

# **TRANSCRIPT**

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

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## **Transcript of Virginia Farm Bill Forum With Under Secretary for Rural Development Tom Dorr Charlottesville, Virginia November 1, 2005**

MODERATOR: (in progress) Comments that are gathered here today will be tape recorded and transcribed. Other comments you can make out in the narthex out in the back where you can turn in comments to the comment box or make comments on-line or by letter. All of them will be treated equally. There will also be representatives at the various USDA agencies in the lobby who will be glad to answer any questions or address any concerns that might come up during this.

We will be addressing six specific questions. We'd like comments on those six specific questions, and copies of those are also available out in the lobby so if you haven't gotten one yet then now is a good chance to get it. We'll be asking folks to come down to the microphones here at this end of the aisle if you have a public comment to make.

Now's a good time to remind people to either turn off or silence your cell phones which I just thought to do, so that's a good thing. It really makes a bad noise in the microphone when they ring real loud.

Sitting here next to me is Secretary Tom Dorr. He's Under Secretary for USDA Rural Development, and I'll introduce him in a moment.

Jeremy Carter is here a staff member for Representative Bob Goodlatte of Virginia who is chairman of the House Agriculture Committee, and as we're all proud to say in Virginia the first chairman of House Ag from Virginia in many decades.

Coming up on the stage is Mr. Bill Dickinson with the Virginia Department of Agriculture and Consumer Services.

We'll run down the questions and format one more time before we begin. I want to introduce Under Secretary Dorr first. Thomas C. Dorr was appointed by President George W. Bush to be Under Secretary for Rural Development, and was sworn into office by Agriculture 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 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 United States and in Puerto Rico, the Virgin Islands and the Western Pacific Trust Territories. 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 1991 to 1997 and as a member and officer of the Iowa and National Corn Growers Association.

Prior to his current service at the Department of Agriculture, Mr. Dorr was president of a family agribusiness company. He is from Marcus, Iowa, and is married to Ann Dorr and has two children. Please welcome Secretary Dorr.

[Applause]

SEC. TOM DORR: Thank you, Norm, for that very kind introduction. And Deputy Secretary Bill Dickenson, welcome. Glad to have you here with us. I think after I get done making a few comments we'll ask the deputy secretary to make a few comments. I presume you have something you'd like to share with us.

This is really an interesting forum here today. The world is made up of perceptions, and it's really rather eerie sitting up here with this extended stage. This is a lovely facility and obviously the students here have either just done something or are in the midst of putting on a fairly significant show. But this extended stage with us back here and you way out there is definitely a perception disconnect.

And I really would like to encourage as many of you who would care to move down to the front to come down and join us. It would be helpful, easier to see you, and perhaps create a little bit of warmth here with the group that we have.

But I would like to thank very much Phil Stetson, our Rural Development state director and his staff. Is the FSA state director here, Phil? Oh. Thank you very much. I don't have your name. Jackie. What about the state conservationist to NRCS? Your name? (off mike) Great. Glad to have you with us. Appreciate everything you've done to help orchestrate the Farm Bill listening sessions.

I would like to thank Norm for taking time out of his schedule to be here today, and I'd like to thank him for that kind introduction and, Sara, thank you for coming up and leading us in the National Anthem. That was very kind of you.

It's good always to see Jeremy Carter from Congressman Goodlatte's staff from the House Ag Committee. You all as agriculturalists have no problem understanding the significance of Congressman Goodlatte. Let me assure you that those of us at the Department of Agriculture have no problem understanding who he is as well.

So we're delighted to have Jeremy here because they have a significant influence on everything that we do and Congressman Goodlatte has been a terrific advocate for agriculture and for rural America, and we're delighted they've taken time out of their schedule to be here.

You know this is one of a series of Farm Bill Forums across the country that we're holding. There's actually been over 30 so far. And what this is all about is preparation for writing the 2007 Farm Bill. This really is a very important process, and it's interesting because the idea for these Farm Bill listening sessions across the country was actually kicked off earlier this year as a result of a conversation between President Bush and Secretary Johanns. They looked at this whole issue of the Farm Bill and realized that it was a couple years down the road. You know, for all practical purposes in politics two years is an eternity, and they said, we actually have two years to work on this thing; let's try to get as many folks involved at the grass roots as we possibly can and start talking our way through this opportunity, this business.

So the forum today is a continuation of these discussions, and I don't know if any of you have had the opportunity to check out our website but it is a very good website in that it does accurately and very quickly reflect what is going on at these forums.

As a result we also recognize this is very important because we're facing significant challenges and changes in farming in rural America today. I was visiting with a couple of you earlier on and said, made the observation that agriculture in rural Virginia is no longer similar to what it was just a few years ago with all the new kinds of population pressures, development pressures and other things occurring here in Virginia.

Our basic farm policy structure was actually created in 1930s to deal with the Depression. That was a very different world. Rural meant farming and ranching and forestry and the small towns that were set up around those industries to cater to those particular rural-based industries. "Rural" many times meant isolated. Farmers still plowed behind horses and mules, and most farms didn't have electricity or indoor plumbing. Markets were generally local or regional at best, and at least in agriculture foreign competition wasn't really much of an issue at this point.

You have to understand that was only 70 years ago, less than a lifetime. Today it's very different. And farm policy quite honestly needs to adjust accordingly. In just 70 years we've gone from over 6 million to 2.25 million farms, and of that 2.25 million just 250,000 actually produce most of the food and fiber used in this country or exported into export markets. We've literally gone from plowing behind that horse or mule to gene splicing. We have GPS mapping on a furrow-by-furrow scale and scientific advances that are producing ever-greater yields with fewer inputs.

The vast majority of the 60 million people who live in rural areas don't farm at all, and more importantly 96 percent of the total income in rural areas is from non-farm sources.

Finally, rural residents as you all know expect the same services, the good schools, access to quality healthcare, emergency service, modern infrastructure, that we frequently take for granted when we're in the cities or the suburbs or the exurbs. So that's what this next Farm Bill is all about-- not just farming although that is very important, but also overall economic opportunity and quality of life in rural communities across rural America.

In looking at all these changes, I am an incurable optimist. I am an unapologetic optimist for rural America. I lived there all my life until the last four years in a small town of 1,200 people. Sure, there certainly are some incredibly tough choices and some unique challenges, but there are also some tremendous new opportunities. So that's why the Farm Bill is a chance to help rural communities recognize and take advantage of these opportunities.

Change is only a threat if you are not prepared for it. But if we are prepared, change truly is an opportunity. For rural areas today alternative energy is a good example. Ethanol is taking off. So is biodiesel. We are seeing increasing investment in wind, biomass and methane gas recovery. Cellulosic ethanol is just over the horizon, and if and when that comes on-line -- and I think it's a when and not if -- it's really going to be Katy bar the door because the feedstock costs for ethanol are going to plummet. And all this is market driven, and that's important because it means that it is here to stay.

Frankly with \$50 to \$60-a-barrel oil, this changes the entire profitability equation for everything else. As well, these are tremendous opportunities for rural areas, for farmers, and for creating good off-farm jobs as well.

Broadband is another big factor. Most businesses today can be done just about anywhere. That's a new thing. But what it does is, it allows rural areas to capitalize on their quality of life and their lower living costs. For generations we've assumed that most young people if they got an advanced education would end up leaving the rural community. They had to get the kind of job they thought was commensurate with the education they received.

In my class for example I was one of the very few who went away to college and came back to my home town to raise a family, and that was 40 years ago. One of our goals today is to create opportunities in rural communities so that young people have better choices so they're inclined to either stay or return to these rural communities.

We're also concerned with conservation and a cleaner environment. That's a greater issue all the time as you well know. We're concerned with keeping American farmers competitive in world markets, and that means we're very concerned with agricultural sciences, ag education as well as infrastructure.

We're concerned with barriers to entry. We need a support system that is fair to current producers but that also works for the next generation of farmers or those who want to get into farming. So if we can get these things right or at least some of these

things right, in my view and the Secretary's view and in the President's view we can at least build a wonderful future for rural America.

We're holding these forums because these issues affect everyone who lives in the rural areas as witnessed by all of you who have showed up today and because quite frankly none of us, absolutely none of us, has a monopoly on these good ideas. Today my role is to listen, and I'm literally going to spend most of my time listening and taking notes.

I can assure you though that these forums are very serious business. Transcripts as I indicated earlier are posted to our USDA website, and I hope you'll take a look to see what others around the country are saying. I sincerely appreciate your participation here today, and we're really looking forward to hearing all of you and to letting Norm run this in a way that makes it fun and intriguing and interesting for all of us.

With that, I'd like to turn it over to the deputy secretary.

SEC. BILL DICKINSON: Secretary Dorr, thank you very much. Good morning, everybody. I'd like to bring you greetings from the governor and from Secretary Bloxom. And I'd like to also salute our friends. I see, I'm afraid if I go through the list of people I see down here in the audience I'm going to miss somebody but the Farm Bureau, Agribusiness Council, the commodity groups, co-ops and so forth, our friends from USDA. One of the reasons I came this morning albeit a little bit delayed was USDA Rural Development and the Farm Service Agency have been such good friends of ours in our efforts to build Virginia agriculture that anything we can do to support you in turn we're glad to do it.

I too am not -- in fact I have no prepared remarks. I too am not here to talk. I'm here to listen and make sure that the word gets back to the Secretary on the results of this proceeding. We are blinded by lights up here, but Spencer I think that's you way back there in the back and Wilmer Stoneman. So can you hear back there? Okay. All right. With that, I encourage you all to use this opportunity to talk to USDA, make your views known and let's all renew our commitment to further growth in the Virginia agribusiness sector. Thank you. Norm?

MODERATOR: Thank you both. Let's review our format real quick. Hopefully everybody's got a copy of the six questions that were available out in the audience. I'm going to read them for you in case you didn't. We're going to ask people -- again everything's going to be tape-recorded and written comments are welcome at any time as well. The website is [WWW.USDA.GOV](http://WWW.USDA.GOV). And that's a good place to go if you want to send e-mail comments as well.

We're going to ask people to hold their comments to two to three minutes for the time being to give everyone an opportunity to speak, and then we will see how we go from there.

The six questions that we are asking people to comment on this morning are: 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 one, How should farm policy be designed to maximize U.S. competitiveness and our country's ability to effectively compete in global markets?

Question three, How should farm policy be designed to effectively and fairly distribute assistance to producers?

Question four, How can farm policy best achieve conservation and environmental goals?

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

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

Once again there are two mikes -- one at the end of each aisle. And Ms. Lyons with the state 4-H Council has agreed to lead off our comment. Sara.

MS. SARA LYONS: I think the new Farm Bill should support organizations such as 4-H and FFA which encourage youth to study agriculture and learn more about farming. These organizations help youth who are interested in a career in agriculture by serving as resources to permit production agriculture. Thank you.

MODERATOR: Don't be shy. Who's next?

I forgot one important point, and that's that in order for people to record these comments accurately we're asking everyone to clearly state your first name, your city and state where you live, and your involvement in agriculture and/or connection to the Farm Bill and also indicate which question you're addressing.

MR. JAMES STAR: Mr. Secretary, ladies and gentlemen, I'm James Star. I'm the director of the Division of Forest Management with the Department of Forestry for Virginia. And I'm addressing question number four, conservation and environmental goals.

Forty-two percent of the nation's forests are owned by families, approximately 10 million family forest landowners in the nation. They provide, these forests provide two-thirds of the nation's drinking water. Timber is the second largest agriculture crop in the United States at \$22.5 billion a year.

These forests provide water quality, wildlife habitat, clean air, and quality of life

for all of us. But these forest landowners in many cases do not understand the scientific principles for managing a healthy forest to help the environment. Specifically I would recommend that as in the 2002 Farm Bill there should be a forestry title, a separate title for forestry, specific programs, generally makes it easier for the programs to get attention.

Under the forestry title I would suggest that the forestry program be continued. This program provides technical assistance for forest landowners so they can better manage the forest resources.

I would also suggest that EQIP, Environmental Quality Improvement Program, be continued and be made more user-friendly for the forestry community. In Virginia we've made great strides, and I think we're ahead of I know all the other southern states, and my contacts with other states, equivalent across the country, we are ahead of most of the states in providing EQIP assistance for forestry practices. So I think Virginia and the work that's been done through the NRCS Technical Committee could be an example nationwide.

Thank you, sir.

MS. ROBIN PATTON: Good morning. Thanks for coming. My name is Robin Patton. I live in Louisa, Virginia. I am not a producer, but my husband and I own a farm in Louisa County, and it is under easement so it will continue to be a farm hopefully if nothing happens to the easement program.

I am a little confused about the format. I'm not sure if we're two to three minutes on all six questions or if you're going to take them question by question because I've got something to say about all of these things.

SEC. DORR: Right now there's nobody behind you. Talk away.

MS. PATTON: Well, the gentleman from Forestry gave me the encouragement, because actually I had almost the same thing written for number four but not quite so technically thorough as what he had. I've been working in preservation of open space, and encouragement of agriculture which includes silvaculture. I think that's often overlooked for most of my adult life.

It seems to me, I know in Albemarle County there's often -- my husband's in the forestry industry, and there's a lot of frequent protests when a particular track of timber is harvested from people who would prefer to see that land remain as a forest. And I certainly understand that. I'm strong in my heart feelings for conservation too.

But I think that we don't do a really good job explaining to the common citizenry that doesn't do farming that certainly in Virginia trees are an agricultural crop too. It's just the harvest time is different. And many of the parcels of land that logging activities occur on are pieces of land that a family actually invested in planting trees at some point prior so that they could get to a point of harvest, which happens to be occurring at the

time the protest occurs.

So I would like to see some PR for silva- culture as an actual agricultural practice. The other part of that too is, I think a lot of counties in Virginia do not recognize the benefit of farmland including silva- culture properties as a financial windfall for counties because they don't actually require services from the taxpayers coffers. And probably a couple years ago I read an article in the C-ville Magazine (sp) which is a real popular weekly paper that's in the Albemarle County area and around. And it was attacking Albemarle County's land use taxation program, which I'm sure the Virginia ag guy is familiar with. I'm not sure if the federal guy is. But in Virginia we have options for real property taxes where you can have reduced taxes if you're in silva- culture or agriculture crops or actually there's a provision for conservation too.

And this article in C-ville was pointing out the inequities of large landholders in the real tax revenues because they were receiving this terrific advantage for reduced taxes. I was sad to see that no entity or person -- I actually sent in a small letter but it wasn't published -- responded about the benefits at the bottom line for counties for no services essentially provided to those lands or the benefits like the Forestry gentleman talked about with being real instrumental pieces of land in the sake of forestry for recharging our aquifers and actually providing nice peaceful open space scenery for people who are in residential developments to enjoy.

So when you talk about hope for growth in the ag sector, I sure hope it's not growth of houses on concrete slabs. I've seen enough of those.

I too have had experience with the EQIP program, and that's in my other life. And actually that's the reason I'm here today. I work as an environmental engineer in a program that regulates environmental activities. And Ken Carter with the NRCS office met with us a couple years ago. We were trying to work to encourage producers on the Eastern Shore of Virginia and Southeast Virginia to minimize their demands on the aquifer system there. And Ken was very responsive. We had some ideas about how EQIP money might be targeted towards irrigation projects.

And we worked together to develop a list of criteria for which projects could be evaluated in the funding selections. And I'm happy to report that with in the very next funding cycle we had some successful applications under that program. I think it has a huge amount of possibilities for actually dealing with some of these other things on here like for number two, how should farm policy be designed to maximize U.S. competitiveness? -- well I think the EQIP allows some incentives for environmental inequities that exist for U.S. producers when they're competing in an international market. So I have great applause for that program.

One of the other things I wanted to say is there seems to be a huge difference in farming in the Midwest versus farming over here where we are. You know we do see a lot of national bad press for Farm Bills and fundings that go to projects for, I don't know, bananas in the reserve, pick something. We don't have those issues here. And I

personally would like to see emphasis on ways to support Mid Atlantic farming which tends to be small, family-owned farms I think.

When you do your numbers, I'm pretty sure there's a lot of producers out there that are being missed as far as their contribution to the national bottom line because they are innovative, new entries to the ag market. They're producing Virginia-grown cut flowers for florists, they're truck farming vegetables to farmer markets in heavily populated areas. And they're not industrial farm activities. So I'd like to see the Farm Bill which hears the voices of the organized industrial farms make a special effort to focus on the little guys.

And I see you're --

MODERATOR: You said you had comments on all six? Let's come back in a little while and maybe address some more if you want. Let's give everybody a chance to say something.

MS. PATTON: I'm pretty much done. Thank you.

MODERATOR: Thank you very much. This mike works too.

MS. ANN HEIDIG: I am the founder and owner of Lake Anna Winery in Oak Hill Vineyard, and I have a great segue from the previous speaker because I'm here today to talk about specialty crops.

The specialty (audio break) and what we're looking for, this sort of addresses two because we're looking for money to help make us competitive. And also, we are looking for some equity in the distribution of funds from the federal government to help support our specialty crops.

What we want to say is that we are looking for block grants. A couple years ago, I think about 2000, we had a Specialty Crop Competitiveness Act Bill. The purpose of that bill was to provide about \$450 million to be in the form of block grants to the state and at USDA, that these grants would be used to provide money to people on a competitive basis to come forward and help to do research, help to implement strategic plans. And here in Virginia particularly within the wine industry we now have our Virginia 2015 vision that we're looking forward to increase the market not only in Virginia but also the market for Virginia wines throughout the United States and eventually we hope overseas.

Also the block grants could be used competitively for marketing initiatives. We would like to see an investment being made in these specialty crops because these are areas that are actually we're not looking for subsidies, we're looking for ways to increase our market. We believe there's greater payback -- I would agree with the previous speaker -- that if we're looking at ways to keep people on the farm one of the things you have to do is show you can make a living. We believe the specialty crop area particularly

with help in increasing our competitiveness and expanding our markets both here and abroad and within the state will help us to do that.

Within Virginia now we started out several years ago, had about 30 wineries. We're now over 100. We have over 200 vineyards in the state. If you're looking to preserve land and green space, a vineyard is there for as long as it is there for. It's one of the hardest things to get rid of, I understand.

So what we're looking for now is equity on the specialty crop level. As I said, we're 50 percent of the market of the income at the farm gate, and we believe this is an area that's been overlooked by USDA for the most part over the years, and we would like for you to pay attention to us now. Thank you.

MR. SAM BACKENS (sp): Hi. My name is Sam Backens. I'm from Alexandria, Virginia. I guess I'd just say I'm an interested student. I guess to some extent I would like to comment on the question number three, and that is someone who is a taxpayer and someone who doesn't mind cereal and butter on my toast. I'm just concerned with the subsidy aspect. As you mentioned, Mr. Dorr, there's a huge difference between subsidies in 1930s and what they are today. And from what I've heard I pay 90 cents more per pound of butter due to subsidies such as a the MILC program and other high trade barriers. And that just seems -- I don't think we need to address it as subsidies to farmers, moreover as just how we are treating consumers and taxpayers on a day-to-day basis.

And aggregated over the long term, 90 cents might not seem like a lot, but it actually amounts to about \$600 to \$700 for the average family. From a student's perspective that amounts to money I could use to pay back student loans, further education or just spending of other necessary items or cost of living. And it just seems like with all due respect it's certainly something should at least be addressed since as you mentioned Mr. Dorr there's a huge difference between large subsidies in the 1930s and what is today. And that's certainly light-years away. I just think that's something that needs to be addressed. Thank you.

MR. LARRY SEMANS (sp): I'm Larry Semans from Chase City, Virginia. I'm a field representative from Maryland/Virginia Milk Producers (off-mike) dairy farms scattered over about 11 states. And I wanted to touch a little bit on question one and two and a little bit on six.

In question one with the unintended consequences such as the hurricanes that we've had, producers in the Southeast lost tremendous farms, cattle, equipment, and the other dairy farmers within the Southeast has tried to pay the cost of moving that milk to that area to help supply the consumers in that area. If we could design a Farm Bill that would be able to respond quickly to helping offset those costs without going through federal reform to be able to recoup that money that would be very beneficial.

The next comment I had kind of addresses question two and question six about

effectively competing in global markets. The issue I wanted to touch on is an issue that within the 2002 Farm Bill which has not been implemented. And we feel the USDA should implement the collection of dairy promotion and research checkoff dollars on imported dairy products. Our trade representatives have contended since Alaska and Hawaii were not participating that they could not assess this on imported products. Production in Alaska and Hawaii is .00014 of the total U.S. production. World Trade Organization has many more pressing issues than to worry about the discrepancy of this little magnitude.

We could also exclude the imports going to Alaska and Hawaii from being assessed these checkoff dollars as a way to address this issue. However, those imports should be imported and processed within those states.

Thank you.

MS. ANN JENNINGS: Mr. Secretary, my name is Ann Jennings. I'm the Virginia executive director of the Chesapeake Bay Foundation. I reside in West Point, Virginia. And I wanted to speak very briefly regarding question number four.

You asked as far as our role with the Farm Bill, the Chesapeake Bay Foundation has experts on-staff that have worked with over 800 farmers in Virginia, Maryland and Pennsylvania to assist them in conservation practices in particular working through the Farm Bill Conservation Programs.

Unfortunately the Chesapeake Bay and Virginia's rivers are in a water quality crisis. Too many nutrients that's leading into the Chesapeake Bay this summer resulted in the largest dead zone on record -- that's areas that have too little or no oxygen to support living resources.

The Farm Bill Conservation Programs are absolutely critical to restoring the water quality of Virginia's rivers as well as the Chesapeake Bay.

The farmers that I meet are more than willing to play a role in restoring the Chesapeake Bay, but the public also must play a role in that effort by supporting farmers through cost-share programs, both state and federal. For the 2007 Farm Bill we would suggest that conservation programs be fully oriented to help farmers achieve reductions of nitrogen and phosphorus runoff, particularly through programs such as CSP, EQIP and CREP, and do so in a manner that sustains our agricultural economy.

They should also, the Farm Bill 2007 should also encourage innovative solutions in order to address the water quality concerns in regard to excess animal manure and poultry litter.

I thank you for being here, and if I could just take a moment I'd like to thank your staff who works so effectively in Virginia, particularly Denise Detzer (sp) and her staff as well as Jackie Easter and her staff. They're doing a fabulous job. And we, the

Chesapeake Bay Foundation looks forward to working with you in developing a very effective and efficient 2007 Farm Bill for conservation. Thank you.

MR. A. C. SHACKELFORD (sp): I'm A.C. Shackelford. I raise beef cattle here in Albemarle County, Virginia. I'm also involved with the Albemarle County Farm Bureau. I wanted to make just one point about the first question regarding unintended consequences. It has to do with the animal ID program. I hope that's appropriate for this meeting.

My point is this, that I hope that in any -- I favor the ID program, but I hope that any work that's done with it, the database and the system are in private hands and that you'll keep the government away from the database.

I think possible consequences for one thing would be a lessened competitiveness among the processors of beef with the knowledge that is in that database. I think another consequence that we producers certainly would not favor would be access to that base by organizations with agendas that are opposed to some of the necessary things that farmers do.

MS. SUSIE FRIEDMAN: My name is Susie Friedman, and I'm a staff scientist with the Center for Conservation Incentives and Environmental Defense. I work on conservation projects with groups of farmers and other partners in Virginia and a number of other states as well as on Farm Bill policy.

Environmental Defense is a leading national nonprofit organization representing more than 400,000 members. Since 1967 Environmental Defense has linked science, economics, law, and innovative private sector partnerships to create breakthrough solutions to the most serious natural resource challenges.

It has a long history of working on farm policy reform including the expansion reform of USDA conservation programs in the 2002 Farm Bill. We also believe that keeping farmers on the land and addressing some of the nation's most pressing environmental challenges are very intertwined, and we can't do the second without doing the first.

We believe that America's farm policies could do far more to help farmers stay on the land and do much more to help protect and enhance natural resources.

Farmers produce far more than food and fiber. They also produce clean air, clean water, habitat for wildlife and preserve open space and act as a frontline against sprawl.

Many farmers, ranchers and private forestland owners manage more than half the American landscape, and unless we reward these landowners when they take steps to help the environment we can't possibly hope to meet most of our nation's most pressing environmental challenges.

Fortunately farmers, ranchers and private forestland owners all over America are doing a lot to help. But more than 100,000 farmers are turned away every year when they ask the USDA to help share the cost of environmental improvements. Overall, three out of four farmers seeking stewardship incentives from USDA are turned away.

For example, farmers offering to permanently protect farmland through the Farm and Ranchland Protection Program face \$100 million backlog nationally. And here in Virginia the backlog in 2004 for the EQIP program was \$17.6 million and the backlog for the new Grassland Reserve Program was \$1.4 million. These conservation programs are vital to Virginia's farmers and communities, and are especially important to those in the Shenandoah Valley and others in the Chesapeake Bay who are under great pressure to meet water quality goals.

That's why we need your help if we are going to convince Congress to double funding for conservation programs like EQIP, FRPP, CREP and others when Congress reauthorizes the Farm Bill in 2007. And we believe that doubling conservation funding would do much more to help farmers and help farmers stay on the land because all farmers, ranchers and private forestland owners regardless of what they grow or where they live are eligible for USDA conservation programs.

And that is why we are working with agricultural economists, farmers and trade experts to develop a new safety net that can help many more farmers weather the financial ups and down of agriculture and that will comply with our trade agreements and that will pave the way for new treaties that open overseas markets to our farm products.

We believe that a new, smarter safety net combined with increased conservation funding and expanded incentives to create new markets at home and abroad will help many more farmers stay on the land, will help the environment, help farmers avoid and comply with new regulations, and will rejuvenate rural communities.

It is clear that we can do much more to help our farmers to help them stay profitable and to help them when they offer to help the environment. Thank you.

MR. GLEN SINK: Good morning. I'm Glen Sink from Mechanicsville, Virginia. I'm executive director of the Center for Rural Virginia, and I would like to speak to question five today.

In the 2002 Farm Bill the National Rural Development Partnership was authorized giving the State Rural Development Councils and the National Rural Development Coordinating Committee important information and authority to help rural America. The Farm Bill Conference Report set high expectations for the partnership, and I quote: "We expect the NRDP to make significant progress towards the goal of better coordinating the rural policies and programs of the federal agencies and developing greater collaboration between the federal government, the states, and the other resources to invest in rural areas.

In 2000 the Virginia Rural Prosperity Commission had as its mission to undertake a detailed analysis of Virginia's rural economies and recommend flexible but targeted state policies which when combined with local efforts, federal efforts will help foster sustainable economic growth in Virginia's rural areas. Over an 18-month timeframe the commission conducted its study and did research with local, state and industry people throughout the Commonwealth.

The Rural Virginia Prosperity Commission learned among other things that Virginia's rural communities will not change and prosper without outside intervention and that a one-size-fits-all approach to intervention will not work.

Problems and needs that rural areas face fall into broad areas. They need stronger forward-thinking local leadership, strategies to make rural areas attractive to young people, quality education, and workforce training for high-tech jobs; Access to credit for loans to start or to expand going businesses; and a strategic investment in infrastructure like affordable broadband.

Rural Virginia's facing many challenges today, challenges which demand a new way of addressing them. Coordination among service providers and programmatic design is a major issue. As a result, before policymakers can address the actual needs of rural residents, they must deal with the structural elements that make rural Virginia different and unique.

That is why the Council for Rural Virginia, the USDA initiative, has become a partner with the Center for Rural Virginia, the Virginia legislatively enabled organization.

The Center and the Council working together for rural Virginia believe scarce public financial resources must be used efficiently and effectively. Government and nonprofit sector programs must be recrafted and tailored to fit the reality of today's changing resources while at the same time better meeting the needs of rural citizens, businesses and communities.

The SRDCs are designed to be responsive and grassroots connected organizations that bring together federal, state, regional and local governments with the private sector and the nonprofit sectors to identify coordinated responses to rural needs. They foster innovation and information exchange and uniquely provide value by facilitating the work and resources of others such as the initiatives of the Virginia Center for Rural Development and the Council for Rural Development.

What we are asking USDA to support today in the 2007 Farm Bill is, number one, to continue to reform and improve the delivery and structure of rural programs to better serve all people living in rural communities. Number two, to reauthorize the national rural development partnership language and expand that important program. And number three, for the USDA to deliver the funds for programs authorized in the 2002 Farm Bill and to support appropriating adequate funding for the NRDP through both

discretionary funds as well as line-item appropriations.

Thank you, sir.

MR. DAVID HUDGENS (sp): Good morning. David Hudgens, Old Dominion Electric Cooperative. We represent most of the Virginia rural in the delivery of electricity. Really I want to address number two, and that is really about subsidies and barriers that are across through Europe and Asia and being consistent and trade representatives lowering those barriers, with the reciprocity is that we've got to have our own protection policies, especially in the areas of sugar and dairy and beef etcetera.

The third thing is by broadband, everybody likes it but nobody wants to pay for it, and USDA has some marvelous loan programs and those programs while worthy when you actually do the numbers they infrastructure is too expensive to pay back when you have such a low density of population. So if some of those programs can be grant programs that are competitively gone after whether it's a plan for the broadband after it's installed would do a great deal to anchor this new generation that is electronically based into rural areas where you're not penalized from time and distance for being in rural. So broadband ultimately is going to be the corner of the realm in the 21st century is how we design programs to accommodate that in the rural with something that really USDA needs to take a leadership role. Thank you.

MS. REBECCA DAVIS: Good morning, Mr. Secretary and members of the audience. I'd like to give you a warm welcome to Virginia. My name is Rebecca Davis, and I'm from Salem, Virginia. And I'd like to speak to question number six, How can federal rural and farm programs provide effective assistance in rural areas?

I serve as chair of the Council for Rural Virginia. I'm on the board of directors for Partners for Rural America and in July 2004 was appointed to the board of trustees of the Center for Rural Virginia and currently serve as the secretary.

Today I'd like to wear two hats and speak to you on behalf of the Council and also for Rural Health. In my paid job I'm executive director of the Virginia Rural Health Resource Center and the Virginia Rural Health Association. I'd like to thank the USDA state staff for their continuing support and participation in our rural health activities across the state and for funding to help fund tele-health and building projects in the rural areas related to healthcare.

Many may think of Virginia as being an urban state because so many of our citizens live in the Northern Virginia, Richmond and Tidewater metropolitan areas of the Commonwealth. But over 55 percent of our state's landmass is rural. Our rural citizens face problems similar to the rural people in other parts of America. Such challenges as economic, demographic and social elements, lack of affordable and available healthcare, and a host of problems related to infrastructure including water, sewer and broadband access that the gentleman just spoke about.

In 1972 the Rural Development Act gave the Secretary of Agriculture the responsibility for coordinating federal rural development programs. In the 1990 presidential initiative on Rural America created the National Rural Development Partnership and State Rural Development Councils. In the Farm Security and Rural Investment Act of 2002, the National Rural Development Partnership was authorized giving state Rural Development Councils and the National Rural Development Coordinating Committee unique authorities.

Secretary Johanns was recently quoted as saying: "The next Farm Bill must be a break from the past." But after more than 51 hours of listening sessions such as the one you're holding here today, he also stated, "We have heard unanimous support for our Rural Development efforts."

The focus of my comments today is on the Rural Development items included in Title VI of the Farm Bill and continuing those items in the 2007 Farm Bill. Rural Virginia and rural American must have adequate financial and human resources to address the challenges facing their communities and residence. As Glen Sink previously spoke, the Center for Rural Virginia and the Council for Rural Virginia has entered into an agreement so that we can better leverage our funding streams and resources to address these issues across rural Virginia.

The Council for Rural Virginia is asking USDA to do the following in the 2007 Farm Bill. To continue to reform and improve the delivery and structure of Rural Development programs to better serve citizens living in rural communities; to reauthorize the National Rural Development Partnership language and expand this program to all 50 states. The Council for Rural Virginia is the newest state rural development council recognized in March 2005 by your office. We are in our infancy, moving towards being a toddler, and we want to continue our growth and serve the communities in rural Virginia.

The third thing we ask is that USDA support funding for the National Rural Development Partnership through either discretionary fundings and line item appropriations. Thank you for your time and interest in rural Virginia needs and for listening to our input for the 2007 Farm Bill.

MR. JOSEPH JONES: Good morning. I'm Joseph Jones. I'm a cow-calf producer in Albemarle County here. And my comments are probably more general. I think they are more directed toward question one. Like I say, I probably won't be as polished as the previous speakers since I don't have anything written. But let me just -- I do read the Farm Chronicle. That's a weekly publication that comes around and I want to read one thing to you to make a few points here.

This is from, they had an article from California. "In politics the San Joaquin Air Pollution Control District chief officer David Crowe announced his final per cow emission factor at 19.3 pounds per manure per cow."

I'm just -- my daughter and I, I was in a chain store this weekend, had cider, so I got a gallon of cider which is more than a gallon of milk now; the cider was like \$4.75. I got home. My daughter and I both poured a nice glassful and I was -- you know depending on the apples and the flavor and so forth it has different flavor. And I said to my daughter, Well, this tastes like applesauce. She said, Yes, you're right, tastes exactly like applesauce. And I got to thinking, why is that? Pasteurization. You know, we're having to pasteurize.

And two of our local orchards, who every year we would go and buy three or four gallons of cider, have quit producing because now they are required to pasteurize and they cannot take it to a place -- the place they were taking it to said to upgrade to pasteurized would be too costly and so everybody -- one fellow who was near retirement just put his orchard up. The other guy says, he doesn't know, he's got to make up the income from the apples that are laying -- literally his orchard is covered with apples on the ground that dropped, so are not being utilized. It was a low market product for him; didn't make a lot on his cider.

But I just point that these regulations are done for consumer protection. And I guess this goes back -- well, in my 30 years the same land, the same amount of cows that produce a modest living, sent a kid to school, today is just a break-even operation. What's it going to take for my grandson to go, what's going to make him want to start farming 30 years from now? What do you need?

I know what the needs are, but what's going to make somebody do it right here? Money. It's going to take -- he's got to have the incentive of money just like any business to become involved in farming.

And as you all know over the years the numbers of farmers have declined. The size of the farms had to grow bigger just like banks merge and insurance companies merge, everybody merged to help their bottom line. But as a lady several speakers back mentioned, what keeps the farmers on the land? You know, without farmers there aren't farms. And again I agree with her on all those environmental protections that are intertwined with keeping the farmers and keeping the green space.

Right now I don't know how this Farm Bill can help other than getting for me and cattle better markets. I know the international trade agreements you're talking about will help on all the commodities. I think better markets for all the commodities will certainly be a help.

I've had the good fortune to visit New Zealand, and in one area there were five slaughter plants in the 30-mile radius so that when the cattle came up for auction you new you were getting the top dollar. And because kind of like the gas refineries because of environmental protections they haven't been any slaughter (audio break) --

We kind of need an independent slaughter plant so I certainly think we need some environmental leniency in building slaughter plants that can get our cattle have better

markets for the cattle.

And kind of in closing, this spring I was talking to Pete Moppen (sp), and Pete is a produce manager in a local grocery store. And he had corn on the counter. I said, Pete, where'd you get this corn from? Oh, Joe, that came from Mexico. And then he had some nice melons there. Hey, they came from Guatemala. And again it goes back to, I guess its producer protection. What can you do to have incentives in the Farm Bill to help producers?

And kind of in a sense over the last 30 years of my being involved in farming and looking at Farm Bills, they've all had the underlying effect of protecting consumer prices. You know, we tax the folks and we then return some in subsidies, so we keep the farmers surviving all to me with the underlying theme of having a moderate consumer price.

Well, the only way I see to get more money back on the farm is that consumers overall are going to have to pay more. I know we in enjoy like one of the lowest food -- when we have to buy food we are one of the lowest in the world on our disposable income. And I don't know how you can gear the next two or three Farm Bills to get more money from the consumer to the producer. The producer is the ones who are going to stay on the land. They're the land -- if you want to keep the farmers, the producers on the land, the consumers somehow have got to get the money back to the producer.

And again kind of what I was going to say to Pete Moppen's grandmother said if we aren't careful we Americans will be hungry with our pockets full of money. Thank you.

FEMALE: (off-mike) I'm a Virginia resident and I am also the proud granddaughter of Dillwyn corn farmers. I speak to you this morning both as a taxpayer and as a representative of the National Taxpayers Union which is located in Alexandria, Virginia. Our group works for lower taxes, smaller government, and more accountability from elected officials at all levels. We are the oldest and largest grassroots taxpayer organization, and our more than 10,000 Virginia members include many renters, farmers and rural residents.

As you formulate the 2007 Farm Bill, it's important to remember that government agricultural policy impacts all Americans including taxpayers, consumers and small businesses including ranchers and farmers. Since the passage of the 2002 Farm Bill direct payments have grown to more than \$20 billion per year, up from an average of \$9 billion in the early 1990s. Everyone in this room pays for these subsidies every time we send our money to the Internal Revenue Service.

Furthermore, the richest 10 percent of farm subsidy recipients gobble up almost two-thirds of all direct payments while the bottom 80 percent receive less than one-fifth of the total. Farm bill policies are supposed to help preserve family businesses, but they disproportionately channel money to big agribusiness.

When drafting the next Farm Bill Congress must pay closer attention to the national interest, and that means the farmers, producers, workers, consumers and small businesses that comprise America's taxpayers. Together we can achieve legislation that unleashes the economic potential of farmers but does so in a fiscally responsible manner and in a taxpayer friendly way.

Thank you.

MODERATOR: Well, thank you everyone so far. We're going to take a ten-minute break here, and we'll come back and we'll address these questions one more time. Just about all of them have been touched, but a couple of them we'd certainly welcome more comments on such as number two and number six I believe haven't been addressed a whole lot. And then after that we'll open up to any comments concerning the Farm Bill, not just these questions, for a brief period, and then we'll conclude. So we'll see you all in 10 minutes a 11:26.

[Recess. Off and on the record.]

Bill Dickinson is taking a phone call. If people are ready to make comments, we'll continue. And then Mr. Dickinson can join us on stage in a moment. Would anyone else like to address any of the six questions we discussed at first? (pause)

MR. RANDY ARNO (sp): Mr. Secretary, my name is Randy Arno, and I live in Southside, Virginia. I'm a product of the Shenandoah Valley. I've lived all over Virginia. I've primarily been in county and public administration at the local level, all in rural Virginia.

The issues that you have posed today and posed, looking for answers, I'm afraid after spending 25 years plus in rural Virginia the answers do not exist. What I would, I am going to submit written suggestions to you at a later time when I get my thoughts a little more organized. But I really believe that your suggestion and your remarks you made talking about opportunities in rural areas is the key to rural revitalization and rural vitality.

There has to be some way that investments be made in rural areas to create opportunities, and I'm not talking about entirely public investments. I'm talking about the private sector must be incentivized to invest in rural areas or we're all going to become one suburban area with houses everywhere and very little to eat and money in our pockets.

So I appreciate the opportunity of speaking to you, but I wanted to before I left today just throw back to you the concept that you raised in your opening remarks about opportunity. I think therein lies the revitalization and the vitality of rural Virginia and rural areas throughout America. Thank you very much.

MODERATOR: The last gentleman brought up a good point. Written comments

are welcome, and can be taken in the lobby, by mail or by e-mail at the website. And I'll say it again, WWW.USDA.GOV.

This is a multiyear process actually developing policy for the Farm Bill, and it's actually kind of nice to see it done without it being caught up in that crucible that is national politics where people do a lot of finger-pointing and yelling and very little policy development.

So any other comments on the six questions that we have out there before us right now?

Having said that, does anybody have any general comments on the Farm Bill? The Farm Bill is a huge piece of legislation. It covers everything from soup to nuts in rural America, so any other comments on the Farm Bill for the 2007?

MR. LARRY SEMANS: I'd like to make just a general comment on transportation of milk in the southeast. Again my name is Larry Semans. I'm with Maryland Virginia Milk Producers. The Southeast area is a very milk-deficit area. And a large percentage of the milk has to be transported into the Southeast at least nine months out of 12, and sometimes even 12 months out of 12.

And one of the things that we need is to try to develop a Farm Bill that will give the federal milk marketing orders an opportunity to react quickly to situations like this because it's getting to the point -- I mean the producers in the Southeast, the milk prices are so low it's driving a lot of dairy farmers out of business. The last dairy farmer that's left is going to have one heck of a haul bill because they are paying to try to bring that milk into the Southeast. There are dollars in the federal milk marketing order that helps bring that in, but it's not enough to cover the actual cost of moving that milk down.

MS. ANN HEIDIG: This is not specifically a Farm Bill issue but it is an issue for agriculture throughout the United States and particularly right now in Virginia and in the wine industry and I believe in some of the specialty crop areas as well. And that is the availability of affordable, legal, accessible labor, particularly with things like the adverse effect of wage rate because some of our nurserymen and all that are part of the specialty crop arena have to pay the adverse effect wage rate which is driving them basically out of the market as far as help is concerned.

If you want to make farming affordable and make it something that people can in fact earn an income with, one of the things you have to do is reduce cost. And the cost of labor and the availability of labor are probably at least I know for us at our winery it's one of the biggest issues that we have is finding people that can do the work, that will do the work, that we can afford to pay.

So while I recognize there's a whole lot of other things caught up in that and it's not specifically part of the Farm Bill I think it is an important piece of the agriculture picture that needs to be addressed.

Thank you. And I'm Ann Heidig from Spotsylvania County.

MODERATOR: Well, we will certainly welcome future comments. A lot of times people listen to discussions and come up with ideas but are not quite ready to put them out yet or want to think about them and check back with some people they work with first. This as I said earlier is a long-term process to develop policy.

But hearing no other comments and seeing no one else coming forward, I'll turn it back over to Mr. Secretary Dorr to wrap things up.

SEC. DORR: Well, thank you. Again, it was delightful to have all of you taking time out of your busy day to come and to share your thoughts with us. There is a level of consistency that comes through in these as I perhaps indicated earlier, but the issue of farmland preservation, the issue of forestlands management has been very consistent in the themes we've heard. The concerns relative to rural development and farmers market and niche market opportunities has come through. It's quite frankly helped me clarify certain things in my mind when it comes to sitting down and working through.

Matter of fact, couple comments earlier about Rural Development, because that is the area I'm involved in I think it's appropriate to point out that in the last four and a half years actually Rural Development programs have expanded by over 40 percent. The interesting part about those is they are not generally subsidy programs. They're loan and loan guarantee programs. There is some level of grant and grant programs that go to niche markets, small start-ups, renewable energy opportunities, or other sorts of things in rural America.

Most people aren't aware of this, but Rural Development in and of itself has a portfolio of about \$90 billion. Last year we invested in rural American something in the neighborhood of \$14 billion and that's up a total of about \$63 billion in the last four and a half years.

That tells me that there's a significant change in ideas about what's important in rural America, not just from the administration's point of view but from Congress's point of view as well.

I think it's important to point those things out. Last evening I actually had dinner with a group of about 10 Rural Development policymakers. And they're all like all of you struggling to try to define the correct approach to develop policy. I think seriously that when we get all through transcribing and reviewing the information and comments that we get from folks like you all over the country that this is going to be very helpful and give us some insight into the sorts of policies that we ought to seriously consider at least laying on the table as we go forward.

So I thank all of you again. I thank all of you for taking the time out of your schedules to join us today. It's been very helpful for me and I hope to some extent for

you as well. I look forward to further work on the Farm Bill. Thank you very much and thank you for the work you did here today too, Norm.

MODERATOR: All right. If you have any other comments, the folks from the USDA are out in the lobby if you have any questions on that. And certainly [WWW.USDA.GOV](http://WWW.USDA.GOV) is your one-stop place to go if you want to research this or send any more comments.

Our business is done. Thank you very much, and we'll talk with you all soon.