Madera Counties and also strapped with having to deal with this particular procedure and process. So if we could implement that, take a lot of the red tape out of it, streamline it so a grower can apply and have the initiative to apply, have incentive to apply and go forward it, he'll take on the process of the cost and go on from there.

I have a booklet here I'd like to present to you from Fresno State University from Issues and Outlook of 2005 of Agriculture in the Valley in California.

MODERATOR: Thank you, Pat. Let's go to the south side now.

MANUEL: Yes, Mr. Secretary. Welcome to the San Joaquin Valley. I've had a touch of the flu and you're very fortunate for that. First time I've ever been cut off, but Roy is really going to do it to me today. Again, the issue I'd like to talk revolves around the entire Farm Bill and it's called agricultural labor across this country.

Our seasonal workforce in this nation harbors between 1.6 million and 1.9 million seasonal workers. The San Joaquin Valley, of that number is 236,000. California is 560,000 of the 1.6 or the 1.9. That is a big issue for us in agriculture-- the Ag Jobs Bill that we've worked on for seven years.

When the Nisei Farmers League and the United Farm Workers can shake hands and come to an agreement on such an immigration bill, that means something is in the right direction. And when you have that type of unions in agriculture that tells us we in this industry and the workforce know what type of bill will be the best for us. And I would hope that we can make this item part of it because if you don't have labor there is no Farm Bill because you can't pick the products, you can't harvest the products, you can't do nothing without labor.

And this week alone I've already-- we're starting to face a crisis in this valley with labor shortages. On Tuesday we have a meeting with the state Unemployment and Welfare people to figure out the strategies. I have an article here I'm going to give to you. It relates about the labor shortages that's occurring and that more 70 percent of our labor force in this country in agriculture is undocumented. With documents that need whatever. But we have strings and regulations that make farmers-- they can't do nothing to check on those things. And until we have, and we must have, a legal, qualified workforce -- then we need that. I thank you very much.

MODERATOR: Thank you, Manuel. Let's go to the north side now.

MR. DON CAMERON: My name is Don Cameron, and a tough act to follow behind Manuel there.

I'm a Fresno County producer. We grow not only cotton but 15 other crops here in the San Joaquin Valley. Mr. Secretary, I appreciate your time and willingness to hold these listening sessions about our farm programs.

Before looking ahead to the next Farm Bill I'd like to make a couple comments about the challenges to our current program. We're just now at the midpoint of the life of the Farm Bill, and my hope is that this program will be allowed to remain unchanged through its completion with the 2007 crop.

A stable and consistent farm program provides an essential foundation upon which we make long-term investments that are necessary in today's agriculture. With that in mind, I understand that the current budget pressures may require reduced spending in order to contribute to the deficit reduction. Any required cuts should be done in a manner that is equitable across all parts of the Farm Bill and across all commodities.

In addition, the structure of the Farm Bill should be maintained. This would include the current eligibility rules and the payment limit provisions. The budget process should not be used as a vehicle for rewriting the farm policy.

As a final point, I would hope that we see a continuation of the Step Two Program for as long as possible. I understand that the recent WTO ruling found fault with the program. However, the Step Two Program is an integral part of cotton's marketing loan and the negative impacts of any possible changes should be carefully considered.

Looking ahead to the next Farm Bill, I believe that the continuation of the current program would serve agriculture well. There are several key advantages worth noting. The

current program provides planting flexibility to growers, an effective safety net in times of low prices, and minimal impacts on overall plantings and prices.

Mr. Secretary, thank you very much for the opportunity to express my views. Thank you.

MODERATOR: Now let's go to the south side.

MR. ROBERT GUENTHER: Good afternoon, Mr. Secretary, Congressman Radanovich and Congressman Nunes. My name is Robert Guenther. I'm vice president of public policy for the United Fresh Fruit and Vegetable Association. I greatly appreciate the opportunity to testify this afternoon on behalf of our members in the U.S. fruit and vegetable industry in regard to the future direction of farm policy.

As the national trade organization representing the produce industry, our members include growers, shippers, marketers in almost every state in the nation as well as a broad cross-section of state, regional commodity groups representing produce growers across the country, many of which you've heard from today.

As the administration and Congress begins to consider the farm policy for the 2007 Farm Bill, we respectfully ask that one important thing does change. Today the fruit and vegetable industry represents almost one-quarter of the nation's total crop value and is a strong contributor to our export opportunities. We believe our sector of agriculture must receive significantly greater attention in the future farm policy and that the next Farm Bill address the numerous issues that we face.

In May the produce industry leaders met in Washington to discuss developing policy positions for the 2007 Farm Bill debate. As a result, the Farm Bill Working Group was created, with 17 produce organizations and every fruit and vegetable produce region in the United States participating in this effort.

Currently the Farm Bill Working Group is meeting to develop comprehensive recommendations for the next Farm Bill. In addition, we look to build upon the past successful efforts that were achieved through the 2002 Farm Bill, the Child Nutrition Reauthorization Act, and the passage of the Specialty Crop Competitiveness Act.

Overall, United's members strongly support the development of farm policies that will sustain the financial stability and viability of our nation's agriculture industry while maintaining appropriate flexibility for our producers.

Out of that have merged several issues including maintaining the current planting flexibility law, securing permanent funding for state block grants, and expanding the USDA fruit and vegetable snack program to all 50 states.

Fruit and vegetable growers produce crops that are vital to the health of American agriculture. They represent a significant amount to contribute to that economic area. We urge you to take these issues and many other challenges facing the fruit and vegetable industry fully into consideration as you move forward in your Farm Bill listening sessions and as you consider the 2007 Farm Bill. Thank you.

MODERATOR: Thank you very much. Now moving over to the north side?

MR. JIMMY PIERCE: Good afternoon, Mr. Secretary. My name is Jimmy Pierce, and I'm representing the 63,711 members of the California Association of Future Farmers of America. And today I'm commenting on Farm Bill Question Number Five.

For many years our association has been working hard in developing a plan to build a home for our association. After raising \$1.5 million and receiving a \$2.2 million loan from the Communities Program, our dream is becoming a reality as the first phase of the project is beginning in a matter of days.

The loan provided by the USDA has given our past, present, and future agriculture education students a place to showcase our history and a home to provide integral learning opportunities for all our students. We are proud and we look forward to the finishing of the building which, like I said before, will be a showcase for California Future Farmers of America as well as the California agriculture industry -- which will attract thousands of FFA members as well as agriculture supporters to rural (unclear) California every single year.

Our association along with our FFA Foundation is proud of our partnership with the USDA. Although small in dollar amount, the Rural Development Communities Program is vital for the survival of small communities in answering the delivery of agricultural (unclear).

On behalf of the 34 members here today and the members all across the state of California, we thank you. And we stand in support of the Rural Communities Development Program, and we ask if there are any questions we're available to answer them. Thank you, Secretary.

MODERATOR: Thank you very much. Now moving to the south side once again?

MALE: Secretary Johanns and distinguished guests, we thank you for this opportunity that's been presented to us today. One of the issues I'd like to address is the continuation of the (unclear) crop insurance that is in the Farm Bill. This is a vital tool for all farmers, especially those with specialty crops. The problem that we see in that is, as was mentioned earlier, not all crops are covered under this program. And we would like to see a large expansion of that program for our farmers and our ranchers.

One of the reasons we feel this is of vital importance is, I'm a lender and as a lender when I look at young, beginning, small and minority farmers that come in to my association to ask for a loan, I look at one of the management tools they use. This is a good way of mitigating potential losses. Right now, though, one of the problems we're facing, we've just brought in international flights into Fresno. That hasn't been put into place yet, but one of the items that's not covered in crop insurance is the fact of a quarantine. So if we have an invasion of foreign pests into our area, this area is then quarantined from exporting any fruits. That would be completely devastating to the entire economy of this area, and I'm not talking just Fresno. I'm talking the entire San Joaquin Valley.

So that's why we think this is a vital tool that must continue to be funded and supported by the federal government and that we believe the expansion of it is necessary. And we need to get it on the fast track.

The citrus industry has done marvelous things in getting different programs added on to it. But it's taken years for them to get that way. So therefore we'd request any type of proposals done by industry that would be put forth in order to speed it along in order to cover that portion of the program.

My time is up. Thank you very much.

MODERATOR: Thank you, sir. We'll move to the north side.

MR. RON HARBEN: Good afternoon, Secretaries Johanns and Kawamura. My name is Ron Harben, and I represent the California Association of Resource Conservation Districts. Our comments relate mainly to the conservation and research titles of the Farm Bill. CARCD firmly believes and supports the concept of using voluntary approaches to conservation and agriculture. We believe that if landowners and land-users are provided information and technical and financial assistance they will make the best decisions, both economically and socially, for the future.

A significant problem at the rural/urban interface is the loss of prime farmland. We encourage you to fully fund the Farmland Protection Program and other such programs that conserve prime farmlands in the U.S.

Farm policy should be constructed so as not to put U.S. agriculture at a competitive disadvantage in world markets. Commodity payments lost due to international trade agreements should be countered with incentive payments to farmers through conservation programs. The current Conservation Security Program needs to be fully funded so that producers are compensated for the conservation and environmental benefits they provide.

We need to fully fund the present conservation programs of: Environmental Quality Incentives Program, Wetland Reserve Program, and Wildlife Habitat Incentives Program, and others in which farmers can obtain cost share assistance for the installation of new conservation practices.

The technical assistance to administer these conservation programs should also be fully funded so that producers don't have to wait months and months before they know whether they have been awarded a contract and then more months to receive their payments. Effective assistance in rural areas is also about staffing those agencies. Now if a landowner is not participating in a cost share program, the USDA agencies have little staff-time to help them because most of them are spending time on cost-share programs. I've speaking mainly of NRCS.

More NRCS technical staff is needed in the field to help landowners with solving natural resource problems that do not involve cost-share programs. Small and limited resource farmers have great difficulty in participating in most conservation cost-share programs. Even though the collective impact on the environment may be significant, due to their small size and limited resources they are not able to take advantage of these programs. Because the issues with small and limited resource farmers are not usually addressed in nationwide conservation programs, there is a need for USDA agencies at the state level to have the authority to develop and administer programs that fit the needs of their local small and limited resource farmers.

As the population grows, ag has to adhere to more and more environmental regulations. What was common in agriculture 50 years ago cannot be continued now. Ag knows this and is more than willing to do its part to maintain and improve the nation's water, air, and other natural resources.

MODERATOR: Sir, time. Sir, thank you very much. Before we go to our next speaker over here, our Secretary might have some comments?

SEC. JOHANNNS: One quick comment. When we have to cut you off, I feel badly about that but I do want to remind you that we do have a great website. We would love to receive your

comments also on that website USDA.COM. And so if you've been cut off, or you're shy about going to the microphone, use that website.

I just noticed that Congressman Costa has joined us, and Congressman, we would sure love to have you come up on the stage and join us up here. How about a round of applause for the Congressman?

[Applause.]

MODERATOR: I mentioned earlier he was going to be a little bit late. He's ahead of time, matter of fact. He was going to be here about 3:00. Not bad, Congressman. Not bad. That's great. I'm sure your trip was okay. You're still resting up? Good. Good.

All right. Do you have any comments you'd like to make real quick?

REP. JIM COSTA: Thank you very much, Roy. I, too, as everyone I'm sure told you today, Mr. Secretary, welcome you to the breadbasket of not only California but we believe the entire nation. And I'm sure that literally and figuratively you've had a warm San Joaquin Valley welcome. The fact of the matter is, we think California's agriculture is really at the cutting edge in the entire nation for many reasons. This Valley that you are in today provides over 300 various types of crops that are grown here. We lead the nation in half their fruits and vegetables production, number one in dairy, number one in grapes and wine production, nut production -- the list goes on and on and on. And I'm sure the witnesses here have told you that.

I simply want to make two points on behalf of all those that are testifying here. First of all, the delegation you see here with my colleagues Devin and George and Dennis Cardoza and the other two members, Congressman Thomas and (unclear), reflect a bipartisan effort that on the overwhelming majority of these agricultural and water issues, I might add, we work together. We work together because we share the same passion and support for the people of this valley.

I, like my colleagues here, represent a third-generation farm family. I'm farming almonds today, or almonds as we say, and the fact is, we believe we come together with solutions that work best when we do it in a bipartisan fashion.

The other point I wanted to make, that, as we contemplate the 2007 Farm Bill, that we do it in conjunction with the current issues going on with the World Trade Organization and the new Doha Rounds because the fact is, we know we are in a global market. California truly is at the cutting edge with our 300 commodities as we try to every day, every day compete in this global market. And therefore we think the issues that are so critical as we look at the World Trade Organization and bilateral and multilateral agreements are so essential as we look on how we can have a level playing field.

I know you've been an advocate, been trying to, as all of us, lift the ban on U.S. beef to Japan. We've got problems in China. We've had countries that have taken us on with regards to our farm programs that we thought were in conformance with the WTO. We want you to know that we think, as we look at the 2007 Farm Bill, that we ought to look at the long-term ramifications of the various commodity programs and how they intersect with our trading partners around the world.

Most importantly, not just assess the winners in agriculture, but the losers over the next 10, 15 years. We know there will inevitably be regional parochialism as we look at this new Act, this Farm Bill, but we've got to get beyond that and look at the long-term impacts to maintain a

viable U.S. agriculture economy that competes on world markets. And we think California is the place to start for all the reasons that I mentioned because we are, in fact, at the cutting edge.

We look forward to working with you. And we appreciate very much the fact that you would take this afternoon here, as you're listening around the country, to ensure that American agriculture maintains its competitive edge in the 21st Century. Thank you very much.

[Applause.]

MODERATOR: Thank you very much, Congressman. Okay, now we'll move along and go back over to the south side. You, sir.

MR. DENNIS KELLER: Welcome to California, Mr. Secretary. You sit there with my support group, so you're in good company. My name is Dennis Keller. I'm the son of a Nevada rancher and married to a California farmer's daughter. And my wife says I practice engineering to raise figs and livestock.

So I'm not here today on my behalf. I'm here today on behalf of somebody else. As you flew around earlier with Secretary Chrisman, sprinkled amongst the latest work of the browns and the greens and the threads of water were a number of unincorporated communities.

And in those unincorporated communities are the principle labor force that makes agricultural work in this area. Within those communities are the mark of USDA, the sticks and bricks that your item number five has provided through the Rural Development Program. And not just so much in the sticks and bricks as much as in the community pride and in the public health nexus that the federal investment brought to those communities.

I bring to you today two messages from those communities. One is a word of thanks-- thanks for support of the federal government. You are really the last bastion of funding that's available to those communities for rural infrastructure. And they very much appreciate it. It brings about a sense within their being that nobody else can approach.

Number two, they are very cognizant of what you face in terms of budget development, and they'd ask you to face these increasing times of budget times to keep in mind the Rural Development Program does bring to them. Their median income in the high 20s and the low \$30,000 per year. Right now the majority of those district people pay on order of \$70 per month for water and sewer services. That's only as a result of what RD does. So on behalf of those people, thank you.

MODERATOR: Thank you, sir. Okay. Turning to the north side now.

MR. MARK MCCAIN: Good afternoon, gentlemen. My name is Mark McCain. Thank you, Mr. Secretary, for coming to Fresno. We appreciate your attendance.

My comments today are to address question number two. You have heard a lot of the problems with the EQIP program, but however I will tell you the EQIP funds have helped farmers take modern technologies and apply them to production agriculture. We use EQIP funds to address local needs across all commodities. EQIP funds are very important to California agriculture as they help us to address resource management that us farmers are in charge of.

It is my belief that implementing these modern technologies will go a long way to helping agriculture stay competitive in a global marketplace. Thank you for your presence.

MODERATOR: Thank you very much. Let's go down to the south side now.

MS. BRISE TENCER: Thank you. Good afternoon. My name is Brise Tencer. And I'm here from the Organic Farming Research Foundation. We are a small, nonprofit national charitable organization dedicated to the expansion and improvement of organic farming practices.

As you probably are already aware, organic agriculture has seen some of the fastest growth within the agriculture economy, almost 20 percent growth per year for over a decade now. U.S. retail food sales are approximately 2 percent organic, and I just heard yesterday that 5 percent of U.S. fruit and vegetable sales are organic.

So it's growing really dramatically, and the last Farm Bill, the 2002 Farm Bill, made some improvements within the Department of Agriculture as how to better serve that community. But despite those gains organics still receives a disproportionately small share of USDA resources.

Organic farming and ranching provide multiple benefits that contribute to all USDA strategic goals for agriculture. That includes a safe and secure food system, environmental protection, increased trade opportunities, improved human health and nutrition, and prosperous rural communities. The USDA programs supporting organic agriculture should likewise be present in all agencies and mission areas.

Our core focus, therefore, is to promote existing or potential USDA programs that improve and expand successful organic production by diversified producers of all scales. In the 2007 Food and Farm Bill our primary interest is to see strengthened public investment in organic research extension, education, and economics. These programs should receive a share of USDA resources that reflects the growth and opportunities of the organic sectors.

Programs and policies in other areas including natural resources, risk management, etcetera, should be established that provide strategic support for the balanced growth of organic production. Thank you.

MODERATOR: Thank you very much. Okay. We'll go to the north side now.

MR. WALT TREVETHAN: Mr. Secretary, Congressmen, thank you very much for being here today and letting us respond to your questions. My name is Walt Trevethan. I'm a family farmer from Pleasant Grove, which is a small community just north of Sacramento where my wife and I grow rice.

From our perspective, it's essential to continue a federal farm policy that protects producers against low market prices and maintains an abundant, affordable, and stable food supply.

I'd like to respond to two questions. Number one, the unintended consequences. As you know, rice farms require significant (audio break) --
(tape flip)

MIKE BENNETT, CHAIRMAN OF THE CALIFORNIA RANGELAND TRUST: (in progress) -- to the quality of life of California's residents. The 21 million acres of rangeland in California offers safe and well-managed habitat for wildlife including countless endangered species and plants. It also helps in maintaining large blocks of land and well-managed, low-impact grazing which protects our watersheds and helps guarantee a clean water supply.

Rangeland Trust has encouraged and assisted many ranchers involved in your programs in the previous Farm Bills. However, as important as rangeland is to habitat, watersheds, and fruit production, it doesn't get sufficient money for conservation programs compared to other programs.

Accordingly, we would like to encourage you to continue support for the existing conservation programs, but also ask that you dedicate a greater portion of Farm Bill funds to stewardship support and permanent conservation and engage the Rangeland Trust and other members of the agricultural community to assist in developing policies that will make these programs more user-friendly, particularly with respect to use by nonprofit agricultural conservation organizations -- because those organizations have the trust of ranching and farming communities, large segments of which are often wary of doing business with government agencies. Thank you.

MODERATOR: Thank you, sir. Okay. We're coming up on a break as they say in radio, pretty close to that. We're not in radio so we don't have to worry and we can keep going. Let's talk to the Secretary. Do you think you want to take some more?

SEC. JOHANNIS: Let's take one more and then let's take maybe a five-minute break and we'll come back and hopefully get everybody in that wants to say something.

MODERATOR: Thank you, Mr. Secretary. There you are. Okay, sir. Your turn.

MR. FRANK REHERMANN: Thank you, Mr. Secretary and members of Congress. My name is Frank Rehmann. By the way, Mr. Secretary, I spell that with two Ns just like you do. I'm a rice-grower. I live in Live Oak, California. I'm a family farmer, and I've produced rice there for over 30 years.

In addition, I serve as chair of the California Rice Commission. In the main, we view that U.S. farm policy must continue to be market-oriented and provide a reliable planning tool for producers. With respect to question two, increasingly we see farm policy and trade policy tied together which makes it more important for USDA and the USTR to ensure that trade agreements are fair, transparent, and enforceable. Farm programs written in the future must be linked with meaningful and significant market access in other countries so that U.S. producers have an opportunity to compete fairly.

Unfortunately, as you know, many markets that were opened during the Uruguay Round of WTO still limit genuine access to consumers. Markets opened to California rice for over a decade still face a variety of non-tariff trade barriers that severely restrict imports of rice. These are issues we face every day in our efforts to export some 40 percent of our crop.

At the same time, rice imported into the United States faces virtually no barriers to trade. In conclusion to that topic, let me emphasize that any Farm Bill must recognize that trade is not fair across the world. Other countries significantly support their agricultural sectors directly or through non-tariff trade barriers that take years to overcome. Therefore, we strongly support a new, comprehensive WTO agreement.

Thank you very much.

MODERATOR: Thank you, sir. Okay. Five-minute break. Just five minutes and we'll be right back with the Forum.

(tape 3, in progress)

MODERATOR: Come on up here to the front if you want to. Please come up and be seated. We'll get things rolling again, keep on our time limitations. I want to compliment you on doing that, folks. I had the feeling when we first started I might have to come out and take the mike away from you. They have to do that to me, you know, every once in awhile because I don't know when to stop talking, but then I get paid to talk, so hey. But anyway, make yourself free to come up here to the front. Again, we're not in church so you can come up and sit in the front -- or not in school. You know the persons in school who sat in front got the A's? Anyway, get ready to start.

By the way, it's difficult to hear in back when someone's up here trying to talk. Hold it down a bit if you would, please. With that we're going into the final session and still have the two-minute time limits on this. So where did we stop? On the north side? We did. We're going to start on the south side. You're on, sir.

MR. DAN DOOLEY: Mr. Secretary, Congressmen, my name's Dan Dooley. I'm a water lawyer in the area and a member of a fifth-generation family farming operation. I'm here today as the chairman of the University of California's President's Commission on Agriculture and Natural Resources. And I'd also note by way of background that I served as a member and vice chair of the USDA Advisory Board on Agriculture Research, Economics, and something and something for the first six years of its existence, and have been very closely associated with the University's research programs.

And that's what I'm here to talk about a little bit today. I think it's important in the Farm Bill discussion to keep tuned to the importance of the USDA role in developing new science and technologies to support the competitive advantages of our industry and the stakeholders you serve. I think historically this relationship between the USDA and its Land Grant University partners and cooperative extension has served the agricultural enterprise quite well, and we should be very proud of that.

However, it's easy to rest on our laurels and past successes, and I am concerned that the historic role of the partnership with the Land Grant Universities and ARS at USDA has not kept pace with either the demand for new science and technology that exists within the industry or with the increase in funding growth and development in other science agencies in the federal government such as NIH, NSF, and the Department of Energy, to name a couple.

As a result of this concern in the 2002 Farm Bill there was created a task force appointed by the Secretary and which was chaired by Dr. Danforth to take a look at the way USDA is organized with respect to science and technology.

And as you may be aware, that task force recommended the establishment of a national institute for food and agriculture to become a science-based organization that could be the recipient of funding for new organizations. I would encourage you to consider that in the development of your programs for the 2002 Farm Bill.

MODERATOR: Thank you, sir. Okay. We'll move across to the north side now. You, sir.

MR. GABE GONZALEZ: Mr. Secretary, my name's Gabe Gonzalez. I'm the city manager for the city of Mendota, a rural community about 35 miles west of Fresno.

I'm here to address question number five. I think the new bill should have, and continue, funding for rural programs. Small communities such as Mendota, Firebaugh are significantly impacted because that's where the farmworker resides in. As the farm operations expand, so do our cities grow. As a result, oftentimes we don't have the financial resources to mitigate that impact on our city infrastructure.

In 2002 with the assistance of USDA financial assistance we were able to construct a new water treatment plant. It's been a great project for us that we've been able to provide quality water for our residents. So again I think the new bill, to the extent possible, should have some additional funds but most definitely continue funding because with limited resources us small cities in the rural areas have a hard time being able to provide that quality of life for its residents. Thank you.

MODERATOR: Thank you, sir. Okay, moving over to the south side now.

MR. TIM JOHNSON: Thank you, Mr. Secretary, and members of Congress, for the opportunity to address you today. I'm Tim Johnson, president of the California Rice Commission. We represent the entirety of the California rice industry including all 2,500 producers and over 40 marketing organizations.

Our industry produces rice on over 500,000 acres. It provides thousands of high-paying jobs and produces one of the foods that is the basis of the Food Pyramid. Today I'd like to spend my time addressing the question of how we achieve conservation environmental goals through the Farm Bill.

California rice fields are literally known throughout the world for their significant contribution to many environmental goals of this state. Approximately 235 species of wildlife are known to use our fields. At the same time, we have reduced our open field burning by 75 percent, we have also reduced the pesticide loading in drainage water by over 95 percent.

In addition, all of California rice fields are designated as part of the shorebird habitat of international significance within the western hemisphere shorebird reserve network. California rice fields are also proven to be high quality wintering habitat for millions of ducks, geese, shorebirds, and other waterbirds that migrate along the Pacific flyway.

Our industry's valuable winter flooded habitat contributes to that flyway to the tune of 175,000 acres of wetland equivalent land. We asked some wetland biologists to go through and calculate what that would cost. They came back with a number of \$600 million to create that much habitat that our industry provides. In addition it would cost \$17- to \$20 million a year to maintain that habitat. This significant benefit comes at no cost to the public because of the valuable rice industry in California.

The Farm Bill is a critical element in maintaining the valuable rice lands. Given the significant contributions of our working lands to conservation goals, we strongly recommend that full consideration be given to the commodity title to the Farm Bill that provides those benefits and also conservation funding be directly related to working lands. Thank you.

MODERATOR: Okay. Let's go to the north side now.

MR. TZAXA CHERTA LEE: Good afternoon, Mr. Secretary Johanns. Thank you very much for giving me the opportunity to express my concern. My name is Tzaxa Cherta Lee, owner of Cherta Farms here in Fresno. I'm also the chair of Southeast Asian Farmers for Clean Air in Fresno County. My farm has been growing specialty crops for many years since 1984,

and we grow bok choy, gailon, sinqua, moqua, and bitter melon. So the small unit thing that you can find in oriental stores.

There are many of us that have been small farmers for many years, and I have witnessed so many small farmers such as us going up and down and disappear, and this trend continue to happen these days, and I believe it's going to continue into the future. If these trends are going to continue I believe the small farmers in specialty crops such as in this area will completely disappear in not many years in the future.

What we have seen here is that we have been working very hard-- we strive mostly by ourself, and we did not really get assistance from the government even we are aware that there are resources, but they are far out of our reach from us. We are too small to qualify for too few categories, and we are not even exist, I believe, in USDA agenda for assistance.

Like myself I have apply for grants but I am not qualify for categories, and I apply for loan and what happened was the procedure is that one person, one has to find the land and then apply for the loan. What I found out that it was ridiculous. I found the land that they give me a limit of time, and when I apply for the loan they said it's going to take about three-- to a year to get approved. And that's tremendous of time and I don't think it works with this situation here.

The other thing is that we need assistance, money, and we need programs such as pilot so that we can get fund to start our own land. As you can see that many of us stop farming because we lack land, we are bound from land to land, piece to piece in a couple years.

MODERATOR: All right, sir. Thank you very much. Move to the south side now.

MS. BONNIE FERNANDEZ: My name is Bonnie Fernandez, and if you can't hear me please let me know. I am representing today the California Wheat Commission and the California Association of Wheat Growers. I'll address, quickly, questions number three and six.

In regards to fair assistance and distribution of product, we are often appreciative of the programs that wheat growers have in the United States. Unfortunately California wheat growers do not always readily get to participate in those programs because of our differences in marketing and agronomic practices here.

What we would like to see in the future is that perhaps there is either more staff or perhaps more empowerment at our state level to help address and correct these things so we can quickly get them implemented for the benefit of our growers.

In regards to the second number, six, our biggest concern in regards to product development, market development, and research is that we do not isolate these three items as being independent of each other. They're extremely important, they each have an important link in the chain of California agriculture. I would like to give a very quick example of what we mean by that.

Right now there is a hard white wheat incentive program in the United States. This has been an exceptional program for the U.S. wheat growers as well as California. We have benefited greatly. In fact we're going to ask for three more years of that program. But after we have developed hard white wheat, our product, we now have to get out and promote it through our foreign market development efforts. So therefore we have the product, and then the foreign market development.

Unfortunately right now we have over 150 races of striped rust in the United States. It won't matter what we develop if we have a disease that will come and remove these varieties. We understand there is a striped rust initiative to help us with that right now. But independently each of these areas are very important, but they're more important when we look at them as a group.

Thank you.

MODERATOR: Thank you, Bonnie. Okay, up to the north side now.

MR. RICK PITTMAN: Thank you. Mr. Secretary, my name is Rick Pittman with Pittman Farms. We're poultry producers here in the Fresno County. We were the benefit of your Rural Development program about two years ago through a loan guarantee. We are very grateful for that. Without that on a new venture raising poultry is one thing, but we got into processing two years ago with a new venture. Banks will not finance you on new ventures. With a loan guarantee, all the banks wanted us. So it was a very grateful opportunity.

It also has a benefit to the area which is creating more jobs. We urge you at this time to increase your funds for this program, especially for Fresno. We've got projects, but we're running out of funds too quickly.

The one thing we noticed when we received these funds when we developed, retrofitted the plant, we had 10 people helping us at that time to retrofit the plant and get it changed over to processing chickens, turkeys, and ducks. I had mentioned to those 10 employees-- I said, please tell your friends the first July we're going to start operating, and I need maybe 50 or so people to help run this plant. I didn't put an ad in the paper for jobs, didn't put a sign on the door, didn't put a sign up the street. I told them that in the middle of May and by the first of July I had 1,500 people ask me for a job. We need more jobs, sir. We need your help. We need more funds, and that's why I wanted to say this at this time. Thank you.

MODERATOR: Thank you very much. Okay. Now the south side?

MR. RICH MATTEIS: Mr. Secretary and gentlemen, I'm Rich Matteis, today representing the Pacific Egg and Poultry Association. Our concerns relate to avian health, and I'd like to start by thanking the agency for the remarkable effort in eradicating exotic Newcastle disease from this state. To be able to do that in 10 months was just an enormous feat, and we appreciate the help from the agency in doing that.

To that end we support continuation of the specialty crop block grants. We used some of those funds here in that state to enhance biosecurity. It was at the same as that eradication effort. Those funds were put to very effective use in GPS mapping, which is consistent with the livestock ID program, developing education materials, doing outreach, and developing operational protocols.

As such again we support continuation of those specialty crop block grants. Again, eggs are a specialty crop -- less than \$300 million in revenues here per year.

Secondly, we support continuation of the avian health program and ask that it be considered as part of, or in the context of, the Farm Bill. And somebody mentioned earlier invasive species in the plant arena. Diseases are the invasive species that impact animal agriculture. An ounce of prevention is worth a pound of cure. We spent \$170 million eradicating exotic Newcastle. If we spent the funds in a preventative way we'll be money ahead in the long run. Thank you for your time.

MODERATOR: Thank you, sir. Okay, now let's go over to the north side.

MR. KEVIN O'CONNOR: Hello, Mr. Secretary. My name is Kevin O'Connor. I represent the southern region FFA. I am addressing an issue that ties closely to issue number one, and that is: ag awareness in urban communities, because with the negative perception of productive agriculture, many youths may be deterred from entering our field.

I am from Riverside, and I am continuously finding that not only my peers but local business leaders and politicians do not have the understanding of what agriculture's objective is. Unfortunately urban areas have the least understanding of agriculture but have the greatest influence, as this is where most of the nation's voters are.

We have the opportunity to inform the public but need the resources to create agriculture awareness advertisements in the urban communities and the media. We are blessed to have people so dedicated to our industry, but we need the support from the United States Department of Agriculture and this Farm Bill to have the success.

Thank you.

MODERATOR: Thank you very much. Now to the south side?

MR. TOM BERRYHILL: Yes, hi. My name is Tom Berryhill. Mr. Secretary, thanks to you and your team for coming here today. I want to give a special thanks also to Congressman Radanovich for letting me know this was happening today. I am running for an assembly seat up in the Modesto area. I'm a fourth-generation wine/grape grower. My father was Claire Berryhill, secretary of agriculture in the mid '80s. And I plan on continuing that fight.

But as my staff gave me these questions I immediately looked through them and said, 'You know I'm not a Ph.D. in any of these things.' but as I wanted to make a comment, I looked through them. And the one thing that did catch my eye was the second question about the competitiveness of this industry internationally especially. And I am concerned about the sustainability of agriculture for these kids 10 and 20 years down the line with the global economy the way it is. All agriculture has such a hard time maintaining a profitability, and it's very important, as we move down the line, to keep a fair and even playing field.

I guess my one comment to you, Mr. Secretary, would be: as this Farm Bill comes up, keep in mind the massive diversity that we have here in California agriculture. Sometimes we kind of think that we get left out with all the big grain commodities and what-not in the Midwest. But try to keep us in mind. We're all here today to try to keep this a profitable industry in the next 10 years. And thank you for coming today.

MODERATOR: Thank you very much. Okay, north side?

MR. GEORGE FLAGLER: Yes. My name is George Flagler. I'm just a dumb farmer from Parlier. And we're having a hell of a time making a living. We farm about, oh, 500 acres of peaches, plums, and nectarines and raisins. And through the weather aspect that we had at the beginning of this year, a lot of our crops were very minimal in production. But that's not your problem; that's our problem. But what our problem is, is we can't compete overseas. We go to sell raisins, and the guy -- and I can get \$.95 and the guy comes back, Korea comes back and says, 'I can buy these raisins cheaper someplace else.' I says, 'Are you addressing the health issues?' I says, 'Go and address those health issues and then come back and tell me if my price is too high.' He then comes back and says, 'I want a lower quality raisin.' It's impossible.

Our overseas situation is becoming very, very miserable. Our situation, \$6.75 an hour we pay our workers can't make a living and we can't afford to pay them any more. And because our neighbors are all going broke. Fortunately I'm in a unique situation, but one of the things that really bothered me, and has been driving at my heart for a long time, is the generation preceding my generation had to make raisins during the Second World War -- no ifs, ands, and buts. You made raisins or you went to jail. And it was a commodity then. And now we're a specialty crop and they could care less about us whether we make money or we can sustain ourselves. And I just can't understand that magnitude of a shift.

And excuse me for not thanking Cal and Jim and Devin and George and the Secretary and introducing myself. I got the subject too fast. But anyway, it's very painful. Thank you, Secretary, and maybe you can help us.

MODERATOR: Thank you very much, George. Okay. Let's go to the south side.

MR. LARRY SERPA: Thank you, Mr. Secretary, for visiting our valley today and thank you, Congressman, for hosting this event. My name is Larry Serpa, director of Member Relations in Land O' Lakes here. Land O Lakes appreciates the opportunity to testify today. We represent about 280 members in California and about over 4,000 dairy producers nationwide. We have members located all over California with a majority here in the Central Valley.

I know you are keenly aware of the importance of agriculture in the Central Valley of California and its impact on our culture and economy. I know that you understand the dairy industry is the largest ag sector generating more than 120,000 jobs statewide through our dairy farms, dairy products, processing facilities, and tens of thousands more in the retailing and service industries.

You are keenly aware of the rapid urbanization going on in the Valley and the impact that this has on agriculture and our environment. Increased air pollution and impacts on our water resources has led as, it should, to increased concern by our environmental regulatory services agencies.

Regulatory impacts are getting tougher on all businesses including ag, and many of us are feeling the impact. In some cases the impact is so severe we are concerned about the ag sector's ability to continue to grow, develop, and prosper in California.

We in the dairy industry recognize the need for all of us to work together to protect our air and water resources. We firmly believe California's Central Valley will be better off in the long run, both environmentally and economically, with a healthy, strong, and prosperous ag industry. Indeed, agriculture represents a unique way to secure our ability to feed, clothe, and employ our people in harmony with the environment we all share.

Perhaps this is the opportunity for the environment-- far greater in other industries.

MODERATOR: Okay, Larry. Thank you very much. Appreciate that. Let's go to the north side now?

MR. MIKE SILVA: Secretary Johanns, thank you for the opportunity to express our views. Congressman Costa, Congressmen Nunes, Radanovich, thank you. And Secretary Kawamura and Chrisman, thank you for the effort to put together this Forum. Good afternoon. My name is Mike Silva, and I own and operate a farm in the South Valley. I also serve as vice

president of the California Farmers Union which represents farmers, ranchers, and dairymen throughout the state.

We appreciate the opportunity to speak today about the future of federal farm policy. In order to maximize U.S. competitiveness and enable today's farm and dairy producers to compete in the global marketplace, we believe it is vital that the next Farm Bill truly invests in U.S. agriculture. Today we are forced to compete against imports that do not meet our labor, health, safety, environmental, and other standards.

Our foreign competitors, particularly the European Union, spend significant resources each year to ensure the future of their agriculture producers. We should do the same here in the United States. Our federal policy should have an effective safety net for all producers when prices drop, including specialty crop producers.

We believe the next Farm Bill should address the growing consolidation that continues to occur in the agriculture sector. In order to level the playing field for farmers and ranchers it is vital that lawmakers take immediate steps to foster greater competition in agriculture markets. Until there is true competition in the marketplace, farmers and ranchers simply will not receive a fair price.

Lawmakers should immediately implement mandatory 'country of origin labeling' for meat and produce as called for in the 2002 Farm Bill. An overwhelming majority of farmers and consumers support COOL and its implementation is now long overdue. We support full funding of the Conservation Security Program and the extension of the Conservation Reserve Program and the Environmental Quality Incentive Program, EQIP.

MODERATOR: Thank you, sir. Let's go to the south side now.

MR. MIKE DAYTON: Thank you, Mr. Secretary, members of Congress, Mr. Radanovich, Mr. Nunes, Mr. Costa. I appreciate you being here today. My name is Mike Dayton. I'm the deputy director of the Governor's Office of Homeland Security. I'll make this pretty simple.

Our job is to protect and secure the food supply, and we do this in close partnership with the Secretary of Agriculture in California. I'm pleased to report that we've got a great relationship.

We've made great strides since 9/11, but there's still a lot that remains to be done. And how the Department can really help us is to dedicate resources directly to agriculture and ag producers.

There's a number of initiatives that the Department could pursue, but I'm just here to underscore the importance of securing our food supply so that we can achieve all of our trade objectives and to ensure that our communities are safe. So I look forward to working with the members of Congress and the Department on some of those ideas. Thank you.

MODERATOR: Thank you very much. To the north side now?

MR. JOE AUGUSTO: Good afternoon. My name is Joe Augusto, and I own and operate a dairy farm in Merced, California. I also serve as the vice president of California Dairy Campaign. We represent more than 350 dairies throughout the state. We appreciate this opportunity to speak to you today on future federal dairy policy.

We believe fundamental reforms in federal dairy policy are necessary to foster a strong dairy industry in the future. In order to maximize U.S. competitiveness and enable dairy producers to compete in the global marketplace, we believe it is vital that effective tariffs are put in place for dairy imports.

For years we have urged members of Congress to pass the Milk Import Tariff Equity Act to apply effective tariffs to milk protein concentrates, casein, and caseinates that now enter the country virtually tariff-free. Until these loopholes will close, U.S. producers will continue to be at a significant disadvantage in the marketplace.

Dairy producers from around the country have participated in cooperatives, working together (unclear) so that producers can manage their inventories. We consider this program to be a success. However, the fact is that these imports continue to flood our marketplaces, costing U.S. producers considerable market share. Compared to 2004, from January to May of this year our imports have increased by about 18 percent.

We support the continuance of the Milk Income Loss Compensation Program and support increasing the eligibility cap. The MILC Program has provided a vital safety net to dairy producers throughout the country when prices drop. We oppose any legislation once again that establishes a federal forward contracting program. Forward contracting simply shifts more risk to producers and leads to greater consolidation in the dairy sector by decreasing competition.

We further oppose legislation that would subsidize the production of MPC in the U.S. The establishment of an MPC subsidization program would lead to significantly lower (unclear) prices. We support the current federal milk marketing order system.

We believe that conservation and environmental programs can be improved by directing more resources to the environmental quality assurance initiative program, EQIP. Under this program producers gain access to valuable cost sharing dollars to improve the environment. EQIP is continually oversubscribed and in the next Farm Bill it is important for lawmakers to make it a higher priority.

MODERATOR: Yes, sir. Thank you very much. Thank you. Okay, we go to the south side now.

MR. STEVE NASH: Good afternoon, gentlemen. My name is Steve Nash, and I'm a dairyman from nearby Selma. We have 1,100 Holstein and Jerseys and a 620-acre farming operation. The current Farm Bill has been successful in many different areas including the environment. However, more needs to be done. The EQIP program has been used extensively throughout this area. I personally had a good experience with the program to oil roads for dust control over a five-year contract. I am required to use road oil for three of the five years and receive a 50 percent cost share on the cost of oil. It greatly assisted my farm in dust reduction and spider mite population on my corn crops. The cost share limit of 75 percent for certain conservation practices was overstated.

At project sign-ups I was told the project would have a greater chance of approval if I took a lower percentage of the cost share and my project cost was significantly below the \$450,000 limit. Based on this I feel the cost-share percentages and total limits should reflect the actual intended numbers USDA is willing to accept instead of these inflated numbers. It will allow me to plan projects that have a stronger chance of approval.

Currently the dairy industry has a great deal of need for engineering expertise in both water and air. Every county has a different staff expertise, and some of the producers are left out

without any dairy engineering assistance. I feel a multi-county engineering team would greatly benefit producers in coping with ever-increasing environmental rules and save staff dollars at the same time.

Templates could be made for all dairies and then slightly modified for each facility's management style and design type.

Rural crime is on the increase in this area. Meth labs, graffiti, theft of farm equipment, vehicles, diesel, and livestock are growing with increased urbanization. Ag crime prevention needs to be addressed in this Farm Bill. In 1980 Fresno County had a population of 514,000. Projections are for 2.5 million over the coming years.

Research and the dairy industry have a long history of innovative discoveries. Today, however, our industry is under attack from environmental and animal rights advocates. Our industry needs some leadership from the USDA and CDFA concerning research priorities and funding. Here in the San Joaquin Valley air quality is an emotional issue for urban and rural citizens. Studies by the University of California have shown 25 to 30 percent losses in many crops grown in the Central Valley due to air pollution. University air research on California dairies has shown that 3.6 counts to per count annual of VOCs are emitted. However, the San Joaquin air district staff has insisted on a much higher number, one that will make dairies the number one polluter in the region.

Dairymen are shocked by the lack of fairness and attention this has brought to our industry.

MODERATOR: Steve, thank you very much. Appreciate that. Time's up. At this point it's kind of an open line -- at least that's a radio open line -- open mikes for any comments or questions you might have. The two-minute limit's still in effect, but if you have a comment or question you might have now's the time to do it. Let's go back to the north side here.

MR. FRED OLMSTEAD: Secretary Johanns, distinguished congressmen, my name is Fred Olmstead, and I represent the Carberry family who had been farming out on the west side since the early 1940s. I would like to share three areas of concern with you.

One area of concern is community that the farmers support through crops that we've produced, tires we buy, the oil we buy, and all the money that we spend and it turns around in the community. Our money turns around seven times in that community, and I think without the Farm Bill those communities will all suffer as the farmers have to cut back trying to make ends meet.

My second area of concern is money for new equipment. While there are monies from NRCS to assist in purchasing equipment, it is limited to helping farmers who will go together and then hire a farmer with new equipment and new type of equipment to be able to harvest their crops. I'm developing new harvesting equipment for almonds which will reduce the dust, and we've been unable to get direct support in helping develop that product. It's a product that not only will help us but will help the industry, and I think it's a special concern here in the Valley.

My other concern is: we need new money for dams. Water is a big issue here in the Valley. We're short of it. It's no secret. And anything that can be done to help us replenish that water supply through the building of new dams or whatever is critical to the Valley.

Thank you.

MODERATOR: Thank you, sir. Now let's go back to the south side.

MS. CLAUDIA REID: Good afternoon, Secretary Johanns and distinguished guests. It's my extreme honor and pleasure to be in this room along with you and especially with the farmers and the future farmers that have come here today to greet you. My name is Claudia Reid. I'm the policy director for the California Coalition for Food and Farming. We are a nonprofit, made up of about 54 organizations and about 110 members, individual members. We range from environmental activists and food security activists all the way through to farmers. We include academic membership representation and other organizations that work on sustainable agriculture and food systems. That is a food system that honors economic viability, environmentally sound farming practices, and social justice.

We will be submitting full comments to your website, and we appreciate that opportunity. Our policy work primarily focuses on the several areas that have been mentioned here today -- specialty crops, the Nutrition Program including Farmers Market Nutrition Programs, and the Senior Market Nutrition Program. We're extremely interested in additional research funds into the SARE program, the organic programs you heard from, OFRF, and the IPM program. We have a strong focus on value-added producer grants. We are working quite closely on the EQIP program and the CSP program. We really appreciate this opportunity, and we welcome your questions. Thank you.

MODERATOR: Thank you very much. Okay. To the north side?

MR. GARY SOYERS (sp): Thank you, Mr. Secretary, for being here. My name is Gary Soyers, and at the risk of eliciting the wrong response I'll disclose that I'm a lawyer. I work with a lot of the farmers in this room on farm program matters, and I'd like to talk very briefly about customer service by the Farm Service Agency.

This area is blessed, as is the state, with a fine staff at the county level and at the state level. Unfortunately that fine staff is somewhat hamstrung in dealing with farm program eligibility because the rules that have been adopted for eligibility have, frankly, lost touch with the way in which the farmers and lenders that loan to farmers operate.

If the farm program rules of eligibility do not recognize the modern realities of ag lending and ag operations, it's a significant impediment not only to existing farmers from participation in the program but also to new farmers who want to come into the program. So I would really encourage, as you look at the new Farm Bill, to look at how the farm program requirements can be structured so that they recognize modern realities and don't penalize farmers for acting like farmers and don't penalize ag lenders for acting like ag lenders.

The second point I wanted to make is a more general one, which is that the farm program requirements have become so arcane and complex that it's virtually impossible for many operators to understand them and to comply. And if I could leave you with just one point, it would be that it is unfortunate at best that people like the folks in this audience have to hire people like me to interface with people like you. I think it would be far better if the folks in this audience could deal directly with the fine staff that you have here at the counties and the states in order to take advantage of the programs that you offer.

Thank you.

MODERATOR: Thank you very much. Okay, one more? One more on the south side.

MR. RAY SOUZA (sp): Good evening. Thank you Secretary Johanns, Congressman Radanovich, Congressman Nunes and Congressman Costa. Thank you for this opportunity to express some of our thoughts regarding the upcoming Farm Bill.

My name is Ray Souza. I'm a dairy farmer in Turlock, California. This year marks the 75th year that my family has been producing milk in this valley without exception every day, 365 days. But today I'm representing the Western States Dairy Producers Trade Association, which is a coalition of trade associations representing the western states. I want to talk to you about a few things. One of the things we'd like to talk about is to request that you look into giving us the ability to maximize the use of the DEIP program. The money has been appropriated by Congress but oftentimes goes un-issued to the CCC. There's been contracts that unfortunately we haven't been able to meet because of the lack of responsiveness at USDA, and you would believe that there are critical times when this program could be better used as it was intended by Congress.

We also encourage support of the program in its current form. The program stabilizes prices without encouraging additional production. Stability is paramount if we hope to attract younger farmers to the industry. The support program is far less expensive than the official score. One of the unique things about the support program is it's scored one way but the federal government, CCC, takes control of the product. That product is resold, and that money is returned back to the general fund without getting credit back to the farmers. It gives people the opinion that the program is much more expensive than it really is.

We would like to have you work with industry to streamline the federal milk marketing order program. While we believe that the system has value and we encourage participation, we feel it needs to be more responsive so it can better meet the rapidly changing markets. It should not take six to eight years to get a result back from a hearing. Oftentimes we have a hearing--right now that we're still waiting for the response for eight years.

We would like to maintain full funding of the EQIP program, public/private programs, partnerships are essential to the long-term viability of the dairy farmer under an ever-increasing regulatory climate.

Finally, we'd like to ask you to continue to work with federal and state agencies to seek out the best and most reliable scientific data so that regulation can truly serve the public good without unreasonably overburdening our industry. Thank you very much.

MODERATOR: Thank you very much. We're running down to our final moments here. We'll be able to take one over here and one over here. So we'll go this way and this way. We can do both, Mr. Secretary?

MR. JOE ZANGER: I'll be very short. I'm Joe Zanger from San Benito County which is about two hours northwest of here. We're tree and fruit, nut, and vegetable growers. We do some retail. As you heard here this afternoon, all the various parts of the Farm Bill are very important to different individual groups. There's something in it for everyone, and they're here expressing that.

We know for the rice industry, without those payments for the most part they're out of business, and that's somewhat true for cotton. So the commodity section of the Farm Bill is important to California growers.

But as you said, Representative Costa, and what the President said in his first point, the real long-term fix is opening up international trade. We need to be able to move our product to

the rest of the market because we produce too much. The reason we produce too much is because we've had to, to stay in business. You have to get your units up, your efficiencies up, and it's Catch-22. We're over-supplied, prices are down. We need to get trade going.

The Doha is coming fast. We're in Hong Kong in December, and that's ahead of the Farm Bill. So really the discussion is now with the USTR, in concert with the Farm Bill conversations, to get things lined up now because we need to make commitments here this last quarter of the year to get the Doha done to get tariffs down and to get EU subsidies down so that we can export our product and stay in business. Thank you.

MODERATOR: Thank you very much, Joe. Okay. We're going to go to the south side.

MALE VOICE: Thank you. Congressmen, thank you always for your support. Secretary Johanns, my family raised cattle in the sandhills of Nebraska. Nice to see you out here in California, and welcome.

Just a couple of items. The Environmental Quality Incentives Program -- by the way I represent 1,100 of the state's dairy producers in West United Dairymen, the state's 1,900 dairy families, and the Environmental Quality Incentives Program is extremely important program to California's dairy producers as we face an onslaught of regulation from the Air District, Regional Water Quality Control Boards, and continuation of the Environmental Quality Incentives Program is extremely important to the viability of agriculture within California, the Central Valley in particular.

I'd also like to mention that if USDA--ARS could see fit to perhaps look into some technologies that might help us address some of these issues that we're facing on the environmental front, would be very helpful.

And then finally I'd like to echo the comments of Mr. Sousa from Turlock indicating that the federal order system truly has to be reformed. California has a system under Secretary Kawamura where we can get a decision in our state milk marketing order out of the Secretary's Office in 79 days. As Mr. Sousa indicated, the federal system often takes six to eight to nine years to get a decision. In a global marketplace that negatively impacts America's competitiveness, and we do have to be competitive.

Once again, welcome to California. Nice to see you.

MODERATOR: Thank you very much. Okay. Good. Next here on the south side?

MS. KATHRYN PHILLIPS: Thank you. Thank you for holding this listening session and allowing all of us to have a chance. My name is Kathryn Phillips. I'm with Environmental Defense. We're a 450,000-member organization nationwide. We have about 60,000 members and activists in California.

I work specifically on air quality issues. I want to talk about a couple of things today. One is: innovation. It's been mentioned earlier that California grows about 350 different crops. In 1939 we were growing about 180 different crops. In less than 100 years we've just about doubled the number of crops, different types of crops, we grow in this state.

I think that speaks to the incredible innovation that California farmers bring to their trade, the incredible amount of creativity and their willingness to take a risk.

I'd like to talk a little bit about some of the environmental challenges. We have about 221 federally listed endangered species in this state. There are some of us who would argue that what you're seeing around those federally listed species isn't really as many as probably are endangered in this state. But let's stick with the 221. Many of those rely on private lands for survival. Much of that private land is farmland. We're anxious to see that farmers have the opportunity to protect those portions of their farmland that provide the riparian habitat, that provide the corridors for those species to get from one place to another to allow them to survive.

We have some of the dirtiest air in the country. In fact the San Joaquin Valley ranks among the top three for dirty air in the country. We're in extreme non-attainment for ozone. The only other region with that characteristic is the -- (audio break)

-- states like Iowa. Iowa is number one. Iowa has 13 endangered species. We have 221. There seems to be a disconnect there. We're not suggesting that Iowa not get money, not get good conservation money, but we suggest we need more conservation money in the whole pot. And more of it needs to come to California. And we need programs that will address some of California's specific problems, especially its air quality problems, especially its water quality problems, and help the farmers who have proven they've been innovative to continue to be innovative and use those programs to help solve our environmental problems hand-in-hand.

MODERATOR: Thank you very much. Thank you very much. We've had a lot of interesting input here, and you've been a great listener, Mr. Secretary. Any more do you want to listen to or is it --

SEC. JOHANNIS: I think we wore everybody out. I don't see anyone else standing at the microphone. Let me if I might just take a minute or two to wrap up.

I think your secretaries, your congressmen, deserve a round of applause. I think, I've had congressmen in my other listening sessions, I've had senators, and if memory serves me correctly I think this is the first group that stayed to the bitter end. They deserve a round of applause.

[Applause.]

I think it speaks volumes of their commitment to you. It's always easy to come in and offer a few thoughts and then meander down the road. So I appreciate it, and Secretaries thank you very much.

We have had a great day in California, and this forum just adds to that. As I was thinking about California agriculture and I was thinking about this Forum I must admit I wondered a little bit about what would this Forum be like? You certainly have rice and cotton industries, but it's not like the state has a huge amount of program crops, if you know what I'm talking about. You have a lot of specialty crops. And you have a lot of crops that quite honestly are not subsidized at all by the Farm Bill.

When we talk about the Farm Bill we oftentimes think about the subsidies, but the reality is about 75 percent of American agriculture is not subsidized under the Farm Bill. There's research dollars and some of those things, but the vast majority of agriculture in the United States is actually not subsidized.

So I wondered what I would hear as I came here. Well, what I heard is probably the greatest diversity, in terms of people offering thoughts about the Farm Bill, that I've heard yet. And I guess thinking about it, that would be what you would expect, because you have such

tremendous diversity in agriculture here. You have everything from livestock to fruits to vegetables and kind of everything in between.

The second thing I would say is that people were enormously prepared. Did you all get together and decide who would say what in this Forum, because it really was well-presented and you owe yourselves a pat on the back for that. This was really one of the best-prepared Farm Bill Forums that we've had to date.

Now what I wanted to spend a minute talking about was process. We've had a lot of input on various things, but process is important here, and so I wanted to kind of maybe telegraph for you what I see out there in terms of process. And I'm sure your congressional representatives, your Senate representatives will keep you up to date. But I was asked: isn't this quite early for a 2007 Farm Bill to be out across the country doing these listening sessions? Really it is not if you think about the timing here.

To do a nationwide effort it's a big country out there, even with the help of under secretaries and my deputy. We will be working on these Forums through the end of the year, probably a little bit into the first part of next year. It will take us a certain amount of time to organize the information from the Forums, talk to Congress, get their ideas, those kinds of things. So by the time you really get to it, a proposal probably won't come until sometime into 2006.

We haven't even decided what that timeline would be. Quite honestly we're going to get some more Forums under our belt before we decide whether there will be an administrative proposal, although it's very fair to say after this much work we're going to do everything we can to work with the House, to work with the Senate, and really do everything we can to drive our ideas as to what the next Farm Bill would look like. That may even be a specific legislative proposal.

Well, by the time that rolls out you're well into 2006. You've got an election cycle next year, so a lot of time gets occupied with that, so quite honestly if we can get that out there what you're probably looking at is action on a 2007 Farm Bill in the first part of 2007. And we almost need to get it done then to send a signal to agriculture as to what that Farm Bill will be and what it will look like so producers and bankers and whoever can make decisions about what they're doing.

So again it appears to me that our timeline is actually very aggressive, and we need to stick with our timeline in order to get this Farm Bill done early in 2007 so people know what it will look like.

There was some comment about, well don't pass the Farm Bill while we've got some of this left. I don't see that happening, quite honestly, just simply because again if you look at that timeline I think it's optimistic to think we'll get this one done by early 2007 which we need to do. But it just appears to me that we'll see the end of this Farm Bill. I would be very, very surprised if anything would happen quicker than that. It just doesn't appear likely.

The industry isn't calling for it, and the House isn't calling for it, and the Senate isn't calling for it, and we're not calling for it. So it appears to me that what we will be doing is putting in place a Farm Bill that will start as it was originally intended when this Farm Bill runs out with the crops for 2007.

So that's kind of my ideas on the process.

Final request, if I could. As this continues to go on, the national debate on farm programs is going to increase. You're seeing editorials already, you're seeing articles. I was in Iowa yesterday. The Des Moines Register did a very extensive analysis of farm programs and their impact on agriculture and on the next generation of farmers. I can almost guarantee you that you're probably going to get to a point where you want to offer something new. That's why we've got the website. We want you to stay in touch with us on the website. It's an excellent website. We will be very transparent in what we're doing. But we want to hear from you. Write us a letter, get on the website, do whatever you can to make sure that the information you provided today continues to be current.

If you have a new idea, a new thought, we want to hear about that.

So Congressmen, thank you. This was great. I appreciate it. Secretaries, it's great to have you as my traveling companions today and to all of our friends in California thank you so very much. God bless you.

MODERATOR: Thank you, Mr. Secretary. Ladies and gentlemen, thank you for your input, your participation, and your cooperation. It was a tremendous experience for me to be here to take part in this. And have a good evening.

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