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**Senate Agriculture, Forestry & Nutrition Committee  
Opportunities for Growth: Michigan and the 2012 Farm Bill  
Kellogg Center, Michigan State University  
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**Chairwoman Debbie Stabenow:** Good morning. Good morning. We are so happy to have all of you with us today for our first official field hearing of the Senate Agriculture, Nutrition and Forestry Committee. I am particularly pleased to have Senator Pat Roberts, who is my partner, my ranking member and friend who is here with me from Kansas. And we're doing our first two field hearings, first in Michigan and then in Kansas, and then we'll be listening, of course, to folks from across the country. But it was important to me to start here.

And as you all know, I've said many, many times, I don't think we have an economy or a middle class unless you make things and grow things, and that's what we do in Michigan. We make things and we grow things, and we do, I think, a doggone good job of it. And so when we talk about what is important to the farm bill and the fact that I think every page affects us, because of the diversity of crops, I think it's really terrific that we are able to start here in Michigan and at Michigan State.

Just last week we held our first official farm bill hearing in D.C., where we discussed how U.S. farmers and ranchers help to feed the world, and the importance of agriculture as part of the global economy. Today in Michigan, where one in four jobs rely on agriculture, and where agriculture contributes over \$71 billion to our economy, when we talk about the farm bill, as we all know, it's really a jobs bill.

You know, we had to postpone our hearing back in April due to a looming government shutdown, and even though we were able to keep the government open, we still have a very tight budget to work with, and it's going to be critical, as we are focusing on larger issues around budgets and deficits, that we examine every part of the farm bill, every program, evaluate whether it's working or not. With the cold, wet spring and planting delays in Michigan, it's more important than ever that the farm bill risk management programs work for our farmers.

Difficult budgets also provide reason and opportunity to simplify and streamline programs so that they work better for the people that are relying on them. We need to stretch every single taxpayer dollar to get the absolute best return on our investment, and that's what we intend to do.

In today's hearing we'll continue the farm bill process with a focus on principles and bottom lines, and focus on the folks who actually are using programs, and what all of you think – what's working, what's not working, what we can do better, what we should continue to do from the 2008 Farm Bill. We want to hear about your farms, your communities, our needs across Michigan that should be addressed in the farm bill. And we want your input as to the most effective ways to do that, because that really is what the process of the farm bill and the next several months are all about.

Fundamentally, we write farm bills to help producers in the face of real challenges and to conserve natural resources, we help real people who struggle to put food on the table in difficult economic times, that we help rural communities improve their economies and offer good jobs to their citizens, and we help our nation take important steps toward better energy future.

We've got three great panels of witnesses today. Our first panel features our wonderful host, as you know, my alma mater, Michigan State University, founded over 100 – yeah, let's give a round of applause to Michigan State. [*Applause.*] President Simon, I think you brought your fan base with you today, and I'm one of them. So founded over 150 years ago as America's first land-grant college, MSU's pioneering advances have changed the face of agriculture in our country.

It was here that Malcolm Trout first discovered how to link pasteurization and homogenization of milk, which revolutionized the dairy industry. William Beal pioneered the hybridization of corn and Robert Kedzie organized the forerunner of MSU Extension back in 1876 – and I don't think you were there at that time, but... Today MSU continues that legacy, leading the country in advances in controlling invasive species, fighting plant and animal disease, biotechnology and bio based manufacturing.

Our second panel is made up of farmers and others involved in agriculture that represent the broad diversity of agriculture in Michigan. We'll hear about traditional commodities, specialty crops, the sugar program, dairy, livestock operations. We'll also hear about some of the challenges and risks our farmers deal with on a daily basis, and how they balance those challenges and risks in their operations.

In our final panel we'll hear about nutrition, rural development, energy, conservation, credit and forestry, which is also very important to Michigan's economy, rounding out the most significant titles in the farm bill.

I have to say, Senator Roberts, we are very excited to have you here, and I know you often joke about how the state tree in Kansas is the telephone poll, but we've got a lot of trees all around Michigan, and national forests, and great beauty. And we are so

glad that you're here to be able to hear from key leaders about some of our great natural resources and to meet our wonderful people.

Agriculture in Michigan continues to be one of the bright spots in our economy. Our agricultural sector has grown at a faster rate than the rest of our economy. And as chair of this committee, I am committed to doing whatever I can to keep that momentum going, and to continue supporting the great men and women and the great families of our state who work so hard day in, day out to produce a safe and abundant food and fiber supply that powers our nation's economy.

It's now my great pleasure to turn to Senator Pat Roberts for his opening remarks. He has indicated a little while ago that he has been through eight farm bills, I understand, and was chairman during 1995 and '96 in the House of Representatives of the Agriculture Committee, and has a wealth of knowledge and expertise, and I'm very pleased to have him partnering with me as we go forward in writing the next farm bill. Senator Roberts, welcome to Michigan.

**Senator Pat Roberts:** Yes, ma'am. Thank you. [*Applause.*] Good morning and Go Green!

**Audience:** Go White!

**Senator Roberts:** That's not very good. Let's do it again. Go Green!

**Audience:** Go White!

**Senator Roberts:** All right. Part of my remarks here in the appendix I'm not going to read to you. It's the play book of the University of Nebraska. [*Laughter.*] Dr. Simon, I'll just give it to you. And it's like everything else, it's top secret, so I'm making it public. [*Laughter.*] But I don't think...I got a glimpse of Spartan Stadium. My staff and I were testing my time in the 40. I still have some eligibility left for Kansas State and... [*Laughter.*] I got it down to 40 seconds this morning. [*Laughter.*]

But at any rate, thank you so much for bringing the committee to Michigan. This is a tradition of the Senate Ag Committee to go out and have field hearings, and you always get a different perspective than when you have people come into Washington and read their prepared statement. And if you dare ask them to get away from that, they get a little nervous. But not when you come to Michigan or Kansas, I can assure you, so it's a good thing.

Dr. Simon, thank you so much for hosting this this morning. And as I indicated, I don't think Nebraska will walk onto your field until 2012, but when they do, rest assured everybody in Kansas will be shouting "Go Green" as well. [*Laughter.*] Madame Chairwoman, it is appropriate that our first farm bill hearing takes place at a research institution, and as you've indicated, the first land-grant institution.

And I've said before, we face a great challenge. We've been trying to indicate to those in the Congress and anybody that will listen, and we had a hearing last week that really concentrated on that, about American agriculture and the global economy, but even more than that, our national security and what agriculture can do as a tool for peace.

Our population is now about six billion – I'm talking about "our," the world. It's going to go to about 9.3 in the next several decades. That is an awful lot of folks to feed. And we're not going to be able to do that unless we have the appropriate research base to give us the technology to enable us to do that.

And why on earth would anybody in the Congress of the United States, or for that matter any one of our numerous critics of production agriculture, why would they pass, or why would they enact spending cuts that would tear at the base of that effort, or for that matter, tax policy, or for that matter, regulatory overkill, which is one of the things that we want to touch on as of today. And the chairwoman is going to hold a hearing with EPA, or what Chuck Grassley from Iowa says, the End of Production Agriculture Agency. *[Laughter.]* But maybe it's not that severe or not.

But at any rate, emerging economies are demanding higher value proteins, grains and specialty crops, so those prospects are out there. We have to take advantage of that. We must be very aggressive. I'm very sad to see that the trade pacts that we thought that we could pass on a fast track and that have been delayed years are now again in the midst of a political debate. But we will persevere, and I hope that we can get that done.

The key factor in doing all this is technology. That starts at universities like Michigan State, Kansas State, the home of the ever optimistic and fighting Wildcats, and other institutions where agriculture research is a priority. And I really want to thank our producers and our witnesses on the second and third panels for joining us today. The three here, we're not allowed to ask them questions. They're at a higher level.

But at any rate, it takes time to come here and to testify, to take time out of your valuable schedule, and so I really appreciate it, and I know the chairwoman does as well. It's your perspectives on current agriculture programs and the direction of this next farm bill that are critical to the committee's work in drafting policies that provide producers in rural America with the tools necessary for success.

And some folks question the need for a farm bill with commodity prices where they are today. I don't have to tell you that prices can fall much more quickly than they rise. We've been through this before. And people don't seem to realize the cost inputs and everything else that goes into this. The worst thing that can happen is happening out in Kansas, and more especially in the southwest part. We're very dry. I wish you'd send some of this rain back, if you possibly could.

But here we are with a farmer with...now, this is going to sound to you like a big farmer, but out in our country it's not particularly that big, maybe 10,000 acres. He had a pretty good crop there, but bang, we end up with a hailstorm, and then bang, we get into a drought, one of the worst since the '30s, and we have wheat at over eight bucks, which is just incredible, and there he is stuck with no crop. And so that indicates the tremendous value of crop insurance. The chairwoman and I share that very strong feeling.

So it's a paradox of enormous irony that when we have high prices and everybody thinks everything's fine in agriculture, that's fine except if you lose a crop. So we both believe that without an adequate safety net many producers will struggle to secure their operating loans and lines of credit to cover input and equipment costs that are always rising. We need those producers to stay in business if we're going to meet this global challenges.

Folks, this is not only a challenge for us, it's a moral issue. We started this with Food for Peace in the Eisenhower Administration, and if we're going to feed a troubled and hungry world and be able to do that, we must have the base from which we can operate. It's a national security issue. Show me a country that cannot sustain itself in regards to its food supply, I will show you a country that's wavering and having problems and probably getting into a little bit of terrorism, so it's a national security issue as well.

Unfortunately, our farm programs are not the only policies that affect production, and I'm looking forward to hearing from today's witnesses about the impact of federal regulations on their operations. The cost of regulations, on an annual basis, to America today with the existing regulations and some that are now pouring out like a Katrina, it seems to be in all phases of our economy, is now over a trillion dollars. That's incredible. Surely we can do a better job on a cost benefit basis, and we hope to get your input.

Our Kansas producers continue to tell me that federal regulations from outside of the department pose just as great a threat to their ability to feed a troubled and hungry world as anything else. At a time when the future of agriculture production so heavily impacts our national security, why would we do anything, from the federal government standpoint, to hinder their efforts?

Madame Chairwoman, you have convened a diverse panel representing a wide range of issues under our committee's jurisdiction. I look forward to hearing their testimony, tasting the fruits of their labors, Bing cherries, while we're here in Michigan. Thank you so much. Thank you all for taking your time to come out. This is a wonderful group, this is a wonderful audience, wonderful turnout. Thank you so much.

**Chairwoman Stabenow:** Thank you very much, Senator Roberts. Thank you very much. [*Applause.*]

## PANEL ONE

**Chairwoman Stabenow:** We will turn to our excellent host this morning, who will bring opening comments, of course Michigan State University's President Dr. Lou Anna Simon; Vice President for Research and Graduate Studies Dr. Ian Gray; and Director of MSU Extension Dr. Thomas Coon. And President Simon, we're so happy to be here. Good morning.

**President Lou Anna K. Simon:** Good morning, and we're delighted to have you here, and welcome home. And Senator Roberts, to be your second home, particularly if you deliver that play book in a way that helps us in October. But it is my distinct pleasure to welcome you to Michigan State University and to pause a moment and to reflect on your title, Chairwoman. It's an extraordinary honor for you, but also for Michigan State University and for the state of Michigan.

You've been a tireless advocate for this university, but also for agriculture from the very beginning of your career. And so this position and this opportunity to have an important role in shaping not simply next week, but the future of this country for a very long time, we're so proud of the role that you will play. And Senator Roberts, your record is extraordinary, and we can adopt you as a son of Michigan, if that's appropriate.

Let me not go through the formal testimony – you have it in front of you – but make about three observations, if I might, and turn it over to my colleagues. You reflected on the pioneering land-grant university, and we'll be celebrating the sesquicentennial of the Morrill Act in 2012, and it will be a time in Washington where there will be parties on the mall, and posters, and a lot of discussion. But that was an extraordinary time in our history when the Morrill Act was adopted in time of war, a time of great economic stress, and a time when our country needed to chart a future that was simply different than where we had been.

Michigan State University was a prototype, being founded seven years before the Morrill Act, as a way of thinking about how we could blend, as Senator Stabenow says, the making and the growing, in a way that wasn't simply about making and growing, it was about economic competitiveness and quality of life, and a way in which the research that has occurred at this university could have profound impacts on the people of Michigan and therefore the people of the United States.

And this is a uniquely American institution. It is a bit muddled at times because we try to balance access – being good enough for the proudest and open to the poorest, competing in international competition, and at the same time being very locally connected. When John Hannah returned from USAID and a stint in World War II, he understood that this was going to become a global competition, a global society, and that places like Michigan State, with its values, should participate in that global dialogue, establishing the first international studies programs in 1956, well before the

issues of internationalization or food were a part of the national security interests that you're talking about today.

So Michigan State University has, in its DNA, this capacity to be internationally focused and locally relevant and connected, at the same time trying to open its doors widely, but also expecting the best and being able to compete with the best, whether it's on the football field or anyplace around the world. That spirit is what animated the Morrill Act and it's what we should be celebrating in 2012.

Also, the Morrill Act understood that research had to underpin whatever we did, that true democracy was based on the capacity to have people across all walks of life have access to the best information, and that we could be both relevant today, but also forward-looking for tomorrow. So the research agenda for the land-grant university had to anticipate tomorrow's problems, not simply address the day-to-day economic issues of difficulties of floods and droughts and all the things that might occur. That balanced portfolio was really important for the growth of America and the growth of Michigan agriculture.

So as you think about the farm bill and its profound impact going forward, it has to have this proactive element so that it can anticipate the problems of tomorrow in this global context that you've described, Senator Roberts, and that Michigan and the United States can play an important role in solving those problems in ways that rebound positively to the prosperity for the people in Michigan, the people in the United States, and those two are not mutually exclusive.

And that really is the 21<sup>st</sup> century land-grant university and the role we can play in helping you and others both identify those issues as well as staking out an agenda that's long-term and short-term. We also must stay connected to the people. And that becomes more difficult, sometimes, as we're all sort of fascinated by our iPads and our phones and texting.

But extension needs to be relevant for the 21<sup>st</sup> century as well, and that requires some reorganization, and Tom will talk about the challenges that we're facing, but also how we think that technology, as well as our connections with people in this room, and many across the state, can help us find a new rhythm for extension for the 21<sup>st</sup> century that blends this technology, but also thinks about the role that extension must play in bringing and making sure that we're monitoring what's happening around the world so we can learn from the best practices in the world and remain very, very competitive. And extension needs to play a role in making sure that we're bringing those best practices, not simply from a part of the state or from part of the United States, but from around the world back to Michigan so that we can be competitive.

We've all faced enormous budget challenges. Michigan has been no exception. Those challenges have frayed some of our trust and our relationships. They've put friends at odds with one another over priorities, and they've also, though, been an opportunity for us to reassess what we need to do for the future.

We're very pleased that as a part of the ongoing discussions there will be an ag summit here in Michigan, I think now scheduled for August, as a way of having the Department of Agriculture & Rural Development at the university, the state's land-grant university, and the various constituents be able to think together about how we can better frame the problems of today and for tomorrow.

The farm bill, as it stands now, had CREATE-21. It was an opportunity to be able to fund the kind of work needed for work in the state and to really capitalize on the opportunities that are available. We really understand the difficulties that you'll be facing, but have trust that you will be able to rise above the political nitpicking of the day and be able to find that framework that will be a parallel to the celebration of the Morrill Act in the future.

**Dr. J. Ian Gray:** Thank you, President Simon. Good morning, Chairwoman Stabenow, Senator Roberts. Welcome again. And I welcome the opportunity to make a few remarks about research, and the need for research, and the critical role that USDA funded research plays in the long-term sustainability of the agricultural system in the United States.

I'll divide my remarks into three discrete areas: CREATE-21 and its future and its impact on agricultural research, the MSU research programs in support of Michigan agriculture and natural resource industries, and the need for a balanced research portfolio within the National Institute of Food & Agriculture, and in those universities which obtain research support from the USDA.

CREATE-21 – and I would like to express our deep appreciation to you, Chairwoman Stabenow, for your strong commitment and support of this initiative – this has been a major change in direction. It's really a need. And the growth of research funding in the United States has not paralleled the need that faces the agricultural industries. Research funding is almost static, and has grown at an average annual rate of just 1.85% over the last four decades.

CREATE-21 called for increasing competitive funding to just over \$2 billion per year over a seven-year period, with fundamental or basic research constituting 55% of the total, and integrated programs the remaining 45%. And this would be a wonderful paradigm to follow and bring to completion, because that is what is needed to support not only the universities, but the research programs for global and U.S. agriculture.

Michigan agriculture contributes almost \$70 billion annually to the state's economy, making it the second-largest industry. We have over 200 commodities, and that makes us second to California in terms of agricultural diversity. Michigan State researchers rely heavily on USDA funding, state funding, particularly the Project Green, and also commodity funding.

We face a myriad of challenges, and therefore it is very, very critical that the research grows and the programs within the university grow at the same time to address those unique needs facing Michigan agriculture. And I would acknowledge the importance

of the Specialty Crop Research Initiative that was established by NIFA to solve critical industry issues through research and extension activities.

And Chairwoman Stabenow, I would like to particularly recognize your strong advocacy for this initiative, as it pertains directly to the needs of our specialty crops in Michigan. And this is a unique change in how we do research. It was multi institutional, multidisciplinary, multi investigator activity coming together, the sharing and blending of disciplines to address critical problems.

And MSU has been successful in those initiatives. As a particular example, we received \$14.4 million to lead a team of scientists from 11 U.S. institutions and six international partners to improve the quality of fruit in the globally important Rosaceae family, and that was very, very good.

There's also a need for flexibility in USDA funding. We do not mind, in fact, we encourage competition. But Michigan, as many other states do, faces some critical problems. So in other words, we need a pool of funds to address problems such as the marmorated stink bug in Michigan, which is a serious problem, and that was identified in Michigan, in two counties in Michigan, reported by the MDA in February earlier this year. Control of this pest and others, such as the spotted wing drosophila, is necessary to secure the viability of our plant industries in Michigan.

The third point I would like to make is about the need for USDA to commit strongly to promoting and funding basic research. And basic research is the basis of the coming up with solutions. Basic research is the underpinning mechanism for problem-solving in the state of Michigan. In the new biology report in the 21<sup>st</sup> century insuring the United States leads the coming biology revolution, it was concluded that integrating knowledge from many disciplines will permit deeper understanding of biological systems, which will both lead to biology-based solutions to societal problems and also feed back to enrich the individual scientific disciplines that contribute new insights.

So we have been promoting this integrated research approach at Michigan State for many, many years and I'd like to provide a few brief examples. One, the genetics in improved potato breeding, a Solanaceae project that we get funded through the Specialty Crop Research Initiative. That is a program taking basic researchers and computational biologists to work together to come up with solutions. The cold tolerance project of Arabidopsis with Dr. Thomashow in which we can actually insert cold tolerant genes into canola to allow greater growth of the canola crop in Michigan.

The RosBREED project I just mentioned. The swine production. Many of our researchers are integrating genetic technologies to identify DNA markers. So those are some of the examples. And it's also important that I advocate for the concern of our basic research for continuation of basic research support. It's all about research, research, research, and we thank you for your appreciation. Thank you. Now I'll turn to my colleague Tom.

**Chairwoman Stabenow:** Thank you very much. Yes, Dr. Coon.

**Dr. Thomas G. Coon:** Thank you. Honorable Chairwoman Stabenow, Senator Roberts, thank you for the opportunity to share with you some of the important changes that are going on in extension, both here and across the country, and the importance of the farm bill in support of cooperative extension. Michigan is a state that we think of ourselves as being a state of innovation and entrepreneurship, and that certainly is part of the spirit that we've brought to the redesign of MSU extension.

Our charge from President Simon was to create a cooperative extension system that Michigan needs for the 21<sup>st</sup> century. In order to accomplish that, we've had to step back, ask ourselves what is most important, and what's really nice but perhaps not something we can afford to do any longer. In doing that we've come to the realization there are four key program areas that we need to focus on. Agriculture and agribusiness comes first. Health and nutrition is also just as important. Working with our youth and preparing them for tomorrow is also important.

And then finally, in our community development and environmental programs, which we call our Greening Michigan programs, because green is such an important color for us, those are really our four key areas that we focused on, and they're certainly in line with the priorities in the farm bill. But we also feel we have priorities to share back with you in which we can be doing in the future.

Some of the things that we've done in our redesign, in addition to focusing in these four areas, is we've reduced our administrative layers and cut our administrative FTEs in half. We've accelerated our use of technology. I'm sure you're aware and familiar with e-extension, the online presence of cooperative extension across the nation. We've made a very serious commitment to that with our own funds as well as our own people, and what we're finding is that by working together across the states, we've actually created something very new, in the spirit of that innovation, that I think is serving people in Michigan as well as across the country.

Today someone can go to the extension, type in the "ask an expert" app and ask a question about a problem they're having, perhaps, with their tomatoes or what have you and have an answer in 24 hours. And it's like FedEx, it goes through someplace – it's not Memphis – but someplace, and comes to Michigan, we answer it here and it gets back to them, and they've connected with their cooperative extension system in a new way. That's happening in every state.

We've also streamlined our business strategies, trying to be as frugal and as efficient as we can be. If you think about it, we're an institution that works with three different government levels: federal, state and county level. You can imagine the red tape we can find ourselves in at times, and we're really trying to simplify that as much as possible through some of the innovations that the president has led here with our own administrative services. And that's working very well, and the counties are now signing on with our new cooperative agreement that really centralizes that a bit more.

Finally, our focus is what's most important, and that is, as President Simon said, on Michigan's economy, creating and retaining jobs, improving the health of individuals, communities, and the environment, and enhancing the quality of life for people in Michigan. I'd like to just showcase a few of the things that we do with the federal investment through the farm bill. Certainly the Smith-Lever title and the Hatch title, the Hatch and Smith-Lever lines and the research title are fundamental for our support. For every dollar that Michigan State receives from Smith-Lever and Hatch, we leverage another \$16 in state, local, foundation and other grant funding.

With that, we've also expanded into other areas that are touched by the farm bill, including the Specialty Crops Initiative that Dr. Gray mentioned, certainly with the USDA Rural Development. We now host the North Central Regional Center for Rural Development at Michigan State University. We've very pleased to provide leadership for that. And as part of that, we have joined forces with USDA Rural Development in the Stronger Economies Together program, the SET program. It began last year.

The four regional centers for regional development have provided the lead for this for cooperative extension in working with rural development. In the North Central Region last year, two states, Ohio and Missouri, were our pilot states, and multiple county regions came together in rural areas in those states, developed proposals for how they might work together to enhance economic development in their regions, and have been successful in obtaining funds with this. In 2011, more states were brought on board, including Michigan and Indiana, and we currently have two proposals from southwest Michigan and from northeast Michigan to take advantage of that and build on that regional approach to rural development.

In our agriculture and agribusiness programs we've provided leadership by Dr. Wendy Powers, but her research and extension program is really exemplary of the kind of things that we see ourselves doing, the kind of integration that Dr. Gray talked about. She works particularly in livestock management practices, evaluating them for the impact that they have on air quality and water quality and then providing translational work that helps producers understand what they can do to reduce the impact that their operations may have on the environment.

We've also showcased some other efforts around the state. We're doing a concentrated effort in Saginaw and Genesee Counties. Those two counties have our highest rates of obesity of any counties in the state, and we have a concentrated six-month campaign going on there right now called I Know My Numbers, helping people change their eating habits, and in the process improve their health, reduce their risk of becoming obese, or reduce their obesity, and in the process reduce healthcare costs.

We've also been innovating in community food systems. We see that Michigan has a great opportunity to become a global center for innovation in metropolitan food systems to help address that challenge of feeding the extra three billion people that

we'll acquire in the next few decades, most of whom will be concentrated in urban areas.

And then finally, we're helping to prepare the youth for tomorrow, particularly the sciences, improving science literacy for young people, enriching the experiences that they have in school with science educational opportunities that are really true to the 4H model, that is, learning by doing.

With these areas we really see some tremendous opportunities for us to grow and expand extension. It's ironic to be at a time where the Department of Health & Human Services and the Department of Energy are trying to figure out how to do something like extension, and we keep telling them work with us, we'll show you how to do things like extension. Thank you for the opportunity to provide testimony, and thank you for your leadership.

**Chairwoman Stabenow:** Thank you very much to all three. Let's give our panelists a round of applause. Thank you very much. [*Applause.*] Thank you so much, again. We're so proud of all that you do, and we will excuse you and invite our second panel to come and join us as we continue on with the hearing, so thank you very much.

## PANEL TWO

**Chairwoman Stabenow:** Well, good morning again, and welcome. We're so pleased to have all of you with us. Let me introduce each of our witnesses on this panel and also remind people we've asked for longer written testimony, but we will ask, because we have so many people that we want to hear from today, that you keep your remarks to five minutes. That's the reason for the clock. So I'll ask you to pay attention to that. And then of course we want to have follow-up with questions and have the opportunity to receive any other written information that you have for us this morning, and deeply appreciate your time and being with us.

Let me introduce all of our panelists. Our first panelist is Mr. Clark Gerstacker. He and his brother Kirk farm 1,500 acres, I understand, of corn, soybeans, sugar beets and dry edible beans on a farm that has been in their family for 115 years and four generations. Went to school right here at Michigan State, is a member of the Corn Board and the National Corn Growers Association, has served on numerous positions with the Michigan Corn Growers Association, and we're so pleased to have you with us today.

Our next panelist is Ben LaCross. He is a cherry farmer from Cedar, Michigan and a graduate of Central Michigan University, farms on his family farm where they grow 700 acres of tart cherries, sweet cherries, plums and now apples, I understand. Ben was elected chair of the Farm Bureau's Young Farmers & Ranchers Committee this year and is focusing on helping the next generation of farmers become interested in the industry and make their voices heard with policymakers, so welcome, good to have you.

Ray Van Driessche is a third generation farmer from Bay City. He operates his farm in partnership with his brother Gene. They grow sugar beets, corn, soybeans and wheat. He's currently the director of Community & Government Relations for the Michigan Sugar Company and is former president of the American Sugar Beet Growers Association. Good to have you with us.

Julia Rothwell was raised on Baehre Orchards, where her family farmed over 400 acres of apples, cherries, peaches and plums, and spent all of her growing up years working in the orchards and the packing shed. For 28 years she was a partner of Those Hersey Brothers, a Michigan fruit growing, storage, packing and shipping organization. Julia currently serves as the chair of U.S. Apple as well as the Michigan Apple Association. Good to see you.

Ken Nobis has been farming in the St. Johns area since 1968, after completing his college education at Western Michigan University and two years in the Army. He operates Nobis Dairy Farm, a 950 cow dairy farm, with his brother Larry. In addition, they farm 3,000 acres. He's currently the president of the Michigan Milk Producers Association, and has held national leadership positions with the Michigan Milk Producers as well. He was awarded the Dairy Farmer of the Year from Michigan State University in 2006. Great to have you with us.

Pete Blau—I'm going to make sure I've got this right, Pete, I never know. It's Blauwiel, Blauwiel.

**Mr. Peter B. Blauwiel:** Correct.

**Chairwoman Stabenow:** I've got it right, okay. Pete Blauwiel and his wife Brenda own and operate Blue Wing Farm, a farrow-to-finish facility in Fowler, Michigan. In addition to being pork producers, they also are committed to educating and engaging young people by being active 4H leaders. Pete is also involved in the Michigan Pork Producers Association. So we are so pleased to have each and every one of you with us today, and we're going to start our conversation and testimony this morning with Mr. Gerstacker. Welcome.

**Mr. Clark Gerstacker:** Well, thank you, thank you. Good morning. And first I want to thank Chairwoman Stabenow and Ranking Member Roberts for your time today, and for selecting Michigan as the site of the Senate Agriculture Committee's first official field hearing. As the second-leading industry in our state, Michigan's \$71.3 billion agricultural industry, as you know, has been embraced by our [dim] economy throughout the recession. We are very appreciative of the Senate Ag Committee's consideration of how our diverse, yet strong agricultural sector will impact the upcoming farm bill.

Today I would like to testify before you not as a member of any organization, but as a real crop farmer who depends on the farm bill to protect my farming operation and to insure that my centennial farm can be passed on to my children. Americans enjoy the cheapest food on the planet, as they spend only 10% of their annual budget on food.

In other countries, such as India, as much as 50% of one's budget is spent on food. While farmers like me are eager to provide a safe, abundant, and inexpensive food supply, we face increasingly tumultuous markets that rise and fall with the wind.

At the same time that we encounter ever-changing market opportunities, farmers also face higher input costs such as feed, fertilizer and fuel, all of which are necessary components of a year's harvest. In addition to market volatility, farmers are also confronted with the constant uncertainty of weather. We wait for the thaw, the sun, the rain, the heat, all of which are conditions completely out of our control. Each of these can present a make it or break it factor for our crop.

Due to these ever-present vagaries, farming operations like mine are forced to take on a considerable amount of risk each year we cultivate our land. The fact is we are faced with the task of providing feed and fuel for a growing world population. We cannot simply sit out a planting season until farming becomes more profitable. It is no surprise to anyone in this room that a farmer's entire year's work can result in a loss with as little as a drop in prices, a spike in fuel costs, a drought or an early frost.

The increased cost of this amplified risk means that farmers and consumers need some stability to insure a reliable and affordable food supply in our country. Farmers like me need to have access to affordable risk management tools to better mitigate the impact of significant crop losses and sharp price declines. This is why the upcoming farm bill is so important. It is not about providing income to the less than 2% of the American population. It is about insuring that the same 2% can continue to provide affordable food for the other 98% of Americans who rely on them.

At Gerstacker Farms, we have utilized a variety of farm bill programs over the years such as crop insurance, the ACRE program, LDPs, CRP, as well as EQIP and disaster assistance programs. Faced with the growing national debt and budget constraints across the board, I realize some of these programs may be changed in the next farm bill. Here in the agricultural industry, we want to do our part to improve the federal deficit situation.

We have already contributed substantially with savings from federal crop reinsurance as well as taking budget cuts in the areas of rural development, conservation and research. I do feel that risk management programs such as ACRE and crop insurance are absolutely vital and cannot be lost in the new farm bill. The ACRE program, as an example, can be made more efficient and useful to farmers by increasing the timeliness of payments and bringing program triggers closer to the farm. In states such as Michigan, the average yield differs vastly throughout our state's various corn regions as a result of diverse soil and weather variations.

By adjusting program triggers so they are tied more closely to the individual farm, gaps in the current farm bill programs will be bridged to help protect farmers from shallow, repetitive crop losses. I also feel the crop insurance premiums should be adjusted to reflect today's yield trends and Michigan's average indemnity payment ratio of less than 70%.

Additionally, programs in the next farm bill should strive to be producer-based as opposed to landowner-based. This will insure the programs assist the farmers who grow the crops and assume the risk. By improving these risk management tools, we can provide the best possible safety net for America's farmers and for the American food supply.

As you look to the future of Michigan agriculture, our industry continues to be a beacon of promise, and I am proud to be part of this sector. Michigan's farmers and ranchers provide a bounty of fruit, grain, vegetables and protein which is enjoyed by people across the globe. Crops such as those grown on my farm are utilized as feed, fuel, food and fiber, and these important resources will continue to play a vital role in our economy throughout the next farm bill and the next century. Thank you for your time and consideration, and I look forward to your questions and comments.

**Chairwoman Stabenow:** Thanks very much. Mr. LaCross, welcome.

**Mr. Ben LaCross:** Thank you, Chairwoman Stabenow. Senator Roberts, welcome. I had the opportunity to visit your state of Kansas this last winter for a Young Farmer & Rancher conference, and you definitely have a great group of young, vibrant optimistic young farmers in your state. Before I begin today, I want to take a moment and thank you, Senator Stabenow, for your leadership on the last farm bill. Today we have a specialty crop title in the farm bill which is a result of your hard work and determination these past few years. Specialty crop farmers have benefited from your vision and leadership.

I am here today as a young farmer from Cedar, Michigan. My wife and I farm with my parents, Glenn and Judy LaCross, and we grow tart and sweet cherries, plums and apples. I'm currently the chairman of the American Farm Bureau Federation's Young Farmer & Rancher Committee.

Strong agricultural markets, increasing demand for niche products, and a general public that is showing an increasing awareness of agriculture make today an exciting time to be a farmer or rancher. Young farmers and ranchers face many of the same challenges that have plagued our industries for years – access to credit, limited abilities to transfer ownership from one generation to the next, and marketing limitations, to name a few.

We have a great tradition of family farmers in our country. We measure the longevity of our operations not in years, but in generations. Young farmers and ranchers need your committee to show strong leadership to insure that the challenges of farming and the risks we undertake as farmers don't eclipse the rewards that family farmers reap every day by working the land. Young farmers need a stable farm bill that consists of research, usable support mechanisms, rural development, conservation and market access.

Research and conservation are pillars of farm policy whose payday is not measured in return on investment, but on the sustainability of farmers and ranchers nationwide.

Safety nets are crucial for farmers to be confident that the future of their farms won't be devastated by market or weather fluctuations. Most farm families are able to sustain the ebbs and flows of farm income by supporting themselves through off-farm income. Rural development is a jobs initiative compounded with the benefits it gives farm families and the rural communities that are vital to our nation. Market access provides our crops stay competitive in a global marketplace.

Michigan is second only to California in crop diversity. Michigan farmers produce some of the finest specialty crops in the world. Fresh and processed fruits and vegetables are vital to Americans' diets. An increased consumption of fruits and vegetables has shown to lower the instances of obesity. This is an area of the farm bill we should be celebrating – America's farmers growing nutritious food while the nutrition title gives consumers access to these foods – what harmony.

As a specialty crop grower whose fruit goes mainly into the processing market, it's very important for my crop to be recognized as a healthy snack alternative. I was dismayed that dried cherries, a ready-to-eat form of our perishable crop, were excluded from the snack program. Value-added agriculture is a significant driver of our state's and our nation's economy, and canned, frozen, juiced and dried fruits can be easily added to healthy menus.

I have two examples of Michigan's value-added processing industry – dried apples and single serving applesauce. In our on-the-go lifestyles, ready-to-eat processed fruits give consumers the convenience they want, while the farmers' fruit gives them the nutrition they need. While fresh fruits and vegetables have their place on the nation's collective plate, so do processed fruits and vegetables, and I urge your Senate committee to restore processed fruits and vegetables back into the snack program.

As a farmer, I understand firsthand the need to spend money wisely. I also understand how to make the difficult decisions to cut expenses when my income comes up short. Chairwoman Stabenow, Senator Roberts, you are both placed in the unenviable position of having to write a farm bill during challenging economic times. I appreciate Chairwoman Stabenow's characterizing of the farm bill as a jobs bill. Agriculture is economic development. It is also crucially important to the wellbeing of our nation.

This Farm Bill must maintain the vital areas of research, useable support mechanisms, rural development, conservation, and market access. Young farmers and ranchers are optimistic about their role in American Agriculture. I urge your committee to give them the stability they need from their government to continue to produce the safest, most abundant, most affordable supply of food, fuel, and fiber the world has ever known. Senator Stabenow and Senator Roberts, I appreciate the opportunity to testify before you today. I'd be happy to take any questions you might have.

**Chairwoman Stabenow:** Thank you very much. Ben, you're making me hungry as you're holding up that food. [*Laughter.*]

**Mr. LaCross:** They're right here. We can pass them over.

**Chairwoman Stabenow:** We should be passing it out. All right, Mr. Van Driessche, welcome. Good to have you here.

**Mr. Ray Van Driessche:** Thank you. Thank you, Chairwoman Stabenow and Senator Roberts for bringing the hearing to East Lansing here. I appreciate the opportunity to speak on behalf of the more than 1,000 Michigan sugar beet growers regarding the 2012 Farm Bill. Sugar beets have been grown in Michigan for over 114 years. Family farms have been passed down through several generations because of the stability this industry has provided to us and to our bankers.

In 2004, 1,300 growers of the Michigan and Monitor Sugar Companies merged to form Michigan Sugar Company Grower Cooperative, which is based in Bay City. Our four factories produce about 12% of the sugar beet production in the United States. Our farmers took on substantial debt, with many of them mortgaging their farms to purchase the two companies and save the industry here in Michigan. The significance of that kind of a commitment exemplifies why we need a strong farm policy to insure that we have a viable industry to pass on to the next generation.

Today the Michigan sugar beet industry generates \$1.2 billion in economic activity and supports over 10,000 farm and factory jobs. We are essential suppliers of the state's diverse food industries, and as the only beet sugar producers east of the Mississippi River, we are also strategically important suppliers to customers in other Midwestern states that do not have their own sugar production – primarily Indiana, Ohio, Illinois and Pennsylvania.

We need to maintain a strong domestic sugar industry and an effective no cost U.S. sugar policy for the following reasons. Dependence on unreliable and unstable foreign suppliers is a threat to our food security, which is why a strong, diversified and reliable domestic industry has long been recognized as important to the nation. Sugar is an essential ingredient to our nation's food supply, and as an all natural sweetener, bulking agent and preservative, it plays an important role in about 70% of processed food products.

The U.S. sugar beet and sugar cane industries in 18 states generate more than 146,000 jobs and over \$10 billion per year in economic activity. Despite our efficiencies, we are an industry that has been under enormous stress, and from 1985 until 2009, the price support level did not increase, causing a long period of very low prices. As a result, from 1985 to 2009, 54 of America's 102 cane mills, beet factories and cane sugar refineries shut down and will never reopen.

The United States is the world's fifth largest sugar producer, the fifth largest sugar consumer, and the world's second largest net importer. We are among the lowest cost producers in the world. Forty countries have duty-free access to our market, for over 1.4 million tons of sugar each year, or about 15% of our domestic consumption, as

required under the trade laws. Trade agreements have given more and more of the American sugar market to foreign producers, even if the foreign producers are highly subsidized and inefficient. In addition, Mexico enjoys unlimited access to our market.

Finally, American food manufacturers, consumers and taxpayers continue to benefit from a reliable supply of sugar that is reasonably priced, high in quality, and safe to consume. Sugar is the only major commodity program that operates at no cost to taxpayers, and government projections through 2021 say it will remain at no cost over all those years. In summary the U.S. sugar industry has endured a wrenching restructuring over the past two decades.

American sugar farmers who remain are grateful to Congress for crafting a sugar policy that balances supply and demand, insures that consumers have a dependable, high quality supply of a vital food ingredient, and is improving the market conditions. The policy achieves all these goals at zero cost to American taxpayers. We strongly urge the continuation of this successful no cost policy in the next farm bill.

I'd like to add a couple other comments very quickly. Agricultural research is one of the most important investments this government can make in the future of American agriculture. Year after year the USDA ARS has supported leading edge sugar beet research at the Sugar Beet and Bean Research Unit right here in East Lansing. Unfortunately, a lack of funding and inflation has threatened sustained research, and the unit has not received any additional funding since 1994, resulting in reduced staffing. No other public agency or entity in the United States has responsibility for sugar beet genetic improvements to address the challenges that confront our industry nationwide.

My final point. USDA conservation policy is tied very tightly to the improvement and sustainability of sugar production and Michigan agriculture as a whole. For example, on our farm, we participate in the CREP program, with seven CP21 contracts, totaling 26 acres of filter strips that border miles of drainage ditches to control soil and water erosion. We also have two CP23 Wetland Restoration contracts with 23.7 acres under the program.

We have established autumn olive wind breaks to control soil erosion from wind on highly erodible soils, and we are gradually increasing the amount of no-till practices on our farm each year. Gene and I believe the incorporating conservation practices into our operation has not only improved production, but it also allows us to maintain sound environmental stewardship in conjunction with protecting the water quality of the Saginaw Bay Watershed District.

Thank you again, Chairman Stabenow, Senator Roberts, for holding this important hearing and for all that you and the committee do for American agriculture. We look forward to working with you on the farm bill.

**Chairwoman Stabenow:** Thanks so much. And Ms. Rothwell, welcome. Good to have you.

**Ms. Julia Rothwell:** Thank you. Chairwoman Stabenow and Ranking Member Roberts, thank you for allowing me the opportunity to testify today. Senator Stabenow, I want to personally thank you for your strong leadership during the last farm bill. At that time the programs that were included in the specialty crop titles were just concepts. Today, they are fully implemented and yielding significant results for the apple industry and for other specialty crops. We know this is directly attributed to your efforts on our behalf, and we thank you.

Senator Roberts, thank you for your strong leadership on behalf of agriculture. I also want to thank you for your military service to our country and your continued support of our troops. My son is a captain in the Army based out of Ford Bragg, and he was just redeployed on May 17 to Iraq, so thank you for your support as well.

My name is Julia Baehre Rothwell, and my family farm, Baehre Orchards, has been growing apples and cherries for generations in the heart of Michigan's Fruit Ridge. I am married to Michael Rothwell, who is the President of Belding Fruit Storage and BelleHarvest Sales. They handle apples for approximately 120 growers throughout the state of Michigan, and they're one of the largest apple shippers east of the Mississippi.

As chair of the U.S. Apple Association, I represent all segments of the apple industry – growers, packers, marketers, processors and exporters. I have been a member of an advocate of the apple industry my entire life. There are several farm bill programs I would like to highlight. Exports are extremely important for the apple industry, with about 25% of our crop sold overseas. Apple growers utilize the MAP and TASC programs, which promote American apple consumption around the world.

A foreign pest or disease can easily devastate our orchards. Now we are dealing with the brown marmorated stink bug. It's in over 30 states, spreading, has over 300 hosts, including apples, cherries, peaches, grapes, tomatoes, corn and soybeans. Today our worst fears are being realized, as the stink bug activity is rapidly increasing, at least two months ahead of where it was last year.

Researchers and U.S. apple staff were in an orchard in Maryland last week just at the time that the stink bug was exploding in activity. They reported damage levels ranging from four to seven percent to the peach and apple crops already. Last year the level of damage was not observed until July. So we have a critical need for research funding to combat this serious invasive pest.

Over 50 researchers have submitted a SCRI grant initiative proposal to the USDA to develop methods of controlling this monster. If this rate of damage were to occur nationally, the losses would be measured in the billions of dollars. We are asking for approximately \$10 million over the next five years to save billions in agricultural

production. The brown marmorated stink bug represents a real threat to the U.S. food supply, and I believe it is the greatest pest threat to agriculture in a generation.

Chairwoman Stabenow, I know you are aware China has requested access to our market for their fresh apples. This fall the USDA moved closer to granting that request when they completed work on the pest list. There are over 60 quarantined pests and diseases on that list that China has and we do not. Each one of them could be the next emerald ash bore, spotted wing drosophila or stink bug. Funds for pests and diseases and the SCRI initiative are very important to us. These programs are under funded now, and we are worried they will be cut.

I know that immigration issues do not fall under your jurisdiction. However, I must comment on immigration reform and specialty crop agriculture. We strongly favor securing our borders, but if we do not have a workable guest worker program in place and if E-Verify becomes mandatory, the time spent here will be for naught because we will absolutely cease to exist. The lack of workers to harvest our crops and the threat of the brown marmorated stink bug are, in my opinion, the greatest immediate threats to my family's farm and to the whole specialty crop sector.

Our industry believes that our agriculture and food policy should better reflect the dietary guidelines for Americans, and Ben reflected on that very strongly. We support the continuation and expansion of the fresh fruit and vegetable program and a direction to the USDA to buy more fruits and vegetables in all forms for federal nutrition programs. The Specialty Crop Block Grant Program focuses on regional and local priorities for specialty crop producers. This has been utilized in Michigan in many ways, and much credit needs to be given to the Michigan Department of Agriculture for successfully implementing this program.

There are many other programs within the farm bill that are just as important as the ones I've mentioned today, and they are included in my written testimony. We need these programs to grow demand and build long-term competitiveness, and we strongly support the expansion and continuation of all of them. Without, we could see U.S. specialty crop production, apple production, relocate to foreign growing areas. The outsourcing of our food supply would not only be economically devastating to our production areas, but pose a serious threat to our national security.

Thank you for allowing me the opportunity to testify today, and we look forward to working with you on the development of the next farm bill. Thank you.

**Chairwoman Stabenow:** Thank you so much. Mr. Nobis, welcome.

**Mr. Ken Nobis:** Thank you, Senator. Thank you, Senator Roberts. We appreciate you holding this first official farm bill hearing in the state of Michigan. Greatly appreciate that. And I appreciate the opportunity to testify on dairy policy this morning. As was mentioned by Senator Stabenow in her introduction, I am president of Michigan Milk Producers Association. We are a cooperative with 2,100 owners, farmer members. We are primarily located in Michigan, but also Wisconsin, Indiana and Ohio.

I'd like to add that dairy is the largest commodity group in the state of Michigan. We contribute about \$6 billion to the Michigan economy. We are also the eighth largest dairy state, which many people don't realize, and we are growing very rapidly in both production capacity and processing capacity. The production level in Michigan has increased over 40% in the last ten years.

My testimony today is greater than...reaches far beyond the Michigan borders. I'd like to testify representing the national dairy industry. The dynamic dairy industry of the United States has been marked by continuous change, but dairy policy has remained remarkably constant for the past several decades. Until recently, almost all the milk produced in this country was marketed in this country. World trade in dairy products had been relatively small and conducted at prices below those prevailing in the U.S. domestic marketplace.

Until recently, feed grain prices were relatively low, and for the most part were stable. Major changes in world supply and demand conditions, together with our nation's need to seek alternative energy sources have made grain prices much more volatile, and driven them to levels that put dairy farmers' cost of production far below the support levels fixed in the current farm bill. Portions of our current dairy policy date back to the late 1940s. It was designed for an industry that has changed dramatically.

Current dairy policy cannot serve the needs of dairy farmers, and in some ways is now actually harmful to them. Growing world demand for dairy products has boosted world dairy market prices and rapidly turned the U.S. dairy industry into a commercial exporter. U.S. dairy exports have shot up from an equivalent of less than 6% of U.S. milk production in 2003 to almost 13% in 2010. Further growth in dairy exports is expected as world population grows, and more significantly, for the dairy industry, is the growth in the number of middle class consumers around the world.

The U.S. dairy industry faced a crisis in 2009. The United States lost a substantial share of the growing world markets during late 2008, and the resulting loss of commercial sales volume built up as large unsold inventories here in our domestic market. U.S. dairy exports had reached the equivalent of 11% of domestic milk production in 2008. Then, with resistance to high milk prices built up, credit was tight, and import buyers with full product pipelines held off further purchases when prices showed signs of weakening. World prices then plummeted, taking U.S. prices down with them.

However, the U.S.'s major export competitors, with a more flexible marketing mechanism, were better able to maintain their export volumes when world demand soon picked up, albeit at lower prices, in 2009. U.S. exports dropped off and did not return for almost two years. During the last half of 2008, total U.S. dairy exports plunged by over 5% of U.S. milk production. The loss resulted in a buildup of commercial inventories of cheese and government owned inventories of nonfat dry milk that kept milk prices depressed even though about a quarter of a million dairy cows were removed through the Cooperatives Working Together program, which was an industry funded program.

The current price support program also encourages nonfat dry milk and other basic dairy products to be produced to government standards. These standards were developed to insure long storability and do not reflect the products that dairy importers want to buy in today's global dairy marketplace, where individual end user specifications rule the day.

Furthermore, the price support program has increasingly become a price support program for the world, benefiting dairy farmers in other countries such as New Zealand more than it does U.S. dairy farmers. The Milk Income Loss program, which makes direct payments to dairy farmers when milk prices are low, actually falls short of being an adequate safety net even with the addition of the feed cost adjuster.

With this as background, it is clear that current dairy policy is no longer serving the needs of U.S. dairy farmers and is in need of a major overhaul. Over the last two years, dairy producers and cooperative representatives have been meeting through the National Milk Producers Federation Strategic Planning Task Force, which developed Foundation for the Future, a comprehensive package of dairy policy programs that would bring much needed change.

The Foundation for the Future is designed to help reduce price volatility and protect milk producer income by focusing on producer margins rather than on milk prices alone. Revenue supports are meaningless when the cost to produce exceeds the revenue received. Any questions we had about the adequacy of our current dairy policy were answered in 2009. If we were to experience another 2009 in the near future, the U.S. dairy industry would be decimated. There is little equity left to borrow our way through another 2009.

The components of Foundation for the Future include, one, replacing the existing federal dairy support programs, two, introducing a new margin protection program to protect producer equity, three, implementing a market stabilization program to address market imbalances, and four, reforming milk pricing regulations set by the federal milk marketing order system. Including revisions of federal milk marketing order program in the proposal is important to address some basic concerns that both producers and processors have with the current pricing system. This multifaceted approach dramatically improves dairy policy and provides for a more economically viable and secure future for dairy producers in the 21<sup>st</sup> century's global economy.

Thank you. I look forward to answering your questions today and working with you for the completion of a successful dairy policy in the 2012 Farm Bill.

**Chairwoman Stabenow:** Thank you very much. Mr. Blauwikel, it's wonderful to have you.

**Mr. Peter B. Blauwikel:** Yes, thank you. Good morning, Chairwoman Stabenow, Ranking Member Roberts, and committee staff. I also want to compliment Senator Stabenow and her staff. Back when the looming government shutdown was going on, your staff did an excellent job of keeping me abreast of the situation, and I...you have an excellent staff, so thank you for that.

My name is Pete Blauwikel. My wife Brenda and I own 150 sow farrow-to-finish operation near Fowler. I have a daughter who is a technical service provider for a

local ag supply company and I have a son who next week, probably about this time, will be returning from Afghanistan as an ensign and a Seabee, so Memorial Day comes next week for us.

**Chairwoman Stabenow:** Absolutely. And thank him for his service and Julia, your son as well.

**Mr. Blauweikel:** I appreciate the opportunity to appear before you today to testify on behalf of the Michigan Pork Producers Association and the National Pork Producers Council. The U.S. pork industry represents a significant value-added activity in the economy. America's 67,000 pork producers generate more than \$34 billion of gross national product and help support more than 550,000 mostly rural jobs.

Pork producers have a keen interest in the next farm bill and the NPPC has a Farm Bill Policy Task Force to gather input from producers. NPPC is committed to working with Congress on the 2012 Farm Bill. As this committee and the Congress begin to write the next farm bill, pork producers like me hope you will maintain, strengthen and defend the competitiveness of the U.S. pork industry by opposing unwarranted and costly provisions and mandates.

In our written testimony which we have submitted for the record, we lay out how the farm bill can maintain, strengthen and protect the competitiveness of the U.S. pork industry. Let me discuss several issues. In the 2008 farm bill, Congress asked USDA to address five specific issues related to the buying and selling of livestock and poultry.

Unfortunately, the agency's proposed GIPSA rule goes well beyond those five issues. According to a study by Informa Economics, the rule would cost the pork industry alone nearly \$400 million annually. It would create legal uncertainty, raise production costs, lead to more vertical integration in the industry, and put pork producers like me out of business. NPPC wants USDA to scrap the proposed GIPSA rule and write a regulation that sticks to the five mandates Congress gave us.

Another concern we have is the availability of feed for our animals. Last year was the third highest corn harvest on record. Despite that, USDA estimates we only have about two weeks of corn stocks. If we have a drought in the corn belt or if China, for example, makes a major corn purchase, we could see regional feed shortages. To address those, NPPC would like the productive lands now in the Conservation Reserve program released without penalty so they can be planted to feed grains. We also would like a mechanism that insures producers can feed their animals if there is a corn shortage. This may mean a change in U.S. biofuels policy.

To strengthen our competitiveness and grow our industry, we need to increase our exports, which last year added \$56 to the price of each hog I sold. The best way to do that is through free trade agreements. Currently the U.S. has pending agreements with Colombia, Panama and South Korea. When fully implemented, those trade agreements will increase live hog prices by \$11.35 and create more than 10,000 pork industry jobs. NPPC urges the Obama Administration to send the implementing legislation for those free trade agreements to Congress soon and urge Congress to approve them before its August recess.

Finally, it is important to adequately funds USDA programs that deal with foreign animal diseases and disease surveillance which not only protects our animals, but our export markets. Also, we must address the country's farrow hog situation, which now is a problem even here in Michigan. Farrow hogs often carry diseases that put our swine herds at risk and our operations. Thank you for inviting me to testify. I would be happy to answer any questions.

**Chairwoman Stabenow:** Well, thank you very much, and thank you to all of you. We'd like now to open it up to some questions. And let me start with Mr. LaCross. As we look to the next farm bill, we're obviously looking to the next generation. The average farmer today is 55 years of age or older, and we're looking to you, we're looking to the next generation of how we can continue to keep the family farm and to be able to have new farmers as well as those passing down from generation to generation.

I wonder if you might speak a little bit more about the kinds of things you're involved in to engage young farmers, as well as obstacles that you see in finding credit or technical assistance. And as you do that, I want to also mention we've engaged, with my regional managers around the state, we asked others that weren't able to be here to ask questions today the kinds of questions they would want us to ask of all of you and what came up over and over again was what can be done for beginning farmers.

We've heard a lot about that, and how can we help farmers get started and so on. So on behalf of folks who submitted questions to us as well as my own interest, I know that there's a great deal of interest from people around Michigan on how we can support your efforts, the beginning farmers' efforts. What should we be doing, what are you doing right now, and what are the biggest obstacles, from your perspective?

**Mr. LaCross:** Well, one of the exciting things that my nationwide Farm Bureau committee did this last year, along with Farm Bureau, is we partnered with the USDA to begin a program called Start to Farm. You can find it at [StartToFarm.gov](http://StartToFarm.gov). And we started the first ever beginning farmers and ranchers conference. That was held in conjunction with our Farm Bureau annual Young Farmer and Rancher Leadership Conference. That brought in a whole new host of new farmers who are looking to get into agriculture but don't know where to begin, don't know where to start with technical assistance. And this showed them some of the avenues that they can utilize through USDA resources to begin farming. I think by all accounts, that was a rousing success.

Some of the great challenges that I outlined that young farmers and ranchers do have a lot of the things that have plagued our agricultural industry for years – access to credit, generational transfer of farmland. And I think a lot of young farmers are being creative in how they do that. They're partnering with retiring farmers so that they can build up sweat equity in the retiring farmer's operation so that when that farmer is ready to retire, they can take over. I think a lot of states are very successful at utilizing a program such as that called Farm Link, where they link retiring farmers to beginning farmers.

I think in our state we've seen great success in the Farm and Ranchland Protection program. That's protected a lot of desirable land for development, and that's been

able to keep that in agriculture, and so that's been another avenue where young farmers can defer some of those high asset costs and be able to do what they want to do, which is grow food. So I think young farmers in general are very excited. I think a lot of young farmers have been able to utilize niche agricultural markets to be able to get their foot in the door. Sometimes the capital investments are less intensive and the cash flow is a little bit easier to handle than some of the traditional markets.

**Chairwoman Stabenow:** Great.

**Mr. LaCross:** So young farmers are...

**Chairwoman Stabenow:** Well, thank you. We all have a great stake in our next generation of farmers being successful, and young people being excited about agriculture as a future, as a profession, so I very much appreciate all that you are doing. And Ms. Rothwell, if you would talk for a minute, you talked about pests, incredibly important, the challenges that we have in research. I mean, I've heard that from each of you on the panel talking about the importance of research, and this really needs to be a focus for us.

Senator Roberts and I have talked about that as one of the major issues for us going forward. But could you also talk about the challenges that relate to what's happened on natural disasters – I think about last year where our grape growers lost about 50% of their production in Michigan – and what happens in terms of weather? I mean, we've been more fortunate than others this year, but when we look at improving crop insurance or disaster response for specialty crop producers, if you could talk a little bit about what has worked or what do we need to do in that area for specialty crops.

**Ms. Rothwell:** Well, the Tree Assistance Program – and thank you very much for your role in that because that was a great asset, a great help to the growers in southwest Michigan who suffered from fire blight, and also that that funding was made mandatory, so we appreciate that. That's been working well. I think if there are concerns with that, it has to do with the thresholds of loss or the death of the trees, and right now that's at 15%. And if you have 1,000 trees to an acre, you would have to lose 150 trees, obviously.

But several of the growers that sustained damage from the wind storm a year or two ago and lost, you know, maybe they only lost 12% or 10%, so they did not qualify to receive assistance from that program. So I think what would probably be very helpful is to have the threshold lowered so that more...you know, because even a 10% loss is – I don't want to say “even,” it's disastrous. It's disastrous for that grower, and sometimes it can ruin a whole orchard block to have just a few trees that are – or say just a few – a hundred trees that are not right.

As far as crop insurance, the U.S. Apple's Risk Management Task Force has worked with RMA for probably ten years on trying to improve that program, and it's still a work in progress. The new rules have been in place, and I think the difference for the apple growers that we truly appreciated was that instead of having to declare units of processed and...or we can now declare or ask for coverage for units of processed or fresh apples as opposed to having to ask for all one or the other. I know there are some concerns with the appraisal of the fruit that's been damaged and the grade

standards that are applied to that, that maybe they're not necessarily applicable in today's marketplace.

Another concern is about the salvage, and how the salvage can be utilized. So, for instance, if you have a loss and you are paid for that loss, but then the salvage you want to be able to run through a fresh packing line, you cannot do that and you are penalized for that. I understand that Congress has given a directive to the RMA to be actuarially sound, and that may be the issue there. But those are the concerns that the growers are still feeling about the crop insurance program.

**Chairwoman Stabenow:** And so what are you doing with the salvage?

**Ms. Rothwell:** I'm sorry?

**Chairwoman Stabenow:** You're saying...what happens then with the salvage?

**Ms. Rothwell:** They cannot utilize it. They cannot run it over a fresh line. They have to...it has to go for processing.

**Senator Roberts:** Why?

**Ms. Rothwell:** That's the question they're asking

**Chairwoman Stabenow:** That's the question. It's a very good question.

**Ms. Rothwell:** Thank you.

**Chairwoman Stabenow:** Evidently that's the question we need to get answered, right?

**Ms. Rothwell:** You know, because a lot of the growers feel, you know, what does the RMA—

**Senator Roberts:** Okay, you say it's the RMA?

**Ms. Rothwell:** I'm sorry?

**Senator Roberts:** You say it's the RMA folks?

**Ms. Rothwell:** Yes, mm-hmm.

**Senator Roberts:** Bless their hearts.

**Chairwoman Stabenow:** I'm going to write that one down. Okay, thank you. I'm going to turn it over to Senator Roberts for a couple of questions and then I have a couple more.

**Senator Roberts:** Clark, thank you for being here. You mentioned that you signed up for the ACRE program. How's that working out for you?

**Mr. Gerstacker:** As of this point it has been...there is the back stop, have not utilized it.

**Senator Roberts:** Now, you're one of 6% of Michigan farmers who signed up for that. We had 2% in Kansas. Not a very bit turnout. And you said it would be a better program if it were administered at the county level, but I've talked to a lot of producers in Kansas who did sign up. It's hard to find them. But at any rate, they tell me that even with a county trigger, they wouldn't necessarily receive a payment when they have a loss.

And so because of this difficulty with ACRE, our producers opted instead to buy up on crop insurance. My question to you is does crop insurance help you on your farm to cover the same type of risk that the ACRE program covers? Do you use crop insurance to cover yield and price risk just like you use or try to use with the ACRE program? I know you're in it, and if you're in it, you're in it for three years.

**Mr. Gerstacker:** Correct.

**Senator Roberts:** Just like the Marine Corps, you know, you sign up...or Airborne. At any rate, I'm sort of giving you a curveball question here. And then there were 23 steps, as I recall, that you had to go through to sign up for the program.

**Mr. Gerstacker:** That's right.

**Senator Roberts:** My Lord, if we can't offer a program with two steps or one as opposed to 23. It just seems to me that that was not a very good way to start off with a program. Your comments.

**Mr. Gerstacker:** I think a couple issues with the ACRE program moving forward from the last farm bill was the timing and the complexity. I think it was very difficult for growers and our field service teams to really understand it and be able to sell it as a—

**Senator Roberts:** It was very difficult for the committee.

**Mr. Gerstacker:** Agreed. So I think that was a very difficult position for growers to be in, along with our field staffs trying to help us. It's a three year commitment, so the decision you made at that time, based on the market parameters you were given, I think...it's a very viable program and it was one that I was very comfortable with. The crop insurance additional to it is a yearly basis. I may or may not enroll in different crop insurance programs that year. However, I have the ACRE program as the back stop, and our decision to choose a particular crop insurance program is really, you know, that decision in made in March based on the parameters and tables and risk assessment that we can look at for that year moving forward.

**Senator Roberts:** So you would sign up for it again?

**Mr. Gerstacker:** Yes.

**Senator Roberts:** You wouldn't opt out, you would sign up, even if we...

**Mr. Gerstacker:** The penalty.

**Senator Roberts:** Mission impossible, improve the crop insurance program? So you like ACRE?

**Mr. Gerstacker:** I do like ACRE. I think it has some very good pieces behind it. One of the other issues with it is getting the – apologize for the term – but, you know, the right...you had to get your landowners and everybody else to buy in for a long period of time. I mean, three years is a long time if you're looking at renting out your land and tying it up in someone else's farm unit and so forth.

**Senator Roberts:** Okay. Appreciate that very much. You're sort of a brave heart here in regards to ACRE. Mr. LaCross, when you talk to your lender and you go in, of course given your status and your leadership, I think it wouldn't make too much

difference, but what does your banker tell you when you come in to apply for a loan? Do they place any requirements on you they might not place on more established farmers?

**Mr. LaCross:** Well, Senator Roberts, I'm lucky in that I farm with a family unit and so I have the established farm and the reputation of my parents when I walk in to the banker that follows me.

**Senator Roberts:** Okay. Speak for the people who do what I can't do, and that is to go on the Internet and look up StartToFarm.com. I could probably do that, with help, but anyway. [*Laughter.*] They took away my typewriter some years ago. At any rate, speak for them.

**Mr. LaCross:** Yeah, well, I've heard a lot of negative stories from young producers who claim that when they walk in to a lender to get access to credit to put a crop in the ground in the spring, they can't meet the collateral needs of the bank. They don't have that beginning upfront capital to be able to collateralize that loan, and so they don't have the opportunity to expand their business in the spring.

You know, our farms are so cash flow intensive that we have to put all our money upfront and cross our fingers and hope in the long run that we get a payment. And a lot of times that's hard when you walk in to a banker and try to explain that story to them. So I've heard a lot of horror stories from young farmers who haven't been able to expand into different areas of agriculture that they would like to.

**Senator Roberts:** Of course your community banks now are under the gun, too, in regards to Dodd-Frank, the bill that's coming down the road, and also FDIC, who sweeps in and says let's take a look at your books, and the mark to market situation, and it's just a very difficult situation. But when you said access to credit, I think that's probably one of the biggest hurdles you have.

**Mr. LaCross:** Absolutely.

**Senator Roberts:** Okay, my time has run out, Madame Chairman, or do you want me to keep on firing? There's a red light blinking here.

**Chairwoman Stabenow:** Oh, well. [*Laughter.*]

**Senator Roberts:** You usually gavel me down when I'm in Washington. [*Laughter.*]

**Chairwoman Stabenow:** I usually do. I'm being polite today. We have a lot of guests here. I'm being polite. If you would like to ask one more, that would be fine.

**Senator Roberts:** Okay. Let's go to Mr. Van...pronounce your name again.

**Mr. Van Driessche:** Van Driessche.

**Senator Roberts:** Van Driessche, that's pretty easy, okay. And then you announced the partial deregulation of Roundup ready sugar beets if producers undertake certain conditions associated with planting. I was pleased that the department could reach this decision, but remained concerned about the uncertainty for producers from the repeated lawsuits filed against the Department of Agriculture approving biotech crops. If we could just rename things a little bit, instead of talking about genetically

modified organisms. I mean, who wants to put – you know, that’s like something that you put on your breakfast food or something, and who would want that?

We ought to say scientifically improved products or something like that. I changed an acronym once when I was chairman in the House, the Market Promotion Program and the Market Access Program. You change an acronym in Washington, that’s big time, so I hope we can do that. At any rate, biotech is, as you know, a critical component of our ability to feed what we’re talking about here, and we have a science-based regulatory system. How important is this technology for our sugar beet producers?

**Mr. Van Driessche:** Well, you know, it’s a great question, and it is extremely important, not only for sugar beets, but for corn, wheat, soybeans and other crops are that are now developing that kind of technology. What it has allowed us to do in the sugar beet industry is essentially go from using three or four different crop protection products now down to one. We’re making as many as five and six passes across the field to try and control weeds, when I can do that in either one or two passes, which means we’re burning a lot less fuel.

When we were using each one of these products in spring multiple times, we were setting our crop back each time that we sprayed them, injuring them a little bit. Now with the technology we have there currently, we’re not injuring that beet, we’re not setting back our crop. Like I say, we’re burning less fuel, using less chemicals. Environmentally, it couldn’t be a better thing to do. And it allows us to, and it has increased our production.

We’ve essentially gone up, in the last few years, from an average of about 23 ton to the acre just a few years ago to, well, it was in 2008 we had 28.9 ton as an average across the state of Michigan, which is just unbelievable, so this new technology is extremely important, when you look at being able to feed the number you’re talking about here in the future. And my concern is that if we start to restrict the ability to use new biotechnology, you’re not going to only hurt sugar beets, you’re going to hurt a lot of other crops to go along with it.

**Senator Roberts:** Madame Chairwoman, I have had questions for three. I’m going to turn it back to you and then I’m going to save Ms. Rothwell for the last dance.

**Chairwoman Stabenow:** Okay, thank you. Okay, well, let me ask Mr. Nobis, you’ve talked about the volatility in the dairy industry. We all know what happened in 2009, and I’ve heard really devastating stories from our dairy farmers, and we certainly don’t want to go through that again, there’s no question about it. But we also know that our industry in Michigan has grown consistently over the last few years. You talked about that as well. Have we fared better than other parts of the country? And if so, why is it? Or is that true?

**Mr. Nobis:** We have. It’s because we’re smarter. [*Laughter.*]

**Chairwoman Stabenow:** Well, I figured that. I figured that much.

**Senator Roberts:** Was that a softball or what?

**Chairwoman Stabenow:** So share what it is that we are doing that is better than other places.

**Senator Roberts:** I'm going to write this down.

**Mr. Nobis:** Well, I think – I don't think, I know – in Michigan it is the dairy industry that we are very, very proud of. I have the opportunity to travel around the country a lot in my position with National Milk Producers, and I'm always really happy to come home because I know I don't have to go to California or Arizona or New Mexico or Idaho to learn the latest and the best in the dairy industry, I can just look at my neighbors.

We have a super infrastructure here. We have the good fortune to be born, most of us, in Michigan, which is an ideal climate for dairy cattle. We have adequate water, which dairy cattle really love. We have a temperate climate. We do have some heat stress issues in the summertime, but they don't go on and on like they do in Florida for six months at a time. It's more like six days at a time here. And we think that we have a very cooperative marketing group here in Michigan, that Michigan Milk, for example, works with the other cooperatives in the state to the advantage of all dairy producers in this area.

And I keep saying Michigan, but it expands beyond the Michigan borders. We have a very good working relationship with the state regulators, and we've had a very good working relationship with our legislators in the state of Michigan. I think we should take a great deal of pride in the cooperation that all levels of production agriculture has in the state of Michigan, and I look forward to continue.

**Chairwoman Stabenow:** Great. All right, well, thank you very much. And Mr. Blauweikel, let's talk for a minute about livestock producers. And I know that there are parts of the farm bill that aren't utilized by our livestock producers, but there are others that are, that are very important, and I wonder if you might speak a little bit more about how you feel as a producer about areas like EQIP and CSP or permanent disaster assistance. Talk from your perspective about what are the most important parts of the farm bill for you.

**Mr. Blauweikel:** I think we personally have used the EQIP program and we have some...we went through some of the CSP program initially, when it was by watershed, so the CSP program now is quite a bit different from what it was when I signed up. But the EQIP program is really a valuable program for us livestock producers to help us to be more responsive to, you know, our environmental impact, and to try to design structures and facilities that will minimize any environmental impact we have. And our CSP program or contract also has a component in there that, you know, has a record-keeping component that makes us aware of where our manure is going, and if we have a CNMP, which our farm does, those types of things help us to be a responsible neighbor environmentally.

**Chairwoman Stabenow:** Great, thanks. I wanted to throw open one question, too, that came, again, from folks as we reached out across the state saying what would you like to ask a distinguished panel like this, and I'm not sure who to direct this to, but I will just throw it out because it's something we've heard a number of times. And this

relates to new opportunities for existing farmers and looking at the farm bill as a jobs bill. Agriculture, of course, is jobs. But specifically, we had a number of people ask about what should be considered to help develop and sustain local food systems as well as helping start or sustain new value-added products from our farm fields such as bio based products. What can we be doing for new kinds of value-added products? If anybody would want to comment about that.

**[Mr. Van Driessche]:** Well, I'll just make a couple comments, if I could, and that is that in the state of Michigan, as you know, we have a lot of production, and we're so fortunate to have over 200 commodities represented in Michigan. What I think we are lacking here in the state is the processing. And we have tremendous opportunities to increase our processing, and along with that increase the value-added product opportunities. And so any type of USDA funding that would help advance this processing would be a very big benefit. You look at the amount of livestock we have here in the state of Michigan, and most of the meat processing is done outside of the state, and whether it's livestock or whether it's vegetables, or whatever it is.

And one commodity ties in with the others, many times, and if I think about all the different types of processing that uses sugar, if we had more processing, whether it's a confectioner or an ice cream maker, whoever it is, the more the opportunity for processing, the more the opportunity to use the other commodities in the state of Michigan, so any type of funding for increased processing would be helpful.

**Chairwoman Stabenow:** Great. Well, I know this is something I've talked with the governor about, and I think I saw our director, Keith [Cray], here from Michigan Department of Agriculture. Good to have you here, Keith, and this is something that we have talked about as well, that this is a real opportunity for us to leverage and expand what we are doing in Michigan as we look at food processing, so it's certainly a priority for me. Anybody else? Yes.

**Male Voice:** Yeah, Senator. Research is obviously part of that, coming from the governmental side, but on the buy bio products and the government's buy bio programs and so forth – and I forget the acronym, but it was Bs.

**Chairwoman Stabenow:** Right.

**Male Voice:** B-E-E-S. It's very difficult to get comparative products, favorable stature in the marketplace, because of some of the constraints that they have to go through to be looked at. Whether it's marketing support or promotion and so forth, we have viable alternatives. It's generating the public buy-in is one of the things I think the agricultural sector needs support with.

**Chairwoman Stabenow:** Talk a little bit more about that in terms of the public buy-in.

**Male Voice:** Well, if it's a plastic replacement, if it's biodegradable plastic and so forth, as a parent going to the grocery store, do I want a milk jug that will go to a landfill or will need to be recycled, or do I want one that can be composted and just go back to the soil through microbial growth, which is better for, I would believe would be better for the environment. But to get that push from our side and the pull from the consumer that they will actually want that, may pay a little premium or something and so forth, but to have that drive. There's just some disconnect there.

**Chairwoman Stabenow:** There's some real opportunities for us. It's very exciting, and of course a lot of work being done by so many people here and at Michigan State and related efforts around bio based alternatives. And I think there's great opportunities that meet environmental needs, that address a number of concerns that people have today, and it is a matter of getting the word out and continuing the research and making sure that we're bringing that together. And actually, we have a long history of that in Michigan.

I will just say to my distinguished ranking member, back to the origins of the automobile industry, when Henry Ford was looking for a way to help farmers back in the Great Depression and ended up looking soybeans as a way to be able to bring in bio based products for automobiles, and to this day now we actually, in the new Ford Focus and Chevy Volt there's soybeans in the seats. So if you get hungry and you're driving a car, you can... [Laughter.] But there's a great coming together, I think, and some very exciting opportunities to really expand on that in a way that really creates jobs for us. So Senator Roberts, do you have any other questions?

**Senator Roberts:** Yes, ma'am, for the last three, if I could, and I'll try to make them real quick. Pete, thank you for your comments in the GIPSA rule. We've heard a lot of fears and frustrations over that proposal from pork producers all across the country, and I really hope that the department will offer the public an opportunity to comment on the economic analysis of this. It's terribly important in any changes to the proposal because substantial changes are necessary to insure our markets are innovative and able to meet the consumer demand.

This is one of those where I think they went outside what we told them not to do in the farm bill, which is one of our problems. People might be somewhat amazed at that, but that's something that we have to deal with now. What is the greatest regulatory challenge you face in your operation, which program in the farm bill is the most important to you in addressing that particular challenge, and how can we improve it to be even more effective?

**Mr. Blauwiel:** Well, those are excellent questions. I think when you look at the farm bill and pork production, I think basically there isn't really specific titles, other than some of the environmental things, that will affect us as pork producers. We kind of want to make sure we don't get hit by the wagging tail of something, some other part of the program. For instance, if you look at some of our biofuel policies, I'm scared to death going into this fall. I don't know how I'm going to access my corn.

But that being said, the GIPSA thing, some of the things that appear to be a little bit government overreach, I guess I would call them, some of the innovation that's occurred in the industry with regards to contracting arrangements that were entered in freely between producers and packers are kind of threatened. Those kinds of things probably concern me more than...you know, I guess specifically on the farm bill, until I actually see what's going to be in it, I really can't comment on that.

**Senator Roberts:** We'll save you and have you come in, and in a covert room you can say what you really think. [Laughter.] Thank you for your son's Navy service in Afghanistan. Which deployment is he on now, his first, second, third, what?

**Mr. Blauweikel:** This is his first deployment.

**Senator Roberts:** First deployment. You tell him for us that... I am now the last Marine in the U.S. Senate, which is sort of a novel thing, but at any rate, we want to thank him so much for his service. Let me move real quickly. I don't know if I'm in the right place or not. We haven't done dairy yet. I don't do dairy anymore. I – [laughs] – as chairman way back in '96, and my staff member will hit me here for bringing that up, but at any rate, the last thing, Madame Chairwoman, that we always have to deal with is dairy, in any farm bill – 11<sup>th</sup> hour, 59<sup>th</sup> minute, here they come. [Laughter.]

And, you know, we had two senators in particular, and we couldn't even get out of session. And it was just really a problem. So I remember when the leader asked me to come over. He says, "You're Mr. Agriculture." I said, "No, I'm not." And he says, "What do you we do about dairy?" I said, "Punt." [Laughter.] But are we considering a reliable dairy supplier to the world marketplace, could we resolve part of this if we produced whole milk powder for export and less nonfat dry milk, what do you think?

**Mr. Nobis:** I'm not sure it's whole milk powder. That is one of the products. But just the current policy of the court of last resort is to sell it to the government, and it's only in that form of nonfat dry milk, and that was done for storability reasons, and that is not a product that is in high demand in the export market. Of greater concern to us, though, what happened to us in 2009, the dairy industry, was that we had that underpinning of approximately 990 support price for milk, a little higher than that. It depends on how you calculate it. But it was still higher than what the world price was at that point in time.

So the co-ops, in particular, were buying that milk, making it into skim milk powder, selling it to the government because it was guaranteed money. If that had not existed, we would have been forced to sell it, probably at cheaper prices than what the government was buying it for at that point in time, but it would have caused a rebound in the prices in this country much, much sooner than what we experienced. It was almost two years before we saw a rebound here. But we take ourselves out of the international market because we choose to sell it to the government.

You know, it's a sure thing. When we do that, then we are no longer a reliable seller to that international buyer, and they're going to go back to their buyer of first choice who has been dealing with them for many years. We get away from that, that's why we're asking for a change in dairy policy. The most important part of that is to get rid of the support price so that it will force us to be a consistent supplier to the international market. But at the same time, we want that money that's being used, what's left of it, for support in MILC so that we can still have a safety net. Because when we run into that situation, that actual pay price on the farm, it'll be a shorter period of time, but it's going to get really bloody, and we need that safety net for those periods of time.

**Senator Roberts:** I appreciate that so much. Ms. Rothwell, thank you so much for your comments. There are a lot of us, and I think all of us in the Senate and the House want to thank those in uniform who are protecting our freedoms. I notice you

mentioned he was in the Army, but he's a member of the Airborne Division, so he's right up there in the front lines. What deployment is he on, is this first, second?

**Ms. Rothwell:** Third deployment. This first deployment was to Iraq, and he was with the 101<sup>st</sup> Airborne at the time; second deployment he was with the 82<sup>nd</sup>, he went to Haiti.

**Senator Roberts:** Is he married and have a family?

**Ms. Rothwell:** No. He would like to have, and I would like for him to... [*Laughter.*] I have to rely on communication from his girlfriend to know what is going on.

**Senator Roberts:** I'll give her a call.

**Ms. Rothwell:** We'll tell her that.

**Senator Roberts:** It is so tough when you have third, fourth, fifth, sixth deployment, and more especially people with families.

**Ms. Rothwell:** Oh, definitely.

**Senator Roberts:** We're wearing a lot of people out, and I really worry about that, but this isn't a defense hearing. Would you list the top – I have three, I'll put two – the top two programs authorized in the 2008 Farm Bill that are most valuable to you and your produce operation, and just tell me what that is?

**Ms. Rothwell:** I had a feeling you were going to ask me that question. It was either going to be that or—

**Senator Roberts:** Well, we leaked it to you, so I thought it was...

**Ms. Rothwell:** Okay. [*Laughs.*]

**Senator Roberts:** No, we didn't.

**Ms. Rothwell:** I'm going to have to go the way of my friend down here at the end of the table. You know, they are all very important. I think they all contribute and help the specialty crop industry in their own unique way. I think the comments that I made this morning may tell you what is the most urgent at this point in time. I think the research component and the things that are going on with pests and diseases I think is incredibly important. But I don't want to negate the importance of the others because they all play a significant role in us being productive and staying in business and being able to feed everybody.

**Senator Roberts:** Well, that's the...

**Ms. Rothwell:** You'll have to get me alone.

**Chairwoman Stabenow:** Yeah.

**Senator Roberts:** Right. We'll work on that. All right. You know, Madame Chairwoman, that's really reflective of what our responsibilities are as we deal with a tremendously difficult budget situation, and people basically playing the numbers game, and say we have to reach this number. And we're making a determined effort to try to discuss with them that number, to begin with, and then secondly, to less us

do that work, let the authorizing committee, the people that at least we think we know something about agriculture to make these cuts.

They may be very, very, very painful, but at least let us do that job. And so what you're telling me is, okay, I've got probably three or four or five things that I'd like to talk about. Very difficult to say this is a priority and this isn't. And that's our problem as well, because it's going to be a very difficult task for us to try to settle this out. But we're more than willing to do it. We don't want other people to do it for us.

**Chairwoman Stabenow:** Absolutely.

**Senator Roberts:** Thank you.

**Chairwoman Stabenow:** Well, thank you so much. Please join me in thanking our great panel. [*Applause.*] We will ask our next panel to come forward, and we thank you so much.

### PANEL THREE

**Chairwoman Stabenow:** Call the meeting back to order. We've got a lot of great energy in the room, and we're appreciative of that. We're going to continue now with our third panel, and we're very excited because there's so many parts to the farm bill. One of our challenges is that – I've always said every page of the farm bill affects us in Michigan. I'm always envious of my colleagues who only have to care about one or two sections. We have everything, and every part of the farm bill matters to us, and we're involved in it. And our third panel reflects a number of different issues that are very important to us.

And so let me start with Karen Serfass, who's a lifelong Michigander. She and her husband Richard are semi-retired from the family business, a pet store in Waterford, Michigan which they've owned and operated since 1983. They've been acquiring forest land in the UP since the 1990s. They own two properties, one in Chippewa County that's a former hay farm and the other in Mackinaw County. And Karen is the past president of the Michigan Forest Association, and is currently serving as the treasurer of the Michigan Tree Farm Operating Committee, so welcome. It's so good to have you.

Kristen Holt is the president of Quality Assurance International and senior vice president of the NSF International Global Food Safety Division. Quality Assurance International provides USDA certification for organic products. Ms. Holt has more than 15 years of food industry experience. In 2010 she was elected to the board of directors of the Organic Trade Association as it's treasurer-elect. She now serves on the board of directors for United Way of Washtenaw County and is also a licensed CPA. We're going to need your help as we put this together on the farm bill.

Eric Davis is the director of the Food Initiative at the United Way for Southeastern Michigan – so pleased to have you here – where he's dedicated to promoting food security for the people of Michigan. Eric has been involved in public policy ever since graduating from Michigan State, and served as chief of staff for two state

representatives as well as deputy director for legislative affairs for our former Governor Granholm. Welcome.

Dennis West – it's great to see you, Dennis – who is president of Northern Initiatives since 1997. Appreciate your being with me last week in D.C. for a different session on rural development. Northern Initiatives provides rural small businesses in Michigan and northeast Wisconsin with access to capital, information and markets. Mr. West is active on several boards, including the YMCA of Marquette County, so it's great to have you with us.

Jim Reid, welcome. Jim and his wife Pam have been farming in Jeddo, Michigan for more than 30 years. Their son, who I'm happy to say is also at MSU dairy management program also farms with them. They milk 170 cows in addition to growing wheat, corn and soybeans on 1,000 acres. Jim was recently recognized by the Michigan Farm Bureau for ecology leadership, and his farm is certified by the Michigan Agriculture Environment Assurance program, so congratulations.

Dave Armstrong has over 30 years of experience with Farm Credit Services in Michigan. He is also a proud Spartan, which seems to be a theme here, having earned his bachelor's degree here in animal sciences. After graduate school in Wisconsin, he came back to work for the Production Credit Association of Southeastern Michigan. That company merged with three others in 1999 to form GreenStone Farm Credit Services, where he now serves as president and CEO. Dave is also active in several boards, including Michigan FFA Foundation; Chicago Federal Reserve Bank's Advisory Committee on Agriculture, Small Business and Labor; and the Michigan Livestock Expo.

So we welcome all of you. We thank you so much for your time this morning. We'll start with Ms. Serfass. Welcome.

**Ms. Karen Serfass:** Thank you. Good morning. Chairman Stabenow and Senator Roberts, thank you for the opportunity to testify this morning. I'm here today as a tree farmer from Dafer, Michigan, certified by the American Tree Farm System Program of the American Forest Foundation. My remarks reflect the views of the foundation and the 95,000 tree farmers like me that the foundation works with every day.

Most Americans don't realize that much of the clean water we drink and the clean air we breathe, the wood products we use every day, the wildlife we hunt and fish for comes from forests owned by families like mine. More than 10 million Americans own large segments of our nation's forests, and here in Michigan more than 438,000 families own more than half of our state's forests. Forests in America are the ultimate public-private partnership. Families like mine invest in and make improvements in our nation's forests, and keep these forests productive, and all Americans benefit. This is why the farm bill conservation programs and the USDA Forest Service private forest programs are so important to family forests and to the public.

My husband Rich and I purchased 205 of mixed forest in the Eastern UP in 1988. This would provide us a place to hike, observe wildlife, cross country ski and hunt safely. When we purchased the land, we had no idea how to manage it. With the

help of a Michigan Department of Natural Resources service forester and our private consulting forester, we found very little had been done to manage it to mimic the natural disasters and create the diversity needed for wildlife habitat. Our forester explained all of this to us and helped us plan out what we could do to improve the habitat by using a forest stewardship plan, which is funded in part by the USDA Forest Service.

The plan recommended diversifying the age of our forest so that wildlife have both younger forest and areas to forage as well as older forest for dens and nests. We also had stands of aspen, which is a good wildlife species, which was aging and not regenerating. We needed to help these stands come back and thrive. To create this diverse forest habitat for the wildlife, in 1995 we harvested timber on 45 acres to create openings and help our aspen stands regenerate. We do this every ten years or so, moving the harvest to different parts of the forest to keep the forest healthy and keep the wildlife habitat. The income we earn from these harvests we invested in more food plots for wildlife, planting other tree species that are good food sources such as black cherry and oak, and improving our roads and trails, which help with water quality.

In addition to this woodland, in the mid '90s we purchased an old hay farm with 160 acres, which is where we now live. We again put together a forest stewardship plan for this property, even though there were only a few acres of woods and a small stream running through it that we wanted to enhance for wildlife value. Since this property is open, with heavy winds, we decided we needed a wind break around the property to keep the soils intact and help to reduce the cost and conserve energy to heat our home in the winter. To improve the wildlife habitat, we also decided to put in wildlife corridors to enable the wildlife to make their way from forage to nesting sites.

We are currently implement an EQIP contract which is leveraging our own investment to plant 6,000 trees and shrubs as wind breaks and travel corridors. While we probably could have paid for this project on our own, it would have taken us several years to put together the funds needed for this project. Because of the EQIP cost share, we'll get the energy savings for our home much sooner and see the wildlife habitat in our lifetime, since the trees are growing now.

Unfortunately, too many forest owners are not familiar with the benefits of forest management. In Michigan, only 13,000, just 3% of forest owners who own 1.1 million acres, have forest management plans. Nationally, we see similar trends, where less than 4% of forest owners have management plans. This is a good barometer for how active they are in their forest management.

The Farm Bill Conservation Program, combined with the private forest owner programs supported by the USDA Forest Service are an incredibly valuable tool for families like mine, leveraging our investment to make improvements to the land that benefit all Americans. In 2008 Congress made a number of improvements to the Farm Bill Conservation Program, without which I probably would not be here today. The American Forest Foundation is working with a coalition to develop specific

recommendations for the 2012 Farm Bill. I'm sure they would be happy to share them once they are complete.

I think I speak for most family forest owners when I suggest a focus on two key areas for the 2012 Farm Bill, especially given the budget climate. First, I think it's important to maintain and improve these conservation and forest programs, insuring family forest owners are on level ground with agriculture producers. Second is the issue of technical assistance. As I mentioned, my husband and I would not be here today and have a well managed forest if it weren't for the USDA Forest Stewardship Program that supported the assistance from our DNR service forester and our consulting forester. I hope in the farm bill Congress can find ways to improve the availability of forestry technical assistance, perhaps with more private-public partnerships.

Chairwoman Stabenow, thank you for your leadership on this important issue and for inviting me to share the story of my family forest. I welcome you and any other members of the committee who would like to see an actively managed forest to come and visit us.

**Chairwoman Stabenow:** Thank you so much. Ms. Holt, welcome.

**Ms. Kristen Holt:** Thank you. And thank you for the invitation to speak with you today. Chairwoman Stabenow, Ranking Member Roberts, and Senate Agriculture Committee staff, my name is Kristen Holt and I'm president of Quality Assurance International and senior vice president of the Global Food Division at NSF International based in Ann Arbor. Today I am testifying on behalf of the more than 6,500 certified organic operations represented by the Organic Trade Association, where I serve as treasurer-elect on the OTA board of directors.

NSF International is an independent, not-for-profit organization that develops standards, certifies products, and provides testing, auditing, and training services for public health. NSF employs over 1,000 people, and almost 500 are in the state of Michigan. NSF acquired QAI, a pioneer in organic certification, in 2004. QAI is an accredited USDA national organic program certifier, and as one of the leading U.S. certifiers, QAI certifies 1,700 organic operations and 60,000 organic products.

Organic agriculture is the fastest-growing segment of the food industry, growing at 18% per year from 1997 through 2008. Organic was a \$29 billion industry in 2010, and even in 2010 the sector grew by 8% compared to less than 1% growth for the food industry as a whole. Organic is responsible for growing jobs, businesses, and revenues that especially benefit rural and small businesses. Michigan ranks 11<sup>th</sup> in organic annual output and has 460 certified organic operations, producing over 71 million – I wish it was billion, I've heard that a few times today – in farm gate revenue. The organic sector plays a contributing role in revitalizing Michigan's and America's rural economy through diversity in agriculture.

The 2008 Farm Bill contained several funding provisions that have proven vital to the organic industry's growth, including, one, resources for the National Organic Program, NOP, to promulgate and enforce certification rules; two, certification cost share support for new organic farmers; three, the Environmental Quality Incentive

Program, or EQIP, to assist in the conversion to organic farming; four, providing more organic production and market data; and five, providing funding for more organic production research. These measures, totaling \$125 million since the passage of the bill, have contributed to the growth of the organic sector and have served as a modest down payment on future innovations in agriculture that have demonstrated an impressive 40 to 1 return on investment.

I'll focus my comments on the top three provisions. Protecting the integrity of the USDA organic label is the highest policy priority for the organic sector. There is still significant work to be done to institute a regulatory framework appropriate to a \$29 billion a year industry. The NOP performs regulatory oversight of the organic label and insures that consumers are getting what they expect when they buy organic. These functions are essential for the growth of the organic sector.

Regardless of where food is produced, all foods labeled and sold as organic in the U.S. must be certified through the NOP in a consistent manner. Maintaining a level playing field in a global regulatory program such as the NOP requires adequate resources for oversight of foreign certifiers; otherwise U.S. organic producers will be disadvantaged. The 2008 Farm Bill funding has enabled the NOP to better address organic labeling violations and has improved the consistency of accredited certifiers worldwide. Continued funding here is critical to insure market stability, ongoing capital investment, and continued sector growth.

The 2008 Farm Bill also expanded the National Organic Certification Cost Share program, providing organic operations with 75% of the cost of annual inspections, up to \$750 per certification. This low level of annual assistance reduces the cost burden of certification, especially for small farmers, and helps eliminate a barrier for new organic farmers. Currently 25% of Michigan's certified organic operations participate in the cost share program. Eliminating this program in 2012 would result in fewer organic farmers in Michigan and in the U.S.

The 2008 Farm Bill also recognized that conservation programs should work hand-in-hand with the organic sector, because by definition organic farming improves the health of the farmland. A new provision known as the Environmental Quality Incentive Program, or EQIP, was established to provide assistance to producers for conservation practices related to organic production as long as they are pursuing or meeting the requirements for organic certification. This is the only program designed to assist farmers in the transition to organic production practices, and needs to be continued.

Looking to 2012, the new farm bill should optimize these programs and provide the tools necessary for more farmers to take advantage of organic opportunities so that U.S. farmers can remain globally competitive. It is understood that no part of the farm bill is safe from cuts in this fiscal environment. However, the prospect of funding cuts to organic programs will result in uncertainty and instability in the organic sector which can jeopardize this growing \$29 billion per year industry. Government investment in a high growth 40 to 1 ROI in our industry should continue because the investment is modest and the benefits to the U.S. economy and to the environment are significant. Thank you.

**Chairwoman Stabenow:** Thank you very much. Mr. Davis, welcome.

**Mr. Eric Davis:** Good morning. And thank you, Chairwoman Stabenow and Ranking Member Roberts for the opportunity to talk with you today about hunger and the critical importance of nutrition assistance in Michigan. My name is Eric Davis and I am the director of the United Way for Southeastern Michigan's food initiative. Today I'd like to share with you about how the problem of hunger is affecting people in southeast Michigan and what the United Way and our partners are doing about it, and how innovative, community-based efforts that promote access to nutrition assistance are critical in closing the gap.

Hunger is all too common in southeastern Michigan. Too many people and families in our region can't afford enough food and so they face difficult choices – gas or dinner, winter coats or groceries, school supplies or breakfast, medications or meals. While families in southeastern Michigan are struggling to keep a family home or find a job, they too often face the additional burden of hunger. Even for those that are employed, hunger can have a negative impact on their productivity, as they often skip meals to insure their children have enough to eat.

Today 18.5% of people in the Detroit metro area struggle with hunger. More than 700,000 residents of southeastern Michigan depend on the Supplemental Nutrition Assistance Program for food each month. Over 300,000 of these are children. Since 2004, the number of Michiganders counting on food stamps to feed their families increased by 66%, from just over one million to almost 1.7 million people. We expect unprecedented amounts of people to continue to rely on food stamps until unemployment rates have decreased significantly.

Families with children are the hardest hit by hunger. While this is a crisis itself, it becomes more troubling when you consider that children experiencing hunger have lower math scores and are more likely to repeat a grade, they are more likely to be absent and tardy and to have behavioral issues and attention problems. Teens experiencing hunger are more likely to be suspended from school and have difficulty getting along with their classmates. These proven effects of hunger are also known predictors of negative life outcomes, including high school dropout, low IQ and lower lifetime earnings.

United Way for Southeastern Michigan is proud to be a part of a committed, dynamic and inclusive community of advocates for food security, fresh food, nutrition education, and a sustainable food economy. I'd like to share with you just a few of the innovative initiatives designed to create better outcomes for our region by leveraging local assets in combination with federal nutrition assistance programs. United Way for Southeastern Michigan is one of the many proud supporters of the Fair Food Network's Double Up Food Bucks program, which doubles the buying power of SNAP dollars when they're used to buy Michigan grown produce at farmer's markets.

In partnership with Gleaners Community Food Bank, United Way is committed to establishing more client choice food pantries in metro Detroit. Another initiative, Detroit FRESH, is a project of a Wayne State University group known as SEED

Wayne in collaboration with the Capuchin Soup Kitchen, and works to supply corner stores with local, fresh and affordable produce.

The final project I would like to highlight is the Michigan Benefits Access Initiative, or MBAI, a community-based outreach initiative that utilized web-based technology to register individuals for available government benefits. As United Way strives to build stronger and healthier communities, one of the lessons we have learned is that greater access to benefits positively impacts all of us. Michigan loses almost \$1 billion annually in unutilized federal benefits.

Increasing SNAP participation would bring those funds to Michigan where they would provide a valuable boost to the economy as they flow through local businesses. It is with this in mind that United Way for Southeastern Michigan is actively participating in the MBAI along with more than 50 partners statewide, including state and federal government agencies, businesses and nonprofits. The MBAI will use an online tool developed and operated by the Michigan Department of Human Services called MiBridges to streamline multiple benefit applications. Currently MiBridges allows applicants to apply for SNAP and LiHEAP, or utility benefits, using one integrated application. It is currently being expanded to integrate other benefit applications as well.

This model is a one-stop method for connecting families to benefits and is coupled with an outreach program that utilizes the resources of community organizations around the state. The outreach portion is an essential component of the MBAI designed to help the MiBridges tool meet people where they are through a dedicated network of community-based organizations whose staff will be trained to assist those eligible within their communities in successfully applying for benefits.

Families that are struggling with hunger for the first time due to the recent economic crisis often lack familiarity with assistance programs. Therefore, using established community organizations and modern technology are crucial to successfully reaching these and other populations.

We at United Way for Southeastern Michigan encourage the committee to maintain SNAP to meet the needs of southeastern Michigan, Michigan as a whole, and the United States. We also appreciate the opportunity to voice our support for innovative programs that leverage community resources to help all families access benefits for which they are eligible, and finally, to ask the federal government to focus on strengthening the safety net and local communities by supporting cross sector efforts to modernize and streamline access such as the Michigan Benefit Access Initiative.

Chairwoman Stabenow, I'd like to thank you for your strong record of advocacy on behalf of the children of our state on issues like poverty and hunger that impact our families and our economy. I urge you and your fellow senators of this committee to protect money for SNAP and to support hungry children and families in accessing available benefits as you focus on the upcoming reauthorization of the farm bill. Thank you very much.

**Chairwoman Stabenow:** Thank you very much for your testimony. Mr. West, welcome.

**Mr. Dennis West:** Good morning. Thank you, Senator Stabenow and Senator Roberts for this opportunity to provide testimony. Northern Initiatives is a nonprofit community development financial institution and micro lending intermediary. We work in 46 rural Michigan counties, everything north of Claire in Michigan, and five border counties of Wisconsin. We're based on the campus of Northern Michigan University that founded us back in 1991.

USDA programs have been critical for Northern Initiatives, and they've helped us to make close to 600 loans ranging in size from \$4,000 to \$1.8 million. Those programs that we've used have also supported the ability to offer technical assistance, and so half of our loans have been to startups and 40% of our loans have been to women owned businesses. We're in the process of scaling our ability to make more loans. We now have an online loan application that is for all loans under \$50,000, which gives a consumer, a customer a credit response in 24 to 48 hours, and later this year we'll move that application up to \$100,000. So it gives us the ability to scale capital and to serve a large geographic area efficiently. The third area of our work is regional strategies to support nature and cultural tourism and to help parts of the Upper Peninsula grow as regional and national tourist destinations.

I'm here to testify on the importance of rural development programs for entrepreneurship and strengthening community capacity. On the entrepreneurship side, rural development programs are providing credit for rural businesses complemented by TA, and specifically the programs vital to Michigan are the Intermediary Relending Program, the Rural Micro Entrepreneur Assistance Program, Business and Industry Loan Guarantee Program, the Rural Business Enterprise Grants, the RBEG, and the Rural Business Opportunity Grants, the RBOG. The community capacity programs of importance are the Rural Community Development Initiative and the Water, Sewer and Community Facilities Programs.

Let me say a few words about entrepreneurship. In the last decade, things were simply horrific for Michigan and much of rural Michigan, yet 45 of the 46 counties in which we work saw growth, and that growth was in small businesses employing one to nine people, so consistently through the period there was something growing, and it was small businesses, which is a great sign of innovation and new ideas taking place throughout our state.

Some examples of where we've used IRP and helped small businesses get started and grow – Dan Torres in Marquette, Michigan has started a fresh Mexican concept 14 years ago, now has three locations and 100 employees with benefits. Mike Zacharias has started a small business in Wakefield which is in the mold making business, what would otherwise be considered a dying industry in America, but his speed of delivery and commitment to his customers has resulted in a global company with three locations and over 50 employees.

Alternative loan products have helped Bob Jacquart and Jacquart Fabric Products in Ironwood, Michigan to take an industry that you would not expect to succeed in America, the cut and sew business, and now to be able to use speed of delivery and technology and employ 150 people in Ironwood, Michigan. So these are examples of where this money has been used to start up and produce results with technical

assistance and growth. And nationally the IRP program has made over \$700 million in capital available to intermediaries like Northern Initiatives. In the history, the program has never had a default or delinquency while providing capital to 8,000 businesses. With some seasoning, I'm sure the Rural Micro Assistance Program will get to the same point.

While these rural development programs appear to be categorical, they very much interrelate and support one another. Capital investments in broadband bring about high speed access, the capital and technical assistance help individual rural businesses overcome distance, isolation and seasonality using e-commerce to sell regionally and even globally. And these rural development programs leverage private support, local dollars, and bring about increased taxes for the states and localities and the federal government, while lessening the use of the social safety net. Just as importantly, they're building bridges to long-term private capital and private service providers, as our borrowers are typically going into a commercial bank within three to five years. So thank you for this opportunity to testify today, and I'll look forward to questions.

**Chairwoman Stabenow:** Terrific, thank you. Mr. Reid, welcome.

**Mr. James Reid:** Welcome, and good morning, Senator Stabenow, Senator Roberts.

Thank you for holding this first official field hearing on the upcoming reauthorization of the farm bill. I appreciate the opportunity to provide testimony regarding the reallocation of the Rural Energy for America Program through Rural Development Department of USDA. You already know my name. My farm is located in St. Clair County. I'm just four miles from the Lake Huron shoreline. I was born and raised on a dairy farm in St. Clair County, worked alongside of my dad through my school years and into college.

After graduation from Michigan State, I pursued a teaching career for five years and my wife and I, Pam, decided to purchase an operating dairy farm just in our neighborhood from a retiring couple in 1978. We combined the two herds, ended up with a 50 cow herd. As the years went on, we gradually grew the dairy and cash crop farm to a 1,000 acre 90 cow herd by 2007.

The same year we began planting and implementing a project that would bring us, at today's level, a little bit revised from what you stated, Senator Stabenow, we're at 225 cows and 1,100 acres. My son Jeff is currently enrolled in Michigan State University's dairy management program. He's doing his internship this summer at another farm. I really miss him, but hopefully his education will contribute to our farm.

I recently had an opportunity to use the REAP grant program to install a solar power system on our 225 cow dairy operation in the thumb of Michigan. After exploring several renewable energy alternatives, including wind power, we chose solar as a way to provide energy on our farm. We installed 96 205 watt Evergreen Solar Photovoltaic panels on the roof of our free stall barn. These panels will generate roughly 27,000 kilowatts per year, or about a third of our energy needs. While the use of solar power is beneficial to us in the reduction of energy costs on the farm, the cost of the solar panels and installation would have been cost prohibitive without the assistance of REAP and other incentives through Detroit Edison, in our case.

The totally investment cost for installing the solar panels was over \$140,000. Our reduction in energy costs is expected to be approximately \$5,000 a year. As you can see, without any financial assistance, the return on investment would have taken over 28 years. With the REAP grants and other incentives, our investment is now going to be recouped in about four years. Aside from the financial gain of using solar energy, the implementation of renewable energy fits well with our overall farm strategy and priorities.

Over the past several years we have worked to make our farm as environmentally friendly as possible. Working through the Michigan Agriculture Environmental Assurance Program, we have implemented new management strategies to protect the livestock and the land on our farm. We are certified in all three MAEAP programs – Farmstead, Livestock and Cropping. This past winter our efforts to be good stewards of the resources earned us the selection of Ag Ecologist of the Year from Michigan Farm Bureau.

Many of the changes we have made around the farm, including renovating buildings, were made to help make way for the next generation, my son, to continue working on the farm. Programs like REAP help farms implement new areas of energy efficiency and conservation on the farm. While we used the program to install a renewable energy program on our farm, other farms have used the program to make relatively small changes on the farm that result in large savings of energy consumption. Farmers, by their personal nature, want to conserve and protect our natural resources as much as possible.

The REAP program makes it financially feasible for us to explore new energy sources on our farm. Supporting efforts like REAP is one more step in our nation's move towards less dependence on foreign energy sources. President Obama has called for 10% of our nation's energy to come from renewable sources like wind and solar by 2012, and 25% by 2025. We are proud to have done our part in the effort to gain energy independence. We encourage you to continue the REAP program and to allow other farmers the chance to bring renewable energy and energy conservation to their operations. Thank you.

**Chairwoman Stabenow:** Thank you so much. Mr. Armstrong, welcome.

**Mr. Dave Armstrong:** Thank you. Last but not least, right?

**Chairwoman Stabenow:** Absolutely, not least.

**Mr. Armstrong:** Good morning, Madame Chairman, Ranking Member Roberts. Thank you for the opportunity to participate in today's hearing and allowing me to share some of the great things going on at GreenStone Farm Credit Services we're doing for our farmers and rural residents. I'd also like to provide you with a brief overview of the credit conditions in our local service area and then touch on a couple of areas that are important to the farm credit system to carry out its mission nationwide.

GreenStone Farm Credit Services is the largest agricultural lender throughout the state of Michigan and in northeast Wisconsin. We're a financial services cooperative, which means our stockholders are the more than 21,000 farmers and rural residents that do business with us. In fact, GreenStone distributed 20% of its 2010 earnings to

its members in patronage refunds, bringing our five year total to just over \$85 million. GreenStone is part of the national Farm Credit System which was established by Congress in 1916 as a means to provide farmers and ranchers with a stable and secure source of credit.

Some 95 years later, GreenStone is a \$5.6 billion financial institution, placing it seventh in the nation in terms of asset size among the 86 Farm Credit associations, with a market share of 65% of the agricultural debt when compared to selected commercial banks active in agricultural lending within our territory. We are headquartered right here in East Lansing, Michigan and have more than 450 employees working out of 37 locations throughout our service area.

Turning to credit conditions, the growing season in our territory was good to excellent in 2010 for row crops and below average for the apple and cherry industries, which were adversely impacted by an early frost which contributed to reduced yields of approximately 50% over the 2009 levels. Crop insurance minimized the financial impact for the apple industry, however the cherry industry did not fare as well, as it continues to work with excess inventory carryover that is keeping prices low. Grain commodity prices started the year at moderate levels.

Favorable growing conditions deteriorated in the Midwest during July, with excess levels of moisture in the corn belt, similar, probably a little bit what we're experiencing this year. There was also an increase in export levels due to the drought in Eastern Europe later in the year. The industry went from expectations of losing money to near record profits, as expectations of end stock levels shrank. As a result, grain prices have risen steadily.

Input costs for seed, fuel and fertilizer have also increased significantly and we're seeing an upward pressure on land rents as a result of the current price environment. Even with these increases in input prices, the opportunity for solid profit margins still exist in 2011 for grain and crop producers in general – and again, that's assuming that we're still able to get average yields, despite this very late start on planting.

Turning to dairies, Midwest dairies returned to profitable levels in 2010 after losing money in 2009. The run up in feed prices that started in August of last year will place significant pressure on margins in 2011. This increase in costs should first be felt in the Western U.S., where the majority of operations purchase their feed. Dairies in Michigan enjoyed a good to record feed harvest in 2010. Most operations have large, high quality forage inventories to work with in 2011, and improved milk prices and relatively lower feed costs in 2010 provided the opportunity for many of our operations to recover most of their 2009 operating losses.

The slow recovery of the general economy continues to negatively impact timber, greenhouse and nursery operations. Several timber and greenhouse assets in our portfolio were downgraded to an adverse asset classification during the year and are not expected to improve significantly until the housing sector also improves. The 2011 outlook for the protein sector is for reduced earnings. Feed costs will likely eat into available margins and have the potential to send several industries into the negative earnings range. Current 2011 CME Class III milk prices are above 2010

levels, which should hopefully allow our Midwest dairies to maintain break even or better margins.

Interest rates continue to be at or near record low levels which, when coupled with relatively high margins for most feed grains can, and it is leading to rapidly increasing farmland values in several parts of the country. Fortunately, we have experienced only moderate land value increases in Michigan to date, which should help mitigate our impact of any significant decline in crop prices on our customers' ability to service their debts. As an agricultural lender, we are very sensitive to escalating land values and continue to follow sound underwriting standards when extending credit to the industry.

Some of the farm bill issues I wanted to touch on. At Farm Credit we continue to utilize our available authority and program resources that permit us to make credit available to the broadest group of producers. The guaranteed loan programs of the Farm Services Agency help us work with farmers that may not be as sound financially or that present a greater risk than for some other reason compared to other customers. We urge you to review these programs to insure that they reflect the needs of today's farmers. It is essential that the caps on loan size be allowed to increase to reflect continued inflation in land values and the cost of production. Farmers must be able to obtain sufficient financing for them to have a viable sized farm operation.

And before I conclude my testimony, I would also like to bring to your attention an issue that will have an impact on small rural financial institutions that make up the Farm Credit system and our ability to continue helping agriculture and rural development grow. As you know, the Commodity Futures Trading Commission is proposing a rule requiring the mandatory clearing of swaps. While appropriate for large commercial banks, this rule will have an unintended negative impact on small rural lenders. We have relayed our concerns to CFTC Commissioner Gary Gensler and would like to briefly state our main arguments for requesting exemption from mandatory clearing of swaps.

First, the Farm Credit financial institutions like GreenStone have a proven record of being competitive, dependable and responsible sources of credit for Michigan agricultural producers. The Farm Credit system is not interconnected to the banking industry. It has not had, nor is it at risk of a credit crisis. Farm Credit banks within the Farm Credit system serve as a pass through for their member associations, which individually has assets less than 10 billion, meaning they should be given the same exemptions as many other small financial institutions and commercial end users.

Madame Chairman and Ranking Member Roberts, I want to thank you again for inviting me to participate in today's hearing. I look forward to assisting you and your staff in any way we can as Congress begins the process of rewriting the 2008 Farm Bill. Thank you.

**Chairwoman Stabenow:** Thank you very much. I should mention that we will be holding our second oversight hearing of the CFTC in June, and we continue to raise a number of questions and bring the issues that you're talking about and others to the CFTC, and we'll continue to be actively involved with them, both the committee and

the staff as well, so thank you. In our last few minutes, I'm going to quickly move through some things and see how much we can cover.

But let me ask Mr. Armstrong, as we look at cropland values increasing, and increasing significantly, and then we think back to the previous panel with Ben LaCross talking about beginning farmers and our young people getting into, or older people getting into farming for the first time, what's your experience in lending to beginning farmers? Have you set any goals for attracting young farmers into agriculture? And of the benchmarks that you have used in that area, what's the most difficult to meet as we look at making sure that there's credit available?

**Mr. Armstrong:** Well, as you know, Senator, being a member of the national Farm Credit system, we are mandated to make sure that we have programs in place to finance young, beginning and small farmers, and GreenStone, I'm very pleased to report, is in full compliance with those standards, and in fact we exceed many of our peers around the country in terms of the percentage of small, young and beginning farmers that we do serve. We have a number of different programs that we can use for particularly young farmers who want to get started where we will use reduced underwriting standards, in some cases, with some offsetting risk mitigators like a USDA guarantee. We may require some crop insurance.

There are some areas where we would want them to have a well proven financial record-keeping system, a marketing plan. And unfortunately, sometimes, many young producers want to get out there and farm. That part of the business they don't really enjoy and would like to defer, and so it's sometimes a challenge getting them to work through those pieces of their plan before they just jump on the tractor and farm, and that's probably one of the biggest challenges for us. The other one is probably just upright having equity, having enough equity that they're not financing 100% of their entire operation.

**Chairwoman Stabenow:** Great. Thanks very much. I want to ask Ms. Serfass and Mr. Reid both questions in terms of conservation and managing risk, when we look at managing, whatever the risk it is, weather, input costs, pest diseases and so on, could both of you talk about the conservation programs and how they assist you as it relates to managing risk and remaining competitive? Ms. Serfass?

**Ms. Serfass:** Oh, remaining competitive. Our forest stewardship program really helps tremendously. If we didn't have that plan – which my husband and I had no clue how to manage our property when we first bought it. We just wanted a nice place to get away from retail and people and traffic, and had no clue at all what we were getting into. So with my husband's curiosity, he's always, get into anything, he's question, question, question, which is fantastic, really, he contacted the DNR, and they helped us get started.

He told us we should have the forest stewardship plan, he told us about the forest association and tree farms and all the different programs that were out there to help us manage this property. If it wasn't for this contact... At that time we had seven service foresters throughout the state, and Michigan's a pretty darn big state. Now we only have three. And most of the conservation districts have lost their foresters. And these people help beginning woodlot owners and other, even agriculture owners – it's

not just forestry – on how to take care of their property and the best ways to handle it. I'm not sure if I answered your question completely.

**Chairwoman Stabenow:** And just one quick follow-up to that. I mean, you were curious, you reached out, and you were saying in your testimony only about 3% of our family forest owners are actually engaged and actually have a forest management plan. What can we do to do better outreach so there are more folks that are coming into the programs?

**Ms. Serfass:** I've kind of always thought if we could get the real estate people who sell these blocks of land to let people know that there are programs out there and organizations out there to help them learn how to manage their property so that it stays healthy, if you do sustainable management, you have a healthier forest, you're going to help the environment much better. You take out the trees that are in poor condition and susceptible to diseases and make room for the stronger trees to have a better forest for the wildlife and for the environment.

**Chairwoman Stabenow:** Great. Well, thank you very much. And Mr. Reid, if you could talk more about managing risk and being competitive. And you're obviously an example of someone who has been very involved in focusing on environmental protection. I'm sure it's not easy to be certified in all three areas of the Michigan Agriculture and Environment Assurance Program, and congratulations on receiving the recognition that you have. But speak about conservation programs a little bit more.

**Mr. Reid:** Well, the MAEAP program goes a long way as far as keeping your risk at a minimum. And in order to achieve MAEAP verification, EQIP plays an important role in that. EQIP will allow the farmers to help finance those practices that help take control of most risk. A livestock farmer such as myself, building a manure storage facility, for example, is very expensive. The other practices that go along with it, collecting the dirty water, as we call it, and making sure it does not impact the environment, collecting it into the storage facility and then using those nutrients in place of commercial fertilizer, for example, it's a big savings to us. And I think those two programs coupled together do a lot to minimize our risk.

**Chairwoman Stabenow:** Great, thank you. And then finally, and then I'll turn it over to Senator Roberts, Ms. Holt, could you talk more about the challenges and opportunities of farmers who are converting to organic production and what sort of tools are most valuable to them in converting, what are the obstacles to our farmers that wish to convert to organic farming?

**Ms. Holt:** Well, I think the most important thing is maintaining the integrity of the USDA organic label. It's a pretty small funding amount for the NOP program, but it's critical to make sure that there is going to be an ongoing market for the organic products. They are going through a lot of work. They have to be certified organic, unlike anyone else who's selling their products, and so if they're going through all of that, that label needs to mean something to the U.S. consumer, so that's the most important thing.

Then, just from a funding standpoint, the cost share program has really helped offset costs. It's only giving \$750 per farmer, but that's something, and it does make a difference to help offset that certification cost that another farmer doesn't need to go through. And then EQIP, we've talked a lot about that, but those programs as well will help with the conversion by providing some funding to help that farmer make that conversion. And it does take three years to convert the land over to organic production, and so during that time they're doing the work and basically farming organic, but they're not able to sell the product as organic, so it does help offset some of those costs.

**Chairwoman Stabenow:** Great. Thanks very much. Senator Roberts.

**Senator Roberts:** I'll try it in reverse order. Mr. Armstrong, did you ever hear back from Gary Gensler about your recommendations on CFTC and their rule-making?

**Mr. Armstrong:** No, sir, not to my knowledge.

**Senator Roberts:** Remind me again. This wasn't just your letter, but it was a consortium kind of letter in response to the rule-making the CFTC has proposed, is that correct?

**Mr. Armstrong:** Correct.

**Senator Roberts:** When did you send it in?

**Mr. Armstrong:** There were letters that were sent in earlier this spring on behalf of the National Farm Credit Council.

**Senator Roberts:** What happened to those letters, do you know?

**Mr. Armstrong:** Well, I assume that Mr. Gensler received those letters as well as others on the CFTC board, and to my knowledge we have not heard a formal response yet.

**Senator Roberts:** I mean, have they even acknowledged that they received them?

**Mr. Armstrong:** I would have to check with our national office.

**Senator Roberts:** Well, I had an interesting talk with Gary Gensler. I made a speech on the floor where I mispronounced his name and... [*Laughter.*]

**Chairwoman Stabenow:** That didn't help.

**Senator Roberts:** No, it didn't help at all. [*Laughter.*] He expressed his desire that it was a crucial need, the CFTC needs somewhere between two to three hundred more lawyers, and that didn't go down very well. At any rate...with parking spaces. [*Laughter.*] And that means they stay there, that's the problem. All right, on Page 3 you're talking about a moderate increase in land values.

Tom Hoenig, who used to be our Kansas head Fed chairman, only guy who testified before the Fed to quit using the Fed's money to try to keep pace with the economy [loan to center], he's a little worried that we might see a repeat of the '80s, and Lord knows you went through that. A lot of that depends on the weather, just all sorts of things, all the variables. What do you see out there? You say it's moderate, where are we going?

**Mr. Armstrong:** In Michigan, and this is not to be an evasive answer, but talking to one of our chief appraisers recently, I asked him the same question about values in the state and he said, "Dave, it's zero to 25% in Michigan." We have areas of this state where we have less productive soils, we have areas that are closer to the urban populations of this state where development pressures have all but evaporated. So poor soils, smaller sized parcels, and those parcels closer to urban areas we've seen very little in terms of escalating land values.

In the very strong ag areas of this state where we have highly productive soils, large tracts, highly competitive neighborhoods, that's where we're seeing some of the 25% increases. And so when you kind of average that out across Michigan, because of the diversity that we have, in general we would say land values overall are more moderate. If we were in the middle of [your fed] district, they probably would be north of moderate, certainly.

**Senator Roberts:** Mr. Reid, you installed those solar panels and figured out that without the REAP program that they would have paid off in 28 years, \$5,000 a year I think, as I recall, but with the REAP program you were able to make that work in four years' time, is that correct?

**Mr. Reid:** That's correct.

**Senator Roberts:** All right. Do you think we'll ever see a day when the solar energy program can stand on its own two feet? Don't misunderstand me, I'm not criticizing the program. I just, I hear that a lot.

**Mr. Reid:** Well, I think the cost of these panels will probably go down as more of them are produced. I would assume that was going to happen. And I think the cost of electricity that you and I pay for every month is probably going to increase. So between those two factors, we'll probably see some improvement in the cost, in the initial cost of that program. Other than that, I can't give you a foreseeable answer.

**Senator Roberts:** Well, it's a hard thing to figure, and I'm not asking you to do that, but down the road that would be the hope, of course, if in fact that would take off. The same thing with wind power. The president says we can do this in 2012 upwards of 10%. Think we can make that?

**Mr. Reid:** It's going to be tough. I actually think that maybe on a more residential usage of this, I think that's where you're going to see the growth. These panels can be put on, they can be mounted on roofs of houses, for example. They have to be in a north-south orientation, I guess, or they can be ground mounted. There's several alternatives. But they can, I think I see more use in the residential field, at least on a widespread...

**Senator Roberts:** I appreciate that. Thank you very much. Mr. West, welcome to Garden City as in August, when you have the family reunion. That's in Kansas, by the way, folks. And his wife is from Kansas, and so he grabbed one of our sunflowers and brought them up here. [Laughter.] You mentioned the five Cs in regards to capital resources investment, or whether, you know, you're talking to your friendly hometown banker or whatever lending institution, and the one that really stood out, you indicated, was character, especially, and we talked about young

farmers, and the chairwoman talked about that. How does a banker evaluate character, especially what we've been through in regards to who got loans and who was able to pay them back, etc., with Freddy and Fannie and so on and so forth. And what's your experience with that?

**Mr. West:** Well, as an alternative lender, character matters a great deal to us, so partially what we'll do, since we're doing so many startups, is we'll go through a series of asking a business person to do more research to help us understand where they're trying to go. And as they go and perform more research, it's a great indicator of their commitment, and largely that's what we're investing on, is their character and their commitment.

**Senator Roberts:** So it's what Mr. Armstrong indicated when a farmer wants to hop on the tractor and go farm as opposed to sitting down and say, okay, what's your plan, what's your financial plan, where are you in five years, etc., etc.?

**Mr. West:** Well, we look at all the same things. It's just that as an alternative lender, we're going to do the loans the banks can't do, shouldn't do or won't do. And as such, that means that almost anything we're going to get into has either had a credit blemish – often those credit blemishes were because of health issues – they've had a collateral challenge that they can't overcome with respect to the bank, or there isn't enough equity initially to get started, so those are the gaps that we try to fill. So it's incumbent upon us to really understand character and really get focused on—

**Senator Roberts:** Well, thank you for your efforts. I know that's a difficult job. Mr. Davis, what can we do to get more folks in the private sector to invest in the Double Up Food Bucks program in regards to SNAP folks?

**Mr. Davis:** Well, I would say that it can be seen as an economic generator. And if we are able to convince businesses that by providing more buying power, spending power by some of our citizens that have less resources, then that would really create an economic impact.

**Senator Roberts:** Do you have an outreach program with chambers of commerce and other business groups or other civic groups, etc., etc. to step up to this?

**Mr. Davis:** Well, the United Way doesn't per se. We were a contributor to the Double Up Food Bucks. That was really being driven by the Fair Food Network. And I know that Oran Hesterman, the chair of the Fair Food Network, has done a really good job of encouraging buy-in from local businesses and other advocates around—

**Senator Roberts:** The SNAP program's going to have to stretch that dollar a little bit more. We have the same program in Kansas with the farmer's markets. So I wish you well and I hope that you can get a good outreach program to have more success. Very quickly here, Ms. Holt, Secretary Vilsack, just last week, I think, testifying before our committee, cautioned against being too prescriptive with programs, more especially with the organic, and said perhaps there are other programs available that the department, particularly in the area of research and conservation, for which organic growers can utilize in similar fashion. That's just a statement by the secretary. You have any comments?

**Ms. Holt:** Just that because of the regulatory oversight that exists with the organic program it is necessary to make sure that that funding is there so that they can do the job that they need to do, so that is a specific program. Certainly organic can take advantage of some of the other programs within the farm bill, but the National Organic Program does need its own funding.

**Senator Roberts:** I'd sure like to have a nice visit with you because I went through that controversy on what's organic and what isn't. Dan Glickman from Kansas was secretary. He said it was one of the worst times he ever had trying to figure out from organic producers what is organic, what isn't, and the label and all of that. And I know that's always a chore for you. But just let me indicate my interest in that and the chairwoman in that. Let's see here. How are you getting along with those wolves out there, Ms. Serfass?

**Ms. Serfass:** Directly on our property, we haven't had too many wolves. I did see one, oh, within a mile of our property, but we just had a nice little stare down and he went his way and I went my way. And I was in a car, thank heavens. [*Laughs.*]

**Senator Roberts:** So you're not in the wolf raising business?

**Ms. Serfass:** No.

**Senator Roberts:** All right, okay. EPA regulatory action, as it relates to clean water permits, since the '70s EPA regulations have interpreted the Clean Water Act to define most forest management activities as non-point sources, therefore not requiring NPDES permits, a long permit. If EPA advances this regulatory action, this is proposed and will no longer consider forest management as a non-point source, how will this new permit requirement affect the way you and other private forest land owners manage your land? What costs will be associated? What challenges will you face in the future, none of which are good?

**Ms. Serfass:** I'm not exactly sure what that whole permit is all about.

**Senator Roberts:** That's the point.

**Ms. Serfass:** [*Laughs.*] I don't know—

**Senator Roberts:** Welcome to the world of Washington regulatory nonsense. I mean, you're going to wake up to it on a Thursday morning, when all of a sudden you're going to get something in the mail.

**Ms. Serfass:** I do know that the last time we had a logging they were talking about that each time they are going to a different property, they are to make sure that their equipment has been totally cleaned down, because we've been having a problem with garlic mustard being spread very easily and other invasives—

**Senator Roberts:** I'm not sure that's EPA as opposed to the state.

**Ms. Serfass:** I'm not sure either.

**Senator Roberts:** But this permit, I want to get into this permit. I want you to get educated and I want you to get involved with whatever associations you have to weigh in on this because that's another thing we don't need, big time. And I appreciate your saving your aspens. I love aspens. You must have a beautiful place.

You went on, you know, on that property to make a home, and you not only made a home, but you contacted your forester, so on and so forth. I was a little struck that only 13% of the people that have forest ground are into that program, know anything about it, really, in Michigan. And I don't know what it is nationwide, but thank you, and thank you for your example. I think it's wonderful.

**Ms. Serfass:** Thank you.

**Senator Roberts:** I appreciate it, Madame Chairwoman.

**Chairwoman Stabenow:** Thank you very much. Well, we have come to the end of our time for the hearing. I am going to ask each of you to follow up – I won't ask you the question today, but as we look at various programs, various efforts, one question I have is how can we do a better job or help you do a better job working across the lines, or reducing the lines between various parts of the farm bill. I know there are areas where definitions are different to what is rural. I mean, how do we streamline those things? How can we create more flexibility so that you have the opportunity to meet your goals and do the best job that you can?

And that's part of what we're going to be doing in this farm bill, is focusing on how to streamline, how to take away the paperwork that Senator Roberts was talking about, how to streamline, how to be able to create more flexibility, when it's appropriate, and be able to work across lines so that we're growing the fruits and vegetables, and making those available, Mr. Davis, and being able to do the kinds of things that we can do by working with all parts of agriculture. And so we're going to ask for your input as we go along to be able to do that.

We have had a really terrific opportunity today. I want to thank all of you for your input and I want to thank not only Michigan State, as always, but I want to thank our staff as well, who have done a terrific job. A lot of work goes into putting this together, and [Chris O'Donnell], my director of our staff, and Mike [Siefert], who is Senator Robert's staff as well, I know you join me in thanking both of them.

And for purposes of everyone in Michigan, I just want to make sure that you know, on our staff, who is here. Jonathan [Kopass] is here, who's done a lot of work on Title 1, the commodities and all the budgets. It's your fault, Jonathan and Chris on the budget. You're making this all add up. Joe [Schultz] – where's Joe? Also working on those issues as well. [Tina May], who's working on conservation and a number of other issues. [Jacqueline Snyder], who's our specialty crop person, as well as nutrition and so on, and [Kelly Fox] from our Michigan, local regional manager. I don't know if Mary's here as well. Okay, great, we've got our other regional folks here as well. So we want to thank everyone that's involved in putting this together. It takes a lot of hard work to put together a field hearing like this, and we appreciate all of the staff response.

This is Field Hearing 1. We have more to do. We are in a process that will take the rest of the year and into next year as we go through, both in D.C. and around the country, and for me around Michigan. We will be doing a number of sessions continuing to sit down with community leaders and local growers and so on around the state. But this all adds up to giving us the information we need and the input we

need so that as we sit down next year to put together the farm bill we've got the very best input possible and the very best ideas. So thank you very much for coming. Thank you to our wonderful panel here. [*Applause.*] Thank you. We are officially adjourned.

[*End of recording.*]