



# TRANSCRIPT

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**Transcript of the South Dakota Farm Bill Forum With Under Secretary for Rural  
Development Tom Dorr And Moderator Michele Rook of WNAX  
South Dakota State Fair Huron, South Dakota  
September 7, 2005**

MODERATOR MICHELE ROOK: Well, good afternoon, everyone and thanks for joining us for this USDA Farm Bill Listening Session. We are so glad that you could be here with us today. This is very important to be providing some grass-roots input for the 2007 Farm Bill. We thank Secretary Mike Johanns for allowing everyone across the country the opportunity to provide input on the grass-roots level.

We hope to hear from a lot of you out in the audience today in terms of farmers and ranchers. We certainly are pleased to see so many of you in attendance today from across the state of South Dakota.

I am Michele Rook. I will be your moderator today. I am the farm director at WNAX radio. My thanks to those from USDA that asked me to participate in this forum today as well.

We are going to start with some adherence to the color guard. If you would please step on the stage. Let me make a proper introduction of the 153rd Engineer Battalion from here in South Dakota to present the color guard for us today.

[Color guard presentation.]

MODERATOR: And here today to give us our Pledge of Allegiance is Noelle Rist. She is 17 years old and from West Central High School in Hartford, South Dakota, and is a senior there, also in FFA and 4-H member.

MS. NOELLE RIST: [Pledge of Allegiance.]

MODERATOR: Thank you so much, Noelle.

With our National Anthem, here to sing that for us today is Ashley Stoltenburg, the 16-year-old daughter of Lynn and Laurie Stoltenburg who are both FSA employees. She is currently a junior at Huron High School. Thanks for being with us.

MS. ASHLEY STOLTENBURG: [Singing National Anthem.]

[Applause.]

MODERATOR: Our thanks to Noelle and Holly [Marshall] and to the 153rd Engineer Battalion here in Huron for our color guard today.

Next it's my privilege to introduce to you our own State Secretary of Agriculture, Larry Gabriel, who is a bona fide rancher and someone who I know really believes in this process that we are doing here today in terms of trying to get input for the 2007 Farm Bill and what your role is here today.

I'm going to turn it over to you, Larry, thanks for being with us today.

MR. LARRY GABRIEL: Well, thank you.

[Applause.]

MR. GABRIEL: Thank you, Michele. Thank you for everyone in the audience that is coming here today to present your opinions in regard to the next Farm Bill.

I had a privilege just a few minutes ago here in this very same tent to do a joint presentation with Farm Bureau to farms and ranches that had been in the same family's ownership for 100 years. This event has become very significant to me because there's only such a few families that can achieve that record to deserve that proper recognition. And, of course, the Farm Bill gets to be a factor in that regard. Because we know that we need a safety net to make sure that when prices are low that our farms can generate enough income to hang on until the market comes back. But that is getting to be a bigger, and bigger, and bigger challenge.

So what I would like to do here in this first few minutes is to share some of my concepts in regard to what I believe the goals should be in the next Farm Bill. And I applaud Secretary Johanns for focusing our attention to these six questions, the six premises, if you will, or goals in regard to farm policy.

I studied a little bit of economics years ago at SDSU and most of us, if not all of us in that seminar class, had the perception that there were no goals in farm policy other than possibly cheap food. Now, I don't know that it's changed. And as I see my neighbors struggle to stay on the farms and ranches, and as we face companies that purchase our production that are oligopolistic, and the fact that there are only a few of them that can exert so much influence over market conditions that we get quite concerned. And many of these companies that used to need our production from the

United States now have access to production in our competing countries, in South America and Asia. Because, quite frankly, these companies have expanded to where they have a presence in those countries as well as here.

You know, I got to go to some food shows over in Japan and South Korea last spring and I observed many of these companies that buy products here in the United States that were promoting products from Australia and South America. So it became very evident to me that we have to become even more aggressive as how we sell our production.

But the major goal that I perceive for farm policy is that it has to facilitate the transfer of assets from one generation to the next generation and not impede that transfer of assets.

Now, ladies and gentlemen, that's much easier said than done. But I will argue that the last many Farm Bills have actually made it harder to transfer assets to the next generation and not easier. And I believe it has to be very much pro-stewardship of land. I think it's wrong that we send the signal on one hand to take land out of production with land retirement programs and with the other hand we entice farmers to plant fence row to fence row and raise all of the bushels that they can because that determines how much of a payment they get.

I think that we need working lands conservation. And I applaud again Secretary Johanns and this administration for going on record saying they want working lands conservation. That we need buffer strips around our fields to catch the excess pesticides and fertilizer to keep them out of our waterways and our aquifers. And I think that's what needs to focus a large amount of attention in this next Farm Bill.

With that, I could go on and on and give you my own personal objectives, but what we are here for today is really to listen to you people as to what you want to see in the next Farm Bill.

At this time it gives me great pleasure to introduce to you the Under Secretary for Rural Development, Under Secretary Thomas Dorr.

Tom was appointed by President George Bush to be the Under Secretary for Rural Development and was sworn into office by Secretary Mike Johanns on July 27, 2005.

As Under Secretary, Mr. Dorr oversees USDA rural development policies and programs. Rural development consists of three program areas: business, utilities, and housing, that provide \$14 billion in annual funding authority for loans, grants, and technical assistance to rural residents, communities and businesses and an \$87 billion portfolio of existing business, housing, and infrastructure loans to rural America.

Rural Development has over 7,000 employees located across the U.S. and in Puerto Rico, the Virgin Islands, and the Western Pacific Trust Territories.

Mr. Dorr previously served as Under Secretary for Rural Development under a recess appointment from August '02 until December of '03. After his recess appointment ended he was named senior advisor to the Secretary for rural development issues. In this position Mr. Dorr coordinated several major initiatives on behalf of the Secretary. He played a critical role in USDA disaster relief efforts in response to the hurricanes in Florida. He worked close with the Assistant Secretary for Civil Rights to reach out to minority farmers, and he provided key leadership on various activities to improve program management and business practices throughout the USDA.

Mr. Dorr has broad agricultural, financial, and business experience. He has served as a member of the board of directors of the Seventh District Federal Reserve Bank of Chicago, the Iowa Board of Regents from '91 to '97, and as a member and officer of the Iowa National Corn Growers Associations, both those associations.

Prior to his current service at the Department of Agriculture, Mr. Dorr was president of a family agribusiness company consisting of a corn and soybean farm, a state licensed commercial grain elevator and warehouse, and two limited liability companies.

Mr. Dorr from Marcus, Iowa graduated from Morningside College with a BS degree in business administration. He is married to Ann and has two children.

Join me in giving a hearty welcome to Secretary Tom Dorr.

[Applause.]

UNDER SECRETARY DORR: Thank you, Secretary Gabriel and thank you Michele. It's good to hear her voice again. I really am nearly back home since my home was for all my life, until I moved to Washington about four years ago, was in Cherokee County about 70 miles southeast of Sioux Falls. So I spent a fair amount of time in your good state and it truly is much like being back in Iowa and back in South Dakota.

I would really like to thank Noel and Ashley for their fine help up here with the color guard and singing the National Anthem. It looks to me like they're going to do very, very well as they get along. And that's what all of this is about is how to facilitate the development of our youth to keep them in these rural communities and counties. And I think we have some opportunities to do that. We hope to learn more about that from you today.

I would also like to bring greetings from Chief Knight. I know that Bruce Knight is a native South Dakotan. I've known Bruce from way back in my corn grower years and there isn't a time that Bruce and I don't run into one another when we're not taking a shot at each other about a South Dakota or an Iowa issue. But I always threaten to expose him to Michele when he gets too carried away.

MODERATOR: You should be scared about that.

[Laughter.]

UNDER SECRETARY DORR: But, nevertheless, it is great to be back. I am here as a part of an effort by President Bush, and it is President Bush's intent, as being developed and delivered by Secretary Johanns and as directed by him and a number of us as well, that we take a clear look at what is going to happen in the next 2007 Farm Bill. And as a result it was determined that we would have a long, lengthy conversation across the country. We are literally conducting Farm Bill Forums and listening sessions, I believe, in all 50 states. And as a result the Secretary can't do all of them so a number of us get assigned the responsibility as well. But the fact of the matter is, we're here to continue that conversation today.

I will never forget when I first met President Bush he asked me what I felt about water. I said, "What do you mean?" He said, "Water is important and we are out of water in Texas and my ranch is short of water." And he said, "I want to make sure we have water."

He also was very concerned about energy security and renewable energy way back in 1998 and 1999. And at that time people frequently thought it was just sort of a political thing. But in his mind he has always been -- not in his mind -- but from a policy point of view, he's been very committed to renewable energy.

But the point is that there are a lot of opportunities beginning to surface. However, right now the next Farm Bill, the one that we write every four or five years, is essentially a blank slate. And as a result of that, these forums are incredibly important for us in order that we can receive the input from all of you. Particularly all of you in the grass roots who are dealing with this day in and day out, so that as we go about developing and designing a Farm Bill that is ultimately presented to Congress, we do accurately reflect a consensus of where rural Americans they want to go.

Obviously the next Farm Bill needs to respond to the changes that are taking place. We know that there is a globalization that's taking place and that has had a dynamic impact on rural and production agriculture and rural America and all its needs. So as a result, as Secretary Gabriel indicated, we have developed six fundamental questions that we hope you will, in a collective and varied manner respond to, to give us some insight. We really need to know what we're going to do to make sure that we have, as Secretary Gabriel alluded to, an efficient and fair support system for producers today. A system that really works for the next generation of farmers and the young people that are just starting out or their colleagues who wish to have an opportunity to live in rural America.

We face increasingly competitive world markets and we are, as all rural Americans, committed to maintaining America's competitive edge. We need help and insight in how we go about doing that. We are, frankly, as Secretary Gabriel just indicated, very focused on working lands conservation programs. We are committed to

conservation and environmental stewardship initiatives that make sense, that work in a way in which common sense within farming practices in rural communities are truly effective and not just mandates from the top down.

And last certainly, but not least, we have enormous challenges and opportunities in rural development across the country which is the USDA mission area in which I work. We have a full plate. Rural development is not something that typically production farmers deal with a great deal. But as Secretary Gabriel indicated, we have actually about a \$17 billion portfolio this year. We are a \$90 billion bank. We will put out between \$14 and \$7 billion in the area of housing and infrastructure development to deployment of technology, bandwidth, and access to that kind of technology along with value-added development grants, value added and renewable energy initiatives, other new entrepreneurial initiatives that work in rural communities effectively.

We just earlier today were able to make some grant presentations to an agricultural development group, to a value added development center that is operated by Gary and Cheri, and I forgot their last name, and I apologize. But they are working with a number of constituents to facilitate the entrepreneurial spirit and help develop new products and new opportunities. And as a result, it's clear, as I travel around this country, that there is an incredible amount of opportunity in rural areas, in rural communities and rural regions, but we simply have to do a better job of listening to you and figuring out how to place and how to facilitate the placement of those resources into these communities so that they are successful.

The broadband revolution has clearly opened up vistas undreamed of a few short years ago. It really gives us extraordinary new opportunities particularly where we have access to bandwidth. Effectively it allows you to live locally and compete globally. It makes a significant difference in generating opportunities for you in your communities.

And, finally, we really need to help rural communities leverage their assets and their financial assets, not just their financial assets, but their human assets, the human resources, and, frankly, the quality of life, the advantages that you have in these rural areas so they can be the kind of communities that your children and your grandchildren wish to return home to and live and call home.

I lived in Marcus, Iowa all my life until four years ago. And I can tell you, after spending four years in Washington, D.C., I clearly understand why people keep their country homes. When you move to town or when you go to work in a moving parking lot and go home in a moving parking lot day after day, there is a clear reason why people are gravitating back into rural areas. And lest I sound overly optimistic, and I know it's not the same every place, but there is a tremendous resurging interest in rural America.

I would add one other comment before we start in on the listening session. When these new rural opportunities occur, it is going to create a certain new kind of pressures and demands. Because a lot of these who return to rural America are going to run and operate businesses and enterprises differently from production agriculture. And we are

all going to have to work together to figure out how we're going to neighbor and how we're going to accommodate one another. But I'll tell you how significant this is.

I was at an event a week and a half ago in Plains, Montana, surrounded by mountains, but it's not one of the vista resorts that people gravitate to, and we announced the grand opening of a critical access hospital. It was about a \$10 million project and there were all the things that made it possible relative to access to resources and loans and bandwidth access and all the other things that happened to make it possible. But the most unique and interesting thing that I ran into when I was there was when the community leaders got all done putting this together and they pulled the financing together and it was largely loans. I mean, there were very few grants. There weren't any gifts. People were doing this through blood and sweat and grit to get this job done.

The administrator of the hospital and the chairman of the board were at the point where they wanted to retire, so they had to hire a new administrator. They did a search and they had 80 applicants, believe it or not, and they reduced it to 12 and they flew to Minneapolis and they interviewed them. The lady they hired had this to say. First of all, she was a registered nurse. She had a masters degree in public health, and she had a law degree. And when I met her I said, "So what possessed you to move into this area?" She said, "I have three sons. My husband and I have three sons, a set of twins nine, and a son 12." And she said, "You know what was most important to us, although we've never lived in a rural area? We wanted our sons to develop a rural work ethic." That's the first thing she said, "a rural work ethic." We wanted them to experience the safety and the security and the opportunities of rural America as well as appreciate all the experiences of living in this kind of an environment. And the education capabilities were particularly unique.

What was particularly special about this lady is that she gave up a job at Johns Hopkins University in Cambridge, Massachusetts and moved out here because her husband also was a computer specialist and they had bandwidth and he could work and do his business from his home.

I met three more people in that particular community that day who had similar backgrounds and that to me exemplifies the kind of ongoing opportunities that I see around rural America. These are not infrequent they are happening regularly.

Enough of me. We are here to listen to you today to get your input and to hear you talk. This is about all I'm going to say. At this point I'm going to take my notebook and take notes. Michele is going to coordinate this and she is going to try to glean everything we can from you so I can go back with a notebook full of notes and get this plugged into our debate and our discussion.

Thank you very, very much for being here.

[Applause.]

MODERATOR: We should mention to people that you are not going to be responding to any of the people that are standing up today to provide comments.

UNDER SECRETARY DORR: Right.

MODERATOR: So this is a listening session and Secretary Dorr will be taking down notes as we go along. These will also be recorded. This whole session is being recorded to be transcribed because all the information that is collected today will go in with all the other listening sessions around the country to be used as part of the summation that USDA puts together to go into, I believe, Congress when they start writing the Farm Bill. So, as we say, what you say here today is very important.

And I should also ask you, this is pretty historical, isn't it, Secretary Dorr, for a Secretary of Agriculture to have these types of listening sessions, isn't it?

UNDER SECRETARY DORR: Yes, it is. This is not something that's been done, I think, for probably close to 30 years, as near as I can tell from what I've heard.

MODERATOR: Okay. This will be a very interesting and hopefully a fun day for all of us.

The format that we are going to be following -- and there were six questions that were derived by USDA prior to the listening session. So far there's been, I believe, 14 of these sessions conducted around the country so far, and there are more forums that are planned. And as you heard the Secretary mention, there are going to be forums in all 50 states, so representation is given across the country. And there are six different questions that are going to be the focus of the first 90 minutes of the session that we have here this morning. And let me read those for you.

And when folks get up to do their introductions and give their comments, we would ask that they would comment about which of the questions that they are referring to. That will help all of us out.

But here are the six questions that are going to be posed in the first 90 minutes of this session.

First of all, how should farm policy address any unintended consequences and ensure that such consequences do not discourage new farmers and the next generation of farmers from entering production agriculture?

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

Third, how should farm policy be designed to effectively and fairly distribute assistance to producers?

Fourth, how can farm policy best achieve conservation and environmental goals?

Number five is, how can federal rural and farm programs provide effective assistance in rural areas?

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

Those are the six questions that we will be addressing in the first 90 minutes. We will take a ten-minute break and then if we have or if it's warranted and we have enough people that want to give comments after that, we will open up for the next 30 minutes, a time period in which you can respond, not to these six questions, but just to anything that you would like to provide comments on, on the Farm Bill or how current programs are working. It will basically be an open mike.

Now, the caveat to that is that we would like you to keep your comments to two minutes. We will see how many people we have giving or providing comments because we may be able to be a little bit more flexible about that. But what we are going to do is have a red, yellow, green light system to keep timing. And I will see those cards. And so if we get to the red card I'll let you comment or finish up whatever your thought was and then ask you to step away from the mike and let the next person do their portion of this commentary.

Again, the Secretary will not be speaking in between there. So we would ask you if you can be ready at each of the mikes to go when we are prepared to have each of you speak. That would be great. When you step up to the mike, introduce yourself, what city you are from and state, and then what your role is in agriculture or what your job is. Then give us a heads up on what the question is that you are going to be commenting about.

Again, red, yellow, green light system. We are going to try to keep the comments to two minutes. So you will see up here, I believe, these lights will go yellow -- they'll start green, go yellow, and then go to red when the two minutes is finished.

Now, if we do not get to your question today or if you do not get your comment addressed, make sure that you remember that we have some folks here from South Dakota that are USDA representatives. I think Steve Cutler and Lynn Jensen are in the back if you want to wave at us back there, head of Rural Development. Oh, there's Steve Cutler over there, the head of the Farm Service Agency here in South Dakota. They will be around this afternoon or when we conclude to take any comments from you that you would like. And I believe you can call them at any point in time that you have any comments.

And, Lynn, I'm not sure I know who you are pointing at back there.

MR. LYNN JENSEN: Jan Oertly with the NRCS also.

MODERATOR: Okay. Dan Oertly with --

MR. JENSEN: Jan.

MODERATOR: Jan. I'm sorry. Jan Oertly with NRCS is also with us today.

Okay. Raise your hand back there so they can see you. A lot of people know how you are, but if you have any questions afterwards, you can direct those to our South Dakota representatives or USDA specialists on site.

Also, question and comments are always welcome via the web site or e-mail. You can go to [USDA.gov](http://USDA.gov) if you want to provide any comments in addition after this forum. And, again, those will all go in and be recorded and be part of the record for this particular event.

I think with that I would like to also introduce our sign language interpreter today which is Vickie Oldham [sp]. Our sign language interpreter. We thank you so much for being with us today.

With that we are going to be starting with our first question today. The first question is, how should farm policy address any unintended consequences that discourage the next generation of farmers from entering production agriculture? And here to address that will be our South Dakota state vice president from Redfield, Holly Marshall.

MS. HOLLY MARSHALL: Thank you, Michele. On behalf of the South Dakota FSA, I would like to thank all of you for coming here today. It is an honor to have you here today and it is an even greater honor to be able to participate in the event. The question, as Michele said was, how can farm policy prevent any unintended consequence that is created that would discourage the next generation of going into production agriculture?

As a youth representative of agriculture, I feel that farm policy can address an unintended consequence of high land costs by passing a bill dealing with the capital gains tax. That if a farmer getting out of the industry sells to a farmer or rancher getting into the industry, the farmer getting out will get a break on the capital gains tax.

I also feel that there needs to be tax breaks specific to farming and ranching operations. Coming from a family-owned farm, I know and feel these taxes that are paid. I also understand that when I choose to buy my own farm or ranch the capital that I must have to get started. These facts are frightening to all youth trying to get into agriculture. I feel that by passing this bill dealing with the capital gains tax along with other tax breaks specific to farming and ranching operations, the weight of getting into production agriculture may be lifted some.

I also feel that CTE classes that are career and technical education classes need to be brought back into the high school curriculum. Only 8 percent of students do plan to go back to the farms. We cannot forget about the 92 percent who do not go back to the farms. Through career and technical education classes these students are exposed to the over 300 careers that are identified in agriculture.

Secretary Gabriel compared us to Japan. What about France? In France it is respected and encouraged that youth do go back to the family-owned farm. But before they can do that, they have to go to two years of college where they are taught business classes that they treat the farm as a business.

In a family-owned farm I know that we treat our farm and ranches as a way of life because it is our life, our career and our passion. Through these career and technical education classes we will be taught how to treat our farm as a business. That is why I am asking for your support of the Carl Perkins Fund.

MODERATOR: Thank you so much, Holly.

And also representing 4-H members from across the state we have Miranda Reiman, she's from Brookings, an SDSU student and also a collegiate 4-H member and she will address the same question.

MS. MIRANDA REIMAN: Hi there. My name is Miranda Reiman as Michele said and I am a senior agriculture journalism student at South Dakota State University.

I am not going to stand up here and tell you that you need to eliminate the death tax or you need to decrease subsidies that are kind of distorting land prices, because as I understand, Secretary, you've heard many of those comments at listening sessions already. I am sure you will hear many of those comments from producers here today.

Instead, I am going to talk about a part of farm policy that is often less publicized. If I go back to the farm, I know that I am going to need to do something different in order to make a living at it. Something different than what my neighbors are doing. Whether it's decreasing expenses, increase production, trying a new crop, maybe a different feed supplement. I think one way that our young farmers and ranchers can learn about these opportunities is through research.

During my time at SDSU I have seen hundreds of research projects that do just that, promote different marketing strategies, help with niche markets, help with different crops and advancing technology. I think these are the things that are going to make agriculture sustainable for the future. A partner to that is that you need to continue your support and increase support of Extension. That's the vehicle through which all of this information gets to the people that need and can use it.

Lastly, I would ask that you continue to support programs like 4-H and FFA that have made such a difference in my life and introduce young people to the opportunities

that there are in agriculture. As well, I would ask or urge you to support Agriculture Future of America, an organization that has personally given me many benefits through its goal or mission which is to provide college-age men and women with opportunities in agriculture that show them kind of that there are possibilities in our industry.

I don't envy you at all with your task of having to decide what dollars belong where to serve the American public best. But I ask, when you go to make these heavy decisions, that you keep me and my generation in mind. Thank you.

MODERATOR: Thank you so much, Miranda.

And just to keep the flow going here, if you are going to be making comments, would you please stand up and be identified or be prepared by a microphone.

Go ahead, don't be shy.

Do we have somebody that's ready or prepared to give some comments?

MR. JACK MAJORS: Good afternoon, I'm Jack Majors, a fourth generation farm owner and operator in Moody County, just north of Dell Rapids. I am here representing the Association of Conservation Districts. I am addressing number four, question number four, how can farm policy best achieve conservation and environmental goals?

Conservation Districts believe in locally led conservation and it needs to be a key issue of the future Farm Bills. And these types of forums are a great opportunity for us to generate that type of locally led input.

We, as Conservation Districts, have proposed grass-root efforts since our inception in the '40s. The conservation efforts need to include range, grazing land, forest land conservation issues in addition to the crop land conservation issues that are typically addressed. Because we have multiple goals, soil, water, air, and animals, both domesticated and wildlife, we need to meet -- that need to be met in addressing the nation's agricultural natural resource needs. We need to balance these efforts. One goal should not overshadow another one.

Also, USDA's Natural Resources Conservation Service technical assistance at the field level is critical to the nation's conservation success. Technical assistance enables many land owners and operators to apply conservation practices without necessarily requiring additional cost share funding from USDA.

In many cases, however, conservation financial assistance is an important component in achieving agricultural stability both economically and environmentally.

MODERATOR: Thank you for those comments. Is anyone else ready to step to the microphone?

Could we get the mike turned on up front here, please?

MR. ED VAN GERPEN: Mr. Secretary and Michele, I am Ed Van Gerpen from Avon which is about 100 miles south here, Avon, South Dakota, Bon Homme County. I farm with my two sons. I've been farming for about 50 years. As I look back we've had about every imaginable farm program you could have. So I guess I'm not overly optimistic that you are going to come up with the ultimate Farm Bill.

I find that as I talk to people more and more that they say the only thing we haven't tried is no Farm Bill. And I personally would be one vote in favor of no Farm Bill as far as subsidies is concerned. But I think we need to be involved in the disaster part of it.

I would also like to center on question number three as far as payments. Yesterday I was in northwest Iowa and I know Mr. Secretary, you are familiar with that area, they raise excellent crops there in Sioux County. And this dairyman had just finished cutting silage and he says, one field he went and got his LDP, and he got 40 cents a bushel and the corn made 200, so he got \$80 an acre subsidy on that excellent crop.

Where I live, we are in the dry area this year and our corn will maybe make 30, 40 bushel. If I would get that same LDP payment, I would get \$16. Now, he was actually making fun of it. He says, "I don't need that \$80." He says, "I'm getting a really good crop this year." And I think that just shows some of the inconsistencies of the Farm Bill. The higher crops you raise, it seems like the more money you make when it's just reversed. So I think the government should be involved with the disaster end of it, but not the subsidy part of it.

And I guess another reason I'm so against the subsidy part of it, I have a list here of the payments from 1995 to 2003. And that's available on the Internet. But the tenth, number ten, nationwide was Ducks Unlimited in Cordova, California. They received \$20,391,000. Now, how can that possibly happen in a Farm Bill, Ducks Unlimited receives that kind of money?

Thank you, Mr. Secretary.

MODERATOR: Thank you, Ed, for those comments. Do we have another comment back there?

MS. MARSHA SUMPTER [sp]: Marsha Sumpter from Kadoka, South Dakota. I've been in agriculture for most of my life. On question number two, the competitiveness of the U.S. agriculture in the global market.

I attended a No-Till Conference in Indiana. And the Australian producers were paying \$12 per gallon for Round-Up herbicide, and in South Dakota we were paying

\$120 a gallon. It was so disproportionate [sic] and our wheat was of no more value than their wheat.

I asked the Round-up fellow at the meeting, I said, "Well, where is the Round-up produced? Do you market it or do you produce it in Australia?"

MALE: Why don't you just wait a minute and let her get done. I think it will be over in a minute.

MODERATOR: We are having a hard time hearing you and I think the Secretary, in respect, wants to make sure he can hear all of your comments.

Yes, just as I said it, then she quits. Okay. Go ahead, Marsha.

MALE: You won.

MS. SUMPTER: Okay. Anyway, they said so many regulations were imposed in the United States on their product, Round-Up that it made it so much more costly. And so we find that.

Another disproportionate thing is, and it seems unbelievable to me that all of our fertilizer plants in the United States have basically shut down operations because they can import it cheaper than they can produce it here. That takes business away from the United States people. It kills one more agriculture base here in the United States.

And as I was buying fertilizer that year, the barge that came in had promised the fertilizer to the dealership for a certain amount and as soon as it got in dock they raised it \$20 more dollars per ton. Which, in effect, was passed on to us. And we don't have the opportunity to reseed that back when we market our product.

My father said that we're the dumbest people in the world because we take our product to market and say, "What will you give us for it?" We don't have a value price on it.

MODERATOR: Thank you for those comments, Marsha.

You guys have got to quit being so shy back there. Step right up to the mike.

MR. HERMAN FINK: Is this thing alive?

MODERATOR: Okay. Go ahead.

MR. HERMAN FINK: My name is Herman Fink. I've been in production agriculture, I planted my 54th crop this year, so I've been around a while. I am on the local Soil Conservation District Board and represent that board in the Randle RC&D.

My comments will be directed to Soil Conservation Programs as they are being enacted today and how we need to change some of those.

As a member of the RC&D group with the Randle Group, in the ten years that I went to meetings there I don't believe we ever had one meeting that we didn't talk about the siltation into the main stem dams in the state of South Dakota. Now, we've got some programs that USDA has on docket that doesn't have to adhere to soil conservation or soil erosion or water quality and you can put in a wildlife habitat. CP22 is one of them that I'm going to refer to. We've had a lot of problems with that in Douglas County here which is just 70 miles south here. We have a 600-square-mile watershed above a point that these two main creeks come together --

[Tape break.]

MR. FINK: [In progress] -- point in the last 20 years. We have rejected the CP22 contract. FSA has okayed that contract and now it sounds like the producer is going to take us to court to force us to let him put in this kind of a practice. My problem is, how are we going to sort, as soil conservation district directors on the local level, knowing what happens with certain erosion problems and if we're not allowed to say no to a certain practice which doesn't have a criteria connected to it other than wildlife habitat?

We've already okayed 17 programs with a certain individual and he is raising all kinds of hell now. And I think quite a few of you know my name because it's been helled in Maine and the state of South Dakota all the way to Washington. And I'm just kind of trying to defend our position. Soil erosion is what I am, as a board of director of soil conservation, not wildlife habitat. We need to have one of those other criteria connected in with any of the wildlife habitats that are being put into the state of South Dakota.

One more point. We need to -- if the federal government is going to have programs to develop private property, then they need to be involved in putting up hog barns, feed lots, and all the other things that farmers need to do and not just pinpoint wildlife habitat. I have a real problem with the wildlife habitat standing alone as being the only criteria needed to put in quote/unquote, "soil conservation payments."

MODERATOR: Thanks, Herman. And where did you say you were from again? I didn't catch that?

MR. FINK: I'm from Douglas County. I live exactly 70 miles, if you go out on the highway, 70 miles straight south, you end up on my front yard.

MODERATOR: Okay. Thank you very much for your comment. Bill.

MR. BILL CHASE: Good afternoon. I'm Bill Chase with the South Dakota Corn Growers Association. I would like to thank Secretary Dorr for the opportunity to express our concerns as we move forward in the development of the '07 Farm Bill. From the

South Dakota Corn Growers standpoint, we have a few issues we would like to bring to the forefront. I will be addressing questions one through three.

The first would be the World Trade Organization. We don't feel we should form the next Farm Bill around the World Trade Organization. The reason being, there may never be an agreement. And if we comply and other countries do not, we show our hand and they have no reason to come to the table. We don't believe that we should go down that road.

Payment limits is the next issue we want to address. We held several forums around South Dakota a year ago and got input from local producers. This is one of the issues that they came up with, but we feel that if payment limits are reduced it will affect the medium-sized farmer, not the larger farmer. That sounds backwards, but if you think about it, in the past they've always found ways around the laws. We feel the larger farmer would be the one that would spend the money to find the way around the law and it would essentially hurt the medium-sized farmer if payment limits were enacted.

We feel it's essential we find the solution to give the next generation of corn, soybean, cotton, wheat or livestock producers an opportunity to produce the needed food and fuel for this great country.

Finally, we must concentrate on the marketing loan and less on direct payments. That was the overwhelming thing that came out of our survey or our forums that we did last year. People thought the direct payments led to directly higher rent and land cost. They thought the loan would be something that you produced the crop for, rather than getting the direct payment before you ever went to the field. This will reward the producers that grow the bushels, have less impact on higher land costs, which will give a start to our next generation farmers.

We look forward to working with you to make the '07 Farm Bill a reality. Thank you for your time today.

MODERATOR: Appreciate it, Bill, thank you so much.

MR. GARY WALD: My name is Gary Wald. I'm a board member for Homes Are Possible, Incorporated out of Aberdeen, South Dakota. We serve 17 counties in South Dakota. I'm also the director for Opportunities for Independent Living and I serve 19 counties in South Dakota under that program. I'm here to represent both organizations today.

As a board member for Homes Are Possible, Incorporated, our mission is to -- one of our missions is to develop good affordable housing in rural South Dakota. And we have been able to do that, but one important aspect of that is these low-income individuals have been accessing USDA's loan programs, the low-interest loan programs. That has been a vital key to the success of getting people into this affordable housing and I would like to see that continue.

Also, we are developing a mutual self-help program with the help of USDA and that's going to help some individuals gain sweat equity into a good, affordable house.

On the Opportunities for Independent Living side, our goal is to help individuals with disabilities live independently in their own homes and communities. And one of the things that we do through a variety of resources and funding, whether it be fundraising, private donations, grants, state funds, is that we try to make their homes accessible so they can continue to live in their own homes and communities versus going into institutions or nursing homes. With the help of USDA and their low interest loan programs and 504 grants, we have been able to leverage our money to make it go farther to serve as many people as possible. And I would really love to see that program continue. Thanks.

MODERATOR: Thank you so much, Gary.

The mike is open, go ahead.

[Pause.]

MODERATOR: We'll go over here first and then I'll come back to you, sir.

MR. MAYNARD WHITMYRE: Maynard Whitmyre, Webster, South Dakota. We have three children and they're all on farms. And so I am certainly interested in the farm programs continuing. I have simple answers to the six questions. Also in South Dakota we have an unfair tax system which really puts a burden on family agriculture. But that is not addressed by USDA, but it's something that the state needs to do.

Number one, unless farm program payments are limited to about \$50,000 per farmer anything else is simply rhetoric.

Two, our cost of living is not competitive with the cost of living in most other countries. Expecting us to be competitive is ludicrous.

Full parity for the first \$50,000 of production of commodities.

Number four, with family farms, conservation and economic goals come almost automatically.

Five, with family farms, rural areas would thrive. They did in the first 50 years of the 20th century.

Number six, those issues should be developed for family farms, not large agribusiness corporations.

Thank you. Should I leave this with you?

MODERATOR: Yes, certainly. You can bring that up here. Appreciate that, Maynard and thank you for keeping it so concise. We appreciate that.

Now, we'll yield over here to this microphone and this gentleman.

MR. VERN HANSON: My name is Vern Hanson. I represent Faulkton Development Corporation and also the hospital board. I am here to, I guess, give a pitch on the Facilities Division of Rural Development. I think this is a very important section of the Rural Development's budget. We have just recently received a loan to build a critical access hospital in our community. Without Rural Development's Facilities Division this would not have been possible for this project to take place. I am here to say that I think that, without the adequate funding for the Facilities Division that the rural communities that don't have access to the type of financing that it takes to finance these infrastructures, I don't know where else we would go for those loans.

It just makes sense to me to help the people in these rural areas so that they can increase their population a little. It just doesn't make sense to me that we keep packing people in to cities.

I just came from Chicago and I tell you, I wouldn't live there for free. But, you know, we just keep packing people. They keep doing everything in those metropolitan areas and there's a lot of this that we could do in our area with the right financing and with the right infrastructure. So I am here to say that I hope that that portion of the Farm Bill gets adequately funded in the next cycle.

I thank you.

MODERATOR: Appreciate those comments. And we'll go over here.

MR. GEORGE VANDEL: Well, I hate to step right in front of Curt Johnson, but I'll go ahead. My name is George Vandel. I'm with the Wildlife Division in the state of South Dakota.

First of all, Larry, isn't it nice being in a tent with a bunch of producers and Ag officials and not talking about prairie dogs? So that's some real good news to start off with.

[Laughter.]

MR. VANDEL: I want to basically address issue number four concerning how farm policy can achieve conservation environmental goals. And I want to tell you that I think South Dakota is a poster child for an example of how we have done that and we've done that very well. We work with the Department of Agriculture, we work with the folks here, Steve Cutler and Janet Oertly. We don't always agree on everything, but we work hard together. And I think we've taken the conservation provisions of the Farm Bill

and have shown how the rest of the country can use the conservation provisions of the Farm Bill to make it work on the land. It's very popular with producers.

The state of South Dakota has come up with our own programs to compliment the Farm Bill programs. And I think we've got some huge success stories here in South Dakota. Our contribution to the North American Water Fowl Population is in record numbers in the late 1990s. Our pheasant population is at 40-year highs. Most of the problems that I deal with, a lot of them are because we have too much wildlife. And I think a lot of that is just due to the fact that we've got such good cooperation.

So I guess my advice is, I've seen Farm Bills that were either very positive or very negative to conservation. You've got a good one. Let's not screw it up. And particularly the Conservation Reserve Program is very popular with our producers and that is the backbone and the source that provides that landscape-size cover that has made such a tremendous difference here in South Dakota.

Whatever you do, take the message back to not screw up the CRP program. Allow us to re-enroll our acres. Make it economically competitive for our producers and allow those to make their own choices on their own farms and what works best for them. And I think given those tools we will keep up and do our part here in South Dakota and compliment those programs. So thank you for coming out here. Thank you for those conservation provisions and keep up the good work.

MODERATOR: Appreciate that.

Now we'll go over to my left side over here.

MR. CURT JOHNSON: Curt Johnson representing On Hand Economic Development and addressing question number five. Thank you for coming here, Secretary Dorr. And as you mentioned, we were one of the recipients of a grant and that grant was used to rehab an old building for a company that was growing in the small town of Miller. And I want to tell you a little bit about that company and how important this grant was. This is not a pork barrel grant, but one with a lot of meat and potatoes in it.

This company started out five years ago with three employees and they grew into a couple of different little locations and they needed a place so that they could grow to. And with that grant we've helped provide a building for them. They now have 51 employees and they plan to grow to like 85 within the next couple of years. So I think this -- I certainly hope that that grant program stays in place. It's especially helpful to small, rural communities, we can keep those people there, keep them employed and this company pays -- which it wouldn't be a top wage, but for Miller, South Dakota -- from \$12-15 an hour. And I want to thank you for that opportunity that we had to receive that grant.

MODERATOR: Thanks for those comments Curt.

I'm going to go over to the middle here and this young lady and then we'll go down here.

MS. FRAN CHRIS [sp]: Bless your heart.

[Laughter.]

MS. CHRIS [s p]: My name is Fran Chris and I'm from Iroquois, South Dakota. I farm over by Iroquois. I run mamma cows and back-grounded calves. I'm also elected supervisor with Beetle Conservation District and an elected area director to SDACD.

Thank you for providing this opportunity in the state of South Dakota. I am referring to question number five.

It is my understanding that a lot of the conservation programs are designed with one-size-fits-all across the nation. I represent in my area of South James, Missouri, from eastern South Dakota, which is very different than from western South Dakota. And that's two concepts in my area. What works on the eastern side doesn't necessarily work on the western side. And I would like to have you allow the state conservationists or the local entities to do their jobs that they were elected to do.

We believe in locally led. The guy on the farm understands better than the guy in Washington, D.C., what happens on his piece of ground or her piece of ground.

Second point is, please don't assume everybody has a computer. Please don't assume that we can all get cell phone coverage. We can't. I mean, I can go from here to Reheith [sp] on a trip for a meeting and I have a devil of a time to get my cell phone to work. And it's even worst in western parts of South Dakota. So please don't assume that everybody can use e-mail.

I am 49 years old and there are times when I want to use that computer as a boat anchor. And the young guys coming in, they understand it better than I do, but I'm working at it. The average age, if I understand right, in the nation is 58 years old for a producer. A lot of 50-year-old guys can do it, but there's a few out there that can't. So please, don't assume technology is for everybody.

Thank you for supporting the youth of the nation. But, again, please don't forget us. We can do the job as an older producer. But just don't forget us. Again, thank you for the time.

MODERATOR: Appreciate those comments, Fran.

We'll go right down here.

MR. JIM DOOLITTLE: Thank you.

MODERATOR: Could we have the mike up front on please?

MR. JIM DOOLITTLE: Is it on?

MODERATOR: There you go.

MR. JIM DOOLITTLE: Thank you. My name is Jim Doolittle. I am from the western part of the state. In fact my home town is Buffalo, which is about 400 miles southwest of here.

Anyway, I'm addressing question number five. My job is to manage a regional, rural or a regional non-profit that basically administers some rural development programs throughout most of western South Dakota. We've had experience in administering the intermediary relending program and the rural business enterprise grants as well as rural business opportunity grants. I guess what my main point is that these programs need to be continued and if possible even strengthened. Because, for example, just in the last few years since we started doing this, we've made loans to over 100 small businesses helping either create or save over 1,000 jobs and in the vicinity of a little over \$10 million. And for the most part those businesses have been very successful. In fact, a very, very high percentage has. So hopefully those programs can continue and stay within Rural Development Agency.

We also want to emphasize support for the community facilities program, which has really been very important for very rural small communities in health issues as well as safety issues and community centers and things of that nature.

I agree with what you indicated, Secretary, earlier that I think we're on the threshold of a revolution of change in rural America. I think technology is going to be one of the things that there are going to be a lot of opportunities and a lot of things that they're going to change due to that as well as a lot of opportunities in value-added agriculture. And we think that Rural Development programs as they currently exist can be the lead in making those things happen.

The things that we have concerns about that I hope don't happen is that some of the programs that are currently in rural development be moved to other agencies. I don't know if that would happen or could. But I hope that doesn't because I think that would weaken the programs. Right now the infrastructure is there with almost direct access by state staff throughout the state. And, by the way, a very excellent staff where I think anyone in South Dakota could probably have immediate access to our state director, Lynn Jensen, and any other state staff and probably not just in the Rural Development, but in all the agricultural departments, very responsive, very hands on, and very able to help people immediately so they have immediate access.

And so, you know, I know that some federal agencies have consolidated or downsized hoping to save money or create greater efficiencies. I don't think that would happen in

the rural development programs and the other programs we're talking about today. I think it would weaken them and make them less accessible to the people that really need them.

Thank you for listening and being here today. And thank you for the time.

MODERATOR: Thank you, Jim.

And now that we are getting a lot people interested in being up at the microphone if you can try to keep your comments -- when the red light goes on, try to wrap up, if you can, just so that we get to everybody and listen to everybody and their comments.

Let's see, I'm going to go over here because I think you were next.

MR. DICK WARNER: Thank you. I am Dick Warner. I'm a board member with SDRE, which is South Dakota Rural Enterprise. We act as, I guess the easy term would be, we are the Federal Reserve for economic development groups. Myself here as a board member along with your previous speaker and other members of our board are here. And we also work with agencies like Curt. We provide affordable and cheap financing available for them to do economic development projects.

And we would like to on behalf of our organization and our executive director, Beth Davis, we would like to comment in the rural strategic investment program. This was part of the 2002 Farm Bill. It was authorized and appropriated, but it's never been implemented by the administration. We would like to ask the administration to take the efforts to implement that program. We feel that it's a positive force for rural economic development and we think that it would certainly get support from both rural and urban constituents. We would ask your support of not only what's been implemented but also in the upcoming 2007 Farm Bill.

Thank you.

MODERATOR: Appreciate that, Dick.

We will go to this young lady in the middle.

MS. GLENDA \_\_\_\_\_: [Off microphone.] But we also have a crop insurance agency. I would like to address number three on the crop insurance program. This has been a very valuable safety net for our people. You know, Cook County has been real fortunate, we've had some outstanding yields. But just two years ago we got hailed out, there was nothing left. All crop insurance does, all it was intended to, is it just brings them to even. You know, they don't make money on the deal. When I write it, it's basically enough money to pay back your operating so the banker will let you farm again next year.

But, you know, just west of us we are doing some silage appraisals right now. Those yields are coming in 15, 20 bushel an acre. And there are some areas here that this has been year after year. Well, what happens is, their guarantees starts getting lowered.

I was just at a meeting in Pierre that the Risk Management Agency is doing a study to try to figure out what to do for the safety net after year after year of losses.

The other thing I would ask if there's any way, you know, the Risk Management people out in the field offices don't necessarily agree with the policy being set in Washington, D.C. And I don't know if there's any way to maybe put some more comments down as to how this program is administered. Some of the stuff they come up with is unbelievable. They've got it now where these farmers, if you commingle production in a bin, you have to ask for permission. The way it's wrote, really the adjuster has to be there to measure the bin. Well, you know, who has 3,000-bushel bins anymore? You know, it's just unheard of. And so it's almost impossible right now to almost administer the crop insurance the way that the rules are coming down. I understand they're looking for the fraud. But there's only two or three probably violators out there. Go get those guys. Don't penalize the good producers and take away a program or make it so hard to administer that it becomes really tough for the average farmer who is doing his best just to get by. They need it. We need it desperately. But let's keep it in force and let's maybe -- I would hope to get some common sense back into that program as well as some of the others.

The other thing is, I reiterate what the guy said on the CRP. You know, prevent plant on this old water. We've been using prevent plant for these water -- you know, this land that's sitting under water. You can only prevent plant it like four years in a row, after that, it's old water, it doesn't qualify. I tried and tried to help guys get into CRP, but to get into CRP they've got to show that they were able to plant it. Well, some of this old water they couldn't, you know, so it just is falling between the cracks. They are paying taxes on it. So, I guess that's it, but, you know, we need to do some work and we appreciate your time taking the time to listen to us. And, you know, most farmers are not crooks and I hope that USDA and everybody doesn't go overboard trying to catch the two or three that are.

MODERATOR: Okay. Thanks Glenda.

MALE: Washington doesn't have a corner on common sense.

MODERATOR: Okay. Let's go over here to the west mike, please.

MR. DAVID HAUSCHILD: I'm David Hauschild and I'm the executive director of the Central South Dakota Enhancement district in Pierre and I'm also an active farmer. One of the things that we see in economic development and working as a regional group is the lack of resources to provide the technical assistance to these small communities to develop economically. A lot of our organizations are based on some dues that the cities and counties pay and along with contracts with city -- not -- the city organizations or the

state and federal agencies. One of the things we see as we apply especially for USDA grants is not a consistency in funding. You could apply for a grant one year to start a program that might last two years, but it may take three to five years to really implement the total strategy that is there. And planning on a regional basis is very difficult to do because of the expense of just travel, for example.

My district is basically from Highmore to Philip and, you know, from one hour one way to the hour and a half the other way. And, of course, the resources within these small communities are just not there to have full-time people to work on projects. So whether it's recruiting a new business or just trying to clean up the town. And those resources that are provided by the districts out there are critical and the expertise so many times it is frustrating. The communities have the enthusiasm to do something, but unfortunately, they are all trying to make a living. And when they all go home at night they are all fired up from the time they show up at their office or their place of businesses the next morning. They are so overwhelmed with the day-to-day operations that they don't have the opportunity to really follow-up on that. And the role of planning and technical assistance that are played by these organizations is absolutely critical and there needs to be a mechanism there that provides the kind of funding to do that.

MODERATOR: Thank you, David.

Let's go over to the east mike now.

MR. BEN BIGALKE: Thank you. My name is Ben Bigalke. I'm the regional biologist for Pheasants Forever in South Dakota and Wyoming.

I would first like to thank you, Secretary Dorr, for coming out and hearing our concerns.

Being with a wildlife agency, of course, I want to address the conservation reserve program. And just want to stress the need for it in South Dakota and how essential it is, not only for our soil and water conservation which are the primary goals of the program, but also the benefits that wildlife gain from it. There is very high demand in South Dakota for the conservation reserve program. We've been fortunate here as Pheasants Forever through a cooperative agreement with South Dakota Game Fish and Parks and the NRCS to hire six full-time habitat specialists to work out of NRCS offices. And their only duties are to assist land owners in enrolling their property into the CRP program, the general sign-up and the various continuous programs. And so as I look at it, if we can hire six full-time employees to work under those NRCS offices, and their only duties are to assist land owners and to stay busy assisting land owners enrolling in the program, there is definitely demand there.

The land owners are very willing to enroll their land in the various continuous programs. One thing, I think, that would help them with our land value increasing significantly and rental rates going up, cash rent rates going up, the CRP rental rates definitely need to be addressed. There are many land owners that would like to enroll

their land in CRP but don't think they can financially to do it. So an increased rental rate would definitely help those land owners enroll and participate in the CRP program.

But with that, I just want to thank you for coming out and definitely keep the CRP program going and the future of it strong. We rely on that. A lot of our farms participate in that here and our wildlife depends on it in this state. So definitely keep the CRP program going strong in future Farm Bills. Thank you.

MODERATOR: Thank you, Ben.

And I think we're going to go around maybe five or ten minutes more here. We didn't get started right at noon, so I'll give you a little bit of an opportunity after 1:30 here we'll slide a little bit farther than that. But let's go to this gentleman in the middle.

MR. HAROLD SIMMONS: My name is Harold Simmons, I'm from Marshall County. I farm with two brothers, a son and a nephew up there. I'm also on the conservation district board.

Question number six relating to the product development and research-related issues addressed in the next Farm Bill. I'm glad to hear that the administration is in full support of renewable fuels development and production for on and off farm energy.

Renewable fuel development and production increase use opportunities for crops, grasses, and wood byproducts need more research. Research is that basis of all new programs. They've got to be proven before they can be used.

My father said for over 80 years how he was amazed at the development in his lifetime and he's been gone ten years. And I think it's doubled since then and I think we are just at the basis of it. We are going to have more new technology through research and everything. Some of these programs are really going to be the future of our Ag communities. Thank you.

MODERATOR: Appreciate that, Harold.

Let's see, I'm not exactly sure who was up there first, but I'm going to go over here to the right.

MR. DWIGHT BUNTROCK [sp]: Hi. I'm Dwight Buntrock [sp]. I farm up in Brown County. I'm going to address number three.

For a young farmer to start farming, these payment limitations, there's got to be payment limitations and they've got to address and plug the loopholes.

I served on the ASC County committee when CRP was implemented. There were large, large farms that had six or eight hired men and they would issue the cash rent contracts in their hired men's name to get around the loopholes on these payment

limitations. But for a young farmer to compete, we've got to have payment limitations and plug the loopholes and enforce the limit whether it's 250, 300, whatever it said it had. These farms are going to continue to get larger.

I know this administration is against Country of Origin Labeling which I think is imperative. We implement for our livestock industry. I know Governor Rounds is starting a program that's going to help that. But I think Country of Origin Labeling hasn't been addressed yet and I know this administration wants to delay it or get it out of the program. I think it's imperative we have it.

MODERATOR: Thanks, Dwight.

Let's go over here to the west microphone.

MR. JARVIS HAUGEBERG: Thank you. Mr. Secretary, my name is Jarvis Haugeberg. I'm the general manager of Dakotaland Feeds based here in Huron. Today I am here to speak on behalf of the South Dakota Grain and Feed Association of which I am on the board of directors. The South Dakota Grain and Feed Association has approximately 145 members across South Dakota and handle the bulk of the grain grown and feed manufactured in this state.

Our comments today, we would like to make are surrounding the CRP or Conservation Reserve Program and some of the effects that we observe on South Dakota and other agricultural states.

The first thing I would like to make clear is that we are not opposed to CRP, per se, in total. However, there are some applications in a broader sense that are an area of concern for us. Unfortunately in the two minutes allotted we only have time to hit on a couple of bullet points regarding our concerns.

We do feel that CRP is contributing to the decline of production agriculture in North America shifting agriculture production to South America. We are concerned about small towns where CRP has become a major competitor for certain communities with fewer and fewer producers on the land, we have fewer and fewer people doing business on Main Street and attending local schools and churches.

CRP competes with farmers for the land that's available for production farming. We are especially concerned about the young people that want to get on the farm and have to compete with CRP as well as other competing interests for land.

We believe that our nation needs productive acres that are now idle, or at least some of them, the highly productive ones for renewable energy as we look at our dependency on foreign oil and our need for renewable fuel.

We believe in summary that CRP should return to its original purpose which is to take marginally unproductive land and environmentally endangered land out of production.

So I just want to thank you for this opportunity to offer these brief comments and I hope you will take them under consideration. Thank you.

MODERATOR: Appreciate that, Jarvis.

I'm going to go up to the front mike, to the back, and then we'll end with Mike and we'll take a break. So, go ahead.

MS. LYNN KELLER: My name is Lynn Keller, I'm the executive director of the Southeastern Council of Governments Planning and Development District, that's in the southeastern part of the state. We work with six counties and 40 municipalities.

Thank you for the opportunity to comment today. I want to comment on question number five, how can federal rural and farm programs provide effective assistance in rural areas?

As one of six planning and development district in South Dakota we understand the concept of doing more with less and the need to leverage additional resources. And one way to do that is through regional efforts. We hope as you look to the 2007 Farm Bill that you will look at many of your programs that we work with your staff here in the state right now on to fund infrastructure, community facilities, housing, your IRP program, those types of things, that you will keep in mind the rules sometimes that are currently in place which seem to reward sometimes single standalone applications from smaller communities as opposed to an organization such as ours applying for a regional effort that would put several communities together. Because as the population rises then it detracts from the point scoring on that.

We also hope that you will reassess some of the indicators that you look at. One of the main focuses that you look at right now is unemployment. We don't have a high level of unemployment. We have underemployment. We have a large number of two working parent families. We have a large number of people that work several jobs. We have a lot of people that drive a long ways for employment and those types of things. So sometimes as you look at the numbers on paper they are skewed somewhat in those applications and they don't really tell the true picture of what's going on out there.

Also, as an entity that is physically located in the city of Sioux Falls, there are some of your programs that we are unable to access although primarily the bulk of the work that we are applying to do are for in the rural communities and would not meet that population requirement. So we would hope that you would look at some of those things that just make common sense.

Finally, one thing that I will touch on which was authorized in the 2002 Farm Bill and never implemented was the Northern Great Plains Regional Authority. It was patterned after the Appalachian Regional Commission and the Delta Regional Commission. It was for the five states of Minnesota, North Dakota, South Dakota, Iowa, and Nebraska. Like many things in Congress, it was authorized, it was never

appropriated, and it never moved forward. To me, that's good example of regional cooperation, something I hope you will take a hard look at again.

Rural development is certainly in transition. Our rural America doesn't look like it did before. And we hope as you move forward that the focus now needs to be on how do we get economic development there as so much of it moves from Ag.

Thank you.

MODERATOR: Appreciate those comments, Lynn.

Let's go back to the back mike. That would be you, sir.

MR. TODD BUSHONG [sp]: Todd Bushong [sp], I'm a fifth-generation farmer. My family homesteaded. I'm here to support the CRP program.

Lynn Johnson heads a division called Rural Economic Development. We have rural economic development happening in South Dakota today and the base of that rural economic development is the CRP program. The commercial hunting operations and the people who are bringing the people from out of state into the state are bringing economic development to the areas that need it the most.

The I-29 and I-90 corridor, they're doing all right. But we need rural economic development in our most rural areas.

Today is value-added day. How can you add value to your operation any better than people lining up to hand you \$300 to come hunting for a day? And now it's a budding industry and it's just beginning to grow. It's not only hunting, it's agri-tourism as far as bird watching and it's the bed and breakfast, all these facilities are being built for hunting and now they're growing out into other areas of agri-tourism and I urge the Department of USDA to continue the program as was promised by President Bush in his campaign.

And if I would have one area of improvement, I have a fantastic relationship with FSA and NRCS in the state. Do not try to make it one-size-fits-all. Let Janet Ortley and Mr. Cutler's folks do their jobs. Come out in pick ups, sit with the farmers, and design systems that work for that particular operation.

And in closing, for those people who would make the argument that we need these extra bushels to supply the market, the function of price is to manage supply to meet demand. The corn price in my local elevator today is \$1.50. The market is telling me today that we do not need those CRP acres for production. And just remember that when they try to make that argument. And thank you.

MODERATOR: Thanks so much, Todd.

And we'll finish with Mike over here and then we'll take a ten-minute break.

MR. MIKE STAHLY: Well, thank you, and I appreciate the opportunity to visit. I'm Mike Stahly. I'm the current president of the South Dakota Cattleman's Association. Fourth generation rancher in southern Beetle County along with my son is with me now and he's got two sons we hope will stay on the ranch.

Now, this partly is in comment to number one. As you try to keep the generations on the ranches and the farms, which is tough enough to do with the economic situation, and it can be, it isn't necessarily all bad. And then you see something happen in Mississippi and Louisiana like happened the other day and we realize we really have it pretty good up here. But one of the areas, you know, the feedlots, maybe dairies, hog operations, we're part of the cattle thing, so I will speak to feedlots. There's a way that you can expand to keep your generations on the ranches and the farms without having to acquire more land. And land is expensive and hard to come by.

As the rules get promulgated for these feed yards and I'm going to use "feed yards" because that's what we're interested in, in the beef cattle business, but it all pertains. We need to somehow make these rules make sense. If you are going to keep and get these young people to do this, maybe their fathers and grandfathers didn't feed cattle and maybe they want to start. It's a tough game to start. If you can come up with a way to help them capitalize, help them get through some of these environmental rigs. We know they're going to stay in place if they're not going to move.

One of the things that really bugs us is, why do people -- why can they move from town to the country and seem to run the show? Because you can't move from the ranch to town with their zoning requirements and change their zoning. You comply when you move into an area in town, whatever that is, however that's zoned with their zoning requirements. To me and to us, if you move out into the country and there's a ranch or a farm and a feedlot there, they were there before you were, you're going to suffer the consequences if you want to move out there. I don't know how the Farm Bill can apply to that, but it's a never-ending problem and not just in South Dakota.

A little on the energy policy and they've tried to work one and I don't know anybody that argues with ethanol, but I think you're kidding yourself if you don't include nuclear power in this energy policy. I mean, they've got more safeguards than they've ever had. We've got to come up with different ways to use some of our energy so we can use the energy that we need on the ranches and be able to afford it.

Another thing that seems to have been brought up to us and I hope I'm not running out of time.

MODERATOR: You're already out of time, Mike.

MR. STAHLY: Ah, shoot.

[Laughter.]

MR. STAHLY: We need the rules to be applied across the board, across the state equally. You will talk to somebody from one county and they'll have to do this and another county will have to do this. Everybody means well. They tend to interpret the rules different. We need to get together as a state more often. We did it a couple, three weeks ago and it worked. I think it helped a lot. And those kind of things, if we could get together within our states more to make sure we are all on the same playing ground across the counties. And I thank you very much.

MODERATOR: Appreciate that. Thanks so much, Mike.

We are going to take about a ten-minute break. And remember, when we come back we are going to go for about 30 minutes and we're going to open up the forum beyond the six questions that USDA has put towards us as an agenda. So you will be able to comment about anything concerning the farm programs or things that in general are issues to you.

So we'll take a short break and we'll back in about ten minutes.

[Brief recess taken.]

MR. DENNIS \_\_\_\_\_: [In progress] -- Executive Director of the South Dakota Rural Water Association and I would like to speak to the Rural Development Program, the water, wastewater loan and grant program.

First of all, Under Secretary, that program has been instrumental in bringing water across almost the entire state of South Dakota to farmers, ranchers, and rural residents. The people I talk to, and we have a booth here at the state fair, are very appreciative of what this program has done.

In saying that, one of the challenges that those of us that are involved in assisting these regional systems to get going is that as we become larger and as some of our systems kind of end, there are people who are kind of what we call a remote user. And they're out far enough on the end of the line that it truly takes grants to reach them. Over the past years the grant percentage has been dropping. So in '05 it was 25 percent, '06 it's going to be 20 percent, but if we go back a number of years it was high as a 50 percent grant when some of those are built. So I would simply point that out. I would hate to see that we have the haves and the have nots in rural water in South Dakota, but I think that's an addressed factor.

I would like to just also simply say that this program has worked extremely well for both livestock producers and those who live in the rural properties. And we want to thank you for this program and we hope that the loan and grant program for water and wastewater would continue. Thank you.

MODERATOR: Appreciate those comments, Dennis.

Let's go to the middle mike to Rick.

MR. RICK VALERIE [sp]: Thank you, Michele. Rick Valerie [s p], Executive Director, South Dakota Wheat, Incorporated, a wheat producer group in South Dakota.

We would like to just generally address two questions and I might be a little bit outside the questions, so I'm in the open-mike session.

Question six, wheat functionalities, attributes, those are excellent ideas to be pursuing, but with those excellent ideas comes a couple of problems. In that is segregation and transportation via segregation. Transportation issues in South Dakota we are definitely a captive state. We do not have as good access as we would need to do the segregation and be cost competitive. So that's a very specific area. Wheat functionalities and wheat opportunities are immense in South Dakota and we are working very hard to do it in a couple of variety different ways. And believe that we can accomplish it, but we need some help in that transportation arena.

Second area, question four relating to conservation practices. Again, some very specific thought processes on CRP. In general, in general, and this is just a thought process, taking part of CRP and making it GRP. Now, that's grasslands reserve program. And right now the grasslands reserve program is limited to two million acres. We believe there should be some discussion held on allowing some of the acres that are coming out of CRP to be reenrolled flexibly-wise into GRP. The main distinction is the working lands and we think that's important. Working lands still can be beneficial to wildlife. Working lands can be beneficial to grazing. Working lands can be used for energy such as biomass production. You are still using that program to help formulate the opportunities that we have as agriculture in assisting the nation in a lot of different areas but it's a little more specific. Hopefully some discussion in that general area can lead to some ideas on making that work. And I thank you very much.

MODERATOR: Thank you very much, Rick. I think we'll go down here.

MR. SEAN PRICHETT: Sean Prichett, South Dakota Rural Development Council, but more importantly son of a family farmer. Today I'm speaking not specifically on behalf of our council, but on behalf of rural communities from throughout our state.

I've had the opportunity to talk with a lot of rural communities and they face a diversified set of issues that range from housing, to health care access, prohibitive costs for starting to farm, population loss, jobs, business development, infrastructure. Understanding that we need strong rural communities for agriculture and our communities are dependent on strong agriculture as well.

Specifically, I want to highlight the issue of youth because a lot of our communities are concerned about that. And specifically as I've talked with you, 95 percent of the youth in our rural communities want to stay in rural communities. But if you ask them whether they think they're going to locate in a rural community, only 5 percent actually believe that they will have the opportunity to do so. So it shows that we have a lot of interest in the rural lifestyle and the quality of life that we get there. But it says that we have a long ways to go in ensuring that we provide the opportunities to make sure that that happens.

I want to talk a little bit about -- not all of the issues, but uniquely because all of those issues, housing, infrastructure, costs for starting farming, USDA has some sort of relationship or programming dealing with all of those sets of issues. But so do a lot of different departments throughout the federal government. An old study, but still relevant today, puts 500 plus rural related programs scattered among the federal agencies in Washington, D.C. That's not even counting the programs that we have at the state level and at the local level and from private organizations. How, as rural communities, are they supposed to navigate that increasingly complex way of accessing those resources to meet their own economic development objectives? We need a call for greater coordination of those resources.

USDA in the 1972 Rural Development Act was appointed to take on that responsibility. The 2002 Farm Bill provides a mechanism to do that through the National Rural Development partnership, through the realization of the National Rural Development Coordinating Committee, and through the State Rural Development Council. So I have three quick requests, and I know my time is up.

First, to support an appropriation of resources to those various entities.

Number two, to request reauthorization of those various entities in the 2007 Farm Bill.

And number three, to echo Jim Doolittle's comment to continue supporting rural development programs in Rural Development as opposed to other agencies. You understand rural America. We need to be supportive of you as an agency for that. Our communities work better with USDA than in other federal agencies. You are very open to those rural communities and we appreciate that and the work of our rural development department here in the state of South Dakota.

Thank you.

MODERATOR: Okay. Thanks so much, Sean.

Let's go over to the west microphone. That's you.

MS. JOY McCracken: I'm Joy McCracken with Neighborhood Housing Services of the Black Hills. We are located in Deadwood. And we have been working in

partnership with Rural Development since 1992. We accomplish our mission in common of assisting low-income families with the purchase of their home and the maintenance of their home. We have been very fortunate to receive several HPG grants and we've used these funds to assist many seniors in our area. Most of our seniors, 80 percent of our seniors are home owners and it does indicate the need for the HPG grants.

We have been able to assist over 400 families with home ownership and many of those families have utilized the 502 program. We are serving the very rural areas of South Dakota. In the past we have received TSA money to offset that cost of travel. Many times our staff is traveling two hours to meet with a low-income family to assist them with home ownership.

In South Dakota we are very fortunate to have several very strong, non-profits that are working with Rural Development to assist families with the purchase of their home and with the maintenance of the home. Our struggle is lack of the grant funds with the HPG funds, there's only limited funds; and the lack of the TSA funds, there's only limited funds there as well. And if those funds could be increased, we could a lot more in South Dakota. Thank you.

MODERATOR: Appreciate your comments, Joy.

Let's go to the center microphone.

MR. CHUCK TURBERVILLE [sp]: Hi, I am Chuck Turberville, I am the executive director of the Deadwood Economic Development Corporation of Deadwood, South Dakota. I am here today to ask you to please consider continuing two of the programs that we have worked with in the past.

Five years ago Deadwood Economic Development was somewhat inactive. We had \$14,000 in our loan account. We started working with Rural Development with Lynn Jensen and Tim Potts and Doug Rail and through an RBAY [ph] grant and through a series of IRP loans our \$14,000 has grown to a loan portfolio of \$1.4 million. We have \$400,000 that we have available to us from our final IRP grant, plus we had matching funds of about \$150,000. These programs have been very, very successful in our area. Deadwood also works with leads so we cover two cities. And we have been able to create a number of new jobs and 47 new business opportunities. I would like to see these programs continued.

The mayor of Lead, South Dakota asked me to read a letter to you. He is unable to be here, but he said: I wish to extend my appreciation to USDA Rural Development for the help they provided in the purchase of the historical opera house in Lead. The Opera House Society was finally able to acquire the property last June. The only reason that this happened was due to the cooperation and willingness of rural development to participate as our primary lender. The project started with Doug Rail and was completed by Tim Potts. Lynn Jensen made the site visit and was instrumental in securing the loan.

The Opera House Society had been working for years to get the property so that they could continue the restoration efforts. It is through the efforts of Rural Development they were successful.

Again, thanks to Rural Development the restoration process will begin again in earnest in November with a three- to five-year completion timeline.

Gentlemen, I want to once again thank you for the programs you do have and urge you that you continue with those. Thanks.

MODERATOR: Thanks, Chuck. And I think Brenda was on deck behind him.

MS. BRENDA FOREMAN: Brenda Foreman, South Dakota Association of Cooperatives representing Farm Supply Marketing Co-ops, rural electric, and some telephone cooperatives.

Just two issues I kind of want to touch on very quickly. One of the questions that was asked of the six is talking about research, rural development extension, research teaching. One of the things we have to make sure within these programs that we keep is what we call the base funding or the main support back into the system. One of the pushes has been to put a lot of things into competitive grants. Well, competitive grants are a very good method to make sure we cooperate in other areas with other states, other entities. One of the problems that we face in a smaller state is making sure that the base programs still exist. And so by taking money away from the base programs we are going to impact the research that we need to learn and to find out new ways to market, new development programs and things like that. We are going to impact the extension, the teaching of those practices once we learn them to the research.

The other thing is to continue the funding support for rural development which has already been mentioned and the cooperative programs within USDA. From a cooperative standpoint we are farmer owned and we are farmer controlled. And I think as businesses whether it's just in farmers or other entities, we need to look at that option.

Following up on that, one thing we would like to encourage USDA to take a look at is, as they develop the farm program and you go into its development, use your local cooperatives as a way to implement those programs and help the producers better understand and working with them as a whole to get the programs out there and make them more aware of it.

Thank you very much for the time.

MODERATOR: Appreciate that, Brenda.

Let's go over to this young lady on the east microphone.

MS. CINDY DANABRING [sp]: Thank you. My name is Cindy Danabring [sp]. I am the executive director of Innerlakes Community Action in Madison, South Dakota.

We administer programs to assist low-income and elderly people to meet their full potential. Two of the programs we administer are through the Rural Development. One is the mutual self-help housing program. The other is we have a pilot self-help rehab program. We have administered the mutual self-help housing program since 1996. This year we will building our 100th house with families.

I would say mutual self-help housing is one of the most challenging programs I have ever worked with; and I have worked with a number of programs over the years. It's challenging not only for the administering agency, but also for the families. But in saying that, it is also probably one of the most rewarding.

The year we started, in 1996, was a really bad winter, if people remember. For some unknown reason, we thought we could start building houses in the dead of winter in South Dakota. Well, we did that and it was very heartening for all of us involved with the program. I can still remember family members up on those rafters chipping the ice off so that they could get the sheeting on those roofs. Having a home was that important to those families. And it is that important today to the families of rural South Dakota to have a home of their own. The work ethic is alive and well in South Dakota and it exists in the mutual self-help housing program.

I just want to thank you and I hope that you will look at continuing this very worthwhile program in the future funding.

Thanks.

MODERATOR: Appreciate that, Cindy.

We will go over to the east microphone now.

MS. PINKY CLIFFORD: Good afternoon. My name is Pinky Clifford. I am from Shannon County. I reside on the Pine Ridge Indian Reservation in the Wounded Knee District.

I am a member of the Oglala Sioux tribe and the executive director of the Oglala Sioux Tribe Partnership for Housing.

I had the pleasure of coming today to receive a grant award from Secretary Dorr. Extremely pleased because with the TSA grant that we've been awarded we are going to do credit counseling. Before people can attain home ownership whether it's through a self-help program that we have as well, or through any other loan product that's available, people need to be financially literate. We find that that is so important across the country today. That it's not only in my area, but areas all over and that's really what this world is all about, financial literacy.

What you gave us today was a stepping-stone. We do have a very large presence with rural development on our reservation. Participated in many programs. And the staff here in Huron and those that come from Rapids City have been very supportive and we have very serious discussions about what we think should be fair or looking at the challenging ways that we have to build or the mileage of the miles that we drive. But we are building and Rural Development is a partner and I'm proud of that. And I thank you for coming.

MODERATOR: Thank you so much.

Let's go to the middle microphone. I think, Scott, you're up on deck.

MR. SCOTT VANDERVAL: Thank you. Mr. Secretary, I would like to thank you for coming to South Dakota and welcoming you here today. My name is Scott Vanderval. I'm from Volga, South Dakota. We have a family corn and soybean and cattle feeding operation.

I just have a couple of general comments I would like to make about the next Farm Bill. When the current Farm Bill was put into place there was a lot of talk about the safety net provisions of it and what it did for us in making us able to manage our risks. I would suggest if a commodity support program is going to continue that the current structure and idea of the farm program is pretty good. You can take the countercyclical payment, the LDP, the direct payment and along with a good insurance program you can make yourself a pretty good safety net and manage your risks. Recognizing the fact that if you don't get a crop you don't get an LDP, it elevates the importance of the insurance program to really a high priority.

I've heard talk in recent years of the possibility that the crop insurance program may be a way to save money. I would be an advocate for in fact expanding the crop insurance program and strengthening that because it's a very integral part of our risk management system that we can use as producers.

The other aspect I would like to mention just real quickly is the placement of the funding in the next Farm Bill. We know that the conservationists would like to shift funding from the commodity title over to the conservation title. The concern I have with that is that really what you are doing there is taking money that's available to almost everybody that raises a certain commodity and shifting it over to a program that's available to very few.

For instance, in South Dakota here this last year we had two watersheds that were eligible and very few people within those watersheds were actually eligible for the program. Now, that's the way it was run at that time, and I know that can change. But that would be a concern to me. If you are going to have a continued price support program, it needs to be available to all the people that raise that commodity.

So thank you very much.

MODERATOR: Appreciate those comments, Scott.

Angela.

MS. ANGELA EHLERS: Thank you. And we do welcome you Secretary Dorr to South Dakota. My name is Angela Ehlers. My sister and I are the fourth generation to own lands north of Presho, South Dakota which is in the center of the state. I have some comments prepared for question number two. I am also the executive director for the South Dakota Association of Conservation Districts. I guess I should tell you that.

In designing our farm policy, we must be cognizant of the World Trade Organization agreements and the potentials for tariffs and export limitations if it is determined those agreements are violated. Producer assistance that does not distort trade or pricing such as the Conservation Security Program, could be an effective tool to allow our producers to achieve economic stability and sustainability both environmentally and economically. By providing those opportunities for rewards for conservation activity or stewardship activity, which is a rather new concept introduced in the 2002 Farm Bill, and we are not interfering with marketing production decisions, producers could react to global conditions and respond to global marketplaces without worrying about whether or not their commodity payments or the conservation payments are in trouble.

I'm sure you will hear more from conservation districts across the nation as you continue to hold these Farm Bill programs because we do value our strong partnership with USDA and we continue to look forward to having that strong relationship with all aspects of USDA as we provide support for agriculture in the United States.

Thank you.

MODERATOR: Thank you.

Let's go to the middle microphone.

MS. MARCIA ERICKSON: Hi, I'm Marcia Erickson, executive director of the Northeast South Dakota Community Action Program. We are based out of Sisseton, but we do service 17 county areas. Thank you for hearing our comments today.

I would just like to mainly comment on the strong partnership that our agency has with Rural Development and the programs that we jointly administer through them. One is the housing preservation grant program, which Joy McCracken also administers on the west part of the state. That helps low-income families and households remain in their house because we help them with important repairs such as shingling and wiring, handicap accessibility and other items.

We have also had the benefit of receiving TSA money through Rural Development where we help approximately 300 homeowners each year with counseling or education to either remain in their home or purchase a new home. That money has also given us a jump start to access additional funding.

Another very important program that we helped Rural Development administer is apartment management. We also own some apartments. Their tenants only pay 30 percent of their income toward their rent. And it really makes it affordable for these families to stay in the community. We have also been able to jointly administer the housing loan partnership program in conjunction with Rural Development. There we do about 20 percent of the loan, they do 80 percent. And we have helped families with incomes at around \$6,500 purchase a house. Very, very important program. And because we are a CFI community development financial institution, we are able to help Rural Development access additional funding through the federal level for this program.

We have also had the advantage of receiving loan funds through the intermediary relending program. And currently we have about 350 active loans in a 22-county area in South Dakota and it's been one of our primary lending sources for our revolving loan fund. We have also been able to access the rural business enterprise grant.

A strong, strong partnership with Rural Development. These programs are very important to South Dakota, to our agency and to the individuals that live here. And I hope that you can continue those programs if not strengthen them.

Thank you.

MODERATOR: Thank you.

Let's go over to the gentleman on the west microphone.

MR. CLIFF HALVERSON [sp]: I'm Cliff Halverson [sp] from Lymen County, and I thank you for being here today too. I would like to make a few comments on CRP.

First, I guess when you are reconsidering the Farm Bill and the future CRP, I would like you to consider the economic advantages. CRP actually is a very economically viable program. And the aspect of on the acres that are getting farmed, as the gentleman said before, by the time you consider your countercyclical payments and the deficiency payments and all the other costs associated, you know, for the government on that land that's already being farmed, it would be comparable or not a great deal more money to have it in CRP and have it totally out of production and producing grass and wildlife and everything that everyone can benefit from. So economically it's a very viable program because it eliminates all those other costs to the government that are always incurring on those acres that are still getting farmed.

So, you know, you may look at a CRP thing and say, oh, this guy is getting \$40 or \$50 an acre rent or \$35 or whatever he's getting. And that's easy to visualize how much

money that's getting laid out there. But all these other acres that are getting farmed are getting a substantial amount laid out too with no benefit to anyone else.

Another savings for the government is when we do have these disasters there is an emergency feed source there. Which can be a substantial savings, you know, if you're talking about feed aid and all this and that. And it's in the area where the people can use it so you don't have, you know, the transportation costs and all that thing too.

One other issue, I guess, for me is, I've read in some of the magazines and, you know, I don't know if you can believe everything you can read, but some of the talk is that they would like to shift some of these acres to the eastern part of the country. Some of the eastern states think they're getting shorted and stuff and they would like to have more CRP and smaller chunks and waterways and stuff in the eastern part. I guess in my opinion that is a good place if you want to turn out birds and hunt. It makes a good hunting spot and all that. And if there are certain erosion areas, that would be a big benefit.

As far as the wildlife is concerned, I'm not so sure. Because if you put in a whole bunch of little spots like waterways and little areas like that, the predators just come in and clean them out. Honestly, to make good wildlife habitat you need bigger acres so the birds have somewhere to nest without having the predators get them. And that takes bigger chunks. It takes 40s and 80s and quarters. So if you really want to benefit wildlife, you need some bigger areas like we have here.

Another thing is, the CRP that we have here is already seeded. You know, if they would reinstate that and reup the CRP, it would save the government a whole lot of money in seeding costs.

So I appreciate your time. Thank you.

MODERATOR: Appreciate that, Cliff.

Let's go over to this young lady on the east microphone.

MS. DAR BAUM: Good afternoon, my name is Dar Baum. On behalf of the Board of Commissioners and the staff of the South Dakota Housing Development Authority I would like to welcome you to South Dakota as well, Secretary Dorr.

We consider USDA Rural Development to be the strongest partner right now in our rural development -- oh, I'm sorry, in our single-family home ownership program. In that I believe that we might be purchasing the majority of the guarantee loans that you authorized here in South Dakota.

To that end, in a very general scope I would like to encourage the Department to work with Congress and certainly the decision makers back in Washington to continue to

advocate for as much -- I like to use the word -- "block grant distribution" to the states and local decision making.

I would like to really commend State Director Jensen, and I know a number of his team are here today, for the ability that they have to keep their eye on the mission and help those of us who are working so hard to provide affordable housing, and knock down barriers, not try to see how the regulation can prevent us from doing good things.

To that end, I would also like to acknowledge that USDA Rural Development has regulations that requires home buyer education for recipients of their loans in areas where it is available. The South Dakota Housing Development Authority worked with Pinky and a number of other folks testifying here today to ensure that home buyer education is expanded around the state. However, we view the mandate that comes out of your regulations to be rather an unfunded mandate in that through competition some folks might receive the TSA funding to help support that, but we don't necessarily have the funding statewide.

I would like to congratulate the Department on the ingenuity in making the new multi-family preservation cooperative program available. People that are much more schooled in it than I need to talk details on how it could be even more flexible with more decisionmaking being made at the state level. I think there has been a move lately to pull some of that decisionmaking back. And as many of the folks on the farm side and the housing side and the community development side have said, we have the utmost confidence in your appointments at the state level. I think their heart and soul is in the business and hopefully you will work with Congress to keep as much latitude as possible back home on the farm.

Thank you.

MODERATOR: Okay. Appreciate that input.

Let's go to the center mike now.

MR. MARSHAL EIDELMAN [sp]: Marshal Eidelman, Willow Lakes, South Dakota, cow calf producer and region seven vice president for the National Cattleman's Beef Association.

It never ceases to amaze me the different issues that are all encompassed underneath of the Farm Bill. I would like to just cover some producer issues that are important in my operation. If we are trying to retain our young, next generation, on the farm and ranch, some issues that are very important to us is permanent repeal of the death tax so that we can pass that on to the next generation. We are in an industry that is asset rich and cash poor. And in many cases that makes it tough to pass on to the next generation.

Also, a level playing field. We need to continue to work towards a level playing field which includes free trade agreements such as CAFTA which is very good for the beef industry here in the state of South Dakota and all across the nation. And we as farmers and ranchers are very productive, but we need to be on a level playing field with the rest of the countries around the world.

One of the other things that was mentioned here this morning was Country of Origin Labeling. NCBA wants to have a voluntary Country of Origin Labeling very similar to what Governor Rounds and Secretary Gabriel have put into place with South Dakota certified. It's very important that we let the marketplace work and that we do that on a voluntary basis. You know, the saying goes, at what point does a brand become a commodity. And I believe that when you go to a mandatory type situation you have crossed that line.

The other thing I would like thank you for or thank Secretary Johanns for announcing last week was the private governmental partnership in the animal identification arena. I believe that is a very positive step and it helps to cover some of the concerns that we have about confidentiality. That partnership should be able to take care of those concerns.

Thank you.

MODERATOR: Thank you, Marshal.

Let's go back over to the west microphone.

MS. DEANNA WHITE: Hi, my name is Deanna White. I live in Sioux Falls and I'm with the Sierra Club, a nonprofit conservation group.

We believe that family farmers are absolutely some of the most incredible stewards of the land that you could ever ask for. We would hope that this Farm Bill rewrite would not only fully fund the conservation programs, which is of deep concern to us, but also make sure that the payments, for conservation and for other programs to help producers, go to the small and medium producers, the family farmers and not to the large agribusiness and KAFO producers that you're seeing try to come into South Dakota and then are already in so many other states that don't take as good of care of the land and that don't have the responsibility and the sense of passing it down from generation to generation.

We hope that you will use these funds and use these programs to reward producers who have strong conservation programs. That you use it to help develop niche markets and opportunities for things like organic production and other uses rather than just focusing on the traditional.

So thank you.

MODERATOR: Thank you so much for those comments.

We will go back to the middle microphone or the center microphone.

MS. LORI MOAN [sp]: Good afternoon, my name is Lori Moan. I am with the Northeast South Dakota Community Action Program. I am the housing director there.

I would just like to say thank you for having this opportunity today. I also would like to say thanks to Lynn and all his workers for informing us. Informing us that this would be available to our agency and informing us of when programs or opportunities are arising for people in our service area that can gain from the programs in rural development.

One of the things I would like to say is on the 515 projects and the 545 subsidies that are given to rental apartments. Most of these apartments are getting to a point where they're in quite a bit of need of repair, rehab, and we have been able to access some funds for very few of the apartments that we do manage. But I would like to see that continue.

While we look at trying to keep our young people in the small communities, apartments are one way of keeping them staying here. It's also a way of maybe moving mom and dad into town, into an accessible apartment and allowing the son or daughter to move into the farm site. So I would like to continue seeing that.

I appreciate your time today.

MODERATOR: Okay. Appreciate those comments.

I'm not sure who was up next. I'm going to go over here and then we'll come back to the middle.

MR. ARNOLD WEBB: I am Arnold Webb. I am a board member of the Weed Board in Hughes County. This subject hasn't been brought up, but this is really a kind of unthankful job that sometimes you feel like throwing up your hands and say, well, I've had enough. But that don't solve the problem.

Now, each one of us operators are expected to control not just weeds. And I can go around to most of my neighbors and they've let weeds, not just weeds, go to seed. But you also have problems with the railroad with the bureau with the game and the fish and we've tried to get on to them, but this is very difficult. And I have tried to do what I could in my neighborhood and with my neighbors. But I wanted to bring this to your attention. And you can't hardly expect private operators to control your weeds if they don't control them along the railroad, if they don't control them in the game and fish areas or in the bureau.

I thank you.

MODERATOR: I'm sorry, sir, I was having a very hard time hearing what your name was. Could you please say that one more time just so they can get it for the record?

MR. WEBB: My name is Arnold Webb.

MODERATOR: Okay. Thank you.

MR. WEBB: Of Hughes County. Yeah.

MODERATOR: Appreciate it.

Okay. Let's go over to the middle microphone.

MR. LARRY RUDEBUSH [sp]: Good afternoon. My name is Larry Rudebush [sp]. I'm a third generation farmer from Bruce, South Dakota. I'm here not representing any special interest.

These six issues that have been laid out by USDA underscore the reason why all of these Farm Bills for the last 50 years or so have failed. We have to go back quite a ways to find a Farm Bill that actually worked. We have to go back to the 1940s. In the late '40s, 1946 through 1950 we had a balanced economy at that time. The economy didn't rely on borrowed dollars. It ran on earned dollars. And the income-producing segments of the economy covered the cost-generating segments of the economy. In the time since then, since the early '50s, we've experienced a structural imbalance in our economy. In other words, our costs have increased and our income has decreased.

Today we are suffering, in South Dakota alone, a \$233 billion shortfall in personal income in that time period, 50-some plus years. And at a national level that number is \$26 trillion. And there is the problem. And that's why we have all these other problems that we are dealing with. They are not the cause of the problems, they are the symptoms.

So what did they do in the 1940s? Coming into 1942, we were still in the great depression. We were entering World War II. We had no way of coming out of the depression or paying for the war. And what Congress did was they implemented, legislated, and enacted the Federal Farm Parity Laws. That's the last time a Farm Bill ever worked. It didn't just work for agriculture, it worked for the entire economy. The economy did not require debt to operate. It was fueled by earned income.

Congress did that under the authority granted to it in the constitution by the people to regulate the value of our money. If I had time I could go into that more.

The problem is the disparity in our economy, the structural imbalance. We know what's causing it. We are not regulating the value of our money. Our Congress isn't doing that. They can do that through farm parity. They've done it before, it worked, it solved all the problems. We wouldn't be sitting here today if we had kept that law

enacted. But the special interest groups worked their way into it in the late '40s and by 1952 they got rid of the farm parity laws.

All of this that we've been talking about today are just the symptoms of the problem. They do not address the cause. We need to get Congress to do its constitutional duty, regulate the value of our money. In the '40s there wasn't a problem with the tariffs because there weren't many imports because of the war. But now we have that problem. And the tariff authority in the Constitution is a monetary tool for Congress to help them regulate the value of our money, and that's what we need to do.

Thank you.

MODERATOR: Thank you so much.

I'm going to take the question back here and I think maybe right here and then we'll try to wrap things up.

MR. CHARLIE COLOMBE: Thank you. My name is Charlie Colombe. I am president of the Rosebud Sioux Tribe. We are located in south central South Dakota.

Mr. Secretary, I welcome you to South Dakota the homeland of the Lakota Sioux. Additionally, if you ever have the time and want to go on a good pheasant hunt, come to Rosebud.

I want to thank your good staff that works here in the state. Historically Indian people have been a little removed from the farming aspect of the community. However, we have taken part in some of the areas such as Rural Development provides. And I had one of my young Harvard lawyers here today and I think there was probably a picture session with you. But I need to compliment your staff for reaching out in the Indian country, reaching out into the true grassroots of South Dakota. So I want to say that.

And as we go forward, we look forward to many, many trips, if you will, to partnering with your people. You have a great staff in western South Dakota and certainly in the Huron office. Over the many years that I've been an Ag producer, I've had great luck in working with those people. So thank you, welcome, and like I said, if you ever want to go on a pheasant hunt, come to Rosebud.

Thank you.

MODERATOR: That sounds like a pretty good invitation.

UNDER SECRETARY DORR: That sounds like a great opportunity. We do have a few pheasants in Iowa, too.

[Laughter.]

MODERATOR: Okay. And our last comment here.

MS. MARSHA HENDRICKSON: Good afternoon. My name is Marsha Hendrickson and I am the executive director of the Enterprise Institute and the Independent Inventor Institute.

We have a technical assistance group that helps people across the state, inventors and entrepreneurs commercialize their ideas. We take them everywhere from having the idea on a napkin all the way to venture capital and eventual sales.

What I want to talk to you about today is the RBAC [ph] scoring criteria. Since we are a statewide organization and there are many other statewide organizations that have not been scoring well on the RBAC scoring criteria because they are statewide. In a state like South Dakota where there are only, you know, less than 750, 775,000 people, that's not a large community. So we have to do things across the state. That means that the expertise that we've developed inside of the Independent Inventor Institute as well as the Enterprise Institute is hard to replicate in some of the smaller communities. We actually traveled the state trying to help people stay in their own communities.

The National Business Incubators Association has shown that if a company is incubated in an area, there's an 80 percent chance that that company will stay in that area. And that is something that is very important to South Dakota. So I would like to see that scoring criteria opened up for states like South Dakota that are truly rural.

Okay. Thank you.

MODERATOR: Appreciate those comments. And remember, if you have additional comments that you didn't get in today, the comment boxes will stay out there for a portion of time after we are done with the forum here today. Also, as we mentioned, we have a lot of state staff that's here today that you can direct some of those questions or comments to. And the USDA web site is [USDA.gov/Farm Bill](http://USDA.gov/FarmBill). So that's the official web site and you can e-mail comments in there as well that will go into the public record for today.

This has been a very interesting and informative session and very educational for me. I wasn't as up on Rural Development probably as I should be. Because I report on, you know, all the other production agriculture issues all the time. But we thank all of you for being part of this forum today.

Why don't you give yourselves a round of applause. It takes a lot of guts to get up and handle the microphone so well.

[Applause.]

MODERATOR: And lots of great comments and a lot of grassroots input and we thank you so much for participating and being part of that.

In fact, I was a little worried. It started a little slow, so I wasn't sure. But I know this is the portion of the program where we allow -- our Secretary is here to make any final comments that you want to the audience and maybe Secretary Gabriel you could go first.

MR. GABRIEL: Thank you, Michele. I wanted to just thank each and every one of you that made comments. We have a very formidable task here ahead of us to craft a Farm Bill that's truly good for all of the sectors, not just in South Dakota, but for New Mexico, Connecticut, and Florida, and Kansas and it's a big challenge.

You know, I heard some of the same themes from you today. I heard several times people mention, you know, one size doesn't fit all. And I believe the message that I personally wanted to give to Secretary Dorr here is that message. Let us craft cooperating programs with our friends in the Farm Service Agency, with Rural Development, with NRCS that work for South Dakota. Let us craft programs that work for Turner County and will work in Harding or Meade County out in the west.

Mr. Secretary, one size just doesn't fit all. In the organization that I'm a part of, the National Association of State Departments of Agriculture, believe in either doing block grants or just doing a formula again that allocates it to the appropriate USDA offices; but under the premise that the people in South Dakota will then craft the specifics of a program under the overall charge of the bill with Congress with oversight from Secretary Johanns. But let us craft what will work here in South Dakota.

You know, many of us, and I've heard strong comments here in support of the CRP program, and I've heard other people say, well, maybe it's not so good. But, you know, at one time there was some discretion in how we pay people for different categories of CRP. I didn't know until a week or so ago that there's 34 different CRP categories. And then we are supposed to pay the same rate for all of them in a given county, well, based upon a soil survey and a productivity rating. And quite frankly, some of those acres should have a much higher priority because the benefit to society, clean water, as well as the benefit to sportsmen is much greater on some acres than it is on other acres.

So, again, Mr. Secretary, you know, the message I want to give you here today --

[Tape break.]

MR. GABRIEL: [In progress] -- not that we want to do it in State government, but let us partner up with our friends and the USDA offices to write something that will work here and then hold us accountable.

MODERATOR: Appreciate those comments.

I got a totally new perspective on Rural Development today, I really did. And so after the comments that we've heard, I think we had the appropriate Under Secretary here to hear all the Rural Development comments. And certainly appreciate you being here in South Dakota and taking the time to listen to the folks here.

UNDER SECRETARY DORR: Well, it's really a lot of fun, number one. Number two, it's a privilege and an honor to be out here to listen to the folks who are actually paying the bills and making all of these things in general possible.

I think it's important to note, I mean, we talk about Rural Development. It's important to note, I had a contact from Senator Thune just before I got here. He was apparently going to plan to be here and he got tied up on a number of votes and couldn't. But I think that's a classic example of the recent realization of the value of economic development, rural economic development in South Dakota. And he talked about this with me, the number of folks that were involved in making the Ellsworth Air Force Base closure situation turn out to be positive for the state. And what is important about that is quite frankly that only happens when local people address these issues and work together, and we realize that.

And I can't help, and I would be remiss if I didn't mention this. Because when I first got to Huron this morning, we stopped at a Rural Development office and the last week I have been immersed in working on Hurricane Katrina issues relative to housing. And, again, this was brought home to bear this morning when a local realtor, John Thompson, stopped in. And he's been working with our Rural Development folks who are involved heavily in multi-family and single-family housing programs tell us that they have put together an initiative locally that will facilitate bringing 100 families -- and they are doing this in a very responsible way -- to Huron, to help work with them and relocate them.

And so it's these sorts of things that go back to what Secretary Gabriel was just talking about. And that is that I have learned -- I learned this a long time ago -- not before I went to Washington, but when I lived in Marcus, Iowa -- that rural communities, the people at the local level know best. And I don't think there's any question that that message came through again today. It comes through consistently and frankly it's one of the things that's driven the work that we've done collectively in Rural Development.

We don't have just one Lynn Jensen, we have 50 Lynn Jensen's across the country. And 90 percent of them are incredibly capable and they know what's going on in your states and they have staffs that live amongst you. That's why they're so effective.

When it comes to ultimately defining what the next Farm Bill will be, the comments of all of you, and I think it's remarkable, this is not just today, this has been consistent all around the country. The level of interest and, quite honestly, civility that's taken place in these very disparate discussions on what farm policy and Farm Bill legislation and rural policy ought to be. And I think it is incredibly commendable to the entire country of what we are capable of doing in rural America.

So let me assure you that it was truly my privilege to be out here with you today and to listen to these observations, these suggestions, and in some cases criticisms. And it's my hope that we do the things that we're supposed to do. Take these back, evaluate them, and ultimately put together some proposals that make some sense that effectively are workable when it comes time to implement them at the local level.

So, again, thank you for the opportunity to be here today.

Michele, you did a terrific job.

MODERATOR: Thanks.

UNDER SECRETARY DORR: And I used to listen to her give the markets all the time on the radio. And, you know, even back then I wasn't thinking about Rural Development either. So we are all learning things and we're always changing.

And Secretary Gabriel, thank you for being here and listening to all of this today as well. We really appreciate your help. We look forward to working with you and your staff down the road.

MR. GABRIEL: My pleasure.

MODERATOR: We hope to get you back for some of that pheasant hunting.

UNDER SECRETARY DORR: Well, that would be fun. I used to hunt pheasant a lot. The last time the best shot I had was at the back end of a pheasant. I got it, but it was pure luck.

MODERATOR: Well, after today I realize what a tough job you guys have trying to do the balancing act and with the budget reconciliation and everything else, it's going to be tough. But it's going to be fun for me as a farm reporter to see the evolutionary process here as we go into the hearings I think the House Ag Committee is going to be having this fall and whatnot. So appreciate that.

Hopefully we will get to do more interviews with you. Those are always great.

UNDER SECRETARY DORR: Sure. I want to make one more quick comment on renewable energy and value-added programs. You folks have been in the front, in the forefront, I mean, the Broin companies and some of the early ethanol development work and research work that you have done here is remarkable. The growth of that industry alone as a result of the \$7.5 billion or 7.5 billion gallon ethanol mandate will amount to, I think, in excess of \$4.5 billion, 5 billion of expenditures. But literally over a quarter of a million new jobs and hundreds of billions of dollars of economic value down the road and you folks were pioneers in this and a lot of respect in this state. And so don't ever underestimate what's capable of coming out of these rural areas, these rural communities. The Broin family were dairy farmers. The folks that are involved in the IMC Fagan and

other groups came off of farming operations and we recognize that clearly. So thanks again.

MODERATOR: Yes, we are proud of that here in South Dakota. So you guys got good bragging rights on that.

Our thanks to the USDA staff that's here today. I want to especially thank whoever selected these really comfortable chairs to keep the secretaries and myself awake during this session. We were laughing about that a little bit up here. But, no, in all seriousness, the USDA staff obviously does a great job all of the time doing their job every day to bring you the programs that they do and help facilitate that. But they did a lot of behind-the-scenes work today that none of us saw that we really, really appreciate and hats off to them. And how about a round of applause for all of USDA folks across South Dakota.

[Applause.]

MODERATOR: They do a great job. Again, comment box over there. We also have comments that will be taken as part of the official record. If you want to send those in via e-mail on the [USDA.gov/Farm Bill](http://USDA.gov/FarmBill) web site. And I know that Under Secretary Dorr will be around for a while, as well as some of our state officials, for comments.

We also need to give Vicky a round of applause over here. That is a tough job to have to do interpreting.

[Applause.]

MODERATOR: Great job today.

Well, that wraps up our portion of this program and we want you to take back to Secretary Johanns our thanks for having a Farm Bill listening session here. And that will wrap it up for today.

Thanks to all of you for being a part of this.

[Whereupon, the South Dakota Farm Bill Forum was concluded.]