S. HRG. 109–682

TO REVIEW NOMINATIONS FOR USDA AND COMMODITIES FUTURES TRADING COMMISSION

HEARING

BEFORE THE

COMMITTEE ON AGRICULTURE, NUTRITION, AND FORESTRY
UNITED STATES SENATE

ONE HUNDRED NINTH CONGRESS

SECOND SESSION

JULY 26, 2006

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TO REVIEW NOMINATIONS FOR USDA AND COMMODITIES FUTURES TRADING COMMISSION

Wednesday, July 26, 2006

U.S. SENATE,
COMMITTEE ON AGRICULTURE, NUTRITION, AND FORESTRY,
Washington, DC

The committee met, pursuant to notice, at 9:32 a.m. in Room SR–328A, Russell Senate Office Building, Hon. Saxby Chambliss, chairman of the committee, presiding.

Present: Senators Chambliss, Talent, Thomas, Grassley, Harkin, and Baucus.

OPENING STATEMENT OF SENATOR CHAMBLISS, CHAIRMAN, COMMITTEE ON AGRICULTURE, NUTRITION, AND FORESTRY

The CHAIRMAN. Good morning. This hearing will come to order.

We're here today to conduct a hearing on three nominations to important posts at the U.S. Department of Agriculture, and an equally important nomination to the Commodity Futures Trading Commission.

The nominees are: Nancy Montanez Johner—to be Under Secretary for Food, Nutrition, and Consumer Services; Bruce Knight, to be Under Secretary for Marketing and Regulatory Programs; Margo M. McKay, to be Assistant Secretary for Civil Rights; and Michael V. Dunn, to be a commissioner at the Commodity Futures Trading Commission. Ms. Johner and Mr. Knight have also been nominated to serve on the board of directors of the Commodity Credit Corporation.

I've had the opportunity to meet with all four nominees and review their backgrounds. We all appreciate their willingness to come forward and engage in public service. I welcome all four nominees here this morning. And I thank you for appearing before the committee today.

For the information of Senators and staff, I ask that any questions of the nominees for the record be submitted by 5:00 p.m. tomorrow, July 27, in order to expedite the confirmation process.

I now will turn to Senator Harkin for any opening comments he might wish to make.

STATEMENT OF HON. TOM HARKIN, A U.S. SENATOR FROM IOWA, RANKING MEMBER, COMMITTEE ON AGRICULTURE, NUTRITION, AND FORESTRY

Senator HARKIN. Mr. Chairman, thank you very much.

And I'll just ask that my statement be made a part of the record.

[The prepared statement of Hon. Tom Harkin can be found in the appendix on page 26.]

Senator HARKIN. I welcome all of our individuals here.

Some I know better than others, but in reviewing their backgrounds, and some who have worked in these various departments before, whom I know well, they are all extremely well-qualified people, and I hope we can move them expeditiously.

I would defer any other comments and stuff to when you open it up for these individuals.

The CHAIRMAN. Sure.

Senator HARKIN. Thank you, Mr. Chairman.

The CHAIRMAN. Okay.

At this time, before we proceed to the nominees, we have our good friend, our distinguished colleague, Senator George Allen, here to make an introduction.

Senator Allen, welcome to the once-powerful Ag Committee. We're pleased to see you here. And please take some Georgia peanuts when you leave. [Laughter.]

Senator ALLEN. Okay.

The CHAIRMAN. You'll want to give up Virginia peanuts, George.

STATEMENT OF HON. GEORGE ALLEN, A U.S. SENATOR FROM VIRGINIA

Senator ALLEN. Thank you, Mr. Chairman.

Senator Chambliss, I appreciate the Georgia peanuts.

They're very good. You just have to eat two of 'em to make up for as many volume as there is in a Virginia peanut. [Laughter.]

Senator ALLEN. But they're very good and tasty. Senator Harkin, it's good to see you, as well.

It's my pleasure to introduce to all of you on the committee here Margo McKay, of Falls Church, Virginia, the President's nominee to be Assistant Secretary of Agriculture for Civil Rights in the Department of Agriculture.

Mr. Chairman, the mission of the Assistant Secretary of Agriculture for Civil Rights is to facilitate a fair and equitable treatment in the delivery and decisions related to the programs and many services of the USDA. To that end, if you look at the background and experience, the motivation, the qualifications, and the background of Margo McKay, she is highly qualified fulfill that mission.

It is Ms. McKay's broad range of professional experience that makes her very well qualified to hold this position. You can look through her resume. Let me just take a few moments to highlight her positions. From being a trial attorney with the Office of Civil Rights division of the U.S. Department of Justice, to an associate general counsel at Fannie Mae, she has a tremendous breadth of knowledge. She has served as the director of the Office of Diversity at Fannie Mae, where she brings to this position an awareness of how important the job of Assistant Secretary in Agriculture for Civil Rights is in ensuring that everyone who works for, or is partnered with, the USDA is treated fairly and with dignity and respect.

She will be introducing her family members later, so I'll not introduce them, but I know she's very proud. And I know her mother's very proud to have her here, and so are her children.

But she—when she was a young attorney with the Department of Justice, she did sharpen her litigation skills by working on all aspects of civil rights and constitutional law, and she received numerous awards and commendation.

Also, Mr. Chairman, Senator Harkin, she created and implemented an alternative dispute resolution program, and her initiative in working with minority- and women-owned business speak to her leadership ability. She's been the recipient of the prestigious Reardon Award for Corporate Excellence in 1994. She has received the Bronze and Silver Award for Exceptional Meritorious Service, as well as many other awards.

If confirmed, Mr. Chairman, Senator Harkin, members of the committee, Ms. McKay will draw on her extensive legal comprehension and hands-on knowhow to carry out the mission.

She has—when you hear—read her—or see her statement, and hear it, she has the right goals, to expand outreach and build trust in the USDA programs, which his very important. We've seen the need for that in Virginia.

You may have, in your respective States. But we know we've seen the need for that building of trust with the USDA programs, and I think Ms. McKay is truly a perfect individual, with her experience and her motivation, to lead this mission. And I hope you'll move her on to the floor for confirmation as quickly as possible.

And I thank you for allowing me to come and introduce Ms. McKay to the committee.

The CHAIRMAN. Senator, thank you for being here.

Ms. McKay, George happens to be one of my close personal friends, and him coming here today to speak in your behalf says an awful lot for you.

And I'm just kidding, George, my neighbor sends me a big can of Virginia peanuts every year at Christmas, and they are—

[Laughter.]

The CHAIRMAN. —outstanding peanuts.

Senator ALLEN. As are the Georgia ones, Mr. Chairman. Thank you.

The CHAIRMAN. Would all four of you please stand and raise your right hand?

Do you swear that the testimony you're about to give will provide the truth, the whole truth, and nothing but the truth, so help you, God?

Ms. JOHNER. I do.

Mr. KNIGHT. I do.

Ms. MCKAY. I do.

Mr. DUNN. I do.

The CHAIRMAN. Do each of you agree that you will appear before any duly constituted committee of Congress if asked to appear?

Ms. JOHNER. I will.

Mr. KNIGHT. I will.

Ms. MCKAY. I will.

Mr. DUNN. I will.

The CHAIRMAN. Thank you very much, and you may be seated.

We also have Senator Thune, who will be here shortly, I'm sure, to speak on behalf of Mr. Knight. But, in the meantime, we're going to go ahead and move forward. And, let me just say that we're going to have a vote, I understand, at 10:00 o'clock. We also have a joint session beginning at 11:00. So, I don't know how we're going to be able to work around this vote. If we have enough Senators here, we may try to run back and keep this going so that we can hopefully finish before the 11:00 o'clock joint session. But we'll see how that goes, in any event—

Senator HARKIN. Mr. Chairman?

The CHAIRMAN. Sure.

Senator HARKIN. Mr. Chairman, just in case—I know I had asked you earlier, but just in case we get all messed up with votes and stuff like this, I—I was going to wait until we got to Mike Dunn's—and we're going to work down the line, I know, but, just in case something happens and I'm not here, I just—for the record, just wanted to say how proud I am of my fellow Iowan, Mike Dunn. We go back— we were together in this committee in 1986–87, during the farm credit crisis, when we passed the farm credit bill that really helped keep our farmers afloat all over this country.

And Mike was very much involved in the committee here, in this committee, in this room, at that time. He went on to head the Washington Office of the National Farmers Union, did that for a number of years, served as Under Secretary for Marketing and Regulatory Programs, directing the Office of Policy and Analysis at the Farm Credit Administration. And he served ably in all those positions.

I know that Mike was selected by his colleagues to chair the Ag Advisory Committee at the CFTC, a reflection of his strong background and continuing interest in agriculture. He's also the chair of the Commission's Task Force on Public Outreach and Consumer Education regarding retail transactions and foreign currency. And over the past several months, this task force has worked to alert and educate the public about the risks and potential for fraud in the sales of foreign currencies in—to retail investors.

So, that's just my way of saying I've known Mike Dunn almost all my adult life. His wife, Brooke, and four sons, I know, couldn't be here with him today, but he is what I consider to be just a great example of a public servant, always doing the jobs tasked to him, doing it diligently, doing it well, without any favoritism, partisanship. When he worked on this committee, he worked with both sides at that time, and has done so throughout his adult life. And I can't think of a better person for the committee—for the Futures—the Commodity Futures Trading Commission than Mike Dunn, and I just wanted to say that for the record.

Mike, thank you.

The CHAIRMAN. Well, again, Senator Harkin and I are also very good friends, and I have great respect for him. Mike, while I know you, and you and I have had a chance to visit, I will have to say that Senator Harkin speaking in your behalf says an awful lot for you. You've done a good job over at the CFTC, and we look forward to speeding your nomination forward. We'll now start with you, Ms. Johner, and we'll go down the line. Any opening comments you wish to make, we'd ask that you keep them as brief as possible. We will submit your entire statement for the record.

STATEMENT OF NANCY MONTANEZ JOHNER, OF NEBRASKA, NOMINEE TO BE UNDER SECRETARY OF AGRICULTURE FOR FOOD, NUTRITION, AND CONSUMER SERVICES FOR THE DEPARTMENT OF AGRICULTURE AND TO BE A MEMBER OF THE BOARD OF DIRECTORS OF THE COMMODITY CREDIT CORPORATION

Ms. JOHNER. Thank you, Chairman.

Mr. Chairman and members of the committee, I'm honored and grateful to appear before you as the President's nominee for the position of Under Secretary of Food, Nutrition, and Consumer Services.

I would like to thank President Bush and Secretary Johanns for their trust and for this honor, as well as all those who have supported me.

I would especially like to thank my husband, Randy, for his unconditional love and support. And I also want to thank my children, Melissa and Jesse Montanez, for their encouragement and belief in me.

I was born and raised in a farming community in Scottsbluff, Nebraska. My parents, Joseph and Nancy Saldivar, were immigrants to the United States. My father worked long hours in the fields, and, as a young girl, I worked beside him, along with the rest of my family. In addition to teaching me by example the importance of good work ethics, my parents also showed me the value of family, and I will always be grateful to them for that.

After high school, I worked part-time as a unit secretary at the local hospital. And as a secretary, I began to experience serving families through the Intensive Care Unit. I was very fond of this aspect of my work, and decided to pursue an education in social work. I earned a college degree while working and raising two children. I was a single parent faced with many challenges. I'm not embarrassed by that fact. It is part of who I am and why I believe I'm qualified for this position. I know what it's like to be on the verge of not making ends meet.

I believe it is important to ensure that those who are eligible for assistance have access to benefits. After earning my degree, I served as a social worker. Experiencing the heartbreaking need firsthand did not deter or discourage me. It inspired me to work even harder, knowing that as a social worker I had the ability to impact the need and to ease the very struggle that I faced as a single parent. I have no illusion about ending all hunger, but that won't stop me from trying to impact the problem.

When I was promoted to a service area administrator, I viewed the added responsibility as raising the bar for me as a public servant. It meant I could no longer simply tell the boss about my caseload concerns; I now had the ability and, therefore, the responsibility to address the challenges that prevent us from improving human condition.

Two years ago, I was honored to be appointed as the director of Nebraska Health and Human Services. In this position, which I currently serve, I'm responsible for a staff of 5,000 and a budget of over $960 million. We touch thousands of lives, and it is a tremendous opportunity to help people. I'm grateful to have this chance to serve and make a difference.

I have a conviction that, in whatever capacity one serves the public, it is the principles that bring quality to the service. The principles of compassion, integrity, respect, openness, and honesty have kept me focused on service and the value of families. These are the principles I brought with me as a social worker and as a director of Nebraska Health and Human Services. If confirmed to serve as Under Secretary for Food, Nutrition, and Consumer Services, I will hold to these same principles. I also pledge to listen to our customers, our service providers, State and local partners, advocacy groups, and certainly you here in Congress to determine better ways to serve our clients.

I'm excited by the possible opportunity to work with the experienced and highly talented staff at the Food and Nutrition Service in the Center for Nutrition Policy and Promotion. They are dedicated to helping others, and it would be an honor to join them.

In closing, I want to say I am eager to continue my work as a public servant devoted to providing children and low-income families with access to food, healthful diet, and nutrition education. Furthermore, if confirmed, I look forward to working together to fulfill our duty and service to this great Nation and its citizens.

Thank you for your time, and I would be happy to answer any questions you may have.

[The prepared statement of Ms. Johner can be found in the appendix on page 30.]

The CHAIRMAN. Thank you. Ms. McKay?

STATEMENT OF MARGO M. McKAY, OF VIRGINIA, NOMINEE TO BE AN ASSISTANT SECRETARY OF AGRICULTURE FOR CIVIL RIGHTS FOR THE DEPARTMENT OF AGRICULTURE

Ms. MCKAY. Mr. Chairman, Ranking Member Harkin, and other distinguished members of the committee, thank you for—

The CHAIRMAN. Mike.

Ms. MCKAY. Mr. Chairman, Ranking Member Harkin, and other distinguished members of this committee, thank you for the opportunity to appear before you today. And I would like to thank Senator George Allen for his kind introduction. I greatly value his trust and his support.

I am honored to have been nominated by the President to be Assistant Secretary for Civil Rights at the Department of Agriculture, and I am humbled by the confidence placed in me by President Bush, Secretary Johanns, and Deputy Secretary Conner.

I would like to introduce my family—my mother, Gary McKay, is a retired nurse and a native of Pittsburgh, Pennsylvania; my youngest—

The CHAIRMAN. Ask her to stand up so we know who your mom is.

Ms. MCKAY. My mom is right here.

The CHAIRMAN. Great.

Ms. MCKAY. My daughter, next to her, Kaila Allen, is a sophomore at Hampton University in Virginia, and, I might add, an A student. [Laughter.]

Ms. McKAY. Next to her, my son, Rick Allen—he lives and works in Virginia, and he's an avid soccer player. He's in two soccer leagues, director of the league, captain of the team.

The CHAIRMAN. All right.

Ms. McKAY. My oldest daughter, Marja, here, is an actress and a former Miss Teen USA, representing the District of Columbia. Next to here is her husband, Jean- George Vongerichten, who is a world-renowned chef.

The CHAIRMAN. Nice looking family there, Ms. McKay.

Ms. McKAY. Thank you. I am so proud of them. Thank you very much. Senators I became aware of the civil rights struggle at a very young age, growing up in Pittsburgh, Pennsylvania, with my grandfather, John Gary Jones. He was a—active in the State and local NAACP and other civic organizations. As an African–American man of his era, even though he was college educated, had served honorably in World War I, and was very capable, he was only able to achieve a certain level in the workplace, a supervisor in the Post Office.

But he was my idol and my role model. I was impressed by his intelligence, his energy, his worldly perspective, and his activism. He instilled in me the importance of an education. He made me believe that I could do and become anything that I wanted. And he taught me the importance of helping others.

As a child, I spent my summers with my other grandfather, John Mackay, in—at his farm in Catonsville, Maryland. I remember when my grandparents sold their farm and bought a house in Baltimore, Maryland. It did not occur to me at that time that selling the farm might not have been their first choice.

Grandfather Jones died when I was 16, and there was no money for college, but I was able to attend Fisk University in Nashville, Tennessee, on a scholarship from the United Negro College Fund. I was recruited on campus by the Department of Housing and Urban Development. And, while there, I met another mentor, another civil rights leader, the late Honorable Samuel C. Jackson, of Topeka, Kansas. He was Assistant Secretary of HUD and a former EEOC commissioner. Sam Jackson encouraged me to go to law school. After attending Georgetown Law School, I joined the civil rights division in the Department of Justice, where I prosecuted cases under all the civil rights statutes.

Later, I served as an administrative judge, hearing employment discrimination claims. I continued on this career path to the current time in both the public and the private sector, specializing in employment law and diversity. I believe that my background and experiences will serve me well if I am confirmed for this position.

I am aware that many improvements have been made at USDA, and I have great respect for former Assistant Secretary Vernon Parker and all that he has accomplished under former Secretary Veneman and Secretary Johanns.

However, that said, I believe that there's always more to do.

If confirmed, my goals will be, first, to listen and to learn from all stakeholders. I want to know what specific measures USDA has taken to correct past problems, whether such measures have been successful, and what more needs to be done. I want to identify and remove unnecessary barriers to participation in USDA programs and outreach efforts, and continue to build trust. I want to make sure that the civil rights of USDA employees are protected. I want to build strong working relationships both inside and outside the Department, and to strengthen partnerships with organizations representing minority and female farmers and ranchers. In addition, I want to ensure that all programs run out of the Office of the Assistant Secretary for Civil Rights are effective and efficient.

And, finally, if confirmed, I pledge to execute the Secretary's civil rights policy, which promises a workplace that respects differences and embraces diversity, and programs and services that are accessible and delivered to all of our customers fairly and with dignity. There can be no exceptions, no excuses.

Mr. Chairman, thank you for—I'd like to thank the committee for considering my nomination. I'll be happy to take any questions you may have of me.

[The prepared statement of Ms. McKay can be found in the appendix on page 38.]

The CHAIRMAN. Thank you, Ms. McKay.

Now, as we move to Mr. Knight, we're joined by our colleague from South Dakota, Senator John Thune.

John, welcome. And I understand you have some comments to make about Mr. Knight.

STATEMENT OF HON. JOHN R. THUNE, A U.S. SENATOR FROM SOUTH DAKOTA

Senator THUNE. Thank you, Mr. Chairman and members of the committee.

The President's nominee to be Under Secretary for Marketing and Regulatory Programs at the Department of Agriculture is someone who has deep roots in the soils of South Dakota. Bruce Knight is a third-generation farmer and rancher, someone who runs a diversified farm and ranch, or grain operation, in South Dakota, and who I know makes regular trips back to South Dakota to check on that operation, more frequent trips during pheasant season, I might add, as well— [Laughter.]

Senator THUNE. —but is very closely connected to the land in my State of South Dakota. But, more importantly, in terms of his—not that that isn't a key qualification for this job, but he's someone who, in the past 20 years—and I've known Bruce now for over 20 years—has worked diligently honing his skills for this position, someone who's worked on Capitol Hill. I first met Bruce over 20 years ago, and we were both wet-behind-the-ears staffers.

His first opportunity was to work on the 1985 farm bill, and he's worked on a number of farm bills since then—the 1996 farm bill, as a member of the staff of former Senator Bob Dole—and has had key policymaking positions, positions where he was very involved in working the congressional aspect of policies that affect agriculture for not only the wheat growers, but also the National Corn Growers Association, and, of course, I think, as everyone knows, for the past 4 years now, has headed up the National Resource Conservation Service at the Department of Agriculture, where he has administered a multibillion-dollar budget, overseen over 11,000 employees, and been principally responsible for developing conservation programs for this country.

He is very committed. He is a conservationist, a lifelong conservationist, someone who is very committed to expanding and growing and being innovative in initiating new programs and policies that will promote conservation on our lands, someone who is supremely qualified for the job for which he has been nominated, not only, again, because of his resume and his very dedicated and accomplished public service, but also because he understands the land. He's someone who grew up on it. He's someone who stays, as I said, very close to it. And add to all those things, he is a high-class, quality individual who I've had the privilege and the opportunity to know for over 20 years.

And so, it's a great privilege and honor for me to be able to hear—to be here today to introduce him to this committee and to urge this committee to quickly approve his nomination and get him on the job for which he's been nominated.

So, Mr. Chairman, with that, I thank you for the chance to be here and to bring before you to your attention this very qualified individual for this job.

Thank you.

The CHAIRMAN. Thank you.

Senator Harkin?

Senator HARKIN. Thank you very much, Mr. Chairman.

I'd just like to join with Senator Thune in paying my respects and best wishes to Bruce Knight. I've known Bruce also for about 20 years. He's worked for three individuals for whom I have had, and continue to have, a very high regard, Jim Abnor—great friend—Fred Grandy, from Iowa, and, of course, Bob Dole. So, I've watched Bruce progress through all these years, and I just want to say again, for the record, that he has done an admirable job in running the NRCS for the last 4 years under pretty trying circumstances —not of his making, perhaps of ours up here once in a while, because of budget considerations and things like this. But he's done a great job in running the NRCS.

I had one question I was going to ask Bruce, but I don't know if I'm going to be here to ask it. I'm going to say, Are we going to get someone as good as you to run it after you leave? I don't know—see, I'm—I have mixed emotions here. [Laughter.]

Senator HARKIN. Again, I'd like to see him take over Marketing and Regulatory Programs. I don't want to have him leave NRCS. So, I'm kind of mixed in my emotions, whether I should support him or not. I don't know. [Laughter.]

Senator HARKIN. But a great guy, and has done just an outstanding job in everything that he's done in the past, and I'm proud to support him also. So, I just wanted to say that for the record.

Thank you.

The CHAIRMAN. Bruce, you've got a lot to live up to now. I look forward to you getting in this job, and you and I doing some field work in South Dakota in the middle of October. [Laughter.]

The CHAIRMAN. I would also say that we have a couple of letters in support of Bruce, one from the National Milk Producers Federation, and another letter from 17 various agricultural organizations—national organizations. Those letters will be included in the record.

[The following information can be found in the appendix on page 46.]

The CHAIRMAN. And we also, I should have said earlier, have—Senator Ben Nelson intended to be here to introduce Ms. Johner, but, unfortunately, was unable to. But he has submitted a statement for the record in support of her nomination.

[The following information can be found in the appendix on page 29.]

The CHAIRMAN. Bruce, we look forward to your comments.

STATEMENT OF BRUCE I. KNIGHT, OF SOUTH DAKOTA, NOMINEE TO BE UNDER SECRETARY OF AGRICULTURE FOR MARKETING AND REGULATORY PROGRAMS FOR THE DEPARTMENT OF AGRICULTURE AND TO BE A MEMBER OF THE BOARD OF DIRECTORS OF THE COMMODITY CREDIT CORPORATION

Mr. KNIGHT. Mr. Chairman and distinguished members of the committee, I'm honored and humbled to appear before you today as nominee of Under Secretary for Marketing and Regulatory Programs of the United States Department of Agriculture.

I've had the privilege of testifying before this committee several times, and nothing is more difficult for me than to talk actually about my own credentials, as opposed to the issues and policies of the day. I appreciate this very much, I wish to express my thanks to President Bush for nominating me, Senator Thune for introducing me and supporting my nomination. I owe a debt of gratitude to many mentors—former Senator James Abnor, who was my first boss in Washington, D.C., and whose wisdom and integrity I still treasure; former Representative Fred Grandy, former Senator Bob Dole, who taught me not to fear tough policy issues.

Joining me today are my wife, Julie, and my children, Katherine and Denton, sitting behind me.

The CHAIRMAN. Let them stand up, please.

Mr. KNIGHT. Julie, Katherine, Denton.

The CHAIRMAN. All right. Another very handsome family.

Mr. KNIGHT. Thank you. Without Julie's faithful and ongoing support and encouragement, I would not be here today. She and the children serve to ground me and, quite frankly, to keep me focused on those things that are truly most important in life.

I grew up on a small farm near Gann Valley, South Dakota, coming of age in the midst of the turmoil of the 1980s farm crisis. At South Dakota State University, I studied animal and range science and economics. As has been said before, I'm a third-generation rancher and farmer.

Today, I own and operate a diversified grain and cattle operation in Buffalo County, South Dakota.

In 1985, I came to Washington to serve as legislative assistant to Senator James Abnor, focusing primarily on agricultural and conservation issues. I worked in a similar capacity with Representative Grandy and Senator Dole. For more than 10 years, I had held agricultural policy positions with the National Association of Wheat Growers and the National Corn Growers Association.

Four years ago, President Bush appointed me chief of the Natural Resources Conservation Service at USDA, the lead agency for conservation on working agricultural land, with a budget of over $3 billion and a staff of now nearly 12,000 employees.

I believe that there is a strong link between conservation and the safeguarding of the environment, and the health of the animals, the plants, and the humans who share that land. All of these concerns are very interrelated and interdependent.

As a farmer and rancher, I also understand the vital importance of fair, open, and orderly markets, and the value of encouraging trade, promoting fairness, and reducing barriers.

Mr. Chairman, I do not appear before you today professing to be an expert in animal or plant health issues.

What I would bring, however, to the table, if confirmed in the Marketing and Regulatory Programs mission area, is an extensive management experience from my work at two agricultural trade associations and, more directly, as administrator of a major USDA agency, in NRCS.

As an executive, I have learned the value of gathering enough information to make a good decision quickly enough to make a difference. As a farmer, I bring real-world experience on the impact of rules and regulations on the marketplace, and, more importantly, on the farmer's bottom line. Also, as a farmer I understand full well the importance of prevention and planning as the first line of defense for avoiding and controlling diseases and pests.

I realize that the agencies I would oversee, if confirmed as Under Secretary, deal with some of the most challenging and important issues confronting American agriculture today. Nevertheless, I believe that I am up to the challenge and would welcome the opportunity to serve.

Mr. Chairman, if confirmed, I pledge to work with the members of the committee and their staff to help protect our Nation's flocks, fields, and forests against pests and diseases and to promote U.S. agricultural products here and abroad. Thank you.

[The prepared statement of Mr. Knight can be found in the appendix on page 35.]

The CHAIRMAN. Thank you. Mr. Dunn?

STATEMENT OF MICHAEL V. DUNN, OF IOWA, NOMINEE TO BE COMMISSIONER OF THE COMMODITY FUTURES TRADING COMMISSION FOR A TERM EXPIRING JUNE 19, 2011 (RE-APPOINTMENT)

Mr. DUNN. Thank you very much, Mr. Chairman, Senator Harkin—thank you for the kind words—and members of the committee. I'd like to thank you for having this hearing today. Mr. Chairman, I know you've got an extremely busy hearing schedule, and working this nomination hearing in is a tribute to the dedication and leadership of the committee, members, and staff. And, speaking of staff, Mr. Chairman, I'd like to recognize my staff from the CFTC: Nicole McNair, who makes things operate smoothly in my office; Jason Gizzarelli, who is legal counsel. He may look a little worn out and frazzled. That's not from working in the office, I assure you. He and his wife, Becca, have just brought home, recently, their firstborn son, Noah, and he is learning firsthand the joys and responsibility of fatherhood. And another person that probably needs no introduction to this committee, my chief of staff, Eric Juzenas. Eric is, I have found, an extremely capable and talented person. I apologize to the committee and Senator Harkin from— stealing him from your staff, but he has been of great counsel to me at CFTC. Let me recognize one other person that should be no stranger here, and that's Doug Leslie, who is our liaison to the committee, who has also worked for the committee at various periods.

Mr. Chairman, I'm honored to be considered for a full 5-year term as commissioner for the Commodity Futures Trading Commission. I'd like thank President Bush for nominating me to this position and for Ranking Democratic Member Harkin and Minority Leader Reid for recommending me for that nomination. I've had the privilege to serve the last year and a half at the CFTC, and, I must say, Mr. Chairman, it's a tribute to this committee and Congress how well the Commodity Futures Modernization Act is working. There has been an increase of 326 percent in the volume in the futures markets since passage of that legislation.

The CFMA as aided by—aided by globalization and electronic markets, has facilitated an explosion of innovation and competition in the delivery of new risk- management tools.

In furtherance of the public's interest in a fair, transparent, and efficient marketplace, Congress has entrusted the CFTC with oversight of the commodity trading industry. In my opinion, my fellow commissioners in CFTC staff has done an outstanding job in discharging this trust.

Recently, under the tutelage of Chairman Rubin Jeffries, we have stepped up the number of public hearings and comments that we have asked in the Federal Register.

Three of those ongoing comments on self-regulatory organizations—governance, foreign boards of trades, and commitment of traders that I'll talk a little bit more about —are ongoing. We also have standing advisory committees.

One, the Agricultural Advisory Committee, the—Chairman Jeffries and my fellow commissioners have selected me to chair. This committee's membership includes representatives of national farm organizations, major commodity groups, agribusiness and agricultural bankers, and the first time ever, to reflect their increased presence, will be members of managed money and swaps and derivative industries. This advisory group will hold its first meeting on August the 1st. It will be the 31st member of the advisory committee, the first that I will chair. We will be taking up two subject matters. One will be looking at the Commitment of Trader reports. We're seeking public comments on the need for changes, if any, to the reports, their continued usefulness in today's market. And, secondly, we'll explore economic and market implications of thinly traded price discovery markets, which is sure to generate a great deal of discussion.

Mr. Chairman, there's been a great deal of discussion by both this committee and the commission on the amount of foreign exchange or forex fraud. The chairman of the commission has asked me to head up a task force which has two goals: to raise consumer awareness regarding forex fraud through educational efforts, and to encourage State and local and Federal authorities, as well as consumer advocacies and industry organizations, to assist in our efforts at fighting forex fraud.

The task force has been—has created and distributed a brochure warning investors of potential fraud, and want to protect it—and how to protect themselves from that.

Thousands of these brochures have been circulated throughout the country. Over—close to 10,000 have been downloaded from our Web site. The task force has facilitated CFTC's membership and consumer alliance groups, engaged in joint activities with the National Futures Association, the North American Security Administrators Association, and has met with staff of State attorney generals.

I firmly believe that along with the proposed changes in the CEA reauthorization and this consumer education, we will have a two-prong approach to fight forex fraud.

It's been an honor and a privilege to serve for the last year and a half on the CFTC. If I'm confirmed for another 5-year term, I look forward to working with the committee, Congress, the administration, and my fellow commissioners to fulfill the mandates of Congress at the CFTC.

I appreciate your time and effort, and look forward to answering any questions that you may have. Thank you.

[The prepared statement of Mr. Dunn can be found in the appendix on page 30.]

Senator THOMAS [PRESIDING]. Thank you all for your testimony. The Chairman ran over to vote, and he will be returning as shortly as possible. In the meantime, we'll go ahead. Rather than take too much time, because we do—I have some interests that I want to express to Mr. Knight, particularly, being from Wyoming. And they're not questions, particularly; I just want to let you know that these are areas that I'm concerned about, and then you might wish to comment. One is brucellosis, of course. And APHIS is very much involved in that. And we're interested in getting returned to a brucellosis-free situation in Wyoming. We've been free, we think, for over a year; and so, we need to continue to work at that.

Wildlife Services. APHIS also oversees the Wildlife Services. We're very much involved with predators and so on. And we are working very hard with our colleagues in Idaho and Montana. So, we want to enlist your support to maintain and strengthen the wildlife services. The Tri- State Predator Program that is underway and is doing some things.

Mandatory price reporting. As you know, the law requires mandatory price reporting. And we think this means not everyone in the industry is participating, because some of the difficulties there, and we hope that you'll support mandatory price reporting.

Packers and Stockyards Act. Inspector General's Office released a report that USDA had failed to enforce Packers and Stockyard. It's put in place to ensure competition.

So, I hope that you will give some attention to implementing the recommendations of the OIG report, and this one's very important.

Animal ID, finally, is something that I think needs some clarity, or at least the implementation in March. I'm glad USDA's working closely with the States to try and do some things, and I hope that we can succeed with a voluntary program so that it doesn't necessarily become mandatory.

So, if you have any general reaction, fine; otherwise, we'll go on to Senator Harkin.

Mr. KNIGHT. Senator Thomas, I appreciate the concerns very much, and I look forward to, if confirmed, working with you very closely on each and every one of these issues.

I'll try to bring my own experience as a rancher to the table as I look at how do we move National Animal ID forward. Things like brucellosis, I'd never let—there's never been a heifer calf leave the ranch that hasn't been Bangs vaccinated. So, that same sort of approach will be taken to each and every one of these issues.

Senator THOMAS. Great. We appreciate your service. Thank you.

Senator BAUCUS. If I might, Mr. Chairman—I've got to run—if I could just put my statement in the record, and questions in the record.

[The prepared statement of Hon. Max Baucus can be found in the appendix on page 22.]

Senator BAUCUS. Basically, as you know, Mr. Knight, they revolve around gypsum and around country-of-origin labeling. We've got to move on that. Thank you.

Senator THOMAS. Thank you, sir. Senator Harkin?

Senator HARKIN. Thank you, Mr. Chairman.

Just a couple of questions for Ms. Johner.

Ms. JOHNER. Yes, Senator.

Senator HARKIN. I—one of the things that this committee has been involved in for a long time has been the nutrition programs and the health of children in schools. And we continually try to get our arms around the breakfast programs, the school lunch programs, that type of thing.

And I don't know how familiar you are with the fruit and vegetable program. In the last farm bill we started a program of providing free—free—I keep repeating that— free fresh—fresh—fruits and vegetables—free fresh fruits and vegetables—to kids in schools. It was sort of a pilot program. It started with four States, 100 schools, one Indian reservation. We wanted to see what would happen.

The only stipulation we put in there, it wouldn't—it couldn't be in the lunch room. It had to be outside the lunch room, either in the classroom or in the hallways or something like that. And it had to be available during the day. Each one of those first 100 schools that applied, not one of them wants to drop out of the program. They all want to continue. We've now gone from four States to 14 States, and we're well over 500 schools now, and it's just growing rapidly. Every single school that has voluntarily participated says it's one of the best things that's ever happened. These kids come to school in the morning, they get the growlies around 9:00 o'clock, and they can get carrots. I've actually seen kids, with my own eyes, eat fresh broccoli, Craig. [Laughter.]

Senator HARKIN. It's amazing. With my own eyes, I've seen it. I couldn't believe it. Or fresh fruits. They get grapes, strawberries, they get pineapple, all kinds of— bananas. And during the spring they get the fresh strawberries. I saw one school, they bring in the fresh strawberries in the spring, and by 10:00 a.m. there's not a strawberry left in the school. Kids love it. They get fresh applies, oranges.

Well, that's just my way of saying it's been very popular, and I think it's gone a long way towards helping the health of our kids. So, I don't know if you're very familiar with it. Not a lot of people are. I guess I'm just asking you, here, to really take some time, familiarize yourself with the program, go back to what we did in the farm bill, where we are in it now, and, at some point down the pike after you assume this position, I'd like to talk with you about how we continue to expand and grow this fruit and vegetable program. I don't know if you're familiar with it. I—if you aren't, I wouldn't expect you to be unless you were involved in it in some way.

Ms. JOHNER. I do appreciate that question, Senator Harkin, and, no, I'm not familiar with that. We don't participate in that in Nebraska. However, I look forward to reviewing that operation. It sounds great. I believe that nutrition is very important to our kids, our children in the school systems. So, yes, I would be eager to look into that and discuss this with you.

Senator HARKIN. I'd ask that you maybe visit one of those States or someplace—

Ms. JOHNER. Yes.

Senator HARKIN. —where they have this program, or where they're expanding it rapidly. Pennsylvania's—I don't remember all the States now. I can't remember them all. But the goal—our goal was, when we implemented this —was, within 10 years, to have free fresh fruits and vegetables to every elementary school kid in America. And the way that it's been accepted and growing, it's been phenomenal. So, I hope we can keep on that track.

And so, I—again, sometime later we'll—I want you to—when we come back, we'll talk about it.

Ms. JOHNER. Yes, Senator. If confirmed, yes, I would be more than happy to look into that for you.

Senator HARKIN. Great.

And, Bruce Knight—well, let me put it this way, Are you going to find some—find someone to replace you as good as you down at NRCS? [Laughter.]

Senator HARKIN. I mean, I—I told you I had mixed feelings about this one, you know. Anyway, I—you don't have to answer that. I'm just— [Laughter.]

Mr. KNIGHT. I have learned, a long time ago, that there are many people in this world much more qualified than I—

Senator HARKIN. Yeah.

Mr. KNIGHT. —and it's the people you surround yourself with that make one a success.

Senator HARKIN. Well, I hope we find someone to continue the good work that you've done down there. And the rest of you, congratulations. I won't—we've got to go vote and everything like that, but I wish you all very well, and I look forward to working with you—

Ms. JOHNER. Thank you, Senator.

Ms. MCKAY. Thank you, Senator.

Senator HARKIN. —very much.

Senator THOMAS. Senator Talent?

Senator TALENT. Thank you, Mr. Chairman. I'll try and be brief, because I know we have to go. All right, I'll have some questions for the record, too. Let me just raise one issue, Mr. Knight, with you, and that's the whole question of the Animal ID Program that would allow for a 48-hour traceback. Now, I just—I think it's an important tool that has the potential to add value on the bottom line for producers who choose to participate in it, and also to just maybe ease some of the minds of our international trading partners, even though it's very clear that, you know, our herds are clean and disease-free, particularly compared to other countries.

I don't support a mandatory program, a mandatory animal ID program, but I think a voluntary program that's developed with industry has a lot of potential. We have to keep in mind, of course, that what may work for beef may not work in —at least in the same way for poultry and for pork. I also think that it's the kind of program that either makes its value known to producers or it doesn't. And if it doesn't, then, obviously, you know, a compulsory program's not going to be a good idea. And if it does, then you're going to get a lot of sign ups without that.

Now, Secretary Johanns and I have talked at length about this. I have also visited a lot with our producers and producer organizations. If you want to make a comment— and I figured I'd let you know my views about it—if you want to make a comment, I think it would be welcome, at this point.

Mr. KNIGHT. Thank you, Senator Talent. In the last several weeks, I've taken a much closer look at animal ID, since the nomination, and it certainly will be one of the highest priorities on my desk, if confirmed. There is a—room for improvement in making this touchable, tangible, and understandable for farmers and ranchers. It—we need a voluntary program that's very easy to understand and a program that is very apparent to a producer why it's important to both themselves as an individual and to the industry good as a whole. And I think those precepts could be transformational in how we're working with the National Animal ID Program at present.

Senator TALENT. Well, I very much appreciate that comment. It shows you've been thinking about it. And I'm also grateful that you think of it as a priority. And I agree with you, I think we need to really look at how we're doing this now and how we're communicating what we're doing. And I'm pleased that you want to make that a priority. Thank you, Mr. Chairman.

Senator THOMAS. I think the chairman will be back shortly to have some other questions. Ms. McKay, this is sort of naive, but could you kind of summarize what's the role of the Secretary of Agriculture for Civil Rights?

Ms. MCKAY. Yes, Senator. I see the role of the Assistant Secretary for Civil Rights at USDA as one of enforcing the Department's civil rights policy, obviously, and that means preventing, or being proactive in preventing, discrimination, rooting it out, if it's— if it occurs, and making sure that corrective action is taken.

Senator THOMAS. Okay. Very good. Mr. Dunn, what do you think are the priorities that need to be considered by the Futures Trading Commission?

Mr. DUNN. Senator, at the present time, as I indicated in my opening statement, we have three requests for comments, one on the self-regulatory organization governance, and that seems to be a very, very high priority. We have gotten a great deal of comments on that and asked a request for extension of the time for that particular issue. Foreign boards of trades, the globalization, and electronic trading is taking place. There's just been explosion out there, and it has a great impact on our internal markets, our domestic markets here in the United States. Again, we've extended the comment period on that so that we can hear from everybody on what they think about it. And, finally, the Commitment of Traders report, which really is the cornerstone for our surveillance, and used by all of the industry in figuring out what is happening, and it ensures that we have some type of transparency at the CFTC.

The Chairman [presiding]: Ms. Johner, the USDA Food and Nutrition Service has a total annual budget of over $52 billion administered by 1400 employees. As director of Nebraska Health and Human Services, you supervised 5,000 employees, but the annual budget approached only $1 billion. Would you please explain for the committee your experiences that make you qualified for managing such a large increase of resources?

Ms. JOHNER. Thank you, Senator. I—and I appreciate your question. I believe I do understand the significant responsibility that I would face if confirmed to this position. First, I believe that my philosophy of management which I have developed in my experience at the local and the regional and State levels will help me in this position. I believe that principles, as I said in my opening statement, brings quality to the service. And I believe in basing decisions on compassion, integrity, respect, openness, and honesty. These principles, along with working with the talented and dedicated staff, will allow us to accomplish the desired mission.

But this question has been raised to me before in every step of my career. I believe I have demonstrated a track record of success. I first started as a professional partner program manager with a staff of 17 and a small budget, then moved to the service area administrator, with a staff of 222 and a $2 million budget, then moved on to the director of Nebraska Health and Human Services, with a staff of 5,000 and a budget of over $960 million. And I have succeeded in those. But, most importantly, I have a strong desire to help the children and families in this Nation. I also have a strong commitment to public service. Thank you.

The CHAIRMAN. Ms. McKay, in the area of civil rights, USDA has had problems in the past, but improvements continue to be made to ensure these problems do not resurface. If confirmed, what measures will you take to build on those already taken by USDA to ensure civil rights at USDA continue to improve and do not take a step back?

Ms. MCKAY. Senator, if confirmed, my plan will be to first educate myself on the current state of affairs to find out what measures have been taken, what successes have occurred, what more needs to be done. My style is to work closely with my staff to listen to their suggestions, to rely on their expertise. I plan to also, if confirmed, work closely with external stakeholders, and I believe that by listening and working collaboratively we can figure out what improvements need to take place and move forward.

The CHAIRMAN. Mr. Dunn, Alan Greenspan, the former chairman of the Federal Reserve system, has spoken of the benefits of derivatives markets; specifically, the lessened vulnerability of financial institutions to risk factors and the increased resilience of the entire financial system as a result of derivative use. Do you agree that financial system stability is improved by access to derivatives?

Mr. DUNN. Yes, Mr. Chairman, I certainly wouldn't contradict Mr. Greenspan. It's an important part of the market, and something that we're very much aware of at the CFTC.

The CHAIRMAN. Mr. Knight, Senator Grassley had a question here that he asked me to ask you. Soybean farmers in Iowa and other States established a Checkoff Evaluation Task Force to hire an outside consultant to look into how the United Soybean Board is using $35 to $40 million in producer checkoff assessments annually. The task force has requested funding from USB, as well as from State checkoff boards, to pay for the evaluation. On July 10, the USB board voted to not support this activity. I hope you will strongly encourage USB and State checkoff boards to fund the proposed evaluation of the soybean checkoff program. In the event adequate funding is not made available, I ask you to consider requesting a full audit of USBA—USB program and financial activities by the General Accounting Office.

Any comments you wish to make?

Mr. KNIGHT. I—if confirmed, I will commit to taking a look at that and sit down with Senator Grassley about his concerns and see what resolution we can find.

The CHAIRMAN. Ms. Johner, in articles you authored and provided to the committee you mentioned the idea of managing programs from the perspective of a family/person-centered practice. Would you please explain what that is?

Ms. JOHNER. Thank you, Senator, yes. Simply put, it's basically just involving the people we serve, bringing them to the table, being able to have their voice and involvement in the planning process. And it's working as a team-base approach.

Currently, my experience has been in the, I guess, government sector—is that we sometimes make the plans and not involve the families. And it's important for me that we do involve families and all team players as we continue to plan for the success of the families we serve.

The CHAIRMAN. Mr. Knight, the regulatory mission program area of USDA is quite extensive. Given the increased need, the focus on very important issues of the livestock surveillance and disease management, such as avian influenza, animal identification, and BSC, how will you ensure that other important functions of MRP, such as vital technologies and field testing, improved vegetable marketing programs, and the maintenance of proper grain inspection standards, are sufficiently recognized and properly maintained?

Mr. KNIGHT. In the review and the preparation for this hearing, it became very apparent to me that one of the first priorities will be to make sure that we have a balanced approach. I see a tendency already for the crises of the day to eclipse things. And you need to make sure that there is management time for the day-to-day issues that need to continue. So, BSC and avian influenza and National Animal ID, while extraordinarily important, cannot be allowed to eclipse the important functions of GIPSA, AMS, and each of the—each of the areas there. So, I will strive to find a balanced approach to implementation of all the programs within the mission area of MRP.

The CHAIRMAN. Ms. McKay, as you know USDA is an extremely large governmental department with a number of agencies and offices, as well as over 100,000 employees.

The Office of the Assistant Secretary for Civil Rights Mission is to, quote, “provide leadership and direction for the fair and equitable treatment of all USDA customers and employees while ensuring the delivery of quality programs and enforcement of civil rights,” close quote. How does your previous work experience prepare you for the responsibility of carrying out this mission in such a large organization?

Ms. MCKAY. Thank you, Senator. I have spent my entire legal career in some aspect of civil rights. I’ve served as a prosecutor, a defense counsel, a neutral, and a judge. And these experiences have afforded me the opportunity to view the issues, the civil rights issues, from different perspectives.

I have also served as executive assistant to the head of a Federal agency, and so I gained a lot of experience in handling policies, procedures, personnel, budgets. And in my most recent position I was counsel to company managers, advising them on good management practices and fair employment practices.

And so, putting all that together, I think I bring a perspective and an ability to see the big picture, and my willingness to listen and to collaborate with the USDA officials who run the programs, in coming up with a comprehensive plan, I think, will do the job.

The CHAIRMAN. Mr. Dunn, you alluded to the fact that the modifications made by the Commodity Futures Modernization Act are largely viewed as positive additions to the Commodity Exchange Act. Would you agree that these reforms are, in fact, improving the CFTC’s ability to better ensure the integrity of the Nation’s futures markets? And, if so, would you care to elaborate on specific implementation successes?

Mr. DUNN. Mr. Chairman, the—this has really been an unqualified success. And that’s not just my opinion; it’s almost anyone that we talk to. You certainly heard a lot of that in your hearing process on the reauthorization of the CEA. Just the amount of the increase in the volume of over 300 percent since the passage of the CFMA speaks volumes for how successful that particular piece of legislation is. I think, again, that the—this committee, and Congress, as a whole, can be just justifiably proud of what you accomplished with that. The increase in competition, the innovation and ideas, the types of contracts that are being offered today are all a result of that particular legislation.

The CHAIRMAN. Now if we can just get the CEA reauthorized, we’ll be back in business.

Mr. DUNN. That would be greatly appreciated, Mr.

Chairman The Chairman. I don't think any of my colleagues are going to be coming back, so you folks were saved by the proverbial vote. [Laughter.]

The CHAIRMAN. We've looked at your backgrounds, you're known personally to a number of us, so we're excited about the fact that you're willing to commit yourselves to public service. Again, we thank you for being here today.

I would remind everyone that any questions that you wish to submit to these four nominees must be in by tomorrow afternoon at 5:00 o'clock. We're going to be getting the committee together as soon as possible to consider these nominations and move them to the floor. We'd like to get that done before adjournment, because all four of these folks need to be confirmed.

So, with that, this hearing will be adjourned. And thank you very much. [Whereupon, at 10:30 a.m, the hearing was adjourned.]

APPENDIX

JULY 26, 2006

Statement for Senator Max Baucus
Confirmation hearing for Bruce Knight, Margo McKay, Michael Dunn, and Nancy Montanez Johner
July 26, 2006 9:30-10:30 AM

Thank you, Mr. Chairman. I also want to thank all the nominees for being here today. You all have unique qualifications that should assist you as you serve in your respective positions.

As I visit with ranchers in Montana two major concerns seem to come up time and time again.

First, concerns with the administration of the Packers and Stockyards Act which is meant to prevent unfair practices and insure competitive markets for their livestock; and second, the implementation of mandatory country-of-origin labeling.

Mr. Knight, as Under Secretary of Marketing and Regulatory Programs you will oversee GIPSA, which enforces the Packers and Stockyards Act and the Agricultural Marketing Service, which is in charge of implementing mandatory country of origin labeling.

Two OIG audits and one GAO report have all reached the conclusion that GIPSA needs to improve enforcement of the Packers and Stockyards Act. The complex investigations that need to take place to insure that our livestock markets function properly simply are not being conducted.

The latest audit found that in order to inflate the number of investigations reported as completed, GIPSA employees began counting all types of work preformed such as monitoring activities, sending routine correspondence, or performing onsite reviews as investigations.

It is vital that our hard working farmers and ranchers know the agency that is charged with preventing "unfair and anti-competitive practices" is fulfilling its mission.

The 2002 Farm Bill required mandatory country-of-origin labeling of beef, lamb, and pork. Our nation's farmers and ranchers raise the highest quality, safest food in the world, and our consumers deserve the right to know where their food comes from.

Since the Farm Bill was passed, USDA has been dragging their feet, seemingly attempting to find any and all problems with mandatory country-of-origin labeling. I hope that as Under Secretary you will work to implement mandatory country of origin labeling during 2008 in a manner that enables ranchers to capitalize on their marketing advantage while not overburdening producers, packers, or retailers.

Our farmers and ranchers are some of the hardest working, most decent people in the world. We owe it to them to insure that they sell their livestock in a fair and competitive market. Our consumers also deserve to know whether they are purchasing domestic or imported meat. Bruce, as Under Secretary, you have the unique opportunity to work towards both of these goals, I hope you take advantage of that. I look forward to working with you to achieve these goals.

What specific steps will you take as Under Secretary to ensure the Packers and Stockyards Act is enforced? Do you feel that past enforcement has been adequate?

What steps is the USDA taking to begin implementation of mandatory country-of-origin labeling by 2008?

Is USDA planning to revise its risk assessment that determined that Canada is a 'minimal BSE risk' region?

Statement by
Senator Charles E. Grassley

Senate Agriculture Nomination Hearing
July 26, 2006

Thank you Mr. Chairman for holding this nomination hearing today, and I want to thank the witnesses for appearing before us today.

I have been a strong advocate of getting these vital positions filled. There needs to be clear leadership at the Department.

Over the past few months I have been sending letters to USDA to make sure the Secretary did not let such vital slots sit vacant.

So I am pleased with the individuals that the Secretary has nominated to come before this committee and give their testimony.

I was just at the Farm Bill field hearing in Iowa and heard from witnesses and they raised concerns related to Animal ID, Price Reporting, the Soybean Checkoff program, and Concentration issues.

All of the concerns that I heard fall under the purview of the Undersecretary of Marketing and Regulatory Programs that oversees AMS, APHIS, and GIPSA.

For example, I heard from a soybean producer that there is disarray within the checkoff program that is allowing USB to prevent an internal audit of their activities. This needs to be examined by AMS.

So these are the type of issues that concern me and it shows that there is a lack of effective leadership within this division at USDA. So Mr. Knight, you definitely have your work cut out for you.

If you can give me your commitment to working with me and this Committee on the issues that I have touched on. Then I should have no reservations in supporting your nomination.

I look forward to hearing the testimony from the witnesses and will submit my questions for the record if I have to leave early.

Thank you Mr. Chairman.

STATEMENT OF SENATOR TOM HARKIN,
RANKING DEMOCRATIC MEMBER
COMMITTEE ON AGRICULTURE, NUTRITION AND FORESTRY
HEARING ON NOMINATIONS
JULY 26, 2006

I am pleased to join Chairman Chambliss in welcoming the four nominees who appear before our Committee today. Each of them has strong qualifications and credentials, as well as a good deal of relevant and useful experience. Each of them is nominated to serve in an important position with serious challenges and substantial responsibilities.

The Under Secretary of Agriculture for Food, Nutrition, and Consumer Services is responsible for carrying out vital nutrition assistance for our nation's low-income families and individuals, as well as school meals and child nutrition programs, and for helping to develop sound dietary guidelines and promote healthier nutrition for all Americans.

The Under Secretary for Marketing and Regulatory Programs administers systems and regulations for marketing U.S. agricultural products domestically and internationally and heads USDA's critical programs to safeguard plant and animal health. There are some big challenges awaiting the new under secretary. In the past year, both USDA's Inspector General and the Government Accountability Office have issued critical reports concerning these animal health and livestock marketing programs.

The Assistant Secretary of Civil Rights is a relatively new position created in the 2002 farm bill because USDA has for too long failed to create a culture which fully respects diversity, provides fair and nondiscriminatory treatment and guarantees basic civil rights. There has been some real progress, but USDA is still plagued by intolerable and persistent failures to protect civil rights.

The Commodity Futures Trading Commission has regulatory responsibility for protecting the integrity, fairness and transparency of our nation's futures and options markets. These are tremendously dynamic and competitive markets, which are vital to the functioning of our nation's economy. The Commission must protect market participants and the public while promoting efficient and internationally competitive markets.

I am proud of my fellow Iowan, Commissioner Mike Dunn, his record of public service and the good job he is doing now as a Commissioner of the Commodity Futures Trading Commission. Some of his previous experience includes working on the staff of this Committee during the farm credit crisis of 1987, heading the Washington office of the National Farmers Union, serving as Under Secretary for Marketing and Regulatory Programs and directing the Office of Policy and Analysis at the Farm Credit Administration. He served ably in all of those positions.

Commissioner Dunn was selected by his colleagues to chair the Agriculture Advisory Committee at the CFTC, which is a reflection of his strong background and continuing interest in agriculture. With Mike's leadership we can be sure the CFTC will not neglect the agricultural derivatives markets. He is also the chair of the Commission's task force on public outreach and consumer education regarding retail transactions in foreign currency. Over the past several months, this task force has worked diligently to alert and educate the public about the risks and potential for fraud in sales of foreign currencies to retail investors.

In short, Mike Dunn embodies the dedication and commitment to the public interest that is so essential at the Commodity Futures Trading Commission. I am pleased to support him in his renomination to the CFTC.

I look forward to hearing the nominees' statements, and I will have some questions at the appropriate time. Thank you Mr. Chairman.

SENATOR E. BENJAMIN NELSON

STATEMENT FOR THE RECORD
SENATE COMMITTEE ON AGRICULTURE, NUTRITION AND FORESTRY
INTRODUCING NOMINEE NANCY MONTANEZ-JOHNER

Mr. Chairman: I am proud to introduce Nancy Montanez-Johner, who grew up in Scottsbluff, Nebraska, as the nominee to be the Under Secretary of Agriculture for Food, Nutrition and Consumer Services.

Nancy is currently the director of the Nebraska Health and Human Services department. She was appointed to this position by then-Governor Mike Johanns on March 10, 2004. During her time there, she has, among other things, helped lead the Department's efforts towards lowering the Food Stamp error rate and developing Nebraska's nutrition education plan which the federal government is now using as a model for other states.

Prior to her appointment, she worked as the HHS Western Service Area CEO in Gering where she led in the development, implementation and monitoring of agency programs and policies. From 1999-2001, she was administrator for the Southwest Service Area and prior to that, she worked in the Professional Partner Program at Region III Behavioral Health Services in Kearney from 1995-1999. She earned an undergraduate degree in social work from the University of Nebraska at Kearney.

I am confident that Nancy will do an excellent job as the Under Secretary for Food, Nutrition and Consumer Services. As her work for the state of Nebraska has demonstrated, she will be able to help USDA meet its objectives for improving access to nutritious food, promoting healthier eating habits and lifestyles and improving food program management and customer service.

I support Nancy's nomination to be Under Secretary and I urge my colleagues on this Committee to do so as well.

Thank you.

Opening Remarks of Michael V. Dunn
Before the Senate Committee on Agriculture, Nutrition and Forestry
July 26, 2006

Good morning, Mr. Chairman, Senator Harkin, members of the Committee. I would like to thank you for having this hearing today. As a former staff member of this Committee, I know the time and effort required to hold such a hearing. Including this nomination hearing in your already busy hearing schedule is a tribute to the dedication and leadership of the Committee Members and their staff.

Mr. Chairman I am honored to be considered for a full five-year term as a Commissioner of the Commodity Futures Trading Commission (CFTC). I would like to thank President Bush for nominating me for this position, and Ranking Democratic Member Harkin and Minority Leader Reid for recommending me for nomination.

I have had the privilege of serving for the last year-and-a-half as a member of the CFTC; observing first hand the impact of the Commodity Futures Modernization Act (CFMA) upon our domestic and international financial markets. The Congress and this Committee exhibited commendable foresight in enacting that legislation which has contributed to increases in futures and options markets trading volume of 326%. The CFMA, aided by globalization, competition, and electronic markets, has facilitated an explosion of innovation in the development of new risk management tools.

The CFMA implemented a flexible regulatory framework designed to foster the development of new products and regulatory approaches that can adapt to the rapid changes unfolding in the futures and options industry every day. Most observers agree the CFMA has largely been successful in accomplishing this.

In furtherance of the public's interest in fair, transparent, and efficient financial markets, Congress has entrusted the CFTC with oversight of the commodities trading industry. In my opinion, my fellow Commissioners and CFTC staff have done an outstanding job discharging that trust.

Recently, the Commission has increased its schedule of public hearings and requests for public input on key issues facing our commodity markets. Public access and transparency in the operation of the Commission are an important part of the CFTC's meeting the mandate of Congress, and I find it most welcome. The Commission needs to reach out to the public to demystify an industry many see as murky and arcane. Increasing the agency's transparency is a step towards accomplishing that.

Chairman Jeffery and my fellow Commissioners have selected me to Chair the Agricultural Advisory Committee (AAC). The AAC was created to advise the Commission on issues affecting end users of the agricultural commodity markets. It is a valuable communications link between the Commission and the agricultural community. The Committee's membership includes representatives of national farm organizations, major commodity groups, agribusiness concerns, and agricultural bankers. For the first time, reflecting their enhanced presence in commodity markets, the Committee also includes representatives from the managed money and swaps and derivatives industries.

The AAC will hold its 31st meeting on Aug. 1st at the CFTC's Washington office. This meeting will cover two topics. First, we will review the Commission's weekly publishing of Commitment of Trader (COT) reports. The Commission is currently seeking public comment on the need for changes, if any, to the reports and their continued usefulness in today's markets. Second, we will explore the economic and market implications of thinly traded price discovery markets, which is sure to generate a great deal of discussion.

The Commission has maintained its commitment to pursuing and prosecuting violators of the Commodity Exchange Act. It has cooperated with federal, state and local authorities to see that those who defraud or bilk the public are taken off the streets.

Chairman Jeffery has asked me to chair a task force on public outreach and education regarding retail foreign currency exchange (forex). This task force has worked diligently over the last several months to alert and educate members of the general public about fraudulent solicitations and sales of forex to retail investors. The forex task force has two goals: 1) to raise consumer awareness regarding forex fraud through direct educational efforts; and 2) to encourage state, local and federal authorities, as well as consumer advocacy and industry organizations, to assist our efforts in fighting forex fraud.

As you are aware, the CFTC has aggressively pursued forex fraud through enforcement actions, and has successfully shut down firms, frozen assets, and assisted in criminal prosecutions that have led to jail time for violators. Since passage of the CFMA, the CFTC has filed 90 forex cases in which approximately 25,000 customers lost almost $400 million. However, the CFTC's enforcement efforts can only do so much. The first line of defense for consumers is education and caution in the face of unknown investments.

The task force has created and distributed a brochure warning investors of potential fraud and what to do to protect themselves from it. Thousands of these brochures have been circulated around the country and close to 10,000 have been downloaded from CFTC's web site. The task force has facilitated CFTC membership in consumer alliance groups, engaged in joint activities with the National Futures Association (NFA), the North American Securities Administrators Association (NASAA), and met with staff of state attorney general offices.

This educational outreach process, when combined with proposed changes in the CEA reauthorization will give the CFTC a two-pronged approach to fight forex fraud.

Mr. Chairman, it has been an honor and privilege to serve as a Commissioner at the CFTC for the last year-and-a-half. If confirmed for a full five-year term, I look forward to working with this Committee, Congress, the Administration and my fellow Commissioners to fulfill the mandates of congress at the CFTC.

Thank you very much for your time. I appreciate your allowing me the opportunity to testify today, and I look forward to answering any questions you may have.

Statement of Nancy Montanez Johner
Nominee, Under Secretary for Food, Nutrition, and Consumer Services
Before the
Senate Committee on Agriculture, Nutrition, and Forestry
July 26, 2006

Mr. Chairman and members of the committee, I am honored and grateful to appear before you as the President's nominee for the position of Under Secretary for Food, Nutrition, and Consumer Services. I would like to thank President Bush and Secretary Johanns for their trust and for this honor as well as all those who supported me. I would especially like to thank my husband, Randy, for his support and belief in me. I also want to thank my children, Melissa and Jesse Montanez.

I was born and raised in a farming community in Scottsbluff, Nebraska. My parents, Joseph and Nancy Saldivar, were immigrants to the United States. My father worked long hours in the fields and as a young girl I worked beside him, along with the rest of my family. In addition to teaching me by example the importance of good work ethics, my father and mother also showed me the value of family. I will always be grateful to them.

After high school, I worked part-time as a unit secretary at the local hospital. As a secretary, I began to experience serving families through the intensive care unit. I was very fond of this aspect of my work and decided to pursue an education in social work. I earned a college degree while working and raising two children. I was a single parent faced with many challenges. I am not embarrassed by that fact. It is a part of who I am and why I believe I am qualified for this job. I know what it is like to be on the verge of not making ends meet. I believe it is important to ensure those who are eligible for assistance have access to benefits.

After earning my degree, I served as a social worker. Experiencing the sometimes heartbreaking need first-hand did not deter or discourage me. It inspired me to work even harder, knowing that as a social worker, I had the ability to impact the need and to ease the very struggle I faced as a single parent. I have no illusions about ending all hunger, but that won't stop me from trying to impact the problem. When I was promoted to a Service Area Administrator, I viewed the added responsibilities as raising the bar for me as a public servant. It meant I could no longer simply tell the boss about my caseload concerns; I now had the ability, and therefore the responsibility, to address the challenges that prevent us from improving the human condition.

Two years ago, I was honored to be appointed as the Director of Nebraska Health and Human Services. In this position, which I currently serve, I am responsible for a staff of 5,000 and a budget of over $960 million. We touch thousands of lives and it is a tremendous opportunity to help people. I am grateful to have this chance to serve and make a difference.

I have a conviction that in whatever capacity one serves the public, it is the principles that bring quality to the service. The principles of compassion, integrity, respect, openness and honesty have kept me focused on service and the value of families. These are the principles I brought with me as a social worker and as the Director of the

Nebraska Health and Human Services. If confirmed to serve as Under Secretary for Food, Nutrition, and Consumer Services, I will hold to these same principles. I also pledge to listen to our customers, service providers, state and local partners, advocacy groups, and certainly you here in Congress to determine better ways to serve our clients.

I am excited by the opportunity to work with the experienced and highly talented staff at the Food and Nutrition Service and the Center for Nutrition Policy and Promotion. They are dedicated to helping others and it would be an honor to join them.

In closing, I want to say I am eager to continue my work as a public servant devoted to providing children and low-income families with access to food, a healthful diet and nutrition education. Furthermore, if confirmed, I look forward to working together to fulfill our duty and service to this Nation and its citizens.

Thank you for your time, and I will be happy to answer any questions you might have.

Prepared Statement of
Mr. Bruce I. Knight
Nominee for Undersecretary of Marketing and Regulatory Programs

Confirmation Hearing before the
Senate Agriculture, Nutrition and Forestry Committee

July 26, 2006

Mr. Chairman and distinguished members of this Committee, I am honored and humbled to appear before you today as the nominee for Under Secretary for Marketing and Regulatory Programs at the United States Department of Agriculture. I want to express my thanks to President Bush for nominating me and Secretary Johanns for his support. I also owe a debt of gratitude to many mentors—former Senator James Abdnor, my first boss in Washington whose wisdom and integrity I still treasure; former Representative Fred Grandy and former Senator Bob Dole, who taught me not to fear tough policy issues.

Joining me today are my wife, Julie, and my children, Katherine and Denton. Without Julie's faithful and ongoing support and encouragement, I would not be here today. She and the children serve to ground me and keep me focused on those things that are truly important.

I grew up on a small farm near Gann Valley, South Dakota, coming of age in the midst of the turmoil of the 80's farm crisis. At South Dakota State University, I studied animal and range science and economics. A third generation rancher and farmer, today I own and operate a diversified grain and cattle operation in Buffalo County.

In 1985 I came to Washington to serve as a legislative assistant to Senator Abdnor focusing primarily on agricultural and conservation issues. I worked in a similar capacity for Representative Grandy and Senator Dole. For more than 10 years, I held agricultural policy positions for the National Association of Wheat Growers and the National Corn Growers Association.

Four years ago, President Bush appointed me Chief of the Natural Resources Conservation Service at USDA, the lead agency for conservation on working agricultural land with a budget of more than $3 billion and a staff of about 12,000 employees.

I believe there is a strong link between conservation and safeguarding the environment with the health of the animals, plants and humans who share the land. All of these concerns are interrelated and interdependent. As a farmer and rancher, I also understand the vital importance of fair, open and orderly markets and the value of encouraging trade, promoting fairness and reducing barriers.

Mr. Chairman, what I bring to the Marketing and Regulatory Programs mission area, if confirmed, is extensive management experience from my work at two agricultural trade associations, and more directly as the administrator of a major USDA agency—NRCS. As an executive, I have learned the value of gathering enough information to make a good decision quickly enough to make a difference.

As a farmer, I bring real world experience on the impact of rules and regulations on the marketplace and on the farmer's bottom line. Also as a farmer, I understand full well the importance of prevention and planning as the first line of defense for avoiding and controlling disease and pests.

I realize that the agencies I would oversee, if confirmed as Under Secretary, deal with some of the most challenging and important issues confronting American agriculture today. Nevertheless, I believe that I am up to the challenge and would welcome the opportunity to serve.

Mr. Chairman, if confirmed, I pledge to work with the members of this Committee and their staff to help protect our nation's flocks, fields and forests against pests and diseases and to promote U.S. agricultural products here and abroad.

Statement of Margo M. McKay,
Nominated by the President to be
United States Department of Agriculture
Assistant Secretary for Civil Rights
July 26, 2006

Mr. Chairman, Ranking Member Harkin, and distinguished Members of the Committee, thank you for the opportunity to appear before you today. I am honored to have been nominated by the President to be Assistant Secretary of Agriculture for Civil Rights. I am humbled by the confidence placed in me by President Bush, Secretary Johanns, and Deputy Secretary Conner. And, I am excited about the prospect of taking on the civil rights challenges at USDA.

I would like to introduce my family who is here with me today. My mother, Gary McKay, is a retired nurse and a native of Pittsburgh, Pennsylvania. My oldest daughter, Marja Vongerichten, is a former Miss Teen USA representing the District of Columbia and an actress. Her husband, Jean-George Vongerichten, is a world-renown chef. They are from New York. My son, Rick Allen, lives and works in Virginia. He is a director of his soccer league and captain of his soccer team. And, my youngest daughter, Kaila Allen, is a sophomore and an "A" student at Hampton University in Virginia. Also joining me are several friends and colleagues here to show their support.

I became aware of the civil rights struggle at a very young age, growing up in Pittsburgh, Pennsylvania, with my grandfather, John Gary Jones. He was active in the State and local NAACP and many other civic organizations. As an African-American man of his era, even though he was college-educated, served honorably in World War I, and was very capable, he was only able to achieve a certain level in the workplace…a supervisor in the Post Office. But, he was my idol and role model. I was impressed by his intelligence, his energy, his worldly perspective, and his activism. He instilled in me the importance of an education. He made me believe that I could do and become anything that I wanted. He taught me the importance of helping others.

As a child, I spent my summers with my other grandfather, John Mackay, at his farm in Catonsville, Maryland. I remember when my grandparents sold their farm and bought a house in Baltimore, Maryland. It never occurred to me at the time that selling their farm might not have been their first choice.

Grandfather Jones died when I was 16, and there was no money for college. But, I had good grades in high school and was able to attend Fisk University in Nashville, Tennessee, on scholarship from the United Negro College Fund. I was recruited on campus by the Department of Housing and Urban Development. While there, I gained another mentor and role model… another civil rights leader, the late Honorable Samuel C. Jackson of Topeka, Kansas. He was Assistant Secretary of HUD and a former EEOC Commissioner. Sam Jackson encouraged me to go to law school.

After attending Georgetown Law School in Washington, D.C., I went to the Civil Rights Division in the Department of Justice, where I prosecuted cases under all civil rights statutes. Later, I served as an Administrative Judge, hearing employment discrimination claims. I continued on this career path to the present time, in both the public and private sectors, specializing in employment law and diversity. I believe that my background and experiences will serve me well if I am confirmed for this position.

I am aware that many improvements have been made at USDA in recent years. I have great respect for former Assistant Secretary Vernon Parker and all that he accomplished with the support of former Secretary Veneman and Secretary Johanns. That said, my belief is that there is always more to do.

If confirmed, my goals will be:

- First, to listen and to learn from all stakeholders. I want to know what specific measures USDA has taken to correct past problems. I want to know whether, and to what extent, such measures have been successful. I want to know what more needs to be done.
- I want to identify and remove unnecessary barriers to participation in USDA programs; expand outreach efforts; and, continue to build trust.
- I want to make sure that the civil rights of USDA employees are protected.
- I want to build strong working relationships, both inside and outside the Department; and, to strengthen partnerships with organizations representing minority and female farmers and ranchers.
- In addition, I want to ensure that all programs run out of the Office of the Assistant Secretary for Civil Rights are effective and efficient.

- And, finally, if confirmed, I pledge to represent the Secretary and to execute his Civil Rights policy, which promises "a workplace that respects differences and embraces diversity," and programs and services "that are accessible and delivered to all of our customers fairly and with dignity. There can be no exceptions or excuses."

Mr. Chairman, I would like to thank the committee for considering my nomination, and I look forward to responding to any questions you may have of me.

DOCUMENTS SUBMITTED FOR THE RECORD

JULY 26, 2006

RFA

Renewable Fuels Association

July 25, 2006

The Honorable Saxby Chambliss
Chairman
Committee on Agriculture, Nutrition and Forestry
U.S. Senate
Washington, D.C. 20510

The Honorable Tom Harkin
Ranking Member
Committee on Agriculture, Nutrition and Forestry
U.S. Senate
Washington, D.C. 20510

Dear Chairman Chambliss and Ranking Member Harkin:

On behalf of the members of the Renewable Fuels Association (RFA), the national trade association representing the U.S. ethanol industry, I am writing in enthusiastic support of the nomination of Bruce I. Knight to be Under Secretary of Agriculture for Marketing and Regulatory Programs.

Before joining USDA, Mr. Knight was vice president for public policy with the National Corn Growers Association (NCGA). In that role, Mr. Knight worked diligently on behalf of farmers, and early on recognized the potential of value-added markets for corn such as fuel ethanol. Today, the value-added benefits of ethanol production are revitalizing rural America by creating jobs and stimulating investment in the farm economy. His experience with both NCGA and the National Association of Wheat Growers makes him well-qualified to facilitate and expand the domestic and international marketing of U.S. agricultural products as Under Secretary for Marketing and Regulatory Programs.

Mr. Knight's experience, knowledge and dedication are incomparable. He is an excellent choice for this important position, and the RFA respectfully requests that the Committee confirm Mr. Knight's nomination.

Sincerely,

Bob Dinneen

Bob Dinneen
President

National Milk Producers Federation

National Milk Producers Federation • 2101 Wilson Blvd., Arlington, VA 22201 • 703-243-6111 FAX 703-841-9328

July 25, 2006

The Honorable Saxby Chambliss
Chairman, Senate Agriculture Committee
Senate Russell Office Building, Room 416
United States Senate
Washington, D.C. 20510

The Honorable Tom Harkin
Ranking Democratic Member, Senate Agriculture Committee
Senate Hart Office Building, Room 731
United States Senate
Washington, D.C. 20510

Dear Chairman Chambliss and Ranking Member Harkin:

I am writing to express the support of the National Milk Producers Federation for Mr. Bruce Knight, the nominee for USDA Under Secretary for Marketing and Regulatory Programs. We hope the Senate Agriculture Committee, following the necessary hearing and deliberations, will act quickly to approve Mr. Knight.

The programs that Mr. Knight would oversee include programs vital to the health and prosperity of the U.S. dairy industry such as federal milk marketing orders, standards and grading, animal health inspection services, and a host of other equally important issues. As such, the National Milk Producers Federation is very interested in seeing an individual of Mr. Knight's caliber and experience in this position.

Mr. Knight's broad experience in agriculture will serve him well in carrying out the duties of the position of Under Secretary for Marketing and Regulatory Programs. Dairy producers have had first-hand experience of his capabilities through his skillful administration of the Environmental Quality Incentives Program and the Conservation Security Program.

His commendable track record of successes in a variety of settings is ample evidence of Mr. Knight's capabilities. We hope that the members of the Senate Agriculture Committee, and the Senate overall, will also acknowledge those capabilities by acting quickly to confirm Mr. Knight.

Yours truly,

Jerry Kozak

Jerry Kozak
President and Chief Executive Officer

July 26, 2006

The Honorable Saxby Chambliss
Chairman
Senate Agriculture, Nutrition and Forestry Committee
Senate Russell Office Building, Room 328A
United States Senate
Washington, D.C. 20510

Dear Mr. Chairman:

We write to express our support for the nomination of Bruce I. Knight to be Under Secretary for Marketing and Regulatory Programs and we urge the Senate to act expeditiously in favor of his confirmation. As a third-generation rancher and farmer, Bruce fully understands the challenges, opportunities and needs of America's hard working farmers and ranchers and their families. He will continue to put that knowledge to great use at the U.S. Department of Agriculture.

Bruce is extremely qualified to be Under Secretary for Marketing and Regulatory Programs in part because of his wide range of experience including his tenure of service in the U.S. Congress as an aide, as a leader in national commodity organizations and, most recently, as Chief of the Natural Resources Conservation Service, where his accomplishments managing the agency were numerous and substantial.

During Bruce's time in Washington, he has demonstrated the importance of working in a bipartisan manner to achieve real results for American agriculture. Bruce has built on this foundation of success by serving in the current Administration where he has dealt with a diverse set of problems through consensus building and with an appreciation of all unique regional agricultural challenges.

Our organizations represent many who work in the food and agriculture sector. As you know, it is an important, robust industry which employs 25 million Americans and represents nearly 15 percent of the Gross Domestic Product. Therefore, it is crucial that the USDA be led by proven leaders. We believe Mr. Knight is one of those leaders, support his nomination and ask you to do the same.

Sincerely,

American Soybean Association
CropLife America
National Association of Wheat Growers
National Barley Growers Association
National Cattlemen's Beef Association
National Chicken Council
National Corn Growers Association
National Cotton Council
National Council of Farmer Cooperatives
National Pork Producers Council
National Sorghum Producers
National Sunflower Association
National Turkey Federation
United Fresh Fruit and Vegetable Assoc.
U.S. Canola Association
USA Dry Pea & Lentil Council
USA Rice Federation

Questions for the Record

Senator Norm Coleman

U.S. Senate Committee on Agriculture, Nutrition and Forestry
Hearing on Nominations
Wednesday, July 26, 2006

Question #1
Some contend the CFTC has adequate oversight and reporting requirements to regulate OTC markets, yet a report published by the Permanent Subcommittee for Investigations, which I chair, issued concern that the CFTC does not currently have adequate reporting requirements to prevent market manipulation.

I understand the CFTC does have general anti manipulation authority over OTC markets, but is something more required to proactively identify target or prevent excessive speculation or manipulation? Does current law provide adequate transparency?

A: In the CFMA, Congress provided tiered levels of regulation for energy markets. Designated Contract Markets such as NYMEX receive the highest level of regulation while energy contracts traded between sophisticated counterparties off of a designated exchange are largely exempt from CFTC regulation.

As a general matter of statutory authority, the CFTC can only conduct regular, active surveillance of energy markets that are registered with the Commission as Designated Contract Markets or Derivatives Transaction Execution Facilities.

However, our surveillance team monitors energy markets on a real-time basis to detect when situations may pose a threat of manipulation in the futures and options markets. Part of this surveillance may include collecting information on cash and OTC positions of future's market participants to ensure that a possible squeeze or corner is not occurring in the futures markets.

Given that a significant portion of energy commodity trading occurs on unregulated, off-exchange markets I think it is a good idea for Congress to consider whether the integrity and transparency of energy commodity markets face any challenges in the face of the structural changes in energy markets since deregulation began in the 1990s. Because the CFTC is mostly barred from collecting large trader data from unregulated energy markets, it is difficult for me to say definitively whether some cases of wrongdoing might go undetected if they occur on unregulated markets, or if excessive speculation is occurring that might have an impact on the broader energy markets.

I believe this is one of the topics the Government Accountability Office is considering in the study it commissioned last year after many requests from Congressional offices. If confirmed, I look forward to working with the Committee to consider the GAO's findings.

Question #2
Given the large trader reporting requirement on regulated exchanges, is something similar prudent for certain OTC transactions to ensure market manipulation is not occurring? If not, why not?

A: I think Congress is warranted in considering whether Federal oversight should be expanded over the monitoring of energy markets. Given the high price of energy, and the likelihood that it will continue to remain high, I think we need to make sure that energy markets are as transparent and resistant to manipulation and fraud as possible.

I think the key would be considering what the public benefit would be from collecting large trader data from "significant" price discovery markets, and what the feasibility and cost of constructing such a system would be. I think Congress should also consider whether the CFTC or the Federal Energy Regulatory Commission would be best situated to undertake such a system, or portions of such a system.

I should note that increasing CFTC oversight of energy markets would be labor and resource intensive, as it would involve a significant expansion of our current activities. Without additional appropriations, those resources might have to be reprogrammed from other important activities.

Lastly, as noted above, I believe this is one of the topics the Government Accountability Office is considering in the study it commissioned last year after many requests from Congressional offices. If confirmed, I look forward to working with the Committee to consider the GAO's findings.

Question #3

Do you believe the CFTC's existing authority is adequate to prevent market manipulation in what has become a major market for energy commodities like oil and natural gas?

A: I believe our existing authorities are adequate to deter market manipulation in the oil and natural gas markets we are charged with regulating such as those traded on a DCM or DTEF. For energy markets traded off of a designated contract market, we do not have the same tools to spot and proactively prevent manipulations as we would if those markets were traded on a DCM or DTEF, under the provisions of the Commodity Exchange Act.

We have successfully brought and defended enforcement actions for manipulative behavior that occurred on unregulated markets, most recently in an action we filed against BP for alleged manipulation of the propane market in February 2004. Our authority to bring enforcement actions in the unregulated energy markets has been repeatedly contested by defendants, but, to date, the courts have upheld the Commission's position.

As I mentioned above, I think Congress is warranted in considering whether Federal oversight should be expanded over the monitoring of energy markets, and whether the CFMA is working as intended in this area. Given the high price of energy, and the likelihood that it will continue to remain high, I think we need to make sure that energy markets are as transparent and resistant to manipulation and fraud as possible.

Additionally, as mentioned above, I believe this is one of the topics the Government Accountability Office is considering in the study it commissioned last year after many requests from Congressional offices. If confirmed, I look forward to working with the Committee to consider the GAO's findings.

I should also note that the Federal Energy Regulatory Commission has also recently been granted new authorities in some of these areas.

Response to Submitted Question of
Senator Mike Crapo

Nancy Montanez Johner

As you may know, the Congress has authorized a pilot program to test the elimination of the reduced price school meal program. There seems to be some confusion on what the U.S. Department of Agriculture thinks it would cost to implement the pilot program. What is the least amount of funding needed to implement the pilot program and have a valid result? The program would not have to be implemented state wide, or for a set number of years. It would just need to provide a reliable test. More than a dozen Members of the Senate are seeking funds to implement this pilot program.

Response:

I recognize the importance of the School Meals Programs as a means of ensuring a healthy and nutritious diet for children. While not responsible for the program in Nebraska, many of the children we served in the Department of Services participated in these programs. While I am not currently familiar with proposals to test the elimination of the reduced price school meal program, I can understand your interest, and if confirmed, I would be happy to look into this and discuss with you further.

Responses to Submitted Questions of
Senator Tom Harkin

Nancy Montanez Johner

Question 1

Program Integrity and Program Access
Ms. Johner, our food assistance programs, by most accounts, are operating efficiently and effectively. For example, in the Food Stamp Program, the error rate has consistently gone down even as participation has risen rapidly. In my mind, these two things, maintaining and improving program integrity, and providing benefits to all who are eligible, are the two primary purposes of the Food Stamp Program.

If confirmed as Under Secretary, will you work with this committee to maintain and balance these fundamental objectives?

Response:

Yes. In Nebraska I have a reputation of communicating openly and honestly with the legislature and ensuring lawmakers understand our goals and challenges. If confirmed, I will bring the same philosophy to USDA.

I believe I have demonstrated a strong focus on promoting access and participation as well as accuracy and program integrity. For example, Nebraska's food stamp accuracy is now 8th in the nation, its negative error rate is 1st in the nation, and the participation rate is 62 percent of those who are eligible.

Responses to Submitted Questions of
Senator Tom Harkin

Nancy Montanez Johner

Question 2

Food Stamp Program Participation
Ms. Johner, in recent years, the number of individuals participating in the Food Stamp Program has gone up rapidly. But more importantly, in my mind, is the fact that the percentage of eligible individuals has gone up as well, from about 53 percent in 2001 to about 60 percent based upon most recent data. This is an area in which this committee has worked with your predecessor, Eric Bost, to make improvements.

Will you, if confirmed as Under Secretary, maintain and strengthen policies to increase food stamp participation among eligible individuals?

Response:

Yes. I understand that health and nutrition programs only work to the extent that you can enroll and support eligible families in need. I greatly respect the work that my predecessor, USDA, States, and the Congress have done in recent years to improve the effectiveness of the Food Stamp Program and look forward to working with you to continue progress. Finally, I believe I have demonstrated a strong focus on promoting access and participation as well as accuracy and program integrity. For example, Nebraska's food stamp participation rate is 62 percent of those who are eligible, its accuracy is now 8th in the nation, and its negative error rate is 1st in the nation.

Responses to Submitted Questions of Senator Tom Harkin

Nancy Montanez Johner

Question 3

Direct Certification – School Lunch Program
In 2004 this Committee, on a bipartisan basis, reauthorized the National School Lunch Program and the School Breakfast Program. One of the major accomplishments of that effort was that we required school districts to directly certify for free meals in those programs all children who are already enrolled in the Food Stamp Program. This requirement is going to be effective this fall for large school districts, with additional implementation for smaller districts in 2007 and 2008.

Direct certification is a win-win policy. Not only does it get benefits to the kids that need it, but it's also a proven means by which to improve program integrity. Having said that, I think that we need to do more to provide schools with encouragement, technical assistance, and best practice guidance regarding direct certification.

If confirmed as Under Secretary, will you look into this matter and get back to me regarding how we might increase our efforts in this regard?

Response:

Yes. I recognize the importance of the School Meals Programs as a means of ensuring a healthy and nutritious diet for children. While not responsible for the program in Nebraska, many of the children we served in the Department of Health and Human Services participated in these programs. I can understand your interest in direct certification, and if confirmed, I would be happy to look into this matter and get back to you.

Responses to Submitted Questions of Senator Tom Harkin

Nancy Montanez Johner

Question 4

Local Wellness Policy
The statutory requirement for local school wellness policies in every school district with federally funded child nutrition programs has brought health and nutrition issues to the attention of schools and communities across the nation.

What will you be doing in your new job to ensure that all school districts adopt wellness policies and implement them, and to review and encourage the quality and comprehensiveness of these policies?

Response:

As I noted in my statement, I am eager to continue my work as a public servant devoted to providing children with access to food, a healthful diet and nutrition education. I understand that the requirement for wellness policies has led to increased discussion of school feeding responsibilities related to both reimbursable meals and competitive foods. Please know that I am firmly committed to doing all I can to support approaches that provide incentives to improve children's health and wellbeing.

Responses to Submitted Questions of
Senator Tom Harkin

Nancy Montanez Johner

Question 5

Summer Nutrition Programs
The summer nutrition programs funded by USDA play a very important role for low-income children who depend on school breakfast and lunch during the school year.

Do you plan any efforts in your new job to lead expansion efforts for these programs so that many more children can receive nutritious meals during the summer months?

Response:

I am aware that the Summer Food Service Program has traditionally provided continuity for the delivery of nutrition benefits to low-income children during the summer months.
While not responsible for the program in Nebraska, many of the children we served in the Department of Health and Human Services participated in these programs. I can understand your interest in the program, and if confirmed, you can be assured that promoting access to the Summer Program, as well as the other nutrition assistance programs for which I would be responsible, will be high on my agenda.

Responses to Submitted Questions of
Senator Tom Harkin

Nancy Montanez Johner

Question 6

ERP Pilot
In 2004, Congress authorized a pilot to test the elimination of the reduced price category of school meals. However, since that time there have been varying opinions regarding the estimated cost of operating and evaluating such a pilot.

In your opinion, what is the lowest cost possible to operate and evaluate a valid pilot program, in accordance with the statutory requirements established by Congress in the Child Nutrition and WIC Reauthorization Act of 2004?

Response:

I recognize the importance of the School Meals Programs as a means of ensuring a healthy and nutritious diet for children. While not responsible for the program in Nebraska, many of the children we served in the Department of Health and Human Services participated in these programs. While I am not currently familiar with proposals to test the elimination of the reduced price school meal program, I can understand your interest, and if confirmed, I would be happy to look into this and discuss with you further.

Responses to Submitted Questions of Senator Tom Harkin

Nancy Montanez Johner

Question 7

WIC Program Objectives
Ms. Johner, in your previous work at the Nebraska Department of Human Services, you were not responsible for the administration of the Special Supplemental Nutrition Program for Women, Infants, and Children.

What are your general impressions of the WIC Program and where do you see it fitting into the Administration's overall public health and nutrition policy?

Response:

I am aware that the WIC program is a highly regarded and successful public health nutrition program and that it has enjoyed strong bipartisan support. While not responsible for the program in Nebraska, many of the children and families we served in the Department of Health and Human Services participated in the WIC program. I understand its importance and will continue the Administration's efforts to ensure that all eligible women, infants, and children who seek WIC services will receive them.

Responses to Submitted Questions of
Senator Tom Harkin

Nancy Montanez Johner

Question 8

WIC Food Package
Many of us on this committee are proud of the fact that the WIC Program has now been in existence for over 30 years. However, we are less happy with the fact that the WIC food package has also been in existence for 30 years, without being changed or updated to reflect current nutrition science. I understand that FNS will soon release a proposed regulation recommending revisions to the WIC food package. This food package revision is long overdue.

Will you pledge to implement the new food package recommendations without delay?

Response:

I am aware that USDA is expected to soon publish proposed regulations to amend the WIC food package. I recognize the benefit of ensuring this supplemental food package is based on the best available information for a nutritious diet. If confirmed, I will work to complete the rule in an open and transparent process that allows for full public participation in accordance with all applicable laws and regulations. If confirmed, implementation of the final rule will be among my highest priorities.

Response to Submitted Question of
Senator Craig Thomas

Nancy Montanez Johner

More and more schools are turning to food service management companies to run the day-to-day operation of their school meal programs, and that is a local decision. A troubling trend has developed, however, where schools are also allowing management companies to play significant roles in the purchase of accountability systems, which are the computer software and hardware used to monitor and police the performance of the management company. In some cases, schools have completely delegated the procurement of these systems to management companies. In short, the fox can be watching the hen house.

It seems to me that it is sound policy to keep a wall between management companies and the procurement and operation of systems that monitor their performance. Would you agree that schools should not allow management companies to participate in this process? Can you please look into this practice and report back to the Committee? Thank you.

Response:

The School Meals Programs are important to the nutrition of our school-aged children, and I agree that it is essential to maintain the integrity of these programs. If confirmed, I would work to ensure that schools and their agents comply with all applicable laws and regulations, including procurement and accountability requirements. If confirmed, I would be happy to look into this specific question and report back to the committee.

Responses to Submitted Questions of
Senator Max Baucus

Bruce I. Knight

Question 1

What specific steps will you take as Under Secretary to ensure the Packers and Stockyards Act is enforced? Do you feel that past enforcement has been adequate?

Response:

As a rancher, I understand the importance of enforcing the Packers and Stockyards Act and its role in ensuring fair and ethical business practices. If confirmed, one of the first things I will do is focus on the Department's enforcement of the Packers and Stockyards Act. I believe that in the relative short time that he has been with GIPSA, the new Administrator, Jim Link, has made progress in getting the program moving in the right direction. USDA clearly has more work to do, but I believe a more effective program is emerging.

If confirmed, I am committed to working with the Agency, as they implement changes to continue improvements in the program. At the same time, I will make it clear that I have high expectations on the improved performance of Packers and Stockyards Program and that they will need to demonstrate with additional results in the coming months that they are continuing to improve the service provided the public.

I believe that good managers have open doors. If confirmed, I will meet regularly with the GIPSA Administrator to discuss issues ongoing within the Agency. I will expect that the Administrator will brief me on investigations that may have significant economic impact. In addition, I will commit myself to open and transparent communication with the Secretary and his staff. This includes all issues of importance including anti-competitive behavior in the market place, but also other investigations ongoing in the Packers and Stockyards Program.

Responses to Submitted Questions of
Senator Max Baucus

Bruce I. Knight

Question 2

What steps is the USDA taking to begin implementation of mandatory country-of-origin labeling by 2008?

Response:

It is my understanding that Congress delayed the implementation of mandatory country of origin labeling for all covered commodities except wild and farm-raised fish and shellfish until September 30, 2008. I have been informed that USDA recently conducted training for state and USDA auditors to ensure their knowledge of program requirements. Over 800 audits have been assigned and are currently being conducted throughout the United States as the first phase of enforcement. In addition, the Agricultural Marketing Service has entered into cooperative agreements with several state Departments of Agriculture to assist in program compliance and has begun a compliance training program.

If confirmed, I will work to enforce country-of-origin provisions as prescribed by Congress.

Responses to Submitted Questions of
Senator Max Baucus

Bruce I. Knight

Question 3

Is USDA planning to revise its risk assessment that determined that Canada is a 'minimal BSE risk' region?

Response:

I am aware of the recent 50-month old BSE positive animal found in Alberta, Canada. As Secretary Johanns indicated in his statement, "the diagnosis of BSE in an animal born roughly four and half years after the implementation of the 1997 ruminant-to-ruminant feed ban does raise questions that must be answered. We need a thorough understanding of all the circumstances involved in this case to assure our consumers that Canada's regulatory system is effectively providing the utmost protections to consumers and livestock." I agree with this assessment.

Since the Canadian epidemiological analysis of this case is still on-going, I believe it would be premature for me to assess its impact on any USDA regulation. However, I understand the importance of this issue, and if confirmed, I will work to ensure that sound science guides our decision making.

Responses to Submitted Questions of
Senator Charles Grassley

Bruce I. Knight

Question 1

It's my understanding that you are basing the make allowances decision we are currently under on data from California Agriculture Department and the Rural Business-Cooperative Service that doesn't significantly vary from data used to determine the make allowances in 2000. If you aren't looking at substantively different data now – what is the USDA's reasoning behind this delay in updating the allowances? Is it necessary to work from a completely new data set to make an updated determination?

I'm told the dairy industry is losing 26 million dollars a month because of the delay in coming to a make allowances decision. If you are truly waiting on better data, will you consider making an interim decision? According to the hearing notice USDA has published on this issue, I understand it will take at least a year to update the allowances, so couldn't an interim decision be given in the meantime to provide temporary relief? In waiting for the ideal data, aren't you worried USDA is sacrificing the good for the perfect? This is costing real jobs, real farmers.

Response:

I fully recognize the urgency of this issue. Clearly, the make allowance has a direct and immediate impact on the cost of milk, and thus, affects the entire dairy processing industry. In return, it has the same impact in reverse upon dairy producers.

As I relayed in my statement, I understand the value of gathering enough information to make a good decision quickly enough to make a difference. If confirmed, I look forward to quickly reviewing your letter to the Secretary and this issue and will keep the Committee informed of the progress.

Responses to Submitted Questions of
Senator Charles Grassley

Bruce I. Knight

Question 2

Soybean farmers in Iowa and other states established a Checkoff Evaluation Task Force to hire an outside consultant to look into how the United Soybean Board is using 35 to 40 million dollars in producer checkoff assessments annually. The task Force has requested funding from USB as well as from state checkoff boards to pay for the evaluation. On July 10, the USB Board voted to not support this activity.

I hope you will strongly encourage USB and state checkoff boards to fund the proposed evaluation of the soybean checkoff program. In the event adequate funding is not made available, I ask you to consider requesting a full audit of USB program and financial activities by the General Accounting Office.

Response:

Senator, if confirmed, I will quickly explore your concern. In government and business, accountability is key and is a personal principle of mine. I support efforts by all producer-funded research and promotion programs to conduct evaluations of program activities and effectiveness.

Responses to Submitted Questions of Senator Charles Grassley

Bruce I. Knight

Question 3

A second issue relates to the need to use checkoff funds to pay pension obligations to former employees who implemented international market development programs on behalf of the soybean checkoff. Checkoff funds have been used for this purpose for the past 14 years, with AMS approval. I would like your assurance that soybean checkoff funds will continue to be used to defray these obligations.

Response:

Senator, it is my understanding that USDA has been working with both the American Soybean Association (ASA) and the United Soybean Board (USB) to resolve this matter. As with other checkoff programs, I expect that producer check-off dollars have gone from USB to ASA to cover pension benefits during their past contractual relationship and additional dollars will likely go to resolve the pension question. You have my assurance that, if confirmed, I will work to provide proper oversight to this issue.

Responses to Submitted Questions of
Senator Tom Harkin

Bruce I. Knight

Question 1

Packers and Stockyards Act
In January, USDA's Inspector General reported that the Grain Inspection, Packers and Stockyards Administration (GIPSA) had for years been failing to carry out investigations and enforcement under the Packers and Stockyards Act's competition protections. Yet no one above the level of deputy administrator took corrective action or even seemed to notice.

As Under Secretary, will you provide close scrutiny and consistent oversight of GIPSA, particularly its enforcement and investigation in Packers and Stockyards Act competition cases, and inform the Secretary and this Committee of any problems in carrying out this critical responsibility?

Response:

As a rancher, I understand the importance of enforcing the Packers and Stockyards Act and its role in ensuring fair and ethical business practices. If confirmed, one of the first things I will do is focus on the Department's enforcement of the Packers and Stockyards Act. I believe that in the relative short time that he has been with GIPSA, the new Administrator, Jim Link, has made progress in getting the program moving in the right direction. USDA clearly has more work to do, but I believe a more effective program is emerging.

If confirmed, I am committed to working with the Agency, as they implement changes to continue improvements in the program. At the same time, I will make it clear that I have high expectations on the improved performance of Packers and Stockyards Program and that they will need to demonstrate with additional results in the coming months that they are continuing to improve the service provided the public.

I believe that good managers have open doors. If confirmed, I will meet regularly with the GIPSA Administrator to discuss issues ongoing within the Agency. I will expect that the Administrator will brief me on investigations that may have significant economic impact. In addition, I will commit myself to open and transparent communication with the Secretary and his staff. This includes all issues of importance including anti-competitive behavior in the market place, but also other investigations ongoing in the Packers and Stockyards Program.

Responses to Submitted Questions of
Senator Tom Harkin

Bruce I. Knight

Question 2

On July 13, Administrator James Link provided me a report on GIPSA's actions to implement the needed reforms as recommended by the Inspector General. Mr. Link's report is promising, but there is a long history at GIPSA of ignoring or failing to carry out recommendations of the OIG and the Government Accountability Office (GAO).

Will you ensure that the recommendations from the Inspector General and from the Government Accountability Office are fully implemented, and will you provide oversight during your tenure as Under Secretary to see that the reforms are working properly?

Response:

Yes. I plan to work very closely with Administrator Link to ensure the Agency's success. It is my understanding that the agency has worked hard to address the GAO and OIG recommendations, and progress continues to be made.

I believe that good managers have open doors. If confirmed, I will meet regularly with the GIPSA Administrator to discuss issues ongoing within the Agency. I will expect that the Administrator will brief me on investigations that may have significant economic impact. In addition, I will commit myself to open and transparent communication with the Secretary and his staff. This includes all issues of importance including anti-competitive behavior in the market place, but also other investigations ongoing in the Packers and Stockyards Program.

Responses to Submitted Questions of
Senator Tom Harkin

Bruce I. Knight

Question 3

Federal Grain Inspection
Thirty years ago, Congress amended the Grain Standards Act to require inspection by USDA personnel of grain exports following revelations that private inspection companies were misrepresenting the weight and quality of commodities sold to foreign customers. The scandal resulted in untold losses of export business for American farmers. Last year Congress passed and the President signed a 10-year extension of the Grain Standards Act. Congress rejected legislative language specifically to authorize GIPSA to replace Federal Grain Inspection Service personnel with private inspection firms.

Some have suggested that GIPSA can just go ahead and contract out grain inspection to private for-profit firms despite what Congress passed.

What is your view of the intent of the statute?

Response:

Senator Harkin, I appreciate your strong feelings and position on this issue. At this time, I have not had an opportunity to evaluate either the plain reading or legislative history behind the statute. I can assure you, however, that I will abide by the laws enacted by Congress. If confirmed, I will undertake a review of the Act. I am happy to work with you and your staff to ensure that the fundamental aspects of the Grain Standards Act are maintained, and if possible, strengthened to protect the integrity of the marketplace.

Responses to Submitted Questions of
Senator Tom Harkin

Bruce I. Knight

Question 4

Under your leadership, will the Federal Grain Inspection Service turn over grain inspection to private, for-profit firms instead of USDA employees?

Response:

As someone personally involved in production agriculture, I recognize the important role of USDA inspection personnel in helping ensure the integrity of our agricultural markets. The grain export market is no exception. It is my understanding that, like NRCS, it is anticipated that the Federal Grain Inspection Service will experience a significant amount of employee retirement over the next ten years.

I support the Federal role in guaranteeing accurate weights and product quality for exports and the Department's continued role as the certifying agent for grain export after inspection. I also recognize that in the delivery of all our services, we need to ensure that the Agency's critical mission is met. If confirmed, I will seek administrative solutions that strengthen and support the market activity of a willing seller and a willing buyer.

Responses to Submitted Questions of
Senator Tom Harkin

Bruce I. Knight

Question 5

Will you commit to keeping this Committee fully informed of any plans to change the existing federal grain inspection system?

Response:

Senator Harkin, I am unaware of any Agency plan to change the existing federal grain inspection system. However, if I am confirmed, I will commit to keeping the Committee informed of operational changes that GIPSA undertakes in this area.

Responses to Submitted Questions of
Senator Tom Harkin

Bruce I. Knight

Question 6

Avian Influenza Preparedness
USDA's Animal and Plant Health Inspection Service (APHIS) is working on several efforts to strengthen our preparedness and response to a potential widespread outbreak of avian influenza, especially of the highly pathogenic type. APHIS has a critical role in helping states with their avian influenza response plans. However, general agricultural emergency preparedness planning is taking a large amount of resources at the state level, leaving little to no funding available to respond to avian influenza should an outbreak occur. This includes inadequate funding for carcass disposal, plan development for disease surveillance, personal protective equipment for agricultural responders, cleaning and decontamination of sites that may experience an outbreak of avian influenza.

States have not and will not receive funding from APHIS for many of the activities for which they will be financially responsible should a large outbreak of avian influenza occur within their borders. The states lack the funds to carry this load.

As Under Secretary, will you commit to looking into this problem and to working with states to get them the funding they need so that agriculture can be adequately prepared for avian influenza?

Response:

As Chief of the Natural Resources Conservation Service, I have worked diligently with state governments on a number of important issues. I understand the importance of having an effective partnership with state governments, and if confirmed, I will continue this close working relationship with state and local entities.

Protecting our nation's flocks from highly pathogenic avian influenza has been and will continue to be a top priority for this Administration. I look forward to bringing my open and inclusive management style to this area, if confirmed.

Responses to Submitted Questions of Senator Tom Harkin

Bruce I. Knight

Question 7

Federal Milk Marketing Orders
Mr. Knight, I understand dairy processors are losing millions of dollars every month because USDA has not increased the make allowance for federal milk orders. Now USDA has reopened the January hearing purportedly to obtain better data and has indicated that it will take at least a year to update the make allowances. This delay is costing jobs and hurting farmers who supply milk to cheese, butter and powder plants.

If you are confirmed as Under Secretary, will you consider making an interim decision based on the extensive record assembled at the January 2006 hearing?

If you agree that an interim decision is appropriate, how quickly can it be issued?

Response:

I fully recognize the urgency of this issue. Clearly, the make allowance has a direct and immediate impact on the cost of milk, and thus, affects the entire dairy processing industry. In return, it has the same impact in reverse upon dairy producers.

As I relayed in my statement, I understand the value of gathering enough information to make a good decision quickly enough to make a difference. If confirmed, I look forward to quickly reviewing this issue and will report back to the Committee.

Responses to Submitted Questions of
Senator Tom Harkin

<u>**Margo M. McKay**</u>

Question 1

Ms. McKay, the position for which you have been nominated is a relatively new one, created by the 2002 farm bill to address years of widely acknowledged civil rights shortcomings at USDA. Obviously, Congress therefore has recently concluded that civil rights at USDA need improvement. But I would like to hear your thoughts on this matter.

What is your understanding of the job of Assistant Secretary for Civil Rights? In particular, can you outline for the committee your immediate priorities as well as your expectation regarding the specific challenges and obstacles that you foresee regarding civil rights at USDA?

Response:

My understanding of the role of the Assistant Secretary for Civil Rights (ASCR) is to implement the stated Civil Rights policy of USDA. That means to proactively prevent discrimination; to root it out when it occurs; and, to ensure that corrective action is taken.

My style is to work closely with my employees; listen to their suggestions and rely on their expertise. And, I believe in working closely with internal and external stakeholders towards common goals in an open, direct and transparent manner.

If confirmed, my priorities will be, first, to educate myself as to the current situation at USDA. I want to get to know the ASCR staff and familiarize myself with existing plans, resources and programs. I will listen to and collaborate with internal and external stakeholders in order to find out what's working and what more needs to be done. My expectations are that, by working collaboratively with partners, we can identify any existing barriers to equality and diversity, and will successfully meet any challenge and obstacle.

Responses to Submitted Questions of
Senator Tom Harkin

Margo M. McKay

Question 2

Ms. McKay, you obviously are very qualified for this position based upon your experience in EEO and civil rights law, which clearly are integral to the position. But just as important is that you understand the farm and rural aspects of this job.

Do you have any experience with rural policy or farm programs and, if not, how do you expect to make up for this lack of experience if confirmed for the position? Will you commit to traveling to meet with minority farmers and ranchers in your first 30 days of office to learn firsthand about the challenges that they face?

Response:

I believe that fairness in delivery of programs and enforcement of civil rights principles should be standard throughout government; however, I also understand that I will need to learn about farm and rural policies and specific USDA programs in order to be effective. If confirmed, I plan to do the research and study necessary to educate myself on these important issues. In addition, I plan to work closely with the professionals at USDA who deliver the programs as well as external stakeholders. By partnering with the experts, I believe I can be successful in integrating EEO principles into the planning and implementation of USDA programs, and into USDA's employment practices.

If confirmed, I would be very open to meeting first-hand with minority farmers and ranchers and welcome the opportunity to do so.

Responses to Submitted Questions of Senator Tom Harkin

Margo M. McKay

Question 3

Ms. McKay, I have noticed over the years that at times, translating civil rights priorities throughout the entire Department of Agriculture can be a big challenge.

What is your strategy for improving civil rights policy and enforcement at USDA, for both customers and employees? What will you do to deal with agencies and individuals that demonstrate consistent recalcitrance?

Response:

If confirmed, my strategy would be to incorporate EEO and diversity principles into USDA's strategic mission, organization and culture; hold program administrators and managers accountable; ensure compliance with EEO laws and regulations; and, emphasize respect, responsiveness and efficiency. I would accomplish this through policies, training, partnering activities, and monitoring and reporting.

If confirmed, I would enter this position knowing that I have the full support of Secretary Johanns and Deputy Secretary Conner. The Secretary has articulated his goals to me and his Civil Rights Policy Statement has been shared throughout the Department. This support from the top leaders of the Department would be helpful in dealing with any recalcitrant agencies or individuals.

United States
Office of Government Ethics
1201 New York Avenue, NW., Suite 500
Washington, DC 20005-3917

June 27, 2006

The Honorable Saxby Chambliss
Chairman
Committee on Agriculture, Nutrition, and
Forestry
United States Senate
Washington, DC 20510-6000

Dear Mr. Chairman:

In accordance with the Ethics in Government Act of 1978, I enclose a copy of the financial disclosure report filed by Michael V. Dunn, who has been nominated by President Bush for the position of Commissioner of the Commodity Futures Trading Commission.

We have reviewed the report and have also obtained advice from the Commodity Futures Trading Commission concerning any possible conflict in light of its functions and the nominee's proposed duties. Also enclosed is a letter dated April 6, 2006, from Mr. Dunn to the agency's ethics official, outlining the steps which Mr. Dunn will take to avoid conflicts of interest. Unless a specific date has been agreed to, the nominee must fully comply within three months of his confirmation date with the actions he agreed to take in his ethics agreement.

Based thereon, we believe that Mr. Dunn is in compliance with applicable laws and regulations governing conflicts of interest.

Sincerely,

Robert I. Cusick
Director

Enclosures

SF 278 (Rev. 03/2000)
5 C.F.R. Part 2634
U.S. Office of Government Ethics

Executive Branch Personnel PUBLIC FINANCIAL DISCLOSURE REPORT

Form Approved:
OMB No. 3209 - 0001

Date of Appointment, Candidacy, Election, or Nomination (Month, Day, Year): 12/02/2004	Reporting Status (Check Appropriate Boxes)	Incumbent ☐	Calendar Year Covered by Report	New Entrant, Nominee, or Candidate ☒	Termination Filer ☐	Termination Date (If Applicable) (Month, Day, Year)
Reporting Individual's Name	Last Name: Dunn			First Name and Middle Initial: Michael V.		
Position for Which Filing	Title of Position: Commissioner			Department or Agency (If Applicable): Commodity Futures Traading Commission		
Location of Present Office (or forwarding address)	Address (Number, Street, City, State, and ZIP Code): 1155 21 Street, N.W., Washinton, DC 20581				Telephone No. (Include Area Code): 202-418-5081	
Position(s) Held with the Federal Government During the Preceding 12 Months (If Not Same as Above)	Title of Position(s) and Date(s) Held					
Presidential Nominees Subject to Senate Confirmation	Name of Congressional Committee Considering Nomination: Committee on Agriculture, Nutrition and Forestry			Do You Intend to Create a Qualified Diversified Trust? ☐ Yes ☒ No		
Certification: I CERTIFY that the statements I have made on this form and all attached schedules are true, complete and correct to the best of my knowledge.	Signature of Reporting Individual: Michael V. Dunn				Date (Month, Day, Year): 4/6/06	
Other Review (If desired by agency)	Signature of Other Reviewer: J. P. Dolan				Date (Month, Day, Year): 04-06-06	
Agency Ethics Official's Opinion: On the basis of information contained in this report, I conclude that the filer is in compliance with applicable laws and regulations (subject to any comments in the box below).	Signature of Designated Agency Ethics Official/Reviewing Official: [signature]				Date (Month, Day, Year): 4/7/06	
Office of Government Ethics Use Only	Signature: [signature]				Date (Month, Day, Year): 6/27/06	

Comments of Reviewing Officials (If additional space is required, use the reverse side of this sheet)

Commissioner Dunn was employed by the National Farmer's Union from 1987 to 1993. He now receives a monthly payment of $1931 from NFU's defined benefit plan as a result of his employment with NFU. The NFU pension plan is managed by a pension policy committee (consisting of two NFU corporate officers, one employee representative from each state office) a trustee, and an actuary. I was informed by the NFU's Pension Plan Assistant Secretary that the plan is a defined pension plan with a very diversified portfolio. Commissioner Dunn cannot change the terms nor the [illegible] of plan itself. There is no 18 USC 208 conflict.
JPD 04-06-06

(Check box if filing extension granted & indicate number of days ____) ☐

(Check box if comments are continued on the reverse side) ☐

Fee for Late Filing
Any individual who is required to file this report and does so more than 30 days after the date the report is required to be filed, or, if an extension is granted, more than 30 days after the last day of the filing extension period, shall be subject to a $200 fee.

Reporting Periods
Incumbents: The reporting period is the preceding calendar year except Part II of Schedule C and Part I of Schedule D where you must also include the filing year up to the date you file. Part II of Schedule D is not applicable.

Termination Filers: The reporting period begins at the end of the period covered by your previous filing and ends at the date of termination. Part II of Schedule D is not applicable.

Nominees, New Entrants and Candidates for President and Vice President:

Schedule A--The reporting period for income (BLOCK C) is the preceding calendar year and the current calendar year up to the date of filing. Value assets as of any date you choose that is within 31 days of the date of filing.

Schedule B--Not applicable.

Schedule C, Part I (Liabilities)--The reporting period is the preceding calendar year and the current calendar year up to any date you choose that is within 31 days of the date of filing.

Schedule C, Part II (Agreements or Arrangements)--Show any agreements or arrangements as of the date of filing.

Schedule D--The reporting period is the preceding two calendar years and the current calendar year up to the date of filing.

Agency Use Only: 4/01/06 NRE

OGE Use Only: APR 12 2006

Supersedes Prior Editions, Which Cannot Be Used.
278-112
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SF 278 (Rev. 03/2000)
5 C.F.R. Part 2634
U.S. Office of Government Ethics

Reporting Individual's Name: Dunn, Michael V

SCHEDULE A

Page Number 2 of 5

Assets and Income

BLOCK A

For you, your spouse, and dependent children, report each asset held for investment or the production of income which had a fair market value exceeding $1,000 at the close of the reporting period, or which generated more than $200 in income during the reporting period, together with such income.

For yourself, also report the source and actual amount of earned income exceeding $200 (other than from the U.S. Government). For your spouse, report the source but not the amount of earned income of more than $1,000 (except report the actual amount of any honoraria over $200 of your spouse).

None ☐

BLOCK B: Valuation of Assets at close of reporting period

BLOCK C: Income: type and amount. If "None (or less than $201)" is checked, no other entry is needed in Block C for that item.

Assets and Income	None (or less than $1,001)	$1,001 - $15,000	$15,001 - $50,000	$50,001 - $100,000	$100,001 - $250,000	$250,001 - $500,000	$500,001 - $1,000,000	Over $1,000,000*	$1,000,001 - $5,000,000	$5,000,001 - $25,000,000	$25,000,001 - $50,000,000	Over $50,000,000	Excepted Investment Fund	Excepted Trust	Qualified Trust	Type: Dividends	Type: Rent and Royalties	Type: Interest	Type: Capital Gains	Amount: None (or less than $201)	$201 - $1,000	$1,001 - $2,500	$2,501 - $5,000	$5,001 - $15,000	$15,001 - $50,000	$50,001 - $100,000	$100,001 - $1,000,000	Over $1,000,000*	$1,000,001 - $5,000,000	Over $5,000,000	Other Income (Specify Type & Actual Amount)	Date (Mo., Day, Yr.) Only if Honoraria
Examples: Central Airlines Common				x												x						x										
Examples: Doe Jones & Smith, Hometown, State			x																												Law Partnership Income $130,000	
Examples: Kempstone Equity Fund					x								x										x									
Examples: IRA: Heartland 500 Index Fund							x						x											x								
1 National Farmers Union pension defined benefit plan	VALUE NOT READILY ASCERTAINABLE																														pension $1931	
2																																
3																																
4																																
5																																
6																																

* This category applies only if the asset/income is solely that of the filer's spouse or dependent children. If the asset/income is either that of the filer or jointly held by the filer with the spouse or dependent children, mark the other higher categories of value, as appropriate.

Prior Editions Cannot Be Used.

OGE/Adobe Acrobat version 1.0.1 (3/29/01)

SF 278 (Rev. 03/2000)
5 C.F.R. Part 2634
U.S. Office of Government Ethics

Do not complete Schedule B if you are a new entrant, nominee, or Vice Presidential or Presidential Candidate

Reporting Individual's Name: Dunn, Michael V

SCHEDULE B

Page Number 2 of 5

Part I: Transactions

Report any purchase, sale, or exchange by you, your spouse, or dependent children during the reporting period of any real property, stocks, bonds, commodity futures, and other securities when the amount of the transaction exceeded $1,000. Include transactions that resulted in a loss.

Do not report a transaction involving property used solely as your personal residence, or a transaction solely between you, your spouse, or dependent child. Check the "Certificate of divestiture" block to indicate sales made pursuant to a certificate of divestiture from OGE.

None ☐

	Identification of Assets	Transaction Type (x): Purchase	Sale	Exchange	Date (Mo., Day, Yr.)	Amount of Transaction (x): $1,001 - $15,000	$15,001 - $50,000	$50,001 - $100,000	$100,001 - $250,000	$250,001 - $500,000	$500,001 - $1,000,000	Over $1,000,000*	$1,000,001 - $5,000,000	$5,000,001 - $25,000,000	$25,000,001 - $50,000,000	Over $50,000,000	Certificate of divestiture
Example	Central Airlines Common	x			2/1/99			x									
1																	
2																	
3																	
4																	
5																	

*This category applies only if the underlying asset is solely that of the filer's spouse or dependent children. If the underlying asset is either held by the filer or jointly held by the filer with the spouse or dependent children, use the other higher categories of value, as appropriate.

Part II: Gifts, Reimbursements, and Travel Expenses

For you, your spouse and dependent children, report the source, a brief description, and the value of: (1) gifts (such as tangible items, transportation, lodging, food, or entertainment) received from one source totaling more than $260, and (2) travel-related cash reimbursements received from one source totaling more than $260. For conflicts analysis, it is helpful to indicate a basis for receipt, such as personal friend, agency approval under 5 U.S.C. § 4111 or other statutory authority, etc. For travel-related gifts and reimbursements, include travel itinerary, dates, and the nature of expenses provided. **Exclude** anything given to you by the U.S. Government; given to your agency in connection with official travel; received from relatives; received by your spouse or dependent child totally independent of their relationship to you; or provided as personal hospitality at the donor's residence. Also, for purposes of aggregating gifts to determine the total value from one source, exclude items worth $104 or less. See instructions for other exclusions.

None ☐

	Source (*Name and Address*)	Brief Description	Value
Examples	Nat'l Assn. of Rock Collectors, NY, NY	Airline ticket, hotel room & meals incident to national conference 6/15/99 (personal activity unrelated to duty)	$500
	Frank Jones, San Francisco, CA	Leather briefcase (personal friend)	$300
1			
2			
3			
4			
5			

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Reporting Individual's Name		Page Number
Dunn, Michael V	SCHEDULE C	4 of 5

Part I: Liabilities

Report liabilities over $10,000 owed to any one creditor at **any time** during the reporting period by you, your spouse, or dependent children. Check the highest amount owed during the reporting period. **Exclude** a mortgage on your personal residence unless it is rented out; loans secured by automobiles, household furniture or appliances; and liabilities owed to certain relatives listed in instructions. See instructions for revolving charge accounts.

None ☐

	Creditors (*Name and Address*)	Type of Liability	Date Incurred	Interest Rate	Term if applicable	$10,001 - $15,000	$15,001 - $50,000	$50,001 - $100,000	$100,001 - $250,000	$250,001 - $500,000	$500,001 - $1,000,000	Over $1,000,000*	$1,000,001 - $5,000,000	$5,000,001 - $25,000,000	$25,000,001 - $50,000,000	Over $50,000,000
Examples	First District Bank, Washington, DC	Mortgage on rental property, Delaware	1991	8%	25 yrs.			x								
	John Jones, 123 J St., Washington, DC	Promissory note	1999	10%	on demand					x						
1	Chase	Credit Card (Home improvement)	2005	3.9	5 yrs		X									
2	TSP	Membership loan (Auto/Home improvement)	2005	4.2	5 yrs		X									
3																
4																
5																

* This category applies only if the liability is solely that of the filer's spouse or dependent children. If the liability is that of the filer or a joint liability of the filer with the spouse or dependent children, mark the other higher categories, as appropriate.

Part II: Agreements or Arrangements

Report your agreements or arrangements for: (1) continuing participation in an employee benefit plan (e.g. pension, 401k, deferred compensation); (2) continuation of payment by a former employer (including severance payments); (3) leaves of absence; and (4) future employment. See instructions regarding the reporting of negotiations for any of these arrangements or benefits.

None ☐

	Status and Terms of any Agreement or Arrangement	Parties	Date
Example	Pursuant to partnership agreement, will receive lump sum payment of capital account & partnership share calculated on service performed through 1/00.	Doe Jones & Smith, Hometown, State	7/85
1	Retirement Pension Plan	National Farmers Union	06/88
2			
3			
4			
5			
6			

Prior Editions Cannot Be Used.

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Reporting Individual's Name		Page Number
Dunn, Michael V	SCHEDULE D	5 of 5

Part I: Positions Held Outside U.S. Government

Report any positions held during the applicable reporting period, whether compensated or not. Positions include but are not limited to those of an officer, director, trustee, general partner, proprietor, representative, employee, or consultant of any corporation, firm, partnership, or other business enterprise or any non-profit organization or educational institution. **Exclude** positions with religious, social, fraternal, or political entities and those solely of an honorary nature.

None ☒

	Organization (*Name and Address*)	Type of Organization	Position Held	From (*Mo., Yr.*)	To (*Mo., Yr.*)
Examples	Nat'l Assn. of Rock Collectors, NY, NY	Non-profit education	President	6/92	Present
	Doe Jones & Smith, Hometown, State	Law firm	Partner	7/85	1/00
1					
2					
3					
4					
5					
6					

Part II: Compensation in Excess of $5,000 Paid by One Source

Do not complete this part if you are an Incumbent, Termination Filer, or Vice Presidential or Presidential Candidate.

Report sources of more than $5,000 compensation received by you or your business affiliation for services provided directly by you during any one year of the reporting period. This includes the names of clients and customers of any corporation, firm, partnership, or other business enterprise, or any other non-profit organization when you directly provided the services generating a fee or payment of more than $5,000. You need not report the U.S. Government as a source.

None ☒

	Source (*Name and Address*)	Brief Description of Duties
Examples	Doe Jones & Smith, Hometown, State	Legal services
	Metro University (client of Doe Jones & Smith), Moneytown, State	Legal services in connection with university construction
1		
2		
3		
4		
5		
6		

April 6, 2006

John P. Dolan
Counsel and Alternative Designated Ethics Official
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, N.W.
Washington, D.C. 20581

Dear Mr. Dolan:

The purpose of this letter is to describe the steps that I intend to take to avoid any actual or apparent conflict of interest in the event that I am confirmed for the position of Commissioner for the Commodities Futures Trading Commission.

As required by 18 U.S.C.§208(a), I will not participate personally and substantially in any particular matter that has a direct and predictable effect on my financial interests or those of any other person whose interests are imputed to me, unless I first obtain a written waiver, pursuant to section 208(b)(1), or qualify for a regulatory exemption, pursuant to section 208(b)(2). This includes financial interests reported on my confidential financial disclosure report as well as financial interests that I, or someone whose interests are imputed to me may substantially acquire. I understand that the interests of the following persons are imputed to me: my spouse or minor children, if any, or any general partner; any organization in which I serve as officer, director, trustee, general partner or employee, and any person or organization with which I am negotiating or have an arrangement concerning prospective employment.

I was formally employed by the National Farmer's Union and terminated my position several years ago. I will continue to participate in the national Farmer's Union defined benefit pension plan, and therefore, pursuant to 18 U.S.C.§208, I will not participate personally and substantially in any particular matter that will have a direct and predictable effect on the ability or willingness of the National farmer's Union to provide this contractual benefit, unless I first obtain a written waiver or qualify for a regulatory exemption.

Sincerely,

Michael V. Dunn

Michael V. Dunn

Michael V. Dunn – SF 278 - additional information

In the "Comments of Reviewing Officials" there are two errors. The errors and correction are as follows:

1. The length of service at the National Farmers Union is stated as beginning in 1987. It should be 1988.

2. The amount of the pension is reported as a monthly payment of $1,931. It should be an annual payment of $1,931.

Michael V. Dunn 7/21/06

July 12, 2006

COMMITTEE ON AGRICULTURE, NUTRITION, AND FORESTRY QUESTIONNAIRE FOR CFTC NOMINEES

Your answers to the following questions will assist the Senate Committee on Agriculture, Nutrition and Forestry in evaluating your nomination. In answering these questions, please repeat each question and place your answer immediately beneath it.

You will note that certain portions of the questionnaire will be part of the public record of your nomination and other portions will be maintained on a confidential basis for use of the Committee.

If you have an questions concerning this questionnaire or the Committee's confirmation process, please contact Martha Scott Poindexter, Staff Director, Senate Committee on Agriculture, Nutrition and Forestry, at (202) 224-2035. Please deliver a notarized original and five copies of the completed questionnaire to the Committee at SR-328A, Russell Senate Office Building.

BIOGRAPHICAL INFORMATION (PUBLIC)

1. Full name (include any former names used).

   Michael Vincent Dunn

2. Date and place of birth.

   9/19/1944, Keokuk, Iowa

3. Marital Status (include maiden name of wife or husband's name). List spouse's occupation, employer's name and

business address(es).

Married, Suzanne Brook Dunn, Housewife

4. Education: List each college and graduate or professional school you have attended, including dates of attendance, degrees received, and dates degrees were granted.

St. Ambrose College - 1980 - 1984

University of New Mexico 1971 - 1972 Master of Arts Public Administration

University of New Mexico 1968 - 1971 BA History and Political Science

5. Employment Record: List (by year) all business or professional corporations, companies, firms, or other enterprises, partnerships, institutions and organizations, nonprofit or otherwise, including farms, with which you were connected as an officer, director, partner, proprietor, or employee since graduation from college; include a title and brief job description.

2004 to present - Commissioner, Commodity Futures Trading Commission, Regulator of futures markets, Chair of Agriculture Advisory Committee and Forex consumer outreach task forced

2004 - US Senate Committee on Agriculture, Nutrition and Forestry, Minority Senior Professional Staff, Responsible for credit issues

2001 to 2004 - Farm Credit Administration, Director Office of Policy and Analysis, Responsible for policy and regulation development

2000 to 2001 - Farm Credit Administration, Member of the Board, Regulator of the Farm Credit System

1995 to 2000 - USDA, MRP Under Secretary, Responsible for three agencies at USDA, Agricultural Marketing Services, Animal, Plant Health Inspection Service and Grain Inspection and Packers and Stockyard Administration

1994 to 1995 - USDA, RECD - Deputy Under Secretary for Operations and Management. Responsible for daily operations of the RECD mission area

1993 to 1994 - USDA, FmHA - Administrator. Responsible for total operations of FmHA

1988 to 1993 - National Farmers Union - Director of the Washington, DC office and Vice President of Government Relations. Responsible for Washington DC office and government relations for the National Farmers Union

1987 to 1988 - US Senate Committee on Agriculture, Nutrition and Forestry - Majority Professional Staff. Responsible for credit issues.

1984 to 1986 - Farm Credit Banks of Omaha. Vice President for Government Relations. Responsible for government relations for the farm credit bank

1982 to 1984 - Eastern Iowa Production Credit Association. Loan officer for large and complex loans. Responsible for loan portfolio of associations large and complex loans

1981 to 1982 - Conrad Industries - Vice President for Marketing and Management. Responsible for buying grain and selling products for and ethanol production plant and for marketing similar plants to groups of perspective buyers

1978 to 1981 - USDA, FmHA - Area Director. Responsible for a nine state FmHA area in the Midwest. FmHA State Director's supervisor responsible for all FmHA activities within the nine state area

1973 to 1978 - South East Iowa Regional Planning Commission and Economic Development District - Executive Director. Responsible for regional and economic development planning and implementation for Southeast Iowa.

1972 to 1973 - City of Keokuk, IA - Administrative Aide to the Mayor and Council - Advisor to the mayor and council on administrative, intergovernmental and economic development matters.

6. Military Service: Have you had any military service? If so, give particulars, including the dates, branch of service, rank or rate, serial number and type of discharge received.

1964 to 1968 - USAF, SSGT, AF 17703432, Honorable

7. Government Service: State (chronologically) your government

service or public offices you have held, including the terms of service grade levels and whether such positions were elected or appointed.

2004 to Present - Commodity Futures Trading Commission, Commissioner, Executive Level 4. Appointed by the President and confirmed by the Senate.

2004 - US Senate Committee on Agriculture, Nutrition and Forestry. Minority Senior Professional Staff, Appointed by Ranking Member

2001 to 2004 - Farm Credit Administration, Director, Office of Policy and Analysis, Grade 44, Appointed by the Chairman of the Board.

2000 to 2001 - Farm Credit Administration, Member of the Board. Executive Level 4. Appointed by the President.

1995 to 2000 - USDA, Under Secretary for Marketing and Regulatory Programs. Executive Level 4. Appointed by the President and confirmed by the Senate.

1995 to 2000 - USDA, Member of the Commodity Credit Corporation. Appointed by the President and confirmed by the Senate

1994 to 1995 - USDA, Deputy Under Secretary for Rural Economic and Community Development. Senior Executive Service. Appointed by the Secretary of Agriculture.

1993 to 2000 - USDA, Member of the Rural Telephone Bank Board (Chairman 1995). Appointed by the President and confirmed by the Senate

1993 to 1994 - USDA, Administrator, Farmers Home Administration. Executive Level 5. Appointed by the President and confirmed by the Senate.

1987 to 1988 - US Senate Committee on Agriculture, Nutrition and Forestry. Majority Professional Staff. Appointed by the Chairman.

1985 to 1986 - Nebraska Uniform Credit Code Committee, Member, Appointed by the Governor.

1981 to 1984 - Iowa Development Commission, Member. Appointed by the Governor and confirmed by the Iowa Senate.

1977 to 1981 - USDA, Midwest Director, Farmers Home Administration. Senior Executive Service. Appointed by the Secretary of Agriculture.

1973 to 1977 - Southeast Iowa Regional Planning Commission and Economic Development District. Executive Director. Appointed by the Executive Board of the Commission.

1973 to 1977 - State of Iowa City Development Board, Chairman. Appointed by the Governor and confirmed by the Iowa Senate

1972 to 1973 - City of Keokuk, IA. Aide to Mayor and Council. Appointed by the Mayor.

8. Honors and Awards: List any scholarships, fellowships, honorary degrees, and honorary society memberships that you received and believe would be of interest to the Committee.

Distinguished Service Award presented by the Governor of Iowa and the Iowa Development Commission.

9. Political Affiliation: The statute creating the Commodity Futures Trading Commission requires that no more than three members be from the same political party. List your current political party registration or affiliation.

Democrat

10. Other Memberships: List all organizations to which you belong, excluding religious organizations.

Iowa Farmers Union

11. Published Writings: List the titles, publishers, and dates of books, articles, reports, or other published materials (including published speeches) you have written. Please include on this list published materials on which you are listed as the principal editor. It would be helpful to the Committee if you could provide one copy of all published material that may not be readily available. Also, to the maximum extent practicable, please supply a copy of all unpublished speeches you made during the past five years on issues involving agriculture, nutrition, forestry or commodity futures policy or related matters.

Various planning and economic development documents for the Southeast Iowa Regional Planning Commission. Various documents for the Senate Agriculture Committee and for the National Farmers Union. Various documents for the Department of Agriculture.

12. Health: What is the present state of your health?

Good.

FINANCIAL DATA AND CONFLICT OF INTEREST (PUBLIC)

1. Have you severed all connections with your immediate past private sector employers, business firms, associations, and/or organizations?

   Yes.

2. List sources, amounts and dates of all anticipated receipts from deferred income arrangements, stock options, uncompleted contracts and other future benefits which you expect to derive from previous business relationships, professional services, firm memberships, former employers, clients, or customers.

   Pension from National Farmers Union's employee pension program, $1,931 per year.

3. Do you, or does any partnership or closely held corporation in which you have an interest, own or operate a farm or ranch? (If yes, please give a brief description including location, size and type of operation.)

   No.

4. Have you, or any partnership or closely held corporation in which you have an interest, ever participated in Federal commodity price support programs? (If yes, provide all details including amounts of direct government payments and loans received or forfeited by crop and farm, etc. during the past five years.)

   No.

5. Have you, or any partnership or closely held corporation in which you have an interest, ever received a direct or guaranteed loan from or cosigned a note to the Rural Business-Cooperative Service, Rural Housing Service, the Rural Utilities Service or their predecessor agencies, the Farmers Home Administration, the Rural Development Administration, the Rural Housing and Cooperative Development Service or the Rural Electrification Administration? (If yes, give details of any such loan activity during the past 5 years.)

   No.

6. Have you, or any partnership or closely held corporation in

which you have an interest, ever received payments for crop losses from the Federal Crop Insurance program? (If yes, give details.)

No.

7. If confirmed, do you have any plans, commitments, or agreements to pursue outside employment or engage in any business or vocation, with or without compensation, during your service with the government? (If so, explain.)

No.

8. Do you have any plans to resume employment, affiliation, or practice with your previous employers, business firms, associations, or organizations after completing government service? (If yes, give details.)

No.

9. Has anyone made a commitment to employ you or retain your services in any capacity after you leave government service? (If yes, please specify.)

No.

10. Identify all investments, obligations, liabilities, or other relationships which involve potential conflicts of interest in the position to which you have been nominated.

None.

11. Have you ever received a government guaranteed student loan? If so, has it been repaid?

Yes. Yes.

12. If confirmed, explain how you will resolve any potential conflict of interest, including any that may be disclosed by your responses to the above items.

None exist.

United States
Office of Government Ethics
1201 New York Avenue, NW., Suite 500
Washington, DC 20005-3917

July 7, 2006

The Honorable Saxby Chambliss
Chairman
Committee on Agriculture, Nutrition,
and Forestry
United States Senate
Washington, DC 20510-6000

Dear Mr. Chairman:

In accordance with the Ethics in Government Act of 1978, I enclose a copy of the financial disclosure report filed by Nancy L. Johner, who has been nominated by President Bush for the positions of Under Secretary for Food, Nutrition and Consumer Services and Member, Board of Directors of the Commodity Credit Corporation, Department of Agriculture.

We have reviewed the report and have also obtained advice from the Department of Agriculture concerning any possible conflict in light of its functions and the nominee's proposed duties. Also enclosed is a letter dated July 5, 2006, from Ms. Johner to the Department's ethics official, outlining the steps Ms. Johner will take to avoid conflicts of interest. Unless a specific date has been agreed to, the nominee must fully comply within three months of her confirmation date with the actions she has agreed to take in her ethics agreement.

Based thereon, we believe that Ms. Johner is in compliance with applicable laws and regulations governing conflicts of interest.

Sincerely,

Robert I. Cusick
Director

Enclosures

SF 278 (Rev. 03/2000)
5 C.F.R Part 2634
U.S. Office of Government Ethics

Form Approved
OMB No. 3209-0

Executive Branch Personnel PUBLIC FINANCIAL DISCLOSURE REPORT

Date of Appointment, Candidacy, Election or Nomination (Month, Day, Year)	Reporting Status (Check appropriate boxes): ☐ Incumbent; Calendar Year Covered by Report: ; ☒ New Entrant, Nominee, or Candidate; ☐ Termination Filer; Termination Date (If Applicable) (Month, Day, Year):	
Reporting Individual's Name	Last Name: Johner	First Name and Middle Initial: Nancy L.
Position for Which Filing	Title of Position: Under Secretary Food, Nutrition & Consumer Svs.	Department or Agency (If Applicable): U. S. Department of Agriculture
Location of Present Office (or forwarding address)	Address (Number, Street, City, State, and ZIP Code): 480 North F Street, Milford, NE 68405-0125	Telephone No. (Include Area Code): (402) 570-6522
Position(s) Held with the Federal Government During the Preceding 12 Months (If Not Same as Above)	Title of Position(s) and Date(s) Held:	
Presidential Nominees Subject to Senate Confirmation	Name of Congressional Committee Considering Nomination: Committee on Agriculture, Nutrition and Forestry	Do You Intend to Create a Qualified Diversified Trust? ☐ Yes ☒ No
Certification: I CERTIFY that the statements I have made on this form and all attached schedules are true, complete and correct to the best of my knowledge.	Signature of Reporting Individual: Nancy L. Johner	Date (Month, Day, Year): 6/28/06
Other Review (If desired by agency)	Signature of Other Reviewer:	Date (Month, Day, Year):
Agency Ethics Official's Opinion: On the basis of information contained in this report, I conclude that the filer is in compliance with applicable laws and regulations (subject to any comments in the box below).	Signature of Designated Agency Ethics Official/Reviewing Official: [signature]	Date (Month, Day, Year): 7/5/2006
Office of Government Ethics Use Only	Signature: [signature]	Date (Month, Day, Year): 7/7/06

Comments of Reviewing Officials (If additional space is required, use the reverse side of this sheet)

(Check box if filing extension granted & indicate number of days ________) ☐

(Check box if comments are continued on the reverse side) ☐

Fee for Late Filing

Any individual who is required to file this report and does so more than 30 days after the date the report is required to be filed, or, if an extension is granted, more than 30 days after the last day of the filing extension period shall be subject to a $200 fee.

Reporting Periods

Incumbents: The reporting period is the preceding calendar year except Part II of Schedule C and Part I of Schedule D where you must also include the filing year up to the date you file. Part II of Schedule D is not applicable.

Termination Filers: The reporting period begins at the end of the period covered by your previous filing and ends at the date of termination. Part II of Schedule D is not applicable.

Nominees, New Entrants and Candidates for President and Vice President:

Schedule A--The reporting period for income (BLOCK C) is the preceding calendar year and the current calendar year up to the date of filing. Value assets as of any date you choose that is within 31 days of the date of filing.

Schedule B--Not applicable.

Schedule C, Part I (Liabilities)--The reporting period is the preceding calendar year and the current calendar year up to any date you choose that is within 31 days of the date of filing.

Schedule C, Part II (Agreements or Arrangements)-- Show any agreements or arrangements as of the date of filing.

Schedule D--The reporting period is the preceding two calendar years and the current calendar year up to the date of filing.

Agency Use Only

OGE Use Only

JUL - 7 2006

Supersedes Prior Editions, Which Cannot Be Used. 278-112 Form Designed in Microsoft Excel 2000 NSN 7540-01-070-844

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U.S. Office of Government Ethics

Reporting Individual's Name	SCHEDULE A	Page Number
Johner, Nancy L.		1

Assets and Income — BLOCK A

For you, your spouse, and dependent children, report each asset held for investment or the production of income which had a fair market value exceeding $1,000 at the close of the reporting period, or which generated more than $200 in income during the reporting period, together with such income.

For yourself, also report the source and actual amount of earned income exceeding $200 (other than from the U.S. Government). For your spouse, report the source but not the amount of earned income of more than $1,000 (except report the actual acount of any honoraria over $200 of your spouse).

None ☐

Valuation of Assets at close of reporting period — BLOCK B

Income: type and amount. If "None (or less than $201)" is checked, no other entry is needed in Block C for that item. — BLOCK C

#	Assets and Income (BLOCK A)	None (or less than $1,001)	$1,001 - $15,000	$15,001 - $50,000	$50,001 - $100,000	$100,001 - $250,000	$250,001 - $500,000	$500,001 - $1,000,000	Over $1,000,000 *	$1,000,001 - $5,000,000	$5,000,001 - $25,000,000	$25,000,001 - $50,000,000	Over $50,000,000	Excepted Investment Fund	Excepted Trust	Qualified Trust	Type: Dividends	Type: Rent and Royalties	Type: Interest	Type: Capital Gains	Amount: None (or less than $201)	$201 - $1,000	$1,001 - $2,500	$2,501 - $5,000	$5,001 - $15,000	$15,001 - $50,000	$50,001 - $100,000	$100,001 - $1,000,000	Over $1,000,000*	$1,000,001 - $5,000,000	Over $5,000,000	Other Income (Specify Type & Actual Amount)	Date (Mo., Day, Yr.) Only if Honoraria
Examples	Central Airlines Common				x												x						x										
Examples	Doe Jones & Smith, Hometown, State			x																												Law Partnership Income $130,000	
Examples	Kempstone Equity Fund					x								x										x									
Examples	IRA: Heartland 500 Index Fund							x						x																			
1	State of Nebraska - Salary																															$104,043.74 $43,992.04	CY 2005 2006
2	Nebraska State Employees Retirement Plan - Defined Contribution Plan																																
3	established and managed by the State consisting of: 40% Conservative Premix,				x														x					x									
4	20% Aggressive Premix & 40% Moderate Premix in addition to the following holdings specifically																																
5	selected by the filer: 20% Stable Fund, 20% Money Market Fund, 20% Bond Market Index, 20% Conservative																																
6	Premix, & 20% Moderate Premix																																
S	City of Seward, Nebraska																															Salary	

* This category applies only if the asset/income is solely that of the filer's spouse or dependent children. If the asset/income is either that of the filer or jointly held by the filer with the spouse or dependent children, mark the other higher categories of value, as appropriate.

Prior Editions Cannot be Used.

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5 C.F.R Part 2634
U.S. Office of Government Ethics

Do not Complete Schedule B if you are a new entrant, nominee, Vice Presidential or Presidential Candidate

Reporting Individual's Name		Page Number
Johner, Nancy L.	**SCHEDULE B**	2

Part I: Transactions

None ☐

Report any purchase, sale, or exchange by you, your spouse, or dependent children during the reporting period of any real property, stocks, bonds, commodity futures, and other securities. when the amount of the transaction exceeded $1,000. Include transactions that resulted in a loss. Do not report a transaction involving property used solely as your personal residence, or a transaction solely between you, your spouse, or dependent child. Check the "Certificate of divestiture" block to indicate sales made pursuant to a certificate of divestiture from OGE.

	Identification of Assets	Transaction Type (x): Purchase	Sale	Exchange	Date (Mo., Day, Yr.)	Amount of Transaction (x): $1,001 - $15,000	$15,001 - $50,000	$50,001 - $100,000	$100,001 - $250,000	$250,001 - $500,000	$500,001 - $1,000,000	Over $1,000,000*	$1,000,001 - $5,000,000	$5,000,001 - $25,000,000	$25,000,001 - $50,000,000	Over $50,000,000	Certificate of divestiture
Example:	Central Airlines Common	x			2/1/99												
1																	
2																	
3																	
4																	
5																	

* This category applies only if the underlying asset is solely that of the filer's spouse or dependent children. If the underlying asset is either held by the filer or jointly held by the filer with the spouse or dependent children, use the other higher categories of value, as appropriate.

Part II: Gifts, Reimbursements, and Travel Expenses

For you, your spouse and dependent children, report the source, a brief description, and the value of: (1) gifts (such as tangible items, transportation, lodging, food, or entertainment) received from one source totaling more than $260; and (2) travel-related cash reimbursements received from one source totaling more than $260. For conflicts analysis, it is helpful to indicate a basis for receipt, such as personal friend, agency approval under 5 U.S.C. § 4111 or other statutory authority, etc. For travel-related gifts and reimbursements, include travel itinerary, dates, and the nature of expenses provided. Exclude anything given to you by the U.S. Government; given to your agency in connection with official travel; received from relatives; received by your spouse or dependent child totally independent of their relationship to you; or provided as personal hospitality at the donor's residence. Also, for purposes of aggregating gifts to determine the total value from one source, exclude items worth $114 or less. See instructions for other exclusions.

None ☐

	Source (Name and Address)	Brief Description	Value
Examples:	Nat'l Assn. of Rock Collectors, NY, NY	Airline ticket, hotel room & meals incident to national conference 6/15/99 (personal activity unrelated to duty)	$500
	Frank Jones, San Francisco, CA	Leather briefcase (personal friend)	$300
1			
2			
3			
4			
5			

Prior Editions Cannot Be Used.

SF 278 (Rev. 03/2000)
5 C.F.R Part 2634
U.S. Office of Government Ethics

Reporting Individual's Name		Page Number
Johner, Nancy L.	SCHEDULE C	3

Part I: Liabilities

Report liabilities over $10,000 owed to any one creditor at any time during the reporting period by you, your spouse, or dependent children. Check the highest amount owed during the reporting period. **Exclude** a mortgage on your personal residence unless it is rented out; loans secured by automobiles, household furniture or appliances; and liabilities owed to certain relatives listed in instructions. See instructions for revolving charge accounts.

None ☐

	Creditors (Name and Address)	Type of Liability	Date Incurred	Interest Rate	Term if applicable	Category of Amount or Value (x): $10,001 - $15,000	$15,001 - $50,000	$50,001 - $100,000	$100,001 - $250,000	$250,001 - $500,000	$500,001 - $1,000,000	Over $1,000,000*	$1,000,001 - $5,000,000	$5,000,001 - $25,000,000	$25,000,001 - $50,000,000	Over $50,000,000
Examples:	First District Bank, Washington, DC	Mortgage on rental property, Delaware	1991	8%	25 yrs.			x								
	John Jones, 123 J St., Washington, DC	Promissory note	1999	10%	on demand					x						
1 S	ACS Phoenix, AZ	Student Loan	2006	4.75	20		x									
2																
3																
4																
5																

* This category applies only if the liability is solely that of the filer's spouse or dependent children. If the liability is that of the filer or a joint liability of the filer with the spouse or dependent children, mark the other higher categories, as appropriate.

Part II: Agreements or Arrangements

Report your agreements or arrangements for: (1) continuing participation in an employee benefit plan (e.g. 401k, deferred compensation); (2) continuation of payment by a former employer (including severance payments); (3) leaves of absence; and (4) future employment. See instructions regarding the reporting of negotiations for any of these arrangements or benefits.

None ☐

	Status and Terms of any Agreement or Arrangement	Parties	Date
Example:	Pursuant to partnership agreement, will receive lump sum payment of capital account & partnership share calculated on service performed through 1/00.	Doe Jones & Smith, Hometown, State	7/85
1	Defined Contribution Plan managed by the State of Nebraska	State of Nebraska	10/01
2			
3			
4			
5			
6			

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5 C.F.R Part 2634
U.S. Office of Government Ethics

Reporting Individual's Name		Page Number
Johner, Nancy L.	SCHEDULE D	4

Part I: Positions Held Outside U.S. Government

Report any positions held during the applicable reporting period, whether compensated or not. Positions include but are not limited to those of an officer, director, trustee, general partner, proprietor, representative, employee, or consultant of any corporation, firm, partnership, or other business enterprise or any non-profit organization or educational institution. Exclude positions with religious, social, fraternal, or political entities and those solely of an honorary nature.

None ☐

	Organization (Name and Address)	Type of Organization	Position Held	From (Mo., Yr.)	To (Mo., Yr.)
Examples:	Nat'l Assn. of Rock Collectors, NY, NY	Non-profit education	President	6/92	Present
	Doe Jones & Smith, Hometown, State	Law firm	Partner	7/85	1/00
1	Department of Health and Human Services, Nebraska	State Government	Director	04/04	present
2	Department of Health and Human Services, Nebraska	State Government	CEO/Service Area Administrator	10/99	04/04
3					
4					
5					
6					

Part II: Compensation In Excess Of $5,000 Paid by One Source

Report sources of more than $5,000 compensation received by you or your business affiliation for services provided directly by you during any one year of the reporting period. This includes the names of clients and customers of any corporation, firm, partnership, or other business enterprise, or any other non-profit organization when you directly provided the services generating a fee or payment of more than $5,000. You need not report the U.S. Government as a source.

Do not complete this part if you are an Incumbent, Termination Filer, or Vice Presidential or Presidential Candidate

None ☐

	Source (Name and Address)	Brief Description of Duties
Examples:	Doe Jones & Smith, Hometown, State	Legal services
	Metro University (client of Doe Jones & Smith), Moneytown, State	Legal services in connection with university construction
1	State of Nebraska, Department of Health and Human Services	Director of Services
2		
3		
4		
5		
6		

Prior Editions Cannot Be Used.

July 5, 2006

Raymond J. Sheehan
Acting Designated Agency Ethics Official
Office of Ethics
U.S. Department of Agriculture
Washington, D.C. 20250-0122

Dear Mr. Sheehan:

The purpose of this letter is to describe the steps that I intend to take to avoid any actual or apparent conflict of interest in the event that I am confirmed both for the position of Under Secretary for Food, Nutrition and Consumer Services and as a member of the Board of Directors of the Commodity Credit Corporation (CCC), U.S. Department of Agriculture.

As required by 18 U.S.C. § 208(a), I will not participate personally and substantially in any particular matter that has a direct and predictable effect on my financial interests or those of any other person whose interests are imputed to me, unless I first obtain a written waiver, pursuant to section 208(b)(1), or qualify for a regulatory exemption, pursuant to section 208(b)(2). I understand that the interests of the following persons are imputed to me: my spouse, minor children, or any general partner, any organization in which I serve as officer, director, trustee, general partner or employee; and any person or organization with which I am negotiating or have an arrangement concerning prospective employment.

Current Employment. State of Nebraska.

Currently I serve as the Director, Department of Health and Human Services for the State of Nebraska. Upon confirmation, I will resign from that position. Pursuant to 5 C.F.R. § 2635.502, for one year from the date of my resignation, I will not participate in any particular matters involving specific parties in which the State of Nebraska Department of Health and Human Services is a party, or represents a party, unless I am authorized to participate.

As an employee of the State of Nebraska, I currently participate in the State of Nebraska Employees Retirement Plan (Plan). Within 60 days of my appointment to the position of Under Secretary Food Nutrition and Consumer Services, I will roll the plan into a personal bank or Individual retirement account. NMJ 7/12/06

Spousal Employment. City of Seward, Nebraska.

My spouse, Randy J. Johner, is employed within the Water Department for the City of Seward, Nebraska. He currently does not participate in any pension plan through this employment. Pursuant to 5 C.F.R. § 2635.502, I will not participate in any particular matter involving specific parties in which the City of Seward Water Department is a party, or represents a party, unless I am authorized to participate.

I believe that the steps I have outlined above will serve to assure that no conflict of interest or appearance thereof will arise between my personal financial interests, on the one hand, and the duties I will perform if confirmed to serve both as Under Secretary for Food, Nutrition and Consumer Services and as a member of the Board of Directors of the CCC, on the other.

Sincerely,

Nancy L. Johner

Nancy L. Johner

July 21, 2006

Honorable Saxby Chambliss
Chairman
Committee on Agriculture, Nutrition, and Forestry
United States Senate
Washington, D.C. 20510-6000

Dear Mr. Chairman:

On July 5, 2006, a copy of my SF-278, Executive Branch Public Financial Disclosure Report, required in connection with my nomination to serve as Under Secretary for Food, Nutrition, and Consumer Services, U.S. Department of Agriculture was submitted to the U.S. Office of Government Ethics. That report contained all required financial information for calendar year 2005 and through June 28, 2006.

The Ethics in Government Act of 1978, as amended, also requires that I update certain of the information reported on the SF-278, i.e., that required by section 102(a)(1)(A) of the Act, respecting income (other than my Federal salary and dividends, interest, rents, and capital gains) and honoraria, to a date which occurs not more than five days before the date of the hearing to be held by your Committee to consider my nomination. The hearing to be held on my nomination is scheduled for July 26, 2006. The purpose of this letter is to report that since I filed my Financial Disclosure Report, my only reportable income is my salary from the State of Nebraska in the amount of $8,798.41.

I have updated and corrected the entry for the Nebraska State Employees Retirement Plan on page 1 of my public financial disclosure report. The entry is now marked as an excepted investment fund. The income type is not checked. That plan is composed of two parts.

- One part is established and managed by the State of Nebraska. That part is invested in three State portfolios: the Conservative Premix (40%), the Aggressive Premix (20%), and the Moderate Premix (40%).
- The remaining part of the State retirement plan allows the employee to select the underlying investments. That part is equally invested in five separate investments: Stable Fund, Money Market Fund, Bond Market Index, Conservative Premix, and Moderate Premix.

All other entries disclosed on Schedule A of my public disclosure report remain unchanged.

I trust that this letter satisfies the additional applicable reporting requirements contained in the Ethics in Government Act.

Sincerely,

Nancy L. Johner

Nancy L. Johner
Nominee for Under Secretary,
Food, Nutrition, and Consumer Services
U. S. Department of Agriculture

cc: Hon. Robert I. Cusick, Director, U.S. Office of Government Ethics
Raymond Sheehan, Acting Designated Agency Ethics Official, USDA

June 26, 2006

Nomination to the Department of Agriculture

Your answers to the following questions will assist the Senate Committee on Agriculture, Nutrition and Forestry in evaluating your nomination. In answering these questions, please repeat each question and place your answer immediately beneath it.

You will note that certain portions of the questionnaire will be part of the public record of your nomination and other portions will be maintained on a confidential basis for use of the Committee.

If you have an questions concerning this questionnaire or the Committee's confirmation process, please contact Martha Scott Poindexter, Staff Director, Senate Committee on Agriculture, Nutrition and Forestry, at (202) 224-2035. Please deliver a notarized original and five copies of the completed questionnaire to the Committee.

QUESTIONNAIRE FOR UNITED STATES DEPARTMENT OF AGRICULTURE NOMINEES
BIOGRAPHICAL INFORMATION (PUBLIC)

1. Full name (include any former names used).

   Nancy Lou Johner
   Nancy Lou Montanez
   Nancy Lou Saldivar

2. Date and place of birth.

   05/21/60
   Scottsbluff, NE

3. Marital Status (include maiden name of wife or husband's name). List spouse's occupation, employer's name and business address(es).

   Married:
   Randy Joseph Johner
   Utility Maintenance Tech
   City of Seward
   1040 S. Columbia
   Seward, NE 68434

4. Education: List each college and graduate or professional school you have attended, including dates of attendance, degrees received, and dates degrees were granted.

   1985 - 1991 Western Nebraska Community College; Transferred
   1991 - 1994 University of Nebraska-Kearney; BS Social Work

5. Employment Record: List (by year) all business or professional corporations, companies, firms, or other enterprises, partnerships, institutions and organizations, nonprofit or otherwise, including farms, with which you were connected as an officer, director, partner, proprietor, or employee since graduation from college; include a title and brief job description.

03/04 to Present Nebraska Health and Human Services; Director

The Director is appointed by the Governor and serves as a member of the Cabinet. Direct responsibility for management, development, and implementation of statewide policies and procedures for the largest State agency. It includes all the Economic Assistance programs, Child Welfare Services, Behavioral Health Services, Developmental Disabilities Services, State Unit on Aging and Veteran's Homes. Economic Assistance programs include TANF, Child Support, Food Stamps, Food Distribution to the Schools, ADC, Homeless Programs, Child Care and Medicaid Eligibility determination. Child Welfare services include Protection and Safety, Foster Care, Adoption Services, Office of Juvenile Services which includes managing the State's two Youth Rehabilitation and Treatment Centers. Behavioral Health Services include Community Programs for persons with mental illness and substance abuse through six Behavioral Health Regions and managing in the State's three Regional Centers. The State unit on Aging includes the older Americans Act Programs through eight Area Agencies on Aging and the State's long-term Care Ombudsman program. Developmental Disabilities programs include statewide community based services for persons with Developmental Disabilities and management of the Beatrice State Developmental Center for persons with Developmental Disabilities requiring an institutional setting. The four State Veterans Homes provide Assisted Living and Skilled Nursing Home care to wartime era veterans.

Overall responsibility for the supervision of 5,000 employees, with a total budget of $964,319,169.00

1999 to 2004 Nebraska Health and Human Services CEO/Service Area Administrator

Responsible for the overall management of the delivery of agency health and human services within the service area. Leads the development, implementation, and monitoring of agency programs and policies. Overall management of the delivery of agency health and human services in 29 counties. Maintains a leadership role in the development and strategic planning for community-based service integration activities.

Works with Key local officials, local agencies and other interested groups to foster and improve working relationships.

Overall responsibility for the supervision of 222 employees

1998 to 1999 Region III Behavioral Health; Program Manager
Work closely with service providers, community representatives, social services, and judicial agencies to create a climate conducive to child-centered, family-drive care for children with serious disorders.

Managed budgets, personnel, program development and implementation.

1995 to 1998 Region III Behavioral Health; Professional Partner
Facilitated the development of comprehensive family service plans for emotionally disturbed children and their families by employing "Wraparound" concepts.

Ensured families were involved with the development of the comprehensive service plans.

Facilitated and fostered beneficial relationships between regional resources and families.

Advocate on behalf of the children and their families to ensure necessary services are identified, develop and received.

1994 to 1995 Good Samaritan Hospital; Aid Support Services Coordinator

6. Military Service: Have you had any military service? If so, give particulars, including the dates, branch of service, rank or rate, serial number and type of discharge received.

None

7. Government Service: State (chronologically) your government service or public offices you have held, including the terms of service grade levels and whether such positions were elected or appointed.

Appointed:
Director of Health and Human Services; Nebraska (3/04-Present)

State/Regional Civil Service:
Service Area Administrator; Nebraska (1999-2004)
Program Manager; Region III Behavioral Health, Region III

Governing Board (1998-1999)
Program Partner; Region III Behavioral Health, Region III Governing Board (1995-1998)

8. Honors and Awards: List any scholarships, fellowships, honorary degrees, and honorary society memberships that you received and believe would be of interest to the Committee.

None

9. Other Memberships: List all organizations to which you belong, excluding religious organizations.

1. **Supreme Court Commission on the Protection of Children**
2. **Nebraska Child Abuse Prevention Board**
3. **Nebraska Rural Health Advisory Commission**
4. **Board of Examiners in Nursing Home Administration**
5. **The Governor's Workforce Development Board**
6. **Community Corrections Council**

10. Published Writings: List the titles, publishers, and dates of books, articles, reports, or other published materials (including published speeches) you have written. Please include on this list published materials on which you are listed as the principal editor. It would be helpful to the Committee if you could provide one copy of all published material that may not be readily available. Also, to the maximum extent practicable, please supply a copy of all unpublished speeches you made during the past five years on issues involving agriculture, nutrition, forestry or commodity futures policy or related matters.

As Director of the Agency a quarterly column was published entitled Cabinet Connection. Copies are attached.

Key Training Considerations, published in WrapAround Newsletter 2002
Child Welfare Update, published in Nebraska Foster Care Review Board Newsletter 2004

11. Health: What is the present state of your health?

Good

FINANCIAL DATA AND CONFLICT OF INTEREST (PUBLIC)

1. Have you severed all connections with your immediate past private sector employers, business firms, associations, and/or organizations?

   If confirmed, I will have severed all connections with past private sector employers, business firms, associations, and/or organizations prior to assuming the position

2. List sources, amounts and dates of all anticipated receipts from deferred income arrangements, stock options, incompleted contracts and other future benefits which you expect to derive from previous business relationships, professional services, firm memberships, former employers, clients, or customers.

   Pension; State of Nebraska: $61,018.90

3. Do you, or does any partnership or closely held corporation in which you have an interest, own or operate a farm or ranch? (If yes, please give a brief description including location, size and type of operation.)

   No

4. Have you, or any partnership or closely held corporation in which you have an interest, ever participated in Federal commodity price support programs? (If yes, provide all details including amounts of direct government payments and loans received or forfeited by crop and farm, etc. during the past five years.)

   No

5. Have you, or any partnership or closely held corporation in which you have an interest, ever received a direct or guaranteed loan from or cosigned a note to the Rural Business-Cooperative Service, Rural Housing Service, the Rural Utilities Service or their predecessor agencies, the Farmers Home Administration, the Rural Development Administration, the Rural Housing and Cooperative Development Service or the Rural Electrification Administration? (If yes,

give details of any such loan activity during the past 5 years.)

No

6. Have you, or any partnership or closely held corporation in which you have an interest, ever received payments for crop losses from the Federal Crop Insurance program? (If yes, give details.)

No

7. If confirmed, do you have any plans, commitments, or agreements to pursue outside employment or engage in any business or vocation, with or without compensation, during your service with the government? (If so, explain.)

No

8. Do you have any plans to resume employment, affiliation, or practice with your previous employers, business firms, associations, or organizations after completing government service? (If yes, give details.)

No

9. Has anyone made a commitment to employ you or retain your services in any capacity after you leave government service? (If yes, please specify.)

No

10. Identify all investments, obligations, liabilities, or other relationships which involve potential conflicts of interest in the position to which you have been nominated.

None

11. Have you ever received a government guaranteed student loan? If so, has it been repaid?

Yes, still paying the loan

12. If confirmed, explain how you will resolve any potential conflict of interest, including any that may be disclosed by your responses to the above items.

If Confirmed, I would resolve any potential conflict of interest by seeking and following the advice of the designated USDA ethics official.

Guest Article for Foster Care Review Board newsletter
November 19, 2004

As director of the Department of Health and Human Services, I'm responsible for the Office of Protection and Safety and the safety, permanency and well-being of children who are state wards. At the end of October 2004, we were serving 7,065 state wards:

- 5,728 (abuse/neglect/status offenders)
- 1,337 (delinquency)

My agency must achieve those federally-mandated outcomes - child safety, permanency and well-being - for the children and families that we serve. I believe that we can do that best through Family Centered Practice. I rely on that philosophy to define how Protection and Safety work will be done all across our state.

Family-Centered Practice wraps comprehensive informal and formal services around a client.

- It builds on basic "social work" skills that are the foundation for all our work
- Basic values, beliefs, and principles of family-centered practice include compassion, strengths based, outcome focused, needs driven, flexible, culturally sensitive, family team driven and community based.
- HHS Service Areas and Central Office staff are focusing on enhancing these skills as we help families.
- A national expert is reviewing our training curriculum and providing training. We are holding "train the trainer" sessions to strengthen our internal capacity to train our own staff

I believe strongly in building on strengths and on what is working well I especially want to build on the strengths of our dedicated employees all across the state.

The Legislature and Governor Johanns showed their commitment to protect those who are most vulnerable - our children - by passing LB 1089 this year. That support is something that few other states have demonstrated. The resulting staff resources are invaluable in achieving the outcomes that Protection and Safety must obtain - safety, permanence and well-being.

We are all responsible for keeping our children safe - HHSS, law enforcement, advocacy organizations like the Foster Care Review Board, and the public. We know the total system must work together to make changes.

Meetings between HHS and the Foster Care Review Board are taking place on a very regular basis. The opportunity to discuss issues and build on common goals is invaluable as we work collaboratively to improve the protective services system.

HHS is responsible for a critical piece of that "system." We are restructuring how we hold staff at every level accountable through a new Accountability Plan, rolled out in June 2004.

HHS caseworkers are forced into sometimes heart-wrenching situations and bear the burden of enormous responsibility, knowing that children's very lives hang in the balance of their decisions. I am confident our new system of accountability, with measurable standards and improved training, will better support quality workers

The accountability plan includes four focus areas:

- Revamped New Worker training curriculum centered on field experience and mentoring,
- Restructured training for supervisors to increase mentoring efforts and implement performance measures,
- Specific and measurable performance measures, and
- Customer satisfaction surveys for feedback from the families we serve.

Let me share some of the steps being taken to build on our strengths and on what is working well:

- As of mid-November, we've already filled 102 of those additional 120 positions created in LB 1089.

- We have contracted with 6 Child Advocacy Center Coordinators (Scottsbluff, Norfolk, Lincoln, Omaha, Kearney and Grand Island) and are working to contract with a 7th center in North Platte.

- A year-long public education campaign is underway and focuses on reporting child abuse/neglect, shaken baby, domestic violence and methamphetamines.

- We're developing a Quality Assurance System. We've hired an administrator to oversee QA initiatives, and have hired four of eight QA Program Specialists to review case files and look for opportunities for improvement.

- A new HHS Critical Incident Review Team is being created to immediately review a child death or near death situation and look for case specific or system issues so we can improve practices and policies. The goal is to reduce or eliminate critical incidents that occur to children and youth. This internal review will supplement the later review by members of the Child Death Review Team.

- We "front-loaded" the system by directing more attention and resources toward the crucial initial contact that children and their families have with HHSS.

- We have a priority level system so workers respond to situations of abuse/neglect within specific time frames based on the safety/risk issues present for the child.

- We are using nationally recognized "best practices" such as Family Group Conferencing and continue to look for other opportunities to use evidence-based practices

- We have nine collaborative sites across the state where the domestic violence and child protective services systems work together on cases.

Some of you are familiar with the 2001 *Nebraska Family Portrait* strategic plan. In 2002, we responded to the federal Child and Family Service Review by developing a Program Improvement Plan or PIP, which was approved in August 2003.

Now we're integrating our Accountability Plan, the PIP, and Governor's Task Force initiatives under LB 1089 into a new *Nebraska Family Portrait*. This updated comprehensive strategic plan:

- Integrates all the various efforts
- Focuses on the safety, permanency, and well-being priorities
- Shows where HHSS is at, where we are going, and how we are going to get there.

It's been said that other things may change us, but that we start and end with family. By working together, we can create strong families where children can thrive.

Key Training Considerations

Nancy Montanez

Of the many issues to consider about training the W/A Process, I believe the following are five of the most important

1 Training must address a specific set of actions, skills beliefs and approaches to individuals and families that have unmet needs Values and principles should be discussed and monitored but the best place to teach them is in the actual work one person and one family at a time

2 Good training helps people stretch their educational boundaries It encourages them to act in new and improved ways they might not have learned in school or in the field In other words it's supposed to achieve results and that means improved practices and perceptions

3 It's imperative that senior management and supervisors are included in every step of the training process It's especially true for front line supervisors They must have access to needed information and resources so they can teach, model and motivate practice that supports wrap-around Without supervisors who are completely on board practice change is unlikely

"Smooth seas do not make skillful sailors"

African Proverb

4 Training should be documented and delivered consistently across sites staff and agencies The same message has to be heard by everybody involved to en-sure reliable implementation of the process

5 Training has to be designed to build capacity in each community on an ongo-ing basis as staff come and go and as procedures change Training for trainers is always on the agenda so that out-of-area experts are replaced by local train-ers No state, county or community should remain dependent on trainers who are brought in at significant costs

6 In Nebraska, we re working hard to achieve each of these priorities. We don't just want the Wraparound Process to be available to NE families; we want it to be excellent, consistent and ours. It's our best chance to reach out collec-tively to the people who need us and that's the most important priority of all

Nancy Montanez is the CEO of the Western Service Area Health & Human Services of Nebraska

Wraparound Training in Maine

Ginette Rivard

Maine has long adopted wraparound as the service delivery model for Case Management Services as defined by Maine Care (Maine Medicaid) Contract language with community providers specifies this making the expectation quite clear In an effort to enhance current practice in a sustainable manner we embarked on a Train the Trainer model for our providers Each agency was asked to bring an Agency Training Team consisting of Parents, Program Directors Supervisors to a 2 day intensive training with a one day follow up four months latter Additionally, we purchased the copyright to the Wraparound Curriculum, to be shared with agencies that have a contract with the department

We maintain contact with agencies to identify their ongoing training needs provide

technical assistance and, most importantly celebrate the successes Some of these include:

- Teen Advisory Group
- Wraparound Inservice for all agency staff
- Wraparound Committee whose parent members meet with all new employees
- Use of shadowing and mentoring for new case managers
- Using the model to look at how staff work as a team

As we look to the future we hope to enhance our work with other state agencies and local school systems

Ginette Rivard is a Children s Services Supervisor Maine Dept of Behavioral & Developmental Services

ginette rivard@maine gov

Maine has long adopted Wraparound as the service delivery model for Case Management Services

Cabinet Connection

"Excellence is an art won by training and habituation. We do not act rightly because we have virtue or excellence, but we rather have those because we have acted rightly. We are what we repeatedly do. Excellence, then, is not an act but a habit." —Aristotle

by Nancy Montanez
HHS Director

I've been director of Services for a short time, and have discovered that there are some really good people wanting to do good things. Those great employees make it possible for HHS to be successful in so many areas. I'd like to highlight just a few of those successes

The Employment First program which teaches skills that move families from welfare into jobs. Nebraska received almost $9 million in federal bonuses for Employment First successes over the past 3 years. Nebraska is one of only five states to get the maximum possible bonus for three consecutive years. More people are working, and a great side benefit is that bonus money purchased 1,025 new computers that help staff statewide do their work more efficiently.

Family-Centered Practice wraps comprehensive services around a client. Family-centered practice builds on basic social work skills that are the foundation for all our work. Basic principles of family-centered practice include compassion, strengths based, outcome focused, needs driven, flexible, culturally sensitive, family team driven and community based. Service Areas in particular are focusing on enhancing these skills as we help families.

You may have seen the new year-long public education campaign titled, "You Have the Power to Protect a Child" on posters, brochures and our web page. The public is urged to call 1-800-652-1999 if they suspect abuse or neglect.

We're strengthening developmental disabilities services. In August, the Beatrice State Developmental Center and the Developmental Disabilities System moved to the leadership of Chief Deputy Director **Dennis Loose**. On September 1st, **Rene Ferdinand** became administrator of the DD System. We're planning a new mid-level security and treatment program for the small number of adults with a developmental disability who may pose a high risk to themselves or the community. The program will be located at the Hastings Regional Center at this time.

A new performance measurement system is taking shape for everyone involved in Protection and Safety, from front line workers right up to me, as Director. This tool will allow us to work together to make meaningful changes and to make decisions based on data. We're gathering individual and System baseline information. Every month, a statistical report will come out showing how everyone is doing in accomplishing specific outcomes This will result in higher quality services to our clients.

The Youth Rehabilitation and Training Centers in Kearney and Geneva co-hosted the 49th Western Conference on Juvenile Correctional Facilities in September. Participants learned about our approach to serving delinquent youth. In addition, the YRTC-K celebrated its 125th anniversary in September.

Transition of acute and secure mental health services from Regional Centers to the community is moving forward. In July, HHSS presented its plan on implementing this transition to the Behavioral Health Oversight Commission, created in LB 1083. We're happy to


Nancy Montanez

have our new Behavioral Health Administrator, **Richard DeLiberty**, on board and continuing the great work already in process.

Renovations are improving the quality of life at our state Veterans' Homes. In March, **Governor Johanns** cut the ribbon for the new dietary building at the Grand Island Veterans' Home. In September, he celebrated completion of the new multi-purpose addition at the Western Nebraska Veterans' Home in Scottsbluff.

Employees in the Office of Aging and Disability Services worked with many other organizations to create Nebraska's "2-1-1" system. This phone number is available 24 hours a day, seven days a week and connects people to human services information and referral.

I'm looking forward to ongoing and continuous improvement as we work together for children and families, and as we work with the other two agencies in the HHS System.

Cabinet Connection

By Nancy Montanez
Director of the Health & Human Services Department

Excellence is in the details.
Give attention to the details and excellence will come.
Perry Paxton

It's been a year since LB 1083, the Nebraska Behavioral Health Services Act, was passed. LB 1083 makes a reality of the vision of ensuring that consumers receive more appropriate care, closer to their home, and making the best use of scarce resources.

We're giving attention to the details of behavioral health reform, because we want the focus to be on what individuals need to live successfully in the community whenever possible. Those details can be found in the July 2004 implementation plan, which identifies 108 actions called "deliverables" that will be completed over time. Those 108 deliverables are supported by almost 500 detailed activities that will help ensure a successful transition to a wider array of community services.

All of this activity reflects two levels of progress. First, programs are being developed or expanded to make it possible for people to be served near their home communities. On another level, ideas and alliances are forming that are leading to comprehensive, integrated services across providers and across regions. Those services focus on recovery and on what's in the best interests of individuals with a mental illness.

I'd like to thank **Dr. Richard Raymond** for leading behavioral health reform as it moved from a concept in 2003, to a Legislative Bill that passed in 2004, and then to a detailed Implementation Plan last July. His energy and enthusiasm made this sweeping change in the delivery of mental health services possible.

Two additional people are helping lead the way to the new system of services

Richard DeLiberty was appointed last October by former **Governor Johanns** as administrator of HHS Behavioral Health Services He comes to us from Indiana, and has spent his first six months learning about Nebraska's behavioral health system, both public and private.

Blaine Shaffer, M.D., was appointed to the position of Chief Clinical Officer for behavioral health in January. Dr. Shaffer had served part-time as medical director for the three Regional Centers. In his new capacity, he will be the full-time clinical director for the Division of Behavioral Health Services and all the facilities and programs operated by that Division. His focus will be expanded beyond the Regional Centers to also include partnering with community services and the six behavioral health Regions.

The Regions are not part of HHSS but they play a critical role in creating or expanding community services. Collaboration with the regions has already resulted in positive changes For example, individuals under a mental health board commitment are being safely placed in local hospitals rather than at a Regional Center. This allows the consumer to remain close to their home and support system and should reduce the over-reliance on Regional Centers over time.

In fact, one Region has developed a strong working team involving two local hospitals and community providers. The result is a 15 percent reduction in the number of people needing emergency protective custody in their area just between July and December, 2004, compared to the same time period in 2003. That means that the new services are already making a positive impact

There's a long list of services being created or expanded all across Nebraska, including mobile crisis teams, crisis and longer-term hospital beds, community support, emergency protective custody, psychosocial rehabilitation, residential treatment, medication management, and Assertive Community Treatment. The co-occurrence of mental health and addiction problems is so substantial that each region also has some plan for serving this population.

Continued on page 9

Nancy Montanez

Cabinet Connection

By Nancy Montanez
HHS Director

"The best and most beautiful things in the world cannot be seen or even touched. They must be felt with the heart."

Helen Keller

Employees throughout the HHS System "feel with their heart" as they go about their daily work. This is especially true of staff who provide direct care to individuals in our 24-hour facilities.

I'd like to share parts of a special series of articles written in April by **Mike Bockoven** with the Grand Island Independent newspaper. His stories took a positive, in-depth look at the staff of the Grand Island Veterans' Home and members living with Alzheimer's disease. These quotes will give you a flavor for how compassionately our staff treat the veterans in their care. You can read the entire series by going to www.theindependent.com and searching for "Alzheimer's disease."

From "Living Through Windows - A Portrait of Alzheimer's disease":

*Every now and then, members who live on the ward will give caregivers a glimpse into their lives, into who they were before the disease stripped them of their future and their history. It may be brief, but **Vicki Brooks**, who has worked on the wing as a registered nurse for three years, has a name for the sudden, unexplained bursts of lucidity among patients who are normally docile, confused or occasionally agitated.*

She calls it "a window." "It's amazing when it happens," Brooks said. "It's rare. Some people might never have one, but when they do, it's such an amazing thing. It's hard to describe."

*"Sometimes they (the members) make you feel really good. Sometimes you can see so much of who they were before they came here, you can see how special they were," said unit clerk **Jessica Whelan***

***Wilma Luther**, activities director, said, "You can watch and you can just tell something's different . . and before you know it, they're talking to someone and it's like the disease isn't even there. It can just knock you over when it happens."*

*For Unit Director **Deb Watson**, it was a complete departure from what she had been doing previously as a nurse in terms of trying to cure a disease or illness. It took her a while to come to grips with the way the ward works, but once she did, it gave her a whole different perspective on how care can be given*

"I thought I was real focused into that medical part," Watson said. "When you start here, you don't treat one acute incident. You really deal with quality of life. I derive a great passion for it because these are people like you and me. They didn't ask to have their memories and personalities stolen from them."

There are myths that Alzheimer's patients are often violent or dangerous. A quick conversation with any of the staff will dispel those myths. It is true that some people with Alzheimer's are angry at times, often stemming

Continued on page 4

Cabinet Connection

By Nancy Montanez, Director
Department of Services

"Together We Shine... Transforming Lives with Success" was the theme of the conference that brought together over 1,100 Food Stamp (FS) and Employment First (EF) staff in Lincoln during October 2005. As a result of very hard work being done by all Service Area staff in both the EF and FS programs, the State of Nebraska has been awarded several high performance bonuses from the federal government for program successes. These bonus funds helped fund the conference.

The conference was a way to provide recognition and inspiration to local office staff who serve Nebraska citizens. Workshop topics ranged from workplace habits that get results, immigration, and how to balance your personal and work life to working with clients having multiple barriers, understanding poverty, and managing emotions under pressure.

The excitement and energy generated by the conference was contagious. Here are just a few of the comments from staff:

"Thank you for the gift of laughter and relaxation."

"Great speakers... I felt respected and rewarded."

"It was fun and informative and felt like a real reward for our hard work."

"Speakers were very motivational."

"It was so enjoyable and your choices of workshops and speakers were outstanding."

The conference featured many nationally recognized speakers, including **Mark Towers** of Speak Out Seminars. He energized participants with presentations on "Making a Positive Difference as a BLT - Believable, Likable and Trusted Person" and "Staying Pumped Up: Get Inspired, Get Gumption and Get Going!"

"Ain't Life Grand" was the message from luncheon speaker **Jane Erickson** from Wellness and Training Works. Jane addresses conferences across the nation and believes HHS staff members are the best group she's ever worked with. She continues to receive thank you notes from our staff telling her how her message has invigorated their work and family life. I'm gratified that Jane says she's gained as much from presenting at our conference, as our staff may have gained from having her present.

The Employment First Program in the Department of Health and Human Services (HHS) helps families move from welfare to

Nancy Montanez welcomes those attending the EF/FS conference in October.
Photo: Trish Bergman

work through training, education and employment preparation activities. The HHS Food Stamp Program delivers timely and accurate food stamp benefits to customers. Both of these programs make a difference in people's lives each and every day. The most important work of the EF and FS staff is direct customer service to hundreds of thousands of Nebraskans, done daily and in most instances quietly and efficiently even though caseloads continue to increase.

What wonderful feedback for a director of a state agency to get! I hope my gratitude, support and appreciation for people who do the front line work to serve customers came through loud and clear, too.

Nancy Montanez

Cabinet Connection

By Nancy Montanez, Director
Department of Services

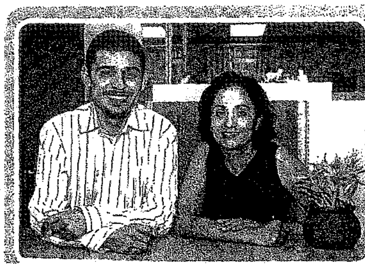
"Don't worry if you have built your castles in the air. They are where they should be. Now put the foundation under them."
Henry David Thoreau

I have a "castle in the air" -- the desire to have every employee working for Services using Family/Person Centered Practice (F/PCP) as they do their work. We started using F/PCP in the Office of Protection and Safety, and it's been exciting to see so many staff embrace and understand it and the positive benefits for the children and families we serve.

Central to F/PCP is compassion and treating families we serve the way we would want our own families treated. Families must know that we care about them, their lives and their futures. I firmly believe that day-to-day work with families is more successful when staff members follow the individualized, strength-based, outcome-focused approach inherent to F/PCP

We continue to reinforce F/PCP as the foundation of our work with children and families. Through training, supervision and ongoing consultation, staff across program areas are becoming increasingly familiar with the values, beliefs, and principles of F/PCP and the process for integrating F/PCP into their daily work.

Here is an example of F/PCP at work. Names have been changed to protect confidentiality.



Nancy Montanez and Administrative Assistant Robert Contreras. Photo: Mike Wight

A young mother, Jenny, and her 2-year-old daughter, Brenna, lived in rural Nebraska. Brenna has multiple chronic medical conditions and is medically fragile In January 2004, Brenna's father died suddenly. Shortly afterward, Brenna was found at home with her mother, who was passed out. Brenna was placed in the home of a relative for about one week. Jenny acknowledged she had a drinking problem and agreed to a substance abuse evaluation.

In March of 2004, Brenna was found at home with her mother, who was intoxicated. Brenna was removed and placed in a pediatric nursing facility more than 150 miles away. Jenny entered inpatient substance abuse treatment, and then transitioned to a residential setting in the community where Brenna was living. In June 2004, Jenny relapsed At this point, F/PCP was employed more fully, and Jenny identified individuals to participate on her family team and develop a plan to better address Jenny's and Brenna's needs

Jenny and her team agreed that Jenny's outcomes would include her leading a chemically-free lifestyle and meeting all of Brenna's medical needs. Jenny acknowledged her need for ongoing treatment for her drinking and for help coping with her grief over the death of Brenna's father.

Jenny's team rallied around her. The facility caring for Brenna agreed to have Jenny spend as much time there as possible, as long as she was not under the influence of substances. Jenny's team helped her access intensive substance abuse outpatient services and counseling and a support group for coping with grief.

Today Jenny is in training at a local retail store She cares for Brenna on a daily basis at the treatment facility where she lives. Jenny has decided to establish residence in her new community, closer to the specialized medical services for Brenna Jenny has been sober for more than six months and is preparing for reunification with Brenna in their new home.

Maybe Jenny is building her castle, or maybe she is building the foundation; whatever the case, her Family/Person Centered Practice team is by her side helping her to succeed. This community and family based support incorporated an individualized, flexible and needs driven approach to provide the framework for healing, direction and a fresh start for Jenny and Brenna.

United States
Office of Government Ethics
1201 New York Avenue, NW., Suite 500
Washington, DC 20005-3917

July 7, 2006

The Honorable Saxby Chambliss
Chairman
Committee on Agriculture, Nutrition,
and Forestry
United States Senate
Washington, DC 20510-6000

Dear Mr. Chairman:

In accordance with the Ethics in Government Act of 1978, I enclose a copy of the financial disclosure report filed by Bruce I. Knight, who has been nominated by President Bush for the positions of Under Secretary for Marketing and Regulatory Programs, and Member of the Board of Directors of the Commodity Credit Corporation, Department of Agriculture.

We have reviewed the report and have also obtained advice from the Department of Agriculture concerning any possible conflict in light of its functions and the nominee's proposed duties. Also enclosed is a letter dated July 5, 2006, from Mr. Knight to the Department's ethics official, outlining the steps that Mr. Knight will take to avoid conflicts of interest. Unless a specific date has been agreed to, the nominee must fully comply within three months of his confirmation date with the actions he agreed to take in his ethics agreement.

Based thereon, we believe that Mr. Knight is in compliance with applicable laws and regulations governing conflicts of interest.

Sincerely,

Robert I. Cusick
Director

Enclosures

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Executive Branch Personnel PUBLIC FINANCIAL DISCLOSURE REPORT

Form Approved:
OMB No. 3209 - 0001

Date of Appointment, Candidacy, Election, or Nomination (Month, Day, Year)	Reporting Status (Check Appropriate Boxes)	Incumbent ☐	Calendar Year Covered by Report	New Entrant, Nominee, or Candidate ☒ / Termination Filer ☐ / Termination Date (If Applicable) (Month, Day, Year)
Reporting Individual's Name	Last Name: KNIGHT		First Name and Middle Initial: BRUCE I.	
Position for Which Filing	Title of Position: Under Secretary, Marketing and Regulatory Programs		Department or Agency (If Applicable): U.S. Department of Agriculture	
Location of Present Office (or forwarding address)	Address (Number, Street, City, State, and ZIP Code): 1400 Independence Avenue SW, Washington, DC		Telephone No. (Include Area Code): 202-720-7246	
Position(s) Held with the Federal Government During the Preceding 12 Months (If Not Same as Above)	Title of Position(s) and Date(s) Held: Chief, Natural Resources Conservation Service, May 6, 2002 - Present			
Presidential Nominees Subject to Senate Confirmation	Name of Congressional Committee Considering Nomination: Committee on Agriculture, Nutrition and Forestry		Do You Intend to Create a Qualified Diversified Trust? ☐ Yes ☒ No	
Certification: I CERTIFY that the statements I have made on this form and all attached schedules are true, complete and correct to the best of my knowledge.	Signature of Reporting Individual: [signature]		Date (Month, Day, Year): 7/5/06	
Other Review (If desired by agency)	Signature of Other Reviewer		Date (Month, Day, Year)	
Agency Ethics Official's Opinion: On the basis of information contained in this report, I conclude that the filer is in compliance with applicable laws and regulations (subject to any comments in the box below).	Signature of Designated Agency Ethics Official/Reviewing Official: [signature]		Date (Month, Day, Year): 7/5/2006	
Office of Government Ethics Use Only	Signature: [signature]		Date (Month, Day, Year): 7/7/06	

Comments of Reviewing Officials (If additional space is required, use the reverse side of this sheet)

(Check box if filing extension granted & indicate number of days ______) ☐

(Check box if comments are continued on the reverse side) ☐

Fee for Late Filing

Any individual who is required to file this report and does so more than 30 days after the date the report is required to be filed, or, if an extension is granted, more than 30 days after the last day of the filing extension period, shall be subject to a $200 fee.

Reporting Periods

Incumbents: The reporting period is the preceding calendar year except Part II of Schedule C and Part I of Schedule D where you must also include the filing year up to the date you file. Part II of Schedule D is not applicable.

Termination Filers: The reporting period begins at the end of the period covered by your previous filing and ends at the date of termination. Part II of Schedule D is not applicable.

Nominees, New Entrants and Candidates for President and Vice President:

Schedule A--The reporting period for income (BLOCK C) is the preceding calendar year and the current calendar year up to the date of filing. Value assets as of any date you choose that is within 31 days of the date of filing.

Schedule B--Not applicable.

Schedule C, Part I (Liabilities)--The reporting period is the preceding calendar year and the current calendar year up to any date you choose that is within 31 days of the date of filing.

Schedule C, Part II (Agreements or Arrangements)--Show any agreements or arrangements as of the date of filing.

Schedule D--The reporting period is the preceding two calendar years and the current calendar year up to the date of filing.

Agency Use Only

OGE Use Only

JUL - 7 2006

Supersedes Prior Editions, Which Cannot Be Used. 278-112 NSN 7540-01-070-8444
OGE/Adobe Acrobat version 1.0.2 (11/01/2004)

SF 278 (Rev. 03/2000)
5 C.F.R. Part 2634
U.S. Office of Government Ethics

Reporting Individual's Name: KNIGHT, BF JCE I.

SCHEDULE A

Page Number: 1 of 10

Assets and Income (BLOCK A)

For you, your spouse, and dependent children, report each asset held for investment or the production of income which had a fair market value exceeding $1,000 at the close of the reporting period, or which generated more than $200 in income during the reporting period, together with such income.

For yourself, also report the source and actual amount of earned income exceeding $200 (other than from the U.S. Government). For your spouse, report the source but not the amount of earned income of more than $1,000 (except report the actual amount of any honoraria over $200 of your spouse).

None ☐

Valuation of Assets at close of reporting period (BLOCK B)

Income: type and amount. If "None (or less than $201)" is checked, no other entry is needed in Block C for that item. (BLOCK C)

Assets and Income (Block A)	None (or less than $1,001)	$1,001 - $15,000	$15,001 - $50,000	$50,001 - $100,000	$100,001 - $250,000	$250,001 - $500,000	$500,001 - $1,000,000	Over $1,000,000*	$1,000,001 - $5,000,000	$5,000,001 - $25,000,000	$25,000,001 - $50,000,000	Over $50,000,000	Excepted Investment Fund	Excepted Trust	Qualified Trust	Type: Dividends	Type: Rent and Royalties	Type: Interest	Type: Capital Gains	Amount: None (or less than $201)	$201 - $1,000	$1,001 - $2,500	$2,501 - $5,000	$5,001 - $15,000	$15,001 - $50,000	$50,001 - $100,000	$100,001 - $1,000,000	Over $1,000,000*	$1,000,001 - $5,000,000	Over $5,000,000	Other Income (Specify Type & Actual Amount)	Date (Mo., Day, Yr.) Only if Honoraria
Examples: Central Airlines Common				x												x						x										
Examples: Doe Jones & Smith, Hometown, State			x																												Law Partnership Income $130,000	
Examples: Kempstone Equity Fund					x								x										x									
Examples: IRA: Heartland 500 Index Fund							x						x											x								
1 Charles Schwab & Company IRA Rollover 1/03 Account # 1 consisting of:																																
2 Calamos Growth & Income Fund			X										X									X										
3 Hussman Strategic Growth Fund			X										X								X											
4 Jensen J Fund		X											X							X												
5 Laudus Rosenberg Value Long/Short		X											X							X												
6 Longleaf Partners Fund			X										X								X											

* This category applies only if the asset/income is solely that of the filer's spouse or dependent children. If the asset/income is either that of the filer or jointly held by the filer with the spouse or dependent children, mark the other higher categories of value, as appropriate.

Prior Editions Cannot Be Used.

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Reporting Individual's Name: KNIGHT, BRUCE I.

SCHEDULE A continued
(Use only if needed)

Assets and Income (BLOCK A) | Valuation of Assets at close of reporting period (BLOCK B) | Income: type and amount. If "None (or less than $201)" is checked, no other entry is needed in Block C for that item. (BLOCK C)

#	BLOCK A: Assets and Income	None (or less than $1,001)	$1,001 - $15,000	$15,001 - $50,000	$50,001 - $100,000	$100,001 - $250,000	$250,001 - $500,000	$500,001 - $1,000,000	Over $1,000,000*	$1,000,001 - $5,000,000	$5,000,001 - $25,000,000	$25,000,001 - $50,000,000	Over $50,000,000	Excepted Investment Fund	Excepted Trust	Qualified Trust	Type: Dividends	Type: Rent and Royalties	Type: Interest	Type: Capital Gains	Amount: None (or less than $201)	$201 - $1,000	$1,001 - $2,500	$2,501 - $5,000	$5,001 - $15,000	$15,001 - $50,000	$50,001 - $100,000	$100,001 - $1,000,000	Over $1,000,000*	$1,000,001 - $5,000,000	Over $5,000,000	Other Income (Specify Type & Actual Amount)	Date (Mo., Day, Yr.) Only if Honoraria
1	Longleaf Partners International Fund			X										X							X												
2	Loomis Sayles Bond Fund		X											X								X											
3	Merger Fund			X										X									X										
4	PIMCO Real Return Fund		X											X								X											
5	Royce Total Return Fund			X										X									X										
6	Selected American Shares Fund		X											X							X												
7	Charles Schwab & Co. Money Market Fund End of Account # 1	X												X							X												
8	Charles Schwab & Company Roth Contributory Rollover IRA 1/03. Account # 2 consisting of:																																
9	Calamos Growth & Income Fund		X											X							X												

* This category applies only if the asset/income is solely that of the filer's spouse or dependent children. If the asset/income is either that of the filer or jointly held by the filer with the spouse or dependent children, mark the other higher categories of value, as appropriate.

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Reporting Individual's Name		Page Number
KNIGHT, BRUCE I.	**SCHEDULE A continued** (Use only if needed)	3 of 10

Assets and Income (BLOCK A) — **Valuation of Assets** at close of reporting period (BLOCK B)

#	Assets and Income	None (or less than $1,001)	$1,001 - $15,000	$15,001 - $50,000	$50,001 - $100,000	$100,001 - $250,000	$250,001 - $500,000	$500,001 - $1,000,000	Over $1,000,000*	$1,000,001 - $5,000,000	$5,000,001 - $25,000,000	$25,000,001 - $50,000,000	Over $50,000,000	Excepted Investment Fund	Excepted Trust	Qualified Trust
1	Hussman Strategic Growth Fund		X											X		
2	Laudus Rosenberg Value Long/Short Fund		X											X		
3	Longleaf Partners Fund		X											X		
4	Merger Fund		X											X		
5	Royce Total Return Fund		X											X		
6	Selected American Shares Fund		X											X		
7	Charles Schwab & Co. Money Market Fund End of Account # 2	X												X		
8	Charles Schwab & Company IRA Rollover 1/03 (Spouse) Account # 3 consisting of:															
9	Artisan International Fund		X											X		

Income: type and amount. If "None (or less than $201)" is checked, no other entry is needed in Block C for that item. (BLOCK C)

#	Assets and Income	Type: Dividends	Type: Rent and Royalties	Type: Interest	Type: Capital Gains	Amount: None (or less than $201)	$201 - $1,000	$1,001 - $2,500	$2,501 - $5,000	$5,001 - $15,000	$15,001 - $50,000	$50,001 - $100,000	$100,001 - $1,000,000	Over $1,000,000*	$1,000,001 - $5,000,000	Over $5,000,000	Other Income (Specify Type & Actual Amount)	Date (Mo., Day, Yr.) Only if Honoraria
1	Hussman Strategic Growth Fund					X												
2	Laudus Rosenberg Value Long/Short Fund					X												
3	Longleaf Partners Fund					X												
4	Merger Fund					X												
5	Royce Total Return Fund					X												
6	Selected American Shares Fund					X												
7	Charles Schwab & Co. Money Market Fund End of Account # 2					X												
8	Charles Schwab & Company IRA Rollover 1/03 (Spouse) Account # 3 consisting of:																	
9	Artisan International Fund					X												

* This category applies only if the asset/income is solely that of the filer's spouse or dependent children. If the asset/income is either that of the filer or jointly held by the filer with the spouse or dependent children, mark the other higher categories of value, as appropriate.

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Reporting Individual's Name: KNIGHT, BRUCE I.

SCHEDULE A continued
(Use only if needed)

Assets and Income (BLOCK A)

Valuation of Assets at close of reporting period (BLOCK B)

#	Assets and Income	None (or less than $1,001)	$1,001 - $15,000	$15,001 - $50,000	$50,001 - $100,000	$100,001 - $250,000	$250,001 - $500,000	$500,001 - $1,000,000	Over $1,000,000*	$1,000,001 - $5,000,000	$5,000,001 - $25,000,000	$25,000,001 - $50,000,000	Over $50,000,000	Excepted Investment Fund	Excepted Trust	Qualified Trust
1	Calamos Growth & Income Fund		X											X		
2	Laudus Rosenberg Value Long/Short Fund		X											X		
3	Longleaf Partners Fund	X												X		
4	Merger Fund		X											X		
5	Royce Total Return Fund	X												X		
6	Selected American Shares Fund		X											X		
7	Charles Schwab & Co. Money Market Fund End of Account # 3.	X												X		
8	Charles Schwab & Co. Ed. Savings Acct 1/03 (DC-Daughter) Account # 4 consisting of:															
9	Ed. Savings Acct: Calamos Growth & Income Fund	X												X		

Income: type and amount. If "None (or less than $201)" is checked, no other entry is needed in Block C for that item. (BLOCK C)

#	Assets and Income	Type: Dividends	Type: Rent and Royalties	Type: Interest	Type: Capital Gains	Amount: None (or less than $201)	$201 - $1,000	$1,001 - $2,500	$2,501 - $5,000	$5,001 - $15,000	$15,001 - $50,000	$50,001 - $100,000	$100,001 - $1,000,000	Over $1,000,000*	$1,000,001 - $5,000,000	Over $5,000,000	Other Income (Specify Type & Actual Amount)	Date (Mo., Day, Yr.) Only if Honoraria
1	Calamos Growth & Income Fund					X												
2	Laudus Rosenberg Value Long/Short Fund					X												
3	Longleaf Partners Fund					X												
4	Merger Fund					X												
5	Royce Total Return Fund					X												
6	Selected American Shares Fund					X												
7	Charles Schwab & Co. Money Market Fund End of Account # 3.					X												
8	Charles Schwab & Co. Ed. Savings Acct 1/03 (DC-Daughter) Account # 4 consisting of:																	
9	Ed. Savings Acct: Calamos Growth & Income Fund					X												

* This category applies only if the asset/income is solely that of the filer's spouse or dependent children. If the asset/income is either that of the filer or jointly held by the filer with the spouse or dependent children, mark the other higher categories of value, as appropriate.

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Assets and Income — BLOCK A

Valuation of Assets at close of reporting period — BLOCK B

Income: type and amount. If "None (or less than $201)" is checked, no other entry is needed in Block C for that item. — BLOCK C

#	Assets and Income (BLOCK A)	None (or less than $1,001)	$1,001 - $15,000	$15,001 - $50,000	$50,001 - $100,000	$100,001 - $250,000	$250,001 - $500,000	$500,001 - $1,000,000	Over $1,000,000*	$1,000,001 - $5,000,000	$5,000,001 - $25,000,000	$25,000,001 - $50,000,000	Over $50,000,000	Excepted Investment Fund	Excepted Trust	Qualified Trust	Type: Dividends	Type: Rent and Royalties	Type: Interest	Type: Capital Gains	Amount: None (or less than $201)	$201 - $1,000	$1,001 - $2,500	$2,501 - $5,000	$5,001 - $15,000	$15,001 - $50,000	$50,001 - $100,000	$100,001 - $1,000,000	Over $1,000,000*	$1,000,001 - $5,000,000	Over $5,000,000	Other Income (Specify Type & Actual Amount)	Date (Mo., Day, Yr.) Only if Honoraria
1	Ed. Savings Account: Calamos Market Neutral Fund	X												X							X												
2	Ed. Savings Account: Hussman Strategic Growth	X												X							X												
3	Ed. Savings Account: Longleaf Partners Fund	X												X							X												
4	Ed. Savings Account: Merger Fund	X												X							X												
5	Ed. Savings Account: Royce Total Return Fund	X												X							X												
6	Ed. Savings Account: Schwab Hedged Equity	X												X							X												
7	Ed. Savings Account: Selected American Shares Fund	X												X							X												
8	Ed. Savings Account: Charles Schwab & Co. Money Mkt. Fund: End of Account # 4.	X												X							X												
9	Charles Schwab & Co Ed. Savings Acct 1/03 (DC-Son) Account # 5 consisting of:																																

* This category applies only if the asset/income is solely that of the filer's spouse or dependent children. If the asset/income is either that of the filer or jointly held by the filer with the spouse or dependent children, mark the other higher categories of value, as appropriate.

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Reporting Individual's Name: KNIGHT, BRUCE I.

SCHEDULE A continued
(Use only if needed)

Income: type and amount. If "None (or less than $201)" is checked, no other entry is needed in Block C for that item.

#	Assets and Income (BLOCK A)	Valuation of Assets at close of reporting period (BLOCK B): None (or less than $1,001)	$1,001 - $15,000	$15,001 - $50,000	$50,001 - $100,000	$100,001 - $250,000	$250,001 - $500,000	$500,001 - $1,000,000	Over $1,000,000*	$1,000,001 - $5,000,000	$5,000,001 - $25,000,000	$25,000,001 - $50,000,000	Over $50,000,000	Excepted Investment Fund	Excepted Trust	Qualified Trust	Income (BLOCK C) Type: Dividends	Rent and Royalties	Interest	Capital Gains	Amount: None (or less than $201)	$201 - $1,000	$1,001 - $2,500	$2,501 - $5,000	$5,001 - $15,000	$15,001 - $50,000	$50,001 - $100,000	$100,001 - $1,000,000	Over $1,000,000*	$1,000,001 - $5,000,000	Over $5,000,000	Other Income (Specify Type & Actual Amount)	Date (Mo., Day, Yr.) Only if Honoraria
1	Ed. Sav. Acct. Calamos Market Neutral Fund	X												X							X												
2	Ed. Sav. Acct. Hussman Strategic Growth	X												X							X												
3	Ed. Sav. Acct. Longleaf Partners Fund	X												X							X												
4	Ed. Sav. Acct. Merger Fund	X												X							X												
5	Ed. Sav. Acct. Royce Total Return Fund	X												X							X												
6	Ed. Sav. Acct. Schwab Hedged Equity	X												X							X												
7	Ed. Sav. Acct. Selected American Shares	X												X							X												
8	Ed. Sav. Acct. Schwab & Co Money Market	X												X							X												
9	Ed. Sav. Acct. Calamos Growth & Income Fund. End of Account # 5	X												X							X												

* This category applies only if the asset/income is solely that of the filer's spouse or dependent children. If the asset/income is either that of the filer or jointly held by the filer with the spouse or dependent children, mark the other higher categories of value, as appropriate.

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Reporting Individual's Name	SCHEDULE A continued (Use only if needed)	Page Number
KNIGHT, BRUCE I.		7 of 10

Block A: Assets and Income. Block B: Valuation of Assets at close of reporting period

#	Assets and Income (BLOCK A)	None (or less than $1,001)	$1,001 - $15,000	$15,001 - $50,000	$50,001 - $100,000	$100,001 - $250,000	$250,001 - $500,000	$500,001 - $1,000,000	Over $1,000,000*	$1,000,001 - $5,000,000	$5,000,001 - $25,000,000	$25,000,001 - $50,000,000	Over $50,000,000	Excepted Investment Fund	Excepted Trust	Qualified Trust
1	Farm Interests, Buffalo Co., SD-A sole proprietorship owned by Bruce & Julie Knight															
2	Breeding Livestock (Cattle)				X											
3	Machinery and Equipment				X											
4	Farm and Rangeland, 1430 acres							X								
5	Co. of Fairfax 457-Deferred Compensation for Spouse (former employer)															
6	T. Rowe Price Capital Appreciation			X										X		
7	T. Rowe Price Equity Income			X										X		
8	Lincoln Financial Group Annuity for Spouse (former employer)															
9	Fixed account		X											X		

Block C: Income: type and amount. If "None (or less than $201)" is checked, no other entry is needed in Block C for that item.

#	Assets and Income (BLOCK A)	Type: Dividends	Type: Rent and Royalties	Type: Interest	Type: Capital Gains	Amount: None (or less than $201)	$201 - $1,000	$1,001 - $2,500	$2,501 - $5,000	$5,001 - $15,000	$15,001 - $50,000	$50,001 - $100,000	$100,001 - $1,000,000	Over $1,000,000*	$1,000,001 - $5,000,000	Over $5,000,000	Other Income (Specify Type & Actual Amount)	Date (Mo., Day, Yr.) Only if Honoraria
1	Farm Interests, Buffalo Co., SD-A sole proprietorship owned by Bruce & Julie Knight																	
2	Breeding Livestock (Cattle)																$29653 calf sales.	
3	Machinery and Equipment					X											Grain sales: $46,534.	
4	Farm and Rangeland, 1430 acres																$8738 farm prog benefits	
5	Co. of Fairfax 457-Deferred Compensation for Spouse (former employer)																	
6	T. Rowe Price Capital Appreciation								X									
7	T. Rowe Price Equity Income								X									
8	Lincoln Financial Group Annuity for Spouse (former employer)																	
9	Fixed account						X											

* This category applies only if the asset/income is solely that of the filer's spouse or dependent children. If the asset/income is either that of the filer or jointly held by the filer with the spouse or dependent children, mark the other higher categories of value, as appropriate.

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Reporting Individual's Name		Page Number
KNIGHT, BRUCE I.	**SCHEDULE A continued** (Use only if needed)	8 of 10

Assets and Income (BLOCK A) — **Valuation of Assets** at close of reporting period (BLOCK B)

#	Assets and Income (BLOCK A)	None (or less than $1,001)	$1,001 - $15,000	$15,001 - $50,000	$50,001 - $100,000	$100,001 - $250,000	$250,001 - $500,000	$500,001 - $1,000,000	Over $1,000,000*	$1,000,001 - $5,000,000	$5,000,001 - $25,000,000	$25,000,001 - $50,000,000	Over $50,000,000	Excepted Investment Fund	Excepted Trust	Qualified Trust
1	Growth and Income account		X											X		
2	Managed account		X											X		
3	Fidelity Commonwealth of VA Optional Retirement Plan (Spouse)--Met Life Fixed Annuity			X										X		
4	Virginia College Savings-529 Plan invested in Vanguard LifeStrategy Income Fund		X											X		
5	Virginia College Savings-529 Plan invested in Vanguard LifeStrategy Income Fund		X											X		
6	Fairfax City School Board Compensation (Spouse)															
7																
8																
9																

Income: type and amount. If "None (or less than $201)" is checked, no other entry is needed in Block C for that item. (BLOCK C)

#	Type: Dividends	Type: Rent and Royalties	Type: Interest	Type: Capital Gains	Amount: None (or less than $201)	$201 - $1,000	$1,001 - $2,500	$2,501 - $5,000	$5,001 - $15,000	$15,001 - $50,000	$50,001 - $100,000	$100,001 - $1,000,000	Over $1,000,000*	$1,000,001 - $5,000,000	Over $5,000,000	Other Income (Specify Type & Actual Amount)	Date (Mo., Day, Yr.) Only if Honoraria
1						X											
2							X										
3						X											
4					X												
5					X												
6																spouse salary	
7																	
8																	
9																	

* This category applies only if the asset/income is solely that of the filer's spouse or dependent children. If the asset/income is either that of the filer or jointly held by the filer with the spouse or dependent children, mark the other higher categories of value, as appropriate.

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Reporting Individual's Name		Page Number
KNIGHT, BRUCE I.	SCHEDULE C	9 of 10

Part I: Liabilities

Report liabilities over $10,000 owed to any one creditor at **any time** during the reporting period by you, your spouse, or dependent children. Check the highest amount owed during the reporting period. **Exclude** a mortgage on your personal residence unless it is rented out; loans secured by automobiles, household furniture or appliances; and liabilities owed to certain relatives listed in instructions. See instructions for revolving charge accounts.

None ☐

	Creditors (*Name and Address*)	Type of Liability	Date Incurred	Interest Rate	Term if applicable	Over $1,000,000* (shaded) $10,001 - $15,000	$15,001 - $50,000	$50,001 - $100,000	$100,001 - $250,000	$250,001 - $500,000	$500,001 - $1,000,000	Over $1,000,000*	$1,000,001 - $5,000,000	$5,000,001 - $25,000,000	$25,000,001 - $50,000,000	Over $50,000,000
Examples	First District Bank, Washington, DC	Mortgage on rental property, Delaware	1991	8%	25 yrs.											
	John Jones, 123 J St., Washington, DC	Promissory note	1999	10%	on demand											
1	American State Bank & Trust	Livestock loan	2001	Variable	5 yrs.		X									
2	Farmers and Merchants, Huron, SD	Land loan-Knight Farm, Buffalo County, SD	2001	7.25	30 yrs.				X							
3																
4																
5																

Category of Amount or Value (x)

*This category applies only if the liability is solely that of the filer's spouse or dependent children. If the liability is that of the filer or a joint liability of the filer with the spouse or dependent children, mark the other higher categories, as appropriate.

Part II: Agreements or Arrangements

Report your agreements or arrangements for: (1) continuing participation in an employee benefit plan (e.g. pension, 401k, deferred compensation); (2) continuation of payment by a former employer (including severance payments); (3) leaves of absence; and (4) future employment. See instructions regarding the reporting of negotiations for any of these arrangements or benefits.

None ☒

	Status and Terms of any Agreement or Arrangement	Parties	Date
Example	Pursuant to partnership agreement, will receive lump sum payment of capital account & partnership share calculated on service performed through 1/00.	Doe Jones & Smith, Hometown, State	7/85
1			
2			
3			
4			
5			
6			

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Reporting Individual's Name		Page Number
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Part I: Positions Held Outside U.S. Government

Report any positions held during the applicable reporting period, whether compensated or not. Positions include but are not limited to those of an officer, director, trustee, general partner, proprietor, representative, employee, or consultant of any corporation, firm, partnership, or other business enterprise or any non-profit organization or educational institution. **Exclude** positions with religious, social, fraternal, or political entities and those solely of an honorary nature.

None ☐

	Organization *(Name and Address)*	Type of Organization	Position Held	From *(Mo., Yr.)*	To *(Mo., Yr.)*
Examples	Nat'l Assn. of Rock Collectors, NY, NY	Non-profit education	President	6/92	Present
	Doe Jones & Smith, Hometown, State	Law firm	Partner	7/85	1/00
1	Knight Farm, Buffalo County, SD 10/03/02	Farm	Owner/Operator	01/1976	06/2006
2					
3					
4					
5					
6					

Part II: Compensation in Excess of $5,000 Paid by One Source

Do not complete this part if you are an Incumbent, Termination Filer, or Vice Presidential or Presidential Candidate.

Report sources of more than $5,000 compensation received by you or your business affiliation for services provided directly by you during any one year of the reporting period. This includes the names of clients and customers of any corporation, firm, partnership, or other business enterprise, or any other non-profit organization when you directly provided the services generating a fee or payment of more than $5,000. You need not report the U.S. Government as a source.

None ☒

	Source *(Name and Address)*	Brief Description of Duties
Examples	Doe Jones & Smith, Hometown, State	Legal services
	Metro University (client of Doe Jones & Smith), Moneytown, State	Legal services in connection with university construction
1		
2		
3		
4		
5		
6		

July 5, 2006

Mr. Raymond J. Sheehan
Acting Designated Agency Ethics Official
U.S. Department of Agriculture
Washington, DC 20250-0122

Dear Mr. Sheehan:

The purpose of this letter is to explain the steps that I will take to avoid any actual or apparent conflict of interest in the event that I am confirmed for the position of Under Secretary for Marketing and Regulatory Programs, U.S. Department of Agriculture and as a member of the Board of Directors of the Commodity Credit Corporation (CCC). The steps detailed below take into account any potential conflicts or appearances thereof associated with these positions.

I understand that, as required by 18 U.S.C. § 208(a), I may not participate personally and substantially in any particular matter that has a direct and predictable effect on my financial interests or those of any other person whose interests are imputed to me, unless I first obtain a written waiver, pursuant to section 208(b)(1), or qualify for a regulatory exemption, pursuant to section 208(b)(2). I further understand that the interests of the following persons are imputed to me: my spouse, my minor children, or any general partner; any organization in which I serve as officer, director, trustee, general partner, or employee; and any person or organization with which I am negotiating or have an arrangement concerning prospective employment.

My spouse and I own Knight Farm, in Buffalo County, South Dakota, which produces cattle and grain. Upon confirmation, I will lease the farm and cattle herd for a fixed dollar price per year. I will not purchase additional cattle. I will not have any management role in the production of farm income or be actively engaged in the farming operations conducted on such Knight Farm land from grain, cattle, or otherwise. I will limit my income from any cattle and crop sales to passive income. I will maintain such agreements during my tenure as Under Secretary for Marketing and Regulatory Programs and as a member of the Board of Directors of the CCC.

A significant aspect of the Under Secretary position is to make recommendations or otherwise take official action on matters that could affect the price of cattle or beef. I understand that, upon appointment, I will be issued a waiver in accordance with section 208(b) that will waive the restriction of section 208 to allow me to participate personally and substantially in certain particular matters of general applicability that would have a direct and predictable effect on my cattle herd or Knight Farm. However, this waiver will not extend to particular matters involving specific parties in which Knight Farm (or its owners, employees, or contractors) or any lessee of my land or cattle is a party or represents a party. It also will not apply to particular matters of general applicability that otherwise are likely to have a specific effect upon Knight Farm; my cattle herd, or the value of cattle or beef in Buffalo County, South Dakota; and adjoining counties, beyond or distinct from the effect on the farms and cattle in the Nation as a whole. Accordingly, on such matters, I will, under 18 U.S.C. § 208(a), disqualify myself.

Further, pursuant to 5 C.F.R. § 2635.502, I have a "covered relationship" with the lessees who farm the land and manage the cattle of Knight Farm. Accordingly, during my tenure, I will disqualify myself from participating personally and substantially in any particular matter involving specific parties in which any lessee of my farm or cattle is a party, or represents a party, unless I have received an authorization pursuant to § 2635.502(d).

I believe that the steps I have agreed to take, as outlined above, will avoid or resolve any conflict of interest or appearance thereof between my personal financial interests on the one hand, and the duties I will perform as Under Secretary of Agriculture for Marketing and Regulatory Programs and as a member of the Board of Directors of the CCC on the other.

Sincerely,

Bruce I. Knight

July 21, 2006

Honorable Saxby Chambliss
Chairman
Committee on Agriculture, Nutrition, and Forestry
United States Senate
Washington, D.C. 20510-6000

Dear Mr. Chairman:

On July 5, 2006, a copy of my SF-278, Executive Branch Public Financial Disclosure Report, required in connection with my nomination to serve as Under Secretary for Marketing and Regulatory Programs, U.S. Department of Agriculture, was submitted to the U.S. Office of Government Ethics. That report contained all required financial information for calendar year 2005 and through July 4, 2006.

The Ethics in Government Act of 1978, as amended, also requires that I update certain of the information reported on the SF-278, i.e., that required by section 102(a)(1)(A) of the Act, respecting income (other than my Federal salary and dividends, interest, rents, and capital gains) and honoraria, to a date which occurs not more than five days before the date of the hearing to be held by your Committee to consider my nomination. The hearing to be held on my nomination is scheduled for July 26, 2006. The purpose of this letter is to report that since I filed my Financial Disclosure Report, I earned no additional reportable income.

I trust that this letter satisfies the additional applicable reporting requirements contained in the Ethics in Government Act.

Sincerely,

Bruce I. Knight
Nominee for Under Secretary
Marketing and Regulatory Programs
U. S. Department of Agriculture

cc: Robert I. Cusick, Director, U.S. Office of Government Ethics
Raymond J. Sheehan, Acting Designated Agency Ethics Official, USDA

July 6, 2006

Nomination to the Department of Agriculture

Your answers to the following questions will assist the Senate Committee on Agriculture, Nutrition and Forestry in evaluating your nomination. In answering these questions, please repeat each question and place your answer immediately beneath it.

You will note that certain portions of the questionnaire will be part of the public record of your nomination and other portions will be maintained on a confidential basis for use of the Committee.

If you have an questions concerning this questionnaire or the Committee's confirmation process, please contact Martha Scott Poindexter, Staff Director, Senate Committee on Agriculture, Nutrition and Forestry, at (202) 224-2035. Please deliver a notarized original and five copies of the completed questionnaire to the Committee.

QUESTIONNAIRE FOR UNITED STATES DEPARTMENT OF AGRICULTURE NOMINEES
BIOGRAPHICAL INFORMATION (PUBLIC)

1. Full name (include any former names used).
   Bruce Irving Knight

2. Date and place of birth.
   October 23, 1962 Wessington Springs,South Dakota

3. Marital Status (include maiden name of wife or husband's name). List spouse's occupation, employer's name and business address (es).
   Married. Julia Anne Knight (maiden name Haisler), Homemaker
   Fairfax City School Board member.
   Address: City of Fairfax School Board
   10455 Armstrong Street
   Fairfax, Virginia 22030

4. Education: List each college and graduate or professional school you have attended, including dates of attendance, degrees received, and dates degrees were granted.
   South Dakota State University, attended September 1980-April 1987 with breaks. (No degree earned)

5. Employment Record: List (by year) all business or professional corporations, companies, firms, or other enterprises, partnerships, institutions and organizations, nonprofit or otherwise, including farms, with which you were connected as an officer, director, partner, proprietor, or employee since graduation from college; include a title and brief job description.

1976-Present	**Farmer/Rancher, Owner/Operator, The Knight Farm, Buffalo County, SD. Third generation farmer/rancher with diversified grain and cattle operation using no-till and rest rotation grazing systems.**
2002-2006	**Chief, Natural Resources Conservation Service. Manage 12,000 employees, $3 billion budget to increase conservation on working agricultural lands.**
1997-2002	**V.P., Public Policy, National Corn Growers Association. Served as chief lobbyist and managed Washington office and budget.**

1995-1997	**Government Relations Representative, National Corn Growers Association. Employed as lobbyist for conservation and environmental issues.**
1995	**Legislative Assistant, U.S. Senator Bob Dole (R-KS). Worked on agriculture and conservation issues.**
1995	**Government Relations Representative, National Corn Growers Association. Employed as lobbyist for conservation and environmental issues.**
1989-1995	**Director, Gov't Relations/Marketing Services, National Association of Wheat Growers. Served as lobbyist for general farm commodity issues, crop insurance, banking and transportation.**
1987-1989	**Legislative Assistant, U.S. Rep. Fred Grandy (R-IA). Worked on agriculture, banking, business, transportation, Social Security and miscellaneous issues.**
1985-1986	**Legislative Assistant, U.S. Senator James Abdnor (R-SD). Focused on agriculture and conservation issues.**

6. Military Service: Have you had any military service? If so, give particulars, including the dates, branch of service, rank or rate, serial number and type of discharge received.

   No Military Service

7. Government Service: State (chronologically) your government service or public offices you have held, including the terms of service grade levels and whether such positions were elected or appointed.

   Chief, Natural Resources Conservation Service, Appointed SES
   Legislative Assistant, U.S. Senator Bob Dole (R-KS)
   Legislative Assistant, U.S. Representative Fred Grandy, (R-IA)
   Legislative Assistant, U.S. Senator James Abdnor (R-SD)

8. Honors and Awards: List any scholarships, fellowships, honorary degrees, and honorary society memberships that you received and believe would be of interest to the Committee.
   None

9. Other Memberships: List all organizations to which you belong, excluding religious organizations.

Fairfax City Republicans, Soil and Water Conservation Society, Ducks Unlimited, American Farm Bureau Federation

10. Published Writings: List the titles, publishers, and dates of books, articles, reports, or other published materials (including published speeches) you have written. Please include on this list published materials on which you are listed as the principal editor. It would be helpful to the Committee if you could provide one copy of all published material that may not be readily available. Also, to the maximum extent practicable, please supply a copy of all unpublished speeches you made during the past five years on issues involving agriculture, nutrition, forestry or commodity futures policy or related matters.

Articles and Editorials

AgWeb.com, July 16, 2003, "Implementing the Conservation Security Program."

Farm Bureau News online, July 28, 2003, "Implementing the Conservation Security Program."

Journal of Soil and Water Conservation, Nov.-Dec. 2005, "Precision Conservation."

NACD News & Views, May-June, 2006, "Precision Conservation."

Speeches

As Chief of the Natural Resources Conservation Services (NRCS) all major speeches are posted on the NRCS Website at www.nrcs.gov/news/speeches.com. This file contains over 150 speeches. A small number of speeches were not posted and are attached.

In addition, there is a weekly Chief's Corner that appears in the NRCS Intranet site that is available online only to NRCS employees. Copies available upon request.

Presentations prior to joining the Natural Resources Conservation Service were all verbal in nature, and no records were retained.

11. Health: What is the present state of your health?

Good health.

FINANCIAL DATA AND CONFLICT OF INTEREST (PUBLIC)

1. Have you severed all connections with your immediate past private sector employers, business firms, associations, and/or organizations?

   As outlined in the attached ethics agreement, I will continue to maintain farming interests consistent with my ethics agreement.

2. List sources, amounts and dates of all anticipated receipts from deferred income arrangements, stock options, in completed contracts and other future benefits which you expect to derive from previous business relationships, professional services, firm memberships, former employers, clients, or customers.

   None for listed sources; however, there will be gross sales in the next several months from the farm, but no net income is expected.

3. Do you, or does any partnership or closely held corporation in which you have an interest, own or operate a farm or ranch? (If yes, please give a brief description including location, size and type of operation.)

   Yes, Knight farm. A sole proprietorship owned by myself and my wife, located in Buffalo County, South Dakota. Diversified grain and cattle operation, 1430 acres.

4. Have you, or any partnership or closely held corporation in which you have an interest, ever participated in Federal commodity price support programs? (If yes, provide all details including amounts of direct government payments and loans received or forfeited by crop and farm, etc. during the past five years.)

   Yes, (see attachment)

5. Have you, or any partnership or closely held corporation in which you have an interest, ever received a direct or guaranteed loan from or cosigned a note to the Rural Business-Cooperative Service, Rural Housing Service, the Rural Utilities Service or their predecessor agencies, the Farmers Home Administration, the Rural Development Administration, the Rural Housing and Cooperative Development Service or the Rural Electrification Administration? (If yes, give details of any such loan activity during the past 5 years.)

   NO.

6. Have you or any partnership or closely held corporation in which you have an interest, ever received payments for crop losses from the Federal Crop Insurance program? (If yes, give details.) **Yes.**

Crop Year 2001	**- Payment $7421**	**Winter Wheat**
Crop Year 2002	**- Payment $6055**	**Corn**
	- Payment $12100	**Sunflowers**
	- Payment $9803	**Winter Wheat**
Crop Year 2003	**- Payment $3218**	**Corn**
	- Payment $488	**Winter Wheat**

Note: Under current conditions, crop insurance payments are likely in crop year 2006 for winter wheat.

7. If confirmed, do you have any plans, commitments, or agreements to pursue outside employment or engage in any business or vocation, with or without compensation, during your service with the government? (If so, explain.)

Yes - As noted in question #3, as per agreement with the ethics office, I intend to retain a passive interest in the Knight Farm.

8. Do you have any plans to resume employment, affiliation, or practice with your previous employers, business firms, associations, or organizations after completing government service? (If yes, give details.)

I have no agreement with previous employing firms or associates. However, as noted in question #3 and #7, I have a farming interest to which I may return to following Government service.

9. Has anyone made a commitment to employ you or retain your services in any capacity after you leave government service? (If yes, please specify.)

NO

10. Identify all investments, obligations, liabilities, or other relationships which involve potential conflicts of interest in the position to which you have been nominated.

None

11. Have you ever received a government guaranteed student loan? If so, has it been repaid?

Yes, paid in full.

12. If confirmed, explain how you will resolve any potential conflict of interest, including any that may be disclosed by your responses to the above items.

If confirmed, any potential conflict of interest will be resolved in keeping with the attached ethics agreement and following the advice of the Designated USDA Ethics Official.

CCC Payments Issued to Bruce Knight (Reported to IRS)		Source: FSA PPRS	
Program Name	Payment	Issue Date	Pgm Yr
PRODUCTION FLEXIBILITY CONTRACT PAYMENTS	$127.00	2000-03-29	2000
PRODUCTION FLEXIBILITY CONTRACT PAYMENTS	$735.00	2000-03-29	2000
PRODUCTION FLEXIBILITY CONTRACT PAYMENTS	$3.00	2000-03-29	2000
PRODUCTION FLEXIBILITY CONTRACT PAYMENTS	$45.00	2000-03-29	2000
PRODUCTION FLEXIBILITY CONTRACT PAYMENTS	$161.00	2000-03-29	2000
MARKET LOSS ASSISTANCE	$3.00	2000-09-01	2000
MARKET LOSS ASSISTANCE	$138.00	2000-09-01	2000
MARKET LOSS ASSISTANCE	$175.00	2000-09-01	2000
MARKET LOSS ASSISTANCE	$49.00	2000-09-01	2000
MARKET LOSS ASSISTANCE	$796.00	2000-09-01	2000
WHEAT LOAN DEFICIENCY	$244.33	2000-09-18	2000
SUNFLOWER LOAN DEFICIENCY	$3,367.10	2000-10-27	2000
LDP, NON-CONTRACT PFC GROWERS	$420.00	2000-11-17	2000
SOYBEANS LOAN DEFICIENCY	$171.67	2000-11-17	2000
OILSEED PROGRAM	$235.00	2001-02-23	2000
OILSEED PROGRAM	$221.00	2001-02-23	2000
PRODUCTION FLEXIBILITY CONTRACT PAYMENTS	$103.00	2001-03-28	2001
PRODUCTION FLEXIBILITY CONTRACT PAYMENTS	$130.00	2001-03-28	2001
PRODUCTION FLEXIBILITY CONTRACT PAYMENTS	$37.00	2001-03-28	2001
PRODUCTION FLEXIBILITY CONTRACT PAYMENTS	$2.00	2001-03-28	2001
PRODUCTION FLEXIBILITY CONTRACT PAYMENTS	$592.00	2001-03-28	2001
MARKET LOSS ASSISTANCE	$41.00	2001-08-16	2001
MARKET LOSS ASSISTANCE	$3.00	2001-08-16	2001
MARKET LOSS ASSISTANCE	$116.00	2001-08-16	2001
MARKET LOSS ASSISTANCE	$675.00	2001-08-16	2001
MARKET LOSS ASSISTANCE	$148.00	2001-08-16	2001
SUPPLEMENTAL OILSEED PAYMENT PROGRAM	$187.00	2001-08-27	2000
SUPPLEMENTAL OILSEED PAYMENT PROGRAM	$199.00	2001-08-27	2000
CORN LOAN DEFICIENCY	$397.49	2001-12-05	2001
PRODUCTION FLEXIBILITY CONTRACT PAYMENTS	$36.00	2002-01-17	2002
PRODUCTION FLEXIBILITY CONTRACT PAYMENTS	$126.00	2002-01-17	2002
PRODUCTION FLEXIBILITY CONTRACT PAYMENTS	$2.00	2002-01-17	2002
PRODUCTION FLEXIBILITY CONTRACT PAYMENTS	$99.00	2002-01-17	2002
PRODUCTION FLEXIBILITY CONTRACT PAYMENTS	$576.00	2002-01-17	2002
PRODUCTION FLEXIBILITY CONTRACT PAYMENTS	$20.00	2002-07-17	2002
PRODUCTION FLEXIBILITY CONTRACT PAYMENTS	$2.00	2002-07-17	2002
PRODUCTION FLEXIBILITY CONTRACT PAYMENTS	$60.00	2002-07-17	2002
PRODUCTION FLEXIBILITY CONTRACT PAYMENTS	$26.00	2002-07-17	2002
DIRECT/COUNTER CYCLICAL PAYMENT - CORN	$19.00	2003-04-03	2003
DIRECT/COUNTER CYCLICAL PAYMENT - SOYA	$29.00	2003-04-03	2002
DIRECT/COUNTER CYCLICAL PAYMENT - SOYA	$14.00	2003-04-03	2003
DIRECT/COUNTER CYCLICAL PAYMENT - SUNFLOWER	$34.00	2003-04-03	2002
DIRECT/COUNTER CYCLICAL PAYMENT - SUNFLOWER	$17.00	2003-04-03	2003
DIRECT/COUNTER CYCLICAL PAYMENT - WHT	$68.00	2003-04-03	2002

CCC Payments Issued to Bruce Knight (Reported to IRS)		Source: FSA PPRS	
Program Name	Payment	Issue Date	Pgm Yr
DIRECT/COUNTER CYCLICAL PAYMENT - WHT	$34.00	2003-04-03	2003
PRODUCTION FLEXIBILITY CONTRACT PAYMENTS	-$26.00	2003-04-08	2002
PRODUCTION FLEXIBILITY CONTRACT PAYMENTS	-$2.00	2003-04-08	2002
PRODUCTION FLEXIBILITY CONTRACT PAYMENTS	-$20.00	2003-04-08	2002
PRODUCTION FLEXIBILITY CONTRACT PAYMENTS	-$21.00	2003-04-08	2002
DIRECT/COUNTER CYCLICAL PAYMENT - CORN	$70.00	2003-04-10	2003
DIRECT/COUNTER CYCLICAL PAYMENT - CORN	$57.00	2003-04-10	2002
DIRECT/COUNTER CYCLICAL PAYMENT - SOYA	$30.00	2003-04-10	2002
DIRECT/COUNTER CYCLICAL PAYMENT - SOYA	$12.00	2003-04-10	2003
DIRECT/COUNTER CYCLICAL PAYMENT - SUNFLOWER	$147.00	2003-04-10	2003
DIRECT/COUNTER CYCLICAL PAYMENT - SUNFLOWER	$385.00	2003-04-10	2002
DIRECT/COUNTER CYCLICAL PAYMENT - WHT	$450.00	2003-04-10	2002
DIRECT/COUNTER CYCLICAL PAYMENT - WHT	$391.00	2003-04-10	2003
PRODUCTION FLEXIBILITY CONTRACT PAYMENTS	-$2.00	2003-04-10	2002
PRODUCTION FLEXIBILITY CONTRACT PAYMENTS	-$36.00	2003-04-10	2002
PRODUCTION FLEXIBILITY CONTRACT PAYMENTS	-$99.00	2003-04-10	2002
DIRECT/COUNTER CYCLICAL PAYMENT - CORN	$20.00	2003-10-08	2003
DIRECT/COUNTER CYCLICAL PAYMENT - CORN	$70.00	2003-10-08	2003
DIRECT/COUNTER CYCLICAL PAYMENT - SOYA	$15.00	2003-10-08	2003
DIRECT/COUNTER CYCLICAL PAYMENT - SOYA	$11.00	2003-10-08	2003
DIRECT/COUNTER CYCLICAL PAYMENT - SUNFLOWER	$17.00	2003-10-08	2003
DIRECT/COUNTER CYCLICAL PAYMENT - SUNFLOWER	$147.00	2003-10-08	2003
DIRECT/COUNTER CYCLICAL PAYMENT - WHT	$34.00	2003-10-08	2003
DIRECT/COUNTER CYCLICAL PAYMENT - WHT	$391.00	2003-10-08	2003
01-02 CROP DISASTER ASSISTANCE PROGRAM	$10,842.00	2004-02-03	2004
DIRECT/COUNTER CYCLICAL PAYMENT - CORN	$19.00	2004-06-03	2004
DIRECT/COUNTER CYCLICAL PAYMENT - CORN	$84.00	2004-06-03	2004
DIRECT/COUNTER CYCLICAL PAYMENT - SOYA	$14.00	2004-06-03	2004
DIRECT/COUNTER CYCLICAL PAYMENT - SOYA	$14.00	2004-06-03	2004
DIRECT/COUNTER CYCLICAL PAYMENT - SUNFLOWER	$176.00	2004-06-03	2004
DIRECT/COUNTER CYCLICAL PAYMENT - SUNFLOWER	$17.00	2004-06-03	2004
DIRECT/COUNTER CYCLICAL PAYMENT - WHT	$34.00	2004-06-03	2004
DIRECT/COUNTER CYCLICAL PAYMENT - WHT	$470.00	2004-06-03	2004
DIRECT/COUNTER CYCLICAL PAYMENT - CORN	$20.00	2004-10-06	2004
DIRECT/COUNTER CYCLICAL PAYMENT - CORN	$84.00	2004-10-06	2004
DIRECT/COUNTER CYCLICAL PAYMENT - SOYA	$15.00	2004-10-06	2004
DIRECT/COUNTER CYCLICAL PAYMENT - SOYA	$14.00	2004-10-06	2004
DIRECT/COUNTER CYCLICAL PAYMENT - SUNFLOWER	$177.00	2004-10-06	2004
DIRECT/COUNTER CYCLICAL PAYMENT - SUNFLOWER	$17.00	2004-10-06	2004
DIRECT/COUNTER CYCLICAL PAYMENT - WHT	$34.00	2004-10-06	2004
DIRECT/COUNTER CYCLICAL PAYMENT - WHT	$469.00	2004-10-06	2004
SORGHUM LOAN DEFICIENCY	$1,284.92	2004-12-08	2004
EMERGENCY CONSERVATION PROGRAM - DROUGHT	$5,590.00	2004-12-29	2004
DIRECT/COUNTER CYCLICAL PAYMENT - CORN	$89.00	2005-02-08	2005

CCC Payments Issued to Bruce Knight (Reported to IRS)		Source: FSA PPRS	
Program Name	Payment	Issue Date	Pgm Yr
DIRECT/COUNTER CYCLICAL PAYMENT - SOYA	$26.00	2005-02-08	2005
DIRECT/COUNTER CYCLICAL PAYMENT - SUNFLOWER	$164.00	2005-02-08	2005
DIRECT/COUNTER CYCLICAL PAYMENT - WHT	$418.00	2005-02-08	2005
CROP DISASTER PROGRAM	$1,872.00	2005-04-11	2005
DIRECT/COUNTER CYCLICAL PAYMENT - CORN	$404.00	2005-10-07	2004
DIRECT/COUNTER CYCLICAL PAYMENT - CORN	$57.00	2005-10-07	2004
DIRECT/COUNTER CYCLICAL PAYMENT - CORN	$89.00	2005-10-11	2005
DIRECT/COUNTER CYCLICAL PAYMENT - SOYA	$25.00	2005-10-11	2005
DIRECT/COUNTER CYCLICAL PAYMENT - SUNFLOWER	$164.00	2005-10-11	2005
DIRECT/COUNTER CYCLICAL PAYMENT - WHT	$418.00	2005-10-11	2005
LOAN DEFICIENCY - SORGHUM	$2,069.81	2005-11-18	2005
LOAN DEFICIENCY - SUNFLOWER OIL	$383.96	2005-12-01	2005
DIRECT/COUNTER CYCLICAL PAYMENT - CORN	$71.00	2006-03-21	2006
DIRECT/COUNTER CYCLICAL PAYMENT - SOYA	$21.00	2006-03-21	2006
DIRECT/COUNTER CYCLICAL PAYMENT - SUNFLOWER	$131.00	2006-03-21	2006
DIRECT/COUNTER CYCLICAL PAYMENT - WHT	$335.00	2006-03-21	2006

As of June 10, 2006

United States
Office of Government Ethics
1201 New York Avenue, NW., Suite 500
Washington, DC 20005-3917

July 12, 2006

The Honorable Saxby Chambliss
Chairman
Committee on Agriculture, Nutrition,
and Forestry
United States Senate
Washington, DC 20510-6000

Dear Mr. Chairman:

In accordance with the Ethics in Government Act of 1978, I enclose a copy of the financial disclosure report filed by Margo M. McKay, who has been nominated by President Bush for the position of Assistant Secretary for Civil Rights, Department of Agriculture.

We have reviewed the report and have also obtained advice from the Department of Agriculture concerning any possible conflict in light of its functions and the nominee's proposed duties. Also enclosed is a letter dated July 5, 2006, from Ms. McKay to the Department's ethics official, outlining the steps that Ms. McKay will take to avoid conflicts of interest. Unless a specific date has been agreed to, the nominee must fully comply within three months of her confirmation date with the actions she agreed to take in her ethics agreement.

Based thereon, we believe that Ms. McKay is in compliance with applicable laws and regulations governing conflicts of interest.

Sincerely,

Robert I. Cusick
Director

Enclosures

SF278 (Rev. 03/2000)
5 C.F.R Part 2634
U.S. Office of Government Ethics

Form Approved:
OMB No. 3209-0001

Executive Branch Personnel PUBLIC FINANCIAL DISCLOSURE REPORT

Date of Appointment, Candidacy, Election or Nomination (Month, Day, Year)	Reporting Status (Check appropriate boxes): Incumbent [ ] / Calendar Year Covered by Report: / New Entrant, Nominee, or Candidate [X] / Termination Filer [ ]	Termination Date (If Applicable) (Month, Day, Year)	
Reporting Individual's Name	Last Name: McKay	First Name and Middle Initial: Margo M.	
Position for Which Filing	Title of Position: Assistant Secretary for Civil Rights	Department or Agency (If Applicable): Department of Agriculture	
Location of Present Office (or forwarding address)	Address (Number, Street, City, State, and ZIP Code): 3900 Wisconsin Avenue, NW, Washington DC 20016	Telephone No. (Include Area Code): 202-752-3772	
Position(s) Held with the Federal Government During the Preceding 12 Months (If Not Same as Above)	Title of Position(s) and Date(s) Held: none		
Presidential Nominees Subject to Senate Confirmation	Name of Congressional Committee Considering Nomination: Senate Committee on Agriculture and Forestry	Do You Intend to Create a Qualified Diversified Trust? Yes [ ] No [X]	
Certification: I CERTIFY that the statements I have made on this form and all attached schedules are true, complete and correct to the best of my knowledge.	Signature of Reporting Individual: Margo M. McKay	Date (Month, Day, Year): July 6, 2006	
Other Review (If desired by agency)	Signature of Other Reviewer	Date (Month, Day, Year)	
Agency Ethics Official's Opinion: On the basis of information contained in this report, I conclude that the filer is in compliance with applicable laws and regulations (subject to any comments in the box below).	Signature of Designated Agency Ethics Official/Reviewing Official: Patricia A. Lippett	Date (Month, Day, Year): 7/7/06	
Office of Government Ethics Use Only	Signature: [signature]	Date (Month, Day, Year): 7/12/06	

Comments of Reviewing Officials (If additional space is required, use the reverse side of this sheet)

(Check box if filing extension granted & indicate number of days ________) [ ]

(Check box if comments are continued on the reverse side) [ ]

Fee for Late Filing
Any individual who is required to file this report and does so more than 30 days after the date the report is required to be filed, or, if an extension is granted, more than 30 days after the last day of the filing extension period shall be subject to a $200 fee.

Reporting Periods
Incumbents: The reporting period is the preceding calendar year except Part II of Schedule C and Part I of Schedule D where you must also include the filing year up to the date you file. Part II of Schedule D is not applicable.

Termination Filers: The reporting period begins at the end of the period covered by your previous filing and ends at the date of termination. Part II of Schedule D is not applicable.

Nominees, New Entrants and Candidates for President and Vice President:

Schedule A—The reporting period for income (BLOCK C) is the preceding calendar year and the current calendar year up to the date of filing. Value assets as of any date you choose that is within 31 days of the date of filing.

Schedule B—Not applicable.

Schedule C, Part I (Liabilities)—The reporting period is the preceding calendar year and the current calendar year up to any date you choose that is within 31 days of the date of filing.

Schedule C, Part II (Agreements or Arrangements)—Show any agreements or arrangements as of the date of filing.

Schedule D—The reporting period is the preceding two calendar years and the current calendar year up to the date of filing.

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278-112
Form Designed in Microsoft Excel 2000
NSN 7540-01-070-8444

?278 (Rev. 03/2000)
5 C.F.R Part 2634
U.S. Office of Government Ethics

Reporting Individual's Name: McKay, Margo M.

SCHEDULE A

Income: type and amount. If "None (or less than $201)" is checked, no other entry is needed in Block C for that item.

Assets and Income (BLOCK A)	Valuation of Assets at close of reporting period (BLOCK B): None (or less than $1,001)	$1,001 - $15,000	$15,001 - $50,000	$50,001 - $100,000	$100,001 - $250,000	$250,001 - $500,000	$500,001 - $1,000,000	Over $1,000,000 *	$1,000,001 - $5,000,000	$5,000,001 - $25,000,000	$25,000,001 - $50,000,000	Over $50,000,000	Excepted Investment Fund	Excepted Trust	Qualified Trust	Income (BLOCK C) Type: Dividends	Rent and Royalties	Interest	Capital Gains	Amount: None (or less than $201)	$201 - $1,000	$1,001 - $2,500	$2,501 - $5,000	$5,001 - $15,000	$15,001 - $50,000	$50,001 - $100,000	$100,001 - $1,000,000	Over $1,000,000*	$1,000,001 - $5,000,000	Over $5,000,000	Other Income (Specify Type & Actual Amount)	Date (Mo., Day, Yr.) Only if Honoraria
For you, your spouse, and dependent children, report each asset held for investment or the production of income which had a fair market value exceeding $1,000 at the close of the reporting period, or which generated more than $200 in income during the reporting period, together with such income. For yourself, also report the source and actual amount of earned income exceeding $200 (other than from the U.S. Government). For your spouse, report the source but not the amount of earned income of more than $1,000 (except report the actual acount of any honoraria over $200 of your spouse). None ☐																																
Examples: Central Airlines Common				x												x						x										
Examples: Doe Jones & Smith, Hometown, State																															Law Partnership Income $130,000	
Examples: Kempstone Equity Fund					x								x										x									
Examples: IRA: Heartland 500 Index Fund							x						x											x								
1 Fannie Mae, Washington DC Salary																															$208,662.59 $170,195.86 (2005 / 2006)	
2 Fannie Mae Deferred Compensation Plan, Managed by Clark Consulting. Invested in Fannie Mae Cost of Debt Fund			X										X											X								
3 Fannie Mae received July 3, 2006.																															$92,293.77 Severance Payment	
4																																
5																																
6																																

* This category applies only if the asset/income is solely that of the filer's spouse or dependent children. If the asset/income is either that of the filer or jointly held by the filer with the spouse or dependent children, mark the other higher categories of value, as appropriate.

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Reporting Individual's Name: McKay, Margo M.

SCHEDULE A continued

(Use only if needed)

Assets and Income — BLOCK A

Valuation of Assets at close of reporting period — BLOCK B

Income: type and amount. If "None (or less than $201)" is checked, no other entry is needed in Block C for that item. — BLOCK C

#	Assets and Income (None ☐)	None (or less than $1,001)	$1,001 - $15,000	$15,001 - $50,000	$50,001 - $100,000	$100,001 - $250,000	$250,001 - $500,000	$500,001 - $1,000,000	Over $1,000,000*	$1,000,001 - $5,000,000	$5,000,001 - $25,000,000	$25,000,001 - $50,000,000	Over $50,000,000	Excepted Investment Fund	Excepted Trust	Qualified Trust	Type: Dividends	Type: Rent and Royalties	Type: Interest	Type: Capital Gains	Amount: None (or less than $201)	$201 - $1,000	$1,001 - $2,500	$2,501 - $5,000	$5,001 - $15,000	$15,001 - $50,000	$50,001 - $100,000	$100,001 - $1,000,000	Over $1,000,000*	$1,000,001 - $5,000,000	Over $5,000,000	Other Income (Specify Type & Actual Amount)	Date (Mo., Day, Yr.) Only if Honoraria
1	Fannie Mae Retirement Savings Plan (401k) Rolled over to IRA in June 2006. Prior to rollover consisted of 8 funds:																																
2	Vanguard Midcap Index IS Fund	X												X									X										
3	Dodge & Cox Stock Fund	X												X										X									
4	Oppenheimer Global Y Fund	X												X							X												
5	Vanguard Small Cap Index Fund in Fannie Mae Retirement Svgs Plan	X												X							X												
6	Oppenheimer Global A Fund in Fannie Mae Retirement Svgs Plan	X												X										X									
7	PIMCO High Yield Adm Fund in Fannie Mae Retirement Svgs Plan	X												X											X								
8	Vanguard Small Cap Index Fund	X												X								X											
9	Fidelity Retirement Government Money Market Fund	X												X							X												

* This category applies only if the asset/income is solely that of the filer's spouse or dependent children. If the asset/income is either that of the filer or jointly held by the filer with the spouse or dependent children, mark the other higher categ

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Reporting Individual's Name: McKay, Margo M.

SCHEDULE A continued
(Use only if needed)

Assets and Income (BLOCK A) — Valuation of Assets at close of reporting period (BLOCK B) — Income: type and amount. If "None (or less than $201)" is checked, no other entry is needed in Block C for that item. (BLOCK C)

None ☐

#	Assets and Income (Block A)	None (or less than $1,001)	$1,001 - $15,000	$15,001 - $50,000	$50,001 - $100,000	$100,001 - $250,000	$250,001 - $500,000	$500,001 - $1,000,000	Over $1,000,000*	$1,000,001 - $5,000,000	$5,000,001 - $25,000,000	$25,000,001 - $50,000,000	Over $50,000,000	Excepted Investment Fund	Excepted Trust	Qualified Trust	Type: Dividends	Type: Rent and Royalties	Type: Interest	Type: Capital Gains	Amount: None (or less than $201)	$201 - $1,000	$1,001 - $2,500	$2,501 - $5,000	$5,001 - $15,000	$15,001 - $50,000	$50,001 - $100,000	$100,001 - $1,000,000	Over $1,000,000*	$1,000,001 - $5,000,000	Over $5,000,000	Other Income (Specify Type & Actual Amount)	Date (Mo., Day, Yr.) Only if Honoraria
1	House located in Massanutten, VA (Sold)	X																R		C						R		C					
2	Fidelity IRA/Fidelity Cash Reserve Money Market Fund						X														X												
3	Wachovia Certificate of Deposit						X												X				X										
4	Fairfax County Federal Credit Union Certificate of Deposit				X																X												
5	Fannie Mae Stock in Fannie Mae ESOP	X															X					X											
6	Fannie Mae Stock in UBS Financial Services account			X																	X												
7	Annuity from AIG Annuity Insurance Co. (fixed)			X															X				X										
8	Checking Account with Wachovia Bank		X																		X												
9	Intentionally blank.																																

* This category applies only if the asset/income is solely that of the filer's spouse or dependent children. If the asset/income is either that of the filer or jointly held by the filer with the spouse or dependent children, mark the other higher categories of value, as appropriate.

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Reporting Individual's Name: McKay, Margo M.

SCHEDULE A continued
(Use only if needed)

Income: type and amount. If "None (or less than $201)" is checked, no other entry is needed in Block C for that item.

Assets and Income (BLOCK A)	Valuation: None (or less than $1,001)	$1,001 - $15,000	$15,001 - $50,000	$50,001 - $100,000	$100,001 - $250,000	$250,001 - $500,000	$500,001 - $1,000,000	Over $1,000,000*	$1,000,001 - $5,000,000	$5,000,001 - $25,000,000	$25,000,001 - $50,000,000	Over $50,000,000	Excepted Investment Fund	Excepted Trust	Qualified Trust	Type: Dividends	Rent and Royalties	Interest	Capital Gains	Amount: None (or less than $201)	$201 - $1,000	$1,001 - $2,500	$2,501 - $5,000	$5,001 - $15,000	$15,001 - $50,000	$50,001 - $100,000	$100,001 - $1,000,000	Over $1,000,000*	$1,000,001 - $5,000,000	Over $5,000,000	Other Income (Specify Type & Actual Amount)	Date (Mo., Day, Yr.) Only if Honoraria
None ☐																																
1 Evergreen VA Muni Bond Fund B in Wachovia Securities account			X										X								X											
2 Evergreen Strategic Muni Bond Fund A in Wachovia Securities account			X										X									X										
3 Evergreen Omega Fund B in IRA account with Wachovia Securities (Sold)	X												X						C	X	C											
4 Evergreen Equity Trust: Special Values Class B (ESPBX), in IRA account with Wachovia Securities (Sold)	X												X						X				X									
5 Money Market account with Wachovia Bank (Joint with DC)		X																		X												
6 Money Market account with Wachovia Bank					X													X				X										
7 (DC) Annuity from Hartford Life Insurance Co. (fixed)			X																	X											2 payments remaining at $11,250/year	
8 Virginia College Savings Plan for benefit of Kaila A. Allen (DC) Piedmont Fund (constant value)			X																	X												
9 Vacant Lot Colonial Beach, VA							X													X												

* This category applies only if the asset/income is solely that of the filer's spouse or dependent children. If the asset/income is either that of the filer or jointly held by the filer with the spouse or dependent children, mark the other higher categories of value, as appropriate.

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Do not Complete Schedule B if you are a new entrant, nominee, Vice Presidential or Presidential Candidate

Reporting Individual's Name: McKay, Margo M.

SCHEDULE B

Part I: Transactions

None ☐

Report any purchase, sale, or exchange by you, your spouse, or dependent children during the reporting period of any real property, stocks, bonds, commodity futures, and other securities when the amount of the transaction exceeded $1,000. Include transactions that resulted in a loss. Do not report a transaction involving property used solely as your personal residence, or a transaction solely between you, your spouse, or dependent child. Check the "Certificate of divestiture" block to indicate sales made pursuant to a certificate of divestiture from OGE.

	Identification of Assets	Purchase	Sale	Exchange	Date (Mo., Day, Yr.)	$1,001 - $15,000	$15,001 - $50,000	$50,001 - $100,000	$100,001 - $250,000	$250,001 - $500,000	$500,001 - $1,000,000	Over $1,000,000*	$1,000,001 - $5,000,000	$5,000,001 - $25,000,000	$25,000,001 - $50,000,000	Over $50,000,000	Certificate of divestiture
Example:	Central Airlines Common	x			2/1/99			x									
1																	
2																	
3																	
4																	
5																	

* This category applies only if the underlying asset is solely that of the filer's spouse or dependent children. If the underlying asset is either held by the filer or jointly held by the filer with the spouse or dependent children, use the other higher categories of value, as appropriate.

Part II: Gifts, Reimbursements, and Travel Expenses

For you, your spouse and dependent children, report the source, a brief description, and the value of: (1) gifts (such as tangible items, transportation, lodging, food, or entertainment) received from one source totaling more than $260; and (2) travel-related cash reimbursements received from one source totaling more than $260. For conflicts analysis, it is helpful to indicate a basis for receipt, such as personal friend, agency approval under 5 U.S.C. § 4111 or other statutory authority, etc. For travel-related gifts and reimbursements, include travel itinerary, dates, and the nature of expenses provided. **Exclude** anything given to you by the U.S. Government; given to your agency in connection with official travel; received from relatives; received by your spouse or dependent child totally independent of their relationship to you; or provided as personal hospitality at the donor's residence. Also, for purposes of aggregating gifts to determine the total value from one source, exclude items worth $104 or less. See instructions for other exclusions.

None ☐

	Source (Name and Address)	Brief Description	Value
Examples:	Nat'l Assn. of Rock Collectors, NY, NY	Airline ticket, hotel room & meals incident to national conference 6/15/99 (personal activity unrelated to duty)	$500
	Frank Jones, San Francisco, CA	Leather briefcase (personal friend)	$300
1			
2			
3			
4			
5			

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Reporting Individual's Name: McKay, Margo M.

SCHEDULE C

Part I: Liabilities

Report liabilities over $10,000 owed to any one creditor at any time during the reporting period by you, your spouse, or dependent children. Check the highest amount owed during the reporting period. Exclude a mortgage on your personal residence unless it is rented out; loans secured by automobiles, household furniture or appliances; and liabilities owed to certain relatives listed in instructions. See instructions for revolving charge accounts.

None ☐

	Creditors (Name and Address)	Type of Liability	Date Incurred	Interest Rate	Term if applicable	$10,001 - $15,000	$15,001 - $50,000	$50,001 - $100,000	$100,001 - $250,000	$250,001 - $500,000	$500,001 - $1,000,000	Over $1,000,000*	$1,000,001 - $5,000,000	$5,000,001 - $25,000,000	$25,000,001 - $50,000,000	Over $50,000,000
Examples:	First District Bank, Washington, DC	Mortgage on rental property, Delaware	1991	8%	25 yrs.			x								
	John Jones, 123 J St., Washington, DC	Promissory note	1999	10%	on demand					x						
1	Sovereign Bank Reading PA 19601	Mortgage on lot Colonial Beach, Virginia	2003	5.25%	30 yrs.				X							
2	Fidelity Investments Cincinnati OH 45250	Loan from Retirement Savings Plan	2003	7.00%	5 yrs.		X									
3	MBNA America Wilmington DE 19886	Revolving Charge Account	2002	3.99%	Revolving		X									
4	GMAC-di Tech.com Costa Mesa, CA	Mortgage on Massanutten, Virginia rental	2004	4.00%	25 Yrs				X							
5	GMAC-di Tech.com Costa Mesa, CA	2nd Mortgage on Massanutten, Virginia rental	2004	5.9%	30 yrs				X							

* This category applies only if the liability is solely that of the filer's spouse or dependent children. If the liability is that of the filer or a joint liability of the filer with the spouse or dependent children, mark the other higher categories, as appropriate.

Part II: Agreements or Arrangements

Report your agreements or arrangements for: (1) continuing participation in an employee benefit plan (e.g. 401k, deferred compensation); (2) continuation of payment by a former employer (including severance payments); (3) leaves of absence; and (4) future employment. See instructions regarding the reporting of negotiations for any of these arrangements or benefits.

None ☐

	Status and Terms of any Agreement or Arrangement	Parties	Date
Example:	Pursuant to partnership agreement, will receive lump sum payment of capital account & partnership share calculated on service performed through 1/00.	Doe Jones & Smith, Hometown, State	7/85
1	Deferred Compensation Plan	Fannie Mae Washington, DC	8/92
2			
3			
4			
5			
6			

Prior Editions Cannot Be Used.

SF 278 (Rev. 03/2000)
5 C.F.R Part 2634
U.S. Office of Government Ethics

Reporting Individual's Name		Page Number
McKay, Margo M.	SCHEDULE C	8 of 9

Part I: Liabilities

Report liabilities over $10,000 owed to any one creditor at any time during the reporting period by you, your spouse, or dependent children. Check the highest amount owed during the reporting period. **Exclude** a mortgage on your personal residence unless it is rented out; loans secured by automobiles, household furniture or appliances; and liabilities owed to certain relatives listed in instructions. See instructions for revolving charge accounts.

None ☐

	Creditors (Name and Address)	Type of Liability	Date Incurred	Interest Rate	Term if applicable	Category of Amount or Value (x): $10,001 - $15,000	$15,001 - $50,000	$50,001 - $100,000	$100,001 - $250,000	$250,001 - $500,000	$500,001 - $1,000,000	Over $1,000,000*	$1,000,001 - $5,000,000	$5,000,001 - $25,000,000	$25,000,001 - $50,000,000	Over $50,000,000
Examples:	First District Bank, Washington, DC	Mortgage on rental property, Delaware	1991	8%	25 yrs.			x								
	John Jones, 123 J St., Washington, DC	Promissory note	1999	10%	on demand					x						
1	USAA Credit Card Services San Antonio, Texas	Revolving Credit Card	2006	11.65%	revolving		x									
2																
3																
4																
5																

* This category applies only if the liability is solely that of the filer's spouse or dependent children. If the liability is that of the filer or a joint liability of the filer with the spouse or dependent children, mark the other higher categories, as appropriate.

Part II: Agreements or Arrangements

Report your agreements or arrangements for: (1) continuing participation in an employee benefit plan (e.g. 401k, deferred compensation); (2) continuation payment by a former employer (including severance payments); (3) leaves of absence; and (4) future employment. See instructions regarding the reporting of negotiations for any of these arrangements or benefits.

None ☐

	Status and Terms of any Agreement or Arrangement	Parties	Date
Example:	Pursuant to partnership agreement, will receive lump sum payment of capital account & partnership share calculated on service performed through 1/00.	Doe Jones & Smith, Hometown, State	7/85
1			
2			
3			
4			
5			
6			

Prior Editions Cannot Be Used.

July 5, 2006

Mr. Raymond J. Sheehan
Acting Designated Agency Ethics Official
U.S. Department of Agriculture
1400 Independence Ave. S.W. – Stop 0122
Washington, DC 20250-0122

Dear Mr. Sheehan:

The purpose of this letter is to describe the steps that I intend to take to avoid any actual or apparent conflict of interest in the event that I am confirmed for the position of Assistant Secretary for Civil Rights.

As required by 18 U.S.C. § 208(a), I will not participate personally and substantially in any particular matter that has a direct and predictable effect on my financial interests or those of any other person whose interests are imputed to me, unless I first obtain a written waiver, pursuant to section 208(b)(l), or qualify for a regulatory exemption, pursuant to section 208(b)(2). I understand that the interests of the following persons are imputed to me: my spouse, minor children, or any general partner; any organization in which I serve as officer, director, trustee, general partner or employee; and any person or organization with which I am negotiating or have an arrangement concerning prospective employment.

I have recently served as an employee of Fannie Mae (formerly known as the Federal National Mortgage Association) and have participated in their Deferred Compensation Plan, Retirement Savings Plan, and Employee Stock Ownership Plan. I currently participate only in their Deferred Compensation Plan; the other two plans have been liquidated. If I am confirmed by the Senate, no further payments will be made to this plan or any other Fannie Mae account on my behalf. So long as I maintain my interest in this plan, pursuant to 18 U.S.C. § 208, I will not participate personally and substantially in any particular matter that will have a direct and predictable effect on the ability or willingness of Fannie Mae to pay these benefits to me, unless I first obtain a written waiver or qualify for a regulatory exemption.

I have resigned my position with Fannie Mae. As part of a separation agreement with them, I received a severance payment of approximately $91,000 on July 3, 2006. I understand that this constitutes an "extraordinary payment," under 5 C.F.R. § 2635.503, and, therefore, for two years after this payment is received, I will not participate in any particular matter involving specific parties in which Fannie Mae is a party or represents a party, unless I am authorized to participate.

I believe that the steps I have agreed to take, as outlined above, will assure that no conflict of interest or appearance thereof will exist between my personal financial interests on the one hand, and the duties I will perform as Assistant Secretary for Civil Rights on the other.

Sincerely,

Margo M. McKay

Margo M. McKay

July 21, 2006

Honorable Saxby Chambliss
Chairman
Committee on Agriculture, Nutrition, and Forestry
United States Senate
Washington, D.C. 20510-6000

Dear Mr. Chairman:

On July 7, 2006, a copy of my SF-278, Executive Branch Public Financial Disclosure Report, required in connection with my nomination to serve as Assistant Secretary for Civil Rights, U.S. Department of Agriculture was submitted to the U.S. Office of Government Ethics. That report contained all required financial information for calendar year 2005 and through July 6, 2005.

The Ethics in Government Act of 1978, as amended, also requires that I update certain of the information reported on the SF-278, i.e., that required by section 102(a)(1)(A) of the Act, respecting income (other than my Federal salary and dividends, interest, rents, and capital gains) and honoraria, to a date which occurs not more than five days before the date of the hearing to be held by your Committee to consider my nomination. The hearing to be held on my nomination is scheduled for July 26, 2006. The purpose of this letter is to report that since I filed my Financial Disclosure Report, I earned no additional reportable income.

Additionally, I have updated and corrected certain entries on my public financial disclosure report, which change the following amounts and types of income:

- For the Money Market Account with Wachovia Bank on Schedule A, page 5, #6, the value category changes from $100,001 - $250,000 to $15,001 - $50,000.

- For Evergreen Equity Trust Special Values on Schedule A, Page 5, #4, the value category changes from $2,501 – $5,000 to $1,001 - $2,500.

All other amounts disclosed on Schedule A remain unchanged.

I trust that this letter satisfies the additional applicable reporting requirements contained in the Ethics in Government Act.

Sincerely,

Margo M. McKay

Margo M. McKay
Nominee for Assistant Secretary for Civil Rights
U. S. Department of Agriculture

cc: Robert I. Cusick, Director, U.S. Office of Government Ethics
Raymond J. Sheehan, Acting Designated Agency Ethics Official, USDA

January 2005 (ver.)

Nomination to the Department of Agriculture

Your answers to the following questions will assist the Senate Committee on Agriculture, Nutrition and Forestry in evaluating your nomination. In answering these questions, please repeat each question and place your answer immediately beneath it.

You will note that certain portions of the questionnaire will be part of the public record of your nomination and other portions will be maintained on a confidential basis for use of the Committee.

If you have an questions concerning this questionnaire or the Committee's confirmation process, please contact Martha Scott Poindexter, Staff Director, Senate Committee on Agriculture, Nutrition and Forestry, at (202) 224-2035. Please mail a notarized original and five copies of the completed questionnaire to the Committee.

QUESTIONNAIRE FOR UNITED STATES DEPARTMENT OF AGRICULTURE NOMINEES
BIOGRAPHICAL INFORMATION (PUBLIC)

1. Full name (include any former names used).

   My legal name is Margo Marquita McKay. I have also used the name Margo M. Allen.

2. Date and place of birth.

   I was born on October 9, 1946 in Baltimore, Maryland

3. Marital Status (include maiden name of wife or husband's name). List spouse's occupation, employer's name and business address(es).

   I am divorced.

4. Education: List each college and graduate or professional school you have attended, including dates of attendance, degrees received, and dates degrees were granted.

   I graduated from Fisk University in Nashville, Tenn. with a B.A. degree in 1968; I graduated from Georgetown Law Center in Washington, DC with a JD degree in 1975. I attended Oberlin College in Oberlin, Ohio on an exchange program in 1967.

5. Employment Record: List (by year) all business or professional corporations, companies, firms, or other enterprises, partnerships, institutions and organizations, nonprofit or otherwise, including farms, with which you were connected as an officer, director, partner, proprietor, or employee since graduation from college; include a title and brief job description.

   [See Attachment A]

6. Military Service: Have you had any military service? If so, give particulars, including the dates, branch of service, rank or rate,

serial number and type of discharge received.

I have no military service.

7. Government Service: State (chronologically) your government service or public offices you have held, including the terms of service grade levels and whether such positions were elected or appointed.

[See Attachment B]

8. Honors and Awards: List any scholarships, fellowships, honorary degrees, and honorary society memberships that you received and believe would be of interest to the Committee.

[See Attachment C]

9. Other Memberships: List all organizations to which you belong, excluding religious organizations.

Currently, I belong to the following organizations and professional associations:

- **District of Columbia Bar, since 1992**
- **Virginia Bar, since 1982**
- **Pennsylvania Bar, since 1975**
- **American Bar Association**
- **National Bar Association**
- **Equal Employment Advisory Council**
- **Fisk University Alumni Association**
- **Washington Fisk Alumni Association**
- **Georgetown University Alumni Association**

10. Published Writings: List the titles, publishers, and dates of books, articles, reports, or other published materials (including published speeches) you have written. Please include on this list published materials on which you are listed as the principal editor. It would be helpful to the Committee if you could provide one copy of all published material that may not be readily available. Also, to the maximum extent practicable, please supply a copy of all unpublished speeches you made during the past five years on issues involving agriculture, nutrition, forestry or commodity futures policy or related matters.

Publications which I have co-authored and/or edited are: (1)"Street Law: High School Textbook & Teachers' Manual", West Publishing Co.,

1975; and, (2) Howard Law Journal: "Mixed Cases: Untangling the Procedural Web" Vol 29, No. 2, 1986. I also developed professional manuals, such as (3) "Temporary Appeals Panel Procedural Handbook", 1991.

11. Health: What is the present state of your health?

My health is good; I have no serious health issues

FINANCIAL DATA AND CONFLICT OF INTEREST (PUBLIC)

1. Have you severed all connections with your immediate past private sector employers, business firms, associations, and/or organizations?

   No, I will not have severed all ties with my current employer, Fannie Mae, as I will receive retiree benefits.

2. List sources, amounts and dates of all anticipated receipts from deferred income arrangements, stock options, incompleted contracts and other future benefits which you expect to derive from previous business relationships, professional services, firm memberships, former employers, clients, or customers.

   I retired from Fannie Mae, effective June 17, 2006. I will receive the following benefits:

   - **Fannie Mae Retirement pension - monthly annuity payment of about $2,747**
   - **Medical benefits (subsidized premiums)**
   - **401(k) - $438,260 (Fidelity)**
   - **Employee Stock Ownership Program (ESOP) - $35,691.27 (Fidelity)**
   - **Deferred Compensation - $41,500 (Clark Consulting)**
   - **Fannie Mae Restricted Stock (vested) - $20,410 (UBS)**

   In addition, I have entered into a Separation Agreement with Fannie Mae under the terms of which Fannie Mae will pay me a lump sum payment of as yet undetermined amount (based on fair market value of unvested stock) in exchange for a waiver and release of claims.

3. Do you, or does any partnership or closely held corporation in which you have an interest, own or operate a farm or ranch? (If yes, please give a brief description including location, size and type of operation.)

   No, I do not own or operate a farm or ranch.

4. Have you, or any partnership or closely held corporation in which you have an interest, ever participated in Federal commodity price support programs? (If yes, provide all details including amounts of direct government payments and loans received or forfeited by crop and farm, etc. during the past five years.)

   No, I have not participated in Federal commodity price support programs.

5. Have you, or any partnership or closely held corporation in which you have an interest, ever received a direct or guaranteed loan from or cosigned a note to the Rural Business-Cooperative Service, Rural Housing Service, the Rural Utilities Service or their predecessor agencies, the Farmers Home Administration, the Rural Development Administration, the Rural Housing and Cooperative Development Service or the Rural Electrification Administration? (If yes, give details of any such loan activity during the past 5 years.)

   No, I have not received a direct or guaranteed loan from or cosigned a note to the Rural Business-Cooperative Service, Rural Housing Service, the Rural Utilities Service or their predecessor agencies, the Farmers Home Administration, the Rural Development Administration, the Rural Housing and Cooperative Development Service or the Rural Electrification Administration.

6. Have you, or any partnership or closely held corporation in which you have an interest, ever received payments for crop losses from the Federal Crop Insurance program? (If yes, give details.)

   No, I have not received any payments for crop losses from the Federal Crop Insurance program.

7. If confirmed, do you have any plans, commitments, or agreements to pursue outside employment or engage in any business or vocation, with or without compensation, during your service with the government? (If so, explain.)

   No, I have no plans, commitments, or agreements to pursue outside employment or engage in any business or vocation during my service with the government.

8. Do you have any plans to resume employment, affiliation, or practice with your previous employers, business firms, associations, or organizations after completing government service? (If yes, give details.)

   No, I have no plans to resume employment, affiliation, or practice with my previous employers, business firms, associations, or organizations after completing government service.

9. Has anyone made a commitment to employ you or retain your services

in any capacity after you leave government service? (If yes, please specify.)

No, no one has made a commitment to employ me or retain my services after I leave government service.

10. Identify all investments, obligations, liabilities, or other relationships which involve potential conflicts of interest in the position to which you have been nominated.

I have no relationships which involve potential conflicts of interest.

11. Have you ever received a government guaranteed student loan? If so, has it been repaid?

Yes, I believe I received a government guaranteed student loan; Yes, I have repaid all student loans

12. If confirmed, explain how you will resolve any potential conflict of interest, including any that may be disclosed by your responses to the above items.

Should a conflict arise, I will follow the advice of counsel.

ATTACHMENT A
EMPLOYMENT RECORD

o *FANNIE MAE*

January 2003 – June 2006
Associate General Counsel
Legal Department

My responsibilities in the Employment Practice Group included providing advice and counsel to Human Resources professionals and all levels of management regarding employment-related issues. I kept managers abreast of employment/labor laws and how to apply such laws to the management of their employees. I conducted training sessions. I served as an advocate for the company in litigation matters. I reviewed contracts and drafted Separation Agreements.

May 1998 – December 2002
Director, Equal Employment Opportunity Compliance
Office of Human Resources/Legal Department

Designed/developed the corporate-wide EEO/AA compliance program, and managed the staff and day-to-day operations. Developed and monitored progress of affirmative action plans; monitored personnel and management activities; conducted adverse impact analyses on applicant flow, hires, promotions, terminations, and other selection procedures; ensured that record-keeping and reporting requirements were met; administered determinations of reasonable accommodation under the ADA; conducted self-audits; and, managed compliance evaluations conducted by the U.S. Department of Labor (OFCCP).

March 1997 - April 1998
Director, Employee Relations
Office of Human Resources

Managed the staff and day-to-day operations of the corporate Employee Relations Program. Responsible for establishing policies, procedures, and programs designed to ensure effective management of the workforce and to promote a work environment conducive to high morale and productivity. Provided advice, consultation, tools, communication, guidance, training, and assistance in the operation of the company's resource management, industrial relations, performance management, progressive discipline, and termination programs. Developed Employee Handbook, Managers' Manual, and Employment Practices Bulletins.

August 1992 - February 1997
Director, Office of Diversity

Established new office, and managed the staff and day-to-day operations. Responsible for ensuring that Fannie Mae maintains compliance with legal and regulatory requirements and company policy and practices with regard to equal employment opportunity (EEO), affirmative action, and internal and external diversity, including workforce initiatives and minority and women-owned business. Developed, implemented, and operated the company's Alternative Dispute Resolution (ADR) program, the Corporate Justice System. Provided advice, counsel, and training to company officials, managers, and employees regarding diversity and fair employment practices. Received Dale P. Riordan corporate award for excellence in 1994.

o *TEMPORARY PANEL OF THE OFFICE OF EMPLOYEE APPEALS FOR THE DISTRICT OF COLUMBIA (TAP)*

November 1991 - November 1992
Chief Administrative Judge/Administrative Judge

Established new office and managed the day-to-day operations. Supervised legal staff of the Panel. Provided legal counsel and advice regarding the adjudication of employment cases involving reduction-in-force. Conducted hearings, reviewed, and decided employment appeals filed by District of Columbia government employees.

o *CHAVERS & WALLACE, ATTORNEYS AT LAW*
February 1991 - October 1991
Consultant

Provided of counsel and training services to clients in the areas of civil rights, EEO, personnel, labor-management relations, investigations, and alternative means of dispute resolution.

o *DISTRICT OF COLUMBIA SCHOOL OF LAW*
September 1990 - January 1991
Adjunct Professor

Taught law school course in "Legal Methods" (case analysis, legal research, and legal writing)

o *U.S. MERIT SYSTEMS PROTECTION BOARD (MSPB)*

November 1990 - January 1991
General Attorney
Office of Administrative Law Judges

Reviewed, researched, and analyzed cases, and wrote recommended decisions for cases of original jurisdiction brought before the Board, such as Hatch Act, Whistleblower Protection Act, actions against Administrative Law Judges, and appeals by Board employees. Conducted hearings and wrote recommended decisions to determine whether the Secretary of Education could garnish salaries and benefits of Federal employees to repay defaulted student loans.

October 1983 - November 1990
Executive Assistant to the Vice Chairman

Provided legal counsel and advice regarding adjudication of Federal personnel employment cases; and, participated in the development/improvement of Board policies, programs, practices, and procedures. Received numerous awards and bonuses, including the Bronze and Silver Awards for Exceptionally Meritorious Service.

January 1990 - April 1990
Deputy Director, Office of Ethics,
U.S. Housing & Urban Development
(temporary assignment)

Established a new office, and managed the staff and day-to-day operations. Coordinated and managed a department-wide ethics program, including employee standards of conduct, conflicts of interest, post-employment restrictions and reporting requirements, and restrictions on the activities of applicants, outside consultants, and lobbyists who do business with HUD.

February 1989 - July 1989
Senior Advisor for Work Force Quality
(temporary assignment)

Developed a program to establish procedures and methodology for measuring Federal work force quality. Organized and conducted a national conference to obtain the views of interested organizations and individuals; published and distributed a report of the conference; and, established an ongoing advisory board to formulate and coordinate the approach to measurement of work force quality. Served as the Board's principal advisor and liaison with other agencies and Congress on this issue.

March 1986 - August 1986
Executive Assistant to the Acting Chairman
(temporary assignment)

Provided advice and assistance in all aspects of the management and administration of the agency, including managing 325 employees and a budget of $20,000,000.00; reviewed, evaluated and developed Board policies, programs and procedures; and, planned for short and long range goals.

o ***LEGAL SERVICES OF NORTHERN VIRGINIA***
July 1982 - October 1983
Managing Attorney (Alexandria office)

Managed the staff and day-to-day operations of the office. Directly handled cases involving Federal and state civil law practice, including advice, counsel, litigation, and appeals. Managed all cases handled by staff.

o ***U.S. DEPARTMENT OF ARMY***
February 1980 - August 1981
Chief, Drug Information Branch, Human Affairs

Program Manager for the Army's Alcohol and Drug Rehabilitation Program in South Korea. Received Sustained Superior Performance Award.

o ***AMERICAN LEGAL CONSULTANTS***
January 1979 - October 1979
Associate

Handled a general civil and criminal law practice, including family law, contracts, and administrative disciplinary and grievance proceedings for American military and civilian personnel in South Korea; and, all aspects of litigation before U.S. Military Courts at trial and appellate levels.

o ***U.S. DEPARTMENT OF JUSTICE***
October 1975 - June 1978
Trial Attorney, Civil Rights Division, Office of Indian Rights

Conducted all aspects of litigation at trial and appellate levels of Federal courts in the fields of constitutional law and civil rights (e.g., voting, education, housing, employment, public accommodations, prisoners' rights, Indian rights, and Federal programs), including filing motions, pleadings, briefs; interviewing witnesses; negotiating settlements; and, presenting oral arguments. Received numerous awards and commendations.

o ***U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT***

April 1972 - July 1975
Relocation & Property Management Specialist

Developed policies, standards, and instructional materials for the guidance and use of HUD field offices and local agencies carrying out HUD-assisted programs in the administration of the Uniform Relocation Act of 1970.

December 1970 - April 1972
Management Analyst

Developed, coordinated and implemented Community, Planning & Management (CPM) organization plans; developed standardized program policies, procedures and directives; performed management studies and analyses; and, wrote issuances and coordinated the issuance clearance process.

June 1970 - December 1970
Employee Relations Specialist

Developed, proposed and implemented programs of personnel services, including: employee grievances, incentive awards, occupational health and safety, employee counseling services, adverse actions, and labor-management relations. Received Special Achievement Award.

June 1968 - June 1970
Management Intern

Completed a one year internship in the Federal Personnel Intern Program sponsored by the then Civil Service Commission, and, simultaneously, a two year Management Intern Program conducted by HUD. Participated in extensive classroom and on-the-job training and rotated into various intra-agency and inter-agency assignments.

ATTACHMENT B
GOVERNMENT SERVICE

- ***DISTRICT OF COLUMBIA TEMPORARY APPEALS PANEL***
  OFFICE OF EMPLOYEE APPEALS
  November 1991 – November 1992
  DS 14/6

- ***U.S. MERIT SYSTEMS PROTECTION BOARD (MSPB)***
  October 1983 - January 1991
  Schedule C Appointment - 7 year term
  GS 15 to SES

- ***U.S. DEPARTMENT OF ARMY***
  February 1980 - August 1981
  GS 12/10

- ***U.S. DEPARTMENT OF JUSTICE***
  October 1975 - June 1978
  GS 11/10 to 13/3

- ***U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT***
  June 1968 - July 1975
  GS 7 to 13/2

ATTACHMENT C
HONORS AND AWARDS

1. **Award Winning Speaker (1998)**
   ELI Client Conference
2. **Dale P. Riordan Award (1994)**
   Fannie Mae
3. **Special Achievement Cash Award (1990)**
   U.S. Merit Systems Protection Board
4. **Letter of Commendation (1990)**
   U.S. Merit Systems Protection Board
5. **Special Achievement Cash Award (1989)**
   U.S. Merit Systems Protection Board
6. **PMRS Performance Award (1989)**
   U.S. Merit Systems Protection Board
7. **Special Achievement Cash Award (1988)**
   U.S. Merit Systems Protection Board
8. **PMRS Performance Award (1988)**
   U.S. Merit Systems Protection Board
9. **Special Act Cash Award (1987)**
   U.S. Merit Systems Protection Board
10. **PMRS Performance Award (1987)**
    U.S. Merit Systems Protection Board
11. **Silver Award for Exceptionally Meritorious Service (1986)**
    U.S. Merit Systems Protection Board
12. **Letter of Commendation (1986)**
    U.S. Merit Systems Protection Board
13. **PMRS Performance Award (1986)**
    U.S. Merit Systems Protection Board
14. **Special Achievement Cash Award (1985) (Individual)**
    U.S. Merit Systems Protection Board
15. **Special Act Cash Award (1985) (Group)**
    U.S. Merit Systems Protection Board
16. **PMRS Performance Award (1985)**
    U.S. Merit Systems Protection Board
17. **Bronze Award for Superior Achievement (1984)**
    U.S. Merit Systems Protection Board

18. **PMRS Performance Award (1984)**
    U.S. Merit Systems Protection Board

19. **Sustained Superior Performance Award (1981)**
    U.S. Department of the Army

20. **Letter of Commendation (1978)**
    U.S. Department of Justice

21. **Special Achievement Award (1977)**
    U.S. Department of Justice

22. **DOJ Honors Program (1975)**
    U.S. Department of Justice

23. **Special Achievement Award (1970)**
    U.S. Department of Housing and Urban Development

24. **Management Intern (1968)**
    U.S. Department of Housing and Urban Development

25. **Federal Personnel Intern (1968)**
    Office of Personnel Management

26. **Georgetown Law Center Scholarship**

27. **Phi Beta Kappa Honor Fraternity**

28. **Fisk University - Magna Cum Laude**

29. **Fisk University - Scholarship (UNCF)**

30. **National Honor Society**