

TRANSCRIPT

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of Maine Farm Bill Forum With Under Secretary for Rural Development Tom Dorr With Moderator Dr. Lou McNally, Bangor, Maine, October 11, 2005

MODERATOR: I guess this is the crowd we're going to have, and can everybody hear me out there? Good. I'm Dr. Lou McNally, most recently Ph.D'd by the University of Maine Climate Change Institute with a doctorate in global climate change and history. And we're not going to go to global warming today, okay? I'm happy to but not at this forum. At any rate what I can tell you is that warmer air holds more moisture, and I guess that's probably why we can have a few of the farmers actually here today because it's too wet to be working in the field, at least today.

Nevertheless I want to welcome all of you here to the USDA Farm Bill Forum. These are being held all across the country. Is that right? Yeah. I want to of course make note of the fact that we've got some ears here for you to bend, which is a good thing-- Under Secretary for Rural Development for the USDA Thomas Dorr is here, as is our representative for the First District. Is that right? Second District, Mike. Okay. I'm from Mars Hill. Give me a break. Mike Michaud is here, and we have representatives from the offices of Senator Olympia Snowe, Mark Contio is here, and from the Office of Senator Susan Collins Carol Woodcock is here, staff assistant.

I also want to take note of the fact that we have the state director of Rural Development, Michael Aube here. There you go, Mike. State director of the Farm Service Agency David Lavway is here. And the State Conservationist of the Natural Resources Conservation Service Joyce Swartzendruber is here too.

We're going to get started today with the Pledge of Allegiance, and for that we're going to invite up Dana Brown who is a 4-H leader in Penobscot County. He's brought with him today Haley Flanders, Shelby Patton and Kelly Patton. Take it away.

[Pledge of Allegiance is given]

MODERATOR: Thank you very much. Nice to have the 4-Hers here.

And for the National Anthem, Matthew Small is going to do the honors. Matthew would you like a mike, or are you just going to belt it out? Go for it.

[National Anthem is sung]

MODERATOR: Very good. A little bit of luck we may see you down at Hadlock Field next summer. That sounds pretty good. You know our original National Anthem, up until the Civil War, was written by Justin Morgan, same guy that did the Morgan horses, a farmer in his own right. But he was also a choir director, and he went around to individual towns and taught people shape notes back then, and wrote a song for each individual town. And the song that he wrote for Chester -- we're not sure if it was Vermont or Massachusetts -- was our national anthem right up until the 1860s. The first verse is, "Let tyrants shake their iron rod, Let slavery clank her ball and chain, We fear them not, We trust in God, New England's God forever reigns." I'm not surprised they changed it. (laughs) And you probably don't want to hear the real original verses either because everybody thinks that Frances Scott Key wrote the song. He did not write the song. He wrote the words that we just sang. The original song is called To An Acrion (ph) in Heaven, and it is the bawdiest Greek drinking song you would ever want to hear. A lot of people don't know that, I'm sure.

But at any rate, we've got some business to attend to here, so let me just find my details. I also want to thank Emily Cannon, who's a public affairs specialist for the Maine USDA Rural Development, who was nice enough to send me all this information, two copies of which I have now.

As Under Secretary, Tom Dorr oversees USDA Rural Development policies and programs. Rural Development consists of three program areas-- business, utilities and housing that provide \$14 billion of annual funding authority for loans, grants and technical assistance to rural residents, communities and businesses; and an \$87 billion portfolio of existing business, housing and infrastructure loans to rural America. Bank North might like to talk to you I think; I don't know.

Rural Development has over 7,000 employees located across the U.S. including Puerto Rico, the Virgin Islands and the Western Pacific Trust Territories. Mr. Dorr previously served as under secretary for Rural Development under a recess appointment from August 2002 to December 2003, and after that ended he was named senior advisor to the secretary for Rural Development Issues. In this position Mr. Dorr coordinated several major initiatives on behalf of the Secretary including critical roles that USDA played in disaster relief efforts in response to the hurricanes in Florida.

He also worked closely with the assistant secretary for Civil Rights to reach out to minority farmers and provide a key leadership on various activities to improve program management and business practices throughout the USDA.

Mr. Dorr has broad agricultural financial and business experience as a member of the board of directors of the Seventh District Federal Reserve Bank of Chicago, the Iowa Board of Regents, and a member and officer of the Iowa and National Corn Growers Association.

And as a former meteorologist for WOI in Ames, I'm pleased to introduce Under

Secretary Tom Dorr.

[Applause.]

SEC. DORR: That's terrific. I thought I recognized the voice. Can't say I put it with the face, but I recognized the voice. But then you remember the WOI Farm Report. It's fun. I found out as I came in that your state NRCS director Joyce Shwartzendruber-- I keep getting that, but a good German name from Iowa. You must be Amish? No? Okay. There's quite a colony in that part of the state. But she's also from Iowa. So there's far more Iowa connections up here than I realized. And I would also like, particularly Congressman Michaud, to thank you for taking time out of your busy schedule to join us here as well today.

I had the opportunity to fly in to Maine, my first time in Maine ever, last night. I had a chance to chow down on some Maine lobster that was very good as well as went through a large bowl of clams and so you may see me run out here some time. But it was really good food.

I would like to briefly lay the background for why we're here, what we're doing, and then in all honesty I'm going to spend most of my time up here today listening and taking notes. What we're all about, in all honesty, is to fulfill a commitment that President Bush and ultimately Secretary Johanns made in the context of getting ready for the 2007 Farm Bill.

That was to expend whatever time and effort was necessary to try to gather input from not just the 2 million farmers who are involved in production agriculture across this great land, but also from the 60-plus million rural Americans to find out what they felt collectively was significant, what was right, what was wrong, where the opportunities were, where the missed opportunities are, relative to drafting and preparing to draft a new Farm Bill in 2007.

So first of all that's what this is all about. Secondly I'd like to thank everyone for taking the time out of your schedules to join us today. Thank all of you who are responsible for pulling this together. Mr. McNally for taking the time out of his schedule to join us. I'd love to talk to him about global warming; I'm sure that would be interesting. And the congressman and all the FSA and NRCS folks as well.

You know, working on a Farm Bill over the next two years is actually a bit of a luxury as I'm sure Congressman Michaud can tell you. Normally two years in government is a long time. And what we've done is made this commitment to try to zero in on what a number of the issues and opportunities are throughout rural America.

I remember in 1964 when I graduated from high school, and I didn't at the time think about it but reflecting back on it later on I believe I was the only graduate of my high school graduating class of around 64, 65 students who went off to college. Many of them went off to college, but I think I was the only one who went off and graduated from

college and returned to my home town in rural Iowa 1,200 population to make a living, to raise my family and to participate in what I like and quantify as the rural quality of life but also to try to sustain a family business operation in rural America. You know, it's difficult to get young people to come back if you don't have opportunities.

The Farm Bill in a general sense, has provided over the years a lot of risk mitigation tools, but there comes a point when you mitigate risk or you limit risk to such a great extent that you minimize the opportunity. It's very difficult to get young people to come back.

Without opportunity or without risk there is no creativity, and if there is no creativity there's no interest on the behalf of the bright young people who go away from these towns that they love dearly to engage themselves to come back and look at that economic opportunity that they want to ultimately sustain and thrive in those communities.

So it's my hope that one of the things that comes out of this is a fresh approach at what those opportunities are, what we have to do to kind of restructure how we look at those opportunities as well as those risk mitigation factors that are so intimately involved with the Farm Bill.

You know, the thing I think probably is the most important to remember in all of this and it's more and more evident all the time, the congressman deals with this on a daily basis, and that is that change is really ever-present and it's growing at warp speed.

There's two ways to deal with change; you can either accommodate it or you can fear it. If you fear it, it just makes life pretty miserable. If you learn how to accommodate change that doesn't mean you have to capitulate on all the principles, all the things you think are valuable; but if you learn how to accommodate change in ways that are proactive and respectful of your culture, your lifestyle and where you're from, you can create some rather significant opportunities in these areas.

I think in the early 1940s about the time, I was born in the late 1940s, there were 6 million farmers in this country. Today there are about 2.25 million and of those about 250,000 produce the lion's share of the food and fiber that we use; 96 percent of all rural income is generated off-farm. There's something like 250 or 240 counties in this country that are construed rural by definition that they receive 10 percent or more of their gross domestic product from farm receipts. So it has changed a great deal.

The simple fact of the matter is that in addition to all of that, although we at one point thought we were the economic engine that drove the world, we actually in the Midwest at one point were convinced that we would feed the world. We're now dealing with the economic prowess of the Chinas and the Indias who have gross 6 to 10 percent annually. We're going to have to work awfully hard to maintain our leadership roles, to maintain the kind of economic base and the quality of life strategies that are necessary to get people back to and to continue living in rural America.

Having said all of that, I spoke this morning, had the opportunity to speak this morning to the Husson Business Breakfast. I will tell you that I am an unapologetic optimist for rural America. I truly am. I've spent a lot of time in rural America in the last 4.5 years, spent a lot of time in rural America before I came to Washington, DC.

I will tell you and no insult to you, Congressman, I don't think we have all the answers in Washington, DC. I think the congressman will agree, we have the ability to generate some resources, but those of you who live and work daily in these rural communities, in these communities all across the country, far more effective at analyzing and solving these problems than are we.

So it's with that in mind that we're out here. We hope to gain from your insight, your observations and quite frankly your criticisms, but also your suggestions to what we can do to make a better farm as well as rural policy in the year of 2007. If we're effective at doing that I suspect we'll see a substantial reinvigoration of many rural regions across this country. There is a lot of interest in it. With the deployment of broadband and technology the ability to move knowledge and capital in ways we never dreamt of before it really is creating an awful strong incentive for people to locate themselves in these rural areas.

Having said that, I'm not going to say much more this afternoon, going to listen to you, turn the mike over to the congressman. I'm sure there are a few remarks he'd like to make. Then we're going to sit back and listen to all of you.

REP. MIKE MICHAUD: Thank you very much, Mr. Under Secretary. First I'd like to thank you for taking time out to come to the great state of Maine and little geography, you're actually if you look at a map, you're not quite center of the state yet. You got to go another 60 miles north and in the center of the state of Maine. Mr. McNally, I know you got the first district and second district mixed up.

One thing actually Senator Collins and I had fun with the Congressman, Tom Allen from the First District. We talked about geography and come to find out, the entire congressional district, the first district is 3,535 square miles, the entire First Congressional District. Mr. Under Secretary, one of my counties, the northernmost counties, Rootstock County, the entire square miles just for Rootstock County is 6,672 square miles. So you can put the whole congressional district and have plenty of room for farmers, trees and moose, what have you, in the second CD?

So it's a great pleasure to be here this afternoon. I do want to thank USDA for holding this public comment. I think they're very important, and I'm not at all insulted by the fact that I know Washington can't solve all the answers. Sometimes I wish they wouldn't even attempt to try to solve the answers because it comes right from the bottom up. I've been in the Legislature for 22 years, and that's where a lot of the ingenuity, a lot of the problem-solving comes from is from the bottom up. So I really appreciate your taking the time to come to the great state of Maine to hear what farmers have to say.

Maine has long been dependent upon our agriculture and other natural resource base industry. That's what made the great state of Maine that it is today is because of that. We are a very rural state as I mentioned. My district is very large. I have the largest congressional district east of the Mississippi, so it is a rural area. The invitation you received in the mail had six questions and how to answer some of the questions, and I think it could pretty much come down to three general concepts.

First I think we need greater flexibility within federal programs so that state and local officials on the ground can actually work directly to help our growers and farmers here in the state of Maine. It's that flexibility that's desperately needed I believe.

Also our growers have learned that sensible conservation is key to longevity and I'm very pleased with all the growers here in this room and the state of Maine realize that and work very closely with the University Extension Service, along with the NRCS. Maine farmers continue to adapt and embrace new technology and techniques to help improve their yields.

One thing I think is very important for the farmers here in the state of Maine is that flexibility that's very important. I think when you look at my opinion, the Farm Bill has disadvantaged some of the Maine farmers. I think the Farm Bill has been written with farmers in the Midwest and West in mind. Our growers' growing season is different here in the state of Maine. Our division of land is different here in the state of Maine. Our water issues and spraying are also different here.

Maine growers have been excluded from certain programs. I know one program I hear all the time that deals with irrigation trying to get some help as far as subsidizing on irrigation which is also very important here in the state. So flexibility is one of the issues. I think that's very important for the Farm Bill.

Second I think our nation must look at moving toward programs that support agricultural diversity including dairy and specialty crops. This will improve diversity of our agriculture, the competitiveness of our farms and the health of our nation. Monies should be used to encourage innovative growing practices, research and development and conservation.

Funding should also be used to explore ways to improve the business side of farming including marketing and business models. One of the things I've found talking to a lot of farmers is that marketing is extremely important, and when I talk to CEOs and site-selectors from all over the country as well as over in China and Hong Kong they say that Maine does a lousy job in marketing itself in the farmers. So I think marketing is extremely important to help out.

We do have a proud heritage. Our farmers here in agriculture in the state of Maine -- I want to make sure the family farm stays alive and well in Maine and all across the country, and in order for that to happen I think we have to have that diversity and

flexibility of different states all across the country.

So I want to once again, Mr. Under Secretary, to thank you for taking the time to come to the state of Maine to hear what the folks up here have to say, and I know later in the week actually they do have a 4:30 potato picker special a.m. show on in Aroostook County that I'm sure they'd love to have you come on up as well. So once again, thank you very much, Mr. Under Secretary.

SEC. DORR: I hasten to point out that I think Rural Development was involved in helping put some of that together; were they not? Was that part of ours?

MODERATOR: I don't know if you know Mr. Under Secretary that up in Aroostook County where the congressman is, our representative, they have this procedure this time of year where they let the kids out of school for two or three weeks and put them in the fields to pick the rocks out of the way, give the potatoes room to grow.

I should also point out that right now on Maine Public Broadcasting Network where I'm the host of Made in Maine I'm currently in the midst of production of a brand new show called Starting a Business in Maine, which is there by the grace of a USDA television demonstration from Rural Development.

And we're telling people out here in the woods and the fields that you don't have to make widgets in order to start a decent business and make things work for yourself. We're getting quite a good response from that.

So we're going to be listening to the comments of people working all night writing I'm sure. And for those of you who are here and may not know exactly what the format is, we're going to be giving people a couple minutes to comment or answer six questions. That's the way it's been set up, and let me outline what the questions are for those following along at home.

The first one deals with competitiveness of U.S. agriculture in global and domestic markets. As bilateral, regional and multilateral trade negotiations continue to result in reduced barriers to international trade, exports and imports of agricultural products are expected to become increasingly important factors, not less but more important factors in U.S. and global agriculture.

Obtaining ever-greater access to growing foreign markets and the increasingly competitive in these in domestic markets is essential for farm economic growth. One key factor, our ability to be competitive depends on the types of products demanded around the world in the next 10 to 20 years and our ability to produce products that meet this world demand.

So the first question is, how should farm policy be designed to maximize U.S. competitiveness and our country's ability to compete effectively in global markets?

The second question deals with challenges facing new farmers and ranchers as they enter agriculture. Some observers note that while farm policy has served agriculture and the country well in the past, there are "unintended consequences" that should be addressed such as the capitalization of program benefits and to land prices. These higher prices are cited as a barrier to entry into agriculture for new farmers and a fact of reduced profit for existing farmers and a cause of weakened competitive position on the part of U.S. farmers compared with farmers in other countries.

So the second question is, how should farm policy address any unintended consequences and ensure that such consequences don't discourage new farmers and the next generation of farmers from entering the production of agriculture.

The third question deals with the appropriateness and effectiveness of the distribution of farm program benefits. I suspect a couple of people will be commenting on this one. A longstanding goal of farm policy has been to enhance and stabilize farm prices and incomes. Current farm programs including crop insurance distribute assistance based on past and current production levels. Some argue that the current farm support system encourages increases in farm size and then results in a disproportionate distribution of program benefits to large farms. It's also been suggested that the program incentives lead to increased production and lower market prices.

So the third question deals with how should farm policy be designed to effectively and fairly distribute assistance to producers? I don't expect we have too many Midwesterners here today. Well, there's one I can think of. Two.

Our fourth question deals with the achievement of conservation and environmental goals, which has been way up there in terms of Maine agriculture for a number of years. While producing food and fiber our essential functions, agriculture plays a major role in natural resource future farm policy, which might be anchored around the provision of tangible benefits such as cleaner water and air. Such an approach might be consistent with future World Trade Organization obligations on domestic support to agriculture while also expanding farm programs to extend more broadly across agriculture including private forestlands.

I think we're ahead of the curve on this one here in the state of Maine. The question is, how can farm policy best achieve conservation and environmental goals?

The fifth question deals with the enhancement of rural economic growth. Farming in rural America were once synonymous over the years the demographic and economic characteristics of rural areas have changed as has farming's role in the rural economy. This raises the issue of whether more government attention should be focused on investing in the infrastructure in rural America. For example new technologies. Question five then is how can the federal rural and farm programs provide effective assistance in rural areas?

And last but not least our sixth question, opportunities to expand agricultural

products, markets and research. Once again I think we may have a leg up here in the state of Maine with the programs that we have going on. But changes in farm and market structure over the past decades have led to suggestions that farm policy could be more flexible by enabling greater support for a broader range of activities helpful to agriculture market expansion.

Examples are attention to product quality, new attributes, organic, specialty crops, value added products, renewable energy, bioproducts, and new uses for farm products generally. Expand the basic and applied research, domestic and foreign market development, and similar activities some of which you brought up, Congressman.

So question six is, how should these agricultural product marketing and research related issues be addressed in the next Farm Bill?

And we're going to invite everybody to have their say, but I would like to lead it off if I could with Dana Brown our 4-H leader from earlier today who is going to address his two-minute answer to the question how should farm policy address any unintended consequences -- oh, I'd like to mention climate in there -- that would discourage the next generation of farmers from entering agriculture. Dana?

MR. DANA BROWN: Thank you for the opportunity today to speak with you people on behalf of the Young Farmers and next generation of farmers. I work with 16 members of the Penobscot Livestock Club that are tomorrow's next leaders in the industries of agriculture here in the state of Maine and further across the country. We have a tremendous opportunity with young people that we work with also along the countrywide people to continue to encourage them and continue to educate the people and ask them just to participate and be involved heavily in the Farm Bill types, Farm Bill as it's set up and established. It really benefits them quite a bit as the Farm Bill grows and far as participation and it helps the farmer long-term.

Many of the youth we work with are heavily involved on the family farms, and many of those need those family farms for a basis. That's their start as far as farming. So our biggest struggle today is to continue with the increase and support for the family farms and let the youth of those farms have a chance to continue farming. It is such a huge investment to start up a new farming enterprise in any industry, but our biggest struggle is having to start. That start starts with the family farm.

Another opportunity we really believe is continuing to help the young people interpret the Farm Bill, how it applies to them and their scenarios today on the family farms. We can improve the understanding of the Farm Bill. The Farm Bill is set up to help production of these in the ag industry. That's our biggest opportunity is to educate and help them to interpret the Farm Bill and how it applies to their farm and how it helps their farm improve with efficiency and productivity. Thank you.

MODERATOR: Thank you very much, Dana. If anybody else would like to comment at this point please just step up to the mike and let us know your name and

where you're from and ideally which question you're going to be dealing with. And go for it.

MR. PAUL BIRDSALL: Well, am I coming through? My name is Paul Birdsall. My son and I conduct horsepower farm in Penobscot, Maine. I am chair of Hancock County Soil and Water Conservation District. And I guess I'll just try and say that you'll pretty well know what I think regional equity is what I'm proposing is that perhaps more funding come to the Northeast for conservation measures and perhaps a little less to subsidizing the middle western farmers. This would have a particular effect in that farms in the Northeast tend to be smaller and more diversified, not all of them are.

And I'm going to make a plea that generally around the country farms like this should receive some attention. I want to tell you why, because the issue is regional. Food security. And I think you know the way that forums like this are conducted you get the impression that we get lots of time and we can plan all this and foresee everything and all that kind of stuff.

But I think Hurricane Katrina told us our oil supplies can be easily interrupted. And so I'm going to call your attention to a futuristic novel written by an Englishman, set in East Anglia, which is a primary grain-raising area in England sort of like our Middle West.

And it ain't all beer and skittles as they say. The oil is running out sometime after 2000. The reason is the Shiites and the Sunnis have destroyed the oil infrastructure in the Middle East, and so anyway what happens? Civil order disappears, the military move in to keep order, and the question is, are we going to go with the existing form of agriculture production which is larger and more industrialized, more dependent on oil: or some of the smaller farmers who are less dependent on those factors?

And the military and the industrial elements of agriculture side together and get pretty high-handed, and the result is civil conflict. In the end the oil runs out completely; the military are pretty helpless so they move out, and the small farmers go to producing and hopefully they make out all right and constructs local civil government.

I guess I'm saying this just to shock everybody a little bit because you know, if we don't have regional food security things might get very nasty. And the closer we get to the end of the oil the larger the impact of any interruption whether it's natural or manmade. So I think what I'm urging and this addresses a number of the issues, the questions, is that the small family farm be paid more attention to everywhere in the U.S. so we can be sure we have an alternative. Let's not put all our eggs in one basket. Thank you.

MODERATOR: Thank you very much for your comments. Who's next? Two microphones here. Just make yourself welcome to stand right up and I'll alternate side-to-side, whatever.

MR. JOHN REBAR: My name is John Rebar, and I'm with the University of Maine Cooperative Extension, and I'm delighted to follow Mr. Brown because 4-H is a program that we conducted in this state since 1914.

The reason I'm here is first to thank you to give us an opportunity to speak and to say that the formula funding that's granted to Cooperative Extension through the Federal Smith-Lever Act is critically important to doing exactly the types of things that each of you spoke to earlier. It gives us the maximum flexibility at the local level to solve problems that are coming up from the people that we try to work with, whether it's youth, adults, the farming community or throughout rural Maine or urban Maine. We are a program of the university for the people to provide education based on their needs.

The continued funding of the Smith-Lever formula funds will allow us to do that. We recognize there's a lot of competing and important priorities at the federal level, but we turn that money, the \$2.5 million we get, into over \$10 million additional dollars. So we leverage that money four to one, and we turn that into a significant impact. I can share a long list but pretty soon I'm going to turn yellow and red, so what I'd say is for example for potato growers this past year we saved over \$2 million in pesticides plus environmental impact of the use of those pesticides by monitoring pest pressures and making recommendations. We generated \$240,000 additional dollars through education for blueberry producers through the Trade Adjustment Assistant Act because of unfair competition for Canadian producers.

Over and over again our answer to each of your questions is education-- education based on local needs, based on local problem solving, with a partnership of federal, state and county resources. Thank you very much.

MODERATOR: Who's next?

MALE (for Coastal Enterprises): (audio break) -- remarks specific to those questions. Allow me at this time just to make a couple general comments wearing my two hats. First for Coastal Enterprises, Incorporated, as I mentioned we've been involved with Rural Development actively throughout our whole history for 30 years, and we're very appreciative of the programs of Rural Development and very appreciative of you being here Under Secretary Dorr as well.

We've taken advantage of RBAG, RBOG Cooperative Development programs, housing programs, a number of them. Just to highlight one for a moment the IRP, the intermediary reinvestment program-- CI has supported over 200 small businesses in the state of Maine with that program over the years. We've taken about \$14 million in federal funds and have leveraged an additional \$106 million of private and community investment.

So we've done a lot, and these are great programs that really do work. If I had one comment to make it's that organizations like CI, which really has the capacity to do a lot more deals, we'd love to see the amount of money be higher because we could spend

it wisely and efficiently at a higher level.

I also want to mention though that CI is not a community development corporation that only focuses on what's new and great and bold and different out in rural America; but we're also an organization that since our early days have been also focused on farming. And we believe farming has a very great opportunity for success in Maine. There's some real wonderful resources that we have, and we think farming has a great future here.

I run CI's farms program, and we provide a lot of business counseling for farmers. We help them develop business plans. And if you look at the ag census for the last few years you've seen a real change in Maine agriculture, and I think that is the result of the hard work of many of the people in this room, Cooperative Extension, Rural Development, my organization, the state itself who have really thought of agriculture in Maine as being a growth industry. And it really is an opportunity area, and yet USDA programs generally do not respond to the kind of agriculture we're doing here.

So I'd really urge you to look at where the successes are and invest some of USDA's Farm Bill money in those successes. Wearing my legislator's hat for a moment my own district, which is a rural district, has benefited greatly from some USDA programs, and in particular your support for Cooperative Extension and your support for the Rural Development Councils and Maine Rural Partners, they have been critical in helping local people identify opportunities that work in our own towns.

They have been critical in helping us access additional funding. One example is a highly competitive grant that people from district received under the Cooperative Partnership Initiative. I think there are only eight issued in the country, and one of them went to my area of Unity, Maine, because of the successful collaborations and partnership with Main Rural Partners and with Cooperative Extension.

So there's a lot going on in Maine in the agriculture area. It's a little different perhaps from things happening elsewhere in the country. But I think they're models that USDA can build on.

One final plug is for the Community Food Projects Program. Both CI and some local communities in Maine have taken advantage of that program. For those of you unfamiliar with it, it's a highly creative program that really lets communities be innovative in looking at new opportunities that pull together food security issues, local production issues, reach out to institutions that are working in the food area, and it's been successful across this country.

It only has relatively small amount of funding, I think \$2.5 million a year, and there's some great opportunities to do more in that area. Thank you again for your presence here, and I will be sending more detailed comments.

MODERATOR: Excellent. I'm letting people run a little bit more than the two

minutes because we just don't seem to have a whole lot of people here, so I'm assuming the people that are here have very important things to say. I can also call your attention to the back of the program you received on the way in terms of comments. These comments you decide to send in on electronic format or walk to room 116A on Pennsylvania Avenue or however it gets there are going to have equal weight. So if you do after today think of things to say or in a different way I'm sure it will be welcome. Who's next?

MR. ROBERT TYLER: Good afternoon, Mr. Secretary. I'd like to tell you what has and what is being done in the community where I work as a result of Rural Development programs. My name's Robert Tyler. I do community planning and economic development in the Indian Township Passamaquoddy Reservation. I do have a little prepared text, and I don't have the memory like some of these other gentlemen.

We're located in down East Maine where their not-employed rate exceeds 60 percent, which qualifies for the Rural Development Native American setaside program, three times over. There are 13 projects in the designed-to-completion phase, and all of them Rural Development has provided the seed money. Being the first to the plate for wastewater treatment upgrades, Rural Development grant and loan of \$1.2 million has brought five other federal and state agencies on board.

And all but \$200,000 of the \$6.2 million project is grant funds. And I might add in that that there's two congressional appropriations for \$250,000 each, to Senator Collins. The other 12 projects are an inland waterway and public safety building, an elders dining complex that just opened a month ago, assisted living facility, sanitation truck, backup generators, first responder building, public safety building, elders apartments, drinking water well houses, wastewater pump houses, health clinic expansion, and a museum fund.

Financial commitments by Rural Development have leveraged millions of dollars more from other agencies. The commitment by Rural Development has not only allowed more tribal members to stay at home on the reservation but has also set the stage for more housing and economic development at Indian Township. If you do anything, please increase the funds that you have for the program. Thank you.

MODERATOR: The native American situation is a little different here than it is in other portions of the country. Who's next? Help yourselves. If you'd just line right up we can just pop right back and forth. That would be fine. Go ahead.

MR. DALE KOHL: Yes. I'd like to thank the under secretary for coming. It's important for rural Maine. My name is Dale Kohl. I'm the current president of Maine Dairy Industry Association. I will read from my prepared text. I think it touches on all six of your questions. Main Dairy Industry Association represents all dairy farmers shipping milk on the commercial market in the state of Maine. Maine Dairy Industry contributes \$570 million annually to the state's economy and over \$25 million in state and local taxes and provides 4,000 jobs generating almost \$150 million in earnings.

We also utilize 700,000 acres of open farmland and roughly 60 percent of the state's total agricultural land. Today I'll focus on three USDA programs and policies that have a significant impact on dairy industry -- the EQIP program, the MILC program and the dairy support policies. Conservation Security Program-- MDAI also encourages continuation of the disaster relief programs and efforts. But we'll focus the bulk of the comments on the above three programs.

The EQIP program has been instrumental in enabling Maine dairy families to undertake major construction projects and renovations to handle nutrient management issues, expand irrigation opportunities and other progressive steps to employ the best management practices on our farms. Some of these advances are extremely costly. Without the financial match and technical guidance offered through the EQIP process many farms would be unable to incorporate new technologies and strategies that would promote greater farm efficiency and increased protection of our environment.

MDIA is encouraged by the trend in Conservation Security Program rewarding states and farmers who have taken steps to protect the environment and enhance the stability of agriculture resources. However because of the way the program is being implemented only two main watersheds were included in the last round, neither of which interacted with significant tracks of agricultural land. MDIA hopes that future phases of the program will not only include more parts of the state but will acknowledge the work our farmers have done in advance of the federal program to improve our environment and show that dairy farming can be sustained for many generations to come.

Please do not exclude us from receiving the benefits and rewards of a good steward of the environment because we began the process before the program was in place. The cost to farmers both financially and in time has been no less.

At MDIA we are most concerned about the direction of the national dairy policy in this country. We've seen tremendous growth in the dairy in the western U.S., yet the dairy consuming public in the Northeast still relies on Maine farmers to provide high quality fresh local product every day. Because of USDA's federal order system prices of milk on a national market as a commodity, small yet vital dairy producing states have a severe financial disadvantage. One size all fits dairy is irresponsible, irrational and imprudent.

Large mega-dairy farms and the land-poor Eastern U.S. are no more practical than small microfarms hundreds of miles from processing plants are the expanse of the Western U.S. Without a price support system in place if market fluctuations were to occur such as what took place between December 2001 and April 2003 where prices paid to farmers in Maine were such that, we lost almost a quarter of our dairy farms and put some impact on our people. So.

The end result is a steady shift to the west that gets people farther and farther removed from their source of food. And in this post 9/11 concern over terrorism and

enhanced biosecurity this seems to be a highly contradictory process.

We need to support the family farm.

A dairy support system is essential for long-term stabilization and viability of the national dairy economy production in all regions of the country. Until the market-base alternative like the National Dairy Equity Act just passed by Congress we must urge the continuation of MILC program to protect the small dairy farm. This is not a request for a subsidy. This is a request for a fair and equitable opportunity to provide the staple of American diet to the people of this country at a fair and reasonable return.

MDIA urges USDA to make sure that the small dairy farmer has a voice in the 2007 Farm Bill so we can continue to be here for generations. Thank you.

MODERATOR: Well said. Who's next here?

MR. BRETT DOWNY (sp): My name's Brett Downy with Enterprise Maine. We're a family of community based, nonprofit organizations in southwestern Maine focused on economic revitalization. Mr. Under Secretary, I appreciate this opportunity to drive up here today to make three points with regard to reauthorization of the farm act.

The first is the importance of Rural Development programs to our communities. The Rural Development programs of USDA while they might be a small part of your budget have the greatest impact on our lives, and you mentioned that 96 percent of the income that we see in our communities come from off-farm. The Rural Development programs, they are a very small percent of the federal budget but when used properly we're able to leverage that money time and time over.

I'll just give you an example. We closed on an IRP loan last December for \$500,000. We matched that with \$280,000 to create a \$780,000 loan pool. We used that to make five loans, four to manufacturers, one to a wholesale distributor. We had two startups, two expansions and one restructuring. So far with those loans we've created 136 jobs. I should say we helped the entrepreneurs to create 136 jobs, and through the restructuring of a high end machine plant we've been able to save 125 jobs and that restructuring looks like it's going to work and will lead to the creation of another 40 jobs.

In the process we have leveraged over \$6 million in private sector money and kept \$9 million in private sector money in that manufacturer in that machine shop that would have been pulled out.

And of course we'll leverage it over and over again. We've had our first IRP loan now for 11 years, and we are always the last in and first out money, so we use that over and over again.

The second point I want to make is the importance of the USDA staff. There are some proposals in DC to take the USDA rural programs, at least take a good portion of

them, and move them out of state and down to DC. If it wasn't for the excellent staff that we can work with our smaller communities wouldn't be able to access and utilize these programs. If you move everything to DC, then the communities who need it most who don't have the professional staff, the lobbyists and the grant-writers aren't going to have access to the programs and aren't going to know how to use it.

So a real concern in the consolidation effort-- we're all for the effective use of taxpayer money. Believe me our area is very conservative. But if it means our communities most in need can't access the money then it's just going to go to communities with projects that probably will happen irregardless of USDA support.

Third has to do with the National Rural Development Partnership that was formed by President Bush back in 1991. It's no surprise to us that this is not been fully implemented. The whole idea behind the program was to get everyone together at the federal, state, local, nonprofit private sector levels, get us together and look at ways to more effectively and efficiently use federal taxpayer money.

Well in DC as you know no agency wants some other agency or anybody else in there telling them how to effectively use their money. It has worked very well at the state level. We have a strong state council here that has had its ups and downs over the last 10 years, but it's very strong now and it is really helping the communities most in need in the state.

We'd like to see it fully implemented at the national level. The rural programs that are funded through our taxpayer money, a lot of them do excellent things. A lot of them could be improved. The best way to improve them is to get everyone who's using them and trying to benefit from them to sit down and work out some of the details.

Its really boring work. It's work like why don't we have one grant application that can work for all these different programs so small communities don't need to hire a professional because every single program tracks different things and asks for different things. It's the nuts and bolts type stuff that the partnership needs to focus on.

So I know you've been supportive of the partnership and certainly supportive of the Rural Development programs. We'd like to urge you to continue that and not forget the Rural Development side of the farm act.

Lastly we'd just like to thank USDA for the risk the agency took with our organization 11 years ago we were a startup. Our community had 13.6 percent unemployment. We had lost 15 percent of our jobs though manufacturing shutdowns in the year before we were created. USDA stepped in to a brand startup organization and said we'll lend you \$1 million through the IRP program.

Our community bank stepped up and said, we'll give you \$100,000 a year for a few years. The communities got involved, about a dozen other business leaders got involved, and since then we've had a lot of success and our unemployment rate now is

down to 5 percent. We have a number of challenges to go in terms of higher wages, but it was that willingness of USDA to take that risk that made it all possible. Thank you.

SEC. DORR: Your comment about importance of USDA Rural Development staff not moving to DC-- I don't believe we're moving any Rural Development staff to Washington, DC. Are you talking about the FSA proposed reorganization? Mike, do you know? This is something I'm not familiar with.

MR. DOWNY: It's the Strengthening America's Communities Initiative.

SEC. DORR: Okay. You're talking about that program. Okay. Well I think Congress is going to have a lot to say about that.

MR. DOWNY: I think so.

MODERATOR: Next up?

MR. STEVEN LEVY: Under Secretary Dorr, my name is Steven Levy. I'm executive director of the Maine Rural Water Association. We've had the opportunity of working for what used to be called the Farmers Home Administration. And so that's still in my head but they changed it to USDA and RUS and RD. But we've had the opportunity of working with the agency since 1979, and I know and you know that there's a wonderful partnership between Rural Water and USDA throughout the country.

Within the first couple of seconds, I'd like to brag about the quality of staff in Rural Development. Believe it or not the rules and regulations have not gotten any easier over the days. And we used to be this much, and now it's this much, and I know you can't see that on radio and TV but it's just gotten a lot more. And we can always count on RD officials to work with local communities and many of who are volunteers, and help them through all the paperwork. We appreciate that.

Because of their good work we've always been able to spend all our budget and many of the other states' budgets as well. That's because I think of the dedication of staff and the interest of getting USDA dollars into rural communities. So I want to thank you and than, them for doing their good work.

My comments are going to focus on questions number four and five. First of all I'd like to talk about the RUS water waste loan and grant program. Maine is different from the rest of the country. We have ledge. You've got dirt and we got ledge. And a lot of it. If we took you in the back yard and gave you a shovel you'd get in about a quarter of an inch and then you'd hit ledge.

As a result, our water and wastewater programs just cost a lot more money and they serve mostly villages. Out in the Midwest you've got real rural water systems and going miles and miles, and ours are much smaller and much older. So most of the water and wastewater systems in this state are about 100 years old, just about given up. Like a

lot of the other people, we're just wore out. And they need to be replaced.

The second issue is that there are new environmental requirements, so no sooner do you meet one environmental requirement than tomorrow you're going to have to replace what you just did to meet a new one. So we've got old infrastructure, and we've got new requirements.

And the third issue is that economic times are not good, and a lot of small Maine communities we've lost the wood products, we've lost textiles, we lost shoes. You go to town meeting, and everyone is 68 years old and means well, and there's no longer youth, and vigorous. And so you've got rising bills, you've got less ability to pay. And your water and wastewater programs make it happen and allow it to happen.

So as a result of the water and wastewater programs, we can meet environmental requirements, we can rebuild infrastructure so as this new generation of industry comes in we can do it and we can also make loans, water rates and sewer rates affordable for our customers.

So I'm going to urge you to expand the loan programs, and especially I want to remember about grants. The level of loan and grants has been increasing. In other words, there's less grant dollars. We have been able to do our job because there's been enough grant money. When I started in '79 we could count on 75 percent grants for a lot of these programs, and now we're scratching to get 25 percent to 45 percent grants with the inability to pay and the added expense of meeting these requirements we encourage you to remember the grants. We need them.

I also want to remind you, and I know you were just down in the Gulf and will talk about emergencies. USDA has funded and not funded an emergency program, which allows money to get out to systems in a hurry. And some years there's money there, some years there's not. We heard from our neighbors down south that you're out there meeting with our circuit riders and you're in the thick of it. We appreciate that. There are also emergencies in Maine. And we hope that dollars can be put back in to fund emergency programs.

Next, I want to brag for a minute about our circuit rider wastewater program. We have two circuit riders and a wastewater technician. We have putting skilled people in the hands of rural communities providing technical assistance at no cost to them. It helps them increase efficiencies, it helps protect the security of your loans, and it also puts people in the middle of a disaster. And when disaster strikes in Maine more often than not we are the first person, first group to get that phone call. The leaks, the breaks, all that stuff that comes through our office first and we dispatch people immediately. We're proud of what we do, and we urge you to maintain or extend the circuit-rider wastewater technician program.

The last program that I'm going to mention is the source water specialist program. This is an innovative program that you started that puts again skilled specialists out into

the field. They work with water and wastewater districts. They work with local town officials, zoning boards, farmers, real estate agents, and they handle all those wonderful issues when you are in transition and you need to protect water resources.

So no disrespect to my farm friends here, but some of the agricultural land is being sold to developers which often would abut on a water supply which creates all sorts of issues in a local community. And we have a sincere belief that those issues are handled best locally than in DC or even in Augusta. So we really want to thank you.

And I want to put in a plug for Congressman Michaud. He used to be chair of the Appropriations Committee. Every time I see him I feel like I should have my hand out. But, and I am yet again -- he's in the front of the room, and I got my hand out. But Congressman Michaud has been a real supporter of towns using Rural Development money for their water and wastewater program.

So thank you all.

MODERATOR: Thank you very much. And who's up next here?

MR. DAVID BELL: Good afternoon, Under Secretary Dorr, Congressman Michaud, distinguished guests, friends. I'm David Bell, the executive director of the Wild Blueberry Commission of Maine, and I work on behalf of Maine's roughly 550 wild blueberry growers across the state, but largely along the coast and down east. We range from very small farms, an acre or two, to some of the largest berry farms in North America. We farm about 60,000 acres on a two-year cropping cycle, and produce 75 million pounds of wild blueberries on average making us, still close, but the number one blueberry producing state in the United States.

I'm going to briefly mention four programs in context to the questions. First I want to mention USDA conservation programs. I think the Congress got the Farm Bill largely right last time in terms of the big picture addressing both environmental and economic concerns on the farm. But obviously the devil's always in the details when it comes down to making the programs work on the ground.

One area that's been a real challenge for us in Maine many years is technical assistance through NRCS which is also the gateway into getting the conservation plan on your farm which opens up cost share. We understand staffing constraints, but that's been a real challenge here in Maine, and that's often the cheapest conservation if you just tell a farmer the right way to do it -- with their cooperation of course. I didn't want that to sound the wrong way.

But with two minutes you got to kind of move along.

The other is EQIP. That's obviously the conservation cost share program, and you know that's very important, and maintain the commitment and expand the funding if possible. But as the congressman mentioned earlier we do need flexibility, and Maine

was sorely disappointed that EQIP could not meet some of our sustainable water use needs in the irrigation programs in the state. And we've been talking about that for at least a decade.

And the third is, we think the Conservation Security Program may be a good program, and the only reason we qualify for it is because we haven't had a chance to road test it in many of our watersheds yet.

The other program I'll mention is Foreign Ag Service, Market Access Program. And we have accessed funds in the past, and that's been very valuable to open foreign markets for us. But that program should, as well as branded products for individual companies, should support generic promotion programs especially branded ones.

The third area I want to mention is research and development or in the case of agriculture we often say research and extension. We fully support the increase of formula funds to the land grant universities such as the Hatch Act, which helps out with the research programs. And Smith-Lever for Extension as John Rebar mentioned earlier, we believe that as the congressman and the rest of the delegation knows that this has been the cornerstone to a lot of our success over the last generation, increased crop size going from 20 million pounds in 1980 to 75 million pounds today. But also done through aggressive adoption of integrated pest management, integrated crop management.

Although there's a couple stresses and strains obviously with the R&D programs, one we again we support wanting to use funds wisely and on a regional basis. But the trouble is Maine is the only state that produces wild blueberries, so if you have that test we don't qualify. Then the other concern is CSREES has been moving toward wanting to make the funds more competitive, not having the grants to the state, and as was mentioned earlier that then precludes us from dealing with unique opportunities and issues in the state as well as responding quickly to disasters or insects or things like that that may come up very quickly if you're tied to these regional programs.

So again we strongly support R&D, but really want to have the flexibility maintained and good strong base grants to the land grant universities.

And the last area I'll mention real quickly is the Specialty Crop Competitive Act passed by Congress recently with the potential for some significant funds in the future. Being largely a specialty crop state we'd encourage recommendation by USDA to Congress to fund it. And we would strongly support block grants to the states because again we feel the states whether marketing, R&D, environmental issues, if block grants came to the states we're sure we could work with all the other ag sectors and address the right priorities. So thank you.

MODERATOR: Good points. Okay. Next, please?

MR. MIKE SUCKALEXIS (sp): Yes. My name is Mike Suckalexix. My first function is I am the tribal representative to the Maine Legislature. And my second

function when I'm not at the Legislature, I'm involved in economic development for the Penobscot Nation. On behalf of the Penobscot Nation we are pleased to have the under secretary here visiting in the area. Unfortunately our tribal leaders were all at the United Southeastern Tribes Convention down in -- tough place to go -- Orlando, Florida. But anyway.

Since I didn't go, I'm here speaking to you. Anyway. I'm not on the A List I don't think. Anyway, I shouldn't say that. I'll get in trouble for that remark.

We'd like to thank the Michael Beer (sp) staff. They're very good people to work with. They make the small dollars -- I call them small -- the amount of dollars going to Rural Development programs is small, insignificant to the overall budget of USDA. We have used successfully that program in development. We currently have a grant that -- we built a building on the loan program, and we have other planning monies. I'm not in great deal detail to understand what they are, but I just wanted to be here to tell you that we currently have a Rural Development Planning Grant. It's going to have the function of looking at our lands from an economic point of view.

We acquired these lands through the Maine Land Claim Settlement Act in 1980. And the only thing we've done with those properties is pay taxes. It's probably a surprise to you people that native people pay taxes on property, but it's two functions. It's federal lands, trust lands, and then there's feed lands that we bought in Maine. We had to buy back our land so to speak.

The feed lands we pay taxes to. Now was able to take the Rural Development Grant, and we're doing a feasibility study on these properties. How can we best use these properties that we have on different parts of Maine in rural areas? We was able to do a subdivision in Steuben, Maine, on the coast. We created subdivisions and that's a bad word on the coast.

We got quite a bit of acreage on the coast down near Steuben, Maine. And we was able to create a subdivision, which we're selling. And we're putting that money from the sale of those properties back into our land acquisition account to buy more lands that are much contiguous to our land. We've used that program to help assess our feasibility.

We're working with the town of Carabasset (sp). It's a cooperative planning to create subdivisions, to look at what is, can we do subdivisions in Carabasset Valley that has an impact both on the town and for us? As you know, Carabasset is Carabasset, the town, and we surround them, about 26,000 acres that we own in Carabasset Valley. So their tax base can't grow unless they have cooperation with us.

And we can't grow in terms of economic development there unless we have the cooperation of the town, all those planning boards and councils. So that grant is helping us to look at the feasibility of our lands. We own land in Hampden, Maine; Holden, Maine; and various places that we're looking at in terms of commercial and economic development. So we thank USDA for that.

We're in the process right now of submitting a grant. We'd like to see the funding because we obviously want to see funding increase. We'd like to see that Rural Development funds continue to be supportive in Maine. I think even though the pot of money is not that great, but from my understanding listening to other speakers we use the money well, all of us no matter what segment of the society of Maine that we come from - that we effectively use the resources that we get.

For us we're looking forward to our development. We're right now used the sale of our land in Steuben and the value of that now that we created a subdivisions to take out a loan, and we're creating a mail order pharmacy. As a result of that. We used the leveraging to borrow money from the bank to create a mail order business, and Maine is one of our first customers, and the tribe's pharmacy business is already talking with other states already in terms of providing mail order pharmacy. The grand opening of that is pretty soon.

We believe that the staff in the Bangor Regional Office is an excellent staff to work with. They're very helpful and supportive. They help bounce off your ideas a little bit. One of the projects we're looking at is in the area of renewable energy. Right now we're in negotiations with a developer. We're looking to the grant loan program that currently that you have to use that money, the grant and loan program, as a leverage with a partner.

Right now we're in very good negotiations to create a windpower farm in our lands in western Maine. We've already did the year and a half anemometer study, and we're in a very excellent area. People are concerned about the environment and whatever, but we're going to be doing all the licensing process, permitting process for that. It's in a very rural area. People have talked about, well what about the environment? Native people worry about the environment, but the property that we're looking at to do the wind farm has already been clear-cut. So. We feel it opened it up for a better wind flow.

So we're looking to that. We're meeting with the governor's staff, the governor's staff of Maine have been excellent with setting up the meeting with the partner, and I think probably somewhere in January of February we'll announce publicly who that partner is.

It's going to be a big project. We're talking about 100 plus megawatt initial beginning. Initial beginning. Our land's been assessed at total wind capacity up to 300 megawatts, so we're going to develop the program in incremental stage at 100 megawatts at first. So. Again hopefully we were able to announce our partner in January or February once we get a grant application and loan package through the Rural Development.

Thank you. I didn't mean to take two minutes of my time.

MODERATOR: Thank you. A comment?

SEC. DORR: I just want to respond to your comment. (audio break) In 2004 as an example, Rural Development had the capacity, had appropriations authorization to put out close to \$17 billion in loans, loan guarantees and grant programs. That's compared to \$5.8 billion in 1995. That's compared to Title I and Title II of the traditional program at about a flat line of \$11 to \$14 billion over the last several years.

Markets work in my view, and what's happened is that Congress has responded in ways I think are probably sometimes even surprising to them. But particularly to all of us because there is a sense that the sorts of things you're talking about are working, and they're responding. So I just wanted to make that clear because I think there's kind of a misconception about the kind of resources that are available through Rural Development.

MODERATOR: All right. Go ahead.

MR. DAVE ELDRIDGE: Good afternoon. My name is Dave Eldridge, and I'm with Machias Savings Bank. Machias Savings Bank traditionally has been the biggest user of the Rural Development Business and Industry Program in Maine over the past several years. And there's a couple reasons that we have that position, and I think number one on the list is the quality of the staff and the people, particularly at the Bangor office that we use the most. They're very accommodative and they're very helpful, particularly when it comes to filling out the paperwork that's necessary to administer the program.

Perhaps the second reason on the list is because we believe that whereas some of the programs that are out there provide a lot of benefit for the bank who receives the guarantee, but not a lot of the programs offer an equal benefit to the users, the borrowers, in the program. In this case the Rural Development Guarantee Program allows for the borrowers to access long-term fixed rates on a commercial basis which aren't ordinarily available on a conventional basis through the use of the secondary market.

So that's another reason we use the program a lot.

We do have a couple concerns regarding the program. The first is the recent announcement of the annual fee that will be charged now for the program. We believe that's going to make the program a little less competitive than it's been in the past. Also we believe it would have an adverse effect on the interest rates that will be available on the secondary market, and we also believe probably the reason for that is as an incentive to release people from the program after they're established. But since the use of the secondary market is the core of the program, you wouldn't be able to release the guarantee through the term of the loan.

The second concern which has always been a concern to us is the 10 percent tangible equity requirement in the program. We find that's restrictive for new startup businesses, for businesses perhaps that have had some losses but have turned the

operations around, and for businesses that were recently purchased or if the funds are being used to purchase businesses particularly where good will is a large percentage or at least a significant percentage of the purchase price. But overall we're very happy with the program, and we hope to be able to continue to use it as we have in the past. Thank you.

MODERATOR: Okay. Go ahead.

MS. MARY ANN HAYES: Good afternoon. My name's Mary Ann Hayes. I'm executive director of Maine Rural Partners, the state's Rural Development Council, and I thank Representative Piotti (sp) and Brett Downey (sp) for their earlier positive comments. I want to thank you very much, Under Secretary Dorr, for coming. I think Rural Development as the host agency for this Farm Bill Forum is very appropriate.

All the aspects of USDA funding are very important to Maine, but I think you're hearing how critical Rural Development funding is for community infrastructure. It's just the breadth of coverage of business development, agriculture support, and so many other aspects that we just don't have those dollars available from other places as Congressman Michaud knows well from his time at the Appropriations Committee at the state level. So it's critical importance.

Like many people in Maine I have more than one job. Like many people in this room I also have a farm job. I also run a conventional dairy farm, so I'm a customer of FSA, NRCS, Cooperative Extension, and can't say enough about how helpful all those programs are. I do just want to mention a couple things that haven't been said yet.

I think looking at all six questions which I just really want to commend USDA on stepping back and really taking a real fresh look at where we're headed and how we might do a better job and commend you very much on trying to get away from the program/program/program look at how we do business and step back, that what are we trying to accomplish here, where are the opportunities, how can we do the most with what we've got? I really think the six questions you've posed are very legitimate good questions. I will like others submit written comments more specifically on each.

And I wanted to point out that perhaps something that's common to this new approach that you might look at with all six of those areas and other things are a systems based analysis. I think they all beg for rather than looking at one item at a time that you step back and look at an entire system. How are these things integrated, how do they relate to one another, and how can we do more at pulling together the various components that make any of these things go or fail? because both things occur.

The second area is in capacity building. And unfortunately this is another infrastructure piece and in some degrees it's human infrastructure, capacity and people. In others it's capacity in setting up some systems to help there be ongoing movement forward, whether at the local level for people to really seize where they want to go as a community -- and I know you have sensitivity and interest in that subject -- and also how to access these resources in a more effective and efficient way. So it's going to require,

it's not necessarily just USDA's issue but the federal government I think has a special responsibility to be looking at where we build this systems capacity to be able to deliver these integrated programs for rural communities and others.

A third area is related to that which is program integration. Again I look at the systems based analysis, capacity building and program integration as three lenses if you will to look at much of what you have laid out in the six separate issues.

I do want to say that we in the last two weeks have done something new in Maine I want to draw to your attention and really want to thank many in this room for helping this be successful -- and that's state director Aube who's been a great supporter of the Council and throughout his career so many of these programs at all levels along with Dave and Joyce, Bob Spear, Cooperative Extension, the congressional representatives Carol and Rosemary that are here.

We pulled together the first meeting with the Federal Agency Network, and we've had 30 agencies so far say they want to be part of it, 23 actually sent representatives to our first meeting a couple weeks ago. Because I know another area of interest of yours for Rural America besides building quality places is this whole opportunity of energy, the representative for the Department of Energy, getting back to my systems point, said, the whole ethanol introduction in New England was thwarted by the lack of ability for distribution and retail system to fuel the cars once they're on the road.

So I want to, this goes back to a mutually reinforcing interest for economic development, energy, the environment, transportation, the whole nine yards. And we've got to step back and look at it systemically because any one of those dropped pieces will leave us in a failure instead of a success.

So I encourage you to take that look overall. I think you're starting to do that. I just want to follow up on Dale Kohl, who of course I'm very grateful for all the time he puts in on behalf of the dairy industry-- we had a system that worked. Congressman Michaud and others worked hard on that too. We had a Northeast Dairy Compact, a way to stay out of the federal treasury, and it worked for farmers, the consumers and it gave a fair rate of return on everybody in between.

So unfortunately some of your neighbors, not necessarily Iowa and the Midwest, didn't like that idea. But I think the regional food security that was something that worked. It should be looked at as a model. Be great if it would be brought back and then you could use some of that Treasury dollars to fund other Rural Development programs which we'd all appreciate.

Thank you very much.

MODERATOR: All right. Thank you very much. Let me just ask the assembled masses here how many people still want to make comments? Ten. Okay. Let's take one more and then we'll have a short break, and then we can finish it up after that.

MR. LARRY VAN PERSEM (sp): Larry Van Persem, Maine Development Associates. I haven't heard housing yet, but since 1978 our company has been involved in the development and management of low and moderate-income housing. Currently we house over 1,000 families of low and moderate-income household status including elderly.

And many of those properties are financed through RD, the old farmers home if you will but currently Rural Development. That must represent a huge amount of money in terms of the portfolio, and I know Maine especially has been very active going way back into the early '80s when there was more money for that sort of development until today, very active in making sure that Maine has a fair share of affordable housing.

And I assume that's going to be in the Farm Bill, right? (laughs)

SEC. DORR: Yes.

MR. PERSEM: Yes. And what happens, and real estate has sort of a dynamic factor that I'm sure we're all aware of, and you especially, and that is it can cost you a lot more later if you don't pay a little bit now. I'll tell you what's going on in our portfolio of affordable housing, and think of it this way. If you remember there's also some rental assistance that goes with the financing, so on this hand over here many of the households are very adequately taken care of inasmuch as their income will determine their rent.

But way back in the early '80s we also said, well you know, everybody doesn't want to have their hand out so to speak, and have a great deal of pride, so we're going to have some of these units over here unassisted for the market rate, moderate income person.

Well what's happened -- and that was fine in the early '80s when the rents were \$300 a month, but now I don't have to tell anybody what's happened to fuel-related expenses or any expenses from that particular period of time. So what happens is that unassisted unit gets to be \$600 or \$650 a month, almost to the point where it's unaffordable. So it seems to me that going forward in providing assistance to these currently unassisted properties would go a long way in preserving the real estate.

I know and I hope the Farm Bill will address in the future the various needs of these properties as well. They're getting old like the rest of us. And I know that preserving them now on a relatively inexpensive per-unit price is a whole lot less than going through procedures in developing new properties once old ones have failed. So I'd ask for consideration on those ideas.

SEC. DORR: I can assure you we're taking a very close look at that and working on that very hard. Thank you.

MODERATOR: Excellent. Okay. Well if we have another 10 or 12 people, let's

take a break until 20 of, a nice 8-minute stretch, and we'll assemble here promptly at 3:40 if you would please. There's other folks that have things to say, we get you back in here and settled, we'd appreciate it very much. We do have some representatives from the Senator's offices with us today. Are they here? One's here and one's there? Who wants to go first? Who's got seniority? A couple of words to say from the senator's office?

MR. MARK CONTIO (for SEN. OLYMPIA SNOWE): Thank you, Lou. Thank you, Secretary and Congressman Michaud; and thank you to all the USDA office staff that are here. I have a statement from the senator that I'd be happy to read if you'd like.

"Thank you for your gracious invitation to join the meeting here in Bangor. I look forward to hearing what Under Secretary Dorr will have to say about the future of Rural Development and what the hardworking people of Maine will offer as their vision for the federal and rural development."

And I'll be bringing everyone's concerns and comments back to the senator.

"We are gearing up for the extremely important Farm Bill due to be considered in 2007. This legislation is a massive undertaking which is why there is typically a five-year period or more between these bills. The input of rural communities across the country will be the platform off of which the Farm Bill will take off in the coming year.

"I am proud that the under secretary has come to Maine to hear the views of our extremely productive rural communities. As some of you know, the Farm Bill reflects all of the many and varied programs that operate under the umbrella of the Department of Agriculture, from the clambers of Booth Bay to the potato farmers of Aroostook County, these programs have a profound impact on so many farmers. Conservation programs that aid all farmers support for our dairy farmers, research funding for blueberry farmers, and irrigation programs for potato farmers are but a fraction of the operations that USDA performs which are so crucial to Mainers.

"Now is the opportunity for all the people who have such a stake in these programs to make their feelings, wants and needs known to the individuals, in this case Mr. Dorr who has such an integral role in crafting such a massive piece of legislation. I urge you all to take full advantage of it. I think one issue to touch on that everyone here deals with on a daily basis is the problem of maintaining the family farm.

"Agriculture is a capital-intensive; that much is obvious. Equipment is expensive, resources are expensive, and cash for those vital needs is quickly depleted. We need to develop policies that will allow farmers access to capital that will offer up-front funds that will encourage those individuals who are considering entrance into the agricultural business to join the community of farmers in monetary policies that will allow families to continue to operate their beloved farms.

"One hurdle for farmers to pass along the legacy of their labors is repeal of the estate tax for individuals who meet particular requirements. Due to budget concerns and

a growing deficit we cannot allow a complete unrestrained repeal. That would be irresponsible. But I do support preserving our family farms and the small businesses from the grasping hands of the Internal Revenue Service while individuals like Bill Gates who possess an overabundance of wealth would still be required to pay some measure of tax on their estate.

"The Farm Bill is taking shape now. We need to make it known to the USDA that one thing the Farm Bill needs to address is offering a greater measure of security and certainty to our family farmers. Now is the time to do it."

MODERATOR: Thank you. Mark Contio from the office of Senator Olympia Snowe. And Carol Woodcock is here from the office of Senator Susan M. Collins.

MS. CAROL WOODCOCK: Thank you. I don't have any prepared remarks from the senator, but I'd like to thank you for inviting me here today for the senator. I'd like to welcome the under secretary and Congressman Michaud, and I'd like to welcome anyone that would like to give their comments to Senator Collins. I have a number of my business cards if they want to e-mail their remarks to me as well. I can send them down to our legislative assistant in Washington for the agriculture issue. That's Avery Day. Many of you may know him. But I'd be happy to do that if you'd like to send them to us as well.

Obviously the senator would like to hear your comments as well. Thank you very much.

MODERATOR: All right, thank you. I'll remind everybody too that there is a sign-up sheet in the back of the room. If you have already spoken please sign up there. If you plan to speak please sign up there. And if you just find yourself speaking at a later moment here then don't forget to go back there and sign up there.

I'll try to clamp down just a little bit on the time. I know we're kind of in a unique situation. I don't know how the other forums have been going, but it seems we've got people representing lots of other people and kind of have their acts together here. So we'll let you go as much as we can, so let's get it under way. You're next, sir.

MR. BOB SPEAR: Thank you. I'm Bob Spear, commissioner of Agriculture here in the state of Maine. And welcome to Maine, Mr. Under Secretary, Tom. You and I worked together over in Cooperstown where you spoke to the Finance Committee and Rural Development. And we appreciated you taking the weekend to come out there and be with us.

Congressman Michaud, nice to have you here.

I know at one time we in New England were very scared we weren't going to have any chance to express our views on the Farm Bill. So it is a very significant step for you to come here, so we appreciate it.

The Farm Bill policy does have a tremendous effect on our 7,200 farmers here in the state. But the farming segment we feel is an integral part of the economy of Maine, and we feel we should have a fair share of that Farm Bill. That's what we in the Northeast here are trying to fight for is our fair share of the Farm Bill.

Since time is short and I didn't speak before when it was getting lengthy so you're going to shorten up now I'll try to be as brief as I can, but in response to question one I'll use an example and I think you can take it a little bit further than that but like for example we have a nutrient management program in this state in effect.

We believe in protecting our precious waters in this state, but I urge you please to be careful of creating excessive regulations whether through CAFOs or through other regulator programs, environmental programs that will push our farmers out of business or discourage others from getting into it and as we expand into air emissions and other things from farms we have to be careful that we're trying to transition our farms to future generations. If we get too hard on these it will discourage people from entering into it. So keep that in mind.

Question number two I think a lot of these I'll mention apply to it. I'm going to go right to question three which we believe it's very important you recognize the Regional Equity Act from the last Farm Bill and maintain that program. That has brought a lot of dollars to the Northeast here, and we think that's very important. If we're going to get our fair share of those dollars, we need to maintain the Regional Equity Act. This has been a tremendous boost for us.

We also support putting caps on the commodity programs. We think if the current policy is not acceptable in our opinion in today's economic picture, the best way to effectively and fairly distribute money to all farmers in this country. If we're going to do it that way we feel and it's already been mentioned earlier-- the block grant program.

I think block grants to states is very important. Every state has different needs and it's difficult to develop a program to have one shoe fit all. Let individual states make their own decisions whether it be through block grants. Sometimes block grants have a bad name. You might want to call them innovative grants, partnership grants, or whatever. But as we know our needs here in Maine are a lot different than those in New Mexico, and we feel if we could bring some grants whatever we want to name them, if you can find something that would be good that's fine, but we think sending money to let the states make the decision I think would go a long ways.

On question four much is gained in the last Farm Bill in conservation practices. It's been mentioned here we're pretty happy with what was there. But way we see it, we need to sustain that level of funding but we also need to improve on the technical help situation. We feel there's a lack of that.

I think if you listen from experience I think if we just listen to our local grassroots

farmers they'll tell you how important technical assistance is, and it's not always about program money. If they can get -- our farmers are quite innovative and if they can get some technical assistance they can do a lot with that. It doesn't always have to be program money. So I urge you to look at the technical assistance part of conservation.

In question number five, the continuation of the MILC program which has been mentioned is real important in our state. This program has brought in \$11.2 million to our state so far, which along with our own dairy stabilization program has helped maintain the dairy sector in our state. In the 2004 NASS report dairy is our leading contributor to our gross farm receipts. Sorry, Tim. You must understand, Mr. Under Secretary, that milk and potatoes go back and forth according to that the price is for that year as leading revenue generator.

So dairy is important. We also believe the nation would be better served, as mentioned earlier, that the National Dairy Equity Act which was pretty much in line with the Northeast Dairy Compact, has been proposed on a national level. But we feel it's important because it would be funded in a strong way from the marketplace, and we feel that would be beneficial to the federal government on their finances, and we feel it's real important. So once again in today's economic conditions this should be looked at again, but I do realize the politics across the country and we have to work with that. I understand that.

We also need, we'd like to see continued support for nutritional programs, quite important for this state especially the senior farm share program that we've adopted here. Real important. Surplus food programs have just gone way above and beyond what we ever expected. So all those things are important.

Another program that needs continual support and we feel should be made permanent is the organic certification program. This is real important to our state as organic farming has increased at a fast pace. So I'd urge again for that to be made permanent.

Another program that's been used as a matching program to our own land, Maine's future program here in the state, is the Farm and Ranch Farmland Protection program. That is used very well in the state in the Northeast, and that's one way to bring more federal dollars here to the Northeast.

We desperately need the continued support for our university research extension and education. If we lose them then we are losing the opportunity for our next generation to continue farming. These programs are so important if we are to exist in today's environment, so please continue those formula funds. We went through an experience this past year when Congress -- I guess it was the President's Budget, took them out and we had to fight. Thanks to the congressional delegation with strong support it got back in. But we think this is real important as we look into the future.

Lastly I'd like to put, and it's been mentioned, special emphasis on the specialty

crop grants program. This is one way to even out the distribution of federal money so all farmers benefit from federal programs. This lets farmers outside the commodity programs benefit from the Farm Bill. As was said in this state from potatoes on down through we all, everything just about falls into the specialty crop area.

And if we are going to, if the majority of our farmers are going to benefit from a Farm Bill program we really need that program. We tried it here, tried it, it was used here three years ago. It was real successful. There's a little bit of money in it this year. But it's got back in there. But we'd like to see stronger funding for that because we feel it's very fair for the people especially here in the Northeast. That's the end of it. Thank you.

MODERATOR: Okay, good enough. All right. Thank you very much. You can put me down for the organic certification and the specialty crop too. You know we're growing 62 different kinds of peaches in this state now. Yeah. We got to get this guy a breakfast with some blueberry pancakes and -- anybody here from the maple syrup industry? For crying out loud.

Okay, go ahead.

MR. SEBASTIAN BELL (sp): I thought the moderator was supposed to be objective in this.

MODERATOR: I only promised to be moderate.

MR. BELL: If you plugged the aquaculture, Lou, I would have said okay. But good afternoon, Mr. Under Secretary and Congressman Michaud. My name is Sebastian Bell. I'm executive director of the Maine Aquaculture Association. And I'd like to welcome you to Maine and also thank you very much for coming to Maine to listen to our thoughts and concerns about the Farm Bill.

I want to start my statement by saying three simple words, and they are echoed by my colleagues around the country in all 50 states, and I have no doubt you'll hear this in your listening sessions around the country-- which is, aquaculture is agriculture. That's something that's a novel concept to many of my colleagues in agriculture but we're here, we're here to stay, and we ain't going away.

The Maine Aquaculture Association is the oldest state aquaculture association in the country. We have been in existence for over 30 years, and we were founded by a group of farmers that started farming oysters in the Androscoggin River and now branched out to many other species. Our members grow finfish, shellfish, and we even have a worm farmer now in Hancock County which by the way I was given a rather rude upbringing at my latest board meeting.

We reference the fact that the two most valuable agricultural commodities in the state of Maine on a dollar per acre basis are both aquaculture products and normally I cite

salmon and oysters. Well, my worm farmer who sits on my board gave me a very severe tongue-lashing for the fact that he was worth a lot more than both salmon and oysters on a per acre basis. So I stand corrected. And who would have guessed?

Our members represent all the way from multinational corporations who have invested in domestic aquaculture down to owner-operator, so we have a very diverse membership and we are, I don't want to misrepresent us, we are small. We have relatively few farms in the state. We have about 150 farms in the state.

Aquaculture was until last year, and this has changed in the last year, but aquaculture was the fastest growing sector of domestic agriculture in the United States. I think you hear that in other places. It's easy to overstate that, but the point I want to make is that in this country seafood or fish and shellfish are the second largest contributor to our national trade deficit. And we have a tremendous potential in this country to bring that down and contribute more to our domestic production if we do a few things right and if we do a few things carefully. The Department of Agriculture is clearly the right department to play a leadership role in that effort.

I know your time is limited, and my time is even more limited, so I will limit my comments to two programs, and then I will just say that we will submit written testimony on the Farm Bill as well. But I want to support two particular programs that are important to us here in Maine, and one has big implications for national issues and for USDA as an agency.

The first program I'd like to support is the Aquatic Animal Health Program. Its local form is the ISA Control Program, Infectious Salmon Anemia. This was the first time USDA began to exert influence on the control of an exotic aquatic disease. They did that, didn't have to do that. You guys stuck your neck out, worked hard, came up with a program that's made a big difference to our salmon farmers down East in Washington County which is the fifth poorest county in the United States. We're not proud of that, but that's a fact, according to the latest census issues. And that has made a big difference to our farmers. It involves two components -- one surveillance, monitoring for this disease which came in from Canada.

The second program is indemnification program whereby if your agency issues a kill order on a salmon farm the farmer is compensated at a percentage of the cost of raising those animals. Although that's the last place we want to go as farmers, because we're at such a competitive disadvantage to some of our foreign producers it's a very important program for us and has made the difference between having a domestic salmon producing industry and not having one frankly.

The second program I'd like to highlight and ask for your continued support is the Agriculture Research Services Program which is based at the University of Maine Orono, and is focused on cold-water aquaculture research under the directorship of Dr. Bill Walters. Dr. Bill Walters was the man who developed the principal strains for catfish which are used in this country.

Catfish produces around 300,000 metric tons of fish a year in this country. It's the most important aquaculture sector in the country, and Dr. Bill Walters was in charge of the breeding program for that program. We have now got him in Maine, and he's doing the same thing for both salmon and cod rearing programs, and his program is critical I think to our continued competitiveness as domestic producers.

Finally I'd like to say those two programs we feel are a great indication of the agency's commitment to aquaculture and domestic aquaculture producers. As a result of that it's a signal to the private sector in terms of our support for USDA and those programmatic needs and resources. Thank you very much.

MODERATOR: Some important points. Go ahead.

MR. JONATHAN DANIELS: Thank you. Mr. Under Secretary I certainly appreciate you taking the time to come to Maine for the first time. We will hopefully be able to bring you back again soon. Congressman Michaud, thank you so much for your participation in this today. Also Mark and Carol, certainly appreciate the entire delegation.

My name is Jonathan Daniels. I'm the president and CEO of Eastern Maine Development Corporation. I'm not quite sure I can add much more insight into what's already been said today, but I will talk about just a few specific programs that we've taken advantage of which certainly we can see the need to at least maintain if not expand those programs in the future.

And when you hear about some of the impacts of those I think you're going to certainly see that we need to be able to continue the support.

IRP. As one of six economic development districts, Eastern Maine Development Corporation is part of our lending program is charged with the task of maintaining and dispersing those funds. And in January of 2004 we were all hit, and the entire state was really hit by the closure of Eastern Paper both in Lincoln and in Brewer when a new buyer came on-line out of a \$26 million package they were about \$1.5 million short. They were ready to turn around and head back to Connecticut. Those jobs were going to be lost forever.

They came to Eastern Maine Development Corporation and through a variety of programs and the last bit of money our direct loan funds through IRP made the difference. We're looking at a \$26 million program that was put in place, a financing package that put those 350 jobs back on line in a recent announcement by Lincoln Paper and Tissue of an expansion and the first new paper machine to be built in Maine I think since about the early 1990s. It's going to add another 50 jobs. So you're looking at over 400 jobs. And it was that last bit of money through IRP that made the difference and allowed us the opportunity to move that project forward.

Something Congressman that you saw just today, an example of B&I, Business and Industry guarantee program, Eastern Maine Development Corporation as an expanding economic development agency bulging at the seams, and our ability to be able to provide services, we needed to be able to get into a new building, almost expand and double the amount of space we had utilizing Mike, his staff, through B&I guarantee and working with Bar Harbor Bank and Trust. Dave Eldridge isn't here. He also tried to work through Machias Savings Bank. We were able to secure that guarantee in January 1 of 2006. We're going to be doubling our space, taking 63 people from our existing building downtown. That provides us the opportunity to consolidate and create a one-stop shop for economic and community development activities in Eastern Maine.

It's very important, especially with gas prices these days. We don't need people moving, having to move all throughout Eastern Maine. So we can get people, get communities, businesses in place, and be able to service them.

A grant submittal that we'll be putting forth with the help of Rural Development through the RBOG program. We talk about technology, about the development of technology, emerging technology. We're going to be submitting a grant which allows us the opportunity to bring on technology-based business advisory services which can work in conjunction with the four technology development centers in Loring (sp), in Greenville, in Orono as well as Franklin aquaculture.

It's specifically dealing with emerging businesses and emerging technologies so that these businesses get the hands-on assistance so they understand whether it's intellectual property, copyright protection, anything associated with that, and they can get that assistance-- someone that understands the technology acumen and is able to get them through the process. We all know that 87 percent of the businesses that graduate from a business incubator five years later they're still on-line. Again that's the small business development activities that we really need to develop in all of Maine. Thank you.

MODERATOR: Thank you. Very well said. Go ahead.

MR. STEVE HOBART: Thank you, Under Secretary for coming. I'm Steve Hobart from Blanchard in Piscataquis County. My wife and I raise deer, buffalo, produce maple syrup as well as operate a tree farm. Today I'd like to speak to you as president of the Maine Association and Conservation Districts.

We need to be able to decide locally on the programs under EQIP, which is the Environmental Quality Improvement Program, which fit best to our areas. Locally led -- that is the term that's being used. We need to be able to put more technical expertise on the ground. We have too many people waiting in the wings for help to put conservation practices in place. Of course we can always use more money to help with the conservation practices.

And we have to concentrate on preserving working lands and less on programs like CRP, Conservation Reserve Programs, which preserve nonproductive land.

Take the CRP payment and put it into conservation programs and technical assistance. CSP, the new program, Conservation Security Program, is a brand new program. I had my doubts and almost decided not to participate, but now I am glad I did. I am finally getting rewarded for all the conservation practices that I've worked so hard to do. Hopefully CSP can help take the place of commodity payments.

Now I'd like to address the global trade. Commodity payments seem to be a deterrent for international trade. Other countries think it is unfair and I do also. We need to have a level playing field if we're going to go global.

I think products that we import should be held to the same environmental standards as we do in this country. And also pesticides that are allowed in this country should be allowed in other countries also where we know that pesticides in other countries are not allowed in these countries. This has been very hard for the farmers in this country to compete with farms in other countries.

I'm not going to take anymore time, but thank you very much again.

MODERATOR: All right. Thank you very much. Somebody from maple syrup land. I love it. Go ahead. Oh, here's another.

MR. MARK SCURRANO (sp): Mr. Under Secretary, I'm pleased to follow Steve. Steve is being pretty modest. He's a local leader and alternative meat production in Piscataquis County, has been someone who's been a real leader in our agricultural affairs in Piscataquis County. My name is Mark Surrano. I'm executive director of the Piscataquis County Economic Development Council, and just one or two facts about Piscataquis County before I start talking about individual programs, all within the two-minute line hopefully.

But Piscataquis County is about twice the size of the state of Delaware, almost exactly twice the size, and yet it has a population of 17,200. So you can see that it's around 4 people per square mile, at the very definition of "rural." And it's a older county within the state of Maine relatively, with some very old towns and some older industries, mature industries such as manufacturing and agriculture.

Time has not been very good to Piscataquis County however, and global competition has made things a little tough up there. It has for example some of the lowest wages within the state of Maine. In fact in 2004 it had the lowest average annual wage of any county in the state of Maine. It has the second lowest rate of personal income growth, and that was based on the last census. There's some of the residents are some of the most unemployed within the state, ranked third in the average unemployment rate in 2004. So you can see there's some real problems with adjustments to new economic concerns and realities.

I think that's where Rural Development has been a real benefit to us in terms of

our economic development strategies. For example, within the packet I gave you the RBEG program-- we applied for \$90,000 in RBEG money. And that went toward the construction of one of the incubators that Jonathan Daniels mentioned earlier in the town of Greenville.

Greenville is on the edge of Maine's North Woods, and for a longer time it had been a center of wood manufacturing within the state. Over time globalization has chipped away at that, and the town of Greenville applied for this money thanks to Rural Development it received it, and that money went to help build over 10,000 square foot incubator building to assist a new generation of commercialized high technology wood products.

We do have a tenant, one of our anchor tenants who is actually also a wood manufacturer, and that wood manufacturer has created its first job. And we're pretty proud of that. And sometimes it's the little steps along the way that can go a long way. We're seeing that here, and I predict we'll see more with help from the universities, Maine's research arm.

The RBOG program, the Margaret J. Smith Center which does research at the University of Maine, one of their research arms, did a survey on tourism attitudes among Piscataquis County residents. Tourism is also a growth industry that we see for our county, and yet our county has not really taken advantage of that in the past.

We see opportunities to develop that, but you don't want to develop it in a way that people on the local level might oppose or might be against. I think the information we got out of there has been right on the mark. We've used that for our development program that is underway along with the state. So I'm just showing you ways we're bringing some of the federal dollars and using them for real applicability here on the local level.

Finally, I did put on the back on the gold sheet Piscataquis County Economic Development had received a notice for positive RCDI funding, Rural Community Development Initiative. With that, we're going to be hiring a part-time community developer who will work with communities in order for them to build themselves into more productive communities and on infrastructure issues and such.

So we're reaching out there, and we appreciate the dollars. I hope I've given you some real examples of how that money is being put to good use here on the local level. Thank you.

D: Thank you.

MODERATOR: All right. Next, sir?

MR. RUSSELL LIBBY (sp): Hi. I'm Russell Libby. I'm the executive director of the Maine Organic Farmers and Gardeners Association. So Lou, thank you for the plug

earlier. Thank you, Commissioner. One of the things, Mr. Under Secretary, you'll find is that here in Maine we've over the last -- we're 35 years old next year -- we've actually had a conversation between organic and conventional farmers which is an ongoing dialog. It's not confrontational all the time, even though I might disagree with somebody we agree on almost all the things on the commissioner's list. I'll quibble with them on the ones I don't agree with in private. So.

And that's how it goes. We agree across the board in Maine agriculture. We have a conversation. Everybody's at the table. We meet together each month, and that dialog has allowed us to figure out how to move forward basically in concert as opposed to the fractures that you see in other places.

Our organization has 5,000 members. We're one of the largest organic associations in the country. We just crossed that level last month at our common ground fair which is our big event. I have to say we approach federal farm policy with a great deal of skepticism, and it's rooted in our difficulty in getting national organic standards passed and implemented in a way that reflects the needs of our farmers. I'm not going to go into detail about that, but it leaves us very cautious about federal farm policy in general.

That said, we recognize the importance of national policy and the impact it can have, and we're not going to sit here and be quiet just because we've had problems with one particular program.

Over 4 percent of the farms in Maine are certified organic. Close to 10 percent have been certified at one time or another. That would include me; I'm not farming very actively right now because I'm traveling the state of Maine all the time. 16 percent of the dairy farms in Maine are shipping organic milk right now. Again, Maine and Vermont are in the highest percentages of organic farms of any place in the country. We believe this figure could be dramatically higher. I keep telling the commissioner, we could get over half if we had a concerted effort to do that.

One reason I think that's important is that we are not going to be the state of 200,000 acre farms as has been attributed to you in another context. That would mean one potato farm, one dairy farm, and one blueberry farm that's half-size. And that's just not our land base, it's not the situation we're in; it's not the markets we're in. There are going to be some farms that are nationally and potentially internationally competitive, but most of our farmers are building markets around the kinds of products that they can market within the region or even closer to home. And whatever policies are developed have to be scaled in a way that allows that kind of diversity.

Given that, our priorities are strong national organic program, research priority on organic systems, and I think 1 percent of ARS's budget was set-aside in the last Farm Bill, maybe 1.5 percent. But if we're going to move forward we can't just say the percentage last year was 1.5. We'll get 1.5. We have to figure out what strategic investments need to be made.

The University of Maine's ARS lab, the New England Soil and Water Lab is doing a great job on whole-farm systems, potatoes, but also organic and dairy, and how all those pieces fit together. Cooperative Extension is doing good work that cuts those boundaries. I think we have those pieces moving, but federal support makes it happen.

We're with I think everybody in the room is supporting the Conservation Security Program even if it means payment limits as a way to fund it. It seems shortsighted to cut conservation programs for short-term money. We support the specialty crops language that the commissioner spoke to, the farmland protection money, and the nutrition programs.

And then this is the place where there may be some disagreement within the room. But I will say that I think it's too much to expect USDA to actually protect farmers against cross-contamination from genetically engineered crops because you seem to think that's the solution to the future. But nonetheless it's the only way U.S. grain and exports are going to reach certain markets, and it's the only way to protect the integrity of organic agriculture. And somewhere there has to become a resolution to that difficulty of genetic cross-contamination.

We've had at least a good healthy discussion about how it can happen here in Maine, but it has to be a national standard if it's really going to go anywhere. Thank you for your time. I know going out on the road is not a pleasant experience, period, just because it's nice to be home. But it's nice that we have the opportunity to speak here today. Thank you.

MODERATOR: Excellent. Okay. Next, please?

MR. TIM HOBBS: Yes. Good afternoon, Congressman Michaud and Under Secretary Dorr. I appreciate you providing us an opportunity to make comments on the Farm Bill. My name is Tim Hobbs. I'm the director of Development and Grower Relations for the Maine Potato Board. I represent about 400 growers who have an economic impact on this state of about half a billion dollars. I'm going to highlight four different areas, two that are very specific to questions three and four-- the first area being program crops versus nonprogram crops. Farm savings accounts. Taxes. And conservation.

I just want to start off by saying nonprogram crop producers face all the obstacles to success as do program crop producers. Global overproduction, nonscientific barriers to trade, market distorting domestic subsidies, exchange rate fluctuations, and foreign export subsidies all attack the U.S. producers' bottom line.

Too often during the farm bill process nonprogram crop interests are left with just the crumbs to provide support of programs to combat these obstacles. Domestic farm policy will suffer in the long term if we do not seize opportunities and establish policies that help all farmers both program and nonprogram to expand market opportunities for

their products.

During the development of the last Farm Bill the idea of farm savings accounts was introduced and ultimately left out of the bill. This idea was one that would not differentiate between a program crop and a nonprogram crop but would treat all producers equally. This idea would also have encouraged savings for the future and provide an incentive for the next generation of farmers to get involved in agriculture. We would encourage the inclusion of farm savings accounts in the new 2007 Farm Bill.

A tax structure that includes tax breaks and tax incentives that were available to all producers regardless of the type of crop they produced would be an effective and equitable way to distribute assistance to producers. A tax structure that encourages investment and stimulates profit needs to be part of the new 2007 Farm Bill.

And then on to conservation. We were asked to respond to the question on how could farm policy best achieve conservation and environmental goals. I think farm policy would have a hard time to achieve conservation and environmental goals. That's really the responsibility of the producer.

The change over the last few years and the way that USDA provides conservation technical assistance and funding has not been well-understood by the producers that I represent. Environmental policy set by agencies other than USDA driving how USDA provides conservation assistance in my opinion has compromised the relationship that once existed between producers that I represent and USDA.

Farm policy that recognizes the needs and goals of producers, considers them equal to environmental goals, is the first step in reengaging these disenfranchised producers. And along those lines I shouldn't deviate from my written text because I get myself in trouble when I ad lib, and but anyway here goes -- if you want to look at conservation and environmental goals, probably the best example I could give you would be of how well that works is the potato industry in Maine.

Typically we'll have three or four generations on one farm, been in the farm family for three or four generations. For that to happen you need to have a lot of kids, and you need to be profitable. And you need to take care of your natural resources so that you have something to pass on to the next generation. And I think the simple answer to how does farm policy best achieve conservation and environmental goals is to keep farms profitable because no matter how much cost share you have if you have a producer or a farmer that's not profitable he's not going to make that investment.

And so I wanted to thank you, Under Secretary, for the opportunity to make the comments, and as the congressman commented at the very beginning about I can't let you off the hook on potato picker special, I have an interesting relationship with the cohost on that program, and if there's a time you'd like to be on an hour and half live television that starts at 4:30 in the morning we can make that happen.

D: You want me go out and bake potatoes too, right?

MR. HOBBS: Well, we can arrange that too. (laughs) Thank you.

MODERATOR: Thank you very much. Who's next over here?

MR. BRIAN WENTZEL: Thank you. Under Secretary Door, Congressman Michaud, thanks for coming out today and listening to us. My name is Brian Wentzel. I'm the Northern Forest Main Woods advocate for the Appalachian Mountain Club, based in Hallowell. AMC is the oldest conservation and recreation organization we've got 90,000 members throughout the region, and almost 4,000 members in Maine. We own 37,000 acres of forestland in Piscataquis County where Mark's from that we're managing for sustainable forestry, public recreation, and conservation.

But I'm here to speak on behalf of the importance of private forests in Maine and here in the East. The threats these forests face and thus the importance of the private forestry programs in the Farm Bill-- simply put these programs are a critical tool for supporting private landowners who seek to manage their lands for forestry as well as other values: water conservation, clean water, wildlife, recreation that we all benefit from. The Northern Forest region of which Maine is a part we're blessed with a remarkable forest resource that provides \$15 billion annually in economic value from forestry and \$4 billion in recreation tourism activity.

Our region however is seeing a huge surge of forest parcellation and new development that is compromising important public values and its traditional forest economy. This threat particularly here in Maine is documented in a report published this spring which I'm sure you've heard of, the USDA Forest Service publication called Forests on the Edge, Housing Development and America's Private Forests.

This report displays and describes housing density projections on private forests by watersheds across the United States. Results indicate that some 44.2 million acres or 11 percent of private forests particularly in the East -- really focused on the East where most private forests occur, are likely to see dramatic increase in housing development in the next three decades with consequent impacts on ecological, economic and social services.

The report highlighted the 15 watersheds across the U.S. that face the most severe threat for forest conversion. All are in the East. Three of the 15 are in Maine. Number 14, I feel a little bit like David Letterman, is the lower Kennebec River watershed. Number 13 is the lower Androscoggin River watershed. This is nationally. And the number one watershed in the country is the lower Penobscot River watershed with 310,000 private forest acres projected to experience an increase in housing density in the next 25 years. So they've done a detailed studies and they're looking at this region as really having the most pressure.

Our state agencies through the state foresters, county foresters and others are the

essential frontline for working with private landowners and municipalities to maintain our forestlands. These agencies require funding through programs like forest stewardship programs, urban and community forestry program to maintain their presence.

Other programs not in the last Farm Bill such as Forest Legacy which the congressman and Senators Snowe and Collins have been very supportive of, have been very successful but have fallen far short of the program needs and maybe could be considered for permanent authorization in the Farm Bill. That's just one idea. But that's all I have. Thanks for listening.

MODERATOR: Excellent timing too. Thank you very much.

MR. BILL BELL: Undersecretary Dorr, Congressman Michaud, my name is Bill Bell. I'm the executive director of the Maine Association of Conservation Districts. I was a few minutes late, and sometimes there's an advantage to being late one of which is people are already seated upfront and Congressman I didn't know Under Secretary Dorr that just made me feel really good to see you up here sitting with him.

Under Secretary, Mike-- Mike understands us in Maine. He understands our natural resource sector, what works, and I hope, Congressman, as the Farm Bill evolves you'll have the time to continue to along with the rest of the delegation but you perhaps have more time than our senators. We've got a great congressional delegation. I hope you will have the time to have a lot of input.

Another advantage is I can kind of reemphasize some of the themes I think you've heard. And our moderator said when he was going over the points on conservation we're ahead of the curve in Maine. Well, that just didn't happen by accident. We've made a commitment in Maine as a population, as a government, to conservation.

And when we met with Chief Knight a year and a half or so ago in Washington I venture to say that per capita Maine probably spends more of its tax dollar on conservation than any other state. When I look at the commitment we make just in agriculture to clean water at the state funding level, and as the congressman knows we've had a whole series of bond issues on nutrient management funds, on irrigation funds, plus we always have a major bond issue on regular clean water funds. I don't think any other small state makes a huge commitment like that.

And it's appropriate that from where we sit the Farm Bill should reflect that commitment, that sense of priorities within our state. And we have certainly welcomed the concept of regional equity and the special attention which appropriations in terms of both the Farm Bill itself and the high performance reward money in essence that's come back to Maine.

EQIP has been vital to us. And a colleague Tony Carroll from my part of the state couldn't be here. He wanted to speak. He had seven inches of rain over the weekend and he called me this morning and Mike and Dave Lavway know his family well. He's been

very active in FSA and economic development issues. And he said, Please tell the under secretary how important EQIP is to those of us who are dairy farmers and enable us to do good manure management and maintain the integrity of the waters that --

You know we used to think when we had a dairy farm, oh let's -- it will be so nice, the stream runs right through and that will be good for the cattle. We're able to maintain clean water in Maine and a lot of it is through the EQIP. Believe me, we have it every county or district office we have long waiting lines of people on the EQIP signup list. And we're always told, maintaining those lists and that way NRCS can tell the people in Washington how long the lists are. Well there's a lot of people who aren't even on the list because they've gotten discouraged, and I'd guess maybe we're second only to New York state in terms of the huge EQIP backlog.

As you all said at the beginning all the solutions don't necessarily come out of Washington. In our own state Legislature the farmers themselves working through our conservation districts came to the Legislature and said, We feel the need to do something about having a nutrient management law for the state of Maine, and we had technical assistance from NRCS and the State Department of Agriculture and Extension. But the conservation district farm leadership essentially wrote a regulatory law that works. And it works partly because it was our law, we knew what would work, and partly because of the support from EQIP and from the state of Maine bond issues.

So we would hope that you could understand our priorities and that as the Farm Bill was put together that it reflects different states' priorities. In Connecticut I think the 10 dairy farms there probably have plenty of EQIP money. I'm being a little bit facetious, but as I think you know they have more EQIP money than they can use. We have had Farmland Preservation money that we couldn't use because we didn't have a state appropriation, and we would like to be able to swap our money for theirs, or at least have a Farm Bill where there's a lot more flexibility to reflect state priorities.

Finally irrigation has been another of our priorities. We have made a huge state bond issue commitment. And even with a very tight state bond issue our commissioner was able to with the help of a lot of people in this room get irrigation funds included in that. But at the federal level as you have heard we have a problem with irrigation money only being available if you irrigated in the past which means that our potato farmers who can't get it are competing with potato farmers in other states who can get it, and that's worse than not even having the money at all.

I would echo the conclusions of our president who spoke about foreign trade. We see what's happening and we commend former Secretary Veneman, yourself and the other leadership including President Bush who really understand where this has to go. And the President in the last week or so has made several very forceful announcements about what we're prepared to do in foreign trade, and I commend the administration and USDA for taking that really advanced position. And we know it's not going to be easy. And we know that if this effort is successful there will be a lot of dislocations including here in our own state of Maine.

And we urge you to look at the CSP program as a way of ameliorating some of these side effects. The CSP program will reward people for being good farmers. As you know better than I it's green box rather than amber box. It is the program of the future. And we know the Doha Round probably affects more people on this planet than anything else that's happening in Washington, at NATO, with the UN. The Doha Round has the ability to bring hundreds of millions of people out of poverty or raise their standard of living. We commend all of you in USDA for your enthusiasm on moving forward with this, and we stand behind you in Maine. Thank you.

MODERATOR: Thank you very much. Yes, sir.

MR. GIL MAXWELL: My name is Gil Maxwell. I'm from Maine Public Broadcasting. And I'm here to represent public broadcasting as an agricultural industry. I'm joking. We have been fortunate over the last 13 years to have a grant from Rural Development to help promote life in rural communities of which we keep Lou gainfully employed. But in this last year we were doing a show called Starting A Business in Maine, and next year we'll be going out into the communities to help rural communities express areas of where their economic development could be and to help future entrepreneurs start businesses.

But what I really wanted to say is, first I hope this continues but I would like to think that this group would continue to use public broadcasting or broadcasting in general as a way to communicate, especially in a large state like this. A way to get this information -- I mean today just sitting here listening to all these different areas and grants and processes that go on there's a lot of information that rides inside of small circles. And I think using broadcasting as a way to communicate to larger groups to get out, get your information, is very effective way for you to get this kind of information out to help more people get in to understand what can happen.

The other thing is, as broadband of which I heard you talk about this morning, starts to get further and further out into the communities these shows can have a lot longer legs than just being aired once over the air. It's what we're trying to do with starting a business in Maine is by making it available on the Web for people who didn't have that opportunity.

So it seems kind of disjointed to be talking about broadcasting in this environment, but I do think one of the issues you need to get out even in this forum here in talking about this stuff is how can you communicate to more people and bring more people in? I think the Rural Development grants that we've been fortunate enough to have helped do that, and I'd like to see that continue.

MODERATOR: All right. Thank you very much. Gil, first one that was under time too. Quick show of hands how many more people were thinking of speaking? Okay, good. Three. That will be fine, and then we'll have some final comments, and we'll be pretty close to on time. I believe you're next, sir.

MR. CRANE: Appreciate Under Secretary Dorr you being here and Congressman Michaud and I also want to recognize Lou. I appreciate the show you put on Maine Public Broadcast that depicts the things that are made in Maine that many of us don't realize until we see that show the kind of things that Maine is producing.

I represent a third generation farm. At this point our main crop is potatoes. We have about --

SEC. DORR: What's the name of your farm?

MR. CRANE: Crane Brothers.

SEC. DORR: I have a funny anecdote. Last week I was in West Virginia and I had a gentleman get up and tell us, said you know I think one of the things you should put in your programs is support for ginseng. Everyone knows the Chinese believe the effect of ginseng is sex drive in old folks, and this is a growth market. (inaudible)

MR. CRANE: Now I need to get back on track. I fit that older category. We raise about 1,300 acres of potatoes. We do have some corn that we rotate with, but our main income crop is potatoes. We've been a real big user of the EQIP program. It's a program that as it's evolved over especially since 2002 Farm Bill has been a lot more user friendly. Took away some of the programs that were inherent in the older EQIP program.

We have been waiting since 2002 in anticipation of the CSP program. Is a farm that I think we pride ourselves on doing some really environmentally friendly things, and we're really anticipating that was going to be a program that would fill some gaps we see between the commodity farms and other farms, and unfortunately two things. One is the farms that we're operating are spread over two counties, and that program if you elect to participate in one county it precludes participating in another county at this point, under the rules. As somebody said, the devil is in the rules.

And that is a real problem that I think has to be addressed. I know I have three neighbors that operate in two different counties at this point, and they've opted in both cases they're in the county that has a watershed that's designated same as we do, but the mass of their land is in Penobscot County where you're at now. And so if we opt for the smaller operation than we can't ever participate under the present program. I think that needs to be changed in the new Farm Bill as farms have had to spread out because of the need for land. We've had to cross county lines.

I think the next Farm Bill, the centerpiece of that bill still needs to be conservation. Those are the things that are going to sustain the land for the next generation that's -- I'm headed into retirement here relatively soon and the next generation we've tried to build those conservation things. We have a pretty innovative program of using interceding in our corn crop and the rain that we just went through. I would like to have some people look at what has happened. We virtually lost no soil erosion on that

land because it was a good cover crop after the corn came off.

I think earlier somebody talked about the crop insurance program in terms of specialty crops and particularly potatoes just doesn't work. I would encourage there would be some option put in that people that can't participate because of the cost of the crop insurance or it doesn't fit their option we need some kind of a farm savings plan similar to what was proposed in the last Farm Bill but was kicked out.

And the funding for the Farmland Protection Program is essential from the federal level. A state like the state of Maine just cannot afford to put the dollars in that needs to be available for protection of farmland. And as more farmers retire there's more and more leased land being used out here, and that land is very vulnerable to development.

That will be the first that will be sold and a lot of operations that depend a lot on leased land today. If we don't develop some programs that where we can protect that asset then I think a lot of the farms are going to be vulnerable in the future. Those are some of the things I think we need to incorporate in the next Farm Bill.

MODERATOR: Thank you very much.

MS. RITA DUBE: Under Secretary Dorr, Congressman Michaud, my name is Rita Dube. I'm the executive director of the Franco-American Heritage Center in Lewiston. And I'm here today to just talk maybe a little bit about a different aspect of what we've heard here today. And that is the Franco population of the state of Maine and what we are doing to try to preserve the culture, the heritage, the language and so forth.

We started this in the year 2000. Congressman Michaud was instrumental in obtaining some state money to get us off the ground. He played a big role in that as a fellow Franco-America as well as Mr. Aube. We represent one-third of the state's population, which is probably a surprise to you. We still have about one-fourth of that one-third that still speak French today, and Lewiston is part of that community where at least 40 percent still speak the language. And so it was really crucial, it was important to try to preserve what is left of our heritage because it is truly dying down.

And Aroostook County region of course the population there in the French-speaking population is far more numerous than we are, but throughout Maine there are still many pockets of Franco-Americans, and we felt it was important to create a center to try to pass on the rich culture, the rich heritage, the traditions, the food, the language and so forth. And so we are creating a center that will help do this as well as preserve the rich heritage of the state of Maine.

We will be attracting from all over New England because there are Francos throughout New England. The mission is to preserve and pass on what is left.

Because of the nature of what we are doing now, we're always in need of money because we're restoring a building that needed about \$4.5 million worth of renovations.

But it will comprise a wonderful performance hall, probably the best in the state. I'm not going to compare it to Merrill Auditorium, but we will seat 500 people very comfortably. We'll have a learning center where we'll be teaching the language. We will have function hall as well as we have a wonderful little French library. And we will be putting on performances promoting and helping the culture stay alive.

We are hiring several people to do their thing at the center, and so it's bringing economic dollars to the community. We are located in an enterprise zone. One of the poorest in the state of Maine. It is affectionately known as Le Petite Canada, Little Canada.

We're still inhabited greatly with the Franco-American population but unfortunately numbers are dwindling and the neighborhood is very, very old and considered probably one of the poorest in the state. And so we are in the heart of that, and we are building there a center that is going to bring tourism to the area. In fact I'm going to France next week. We're working very closely with France to bring economic dollars from there to here.

And on the whole USDA has been playing a real important role with us, and we're very grateful to them. We hope that the Farm Bill continues to sponsor cultural places and events because it's part of this state's heritage and well this weekend we had that terrible rainstorm. We had seven leaks in our roof. So I was running around with buckets and towels, which means, guess what Michael, we're coming back because now we need a new roof.

But anyway, to make a long story short, we are truly grateful to USDA, the people we've worked with have been wonderful. We appreciate their support and everything they've done. They are easy to work with, very accommodating, and most importantly they are helping preserve what Maine has so many of and that is the Franco-- wonderful rich Franco culture. So thank you very much.

MODERATOR: Merci bien.

MR. CURTIS BOLIN (sp): Good afternoon. I don't know whether I'm last but I'm certainly close to last which I'm sure is good news to everybody. Congressman Michaud and Under Secretary Dorr, thank you so much for hanging out for such a long time. I'm Curtis Bolin. I'm a restoration ecologist with Trout Unlimited. And I want to take a perspective from downstream looking up for a minute.

Maine is blessed with a remarkable number of healthy stream and river ecosystems, and one of the reasons for that is the conservation work and the stewardship of our private landowners, both on farms and in forests.

When I look uphill from a perspective as a stream ecologist, I would agree with what Tim said earlier the best thing you can do for conservation in Maine is to keep our private forests and agricultural lands profitable and to do what you can for the health of

rural communities, which means looking at some of the educational, research ideas that are going through Cooperative Extension through the agricultural research establishments in the state, things of that nature.

Those are probably more important in the long-term health of a rapidly changing Maine where we see threats to changing forestland to more and more private recreational lands, less and less public access. Those are going to be very important parts of any long-term mix.

That said, I also have the perspective of being a restoration ecologist for a national organization working here in Maine, and EQIP and WHIP dollars in Maine do tremendous good. That isn't true nationwide. There are places where it's very, very hard to tap either of those programs to do good things for streams. Here in Maine it's not so hard. The problems here in Maine are logistic as much as anything.

If I want to restore a watershed by addressing stream crossings throughout the watershed, I might have to deal with 15 or 20 different landowners. Every one of those needs a conservation plan. Just think about that. The landowner isn't getting a lot of good out of replacing a culvert that passes all the water they need. It doesn't pass fish but it does pass water.

I have a problem I'm dealing with a large number of landowners that don't necessarily have much incentive to do the paperwork much less to put in a cost-share dollar. So getting these programs done and finding good ways to spend the money is going to require some creative thinking about how to ease those paperwork burdens and find alternative means of finding cost-share money. It's a larger problem not just total dollars, but how do we make the money flow well and efficiently?

I think from my experience over the last year and a half working with many of the conservation districts in the state with a lot of other environmental groups, watershed groups, land trusts in the state, there's a lot of expertise and a lot of knowledge about the state out there that could be tapped to help make that work better.

Now I've got a variety of things I have to say but it's the end of the day and I think written comments work great for that. So that's my main message is, think about the economy of these communities, and think about how to tap the existing resources to help make it easier to make these programs operate. Thank you.

MODERATOR: Thank you. We have one last commenter here.

MR. IAN BURNS: Last but hopefully not least. My name is Ian Burns. I'm the Maine projects director for the Northern Forest Alliance. We're a coalition of 52 recreation, conservation and forestry groups across the northern forest of Maine, New Hampshire, Vermont and New York.

Like my colleague Brian before me, I'm here to talk about the importance of

private forestland to the economy, ecology and way of life in the state of Maine and the Northern Forest and the important investment that the Farm Bill has made and could make toward keeping long-term stewardship on the forestlands of the state of Maine in the Northern Forest.

As Brian said, our region has incredible resources from the forestland base that provides \$15 billion annually in economic value from the forestry, another \$4 billion in recreation and tourism. These same lands also keep our clean air, climate stable, provide critical wildlife habitat. Our forests drive our economy, our quality of life, and our sense of place. They are worthy of a significant federal investment through the Farm Bill.

As Brian talked about before, with the U.S. Forest Service, Forest on the Edge Report, our region is seeing a huge surge of forest parcelization and new development that is compromising these important values including the land base for a healthy forest products industry, water and air quality, wildlife habitat and recreational opportunities such as hunting and fishing.

Our region needs Farm Bill assistance to encourage good forest stewardship and to slow the trend of parcellation. We also need continued support for our state agencies that deliver the critical funding, educational and technical assistance to assist private landowners and municipalities.

I just want to take quickly here because I know I'm the last one, try to list a couple programs that have been included in the Farm Bill and potentially could reach new levels of investment in a future Farm Bill. The Forest Stewardship program, this important program funds the work of state forest agencies with private landowners from stewardship planning to technical assistance. Funding must remain strong for this program.

The Forest Legacy Program. As Brian mentioned, we have potential of permanently funding this incredibly effective tool for our regions that has conserved this region's private forestlands, and we've seen a dramatic increase in the number of states that have been in this program and the funding needs to continue to grow to meet that demand.

Wildlife Habitat Incentive Programs. This is a program that has had a huge impact on forestlands in our region. Unlike most of the rest of the nation where this is focused on agricultural land. Maintaining funding for this program will help private forest landowners afford to implement wildlife habitat improvements.

Community Forests. Both through the urban and community forest program and through potentially other sources our region has come to rely on Community Forests as a critical component of our forestland base that serves public purposes. The urban and Community Forest Program should be well funded and other opportunities to support the establishment of managed community forests should be explored. Thank you very much, Congressman Michaud and Under Secretary, and thanks everyone else for being patient

with me.

MODERATOR: All right. Well, thank you very much. I'm going to ask the congressman for a brief comment and then the Under Secretary as well. And I'll be interested to hear if these comments are really all that different from Minnesota or West Virginia or what have you. We'll find out.

REP. MICHAUD: If they're not different probably some of the language might be a little different. I know serving on Veterans Affairs Committee when I was down in South Carolina one of the things I heard a lot down there was y'all. And it's a different language. But I do want to thank the audience and the participants here today. This has been extremely helpful for me as we begin to look forward to the next Farm Bill. I definitely will take the comments here today and work with the Under Secretary as we craft the legislation for Congress to hopefully enact in swift manner.

I do want to thank my staff who's here, Rosemary Winslow, Marcia Gartley (sp), for participating today. And I want to let you know, Mr. Under Secretary, that my staff works very closely with your staff and as you heard earlier today your staff here in the state has been very helpful to the folks here in Maine and really appreciate the dedication and commitment they have to the state of Maine but also to the United States in working with USDA.

But also Mr. Under Secretary, and as you heard earlier, we're very fortunate in Maine in that when it comes to these types of issues whether you're Republican, Democrat, Independent, Green Party, we work very well together because what's good for the agricultural community here in Maine is good for everyone regardless of what party that you belong to.

I do want to commend both Senator Snowe and Senator Collins' office for having their staff here and for their ongoing commitment to working with the folks here in Maine and working closely with my staff and your staff.

Lastly, I do want to thank you, Mr. Under Secretary, for coming here in Maine. I know it's not easy to travel all around the United States, and hear what's going on but it's extremely important, and I want to commit to you that my office will work closely with you as we move forward for the next Farm Bill to improve on the previous Farm Bill and to work together in a good, strong bipartisan manner and hopefully have a legislation that whether you are from the East Coast, Mid West, or out West that we can live with it and it's that collaboration and commitment that will give you today to work for a good solid piece of legislation that we'll be able to move forward on. So I want to thank you once again for coming to Maine.

SEC. DORR: Thank you, Congressman Michaud. And thank you, Lou, for the whole three and a half or four hours. These events never cease to amaze me in that yes there are a lot of consistencies in them, but there are also always fleshing out little nuggets of new things and nuances. Before I get into that I would also like to echo

though our sincere appreciation to all of the staffs of the USDA agencies, from FSA, NRCS, Rural Development and your staffs and those of the congressional delegations.

For those of you, I guess you call yourselves Mainers, is that correct? who took the time to come, I thank you as well because it shows that there is a very significant dedication and commitment, and Mr. Commissioner we appreciate your taking the time to stop by and share with us also your insights.

You know, the nugget that I got here today quite frankly was Mr. Bell's comment on his view relative to the WTO negotiations and the global trade strategy that the Secretary and the President just laid out this week over in Geneva. That is a significant new initiative. Make no question about it. And it's taken a lot of courage. You know, this administration regardless of how you feel about it has made some tough decisions. You may not agree with all of them, but this is an equally tough decision relative to all of the traditional political processes and players. And to hear support for it, quite frankly, is gratifying.

The consistencies that come through, quite honestly, are interesting in the sense that they always focus around more conservation programs. I think that's an interesting evolution. It's not one that surprises me, but I think when you reflect back on farm programs all the way back to 1985 when the Conservation Reserve Program was first initiated, those of us that were involved in production agriculture in the Midwest initially looked at it as another soil bank program that was a blip on the screen in the Farm Programs back in the '50s and it went away. But it didn't.

It was there in the '90 Farm Program. It stuck around in the '96 Farm Program. It manifested itself in greater initiatives in the 2002 Farm Program. I don't think there's any question that conservation and effective implementation of conservation programs are going to be around for a long time, not just in the context of giving us a way to deal with working lands in lieu of traditional crop payments but because they make good sense.

Crop insurance is another recognition that there have to be better ways to maintain the kind of safety net necessary, but the need to use technology to refine those kinds of programs in ways that they make sense and are cost-effective. I'm reasonably sure that Congress and the administration, everyone is looking at that that way as well.

Farmlands protection, particularly here in the Northeast is one that we hear a great deal of, and I understand why. I mean those are real struggles. You have all kinds of cost pull pressures relative to those who want to maintain an agrarian base. And yet also don't necessarily feel compelled to have to bear the cost of society's desire to do differing things with their asset base. And those are clearly major issues.

The other thing that comes through and has come through loud and clear, and the Secretary said this in his speech last Thursday at the Commodity Club in Washington, DC when he laid out some of his first observations of these Farm Bill listening sessions, was that Rural Development in a macro sense is becoming a very, very significant, not

issue but quite honestly, opportunity.

Rural Development and conservation I think are probably the two predominant themes that are coming through the listening sessions I've heard. They are terrific opportunities. They're going to create new political opportunities. You're going to create new political alliances, going to create new political antagonisms. I probably won't live long enough to see how all this fleshes out.

But the encouraging thing is more than anything else collectively we who care a lot about rural America in my view, and my limited experience is far more limited than most of yours, is that we are clearly thinking differently about a lot of these issues. Whether or not we get as far as we want to this time around or at the next Farm Bill remains to be seen. But what is very evident to me is that we're moving. We're moving in a different direction, we're beginning to think about things differently, and that all is a result of globalization, the ability to move knowledge around and a whole host of other things

So again, I commend all of you for the effort, time and thought you put in this. I too commit from my standpoint and the administration to the extent I can commit anything that we'll clearly work closely with all our congressional delegations to see what we can do to formulate a solid Farm Bill in 2007. Thank you very much for coming and spending all afternoon as well. Again, thank you, Lou.

MODERATOR: Thank you very much. I'll just throw my two cents in to remind everybody who spoke to please sign in. Thanks to the USDA for supporting the grants for our production of television programming on MPBN. Hope you get a chance to see it. If not, you can broadband it. Just check it on MPBM.net and you can see the show right then and there. But thank you for having me by today. I don't have staff.