

TRANSCRIPT

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OF VERMONT FARM BILL FORUM WITH UNDER SECRETARY FOR RURAL DEVELOPMENT TOM DORR AND MODERATOR CHRIS GRAFF BURLINGTON, VERMONT, OCTOBER 26, 2005

MODERATOR: We're really honored that you'd take the time to come to Vermont on your way to Hawaii. They get snow there too. We really do appreciate your taking time to come here to listen to the people of our state and to learn about how you can be even more helpful as we continue to work together, state and federal governments as partners to ensure that we maintain the strength of our rural economy and most importantly the quality of life that we want for our kids and future generations of Vermonters. Thank you very, very much. Mr. Secretary.

[Applause.]

No one probably in Vermont knows more about diversity of agriculture than our secretary of Agriculture. In a year in which you can be taking cows and apples to Cuba and debating genetically engineered seeds, Steve Kerr has managed to be in the middle of just about every debate that's going on at some level in the states. So please welcome our Secretary of Agriculture, Steve Kerr.

[Applause.]

SEC. STEVE KERR: Good morning. It appears that Old Man Winter has decided to remind us that autumn, delicious though it was this year, must eventually come to an end. Tom observed, since he's from Iowa, that in fact this isn't really winter; this is just an ugly autumn day.

Thank you all for making the trek to join us. We are here today not to talk about endings, but beginnings; not to scratch for signs of life under the snow, not just yet; but to ponder the buds that will blossom next spring. Every five years our country reviews its public policy regarding the investments that we make in our farms, our rural areas, our natural environment, our basic and applied ag research, our stands regarding foreign trade, aid to our poorer brethren, and the diet of our fellow Americans. This listening session is one in a series that Agriculture Secretary Mike Johanns has scheduled throughout the country to gather ideas and opinions about the 2007 Farm Bill.

I worked for Jim Jeffords in the '80s and went through the 1985 Farm Bill, so I'm going to just take my few minutes and give you a sense of what a Farm Bill really is because it's

a whole lot more than just a piece of legislation for farmers. Its policies and spending extend well beyond the footprints of our nation's farms.

The lion's share of the Farm Bill spending is today still dedicated to the stabilization of farm income derived from the sale of staple food and fiber crops dependent upon volatile commodity markets. We know that in our dairy industry. This is an important and an increasingly market-oriented function but with one fundamental flaw. Although this is not true of the federal dairy program, the lion's share of the commodity payments is paid to a small number of large farm operators. Since Farm Bill funding is invariably finite, this practice continues to limit other opportunities for investment in rural America. And I suspect this will be one of the great controversies in the upcoming debate.

Fortunately there is a growing recognition of this flaw and how it constrains investment in what we call diversified agriculture as well as the green box opportunities that farm environmental conservation programs may offer. Ironically most of those who live in rural America do not farm. In fact most of the income generated in rural American counties comes from a diverse array of small and medium-sized nonfarm businesses some of which are tied to their local agriculture, some of which are dependent upon other natural resources, forestry in our case; and some of which have no link whatsoever to the natural landscape.

Many of the Farm Bill's programs are therefore geared to the broader needs of rural economies such as affordable housing, community water and waste treatment facilities and telecom infrastructure.

The Farm Bill is a major environmental bill whose programs and funding help farmers pay for the adoption of ecologically sustainable practices that improve the quality of water and air that millions of Americans drink and breathe. It is a research bill whose funding for basic and applied scientific inquiry influences how technologically competent we remain in a very competitive global economy and who will own and therefore control the intellectual property of that technology.

It is a trade bill whose subsidies and restrictions have much to do with how our country walks its talk regarding free trade and fair trade in a world of haves and have-nots.

It's a food and nutrition bill that influences the health and well-being of our population and will over the next 20 to 30 years determine whether we take responsibility as individuals and as a nation for the healthcare crisis that our diets have in large measure created.

It is perhaps most importantly a food aid and technical assistance bill for poor nations that demonstrates how much we as a wealthy nation truly care about the lives of others.

In sum, the macro and micro-economic consequences of these Farm Bills are enormous. They influence long-term investments in the lives of families each day. As much as any

federal policy, they signal to what degree the economy serves our society or our society serves the economy.

I would note that Farm Bills are truly the epitome of the old saw "You don't want to see legislation or sausage, how it's made." There are 35,000 lobbyists in Washington, DC, today-- double the number only six years ago. They have their constituencies and an outsized role in the debate, the deliberations and the conclusion. They tend more often than not to be guardians of the status quo, whether that be good for farmers and rural America or not.

Finally, be aware that there will be two relatively new and to a degree unknowable elephants in the House and Senate Agriculture Committee rooms in DC this time. Prodigious budget and trade deficits and the contentious but morally imperative global trade negotiations. The considerations that these constraints may impose will undoubtedly complicate our already difficult domestic negotiations.

Happily, we are here today however not to worry about these complications but to dream about an even better future for our farms, our rural economies, our citizenry's health, our obligation to the environment and the rest of humanity. We are here to offer what no K Street lobbyist can, grassroots recommendations grounded in experience and common sense for consideration by those whom our democracy has appointed and elected to listen to our thoughts, analyze the economic and social implications, and weigh in the balance what will be the greatest good for the greatest number.

Vermont is blessed with a richness of agriculture that few states enjoy. We feed much of New England with nature's most perfect food, milk. We still call it that. We satisfy the nation's sweet tooth with the premier natural sweetener, pure Vermont maple syrup. We are in the vanguard of the rapidly growing organic dairy, fruit and vegetable businesses. We are ambitiously encouraging Vermonters to choose a more healthful diet of Vermont grown foods by integrating our buy-local program into the governor's Fit and Healthy Kids and Healthy Aging Initiatives. We are demonstrating our commitment to clean waterways through the Governor's Clean and Clear Initiative, a series of preventative actions managed by Vermonters who understand the importance of environmental quality and the equivalent importance of farm profitability.

We are aggressively working to develop business plans that will ensure that our farmers have the tools necessary to farm profitably in the 21st Century.

Finally, we are capably confronting the need to preserve our rural landscape while building more affordable housing for those who live on that landscape and while creating sustainable opportunities for both the farms and businesses that are critical to the well-being of the communities that are our rural homes. This is the scope of the Farm Bill and the scope of the opportunity that we have before us as a group today and as a nation.

I am honored that we have an individual with us whom I believe can bring a degree of intellect and candor to the discussion that is often rare in DC. Your ideas will

presumably pique his interest. Your passion will undoubtedly hold it. I had the pleasure to meet Tom Dorr just one month ago in Cooperstown, New York, where he addressed a gathering of ag secretaries from across America. Tom's remarks were forthright and persuaded me that he would be just the right person to come to Vermont, a little state with big ideas and strong passions, where he might hear some unconventional wisdom.

Tom is from Iowa where he has spent virtually all of his life as a farmer and a businessman, so he knows whereof he speaks. As Under Secretary for Rural Development, he oversees \$14 billion of annual funding authority for loans, grants and technical assistance to rural residents, communities and businesses and an \$87 billion portfolio of housing, infrastructure loans, and other business loans to rural America. Mr. Dorr played critical roles in the USDA disaster relief efforts in response to the hurricanes in Florida, so he's apparently a man who's willing to get his hands dirty. He worked closely 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. That latter point is very important if you know anything about how effective government can or cannot be.

Prior to his current service at the Department of Agriculture he was, as I said, an Iowa farmer and businessman with family operation. He served on the board of directors of the Seventh District Federal Reserve Bank of Chicago, which I guess means he's responsible for inflation and interest rates, huh? The Iowa Board of Regents from '91 through '97, and is a member and officer of the Iowa and National Corn Growers Association.

Tom, welcome to Vermont. It's a great pleasure to have you here.

[Applause.]

SEC. TOM DORR: Well, thank you very, very much. Those were warm introduction, Governor. It's great to have you here. I had the good fortune last evening to be able to stop in and say hello to the governor before we started the event today not realizing that I knew his in-laws well before I knew the governor. Bob Foster and I have had the good opportunity to know each other for several years, and so I don't know a lot about your governor but I know that he married into good stock. But I've heard many good things about the governor.

Steve Kerr clearly is a leader amongst the ag commissioners across the country. He has some very good insights into a number of the issues affecting rural America, and I'm delighted also that he's here with us.

Chris. The only thing I know is that you have a very, very intriguing son who has made some marvelous gains into the White House Press Corps. I think that's a terrific story. If those of you who haven't heard about that, get a chance to, it's a great story.

You know, coming in here yesterday from New Hampshire I do have to tell you that when I left New Hampshire yesterday the Farm Bill forum there, they gave me a jug of New Hampshire syrup and they informed me that Vermont produced more maple syrup than New Hampshire but that theirs was better. Now that's really a lead-up because I left with a jug of New Hampshire syrup. So I hope I have something to take care of my pancakes all winter.

[Laughter.]

Someone said dishwasher?

[Laughter.]

But the other thing that happened was, we were driving over the snowstorm or the bad weather really wasn't a storm, but kind of a squall. And this is the first time in four years since I left the farm that I've had the opportunity to be in a bit of squall and then to walk into a motel in the largest city in Vermont and smell the waft of wonderful aroma of fresh alfalfa behind you, it is kind of like going back to the Iowa farm.

But it is a true delight to be here today.

I would make one on a more somber note, one quick observation before I start my more formal remarks. And that is that it's always difficult when people do without utilities and 40,000 people without power is significant. But I and our department and our Rural Housing programs have been heavily involved in the hurricane disasters, particularly Katrina and Rita. I've had the opportunity to spend some time down there.

The scope of that disaster is absolutely beyond anything that I have ever witnessed. The difficulty today is that we've seen so many disaster films either in the theater or on television that it's not significant when you look at it in that framework. When you go down there and look at it, the easiest way to describe it it's about like my two and a half year old granddaughter who just took a set of Legos and kicked them all over the room. The tragedy and the devastation and the loss of life and the loss of homes and the loss of community is just beyond the scope of anything that we can imagine.

And I will tell you, I'm obviously a partisan, and perhaps I get a little bit defensive about it, but when we talk about the kind and the scope of the recovery down there, when there has been a loss of life, any loss of life is too great-- but the fact that our loss of life in those disasters Katrina and Rita are something less than 1,100 and 1,200 relative to what happened in the earthquakes in Pakistan and other areas, what bothers me about the criticism of it quite honestly is not that of the political leadership that we and others who are political appointees provide; but it's the reflection on the government employees who work so hard day after day, the career folks who really have done an outstanding job of implementing as many of the recovery mechanisms as possible.

And so I just urge you all to be a little bit cautious and reflective of the hard work that your government employees, bureaucrats if you may, put into this effort. They've done a marvelous job.

Again thank you, Secretary Kerr. It really is a very distinct pleasure and a privilege to be here today. And it's a good morning. I do love this kind of weather, quite frankly, a good fall day. But let me first start out by thanking the Essex VF for coming out and providing the color guard for us this morning, and Hillary and Danielle for the Pledge, and also the National Anthem. That was delightful.

I'd also like to recognize very quickly Roger Allbee our state executive director for FSA. Where is Roger? There you are. And also Judy Doerner the state conservationist for NRCS, Judy's back there. And also my very favorite stage director, Jolinda LaClair? There she is back there. These three folks really do act as a terrific team implementing USDA on-the-ground programs out here. And I for one, and I know that my peers in Washington, DC are very appreciative of the good work they do.

If we get into this as we get into this today if there are specific issues that impact your farm or your operation I know they will be here to discuss those. We really want to focus on policy as much as possible.

But Roger and Jolinda and Judy have done a wonderful job of putting this event together, and so I would like to ask all of you to give them a large round of applause. I think they've done a good job.

[Applause.]

And last but certainly not least I would like to welcome the representatives from your congressional delegation, and I believe from Senator Leahy's office we have Bob Paquin (sp) and Ted Brady. The two of you want to stand? From Senator Jeffords' office Molly McFawn. And from Congressman Sanders' office Jenny Nelson.

[Applause.]

Now today we're here actually to talk about the next Farm Bill and the tough choices, the tough choices that we have to make. The reality is these choices are going to be made first and foremost on Capitol Hill. Your congressional delegation will actually write this bill. Nevertheless, when they write the law they set the budget, and so I'm glad that their delegation is represented here to hear your comments and input.

Obviously as we look at rural America at the beginning of the 21st century we have to face up to one hard cold fact, and that is change. Change is a double-edge sword. It means challenges, but it also means opportunities. There are both costs and benefits. Some people will see the glass half full, others will see it half empty, but either way the one choice that we don't have is standing still, not with globalization, relentless competition, truly incredible scientific and technical advances, rising energy costs,

evolving nature of ethanol, alternative fuels, windpower and a number of other things taking off-- along with broadband and what it's doing to expand the livability of rural America as well as diversifying the rural economy.

These changes just go on and on. So standing still isn't an option, not for rural America, not for urban America, and quite frankly not for any of us. But that is the reality the new Farm Bill must deal with. There's no going back.

Sometimes though attitudes tend to change in generational terms. And that's a lag that I suggest at times we probably can't afford either. So there are some very important issues the new Farm Bill must address.

How do we keep American agriculture competitive and increase our exports? How do we encourage the next generation of farmers or for that matter the next generation of rural Americans, and to make it possible for them to return and live in rural America? How can we best support rural development, diversify the rural economy, and in general bring more good jobs back to rural America?

Where is technology taking us? What should we expect from the next generation of productivity increases as well as the new products they bring? And how should we balance production with our environmental responsibilities?

About three months ago Secretary of Agriculture Mike Johanns at the urging of President Bush kicked off a series of what we call Farm Bill listening forums to open this debate up to the widest possible input from interested citizenry across the country. To date we've conducted I believe in excess of 32 or 33 of these around the country. Interestingly enough, although not surprising, there has been tremendous interest in participation all around the country. Very clearly the great majority of people recognize that change is in the cards, and they want to be part of the process.

So frankly what I'm here to do today is to listen to what you have to say. The next Farm Bill at this point is a blank slate waiting to be written. So if we can develop some consensus about what we're to do, that's terrific. That really is. If on the other hand we can't always find consensus and on some questions I suggest we probably won't, then we can at least be prepared to make the tough decisions with our eyes open.

So Governor, Secretary Kerr, Chris, I am delighted to be here. I'm looking forward to what all of you have to say, and I will tell you that this point and from this point forward my job is to sit here and to listen to you and to take back with me notes as well as insights into the things you have to offer as they reflect your concerns related to your rural issues here in the state of Vermont. I look forward to doing that. Thank you very much.

[Applause.]

MODERATOR: We're going to take a minute to allow the governor to leave and make his chair disappear. While we do that the secretary introduced the representatives of the

congressional delegation. I see members of the state legislature here. If they want to just rise because I know if I try to call on them -- just introduce themselves, say their name. We'll start with Senator Kittell.

(off mike)

Any other legislators? Okay. Well, let's start by telling the process that's going to work here. I think all of you have probably seen the six questions that are being used to sort of focus this debate. I'm going to run through them really quickly for those who haven't. In this first part of the forum we are asking you address one of these six questions, keep your point to that point. Later on in the morning we'll have a more general discussion and you'll be able to go where you want to go.

The other thing I'll just mention right now is in this first part especially we're going to hold you to a two-minute speaking limit. I know that will be very hard for some of you if you're looking at many pieces of paper, my advice is quickly run out to the hallway and go practice and time yourself and throw half the pages away so you'll fit. Unfortunately to get as many people as possible into this morning I will have to be strict with the two-minute limit. We have some lights here. If you're at the microphones you'll probably be able to see the light. The green light goes a minute, then the yellow light. When the red light goes on I'm going to ask you to finish your thought and step away. See the four mikes? I order to speed up things we'd like speakers lined up at each of those four mikes. Don't wait for me to call for the next caller. I'm going to look at the mikes and just keep going right across the room so we can get people going. My goal here is for the secretary to hear as much as possible from you. I was talking last night to Steve Taylor the commissioner in New Hampshire, a friend of mine, to ask him how things went over there yesterday. I think they got 46 speakers in on a huge variety of topics, just an amazing variety. So my goal is to get 47 because we want to one-up them. So we do need to keep things moving.

So let me run through the six questions carefully. Again also there are sheets out in the hallway that have these questions that have things you can write down and leave at the desk, and also most importantly the website. The USDA website is pretty amazing on these farm forums. Not only will you get forms that allow you to answer the questions on the website, but they have the transcripts from the other forums. They are fascinating to read because they really show the diversity of issues that are out there in other states than Vermont.

Question one is about the challenges facing new farmers and ranchers as they enter agriculture. The specific question is, 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?

Question two is about the competitiveness of U.S. agriculture in global and domestic markets. The question, how should farm policy be designed to maximize U.S. competitiveness and our country's ability to effectively compete in global markets?

Question number three is about the appropriateness and effectiveness of the distribution of farm program benefits. The specific question: How should farm policy be designed to effectively and fairly distribute assistance to producers?

Number four is about the achievement of conservation and environmental goals. The specific question here: How can farm policy best achieve conservation and environmental goals?

Question five, the enhancement of rural economic growth. The specific question: How can federal, rural and farm programs provide effective assistance in rural areas?

The sixth question is about the opportunity to expand agricultural products, markets and research. Again the specific question: How should agricultural product development, marketing and research-based related issues be addressed in the next Farm Bill?

Well, because we know that all of you are pretty reticent and not likely to jump the microphones we've arranged for the first two speakers just to break the ice this morning. Our first one is Savannah Stone, a 4-H member from Sheffield, and she will speak about the first question. And I'll mention also that Sheffield is one of those communities with 18 inches of snow this morning and no electricity. Savannah.

MS. SAVANNA STONE: I'm Savanna Stone. I'm 16 years old. I live in Sheffield, and my small amount of organic dairy cows are located in Cabot on my uncle's farm. And my future goal is to take a small amount of organic dairy cows I have and own a small organic dairy farm in Vermont. And I think one of the biggest issues for upcoming generations is finding a farm in Vermont that the land has not been sold on it because most farms you find that land has been sold off it, so there's really not enough land left with most of the farms you see, especially organic dairy farms because they are harder to find. And it's also hard to find financing with the unstable milk prices because when you have unstable milk prices they see it's hard to get loans for farms without a stable income that can back your loan.

And one of the biggest I see is fuel prices of course, which is hard on farms that do all their crops and feed their cows with machinery that takes lots of fuel and costs lots of money. And really those are some of the biggest issues I see for upcoming generations because I've been looking at farms. We're trying to find a farm. And it's very hard when you have fuel and unstable milk prices and all the stuff that goes along with it.

MODERATOR: Thank you very much. Marcelus Cubit, a former FFA member, is going to answer that same question now about what do we do for the new generation, the next generation?

MR. MARCELUS CUBIT: I was asked to speak on the FFA and the impact that it has. And as was mentioned, I'm Marcelus Cubit. I'm from Albany. We didn't get the 16 inches but we got plenty. Thank you for having me here today to discuss this topic that's

very important to me and has gotten me to where I am today. I served as an FFA state officer here in Vermont for three years. And the things I learned there have helped me greatly since.

The law that grants a federal charter to the national FFA organization states that the purposes of the organization are, quote, "To develop character, train for useful citizenship and foster patriotism and thereby develop competent and aggressive rural agricultural leadership." These are very important in continuing our rural agricultural economy whether that leader goes back to the farm or becomes the FSA manager or goes to Yankee Farm Credit or something like that.

There are many things that are going well in the national FFA, but there are many things that could be helped. One of these is helping and educating the city dwellers of our country to understand the importance of agriculture in their lives. Too many view the farmer as a rustic figure whose treatment does not affect them. FFA chapters are growing in the city, and this education of the public would help those chapters improve themselves and in turn their city.

Matter of fact, in 1994 the national FFA president named Cory Flonroy (sp) if I can remember how to pronounce his name correctly, was from Chicago and had never been on a farm until after he took office as the national FFA president.

One other thing that would be helpful to local chapters especially in rural America would be increased support and if possible funding to help the students of those chapters become more involved in some of the programs and conferences put on by the national FFA organization. Many FFA chapters are in rural areas that do not have the resources available to send members to these programs such as the Washington leadership conference that's held in Washington DC for a week every summer.

These programs help the students improve themselves and develop their leadership potential. The more the FFA members of this country are able to attend these programs, the greater the benefit they are to their community. These are only a few suggestions; there's many more that could be made if time would allow, but it doesn't. So, thank you very much for having me.

MODERATOR: Thank you.

[Applause.]

I'd also say that after we get through this first part it's possible that if some people have spoken already who have more comments on different subjects when we break it open will get that opportunity.

So now we open it up for all of you who have come. Just walk up to the four microphones you see and we'll start with whoever is at the first microphone. What we're

asking as well is, as you start speaking please say your name, where you're from, and if you feel like it if you are addressing a specific question what that question is. Go ahead.

MR. JAD DALEY: Thanks for the opportunity to comment, and my comments will go to questions four and five. My name is Jad Daley. I live in Hardwood, Vermont, and I'm the campaign director for the Northern Forest Alliance, which is a conservation and forestry alliance of 50 organizations across four states. The headline for our input is that in order to meet the needs here in Vermont the 2007 Farm Bill is going to have to be the 2007 Farm and Forest Bill. Our farmland and forestland is really an intertwined tapestry here in Vermont, and there's no way that the 2007 Farm Bill is going to meet our needs without providing assistance to private forestland owners.

A couple statistics to help you understand why that's the case. According to the Vermont Department of Fish and Wildlife, 80 percent of Vermont's forestland is in private hands. And between 1983 and 1997 the number of private landowners holding less than 10 acres doubled. The U.S. Forest Service in its new forests on the Edge Report projects that the Connecticut River Watershed will be among the top 20 for future development through 2030 and that most of Vermont's private forestlands will see either suburban or exurban development over that same period.

The Northern Forestlands Council 10th anniversary recent report found that Vermont's forests is part of a \$15 billion forest-based economy in the four northern four states, so there's a real economic impact from our forests as well.

To allow the continued parcelization of Vermont's forestlands by private development will have a deleterious effect on Vermont's rural economy, wildlife habitat, recreational resources and water supplies.

And here's how the Farm Bill can help. First, we need the Farm Bill to fund Vermont's Department of Forests, Parks and Recreation through programs like the Forest Stewardship Program and the Urban and Community Forestry Program. The technical assistance provided by the dedicated professionals in the department is essential to supporting private landowners and meeting their goals.

Second, we need the Farm Bill to fund cost-share and incentive programs like the Wildlife Habitat Incentives Program and the Forestland Enhancement Program to help private landowners afford to manage their lands to high standards. This will help them afford to keep large parcels and to steward them well.

And finally, we need the Farm Bill to fund conservation programs like Forest Legacy and the proposed Suburban and Community Forestry and Open Space Program which the latter was proposed in the 2002 Farm Bill and would help support our exciting Vermont town forest project that is helping communities manage, utilize and even establish municipal forestlands that can meet important public needs from economic development to wildlife habitat to recreation. Thank you.

MODERATOR: Thank you.

MR. KERRY ROOD: Thank you for the opportunity to be here, Mr. Under Secretary. First of all it's really difficult to see the lights there. The flag is sort of blocking it from the various mikes here.

I'm Kerry Rood. I'm the state veterinarian here for Vermont as chief animal health officer for the state of Vermont. We're very cognizant of the fact of contagious animal disease and disease control programs within Vermont and within the United States. And the specific bullet point that this speaks to that I'm going to speak to today is number two, and that's with our global market, exploring our global market for export.

Being from the Midwest, you can understand and I understand a grain farmer from the Midwest, you can understand the significance of the global market for exporting a product. Within livestock we see that as well, particularly the beef and other exports. We lack a uniform national animal identification system in the United States. We need that uniform animal identification system to track animal disease. Furthermore, our global partners are requiring us to have such a uniform animal identification system in place before they accept our product.

And I'll just point to Japan in the recent BSE as we work out the trade agreements with Japan and resuming beef trade with them.

I believe the 2007 Farm Bill presents an opportunity to resolve some of the issues surrounding the national animal identification system, specifically two that exist. Number one is the freedom of information requirement. We believe that language could be introduced in that bill keeping that data and that information within the national animal identification system exempt from Freedom of Information requests. Also we need to make this system mandatory so that we can stay competitive in the global market. I appreciate your opportunity to be here. I appreciate you coming to Vermont and listening with us. Thank you.

MODERATOR: Thank you.

DR. RACHEL JOHNSON: Hi. Good morning. I'm Dr. Rachel Johnson. I'm the dean of the College of Agriculture and Life Sciences and professor of Nutrition at the University of Vermont. Thank you for the opportunity to speak with you today. I'm primarily addressing question six.

I want to stress the importance of funding for the USDA Hatch and Animal Health Formula Funds in the 2007 Farm Bill. These funds are essential for land grant universities to maintain the basic infrastructure for applied agricultural research. The land grant system is a unique partnership between federal and state governments to provide quality education, research and outreach for the public good. The University of Vermont is proud to be a land grant university that has contributed to the world-renowned

success of American agriculture, to the protection of our environment and food supply and to the economic development of our communities.

The stated purpose of these funds is to conduct research, basic to the problems of agriculture in its broadest aspects with due regard to the varying conditions and needs of respective states. Indeed, the University of Vermont faculty conduct research of critical importance to the state's economy and health ranging from agricultural production to childhood obesity, molecular genetics, to the development of organic markets, soil chemistry to agricultural tourism.

Vermont received \$1.37 million from these federal sources that we use to operate our farms, greenhouses and laboratories. These funds support 32 graduate students to conduct agricultural-related research and leverage over \$9 million in competitive grants and contracts. This is a remarkable accomplishment, and considering the formula funds have been flat for over a decade eroding our ability to maintain core facilities. An increase in formula is long overdue.

My second point relates to the role that USDA plays in the formation of national nutrition policy. The obesity epidemic is now our nation's number one public health problem. If we don't act now to stop the increase in childhood obesity, today's children will become the first generation of American children who do not live as long as their parents. The cost of treating the diabetes hypertension and coronary heart disease that are caused by obesity will crush our nation's ability to pay for healthcare.

USDA can play a pivotal role in this national crisis. USDA has outstanding scientists spread throughout the agency. The Center for Nutrition Policy and Promotion, CSREES, the Economic Research Service, and the Agricultural Research Service to name a few. They are engaged in vital work related to nutrition and health monitoring of the American public setting nutrition standards for federal food and nutrition programs like school lunch and WIC. I'll finish up. And promoting good nutrition through the dietary guidelines for Americans and the new My Pyramid.

It's time to bring these activities together for maximum impact, just as USDA has an office of the chief economist; USDA needs an office of the chief nutritionist. Thank you.

MS. ANN INGERSEN: I'm Ann Ingersen. I'm a research associate with the Wilderness Society, and I'd like to address questions four and five. USDA fulfills its conservation and environmental goals by protecting the public benefits provided by farm and forestlands. Across the eastern U.S. 28 percent of our farms are actually forested, and we also have about 88 percent of the nation's family forest owners. Many of these farm and forest owners would like to keep their lands intact to provide clean water, wildlife habitat and recreation for the public. Yet here in the East we face unprecedented development pressures. Conservation easements are an important tool to help landowners keep their land intact and pass it on to the next generation.

Forest Legacy was a program invented here in the Northern Forest, and it's become so popular that nearly every state in the country is now participating or has applied for the program. Since 2001 18 new states have joined the program; yet the appropriations have not kept pace with that additional demand. We need at least \$200 to \$300 million in forest legacy funding every year to meet the need.

The Suburban and Community Forestry and Open Space Program Act which was already mentioned is another program that's similar to Forest Legacy but geared toward the needs of rapidly growing areas. And this program would help some of the over 900 land trusts that already exist in the Eastern U.S. who have protected 5 million acres without that assistance; with additional federal assistance they could do much more.

On question five; USDA also plays a very important role in enhancing rural economic growth by assisting remote rural communities with economic development and infrastructure. In the East most of these remote communities are actually in forested areas. Many of those communities are facing unprecedented changes due to restructuring of the forest products industry and large-scale changes in timberland ownership and global competition for solid forest products.

The Forest Service Economic Action Programs have developed a great deal of expertise helping forest-based communities adapt, diversify their economies and develop new products. EAP staff have developed this expertise that they could share with these communities in the East and we urge that this program not be phased out but rather be expanded to meet that need.

MODERATOR: Thank you.

MR. JEFFREY FROST: Good morning, Mr. Secretary. In a transparent attempt to get your attention I want to point out that I'm a graduate of Cornell College in Iowa where I spent four wonderful years in Iowa. That is part of my legacy also. My name is Jeffrey Frost. I'm speaking this morning as president of Ag Renew Energy, a consulting company engaged in promoting renewable energy as part of a paradigm shift within sustainable agriculture.

I've had the pleasure of fashioning four separate renewable energy grant applications on behalf of farm interests for whom I work. Thanks to a strong support of the Jolinda's Vermont Rural Development staff each of those four applications has won a grant award. I've also had the opportunity to go to Washington and be the team leader and author of the legislative impact analysis for USDA for Section 9006 of the Farm Act of 2002 working with Bill Hagy and his staff. Our work quantified the substantial macro scale benefits of farm-renewable energy projects for rural economic development, energy capacity increases, and environmental improvements.

I wish to make three basic points this morning. I can't really describe policy in these areas, but I'd like to call your attention to the importance of each of these areas.

Farm renewable energy is a key component of this century's sustainable agriculture model. The United States Energy Policy Act of 2005 did not provide enough farm renewable energy support. To capture the wide-ranging benefits of renewable energy for the farm community, USDA will need to support its own expansion of investment in farm-based renewable energy.

My second point. The quantity of freshwater usage and impacts on freshwater quality are each an increasing consequence for agriculture. Now is the time to design expanded market-based water programs, which provide direct rewards to farms for improvements in both water quantity and quality.

My third point. Human caused global climate change is a fact. Now is the time to proactively create tangible rewards for agriculturally based greenhouse gas emissions reductions. The next Farm Bill has a chance to address all these three points in major ways. Thank you for the opportunity to speak this morning.

MODERATOR: Thank you.

MR. DAVE LANE: Thank you, Under Secretary Dorr, for this opportunity. My name is Dave Lane, and I am the Deputy Secretary for Ag Development here in Vermont. I'll be answering questions two and three.

I recommend that USDA programs and policy recognize and compliment states' strategic agricultural economic development plans. Vermont is the most dependent state in the nation on a single commodity. Dairy farms provide 85 percent of our farm income. Yet our agricultural strength comes from its diversity. Dairy itself is diversified with small, medium, large farms, organic and conventional farms. They are complimented with a growing number of livestock operations, fruits and vegetable farms, value-added operations such as farmstead cheese and of course Vermont maple to name a few.

Place-based foods, place-based branding and relationship marketing continue to lead consumer-buying trends. As we baby boomers age and nutrition and health are becoming increasingly important, with over 60 million consumers within a day's drive of Vermont our agriculture (audio break) --

... and food of high nutritional value. Brand marketing is the first of four economic development strategies here in Vermont. The other strategies include farm modernization, superior technical assistance, and sector development. Farm modernization is the adoption and development of technologies innovations that increase productivity or in some cases provide new revenues for farmers. Farm energy, robotics, new products are all examples of these.

Vermont's farm viability program provides rigorous business assistance farm by farm here in Vermont. Technical assistance teams are designed with the farmers to meet their goals and improve their profitability.

Last but not least, Vermont is focused on understanding its critical industry sectors such as dairy, farmstead or specialty(ph) cheese, organic dairy and livestock for meat. These sectors are poised for significant growth. Understanding the dynamics from field to plate will allow the most effective investments.

When a state demonstrates its understanding of the economic dynamics affecting its future and when it has a demonstrated strategic plan, the coordination of federal agencies within this plan is the most effective way and the most effective path for success. I encourage you to give our excellent Vermont team that flexibility. Thank you.

MS. HEATHER DARBY: Heather Darby. I am a sixth-generation Vermont farmer. And I'm also assistant professor for the University of Vermont Extension. I would like to address question one pertaining to sort of my personal farming life and hopefully get to four and six pertaining to my role as an extension professor.

I am the next generation farmer in the state of Vermont. I purchased my family's farm a year ago. I feel the challenges that I faced at that time and also continue to face are the ability to get loans for a diversified farm. I feel that we need to have some more programs for beginning farmers to be able to get loans as well as diversify farms. Education and business planning-- obviously I was able to receive a college education, but I did not receive business planning education. And thanks to some great programs in Vermont I, as a beginning farmer, am able to take advantage of federally funded business planning programs.

Land availability for me was not a huge issue because I was able to purchase my family's farm because we were able to hold on to it for over 200 years. Most people do not have that opportunity. So making land available as other people have said through conservation easements and I'm not sure of other ideas on that, but we have to make land available and affordable for our new farmers and the next generation farmers.

Resources for diversified farms and also for resource limited and beginning farmers is a big challenge. And Vermont has done a really good job at providing those resources, both through state-funded programs and also federally funded programs. And to put a plug in for extension because I'm almost out of time, continued support towards the Extension Service to be able to provide educational programs to those next generation farmers that were unable to attend college or attended college but need further training is absolutely invaluable to the success of next generation and beginning farmers. Thank you.

MODERATOR: Thank you.

MR. MARK LORENZO (sp): Hi. My name's Mark Lorenzo. I work with National Wildlife Federation from our regional office Montpelier, Vermont. I manage something called Northern Forest Restoration Project. Northern Forest for those who aren't aware of it is 30 million acres of forested woodlands stretching from New York state right across to Maine. I married into the state of Vermont. My wife's a descendent of six generations

of dairy farmers in Champlain Valley region. Most of that land is covered in trees at this point.

National Wildlife Federation believes the U.S. needs to treat farm and forest conservation programs as integral components of a Farm Bill that supports agricultural and forest producers of all kinds across the nation. The Conservation Security Program for example is a critical environmental program facing deep cuts right now that also offers greatest hope for future delivery of meaningful economic support to farm and forest-based producers in a trade-neutral fashion.

I'm going to talk some about private forestlands particularly underserved in the Farm Bill relative to other conservation programs given the number, acreage and ecological significance you've heard from speakers earlier. In particular the Forest Stewardship Program, FSP, needs to be seriously revitalized to respond to demonstrated needs.

We also fully support maintaining expanding forest legacy programs and forestland enhancement programs, especially to support a new generation of forest owners.

On economics, rural forested areas around the country also need help with forest-based sustainable economic development. We believe the Forest Service Economic Action Programs or similar should be considered for incorporation in any new bill. This is a collection of several Forest Service programs administered by Cooperative Forestry, in particular Rural Development or Rural Community Assistance helps communities organize, develop local action plans and take action to build toward sustainable solutions for their economic and social and environmental concerns and opportunities.

We'd also like the forest products conservation and recycling program maintained and reinforced which helps communities and businesses develop new and expanded forest resource and business opportunities, particularly important to the globalized economy today.

One final thing we'd like to see country of origin labeling implemented as intended in the 2002 Farm Bill and expanded to include imported forest products. Thank you.

MODERATOR: Thank you.

MR. MARK YOUNGSTROM: Thank you. I am Mark Youngstrom, an engineer with AutoCreek Engineering in Rutland and Middlebury. My comments are framed from my role as a consulting civil engineer assisting rural Vermont communities with water system improvements over the past 25 years. Over this period of time the Farmers Home Administration now Rural Development, has assisted the majority of my clients with financing necessary projects to protect health, property in compliance with the Safe Drinking Water Act and to preserve the integrity of villages and town centers.

Many Vermont communities have public water systems dating to the early 1900s or earlier requiring significant improvements. Many of these rural communities have very

low median household incomes. The financial burden of major infrastructure improvements for such communities can be impossible. For decades USDA has provided water system grant and loan funding to such communities. Rural Development is the only primary agency providing necessary grant funding to reduce local burdens to an affordable level.

Last year Vermont received a grant allocation for this purpose of only \$2.7 million from Rural Development. Federal belt-tightening could severely limit Rural Development as a funding source for these critical public health projects. Rural Development loans at over 4 percent interest are not an economic substitute for grant funds.

To leave you with a specific example, the village of Newbury with a population of 396 and a median household income of only \$27,000 needs to construct \$3.5 million worth of water system improvements. The village seasonally relies on an open reservoir fed by a beaver pond to meet its water demands. The village's 90-year-old distribution system can't provide positive pressure in the distribution system. Leakage in the system is over 50 percent.

The village is eligible for a 75 percent grant which if granted would result in a high but acceptable cost of water of \$400 per year per family. However, with less grant funding this necessary and very basic project becomes unaffordable and the village would be subject to enforcement and noncompliance. On behalf of the village of Newbury and other rural Vermont communities, we ask for your consideration to support grant and reduced loans for these communities.

MR. DAVID MISKELL: My name is David Miskell. I have an organic greenhouse tomato business in Charlotte right close by. I'm speaking on question four on the environmental and conservation question. The organic farming as you know in the past years have taken tremendous jumps both in number of farms and also in the market share. I would hope that USDA continues the process of strengthening the organic standards and the organic rule rather than what has been happening in the past few years of lessening those standards.

The process of lessening standards that's gone on with USDA and some of the larger organic industry has been halted in some ways by the court ruling that was brought about by Arthur Harvey of Farmer Consumer in Maine. Right now it's very important for USDA to try to work together with the legislature in stopping an impact study that was proposed by our own senator, Senator Leahy. And then follow the process where the rule will be looked at according to the court decision in '06. And then after the rule is looked at through the petition and through your regular rules process then have that impact study.

The conservation and environmental will happen more and more when the marketplace makes it so farmers can continue with those practices. And if the standards are lessened

as they are being done now, people like myself who have been in organics for years and years and years won't be able to afford to continue doing it.

Thank you.

MS. GRACE GERSHUNY: Hi. My name is Grace Gershuny. I live in Barnet, which is on the east coast of the state. I'm here today on behalf of the Organic Trade Association for whom I am a consultant and a member. And I'm also Rural Vermont of whom I am a board member. I also have my five-year USDA key chain. I was a veteran of AMS, national organic program staff for five years. And I have a number of talking points, and I won't answer some of the things that Davey just said because I strongly disagreed with many of them.

But I will mention the fact that on question two the competitiveness of our farms I think is very threatened by our government's emphasis on pushing genetically modified organisms on the rest of the world. And I think that policy should be examined very carefully.

I also think that there are some excellent ways to support conservation as part of the WTO green box and the contributions of organic farmers are major part of that in terms of meeting WTO criteria and being able to support conservation programs. There are also programs such as the Market Access Program that help us establish markets in foreign countries which organic exporters are not currently eligible for. And so we would like to also support the AMS's appropriations request for \$750,000 to get up to date info on organic prices.

I think the achievement of conservation environmental goals is pretty self-evident in terms of support for organic agriculture. If you support organic farmers you will get environmental benefits.

Rural economic growth is another area in which organic and value-added program are extremely important including the value-added producer grants program, and I have to say that I was a reviewer for that program. It's excellent, and it should be funded. And I have a lot more I could say, and I will submit written comments. Thank you for your attention.

MS. KAREN LYNCH: I'm Karen Lynch from Memorial Economic Development Corporation. I'm here to speak on questions two and five and specifically with respect to the need for increased broadband deployment in rural areas.

I will follow a more complete version by e-mail. I can do that because I have broadband in my office and in my home. Many of my colleagues cannot say the same. Broadband often is seen as a blue-sky kind of issue. So today I want to focus on some specific benefits, and interconnected as they may be I can list five. I'll talk about a couple.

Access to information, access to markets, personal productivity, access to economic opportunity by which I include both jobs and rural entrepreneurship and community. These are all benefits of broadband.

Access to information. With broadband, pages load faster and, the user can process more information. Sometimes the most interesting information is buried on the 15th page of the Google search, and the dial-up Internet user is unlikely ever to get there. Large files including graphics may not download at all over dial-up lines. Access to information in the agricultural arena includes commodity prices, information about weather and other factors influencing commodity markets, techniques for dealing with plant or animal disease, benchmarking information to allow farmers to improve their methods, and more.

We want our farmers and other rural residents to have this advantage. Without broadband we're at a competitive disadvantage. The dial-up user it's true has an advantage over someone who does not have Internet access, but the dial-up user is at a disadvantage relative to broadband.

Access to economic opportunity. Today it's possible to work from home doing a wide variety of tasks if you have that broadband connection. Telecommuting is one option, but more and more technology-driven opportunities exist. It's broadband that makes those opportunities reality.

Compared to other infrastructure investments, roads, sewers, industrial parks, broadband infrastructure is a low-cost economic development tool, which leverages our existing physical infrastructure. We live in rural areas. We have citizens in rural areas who contribute to the economic well being of America, and those citizens, all of us, need to be empowered. Thank you.

MR. STEVE SINCLAIR: Good morning. My name is Steve Sinclair. I'm the director of Forests with the Vermont Department of Forest, Parks and Recreation. I'm here to address questions four, five and six. Specifically though I'm here to talk about the poor cousin of the Farm Bill, the Forestry title. And lest we forget in Vermont 80 percent of our land is covered with trees, so forestry and agriculture go hand and hand.

Vermont has a rich and vibrant history in forest management. The 80,000 forest landowners that are stewards of this forest resources contributing to our forest products economy make our quality of life. We work cooperatively with conservation organizations to identify critical natural resource environmental areas as well as trying to maintain a working forest landscape. I like to talk of this mosaic as our natural security. Just as we're critical in maintaining our national security, we also have to maintain our natural security in this country; in order to be a vibrant, viable nation we have to have a vibrant, natural community, natural security to maintain it.

As the state forester in Vermont I am daily involved with those cooperative forestry program that are in the Cooperative Forestry Assistance Act in the Farm Bill, those being forest stewardship, urban and community forestry, forest legacy, rural development, as

well as the cost-share programs, forestland enhancement program. All these programs are critical to the natural resources and citizens and residents of this state that try to manage this vast resource.

I'd like to focus specifically on three programs. The Forest Stewardship Program is critical and must be maintained. Numerous studies indicate the best way to reach forest landowners is one on one technical assistance, going out on the ground and providing those benefits. Secondly, I'd like to offer my support to the full suite of cost-share programs available to forest landowners. They need to be consistently and adequately funded.

And then thirdly I'd like to mention the important role that the USDA Forest Service and universities play in terms of forestry research. We need to be on top of the latest credible information so we can manage this resource in a sustainable long-term benefit for this and future generations. Thank you.

MR. ART MINUT: Good morning. My name is Art Minut. I'm a lobbyist for the Vermont Farm Bureau. Our president Jackie Folsom is out of state and couldn't be here this morning, so she asked me to come.

Agriculturally speaking, and I'd like to address questions three, four and five to some extent. Agriculturally speaking Vermont is perhaps the least diversified state in the nation. While we're working hard to broaden our agricultural base we remain very much dependent on the dairy industry. This industry is an important economic engine for the entire state and largely maintains the infrastructure upon which the diversified sector and indeed the rest of our Vermont economy depends.

Just as Vermonters are trying to broaden our base, so too should the nation look to diversify and decentralize the national agricultural economy. Locally produced and consumed food not only promotes good nutrition and better returns to farmer operators, it also improves national security.

Our most pressing need based on the dairy industry of course is that a fair and equitable system for the pricing of the milk be found and applied nationwide. At present that means extension of and full funding for the MILC program. Even though our strong preference is for a nongovernment funded mechanism such as the Northeast Dairy. It's also very important the federal regulatory mandates such as the EPA's proposed rules for livestock operations be accompanied by adequate funding. In this same vein there's a great need to fund alternative manure management schemes because current technology is itself creating a host of additional environmental economic and social problems.

Use of foreign labor is also increasing on Vermont dairy farms. So a simplified procedures to improve the availability of year-round foreign guest workers for dairy farms would be helpful, and we may follow this with additional comments by mail.

Thank you very much.

MODERATOR: Thank you.

MR. JOHN HAYDEN (sp): Good morning. My name is John Hayden, and I'm here as a local farmer and disgruntled taxpayer. I never really had a warm fuzzy spot in my heart for USDA but the fact that you're out here listening to us helps me to feel a little better about it, so thanks for being here.

I just have some general comments, and agriculture in the United States has many problems which are on the rise. As a society we seem to be in denial about them. Soil erosion, aquifer depletion, surface and groundwater contamination from ag chemicals, loss of rural communities, and consolidation of the industry are all leading to future food security issues. That's a real homeland security problem.

USDA's past policies focused on farm subsidies such as direct payments and commodity programs have been part of the problem. I'd like to see USDA become part of the solution. The Conservation Reserve Programs are a positive step in that direction. SARE, which is the Sustainable Agriculture Research Education, program is a real bright spot because farmers and researchers are working together to create economically environmentally and socially sound farming system. That program definitely needs to continued and expanded funding.

And just in general rather than focusing on the get big or get out programs and policies, I'd like my tax money to go towards small is beautiful programs. Please increase your leadership and resource allocation to organic research, small-scale farming, alternative energy programs, and local foods and school initiatives. Thank you.

MODERATOR: Thank you.

MR. BUZZ HOERR: Good morning, and welcome to another wet day in Vermont. And it points out a problem that I'd like to speak to you from two perspectives. First of all my name's Buzz Hoerr, and my first perspective is as chair of the Citizens Advisory Committee on the Future of Lake Champlain and a voting member of the steering committee of the Lake Champlain Basin program.

I talked to a farmer down in the middle part of the state last night who told me that he's in a bit of a pickle as are all farmers around the state over the past week, and that is it's awful wet, and there is a shadow product that's manufactured as part of this commodity agriculture system we have in Vermont, and that's manure. And he's worried he's not going to be able to get out and get it spread in time before our deadline.

I raise that point because it points out that society has asked agriculture in addition to supplying it with very cheap food to also handle its waste product in a way that will not impact water quality. And those demands and cries for that are increasing in volume. There's a lot of tension around this issue. And we here in Vermont, as Governor Douglas mentioned earlier, have a great situation where our congressional delegation and our state

government leaders have all joined together at the request of the voice of the citizens to do everything they can to help farmers solve this problem.

And it is essential going forward that the federal government continue to match the commitment that the state of Vermont has made towards matching funding for conservation programs with its federal dollars. We are enjoying a great deal of success with our \$12 million state minimum, but speaking from a citizen point of view it is essential that those dollars not increase and in fact we look to increase them because society is demanding that farms clean up the situation. Farms are marginal in profit here and do need that support from the government.

Second perspective is as president of an ag technology company called ElectroCell Technologies that largely came out of my 12 years of experience in working on the citizen side of water quality here. And that is that it's very difficult to find funding for ag alternative animal waste technologies, and it is essential we get \$300,000 a year. It's essential the government look to increase those funds and try to find ways as animal units compress into smaller ownerships and smaller parcels of land that much of the same way we have dealt with people's impacts on water quality through sewage technologies and other ways and new ways of dealing with storm water that we in agriculture fund equally aggressive efforts to help farmers try and deal with this other shadow product of animal waste so we'll be able to coexist in these narrow, thinly soiled valleys, people and animal agriculture in a way that doesn't impact water quality. Thank you very much.

MODERATOR: Thank you. Just so the folks here standing know, after Ethan speaks we're going to take a 10-minute break, let everybody stretch. And I hope in the good Vermont tradition that everyone will recognize the place these folks have been standing in for a long time so they don't have to spend that 10 minute break standing there at those microphones. So those folks get their positions back. And we will take a break, but go ahead.

MR. ETHAN PARKE: Thank you. My name is Ethan Parke. I'm a former dairy farmer, also formerly worked for the Land Protection Program, farmland protection effort here in Vermont, and I'm currently the director of a program called the Vermont Farm Viability Enhancement Program. I want today to urge the USDA to think about the education of farmers in the business of agriculture. The Viability Program as an example provides business planning and technical assistance to farmers. Our services are delivered by grantees and contractors to include university extension, nonprofits and private consultants.

Farming today requires sophisticated managerial and technical skills. Our larger dairies are racing to modernize and become more efficient. Our mid-sized family farms are searching for new mechanisms to aid in the transfer of assets to sons or daughters while saving for retirement. Farmstead and specialty cheese production is on the upswing. Organic milk, organic vegetables, value-added initiatives and the apple industry, all of these ideas and many more hold great promise especially for our younger farmers, men

and women who are excited about producing quality food but who need assistance in charting these new territories.

The Farm Viability Program meets these challenges by folks, not on macroeconomics or commodity support, but on the entrepreneur program is about empowering the entrepreneur to become a better businessperson. This activity occurs on the farm rather than in a classroom setting. We're funded by state appropriations and by a small congressional earmark. We have not been funded through the Farm Bill though I believe the Secretary of Agriculture has authority to set aside a portion of the Farm and Ranchland Protection Funds, the FRPP, for technical assistance.

Let me explain why Farmland Protection and Technical Assistance should be both funded. Our agriculture is dependent on two things -- land and people. If we want local food production, want to sell our products worldwide, we must have the land. But we also need the farmers on that land. Therefore I urge the USDA to consider the business of farming Rural Development through the development of rural entrepreneurs as one component of the next Farm Bill.

Thank you very much.

MODERATOR: Thank you, Ethan. Before we break, we are going to get one more speaker in, and I'll say at this point also if folks have trouble getting to the mike for whatever reason if you raise your hand once we come back a staff person will bring you a portable mike. Go ahead, please.

MR. LEONARD KORSUN: Okay. My name is Leonard Korsun. I live up in the town of Shrewsbury. We had a foot of snow last night. Trees all over the road, there's no electricity, and so I'm two hours late and I'm sorry.

I milked 50 cows for 44 years, so I just, so you know what, I know something anyway. I know how to milk cows anyway.

You give six questions and I've written it out, and I'll leave it but it takes more than two minutes. Monopolies are what is killing the rural society in this country. The independent farmers and their families from which come the people who can think, who know how to work and have the morals and ethics, the backbone of this country.

Monopoly supermarkets do not buy locally in any significant quantity except for niche items but not enough to sustain a rural economy. They save tons of money with few buyers, procurers. They deal with mega butchers who squeeze the farmers to supply them product to keep their plants full all year round. To do this the farmers are forced into very stringent contracts in which the risk is always on the farmer.

It's because mega monopolies buy out or squeeze out any competition. A small or startup farmer especially those that are not close enough to these plants are also squeezed out of the market. The powers that educate businesses in how to squeeze every dollar from

those they control are taking advantage of the desire in this country for farmers to be independent.

By squeezing out the smaller farmer with less market advantage than farms with best advantage, the big prosperous farms are able to gobble up land often because farm families want to loan to stay in farming. But in the end it will be the large mega farms that will provide all the food this country needs until the eventual peril falls. The reason we don't even know at this point could destroy the whole system that agriculture is coming to.

I believe agriculture needs roots in every corner of this country and the farmers and their families that understand their land and how to care for it. I thank you.

[Applause.]

MODERATOR: Leonard, we're glad you made the effort and got those trees out of the way and those things so you could be here. We are going to take a break now. Let me mention just in the next hour and 20 minutes what will happen. We will keep going on the six questions for awhile. Then it will be a general discussion. Then at the end the Under Secretary will have some reaction, closing comments to your comments, so we hope you'll stay through the whole thing. So 10 minutes and we'll see you back here.

[Recess. Off and on the record.]

MALE SPEAKER: They like it sliced. So these little guys you're going to see in convenience stores and in your school. We're going to package them next with a little brick of Cabot cheese in the top so you'll have them together. And we're working with Cooperative to do this with carrots as well, the little baby carrots, however they make those things. So yes, these are healthful foods. When the governor was talking about integrating Vermont agriculture into healthy living this is what it takes, folks. We know that apples are nutritious, but if you can't get people in a convenience-oriented society to eat them it doesn't matter how good our apples are. We package them in a way people will eat them. These will last three weeks in your icebox. These little guys are treated only with vitamin C and calcium, and they will not brown as a result.

MODERATOR: We're going to listen carefully -- (crunch). Pretty amazing crunch for an apple that is that.

MALE: In the back there is a box-full, so go get some and eat some. They're better than those little Danish things everybody's eating, much better for you too.

MODERATOR: We're waiting for the Secretary's return. Bear with us a minute. He's handling some issues in Washington. Grab those apples, and I'll share the latest political gossip with you all because this is a gossip-oriented group. But as you know or some of you may know the lieutenant governor we thought was going to drop by this morning, and you never know what the lieutenant governor is going to do or where he might show

up as all of you know. He's announcing in about an hour from now that he's decided not to run for the U.S. Senate and will not be challenging Rich Tarrent for the Republican nomination for the U.S. Senate, and he will be running for reelection as lieutenant governor of Vermont. So that's Brian Dubey's big news today and explains somewhat why he's not here.

With Jolinda filling the seat if not the title of Under Secretary, we're going to resume. Keep in mind here too not only is it important that the Under Secretary be here and hear your comments but all comments are being transcribed and are being posted and are being read by the policymakers and are being kept. So your audience is far greater than the three of us sitting here. We've had a wonderful morning so far and just covering a lot of ground. You all are doing so well watching this light. We are covering a lot of ground. We are running a little late now for which we apologize. If people have things to say we're going to stay longer to make sure they get the opportunity to speak.

So we go here now, and keep going with the six questions, and in a little while we'll reach the point where I'll say its fair game, anything on farm policy can be discussed. Go ahead.

MS. NOLIMA ABRAMS (sp): My name is Nolima Abrams, and I'm a student of community and international development in the College of Agriculture at UVM. And I'm struck by the overproduction of our farms in this country and how amazing it is, and yet all the problems that have come out of it.

For example, our subsidized grain goes to third world countries like Mexico, and people there can no longer afford their own grain and also here it's been linked to this obesity epidemic as our food is so cheap that it makes so much sense to give and buy more and more of it. Yet at the same time many farmers especially in Vermont are obviously struggling.

And it's in an individual farmer's best interest to produce as much as they can as we know, and yet then the more we produce the prices go down. So just in terms of the environment and economics and everything I'd like to urge in this Farm Bill that farmers are supported that aren't using hormones which only produce more milk and that aren't using genetically modified organisms and that are working on a smaller scale. Thank you.

MODERATOR: Thank you.

MS. WENDY SUE HARPER (sp): My name is Wendy Sue Harper. I'm a soil scientist, senior lecturer and plant and soil science at the University of Vermont. So I really work in ag education more than anything else. I guess my comments will actually address the first question. As my dean Rachel Johnson who moved to the back of the room said earlier that many funds for academia have shifted or have remained flat for many years. This is especially true for Extension, but other programs. The ramifications of this

funding change or shift of funds really has meant that academia or the activities that take place in academia are more and more supported by industry.

Now industry has had an impact on the agenda of academia, and while industry does do things for the public good industry is beholden to its shareholders. That's who it needs to speak to. And so who really funds things that are done for the public good -- research, education, delivery of information that's for the public good is government. Government funds things in the public good. Industry funds things that earns it a profit.

And so we've had a shift away from things that need to be done in my opinion for the public good to focus on things that are really about earning a profit. This is true in agriculture too. A lot of this is done on the backs of the farmers.

Now because of this my opinion is that public money really should be spent on the following, and this is really for the future of agriculture and the future of growers. First is Extension. Extension cuts, having a flat funding when inflation and everything else costs more money, essentially means a cut to Extension, has caused real problems in our state. We're a small state, you know, so we end up having one person that does everything for one crop, you know. And can't really cover all aspects of that which means we have holes in what we're able to deliver to growers and farmers. And so we need money for that.

And you know the next generation of growers are going to be folks that didn't come off the family farm because such a small percentage of our population are farmers right now. So because of that it means that we really do need a stronger Extension System to work with educating growers.

The second thing is educational programs, and these would be ones that focus on teaching concepts in ecology or ecological concepts applied to agriculture. That's what's really going to make us sustainable. We have to be focused on ecological science and agriculture. And then also have practical experience too because students do need that because they're not coming from the farm.

The third is organic farming research. That sector of ag is more and more making up the whole agriculture economy and it really hasn't been funded as much as it should. Thank you.

MODERATOR: Thank you.

MR. DENNIS SHAFFER: Good morning, and thank you for the opportunity to comment. I'm Dennis Shaffer. I live in Calais, and am the northern New England director for the Trust for Public Land. I actually had a couple moments yesterday to comment but allow me to wear my Vermont hat today.

The Trust for Public Land is a national organization with a local office in Montpelier. And we have a successful track record of farmland and forestland protection projects here

in Vermont and across New England. Because of our conservation oriented mission I'm going to focus on your question concerning conservation and environmental goals.

I would like to add my voice to the comments you're hearing today in support of the Farm and Ranchland Protection Program. This program has been a very important tool to preserving highly productive agricultural soils and contributing to farm viability here in Vermont and across the country. We are seeing farmland conversion at an unprecedented rate. It's important that the Farm and Ranchland Protection Program funding be enhanced to the levels necessary to preserve our most vital farms while the opportunity still exists.

Woodlots and forest lands are equally important to our communities here in Vermont. The Forest Legacy and the Urban and Community Forestry Program have provided important resources for protecting and enhancing the viability of Vermont's working landscape. It is important for the next Farm Bill to recognize the significance of forest lands in states like Vermont. Existing programs such as Forest Legacy should be enhanced, and opportunities for new conservation initiatives should be established.

Here in Vermont and other states with significant timberland resources, we are seeing many local governments expressing a desire to own and manage their own forests. These town forests are contributing to local economies through both timber production and recreation. We have a wonderful opportunity through the upcoming Farm Bill renewal to assist these local communities with the acquisition and management of community forests here in Vermont and in other locals with rich timber resources. Thank you.

MODERATOR: Thank you.

MR. PAUL COSTELLO: I'm Paul Costello. I'm the executive director of the Vermont Council on Rural Development. I'm very glad to be here to have the opportunity to speak. The Council on Rural Development is concerned with fundamental challenges, economic and demographic, before rural Vermont-- many of which are common to all of rural America. We are experiencing technical isolation, the exodus of youth, a housing crisis, a shifting economy, a landscape caught between development and preservation, changes in our natural resource economy across the board in the face of global challenges. And the Farm Bill is a primary way to address some of these challenges.

At the Council on Rural Development we're also keenly aware of the economic opportunities that the global economy and our incapacity for innovation in Vermont present to us. We need to coordinate resources -- state, federal, nonprofit and private -- in order to maximize the opportunity ahead for rural Vermont. The Council is charged through the existing Farm Bill to provide a coordinated function between these agencies. We feel it's essential to continue that work through the national rural development partnership and the state councils throughout the country.

Vermont Council on Rural Development facilitates policy councils and in the last few years has done so supporting the forest products industry, the state's planning system,

agricultural viability, and the creative economy. We build fundamental platforms for discussion that set up for action by local, state, federal and private partners including the agency of agriculture and USDA.

We provide community visits that help communities set local priorities, action plans and help them get in touch with state and federal resources to realize their action plans. Governors summits help unify state, federal, regional and local leadership to coordinate activities to address fundamental historic problems in the state of Vermont. Our new creative economy initiative will promote innovation and revitalization in rural towns throughout the state. We believe we are an essential partner to the USDA and to the Department of Agriculture and the state of Vermont as a whole as we move forward with agricultural policy.

We strongly urge USDA-RD to support the Councils on Rural Development across the country and the National Rural Development Partnership to the 2007 Farm Bill. Reauthorize the National Rural Development Program language in that bill, work to extend the program to all 50 states in the country so that we have a unified national policy for agriculture and for rural America and support these efforts state to state through the state councils. Thanks so much.

MR. ANDY DYKSTRA: I'm Andy Dykstra. I farm in New Haven with two of my sons, and I like to address the first question there. We immigrated out of the Netherlands about 50 years ago. We're farming in Vermont about 40 years. We bought our farm there were nine operating farms in the route. We're the only one left farming. And I'd like to continue that. I've talked my two boys into running the farms. But my main concern is the milk pricing system we have in the United States. Right now with the cost of farming and everything, we cannot afford these \$2, \$3 swings in milk price anymore.

And in order to keep young farmers going we have to have a milk price to cover our cost of production and a fair return on the equity. That price should not fluctuate every month. Farmers should know what they going to get for their milk for at least six months ahead of time or a year.

Milk prices should move with inflation like a very good example I feel is this year, I mean our cost has soared on everything -- fertilizer, fuel. And our milk price should get according to it, like the kind of program which I remember we had in the '70s, we had a parity system. And that has worked for us great.

This would help young farmers to get financing from banks. Right now it's very hard when you try to borrow money, and the first thing the banker will ask you, what is your milk price going to be about a year from now or in the next -- we can't even tell them what our milk price was last month.

The milk price we knew what it is is good for the farmer. I feel also I'm very active in local coop here, and it's very good for the processors too because they know what their milk price input is on their, so they can forward contract with their customers. And I

think especially those who have the cheese makers when they buy their milk they have to age this cheese for awhile, and by that time cheese prices, milk prices could have skyrocketed or dropped way down, and they're in a pinch. I think we see some of that in our state going on right now.

I am very happy to hear that MILC is extended, but in another way as farmer I feel sometimes kind of a welfare recipient. You work seven days a week and you know I don't get a fair pay. I don't think the money should come from the government. It should come out of the marketplace.

And another thing that disappoints me once in awhile is when we get a real good program going they throw it out. I think a very good example was Compact. I think this could have been national. But it got thrown out. I'll leave it at that. Thank you.

MR. JEFF MCCCELBY (sp): Good morning. My name is Jeff McCelby. I'm the water operator for Newbury, Vermont. I'm part of the system that Mark Youngstrom has already mentioned. The system was put in in 1915 with shovels before backhoes were even around. And since then we haven't done a lot of work maintenance wise or improvements. We just got off over almost a three-month boil notice. We desperately need a filtration system and a new distribution system in order to even think about meeting EPA standards.

We currently qualify for 75 percent grant. I would like to urge that this grant money at least be levelly funded if not more. Our medium income is \$27,000. I have a lot of customers that are on fixed incomes. The low interest loans are just not going to help us out with any type of needed improvements. The rates currently, right now, with the 75 percent grant will go from 180 to 420 a year. And for folks on fixed incomes this is very difficult, so I'd just like to -- this is addressing question five by the way. But I'd like to urge that more grants would become available. Thank you.

SEN. SARA KITTELL: Good morning again. I'm Sara Kittell, and I chair the Senate Agriculture Committee in the State Legislature. I represent Franklin County, our county of the largest number of dairy farms. Since there's no legislators here from Addison County I can say that. And represent Franklin County and the town of Alburg. Welcome Secretary Dorr. I am hoping we're going to get your Vermont maple syrup to you. I want you to know I thought of it this morning, but my maple syrup is in a Snapple bottle, so -- and I didn't think you wanted that.

So my comments are dealing with water quality, and this is also a priority of the Senate Agriculture Committee and the Legislature. So we need to get it right with the water quality in Vermont, and to keep our ag infrastructure in place because our agriculture infrastructure in Vermont is our dairy farms.

So what's been working in Vermont? In the past two years we've had successes in bringing together the agriculture in the lake communities as they both face regulation and economic challenges. Farmers see the relationship between good water quality and our

lakes and rivers, and campers, developers and tourism businesses and others rely on the farmers to keep the land working. Cleaning up our watersheds is a huge task but if the state and federal government can coordinate programs and funding we're convinced that we can help to sustain our working farms here in Vermont.

We in the legislature in our Vermont Agency of Agriculture work closely with USDA. We have agriculture water quality requirements. We have a large farm permit program. We have a new medium farm permit program. We have new accepted agriculture practices for all farms, about to have new rules.

Nutrient management plans are a priority. We've appropriated \$750,000 state dollars for nutrient management practices. It's estimated that the total cost will be \$6 million.

Our farmers are at the table and are making investments. So it's imperative for the future of our farms that we have a coordinated approach with our state and federal agencies. So the new Farm Bill, let's have our regional equity funding or more funding, flexible funding, mechanisms for good coordination between state and federal agencies, a simpler process, maybe less paper. And I thank you, Secretary, for listening to our testimony.

MS. DIANE BOBFELD (sp): Thank you for being here today. My name is Diane Bobfeld, and I work for the St. Albans Cooperative Creamery. The Cooperative has many areas of concern for the 2007 Farm Bill. But I will focus on three items and provide more information in writing at a later date. I will address questions three, four and five.

First, safety net programs for dairy farmers should be part of the 2007 Farm Bill. The MILC program that expired in September 2005 assisted many dairy farmers within our cooperative and milk prices dropped. Knowing this program exists allows farmers to feel safe planning for their future on the dairy farm. In the 2007 Farm Bill I would encourage USDA to consider a countercyclical program of payments to dairy farmers based on the MILC model including a cap on payment levels.

A program such as this allows for the production of milk in all areas of our country and is vital to our national food security. Of course this program would be best if it was funded by industry not the government.

Second, in the 2007 Farm Bill USDA should ensure that farmers are not held to any unfunded mandates. Many programs are being discussed that could be detrimental to dairy farmers. The upcoming study by EPA on farm emissions is an example of an activity that will produce regulations that farmers would need to follow. How will farmers meet the potential new standard? It will be important in the 2007 Farm Bill to provide programs to assist farmers to meet ever-increasing environmental regulations through education, technical assistance, and funding for potential changes to the farming operations.

Third, in the 2007 Farm Bill USDA should consider increasing support for investments in rural American businesses. These rural businesses in many cases are linked to agriculture and provide great synergies for the community. Ag products are moved a short distance to a processor that adds value and then markets the finished product to the community and beyond bringing needed money back to the rural community.

I think we need to take a look at infrastructure for those communities, roads and bridges. We have dairy processors that are 25, 30 miles away from the Interstate system, and they have grave concerns of the road structures and bridges getting their product to the Interstate system to be able to distribute to a greater market.

I believe USDA in the 2007 Farm Bill should target rural development money to innovation to serve niche markets. Information should be gathered to determine the trends in consumer demand and to match program monies to rural businesses that are working to meet the needs of the consumer. Thank you.

MODERATOR: Thank you.

MS. ANDREA COLNES: Again good morning or good afternoon, whatever it is now. Thank you for making the effort to come to Vermont and hear what we have to say. I'm Andrea Colnes, and I work with an organization called the Northern Forest Center which focuses on the Northeastern region, Vermont, New Hampshire, Maine and New York, 30 million acres that stretches across the northeastern tier of the country.

We work with people to try and address the combined conservation, economic and community needs of the region. Recently we've been awarded the grant from the Economic Development Administration to conduct a region-wide economic strategy for the region to try and look at in an integrated and holistic way the forces bearing upon the future economy of this rural region.

It must be a very interesting time for you to serve as Under Secretary of Rural Development for USDA. I think this country faces a crisis in terms of the future of our rural economy, our rural communities, their vitality and their viability as we look towards the future. You've heard a lot of very good comments today about specific programs and individual initiatives that can help.

I'd like to take a minute and maybe just one minute not two, to look at things from a slightly broader perspective. This country sits at a critical juncture in terms of the future of our rural areas. Globalization is at work. Fundamental changes in land ownership, patterns and dynamics, the forest industry again 80 percent of our land is forested in the Northeast.

The forest industry in this neck of the woods, and it's the same owners doing many of the same things for the same regions in the southeastern part of the country as well as other areas of the country, have completely changed their structure, sold their lands and are buying timber on the open market. So the future stability of our forestlands is at risk.

Employment in this region has changed dramatically. Thousands and thousands of jobs either have been lost or have become so unstable that it's very hard to plan on them and to raise a family in this area.

Farmland faces very similar kinds of forces. It's economically very, very challenging to keep farmland in agriculture versus selling it out for higher and better uses so-called that generate higher income.

As a result, we're losing our youth at an unprecedented rate. This region as a whole is losing our youth. Our college educated youth at four times the rate of the national average. Vermont I understand holds the honor of losing our college-educated youth at the highest rate in the whole country.

This can't continue. We can't forge a future with this hemorrhaging of our natural resources and our most precious resources our children.

So I think from a very general perspective the comments you're hearing today echo strongly what's needed across the Northeastern part of the country. The Farm Bill and USDA sit in a fairly unique position given the cross-section of programs and interests that cross your table. Rural Development, conservation, agriculture, forestry, energy-- the Farm Bill has tremendous potential to be a driver and a catalyst in shifting the policy of this country towards a policy that truly supports our rural areas and our rural economy. Shifting resources from large-scale, bigger-is-better subsidies to the kinds of programs in economic development and agricultural supports that can really make a difference, the Farm Bill can do that.

And the time really is now. If you look ahead 20 years, things could just be radically different and the opportunity will have gone by. Thanks very much.

MR. TOM DECKER: Thank you, and good morning. My name is Tom Decker. I'm a wildlife biologist with the Vermont Department of Fish and Wildlife and I'd like to provide the following comments relative to questions four, five and six and the Department will be submitting additional comments in writing.

I do want to welcome you to New England and hope that our hosts in New Hampshire yesterday explained the importance of paying attention to those moose signs as you come up through New Hampshire and Vermont to make sure that you remember our maple syrup and not our moose in necessarily a bad way.

Speaking to questions four, five and six, wildlife and fish are public resources managed by public agencies. They provide multiple benefits to the public in terms of aesthetic, ecological, recreational, and even as a food source to the public throughout Vermont. As such because of their importance the Department feels they should be coequals with soil and water in all phases of the Farm Bill programs -- implementation, maintenance, program delivery, monitoring and evaluation.

The Department believes an important element in enhancing rural and economic growth can be directly related to the conservation of fish and wildlife and their habitat. Recent studies done by the Department document that Vermonters and visitors to the state spend more than \$386 million annually related to activities like hunting, wildlife watching, fishing and trapping. These wildlife-related activities demand for the public to realize those benefits demand wildlife habitat be conserved and their populations need to be conserved.

Residents have also told us in surveys over 97 percent said habitats and forest lands were very important to them. Thus many landowners in Vermont are interested and willing to manage for wildlife and forests, but the economic realities and limitations some of which you've heard today may prohibit such efforts. Therefore the Department believes very strongly that incentives, financial, to the 2007 Farm Bill, related to EQIP, WHIP, FLEP, WRP and Forest Legacy should be strengthened.

A very important element to the Department in funding of these programs is the regional equity of conservation program dollars. The Farm Bill overall represents a great investment in private lands through farms and forests throughout Vermont. Agricultural and forestry programs in the Farm Bill impact fish and wildlife resources.

The Department encourages NRCS, and we believe you have a very capable and professional NRCS staff here in Vermont -- we feel very fortunate with the relationship we have with them. But we continue to encourage that because these resources are publicly held that NRCS continue to institute prudent measures and a close coordination with both federal and state fish and wildlife agencies in the delivery of Farm Bill programs.

The significant planning effort recently occurred nationally at the state level and with territorial governments through the state wildlife grant program in which each state developed a very comprehensive wildlife strategy document that Vermont now has. We encourage you to use that document as a valuable tool in referring and prioritizing wildlife related Farm Bill programs at the national level and here at the state level.

Lastly the Department supports the diversification of farming programs to help our farmers in Vermont. However, the Department in that wildlife is held in a public trust the Department does not support any additional efforts of incentives to diversify farming practices in any manner that privatizes the ownership of wildlife. We believe that's contrary to the North American model of wildlife conservation in which wildlife is held as a public trust. Thank you.

MODERATOR: Thank you.

MS. KATE INGRISHEM (sp): Hi. My name is Kate Ingrishem. My husband and I are first generation farmers, dairy farmers from Addison. And I'd like to make some comments on the six questions but you'll have to bear with me. I'm much better at milking cows than I am at public speaking. Addressing number one, we would hope that

thorough science-based research be done on any of the environmental issues rather than a knee-jerk reaction to a group of activists or their lawsuits, and that any sound findings be given thorough consideration for practicality of function and cost-effectiveness.

Other farm programs such as lending and cost-sharing need to address the fact that the size and scale of farms is changing and may need to grow accordingly.

Also it's extremely difficult to find traditional commercial lending sources to finance farms in this area, making alternate sources such as FSA and VITA vital to the ag community.

Addressing number two, shouldn't we hold other countries to the same high standards of production that we have in the United States? It's hard to compete with a country that does not have the environmental labor and business regulations that the U.S. does. And also plentiful and safe domestic food supply should be considered a matter of national security.

To address number four, I believe keeping farming profitable and fund-incentive programs would allow for compliance. A profitable farm will happily employ sound conservation and environmental practices. As you know farmers make their living from the land, and have always tried to improve the land to the best of their knowledge and financial means.

To number five, just to maintain offices and services local to the farms they intend to serve.

And just a quick note on number six would be nice to see milk marketed for the 96.5 fat-free product it is.

MODERATOR: Thank you.

SEC. DORR: You did a very good job.

MODERATOR: Let me just make the point here that we're at the point of the format where if folks do not want to address a specific question but only have a policy issue they want to raise unrelated to the direct six questions, this is the time you can do it. But you can also address one of the six. Just do whatever you want from here on in -- as long as you stay within the two-minute limit. Go ahead.

MR. STEVE BOYD: My name is Steve Boyd. I work with a company called Sarafor (ph) the Biomass. We're introducing a technology from Germany and Austria which is a type of anaerobic digestion system that we call a fermentor. It's a renewable energy system using wastes. And we actually also use other agricultural products. We can use various types of crops to produce biomass.

We think it's a good opportunity. We are working with the Hewlett farm here in Vermont who was recently awarded funding out of the renewable energy, energy efficiency program. And we are grateful for that, and I would strongly encourage you to strengthen that program. I think it's an excellent opportunity for farms in Vermont to benefit, also for any increasing energy costs there are presently it's a way for farms to actually profitably grow crops.

And one thing I wanted to mention is thinking forward with your programs is based on the experience in Germany. Last month we had a trip to Germany with several farms, group of seven of us, and we saw several farms there. And if you compare the two countries Germany actually has some similarities to Vermont. There are a lot of small farms here that are having difficulty staying profitable.

But if you compare the U.S. as a whole to Germany in the U.S. there are less than approximately 100 digester systems in the whole U.S. -- generally on large farms. And in Germany alone there's somewhere between 2,500 and 3,000 systems. And the reason why this has been a success over there is because of they set up the program to encourage the technology and benefit the farms. And they've actually changed the program recently to remove actual subsidies to projects, capital cost, and instead provided an incentive on a per kilowatt hour basis or for heat that was produced.

So it really created a boom. And it's created a market for this necessary form of renewable energy which creates a lot of other benefits. And I just want to present that as an approach that can be used, and it could also be applied to other credit programs such as watershed credit programs and that kind of thing. I think it's a very effective way of creating a market for a technology which can be beneficial instead of going project by project.

MODERATOR: Thank you.

MR. ROGER INVEL (sp): Good afternoon. My name is Roger Invel, and I farm in Grand Isle County. I've been a lifelong dairy farmer. My father farmed for 52 years. And I have spent a number of years on a county committee, and I now serve on the state committee for FSA. And I apologize for some of the farmers that we spoke with that wanted to come today but I guess power outage and snow, we can understand. I'm hoping that I bring some of their concerns here today.

There are those that would believe that farming in the Northeast or New England or Vermont is probably agriculture is not as viable as it is in other parts of the country. But I or we tend to believe differently. Of the top 20 milk producing co-ops in the country, three of those are from the Northeast and one of those is from right here in the small state of Vermont. So that says quite a bit for where we rank around the country.

Our county was once mentioned to me, described as one of the most unique counties in the country. The reason is it's the only county, Grand Isle County, that is surrounded by water in the whole country. So that brings up my water quality issues as well as what

farmers are dealing with. And the EQIP program we must continue hopefully to keep funding that. The only drawback that we find with that program is that it's not flexible enough so that the federal dollars can be distributed to address some of our major concerns which probably aren't the same as they are in other parts of the country.

And we need to make sure that we have these resource concerns addressed and funded. And I'm not better at milking cows, but I'd rather be milking cows.

One other concern we have as far as addressing one of the questions is that how do we continue servicing our farmers and keeping our county offices staffed is probably one of the most important things that we need to do because in this state here many offices are understaffed, and we always try to put more workload on them. And of course we all know that really ends up with a negative benefit. And the farmers are the ones who suffer, so I think being a small cost would be one of the biggest benefits we could have is continue to staff these offices so that the service is available to the farmers.

The technology part that we're pushing for to have all farmers involved or get involved with the different programs we have over Internet. Comment was made a few minutes ago about broadband, and unfortunately we are in an area where we don't have the technology available to the farmers and to pursue this, to push it ahead will make it very difficult. That definitely will result in the inability to service some of these farms. Unfortunately we do have some farms that don't even have a checking account, but they are still some of the most prosperous people we have here.

So our hopes is that you take these considerations seriously and will follow through with it. Thank you.

MODERATOR: Thank you.

MS. KAREN BATES: Hello. My name is Karen Bates. I work for the Vermont Agency of Natural Resources within the Department of Environmental Conservation and specifically within the Water Quality Division. I work as a watershed coordinator, and right now the Northern Lake Champlain Basin. We write water quality improvement plans. Part of that process involves discussing with community the problems, their perspectives on the problems, and then solutions they think would work best for them.

Within the St. Albans Bay watershed area I've had discussions with the agricultural community. We've had at least three, and within that they had some perspectives I thought I'd bring to this meeting.

Some of them are echoing Roger Invel's comments, but first was their willingness to actually be part of this effort to improve water quality. They have no problem with it. One of their comments was that of course they wanted to be compensated for the efforts they put into water quality improvement programs or techniques. And then the second which I thought was very interesting was the desire to be educated so they could determine the best process to be for implementing these techniques. They knew how

things worked. It would be their perspective that would be very important to actually get these programs implemented.

Part of that would be in my perspective an increase in staffing at Farm Service Agencies or the UVM Extension especially. People like Heather Darby at UVM Extension is held in high respect by that community, and that would -- people like her will help implement these programs. Thank you.

MODERATOR: Thank you.

MR. BOB FOSTER: My name is Bob Foster. Tom, welcome to Vermont. I'm a fourth-generation dairy farmer, composter, energy producer and director for Agramart cattle. And I want to thank you for taking the opportunity to come to Vermont and listen to our comments. Originally the schedule looked like it was only going to be 13 or something. So I really commend you for broadening that listening session out.

My first concern involves the financial returns from farming. Our fifth generation farm is trying to figure out how to transition the farm business from a fourth generation to a fifth generation while at the same time buying out the third generation. And it's a real challenge. Part of the problem is that land values as we've heard have increased rapidly with tremendous pressure to convert it to nonagricultural use.

Efforts to further develop and sustain profitability of farms are needed. Profitability is the best way to keep open spaces and farmers on the land as well as meeting the conservation and environmental goals that go with good stewardship and sustainable communities. Reauthorization of the MILC program, which I applaud the secretary for supporting, provides a safety net for dairy producers in this volatile market as well as some assurance to my generation and my children's generation that the transition on our farm will be successful.

Our farm over the years has worked to diversify its operation and to use our resources in a sustainable manner. Regulations are becoming an increasing burden. We applaud efforts to focus resources on conservation such as the CSP and the assistance through EQIP in meeting the requirements by society that benefit society as a whole.

I do feel that the administration and payment of farmers should stay with the FSA and then NRCS should provide needed technical assistance and design. I'm very concerned about the efforts to apply CIRCLA (ph) and EFRA (ph) regulations to the livestock industry without society funding the studies to determine if in fact they do apply.

On a more positive note I am excited about the tremendous opportunities for agriculture and agricultural land to produce energy. I would encourage the USDA focus resources in this area which will help revitalize rural America as well as make America less vulnerable to the whims of others.

Programs should not fit large farms versus small farms, organic versus conventional. Agricultural production needs to be spread across the country from a biosecurity point of view alone. Conservation and building of healthy soils is essential to the long-term viability of our land.

One last point, as banks continue to consolidate and become less personal access to capital will become even more crucial. Farm businesses as well as the other businesses owned and operated by dairy, by farmers in general, need market assistant funds and appropriate access to capital to grow and continue to be profitable. Thank you.

MODERATOR: Thank you. Go ahead.

MR. THOMAS MCCORMICK: Good morning. Name's Thomas McCormick. Now I'm going to fill this sheet out for you guys to take back to wherever you come from. And I'm going to let you realize that there is problems. There is a fix believe it or not on what to do with our agriculture land throughout the United States as well as right here in Champlain Valley. My stepfather was a cattle dealer ever since the '40s. So I happen to have been his right-hand man through the last 30 years.

Anyway this is a very emotional, touchy subject, this healthcare, USDA, cozy relationship with our researchers that keep 4 and 5 books, submitting data that's incorrect on purpose. You're handing over millions and millions of dollars to these shysters. We caught Eric T. Pohlman here I think in May. Does that ring a bell? No? Okay. Well, no. He's in federal court. We caught him.

Like I said, USDA needs to realize you have to retool our farms now. You have decimated our forest. You've allowed all these sawmills to ante up and get the wrong nut trees. We've only got about three or four male beechnut trees to help the existing beechnut trees for what have you that are around. There's only about four or five, six of them here in Vermont, maybe a dozen. The point of it is, our chestnut trees -- okay. President George Bush planted one in Bennington back in March, April. He happens to have about 17,000 -- (audio break)

MODERATOR: -- with the forms that are out in the corridor there. And the website really if you just go to USDA.GOV and click on the farm forums it's the easiest way to get there, and it really is an excellent website, a lot of information on these forums, but also on the way to make these comments. Go ahead.

MR. CHARLES KEELER (sp): Thank you. My name is Charles Keeler. I'm an agricultural loan officer with the Vermont Agricultural Credit Corporation which is a component unit of the Vermont Economic Development Authority. And we're a small state, and we still have access to as many letters of the alphabet as does the federal government.

Obviously our wish list as lenders is the same as the wish lists of everyone that's spoken before-- stable price for farm products, public funding for mitigating the risks from animal wastes, and funding for technical assistance. That's imperative for us as lenders.

I'd like to make a couple of rather more specific comments though. We make direct loans, and we're one of the I think three lending institutions that have any sort of state relationship in the country that does make direct loans as opposed to depending on aggie bonds. I'd like to think that our underwriting standards are prudent.

However, we frequently feel the need to take advantage of the Farm Service Agency guarantee program both to mitigate risk and to enhance the value of the collateral that we use to secure our line of credit with the Cobank. And I said to my FSA peers that I would try to be as nice as possible, and I'd like to say this is a small state and we have a very collegial relationship with the Farm Service Agency. I learn a lot from all of them -- albeit the fact that we do have some occasional tensions which probably keeps us all on our toes.

I'd like to suggest that there are two trends that we see in the state of Vermont at the moment that perhaps should be addressed through FSA. One is the increasing size of dairy operations. And the other is the need to adequately fund more diverse agriculture, which extends to forestry too. We do have a one forestry loan that I'm very proud of. And I hope we can have more, particularly in those instances when they finance purchases from the Trust for Public Land.

In order to improve our relationship with FSA I would hope that the definition of family farm be recognized to include those farms which are both extremely large and which are organized as entities within the family that are not traditional -- corporations and this sort of thing. And I'd like to suggest that the Farm Service Agency have an increased direct loan capability because right at the moment when you're dealing with a large farm the \$200,000 FSA direct limit almost precludes them from making any significant contribution to the deal.

And thirdly, I'd like to suggest that FSA's ability to grant guarantees be expanded to purposes which are not presently included in the FSA regulations. I'd like -- one more thing I'd like to say that I'm a subscriber to DirectTV I believe, and we get RFD-TV, and I'd like to compliment the secretary on his appearance on TV.

MODERATOR: Okay. Our last two comments. Go ahead.

MR. BRAD WRIGHT (sp): Good afternoon, Mr. Secretary. Welcome to Vermont. My name is Brad Wright. I'm the information specialist with the governor's Clean and Clear Action Plan. I think by the number of people you have here in the room you can tell that water quality is a big deal here. It's a little like the old E.F. Hutton commercials; when the discussion turns to water quality people listen.

You should know that the water quality, the environmental and water quality programs that are part of USDA are a big deal here in Vermont. Best management practices, the Conservation Reserve Enhancement Program, the ag resource specialists, alternative manure management grants, these are all very, very important.

We very much appreciate USDA's support, and continue to hope that we receive that and we appreciate it along with whatever flexibility you can provide in how to spend it. Thank you.

MR. DIRK RITHE (sp): Good afternoon. Welcome to Vermont. I'm Dirk Rithe, Colchester School District Board Member. And I understand from our Food Services director that our morning nutrition program which is in concert with the Food Nutrition Service is not able to buy a local produce and products. We would like to be able to do that. Thank you.

[Applause.]

MS. JENNY NELSON: Hi. I'm Jenny Nelson. And I'm the agriculture policy assistant to Congressman Sanders. I'm also a dairy farmer. My husband and I own Home Acres Farm over in Ryegate. And like Vermont's 1,200 or more dairy farm families, milk pricing is of utmost concern to us. The USDA and the FDA must protect the traditional quality, nutrition, flavor and functionality of milk and dairy products. Imports of milk protein concentrates and alternative species milk into U.S. dairy plants and compromising the definitions of our dairy products manufactured in the United States impact farm gate prices.

Imports, which are on the increase, displace our domestic policy. More importantly, the use of MPCs is masking dairy's declining market share in the U.S. food and manufacturing industry. The government has a duty to enforce rules of antitrust and consolidation in the dairy industry. It is the USDA and the Department of Justice along with the Securities and Exchange Commission that must investigate and indict if need be. The Chicago Mercantile Exchange though often limited in activity and volume has been shown to influence the milk price determined by the federal milk marketing orders.

Voluntary versus mandatory reporting to the CCC and adjusted inventory numbers have had undue impacts on farm milk prices.

Then just from Congressman Sanders very quickly, in addressing your concerns of farm policy effectiveness and farm program goals Congressman Sanders stresses that the MILC program for dairy farmers must be extended, and he sees programs that provide a safety net for small and medium-sized farms as paramount in any future programs. He reminds you that farm families are not always at the mercy of the market and that much of our food system continues to be controlled by a few very large corporations.

Congressman Sanders stresses that there are perishable commodities including dairy, and that these farm products must be protected by government programs and fair support prices.

Finally, he says that it's important to maintain our national feeding programs like the national school breakfast and lunch, WIC, Food Stamps, farm to school and farmers markets and programs that lead to a sustainable food system. He supports a Farm Bill policy that minimizes our dependence on imported energy and maximizes our ability to expand local and regional food sources and alternative energy in an effort to gain food security and U.S. food sovereignty. Thank you.

MODERATOR: Thank you. Last comment.

MR. MARK LORRY (sp): My name is Mark Lorry. I'm from town of Rupert down in Bennington County. A dairy farmer. There's 15 of us left down there. I drove about 100 miles to come to this forum and I definitely welcome you and appreciate you coming to our small state to hear our comments.

I'll just make a few general comments. Coming driving up through I noticed I think over half the farms I passed the barns are sitting vacant. Some of the land is being used and some of it isn't being used. But I think that's a trend that we can't continue to stand for.

I think first and foremost on many farmers' minds is the regulatory and environmental issues. A lot of folks have touched on those here today. Any mandated practices or legislation needs to be backed up with some programs to help with the support of those. We're most of us that work the land all want clean air and clean water, and our communities and our country needs that. And we do the best job we can with limited funds.

Farming needs to be a viable enterprise for younger generations. Bob Foster spoke about the transfer of farms and how difficult it is. I'm third generation farmer myself. And we need to continue incentives for beginning farmers as well as organic and specialty crop farmers, and especially incentives if we can improve our price through value-added products.

In the last 50 years the United States has lost 36 million acres of agricultural land. And as a lot of folks have pointed out, we have 80 percent forested here. We have a large population in the northeast, and I hope we can keep what farmland that's available now in production.

We need other incentives for investments in renewable fuels. Diesel fuel is over \$3.00 a gallon in some places, and it makes it very difficult to get our crops in. In my opinion payments must continue for major farm commodities, and I believe rural America will fall apart if we don't continue the programs we've had.

One last comment, the Farm Service Agency as we know it along with the Natural Resource Conservation Service has successfully implemented and delivered USDA programs to our nation's farmers and ranchers. The county community system allows local farmers some discretion regarding these programs and how they are best suited to our local water and growing conditions. This must continue in the next Farm Bill.

We have the safest and cheapest and most abundant food supply in the world. Farm policies developed by the USDA must ensure that this continues in the future. Thank you for your time.

MODERATOR: And thank you for coming the distance you did. A comment?

MS. ROBIN REED (sp): Quickly. One thing I haven't heard much about is the coming animal identification programs. I guess I'm from my vantage point I'm married to a dairy farmer in Charlotte. My name is Robin Reed. I think this could be really hard for some farmers to do. Some of them have their animals all named and some people keep all their animals right on their farm. But some of the other animals I see get bought and sold and sent around and I think it's a good idea to track the animals, but I think we have to be very careful not to impose excessive costs and when this is implemented and that there's plenty of technical assistance that goes along with the implementation of animal identification.

MODERATOR: Thank you. Boy, we've covered a lot of ground, done it quickly which is a credit to your ability to put things concisely. So now we turn to the Under Secretary for some closing comments.

SEC. DORR: Well, thank you very much, Chris. Again, thanks to all of you for taking the time out of your schedule and also contending with the weather to join us and provide us with your insight. I will apologize for my absence for a bit after the break. I did have a couple of calls that I had to take. I guess when the Secretary calls, you take the calls. But nevertheless, there are a lot of unique issues that affect every particular region and every particular state relative to their agriculture and rural policy development issues.

Yet frequently there are a number of themes that run through them. Number one again today we hear a great deal of discussion about managing publicly-held forestlands and the stewardship programs, Legacy programs and how to deal with those and the importance of dealing with them appropriately. That's a theme that's been very consistent.

Let me make one kind of anecdotal comment for those of you who are heavily involved in the forest issues. We probably have one of the most outstanding under secretaries we've ever had at USDA running the NRCS who's probably as knowledgeable on forest issues as anyone I've ever met in Mark Rey. You may not always agree with his positions, but he is passionate about this business and he's passionate about implementing good policy and developing consensus to do so. So I have a great deal of reasonable

comfort level that USDA will be addressing a number of those issues in a most effective way.

Another issue that tends to come up on a regular basis is farmland protection and the need to maintain these open lands. There's no question that farmland preservation issues are going to be elevated in my view in the discussions that are coming out of the Farm Bill listening sessions. This is not necessarily unique to the Northeast. You have the same issue in the western areas as well.

Interesting experience I had about two weeks ago with a gentleman at one of these Farm Bill listening forums, in Little Rock, Arkansas with a group of minority farmers -- the moderator was a gentleman many of you may or may not remember named Richard Bell. Dick Bell was the assistant secretary of Agriculture in the Nixon administration working for Earl Butz and was one of the original crafters of the original Russian grain sale.

After he left his position at USDA he was then hired and became the CEO of Riceland Foods in Stuttgart, Arkansas. He retired about a year or year and a half ago. He's in Illinois farm boy, educated University of Illinois, he's your consummate international trader, a guy that everybody kind of views in that arena of international trade and those sorts of policy discussions.

He has been selected and appointed by Governor Huckabee to head up what is now a brand new Department of Agriculture in Arkansas. Prior to this they had a series of boards that provided the oversight in a number of the areas that impacted agriculture in rural Arkansas.

Listening to Dick -- and I've known him for a long time -- he said, as the Secretary of Agriculture I will have four priorities. I think this is really interesting given from whence he came. He said, First of all, fact of the matter is in excess of 50 percent of our farm operations are headed by women. He said I am going to focus on a number of issues that impact women in agriculture. Secondly, he said, it's clear particular when you deal with rice and soybeans that are very heavily involved in the international trade markets, that the global competitiveness of those businesses have altered substantially, so there's no question we have to look at renewable energy. Renewable energy is going to be a major emphasis of ours in Arkansas. He said, Another issue that's become evident to me as I've had the chance to look through the various opportunities we're faced with are the farmers markets issues. He said, we are going to focus on developing a much better infrastructure, pricing and support mechanism for farmers markets. Lastly, he said the fourth area to concentrate my focus on, are niche markets that come out of sophisticated, well-defined and developed smaller but very sophisticated farming operations.

The interesting thing about all that is here's a guy who came out of the old school of international global trade, grain commodities, traditional farm programs, and he's talking about the same sorts of things you're talking here. The thing I'd caution you on as we go about this as you begin to develop the kinds of background, information you want to see plugged into a farm program, these niche markets, farmer markets, the sorts of things you

recognize having do two things-- number one creating a level of sustainability for rural America and, two, creating a level of economic opportunity traditionally not available over the last 20 or 25 years.

These are going to be sophisticated businesses. These are going to require a lot of technical expertise. And so you're going to have to give a lot of conscientious thought to how it is you want policies developed that will make these possible for you to operate.

I heard a couple of other things here today too, and that was that rural America is at a critical juncture. There are a lot of concerns about the brain drain and loss of young people in rural America. I'm an unapologetic, unabashed optimist for rural America and the benefit of being in my position is that I've had the opportunity to travel all over the country for the last three years and see a lot of things that are going on in rural America. I simply want to point out that I'm probably more optimistic about rural American than I have been at any time in my life. The deployment of broadband, access to that kind of technology -- and I realize there are complications and difficulties in certain regions -- but it is dispensing knowledge and access to capital in ways we never thought.

The biggest issue I submit to you that we're going to have to figure out how to deal with, more probably at the local level than at the national level, is how you develop rural America so it's able to coordinate and accommodate a multiplicity of opportunities that are nontraditional production ag with those of you who are in production ag in rural America.

You're dealing with them in Vermont in a lot of ways relative to your environmental issues and environmental concerns, but I think it's important to point out that in the last four and a half years alone in the rural development programs at USDA that are involved with infrastructure which includes technology, broadband, telecommunications and a number of those issues. Enterprise and rural economic development activities that are not directly involved -- production agriculture and housing and other community facility programs are expenditures over the last four and a half years that are 40 percent higher than they were in the late 1990s, 40 percent higher.

When we came to office in 2001 those programs were about \$9.5 billion a year. Last year we actually had authority to invest about \$17 billion. We actually invested about \$14.8 billion. These are not typically grants. Most of these are loans and loan guarantees to people who live in rural America because they're excited about it. They see opportunities, and they're willing and the government, Congress and the administration are willing to provide these kinds of lending guarantees.

There are significant opportunities out there. I hear it again today and many of the comments I've heard rural America is changing as it always has, and I am frankly thrilled to death to have had the chance to get your input because frankly when I go home I'm still as optimistic and encouraged as I was when I came.

So thank you all very, very much for the opportunity to be with you today, and I look forward to more of these conversations. I urge you to work closely with your leaders in this state, folks like Steve Kerr who do in fact provide a lot of leadership, and your governor and others, along with your congressional delegation. We look forward to more of those. Thanks.

[Applause.]

MODERATOR: It's great to end on a note of optimism. So we will end there, and as we do I want to thank the staff of the FSA and USDA who were here helping to make this all possible. It ran so smoothly. It's a great credit to them and a great credit to you. Thank you very much for coming.