

TRANSCRIPT

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KENTUCKY FARM BILL FORUM WITH AGRICULTURE SECRETARY MIKE JOHANNNS AND MODERATOR JEFF NALLEY, KENTUCKY FAIR AND EXPOSITION CENTER IN LOUISVILLE, KY ON AUGUST 31, 2005

SECRETARY MIKE JOHANNNS: Thank you very much. Let me start out and say to the Commissioner [Mr. Richie Farmer], first of all, and I mentioned this to him, doesn't he have the perfect name to be the Commissioner of Agriculture?

It is great to be here. Thank you for coming out. Give my regards to, a good friend of mine, your governor. Tell him I said hi.

Ladies and gentlemen, it is great to be here in Kentucky. Mention was made that I grew up on a dairy farm, and I did. I grew up on a dairy farm in north central Iowa near a community called Osage. Now, you look puzzled. Apparently not everybody knows where Osage, Iowa is. So I better clear that up or you're going to be focused on that while we're trying to discuss some important issues here. Osage actually is just south of Stacyville and St. Ansgar, and straight east of Manly. So now you know where Osage is.

[Laughter.]

SECRETARY JOHANNNS: My father had three sons. There were four in our family, my sister and then the three sons. I tell people that John Johannns had a perfect way of building character in his sons. He handed you a scoop shovel or a pitchfork and off you went to the barn or the hog house and you stood ankle-deep in you-know-what and you started shoveling away. That's how you build character in sons.

You know, I've been involved in politics all my life and little did he know that what he was really doing was preparing me for my life in politics; right?

[Laughter.]

SECRETARY JOHANNNS: Your welcome when I walked in was great. Gosh, I just felt right at home. Thank you very much. It reminds me of a story I often tell. I had just been elected as governor of Nebraska, but I hadn't been sworn in yet. I was in this two- or three-month period of time between election and inauguration and I was asked to be an evening speaker at an event in Kearney, Nebraska. So my wife Stephanie and I drive on out to Kearney. It's kind of in the central part of Nebraska. We get out there, nice introduction just like tonight. And, you know, when I walked in everybody stood up and applauded and the same thing happened in Kearney. As I'm making my way to the podium everybody stands up and applauds. So I get to the podium and I said, "You know, that's really very nice of you, but I haven't done anything yet." And somebody in back yelled out, "and when you do we won't be standing."

[Laughter.]

SECRETARY JOHANNNS: So it's nice to get a welcome. I've been on the job about six or eight months and I still get a very nice warm welcome and thank you.

I do want to also express my appreciation to the VFW Color Guard that was here. They literally got called into service right at the last minute. So we appreciate them getting over.

Sharon, who sang the National Anthem, gosh, do you have a beautiful voice. That was just great.

Sharon is a USDA employee with ASCS, right? NRCS. So, Sharon, thank you very much. Beautiful job.

Then John Mains and Devan Parrett helped with the Pledge of Allegiance.

I also want to say thank you to the USDA State Farm Bill Forum Committee and the Kentucky State Fair organizers. Obviously this is a very successful event. That doesn't happen accidentally. It happens because people really worked hard to put it together and we do appreciate that.

I do want to start out tonight and thoughtfully remember the folks who have suffered because of the hurricane over the last few days. My goodness. I watched the news reports and I see the pictures in the newspaper. I know you got the rain from the hurricane in some parts of Kentucky, but what a difficult situation.

The President has pulled all of the Federal Government together and we are doing all we can from the USDA standpoint, whether it's housing or food supplies or whatever. Tonight I know all of us have those folks in our thoughts and our prayers and I just wanted to mention that. It's just a very difficult situation. We are going to do everything we can from the USDA standpoint to help those good people get through a very, very difficult time.

We are doing these Farm Bill forums all across the country. They came about because the President encouraged me to get out across the United States and visit with people involved in agriculture. "Visit with farmers and ranchers," he said. He told me he wanted a Secretary that got out of the Beltway and listened to people on the farm, on the ranch, those involved in production agriculture, those involved in agriculture generally, to get an idea as to the best approach when we start thinking about the 2007 Farm Bill. So that is exactly what we are doing.

So I think it's appropriate tonight that maybe we begin with some greetings from a good friend of yours, our President, President Bush.

PRESIDENT GEORGE W. BUSH [taped]: 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 am 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 nation's producers. We must promote cutting edge, agriculture products and research.

And, finally, we must ensure a good quality of life in rural America.

The Farm Bill is important legislation that meets real needs. The next Farm Bill should further strengthen the farm economy and preserve this way of life for farmers and ranchers of the future.

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

SECRETARY JOHANNNS: Great. Greetings from your President. You bet.

[Applause.]

SECRETARY JOHANNNS: Just a couple of thoughts about the Forum tonight.

We are going to ask you to think about six areas. Now, having said that, we want to hear from you so when you get to the microphone and offer your thoughts, we want to hear those thoughts. The only real rule here is that if you've got a very specific individual problem, you know, "I filed for a loan" or whatever, "and I haven't heard," we want to help you with that, but it might be better if we could address that off the mike. We've got a lot of USDA people here and myself, and like I said, we want to do everything we can to help. But tonight we really want to focus on the Farm Bill and what's working and what we might think about doing differently.

So the six areas we are focusing on is "challenges for the new farmer." We will begin our testimony tonight with somebody from FFA and 4-H. I was in both of those organizations when I grew up and I just believe that's where our future is. You know, those young people who have a passion for agriculture, hopefully are the future farmers and will be involved in agriculture as they get through school. So the first question really deals with the challenges for new farmers.

The second area is in the area of competitiveness. Ladies and gentlemen, 27 percent of our receipts now come from the world marketplace. We produce more than we can consume. It's an unbelievable agricultural operation we have in this country. How do we position ourselves to be competitive in that world marketplace, knowing that 95 percent of the world's population lives outside of the country? Lives outside of the United States? Only 5 percent of us live within the United States.

The third question relates to the farm program benefits. Are we distributing the benefits of the farm programs in a fair way and an equitable way? Is there something about that, that you like or you don't like?

The fourth question, as you know we do a lot of things in conservation. How are conservation programs working?

The fifth question area is rural economic development, rural economic growth. I will tell you that at a news conference just a few minutes ago before I walked in here we were able to deliver \$52 million to Kentucky for rural economic development projects. The rural economic development --

[Applause.]

SECRETARY JOHANNNS: Thank you.

When you see the President or the United States Senators or your House members, tell them thanks because that makes a big difference to have them on your side. But we are glad to do that.

Rural economic development is a piece of the Farm Bill now. How is that working?

And then finally, what should we be thinking about relative to the expansion of agriculture products? Ethanol is a really good example and I just got a brochure of an ethanol plant here. Biodiesel, what can we do to encourage more markets? And then are we getting the job done in terms of those future products, the research component that has always been so important for agriculture?

Now, folks, that's going to be about my comments tonight. Because the more I talk to you the less time you have to be at the microphone. The whole essence, the whole idea of this Forum is that you speak and I listen. So really, for the remainder of the evening I'm going to sit back. I've got a lot of note cards. I'm going to take notes, jot down a note here and there as to what you're saying. Then at the end of the Forum I'll take a couple minutes just to wrap it up. But for the time being, it's up to you and the moderator to make this Farm Bill Forum successful, and I know that it will be.

Thank you very much again for the very warm welcome to Kentucky, and God bless you all.

[Applause.]

MODERATOR MR. JEFF NALLEY: That's the first time I've ever had a charge from the Secretary of Agriculture, but we have a job to do over the next few minutes.

If this were Robert's Rules of Order, and certainly in this I think we would certainly respect the attitude of each individual, we could pass a limit on time of debate. In this case, it's already been set for us. I'll simply say that we have a microphone to the left and the right here in the center. In front of that microphone is an aluminum piece that has lights under it and there are three colors, you know those colors. You will be given two minutes from the beginning and to the end at two minutes and no more than two minutes. I may have to be the gorilla and tell you time. But at that point your comments will be concluded.

Now, here's the other part of the equation. We want as many people to speak as we can. You are welcome to get back in line. I would encourage you to form lines and to take your turn at the microphone so we get as many voices recorded as we can this evening.

When you come to the microphone, I'll ask you to introduce yourself, your city and obviously the state you're involved in, your involvement in agriculture and your connection to the Farm Bill. Also, if you don't mind tell us which question you will be addressing. We are transcribing this evening and are recording, so your comments will be a part of record that we can refer back to at other times. I would ask you, please, speak for your time and honor that with our agreement.

And, finally, I will share with you, and I don't think we have to have it in this audience, but outbursts will not be tolerated. It will not be tolerated. We cannot let that happen here in this particular Forum. It's going to be a great night. We are looking forward to it.

Instead of you getting to ask the first question, the Secretary gets that opportunity. We would like to welcome, Mr. Secretary, from the 4-H, the current 4-H president, Jamie Williams [sp]. And also from the FFA the current president, Devan Parrett.

Mr. Secretary.

SECRETARY JOHANNNS: The first question is: how are we impacting the future for young people in agriculture? So with that, take it away and start our Forum.

MS. JAMIE WILLIAMS [sp]: Good afternoon, Mr. Secretary, ladies and gentlemen. I am Jamie Williams, and this year I am serving as state 4-H president. I am proud to tell you that I am a farmer. This is a phrase that I have said many times, each as proud as the first. This pride in my heritage is one of the many characteristics that I share with many of my fellow youth all across this state. This is the pride that's developed through the Cooperative Extension Service 4-H program.

We are very fortunate that past generations of farm policymakers have chosen to invest in land grant systems and cooperative extension services. The University of Kentucky's investment in 4-H programs is part of a longstanding commitment to youth development and agriculture education. With a record turnover in active farm population coming in the next decade, it is imperative that we as a country continue to address the needs of the next generation of agriculturalists. Extension and 4-H have helped me to embrace this change in agriculture by itself changing with time.

Technology programs such as E-extension, leadership programs, communications, and life skills help us to keep ahead of these changing times and help make a difference in my life and the lives of everyone in this room. It is important that we continue to value agriculture knowledge, leadership development, and community service. These are the life skills that 4-H provides to help prepare youth like me for the numerous future roles of agriculture in America.

Your goals in farm policy should focus much more attention on preparing young people and limiting the obstacles to entering all aspects of agriculture and agriculture business. A commitment to this goal includes a continued priority to invest in the land-grant universities, the Extension Service, and 4-H programs. Every reasonable economic and educational incentive should be made available to guarantee that my peers and I are prepared for the challenges of tomorrow.

On behalf of the Kentucky 4-H, thank you for this opportunity to speak to such a prestigious group. Thank you.

[Applause.]

MS. DEVAN PARRETT: Good afternoon, Mr. Secretary, ladies and gentlemen. My name is Devan Parrett, and I am currently serving as the 2005-2006 Kentucky FFA Association president.

I believe that the better question would be: what could the farm policy do to encourage the next generation to enter production agriculture? Of course, being an avid supporter of FFA and spokesperson that I am, the first thing I would say would be to continue programs like the FFA and even the 4-H that promote youth in agriculture. If more of the next generation were to become involved in the FFA and 4-H, more youth would be educated about agriculture. However, one issue that has changed about the FFA and the youth involved, we are seeing an increased number of members that don't have a farming, or even an agricultural background. However, the FFA is still educating students that production agriculture is still the basis of all agricultural fields.

One of the biggest barriers, I believe, facing a new generation of farmers is the inability to start farming from scratch. Today if anyone wanted to begin farming they either have to marry into a family farm or inherit an existing family-owned farm. It is extremely difficult, if not impossible, to simply start farming. One idea to make it easier would be to begin to offer a tax credit for beginning farmers.

Another barrier that prevents younger generations from entering production agriculture is the inheritance tax. Repealing the so-called "death penalty inheritance tax" would prevent new farmers that have just inherited the family farm from being saddled with a gigantic debt before they even begin to farm. Instead of addressing unintended consequences that discourage the new generation from entering production agriculture, we should be asking what can we do to encourage the new generation to be involved in production agriculture.

Thank you.

[Applause.]

MODERATOR: Ladies and gentlemen, when the National Association of Farm Broadcasters gets an opportunity to talk to the Secretary, again, they form lines in front of the microphone and we can work very quickly back and forth. Right now we would just ask you to go ahead.

Mr. Secretary, if you would encourage that as well to go ahead and line up, let's not burn daylight, let's make things work. Go ahead, sir.

MR. DAVID SWEITZER: I'm David Sweitzer. I am the executive director of the Kentucky Thoroughbred Association. I live in Lexington, Kentucky. Mr. Secretary, on behalf of our industry I would like to welcome you to the horse capital of the world. Although we are not a part of food or fiber, we are a very big part of agriculture in the Commonwealth of Kentucky. A \$3.5 billion economic impact, 80,000 jobs, \$950 million in receipts and sales, which has just been reported by the Ag Statistics Bureau. So we are a significant industry.

I want to thank the USDA and you, Mr. Secretary, for being a supporter of the MAP program. You may wonder, what does that have to do with the Kentucky thoroughbred industry? It has to do with helping all of agriculture. We appreciate that support. We hope that we can continue to get that support and maybe even grow it.

Then one last thing that we would like the USDA to consider is supporting some current legislation and possibly some language in the Farm Bill that recognizes equine as livestock, and

in particular for disaster relief coverage. We are not eligible for disaster relief. We are not eligible for disaster relief. We had a terrible incident in 2001. We were able to get some service from USDA, SSA, and we appreciated that very much. But your support of making us eligible for disaster relief would be very much appreciated.

Thank you and welcome again.

[Applause.]

MS. PEGGY JO TIPTON: Thank you, Mr. Secretary. Thank you for this opportunity to speak. I am Peggy Jo Tipton. I live up the road in Shelbyville on a small family dairy farm. So we have something in common, because when I first got married I was handed that fork.

[Laughter.]

MS. TIPTON: So first and foremost we would encourage the Farm Bill to provide \$20 milk prices on a steady basis.

[Laughter.]

MS. TIPTON: I would like to retire someday. I don't want to sell the farm to do it.

Mr. Secretary, I currently serve as the 2006 president of the National Young Farmer Educational Association, also known as the NYFEA. We fall in the footsteps of FFA. We are also known by the United States Department of Education as the Adult Agriculture Association. We serve on the national level as an adult ag education association with a special focus on promoting and encouraging the young beginning producer and young agri-business professional. Our mission is to promote the personal and professional development of all people in agriculture. We provide educational and leadership opportunities for our membership through workshops, seminars, discussion panels, contests, and ag-related tours across the United States. These opportunities provide avenues for our membership to learn about agricultural practices across the U.S. and provide networking capabilities among the attendees.

There are local and state associations across the United States as well. However, many of our state associations have lost funding, thus ending the charters and causing that state organization to dissolve. Which brings me to the response to your question: how can federal, rural, and farm programs provide effective assistance in rural areas? Because of the aforementioned loss of state funding, many states are left without adult ag education programs unless persistent members take it upon themselves to make sure the organization continues. In this capacity they are able to participate in the NYFEA activities.

NYFEA exists entirely upon its membership dues and donor support. Over the years since the dissolution of the state associations, NYFEA has experienced a decrease in dues, thus forcing NYFEA to create new avenues for success. Therefore, I would propose your support in the Farm Bill for education for adult ag.

Thank you.

MODERATOR: Two minutes, folks.

MR. JIM SMITH: Mr. Secretary, ladies and gentlemen, I am Jim Smith from Carroll County, Kentucky. I am a farmer. But tonight I am here to speak to you on behalf of the small and medium-sized water systems that are charged in the state of Kentucky to take water service

and sewer service out to these rural areas, many of which are sparsely populated and therefore have a low return on investment.

In years past the only place that many of us could come up with funds to do this was through the rural development. And as the Farm Bill continues to allocate monies to rural development, I think in Kentucky there is hardly a water system I know of that hasn't been impacted positively by these funds. And as we move forward and serve those areas that are less likely to be productive in terms of profit-making, we are going to need those funds even more so.

I am here on behalf of these small water systems and medium-sized water systems to encourage you and to thank you for all of the past allocations to rural development and to encourage you to please remember us and our needs in future USDA Farm Bill budgets.

[Applause.]

MR. JERRY RICKETT: Mr. Secretary, I am Jerry Rickett. I'm with Kentucky Highlands Investment Corporation. Thanks for the opportunity to speak today.

Kentucky Highlands is a 37-year-old community development corporation that works in southeastern Kentucky to generate employment by investing and sustaining of businesses.

First of all I want to thank you and commend you for the excellent staff you have in the rural development program led by Ken Slone. They truly represent your agency well.

The area I am going to respond to is question five. I am going to talk about some of the programs that the company I work for has used to leverage over 10,500 jobs in some of the poorer counties in North America. The first one is the rural empowerment zone, I would encourage continued administrative support for that and continued funding priority through the various rural development programs. In the particular zones, some quick statistics on what's happened in implementing a community-based plan. In Wayne, Clinton, and Jackson Counties, Kentucky, the population has grown while similar counties in Appalachia Kentucky have stayed stagnant or failed by 3,200 people. The net job growth has been over 6,200 people in the ten-year period of the zone and poverty has been reduced from those jobs from 35 percent to 26 percent.

Another critical need in rural America is venture capital if we want to diversify our economy. Kentucky Highlands along with 20/20 in Tennessee was designated as one of the award winners of the Arback [ph] designation. We would encourage you to continue funding that program in the next year's budget as well as authorize it at \$100 million level in the Farm Bill.

The intermediary lending program and Arback [ph] programs are valuable tools we've used to help us generate these 10,500 jobs.

Thank you.

MR. BERNIE POE: Mr. Secretary, I'm Bernie Poe from Owenton, Kentucky, the middle of the 'golden triangle.' My experience with USDA goes back many years. My first experience was in 1947 when my father bought the home farm. Without that FHA loan, he would have never had a farm and remain a tenant farmer all of his life.

The second experience was in the 1980s when I was able to obtain a loan from the Rural Development to build senior citizens housing in Owenton. This has been a very rewarding and

enlightening experience because the people living in those units, many had not had indoor plumbing or central heating, and it really made them feel great to have these necessities.

The most recent experience I've had is when in the year 2000 we were able to get a USDA loan to buy the local hospital in our community out of the jaws of bankruptcy. Today that hospital is providing health care to rural Kentuckians, many farmers as well as people that transit through the town. We treat farmers with farm accidents, we treat vehicle, automobile accidents, and many other illnesses. So your funding for rural communities is vitally important to all of us. All of these areas that I've spoken on involve loans. All the money will be returned back to the Federal Government. So it's a great investment in rural America to keep these programs going.

The USDA is a vital source of help throughout rural Kentucky and rural America. It would adversely affect us in many ways, should that program be denied. Thank you very much. We appreciate it.

[Applause.]

MR. GREG JONES: Mr. Secretary, my name is Greg Jones. I am executive director of the Southern Kentucky Economic Development Corporation. I am pleased to appear before you today to comment on USDA's farm policy. In particular, I would like to comment on how federal rural programs provide effective assistance to rural areas.

Mr. Secretary, the key to improving the economic conditions in rural areas of Kentucky, and your home state of Nebraska, is the creation of more jobs and good-paying jobs for family farmers. The creation of jobs is the best opportunity provided by the private sector, as you know, but there are a number of areas in rural America where capital is not readily available. The programs of USDA Rural Development helped close the gap of this private financing, bringing us closer to help us create these jobs. To illustrate the benefits of the IRP program that provides to rural America, I would like to give you an example.

Our corporation has loaned more than \$3.3 million to 23 companies in southern and eastern Kentucky. These loans have leveraged more than \$30 million in private investments creating 750 new jobs. One recipient of one of our loans was a company called Laurel Grocery Company, established in 1920. Laurel Grocery needed money to expand their warehouse and expand their transportation fleet. That also included adding some state-of-the-art computer equipment for tracking their inventory. This warehouse was expanded about 37,000 square feet then created 67 employees in that local community which brings their total employment to 290 people. That leveraged \$2.8 million in private funds.

USDA's investment was only \$125,000. Today Laurel Grocery serves 600 retail stores in five states throughout the southern U.S. I urge the USDA to continue to support your Rural Development Intermediary Relending Program, the Rural Business Enterprise Grant, and the Rural Business Opportunity Programs. These programs represent a fraction of USDA's total budget, but have a significant impact on all of rural America.

I too want to recognize Ken Slone and the entire staff of the USDA. They are great partners, representing USDA well. Thank you.

[Applause.]

MR. JACK REED: Mr. Secretary, my name is Jack Reed. I am a soybean and corn farmer from Salem, Indiana. And since 70 percent of our grain exports goes through the Port of

New Orleans, I would like to ask you how severely do you feel that the grain farmers is going to be hurt for the coming year? Thank you.

MODERATOR: We should be taking comments here, Mr. Secretary, that's your liberty, if you like. But, thank you.

SECRETARY JOHANNNS: Yeah, I would just offer a comment on that. It's one of the things that the White House mentioned to me today when I spoke with them. As we prepared for our response to this hurricane, that's a significant issue for us. I have to tell you as of tonight, I can't give you that assessment because we just simply don't know yet. There are people that are literally working now to try to figure that out. So, as detail is available we will get it out publicly. I know it's a question we are going to be asked a lot in the days ahead. And as soon as we get information on that we will -- this initial stage, as you know, was really all about trying to save lives and get people off their roofs and then provide for their care. So that's kind of where it's at today. But there will be more information. So stay tuned, all right?

MODERATOR: It is an issue that you should understand as well, and this is that there is no solid information. And, he is the Secretary of Agriculture, and since we don't know, the Board of Trade was doing enough speculating on their own today. We don't need to be speculating from here. But thanks for your question.

Over the period of time we do need to stay to comments on these six questions on the Farm Bill. Now we proceed. Thank you.

MR. LONNIE LAWSON: Mr. Secretary, welcome to Kentucky. My name is Lonnie Lawson. I am CEO of the Center for Rural Development in Somerset, Kentucky, and we cover 42 counties of southern eastern Kentucky. We actually represent the home district of Congressman Harold Rogers, who is a great supporter of ours. But I want to talk a little bit about your question number five, rural development, today.

We cover 42 counties, as I said, and a wide array of economic development programs including agriculture. I am one of those part-time farmers that has a real job, but I also love my farming. I grew up on a farm and I still have a small farm today that I try to maintain.

It's been our good fortune to work with Ken Slone and Vernon Brown and the Rural Development folks for many years, ever since our inception. As a matter of fact, some rural development money went to create our organization back in the beginning. We've been in existence about ten years now and we've done some tremendous things. Through rural development funding, we've been able to put in community centers with computers in those centers to give access to the world. We've also been able to put in video conferencing capability to allow our farmers access to worldwide trade. And those are some of the things that we really think rural development ought to be able to continue to do, is build the infrastructure to help our farmers long-term be able to sustain in this global economy.

Thank you.

MODERATOR: Sir.

MR. JOEL LYLES: Yes. Welcome to Kentucky. I appreciate you coming here and listening to the concerns that we have in Kentucky. I would like to address the rural economic development.

MODERATOR: Could you give us your name?

MR. LYLES: My name is Joel Lyles. I am general manager of three separate county water systems in southern Kentucky: Warren County, Butler, and Simpson. And we have for many years utilized the Rural Economic Development Program. It used to be called Farmers Home Administration for Water and Sewer Infrastructure. And, of course, I was raised on a farm and I can tell you first-hand, I know what it's like to live without indoor plumbing, as probably many of you have. But it's very important to the rural folks in Kentucky. We have made a lot of progress over the years, but there is still a lot of work to be done.

The U.S. Rural Development Loan and Grant Programs have been and continue to be extremely important in providing water and wastewater in our rural population in Kentucky. These programs are vital, and we must ensure that funding levels are adequate to meet the needs of rural areas in the future.

At this time Kentucky has a backlog of applications for funding of about three to one. Ken Slone and Vernon Brown do a good job administering the loans and grants that they have, but there's just not enough funds available. They need more funds and we would like to ask your support in obtaining additional funds for water and sewer programs. There's no other reasonable source of funds available to rural water and sewer systems in Kentucky other than the USDA program. Without the Rural Development Program, many residents would not have had the quality of life that they have today and the availability of public water supply. We still have many residents without public water, and there's just no way these people can be served without the support of Rural Development. It takes about 25 customers to the mile to be able to borrow the money and finance it without any grant money. And, of course, this is real important.

I also serve on the Kentucky Rural Water Association board of directors and I know what I'm saying is echoed all across the state of Kentucky. We have over 360 rural water systems that belong to our association, and it's just very important. There are 32,000 members that belong to the national and it's true all across the United States that there's a real need here.

MODERATOR: Time.

MR. LYLES: Thank you very much.

SECRETARY JOHANNNS: Thank you.

MODERATOR: Thank you. Mr. Secretary.

MR. JEFF CHOAT [sp]: My name is Jeff Choat [sp]. I am a trial court judge. The last 24 years I've served in rural Kentucky. I'm from Albany, Kentucky. What I am here for tonight is just to say thank you and give you an example of what rural development dollars have actually done.

Three years ago I created a not-for-profit corporation. I called it the "Foothills Academy" and we received an empowerment zone grant for \$350,000. The empowerment zone monies were administered through Kentucky Highlands and of course they were USDA monies. We converted a farm that was seized in a drug raid to a home for at-risk boys. We used the money to bring those buildings up to code. Through Mr. Slone and the Kentucky office, we received a \$75,000 grant. I must say that his accounting -- his office's accounting was thorough but it was not burdensome. They were very easy to work with.

We now have 70 boys living at the academy full-time. We employ 89 people, this is in rural Kentucky where jobs are scarce. We are the second largest private employer in my county

now. Next year we will put over \$3 million into the local economy through the continuation of funding that comes through the state. Without the help from Rural Development, we simply could not have done this project.

What I am here to ask you is to try to continue the funding for the community's facilities program, that's where the \$75,000 grant came from. That's where the beds these boys sleep on, that's where all of the equipment comes from.

So my whole purpose today was to say thank you.

[Applause.]

MS. VICKI JEFSKOWITZ [sp]: Thank you for the opportunity to be here. My name is Vickie Jefskowitz, which is not a native Kentuckian name.

[Laughter.]

MS. JEFSKOWITZ [sp]: I am the executive director of Foothills Community Action Partnership. We are a community action agency primary serving Madison, Clark, Estill, and Powell Counties and I am here to speak about the rural economic development program.

The Rural Housing Service is critical to the housing stability of low-income rural people. Without that service, which is often unduplicated in most rural areas of our state, people will continue to reside in substandard housing, they will pay disproportionate amounts of their incomes towards rent, and they may live from relative to relative or friend to friend, essentially being homeless. Not only do the low-interest mortgages provided by RHS provide the opportunity for people to own homes, creating both a tangible asset and also just pride in ownership, it also contributes to the economic viability of the communities through increased property taxes, construction permits, and other local government revenues associated with home construction and ownership.

One example of someone who was helped by our agency in partnership with RHS is a 55-year-old disabled woman who had lived in subsidized housing all of her life. She was literally born into that housing and had never moved out of it. At the age of 55 she was able to become a homeowner and hopefully will live there the rest of her life. You know, I could go on and on telling you stories of people like this woman, but if I did that, that red light is going to come on and I'm bound and determined I'm going to beat it.

But, you know, thanks to the help of Rural Development's Rural Housing Service there are person after person who have benefited. I hope that you will continue that program because once again, remember, in the rural areas it is unduplicated.

Thank you so much, I appreciate the opportunity.

[Applause.]

MODERATOR: And if you're wondering why that light is red it's because we're in Louisville. Go ahead.

[Laughter.]

MR. CARROLL SMITH: Mr. Secretary, thank you for coming to Kentucky and thank you for bringing us \$52 million. We will spend it wisely. My name is Carroll Smith. I'm a

Letcher County judge executive. Thirty percent of the people in Letcher County, only 30 percent have access to municipal water. Only 20 percent have access to municipal sewer. In the past rural development has given us \$3.5 million, we have leveraged \$12.4 million to extend water and sewer lines throughout the county. I hope that the 2007 Farm Bill continues to support rural development to the level that will allow them to assist us in providing water and sewer to the people of Kentucky that need that very badly.

Thank you.

[Applause.]

MS. PENNY YOUNG: Good afternoon again. We met just a little while previously. Thank you very much for a \$100,000 grant for frontier housing to continue our home ownership program. I will be addressing question number five which deals with economic development. My name is Penny Young and I'm the chief financial officer for Frontier Housing in Warhead, Kentucky.

I am actually here today representing the Federation of Appalachian Housing Enterprises which is a community development financial institution and a membership organization that supports housing nonprofits throughout Kentucky, Tennessee, Virginia and West Virginia. Our mission is to serve the housing needs of low-income people of central Appalachia. In our 25 years of existence we've provided 900 families with affordable mortgage loans through your program.

Just in 2005 we have lent over \$7 million in rural housing. This has enabled us to serve about 368 families. Today I want to talk about what that really means in reality to give this room a real picture of how important this program is to rural America.

Yesterday we closed a loan with a family in the amount of \$60,000. Janet, which is what I will call her, has undergone six months of extensive counseling and credit repair. During that time she never missed a payment and was very faithful in getting her credit back in line. Janet has three children and she works as a waitress in a local restaurant and earns about \$12,000 annually. After six months of hard work we are very fortunate and excited to be able to give her a home mortgage and her payments will be around \$278 a month. She could not rent anything to match that kind of safe and sanitary housing. And this kind of thing would not be possible without RD programs. We want to thank you very much for that.

Although that has been very wonderful, we still have a big challenge ahead of us. In Appalachia alone, 30,000 homes lack complete plumbing, 20,000 lack adequate kitchens, 50,000 are overcrowded. Home owners and renters are close burdened where they live now and our median income is still at 56 percent of the national median income.

MODERATOR: Time.

MS. YOUNG: In the 2004 USDA budget rural development was still a small percent of the umbrella budget.

MODERATOR: Time.

MS. YOUNG: We would like to ask for that to be increased. Thank you.

[Applause.]

MR. MARSHALL COYLE: Good afternoon, Mr. Secretary and welcome to Kentucky. I am Marshall Coyle, first vice president of Kentucky Farm Bureau. And on behalf of Kentucky Farm Bureau, I certainly want to thank you for being here and having the opportunity to make some presentation to you and listen to the folks that are here.

Mr. Secretary, as I go through this, I'm going to do my best to kind of touch on most of the questions that you have. Hopefully we'll get pretty close to that. I would tell you, Mr. Secretary that we believe that the vast majority of farmers throughout the U.S. would tell you that their ultimate policy vision would be a level playing field. Farm Bureau believes that this should be our policy goal for the 21st century. A world where our farmers are allowed to compete in open markets without tariff barriers, without export subsidies, without currency manipulations, and, yes, without production distorting domestic subsidies.

An effective U.S. farm policy is one, which provides the support necessary to safeguard our ability as a nation to feed ourselves. Farmers have always had to deal with unpredictable weather and fluctuating markets, but the uncertainties involved with international trade, the value of a dollar and variable input costs have produced turbulent and difficult times for agriculture.

The Farm Bill helps American farmers weather financial storms and it provides unprecedented funds for our nation's conservation needs. The best way to keep Kentucky green is to have a profitable agriculture. If a voluntary incentive is offered for desirable environmental outcome farmers will overwhelm America with improved soil conservation, water quality, air quality and wildlife habitat. A significant percentage of Kentucky's jobs are directly related to agriculture. Rural America and production agriculture often face very different sets of problems. Some rural counties are facing the issue of a declining population base, while in other communities production agriculture is receiving tremendous pressure from urban sprawl. This is not a problem that lends itself to a one-fits-all solution and the next Farm Bill should recognize that reality.

MODERATOR: Time.

MR. COIL [sp]: Product development, marketing and research issues are critical to our future. We are seeing first-hand what an infusion of dollars can do with our ag development fund here in the state of Kentucky.

MODERATOR: Time.

MR. COIL [sp]: Thank you, Mr. Secretary.

[Applause.]

SECRETARY JOHANNNS: If I might mention, I noticed some of you -- that was a great testimony, but all of the testimony has been really good. I just wanted to mention, I notice some of you are actually reading from prepared notes. We would love to receive those. So you can either hand them to me before I leave tonight. We've got an e-mail, or a web site, I should say, USDA.gov or just drop them in the mailbox and send them off to us. So if you get cut off like we just did, we want to hear the whole thing, so get that information --

MODERATOR: You told me to.

SECRETARY JOHANNNS: Yeah, you've got to do it.

[Laughter.]

SECRETARY JOHANNIS: We've got to do it because we want everybody to have a shot. But send that testimony out to us, we would love to receive it. Somebody's got to be the bad guy, you know.

MODERATOR: Last week we were at the Washington National Press Club and we have the four gentlemen, two that had another view of ethanol and two that did, you know, I'm a Kentucky boy and I'm a journalist, and they got more to grieve than I've got, you know, never mind. But, nonetheless, it was like, fellows we're going to play by the rules and they all agreed and we did. But I did have to tap on the podium a couple of times to marshal them. And folks, I'm sorry, but we've got a rule. So I'm done and you're done too. Okay. Next.

[Laughter.]

MR. PAT HENDERSON: Mr. Secretary, I also want to welcome you to Kentucky and thank you for coming here. I am Pat Henderson a farmer, a conservation district supervisor down the road here in Breckenridge County, Kentucky. I'd like to just briefly go over eight points that I hope you will consider in developing the 2007 Farm Bill.

Point number one, conservation, is wide and prudent investment for every American, not just farmers.

Point two, programs applying conservation to working lands should be a key component in the next Farm Bill.

Point number three, NRCS presence at the field level and the technical assistance that they provide by doing that is a really a critical component in our delivery system. If you are in Kentucky, and I think nationwide forward, technical assistance enables many land owners and farm operators to apply many conservation practices --

[Tape break.]

MR. HENDERSON: [In progress] -- assistance such as EQIP is also an important component of the total plan. This provides both economic and environment sustainability in my opinion.

Five, grasslands and forestlands as well as croplands should be a component of the bill.

Six, a partnership involving USDA, state conservation agencies and local conservation districts is a great delivery system. And, Mr. Secretary, you realize that each of these entities leverages money for the other partners.

Seven, conservation districts are willing and able to work with USDA and you to help implement this bill.

And, finally, I close by saying, the ability of farmers to compete in global markets is a critical component we must all solve.

Thank you, sir.

[Applause.]

MR. MAYNARD FERGUSON: Mr. Secretary, I'm Maynard Ferguson. I grew up on a family farm in Centerville, Kentucky which is near the border of Fayette, Scott, and Harrison County. This Bourbon County farm, there's a little over a thousand acres and when my grandfather died, basically it left the family because of the inheritance tax. So I echo what people have said there.

I work today for the Lexington Fayette Urban County Government after I retired as a county extension agent. And I work with the purchase of development rights program in Fayette County. To date we've protected 14,266 acres of farmland in the county, which is an important industry. It's over a \$300 million farm gate income for that county. It also brings in 600 million a year in tourists that come to see and visit our farms.

The region I live in just was named by the World Monument Fund as one of the most endangered areas in the top 100 endangered areas in the world in 2005. I think it's important that you keep the federal farm and ranch land protection program, keep funding it. We hope to preserve 50,000 acres, which we think will support the AG industry in our community. It's good for the environment. It provides a great place to live, clean air, good food, which is part of this whole thing on food safety and the fact that our young people will have a farm they can afford to buy because the farmland will be sold at agriculture value in the future. It has made the value of that land maybe increase some initially because people like it when protected lands are around their farm and they can farm without the encroachment of city dwellers, which basically don't understand agriculture.

Most of the farms that have gotten funds from our program have reinvested it by paying down debt, bought additional land to farm, or improved the infrastructure. And today with the loss of the tobacco program, the average age of our farmers is 60 years old. There's a lot of pressure to sell to the highest bidder. And, as you know, that's going to be the developer. So we need a program like this to continue to preserve farmland throughout the nation. The PACE program does it statewide and the PDR program in Lexington.

Thank you.

[Applause.]

MR. IVOR CHADKOWSKI [sp]: Good afternoon, Mr. Secretary. I am a farmer. I am a tenant farmer. I started farming nine years ago from scratch. Now, we have four full-time employees, three part-time employees. I am also the president of a small grassroots membership organization called Community Farm Alliance. We represent 1,600 members across the state. I am here to speak on their behalf and on behalf of family scale agriculture in two points, probably, of your six questions.

We appreciate in particular the SARE program of which I'm a past producer grant recipient and I'm grateful for that. SARE is a regular help for small-scale farmers looking for technical support. It's immediately accessible on line. WIC is valuable to small farmers. Community Farm Alliance has been an organization that started two urban farmers' markets in low-income areas. We would like to see those WIC dollars go to farmers through low-income residents. We think the program is very valuable.

A few prepared notes. As farmers transition out of tobacco, we need technical assistance. We think we have a valuable institution, organization in Kentucky which is funded by USDA. It's called the Kentucky Center for Cooperative Development. We think it needs more money.

Finally, as a farmer who is still a tenant I would like to see more money, as would I think other young farmers who are still tenants, go to direct loans in the FSA program as compared with guaranteed loans.

Finally, if I can wrap up, to address your point about exports, farmers in Kentucky, I think, are as much concerned with getting their products to local markets. And, again, we think the technical assistance provided by the cooperative center would be very valuable for that. We don't see the export dollars that a lot of companies that process and such get. We would like to see our money come to us quickly.

Thanks very much.

MODERATOR: Could we get your name and your county? I may have missed it earlier.

MR. IVOR CHADKOWSKI [sp]: Ivor Chadkowski. We are tenants here in Jefferson County.

MODERATOR: Thank you.

[Applause.]

MR. HAMPTON HINTON [sp]: Mr. Secretary, my name is Hampton Hinton, I'm a farmer in Woodford County of grain, tobacco, and cattle. I've farmed the same land since 1780 in the same family. My concern today is with your presence in coming today. It's just recently your department and the agency of Farm Service has just announced you're going to close one third of our service centers. It seems an odd time to come here to outreach to us when you are really try to close down a lot of the service that we need all across this state. These are vital service centers. They're important to our need. And as our farmers change, this is a very important time for you to be here, not to be leaving.

We think the system that you are exploring with in Kentucky may be an indication of a retreat from rural America, not a forward step. And I hope you will think about this very carefully. If you base it on staff reductions, not on the number of farmers you serve, but an old-fashioned dollar received, dollar benefit, there are an awful lot of farmers here who have been raising tobacco, who still farm in Kentucky. And they're not going to vaporize if it's lost its tobacco program. And the FSA has just delivered a Herculean job delivering this file, a ten-year program and the effect that you have when you close down FSA on the other agencies. You heard conservation speak, you've heard rural development speak. Service centers have been created across this state. And you pull one leg out from underneath the stool and the effect is monumental at what it will do. I would urge you to think about this very carefully and to think what you're doing. You don't want to be, I think, exhibiting a retreat from agriculture right now.

We have a very vital and developing function out here in Kentucky and we think you need to be here as often as possible and we hope you will look at this system. We don't really understand why Kentucky is going first in this closure issue. And we think the other agencies ought to be consulted and you ought to think seriously about when you do close offices if that happens, that you look at the effect you have on small towns. If you move all the service centers to major urban centers, you really have a real effect on what happens in these small towns that depend on this rural economy. And we think if you do close down you ought to be keeping these offices open in the more rural communities, not the urban communities.

Thank you.

[Applause.]

MR. STEVEN BARTLETT: Good afternoon, Mr. Secretary. My name is Steven Bartlett. I am from here, Louisville, Kentucky. I am a member of the Community Farm Alliance also. I am here just to make one main point and that is regarding competitiveness. The notion that U.S. agriculture has to compete on the world market. I think this notion is false and it's based on the over production policies that have led to a massive glut in commodities. That then we need to force on third-world countries through free-trade agreements such as NAFTA, which according to some of the people I work with in Mexico, have displaced up to two million people from the land because we are dumping cheap corn on their market. I think we need to look for better solutions in terms of developing our own national agricultural market that supports small farmers and not just mega farms.

I think we need to take away subsidies from the large operations and use that money to support a lot of the things that you've been hearing people ask for here. Programs of rural development or conservation, loans for start-up farms, and I think the whole notion that we need to feed the world has to be shown to be false. Basically what we are saying is, we want to dominate the world and make the whole world dependent on us. And I think that's a wrong policy and I think it's a policy that's created a great deal of unhappiness for farmers all around the world.

I've been working with farmers in the Via Complicina [ph] who called for a concept called "food sovereignty." Food sovereignty means that every farmer, whether they're in Kentucky or in Chapos, Mexico should have a right to produce for their own market and not have their market distorted by subsidized imports coming across the border.

Thank you very much.

[Applause.]

MR. LAWRENCE FORGY [sp]: My name is Lawrence Forgy, Mr. Secretary. I live in Lexington, Kentucky and I have an apology to make. I am not a farmer, I'm a lawyer. For 12 years I represented the Kentucky Burley Tobacco Cooperative Association because of my relationship to Mr. Reagan and to Mr. Bush, Senior.

For five years I traveled across this country in the Medicaid law suits. When I first began to represent the Burley Tobacco Cooperative Association, which had members in Ohio, Tennessee, Kentucky, West Virginia, Indiana, Missouri, we had 1.8 billion pounds -- excuse me, 1.2 billion pound quota for Burley Tobacco. It was selling about .130 to .140 cents a pound. We are now at .130, if we're lucky, this year.

Now, the first thing I want to say to you is how much I believe the tobacco farmers of the Commonwealth and my friends across this entire belt appreciate George W. Bush and what he did in helping us get the buyout. Because without his acquiescence it is clear it would have been as dead as 4:00 a.m. in the morning. And we want you to take that back to him.

The second thing I wish you would consider is that with the 130 million pounds out here in rural development and in all other aspects of Kentucky agriculture we are the largest unsupported tobacco commodity group in America. I have given a member of your staff a copy of a book called, "The Night Riders" by the great Robert Penn Warren who was one of our great novelists and poets from Kentucky. I know as a political figure you have read, "All the Kings' Men." But in that book you will find what happens to farmers when they are confronted by large, industrial groups, and while we may still sell 130 million, we need your help. And in

addition to that, and I'm going over, and I'm sorry, but in addition to that we need you to consider that we will show up high in the amount of money that Kentucky receives for this year and the next.

MODERATOR: It's time.

MR. FORGY: But we need help because we've lost our major industry. Thank you very much.

[Applause.]

MR. JOE SPALDING: Mr. Secretary, my name is Joe Spalding. I am a tobacco farmer from Lebanon, Kentucky, and I'm aware that given the current budget shortfall funding is limited to farm program. However, I would like to quickly voice a couple of issues that are of concern to me.

Tobacco was the most important commodity in my farm operation. Because of that I am very thankful for the work of our Congress congressional delegation to achieve the tobacco buy-out that was not paid for by taxpayers. I also appreciate the work of the USDA to get the program enacted as quickly as they did.

But now tobacco was the only major crop without access to any type of safety net while it is also the commodity with the most concentration in market power among buyers. I hope that given the great importance of tobacco to this state USDA will consider new policy options to provide tobacco farmers support similar to that provided to other commodity growers including the possibility to include tobacco policy in the next Farm Bill.

Additionally, I'm concerned about the limitations that have been placed on USDA's Foreign Agriculture Services in distributing tobacco data and restrictions that prevent them from promoting the exports of our commodity. Tobacco is still a legal commodity and is in great economic proportions to this state. It is important that USDA be permitted to provide equivalent services to tobacco farmers as those provided to other commodities.

Thank you very much.

[Applause.]

MR. RYAN BIVENS: Good afternoon and welcome, Mr. Secretary. My name is Ryan Bivens, I'm a 26-year-old grain farmer from Hodgenville, Kentucky which is about an hour south of here.

I would like to discuss with you today questions one and three pertaining to young farmers and also getting assistance out to the producers. We all know that whether it be a plant, animal, or human, early years and stages of growth are very detrimental. The same is true when it comes to young farmers, whether it be a male, female, or a young couple, the first couple of years can either make or break them. Let's just use, for example, myself.

One thing that I have tried to do to ensure some of my risks on my farm is through the Federal Crop Insurance program which I want to stop and say right now, I can appreciate the subsidies that have been given towards that program because without them we would not be able to purchase that insurance.

However, with the rumor of those subsidies being dropped in future years to come, it really scares me. There are also other problems when it comes to the Federal Crop Insurance program. For me, as a young producer, when I start out without any average production history or yield built up for myself, I am likely to take a county T yield or transitional yield. These transitional yields for my county is 91. You go two counties away, theirs is a 51. The county yields which are set forward are not realistic. We've got a great statistic service in Washington, we should use the yields that they put forward.

For example, if you take that 91 that I am given, if I buy a 70 percent policy, I'm looking at roughly 60 bushels, or a 60-bushel guarantee. That is probably going to cost me roughly \$12. So there's another six bushels knocked off the top for what the insurance is going to cost, and I'm guaranteed 50-some bushels to the acre. Let's be realistic. Times have changes, so has the corn breeders. They've done an excellent job. We need to work on that.

There are also several other young farmer programs out there through FSA and the USDA. They need more money, they need more help, they need to have bigger budgets.

The guy who talked about the mega farms, it's simply just like this, Wal-Mart has gone to Super Wal-Mart. The farms have gone to Super Wal-Marts. So we've had to get big to survive. You know, we need help just as much as the little guys and the big guys.

Thank you.

[Applause.]

MR. LARRY JAGGERS: Thank you, Mr. Secretary. Welcome to Kentucky. I am Larry Jagers from Glendale, Kentucky. Glendale is just east of White Mills and due north of Sonora.

[Laughter.]

MR. JAGGERS: I am a dairy farmer, a member of the Dairy Farmers of America. We have some six items that we would like for Congress and USDA to consider and possibly enact. And those being, we would like to see a floor on class-one price mover at \$13 on a national basis.

Number two, we would like to implement a direct delivery differential to cover some transportation costs incurred when local milk must be delivered to a more distant destination than the closest market.

Number three, we would like to see some increased transportation credits paid by the processors to help offset supplemental milk handling.

Number four, we would like to regulate the large producer handlers nationally.

Number five, we would like to direct that you, Secretary of Agriculture, not allow class three and class four prices to fall below support levels.

Number six, not allow USDA to make more than one support price adjustment per year.

Thank you again for allowing me to express my concern and certainly hope these items will be considered and enacted in the next Farm Bill as they are very important to me and to my fellow dairy farmers and also to ensure a good wholesome product to the consumer at a reasonable price.

Thank you, Mr. Secretary.

[Applause.]

MODERATOR: Just a second. Okay. We're going to take a break here at 25 past the hour. We have six people standing, so if everybody goes two minutes like we've been talking about, we're going to come right on the mark. So the six that are standing right now, if you would complete us, we'll take a break from there. And, Jeff Rice, if you would be the first one up after the ten-minute break, if that would be okay with you, we are going to be in good shape. If that's all right, moderator rules, here we go. Yes, sir.

MR. LARRY JEFFRIES: Mr. Secretary, I'm Larry Jeffries from Henry County. I'm a semi-retired farmer. I'm a member of the extension board and a member of the conservation district supervisors. I want to talk to you a little bit about the University of Kentucky. I am a representative called a CAREG which is the Council on Agriculture Research and Education for Land Grant Universities.

I think I have seen in the past couple of years -- I've been involved in extension for about six odd years -- and I've seen county agents with tobacco settlement funds that they worked with committees in the local communities be the glue that held things together as we distribute those funds. I look at what we can do and what the university can do in the land grant system in the space of diversified agriculture we are facing today. I think we are needed greater than any time in the past.

The funding for the university and the land grant systems, the formula funds that are in the Farm Bill, have not been increased much since the 1980's. A lot of competitive grants have been added. But I would like for you in the Farm Bill to look at the formula funding for the land grant universities.

Thank you.

[Applause.]

MS. _____ (did not give her name): Good afternoon, Mr. Johanns. I am a black farmer from here in Louisville, Kentucky and I am associated with Adair County and the Black Farmers Association in Hopkinsville. I recently had the opportunity to sit in at the partners conference in D.C. What I just wanted to speak to is number three, the appropriateness of farm program benefits.

As you are getting your Farm Bill together, I would like for you to remember the disadvantaged and the people who have helped to make America great as far as the black farmers. You know, we may be still small in minority -- I mean, small in numbers, but nevertheless we still have added to the U.S. agriculture industry. There are problems with some of the small black farmers simply in the foreclosure department. A lot of them are having difficulties. And I believe what's happened is because of economic problems of the past and educational problems of the past, and technical problems as far as, you know, new technologies and making plants grow and the best things for the cattle. We need to implement some counselors and some people that will get out to the small black farmers who are not maybe a part of the FFA and some of the other educational programs and actually reach them and help them to get their programs up to larger production levels.

So, if you could, again, address the foreclosure issues by implementing some educational and economic programs that would help, I would appreciate it.

Thank you.

[Applause.]

MR. JIM LACEY: Mr. Secretary, thanks for being here. I was very impressed with the first one of these you had in Nashville. I will try to be short and if I'm not, I know Jeff will destroy me. My name is Jim Lacey. I am a farmer from east Kentucky. I serve on the executive board for the National Association of Conservation Districts representing the 11 states and territories of the southeast.

As far as conservation is concerned, right now we have a pretty good program, let's keep the money there, let's keep it going.

Second thing, I want you to please consider -- reconsider the FSA office closings. That will come as near destroying agriculture in the state of Kentucky as anything else can.

Now, a few other things. As an American farmer, we must be able to make a profit as well as continue to produce and abundant, consistent, and wholesome supply of food and fiber. We can't afford to depend on food from other countries whom, as you know most of them, don't like us anyway. We see what depending on foreign sources for oil is doing to our lives and economy and I'm not referring to the present problem in New Orleans and Mississippi. Before that, this is, you know, a big explanation point.

The thing that we must be able to do is make a profit and that is the only way we can bring on new farmers. Keep in mind the average age is 60 and I quit.

[Applause.]

MS. NIOKA SLOAN [sp]: Mr. Secretary, my name is Nioka Sloan. I am from the east, very most eastern part of the state, very up in the mountains and very rural. What I want to talk to you about is the programs through the land grant extension service. We had a program there called CYFAR which is Children, Youth and Families at Risk. And if you live in eastern Kentucky you are at risk. I don't care who you are or how much money you've got, you're still at risk.

There is very little implements there for culture, very little work, very low education levels. And through the CYFAR grant, through the University of Kentucky, we saw a great difference in the kids and in their parents. We worked with children with dyslexia, children who were 15 and pregnant for the third time. But that's okay, their parents had done it before them for the last five generations. We had parents that were married when they were 13. We worked with children who were products of those marriages, two children raising two children. Or two children trying to raise ten children. And only through the extension service and the grants through CYFAR were we able to see a growth in their self-esteem, a growth in their abilities to look forward to a newer world, a newer, better way of doing things.

We taught classes in education, parenting classes. We had extra stuff there for them to do. I ask you to please think about extending the grant money to them, not just for my county, but for other counties that are in the same boat.

Thank you.

[Applause.]

MR. HENRY DUNCAN: Mr. Secretary, I am Henry Duncan. I am speaking on behalf of the Soil Water Conservation chapter here in Kentucky which is an international chapter. We do want to thank you for selecting Kentucky for one of the hearing programs. It's an honor for us to be able to present our thoughts to you at this time.

Hugh Bennett, 60 years ago, when the Soil and Water Conservation Society was being formed made the statement that the protection of our soil and our water is important not only to farmers, but to those in urban areas and throughout our country. Without adequate water, quality water, and productive soil, these other programs and issues that we speak of can never reach their full potential.

The indication that I have is that the current Farm Bill that we have was very well funded toward conservation programs and environmental programs. It was a turn around and we certainly appreciate that. There are also indications that the full funding of some of these programs and future pressures to fund such programs is under a considerable amount of pressure. I guess what we would like to suggest and request is that future funding be set aside for research through our land grants to help the farmers develop best management practices that will protect our soil and water. And adequate funding be made available to farmers as cost-share projects and for technical assistance so we can keep our soil and water at a maximum quality in Kentucky and throughout the country to be a productive agriculture that we need to be.

Thank you.

[Applause.]

MR. DAN FEIGER [sp]: I feel I have a lot of pressure so the break is on time. I would like to thank the Secretary for coming to Kentucky. It means a tremendous amount, not only to Kentucky, but to the country, for you to take your busy time and come listen to us and what we think. That's tremendous to us. It makes a huge difference. My name is Dan Feiger, I'm assistant director with Kentucky Department of Fish and Wildlife Resources. I live here in Louisville, but my wife and I are still very involved with family farms that we have back in Hopkins County. I grew up in Madisonville which is a little town between Rabbit Ridge and Possum Trot.

I am representing the 14 fish and wildlife agencies who are members of the Southeast Quail Study Group and Kentucky Fish and Wildlife. First I would like to relay the message that conservation provisions of the Farm Bill are working. In Kentucky CRP, CREP, continuous signup CRP, WRP, EQIP, WIC, CSP are all working to save soil, improve water quality, and improve wildlife habitats.

In Kentucky they're working because of the partnership that we created and that partnership includes NRCS, FSA, as you've heard already, the county conservation districts, ourselves, and a host of other partners in this process, I guess.

In my opinion, we have one of the best working relationships in the country. Specifically I would like to thank David Sawyer the state conservationist and Jeff Hall with FSA. I would also like to thank FSA at the national level for working with the Southeast Quail Study Group to create the CP-33 practice. The Southeast Quail Study Group just recently this week had the opportunity to be one of 30 programs that was highlighted at the President's Conference on Cooperative Conservation.

The conservation provisions of the Farm Bill provide stable, long-term funding for farmers despite rainfall amounts, despite crop price fluctuations and tobacco buyouts. They are enabling many farmers to keep their land and the farming lifestyle. With the current concern that the WTO has with crop subsidies, this might be an excellent time to consider shifting money to the conservation provisions.

I would like to ask that all the conservation provisions of the 2002 Farm Bill be maintained at current or expanded levels and that co-equal status of soil, water, and wildlife continues to be the standard.

Thank you.

MODERATOR: Thank you.

[Applause.]

MODERATOR: Ladies and gentlemen, we've done great so far and knowing the Kentucky teams, we're good second-half teams, we are not done yet, still have a period of time here after the break where we will be commenting on the six questions. And then we go to an open comment period as we begin to wrap up tonight. So for those of you who have already gone, that's great. For those of you who intend to go, we are going to start right after Jeff Rice, a ten-minute break here and then we'll be back in action.

Thank you very much.

[Brief recess taken.]

Vocalist.

MODERATOR: All right. We are in a position now that we are getting ready to go, or fixin' to begin, if you want to use that as a country term. To let you know, we have 40 minutes of open comment on these six questions.

[Pause.]

MODERATOR: As you are taking your seats, we would like to introduce again, Commissioner Farmer for a couple of comments.

COMMISSION FARMER: Thank you, Jeff.

As many of you know, when I came up here earlier I was reading from a script and if you've ever heard me speak you very rarely see me read from a script, so I just wanted to take the opportunity to say that as the Secretary knows and everybody knows, agriculture is so very, very important and I want to thank you all for coming here today. But agriculture is very diverse, it affects the lives of every single family, every single person every single day. And I just want to take this opportunity, again, to thank Secretary Johanns for coming and listening to all the many people and the concerns, and, you know, things that are going to affect the Farm Bill that is going to affect our lives for many years to come.

So, again, Secretary, thank you very much.

MODERATOR: All right. We are going to start when we begin here with Jeff Rice. Then we have some others that are going again. This next 40 minutes or so, we're still

responding to the six questions. Still responding to the six questions. I would like to, to make it easier for the folks that are transcribing this later on, I don't want to cause too many issues with your notes, but we would like to get your name and where you are from, whether it's Custer, Monkey's Eyebrow, or Garfield, I would like to get those up front, your name and where you're from and then the question that you are addressing. It makes it so much easier for recording this data just a little bit later on.

I know these are certainly important. We are glad that they are here in Kentucky. I want to thank this Secretary of Agriculture especially Secretary Johanns for working so closely with our National Association of Farm Broadcasters. We were actually in Washington, D.C., at the USDA when you announced that you were going to be holding these sessions. And you've been working with great farm broadcasters all across the country and our relationship with farmers to bring this about. So thank you.

Now, there is one thing though that I'm wondering. When you go to, let's say, North Carolina, should there be an equitable value of time? Because it's hard for somebody from North Carolina to be able to get two minutes of comment in, in 120 seconds; do you understand?

SECRETARY JOHANNNS: No, I don't understand that at all.

MODERATOR: We were in South Korea and we were on a trade mission with the U.S. Grains Council and Guy Davenport was there and we had interpreters that were between us. And we were supposed to be able to ask questions of the South Koreans. And Guy started talking in North Carolina and the lady that was the interpreter looked around like, what is he speaking?

[Laughter.]

MODERATOR: So me being from Kentucky and I speak Carolina, I interpreted to her, she interpreted to the South Koreans and then we brought it all back and everything was fine.

[Laughter.]

MODERATOR: So anyway, maybe in Minnesota they would have less time to speak. You know, up there they get talking things pretty fast, you can't get so much done if you got to go to quick, you know, there, sir. Anyway, the auditorium is coming together and I've made a fool of myself in front of the Lord and everybody so now we are ready to go and have 40 minutes left.

Again, please, please, please, don't wait to get up. Let's go ahead and form our lines and maximize the time that we do have available. The floor is yours, sir.

MR. JEFF RICE: I want to welcome you to Kentucky, Mr. Secretary. And I want to thank you for coming and listening to our concerns and our ideas. And I want to thank you for being here and doing that and thank God that we live in a country that we are able to meet and gather and voice our opinions like that also.

I am Jeff Rice. I'm from Utica, Kentucky, just a few hills and a creek away from Jeff Nalley there. I'm an agribusinessman and a farmer. I want to address a few conservation issues there. Conservation has been very important to our farmers in the past Farm Bill and I think it would be real important for the 2007 Farm Bill.

I am going to make three points here. I think the conservation technical assistance that we receive through NRCS has been real important in getting those programs on the ground. The engineering, the surveying, the help that the farmers have received in getting their waterways and their structures in and helping us with our water quality management plans. I think that's been essential here in Kentucky.

Then I'm real proud of what's done on the working land programs. Those programs, the EQIP, the CSP, the WIP, those programs have been vital. I think they've helped a lot of farms, helped a lot of our environment, the conservation measures that's made our farms more valuable. And we've got to help these active farms. I think that's the most important things, even more than maybe some of the other programs.

Then the last point I want to make is on renewable fuels, helping the environment in the conservation. We've got ethanol and the biofuels. Those programs are growing. We see that as a great market for our crops. I think we need to encourage that growth and then I think we need to look at carbon credits programs as something that we can also add to our Farm Bill. And conservation helps us all and it helps our agriculture economy and environment.

I want to thank you again for being here with us today.

[Applause.]

MR. BRUCE METZGER: Thank you, Mr. Secretary, for allowing Kentucky to have some input into our future Farm Bill. My name is Bruce Metzger and I'm the adult AG coordinator at the Kentucky Community and Technical College System. We have a group of fellows, 18 teachers, to be exact, that work with adult farmers throughout the state. Our main thrust is to provide technical assistance on a one-on-one or small-group basis. These programs actually began back after World War II with the Veterans program and Kentucky is one of the few states that's been able to hang onto these. I think especially with our transition tobacco and everything that's going on, we could use some expansion into this area. And if you could add that as a consideration if you make any additions to your Farm Bill, we would certainly appreciate that. Because I think the contributions these folks can make can definitely have an impact on the rural economy here in rural Kentucky.

Thank you very much.

[Applause.]

MR. LARRY HENDRICK: Mr. Secretary, I would like, again, to thank you for using Kentucky as one of the forums here. My name is Larry Hendrick. Today I represent the Kentucky Agriculture Teachers Association. While I wear many hats, I first would like to acknowledge the comments of Mr. Metzger as it relates to the adult education program that we have here in Kentucky.

As a high school teacher of agriculture, I also have that program within my jurisdiction. It may not come within your venue, however, I've had the opportunity for the last 27 years to work with FFA members and have been blessed with that. And one of the things that has kept this, and indeed is about half of our total budget, is through the Perkins funds. And I would like to encourage you to encourage whoever in the Department of Education to not only reauthorize Perkins funding, but also increase that Perkins funding.

Thank you.

[Applause.]

MS. KIMGERLY PADGETT: Hello. I'm Kimberly Padgett. I grew up in the foothills of Appalachia in a small community called Hiding, Kentucky and now I reside in Versailles and I'm state director of the Kentucky Rural Community Assistance Program, RCAP. RCAP is federally funded by USDA Rural Development, EPA and Health and Human Services. In Kentucky we assist rural communities finance, water and wastewater facilities, through rural development and then maintain compliance once those facilities have been developed.

Last year our Kentucky programs leveraged more than \$24 million for water and wastewater systems, which sounds like a lot, but it really isn't. We have many needs. We are a direct service provider of USDA.

Kentucky RD led by Ken Slone and Vernon Brown remain devoted to assisting the small systems which desperately need not only loan funds, but many grant dollars as well. So on behalf of our rural residents, systems and programs, I strongly encourage your continued financial support and increased funding for USDA Rural Development.

Thank you.

[Applause.]

MR. RICHARD PRESTON: Oh, hi. I'm Richard Preston. I'm a farmer from central Kentucky. I see a lot of fellow farmers out here and I know we haven't had many speak yet. The one thing I wanted to address are two points, point number two and point number five.

First of all, I would like to thank you for what the USDA -- it's very important for my farm. It is very important. My farm really depends on the technical assistance I get from NRCS, all the help I get from FSA to work through this mountains of paperwork and all that crap that we have to work through.

[Laughter.]

MR. PRESTON: It's very, very important to have those offices and have those people that are willing to sit down and help me understand this stuff.

But the other thing I'd like to point out, there's been some talk here as if when you give me money that those subsidies are a bad thing. What I'd like to say is that those subsidies, you're getting a very good return on your money. It's like bubble up economy instead of trickle down economy.

For \$37,000 that you gave me last year I'm very thankful for that. I spent \$800,000 in my community. So you got a pretty good return. So I would say that farmers are very much in economic development. And we are the engine of economic growth in rural America.

Thank you.

[Applause.]

MR. LARRY SNELL: Mr. Secretary, I'm Larry Snell, Executive Director of the Kentucky Center for Cooperative Development with offices in Elizabethtown, Kentucky and an office at UK campus in Lexington.

First of all, I would like to thank you for taking the time, like everyone else has today, for coming to Kentucky. Agriculture and rural economic development in the state of Kentucky are vital to the health of our rural economy. I'm sure you're well aware of that as you travel from state to state.

I'd like to comment on questions number five and number six. I urge continued support of the USDA Rural Cooperative Development Grant program. The Kentucky Center is one of 22 cooperative development centers across the nation that are doing development work and providing technical assistance to not only new cooperatives, but existing cooperatives as well.

Co-ops aim for capital in rural communities, provide access to markets for producers and generate wealth and jobs in rural areas. I am sure you are well aware of this. Co-ops offer economic opportunities from small and medium-sized farmers and entrepreneurs. Kentucky farmers can produce a multitude of quality products, but at the same time the infrastructure must be developed to market those products. Rural business development is to keep pace with the diverse changes taking place in Kentucky agriculture. The infrastructure must be developed as we diversify into the new crops that we are challenging that we are trying to do here in farm enterprises in Kentucky today.

And in regard to question six, I would like to urge continued support for a very important program and that funding is needed for the Value-Added Producer Grant Program. These grants identify alternatives to traditional commodity farmers, for Kentucky farmers, and take advantage of niche marketing opportunities. They have benefited many ag businesses both cooperatives and LLCs in Kentucky and what basically they do, they give these start-up businesses the opportunity to do some careful planning, do feasibility studies, and to base these businesses on sound business principals.

So, again, I thank you for coming and listening to us here today. Thank you.

[Applause.]

MR. SCOTT TRAVIS [sp]: My name is Scott Travis, I'm a farmer from Spencer County, just 30 minutes south of here and it's an honor to stay and talk to you directly right here. It's a chance of a lifetime and I appreciate it.

What I want to talk about is basically the Farm Bill. The Farm Bill that we currently have in my operation is way ahead of the Farm Bill we used to have. We have the safety nets and things in place. I remember back in the '90s as a farmer when it doesn't rain, you don't have a lot of income. You know, paying a lot of taxes is a good problem to have. Because when you don't pay any taxes, you've got a whole lot worse problems because there's no income in your operation. And there have been years where the 1099 that you send at the end of the year has the same amount on it as the Schedule F does on the bottom. Had that safety money not come, to a grain and tobacco producer like I am, there wouldn't have been income on the farm. And I can say that every dollar that is put into a full-time farmer's hands, whether he lives here or he lives down in the delta, out west, wherever, every dollar you put in a full-time farmer's hand is a dollar very well spent. There's a small part of the USDA budget that goes directly to farmers. There's a big part of it that goes to people other than direct payment to farmers, and everyone needs to realize that.

You know, yesterday I ate at McDonalds, I got two hot sandwiches, all the Coke I could drink for \$2.85. I can't even buy a gallon of gas for that. A hot meal is cheaper than one gallon of gas. It costs more to drive to McDonalds than to eat at McDonalds.

[Laughter.]

MR. TRAVIS: What I want to say is it will be a sad day in this country when we rely on another country to feed us like we rely on other countries to provide us with oil.

Thank you.

[Applause.]

MODERATOR: Can I go over our format here. Questions one through six right now and then open comment comes at about 20 past the hour. We want you all to speak, but we also want to make sure of your name and where you're from and then the question that you are addressing here and then we'll get to the open session and we may have a little extra time for that. As soon as we get through with one to six, then we'll move to the rest. Sir.

MR. STEVE CULL [s p]: Mr. Secretary, my name is Steve Cull. I'm assistant director at the Division of Forestry. And as far as addressing conservation programs here in my tenure of 26 years with the division it's been great to see forests and the resource recognized as a commodity. And I think the importance of that resource is increasing and it has been in the 1990 Farm Bill and other things through USDA, their cooperative forestry programs and so on.

I think it's critical that a Farm Bill be part of, you know, have a forestry component in it and have a forestry program in there which includes incentives to land owners. While commodities are important and the other commodities, EQIP and other programs, it's been stated, well, there's duplication efforts. I think it's important that you recognize the long-term investment when a farmer is dealing with their forest resources. The importance of that resource is not only in Kentucky, but in the south and nationwide. And I think that a forestry portion of the Farm Bill needs to include that and incentives for that long-term investment.

Thank you.

[Applause.]

MR. BOB WHITE: Mr. Secretary, thank you for hearing us. My name is Bob White. I'm from Union County and I'm a farmer, period. That's all I do. I'm here today speaking for the family farm. Incidentally, Union County, you don't go through there to get anywhere.

[Laughter.]

MR. WHITE: We are just out there. But, anyway, the family farm is what I am concerned about. In all of the past Farm Bill discussions that I'm old enough to have been through the term family farm has been mentioned in print or on the radio oftentimes very cavalierly in my opinion.

I started farming with my grandfather and my father who have both passed away. But I now farm with three brothers, a son and two and a half nephews. And my half nephew is eight years old and there's no doubt in my mind that he will farm too. More importantly, that's what is in his mind. So, when you get to discussing these things and making these decisions, don't forget that the family farm is not a mom and pop operation anymore. The family farm is a mega farm as I've heard already. And I'm not necessarily proud of that, but that's the way the business has evolved. And I hope that -- I'm addressing question three, I'm hoping that that is remembered when it comes time to decide payment limitations and all of those other things that affect a family farm.

Thank you.

[Applause.]

MR. LARRY KIRKLAND: Thank you, Mr. Secretary, for listening to the voice of American agriculture. Welcome to Kentucky. My name is Larry Kirkland. I am a fifth-generation farmer from McLean County where I grow grain crops and tobacco on about 1,000 acres. I am also your employee. For the last 17 years I've served as director of FSA in my county. While there, my staff and I, have tried to provide information and opportunity to the farmers that we serve.

As a full-time government employee and a part-time farmer, I have viewed USDA policy from both sides of my desk. I made many observations as a CED, but today I am going to speak to you in a farmer's voice.

Mr. Secretary, I'm sure you've heard that old saying, if it isn't broken, don't fix it. That analogy would apply to the loan deficiency payment program. The program works the way it was designed to work. It is only triggered when the price of a commodity falls below the loan rate. It only pays up to the loan rate. Presently producers are entitled to earn a payment on all the bushels they produce. There has been some speculation and debate that in the future it may be limited to something less than full production.

Many critics of the program argue that large payments are made in years when producers have a large crop. Some farmers who are unfortunate to have a poor crop in a good crop year argue that high LDP rates are available when they don't have many bushels to collect on. So we ask you to please do not consider limiting the LDP rate to anything less than the actual production.

Risk management is an integral part of basic farm management in today's economy. Over the past decade many farmers have been encouraged to secure crop insurance. As a matter of fact, even required to secure crop insurance in order to participate in some of the USDA programs. For many it has meant the difference between success and failure. However, my observations are that the real benefactors of crop insurance are the insurance companies themselves.

MODERATOR: Time.

MR. KIRKLAND: It often appears that --

MODERATOR: Time.

MR. KIRKLAND: -- they are subsidized in the premiums that they collect and in the indemnities that they pay. It is not surprising that oftentimes they encourage claims to be made when there really aren't any.

MODERATOR: Time. I'm sorry. Time.

MR. KIRKLAND: Thank you very much.

MODERATOR: Thank you.

[Applause.]

MR. LARRY BUTLER: Mr. Secretary, my name is Larry Butler. I would like to tell you where I'm from, but I live in three counties. Actually the county line goes right through the house and they have to determine which kid goes to which school.

[Laughter.]

MR. BUTLER: Spencer, Jefferson, and Bullet County, Wilsonville would be the closest place in Spencer, Whitfield would be the closest place in Bullet, and Ralph would be the closest place in Jefferson.

I'm going to address the FSA office today. The amount of paperwork, the ladies that we have and gentlemen that we have that they're doing their jobs. You put a tremendous burden on them -- and "burden" might not be the correct word to use -- when the tobacco ballot came through. In March they were asked to do something that no one had ever been asked before. By June they were making payments. My name ending in B meant that I was one of the first ones that got to sign up. Well, before they got to S's the programs were already changing and we were having to go back and resign up again. Our information was correct, it was on time. Whenever there was a problem because the programs were changing, the ladies were on top of it, they had it to us, we were able to get down and we got our sign ups together. Everything was doing fine.

It's been mentioned of all the cuts that we're going to have through the state of Kentucky, 31 offices, and amount of people that I don't even know the correct numbers for. I think it would be in bad interest at this point in time to be closing these offices until we get through at least the first full year of our tobacco buyout. There are so many other programs that are talked about that needs to be done for the state of Kentucky to be a pilot program for livestock identification. You have a great avenue right there with the amount of people you already have on staff to handle that without any type of cutting funds, without any type of cutting offices or employment.

I'm going to get out of here before the lights come on. I have one other thing I want to address, but I guess that would be on the open forum. But I think this needs to be taken into consideration, especially our cattle identification. We've been told that they want to make Kentucky a pilot state. So there would be a great opportunity right there to use our FSA offices.

Thank you.

[Applause.]

MODERATOR: Let me poll the audience for just a second. How many more of you here want to comment on question one through six? We have a schedule that they set, but they also have given me some liberty here, and I'd like to offer it. How many want to comment on one through six? Anybody else who wants to comment on one through six? I know we have three people standing here. Okay. Cool. We have one there? How many more? Because I've got 30 minutes allotted for it.

Okay. How many of you would like to participate in the open forum, you plan to either speak now or speak again? And you see, we're going to have a whole lot of daylight left if everybody doesn't get back in the game. So let's go ahead for the next five minutes or so and let's put our comments on the one through six. And Mr. Secretary, if that's okay with you, we will open up for general comments and allow a broader period there. But if you're going one

through six, please come on and do that and then we can open this up so I don't feel so bad about pulling somebody out of line and one thing or the other. Okay. Let's go ahead. Thank you.

MR. MITCH DUNN: Thank you for being here, Mr. Secretary. My name is Mitch Dunn. I am from Wilmore, Kentucky. I am actually wearing three hats today. I'm a tobacco farmer in Jessamine County, which is just south of Lexington. I am a USDA employee in a county Farm Service Agency office. And but probably more importantly today I'm here to represent our FSA county office employees. I am the current president of the Kentucky Association of FSA county office employees. And if you don't mind, I would like to ask our FSA employees that are here to stand please. I think you will see we are very well represented. State committee folks, county committees are here and so as you can see we are very well-represented here today. Thank you all very much.

What I would ask you to do is examine the track record that FSA has had in delivering prior Farm Bills. I think you will find that we have delivered programs in a most cost efficient manner. We are very proud of our employees and the involvement they have in their communities. We just administered very effectively and efficiently, I think, the tobacco buyout program. And now we as FSA county office employees stand ready to deliver the 2007 Farm Bill in whatever capacity that we can. We just, under the leadership of our state director, Mr. Jeff Hall, we ask you to look at our track record and put us to work in the 2007 Farm Bill.

Thank you.

[Applause.]

MR. _____: Mr. Secretary, glad you could be here today. I'm kind of wearing two hats today. I am an AG lender with U.S. Bank in Hopkinsville, Kentucky. I was raised on a family farm down in that area. So I guess my whole heart is in this whole meeting here today.

But I guess the point I want to make is that with the new Farm Bill coming up, I think you all need to make a very aggressive effort to either keep the program payments in tact or some other version, or we've got to find markets for this grain out here. The farmers I work with, if they don't have good yields each year and if these government subsidies are not there, they don't cash flow and it makes my job hard. And I know these farmers have hard times too.

I might also mention, I grew up on a family farm down there in Hopkinsville, as I said. And back when my dad farmed in the '60s, he had 600 acres of grain, some of it (unclear) grain, we had about 30 or 40 acres of tobacco and a cattle operation. Well, I've got a brother farming today and to make the same standard of living that my father made, he has to farm 5,000 acres and his profit margin is that narrow. And he has two, \$200,000-plus combines. My dad had one he paid \$40,000 for new. So that I hope parallels what we are looking at here today. Everybody talks about mega farms and all this. These farmers have no choice. They've got to get bigger to make their standard of living for their families.

So I didn't plan to speak today, but I thought I was compelled to do it because nobody else in the banking industry has been here and I'm an AG lender and I have a lot of farmers that need the help.

Thank you very much.

[Applause.]

MR. DON MARTIN: Mr. Secretary, I'm Don Martin, president of Agrifuels, LLC. Agrifuels is a Meade County business located near Brandenburg, Kentucky. Question five addresses how can federal, rural and farm programs provide effective assistance in rural areas? Parts of the existing 2002 Farm Bill already give producers and rural-based businesses a competitive edge. The 2007 Bill needs to preserve all of that great work that was done in the 2002 Bill.

In one section of the existing Bill the renewable energy assistance program allows producers and rural businesses to apply for grants and guaranteed loans for renewable projects that produce fuel, ethanol being one of those fuels. Based on positive results our group from positive results from a feasibility study done by the Cobank Business Advisory Services we have decided to go ahead and make plans to build an ethanol plant in Brandenburg on the Ohio River.

Based on our financial need and the rural area that we are from, if it wasn't for this program, we would not have an opportunity to compete with the larger corporations. And I want to thank you for giving us that opportunity to compete for the grants and participate possibly in the loan programs.

Again, I would like to encourage that the 2007 Bill preserve the great work done in the past on the 2002.

Thank you.

[Applause.]

MR. BUD BLAIR: Mr. Secretary, Bud Blair from Springfield, Kentucky and I want to address issue one with beginning farmers. The quickest way to get my message across, I think, is to tell a true story.

In 1982 I was 22 years old, couldn't get a loan at the bank to buy a farm that I had been working on. They wanted to sell. I go in, in 1982 my loan is approved in May of 1982. It takes a year from the Farmers Home Administration to get the money. It was a hard year, the heirs wanted their money for this farm. I got it, I still have that farm. That's where I live today. Back last year at the tobacco warehouse this young guy that I know, hard worker, good farmer, he tells me he is going to buy a farm. He goes in and deals with the same man that loaned me my money. And I seen him six months later and I said, "well, did you get your farm?" "No. Got the loan approved. The man, he got real ill, his daughter wanted to sell the farm and wanted her money now."

You've got a good program, but when it takes a year people get antsy in that year's time. You've got an excellent program, why does it take a year when your loan officer approves it to get the money to trickle down from Washington? Land prices are changing fast. When a farm comes up for sale and it brings more money than what they priced to you, then they want more money. So if you could speed that process up, I think it would help beginning farmers a lot.

Thank you.

[Applause.]

MR. _____: I'm open comments, Jeff, first in line.

MODERATOR: One through six. One through six, anybody left? Come on up and then we're going to go. One through six. Good deal. Go right ahead, ma'am.

MS. CATHY BAIRD [sp]: Hello, Mr. Secretary. Thank you for coming to Kentucky. My name is Cathy Baird and I am a proud employee of the Union County Farm Service Agency and I proudly serve our farmers. But just as important, I am the wife of a farmer and I'm part of a farm family. My husband is a full-time farmer and farms just over 1,000 acres in corn, soybeans and cattle.

I would like to address question number one concerning the next generation of family farms. Mr. Secretary, my family is the next generation of family farms as the average age of today's farmer is 55 years plus. The face of the family farm is changing. It is imperative for the family farm to now have an outside source of income that comes with health insurance, retirement and other benefits. The farm family has to send their children to day care because both parents are working instead of having that chance to grow up on the farm.

As life changes on the farm, farm policy must change too. The next generation need encouragement to continue to farm. It is difficult for a young farmer to be competitive when saddled by debt from machinery and operating expenses like \$2.30 a gallon for farm fuel, then sell their commodity below the posted county price. Please remember the next generation during the next Farm Bill. Please continue with the LDP, countercyclical payments and other price support programs, along with the farm loans as the gentleman from Springfield said from the farm service farm loan team, and consider tax breaks or credits for land, machinery, and other large operating expenses.

Thank you.

[Applause.]

MR. MIKE ELLIS: Mr. Secretary, thank you for coming and I noticed you are taking a lot of notes. So I know you're listening, so thank you for that. I am Mike Ellis a Shelby County and Henry County farming. We are about 35 miles to the east of here. We are grain farmers primarily. Have been tobacco in the past of course, but primarily grain now. Item number four is the conservation programs and I think this would also impact number one in helping young farmers.

I have a couple of conservation and reserve suggestions. One is the crop history now has to be four out of the six base-period years to participate in that program. And that program is based on years 1996 through 2001. So it's not kept up and current with today. And it would help the program if it were the last six years and rolled forward each year in the new Farm Bill if that could be possible so that today it would be applicable to today's farming that we are doing and not what was done in the past.

The second thing that I see that could help is when we take a new farm under to grow crops on and lease it, most farms that we're leasing have not had row crops. So we have to then put areas along streams into row crops for a period of time until this crop history is met. Then at that time we can then enroll in CRP programs. If there were some way or provision that would allow these areas to enter into the CRP (unclear) program at the onset of cropping so we wouldn't have to be forced to crop them in a manner that's inconsistent with this management practices it would help.

Thank you.

[Applause.]

MODERATOR: Okay. Help me gauge my time just a little bit. How many of you would like to participate in the general comment period? Can I see some hands? Let me see you so I know what we're doing. We're not going to play another hymn and sing and come down. We're not going to do that. We're not going to pass the plate either, okay. But I would like to know and I'm probably not going to clear my throat until about two and a half minutes, okay. Don't tell him, but that's probably what I'm going to do.

We don't want to have the Secretary of Agriculture and our audience and lose any time. Okay. So now is our opportunity. Maybe you came and you just didn't want to, you're not sure that you're the person to do it. Yes, now is your chance. Let's be sure that we get it done. A lot of things have been in the news that we haven't talked about here tonight and I certainly hope that you do your part in bringing those up. If not, this guy may start asking you questions and they get real tough.

First general comments, come here.

MR. WAYNE HUNT: Mr. Secretary, my name is Wayne Hunt. I'm from the western part of the state. I live on a family grain farm, three generations, only farm now. It's a 5,000-acre operation. It started as a 240-acre operation. That's the center of it today. That is the true family farm.

I first would like to send a message to the President and say, thank you for a job well done. This Farm Bill is working and it's done very well. I don't know of a single part of it that hasn't done its job. I'd have to tell you, I'm not sure we agreed with it 100 percent when it was passed, but it has worked very well. It has provided a safety net and things it should have. The property insurance a critical part of it. We have to have our property insurance today.

I think you need to realize, when we go to talking about things like payment limits and things of that nature, when you see out here, when you see true production agriculture, it's not a small thing anymore. Payment limits can be very limiting. That money goes to pay debts, it goes to pay bills, it didn't go in our pocket. So I think if we're very careful when we limit. If we ask for production agriculture to stand up in this room today, I don't know what that number would be. I would just like to say, everybody's got a hand in it or are true production agriculture, would you stand up?

You see, our number is not too large. We do a good job of feeding this country today, but it's obvious Farm Bills affect a lot of things that I didn't know it affected until I got here today.

[Laughter.]

MR. HUNT: But the production agriculture, the guy that's grassroots on the farm, that portion of the Farm Bill has worked very well and I wish you would take it back to the President. Our hats off to him. He's done a great job of it. And we would like to salvage all of it we can. I understand budget constraints, I understand that you've got to meet all those, but your job might be pretty easy. You've got a good framework to work in. We appreciate what you've done and appreciate you coming to the state and meeting with us.

[Applause.]

MR. ANTHONY TRAVIS: I'm Anthony Travis from Spencer County which is near Taylorsville. I want to thank you for coming to our great state, Mr. Secretary. And I grew up on

a small dairy farm. I don't know how big yours was, but we went on and we had 15 or 20 cows when I started out and when we quit the dairy business we had about 450 heads of dairy cattle.

I was blessed being able to raise my children on the family farm. The knowledge that they gained from that family farm is going to be hard to replace with grade school, high school, college, whatever. It's very important for those kids. There's education there that can't be gained elsewhere.

I've served on the FSA committee director of Farm Bureau. I've farmed all my life and I now serve on our county government. I've also farmed in the state of Indiana, Kentucky, Tennessee, and Mississippi. And I'll have to tell you that these programs come and go and we all look at them when they come by and say, what's going to happen to us now, what's coming. But I will have to tell you that all these program what is there is working.

And I have to go back to the thought that getting to work on the combine one day and a fellow, I told him, "we're going to work on this combine." He said, "Mr. Travis, you run all those soybeans yesterday, why are we going to work on it for?" And that's the point that goes back to the program that we've got now. I realize that it has to be looked at again, but we need to take a serious look and maybe a rubber stamp would be more appropriate.

Thank you.

[Applause.]

MR. PAUL HORNBACH [sp]: Mr. Secretary, Paul Hornbach from Shelbyville, just about 30 miles east of here. I'm a tobacco, row crop, and beef cattle farmer. I also serve on a state committee and I appreciate the opportunity to do that and help serve USDA in that level.

The comment I wanted to make today, Jeff, is like you talked about, it's something that's been in the news. Mr. Secretary, it's not under your all's jurisdiction in USDA, but it's an issue that's of utmost importance to agriculture all over this nation and that's immigration reform. The need for agriculture to have a legal, stable, affordable labor supply to harvest crops all over this country. I understand the needs. And I also might say that I'm chairman of the American Farm Bureau Labor Committee, so I know the needs of agriculture all over this country, and the need for that stable supply of labor that we have. I also understand the need for immigration reform as it pertains to national security that we protect our borders. That's something we need to do. We need to make our borders more secure so we don't have people just walking in all the time.

I also know that we have a large number, some say 14, 15 million undocumented workers here in the United States. Those workers don't need amnesty. I agree with the President and you can take these comments back to the President, amnesty is not thanks to that. We do have to document those workers, get them on the tax roles, not put agriculture in a situation that we are without a work force for a period of time because if it's tobacco it takes 250 man-hours per acre to harvest that crop. Or if it's citrus crops down in Florida or Arizona, the vegetable crops all up through California and the east coast or anywhere in this nation, they hadn't harvested the crops we had. Those are not jobs that like to be done by the American workers.

I have participated in the H2A program as many others do here in this room, which is the only legal source of seasonal migrant labor that there is and it is in desperate need of reform. Along with that, I just want to make sure that you take those comments back to the President and that agriculture does get treated fairly in any type of immigration reform we might have. Because I know the President has been talking about it recently mainly for purposes of national security and I think it's something that it's time that we handled.

[Applause.]

MR. JIM PIERCE: My name is Jim Pierce and I'm from Oldham County, Kentucky. Mr. Secretary I want to thank you for coming to Kentucky today and listening to some of our concerns that we have here today. I would like to say to you that I am a farmer that is above average. I am over 60 years old and therefore I'm a little bit beyond what some of these other fellows are.

I want to talk about four different issues that I feel are important to us. One of them, and this is somewhat in the general area. Rural Development funds are very, very important. I can remember back when I was a teenager and Oldham County received funds from Rural Development to develop a water system. We were having problems running a dairy with having the quality of water that was always needed, having to pump from wells and things of that nature. So that is a very, very important thing and please do not shortchange that.

The next item is the closing of FSA offices. I happen to farm a small family farm and have taken in some other land that surrounds me from owners who either do not have the equipment or are older and so forth. We have lost our FSA office and moved to the other one in one of the other rounds. It took about three to five years for the group up there and they're wonderful people, they work hard, but simply to get all the intricacies of our farm plan together and make it work so that if you do need to contact them by telephone that they can work with you. And I'm reaching out to those other people even though we may not be hit by the farm FSA closure, but other counties that may be. If you are in a large area such as your home state in Nebraska and places like that where they farm thousands of acres on maybe one or two tracks, but when you are farming multiple tracks, it's a hassle to have to retrain people in the FSA office to do this.

I would also like to thank you for the tobacco buyouts. This one thing was a program that helped immensely for those of us that are raising and cannot find labor to do that.

The last thing I would like to speak to is the renewable fuels. I may have a simple solution to a very complex problem. But one of the things that pleases me is that this summer one of the local co-ops made available to their infrastructure biodiesel for me to use on the farm. And there is nothing that pleases me any more when I start my tractor or this fall when I start my combine to know that I am running on farmer-produced fuels. I am only using B-10 at this time. But I'd just like to say, I wish we could help with the infrastructure to get more of those out so that we as farmers can help solve the problem and B-10 would cut 10 percent of the fuel that we need [off microphone].

[Applause.]

MR. ROGER THOMAS: Mr. Secretary and Jeff. Thank you, Mr. Secretary for coming to Kentucky. I am Roger Thomas. I am sure you don't remember me. I had the extreme pleasure of meeting you just a few days after you assumed your responsibilities at a function that the Kellogg Foundation sponsored for Rural Development. And we had the opportunity to talk about your views on Rural Development and I could tell then that you were sincere in the need that you see for monies to be provided for investment in rural America.

I am supposed to tell where I'm from. I'm from Smith's Grove, Kentucky and I was going to tell you that it's east of Oakland, west of Hayes, and south of Hydro, I believe that's right, folks from Warren County. But I know you know where Smith's Grove, Kentucky is. So I won't tell you that.

[Laughter.]

MR. THOMAS: I am here -- first, let me say thank you for the job that FSA does. I haven't been in every FSA office across this state, but I have been in the one in Warren County. It's run in such a professional manner and we are fortunate, Warren County is, to be blessed with an office that we have in Warren County. And we are fortunate that Warren County is not on the list of offices to be closed. But I will tell you that I know of some of the offices that are scheduled to be closed and some of those offices are in the most tobacco-dependent areas in the state and obviously a lot of their workload had to do with tobacco.

If the office closings, if that's a done deal, if there's no backing up, I would urge you as the Secretary and the administration and our congressional delegation to think about those tobacco-dependent counties here in Kentucky, unique from any other state, and those offices that are being closed, try to come up with a way to offer special incentives, special things in rural development for those counties that are having offices closed.

Finally, and quickly, I am also the executive director for the Kentucky Dairy Development Council. It's a new organization that with the help of the Department of Agriculture, the Agriculture Development Board is doing a great job of diversifying agriculture in Kentucky, we were able to form this organization and we look forward to fostering an environment for growth for dairy in Kentucky and we'll do that hopefully working with young people. That's Rural Development too.

Thank you, sir.

[Applause.]

MR. AARON READING: Mr. Secretary, Aaron Reading. I'm from Howardstown [sp], Kentucky. It's about an hour south of here. I'm just glad you're here. I feel it's a great opportunity to talk farmer to farmer and let you know what my concerns are.

I want to address specifically the commodity loan program portion of the Farm Bill. As a young corn and soybean grower, I don't really have the ability yet to lay it out in cash for all of my inputs. So, you know, I'm running, I'm borrowing money here. And with that in mind, you know, as December rolls around, you know, my bills are going to be due. I have to pay those bills. So I rely heavily on being able to put those corn and beans under loans so I can meet those obligations. I don't have to sacrifice my grain at the historical low point of the marketing year. I can hold my grain and try to sell it later on in the year and realize a profit and then pay my loan back. And I want to stress to all the subsidy phobia people out here that this is a loan, I'm paying it back. It's not a handout. And so I guess what I'm asking is that as you go into the next Farm Bill, you know, I've heard a lot of discussion about reducing the loan rate or reducing the amount of my production that I can put under loan that you will really consider not doing that. In fact, possibly even raising the loan rate, especially when you consider the skyrocketing cost of fuel and fertilizer, you know, these are all obligations that I am still going to have to meet within that time frame of my operating loan. Again, I just want to stress that this is a loan, this isn't a subsidy, it's not a handout and I feel that could be very beneficial.

Thank you, sir.

[Applause.]

MR. CHUCK SMITH: Yes, I'm Chuck Smith, a seventh-generation Henry County farmer, was a third-generation dairyman. Two droughts kind of put us out of the business. And an ex-tobacco grower.

I am here to talk about the term limitations on loans of FSA. In 2002 I was granted a loan to actually -- we diversified into growing grapes here in Kentucky and having a winery. And I had been a borrower for several years from FSA. So after a couple of years they implemented a program that only seven years you could be active and to borrow in operating loans. And that has really cut into our ability to fund our operating expense in this new value-added venture here in Kentucky. Also, the value-added grant system, the applications, even two lawyers couldn't help me fill these things out. So I wish you would look at that. Those are two issues that I think some people in the room and especially the seven-year term limitations on loans that you can only have a loan for seven years, I mean, we are still out here struggling with this farm economy and I hope that something in the new Farm Bill can be done about that.

Thank you.

[Applause.]

MR. PHILIP GARNETT [sp]: Mr. Secretary, I am Philip Garnett from Hopkinsville, Kentucky. I just hate to see us do away with this Farm Bill after we have finally halfway figured out what's going on with this new Farm Bill. Because of the safety nets involved in it with the federal crop insurance program, that I think when you go to the bank and get your loan to put a crop out they have security. Just like if the wind came through and destroyed a lot of corn at least we could sleep at night knowing we would get our production costs back.

Also the LDP program has been very efficient. Of course, it doesn't store. In 1980 every warehouse in our town was full of corn and it gave us a chance to go ahead and move the corn on out to the pipeline and it won't kill the next year's price. So the LDP is only working when it is working because we are moving that grain on out so we can see the future. And maybe ethanol will come along and maybe we won't have to have any LDP. That would be the best thing to go. But these safety nets in agriculture are very important because if we don't have the insurance and the LDP payments, direct payments, in other words there's nothing out there, we would all be like in 1980 when we were all up here crying selling our farms. So I think these safety nets are working. I think everybody here you don't hear about the foreclosures like you did 20 years ago because of this Farm Bill. I wasn't all for the Farm Bill. I was afraid of the farm it would hurt. I said, "How are we going to make that work?" You know, I said, "you know, you can raise all you want, but it is working. So I think we need to stay to the course and keep these safety nets in line.

Thank you.

[Applause.]

MR. _____: I too would like to welcome you, Mr. Secretary. I would like to express also that I've been farming for 25 years, I've been through several Farm Bills and I would like to express that this is one that is working, working very well. I can't imagine why we would want to mess with something when we've got something as much as government we have to do. And we have so many problems with things in this one to be working this well.

I would like to also express on renewable fuel. There, again, we have the -- if national security for no other reason and solving the farmer's plight in having a market for his grain and corn, if we could just start using the resources we have, we wouldn't have to rely on foreign oil.

And all this to play in the Farm Bill is working today. So why do we want to change? And I just hope we can leave it alone.

Thank you.

[Applause.]

MODERATOR: You were standing so you're going to have to stand to go.

MR. AL PETTIGO [sp]: I saw Bruce waiting, so --

MODERATOR: No, it doesn't work that way.

MR. AL PETTIGO [sp]: Mr. Secretary, I'm al Pettigo [sp]. I'm from Fountainrun, Kentucky. I too want to thank you for being here today and listening to our comments. I am a full-time farmer, beef cattle, tobacco and a small amount of grain. I have some concerns, I guess.

Well, first of all, I want to say thank you to you and the administration for the trade negotiations, CAFTA and others that you've completed to help us reduce tariffs on our products going into those countries. Sometimes I think we forget that most of those products are coming in here tariff free from those countries and that we are paying high tariffs on products going into their countries. So I do appreciate that.

However, I am a livestock producer and one thing that's concerning me is the reluctance of particularly the Asian markets, I guess, to reopen their borders to our beef cattle industry. We put the safeguards in place, I think, to ensure that we have a safe product. I would encourage APHIS and FAS and all those within USDA to work diligently and anything that the administration can do to reopen our borders would be appreciated.

I am a very strong supporter of the MAP and FMD funding. I hope we can continue to fund those. I serve on the U.S. Meat Export Federation board of directors and we appreciate those funds and I think utilize them very well to promote our product overseas.

Trade is so important to agriculture. I think we don't look at it as we should always. I know in the beef industry, the value of our animals, there are so many things in a beef carcass that we don't want to consume here in this country that others look at as a delicacy. It's important that we have trade. It's important that we have trim coming into this country to blend with our -- or lean cuts coming into this country to blend with our trim to ensure a higher value for our carcasses. So I think trade is very important.

Finally, on tobacco I do want to thank you for all the work that went into the tobacco buyout, especially from our congressional delegation that are here today. There are staff people and all the work that they did. That was critical in us transitioning. But tobacco is going to be important in Kentucky. I think it will be. And I'm not here to ask for the government to help us with tobacco again, but I think tobacco is a legal commodity and if we could just get it to be recognized as a commodity so it would be eligible for any export enhancement funds or any other kind of funds to help us export tobacco. We export 30 percent of our tobacco in Kentucky overseas and that's critical for us.

Thank you.

[Applause.]

MR. BRUCE KLINE: Mr. Secretary, my name is Bruce Kline and I'm from Crofton, Kentucky and probably the only reason I'm going to speak here today is I rode up here with five gentlemen and three of them have spoke, and just felt like I had to speak.

[Laughter.]

MR. KLINE: I would like to take the opportunity to thank you yourself and the administration. This is a plug for me and the President in which I do value this President greatly. The on-going war in Iraq, I think we are doing the right thing. And just from one Kentuckian to this administration, I think he's right on target. I know he's been under a lot of fire otherwise.

The one thing that I would like to speak to you today about. I am probably one of the biggest H2A users here in the state of Kentucky. And the H2A program as Paul has so well defined today has got some problems. But the thing that I do not want to see happen is that we throw the baby out with the bathwater, so to speak with the program. It is a good program, a very good program. It just needs to be tweaked. You know, we don't need to throw the program away, just as you've heard folks talk about the Farm Bill today, the H2A program is a very good program. I would encourage more people to use the program. You know, the wages that we have to follow [tape break] --

[In progress] I filled it today and paid \$3.00 a gallon for gas as we came up here. The renewable fuels, I just think it is wise if we could continue that path also.

Thank you much for being here.

[Applause.]

MR. DEAN WALLACE: Mr. Secretary, I'm Dean Wallace with the Council for Burley Tobacco. I represent Burley Tobacco farmers. We are glad to have you here. I want to thank you for all the work of USDA and the President in getting the buyout done and getting it done efficiently and getting the money out.

You heard two things today that you probably -- two words that you probably haven't heard at a lot of other forums and one is tobacco and the other is family farms. We have had a family farm culture in Kentucky for one simple reason, because of tobacco. And we're going through a whole new era. We don't know where we're going right now. We just know that it's gone down a lot. We've dropped from almost \$1 billion, to just saw USDA released back here, last year tobacco sales in Kentucky was \$421 million. And likely this year we'll probably, because of the drought and reduced production, probably we'll be down about another \$175 million from last year. So we are talking about big bucks impacting a lot of these family farms.

We don't know where to go. We used to have the tobacco program. We weren't part of the Farm Bill, so we didn't look at it. So I'm just here to say, keep an open mind. Remember our tobacco farmers here in Kentucky as you go forward. I think there are going to be issues that we're going to need to address, we're going to need some support. For example, I think we need management to where we are reporting tobacco acres to FSA offices. I think we need to know where tobacco is being grown. Is it going to Pennsylvania? Is it going to Maryland? Is the Burley Tobacco going to North Carolina?

I think our farmers need reporting of markets and prices. How are we going to know what prices are and how much tobacco is sold?

So thank you for coming and just keep our tobacco farmers involved. And we may need to be at the plate more so in the future with the Farm Bill.

Thank you.

MODERATOR: Okay. I'm just going to nudge here for just a second. We have about eight minutes, maybe ten minutes left for open comments here. I want you to think about this person and what he has to do and what the President has to do and then ultimately what the Congress is going to do. When they get back to work I think the AG committees are under a September 16 deadline to decide how they're going to cut under budget reconciliation \$173 million in FY-06, \$3 billion cut over the next five years.

We've got to write a new Farm Bill and figure out how to do as much as we can with the amount of money. So if you were writing this legislation and you were forced by Congress to cut the budget, where would you cut it and how would you cut it? Because there are some that say they want to take it all out of farm programs and leave nutrition alone. There are others who see it a different way. This man has influence in Washington, you already know that. We haven't talked about that yet, so I'm asking you, somebody maybe get the nudge here and see what you would advise him to do. Go ahead.

MR. TERRY PARTON: Thank you. Mr. Secretary, my name is Terry Parton. I am a lifelong farmer. I am from Adair County, Kentucky at Columbia. I am also a very dedicated Farm Service Agency employee. I have been very blessed to have had the opportunity to serve farmers. I think you will find that most FSA employees feel much as I do.

One thing that I am concerned about as a feeder calf producer is that we've heard a lot of discussion about the National Animal Identification Program and premise identification. I think that it's very important and I guarantee that we must have the confidence of the consumer in order to protect our livestock industry today. Through that National Animal Identification System, I think we can accomplish that goal.

I would like to mention, so that my comments won't be considered from a selfish nature, that I have just recently submitted an application for voluntary early retirement with FSA and I probably won't be on the rolls when we have Thanksgiving harvest. But from my knowledge of the Farm Service Agency and the staff that is on board with that agency, I would really encourage you to look at that agency for the implementation and efficient operation of this National Animal Identification Program. I think you have an agency in place with the personnel, the location to put that program into action and to work well with farmers in getting that accomplished.

Thank you very much.

[Applause.]

MR. MARK HANEY: Mr. Secretary, I'm Mark Haney. I'm one of the officers at Kentucky Farm Bureau, second vice president, and I too want to thank you for the opportunity to come and share with us here in Kentucky. You know, we've had lots of testimony here today. And as you well recognize, we are a diverse state. We have lots of things going on in agriculture in Kentucky. We've had success stories here talked about from rural development, from conservation, programs and all those are wonderful and an integral part of the economy here in Kentucky.

I'm just here to tell you that you've got a tough job. I don't know -- you know, I know there's budget cuts that you've got to deal with, but we do have a Farm Bill that's working well. And it's very few negative comments today about the things that's going on in Kentucky. You know, Rural Development is extremely important where I live, and the conservation, and so are commodity programs. You know, for us full-time farmers they are very, very important.

But I want to just say that any wholesale changes to this program that we have, I would have to say would be cautionary. So that's my opinion.

I want to thank everyone that came here today myself. I think it's been wonderful testimony and I've enjoyed every bit of it. Thank you.

[Applause.]

I have the advantage of speaking twice. (Unclear) from Woodford County.

MODERATOR: You all did.

But I'll be very brief on this issue.

MR. HAMPTON HINTON: I have the advantage of speaking twice. Hampton Hinton Woodford County.

MODERATOR: You all did.

MR. HINTON: But I'll be very brief on this issue. One of the issues that is affecting Kentucky and this region is disaster. And I know you are familiar with the disaster in Illinois and obviously in the delta region. We have experienced an extraordinary drought. I personally have turned my cattle into soybean fields. I have no pasture and now I'm eating the soybeans.

Disaster is always an ad hoc program. It's not included in a Farm Bill. We have no way to plan for that. We've talked about crop insurance and the adequacies and the inadequacies of that of just covering production costs and the costs thereof. If there was some way to include disaster revenue assurance into Farm Bill legislation it would be extraordinarily helpful for planning.

A study recently, I think, out of Purdue, shows that in general if you have major disasters, a lot of your payments go down. Deficiency payments are kind of cyclical go down. So really there's some net savings and you could draw on some of those net savings when you don't have to pay out the LDP's for those people who are suffering production losses. And if you don't have the production it really doesn't matter if an LDP price is high or low. So somehow we've got to include some disaster legislation into this situation.

Another issue is the lack of implementation of COOL, Country of Origin Labeling. I don't really understand exactly why we haven't moved forward with that especially in livestock. I think it's extraordinarily important that we move on that issue. And I would urge you to consider, especially as you think about Farm Bill, ways to get that what was done in the last Farm Bill actually implemented in this Farm Bill.

Thank you very much.

[Applause.]

MODERATOR: This is the room -- now, Mr. Beck, correct me if I'm wrong, this is the very room where about a week ago we sold a ham for \$340,000. Did you know that? \$340,000 for a country ham in this room.

SECRETARY JOHANNNS: Really?

MODERATOR: Yes, we can't sell the rest of the hog for that, but, Mike, we're trying, aren't we?

[Laughter.]

MR. JEFF NALLEY: I'm Jeff Nalley from western Kentucky, Mr. Secretary, and I want to thank you for your willingness to be here and participate in this program. Within the Department of Agriculture, first of all, a tremendous thank you to the communications staff who work with our farm broadcasters all across the country getting us access to you and the other people to make sure that we're working in a cohesive manner for the folks that are listening.

Your market reporting service, that information available so that we are able to pull it off of the wire or off the Internet and making it available so that these folks can see it as well. And just the knowledge that we appreciate your effort, but also knowing that the challenges are ahead.

I would encourage you all that this comment card, and I'm going to chide you just a little bit more here. We didn't hear anyone talk about farm accounts tonight; those accounts that were proposed in the last Farm Bill where you would be able to take a lot of money from one year when you had a bin buster, save some of that money back and use it in the lean years that we know come from time to time. Didn't hear any comments tonight about research. We know how significant research is. And even perhaps even some assistance toward precision farming. Some of the things that we are seeing even at the farm progress show, it's amazing that they're talking about incentives to help you be more productive in the soil. And a general communication effort for folks to understand what it means to get a check from Washington and that's not net income, that's gross. That every dollar that comes to the farmer is worth five to seven dollars in the local economy. We all have a commitment. We all have a vested interest in it.

I'm a Kentuckian and, boy, I'm proud to have shared the stage with you tonight. There is one more important to us and he serves us all, that's our Secretary of Agriculture, Mike Johanns.

SECRETARY JOHANNNS: Great. Thank you very much.

[Applause.]

SECRETARY JOHANNNS: Thank you. That's nice.

[Applause.]

SECRETARY JOHANNNS: Thank you. I thought our moderator did a great job. How about a round of applause for Jeff. Great job.

[Applause.]

SECRETARY JOHANNNS: Well, I appreciate your attendance tonight. That's where I want to start in terms of wrapping up my comments. The comments by each of you were excellent. I did take a lot of notes. As I said to you when we started, mostly what I like to do in

these forums is just sit back and listen, jot a note down just so it jogs my memory when I look back through my notes two weeks from now or two months from now. So it's very, very helpful.

Somebody mentioned I have a hard job. I have the best job in America. But Farm Bills are complicated. There's just no doubt about it. So the best way to try to figure it all out is just to come out here and listen to people.

And like this Farm Bill forum, you do get a lot of debate and a lot of discussion and difference of opinion as to how best to approach farm policy.

For all of you, you've offered your input and I can promise you it's going to be seriously considered. What do I mean by that? I'll share with you today, for example. I spent about an hour, hour and a half at the office at the USDA summarizing for some of the people working on Farm Bill what I was hearing at the forums and what people were talking about and some of the ideas that had been thrown out to me. So I do want to assure you that your thoughts are considered. They are factored in.

Now, if I might just spend a few minutes here to talk to you a little bit about process. When we kicked these off a couple months ago, a few months ago, we got a comment or two from people saying, man, this seems awfully early, 2007 and we're in 2005. Well, think about this. We had a notion that we wanted to do forums. We really felt strongly that doing forums wasn't about going to two or three locations in the country and calling it good. We really wanted to do the best job we could to get around to every area of the country. It's a big country out there and that takes some time.

I've done, I think, 11 of these already. I'll be in Illinois tomorrow. We'll announce some additional ones coming up here. So just to set that kind of time aside, we are probably looking for these forums in one form or fashion to last pretty much through the year because we do want to do some forums on nutrition. We are going to do some forums that are dedicated to conservation and that sort of thing. So it just takes some time.

Well, once you are through 2005, you turn over the calendar, you are now into 2006 and you start working with the House and the Senate, you start putting some ideas down, you start working through those and economic analysis and this, that and the next thing. Well, when it's all said and done, you've probably used up a pretty good part of 2006 just to get through that stage.

Now, you turn the calendar over, you're into 2007 and you really need to signal to the farm community, to the banker, to the insurance agent, whoever is involved in that Farm Bill policy what that Farm Bill is going to look like, much less get it debated and passed and heard and all of the things that need to be done. So actually when you think about that as a rough timeline, our timing probably is going to be about right in terms of getting this thing together.

Very important point here, we are not the only player. You've got the House, you've got the Senate, you've got AG committees in both areas, and they're probably going to do some field work across the country. So you might hear that the AG committee is going to be in the state or something like that and that's going to take some time into 2006. But no Farm Bill is written by a single person. Farm policy today has got a lot of stakeholders to it.

One gentleman made the point perfectly. He said, you know, I didn't realize there were so many things involved in the Farm Bill. There's a lot of things involved in that Farm Bill anymore, rural economic development, conservation, investment in water programs and sewer programs. Think about this, over 50 percent of our budget goes into nutrition programs, food

stamps, the school lunch program that you have at your local school comes out of the USDA. The Women, Infants and Children's program, which is a nutrition program comes out of the USDA. You add all that together over 50 percent of our budget is in nutrition programs. It's not the traditional farm program that you typically think about with the USDA. Then you add into that the Forest Service, that's under our jurisdiction too. All of a sudden you begin to realize that it's a pretty significant majority of the budget that actually is involved in other programs besides the specific program we got together about this evening.

So we go from here, we finish up the forums as we head through the year. What are some of the things that I'm hearing out there? I'll share this because I gave some interviews to the media before I came in here. One of the things I'm hearing is general support for our conservation programs. I'll start there. Not unanimous, nothing is unanimous in life. You know that. But by and large, people are stepping up to the microphone whether they're farmers or Pheasants Forever or Ducks Unlimited or just somebody interested in conservation, they're saying, we think this is a good investment, it makes sense. And, again, not unanimous.

We have heard from some ranchers out there saying, you know, when I go to lease grassland to graze my cattle on, it feels like you're competing for my need there which is that grassland area. So you get some of that discussion out there. But by and large there's been good support.

To those who are involved in that Rural Economic Development, I would tell you that as of this Farm Bill forum, it really has been pretty unanimous in terms of our programs. The money that we invested here today before I walked in here, we've been doing a lot of that and it's working. And that's what we hear over and over again. Without the USDA we could not be upgrading our sewer system or our water system. The jobs that were created in this small town would not have occurred but for a USDA grant or loan program. So we have had a lot of good support for that.

It is interesting, one gentleman commented tonight of kind of this concept of whether we should talk about the conservation programs even becoming a more important part of the farm program. That's an interesting concept. We hear about that, that's a discussion that occurs out there. Way too early in the process to make final decisions about anything relative to the Farm Bill, but it's an interesting comment.

The final area I wanted to mention, it goes without saying that in just about every Farm Bill forum you are going to hear about trade issues. Trade is a very easy thing to grab a hold of and beat up on. But I have to tell you with agriculture there are some very interesting dynamics here. One is, 27 percent of the receipts come from trade. Stated another way, about one in three acres in the United States devoted to farmland needs an export market.

The gentleman that got up here and talked about the size of their farming operations, agriculture is so much different than when I grew up. When I grew up it was 160 acres in north central Iowa, it was 30 cows, some hogs that we furrowed, I raised hogs to put myself through college. I even remember the day when my mother had 5-600 chickens. Quite a bit different farming operation today, to say the least. Quite a bit different farming operation.

The other thing I'll share with you is that statistic we watch every year at the USDA. Productivity of the American farmer and rancher increases about 2 percent annually. And it's been steady productivity increases year after year. Why is that? The equipment is better, the fertilizer is better, the seed is better, just the ingenuity of the American farmer and rancher is incredible. Education, technical training, Internet, all of those things have made the American

farmer the most productive person maybe in the history of mankind. It is a remarkable phenomena we are observing.

But the other thing I will tell you is that our consumption and our population growth in the United States grows at less than a percent a year. Now, if you are growing your productivity by 2 percent and you're growing your consumption in your productivity by less than a percent, it doesn't take long to do the math on that over the next decade, and figure out that you got some issues here.

Now, the whole issue here with trade is this. I believe, and the President has articulated this too, we believe in free trade, but we also believe in fair trade. We have going on now the process, the WTO process. You will read about it. You will probably read about it more as we move closer to the big meeting in Hong Kong in December. But the whole idea here is to get a good market access opportunity for American Farmers and ranchers. And you will hear us talk about market access.

There are parts of this world where, quite honestly, selling your products into that market is near impossible because of high tariffs, et cetera, et cetera. We want to do everything we can to open that market, and I believe, as I've said so many times, I know, I don't just believe, I know the American farmer and rancher can compete on a world scale. I see it happening already. I see it happening already. You couple that with the last statistic that I mentioned earlier and that is that 95 percent of the world lives outside the United States; 95 percent of the world lives outside the United States. Our productivity growth, our consumption, the fact that the population really lives beyond our borders all relate to that issue of how important trade is and its impact in terms of the future for agriculture.

I grew up competing maybe with a kid in the next town over, at most the next state over. Ladies and gentlemen, today whether you like it or not, you compete in a world marketplace. You just do. And we have to do everything we can to give you the opportunity to fairly compete in that world marketplace.

Final thought. A lot of things going on. There's a lot of moving pieces here. There are trade issues. There are issues relating to drought and, you know, it just goes on and on. I mean, there are always issues.

This Farm Bill forum is months ahead of debate on the Farm Bill. So we need to ask you to stay in touch with us. We have an excellent web site, USDA.gov. You will see our Farm Bill forums. You can literally click onto the site that gives you the ability to offer your thoughts, today, tomorrow, two months from now, ten months from now. We want you to access that. Or write us a letter. Do something to get your information, your views known as we proceed. They will be considered.

As we continue to flesh out ideas, we will continue to talk publicly about that. Hopefully that will encourage more discussion, more debate, and a more thoughtful debate when we get to the actual legislation.

Kentucky thank you for the very, very nice welcome. It's just great to be back in your state. God bless you all.

[Applause.]

MODERATOR: Agriculture Secretary Mike Johanns.

[Applause.]

MODERATOR: As Kentuckians, you are to be congratulated for the way that you have conducted tonight. Thank you.