



Montana Department of
LABOR & INDUSTRY
State Workforce Investment Board

State Workforce Investment Board Sector Strategies Committee Minutes

October 2, 2012
Elkhorn Room A, Holiday Inn
Helena, Montana

BOARD MEMBERS PRESENT: Mike Grove, Chair; Mike Cooney (Keith Kelly's Designee); Henry Dykema; Connie Essinger; Mike McGinley; Alan Skari; Rodney Miller

BOARD MEMBERS ABSENT: Tina Bundtrock; Jon DeMichiei; Jacquie Helt; Evan Barrett (Designee: Pat Wise)

STAFF: Leisa Smith & Kali Wicks

GUESTS: Mary Berg, Rachel Endecott, Suzanne Ferguson, Linda Moodry, Adam de Yong

I. Welcome and Introduction

Chair Mike Grove called the meeting to order at 6:02 p.m. He welcomed Committee members and guests.

Roll call, Housekeeping, and Meeting Documents

Kali Wicks conducted roll call, addressed housekeeping items, and reviewed meeting materials. Chair Grove explained the committee conducts business under Roberts Rules of Order.

Agenda

Chair Grove reviewed the Agenda. Mike McGinley moved to accept the agenda as presented, which Mike Cooney seconded. The motion to accept the agenda as presented then passed unanimously.

Minutes

Chair Grove reviewed past meeting minutes from May 30, 2012. Ms. Wicks noted that staff received no changes or amendments to meeting minutes after e-mailing them to board members and making them available on the SWIB website. Mike McGinley made a motion to accept the minutes as presented, which Mike Cooney seconded. The motion passed unanimously.

II. Young Farmer & Rancher Opportunities

Heather Malcolm, Vice President of Ag Lending at the Lewistown Branch of the Bank of the Rockies gave a presentation detailing the financing opportunities for young farmers and ranchers. Ms. Malcolm spoke about different lending prospects available to farmers just starting out or looking to get back into the farming business, including Farm Service Agency (FSA) Loans (Direct and Guaranteed). Ms. Malcolm stated that these types of loan applications have increased in the past few years, along with enrollment in agricultural programs at Montana State University (MSU), which shows that there is an increasing amount of young people interested in farming.

Ms. Malcolm also spoke about young farmers getting active in their industry organizations, including Montana Grain Growers, Montana Farm Bureau, and Montana Stockgrowers. These organizations offer resources such as mentorship programs where older generations are able to work with younger generations on all aspects of the industry, including fiscal subjects. These organizations also offer educational workshops and leadership conferences for persons age 18-40, who are interested in networking and learning more about the industry.

The committee asked several questions regarding the increasing enrollment at MSU, which were deferred to audience member Rachel Endecott of the Animal and Range Sciences Department at Montana State University. Ms. Endecott stated that MSU has seen increased enrollment across the board at MSU. In her particular department, offering an Equine Science option along with tweaking some of the Range Science Degree options to Natural Resources Degree options, along with small curriculum changes have increased options and had a positive impact on enrollment. Ms. Malcolm also answered questions about the creative changes young people have been making in agriculture in terms of crops types, stock growing strains, methods and technology.

The committee also had discussion about the State of South Dakota and their educational classes regarding training for young farmers, and estate tax in Montana and how that can affect parties interested in getting into farming.

III. Agricultural Finance Program: Beginning Farmers

Walt Anseth of the Agricultural Finance Program at the Montana Department of Agriculture gave a presentation about the Beginning Farmer Rancher Program, which is a federal bonding program making the State of Montana the bonding authority available for production Ag land, which the State has had since 1981. This program has not been widely used in Montana due to its restrictions. The program is for Ag production, and 51% of the borrower's income must be from the land. Of the land purchased through the program, only 5% may be used for a home, and most of the land in Montana already has a dwelling or outbuildings located on it. Mr. Anseth said that the program works well for other states like Iowa or in Missouri, where they sell bare corn land, but Montana has had very few take advantage of the program in his time at the Department.

The committee had several questions about the restrictions and the differences between how other states use the program. Mr. Anseth said that there is a lot of interest from younger people who would like to get involved in farming; however this particular program is not as applicable in

Montana as in other states, due to the restrictions. Instead of using this program, many of those people use the programs Ms. Malcolm spoke of, as they are more advantageous.

Mr. Anseth also spoke about a program offering Direct Loans through the Department of Agriculture. The Junior Ag Loan program is a very popular program designed for kids under 21 who are interested in farming and ranching. This program lends \$3,500 in funding open to ages 9-11, and \$8,500 open to ages 12-21. Parents or guardians must be willing to cooperate with prospective borrowers and have ample facilities available to provide for the project. Program support and technical assistance are provided by Montana State University Extension Service, Montana agricultural education instructors, and private financial institutions. The Rural Assistance Loan program provides

Rural Assistance Loan Program provides up to \$75,000 in loans to producers with modest financial investments in agriculture. Applicants must be at least 18 years of age and residents of Montana, and are only available to persons who are unable to qualify for financing from commercial lenders. However, the activity for which the loan is requested and the financial position of the applicant must show a positive cash flow and net worth. The Department also offers Partnership Loans with the Farm Service Agency (FSA), and Subordination Loans in operating with the FSA.

Mr. Anseth also talked about the Young Ag Couple's conference, which is affiliated with the department and is in its 33rd year, and was started by Commissioner Keith Kelly, a member of the State Board.

Following the presentation, the board discussed the benefits of these programs to young farmers. Chair Grove suggested that the message to the State Workforce Investment Board from the Sector Strategies Committee should be the contact information and of the presenters, so that the SWIB can highlight the importance of agricultural issues and solutions.

IV. Bakken Update

Steve Olson, Region V Director, and Vernetta Torgerson, Manager of the Sidney Job Service, gave an update of happenings in the Bakken region. Mr. Olsen focused on the Glendive area speaking to the increasing cost of housing and new construction. Local businesses in the area are struggling to hold on to good help, as the wages in the oilfield are drawing many workers away. The local job service is dedicating a lot of time to assisting job-seekers who need greater amounts of assistance with basic skills in order to enter the workforce, and is having trouble finding money for training. Employers are voicing concerns about soft skills in entry-level workforce, and many oil-field related jobs require technological savvy as a prerequisite for hire.

There are various economic areas of growth emerging in the area. Multiple trans-load facilities, which provide materials for use in the oilfield, are being developed in several places on the railroad tracks near Glendive, and are creating opportunities for employment with Burlington Northern. Expansions in services that are provided in the oilfield, such as wastewater and manufacturing are also on the rise.

Ms. Torgerson spoke about the Sidney area and the growth and development there. She discussed the ripple effect of the oil boom, particularly on volunteer services staff. There have been a greater number of ambulance, fire, and law enforcement calls in the area in the past year, and many responders are volunteer staff who are taken away from their primary employment each time they respond to a call. The community has started to discuss whether they need to make these volunteer positions paid, as local employers are not able to let their staff respond to the volume of calls that are being received, and what that will mean for the community. Ms. Torgerson also said that J-1 visas are no longer being approved, as the area is at “peak” conditions at all times, so students are no longer able to come in and work, and local businesses have to reduce their hours as a result of this change, including many fast food restaurants.

Public service positions, such as teachers and law enforcement officers, have been particularly hard hit by Sidney’s proximity to the oilfields, as they are not able to pay the \$1,000-\$2,000 per month rent on their salaries. The schools are considering several options as a remedy, including modular housing and buying property to house teachers. Several new subdivisions are being built, or are under consideration, and it is estimated that there will be 1,200 new students in the next 1-3 years, which will require the building of a new school. Currently, it is estimated that there are 1,100 without homes in Sidney. This figure includes people who may be living in an R.V. or with family. It is not known how many are living in tents.

Ms. Torgerson stated that continued and steady growth is expected in the region, and Mr. Olson added that the job services in the region are experiencing greater levels of need, and are looking at creative and innovative ways to address this, currently without new funding.

The board discussed partnerships in this area, and different ways the Board may be able to assist.

V. Educational Opportunities for Beginning, Socially Disadvantaged, and Limited Resource Farmers & Ranchers

George Haynes, Ph.D, an Agricultural Economics at Montana State University, gave a presentation on the Educational Opportunities for Beginning, Socially Disadvantaged and Limited Resource Farmers and Ranchers. Dr. Haynes discussed the global, political and economic environment for current agriculture and addressed educational challenges in the industry. He stated that there is an educationally diverse population of farmers and ranchers in Montana, including those with little or no formal education and those with many advanced degrees. This makes the format of programs for Montana farmers interesting in terms of delivery. Many programs are cross-referenced with Montana Grain Growers and Montana Stockgrowers. Dr. Haynes also reported about the differences between large-scale commodity agriculture versus small-scale specialty agriculture.

Dr. Haynes reviewed programs from the FSA for beginning farmers, including the Beginning Farmers and Ranchers Educational Program (BFRP), which includes face-to-face education with mentoring opportunities, covering insurance, marketing and finances. He also discussed programs for socially disadvantaged farmers, who must have been subject to racial, ethnic, or gender prejudice and must have at least 50% ownership in a farm or ranch. Two of these programs targeting Native American producers are in operation at Ft. Peck Community College

and in collaboration with the Northern Cheyenne. Dr. Haynes addressed low resource farmers, who qualify with gross farm sales of \$163,200/year or less, have a household income below the poverty line for a family of 4 (423,050 in 2012), or are at less than 50% of the county median household income. Mainly, Dr. Haynes said his program focuses on providing educational experience, not consulting services to these groups and has expanded their services this year by utilizing distance educational technologies and social networking. Dr. Haynes provided many links and contacts for the programs offered, which are available on his PowerPoint presentation on the SWIB website. Dr. Haynes then answered several questions about the delivery of the educational opportunities and collaborations with Montana Grain Growers and Stockgrowers, and also about how to break down barriers to assist socially disadvantaged farmers on reservations. Dr. Haynes stated that they will be doing some workshops in the area regarding leasing to spread information and work face-to-face on issues.

VI. New Business

The next committee meeting will be held as a face-to-face, evening meeting in January, prior to the State Workforce Investment Board.

VII. Adjourn

With no further discussion, or public comment, Chair Grove adjourned the meeting at 9:00 p.m.