

TRANSCRIPT

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

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Transcript of Arizona Farm Bill Forum with Mark Rey
Under Secretary for Natural Resources and the Environment
And Moderator Mark Killian
Phoenix, Arizona
November 9, 2005

MODERATOR: We would like to now introduce to you an honored guest who runs the Department of Agriculture for Arizona. Mr. Don Butler will now give us a few words.

SEC. DON BUTLER: Well, I would say welcome to everybody. I'm glad to see a lot of these seats are filled. Hopefully there will be some more that come in a little bit later. But I think it's a real tribute to have the Secretary here. And I'm looking forward to hearing his remarks and those from the group here on what you all think of what can be done with the 2007 Farm Bill.

I really am saying welcome too on behalf of Governor Napolitano. She really wanted to be here and to meet with the Secretary, but she's the chairperson now of the Western Governors Association, and they're all meeting in Scottsdale. So she sent her welcome to the Secretary and to all of you from Agriculture.

I think that as I say it will be an enlightening day with Arizona being number three, agriculture being number three behind tourism, technology and then agriculture. And it is nearing a \$7 billion product. And I think everybody is pleased to hear that, and I think hopefully the legislature will hear it too and give us a break.

But I think things are going along well, and I'm not going to take any more time to turn it over to our guests here today. And it's up to you to pose the questions to them, and I think that I've been able to read some of the comments that have come, and some of the comments that Secretary Johanns has made on coming to these different forums. And I think it gives us and the people in the country the opportunity to voice our opinion and hopefully we'll see it in the results in '07.

So I'll turn it back to Mark.

MODERATOR: Thank you, Don, very much.

It is now my privilege to introduce Mark Rey. Mr. Rey has served as the Under Secretary of Agriculture for the Natural Resources and Environment since October of 2001. He has an extensive background in natural resources and conservation policy, serving for a time on the staff of the United States Senate Committee on Energy and Natural Resources.

So without further ado, we'd like to recognize and welcome Under Secretary Mark Rey.

[Applause.]

SEC. MARK REY: Thanks for that kind introduction. It's my pleasure to be here this morning on behalf of Secretary Mike Johanns to hear directly from Arizona's farmers, ranchers and rural residents about issues of concern. In preparing for the development of the 2007 Farm Bill, Secretary Johanns announced in June the first in a nationwide series of Farm Bill forums to be held across the country. That first forum was held in Nashville, Tennessee, and we have conducted 49 other forums since. In addition to the Secretary, various under secretaries have also been conducting forums such as this, but all in the hope that no voice is left unheard as we develop this next Farm Bill.

Now before we go too far into this program, we have a message from the person who asked Secretary Johanns to solicit ideas from as many people as possible while conducting these listening sessions. So with that, if somebody will cue the message, we'll hear it.

[Videotape of President George Bush]

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

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

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

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

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

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

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

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

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

[end of videotape]

SEC. REY: As you can tell from that message, the President is determined to see that the comments you offer today be used while formulating what this next Farm Bill will look like.

As was mentioned in my introduction, I'm the under secretary for Natural Resources and the Environment with jurisdiction over the Forest Service and the Natural Resources Conservation Service. My career has been spent working on conservation. As you may know, the Farm Bill is one mechanism that helps us do that.

The previous Farm Bill was considered landmark legislation for conservation funding and for focusing on environmental issues. The conservation provisions of that bill have assisted farmers and ranchers in meeting environmental challenges on their land. That Farm Bill simplified existing programs and created new ones all seeking to enhance the long-term quality of conservation on working farms, ranches and forestlands.

What goes into a farm bill can have a long-lasting effect on our nation's natural resources, and that's why we're here today -- to hear your thoughts, comments, and concerns on what should be included in the next Farm Bill.

To that end Secretary Johanns developed six specific questions that we're seeking answers to today. The first question relates to challenges to new farmers. How do we prepare farm policy to provide a future for new entries into the agriculture community? Policies should welcome the next generation of farmers, and unintended consequences such as higher land prices that might result from farm policy should be avoided to the extent possible.

The second question relates to how we stay competitive in a world marketplace. Today over 27 percent of cash receipts for agriculture come from abroad. That's a very, very large piece of all farm income across the country. And it's growing. We must remain competitive in domestic and global markets in order to succeed.

The third question relates to farm program benefits. Is the current distribution system the most effective way of distributing the benefits? Benefits should stabilize farm prices and incomes. The current programs, crop insurance is a good example and we've heard some conversations about that already in previous forums, distributes assistance based on past and current production levels. Some argue that the current programs favor large farmers.

The fourth question relates to conservation. How do we formulate conservation policies in a way that provides for cooperative conservation? The President and Secretary Johanns and I all believe that our farmers are the best conservationists in the nation. Some suggest anchoring farm policy around conservation and tangible benefits produced like cleaner air and water and less developed landscapes.

The fifth question relates to rural economic development. How can federal rural and farm programs provide effective assistance in rural areas? If you look back at farm bills of the past, there wasn't much there relative to rural economic development. In the 2002 bill it was a pretty significant piece.

But farming and rural America were once synonymous. Demographic and economic characteristics in some rural areas have changed, in some cases dramatically. Some believe we should invest more in the infrastructure of rural America.

And then the last area is the expansion of agricultural products, markets and research.

We have great resources at our disposal at USDA, particularly in the research arena. What we are interested in knowing is what you think we're doing right in terms of research and if not what we should be doing instead.

Agriculture is rapidly changing. Some say policies should do more to help develop new products and new markets.

Those are the six questions that the Secretary has framed on which we're interested in hearing your views. Obviously we'd be interested in hearing your thoughts on any other matter as well.

If we run out of time today or you simply think of something you forgot to say, please know you can always go to WWW.USDA.GOV and click on to Farm Bill Forums. The comments submitted on the web in writing or voiced here today are all given the same weight and will be given the same exact amount of study and analysis.

Before I wrap up, I have one last message for the younger people here today, people like Jeanette and Julie. You're the reason that we're here because we hope the advice and ideas that we get pave the way for your future success as federal agricultural policy is modified in the next Farm Bill.

So that's essentially the last you'll hear from me until we wrap up today because the purpose of this session is not for me to speak to you but for you to give us your ideas. Again I want to thank you all for being here today, and I look forward to a productive discussion this morning. I'll be taking voluminous notes as you offer us your thoughts. Thank you.

[Applause.]

MODERATOR: I need to cover a few housekeeping matters on the structure of our visiting sessions. Let me go over some of the ground rules with you. First, if you haven't had a chance to visit with the staff and look at the various displays, we'd encourage you to do that. If you have any questions about what's being presented, there's people here that can go over that information with you. Also in the back of the room you need to note there's a USDA help desk. With this particular listening session, if you have additional comments you want to get into the record these folks will be able to help you do that, whether in written form or other ways.

In the interest of hearing as many as possible today we're going to ask that you limit your comments to two minutes and we'll remind you these aren't speeches. This is a visit, and so we would like you to keep your comments in that frame of mind. As the under secretary mentioned, if you are unable to make a comment today or simply think of something else you want to do, again you can always go to WWW.USDA.GOV and click on the Farm Bill and you can make you can make your comments right in there.

Also if you brought with you written comments or a statement and other documentation that you'd like to leave for the Secretary, the staff in the back of the room with the comment boxes will be happy to gather those so that you'll be able to get those to the under secretary.

If you would, before you make your comment please tell us who you are, where you're from, your city, state, and the role in agriculture that you have. Then also if you would, please state which particular question you're most concerned about and who your remarks deal with, which question we've been given so we can categorize your comments.

Be sure and speak clearly. If you run over time not only will you get the red light but also I'll throw my pen at you.

Okay. Now it is a very dangerous thing to give a microphone to a recovering politician. And so I'm going to take the prerogative of the chair and invite three individuals to speak first. It happens to be three of the youth that are here. I'm going to call them in this order. Casey Kinney (sp) who is from Buckeye, Arizona. I'm going to have her talk first. Then Julie Darr. And then Janette Barnard, in that order. We'll start with those three. Casey. Come right here to the microphone and speak to us, please.

MS. CASEY KINNEY: Good morning. Thank you, Agriculture Under Secretary Rey for coming to Arizona and allowing me to be one of the first speakers. My name is Casey Kinney, and I am 17 years old and a junior at Buckeye Union High School. This is my 9th year in 4-H.

4-H has been a major part of my life, and it's taught me how to run a business through my livestock project. It has given me the leadership skills that I need through holding offices in various areas of the program, and it has taught me the social skills that I need through the various camps and social activities throughout the state and nation.

So most importantly it has given me a sense of belonging. For those of you that do not know me I am extremely [inaudible] challenged, so sports has kind of been out of the question. At first it really bothered me that I wasn't the star basketball player, but in fact I was probably the worst on the team. But then I started becoming more and more involved in my 4-H club. That's when I realized my strengths lie elsewhere and that I have become efficient at showing, raising and judging livestock. And I even found a sport through the 4-H shooting program that I'm good at.

And not only has 4-H helped me, but also I have witnessed what it has done for the many young 4-Hers in my club. I have watched them bloom with confidence and skills before my eyes. It is so awesome to see them do well with their projects and to watch their faces light up when the judge gives them their ribbons. It is so rewarding, especially when you know you helped them get there.

Finally, if it wasn't for 4-H I would not have the courage to get up here and talk about this and so now that you have heard all the good things about 4-H you'll realize how vital this program is to the outcome of so many youth today. Please continue to provide funds through the University of Arizona, our land grant university, and support the positive influence on youth today. Thank you.

MODERATOR: All right. Who's next? Go ahead.

MS. JULIE DARR: Good morning, and thank you, Agriculture Under Secretary, for coming today and allowing me to be one of the first speakers. My name is Julie Darr. I am a 17-year-old junior at Buckeye Union High School in Buckeye, Arizona. I have been a member of Buckeye 4-H for 8 years. In 4-H I am involved in four goats, swine, rabbits and dairy paternity. I have held offices from president to reporter. I am privileged this year to be able to represent Arizona in Atlanta, Georgia, at the National 2005 4-H Team Conference.

In Arizona there are over 100,000 4-H members, 30,000 in Maricopa County alone, and over 200 members in my hometown of Buckeye. Currently I am involved in my most rewarding position as a junior leader of the Buckeye Valley Rabbit Club. I have over 15 members in my

club and only two of these members are from agriculture families. I am entering these to be a better adult. We meet twice a month. The beginning of our meeting is a business meeting where I am teaching Roberts rules of order, community service, leadership skills, and public speaking.

The second part of our meeting is used to teach the youth about their project and general agriculture.

The third part of the meeting is used to teach the youth how to handle and care for their project. The final part of the meeting, is teaching the youth record keeping skills, how to keep a financial budget, and recognizing leadership skills they are acquiring. Personally 4-H has helped me through many aspects of my life, from making friends to speaking in front of crowds. All the skills 4-H has taught me will help me throughout my life.

As part of 4-H I have learned to pledge my head to clear thinking, to be able to help the younger members with their projects. My heart to greater loyalty to stay committed to all my responsibilities. My hands to larger service to be able to help my community in any way possible and my health to better living to stay drug-free and be a great influence on all younger members and be a good role model to them.

4-H is a wonderful organization that teaches kids responsibility away from their home life. Without federal funding 4-H would cease to exist. Please continue to provide funds for 4-H programs through the University of Arizona, our land grant university, and support the positive influences on youth today. Thank you.

MODERATOR: Thank you very much. Jeanette?

MS. JANETTE BARNARD: Hello. My name is Janette Barnard and I'm from Wilcox. Coming from a perspective from a farming background and also being involved in agriculture education and FFA for about the past six years I'd like to speak this morning about investing in the future of agriculture and future agriculturalists. I think we can do that by two ways-- one by investing in education of young people about the industry of agriculture. As a state officer part of what I did was travel around to high schools and I've seen the value of educating these young people can have about agriculture. It can encourage them to pursue careers in the industry and also help develop an educated public. The people we serve is agriculturalists.

The second way I believe we can invest in the future of agriculture is by developing new opportunities and ways and means for young people to become involved in those industries of farming and ranching and all the different aspects of agriculture.

So I'd like to thank you for your time this morning, and just encourage you to invest in the future of agriculture, which is through young people. Thank you.

MODERATOR: Thank you very much. All right. Now the time is yours to express your opinions and thoughts. So yes, ma'am?

MS. MARTHA HAMMONDS (sp): Good morning. My name is Martha Hammonds. I just moved back here to the city after living on a small farm in Amish country in Ohio, and we were there for two and a half years. I was able to see firsthand the incredible tangible and intangible benefits that agriculture brings to a community. And I want to first say thank you, thank you, thank you. In my book you guys are all heroes.

Agriculture is just a miracle, and if I'd never been on that little farm I never would have

understood. So because my understanding of what agriculture provides as well as my values, the changes that occurred, I believe that our policy really must provide the understanding of the benefits that agriculture plays in communities. I also believe that any policy needs to provide for a way for the community and the public to participate in agricultural events such as fairs and education. And I also believe that we need to provide education and support for community farms within the city, maybe start out small and allow communities to start growing some of their own items in some of the smaller areas and set aside greenbelt areas in development so that people can actually grow some things. Thank you.

MODERATOR: Thank you very much.

MR. TOM ISEM (sp): My name is Tom Isem. I'm a farmer from Casa Grande, Arizona. I farm cotton, grain and vegetables. I'd like to thank you, Mr. Secretary, for taking time today and allowing me time to speak to you today regarding the 2007 farm program.

I'm here to address the question on how farm policy should be designed to effectively and fairly distribute assistance to producers. The short answer is, it's already been done. The current Farm Bill that was enacted in 2002 has accomplished these goals. The countercyclical payments, the direct payments, the marketing and loan program protect farmers from unpredictable weather and commodity markets while allowing farmers to respond to market signals and not distort overall production and prices.

Since its passage in 2002 the Farm Bill has worked just the way it was designed and actually paid out approximately \$17 billion less in farm assistance over the first three years that was budgeted.

If any of the components of the current Farm Bill are removed or restricted in the 2007 Farm Bill it will have a very negative impact on production agriculture and agribusiness in Arizona and the entire Southwest region. I understand that further farm program spending must be reduced because of budgetary constraints along with all other federally funded programs, but we must share equally with those reductions as necessary. I would urge that enacting all new Farm Bill, the new Farm Bill in 2007 will not place an unfair portion of that burden on the backs of the American farmers.

I firmly believe that the next Farm Bill should be a continuation of the current program. As I am sure you've heard a thousand times before, the current program provides planting flexibility to growers, and an effective safety net when prices are low, and that has minimal impact on overall pricing and plantings. Thank you for your time.

MODERATOR: Thank you. Next, please.

MS. JOANNA AUSTIN MANYGOATS (sp): Good morning. On behalf of the director of the Navajo Nation Department of Agriculture, Mr. John BlueEyesMan (sp), could not be with us today to attend to other important commitments out of state. My name is Joanna Austin Manygoats, senior planner for the Navajo Nation Department of Agriculture in Window Rock, Arizona.

I am honored to be here participating in the 2007 Farm Bill listening session. Thank you for that opportunity, Under Secretary Rey. The Navajo nation is responding to five of the six questions posed for comments and they are in the order of 2 to 6.

The Navajo nation is responding to numbers 2 to 6 and will be eventually arriving at the

global market one day. The Navajo nation knows that in carrying out any conservation program the Secretary can use program resources to enter into partnership agreement with tribes. In 1994 USDA and the Department of Interior agreed to a new foundation to improve the delivery of programs and services to the American Indians and Alaskan natives. However, the Navajo Nation has not adequately received the commitment from USDA with funds, program and technical assistance available to us.

We believe that the Navajo Nation itself will deliver these program more effectively to its tribal members and to make amendments of policies and programs that will correspond to the needs of the Navajo people. President Clinton envisioned a strong government-to-government relationship with American Indians and Alaskan native tribal governments, and on April 29, 1994, a historic meeting with the leadership of federally recognized Indian tribes at the White House President Clinton issued an executive memorandum of government-to-government relationship with the Native American tribal governments.

President Clinton's April 29, 1994, executive memorandum outlines the principle to clarify the responsibility of the federal government to operate within a government-to-government relationship with federally recognized American Indians and Alaskan native tribes. USDA too has somewhat increased emphasis on economic development activities and programs in American Indian and Alaska native communities including rural development by working at the national, state and local levels to provide financial and technical assistance directly to tribal governments. Which is still slow in coming and still needs increased investment in tribal waters, waste program, housing, community facilities, business projects.

We are the stewards. We are the caretaker of the Navajo Nation. This means that we have a sacred and shared stake in improving the lives of our people and to open opportunities to all of them. Under Title II, Section 2003 of PL107171 the Navajo Nation Department of Agriculture is prepared to enter into partnership with USDA. Section 2003 provisions provide USDA to fund stewardship agreement with Indian tribe for the purpose of providing enhanced funding including USDA funded incentive payments and technical assistance to owners, operators and producers.

Navajo producers and ranchers will participate through the Navajo Nation Department of Agriculture in designated projects for implementation of certain conservation practices under the Farm Bill. With consultation and approval of the Navajo Nation with the support of the state conservationists, the Navajo Nation will amend policies, laws and regulations tailored to fit the need of the Navajo people, the Navajo farmers and ranchers as well as the environment in which conservation measures are applied.

The Navajo Nation Department of Agriculture has taken the initiative to be the first to get its foot in the door to encourage strong partnership program with USDA. The Navajo Nation knows that in creating this partnership agreement the farm policy is effective and fair in the distribution of assistance to Navajo producers. The Navajo Nation Department of Agriculture knows best what is the priorities of conservation and environmental goals in the rural areas. We the Navajo Nation know that the Navajo agricultural product development marketing and research-related issues to be addressed. We know how the farm policy needs to address the unintended consequences to ensure that such consequences do not discourage new Navajo farmers and ranchers and the next generation of Navajo farmers and ranchers from entering the production agriculture.

We the Navajo Nation want to arrange with the USDA on crafting the partnership agreement on behalf of all the Navajo people enabling our members equal access to USDA

programs, funds, technical assistance, and education available to them. Thank you.

MODERATOR: Thank you very much.

MR. HUTCH NOLENE (sp): Good morning. My name is Hutch Nolene. I represent the San Carlos Apache tribe. And I'm a member of the Farm Bureau and formerly of the Cattlemen Association.

In 1988 a committee was formally established to address the concerns of a program creating incentives for young farmers and ranchers to remain in agriculture. I enjoyed the speech that was made by the three young ladies that came before you.

And I'm a firm believer in agriculture. And this advisory committee had a list of 94 applicants in committee and 20 were chosen. And I'd like to see that in Arizona whether it be Native American or non-Native American be on the board to represent our dry, harsh environment that we see from year to year. We are in a drought season right now. A person from Nebraska back East cannot make decisions for us. It's hard for them to make decision. We endure the harshness of the environment.

As time permits I'd like to also say that we like to-- the occurring situation of agricultural and farmland being taken out of production for development of housing and new communities which is taken thousands of acres out of production in our area. As these lands are retired out of agriculture, the establishment allotment base for crops such as small grain and cotton are being lost. We'd like to see a more stringent input from the Department of Agriculture be put in, work with the local people here.

As you are probably aware that Phoenix and Nevada, Los Vegas is one of the fastest growing cities in the United States. But I do like to see a more representation from our area right now as it seems like we don't have any from New Mexico nor Arizona, Nevada, or Utah on the board. I'd like to see this change in the future. Thank you.

MR. RONALD REINER (sp): Mr. Secretary, Director Butler and Mark Rey, I'm Ronald Reiner. I'm a Goodyear and Buckeye area farmer. My family farm consists of approximately 5,000 acres, but it's operated by myself, two brothers, and two nephews. So basically five families make their living from that acreage. I guess we're in a way kind of like a five 1,000-acre operations put together in a co-op.

We grow alfalfa, cotton, durum wheat and silage sorghum on land that has high salinity and uses a significant amount of irrigation water that came from municipal wastewater treatment plant. Given these parameters, you can see that our crop choices are actually quite limited.

The framework of the current Farm Bill is the very best in my lifetime of farming in that it can provide positive results to each of the six specific questions we were invited to comment upon. I've been active in several farm organizations during the last 35 years and have had the opportunity to work in some of these think tank type meetings that have lasted over several weeks and even months at a time. And included in these think tank type meetings were farmers from all over the country, and a lot of times we would have our processors, our financing institutions, input suppliers and economists that would be present in those as well.

The most recent was one year that I served when I was chairman of the board of the National Cotton Council in the year 2000. This strategic planning committee started with a blank sheet of paper and the charge was to look at in proposal no matter how far-fetched to create

a farm policy outline that would meet our objectives.

When I analyzed the six questions that were presented here today I was not surprised to find that in fact they were probably about the same questions that we were given over five years ago.

Mr. Secretary, the current Farm Bill addresses competitiveness and allows us to compete in the foreign markets. Some tweaking might be necessary because of the recent adverse WTO rulings. The current Farm Bill has not discouraged next generation farms in our area. As a matter of fact I think I've seen more young people become successful operators in the past few years than at any other time of my farming life. I presume a large part of that was due to the stability and safety net that's provided in the 2002 Bill.

The current Farm Bill is very complex, but that complexity was necessary to more fairly distribute assistance to producers. To couple the nature of the assistance assures that producers plant for markets rather than for some program. The marketing loan program puts a low safety net under production but still allows crops to move to market avoiding the old government-owned reserves of surplus commodities that became price depressants in future years.

The current Farm Bill has a carefully crafted and extensive conservation title, but yet it has yet to be funded at a level to see the results that it is capable of producing. Rural programs, marketing and research related issues all have titles under the current bill, but some of the parameters to implement these provisions like the conservation title took many months to develop. So they've only been in place for two years for some of these programs, and some of them only for a year at the local level.

The current program has also been fair to taxpayers according to the original CBO scoring projection.

A final conclusion is that the 2007 program should look very much like what we saw in 2000. Thank you.

MR. JOHN FOWLER: Good morning, Mr. Secretary. My name is John Fowler. I represent the Public Lands Council. I am a rancher from Gila County. And I'm here this morning to thank you first of all for holding the hearing on the Farm Bill in Arizona. And secondly and more importantly for helping to steward through the EQIP program as a pilot project in the town of Florence public lands. We believe that this addresses items 4 and 5 on your list in the sense that we have seen resource protection on the ground as a result of this implementation. We're seeing waterline distributions moving livestock out of riparian areas, putting them in the uplands which really helps the situation up there.

We would like to see this program spread throughout the west to other public lands including DLA and other forest service. They help both in conservation and efficiency of this program because you're getting more bang for your buck on the 50/50 spread. It also assists the rural areas, your other point. We're keeping ranchers in business, keeping communities successful by keeping them in business and keeping open space out there. Thank you.

MR. BILL BRAKE (sp): Good morning. My name is Bill Brake. I am president of the Arizona State Cattlemen's Association, which represents about 800 ranchers in the state of Arizona. I'm going to do the best I can in two minutes to say what I'd like to say in about four hours. But in your case it's probably good that I only have two minutes.

First of all, Mr. Secretary, you have been a real champion for us in Arizona. There are warm feelings about what you have done for us in this state and how you have helped us in the park program and the Tonto and other areas.

I would like to talk about the items 4 and 5 on the list, and although there are many other things I'd like to, in the time allowed, mention these. What you have and we need you to continue to do is through NRSCS financing in monitoring protocol which has helped us establish a protocol between the university, Arizona State, the Forest Service and the BLM as far as monitoring is concerned. And that has been a major problem over the years, and we're finally getting someplace on that, and it's because of your funding and your support on that.

Secondly you've financed conservation and environmental projects including fencing and many other projects I'd like to go into, but I'd just like to point out to you that we built a fence on our ranch and I'm in southern Arizona in the town of Elgin. We built a fence for \$200 per mile. Park Service right next to us built it, cost them \$18,000 for that same mile of fence. I don't need to tell you what the condition of the Park Service is in today as far as their structures are concerned. We built a water line for \$6,000. The same Park Service had a \$27,000 per mile water line. Well, we are using your money effectively, and it is creating what we think environmentally we all agree we are protecting riparian areas where the greens and the ranchers all agree this is what's necessary.

More importantly the health of the range has really been increased because we've spread water throughout the ranches, and this in turn has allowed us to graze more effectively and made a healthier range and by your monitoring protocol we're able to prove that. We need you to continue that.

I'm going to say last something else that only us southern Arizona ranchers probably know about. You probably don't realize you're saved probably hundreds of lives. The reason, I have water all over my ranch and I found three dead bodies that froze to death, illegal aliens coming across. But at least they're not dying of thirst. There are people going out there putting bottled waters out there and getting a lot of press, but every day all along the border from California to Texas your water is keeping those people alive. Should it be there or not is not my argument, but it's because of USDA funding. We appreciate that. Thank you, sir.

MR. BOB CATNIG (sp): Thank you, Mr. Secretary. I'm Bob Catnig, associate livestock specialist, University of Arizona. I had a chance to meet you a couple years ago, and I echo the other fellows in appreciation of your efforts on our behalf. And my primary role is education and the assistance in developing livestock programs and projects.

I think this may be best addressed under number 5. We need to continue to support the expansion of multiagency programs. When we do things together we can be much more effective and often avoid duplication of efforts that would be a problem if we all do things separately.

You already heard about the range monitoring project, but some other areas between the NRCS and the EQIP program and the Cooperative Extension has occurred on, especially some of the Indian land. You've heard from some of the Navajo and some other folks earlier today. We've had some very successful educational programming projects by combining our efforts and utilizing mixed funds to make these occur.

The situation a number of years ago that I also want to highlight -- as you know we've been in a very severe drought. Because of current Farm Bill and because of the people in place

we were able to address some of these things. We received an opportunity to use nonfat dry milk and Alan from our state office did a wonderful job coordinating this with our Department of Agriculture, our livestock association groups, livestock industry, University of Arizona, and feed industry, who were able to distribute about 4,000 tons of nonfat dry milk which equated to about 16,000 tons of feed. This started within about 30 days from the first day we were able to do something. We pulled together as a group. We developed some product. We rolled it out, and in 30 days later it was out in the country doing some good. I think that's a beautiful example of multiagency cooperation addressing a specific issue.

As we move forward we have the need for continued research, applied research. As you know, our land grant universities are under extreme pressure for funding, extreme pressure from other areas of programming. And it is vital I think that we have continued opportunities through USDA to do applied research to build partnerships and make our future one of inclusiveness, not of exclusiveness. Thank you very much.

MS. ANNA MARIE ALHA (sp): Good morning, Mr. Secretary, Mr. (Cary) (sp), and Director Butler. Thank you for the opportunity to be here today. Anna Marie Alha representing Western Growers Association, an association of over 2,000 California and Arizona fruit, vegetable and nut producers.

A secure domestic food supply is a national security imperative. At a highly competitive specialty crop industry is necessary for the production of an abundant, affordable supply of highly nutritious fruits, vegetables and other specialty crops. Specialty crops are vital to the health and well-being of all Americans. An increased consumption of specialty crops will provide tremendous health and economic benefits to both consumers and growers.

It has become increasingly difficult for specialty crop growers to compete against heavily subsidized and minimally regulated foreign producers in today's global markets. The next Farm Bill must address specialty crop issues much more effectively than previous Farm Bills.

Specialty crop growers produce approximately 50 percent of farm gate value of total plant agricultural production in the United States yet only receive a very small percentage of federal resources aimed at promoting and sustaining efficient agriculture production.

Federal resources aimed at addressing issues of concerned to specialty crop producers must reflect their value and the value of production to the U.S. economy as well as the dietary needs of all Americans.

Despite a decade of free trade agreements, U.S. specialty crop growers continue to face trade barriers in many international markets, thus impeding the growth of our exports. Congressional enactment of the Specialty Crop Competitiveness Act of 2004 was a small first step towards addressing these issues.

We urge USDA to move forward expeditiously with the implementation of this landmark law. The Farm Bill must build on the SCCA and provide specialty crop growers with the tools needed to remain competitive in global markets. Policy areas that the next Farm Bill must address specifically with respect to the needs of specialty crop growers include the following:

- Specialty crop block grants.
- International trade.
- Nutrition.
- Marketing.

And basic pest and disease issues.
Research and competitive grants.
And conservation program.

Finally, I'd be remiss not to mention that the need for immigration reform is vital to the specialty crop industry. Approximately 200 miles southwest of here in Yuma growers are gearing up for the winter vegetable season, which provides the U.S. with 90 percent of their winter lettuce supply and much of the broccoli and cauliflower. Without a reliable agriculture guest worker program, this area cannot continue to provide this highly nutritious crop to the United States.

The specialty crop industry looks forward to working with the Bush Administration and Congress to craft a Farm Bill, which truly addresses the need of specialty crop growers and allocates resources sufficient to achieve specialty crop goals. Thank you.

MR. JAMES RASMUSSEN (sp): Good morning. I'm James Rasmussen. I'm representing the Gila County Cattle Growers Association in Globe, Arizona. Primarily represent allotment owners on Tonto National Forest and other areas around there. And Secretary Rey, I appreciate you coming out. We thank you very much for holding this session in Arizona.

The EQIP pilot program by the NRCS that was instituted a couple years ago on Tonto is an unqualified success. A lot of ranchers are taking part in it. It's really working good, and we thank you for making this possible and encourage you to expand it if possible.

The cattle are starting to return to the forest, and they might be in small numbers, but more importantly there's hope there. And there is a few years ago that hope didn't even exist. Now people are planning on buying a few cows or a few heifers and returning to the land. So there are still some problems to be resolved, but I think we're making our way toward resolving those, and that makes a great difference.

One unintended consequence that bothers me personally is that ranchers are out there practicing good stewardship, they're improving the water, they're improving the forage, they're making the roads accessible, and through their success the land is very attractive. And this is done for the benefit of their grazing. The tendency then is for the agency to say, oh this is great land, let's take the cattle off of it and just use it for recreation, something like that. And that's an unintended consequence I don't want to see happen. Thank you very much.

MR. WILEY MURPHY: Mr. Secretary, I want to thank you for holding these sessions for the development of the 2007 Farm Bill, which is extremely important to us in Arizona. My name is Wiley Murphy, and I'm a cotton and grain farmer in Marana, Pima County in Arizona. I also am on the board of directors of the National Cotton Council. I represent the far western cotton growing states of California, Arizona, and New Mexico.

My comments will address three of the questions you've put forth, very briefly. First of all before I go into the next Farm Bill I'd like to say how important it is for us to continue the current Farm Bill through its completion in 2007 without major changes. Farm programs must have some degree of consistency. A farm program provides a foundation upon which we can make long-term investments that are necessary to today's agriculture.

Also the next generation of farmers will disappear if they cannot look forward to a safety net to deal with the inevitable ups and downs of farm commodity prices. The distribution of government assistance is under constant attack. The lowering of payment limits is a real threat

to the stability of Arizona agriculture. Large commercial farms' per-unit costs are roughly the same as smaller farms. Farms are getting larger just as almost any other business in the United States is getting larger. It seems unfair to penalize large commercial operations -- it just doesn't make sense -- by lowering payment limits.

Cotton is truly in a global market. A few years ago what happened in West Texas determined to a large extent how much a cotton farmer received for his profit. It's much more complicated than that now. China is a big player in the global cotton market and will be a big player in a lot of other markets very soon if not already.

American farmers must be competitive in world trade. The current Farm Bill's competitiveness provisions including step 2 help us do that and should be maintained.

Rural Arizona is an endangered species. Without the chance to obtain financing and the chance to make a profit that the current Farm Bill provides, rural Arizona could become an extinct species.

In closing I would like to say that the next Farm Bill farm program should resemble the one we have now. It seems to be working, and like I say continuity is a key to this. We simply can't redesign a whole new Farm Bill every five years.

Thank you for your attention to this, Mr. Secretary. I appreciate the chance to give the comments.

MR. BRUCE HIDEN (sp): Mr. Secretary, thank you for conducting these listening sessions, and thank you for the opportunity to be heard here today. My name is Bruce Hiden. I'm from the Buckeye area. Buckeye, Arizona is about 30 miles west of Phoenix. I'm the second generation farmer. My father began farming in this area in 1943. I currently have three sons in business with me in that area. We farm cotton, alfalfa, wheat, corn silage, and we also operate a commercial feedlot on our farm site.

I've personally been farming for over 50 years, and I'd operate under every conceivable farm program imaginable. In my view, the current farm program is a good one. Now having said that, it's not perfect. No Farm Bill has been, and that's understandable. The task of writing one piece of legislation that addresses all of American agriculture in its breadth and diversity is virtually impossible.

But Congress crafted an excellent Farm Bill that has offered critical financial support during periods of low prices and helped U.S. farmers stay in business providing products to our fellow Americans and to people all over the world.

Now there are so many things that we can't control about our farming operations and it can be very difficult to earn a living. But we seem to keep doing it because we believe that what we do is very important. Yet there are those who are extremely critical of the farm program. I question their motives. Every farmer in this room, every farmer in these listening sessions that you've heard from provides a valuable service to this nation and the world producing food and fiber to feed and clothe our families and our neighbors.

And this has been accomplished in an extremely reasonable cost to the American people. In fact at the moment I'm told were under budget. The farm program is an extremely successful investment that has produced excellent returns to all of the U.S. population.

While we are producing crops our critics have produced nothing but criticism. That criticism has been getting a lot of attention, and a great deal of incorrect information has been passed around about the Farm Bill and U.S. farmers. The critics want to destroy farm programs. Doing so will destroy America's farms. So I urge you to consider carefully any drastic changes to the farm program.

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

Political and economic reality will make it difficult to extend the current Farm Bill, but I urge USDA and Congress to consider the 2002 Farm Bill as a template for continued success with the farm policy. In these times of heightened national security America's need for good farm policy is more critical than ever. Thank you very much for hearing my comments today.

MR. SAL PALIZOLO (sp): Good morning. Thank you for this opportunity. My name is Sal Palizolo. I'm the Farm Bill coordinator for the Arizona Game and Fish Department. I'm going to be addressing four questions today.

Regarding question number 2, in order to maintain global competitiveness, we should encourage stewardship programs that are not trade-distorting and try to be in compliance with the World Trade Organization's green box evaluation while still trying to provide the significant conservation benefits of the 2002 Farm Bill.

With relationship to question number 3, the 2007 Farm Bill must provide program flexibility to deal with issues unique to individual states and regions. It was touched on several times already this morning. For example, according to our data less than 1 percent of Arizona ranchers ranch exclusively on private property. Future farm programs must contain provisions and adequate funding to allow work on state and federal lands to address both the environmental and production needs of these ranchers.

Question number 4, as far as conservation we must ensure that wildlife will be a coequal priority with soil and water and all phases of the conservation program within the Farm Bill. This is throughout. This should be consistent throughout implementation, maintenance, monitoring and evaluation.

Number 6, which is diversified products and additional production, we should support energy initiatives that promote and enhance healthy fish and wildlife population and habitat.

Activities that qualify for carbon sequestration should be ecologically and regionally based to ensure compatibility of the carbon sequestration practices with the climate and soil characteristics of the area.

Incentives should be established to provide and encourage carbon sequestration projects that include an ecological restoration component. Thank you.

MR. DOC LANE (sp): Good morning, Mr. Secretary. My name's Doc Lane. I'm with the Arizona Cattle Growers Association based here in Phoenix. And I just have a slightly different take on question 4 and President Bush's number 3 on cooperative conservation. We have successfully, in this state, in the last three years begun a cooperative conservation project that includes the producers, NRCS, [inaudible], BLM, University of Arizona, and the state Land

Department. We've done it in part because of the TSB funding that goes to NRCS and in part because of the ability for NRCS to stretch its dollars through contracts to make it work.

Unfortunately we have just started because as you well know there's always the don't-mess-in-my-rice-bowl issue that you have to work through with agencies. We have done it though in one instance and we're working on the second, and we want to continue if at all possible. So we would urge you to continue the funding for at least the federal government's portion of this. Thank you.

MR. CLYDE SHARP: Good morning, Mr. Secretary. And welcome to Arizona. My name is Clyde Sharp. My brother and I farm near Roll, Arizona, which is a small community near Yuma where we grow a wide variety of crops, both program and nonprogram crops. I'm also currently serving as the president of the Arizona Cotton Growers Association, which represents approximately 800 producers in Arizona.

We appreciate the effort the Department is making in holding these listening sessions on the next Farm Bill. We strongly favor the current Farm Bill in terms of its various programs and structure. That is, we favor the direct payment program, countercyclical payments and LDPs. In addition we favor the current loan program of eligibility for marketing loan benefits for all production and current payment limits and eligibility requirements.

We expect the next Farm Bill to contain these elements. The current Farm Bill is essential to a capitalizing of commercial-size agriculture enterprises throughout the West. If lower payments are imposed or payment rates are modified, the West in particular will be substantially harmed. For example, if the Grassley Amendment would have passed 62 percent of Arizona producers would have been affected. This happens to be the largest in the country.

It is our hope that as the department drafts its own concepts that it does not propose changes that put our operations at risk. The current Farm Bill has done a very good job in creating a safety net as well as giving stability to the marketplace and to the consumer. We have the cheapest and best quality food in the world.

Frankly we are concerned with what we are hearing from the departmental representatives about how the next Farm Bill will be. Such comments suggest that the department is prepared to take a turn in farm policy that would not be helpful.

Some of the things we are hearing are that subsidies are bad, that the current method of payment is wrong, that payments should be equally distributed, that current payment limits should be changed, and that large operations are somehow wrong.

These views if true are not reassuring to the American agriculture, the cotton industry and in particular to those of us in the West with our large operations. We urge you to be cautious in pursuing radical reform. What we need is predictability, a program that keeps us competitive, and that is reflective and supportive of the economic world in which we operate.

Thank you, Mr. Secretary, for giving us this avenue to express our concerns.

MS. JEAN CALHOUN: Good morning. Thank you, Under Secretary Rey, for this opportunity to comment on the 2007 Farm Bill. I'm Jean Calhoun. I am with the Nature Conservancy here in Arizona. And the Nature Conservancy is an international conservation organization with over 1 million members. We also own land and manage land as well.

Our mission is to preserve the diversity of life through preserving and protecting the land and water needed. And here in Arizona we participate on the state Technical Committee and we really appreciate the positive partnership that we have with NRCS.

I'd like to comment on question number 4, how can farm policy best achieve conservation and environmental goals?

On a global basis temperate grasslands are the most endangered and the least protected ecosystem. Here in Arizona we have some very important grasslands. If you know the film Oklahoma was actually filmed in Southeastern Arizona on the San Rafael Ranch. With this mission of working with landowners, NRCS is uniquely positioned to affect conservation of these lands. Grassland preservation provides many benefits for the Farm Bill funding--sustaining ranching and local economies while conserving watersheds and thus water resources.

A couple of Farm Bill programs are positioned to accomplish grassland protection but they haven't been as effective as they could be. The Grassland Reserve Program is the key program. But it has suffered from insufficient funding. It's funding cap and acreage cap should be raised significantly, and greater allocation should be provided to western states to recognize the importance of this ecosystem in this area of the country.

The other key program is the Farmland and Ranchland Protection Program. The most productive ranchlands in the West are native grasslands. In this case the eligibility criteria need to be updated to meet the broadened mission of protecting ranchland as well as farmland and the match requirement lowered. Both GRP and FRP should focus on permanent protection rather than rental agreements. For conservation easements to be successful, both programs should allow not only NRCS but also local and nonprofit conservation organizations to design, hold and monitor conservation easements.

This would be more attractive to the landowners and less burdensome for NRCS staff.

Grasslands also need occasional fire to renew their productivity. A key management need in the West is to restore the natural fire regime for the health of grasslands and woodlands. Farm Bill programs EQIP and WHIP can be used to support prescribed burn projects. As they do here in Arizona, NRCS in other states could leverage their resources by engaging in partnerships with state and private organizations to develop prescribed burning programs.

Farm Bill programs represent a huge investment of both time and money; yet there's little understanding of the conservation effectiveness of the programs. To ensure an effective return on investment, the ecological outcome should be monitored. You heard some comments about that this morning. For every project funded, a monitoring component should be funded as well as a management action.

And finally from a programmatic point of view, NRCS is pressured to spread the funding around equally without regard to the ecological benefit of the project. While small projects do have value, a more focused program is important to sustain larger landscapes and to prevent the fragmentation, especially here in the West, you've been hearing about.

We recommend prioritizing funding for functional landscapes with intact grasslands and viable ranching operations. Thank you for the opportunity to comment.

MR. CHASE CALDWELL (sp): Good morning. Thank you for the opportunity to comment. My name is Chase Caldwell, and I own the 6K6 Ranch in Greenlee County, Arizona

on the eastern border with New Mexico. I'm the president of the Upper Eagle Creek Watershed Association.

My comments are in regard to providing effective assistance in rural areas, and in best achieving conservation and environmental goals.

The ranches in our area and in much of Arizona consist of relatively small deeded acreages and leases on large tracts of public land administered through the Forest Service, BLM and state. Our watershed group organized by local ranchers is focused on making improvements to the rangelands through a wide landscape approach encompassing a total watershed. This approach incorporates wildlife groups, environmental groups, the local and state cattle growers, the Forest Service, and Arizona Game and Fish Department.

Our recommendations for the Farm Bill is to expand the current EQIP program as it's been done in the Tonto Forest with great success to allow funding to qualified projects for improvements on public lands particularly where there are collaborations ongoing which take on large landscape approaches to improve range health for livestock producers when there is protection of sensitive areas and riparian areas, and for wildlife species and water quality improvements.

We think that the overall approach of expanding the program, the EQIP program to take on improvements on public lands will greatly benefit all the ranches.

We also recommend that safe harbor provisions be incorporated into the application process to encourage participation when endangered species are involved in projects.

Thank you for the opportunity to comment today.

MR. BOB STAPLETON: Good morning, Mr. Under Secretary and Mark. I'm Bob Stapleton known to several of you. My cowboying days are over. I got Parkinsonian tremors in my legs because maybe of Agent Orange but what we don't know, I'm on a pension. My cowboying days are done.

Mark knows me a long time. I have a bachelor of science degree in agribusiness and resource management, and I was 15 years a field manager to American Agriculture Movement lobby in Washington, which is no longer functioning.

I'd like to talk about not just Arizona issues but the national agriculture. And I'd like to think in terms of our broader history if I may.

Agriculture in the United States has been more alone than owned since at least the '20s. Everybody in this room today is somehow the beneficiary of what amounts to a socialized agriculture. And everybody who's had a comment today has had some allusion to obtaining monies from the government in order to continue their operation.

Now in backhanded sort of way I'll address all of your questions. We have an interesting set of circumstances that constitute a paradigm in agriculture today. But it didn't happen overnight. It happened over about 60 years. Post WWII corporations, large corporations in this country got together and decided how agriculture policy should continue be, and we live with the consequences of that today.

Many unintended consequences of that today, which you know.

If I said to you at the other end of the spectrum of possibilities that even as we're fighting a war in the Middle East and all those other exigencies that occur, we live on money that we obtain in agriculture. We live on the money that is obtained from the sale of securities, primarily purchased by foreign entities. We have huge trade deficits every year. China is a major trader with us today, and they take their differentials and buy our securities with them for which we pay interest. Interest has become at least as big a competing interest, competing concern for American revenues as the monies that agriculture will want to be able to continue.

I'm suggesting by all of that that there needs to be as there was at the end of WWII a new paradigm determination and that all of the issues that are on these questions here will be addressed better by a trend toward building equity in diversified farm agriculture system. Farm and ranch -- wouldn't want to leave ranches out because I used to be a cowboy.

But you need to think in terms of building equity. The positive of reinforcement for a new generation to come along to think that they can build equity because family farming has always been about family as much as it was about farming and the ability to build equities and to be able to pass it on from generation to generation.

The last half a century we have lost millions of smaller farmers that were highly diversified. If I illustrate the point by saying even as Mr. Hitler was in his bunker in Germany at the end of WWII it was difficult for us to break the back of German agriculture because it was highly diversified even at that point. They still had food.

The day can come, and I do believe there would be a recession in this country, there has to be a reevaluation. A recession will have an unfortunate trickle-down effect on agriculture that will affect anybody who's here. And if people are standing here today saying basically a handful of gimme and a mouthful of much obliged, which is unfortunate, in this particular economic environment today in the highly pressured circumstance where you have a devaluation in the overall economy, unfortunately I think the current paradigm which gives heavily to corporations and commodity manipulation in policy will squeeze an awful lot of the marginals out.

I think I've used up more than two minutes. Better warm up that pen, Mark.

At any rate, I hope I've made my point to that extent. I give you this personally to read. And you all get up here and talk. Have a nice day.

MODERATOR: We're going to take a five-minute break.

[Recess.]

MODERATOR: All right. We're going to get started again. Let's, while we've got everyone's attention, get you to sit down for just a second -- we need to introduce someone that's here today, another one of the representatives from Governor Napolitano, and that's Brent Brown. Brent does a lot of work for the governor. Brent, would you stand up so we can recognize you? Thank you both for being here.

[Applause.]

He's one of those recovering cattlemen. All right.

Let's go ahead and continue on. Anyone that would like to speak if you'd come on up and

share your thoughts with us. Thank you.

MR. ROB CLAYMER (sp): Mr. Secretary and gentlemen, thank you for hosting this program. My name's Rob Claymer. I'm a general partner of Vicksburg Farms and a proud card-carrying member of Arizona Farm Bureau among other organizations. I suppose you would consider us one of those nasty corporate farms although structurally we're a partnership, an LLC, of three or four families.

The gentleman before me before the break, I don't know. I don't really understand where he gets his history or economics. But I would submit that what's happened in the last 40 years is called productivity. We unfortunately have 19th century crop base land, crop acreage, and 21st century productivity. Indeed, the problem with family farming is that the small grower who has maybe one tractor and a few implements simply cannot compete in the environment we have today. Right, wrong or indifferent, that's the way it is.

And I'm here to suggest that if we don't do anything else we please do not wish to have productivity, don't punish productivity because the rest of us must compete in a global environment. I'm going to read what I believe will be passed by Arizona Farm Bureau in the next couple of days-- our policy, at least from Arizona, on farm programs.

We believe that the federal farm program policies and features in place in the 2002 Farm Bill should be continued without any structural changes. The current programs reflect several years of negotiations and compromises that all sectors of agriculture have learned to live with. Tinkering with the existing formula can only hurt agriculture in one form or another.

For example, Congress should not punish productivity by ignoring the fact that world commodity price competitiveness demands ever-greater economies of scale. It's a simple fact of life. Sorry.

If budget restraints call for reduction in agriculture's budget baseline, we believe that all programs should be reduced equally by some identified percentage. Thank you.

MS. LORI SANCONI (sp): Good morning, Mr. Secretary. I'm Lori Sanconi, executive director for Housing America Corporation in Somerton, Arizona. We are celebrating 29 years of dedicated service to the very low and moderate income families in Yuma, Mohave and La Paz counties. My comments will address question number five.

We partner with USDA Rural Development since 1978 and a multifamily program since 1981 under Self Help Program. And the funding from those programs has helped us serve our community in rural areas and I hope that you will please continue funding for USDA Rural Development and the housing programs.

I'd like to assure you that funding for Rural Development helps to reach out and touch the people in the grassroot areas. These programs work with communities that people work and live in and our mutual Self Help Program is one of the best ways to mend communities. We currently operate on our eleventh consecutive 523 technical assistance grant with USDA Rural Development and Housing America has helped the low income families that we serve to build 858 homes in rural Arizona; 137 of those homes are in Kingman and 721 are located in southern Yuma County, mostly in Somerton.

Historically 60 to 80 percent of the low income families we serve have been in the very low income category, which is below 50 percent of your area median income. And most of those

families are also farm workers. Now these families are so low income that they would never qualify for a conventional loan. Without funding from these programs they would never be able to obtain the American dream of home ownership.

And as you know, home ownership helps families to have a more stable home life and be contributing more to the economy through payroll taxes.

I'd like to thank you again for coming to Arizona here today and supporting rural home ownership development in America. Thank you.

MR. TONY JEVEZES (sp): Well, that's great that I get to follow off Lori. My name is Tony Jevazes. I'm currently a Yuma county supervisor. I was the mayor of the city of San Luis for 10 years before that. And I run a housing nonprofit development organization. So as you can tell, I can touch upon many different subjects.

And I also turn sort of colorblind when I attend these forums, so if you want to stop me you got to throw something at me, okay? It happens to me at all forums like this.

Anyway, I'm a politician. You know, so tell me I have two minutes is an insult. Where do you start?

But anyway, look. I'll try to keep it brief. First I'd like to tell you something. As a former mayor of a small community, San Luis, I can tell you unequivocally without the community development programs that farmers home makes available to us we would never be able to build the kind of infrastructure that's necessary to keep with the growth, especially in a border community like San Luis. I mean we have a 50, 60 percent unemployment rate. The revenues comes from sales taxes, which is as you can tell with the Mexican economy it's sometimes you never know.

So essentially without those programs we wouldn't be where we're at. We started off as the community of 2000 people in 1980. We're now 20,000-some. Essentially without that assistance we wouldn't be where we're at.

Now as a county supervisor I can tell you, Yuma, Arizona is an agriculture town. A lot of the programs that are made available, assistance made available to those farmers make them remain very competitive in the market. So again, without USDA that could never happen.

And the housing development, I can tell you we're also working on the self help programs. We had loans from 523s, 524s. We have helped over 200 people achieve the dream of owning a home. We wouldn't be able to do that without the assistance. So I'm here to urge you to at least keep that funding level if not increase it.

And the two suggestions I would have to improve that is, one, decentralize. I'm sure you hear that a lot. But let the local folks that know what the problems are make those decisions without having to check with the national office every time they have a problem. They need to have that ability.

And second, cities that go beyond the population count which in this particular case sometimes is 10,000 or 20,000 depending on the size, they also face a problem. They become sort of like a middle class. They don't qualify for any assistance, but they're not large enough to be able to sustain the kind of infrastructure expense that is necessary to keep up with the growth. So look at that every once in awhile. It's like everything in modern life now, you got to move

those target populations up a little bit and allow us to work with you guys a little longer. You're a godsend. USDA programs are a godsend. And you should continue to fund them and support them as much as you can. Thank you very much for the opportunity.

MR. DAVID CHAMBERLAIN: Hello. My name is David Chamberlain. I work for the Hualapai tribe. I represent them today, located in northwestern Arizona with Peach Springs Arizona being the capital.

You know, since the beginning the reservations were established in the 1800s the United States government has said that they would take care of the Native American including their resources. We seem to have to constantly justify a need for funds from the USDA. With that said I'd like to address question number 3 just a little bit here, how should farm policy be designed to effectively and fairly distribute assistance to producers?

Since the early 1990s, '90 or '91 whichever that Farm Bill was, USDA said they would have a representative on the reservation. This is 2005. We don't have a representative on the reservation in the Hualapai Nation anyway. We just like to have compliance with that law. We have 75 percent unemployment on the reservation. We have many, many tribal members that don't own a car. They can't get to Kingman to talk to their local representative. We would like to have that just in compliance with that law that was passed in the 1990s.

I also believe -- I'm just going to lead this in for my next speaker here -- that cost share for tribes should be eliminated. Thank you.

MS. ANNETTE MORGAN: Hi. My name is Annette Morgan. And I'm the Wildlife Fisheries and Parks Program manager for the Hualapai tribe. The Hualapai tribe is a sovereign nation, and we enjoy a direct relationship with each government agency including the Department of Agriculture. Our reservation is in Northwest Arizona. We have 1 million acres, and we are adjacent to the Grand Canyon.

We're located in a very remote area. We have over 75 percent unemployment. What I'm going to address today is number 3. What I would like to see in this new Farm Bill is direct funding for tribes. Ranching is a lifestyle of the tribal members within the reservation. By tribal law everyone who ranches has to be a member of an association. The land is still owned by the Hualapai tribe, so any of these improvements that happen on the reservation becomes property of the Hualapai tribe.

We have participated in NRCS, the Farm Bill for the last several years. When with the assistance of NRCS we have constructed over 20 miles of fencing and 50 miles of pipeline. These projects have encouraged adherence to grazing management plans in cooperation amongst all the grazing districts. We have improved habitat for state wildlife as well.

Because of the remoteness of our reservation and our high unemployment rate, it is very difficult for many of our tribal ranchers to come up with the match monies required for the EQIP projects. Direct funding for tribes will encourage our tribal ranchers to continue implementing these conservation practices so that ranching can continue for future generations. Thank you.

MR. CLAYTON ONIMPTUA (sp): Good morning, and welcome Secretary Rey. My name is Clayton Onimptua. I'm from the Hopi Tribe, director for office of Hopi Land Administration. And also cochair for the Arizona Tribal Southwest Strategy Support Team.

I guess to open up, our reservation is also pretty remote, located northeast of here,

Phoenix, comprising about 1.6 million acres in the desert, out in nowhere, no water you know, everything. You need water to do anything out there, you know. So basically we are waterless, so we do a lot of dry farming. That is our main thing is dry farming, relying on the rain and all that. I guess to add to that, we had purchased new lands, several ranches between Flagstaff and Winslow. We run a tribal herd now approximately 5,000 head. Also on the reservation we have up to 500 livestock owners on the reservation. We are implementing the APHIS animal ID program. It's benefiting us but we need more money. There's not enough -- it's only for a certain amount of money that we're getting to implement it, and we need more money because of the number of animals we have.

We started a feedlot this past September with MOA, with Colorado or Indian tribes down in Parker, Arizona. So that's ongoing, and we're going to need technical assistance, a lot of technical assistance in order for us to be successful in running our own feedlot.

Other stuff is, housing. You know we need housing. As you know we have a lot of land but because of infrastructure, there's no infrastructure out there, so we have six communities that we have identified in our comprehensive land use plan, which was revised in 2001. And to date we've only got one community going. So we need money for infrastructure, getting the power and water out there.

Also the other issue is we have Navajos still living on Hopi land under 75 year leases. So those people live in a remote areas that we do need all this infrastructure, housing and what not.

We are part of the EQIP program both on the reservation and on the lands that we currently lease from the state, the BLM, the Forest Service, based on grazing permits. I guess there in that case we have issues with the environmentalists trying to shut off the grazing within the Forest Service lands, the BLM lands, you name it.

WHIP program, we are part of. We are taking advantage of the WHIP program. But because of the issue that it be addressed only to the endangered and declining wildlife it doesn't really help that much on the reservation. And we do have wildlife and also in our new lands the biggest elk herds are on our new lands. So a lot of these issues.

Again the tribes, in the U.S., we own a lot of the land, 53, 70 million acres belong to Indian tribes. And yet we see the less of the money, you know. By the time it filters down to the Indian tribes, there's zilch. So we have to compete with everybody else, and looking at it needs to be more equal-- the issue of equal and fair. Fair I guess getting appropriations for our projects.

Again I want to thank Under Secretary Rey and thank the panel. Thank you.

MR. KEVIN ROGERS: Under Secretary Rey, thank you for being here, appreciate it. Director Butler, recovering Speaker Killian, thank you. I also want to thank you for years of service in the legislature and defending private property rights. You've done an outstanding job in your career.

My name is Kevin Rogers, fourth generation farming here in the Phoenix area, farmed with my dad and my brother, my sister and my other brother and my uncle. We farm together. Together we farm over 7,000 acres. Part of that land is tribal land that we lease from the Gila River Tribe as well as the Salt River Tribe, and part of the property we own in West Phoenix.

I echo a lot of the concerns expressed by the Arizona Cotton Growers and the Arizona

Cattle Growers about what we're hearing out of Washington and the suggestions are placing agriculture in the West at an increased risk. Why is it that agriculture is not afforded the same consideration of enjoying economies of size and scale? Why are we so eager to punish the productive? And if we're simply going to reduce support for agriculture with no vision or discussion as to the consequences then such reductions should be proportional, across the board, and not pit producers in this country against each other.

But all this what the new Farm Bill should be about, reductions in scope? Those crafting the Farm Bill should be sensitive that American agriculture is becoming less and less competitive due to regulations, taxation, shortage of labor and various forces impacting our lands and our operations. We must have a discussion as to the consequences of allowing our agriculture to be outsourced at the same time not providing nurturing environment for the next generation of producers.

Given the nature of the investment and the allied infrastructure required of agriculture, once agriculture goes away, once it is outsourced, it will not return. This is even further consequences for our rural communities. Their economic vitality and truly American character are at risk.

This could be lost due to urbanization or simply just lost.

I also wanted to comment that programs that the USDA provide in cooperation with other agencies such as EPA have proven to be very successful for us. I serve at the Secretary's pleasure on the USDA Aquatic Task Force and I think groups such as that have gone a long way to help work with the regulators to understand actually what's going on out in the field and keeping the Secretary up to date on some of the issues that affect agriculture.

I also close by adding a specific suggestion that policymakers need to expand and enhance risk management tools, which would help, control public cost. They could also provide the safety nets that are needed so that they are there when they are needed. Thank you again for being here, appreciate it.

MR. LYLE FREDERICKSON (sp): My name is Lyle Frederickson from the Arizona Business Bank. And we use the Rural Development Business and Industry Loan Program considerably in our organization. That has allowed us to make loans over \$20 million on Indian reservations, which has employed a lot of Native Americans. Early testimony I think indicated 75 percent unemployment rate in some areas.

So what we'd like to do is thank you for supporting the program and encourage you to continue to do so. Thank you.

MODERATOR: Any other comments? Anyone else want to visit? There's -- okay. Let's have this gentleman come up.

MR. MONTY NEVITT (sp): I was about to chicken out and just leave and e-mail my comments in. But I suppose since the line is down I'll speak. My name is Monty Nevitt. I'm from the Queen Creek side of the valley, born and raised on a cotton and wheat farm. I'm currently, I don't even know how to claim what I do. I'm a farm consultant, Scythe and Spade. We manage about 75,000 acres between the southern half of Arizona and Idaho and even some in Mississippi.

Just a couple of comments here. I feel like questions 2 and 3 there's a conflict there. The

mentality that has created the current Farm Bill, the payment limitation in particular, is what I'll address my comments to.

The class envy mentality that created this whole payment limitation program of penalizing the very producers who are farming on a little more large and more efficient scale may fly in Congress. It may satisfy the urban congressman in trying to make it more palatable for them. But it's my opinion that it penalizes the Southwest growers.

If you consider that the average farm size across America is some six acres because of the small minifarms across the state of Ohio or wherever farms are that size, there probably isn't much impact that a \$20,000 limitation might have if those payment limits are reduced. But considering the capital outlays that the southwest area growers have to put out to farm here, it has a discriminatory effect.

It also does not recognize that the family farm in Arizona is now incorporated. Because of liability reasons and other issues we see families that are organizing and farming in different ways, and if the intent at the USDA level is to try to find a way to discriminate against these large, evil corporations, if that's what we think of corporations, we're failing to recognize how the family farms are constituted now.

And I suppose that's all the comments I'll have for today since my light is on, Carla.

MODERATOR: Secretary Rey tells me we're now on seconds. So if you'd like to come up and extend and revise your remarks? So Monty, if you want to come back up and finish up, you're welcome. Come on up.

MR. BRENT MURPHY: I concur with a lot of things that have been said today. My name is Brent Murphy, and my family has farmed in Arizona for about 90 years here. This last year was the last year that we farmed because of the encroachment. And we are now, in order to keep the family business viable, we're growing houses.

I think that my comments are more philosophical really than to a point. I may have some points later on if I get through before the light changes.

But the issue is not only security and economics but it's also a moral issue. I think that we cannot allow foreign entities to control what we do internally in America with our farm policy. And we need to develop our farm policy first in America without taking into consideration, or eventually taking into consideration what we have to do with WTO in terms of amber box, in terms of green box, in terms of blue box.

But I think we first have to make sure that we do what's best for America. Along those lines I think the current farm policy in place does it very well for production agriculture in Central Arizona. It should include the eligibility rules and payment limit provisions. The budget process should not be used as a vehicle for rewriting farm policy.

I hope that we see the continuation of Step 2, which helps specifically Arizona cotton farmers. Monty spoke very well to the payment limit issue.

And I think that we need to look to the current farm legislation to maintain what Arizona and American farmers currently face under this policy. So thanks.

MODERATOR: Anyone else want to comment? All right. Mr. Butler, do you want to

make some final comments, and then we'll have Secretary Rey, and then I'll have the final last word.

SEC. BUTLER: Well, I think it's been a very productive morning. At least I feel so. I've written down several things, notes on things that have been commented. I believe it's true that we are different out here, the Southwest with large corporate farming and just large farming, family farming. And I think that Secretary Rey will maybe remark about that. He indicated to me that this is his eighth forum that he's attended, so he can kind of give you a cross-section of what he's come upon in the last few weeks and take that back to the Secretary and hopefully formulate things for the upcoming bill.

It sounded to me as though most of you want to keep what is going in the 2002, tweak it maybe but not too much. But in going back over the notes I'll find out more things. But I think it has been productive. And again I would say that the governor was saddened that she couldn't be here, and I hope you understand that I think it's an honor that she is the chairperson for the Western Governors Association. And she would, of course, have been here to say some remarks. I'm sure she would not have been up here on the stage for this length of time. I've traveled with her a little bit, and she's one that gets there and gets it done and then leaves because her schedule is just pretty tough.

But again I say thanks to the Secretary, and it's been a pleasure having him here to meet him. I worked with some of his cohorts back there, and they've got a good staff. I've not had the pleasure to meet Secretary Johanns but I look forward to it because from what I've read and seen he speaks for those of us that are really in agriculture.

But again thanks, and I will turn it back to Mark.

SEC. REY: Well thank you all for your comments. I have seven pages of notes, which is slightly more than the average that I've taken in previous Farm Bill forums. So you can at least take some consideration that you win in terms of that, that indication of interest.

[Laughter]

As the Secretary said this is the eighth Farm Bill Forum that I've done personally. I guess I've, for more happenstance than anything else, have gotten the full span of farm interests because I held the Farm Bill Forum in Alaska as well as the one in Rhode Island. So I went to the biggest state and the smallest state, more through happenstance than anything else.

And as you might expect, the issues are very different among the states. But there are also some similarities that are I think beginning to appear as I talk with the Secretary and our fellow under secretaries, that we're hearing as a fairly consistent theme.

We are not at the point in all honesty where we're prepared to say now that we've heard this, this is what we think because we're still holding these sessions and we'll continue to hold them through the end of next week when I think we'll finally finish off the last few. And then we're going to sit and talk among ourselves, compare the notes, the transcripts, look at the comments that have come in, and then begin to line out what we think the best approach going forward would be.

I can however share with you a couple of things that we seem to be hearing on a pretty consistent basis throughout most if not all of the states that we visited. One of those common themes is a substantial concern about what the next generation of farmers will do and what will

assist in their success. And that's a fairly common theme that we've heard a little bit about today, we've heard a little bit about in virtually every state that we were in.

I think that's a reflection of the fact that the median age of a farmer in America today is about 55 years old, the median age of a rural forestland owner is slightly older at 57 years old. Coincidentally the median age of a U.S. Department of Agriculture employee is about 50 years old. So we're all kind of hitting a certain stage in life together.

And that's something this next Farm Bill will have to be reflective of because it will have to be forward-looking to see how the programs that we develop affect the transition that will have to occur as we all get past the point where we're going to want to continue to farm.

Today about 40 percent of U.S. agricultural lands are leased lands, and unless we're prepared to see that continue to increase with a smaller and smaller number of operators farming and with them getting gradually older and older, we're going to have to look hard at the programs that we have and see how they affect the transition that's going to occur.

Are some of those programs increasing land prices or inflating land prices to make it almost impossible for new entries into the market? Are there other things that we can be doing that can make it easier for new entries into the market? Do we have the right mix of educational and incentive tools available so that the 4-H and Future Farmers people that heard from at the beginning of this are able to get into agriculture if that's their desire.

So that's been a pretty common theme.

Another common theme is the pressure on agricultural lands to be converted into something else. That's been a fairly important theme throughout the inner Mountain States and not surprisingly because the Inner Mountain Region is the fastest-growing and most rapidly-urbanizing region of the country. And most of that growth and urbanization is coming as a consequence of the conversion of farm and ranchlands to subdivisions.

But it's not unique to the Inner Mountain Region. We heard some of the same things in the Upper Great Lakes and in New England and in some of the southern states, which are also experiencing population growth.

So there is at-large around across the country, a significant amount of concern about whether the policies that we're developing are actually maintaining the agricultural base that we need for future productivity.

A third thing we talked about or we heard about I should say in almost every forum is international trade and free trade and fair trade. And the one statistic that for me underscores the importance of trade for agriculture is that today our rate of consumption of agricultural products is increasing at just slightly half the rate of our increase in productivity. So unless we're all committed to eat twice as much on a daily basis and thereby concede the war on obesity, the future points very strongly in the direction of being more proficient and more successful in moving more of our products overseas and abroad.

And that's not something we can do all by ourselves. That's something that will require trade policy that's agreed to by our trading partners, and there are a lot of aspects to that and to making it happen.

The Secretary I think would like to have been here today and would be but for the fact

that he's in Geneva with the U.S. Trade Rep, former Congressman Portman, trying to jawbone our trading partners, most particularly at this moment the European Union countries, to reduce trade barriers to the importation of America's agricultural products.

But the negotiations that occur around trade are not bilateral. They are multilateral and multifaceted. And just as we are pounding on the European Union countries to reduce trade barriers so are a number of other countries pounding on us to reduce some of our agricultural policies that they believe distort world trade trends.

We can of course resist that. We can certainly resist it if our trading partners are not willing to make substantial concessions that make sure that whatever future trade policies are developed do provide a level playing field for our products. But I think at the end of the day that the future probably cannot reflect the past if we are going to be successful in American agriculture because the future involves the realization of levels of productivity that we cannot consume domestically and must find a way to market abroad.

And that inevitably puts us in a position of having to engage the people to whom we'd like to sell those products in a discussion that has an outcome that's beneficial to them from their perspective just as we find it beneficial to us. It's not to say we're going to be successful; it's just to suggest what the future necessities involve.

We have heard a great deal about our conservation programs and about our Rural Development programs. There seems to be a general thread of support for both of those as well.

So those are some of the trends that we're hearing around the country. There are, as I said, a lot of differences among regions, but there are these similarities that seem to be occurring as we hear from more and more states. And I think it's from those similarities, from those unifying points that most likely we'll find the insights that will go into the development of the next Farm Bill.

I want to say one thing in response to what some of you may perceive you're hearing from us at USDA, and that is we don't frown on productivity at increased levels of scale. We certainly don't feel that incorporating agriculture is somehow an unworthy enterprise. So I want to reassure you that we don't hold that candle in the deliberations that we're going to have going forward particularly given my background as representing corporations for the first 18 years of my career you can take some comfort that's not a perspective I bring to this particular task.

So those are sort of what we've heard a little bit about so far. And we're now going to go forward and finish off this cycle, and I think you'll start to hear from us again probably sometime just after the first of the year.

On behalf of Secretary Johanns I again want to thank you for the thoughts that you've given us and may yet contribute should you think of anything else that you'd like to say, either here today in the time remaining or in written comments that you send to us on the web.

MODERATOR: Mr. Secretary, we want to thank you for being here. And one thought that comes to mind, and if you could convey to our congressmen and to the President and the Secretary of Agriculture that we are grateful for the help that we do receive. And we don't want you to think that we're complaining and carping and griping here, but much of the help that we have received has helped us change and improve the environmental standards of many of the properties that we own and manage. And we're most grateful for that.

And for those that are in Congress who are so negative, it's interesting. They are the ones that sometimes are the ones championing protect the environment, but yet they're not willing to come out in the West and see what we're doing to improve and do better.

And so if you would convey that message to them that we are again most grateful for the help that we have received.

There's three issues that I get to have the last word. I love this. Three issues that I'm concerned about.

Number one, when we talk about passing our farms from generation to generation, I feel that the USDA should be the champion of moving to get rid of the inheritance tax and removal of the capital gains tax on agricultural land-- I think if those two steps were taken immediately notwithstanding Katrina or any of those other things that are going on, that would do more to keep production agriculture land in production than anything we can do.

The challenges that the youth face today in agriculture -- I look at my sons. There is no way based on the values that we see in agriculture because of nonagricultural entities purchasing ranches and farms and driving the prices up, that they can afford to pay the inheritance tax. I don't care what kind of tax structure you create, what kind of trust, whatever -- but we're going to see a huge wealth transfer out of the people who would keep the land healthy and producing, into homes. It's just going to happen. They have no other choice.

And something needs to be done to do that. And I think if we do that and pursue that policy -- and as far as I'm concerned the government has no business taking money away from families at the graveside. That's just unconscionable.

The second issue that concerns me greatly, and that is agriculture as a whole as a strategic value to our country. And I'm concerned when I hear voices from Congress who seem to devalue the importance of growing food and fiber. And we cannot lose that strategic advantage we have over the rest of the world particularly with China and where it's headed. It's the great sleeping gorilla in the corner of the room. And we've seen what it's done to the cotton industry. And it's just going to continue to grow and to grow, and we need to make sure our agriculture is strong.

And any message you can do, that would be helpful.

The last one is more of a personal note, and that is after the Rodeo Chijevski (sp) fire and what we saw, as I drive down Highway 260 to my place there near Show Low and I see all those dead trees still standing there, and I see my friends on the reservation who have already cleared their lands and made their forests healthy and productive, and yet I still see those sticks standing there. And we haven't been able to do anything about that, and I don't know what's keeping us from doing that. But I will say this-- we get a lot of tourists up in that area, and one of these days one of those dead trees is going to fall on a tourist, and we're going to get sued. And the lawsuit will be more than if we would have spent the money to clear out those trees. I don't know if it's the environmentalists that are keeping us from doing it or some wacko judge somewhere that's holding up the show, but there's a lot of very productive land just sitting there wasting away. And the liability of that I think is enormous. And any help we could get there, we would appreciate very much.

All right. Again we thank all of you for being here and appreciate your time and effort. And again we appreciate the Secretary coming to Arizona. Remember, the best oranges in

America are grown right here.

[Laughter]

Not Florida, not Texas, not California -- Arizona. Thank you very much.

[Applause.]

POSTSCRIPT: [Testimonies of support for Rural Development.]

MALE: We are in Sulphur Springs Medical Center, which is clinic that was funded by the USDA Rural Development program. The reason that we got in to developing the clinic in our community was to stabilize our position base in the community. Being a small rural community one of the problems that we faced was having positions available and continuing to practice in a community.

This facility provides offices for three physicians and two midlevels, so we are able to provide services to a wide base of patients within our service area. We have recently been certified as a rural healthcare center, rural healthcare clinic, by the Center for Medicare, Medicaid Services. And it will allow us to provide more services to the people that we serve in the community.

When we started this program we looked at several different funding sources, and USDA Rural Development really was the program that came forth and really is designed and developed to help small communities put together projects like this. And we appreciated the technical help that we received from the Rural Development people. It was a very exciting and very good group to work with, and we appreciated the help they provided us in addition to the funding.

MALE: -- to develop our reservation slaughter homes. And our Rural Development really comes in and help. We have a big reservation, 1.6 million acres. About 13,000 people living on the reservation. And what Apache tribe cannot do a lot of these development by itself. We need partners to develop our reservation quarter homes, and our Rural Development really comes in and helped us.

If it wasn't for them, we wouldn't have a lot of these facilities that we have. Apache Ridge is one good example. Mustang Ridge out at Cibecue. Honda (sp), water and sewer infrastructure that we built, millions of dollars that we have worked together as partners. And we really appreciate Rural Development being our partner to help develop the reservation.

FEMALE: Thanks to the USDA Rural Development guaranteed loan we were able to finance a state of the art cooling operation, which helps our customers in the sense that before that they had to transport their product all the way into Yuma, which was approximately a five-hour delay from the last lettuce that was harvested. And now that we have that facility here it has shortened the cooling time of their product from hours to minutes.

MALE: Well, back in late 1990s the city of Wilcox began looking at opportunities to expand its wastewater treatment facility. The facility back then wasn't really sized for the demand that the community actually required. And there was a process that the city staff at the time went through at looking at the future demand. And they contacted the Rural Development Office here in Wilcox and began a collaborative effort. And we were able to put together a project that actually doubled the size of our wastewater treatment facility, which has played a tremendous role in our ability now to deal with economic development issues.

As we look at housing issues for the community, we look at future expansion of our business, opportunities both in the industrial district and in the commercial retail centers, it's very important that we have the capacity for the wastewater treatment. And without Rural Development there's absolutely no way the city of Wilcox would have been able to fund that project entirely. They take the time to work with our small staff and the volumes of paperwork that have to go into these various projects. So without that support there's absolutely now way that again we'd be able to complete these projects.

MALE: Wellton is a rural community between Yuma and Gila Bend, midway between Phoenix and San Diego. The project that we're setting in now which of course is our library is what we call the icing on the cake here. For probably over 10 years building a new library in Wellton has been a priority of our town council. And as in so many small communities, funding is always short, and although various loans are available we are well-aware you have to have a way to pay them back.

And when we started talking to Rural Development about our library project they were extremely supportive. The staff worked very closely with us in putting together this project from the financing end of it to the planning stage through construction. Our library as in most small communities is the center of our community. It's where our friends meet and a lot of people use the library not only as a resource facility but for a great many people that live alone this is their social contact. And our librarians are very gracious, and check on people if they go a day or so and don't show up. And that's what small community is all about.

FEMALE: We've been affiliated with USDA ever since we began. The co-op started in 1962 in the rural area around Wilcox serving customers that no one else would serve. And that's really what began our family of companies. We recently went through the USDA grant program to get one of our schools that actually is New Mexico that we serve to build a library addition and add a community computer center.

We're really excited about the opportunities that the grant programs brings to our rural schools. RUS program has been huge in being able to be a total foundation cornerstone to advancing telecom services into Arizona, New Mexico, across the whole United States. I mean literally for us there wouldn't be telecommunications services in rural Southeastern Arizona if it wasn't for the RUS program. We take our challenge very seriously, and RUS has been a huge, huge piece of our success.

FEMALE: The formal name of the program is Mutual Self Help Housing. And what that means is that the families, groups of families come together. We assist them, we provide the technical assistance for a group of families -- and it could be a group as little as six families or as big as 12 families that come together and we help them qualify for the loan. And they enter into an agreement to help each other in building all of their homes.

We then assist them in coordinating and scheduling the work so that every house is basically at the same stage of construction. The families going into one part move on to the next house and so on and so forth.

Right behind them we are scheduling the subcontractors to do the rest of it, and then that house is again ready for the families. So the houses are maintained at the same level of construction and finished the homes within two weeks from each other regardless of the size of the group. A little more detail in self-help housing, and I talked about the affordability to the families.

How that is provided is that by doing the work themselves, by providing the sweat equity, they have an average savings of about \$25,000. These homes that they're building are appraised at close to \$100,000. And the loans are averaging \$75,000, so that difference, that \$25,000 is the sweat equity, the savings that the families have been able to acquire by providing the labor while learning the skills.

In addition to that USDA provides interest subsidy. The loans are made at market rate, but for families that need additional assistance to make it affordable to them, the interest subsidy is provided down to as low as 1 percent if needed. So that has been one of the greatest benefits for folks that otherwise could not under conventional methods be homeowners.

MALE: We are now doing group 18, and we through this process of self help which are families working together with each other to build their homes in a group setting we have helped close to 200 families in San Luis, Arizona, to achieve the American dream of owning a home. It's such a great feeling to see so much growth happening in San Luis.

But not only that, to see the impact it's had on the families, the way that they look at life, so different from where they come from, and some of them have lived in trailers for a long time, and most of their adult lives, and it's just great. You get a great feeling walking around the neighborhoods and you see kids coming from school, and it's just immense the impact that USDA programs have had.

And it's heartwarming to see all the families moving into their homes, coming from farm worker background, coming from a situation where credit isn't readily available. Their only option really is this option, the self-help program.

We're trying to improve the lifestyle of these communities and without the assistance of USDA many of these wouldn't have happened. I think the success comes from having been able to combine the resources that USDA puts out to communities like San Luis and to nonprofit agencies with the actual track record of organizations like ours who are dedicated in the last 25 years to assisting mostly low income farm worker families. And I'm really proud of their accomplishment.