

TRANSCRIPT

United States Department of Agriculture • Office of Communications • 1400 Independence Avenue, SW
Washington, DC 20250-1300 • Voice: (202) 720-4623 • Email: oc.news@usda.gov • Web: <http://www.usda.gov>

Release No. 0321.05

Contact: USDA Press Office (202) 720-4623

TRANSCRIPT OF INDIANA FARM BILL FORUM
WITH DEPUTY SECRETARY OF AGRICULTURE CHUCK CONNER
AND MODERATOR GARY TRUITT OF THE BROWNFIELD NETWORK
AT THE 149TH INDIANA STATE FAIR
ON AUGUST 18, 2005

GARY TRUITT : Good evening and welcome to the 149th Indiana State Fair and the USDA Farm Bill Listening Session. My name is Gary Truitt. I'm a farm broadcaster here in the state of Indiana with Brownfield, America's ag news source. We'd like to welcome all of you here to the Farm Bureau Building this evening. We are all here because we care about agriculture. We're all here because we care about the future of agriculture. And we are all here to participate in a rather unique process -- helping to craft farm policy that will shape the future of our industry and develop scenarios that will lead to the success for Indiana farmers and for American farmers in the decades to come.

Now in order for a listening session to work you have to have listeners. That helps, right? Sort of a basic ingredient of a listening session. We have today two very good listeners, and they have come here specifically to listen to what Indiana farmers, Indiana agribusiness, Indiana agricultural organizations and Indiana citizens in general have to say about the current state of farm policy and, more importantly, the future of farm policy.

Becky Skillman is the lieutenant governor for the state of Indiana and also acts as the secretary of agriculture. We also have with us the Honorable Chuck Conner, the deputy secretary of Agriculture with USDA in Washington. I would like to invite our two listeners to the stage at this point.

[Applause.]

This is an official federal function, so we are going to begin in an official way. Presentation of colors, the pledge, and the anthem. Our colors are being presented today by the Indiana State Police, Indianapolis Division. The FFA officer team presenting our Pledge this evening. The Pledge is being presented by Nathan Lehman who is the state sentinel; and Shawn Gearhart who is our state secretary.

Our National Anthem will be sung this evening by Linda Sammon (sp) who is the state FFA reporter.

Please stand for the presentation of the colors and the singing of the National Anthem, and the Pledge.

(National Anthem is sung.)

[Applause]

MODERATOR: I think it's safe to say that all of us here like to have something to do with agriculture. In fact it might be safe to say that all of us have a love for agriculture. And some of us have a real passion for agriculture. And then there are a few people that just, well they have that passion that goes above and beyond the norm. I like to call them the superheros of agriculture.

We have with us this evening one of those superheros. Since becoming Lieutenant Governor, she has done more to revolutionize, to inspire and to innovate Indiana agriculture than anyone in recent history. Whether it's having a ham breakfast at 7:00 a.m. here at the fairgrounds with pork producers, or at 7:00 p.m. helping to sell livestock at the 4-H Sale of Champions, Becky Skillman has greeted every agricultural-related task with a smile, with warmth, with passion. Someone who truly has a heart for the present and the future of Indiana agriculture and its rural communities, the Lieutenant Governor and Secretary of Agriculture for the state of Indiana -- Becky Skillman.

[Applause.]

LT. GOV. BECKY SKILLMAN: Thank you, Gary. Thanks so much for those very kind words. And thank you also, Gary, for moderating this very important session. I look out and we see many, many friends here tonight, all our partners as we work to grow Indiana agriculture to a new level of prominence. We're very pleased to have with us tonight our good friend Deputy Secretary Chuck Conner. So pleased to have you with us again. Most of you know that Chuck's a native Hoosier. He's from Benton County, and this is already his second visit back home to do business since his USDA appointment, and that was in May. So we very much appreciate you coming to be with us.

And I think today's session is just especially critical to all of us in the state's food and agriculture industry. It's important to our farmers who raise crops and livestock; it's important to our businesses, important to our educators, our conservationists, our entrepreneurs, our researchers, and the citizens of all our rural communities. This is our opportunity to share with you, Chuck, our views on the things that are most important to Indiana agriculture.

I think the time couldn't be better for us to be hosting this Farm Bill Forum. As Chuck is very well aware, there's indeed a new focus on food and agriculture here in Indiana. It was just a few short months ago that we created the first ever Indiana State Department of Agriculture. I'm pleased that our department is now fully in place. We're doing great work. It's staffed by an outstanding team of people who care deeply about the future of Indiana agriculture. I'd like now to recognize Andy Miller who's here in the front row-- Andy, our Director of the new State Department of Agriculture.

[Applause.]

You've likely noticed that Andy's enthusiasm is contagious, and his leadership has already resulted in many significant achievements already. Thank you, Andy, for all you do.

For one of those achievements of course is the unveiling of our strategic plan for Indiana agriculture. It's called Possibilities Unbound, the Plan for 2025. Andy and the staff have just worked tirelessly in their first months on the job to draft and to share that plan around the state of Indiana. Since then, the department has been very focused on implementing the plan. In fact we announced at the opening of the State Fair many of the successes we've had to date, and our plans for the coming months.

Our strategic plan identifies seven key focus areas that we intend to pursue, and one that's directly tied to today's session is our federal farm and trade policy strategy. Indiana agriculture as you know is directly affected by our federal farm policies and the farm programs that are legislated by the Farm Bill provides significant support to our producers. So the debate on the 2007 Farm Bill is already well underway, and I know there will be many more intense and sometimes a lot of heated discussion before a new Farm Bill is enacted. But today begins the dialogue between us and the USDA on the things that are most important to Indiana.

As part of our federal policy strategy we've created a Farm Bill Task Force to develop Indiana-specific ideas and program proposals for the 2007 Farm Bill. This group consists of our Indiana State Department of Agriculture, our new Office of Rural Affairs, individuals who are representing our leading commodity organizations, Purdue University, and others with expertise in many Farm Bill programs. Those would include conservation, rural development, food and nutrition, energy, forestry, research, credit and finance.

So we're very fortunate to have Chuck here to listen to these ideas, to listen to these concerns. But we're even more fortunate to know that he truly understands them, having grown up on a farm right here in Indiana. He's been through multiple Farm Bills on Capitol Hill with Senator Lugar on the Senate Agriculture Committee, in the private sector, and with the administration as President Bush's special assistant for Agriculture, and now at USDA.

Chuck is dedicated to the process. He listens. And he will continue to work for the very things that are most important to Indiana and to U.S. agriculture. So please welcome home Deputy Secretary Chuck Conner.

[Applause.]

SEC. CHUCK CONNER: Well, thank you very much, Lieutenant Governor Skillman for that introduction. And I really do appreciate your hospitality for the last two days here at the Indiana State Fair and for just really showing your enthusiasm to all of us at USDA for the future direction of Indiana agriculture. And it is indeed an exciting one under your leadership.

Here in Indiana let me just say, you guys are also very, very fortunate to have your governor, Mitch Daniels. As you guys know, Mitch is a good friend, a great friend of the Bush Administration, and he's doing great things for agriculture in leading us forward here in Indiana. And we are very, very honored to have Governor Daniels and Lieutenant Governor Skillman doing this work and leading the way for the next generation in Indiana agriculture.

I also do need to thank Andy Miller-- Andy, again for all of your help and assistance you've given me in my short tenure at USDA. And I know we're just going to have a great working relationship going forward.

I'm not sure whether he's here or not right now, but I know our dean of agriculture Randy Woodson -- Randy, if you're in wave your hand. I know he was here all day yesterday doing various events and has just been working his tail off for all of us. And we really appreciate everything. Of course we love Purdue, don't we? But Randy is a great dean, and we look forward to working with him as well.

And I just want to thank the Indiana State Police for helping us provide the proper honor and respect that this country deserves. As well Nathan, Shawn and Linda-- thank you for your help in making sure we fully appreciate the true purpose of government service, and that is recognition to this great country in which we live. And I appreciate all of you guys helping us do that today.

I also want to thank the Indiana State Fair organizers for their hospitality. I've been here now for two days. It's a great fair, and we really appreciate your help in working with us to bring about this event tonight.

And as well you've seen a lot of folks running around here, the USDA staff that's been working very, very hard in setting this up. Thank you, guys, as well.

Before I end my thank yous too, I also want to recognize there's two other people -- I hope are in the audience; they better be in the audience -- who are going to play a key role in the Farm Bill policy development process. My deputy chief of staff, Beth Johnson is a native Hoosier. Beth is back in the corner back there, and she is going to play a key role in this process. And Michael Summers -- Mike is originally from Illinois. Mike has been around for a long time in Washington. He took my place as a special assistant to the President. Mike is going to play a key role in this as well, so we really -- if you get a chance, introduce yourself to these key players in this next Farm Bill process.

I also want to mention that it's great again to be in the home state of Dick Lugar. Senator Lugar, as you guys know, is the former chairman of the Agriculture Committee. He is the man unto which I owe my professional career-- as a youngster him taking me under his wing. He has written many, many Farm Bills, and he's the guy that I called "boss" for 17 years, and his influence has been tremendous, and he is going to be a key player in the next Farm Bill debate as well.

Secretary Johanns is really honored or pleased that I am able to do this event. And he asked me to come specifically to Indiana to host this event. He is trying to do as many of these as he can himself. He's done the first ones himself. He would be here except for the fact that he is actually traveling in Australia and New Zealand. He's at bilateral agricultural trade meetings there that are very, very important to the future direction of our trade in this country. And I want to tell you, Mike Johanns has pledged to be an advocate at negotiating on behalf of American farmers and ranchers, and you will have no finer advocate than Mike Johanns in this process. And I can assure you that he is doing what he can to expand market access for U.S. farm products. That's what trade is about. We shouldn't really be focusing on much of anything else other than expansion of our access because we need those markets.

Now I want to tell you, this is a good crowd, and I've hosted, been involved in a lot of Indiana farm meetings, and this is a great meeting. I really do appreciate you guys coming out here because I'm excited to be home. Becky mentioned that I was born and raised on a farm in Benton County, Indiana. And I'm very proud of that fact. That farm grows corn and soybeans, and a lot of it. It's pretty good land up there and I'm hoping he's still here and hasn't abandoned me yet, but I need to acknowledge my brother Mike. Mike is the one who actually does the work in the family. He is the manager of that farm. Mike, where are you? You're somewhere, I know. You wouldn't leave me. There he is. Okay?

[Applause.]

And I can see that the famous one in the family, my sister Jan the basketball coach, is here. Jan, thanks for coming. I'm glad you're here.

[Applause.]

I'm proud of the state of Indiana, and I'm proud of the agricultural tradition ladies and gentlemen that we have in this state. We are a strong state in agriculture-- fourth in soybeans,

fifth in corn production. We are moving up dramatically in pork production. We're number one in some issues like popcorn, and we're high in tomatoes. It's a very diverse and great agricultural state, and we've got a strong, strong tradition. And we are quickly becoming a leader in something that's near and dear to our heart, and that's in ethanol production as well.

And the President's leadership on the Energy Act of 2005 is very, very important to this state of Indiana. Renewable fuels are enormously important, not only to ethanol producers and corn-growers but to those who reside in rural areas as well. And this is going to be very, very important as we go forward to take advantage of these opportunities.

And we believe ethanol is really a step forward toward bringing down input costs and reducing our dependence upon foreign fuel sources. I don't know about you guys, but I suspect I would get an unanimous vote here that I would much rather secure our energy from the cornfields than from the oilfields of the Middle East, absolutely, any day.

[Applause.]

I think that's unanimous.

Let me just say again that I am thrilled to be at the Indiana State Fair. You know I've been here two days, and I'm walking around-- when I was a youngster I showed (Chester White) pigs here at the State Fair, and this was really sort of the highlight of my summer. And so it just feels very natural to be here, and I feel like I ought to be over in the hog barn taking care of the animals. But I'm here with you guys, so that's probably where I should be.

I noted earlier, this is our eighth Farm Bill Forum. We have been in Tennessee, North Dakota, Minnesota, Wisconsin, Iowa, California and Pennsylvania. This is a nationwide listening tour, and we are learning lots from these forums getting underway. We have learned a lot already. That is going to continue as we go forward. It is really an opportunity for the Secretary and I to stay connected really with the people that we serve. And this is so critical to a cabinet member in Washington, DC, to stay connected with the people at home. It's vital to us doing our jobs.

I'm not the only one excited about the tour. I will tell you that it was a great honor for me to work three years for President Bush and President Bush I can assure you is a great friend of American agriculture. He is very, very excited about these listening sessions as well that we are hosting going forward. In fact he has taken the trouble to do a little tape that we're going to see where he is providing some very clear direction to our Secretary of Agriculture Mike Johanns in encouraging him to visit as many places as possible and to hear the voices of those out there in the countryside on what they want to see in the next Farm Bill.

So Gary, I'm going to turn it back to you so we can hear from the President at this point.

MODERATOR: All right. We'll let the audio-video people roll that tape from the President at this time.

[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.

“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 help to our producers. And we must promote cutting-edge agricultural products and research.

“Finally, we must ensure 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. CONNER: Okay. I'd just continue on here for a minute, Gary. I know you're ready to get started, but if you will bear with me. The President and Secretary Johanns and all of us at USDA do believe that you guys have a tremendous insight to offer us in this Farm Bill writing process. And past Farm Bills frankly have not gotten enough local input in my opinion.

Secretary Johanns said at his confirmation that he doesn't accept the notion that all good ideas come from Washington or from Washington lobbyists. We believe they come from people like you out here in the countryside, and we are anxious to hear from you. I'm here today to listen to your ideas and opinions. Farm policy impacts America's entire agricultural community, so don't think somehow that you shouldn't speak because you're not impacted because it really does affect everyone in rural America. And the entire agriculture community should have a say in it.

We have many challenges ahead, ladies and gentlemen. Policy must keep pace with our rapidly evolving agricultural industry. We have changes coming rapidly in terms of products, tools, markets, all of these things, and farm policy every day must respond and be flexible enough to respond to these goals. Benton County, Indiana, where I grew up is a much different place today than it was 25 or 30 years ago. It was a real privilege to have spent my childhood in that very rural area. I will tell you that. Future generations if they so choose deserve that same opportunity to have that kind of lifestyle, and one of the single most important items for us to consider as we move forward is the impact of our policies on future generations.

We must ask ourselves whether or not our policies help these rural areas succeed or whether our policies may indeed be holding them back and preventing them from succeeding. Strong rural communities are essential to our success in American agriculture. Rural America as

each of us would attest is an amazing place. Neighbors care for each other there. They love they land. They care for the land. Young people learn a strong work ethic. You know if you'll give me a young kid from rural America I immediately know this kid knows how to work. And this is a great thing about rural America, and it's something that for future generations we've got to preserve.

We have a vision, and our president, President Bush, shares it -- of a vibrant rural America. Government policies that really work with you instead of against you are the key to making this vision a reality. Listening tours like this are part of that good, sound policy development.

Now let me just tell you that I encourage you to tell your friends you're here tonight to give me your input, but there are other ways as well for giving your input. And we have a website at USDA -- WWW.USDA.GOV. It's not tough. But if you go there there's a scroll you can click on for Farm Bill Forums, and you can give us your comments right there on-line. Very user-friendly. I have even done it myself, and that is a testament that it is very easy. I didn't comment though. I figured that's probably not a good idea.

We come to you, ladies and gentlemen, tonight with an open mind, and we are eager to hear your ideas. We are very, very open-minded. We ask you however to stay kind of focused on six questions in order to steer our debate by focusing on the discussion of six questions we hope we'll be better able to analyze your feedback and help us in this policy development.

You have a brochure that should have been given to you as you came in listing the questions. Let me just offer again, Gary, before we move on just a few thoughts on each of these questions.

The first question relates to the challenges facing new farmers, new agricultural producers, young farmers. We believe the policies should welcome the next generation of farmers into the business. We have an aging farm population, ladies and gentlemen, and that's not good. And we need to make sure we are making it as easy as we practically can, certainly not discouraging new producers from getting in the business. Unintended consequences, perhaps higher land values may well be leading to farmers, young farmers to seek other forms of employment. And we need to consider this in our next policy, so that's question one.

The second question relates to competitiveness. We face a global marketplace. Whether we like it or not we face competition from abroad. And we must remain competitive in global markets in order to succeed. As the President noted, we have a population in the U.S. that's relatively stable, 95 percent of the world's population resides elsewhere. If we want to increase the demand for those 10, 11, perhaps 12 billion bushel corn crops it's got to come from outside our borders, ladies and gentlemen, or else many of you are going to have to find something else to do because that growth is not going to occur just in the domestic markets. We have to export. Exports generated 27 percent last year of U.S. farm cash receipts. So it is already a very substantial part of what we do.

The third question, moving quickly, relates to farm program benefits. Is the current distribution system of farm program benefits most effective for you? Benefits should stabilize farm prices and income. Prices and income should not trade based upon those benefits in my opinion. Current programs like crop insurance distribute assistance based upon past and current production levels. Is that right? Is that the right direction? Some argue in favor of larger farms. Some say larger farms get all the money and we ought to focus it more toward the smaller farms. These are key issues of critical debate in Washington.

Our fourth question relates to conservation goals, and we have many from the conservation community in our crowd tonight. Farmers are the first and best stewards of the land in our opinion, and we will defend that forever. As the leader in conservation of private lands, I know producers in this state understand the value of conservation, and you're very, very big on this. Some have suggested that we need to do more to help producers to be a part of that cooperative conservation the President mentions and to have a farm policy with more tangible benefits focused on conservation as opposed to just simply prices and income.

The fifth question relates to rural economic development. Farmers and rural America once were almost synonymous. That may no longer be the case. Demographic and economic characteristics have changed on America's farms. The old traditional rural development programs may not be where we need to go 10, 15, 20 years from now in order to make rural America in this state of Indiana the best that it possibly can be. And we need your input on that as well.

Finally, the last and sixth question that we want you to focus upon tonight deals with expansion of our ag products, markets and research. This is the final focus dealing with development of new products, markets, our agricultural research system at our land grants. Agriculture is rapidly changing, ladies and gentlemen, whether we like it or not. Indiana has a place at the table because of leadership that we've provided on issues like ethanol and the work that's being done in places like Purdue University.

But some say our policies should do more, that we spend again too much money on other things and that we need to focus greater resources on the issues of market development and upon agriculture research to develop that next technology for the future.

So those are the questions. Again I encourage you to give those some thought, give us your input, and don't hesitate to use that website at USDA if we don't have time for all the comments tonight.

Now I'm interested in your responses on all these questions, but let me just say that once we start this question and answer process I'm going to do something that's very difficult for me, and that is I'm going to try and put this microphone down because I am here to sit here and hear your point of view, and you don't need to hear me respond and argue and come back at you with a lot of stuff because we're here absorbing the information that you need to give us.

Now if something really comes up I may pick up the mike, but I'm going to try and resist that temptation. And we do want to hear from each one of you with a focus upon these six questions. So I just want to close again by thanking you all for coming so much. This is very, very important to us. It's very, very important to the development of this next Farm Bill. And if you don't think it's important, just remember the last Farm Bill spent over \$180 billion. If you think we're not talking about something of sizeable magnitude, this is huge. And we can either do huge in a good direction or we can do huge in a bad direction. And we really need your input to make sure we make maximum use of these resources.

So thank you all again. I'm going to turn it back to Gary. I don't know, Lieutenant Governor Skillman, whether you have a comment as well wrapping up here before we proceed, but again thank you all for being here.

MODERATOR: All right. There must be something about the water in West Lafayette. I haven't figured out what it is yet, but think about it. How many people that wind up in West Lafayette end up in Washington in high-level positions at USDA? Not only do we have Deputy Secretary Conner here, but think back. Jim Moseley was just there; Earl Butz, Bob Thompson.

We have a lot of people that have come from Indiana. I get a lot of jealousy from some of my fellow reporters in other states that go, you guys are hogging all the leaders at USDA, so cut it out.

So we have a great opportunity here. This is going to be informal. Secretary Conner called this the David Letterman style of stage-set today, and I don't know if he's got his Top Ten Farm Bill picks yet or not, but there's another Hoosier we ought to get to hear from.

Here are the ground rules. We are good friends, and we all want to have a chance to talk, but we will not get this done if we don't do it right. The first ground rule is, everybody gets two minutes. Now if people say, two minutes, that's not a lot of time, Pete Manning has done a whole lot in two minutes let me tell you.

So practice your two-minute drill. As a broadcaster that oftentimes has to say things in short periods of time, I'll give you a hint. Organize your thoughts, think before you walk up to the microphone, maybe jot down a few notes, and if you are concise and organized you can say a lot. Concise is another term. We don't need a lot of life stories. What we need are your opinions.

I know Hoosier producers have a lot of opinions. There's an old saying that wherever two Indiana farmers are gathered there will be three opinions, and there's a lot of truth to that. We're going to hear that tonight, and that's what we want to hear tonight, but we do need to keep it a reasonable time length so everybody has a chance. We have a light system here-- green, red and yellow. And when the yellow light comes on you've got about 30 seconds or so before your time is up. When the red light comes on, that means you've used your two minutes.

Now I'm a nice guy, and I'm not going to cut you off in mid-word and say that's it. But complete your thought. If you are in the middle of a thought or in the middle of a long, complicated kind of thing -- well we may have to cut you off. I will not be shy to cut you off, and we'll turn off your mike if we have to do that. And again, we're not trying to cut people's opinions off. But if everybody follows the rules, everybody will get an equal chance to state their opinion. And that's what the Secretary and Lieutenant Governor want to hear is everybody's opinion.

So again, please watch the time, keep your comments to that two minutes as close as you can.

Now also let's be courteous and let's be professional. We are broadcasting this over the Internet. So people all over the world are going to hear what you have to say, so remember that. Your neighbors may be listening.

Also, no heckling, no cheering, no booing, let's be professional in our decorum here tonight. If we have any difficulties which I really don't think we do, but if we do we will give one warning and then we'll have somebody removed if we need to do that.

Other than that I think that's about all the ground rules at this point. Now again nobody wants to be the first. Whenever you state these things nobody wants to be ask the first questions. We have two microphones and we'll alternate back and forth, so if you have a comment or a question and you want to talk, you come up to the microphone, talk into the microphone, say your name. If you want to say the organization you represent that is fine as well, but at least state your name so we know who you are. If you want to say what county or town you're from, that's absolutely fine as well. If you represent an organization that's absolutely appropriate as well.

We will just alternate back and forth. We have assigned the first question already so nobody has to be first, and again we want to stick with those six points that the secretary talked about. Later on in the program we will open it up to anything you want to talk about. If you want to talk about kumquat policy for American agriculture we can do that, no problem. But for at least the first part of our session today let's stick to those six questions, let's stick to the future.

Remember, we're not talking about legislation that is in Congress today or a problem that needs to be solved today. We're talking about future farm policy, a Farm Bill two years away from being passed and will continue for the next four years after that. So let's take that long view as we think about our comments and we think about the things we're going to say.

We will take breaks, at least two of them, throughout the evening to give a chance for folks to stand up, stretch your legs, walk around and clear the air a little bit, and so we will do that. I think that's all the rules and procedures at this point.

Let us begin. Again, the first question dealt with the future and young people coming into the future of our industry so it is appropriate that we begin with you. Go ahead.

MR. BRUCE COOLEY (sp): My name is Bruce Cooley. This year I am serving as the Indiana State FFA president. I'm here to address the first question of how should farm policy address the unintended consequences that discourage the next generations of farmers from entering production agriculture.

First of all, we need to set up, in my opinion, some way of identifying those unintended consequences, and I believe we have a great resource for ourselves and that would be agriculture science education. Through some of those programs specifically that supervise agriculture experience and also the proficiency areas that agriculture education has, this would be a great measure because if these are raising you know you've been doing something right, providing opportunities for young people. However, if these are decreasing you kind of secluded those areas that you know you need to improve. Once you find those areas, those specific areas that need to be improved, you can find the proper, take the proper precautions, proper dealings to correct those issues.

So again I believe if we're to use agriculture science education as part of this to identify those unintended consequences that would be a big first step we could do to ensure the Farm Bill does meet everyone's needs.

MODERATOR: Thank you very much. All right. Do you want to go over here next?

MR. TYLER COTTERMAN (sp): Hello. I am Tyler Cotterman from Monticello, Indiana, and I have been an active member in the Indiana 4-H Youth Development Program for the last eight years. I appreciate the inclusion of a youth voice in these forums and feel honored to be asked to present for my peers.

4-H has a rich and proud tradition of preparing students for career success and engaging youth in activities and projects that excite them about leadership opportunities in the future of agriculture. In 4-H we work hard to introduce agricultural science concepts to nonfarm youth through activities such as Ag Day in local communities and events at Purdue University like 4-H Roundup, which focus on career awareness opportunities.

We also offer a series of science workshops which target High School age youth with topics that range from plant and animal science to food science, engineering and aerospace.

Both farm and nonfarm families living in rural areas are dependent upon strong, vibrant rural communities which are critical to providing economic as well as family and social support. The future of agriculture in this country is dependent upon the health of the rural community. Leadership opportunities that enhance civic engagement in local communities are a key to attract and maintain young families and to encourage young people to return home following post-High School education. I have been fortunate to have many such leadership experiences through 4-H.

When I consider unintended consequences of the Farm Bill on the next generation, I believe that flexibility is paramount. Just as young people are not cookie cutter cutouts of one another, a one-size-fit-all policy likely does not serve the agricultural industry in Indiana as it would in California, Florida or North Dakota.

State and local government should be provided the flexibility to apply and adapt policy to the needs of a specific region. And investment in youth programs like 4-H are critical to the future of rural communities in Indiana and our nation.

Thank you for continuing to support our future.

SEC. CONNER: I'm not going to do this often, Gary, but just give a short round of applause for these two young guys.

[Applause.]

MODERATOR: Again, Mr. Secretary, you have been involved in so many Farm Bill debates, isn't it reassuring to see young people involved in this one? That is great.

All righty, let's come back over here.

MALE SPEAKER: My comments tie into Mrs. Osley's. I'd like to let her go first if I could.

MRS. CHARLOTTE OSLEY (sp): Mr. Secretary, my name is Charlotte Osley. Together with my son Jay, we farm 270 acres in Elwood, Indiana. We rent most of the land we farm, which is planted in tomatoes and seed corn. My husband Herb tragically was killed in a farming accident in September of 2003.

Since his death Jay and I have made every effort to keep the family farming operation viable in spite of the incredible obstacles we have encountered as a result of the 2002 Farm Bill legislation. Operating a sole proprietorship, my husband maintained all ASCS reporting under his own name. Shortly after his death I contacted the FSA for clarification about my future status and requested that his producer history be transferred to me and my son. This producer history was essential to our ability to rent new ground for rotation purposes.

Our principal landlord possesses farm history so we can continue to produce on the land we have been using, but that land base needed to be supplemented to maintain adequate rotations. Also we needed to enlarge our contract in order to maintain our financial payability, still retaining our producer history in order to find new land to rent, crucial for our operation.

Needless to say I was shocked when the FSA informed us that my husband's producer history had been lost in his untimely death and cannot be transferred to his widow or his son. I would respectfully request that a copy of that letter be entered into the record.

SEC. CONNER: I'm also going to steer you a little bit toward our state FSA director John Nidlinger who's sitting back there in the green shirt. John has himself and some people from FSA here for these specific problems that may arise, and get with John and let's take a look at that. Okay?

MRS. OSLEY: I appreciate that. As a result we are finding it increasingly difficult to find enough land to rent that will accommodate our contractor's requirements of a three-year rotational cycle. While Red Gold, with whom we this contract, has temporarily waived this requirement, we are completely restricted to land with farm history.

We are not yet out of business, but our tomato productivity will decline year by year as rotations are restricted by land availability. My husband has been in the tomato business for over 40 years, and all my sons and I ask for is the opportunity to continue to earn our living raising our tomatoes for profit which is currently threatened by the 2002 Farm Bill as it's currently written. Thank you for your time, sir.

SEC. CONNER: Thank you for those comments. If you would make sure we get a copy of that letter, and then John if you would look her up, please?

MR. GLEN ABBOTT (sp): My name is Glen Abbott. I'm a farmer near La Crosse, Indiana. We need the Farm Flex legislation to fix problems with the Farm Bill's FAV [Fruit and Vegetable] restrictions. The FAV restrictions have hurt our family farming operations. My dad grew tomatoes for 18 years before I got my own contract in 2001 as my dad retired. As generational transfers work generally, I did not receive the producer history that my father accumulated, so to this day the only producer history I have is for the acres I personally had in 2001.

My restrictions--are restricted to farms with farm history plus a small amount of producer history I have for use on our rented ground.

I know this sounds very similar to Charlotte's story, but it is a key problem in the 2002 bill. It is not an isolated problem. It is hurting lots of us. The producer and farm history provisions do not really allow family farming operations to continue FAV production.

In that regard, the FAV restrictions of the 2000 bill are having unintended consequences. We need Farm Flex because it would exempt from the FAV restrictions fruits and vegetables that are grown for processing. That would not affect fresh markets but would allow us to continue our past family farm production of vegetables and for processing. Moreover, since it would allow more acres to come out of the program for production of FAV for processing, Farm Flex would actually save the federal government money.

Also, like others who grow tomatoes I have had a lot of trouble renting ground for FAV production. My dad lost base acres due to the FAV production when base acres were recalculated under the 2002 Farm Bill, so I understand how landowners are reluctant to rent for FAV production. The FAV restrictions need to be changed. They prevent continuation of a family's FAV production, heavily restrict crop rotation practices, prevents me from renting farm from ground and wastes federal money and the time of FSA people. We need Farm Flex, please.

Thank you.

SEC. CONNER: Senator Lugar reminds me of this issue every time I see him, so.

MR. DAVID HOWE (sp): I'm David Howe. My wife Mary and I farm in the Middletown area. We'd like to tell you what we think and why we think Farm Flex is needed -- a little bit of a dog and pony show here. We have two sons, a daughter, and a prospective son-in-law entering the family farming operation.

The current Farm Bill limits the entry of our second generation into the business and threatens the success and possible expansion of the existing producers like myself. As it stands I'm being protected from my sons and daughter. They can't enter the FAV production for fruits and vegetables.

Our oldest son has a slight FAV history from the last time it was calculated, but the rest of them all were in college at that time and none of those now have any production history because they were only farming small acres of corn and soybeans as they were finishing their college education.

To take the problem a step further, you might say why don't I grant my land to the boys and the daughter and the son-in-law and let them have the farm history? Well, that's partially possible, but I'm already competing with them for suitable rent land because of my current land base has been intensely used for FAVs and needs to be rotated to other crops. The only alternative is to not rotate and thus be required to use higher and higher rates of insecticides, fungicides and so forth and still achieve production well below the land's potential.

You may also say, why don't we incorporate and then we could share the income through the corporation. Well, if we do that my son and I both lose our history and the corporation has no history, and so we're out then.

As Glen said a moment ago, suggested the problem of FAV restrictions is not just the restrictions but the way they prevent farmers from renting land for FAV production. Because so many landowners lost base acreage in the recalculation of the 2002 Farm Bill, landlords have requested agreements and put in a writing in the contracts that we do not raise fruits and vegetables on a number of our rental contracts. And we've seen the same thing advertised in the papers. They want to rent it but for no vegetable production.

I understand the concern of those landowners because I'm affected the same way on this with the children doing the same thing. We need Farm Flex provisions put in the next Farm Bill, because it not only allows for FAV production for the future but it helps us plan ahead. Washington continues to tell us to diversify and take care of the land environmentally soundly, and this works against us.

Thank you.

MR. DAN NOBLE (sp): Lieutenant Governor, Mr. Secretary, my name is Dan Noble, and I'm with our family tomato processing company, Ray Brothers and Noble Canning Company which is located here in Central Indiana, 30 miles north in Tipton County.

We have been a continuous family operated processing facility for 80 years, three generations of ownership and management. The gentlemen and lady that preceded me gave you the farmers' perspective why we need Farm Flex. I will try to tell you why Farm Flex is important for the vegetable processors also.

Farm Flex is important to us for the obvious reasons the other speakers just gave. First, as any industry, and as President Bush said in his opening remarks, we need the next generation. As written, the present Farm Bill discourages or prohibits new young farmers from getting into

the fruit and vegetable business. The last thing our industry needs is each year the average age of our tomato growers is one year older.

Second, land rotation is necessary for good quality tomatoes. Without proper rotation, disease and insect pressure builds up causing the use of more and expensive chemicals and reduces quality and quantity of the crop even with this chemical use.

Finally, if tomatoes have to be contracted further from our processing plant, this is added crate expense especially with today's cost of fuel and under some conditions the extra time involved in the longer haul can damage the quality of the fruit. I think this is part of your question number one which is the unintended consequences of our industry and how it's hurting the younger generation as the young people spoke so fluently.

The second part of mine has to do with the pressure on global markets because the competitive pressure of the vegetable business is well known. Foreign imports are taking a growing share of this market. This may sound like good free-market allocation of production, but often this is not the case. The Mediterranean Basin is a large exporter of canned tomato products to the Eastern Coast. Not only are they not the low cost producer in the economic scheme, but they're also being subsidized by the European Nation, and I think that's one thing we need to address.

Farm Flex won't stop subsidies on imports, but at least Farm Flex would get rid of the restrictions from the boot on fruit and vegetables that are holding back American producers and processors of fruits and vegetables who are trying to compete in a global market. We need Farm Flex. Thank you for your time. As an industry spokesman, we'd appreciate your efforts with Farm Flex. Thank you.

MODERATOR: Thank you. We're doing a great job of moving along sticking to the questions and staying close to our time, so congratulate yourselves. You're doing a great job. Let's continue.

MR. JIM BARBER (sp): Mr. Secretary, my name's Jim Barber. I'm a horticulturist with the Purdue Extension Service, and I'd just like to say a few words about the difference between fruit and vegetable production for fresh market and fruit and vegetable production for processing.

First, the Farm Flex would only provide flexibility for growing fruit and vegetables for processing, only fruits and vegetables under contract for processing would be allowed the acre-for-acre reduction in program participation. So by law the Farm Flex would not allow for production of fruit and vegetables for fresh market.

Second, there is no real threat of cheating on the Farm Flex program that would in any way hurt the fresh fruit and vegetable markets. The penalty for cheating is too high; it's two to three times the value of the crop plus the loss of benefits.

So the rule is very simple-- there's no fruit and vegetable producer who is going to get confused about such a simple program and no thinking farmer would do so.

Third, the varieties of fruit and vegetables grown for processing are different from the varieties grown for the fresh market, so even highly desirable production of processing fruit and vegetables would not be particularly desirable for the fresh market. It's not that one's any better than the other; it's just that the characteristics of them are different for the different markets.

So it simply does not make sense that the Farm Flex would hurt the fresh markets. The rule is too simple to be misunderstood, and the penalty is too high to tempt cheating, and it would be hard to sell fruit and vegetables grown for processing on the fresh market because the varieties are not suitable for fresh market. Farm Flex would not hurt the fresh markets, and it would be essential for us to have that to continue fruit and vegetable production in the Midwest.

Thank you.

MODERATOR: Thank you. Next?

MR. STEVE SMITH: Lieutenant Governor and Deputy Secretary, my name is Steve Smith. I'm director of Agriculture for Red Gold, and you might notice a link between all these first speakers.

[Laughter.]

We've come to address the main issue of the unintended consequences of the 2002 Farm Bill, and to implore the importance of removing the restrictions of that under the next Farm Bill. In the President's address, he asked us to specifically to tell you what the Farm Bill problems were and how to make it better. I can't focus on anything more from the diversity of an industry and the importance of Indiana agriculture and all of the Midwest of how the fruit and vegetable restrictions have hurt the Midwest processing industry.

So we come before you today and this group to let everyone know the importance of this. Senator Lugar and Congressman Pence -- I know we're not supposed to talk about current legislation, but they are attempting to get this fixed before the next Farm Bill. But in case that doesn't happen, we're here to implore the importance of how this affects you.

The number one question in your pamphlet that you handed out is about unintended consequences. There are those who would say that the consequences were not unintended at all, that it was designed to be that way. And I think we've had that conversation prior. I don't think they could have heard the testimony of the people here before me and come away still saying they were intended. If they were intended, they are indefensible, and could not have been that way by a caring person.

To summarize, we need your help. And we're going to be there to help answer questions and help move this along and we appreciate the chance to come before you today and this audience. So thank you very much.

SEC. CONNER: I appreciate that. I think it's fair to say even for those of us a little slow on the take, I think we get it.

[Laughter.]

MODERATOR: We now know there's more than corn in Indiana, huh?

[Laughter and applause.]

MR. GENE WEAVER (sp): Lieutenant Governor, Deputy Secretary of Agriculture USDA, let's just shift a moment. I know the tomato and vegetable people, but conservation is important. But I am Gene Weaver, president of the Indiana Association of Soil and Water Conservation Districts, and I'm here tonight representing the 92 districts here in Indiana, and I

want to thank you Mr. Conner, USDA and your staff, and the Indiana Department of Agriculture for hosting this listening session for the 2007 Farm Bill.

There are two topics that I'd like to address here this evening -- NRCS conservation operations, or sometime referred to as the Conservation Technical Assistance Program-- and the Conservation Security Program, which we all know as CSP.

First, the Conservation Technical Assistance funding is critical to the success of the program dollars here in this world, and without a fully funded technical assistance budget these conservation practices and programs cannot be applied to the land. As evidenced by last fall's public support of S28-56 there is a need to ensure that all program funds for the technical assistance.

Funding technical assistance also directly impacts and helps soil and water conservation districts by enabling them to leverage more conservation for the land. Since the beginning of the 2002 Farm Bill Indiana's farmers' requests have been left over by 7 million backlog each year. These requests are not just for financial assistance but also for NRCS technical assistance with them on their farms.

Second, the Conservation Security Program, and also what a great program. It motivates farmers to do their very best in conservation practices. Here in Indiana we have been a leader in CSP thanks in many respects to Jane Hardesty and an entire Indiana NRCS staff. It has been widely accepted and it's great demand in Indiana. In 2005 Indiana ranked ninth and needs to be fully funded every year, and we hope to follow this in the watershed approach nationwide as we have here in Indiana.

CSP, our singular program, must be continued in the next Farm Bill and beyond. Farm conservation programs need to be enhanced in the next Farm Bill to protect the future of this nation's food supply while enhancing a quality of life for all Americans today. Please ensure the next Farm Bill, all farm conservation programs are expanded and enhanced. Thank you.

MODERATOR: Thank you, Gene.

MS. LOIS ROCKHILL: Hi. I'm Lois Rockhill, executive director of Second Harvest Food Bank of East Central Indiana. Also the home of Red Gold, Weaver Popcorn, Joe and Nick Manuel Farms. We are very concerned about what's going on with Food Stamps-- this must be question number seven, and what will happen with Food Stamps in the coming Farm Bill. It's a very important part of the Farm Bill.

Food banks throughout Indiana including Community Harvest in Ft. Wayne and Gleaners in Indianapolis are distributing product. Much of it comes from farmers in Indiana and of course outside of Indiana. We're distributing this product to pantries and kitchens and shelters, those programs are pretty much maxed out. We keep getting more food to them. It's still not enough.

Without the Food Stamp program the lines will be much longer, the shelters would have a harder time with the people they're trying to place and having the help of the Food Stamps for them. It's a very important program for poverty. In East Central Indiana 49,000 people living in poverty. The Food Stamps are very important, and we ask that you consider them strongly when you are forming the new Farm Bill.

MODERATOR: Thank you.

MR. SHERM BRYANT (sp): Good evening. My name is Sherm Bryant. I'm a farmer and a soil and water conservation district supervisor from Kosciusko County. I want to thank you, Chuck Conner, for being here at the Indiana State Fair and hosting this Farm Bill listening session. It's great to have a native Hoosier return home to give us this opportunity to discuss farm issues.

I also want to thank Lieutenant Governor Becky Skillman for her support and the recent signing of Indiana's first Conservation Reserve Enhancement Program with USDA. CREP is a great leap forward for Indiana conservation, and with you and Governor Daniels' leadership we hope to find additional funding to expand CREP statewide to 100,000 acres or more.

CREP is an excellent program. It is a partnership between federal, state and local organizations that provides additional incentives for producers. This state match for CREP is also important commitment of state resources, and Indiana philosophy that farm conservation programs are important.

CREP is also effective in that it allows the targeting of farm conservation practices to deal with the greatest needs. Everyone benefits-- from the farmer to the landowner, to consumers of water, to outdoor recreational enthusiasts. In fact, everyone benefits from all farm conservation, and CREP is one of the premier conservation programs within the Farm Bill.

Finally, conservation along with other conservation program represents an important investment of both federal and state money in the future of Indiana's agriculture. CREP must be a part of the next Farm Bill. CREP along with adequate funding for conservation technical assistance will advance farm conservation here in Indiana and the nation as a whole.

Farm conservation will ensure a vibrant farm economy for the next generation of Hoosier farmers. Thank you. And again, Chuck, welcome back to Indiana.

SEC. CONNER: Absolutely.

MODERATOR: Next?

MS. KAY WHITEHEAD: My name is Kay Whitehead from Muncie, Indiana. I first of all would like to thank Commissioner of Agriculture Becky Skillman and Andy Miller because in our county we're the first in the state to provide a new classification of zoning for agriculture. It's a bio agricultural industrial park zone. And just the rumor of that happening before it happened-- we have \$43 million worth of interest from ethanol plants because of it. So we really appreciate those efforts.

Mr. Secretary, I've taken the liberty of putting in writing my comments just in case there might be a time period, but I see the president of Indiana Farm Bureau is up after me and I'm sure he would yield all his time to me if necessary.

[Laughter.]

MODERATOR: I wouldn't bet on it, Kay.

MS. WHITEHEAD: In reference to question number one, I'll probably paraphrase some of this in the manner of time since you'll get a complete copy of my comments, but one of the consequences I think many people don't realize when they're in entities such as USDA or EPA are a lot of the consequences of increasing government regulation.

Naturally there is a cost to those regulations -- not only for the taxpayer but for the participating farmer as well. In a family farming operation such as ours, we're in the fourth generation, there is no way the fourth generation could farm on their own and meet all of those regulatory requirements and provide that documentation without other generations being involved to do the support work.

On a farm it takes actual work out on the farm taking care of the crops and the animals, and when you take away from that you take away from the opportunity for young people to really get involved and meet all the government requirements to farm in today's times. So I think that's an unintended consequence that needs to be addressed.

I'm going to skip over to question four and five and put those together. Conservation environmental goals -- first of all I'd like to know who will be determining those goals, how will they be determined, and will they be scientific based goals? I think that needs to be addressed first.

In the event there's no doubt the next Farm Bill will bring change. When that happens we need to have reliable government agencies already in place to implement that change. I'd like to speak for the FSA office. I do believe they offer qualified staff. They'll need the resources to provide that in the future. I would appreciate your consideration of ensuring that FSA office will be the ones to implement change on our behalf. Thank you.

SEC. CONNER: Thanks, Kay.

MR. DON VILLWOCK: Thank you. Good afternoon, and Mr. Secretary and Governor we appreciate your attendance, and I thank the young lady from Delaware County yielding me the rest of her time.

MODERATOR: Actually she took all your time. You're done. I'm sorry.

MR. DON VILLWOCK: That figured. Well, I'll keep my comments brief. In fact Indiana -- I'm Don Villwock, president of Indiana Farm Bureau. Our Farm Bill Task Force actually begins its very first meeting next Wednesday, and so it would be premature for me to make comments on all these many issues we're talking about, are critical to the future success of the farmers in the state of Indiana. Actually our goal is to improve net farm income, and that's pretty simple. Any way that we can all say that to you, we really think that should be the number one goal.

The unintended consequences for the young and old, I think that's an excellent question that was put in there. We are concerned about that in every Farm Bill, and I think this is the fifth I've been involved with -- do have those unintended consequences, and I can echo the FAV program. As a tomato producer I have that problem myself.

But I also am concerned about all these producers in Indiana -- the average age being 58 years old -- our 401K is our land. And if we devalue that value to the land we can't help the next generation get started. So one of the keys I want to leave you with is the transition of the 2007 Farm Bill and how we've moved to the next generation keeping that land value as Chuck, you and I know, as we went through the disasters of the '80s it's not something that we want to repeat.

The other thing I want to talk about is energy. I'm a member of the National 25 by 25 Coalition, which means we want 25 percent of our fuels to come from renewable resources by the year 2025. We applaud the administration, applaud the president for his efforts on the Energy Bill. We think this next Farm Bill should include food, feed, fiber and fuel. And we

really think that will add to the profitability of these farmers represented in this room, and we appreciate your support. Thank you.

SEC. CONNER: Thanks, Don.

MODERATOR: Thank you, Don, for all you do for agriculture.

MR. JOHN NEIDERMAN: Governor Skillman, Deputy Secretary Conner, my name is John Neiderman. I'm from Pathfinder Services in Huntington, Indiana. And we've had a very successful partnership with Rural Development since 1998 for housing. I'm here to speak to question number five which has to do with the affordable housing section of that question.

That is, we've been able to help about 750 families since 1998 through the federal rural home loan partnership, which is a setaside of the 502, and have enabled families through home ownership counseling, down payment assistance through the Indiana Housing and Community Development Authority to enable them to get affordable homes.

Our communities need this kind of investment for the families because what we're discovering today with the 30 inquiries we get per month of individuals who want to buy a home in our region which is 13 counties in Northeast Indiana, that we're only able to qualify to date very few of them. So there is much need for counseling, for credit enhancement education, and for all those kinds of services.

So one of the areas you can look at is the 525 program, which is a TA program which enables that to come through to enable us to provide that counseling in addition to what other funds from Lieutenant Governor's area can do that. But we need those kinds of funds especially during these times when more and more people are experiencing marginal kinds of incomes, to enable them to live. So I implore you to continue the 502 program and all of its resources into the future. Thank you very much.

MODERATOR: Thank you. Next?

MR. JOHN HARDIN: Madam Lieutenant Governor, Mr. Secretary, my name's John Hardin. I'm from Henry County. We run a pork and food grain quality farm. To me the test -- and this is to question two -- the test of the next Farm Bill is to make U.S. agriculture more competitive in world markets. Without those markets U.S. agriculture has little future.

Our method for stabilizing farm income needs to be WTO-compliant. In the past the wealth distributed by U.S. farm programs flowed to those who owned the land or those who held quotas where the right to sell was restricted. Our current programs drive land rents and land prices higher, making us less competitive. We need to transition away from the countercyclical payments and the LDPs which certainly violate the spirit if not the letter of the WTO commitments we have made.

I would advocate that we replace that with some system of minimal farm income guarantees coupled with tax-sheltered savings accounts that might help balance income year to year. I've been a cleared advisor to our ad trade negotiators on every negotiation since NAFTA. And since 1985 -- and I've done that representing the pork industry -- since 1985 the value of U.S. pork exports have increased 20 times in those 20 years. This was accomplished in spite of our negotiators having at least one hand tied behind their back protecting U.S. sugar and other industries that count on border protection.

I would advocate that you find a way to capitalize the economic rent these folks receive from their border protection as was done in tobacco and others, and find a way to remove them from the debate so the competitive parts of American agriculture can move on and get the best deal possible. This has cost literally millions of dollars for Indiana farmers.

Like Don, this is my fifth Farm Bill. The final point I'll make is, usually the last things that get money that's left on the table are for research and conservation. Without new products and new uses, U.S. agriculture won't move forward and won't be competitive.

Chuck, thanks for listening. I know you know more than anybody else in the room about these things, but I hope we can move forward.

SEC. CONNER: Thanks, John.

MR. BYRON HEFLER (sp): Mr. Lieutenant Governor, Mr. Secretary, it's good to address you. My name is Byron Hefler. I'm from Calhoun, Kentucky, where I farm corn, soybeans and tobacco. And my question is, under WTO rules can we have an export enhancement program to help us move our surpluses of grain to ultimately get us a higher price for what we are growing?

And you can have all the farm programs you want; if these prices do not escalate on this corn and soybeans, you will ultimately run out of young farmers. They cannot produce this with these prices escalating like this.

That in my opinion is the only answer. And that's, I guess that's basically all I wanted to ask.

SEC. CONNER: I appreciate that, Byron. As you know I'm here to listen and hear from you, and I appreciate that fact. We did a crop report last week, and despite some pretty dry weather in Illinois and parts of Indiana we came in with the second largest corn crop on record, and that prices have not responded real favorably to that.

But this is why we're here is to ultimately-- someone said earlier, this is about increasing net farm income. And that is the goal of the Farm Bill. Everything else is a little bit, it's a means by which the ultimate goal here is to improve the quality of life on America's farms not only for the second generation but for the young guys coming in as well. So I appreciate those comments.

MR. HEFLER: Mr. Secretary, with \$2.00 corn and average yields, it will not pencil out on a corn crop.

MR. JOE LOGAN: Good afternoon. My name is Joe Logan from the Ohio Farmers Union. Nice to have some folks from other states presenting as well, but we'd certainly like to express our gratitude to the secretary certainly for the inspiration to establish these forums certainly of you, the secretary and lieutenant governor as well. We appreciate the opportunity to present.

Certainly USDA and Congress are facing a rather daunting task of trying to put together the varied interests of farmers and ranchers, certainly the American taxpayers and a wide variety of business interests associated with agriculture also as well.

Try to confront and put all these interests together, may drive USDA back to its original statement which I believe says, Provide leadership on issues related to food, agriculture, natural

resources based on sound public policy. And frankly it begs the question as to what policy issues are in the best public interest.

We believe that clearly production of food and agriculture in a sufficient quantity to support the needs of our citizens, the primary interest. Certainly secondarily to take care of our natural resources in a very responsible manner. Third perhaps would be the production of commodities for export.

As we see it, the essential ingredients for the production of food and fiber for our citizens would be first of all the availability of farmland. We've got it. The availability of farm inputs -- we've certainly got that in spades. The availability of infrastructure, by far this nation excels in that regard. And then fourth and certainly not least important would be the critical mass of knowledgeable and experienced farmers capable of managing that production and caring for the land. This nation's been truly blessed by having an ample supply of all four of those, but frankly that wouldn't be the case without the unparalleled efforts that American farm families have put together in creating crops.

Recent history has certainly brought about some changes in farm policy, and frankly the value of all commodities has deteriorated as my colleague from Kentucky mentioned just a few moments ago, to a point where farmers have become rather dependent upon USDA and other sources for a great portion of their income. That's put them in a very, very delicate and untenable position of really being dependent on the good graces of the federal government to support their farm incomes in a time when federal budget deficits and WTO rulings impinging upon the rationality and expectation for that to exist.

So certainly countercyclical and direct payments have helped to mitigate that but not completely done the case. So in order to avoid the loss of current and future generations, as my colleague from Kentucky just mentioned, USDA must make every attempt to return some degree of basic value to the products that farmers grow. This could be accomplished in a number of ways as some of the other gentlemen before me have mentioned. Certainly initiatives with regard to biofuels could be extremely important. Certainly initiatives with regard to rural development having based around this and other research items would be incredibly important. Certainly the renewal and refocusing on CSP and other very valuable conservation measures would be helpful in many regards.

USDA should also accept in our view the understanding that exports have not been and will not be the cure for the malaise in agricultural markets.

MODERATOR: Time, sir.

MR. LOGAN: Although ag exports are very important, they have certainly lost ground to imports over the last several years, and we expect for that to happen. Thank you very much.

MODERATOR: Thank you.

MR. LEVI HOFFMAN (sp): Good afternoon, Secretary Conner and Lieutenant Governor. I am Levi Hoffman. I'm from the Lafayette area, and we are a family farm. We have always been about commodities, and we also raise hogs. In 1977, '78 we brought our son and son-in-law into our farm operation, and because of a complication, high cash rents and really low profits per acre because of high cash rents, we decided to diversify our farm.

We was able to get a contract and grow processing tomatoes for Red Gold, and also we started growing fresh cabbage for the fresh market. We also started growing mini pumpkins and

mini gourds which we pack ourselves with our name on it. And also large pumpkins and Indian corn. We probably have about 600 acres into that part of the operation. We still also grow the bulk commodities.

Along with that is what I would really like to bring is, I think has to do with Rural Development though. The rest of it you'll have to sort out as far as what question it goes to. I think in the 2002 Farm Bill there's a Rural Development, and I think it was Title IV that funded the Agricultural Innovations centers like up at Purdue would be the AICC and also Purdue has the new ventures team.

And I just want to go back, and I give you our history because it told you a little bit that we have diversified. So in our diversification we used those people in making our business plans and our market development, and we would like to see those are funded.

There is also, I see the light's on so I'll make a footnote that I'll try to put in written testimony because there's been some difficulties in bringing young people into farming that I've encountered, and also we went through the '98 hog crisis and have a guaranteed loan which I'm not ashamed to tell people. And we struggled with that because of an asset. We have assets are together as a farm family, and that FSA struggles with that in the guaranteed loan program.

MODERATOR: Thank you. We're going to take two more comments, one from this side and one from this side, and then we're going to take a break for about five minutes. So those of you that are standing in line, you might want to remember who's in front of you, who's in back of you so when we resume we can line up in roughly the same order. We'll give everybody a chance to stretch a little bit, and then we'll resume with our testimony. So next question?

MR. MIKE BEARD (sp): Lieutenant Governor Skillman and Deputy Secretary Conner, thank you. My name is Mike Beard, and I am a pork and grain producer from Frankfort, Indiana. I currently serve as president of the Indiana Pork Advocacy Coalition, which is a membership organization focused on legislative regulatory and business development issues for Indiana's diverse pork industry.

I would like to thank you, Mr. Conner, for taking time to be here and to involve our great state in the farm development process. We pork producers are indeed stakeholders in this important piece of agricultural legislation, and it is important to listen to what input we may bring from the country to our lawmakers in Washington, DC.

To maximize the benefit to Indiana pork producers, young or not so young, the new 2007 farm policy must be focused in two veins. First, reducing or controlling the cost of production and, second, increasing the price received for pork products. As pork producers we believe there are two major components to being competitive in today's marketplace. We must be able to sell our animals at pork products at levels that deliver as much value as other protein products and a competitive pork industry must earn as high a return on investment as it would if the capital in our operations were invested elsewhere.

In order to achieve such competitiveness, pork producers need farm programs created and implemented that help to control our input costs. Corn and soybean meal comprise 60 to 70 percent of the cost of raising hogs. The entire impact of feed grain and oilseed programs on the cost of raising pork and other livestock must be considered when such programs are developed. Virtually all regulation increases our production costs.

Farm policy should include only regulations that are science-based, affordable, effective and applicable. This applies to a wide host of topics including food safety, environmental

regulation and animal health issues. In the long run, increasing demand is the only way to increase the prices received. Programs designed to increase quality, safety and promotion of pork in healthy diets is critical for increasing U.S. pork demand.

Expanded market access through the continued promotion of U.S. exports and market access program funding along with bigger pursuit of export business will add to the potential of raising demand for Indiana pork.

The last point I'd like to make is the conservation cost share funds for the Environmental Quality Incentive Programs for the 2002 Farm Bill have fallen far short of what is needed by our pork producers. I'm a pork producer, and I've used this program, and I'd like to see it continue. Again, thank you for holding these forums and thank you for listening.

MODERATOR: Thank you, Mike.

MS. JULIA WICKARD: Good afternoon, fellow agriculturalists. My name is Julia Wickard, and I represent the Indiana Beef Cattle Association, representing 16,000 Hoosier beef producers in Indiana. We appreciate the opportunity to come before you today to present our comments on behalf of the 2007 Farm Bill.

Our beef cattle producers in Indiana have a long tradition of producing healthy, safe food, making a contribution to the economy, and maintaining thousands of acres of open space and wildlife habitat. However, if these same producers are to succeed in the 21st Century and pass their operations on to subsequent generations, we are going to need policies which among other things better reward them for these stewardship efforts without compromising the viability of their agricultural operations.

We strongly believe that the next Farm Bill should focus on enhancing and fully funding programs like the Grasslands Reserve Program, the Conservation Security Program, the Farm and Ranchland Protection Program and making sure we protect the integrity of the EQIP program. These programs should be producer-friendly, farmer-led, and should not dictate to the producer how to use their land. We also believe that for agricultural product development to be successful that government should allow the industry to be the leader.

For example, with the issue of animal identification, the industry has the resources, initiative and must live with the program. Therefore, allow the industry to design, build and manage it.

Programs designed specifically to help cattle producers and others recover from catastrophic disasters including droughts and flooding would be helpful as well. In working to assist our members after past disasters we've often found ourselves in a position of trying to stuff a conservation program peg into a disaster assistance hole. And it hasn't worked. We could very much use a program specifically tailored to assist producers in rebuilding their livelihoods after these kinds of disasters.

I would also like to comment on country of origin labeling, but that could take a long time, so I'll wrap my comments up and we can go to break. Thank you so much.

MODERATOR: Thank you, Julie. All righty. We're going to take a break about five minutes, give you a chance to stretch a little bit, get something to drink, and we will resume in about five minutes. Thank you.

[The forum was in recess. Off and on the record.]

(in progress)

MALE SPEAKER: -- impacted in both agriculture and forested landscapes. We need increase the incentives for the management of the conservation lands that are in the long-term setaside programs currently -- that being CRP, WRP and GRP. And then sixth we need to evaluate the overall performance of the conservation programs and then use that information to better align those programs.

Seventh, we need to increase the monitoring of the compliance provisions within this Farm Bill. And I'd like to make one last point. I see my time is up -- and that being to compliment the USDA staff here in Indiana in the work they do that we also as we look at the next Farm Bill need to deal with this technical assistance issue.

There's a direct link with good conservation practices and programs on the land with the quality and quantity of staff in the USDA offices out there. If you want to improve these programs, we need more staff and qualified staff in those offices. Thank you, Mr. Secretary and Lieutenant Governor.

MODERATOR: Thank you. All righty. Over here.

MS. PAULA BALDWIN: Good evening, sir, ma'am. My name is Paula Baldwin. I'm from the Marion County Soil and Water District. I'm chair of the board of supervisors. I also would like to address the conservation goals of the Farm Bill. We can't serve any of our producers unless we begin to address non-ag land, those lands that are not under production yet have a major effect on the ag land. In a recent speech Sandra Postel, director of the Global Water Policy Project, observed that the number of yards and lawns in the United States is now equal in area to the state of Louisiana.

So Indiana Soil and Water Districts work on pesticide use, erosion and sedimentation on these suburban and urban lands. And we cannot ignore the effects that these types of properties have on our agricultural integrity.

To enable NRCS to focus on all-natural resource issues, two things should be addressed in the Farm Bill. First, there must be enough financial assistance available to provide simplified and effective cost-share programs to all qualified landowners, not just farmland. We don't do business and ignore conditions of global economy; we can't farm and ignore the conditions of our surrounding natural resources.

Secondly, funding needs to be available to fully support technical assistance for all Farm Bill activities. Technical assistance outside the Farm Bill can encourage many voluntary activities that enable landowners to act as good stewards, often at no additional expense to government agencies. But this effort is reduced when limited field staff must meet the large workload of an under funded Farm Bill.

Under funding of Farm Bill financial and technical assistance forces NRCS to rob monies from the conservation operation program funds. This program money should be reserved for its original purpose, which was to allow NRCS to assist local districts in carrying out locally identified priorities and programs of community conservation. Originally that was a primary charge to NRCS.

Lack of Farm Bill funds for Farm Bill programs has eroded USDA's traditional support of locally led initiatives and reduced the ability of NRCS to impact all natural resource concerns. Thanks.

MODERATOR: Thank you.

MR. STEVE THRASH (sp): Lieutenant Governor Skillman and Deputy Secretary Conner, thank you very much for the opportunity. I'm going to set the new standard for brief. I'm Steve Thrash. I work with a group of rural electric cooperatives here in Indiana serving collectively a little over half a million residential and business constituents.

My son is 19, my daughter's 16. My son is finally only recently thinking of things other than Dominos pizza and his car. He's now beginning to think about where he's going to live and where he's going to work. Somewhere between 20 and 31 percent of Indiana residents do not have access to high-speed communications. Guess where they live? I think you're looking at a number of them here.

And I believe that our efforts -- and I want to applaud Lieutenant Governor Skillman for the Office of Rural Affairs and the efforts through Chris Fulford (sp) and the high-speed communications, applaud your efforts for the support for broadband development in rural areas. The check that was presented to Indiana bringing \$19 million to Indiana, excellent.

And so I want to encourage you to continue those policies but even in a more aggressive fashion begin to introduce policies and additional support for achieving universal access to high-speed communications, particularly in rural areas. Thank you.

MODERATOR: Thank you. Next?

MR. RAY CHAPMAN (sp:): Good evening. My name's Ray Chapman. I'm a farmer and SWCD supervisor from Knox County. In our most recent tillage transect, we showed a significant decrease in no till corn acres. I strongly believe we have the tools and expertise in our state to enable us to practice agriculture at a much higher level of sustainability than we currently are.

Having just enrolled successfully in the Conservation Security Program I believe it is a program that has the potential to modify the way we farm and produce measurable outcomes relative to improved soil and water quality. I think in order for this program to be truly successful we need to maintain the integrity of its standards, find the dollars to increase its availability, and provide the technical assistance necessary to meet the increased demand for conservation programs that it will generate.

I believe those dollars necessary to make CSP successful already exist within our current Farm Bill if we can shift emphasis towards stewardship-driven programs that give taxpayers the kind of return on their investment they deserve while providing the economic support we need. Thank you.

MR. EARL SAGEMAN (sp:): My name's Earl Sageman. I'm from Michigan. This is a nice fair. I tried covering the whole thing in four hours. It didn't happen. (laughs)

I've firsthand experience as a young farmer. I'm just here to make everybody aware that I started farming in '94, got a young farmer's loan, had cancer, went through heart surgery, back surgery in '94 and '95, disasters both years.

There's a lot of things that need to be changed if the young farmers are going to survive. Health insurance is one big issue because I mean I absolutely got duped on that situation. It ruins your social life, it ruins your creative ability, it ruins everything.

If anybody wants to go into depth with me, I'm more than happy, but we need to change the education on the codes, the compliances, what steps have to be taken need to be changed on the PLS guidelines being 90 days delinquent should not be applied. It should be 90 to 180 days before delinquency because once you fall delinquent, you get behind I'm telling you it's hard to get back because it seems like nobody wants to be held accountable or in compliance with the rules.

It's just, it's a paper game then. It's not a farming issue. And you can give all these guys seeds and fertilizer and plants and whatever, they can do that; but I don't think there's nobody in this room that will go to 7USC, 12 USC and cite the codes, that know the administrative side. I think that's where we're losing young farmers. They're not understanding the law. So I'm here just to, you know, make everyone aware that you know the young farmers need to be educated on administrative sides. Thank you.

SEC. CONNER: Thank you for those comments.

MODERATOR: Over here?

MR. RAY MCCORMICK (sp): Yes. Thank you for taking the time, Deputy Secretary, to allow us to address our concerns and interests in the upcoming Farm Bill. My name is Ray McCormick from Vincennes, Indiana. I'm a 100 percent no-till farmer. I grow food grade white corn, yellow corn, soybeans and the state's finest peaches I would add.

But I'm here to talk about the conservation provisions of the Farm Bill. I think the conservation provisions have come a long way; however, the percentage of the budget that they take up is far too small. All farm programs need to be tied to conservation. Farmers can take great pride when they enact conservation practices on their farm that they can see that are tangible, that they get paid for.

There's something wrong when you get LDP payments when my first LDP payment last year was larger than probably what an educated full-time staffer at the local office would get at NRCS. We need to increase that funding, increase the education, increase staffing, increase budgets at the NRCS so that they can efficiently act, simplify conservation programs on these farms.

In particular I'm quite fond of the WRP program. In Indiana the WRP program is phenomenally successful, has restored some of the most significant wetlands in the Midwest. The goose pond project, globally significant wetland is being restored with the support of the governor. The WRP program has done a lot for endangered species. The state of Indiana has taken three endangered species off the list, which all thrive on WRP programs.

So these conservation programs, like the applause that came for renewable fuels, can instill pride in the American farmer and is a program that needs to get further interest and further support from the administration. Thank you.

MODERATOR: Thank you.

MR. DAVID HARDIN: Deputy Secretary, Madam Lieutenant Governor, thank you again for holding this listening session. My name is David Hardin. I'm a pork producer and

grain farmer from Hendricks County, Indiana. In 2002 the Environmental Quality Incentive Program developed with noble goals of protecting the environment and improving the quality of life in rural communities. Unfortunately intentions have not met realities.

Limited funds have been directed to a small number of projects discouraging many producers from filling out the application to try and take advantage of this program. Funds should be directed to help managers on existing farms deal with high-risk environmental problems in a timely fashion.

We in the pork industry are concerned with the relatively small number of EQIP dollars that are being directed to pork producers. In '03 only 11 percent of all livestock directed funds were going to pork operations to try and improve the way they do business.

Even when pork producers get these grants, technical problems continue. A producer that I know was approved for the plan and started working on implementing his plan but when his barns were completed three weeks ahead of schedule he was informed that he was not in compliance and was then not going to get his money.

We think there's no reason to throw the baby out with the bathwater here. With some changes to the application and apportionment process EQIP can become the type of program it was intended to be.

Since I still have a few seconds I want to add in that I think we need to direct as many dollars towards research in the land grant universities as possible because we get the highest return on investment on those dollars as about any money that's going to be spent in the Farm Bill. And that allows us to be low-cost producers of a safe and reliable food and fiber source here in the country. Thank you.

SEC. CONNER: Thanks, David. David was our, just for your information was our intern at the Senate Agriculture Committee in the writing of the 1996 Farm Bill. So he understands the difficulty of the task ahead of us.

MR. KENNY CALL (sp:) Lieutenant Governor Skillman, Deputy Secretary Conner, I want to thank you for coming to Indiana to hear the concerns of the Indiana farmers. It is great that you're traveling across America to hear the concerns of the farmers and ranchers. I'm Kenny Call, a Jasper County farmer and chairman of the Indiana State Farm Service Agency Committee.

I believe the 2000 Farm Bill is working with the payment structure based on market prices. I do have a couple areas of concern over the amount of paperwork it takes to administer several programs within USDA. I feel if we could streamline programs and reduce paperwork it would save producers time and USDA administrative dollars.

I also have a concern over producing using multiple entities to get around payment limitation regulations. This should be an issue that is addressed in the next Farm Bill.

On a final note, I feel we need to make sure the Farm Service is totally funded so program delivery is done timely and program integrity is maintained. The Farm Service Agency has been given many tasks over the years and has always answered the call. The FSA delivery system has been built over time and continues to serve farmers and ranchers proudly. Deputy Secretary Conner, once again it's great to have you home here in Indiana and hear our concerns. And we thank you very much for that.

SEC. CONNER: Thank you.

MS. ANDREA FINK (sp): Deputy Secretary, Lieutenant Governor, thank you for the opportunity to speak to you today. My name is Andrea Fink, and I'm currently a commodity trader here in the state of Indiana. But I'm here today as a member of the Agriculture Future Alliance -- Agriculture Future of America Alliance Committee. In your number one on your sheet you talk about what we can do to save the consequences of next generation entering into agriculture. I would like to speak a little bit about what we can do to actually promote it rather than look at the things that discourage it.

As the face of rural America and production agriculture continues to change the bonds between the two shall remain strong. Agriculture has and will continue to support rural America. I believe the 2007 Farm Bill should continue to examine how to strengthen that bond. Being a young professional in rural America in agriculture I've had numerous opportunities to see firsthand the role education and youth development play in our local communities.

I've had the opportunity to be part of an organization called Agriculture Future of America or AFA. AFA identifies, encourages and supports college-age youth preparing for careers in agriculture and the food industry. Since 1997 AFA has with the support of hundreds of sponsoring partners invested in more than 3,500 college students' career preparation and has awarded more than 900 college scholarships for a total of \$2.9 million. These scholarships have been funded by hundreds of individuals and rural businesses.

In the 2002 Farm Bill Section 7412 provides youth grants issued by the Cooperative Extension for national FFA, national 4-H, Girl Scouts of America and Boy Scouts of America. Agriculture Future of America seeks your support to participate in this grant process. We strongly encourage the Department and Congress to include Agriculture Future of America as a recipient of Section 7412 of the 2007 Farm Bill. Thank you for your time and this opportunity. Thank you for the serious consideration of providing support for Agriculture Future of America, the future of agriculture leaders.

MODERATOR: Thank you.

MR. PHIL ANDERSON (sp): Good afternoon. Good to have you home here, Chuck. And it's great to work for a rural champion, one of I think our nation's leading rural champions in our lieutenant governor. I'm Phil Anderson, executive director of the Indiana Rural Development Council. Rural Development Council like SRDCs across the country is a partnership between local, state and federal governments, for-profit businesses, and also the not-for-profit sector.

This really addresses five, the question about rural development. Our council and the Office of Rural Affairs, the new agency, are working closely with the Indiana State Department of Agriculture in developing innovative strategies for the next federal Farm Bill. The council will soon be convening a subgroup of rural development stakeholders and specialists to evaluate existing provisions and identify emerging needs for the rural development title of the next Farm Bill.

It's an often-overlooked section we think when you look at the whole farm context. The current rural development title though focuses on three primary areas, and we in the Office of Rural Affairs and NIRDC are already working in some of those areas. In economic development, we already have created a rural development entrepreneur task force and are working on creating a comprehensive rural entrepreneur development system on the Kellogg model, and we will also be working to improve the market. Everybody seems to have a program

for entrepreneurs. Very few people know about them. So our job is going to be helping more entrepreneurs be aware of the program and the level of assistance that is already out there and already has funding.

In that vein, though, within the Farm Bill RBAG and RBOG programs are very good programs but they kind of limit your innovation. Some experiences of mine in the past, we find we need a little bit more flexibility for some truly innovative ideas. You get those kind of strange looks of, that's a good idea, I just don't know if we can fund it. We need to be able to work through some of that.

Entrepreneurship will touch every community, not landing the big plant, it will touch every community. It builds jobs and wealth creation right in those home communities.

IRDC works closely within our office with Community Development block grant programs which come through HUD to help fund infrastructure needs. The infrastructure provisions in the Rural Development title are critical because now we can leverage those and reach more projects within our rural communities.

The organization we have was founded on partnerships. We want to see that go forward. We think there are multi-jurisdictional provisions in the Rural Development title. We think that's where we need to be, and Rural Development and agriculture go hand and hand in this next Farm Bill. Thank you.

SEC. CONNER: Thanks, Bill, for those strong comments.

MALE SPEAKER: Good evening, Lieutenant Governor, Deputy Secretary, glad you're here this evening. I'd like to thank you for taking the time out to be here. Agriculture in rural economic development in the state of Indiana are vital to the health of our rural economy. And I'd like to make comment this evening on questions five and six.

Regarding question five, I urge continued support for the Rural Cooperative Development grant program that funds my agency, not only because it keeps me employed but because cooperatives have the potential to make significant changes in the rural landscape. Co-ops anchor capital in rural communities, provide access to market for producers, and generate wealth and jobs in rural areas offering economic opportunities for small and medium-sized farmers and entrepreneurs. Also senior housing co-ops offer seniors an option to retirement homes and assisted living facilities by allowing them to maintain home ownership and residency in their communities while receiving needed services.

Co-op models such as daycares, consumer-owned grocery stores, and affordable housing to name a few can also be utilized to enhance the rural quality of life. More capital investment is needed in rural America. Continuation and increased funding for the rural Business Investment Program and reinstating the Venture Capital Demonstration Program are some of the tools to address capital needs.

We must support rural entrepreneurs. Entrepreneurship is a key to rural revitalization and attracts young people back to our rural communities. I hope to see investment in loans, technical assistance, training and vital community infrastructure to support rural entrepreneurial development.

In regards to question six, continued support and funding is needed for the value-added agriculture grants which help our small and medium-sized farmers diversify their production, identify alternatives to traditional commodity farming, and take advantage of niche markets. The

Fund for Rural America, which was not extended in the 2002 Farm Bill, if recreated in the next Farm Bill would provide funds for ag research and rural development. These funds should be targeted to small and medium-sized farm operations to strengthen our rural economy.

In addition I do support the AICC. They've been a great partner in rural Indiana, and we hope they can get continued funding. Thank you for your time tonight.

SEC. CONNER: Thank you.

MODERATOR: Okay, over here.

MR. DENNIS BRAGG (sp): I'm Dennis Bragg. When I came in and I asked where this was, the first question was, where are you from? I said, Down south, and he said South Indiana? I said, no. He worked into Kentucky, Tennessee, and I'm from Alabama.

SEC. CONNER: I think I could have told you that.

MR. BRAGG: I grow cotton, wheat, soybeans, and corn. And I flew up here for three reasons. I was embarrassed, bewildered and worried. I'm embarrassed not personally towards Bush, but as a nation we have to kiss a Saudi king's hand because we're that dependent. I'm bewildered because the public can sit down, legislate a Farm Bill and then Brazil can sue us because we came up with a good idea. Worried, because I'm working with a group where when I was put in another room to wait my turn, read another proposal of another company that said, let's move to South America because we'd have cheaper labor, no environmental regulations, and plenty of expansion. That was a poultry company who we sell corn to. They move south, they buy corn from the south.

I want to address competitiveness. Competitiveness is just like Peyton Manning. We bring in the huddle, we call the play and we go. We're not going to trade players to level a playing field. We're not going to tell the others our play. When I go certify acres I'm telling Chicago Board of Trade and the money managers exactly what I'm going to do, and they trade my salary.

You can fix it two ways. You can set an LDP level high enough where Chicago Board of Trade has no effect on my salary. Second way, and this is the fun thing, I'll wrap it up -- I've got a group of 98 percent of the other group that don't farm. We got ideas that we've put together I'll share with you later. But they want us, they believe in us, and they want us to keep doing what we do. Thanks.

SEC. CONNER: Thank you for coming all this way for those comments. Thank you.

MR. SCOTT SINGLETON (sp): My name is Scott Singleton. And I'm from Rockport, Indiana. I came up here with three other gentlemen and we all grain farm down on the Ohio River. And I appreciate you understanding this age problem with farmers. All four of us are 44 to 45 years old. And we're probably the youngest ones in four counties, so take a close look at that. One way to do that -- it's like Mr. Villwock said -- is net farm income. In the early '70s we had a target price of what \$3.03 and we progressed to be less and less. Technology has come a long way, economies of scale have come a long way, but I don't think they've kept up with that. So we do need a price as corn and soybean producers.

The second thing I'd like to see in the Farm Bill is take a little bit of money stuck back in the back and educate the public on where those tax dollars go. And 99.5 percent of the people in this country, talk about heavily populated areas, don't realize they've got a handful of producers

raising all their food and fiber and shelter. And I don't know if it would be appropriate to advertise on the radio or news networks but maybe you could help educate the population just a little bit about the most important thing we've got going, and that is agriculture. Thank you.

SEC. CONNER: Where are your other buddies with you that are young farmers? Running around? Thank you guys for being here, very much.

MR. GENE SCHMIDT (sp): Good evening, Lieutenant Governor Skillman and Deputy Secretary Conner. I really appreciate the opportunity you folks provided for not only in agriculture but all of U.S. It's just a positive approach. When we look at an opportunity to be ye players in a Farm Bill instead of the nay players when we find out what was actually written.

At the same time I'd like to, as a producer I'm Gene Schmidt of Northwest Indiana, corn and soybean producer-- I'd like to applaud the Department of Agriculture here in the state of Indiana for taking that positive aspect with your Farm Bill working group to try to provide some ideas and call press so those staffers in DC were trying to put those programs together had some insight.

I'm also proud to announce that the National Association of Conservation Districts -- I represent the Midwest states -- are going to provide a similar session like this, Secretary Conner, at our national meeting in New Orleans in February. We'll be a group of local led conservation people from around the country to help bring those conservation ideas to the forefront and help guide this program along.

One of the important things we see in a Farm Bill conservation title to the producers, whether Grassroots, buffers, continued CRP to CSP, it supports programs for doing the best. I think that's so important when looking at the general public and how they analyze us. These programs are important in that they provide voluntary economic incentives to do the right thing. It helps enhance the stewardship of our land as we heard from our president. It protects our water resources while also protecting the viability of farm production. In some cases for the family farmer these conservation programs could truly be a crucial part of the economic viability of that particular operation.

Looking to the future of the Farm Bill, I think it's important we nationally embrace the funding situation for conservation programs whether we truly want or see the benefits to offer CSP to all producers nationwide or have the need to have the adequate technical assistance required both from federal and state partnership as we see a partnership today both state and federally and this listening session bring in locally led and all the above to help provide.

The technical assistance is so crucial in implementing these federal programs, not only from technical assistance but we have some farmers not necessarily interested in cost-share but just need advice and guidance to help administer those programs.

In the future I see a great opportunity, and I mean opportunity for us to write a Farm Bill that supports agriculture production while protecting our environment. I think that's truly what the public is looking for.

However to be successful we need to partnership. I see everybody's speaking here tonight was by a coalition. That coalition is so strong from the partnership aspect. I think we can be successful, and I'm looking forward to helping as all of us are reinforcing that conservation partnership in the future. Thank you again for the opportunity.

MODERATOR: Thank you.

MR. DENNIS WITZIT (sp): I'm Dennis Witzit. I'm also from South but not quite as far south as the other young man. Dubois County, Indiana-- corn, soybeans. And I would encourage the gentleman from Alabama to come up and take another turn because anybody that came that far should have more than two minutes. But I just kind of wanted to tick off a few of the things I like about the present Farm Bill and would like to see continue.

I've heard a lot of support for the CSP program, EQIP program. I told our local office that it doesn't take much money to give me an incentive to do these things I've wanted to do before on the conservation side. And it feels to me like the LDP and the CCP, well that's just dollars. You know, that comes in and goes out. But when I get the conservation dollars, you know, that's something I can see and feel like that I've really done something with it. Like you say, it doesn't take as much incentive, as many dollars as the other programs.

I also want to say that the technical assistance and our local FSA offices, we definitely need enough funding to be able to keep staff because that's very important what they do and they're a great help to us. I'll yield the rest of my time to that young man.

SEC. CONNER: Thank you.

MALE SPEAKER: I too come from the South -- that is, as far south in Indiana as you can be and be a Hoosier. That is where the Wabash meets the Ohio. I appreciate the lieutenant governor and you having this session here.

I'd like to address some conservation issues. First of all, as a new Farm Bill gets to be put together one of the things we found in my district in my farm is the continuous signup of CRP be a valued program. I'd hope that aspect would be continued in a new Farm Bill.

Deputy Secretary Conner, you were here not very long ago to institute Indiana's first CREP program. While that was a small program, Indiana's initial foray into that, let's sincerely hope that continues in the new Farm Bill because Indiana can certainly use it.

With respect to the technical assistance, I think you've heard it many times in different forms here. This technical capabilities and assistance that come through NRCS are quite valuable. They are science-based; I would encourage the funding to keep up that field office technical guide. That is a marvelous piece of information, science-based. But we need those technical people there. And we also need those technical people that are not necessarily program-associated because we have programs and technical people for them, but in many instances my district down there we have conservation concerns that can be addressed from a technical standpoint but there's no specific program to deal with that.

The other point I want to mention is the conservation operations portion of the NRCS budget. That needs to be strengthened a great deal. That would afford flexibility to our state conservationists and I think would be beneficial to the state of Indiana.

Finally, the CSP program. Conceptually I think this is a great program. Whether this program itself is THE program, I don't know. But the conceptual idea underlying CSP needs to be reinforced and continued. Appreciate you hearing my comments; thank you.

MODERATOR: Thank you.

MALE SPEAKER: Lieutenant Governor Skillman and Chuck Conner, I appreciate you being here today. And I heard you speak to the biofuels initiative as you walked in. It's a

wonderful initiative, and what I'd like to see is some policy that backs that initiative. We in Indiana would like to join you in that, as we'd like to become the Texas of the biofuels. So I have a proposal that I think deserves a little consideration that would maybe address a number of areas in rural economic development and utilize the corn in this state and turn it into ethanol and utilize the soybeans in this state and turn it into biofuels.

I think that could happen by the Department taking an initiative and underwriting the bond issues that go behind these projects on a short-term basis to incentivize the people that would like to build these facilities and produce this product and utilize the surpluses we have in the state.

Thank you.

MODERATOR: Thank you.

MS. JANE AVERY: Lieutenant Governor Skillman, Deputy Secretary Conner, my name is Jane Avery. I'm the executive director of Community Harvest Food Bank of Northeast Indiana, Inc., out of Ft. Wayne. I'm also the president of FISH, Feeding Indiana's Hungry -- the state's food bank network.

I want to thank first of all Lieutenant Governor Skillman for her strong support of agriculture and for feeding hungry Hoosiers. Everybody in her administration and the governor himself has made this a priority, and we can't thank you enough for that kind of support because it's so important to the stability of Indiana.

I also want to say that downloading things to your blackberry may not be the most effective way, although it is efficient.

The federal commodities through the Emergency Food Assistance Program, otherwise known as TEFAP and the Commodities Supplemental Food Program, CSFP, provide some of the most nutritious products received by hunger relief charities nationwide. Programs like TEFAP serve the public good in two primary and important ways. First, high-quality, nutritious food gets to hungry Americans in an efficient manner utilizing efficiencies and volunteer labor of the private sector; and second, the agricultural economy is strengthened through the surplus commodity removal.

America's Second Harvest, the nation's food bank network, strongly supports the Congress to provide sufficient support for these critical anti-hunger programs. The 2002 Farm Bill included a number of positive reforms to the Food Stamp program, making the program easier for states to administer and enhancing access for applicants and recipients. Program changes that add unwarranted complexity and excess of bureaucratic conditions on Food Stamp administrators and beneficiaries would undermine these advances.

More can and needs to be done to make the Food Stamp program more accessible to certain vulnerable populations such as seniors, working families and immigrants. Despite the recent dramatic surge in FSSP caseload, just slightly above half the total persons eligible actually participate in the program. A few changes are making eligibility for the elderly and disabled automatic with the Food Stamp eligibility being date-determined at the Social Security Office without an additional application and increasing the minimum monthly benefit to at least \$25 a month.

And last, allowing the states to test a variety of innovative methods that can remove the barriers further streamline the eligibility and benefit determination process and improve quality

of food purchases. Thank you very much, and I also bring greetings from my board member John Hilger, who was your classmate and Bill Hoagland's roommate.

SEC. CONNER: Thank you.

MR. TOBY DAYS: Again I want to thank you for being here, for holding this forum. I'm Toby Days with the Alliance of Indiana Rural Water. We're the Indiana affiliate of the National Rural Water Association. We're a non-profit organization to assist rural communities with their water and drinking water facilities. We are a nonprofit organization. Our services are free to these communities. A lot of these small communities don't have the money to hire consultants and engineers for their infrastructures and so forth. We go on-site and help these communities out. I want to thank you for that, the USDA Rural Development funds that positions our circuit riders and our wastewater technicians for that assistance. I want to thank you for that and urge you to continue that support.

USDA-FSA also funds 19 positions, source water detection positions through National Rural Water Association. Those positions are in 19 different states. Indiana is not one of those states. I want to encourage you to support the Source water Protection Program, expand upon that, bring that to Indiana so we can help these rural communities protect their drinking water source.

Thank you.

MODERATOR: Thank you.

MIKE: Lieutenant Governor, Chuck, you've been a great friend to agriculture for the state and we appreciate the work you've done. A couple different things I'd like to pass on. The first question on the program concerns bringing young people back into the operation. And actually if you look at the rest of the questions they really affect the first one. And one thing that's been a problem in some operations, if you're organized as a corporation you have a different setup of payments limitations than if you're organized as a partnership.

Trying to bring sons back in or daughters back into the operation, it would make it a lot easier if we could have payment limitations associated with the persons and if they were all formed in one corporation so be it. It's been a disadvantage because of the way we structured the operation to begin with years ago, for estate planning purposes or whatever. Then to bring someone back into the operation they have to be a separate entity and all the records have to be kept separate. And some of the workload that Kay discussed at the FSA office makes it that much more difficult to keep everything separate and work.

I don't know how you can structure that in the family limitation argument that's been going on for several years. But if we could have some adjustment that way then some of the younger operations come in.

Touch a little bit on ethanol. I work on the Corn Marketing Council, and I appreciate the work that's been in DC on the Fuels Bill -- finally got one passed finally after six years. One thing that I think would help, if we as producers want to let the multinationals build the ethanol plants then there go our profits.

If we as producers can band together, build the ethanol plants, we're probably going to need some loan-guarantee programs out there to let producers invest in the ethanol plants themselves and get some of the profits that are developed off the ethanol plants or biodiesel

plants that we need in this state. So I don't know how that can be written into the Farm Bill, but loan guarantee program's been very useful and I think we could expand on it some.

SEC. CONNER: Thanks, Mike.

MR. CRAIG LANGLEY: Lieutenant Governor and Secretary, I'm Craig Langley. I'm a senior vice president with First Farmers Bank and Trust, and over the last 20, 30 years I've been working with Grant Kerns (sp) and Greg Polk (sp) and their staff. And they're two of the most outstanding, not just from my institution but for the entire banking community.

The Beginning Young Farm program, basically we keep talking about the young people trying to receive money, and the cap on that Beginning Young Farm program is \$250,000, and it's been that way for at least 23 years that I've been in the banking business. And I want to look at maybe raising that to \$750,000. The Governor's Office has come out and said they want to double hog production here in Indiana over a certain time period. And one of the big things has been the quad buildings with 4,000 head, and I think it's economic sense behind that because that provides a minimal level of income to bring someone back to the farm. So it's not just a pipedream. I think there is good reason for the \$750,000.

The second thing, I'm one of the oldest ones, talk about 44 being a young farmer, I'm one of the older ag bankers in the state because of the turnover when you go to ag conferences. But back in '83 we had the Aggie Bond Program, and we used that very intensively until 1986 when the legislation out ruled the use of municipal bonds, which Aggie Bonds were tied to. The state legislators put the Aggie bonds back into the Indiana Development Finance Authority. To my knowledge we haven't been able to use that because when we used the Beginning Young Farmers Program of the USDA that exempts them from using the Aggie bond program. So I'd like for you two to consider what can be done to use both programs to bring the young farmers back. I appreciate your time.

MS. KIMBERLY BURTON (sp): Hi. My name is Kimberly Burton. I am an agricultural lender. A little odd that two bankers stand up together. I want to thank you for this opportunity to discuss the 2007 Farm Bill. There's a point that I want to make as an agricultural lender that I've seen. I've been in lending 23 years, and every year it seems a little more difficult to work with the family farmers only because their financial statements and their cash flows are part of the report. The point I'm making is, land values keep increasing, financial statements are getting stronger because of those land values, but the cash flows are getting weaker. Farm grain prices are the same as they were 20 years ago. Input prices are just escalating.

This is making the cash flows extremely difficult to work even though their financial statements definitely have a lot of strength in them. But unless you're an asset-based lender which is an extremely risky proposition, that doesn't help. So I am actually finding myself in these past few years having to ask family farmers to sell some of their land and take advantage of the higher land prices to save the rest of the farm.

I grew up on a farm myself. I find that very difficult, but yet I can't sleep at night if I don't do what I think I need to do to help them save the rest of the farm and be able to continue farming.

What I'm leading up to is what the other lender spoke of, and that's the guaranteed program and the Beginning Farmer Program. These programs are a tremendous help to agriculture lenders if they are dedicated to agriculture. The guaranteed programs allow us to work with a wide variety of farmers, anywhere from 150 acres to thousands of acres, and it allows us to limit our risk. But these programs are threatened by funding, and that is a very scary

proposition. So I am here to ask that the funding be at least maintained or increased for these programs. Thank you.

MODERATOR: Thank you.

MR. NORM LAVENGOOD: My name is Norm Lavengood. I'm senior vice president of First Farmers Bank and Trust at Converse, Indiana. Our bank has actively participated in the Guaranteed Loan program, interest-assist in the Beginning Farmer Program. We have \$20 million worth of guaranteed loans and Beginning Farmer loans and \$134 million worth of ag loans. The current farm program has provided a great deal of stability to the farm sector of which we are grateful for, both in our total ag loan portfolio and in the guaranteed program portfolio.

You had mentioned the average age. As to the ownership to the younger farmers and getting them interested, we have a number of success stories that we can share with you. The Beginning Farm Loan Program -- if the definition of a beginning farmer could be expanded would expand that window of opportunity of those few that qualify for the Beginning Farm Program. And also if there was adequate funding for those programs-- there have been times when the funding has actually run out and then some of those opportunities disappear.

Again, I just ask that the guaranteed program also be adequately funded. We would love to share with you a number of success stories we can share with that. Thank you.

MR. BARRY JORDAN: Lieutenant Governor and Deputy Secretary, I'm Barry Jordan. I'm a beef producer from Rensselaer, Indiana, a corn and soybean farmer as well. I think we all struggle with the question of how to bring the next generation back to the farm. We certainly do in our operation. To do that it simply has to be enough income for them to compete with the off-the-farm jobs that they all have opportunities to do. We'd all love to bring them back, to give them the same opportunities to enjoy rural life as we have.

Two or three things that we have talked about in the beef industry, and I think relate to income development. As we add more value-added projects to the rural economy in terms of ethanol plants, in terms of processing plants, one idea that might be able to be used is to expand 1031 exchange for farmland to also include value-added, ag-related investments in those regards. I know in our community we had a lot of trouble raising money for an ethanol plant. If we had some latitude in some of those programs we might attract more income and then raise that income for some of our young people.

One of the immediate things, and this is I think all issues get related to the Farm Bill sooner or later, but repeal of the Death Tax would be one of the greatest things we could do to bring young people back into the farm so we don't saddle them with increased debt.

As a beef producer, protection of the EQIP programs and some of the advantages that we've been able to use to take concerns to conservation there on the farm is very important. So we'd like to protect that. Thank you.

SEC. CONNER: Thanks, Barry. I really do appreciate those comments. I can't let the estate tax comment pass though without just reminding these folks of how strongly President Bush feels that death should not be a taxable event in this country. And we continue to work very, very hard to make that happen.

MODERATOR: Let's continue. We've been doing a great job of sticking to our six questions as we approach our last 20 minutes or so of the session we're going to open it up that

there are other areas or other topics related to the Farm Bill that are not addressed in the six questions. They're pretty comprehensive questions though, so I think they cover everything, but we will give you the opportunity if there's something that's outside the specific six questions we've been focusing on that you want to talk about we can do that now.

MALE SPEAKER: I'd like to follow up a little bit on Barry's mention of 1031s. I realize that's not in the focus of the Farm Bill but it can affect the focus of the Farm Bill. If we could get that adjusted to where -- I think two things are happening with the 1031s you're limited to 90 days or 60 days that you have to identify property to transfer to. A lot of what that has done has rung up land prices and in essence been a detriment to young producers coming into the operations because of having to turn that so quickly.

If it could be opened up to six months or a year, something that way, and then have the ability to move that money into an ethanol plant, a biodiesel plant, some sort of an agricultural production area, it would take some of the pressure off land prices I think too. That depends on whether you're willing to sell land or buy land whether that's a good thing or not, but it would help to stabilize land prices a little more.

MALE SPEAKER: Lieutenant Governor Skillman and Mr. Conner, thank you for coming. I have two brief items I just wanted to mention. One is for about 25 years Purdue and Indiana have provided leadership for providing services to farmers impacted by disability and injury, whether from disease or traumatic injuries on the farm. We'd like to encourage that model that was used to establish in the 1990 Farm Bill, the Agribility Project, be continued because of the benefits that it's had directly here in Indiana and then throughout the country where in about 25 states it's being providing services to literally thousands of farmers who have been injured.

Secondly, historically going back to 1977 USDA has provided strong leadership in the area of agricultural safety and health. In this past budget year it eliminated that support and leadership. And everyone in this room who farms knows someone by their first and last name who has died in a farm accident. One out of every nine-farm families in this state is impacted by a farm injury. It's about four to five times more hazardous as far as the death rate to work in agriculture than any other industry in the state.

I believe and a personal opinion, that USDA ought to provide the leadership for the farm safety and health issues in these counties. It's in the best position to do that. But what has happened is it's turned that responsibility over to the Center for Disease Control-- which oftentimes is without the experience or the leadership to provide that kind of training and service. So I encourage you to consider both those areas in the development of the new Farm Bill. Thank you.

SEC. CONNER: I appreciate that. I will admit to you I'm less familiar with those issues, but thanks for bringing those to our attention.

MR. DONALD STREDOMYER (sp): Good evening everyone. I'm Donald Stredomyer. I farm in Bartholomew County. I'd like to address a point that I've read, the number one concern of young farmers, and that is the availability of land. I think President Bush made one statement in his presentation this evening, is to preserve this way of life. And I think it's very difficult for us to preserve agriculture if we do not preserve some farmland. I think the present Farm Bill was the first time that farmland preservation was addressed. And I think that was a good first step.

I think it would be well in the next Farm Bill if you might be able to simplify it so it would be more possible I guess for farmers to qualify. And also I think it would be helpful and

probably more incentive if we could spread those dollars, and it would be more efficient also if we could spread those dollars over more acres. So thank you.

SEC. CONNER: Appreciate that.

MR. LYNN TEEL: Lieutenant Governor and Deputy Secretary we're real appreciative of the opportunity we have to discuss some things with you throughout the whole year seems like we've had great access to the governor here and USDA, so we really appreciate that. I did see that you got some more comfortable chairs to sit in. I was wondering how long you could take that.

SEC. CONNER: Not very. Not very.

MR. TEEL: One of the things I'd like to address -- my name's Lynn Teel. I farm in White County, Indiana, the current president of the Indiana Soybean Grower Association. One of the things that's of great concern is research. You know we've heard for quite awhile that someday we may not have enough food to feed the world. I don't know if that time will ever come or when it will come, but it's something I think we ought to stay concerned about. So we need to really keep our research efforts up.

I know Senator Lugar was really concerned about something that all farmers were concerned about that probably this year we're going to avoid but the Asian soybean rust. And that's something that could have great economic devastation not only to producers but to states or the whole country. You know when we look at the income from soybean crops that could not be there, and our exports being down, it could greatly affect things. So we'd sure like to see the research dollars put there for things like the soybean rust. Thank you.

MR. MIKE PRIEST (sp): Good afternoon. Thank you for being here. My name is Mike Priest. I'm a farm loan manager with the Farm Service Agency. I would like to thank the previous lenders who got up here and made comments supporting the Beginning Young Farmer program.

On a similar vein, I'm also interested in trying to keep our programs to help our young farmers. Some of the things we might like to see would have to consider increasing the loan limits for our direct loan programs. Currently they are \$200,000 for our farm ownership programs, which is used to buy real estate, and \$200,000 for operating programs. Those limits were established about 20 years ago, and we would like to see them increased to perhaps double it to \$400,000. Granted, that first thought might be that's an increase on the strain on the budget. But I'd ask you to consider that it is a loan. These are repaid. Our loss rates and delinquency rates are at all-time lows. In fact they correspond and are very similar to commercial credit.

Other ideas to consider for the beginning farm loan programs would be if you could come up with ways to give tax incentives on benefits for farmers or landowners who sell their land to beginning farmers-- make it more economically feasible for them. Thank you.

MALE SPEAKER: Lieutenant Governor Skillman, Secretary Conner, I appreciate again having you here, glad to have this forum. As Lynn says, it's always good to have this contact. We see you in Washington, we see you in Indianapolis, but to have you here on our grounds is nice.

One thing I've heard several times is increase net farm income. It's been said in many other ways, and I want to emphasize the word "net." We do need to increase the net income. Gross income, it's raising all the time. We've raised that with this program. But our net income

has not because as the farm payments have increased whether it's LDPs or whatever form, the landlord gets a lot of that also.

So we need to keep that in mind in this next Farm Bill.

The real purpose of the Farm Bills that we've had in the past 40 years has been a plentiful, safe food supply. We need to keep that in mind with this Farm Bill. If we do not increase our net income I'm fearful that will change. I'm fearful we'll have to get more of our food supply from South America, and I don't think any of us want to see that.

The needs are going to continue to be greater with the input costs going up, with fuel what it's doing, what's happening with fertilizer prices, it's just going to be a domino effect, and that concerns me for this next year coming up.

As Lynn said, research is a key. We battled on the last two or three Farm Bills. Chuck, you and I had this conversation many times. We need to get research dollars increased. That is going to be a continued problem. FMD, map funding, other food aid funding-- we need to keep that in the Farm Bill. We need to increase that.

I don't have a crystal ball, I don't know what this magic Farm Bill looks like, but it's going to be a difficult but fun task. We've addressed many times bringing our kids back into agriculture. A CEO can't guarantee his son or daughter is going to be a CEO. As a farmer we can't guarantee our son or daughter's going to come back and be a production agriculturalist.

My son is an ag banker; he loves it. He's still farm-related, but he loves the ag and small business area. He may have eventually come back into farming. My daughter has a vision to see agritourism, so she's got a goal of maybe bringing back that to our farm some day, and she may run it in a different form than what I have. So those are visions of our young kids that get them back into agriculture one way or the other. Thank you again.

MODERATOR: Thank you. Do we have any others? We don't want to cut anybody off. We have a few minutes yet. But we've also covered a lot of ground. Okay.

MR. TERRY PAYNE (sp): Good evening, Lieutenant Governor, Secretary Conner. My name is Terry Payne. I'm from Owensboro, Kentucky. We have had several people travel a good distance to come see you. Thank you so very much for allowing us this opportunity. You all have a beautiful place up here also.

I'm going to speak very, very general. I am one of a family farm, one and only one of six that did stay, only have one other one that even touches agriculture. This afternoon before you, you have assembled here a nice group of people that are wanting tax dollars. I do not envy your challenge whatsoever. The agriculture bill touches more people than what most of the country even thinks about. You know, from the farmer himself, the backbone of the country, to the rural co-ops. I mean it goes on and on. I don't think people understand at all just how many people it does touch.

You know the bottom line in the whole thing is that we all are looking for a part, we all want to succeed, we all in this room are entrepreneurs, every last one of us. That is a grand thing of being in this country. You know, we do suffer a lot of things that are going on, but we'd like to thank you, would like to also thank everyone in this room. Everyone in here deserves an applause for being here, for speaking their mind and showing your support.

SEC. CONNER: Thank you. Thank you for coming up.

MR. DAN RITTER (sp): Lieutenant Governor Skillman and Secretary Conner, thank you for coming today and listening to our comments. My name is Dan Ritter. I work as an extension educator for Purdue University in Northwest Indiana. I've been asked to represent just a few quick items, one specifically relating to issue number one as far as encouraging young farmers. One of the thoughts was that to encourage retiring farmers to help out the younger farmers through tax incentives, be that whether turning over their equipment, land, etcetera. Couple that also with perhaps low interest rates available to the young farmer who is starting up.

Another item I was asked to present was to continue funding for crop insurance and I know especially for young farmers starting out you have an awful lot to risk, and any time you have crop insurance then obviously you're able to reduce that risk and get your operation up and going. So thank you.

MALE SPEAKER: I'd like to make a follow-up comment. My experience, which I've been to Washington, DC a few times on the Farm Bill, is that oftentimes the congressmen and senators and staff that you speak to have very little understanding of the subjects we've talked about here today. And they are politically significant because they will make the determination on the Farm Bill, the funding of the Farm Bill. And without those funding levels that we now experience, a lot of these programs may fall to the side or not be funded.

So we have to sell our program to our urban neighbors. They are the ones that the congressmen and senators answer to. They understand clean water, streams they can recreate and fish in, they understand increased waterfowl populations, places to go hunting on CRP. They understand a lot more about the environmental impacts of the Farm Bill than some of these other issues we've touched on today. So my opinion is to sell this to our urban neighbors, to get this funding level in place, we have to sell ourselves as conservationists, and we do that by making conservation the backbone of the next Farm Bill. Thank you.

MALE SPEAKER: I'm going to go ahead and touch on topics that probably a lot of people here don't understand but I'm going to try and make it as clear as possible. There is statutes and there is U.S. codes to protect the small farmer, about it seems like nobody's really understanding them or paying attention to them like 7USC 22-66, Congress gives the Secretary of Ag all the control, all the power to keep the small farmer in his operation. And it also says that in rural America if small farmer does fall, that if we do have an economic disaster this country will be undefendable.

It said that rural America is the highest priority to recover from an economic disaster. With Homeland Security right now dropping in on top of this, this should be a real big issue in the Farm Bill coming up on these foreclosures, PLS, keeping the approximately 14,000 farmers that are at risk right now in business in case of a bioterrorist attack. This should all be considered in the new bill because it's here, we have to face it, we have to face terrorism.

Thank you.

MODERATOR: Thank you. Good point.

MALE SPEAKER: If my Alabama buddy is not going to come back up I'll take another round here. One thing that hasn't been discussed today --

MR. DENNIS BRAGG: Let me add one more backbone to the Farm Bill. The group that we put together, the 98 percenters. Everybody in that group knows the price of gas. No one else other than a group of farmers have DTNs and look at the commodity markets. But

everybody on their way to work, on their way home, on their way to church, on their way to ball practice know what regular and supreme gas cost.

And that's the tie where this next Farm Bill can be centered around energy. We somewhat beat, beat, beat we grow food and you need it. But right now everybody's hungry for energy, and they're hungry for home-grown energy, so that all types of things whether we've mentioned infrastructure on a large scale where it's not just us individual farmers out there trying to figure out how to do it. Then if you can produce electricity it's to be bought. We'd like to be able to produce unlimited amount of fuel and see it go into the system. So there's all little details that can be worked into that that I think the public would receive in a good way. They wouldn't feel like they're giving a handout to us to stay in business because their money now is going out of the country say to the Middle East. We would just be saying that same money is going to stay here and go in a circle here. Okay, thanks.

MODERATOR: I like folks from the South. They talk slow and they think fast. I appreciate that. All right. You have all participated in a process of writing the next Farm Bill, and it's a very important process. And I have a couple of people I want to thank, and I have some special announcements about dinner so you don't want to miss that. But now they've been listening for a long time, and I'd like to give our listeners to react and to sum up some of their thoughts as we bring this to a close. Perhaps Lieutenant Governor Skillman?

LT. GOV. SKILLMAN: Thank you. Thank you, Gary. Well, there are many thanks in order, and I certainly want to thank all of you for coming here tonight and for putting a real face on the issues that the federal government will debate. I think this forum has provided a realization of just how much the federal Farm Bill affects lives and affects livelihoods. It's also a powerful reminder of how much of the federal Farm Bill affects the states' ability to provide services. I see state legislators here shaking their heads. And whether that be from conservation practices to feeding Indiana's hungry, Jane.

And this forum has served another purpose as well, and that is to allow your new State Department of Agriculture to hear all of your concerns firsthand. I see Andy has been making notes throughout the evening, but I would like for you to see all of those who are present here tonight on-staff of the Indiana State Department of Agriculture. Would you wave, come forward? Rob? Rob Swain? Deb Abbott. I know Tammy was here. Tammy Lawson. Beth Bechtol here, our deputy director. And of course you met Andy earlier. Am I missing anyone? Please give them a round of applause. Ryan West? Ryan, Ken Fleming?

[Applause.]

Who's holding down the fort tonight? This is our fun 12 days of duty by the way. And Chuck, what an awesome task you have ahead. There's not anyone here who envies your duty and your responsibility, but just another reason why we owe you a great debt of gratitude for coming here tonight and hearing all of our concerns. I feel very comfortable picking up the phone and communicating with you on the important initiatives we would like to see to move Indiana agriculture forward. I know you will return my calls. I have some leverage. I will tell your mother.

[Laughter.]

I've met your mom. And she will see that you respond. But, no. Thanks so much. We appreciate you coming more than you know, and we know you'll be back to see us in Indiana many times.

SEC. CONNER: Well, thank you, Lieutenant Governor Skillman, very much, and I really appreciate you taking the time to join us and to hear these concerns.

This was quite a session, ladies and gentlemen. I really do appreciate it. For those of you who maybe aren't versed in all aspects of the Farm Bill now, after listening to these comments, I think you understand what it is, and when they talk about it being an Omnibus Farm Bill that pretty well describes the task that is ahead.

This is a major bill. It touches everything from Food Stamps, nutrition programs, commodity programs, conservation, rural development, agriculture research, energy. There are 22 different titles in this bill. And it is indeed far-reaching.

I just, it's difficult to reflect on all of these comments, and we're going to go back and tabulate these very carefully and make good sense of them. But I'm just looking around the room and thinking about some of the comments you made, and I'm reflecting upon the folks from Red Gold, a great company. It's a great Indiana company. They produce I think one of the highest quality products around. They're adding value to the hard work of Indiana farmers, and that's a good thing, ladies and gentlemen. That is a very good thing.

I'm hearing their concerns. You know, we need to work through that, and I know we've got a problem there that has to be solved, and we're going to work on that and, believe me, again as I said, we may be a little slow but the message does get through eventually to us. So we're going to work on that.

I'm thinking you know of the cattle issues and the pork issues and the importance that the conservation dollars like EQIP -- that was a strong message that came through tonight, is Indiana, as well as a lot of other states, struggle greatly under the requirements of many federal mandates including the Clean Water, Clean Air Act, CIRCCLA, a number of environmental statutes that are just out there causing a lot of difficult concerns. And we with those kind of federal mandates, it's our responsibility to come alongside you and partner and provide the help to get into compliance with these laws and not just simply throw you out there to either sink or swim.

That is not the way the U.S. Department of Agriculture has historically operated. And I believe that a new Farm Bill can go a long way towards giving you the resources and the technical knowledge to meet these requirements and do so in a way that allows us to continue to produce and produce efficiently.

Payment limits-- obviously you guys know this is a very, very difficult issue. I'm just curious to note in a couple of weeks, maybe more than a couple weeks and I can't remember exactly I'm going to be down in the state of Arkansas doing one of these. I suspect I may get a little different perspective on payment limits than perhaps some of what we've heard tonight. But that is a fundamental issue because how you divide up those payments to farmers really does determine the resources that are available to serve a lot of these other very important points that were brought out tonight.

A lot of people presented programs that are working that need additional resources, new programs that need start-up dollars. Ladies and gentlemen, if there's one thing I do want to leave you with -- again while we're listening I think it would be unfair of me to leave you with the impression tonight that somehow in a new Farm Bill there's going to be vast new resources. There will not be new resources in a new Farm Bill. We will be very, very lucky to have anything close to the resources we got in this last Farm Bill as we go forward.

Now what does that mean? That means prioritizing. That's going to be a very, very difficult thing, and you're going to have competing interests, some saying spend it here, others saying spend it there. Obviously in the current Farm Bill the vast majority of the resources do go to the direct payment program, LDPs, countercyclical payments, direct payments, all those kinds of things.

And these are fundamental questions in terms of can you slice and dice and do some things there in order to free up resources for programs like EQIP, conservation dollars, agriculture research, energy development, agricultural credit. And I appreciated our bankers that came in there at the end and some of the comments they made. I am personally a big advocate of the Loan Guarantee Programs. Our losses under that program are virtually nonexistent, and it's a good program, and so I will leave you with that.

So just incredible comments tonight. I really do appreciate the way you guys have stuck around and proved to everybody the way you presented your comments. I've been in some rough meetings in my life. I knew that would not happen among Hoosier farmer friends. But your comments were great, polite, right on target. Thank you all very, very much for being here today.

[Applause.]

MODERATOR: It took a lot of people to put this together, a lot of cooperation. I would like to thank the Indiana State Fair, Farm Bureau for their assistance. A lot of folks behind the scenes making this happen, local and federal agencies, C. Brown, John Nidlinger, Andy Miller and a lot of his staff making sure all of this came together. The folks that always get left out except when there's a problem, the guys in the back running sound. They did a great job, kept us on track tonight. We appreciate you as well.

[Applause.]

We've talked a lot about food production, but when it comes to cooking that food production Joe Barto (sp) and his staff cannot be beat. They are great, and they have prepared a wonderful dinner for us. If you have not received a red ticket, see the folks at the door and they will give you that red ticket. There is a tent outside this building with an absolutely wonderful Hoosier dinner waiting for you. Thank you for coming very much. Stay involved. This is not the end; this is the beginning. You can make comments over the website, and you can be involved in this debate of the Farm Bill. Stay informed, and stay involved, and have a safe trip home. Thank you very much.

SEC. CONNER: Let's close with a hand for Gary and the job he's done today as well. Thank you, Gary.

[Applause.]