



# TRANSCRIPT

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**TRANSCRIPT OF THE MINNESOTA FARM BILL FORUM  
LISTENING SESSION WITH AGRICULTURE SECRETARY MIKE JOHANNIS  
MODERATED BY LYNN KETELSEN OF LINDER FARM NETWORK AND  
TOM ROTHMAN OF MINNESOTA FARM NETWORK , MINNESOTA FARM  
FEST - REDWOOD COUNTY, MN - AUGUST 3, 2005**

MODERATOR: The challenge for the USDA and for Congress is to put together the best of all the ideas and come up with a bill that is going to do the job serving agriculture. We'll talk about the rules for this evening, but first we'd like to begin the evening with the color guard from Redwood Falls, the National Guard Unit.

(Color Guard performs.)

MODERATOR: At this time we would like to have Kyle Lessman representing the 4-H and Julie Millmann representing the FFA with our Pledge of Allegiance.

(Color Guard performs.)

MODERATOR: And now the Great Pretenders with the National Anthem.

(The National Anthem is sung by the Great Pretenders.)

(Color Guard performs.)

MODERATOR: Ladies and gentlemen, you are participating in a historical event this evening. This is without a doubt the largest crowd that has ever gathered at a forum or any event at Farm Fest in its history. So why don't you give yourselves a round of applause for coming to this important event. We do appreciate that.

We have special guests on stage with us that we're going to introduce, and we begin with Representative Collin Peterson. And Collin, would you like to make a comment? Here's a microphone. We have plenty of microphones here.

REP. COLLIN PETERSON: I just want to personally thank the Secretary for coming out to the Seventh District of Minnesota. We, as you know, are one of the biggest farm districts in the United States. We like to think we have the best farmers in the world. People in Nebraska might disagree with that, but we think we have the best farmers right here in this area-- in the world. And so we just appreciate you being here.

And I have a corn shirt here for you. We not only make ethanol out of corn, we make shirts out of corn and you probably know about this because they actually do the process in Nebraska, but the company in Benson actually makes these shirts. And we are right now working with the U.S. Department of Defense trying to convince them to buy corn shirts for our Marines and Special Forces people. And I've had them out to Washington. So these things are made 100 percent out of corn, and they're very soft, and they wick, so the moisture comes off through them. So on a day like today you want something like this.

And this is also a mug that is made completely out of corn. So we're working hard as you know to make a lot of products out of corn besides what we're normally used to. And those are for you to take back and do with whatever you want. So thank you for coming. We appreciate it.

(Applause.)

MODERATOR: Thank you, Congressman.

REP. PETERSON: I've got shirts here for the lieutenant governor and Gil too. I'll give them later. So.

MODERATOR: Okay, great.

Now, Congressman Gil Gutknecht.

REP. GIL GUTKNECHT: Well, thank you, Lynn. And again I just want to welcome the Secretary here. I said, earlier at a news conference, in the short time that he's been the Secretary of Agriculture I think he's already demonstrated two things. Number one, he is an activist. I've been in Washington now when we passed two Farm Bills, and in both cases the Secretary of Agriculture played a very passive role. And I think by being here and traveling around the country and having these listening sessions I think he's already demonstrating that he intends to be an activist as the Secretary of Agriculture.

The other thing that I've been very pleased and I can report to you, he has quickly become the best salesman we have. He has traveled to Africa, he has traveled to China, he is meeting with our trading partners and even our trading competitors. And if there's ever a time that agriculture needs a great salesman, that time is now. And I'm happy to report that we have a very good one. So again, thank you for joining us today, Secretary Johanns. We're delighted to have you here. It's a good, warm day in southern Minnesota.

MODERATOR: Thank you, Congressman.

[Applause.]

MODERATOR: And next with a formal introduction, Lieutenant Governor Carol Mulnau.

LT. GOV. CAROL MULNAU: Thank you, Lynn. And I do want to bring you greetings from Governor Pawlenty, who was here earlier in the day but had to leave just about as you came in. I'm not sure what that means. But I do know that he left you in good hands. And that's why the lieutenant governor who also happens to be a farmer gets to do the intros.

So on behalf of the governor, welcome to Minnesota. On behalf of me, the lieutenant governor and farmer, welcome to farm country in Minnesota.

[Applause.]

The Secretary certainly is no stranger to Minnesota. He graduated from one of Minnesota's universities down in Winona. He spent some time in Iowa. He was the governor of Nebraska. We have a Midwest farm person here who understands Midwest agriculture, a little bit different than the rest of the country. We really appreciate the fact that he's here with us today, and I think that wasn't by accident. Truly he has a deep interest in the Midwest and the things happening here to our farmers.

I think also the unique thing about this forum is that typically most of us sitting out there say, what's government going to do to us next?

Well, we have a Secretary of Agriculture who says, I want you to help me write that bill. We don't want to do it to you; we want to do it with you. And that's a different approach than happens most often, so we are so fortunate today. Even though it's a hot day in Minnesota it's well worth your time and effort to be part of that 2007 federal Agricultural Bill. And your input will make a big difference.

And so, Secretary, we're so happy to have you here, and thank you for coming to Minnesota, and thank you for being interested in Midwest agriculture.

[Applause.]

SEC. JOHANNIS: Well, very good. I guess that means it's my turn. Thank you very, very much for that warm welcome. Let me also say thank you to both congressmen for being here. You know, no Farm Bill is passed without a lot of work on the House side and I'll guarantee you ladies and gentlemen you are well-positioned to have a great impact on the next Farm Bill because of these two fine men that represent you.

Please give my best regards to the Governor when you see him. He's a good friend and a good man, and so send my regards to him.

Now mention was made that I did grow up on a farm. I grew up on a dairy farm not all that far from here near a small rural community called Osage. Now I do see some people that are puzzled about that where Osage is at. It's not that far away, but I'll explain to you before we get started where Osage is at. Osage would be south of Stacyville and St. Ansgar and it's straight east of Manley, so we've cleared that up.

[Laughter.]

I joke with people in Washington. My father John and Adeline had three sons, and their idea of building character in their sons was to give us a pitchfork and send us out to the barn or send us to the hog house or the chicken house, and we would stand about knee-deep in you know what, and we would pitch away. And you know, my father thought he was building character. Little did he know he was preparing me for my life in politics, right?

[Laughter.]

It is good to be here. I also want to offer my words of appreciation to Lynn Ketelsen and Tom Rothman for their work in being moderators there. The Great Pretenders I thought did a great job with the National Anthem. And the color guard, as I understand it was from Redwood Falls American Legion Post 38, and from Redwood Falls National Guard. So we appreciate them being a part of this.

At every Farm Bill Forum we've done so far, we've had participation of the 4-H and the FFA and this evening was no exception.

And then to our friends with Farm Fest, thank you so very much for your help in organizing this event. Look at this standing-room-only -- I could not be more pleased by the attendance.

I understand a little earlier in the day there were some Farm Families of the Year that were recognized. And I don't want to embarrass anyone, but if the farm families that were recognized could please stand or wave at us? Please stand if you would and again, don't be shy. Yes. There you go. How about a round of applause?

[Applause.]

We do appreciate your commitment to agriculture, and it's great that you are honored. You are carrying on a great tradition.

Well, under the leadership of many in your state I think it's very safe for me to say that Minnesota is one of the leaders when it comes to agriculture. In one area I can tell you that you lead all 50 states in the use of ethanol. And you continue to be a leader in this area. Ethanol industry provides jobs for more than 5,000 Minnesotans and pumps \$1.3 billion into the state's economy. That is remarkable. And again, we appreciate your leadership. You believed in ethanol when everybody wondered if this was going to work out. So you deserve a big pat on the back for that. You bet.

[Applause.]

We are doing these Farm Bill listening sessions all across the country. You are the third, but there will be many in front of us. In fact I suspect that I will be in many, many states before the year is out doing forums just like that. We're excited about the tour. Who wouldn't be excited by this great turnout?

But I will also tell you that you have a friend in Washington who is also very excited, and so ladies and gentlemen I came armed with a message from that friend, a message from your president, President Bush. And I think we're ready to roll that.

[Video is played]

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

Mike Johanns understands the importance of America's farmers to our country, which is why I chose him to lead our Department of Agriculture. I'm proud of his work, and he will lead our efforts on the next Farm Bill.

Secretary Johanns and I believe the first step in this process is to ask each of you how today's Farm Bill is working and how it can be better. And as we look to improve America's farm policy, we will continue to focus on the following goals.

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

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

Thirdly, we need cooperative conservation that encourages good stewardship of our land and natural habitats.

We also need to act wisely in delivering help to our nation's producers. And we must promote cutting-edge agricultural products and research.

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

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

SEC. JOHANNNS: Great. Yeah. Round of applause.

[Applause.]

SEC. JOHANNNS: One of the things that I said at my confirmation hearing when I was before the United States Senate Ag Committee was that I believed the best ideas relative to farm policy don't really come from inside the Beltway. They come from producers out in our nation. And so the whole idea of this Farm Bill Forum process was to solicit your input so you could offer your ideas.

Agriculture is much different today than when I grew up on that dairy farm in Osage, Iowa-- much different than it was 50 years ago. I will tell you, ladies and gentlemen, it was a privilege for me to grow up on that farm. So much of what I believe in happened in those first 18 years of my life on that dairy farm with John and Adeline Johanns.

I would like to believe that our farm policy creates the same opportunities for young people to decide where they want to go with their career and creates opportunities for young people to stay in agriculture. I believe one of the single most important considerations is the impact of our policies on future generations. We must ask ourselves whether our policies help them enter and succeed in agriculture.

Strong rural communities is another very important part of what farm policy should be about these days. Rural America's an amazing place. It's a place where neighbors very much care for each other and for the land, young people learn work ethic, commitment to purpose, discipline. All of those lessons come from the farm. I have a vision, and I know the president shares this vision that we will have a vibrant rural farm economy. And this listening tour is designed to bring out the ideas from you as to how we go about doing that.

We are going to be in Wisconsin tomorrow. Next week we'll be at the Iowa State Fair, then we go on to California. It's my pleasure this evening to announce three additional forums that have been scheduled: August 16 in Pennsylvania; August 17 in Wyoming-- that one will be done by Under Secretary Mark Rey on natural resources; and August 18 in Indiana-- that one will be done by a gentleman who grew up in Indiana, our deputy secretary of Agriculture, Chuck Conner.

I want to tell you what I've told every forum, and that is, I intend to personally visit every region and get to as many states as I can in the months ahead. And we're also going to have some specialty forums on food and nutrition, which of course is a major part of our budget.

We are going to ask for your thoughts on a number of areas, but there are six areas that I just want to mention quickly. One is, the challenges that relate to new farmers. These young people that you see in the blue jackets, what are their opportunities, and how are our policies impacting them-- whether it's cost of land or rent or fuel or whatever?

The second question relates to competitiveness-- how can we make sure that our farmers are poised and ready to be competitive with other nations -- 27 percent of agriculture relies upon a foreign market.

The third question relates to farm program benefits. Is the current distribution of farm benefits a fair and equitable distribution? Benefits should stabilize farm prices and incomes. The current programs in so many ways distribute assistance based on past and current production levels, and some argue that this leads to larger and larger farms.

The fourth goal relates to something that the President even mentioned in his comments, and that's conservation. We believe that the farmers are the first and the best stewards of the land. How are our conservation programs working, and what have we learned from them?

The fifth area is rural economic development. Farming in rural America should be synonymous. Whatever we do in farm policy should aid our rural communities. One of the things that was mentioned by Senator Coleman in my confirmation hearing was the whole idea that the infrastructure, water and sewer etcetera, for rural communities is becoming very, very dated, and what can we do there?

And then the final question relates to the expansion of markets and research, and what areas should we be paying attention to, to make sure that the ethanol of tomorrow is presently being worked on, or the biodiesel product of tomorrow is presently being worked on?

In conclusion ladies and gentlemen, I'm interested in hearing your thoughts. I will tell you pretty much during the next three hours I'm going to sit and listen and take some notes. I'm not going to be the one that takes all the time for the Farm Forum here. I want to hear from you.

And so with that I'll turn the microphone back to our moderator, and we're ready to go.

MODERATOR: Okay, and I'll just add a point, Mr. Secretary. The very first secretary of Agriculture I interviewed as a farm broadcaster was Earl Butz. And I've known every secretary very well since, and the qualities that you see behind the scenes as a farm reporter is, is that person a genuine person, does that person--he or she--care about what they're doing, and is that person really talking about agriculture from the heart? And you can see that, when you're a reporter, in how they treat other people.

And I tell you what-- this is the real deal right here. Secretary Johanns is a gentleman, he treats people with respect, and he cares about agriculture. And we really do appreciate that, and we appreciate you being here. So --

[Applause.]

We have a good one here.

Okay. The rules of the game. We have six questions that all deal with the future of the Farm Bill that we're addressing today. The questions are:

How should farm policy address any unintended consequence that discourage the next generation of farmers from entering production agriculture?

How should farm policy be designed to maximize U.S. competitiveness and our country's ability to effectively compete in global markets?

How should farm policy be designed to effectively and fairly distribute assistance to farmers?

How can farm policy best achieve conservation and environmental goals?

How can federal farm and farm programs provide effective assistance in rural areas?

And how should agricultural product development, marketing and research-related issues be addressed in the next Farm Bill?

Now your comments need to be two minutes or less. Don't make this tough for me. I don't want to have to cut you off, but we have two minutes so we can get through as many as we can. And if you don't want to stand up today you can e-mail your comments to [USDA.GOV](mailto:USDA.GOV) or mail them. They carry an equal weight to the comments that we're getting publicly here tonight. And when you stand up, please give us your first name, where you're from, and if you can, the question that you're addressing.

And we're going to begin with comments from the 4-H and FFA, and then we'll open it up to the general public.

MR. CHRISTIAN LILIANTHAL: Well, hello. My name is Christian Lilianthal. I live in Arlington, Minnesota, and I'm the president of Minnesota FFA. I firstly would like to thank Secretary Johanns and thank you, Lynn Ketelsen, for encouraging FFA to be represented here this afternoon, lead the Pledge of Allegiance, and give our thoughts on this question.

FFA has a long tradition of preparing students for career success and engaging youth in activities and projects that get them excited about the future of agriculture. One way that I know our members are excited is by listening to them speak and explain their families' production operations. I can easily see to be the son or daughter of a farmer means that you are a farmer.

The youth that live on family farms are some of the most qualified individuals, able to complete the task of dedicating their lives to the work of production and have developed great passion to achieve the dreams that generations before have begun.

But with the age of the average farmer increasing, what we need is a program that allows young people interested in starting the life of a production agriculturalist and small farms to work on the same playing field as larger operations. Consider a tier system that gave progressively higher subsidies as the scale descended on to smaller farms. If such a program was implemented, farmers would gain sustainable profit on fewer acres or with smaller herds.

To Secretary Johanns, I thank you once more for recognizing the future of agriculture. We thank all political leaders who support the Perkins Bank (sp), which allows classroom agriculture the resources it needs to help students gain the best education possible. The FFA organization affects so many lives with the knowledge of the growing diversity of agriculture. The USDA has identified 300 careers in agriculture, and the FFA is dedicated to preparing today's youth with the resources needed to succeed in every one of them.

Thank you very much.

MODERATOR: Thank you. You stayed under your two minutes. That's very good.

[Applause.]

Okay. We have one other student, and then we'll open it up to the general public.

MS. MARNIE ANDERSON: Good afternoon, Mr. Secretary, and welcome to Farm Fest. I'm Marnie Anderson, the Minnesota State 4-H president, and I'll be answering question two.

Mr. Secretary, whether you look around the local area, the state or the nation you will see young people as a core part of every community. The USDA has always played an important role in supporting these young people through the 4-H Youth Development Program by continuing to design the Farm Bill to include additional investments. In the Cooperative Extension System you will be investing in young people who are ready to compete in the global market and business world.

People are frequently looking for instant results when money is allocated to specific programs. However, sustainable growth and development in youth is a long-term commitment. 4-H knows the skills needed to compete globally are not attained from a one-hour session and a three-ring binder. 4-H makes that commitment to invest in youth over time.

Devoting these resources to the development of kids fosters the ability for the United States to compete in the global arena. 4-H provides experiential, project-based learning that allows youth to practice leadership and develop life skills.

For example, my 4-H Club took part in a service project that addressed homelessness. The life skills learned are transferable in the work force. The ability to communicate effectively and problem solve in a variety of situations are recognized by the public.

The 4-H After School Program is another example in providing opportunities for additional youth to practice leadership and develop life skills under the guidance of positive and grounded adults. The Farm Bill's support of 4-H will ensure more young people are prepared to work in our global world.

I want to stress how valuable the Investment in Youth Program can be. 4-H is an example of an organization that is proactive in affirming youth development. As the result of opportunities provided through the Cooperative Extension System that are supported by the USDA and the Farm Bill, many young people will be prepared to help the United States be competitive in this global world.

Thank you, Mr. Secretary, for your attention and your consideration.

MODERATOR: Okay. Thank you very much.

[Applause.]

Thank you. We're going to alternate. We'll start on this side and we'll go this side and you're up.

REP. DEAN URDAHL: Thank you. Mr. Secretary, I'm state representative Dean Erdahl. I represent Meeker and Wright Counties, which are just north of here and serve on the Agriculture Committees in Minnesota House. And we're honored to have you. Welcome to tropical Minnesota. And I want to thank you for the part you play in helping to maintain the vitality of rural Minnesota. And also I'd like to thank USDA Rural Development and Director Steve Wenzel for the role they play in encouraging people to live in rural Minnesota, to work in rural Minnesota, and if they have chosen to leave for any reason to incentivize and come back and live and work in rural Minnesota.

My town of Grove City is a good example of this. In 1964 Grove City was chosen as the first community in the United States to receive a multifamily housing grant. It was a big event for Grove City. In the years since then, the 26 homes have deteriorated and need repair, need updating, and USDA and Rural Development stepped forward. A grant has been given for \$834,000 to do the needed improvements, and we are very grateful for that-- so grateful in fact that sometime I believe in September we are going to hold a ceremony to commemorate this first-in-the-nation program and the reinvestment in it. And we are asking, Mr. Secretary, if you can that you will come to Grove City and be part of this. I believe Senator Humphrey was there in 1964, and we are so eager for you to be there that you can pick the date. September, October -- be glad to have you there.

[Laughter.]

MODERATOR: I think he gets the drift on that one. Okay. Thank you very much. You'll have to check your social calendar, Mr. Secretary.

SEC. JOHANNNS: Yeah, and that leaves pretty open-ended opportunities.

MODERATOR: It does.

SEC. JOHANNNS: I overlooked somebody and I offer my apologies because he's working very, very hard for you, and that's the commissioner of the Minnesota Department of Agriculture. Gene, where are you? Gene, I know you were here because I visited with you. Gene? There you are. Come on out here and wave at everybody.

[Applause.]

SEC. JOHANNIS: Thank you, Gene.

MODERATOR: Thank you, Mr. Secretary. Now we go to this side of the aisle.

MR. DOUG PETERSON: Thank you. I'm Doug Peterson. I'm president of the Minnesota Farmers Union. The question we have about the unintended consequences of actions the federal government might take, on CAFTA Mr. Secretary -- and we thank you for being here -- on CAFTA we have fears that the unintended consequences of CAFTA with (recording gap) -- ethanol. We need American ethanol to stop the dependence on foreign oil, and this has to be not Latin America, not Central America, and not Brazilian ethanol. We think that's terribly important.

There's 14 ethanol plants in this state. I had a major role in some of the ethanol legislations along with Rep. Gutknecht, one of my former colleagues up there on the stage. We have a stake in all of these communities to make sure that the ethanol industry is sound and safe and American. Thank you.

[Applause.]

MODERATOR: Thank you very much, and Mr. Secretary obviously ethanol is a topic you're very involved in. Very involved in.

SEC. JOHANNIS: I'm going to violate my own rule not to say very much here, but when it comes to ethanol the House and the Senate just took a major step forward in passing an Energy Bill.

[Applause.]

And these gentlemen to my right may want to offer a comment, but it raised the renewable fuel standard to 7.5 billion gallons. We believe that is going to have a very, very positive impact. And for a state that again really has led the nation in ethanol and has every reason to believe it can lead the nation in other renewable fuels, this is good news. And so Congressman, I don't know if you have anything you'd like to offer, but good work by the House and the Senate.

REP. GUTKNECHT: I will say this, and I don't want to get into so much the other side of that debate because we've already had that debate and we're going to have to move on. But I think perhaps one of the best stories for agriculture, and I've been spending the day with the Secretary and we've talked a lot about renewable fuels, and in many respects I think this is a story that's going to get better and better for American farmers. It's going to get better for our environment. It's going to get better for our balance of trade.

And somebody talked about Rural Development. There are very few things that are going to do more for our rural economy than increasing the usage of renewable fuels. I'm also the vice chairman of the House Science Committee, and two weeks ago we had four top energy experts come and testify before the House Science Committee about renewable fuels. And when it was my turn to ask a question I asked a pretty simple one and I was surprised by the answers.

I asked these four experts including the number two person at the Department of Energy, how much does it cost to produce a gallon of ethanol? And it got real quiet. I said, "Well, just make a guess." The lowest guess was \$2.00 a gallon. I said, would you be surprised to learn that the actual cost at our new efficient plants in Southern Minnesota is about \$.95 a gallon?

Now if you take the arithmetic of oil, right now with oil at \$60 a barrel you get about 42 gallons of gasoline out of a barrel of oil. Well you can do your own arithmetic and it works out to over \$1.40 just for the oil in each gallon of gasoline. So the story about ethanol is not only a good story because it's good for our economy and our balance of trade and it's good for the environment-- but the best news is, it's now cheaper than gasoline.

And it really is our responsibility to make certain that everybody gets that story. And while I am concerned about potential imports from other countries, and I think we have to deal with that, I think we have a much bigger problem. And that is to share with all of our friends, all our neighbors, the rest of the country that ethanol is clean, it is reliable, and it is affordable, and it is now.

[Applause.]

REP. PETERSON: Amen. Mr. Secretary, you and I of course and your boss had a disagreement over CAFTA to say the least. But it's over with, and we have to move on. And so -- and you understand that one of our concerns was that we've got this NAFTA problem we haven't fixed. And President Clinton promised us in the side letter it wouldn't happen. Back when we did the GATT agreement they said we were going to have to bring in 1.5 million tons, and that was it. Now we are doing these things. So that's why the sugar industry was so upset. But it's over with and we've got to figure out how to move ahead.

What I am concerned about however in CAFTA that I think is an ongoing question-- I've spent a lot of time in South America, spent a lot of time in Central America -- and I am afraid, in fact I would almost bet my shirt on it here, that we're going to have ethanol coming in from Brazil. They've got five hydrating plants right now in Central America. The reason they haven't built more was because of the uncertainty of the CBI. Now that they have CAFTA I think there's going to be a lot of construction going on down there, and we've got to be on top of this so we don't get behind the eight ball. So I just encourage you to work with us to try to make sure that doesn't happen. I think that's what Doug Peterson was alluding to that this is one of the problems I think we're still facing with CAFTA.

[Applause.]

MODERATOR: All right. Let's go to the next question. Thank you.

Good afternoon. My name is Bob Van Matron. I'm the administrator at Sleepy Eye Medical Center Hospital and Clinic just down the road in Sleepy Eye. I have more of a testimonial than a question to number five, How can federal rural and farm programs provide effective assistance in rural areas? I'd just like to share a quick little story.

About three years ago Sleepy Eye Medical Center took on a building expansion and renovation project. In total we added 14,700 square feet of new space. We built a new physician clinic, new emergency rooms, a new radiology addition with on-site CT scanner technology. We built a large new laboratory, office space and expanded most of our patient care areas.

To help make this project a reality we obtained a \$4.5 million low-interest loan from the USDA Rural Development. This project allows us to provide more and better health care right in Sleepy Eye. We've created new jobs. We have increased the quality of health care to the residents of Sleepy Eye and the surrounding areas. We're proud of our facility and very thankful for the loan that we received from the USDA Rural Development.

Thank you.

[Applause.]

MODERATOR: Thank you for your comment. Now let's go over here.

MR. JERRY MILLER: Mr. Secretary, my name is Jerry Miller, and I am the executive director of MENDACA (sp). It's good to see you again, by the way. Welcome to Minnesota. We are the professional association for programs that serve people with developmental disabilities. There's about 230 of these programs in Minnesota. They're located in 84 of the 87 counties. And we provide services for about 12,000 with developmental disabilities.

Last year these people earned over \$37 million working for nearly 6,000 different businesses statewide.

Over the last few years the Department of Agriculture has provided low-interest loans through Rural Development that are used for building facilities for these programs, and for an example, in May we opened a new program in Benson and just last week we had a grand opening to an addition to a building just down the road here in Olivia, Minnesota.

The new facilities were a result of a cooperative effort between the program staff, counties, local businesses and the Department of Agriculture. And it was a total community effort.

They've enabled these communities to provide meaningful work and more importantly allowed people with developmental disabilities to remain at home and live in their rural communities. These loans are invaluable, and they are a very good fit-- Rural Development and the DD programs are a very good fit. They work.

I'd like to thank Steve Wenzel (sp) and his staff for all their hard work making this possible. He's created a very effective and user-friendly office, and we just really enjoy working with him.

Additionally, Mr. Secretary --

MODERATOR: Sir, your time is about up. Please conclude if you would.

MR. MILLER: I would like to personally thank you for your longstanding advocacy for people with developmental disabilities and their human rights. And thank you very much.

[Applause.]

MODERATOR: Thank you. Very good comments. We appreciate that. Okay, let's go to this side.

MR. PAUL SOBOCINSKI: Thank you. My name is Paul Sobcinski. I work with the Land Stewardship Project. I'm also a farmer from Osakis, Minnesota. Hog farmer. And I'd like to, one piece first of all generally about the Farm Bill what I'd like to say is that once we do a Farm Bill that the agreement that's put forward should be honored.

Two examples. Country -of-origin labeling and also when we do a reauthorization we're taking funds out of the Conservation Security Program. That should not happen.

The second part, the intent in terms of the Farm Bill was that the Conservation Security Program was supposed to be a continuous piece sign-up, just not by watershed by watershed. So when farmers see other neighbors sign up and participate that they too can sign up and not be caught in a situation where they're not eligible and have to wait another eight years.

The second part I'd like to talk about is fair distribution. Currently when over 70 percent of the commodity payments go to less than 10 percent of the largest operators, that's not right. You need to do something about a more equitable distribution so that the dollars are not going just to the largest farmers.

If you look at the Grassley-Dorgan Bill, it can save over \$2 billion over the next five years, nearly two-thirds of the proposed cut that's being proposed for this current year 2006.

The third area I want to touch briefly on again is the Conservation Security Program. The whole idea of rewarding stewardship -- we need to have a shift of dollars just being concentrated on program crops, but also include crops such as alfalfa, grasses and encouraging grazing.

If you want more livestock on the landscape and distribute across the state whether Minnesota or any state we should look at how we can encourage livestock to be distributed, just not concentration. One good way to do that is to peg the environment and the farm policy together as one piece. Thank you.

MODERATOR: Okay. Thank you for your comment.

[Applause.]

Let's go to this side.

FEMALE: Mr. Secretary, as you can see maybe I have two hats on right now. I'm representing townships of Minneota and of Anoka. I'm on both the boards. And I'm going to be addressing number five as to how very important the money that USDA gets out to rural America is to small towns and townships all over the United States. We really need that help. We've gotten a lot of help from your office so far, and we hope that will continue.

I also am here representing the Mille Lacs, Garrison-Kathio township sewer district. Can't even think of the name. But I want to thank first of all your office and particularly Steve Wenzel for all the help we've had. This is a sewer that I'm fortunate I live on the Lacs Lake. I've lived there 50 years and it's a little bit different than here. However this is a sewer that has been needed for a very long time. We're working hard on it. We have many different phases of government involved. We have two counties involved. We have two cities -- one city, two townships and a tribe.

The collection system is on the tribe's land, and we worked a long time trying to get that going. This is the jewel of Minnesota, the second largest lake in Minnesota, and we're seeing more and more effects on our lake. Started this actually in 1988. We're getting close. We have the first very small phase of it up and running, but we do need to have that continued financing that comes from USDA.

Steve Wenzel has been with us from day one working on this project, and we really, really need that. As I said, this is joint cooperation between all the governments, and we are located in one of the fastest-growing areas in the state, so it's very, very important that we do that.

I guess the other thing is that when we first started, we had all kinds of opposition. The district basically runs roughly seven miles long. Somebody else will address some other figures, but we had lots of people opposed to it. It was a political issue. We more or less put all those issues behind us now and we're down to the final digging in the ground, and we still need more money from the USDA. Appreciate your being here, and thanks very much for all the help you've given us.

MODERATOR: Okay, thank you very much. We appreciate that. Let's go over to this side.

MR. DAVID CALSER (sp): Thank you. Mr. Secretary, I'm glad to have you here in Minnesota. I'm David Calser, (sp), Luverne, Minnesota, and I do a lot of work with the USDA Economic Development, help out with other farm groups across the nation, and I am a farmer. One of the things that we're really pleased about is the renewable energy bill, and my understanding is President Bush is going to sign it next Monday in Albuquerque, New Mexico. And that's a great thing for us as farmers. That's because we're in a renewable energy field. But one of the provisions of the Farm Bill is 9006 section, and it does allow assistance to some farmers to get involved in some energy projects, not necessarily ethanol but wind and some of the other things.

Currently I think they've been using about 25 million in this project. But you know we're in Minnesota here and we have varying climate. We also have a lot of wind energy. But the 900 section of the Farm Bill allows farmers to invest in these wind projects and to actually own and control some of their own projects. Models have already existed. You can look at them. We have community based models that are working very well. I feel very strongly that some of this funding should be shifted from traditional farm programs over to the 9006 and dovetail it with the new energy bill.

It allows farmers to get an additional revenue stream, not necessarily from corn or beans but out of the energy sector. This is welcome here -- rather than having us compete with each other on a limited land basis. We can get some of our revenue out of the energy sector.

You know and some of the things this does with the energy in building our own systems-- creates economic development, gives farmers another additional revenue stream. One thing I've found and I work with a lot of farm groups -- that really these programs allow farmers to work together instead of against each other for a common goal and common good, and they can all share economically and everything else.

Finally finish with this here. One thing I've found when we get involved, these renewable energy systems, farmers are looking to the future rather than trying to maintain the past. I think that's key to where we go with the new Farm Bill.

Thank you, Mr. Secretary.

MODERATOR: Mr. Secretary, maybe you want to make a comment on wind energy and alternative at this time because you're a supporter of alternative energy in all its different forms.

SEC. JOHANNIS: I am. I was a supporter as governor. We saw such a progression of success with ethanol, I told a story at a news conference. Remember when someone came into my office and said, we're going to do ethanol -- this was 25 or 30 years ago. I said, well what is that? He said, Well it's a product you get from corn that you mix with gasoline. I said, really? Now look at it. It's everywhere, huge success story.

My point is this. Some of these technologies today you might look at and say, there's no future here, it's not cost-efficient today. But that may be the technology of the future.

So I believe we have to take a look at these opportunities-- wind energy, ethanol a real success story, biodiesel I believe is a success story and it's going to be a growing success story. So this gentleman's comments I think are very good comments. We need to have a role here in terms of renewable energy for the future.

We should be getting our energy from the field of America versus the oil fields of the Mid East. That's what I believe.

[Applause.]

MODERATOR: Thank you very much.

I believe we're to this side?

MALE: Mr. Secretary, thank you for coming to Minnesota to give us an opportunity to tell you of some of the successes we've had with some of your money. So anyway here it goes. I'm going to give you some figures on the size of our project -- this is a Garrison Kathio Sanitary District Collections. Our district includes 16 square miles and at this time it's estimated when it's up and running completely serving 1,000 EDUs, which is equivalent dwelling unit. Our gravity sewer pipe is 84,137 feet in length or 15.94 miles. Force main pipe is 46,832 feet or 8.87 miles. There are going to be 28 lift stations in the project. And so we are very grateful for your participation in this project, and a great thank you also goes to state director Steve Wenzel who has been with our project since even when he was a legislator in Minnesota and then now with USDA. Thank you again for the things you've done for us, everybody. And hope maybe if you find some more money, we can use it. Thank you.

MODERATOR: Thank you very much. Let's jump right over here.

MR. CHUCK STEINER (sp): Good afternoon, Secretary Johanns, Congressmen Peterson and Gutknecht. My name is Chuck Steiner. I'm a farmer and sugar beet grower. Currently I grow 380 acres of sugar beets for a MinDak Farmers Coop and have since its inception in 1974. MinDak is a sugar beet processing facility in Wahpeton, North Dakota, and is owned by 488 North Dakota and Minnesota sugar beet farmers. We plant and harvest about 100,000 acres a year and employ 500 people during the course of the year with a payroll of about \$12.7 million.

Like other American farmers, American sugar beet and sugar cane farmers are among the best in the world at what we do. High yields and low-costs of production, unlike other Americans we are lined up behind subsidized foreign producers to supply our own market. Trade agreements like the WTO and NAFTA guarantee access to foreign producers whether we need the sugar or not. We supply whatever is left over.

Like other American farmers, the biggest threats to our livelihoods should be the bad weather, pests, disease and low market prices. But I am sad to say that the greatest threat to the American sugar farmer is the United States is our TR representative. The USTR wants to negotiate my market away to subsidize foreign sugar producers without even addressing any of the government subsidies in those countries. Each trade agreement that passes with additional commitments to imported subsidized foreign sugar like CAFTA or TAFTA from Thailand dooms more American sugar farmers like my neighbors, myself, my son to the unemployment line.

Import more foreign sugar, export American jobs. Aside from these trade deals, the no-cost U.S. sugar policy is working and should be allowed to continue in the next Farm Bill. Trade agreements should not take away American sugar farmers' ability to exist, to compete for the U.S. sugar market, and to have a place alongside other commodity programs in the Farm Bill.

U.S. sugar policy is also working for the American consumer. In other developed countries, consumers pay 30 percent more for their sugar than American consumers do. Sugar is more affordable here than any other place in the world in terms of minutes worked to purchase one pound, with the lone exception of Singapore. Consumer prices for sugar in this country have been virtually unchanged since the early 1990s.

MODERATOR: Sir, you'll have to wrap up. We're over time here.

MR. STEINER: Okay. And sugar policy is also working for the taxpayer being as no-cost to the taxpayer whereas other commodities have received over \$215 billion in American sugar policy has given income to the government of \$110 million.

I'd like to make just one slight personal statement.

MODERATOR: Okay, it's got to be quick.

MR. STEINER: It will be quick. Two weeks ago I had a large machine shed fire that destroyed three-fourths of my farm's equipment. Thank goodness my insurance is keeping their end of the bargain. My 30-year-old son and I mostly my 30-year old son, we're going to reinvest in this business. The easiest thing for me to do is take the insurance money and walk away. I hope we're not reinvesting in vain.

MODERATOR: Okay, thank you for your comment.

[Applause.]

Again, if you'd please say your name and where you're from so we know where you're at. Let's try to stick to the two minutes if you can. Thank you.

MR. TED KOSTETSKA (sp): My name is Ted Kostetska. I'm also with the Lake Mille Lacs Sewer District. And I want to tell you the reason why I got on the board and why I feel it's so necessary for us to get a sewer too. I moved to Garrison on Lake Mille Lacs in 1993 after retiring, and I built a new home and I put in a drain field or a mound system and a sewer system, and two years later my mound was leaking and it was running into Lake Mille Lacs.

And so I called the person out there who was licensed and asked them what the problem was. Come to find out that it was sand that was used in the mound system was not the right one and wouldn't take any water.

So I had to pump out my tank and I had to wash clothes and stuff in the city laundry until spring came so that we could replace it. Well, it did cost me about \$4,000 to replace it. Then when I was approached to get on the board for this project, I felt I'd like to be of some help because I know there's a lot of other systems that were put in by this same installer, and I'm the only one aware in our area that replaced their system.

So I feel it's going to help the lake considerably.

I also before I end I'd like to just thank Rural Development, Steve Wenzel and his group, for what they have done for us and hope they continue. Thank you, Mr. Secretary.

MODERATOR: Thank you. And we're this direction now.

MR. GEORGE BENDER: I'm George Bender (sp) from Jackson County. I'd like to welcome Secretary Johanns here. I'm going to comment on farm limitation payments. I know we all are concerned about it and we'd all like to see something done. But how to do it, how to structure it. I think we here in the southern Minnesota have taken quite a hit when it comes to how it is structured.

Our farm yields were determined 25, 30 years ago, and myself being a livestock producer I was not able to raise my yields. And now I understand that the LDPs are going to be based on our previous records. I don't think we should put a limitation on that. I think that we should allow that to go and look at an overall limitation on farm payments rather than just coming against our good will here.

So that would be one of the ways that you could restructure that so that we could still get our fair share of the farm payments, and it would help us tremendously.

Thank you, Secretary.

MODERATOR: Thank you. We appreciate that. Okay, over here.

MR. FREDERICK YEWNEY (sp): Thank you for your time. My name is Frederick Yewney. I farm 24 miles southeast of here in Brown County. And if my concern is too specific, I apologize, but I think it's important.

I raise peas and sweet corn for Del Monte Foods. With the current legislation soybeans have become program crops, many farms are comprised of all base acres, either corn, soybeans or wheat or a combination thereof. It makes it difficult for those of us that raise canning crops to properly rotate those crops among units. In my particular case I operate five farm units. Three of those farm units are all base acres. In other words, if I plant a nonbase crop such as peas or sweet corn on those farms I will have to forfeit my payment on those acres.

I would like to see some flexibility incorporated into the new legislation that would allow us to at least rotate that base in some way that would allow me to plant a canning crop on those units without being penalized. And besides its economic impact, it's good husbandry to be able to rotate those crops among all the farm units that we operate. And the canning industry in Southern Minnesota is an important economic entity. There's no question. There are quite a number of processing plants. They all struggle with that issue. It's difficult to get new growers. If you don't have a history of course that makes it doubly difficult. I have over the past couple of years visited with Congressman Gutknecht's staff about that issue, and I'm sure he's aware of the concerns. Thank you very much.

MODERATOR: Thank you. Mr. Secretary, specific concerns like this, this is what you're looking for here?

SEC. JOHANNIS: Exactly. It's the unintended consequences.

MODERATOR: The unintended consequences. So a good comment there. We go over here.

MR. MARK OLSON: Mr. Secretary, Congressmen, I am Mark Olson, a sugar beet farmer from Willmar, Minnesota. I am also a shareholder and director of the Southern Minnesota Beet Sugar Cooperative located in Renville. The co-op is a major economic contributor to this region. We agree with much of the sugar industry. The sugar program has worked well for us in the past. However, we do not agree that continuation of the current sugar program is necessarily that right path for the future.

In our view, the time may have passed for a sugar program that restricts production and relies in the promises of trade protection to support prices. Restrictions on production means no opportunity for growth, stagnation of innovation, and a downward spiral in farm income. We relied on the Freedom to Farm policy of the 1990s and invested in one of the largest, most efficient sugar beet factories in the world. The current program that restricts production takes a factory like ours and makes it very ordinary and much less efficient.

Promises of trade protection are an illusion. We know that there will be continuing pressure for trade liberalization no matter which party is in office. The current sugar program makes it impossible for us to support that position, putting ourselves at odds with the rest of agriculture.

The U.S. market is being oversupplied with imports of sugar-containing products. This is the change that is missed in much of the debate. Food manufacturers use dumped-world-price market sugar to blend into food products that are shipped into the U.S., entirely outside of the sugar programs tariff-rate quota.

By adding as little as one percent cocoa powder to these products, they are shipped to the U.S. under the ruse of not being sugar. The amount of sugar now entering the United States in this manner displaces the production of six midsize sugar beet factories.

The only way to address the resulting problems is in the WTO, not in bi-lateral trade agreements. The sugar program used to work but is not likely to work in the future.

We appreciate you coming to Minnesota.

[Applause.]

MODERATOR: Thank you very much. Yes, Mr. Secretary? You knew you were coming in the lion's den here.

SEC. JOHANNIS: That's all right. I just wanted to comment. I thought those were enormously thoughtful comments. And I just wanted to express to you, I appreciate that. I was listening to every word, and I'll write down some notes here. So thanks for being here.

MODERATOR: Thank you very much, and again this is not easy when you're an ag secretary to come out and be involved in these sessions. And I think it's a wonderful thing. We need more of this. So this is great.

Over here?

MR. DENNIS PETERSON: Good afternoon. My name is Dennis Peterson. I'm from Montevideo, Minnesota, and I live in Yellow Medicine County. Like the [tape break]

MODERATOR: Bend that microphone up if you would a little bit and get real close to it.

MR. GREG STUDEMAN: I am Greg Studeman from Plato, Minnesota. I am a former 20-plus-year employee of the Farm Service Agency, having left last fall to be the fifth generation farmer on my grandfather's farm.

I would like to thank John Monson for his endless efforts.

MODERATOR: Hang on just a moment. We'll let you start over with your time. We will get this microphone fixed.

MR. GREG STUDEMAN: This isn't on my two minutes, is it?

MODERATOR: No. You are actually going to get more than two minutes. You are a special person. Okay. Go ahead.

MR. GREG STUDEMAN: I would also like to thank John Monson, my former state executive director up in front there for his endless efforts to make opportunities such as this possible. He does a lot of stuff behind the scenes that nobody really knows about.

An attribute that Mr. Monson instills in people he directs is to never hesitate at thinking outside of the box when looking to the future. It's with this mindset that I bring several ideas for the next Farm Bill. I believe the vast majority of producers would agree that a stronger safety net should be provided for both lower prices and reduced yields. I would suggest eliminating all direct payments in exchange for a stronger safety net. Some of the direct payments are now based on yields and acreage bases established over 20 years ago and others are no longer reflective of current plantings, and at best, only cover 85 percent of the yields that were assigned over 25 years ago. I would suggest covering the entire production with deficiency payments in times of low prices and let the market deliver in times of higher prices.

Let's face it, every time we issue an increase in direct payments, rents seem to go up at the same rate. These direct payments are simply remnants of the old diversion payments that did nothing to help America compete globally.

Another item I have here would be to establish a standing disaster program to establish producers who suffer an insurable loss but only to the extent of the uninsured loss. I'm talking about the amount up to the 35 percent lost production that producer suffers at his expense before collecting a dime from RMA. I would compensate this production at the county loan rate and also make the lost production eligible to collect a so-called "reverse deficiency payment" that would be based on a reverse equation that's used to establish the deficiency payments. In a sense, pay these bushels at market gain because when you end up with a short crop naturally prices go higher and you've got nothing to benefit from it. All current disaster programs have done is to cover all your entire production when in fact all you need to do is cover the uninsured portion.

The third item here would be to mandate and fully fund an RMA, an FSA initiative to implement data sharing to administer the above-mentioned activity. I'm talking about one-stop-shop to report acreages and yields. The present course of special interest groups is to stall the progress of data sharing. FSA does an excellent job of collecting data and managing GIS information. However, RMA is not able to use the data in its current format. Many producers have long stated they have several types of yields, the yield that reports to FSA for price support and LDP, the yield that they tell the bank, and the yield they report to RMA.

I believe the only way to achieve complete program integrity is to mandate a single report with a uniform deadline.

MODERATOR: You are going to have to wrap up.

MR. GREG STUDEMANN: One quick thing here. The other thing would be to eliminate the two market system used to determine the posted county prices. Many counties are forced to use a market that's inconceivable to be used that establishes local cash prices. An example is just simply using a west coast market for counties that are located on the Mississippi River.

MODERATOR: All right. Thank you very much.

MR. GREG STUDEMANN: Thanks.

MODERATOR: You got a three-minute deal out of that. Okay. Right over here.

MR. STEVE NELSON: (sp) I'll keep mine to a minute and a half. Good afternoon. My name is Steve Nelson, I'm the administrator at Saint Luke's Lutheran Care Center in Blue Earth, MN. I am pleased to be here today to support the rural development authority's inclusion in the U.S. Department of Ag's Farm Bill. For the past two years we have been working closely with the Rural Development Authority Office in Austin on two different direct loans. We are unable to secure conventional financing for our projects and we then turned to the Rural Development Authority. We have secured a \$3 million low-interest loan for life safety improvements in our nursing home. We are currently working on another \$3 million low-interest, direct loan to build an assisted living building.

As a rural health care facility, we are closely linked to the family farm residents in our county because many of them either work at our place or come to live here when they need our services. We are a vital part in our community. We provide over 230 jobs. Our annual payroll is over \$4 million a year. We spend over \$500,000 locally. We have 137 skilled nursing beds. We have 14 assisted living beds, 12 adult daycare clients, 48 apartments both market rate and HUD subsidized and we have 40 plus children in the attached daycare on campus. We will continue to be a vital part of our community with the help of affordable financing programs offered by the USDA's Rural Development Authority. I would like to thank Congressman Gutknecht and Steve Wensel for their accurate support in our projects.

MODERATOR: It's not something we tend to think about, it's so many different programs of USDA that are involved.

Yes, sir.

MR. STEVE RENQUIST: Good afternoon. My name is Steve Renquist. I am from Caledonia County, north and west of here. I am the immediate past chairperson of the University of Minnesota Citizens Advisory Committee for the Extension Service here in Minnesota.

Mr. Secretary, I would like to just advise you that a lot of people will tell you how you ought to spend your money and I guess I would like to tell you who your friends are. The Extension Service touches somewhere, somehow all portions of this great country. Every congressional district in every state is somehow reached by the Extension Service.

In this information and technology society that we live in, the effective delivery of information and the dissemination of that information in a usable format is absolutely a prerogative for all of us, especially in the rural sector.

One hundred and 40 years ago when President Lincoln formed the Department of Agriculture, he envisioned an education role. That led some 30 years later to the Land University Land Grant System, which led about 40 years after that to the Extension Service which has eventually led to the Cooperative State Research Education and Extension Service. That is funded each year partially by the Department of Agriculture by something that you call and we call "formula funding."

Now, that formula funding gives the basis that every organization needs to leverage its money to go out to the states and to the counties and to the municipalities and to make that money work. We are talking about going to a possible competitive grant situation. Minnesota has nothing to fear in that regard. In fact, the other 49 states may be angry when we take all the money.

Having said that, I would like to advise you that we need that formula funding because we need to continue our programs and we need that basis.

Thank you very much.

MODERATOR: Thank you for your comments and let's go to this side. You are on.

MR. RANDY OLSON: (sp) My name is Randy Olson. I am a four-generation farmer from the Willmar area. I should clarify that. I am a farmer by default, as a January farm accident with our breeding bull got me into farming.

I want to talk about milk protein concentrates. The 1995 WTO negotiations led to lower farm gate prices for dairy farmers with the importing of MPCs. When the President, yourself, and any other ag leader talks about exporting and feeding the 95 percent of our world's population who aren't U.S. citizens, that's fine and well. But can you first make a firm commitment to the current and future dairy farmers who back over the past 50-some years, capitalized the rural landscape, supported our small-town schools and businesses, only to have our government kick us in the teeth by allowing MPC imports over the past ten years. When the U.S. has to import X amount of corn, pork, milk, soybeans to feed our citizens, something is dead wrong.

Now, with your background I know that you can eloquently explain this next statement. The best rural development is more, not fewer, family farmers. When you talk about all these programs, that's what we need to look at first and foremost. We want more farmers on the landscape. Family farmers who invest and capitalize a majority of their operation and provide a majority of the labor to that operation are the moral fabric of this country's soul. We want farm policy that respects our work. If I am not good enough to be a farmer, I want someone to tell me, and I'll go back to town and punch a clock.

(Applause.)

MODERATOR: Thank you for your comments. Let's go over here.

MR. JOEL MATHIOWETZ: Mr. Secretary, thank you so much for coming to Farm Fest this year. I am Joel Mathiowetz. I grew up four miles from here. I grew up on a family farm. Currently employed with Farm Credit Services of Minnesota Valley as a Loan Officer.

I want to piggyback on a few of the comments already made today, this last gentleman and also the FFA and the 4H representatives here today did a great job. Being a young professional in agriculture, I just wanted to say of the numerous opportunities I see firsthand in the role of education and youth development at play really in these local communities. And I had been a part of an organization called AFA, Agriculture Future of America, that was started about eight years ago down in Kansas City. That organization has really helped me along a long ways in my professional career in agriculture.

AFA identifies, encourages and supports college-age youth preparing for careers in agriculture in the food industry. Since 1997, AFA has supported hundreds of sponsoring partners, vested more than 35 college students in their career in agriculture, including myself, and have awarded more than 900 college scholarships totaling over \$2.9 million. These scholarships have been funded by hundreds of individuals in rural businesses and I'm proud to say that Redwood and Renville County right here in Minnesota are two of the community sponsors to the AFA program.

In the 2002 Farm Bill, Section 7412 provides youth grants for programs like national 4H, national FFA, Girl Scouts, Boy Scouts. And AFA, Agriculture Future of America, seeks that same support to participate in those grant processes to continue to provide a strong program. So with your help, we would hope to see in Section 7412 that AFA be a part of that.

I thank you for your time. The greatest resource here in rural America is standing before you in human capital in the youth under this tent here today, and we need to continue to support them. Thanks for your time.

MODERATOR: Thank you very much.

(Applause.)

MS. DIANE HELGISON: (sp) I am Diane Helgison from Saint Luke's Lutheran Care Center in Blue Earth, Minnesota, Faribault County. I appreciate the opportunity to be able to speak of our experience with Rural Development. As our administrator just mentioned a few minutes ago, we were approved for a \$3 million loan through Rural Development to upgrade our heating, ventilation air systems as well as fire sprinklers in our nursing home.

Early in the process, we did contact several commercial lenders, but none of them could offer us terms that would have made the project economically feasible. Nursing home rates are set by the federal and state governments and therefore we operate on an extremely tight budget. We very much appreciate all of the assistance given us from Rural Development. We have found the entire staff in Minnesota with whom we've had contact to be very helpful with the process in our \$3 million loan that has been granted to us and also as we work with them on another loan to do our assisted living.

Rural Development has provided Saint Luke's Lutheran Care Center with the necessary funding to improve on several health and safety concerns in our facility which is over 40 years old and needs updates.

Thank you for your time.

MODERATOR: Thank you for your comments. And over here.

MR. MARK WILLERS: Yes, Mr. Secretary, thanks for coming to Minnesota. My name is Mark Willers. I am the CEO of Minwind Energy. Over the last five years, we took 300 farmers and put it together and we have nine wind projects operating now instead of leasing our land. When you lease the projects to another entity you get about one percent of the gross revenue. We moved the other 99 percent to us.

Now, you just had Collin and Gil vote on an energy bill. The PTC section of that, if that's not kept in the Midwest, that money will also be moved to the coast. We were fortunate enough to use seven pieces of the [Section] 9006 Farm Bill and the grants to build substations and infrastructure to make our operation work. The one thing that happens, you have people in this tent that have transmission lines. We will build many more transmission lines in Minnesota under the PUC order in the next two years. If people in this tent own part of these projects, they are more willing to have transmission help electricity to our urban cousins.

Now, in the 9006 you have a piece now that's set aside for grants and a piece for loans. You are not going to use the loan piece this year because the USDA is saying that you have to have one per hundred percent of the mortgage and they are only guaranteeing 50 percent. So that money is going to be unused. I don't know what commercial lender in the United States that will touch these things for the other 20 percent. So we need to do some language. We talked to Gil about this, we can sit and work on some language to fix this to keep this money here.

The other thing is, about four weeks ago, part of our group met with the Comptroller of the Currency because under the wind turbines, the lending laws come into a problem. So we are forcing the local rural banks to sell off their loans to the east coast equity market. Why can't we keep that money here? That's what we want to say. Thank you.

MODERATOR: Over here, please.

MR. MARK VAN BINSBURGEN: (sp) It's great to have you here today, Mr. Secretary, and I appreciate all your work and also the work of the Bush administration. So glad to have you here. My name is Scott Van Binsburgen. I am a small business owner from Montevideo. Montevideo is a town of about 6,500 people. I own two different businesses. I employ about 140 people. In one of the businesses, we manage apartment buildings around the state. Currently we manage properties in 30 different communities. One of the problems I'm seeing is there is still a great need for additional housing and new construction.

We've used one of your programs a lot in the past. We manage a lot of 515 projects and there hasn't been any funding for rehab -- there has been limited money for rehabs on those 515s, as well as additional funding. Back in the '80s there was a lot of 515 construction for seniors.

Those funds haven't come through. I've talked to several of the rural development offices around the state and I've got a desire to expand housing in these different communities. And the funding isn't there to use that program and it's a good program. So I encourage your support of that.

The other thing that I guess I wanted to address to you is several owners of apartment buildings that own buildings that are financed through your agency currently rental assistance vouchers are being removed from these buildings. I think it's a bad deal. Owners call me all the time as the management company and they say, "Scott, what's going on? We're losing rental assistance units." The bad thing about that is when you lose those rental assistance units it's hard to fill those vacancies. It seems unfair to me that owners that have built these, they've paid for them and all of a sudden the vouchers are being yanked from the mortgages. So I encourage you to give that some consideration.

MODERATOR: Okay. Thank you.

MR. MARK VAN BINSBURGEN: Also I just want to thank the different Rural Development offices around the state. They're a good group of people and I enjoy working with them. Thank you.

MODERATOR: Okay. At this time we are going to take a ten-minute break. Saint Michael's and the Minnesota Cattlemen's food stands are open. We will reconvene in ten minutes. During that time enjoy the Great Pretenders, get a refreshment, hydrate and we'll see you here in a few minutes.

(Brief recess taken.)

MODERATOR: I would like to welcome you all to the second half of the forum. Why don't you come in and have a seat and we'll get underway. Come on in and have a seat.

If you want to make a comment, again, we'll have two lines forming by each microphone.

I'm Tom Rothman with the Minnesota Farm Network. I will be your moderator for the second half of Secretary of Agriculture Mike Johanns' Farm Bill Forum this afternoon or this evening. We have about an hour and 15 minutes left. The Secretary would love to hear your comments today.

A couple of housekeeping issues. I want to remind you that you are each allowed two minutes. At two minutes we are going to forcefully cut you off. Try to keep your comments to two minutes. If you have a specific comment on a specific issue or program, not related to the Farm Bill, I want to remind you there are some USDA staff here to your left of the stage and they will be able to answer your questions or maybe steer you in the right direction of some of these programs and some of the answers to some of these programs. I want to make sure you go over there.

Also, if you have written comments for the Secretary, there is a place over there that you can write comments to Secretary of Agriculture Mike Johanns.

I also want to remind you that you can check out the web site, <http://www.usda.gov/farmbill>, if you would like to e-mail the Secretary some comments.

We are going to get underway with questions and we are going to alternate, again, as we did in the first part of the forum this evening. We will get underway with the first question.

MR. CARL OLSON: (sp) Hello, my name is Carl Olson. I am from Buffalo, Minnesota. Me and my fiancé, milk 40 registered Jerseys down from her parents that milked 100 Holsteins. We are down the road about a mile. We just started milking cows two years ago, right out of college, out of Ridge Water. And I have some issues that I think are good ideas to bring to the table because it's a struggle every morning and night and day to survive in the dairy industry at such a low cow number. But still, I can't explain it, I have to do it still for the love of farming, something that no one can explain and everyone here knows that feeling.

My ideas are that there are so many farms sitting empty that a young guy like me can't buy a farm to get started even in the dairy industry. If I didn't have my family or her family and a neighbor guy that we rent the barn from to get started, there would be no way that I could get started milking 40 cows. I think there should be tax incentives to these elderly people. I don't like to say that, but 50-year-old farmer that got this nice 50 -

(Audience boos.)

MR. CARL OLSON: Sorry, I didn't mean it like that. But there are a lot of these dairy farms with 50 cows that they are getting out of the business because their kids don't want to do it. There's a lot of people that if you give them the opportunity, they are going to succeed. I've gotten the opportunity and I'm going to do my fullest to succeed. But with the government's help, it will make it a little easier for me to survive because every day there's a new challenge in the industry.

I think that we've got to work with the old -- I'm not going to say that word again. We've got to work with the experienced -- thank you, sir -- the experienced people and the youth because when you combine those two you've got the most powerful thing that you can imagine. If we do that, even if it's a dollar premium on 100 pounds of milk for a young guy, I mean, that's huge for that family. It's not like the government is wasting the money, it's going to come right back into the economy because this is where your economical is going to come in and you are going to see more kids out there farming. We just have to give them the opportunity and there's a lot of people out there. With your help we can do it and I'll help any way I can.

I want to thank Mary Ellen, she's milking my cows because it's a bad time right now, this meeting. That's Bob's wife, she's milking the cows now at home. So I want to thank her for letting me come down.

MODERATOR: Thank you.

(Applause.)

MODERATOR: Do we have a question over here? Go ahead.

MR. DAN ZANDER: (sp) Yes, I do. First I would like to say to the gentleman who just spoke, I'm glad I'm only 49 plus.

(Laughter.)

MR. DAN ZANDER: My name is Dan Zander. I am from Waseca County. Gil probably knows me from the AGRA News. I've been fighting with MNDOT [Minnesota Department of Transportation] since 1998. And the reason I came is to address the Secretary concerning issues of conservation. What it boils down to is we have a situation in our county where politically, Gil, I'm in favor of having the road built just as you are, and just as the Highway 14 Partnership is. The issue is, my feeling, and I think the feeling of most people in this arena, is that we all have to comply with the law. The issue becomes, we have a state agency and the reason I address this to the federal level is because 80 percent, I believe, of the funding for this highway comes from the federal government. The issue is, we have a Wetland Conservation Act in this state. Some of us agree with it. I live on a 240-acre family farm. We have CRP, et cetera, we have had to abide by the law since I was less than 49 years old.

The issue is, we also have the Federal Wetland Act, Federal Wetland Laws on the books. The issue really becomes this, it's a very simple issue. You can go over to the AGRA News, which they distributed over here. I'm on the front page, no big deal, but you can go to our web site which is [environmentaloutcry.org](http://environmentaloutcry.org), you can read about us. The point that I want to make is very simple. For a railroad, the federal government did a service transportation board and approved the railroad marshaling yard. By having a marshaling yard, the MNDOT was going to allow the road to go around the marshaling yard and avoid seven acres of medium quality wetland. When DM&E railroad dropped that proposal, MNDOT reverted back to going through seven acres of wetland.

The point that I am making to you is this, Mr. Secretary. If it's good enough to reserve seven acres of wetland for a railroad marshaling yard, it should be good enough to save seven acres of valuable resources in a county that has lost over 97 percent of historic wetlands. Thank you.

MODERATOR: Thank you, sir.

(Applause.)

MODERATOR: The next question, please.

VOICE: Secretary Johanns, welcome to the state of 10,000 lakes. I like starting by that because I like to talk about water and the importance of water to the area here in southern Minnesota. We are talking about good drinking water. It's in very short supply in some areas in southern Minnesota, western Minnesota, the Dakotas, in your state of Nebraska as rural water systems.

I manage a rural water system that supplies water to 1,500 homes in eight small communities in southwest Minnesota. We serve a population of 5,000 people. Those people thank you and they thank USDA for their past support in the rural utilities programs.

Recently our system was awarded a substantial loan and grant package and those people thank you. Fifteen hundred additional people in southern Minnesota thank you. My point is we have 1,000 more families in southern Minnesota that are asking us for potable water so they can have it on their family farms so they can raise livestock, so they can continue in the family business. Your help and the agency's help from USDA in giving rural water systems in small communities that money needed for infrastructure use is a vital key and I would appreciate your continued support in the 2007 Farm Bill.

MODERATOR: Thank you, sir. Let's move to this microphone. Your question, please?

MR. BRUCE MOSS: (sp) Thank you, Secretary Johanns. I am Bruce Moss. I am a dairy farmer from southwestern Minnesota right here. I want to tailor my response to question two, the issue of imports or not of imports, excuse me, of global competitiveness. While I agree that it is important to be competitive on a global scale for all of ag, I think it needs to be done in such a way that the local industry or domestic industry, whether it be livestock, grain, or dairy, be strong and viable. As such, I would urge you to support the extension of the MILC program for the rest of this current Farm Bill.

Also, for the next Farm Bill I would really like to see the \$9.90 a hundred weight support price issue be revisited. That support price has been in place for 20-some years. It's totally outdated and totally inadequate. There is no place in this country and few places in the world that could produce milk for that amount of money.

Also, on the issue of imports, MPCs specifically. We need to look at having some import quotas and tariffs in place so that we do not become a dumping ground for world surplus MPCs. Also, we do not want to become dependent on dairy imports in general. Thank you.

(Applause.)

MODERATOR: Thank you very much. Let's go to the next microphone.

MS. CAROL BERG: My name is Carol Berg. I'm the state president of the Minnesota Association of Soil and Water Conservation Districts. I am also a farmer. The Association is a nonprofit organization and we represent over 87 soil and water conservation districts and over 400 elected supervisors who carry out natural resource management programs. The current Farm Bill has many good features of conservation in it. It is important to continue and to enhance the conservation program, the technical assistance and the delivery system to implement conservation on our private working lands, continue to provide for local leadership and involvement when implementing conservation programs, correlate conservation program funding with implementation funding.

The nation's conservation agenda should provide for federal, state, local, and private natural resource conservation programs that consolidate jointly the funded efforts for a unified delivery system such as our Minnesota Prep Program. Continue to support the conservation –[tape break]

We encourage Congress to have the entire CRP Program administrated by NRCS. NRCS' presence at the field level and technical assistance that that agency provides are critical to the success of conservation.

Congress should also support federal funding to assist private forest land owners in implementing sustainable forestry practices. Please continue to support the flexibility and the funding for the equip program.

In conclusion, I would just like to say that over the past 20 years, the Farm Bill has been one of the most important vehicles in providing land owners with guidance and assistance in protecting and enhancing Minnesota's natural resource. Thank you for the time.

MODERATOR: Thank you.

(Applause.)

MODERATOR: Next question please and remember we have a two-minute time limit.

MR. BRAD COBB: Hello, my name is Brad Cobb, Chapter President Stearns County Pheasants Forever. I'm a volunteer for that organization. I also serve as a chairperson for the Minnesota DNR Pheasant Stamp Oversight Committee. Welcome and thank you for being here. I also want to say a thank you to all the farmers. I am an urban resident. I have never worked on a farm. I have never been a farmer and I want to say thank you to all the farmers that are here today for providing me food, my milk, and ethanol gasoline for my wife's car. Thank you.

I want to talk a little bit about the conservation portions of the federal Farm Bill for 2007. It's important that we recognize the small farms, the small blocks of land that are associated to these conservation programs. It was mentioned about CRP. We want to make sure that Minnesota, especially, is competitive when it comes to the enrollment period and the environmental benefit index system that grades these properties. We want to make sure that the Minnesota farmer and land owner has an opportunity to participate on a widespread basis when it comes to the entire program when it's looked at from across the United States.

I also wanted to say a special thank you to Collin Peterson, but apparently he has left the building or left the tent. I wanted just to point out that these forums were something that is not unique to Minnesota. In fact, our local chapter of Pheasants Forever started a forum in association to the 1995 Farm Bill. Congressman Collin Peterson and state conservationist, Mr. Bill Hunt, were part of that program and we appreciate those efforts and those that they make on our behalf. I want to say thank you for that.

I also wanted to point out that when it comes to a sign-up period, we've had some conflicting situations where the sign-up periods themselves in relationship to CRP. In particular, that the sign-up periods have been held during some pretty inconvenient times for the land owners. They've been either held right in the middle of an agriculture harvest season and/or during a planting season. So I think we would get better enrollment and better participation if the programs were set up in a situation where they weren't competing with those environments and those practices.

MODERATOR: Thank you, sir.

MR. COBB: I have a lot more to say. Sorry.

MODERATOR: Thank you. I want to remind the crowd that Congressman Peterson had an engagement in Marshall tonight. A pork chop feed, he said, with local pork producers. And he wanted me to pass along his best and his apologies for having to leave. That is where Congressman Peterson left.

Next question, please.

MR. WICK: I am Gerald Wick from Plaota (sp) which is about 300 miles northeast of here by Duluth. I am the legislative chair of the Minnesota RC&D. I thank you, Secretary Johanns for being here. I think this is really neat to have this and have the opportunity to share our concerns. I really appreciate all the comments that have been made here. I just have to comment that they're all well-done comments.

I'll say from the Resource Conservation and Development Council, we would like to see applied research for productive conservation on working lands. By that meaning the opportunity for farmers to have choices of other crops, and as I heard of keeping base and so on and so forth. It's so important and I think with renewable energy being so valuable for our future for rural communities as well as country in general it's so important.

Just some things about the RC& D. We in Minnesota provide an economic, environmental, and renewable resource for the people in Minnesota. By the way, I am also, like most of the other people here, an energy conversion specialist, namely farmer. Thank you for being here, appreciate having you.

MODERATOR: Thank you very much.

Let's go to the next question over here, please.

MR. LES ANDERSON: (sp) My name is Les Anderson. I am from Martin County, Minnesota, the largest hog producing county in the state of Minnesota. I want to address the rural utility services issue again with the rural water system in our area. That's been the backbone of the young farmers in our area getting into the livestock production. To have good water, to be able to use for the pork production. The reason I am here is because the grant portion of our rural development money has been cut further and further as years have gone on. In our rural areas where the density of the population is slow, we need to be back at the earlier levels of grant funding along with these projects we produce to make it affordable for the local people.

I moved to my farm in 1970 and until 1997, I did not dare take a drink of water out of the tap from my well. We hauled all the water for our livestock, the baby pigs and the baby calves, and in 1997 we got rural water. I can go to the tap now. I can also turn the water heater on and fill my bottles for my baby calves. That was because of the grant portion of the money. I committed \$8,300 of my money on the low-interest loan portion, but the grant portion is the portion we needed to get the pipe to my place. I appreciate your work with that along with all rural infrastructure including the Internet, the funds that rural utility services provide for small communities for fire halls and different facilities that benefit the communities overall.

We are at a distinct disadvantage. Even some of the communities in my area cannot afford to put the sewer systems in with the grant money because the community would be totally broke with their portion of the funding. I think rural Minnesota and rural America deserves better than that. Thank you.

MODERATOR: Thank you very much. I want to remind everyone the Secretary would like to hear from all of you. If you have comments, you can step up to the microphone. There's a place for written comments to the left of the stage and you can access the USDA's web site at <http://www.usda.gov/farmbill>, if you would like to make comments that way.

Let's go ahead with the next question, please.

MR. RONALD BONICK: (sp) I am Ronald Bonick. I live at Hayfield, Minnesota, which is about 50 miles north of where the Secretary grew up. This is my son Kyle. And Keith, my youngest son, is home milking cows. Anyway, the biggest thing, and it hasn't even come up today, and it might not fit into a Farm Bill, it's the 1031 tax exchange that's killing the young farmer.

(Applause.)

MR. RONALD BONICK: When I can show you land that sold right across the road from me, and I wasn't interested in buying it, but that man was 85 years old that bought it. He should be selling, he shouldn't be buying.

[Laughter.]

MR. RONALD BONICK: He bought it because he did not want to pay any taxes. He hounded that one lady for six months until she sold it. That's how bad it's being used.

I'm seeing in the area I live in, which is Gil Gutknecht's area, about 30 percent of it. It's badly influencing it. Two weeks ago, both of my young sons, we looked at an estate farm which is a half a mile from us. We would like to build a new dairy. It would fit very well in it. But guess what? They would like to sell it to a beginning farmer, but the third largest grain farmer in the state of Minnesota has already offered him \$3,300 an acre and he immediately turns it over to an investor. We can't even begin to make it work. We can't make a cash flow, it doesn't even work at nothing and 15 years from now it still won't work.

My suggestion for the 1031 is just to get rid of it, if we can, for agriculture land. A compromise would be if they sell 40 acres, they can buy 40 acres. Or if they sell 80 acres, they can buy 80 acres. Maybe we should tell investors, investor land is just not eligible for any farm program. It might get us in trouble, but we could sure try. Thank you very much. I bet you Mike knows what it's like to stack bales of hay on a hay mower on a hot day like this, doesn't he?

MODERATOR: Thank you, sir, for your question.

(Applause.)

MODERATOR: Can I just say, Ron, you're right, I don't know if this actually fits in the Farm Bill, but it certainly fits this discussion. Let me just say, when I first came to this event 12 or 13 years ago, I think if you would have done a show of hands of those who understood 1031 exchanges, most people would have supported it. But it's interesting to me how the momentum on all of that has turned over the last 12 years and I'm glad you brought it up. Thank you.

MR. RONALD BONICK: The 1031 should leave here today completely beat up.

[Laughter.]

MODERATOR: Thank you, sir. Let's go to the next question and a reminder, you have two minutes, please.

MR. ROB KING: Mr. Secretary, thanks for being here. I am Rob King, I'm a professor and head of the Department of Applied Economics at the University of Minnesota. We've got world-class undergraduate and graduate programs and turn out a lot of good students. We do research on issues that range from biodiversity to water quality, farm management, renewable energy, future of the livestock industry. We are looking at school lunch programs and the effect of those on kids' health and problems with obesity, food stamps, biosecurity of the food system, and trade policy. So a wide range of issues that we look at.

What I want to do is real quickly make a comment and express my support for the proposed National Food and Ag Sciences Act that was introduced in the U.S. House and Senate earlier this year. It's my understanding that this would supplement rather than replace existing formula funds and that it would focus attention and resources on the need to increase competitive research in the broad fields of food and agriculture and to encourage broader and interdisciplinary work. That's really critical when we look at issues like health and food and agriculture have an impact on prevention of diseases like diabetes, cancer, and obesity. When we look at issues like this, they go far beyond the bounds of any particular discipline, but our existing funding programs don't really encourage interdisciplinary research.

The National Food and Agricultural Science Act would create a mechanism that would fund competitive, interdisciplinary research in critical areas of agriculture, health, sustainability, and other important fields.

I just want to real quickly thank Minnesota representatives Gutknecht, Kennedy, and Peterson and Senator Norm Coleman for supporting this legislation. Thank you.

MODERATOR: Thank you very much. Let's go to this microphone.

MR. GERALD TUMBLESON: (sp) Gerald Tumbleson from Martin County, if I talk on all six of them, do I get 12 minutes?

[Laughter.]

MODERATOR: No. Two minutes.

MR. GERALD TUMBLESON: Two minutes. Okay. First off, I want to thank Gil Gutknecht and Collin Peterson for this Farm Bill. This is probably the only one we've got so much bipartisan in, in the whole United States Congress. This was a bipartisan bill and it's working. It is working fabulous. We have rural development, we have farmers, we have not the complaints that we've had in the years past. It is working. Now, as we keep it working and we understand that if you drill a hole and Saudi Arabian oil comes out of the ground, it's like a printing press for Saudi Arabia, brand-new money. Solar energy is the same in the United States. If the sun shines on a green leaf, photosynthesis, it's brand-new money. This is not a Farm Bill. This is a bill for the United States of America. It's brand-new money. And if anybody knows anything about economics, any time you bring new money into an economy it's fantastic.

Now, we talk about competition from Brazil or someplace. They're not our competition. They farm and we farm. What I'm worried about is we do not do the research on our projects to keep us ahead of Brazil. If we are going to stay the way we are and let Brazil catch up, we have failed. There are research parts to this 2002 Farm Bill in the Institute of ag or where we're going and there's a part that we're putting together called, "Knife of the National Institute of Farm and Agriculture" which can keep us ahead of the world. And we are going to have to stay ahead if we are going to move in the United States. We don't want to stay where we are. I like our program, I like the 2002 Farm Bill, it's fantastic and it's bipartisan. Thank you.

(Applause.)

MODERATOR: Thank you for your comments, Gerald. Go ahead, please.

MS. KRISTIN STANKISON: (sp) Thank you. Thank you again for coming to tropical Minnesota. I am Kristin Weeks-Stankison (sp), a farmer from Mapleton (sp), Minnesota, south-central Minnesota.

Just a couple of comments about the competitiveness -- I've been in line for so long, I forgot how to talk -- competitiveness question that you raised in the six question put out by USDA. As the U.S. is no longer the low-cost producer of some of the basic commodities, I think we need to look at some ways that we can counteract the lower cost of land and labor in our developing competitors and look at the fact that other governments often manipulate currency exchange rates to the benefit of their farmers.

Just a few things to keep in mind as we look at those things is that we need to continue to provide a safety net of income and price support so that when a price falls below the target or historical levels, that we minimize or avoid making payments when prices are high. So more of a safety net.

Under such a countercyclical payment approach, producers are protected by a farm safety program that could be adversely affected by trade barriers or competitor countries maneuvering currency rates. As allowed under the WTO, I think the marketing loan should be continued as much as the WTO allows. I think we also need to consider what direct or fixed payments do to capitalization of land prices and land rents, and staying away from that may be the way to continue to keep those things in check.

As others have talked about before, continued funding for ag research helps us stay competitive, whether it be lowering cost of production, introducing new commodities that can be sold as part of more energy availability and those kind of things also help us to stay competitive.

Also keeping in mind providing more funding or additional funding as we join together in co-ops to work our way up the value chain and through value-added products. So thank you and we again appreciate you coming to Minnesota.

MODERATOR: Thank you, Kristin. Let's go ahead with the next question, please.

MR. JIM JONES: Yes, Mr. Secretary, my name is Jim Jones. I live in the farthest southern tip of Minnesota. I thought I would start by telling you how my day starts every morning. My day starts with my wife getting up by 5:00 so she can be to work at 6:00. I'm up at 6:00. I do chores, wake my two teenage kids that are home and tell them to go to work. Then I go over there and do chores at my place, I do chores at my parents' place, check my elderly parents which are both handicapped, go across the road, check my neighbor lady who is elderly, and then I start my farming day. We run a cabinet shop, a diesel farm shop, and I raise cattle and I raise hogs.

I go to bed at 10:30 at night usually, by the time I get done. I make money, but not the way I'd like to make money.

I think the Farm Bill, Mr. Secretary, should be tossed out completely. Either throw it away or we're going to have to start targeting the money to keep these young guys out here farming because I'm not going to do this kind of a job for the rest of my life. I would like it targeted on a certain amount of acres or a certain amount of bushels per acre, per farmer. Make it profitable for a certain amount of livestock, grain that you raise so that farmer can make a living. If he wants to farm 10,000 acres, I have no problem with that. But we have ethanol plants. We have soil plants. We have everything-- opportunities for him to invest in to make money off of that I don't think we need to finance that kind of an operation. Our schools and our towns are going broke because there's no farmers left. There's no labor left. All my seed and feed and chemicals comes in two languages now. We have more Spanish workers in my area than we do have English-speaking workers.

We have to look around, you have to look at this crowd and you have to decide if the faces are getting younger or older and what do you want the faces to look like in the next ten years because a lot of these people will be gone and they'll be replaced by somebody. That's my comment. Thank you.

MODERATOR: Thank you.

(Applause.)

MODERATOR: Go ahead with your question.

MS. JANELLE JOHNSON: (sp) Mr. Secretary, I'm here wearing two hats. I'm going to address question number five. My name is Janelle Johnson. I am administrator clerk in the city of Grove City and also I am on the Board of Directors for Grove City Community Homes.

The question is why should low income housing projects be funded? The answers are compelling. First, the marketplace needs and supports these low income housing opportunities. Second, the supply of low income units is decreasing as rural development releases other Section 515 projects from that program.

Grove City, a community with a population of 625 and a median income of \$25,000, is the home to the first Section 515 projects in the nation, Grove City Community Homes. This 26-unit project was built in 1964 and has had virtually no monies available for the past 40 years for everyday maintenance and repair until now when we were awarded this year \$834,000 from USDA rural development to rehab this project.

The demand for low income housing in this region in Minnesota is very high. The lowest income employees, due to wages, look for low income housing in different cities that are easy commuting distances. This is exactly the role Grove City and other small rural Minnesota communities play. The demand for the existing housing exists. The demand for the funding to rehabilitate these existing projects is overwhelming. Yet the monies available for rehabilitating these existing projects is very little.

The USDA rural development should not abandon this marketplace nor should the government be the mortgage holder of substandard housing. It is clearly the role of rural development to provide safe, decent, sanitary housing for citizens in rural Minnesota. Without funding such as this Grove City Community Homes was headed for foreclosure because of extreme rundown conditions. This funding will allow 26 low income families to have a decent place to live. Funding such as this will allow the community to remain viable. So we appreciate the funding.

It is extremely important to keep rental assisted units available at all times in these projects. To remove rental assistance because it is not used for a short period of time in any of these projects would be disastrous to rural Minnesota. This is a battle between urban and rural America based on population of low income. The urban areas will always have the greatest need while the rural areas, which is the backbone of this country, slowly deteriorates until there is no rural left. Thank you.

MODERATOR: Thank you. Let's go to the next question, please.

ALLEN: Mr. Secretary, Allen from Stearns County. Urban sprawl is my biggest concern. We lose a million acres to urban sprawl each year. The world population is growing and is going to double in 55 years mainly in third-world countries. China, especially, is coming out of a third-world economy to a western world economy. They have five times as many people in China as we do in America, but they farm 100 million acres less. They are gaining 11 percent wage increase each year since 1999 and every year thereafter. When they have enough money to start buying our food and we are losing a million acres of farm land each year to urban sprawl, where are we going to be? We won't have any ethanol, biodiesel, home heating oil, rubber plants. I understand we have those rubber plants, we can make crude oil out of pig manure. None of this will be a viable thing if we lose our ag land. So that 1031 exchange, what the man talked about is a huge thing.

As a farmer, I can't go to Minneapolis and build a dairy barn in downtown Minneapolis. So why is the city coming out here and telling me where I can put my barn, what I can do, when I can do it, and how I can do it? That just don't work. So we need to do something about the loss of ag land in this United States of America.

One last thing and I'll quit. If we burn down a city, we will rebuild it. If the farmer goes away, the city will go away. Think about it.

MODERATOR: Thank you, sir.

(Applause.)

MODERATOR: State the next question.

MR. JOHN DOCTOR: Mr. Secretary, my name is John Doctor and I'm with the Midwest Forage Association. We represent forage producers in Minnesota, North and South Dakota, Iowa, Wisconsin, Illinois, Indiana, and the great state of Nebraska. On behalf of those producers I would like to welcome you here today. We appreciate your presence.

Forage represents crops which we believe are under recognized when it comes to the Farm Bill and under appreciated when it comes to the environment. Not many people realize that the production of forages ranks third behind only corn and soybeans in terms of cash value in the United States. Since much of that production is consumed by livestock and never leaves the farm, forages and its contributions to agriculture tend to be overshadowed by other program crops such as wheat, corn, soybeans, and minor oil seeds.

Forages are also a critical component of animal agriculture, an industry which is vital to maintaining agricultural diversity and contributes more than \$60 billion in farm sales annually to the nation's economy. Maybe most importantly, considering the times we live in, they also reduce our dependence on fossil fuels. In fact, one crop of moderately thin alfalfa plowed down provides the equivalent of up to 150 pounds of nitrogen per acre. Enough to replace almost all of the fertilizer required by the next year's corn crop. Therefore, we believe strongly that the crafting a new Farm Bill offers

a unique opportunity to provide greater incentive for utilizing the environmental and conservational benefit of forages and that forages need parity with other leading crops. Thank you.

MODERATOR: Thank you very much.

(Applause.)

MODERATOR: The next question for Secretary Johanns.

MS. SARAH BEDGER: (sp) Mr. Secretary, my name is Sarah Bedger. I originally grew up on a dairy farm in Maryland, so I share that experience with you. One of the main reasons that I'm not farming with my family in Maryland right now is because land values 45 miles from Baltimore/Washington metropolitan area are in the tens of thousands of dollars per acre.

I currently work as a dairy specialist for the University of Minnesota Extension Service and I work with many young farmers in this state and plan to marry a young farmer. So I would like to tell you that land availability was the number one concern in an annual survey of American Farm Bureau Federation young farmer and rancher members earlier this year. Starting farmers cannot outbid developers and those farmers that are large enough to capture economies of scale. So I would like to ask you, how are you going to help young farmers access capital to invest in their operations or give them a chance to have competitive bids on land? Thank you.

MODERATOR: Thank you very much.

(Applause.)

MODERATOR: Let's go to the next question, please.

MR. STEVEN HOLMQUIST: (sp) My name is Steven Holmquist. I am a last generation farmer. My son, I got him started in construction because there's no future in farming. I can't see one. I have no idea what the USDA is talking about when they talk about a Farm Bill because we don't have one and I don't know when we ever had one. When everything is a welfare program to keep the farmers going, that's what I feel like, a welfare recipient.

Agri-business runs USDA. They make the laws, they buy your votes. It's for sale every day of the year. I challenge you to put two decent farmers on your farm committee to write you a Farm Bill. Forget about the rest of them. That's my comment.

MODERATOR: Thank you.

(Applause.)

MODERATOR: Next question please.

MR. DOUG WOLF: (sp) I'm Doug Wolf from Stevens County. I farm corn, beans and wheat. I also farm with my son who is 20 years old and I've got a son-in-law that's farming that's 21 years old. These young men are enthused about farming. They want to be low cost producers.

I didn't come here to speak. I wasn't going to say anything, but as I hear, everybody wants money for their program. What I want is less regulation so these young farmers can be low cost producers.

The present farm program has been a pretty good program, but the direct payments that we get from the Farm Program has gone right in to land rents and land value. It's not helping these two young farmers that are farming with me. What they need is protection and less regulation.

I see, Mr. Secretary, you've got a shirt on that says, NRCS. Well, in our country right now NRCS is a very naughty word. Now, I'm not picking on you, but that's just the way it is. The reason that is, is because of the regulations. We're trying to produce at low cost and one of the tools that we are trying to use is drainage and we are getting regulated in our county way different than what other counties are and it seems very unfair. The farmable wetlands and the wetlands that we farm every year and we can't go near them. And I know that's another whole issue that hasn't been brought up.

The other issue that I would like to bring up is in crop insurance. My son-in-law just started farming. His dad quit farming a number of years ago but still owns the land. He married into my family and wanted to start farming and I was willing to work with him and share machinery and do that. But when he went to crop insurance, he had to take T yields because of no history.

My son, who also started farming at the same time, got to use my yields at a very fair disadvantage for my son-in-law. What these young farmers need is protection, not a handout. Thank you.

(Applause.)

MODERATOR: Thank you, sir. The next question for the Secretary, please.

MR. JEROME GRAF: (sp) Jerome Graf from Brown County, Springfield. A quick comment on the 1031 land exchange. I was talking with an attorney about a year ago and he said it had been around for quite a while. But years ago it was like-things for like-things. Now we get real estate in the cities for farmland and all kinds of things like that. So I think that's where their problem has evolved on that.

The other thing, several people have alluded to it already is the young farmers. We need payment limits in place so producers do not farm the program and destroy the capability of young farmers to get started and the ones that are farming -- I think they're going to have to target these payments. Everybody gets a certain amount. And after that level you're out or -- because it's just unreal the way they're trying to do it. So I thank you.

[Applause.]

MODERATOR: Thank you very much. Next question. I want to remind our questioners, you each have two minutes. Go ahead.

MR. TED WINTER: Mr. Secretary, my name is Ted Winter. I'm a farmer. I live down the southwest corner of the state, Murray County. The question that I think needs to be addressed here is, why cuts? Why \$3 billion in cuts when we're spending hundreds of billions in Iraq to defend a country that we believe needs to be a democracy. At the same time, the people who live in this country who are trying to farm and feed this nation and the world and supply the dollars and the resources for that war effort to be operated over in Iraq, are asked to take less because of some reason within the administration [inaudible]-- are within your power to make the changes to the President? You're appointed by him to make that decision and work with farmers to go in there and fight for our values along with Congressman Gutknecht and Congressman Peterson and the rest of our U.S. congressmen, U.S. senators. I mean that's your job. And we out here as rural farmers you know are trying to do the daily work, try to make the profits that we can on farm programs that are sometimes not as friendly as they could be.

LDP. My friend says that means Low Damned Price. It only works if you get the price of corn and beans down so low you can't hardly make a living selling it, and if you do that you get the price down that low I mean it's irresponsible and ridiculous for farmers in the fall of the year -- and I don't know why we get in this mentality about let's have the price go lower, go lower, go lower, go lower. If it's lower we can get some LDP, and if it goes low enough and the processors got it low enough because they're the ones who basically buy the product, we're hoping and praying that the price goes low so they can buy it cheap below the cost maybe we can raise it for and then maybe it goes up we can get the LDP and then get something on top of it. Which is just plain crazy. It don't make no sense at all for people to operate in that kind of scheme. It doesn't work.

The other thing if you want to do, look at what happens with the overall payment limitations that are out there. I mean pay it on the bottom. If people want to farm for the world export value of the profit, let them farm 5,000 acres but base it on the bottom end so the first initial value what you raise, you can at least have some income off your family, because right now we got all our wives working, we got all our kids working, we got all our relatives working trying to make it work and it's not working.

So do what you can, but you are the boss, you are our secretary, you're appointed to do our job, so make sure that the farm families are in the bill, not the agri-processors that actually are running the bill with the farm families are actually the value of the bill. Okay? Thank you. Good luck.

[Applause.]

MODERATOR: Go ahead with your question, please.

MR. LOYAL FISHER (sp): Good afternoon, Mr. Secretary. Your being here listening already builds on your solid reputation, so thank you. My name is Loyal Fisher. I'm the board chair of the Renville County Soil and Water Conservation District. I'm also the vice president of the Minnesota Association of the Soil and Water Conservation Districts. You met our very hard-working chair earlier. I'm also the mayor of the City of Renville. But my comments don't necessarily represent any of those boards.

As far as conservation and private land is concerned, 74 percent in Minnesota, the Farm Bill is it. It's the only game in town. And I appreciate your being here to listen to us today.

For the 2002 Farm Bill we saw a considerable increase in conservation funding as a proportion of the total. I hope that trend continues and I hope the wisdom in some of the conservation parts of that bill continues too.

As I mentioned, I have an office in Renville City. I'm very pleased as opposed to an earlier speaker, very pleased to work with more than 15 people for the NRCS. A thank you from me. Mr. Hunt, would you please stand? The others if you work for the NRCS thank you. I enjoy working with you. Your heart's in the right place. I appreciate it.

The EQIP program has been very successful in my home county, which is as I mentioned, is Renville. We're 94 percent tilled, and makes us a very intensively-farmed county. The part I really like about the EQIP bill is that we're locally let. Mr. Hunt said Minnesota's number one in being locally let. I'll gladly catch on to that phrase. It works very well in getting money where it's needed, and we've seen projects get done that should have gotten done before.

As one of the off-comments, we had last year a sign-up for a program that's not an easy walk-in-the-office kind of program. Began in October 15 and ended in November. Now I said I'm the mayor of the city of Renville, and I defoliate sugar beets for a former student of mine. He doesn't even talk to his wife in the middle of harvest, let alone go into an office to talk about conservation. So I don't think that date was set by Mr. Hunt, but it's something we need to think about.

I think Congress understands the intent or what we need, but sometimes (unclear) agent say it's not quite there. When it gets to two minutes, tell me to shut up and I'll do that.

MODERATOR: It's two minutes.

MR. FISHER: Thanks.

MODERATOR: Thank you very much.

[Laughter and applause.]

MR. GREG RUSSELL: Mr. Secretary, I'm Greg Russell, Minnesota Society of American Foresters, state chair. I work out of Willmar. As I see the Farm Bill programs over the years I've noticed a lack of continuity as far as keeping tree programs, which provide long-term cover and a lot of environmental benefits. We look to our farm programs' conservation for long-term environmental benefits, but they're slowly being eroded away. Out in this part of the state the emphasis is on grasses, and as we know once the payments stop the grass is plowed under.

If there's trees, typically once the payment's stopped the trees stay.

There are other perennial crops I think that we can use. The concept of productive conservation I believe really needs to be looked at as a nice pilot project. There's many parts of the state of Minnesota where the two and three-crop system isn't working and they need something else to help them get through. And right now there's nothing to help these farmers with these perennial type crops, and they need that. They're taking a risk, and if it goes bust they go bust. But some of our row crop folks aren't getting that same treatment. If they go bust, they got the insurance, they got the payments.

So if we can kind of level that playing field I'd be very supportive of that. Thank you.

MODERATOR: Thank you very much. Go ahead.

MR. DON BUHL: Thank you very much. Good evening Mr. Secretary; Mr. Gutknecht, thank you for being here. My name is Don Buhl. My wife Susan and I own Buhl's Ridgeview Farm in Tyler, Minnesota, where we finish feeder pigs, raise corn, soybeans and oats.

I'm here tonight in my capacity as president of the National Pork Producers Council. I want to thank you and the Department for holding these series of sessions as part of the 2007 Farm Bill process. I appreciate it.

I want to address the competitiveness question, and that one alone. Two major factors affect the competitiveness of our U.S. pork industry. Purchasers must believe that we can deliver the best value compared to other proteins. And second of all, we must give our producers at least as high a return on their investment as they would get if they were invested elsewhere.

Two aspects provide a good framework for the Department and Congress to evaluate the best farm policy to enhance the competitiveness of U.S. agriculture. We need to control costs, look at how we increase the price and demand, increase the quality and the access to foreign markets.

Some key points to consider are regulation, technology, input costs, and prices and demand.

With regulation I agree with the previous speaker-- virtually all regulation increases our costs. And our farm policy should be based to include only regulation that is science-based, affordable and effective. And this applies to a wide host of things such as food safety, environmental regulation, and animal health issues.

In the area of technology we need to continue to reinvest in research so that our industries have the advantages to compete on a worldwide basis. Disease prevention, treatment, nutrition and genetics are some of those areas.

In the area of input costs, corn and soybeans represent a huge part of our input costs. I want to be very clear that I want my corn and soybean producers that are my friends to be prosperous as well, but when we look at decisions we have to consider the impacts of all of this.

And finally I want to applaud you on working tirelessly for access in other markets. It's very important to the demand and the future of the U.S. pork industry, and our ability to be good customers of corn and soybean growers.

Thanks so much for being here.

[Applause.]

MODERATOR: Thank you. Let's go ahead with the next question, please.

MR. MARK GITTER (sp): Mr. Secretary, my name is Mark Gitter. I farm by Wabasso, Minnesota. And listening to the testimony I would suggest to you when you have another cabinet meeting to ask the other secretaries, what do you guys actually do? I think we're running the country, the USDA.

The first thing, this is a personal testimony. As a farmer in the new program getting us to use other, grow other crops, I've gone to a third alfalfa-base, a third corn, and a third soybeans. In a new program, there's another program sometimes conservation, that is done on the previous programs, are overlooked, and it can hurt you on the next farm program.

So I'm looking at it from that point of view is that somebody that does the more conservation type is not put in the second fiddle to nonconservation types of farming. Thank you very much.

MODERATOR: Thank you. I want to remind you all, the Secretary wants to hear from you. We have about 20 minutes left in the forum this evening. Go ahead with your question.

MR. LARRY LIEPOLD: Good evening, Mr. Secretary. My name is Larry Liepold. I'm a corn, soybean, hog producer from Okabena, Minnesota. We're also heavily invested in a soybean processing plant that's producing biodiesel at this point, and are heavily invested in an ethanol plant being built a quarter mile south of my farm.

I'm also president of Minnesota Pork Producers Association. I've got just a few comments. Pork Producers are committed to running productive operations while meeting or even exceeding societal environmental expectations. We have fought hard for science-based, affordable and effective regulatory policies that achieve the goals of today's environmental statutes. In order for us to meet these costly demands while maintaining production, the federal government must provide support to help us defray some of the cost of compliance through the Farm Bill Conservation Programs-- namely, the Environmental Quality Incentives Program of 2002 of the Farm Bill. So far EQIP has not provided this for hog producers as well.

Finally, we believe that Conservation Security Program could prove to be a big help to our midsize, commercial family farms. An operation with a good quality of manure, management and application practices all documented under a comprehensive nutrient management plan is an automatic candidate for entering CSP and receiving the program benefits.

We urge USDA and Congress to keep changes to the 2002 Farm Bill Conservation Title Programs simple. Previous changes have been complicated and hindered the USDA's ability in the field to offer quality assistance.

Thank you for coming to Minnesota.

[Applause.]

MODERATOR: Thank you. Let's go ahead with the next question.

MR. KEITH POYER (sp): Welcome to Minnesota. I'm Keith Poyer. I'm from Montevideo, Minnesota. I'm representing Minnesota Valley Alfalfa Producers here today, which have a plant in Perham, Minnesota. And I would just like to reiterate what's been said here in that I think it's important that we look at nontraditional, nonfood energy crops in the Farm Bill to promote diversity so that we can work towards a concept that's been brought out here before called "productive conservation." I think that's very important in a physical way to be able to make our water, our air and our land better and not have it cost just one sector of the economy a lot of money.

And I wonder if you have seen the resolution passed by the Minnesota Association of RCNDs on productive conservation. If you'd like to see it, I have a copy of it that I could leave with you. I think it's a good resolution that has a good base to work from in productive conservation and in improving our environment. Thank you.

[Applause.]

MODERATOR: Next question, please?

MR. BRAD HENN (sp): Welcome to Minnesota, Secretary Johanns. My name is Brad Henn, and I'm from Ghent, which is just east of Minneota and Taunton and Porter. And I'm a hog producer as I said. It was mentioned earlier that I could be specific with my questions, so I lost an employee about three months ago. If you could help me replace him, that would be great.

Actually bearing in mind what some other people talked about earlier, if there's a young producer out there who is interested in raising hogs I'd be glad to work together with them to get started as an employee and work into ownership or whatever.

The main thing I wanted to talk to you about today though is in regards to the Farm Bill, and I don't recall specifically if that was one of your six points, but I know that in formulating the Farm Bill that Gil and you guys will have to address WTO compliance. And you know my thought is that one of the ways that we can achieve that and it actually addresses what a dairy farmer talked about a little bit earlier too about support price on the dairy program, and in the last Farm Bill it was hassled back and forth about exactly what the support price should be on corn and soy. You know, they were going back and forth about it, make sure we wait though so they're fair, and so forth.

Why don't we have a floating support price? You know, like a five-year average on corn and soy. I believe that would comply with the red box, green box thing as far as WTO requires. Or it would certainly help us comply with that because it would be more market-based.

It would also I believe somewhat reduce the capitalization of farm payments into land that has occurred because there's still going to be some market input in terms of what crops we plant and so forth. And I think in that respect then it would somewhat help the younger farmers get started as well.

Thanks for your time.

MODERATOR: Thank you. Next question, please?

MR. ROGER PETERS: Greetings, Mr. Secretary. I'm Roger Peters, a dairy farmer from Tyler, Minnesota. Over the years we've gone from 35 to 60 to 80 to 120, and a couple years ago we went to 240 dairy cows. These are things that affect me as a dairy farmer. I'm interested in preparing the next generation in agriculture. I'm also addressing the question about how to help rural areas out.

In order to prepare for the future we need a price that provides for the cost of production and will ensure that we can plan for the future with confidence. We need to increase the support price of \$9.90 for milk. We can't let happen to us what happened to the hog farmers a few years back.

Just to refresh your memories, a few years back slaughter hog prices went to \$.08 a pound. It pretty much put all of the smaller farmers out of business. And the ones it didn't put out of business figured, why keep doing it? So to keep up with the dairy industry from going the same way, we need a price that will at least cover the cost of production. I mean, to raise it a little bit isn't going to make anybody rich or guarantee that they're going to stay in business. This will ensure that farmers can prepare for the future not only to keep family members interested but to keep their operations up to date.

Main Street needs us as farmers to be profitable. Small towns live and die with what happens to farmers. If we want small towns to not only survive but thrive, we need to keep farmers profitable, and one of those ways to do it to increase the support price.

I have three children-- 18, 16 and 14. Right now I'm not sure what to tell them. Right now prices are decent, but we had 18 months of prices at \$9.90, and if prices went to the current support price that would be bad. With costs continuing to escalate-- fuel, labor, electricity, everything basically that we buy -- we need a price that will allow us to prepare for the future. Thank you.

MODERATOR: Thank you very much. We're getting toward the end of our forum today but we're going to try to get as many questions in as we can, or statements to the Secretary. Go ahead, please.

MR. BRUCE DOKKEBAKKEN: Secretary Johanns and Congressman Gutknecht and Congressman Peterson in absentia, you guys have a very difficult job. You must perform that job at some personal sacrifice, and I want to thank you for your efforts.

[Applause.]

My name is Bruce Dokkebakken. I'm the general manager of the Minnesota Dairy Herd Improvement Association. I was a member of the committee that developed the U.S. Animal Identification Plan, and I guess what I would be interested in is number six. We need a national animal ID system in order to open foreign markets. But more importantly we need that system to protect our herd and our flock. And I would ask Mr. Secretary that, first thing I guess I should do is warn you that I know where Stacyville and St. Ansgar and Osage are. I've been to all three towns, so.

Anyway, we need the national animal identification system, and we need to have a very bare minimum of that information that's in the hands of USDA fully accessible 24 hours a day and residing in your database in your control. We can certainly use a public/private partnership to get that very limited data there, but the good folks at USDA need access in order to protect our herd.

Right now I'm a little bit worried that some of the things that are coming down it looks like USDA has been hamstrung by politics, by a very powerful lobbying group. We need to make a decision, we need to move this thing forward. We've been working on it for a couple of years. We don't need NAIS to fall victim to corporate greed. We don't need another Halliburton. We need to have a system that works for the producers and for the American people. And I urge you to keep that in the hands, that limited data in the hands of USDA.

I'd like to thank Congressman Peterson in absence. He's worked hard on this project and been a very good supporter. So thank you very much.

MODERATOR: We have time for about five more questions before some final comments from Congressman Gutknecht and Secretary Johanns. Go ahead with your question.

First of all I'd like to thank you guys for coming up here. It's great to have the Ag Secretary from the Midwest who understands.

MR. STEVE SCHLANGEN: My name is Steve Schlangen. I'm a dairy farmer from central Stearns County. Actually I live about a mile and a half out of a town called Farming. I'm on the board of directors for AMPI, which is one of the bigger Midwest dairy coops, and I also represent dairy farmers in Minnesota on the board of directors of Minnesota Association of Co-ops.

Over the last couple years our milk prices have been fairly decent, but we all remember what they were like in early 2000s, and at that time the MILC program was an absolute godsend for our dairy producers, especially the small ones. I'd like to thank Collin Peterson even though he's not here because he was in the trenches to get that done on that Conference Committee. And he's what really helped make this happen.

But what we need to do I think is to extend the MILC program to coincide with the 2005 Farm Bill first of all. That needs to be done starting in September I believe. And right now we don't really need it because prices are high enough we really don't need the program, and it would be great if we'd never need the program. But we certainly would like to have it in place just for security. For our young farmers starting up they need to know where the bottom is to have a chance.

Another thing I'd like to talk about is, we need fair trade and not free trade. That comes back to the MPCs. Just because they are over 40 percent protein they're not a dairy agreement, a dairy food that's just out of the question. I mean we got to have fair trade so that if it's a dairy product it's called a dairy product, it gets treated as a dairy product. We just can't compete on this global market with people that are subsidized or coming in from countries that aren't regulated the way we are.

We need to protect one of our country's most valuable resources, and that is our family farms.

MODERATOR: Thank you, sir. Let's go to the next question, please.

MR. CLINT FALL: Thank you, and thank you, Secretary, for taking the time out of your busy schedule to come to Minnesota. First of all, I'll introduce myself. My name is Clint Fall. I am the general manager of a dairy cooperative called First District Association located in Litchfield, Minnesota. And I guess there's been a lot of things that have been brought up. Steve just mentioned a couple of them that I will second. The MILC program was a tremendously valuable program for dairy programs, especially during 2002 and 2003 when we hit rock bottom prices. We would have seen many, many, many more farms exit the industry in this state if we would not have had that program in place.

I fear for the day when it's not in place and prices should happen to bottom out again. We're going to run into that same type of a situation. It helped carry these people through that time to a time period right now where prices are reasonable. We've kept these family farms in business. That has helped our communities and helped rural America.

The other thing I guess looking forward, looking at the 2007 Farm Bill, we need to look at a similar program. It might need to be tweaked, it might need some changes to make it affordable and effective. We also need to make sure that we preserve the current support program that we have and improve upon it if we can. Again, the farmers are talking about \$9.90 support. That's not sufficient. That doesn't cover the cost. We definitely need to have a support program in place.

The return on investment on these programs are tremendous when it comes to rural America.

The other thing that was brought up earlier about regulation-- environmental laws. Livestock industry in Minnesota is very important. With some of the emphasis that's being put on the Superfund laws, CAFO and so forth, we need to control the regulation in how it impacts livestock agriculture in this state and in this country.

The other thing that I want to comment on is imports. Imports-- again, free trade is fine as long as it's fair. In the past we have not had fair trade with subsidized proteins coming into this country. That has to stop.

One last comment. DEIP, the USDA has had the authority that they've not exercised to take advantage of the Dairy Export Incentive Program which would help continue to stabilize and secure milk prices by helping subsidize exports of some of these products to needy countries. I don't understand why we're not taking advantage of that program.

Thank you.

MODERATOR: Thank you very much. We have time for a few more questions. Go ahead, please.

MR. PAUL GIFFORD: Okay. Thank you again for being here. You've heard that many times, but we do appreciate you being here. My name is Paul Gifford. I'm the director of the nonprofit organization known as Hunger Solutions Minnesota. We work on behalf of the food banks, over 300 food shelves and over 75 on sites or soup kitchens across the state of Minnesota.

One of the, part of the Farm Bill is of course Food Stamps, and I think it's real important that we talk about that. Hunger in the state of Minnesota, yes it affects the farm families that we have here. It also affects people in the cities and the small towns we have around the state of Minnesota. How does it affect us? It affects our children. They don't learn because they are not being fed well enough. Productivity in the workplace decreases because people are not eating enough food. Food Stamps are extremely important to people.

Hunger in Minnesota is real, it's all around us, it's not going away, it's not inevitable, and it's not acceptable. In Minnesota there are over 240,000 families that receive Food Stamps during the month, that this is the way they can put food on their table, nutritious food on their table.

So Food Stamps do benefit farmers, the food industry and the economy. USDA's Economic Research Service, the ERS, estimates that each \$1 billion in retail demand by Food Stamps generates \$340 million in farm production, \$110 million in value added farms, and over 3,300 jobs on the farm. And each \$5 in Food Stamps generates \$10 in total economy here in the state of Minnesota.

So I would ask if you would please support the Food Stamp program and the millions of low-income families, elderly senior citizens, children that are otherwise vulnerable citizens here in the state of Minnesota that do receive Food Stamps.

MODERATOR: Thank you. We have time for two more questions before some final comments up here. Let's go here. Thank you.

MR. RYAN HEINEGER: Thank you for taking the time to listen. My name is Ryan Heineger. I'm the director of conservation programs for Ducks Unlimited based out of Prior Lake, Minnesota. And I just also by way of background want to explain that I came from a family farm in southeast Iowa just opposite from where you're from, and spent the early part of my career in Nebraska as well. So we share a common background. Shortly after you migrated to Washington I migrated to Minnesota.

My comments today, I'll be brief, and they're directly related to the conservation provision of the Farm Bill. I understand last week at the Farm Bill Forum in Minot, North Dakota, at the North Dakota State Fair only one part of the story was told regarding the Conservation Reserve Program, and I just want to briefly talk about that.

The Conservation Reserve Program and the Wetland Reserve Program have been two of the nation's premier and most successful conservation programs to date. It's not because they're necessarily the largest conservation programs. But it's because they're designed to work with the farmers, they're incentive-based, and I feel that they represent a very positive attribute for rural economy.

And time and time again we can constantly tell they're very accepted in the rural communities because the demand far exceeds the amount of supply of funding. These are working lands. That's another point I want to bring to you. Although they may not be growing corn or wheat or soybeans, they are working lands and should be considered as such. They are growing wildlife, clean water, recreation, and economic diversity for rural communities.

Second point I want to make, a year ago tomorrow your boss and our president was here in the great state of Minnesota, and he delivered a very important message to farmers that are currently enrolled in the Conservation Reserve Program. If I may I'll quote him real quickly. He said, "Right now we have 35 million acres of CRP. The Conservation Reserve Program contracts covering two-thirds of existing land in the program are scheduled to expire in 2007 and 2008. To make sure these farmlands stay protected, I am directing the Secretary of Agriculture to offer early enrollments and extensions of existing contracts. The farm -- (audio break)

MODERATOR: Thank you. Our last question of the forum. Go ahead, please.

MR. TIM BUSKY (sp): Hello. I'm Tim Busky. I work for the Minnesota Project. We're a policy organization on agriculture, energy and food system issues. I also farm and have been enrolled in the commodity program for the last nine years as well as the conservation programs. We thank you for being here, of course.

We look at the goals and objectives for the 2007 Farm Bill, which should be nothing short of reestablishing agriculture as the backbone of the American economy. We can do this while improving our nation's water and soil resources for the long-term.

A widening U.S. trade imbalance, increasing energy costs, rural population loss are the issues that we face, and no industry as a whole is more poised or has ability to address these issues. We have to do this as a fundamental change in the Farm Bill reducing the commodity support programs and increasing the Conservation Security Program.

Yesterday we learned that Congressman Gutknecht said that 650 commodities are grown in the United States. There is one common denominator to all of those growers; that is, the soil quality of those fields. If we can base our payments on stewardship of that land we can become WTO compliant, we can raise energy crops on there, and we can decouple the crops we grow from the mindset we have in this country.

We need to provide innovation mindset in this country and decoupling payments to specific crop commodities will do that. And improving our soil and water resources will achieve what the EPA and other federal governments are trying to achieve. And we thank Bruce Knight; he's done an excellent job. We just need to move this CSP along on a further road, and there are solutions for this cumbersome, frustrating project. It's well-written, and it has a system that's very accountable for.

Thank you.

MODERATOR: Thank you very much. If you did not get a chance to comment tonight, remember you can do so via e-mail at <http://www.usda.gov/farmbill>, and you can write the Secretary of Agriculture in Washington. I believe there are still some Forum brochures around with the Secretary's address.

These two have been very busy taking notes up here, and they've hardly said a word the last half of the Forum. I know they have some comments to make, and we'll call on first Congressman Gil Gutknecht with some final comments. Congressman?

REP. GUTKNECHT: Well, I will be very brief. The Secretary has to catch a plane and fly I think to Milwaukee tonight, so I'll just say a couple of things. First of all, thank you to all of you. You know many times we have hearings in Washington we get to hear the representatives of various groups. And somebody said it's the insiders who write the Farm Bill, and I'm not sure I agree with that. But it's important though that we see real farmers, real faces, and how many of these policies affect you.

I think just sitting here and listening, if you've heard all the various comments we've heard about the MILC program, the Conservation Security Program, we've heard a lot about Rural Development and we've heard a lot about other programs -- I hope you

with an understanding that when we do a Farm Bill ultimately you have to get 218 votes in the House and you have to get 51 votes in the Senate. And we've heard an awful lot of good ideas and suggestions and some very good questions today, but I hope you'll at least understand that this is a democratic republic, and in the end we've got to get enough votes to pass it.

And so there is a little bit of negotiation that goes on as this works through the process, but I think the input today has been extremely valuable. I've taken some good notes and I'm going to share with some of my colleagues. And finally let me just say how much I admire all of you for staying for this entire program. Thank you very much.

MODERATOR: Thank you, Congressman.

[Applause.]

MODERATOR: Secretary Johanns?

SEC. JOHANNNS: Well, let me also offer my words of real appreciation. You have to be the heartiest people in Minnesota, and I know people here are really hearty. We started out about three hours ago, and I said at the time that I was going to spend most of the time just listening to you. And that's what we've endeavored to do during this forum.

I also want to express my appreciation to Congressman Gutknecht. Not only was he here during this entire forum, but he gave me his whole day today. We started early today up in northern Minnesota looking at forest land, and so literally he dedicated the whole day.

I also want to say thank you to Collin Peterson, Congressman Collin Peterson. I made reference to the fact when we started today that you are well-situated here because you've got two congressmen on the stage who are going to have an impact on the Farm Bill. And I mean that very, very sincerely. These two individuals will have a major impact in terms of the House version of the Farm Bill.

The Congressman's observations are very true. In the end it is coalitions that build the Farm Bill. It is a coalition of ag groups that move a Farm Bill from discussion stage to policy discussion on to a written document, hearings, on to the Floor, surviving amendments and then hopefully ultimately getting to the President's desk.

Your comments were excellent today. I think about the gentleman who got up and talked about the sugar program, and I complimented him. Now we've had a heck of a debate recently about trade and sugar, but his observation was right on target. His observation was that the program when you think about it raises the question of, where do you go from here, where do you grow that program? Because it is truly based upon import regulation-- in other words, doing everything we can to control that import side. And his acknowledgement that trade is really a part of life because 27 percent of our receipts come from trade was a pretty profound statement. And so he's raising the issue, where do we go from here?

The dairy people, I don't know if this was done for my benefit but I will tell you, ladies and gentlemen, we have had more dairy people at this Forum than any one yet and probably any forum that we will have in the future. As a former son of a dairy farmer, well I guess still son of a dairy farmer, that was appreciated. It was good to hear from you.

Last and final comment. I was asked at a media briefing just before we walked out here, so when will this result in an actual document? Well, that's a ways down the road. We started early because we wanted to get input across the nation. That's probably going to take us at least the rest of the year. We may even be doing a couple of forums after the first of the year

It's in that stage that we will be very, very much involved with the House and Senate in terms of what the next Farm Bill looks like. Mention has been made that in previous instances the secretaries played a pretty passive role. I think I can safely tell you that I don't intend to do that. I have some very, very strong ideas about agriculture and the future of farming, and what we can do for these young people that were here today. And I'm going to do everything I can to advocate for their future and for the future of agriculture.

How many were in FFA when you were in high school? I was. I was happy to be in FFA. Do you remember you started out with the Pledge –“I believe in the future of farming?” I think now it reads, “I believe in the future of agriculture.” You know, I do. I absolutely believe in the people that are involved in agriculture.

I said recently in a Washington Post interview, when I was growing up my role models were farmers. My role models were farmers and they still are. We appreciate everything you do. God bless you all.

[Applause.]

MODERATOR: Thank you very much. Thank you, Mr. Secretary. We appreciate it.

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