	Approved	March 26,	1991
MINUTES OF THE <u>Senate</u> COMMITTEE ON <u>Agric</u>	culture		
The meeting was called to order by <u>Senator Jim Allen</u>	Chairperson		at
10:09 a.m./XXX. on March 21	, 19 <u>91</u> ii	n room <u>423-S</u>	_ of the Capitol.
All members were present knapt x		N_{ij}	
Committee staff present: Raney Gilliland, Legislat Jill Wolters, Revisor of		-	nt

and Training Service

Senator Allen called the Committee to order and turned Committee attention to \underline{HB} 2077 and called on the following proponents to testify.

Raymond Fowler provided copies of his testimony (<u>attachment 1</u>) and encouraged full funding and continuation of the present FACTS Program.

Ed Banning gave the Committee copies of his testimony (attachment 2) and requested continuation of the FACTS Program.

Linda Hessman requested continuation of the FACTS Program; she provided copies of her testimony (attachment 3).

Dale Fooshee furnished copies of his testimony ($\underline{\text{attachment 4}}$) and expressed support for the FACTS Program and expressed a need for its continuation.

Father John Stitz provided copies of his testimony (${\tt attachment~5}$) and requested the Committee recommend continued funding of the FACTS Program.

Howard Tice gave the Committee copies of his testimony ($\underline{\text{attachment 6}}$) and requested the Committee vote favorably for $\underline{\text{HB 2077}}$.

Chris Walker expressed support for \underline{HB} 2077. Mr. Walker stated that the FACTS Program had offered quality help for farmers in the state and that the need for the program is still in the state and will be in the future. Mr. Walker stated that farmers going through bankruptcy appreciate the help that is available from the FACTS Program. Mr. Walker requested that the Committee recommend the continuation of the FACTS Program.

William Madden gave the Committee copies of his testimony (attachment 7) and stated that there had been no decline in the numbers of persons requesting help from the FACTS Program and that the future did not look optimistic. Mr. Madden requested that continuation of the FACTS Program be approved.

CONTINUATION SHEET

MINUTES OF THE _	Senate	COMMITTEE ON	Agriculture	
room 423-S, Stateho	ouse, at <u>10:0</u>	9a.m./ \% .\%	March 21	, 19 <u>91</u> .

Victoria Studer did not present her testimony but presented the Committee with copies of her statement (<u>attachment 8</u>) which expressed a continued need for the FACTS Program and requested favorable passage of HB 2077.

Ivan Wyatt provided the Committee with copies of his testimony (attachment 9) and expressed the need to extend the FACTS Program to 1996 with its present funding.

Gary Hall gave the Committee copies of his testimony (attachment 10) and expressed the need to continue the FACTS Program for those who still need the services provided by the FACTS Program.

The Chairman called attention to testimony ($\underline{\text{attachment }11}$) provided by Stan Ward. Mr. Ward had distributed his testimony to each Committee member's office earlier.

The Chairman declared the hearing closed for \underline{HB} 2077 and stated that Committee action would be taken at a later Committee meeting; then he called for action on Committee minutes.

Senator Montgomery made a motion the Committee minutes of March 20 be approved; seconded by Senator Daniels; motion carried.

Senator Allen adjourned the Committee at 11:00 a.m.

GUEST LIST

COMMITTEE: Senate Agriculture DATE: March 21, 1991

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Koger McCallister	Todeka	Karras Legal Services
Wayne a. White	Mchouth	Ks Lead Services
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John Steh	KCK	Catholin Life

Raymond Fowler

Emporia Kansas

I would like to express my thanks for the privilage of speaking to this committee on continuing the FACTS PROGRAM and funding it so that it can be of use to farmers and bankers in order to help the economy of the whole state of Kansas. we have learned in every state that when the farm's are in trouble that the whole rural economy soon follows. The hard way is for us to say that everything is all right, cut the funding and let the big corporations and their cheap foreign labor take over. But remember the oil corporations told us they could buy foreign oil cheaper than we could produce it. I think cutting funding for FACTS when they received over 35% increase in calls during 1990 would be like taking the shinlgles off while the storm is brewing.

Many places we go we hear that the farm economy is doing great. I'm asking, do you know any real farmers that don't eat if the don't make it farming making these statments. The ones that I talked to that did any bragging are a few livestock producers and they are scared stiff right now over prices. There are one more group that is talking about the good conditions of the farm sector, each and every one has a pay check from a government source or school that get great big grants from the government or a source that makes it's living from the farm product after

3-21-91

attachment

the farmers sells it. Oh yes the commodity dealers but a lot of them are out of work since some of them got cought cheating from one another but don't worry they wouldn't cheat an old farmer from Kansas.

Most economists are saying that the overall income to the farm and rural area will be down 10 to 30%. and we hear talk about cutting funds for the facts program so we may use the money to open trade stations in foreign countries these are good ideas but if there is a profit our capitalist grain traders will want very little help from Kansas to count there money or to bring it back to Kansas.

The things that you want to know are, does the program work. I know it worked for several of my neighbors and it sure worked for the farm credit services. We probably should have had a facts program in Emporia for the real estate people and the Savings and Loans everywhere.

Our own good Sec. of Agriculture and good farmer is trying hard to hold on to that Sec. job now why if every thing in such great shape back in farm country would any one want that headache. I think we need to adequately fund the Facts Program if for no other reason than to keep us aware of the happenings in rural Kansas before we lose control again and to keep us aware of the problems in Kansas Farming Communities. Then if money is still available help the big grain Corporations sell their Commonities or you might say give it to the foreign governments at our expense.

AG MANAGEMENT CONSULTANTS 2606 FLEMING/P.O. BOX 1013 GARDEN CITY, KS 67846

March 21, 1991

To: Kansas Senate Agriculture Committee

From: Ed Banning

Ag Management Consultants Garden City, Kansas 67846

Thank you for this opportunity to speak to your committee concerning the future of the FACTS services.

My name is Ed Banning. I am a farm operator, farm manager, farm management consultant and referral consultant in the FACTS network. My residence is in Garden City and my business area covers most of Southwest Kansas.

My association with FACTS began approximately 4-5 years ago when I agreed to act as a consultant to farmers struggling with credit problems in our area of the state. My experiences include preparation of clients for mediation with creditors, mediation, and financial and management consultation on a continuing basis. My fees are minimal and in most cases the rest of the business supports the services I provide to these clients. All of my farm stress clients have been either a referral from FACTS or have been in contact with the FACTS program. At the risk of being narcissistic, I truly believe we (with the support from Kansas Legal Services and other organizations) have supported or assisted these people to a greater degree than if they had attempted self resolution of their problems. We cannot be certain as to the future financial climate in our region of the state or for the state as a whole. No one can accurately predict the present number of struggling operators or what future crisis will greatly increase the number of negative cash flows. If government reports are a harbinger of the future then significant farm problems loom on the horizon, as this past morning the USDA reported that farm income will decline more sharply than projected. In fact, the Economic Research Service noted a \$2 billion decline from Projected 1991 farm income. I do not want to review or engage in a detailed review of facts and figures, as others on the agenda will give you an accurate accounting. None the less, the reality of declining prices and declining farm program payments will take its toll.

Let me assure that in our region of the state, which I believe according to Farm Management Association figures has the second highest net farm income, we have struggling farm operators that need financial, social and emotional help and that need will continue.

Senate agriculture Committee 3-21-91 attachment 2

A couple of weeks ago I rode in a farm operators pickup reviewing his farm equipment for a local bank. As we discussed his plight and apprehension in dealing with concerns of cash flow he wrinkled his brow and woefully asked "What will I do? What will I do if the bank doesn't renew my operating note?" ---- The bank will not renew his line of credit. What is our responsibility to assist these people? What is the State's responsibility?

In our community and in many across the state you can receive help or call a hot-line number if you're pregnant, if you're an alcoholic, if you're a drug abuser, if you're a spouse beater, etc., etc.

Does not the major industry of our State deserve the same source of help?

There are many agencies within the state, both public and private that can give assistance to the struggling ruralist. Groups like Linda Hessman's, Interfaith Ministries, Kansas Legal Services, and special programs such as State Homestead Protection, mediation, and other debt and social programs help solve problems. All of these sources are fragmented and scattered. However, with one phone call to FACTS these agencies become as one. The FACTS Consultants can analyze the callers problem or problems and steer them to organizations or agencies providing the best help. The caller on the phone receives an immediate response, a factor that has probably saved lives as well as farms. No other agency within the state or neighboring states can provide this function. I truly fail to see why anyone would want to consider discontinuing this effective service.

I would like to leave you with this parting thought. In the Book of Deuteronomy in the Bible, we are told "There will always be the poor" and we are commanded to be openhanded to these poor and needy in our land. No matter what the condition of our economy, the needy and suffering rural operators will be with us. Our choice is simple: Do we want to help these people or do we want to ignore them?

RURAL LIFE/PEACE & JUSTICE OFFICE

My name is Linda Hessman, my husband and I farm west of Dodge City. I am the Rural Life/Peace & Justice Director for the Catholic Diocese of Dodge City. The Diocese covers twenty-eight counties in Western Kansas.

I come before you today on the behalf of the families in our diocese and the FACTS Program. I deal with rural families from all walks off life on a daily bases. FACTS has worked with over one thousand of these families in our twenty-eight counties. We are one of those families.

I feel confident that other sources will provide you with statics and reports to prove the economic out-look for agriculture and the 90's, the information is all vital to your decision. Some of the figures may put us in a comparatively better light than is true because there are fewer of us to use as a statistical base.

The area I am asking you to consider is far more important than figures on paper. The reason for all of the information produced is the welfare of the families, who make up the rural population of this agriculture based state.

Recently I have visited with several lenders, accountants, and pastors. One reason was I wanted to see if we were all experiencing the same concerns. I asked for their views on what we would all be dealing with. Out of seven lenders, one felt good, the others were very concerned. None of the accountants were optimistic, in fact one shared that he had at least two-hundred clients in trouble, and pastors are requesting workshops exactly like we did five years ago to help them minister to families dealing with this chronic rural Senate agriculture committee 3-21-91 situation.

attachment 3

NEED? I wish I could find one or two words to adequately express that to you. Families, who have held on through the depth of the crisis new find themselves unable to. They are questioning their abilities — we are dealing with another round of isolation and all that goes with it. Some young farmers are talking about getting out while they still have some equity left — that is a new piece of the puzzle. After all, we were advised if you can hang on for the "long haul" into the 1990's it will change and yet the Congressional Budget Offices study projects the lose of an additional five-hundred thousand farms in the next five years. Experience has already proven the domino effect that would have on our communities.

Last fall I sent letters at random to over one-hundred women asking what they felt were the most important needs and issues facing their families. The majority spoke of needs that can be addressed by the FACTS Program. Most of them are just now becoming aware of FACTS.

I cannot tell you how many times I have been with a family and needed to call the eight-hundred number for immediate help in every area of the hotline. If time would allow, I could relate numerous stories about situations we have dealt with. I challenge each of you to mentally take a family, add financial and/or legal problems, as that problem is dealt with, does that solve all of the areas that effect that family in order to keep them functioning and viable? I can tell you from experience it does not!

America has created its own refugees because of the chronic rural situation. There is a disproportionate number of people living in poverty in the rural areas compared to the urban. To assume that it will get better, or that it is no longer an important issue because it is not in the forefront of the news does not do away with the fact that

we will continue to loose families in our rural areas because of policies already set.

It also does not do away with the reality that jointly we have a moral and ethical responsibility to do our best to help empower people in the rural areas. This will allow us to remain in our communities and on our land. We are still caught up in survival, and we need all of the tools available to make that survival possible.

FACTS at its present staffing level is one of the tools we need. As you look at the program, you must realize the program is no longer an entity in itself. The program has far reaching effects because of the extensive network that has evolved from and with it. It is a vital link in a network to keeping us alive and healing. Hampering the program or even scaling it down also effects the mediation and Kansas Legal Services. Mediation is a new and useful tool that is becoming known in its proper form. Losing Kansas Legal Services means we will revert to the legal problems prior to 1985. Farmers will not fit into the requirements of those services. Some could hire private attorneys, but few attorneys have a specialized agriculture-law background.

Sometimes, if the economical side and family needs could be addressed first, the legal and financial would be easier to handle. On the other hand there are times when dealing with financial and legal problems uncovers the need for economical and family needs.

It is impossible to take "a piece" of us, work with it and expect everything to be OK. We as rural people are unique and that in itself is good and something to take pride in. The pain, suffering, and questions of rural families that has been addressed through FACTS staff and the network cannot be determined or valued in numbers on a piece of paper.

Let me tell you what I hear from people who have survived and from those who are struggling, "WALK THE JOURNEY WITH US", we are not being asked for magical answers, nor to fix their problems, but to help create some order out of chaos by empowering them through options, referrals and just being there. Many times that journey is filled with hurt, frustrations, anger, denial, but still, hope. This journey is not with the farm families alone, because it ultimately effects everyone in the community.

The "RURAL" way of life is not just a career, it is a vocation, and we have taken on the job as stewards of the land, fully aware that the land belongs not to us alone.

ACTS is the only state program of its kind. It is a key link in an extensive network that walks that journey with families and communities. We are not only trying to keep farms viable, we are trying our up-most to keep families and communities together. I know first had how difficult it can be to dial that eight-hundred number, the first time and if you are in a crisis situation someone better be there to answer because you may not have the guts to do it again.

If you brake that link, or reorganize it, you will cut out the lungs of the network. The network would remain in place, but not near as effective because of the time lapse problem that would often times be too slow to meet the immediate family concerns. At this point, when we loose a link, it will hasten the death of our rural areas.

If it is only a budget issue, you have before you proof that the cost is small compared to the returns. If only the money matters, and families do not, then we will continue to move out of the rural areas into urban cities and take someone else's job, and more of us will be forced to join the ranks of those on state assistance, what will it cost the taxpayers then?

Of course there is another alternative, let corporate farming become the major producer in our state and allow them to freely abuse the land, invade communities and deplete the resources and then move on. That would be short term. But you my friends, you will still have us, the rural families to deal with and to be concerned with.

Please walk the journey with us, care enough to take the budget risk, if some members of the Board of Agriculture do not want the program, perhaps it is time to explore other options such as: placing it with Kansas Center for Rural Initiative, KCRI, or The University.

Maybe FACTS needs to be moved. I will guarantee you, under the present policies, our journey in the coming years will not be easy, and sometimes the answers will be gray. But the strength and hope can be real and healing is possible. We need all of the empowerment we can get as we struggle to keep ourselves and communities going.

What kind of rural Kansas do we want, what kind of rural Kansas do you as our senators want to have a hand in making possible? The economic growth must come from the country-side to the cities, loosing the vital link of FACTS could speed the out-migration of human resources and it could help create more of Americas' own refugees.

TO WHOM IT MAY CONCERN:

I am writing in regards to the Farm Facts and what they have done for my family and neighbors.

I have dealt with Linda Hessman, Forrest Buhler and Earl Wright on several different occasions; Linda has been in our home twice and has given a great deal of support in several different aspects.

There have been seven different neighbors completely sold out in the last two months within a ten mile radius of our home. It wasn't just total liquidation; it was the broken homes; the mental anguish: the loss of income and the loss of tax money that falls on "somebody" else to pay.

In 1989 we received approximately \$3.50 per bushel for our grain; in 1990, we received \$2.25 per bushel; a decrease of about 1/3rd while everything we had to buy increased at about 30 to 50%. It isn't any wonder they are finding new taxes and cutting people out of jobs and tax increases.

Can you imagine the money that would go into State and Federal Treasuries if the Farmers would get \$6.50 to \$7.00 per bushel for what they sell? Can you imagine the farms it would save and the jobs it would save and create? Can you imagine the homes it would save; the people it would keep out of jail and the crime that could be prevented?

Before I knew of Farm Facts; I contacted Senator Bob Dole, Senator Nancy Kassebaum and Representative Pat Roberts; of those aforementionted, Pat Roberts was the only one that offered any help at all until we contacted Linda Hessman and Farm Facts.

I feel they have been a great asset to the farmers in this State of Kansas; to their community and most of all to me and my family. I state that whatever the cost the State would continue to support these people.

In 28 Counties, Farm Facts have helped over 1000 families; not to just get finances in order but also to families together.

± sincerely feel there is a real and definite need for these people in the State of Kansas and also a real need in the future for these people in our State.

Sincerely yours,

ADA:jb

statement by Dale Fooshee KANSAS SENATE AGRIC COMMITTEE HEARING ROOM 423-S

10 a.m., March 21, 1991 Senator Jim Allen Chairman

Chairman Allen and other members of the committee, thank you for this opportunity. My name is Dale Fooshee. I am a farmer, the past chair of the Kansas Interfaith Rural Life Committee. This committee is represented by seventeen (17) different religious judicatories in the state of Kansas. We represent the cooperative ecumenical portion of the efforts of the religious community in the state of Kansas to try to deal pro-actively with both causes and effects of the economic and sociological transitions in rural Kansas and its affect on the whole of Kansas.

A significant part of our activities include working cooperatively with the FACTS program in dealing with distressed rural families in Kansas. The FACTS program is an important resource for us as we frequently refer rural families to the FACTS program for management, financial planning, legal guidance and in some cases emotional and mental health type of assistance.

If the FACTS program were not in existence we would need to try to generate such a program. The truth is, we do not have the resources to carry on such a program. Some folks are insisting the hardships in the rural areas of our state are over. I would like to cite three situations:

- A recent congressional budget office study indicates that we will lose 500,000 more farms during the 90s which is at least equivalent to the losses during the 80s.
- 2. 58% of the commercial farmers examined by the Kansas Farm Management Assoc. in 1990 "failed to generate sufficient net farm income (\$25,000) to cover long term family needs." This number is up from 37% in 1987. I am a member of this group and have seen the figures in the annual report.
- 3. A recent article in the March 19, 1991 Wichita Eagle: "Many of our middle aged people have struggled for years, regrouping, refinancing and trimming their farm operations and lifestyles to stay in business.

 They survived the farm crisis of the 80s but have been set back in recent years by low commodity prices, crop failures, drought and other weather disasters. This year with the implementation of the 1990 farm bill, they also face uncertain subsidy payments money that has become the difference between making a living and going broke for many farmers."

There is and will be much need for FACTS now and in the future. FACTS is one of our best community development tools. We need to keep it in tact!

Senate agriculture committee 3-21-91 attachment 4

Senator Jim Allen, Chair, Senate Agriculture March 21, 1991

Statement in support of HB 2077, extension for funding of the F.A.C.T.S. program.

Presented by John Stitz, Dir. Catholic Rural Life, Archdiocese of Kansas City, Kansas

I speak on behalf of the Catholic Rural Life office in the Archdiocese of Kansas City, Kansas and Archbishop Ignatius Strecker. We encourage the committee to vote for and work for full and continued funding of the F.A.C.T.S. program. Our reasons are as follows:

- 1. The F.A.C.T.S. program under the able direction of Dr. Stan Ward, has served Kansas rural people with exceptional sensitivity to the people undergoing stress. We have been impressed with the staff who work the F.A.C.T.S. program. They understand the farm problem and handle client requests with a remarkable professionalism. Rural clients of our faith are very grateful. We do not know the numbers as religion is not a criteria, but from reports from pastors, the numbers continue to be substantial.
- 2. Until farm prices improve, or costs of production decrease, we feel that the services of F.A.C.T.S. will continue to be needed. We do not have a lot of confidence in the 1990 farm bill of the Federal government. In fact, we have little reason to believe the farm situation will improve in the foreseeable future. Hence, this very effective program will help our families remain in rural areas. The stabilization of the rural population is a community value that deserves legislative support.
- 3. This program serves a moral and human objective which certainly falls within the scope of state law. Caring in a practical way for family farmers who need help deserves high priority. We cannot afford to lose our rural communities. We do not feel the gradual depopulation of rural areas is good for agriculture, the Kansas economy, our service institutions, or the well-being of Kansas citizens.

Thank you for allowing us to express our opinion.

Senate agriculture Committee 3-21-91 attachment 5



Kansas Association of Wheat Growers

P.O. Box 2349

Hutchinson, KS 67504-2349

(316) 662-2367

ONE STRONG VOICE FOR WHEAT

TESTIMONY

SENATE COMMITTEE ON AGRICULTURE Senator Jim Allen, Chairman House Bill 2077

Mr. Chairman and members of the committee, I am Howard Tice, Executive Director of the Kansas Association of Wheat Growers. On behalf of our members, I appreciate this opportunity to testify today in support of House Bill 2077.

When the FACTS program was first proposed, during the winter of 1984, the delegates to the KAWG state convention were given an explanation of the idea by members of the Governor's staff. Following that presentation, and a question and answer session, a resolution was presented, discussed and passed, to support the Due to the early date of our convention that season, the KAWG became the first major farm organization to official endorse the FACTS program.

We have continued to support the program, as it has served Kansas farmers. We have been given update reports at state conventions and distributed FACTS brochures at county fairs, farm shows and the Kansas State Fair.

The KAWG believes the FACTS program has provided an invaluable service to Kansas agriculture, apparently at a very low cost.

Agriculture continues to be a very stressful occupation. The constant pressure on the ag-economy never seems to let up, and the knowledge that business failure often means the loss of family land holdings and traditions that date back several generations, adds to that pressure. As a result of budget pressure in Washington, D.C., income protection is declining more and more every year. At the same time, foreign export subsidies which dwarf U.S. spending keep export sales low and market prices even lower. As long as this pattern persists, there remains a need for programs such as FACTS.

If there is duplication with other programs, we would certainly not object to its elimination. However, other than duplicative programs, if they exist, we are not aware of any excess that could be trimmed from the present budget.

People in other occupations have unemployment compensation and state assistance to find new jobs when they are put out of work. Social and Rehabilitation Service programs continue to grow each year. While I don't have cost figures to the state for either, I would suggest that the FACTS program costs much less than either program.

I have heard some people say that farm organizations should be wary of proposing a continuation of FACTS, due to the need to continue certain sales tax exemptions. In light of expensive social programs for other sectors, and the need for a strong rural economy, we believe the FACTS programs is still needed and well justified. If the FACTS program can help farmers stay in business, and help keep some strength in the rural economy, the modest cost is repaid in many Senate agreculture Committee 3-21-91 ways, and becomes a very positive investment.

We urge this committee to act favorably on HB 2077.

attachment 6

attential

TESTIMONY OF WILLIAM MADDEN KANSAS LEGAL SERVICES, INC. - HAYS OFFICE (913) 625-4514

SENATE AGRICULTURAL COMMITTEE HOUSE BILL 2077

Jim Allen, Chairperson Thursday, March 21, 1991

Mr. Chairman, members of the Committee, I appreciate the opportunity to appear before you today. I am here to speak in favor of House Bill 2077, extending the Sunset for the Farmers Assistance Counseling, Training and Services (FACTS) program from September 30, 1991 to September 30, 1996.

I am the managing attorney of Hays Legal Services. I have been working with farm clients referred by the FACTS office in Manhattan since the program began in 1985.

I have attached a map which shows the distribution of KLS/FACTS clients throughout the state. As you can see, we have represented farmers in all areas of the state.

I would like to give you a little more concrete idea of what we actually do than can be gained by all of those numbers.

- 1. The majority of brief advice inquiries are handled by Forrest Buhler, the staff attorney at the FACTS office. Those calls are not referred to KLS and are not included in our case numbers.
- 2. When a legal question requires specialized knowledge and research or the client needs ongoing representation the case is referred to KLS. Only cases referred by the FACTS office are accepted.
- 3. Fifty-nine percent (854) of the 1,454 cases that have been referred to us by FACTS have developed into ongoing representation cases. The primary work we do on behalf of FACTS clients includes:
 - a) negotiate with lending institutions,
 - b) representation in administrative hearings,
 - c) preparation for mediation,
 - d) foreclosure defense,
 - e) financial workouts and reorganizations.

Farm law involves a complex mix of federal and state statutes and regulations. The extensive federal statutes and regulations governing lending institutions are constantly changing, as evidenced by the 1990 Farm Bill.

Senate ogrialture Committee 3-21-91 attochment 7 Farmers are lost without the assistance of an attorney with the experience and expertise to deal with the federal law governing these agencies.

- 4. The remaining 41% of our cases have been advice, which usually takes only a few hours and doesn't involve ongoing representation.
- 5. Only about 15% of our cases involve clients who have been served more than one time. Although some of our cases take a substantial amount of time to complete, the vast majority (88%) have been completed and closed.

ECONOMIC IMPACT

The Kansas Legal Services Farm Advocacy Program has assisted over 500 Kansas farm families to remain in farming since the program began.

When legal assistance helps farmers retain their farms, the economies of local communities and the State benefit in a number of ways. According to the Kansas State Farm Management Association, farms the size that KLS typically represents spend an average of \$120,000 per year in operating expenses. The farmers that have been assisted in retaining their farms by KLS will spend about 60.7 million dollars on operating expenses alone during the next year.

Research at Kansas State University has shown that retention of medium sized farms, like those most often served by the KLS Farm Advocacy Program, enhances the viability of rural communities. Growth of large farms, often created by consolidation of failed medium sized farms, contributes to declines in local population and retail trade.

The key to economic development in rural Kansas is the retention and revitalization of existing businesses. Legal services to FACTS clients has demonstrated its value by helping to retain and restructure viable farm operations. Many other local businesses are dependent on the retention of those farms.

FEDERAL MATCHING REVENUE

The Farm Mediation Program created by the Agricultural Credit Act of 1987 that makes the federal match possible has been extended until September 30, 1996. If the FACTS program is not continued, the federal money will no longer be available in Kansas. The legal problems, however, that Kansas farmers have with lending institutions and other federal agencies will continue.

KANSAS LEGAL SERVICES, Inc, Farm Advocacy Program Service By County

July 1985 - January 1991

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			Gray	ford	18		19			13	38	7	12	24
itanton	Grant	 	11			Prott			.5			Wilson	Neosho	Crowlord
		Haskell		18	Kiowa	7	Kingman		.5		Elk	50	35	12
2	7	3	Meade	Clark	4	Barber	_ 13	Sumner	Cov	vley.	11			
Norton	Stevens	Seword			Comanche		Harper		1		Chautouqua	Montgome	Lopelle	Cherokee
7	7	2	1	6 5	5	4	12		20	37	3	6	12	18

KLS/FACTS LEGAL ASSISTANCE BUDGET HISTORY (Revised)

	FY 1986	FY 1987	FY 1988	FY 1989	FY 1990	FY 1991
State Funds	s \$220,000	\$193 , 000	\$130,000	\$112,602	\$118,738	\$100,000
Client Co-	Pay 1 0	0	0	7,602	1,549	?
Federal Matching	Funds ² 0	0	0	70,000	108,630	100,000
Total	\$220,000	\$193,000	\$130,000	\$190,204	\$228,917	\$200,000

¹ Client Co-Pay was begun in FY 1989

Federal funds were first available October 1, 1988

1.	Re	alized Gro	ss Farm I	ncome		Ì			
ĺ	Cash					Farm	Realized	Net	Total
	Receipts	Govern-	Non-	Other	[Pro-	Net	Change	Net
Year	from	ment	Money	Farm	Total <u>1</u> /	duction	Farm	in Farm	Farm
·	farm	pay-	Income	Income		Expenses	Income	Inven-	Income
i	Marketings	ments						tories	
				Mil	llion Dollan	:s			
i									
971	2,233.1	217.7	92.9	29.0	2,572.8	2,035.1	537.6	99.4	•
1972	2,994.4	246.4	102.0	29.3	3,372.1	2,421.2	950.9	5.0	955.
	4,165.5	150.4	117.9	36.0	4,469.8	3,110.2	1,359.7	162.2	1,521.
1974	3,964.1	22.5	149.1	37.1	4,172.8	2,823.9	1,349.0	-326.0	1,023.
1975	3,370.9	38.4	165.5	45.4	3,620.2	3,005.8	614.4	142.1	756.
1976	3,637.1	50.8	185.0	48.0	3,920.9	3,407.8	513.2	-27.3	485.
1977	3,853.4	236.7	218.5	49.1	4,357.7	3,704.0	653.6	-188.8	464.
1978		300.9	241.9	39.8	4,794.7	4,797.7	- 3.0	447.6	444.
1979		125.8	290.1	37.3	6,769.9	6,000.7	769.4	49.4	818.
1980	•	93.3	350.2	33.9	6,212.1	5,964.4	247.6	-382.0	-134.
1981		231.8	382.1	37.0	6,256.7	5,947.7	308.9	-64.7	244.
1982		280.3	401.0	308.3	6,845.6	5,972.6	872.9	-57.7	815
1983		606.9	365.0	302.8	6,682.7	6,111.5	571.1	-44.0	527
1984	•	•	191.5	250.4	7,066.0	6,323.0	742.9	-41.0	701
1985	•	•	172.8	369.9	6,906.6	5,727.7	1,178.9	29.4	1,208
1986	•	870.8	151.1	355.8	6,695.2	5,580.2	1,115.0	170.3	1,285
1987	•	966.3	157.8	405.2	•	5,701.5	1,890.5	-335.2	1,555
1988		848.0	160.1	392.4	•	6,154.8	1,565.4	-150.5	1,414
1989	6,324.3	588.4	155.1	611.7	7,679.5	6,533.1	1,146.5	-60.5	1,086

 $[\]underline{1}/$ Total may not add due to rounding. Source: Economic Research Service, USDA.

THE KANSAS RURAL CENTER, INC.

304 Pratt Street

Whiting, Kansas 66552

Phone: (913) 873-3431

March 20, 1991 In Support of HB No. 2077 FACTS Reauthorization

The Rural Center is a non profit corporation that does research, writing and advocacy work sustaining rural communities and farms. The Center was formed in 1979 out of a concern for the demise of family farms, the shrinking of rural towns, and the loss of political power and economic opportunity for people in rural areas. While we have seen better economic times in the 80's, we have not found assurance for the vitality of family farms and rural communities.

Legislation (HB 2077) is being debated in the Senate Agriculture Committee to extend the Farmers, Assistance, Counseling, and Training Service (FACTS) beyond it's September 1991 sunset. Continuance of the program, which provides legal aid and mediation referrals, is in need to insure direct assistance to farmers and farm families who often feel they have no place to turn.

According to the FACTS office in Manhattan, requests for assistance have been on the rise in recent months. There were approximately 2057 hotline calls during the last half of 1990. Of those calls, the overwhelming majority approximately 60% sought assistance for financial-legal problems. Further assistance of 24% was sought for employment retraining, 11% for family needs and 5% for additional services such as referrals, farm program information, legislative information requests, and community development requests.

The KSU Cooperative Extension Service reports a substantial minority of Kansas farmers remain under severe economic distress. Fifty-eight percent (58%) of the commercial farmers examined by the Kansas Farm Management Association in 1990 "failed to generate sufficient net farm income (\$25,000) to cover long term family living needs". (This number is up from 37% in 1987.) According to the Kansas Agricultural Statistics, the percentage of farms in a favorable financial position decreased from 57% to 52% in 1989. The percentage of farms classified as vulnerable to high debt and low income increased from 5% in 1988 to 11% in 1989. (No 1990 stats were available.) The state mediation program reports that eighty seven new mediation cases were opened in 1990 and more than twenty five new cases have been already been opened this year. Most of these requests involve the Farmers Home Administration. Organizations providing direct assistance to farmers continue to report a high level of requests for help.

Although statistics do not begin to tell the whole story of farm distress, they do indicate that a need for FACTS continues. Your support for the program is greatly needed and I urge you to pass HB2077 and reaffirm the FACTS program.

Thank you.

Victoria Studer Executive Director Senate agréculture committee 3-21-91 attachment 8

Statement of

Ivan W. Wyatt, President Kansas Farmers Union before

The Senate Committee On Agriculture

on FACTS March 1991

Mr. Chairman, Members of the Committee:

I am Ivan Wyatt. Fresident of the Kansas Farmers Union.

There are numerous people here to relate to the success of the FACTS program and the people charged with the responsibility to carry out the program. There is also people who will give you information on why there will continue to be a great need for the continuation of the program.

The services provided by the FACTS program and staff benefits not only those farm families facing financial difficulties and the related stress, but also every other person of the farm community and its related business community. When we lose a farm family it is just not another number or & percentage change. That loss means the entire structure of rural Kansas is a little less able to maintain its social structure of churches, schools and the community as a whole, and the burden of maintaining the rural infrastructure falls on fewer people, and fewer people.

We need take a honest look at the perilous times Kansas farm families will be facing in the coming months. I know we have many economists around who want to feed us economic pablum so bland and watered that months later their predictions can still be declared correct regardless of what happens, therefore I put more faith in those economic studies that have a high degree of accuracy in predictions based on hard and clear statements. Those economic studies are saying agricultural producers will suffer in the range of a net income decline of 21% to 25%.

A USDA study shows that 11% of the Kansas agricultural producers are in serious financial difficulties.

This doesn't mean that the remaining 89% of Kansas agriculture producers are in fine shape. It means others are in serious trouble to a lesser degree, and that a decrease of 21% to 25% in net income that 11% figure will grow.

There is a whole new segment of Kansas Agriculture tumbling toward financial disaster. I am hearing of dairymen losing \$3,000 to \$30,000 per month depending on the size of their operation. These figures are yet to play into the predictions relating to low commodity prices, and deciming asset values.

All this will once again reignite financial emergencies in the farming and ranching community.

These concerns are manifest today. It is totally inconceivable that a farm assistance program like FACTS could Jenate agriculture Committed 3-21-91 attachment 9

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be eliminated or scaled back at this time due to a few people's efforts to deny the reality that Kansas farmers are in financial difficulty and could face another round of financial devastation.

I know this sounds like a political question; it is. The continuation of the FACTS Program is a political issue. Just as is the claiming Kansas Agriculture is in a good financial position, when it isn't. Just as is the issue of pumping billions and billions of tax payer dollars into the FSLIC and FDIC to assure people who put their savings in these questionably managed lending institutions they will get their investments back.

In many cases those individuals placed their savings in those institutions because that was where they could draw the nighest rate of interest with no concern about the stability of the institution.

farm commodity prices, and we can now add lower milk prices.

In light of this situation, I find it difficult that we should even consider not continuing a program that does not quarantee the returns of farmers investment as with the savings and loans, but rather sets forth only to give assistance, counseling and training to those families caught in circumstance which in most cases was not brought about by selfish motives, but was caused instead by a stated government policy of devaluation of assets and greatly lower

Prices of most Kansas produced grains today are at the approximate levels of fifty years ago. The purchasing power of these commodities are as low or lower than the depths of the 30's. A bushel of wheat in the 30's would purchase approximately 5 gallons of gasoline. Foday a bushel of wheat will purchase only about 2 gallons of gasoline.

The FACTS Program has worked. It has an effectiveness rate of 97%. FACTS experienced a new client case load of 38% in 1990, greater increases will be experienced in 1991.

The FACTS mediation program is a conflict resolution program that benefits all parties involved. Most important it empowers individuals, families and communities to make informed decisions about their problem and most important their futures.

In brief, we recommend that the sunset date of the FACTS Program be extended, through September 30, 1996, and the FACTS funding be continued at least its present level.

Thank You

TESTIMONY

HOUSE BILL 2077

by

SECRETARY GARY HALL

KANSAS STATE BOARD OF AGRICULTURE

March 21, 1991

Senate agriculture Committee

3-21-91

attachment 10

TESTIMONY TO SENATE COMMITTEE ON AGRICULTURE MARCH 21, 1991

SENATOR ALLEN, MEMBERS OF THE COMMITTEE, LADIES AND GENTLEMEN.

I AM GARY HALL, KANSAS SECRETARY OF AGRICULTURE, HERE TO REPRESENT THE DIRECTION OF THE 12-PERSON BOARD OF AGRICULTURE IN THIS DISCUSSION OF THE FARMERS ASSISTANCE, COUNSELING AND TRAINING SERVICE.

IN A SPECIAL MEETING LAST MONTH, THE BOARD VOTED TO RECOMMEND TO THE KANSAS LEGISLATURE THAT THE FACTS PROGRAM BE EXTENDED BEYOND THE SEPTEMBER SUNSET. AT THAT TIME, HOWEVER, THE BOARD ALSO AGREED THAT FUNDING FOR THE PROGRAM COULD BE REDUCED.

THE BOARD OF AGRICULTURE HAS COOPERATED WITH THE KANSAS STATE UNIVERSITY EXTENSION SERVICE IN ADMINISTERING THE FACTS PROGRAM SINCE ITS INCEPTION AT THE HEIGHT OF THE FARM CRISIS IN 1985. WE ARE PROUD OF THE SERVICES FACTS HAS PROVIDED TO RURAL KANSANS AND BELIEVE IT HAS SERVED THE STATE WELL.

WE ALSO BELIEVE, HOWEVER, THAT CONDITIONS IN THE RURAL COMMUNITY HAVE IMPROVED GREATLY SINCE THOSE DAYS OF THE FARM CRISIS. WE BELIEVE THE LOWER NUMBERS OF NEW CLIENTS REQUESTING SERVICES FROM FACTS REFLECT THOSE IMPROVED CONDITIONS.

ALTHOUGH TODAY SOME RURAL KANSANS STILL NEED AND SHOULD HAVE ACCESS TO THE FINANCIAL, LEGAL, COUNSELING AND REFERRAL SERVICES WHICH FACTS CAN OFFER THEM, THEIR NUMBERS ARE FEWER AND NEED FOR SUPPORT IS LESS URGENT AND INTENSE THAT IT WAS DURING THOSE DARK DAYS OF THE MID-1980'S FARM CRISIS.

WITH CONDITIONS IMPROVED FOR MOST RURAL KANSANS--FOR WHICH WE ARE THANKFUL--AND WITH OUR RECOGNITION OF THE MANY PRESSURES OF THE STATE'S BUDGET, THE KANSAS STATE BOARD OF AGRICULTURE RECOMMENDS THAT THE PROGRAM BE EXTENDED BEYOND THE SEPTEMBER SUNSET. IT ALSO RECOMMENDS, HOWEVER, THAT THE PROGRAM BE EXAMINED FOR AREAS IN WHICH FUNDING CAN BE REDUCED FROM HISTORICAL LEVELS.

THANK YOU.

KANSAS STATE BOARD OF AGRICULTURE FACTS PROGRAM — BUDGET HISTORY

STATUS	FISCAL YEAR	STATE GENERAL FUND	AGENCY FEES ''CO-PAY'	TOTAL A IN APPROXIMENT WITH	FEDERAL FUNDS		TOTAL BUDGET	FIES
ACTUAL	1986	428, 477	0	(a)	20,000		448, 477	5
ACTUAL	1987	435, 751	0	(b)	55,000	=	490, 751	5
ACTUAL	1988	367, 270	0		0	=	367, 270	5
ACTUAL	1989	405, 489	7,602	(C)	197,071	=	610, 162	7
ACTUAL	1990	432, 432	1, 549		461, 183	=	895, 164	7
GOVERNOR'S RECOMMENDATION	1991	416,582	5, 000		419, 140	==	840,722	7
AGENCY REQUEST (FULL YEAR)	1992	447, 284	5, 000		452, 284	=	904, 568	7
GOV'S RECOMM. (3 MONTHS)	1992	164, 146	500		% 167, 080	=	331, 726	7

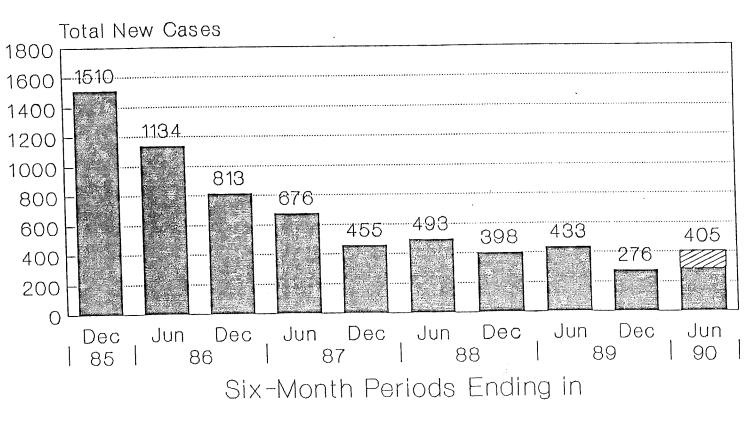
⁽a) FEDERAL FUNDS FOR COMMUNICATIONS ONLY

Note — Federal Mediation funds match differs slightly with State funding due to difference in State/Federal Fiscal Years.

⁽b) RURAL EMPLOYMENT ASSISTANCE PROGRAM

⁽c) BEGINNING OF FEDERAL MEDIATION PROGRAM

NEW CASES (Six - Month Totals)



New Farm Cases New Ag Bus. Cases

CLIENTS BY MONTH (1985 - 1989)

	1985	1986	1987	1988 🗸	1989	
January		266	136	94	78	
February		220	145	93	56	
March		199	129	93	91	
April		160	122	90	70	
May		154	68	63	94	
June		135	76	60	44	
July	426	217	83	64	58	
August	239	50	81	48	51	
September	191	174	61	53	36	
October	237	108	85	25	35	
November	192	119	65	69	58	
December	225	145	80	139	37	
TOTALS	1,510	1,947	1,131	891	687	6,166

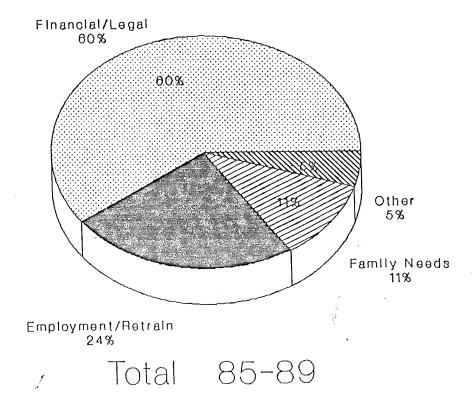
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CLIENTS BY MONTH (1990)

	Farm Clients	AG Business Clients	Indirect Farm Clients	Monthly Totals
January	47	39	36	122
February	66	15	44	125
March	70	24	24	118
April	52	13	26	91
May	22	. 18	. 26	66,
June	30	9	27	66
July	52	11	25	88
Augus t	47	_ 5	9	61
September	31	2	8	41
TOTALS	417	136	∮ 225	778

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Reason for first call to FACTS

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WRITTEN TESTIMONY

for the

SENATE AGRICULTURE COMMITTEE

March 1991

by

Stan Ward, Director Farmers' Assistance, Counseling and Training Service

> Senate agreculture Committee 3-21-91 attachment 11

Mr. Chairman, ladies and gentlemen of the committee, I appreciate the opportunity to provide you some information about the Farmers' Assistance, Counseling and Training Service (FACTS). But first, I need for you to know this information represents only my own personal opinion. I do not speak for the Board of Agriculture, the agency or anyone other than myself.

However from my perspective as Director of FACTS for the past five years, it is my belief Kansas has received more benefit from FACTS for fewer dollars than any other assistance program - farm or otherwise. But that speaks of the past and as you go into this hearing, I would wish you would consider three questions concerning the future.

I. Is there a present and continuing need for assistance for Kansas farm families affected by financial distress?

The FACTS program was legislatively initiated in 1985, and extended twice because you saw a need. You as legislators should seek your own answer to this question from your neighbors; your communities; from those who will testify at this hearing; and from your own personal knowledge of economic conditions affecting agriculture and farm families.

But I would like for you to consider two factors currently facing Kansas.

* In a March 7, 1991 memo, Mel Brose (Kansas Dairy Commissioner) estimated that recent dairy price support cuts have reduced the income of the average Kansas dairy farm by more than \$4,300 per month.

There are approximately 1,300 dairy farms in this state and they each are experiencing a 20 - 25% loss in gross income, a loss that is expected to continue for the foreseeable future. The net result is that the Kansas Diary industry is likely to be devastated during the next two to three years.

* National farm finance projections seem to indicate that farmers could lose as much as 20% of their gross income this year and even more over the next four years, with the worst impact in areas like western Kansas.

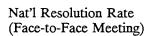
The 1990 Farm Bill allows a farmer to "diversify" 15% of their current crop base. That sounds good, but in western Kansas farmers have only two reasonable alternative crops - canola and sunflowers. There are three problems with this. First, farmers can't find seed. There isn't enough canola or sunflower seed available to plant 15% of Kansas wheat land. Second, few farmers have experience with growing either of these crops. Third, even if a farmer can find seed and successfully raise a crop, the market is terribly depressed. They probably won't be able to sell for enough to even pay expenses.

II. Has FACTS provided effective assistance to Kansas farm families?

The people most qualified to answer this question are those who have received assistance from FACTS. Those individuals and families who have used FACTS services are in a far better position than I to judge the effectiveness of FACTS assistance and how it may have made a difference in their lives and in their communities. I would hope you would seek them out and listen closely to them.

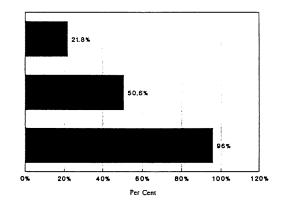
However, we at FACTS do have two measures of our effectiveness that I would like to share with you. First, our mediation program is by far the most successful in the nation. As measured by Farmer's Home Administration, FACTS' mediation program is more than twice as successful as the national average. And when all measures are taken into account, FACTS has a 96% resolution rate.

MEDIATION EFFECTIVENESS CHART



Kansas Resolution Rate (Face-to-Face Meeting)

Total Kansas Resolution Rate



Second, the clients who use our legal assistance program have told us repeatedly they feel the service they receive is remarkably effective:

LEGAL SERVICE EFFECTIVENESS CHART

	Cumulative Results	1989 Results
 Original problem received satisfactory action by KLS farm staff. 	80%	89%
 Valuable additional legal advice or representation was provided. 	76%	87%
3. Satisfied with overall service rendered by KLS farm staff.	83%	89%
4. Would recommend FACTS legal services to other farmers.	88%	92%
5. Program should continue.	91%	96%

NOTE: Ninety-six percent (96%) of the clients surveyed believe that the "farm crisis" is not over.

III. Do Kansas farm families still seek the services provided by FACTS?

Let me respond with three brief comments on current and active case load.

- New client contacts increased approximately 38% in 1990 over 1989 and already we are experiencing similar increases in 1991.
- * Client calls usually represent a family or even extended families, rather than one individual.
- * FACTS active case load (both previous clients and new clients) is at least double that represented by new clients alone.

It is my personal opinion there will continue to be many, many Kansas farmers who move into negative cash flow situations and will continue to experience farm failure and transfer out of agriculture over the next five years. I even think this number could exceed that of the past five years - the so-called "farm crisis" years.

I know this is a tight budget year, but the total FACTS budget is less than one tenth of one percent of the SRS budget. And in spite of all the money being spent in SRS and other agency assistance programs, FACTS is the ONLY place farm families can turn to in times of need. That's no exaggeration, from our experience over the years we have found that because farm families have assets (even though their debts may exceed their assets) they can almost never qualify for any other assistance - not SRS, not Worker's Comp, not medical assistance, not unemployment, nothing else. Only FACTS. It's not just the last resort for farm families, it's the only option.

I would like to suggest that if you care about farm families, you care about FACTS. But maybe the broader issue is that if you care about rural communities, you care about FACTS. Please remember Kansas economic development starts on the family farm and the first principle of economic development is to retain what you already have.

In closing I would like to briefly discuss two final issues. First, I have heard it mentioned that FACTS staff should be cut by 50%. In reply I would state that a cut that size would destroy the program's integrity. Literally, we wouldn't even be able to answer our phones much less provide the range and quality of service that has proved so valuable to the Kansas agricultural community. It would be better to just close the program down and let farmers fend for themselves rather than a pretense of a program. Further, it is my personal opinion such a cut is unwarranted in view of the substantial increases new client calls the program is currently experiencing.

Second, FACTS federal funding match has contributed \$658,254 in additional benefits to the State of Kansas through FY90. An additional \$419,223 in benefits is authorized for FY91. If FACTS is closed down, Kansas not only loses FACTS, but also the mediation program and the matching federal dollars that program brings into Kansas.

Thank you for your time and consideration.