

Approved January 29, 1992
Date

MINUTES OF THE SENATE COMMITTEE ON AGRICULTURE

The meeting was called to order by Sen. Don Montgomery at
Chairperson

10:00 a.m. ~~p.m.~~ on January 28, 1992 in room 423-S of the Capitol.

All members were present except:

Sen. Harder - Excused

Committee staff present:

Raney Gilliland, Legislative Research
Jill Wolters, Revisor of Statutes
Shirley Higgins, Secretary

Conferees appearing before the committee:

Sam Brownback, Kansas Secretary of Agriculture
Dr. Stan Ward, Director of FACTS program
Gregory Krissek, Director of Mediation for State Board of Agriculture
Kenneth M. Wilke, Kansas State Board of Agriculture

The chairman called on Sam Brownback, Kansas Secretary of Agriculture, to present his update on the FACTS Program. (Attachment 1) Mr. Brownback directed the committee's attention to page 4 of his written testimony, noting that Dr. Stan Ward, Director of the FACTS program, would cover the first section. Dr. Ward followed with further information regarding the new Worker's Re-entry Hotline recently established. There were 40 responses last Friday as a result of only one newspaper article. Dr. Ward feels there will be quite a lot of impact from the hot line. People from rural communities will be able to work with FACTS which will provide services without duplication of services. The Department of Human Resources has been assisting with the hot line. He also called the committee's attention to copies of the FACTS Statistical Report. (Attachment 2) Dr. Ward went through the report page by page at the request of the chairman. He clarified for the chairman that FACTS refers calls to the agency who can help in that particular case; it does not provide the help. The chairman inquired as to the success of retraining programs. Dr. Ward said that there are not many opportunities for retraining. The only options are vocational training or on-the-job training. Re-entry employment for people going off the farm and also rural people with medical problems have been two areas where FACTS has not been able to offer much assistance.

The chairman had questions regarding the low percentage (13%) of legal referrals for mediation. Dr. Ward answered this is due the freeze on the rules and regs of Farmers Home. There is a backlog of mediation cases at present, and the outcome of those depends on the fate of the rules and regs. Sen. Webb asked how successful mediation cases are. Gregory Krissek, Director of Mediation for the Kansas State Board of Agrigulture, stood in response to this question. He said success has to be defined per individual case. In nearly 80% of the cases, he feels an agreement was made between the parties, however, sometimes a further meeting is required. He added that probably about two-thirds enter into agreements with creditors before mediation, and he would consider these as successes. Sen. Webb had a final question as to what percent of farm families do not have good health insurance. Dr. Ward answered that of those who call FACTS, one half do not have health insurance.

Sen. Brady expressed concerns regarding relocation. He feels real estate needs could be handled by the private sector, and FACTS should deal only with problems not able to be settled by the private sector. Dr. Ward replied that FACTS is just running a match making service, works with the Kansas Realtors organization and is trying to stay out of private business.

CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON AGRICULTURE,
room 423-S, Statehouse, at 10:00 a.m./~~p.m.~~ on January 28, 1991

With reference to the Statistical Report, Sen. Daniels noted the downward trend in calls, with 1990 being the lowest, and asked for an explanation of the upward trend in 1991. Dr. Ward said it has a lot to do with the weather conditions in Kansas in the last two years (drought) and this can be expected to continue next year. Sen. Doyen commented that also regulators are getting tougher with banks which causes institutions to put more in reserves than they want to which results in their getting harder with customers.

The chairman asked Dr. Ward if he could offer any ideas on how to help save the farmer. Dr. Ward stated that rather than to give an off-the-cuff reply, he would rather get some input from the Secretary and Board and prepare a statement for the committee.

The chairman informed the committee that a law passed by the Judiciary Committee last session may have opened the door for corporate farming and livestock operations in Kansas. This will be the subject of a later discussion.

Kenneth M. Wilke, Kansas State Board of Agriculture, requested the introduction of two bills. The first would update the petroleum product inspection law to bring the 1930s act up to date with current acts. The bill would also add new items: one would add power of the agency to seek an injunction, one would include civil penalaty provisions and one eliminates the present \$25.00 fine and instead a violator will be guilty of a Class A misdemeanor. The second proposed bill is necessary to make technical changes in the Weights and Measures Laws.

Sen. Webb made a motion to introduce the two bills requested by Mr. Wilke, Sen. Doyen seconded, and the motion carried.

The minutes of January 22 were approved.

The meeting was adjourned at 10:55 a.m.

GUEST LIST

COMMITTEE: Senate Agriculture

DATE: Jan. 28, 1998

NAME	ADDRESS	ORGANIZATION
Kenneth M. Wilke	KSBA Topeka	KSBA
Sam Brown pack	Topeka	KSBA
STAN WARD	TOPEKA	FACTS
Alan Steppat	Topeka	Pete McGill & Associates
Greg Krissch	Topeka	KSBA
Jim Rinkobenz	Topeka	Ks Livestock Raisers
BRED MEARS	TOPEKA	Commerce
Arlan Holmes	Topeka	Budget
Bill Mack	Business Ks.	
Raymond Fowler	Emporia Ks	KFID
Melvin MARTIG	Emporia KS	KFU
Betsy Watts	Emporia Ks	KFU
Wm. J. Davis	Romana Ks.	KFU
Jim Richardson	Topeka	KDHR
Roger McCollister	Topeka	KLS, Inc.
Steve Pute	"	KCS
Gene Post	Whiting	KRC
Bill J. Pugh	Manhattan	KFB
Low Schickel	Topeka	KSBA

TESTIMONY TO THE SENATE AGRICULTURE COMMITTEE

JANUARY 28TH, 1992

by

SAM BROWNBACK

KANSAS SECRETARY OF AGRICULTURE

and

DR. STAN WARD, DIRECTOR

F.A.C.T.S.

*Senate Ag.
Attachment 1
1-28-92*

MR. CHAIRMAN, MEMBERS OF THE COMMITTEE, LADIES AND GENTLEMEN. I AM SAM BROWNBACK, KANSAS SECRETARY OF AGRICULTURE, AND I AM HERE ALONG WITH DR. STAN WARD, DIRECTOR OF THE FACTS PROGRAM TO REPORT TO YOU ON THE ACTIVITIES OF THE FACTS PROGRAM FOR THE PAST YEAR AND TO SHARE WITH YOU EXCITING NEWS FOR THE COMING NEW YEAR.

ATTACHED TO THIS TESTIMONY YOU WILL FIND THE LATEST FACTS STATISTICAL REPORT. THIS REPORT INDICATES THAT THE LEVEL OF SERVICE PROVIDED TO KANSAS FARMERS AND FARM FAMILIES HAS INCREASED SUBSTANTIALLY OVER 1990.

IN REGARD TO OTHER CALLS FACTS IS RECEIVING:

AS A GENERAL OVERVIEW, THE CALLS HAVE BEEN FROM:

- 1) LARGER FARMS IN TERMS OF SIZE OF THE OPERATION;
- 2) MORE FARMS INVOLVING MORE EXTENDED AND MULTI-FAMILY OPERATIONS;
- 3) MORE OLDER FARMERS;
- 4) FARMERS WHO HAVE FARMERS HOME ADMINISTRATION (FMHA) DIRECT AND/OR GUARANTEED LOANS.

THE FARMS WE ARE CURRENTLY DEALING WITH SEEM TO BE LARGER IN SIZE WITH ABOUT 1000-1500 ACRES OF LAND INVOLVED. MOST OF THESE FARMS HAVE SUFFERED THROUGH TWO STRAIGHT YEARS OF DROUGHT AND THEIR LENDER IS NO LONGER WILLING TO WORK WITH THEM, OR IS PRESSURING THEM FOR LIQUIDATION OF ASSETS TO REDUCE THE DEBT LOAD.

MOST OF THESE FARMS ARE HIGHLY LABOR INTENSIVE, TO THE POINT WHERE SACRIFICES ARE BEING MADE IN OTHER AREAS. FOR EXAMPLE, WE ARE TALKING TO A HIGHER THAN NORMAL NUMBER OF FARMERS WHO ARE GOING THROUGH A DIVORCE. SPOUSES ARE NOT WILLING TO MAKE THE SACRIFICES OR DO NOT SEE THEIR INVESTMENT IN THE FARM REAPING ANY DIVIDENDS. THEY ARE TIRED OF WORKING FOR LITTLE OR NO PAY, WITH NOTHING BEING PUT AWAY FOR THE FUTURE.

MORE AND MORE OF OUR CLIENTS INVOLVE EXTENDED FAMILY OPERATIONS - -FARMS INVOLVING PARENTS, BROTHERS, SISTERS, AND/OR CHILDREN, WHO ARE SUPPORTED BY THE FARM OR HAVE A SEPARATE OPERATION THAT IS CLOSELY INTERTWINED WITH OUR CLIENT'S OPERATION. THE DECISIONS THAT ARE MADE BY ONE FAMILY AFFECT SEVERAL OTHERS.

THE AVERAGE AGE OF OUR CLIENTS SEEMS TO BE GETTING HIGHER. MANY OF THEM ARE IN THE DIFFICULT POSITION OF HAVING GOOD NET WORTH BUT NO CASH FLOW. LENDERS ARE PRESSURING THESE CLIENTS TO LIQUIDATE ONCE THEY ARE IN DEFAULT BECAUSE THEY SEE ADEQUATE COLLATERAL TO PAY OFF THE DEBT.

THESE CLIENTS ARE BETWEEN A ROCK AND A HARD PLACE BECAUSE IF THEY DO LIQUIDATE, THEY ARE OFTEN IN A POSITION OF HAVING TO PAY CAPITAL GAINS TAX ON THE LAND THEY SELL, OR THEIR MACHINERY IS ALL DEPRECIATED OUT SUCH THAT ANY PROCEEDS FROM ITS SALE WOULD BE PURE INCOME. IN EITHER CASE A LARGE TAX LIABILITY IS CREATED WHICH THE CLIENT CANNOT AFFORD.

A SUBSTANTIAL NUMBER OF OUR CALLS ARE ASSOCIATED WITH FMHA BORROWERS. THE NEWER CLIENTS THAT ARE CALLING US HAD THEIR DIRECT LOANS RESTRUCTURED 2-5 YEARS AGO WITH CASH FLOWS THAT USED EVERY PENNY OF INCOME FOR DEBT SERVICE AND MINIMUM EXPENSES. PLANS THAT HAD NO ROOM FOR ERROR. DROUGHT AND OTHER FACTORS HAVE PUT THEM IN DEFAULT. RESTRUCTURING OF FMHA DIRECT LOANS HAS BEEN PUT ON HOLD DUE TO RULE CHANGES MADE BY THE 1990 FARM BILL (FACTA) THAT HAVE NOT YET BEEN IMPLEMENTED. THE CHANGES ARE EXPECTED TO BECOME EFFECTIVE ON FEBRUARY 1, 1992, AT WHICH TIME, WE WILL BE DEALING WITH SEVERAL HUNDRED (326 ACCORDING TO FMHA STATISTICS AS OF 12-2-1991) DELINQUENT BORROWERS WHO ARE DELINQUENT AT LEAST SINCE JANUARY 1, 1991, PLUS SEVERAL HUNDRED MORE NEWER DELINQUENCIES AS OF JANUARY 1, 1992.

WE ARE ALSO DEALING WITH A LOT MORE FARMERS WHO HAVE FMHA GUARANTEED LOANS THROUGH A PRIVATE LENDER. THE GUARANTEED LOANS WERE PROMOTED BY FMHA AS THEY MOVED AWAY FROM DIRECT LOANS. THE GUARANTEE ALLOWS THE BANK TO FEEL MORE SECURE AGAINST LOSSES IN THE EVENT OF DEFAULT, AS WELL AS BEING ABLE TO EXCLUDE THE GUARANTEED PORTION OF THE LOAN FROM COUNTING AGAINST LOAN LIMITS SET BY KANSAS LAW. MANY FARMERS HAVE A COMBINATION OF FMHA DIRECT AND GUARANTEED LOANS.

NOW ON TO THE COMING YEAR.... AS YOU WILL REMEMBER, LAST YEAR THE LEGISLATURE EXTENDED THE FACTS PROGRAM FOR ANOTHER FIVE (5) YEARS. IN ADDITION TO THAT EXTENSION, THE LEGISLATURE CHANGED THE LANGUAGE

OF THE AUTHORIZING LEGISLATION TO BROADEN THE SCOPE OF THE FACTS MISSION. THAT LANGUAGE STATES THAT THE FACTS PROGRAM

SHALL INCLUDE A RURAL OPPORTUNITY PROGRAM. THE RURAL OPPORTUNITY PROGRAM WILL INFORM RURAL COMMUNITIES, BUSINESSES, AND POTENTIAL ENTREPRENEURS OF AVAILABLE PROGRAMS, RESOURCES, AND STRATEGIES WHICH THEY CAN USE TO DEVELOP THEMSELVES ECONOMICALLY AND CREATE ALTERNATIVE OR IMPROVED EMPLOYMENT FOR FARMERS AND RURAL RESIDENTS.

THE BOARD OF AGRICULTURE TOOK THIS MANDATE SERIOUSLY AND THROUGHOUT THE SUMMER AND FALL PURSUED AN INTENSIVE STRATEGIC PLANNING PROGRAM TO DEVELOP DIRECTION FOR FACTS FOR THE COMING YEARS.

THE RESULT OF THAT PLANNING PROCESS WAS THREE STRATEGIC GOALS.

GOAL #1:

FIRST AND FOREMOST, IT WAS ACKNOWLEDGED THAT THE PRIMARY MISSION OF THE FACTS PROGRAM IS FARMER'S ASSISTANCE. THIS HAS BEEN FACTS PRIMARY MISSION SINCE ITS INCEPTION, AND THE BOARD OF AGRICULTURE WOULD LIKE TO TAKE THIS OPPORTUNITY TO ASSURE YOU, MEMBERS OF THE COMMITTEE, THAT FARMER'S ASSISTANCE WILL REMAIN FACTS PRIMARY MISSION.

GOAL #2:

THE STRATEGIC PLANNING COMMITTEE RECOMMENDED THAT FACTS SHOULD INCLUDE AN EMPLOYMENT AND RETRAINING COMPONENT. IN RESPONSE TO THIS DIRECTIVE, THE BOARD OF AGRICULTURE WAS PROUD TO ANNOUNCE AT ITS' ANNUAL MEETING ON JANUARY 8TH THE ESTABLISHMENT OF A KANSAS

WORKER'S RE-ENTRY HOTLINE, A NEW PROGRAM DEVELOPED IN COOPERATION WITH THE KANSAS DEPARTMENT OF HUMAN RESOURCES.

THIS NEW HOTLINE WILL BE HOUSED IN THE FACTS OFFICE IN MANHATTAN AND WILL PROVIDE A STATE-WIDE, TOLL-FREE LINK TO EMPLOYMENT AND RETRAINING SERVICES FOR THE KANSAS' DISLOCATED WORKERS. FACTS INVOLVEMENT WILL BE AS AN INTAKE AND REFERRAL POINT WITH ADDITIONAL COORDINATION RESPONSIBILITIES FOR DISLOCATED FARMERS AND OTHER RURAL RESIDENTS.

THE GOAL OF THE PROGRAM IS TO REACH DISLOCATED WORKERS WHO ARE UNAWARE OF THE SERVICES AVAILABLE TO THEM AND TO BROADEN THE REACH OF DISLOCATED WORKER SERVICES INTO RURAL KANSAS. WHEN AN ELIGIBLE INDIVIDUAL CALLS, FACTS STAFF WILL COMPILE INFORMATION TO DETERMINE HIS OR HER STATUS AND NEEDS. CLIENTS WILL THEN BE REFERRED TO ONE OF THE STATE'S JOB TRAINING PARTNERSHIP ACT TRAINING OFFICES OR TO A JOB TRAINING OUTREACH SPECIALISTS IN ONE OF FIVE AREAS IN THE STATE. PERSONALIZED RECOMMENDATIONS WILL BE MADE FOR ON-THE-JOB TRAINING, JOB SEARCH ASSISTANCE, CLASSROOM TRAINING OR REFERRAL TO A JOB SERVICE CENTER.

THIS NEW HOTLINE OFFICIALLY OPENED ON JANUARY 24TH WITH THE PHONE NUMBER 1-800-257-WORK. EXTENSIVE STATE-WIDE, PUBLICITY OF THIS NEW SERVICE HAS BEEN PLANNED AND IS EVEN NOW UNDER WAY.

THIS COOPERATIVE VENTURE PRESENTS A UNIQUE OPPORTUNITY TO BLEND TOGETHER THE EFFORTS OF TWO STATE AGENCIES IN A HIGHLY COST-

EFFECTIVE MANNER THAT CAPITALIZES ON THE EXPERTISE OF EACH, WHILE AVOIDING DUPLICATION OF SERVICES. WE TRULY APPRECIATE THE OPPORTUNITY TO WORK WITH AND SHARE RESOURCES WITH THE DEPARTMENT OF HUMAN RESOURCES IN THIS ENDEAVOR.

GOAL #3:

ALSO ON JANUARY 8TH, THE BOARD OF AGRICULTURE ANNOUNCED THE IMPLEMENTATION OF FARM LINK OF KANSAS. THE GOAL OF THIS PROGRAM WILL BE TO ASSIST RETIRING FARMERS' IN LINKING UP WITH "BEGINNING" FARMERS.

IN THIS CAPACITY, FACTS WILL SERVE AS A MATCH MAKER. WE WANT TO FACILITATE A LINKAGE THAT HELPS DEVELOP REALISTIC EXPECTATIONS BETWEEN INTERESTED PARTIES. UNDER THIS PROGRAM, INFORMATION WILL BE COLLECTED FROM BOTH LAND OWNERS AND "BEGINNING FARMERS" TO DETERMINE THEIR WANTS AND NEEDS. WITH THIS INFORMATION "BEGINNING FARMERS" AND LAND OWNERS CAN BE MATCHED ACCORDING TO TYPE OF FARMING INTEREST, AREA OF THE STATE TO LOCATE IN, TYPES OF FINANCIAL ASSISTANCE AVAILABLE AND NEEDED, SIZE OF OPERATION WANTED, FACILITIES AVAILABLE AND INTERESTED IN BY THE PROSPECT. WITH THIS INFORMATION, A LINKAGE BETWEEN THE INTERESTED PARTIES CAN BE MADE.

IN THE THREE WEEKS SINCE THE ANNOUNCEMENT OF FARM LINK, THE FACTS OFFICE HAS RECEIVED OVER THIRTY (30) CALLS FROM "BEGINNING FARMERS: AND SIX (6) INQUIRIES FROM LAND OWNERS, WITH CALLS COMING FROM AS FAR AWAY AS ARIZONA AND VIRGINIA.

THANK YOU FOR YOUR TIME AND INTEREST. WE WOULD BE HAPPY TO RESPOND
TO QUESTIONS.

FACTS STATISTICAL REPORT

NOVEMBER 1991

Senate Ag.
Attachment 2
1-28-92

**CLIENT TOTALS BY YEAR
(1985 - 1991)**

1985		1,510
1986		1,947
1987		1,131
1988		891
1989		687
1990		1,004
1991	(01/91 thru 10/91)	876
	(Dairy Contacts)	1,470

HOTLINE

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	1985	1986	1987	1988	1989	1990	1991
JAN		1014	817	417	468	425	291
FEB		830	877	484	388	416	309
MAR		843	824	616	524	420	396
APR		788	641	712	436	390	333
MAY		615	497	426	537	346	449
JUN		626	458	388	477	229	338
JUL	900	914	509	329	411	325	397
AUG	773	606	389	427	441	338	374
SEP	652	609	498	404	371	351	
OCT	740	843	434	325	362	365	
NOV	647	771	408	439	401	316	
DEC	774	814	376	610	361	362	
TOTALS	4486	9273	6728	5577	5177	4283	2887

GRAND TOTAL 38,411

KANS-AN

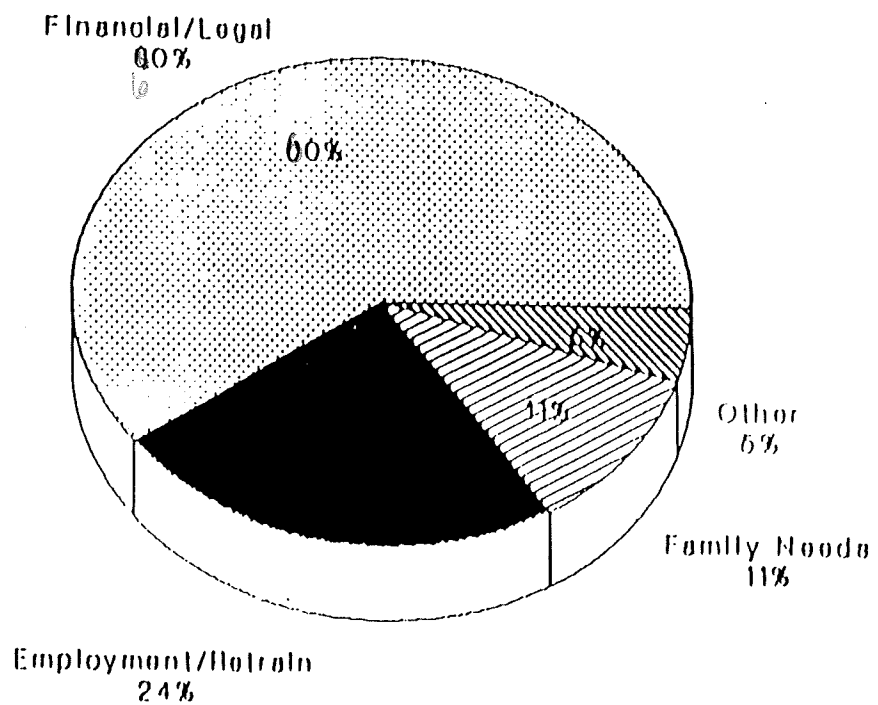
R-4

	1986	1987	1988	1989	1990	1991
JAN		923	678	821	858	958
FEB		1264	786	617	715	715
MAR		1202	1018	919	852	742
APR		957	1381	948	733	740
MAY		818	843	1173	623	738
JUN	689	789	687	949	628	645
JUL	941	814	560	880	660	612
AUG	814	1029	656	990	665	923
SEP	840	871	709	631	577	
OCT	1061	1010	548	813	801	
NOV	768	566	584	851	673	
DEC	959	669	790	892	516	
TOTALS	6072	10912	9240	10484	8301	6073

GRAND TOTAL 51,082

NATURE OF INITIAL CALL

(1991)



Reason for first call to FACTS

FINANCIAL/LEGAL NEEDS

Financial/Legal Problems: 60%

Type and Distribution of Financial/Legal Assistance

Farm has been foreclosed on	13.0%
Foreclosure Probable	14.0%
Considering deed back or Voluntary Liquidation	11.0%
Tax Liabilities (actual or anticipated)	9.0%
Bankruptcy Filed	10.0%
Considering Bankruptcy	5.0%
Problems because of a Bank Failure	4.0%
Credit Cut Off or Refusal to Renew Notes	6.0%
Mediation	---
Other (e.g. liens/security interests, brokerages, re-evaluation of assets, etc.)	27.0%

Financial/Legal Referrals

Kansas Legal Services	51.0%
Private Attorneys	4.0%
Extension	10.0%
Private Financial Consultants	21.0%
Mediation	13.0%
Other	1.0%
Attorney General	
Securities Commissioner	
Insurance Commissioner	
FmHA	
ASCS	

FAMILY NEEDS

Family Problems: 11.0%

Type and Distribution of Family Assistance

Need Food	9.0%
Need Medical Assistance	14.0%
Need Monetary Assistance	21.0%
Family and/or Marital Problems	22.0%
Emotional Problems and/or Depression	27.0%
Other	7.0%

Family Problem Referrals

Public Assistance Programs 58.0%

- Community Mental Health Centers
- Commodity Distribution Centers
- Food Stamps
- County Health Offices

Private Assistance Programs 42.0%

- Willie Nelson Fund
- Local Service Clubs
- Churches and Church Associations

EMPLOYMENT/RETRAINING NEEDS

Employment/Retraining Problems: 24.0%

Type and Distribution of Employment/Retraining Assistance

Lost the farm	55.0%
Need Additional Income to Stay on Farm	30.0%
Other	15.0%

Employment/Retraining Referrals

Kansas Job Service Centers	22.0%
Dislocated Worker Programs	21.0%
School Placement Centers	5.0%
Vocational Retraining Programs	16.0%
Financial Assistance Programs	16.0%
Other (SER Corporation of KS, Area Agencies on Aging, etc.)	20.00%

OTHER NEEDS

Other Calls: 5.0%

Types of Other Calls

Drought Assistance
Hay Hotline Referrals
CRP Information
Farm Program Information
Inter-agency Program Coordination
Requests for Presentations, Workshops, Professional Training
Media Information Requests
Legislative Information Requests
Rural Assistance Center Referrals
Community Development Information Requests
Ag Product Marketing Referrals