

Approved March 16, 1989
Date

MINUTES OF THE Senate COMMITTEE ON Agriculture

The meeting was called to order by Senator Allen at
Chairperson

10:06 a.m. ~~XXX~~ on March 15, 1989 in room 423-S of the Capitol.

All members were present except: Senator Francisco (excused)

Committee staff present: Raney Gilliland, Legislative Research Department
Lynne Holt, Legislative Research Department
Jill Wolters, Revisor of Statutes Department

Conferees appearing before the committee: Sam Brownback, Secretary, State Board of Agriculture
Stan Ward, Director, FACTS Program
Roger McCollister, Kansas Legal Services
Minnie Finger, Interfaith Rural Life Committee
Don Shorman, farmer, Wakefield, Kansas
Larry Nichols, farmer, Alton, Kansas
Alma Dibble, Director, Help the Farmer, Inc.,
Osborne County
Jack Jackson, farmer, Fort Scott, Kansas
Ivan Wyatt, Kansas Farmers Union
Jerry Jost, Kansas Rural Center
Lynda Niehues, Help the Farmer, Wetmore, Kansas

Senator Allen called the committee to order and attention to SB 337; he then called on Sam Brownback and the following to testify as proponents.

Mr. Brownback gave copies of his testimony to the committee (attachment 1). Mr. Brownback explained that in the sixth line from the bottom of page one of his testimony that instead of 'FACTS type program' that the sentence should read, "States which do not have a federally certified Mediation Program are not eligible for such funds". Mr. Brownback expressed support for the extension of the FACTS Program. Mr. Brownback requested the committee take no action on SB 337 until further information is obtained concerning requirements for matching federal funds for mediation because federal funding is on a yearly basis of October to October and state funding is July to July.

Stan Ward provided the committee with copies of his testimony in support of SB 337 (attachment 2).

Roger McCollister gave the committee copies of his testimony (attachment 3).

Minnie Finger gave the committee copies (attachment 4) of written comments in support of SB 337 by several that have benefited from the FACTS Program. Ms. Finger encouraged the extension of the FACTS program because there still is a crisis in agriculture.

Larry Nichols expressed support for SB 337; he stated that he would not be on his farm today if he had not received help from the FACTS Program and the legal services part of the program also. Mr. Nichols stated that the services available through the FACTS program had helped farmers in trouble face their problems and helped them deal with the problems. Mr. Nichols expressed the need for the FACTS Program for farmers in the future who get in a stressful situation and need help with financial planning and with the emotional problems that occur.

Alma Dibble explained that she worked with a nonprofit organization that helped farmers in trouble and that her office makes referrals to the FACTS program. Ms. Dibble stated there is still a need that her office

CONTINUATION SHEET

MINUTES OF THE Senate COMMITTEE ON Agriculture,
room 423-S, Statehouse, at 10:06 a.m.~~p.m.~~ on March 15, 1989

had received as many calls in the last month for help as they had received in all of the previous six months before that. Ms. Dibble stressed that the committee should approve the continued funding for the FACTS program.

Jack Jackson recalled to the committee that in December of 1986 that he had no money, no farm according to his bank, no self esteem but through help from the FACTS Program he had regained his self esteem and that shortly he would have part of his farm back and that he was still living on his farm because of the FACTS Program.

Ivan Wyatt gave the committee copies of his testimony in support of SB 337 (attachment 5).

Jerry Jost gave the committee copies of his testimony (attachment 6) requesting the committee recommend SB 337 for passage.

Lynda Niehues stated that she worked with Help the Farmers at Wetmore, Kansas, and that she wanted to thank all that had helped carry out the FACTS Program because the program had provided information and help and dollars in her community for farmers in need and that, also, the services had been and were appreciated.

Larry Nichols expressed the request again for the continuation of the FACTS Program because he feels even if less people are now needing the services of the FACTS Program that they are just as deserving of the services as those that have already been helped.

The Chairman declared the hearing for SB 337 closed and turned committee attention to a Resolution concerning Agriculture Day (attachment 7).

Senator Montgomery made a motion the committee request the introduction of the resolution proclaiming March 20 as Agriculture Day. Motion seconded by Senator Daniels. Motion carried.

The Chairman called on Senator Montgomery to explain the purpose of the proposed resolution concerning anhydrous ammonia.

Senator Montgomery explained that the resolution (attachment 8) requests the federal government not change the classification of anhydrous ammonia from "nonflammable" to "poisonous" so that farmers will be able to continue to use anhydrous ammonia.

Senator Doyen made a motion the committee request the introduction of the resolution concerning anhydrous ammonia; seconded by Senator Sallee; motion carried.

The Chairman called for committee action on committee minutes.

Senator Daniels made a motion the committee minutes of March 14 be approved; seconded by Senator Karr; motion carried.

Senator Allen adjourned the committee at 10:49 a.m.

GUEST LIST

COMMITTEE: Senate Agriculture

DATE: March 15, 1989

NAME	ADDRESS	ORGANIZATION
Merrilee Finger	Topeka 66607	Interfaith Rural Life Committee
Kathy Jeter	Topeka	KS Bankers Assn
Chuck Stone	"	"
KAREN GNEPKOW	Topeka	DHR
Donald Shorman	Rt 1, Wakefield, Ks	farmer
Jerry Jost	Box 71 Whiting 66553	Ks Rural Center
Roger McCallister	Topeka	Ks Legal Services Div.
S L Paul Jackson	Ft. Scott Ks	farmer
Wayne A White	Topeka	Ks Legal Services
Mike Bohnhoff	Topeka	Div of Budget
Ivan W. Wyatt	Mt. Pleasant	Ks Farmers Union
Sam Rubinow	Topeka	KS BOA
STAN WARD	MANHATTAN	KS BE OF AC
Jack [unclear]	Lewis	KS BAR
Parry Nichols	Alton	FARMER
Elma Dibble	Osborne	Help The Farmer
Pan [unclear]	Alton	FARMER
Laurie Hartmann	Topeka	Ks Bar Assoc.
Alan Steppat	Topeka	Peter McMillan Associates

TESTIMONY

to the

SENATE COMMITTEE ON AGRICULTURE

SENATE BILL 337

by

Secretary Sam Brownback
Kansas State Board of Agriculture

15 March 1989

Mr. Chairman and members of the Committee, thank you for allowing me to testify on Senate Bill 337 regarding the extension of the FACTS Program for a five (5) year time period.

The FACTS Program, Farmers Assistance Counseling and Training Service, has provided and continues to provide a tremendous service to farmers throughout the State of Kansas. Dr. Stan Ward, that heads that division of the State Board of Agriculture, which is located at Kansas State University, and is a cooperative project with KSU, will give you specific facts and figures on the service that this program has provided since its inception in 1985. The State Board of Agriculture is proud to be a part of this program which has assisted so many during the difficult times for Kansas agriculture.

The FACTS Program continues to assist numerous farmers across Kansas today. The program is receiving 5 to 7 new callers per day and 10 to 12 repeat callers each day. Add to this, the Mediation Program which has recently been added due to a federal grant of over \$431,000, and you can see that the program is operating at full capacity providing needed services. The Mediation Program, you will recall last legislative session, allows the FACTS Program to provide mediation services. We were able to successfully get matching mediation funds from the federal government. The match was provided by the FACTS budget. Federal monies for mediation are only available to states who qualify by maintaining a federally certified Farmers Assistance Program. States which do not have a FACTS type program are not eligible for such funds. Thus, without a FACTS Program, Kansas would not be eligible for the approximately \$431,000 per year in federal mediation funds. The total FACTS budget was matched by the federal government and we received one of the largest mediation grants in the country. That program is up and running, providing an alternative format to foreclosure and bankruptcy in certain financial distress situations.

Senate Agriculture

3-15-89

attachment 1

Concerning Senate Bill 337, the State Board of Agriculture feels that the items raised by this Senate Bill are one (1) year premature. The FACTS Program is scheduled to sunset July 1, 1990. During the upcoming year, a number of things could occur in agriculture which could better guide us on the future of this program. For instance, we are obviously facing dry weather across the state of Kansas. Should the year continue to be a dry one, we could have many additional farmers in financial distress. However, we have also depleted the oversupply of grain in the world, if we get timely moisture, we could produce good fall crops and have another good income year. What about mediation services? We have really just gotten into that in a major way, what will be the results of this program come next legislative session?

Mr. Chairman, the State Board of Agriculture believes that there are too many unknowns at the present time to extend the FACTS Program an additional five (5) years presently. It is our belief that the decision on the future of the FACTS Program should be made during the 1990 Legislative Session.

Now having said that, if it is the desire of the committee and the legislature to extend the program during the 1989 legislative session, it would be the State Board of Agriculture's suggestion that the program be extended two (2) years rather than the five (5) years as put forward in the bill. This again would allow for review of the program under then present economic conditions.

Mr. Chairman, thank you for your time, if I may, I would now like to turn the podium over to Dr. Stan Ward, the Director of the FACTS Program, for information on the services the program has provided and then we would certainly both be happy to respond to any questions.

TESTIMONY
FOR
SENATE BILL 337

by

Stan Ward, Director

Farmer's Assistance, Counseling and Training Service

15 March 1989

*Senate Agriculture
3-15-89
attachment 2*

The Farmer's Assistance, Counseling and Training Service was established by the 1985 Kansas Legislature (Kansas Statutes Annotated 74-541 et. seq.) to perform three primary functions:

1. to help individual Kansas farmers, ranchers and agri-business persons work their way through the complex situations threatening the existence of their farm and business operations by providing appropriate and timely counseling and assistance.

2. to help families cope with the stresses resulting from living in such situations, again by providing appropriate and timely counseling and assistance.

3. to help individuals make a successful transition to off-farm jobs when that will help save the family farm, ranch or business or when a new means of livelihood is needed.

FACTS is administered by the Kansas State Board of Agriculture and is housed at Kansas State University so closer cooperation with Extension personnel can be maintained and so the program can have access to university and Extension support facilities.

The FACTS program is now in its fourth year and has demonstrated itself to be one of the most successful programs of its kind in the nation. In fact, during this time FACTS has had visitors from Australia, Belgium, Canada, Holland and Germany whose intent was to develop programs in their home country modeled after FACTS.

One significant reason for FACTS success has been the range of services it has been able to provide farm families. Currently, the FACTS program provides services in the following areas:

1. toll-free hotline
2. farm credit counseling
3. farmer/creditor mediation
4. legal assistance
5. crisis intervention
6. family counseling
7. family basic needs
8. employment/retraining assistance
9. training for helping professionals in other agencies
10. financial/legal workshops for farmers, ranchers and the ag finance community

This diversity of services allows FACTS to counsel and coordinate family assistance in a way that is unprecedented in the state (or nation) and, accordingly, provides those in need with a holistic approach to problem solving rather than a piecemeal approach.

It should be noted that FACTS is the only state program where farm families can consistently receive these services. Most other state agencies either do not offer such services or exclude farm families from the services they do provide. As a result, FACTS has come to serve as a focal point for farm families needing assistance.

Perhaps the most obvious indication of utilization of the FACTS program is the continuing level of requests for assistance received from individuals and families since the program began in 1985.

Months	New Calls	Months	New Calls
Jul - Sep 1985	855	Apr - Jun 1987	266
Oct - Dec 1985	654	Jul - Sep 1987	227
Jan - Mar 1986	687	Oct - Dec 1987	226
Apr - Jun 1986	447	Jan - Mar 1988	272
Jul - Sep 1986	442	Apr - Jun 1988	231
Oct - Dec 1986	374	Jul - Sep 1988	177
Jan - Mar 1987	407	Oct - Dec 1988	244

When interpreting the level of calls, however, several things must be noted that these numbers represent only the first call from each individual or family. In actual day to day operation, the FACTS program normally receives at least twice as many calls from previous clients as from new clients.

In the first year of the program all calls were from first time callers and there was no backlog of old clients. But as the program has matured, previous clients needing additional or continuing assistance make up approximately two thirds of the program's present work load. The net result is that even though the number of calls from new clients has stabilized during the past two years, the number of active cases the FACTS staff handles on a daily basis has not declined since the program began.

One of the most significant factors currently affecting the level of calls to FACTS has been an evolution in the way the program provides assistance. In 1985 when the program started, FACTS was the only such program in the state responding to rural families. As a result, use of the hotline and FACTS services were overwhelming. In an effort to help relieve some of the pressure and to provide a broader base of state-wide assistance, FACTS concentrated much effort on initiating new assistance programs and coordinating the response of other agencies.

Now three years later, there are numerous programs (mostly private and religious) responding to rural residents. This has resulted in a situation whereby many rural families tend to first seek assistance from the regional and local programs FACTS helped initiate. This has relieved some pressure on FACTS but has resulted in a situation whereby the agency of first contact usually refers families with

multiple problems or extremely complicated and difficult problems on to FACTS.

This is very much reflected in the type of new client calls FACTS is currently receiving - individuals and families with extremely difficult financial, legal or emotional problems.

Additionally, helping professionals from many agencies (both public and private) have come to depend on the FACTS staff as their primary source of information and assistance when working with rural families. In this role FACTS has come to serve as a state-wide clearinghouse for essential information. But perhaps more important, FACTS has come to indirectly serve a broader clientele of rural families than is immediately apparent by providing direct assistance (i.e. client consulting, information, referrals, program coordination, etc.) to other agency professionals who, in turn, work with many families who never make personal contact with FACTS.

In this way, FACTS has come to serve several audiences:

- 1) clients who make direct contact with FACTS,
- 2) helping professionals who directly utilize FACTS services, and
- 3) indirect clients who work with other programs that utilize FACTS services.

Simply stated, FACTS is currently serving far more rural families with more services than when hotline calls were at their highest. In fact, the active case load carried by FACTS is as high now as during the height of the so-called "crisis" during '85 - '86. Unfortunately, projections provided by USDA and Kansas State University suggest that the transition out of farming is going to continue at unprecedented rates at least until the mid-1990's

Also, during the past legislative session, FACTS was authorized to provide farmer/creditor mediation services. This program is now fully implemented and as of Tuesday, March 14, 1989 254 mediation cases were backlogged. This new workload is above and beyond FACTS normal daily workload. Further, an additional 100 - 150 mediation cases are expected during the next month to six weeks.

Basically such a rush to mediation has occurred because FmHA has found mediation to be extremely beneficial. As a result, we expect the workload to level off but remain at substantially higher levels than anticipated for the next several years as FmHA works through their portfolio of problem loans.

Federal matching funds in the amount of \$431,000 have been allocated for mediation services for FY89 but there is some doubt the FACTS program will be re-certified by USDA and refunded for FY90 unless the sunset is extended. If this happens then the mediation program will have to be terminated at a time when it is just beginning to demonstrate its value to Kansas' farmers, ranchers and ag lenders.

FACT SHEET ON KANSAS LEGAL SERVICES' FARM ADVOCACY PROGRAM (FACTS)

1. Since July, 1985, Kansas Legal Services, Inc. (KLS), under a grant from the Kansas State Board of Agriculture, has been providing legal assistance to Kansas farmers through referrals from the Farmers Assistance, Counseling, and Training Service (FACTS).
2. There are currently seven KLS farm specialist attorneys providing service in every county of the state. The Farm Advocacy Project attorneys provide both advice and legal representation to eligible applicants.
3. From the time the program began through November, 1988, 947 cases were advised or opened. During this period, legal services were provided to about 792 families (a number of clients were advised or represented more than one time). The families served include approximately 2,138 people.
4. The following data are derived from 444 returned surveys of a total 668 mailed to KLS farm clients during the past two years. That is a return rate of 66%.

Legal Problems

1. Difficulties with lending institutions - 77%
2. Miscellaneous - problems with grain elevators, landlords, lawsuit defense in general - 22%
3. Foreclosure defense as subject of initial inquiry - 31% of all cases.

Client Evaluations

1. Original problem received satisfactory action by KLS farm staff - 77%
2. Valuable additional legal advice or representation provided - 72%
3. Satisfied with overall service rendered by KLS farm staff - 81%
4. Would recommend KLS farm services to other farmers - 86%
5. Program should continue - 90%
6. Average level of affirmative response to above items - 81%

Note: Over 92% of clients surveyed in 1988 feel that the farm crisis is not over.

Direct Legal Service to Farmers Has Economic Benefits

1. According to the farmers themselves, the KLS Farm Advocacy Program has assisted approximately 269 Kansas farm families to remain in farming. Those families will remain in farming at least a combined 798 years. This is a conservative estimate because it assumes only four years of farming for those who have indicated they will now remain in farming for more than three years. It is probable that many of these families will stay in farming for much longer than three years.
2. If legal assistance helps farmers to retain their farms, the economies of local communities and the state benefit in a number of ways. According to the Farm Management Association, farms the size that KLS serves spend approximately \$120,000 per year in operating expenses.
3. The farmers assisted in retaining their farms by the KLS Farm Advocacy Program will spend about \$32.3 million on operating expenses in the next year.
4. Despite these positive returns to the rural Kansas economy, funding for the program has steadily declined from \$220,000 in FY'1986 to \$193,000 in FY'1987 to \$130,000 in FY'1988 and to \$105,000 in FY 1989.

Senate agriculture
3-15-89

attachment 3

KANSAS FARM FAMILIES STILL NEED ASSISTANCE

According to the Farmers Assistance Counseling and Training Service (FACTS) office in Manhattan, requests for assistance have been very high in recent months. There were approximately 223 hotline calls during the last quarter of 1988. Of those calls the overwhelming majority (85 percent) were financial-legal problems.

The FACTS office has been so swamped that they have been unable to compile a record of referrals to Kansas Legal Services for several months. Those referrals had been about 25 per month before data stopped in November 1988. That was prior to the recent influx of problems associated with Farmers Home Administration delinquency notices mailed during November 1988.

This high rate of referrals will force Kansas Legal Services to stop taking new referrals from the FACTS office by February 1, 1989. The remainder of the \$105,000 appropriated for FY 1989 will be needed to complete cases opened prior to January 1, 1989.

The level of client satisfaction with the Kansas Legal Services Farm Advocacy Program is very high. Seventy-seven percent (77%) of the clients served by KLS feel that their original problem was acted upon satisfactorily. Seventy-two percent (72%) feel that they have received additional legal advice or representation that was valuable. Eighty-one percent (81%) were satisfied with the overall services rendered by Kansas Legal Services farm staff. Eighty-six percent (86%) of the clients would recommend KLS farm services to other farmers, and ninety percent (90%) feel that the program should continue. Ninety-two percent (92%) of KLS clients surveyed in 1988 feel that the farm crisis is not over.

A substantial minority of Kansas farmers remain under severe economic distress. A net farm income of approximately \$20,000 is needed to pay taxes and cover average family living costs. Thirty-seven percent (37%) of the commercial farms examined by the Kansas Farm Management Association in 1987 "failed to generate sufficient net farm income to cover long term family living needs." (KSU Cooperative Extension Service 1987.)

According to Kansas agricultural statistics, although average farm income was up in the state, 29 percent of Kansas farm operators had a negative cash income in 1987. There are still about 21 percent or 14,700 Kansas farmers that have a debt asset ratio that exceeds 0.40, the level considered to be associated with serious financial problems. (Kansas Agricultural Statistics 1988.) In short, although average incomes have gone up, a large number of Kansas farmers remain in serious trouble.

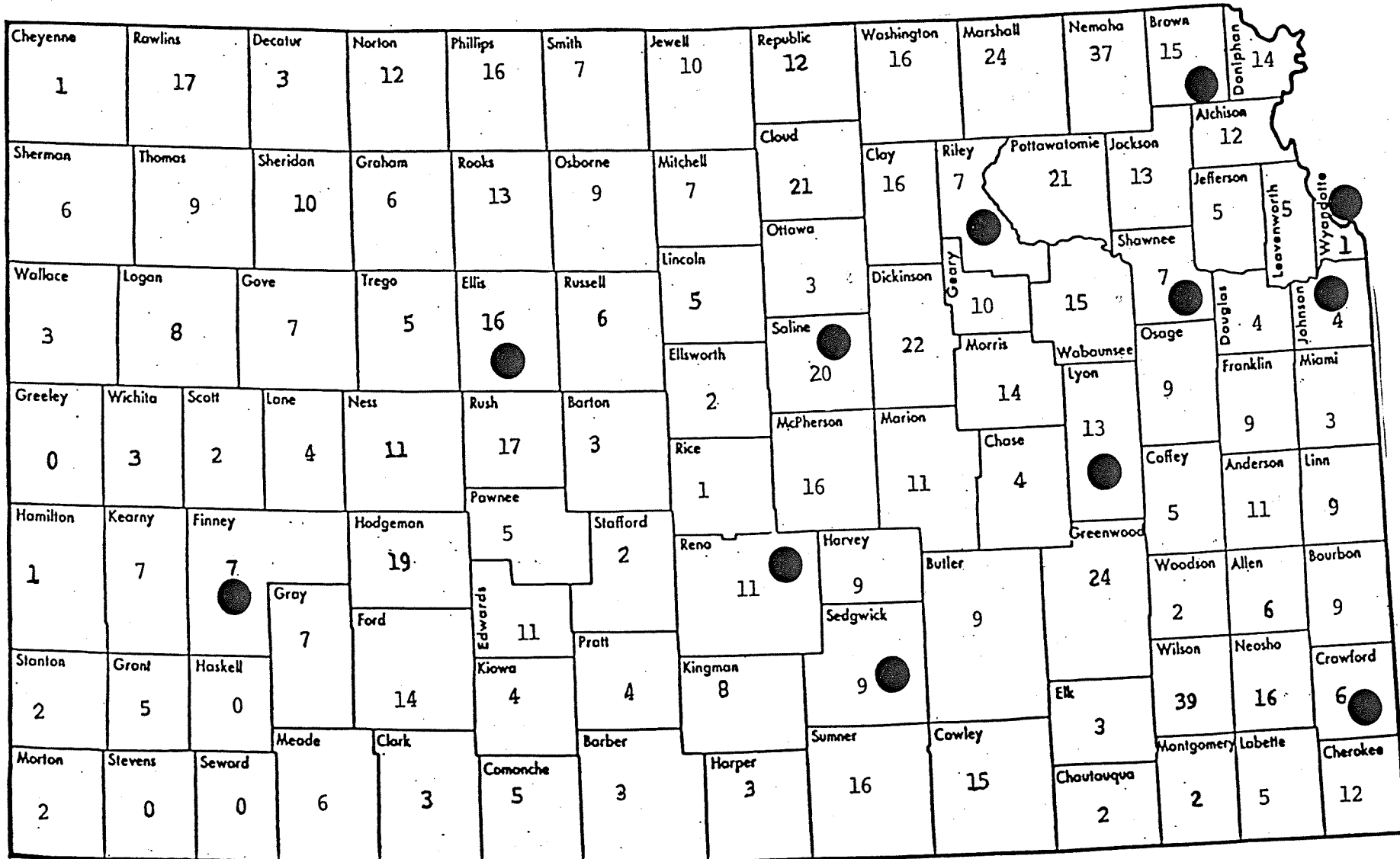
The organizations that provide direct assistance to farmers in Kansas have continued to have high rates of requests for assistance. The Kansas Ecumenical Ministries provided cash gifts for emergency food, utility, and medical assistance to 202 families during 1988. Help the Farmers in Wetmore assisted 1,748 farm families with food and clothing assistance between October 1 and December 31, 1988. This represents a 29 percent increase over the same quarter in 1987. Clearly the demand for emergency assistance remains high.

Much of the recent improvement in average farm income in Kansas is attributable to expanded wheat exports and higher grain prices, both which are uncertain for 1989. The effects of the drought on the 1989 Kansas winter wheat crop have already been felt. The drought of 1988 and its probable continuation into 1989 have added volatility and uncertainty to almost every aspect of Kansas agriculture. The Kansas farm "recovery", even for those apparently doing well, is shaky.

Kansas Legal Services, Inc.
 Farm Advocacy Program
 Service by County
 Total Cases (947)
 July 1985 - November 1988

March 15, 1989

3-3



Kansas Legal Services
 Office Locations

- Emporia
- Garden City
- Hays
- Horton
- Hutchinson
- Kansas City
- Manhattan
- Olathe
- Pittsburg
- Salina
- Topeka
- Wichita

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March 1989

KANSAS FARM FAMILIES STILL NEED ASSISTANCE

According to the **Farmers Assistance Counseling and Training Service (FACTS)** office in Manhattan, requests for assistance have been very high in recent months. There were approximately 223 hotline calls during the last quarter of 1988. Of those calls the overwhelming majority (85 percent) were financial-legal problems.

The **FACTS** office has been so swamped that they have been unable to compile a record of referrals to Kansas Legal Services for several months. Those referrals had been about 25 per month before data stopped in November 1988. That was prior to the recent influx of problems associated with Farmers Home Administration delinquency notices mailed during November 1988.

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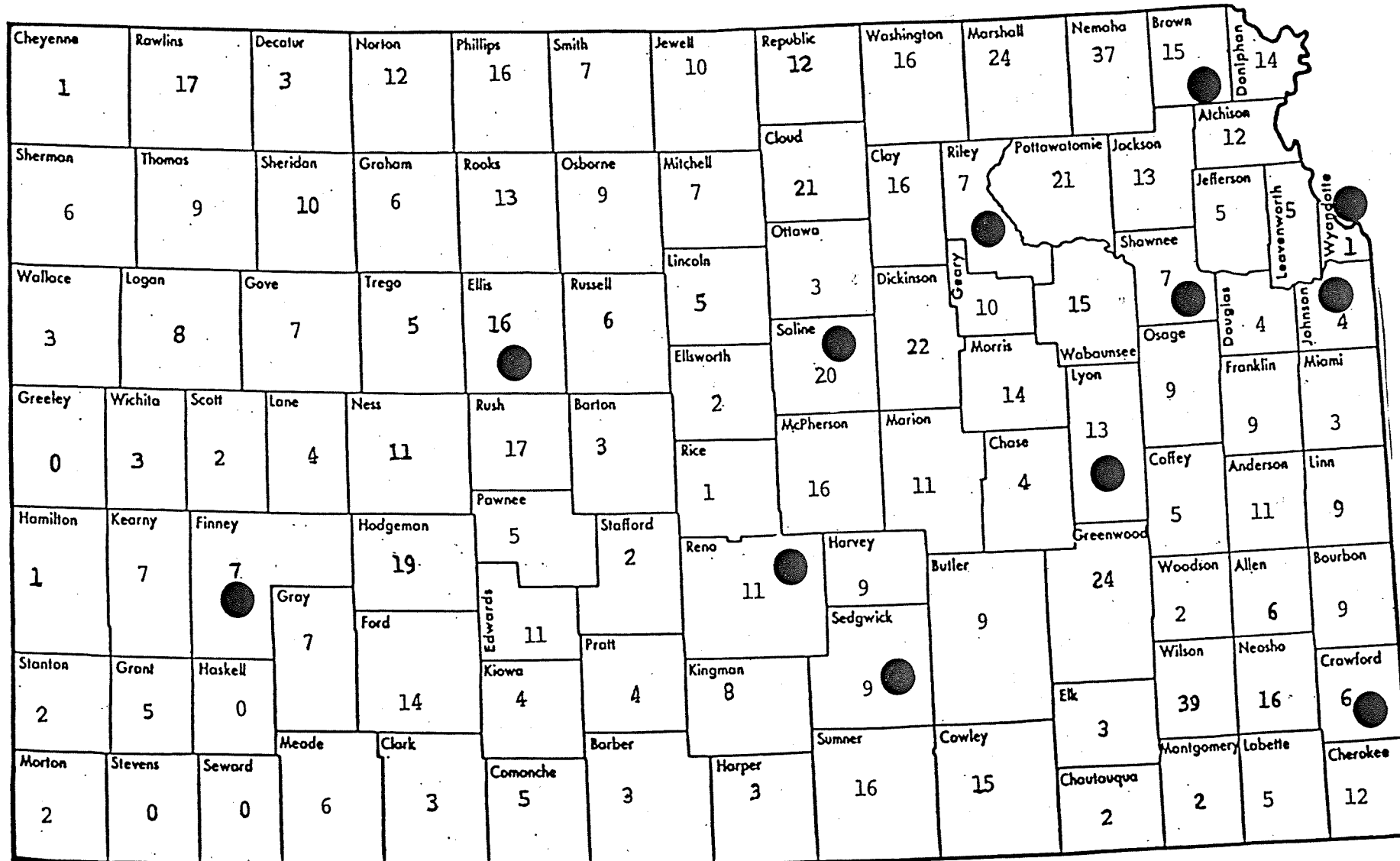
The organizations that provide direct assistance to farmers in Kansas have continued to have high rates of requests for assistance. The Kansas Ecumenical Ministries provided cash gifts for emergency food, utility, and medical assistance to 202 families during 1988. Help the Farmers in Wetmore assisted 1,748 farm families with food and clothing assistance between October 1 and December 31, 1988. This represents a 29 percent increase over the same quarter in 1987. Clearly the demand for emergency assistance remains high.

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March 1989

EXTENSION OF THE FACTS SUNSET

Over \$430,000 in Federal money could be lost.

If the Farmers Assistance Counseling and Training Service (FACTS) program is allowed to sunset in July 1990, over \$430,000 in matching funds now being received by Kansas from the Farmers Home Administration Agricultural Loan Mediation Program will be jeopardized. These funds and a valuable program that serves an ongoing need can be preserved by extending the FACTS sunset to July 1995.

Demand for FACTS remains high.

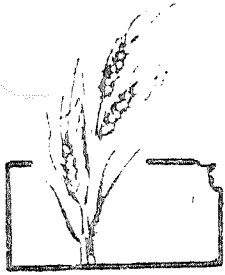
According to the FACTS office in Manhattan, requests for assistance have been very high in recent months. There were approximately 223 hotline calls during the last quarter of 1988. Of those calls the overwhelming majority (85 percent) were financial-legal problems.

Many farmers are still in trouble.

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INTERFAITH RURAL LIFE COMMITTEE
Post Office Box 713, Hays, Kansas 67601-0713
(913) 625-4972

Delrae Jacobsen
Rural Life Worker

Members:

American Baptist Churches
Catholic Archdiocese of Kansas City, KS
Catholic Diocese of Dodge City
Catholic Diocese of Salina
Catholic Diocese of Wichita
Church of the Brethren
Christian Church (Disciples)
Episcopal Diocese of Kansas
Episcopal Diocese of Western Kansas
Evangelical Lutheran Church in America
Lutheran Church Missouri Synod
Mennonite Church General Conference
Presbyterian Church (USA)
United Church of Christ
United Methodist Church
 Kansas East Conference
United Methodist Church
 Kansas West Conference
The Kansas Jewish Community
Church Women United in Kansas

As Rural Life Worker of the Interfaith Rural Life Committee (IRLC), it has been extremely important for me to have the FACTS program available for the farm families that we work with. I have worked directly with a number of farm families and being able to get information immediately for farmers with just a call to FACTS is very important.

The IRLC realizes that the farm and rural crisis is not over. That many farmers and rural communities face very difficult times during the next few years. With this in mind IRLC has recommended that Kansas Ecumenical Ministries authorize work by IRLC after August, 1990. The rural needs are great and will continue for the foreseeable future. FACTS must be there for farmers and rural people.

Del Jacobsen
Rural Life Worker
Interfaith Rural Life Committee

*Senate agriculture
3-15-89
attachment 4*

In my role as Rural Life Program Specialist of the Kansas East Conference of the United Methodist Church, I come in almost daily contact with rural families in need. I call on the FACTS program as a very important part of my response to these families. We try to cooperate to bring the best combination of resources to help those families.

Dale Fooshee
Rural Life Program Specialist
Kansas East Conference
United Methodist Church

As I sit in a meeting of Interfaith Rural Life in Hays, KS., I smell the dust pushed into the room by 60 mph gusts and I think of the farm families watching the damage stripping away their income and livelihood.

To these families the crisis clings like sandburs refusing to let go. Because of this ongoing situation we need a FACTS Hotline. The staff there not only helps farmers, but they also help those who help farmers.

Dick Kaczor
Lutheran Social Service

I have acted as a volunteer financial counselor for several farm families; I have counseled with one family which is going through the process of FmHA writedown. In the process I have repeatedly called FACTS personnel for help - without their assistance I would not have been able to help others. I think farmers' problems are not yet over and therefore, the need for the existence of FACTS continues.

Raymond Regier
Interfaith Rural Life
Committee

It would be a terrible deterrent and injustice to the people of rural Kansas if any portion of the FACTS program is discontinued. As the Rural Life/Peace & Justice Director for the Catholic Diocese of Dodge City, I have worked with and drawn on knowledge, quick response and care offered by the staff of the FACTS program. The Diocese covers 28 counties in southwest Kansas -
- The crisis is chronic -- It is not over!!!

The good that the FACTS program does cannot be fully measured because it covers such a wide necessary area for the families. But it is absolutely necessary. When you help on a legal issue --- you also help on a mental needs basis.

Time and again I have been working with a family in their home and been able to pick up the phone and call FACTS for needed information. It is impossible for any one person to amass the knowledge and resources required for our rural families. It is achieved only by an effective network, and often times FACTS is at the hub of that network.

Linda Hessman
Rural Life/Peace and Justice Director
Diocese of Dodge City

TESTIMONY

OF

IVAN W. WYATT, PRESIDENT KANSAS FARMERS UNION

ON

SENATE BILL 337

(EXTENSION OF THE FACTS PROGRAM)

BEFORE

THE SENATE COMMITTEE ON AGRICULTURE

MARCH 15, 1989

MR. CHAIRMAN, MEMBERS OF THE COMMITTEE:

I AM IVAN WYATT, PRESIDENT OF THE KANSAS FARMERS UNION.

THE KANSAS FARMERS UNION POLICY CALLS FOR THE LIFTING OF THE SUNSET PROVISION OF FACTS PROGRAM.

THE FACTS PROGRAM HAS HAD WIDE PUBLIC SUPPORT BECAUSE OF THE SERVICES IT HAS PROVIDED IN THE PAST. SAD TO SAY THE PROBLEMS FACING AGRICULTURE ARE NOT OVER, AND IN FACT EVERYTHING INDICATES IT WILL PROBABLY BECOME WORSE FOR THE FULL TIME FAMILY FARM OPERATOR WHICH MAKES UP THE BACKBONE OF KANSAS AGRICULTURE.

WE HAVE SEEN RISING INTEREST RATES OVER THE PAST FIVE MONTHS; WE'RE SEEING PROJECTED HIGHER FUEL, FERTILIZER, CHEMICAL COSTS FOR THE COMING YEAR.

BESIDES THE CUTS WRITTEN INTO THE PRESENT 1985 FARM BILL, THERE IS TALK OF ADDITIONAL CUTS THAT RELATE TO NET FARM INCOME. NOT CONSIDERING THE PROPOSED CUTS, AGRICULTURE IS FACING A PROJECTED DECLINE IN NET FARM INCOME OF 15% IN 1989 FROM 1988.

FIGURES FROM THE FEDERAL RESERVE BANK OF KANSAS CITY AND USDA AS OF OCTOBER 31, 1988, SHOW THAT EACH DOLLAR OF GROSS FARM INCOME COVERED ONLY 83 CENTS OF EACH DOLLAR SPENT ON OPERATING FARM COSTS.

ALL THIS PLUS A CONTINUING THREAT OF AN EXTENDED DROUGHT CLEARLY PORTRAYS THE NEED FOR MAINTAINING AND EXTENDING THE FACTS

*Senate agriculture
3-15-89
attachment 5*

ASSISTANCE PROGRAM.

FINALLY, IF THE SUNSET IS NOT LIFTED ON THE FACTS PROGRAM, WE
COULD SEE THE MATCHING FEDERAL FUNDS OF UP TO \$500,000 JEOPARDIZED FOR
THE COMING YEAR.

THEREFORE WE URGE STRONG SUPPORT FROM THIS COMMITTEE FOR
PASSAGE OF SB-337.

THANK YOU.

THE KANSAS RURAL CENTER, INC.

304 Pratt Street

WHITING, KANSAS 66552

Phone: (913) 873-3431

March 15, 1989

By Jerry Jost

TESTIMONY IN SUPPORT OF SB 337

The Kansas Rural Center is a private, non-profit organization which has provided research and public education on agricultural and resource issues for the past nine years. As an advocate for the family farm system of agriculture, we are vitally interested in the future of our Kansas farm families and the rural communities they live in.

The Farmers Assistance Counseling & Training Service has provided a vital and useful function during the last several turbulent years of the farm economy and continues to receive many requests for assistance. It is important that farm families facing financial stress be enabled with the necessary coping skills to understand their legal and financial options so that they can determine whether they are able to restructure their farming operation to make it a viable economic unit. While the Rural Center maintains that increasing the number of farm families is the best economic development strategy for rural communities, under current policies and circumstances not all farmers will be able to make their operations cash flow under current debt loads. For these unfortunate families it is imperative that adequate financial and legal advice be available for them in order to make as smooth and orderly transition as possible so that they may once again be a contributing member of our economy and society.

Currently higher livestock and grain prices have provided positive financial conditions for some Kansas farmers. However, information from the Kansas Farm Management Association reveals that 37% of their 2,000 members in 1987 "failed to generate sufficient net farm income to cover long-term family living needs." The Kansas Agricultural Statistics figured that 29% of all Kansas farm operators had negative incomes during that same year. An estimated 14,700 Kansas farmers still have a debt asset ration greater than 0.40, a level considered to be associated with serious financial problems.

The future for farmers remains uncertain at best. Forty-two percent of the increase in net farm income for Kansas farmers in 1987 came from increases in government payments. Last fall the Farmers Home Administration sent out notices to 1,000 Kansas borrowers with 1,443 delinquent loans that place extra demands on legal, financial and mediation services. Finally, a continuing drought in Kansas could wreck every farmer's best laid plans for the future.

These circumstances indicate that farmers will face continued financial stress. Extending FACTS is also important to receive continued federal matching funds that this year totalled \$430,000 for the Farmers Home Administration Agricultural Loan Mediation Program. For these reasons we recommend SB 337 be passed.

Thank you for your attention.

Senate agriculture

3-15-89

attachment 6

SENATE RESOLUTION NO. _____

By Committee on Agriculture

A RESOLUTION proclaiming March 20, 1989, as "Agriculture Day".

WHEREAS, Agriculture is the oldest, largest and most respected industry in the United States; and

WHEREAS, Agriculture was and still is the foundation of the economic structure of the United States; and

WHEREAS, The American farmer, including the Kansas farmer of today produces enough food to feed 93 people at a price that is a lower percentage of income than the price paid by the American people a generation ago; and

WHEREAS, The Kansas farmer produced 323,000,000 bushels of wheat last year, which is 18% of the entire United States wheat crop; and

WHEREAS, The production of wheat in Kansas has made the state number three in flour milling capacity, number one in flour milled and number two in the amount of wheat and wheat products exported from any state; and

WHEREAS, Kansas ranks number one in the country in beef packing and number three in the country in the number of cattle on feed; and

WHEREAS, Kansas ranks number six among the states in total agricultural exports amounting to \$1.5 billion; and

WHEREAS, Kansas ranked number one in the country in grain sorghum production during 1988 with 204,600,000 bushels; and

WHEREAS, Kansas produced field crops, livestock and poultry having a value of more than \$4.8 billion in 1987; and

WHEREAS, The United States and the State of Kansas owe a great debt to the thousands of industrious individuals who have given their heart and spirit to the production of food so millions of people could live healthy and happier lives; and

WHEREAS, Agriculture is the very heart of the national economy, our number one inflation fighter, the most efficient

*Senate agriculture
3-15-89
Attachment 7*

food and fiber system providing the world's most varied and highest quality food supply for only 12% of each America's income; and

WHEREAS, Agriculture serves all Americans by providing the basic necessities of life, and the performance of the agricultural economy is vital to maintaining our national economy, the standard of living of our people and our presence in world trade markets; and

WHEREAS, The American farmer and the Kansas farmer have been and will continue to be the great providers for the people of the United States and of the world: Now, therefore,

Be it resolved by the Senate of the State of Kansas: That we proclaim March 20, 1989, as "Agriculture Day".

SENATE RESOLUTION NO. _____

By Committee on Agriculture

A RESOLUTION urging the Secretary of Transportation of the United States, Samuel Skinner, to withdraw the proposed rule concerning reclassification of anhydrous ammonia.

WHEREAS, Anhydrous ammonia is an efficient, effective, economical source of nitrogen fertilizer; and

WHEREAS, Anhydrous ammonia is currently classified as a nonflammable gas; and

WHEREAS, The United Nations, yielding to pressure from countries whose farmers are in direct competition with U.S. farmers, has recommended that anhydrous ammonia be reclassified as a poisonous gas; and

WHEREAS, This recommendation, if adopted by the United States, would significantly increase food costs to consumers and impose serious additional economic hardship on farmers in Kansas and throughout the United States; and

WHEREAS, Transporting anhydrous ammonia would be seriously threatened, effectively curtailed and prohibitively expensive because of sky-rocketing insurance costs for the few who would transport anhydrous ammonia if it is reclassified; and

WHEREAS, The recommendation is totally insensitive to economic conditions under which U.S. farmers are operating, and represents an unwarranted intrusion into the free flow of commerce: Now, therefore,

Be it resolved by the Senate of the State of Kansas: That we urge the Secretary of Transportation, Samuel Skinner, to immediately withdraw the proposed rule which seeks to change the classification of anhydrous ammonia from "nonflammable" to "poisonous"; and

Be it further resolved: That the Secretary of the Senate be

*Senate agriculture
3-15-89
attachment 8*

directed to send enrolled copies of this resolution to Secretary Samuel Skinner, Secretary of Transportation, 400 Seventh Street S.W., Washington, D.C. 20590; Senator David L. Boren, SR-453 Russell Senate Office Building, Washington D.C. 20510-3601; and to each member of the Kansas congressional delegation.