

**2007 FARM BILL OPPORTUNITIES FOR
VERMONT AND THE NORTHEAST**

HEARING
BEFORE THE
**COMMITTEE ON AGRICULTURE,
NUTRITION, AND FORESTRY**
UNITED STATES SENATE

ONE HUNDRED TENTH CONGRESS

FIRST SESSION

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2007 FARM BILL OPPORTUNITIES FOR VERMONT AND THE NORTHEAST

Monday, March 12, 2007

U.S. SENATE,
COMMITTEE ON AGRICULTURE,
NUTRITION, AND FORESTRY,
Montpelier, Vermont

The Committee met, pursuant to notice, at 10 a.m., Vermont State House, Hon. Patrick Leahy presiding.

Present or submitting a statement: Senators Leahy and Sanders, Representative Welch.

Senator LEAHY. Good morning. Welcome to the Senate Agriculture Committee's first field hearing this year examining the 2007 Farm Bill.

Just so people understand, we are going to have a series of these hearings around the country. Other senators will be doing different parts of the country. One of the reasons we are doing this one is that we wanted to make sure that people who might not otherwise be able to go to Washington could do this. There will be hearings in other States, the people who might not be able to appear in Washington at our other hearings can appear here; it will all be part of the record.

We have Susan Keith here, who is Chairman Harkin's deputy chief counsel, and Eric Steiner, who is here to represent Senator Chambliss. Senator Harkin is the chairman; Senator Chambliss is the ranking Republican member on the Committee.

And so the rules will be those rules of the Senate. We will also hold the record open for 5 days to make sure that anybody that wants to add something to it, they can, and in your statements we the people who come to testify have prepared statements. We will put the statement in the record, and if you could keep your comments to just a few minutes. Your whole statement will be made part of the record, and after the record comes out, if you find things that you wish you had added to it, we will keep it open for that.

I do want to welcome Senator Bernie Sanders and Congressman Peter Welch to the Senate Agriculture Committee. I am a former chairman of this committee, and as acting chairman today, I have invited them to come. Senator Sanders will be—because of some of his committees, be actively involved as we go through the Farm Bill.

Speaker Pelosi and Majority Leader Hoyer had asked if we could have Congressman Welch here because he will be able to report back to his caucus what is going on, and so I ask unanimous consent to the Committee on its rules to allow them participate.

I hear no objection. It is nice being chairman again. And Governor Douglas, of course, was kind enough to accept my invitation to appear and will testify in just a couple moments.

**STATEMENT OF HON. PATRICK J. LEAHY, A U.S. SENATOR
FROM VERMONT**

Senator LEAHY. We all know how important agriculture is to our State's future. Farming in our State of Vermont is more than a job or an industry. It is a way of life. Our landscape is defined by our farms, our fields, our forests. And they define much of our economy. In particular our agriculture economy depends on the hundreds of millions of dollars the dairy farmers bring to the State every year, so we have to make sure that remains a vital part of Vermont life.

But our dairy farmers are not going to be able to survive unless they can receive a fair price for the milk our farmers produce, and with the current depression in milk prices, coupled with the ever-increasing fuel costs, near-record feed costs, it is almost a perfect storm operating against the dairy farmers, and we need help in making sure they get a fair price from the marketplace.

I think everybody in the room would agree that the Northeast Dairy Compact was the single best tool for getting a fair price for milk out of the market and not from the government. But the current administration did kill the Compact in 2001. They had the votes to block it and, of course, the president's veto pen to make sure it does not come up.

In 2002 the Vermont Congressional Delegation led the effort to create the Milk Income Loss Contract, the so-called MILC program. This was modeled on the benefits of the Northeast Dairy Compact. The MILC program has delivered nearly \$60 million to Vermont dairy farmers since 2002. Now, it is not perfect, but it has been an essential safety net for many of our farmers. Unlike the—many of the large commodity programs run by the Federal Government, the MILC program is targeted to small family run—generally family run farms, and it only kicks in when the milk market price plummets, so it really is targeted for small farms.

But it expires in the coming month before the new Farm Bill will take effect, so we start with a baseline which is very little funding available for dairy programs in the next Farm Bill. It is a difficult challenge, but it is imperative, and I have spoken in the full committee, full Agriculture Committee, that the program must be extended for a short time to assure that dairy programs will have an adequate level of funding during the consideration of the Farm Bill. And actually, a lot of what you are going to say or hear here today will be part of the ammunition I will be able to use in that debate.

There are a lot of other things. There are the important conservation programs like the Environmental Quality Incentives Program, to rural development assistance for our communities, funding to help working forestlands. We will hear how the Farm Bill can help that.

And in case anybody thinks it is just commodities, remember, this legislation has one of the largest anti-hunger initiatives Congress will consider. Far too many people in our communities lack the ability to put food on their tables. In fact, the most recent sur-

vey of food security by the Census Bureau and the U.S. Department of Agriculture says that 35 million people in the United States live in households that face a constant struggle against hunger, 35 million in the wealthiest, most powerful Nation on Earth.

I know that the Administration stated recently they had stopped using the word hunger. They call it food security instead. A hungry person knows what hunger is. It is almost like calling ketchup a vegetable. Hunger is hunger. And that is what we are going to call it in the 2007 Farm Bill.

And finally, there are going to be new opportunities in the next Farm Bill to expand the agriculture economy in Vermont, on energy production. Vermont is home to many emerging technologies like taking waste products to produce energy. We lead the Nation on a per-capita basis—now, this is interesting. We lead the Nation on a per-capita basis on organically certified farms. I take a certain amount of joy in that since, as I authored the 1990 Organic Farm Bill. So we want to find ways to expand that.

Organics is the fastest growing sector in American agriculture, roughly about \$14 million nationwide. We also want to talk about broadband coverage in Vermont. This also comes under Farm Bill. It is interesting what is in here, all the rural development, nutrition matters, organic, broadband. And so I will put the rest of my statement on the record.

**STATEMENT OF HON. BERNARD SANDERS, A U.S. SENATOR
FROM VERMONT**

Senator SANDERS. Senator Leahy, thank you very much for chairing this meeting, and thank you very much for your leadership on agricultural issues for so many years. The Vermont Delegation historically has taken saving family farms very seriously, and I'm proud of the leadership role that we have played with Senator Jeffords, and I know that Congressman Welch is going to be active in playing a leadership role in the House, as well.

As Senator Leahy indicated, this Delegation is aware of the crisis in dairy. We know that the prices farmers are receiving today in real dollars are perhaps 50 percent of what it was 20 or 30 years ago. We are aware that every month another farmer—more farmers are going out of business, and we are all aware that if we lose family based agriculture here in the State of Vermont, it will be an horrendous disaster for this State for so many reasons.

It will be a disaster economically in its impact on our rural way of life; it will impact what Vermont is all about. It will be an environmental disaster. It will be a disaster in terms of tourism.

We are, in my view, the most beautiful State in the United States of America, and you know why we are the most beautiful State? Because you keep the land open. And if we lose that, we lose so much. So I think I can speak for all three of us in that we are pledged to do everything that we can do to preserve family based farming here in the State of Vermont.

The bad news is that prices are historically low, but the point that I want to make this morning is I want everybody to understand that if you think it is just Vermont dairy farmers who are up against the wall, you are wrong. The crisis facing family based

agriculture exists throughout the United States of America, in dairy and in other commodities.

According to the USDA's July 2006 Backgrounder, since 1980 the number of dairy operations in the United States is down by 75 percent. We have lost three-quarters of our dairy operations in this country since 1980, and it is not just dairy. We are losing family based agriculture in every commodity, and what is also happening, as the people in this room know, that while the small farmers are going out of business, the big guys are becoming bigger. Farmers in all commodities are being squeezed by the continued consolidation at the processor and the retailer level. And I know this is an issue that Senator Leahy has looked at not only in Agriculture but on the Judiciary Committee, as well. A single dairy processor, Dean Foods, now controls 30 percent or more of U.S. fluid milk, and Dean Foods has regional control in our area, which is as high as 70 percent.

The University of Missouri reported recently that in commodity after commodity, a small number of commodities dominate, and that is true whether it is beef packing; it is true whether it is pork packing; it is true whether it is flour milling; it is true whether it is ethanol production. Almost every commodity, fewer and fewer large corporate interests control production and distribution. The consolidation of agriculture puts family farmers, the people who actually raise and grow our food, at the mercy of fewer and fewer large buyers, and that is an issue that we are going to have to address.

In my view, and I have been meeting with farmers all around the State, I know that there is a lot of support for the Northeast Dairy Compact concept. My hope is that we can move forward with a regional approach, have regional compacts around the country which will bring us national support. I think we are in agreement that we would rather get help for our farmers from the marketplace rather than from the government.

As Senator Leahy indicated, we have made real progress with the MILC program. It is going to be a very, very tough fight, but we hope to perhaps do even better.

My one request of everybody as I conclude is please reach out to your friends and your organizations in the Midwest, in the South, all over this country. The opposition to us as we go forward trying to protect family based agriculture will be very, very strong. We need a strong grassroots effort to counteract that opposition, so let us work together, and at the end of the day let us preserve family based farming in this State, and let us expand it and strengthen it.

Thank you very much.

Senator LEAHY. Congressman Welch.

**STATEMENT OF HON. PETER WELCH, A U.S. CONGRESSMAN
FROM VERMONT**

Mr. WELCH. Thank you. Senator Leahy, I want to thank you for holding this hearing and inviting me as a Member of Congress to participate, and I want to thank you on behalf of Vermonters, too. You have been doing this since 1974, a member of the Agriculture Committee, serving as chair at various times, and really being a

leader that has held us together, and we are going to need that leadership again more than ever this year.

The Vermont farm community must be heard as Congress prepares to write the 2007 Farm Bill. I want to thank Senator Sanders, also, for your unwavering commitment that you are taking with you to the Senate and certainly that you had as a member of the House, and I am going to try to carry on that tradition that you just described. And I have never, ever been more impressed with our extended farm community as I have been in the past 2 months as a new Member of Congress.

So many Vermont farmers, suppliers, innovators, and members of our community have taken the time to talk with me, meet with my staff, invite me to your farms, and even come to Washington to talk about the challenges we face. These are tough times, but everyone is certain that they are going to do what they can to give us a bright future.

We are here today to give the Vermont agricultural community the opportunity to be on the record, express your needs, and work together toward a better agricultural policy for all Vermonters, and I am committed to working as a strong and united delegation with Senator Leahy; with Senator Sanders; and of course with our Governor, who is here today; and the General Assembly, who has been taking leadership efforts on behalf of Vermont agriculture.

And I will fight hard for dairy, for our organics, for conservation programs, forestry, and our innovative energy programs and our nutrition programs. We have got to build coalitions of like-minded members from the Northeast for a regional approach, and I will work, too, to be successful in that effort.

I understand, as Senator Leahy and Senator Sanders and all of you know, that a local agricultural economy is critical to Vermont. It is critical to our Nation. It produces jobs and value-added products. Our farmers are the stewards of the land and keep our land open. It is what makes Vermont what it is.

Our dairy farmers need a stable price, and they need a fair price. It is that simple. Our organic farms must be protected from weakened standards lobbied for by corporate giants. And we should be pursuing energy-saving initiatives and nutrition programs that also help to strengthen our family farms. There are going to be obstacles along the way. We know that. There always are. But a one-size-fits-all dairy policy for our country is as good as no policy at all.

And I tell you what I hope many of you already know: We are committed to bringing home the strongest possible Farm Bill for Vermont, and we hope for your help, and we appreciate your advocacy. This is important for you, but it is extremely important for all Vermonters. Make no mistake. Every Vermonter has a stake in a good Farm Bill.

Thank you.

Senator LEAHY. Thank you very much.

We find when we have these field hearings in other States we get one advantage we rarely get in Washington. We usually have the Governor of the State testify, and I am delighted that my friend, Governor Jim Douglas, is here this morning.

Governor, you know your way around here well.

I might mention as the Governor's coming up here to take his place, I also want to thank the Legislature for letting us use this room and Francis Brooks, the new Sergeant-At-Arms, for making so many things available to us.

I could not help but think sitting here, Governor, I remember as a little boy sitting here in a parent's lap and kind of wondering what this awesome place was. It was just huge. You know, two, three, 4 years old, this huge place. It shrunk a little bit. It seems to be the same place. I never thought I would be sitting here like this.

Governor, thank you for being here. Please proceed.

STATEMENT OF HON. JAMES DOUGLAS, GOVERNOR, VERMONT

Governor Douglas. Mr. Chairman, thank you very much. You are still a youngster, so we are glad you are here with your colleagues and do want to welcome you to our Statehouse, to your Statehouse.

As you noted in your introductory remarks, not everybody can conveniently get to the national capital, so it means a great deal to have you here and give Vermonters an opportunity to talk about a very important matter for the future of our State and indeed our Nation.

It is meaningful that you have given us the chance to help as you formulate the new Farm Bill and support this. All three of you gentlemen have noted that we work together. We are all in this together. We are of a common mind when it comes to preserving the family farm and ensuring the success of agricultural enterprises in our State and others, so you have the full support and cooperation of my administration as you work to formulate the Farm Bill and develop legislation that helps our farmers and forest owners across Vermont and our region.

Reauthorization of the Farm Bill, as you noted, Mr. Chairman, has far-reaching impact on a variety of areas, including forestry, commodities, conservation, energy, research, trade, food stamps, and rural development with a vast majority of the budget allocated to fund food assistance programs.

The Food Stamp Program is a vital nutrition assistance program serving primarily children and elders. It gives Vermont families the buying power they need to make good nutritional choices. I would urge the committee to strengthen the Food Stamp Program by increasing the minimum benefit of \$10, which has not changed in over 20 years, and increasing the amount of savings a family can have and still qualify for food stamps and streamlining the application process in order to reduce barriers to participation.

This makes it even more important to work together to ensure that we are utilizing the funds available to assist our agricultural community in the most effective manner possible. Agriculture and forestry are the cornerstones of Vermont's economy. Farmers produce \$3 billion worth of agricultural products every year, and the forest-based economy contributes a billion dollars annually. It is our second largest manufacturing sector.

As you are aware, this past year has been extremely challenging for farmers in Vermont. Inclement weather has resulted in very poor crop conditions. As a result of these conditions, my administration, in cooperation with our Legislature, has provided \$11.6

million in direct assistance to dairy farmers over the past year. While this aid was necessary, this type of support, especially from a small state, is not sustainable. Other approaches are required.

An income safety net is needed for our dairy farmers due to the extreme fluctuations in price and market. The best way to provide an income safety net would be a regional pricing initiative, similar to the Northeast Dairy Compact, that would help stabilize the marketplace. At the very least, as you have noted in your introductory remarks, we must improve the current support available to farmers through the MILC program.

The Vermont dairy industry would also benefit from a reliable method of price discovery for dairy commodities. A more transparent and audited price reporting system would ensure a viable dairy commodities market that would allow dairy producers to better manage milk price risk.

We support revenue insurance for dairy farms as developed by the Pennsylvania Department of Agriculture. I think the priority is to work together to garner support for these options that contribute the most to farm gate prices for our dairy farmers.

The key title of the Farm Bill will deal with energy. The Renewable Energy Grants Program, as administered by USDA Rural Development, has been important to many of our dairy farms. Today there are six farms using or planning to build digesters funded in part by these grants. Renewable energy systems have tremendous public benefits to help farmers address high energy costs; reduce methane emissions, odor, and pathogens; while allowing for better management of the manure resource to better protect our public waters.

There are many opportunities, I think, for Vermont to be a leader in energy, both on the farm and in the forest. Vermont has joined a national initiative and formed a 25 by 1925 committee that intends to address these needs.

I have asked the committee to develop specific recommendations that you and your colleagues can consider for the energy portion of the Farm Bill. They include allowing a greater percentage of total project costs to be grant-funded, allow for a lower non-Federal match so that farmers can utilize USDA-NRCS EQIP dollars and 9006 dollars in the same project, raise the threshold of total project costs before requiring an independent feasibility study, streamlining the required paperwork, and eliminate the need for an independent qualified consultant on projects over \$1.2 million.

One of the objectives of my administration has been the Clean and Clear initiative for the environmental improvement of Lake Champlain. Programs such as the Conservation Reserve Enhancement Program, or CREP; the Environmental Quality Incentive Program, or EQIP; the Wildlife Habitat Incentives Program, or WHIP—you folks are good with acronyms down there in Washington, I think. The Farmland and Ranchlands Protection

Senator LEAHY. We still call it hunger, though, not food security.

Governor Douglas. The Farm and Ranchlands Protection Program—it is all consonants, so that does not work. These have been major benefits to our farmers in the environment. It is imperative, though, that regional conservation equity remains in place for these programs to have continued success.

Farmers cannot afford mandates associated with environmental issues. Our goal is to provide the resources and financial assistance needed to help farmers comply with environmental laws. Vermont should be recognized as one of the few states that have made significant contributions to programs dedicated to conservation.

My Commission on Climate Change was established to examine the growing scientific consensus that increasing emissions of greenhouse gases to the atmosphere are affecting the temperature and variability of the Earth's climate. I know that agriculture, state and across the Nation, can play a significant role in reducing greenhouse gases. Stable and managed forests are significant carbon sinks and contribute to clean air and water. By working together, the State and Federal Government can more effectively develop programs to implement practices that will reduce greenhouse gas emissions and increase soil and biomass carbon sequestration.

Removing the prohibition of interstate shipment of state-inspected meat products will level the economic playing field for our small businesses and help small meat processors grow and expand into new markets. Foreign produced meat and poultry products can be freely shipped and sold anywhere in the Nation, which allows them to have greater market access than state-inspected processors.

Without change, the growing concentration of the slaughter industry will continue to leave smaller farmers and ranchers with fewer buyers for their livestock and poultry, further depressing their financial situation.

Our diversified farmers, as well as the rural economy, can benefit from several other Farm Bill policies, specifically continuation and increased funding for the Specialty Crop Block Grant Program. This program allows for innovative initiatives that improves the competitiveness of emerging and expanding diversified farms.

In order to realize lasting economic success, it is imperative that farm owners have access to the best business assistance possible to improve their profitability. Vermont began its Farm Viability Program 4 years ago and has received Federal assistance through NRCS. The consideration of a Farm and Ranch Profitability Grant Program to improve the profitability of farms through technical assistance for business planning would further support the effort.

For farmers to compete in today's market, it is necessary to have access to the most up-to-date technology. That is why I proposed that Vermont offer universal access to broadband and wireless technology anywhere in our State by 2010. There are provisions in the Farm Bill that can assist Vermont in this endeavor and help connect our rural areas, making all aspects of business easier and faster for farmers.

In addition to all of these provisions, our farmers can benefit from several other Farm Bill policies, including farm credit policies that better address the needs of new and startup farmers and financing opportunities for processing and marketing, regional food security and food safety policies, changes to organic standards as proposed and endorsed by Vermont NOFA, adequate funding for research and extension initiatives, and food nutrition guidelines.

So, Mr. Chairman, I thank you for this opportunity to address some of the issues the agriculture community faces in regard to the

Farm Bill. Our Secretary of Agriculture, Roger Albee, and his team and I look forward to working with you to develop a Farm Bill that addresses the economic needs of the farmers of this great State.

[The prepared statement of Hon. James Douglas can be found on page 65 in the appendix.]

Senator LEAHY. Thank you, Governor. I know that you have this active dairy task force here in Vermont looking at ways to support the dairy industry, and the State, you and the Legislature, made a significant financial commitment to dairy farmers last year. It came at a particularly difficult time and an important time. You add to that the \$60 million we brought in from the MILC program since 2002. It is a pretty strong partnership here in Vermont. I think—I do not know of many States where the Legislature, Governor, and the Congress have tried to work so hard at some of these things.

What about efforts collaboratively with other states? New York is a significant dairy State. Pennsylvania is a significant dairy State. I mean, like everybody here, I would love to get back to a regional dairy program, a Northeast, Southwest, Southeast, Midwest. I guess California would be one by itself. But what about collaborative efforts?

Governor Douglas. That is a very good point, Mr. Chairman. Vermont's obviously a small State, all by itself, although we are the largest dairy State in New England, and through the New England Governors' Conference, which I have the honor of chairing this year, we will continue to adopt resolutions, send them to you for your consideration to highlight the importance of a strong dairy industry regionally. Although other States do not have that many dairy farms, in New England they consume a lot of milk, including most of ours, so it is very important that we work together as a six-state region.

Beyond that, you are exactly right. The State of New York is a big dairy State. The State of Pennsylvania is, and the three States together, New York, Vermont, and Pennsylvania, produce about a sixth of the Nation's milk, and we are very close, as you know, to the population concentration of the Northeast, so it is important that we maintain that strength.

Last year our agriculture agency joined with its counterparts in those two States to form a Northeast Dairy Leadership Team, and they adopted a memorandum of understanding. They are pursuing regional strategies, not just on pricing but on promotion, on raising the knowledge and understanding of the public about the dairy industry to improve collaboration with universities, with extension systems around the region. So that kind of regional cooperation strengthens our hand, obviously because we are such a small State, and also provides some real leadership on a regional basis.

So we are pursuing that, and we are even reaching out to our friends in the upper Midwest where our interests have not always converged, but Secretary Albee is a good personal friend of the Wisconsin commissioner and his deputy, and we hope that we will be able to establish some good relationships.

Just one other note, if I could, following up on your initial comment, I really believe that the State has done a good job, and I should have noted in my introductory remarks that Congressman

Welch was the Senate President Pro Tem in this building and played an important role in fashioning the farm relief effort that we put together last summer.

I had the chance to meet with Secretary Johannes during the recent National Governors' Association meeting, and he was impressed favorably with the fact that the State had stepped up to the plate, that we were not only—

Senator LEAHY. He has told me the same thing. I think it is important.

Governor Douglas. Well, thanks. So we are not only asking for your help; we are willing to do our part.

Senator LEAHY. I see Senator Kittell and the representatives are here, too, of the chairs of the Senate and House Agriculture Committee, which is helpful. We were worried about Peter when he came up here. He was looking kind of wistfully at that other chamber. I had to bring him back—I had to guarantee to the Speaker I would bring him back.

Senator Sanders?

Senator SANDERS. Thank you.

And, Governor, thanks for being here. Governor, the opposition to strong legislation to help family based dairy is going to be strong. You indicated correctly we will have regional problems. Although we are making some progress in bringing the regions together.

Could you talk a little bit about, in your judgment, how the State of Vermont can deal with processors who would much prefer the government to help family farmers rather than it coming out of their profits, and maybe the White House as to how we can get them on board the idea of regional compacts and what kind of pressure or help we can solicit from them.

Governor Douglas. I do not know if I can answer the latter question, Senator, but I am certainly happy to continue to voice my views to the executive branch in Washington as I have done for a number of years now.

Senator SANDERS. Do you see any movement on their part in supporting a compact type approach?

Governor Douglas. I guess I would say I was pleased to see the Secretary include the milk subsidy program in the budget for the first time, admittedly at a level that we might not find satisfactorily—satisfactory, but at least it is there, so that is a small step, I think, in the right direction. I know the Secretary grew up on a dairy farm in the Midwest and understands the challenge of this part of the industry, so maybe we will have some more support, but I certainly agree with your observation about the processing, and we have had some real challenges in Vermont for the adequacy, as I mentioned in my remarks, of adequate slaughterhouses, for example, and so in the budget I presented to the Legislature, there is support for a couple of mobile processing facilities that many of the farmers suggested, both for animals and vegetables, would be very, very helpful.

We have got a new dairy processing facility in Hardwick; we have got a cheese plant in Swanton that has taken over a facility that went out of business; we have got the new cheese cave in Greensboro form artisan cheeses. We helped the Water Buffalo op-

eration in Woodstock and Addison County expand over the last couple of years, so there are some new processing initiatives. We are still working on a yogurt plant. We want one for Vermont, and we are working with our co-ops and others to help—

Senator SANDERS. Jim, let me switch gears for a minute. Tom Harkin of Iowa has a representative here, and what they will tell you is in the Midwest they are moving very aggressively in terms of biofuels. Far more aggressively than we are in Vermont or New England. Do you have any thought about how farmers can pick up some additional income as we struggle with global warming and break our dependence on fossil fuels and produce locally grown biofuels?

Governor Douglas. I think that is a very important point, and I hope that the energy portion of the Farm Bill will consider that and make it even more successful. As I noted, we have a number of methane digesters in Vermont now. I know you are aware of that. Congressman Welch visited at least one recently to see its operation, and we appreciate the USDA Rural Development grants that have helped facilitate them.

But there are other possibilities, too. We have a farm in southwestern Vermont that is growing canola seed and milling it into biodiesel. We have research at Shelburne Farms under way now with wood pellet production developing—

Senator SANDERS. Switchgrass, as well, I heard.

Senator LEAHY. Cellulosity.

Governor Douglas. Yeah. And it is a product that is less—has less moisture and is more fuel efficient than wood chips, which we have some, of course, in operation in Vermont, as well. I think algae is a real possibility for the future, and our agriculture agency is looking at that potential.

But the basic point that you have raised, Senator, is an important one. We have, we estimate, about 100,000 acres of farmland in Vermont that is unused, and what better way given the challenges of the financing of a dairy operation to use it than for energy crops? That will help us with our commitment to the 25 by 1925 initiative, and I hope and believe that it will be an important part of Vermont's agricultural future.

Senator SANDERS. Thank you.

Thank you.

Senator LEAHY. Thank you, Senator.

Congressman welcome back to the Statehouse.

Mr. WELCH. Oh, good to be back. Thank you.

Governor, it was terrific the work that the Legislature did, really unique in the country, to provide some help when the Federal Government did not do its job.

I just want to ask you a few things about energy. I mean, there are two issues for our farmers. One is a better price for their milk, and two is lower expenses, and anything that we can do to help on the stable and fair price side or on the cost side is going to add to the bottom line, and it is that simple.

One of the big issues that you have been talking about already is energy, and I am wondering if you could expand on ways that you would see Vermont, your administration, and the General Assembly partnering with us in the Federal Government to address

energy costs for our Vermont farmers. What, you know, specific improvements do you see that could be made to Section 9006 to make it easier for farmers that is in the Farm Bill to take advantage of renewable energy opportunities?

Governor Douglas. Well, I suppose more money in this section would obviously be useful, but I am indeed grateful for the support that Congress through the USDA has provided for energy grants in the past.

We need to contain energy costs, you are absolutely right, Congressman, because of the heavy dependence on the use of energy on the farm, whether it is in equipment or electricity running machinery or—running equipment and lighting the buildings. That is why I believe that the possibility of generating energy or producing energy on the farm is a key strategy.

Mr. Williamson, the farmer I alluded to with the canola crop in southwestern Vermont, now makes enough biodiesel on his farm to power all of his machinery and equipment, plus some, so reducing energy costs could be—could be achieved by growing the energy crop right on the farm.

Second, this is a bigger issue than the subject of this hearing. We are looking at our energy future in a broader context. Our major sources of electricity have been very cost effective in recent years. They are emission free, as you know: A nuclear plant and the hydro facilities in Quebec. But we need to plan for our future and continue to find some ways to keep the cost of electricity competitive. So that will be an important part of what we accomplish.

I believe that the Climate Change Commission that I appointed will come up with some ideas that will help our reduced consumption and thereby the cost of operation across our State, as well, so I think a combination of looking at costs and producing on the farm itself are really where we need to be.

And I want to renew my thanks to you for your help here last year and over the last couple of years. We had some other important strategies a couple of years ago to reduce borrowing costs for farmers, to enhance the property tax exemption for farm buildings in our current use program, and it was a tremendous cooperative bipartisan effort that I enjoyed working with you on, Peter, and I look forward to continuing to work with you and your new colleagues in Washington.

Mr. WELCH. Thank you, Governor.

Senator LEAHY. Thank you, Governor. You know, you would be interested in knowing a group of us from the Senate Agriculture Committee were just meeting informally the other evening and we were talking about alternative fuels and realized there is a lot more than ethanol. There is methane, there is cellulosity, and this will be a significant part of the—of the Farm Bill. We will do our best to do that. I would like to—a number of things I will talk about later I would like to see.

Governor, I know you have a million other things to do, and I notice you have several members of your staff who I understand will be staying here through the hearing. Thank you very much. Obviously when you see the final record, if there is anything else you would like to add to it, the record will stay open for at least 5 days so you can do that.

Governor Douglas. Thank you. In fact, I am going to submit a statement that is a little longer than what I offered this morning.

Senator LEAHY. I saw the statement, and I appreciate that, and that of course will be part of the formal record. Thank you.

Governor Douglas. Thank you for being here, Mr. Chairman.

Senator LEAHY. The next panel will be Mark Magnan. Many of you know Mark. He operates Magnan Brothers, a 600-cow dairy off the Chester Arthur Road in Fairfield, and he's a member of the St. Albans Co-op; Jackie Folsom is president of Vermont Farm Bureau and operates a small—I understand a 55-cow dairy?

Ms. FOLSOM. That is right.

Chairman LEAHY. About right?—farm with her husband, Roy, in Cabot and Agri-Mark members. They are Agri-Mark members. John Roberts operates a 200-cow dairy farm in Cornwall and is an Agri-Mark director.

Mr. Roberts and his wife and my wife and I were going to plan more about this hearing on Saturday evening, but we were distracted by the birthday party for Judge Sessions and spent more time roasting the judge than we might have on this.

But you are all people I know I have consulted with and my staff has consulted with over the years, and I appreciate you being here. And please, we will start in the order I called you.

Mr. Magnan, please start with your statement. And again, understanding your full statement will be made part of the record. Any questions that are asked afterward, if you on the way home think, "What I should have said was," you get a 5-day, catch-up, do-over time to change for the record. And I mention that again, and I realize I have said it several times, but these hearings are going to be held around the country for people who might not be able to come to Washington, or the expense of coming to Washington for a hearing, and this is going to be integral and a very important part of the Senate Agriculture Committee's records.

Mr. Magnan, please go ahead, sir.

**STATEMENT OF MARK MAGNAN, DAIRY FARMER, FAIRFIELD,
VERMONT**

Mr. MAGNAN. Thank you, Senator. I want to thank you for coming to Vermont to bring this hearing so farmers can be heard and for your leadership on ag issues over the years. I also want to thank Senator Sanders and Congressman Welch for being here for their time.

As was said, I represent Magnan Farm. I am a lifelong farmer. I farm with three brothers, my parents. There are also 11 nieces and nephews that take a keen interest in the farm. We do milk 600 cows and have another 600 head of young stock. We crop roughly 1100 acres.

I think this Farm Bill presents an important opportunity. It only comes once every 5 years, and it is more than just about dairy farmers. It is about consumers, communities, agribusinesses, the dairy infrastructure, and the State economies. Dairy farms are the backbones of our community. And with a strong dairy farm policy, you have a stronger community, a stronger economy, and a more vibrant future.

A couple things I would like to share with you this morning are the challenges that we are currently experiencing and our recommendations for the committee to consider. One of the challenges is obviously the milk price. Our farm's average milk price based on components for this year was \$13 a hundredweight, far below the cost of production.

Another challenge would be the volatility, the roller coaster the milk price takes either month to month or year to year. Very hard to plan a business plan on that roller coaster pricing. As an example, in 2004 we hit a high of \$16.46 per hundredweight, and this year, as I said, \$13.

Another big problem this year we have had is cost of production. We have a much higher cost of feed due to the craze in ethanol. Farmers are on the tail wind of that—of that issue. We have much higher costs of sawdust, fuel, fertilizer, many insurances, and the problem is all these costs are escalating much higher and at a faster rate than the cost—the price of milk.

Another area of concern would deal with MILC. This countercyclical program is essential and is very needed. The area of concern I have, though, is with the definition of a family farm. I do not think it results in equitable treatment of our entity where many family farm—many family members work together. As I said, it is very needed, but it should be—only be a safety net. We truly want to get the bulk of our milk payments from the marketplace. To support our farms, more dollars need to come from the marketplace, and today—in 1980 the farmers dairy—the dairy farm's share of the retail dollar has eroded from 52 percent in 1980 down to 27 percent in 2006.

A few recommendations I have for you this morning. One would be to establish a national dairy policy that supports regional production in milk. This is very important to dairy farmers in the region, the consumers, the communities, and the States they are in. This is essential to minimize the effect or impact that a natural disaster in any one region or the contamination of food, agriterrorism, might have on our Nation's food supply.

Second recommendation would be a dairy policy which would account for regional differences in the cost of production. The Northeast Interstate Dairy Compact had essential elements that had the ability to address regional differences in the cost of production. The current pricing system does not incorporate the cost of production. However, the system does incorporate cost of production for processors or manufacturers.

Beginning with the last month, our farm has been assessed a new milk allowance for Class III and IV milk that was produced on our farm. This new adjustment is going to be approximately 23 cents a hundredweight for every hundred pounds of milk that we produce, or roughly this is going to cost us over a hundred dollars a day on our farm alone.

I support programs such as MILC to stabilize our price, but as I said, the multifamily farm should become eligible to receive multiple payments which would exceed the current annual production cap. I have no problem with the cap; just make it so every farm entity can be eligible for it.

I also believe that the countercyclical program should consider the increase in cost of production and change the base from 16.94, which was set when the Northeast Dairy Compact was established in 1996, because if you took that 16.94 and initiated the Consumer Price Index, today that number should be \$21, over \$21.

The fourth recommendation would be to assist in stabilizing our milk price. A floor price for a Class I mover is needed, or another discovery method for Class I should be initiated. In our region 46 to 48 percent of our milk is used for Class I purposes. To create the Class I price, we should have a different pricing mechanism for stability.

I also believe—I do not believe that Class I has to be established based on the price of milk for manufacturing; in other words, decouple Class I from Class III and IV. If we could work on establishing this Class I price, instead of relooking at it every 10 or 11 years for that price that we are using to establish Class I, look at it every three to 6 years—months to reflect the cost of production, retail prices, and other market factors.

I am a proponent of establishing regions in our country and mandating a supply control mechanism to manage milk supplies within the established regions. We recognize that our prices reflect the law of supply and demand, and we as dairymen can control the supply. There is more discussion now than ever to adopt a controlled supply mechanism.

I believe Congress should mandate the USDA establish milk production regions and establish levels of milk production for each region. Regions should be responsible for oversupply of milk production in their region.

The dairy industry has established the CWT program identifying five regions in establishing regional safeguards as it affects the milk supply for each region. That is a dairy farmer-run program, and it is a great model to follow.

I also feel that the Federal Milk Marketing Orders should continue. They continue to support Federal Marketing Orders, but make them more responsive to changes in the milk marketplace and to dairy farmers' needs. Senator Leahy. Thank you. And, Mr. Magnan, we will put the rest of your statement in the record, because I do want to give Ms. Folsom and Mr. Roberts a chance. We have to keep within the time limits available both in the chamber. You stay there, though. I have some questions.

Mr. MAGNAN. Thank you, Mr. Chairman.

[The prepared statement of Mr. Magnan can be found on page 77 in the appendix.]

Senator LEAHY. Ms. Folsom.

**STATEMENT OF JACKLYN FOLSOM, PRESIDENT, VERMONT
FARM BUREAU, CABOT, VERMONT**

Senator LEAHY. Ms. Folsom.

Ms. FOLSOM. Good morning, and welcome home.

Senator LEAHY. I cannot tell you how good it felt to be home the last couple mornings to wake up in Middlesex looking out over the fields and all. It is—

Ms. FOLSOM. It is a nice feeling, isn't it?

Senator LEAHY. You will have to bring me kicking and screaming back on the airplane afterwards.

Ms. FOLSOM. Except it is warmer down there, I think.

Senator LEAHY. It is nicer here.

Ms. FOLSOM. Oh, that is true.

My name is Jackie Folsom, and I am president of the Vermont Farm Bureau, and as mentioned earlier, my husband and I are partners on a 100-acre, 55-cow dairy farm in the little town of East Cabot, and we do ship to Agri-Mark. Our milk travels over the mountain three miles and ends in up in Cabot Creamery, so I know all of you know when you enjoy our good products, you can put my face as well as others' on that product.

On behalf of Vermont Farm Bureau and the 4,200 members represented here today, I would like to welcome you to our Statehouse and thank you for the opportunity to address the committee and guests.

While Vermont enjoys a reputation as a strong dairy State, I would be remiss in not mentioning that the Farm Bureau represents all types of farms as well as foresters and many of the industries that support our businesses. We are an independent, non-governmental voluntary organization of the families of farmers and foresters as well as consumers united for the purpose of improving the net income of its members and preserving Vermont's rural quality of life. We are proud to represent our members in the local, county, State, and national arenas.

Vermont Farm Bureau is the voice of agricultural producers of all kinds, sizes, and levels, and our focus for our national farm program affecting dairy and other types of farming includes the following: We believe the Farm Bill should replace the short-term fix of farm subsidies with long-term measures to restore a healthy rural economic infrastructure across the country, including competitive markets; a national food security program that is market driven; and support of a diversified agricultural economy complete with local marketing programs.

We support increased funding to improve nutrition-assisted programs at schools and other institutions with the purchase of more fruits, vegetables, and especially dairy choices that would include whole milk. We also continue our support of programs such as the Women, Infants, and Children program.

We urge the full funding of the Perkins Bill to provide student loan relief incentive for veterinary students entering large animal practice and that these funds be earmarked for these students only. It is imperative to not only maintain current veterinary practices in rural areas but to ensure the development of the next generation of large animal vets.

We request that Congress clarify and affirm that agriculture is not subject to the Comprehensive Environmental and Liability Act, CERCLA, nor to the Environmental Planning and Community Right to Know Act, EPCRA.

On the more specific issue of dairy, the Vermont Farm Bureau has been a leader on many issues at the State and local levels. We have been involved with the Governor's Vermont Dairy Task Force, and I also serve on the Northeast Dairy Leadership Team which

was mentioned previously, a partnership developed between Pennsylvania, New York, and Vermont to address regional dairy issues.

There are challenges inherent in the current Farm Bill that we in Vermont are asking to be resolved in the 2007 proposal: Retention of the Federal Milk Market Order System with orderly restructuring to include consolidations and expansions where appropriate; permanent reauthorization of the Northeast Interstate Dairy Compact and the extension of this concept to other areas of the United States to maintain regional supplies of fresh milk in the interest of consumers and national security; creation of a dairy industry board to work with the Secretary of Agriculture to market dairy surpluses, and a redefinition of the term surplus dairy products to exclude needed Defense Department purchases and government-mandated dairy programs; maintaining the Milk Income Loss Contract or its equivalent as a safety net, with fair and equal treatment in the implementation for all producers. This would include reconsideration of the cap to allow equity and equality for multi-family businesses. We request this program be included in the baseline for dairy.

We would support returning the payment of the MILC to 45 percent of the Class I Boston price, remembering that the current base of \$16.94 is a figure that is 10 years old.

Adoption and funding of a nationwide Johne's disease program to protect the health of farm animals; initiation of a study of the benefits and drawbacks of the current producer pricing series by the National Agriculture Statistics Service and the Chicago Mercantile Exchange used for the price determination of milk and examples of how these programs can be streamlined for effectiveness.

Currently, 1 percent of milk traded on the CME can set 100 percent of the price of milk. We advocate for a better system to send price signals to the market.

Recognize the need to modernize and expand Farm Credit's ability to serve agriculture in our rural communities; aggressive and immediate action to improve the availability of foreign guest workers for dairy and other year-round agricultural operations. And although we do recognize that this may not be a Farm Bill issue, finding labor continues to be one of the greatest economic challenges for farmers in Vermont. We urge Congress to create a year-round guest worker category for dairy farm workers that will not include any provisions to deport all current immigrants.

Support research that would develop small alternative energy and energy efficiency projects on farms that would not only lower our own energy costs but provide us with new solutions to water quality issues on the farm; continued strong presence of USDA offices currently in our rural communities as well as an adequate number of well-trained staff to serve our industry and guide our farmers in conservation programs and disaster assistance.

On behalf of the 4,200 members of the Vermont Farm Bureau, I would like to thank you again for listening to us today. I know you will take our concerns back to Washington and work for all of your farmers and foresters to make the 2007 Farm Bill an opportunity to keep our industry strong into the future. Thank you.

[The prepared statement of Ms. Folsom can be found on page 72 in the appendix.]

Senator LEAHY. Thank you very much, Ms. Folsom.
Mr. Roberts.

**STATEMENT OF JOHN ROBERTS, BUTTERWICK FARMS, WEST
CORNWALL, VERMONT**

Mr. ROBERTS. Senator Leahy, Senator Sanders, Congressman Welch, thank you for being here.

My name is John Roberts, and for the past 30 years my wife, family, and I have dairy-farmed in Cornwall, Vermont. We ship our milk to Agri-Mark/Cabot, and we're proud of the award-winning cheese and other dairy products that we produce. We started with 32 cows and now milk 200, most of them Brown Swiss.

In addition to being a dairy farmer, I must unwittingly be a lover of rollers coasters, because financially that is what life on the farm is like, where the rapid downward sweeps are longer and deeper than the exhilarating, invigorating upward climbs, and we gamble with a financial crash into the ground.

Having said that, I am basically an optimist. I hope that we have reached a unique confluence of events that is going to mark a turning point in the pricing structure for milk. And the hope that a niche market like organic milk might be the savior of the industry is complicated by the low ceiling based on evidence in other developed countries for demand.

Dairy farmers need the opportunity to make a profit, not a guarantee. We need to be able to make financial plans that, with good management and fiscal responsibility, are not derailed by events beyond our control, whether those events include adverse weather or sudden change in the demand/supply balance.

Many years' efforts, financed by dairy farmers through their promotion activities and the CWT, have helped to increase and impact the supply balance. But the present pricing system does not reflect current costs of production and thwarts these positive efforts. In this day of instant communication, we must devise a system that clearly responds to costs of production changes, whether it is the price of corn or the price of diesel. The simple fact is that farmers need a greater share of the retail dollar. Where it used to be that nearly 50 percent of the retail dollar came back to the farm, that number is now less than 30 percent.

The ability to recover costs of production is almost nonexistent in any meaningful way. Processors and retailers being that bit closer to the consumer can recapture their costs of production more easily than the producer. The producer is left with slim pickings to make ends meet before worrying about paying suppliers and maintaining cows, farms, and equipment. And all of that money comes back into the local community.

Linked to the profit opportunity is treating milk production and pricing on a regional basis. This would have great benefits to America in ensuring food security by maintaining regional, economically viable production, close to the centers of population. The Northeast Dairy Compact had a 4-year run of success, returning over \$145 million to farmers. The Northeast Dairy Compact was supported by farmers, consumers, and legislators, and the money came from the marketplace to the farmer, not from the taxpayer.

Although largely political concerns sunk the NDC, the process does provide a route map as to how a successful program to gain a larger share of the retail dollar back to the dairy producer on a regional basis could be done.

As a foundation of economics, the demand/supply balance has an important impact on the price paid for milk to the dairy industry. However, with a perishable product, expensive to transport in liquid form, small changes in either direction can have a devastating impact. This adds up to a need for an effective safety net that will catch us all before we hit the ground and not on the rebound.

The MILC program, widely supported by dairy farmers, is a helpful program; however, it needs restoration to its 45 percent level and provisions to take into account the multifamily farm operations and their need for an expanded cap over 2.4 million pounds of milk.

Another point is the increasing realization among farmers that a positive milk supply adjustment scheme needs to be formulated, one that does not rely on a devastating, below-cost-of-production price to drive the point home. An appropriate way to signal dairy farmers when and how to limit production needs to be found, with a positive signal, an effective signal.

Another area that has great impact on dairy farmers is the environment, both assisting us to ensure that we are compliant in the area of reducing our environmental footprint, reducing non and point source pollution in particular. Clearly there is also the desire amongst farmers, dairy farmers, to be positive stewards of the land and the environment. In addition to this is the increasingly important role that farmers may play in the generation of energy, whether it is wind, manure, or—or biomass generation.

In summation, like Charles Dickens said in the “Tale of Two Cities,” “We live in the best of times; we live in the worst of times.” The last few years of rapidly gyrating milk prices, adverse weather impacts, and supply/demand imbalance have laid bare the inadequacies of the present pricing formula for milk. In some ways it is exciting to think we have an opportunity here to establish a timely and effective pricing mechanism, probably including a supply management component that will offer the dairy farmer an opportunity, but not a guarantee, to make a profit and establish an effective long-term economic planning for farms, both for farms and for the families.

Thank you for the opportunity to testify today.

[The prepared statement of Mr. Roberts can be found on page 88 in the appendix.]

Senator LEAHY. And thank you very much.

I think I will start with Mr. Magnan. You touched on one thing, and I think it should be emphasized. Even if your milk prices go up in the next couple of months, you are not going to see—and correct me if I am wrong on this, you are not going to see corn and feed prices come down at all with the demand for ethanol. Would it be safe to say that at least in the foreseeable future those prices are going to stay high, perhaps even go higher, as the increased demand for corn and for ethanol?

Mr. MAGNAN. That is what the market looks like.

Senator LEAHY. And that I do not mean to put words in your mouth, but does that limit your ability to grow your business?

Mr. MAGNAN. Absolutely. To grow and sustain.

Senator LEAHY. You also mentioned your family operation, and it is very typical of what I remember as a child growing up here, but somewhat disappearing: You have your family, your three brothers, your parents, and so on. As you know when we first wrote the MILC program back in 2002, I tried to expand the cap to allow operations for multiple families. We won some of the milk battles and lost some of them.

We also know the MILC program is designed for family farms, but talk to me just a little bit: How do we set a definition that takes care of a situation like yours, which is not untypical at all?

Mr. MAGNAN. No. Well, in order to answer that, I guess I will have to tell you why we have the industry that we have. It was pure economics that we all decided to work together. It just made sense then to have one milking unit, one line of equipment, to save costs. So that cost, that price of milk, is what drew us together other than the fact that we do enjoy each other's company and—

Senator LEAHY. You never have any family arguments? Careful. You are on the record.

Mr. MAGNAN. Well, I will say I hope that continues. I think that is what our milk price should breed. I think it should encourage families to work together. My wife and I currently have a 2-1/2-year-old son, and he would just as soon fall asleep in the pickup drawing cows than he would in his crib, so we want that opportunity.

Senator LEAHY. Well, Mr. Magnan, I can assure you that I will continue to work in the—

Mr. MAGNAN. Thank you.

Senator LEAHY.—Agriculture Committee to try do not need to give the MILC program to huge corporate farming, but—

Mr. MAGNAN. No.

Senator LEAHY [continuing]. It is designed to help family farms, and you and I both know what family is.

Mr. MAGNAN. Absolutely.

Senator LEAHY. We have to define that a lot better.

And, Mr. Roberts, other than having quoted from one of my favorite Dickens books about the best of times and the worst of times, you also referred to the roller coaster in milk prices.

How do you do away with this peak and valley? I mean, you must have some nights that you wake up about 2 o'clock in the morning and realize you are not only in the valley, but the valley's going deeper. How do you do that nationally on a program to eliminate that?

Mr. ROBERTS. I mean, I think it is going to be very difficult. I mean, there is a lot of history here. I mean, my sense of where we are with the way the Federal order system and the way price is milked is priced is that we have kept adding little details each time without effectively going back and saying, you know, what is changing? We have gone a long way from calling up 40 cheese plants in the M&W system years ago and figuring out that is what the price of milk is. We know pretty well what the supply and what the demand is going to be. So we need a system that reflects.

As Jackie mentioned, you know, right now on some of the commodity exchanges, there are forces that impact very small changes

in the supply and the demand and have a tremendous impact on the price, so we need to have some way of reflecting that. There is, of course, a consolidation in the processing industry around this country. There is one company in particular that dominates the processing industry in the Nation. I think they are headquartered in Texas, for some reason. And—but, you know—and I think we need to have a good look at that, whether this is an effective way to regionally price milk.

And I have been a skeptic of supply management for many years. I have looked—you know, at one time years ago we talked about supply management and quotas as being a way to save the family farm. If you look at what has happened in Europe and what has happened in Canada, I believe that they actually had an accelerated loss of family farms under a quota system.

However, having said that, we have got to figure out a supply management system, and I am game to do that. I am game to have a system that maybe does not include—or does not impart a huge financial burden in buying quota to a farmer and therefore can inhibit young people getting into farming, dairy farming, or something like that. So I do not have a formula for an answer for you at this point, Senator.

Senator LEAHY. Mr. Roberts, I think I am going to have my staff continue conversations with you as we go into this, and I do want in the meantime to ask Mrs. Folsom, who is representing the Farm Bureau but also is a dairy farmer herself, as I mentioned, you meet a lot with the Farm Bureau. You know that there are many around the country who do not like the idea of a Dairy Compact.

Ms. FOLSOM. Yes.

Senator LEAHY. Would I be safe in saying that you would prefer a Dairy Compact if we could do it?

Ms. FOLSOM. That is in our Vermont Farm Bureau policy right now, yes.

Senator LEAHY. Unfortunately, it is not in the national—

Ms. FOLSOM. I know that.

Senator LEAHY.—Farm Bureau policy.

Ms. FOLSOM. Actually, this was the first year at American Farm Bureau in Salt Lake City that they did not make an attempt to delete the words Northeast Dairy Compact, so that is in the American Farm Bureau policy currently. You will find their lobbyists are not excited about it.

Senator LEAHY. No. I can tell you they are able to contain their excitement—

Ms. FOLSOM. I am sure.

Senator LEAHY [continuing]. When they come before the Senate Agriculture Committee.

Ms. FOLSOM. That does not reflect Vermont Farm Bureau.

Senator LEAHY. When I start to raise it, you can see their shoulders hunch.

But we did have the MILC program. If the MILC program had not been in place since 2002, would you be missing a lot of your members today?

Ms. FOLSOM. Oh, I am sure. I am sure. We share the concerns that both the gentlemen here have expressed in regards to the cap, because that does make a difference, and I think that although the

Governor stated earlier that the help that the State was available—made available to us last year, it is certainly nothing that we are looking to continue. That is not sustainable, and we would rather have the help with the MILC program.

Senator LEAHY. I suspect in a small State like Vermont, you have to assume that cannot be sustainable.

Ms. FOLSOM. We certainly did appreciate the support of Senator—when he was senator, Senator Welch here and the Legislature and the Administration in Vermont, but we recognize that it is not sustainable, and that is why we are really trying to speak with one voice as to what we need, and the MILC program currently is—is pretty much the best bet what we have got.

Senator LEAHY. Thank you.

Ms. FOLSOM. Although as you can hear, we would like the Compact back.

Senator LEAHY. So would I.

Ms. FOLSOM. I know.

Senator LEAHY. So would I, I can assure you.

Senator SANDERS.

Senator SANDERS. Thank you.

The number of \$16.94, price of \$16.94, came from the Northeast Dairy Compact a number of years ago. As Mark indicated, costs have soared since then. If you had your wish fulfilled, what do you think would be a reasonable number in the year 2007? Mark?

Mr. MAGNAN. Well, I think the Consumer Price Index which right now—as I stated right now would be \$21.79.

Senator SANDERS. That to you would be a reasonable number. Jackie?

Ms. FOLSOM. As a dairy farmer, I would not argue with that price. I think Bob Wellington, who is an economist, as you well know, is looking at a little above \$17, \$17.20 or something like that, but certainly 21 would be wonderful.

Senator SANDERS. All right. But—John?

Mr. ROBERTS. I would support that, too. Definitely.

Senator SANDERS. All right. So we have got to recognize that costs have soared since that number was determined.

Some of us have long believed in supply management. We're hearing more and more of that now from farmers, and I know it is a long and complicated issue. Very briefly, who wants to take a shot at kind of describing what you think briefly, what kind of supply management system makes sense?

Mark, do you want to—yeah.

Mr. MAGNAN. I would not like to see it on a per-farm basis. I would like to see it on a regional basis.

Senator SANDERS. Regional basis. Yeah.

Mr. MAGNAN. That would take the pressure off any individual farm. It also would enhance ag in any region, and I think every region, especially the Northeast, would have the ability to control its own supply.

Senator SANDERS. OK.

Ms. FOLSOM. I do not think Vermont Farm Bureau has a specific policy to supply management, but we certainly are looking at a more regional basis. That is one of the reasons we are working with the Northeast Dairy Leadership Team and the Pennsylvania-

New York pieces, but it certainly makes more sense to do it regionally than farm by farm.

Senator SANDERS. John?

Mr. ROBERTS. Again, I would support a regional basis. I think—but we also must need to make sure that it is nationwide at any one time so we do not have situations where some of these large dairies out West who can add cows very rapidly, and I mean in excess of 5,000 cows operations, of which there are many, but none in Vermont, and, you know, can add cows very rapidly and have an impact on the supply.

Senator SANDERS. All right. One last question. Jackie, you and I have worked on agritourism. Do you see that as a potential mechanism for bringing revenue income to farmers' pockets in the State?

Ms. FOLSOM. We have worked on agritourism, and I continue to do that at the national level with the ag census. This year we will be having a question about the economic benefits of agritourism on farms, so we are very excited about that. I think it is an option. I think it is not for everybody, as you well know, but it certainly is picking up speed all over the country. As I talk to other Farm Bureau members, they are talking about that type of diversification. It enables farmers to stay on the farm, but also more importantly to educate consumers about who we are and what we do, which is a huge piece that sometimes is missing. So I think it has its place. I think it is another choice that farmers can make, and as I said, it is not for everybody, but for those that make it work, it is great.

Senator SANDERS. Good. OK. Mr. Chairman, thank you.

Senator LEAHY. Thank you.

Congressman Welch.

Mr. WELCH. Yeah, we will be brief. You have been very helpful.

Mark, let me just ask you, what are some of the specific things that we could get out of the Dairy Compact and try to get them into—if it is called the MILC program, that would make it better and incorporate the benefits that we enjoyed when Senator Leahy was successful in getting that Dairy Compact Bill passed?

Mr. MAGNAN. If you could get the Class I price moved up for—

Mr. WELCH. All right. John, how about you?

Mr. ROBERTS. I think that is the same—same point of view, yes. We can have an effect and impact that.

Mr. WELCH. Jackie, you have a smaller farm. Would that be the same for you?

Ms. FOLSOM. Definitely. We have a smaller farm, but actually, our cows were being sold. We are in transition to selling to a young man right now, so that is an exciting thing. That, but also getting the cap redirected or redefined I think would help our farmers here in Vermont.

Mr. WELCH. All right. Well, thank you very much.

Senator LEAHY. What we are going to do is take a 5-minute break. We are going to come back because we are running somewhat behind, partly because all this is so important. I am going to have to be arbitrary and run the gavel, something I would not do if I was closer to election time, but I will be very arbitrary on the 5-minute rule when we come back.

Thank you all very much.

[Recess.]

Senator LEAHY. As part of the next panel, we will have Richard Hall. He operates in East Montpelier. It is a 600-, 700-cow dairy, which has participated in several USDA Conservation Cost Share programs, tried a number of conservation innovations; Jad Daley—James Daley of the Northern Forest Alliance, which is currently working in local management of town-owned forestland; and is Enid Wonnacott here?

Ms. WONNACOTT. Yeah.

Senator LEAHY. I thought I saw you here earlier. Come on down, please.

Ms. Wonnacott is the executive director of the Northeast Organic Farmers of Vermont, NOFA. It is based in Richmond. She actually testified, I recall, at one of these field hearings back in 1989.

Ms. WONNACOTT. That would be me.

Senator LEAHY. Time, time goes by.

So we will start, Mr. Hall, with you, sir.

**STATEMENT OF RICHARD HALL, EAST MONTPELIER,
VERMONT**

Mr. HALL. OK. I would like to thank you for giving me the opportunity to come and testify.

I am Richard Hall, and I am the president of Fairmont Farms. We—presently, actually, we have about 1100 mature milking cows, we are milking in two different facilities, and about 850 young stock. We have recently gone—over the last 3 years gone through some generational transfers on our farm and bought out my mom and dad and also a neighbor, Austin Cleaves, that was part of our farm and brought in my wife's nephew, Tucker Purchase, and—and that is our current ownership right now.

And we have a background that goes back; Austin and my dad have been working closely with NRCS. We incorporated in 1993, built a new facility. We had some difficulty getting cost share assistance because we had a new facility, and we sought out other funds.

We actually secured a community development grant through the town of East Montpelier which we paid back, and that is how we built our first manure storage. And as the herd grew, we—and we needed to comply with large farm permits, we tried for EQIP funding. It is highly competitive. We actually tried three times and finally were granted a contract in 1904.

Some of the positive experiences we have had with EQIP, we did receive excellent assistance as we went through the planning process. We had a lot of people working with us, and they were able to work closely with the manufacturers to make adjustments and changes in some of the designs that we made in our manure storage. Also, the overall farm evaluation that was done in other areas that needed work I thought was very complete, but yet it was—it was also practical.

The actual engineering of the manure storage, like I said prior, was real cutting edge. We kind of changed our ideas as we went. They were able to adapt to our changes. We were using a lot of sand, and we were dealing with sand-laden manure and wanted a

structure that we could drive into and remove solids off the bottom, and they were able to come up with a real good design that fit our needs. It was also—we were under a fair amount of pressure to get this done in terms of our large farm permit, and the staff was able to work fairly quickly to make sure we got it done within that construction season so we met the needs of our permit.

Some of the challenges that we did have as we did it, we secured a line of credit to cover the expense of the project ahead of time, figuring at completion the payments would be made. The payments were very slow. It was probably about 6 months after completion that we finally did get reimbursed on that. It was probably about \$6,000 worth of extra interest costs that cost the farm.

I think there is, once we are kind of going through the process, a little bit of lack of flexibility once these designs are all made previously and then as—during construction there is a lot of advice given and things need to change, and we need to be able to make those changes, and that can be difficult at times.

Also, there is a couple of years ahead of time that you start planning for this EQIP project. Then the EQIP is—is only—it is a 5-year—it is a 5-year program, and to me it is really a long period of time, and ideas on the farm would change during that period of time, and we need to be able to change that. I thought that we could also use some more technical assistance and not have to hire as much outside help.

Future plans, we are going to go through the grant application process this coming spring for a methane digester, and we definitely will not proceed unless we can receive grant money for that and are looking forward to a lot of the benefits that the digester could bring to us and certainly are hoping that will continue to get funded at a high level. And we—on our second farm we are going through permitting on that, and there is going to be continued need to be—money to take care of environmental issues there.

And that is all I had. I just briefly wanted to say that the—although this is very important to us, all these environmental programs—or these programs that help us pay for these environmental fixes on the farm, the milk price really is primary to this, and if we had the money and were more profitable, a lot of these things would take care of themselves and we would not need as much outside money.

[The prepared statement of Mr. Hall can be found on page 75 in the appendix.]

Senator LEAHY. You probably would not be surprised to know you are not the only person who has told me that. And you are so right.

Ms. Wonnacott.

**STATEMENT OF ENID WONNACOTT, EXECUTIVE DIRECTOR,
NORTHEAST ORGANIC FARMERS OF VERMONT, RICHMOND,
VERMONT**

Ms. WONNACOTT. Thank you very much for allowing me to be here.

My name is Enid Wonnacott. I am the executive director of the Northeast Organic Farming Association of Vermont. I have been at NOFA for 20 years, and I have witnessed several farm bills. They

have not historically promoted policies that favor small farms, nor local food systems. Rather, they have been directed to the production and export of commodity crops.

Michael Pollan recently wrote that most Americans are not engaged in the process of creating the Farm Bill, that many people do not know a farmer nor care about agriculture. But we all eat. And he recommended that this time around let us call it the Food Bill. Of course, Vermont's different in that most Vermonters know farmers. Most Vermonters care about agriculture, but it begs the question: How would our agricultural system be different if our country created a food bill or a farm and food bill every 5 years?

Many people question why the national market for organic food increases more than 20 percent a year or why organic farming is the fastest growing agricultural sector in Vermont. There are currently 394 organic producers in Vermont growing food on 66,000 acres, over \$60 million in gross sales, and by the end of 2007 18 percent of the dairy farms in Vermont will be organic.

The growth may be based on science or fear or taste, but more than these factors, I think consumers want to know where their food comes from. They want a food experience. They want the opportunity to buy food directly from the farmers of Vermont and from their neighbors.

NOFA-Vermont supports a Farm and Food Bill that focuses less on the development of export markets and more on the development of local and regional markets. With relocalization as the screen, some of the highlights of a 2007 Farm and Food Bill would include support for organic programs that will help bridge the gap between demand for organic food products and supply, including reauthorization of the Organic Certification Cost Share—it has made a big difference for a lot of farmers; an organic conversion program that is rooted in on-farm technical assistance; a credible and respected national organic program that works to maintain the integrity of the organic label.

Senator LEAHY. Yes.

Ms. WONNACOTT. And the removal of Federal regulatory barriers that impede the development of local and regional markets, especially for meat. It would include a nutrition title that meets the mutual goals of market development and food access creating a new Child and Youth Nutrition Program modeled after the Senior Farmers Market Nutrition Program that supports local food purchasing contracts to low-income child-care centers, summer feeding programs, and school food programs; that enables food stamps to be used at farmers' markets, farm stands, and CSAs, which is supported in USDA's new proposed WIC rules. Currently \$4 million a month is being spent in Vermont in food stamps, none of which are being captured by farmers in Vermont. And that is because local markets do not have the capacity to accept electronic benefits.

A nutrition title that supports the components of the child nutrition and WIC Reauthorization Act, specifically Section 122; access to local food and school gardens, which was authorized but not funded by Congress; and a title that would strengthen the Food Stamp Program by increasing the minimum benefit.

This Farm and Food Bill would support a research title that mandates a risk assessment on emerging agricultural technologies,

like genetically modified organisms. This analysis needs to take place at the Federal level to provide clarity for the States. That levels the playing field with research on organic and sustainable agriculture. Despite the growth in organic, funding for organic research has remained stagnant at a half of 1 percent of all research dollars.

A research title that prioritizes classical plant and animal breeding within the National Research Initiatives' germplasm program to maintain genetic diversity and seed and breed stock that is adapted to changing environmental and climactic conditions; and an energy title that supports energy efficiency for small farms and support for on-farm energy production. Currently most of the funding support has been for larger farms and not necessarily appropriate to scale for small farms, and by small in Vermont I mean less than 80 cows. The support has been for farms of larger than 80 cows.

There are many current programs that support these priorities that NOFA-Vermont has taken advantage of and appreciate, including the value-added producer grants, community food projects, competitive grants program, Farmers' Market Promotion Program, Senior Farmers Market Nutrition Program, and SARE. NOFA-Vermont currently receives or has received Federal support for our program work from these important programs.

In closing, now that we are beeping, I would like to advocate for the work of the Commission on Small Farms in their 1998 report entitled "A Time to Act." Many of the recommendations of NOFA-Vermont and complementary national organizations are embodied in the Commission's report. The Commission, for instance, recommended the creation of a new title from the 2002 Farm Bill—

Senator LEAHY. Thank you.

Ms. WONNACOTT [continuing]. The small farm title. Thanks.

[The prepared statement of Ms. Wonnacott can be found on page 94 in the appendix.]

Senator LEAHY. Thank you very much.

Mr. Daley.

**STATEMENT OF JAMES DALEY, CAMPAIGN DIRECTOR,
NORTHERN FOREST ALLIANCE, STOWE, VERMONT**

Mr. DALEY. Chairman Leahy, I would like to ask for permission to offer an amendment to my colleague's suggestion of a Farms and Foods Bill and make it Farms, Foods, and Forests Bill.

Ms. WONNACOTT. Good. I like that.

Mr. DALEY. The headlines—

Ms. WONNACOTT. I support that.

Senator LEAHY. As you know when I became chairman of the Committee, I changed the name to Agriculture, Nutrition, and Forestry, so—

Mr. DALEY. And in fact, I wanted to start by noting, in case Vermonters are not aware, that you have been I think the single greatest champion for U.S. Forest Service state and private forestry programs of any member of the Congress, at least in the time I have been doing this work.

Senator LEAHY. Thank you.

Mr. DALEY. And in fact, if you only take away one theme from my comments today, it is that our Department of Forests, Parks,

and Recreation is doing a tremendous job of working with landowners and communities on forest conservation and stewardship, and if we can fund the programs that they use, that would be, you know, a great assistance that the Farm Bill could provide to the future of our forests here in Vermont and across the country.

One bit of context that I want to offer before diving into some policy recommendations, if you are not familiar with the "Forests on the Edge" study that was just completed by the U.S. Forest Service, I commend it to your attention, and what the Forest Service found is that 44 million acres of private forestland across the country will be developed in the next 25 years, and when you look at the State of Vermont, almost the entire State is projected to see medium or high rate of change from forest development.

The Connecticut River watershed, of course, close to Congressman Welch's heart, is ranked in the top 20 watersheds in the Nation for projected future development. So we are looking at suburbanization of Vermont's forests by subdivision and development on a massive scale, and I would suggest to you that puts the Vermont way of life at risk.

The good news is that this has really unified the forest community in ways never seen before. We kind of figured out in the great words of Benjamin Franklin that we will either hang together or we will hang separately, and so we have—we have come together to develop a comprehensive forest policy package for the next Farm Bill that is supported at the State level, at the regional level, and actually we have now got a new national Forests in the Farm Bill Coalition that includes the hardwood lumber manufacturers on one side of the table and the wilderness society on the other.

And so I just want to give you four areas of policy recommendation that are focuses for us and then close with a couple of words from the next generation of Vermont forest landowners.

My four areas of policy recommendation. The first is to fund existing programs that work. You, Senator, have led a letter for many years asking for annual appropriations for State and private forestry programs, and we need that promise to be kept. We established these programs in the Farm Bill. We need as many of them to have mandatory funding as possible, but as we have learned with some programs, even mandatory does not seem to be enough to actually deliver that funding, so we need to fund the programs that work, like forest stewardship, forest legacy, forest utilization and marketing, and others.

Two, the forest community has come together behind a new State forest planning process that would mirror the recent State wildlife plans that have been completed across the country, and this would give us under the leadership of our own great State forester here, Steve Sinclair, and others like him across the country a comprehensive and coordinated approach to how we apply these programs. And I think that would help in getting annual appropriations if we could show that they are performance based and are truly efficient.

Third, we need to deliver reliable cost share and incentive funding for forest landowners. One of the great reasons why these forests are being sold across the country and across Vermont is that the gap between forestland's value for development has risen 117

percent in Vermont since 2001, but the costs associated with forestland ownership and the returns associated with forestland ownership have not kept pace. So if we can find cost share and incentive funding to help compensate private landowners for the values that they are delivering to the public, that will help close that gap between the value they are able to derive from owning forests as forests as opposed to feeling compelled to sell land for development to get a reasonable rate of return.

Two concerns on that front. The national momentum is clearly to push that cost share and incentive funding into conservation title programs. And if that happens here in Vermont, two things would be required for that to work here and in States like New York that, as you know, Senator Leahy, are also dairy—heavy dairy States. If, for example, EQIP is going to provide cost share funding for landowners, No. 1, we still want the state foresters and not NRCS to be the entity that works with landowners and directs that funding; and second, the forest funding should be separate from the ag funding so that forestlanders do actually eventually get to the head of the line.

The last thing I want to talk about is community forest programs. You noted, Senator Leahy, that my organization, the Northern Forest Alliance, has been leading something called the Vermont Town Forest Project here helping communities around the State take leadership for forest ownership, conservation, and management statewide, and so we have two proposals.

One is a new Community Forest and Open Space Program that would deliver funding directly to communities for acquisition of forestland. When private landowners can no longer afford to hold those lands, we think communities are a great new landowner that can continue to deliver those benefits to the State of—people of Vermont.

And second, a community wood energy program. Senator Sanders, this goes directly to something that you said earlier: How can we find sustainable energy solutions here at home? We have a vision for how we can use town forests to help feed local wood energy heating systems in our schools and in our public buildings so we can create a closed-loop system of sustainable carbon-neutral energy from our forests here in the State of Vermont. And we would love a little bit of assistance through a new community wood energy program to help create that new looped energy system using our own forests.

Thank you very much for your time.

[The prepared statement of Mr. Daley can be found on page 52 in the appendix.]

Senator LEAHY. Thank you. And thank you all for keeping within time. I am just going to just go to one question. I may do—send you follow-ups afterwards, but—

Mr. Hall, you've talked about EQIP and FRPP, these working lands conservation programs. As you know, in the last bill we put in this regional equity requirement that guarantees small States a small State minimum, get at least \$12 million per year in conservation funding, but I was struck by what you said about sometimes how long it takes getting through the bureaucracy. The

money might be there, but getting through the bureaucracy, which can be overwhelming to a small farmer.

And you spoke to some of the things that can be done. If we took away from this, what would be the No. 1 thing that could be done to speed up during these kind of conservation grants for people like yourself who want to use them?

Mr. HALL. You mean as far as getting payments out, you are talking about?

Senator LEAHY. You talked about how long it can take in your planning and all that—you are paying interest charges and—

Mr. HALL. Right.

Senator LEAHY. What do you do to speed that up?

Mr. HALL. Well, I think to simplify the contracts is probably a good idea, and I have no idea what happens on the other end with how much paperwork has to be done, but I assume it is just immense, and I did not really understand sometimes what the delay was all about, but there is a tremendous delay to get this money.

Senator SANDERS. A delay in a Federal program? We are shocked.

Senator LEAHY. That is right.

Mr. HALL. So I cannot really speak to exactly what should be done, but—

Senator LEAHY. But certainly the delay—

Mr. HALL. It is too cumbersome.

Senator LEAHY. We certainly should find a way to speed this up is what you're saying.

Mr. HALL. Yes. And then the other part I was just speaking about is—

Senator LEAHY. I am thinking of the huge backlog there is right now. It just makes no sense.

Mr. HALL. Is the length of the contract, I think is just a little bit long, and you are trying to look out too many years ahead, and things change on the farm in the meantime, so—

Senator LEAHY. And, Ms. Wonnacott, I know that you seem discouraged about some of these farm bills, but I think you would admit that the Organic Foods Production Act was part of a Farm Bill.

Ms. WONNACOTT. Right.

Senator LEAHY. And that has had some positive effects.

Ms. WONNACOTT. Yes.

Senator LEAHY. We had to fight every single major lobbyist for 12 years to get it through.

Ms. WONNACOTT. Yes.

Senator LEAHY. Had to change the chairmanship with the Agriculture Committee, but we did it, and it is something that so many of those that lobbied against it said it would be a colossal failure. We now have a \$15 billion industry and growing. We have the most certified organic farms in the country on a per-capita basis here in Vermont, so there has been some positive.

Ms. WONNACOTT. Absolutely.

Senator LEAHY. And I have seen some of the food stamp usage at farm market—farmers' markets. I do in Montpelier when I go to the farmers' market there on weekends when I am home here in the summertime.

Ms. WONNACOTT. That is the Farm to Family Coupon Program.

Senator LEAHY. I see that, too. Which was another program we started in the Farm Bill.

What is the most significant threat to the strong standards of the current organic labeling law and regulations?

Ms. WONNACOTT. The pasture standard.

Senator LEAHY. The which?

Ms. WONNACOTT. The pasture standard.

Senator LEAHY. Yes. I think that I would hear that same answer in a number of other parts of the country; would I not?

Ms. WONNACOTT. Yes, you would.

Senator LEAHY. I also found as one big threat was remember back a couple years ago when one producer of organic chickens in another part of the country tried to change—

Ms. WONNACOTT. Outdoor access.

Senator LEAHY [continuing]. In a midnight rider and what was organic feed for it.

Ms. WONNACOTT. Yes. And the outdoor access requirement, too.

Senator LEAHY. Yes. Mr. Daley, you want to close the gap between the returns private forest landowners can realize from their act as far as—versus the development costs. If you could write one thing into the Farm Bill, into the forestry title, and there will be a forestry title, to narrow that gap, what would it be?

Mr. DALEY. Well, we are very excited about the prospect of

Senator LEAHY. Why don't you pull that microphone a little closer.

Ms. WONNACOTT. I'm sorry.

Mr. DALEY. We are very interested in the potential of using the conservation security program to reward forest landowners for outstanding forest stewardship. CSP has been a very successful program in rewarding agricultural producers watershed by watershed to reward them for stewardship that conserves public values like water quality, and we think that especially in this part of the country where most watersheds are either predominantly forested or at least equal parts forested and agricultural, that we ought to similarly reward forest landowners for outstanding stewardship that protects water quality and other public values.

And that is the kind of financial compensation that I think private landowners deserve for the environmental benefits that they are delivering to the public, and that would, again, provide some financial returns that would close that gap between the value they can derive from holding forests as forests as opposed to converting it for development.

Senator LEAHY. Some of us who live nearby with forestland listen to this a great deal.

Senator Sanders.

Senator SANDERS. Thank you. I will try to be brief.

Enid, let me start off with you. By the way, congratulations on the growth of NOFA. I remember going to your meetings a few decades ago, and I was just there a couple weeks ago. You had 800 people.

Ms. WONNACOTT. 950.

Senator SANDERS. Who is counting?

Senator LEAHY. And growing.

Senator SANDERS. And young. And a lot of young farmers were there, family farmers.

Enid, you indicated correctly that there has been an explosion in the number of people in Vermont and America that are now gravitating toward organic foods. The transition, whether it is dairy or vegetables or whatever it may be going from conventional to organic, costs a bit of money. In your judgment, what kind of direct Federal assistance to farmers in fact would make sense covering that transition cost?

Ms. WONNACOTT. I think the most helpful is an on-farm technical assistance program.

Senator SANDERS. I am sorry?

Ms. WONNACOTT. Is an on-farm technical assistance program. It is not necessarily a conversion payment. The market processors are actually supplying some conversion payment. What the farmers in Vermont have found the most helpful is on-farm technical assistance. We have been able to supply that from a grant from the Vermont Agency of Agriculture and also through the Farm Viability Enhancement Program with cash-flow analysis and business—

Senator SANDERS. And NOFA is supplying that?

Ms. WONNACOTT. Yeah. We are a service provider for the Farm Viability Program, so we have five technical assistance staff right now working with farmers, and it really comes down to an individual farm-by-farm decision and process, and it is hard without on-farm technical assistance to make a successful transition.

Senator SANDERS. Thank you.

Mr. Daley, some years back when I was Mayor of Burlington, we started the first wood chip burning plant in the State, which is still going very strongly, and one of the things that a lot of people are not aware of is that to the best of my knowledge, Vermont leads the whole country in the number of schools that are now heating with wood chips. I think, what, we are over 40 schools now?

Mr. DALEY. It is a significant number; I know that.

Senator SANDERS. And it is a growing number, and that is a good step forward, because it saves school districts money, it provides local jobs, and it is friendlier to the environment.

As we talk about biofuels in general and try to deal with the potential disasters of global warming, talk a little bit about the role that you see our forests playing in providing biofuels to heat our State and so forth.

Mr. DALEY. Absolutely. And, you know, there—of course, things are happening at two different scales. As you mentioned, you have got, you know, the McNeil Generating Station in Burlington and larger scale use of biomass and then community-scale biomass, as you talked about with the Fuels For Schools Program and other smaller scale efforts, and we have been focusing most of our attention in this proposal on the community scale side of things. We think that that is where just a little bit of additional technical assistance and funding would make the greatest impact, and we think at that Vermont scale we really have an opportunity to create a model that will lead the Nation.

So I do think that there is a wonderful opportunity for us to find a carbon-neutral energy source where it is not only a beneficial

model environmentally but we are sort of becoming forest and energy locavores, if you will, and so that is what we are trying to establish through this idea of a community wood energy program where we would be using, you know, town forests to actually supply town energy needs so that people can actually see the costs and the impacts of where their energy is coming from.

Senator SANDERS. And you save a lot of money on transportation, as well.

Mr. DALEY. Exactly. Which of course we know that when you truck something from one place to another, that has an energy cost. And we think there is a way to rewire the system pretty dramatically that here in Vermont we can create something that would be a model for the Nation.

Senator SANDERS. I agree with you.

OK. Thank you very much, Mr. Chairman.

Senator LEAHY. That is an exciting concept.

And incidentally, the grants for transitioning to organic, that is one of the things I raised in the last Senate Agriculture hearing. It is one of the things that is going to be looked at in the next Farm Bill.

Ms. WONNACOTT. Great. Thank you.

Senator LEAHY. Congressman Welch?

Mr. WELCH. Thank you.

Mr. Hall, I know you have done a lot of work on nutrient management, and I am wondering for your recommendations on how the USDA can best support local nutrient management efforts.

Mr. HALL. We have gotten a lot of support on the nutrient management piece of the puzzle. We did on our large farm permit on the East Montpelier dairy and we have—

Mr. WELCH. You want to get that microphone a little bit?

Mr. HALL. And we have recently at our other farm in East Craftsbury with the MFO. We are getting financial assistance through the State to help develop those plans, and there are some really good planners, and we have some choices of who we can—who we can have, so that has worked quite well for us.

Mr. WELCH. Thank you.

And, Enid, I want to thank you for NOFA's great work.

Ms. WONNACOTT. Thank you.

Mr. WELCH. When I first came to the Legislature in 1981, I was on the Agriculture Committee. I remember the NOFA folks coming in, and I think all five members were in the committee room.

But—you have touched on this a bit, but what are the specific recommendations that you would make for the 2007 Farm Bill to help farmers who want to make the transition to organic?

Ms. WONNACOTT. You know, as I said, I think that largely it is a technical assistance issue.

Mr. WELCH. Yes.

Ms. WONNACOTT. There is—and specifically for dairy is where the greatest technical assistance is needed. Organic vegetable production is a much older industry. There are a lot of farmer mentors. There is research that has already been done, and there is much more university expertise and support.

On the dairy and livestock, there are—it is a much younger industry largely because until the National Organic Program, you

could not legally certify organic meat or label it as certified organic. So it is a much younger industry. There are fewer farmer mentors, and there is very little research that has been accomplished, and there are existing regulatory barriers. So I think there are certainly policy initiatives that could help that transition, but on a day-to-day—

Mr. WELCH. Technical assistance.

Ms. WONNACOTT [continuing]. What is going to help success is on-farm technical assistance.

Mr. WELCH. Great. All right. Thank you.

And, Jad, you are doing great things in West Fairlee with the forest there, and you have described that very well. It is quite exciting to get that the regionalization, which is the theme we are hearing over and over again: Intensify what we have; take advantage of it; keep it local.

What are some of the other specific things that we can do in the Farm Bill to help foster sustainability in forestry, in local value-added production?

Mr. DALEY. Well, you touched on the West Fairlee town forest and the acquisition of that town forest, and I think that is actually one of the most exciting opportunities that we have for fostering a sustained timber economy in our State and sustainable use of our forests. You know, we have got towns like West Fairlee, which is a small town of less than a thousand people, that is looking to purchase 1800 acres of forestland that will be managed for a host of forest products as well as public benefits.

On the other side of the State you have got the town of Goshen, which is a town of 250 some residents, that has generated about \$250,000 of logging revenue from its town forest, both feeding local timber supplies and helping, you know, balance the local budget for that very small community. And they have even used some of the wood for local concerns like rebuilding historic structures in the town.

So to me I think that the idea of community forests is sort of a shining example of how we can create a sustainable forest economy and culture moving forward in our State.

Mr. WELCH. OK. Thank you.

Thank you, Mr. Chairman.

Senator LEAHY. I want to thank all three of you for being here, Jad, Enid, and Richard, and do not be surprised if you get some calls from either me or my staff as we are going forward in this Farm Bill. You are going to hear yourself quoted a lot in Washington as we get in that debate.

Thank you very much.

Our next panel will have Bill Rowell. Bill and his brother operate the Green Mountain Dairy in Highgate. That is a well-run, 900-milker operation. He is a member of St. Albans Cooperative. And the Rowells have participated in the USDA Rural Development Renewable Energy Grant Program that is included in the 2002 Farm Bill.

Your farm survived a few years ago when the Grateful Dead had a major concert, which I read about, in Highgate.

Andrew Meyer is well known to all of us. He has been very active in rural development initiatives. Of course, I used to see him on al-

most a daily basis when he was working for my colleague Jim Jeffords in Washington. He's at the center of a number of ventures in the Hardwick-Greensboro area. The USDA Rural Development just awarded NVDA a grant to fund a feasibility study for an agriculture incubator building. He and his brothers have an organic dairy operation and continue to get high-quality milk—or milk quality awards. He has established the Vermont Soy Company. It is an alternative crop for farmers.

Linda Berlin is also very well known to all of us. She is a food nutrition specialist with the UVM Extension. She is a board member of the Campaign to End Childhood Hunger.

And if I can just mention personally, thank you. Thank you for that.

And she has an extensive knowledge of the whole range of USDA food and agricultural programs.

And going from my right to left as we have been, Mr. Meyer, we will start with you.

STATEMENT OF ANDREW MEYER, VERMONT SOY, HARDWICK, VERMONT

Mr. MEYER. Thank you, Mr. Chairman. I greatly appreciate this opportunity to discuss the importance of the USDA's Rural Development programs and am pleased to address the entire Vermont Delegation today. My name is Andrew Meyer, and I am from Hardwick.

As you began the discussions and debate over the 2007 Farm Bill, your continued support and understanding of the importance of how rural development programs impact the economic viability of Vermont and other rural States is critical.

Mr. Chairman, I grew up on a small dairy farm in rural Vermont and believe strongly in the significance that farming has on Vermont's rural character and economic viability. I share my time now on our family's organic dairy farm along with two new ventures that I have started: Vermont Soy and Vermont Natural Coatings. Both new companies seek to convert raw agricultural materials from local producers into value-added products.

Vermont Soy, a new food processing venture, is launching a new line of soy products, as well as other organic products. Our goal at Vermont Soy is to source high-quality soybeans from local farmers. To assist area farmers, we are conducting soybean variety trials and developing technical and infrastructure support necessary to enable farmers to grow for us. As more Vermont dairy farmers seek additional profit-making opportunities, growing soybeans along with other specialty crops may prove beneficial.

Vermont Natural Coatings, another Hardwick business that we have engaged in, produces whey-protein-based, environmentally safe wood finishes. Our new patented formulations, invented through research at the University of Vermont, converts a cheese by-product into a high-performance, safe wood finish. Similar to Vermont Soy, our goal is to convert local raw materials into value-added products for farmers.

Both companies have been supported by rural development programs, including staff support, financing, marketing and technical assistance. Farmers and small businesses alike can benefit from

continued support from programs, such as the 9006 Renewable Energy Program, the Producer Value-Added Program, rural enterprise development grants, and increased marketing and technical assistance.

Although functional and useful, some programs require a streamlined application process, small project set-asides, and a greater percentage of total costs covered.

Another area of importance that deserves review and attention is the need for rural Vermont's telecommunications infrastructure. For Vermont's rural businesses to be competitive in today's markets, they will need to have access to a high-speed regional network system.

Supporting agricultural-based businesses and ventures in rural America is critical. To be successful, programs in the 2007 Farm Bill need to sustain and enhance infrastructure that supports new innovations in food- and agricultural-based products. For example, the Northeast Kingdom of Vermont has a vast resource of agriculture and forest raw materials; however, because the region lacks the necessary infrastructure to convert those raw materials into processed goods, the communities and producers in that area do not benefit from those value-added markets.

The town of Hardwick, recognizing the market opportunities in this area, is quickly becoming the agricultural center of Vermont, where agricultural-based businesses are building partnerships with local agricultural producers to create and produce high-quality value-added products. Currently the Industrial Park, which is named the Agricultural Food Park, is home to our two new companies and also Vermont Milk Company, which is now processing Vermont milk, and the Sugarman, processing and producing—packaging Vermont maple syrup.

Recently the town, as the chairman described, received a Rural Business Enterprise Grant to conduct a feasibility study on the expansion of our Agricultural Food Park with the creation of a new food incubator building. In addition to the food business incubator, the creation of a Functional Food Technology Initiative as part of the 2007 Farm Bill would create opportunities that build and strengthen on the region's ability to add value to new products.

The Rural Development title of the Farm Bill has great potential for stimulating Vermont's economic foundation. One of the areas that should be addressed is the enhancement of biobased products. Recently a nonprofit was started in Hardwick called The Center for a Biobased Economy where we are trying to educate the public about the importance of supporting an economy in which profitability and equity are created, maintained, and enhanced through practices that promote stewardship, environmental health, and social responsibility.

Expanding and strengthening agriculture businesses so vital to Vermont and other rural States involves the coordination and support of many different interests. As Congress discusses and debates the Farm Bill, it will be important for the Vermont Delegation to recognize the issues that impact the ability of new agriculture sectors to flourish.

Thank you for your time, and I will answer any questions.

[The prepared statement of Mr. Meyer can be found on page 83 in the appendix.]

Senator LEAHY. Thank you. And I intend to ask you some questions about the broadband.

Mr. Rowell.

**STATEMENT OF WILLARD ROWELL, JR., HIGHGATE CENTER,
VERMONT**

Senator LEAHY. Mr. Rowell.

Mr. ROWELL. Gentlemen, it is nice to see you home working in the field. I think the first time I came to the Capitol Robert Stafford was lieutenant Governor. I was just a boy.

Senator LEAHY. Thank you.

Mr. ROWELL. It is always a pleasure to come to the Statehouse. They have good—

Senator LEAHY. I delivered newspapers to him.

Mr. ROWELL. They have good soup here.

Senator LEAHY. They do.

Mr. ROWELL. We have over a thousand cows. We produce 22 million pounds of milk annually. Our cropland consists of 1200 acres in three towns: Sheldon, Highgate, and Swanton. Our manure waste stream is a 10 million-gallon-a year affair. We are located in the Missisquoi Bay watershed.

Green Mountain Dairy operates as a large farm under Vermont ag rules, and we are in the process of implementing an anaerobic digester system. We hope to improve our economics; manage the waste stream; produce electricity, nearly 2 million kilowatts a year. We expect tremendous benefits to the farm. We expect tremendous benefits for society and the environment. We are quite excited, and expect to be on-line this week.

Section 9006 encourages development of renewable energy by providing money to accomplish the goal. The program falls short of the mark. Intended money arrives too late in the process to maximize its value to the farm, and it actually creates a heightened burden on the farmer.

Feasibility studies told us without the USDA grant, the project was not possible. Lenders were otherwise unwilling to commit. We received a grant, \$335,000. One of only eight in the country awarded. Twenty-nine digester projects applied; eight were awarded. A \$500,000 cap on the grant means we spent \$4 million or less nationally to reclassify a waste stream as a resource. Our project cost us \$2 million, and to date we have not received one dime. We expect to be on-line this week, and the money would have been useful.

Pleasant Valley farms of Berkshire has been on-line for three and a half months. They have not received any money. Montagne Farms of St. Albans Bay, still under construction, probably better than halfway through the process; they have not seen any money. And Walter Gladstone from Bradford, I think he is trying to decide whether it is worth the risk. He was the fourth project.

The money is very difficult to qualify. The process is simply too complicated if you are a farmer. It turns out the money is paid at the end, after the project is up and running, with receipted proof of payment.

This grant proposal took me four and a half months to pull all the information together.

Senator SANDERS. But think of all the paper you can now use for fuel.

Mr. ROWELL. Well, it is kind of like a Sears catalog.

Senator LEAHY. They have other use. I'm sorry. Go ahead. That's for the older members here.

Mr. ROWELL. It took four and a half months to write, and it was quite an education. It contains all of the reference material for any information the government might require.

I think we are spending too much time on redundant information. You have a dedicated staff here in Vermont that is short of time because they are spending too much time producing information that you already have. Our budgets, all three farms mentioned, were contingent on and included the grant money. So as it turns out, we are jumping through hoops waiting for eventual reimbursement while the farm pays interest on a \$2 million project. I am sure this does not work as the founders originally intended.

If we want to see more of these projects which the country embraces, renewable energy, that has to change. Also, the level of funding has to increase, and for the many benefits these digesters provide, the number of digester projects need to increase.

Last year we planted 80 million acres of corn. This year we will increase that by 10 million acres, and, weather permitting, we will produce 13 billion bushels of corn. A bushel of corn will produce 2.8 gallons of ethanol, which I believe the government subsidizes at 51 cents a gallon. Corn is a valuable resource. It has already doubled in price. Some of us are concerned we have created a gold rush. The land grab has already started.

As this unfolds, we may see disastrous results with a sharp rise in food prices and everything else. We have animals to feed and a human population to sustain. We need to protect our resources by investing in infrastructure that will maximize the benefits to society.

[The prepared statement of Mr. Rowell can be found on page 91 in the appendix.]

Senator LEAHY. Thank you. Thank you. And I want to go back to a couple of the points you made.

Ms. Berlin, somebody asked when we were going to see milk around here. I want you to know, I am drinking Vermont Pure water, but I see the milk is here.

STATEMENT OF LINDA BERLIN, Ph.D., UNIVERSITY OF VERMONT, DEPARTMENT OF NUTRITION AND FOOD SCIENCES, BURLINGTON, VERMONT

Ms. BERLIN. I brought the milk, but not the milk mustache.

Linda Berlin, University of Vermont Extension. I first wish to extend my thanks to you, Senator Leahy, for chairing these hearings and for your ongoing and deep commitment to food and farming issues, and to Senator Sanders and Congressman Welch as well for being here today.

My focus today will be on nutrition and hunger issues and how important it is for the Farm Bill to prioritize national health and nutrition goals along with other critical goals. While most people

think primarily about the impact of the Farm Bill on farmers and rural communities, U.S. agriculture policy has a major impact on us all. Simply stated, the Farm Bill influences not just what food is grown but also what food is eaten.

The U.S. dietary guidelines, based in sound science, advise that we increase our consumption of fruit, vegetables, whole grains, low-fat dairy products, along with other recommendations. In contrast, the current food environment encourages consumption of high-fat, high-salt, high-sugar foods which are low in essential vitamins, minerals, and fiber, because they are most affordable.

The obesity and diabetes crises are national consequences of this situation. Additionally, rates of hunger and inadequate nutrition are growing despite the country's abundant food supply. It is my deeply held belief that the Farm Bill needs to and can simultaneously promote public health and meet the needs of all farmers by setting Federal policy that seeks balance between our Nation's priorities of a sound agricultural system and healthful, affordable food.

In the Northeast approximately 4 million people rely on agriculture for their livelihoods, and nearly 69 million people consume food. We all have a stake in the 2007 Farm Bill.

I will now expand on three priorities. First, build food security through the Food Stamp Program. While many people in the Northeast struggle with an excess of calories, nearly 1 million households, about 13 percent, with over 5 million individuals in these 12 States, live in food-insecure households. Ironically, obesity and hunger coexist in some households because cheap, calorie-dense foods with inadequate nutrition appease hunger pains.

Over 80 percent of food stamp benefits go to households with children. Although research demonstrates that food stamp recipients receive more nutrients in their diets than their low-income counterparts who are not participating in the Food Stamp Program, benefits remain inadequate. When money is tight, caring parents resort to buying this, Kool-Aid, instead of this, milk. To save the difference in equal amounts of these is \$2.60 for a gallon of Kool-Aid versus milk. Parents in this great dairy State of Vermont are faced with similar dilemmas every time they shop. Additionally, the Food Stamp Program currently fails to reach approximately 40 percent of eligibles.

The second priority is to promote access to fresh local and culturally appropriate foods. The Community Food—Food Projects Grants Program is just completing its tenth year of providing money to innovative projects that promote comprehensive responses to food, farm, and nutrition issues. Senator Leahy, I know that you have been a staunch supporter of Community Food Projects since their inception.

Here in Vermont we have used these grant dollars in various ways, including to get food grown on small local farms to older adults at congregate meal sites; to teach children the joy of growing and consuming fresh vegetables; and to build interest among diverse community members in providing more healthful food choices at schools. These projects are critical because they help to support the expansion of community-based food systems that are environmentally sound, promote health, and strengthen the local economy.

These types of impacts reflect the core values of Vermonters. In order to further this important work, these grants need to be authorized—reauthorized at a much higher level.

The third priority is to encourage and promote programs that reflect national health goals and nutrition guidelines. According to a recent report by the USDA Economic Research Service, for Americans to meet the fruit, vegetable, and whole grain recommendations, domestic crop acreage would need to increase by an estimated 7.4 million harvested acres. Although the limited supply may be a consequence of consumer demand, it is also true that current agricultural subsidies do not promote this increase.

While some farmers are advantaged by agricultural subsidies, Northeast farmers do not win overall. Here, because farmers produce relatively small quantities of the program crops that now receive commodity program subsidies, much of our region receives just 2 cents or less from USDA for every dollar in farm sales, compared to some other regions that receive up to 15 cents. The Northeast would see a 200 percent increase in support levels if allocations were based on the value of agricultural production. By expanding the list of commodity crops to include specialty crops such as fruits and vegetables for human consumption, we could simultaneously address public health goals while helping some Northeast farmers.

I also want to speak to improving awareness about what constitutes a healthful diet and how to obtain it, and I think nutrition education is very important in that regard, and so supporting nutrition education is important.

Thank you very much.

[The prepared statement of Ms. Berlin can be found on page 52 in the appendix.]

Senator LEAHY. No, I—I agree. You mentioned the problem of both obesity and diabetes, and the question is, we can pay up front or pay later.

Ms. BERLIN. Exactly.

Senator LEAHY. Mr. Rowell, I am going to begin with you, because we speak about the 9006—

Mr. ROWELL. Yes.

Senator LEAHY [continuing]. Program funds. There has been a lot of testimony in the Agriculture Committee that we—we need to expand energy production both on and off the farms. We are talking about solar, mini windmills, things like this. But what I hear from you is a lot of these projects can be good, but the process is really bad.

Mr. ROWELL. Yes, sir.

Senator LEAHY. Did you get any impression that anybody read all this stuff that you prepared?

Mr. ROWELL. Well—

Senator LEAHY. Did you get feedback to indicate that somebody was actually reading this?

Mr. ROWELL. I did not, but I got the impression that if—if we did not produce that document, we were not going to get the money. And now I am getting the impression—

Senator LEAHY. Did you ever read Catch-22?

Mr. ROWELL. Yes, sir. These—these provide a good management tool for a farm, and we have enough nutrients going into the lake, and I know you are a big Champ supporter, and we are trying to do something to do our part for the lake, for the environment, for our neighbors.

Senator LEAHY. But what you are trying to do is do both, save the lake and keeping the nutrients out of there, but also create energy.

Mr. ROWELL. Well, Senator, we use on our farm each day about 50,000 gallons of water. We count that the quality will be good. In the event that it was not, I think we would be done farming with that number of animals.

Senator LEAHY. And the percentages might vary in different farms around the State, but the answer would be the same; would it not?

Mr. ROWELL. Yes, sir, it would.

Senator LEAHY. Thank you.

Mr. Meyer, good to see you again. Let me just ask one—one question. You raised the issue of broadband access, and there was a broadband program in the 2002 Farm Bill. Frankly, I think it has been a disaster. I think it has been poorly handled. You know, USDA was told to get this out to rural communities, like yours. Even Members of the Congressional Delegation, at least some of them live in these rural communities. But instead this has gone out into areas, larger communities, where it is already available. There is competition, whether it is cable or high-speed telephone lines or anything else, where it is not as necessary.

The program—and this you would get the same answer from both Republicans and Democrats who have worked on this program. It was designed to get it into small areas. Frankly, this is going to be a major focus on the farm bills, how we get USDA to get on the stick and get it done right. They do many, many things right, but, boy, this has not been.

I mean, how would—you are a small business owner. How important is broadband to—to a business in Hardwick?

Mr. MEYER. I think broadband overall generally is critical to the success of rural businesses. More and more programming, softwares, on-line sales, marketing are conducted through the Internet, and without the capacity or the ability to have high-speed, it is going to be difficult to expand business opportunities.

Senator LEAHY. But how do you get that into the rural areas?

Mr. MEYER. Well, I think there could be a number of things. One, the problem I think you face is that there are low-density populations in these rural areas and no infrastructure that businesses who want to make money on this venture are going to be able to do, so having a public-private partnership I think is critical, either creating revolving loan funds where a business can enter into an agreement with a public entity to—to partner and make this happen.

Senator LEAHY. I remember my grandparents talking about how excited they were when electricity came to South Ryegate, Vermont, and they turned it on—that was a low-density area at that time, but we had programs through the Department of Agri-

culture, through Rural Electrification, and got it there. Think what would have happened if we had not done that.

Mr. MEYER. Well, I do not know. It is—I live in Hardwick, so it is hard to say.

Senator LEAHY. OK.

Senator SANDERS. But you have electricity now in Hardwick, right?

Mr. MEYER. Most of the time. But it is the most expensive electricity in the State of Vermont.

Senator LEAHY. You do not live in Middlesex, do you? I do not even want to get into that. I do not want to get into my total parochial issues, but let me show you my electric bill sometime.

Let us see. Marcelle's smiling in the back. She knows.

We have had—Ms. Berlin, we have had tremendous support for the Food Stamp Program. I have seen over a hundred, I think 135, organizations that push for a strong nutrition title. You talked about improving expanded fresh fruit and vegetable programs to all 50 States. What is the biggest burden in doing that?

Ms. BERLIN. The biggest burden. That is an interesting question. The Fresh Fruit and Vegetable Program provides fresh produce to schools, and I think my understanding is that probably the biggest challenges for the school food service workers who have a lot of work to do just to get by even opening cans when they are faced with fresh produce, it takes additional time to prepare those foods, and time means money, and so in order to expand programs that provide more fresh, local produce, or not local but just fresh, we have to consider those labor costs and expenses, particularly in the public school system.

Senator LEAHY. Thank you. We may follow up more on that, because there is a growing urge among both sides of that in the Agriculture Committee to get more. The very same reasons you have spoken about.

Senator Sanders.

Senator SANDERS. Thank you very much. And let me concur with what everybody has said on broadband. It is beyond comprehension that today in the State of Vermont in our rural areas we still have towns that do not have high-speed Internet access. We are behind much of the country, and in fact, as everyone should know, the United States is behind much of the world, and it is not clear to me how a small town in Vermont without high-speed Internet access is going to be competitive and attract businesses. It is incomprehensible. And we have got to make this a priority and move aggressively.

What this panel is about is really focusing on a number of huge failings of our current Federal Government. The idea that in the United States today we have more and more people who are hungry is unacceptable. The idea that we are not dealing with good nutrition and obesity is becoming a problem leading to huge health-care costs through diabetes and heart disease is an issue that we have got to address, as well.

We have other areas in that—I am on the Environmental and Energy Committees, and let me tell you there will be a change in Federal policy in terms of global warming, and the question I want you all three to touch on is what role does small, family based agri-

culture play in that? And, of course, tied into that is how can we use energy production, energy efficiency, on the farm in terms of saving the family farm?

Let me start off with Linda. Linda, give us some radical and bold ideas in terms of nutrition, because if we do not get a handle on obesity and other health problems, we are going to be spending tens of billions of dollars treating people who are going to die earlier than they should. Give us some really bold ideas in terms of what the Federal Government should be doing.

Ms. BERLIN. Well, I guess the first place my mind goes—you asked—is not subsidize corn production, which translates into high-fructose corn syrup, which is everywhere in our food supply, which is contributing to, you know, our obesity and diabetes rates. So I know that that is not a very popular thing to say, but maybe in Vermont it is more acceptable.

Senator SANDERS. OK.

Ms. BERLIN. Certainly, you know, we need—part of the support of local food systems is about getting more fresh products to people that taste good, that reminds people of what food should taste like, and so if we are talking about trying to support small-scale local producers, if we support—in our policies if we support bringing the price down of things that are good for us like that, then I think ultimately that contributes to our health and diet.

Senator SANDERS. Should the Federal Government be playing an active role in voluntarily trying to move people to good nutrition?

Ms. BERLIN. Absolutely. I mean, if we think about it, I think right now we spend about annually \$100 billion in Medicare and Medicare expenses because of these diet-related diseases that we have, and so the Federal Government plays a role no matter how you slice it. We just would like the Federal Government to play a role in helping to improve it.

Senator SANDERS. Good. Thank you.

Bill, let me ask you a question.

Mr. ROWELL. Yes.

Senator SANDERS. There is a lot of excitement about methane digesters. We see potential there. One of the problems is, as I understand it, the technology now can be utilized by bigger farms, not smaller farms.

Mr. ROWELL. Yes.

Senator SANDERS. So I want you to touch on that, but also touch on—on this issue. In my view, and correct me if I am wrong, New England is far behind other regions of this country in terms of growing biofuel products on the farms. Do you sense in the State of Vermont that farmers believe that they can bring in additional revenue, not only by, in a sense, producing electricity as you are doing through manure to methane but by growing other biofuel crops?

Mr. ROWELL. Yes. I sense that they can. We have some farms up in Franklin County that are growing biofuels with the hopes of bringing in extra income. The biodigester for us will bring in extra income. We are interested in that. We have a good—we have a good system with our government in this country. We have a lot of good people working at all levels to make it better, and we thank you all for your efforts to do that.

Darwin said it is not the most intelligent or the most fit who will survive but those who can adapt. So we have to adapt. The environment in Vermont is quite clean, exceptionally clean compared to other parts of the country. We enjoy a lot of things that probably people in the world would give quite a lot to have.

I think we need to see more of these digesters. I think they will do something as far as in the event of a natural disaster, you could sustain life on a farm. You would have electricity, heat. We may be able to grow vegetables in large greenhouses with the heat. There are a number of things—we are not even sure what kind of a tool we have yet, it is so new, but it is going to expand, and it is going to provide some real tremendous benefits to the population.

Senator SANDERS. Andrew, let me just add—mention, congratulations—you know, we talk a lot about moving toward value-added products, a lot of talk. You are doing it, and congratulations on that.

What role—or do you see a role in terms of public-private efforts helping Vermont farmers increase the capacity to produce value-added products?

Mr. MEYER. I think that what is critical as we talk about energy and new market opportunities, is the conversion of that raw material to a product that meets a market call, and I think that the efforts that are going on in Hardwick now are looking to do such things public-private partnerships that create the infrastructure to allow a farmer to convert his or her products into cheese or a cannerly that can produce meat products or other dairy products, and in our case a soy product and other diversified crops. I think there is tremendous potential for converting the raw materials into dollars in the farmer's pocket.

Senator SANDERS. OK. Thank you all very much.

Senator LEAHY. I could not help but think during John Hall's answers and now Bill Rowell's, this is the only agriculture hearing I have been in in 30 years where both Dickens and Darwin were quoted. And it did not start a major debate from the audience at the same time.

Congressman Welch.

Mr. WELCH. Thank you. I—Senator Leahy, I just want to thank all of the witnesses, you folks and the people who preceded you, and time is growing late, and all my questions have really more or less been asked and answered, but I just want to make an observation, Senator Leahy. Every witness has focused on I think a central insight that we need regionalization, that in a time of globalization where there are these forces that are completely beyond the control of our local communities, our small State, or even our country, that if we are going to maintain communities, we have to respond with intensifying regional approaches to solving a myriad of problems.

And it is based on that insight that if you produce locally and you distribute locally using local resources and you integrate that into the local economy, it has the prospect of creating jobs, preserving the environment, reducing global warming, and promoting communities that are integrated where people are dependent, one another, on their efforts in working together. And I have just found that this path-breaking work that was done on the regional com-

pact, whether we call it that or not, that focus on regionalization is absolutely essential to underlie what it is we do, I think, in this Farm Bill.

I want to thank you all.

Mr. ROWELL. Thank you.

Senator LEAHY. And I want to thank everybody for being here. I especially want to thank Senator Sanders and Congressman Welch for taking the time to do it. It has been an important hearing, but I could not help but feel it made me awfully proud to be a Vermonter and to see so many Vermonters here. I think over the years Vermonters' voices have been heard a great deal in the various farm bills. We just want to make sure that they are implemented the way we Vermonters say they should be. So I thank you all, and I especially thank my two colleagues I am privileged to serve with.

We stand recessed.

[Whereupon, at 12:31 p.m., the committee was adjourned.]

A P P E N D I X

MARCH 12, 2007

U.S. Senate Agriculture, Nutrition, and Forestry Committee
Hearing: 2007 Farm Bill Opportunities for Vermont and the Northeast
Monday, March 12, 2007

Testimony from Linda Berlin, Ph.D., University of Vermont, Department of Nutrition and Food Sciences

I first wish to extend my thanks to Senator Leahy for chairing these hearings, and for his ongoing and deep commitment to the food and farming concerns that face so many Vermont and Northeast communities and their citizens. I also wish to thank Senator Harkin for organizing this hearing, Senator Chambliss, and other members of the committee for your time and for giving me this opportunity to address you today.

I was asked to speak to you about opportunities in the 2007 Farm Bill for Vermonters and those in the Northeast. As a Nutrition Specialist, I will focus primarily on nutrition and hunger issues, and how important it is for the Farm Bill to prioritize national health and nutrition goals, along with other critical goals.

While most people think primarily about the impacts of the farm bill on farmers and rural communities, U.S. agriculture policy has a major impact on us all. Simply stated, the farm bill influences not just what food is grown, but also what food is eaten. Farm policy therefore has the potential to have a positive impact on the production and accessibility of healthful foods for all citizens.

The U.S. Dietary Guidelines, based in sound science, advise that we increase our consumption of fruit, vegetables, nuts, and whole grains, along with other recommendations. In contrast, the current food environment encourages consumption of high fat, high salt, high sugar foods which are low in essential vitamins, minerals, and fiber, because they are most affordable. The obesity and diabetes crises are natural consequences of this situation. Additionally, rates of hunger and inadequate nutrition are growing despite the country's abundant food supply. It is my deeply held belief that the farm bill needs to, and can, simultaneously promote public health *and* meet the needs of all farmers by setting federal policy that seeks balance between our nation's priorities of a sound agricultural system, and healthful, affordable food. In the northeast, approximately 4 million people rely on agriculture for their livelihoods, but nearly 69 million people consume food. We all have a stake in the 2007 farm bill.

I will now expand on three specific priorities for the northeast that I hope will be reflected in the 2007 farm bill. They are:

- 1) Build food security for all northeast citizens;
- 2) Promote access to fresh, local, and culturally appropriate foods; and
- 3) Encourage and promote programs that reflect national health goals and nutrition guidelines.

Build food security through the Food Stamp Program

While many people in the northeast struggle with an excess of calories, nearly 1 million households (926,000 or 13%) with over 5 million individuals in these 12 states live in food-insecure households (2005)¹. Food insecurity means they had insufficient money or other resources to acquire enough food, or to be sure that they would have what they needed, at some point during the year. Vermont had the highest percent increase in the most severe category of food insecurity in the last 5 years. Ironically, obesity and hunger co-exist in some households because cheap, calorie dense foods with inadequate nutrition appease hunger pains². Federal food and nutrition programs should provide adequate resources to enable recipients to access healthful foods.

The Food Stamp Program is the primary food safety net for American households. Over 80% of food stamp benefits go to households *with children*. Although research demonstrates that Food Stamp recipients receive more nutrients in their diets than their low-income counterparts who are not participating, benefits remain inadequate. The average benefit of \$1/person/meal does not translate into healthful meals. Studies of the Thrifty Food Plan confirm this inadequacy. When money is tight, caring parents resort to buying this (show koolaid) instead of this (show milk carton) to save (cost difference). Parents in this great dairy state of Vermont are faced with similar dilemmas every time they shop. It is clear that benefits need to be increased to reflect the cost of a healthful diet.

For those who are eligible to receive food stamps but are not participating, even minimal benefits are lost. The food stamp program currently fails to reach approximately 40% of those eligible. Some households are not aware that they are eligible, others are reluctant to get assistance, and still others choose not to apply because the minimum benefit of \$10 may not cover the lost wages and transportation costs of applying. Other groups are excluded from eligibility despite their need, such as poor working families whose savings slightly exceeds program limits, or legal immigrants.

All households deserve access to healthful foods. Inadequate diets not only affect health, but also impair children's ability to learn, and adult's ability to work. A society built on opportunity should give the children of our future the opportunity to succeed.

Promote access to fresh, local, and culturally appropriate foods

The Community Food Projects Grants Program is just completing its 10th year of providing money to innovative projects that promote comprehensive responses to food, farm, and nutrition issues. Most projects emphasize access to fresh, local, and culturally appropriate foods. Senator Leahy, I know that you have been a staunch supporter of Community Food Projects since their inception. Over the past 10 years, 240 projects across the country, including a number in Vermont, have helped meet food needs of low-income residents. These grants enable communities to test creative approaches that address some of our most challenging food system issues. For example, here in Vermont, we have used grant money:

1. To get food grown on small, local farms to older adults at congregate meal sites;
2. To teach children the joy of growing and consuming fresh vegetables; and

3. To build interest among diverse community members in providing more healthful food choices at schools.

Additionally, much of the progress on “farm-to-school” has stemmed from Community Food Projects Grants. These projects are critical because they help to support the expansion of community-based food systems that are environmentally sound, promote health, and strengthen the local economy. These types of impacts reflect the core values of Vermonters.

In order to further this important work, these grants need to be reauthorized at a much higher level of funding. The Community Food Security Coalition and partner groups, of which I am a part, recommend reauthorization at \$60.5 million to achieve a number of goals:

1. Continue to allow money for competitive Community Food Projects grants;
2. Support systems that link local foods with community institutions such as schools;
3. Promote innovative retail markets in urban and rural food deserts;
4. Support the development of food policy councils and food systems networks; and
5. Support expansion of urban community gardens.

Additional funding or revised policies that can help make fresh, local foods more accessible, include:

1. Funds to support the use of EBT cards at Farmers’ Markets;
2. Policy changes to enable schools and other institutions to exert geographic preference when purchasing foods; and
3. Flexible policy to allow the Department of Defense Fresh Program to purchase local products.

Encourage and promote programs that reflect national health goals and nutrition guidelines

Although U.S. dietary guidelines emphasize the importance of eating a variety of nutrient-dense foods and beverages, including low-fat dairy products, while limiting the intake of saturated fats, added sugars, and salt, most Americans fall short of meeting the recommendations. This shortfall is due to many factors, some of which relate to the Farm Bill.

First, our agricultural system does not currently produce adequate food to allow us to meet these recommendations. According to a recent report by the USDA Economic Research Service, for Americans to meet the fruit, vegetable, and whole grain recommendations, domestic crop acreage would need to increase by an estimated 7.4 million harvested acres. Although this limited supply may be a consequence of consumer demand, it is also true that *current agricultural subsidies do not promote this increase*. While some farmers are advantaged by agricultural subsidies, Northeast farmers do not win overall. Here, because farmers produce relatively small quantities of the program crops that now receive commodity program subsidies, much of our region receives just 2 cents or less from USDA for every dollar in farm sales, compared to some other states that receive up to 15 cents. The Northeast would see a 200% increase in support levels if allocations were based on the value of agricultural production. By expanding the list of

commodity crops to include specialty crops such as fruits and vegetables for human consumption, we could simultaneously address public health goals while helping some northeast farmers.

Improving awareness about what constitutes a healthful diet, and how to obtain it when resources are stretched, is also a factor in reaching national health goals. As a board member for the national Society for Nutrition Education I am a strong advocate for nutrition education programs that work. EFNEP, a nutrition education program run by extension offices around the country that targets pregnant women and families with children (part of the Farm Bill Research Title VII) was recognized by the General Accounting Office as the most effective federal nutrition education program. Because of recent efforts to establish EFNEP programs at 1890 land grant colleges across the country, an overall increase in funding is necessary to build capacity among these deserving programs while maintaining adequate resources for the well-established programs at 1862 land grants such as the University of Vermont.

Adequate funding or flexible regulations in numerous other food and nutrition programs would help Vermonters and others in the northeast meet national nutrition guidelines. Additional specific recommendations include to:

- Expand the Fresh Fruit and Vegetable program to all 50 states.
- Expand funding for the Farmers' Market Nutrition programs.
- Expand research to address the role of nutrition education in prevention of chronic disease.
- Expand the Commodity Supplemental Food Program to all states, and include foods that are targeted to the nutritional needs of older adults.
- Improve access to Food Stamp Nutrition Education.

In closing, the farm and food system serves us all. Let's make the 2007 "Farm Bill" a "Food Bill" that enables a flourishing agricultural system to nourish a healthy population.

Thank you.

¹ Nord, Mark, Margaret Andrews, and Steven Carlson (November 2006) *Household Food Security in the United States, 2005*. ERR 29. Economic Research Service, U.S. Department of Agriculture.

² Drewnoski, Adam and S.E. Specter (2004) "Poverty and obesity: The role of energy density and energy costs." *American Journal of Clinical Nutrition* 79(1): 6-16.

Testimony of the Northern Forest Alliance
Jad Daley, Campaign Director
To the
Senate Committee on Agriculture, Nutrition, and Forestry
The Honorable Tom Harkin, Chairman

I am honored to have the chance to provide testimony to the Senate Committee on Agriculture, Nutrition, and Forestry concerning the 2007 Farm Bill and the opportunities to more fully address the needs of forests, forest landowners, and communities. United States Department of Agriculture (USDA) programs to support conservation and careful stewardship of forestland have been essential to Vermont's success in maintaining its natural resources, economy, and quality of life. However, we feel that the next Farm Bill and subsequent annual appropriations can and must do more to support the leadership shown by private forestland owners and communities across our state and region. These individuals and communities are delivering a host of public benefits through their management and ownership of forestland, including support for our forest-based economy, clean water and air, wildlife, and outdoor recreation opportunities including hunting and fishing. I will focus my testimony and recommendations on how we can match the commitment of these stewards with financial resources and technical assistance for private landowners and communities to keep their forestlands intact and implement outstanding forest management.

Here in Vermont, we are very fortunate that this great leadership for forest stewardship and conservation from private landowners and communities at the local level is matched one hundred percent by our federal and state officials. Senator Patrick Leahy, Senator Bernie Sanders, and Representative Peter Welch have long been great champions for forests and forest landowners. In particular, Vermonters owe a special debt of gratitude to Senator Leahy for his tremendous leadership for United States Forest Service State and Private Forestry programs. From his establishment of the highly valuable Forest Legacy Program in the 1990 Farm Bill to his annual work with Senator Richard Lugar to win strong appropriations for Forest Legacy and other important USFS State and Private Forestry programs like Urban and Community Forestry, Senator Leahy has been a monumental champion for forests in Vermont and the nation.

We are also blessed here in Vermont with outstanding leadership from state government for forests. In particular, our Department of Forests, Parks, and Recreation is an essential partner for forest landowners and communities. Under the leadership of Commissioner Jonathan Wood and State Forester Steve Sinclair and through personnel like our county foresters, the Department has delivered outstanding support and partnership for forest landowners and communities across Vermont. Much of what the next Farm Bill must do is to provide enhanced resources and tools to enable these dedicated professionals to continue their outstanding efforts at an even higher and more comprehensive level.

Vermont and Region's Private Forests at a Crossroads

To fully appreciate the need for enhanced forest funding in the next Farm Bill, it is important to appreciate the "perfect storm" of threats that are sweeping over private forestlands and community forests right now and into the foreseeable future in Vermont, the Northern Forest region, and across the nation. These threats include but are not limited to:

- Dramatically increased subdivision and development
- Rising tax burdens, management costs, and other landowner challenges
- New levels of infiltration by invasive and exotic species

Perhaps the most pervasive threat to Vermont and the region's forests is from subdivision and development. In its recent report, *Forests on the Edge* (Stein, 2005), the U.S. Forest Service projected that 44 million acres of private forests nationwide will be lost to development by 2030—11 percent of all private forests. All fifteen of the top watersheds for projected development in the report were located in the eastern states.

Of particular alarm to us here in Vermont, almost our entire state was projected in *Forests on the Edge* to see either “medium” or “high” change from development. The Connecticut River watershed in Vermont and New Hampshire, one of our state and region's great natural treasures, was ranked among the top twenty in the nation for projected change from future development.

This national analysis has been backstopped by similar statistics from regional and state assessments showing that Vermont's forests are being subdivided into smaller and smaller parcels, not due solely to population growth, but also to inefficient development patterns. Vermont's population growth rate from 1982 to 1992 was about 10 percent, yet the amount of land developed during this same period increased by 25 percent—two and half times more.¹ This pattern led to a doubling of Vermont landowners controlling less than ten acres from 1983 to 1993, a trend that has surely only accelerated since.²

This high rate of change is driven by a number of factors, key among them that family forest owners are statistically an elderly group nearing or at retirement age that is enticed by skyrocketing development values and discouraged by rising ownership costs from taxes, management, and timber extraction. The average age of the 4.9 million family forest owners in Northeastern states is 60 years of age, creating a looming threat of massive ownership transfer in the coming decades.³ As these owners increasingly look to retirement and consider passing their land onto their families, the growing gulf between forestland's forest value and development value is a significant problem. From 2001 to 2005, the median price per acre of open land and forestland parcels of twenty-five acres or more rose 62%, from \$974 per acre in 2001 to \$1,580 in 2005. Once these larger parcels were subdivided further, land values only escalated further: the median price per acre of open land and forestland parcels of between one and twenty-five acres rose from \$4,505 per acre in 2001 to \$10,000 in 2005—a 117 percent increase.⁴

¹ Kim Royar, Vermont Fish and Wildlife Department. See also Vermont Fish and Wildlife Service, *Conserving Vermont's Natural Heritage: A Guide to Community-Based Planning for the Conservation of Vermont's Fish, Wildlife, and Biological Diversity*, (2004), at p. 18.

² Kim Royar, Vermont Fish and Wildlife Department. See also Vermont Fish and Wildlife Service, *Conserving Vermont's Natural Heritage: A Guide to Community-Based Planning for the Conservation of Vermont's Fish, Wildlife, and Biological Diversity*, (2004), at p. 18.

³ America's Family Forest Owners, 2003, US Forest Service, Butler and Letherberry

⁴ Vermont's Housing Market – Trends and Perspectives, Handout by Phil Dodd for Forest Roundtable, Oct. 18, 2006. Available at <http://svr3.acornhost.com/~vnrorg/irt/presentations.htm>

If we are to expect current and future generations of family forest owners to forego these significant returns for subdivision and development, we must help close the gap between the returns that landowners can expect from keeping lands forested. This includes offsetting sources of forest income and technical assistance to help them deal with rising development pressure, management costs, and stewardship challenges. This technical assistance will be particularly important if we are going to encourage and support a new generation of private forest owners trying to find its feet.

In Vermont, New England, and now across the country, this shift among family forest owners is being exacerbated by the dramatic sell-off of industrial timberlands. In the Northern Forest region of New York Vermont, New Hampshire, and Maine, an incredible 23.8 million acres of forestland has changed hands since 1983, with 45 percent of that total in the last five years.⁵ This means that large tracts of working forestlands we have long counted on to supply local timber mills, provide public hunting access, and shelter local watersheds among other public values are in play for subdivision and development. Again, providing tools so that potential new owners of these areas have confidence that they can afford to own and manage these lands as working forest will be essential to maintaining our forest systems, economy, and way of life.

Finally, it is important to pay special attention to new threats from invasive and exotic plants and pests, such as buckthorn, barberry, and the forest tent caterpillar. While some of the most dangerous new threats have not yet reached Vermont, they are working their way northward, aided in part by our warming climate. The rising costs and technical challenges from these species cannot be underestimated. Landowners will need funding and technical assistance from the Vermont Division of Forests to keep our forests healthy into the future, and adequate research funding is needed for the Division to stay one step ahead of new threats and identify best practices for dealing with current threats.

Vermont Town Forest Project: Renewed Forest Leadership from Communities

In addition to providing new resources to work with private forest owners, we must also create new funding and tools to partner with communities. One of the most exciting trends for Vermont's forests in recent years has been the renewed leadership for forest conservation and management shown by Vermont communities through their ownership and management of town forests. Across the state, Vermont towns are enhancing the connection of Vermonters to the woods and their neighbors by using our 60,000 acres of town forests as community rallying points.

In celebration of this new community leadership, the Northern Forest Alliance and more than thirty public and private organizations launched the Vermont Town Forest Project in 2005 to provide a new support system for communities to enhance use, management, and acquisition of town forests. Our project partners include the U.S. Forest Service, our own Department of Forests, Parks, and Recreation and Department of Fish and Wildlife, the University of Vermont, Vermont Land Trust, Trust for Public Land, Vermont Natural Resources Council, Association of

⁵ Hagan, J.M., L.C. Irland, and A.A. Whitman. 2005. Changing timberland ownership in the Northern Forest and implication for biodiversity. Manomet Center for Conservation Sciences, report #MCCS0FCP-2005-1, Brunswick, Maine, at p. iii.

Vermont Conservation Commissions, Audubon Vermont, Vermont Humanities Council, and many other organizations across the state.

Through our collaboration with communities as well as independent efforts initiated by communities on their own, Vermont's town forests in places like Hinesburg and Goshen have become the subject of renewed timber harvests that feed local mills, local budgets, and in some cases yield timber to rebuild local town halls and other public buildings. Communities have used these timber harvests and other forest management activities to educate private landowners and inspire improved stewardship of private lands. In towns like Dorset, citizens come out for community stewardship activities in their town forests such as eradication of invasive plants. In Hartford and other towns, community members are invited and encouraged to come walk timber sales on the town forest after they have been marked, providing an opportunity for community members to better understand good forestry and perhaps influence management of their own lands.

Communities have held town forest discovery days and town forest celebrations to bring people into the woods to enjoy the land with their fellow community members. Of special importance, these events have been highly successful in bringing our young people away from computer screens and introducing them to the joys of being in the outdoors.

Towns have also led town forest-oriented cultural activities like youth-elder interviews and collective development of a "town forest statement" to create intergenerational cultural dialogue about forests and to help communities identify the forest values that are shared by all. The Town of Warren has done both of these things and has found new community unity as a result, including better understanding of Vermont's unique forest heritage. One of the youth-elder interviews from the third/fourth grade class at the Warren School captures the impact of this work:

"Our visitor we interviewed was Lenord Robinson. He has lived here for 77 years. He planted 40 acres of trees, and now he's making the trees into houses. Lenord enjoys skiing, biking, hiking, and watching animals in the forest. When he was little, the forest was very different. Henry Brooks gave 100 acres to the Town of Warren. He says the forests will grow every year. He gave us a lesson to appreciate the forest and take care of it and watch out for campfires. Jeff Fuller's family makes a living from the forest." - Maya C. and Meredith G.

The power and excitement around the town forest movement has been so strong that many communities have even been moved to purchase new town forests or additions to existing town forests. Often these purchases have conserved locally important forest parcels that have come up for sale and are threatened by development. This is a locally-led solution to forest conservation that leaves the responsibility for future management in the hands of those best able to understand the needs of local people.

We are particularly proud of our partnership with the Town of West Fairlee to help the community purchase an 1,800-acre town forest, the community's first-ever town forest. The new "Brushwood Community Forest" will link with adjacent town forests owned by two neighboring towns. Thanks to Vermont Town Forest Project partner the Trust for Public Land, West Fairlee

has had extensive professional assistance in working with landowners to identify willing sellers, purchase properties and secure options, and pursue the \$2 million in needed funding from private donors and the Forest Legacy Program. This Forest Legacy project was top-ranked by the State of Vermont for FY08.

With so much positive energy and leadership for forest conservation and stewardship coming from the community level, the Farm Bill should provide new resources and technical assistance to support community efforts. We specifically recognize an opportunity to support town forest acquisitions and technical assistance for town forest management through the Community Forest and Open Space Conservation Program detailed below.

Forest Policy Recommendations for the 2007 Farm Bill

The Northern Forest Alliance has provided leadership for exciting forest policy development collaborations for the next Farm Bill at the state, regional, and national level and feel that we have reached a watershed moment where the forest community is coming together with a common purpose for the betterment of our nation's forests. It is our sincere hope that the United States Congress will recognize this new commitment to collaboration across our country and match the forest community's energy with renewed forest programs in the next Farm Bill.

In 2005, the Northern Forest Alliance began convening state working groups in New York, Vermont, New Hampshire, and Maine and a series of regional summits involving all four states to develop a consensus forest policy recommendation for the Farm Bill. These collaborations have been unique in that they have involved equal participation from across the spectrum of forest interest groups, including forestry and forest products manufacturing, private landowners, wildlife interests, conservation groups, and recreation interests.

These groups developed a set of broad Northern Forest policy priorities for the Farm Bill that was subsequently channeled into the platform of the newly christened Forests in the Farm Bill Coalition, a national group that includes a similarly diverse cross-section of forest interest groups from across the country. The following policy recommendations reflect our best thinking at the state level here in Vermont, the regional level among the Northern Forest states, and the national level involving the Forests in the Farm Bill Coalition. The forest policies recommended in this testimony are supported by our diverse coalition at each of these levels.

It is also important to note as a precursor that in all of our recommendations below, we strongly support the continued leadership of the U.S. Forest Service and our state foresters and state forestry agencies for management, implementation, and grantmaking for USDA forest programs. While we have immense respect for the talents of the Natural Resources Conservation Service (NRCS), we do not believe that the NRCS should replace in any way the role of the U.S. Forest Service and our state forestry agencies in leading and implementing Farm Bill forest programs at the state level. To make this point even more forcefully, we feel it would be strongly counter-productive for the interests of Vermont, New York, and other states to move cost-share funding for forests from the Forestry Title (e.g. Forestland Enhancement Program) to Conservation Title programs (e.g. Environmental Quality Incentives Program) without a clear firewall around the funding for forest landowners and continued leadership of our forestry agencies in working with landowners and distributing that funding.

Policy Priority: Improve Funding for Existing Forest Programs with Proven Effectiveness

While it is as much an annual appropriations issue as a Farm Bill issue, we want to first recognize that there is an unmet funding need for existing and proven Farm Bill forestry programs. This list includes but is not limited to the Forest Stewardship Program that is essential to our state forestry agencies' ability to partner with landowners, Forest Inventory and Analysis program that helps us understand shifts in our forest resources, Forest Utilization and Marketing Program that helps support innovation for our forest products industry, and the Forest Legacy Program that has been so effective in helping states and communities conserve almost 1.5 million acres nationwide through matching grants.

We strongly encourage the 2007 Farm Bill to provide mandatory funding where possible for our most valuable forestry programs, and where not feasible, for Congress to keep the promise of these programs by providing annual appropriations that keep pace with need. We were particularly disturbed by the proposed decimation of the entire suite of U.S. Forest Service State and Private Forestry programs in the administration's FY08 Budget, and hope that this does not signal a retreat from these critical programs.

Policy Priority: Improve Forest Planning, Coordination, and Prioritization

The next Farm Bill should foster integration and coordination of federal agency and non-federal entity activities for private forest conservation and management, thereby making better use of scarce resources. We recommend identifying national emphasis issues and developing national and state level strategies based on these priorities. Specifically, the Farm Bill should establish a new provision for national and state forest planning and coordination within the Cooperative Forestry Assistance Act:

“Sec. __. NATIONAL AND STATE FOREST PRIORITIZATION AND PLANNING.

(a) NATIONAL PRIORITIES. Within 12 months of passage of this legislation, the Secretary, in coordination with other federal agencies, shall develop national priorities for the nation's privately-owned forest lands that include an explanation of the most pressing threats to the sustainability, management and conservation of private forests and expected roles for federal agencies and USDA conservation and forest programs in partnering with States and private landowners to address identified threats.

(b) STATE FOREST PLANS. Within 36 months of passage of this legislation, each State forester, or equivalent State official as designated by the Governor of that State, in consultation with State conservationists, State wildlife agencies, and other appropriate agencies and stakeholders, shall develop a state forest plan that includes:

- (1) An outline of threats to the sustainability, management, and conservation of privately-owned forests in that State, with particular reference to those threats outlined in the Secretary's national priorities that are relevant to the respective State;
- (2) Goals and strategies for addressing identified threats and maintaining the productivity and capacity of forest resources in that State, including how coordinated application of USDA conservation and forest programs can address relevant threats and support private landowners; and

(3) A program to monitor and measure progress towards reaching goals and implementing strategies in the plan.

(c) APPROPRIATIONS. \$10 million shall be provided to USDA and the States annually in fiscal years 2008, 2009, and 2010 to carry out this section, with such sums as necessary provided in future fiscal years for updating of plans as the Secretary shall deem appropriate.”

Policy Priority: Strengthen Cost-share and Incentive Programs for Forest Stewardship
Under the leadership of the U.S. Forest Service and our state forestry agencies, the next Farm Bill should encourage private forest conservation and management and address national emphasis issues and state/regional priorities by creating incentives and financial rewards to forest landowners for outstanding stewardship. This will help increase the financial returns from traditional forest ownership and help close the gap between forest value and development value. For all of these policy options, programs should: 1) Encourage long-term stewardship activities by private forestland owners; 2) Encourage collaborative conservation across landscapes; and 3) Deliver resources directed by State Forest Plans and national priorities (above). Specific recommendations include:

➤ **Provide Conservation Security Program Payments to Reward Outstanding Forest Stewardship**

“Sec. 1238A. CONSERVATION SECURITY PROGRAM...

(a)(2) ELIGIBLE LAND. Except as provided in paragraph (3), private agricultural land (including grassland, prairie land, improved pasture land, and rangeland), land under the jurisdiction of an Indian tribe (as defined by the Secretary), and non-industrial private forested land ~~that is an incidental part of an agricultural operation~~ shall be eligible for enrollment in the conservation security program.

➤ **Expand Access for Private Forest Landowners to EQIP**

“SEC. __. ENVIRONMENTAL QUALITY INCENTIVES PROGRAM...

“SEC. __. PROMOTION OF FOREST STEWARDSHIP PRACTICES.

(a) COST-SHARE PAYMENTS AND INCENTIVE PAYMENTS.—In carrying out the program under this chapter, the Secretary shall promote forest stewardship by providing cost-share payments and incentive payments to non-industrial private forest owners to carry out eligible conservation activities, to—

- (1) improve water quality;
- (2) improve habitat for at-risk species;
- (3) restore ecologically important forest types; or
- (4) control invasive species.

(b) PRIORITY.—The Secretary shall give priority to projects that involve multiple landowners implementing eligible conservation activities in a coordinated way to address the purposes described in subsection (a).

(c) FUNDING.—

(1) AMOUNTS.—The Secretary shall use funds of the Commodity Credit Corporation to carry out this section in the following amounts:

- (A) \$25,000,000 for fiscal year 2008;
- (B) \$45,000,000 for fiscal year 2009;
- (C) \$60,000,000 for fiscal year 2010;
- (D) \$75,000,000 million for each of fiscal years 2011 and 2012; and
- (E) \$100 million for fiscal year 2013.

(2) RELATION TO OTHER FUNDS.—The funds made available under paragraph (1) are in addition to amounts made available under section 1241(a)(6) 14 to carry out this chapter.”

Policy Priority: Increase Funding for Permanent Forest Conservation

With the tremendous volume of forestlands coming on to the market, including some industrial timberlands in large parcels of one hundred thousand acres or more, we need a variety of tools for permanent forest conservation to conserve our full range of public values from forests, such as timber flows for the forest-based economy, clean water and air, wildlife, and outdoor recreation including hunting and fishing. Modifying and fully funding the Healthy Forests Reserve Program will make it a more useful tool for permanent conservation, perhaps best aimed at the largest industrial timber parcels that are not easily absorbed by the Forest Legacy Program, and support stewardship of conserved parcels that maintains the full range of ecosystem services needed from these forestlands.

“SEC. . HEALTHY FORESTS RESERVE PROGRAM.

(a) Methods of Enrollment- Section 502(f)(1) of the Healthy Forests Restoration Act of 2003 (16 U.S.C. 6572(f)(1)) is amended by striking subparagraph (C) and inserting the following new subparagraph:

(C) a permanent easement.”

(b) Funding- Section 508 of such Act(16 U.S.C. 6578) is amended to read as follows:

‘SEC. 508. FUNDING FOR HEALTHY FORESTS RESERVE PROGRAM.

(a) Funding Source- For each of fiscal years 2008 through 2013, the Secretary shall allocate \$50 million from the funds, facilities, and authorities of the Commodity Credit Corporation to carry out the healthy forests reserve program, including the provision of technical assistance under the program.

(b) Section 11 Cap- The use of Commodity Credit Corporation funds under subsection (a) to provide technical assistance under the healthy forests reserve program shall not be considered an allotment or fund transfer from the Commodity Credit Corporation for purposes of the limitation on expenditures for technical assistance imposed by section 11 of the Commodity Credit Corporation Charter Act (15 U.S.C. 714i).”

Policy Priority: Support Community Leadership for Forest Conservation and Stewardship

The next Farm Bill must match the incredible new energy and spirit of cooperation around forests that is emerging from communities across Vermont, the region, and the nation. Through our Vermont Town Forest Project and other similar efforts, communities are finding new ways to deepen community connections to the land and in the process bring people closer together. The

Farm Bill should catalyze and support this activity through establishment of a new Community Forest and Open Space Conservation Program that would fund community acquisition of forestlands and also support communities' stewardship of their forests by providing technical assistance from state forestry agencies.

SEC. 1. COMMUNITY FOREST AND OPEN SPACE CONSERVATION PROGRAM.

Sec. 1. FINDINGS.

Congress finds that—

- (1) The United States Forest Service recently projected that 44 million acres of private forest will be developed across the nation through 2030, including many of the most important remaining parcels within and adjacent to communities, creating an urgent need for local governments to have the financial resources to purchase the most publicly important parcels as they come up for sale;
- (2) The rapidly expanding base of private forestland owners created by forest parcelization includes many individuals with no experience in forest stewardship, creating an urgent need for demonstration sites for proper forest management, for which many communities are using municipal or county forestland;
- (3) In fast growing communities of all sizes across the nation, remaining parcels of forestland play an essential role in protecting public water supplies, leading many local governments to purchase these lands for municipal or county ownership;
- (4) Rising rates of obesity and other public health problems related to inactivity have been shown to be ameliorated by improving public access to safe and pleasing areas for outdoor recreation, leading many local governments to purchase recreation lands for municipal or county ownership;
- (5) Across the nation, many communities of diverse types and sizes are deriving significant financial benefit from owning and managing municipal or county forestland as a source of local revenue that also contributes significantly to the health of the forest products economy at the local and national levels;
- (6) Public hunting, fishing, and trapping access and subsequently participation have declined as forests and watersheds nationwide are parcelized among a growing base of private owners who often post their land against public use, leading many municipalities and counties to purchase forestland to guarantee access for sportsmen and women; and
- (7) There is a national interest in financially assisting communities in the purchase of important forest parcels that will maintain the diverse public benefits of forestland close to or within all manner of communities nationwide, from close-knit rural communities to fast growing suburban and exurban areas.

Sec. 2. ESTABLISHMENT AND PURPOSE.

(a) ESTABLISHMENT—The Secretary of Agriculture shall establish a program within the United States Forest Service, to be known as the Community Forest and Open Space Conservation Program, in cooperation with appropriate State and local units of government for the purpose of enabling municipalities and counties to acquire forest areas that are economically, culturally, and environmentally important to that locality and that are threatened by conversion to non-forest uses.

(b) PURPOSE— Areas purchased under this program are intended to conserve community access to and benefit from forests for a wide variety of public purposes that may include but are not limited to model forest stewardship, sustainable timber production, forest-based educational and cultural activities, wildlife habitat, watershed protection, and public access for outdoor recreation including hunting and fishing.

Sec. 3. INTERESTS IN LAND.

(a) MUNICIPAL OR COUNTY OWNERSHIP-All properties acquired using funds under this program shall be owned in fee by a municipality or county.

(b) NON-PROFIT OWNERSHIP-Upon request of a participating State, designated non-profit organizations operating within that State may also own lands using funds under this program, providing that the land is open for public access consistent with the purposes and criteria of this program.

Sec. 4. IMPLEMENTATION.

(a) INITIAL PROGRAMS- Not later than one year after the date of enactment of this section, the Secretary shall establish at least one State program in each of the New England, Mid-Atlantic, Midwest, South, West, and Pacific Northwest regions of the United States, upon application from a willing State in that region. No State or region shall be compelled to participate in the program.

(b) AUTHORITY- Authority for implementation of the Community Forest Conservation and Open Space Program in each participating State shall lie with the State forester, equivalent State official, or other appropriate State natural resource management agency as designated by the Governor of that State.

(c) ASSESSMENT OF NEED- Each participating State shall prepare an Assessment of Need identifying geographic program focus areas within that State and priority objectives for conservation based on conditions and public needs in that State. This requirement may be satisfied by inclusion as part of an integrated statewide forest planning process for application of federal programs in that State.

Sec. 5. ELIGIBILITY AND CRITERIA.

(a) IN GENERAL—Within one year from the date of enactment of this section and in consultation with State Forest Stewardship Advisory Committees, State Urban and Community Forestry Advisory Committees, and similar organizations, the Secretary shall establish eligibility and ranking criteria for projects to receive funding through this program.

(b) CRITERIA—Of land proposed to be included in the Community Forest and Open Space Conservation Program, the Secretary shall develop criteria that give priority to lands which meet identified local open space and natural resource needs as captured in town plans, regional plans, or other relevant local, regional, or state planning documents, can be effectively managed to model good forest stewardship for private landowners, support forest-based educational programs including vocational education in forestry, provide significant protection of public water supplies or other waterways, can offer long-term economic benefit to communities through forestry, contain important wildlife habitat, provide convenient public access for outdoor recreation including hunting and fishing, and are threatened with conversion to non-forest uses. Special consideration shall be given to proposals reflecting coordination and joint planning at regional scale among two or more municipalities and/or counties.

Sec. 6. APPLICATION AND RANKING.

Any municipality or county that wishes to participate may prepare and submit a project application to acquire forest lands within a state's geographic program focus area to the Community Forest and Open Space Conservation Program in that State at such time in such form and containing such information as the Secretary may prescribe. This application must include certification from the appropriate unit(s) of local government that the project is consistent with any comprehensive plans for development adopted by such unit(s). States will rank all project submissions and submit to the Secretary. The Secretary shall create a national list ranking all submitted projects subject to the criteria described in Sec. 5(b).

Sec. 7. DUTIES OF OWNERS.

(a) IN GENERAL- For lands acquired through this program, the municipality or county shall be required to manage the property in a manner that is consistent with the purposes for which the land was purchased through the Community Forest and Open Space Conservation Program and shall not convert such property to other non-forest uses. Public access for compatible recreational uses, as determined by the municipality or county, shall be required.

(b) FOREST MANAGEMENT PLAN- Within two years of closing on any purchase using funds under this program, a municipality or county must complete a forest management plan for the purchased property subject to the approval of the responsible State agency. Management plans shall be created through a public process that allows for community participation and input.

(c) REIMBURSEMENT AND PENALTY- Should a municipality or county sell land acquired with funds obtained through this program, the municipality or county must reimburse the Federal government the full amount of original funding plus a penalty equal to fifty percent of the current sale price or appraised value, whichever is higher. Any municipality or county that sells lands acquired using funds through this program shall no longer be eligible for future grants from this program.

Sec. 8. COST SHARING.

(a) IN GENERAL—In accordance with terms and conditions that the Secretary shall prescribe, costs for the acquisition of lands or project costs shall be shared among participating entities including State, county, municipal, and other governmental units, landowners,

corporations, or private organizations. Such costs may include, but are not limited to, those associated with planning, administration, property acquisition, and property management.

(b) MATCHING REQUIREMENT—The Federal share of total project costs shall not exceed 50 percent for any project, including any in-kind contribution. Payments under this section shall be in accordance with Federal appraisal and acquisition standards and procedures.

Sec. 9. STATE ADMINISTRATION AND TECHNICAL ASSISTANCE.

In order to assist municipalities and counties in model stewardship of lands acquired under this program, ten percent of all funds appropriated each year for the Community Forest Conservation Program shall be allocated to the responsible State agencies in participating states to administer the program and to provide technical assistance to municipalities and counties for forest stewardship, including development and implementation of an approved forest management plan.

Sec. 10. APPROPRIATION.

There are authorized to be appropriated such sums as may be necessary to carry out this section.

Sec. 11. PRIVATE PROPERTY PROTECTION AND LACK OF REGULATORY EFFECT.

(a) RECOGNITION OF AUTHORITY TO CONTROL LAND USE- Nothing in this Act modifies any authority of Federal, State, or local governments to regulate land use.

(b) PARTICIPATION OF PRIVATE PROPERTY OWNERS- Nothing in this Act requires the owner of any private property to participate in private forest conservation, financial, or technical assistance or any other programs established under this Act.

Policy Priority: Support Community Leadership for Wood Energy

The next Farm Bill must also match the innovation and leadership from communities across Vermont, the region, and the nation to better use wood as a source of sustainable and carbon-neutral energy. Here in our cold climate, heating is one of our major energy uses and wood energy is particularly helpful to meet this need in an environmentally sound manner.

Through a partnership between our Vermont Town Forest Project, the University of Vermont, the Forest Guild, Vermont Family Forests, and the Vermont Fuels for Schools program, led by nationally recognized wood energy experts such as the Biomass Energy Resource Center, we believe that communities in Vermont can expand use of wood energy systems for school heating and other applications, including careful use of town forests to help provide local wood supply for these community wood energy needs. This tight looping of energy use and energy creation within Vermont communities will have a powerful educational and cultural impact equal to its environmental impact. As with the Vermont Town Forest Project, we plan to use community projects in wood energy to spawn events and other venues to spark community dialogue and deepen understanding. Given the strong Fuels for Schools programs in other states and building community forest energy nationwide, we believe that this model could become a significant component of America's future energy strategy.

To support this exciting direction, we encourage the establishment of a new Community Wood Energy Program as part of the Forestry Title or Energy Title that would provide federal matching funding to states for: 1) Purchase of community-scale wood energy infrastructure, such as wood chip heating systems for schools; 2) State capacity in our Division of Forestry to provide technical assistance to communities; and 3) Small grants capacity for the Division to award to communities and non-profits for the purpose of catalyzing community use of wood energy systems. A diverse and dynamic team of organizations in Vermont, including but not limited to those listed above, is working on precise legislative language for this proposed program and will be submitting our recommended language within the coming weeks.

In conclusion, we are very grateful to the Senate Agriculture, Nutrition, and Forestry Committee for the opportunity to provide written and oral testimony on the next Farm Bill. We believe that we have reached a unique moment in history when America's forests will need special attention to continue to provide our nation with a full range of public values and services. An enhanced partnership with our state, region, and nation's private forest owners and communities through Farm Bill forest programs will be essential to keeping these stewards on the job and our nation's future secure.

For any follow-up questions, please contact:

Jad Daley, Campaign Director
Northern Forest Alliance
P.O. Box 471
Stowe, Vermont 05672
802-253-8227 X13
802-253-8996 (fax)
jdaley@nfainfo.org



**TESTIMONY OF GOVERNOR JAMES DOUGLAS TO U.S. SENATE
COMMITTEE ON AGRICULTURE FIELD HEARING**

March 12, 2007

Senator Leahy, thank you for the opportunity to collaborate on the development of the 2007 Federal Farm Bill. I am committed to working with you, Senator Sanders, and Congressman Welch to develop legislation that assists farmers and forest owners in our state and region.

The reauthorization of the Farm Bill has far reaching impact on a variety of areas including forestry, commodities, conservation, energy, research, trade, food stamps and rural development with the vast majority of the budget allocated to fund food assistance programs. This makes it even more important to work together to ensure that we are utilizing the funds available to assist our agricultural community in the most effective manner possible.

Agriculture is a cornerstone of the New England economy. These farmers produce \$2.3 billion worth of agricultural products each year. There are 28,000 farms in the region that generate purchases of \$1.3 billion and property tax revenue of \$100 million annually.

In Vermont, the forest-based economy contributes \$1 billion annually and is the second largest manufacturing sector. There are 80,000 private forest landowners in the state who provide a myriad of benefits and services including wildlife habitats, recreational activities and wood products. With over 80% of Vermont's land mass forested, stable funding for cost share programs and initiatives is important to the continued viability of the industry.

As you are aware, this past year has been extremely challenging for farmers in Vermont. Inclement weather has resulted in poor crop conditions. This, combined with low milk prices, high energy and other input costs, has caused even further economic stress for farmers. Farm input suppliers, a vital part of the farming infrastructure, are also experiencing severe financial stress.

As a result of these conditions, my administration, in conjunction with the Vermont legislature, has provided \$11.6 million in direct assistance to dairy farmers in the last twelve months. We jointly recognize the importance of this industry to our Vermont economy, generating some \$2 billion in direct impact. While this aid was necessary, this type of support, especially from a small state, is not sustainable. Other approaches are necessary.

An income safety net is needed for dairy farmers due to the extreme fluctuations in price and market. I have attached a graph that illustrates the volatility of milk prices for Vermont farmers. The best way to provide an income safety net would be a regional pricing initiative, similar to the Northeast Dairy Compact, that will help stabilize the marketplace. At the very least, we must improve the current support available to farmers through the MILC program by restoring it to its original level of 45% and allowing multi-family farm operations to receive a multiple of the 2.4 million pound cap. The Vermont dairy industry would also benefit from a reliable method of price discovery for dairy commodities. Complexities in price formulas under the current Federal Milk Marketing Orders (FMMO), and utilization of the narrowly traded Chicago Mercantile Exchange (CME) to set market prices for cheese and butter, lead to poor price discovery and limitations in the growth of the dairy commodity markets. A more transparent and audited price reporting system would ensure a viable dairy commodities market that would allow dairy producers to better manage milk price risk.

We also support revenue insurance for dairy farms as developed by the Pennsylvania Department of Agriculture. This would provide dairy farmers with protection for their major source of revenue and could be an effective tool for producers to manage risk and insure profitability.

In terms of dairy policy options, many proposals may be put forth and some may benefit other regions more than the northeast. I recognize that any proposal must be feasible from both a federal budgetary and political perspective. I feel that the priority is to work together to garner support for those options that contribute the most to farm gate prices for our dairy farmers. The dairy processing industry is a source of major economic income for the state with gross sales reaching \$1.2 billion a year. Dairy product manufacturing employs over 1700 people with over \$70 million in gross income in Vermont alone.

The importance of the dairy industry to our regional economy and way of life was recognized at the New England Governors' Conference where a joint resolution (attached) was recently passed to address their need. In anticipation of some of the challenges now facing our dairy farmers, two years ago I requested the Secretary of Agriculture develop a Memorandum of Understanding with his counterparts in New York and Pennsylvania to address the joint challenges faced by dairy farmers in the three states. Federal dairy policy options that benefit the three States as well as other New England States were a focus of this joint effort.

A key title of the farm bill will deal with energy. The renewable energy grants program, as administered by the USDA Rural Development Agency, has been important to many Vermont dairy farms. Today, there are six farms using or planning to build digesters funded in part with these grants (three are running, one is under construction and two have been awarded money but have not yet been built). Renewable energy systems have tremendous public benefits to help farmers address high-energy costs, reduce methane emissions, odor and pathogens; while allowing for better management of the manure

resource to better protect public waters. Currently, section 9006, helps farmers produce clean energy, cut costs and supplement income by providing grant support for the deployment of anaerobic digester systems.

There are many opportunities, I believe, for Vermont to be a leader in energy, both on the farm and in the forests. Vermont forests can provide an abundance of low value wood biomass for renewable energy alternatives. Vermont has joined in a national and formed a 25 by '25 committee that intends to address these needs. I have asked that committee to develop specific recommendations that you and your colleagues may consider for the energy title of the Farm Bill. They include allowing a greater percentage of total project costs to be grant funded, allow for a lower non-federal match so that farmers can utilize USDA-NRCS EQIP dollars and 9006 dollars in the same project, raise the threshold of total project costs before requiring an Independent Feasibility study streamlining the required paperwork, and eliminate the need for an independent Qualified Consultant on projects over \$1.2 million.

One of the objectives of my Administration has been the Clean and Clear initiative for the environmental betterment of Lake Champlain. Programs such as the Conservation Reserve Enhancement Program (CREP), Environmental Quality Incentive Program (EQIP), Wildlife Habitat Incentives Program (WHIP) and Farm and Ranchlands Protection Program (FRPP) have been major benefits to our farmers and the environment; however, it is imperative that regional conservation equity remains in place for these programs to have continued success. Vermont should be recognized as one of the few states that have made significant contributions to programs dedicated to conservation. The state of Vermont has committed over \$13.5 million for the development of best management practices, the development and implementation of nutrient management plans and the creation of buffers through conservation preservation and enhancement programs in the past ten years.

Farmers cannot afford mandates associated with environmental issues. Our goal is to provide the resources and financial assistance needed to help farmers comply with environmental laws. To do this effectively and efficiently, we need more flexibility to partner with the federal government to use federal and state funds together to create new programs and administer the programs currently in place. I advocate FRPP grants to states for the protection of prime agricultural soil and the elimination of the federal property interest in easements purchased under FRPP for qualified state programs.

My Commission on Climate Change was established to examine the growing scientific consensus that increasing emissions of greenhouse gases to the atmosphere are affecting the temperature and variability of the earth's climate. I know that agriculture, state and nationwide, can play a significant role in reducing greenhouse gases. Stable and managed forests are significant carbon sinks and contribute to clean air and water. By working together, the state and federal government can more effectively develop programs to implement practices that will reduce greenhouse gas emissions and increase soil and biomass carbon sequestration.

Removing the prohibition of interstate shipment of state inspected meat products will level the economic playing field for small businesses and help small meat processors grow and expand into new markets. Current law places small meat processors at a competitive disadvantage. Foreign produced meat and poultry products can be freely shipped and sold anywhere in the U.S. which allows them to have greater market access than U.S. state inspected processors.

Without change, the growing concentration of the slaughter industry will continue to leave smaller farmers and ranchers with fewer buyers for their livestock and poultry, further depressing their financial situation which is already stressed by low commodity prices. Interstate meat shipment will spur competition in the system by giving farmers and ranchers more opportunities to sell their livestock at better prices. This will create jobs and stimulate the rural economy.

Our diversified farmers, as well as the rural economy, can benefit from several other farm bill policies, specifically, continuation and increased funding for the Specialty Crop Block Grant Program. This will assist in the growth of diversified agriculture in Vermont. This program allows for innovative initiatives that improve the competitiveness of emerging and expanding diversified farms. These programs include the marketing of nutritious and safe local products to consumers in the northeast.

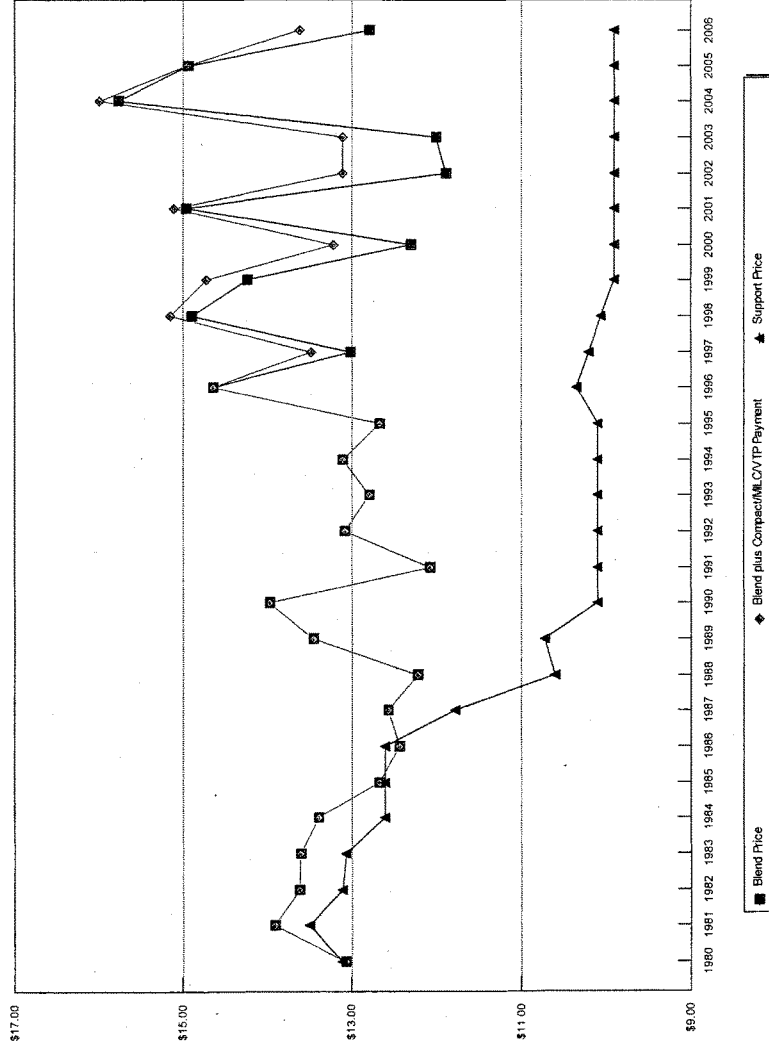
As I have stated, agriculture is a key economic sector in Vermont. In order to realize lasting economic success, it is imperative that farm owners have access to the best business assistance possible to improve profitability. Vermont began its Farm Viability Program four years ago and has received federal assistance through NRCS which serves over 150 farms. The consideration of a Farm and Ranch Profitability Grant Program to improve the profitability of farms through technical assistance for business planning would further support this effort.

For farmers to compete in today's market it is necessary to have access to tomorrow's technology. This is why I have proposed that Vermont offer universal access to broadband and wireless technology anywhere in the state by 2010. There are provisions in the Farm Bill that can assist Vermont in this endeavor and help connect our rural areas making all aspects of business easier and faster for farmers.

In addition to the above, our farmers can benefit from several other farm bill policies including farm credit policies that better address the needs of new and start-up farmers and financing opportunities for processing and marketing, regional food security and food safety policies, changes to organic standards as proposed and endorsed by Vermont NOFA, adequate funding for research and extension initiatives, and food nutrition guidelines.

Mr. Chairman, I thank you for this opportunity to address some of the issues the Vermont agricultural community faces in regard to the Farm Bill. Vermont Secretary of Agriculture, Roger Allbee and I look forward to working with you to develop a farm bill that addresses the economic needs of Vermont farmers.

Vermont Milk Prices
Vt Blend and Support Prices, Zone Z1



NEW ENGLAND GOVERNORS' CONFERENCE, INC.

RESOLUTION NUMBER 181

A Resolution in Support of New England Agriculture Relating to the Federal Farm Bill Re-Authorization and Federal Disaster Assistance

WHEREAS, New England Farmers produce \$2.3 billion worth of agricultural products important to consumers and the local economy; and

WHEREAS, there are 28,000 farms in New England occupying 4 million acres with purchases of \$1.3 billion and property taxes of \$100 million annually; and

WHEREAS, milk generates nearly a third of the cash receipts in agriculture and greenhouse and nursery products are worth another quarter of the farm income; and

WHEREAS, locally significant crops, such as potatoes, wild blueberries, cranberries, and maple syrup contribute substantially to the farm economy and the image of New England agriculture; and

WHEREAS, much of New England has been impacted by unusually wet conditions this past spring and summer which has affected crop production and financial returns to farmers already impacted by higher energy prices and feed costs; and

WHEREAS, farm input suppliers, such as feed, seed, fertilizer, fuel and equipment dealers are experiencing severe financial stress with unpaid accounts and lack of cash flow over extended periods; and

WHEREAS, these input dealers are a vital part of the infrastructure necessary to keep farms in New England; and

WHEREAS, many counties in the Northeast have been designated by the Secretary of Agriculture as disaster areas due to documented crop losses; and

WHEREAS, the MILCX program essential to New England Dairy Farmers is set to expire on August 31st of 2007, and the New England Governors' Conference, Inc. in 2003 enacted a resolution urging the U.S. Congress to adopt a new Northeast Dairy Compact or similar dairy program; and

WHEREAS, Congress will soon start the consideration to re-authorize a Federal Farm Bill that has many provisions that impact New England agriculture and the region; and

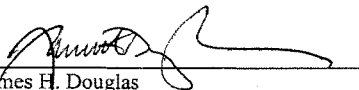
NOW, THEREFORE, BE IT RESOLVED, that the New England Governors' Conference, Inc. recognizes the efforts of the New England Congressional delegation to pass needed federal disaster relief assistance to affected farmers, and to re-authorize the Milk Income Loss Contract Program (MILC) and address other sections of the Farm Bill that can benefit New England farmers and consumers; and

BE IT FURTHER RESOLVED, that the New England Governors' Conference, Inc. urges Congress to pass needed federal disaster relief assistance for affected farmers, and to reauthorize the Milk Income Loss Contract Program (MILC); and

BE IT FURTHER RESOLVED, that the New England Governors' Conference urges the President and his Administration to support federal disaster relief assistance for affected farmers; and

BE IT FURTHER RESOLVED, that copies of this resolution be transmitted to the New England Congressional delegation, the appropriate chairs of the congressional committees, and the U.S. Secretary of Agriculture.

ADOPTION CERTIFIED BY THE NEW ENGLAND GOVERNORS' CONFERENCE, INC. ON FEBRUARY 25, 2007.


James H. Douglas
Governor of Vermont
Chairman

Testimony for the Field Hearing of the United States Senate Agriculture Committee
March 12, 2007 Montpelier VT

Good morning. My name is Jackie Folsom, and I am president of Vermont Farm Bureau. My husband and I are partners on a one hundred acre, fifty-five cow dairy farm in the little town of East Cabot, and we belong to AgriMark Cooperative. Our milk travels over the mountain about three miles and ends up in Cabot Creamery, so when you enjoy our world-famous cheeses, you can put now put a face on the product. On behalf of Vermont Farm Bureau and the 4,200 members represented here today, I would like to welcome you to our Statehouse and thank you for the opportunity to address the Committee and guests.

While Vermont enjoys a reputation as a strong dairy state, I would be remiss in not mentioning that the Farm Bureau represents all types of farms as well as foresters, and many of the industries that support our businesses. We are an independent, non-governmental, voluntary organization of the families of farmers and foresters – as well as consumers – united for the purpose of improving the net income of its members and preserving Vermont's rural quality of life. We are proud to represent our members in the local, county, state and national arenas. Vermont Farm Bureau is the voice of agricultural producers of all kinds, all sizes and all levels. Our focus for a national farm program affecting dairy and other types of farming includes the following:

1. We believe the Farm Bill should replace the short-term fix of farm subsidies with long term measures to restore a healthy rural economic infrastructure across the country, including competitive markets, a national food security program that is market driven, and support of a diversified agricultural economy complete with local marketing programs.
2. We support increased funding to improve nutrition assistance programs at schools and other institutions with the purchase of more fruits, vegetables and especially dairy choices that would include whole milk. We also continue our support of programs such as the Women, Infants and Children Program.
3. We urge the full funding of the Perkins Bill to provide student loan relief incentive for veterinary students entering large animal practice and that these funds be earmarked for these students only. It is imperative to not only maintain current veterinary practices in rural areas but to ensure the development of the next generation of large animal vets.
4. We request that Congress clarify and affirm that agriculture is not subject to the Comprehensive Environmental and Liability Act (CERCLA) nor to the Environmental Planning and Community Right to Know Act (EPCRA).

On the more specific issue of dairy, the Vermont Farm Bureau has been a leader on many issues at the state and local levels. We have been involved with the Vermont Dairy Task Force and I also serve on the Northeast Dairy Leadership Team, a partnership developed between Pennsylvania, New York and Vermont to address regional dairy issues.

There are challenges inherent in the current Farm Bill that we in Vermont are asking to be resolved in the 2007 proposal:

1. Retention of the federal Milk Market Order System with orderly restructuring to include consolidations and expansions where appropriate;
2. Permanent reauthorization of the Northeast Interstate Dairy Compact and the extension of this concept to other areas of the United States to maintain regional supplies of fresh milk in the interest of consumers and national security;
3. Creation of a Dairy Industry Board to work with the Secretary of Agriculture to market dairy surpluses, and a redefinition of the term "surplus dairy products" to exclude needed Defense Department purchases and government mandated dairy programs;
4. Maintaining the Milk Income Loss Contract or its equivalent as a safety net, with fair and equal treatment in the implementation for all producers. This would include reconsideration of the cap to allow equality for multi-family businesses. We request this program be included in the baseline for dairy. We would support returning the payment of the MILC to 45% of the Class I Boston price, remembering that the current base of \$16.94 is a figure that is ten years old;
5. Adoption and funding of a nationwide Johnes disease program to protect the health of farm animals;
6. Initiation of a study of the benefits and drawbacks of the current producer pricing series by National Agriculture Statistics Service and the Chicago Mercantile Exchange used for the price determination of milk and examples of how these programs can be streamlined for effectiveness. Currently, one percent of milk traded on the CME can set one hundred percent of the price of milk – we advocate for a better system to send price signals to the market;
7. Recognize the need to modernize and expand Farm Credit's ability to serve agriculture and our rural communities;
8. Aggressive and immediate action to improve the availability of foreign guest workers for dairy and other year round agricultural operations. Although we recognize this may not be a Farm Bill issue, finding labor continues to be one of the greatest economic challenges for farmers in Vermont. We urge Congress to create a year round guest worker category for dairy farm workers that will not include any provisions to deport all current immigrants;
9. Support research that would develop small alternative energy and energy efficiency projects on farms that would not only lower our own energy costs but provide us with new solutions to water quality issues on the farm;
10. Continued strong presence of USDA offices currently in our rural communities, as well as an adequate number of well-trained staff to serve our industry and guide our farmers in conservation programs and disaster assistance. Expanding conservation programs demands a significant investment in the delivery system.

Finally, the Administration has stated its commitment to “. . . increase conservation programs that protect our natural resources and focus support on renewable energy. . .”. Vermont Farm Bureau is currently a member of this state’s 25 By 25 program, and we advocate for equal treatment in agricultural policies in general and the Farm Bill in particular between farmers growing crops for livestock and human consumption and those growing crops for fuel. The growth in use of one commodity such as corn should not make it impossible for other farmers to survive.

On behalf of the 4,200 members of the Vermont Farm Bureau, I would like to thank you again for listening to us today. I know you will take our concerns back to Washington, D.C. and work for all your farmers and foresters to make the 2007 Farm Bill an opportunity to keep our industry strong into the future.

Respectfully submitted,

Jacklyn Folsom, President
Vermont Farm Bureau
2083 East Main Street
Richmond VT 05477
1-802-434-5646

2007FarmBillTestimony

To: Robert Sturm, Chief Clerk
US Senate Committee on Agriculture, Nutrition and Forestry
Room 328-A Russell Senate Office Building
Washington, DC 20510-6000

From: Richard Hall, President Fairmont Farm Inc.
95 Lyle Young Road
East Montpelier, Vermont 05651

**Testimony for U.S. Senate Agriculture Committee on March 12 in reference to the
“2007 Farm Bill Opportunities for Vermont and the Northeast.”**

Outline of testimony:

Introduction and presenter overview

- Richard Hall President Fairmont Farm Inc.
- Brief farm history and current ownership
- Background of working with NRCS

Involvement with conservation programs

- Difficulty securing cost share assistance after expansion in 93', alternative sources of funds were secured through low interest loans for first manure storage
- EQUIP opened the door for eligibility but was highly competitive. Awarded contract on third try in 04'

Positive experiences with EQUIP program

- Received excellent assistance through-out the planning and application stage
 - plans were adjusted in a timely manner as ideas changed
 - overall farm evaluation was complete and practical
- Engineering of manure storage was cutting edge
 - staff was able to listen to farm needs and work with industry professionals to develop design
- Timeliness
 - Staff proceeded quickly understanding the need to bring farm into compliance with permit requirements

Challenges experienced working with EQUIP

- Payment process “Red Tape”
 - Project became more costly as it was paid for by the farm through a line of credit, total cost share payments came over 6 months after completion.

Challenges experienced working with EQUIP (continued)

- Lack of flexibility to make changes once contract has been granted
 - during construction advice is ongoing, changes made can delay cost sharing
- Contracts may need to be shorter
 - Difficult to anticipate possible changes and plans 5 years or more
- More technical assistance needed in program
 - extra costs added to projects when hiring outside engineering

Future Plans and needs

- will be applying for USDA renewable energy grant for the construction of a methane digester
 - the project will not happen without grant money
 - the list of benefits for the farm and surrounding community are exciting
- Continued need for more funds in programs like EQUIP to meet the demands of environmental regulations
 - We have second farm that will need to be permitted as a MFO

Submitted by,

Richard Hall
President Fairmont Farm Inc.

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**Testimony
By
Mark Magnan
Dairy Farmer
Fairfield, Vermont**

Review of U. S. Department of Agriculture Dairy Programs

U. S. Senate Committee on Agriculture, Nutrition and Forestry

March 12, 2007

I am Mark Magnan, a dairy farmer from Fairfield, Vermont.

It is a pleasure to have the opportunity to submit written testimony and to participate in the hearing process as a member of a panel to review the 2007 Farm Bill and the United States Department of Agriculture Dairy programs.

I would like to thank Senator Patrick Leahy and members of the Committee for their leadership, commitment and support for agriculture, specifically the dairy industry.

I operate a six-hundred cow dairy in Fairfield, Vermont with my wife, three brothers and parents. My wife Judy and I have a two and a half year old son William who loves being around the cows. There are also eleven other nieces and nephews growing up on the farm. Our family farm supports five families and an additional nine employees. The main objective of our farm is to produce a high quality product for consumers, while integrating family life and preserving Vermont's rich farming heritage.

Our farm has taken a lot of pride in producing high quality milk for the past 80 years. Throughout those 80 years the federal government has passed many Farm Bills which have assisted our efforts. I enjoy the unique lifestyle of the American Dairymen and my testimony will reflect the challenges which Vermont and other Northeast states are facing in agriculture, and the need to maintain dairy programs which provide support and economic stability for our agricultural industry.

I am a member on the Young Cooperator Executive Committee of the St. Albans Cooperative Creamery, Inc. The Young Cooperators of the St. Albans Cooperative are dairy producers between the ages of 18 and 40 years old. The primary mission of the Young Cooperators is to foster interaction between young farmers, the dairy industry and their communities, to share knowledge and develop leadership skills; and to understand the value and philosophy of a cooperative, thus enabling young farmers to improve their industry, their cooperative and their lives.

I feel that the upcoming 2007 Farm Bill presents an opportunity to create policy which will ensure a viable agricultural industry for years to come. The 2002 Farm Bill initiated a number of new programs affecting dairy producer income and funding for conservation programs. Those programs have certainly provided assistance to our farm but in order to sustain our operation significant changes to the current agricultural federal policy are needed. Federal farm policies which help to ensure the future of agriculture throughout all regions of the country significantly improve the economies of rural America. It also assists in re-enforcing a way of the life which molded our nation many years ago. This farm bill is more than just about dairy farmers- it is about our consumers, communities and the economy of our States.

Current federal dairy policy creates a number of challenges for dairy farmers throughout the country. Milk price volatility is a major concern. When comparing calendar year 2005 to calendar year 2006 the average pay price our farm received for the quality product we produced dropped \$2.58 per hundredweight or 16.5 percent. That decrease represents a drop in income of over \$230,000 between 2005 and 2006 to our farm's bottom line. During that same timeframe

our milk production increased approximately 1 million pounds over the previous year. Secondly, the escalating cost of production is outpacing the price we receive for our milk. Over the course of the past two years dairy farmers have seen significant price increases primarily in corn for feed, fertilizer, sawdust and fuel. We have implemented various management techniques and on-farm technologies to improve efficiencies but have continued to fall short on our milk to feed ratio and return on equity. Our milk-to-feed ratio, which tracks the pounds of 16 percent protein dairy feed which can be purchased with a pound of milk, is forecasted to be below the 2.5 level in 2007. This estimated level indicates that feed is expensive relative to the milk price and the purchase of additional feed most likely will not turn a profit. Milk prices are expected to increase in 2007 however the milk to feed ratio and increase in costs of producing milk will continue to affect a farmers' ability to cash flow and achieve a return on equity. The affects of milk prices, weather conditions, escalating costs of production in 2006 will compound the financial challenges throughout 2007.

Over the course of the past six years, our dairy operation has seen significant volatility in the average pay price we received based on our components. Listed below are the Magnan Bros. Dairy, Inc. average pay price "before premiums" from 2000 through 2006.

Magnan Bros. Dairy, Inc. Average Pay Price "before premiums"
Based on Calendar Year (Jan-Dec)

<u>Year</u>	<u>\$/cwt</u>	<u>Price per gallon</u>
2000	13.66/cwt	\$1.18 per gallon
2001	15.72/cwt	\$1.36 per gallon
2002	12.75/cwt	\$1.10 per gallon
2003	12.58/cwt	\$1.08 per gallon
2004	16.46/cwt	\$1.42 per gallon
2005	15.58/cwt	\$1.34 per gallon
2006	13.00/cwt	\$1.12 per gallon

The Milk Income Loss contract program (MILC) was designed to provide an economic safety net for dairy producers during those periods of low milk prices. The program provides counter-cyclical payments which are triggered when Class I milk prices in Boston fall below \$16.94 per hundredweight. MILC provided a much needed safety net when farm milk prices were extremely low in 2002, 2003 and 2006. If the Committee were to consider an economic safety net for dairy in the 2007 Farm Bill, it should take into account the needs of many of the larger multi-family farms who are not eligible for payments beyond the 2.4 million pound annual production cap which was part of the MILC program. Many Vermont dairy operations such as ours in Vermont and in the Northeast have consolidated their operations and enlarged their family farm to add other family members due to efficiencies in the use of capital, labor and management.

Programs such as the MILC program provide needed assistance to dairy farmers, including our own operation. However, **I would much rather extract the dollars needed to cover our cost of production from the marketplace versus through a government program!** Consumers have benefited from the commitment of dairy farmers and growers to provide food for this country. The increased efficiency of dairy farmers and the low cost that we are paid for our milk

has benefited consumers and government programs with spending less dollars for the purchase of food including dairy products. This is evident by the prices being paid to dairy farmers in 2006 which is comparable to prices paid to dairy farmers for milk over 25 years ago.

The Northeast Interstate Dairy Compact demonstrated that the northeast consumer would be proud to help keep the Vermont farmer in business, keeping the diverse and beautiful landscape which attracts thousands of tourists to Vermont as well as our neighboring states. Existing dairy policy does not have a mechanism in place which would allow some portion of the increases in the retail price of dairy products to be reflected directly back into farmer's paychecks. Today the dairy farmer share of the retail dollar for all dairy products is 27 percent versus 52 percent in 1980 according to USDA.

The State of Vermont has seen the number of farms decrease over the past five years while the overall milk volume has remained level. In 2002, there were approximately 1,415 dairy farms in Vermont producing approximately 2.6 billion pounds of milk. Today the number of dairy farms has decreased to approximately 1,140 with production beginning to decline. Vermont's overall milk volume decreased nearly 2 percent when comparing 2005 to 2006, ending the calendar year with less than 2.6 billion pounds of milk production in 2006.

I would like to recognize the efforts of the US Senate Ag Committee for holding these hearings on the US Department of Agriculture's dairy programs and the 2007 Farm Bill. Dairy programs are vital components to our agriculture industry. It is essential to continually review and assess the need and effectiveness of those programs.

I urge the USDA to establish a national dairy policy which supports the regional production of milk. Our agricultural and rural communities throughout the various regions of our country provide significant economic activity. Based on information from an economic impact study conducted by the Vermont Dairy Task Force, the Vermont dairy industry directly contributes approximately \$2 billion into the Vermont economy. This figure includes producer payroll, producer purchases and processor revenues, excluding indirect revenues from the tourism industry.

I believe that our country would benefit from ensuring that our dairy industry and food production is not highly concentrated in any one region in this country. Minimizing the impact to consumers from the negative effects of natural disasters, environmental contaminations and potential exposure to agro-terrorist attacks is essential to ensure the availability and safety of our nation's food supply. We must maintain adequate levels of production in various regions of the country to avoid exposure to these risks.

The Northeast has historically had higher operating costs compared to dairy farmers in other parts of the country. Dairy farmers in the Northeast have many variables which can affect any given years production. A limited growing season can make farmers in the Northeast more vulnerable to adverse weather conditions than those farmers in other parts of the nation. Weather can adversely affect a farmer's crop yield, hence increasing the cost to feed a herd of dairy cows.

I support dairy policy which would account for regional differences in the cost of production. Current federal order pricing formulas include make allowances for manufacturers to ensure that they can achieve margins on the products they produce. We have recently accepted a change in the make allowance for manufacturing of dairy products that will reduce on average our milk price by 23 cents per hundredweight or 2 cents per gallon. This is strictly a transfer of farmer monies to manufacturers. The affect of this change in the make allowance reduces our farm income by over \$100 per day. For the St. Albans Cooperative Creamery, Inc. and its 500 dairy farmers that will represents a reduction to its members of over \$240,000 per month. Milk produced by dairy farmers should also have a mechanism in the pricing formulas to ensure margins on the milk produced or to reflect increased costs in our farm operations.

The Milk Income Loss Contract program (MILC) has assisted tremendously in offsetting a portion of our costs in times of low milk prices. This safety net has enabled many Vermont farms to remain viable during those periods of low milk prices. The MILC is similar to the Northeast Dairy Compact in that it provides counter-cyclical payments which are triggered when Class I milk prices in Boston fall below \$16.94 per hundredweight. The MILC program provided a much needed safety net when farm milk prices hovered just below \$12.00 per hundredweight in 2002 and 2003 and then again in 2006. Since the programs inception in 2002 Vermont dairy farmers have received more than \$56 million in MILC payments.

I support counter cyclical programs for dairy in the 2007 Farm Bill. It is imperative that USDA redefine the eligibility requirements for payments under this program. Multi-family farms should become eligible to receive multiple payments which would exceed the current 2.4 million pound annual production cap. We need farms of all sizes to maintain a strong infrastructure, serving the needs of dairy farm operations within our region. I feel that the number of families which are actively engaged and invested in the farm operation should be considered when allocating dollars and setting production caps on any form of direct payment to farmers.

In order to obtain more dollars from the marketplace and stabilize our milk price I feel that a floor price for the Class I mover is needed or another price discovery method for Class I should be initiated. The price of milk for fluid purposes does not have to reflect the change with the value of milk for manufacturing purposes. The volatility of Class I prices does not assist consumers and can have a negative affect to prices paid to dairy farmers.

I am a proponent of establishing regions in our country and mandating a supply control mechanism to manage milk supplies within the established regions. We have seen milk production grow in the Western part of the United States at a greater rate than the Northeast. These increased milk supplies have resulted in more milk into manufacturing, increased commercial inventories of cheese and butter which also impacts our milk price in the Northeast. It is simple economics that one means of enhancing our price is controlling the volume of milk produced in the Country. We experienced the impact of a tight milk market in May 2004 that resulted in a Class III or the value of milk into cheese at \$20.58 per hundredweight. In 2006 the Class III price averaged \$11.89. The industry under the Cooperatives Working Together (CWT) program has established five regions and parameters to address regional differences. The time has come for our dairy industry to establish a supply management program.

The 2007 Farm Bill should mandate improvements to the responsiveness of dairy farmer concerns regarding Federal Milk Marketing Orders. The Federal Orders serve as an important marketing structure which helps to provide dairy producers with minimum prices for their milk. However the order system should be streamlined so that it can respond quickly to necessary changes when or if marketing conditions or costs of production are altered. The process for obtaining administrative changes in the operation of the Federal Orders is much too slow.

USDA has an integral role in protecting agriculture from the full impact of market conditions. There are many complex issues surrounding the structure of agriculture. **We must have a vision for the future of our Country's agricultural industry and ensure that we support it with sufficient resources.** I would like to see the next generation growing up on our farm be able to enjoy raising their families in a profitable and equitable manner.

I would again like to thank Senator Leahy and members of the Committee for the opportunity to provide written testimony. Your ongoing leadership, vision and understanding are critical to the implementation and execution of USDA's 2007 Farm Bill. I look forward to answering any questions you may have or to provide additional information to the Committee.

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United States Senate Agriculture Committee Field Hearing
"2007 Farm Bill Opportunities for Vermont and the Northeast"
Vermont State House
March 12, 2007

Mr. Chairman, thank you for conducting today's field hearing here in Vermont on the 2007 Farm Bill. My name is Andrew Meyer and I'm from Hardwick, Vermont. I greatly appreciate this opportunity to discuss the importance of USDA's rural development programs and am pleased to address the entire Vermont delegation today. As you begin discussions and debate over the 2007 Farm Bill, your continued support and understanding of the importance of how rural development programs impact the economic viability of Vermont and other rural states is critical.

Mr. Chairman, I grew up on a small dairy farm in rural Vermont and believe strongly in the significance that farming has on Vermont's rural character and economic viability. My time is now shared with my family's organic dairy farm and other new agricultural based ventures, Vermont Soy, LLC and Vermont Natural Coatings, LLC. Both new companies seek to convert raw agricultural materials from local producers into value added products, thus creating new market opportunities for farmers in Vermont.

Vermont Soy, a new soy food processing venture, is launching a line of fresh organic soy beverages to be followed by other organic soy based products. Our goal at Vermont Soy is to source high quality soy beans from local farmers. To assist area farmers, we are conducting soy bean variety trials and developing technical and infrastructure support necessary to enable farmers to grow successfully. As more Vermont dairy farmers seek additional profit making opportunities, growing soy beans along with other specialty row crops could prove beneficial.

Vermont Natural Coatings, another Hardwick business, produces whey-protein based environmentally safe wood finishes. Our new patented formulations, invented through research at the University of Vermont, converts a cheese by-product into a high performance, safe wood finish. Similar to Vermont Soy, the goal of Vermont Natural Coatings is to provide added value to a locally produced product.

Both new companies have been supported by Rural Development programs, including staff support, financing, and marketing and technical assistance. Farmers and small business alike can benefit from continued support for programs such as the 9006 Renewable Energy Program, the Producer Value Added Grants, Rural Business Enterprise Grants, increased broadband coverage for rural areas, and other lending and technical assistance programs. Although functional and useful, some programs require a streamlined application process, small project set-asides, and greater % of total project costs covered.

Mr. Chairman, as you are well aware, agriculture is vital to the State's economy. This industry, however, cannot sustain its position without a concerted effort to enhance the

economic well being of the farmers.-Ongoing uncertainties and instabilities of federal milk pricing policy along with the desire to strengthen and create new market opportunities led our farm and my businesses to areas of diversification. I believe strongly that the long-term economic viability of Vermont agriculture depends on its ability to diversify to meet the changing market realities.

Supporting agricultural based businesses and ventures in rural America is critical. To be successful, programs in the 2007 farm bill need to sustain and enhance infrastructure that supports new innovations in food and agricultural based products. The Northeast Kingdom of Vermont has a vast resource of agriculture and forest raw materials. However, because the region lacks the necessary infrastructure to convert raw materials into processed goods the communities and producers do not benefit from value added product markets.

The Town of Hardwick, Vermont is quickly becoming the agriculture center of Vermont, where agricultural based businesses are building partnerships with local agriculture producers to create and produce high quality valued added products. Currently, the Agriculture Food Park is home to my two new companies, Vermont Soy and Vermont Natural Coatings, as well as the Vermont Milk Company and the Sugarman; all ventures that are converting agricultural raw materials into value added products.

Recently, the town received a Rural Business Enterprise Grant to conduct a feasibility study on the expansion of the Agriculture Food Park with the creation of an agricultural food business incubator building. This much needed infrastructure would enable Vermont's agriculture producers to partner with agriculture minded entrepreneurs. If farmers are given a viable option to diversify with value added products, using local processing companies who keep the money in the local economy, then it is likely that more farmers will pursue this option.

In addition to the Agriculture Food Business Incubator, the creation of the Functional Food Technology Initiative as part of the 2007 Farm Bill would create opportunities that build on and strengthen the region's ability to add value to food and agriculture related products.

The future of Vermont farms is based on sound management practices that integrate new technology, reduce labor input, provide for diversification and develop value added products. To enhance the economic viability of diversifying Vermont agriculture, the Functional Food Technology Initiative would provide funds for technical assistance, resource and product development, infrastructure and training for efforts that support the conversion of raw agricultural products to higher valued finished products in the Northeast Kingdom.

Thanks to your continued support Mr. Chairman, the Northeast Kingdom is currently designated by the USDA as a Rural Economic Action Partnership, or REAP Zone. The REAP Strategic Plan notes, "The toughest part about living in the Northeast Kingdom comes from the difficulty of earning a living. The three county region is the most

isolated and sparsely populated corner of the state. As a result, it has consistently been the most economically depressed. The countryside is dotted with picturesque villages that have lost their economic foundation, leaving behind poverty and a community infrastructure with no means of support." In addition, the economic restructuring of the agricultural landscape with, "high production costs and low commodity prices keep many farmers from earning enough to support a family." This in turn is "pushing farmers to diversify and add value to their traditional operations."

The Rural Development title of the Farm Bill has great potential for stimulating Vermont's agricultural economic foundation. One very relevant program area will be the enhancement of biobased products. The development and research of biobased and value added products will enhance agricultural sectors and rural communities while providing alternatives for an increasingly environmentally aware and health conscious marketplace. The Center for a Biobased Economy, a non-profit made up of agriculture producers in the Hardwick area, which I am a member of, was formed to meet the increasing awareness and potential for educating the public about the importance of supporting an economy in which profitability and equity are created, maintained and enhanced through practices that promote stewardship, environmental health and social responsibility.

The Center for a Biobased Economy is working to support the creation of economies where agricultural materials are used to create innovative and economically viable opportunities for farmers and consumers while protecting and utilizing an important resource base.

Rural Development programs supporting biobased initiatives in the 2007 Farm Bill will help seek new technologies and products that vitalize rural communities while providing cleaner air, fewer emissions, healthier food options, less waste, lower risks and renewable alternatives.

Programs need to acknowledge that farmers and consumers are partners, sharing a vision of mutual responsibility in which future generations are able to meet and sustain their own needs. There is a growing consumer interest in knowing how and where food and other goods are produced. This understanding can help foster a system approach that interconnects food, products, health, environment and community.

Providing assistance to farmers and other agriculture related businesses can help increase on-farm profits from processing the raw material into a higher priced product. However, many well intended agricultural policies have encouraged concentration of the food processing, manufacturing and retail sectors which translates into lower farmer income as the connection with the farmer dissipates and use of local raw materials vanishes.

New technologies from biobased agriculture initiatives established in the 2007 Farm Bill will provide farmers opportunities to obtain more dollars from the marketplace while giving rural local communities an important role in new business ventures.

Mr. Chairman, diversifying agriculture in Vermont is critical to the future of Vermont agriculture. Federal milk pricing programs have proved inadequate in providing stability and fairness to the price farmers are paid for their milk. Only when Congress granted the states the authority to set milk prices regionally, under the Northeast Interstate Dairy Compact, did milk price regulation prove successful. Although only in place for a short period of time it set a model for future milk pricing policies. While establishing a fair federal milk pricing policy remains a priority in the 2007 farm bill, the need to create opportunities in diversification is critical to maintaining our rural economies. As the Congressional delegation knows, Vermonters are creative and innovative when it comes to making a living off the land. With the use of Rural Development programs, farmers and businesses can seek new ways profit through agriculture. Vermont cheese makers are one example of how the dairy industry can grow and improve its market share. Cheese making is now a key agricultural sector and a promising solution to the chronic problems facing traditional dairying.

Vermont cheese makers are among the nation's best, producing more than 100 varieties of local handcrafted cheeses. Each year they reinforce and prove their greatness by winning national cheese contests with new farmstead and artisan cheeses.

These awards and recognition help advance Vermont's reputation for quality products and a continued strong agricultural heritage.

Vermont's successful farming history has established a foundation for opportunities for further growth and diversification. Expanding and strengthening agricultural based businesses so vital to Vermont and other rural states involves the coordination and support of many different interests. As Congress discusses and debates the farm bill it will be important for the Vermont delegation to recognize the issues that impact the ability of new agricultural sectors to flourish. There are many matters being considered and debated that could have an impact on specialty food processing in Vermont. Regulations, financing, credit, distribution of products, promotion, labeling, food safety and product development are among many of the issues.

Consolidation and concentration within agriculture have generated ongoing debate and interest in the structure and business methods of agriculture. Farming, food processing, and food retailing are undergoing rapid change, moving toward fewer and larger operations. With the growing trend of consolidation of distribution systems and growth in agribusinesses, consumers will continue to get farther away from their food source, and farmers will continue to receive lower prices for their products.

The trend of *agriculture* into *agribusiness* presents many challenges to the future of agriculture in Vermont. Rural communities, farm prices, traditional smaller sized farms, independent producers, family-based farms, and open productive land are impacted by the rate and trend of consolidation and concentration.

In recent years research suggests that American consumers are seeking and demanding higher quality and flavor from food. More consumers want to know where their food

comes from and what is in it. This is good news for Vermont, especially for organic food producers. Organic foods were once found mainly in whole food and specialty stores, but now are found on shelves of conventional grocery stores nationwide. Stocking more organic and natural foods in supermarkets has helped drive the market and shift these products into the mainstream. As large food processors look ready to expand their presence in the organic market, the Vermont delegation, led by Senator Leahy, should do all it can to protect the national organic standards.

In addition, Vermont agriculture will benefit from our policymakers' continuing to examine whether current laws for ensuring competition and anti-trust are appropriate and properly enforced, as well as whether new policy approaches might be considered.

How Congress decides what role government should play in monitoring and regulating agricultural markets and products will have implications on new diversified agricultural opportunities in Vermont and other rural states. Here in Vermont, we are fortunate to have a congressional delegation that supports and enhances initiatives that protect Vermont's agricultural base. The future of Vermont agriculture depends on its ability to maintain a strong agriculture base while diversifying through the creation of new products and markets unique to Vermont.

Mr. Chairman, Senator Sanders and Congressman Welch, thank you for your interest and understanding of the importance and significance that the next Farm Bill has on the future of Vermont agriculture.

TESTIMONY OF JOHN D.E. ROBERTS TO US SENATE AGRICULTURE
COMMITTEE, MONTPELIER, VERMONT. MARCH 12TH 2007

John D. E. Roberts, Butterwick Farm, 2438 South Bingham Street, West Cornwall,
Vermont 05778-9610 bwickfrm@shoreham.net (802)-462-2252

Mr. Chairman , members of the United States Senate Agriculture Committee, my name is John Roberts and for the past thirty years my wife, family and I have dairy farmed in Cornwall, Vermont. We ship our milk to Agri-Mark/Cabot, and we're proud of our award winning cheese and other dairy products. We started with 32 cows and now milk 200, mostly Brown Swiss, dare I say, the best of all breeds. In addition to being a dairy farmer I must, unwittingly, be a lover of roller coasters because financially that is what life on the farm is like. Where the rapid downward sweeps are longer and deeper than the exhilarating, invigorating upward climbs, and we gamble with a financial "crash" into the ground.

Having said that I am basically an optimist, I hope that we have reached a unique confluence of events that is going to mark a turning point in the pricing structure for milk. If I am wrong and we continue with the same process that we have today the end result will be a decline in dairy farms, a decline in agricultural support industries and a moth balling of the rural economy that will effect states like Vermont in a very negative fashion. The hope that a niche market like organic milk might be the savior of the industry is complicated by the low ceiling, based on evidence in other developed countries, for demand. Like conventional milk, organic will only succeed as long as demand exceeds supply.

Dairy farmers need the opportunity to make a profit, not a guarantee. We need to be able to make financial plans that with good management and fiscal responsibility are not derailed by events beyond our control, whether those events include adverse weather or sudden changes in the demand/supply balance. Many years efforts, financed by dairy farmers through their promotion activities have helped to increase demand, but the present pricing system that does not reflect current costs of production thwarts these positive efforts. We have gone way beyond the old M/W pricing formula and finding out what cheese sells for at 40 plants in Wisconsin. In this day of instant communication we must devise a system that clearly responds to cost of production changes whether it's the price of corn or the price of diesel. The simple fact is that farmers need a greater share of the retail dollar, where it used to be that nearly 50% of the retail dollar came back to the farm, that number is now less than 30%. The ability to recover costs of production is almost non-existent, in any meaningful way. We have an almost symbiotic relationship between the producers, processors and retailers, but there are concerns that we the producers are low on the totem pole when it comes to reflecting costs of production. Processors and retailers being that bit closer to the consumer can recapture their costs of production. However the producer is left with slim pickings to make ends meet, before worrying about paying suppliers and maintaining cows, farms and equipment. There

should be an incentive to the processor and retailer to keep the producer economically healthy to make sure they have the milk from which their profits derive.

Linked to the profit opportunity is treating milk production on a regional basis. This would have great benefits to America in ensuring food security by maintaining regional, economically viable production, close to the centers of population. In addition this would have benefits on the global warming front by reducing transportation costs, and CO2 production, just to mention one problem of burning petroleum products. Regionalization would also help foster consumer's interest and confidence in dealing with 'their' local producer. The Northeast Dairy Compact (NDC) had a four year run of success returning over \$145 million to farmers. The NDC was supported by farmers, consumers and legislators, and the money came from the marketplace to the farmer, not from the taxpayer. Although largely political concerns sunk the NDC, the process does provide a route map as to how a successful program to gain a larger share of the retail dollar back to the dairy producer, on a regional basis.

As a foundation of economics the demand/supply balance has an important impact on the price paid for milk to the dairy industry. However with a perishable product, expensive to transport in liquid form, small changes in either direction can have a devastating impact. A 2% swing in swing in either direction can whip a 20% swing in the farm gate price. In addition farmers, almost more than any other industry, are directly impacted by the weather, which continues to be beyond our control. This adds up to the need for an effective safety net, that will catch us before we hit the ground and not on the rebound! The MILC program, widely supported and by dairy farmers is a helpful program, however it needs restoration to its 45% level and provisions to take into account the multi-family farm operations and their need for an expanded cap over 2.4 million pounds of milk. Another point is the increasing realization among farmers that a positive milk supply adjustment scheme needs to be formulated, one that does not rely on a devastating below cost of production price to drive the point home. Equally, hard quotas that assume their own economic value and are inflexible, do not help to ensure a viable, dynamic dairy industry. An appropriate way to signal dairy farmers when and how to limit milk production needs to be found, without that signal being a sledge hammer.

Another area that has great impact on dairy farmers is in the environment, both assisting us to ensure that we are compliant in the area of reducing our environmental foot print, reducing point and non-point pollution in particular. Unfunded or not fully funded mandates do not help in this process as again there is a negative impact on cash flow, without a fully positive incentive to get things done in a timely fashion. Clearly there is the desire amongst dairy farmers to be positive stewards of the environment. In addition to this is the increasingly important role farmers play in the generation of energy, whether with wind, farmers own many of the acres upon which to site windmills, or biomass generation, from manure or directly, crops grown for bio-mass generation. Viable dairy farmers can have an important positive impact in helping America achieve the goals of the 25/25 energy plan.

In summation, like Charles Dickens said in the 'Tale of Two Cities', 'we live in the best of times, we live in the worst of times. The last few years of rapidly gyrating milk prices, adverse weather impacts, and supply/demand imbalance have laid bare the inadequacies of the present milk pricing formula. In some ways it is exciting to think we have an opportunity here to establish a timely and effective pricing mechanism, probably including a supply management component, that will offer the dairy farmer an opportunity, not a guarantee, to make a profit, and establish effective long term economic planning, both for the farm and more importantly, the family.

Thank you for the opportunity to testify before you today.

JOHN ROBERTS



Green Mountain Dairy

March 8, 2007

Testimony of Willard Rowell Jr.

Senate Agriculture Committee
Senator Leahy
Members of the Senate Agriculture Committee

I represent a dairy farm in Franklin County Vermont which operates as a large farm under rules administered by the Vermont Agency of Agriculture. Our herd numbers well over 1000 cows and produces 22 million lbs of milk annually. Resulting manure amounts to a waste stream of nearly 10 million gallons. Cropland for the dairy consists of 1200 tillable acres in three towns, Sheldon, Highgate, and Swanton; all in the Missisquoi Bay Watershed.

Section 9006 of the 2002 Farm Bill encourages development of renewable energy. Our farm is in the process of implementing an anaerobic digester system and we expect to be online producing power by March 16. Anaerobic or Methane digesters give farms the opportunity to participate in the field of renewable energy by reidentifying the manure waste stream as a revenue stream. The system offers multiple economic benefits to the farm and provides a management tool with many positive attributes. Imagine utilizing a waste stream to produce power, creating an enhanced fertilizer, and reducing odor while providing bedding material for the herd. The list goes on as we recognize multiple benefits to the environment, our society and the farm as well.

Vermonters have adopted a positive view of methane digesters and the consensus is we need more of them. The Cow Power Program developed by a Vermont utility, Central Vermont Public Service Corporation, gives rate payers an opportunity to buy into environmental good, energy security and the working farm landscape of Vermont. The program encourages voluntary purchase of renewable energy and environmental attributes which helps support these projects.

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Section 9006 of the Farm Bill allows indirect public participation regarding how tax dollars are spent by demanding good for our society.

Farmers are increasingly interested in the economic and environmental benefits digester systems offer. Having to struggle with low milk prices, most farmers recognize the upfront capital cost puts the system beyond their reach. Section 9006 is a key component of seeing more projects move forward. Our project on completion will have cost us approximately 2 million dollars and feasibility studies show financing wasn't possible without the 9006 grant.

In Vermont the upfront capital cost of a digester system will shape our landscape and our environment as farmers face this challenge. Section 9006 of the 2007 Farm Bill can play a critically important role helping farms overcome insurmountable odds by increasing the number of grants awarded and by raising the level of funding. Last Year nationally we saw only 8 digester projects receive a grant award which doesn't speak well for the program. Also we need to uncomplicate the process of grant funding which places too much burden on the farmer. It is clear to see why there is a shortage of manpower in government; we're spending far too many hours on redundant information. The grant proposal alone contains all information used for reference material.

It is a real challenge to write a grant proposal requiring long hours and a firm commitment to the goal. While it is a fine thing to be awarded a grant it is quite something else to qualify the money for eventual reimbursement. Our project is nearly complete and to date we haven't received one dime of the USDA award. Something is clearly wrong with the process if a project budget is contingent on a grant that can't be paid out until after the project is up and running. The USDA grant money awarded under section 9006 has to be qualified and requires proof of payment among other things before it can be reimbursed. The 9006 program falls well

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short of the mark since grant money arrives too late in the process to maximize its intended value and actually creates a heightened burden on the farmer. Please keep in mind that a failed digester project would likely mean a failed farm. Under current rules of section 9006 I would not expect most farms capable of making the effort or assuming the burden these projects place on them. We are farmers, we work long hours, take pride in our work and look for a common sense approach to matters. The process is simply too complicated and does not function as the founders likely intended.

In striving to do something positive for ourselves and everyone else lets first recognize that our society has embraced the idea of renewable energy or green power, of environmental good and of energy independence. Next let's recognize dairy farmers for the past year have produced milk for 5 dollars per hundred weight less than the previous year, a one million dollar shortfall for our farm alone. Finally, let's recognize feedstock, grains are a valuable resource and corn has recently doubled in price largely due to ethanol production. Last year we planted 80 million acres of corn in the US and harvested over 300 million tons. This year we expect to plant an additional 10 million acres of corn, harvest 13 billion bushels and with proposed ethanol plants coming on line, will still fall short of our needs.

Our country needs to protect its resources by investing in infrastructure that will provide our society with the benefits it demands. We have to recognize our role as stewards and hopefully leave this place as good or better than we found it, otherwise we are sure to fail.

Thank you for responsible leadership and please visit our facility.

Respectfully submitted,

Willard "Bill" Rowell

Green Mountain Dairy Farm, Sheldon, Vermont

Northeast Organic Farming Association of Vermont

Written testimony provided by Enid Wonnacott, Executive Director, March 9, 2007

While organic production and organic products still comprise a small percentage of the nation's overall food economy (2-3%), it is the most dynamic sector and continues to expand on the order of 25-30% per year.

In Vermont, there were 394 certified organic farmers and processors, with over 66,000 acres in certified organic production in 2006. By the end of 2007, 200 dairy farms in Vermont will be certified organic, representing 18% of the state's dairy farms.

This growth has been driven by deep-rooted values and growing public concerns related to our food system. Consequently, the potential for the continued growth in organic production and consumer demand for organic food is great; published estimates indicate that in the next decade organic production and products may reach 10% of the nation's food economy.

The remarkable growth of organic food production and consumption have created significant economic, environmental and public health benefits for Vermont's farmers, communities and people. Vermont is recognized as a leader in the development of new organic businesses, products, programs and initiatives. Organic agriculture is providing new opportunities for farm families and others to develop and manage successful, sustainable farms and food enterprises.

As in other realms of agriculture, the full realization of organic agriculture's potential will require significant and continuing public support in developing new knowledge, technologies, and markets; and considerable investments in education, training and technical support programs. As such, it is critical that robust new policies and programs to support organic agriculture be included in the 2007 Farm Bill. The following proposals are priorities for NOFA-VT:

Certification Cost Share Re-Authorization: According to a recent USDA Economic Research Service report, Vermont ranks seventh in the nation in the number of certified organic operations (farms and processors). This impressive finding is, in no small part, due to federal cost-share funds (up to \$500) to defray annual (re)certification expenses to individual farmers and processors. In 2006 these National Organic Program (NOP) funds were fully expended in most states leaving farmers and organic food processors to shoulder the full expense - which may be up to \$4000 dollars per year. Certification cost-sharing is particularly valuable for family farms and small- and micro-scale food manufacturers. Cost-sharing enables them to afford to produce and market value-added, certified organic food and food products. In Vermont and across the country these enterprises are making significant contributions to the vitality of rural economies and communities.

- NOFA-VT recommends that the NOP Certification Cost-Share Program be re-authorized and that annual funding be increased to fully fund program needs throughout the life of the farm bill and that the current cost share limit for farmers and processors be increased from \$500 to \$750/year or 75% of the cost.

Conservation Programs: In order to be certified, organic farmers must develop and implement whole-farm plans to insure that soils, pastures, nutrients, manure and water resources are managed responsibly. Organic Farm Plans require mitigation measures and best farming practices that are largely congruent with those of the Conservation Security Program (CSP), Environmental Quality Incentive Program (EQIP), and other programs administered by the Natural Resource and Conservation Service (NRCS). Recognition of this congruence is long overdue; corrections to conservation programs' rules are needed so that conservation grants, incentive payments and cost-sharing funds are more easily available to transitioning and certified organic farmers. These changes will not only provide an important stimulus to organic food production but will also help these conservation programs' objectives to be achieved to more efficiently and economically.

Organic Transition : Implementation of organic production practices and compliance with organic standards involves specialized technical understanding of and accurate, up-to-date information. Experienced conventional farmers who are interested in transitioning to certified organic production, as well individuals who wish to develop new organic farm enterprises, require ready access to technical information, practical advice, educational opportunities, business planning services and on-farm evaluations of e.g., facilities, pastures, soil and water resources.

- NOFA-VT recommends the development of a technical assistance program, modeled after Vermont's Dairy and Livestock Technical Assistance Program, that provides on-farm technical assistance in production and business planning from a team of advisors including university researchers, agency personnel, extension, non-profit service providers and other farmers.

Research : Organic agriculture's future depends upon a solid framework of scientific knowledge and economic data to support the development of better practices, improved products, and effective problem-solving. Significant expansion of basic and applied research in soil sciences, pest management, organic livestock health, crop and pasture management , and plant and animal breeding suited to organic systems of production are urgently needed.

Organic producers and food manufacturers also require complete and reliable production, price, trade and marketing data to enable them to make better production planning, manufacturing and marketing decisions. Without such information the organic marketplace will not function efficiently, our farmers and processors will find it difficult to plan to meet growing consumer demand, and organic imports will continue to expand. Despite these critical needs, USDA research programs have not kept pace with the growth of organic agriculture. Although organic currently represents about 3% of total US food retail market, the share of USDA research targeted to organic agriculture and marketing only represent about 0.6 percent annually (\$12 million). Significant increases in this funding is required to address the critical needs of organic agriculture and to insure that domestic organic agriculture continues to thrive and develop.

- NOFA-VT recommends significant increases in USDA-ARS resources and program activities devoted to organic research in order to achieve a "fair share" of support for organic agriculture.

- NOFA-VT recommends that comparable increases should take place to fund USDA Cooperative State Research, Education and Extension Service (CSREES) programs, priorities and initiatives devoted to organic agriculture, including (1) the Integrated Organic Program (which has been significantly under-funded), (2) the National Research Initiative (NRI), to include priority funding of classical plant and livestock breeding research programs to support organic production systems and (3) fully fund SARE, one of the most valuable programs to NOFA-VT.
- NOFA-VT recommends expansion of programs and funding to support economic and policy research devoted to the (1) production, analysis and reporting of organic markets and production data, (2) identification of policy and program opportunities and barriers bearing on organic production and markets, including risk assessment and indemnification of losses caused by natural disasters and contamination by genetically modified organisms. Both conventional and organic farmers are losing market share because of GMO contamination. The risk assessment of new technologies, such as GMOs, needs to take place at the federal level so that states are not forced to develop policies without sufficient research.
- Develop food safety regulations that are scale specific, friendly to small and medium size growers and processors and support farmers selling products directly to consumers.

Food and Nutrition Programs: Programs that effectively educate people about the importance of proper nutrition and sustainable food production systems lay the foundation for addressing critical issues related to public health, environmental degradation, and long-term food security.

- NOFA-VT recommends creation of a Youth Nutrition Program, comparable to the Senior Farmers' Market Nutrition Program, to increase the access of fresh, local foods to youth participating in summer feeding programs, and low income child care centers.
- NOFA-VT supports funding for Farm to Cafeteria, including one-time grants to cover the start-up costs of farm to cafeteria programs coupled with technical assistance (training for food service providers, and recipe development incorporating local foods). In addition, one of the greatest needs to create incentives for local purchasing is to allow for geographic preferences and increased flexibility for school and institutional procurement of local and regional foods; and allow geographic preferences in Department of Defense (DOD) purchase of local products.
- Expand the Fresh Fruit and Vegetable Pilot Program to all 50 states.
- Couple market development for farmers with nutrition programs, so that farmers' markets, CSAs and farmstands, for example can be certified for WIC fruit and vegetable vendor status and EBT benefits can be used at farmers' markets. There is over \$40 million dollars of food stamps spent in Vermont annually, which is currently not captured by farmers because the technology does not exist at markets to be able to receive electronic benefits transfer (EBT) debit cards.
- Restore the SFMNP CSA share reimbursement to \$100, while allowing for program expansion.

- Reauthorize Community Food Projects Competitive Grants Program (CFP)

National Organic Program:

The continued development of organic agriculture depends upon the adoption and enforcement of USDA national organic standards that are consistent with the values and expectations of millions of consumers of organic products. If consumers lose confidence in the integrity of the USDA Organic Label demand for organic products will stagnate, opportunities for farmers to transition to organic production will diminish, and the markets and investments of many thousands of certified organic farmers and food manufacturers will be placed in jeopardy. As such, it is imperative that the process of developing and enforcing national organic standards be fully transparent, vigorously implemented, and adequately funded. National organic standards must be sensitive and responsive to the desires of the vast majority of organic producers, whose lives and businesses are critically affected by them, as well to the expectations of organic consumers that the integrity of organic products be beyond question and reproach. Recent controversies and questions pertaining to the long-delayed and still unpublished proposed final rule pertaining to pasturing of ruminant livestock highlight growing concerns among many producers and consumers that the National Organic Program lacks the resources, procedures and, according to many, the will to develop, promulgate and enforce the necessary stringent standards. The NOP requires the funding – and the oversight – to fulfill its mission and its responsibilities to organic producers, processors and consumers. NOFA-VT supports fully funding the NOP and the National Organic Standards Board (NOSB), and supports more authority for NOSB recommendations.

DOCUMENTS SUBMITTED FOR THE RECORD

MARCH 12, 2007

BURLINGTON SCHOOLS FOOD SERVICE

Food for thought – Better food, better learning



March 15, 2007


Mr. Robert Strum-Chief Clerk
US Senate Committee on Agriculture, Nutrition and Forestry
Room 328-A Russell Senate Office Building
Washington DC 20510-6000

Dear Mr. Strum,

I am writing in an effort to shine a light on a few of the challenges faced by our school nutrition programs. We are always being asked to implement wellness policies and to change the offerings for our students. Please believe me when I say that we (Food Service Directors) are always looking for healthier ways to feed our children. Here in Vermont we have an extensive Farm 2 School program that, as an example, will allow me to serve strawberry shortcake next week to over 2000 students. I will be using strawberries that were harvested and processed by students and food service staff the first week of July. The product will be amazing and the students will love it. I know our Senators Patrick Leahy and Bernie Sanders can attest to the fact that Vermont strawberries are the absolute best!

But more importantly, it shows the commitment that the food service staff and our community has to bring our students the best and healthiest food we can. The shortcake is a single example of our districts' farm 2 school program. We also process and serve local zucchini, kale, chard, apples, squash, tomatoes, lettuce, and the list goes on and on. We love doing this and we want to do it more often, but it is becoming more and more difficult. The income for our program comes from the students buying lunch and the federal government reimbursements. Please, do all that you can to raise the amount of this payment and the commodity food allocation. Help give our programs the ability to do the very important job that our communities have entrusted us to do.

Sincerely,


Doug Davis

Doug Davis, Director
ddavis@bsdvt.org
Pat Matton, Assistant
pmatton@bsdvt.org

52 Institute Road
Burlington VT 05401
Phone: 802-864-8416
Fax: 802-864-8438

To Our Congressional Delegation
Patrick Leahy, Bernie Sanders and Peter Welch
related to the
March 12 2007 hearing on 2007 Farm Bill Opportunities
For Vermont and the Northeast

Great strides are being made in Burlington's – and Vermont's – school food. In a few short years, food service staff, students, teachers, farmers and others from the community have dramatically increased the consumption of whole, local and fresh foods in our schools. There's great momentum and excitement about continuing these changes, and hopes that eventually the entire school-meals program can be transformed.

But we need increased funding for this to happen.

We need more funds to pay nearby **farmers** for their delicious in-season salad greens and winter-time carrots. We need more funds to support local **food-processors** and calzone-makers and bakers. We need more funds to outfit our school kitchens and cafeterias with **equipment** to prepare and serve more freshly-made, home-style dishes. And we need more funds so that **food-service staff** can be fairly compensated for their dedicated work and vital contributions to the school community.

The ground-breaking **Farm2School movement** – here in Burlington, in Vermont, around the country – could not exist without the skills and spirit of all those helping to transform school kitchens and cafeterias. Increased funding would go a long way towards building a foundation for more whole, fresh and local foods to be permanently and creatively incorporated into school menus.

This is the time for the federal government to genuinely support school-food change and the people – day in and day out – making dreams come true.

Signed in March 2007

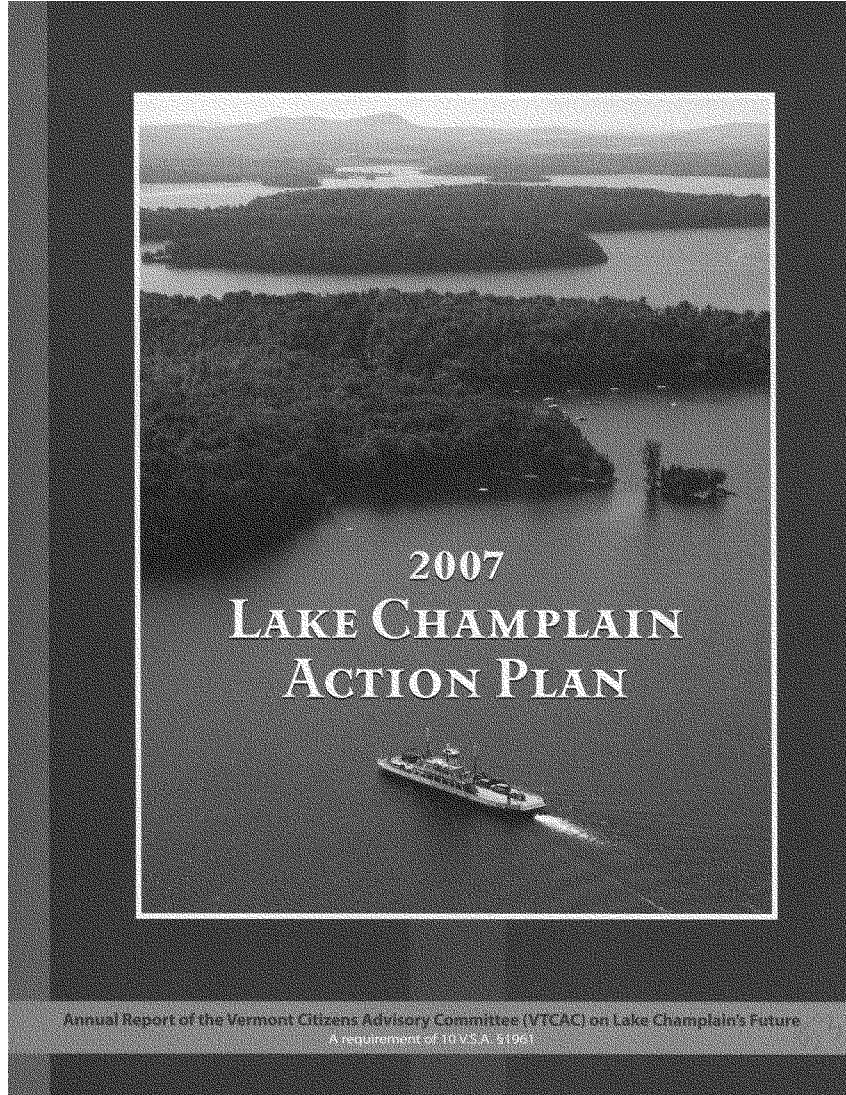
NAME CITY STATE
(If desired, include occupation and/or organizational affiliation)

Jonathan H. Carter Food Service Burlington VT

Palma M. Mader Service Burlington VT

Doug Davis Food Service Burlington VT

This petition and any accompanying comments must be postmarked by Friday, March 16, 2007 (additional comments must include your name, city and state and a reference to the March 12 hearing on the "2007 Farm Bill Opportunities for Vermont and the Northeast."). Please send both petition and comments to: Robert Strum, Chief Clerk; US Senate Committee on Agriculture, Nutrition and Forestry; Room 328-A Russell Senate Office Building; Washington DC 20510-6000.



Annual Report of the Vermont Citizens Advisory Committee (VTAC) on Lake Champlain's Future
A requirement of 10 V.S.A. §1961

LAC CHAMPLAIN 2007 PLAN D'ACTION

APERÇU

« Le lac Champlain est à son point le plus critique depuis sa découverte par Samuel de Champlain il y a 400 ans. Ce n'est que dernièrement que nous nous sommes rendu compte de l'ampleur des dommages que nous avons causés au lac, la majeure partie du temps sans le savoir, et que nous avons pris des mesures pour réduire l'incidence de nos activités sur la qualité de l'eau. L'avenir économique du Vermont et sa précieuse image sur le plan environnemental seront compromis si nous n'arrivons pas à atteindre nos objectifs de réduction de nutriments d'ici à 2009. Nous avons donc le devoir de réussir. »

— Buzz Hoerr, Président, VTCAC

Le Comité Consultatif des Citoyens du Vermont (VTCAC) prend fermement position sur la question de la réduction des phosphores. Si, comme citoyens et leaders du bassin du lac Champlain, nous maintenons le cap actuel vers la réduction de la pollution, il se peut que nous n'atteignons pas nos ambitieuses cibles de réduction des nutriments. Il ne reste plus que deux ans avant la commémoration, prévue pour 2009, du quadricentenaire de l'arrivée de Samuel de Champlain au lac. Le gouverneur Douglas a travaillé d'arrache-pied avec le gouverneur de l'État de New York et le premier ministre de la province de Québec pour atteindre les cibles de charge de phosphore précisées dans le Lake Champlain Phosphorus TMDL d'ici à 2009. Comme la pollution, de source agricole non ponctuelle est la plus importante source de phosphore dans les zones les plus polluées que sont les passages nord et sud du lac, elle est au centre du plan d'action du VTCAC pour 2007.

En nous fondant sur des travaux intensifs effectués avec les citoyens en 2006, nous croyons que l'accélération de la mise au point et de la mise en œuvre de programmes exhaustifs de gestion des nutriments (PGN) dans toutes les exploitations agricoles constitue le plus important défi que nous ayons à relever pour atteindre nos cibles de phosphore de 2009. Des PGN exhaustifs constituent un outil indispensable pour rehausser la durabilité économique des exploitations agricoles. Au Québec, le modèle du Club Agriculture jumelle 30 exploitations agricoles à un agronome en vue de l'établissement et de la mise en œuvre de plans. Non seulement ce modèle réduit-il la pollution par le phosphore, l'érosion du sol et la rupture des berges, mais il permet aussi aux agriculteurs de réaliser des économies en réduisant leurs besoins

PRIORITÉS CAPITALES

1. Éliminer l'excédent de phosphore de source agricole non ponctuelle en établissant dans toutes les exploitations agricoles du Vermont des plans exhaustifs de gestion des nutriments ayant comme principale priorité l'atteinte des cibles de charges quotidiennes maximales (TMDL) d'ici à 2009.
2. Maintenir des niveaux de financement permettant l'accélération du plan visant la réduction de la charge quotidienne maximale totale (TMDL) de phosphore dans le lac Champlain par tous les moyens possibles d'ici à 2009 — année du 400^e anniversaire de l'arrivée de l'explorateur Samuel de Champlain au lac portant son nom.
3. Améliorer la responsabilité des programmes de gestion des eaux de ruissellement en appuyant le programme des indicateurs d'écosystèmes du Lake Champlain Basin Program (LCBP) et en raffinant le modèle de comptabilisation des niveaux de phosphore.

en fertilisants importés. Une fois que les PGN exhaustifs sont réalisés, les agronomes continuent de travailler avec les agriculteurs en vue d'arriver à une gestion scientifique et économique de leurs exploitations.

Il n'existe vraisemblablement pas de meilleur retour sur l'investissement que la mise en œuvre de plans exhaustifs universels de gestion des nutriments pour assurer la qualité de l'eau et la viabilité économique des exploitations agricoles. Sur les quelque 1140 fermes laitières du Vermont, environ 225 d'entre elles disposent de plans. La plupart des fermes qui ont besoin de plans sont des petites fermes laitières que ne sont pas encore touchées par la Concentrated Animal Feed Operation (CAFO) et la nouvelle réglementation fédérale sur les exploitations agricoles qui requiert l'application de PGN exhaustifs pour les exploitations agricoles de moyenne et de grande envergure.

— French translation by Claude Ghanime

LAKE CHAMPLAIN 2007 ACTION PLAN

OVERVIEW

"Lake Champlain is at the most critical point in 400 years of post-Samuel de Champlain history. Only recently have we realized the extent to which we have damaged the Lake, for the most part unwittingly, and taken steps to reduce our impact on our waters. Vermont's economic future and our priceless environmental image are at stake if we fail to meet our nutrient reduction goals by 2009. We must succeed."

— Buzz Hoerr, Chair
Vermont Citizens Advisory Committee (VTCAC)

The Vermont Citizens Advisory Committee on Lake Champlain (VTCAC) is taking a bold stance on phosphorus reduction. If we as citizens and leaders in the Lake Champlain Basin continue on the current course to reduce pollution, we may not reach our aggressive nutrient reduction targets. It is only two years until the 2009 Quadricentennial Celebration of Samuel de Champlain's arrival to the Lake. Governor Douglas, along with the Governor of New York and the Premier of Quebec, has worked in earnest to reach phosphorus load targets as specified in the *Lake Champlain Phosphorus TMDL* by 2009. Since agricultural nonpoint source pollution is the single greatest source of phosphorus to the Lake, it is the centerpiece of our 2007 platform.

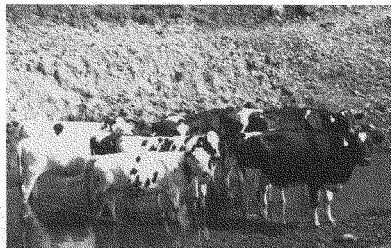
Based on intensive work with citizens in 2006, we believe that expediting completion and implementation of comprehensive nutrient management plans (NMP) on all farms is our most important quest to reach 2009 phosphorus targets. Comprehensive NMPs are an indispensable tool to enhance farm economic sustainability. In Quebec, the Agriculture Club model pairs 30 farms with one agronomist to develop and implement plans. This model not only reduces phosphorus pollution, soil erosion, and streambank destabilization, it also saves farmers money by reducing imported fertilizer needs. Once comprehensive NMPs are completed, agronomists continue working with farmers to scientifically and economically manage operations.

There is likely no better return on investment for water quality and farm economic viability than universal comprehensive NMP implementation. Of nearly 1140 Vermont dairy farms, about

HIGHEST PRIORITIES

1. **Slash excess phosphorus from agricultural nonpoint sources by developing comprehensive nutrient management plans on all Vermont farms, with priority given to meeting the *Lake Champlain Phosphorus TMDL* by 2009.**
2. Sustain funding levels supporting acceleration of the *Lake Champlain Phosphorus TMDL* in every possible manner by 2009—400th anniversary of explorer Samuel de Champlain's arrival to the Lake.
3. Improve the accountability of watershed management programs by supporting the Lake Champlain Basin Programs (LCBP) Ecosystem Indicators Program and refining the phosphorus accounting model.

225 have plans. Most farms needing plans are small dairies not yet affected by the Concentrated Animal Feed Operation (CAFO) and new federal farm rules which stipulate comprehensive NMPs on many medium and large farms.



Fencing animals from streams and creating designated stream crossings reduces streambank erosion.

ACTIONS TO IMPROVE WATER QUALITY

Of ten major tributaries monitored in Vermont and Quebec during 1990-2004, six had declining trends in flow-adjusted phosphorus concentrations, three showed no clear trend up or down, and one showed increasing phosphorus. While Vermont, New York, and Quebec have invested in significant phosphorus reduction, insufficient control of nonpoint source pollution, population growth, and increasing development of forested or agricultural land may be offsetting prior reductions.

Changing how agricultural improvements are funded from whole farm fixes to ranking single worst problems is one way to further reduce nonpoint source pollution. The VTCAC successfully inspired the Natural Resource Conservation Service to begin a trial program that funds "single practices" on farms instead of requiring long-term contracts and commitments to fix all problems. This trial program is attracting harder-to-reach regions and individuals.

Educators identify healthy streams by classifying aquatic insects at an LCBP workshop.



Lake Champlain Basin Program

LEGISLATIVE ACTIONS

- **Accomplish comprehensive nutrient management plans (NMP) on ALL farms**

The VTCAC urges the Governor and the Legislature to direct the Vermont Agency of Agriculture, Food, and Markets (VAAFAM) to coordinate development of comprehensive NMPs on all remaining farms. Focusing on farms with soils and terrain more likely to export phosphorus into surface waters first will help us reach phosphorus load reduction targets more quickly as specified in the *Lake Champlain Phosphorus TMDL*. Estimates to accomplish this goal by 2009 are over \$7 million. We believe this single feat will have the largest impact on reducing agricultural nonpoint source phosphorus pollution, not only in the Lake Champlain Basin, but also statewide.

- **Restrict farm animals from large streams and rivers and create stream crossings**

Animals drinking from streams destabilize streambanks and add sediments, nutrients, and fecal bacteria to surface waters. Fencing animals from streams and creating designated stream crossings (usually bridges) reduces streambank erosion. The Vermont Agency of Natural Resources' (VTANR) river corridor

Number of Vermont farms needing comprehensive nutrient management plans (NMP) and costs, February 2007¹

Farm Classification	Number of Farms	Number of Farms Needing Comprehensive NMPs	2005-2007 Farms Served & Funds Allocated To Date (Federal & State)	2008 Proposed Funds (Federal & State)	Cost Needs to Complete Comprehensive NMPs on Remaining Farms
SFO Small Farm Operations <200 animals	~921 ²	~829 ²	74 farms served	—	\$4,986,000
MFO Medium Farm Operations 200-699 animals	200	86	97 farms served	—	\$754,000
LFO Large Farm Operations ≥700 animals	19	0	11 farms served to meet new standard	—	Needs met
TOTAL	~1,140 ³	~915	\$2,428,203	\$875,000	\$5,740,000 ³

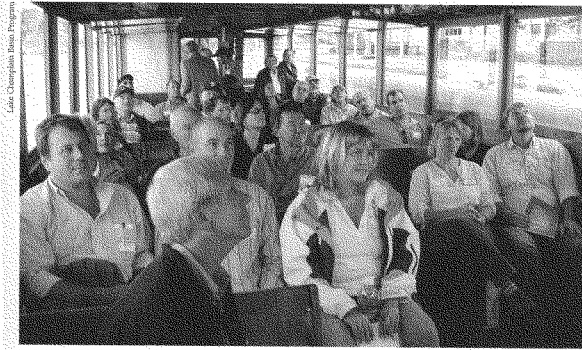
¹ Source: VAAFAM

² Inventory in progress

³ Cost estimates for 2007 based on acreage and number of animals and include three years of implementation costs

* LFO & MFO figures include dairy & other operations, SFO figure includes dimes shipping milk

2007 LAKE CHAMPLAIN ACTION PLAN



Lake Champlain Basin Program

The VTCAC held four special meetings in far northern and southern reaches of Lake Champlain attended by over 300 people and three new groups — Farmers Watershed Alliance, Northern Waters Partners, and South Lake Group.

protection grants, Conservation Reserve Enhancement Program (CREP), and Vermont Agronomic Buffers Program are existing tools to address these needs. The VTCAC supports increased fencing and stream crossing programs and initiatives that encourage farmers to restrict animals from larger streams and rivers (classified and mapped by US Geological Survey as "second order" streams).

- **Increase cost-share funding and technical assistance to farmers**

State funds allocated to the Conservation Reserve Enhancement Program (CREP) and Farm Agronomic Practices Program (FAP) leverage significant federal matching funds. The CREP program pays farmers to take land adjacent to waterways out of production. The new 2006 FAP program encourages farmers to continue NMPs, cover cropping, and other Best Management Practices (BMP) after initial cost-share funding ends. Technical assistance to farmers has decreased as regulatory requirements have increased. The VTCAC recommends that CREP receive \$250,000 and that FAP receive \$100,000.

VERMONT STATE AGENCY ACTIONS

- **Refine phosphorus accounting to support the Clean and Clear Action Plan**

In late 2006, the VTANR and VAAFM released an on-line database of projects funded to date by the *Clean and Clear Action Plan*. An accounting system is needed to track progress in reducing phosphorus as a result of these projects. Refining the phosphorus accounting model and pinpointing the largest contributing sources, as called for by the Lake Champlain Committee and other VTCAC partners, may help make this nexus. Offsetting factors such as land conversion, riparian development, and other sources of phosphorus increase must be tracked. The VTCAC strongly recommends that the

VTANR, VAAFM, LCBP, and University of Vermont (UVM) collaborate to refine phosphorus accounting methods.

- **Improve communication with the public regarding blue-green algae blooms**

Blue-green algae (BGA) blooms are a continued public health concern. Although usually harmless, BGA can sometimes produce toxins that cause illness if ingested in significant quantities. The UVM, with LCBP funding, has monitored BGA for seven years and provides test results to the Vermont Department of Health to alert the public. In addition to monitoring, the Lake Champlain Committee and UVM developed a cost-effective method of citizen volunteers to collect samples. This approach allows a wide geographical area to be sampled quickly, and without additional staff costs. The public has repeatedly requested expanding the volunteer network to cover the same geographical area as the monitoring program. The current 15 volunteer monitors should be expanded to 22 to cover known problem areas, and to capitalize on volunteer interest.

ACTIONS TO CONTROL AQUATIC NUISANCE PLANTS AND ANIMALS

While water chestnut has been consistently controlled and diminished in southern reaches of Lake Champlain for 25 years through the monumental efforts of multiple partners, the invasive plant is getting a foothold in the North Lake. In June 2006, water chestnuts were discovered in remote areas of Missisquoi National Wildlife Refuge. The LCBP partner organizations mobilized over 30 volunteers and staff to survey areas and hand-pull water chestnut. They contributed 300 hours of labor to harvest 12,000 water chestnut rosettes. Efforts are underway to resurvey refuge lands in 2007 for signs of spread.

LEGISLATIVE ACTIONS

- **Support continued water chestnut control and spread prevention efforts**

Consistent annual funding has proven successful at managing water chestnut. The Vermont Department of Environmental Conservation (VTDEC) leads this 25-year program with long-term support from US Army Corps of Engineers, LCBP, New York State DEC, Nature Conservancy, and other partners. In 2006, headway continued in the north to south Lake Champlain management effort and no new inland Vermont waters were found to have the invader. Despite these successes, water chestnut is still predominant in the South Lake and new populations were discovered in Missisquoi National Wildlife Refuge. To meet northern and southern needs, continued annual state funding of at least \$300,000 is critical, as previous funding reductions resulted in immediate reinfestation of previously controlled areas.

- **Expand local management of aquatic nuisance species**

The VTDEC's Grant-in-Aid Program funds towns to control aquatic nuisance species (ANS) in infested waters and prevent new introductions into uninfested waters. The program, funded through motorboat registration receipts and federal funds, does not have adequate resources to meet demands.

Alternative funds are required to meet needs for ANS controls as outlined in *Report on the Vermont Aquatic Control Grant-in-Aid Program, January 2006*, prepared for the Vermont Legislature. This report recommends that a legislative study committee be convened to identify how additional funds can be raised for ANS control. The VTCAC supports this recommendation.

- **Endorse the LCBP's ANS Rapid Response Protocol**

The LCBP has convened Vermont, New York, and Quebec government and non-government experts to develop an ANS Rapid Response Protocol. Once invasive species become established, the likelihood for eradication quickly diminishes and management costs rise. At least four invasive species entered Lake Champlain in the last five years. The VTANR needs to initiate swift decisions and actions to halt new invasions. Expediting the necessary permits as detailed in the Rapid Response Protocol is a key step.

- **Better enforce the ANS Transport Law and Baitfish Rule**

Preventing ANS introduction and spread is more cost effective and ecologically sound than eradicating them after they become established. Enforcement of the current ANS Transport Law is hindered by species identification. The LCBP's soon-to-be released *Lake Champlain Basin ANS*



Release of this 400th anniversary logo officially launched Quadricentennial Celebration events.

2007 LAKE CHAMPLAIN ACTION PLAN

Identification Guide will help decipher species identification. However, expanding the law to cover all aquatic plant transport will further augment spread prevention. The VTCAC urges the Legislature to expand regulatory capability and provide additional enforcement funding for the ANS Transport Law and Batfish Rule.

ACTIONS TO ENHANCE RECREATION AND CULTURAL HERITAGE RESOURCES

Planning for the 400th anniversary of Samuel de Champlain's arrival to the Lake is in full swing. Vermonters have embraced the idea of shining an international spotlight on the history and culture of Lake Champlain. People from this region, France, and the United Kingdom will join us in commemorating the French explorer's voyage. A special ceremony at St. Anne's Shrine marked the release of the first-ever, international and interstate stamp cancellation. In September 2006, philatelists obtained commemorative postal cancellations in Isle La Motte, Vermont, Champlain, New York, and St. Jean, Quebec as they traveled to each place with a special stamp cache designed by the LCBP.

The Lake Champlain Quadricentennial Commission (LCQC) has established several subcommittees of interested citizens that have been very productive over the past year. In 2006, a website was introduced, logos for the 400th anniversary were established, and a draft strategic plan was presented. Following an eight-month public comment period, the LCQC has incorporated suggestions and will present the final plan to the Legislature in 2007.

LEGISLATIVE ACTIONS

- **Provide seed money for the Lake Champlain Quadricentennial Celebration**

In two years, people from all over the world will visit Vermont for the Quadricentennial. The Vermont Department of Tourism and Marketing has done an outstanding job organizing public planning efforts for the anniversary. The US National Park Service estimates that the Quadricentennial Celebration could generate \$133 million in

Stamp collectors obtained commemorative postal cancellations in Vermont, New York, and Quebec for the first-ever, international and interstate stamp cancellation marking the Quadricentennial (1609-2009).

additional tourism revenues over the next six years. Tourism and Marketing needs \$250,000 of seed funding to implement preparations.

- **Lake Champlain booster license plate**

The Legislature should support legislation to establish a booster license plate for the Quadricentennial. The plate will commemorate the 400th anniversary of Samuel de Champlain's arrival in 1609. The legislation will allow the design, purchase, and sale of commemorative motor vehicle plates bearing the message "Vermont Lake Champlain Quadricentennial 1609-2009." Similar to the Vermont Bicentennial booster plate, the Quadricentennial plate can be displayed on the front of any Vermont-registered vehicle for two years (2008-2010). Once development and production costs are met, the balance of the revenues will fund other anniversary programs.

VERMONT STATE AGENCY ACTIONS

- **Increase state agency support for the Lake Champlain Quadricentennial**

While the Vermont Department of Tourism and Marketing and the Vermont Division for Historic Preservation have been leaders in preparing for the Quadricentennial, other state agencies, departments, and divisions must become more actively involved through staff support and funding. State grant funding should be directed at projects that support implementation of the Lake Champlain Quadricentennial Strategic Plan in time for 2009.



Photo: Preservation Bureau

VERMONT CITIZENS ADVISORY COMMITTEE (VTCAC) ON LAKE CHAMPLAIN'S FUTURE

The VTCAC is a diverse group of citizens, lake advocates, business representatives, farmers, and legislators united through their interest in a clean, healthy Lake Champlain. The VTCAC members are appointed by the Governor or by the Vermont Legislature for two or three year terms. They are charged with submitting an annual report to the Vermont Legislature that maps out recommended actions to protect the future integrity of the Lake. The Vermont, New York, and Quebec CACs each hold a seat on the Lake Champlain Steering Committee, the governing board for the Lake Champlain Basin Program (LCBP). The VTCAC members guide the development of the LCBP's annual budget and outreach programs, and guide the selection of annual Partnership Program grants.

Buzz Hoerr, Chair
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Jan Peterson, Vice Chair
Educator
North Hero
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Senator Claire Ayer
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For more information:

Lake Champlain Basin Program
(800) 468-5226 (VT & NY) • (802) 372-3213 • www.lcbp.org

Action Plan Editors: Miranda Lescaze and Michaela Stickney

Cover photograph courtesy of Lake Champlain Transportation Company
Back cover photograph courtesy of Lake Champlain Committee

To Our Congressional Delegation
Senator Patrick Leahy
Senator Bernie Sanders
Congressman Peter Welch



200 Signatures
Collected from March 13-15, 2007 in
Burlington, Vermont

from Food Service and Custodial Staff,
Farmers, Students, Teachers
and other Members of the Community

Related to the March 12, 2007
Hearing on 2007 Farm Bill Opportunities
for Vermont and the Northeast

Burlington Food Service Staff shown above:
Cindy Gordon, Sue Thompson (Manager), Barb Benoit, Jennifer Gagnon



**To Our Congressional Delegation
Patrick Leahy, Bernie Sanders and Peter Welch
Related to the
March 12, 2007 hearing on 2007 Farm Bill Opportunities
For Vermont and the Northeast**

14 March 2007

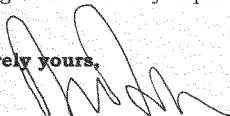
Dear Senator Leahy, Senator Sanders and Congressman Welch:

These signed petitions were gathered over the last couple of days here in Burlington. They show the widespread and heartfelt support for increased funding for school-food programs in our community and beyond.

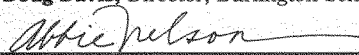
We are hoping that our innovative school-food program as well as others around the country can begin to receive the support they deserve, through increased federal reimbursement and other means.

On behalf of the hard-working farmers, inventive small-scale food processors and spirited food-service staff connected to our schools, we are thanking you for keeping us in mind as you prioritize Farm Bill programs and spending.

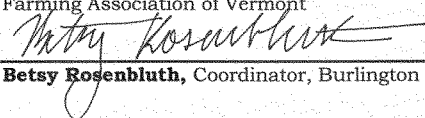
Sincerely yours,



Doug Davis, Director, Burlington School Food Service Program

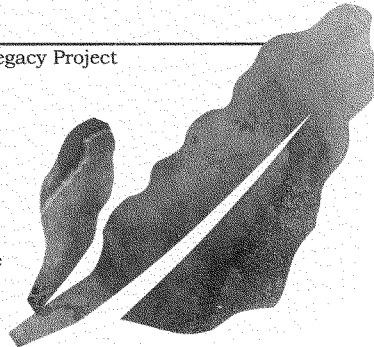


Abbie Nelson, VT FEED Coordinator of Local Purchasing, Northeast Organic Farming Association of Vermont



Betsy Rosenbluth, Coordinator, Burlington Legacy Project

200 Signatures Enclosed from:
20 Burlington Food Service/Custodial Staff
18 Intervale Farmers and Farm-Related People
75 Burlington High School Students
62 Burlington Teachers
25 Other Burlington Community Members



BURLINGTON SCHOOLS FOOD SERVICE***Food for thought — Better food, better learning***

March 15, 2007

Mr. Robert Strum-Chief Clerk
 US Senate Committee on Agriculture, Nutrition and Forestry
 Room 328-A Russell Senate Office Building
 Washington DC 20510-6000

Dear Mr. Strum,

I am writing in an effort to shine a light on a few of the challenges faced by our school nutrition programs. We are always being asked to implement wellness policies and to change the offerings for our students. Please believe me when I say that we (Food Service Directors) are always looking for healthier ways to feed our children. Here in Vermont we have an extensive Farm 2 School program that, as an example, will allow me to serve strawberry shortcake next week to over 2000 students. I will be using strawberries that were harvested and processed by students and food service staff the first week of July. The product will be amazing and the students will love it. I know our Senators Patrick Leahy and Bernie Sanders can attest to the fact that Vermont strawberries are the absolute best!

But more importantly, it shows the commitment that the food service staff and our community has to bring our students the best and healthiest food we can. The shortcake is a single example of our districts' farm 2 school program. We also process and serve local zucchini, kale, chard, apples, squash, tomatoes, lettuce, and the list goes on and on. We love doing this and we want to do it more often, but it is becoming more and more difficult. The income for our program comes from the students buying lunch and the federal government reimbursements. Please, do all that you can to raise the amount of this payment and the commodity food allocation. Help give our programs the ability to do the very important job that our communities have entrusted us to do.

Sincerely,

Doug Davis

Doug Davis, Director
 ddavis@bsdvt.org
 Pat Matton, Assistant
 pmatton@bsdvt.org

52 Institute Road
 Burlington VT 05401
 Phone: 802-864-8416
 Fax: 802-864-8438

One Parent's Reflections on Why Good Food Matters

Related to 2007 Farm Bill Opportunities
for Vermont and the Northeast

Dear Senator Leahy, Senator Sanders and Congressman Welch:

I joined this country's – and Burlington's – school-food movement five years ago because I wanted all children to have access to wonderful food. I wanted all children – just like my daughter – to be able to eat Intervale carrots and Champlain Orchard apples and whole-grain just-baked bread.

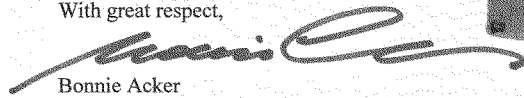
I was more than prepared for a world of challenges. What I didn't foresee was the joy that comes from being in a group and helping to change a part of this world.

I feel such joy when I meet a parent who says that her teenage son – who used to hate vegetables – now loves Vermont Minestrone for lunch. I feel such joy hearing third-graders discuss what whole, local and fresh mean, while munching on fresh alfalfa sprouts. I feel such joy knowing that farmers and bakers and food-service staff are being more and more appreciated for the contributions they are making towards school-food transformation. So many people, over the last few days, were instantly willing to sign the Petition in honor of their work.

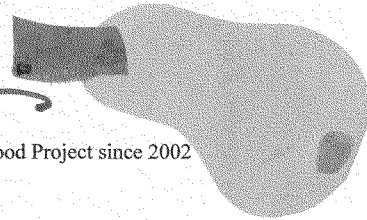
Because so many of us are linked together by common cause, there's a place for everyone at the table. There's no blame for present predicaments, only a rock-bottom faith that we can all together figure out solutions. I love the teachers I'm sharing class-time with, and the kids I'm making pesto with, and the food-service people I'm inventing soup with. They are in countless respects my extended family.

We have all the bravery, all the creativity, all the trust in one another to really transform school food. But we need more federal support. Much more federal support. In the name of all our children – and in the name of all our wonderful farmers and bakers and food-service staff – I ask you to do all you can to put school-food miracles at the top of your list.

With great respect,



Bonnie Acker
Parent Volunteer with the Burlington School Food Project since 2002



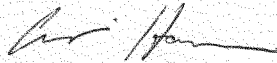
To: Patrick Leahy, Bernie Sanders, and Peter Welch

Related to: The March 12, 2007 hearing on 2007 Farm Bill Opportunities for Vermont and the Northeast

Date: March 15, 2007

Attached, please find signatures from City Market/Onion River Co-op. Thanks for taking this important request for more funding into consideration. We care about supporting our local farmers and food service staff and helping kids eat whole, local, and fresh produce!

Yours,



Caroline Homan
Food Education Coordinator
City Market/ Onion River Co-Op
82 S. Winooski Ave.
Burlington, VT 05401

On behalf of City Market

Hands-On Food Preparation for 800!
for the Monthly Taste-Test
in the Edmunds Kitchen
(Burlington, Vermont)

March 15, 2007

Food Service staff, middle-school students
and community members made the
delicious rice-dish "Paella" using locally-
grown Intervale carrots and celeriac



Feedback from the students sampling this dish was
exceedingly positive!

"I never heard of celeriac before today.
And it tastes really good!" said one student.

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Patrick Leahy, Bernie Sanders and Peter Welch
related to the
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We need more funds to pay nearby **farmers** for their delicious in-season salad greens and winter-time carrots. We need more funds to support local **food-processors** and calzone-makers and bakers. We need more funds to outfit our school kitchens and cafeterias with **equipment** to prepare and serve more freshly-made, home-style dishes. And we need more funds so that **food-service staff** can be fairly compensated for their dedicated work and vital contributions to the school community.

Food service staff are at the heart of what makes a school thrive. We greet children in the morning, knowing which kids needs extra attention and caring. We greet students at lunchtime, encouraging them to enjoy a variety of nutritious foods. With minimal equipment, space and time, we are doing our best to serve popular whole, fresh and local foods. Our dream is to provide the best foods to everyone in our school community.

The ground-breaking **Farm2School movement** – here in Burlington, in Vermont, around the country – would not exist without the skills and spirit of food service workers. We ask that we be fairly compensated for our central role in Burlington's school-food transformation.

Burlington School Food Service Employees, March 2007

NAME	CITY	STATE
<i>Barbara Cushing</i>	<i>Burl.</i>	<i>VT</i>
<i>Susan Perry</i>	<i>Burl</i>	<i>VT</i>
<i>Dawn Hathaway</i>	<i>Burl.</i>	<i>VT</i>
<i>Kathy Mathis</i>	<i>Burl.</i>	<i>VT</i>

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NAME	CITY	STATE
Melissa Parker	Burlington	Vermont
Julie Bellings	Burlington	Vermont

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Burlington School Food Service Employees, 9 March 2007

NAME	CITY	STATE
<i>Sue Thompson</i>	<i>Burlington</i>	<i>VT</i>
<i>Cindy Gordon</i>	<i>Burlington</i>	<i>VT</i>

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NAME	CITY	STATE
Lakshmi Courcy	Burlington	VT
Jennifer Sutton	Essex Junction	VT
Lilly Thompson	Burlington	VT
Khonza Plant	Burlington	VT
Peggy Rivers	Burlington	VT

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We are hoping that more federal funding will be available so that Burlington High School – and other schools around the country – can keep putting new great foods on the menu while paying a fair wage to those involved.

Burlington High School Students, March 2007

NAME	CITY	STATE
<i>Dan Davis</i>	<i>Burlington</i>	<i>VT</i>
<i>Loke Jopette</i>	<i>Burlington</i>	<i>VT</i>
<i>Rebecca McNays</i>	<i>Burlington</i>	<i>VT</i>
<i>Kaitem Healey</i>	<i>Burlington</i>	<i>VT</i>
<i>Nin Chumma</i>	<i>Burlington</i>	<i>VT</i>
<i>Max Seylins</i>	<i>Burlington</i>	<i>VT</i>
<i>Keely Breen</i>	<i>Burlington</i>	<i>VT</i>
<i>Alison Flint</i>	<i>Burlington</i>	<i>VT</i>

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NAME	CITY	STATE
<u>Anita Fenness</u>	<u>Burlington</u>	<u>VT</u>
<u>Casey H</u>	<u>Burlington</u>	<u>VT</u>
<u>Kate Rabunius</u>	<u>Burlington</u>	<u>VT</u>
<u>Chester Willette</u>	<u>Burlington</u>	<u>VT</u>
<u>[Signature]</u>	<u>Burlington</u>	<u>VT</u>
<u>Zachary F. Fung</u>	<u>BURLINGTON</u>	<u>Vermont</u>
<u>Molly Howard</u>	<u>Burlington</u>	<u>VT</u>
<u>Meg Irving</u>	<u>Burlington</u>	<u>VT</u>

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Ross Odell	Burlington	VT
Macey Shappell	Burlington	VT
Kira Wood	Burlington	VT
Jylu Wake	Burlington	VT
Nicole Fusco	Burlington	VT
Kim Bell	Burlington	VT
3rd Geneca	Burlington	VT
Zach Clarke	Burlington	VT

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NAME	CITY	STATE
Hannah Breen	Burlington	VT
Henry Konk	" "	" "
Thu Bui		
Jackson Harvey	Burlington	VT
Molly Krumholz	Burlington	Vermont
Gaelan Clutter-Arne	Burlington	VT
Arri Landsman-Roos	Burlington	VT
Laura Swanson	Burlington	VT

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Noah Caldwell-Kefferty	Burlington	VT
PAUL CRISMAN	Burlington	VT
Alexis Joropelis	Burlington	VT
Ha Truong	Burlington	VT
Ruby Western	Burlington	VT
Monica Rodgers	Burlington	VT
Charlotte Dana-Russack	Burlington	VT
Nell Bang-Jensen	Burlington	VT

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Max Kuuseela	Burlington	VT
Nolan Can	Burlington	VT
Charles Maher	Burlington	VT
Natalie Beckwith	Burlington	VT
Elvir Zolkic	Burlington	VT
Katelin Hayes	Burlington	VT
Phi Gao Dang	Burlington	VT
Molly O'Brien	Burlington	VT

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EVAN JOHNSON	BURLINGTON	VT
Nick White	Burlington	VT
Eva Bailey	Burlington	VT
Tom Surrall	Burlington	VT
Kyla Sener	Burlington	VT
Molly Rugg	Burlington	VT
Mateus Teixeira	Burlington	VT
Brady Callahan	Burlington	VT

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Jessica Jobes	Burlington	VT
Foster	Burlington	VT
Danielle Steimle	Burlington	VT
Nicholas Homziak	Burlington	VT
Jack Offenbach	Burlington	VT
Nit Me-	Burlington	VT
Kristy Ryan	Burlington	VT
Stew Hemingway	Burlington	VT

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Helen DeKorne	Burlington	VT
Emma Smithayer	Burlington	VT
Kristin Rawls	Burlington	VT
Julia Frenette	Burlington	VT
Sarah Everts	Burlington	VT
Ryan Fitzsimmons	Burlington	VT
Julie Ridge	Burlington	VT
Cierra De Mole	Burlington	VT

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<i>Trishie McCreath</i>	<i>Burlington</i>	<i>VT</i>
<i>Chris Farmer</i>	<i>Burlington</i>	<i>VT</i>
<i>Mary DeKarmey</i>	<i>Burlington</i>	<i>VT</i>

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This is the time for the federal government to genuinely support school-food change and the people – day in and day out – making dreams come true.

Signed in March 2007

NAME CITY STATE
(If desired, include occupation and/or organizational affiliation)

Caroline Horner, Food Education Coordinator, City Market, Burlington, VT
David Faulkner Burlington VT
Frank Cossaboon Burlington VT
Greg Getzel Burlington VT

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Christine Parlia	Burlington	VT
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Jill Washburn	Burlington	VT
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James Morrell	Burlington	VT
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Shelly Maerdyk	Burlington	VT
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Signed in March 2007

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<u>Clément Miler</u>	<u>Burlington,</u>	<u>Vermont</u>
<u>Rebecca Foulcau</u>	<u>Burlington,</u>	<u>Vermont</u>
<u>K.P. Haseen-Alhethan</u>	<u>Burlington</u>	<u>Vermont</u>
<u>Timothy Skaw</u>	<u>Burlington</u>	<u>Vermont</u>

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<i>Anne Sambro</i>	<i>Swel</i>	VT
<i>Elther M. Maguire</i>	<i>Swel.</i>	VT
<i>Alan Gardner</i>	<i>Burlington</i>	VT.
<i>Wanda [unclear]</i>	<i>Burlington</i>	VT.
<i>Jane Shepard</i>	<i>Burlington</i>	VT
<i>Paula [unclear]</i>	<i>Burlington</i>	VT.

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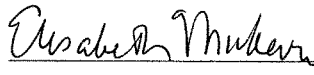
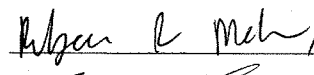


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	BURLINGTON	VERMONT
	Burlington	Vermont

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<u>Emily Hilliard</u>	<u>Burlington</u>	<u>VT</u>
<u>Amanda M. Anhe</u>	<u>Burlington</u>	<u>VT</u>
<u>Andrew Malowsky (Andrew Malowsky)</u>	<u>Burlington</u>	<u>VT</u>
<u>Sharon Alajajian</u>	<u>Burlington</u>	<u>VT</u>

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NAME CITY STATE
(If desired, include occupation and/or organizational affiliation)

Kit Perkins Intersale Center Burlington, VT

Kit Perkins
Sawburgham Steeplechase Farms STEEPLCHASE VT

Armed Acres Co. Bkm. VT

Bob Hawk WALDEN VT

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<i>William D.R.</i>	Burlington	VT
Paul Fleckenstein	Burlington	VT
June Kolodinsky	Burlington	VT
<i>Angela Jacques</i>	Burlington	VT

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<i>Jacob Flanigan</i>	<i>Burlington</i>	<i>VT</i>
<i>Megan Munson-Warakan</i>	<i>Burlington</i>	<i>VT</i>
<i>John D. [unclear]</i>	<i>BURLINGTON</i>	<i>VT</i>
<i>Sara Mason</i>	<i>Burlington</i>	<i>VT</i>

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<i>Trisha DeVenuti</i>	<i>Essex Junction</i>	<i>VT</i>
<i>Jessica Nordhaus</i>	<i>Burlington</i>	<i>VT</i>
<i>Valerie Wase</i>	<i>Burlington</i>	<i>VT</i>
<i>Monica Spaul</i>	<i>Burlington</i>	<i>VT</i>

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<i>Paul Osh</i>	Burlington	VT
<i>Kathy Hannigan</i>	Burlington	VT
<i>Paul Walsh</i>	BURLINGTON	VT
<i>Joey</i>	Burlington	VT

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<i>Michael Hannon</i>	<i>Burl.</i>	<i>VT</i>
<i>Edwin Raudabaugh</i>	<i>Burl.</i>	<i>VT</i>
<i>William Joy</i>	<i>Burl.</i>	<i>VT</i>
<i>Mary Huber</i>	<i>Burl.</i>	<i>VT</i>

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<i>Parminder Padgett</i>	<i>Burlington</i>	<i>Vermont</i>
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<i>Bruce Seay</i>	<i>Burlington</i>	<i>Vermont</i>
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<i>McConnell</i>	<i>Burlington</i>	<i>Vermont</i>
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<i>C. Jagan Hart</i>	<i>Burlington</i>	<i>VT</i>
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<i>Nia Spongberg</i>	<i>Charlotte</i>	<i>VT</i>
<i>Audrey Powell</i>	<i>Colchester</i>	<i>VT</i>
<i>Allyson</i>	<i>Burlington</i>	<i>VT</i>
<i>J. C. Apple</i>	<i>Shelburne</i>	<i>VT</i>

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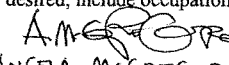
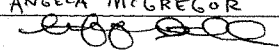
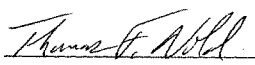
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 ANGELA MCGREGOR	BURLINGTON	VT
 Tiffany Tillman	Burlington	VT
KEELY DEUTSCH	HUNTINGTON	VT
 Thomas F. Wild	Shelburne	VT

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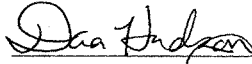
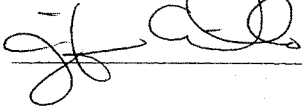
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Signed in March 2007

NAME (If desired, include occupation and/or organizational affiliation)	CITY	STATE
	Huntington	Vermont
	Burlington	VT

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NAME CITY STATE
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Louise Stronger School Nurse *Winooski* VT.
Holt/Chill Head Custodian *Burlington* VT
John J. Mc Physical Therapist *Keeneland* VT
Ann Harrington Educational Assiat. *Burlington, VT*

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Heather Ogden Paraprofessor Burlington, VT
Anna Baker Teacher Essex, VT
Dylan Senow Teacher Burl., VT
Janet Dun Teacher Burl., VT

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NAME (If desired, include occupation and/or organizational affiliation)	CITY	STATE
<i>Don Fox</i>	<i>Burl.</i>	<i>VT.</i>
<i>Donnie Johnson-Aren</i>	<i>Montpelier</i>	<i>VT</i>
<i>Shager Farineau</i>	<i>Colchester, VT</i>	
<i>Beth Wassel</i>	<i>Burlington, VT</i>	

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NAME (If desired, include occupation and/or organizational affiliation)	CITY	STATE
<i>Sarah B. Shepherd</i>	Burlington	VT
<i>St. Audon</i>	Burlington	VT
<i>Carly Steele</i>	BURLINGTON	VT
<i>Carly Steele</i>	Burlington	VT

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Susan King Edmunds Middle School Burlington VT

Zack Schwartz Burlington VT

Hly Nicolle Edmunds Middle School VT

Cheryl Zajac Burlington VT

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<i>Dev Stricker, Edmunds Middle School, Burlington</i>	<i>Burlington</i>	<i>VT</i>
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<i>PAT CHURCHESSEMAN MUND, EDMUNDS MIDDLE SCHOOL BURLINGTON</i>	<i>Burlington</i>	<i>VT</i>
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<i>Ann Hater, Edmunds Middle School, Burlington</i>	<i>Burlington</i>	<i>VT</i>
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<i>Kristine Rypko, Edmunds Middle School Burl.</i>	<i>Burlington</i>	<i>VT</i>
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NAME (If desired, include occupation and/or organizational affiliation)	CITY	STATE
Holly Robbins RN School Nurse-Edmunds MS	Burlington	VT
Tim Buckingham / Edmunds Middle School	Waterbury Center	VT
Dan Reines, Teacher, EMS	Williston	VT
Melanie Cote, EMS, Teacher	Burlington	VT

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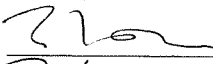
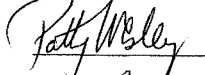
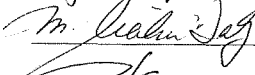

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NAME (If desired, include occupation and/or organizational affiliation)	CITY	STATE
 Martha Seagrave	Physician Asst	Burlington, V
 Patty Wesley	PATTY WESLEY	School Counselor Burlington VT 05401
 M. Cecilia DeJoy	M. CECILIA DEJOY	ATTORNEY, BURLINGTON, VT 05401
 Peter Knutson	PETER KNUTSON	BEHAVIOR INTER. ESSEX JCT VT 05452

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<i>Myra Jimenez</i>	<i>Burl.</i>	<i>Vt.</i>
<i>Kara McGowan</i>	<i>Burlington</i>	<i>VT</i>
<i>Judy Wolf Edmund's Middle</i>	<i>Burlington</i>	<i>VT</i>

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<i>Jennifer Reges</i>	<i>Burlington</i>	<i>VT</i>
<i>Ann J Park</i>	<i>Williston</i>	<i>VT</i>
<i>Nancy Knapp</i>	<i>Burlington</i>	<i>VT</i>
<i>Amy Ivors</i>	<i>So. Burlington</i>	<i>VT</i>

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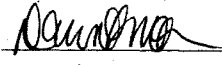
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	Burlington	VT
Jacob Teichner	"	"
Gladys Reyes	Burlington	Vt.

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<i>Edith D. Johnson</i>	Burlington	vt
<i>Laurie L. Lewis</i>	Burlington	Vt.
<i>Nana Bealew Burlington, Vt.</i>	<i>Noris Alberts Essex Jct, Vt.</i>	
<i>Betty Brady - " " "</i>	<i>James Muellette - Essex Jct, Vt.</i>	
<i>Sue Lamphere - Colchester, Vt.</i>		

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Vermont's School Food Service Employees, March 2007

NAME CITY STATE

School District of Essex Junction VT

We are our family interested in the

health and well being of all Americans we should

make money available at the local level to

buy fruits and vegetables.

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Signed in March 2007

NAME CITY STATE
(If desired, include occupation and/or organizational affiliation)

Coray Paraszi - Student, Environmental Program UVM Burlington, VT 3/12/07

Dear Mr. Leahy, Mr. Sanders, and Mr. Welch,

As a resident in Vermont and young student, I urge you to increase funding for the FARM2School movement. This movement tackles many issues at once. It supports the local economy, local farmers, combats malnutrition in young children, and educates students about where their food comes from. When people know about the place they live in, they feel more connected to it and are more likely to stay. It is time to step up and be the leaders you are to further support the Farm2School Project.

Sincerely, Coray Paraszi

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Vermont's School Food Service Employees, March 2007

NAME	CITY	STATE
<i>Caroline B. Ballew</i>	<i>Winoona</i>	<i>VT</i>
<i>Walter</i>	<i>Winoona</i>	<i>VT</i>
<i>...</i>	<i>...</i>	<i>...</i>

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Sara Armstrong Elmore VT
 Vermont Youth Conservation Corps
 Instructor for Agriculture & Natural Resource program
 @ Lamotte Union High School

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<i>Shirley Basile</i>	<i>Winooski</i>	<i>VT</i>
<i>Dee Bissonette</i>	<i>Winooski</i>	<i>VT</i>
<i>Lyphard</i>	<i>Verdun</i>	<i>VT</i>
<i>Carol</i>	<i>Winooski</i>	<i>VT</i>

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<i>Lisa M. Sprague</i>	<i>Addison</i>	<i>VT</i>
<i>Janice Brooks</i>	<i>Waltham</i>	<i>VT</i>
<i>Bobay Merritt</i>	<i>Wilmington</i>	<i>VT</i>

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<i>James B. ...</i>	<i>Hartford</i>	<i>VT</i>

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Beta M. Weiss	Underhill	VT
Sari J. Caselli	Jericho	VT
Reba Segrand	Jericho	VT
Julia Bean	Underhill	VT

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NAME	CITY	STATE
Jack Carroll	Chester	Ut.
Brenda Wayss 1b	Grafton	Ut.
Karla Hanson	Chester	Ut
Lori Tyrolle	Chester	Ut
Judy Henning	Chester	Ut

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NAME	CITY	STATE
<i>Greg A. Miller</i>	<i>Jericho</i>	<i>Vermont</i>
<i>John E. G. Gidycz</i>	"	"
<i>Bob Chinn</i>	"	"
<i>Aileen E. Hubbard</i>	"	"
	"	"

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<i>Jennifer L. Chamberlain</i>	<i>Underhill</i>	<i>VT</i>
<i>Alger Owen</i>	<i>" "</i>	<i>VT</i>
<i>Danette Nelson</i>	<i>" "</i>	<i>VT</i>
<i>Betsy Tanelian</i>	<i>" "</i>	<i>VT</i>

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<i>Ken P. Linton</i>	<i>Amherst</i>	<i>Vt.</i>
<i>Barbara Plunkett</i>	<i>"</i>	<i>"</i>
<i>"</i>	<i>"</i>	<i>"</i>
<i>"</i>	<i>"</i>	<i>"</i>
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<i>[Handwritten Name]</i>	<i>[Handwritten City]</i>	<i>[Handwritten State]</i>

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Anne Bijur Charlotte Vermont
[Signature] Charlotte Vermont
Matt Bijur

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The ground-breaking **Farm2School movement** in Vermont, around the country – would not exist without the skills and spirit of food service workers. We ask that we be fairly compensated for our central role in school-food transformation.

Vermont's School Food Service Employees, March 2007

NAME	CITY	STATE
[Handwritten Name]	[Handwritten City]	[Handwritten State]

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To Our Congressional Delegation
Patrick Leahy, Bernie Sanders and Peter Welch
related to the
March 12 2007 hearing on 2007 Farm Bill Opportunities
For Vermont and the Northeast

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NAME	CITY	STATE
<i>Cheri C. Dron</i>	St. Albans Town	VT.

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NAME	CITY	STATE
<i>Linda Patterson</i>	<i>St. Albans</i>	<i>Vermont</i>

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NAME	CITY	STATE
Mary Alice Elbaum	Fairfield	VT

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Vermont's School Food Service Employees, March 2007

NAME	CITY	STATE
Marta Webb	St. Albans Town	VT
Germaine Giffon	St. Albans Town	VT
Lyana Sully	St. Albans Town	VT
Robin Walsh	St. Albans Town	VT

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NAME	CITY	STATE
<i>Eric Kenna</i>	<i>St Albans</i>	<i>VT</i>
<i>Christina Wright</i>	<i>St Albans</i>	<i>VT</i>
<i>Christina Wright</i>	<i>St Albans</i>	<i>VT</i>

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Vermont's School Food Service Employees, March 2007

NAME	CITY	STATE
<i>Sandra J. Kibrite</i>	<i>Calchester Charlotte</i>	<i>Vermont</i>
<i>Helen Bars</i>	<i>Charlotte</i>	<i>Vermont</i>
<i>Janice Linnier</i>	<i>Charlotte</i>	<i>Vermont</i>

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To Our Congressional Delegation**Patrick Leahy, Bernie Sanders and Peter Welch**

related to the

March 12 2007 hearing on 2007 Farm Bill Opportunities**For Vermont and the Northeast**

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The ground-breaking **Farm2School movement** - here in Burlington, in Vermont, around the country - could not exist without the skills and spirit of all those helping to transform school kitchens and cafeterias. Increased funding would go a long way towards building a foundation for more whole, fresh and local foods to be permanently and creatively incorporated into school menus. This is the time for the federal government to embrace school-food change and the people - day in and day out - making dreams come true.

Signed in March 2007

NAME CITY STATE *Scarline Neskey, Southtown, NH*
Scarline Neskey 3/11/07

(If desired, include occupation and/or organizational affiliation)

My name is Scarline Neskey, I am a student at UVM. I worked directly with the Food Ambassadors program currently working in the Burlington school system. I was very impressed. I observed the program in action and was awed by how much the kids enjoyed and responded to the program.

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Vermont's School Food Service Employees, March 2007

NAME	CITY	STATE
RICHARD HUNGERFORD	Montpelier	Vt.
U-32 FOOD Service Director		
<i>Richard J. Hungerford</i>		

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Burlington School Food Service Employees, March 2007

NAME	CITY	STATE
Julie Davis	Burlington	Vt
Arleen Bennett	Burlington	Vt.
Susan Baxter	Burlington	VT
Sarah Matten	Burlington	VT

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115 STATE STREET
DRAWER 33
MONTPELIER, VT 05633-5201

PHONE: (802) 828-2228
FAX: (802) 828-2424



STATE OF VERMONT
SENATE CHAMBER

March 19, 2007

Robert Sturm, Chief Clerk
U.S. Senate Committee on Agriculture, Nutrition and Forestry
Room 328-A Russell Senate Office Building
Washington, DC 20510-6000

The 2007 Farm Bill and the Northeast **Farm Feeding Families**

Dear Committee:

Along with my duties serving the people of Franklin County and Vermont, I also serve as the Chair of the Northeast States Association for Agricultural Stewardship (NSAAS). This organization of agriculture legislative leaders from the 10 northeast states, US Virgin Islands and Puerto Rico was formed in 1999, in advance of the 2002 Farm Bill to allow us to speak with one voice on ag issues affecting our districts, states and region.

Our top priority is simple, A Farm Bill that creates fair and equitable public policy addressing the needs of all regions of the country, including the Northeast.

The title of our effort is **Farms Feeding Families**. The more than 150,000 Northeast farms grow the food that more than 60 million people purchase and consume. The northeast is a virtual market basket of the healthy foods that support healthy families. Food grown closer to consumers uses less energy to get to those consumers. In these troubled time it is also important to note that food security is homeland security. Agriculture is the economic engine of our rural communities providing 17% of the non urban jobs in the northeast. Northeast states Farm Gate revenue in 2002 exceeded \$11 billion.

Dairy is a critical aspect of any Farm Bill proposal. a strong dairy price support program with adequate funding appropriated in the baseline budget for implementation

Conservation programs are essential to the northeast. We appreciate the regional equity in the 2002 Farm Bill. We believe that a regional flex-equity provision, streamlined application process and increased technical assistance would guarantee more good conservation practices on the ground in the northeast.

March 19, 2007

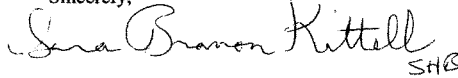
Rural Economic Development programs must be flexible enough to accommodate the needs of all rural areas and the support services for rural enterprises

Risk Management programs must address the needs of all farmers – livestock, specialty crops as well as commodity crops

The research and development in energy, bio fuels or cellulosic or even digesters, must account for all scale of operations.

Finally, the 2007 Farm Bill can be the opportunity to develop a stronger partnership between the federal and state governments. The differences in climate, agricultural practices and crops from Anchorage, Alaska to Adjuntas, Puerto Rico are vast. States, both executive and legislative branches work diligently to understand the issues and opportunities in agriculture and rural development every day. Agriculture block grants can provide the flexibility that we need to address the needs of our and your constituents in amore timely manner than the current structure. We strongly believe that this kind of flexibility will not only provide better, more targeted services but also a more efficient use of taxpayer dollars at all levels.

Sincerely,

A handwritten signature in cursive script that reads "Sarah Brannon Kittell". To the right of the signature, the initials "SHB" are written in a smaller, blocky font.

Sen. Sarah Brannon Kittell
Franklin County

115 STATE STREET
DRAWER 33
MONTPELIER, VT 05633-5201

PHONE: (802) 828-2228
FAX: (802) 828-2424



STATE OF VERMONT
SENATE CHAMBER

March 19, 2007

Robert Sturm, Chief Clerk
U.S. Senate Committee on Agriculture, Nutrition and Forestry
Room 328-A Russell Senate Office Building
Washington, DC 20510-6000

Dear Committee:

Disaster Relief

Disaster relief is of critical importance. The damage of the perfect storm of wet weather, high energy costs, and low milk prices continues to mount up and the high feed costs have made matters worse. Vermont needs relief and we need a Farm Bill that has mechanisms to deal with disasters in a timely and efficient manner.

Dairy

Dairy policy is an important aspect of any Farm Bill proposal and essential to Vermont where so much of our agricultural income comes from dairy products. A strong dairy price support program with adequate funding appropriated in the baseline budget for implementation would be a good start. Extending the MILC program to be on the same timeframe with the Farm Bill would at least put that money in the baseline. In the past Vermont has been at the forefront of developing a successful regional approach that is not funded by taxpayer dollars. We are working with the other states in our region to develop such an approach but we need the help of the Farm Bill. A national structure of five regional dairy districts with separate locally controlled boards of directors in each region. Any program needs to include some type of supply control mechanism even if participation is voluntary.

Conservation

- Most importantly, the Farm Bill should retain and ensure regional equity among the conservation programs. Moving away from regional equity would decrease conservation funding available in Vermont by over \$5 million. Such a decrease in funding would make it significantly difficult, if not impossible, for the state and the agency of agriculture to properly fund farmers. Consequently, state programs such as the Clean and Clear Action Plan and the state agricultural water quality program would fall well short of their goal of a clean Lake Champlain and clean state waters.

March 19, 2007

- Programs available under the Conservation Title of the 2002 Farm Bill provided significant assistance to Vermont farmers; helping them install infrastructure on farms, conserve land, improve the state's water quality, and develop bioenergy production.
- The 2007 Farm Bill should expand funding for the programs authorized by the Conservation Title of the Farm bill.
- The Environmental Quality Incentives Program (EQIP) should be reauthorized and expanded, and funding should be available to remedy small, single issue problems, instead of the whole-farm fix currently required.
- The conservation reserve program (CRP) should be reauthorized, funding increased, and the overall allowable acreage expanded.
- We also support the Regional Water Enhancement Program (RWEP) proposed by Secretary Johanns that would focus on cooperative approaches to enhancing water quality on a regional scale through cooperative, watershed-wide conservation programs.
- Also, most, if not all, of the programs authorized under the conservation title, would be permissible assistance programs under international trade agreements and would not be subject to challenge by another member of the World Trade Organization. Consequently, expanding assistance for the conservation programs would provide farmers with effective and secure assistance programs insulated from trade challenges.

Energy Title

- We support Secretary Johanns' proposal to provide new funding for renewable energy research, development and production. However, the funding should not be targeted on ethanol production. All forms of bioenergy production on farms should be eligible for assistance under the proposed program.

Rural Economic Development programs must be flexible enough to accommodate the needs of all rural areas and the support services for rural enterprises and must be fully funded.

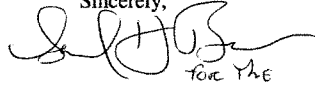
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March 1^o 2007

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Sincerely,

A handwritten signature in black ink, appearing to read "Eric Holtby". The signature is fluid and cursive, with a long horizontal stroke extending to the right.Eric Holtby
Vermont Senate Committee on Agriculture

**VERMONT CITIZENS ADVISORY COMMITTEE (VTCAC)
ON THE FUTURE OF LAKE CHAMPLAIN**



Michaela Stickney
Vermont Coordinator
Lake Champlain Basin Program
103 South Main Street
Center Building
Waterbury, VT 05671
802-241-3619
Michaela.stickney@state.vt.us

March 15, 2007

Mr. Robert Sturm
Chief Clerk
US Senate Committee on Agriculture, Nutrition and Forestry
328 A Russell Building
Washington, DC 200510

Dear Mr. Sturm,

I am writing to submit testimony on the upcoming Ag bill on behalf of the Vermont Citizens Advisory Committee on the future of Lake Champlain.

VTCAC Members:

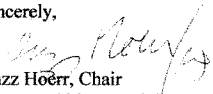
Buzz Hoerr, Chair
Jan Peterson, Vice Chair
Sen. Claire Ayer
Grant Bush
Eric Clifford
Larry Dupont
Lori Fisher
Paul Hansen
Peter Kreisel
Sandy Kuehn
Sen. Ginny Lyons
Rep. Dexter Randall
Ted Tyler
Rep. John Zenie

We have a recommendation this year that Comprehensive Nutrient Management Plans be completed and implemented on all farms in Vermont, with priority given to 303 D impaired watersheds, most of which in Vermont are agricultural lands and most of our nutrient overloading in the most stressed parts of the lake are in those watersheds.

We would recommend that the new bill include sufficient funding for the payment to complete these plans on all farms, as they are necessary for federal permits as well as the state permits, and focusing funding on this task will be a positive return for farmers as well, as they have been in almost every case where it was done. Managing manure is not just a water quality improvement issue, it is also a farm economic sustainability issue as well.

I've enclosed our 2007 Action plan which outlines this initiative and hope the Senate will find a way to including funding to make this happen. Thank you for including this in your Vermont testimony.

Sincerely,


Buzz Hoerr, Chair
Vermont Citizens Advisory Committee

Cc: Robert Paquin, Vermont Legislative Director for Senator Patrick Leahy



Department of Fish & Wildlife
 103 South Main St., #10 South
 Waterbury, Vermont 05671-0501
www.VtFishandWildlife.com
Wayne A. Laroche, Commissioner
 Telephone: 802-241-3730

{phone} 802-241-3700
 {fax} 802-241-3295
 {tdd} 802-828-3345

Agency Of Natural Resources

March 16, 2007

Robert Sturm, Chief Clerk
 US Senate Committee on
 Agriculture, Nutrition and Forestry
 Room 328-A
 Russell Senate Office Building
 Washington, DC 20510-6000

Dear Mr. Sturm:

With many Vermont landowners interested in managing their land for wildlife, the need for technical and financial assistance remains strong. In recent years, the Vermont Fish and Wildlife Department (VTFWD) and the US Department of Agriculture's (USDA) Natural Resource Conservation Service (NRCS) have partnered to provide technical assistance for the USDA's Wildlife Habitat Incentives Program (WHIP). WHIP is a voluntary federal program that helps landowners interested in creating and enhancing high quality wildlife habitat on their property. Since its implementation in 1998, almost 11,000 people have enrolled in the program and are improving wildlife habitat on more than 1.6 million acres across the United States.

The objectives of WHIP are to: 1) implement conservation plans that create, restore, and enhance fish and wildlife habitat; 2) provide financial assistance in the form of cost share payments to enhance fish and wildlife habitat; 3) provide landowners with technical assistance and educational materials regarding wildlife habitat needs; and 4) foster a positive public attitude towards wildlife, wildlife habitat, and good land stewardship. NRCS and VTFWD have joined forces to achieve these objectives in Vermont with an emphasis on addressing the species identified in Vermont's Wildlife Action Plan. In fact, this Action Plan repeatedly references WHIP as a major program for addressing habitat conservation needs.

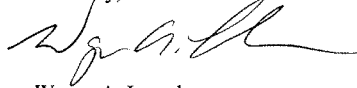
The VTFWD hired two habitat specialists to assist NRCS staff with the planning and implementation of WHIP contracts. These habitat specialists help develop conservation plans, give recommendations on carrying out these plans, and follow up on and certify that practices have been completed according to the conservation plan.



Currently there are 450 active WHIP contracts on both public and private land in the state of Vermont, with 90% of them on private land. The total amount of financial assistance currently obligated to landowners in Vermont through these contracts exceeds \$2.805 million. These cost share payments will help pay for a variety of habitat improvement practices including apple tree release and pruning, delayed mowing of grasslands, manual or mechanical cutting to create early successional habitat, invasive plant control, stream habitat improvement and management, improving fish passage, and restoration of rare or declining habitats. In 2007, 50 to 60 additional landowners will be assisted in managing their land for wildlife through WHIP.

This Department is clearly committed to supporting WHIP in Vermont and believes this incentive-based program is very valuable for the conservation of fish and wildlife resources in the state. We hope WHIP remains a strong component of the next Farm Bill – particularly by maintaining a strong programmatic identity and by developing funding formulas that assure regional equity in allocation of those funds. In terms of new funding opportunities, perhaps there will be some opportunity to support recreational access for hunters, anglers, and trappers (a so-called “green fields” initiative). Finally, additional forestry cost-share programs that improve forest management and wildlife habitats included within EQUIP should involve state forestry agencies in setting funding priorities and program guidelines.

Sincerely,



Wayne A. Laroche
Commissioner

cpm

cc: George R. Crombie, Secretary, ANR
Jonathan Wood, Commissioner, Forests, Parks, and Recreation
Roger Albee, Secretary, Agency of Agriculture
Judith Doerner, Vermont NRCS State Conservationist

Rob MacLeod
3881 Ward Hill Rd.
East Hardwick, VT 05836

Robert Sturm, Chief Clerk
US Senate Committee on Agriculture, Nutrition, and Forestry
Room 328 –A Russell Senate Office Building
Washington, DC 20510-6000

Comments regarding March 12, 2007 hearing on “2007 Farm Bill Opportunities for Vermont and the Northeast”

Along with my wife, I operate a medium sized diversified farm in East Hardwick, Vermont where we use Management Intensive Grazing (MIG) practices for our herd of cows and for our draft horses. Our experiences with this management practice have been extremely positive. From May to November, the duration of our growing season, our animals receive no feed except grass. After November, we supplement with hay because of the decline in palatability caused by cold weather, but continue to graze stockpiled grass until the depth of snow makes grazing impossible for the animals.

We have seen a number of positive results from our intensive grazing practices:

1. In four years of implementation we have seen a dramatic increase in the amount of forage our pastures can provide.
2. As a result of more forage, we can support more animals on the same amount of land.
3. We have seen the mix of plant species in the pastures change toward more palatable grasses without doing any seeding.
4. The density of the sod has increased, stabilizing the soil and preventing runoff.
5. Increased health for our animals.
6. Impressive weight gains/growth of stock without feeding any grain or supplements of any kind other than minerals.
7. Reduced use of fossil fuels because livestock harvest their own feed. This has an overall positive impact on reducing carbon emissions.
8. Constantly growing green pastures absorb large amounts of carbon dioxide.

The only amendments we have added were 2 tons of lime/acre several years ago.

My wife and I have made these management changes because we believe the benefits are worthwhile. We have done so completely on our own because assistance and support for this type of farming, both financial and technical, is limited. While we have done as much as we can, there is so much more we could do to further improve our grazing and land management practices.

Our farm is admittedly a tiny microcosm. However, every farm I see that properly uses management intensive grazing practices is characterized by lush, verdant pastures, with

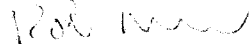
the associated benefits to soil and animal health. The distinction between intensively managed pastures and those that are continuously grazed is immediately apparent to even a casual observer.

When I drive around the state of Vermont, I see many pastures that are poorly managed. Grasses are overgrazed, so there is little or no sod to hold the soil in place on steep slopes or along flood plains. All of these contribute to poor water quality and declining soil fertility.

The need for more and better resources to support good grazing practices is extreme. The University of Vermont had a world class professor and researcher of intensive grazing in Bill Murphy, but when he retired his position was not replaced. That was to the detriment of farmers in Vermont and the Northeast. His position needs to be replaced.

Management Intensive Grazing is a remedy for many environmental issues associated with agriculture. Maintaining and even increasing funding for this management practice is a cost effective way to improve ecosystems, increase farm profitability, and, I believe, improve the quality of life for farm families. It is an extremely cost effective use of the peoples' tax dollars.

Sincerely,



Rob MacLeod

Robert Sturm, Chief Clerk
US Senate Committee on Agriculture
Nutrition and Forestry Room 328-A Russell Senate Office Building
Washington, DC 20510-6000

Sam Smith
1611 Harbor Rd.
Shelburne, VT 05482

Dear Mr. Sturm,

I am writing with regards to the proposed 2007 Farm Bill. I am currently a member of the Board of Directors of the Vermont Grass Farmers Association, the state GLCI advisory committee. I am also a farmer myself. I am very concerned about the focus of the 2007 on corn based agricultural for ethanol production. Our country needs to work towards sustainability not fuel production.

The Farm Bill needs to be directed to supporting more sustainable food production methods. Grazing animals uses very little energy and has long-term environmental benefits. The Farm Bill should continue to support programs such as the GLCI and NRCS conservation programs. Funding research and supports for grass-based farming is very important to the members of our organization. We represent 500 + farmers in Vermont and the adjacent states.

I believe that the funding requests supported by the Northeast Pasture Consortium will help to support farmers throughout the Eastern seaboard. I also support the agenda of the National Campaign for sustainable Ag.

Sincerely,



Sam Smith



March 16, 2007

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Robert Sturm, Chief Clerk
U.S. Senate Committee on Agriculture, Nutrition and Forestry
Room 328-A Russell Senate Office Building
Washington, DC 20510-6000

**Re: March 12, 2007 hearing on "2007 Farm Bill
Opportunities for Vermont and the Northeast"**

Honorable Senators:

The Vermont Land Trust (VLT) is a nonprofit organization that works with individuals, organizations, and communities to conserve land for the future of Vermont. A major focus of VLT is to conserve working farms by acquiring development rights. Since its creation in 1977, VLT has conserved 160,000 acres of agricultural land in over 600 agricultural parcels. In some cases the farm owner donated all or part of the value of the conservation easement, but more often VLT has purchased the development rights on these farms using grants from various public agencies, private foundations, or individuals. The majority of VLT farm easements have been funded through the Vermont Housing and Conservation Board (VHCB). In recent years nearly all of our easements funded through VHCB have had 50 percent of the funding from the Federal Farm and Ranchland Protection Program (FRPP).

I. Milk Pricing

Before launching into suggestions for improving the FRPP, we would first like to express our deep concern about the economic crisis of the Vermont dairy farmers. Vermont dairy farms will not be able survive long with low milk prices and escalating feed and fuel costs. There must be a long term solution. The State of Vermont has helped with over 11 million dollars of emergency payments to dairy farmers, but what Vermont farmers need is a change in the system for pricing milk. We at VLT are not experts in the intricacies of milk marketing. However, we strongly support the efforts of Farmers Working Together and their recommendations that:

1. The pricing of Class I milk must be decoupled from the pricing of Class II and III milk;

Robert Sturm, Chief Clerk
U.S. Senate Committee on Agriculture, Nutrition and Forestry
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Page Two

2. The pricing system must be regionalized to assure that a safe supply of milk is available in each region of the country, priced in a manner that reflects production costs in each region of the country;
3. The pricing system should include a method to manage milk supply through regional supply controls.

We urge you to tackle these complex and difficult issues immediately, before it is too late and we lose a critical mass of farmers to support a dairy economy in Vermont.

II. FRPP Administration

VLT has been awarded funding for farm projects through VHCB for over ten years through the Farms for the Future Program and recently FRPP. With the passage of time the rules and regulations have become more bureaucratic and more cumbersome, forcing redundant oversight and placing increased administrative and financial burdens on farmers and on VLT, VHCB, and the other farmland conservation partners. These changes are not moving the program in the right direction! The one-size-fits-all approach fails to recognize the incredibly diverse nature of agriculture—in terms of land resource, type and scale of operation, type of crops, markets and production methods—that exists throughout the country.

VLT believes that states with established programs and with documented track records of successful project selection and stewardship of conserved farms should be given the ability, through a certification process, to manage the funds according to appropriate rules and oversight. This would be a far more cost-effective and efficient way to administer FRPP, and would lead to a more successful outcome for all concerned, including most importantly the farmers who participate in the program.

In addition, VLT strongly opposes NRCS's decision to re-characterize its "contingent right," and to require that the United States be identified as a grantee in the easement. We disagree that it is legally necessary, especially in a state such as Vermont where we already have three co-holders on each farm easement: VHCB (a quasi-state agency), the Vermont Agency of Agriculture (a state agency), and a land trust. All three co-holders must already agree to any requests for approvals or changes received from the landowner, resulting in a solid system of checks and balances for stewarding farm easements. The prospect of all three co-holders failing to enforce the easement, and all three co-holders attempting to divest themselves of the easement, is extremely remote.

Robert Sturm, Chief Clerk
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The farmers VLT has spoken with about this change have uniformly reacted very negatively, and we expect that this will affect participation in the program. Although NRCS claims that its proposed clarification of its property rights will not change the relationship it has with its partners, and will not result in the federal government becoming involved in the day-to-day task of stewarding farm easements, this assertion does little to reassure farmers who are considering selling a permanent easement. We recommend that NRCS stick with the "contingent rights" language agreed to previously.

VLT deeply appreciates the funding Vermont has received from FRPP but would like to work with Vermont's Congressional Delegation to revise FRPP so it can better serve this country's farmers who conserve their land for future generations of farmers.

We appreciate the opportunity to submit this testimony and thank the Committee for convening its hearing in Vermont.

Sincerely,



Gil Livingston,
President

cc: Hon. Senator Patrick Leahy
Hon. Senator Bernie Sanders



Our mission is to develop farm- and land-based enterprises that generate economic and social opportunity while preserving natural resources.

March 15, 2007

Mr. Robert Sturm, Chief Clerk
U.S. Senate Committee on Agriculture, Nutrition and Forestry
Room 328-A Russell Senate Office Building
Washington, DC 20510-6000

RE: 2007 Farm Bill Testimony

Dear Mr. Sturm,

My name is Kit Perkins. I am the Executive Director of the Intervale Center, a non-profit organization promoting sustainable agriculture and strong local food systems, located in Burlington, Vermont. I attended the March 12th public hearing on "2007 Farm Bill Opportunities for Vermont and the Northeast" at the Vermont statehouse. The following is my written testimony about the proposed 2007 Farm Bill.

Rather than repeating language already prepared by others, I would like to express my strong support for testimony submitted by the following individuals and organizations:

- Enid Wonacott, Executive Director, Northeast Organic Farming Association in Vermont (NOFA VT)
- Vermont Food Education Every Day (VT FEED) (Shelburne Farms, NOFA VT, Foodworks)
- Burlington School Food Project, Bonnie Acker

Specifically, I believe that the Farm Bill must help overcome barriers and improve systems and mechanisms to ensure that locally sourced food is available in local schools and institutions. School districts must be enabled to generate sufficient funds to buy fresh healthy food, and support local farmers. The positive health, education and economic impact of healthy food in school cafeterias is profound, ranging from better physical health, better concentration in school, healthier families and better markets for local farmers. Geographic preference must be given to local regions for USDA commodities going to public schools, i.e. Vermont food should go into Vermont schools, to support Vermont school children and Vermont farmers.

Traditionally, the Farm Bill has focused on support for large scale, commodity farms, dairy in particular. While I am 100% supportive of creating better prices and market conditions for dairy farmers in Vermont, we must ensure that the growing and successful market for small and medium scale diversified farms and products has adequate federal recognition and support. In particular, regulations for food processing centers, and slaughtering and meat processing facilities currently are prohibitively costly for smaller scale livestock farmers.

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With the growing market demand for healthy, local, organic meats, smaller scale producers must have access to affordable and local meat and fresh produce processing facilities, or have the opportunity to slaughter and process on site that is legal and safe. Shipping animals to distant slaughterhouses and meat processing/packaging plants, only to ship the packaged meat back into the state for sale does not make economic or good health sense.

The Farm Viability program in Vermont (facilitated through the Vermont Housing and Conservation Board) has proven to be extremely successful in helping all kinds of farms become more successful businesses. This program should be strongly supported and expanded. The results from this relatively modest investment in on-farm technical assistance has had a measurable positive impact on farm business performance, ranging from increased net income to increased market opportunities to more efficient production systems. This program has delivered an excellent return on investment and should be expanded to reach a greater number of farmers in Vermont and other states.

Lastly, the Farm Bill should address how to establish pricing and policy mechanisms for increasing purchasing of local farm products by larger scale retail market outlets.

Thank you for your time and attention.

Sincerely,

Kit Perkins
Executive Director, ext. 103
kit@intervale.org



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 Huntington, VT 05462
 Tel: 802-434-3068
 Fax: 802-434-4686
 E-Mail: vermont@audubon.org
 www.vt.audubon.org

March 16, 2007

Robert Sturm, Chief Clerk
 U.S. Senate Committee Agriculture, Nutrition and Forestry
 Room 328-A Russell Senate Office Building
 Washington, DC 20510-6000

Re: March 12 hearing on "2007 Farm Bill Opportunities for Vermont and the Northeast."

Dear Senator Leahy and Mr. Sturm:

On behalf of Audubon Vermont, I am submitting testimony to be included in the record of the March 12, 2007 Field Hearing for the "2007 Farm Bill," held in Montpelier. Audubon Vermont thanks you for all you have done to promote the conservation of working lands in past Farm Bills by creating programs like the Forest Legacy Program, Conservation Reserve Program, and the Wildlife Habitat Incentives Program, Wetlands Reserve Program Environmental Quality Incentives Program and others. These programs are making a measurable difference in protecting important wildlife habitat, water quality and sound stewardship practices.

Audubon Vermont believes the 2007 Farm Bill can be a positive force for promoting the conservation of our working landscape and the wildlife habitat it provides. The Northern Forest is home to the greatest diversity of breeding bird species in the continental United States. These neo-tropical migratory birds have in some cases 90% of their global population breeding in this region, and many of these birds are seeing long-term declines. Audubon recently launched a multi-year *Forest Bird Initiative* to protect large numbers of these birds and critical forest habitat through community conservation efforts. Since a great deal of the Northern Forest is privately owned - 85% of Vermont - engaging private landowners is critical to success. The Farm Bill forestry title programs can help address the habitat needs of these neo-tropical migratory birds by providing landowners with a wide-range of technical assistance, stewardship planning and land conservation options.

Audubon Vermont wants to reaffirm our strong support for programs in the 2007 Farm Bill that support forest stewardship, conservation, and the forest-based economy and to encourage your leadership for forests as the Farm Bill is developed over the coming months.

The 2007 Farm Bill should provide increased funding for cost-share and incentive programs that support good forest stewardship and slow the parcelization of forestland: The Farm Bill should provide increased funding to help private landowners and municipalities manage their lands to high standards through programs like the Forest

Audubon Vermont

Land Enhancement Program, Environmental Quality Incentives Program, Wildlife Habitat Incentives Program, cooperative extension forestry programs, Farms for the Future, and other programs with forestry components. Strong funding for traditional programs will help landowners to hold large parcels and steward them well. Important modifications to Farm Bill cost-share programs should also be explored that would increase their effectiveness, including tightened prioritization, geographic focus, and performance-based accountability. There should also be exploration of how the Farm Bill could help establish mechanisms that would provide market-based incentives to private landowners to provide ecosystem services.

The 2007 Farm Bill should provide increased support for forest conservation: The Farm Bill should support forest conservation projects that slow fragmentation and parcelization and keep forests intact for natural values, forestry, and recreation. Since 1990, The Forest Legacy Program has been a successful important tool in protecting forest habitat. The funding for this program needs to be increased to address the growing interest in the program. In addition, methods for streamlining and speeding up the approval process should be explored. In our region a limited number of qualified appraisers adds to the time it takes to complete a Legacy project. New standards or opportunities to train qualified appraisers should be explored.

The 2007 Farm Bill should provide increased support for state forest stewardship and research programs: The Farm Bill should provide increased support for private forest landowners and communities through the U.S. Forest Service and our state forestry agencies' delivery of the Forest Stewardship Program, Forest Land Enhancement Program, Urban and Community Forestry Program, cooperative extension forestry programs, and others. The technical assistance and access to funding provided by these dedicated professionals are essential support for private landowners and municipalities to meet their conservation and stewardship goals. These programs should be directed to incorporate wildlife needs into forest plans and provide cost-share funds for wildlife conservation practices. The Farm Bill should also provide increased funding for forest health monitoring, control, and research, Forest Inventory and Analysis, and other related programs that support effective forest stewardship.

The 2007 Farm Bill should provide increased support for our forest-based economy: The Farm Bill should provide increased support for a suite of existing or revised forest-based economic development programs, consistent with the goals of the Economic Action Program, that help communities and businesses maximize forest-based economic opportunities. The Farm Bill should also include grant programs to support value-added production and markets.

In addition to the forest programs discussed above Audubon Vermont also strongly supports the programs that help our agricultural community address the wildlife habitat on their lands. Grassland nesting birds are experiencing serious population declines. The WHIP program's cost-share funds can help farmers delay mowing but currently the

Audubon Vermont

amount per acres is very low. In the future, the program should increase the amount of money available for delayed mowing.

Thank you for the opportunity to provide this input to your process. We look forward to working with you to create a Farm Bill that will be regarded as strong conservation legislation.

Sincerely,



Jim Shallow

Conservation and Policy Director

Cc: Senator Leahy
Senator Sanders
Representative Welch
Governor Douglas



Energy

March 15, 2007

Robert Sturm
 Chief Clerk
 U.S. Senate Committee on Agriculture, Nutrition and Forestry
 Room 328-A
 Russell Senate Office Building
 Washington, D.C. 20510-6000

Re: 2007 Farm Bill Opportunities for Vermont and the Northeast

Members of the Senate Committee on Agriculture, Nutrition and Forestry:

The Clean Energy States Alliance (CESA) submits these comments for placement in the official hearing record for the Vermont Field Hearing of the Senate Agriculture Committee, held in Montpelier, Vermont on March 12, 2007.

The Clean Energy State Alliance is a non-profit, multi-state coalition of state clean energy funds and programs working together to develop and promote clean energy technologies. CESA represents these state funds and serves to coordinate their common goals. CESA, with its state members individually and collectively, seeks to identify and address barriers to the development and growth of viable renewable energy resources in the United States. Fourteen state clean energy programs are CESA members, including Arizona, California, Connecticut, Illinois, Massachusetts, Minnesota, New Jersey, Minnesota, Oregon, New York, New Mexico, Wisconsin, Pennsylvania, and Ohio. We direct you to our website, www.cleanenergystates.org, for detailed information on CESA's members and activities.¹²

¹ Clean Energy States Alliance Membership List – 2006-2007

1. Arizona Department of Commerce - Energy Office
2. California Energy Commission
3. Connecticut Clean Energy Fund
4. Energy Trust of Oregon
5. Illinois Clean Energy Community Foundation
6. Massachusetts Technology Collaborative Renewable Energy Trust
7. Pennsylvania Electric Company Sustainable Energy Fund of the Community
8. Foundation for the Alleghenies
9. Metropolitan Edison Company Sustainable Energy Fund of The Berks County Community Foundation (PA)
10. New Jersey BPL/DEP Clean Energy Program
11. New Mexico Energy Conservation and Management
12. New York State Energy Research & Development Authority (NYSERDA)
13. Ohio Department of Development Energy Loan Fund
14. Rhode Island Renewable Energy Fund
15. Sustainable Development Fund (TRF, PA)
16. West Penn Power Sustainable Energy Fund
17. Wisconsin Department of Administration
18. Xcel Energy Renewable Development Fund (Minnesota)

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 (802) 223-2554 • fax (802) 223-4967

www.cleanenergystates.org • www.cleanenergystates.org

The state clean energy programs, represented by CESA, provide funding and other support to renewable energy projects, such as wind, biomass, and solar projects. In recent years, many of our state members have targeted incentives and grants to farm-based biogas systems because of the energy, economic, and environmental benefits of these systems. Our member states have invested in these farm-based biogas systems because they recognize that these systems provide tremendous public benefits by helping farmers to address high energy costs, reduce methane emissions and odor, manage manure, and protect public waters.

The CESA state programs have become an important catalyst for the development of dairy biogas systems in the United States. However, the success of the states in promoting this farm-based renewable energy technology has been tremendously enhanced by the federal government's support for these state efforts through the Section 9006 program. Today, Section 9006 is helping farmers to produce clean energy, manage manure, and supplement farm income, by providing critical grant support to the deployment of anaerobic digester systems. With Section 9006 support, CESA's state members, including New York, California, Wisconsin, Pennsylvania, and Oregon, have developed new programs to encourage farmers to use anaerobic digestion to provide a renewable source of energy.

As the first federal agricultural program to significantly increase investments in renewable energy and energy efficiency for the farms, Section 9006 of the 2002 Farm Bill has already proven to be a success and effective. CESA believes that a continued state and federal co-funding partnership, with reauthorization of the Section 9006 program, is a key foundation for realizing the growing interest by this nation's farm community in the use of anaerobic digester technology to address manure management issues while providing a source of renewable energy. The upfront capital costs of anaerobic digesters are substantial and this technology poses financial challenges for farmers. Therefore, state and federal support is the linchpin to making this clean energy technology work for farms.

For these reasons, CESA submits these comments to urge Congress to support funding the valuable Section 9006 Renewable Energy Systems and Energy Efficiency Improvements Program in the 2007 Farm Bill. We also offer several recommendations that we believe will make the Section 9006 program even more effective in promoting the deployment of anaerobic digester systems across the nation:

1. Significantly increase the Section 9006 funding to help farmers reduce energy bills and build new income opportunities through farm-based renewable energy of all types.
2. Establish a research and development fund, including demonstration projects, to support cost effective development and deployment of anaerobic and other manure to energy digester technologies that are viable for small to mid-sized farms.
3. Establish special funding for pilot projects to explore biogas conversion of crops, as a supplement to manure, to increase power production and the economic viability of

² The California Energy Commission takes no position on these recommendations, at this time, due to the lack of time for the Commission to review the CESA comments.

anaerobic digestion technology applications (this concept is operational and highly successful in Europe, especially in Germany).

4. Provide funding for USDA to provide block grants to states for creation of state revolving loan funds and loan guarantees to assist farms in financing renewable power generation and the associated electric distribution infrastructure requirements typically lacking in rural America.
5. Revise the Section 9006 program to increase the percentage of total project costs that can be funded through grants beyond the current 25% limit.
6. Increase the percentage of total project costs that Section 9006 can guarantee. The current limits on loan guarantees (50% of total project costs for a loan guarantee only and 50% of total project costs reduced by any Section 9006 grant received) make project financing difficult for farmers. Streamline the application procedures for loan guarantees for smaller loan amounts (e.g., projects under \$5 million).
7. Establish funding for the creation of a national "manure to energy" database to track the cost and performance of farm-based digester systems. Such a database will facilitate private financial investment in this technology, and help to overcome the uncertainty about process performance and the financial viability of this technology application.

In summary, we urge you to strengthen and improve the effectiveness of the Section 9006 program, with the changes recommended above, to assist farmers to expand agriculture-based renewable energy production. The federal investment in farm to energy digester technology is warranted by the significant public benefits that are achieved in addition to the direct economic support for farmers.

Sincerely,



Mark Sinclair
Deputy Director
Clean Energy States Alliance

Vermont's Agricultural Future**John McClaughry***Caledonian Record*, November 1, 2005

The Undersecretary of the U.S. Department of Agriculture came to Burlington last week to seek citizen input on farm policy and rural development. One wonders why anyone from even as close as Milton or Hinesburg would journey to Burlington (in a snowstorm) to deliver a three minute commentary. But the subject matter is important, and some creative thinking is in order.

Vermont farming means, principally, dairy farming. Because of its economic impact, its influence on the Vermont landscape, and its historic contribution to Vermont's character and traditions, the future of the dairy industry is very important to the state. For the past 40 years national dairy policy debates have revolved around one big issue: too much milk. Even as small dairy farms have steadily disappeared in Vermont and across the nation, milk production has marched steadily upward. The major reason for this is the effect of a web of Federal dairy support programs. In a politically popular attempt to "preserve the family farm", those programs give dairy farmers incentives to produce ever more milk, even as consumers (unwisely) shift their preferences from dairy products toward margarine and soft drinks.

Since the 1930s Federal Milk Marketing Orders have set floor prices that handlers must pay to farmers for milk. The orders include regional price differentials, to keep lower cost Midwestern milk from driving out higher cost regional production. When too much production drives market prices below a specified level, the Federal government buys up butter, cheese and dry milk powder. Support programs encourage production. Excess production drives down price. So periodic attempts have been made to curb production at the same time as other policies are stimulating it. Notable among them was the dairy diversion program of the early 1980s, followed by a whole herd buyout. The latter curbed production for five years, after which it took off again.

In 1996 Congress was persuaded to ratify a six-state Northeastern Interstate Dairy Compact, a price-fixing cartel that allowed a dairy-dominated commission to force handlers (and ultimately consumers) to pay higher prices for milk. This produced a backlash from urban consumers and counterattack from Midwestern dairy interests who saw the Compact as an internal trade barrier to protect higher priced New England milk from lower priced Midwestern imports. The Compact expired in 2001, and was succeeded by the MILC program. Under it, the government makes payments to farmers to support the price they get on their first 2.4 million pounds per farm per year. MILC expired on September 30, and the Vermont Congressional delegation is working feverishly to get it reinstated.

Dairy organizations have spent great time and effort lobbying the federal government to fix milk prices so they will get what they conceive to be a "fair" price for their milk. With the demise of the Compact and the eventual if not immediate demise of the MILC subsidy, more dairy farmers may at last come to realize that their economic success will

not come from government market rigging, trade barriers, and taxpayer subsidies, but from competing creatively and aggressively in a marketplace that now includes all of the world. New Zealand offers an instructive example. In the early 1980s New Zealand's government had spent the country into the poorhouse. In an earth-shaking reversal of policy, the Labour government installed in 1984 tossed out the entire web of price fixing, privileges, protection, and subsidies. It told its industries, including agriculture, that virtually overnight they would have to get efficient, compete, and either succeed or disappear.

New Zealand farmers rose to the challenge. Today they are the world's most efficient dairy producers. They rely on low-input, ecologically sensitive, management-intensive grazing. Some farmers disappeared in the transition, but the innovative, aggressive survivors have now defined world-class efficient dairy farming. Some pioneering Vermont dairy farmers have gotten the message and have become more profitable than many old fashioned high-investment confined feeding operations. Examples are the Yandow farm in Swanton, the Chase farm in Holland, and the Forgues farm in Alburg Springs. The UVM Center for Sustainable Agriculture and the Vermont Grass Farmers Association have been important sources of support, along with the UVM Extension Service, NOFA, Shelburne Farms, and the Intervale Foundation. They have helped farms improve profits by organic certification, waste-to-energy systems, direct to consumer marketing, on-farm processing, farm tourism, and exotic crops (llamas, ginseng, fallow deer, emus, water buffalo, specialty cheese, chevon, etc.) Simply dropping all government support for dairy farms overnight, as New Zealand did, would be too much of a shock. In time, however, Vermont's dairy farmers will prosper from having more freedom to innovate and compete in the marketplace. As their hardy forebears did long ago when the state was new, they will succeed by relying on their own ingenuity and hard work, instead of pleading for an undependable government to guarantee them a special deal.

John McClaghry is President of the Ethan Allen Institute. He was formerly the Executive Secretary of the Cabinet Council on Food and Agriculture in the Reagan White House.



March 15, 2007

Robert Sturm, Chief Clerk
U.S. Senate Committee on Agriculture, Nutrition and Forestry
Room 328-A Russell Senate Office Building
Washington, DC 20510-6000

Dear Mr. Sturm,

Please accept the enclosed written comments for the official hearing record for the March 12, 2007 hearing on 2007 Farm Bill Opportunities for Vermont and the Northeast, held in Montpelier, Vermont.

These comments are submitted by Board President Mr. Gregory Cox of West Rutland, Vermont.

Sincerely,

A handwritten signature in cursive script that reads 'India Burnett Farmer'.

India Burnett Farmer
Coordinator, Rutland Area Farm and Food Link

2007 Farm Bill

Formal Comments on March 12 hearing, "2007 Farm Bill Opportunities for Vermont and the Northeast"

Submitted by Greg Cox, Board President, Rutland Area Farm and Food Link, West Rutland, VT

The Rutland Area Farm and Food Link is a non-profit operating in the Rutland Region of Vermont. We are directed and supported by a diverse range of farmers, community members and agricultural support agencies. As an organization, we are committed to a diverse and thriving agricultural industry in Rutland County, Vermont.

To this end, the organization is working towards a viable agricultural economy for Rutland County by recognizing the importance of: a diverse agricultural industry connected to its local communities and consumers.

Through intensive public involvement and discussion between our partners, the Rutland Area Farm and Food Link feels that a focus on strengthening regional food systems is essential for long-term food security. Currently, Vermonters are dependent on food and other goods produced and transported to us from national and international locations. Many national and global factors could affect the ability for Vermonters to access the range of agricultural products accessible to them today, including rising prices of foreign oil. This, in addition to the identified desire of Rutland County residents for all members of our population to have access to fresh, healthy, locally produced food in their homes, workplaces, educational and health care institutions, guides the long-term work plan of the Rutland Area Farm and Food Link.

The Rutland Area Farm and Food Link has identified four interconnected goals that must be reached to address the needs outlined above.

Goals:

- 1) Distribution networks and processing infrastructure meet the region's needs
- 2) The market demand for local agricultural products increases
- 3) Production capacity is available to meet increased market demand and aid local farmers in reach new agricultural markets
- 4) Community pride for the working landscape is strengthened

Our work is filling a need that Statewide programs can complement, but not fulfill. The 2007 Farm Bill should support regional food system planning and work that is happening at a regional level to address future food security and agricultural viability.

Rutland Area Farm and Food Link Work Plan Areas:**DISTRIBUTION NETWORKS, PROCESSING & MARKET INFRASTRUCTURE**

Distribution networks and processing infrastructure are the backbone of Rutland County's agricultural industry. The efficient movement of farm products from farm to market, and the ability to process those products to meet the needs of a variety of markets are essential components of a secure and sustainable food system. RAFFL seeks to understand these systems and work to address the current gaps that are precluding farmers from reaching new markets.

Projects

- Assessment of agricultural distribution options for inefficiencies and gaps
- Processing Infrastructure Feasibility Study to identify processing demand and needs for Rutland County farmers
- Aid the County's educational institutions in increasing the use of locally grown food in their cafeterias, to ensure access to fresh and nutritious food for all students and to open new agricultural markets for farmers.
- Pursue the establishment of a Year Round Farmer's Market to provide retail space for and consumer access to local food throughout the year.

MARKET DEMAND

Increasing market demand for locally produced agricultural products is integral to ensuring the future viability of Rutland County farms. Increasing farmer profits by expanding direct marketing options, understanding what agricultural markets are currently being met and where there are gaps, increasing the visibility and recognition of local products and increasing overall demand through consumer education are priorities for RAFFL in this area.

Projects

- Produce the yearly Locally Grown Guide, a consumer tool for locating local agricultural products and learning about the County's farms and food system
- Promotion of Rutland County Agricultural Products through the Heart of Vermont Branding Campaign
- Continued surveying of consumer attitudes towards the consumption of locally grown food
- Tasting events focused on reconnecting residents with food producers and developing local markets for Rutland County agricultural products.

PRODUCTION CAPACITY

As the demand for Rutland County agricultural products increases, a focus on new farmers and production expansion is needed. A variety of factors are involved in ensuring production capacity including supporting beginning farmers, protecting prime agricultural soils and building supportive relationships between the farming community. Ensuring the active farming of agricultural soils is the best way to preserve this essential non-renewable resource.

Projects

- New Farmer Support: Community Farm and Agricultural Resource Center, a major project of RAFFL, will be a starting place for new farmers, helping to alleviate the initial capital investments and costs associated with farm startup. By providing farm space and equipment for beginning farmers to rent, they are allowed to focus on building their markets, developing a strong business plan, and determining efficient and effective growing techniques. This will ensure that when they do make the transition from the incubator farm to a farm of their own, they will be investing in an economically viable, pre-existing business.
- Farmers' Gathering, an annual meeting for farmers to discuss agricultural issues impacting the operation and economic sustainability of their farms.
- Assessment of development impact on agricultural lands. Large development proposals in Rutland, specifically the proposed relocation of the rail switching yard from downtown Rutland to a 77 acre parcel of prime agricultural lands and functioning wetlands, is an important role in ensuring the preservation of agricultural soils necessary to the food security of the Rutland region.

March 15, 2007

Robert Sturm
Chief Clerk
U.S. Senate Committee on Agriculture, Nutrition and Forestry
Room 328-A
Russell Senate Office Building
Washington, D.C. 20510-6000

Re: 2007 Farm Bill Opportunities for Vermont and the Northeast

Members of the Senate Committee on Agriculture, Nutrition and Forestry:

We, the undersigned, submit these comments for placement in the official hearing record for the Vermont Field Hearing of the Senate Agriculture Committee, held in Montpelier, Vermont on March 12, 2007.

We comprise a broad coalition of Vermont organizations, utilities, farmers, and individuals that are working together to assist Vermont farmers to develop biogas projects. These renewable energy systems provide tremendous public benefits by helping farmers to address high energy and bedding costs, reduce methane emissions and odor, manage manure, reduce pathogens, and protect public waters. Here in Vermont, farm biogas production represents a significant opportunity to improve the economic viability of the state's struggling farms. A key catalyst for the development of further dairy biogas systems in Vermont and throughout the nation is the 2007 Farm Bill, particularly Section 9006. We submit these comments to urge Congress to support funding the valuable Section 9006 Renewable Energy Systems and Energy Efficiency Improvements Program in the 2007 Farm Bill.

Today, Section 9006 is helping farmers to produce clean energy, cut costs, and supplement farm income, by providing critical grant support to the deployment of anaerobic digester systems. Section 9006 enjoys strong multi-stakeholder support among a range of farm, environmental, energy, and consumer organizations. With Section 9006 support, several states, including Vermont, New York, California, Wisconsin, Pennsylvania, Washington, Oregon, and Colorado have developed new programs to encourage farmers to use anaerobic digestion to provide a renewable source of energy.

As the first agricultural program to significantly increase investments in renewable energy and energy efficiency for the farm and rural business sectors, Section 9006 of the 2002 Farm Bill has already proven to be a success and effective. During its first three years, Section 9006 invested \$61.8 million in 270 renewable energy projects, according to the U.S. Department of Agriculture (USDA).

In Vermont, the Section 9006 program is a key to realizing the growing interest by the state's farm community in the use of anaerobic digester technology to address manure

management issues while providing a source of renewable energy. The upfront capital costs of anaerobic digesters are substantial; this technology poses financial challenges for Vermont's comparatively smaller-sized and economically hard-pressed farms. However, many of the societal benefits of these anaerobic digester systems are regional and national in scale and therefore appropriate for federal taxpayer support. Federal support is the linchpin to making this clean energy technology work for Vermont farms.

We have several recommendations that we believe have great potential to make the Section 9006 program even more effective in promoting the deployment of anaerobic digester systems not only in Vermont but across the nation:

1. Significantly increase the Section 9006 funding to help farmers reduce energy bills and build new income opportunities through farm-based renewable energy of all types.
2. Establish a research and development fund, including demonstration projects, to support cost effective development and deployment of anaerobic and other "manure to energy" digester technologies that are viable for small to mid-sized farms (< 500 cows). This research and development fund could also be made available to explore improvement of the conversion efficiency of anaerobic digester technology and new uses of manure for energy generation and utilization of byproducts of the process, among other objectives.
3. Establish special funding for pilot projects to explore biogas conversion of crops, as a supplement to manure, to increase power production and the economic viability of anaerobic digestion technology applications (this concept is operational and highly successful in Europe, especially in Germany).
4. Provide funding for USDA to provide block grants to states for creation of state revolving loan funds and loan guarantees to assist farms in financing renewable power generation and the associated electric distribution infrastructure requirements typically lacking in rural America.
5. Revise the Section 9006 program to increase the percentage of total project costs that can be funded through grants beyond the current 25% limit.
6. Increase the percentage of total project costs that Section 9006 can guarantee. The current limits on loan guarantees (50% of total project costs for a loan guarantee only and 50% of total project costs reduced by any Section 9006 grant received) make project financing difficult for farmers.
7. Under the current program, all projects over \$200,000 in cost require the development of an expensive independent feasibility analysis of the technical, financial, economic, management, and market impact of the project on the farm business. We recommend that the threshold for requiring this costly independent feasibility study should be established only for those larger projects with over

\$2,000,000 in total project costs. Smaller-sized projects do not merit the excessive degree of due diligence analysis represented by an independent feasibility analysis.

8. Eliminate the requirement for retaining an Independent Qualified Consultant for projects that cost over \$1.2 million. The Section 9006 program already requires a design engineer, a state-licensed professional engineer certification, a technical review by the National Renewable Energy Lab in Colorado, and concurrence by a USDA state engineer for each project.
9. Establish funding for the creation of a national "manure to energy" database to track the cost and performance of farm-based digester systems. Such a database will facilitate private financial investment in this technology, and help to overcome the uncertainty about process performance and the financial viability of this technology application.

In summary, we urge you to strengthen and improve the effectiveness of the Section 9006 program, with the changes recommended above, to assist farmers to expand agriculture-based renewable energy production. The federal investment in farm to energy digester technology is warranted by the significant public benefits that are achieved in addition to the direct economic support for farmers. These public benefits include renewable energy production, odor control, nutrient runoff management, pathogen control, weed seed destruction, water quality protection, and significant reduction in greenhouse gases beyond the grid power these systems replace.

Sincerely,

/David Drum/
Central Vermont Public Service Corporation
Rutland, Vermont
Contact: David Dunn

/Mark Sinclair/
Clean Energy Group
Montpelier, Vermont
Contact: Mark Sinclair

/Don Lorraine/
Green Mountain Power Company
Colchester, Vermont
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Plainfield, Vermont

cc:
Senator Bernard Sanders
Congressman Peter Welch
Senator Patrick Leahy
Governor James Douglas
Roger Allbee, Secretary, Vermont Agency of Agriculture
David O'Brien, Commissioner, Vermont Public Service Department

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Gustave Seelig
Executive Director

To: Robert Sturm, Chief Clerk
US Senate Committee on Agriculture, Nutrition and Forestry
Room 328A
Russell Senate Office Building
Washington, DC 20510-6000

From: Gus Seelig, Executive Director
Nancy Everhart, Conservation Director
Vermont Housing & Conservation Board
149 State Street
Montpelier, VT 05602

Date: March 16, 2007

Re: March 12 Hearing on 2007 Farm Bill Opportunities for Vermont and
New England

While we understand that the Senate Agriculture Committee is engaged in a comprehensive look at the Farm Bill, we are focusing our comments on two programs: the Farm and Ranchland Protection Program (FRPP), which has been critical to the success of farmland protection in Vermont, and the Farm Viability Enhancement Program.

As we have discussed with Senator Leahy previously, changes over the past several years have made FRPP increasingly difficult to administer, to the point that some states have begun to question whether or not it is worth even applying for the funding. In Vermont the funding has been such a vital part of our program that we have worked hard to comply with the ever more cumbersome rules, regulations, duplications, and bureaucracy. However, we would strongly encourage the Committee to streamline FRPP by instituting a state certification system, so that established state programs could demonstrate ability to comply with the law, and could then be given the authority and responsibility to implement FRPP. Additional funding for the program is also critical, as the level of competition to conserve farmland increases nationwide. Our specific concerns and proposals are outlined below.

FRPP Issues:

1. USDA is now a co-holder on Conservation Easements with FRPP funding, rather than holding a Contingent Right in the easement. Although NRCS claims that this change will not result in the federal government becoming involved in the day-to-day task of stewarding farm easements, this assertion does not reassure farmers, who have reacted negatively to this change.

2. FRPP funds are now used to purchase a Title Insurance Policy for the U.S. under Department of Justice (“DOJ”) standards. Although VHCB and its partners were already insuring the US under one Title Insurance Policy, NRCS now requires a separate policy, which is duplicative and costs more money.
3. Before closing, Office of General Counsel (OGC) lawyers in Harrisburg, PA must now review title, the proposed easement and all closing documents. This duplicates the underwriting already performed by legal and conservation staff at VHCB and at our farmland conservation partners, and will add significant delays to closings.
4. Appraisals must now be done to federal United States Federal Lands Acquisitions (USFLA – also known as “yellowbook”) standards. This change has added approximately \$2,000 - \$3,000 to the cost of each appraisal, none of which is covered by federal funds.
5. The national NRCS office has decided that in Vermont, all appraisals for farm easements to be acquired under the present Cooperative Agreement (for FFY06 funds) must be dated as of August 30, 2006, the date our Coop. Agreement was signed. As we move further and further away from that date, the appraisals will increasingly not reflect the market value of the easement, forcing farmers to accept less than full fair market value for the sale of development rights.
6. The national NRCS office recently ordered all state offices to conduct a hazardous materials site visit on each farm project prior to closing. The Vermont state office is understaffed and experiencing serious budget shortfalls. This requirement will add yet another delay to the timely closing of farm projects.
7. At the same time, the national NRCS office is increasing the pressure to close farm projects more quickly – which is essentially impossible, given all the layers of duplicative paperwork and review that are now required.
8. Up until the end of 2006, the Vermont Farmland Conservation Program required that prior to closing, all farms cooperate with NRCS in the writing of a Conservation Plan and Resource Inventory. In the past, VHCB cost-shared these plans with NRCS; more recently, NRCS has been contracting the work out using technical assistance funds. Due to budget shortfalls, this conservation planning requirement has been dropped by the state NRCS office. (Compliance with Highly Erodible Land and Wetlands Rules is of course still required.) Unfortunately, NRCS staff is too busy satisfying the often duplicative, unnecessary oversight requirements of the program to spend time in the field actually working with farmers. This deprives farmers of an important opportunity to address resource concerns.

While the above list is by no means exhaustive, it reflects the direction of the program over the past several years – a direction that in the opinion of VHCB, many partners and program managers throughout the country is headed exactly the wrong way. Each new layer of federal requirements and oversight diverts valuable energy and resources away from protecting farmland, creating inefficiencies and redundancies and wasting staff time at the local, state and national level.

Recommendations for change to FRPP:

1. Establish a certification for qualified state and local programs with well-established track records and demonstrated capacity to monitor and enforce farm easements. Make grants to such programs, as opposed to for individual transactions (i.e., eliminate the pending offer list).
2. Eliminate the language in the statute requiring the Secretary of USDA to purchase easements, and instead give the USDA the authority to make grants to certified state and local programs to purchase easements.
3. Maintain the focus on the most productive agricultural lands, but eliminate the “protecting topsoil” language, giving states more flexibility to adopt region-specific priorities, and to set their own limits on impervious surfaces.
4. Allow certified programs to establish their own purchase priorities, and use their own procedures and legal documents.
5. Eliminate the federal contingent right (or co-holder status) for qualified, certified programs.
6. Include farmland affordability as a program goal;
7. Allow federal cost sharing of the administrative, appraisal and stewardship expenses with states;
8. Eliminate federal review of title, easement and appraisals, as well as duplicative title insurance policies.

Farm Viability Recommendations:

We also recommend that you reauthorize and provide funding for Farm Viability Enhancement Programs. Our four-year-old Vermont program has successfully worked with over 150 farmers, providing business planning and technical assistance. Investing in permanent protection in farmland is crucial, but providing assistance to be sure that farmers can profitably farm those protected fields is equally important.

Conclusion

FRPP has been a vitally important program for Vermont, contributing to the purchase of 178 farm easements over the past ten years. Unlike other states, Vermont uses FRPP funds on every state-funded farm easement purchase. VHCB and its primary farmland conservation partners – the Vermont Land Trust, the Upper Valley Land Trust, and the Vermont Agency of Agriculture, Food & Markets – are united in our goal of using these federal resources wisely and efficiently, and look forward to continuing to work with you on efforts to improve the administration of this critical program.

March 12 hearing 2007 Farm Bill
Opportunities for Vermont and the Northeast

Attn. Robert Sturm, Chief Clerk
US Senate Committee on Ag
Room 328-A, Russell SOB
Washington, D.C. 20510-6000

From: Robin Reid
3358 Greenbush Road
Charlotte, VT 05445

I attended the 2007 Farm Bill hearing on March 12 in Montpelier, Vermont. There were many important points raised. In this era of escalating energy costs and associated economic challenges, the plea for more regionalized markets and subsequent fair pricing must be acknowledged as the most effective solution to the problems of northeast farmers.

It is very clear that we need to be mindful of maintaining regional sustainability. This means being able to feed people within simply designated regions. In the northeast, measures are being made with New England (particularly Vermont as New England's largest producer) to seek alliances with New York and Pennsylvania. Combining these states creates a natural region with significant production capabilities near large populations centers. It would be wise to sustain production in this area. Only fair pricing will accomplish sustainability.

Transportation and shipping options have a wide-ranging impact on our local food markets. Although this brings choices to the market shelves, production costs are inflated and the Vermont farmer, first on the local production line, is unable to realize a profit. Over-production in distant regions—especially with a perishable product—should not affect standard production and viable pricing in local markets.

When you think about how important agriculture is to Vermont's economy and way of life, it seems impossible that production in California or any other state could threaten northeast culture by putting our agricultural sector out of business. This is purely undemocratic and not in the best interest of the American people.

Our national food supplies should all be attainable by region. America is a fertile land with each area offering its special flavors to a highly varied palette of food choices. Healthy eating habits should be promoted in schools and in supermarkets. Nutrition should be more important than packaging. A balanced diet is straightforward if you keep it simple. As mentioned at the March 12 hearing, the Farm Bill should be called the FOOD Bill.

The educational component is so important. Too many Americans don't pay attention or bother to learn about where their food comes from. Having married a dairyman from Vermont, I have learned a lot about the responsibilities of a farmer. Most people in the country simply take too much for granted when it comes to the work involved to produce their food. Aside from growing

Page 2 (Robin Reid, Charlotte, Vermont)

crops, dealing with animal health and maintaining machinery, most farmers have to know how to balance the books, do all the government paperwork required of them and try to please the neighbors. Top that off with the sheer ingratitude of not paying enough for their product and we have nothing short of an unhealthy situation.

Farm families have sought to expand their operations in order to work together and strengthen their business options. They should be applauded not penalized for taking these measures. Benefits and incentives should be extended to these operations rather than subjecting them to corporate restrictions.

The labor issue should be addressed and a comprehensive guest worker program implemented. Perhaps through education and increasing the appreciation for farming we can reinvigorate our local workforce. Americans would appear to be very lazy in comparison to foreigners who come to work on a temporary basis. Farming is a hard job but there are many rewards as long as you can earn a decent living. It's just not right for our farmers to work so much harder than other Americans and be subject to poverty if they want to continue to farm. Farming is a valuable occupation and should be treated as such.

Emerging technologies to create on-farm energy generation should be fostered. It would be wise for grants and government programs to be directed strategically to every region in an effort to increase on-site energy production throughout the country. This is the perfect solution to handling agricultural waste and creating a needed commodity. It also has immeasurable benefits from a long-term security perspective.

America can't afford to widen the gap any further between the farmers and the supermarket shelves. Technology can change the way food is produced but it still comes down to the farmers' hands to get the job done. America must pay the farmer a fair price.

Thank you for considering ALL measures to strengthen agriculture in the northeast and, in particular, Vermont.



Working Farms Open to the Public

March 15, 2007

Office of Senator Patrick Leahy
 Attn. Robert Paquin
 Box 933
 Montpelier VT 05602

Reference: March 12 hearing, 2007 Farm Bill Opportunities for Vermont and the Northeast.

Dear Senator Leahy:

I greatly appreciate the opportunity to attend the U.S. Senate Committee field hearing on the Farm Bill at the Vermont State House March 12. Thank you also for the opportunity for Vermont farmers to submit written information to be included in testimony for official Congressional hearing record.

My husband Bob and I are Rochester Vermont dairy farmers with an agritourism component to our diversified agricultural operation. For 24 years we have operated a bed & breakfast on our farm; for nearly 10 years I have been integrally involved in developing and leading the Vermont Farms! Association of Vermont for working farms open to the public.

Agritourism is one of the fastest growing sectors in agriculture and provides education in an experiential learning environment. The field of agritourism is increasing exponentially. Key components of agritourism are authentic working farms that provide healthy, safe and educational experiences. The challenge is maintaining the integrity of the farm while balancing environmental and economic impacts on the community. In Vermont, broadband access is a necessary part of meeting that challenge. It would assure appropriate rural development and allow rural farms such as mine to be competitive in a world where most business is done via the Internet. At least 80 percent of my business originates via the web. Governor Douglas recognizes the necessity of state wide broadband access to businesses and farmers alike, and has initiated a program that would provide high-speed Internet access to the entire state of Vermont. Broadband access determines farm viability, however without it, rural farmers are hindered in their ability to attract and maintain business.

The idea of agritourism comes from farmers who are willing to adapt to increase their market opportunities, to create and sustain the relationship between farmer and consumer that benefits societal understanding and valuing of agriculture, to create new opportunities to serve the public, to keep their farm operation viable for future generations.

Agritourism areas of Opportunity include:

- To establish agricultural the standards and guidelines for agritourism, complementary with standards for ecotourism and with agricultural best management practices. Standards must incorporate safety and health of the farm, farm family, farm animals, any visitors to the farm, and the community. Key components include nutrition education, biosecurity, buy local, and agricultural stability to support maintaining and enhancing farm infrastructure as well as maintaining the integrity of farms.
- Standards must allow for balance between the economic, environmental, social and cultural aspects,

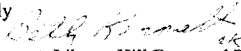
- including maintaining and improving land, water and community resources.
- In Vermont, agritourism is also key in maintaining a brand that espouses quality, authentic experiences, education, integrity, and respect for the agricultural heritage. This supports national agriculture goals as well.
 - Maintain open *working* landscapes
 - Agritourism supports buy local practices and local agriculture knowledge is an extremely important aspect of sustaining and increasing school to farm integration and education and valuing of eating healthy and fresh. *Healthy farms equal healthy families and communities.*
 - The educational component is key to what agritourism brings: health and nutrition, natural resource and environment education; farmers steward the land and natural resources. Agritourism is agriculture's opportunity for education of visitors and farmers alike, to identify and develop understanding of concerns, needs, issues of both the consumer and farmers.
 - By diversifying direct marketing opportunities for farm families, farm job employment opportunities are increased. Through agritourism many farms avoid the need for off farm employment and strengthen their farm infrastructure to make multigenerational farming viable.

We need to have Agritourism as a component of value added agriculture in the federal USDA criteria for programs and funding of value added agriculture. Agritourism needs full participation in agriculture value added definitions.

Attached is a document prepared by Vermont Farms! addressing the value of Vermont agritourism.

Once again, thank you deeply for this opportunity.

Sincerely



Beth Kennett, Liberty Hill Farm and President of the Board Vermont Farms! Association

"The first farmer was the first man. All historic nobility rests on the possession and use of land."
– Ralph Waldo Emerson

"When tillage begins, other arts follow. The farmers, therefore, are the founders of human civilization."
– Daniel Webster

Vermont Farms! Association P.O. Box 828 Montpelier, VT 05601
1-866-348-FARM (3276), www.vtfarms.org, info@vtfarms.org
"VFA is an equal opportunity provider"



February 2, 2007

Value of Vermont Agritourism

1. In 2000 Vermont Agritourism received federal USDA RBEG and RBOG grants in the amount of \$650,000 to fund Vermont's first Agritourism Coordinator providing technical, promotional and other assistance to farms open to the public or wishing to become so.
2. Residual benefits from that funding includes \$350,000 in a revolving loan fund administered by the Vermont Community Loan Fund. The funds are targeted specifically for Agritourism.
3. The work of Vermont Farms! during the period 2000-2003 resulted in the first official definition of Agritourism, which then Agritourism Coordinator Jackie Folsom presented to the National Farm Bureau. They adopted Vermont's definition into policy.
4. The New England Agricultural Statistics Service, in both 2000 and 2002, officially recognized the contribution of Vermont's agritourism sector, and between 2000 and 2002 identified a \$9 million increase in its value.
5. Through work of Vermont's Agritourism sector and the national adoption of the agritourism definition, for the first time, in 2007, the NAASS U.S. Agricultural Census includes a question about agritourism.
6. Vermont Farms! was asked by the John Merck Foundation to apply and in December 2006 received a \$50,000 grant (\$25,000 for each of two years) to fund an Agritourism Coordinator to build the reach and sustainability of Vermont's Agritourism organization, Vermont Farms! Association and to allow it to work to partner with other organizations to increase benefits to the whole Vermont agricultural community.
7. UVM Extension supported the Merck grant application by committing \$5000 in technical and staff support for VF!A and agritourism.
8. Vermont Farms! Association with support from UVM Extension and other agriculture and forest organizations is seeking collaborative grant opportunities:
 - a. AgMRC national grant, three states involved, total \$65,000 of which \$35,000 remains in Vermont. Vermont has also been named the lead state in this initiative. One value of that aspect is that Vermont's agritourism sector is defining specific survey and other activities and tools, making the whole effort much more pertinent to Vermont. This grant is also focused on risk management, value added agriculture and other issues of specific interest to farmers opening their facilities to the public.
 - b. With Vermont Wood Manufacturers Association seeking additional grants for farm and forest heritage trail initiatives.
9. Vermont Farm Show interest in VF!A was very high. Leaders from UVM, VTC, various sectors of USDA, including their Public Relations Office in Colchester, have opened discussions regarding ways to partner in the future.

10. Vermont Farms! Association is an organization that includes members from most if not all commodity and agricultural sectors. By design it is inclusive and focused on adding value, partnering for greater reach and efficiencies, and building collaboration and coordination capabilities through agritourism to spread the word globally about Vermont's abundant and high quality agricultural assets. In the month since I began as Agritourism Coordinator, we have had several dozen inquiries about increased memberships, and received several new membership checks. Attendance RSVPs for VF!A's Annual Meeting are also slightly increased.
11. Vermont Farms! publishes a four color brochure and map about its members annually. The current quantity is about 50,000 and they are always in high demand at U.S. and international trade shows, at Vermont Information centers, through the VT Department of Tourism & Marketing, New England Tourism Center in Canada and commercial distribution companies, and for mail fulfillment to consumers.
12. The VF!A brochure and Vermont Farms! garner high interest at group travel trade shows, both because the agritourism sector is in synch with the public perception of Vermont as a beautiful family oriented place to visit and its reputation, in substantial part because of Vermont's agricultural sector, for the highest quality in products.
13. VF!A, through its brochure, worked collaboratively with VDTM to make agritourism a pioneer in providing easily accessible information for the motorcoach industry on facilities able and open to hosting groups. See the large MC in both the brochures and on www.vtfarms.org

Vermont Farms! Association P.O. Box 828 Montpelier, VT 05601
1-866-348-FARM (3276), www.vtfarms.org, info@vtfarms.org
"VFA is an equal opportunity provider"

March 15, 2007
8 Gorham Ln.
Middlebury, VT 05753

Robert Sturm, Chief Clerk
U.S. Senate Committee on Agriculture,
Nutrition and Forestry
Room 328-A Russell Senate Office Bldg.
Washington, DC. 20510

RE: March 12 hearing on 2007 Farm Bill Opportunities for Vermont and the Northeast

Dear Mr. Sturm,

I attended the March 12 hearing in Montpelier and would like to offer the following comments.

Conservation: I support increased funding for conservation programs such as EQIP, WIP, CREP, the Wetland Reserve Program, the Conservation Security Program, forestry programs, and the Farm and Ranchland Protection program. All farmers who receive government support should be able to receive increased assistance based on an index of environmental stewardship. Conservation programs such as CREP should be regarded as essential for maintaining water quality and wildlife habitat, not as a supply management tool. Too often when crop prices are good, set-asides of one kind or another are abandoned. We cannot let that happen.

Regionalization: I agree with the speakers who advocated a regional approach to dairy pricing and marketing. Each region of the country should have its own dairy supplies, priced according to local conditions. As John Roberts mentioned, each area should be responsible for limiting overproduction. I lived in Iowa and southern Minnesota for a total of 22 years, and farmers in that region were strongly against the Northeast Dairy Compact, regarding it as unfair. They felt their region was harmed by the federal milk pricing system, which allows increased prices based on a farm's distance from Eau Claire, Wisconsin, the center of dairy production in the 1930s. Perhaps the Northeast and the upper Midwest can find common cause in regionalization, and together overcome opposition from big dairy producing states in the west.

Biofuels: Senator Sanders was especially interested in biofuels, and mentioned that the Midwest was moving more aggressively in that direction than the Northeast. Some of that movement is too aggressive in my opinion. Farmers now want to plow up CRP land to plant more corn. One ethanol plant proposed for Waseca County, MN will have the capacity to process all the corn grown in that county. (It's no wonder that feed prices are rising.) I can foresee a glut of ethanol plants resulting in farmer-owned plants going broke, corn prices falling and another federal bailout in the offing.

The net energy benefits of corn-based ethanol are questionable. It takes a great deal of energy to plow, plant, fertilize, control weeds, harvest, and dry the corn before it ever makes it to the ethanol plant. And many ethanol plants are being fueled by coal! Corn is also a crop that causes a great deal of soil erosion. *I suggest that Congress cease subsidizing corn-based ethanol.* Even President Bush said in his State of the Union speech that we have to find new ways to produce ethanol.

This is a very pivotal time for the nation's landscape. If we can move to grass-based ethanol production, more acres will be planted in permanent cover, there will be less erosion, less pesticide use, more wildlife habitat, and more energy produced per acre. The corn-ethanol lobby is very strong, but I hope you can tap into the oft-expressed desire for farmers to get away from federal subsidies and make their income from the marketplace.

Biodiesel made from soybeans presents similar issues, soybean being an energy and chemical-intensive crop that results in soil erosion.

I would like to see any subsidies for biofuels directed toward use of waste products; byproducts (such as cottonseeds); noxious weeds such as milfoil, kudzu, water chestnut and buckthorn; and crops that hold the soil.

Local marketing: Congress should provide incentives and alleviate barriers to local produce being available to schools, food stamp recipients, military bases, farmer's markets, etc. One major barrier that needs to be overcome is the lack of USDA inspected slaughterhouses for small producers. I liked the idea I heard for mobile processing plants. Could the states also be given authority to operate the meat inspection program for slaughterhouses under a certain size?

Regulations intended to promote food safety could undermine the growing interest in local produce. Please guard against applying the same standards to small growers that apply to huge producers that supply supermarkets all over the country (e.g. the sources of contaminated spinach and lettuce). We do not want to find the same barriers to local produce sales as we already experience for local meat sales.

These issues are especially important for the northeast, where small producers predominate.

Superfund and Right-to-Know: The only comment I really disagreed with at the hearing was Jackie Folsom's suggestion that farms should be exempt from CERCLA and the Community Right-to-Know requirements regarding hazardous waste. Small farms should be exempted, but large factory farms with confinement barns holding hundreds of animals should not! Their "manure" contains a lot more than livestock waste, including pharmaceuticals, cleaning products, ground up carcasses, etc. There is a bill in congress known as the Agricultural Protection and Prosperity Act of 2007 [S.807.IS], which declares that manure is not a hazardous waste. That sounds perfectly reasonable, until you think about what usually happens with legislative loopholes. If manure is exempt from regulation, companies producing hazardous wastes will pay farmers to incorporate it

into their manure pits or their compost. There is already a serious problem of hazardous wastes being sold as components of "fertilizers" and spread on land where food is grown. Please do not create a loophole that we will live to regret.

Water Quality: I have worked in conservation and watershed protection and have seen the effects of agriculture on water resources. The best thing we can do for our water resources is to see that the maximum amount of land is in permanent cover: healthy grassland or forest. A prairie can absorb 10 inches of rain, where only a ½ inch rain storm causes runoff from plowed fields and urban areas. It was unfortunate to see so much pasture land converted to row crops in Iowa and Minnesota, as this wreaks havoc with streams and lakes. Most Vermont streams appear much healthier, with grassy swales instead of corn right up to the water's edge. (This is not to say that all pastures are beneficial; they can be overgrazed, and animals should not be allowed in forests or shorelands more than a few days per year). Assisting farmers making the transition to rotational grazing would help water quality as well as food quality, wildlife habitat and livestock health. Farms should also be encouraged to use grass for products like ethanol and paper.

Taking animals off pasture and keeping them in confinement results in a manure disposal problem. Groundwater pollution and manure spills are common. In Minnesota, every few weeks there would be a fish kill caused by manure runoff. In the Champlain valley, many dairy farms are right next to lake Champlain. Even when outdoor lagoons are designed for a 25-year storm, that means every year there's a 4% chance of them overflowing. In other words, for every 100 feedlots, approximately 4 will overflow every year. In my experience, in every county every year there is at least one localized thunder storm that far exceeds the 25-year level. Wet weather can make it hard to apply the manure without runoff. And we have all seen what happens when hurricanes hit North Carolina hog country. I would like to see incentives for 1) keeping animals on dry litter rather than slatted floors, or 2) directing liquid manure to methane digesters. The era of open-air manure lagoons should be coming to an end.

Thank you for accepting my comments. I look forward to a conservation-oriented farm bill this year.

Sincerely,



Chris Robbins



Vermont Association of Conservation Districts

March 16, 2007

Robert Sturm, Chief Clerk
 U.S. Senate Committee on Agriculture, Nutrition, and Forestry
 Room 328-A Russell Senate Office Building
 Washington, DC 20510-6000

Referencing the March 12, 2007 Full Committee Field Hearing held in Montpelier, Vermont: 2007 Farm Bill Opportunities for Vermont and the Northeast

On behalf of the Vermont Association of Conservation Districts (VACD) we would like to thank you for this opportunity to submit comments to the official hearing record referenced above.

The Vermont Association of Conservation Districts is a non-profit organization representing Vermont's 14 Conservation Districts. Our mission is to help the Districts work cooperatively with landowners and managers of private working lands assisting in the planning and application of effective conservation practices. Conservation districts are an important part of the delivery system of the Farm Bill. We offer a viable way to deliver the funding and get conservation out onto private lands.

The reauthorization of the Farm Bill can positively impact our nations producers and food and fiber supply. The Agricultural policy is the only example of a U.S. National policy that has consistently worked: 1.5% of the people in this nation produce 85% of the food and fiber used in the U.S. and export a significant portion throughout the world. The percentage of the federal budget requested and spent on this basic need is proportionately very small. We ask that you keep this information in the forefront of the Farm Bill discussion particularly when programmatic increases are requested.

VACD is requesting that the following issues be addressed in the upcoming Farm Bill:

1. VACD supports Regional Equity, helping to guarantee that each state receives an equitable base of funding to implement Farm Bill conservation practices. However, we must ensure that the funding received coordinates with the ability to provide technical assistance to implement the funded contracts. Distribution of regional equity funds should be based on state identified programmatic needs.
2. VACD supports an increase in base funding for Technical Assistance within the Farm Bill structure to insure proper implementation and completion of contracts. VACD supports the continued flexibility of the use of Technical

- Service Providers (TSP) or third party vendors in the delivery of conservation technical assistance and Farm Bill conservation programs.
3. VACD supports an increase in the funding for research and development within the Energy Title for biomass and energy initiatives. We support programs that encourage conservation compliant and sustainable practices (e.g. anaerobic digesters, woody biomass production, biofuel production, on-farm hydropower, establishing three-phase power in rural areas).
 4. VACD supports an increase in funding for cost share programs and initiatives for the Forestry Title (e.g. the Forest Stewardship Program, the Forest Inventory and Analysis program, the Forest Utilization and Marketing program, and the Forest Legacy program). We discourage moving cost-share funding from the Forestry Title to Conservation Title programs.
 5. VACD supports an increase in funding for environmentally sound rural development programs that allow for innovative initiatives that improve the competitiveness of emerging and expanding diversified farms. (E.g. the Conservation Innovation Grants program, the Farm Viability Program, the Specialty Crop Block Grant Program, the Farm-to-School and Buy Local programs, farmers market initiatives, water quality programs, the Rural Water Enhancement Program, School-to-Farm composting.)

Again, thank you for this opportunity to participate in this process. We look forward to working with you to develop a Farm Bill that fairly addresses the nation's agricultural needs on an equitable basis with the needs of Vermont's agricultural community.

Respectfully submitted by The Vermont Association of Conservation Districts Executive Board of Directors:

Mike Domingue, President
 Michelle Gudorf, Vice President
 Rebecca Purdom, Secretary
 Rita Bisson, Treasurer
 Marli Rupe, District Manager Representative to the Executive Board

VACD is collocated with the Winooski Natural Resources Conservation District in Berlin, Vermont



VERMONT WOODLANDS ASSOCIATION

P.O. Box 6004, 19 Spellman Terrace ■ Rutland, Vermont 05702-6004
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RE: 2007 Farm Bill

March 12, 2007

Robert Sturm, Chief Clerk
Senate Committee on Agriculture, Nutrition and Forestry
Russell Senate Office Building, Room 328A
Washington, D.C. 20510-6000

Dear Sirs:

I grew up on a dairy farm in Bradford, Vermont. After college I was a full-time dairy farmer for fifteen years. I know how discouraging it is to work more efficiently each year, yet see costs rise more rapidly than milk prices. When I was farming in the 1950s and 1960s, there were 10,000 dairy farms in Vermont. Now there are 1100!

Farmers are rightfully given credit for being a part of the "working landscape". But forests, which cover 78% of the state and contribute as much to the state's economy as agriculture (even more if forest-based recreation is included), are rarely mentioned. Forests provide a myriad of wood products, employment, recreation, clean air and water, and sequester carbon, thus ameliorating some of the effects of global warming. There is little public acknowledgement!

Eighty-one per cent of Vermont's forests are privately owned. Nationally, less than 5% of non-industrial private forest landowners have management plans. Currently, the US imports one-third of its wood needs. I would argue that the US should have a moral obligation to manage its forests to better supply its own needs.

1. One of the most important goals of the 2007 Farm Bill should be to aid forest landowners in creating management plans to improve wildlife habitat and timber production.
2. The Forest Legacy Program should be enhanced. Setting aside large forest blocks for timber production and wildlife habitat will offset some of the increasing parcelization of forests into fragments too small for either.

A VOICE FOR FORESTRY

Advancing management, sustainability, and enjoyment of forests.

Page Two

3. To decrease our dependence on oil, more funds are needed to further research on:
 - a. Bio fuels-ethanol from corn has a small net gain after subtracting the energy used in planting, harvesting and the manufacturing of fertilizer. Fuel from low-grade wood cellulose has a high net energy return.
 - b. Bio power-wood chips are already heating some of our schools and government buildings as well as generating electricity. Wood pellets are expanding in use.
 - c. Bio products-breaking down wood into its cellulose components provides opportunities for substitution for oil in making various plastics.

Research on the above would help provide markets for low-grade wood that formerly went to the pulp and paper mills before they moved south and to the tropics. These markets would also aid in thinning western forests that are so susceptible to forest fires.

In fact, if the importance of forests was recognized, this bill would be called the 2007 Farm AND FOREST Bill!!

Sincerely yours,



Putnam W. Blodgett, President, Vermont Woodlands Association
Vermont 2000 Outstanding Tree Farmer

March 14, 2007

Robert Sturm
Chief Clerk
U.S. Senate Committee on Agriculture, Nutrition and Forestry
Room 328-A Russell Senate Office Building
Washington, DC 20510-6000

“2007 Farm Bill Opportunities for Vermont and the Northeast”
Montpelier, VT
March 12, 2007

As members of the Young Cooperator Executive Committee of the St. Albans Cooperative Creamery, Inc. we are pleased to submit written testimony as part of the hearing record for the Senate Agriculture Committee Field Hearing in Montpelier, Vermont.

We feel that the upcoming 2007 Farm Bill presents an opportunity to create policy which will ensure a viable agricultural industry for years to come.

We would like to recognize the efforts of the US Senate Ag Committee for holding these hearings on the US Department of Agriculture’s dairy programs and the 2007 Farm Bill. Mark Magnan, a member of our Young Cooperator Executive Committee provided oral and written testimony at the field hearing on March 12, 2007 in Montpelier, Vermont. We are in support of the six recommendations proposed by Mark Magnan at the hearing.

We urge the USDA to establish a national dairy policy which supports the regional production of milk. Our agricultural and rural communities throughout the various regions of our country provide significant economic activity. Based on information from an economic impact study conducted by the Vermont Dairy Task Force, the Vermont dairy industry directly contributes approximately \$2 billion into the Vermont economy. This figure includes producer payroll, producer purchases and processor revenues, excluding indirect revenues from the tourism industry.

We believe that our country would benefit from ensuring that our dairy industry and food production is not highly concentrated in any one region in this country. Minimizing the impact to consumers from the negative effects of natural disasters, environmental contaminations and potential exposure to agro-terrorist attacks is essential to ensure the availability and safety of our nation’s food supply. We must maintain adequate levels of production in various regions of the country to avoid exposure to these risks.

Programs such as the MILC program provide needed assistance to dairy farmers, including our own operations. However, **we would much rather extract the dollars needed to cover our cost of production from the marketplace versus through a government program!** Consumers have benefited from the commitment of dairy farmers and growers to provide food for this country. The increased efficiency of dairy farmers and the low cost that we are paid for our milk has benefited consumers and government programs with spending less dollars for the purchase of food including dairy products. This is evident by the prices being paid to dairy farmers in 2006 which is comparable to prices paid to dairy farmers for milk over 25 years ago.

We support dairy policy which would account for regional differences in the cost of production. Current federal order pricing formulas include make allowances for manufacturers to ensure that they can achieve margins on the products they produce. We have recently accepted a change in the make allowance for manufacturing of dairy products that will reduce on average our milk price by 23 cents per hundredweight or 2 cents per gallon. This is strictly a transfer of farmer monies to manufacturers. The affect of this change in the make allowance reduces our farm income by over \$100 per day. For the St. Albans Cooperative Creamery, Inc. and its 500 dairy farmers that will represents a reduction to its members of over \$240,000 per month. Milk produced by dairy farmers should also have a mechanism in the pricing formulas to ensure margins on the milk produced or to reflect increased costs in our farm operations.

The Milk Income Loss Contract program (MILC) has assisted tremendously in offsetting a portion of our costs in times of low milk prices. This safety net has enabled many Vermont farms to remain viable during those periods of low milk prices. The MILC is similar to the Northeast Dairy Compact in that it provides counter-cyclical payments which are triggered when Class I milk prices in Boston fall below \$16.94 per hundredweight. The MILC program provided a much needed safety net when farm milk prices hovered just below \$12.00 per hundredweight in 2002 and 2003 and then again in 2006. Since the programs inception in 2002 Vermont dairy farmers have received more than \$56 million in MILC payments.


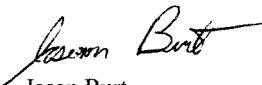

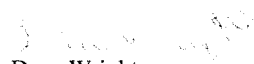




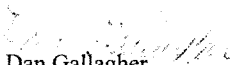
We support counter cyclical programs for dairy in the 2007 Farm Bill. It is imperative that USDA redefine the eligibility requirements for payments under this program. Multi-family farms should become eligible to receive multiple payments which would exceed the current 2.4 million pound annual production cap. We need farms of all sizes to maintain a strong infrastructure, serving the needs of dairy farm operations within our region. We feel that the number of families which are actively engaged and invested in the farm operation should be considered when allocating dollars and setting production caps on any form of direct payment to farmers.

In order to obtain more dollars from the marketplace and stabilize our milk price we feel that a floor price for the Class I mover is needed or another price discovery method for Class I should be initiated. The price of milk for fluid purposes does not have to reflect the change with the value of milk for manufacturing purposes. The volatility of Class I prices does not assist consumers and can have a negative affect to prices paid to dairy farmers.

We are proponents of establishing regions in our country and mandating a supply control mechanism to manage milk supplies within the established regions. We have seen milk production grow in the Western part of the United States at a greater rate than the Northeast. These increased milk supplies have resulted in more milk into manufacturing, increased commercial inventories of cheese and butter which also impacts our milk price in the Northeast. It is simple economics that one means of enhancing our price is controlling the volume of milk produced in the Country. We experienced the impact of a tight milk market in May 2004 that resulted in a Class III or the value of milk into cheese at \$20.58 per hundredweight. In 2006 the Class III price averaged \$11.89. The industry under the Cooperatives Working Together (CWT) program has established five regions and parameters to address regional differences. The time has come for our dairy industry to establish a supply management program.

The 2007 Farm Bill should mandate improvements to the responsiveness of dairy farmer concerns regarding Federal Milk Marketing Orders. The Federal Orders serve as an important marketing structure which helps to provide dairy producers with minimum prices for their milk. However the order system should be streamlined so that it can respond quickly to necessary changes when or if marketing conditions or costs of production are altered. The process for obtaining administrative changes in the operation of the Federal Orders is much too slow.

USDA has an integral role in protecting agriculture from the full impact of market conditions. There are many complex issues surrounding the structure of agriculture. **We must have a vision for the future of our country's agricultural industry and ensure that we support it with sufficient resources.**

 Rene Bourdeau Swanton, Vermont	 Jason Burt St. Albans, Vermont	 David McNall Fairfax, Vermont
 Dean Wright Enosburg Falls, Vermont	 Mike Howrigan Enosburg, Vermont	 Kirk Lanphear Hyde Park, Vermont
 Mark Parent St. Albans, Vermont	 Brendan Schreindorfer Enosburg Falls, Vermont	 Dan Gallagher Swanton, Vermont

March 14, 2007

To: Robert Sturm, Chief Clerk
U. S. Senate Committee on Agriculture, Nutrition, and Forestry
Room 328-A Russell Senate Office Building
Washington, DC 20510-6000

From: Robert H. Drachman, Chair
Rutland Natural Resources Conservation District
141 East Road
Tinmouth, VT 05773-1106

Subject: Written testimony in reference to the March 12th hearing in Montpelier, VT on
"2007 Farm Bill Opportunities for Vermont and the Northeast."

Outline of Concerns and Potential Solutions.

Problem: Under the last Farm Bill and several before, Dairy Farmers in the Northeast with small or medium sized operations received inadequate payment for their milk threatening their continued viability.

Analysis of Problem:

- On-farm price of milk is determined by Federal Milk Marketing Orders (FMO).
- Formula for this calculation is complex, has been called arcane and is not easily understood, this writer included. The remarkable complexity has discouraged useful oversight.
- Over the years milk marketing conditions have changed drastically. Among other changes, currently a few processors have a near monopoly over on-farm milk purchases.
- The FMO milk price is said to be a suggested minimum but rarely are payments greater than the promulgated minimum Order price.
- In the recent past and often before, the FMO on-the-farm milk price has been less than the actual cost of milk production. Consequently, it should be no surprise that some dairy farmers fail and many struggle to survive.
- The FMO milk price appears to be unresponsive to the very significant increase in on-the-farm cost of inputs, e.g. fuel, equipment, labor, and recently dry feed containing corn among others.
- As observed in the 1998 Report of the USDA National Commission on Small Farms ("A Time to Act?") USDA policy favors large farms over viability of small and medium sized farms. Nowhere is this more painfully demonstrated than in the impact of the FMO pricing system on these farms.
- Over many years of managed FMO milk prices dairy farmers have received a progressively smaller percentage of the retail price of milk.

Potential Solutions: Since the FMO system forms the base for milk pricing on the farm major changes are essential to correct a very unbalanced economic structure.

--Legislation to mandate changes in the FMO formulas is required to reflect regional differences in the cost of dairy farm inputs (e.g. fuel, feed, labor, insurance, etc.) and variations in the size and ownership of production assets.

Arriving at Solutions: Request study of data for the current FMO system.

--To what degree are there winners and losers in the present system and who are they?

--Are public policy goals being achieved, i.e. assurance of a reliable, safe, and affordable milk supply for consumers?

--Are small and medium dairy farms receiving sufficient income to continue operations and support farm families and rural economies.

--Is income adequate to weather the uncertainties of growing conditions and the erratic behavior of on farm input costs? And other questions.

--Some time ago Senator Charles Schumer of New York indicated in his website that the GAO had been requested to conduct a study of the FMO system.

--Published descriptions of the FMO system often admit to its complexity but rarely acknowledge the problems for producers. One wonders if Agricultural Economists who may be beholden to the USDA suffer an unavoidable conflict of interest in viewing the FMO system.

--Results of unbiased studies of FMOs should be used to formulate new algorithms for FMO determinations.

Future Hopes for Small and Medium Dairy Farms in the Northeast.

--Dairy farmers will receive a fair and sustainable price under the updated FMO system.

--The current costs of farm inputs will become factors in the pricing equation.

--Rather than compensatory payment programs for dairy farmers the general public and business community might more easily understand milk pricing based on objective costs of production.

Submitted by:

Robert H. Drachman, Chair
Rutland Natural Resources Conservation District



Holstein Association USA, Inc.

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John M. Meyer
Chief Executive Officer

March 12, 2007

Robert Sturm, Chief Clerk
U.S. Senate Committee on Agriculture, Nutrition and Forestry
Room 328-A Russell Senate Office Building
Washington, D.C. 20510-6000

Dear Mr. Sturm:


This letter is written with regard to "2007 Farm Bill Opportunities for Vermont and the Northeast". On behalf of the Holstein Association USA, Inc.'s over 30,000 members across the United States, many of whom reside in Vermont, we are pleased to present this written comment for the official hearing record.

The dairy price support program should continue as a low-cost safety net for dairy farmers. It is a win-win for producers, processors, and consumers.

The loopholes that have allowed for foreign milk proteins to come into this country have had a negative impact on Vermont's and the nation's dairy farmers. Complete component labeling of dairy products that incorporate any imitation or foreign-produced ingredients including casein and MPC (milk protein concentrate) is critical for quick and easy identification for consumers.

Do let us know if you have any questions about our comments, or if we can be of any assistance to you on dairy related issues.

Sincerely,


John M. Meyer
Chief Executive Officer

JMM/kla

**State of Vermont**

Department of Forests, Parks and Recreation
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Agency of Natural Resources

March 12, 2007

Robert Sturm, Chief Clerk
 U.S. Senate Committee on Agriculture, Nutrition and Forestry
 Room 328-A
 Russell Senate Office Building
 Washington, D.C. 20510-6000

Subject: March 12th Hearing on 2007 Farm Bill - Opportunities for Vermont and the Northeast.

Dear Mr. Sturm:

My name is Steven Sinclair and I am the Director of Forests with the Vermont Department of Forests, Parks and Recreation in Waterbury, Vermont.

Vermont has a rich and vibrant history of forest management. The 80,000 forest landowners of Vermont share a commitment to the stewardship of the state's forest resources, supporting a sustainable forest products industry. Conservation organizations cooperate with state and federal agencies to identify and conserve ecologically significant areas, while maintaining Vermont's working forest landscape.

As Vermont's State Forester, I deal daily with the programs and services embedded in the Cooperative Forestry Assistance Act. These programs: Forest Stewardship, Forest Legacy, Urban and Community Forestry, Rural Development and Cooperative Forest Research, as well as landowner cost-share through the Forest Land Enhancement Program, are vital to maintaining what I like to call the 'natural security' of this country - a sustainable forest system able to provide benefits and services for this and future generations.

I would like to focus on several areas:

1. What's Working Well in Existing Farm Bill

General consensus is that the Cooperative Forestry Assistance Act of 1978, as amended/2002 is working as intended. Key programs that should continue:

- **Forest Stewardship Program** - This important program funds the work of the state forestry agencies with private landowners, from stewardship planning to



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technical assistance. Funding must remain robust for this program. The forest stewardship program must be maintained. Numerous studies indicate that the best way to reach forest landowners is through technical assistance. Forest stewardship programs enable state agencies to maintain highly trained and experienced staff to provide one-on-one technical assistance to landowners.

- **Forest Legacy Program** - This has been one of the most effective tools to conserve private working forestlands, establish community forests, and otherwise support forest conservation. Now funding must dramatically increase for this program to keep pace with the new states joining the program and scale of need. Additionally, states need funding to support the easement monitoring and compliance requirements of the program to guarantee that goals are met over time.
- **Wildlife Habitat Incentives Program (WHIP)** - This program has had a huge impact on forestlands. Maintaining funding from this program will help private forestland owners afford to implement wildlife habitat improvements.
- **Forestland Enhancement Program (FLEP)** - The assistance that would be provided if FLEP were adequately funded would greatly help the states work with private landowners in our region to meet their stewardship goals. This program should be consistently and robustly funded. Perhaps nesting FLEP within the NRCS EQIP program is an option.
- **Urban and Community Forestry Program** - All states have come to recognize urban and community forests as a critical component of our forested land base that serves many public purposes. The UCF Program should be well funded and other opportunities to support establishment and management of community forests should be explored.

Other key 'keeps' include:

- Provide stable funding for management and stewardship of private forestlands through the USDA Economic Action Programs and Landowner Assistance Programs, and/or new programs;
- Adequately fund Forestry Research, particularly Forest Inventory and Analysis (FIA), urban forestry research, and development of new and existing low grade wood markets;
- Provide incentives to encourage private landowners to provide public access on private lands for recreation.

I would also like to recognize the important role that the USDA Forest Service and universities play in forestry research. We live in a global forest economy and must be innovative and technologically ahead of the curve to compete in this environment. Maintaining up-to-date information on the health and sustainability of our forests, through the annualized forest survey, wood technology and wood products utilization research, and updating silvicultural guides utilized by forest practitioners are all valuable projects supported through forestry research.

2. Establish a framework for states to develop comprehensive forest resource plans and implementation strategies.

States have developed many different, yet often overlapping, implementation plans for a variety of forestry and natural resource programs. Such plans include State Stewardship Plans, Forest Legacy Assessment of Need Plans, and Forest Land Enhancement Program Plans, among others. There lacks a clear framework within the Cooperative Forestry Assistance Act to package the suite of programs, their intended goals and outcomes, and priorities for implementation.

New authorities in the 2007 Farm Bill would provide this mechanism for states to develop individual comprehensive forest resource plans and implementation strategies that would provide this much-needed framework. These comprehensive forest resource plans would bring together components of preexisting and sometimes overlapping plans, along with new priorities, to provide an overarching strategy for conserving forest resources in each state. The new authorities would establish broad goals and objectives to ensure a level of consistency among the states, while remaining flexible enough to allow states to address their unique priorities.

In order for these comprehensive plans and implementation strategies to function successfully, they must be developed in concert with other governmental agencies, as well as private sector stakeholders. The advantage of this approach is that it facilitates investment from both the public *and* the private sector to carry out the implementation. Federal funds would be provided up front to help states develop the plans.

State implementation strategies should address solutions to identified priorities through an action plan using existing program along with non-governmental efforts. In order to help provide balance to year-to-year appropriations for individual programs, the state implementation strategies should focus on a 5-year time period.

An important element to each state's comprehensive forest resource plan is the identification of critical forest resource areas. These areas, identified in collaboration with other government agencies and non-governmental organizations, should represent areas of national and/or regional significance. Such critical forest resource areas may include:

- Impaired forest ecosystems capable of restoration or recovery;
- Critical forested landscapes at risk to significant levels of land use conversion and fragmentation that may be irreversible;
- Forested landscapes highly disposed to producing a wide range of forest-based public benefits and services at regional levels;
- Forests particularly susceptible or vulnerable to large-scale losses due to fire, insect and disease infestations, invasive species, or weather events.

3. Utilize EQIP as the primary mechanism for providing cost-share to forest landowners.

Many groups have identified the Environmental Quality Incentives Program as the best available mechanism to provide individual landowners with cost-share assistance for a variety of forestry practices. While significant challenges remain in some states, much headway has been made in successfully applying forestry practices on the ground. We are making some progress in Vermont. EQIP enjoys broad support from agricultural and conservation interests, that help ensure continued funding for this billion dollar per year program. State Foresters will need to continue to work with State Conservationists and State Technical Committees to further the focus on forestry at the state and/or county level. A key for success is ensuring that forestry partners and others who support forestry are participating in the State Technical Committee and local working group process.

Previous discussions on EQIP had explored the possibility of getting a national allocation for forestry within the program through legislation or an agreement with NRCS.

4. Incorporate woody biomass utilization into all pertinent areas of the Energy Title.

Renewable energy has the potential to be a major factor in the 2007 Farm Bill. Vermont is currently participating in the 25x25 initiative, which has identified the 2007 Farm Bill as the first likely vehicle for enacting policy to move the county toward the goals of the initiative. It is important to ensure that forestry is considered an equal to agriculture in providing renewable energy solutions throughout the Farm Bill and to ensure that principles forest and natural resource stewardship are followed.

Forestry in Vermont, as well as across the nation is at a crossroads. Can we manage this vast, renewable resource in a sustainable fashion? We should be secure knowing that our 'natural security' is supported through the programs of the 2007 Farm Bill.

Thank you for your time.

Sincerely,



Steven Sinclair,
Vermont State Forester

Broadband in the Farm Bill

Make Rural Utilities Service Rural Broadband Access Loans and Loan Guarantees Available to Vermont

AD Hoc Committee Members, January 2006

Paul Costello, Executive Director, Vermont Council on Rural Development
Chris Campbell, Telecom Director, Vermont Department of Public Service
Tony Elliot, principal, Sovernet
Tom Murray, Deputy Commissioner, Vermont Department of Economic Development
Jack Hoffman, Executive Director, Vermont Broadband Council
Rhonda Shippee, Business Programs Director, Vermont USDA Rural Development

Despite the Governor's goal of universal broadband access by 2010 and the efforts of state, non-profit and private sectors, Vermont businesses and communities have not benefited from the Farm Bill Title VI Rural Utilities Services (RUS) loan and loan guarantees program. Vermont advocates strongly for revisions to Title VI to make these resources accessible to Vermont communities and businesses.

RECOMMENDATIONS

1. USDA RD RUS grants and loan guarantees should be available to middle mile (as well as last mile) providers so that they can build and extend back-bone systems at lower costs to smaller retail service providers, WISPs or other local 'last mile' distributors.
2. RUS should provide greater flexibility in providing loans for equipment, start-up, operations and licensing to broadband providers working within rural areas that already have some services in place but lack coverage to the 'last mile' of the entire community or region. Service areas rarely conform to municipal boundaries, so federal funds, whether grants or loans, should be available to "unserved areas" rather than unserved towns.
3. A criteria based on the level of "rural challenge" should provide for proportionally lower interest rates and increased risk to areas where the business case for broadband access is most challenging.
4. RUS should
 - a. Raise the acceptable level of risk for last mile providers in rural areas and for smaller loans (up to \$500,000).

- b. For loans of less than \$1 million, eliminate current criteria requiring profitable operations in the two previous years or cash on hand equal to one year's operating revenue.
5. Communities or regional entities (development, investment or planning) should be able to apply for resources to provide broadband access in underserved areas.
6. RUS should become more accessible by administering RUS funds from the field in each state, rather than from DC. This should be done, preferably, through a designated intermediary re-lending facility in each state (potentially Vermont Economic Development Authority or the Northern Community Investment Council in Vermont), or, at the least, through State Offices of USDA Rural Development.
7. Redirect the resources of the ineffectual "Community Connect Broadband Grant Program" (which has never been accessible in Vermont) and/or a portion of the loan/guaranteed loan budget authority to provide a grant to each state government for distribution in sub-grants for broad-based broadband planning efforts and feasibility studies designing broadband solutions at the local, regional or state level. Identify a population threshold so that these grants will serve towns with the greatest needs: those with populations of under 5,000.
8. Allow high-speed telecommunications support structures (such a towers, conduits, etc.) to be eligible for the USDA RD Community Facilities program if publicly owned and "open" to all private providers for use.
9. Allow telecommunications support structures (such as underground conduits) to be included as an eligible ancillary cost in RUS funded water/wastewater projects.

Robert Sturm, Chief Clerk
U.S. Senate Committee on Agriculture, Nutrition and Forestry
Room 328-A Russell Senate Office Building
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**Written Testimony of the Trust for Public Land
Dennis Shaffer, Northern New England Field Office Director
To the Senate Agriculture Committee
Farm Bill Opportunities for Vermont and the Northeast.
March 12, 2007**

On behalf of the Trust for Public Land, I am writing to offer comments to be incorporated into your deliberations as the U.S. Dept of Agriculture (USDA) develops its recommendations for the 2007 Farm Bill.

The mission of the Trust for Public Land (TPL) is to conserve land for people to enjoy as parks, community gardens, historic and cultural sites, rural lands, and other natural places, ensuring livable communities for generations to come. In pursuing this mission, we work collaboratively with local communities, tribal governments, and diverse partnerships to protect the special places that define them. Through our Working Lands program, we have forged a strong partnership with the USDA Natural Resources Conservation Service and the US Forest Service and look forward to continued opportunities in the future.

It is critical that the nation continue its modest but successful investment in agricultural conservation programs, for the benefit of the public in the form of cleaner water, additional wildlife habitat protection, preservation of community open spaces, and other benefits.

There are several programs that deserve a strengthened investment by USDA in the next Farm Bill:

CONSERVATION TITLE

TPL strongly supports the reauthorization of the Farm and Ranch Land Protection Program, the Wetlands Reserve Program and the Grassland Reserve Program at significantly increased funding and acreage enrollment levels. While different from one another, together these programs ensure that critical natural resources such as wetlands and native grasslands are restored and protected while protecting farms and ranches from development. Continued economic viability of farms and ranches is extremely important to communities across the nation, as is clean water and open space protection.

Over the last four years, TPL has successfully completed over 25 FRPP projects across the nation. As the program nears its final year as authorized in the 2002 Farm Bill, we want to highlight the incredible impact this program has had in specific communities across the nation, to point out the need for a significant increase in authorized funding

levels over the life of the next Farm Bill, and to commend your agency for its continued strong support of this important program.

Nationally, the infusion of relatively consistent levels of federal farm and ranch land protection funds has leveraged more than two and a half times that amount in state, local, and private funding. Through this process, a uniquely American way of life has been protected and important agricultural lands have been conserved. Thank you for the Committee's consistent support for this valuable program, which we hope will be carried over into the next Farm Bill.

As you know, each year nearly **two million acres** of American farmland are lost to development. The loss of productive farmland in this way has an impact on local communities that is permanent and deep. By paving over farms, we are ensuring additional runoff, loss of wildlife habitat, higher infrastructure costs and other permanent changes. The NRCS Farm and Ranch Land Protection Program is the **only** federal program dedicated to preventing this from happening and must be reauthorized at significantly higher levels. Since the creation of the original program in the 1996 Farm Bill, the NRCS has helped protect 127,000 acres from conversion with voluntary conservation easements – keeping farmers on the land and contributing to their local farm economies. However, with the overwhelming public demand for additional farmland protection, and states committing more than \$160 million a year in easement funding, the federal contribution is woefully inadequate. TPL joins with many other organizations in urging you to propose a significant increase for FRPP when the Committee drafts the next Farm Bill. We look forward to working with you during the coming months to modify specific areas, to ensure the smoothest possible implementation of the program for the benefit of landowners and communities.

FORESTRY TITLE

The next Farm Bill provides an extremely timely opportunity for us to address a serious trend affecting our nation's private forests -- most notably a dramatic increase in forest parcelization that is projected to escalate, according to the US Forest Service in its recent *Forests on the Edge* report. Forest parcelization compromises a wide range of public interests including public water supplies, opportunities for forestry and sugaring, wildlife habitat, hunting and fishing access, and other recreational resources.

The recent sales across the country of industrial forest land and the accompanying management pressures have sparked an impressive series of conservation initiatives to assist communities in the creation of community forests, with a goal to advance, concurrently, economic and social objectives in these communities.

One example of such an initiative is the Vermont Town Forest Project. TPL has been an active and enthusiastic participant in the Vermont Town Forest project and is currently working with partners, landowners and communities throughout Vermont to protect their forest resources for current and future generations.

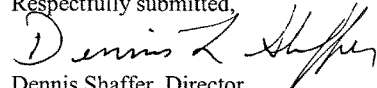
One of the signature efforts of the Vermont Town Forest Project is TPL's partnership with the Town of West Fairlee to help the community purchase an 1,200-acre town forest, the community's first-ever town forest. The West Fairlee partnership an important example of the groundswell of interest TPL is seeing at the local municipal level for communities wanting to purchase and manage their own timberlands. The new "Brushwood Community Forest" will link with adjacent town forests owned by Fairlee and Bradford, creating a 3,300-acre economic, ecological, and social asset to the region. TPL and the Town of West Fairlee are working with landowners to identify willing sellers, purchase properties and secure options, and pursue the \$2 million in needed funding from private donors and the Forest Legacy Program (FLP). This Forest Legacy project was top-ranked by the State of Vermont for FY 2008.

While our major focus has been here in Vermont and throughout northern New England, TPL has worked with communities in other states, such as Montana and California, on the creation of community forests and believes it is a concept that will garner significant interest and support.

It is the groundswell of community support that TPL has witnessed firsthand for these projects that underscores the need to create a federal grant program to support local efforts on town forests, as proposed by the Vermont Town Forest Project, the Northern Forest Alliance and many other organizations. Therefore, we urge the Committee to include in its Farm Bill a Community Forest and Open Space Protection program. While from time to time a community forest project such as Brushwood Community Forest has been recommended for Forest Legacy funding, we believe it is important to create a new freestanding program separate from FLP that focuses solely on community ownership and management of forest lands rather than conservation easements on private lands. We stand ready to work with you to fashion a program that will succeed here in Vermont and in forested communities across the nation.

Thank you for this opportunity to present testimony in support of the Committee's efforts to enact a new Farm Bill that furthers conservation goals.

Respectfully submitted,



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Testimony Mar 12, 2007

Without a doubt this body is hearing much about the difficulties in the dairy industry. Without distracting from other testimony, please allow me to direct your attention to the issue of price discovery and the dairy market.

First, efficient markets are essential to the economy. To be efficient the market must be open both as to access and to information. Public outcry markets are usually considered the most efficient because anyone in the public may buy or sell and all have immediate access to the market information. Asymmetric access to information is both the hallmark of and cause of inefficient markets. When one group is given preferential access to either the market or to the sales data predatory practices proliferate.

Examples of predatory markets, especially ones that are thinly traded, are multifarious and abundant. One such market was the energy market manipulated by Enron to the detriment of California a few years back.

For many years commodity marketing was by public outcry in the pits. With the advent of electronic trading the markets are not transparent. Trades and market directions are not immediately disclosed.

Recently the major markets are now being operated as stockholder corporations. They are now being operated for the benefit of the stockholders. As a result market information as to volume, prices, etc are treated as saleable products and have become a major source of revenue for the exchanges. Market information is now sold with increasing delays in posting for different subscription fees. Thus larger players have asymmetric access to the detriment of smaller market participants.

The result is that when a smaller market participant buys or sells a product his information is stale. The party on the other side knows exactly how much the market either went up or down during the market delay period and thus knows whether to buy, sell, or transfer the sale to a "preferred" customer. As in the Enron case mentioned above, it becomes easy to manipulate the market up or down by "daisy chaining" sales within a small group.

Would you be willing to join a poker game with four professionals when you have to turnover your cards before the other players had to decide whether or not to raise, call or fold? This is the developing situation in which farmers and their co-operatives find themselves in the markets.

The argument will be made that these are private corporations that are entitled to sell their product (market information) to the highest bidder. This overlooks two important facts. 1. It has always been a role of government to regulate markets for the common

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good and to prevent fraud e.g. by the establishing weights and measures, to contract requirements, to securities disclosures. 2. Market information is not a private nor has it ever been private. Historically commodity markets are public auctions. The exchanges are only the auctioneer. Only with the development of computer market trading has the exchange moved from the open pit to the back room. Public, governmental, and participant interest require that these markets remain open and transparent, not subject to manipulation. We only need to look at what happened during the Russian grain deal a few years back to see what happens when there is asymmetric information and insider trading.

Price Discovery

Effective price discovery is the most necessary and important function of the dairy market. Without open price discovery efficient market allocation of milk supplies cannot occur. Currently the two major methods of price discovery in dairy markets are the NASS (National Agricultural Statistics Service) survey of prices and the CME board prices.

The NASS survey is based upon un-audited reported prices. The interest of the reporters may be contrary to accurate price discovery and the process generates mainly historical data e.g. not suitable for daily trade or timely market direction.

The CME.

Before examining the CME Class III prices let us first look at the milk production over a period of time. The attached chart shows milk production in 23 major selected states. Most notable is that the distribution of milk production follows the same seasonal pattern every year with an increase each year. This increase is not always the same for each month. Please observe the February levels for 2003, 2004, and 2005.

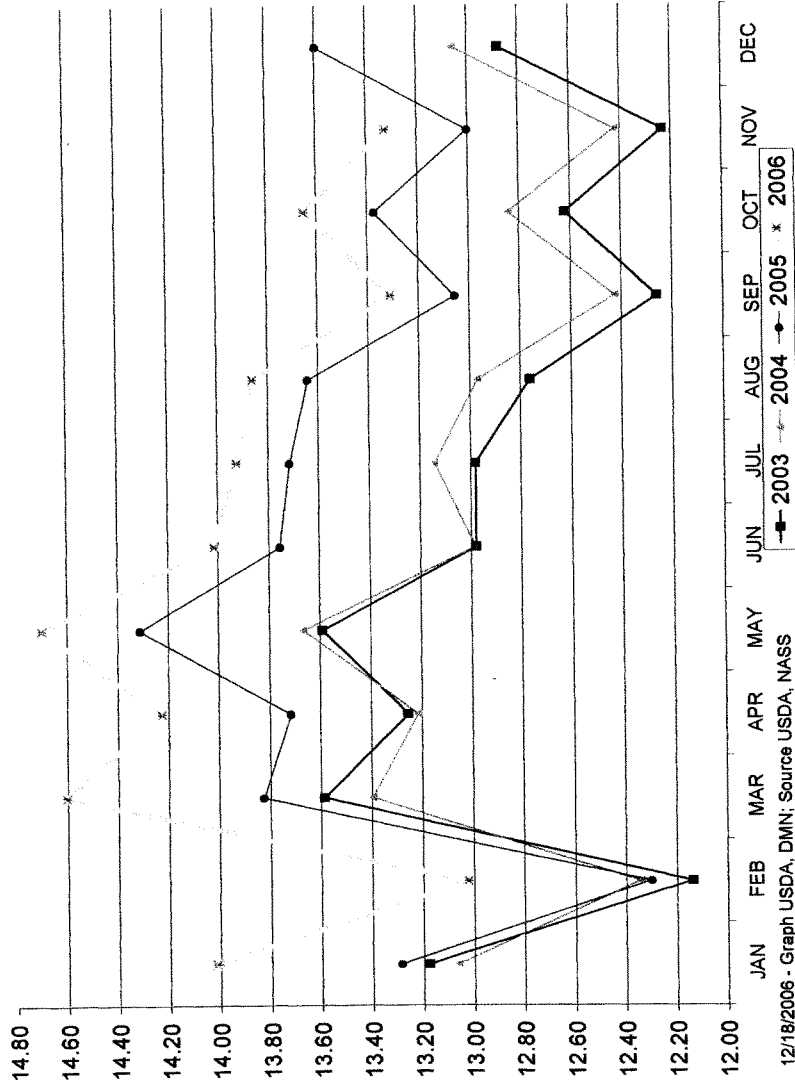
Next compare the CME Class III prices for the same period. Although the milk production follows the same distributional pattern each year the milk prices vary illogically. For example from February through May 2004 the CME price shot up when milk production also was going up only to drop later when milk production was going down seasonally. This is contrary to the laws of supply and demand. Likewise from July 2003 the price went up until October 2004 then dropped through Feb 2004 when milk production was going down.

The pattern for 2005 and 2006 is also worthy of several notes. First, while the increase in production between 2004 and 2005 was significant, prices did not drop as much as they did for a smaller production increase between 2005 and 2006.

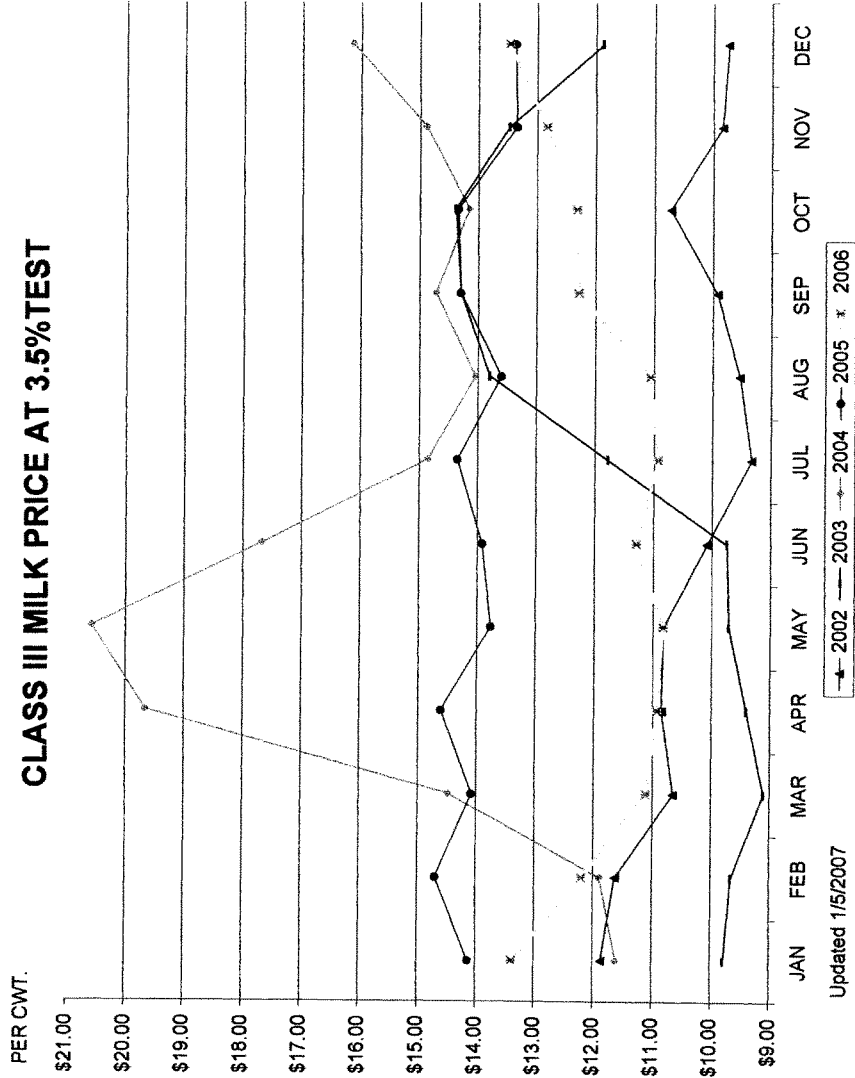
Next the sudden change in volatility between 2003 – 2004 and 2005 – 2006 is indication that something else is at work. Whether this is a result of the CME going private in 2002 and the CBOT in 2005 and in the increase in the delay in publication of market data should be investigated.

MILK PRODUCTION - 23 SELECTED STATES

Billion Pounds



12/18/2006 - Graph USDA, DMN; Source USDA, NASS



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Basis

Examining the spread between class prices in the Northeast Order I reveals that the basis, the difference between Class 1 prices and the CME board, decreased between 2005 and 2006.

Below is a chart showing the difference between 2005 and 2006 Class prices drawn from the December 2006 Order 1 Milk Market Administrator's Report (MMA);

Pg2 NE Order Statistics 2005-2006 annual

	2006	2005	Diff
Class 1	15.13	17.65	-2.52
Class 2	11.76	13.48	-1.72
Class 3	11.89	14.05	-2.16
Class 4	11.06	12.88	-1.82
SUP	13.53	15.64	-2.11

As you can see the Class 1 price dropped \$0.36 more than the Class 3 price. This is a decline in the regional differential at a time when fuel and transportation cost rose dramatically.

Comparison of December to December values is even more dramatic.

Class Price Factors MMA pg 1 (Dec to Dec??)

\$/cwt	2006	2005	Diff
Class 1	15.68	16.82	-1.14
Class 2	12.55	13.22	-0.67
Class 3	13.47	13.37	0.10
Class 4	12.30	12.57	-0.27

While the Class 3 price went up \$0.10 the Class 1 went down \$1.14. This clearly gives the wrong market signal and is further proof that the Class prices are merging.

While free markets often appear volatile and illogical, trading usually is volatile within a trading range. This range trends up or down for a while before changing direction.

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When there is a paradigm shift, later data shows a change in fundamentals. The dramatic drop in the Class III price and the shrinking of Class 1 basis in the Northeast do not indicate such a change in fundamentals. Rather what we see is what we would expect in a manipulated market and is consistent with the decline in volatility noted above.

Comparing the Boston Retail prices to the Class 3 price shows that the two prices are highly correlated and have the same distributional patterns. The sharp contrast between the long-term consistent relationship between these prices and the declining basis between the Class 3 and Class 1 pay prices show that there was not a change in the market fundamentals during this period. However this disparity with the declining Class 1 differentials does supports the supposition that something is amiss. This divergence is what would be expected when the buyer has advance knowledge of the market and bought only when the market went down and not when it went up,

Time does not allow for a more detailed explanation of why the market appears rigged as further explanation becomes more complex and technical.

Northeast Market and "basis"

Regional differentials are fighting words in some corners of the dairy industry. However they should be treated the same as "basis" in other commodities. No one will argue that dairy producers in Vermont should pay the CME board price for corn without also paying a regional differential for transportation i.e. "basis" points. Likewise there should be a basis between one milk market and another. The above erosion of the Class 1 basis coincides with the one-size fits all pricing structure in the last farm bill. It also coincides with the increase in the CME price reporting fees and market disclosure delays.

The erosion of Class 1 differentials will result in the destruction of the northeast dairy industry and will result in the consumer having to pay more for transportation of out side milk. Producers outside this region will not benefit price-wise because even now the cost of importing milk exceeds the marginal returns. See the Florida market to determine how much say Wisconsin benefits from a milk deficit region.

There is no reason that northeast pay prices should not reflect the higher cost of production here and the transportation cost both of supplies and of competing milk supplies.

Additional consideration must be given to the issue of food security. The loss of dairy in the northeast would put the largest concentration of population dependent upon transportation to get its food. Recently we had a large, though not the largest storm, disrupt transportation. Milk still flowed! Prudence calls for a regionally diversified milk and meat supply given the potential for bio-terrorism.

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DOPP

It is hoped that accurate price discovery and publication is so obvious to all that it is not necessary to go further into this aspect now. A few words about the recent Dairy Options Pilot Program (DOPP) are in order.

Recently the government funded the DOPP Program to introduce to dairy producers the concept of forward pricing, risk management, and locking in cost / return margins. The hope is that with an active futures market price discovery and equity could be obtained. Unfortunately this program resembled a "lead the sheep to the wolves" strategy. Traders with the Black-Sholes formulas loaded in their blackberrys and up-to the minute data always knew the true price of an option. Sellers of puts, usually dairy processors, know what daily production is long before the NASS figures come out. The concept shows promise but will fail without equitable markets and timely access to information including more timely production figures. Market parity is needed before this strategy will work.

Specific recommendations:

1. Carefully scrutinize the anti-trust implications of the CME, CBOT merger. The Department of Justice is currently considering this proposed merger. Consideration should be given to the following factors:
 - a. The decline in competition generated by this merger
 - b. Will this merger give more market power to the ag giants like Dean Foods, Cargill, Tyson, etc. to the detriment of the producers?
 - c. Can the Commodity Futures Trading Commission adequately regulate this market which is 20% larger than the stock exchange with a budget of only 13% of the Security and Exchange Commission (SEC)?
 - d. What will the merger of the largest ag input market and product market mean to the consumers and producers? What is the implication of this vertical integration of the ag markets? Will this lead to the monopolization or oligopolization of the food supply with symbiotic relationships between the market operators and their biggest customers?
 - e. As electronic trading progresses, what is the implication of one market with asymmetric disclosure of market data of the world's most fundamental commodity, food?
2. There should be an investigation of the dairy market to see if there is insider trading, price manipulation, or other illegal activity. The CME dairy markets in particular should be investigated because they are thinly traded and thus more vulnerable. One possible way is to compare current trading patterns not only with historical ones but also to other markets that are either known to be or not be manipulated. Surely the SEC can help with insider trading. (Martha Stewart anyone?)

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3. Questions of jurisdiction over this investigation should be resolved by co-operation between and referral to the appropriate agency for any action required.
4. Move to increase market transparency and symmetry between participants particularly with regard to equal access to information and disclosure.
5. Increase the auditing in the NASS survey, possibly including data from the Federal Milk Marketing Orders to confirm accurate reporting.
6. The lag between market prices and the price of milk only encourages wild production swings. When the price of milk moves in opposition to the market the wrong signal is given to producers. Consider ways to reform the pricing system.
7. More emphasis should be given to regional pricing and to regional differentials (basis). The reasons why the Class 1 differentials are decreasing should be identified and addressed.

Summary

The asymmetric delay in availability of market data is contrary to the public interest.

Northeast regional Class 1 differentials have decreased recently without any justification.

More regional pricing diversity is needed.

The proposed merger of the CBOT and the CME is not currently in the public interest

There should be an investigation of possible price manipulation in the commodity markets.

Better price discovery in the milk markets is needed.

Respectfully submitted for your consideration



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