

MINUTES OF THE Senate COMMITTEE ON Agriculture

The meeting was called to order by Senator Allen at  
Chairperson

8:00 a.m. on March 7, 1985 in room 423-S of the Capitol.

All members were present except: Senator Doyen (excused)  
Senator Gordon (excused)

Committee staff present: Raney Gilliland, Research Department  
Jim Wilson, Revisor of Statutes Department

Conferees appearing before the committee:

Senator Allen called the committee to order at 8:05 a.m. to continue committee action on SB 172.

Senator Allen presented drafts of amendments to SB 172. The amendments put the programs of SB 172 under the Extension Service of Kansas State because the Extension Service is located in every one of the 105 counties; Extension service is trusted by most farmers; Extension personnel are knowledgeable about the problems; Extension Service would be more cost effective; Extension Service is in place and would be operating these proposals by April 1. There is nothing in the amendment about a hot line. (see attachment A).

Discussion followed concerning the number of persons needed to administer the programs suggested in SB 172. Also questions about whether Kansas Legal Services or the Kansas Bar Association could offer the best assistance followed. This amendment would have the effective date to be after publication in the Kansas Register and would sunset June 30, 1987. Costs of a toll free hot line were discussed.

Senator Karr made a conceptional motion to amend the bill to add the services of a toll free hot line to Allen's proposal if one can be provided for a low cost of \$15,000 or less. Senator Gannon seconded the motion. Motion carried.

Senator Kerr made a conceptional motion to accept framework of Allen's proposal as an amendment to SB 172. Senator Montgomery seconded the motion. Senator Norvell made a substitute motion to include the \$135,000 to go to Kansas Legal Services Corporation to provide legal assistance to farmers. Senator Karr seconded the motion. Motion was defeated. Senator Allen called for a vote on Senator Kerr's motion. Motion carried.

Senator Allen declared the committee adjourned at 9:00 a.m.

GUEST LIST

COMMITTEE: SENATE AGRICULTURE

DATE: March 7, 1985

8:00 A.M.

NAME (PLEASE PRINT)	ADDRESS	COMPANY/ORGANIZATION
<del>John House</del>		<del>HDS</del>
John House	TOPEKA	
S. R. R. R.	Topeka	KCSGID
Harry R. Ruti	Topeka	Kansas Legal Services
Roger L. McCollister	Topeka	Kansas Legal Services
Steve Montgomery	"	"
MIKE BEAM	"	Ks LUSTK Assn.
RICH MCKEE	"	" " "
HARLAND PRIDDLE	topeka	Ks Bd of Ag.
Bill R Fuller	Manhattan	KFB
JEM MARR	TOPEKA	Ks BANKERS Assoc.
John K. Blythe	Manhattan	Ks. Farm Bureau
M. C. Umholtz	Topeka	KCUL
HOWARD W. TICE	HUTCHINSON	KAWG
MARSHA HUTCHINSON	HUTCHINSON	K7DA
LARRY D. WOODSON	TOPEKA	KBOA
Archie Hurst	"	"
Ben Gorda	Shawnee	Gorda Dairy
C. R. Gilman	K.C. Mo	Mid. American Dairyman
Rebecca Cinsbaw	Topeka	Comm. of Farm Orgs

SENATE BILL NO. \_\_\_\_\_

By Committee on Agriculture

AN ACT establishing a farm assistance, counseling and training program.

Be it enacted by the Legislature of the State of Kansas:

Section 1. Inasmuch as the economy of this state is based, to a large extent, on agriculture and inasmuch as the survival of the individual farmers, ranchers and agribusinessmen in this state is placed in jeopardy as a result of low commodity prices, high interest rates, the declining value of land used for agricultural purposes, the federal budget deficit, the forces of nature and the increasing rate of farm foreclosures, it is therefor declared that the purpose of this act shall be to establish a program to directly assist farmers, ranchers and agribusinessmen in avoiding and alleviating the problems and distress resulting from or associated with the adverse conditions and forces with which they are presently faced.

Job Sec. 2. (a) The director of extension of Kansas state university <sup>with Coop Soc</sup> shall coordinate a farm assistance, counseling and training referral program. For the purposes of providing such assistance and program, the director <sup>of the sec</sup> shall utilize the services of state agencies, county extension personnel, municipal and community services organizations and personnel and private business and professional agencies or services available for such purpose. The director shall compile a directory of programs and services which may be utilized in providing the assistance contemplated by this act. The staff of the director and county extension personnel shall be utilized in: (1) Receiving requests for assistance; (2) determining the eligibility of persons requesting assistance; and (3) determining if such assistance can best be provided by staff or by referral to an appropriate public

attachment A  
3/7/85

or private agency or party for direct assistance. Personnel receiving requests for assistance will provide where possible such assistance or refer the person requesting such assistance to an agency or person qualified to provide such assistance in the home community or county of the person requesting such assistance.

(b) Persons shall be eligible to receive assistance pursuant to this act if they: (1) Are primarily engaged in the business of farming, ranching, agribusiness or other agriculture-related activities; and (2) will be unable to continue in such business or activity or be seriously handicapped in such continued operation without the assistance provided pursuant to this act.

(c) The assistance to be made available to eligible persons by staff or by referral to appropriate persons or agencies shall include farm management, legal assistance, financial planning, employment services, business planning and other support counseling.

(f) The provisions of this act shall expire on June 30, 1987.

Sec. 3. This act shall take effect and be in force from and after its publication in the Kansas register.



Further explanation of this assistance follows:

**Financial Management Workshops and One-on-one Counseling:** Two additional farm management specialists will significantly increase the availability of small-group financial planning workshops and one-on-one counseling to farm and ranch families. Workshops conducted by farm management specialists provide farmers and ranchers the opportunity to analyze their farm operations, evaluate alternative strategies, and make decisions that will help provide a positive cash-flow situation under current conditions. Even those farmers that cannot survive benefit from this analysis. It will enable them to plan for an orderly divestiture of assets if that is their best alternative. Often one analysis will not be sufficient to adequately assist many individuals. Follow-up analyses and counseling must be provided for several years. Competent management specialists, the availability of microcomputers, and the FINPACK software developed in Minnesota and adapted to Kansas are essential components in this program.

After a farmer has selected his most profitable alternative, production specialists will work with him individually to reduce production costs and maximize profit. The agronomist requested in this package is needed to fill a significant void on our Extension staff.

**Lender Training:** Although the counseling program detailed in the previous section will provide immediate financial planning assistance to farmers and ranchers, much of this effort will be wasted if agricultural lenders are not trained to interpret the output of the analysis. At present, training in this area has been provided by Extension to field personnel of the Farmers Home Administration. Extension proposes to make this training available to agricultural loan officers in banks, Production Credit Associations, Federal Land Banks, and other financial institutions involved in agricultural loans.

**Workshops on Legal Alternatives:** Another important part of the educational program involves a series of workshops on legal alternatives available to farmers and lenders. An attorney is requested to develop this educational program. The program will encourage lenders to work more closely with farmers to avoid financial catastrophe, and mitigate the adversarial relationship developing between banks and distressed farmers.

**Referral Database:** The Referral Coordinator will compile information on available legal, social, and financial services for distribution to County Offices. County Agents will use this information to refer farmers and ranchers to the institutions and agencies providing these services. Available legal assistance, county by county, will be identified in cooperation with the Kansas Bar Association.

**Referral Services:** Extension will schedule financial counseling using its existing information network, the County Extension Offices. Agents in each County will schedule financial management workshops or refer farmers to Area Extension Offices for assistance. A list of specialized legal assistance and available social services will be provided in each County Office.

**Note:** The estimated cost of a hotline for 12 months is \$59,040. This includes \$19,040 salary and fringe benefits for an operator and \$40,000 for telephone charges (base and line charges for an 800 number).

**PROGRAM ENHANCEMENT REQUEST  
COOPERATIVE EXTENSION SERVICE  
FISCAL YEAR 1985-86**

**Title:** Restoring Farm Profitability

**Request:**

Assistant Professor ( Farm Management ) 2.0	\$70,000
Assistant Professor( Referral Services Coordinator ) 1.0	\$33,000
Assistant Professor( Ag Economy ) 1.0	\$33,000
Assistant ( Attorney ) 1.0	\$30,000
Extension Assistant 2.0	\$30,000
Secretary 1.0	\$11,300
Fringe Benefits	\$39,387
Operating	<u>\$48,313</u>
TOTAL=	\$295,000

**THE PROBLEM:**

The economic situation in Kansas agriculture has been deteriorating since the beginning of this decade. Declining net farm income and agricultural asset deflation has caused severe cash-flow and debt-management difficulty for heavily leveraged farmers and ranchers. Many farm families are financially stressed by high interest rates, heavy debt, weather-reduced crop yields, reduced exports, and level or declining commodity prices. The agricultural outlook for the next several years promises little or no improvement in these conditions.

**ACTIVITIES AND BENEFITS:**

Because of the current financial situation, the Cooperative Extension Service needs to expand its capability to provide immediate assistance to financially distressed farmers. This assistance should include:

1. intensive small-group workshops and one-on-one counseling to develop, analyze and interpret a financial strategy specific to the farm or ranch situation,
2. training for agricultural loan officers on the interpretation of the output of financial management software,
3. workshops on legal alternatives for farmers, ranchers, and lending agency personnel,
4. development and dissemination of a data base on financial, legal, and job counseling available to financially distressed farm families from other organizations and agencies, and
5. referral services through County Extension Offices for legal and social services.



**FISCAL NOTE  
COOPERATIVE EXTENSION SERVICE  
FISCAL YEAR 1985**

**Title:** Implementation of hotline and referral services

**Request:**

Assistant Professor ( Referral Services Coordinator ) 1.0	\$ 8,000
Assistant Professor ( Attorney ) 0.5	\$ 3,750
Secretary 1.0	\$ 2,675
Extension Assistant 1.0	\$ 3,750
Fringe Benefits	\$ 3,454
Operating	\$ 7,000
<b>TOTAL=</b>	<b>\$43,388</b>

*45,000 micro computer*

**THE PROBLEM:**

The economic situation in Kansas agriculture has been deteriorating since the beginning of this decade. Declining net farm income and agricultural asset deflation has caused severe cash-flow and debt-management difficulty for heavily leveraged farmers and ranchers. Many farm families are financially stressed by high interest rates, heavy debt, weather-reduced crop yields, reduced exports, and level or declining commodity prices. The agricultural outlook for the next several years promises little or no improvement in these conditions.

**ACTIVITIES AND BENEFITS:**

Because of the current financial situation, the Cooperative Extension Service needs to expand its capability to provide immediate assistance to financially distressed farmers. This package will be used to start developing referral service information for distribution to County Offices for use with farm and ranch families. This package will be implemented on April 15, 1985. Further explanation of this assistance follows:

**Referral Database:** The Referral Coordinator will compile information on available legal, social, and financial services for distribution to County Offices. County Agents will use this information to refer farmers and ranchers to the institutions and agencies providing these services. Available legal assistance, county by county, will be identified in cooperation with the Kansas Bar Association.

**Referral Services:** Extension will schedule financial counseling using its existing information network, the County Extension Offices. Agents in each County will schedule financial management workshops using microcomputers and financial planning software (FINPACK) or refer farmers to Area Extension Offices for one-on-one assistance. A list of specialized legal assistance and available social services will be available in each County Office.

**Note:** The estimated cost of a hotline for 3 months is \$14,000. This includes \$4,760 salary and fringe benefits for an operator and \$10,000 for base and line charges.