

HEADLINE: Transcript of Agriculture Secretary Mike Johanns Remarks to America's Second Harvest Food Research and Action Center National Anti-Hunger Policy Conference Washington D.C.

SEC. MIKE JOHANNIS: Well, thank you very much. That was a very, very nice introduction, and I appreciate it immensely. I don't have any of my prepared comments, but the hurricane efforts were mentioned. Thank you for giving me some credit, but quite honestly it was the people on the grounds that were getting the job done. And I'm not sure who all of you are in this room who might have been involved in that effort, but it's appropriate that I start my comments today by expressing my sincere gratitude for your efforts because without you the job would not have gotten done. So thank you very much.

I also want to acknowledge and thank my Under Secretary for Food, Nutrition and Consumer Services Nancy Montanez Johner for being here today. Nancy and I rode over together. Nancy, as many of you know, joined us in August. And she's been doing a really fantastic job of administering our food and our nutrition programs.

Now those of you who know her background would know that has come as no surprise to me. I had the pleasure, when I was governor of Nebraska, of appointing Nancy to be the director of the Nebraska Department of Health and Human Services during the time that I was there. She did a great job in that position, and I'm glad we're working together again.

So I'm really pleased to be here today. I'm going to offer a few thoughts, hopefully not take too long. But please feel free to continue your breakfast if you haven't finished. I want to save a few minutes if I can at the end for a question or two. I'll take the easy ones. Nancy follows me, and she'll take the hard ones.

Well, let me thank the members of the Food and Research Action Center and America's Second Harvest for all you do to alleviate hunger in our nation. Food assistance accounts for the largest part of the USDA budget. I'm very appreciative of the work done by our nongovernmental partners in our joint efforts to provide nutritious food for our nation. A great deal is happening in agriculture and food and nutrition policy today, and I welcome the opportunity to discuss some of the issues with you.

As you know, we just recently released our proposals for the 2007 Farm Bill. Before we developed our proposals we wanted to hear from people who were impacted by our policies. The President felt very strongly, and I agreed with him, that the best way to do this was to gather input at the grassroots level from the people whose very lives are affected by the things that we do.

I'm proud that our proposals were directly shaped by some 4,000 comments we collected at 52 forums across the country. We were in 48 out of the 50 states doing forums. The only two that we did not do as you probably know were Louisiana and Mississippi because at the time we were doing the forums they were in the midst of hurricanes.

At the forum there was a general concern expressed relative to the nutritional status of Americans today. We heard concerns about working poor and the elderly being excluded from our programs. We heard suggestions to improve our food assistance programs by including more healthy choices such as fruits and vegetables. We also heard calls to simplify and modernize our food assistance programs. We took all of this into account as we sat down to develop our proposals. We created our nutrition title proposals with three primary goals in mind-- increasing program access, moving America toward healthier eating habits, and then strengthening the stewardship of the taxpayer dollar.

Once I'm finished here, Under Secretary Johner will share with you some of the detail about how our proposals will impact the food and nutrition Programs. I'm the warm-up act, if you will.

But generally I can tell you, we will work to increase access to **Food Stamp** programs for the elderly and the working poor and make certain our eligibility rules support both work and education wherever that is possible. We also want to improve our administration of the program, strengthen its integrity, and finally rename it to reflect the changes that time and technology have brought to the way that it actually operates.

If you look at our proposals you'll see that we're emphasizing the nutritional value of food assistance. This is especially true of our school lunch and our breakfast programs. We're recommending spending an additional \$500 million over the next 10 years specifically targeted to buy fresh fruits and vegetables for these programs. And we're recommending spending

\$2.75 billion over the next 10 years to buy fruits and vegetables for our nutrition assistance programs.

I believe that these proposals make effective use of taxpayer dollars while strengthening and improving our food and our nutrition programs. As I said earlier, food assistance is a very large part of the USDA budget; 59 percent of USDA's budget goes to these programs.

I often comment that I think people sometimes look at the USDA and say, well that's where the farmer programs are at, and that's what they do over there. Well, we do that. And it's very important to our mission. But far and away the largest piece of our budget would go into our food and nutrition programs.

The President's 2008 budget continues to strengthen the nutrition safety net by increasing funding for these programs by \$2.5 billion for 4.4 percent. Ladies and gentlemen, in a time of rather difficult budgets in Washington, I can't tell you what an enormous commitment that is by this President. In fact, since this President took office in '01, the nutrition assistance budget has grown by \$59 billion. And that would translate into a 70 percent increase.

Yet while food and nutrition assistance are one of our highest priorities, we need to look at them within the larger context of agricultural policy and the reality of budgets and the economy. USDA has a diverse mission. We range from forest management to animal health, from international trade to food safety, from commodity support to now renewable energy. You know I think the term "farm bill" actually is quite misleading, because this legislation deals with so much more than farms. As I said, there's a perception among some people that since they aren't farmers, this policy could not possibly impact them. But of course that's simply not true. School lunches, international trade, environmental conservation, supermarket prices, ethanol production-- all of these are directly or indirectly impacted by what we call the Farm Bill.

That's why I have to be able to defend our proposals in the big cities and at the smallest farms. In order to do that, we followed four basic principles as we created our proposals. First, we wanted to make sure that the programs we had were predictable for people. I heard from many farmers that our aid wasn't providing support when they needed it the most, so we tried to rectify that in what we were doing.

Secondly, we wanted to distribute our support more equitably. For instance, specialty crops are now equal in value to our program crops. But they receive virtually no cash support whatsoever in farm policy. To change that as I mentioned we're proposing a big boost in mandatory purchases of fruits and vegetables for school meals and other food and nutrition programs. And we also want to provide more marketing and technical help to specialty crop growers in their efforts to gain access to export markets.

Third, we wanted our farm programs to be better able to withstand challenges in the international arena. So we are reducing support programs that are tied to price or production and boosting others that are not trade-distorting. Exports are becoming more and more important to American farmers and ranchers. Their total export sales hit a record of \$68 billion last year, and we expect them to climb even higher this year, \$77 billion. So they have a vital stake in the international rules that allow them free and fair access to foreign markets. And free trade has benefits that reach well beyond our shores. It really is the future that can help alleviate poverty and hunger for people the world over.

According to a World Bank study, roughly half the global economic benefit from free trade would be enjoyed by developing countries. And the International Institute for Economics estimates global free trade could lift, lift as many 500 million people out of poverty and inject \$200 billion annually into the economies of developing countries.

You see as a responsible global citizen we must make sure that we can do all that is possible to create opportunity for people not only here but in other parts of the world.

Fourth, we wanted to make wise and effective use of our taxpayer dollars, those dollars that we spend here at home. I believe strongly in providing support for agriculture and nutrition programs. I think it's an investment in America that's a wise federal policy. But at the same time we must respect budget constraints and exercise fiscal responsibility wherever we can. Altogether, our proposals would save more than \$10 billion from the 2002 Farm Bill spending and would fit within the President's plan to balance the budget by 2012. Yet they would still deliver \$5 billion more in support than if we simply reauthorized the 2002 Farm Bill.

When you examine the agricultural economy today, you'll see strong commodity prices for most program crops as well as record rates of production in yield. The debt-to-asset ratio for agriculture has now fallen to about 11 percent. Let me explain the significance of that number.

That's the lowest number we have ever recorded at the United States Department of Agriculture. We expect crop receipts to set a new record of more than \$133 billion this year, driven by the growing interest in ethanol and other renewable fuels. Prices for farmland and corn I might add are also setting records. It's an incredibly strong economic picture, and it gives us a chance to look at our programs within the larger context of government spending. By focusing on the effectiveness and the efficiency of our programs, I believe we can provide much needed services to the American people and still maintain fiscal discipline.

In many respects when I was governor of Nebraska I realized that the way I managed that budget was my legacy to our children. In many respects unfortunately the federal deficit is not a legacy that any of us want to pass on to our children and grandchildren. We do have a responsibility to do all we can to lessen the burden. I believe our Farm Bill proposals will help us to do that while preserving a strong safety net for those who do depend upon our programs.

After we released our proposals last month I spent some time traveling across this great country talking about our recommendations and securing feedback. And I have to say, I'm pleased with what I'm hearing. I'm not saying that in every quarter we get standing ovations and applause, but the response from audiences and the press tells us that our proposals are generating thoughtful discussion and serious consideration among stakeholders and lawmakers alike.

I hope that you will give them the same consideration. With that, let me just wrap up and say I look forward to working with Congress as we craft this legislation. I look forward to our continued partnership with you as we fight hunger in America. Thank you for having me here today, and enjoy the rest of your conference. Thank you very much.