

1999 SENATE AGRICULTURE
SCR 4025

1999 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SCR 4025

Senate Agriculture Committee

Conference Committee

Hearing Date 2/11

Tape Number	Side A	Side B	Meter #
1	X		0-5780
Committee Clerk Signature <i>Miccia Johnson</i>			

Minutes:

Senator Wanzek called the meeting to order, roll call was taken, all were present.

Senator Wanzek opened the hearing on SCR 4025.

Senator Lyson introduced the bill. Handed out a letter from Scott Stofferahn (enclosed). Not in opposition to the way Scott is doing his job. Attempt to get him a little more money to do his job. It is not in Grand Forks it is in Minot. The way things are now could delay farm loans 60-90 days. May need an amendment on line 20.

Senator Sand: I objected to that line.

Senator Lyson: I would like to see it taken out too.

Senator Kelsh spoke in support of the bill. Wanted to be sure that everyone knew the bill was not to criticize Scott.

Senator Wanzek: I find it hard to believe that the federal government will ever be out of farming.

Senator Kelsh: Farmers as independent as they want to be would just assume have the government out of agriculture not telling them or giving them any indication to what they have to do or how to do it, when they get into trouble they are going to be down there begging for help. I think that will continue.

Jim Schlosser from the ND Bankers Association spoke in favor of the bill. This is an issue of major concern to the association. Concern with funding. Farmers would be dealing with banks through the mail.

Senator Sand: Concern seems to be the delay time. Are there some rules or something we or your agency can do to shorten up this process?

Jim Schlosser: Turnaround time is not the major concern, funding for the program is.

Senator Wanzek: Each county handles guarantee loans, this would eliminate that and locate in 3 different locations.

Jim Schlosser: That is my understanding. They are planning on getting better service by doing it that way.

Scott Stofferahn spoke in support of the bill. Agencies have a lot of work to do and find themselves behind on it quite often lately. 4200 direct borrowers- \$517 million, 1300 guarantee borrowers- \$242 million. Work very closely with bankers association. Have redone guarantee program. Need consistency.

Senator Kinnoin: Assuming this takes place where we have the 3 centers and it's going to be done by mail, can you give me an example how much time that's going to take from the time the loan application comes in to the time it completed.

Scott Stofferahn: As it is today they try to do it as fast as they can, we think that with the centers we will be able to call them up and be more focused on it, it saves a lot of time.

Senator Mathern: With the technology available are you able to accept fax loan applications or document that can speed up your process.

Scott Stofferahn: Not at this point.

Senator Sand: You don't have the money for a fax?

Scott Stofferahn: Yes we do have them and we use them a lot.

Senator Kroeplin: You mentioned a bill that had a two week turnaround, I would see that as a real benefit.

Scott Stofferahn: Yes it is but it's going to put a lot of pressure on the staff to try and get it done.

Senator Wanzek: The interest assist loan is how much lower than a regular?

Scott Stofferahn: About 4%.

Senator Urlacher: What was the criteria use in selection of sites?

Scott Stofferahn: We had to find sites where people are most likely going to want to go.

Senator Urlacher: Why wasn't Dickinson chosen?

Scott Stofferahn: We thought Bismarck would better serve people.

Senator Wanzek: The 3 locations only deal with the loan servicing, we are not talking about also pulling in the farm program.

Scott Stofferahn: No we are just dealing with lending.

Senator Wanzek: If this does follow through, the other offices would no longer be there?

Scott Stofferahn: No, likely hood is you would still have an office for direct lending but the guaranteed loans instead of being referred to that county office would go to one of the locations.

Senator Wanzek closed the hearing on SCR 4025.

Discussion was held.

Senator Kroeplin: Do farmers ever work with staff?

Scott Stofferahn: All done with the bank.

Senator Kroeplin: The people in these centers, that is their expertise?

Scott Stofferahn: Yes.

Senator Kinnoin: If we pull some employees would it be possible to use some ASC staff?

Scott Stofferahn: We do use county office staff a lot.

More discussion was held.

An amendment was proposed.

Senator Urlacher made the motion for a Do Pass on the amendment. Senator Kinnoin seconded.

Motion carried 7 yes, 0 no.

Senator Klein made the motion for a Do Pass as Amended.

Senator Urlacher seconded.

ROLL CALL: 7 Yes, 0 No

CARRIER: Senator Kroeplin

Date: 2/11

Roll Call Vote #: 1

1999 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. SCR 4025

Senate Agriculture Committee

Subcommittee on _____
or

Conference Committee

Legislative Council Amendment Number _____

Action Taken Do Pass Amendment

Motion Made By Urlacher Seconded By Kinnoin

Senators	Yes	No	Senators	Yes	No
Senator Wanzek	✓				
Senator Klein	✓				
Senator Sand	✓				
Senator Urlacher	✓				
Senator Kinnoin	✓				
Senator Kroeplin	✓				
Senator Mathern	✓				

Total (Yes) 7 No 0

Absent _____

Floor Assignment _____

If the vote is on an amendment, briefly indicate intent:

Date: 2/11
Roll Call Vote #: 2

1999 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. SCR 4035

Senate Agriculture Committee

Subcommittee on _____
or
 Conference Committee

Legislative Council Amendment Number _____

Action Taken Do Pass As Amended

Motion Made By Klein Seconded By Urlacher

Senators	Yes	No	Senators	Yes	No
Senator Wanzek	✓				
Senator Klein	✓				
Senator Sand	✓				
Senator Urlacher	✓				
Senator Kinnoin	✓				
Senator Kroeplin	✓				
Senator Mathern	✓				

Total (Yes) 7 No 0

Absent _____

Floor Assignment Senator Kroeplin

If the vote is on an amendment, briefly indicate intent:

REPORT OF STANDING COMMITTEE

SCR 4025: Agriculture Committee (Sen. Wanzek, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (7 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). SCR 4025 was placed on the Sixth order on the calendar.

Page 1, line 17, replace "Grand Forks" with "Minot"

Page 1, line 19, replace "scheme completely disregards the needs of" with "plan must consider the unique demographics"

Page 1, line 20, remove "the western portion", remove "and would prove", replace "highly inefficient" with "efficient", and replace "impracticable" with "practicable"

Page 1, line 21, remove "many of"

Re-number accordingly

1999 HOUSE AGRICULTURE

SCR 4025

1999 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SCR 4025

House Agriculture Committee

Conference Committee

Hearing Date 3-12-99

Tape Number	Side A	Side B	Meter #
One SCR 4025		x	7.8 to 29.9
Committee Clerk Signature <i>Arlin Hanson</i>			

Minutes:

Summary of resolution: Urges Congress to analyze the operation environment of the Farm Service agency & insure that attempts at efficiency procedure don't hurt the borrower.

Sen Lyson: First appearance before your committee, Resolution is good for the farmers and like wise for the people of North Dakota. Bankers in Williston make sure when they propose any efficiency moves in service make sure doesn't hurt the borrower.

Rep Mueller: I visited with folks back home and maybe we will need some consolidation in services.

Sen Lyson: People I've talked say they would like to see one in every county. At least keep one in each of the 8 Gov districts.

Jim Slosser: ND Bankers Assoc. Support the bill in spirit. Initial concern with the regional centers was the location of them and distance to travel. Still is some concern with the consolidation.

Scott Stofferan: ND St ASCS office. Farm Credit Services. (Information and testimony attached)

We are always happy the people appreciate our programs. and we want to make sure our presence is felt everywhere. You notice the different categories. We have 4185 direct customers and 1336 guaranteed customers. With a fairly sizable amount of credit being made available. In addition to that we offered last year through sub-bordination of our security another \$86 million worth of credit. In other words pledge our security that we have in our position through the bank so they can lend operating loans. We are very active in agriculture credit in North Dakota. When times get tough even more active, more pressure from banks and customers to try and help out. About two years ago, actually 1995, we piloted a program where we centralized the Guaranteed loan making process in the SE part of the state. Amazing how well that did work. Fast turn around time, made a quick call to banker and made a quick decision on approval get it back out to lender and to the borrower. New regulations state that if you are a preferred lender and you submit an application to us if it hasn't been approved or disapproved in 14 days its automatically approved. Certified loans we have 14 days on that too. Regular legible lenders that don't fit the certified program its 30 days.

Rep Renner: How many Guaranteed loans do you have?

Scott Stofferan: 1336 guaranteed loans. Direct borrower loans # 4185. We have the toughest economy especially were we have several years of crop loss's. The pressure on interest assisted

loans is overwhelming. We need an interest rate cut in order to make some of these operations work.

Rep Nowatski: Scott could you bring us up to date on what's happening with the supplemental loans.

Scott Stofferan: Marked up last week, but I don't know if it's out of committee. Hard for some people around the country to understand how serious it is out here in the mid-west.

Rep Berg : What do you see in the next 12 to 18 months cycle as far as loan loss's are concerned.?

Scott Stofferan: Amazing what some operators have done to make it cash flow. About 15% of our borrowers are in very serious shape. Probably won't get operating loans. Minot had 35 new additional borrowers never seen before. Pretty good load all of a sudden just walking in and needing money. Hope this is just a temporary deal.

Motion by Rep Berg for a DO PASS and place on the consent calendar. second by Rep Renner

Vote total YES 12 NO 0 ABSENT 3 MOTION carrier Rep Brusegaard

Date: 3-12-99
Roll Call Vote #:

1999 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 4025

House AGRICULTURE Committee

Subcommittee on _____
or
 Conference Committee

Legislative Council Amendment Number _____

Action Taken No pass Consent

Motion Made By Berg Second By Renner

Representatives	Yes	No	Representatives	Yes	No
Eugene Nicholas, Chaiman	✓		Bob Stefanowicz	✓	
Dennis E. Johnson, Vice Chm	✓				
Thomas T. Brusegaard	✓				
Earl Rennerfeldt	✓				
Chet Pollert					
Dennis J. Renner	✓				
Michael D. Brandenburg	✓				
Gil Herbel	✓				
Rick Berg	✓				
Myron Koppang					
John M. Warner	✓				
Rod Froelich	✓				
Robert E. Nowatzki	✓				
Phillip Mueller					

Total (Yes) 12 No 0

Absent 3

Floor Assignment Brusegaard

1999 TESTIMONY

SCR 4025

FY 99 BREAKDOWN

	ALLOCATION	UNUSED FY99	STOCKPILE
D-OL-NBF	24.4M	19,910,490	
D-OL-NBF-SDA	1.1M	1,018,000	
D-OL-BF	10.4M	8,548,000	
D-OL-BF-SDA	.4M	165,850	
G-OL-NBF	15.4M	10,945,400	
G-OL-NBF-SDA	.6M	639,000	
G-OL-BF	10.2M	10,091,000	
G-OL-BF-SDA	.4M	426,000	
G-OL-IA-NBF	15.4M	-0-	2,329,000
G-OL-IA-NBF-SDA	.6M	640,000	
G-OL-IA-BF	10.2M	8,525,250	
G-OL-IA-BF-SDA	.4M	427,000	
D-FO-NBF	.5M	-0-	118,000
D-FO-NBF-SDA	.2M	-0-	238,000
D-FO-BF	.4M	-0-	
D-FO-DP	.7M	671,800	
G-FO-NBF	6.8M	-0-	1,138,000
G-FO-NBF-SDA	1.0M	909,000	
G-FO-BF	2.2M	941,190	



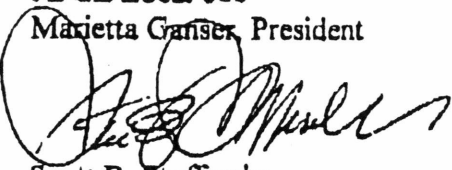
United States
Department of
Agriculture

Farm
Service
Agency

North Dakota State FSA Office
P.O. Box 3046
Fargo, North Dakota 58108-3046
(701)239-5224 FAX #(701)239-5695

DATE: October 15, 1998

TO: AFGE Local 888
Marietta Granser, President

FROM: 
Scott B. Stofferahn
State Executive Director

SUBJECT: Guaranteed Loan Making and Servicing Centers

REF: SED

Please be informed of my intention to create three guaranteed loan making and servicing centers for FSA Farm Loan Programs in North Dakota. These centers, to be located in Fargo, Bismarck, and Grand Forks, will be in place no later than August 15, 1999. *Munet*

Staff needed to establish and maintain these centers are likely to come from within the existing federal staff ceiling in North Dakota. This action will require reductions of staff numbers in other locations throughout the state and may result in fewer permanently staffed service locations.

You have the right to negotiate impact and implementation of this intended change in service delivery. Please notify me within 10 days of your intentions to negotiate.

cc: NACS
NASE
NASCOE

Arnie

A concurrent resolution urging Congress to review and address structural and personnel issues within USDA*s Farm Service Agency and ensure that attempts customer needs and expectations are met.

Whereas, Administrative efforts to reduce the size of federal government coupled with unrealized expectations of reduced workload associated with the Federal Agricultural Improvement and Reform Act have resulted in delayed service to producers; and

Whereas, workload in Farm Service Agency field offices appears to exceed available staffing; and

Whereas, since the 1994 USDA Reorganization, the Farm Service Agency continues to operate with two incompatible personnel systems; and

Whereas, North Dakota farmers and ranchers need commodity, conservation, and credit programs provided by the Farm Service Agency more than ever during these troubled economic conditions for agriculture;

Whereas, three guaranteed loan making and servicing centers are proposed for Fargo, Bismarck, and Minot;

NOW, THEREFORE, BE IT RESOLVED BY THE SENATE OF NORTH DAKOTA, THE HOUSE OF REPRESENTATIVES CONCURRING THEREIN:

That the Fifty-sixth Legislative Assembly urges the Congress of the United States to address the USDA Farm Service Agency*s structural and staffing needs while maintaining the highest standards for customer service to producers; and

BE IT FURTHER RESOLVED, that the Secretary of State forward copies of this resolution to the Secretary of Agriculture, the chairmen of the Senate and House Agriculture Committees, and to each member of the North Dakota Congressional Delegation.

total \$ outstanding

Direct Loan Rates		
	Full	LR
OL	5%	5%
FO	5.75%	5%

Total "B" Count	
as of 10-1-98	
Direct	4185
Guaranteed	1336

\$520m	\$8.8% delinquent
\$250m	\$3.4% delinquent

Total "B" funded FY 99	Amount
Direct	
OL 224	\$15,977,849
FO 12	\$ 930,170

Total "B" funded FY 99	Amount
Guaranteed	
OL 228	\$41,320,794
FO 45	\$ 9,161,210



NEWS RELEASE

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FACT SHEET: USDA FY 1999 SUPPLEMENTAL APPROPRIATION
February 26, 1999

The Department of Agriculture's Farm Service Agency (FSA) needs \$152 million in FY 1999 to provide credit and delivery of services to farmers and ranchers. Funding would be for two accounts:

The Agricultural Credit Insurance Fund Program Account would receive \$109.6 in budget authority including \$105.6 million of subsidy budget authority to support credit of \$1.1 billion through five programs and \$4 million for program expenses:

- \$350,000,000 for guaranteed farm ownership loans,
- \$200,000,000 for direct farm ownership loans,
- \$185,000,000 for direct farm operating loans,
- \$185,000,000 for guaranteed farm operating loans,
- \$175,000,000 for emergency farm loans.
- \$4,000,000 for program expenses.

This request for emergency supplemental appropriations for farm loans is in response to unprecedented demand for agricultural credit due to persistently low commodity prices.

P. L. 105-277, Omnibus Consolidated and Emergency Supplemental Appropriations Act, 1999, provided \$2.8 billion in farm loans supported by more than \$121 million in credit subsidy. That funding is expected to be depleted for all USDA farm loan programs by April 15, 1999.

In fiscal year 1998, USDA loan programs served 26,000 farmers. The Appropriations Act increased that number for FY 1999 to 31,000. With this supplemental funding, USDA would have the ability to help more than 12,000 additional farmers in need of capital, bringing the total to over 43,000.

The FSA Salaries and Expenses Account would receive \$42,753,000 to support temporary staffing needed to provide services to farmers and ranchers.

Low commodity prices have led to increased demand for services in FSA county offices.

P. L. 105-277 provided \$5.9 billion in emergency payments to producers. The Act also provided \$40 million in emergency salaries and expenses funds in recognition of the administrative burden placed on the FSA by the disaster assistance provisions in the Act. FSA estimates the need for additional temporary staffing for five months to implement those provisions. This proposal would not fund additional permanent staff.



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Release No. 0073.99

Statement
by

Secretary of Agriculture Dan Glickman
on the President's Request for Supplemental Agriculture Funding -
February 26, 1999

"I applaud the President's leadership in once again meeting the needs of America's farmers and ranchers by asking for these emergency funds .

"These are tough times in farm country. Prices are plunging and a lot of farmers and ranchers are facing a cash flow squeeze this year. That is why the demand for USDA's farm lending programs has increased dramatically this year to 4 times the normal rate. As a result, we have already exhausted the money in some of our loan accounts and project that the others will run out of money over the next few weeks.

"Of this request, \$109.6 million will enable USDA to provide an additional \$1.1 billion in financing to farmers and ranchers through approximately 10,000 direct and guaranteed loans so farmers can cover their operating costs, finance their farms and equipment, and refinance their existing debt.

"With the additional \$42.8 million, USDA will be able to support temporary staff in its county Farm Service Agency offices to meet the overwhelming demand for services resulting from the current slump in the farm economy.

"I am ready to work with Congress to make sure it quickly approves the President's request, so our farmers have the credit they need to do their spring planting."

#

FY 99 BREAKDOWN

	ALLOCATION	ADDITIONAL ALLOCATION	UNUSED FY99	STOCKPILE
D-OL-NBF	24.4M		12,953,120	
D-OL-NBF-SDA	1.1M		761,790	
D-OL-BF	10.4M		5,867,630	
D-OL-BF-SDA	.4M		112,850	
G-OL-NBF	15.4M		2,911,150	
G-OL-NBF-SDA	.6M		639,000	
G-OL-BF	10.2M		8,874,000	
G-OL-BF-SDA	.4M		426,000	
G-OL-IA-NBF	15.4M	7,622,740	-0-	6,024,500
G-OL-IA-NBF-SDA	.6M		640,000	
G-OL-IA-BF	10.2M		5,316,856	
G-OL-IA-BF-SDA	.4M		427,000	
D-FO-NBF	.5M		-0-	180,000
D-FO-NBF-SDA	.2M		-0-	292,350
D-FO-BF	.4M		-0-	351,640
D-FO-DP	.7M		671,800	
G-FO-NBF	6.8M	682,000	-0-	4,519,100
G-FO-NBF-SDA	1.0M		909,000	
G-FO-BF	2.2M		555,190	
EM				332,660

AS OF March 12, 1999