

MICROFILM DIVIDER

OMB/RECORDS MANAGEMENT DIVISION

SFN 2053 (2/85) 5M



ROLL NUMBER

DESCRIPTION

2216

2001 SENATE AGRICULTURE
SB 2216


2001 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2216

Senate Agriculture Committee

☐ Conference Committee

Hearing, Date January 26, 2001

Tape Number	Side A	Side B	Meter #
Jan 26 1	X		0.0 - 25.6
2	X		7.3 - 13.0
Committee Clerk Signature 			

Minutes:

SENATOR WANZEK; sponsored and introduced the bill.

This program is important to many producers and gained credibility. This bill extends the deadline for two more years.

SENATOR TOMAC; sponsor of this bill, testified in support of this bill.

JEFF KNUDSON; Administrator of the North Dakota Mediation Service, testified in support of this bill. See attached testimony.

SENATOR NICHOLS; When new states start this program does it affect the funds for other states?

JEFF KNUDSON; That has been a problem in the past and right now they are around 100%.

REPRESENTATIVE D. JOHNSON; sponsor, testified in support of this bill.

I see a need for a service like this with prices the way they are now.

KARL LIMVERE; Pastor, testified in support of this bill. See attached testimony.

Page 2

Senate Agriculture Committee

Bill/Resolution Number SB 2216

Hearing Date January 26, 2001

KENT DANIELSON; testified in support of this bill. Shared personal experience with committee.

CHRISTOPER DAWSON; testified in support of this bill. Also supports eliminating the sunset clause.

WOODY BARTH; Credit Review Board, testified in support of this bill. The Credit Review Board is also supportive of this bill.

RICHARD SCHLOSSER; ND Farmers Union, testified in support of this bill.

JOEL GILBERTSON; testified in support of this bill. This is an excellent program and should be continued.

CHARLES MC CAY; Farm Credit Services, testified in support of this bill. Support removal of sunset clause entirely.

BRIAN KRAMER, ND Farm Bureau, testified in support of this bill. Hope that the program will be continued.

The hearing was closed.

Discussion was held.

SENATOR KLEIN; I think we should remove the sunset clause or extend it for a longer period of time.

SENATOR KLEIN moved for a DO PASS on this bill.

SENATOR ERBELE seconded the motion.

Roll call vote: 6 Yeas, 0 No, 0 Absent and Not voting.

SENATOR WANZEK will carry the bill.

FISCAL NOTE

Requested by Legislative Council
02/02/2001

Bill/Resolution No.:

Amendment to: SB 2216

1A. State fiscal effect: *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	1999-2001 Biennium		2001-2003 Biennium		2003-2005 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues	\$0	\$0	\$0	\$84,000	\$0	\$84,000
Expenditures	\$0	\$0	\$178,233	\$897,575	\$178,233	\$897,575
Appropriations	\$0	\$0	\$178,233	\$897,575	\$178,233	\$897,575

1B. County, city, and school district fiscal effect: *Identify the fiscal effect on the appropriate political subdivision.*

1999-2001 Biennium			2001-2003 Biennium			2003-2005 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

2. Narrative: *Identify the aspects of the measure which cause fiscal impact and include any comments relevant to your analysis.*

This bill would continue the Agricultural Mediation Service, which provides negotiation and mediation services to resolve problems between farmers/ranchers and lenders, agencies, and others.

3. State fiscal effect detail: *For information shown under state fiscal effect in 1A, please:*

A. Revenues: *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

Revenues are projected program user fee collections. Total user fees included in the executive budget are \$146,724, of which \$62,724 are estimated carryover into the '01-'03 biennium.

B. Expenditures: *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

Expenditures are for salaries, operating, and equipment expenses of the Agricultural Mediation Service. The number of affected FTE positions is 6.0.

C. Appropriations: *Explain the appropriation amounts. Provide detail, when appropriate, of the effect on the biennial appropriation for each agency and fund affected and any amounts included in the executive budget. Indicate the relationship between the amounts shown for expenditures and appropriations.*

The Agricultural Mediation Service is federally funded at a 70 percent reimbursable rate for allowable activities. General funds and user fees are needed to provide state matching funds for federal grant reimbursement and to fund limited activities that are not eligible for federal grant cost-sharing. The appropriation amounts included in the executive recommendation are:

General \$178,233

Federal \$750,851

Special (user fees, grants, etc.) \$146,724

Name:	Jeff Weispfenning	Agency:	Agriculture Commissioner
Phone Number:	328-4758	Date Prepared:	02/02/2001

FISCAL NOTE
 Requested by Legislative Council
 01/16/2001

Bill/Resolution No.: SB 2216

Amendment to:

1A. State fiscal effect: *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	1999-2001 Biennium		2001-2003 Biennium		2003-2005 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues	\$0	\$0	\$0	\$84,000	\$0	\$0
Expenditures	\$0	\$0	\$178,233	\$897,575	\$0	\$0
Appropriations	\$0	\$0	\$178,233	\$897,575	\$0	\$0

1B. County, city, and school district fiscal effect: *Identify the fiscal effect on the appropriate political subdivision.*

1999-2001 Biennium			2001-2003 Biennium			2003-2005 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

2. Narrative: *Identify the aspects of the measure which cause fiscal impact and include any comments relevant to your analysis.*

This bill would continue the Agricultural Mediation Service, which provides negotiation and mediation services to resolve problems between farmers/ranchers and lenders, agencies, and others.

3. State fiscal effect detail: *For information shown under state fiscal effect in 1A, please:*

A. Revenues: *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

Revenues are projected program user fee collections. Total user fees included in the executive budget are \$146,724, of which \$62,724 are estimated carryover into the '01-'03 biennium.

B. Expenditures: *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

Expenditures are for salaries, operating, and equipment expenses to continue the services of the Agricultural Mediation Service. The number of FTE positions affected is 6.0.

C. Appropriations: *Explain the appropriation amounts. Provide detail, when appropriate, of the effect on the biennial appropriation for each agency and fund affected and any amounts included in the executive budget. Indicate the relationship between the amounts shown for expenditures and appropriations.*

The Agricultural Mediation Service is federally funded at a 70 percent reimbursable rate for allowable activities. General funds and user fees are needed to provide state matching funds for federal grant reimbursement and to fund limited activities that are not eligible for federal grant cost-sharing. The appropriation amounts included in the executive recommendation are:

General \$178,233

Federal \$750,851

Special (user fees) \$146,724

Name:	Jeff Weispfenning	Agency:	Agriculture Commissioner
Phone Number:	328-4758	Date Prepared:	01/17/2001

Date: 1-26-01

Roll Call Vote #: 1

2001 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 2216

Senate Agriculture Committee

☐ Subcommittee on _____
or
☐ Conference Committee

Legislative Council Amendment Number _____

Action Taken DO PASS - AMENDMENTS

Motion Made By SEN. NICHOLS Seconded By SEN. KUEHN

Senators	Yes	No	Senators	Yes	No
Senator Wanzek - Chairman	✓		Senator Kroeplin	✓	
Senator Erbele - Vice Chairman	✓		Senator Nichols	✓	
Senator Klein	✓				
Senator Urlacher	✓				

Total (Yes) 6 No 0

Absent 0

Floor Assignment SEN. NICHOLS

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

Date: 1-26-01
Roll Call Vote #: 2

2001 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO.

Senate Agriculture Committee

☐ Subcommittee on _____
or
☐ Conference Committee

Legislative Council Amendment Number DO PASS AS AMENDED

Action Taken _____

Motion Made By SEN. KLEIN Seconded By SEN. ERBELE

Senators	Yes	No	Senators	Yes	No
Senator Wanzek - Chairman	✓		Senator Kroeplin	✓	
Senator Erbele - Vice Chairman	✓		Senator Nichols	✓	
Senator Klein	✓				
Senator Urlacher	✓				

Total (Yes) 6 No 0

Absent 0

Floor Assignment SEN. WANZEL

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

REPORT OF STANDING COMMITTEE (410)
January 30, 2001 8:12 a.m.

Module No: SR-16-1883
Carrier: Wanzek
Insert LC: 10568.0101 Title: .0200

REPORT OF STANDING COMMITTEE

SB 2216: Agriculture Committee (Sen. Wanzek, Chairman) recommends AMENDMENTS AS FOLLOWS and when so amended, recommends DO PASS and BE REREFERRED to the Appropriations Committee (6 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). SB 2216 was placed on the Sixth order on the calendar.

Page 1, line 15, overstrike "until June 30," and remove "2003"

Renumber accordingly

2001 SENATE APPROPRIATIONS

SB 2216

2001 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2216

Senate Appropriations Committee

☐ Conference Committee

Hearing Date February 9, 2001

Tape Number	Side A	Side B	Meter #
I	X		15.9-38.5
Committee Clerk Signature <i>D. The [Signature]</i>			

Minutes:

Senator Solberg opened the hearing on SB 2216.

Senator Tomac, District #31, and co-sponsor of the bill gave a review of the appropriation. The Agriculture Commission was given a unanimous do pass with attached amendments. The program started in 1985 session. There has been a biennial review every session since that time. Many support this program and it is time to put this appropriation in permanently with an amendment in the Agriculture Department bill.

Senator Tallackson: I can't understand the current amendment?

Senator Tomac: Every two years there is a sunset and this has been since 1985; it has proven its value and it is time to remove the sunset.

Senator Andrist: In the Executive Budget it shows \$178,000; is the amount in the Ag Budget or separate?

Page 2

Senate Appropriations Committee

Bill/Resolution Number SB 2216

Hearing Date February 9, 2001

Allen Knudsen, Legislative Counsel: the appropriation is in the Ag Budget, \$1,075,808 total.

Most are Federal Funds, \$178,000 from General Funds.

Senator Tomac: This will be explained to you.

Tape #1, Side A, meter 19.9

Jeff Knudson, Agricultural Mediation Service, (testimony attached), proposed another amendment to declare an emergency which was taken out by Legislative Council and requests it be put back in.

Senator Solberg: Does this appropriation appear in the Ag Bill/Budget?

Jeff Knudson: Yes it does.

Senator Solberg: Then why is the appropriation/bill with this committee? Go on.

Senator Andrist: The chart on page 4, net loss wheat acres; is this mostly costs or just production gross receipts?

Jeff Knudson: Mostly costs.

Tape #1, Side A, meter 27.6

Charles McCay, Farm Credit Services, spoke in favor of the bill stating it is a very effective program; people are well trained and it is time to get rid of the sunset to keep good people there.

Kent Danielson: spoke in support of the bill and to remove the sunset; the Ag mediation has helped me and my family owned ranch. The services are very cost effective.

John Grunefelder, farmer/rancher, South Central North Dakota (testimony attached) spoke in support of the program.

Jack McDonald, representing Independent Community Banks, gave support to continue the program financing farm operations.

Page 3
Senate Appropriations Committee
Bill/Resolution Number SB 2216
Hearing Date February 9, 2001

Karl Linvere, chairperson of the Rural Life Committee of the North Dakota Conference of Churches (testimony attached), spoke in support of the bill and recommended the emergency clause.

Christopher Dobson, ND Catholic Conference, gave his support for churches supporting this program; the program helps for many difficult situations.

Richard Slobesen, ND Farmers Union, gave support for the program.

With no opposition to the bill, the hearing was closed. Tape #1, Side A, meter 38.5.

February 15, 2001 Full Committee Action: (Tape 3, Side A; 43.5-45.3)

Senator Nething reopened the hearing on SB2216.

Senator Solberg moved a DO PASS; Senator Lindaas seconded the motion. No discussion.

Roll Call Votes: 14 yes; 0 no; 0 absent and not voting.

Floor assignment back to the original carrier, Senator Wanzek.

Date: 2-15-01

Roll Call Vote #: 1

2001 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. SB 2216

Senate Appropriations Committee

☐ Subcommittee on _____

or

☐ Conference Committee

Legislative Council Amendment Number _____

Action Taken Pass

Motion Made By

Senator Silberg

Seconded

By

Senator Lindan

Senators	Yes	No	Senators	Yes	No
Dave Nething, Chairman	✓				
Ken Solberg, Vice-Chairman	✓				
Randy A. Schobinger	✓				
Elroy N. Lindaas	✓				
Harvey Tallackson	✓				
Larry J. Robinson	✓				
Steven W. Tomac	✓				
Joel C. Heitkamp	✓				
Tony Grindberg	✓				
Russell T. Thane	✓				
Ed Kringstad	✓				
Ray Holmberg	✓				
Bill Bowman	✓				
John M. Andrist	✓				

Total Yes 14 No 0

Absent 0

Floor Assignment Senator Wanzek

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

REPORT OF STANDING COMMITTEE (410)
February 15, 2001 5:28 p.m.

Module No: SR-28-3595
Carrier: Wanzek
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE

SB 2216, as engrossed: Appropriations Committee (Sen. Nething, Chairman)
recommends DO PASS (14 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING).
Engrossed SB 2216 was placed on the Eleventh order on the calendar.

2001 HOUSE AGRICULTURE

SB 2216

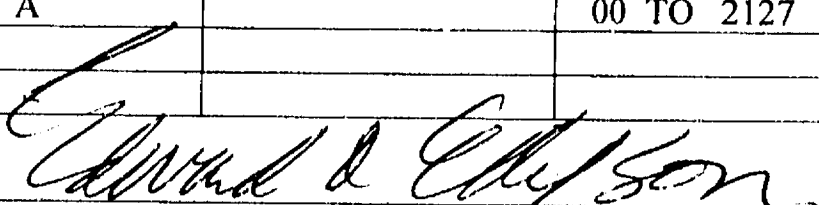
2001 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2216

House Agriculture Committee

☐ Conference Committee

Hearing Date 3--09--01

Tape Number	Side A	Side B	Meter #
ONE	A		00 TO 2127
Committee Clerk Signature 			

Minutes:

CHAIRMAN NICHOLAS: Committee Members. We will open the hearing on SB 2216

1A: 230 SENATOR WANZEK: I am here to introduce 2216. Deals with the removal of the Sun Set Clause for the Agr. mediation program or service. Originally the Bill would just have extended the Sun Set Clause and we were able to convince the Senate that this program has been around for a number of years. It has been very beneficial for not just farmers but creditors who are dealing with farmers and the whole issue of farm financial mediation and negotiations. I think it has been a very worth program. It has a tremendous amount of merit and I think at this point of time it is time to consider removing the Sun Set Clause, having it be a program. It can always be addressed through the budget. Like I said on the Senate Floor, if you pass this Bill now that will assure that there will be one less bill in the session next year asking for extension of the Sun Set Clause. Your good Vice Chairman Johnson and I have sponsored it for five sessions now and I don't see that are mind is going to change at any point soon. We do have the budgeting

process. We have the means where if the program should become unnecessary or obsolete we can address through the budgeting process. We don't see a need to continue to come back and talk about the merits of this program. It has been talked about since its inception, I believe in the 80's. It has been a bipartisan support for this bill. ANY QUESTIONS?

Representative Pietsch: What is the approximate cost here between state funding and I know there is a federal grant that comes into this program. What is the cost share between the state and the Fed's?

WANZEK: I don't know. There will be some here that can answer it.

CHAIRMAN NICHOLAS: Thank you Sen. Wanzek.

JEFF KNUTSON: Agricultural Mediation Service. Please see printed testimony, and also written testimony from Karl Limvere who could not be here today. Attachment:
That concludes my testimony, Any questions?

Representative Wrangham: My concern deals mainly of duplication services. On line 10 through 12 of the Bill it says that the commissioner shall establish mediation the commissioner shall establish and agricultural mediation service to disseminate information to farmers concerning farm credit problems and to provide assistance to seek to resolve farm credit problems. When we look at page one of your testimony it seems that it has actually gone into several other areas that don't necessarily involve senate issues. Could you speak to this please.

JEFF; The program was started 1991 to include basically any issue involving the farmer. That was before my time so I can't tell you what happened at that point. That is when I believe it was extended beyond credit issues and that was coinciding with the federal grant program. I

believe the program started at the Federal level. As the program went on and as the USDA saw the benefits of it they expanded the program to a lot of other issues.

REPRESENTATIVE BERG. To follow up. You say there were 1400 people that you worked with last biennium, how many of those people were strictly dealing with mediation between creditor and bank loans.

JEFF: I don't have that information with me. Can't be specific. I feel very confident that 75 to 80 percent of our work is farm credit.

BERG: Would it be possible for me to get a break down on that.

JEFF: SURE.

CHAIRMAN NICHOLAS: OTHER QUESTIONS?

Representative Pietsch: Thank you Mr. Chairman. Jeff, I know this should be clear to me but with the fees that you charge, your other revenue that you generate, Is only the farmer being represented in this mediation charged the user fee. If they have the money to pay it or dose the creditor or the other side in these mediations, are they charged a fee as well.

JEFF: I n my testimony, the program is broken down into basically two forms, formal and informal. Farmers are charged \$15.00 Per Hour for negation services. That is where the negotiator works with the farmer. The other components of the program is formal mediation. That is where if a agreement is not reached with the other party, there may be a formal mediation where all creditors are brought to the table with the farmer and it that happens anyone who is at the table that is owed more then \$10,000.00 we charge twenty five dollars an hour as well as the farmer.

CHAIRMAN NICHOLAS: Other questions?

JEFF: The Federal Government grant is restricted to a maximum grant of \$500,000.00 per year.

The match is a reimbursement match.

REPRESENTATIVE RENNER: You do quite a bit with land lord tenant disagreements?

JEFF: No I would not say a lot. Handful over the years.

JACK McDonnell: BANK GROUP. We recommend a DO PASS. I am appearing here today on behalf of the independent community banks of ND.. They are small banks and we are bankers have worked hard and long with the agr. mediation groups over the years and we think it is a very good program. We urge DO PASS.

We urge you to take the sun set clause off.

ROSE SOLLAR: We support the Bill. I am the EXECUTIVE DIRECTOR OF THE MENTAL ASSOCIATION IN NORTH DAKOTA. Rarely do we have an opportunity to speak the the Agr. Committee. However, I am here this morning on behalf of our association. We support 2216. Our organization has had a long standing productive partnership with this program as well as with the individual mediators. The use of our help line. The mental health association of ND for 30 years has a toll free help line which is open 24 hours a day. for anyone in ND to call. What is unique about that line is that it is a human voice line. If you call use at three in the afternoon or three in the morning you get a human voice. You don't have to navigate a menu. In calendar year 1999 we had over 10,000 calls on the help line from people in ND. In the year 2000 we had about 8000 calls. Approximately 20 percent of those calls are related to rural farm issues and farm stress issues. Folks from AGR mediation provide training to all of our help line staff and volunteers. The can understand Agr. in ND and the struggle of farmers and farm family. We provide training to AGR MEDIATORS about the help line and

other resources available so that they can refer appropriately. They have been wonderful messengers of giving people that help line number. Folks that are struggling with credit issues and financial farm issues are often times struggling with depression and stress and facing major decisions and that is where we can help. These people are having their emotional needs attended to.

VICE CHAIRMAN JOHNSON: Thank you Rose

JOHN GRINFELTER We were helped out by this Bill. Agr. Mediation. WE are paying off our debtors. With the new farm Agr. we never know what is going to happen. We would like a DO PASS ON 2216. AGR. KNOW THE PROGRAMS THAT ARE OUT THERE. THEY KNOW THE FORMS THAT HAVE TO BE FILLED OUT. THE NATURE OF AGRICULTURE NEEDS THIS BILL. THANKS.

Representative Berg: Prior to Agr. mediation, what would you have done with your lender? We were basically at the point where we were told it just was not going to cash flow. You can jump through the hoops and say that we can do this, this and this. It is amazing what you can do on paper but it is truly going work when you go out there and finally it got to the point where interest was eating us up and the only way we could restructure was to go to something like FFA and get in a program like that.. The amount of paper work you have to fill out and the amount forms, Agr. Mediation really helped us. They helped us a lot. We were at a point where we had to do something.

CHARLES MCCAY. We support this BILL

VICE CHAIRMAN JOHNSON: OTHERS TO OFFER SUPPORT OF THIS BILL. THOSE OPPOSED? WE WILL CLOSE THE HEARING ON SB 2216

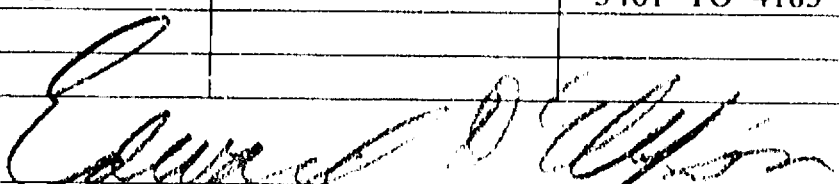
2001 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2216

House Agriculture Committee

☐ Conference Committee

Hearing Date 3--09--01

Tape Number	Side A	Side B	Meter #
THREE	A		3461 TO 4183
Committee Clerk Signature 			

Minutes:

CHAIRMAN NICHOLAS: Committee Members I would like to get that re-referred to Appropriations committee members today. Open to 2216.

BERG AND NICHOLAS DISCUSSION. Limit to Agr. mediation. Long term I think that could be funded through Banking Privilege Tax that we have. It is lowering the litigation between lenders and borrowers. NICHOLAS: In my own area I would like to comment in the Devils Lake Basin I can expand further east etc. we are still under sigh, water, diseases. I know Rep. Kingsburys area has been hit hard with potato disease's just because of water..

Excessive water, either to wet or to dry. The need for the program needs to exist.

Maybe some of the mediation should be done by the attorney general rather than the Agr. Dept.

All of the consumer fraud cases are in the attorney generals office.

VOTE WAS TAKE FOR A RE-REFERRAL. REPRESENTATIVE MADE THE MOTION FOR A DO PASS.....THE VOTE WAS """"11 YES""""0 NO""""4 ABSENT.

Page 2

House Agriculture Committee

Bill/Resolution Number SB 2216

Hearing Date 3--09--01

REPRESENTATIVE RENNER WILL CARRY THE BILL

1A:4183

B-9-01

Date:
Roll Call Vote #:

2001 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO.

SB 2216

House AGRICULTURE

Committee

☐ Subcommittee on _____

or

☐ Conference Committee

Legislative Council Amendment Number

RE REFERRAL TO APPROP

Action Taken

DO PASS

Motion Made By

BERG

Seconded By

RENNER

Representatives	Yes	No	Representatives	Yes	No
Eugene Nicholas, Chairman	✓		Rod Froelich		
Dennis E. Johnson - Vice Chairman	✓		Doug Lemieux		
Rick Berg	✓		Philip Mueller		
Michael Brandenburg			Kenton Onstad	✓	
Joyce Kingsbury	✓		Sally M. Slandvig	✓	
Myron Koppang	✓		Dennis J. Renner	✓	
Edward H. Lloyd	✓		Dwight Wrangham		
Bill Pietsch	✓				

Total

(Yes)

11

No

0

Absent

4

Floor Assignment

REP RENNER

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

REPORT OF STANDING COMMITTEE (410)
March 9, 2001 1:35 p.m.

Module No: HR-41-5254
Carrier: Renner
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE

SB 2216: Agriculture Committee (Rep. Nicholas, Chairman) recommends DO PASS and BE REREFERRED to the Appropriations Committee (11 YEAS, 0 NAYS, 4 ABSENT AND NOT VOTING). SB 2216 was rereferred to the Appropriations Committee.

2001 HOUSE APPROPRIATIONS

SB 2216

2001 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. **SB2216**

House Appropriations Committee

☐ Conference Committee

Hearing Date **March 20, 2001**

Tape Number	Side A	Side B	Meter #
I	x		4926 - 6207
I		x	0 - 786
Committee Clerk Signature <i>L L Donker</i>			

Minutes:

HOUSE APPROPRIATIONS COMMITTEE HEARING ON SB2216.

Rep. Timm: Any testimony in support of SB2216?

Mr. Jeff Knudson, Agricultural Mediation Service: (Followed written testimony and answered questions after his testimony) (Also had testimony from Karl Limvere from the council of churches).

Rep. Wald: Does anybody else want to testify on SB2216? The appropriation for this is in agriculture department budget. The answer was yes.

Mr. John Grinthal, Farmer: Several years ago I got into a situation where I didn't know what I was going to do, I needed something to turn to. My bank said they were not going to give me a loan anymore and I didn't have any idea as to what I was going to do and somebody said to go to Ag Mediation and see if they can help you out. We expanded our cow herd and we took a lot of equity out of our place before we went to Ag mediation and did some things. Ag Mediation

has a lot of different options and they showed us a lot of different options that we could do to make our farm viable and today we are making our payments and today the bank is a lot happier and a lot of that has to do with the cattle market. Now we can see the light at the end of the tunnel, I'm here to encourage you to fund this bill and probably take away the sunset clause.

Rep. Monson: I think all this bill does is take the sunset clause out, isn't it? The answer was yes.

Rep. Timm: Any other testimony in support of SB2216?

Mr. Ken Danielson, Rancher in central North Dakota: Ag Mediation service was successful in my opinion and helping resolve family situations and working with FSA (Farmer Service Agency) The end result was that the loans were repaid, family relations were healed, I weaned myself away from FSA which was my biggest hurdle and I'm grateful for particularly Tom Silbernagel, Nancy Otto and Herman Haas, they went out of there way and spent late into the evenings, helping with the family situations and in dealing with FSA. If I would have resorted to private people and private practices it would have only compounded the problem and the total cost was very effective and I'm grateful that I can testify in behalf of the Ag. Medition Services.

Rep. Timm: I wasn't here in the beginning of your testimony, what is FSA? Answer was Farm Service Agency. Is that a government agency that lends out money? Response was yes. Any othe testimony in support of SB2216?

Rose Stoller, Executive Director of the Mental Health Association in N.D

(Followed written testimony and answered questions after her testimony)

Rep. Wald: Would you be available to the appropriations committee, it says here that you help with emotional stress and with feelings of hopelessness and despair, so we could use your services.

CO

NT

NEXT FIGURE

Ms. Stoller: I will make sure that you have the phone number.

Mr. Charles McKay, Representing Farm Credit Services: We have supported extending the sunset of the Ag. Mediation Service for 5 or 6 sessions, we think it is very appropriate to just remove the sunset clause, we are mandated by federal law to cooperate in good faith of any state sponsored mediation service, its proven itself to be an effective program, and we may as well remove the sunset and we hope that you do.

Rep. Timm: Has that sunset been on there every two years or since it was started? Answer was yes.

Rep. Delzer: Of the number of people that you have that are borrowing from you and go into Ag. Mediation, how many of them continue percentage wise and is it a way of closing them out.?

Mr. McKay: I can't give you that number, I would have to do considerable research. Farm Credit system is regulated by federal law and we have fairly specific requirements in how we treat distressed loans and as I said, one of the requirements is that we work in good faith with any state sponsored mediation service and whether or not the farmer stays on the farm or winds up doing something else is a matter of circumstances and a matter of complying with federal regulations and I can't give you statistics.

Rep. Timm: Any other questions of Mr. McKay? Any further testimony?

Richard Schlosser, Representing the North Dakota Farmers Union: I'm here on behalf of those members to ask for your support for SB2216. We as an organization have been supporting this since its inception and I guess our major role in this of promoting this program has been through our paper outlining what services the Ag. Mediation provides and on occasion our board does get a note from someone who has been helped by this service and as you heard today a couple of producers here the impact on their lives that these services have provided.

Page 4
House Appropriations Committee
Bill/Resolution Number SB2216
Hearing Date March 20, 2001

Rep. Timm: Any other testimony? Any testimony in opposition to SB2216? We will close the hearing on SB2216.

House Appropriations committee closed the hearing on SB2216.

2001 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB2216A

House Appropriations Committee

☐ Conference Committee

Hearing Date **March 21, 2001**

Tape Number	Side A	Side B	Meter #
1	x		2225 - 2673
Committee Clerk Signature <i>L. J. O'Neil</i>			

Minutes:

HOUSE APPROPRIATIONS COMMITTEE ACTION ON SB2216A.

Rep. Timm: Let's take up action on SB2216. This bill takes off the sunset clause. So its a continuation of the program but they don't have to come back in two years and get it approved again, its an ongoing program then. Does anybody have a motion?

Rep. Kerzman: Moves for a DO PASS, seconded by Rep. Kempenich.

Rep. Timm: Any discussion? All the bill does is remove the sunset from the law and the money is in the budget of the Agriculture Department.

Rep. Wald: Can somebody tell me what the rationale is for removing the sunset? I realize that they don't have to come back, I understand that, but wouldn't it be good idea to have then come back biennium as long as we have this in front of us in government operations usually. I don't think its a good idea to remove the sunset clause.

Page 2
House Appropriations Committee
Bill/Resolution Number SB2216
Hearing Date March 21, 2001

Rep. Aarsvold: I think initially it was set up in response to the ag crisis that existed then and exists now, things have not changed dramatically in terms of problems on the farm and also in the ag finance industry and it seems to me that they have proven themselves both to the ag sector and to the finance sector and they have done an exemplary job of carrying out the responsibility and have deservedly maintained their goals.

Rep. Timm: Any other discussion? We have a motion for a DO PASS. Roll call vote will be taken for a do pass. (17) YES (4) NO. Motion passes. Rep. Kerzman will carry the bill to the floor.

End of House Appropriations Committee action on SB2216A.

Date: 3/21/01
Roll Call Vote #: 1

2001 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. SB 2216

House APPROPRIATIONS Committee

☐ Subcommittee on _____
or
☐ Conference Committee

Legislative Council Amendment Number _____

Action Taken DO PASS

Motion Made By KERZMAN Seconded By KEMPNICH

Representatives	Yes	No	Representatives	Yes	No
Timm - Chairman	✓				
Wald - Vice Chairman		✓			
Rep - Aarsvold	✓		Rep - Koppelman		✓
Rep - Boehm		✓	Rep - Martinson	✓	
Rep - Byerly	✓		Rep - Monson	✓	
Rep - Carlisle	✓		Rep - Skarphol	✓	
Rep - Delzer		✓	Rep - Svedjan	✓	
Rep - Glassheim	✓		Rep - Thoreson	✓	
Rep - Gulleeson	✓		Rep - Warner	✓	
Rep - Huether	✓		Rep - Wentz	✓	
Rep - Kempenich	✓				
Rep - Kerzman	✓				
Rep - Kliniske	✓				

Total (Yes) 17 No 4

Absent 0

Floor Assignment KERZMAN

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

2001 TESTIMONY

SB 2216

Senate Agriculture Committee Hearing
January 26, 2001
SB 2216 - Extension of Ag Mediation Services

Mr. Chairman:

My name is Karl Limvere. I am the pastor of the Zion United Church of Christ of Medina. I serve as the chairperson of the Rural Life Committee of the North Dakota Conference of Churches and am representing the Conference and the committee today.

The Rural Life Committee of the North Dakota Conference of Churches was established in 1986, and is the successor to other efforts by the Conference of Churches dating back to 1974. We have the responsibility of developing proactive, ecumenical responses to rural life issues in the state. This past year we have given particular emphasis to issues of economic justice facing rural America.

The Rural Life Committee envisions and supports the development of a rural society that promotes the greatest potential number of diversified family farming/ranching opportunities possible. We support a widely-dispersed structure of agricultural production with broad-based ownership that is dominated by resident, owner-operated, family farms and ranches.

In our adopted statement of goals and objectives, the North Dakota Conference of Churches has specifically given support to this program: "Public policy must provide infrastructures, such as the Ag Mediation Service, to assist family farmers and ranchers in meeting economic challenges and to assist new families to enter agriculture. Such programs should be strengthened and expanded."

We believe the Ag Mediation Service has two primary responsibilities. First, it must provide the financial management expertise to assist as many farmers and ranchers as possible to stay in agriculture. Secondly, it must become a major source of expertise in assisting potential new family farmers and ranch operators to go through the maze of programs and finances that can give them the help that is needed to get them started.

The record of the Ag Mediation Service is one of excellence. We have full confidence that when we refer a farm or ranch family to the Ag Mediation Service that they are being directed to the most effective program available. We also have confidence that the Ag Mediation Service will also be the key agency for the network of services that a farm or ranch family needs when they are dealing with the multitude of issues and problems that come with financial distress.

This is a program that is like a CARE package for family farm and ranch operators. It is a program that demonstrates that the state of North Dakota cares about their future and the future of the family farm structure of agriculture.

But if all we do is to clean up the mess that has been left by the economic devastation of rural America and the family farm system, we are not serving justice. It is not longer sufficient simply to save and preserve what is remaining in rural America. Instead rural America must be rebuilt and justice must be a primary building block for our future.

The North Dakota Ag Mediation Service can and must be a key player in our state and national efforts to rebuild family agriculture and to put new, younger farmers on the land.

We will need a lot of other tools and programs to rebuild the widely-dispersed structure of agriculture that we know as the family farm system. However, the Ag Mediation Service with its financial expertise and one-to-one counsel and work with farm families, will be an essential element in helping farmers to access both existing programs and whatever additional tools we provide in the future.

Recognizing its capability to provide needed services both for the present economic conditions in agriculture and helping us to rebuild a brighter future for agriculture, we would recommend that SB 2216 be given a do pass. We would further recommend that the sunset provision in the legislation be eliminated. At the very least it should be extended for more than two years at a time.

While it is good for this program to be on the agenda and review of the Legislature's Agriculture Committees every biennium, it would be far more productive to be holding hearings on how the program can be strengthened and expanded, rather than on the question of whether it should be extended.

Unfortunately, in the public policy and economic climate in which agriculture lives today, we will need the Ag Mediation Program for the foreseeable future. We believe that the legislative authorization should recognize that reality.

Thank you.

**Testimony of Jeff Knudson
Agricultural Mediation Service
Senate Bill 2216
Senate Agriculture Committee
Roosevelt Park Room
January 26, 2000**

*With the
exception of this
page the
testimony is
same as
given
on -
March 20 -*

Chairman Wanzek, members of the committee, my name is Jeff Knudson, Administrator of the North Dakota Agricultural Mediation Service (AMS). I was hired by and report to the North Dakota Commissioner of Agriculture. In addition, I report to the North Dakota Credit Review Board (CRB), which among other duties establishes policy for the AMS.

I am here today to support SB 2216, which extends the sunset of the Agricultural Mediation Service for two more years.

Because of the two-year sunset provision, the AMS and CRB have come before every session of the legislature since 1985, to describe the work each does and to ask that the sunset be extended.

CREDIT REVIEW BOARD

The CRB, among other duties, establishes the policy under which the AMS operates and pays close attention to the fiscal constraints of the AMS. At the same time, the CRB ensures that assistance is provided to those who need it.

User fees are \$15 per hour for negotiation services to farmers who use the service. Fees assessed to mediation participants are \$25 per hour. The CRB waives the fees only in cases where the farmer is unable to pay.

THE NORTH DAKOTA AGRICULTURAL MEDIATION SERVICE

The AMS is one of twenty-five agricultural mediation programs certified by the United States Department of Agriculture. The AMS is federally funded at a 70 percent rate for allowable activities.

Most of our case activity continues to be ag-credit related. However, since 1991 we have also been involved in additional types of agricultural cases including:

- Federal farm program eligibility issues; including CRP
- Commodity Credit Corporation loans
- Beginning farmer assistance
- Landlord/tenant disagreements
- Highly erodible and wetlands determinations
- Sodbuster/swampbuster violations
- Federal Crop Insurance disputes

PROPOSED AMENDMENT TO ENGROSSED SENATE BILL NO. 2216

Page 1, line 2, after "service" insert "and to declare an emergency."

Page 1, after line 21, insert:

SECTION 2. EMERGENCY. This Act is declared to be an emergency measure.

Renumber accordingly



GARRISON STATE BANK & TRUST

102 North Main • PO Box 339 • Garrison, ND 58540-0339
Telephone (701) 463-2262 • Fax (701) 463-7452

January 22, 2001

**NORTH DAKOTA STATE LEGISLATURE
BISMARCK ND 58501**

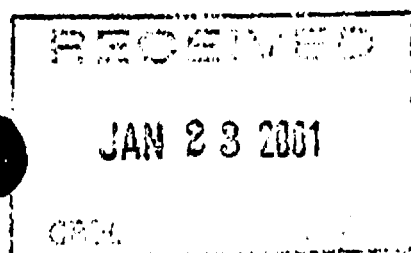
Dear Sirs:

I am writing this letter in support of Agricultural Mediation Service. Our bank feels that this is a very important office of the State and needs to be continued and funded in this Legislative Session. Ag Mediation has been a big service and help to many farmers and ranchers in our area as well as the entire State. They sit down with the farmers and ranchers to look at their operations and the future. They also help in working through cash flow problems and ways to obtain the best financing for the operation.

Please continue to fund and operate this important office. In our current economic times, it is important that we do everything possible to help the people of our State. If you have any questions concerning this, please give me a call. Thank you.

Sincerely,

**Bruce Schreiner
Assistant Vice President**



First State Bank of Golva

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

BOX 189
GOLVA, NORTH DAKOTA 58632
(701)872-3856

BOX 129
BEACH, NORTH DAKOTA 58621
(701)-872-4444

January 22, 2001

Dear Sir:

I'm writing this letter of support for the North Dakota Ag Mediation Service. They have help several farmers with government gurantee loans, also adviced 3 father-son operating in transferring the family farm in my area.

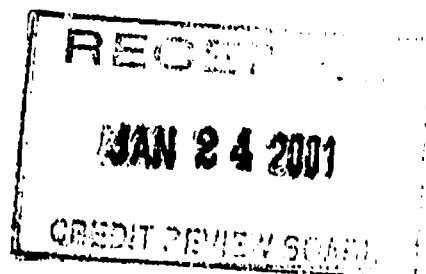
Your Truly,

Duane Maus U.P.

Duane Maus

Vice President

First State Bank of Golva



Hi, My name is Jon Grunefelder, I farm and ranch with my father in South Central North Dakota. We run a primarily cow/calf operation with our farming end being utilized mostly as feed. As we all know, cattle prices run in cycles. We are currently enjoying cattle prices that we can work with. Three years ago we were at the bottom of the last cattle cycle and in a position where it was almost impossible to get operating money. Ag-mediation really helped us when it came to understanding the loan programs that are out there and how to go about filling out a ton of forms that go along with them. Torn and Patty were both very helpful to us in this process. I don't think I would be farming or ranching today if it wasn't for them and Ag-mediation. Historically it seems that the cropping industry and beef industry both have their ups and downs, but we are dealing in a business where we are not in control of the price we get much less the inputs we buy. I feel that at a time like this when farm prices for agricultural commodities are at an all time low, it makes it even more essential to fund this agency to help those of us that can turn our farms and ranches into profitable businesses with the right loan program.

House Agriculture Committee Hearing
March 9, 2001
SB 2218 -- Extension of Ag Mediation Services

Mr. Chairman:

My name is Karl Limvers. I am the pastor of the Zion United Church of Christ of Medina. I serve as the chairperson of the Rural Life Committee of the North Dakota Conference of Churches and am representing the Conference and the committee today. I apologize that I am unable to appear in person before your committee today, and appreciate your courtesy in receiving this written testimony.

The Rural Life Committee of the North Dakota Conference of Churches was established in 1986, and is the successor to other efforts by the Conference of Churches dating back to 1974. We have the responsibility of developing proactive, ecumenical responses to rural life issues in the state. This past year we have given particular emphasis to issues of economic justice facing rural America.

The Rural Life Committee envisions and supports the development of a rural society that promotes the greatest potential number of diversified family farming/ranching opportunities possible. We support a widely-dispersed structure of agricultural production with broad-based ownership that is dominated by resident, owner-operated, family farms and ranches.

In our adopted statement of goals and objectives, the North Dakota Conference of Churches has specifically given support to this program: "Public policy must provide infrastructures, such as the Ag Mediation Service, to assist family farmers and ranchers in meeting economic challenges and to assist new families to enter agriculture. Such programs should be strengthened and expanded."

We are pleased that the North Dakota Senate has adopted this legislation and included amendments to remove the sunset provision from the bill and to provide for an emergency clause so that it might become effective in a more timely basis.

We believe the bill as amended by the Senate gives the program some legislative stability. We believe it would also encourage future legislative sessions to focus on strengthening and improving the program, rather than simply considering its extension.

The action to remove the sunset clause also recognizes the unfortunate reality that the present agricultural situation is part of a longer-term crisis. This crisis is not only a matter of inadequate farm prices, but also a failure of our

nation's economic policies to provide more equitable infrastructures to stabilize farm income and farm numbers.

While we are wrestling with the larger national economic policies related to agriculture, we need to provide the best available expertise to our producers as they try to deal with the immediate difficulties they face in these economic times.

We believe the Ag Mediation Service has two primary responsibilities. First, it must provide the financial management expertise to assist as many farmers and ranchers as possible to stay in agriculture. Secondly, it must become a major source of expertise in assisting potential new family farmers and ranch operators to go through the maze of programs and finances that can give them the help that is needed to get them started.

The record of the Ag Mediation Service is one of excellence. We have full confidence that when we refer a farm or ranch family to the Ag Mediation Service that they are being directed to the most effective program available. We also have confidence that the Ag Mediation Service will also be the key agency for the network of services that a farm or ranch family needs when they are dealing with the multitude of issues and problems that come with financial distress.

This is a program that is like a CARE package for family farm and ranch operators. It is a program that demonstrates that the state of North Dakota cares about their future and the future of the family farm structure of agriculture.

But if all we do is to clean up the mess that has been left by the economic devastation of rural America and the family farm system, we are not serving justice. It is not longer sufficient simply to save and preserve what is remaining in rural America. Instead rural America must be rebuilt and justice must be a primary building block for our future.

The North Dakota Ag Mediation Service can and must be a key player in our state and national efforts to rebuild family agriculture and to put new, younger farmers on the land.

We will need a lot of other tools and programs to rebuild the widely-dispersed structure of agriculture that we know as the family farm system. However, the Ag Mediation Service with its financial expertise and one-to-one counsel and work with farm families, will be an essential element in helping farmers to access both existing programs and whatever additional tools we provide in the future.

Thank you.

SB 2216

March 18, 2001

To whomever it may concern,

My occupation is a diversified farmer. During this time of the year, my cows are calving and therefore I could not personally testify and instead chose to write a testimonial letter.

Back in 1998 my farming operation was in financial trouble. Because of low cattle and grain prices and high input costs we were gradually losing large amounts of money year after year. After contemplating moving to the city and looking at different job prospects and after many sleepless and prayer filled nights worrying about our financial burden — my wife and I decided with the desire and determination to continue farming and raising our six children on our family farm.

We heard about ND Ag Mediation and their services they provide to distressed farmers and decided to call them for assistance. I truly believe without their professional help and guidance I would not be on my farm today. They guided me through restructuring our finances and to receive operating and emergency loans with lower interest rates through Farm Service Agency. Through financial counseling and communication with my banker and with FSA we were able to continue farming. I am happy and proud to say that the past two years have been profitable on my farm -- partly due to higher cattle prices and lower interest rates on our farm operating loans.

Not only did Ag Mediation assist us in restructuring and reorganizing our farm finances, but on a more personal note, they were there with mental and emotional support. They encouraged us to find a brighter future in farming and to remember to show our pride as farmers producing food.

I personally and publicly would like to thank those at Ag Mediation who truly helped us in ways they will never know and who made an astounding difference in our farming operation and most importantly in our farm family. Without them we would not be on our family farm today.

Thank you for your time and consideration.

Sincerely,

Ken Huber

Ken Huber
6880 23rd Ave. SE
Kintyre, ND 58549

Post-It Fax Note	7871	Date 3/19/01	# of pages 1
To: Tom S. Thernagel	From: Ken Huber		
Co/Dept: Ag. Dept. Mediation	Co.		
Phone #	Phone # 322-6651		
Fax # 322-1872	Fax #		

MENTAL HEALTH ASSOCIATION IN NORTH DAKOTA

Senate Bill 2216 Before House Appropriations Committee March 20, 2001

Mr. Chairman, members of the committee, my name is Rose Stoller and I am the Executive Director of the Mental Health Association in North Dakota. I appear today in support of SB2216.

The Mental Health Association in North Dakota has had a long time relationship with the Ag Mediation program. This partnership is hallmarked by the sharing of information and referral sources. For more than 30 years our association has offered a 24 hour/7 day per week human voice HELP-LINE to callers statewide. Over the last 2 calendar years the HELP-LINE has taken in excess of 18,000 calls, approximately 20% of which involve some facet of rural/farm stress. HELP-LINE staff and volunteers receive training from AG Mediation staff so that they become more knowledgeable regarding referrals and available resources. In addition, Ag Mediators share HELP-LINE information with their clients so that they know 24-hour help and support is available.

People who are experiencing financial or credit problems often experience related struggles such as emotional stress, depression, and feelings of hopelessness and despair. The public-private partnership between the Mental Health Association in North Dakota and Ag Mediation allows for families in crisis to have available to them the resources necessary to move forward.

Although we certainly wish that times were better for ND farm families and that Ag Mediation services were no longer needed, the fact remains that we do need this critical program. Please give your full support to SB2216. Thank you.

**Testimony of Jeff Knudson
Agricultural Mediation Service
Reengrossed Senate Bill 2216
House Appropriations Committee
Roughrider Room
March 20, 2001**

Chairman Timm, members of the committee, my name is Jeff Knudson, Administrator of the North Dakota Agricultural Mediation Service (AMS). I was hired by and report to the North Dakota Commissioner of Agriculture. In addition, I report to the North Dakota Credit Review Board (CRB), which among other duties establishes policy for the AMS.

I am here today to support Reengrossed SB 2216, which continues the Agricultural Mediation Service.

CREDIT REVIEW BOARD

The CRB, among other duties, establishes the policy under which the AMS operates and pays close attention to the fiscal constraints of the AMS. At the same time, the CRB ensures that assistance is provided to those who need it.

User fees are \$15 per hour for negotiation services to farmers who use the service. Fees assessed to mediation participants are \$25 per hour. The CRB waives the fees only in cases where the farmer is unable to pay.

THE NORTH DAKOTA AGRICULTURAL MEDIATION SERVICE

The AMS is one of twenty-five agricultural mediation programs certified by the United States Department of Agriculture. The AMS is federally funded at a 70 percent rate for allowable activities.

Most of our case activity continues to be ag-credit related. However, since 1991 we have also been involved in additional types of agricultural cases including:

- Federal farm program eligibility issues; including CRP
- Commodity Credit Corporation loans
- Beginning farmer assistance
- Landlord/tenant disagreements
- Highly erodible and wetlands determinations
- Sodbuster/swampbuster violations
- Federal Crop Insurance disputes

In North Dakota, mediation is voluntary for all farmers and most creditors. If requested, good-faith participation in mediation is mandatory for the Farm Service Agency and Farm Credit Services. The Bank of North Dakota, by policy, requests mediation with delinquent borrowers in an effort to avoid foreclosure actions. Agreements reached in mediation are always mutually acceptable to the parties. Because of this, mediation agreements are generally long-lasting and satisfying to the parties involved. If an agreement is not reached through mediation, the parties are free to pursue formal appeals and/or legal actions.

An essential component of mediation is that all information shared by the parties with the mediator remains confidential. NDCC 6-09.10-10 guarantees the confidentiality of AMS records; all client files are kept under lock and key. Studies have shown that the principle of confidentiality results in a greater likelihood that the parties will come to a mutually agreeable solution to their problems.

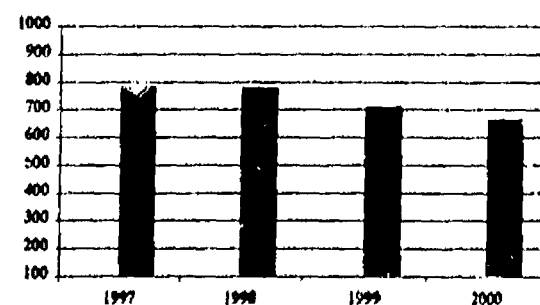
In the state fiscal years ended June 30, 1999, and June 30, 2000, the AMS worked directly with 709 and 662 farmers respectively. The main reason for the decrease in client numbers is the large cash infusions into agriculture through federal ad-hoc disaster programs during the past three years. Despite problems with targeting of and eligibility for ad-hoc disaster programs, this financial assistance has helped to mitigate the fallout of both natural and economic losses and helped keep ag loans current. Even so, the client caseload of the AMS continues to be one of the highest of the twenty-five state mediation programs.

Over the years, AMS staff levels have continued to be reduced and administrative duties streamlined to ensure that client needs are met in the most cost-effective manner possible. The total number of AMS employees (FTEs and non-FTEs) has decreased to 17 in the past two years.

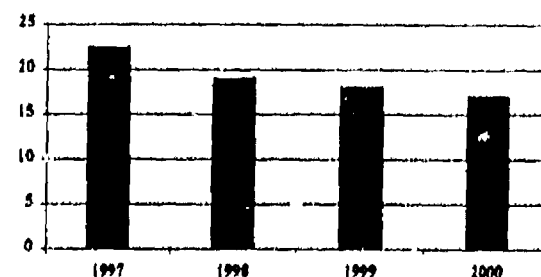
It is important to note that only six of the AMS staff are FTE employees. The remaining are part-time employees who work by the hour as required by our client load. This means that our costs per client are somewhat variable and are also reduced when client numbers fall.

The AMS assisted 33 beginning farmers during the state fiscal years of 1999-2000. Helping beginning farmers with financing programs, feasibility plans, and loan applications continues to be an important service provided by the AMS. Our work with beginning farmers is not eligible for federal grant cost-share and must be funded with state general funds and user fees.

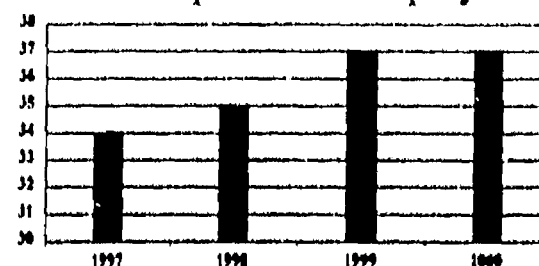
AMS Clients
State Fiscal Years (1997-2000)



AMS Employees
Years-end (1997-2000)



Clients per AMS Employee



OUTREACH ACTIVITIES

In February 2000, Job Service North Dakota contracted with AMS as part of the *Survival 2000* program. The program provides re-employment and retraining services to eligible farm/ranch operators, family members, and employees of farm/ranch operations. The program helps displaced farmers and farm workers transition to new careers. Under its contract with Job Service North Dakota, the AMS provides information dissemination for and referral of eligible persons to the program.

The AMS continues as an active member of the *North Dakota Rural Survival Task Force* (RSTF), an ad hoc group comprised of numerous public and nonprofit entities, as well as individuals interested in rural affairs.

In North Dakota, the *Children's Health Insurance Program* (CHIP) is known as *Healthy Steps*. The AMS actively supports and informs its farm family clients of the *Healthy Steps* program.

In February 2000, the AMS hosted *North Dakota Community Action* district representatives at its training seminar. Personnel from both agencies identified needs, barriers, and ideas to close service gaps for rural families in need of support.

The *Rural Support Project*, a response of *Catholic Family Service* to the rural crisis, provided financial assistance and support to AMS and many of its limited resource clients.

The AMS continues to work with *Lutheran Social Services/Lutheran Rural Response* on a variety of initiatives, including referrals and cooperative casework.

In response to the flooding in central and eastern North Dakota, AMS personnel staffed a series of *Federal Emergency Management Agency Disaster Recovery Centers*. The NDAMS provided information regarding agricultural financial issues and programs to those visiting the recovery centers.

These and other efforts and activities continue to make significant progress in the establishment and maintenance of a network of public, private, and nonprofit resources that serve farmers and rural North Dakotans. Many cooperative working relationships have been established, leading to better awareness of and referrals to appropriate resources.

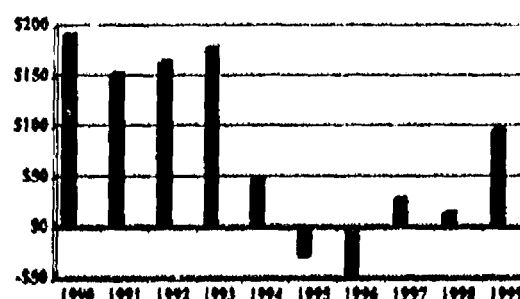
FUTURE EXPECTATIONS

Weather conditions, crop production, and livestock prices have generally improved over the last two years. However, crop quality problems continue to plague areas of North Dakota resulting in severe market discounts for many wheat and durum wheat producers this past year.

North Dakota's principal agricultural products are wheat and cattle, the combination of which make up over one-half of the state's total agricultural receipts. While returns per beef cow improved in 1999, returns per acre of wheat remained negative.

Net Return per Beef Cow

ND Farm Business Management



Most commodity prices remain at extremely low levels. Because of the natural and economic disasters of the past several years, ad-hoc federal disaster programs have played a major role in North Dakota farm income. The reliance on annual disaster programs to bolster farm income has resulted in high anxiety and uncertainty for producers and their lenders. Under these conditions, feasible short-term and long-term farm operating plans are difficult to project.

Net Return per Acre of Wheat

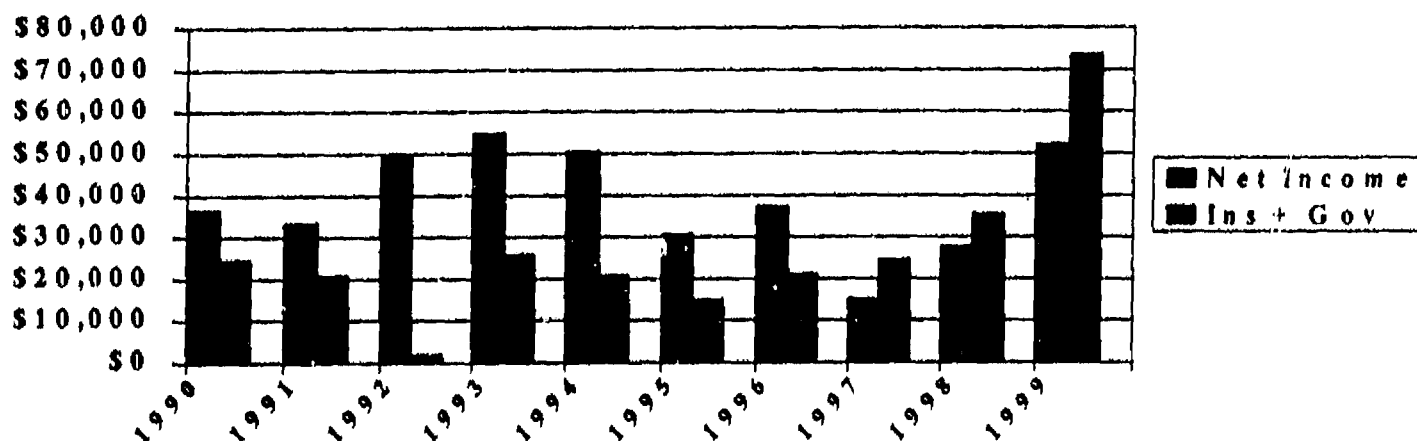
ND Farm Business Management



In terms of net farm income, financial conditions facing North Dakota producers are substantially improved compared to two years ago. However, it is disturbing to note the percentage of net farm income that can be attributed to government payments in 1999. Nearly 91 percent of 1999's net farm income for farms enrolled in the ND Farm and Ranch Business Management program (outside the Red River Valley) can be attributed to government payments.

Net Farm Income vs. Insurance plus Government Payments

ND Farm and Ranch Business Management



With the total of government and insurance payments exceeding net farm income, it is evident that much of what happens to the farm economy and the demand for AMS services is subject to future changes in federal farm policy, continued federal disaster assistance and livestock/commodity prices.

WHY SHOULD THE AMS CONTINUE?

1. **It saves lives.** I am convinced the AMS has prevented farm suicides. We work very hard to prevent an atmosphere that is conducive to violence. Over the years, a number of law enforcement personnel have told us they are grateful that the AMS is available.

2. **It promotes community harmony and decreased conflict.** The win-win results often achieved through mediation are in stark contrast to the win-lose results so often seen with foreclosures and bankruptcies.
3. **It is timely.** A mediation case is usually concluded within a month or two as opposed to formal appeals which often last for several months or litigation that may go on for years.
4. **It is confidential and allows farmers to maintain their dignity.** I have seen the humiliation and self doubt which grip farmers who are unable to pay all their obligations and who are forced to watch their livelihood, and in many cases their heritage, slip away from them.
5. **It works.** In North Dakota we reach agreements most of the time. In federal fiscal year 2000, our mediation agreement rate was 81 percent.

In addition to the local benefits of the AMS, certified state mediation programs are recognized for saving significant taxpayer dollars through federal government savings. The 106th Congress passed and the President signed legislation to extend the sunset of the USDA Mediation Grants Program until 2005. The bipartisan support of this federal legislation is a strong endorsement of state mediation programs and their effectiveness as a cost-saving means of dispute resolution.

The following excerpt from a national *Farm Service Agency News* article recognizes the cost savings (federal funds) of disputes resolved through mediation versus formal administrative appeals.

Mediation Program Continues

by Chester Bailey, USDA Agricultural Mediation Program Specialist

USDA's popular Agricultural Mediation Program, administered by FSA, was recently reauthorized through fiscal year 2005.

The successful program is continually growing for a good reason—it works. The number of mediation clients increased from 4,140 in FY 1999 to over 4,673 in FY 2000. And the number of agreements or resolutions increased from 2,898 in FY 1999 to over 3,411 in FY 2000. Not to mention, dollars were saved: Mediation, at \$400 to \$750 per case, offers significant savings over national level administrative hearings, which cost around \$3,500 per case.

SUMMARY

Mediation resolves disputes faster, is more cost effective, and provides greater satisfaction for the involved parties than other more formal methods of dispute resolution, such as appeals or litigation.

Mediation continues to proliferate throughout society. As a proven, cost effective, common sense approach to resolving problems, the North Dakota AMS should remain a part of the effort to streamline government and keep decision-making as local as possible.

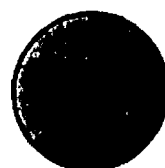
Mediation Budget Comparisons

	1999-2001	2001-2003 (request)
Salaries	\$726,288	\$827,038
Operating	\$205,030	\$243,770
Equipment	\$ <u>364</u>	\$ <u>5,000</u>
Totals	\$931,682*	\$1,075,808
FTEs	6.0	6.0

*Includes \$130,000 additional Emergency Commission approved federal authority.

Funding Sources

☐ General
☐ Federal
☐ Special



\$173,623
 \$413,631
 \$344,427



\$178,233
 \$750,851
 \$146,724

This concludes my prepared remarks. I would be pleased to answer any questions the committee might have. Thank you.