

MINUTES OF THE MEETING
JOINT SUBCOMMITTEE
ON EDUCATION APPROPRIATIONS
MONTANA STATE
HOUSE OF REPRESENTATIVES

January 29, 1985

Tape 30 Side A

The meeting of the Subcommittee on Education was called to order at 7:30 A.M. by Chairman Gene Donaldson on Tuesday, January 29, 1985, in Room 104 of the State Capitol.

All members were present.

The purpose of the meeting was discussion of the Budget of the Cooperative Extension Service and Hearing of House Bill 219.

The first presentation was made by Sib Clack (30:A:023) of the Office of the Budget and Program Planning. The Cooperative Extension Service was created in 1914. The Extension Service disseminates and encourages the application of research-generated knowledge and technology to individuals, families and communities. University-trained professionals called county extension agents are responsible for carrying out this mission. Fifty-three of the fifty-six counties in Montana are served by local agents who are full-fledged faculty members of Montana State University.

The Executive budget recommendation for the 1987 biennium includes current level and a recommendation of the adoption of one modification, Ms. Clack said. The total for personal services is \$3,458,763 for FY 86 and \$3,459,979 for FY 87. The recommendation for operating expenses is \$636,367 for FY 86 and \$640,104 for FY 87. The equipment recommendation is \$16,868 for FY 86 and \$13,552 for FY 87. Capital outlay expenditures are recommended at \$2,838 for each year of the biennium.

The total recommended budget, minus the bottom line 2 percent reduction, is \$4,075,326 for FY 86 and \$4,079,159 for FY 87, Ms. Clack said. These amounts do include a modified request. The Extension Service has requested that the Executive include funding of a pesticide program which includes 1.22 FTE and operations that will serve approximately 8,000 private applicators in the state and will also provide educational support for the training of approximately 650 dealers and 1,100 commercial applicators. The total cost of this modification is \$39,120 for the first year and \$40,402 for the second year.

Education Subcommittee
Minutes
January 29, 1985

A presentation by Bill Sykes (30:A:083) (EXHIBIT 1) followed. He said the major difference between the LFA and Executive in FTE is the 1.22 pesticide specialist included in the Executive budget. The Executive also included higher salaries for part-time employees, while higher benefits were included in LFA current level. In the area of operating expenses, the LFA is higher than the Executive for both years. The LFA made major adjustments in current level operating expenses:

- (1) Expenditures were increased \$30,000 for publications and \$22,576 for in-state travel, as the Extension Service reduced expenditures for these items in order to fund pay increases in FY 84.
- (2) Operating expenses were increased \$6,348 for the weed specialist authorized by the 1983 Legislature.
- (3) Operating expenses were reduced \$23,784 for FY 86 and \$24,033 in FY 87 in order to keep General Fund support for AGNET at 50 percent of the projected cost of the computer-based information system. These reduced General Fund costs are to be picked up in AGNET's designated fund from user charges. In order to keep funding support at a 50/50 split between General Fund and user fees, funding from user fees would have to increase from the 1984 actual level of \$34,988 to \$61,372 in FY 86 and \$63,984 in FY 87. Extension use of AGNET decreased by 69.2 percent and usage of AGNET by private producers decreased 49.8 percent. Total program usage decreased by 63.2 percent from FY 83 to FY 84.

The LFA is higher in inflation for operating expenses for both years, Mr. Sykes said. The Executive budget included operating expenses for a pesticides specialist, while the LFA is higher in supplies and materials in each year. For the equipment budget, the LFA exceeds the Executive budget, Mr. Sykes said.

Regarding funding, the LFA is higher in federal Smith-Lever Funds because LFA current level includes a projected fund balance carryover from FY 85 into FY 86 of \$1,929. The Executive estimate of federal Smith-Lever funds does not include the fund balance carryover. The General Fund provides the remainder of the Extension Service's financial support. LFA current level figures are higher than the Executive's, Mr. Sykes said.

The first witness was Dr. Bill Tietz (30:A:176), President, Montana State University. He emphasized that the Extension Service has two functions: dissemination and gathering of information. It is a key element in information exchange that represents both the University System and the overall technical education of the country.

Education Subcommittee
Minutes
January 29, 1985

At the request of the Legislature in 1981, an Advisory Committee was established for the Extension Service. The Advisory Committee has been an active participant in the programs of the Extension Service since that time, Dr. Tietz said.

The Cooperative Extension Service has two principal operational problems: one is vacancy savings; the other is the matter of the extension of the enterprise to all corners of the state. Dr. Tietz said vacancy savings must be budgeted at the beginning of the year, and there is not sufficient flexibility in the program to absorb the amount that is required, and the result is that programs are curtailed. He requested that the Subcommittee give serious consideration to the lifting of the vacancy savings requirement as imposed on the Cooperative Extension Service. Dr. Tietz said the Extension Service is represented in every county of the state, and yet it is experiencing a serious personnel problem. He requested that the Subcommittee also consider the agency's needs relative to communications, personnel and new technology.

Dr. Tietz introduced Dr. Carl Hoffman (30:A:228), Director, Cooperative Extension Service. He pointed out that the Extension Service is not limited to agriculture. It involves families and communities in many different areas. The Extension Service operates on the principle that local people should be afforded the opportunity to participate in decisions that affect their communities and personal lives. In keeping with this principle, large numbers of state and local leaders are involved in priority-setting, planning, and carrying out Extension programs.

Dr. Hoffman distributed EXHIBITS 1, 2 and 3. Exhibit 2 lists members of the Montana Extension Advisory Council, and Exhibit 3 gives detailed descriptions of the programs of the Extension Service.

Dr. Hoffman pointed out that increased use is being made of computers in agriculture. He said that in its home economics program the Extension Service is dealing with real, solid problems, issues and concerns. The Extension Service also participates in community development projects and activities and with the 4H Program.

Returning to Exhibit 1, Dr. Hoffman discussed the Extension Service's budget for the 1987 biennium. He pointed out that in fiscal year 1985 a modified 1.22 increase in FTE was approved by the Legislature. (This was for the weed specialist.) Vacancy savings for the 1985 biennium was \$246,649, he said. For FY 86 the additional 1.22 FTE was carried forward, and in the modified area there is an additional 1.84 FTE, which represents the pesticides education specialist and a portion of the individual serving the Business Development Program (.62 FTE).

Education Subcommittee
Minutes
January 29, 1985

Dr. Hoffman next discussed what his agency views as critical budget issues. He said that great demands are made on the Extension Service for service, yet at a time when such assistance is sorely needed it has been necessary to reduce both service and staff in order to generate the funds necessary to offset the vacancy savings requirement established in 1983.

Because of the services being demanded of the Extension Service and the limited staff it has to perform those services, requiring the Extension Service to generate vacancy savings is not justified--particularly in light of the fact that, with the exception of Alaska, Montana provides less professional Extension assistance per county than any other state in the nation. Yet it is the fourth largest state whose major industry is agriculture. Dr. Hoffman distributed two letters (EXHIBITS 5 and 6) to the Subcommittee. These letters are from two county commissioners who described the problems encountered by their counties when Extension positions were not filled by the agency because of vacancy savings.

The second critical issue discussed by Dr. Hoffman was pesticide education. He pointed out that Congress passed a law which says that private applicators who use restricted-use pesticide must be certified. The states were instructed by Congress to develop similar legislation to carry out the program. Montana passed a Pesticide Act in 1971, and the rules and regulations resulting from that act now govern the use of pesticides within the state.

In 1983 the Legislature amended the Pesticide Act to strengthen the qualifications of applicators and to require higher standards of training. Initially, federal funds were available to states for the purpose of implementing the act, however recent discussions with USDA officials reveal that there is little likelihood that funding will be provided beyond 1985. For the Extension Service to provide farmers, ranchers and other private applicators the educational assistance they need to meet the requirements of the Montana Pesticide Act, a total of \$83,028 will be needed for the 1987 biennium, Dr. Hoffman said.

The third issue discussed by Dr. Hoffman was the Business Development Assistance Program. This program has provided assistance to a broad variety of businesses. Recognizing this fact, the Extension Service has attempted to keep the program active. However, federal support has reached the point where this option is no longer feasible. In order to continue the program, a total of \$46,805 is required for the 1987 biennium.

Tape 30 Side B

The next issue discussed by Dr. Hoffman was the equipment issue. He said that when an agency is trying to use the latest technology, equipment must be kept up to date.

The last issue discussed by Dr. Hoffman dealt with electronic technology. In 1977, the Old West Regional Commission funded a unique computerized system called AGNET. Using a large mainframe computer located at the University of Nebraska, the system was designed to assist individuals in making management decisions which in the past were either based on little more than a sophisticated guess or required many hours of mathematical computations. States initially involved in the program were Montana, North Dakota, South Dakota, Nebraska and Wyoming.

Gradually, as users became familiar with the 200 plus programs, the users were asked to help bear the costs involved. Now they pay the total telephone charges and computer time required to run their programs. AGNET continues to be an important management tool and information delivery system. A new technological development, however, has arrived on the scene which can perform many of AGNET's functions at a much lower cost: the Micro-computer.

Dr. Hoffman said the agency has shifted its emphasis by converting many of AGNET's programs to ones that can be used on microcomputers. Recognizing that they are in competition with farmers and ranchers in other states, Montana producers have turned to the Extension Service for assistance in using computer technology. Specifically, they have asked for: assistance in evaluating and selecting microcomputers; training in how to use micros effectively; help in locating and evaluating software; and assistance in developing additional software packages.

The Extension Advisory Council agrees that the Extension Service must help farmers and ranchers develop the ability to use the microcomputer effectively. In response, the Extension Service has conducted 33 workshops emphasizing microcomputer technology, Dr. Hoffman said. The projected funding required for continued support of the critical electronic/microcomputer needs is as follows: \$122,743 for FY 86 and \$127,968 for FY 87. These amounts will fund a full-time professional, a half-time secretary and related operating expenses. The projected funding sources are as follows: \$61,372 for FY 86 and \$63,984 for FY 87 from the General Fund; \$61,371 for FY 86 and \$63,984 for FY 87 from user fees.

A question and answer session followed between Dr. Hoffman and the Subcommittee members (30:B:119).

Education Subcommittee
Minutes
January 29, 1985

Chairman Donaldson said that relative to vacancy savings, two years ago it was proposed that all pay raises be funded out of vacancy savings. The Legislature plugged in approximately \$13 million and later an additional amount of \$3.5 million was put in, specifically for the University System in order to cover contract employees. Chairman Donaldson asked Dr. Hoffman if any of that money went to the Extension Service. Dr. Hoffman said that none of the money went into the agency. Further discussion of vacancy savings, AGNET and the pesticides specialist request followed.

Chairman Donaldson asked Dr. Hoffman if the 50/50 split on AGNET users fees is realistic. Dr. Hoffman said he is not sure, but that there are more and more microcomputer users, and the figure may swing up. Representative Moore said about four years ago a flat rate fee was established for AGNET use. He said he thought that the AGNET program was to be self-supporting, not reliant on money from General Fund. Dr. Hoffman said that the user is paying the full tab for accessing the information. What is left is a requirement for a microcomputer specialist, he said.

General discussion continued between Dr. Hoffman, Dr. Tietz, Gordon McGowan, a farmer from Highwood and member of CARE, and the members of the Subcommittee.

On the subject of vacancy savings, Senator Haffey said there is some percentage of vacancies that is appropriate for use. He requested that Mr. Sykes come up with figures that are fair and consistent with what was done with other agencies.

Tape 31 Side A

The next witness was Gordon McGowan, who said that unless there is a nationwide change, by the year 2000 not many people will be engaged in agriculture. There may be only 5,000 farms and ranches left in the state. He said agriculture has been the backbone of the nation and that it will continue to be if we are able to look down the road and make plans for the future.

A question and answer session followed between the Subcommittee members and Mr. McGowan (31:A:070).

The next witness was Carolyn Miller (31:A:118) (EXHIBIT 7), a post-secondary counselor at Vo-Tech. Ms. Miller said she was speaking as an individual. She requested that the

Education Subcommittee
Minutes
January 29, 1985

Subcommittee consider maintenance of the Extension agents. She said the Extension personnel are well-trained people, but they are not able to be as effective as they should be because of the reduction of personnel due to vacancy savings.

The next witness was Bill Dunnam (31:A:177), Executive Director, Montana Land Alliance. He said there is a real need for a small business development assistance person.

The next witness was Berna Martinson (31:A:212) (EXHIBIT 8), Duval County farmer. She said during the past several years she and her husband worked with the Small Business Development representative, Alan Bjergo, who helped them do feasibility studies and explore alternatives to dairy farming, and as a result of these activities they did make changes in their operation. She feels this service should be available to people throughout the state to help farmers and small businesses deal with forms, feasibility studies and red tape.

The next witness was Forrest Farris (31:A:254) (EXHIBIT 9), Montana State Grange. His organization feels the Extension Service is essential for the dissemination of updated information to the agricultural society of Montana. He cited the importance of the 4H program and of the home economics program. He said vacancy savings has been used too long as a way of bolstering the Extension budget, and that now valuable personnel are being lost and too many positions are being held open. He urged 100 percent funding of the Extension budget and said it must be viewed as an investment not an expenditure.

At this point, the Subcommittee turned to consideration of House Bill 219 (31:A:275).

HOUSE BILL 219: "AN ACT REQUIRING THE MONTANA COOPERATIVE EXTENSION SERVICE TO PROVIDE TECHNICAL AND PRACTICAL FOREST RESOURCE EDUCATION AND INFORMATION TO INTERESTED PERSONS; PROVIDING AN APPROPRIATION FOR THAT PURPOSE; AND PROVIDING AN EFFECTIVE DATE."

Representative Mary Ellen Connelly, District 8, principal sponsor of House Bill 219, said two years ago a Forestry Extension Service was begun using federal money. House Bill 219 would continue this program, which has been valuable to the forest and parks industries. The bill would require the Montana Cooperative Extension Service to provide technical and practical forest resource education and information to interested persons and would provide an appropriation for that purpose. She said the bill would provide research on renewable resources, management and protection of forest and rangeland, education of the small, private, non-industrial landowner,

Education Subcommittee
Minutes
January 29, 1985

development of educational programs, and assistance in providing continuing education in forest, range, soil and watershed management. The program's target areas would be owners and managers of private, small forest lands, timber harvesters and secondary producers. The program would provide educational information for these people, she said.

Representative Connelly distributed a newsletter which is presently being published by the Forestry Extension Service (EXHIBIT 10). She said Montana has more than 30,000 private landowners who own small plots of land. This program would be primarily directed toward them. She distributed a proposed work plan (EXHIBITS 11 and 12).

PROPOSERS:

Ben Stout (31:A:330), Dean, School of Forestry, University of Montana, said there is a clear and unequivocal need for extension forestry. Federal funding for the extension forester's position will be available through 1986, he said. The extension forester will be housed fiscally in Bozeman and housed physically in Missoula, he said. If House Bill 219 is enacted and funded, the extension forester will be affiliated with the Extension Service in Bozeman but working out of Missoula.

Gary Brown (31:A:391) (EXHIBIT 13) State Forester, Department of State Lands, said great pressure will soon be put on non-industrial private forest land in the state because of the decrease in the but on federal lands and the decline of the harvest on industrial lands. The right way to deal with this, he said, is to present the landowner with knowledge related to media education, and the fact that the state has not had an extension forester for 20 years has had an adverse effect on the condition of forest lands that are in non-industrial private ownership. An extension forester should alleviate this situation to a great extent.

OPPOSERS: none

COMMITTEE DISCUSSION:

Chairman Donaldson asked if federal funding might be available through 1987 and if all that would really have to be funded would be approximately three-quarters of a year for the 1987 biennium. Dr. Stout said this is correct.

Education Subcommittee
Minutes
January 29, 1985

Representative Hand asked if the extension forester would compete with the private forestry consultant. Representative Connelly said there would be no competition. Chairman Donaldson said the extension forester would be more of a specialist and asked for comments from Dr. Stout. Dr. Stout said the State Division of Forestry has foresters who work on a one-to-one basis. The extension forester works with groups of people on an educational basis.

Chairman Donaldson said he would like to have actual figures for nine months' funding of the forestry extension program and requested that Representative Connelly provide these. Senator Haffey said that, given the fact that federal funds are provided for this program through September of 1986, how much is needed to take the program through to June of 1987? Dr. Stout said approximately \$56,000 - \$62,000 was needed to fund the specialist's position annually, so about three-quarters of that amount would be needed to fund someone from October 1, 1986 to June 30, 1987. Senator Haffey said that in that case, approximately \$40,000 is actually being requested in the bill.

Representative Connelly (31:A:590) closed by saying that the extension forester had put on workshops in Columbia Falls on a voluntary basis. She said the program is working and is worthwhile. Montana has 23,000,000 acres of forest land, and it's highly significant to the state's economy. She said the forestry extension program would keep people working and asked for consideration of the bill, even though money is short.

Tape 31 Side B

Following a five-minute break, the Subcommittee returned to discussion of the Cooperative Extension Service.

The next witness was Mary Seccombe (31:B:024) of Butte, Chairman, Headwaters Resource Conservation and Development Area. She discussed vacancy savings and said Montana is losing good people to other states because salaries in the state are not competitive. She said Extension Service people work with lots of different groups and that the small business development position is important to small, rural communities, and the position should be filled and funded.

The next witness was Harry Mitchell (31:B:105), a dairy farmer from Great Falls, President, Montana Dairymens Association. He discussed the travel restrictions put on the Extension Service. In 1984 the dairy program at

Education Subcommittee
Minutes
January 29, 1985

Montana State University was eliminated. The replacement for the program is supposed to be a cooperative arrangement with other states wherein dairy specialists come in to the state, and Montana's one specialist is supposed to go to other areas, and thus keep people in Montana updated. The travel restriction is disastrous to this concept, he said. If the interstate cooperative is put together, it will require travel. The Business Development Assistance Program helps farmers who are desperately looking for something else to do so they can stay on the land. Mr. Mitchell next discussed microcomputers. He said the micro is a good tool for him and that Dwayne Griffin of the Extension Service helped him and his family learn to use it. He said Mr. Griffin's activities generate activity on Main Street. In summary, Mr. Mitchell said something should be done about the travel restrictions, and that the vacancy savings issue should be looked at closely.

The next witness was Mildred Bordsen (31:B:250) (EXHIBIT 10), representing the Madison County Extension and Advisory Board, the Jefferson County Resources Conservation and Development Board, and the Town of Whitehall Resources and Development Council. She said the 4H Program is open to all interested youths and usually also involves the whole family. The 4H clubs allow young people to become self-directed, productive, contributing members of society, she said. She discussed the importance of the Business Development Assistance Program and specifically mentioned Alan Bjergo, the individual who had filled that position. She said the position should be re-established with Mr. Bjergo in it.

A brief question and answer session followed between the members of the Subcommittee, Ms. Bordsen and Dr. Hoffman (31:B:307).

The next witness was Dan Kemmis (31:B:325) of the Bitter-root Resources Conservation and Development Council. He said he was speaking on his own behalf. He discussed the small business development position and also mentioned Mr. Bjergo, who has "Montana common sense." Mr. Kemmis recommended Mr. Bjergo's reinstatement in the position if and when it is re-opened.

The next witness was Jim Barngrover (31:B:430), Life line Produce, Victor, Montana (EXHIBIT 11). He said Life Line Produce is an organic produce farm which has been in operation for six years. Life Line began as a small truck garden, and last year they grew produce on 80 acres and had grain crops on 25 acres, Mr. Barngrover said. The operation grossed a little over \$140,000 for the last two

Education Subcommittee
Minutes
January 29, 1985

years--just on produce sales. They eventually reached a point in their operation where they needed to acquire a dairy herd. Realizing the importance of this, several years ago Life Line started working with Alan Bjergo of the Small Business Development Program. Mr. Barngrover said Mr. Bjergo worked with them on this project, and the dairy herd was acquired. He said that without Mr. Bjergo's help they probably would not be in the dairy business at all, and also might just be buying time on the produce farm. Mr. Barngrover said he could think of no better way to spend money than to fund the small business development position.

The next witness was Bob Deaton (31:B:591) (EXHIBIT 12), Department of Social Work, University of Montana. Mr. Deaton presented a letter from Tom Kirkpatrick, School of Business, University of Montana (EXHIBIT 13). Both Mr. Deaton and Mr. Kirkpatrick recommend funding of the small business position.

Tape 32 Side A

The next witness was Pat Iman, Chairman, Agricultural Subcommittee, Council on Science and Technology. She spoke of the need for a business development specialist. Ms. Iman distributed written testimony from Charles Wissenbach of Hamilton (EXHIBIT 14), who was not able to attend the meeting.

The next witness was Bruce Scrafford (32:A:095), a lobbyist representing the Associated Students, Montana State University, who urged full funding of the Extension Service.

The next witness was Nancy Leifer (32:A:132), representing the Alternative Energy Resources Organization, and also speaking for herself. She said the basic philosophy of the Extension Service in terms of public service and public education is effective.

The next witness was John Badgeley (32:A:175) (EXHIBIT 15), Institute of the Rockies. He said he worked with Alan Bjergo, who has a real understanding of the state's specific problems. He said the Extension Service does a better delivery job for government than most other government agencies do.

The next witness was Les Stirling (32:A:228), Somers, Montana, retired, and former Co-owner of Radio Station KOFI. He said the Extension Service is more efficient and more responsive to the general public than any of the other state or federal agencies. He said the Extension Service is the link between the University System and the people of the state of Montana.

Education Subcommittee
Minutes
January 29, 1985

The next witness was Rodney Vannoy (32:A:281), member of the Advisory Council to the Agricultural Research Centers in Western Montana and Vice Chairman of CARE. He said the Extension Service is a delivery system: it gets research information out to the people who need it.

The next witness was Jim Stephens (32:A:398) (EXHIBIT 16) of Bozeman and Dutton. He said he spent 40 years on a farm, and every time he had a problem he ran to the County Agent for help. He urged funding of the Extension Service.

The next witness was Ross Fitzgerald (32:A:420), Montana Grange and Montana Grain Growers Association. He said the Grain Growers Association has used the Extension Service's marketing services to develop marketing concepts which educate farmers and ranchers regarding the options available when they market their products.

The next witness was Lloyd Schmitt, Stanford, Montana (32:A:474), who said that Montana's agriculture is in good hands with Bill Tietz and Associates.

The next witness was Arlene Hill, Chairman, Montana Extension Service Advisory Council (32:A:494). She urged full support of the budget of the Extension Service.

The next witness was Donna Lee Kleeman (32:A:569) EXHIBIT 17) of Anaconda, who said the Extension Service is important to the people of Montana.

The next witness was Frank Loch, Jr. (32:A:584), Dutton, Montana, farmer, rancher and member of CARE. He urged full support of the budget of the Extension Service.

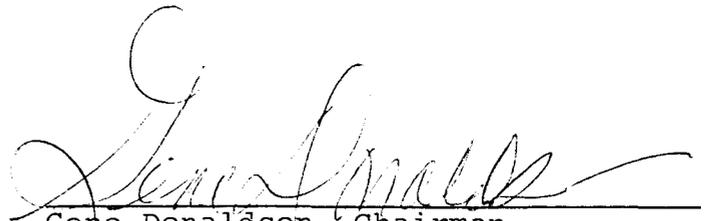
Tape 32 Side B

The next witness was Olie Billquist of Anaconda. He said the farm industry needs to take up the slack caused by the faltering mining industry (EXHIBIT 18).

The final witness was Butch Andreson (32:B:043), a farmer from Poplar. He said about four years ago he had a grasshopper problem on his farm. He called the Extension entomologist, whose advice on controlling the grasshoppers saved him about \$12,000. He said it is important that the producers have the specialists from the Extension Service so they can produce grain economically in Montana. He said there is no other agency in the state that aids in product efficiency and farm productivity as effectively as the Cooperative Extension Service.

Education Subcommittee
Minutes
January 29, 1985

There being no further witnesses, and no other business
before the Subcommittee, the meeting adjourned at 11:15
A.M.



Gene Donaldson, Chairman

VISITORS' REGISTER

EP. Sub-

COMMITTEE

BILL NO. _____

DATE

Jan. 29, 1985

SPONSOR _____

NAME (please print)	RESIDENCE	SUPPORT	OPPOSE
Lloyd Schmitt	Stanford	✓	
H.W. BRYAN	Wolf Point	✓	
Tom Napper	Bozeman	✓	
Bell Tietz	Bozeman	✓	
Bruce Shulby	Bozeman	✓	
Gordon McGouan	Highwood	✓	
Frank Lock, Sr	Dutton	X	
Bille Swafford	Helena	X	
JOHN BRADLEY	MISSOULA	✓	
Robert L. Deaton	Missoula	✓	
Gay H. Brown	Missoula	✓	
Gene Martens	Hamilton	✓	
Jim Bangover	Victor	✓	
Pat Jensen	Victor	✓	
Daniel Kemmis	Missoula	✓	
BIB STOUT	Missoula	✓	
Alan Eck	Bozeman, Montana Farm Bureau	✓	
Nancy J. Lefe	Missoula / Alternative Energy Resources Organization	✓	
William Dunham	Montana Land Reliance	✓	

IF YOU CARE TO WRITE COMMENTS, ASK SECRETARY FOR WITNESS STATEMENT FORM.

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

VISITORS' REGISTER

Education Sub COMMITTEE
Cooperative Extension Service

BILL NO. 219DATE Jan. 29, 1985SPONSOR Connelly

NAME (please print)	RESIDENCE	SUPPORT	OPPOSE
Ralph Barber	Font Shaul	✓	
Jim Stephens	Bozeman mt.	✓	
Cheryl Lopp	Kalispell	✓	
Elyse Matijovsky	Wolf Point mt	✓	
Jane Lopp	Kalispell, mt	✓	
Alfred Kellmann	Anasconda, MT	✓	
Conrad Lee Loman	Anasconda, mt.	✓	
Paul Billquist	Anasconda mt.	✓	
Coffin Braden	Kalispell	✓	
Keslie L. Starling	Somers, MT.	✓	
Brent Jarvis	Kalispell	✓	
Margaret Schonen	Butte	✓	
Mary Skoog	Butte	✓	
Mildred J. Borden	Whitehall	✓	
Clyde Carroll	MSU - CES	✓	
Carolyn Miller	Helena	✓	
Harry Mitchell	Great Falls	✓	
Arlene Hill	Raynsford	✓	
Betty LaSelle	Helena, mt.	✓	

IF YOU CARE TO WRITE COMMENTS, ASK SECRETARY FOR WITNESS STATEMENT FORM

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

COOPERATIVE EXTENSION SERVICE

<u>PERSONAL SERVICES</u>	<u>1986</u>	<u>1987</u>
Executive FTE	135.30	135.30
LFA Current Level FTE	<u>134.08</u>	<u>134.08</u>
Difference	<u><u>1.22</u></u>	<u><u>1.22</u></u>
Executive	\$3,458,763	\$3,459,979
LFA Current Level	<u>3,433,219</u>	<u>3,433,219</u>
Difference	<u>\$ 25,544</u>	<u>\$ 26,760</u>

- - - - - Personal Services Issues - - - - -

1. Pesticide specialist included in the executive budget (1.22 FTE)

<u>\$ 34,752</u>	<u>\$ 35,968</u>
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The executive provided funding for a pesticides specialist to provide educational support and training to approximately 8,000 private applicators in Montana. The extension service currently has on staff a pesticide specialist whose funding support in the 1985 biennium including operating expenses is being provided from vacancy savings (70 percent) in the current unrestricted budget. A restricted grant from the Federal Environmental Protection Agency provided the remaining 30 percent of the specialist's financial support in the 1985 biennium. The level of federal funding in the 1987 biennium is uncertain.

2. Higher salaries included in executive for part-time employees.

<u>\$ 11,992</u>	<u>\$ 11,992</u>
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3. Higher benefits included in LFA current level.

<u>\$ 21,200</u>	<u>\$ 21,200</u>
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OPERATING EXPENSES

	<u>1986</u>	<u>1987</u>
Executive	\$ 635,367	\$ 640,104
LFA Current Level	<u>670,294</u>	<u>703,123</u>
Difference	<u><u>\$ (34,927)</u></u>	<u><u>\$ (63,019)</u></u>

The following major adjustments were made to LFA current level operating expenses: (1) Expenditures were increased \$30,000 for publications and \$22,576 for in-state travel, as the extension service reduced expenditures for these items in order to fund pay increases in fiscal 1984; (2) Operating expenses were increased \$6,348 for the weed specialist authorized by the 1983 legislature; and (3) Operating expenses were reduced \$23,784 in fiscal 1986 and \$24,033 in fiscal 1987 in order to keep general fund support for AGNET at 50 percent of the projected cost of the computer based information system. These reduced general fund costs are to be picked up in AGNET's designated fund from user charges. Table 1 on page 801 of the analysis presents actual 1984 expenditures and projected expenditures for fiscal 1986 and 1987 for AGNET. In order to keep funding support at a 50/50 split between general fund and user fees, funding from user fees would have to increase from the 1984 actual of \$34,988 to \$61,372 in fiscal 1986 and \$63,984 in fiscal 1987.

Table 2 on page 802 of the analysis presents usage statistics for seven months of fiscal 1983 and 1984. Extension use of AGNET decreased by 69.2 percent and usage of AGNET by private producers decreased 49.8 percent. Total program usage decreased by 63.2 percent from fiscal 1983 to 1984.

----- Operating Expenses Issues -----

4. Inflation

Executive	\$ 24,740	\$ 29,029
LFA Current Level	<u>53,945</u>	<u>86,558</u>
Difference	<u><u>\$ (29,205)</u></u>	<u><u>\$ (57,529)</u></u>

5. Operating expenses included in executive budget for pesticides specialist.

<u><u>\$ 4,200</u></u>	<u><u>\$ 4,263</u></u>
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6. LFA higher primarily in supplies and materials.

<u><u>\$ 9,922</u></u>	<u><u>\$ 9,753</u></u>
------------------------	------------------------

EQUIPMENT

Executive	\$ 16,868	\$ 13,552
LFA Current Level	<u>20,222</u>	<u>14,881</u>
Difference	<u><u>\$ (3,354)</u></u>	<u><u>\$ (1,329)</u></u>

The LFA current level equipment budget in fiscal 1986 allows for the purchase of computer equipment at a cost of \$11,650, slide projection equipment at a cost of \$1,150, five replacement typewriters at a cost of \$3,000, and other miscellaneous office equipment at a cost of \$4,422. In fiscal 1987, the equipment budget allows for the purchase of a weed sprayer at a cost of \$300, a printer at a cost of \$2,200, five replacement typewriters at a cost of \$3,000, and other miscellaneous office equipment at a cost of \$9,381.

FUNDING

1986

1987

7. Federal Smith Lever Funds

Executive	\$1,974,293	\$2,033,522
LFA Current Level	<u>1,976,222</u>	<u>2,033,522</u>
Difference	<u><u>\$ (1,929)</u></u>	<u><u>\$ -0-</u></u>

The LFA current level includes a projected fund balance carryover from fiscal 1985 into fiscal 1986 of \$1,929. The executive estimate of federal Smith-Lever funds does not include the fund balance carryover.

8. General Fund

Executive	\$2,143,911	\$2,087,385
LFA Current Level	<u>2,150,351</u>	<u>2,033,522 2,120,539</u> <i>5413 (1-312)</i>
Difference	<u><u>\$ (6,440)</u></u>	<u><u>\$ 53,863 32,154</u></u>

MONTANA COOPERATIVE EXTENSION SERVICE

1987 BIENNIUM BUDGET REQUEST

INTRODUCTION

The Montana Cooperative Extension Service (MCES) is charged by law with disseminating and encouraging the application of research-generated knowledge and technology to individuals, families, and communities.

Responsible for carrying out this mission are university-trained professionals called county Extension agents. Fifty-three of the 56 counties in Montana are served by local agents who are full-fledged faculty members of Montana State University.

Backstopping the agents are subject-matter specialists located on the MSU campus. Each specialist is responsible for: (1) continually evaluating the research data published in his or her subject-matter field; (2) preparing the data for practical application in Montana; (3) training agents and clientele groups, as necessary, how to use the data; and (4) answering technical questions raised by agents and others seeking specialist help.

Extension operates on the principle that local people should be afforded the opportunity to participate in decisions that affect their communities and personal lives. In keeping with this principle, large numbers of state and local leaders are involved in priority-setting, planning, and carrying out Extension programs.



Montana Extension Advisory Council

1984-1985

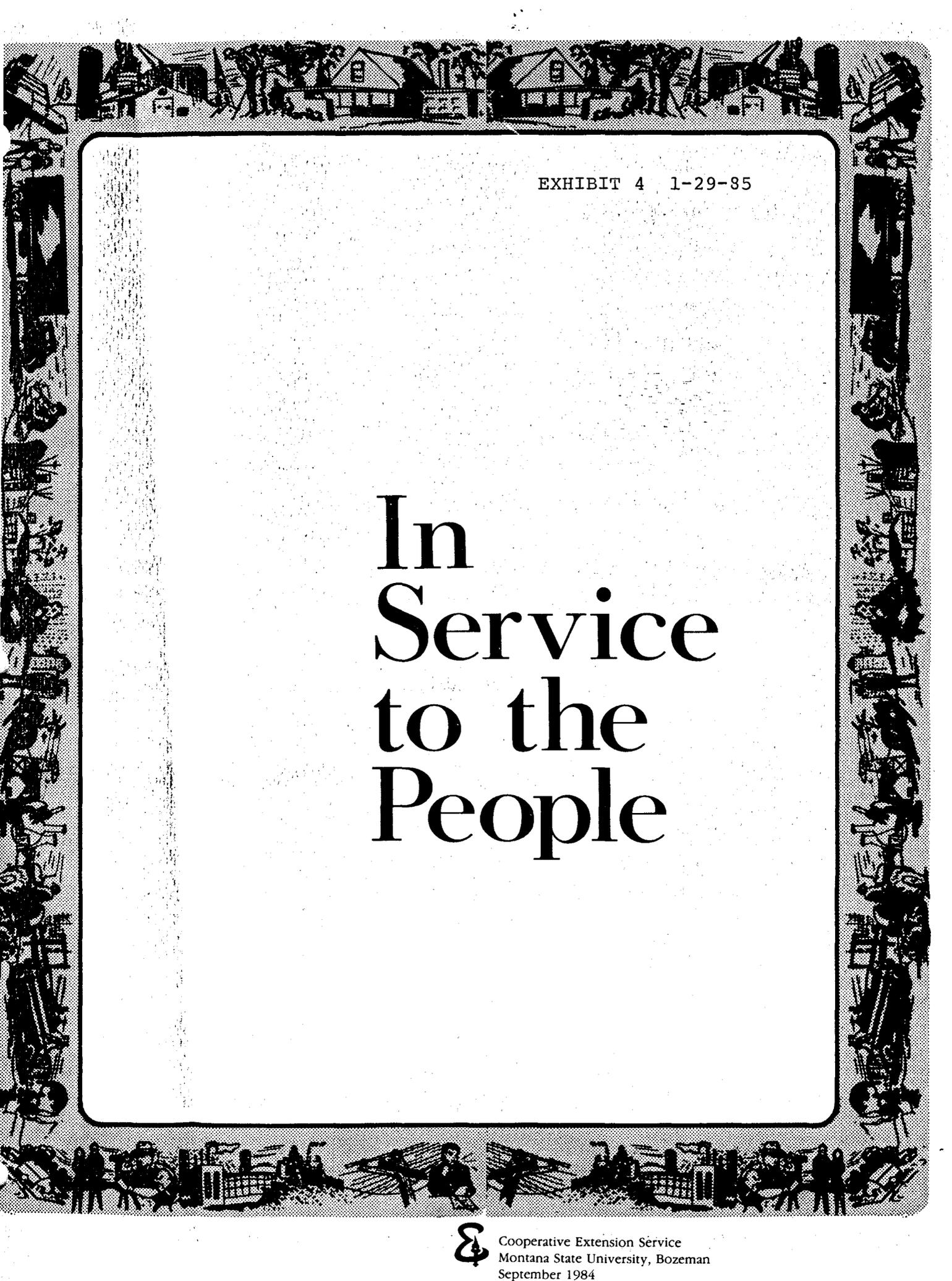


EXHIBIT 4 1-29-85

In Service to the People



Cooperative Extension Service
Montana State University, Bozeman
September 1984

EXHIBIT 5 1-29-85

TETON COUNTY

STATE OF MONTANA

CHOTEAU

59422

December 14th, 1983

Dr. Carl J. Hoffman
Vice President for Extension Service
Montana State University
Bozeman, Montana 59717

Dear Sir:

Your letter dated December 8th, 1983, relating the facts of House Bill 902 passed by the 1983 Legislature for the 83-85 biennium has been received by the Teton County Commissioners.

We have been working with Mr. Dale Berglund to replace one of the agents in Teton County that resigned June 1, 1983. We were in the process of advertising the position, and we now learn of the hiring freeze.

We wish to request that the Extension Service hold this position open until such time funds are available to replace the former agent. We are very concerned that the agent position could be lost before the next legislative appropriation. The Extension Service must make the legislators aware that this position has not been vacated by choice, only the lack of State funding. Please keep this in your records to document the situation.

Yours very truly,

BOARD OF COUNTY COMMISSIONERS
Teton County, Montana
Erich E. Keiper, Chairman
Wm. R. Jones, Member
Scott Mangold, Member

EEK/ljy

JUL 11 1984

EXHIBIT 6 1-29-85

Wolf Point MT 59201
July 9, 1984

TO: BOARD OF REGENTS
RE: COUNTY EXTENSION AGENTS

I recently attended the Montana Association of County Commissioners Convention in Kalispell, Montana. At this Convention, Dr. Carl Hoffman explained to the Commissioners the problem he was having in placing County Extension Agents in to the Counties. It seems a vacancy savings of some odd 200 thousand dollars is a great problem. It not only eliminates some counties from having an Agent, but also it is nearly impossible to create that much money in vacancy savings. I believe that the vacancy savings concept should be lifted, not only lifted, but eliminated entirely. The Extension Service would then be able to place Agents into those counties that are so badly in need of assistance. I would certainly appreciate any consideration you could give this problem.

Very truly yours,

Alfred Kaschube

Alfred Kaschube, Commissioner
Roosevelt County, Montana

Carolyn Miller, Counselor
Helena Vo-Tech Center
442-0060

Concern: Maintenance of Extension Home Economics programs

The Montana Extension Service has specifically mentioned three priorities for their 1985-87 biennium program modifications.

These priorities are electronic technology, pesticide education and business development assistance.

While I agree that these are very important issues, I am concerned about the absence of any mention of home economics issues as a priority.

As we move from the computer/information revolution into the service-oriented society, I'm seeing a gap in the basic services being offered by any agency.

Funds are being reduced in social service areas. Consequently, families are returning to the Extension Service as a resource that they have not utilized for the last several years because other agencies were providing for many of their varied needs.

The trend in the single parent family is growing in Montana. Many of these are families that do not qualify for any welfare-type programs. As the economy tightens, these family groups are turning to information and programs available through the Extension Service. The vacancies created in counties by the impact of the vacancy savings requirement on the Cooperative Extension service will create a definite and specific hardship in those counties where no service is provided.

As a counselor in a postsecondary institution, I'm seeing needs for very basic training. Child care, weight control, nutrition, budgeting, health care, ability to communicate, housing information and energy awareness are but a few -- all of these are available through the Extension Service if personnel is available!

People are frightened of the rapid changes in society. It is important that basic physical and emotional human needs are met. The home economics extension programs are the only agency providing for many of those services. It is vital that they be considered important and that funding be maintained.

I'M BERNA MARTINSON, MY HUSBAND AND I OPERATE A 240 ACER IRRIGATED DAIRY FARM IN RAVALLI COUNTY. WE MILK 190 COWS , RAISE OUR REPLACEMENT HEIFERS AND PRODUCE ALFALFA AND CORN FOR SILAGE. DUE TO THE NATURE OF OUR BUSINESS RICH AND I AREN'T ALWAYS ABLE TO BE IN THE SAME PLACES AT THE SAME TIME.

DURING THE LAST SEVERAL YEARS OF FAST PACED ECONOMIC CHANGES WE HAVE HAD DIRECT BENIFITS FROM THE SERVICES AVAILABE TO US BECAUSE OUR AREA WAS SEVED BY THE SMALL BUSINESS DEVELOPMENT SPECIALIST. TOGETHER WE HAVE DONE FEASIBILITY STUDIES, EXPLORED ALTERITIVES TO DAIRY FARMING, AND WE MADE CHANGES IN OUR OPERATION. TODAY WE LEASE PART OF OUR MILKING HERD, MILK 3 TIMES A DAY,AND DO ALL OUR OWN FEED PROCESSING. BUT WHEN IT COMES TIME TO DO THE FINE TUNING NEEDED TO PREPARE ACCURATE FINACAL PAPERS REQUIRED BY BANKERS WE NEEDED SOME EXPERT HELP, WHICH WE RECEIVED FROM THIS OFFICE, HE WALKED ME THROUGH MY FIRST CASH FLOW STATEMENT IN THE MIDDLE OF HAYING SEASON AND NOW I DO THEM ROUTINELY CAN'T SAY A THOUGH I ENJOY DOING THEM BUT NOW I CAN!!
AND RICH KNOWS HE CAN TRY OUT AN IDEA ON PAPER WITHOUT BEING LAUGHED AT ,AT LEAST PART OF THE TIME.

WE TRULY FEEL THERE IS A NEED FOR THE POSITION TO BE AVAILABLE STATE WIDE TO HELP FARMERS AND SMALL BUSINESSES DEAL WITH FORMS, FEASIBILITY STUDIES, RED TAPE. AND TO HELP KEEP US CURRENT ON AVAILABLE FINANCAL OPTIONS IN ORDER TO REMAIN A VIABLE PART OF MONTANA'S ECONOMY.



EXHIBIT 9 1-29-85

Montana State Grange

FOREST E. FARRIS
550 — 3 MILE DRIVE
KALISPELL, MT 59901
PHONE 257-3636

MR. CHAIRMAN AND COMMITTEE MEMBERS:

My name is Forest Farris, Master of Montana State Grange, representing 1400 members.

We feel that the Extension Service is absolutely necessary to disseminate updated information to the ag-oriented society of Montana. New technology gathered through the Experiment Station is a good example. The 4-H program is very essential to our life style in Montana. Home Economics are a necessity to our rural and urban areas.

In our opinion, the vacancy saving has been used too long as a way of bolstering the Extension budget. We are now to the point we are losing valuable personnel and a number of positions are being left open. With agriculture being Montana's number one industry, we urge you to support the Extension Budget, 100%, and view this as an investment not an expenditure.

Thank You,

Forest Farris, Master
Montana State Grange

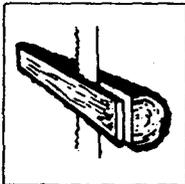
Montana Extension FORESTRY DIGEST*

EXHIBIT 10 1-29-85
HB 219

May 1, 1984

Prepared by

Roy Linn,
Extension Forestry
Program Leader



CONTENTS

Silviculture

Mix Your Own Natural Wood Finish

Extension Forestry Workshop

Extension Forestry Digest "Bug of the Month"

Stake In the Flathead

New Handbook: "Animal Damage and Control"

New Tax Handbook for Timber Owners

*IRS to Rule on Beetle Kill Casualty Loss
Deduction*

Commonly Used Forestry Terms

* In cooperation with the State Forester, University of Montana School of Forestry, U.S. Forest Service and the Soil Conservation Service. The programs of the Montana Cooperative Extension Service are available to all people regardless of race, creed, color, sex or national origin. Issued in furtherance of cooperative extension work in agriculture and home economics; acts of May 8 and June 30, 1914, in cooperation with the U.S. Department of Agriculture, Carl J. Hoffman, Director, Cooperative Extension Service, Montana State University, Bozeman, Montana 59717.

FORESTRY INFORMATION SPECIALIST

PROPOSED WORK PLAN

Program Allotment
Priority

50%

Develop Educational Materials (Booklets, Brochures, PSA, Movies, Slide-tapes, etc.)

- A) Revise current forestry materials from other states to fit Montana.
- B) Update Montana's current publications.
- C) Develop needed new materials.

25%

Forestry Newsletter

- A) Prepare and distribute a regular forestry newsletter. (bi-monthly)
- B) Develop and update mailing list of private forest landowners.

10%

Conduct Information & Education Needs Assessment.

- A) Landowner survey.
- B) Review & coordinate with programs in other states.

10%

Disseminate Educational Materials to Landowners and Field Foresters. (Booklets, brochures, movies, PSA, slide-tape programs)

--Landowner workshops.

5%

Media Releases on Current Forestry Issues.

- A) Prepare
- B) Disseminate to magazines, newspapers, TV, Radio.

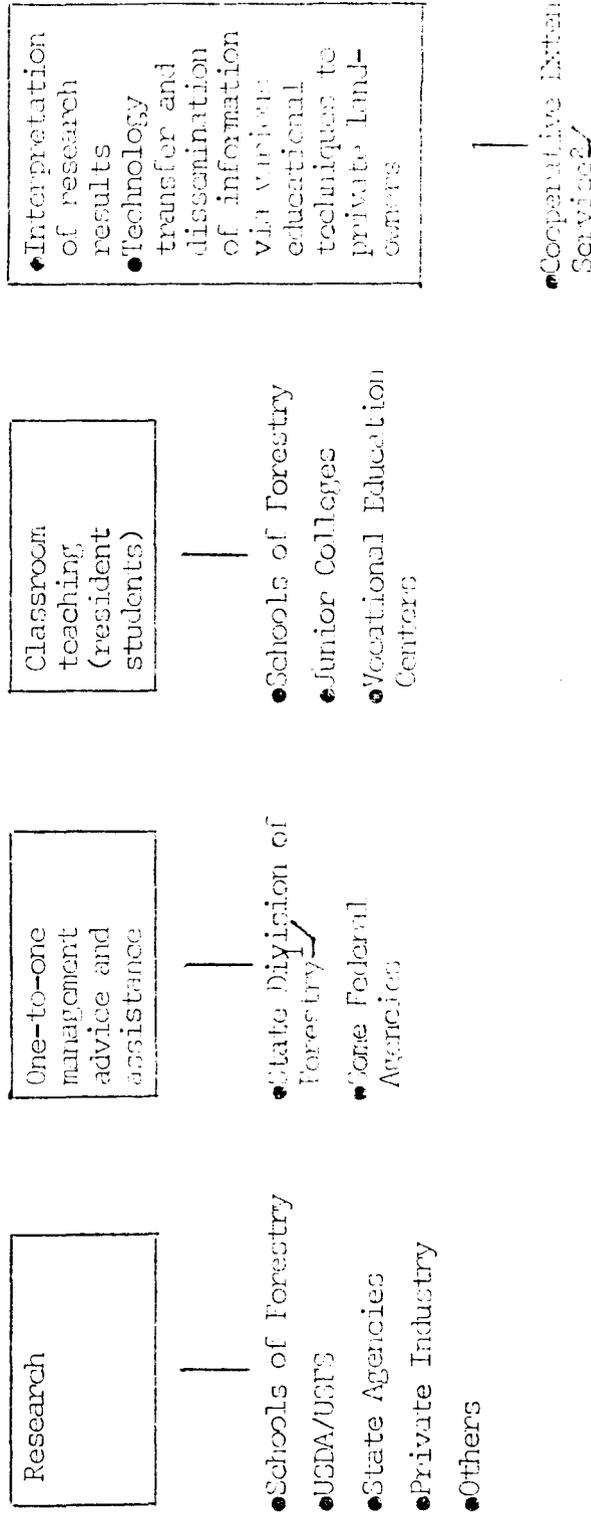
FORESTRY INFORMATION SPECIALIST

84-85 BIENNIUM BUDGET

<u>Item</u>	<u>1984</u>	<u>1985</u>
Personal Services		
11 Salaries (15-2 & 15-3)	22,965	24,620
14 Benefits	<u>3,445</u>	<u>3,693</u>
TOTAL PERSONAL SERVICES	26,410	28,313
Operations		
21 Contracted Services		
2102 Prof. & Conslt. (PSA's -3-)	3,000	3,000
2103 Data Processing (Mailing lists)	500	500
2110 Printing		
Booklets 3 each year @ \$3,000 ea.	9,000	9,000
Brochures 6 ea. year @ \$ 500 ea.	3,000	3,000
Newsletter 6 ea. yr. @ \$ 33 ea.	5,000	5,000
2115 Photographic Services	500	500
2129 Film Developing Services	300	300
2135 Education & Training	500	500
2199 General	200	200
22 Supplies & Materials	1,000	1,000
23 Communications & Transportation		
2304 Postage & Mailing (Newsletters)	3,000	3,000
24 Travel	1,500	1,500
25 Rent	0	0
26 Utilities	0	0
27 Repair & Maintenance	300	300
28 Other	<u>500</u>	<u>500</u>
TOTAL OPERATIONS	28,300	28,300*
31 Capitol Equipment (vehicle)	<u>8,000</u>	<u>0</u>
TOTAL OPERATING BUDGET	\$62,710	\$56,613

*1985 F.Y. operations not inflated from 1984 F.Y.

This schematic demonstrates how the Cooperative Extension Service transmits practical forestry information produced by research centers and universities to the public and does not overlap with the functions of research, service forestry or classroom teaching.



NOTE: Research is basic to the work of the Extension Service. Extension has the responsibility of interpreting the research results into a usable form that can be adapted by the private landowner.

¹ State Division of Forestry: The objectives of the Private Forestry Assistance Program are to provide forest management advice and assistance to forest landowners, operators and wood products processors to improve forest productivity, prevent soil erosion and increase the utilization of forest resources.

² Cooperative Extension Service: The job of the Cooperative Extension Service is to educate and inform adults and youth, stressing the application of existing knowledge and new technology resulting from research. The educational programs are practical, problem centered, and situation oriented, designed to help people make their own decisions based on research information. CES cooperates with other agencies but does not overlap into traditional research, teaching, enforcement or consulting type programs. In the forestry area, CES fits this schematic.

1/29/1985
Dept. of State Lands
Gary G. Brown

EXHIBIT 13 1-29-85 13

TESTIMONY--H. B. 219 EXTENSION FORESTRY FUNDING

The State of Montana had been without an extension forester for almost 20 years until a temporary extension forester was hired using Renewable Resources Extension Act Funds (RREA). The RREA expires September 30, 1988. However, funding for RREA has been dropped from the President's 1986 Budget. In order to insure the continuity of a new but successful Extension Forestry Program for Montana's 30,000 private forest landowners, it is appropriate that General Fund monies be authorized.

Several factors occurring now will be placing a much larger burden on Montana's nonindustrial private forests. Reduction in harvests on federal and industrial private forest lands, coupled with the subdivision of nonindustrial forest lands, will shift harvests to the remaining nonindustrial lands.

It is to the State's benefit that forest landowners are knowledgeable about forest management, especially timber sales, so that they can prevent water quality problems and maintain the long-term productivity of those lands for future harvests, for watershed and for wildlife habitat. The key to improved private forest management is an informed forest owner. This can only occur through a consistent forestry information and education program.

The livelihood of many Montana counties is determined by the wood products industry. Without the raw materials to operate economically, that industry will decline, followed by declining employment, tax base and community livelihood. Funding the extension forester now will help provide for a more stable forest land base now and for the future.

Medred J. Borden - Whitehall, Montana
 Chairperson for Jefferson, Madison Counties
 Extension Advisory Board.

Chairperson for Jefferson County R.C. & D.
 Resources Conservation & Development

Down of Whitehall Rep. for R.C. & D.

Manages of the Whitehall Business
 Association - With 65 Members.

Mr. Chairman, Committee Members and
 Fellow Montanans.

This morning I want to talk
 briefly about our American youth.
 Particularly the Montana youth who
 will be our leaders of to-morrow and
 the 4 H Program as a part of the
 County & State Extension Service.

How does the 4 H Program affect
 the youth now and in the future.

1. The program is open to all interested
 youth, regardless of race, color, creed,
 sex, National Origin or handicap.

11
No. 2. Participants are primarily between the ages of 9-19. They are scattered throughout every state in the Union, also including the District of Columbia, Puerto Rico, the Virgin Islands and Guam. Since 1914 Over 40 million youth have participated in the various programs, planned and initiated by the County & State Extension Service personnel.

No. 3. 4-H involves the member, his immediate family, local Volunteer Club leaders and the Extension Service.

No. 4. The 4-H Program is not a giveaway affair. It consists of projects that are paid for by each member. It is a training of various skills needed to complete the projects. The members select. Many of these projects are carried from one year to the next as each year's profits are re-invested

as the Project grows.

No 5. As of September 1984, there are 10,168 members and 3535 local club leaders involved in the 4 H Program. These local leaders, all volunteers, are trained by the Extension Service Agents, to carry out the projects selected by the 4 H members.

The Mission, of 4 H is to assist youth in acquiring knowledge, developing life skills and forming attitudes that will enable them to become self directing, productive and contributing members of society, which is carried out by the involvement of the parents, volunteer leaders and supported by research and the Extension Service functions. A youth involved in 4 H is there because of his own desire + interest.

We need this youth program more than ever to-day, to maintain the current membership and enlist new members who are wandering around aimlessly, indulging in drugs

TV

unable to see a future to look forward to, thinking and committing suicide.

4 H can help them tune into a worthwhile and rewarding life style. He must act now by maintaining a workable budget as requested by the Extension Service of Montana.

Gene Swadlow - Chairman -
Joint Subcommittee on Education

I feel the state wide position for the
Small Business Development Assistance
Specialist should be continued for the
State of Montana.

The services of Dr. Allen Byrge is needed
more than ever to help many individuals
that need the services he can provide.

I am hoping some serious thought
can be given on the above concern.

Representing -
- M. Edith J. Bonden
Chairperson Jefferson & Madison
County Extension Advisory Board -
Chairperson Jefferson County RC&D -
Resources Conservation & Development
Town of Whitehall - Ref. to the RC&D -
manager of Whitehall Business Assoc
65 members.

244 738

TO: Dr Carl Hoffman

RE: Summary of RC&D Impact on Communities 30 Sep 83

Enclosed is a copy of the summary requested, note that this starts in 1966 and continues to 30 Sep 83. Extension community development personnel have been assigned to the Bitter Root RC&D Area since its inception, and as part of the team of State Forester and SCS Area Coordinator, helped carry out nearly all of the projects and if financial impact is to be assessed, can be considered to have been responsible in most cases for the success of the projects. The present incumbent has been on the Bitter Root RC&D since 1970 and can demonstrate responsibility for more than \$50 million of that impact.

Aside from the Bitter Root RC&D, the incumbent helped form the Headwaters RC&D area around Butte and has served a similar function there. At the request of county agents, specialists and local citizens, there has been assistance to all parts of Montana during the past 14 years.

Item	Financial impact
Assistance in leadership training to the 18 eastern Montana counties of EDAEM, 1970-1977	Not able to directly attribute dollar impact
Assistance to Glasgow, Havre and Browning development areas	No exact dollar returns, but some savings were made from the assistance
Development of a cheese plant near Bigfork which went into production in 1982	\$250,000 loan secured \$70,000 annual income
Farmers markets throughout Montana and the surrounding states, responding to requests for assistance in 12 cities since 1971	At least \$1,000,000 in extra income to gardeners and truck farmers
Assistance to Southeast Asian refugees all over Montana and in surrounding states, through audio-visuals and assistance to officials	Helped at least 200 Asian refugees secure economic independence, creating income and saving tax funds
Nation-wide assistance to RC&D officials through teamwork to save the programs at the Washington level, using media and testimony	As requested by local people this contributed toward the preservation of the \$30 million annual RC&D budget for 7 years

JAN 7 1985

Community Development assistance to the Headwaters RC&D (Silver Bow, Beaverhead, Granite, Deer Lodge, Powell, Madison, Jefferson)

ITEM	IMPACT
Development of a custom slaughterhouse, Jefferson County	\$200,000 loan \$150,000 6 jobs annually
Fish farm in Madison County	\$500,000 loan \$250,000 12 jobs annually
Farm equipment manufacturing in Madison County	3 jobs \$100,000 annually
Settlement of the business loss and personal injuries after the Dillon air crash, from a stalemated situation	Approx \$2 million
Elderly housing complex at the Twin Bridges facility resulting from earlier veterans home efforts	will be 100 apartments about \$5 million impact
Georgetown Lake management problems	\$10-20,000 annual savings
Some assistance for Philipsburg hydro facility	\$7000 monthly income
Creating a "safe-house" system for battered families in Butte and Anaconda from abandoned HUD housing	Two houses secured and staff developed
Assistance to State and federal foresters in the area	\$250,000 extra income to private landowners and sawmills
Weed problems	A \$30,100 grant for weed awareness in the region
Assistance to the Anaconda Development Corporation	Some savings in the face of losing their funds
Assistance in the development of about 5000 acres of gravity flow irrigation	The annual savings of electricity on 5000 acres
Grant writing assistance for camps and fairgrounds at Butte	Camp for the retarded is partially developed with contributed funds and help
Assistance in improving the dairy and irrigation on the prison ranch at Deer Lodge	\$50,000
Assistance in grant writing and field work for the Toxic Metals Study and Metro Sewage Project at Butte	If secured, \$500,000
Beaverhead County gravity stockwater project (to direct stockwater out on dry ridges, several miles)	If secured, \$100,000 and future savings to ranchers
Assistance to about forty businesses or potential firms needing advice and help in preparing loans and forms	Unknown, but about half are still in operation and providing satisfactory annual incomes

JAN 7 1985

BITTER ROOT RC&D

MAJOR PROJECTS SINCE 1 OCT 83

Acquisition of a sawmill by workers	If approved, \$3,000,000
Business complex	\$2,500,000 at present, will be expanded to \$8 million in two years
Missoula redevelopment	If started, \$3 million
Assistance to arts and crafts people from Whitefish, to Salmon, Idaho, including five shops or complexes already developed	At least \$2 million annual increase in income to 1000 people if all develops well
Sales of Hmong handiwork, made here or in Thailand	\$50,000 annually
Export of wood products to Japan	\$250,000 by April, 1984
Development of specialty dairy products	\$25,000 by April, 1984
Assistance in obtaining grants to four groups	\$32,000 so far 254,000 pending
Assistance to businesses (36 since 1 Oct 83)	\$100,000 invested so far \$1.2 million pending

OTHER

FmHA Training for farmers all over Area I, as specified in monthly reports

JAN 7 1985

EXTENSION SERVICE CONTRIBUTIONS TO BUSINESS EDUCATION

In Montana, the following requests to Extension have been received from the public and have resulted in technical assistance and educational programs. Small businesspeople, part-time and commercial farmers, artists, craftspersons and people considering entry into business have all been involved.

Requests and the resulting programs:

1. Feasibility studies, and teaching others how to do them.
2. Preparation of loan packages, including: personal and company financial statements, loan requests, pro forma statements, loan disbursement schedules, inventories.
3. Understanding loan requirements of local banks, state and federal agencies.
4. Elementary bookkeeping and how to set up books.
5. Labor relations; how to hire, train, promote or remove workers, personal assessments of supervisory skills.
6. Marketing and how to assess marketing needs, skills and evaluate the assistance needed to reach and maintain markets.
7. Assessment and securing of raw products.
8. In-plant costs, time and motion studies.
9. Seeking sources of loans, grants and cost-sharing.
10. How to draw together compatible individuals to form a business and carry it on successfully.
11. Advertising, organizing for festivals and events and creating effective media materials.
12. Understanding licensing, franchising and legal requirements.
13. Assessing the local community and markets.
14. Understanding and taking advantage of overseas markets.
15. Setting up businesses within non-profit groups.
16. Consumer polls and sampling to evaluate products and services.
17. Developing industrial parks and finding state and federal technical and financial help to maintain them.
18. Simple steps to avoid risks in starting a business.



Cooperative Extension Service

MONTANA STATE UNIVERSITY, U.S. DEPARTMENT OF AGRICULTURE, AND MONTANA COUNTIES COOPERATING

MONTANA STATE UNIVERSITY
BOZEMAN, MONTANA 59717

JAN 7 1985

January 4, 1985

TO: Area I Agents

FROM: William L. Peterson
Area I Supervisor

William L. Peterson

Enclosed is some information that should be useful to you in working with citizens in your counties regarding the Extension Business Assistance position. Allen Bjergo has compiled the information regarding Extension's impact on business through his efforts as Area Community Development Agent. Feel free to share this with interested people.

District Meetings Note: No changes except Box Lind will not be with us in person, rather he will be presenting his program via tele-conference. The same time schedule is still in effect. See you on the 16th or 17th.

WLP:jd

cc: Carl Hoffman

Jim Barrgrover
for Lifeline Produce
398 Sweathouse Road
Victor, MT 59875

Small Business Development Assistance Specialist

My name is Jim Barrgrover. I am here representing Lifeline Produce of Victor. Lifeline Produce is an Organic Produce Farm and Dairy. We began in 1979 raising produce on three acres of leased land. Last season we grew produce crops on 80 acres and hay and grain on 25 acres. For each of the last two seasons we have grossed over \$140,000 from our produce sales.

Without the assistance of Allen Bjengo, who had been serving as the Small Business Development Assistance Specialist with the Cooperative Extension Service, our dairy operation would not exist. A dairy herd is the ideal complement for organic produce crops, as it provides for fertility, rotations of crops, and diversification. We could not sustain the production of high quality organic crops without the fertility that animals such as dairy cows provide. Allen Bjengo met with us on many occasions during the past several years in laying the groundwork to enable us to obtain the funding necessary for purchase of the dairy cows. In the fall of last year Alan advised us to pay off the remainder of our operation loan with P.C.A. of Western Montana. He recommended that we finance as necessary with our local bank. He then assisted us by developing a matching loan proposal to take to our local bank, this would have paid off the \$9,000 remaining on the P.C.A. loan and provide us the capital to purchase 30 dairy cows.

We took our proposal to the bank, even though we could show them that we had reduced our debt by over \$25,000 in 1984 the bank turned our proposal down. Being eternal optimist, we devised a new plan with Alan for obtaining the cows. This time we looked at owner financing and a smaller loan through the Bitterroot Valley Development Cooperation to get us a dairy herd. With this loan, our income from sales of potatoes and other fall crops, and and obtain a private loan, we were able to purchase 30 springing heifers. We also retired our loan from P.C.A. less than a month before their assets were frozen. Our Holstein cows have now calved and are producing milk which we sell to Hamilton House Creamery. In December we purchased four Brown Swiss milk cows and now have an approved loan for the purchase of 5 or 6 more dairy cows. Currently our Grade A dairy operation is about breaking even, with the addition of a few more quality milk cows and by raising most of our own hay and grain we should be able to turn a profit on the dairy this year.

The dairy project is not the first time Allen Bjengo has assisted us in the growth and development of our operation. In 1982 he assisted us when we expanded from a 12 acre truck farm to a 70 acre produce farm. The key to making this happen was the

acquisition of a complete line of potatoe growing equipment from a retiring Bitterroot potatoe farmer. Alan Bjengo helped us with financial planning and showed us that we should be able to pay the owner \$15,000 for four consecutive years to obtain the equipment. Since then, potatoes has become our anchor crop providing approximately half of our gross income. We've sold most of our potatoes for a premium on the west coast organic market. Recently, we sent an entire semi-truck load of our organic potatoes to California. We've also sent large orders of potatoes to Colorado, Oregon, and Maryland this year. Most of our crops had ready markets this past year and we could have sold more if we had more production.

Without the help of a Small Business Development Assistance Specialist, we would most probably be a small truck-garden grossing less than half what we are now. Allen's record is remarkable, having generated approximately \$100 for each \$1 spent on his position. Nowhere in Montana, so far as I know, is there anyone comperable to Alan in his role. If we as Montanans wish to have a strong agriculture economy, I can't imagine where we could get more return for each dollar spent than to fund the small business development assistance specialist. Therefore, I urge you as members of the Joint Subcommittee on Appropriations to fight like hell to refund this vital position to give us the best chance to build our agricultural economy in Montana.



University of Montana
Missoula, Montana 59812

January 25, 1985

TO: Representative Gene Donaldson, Chairman, Joint Subcommittee on Education

RE: MSU Extension Budget-Program Modification Item: Small Business
Development Assistance Specialist

Please support the request to fund the specialist position so that there can be at least one able person to help small and large scale farmers and ranchers put their financial, production and marketing needs together.

Dr. Allen Bjergo was the only extension specialist assigned to help large/small farmers in Montana to:

- develop new agriculturally-related businesses (trout farms, gourmet cheeses);
- create complementary enterprises to the family farm (guiding, repair shops, product dealerships);
- put together their financial needs package (loans, cash flow, selling off or trading stock or land, taxes, inheritances).

You will receive several letters documenting specific examples of the direct financial benefits to citizens, community, and the state at large of the specialist's efforts over the years. While ag producers have places to go for loans and experts to help with production, there is no other program to help them integrate their financial needs.

I would like to point out that Dr. Bjergo also taught a class every year for eight years at the University of Montana on community development and economics in rural areas. It was taken by planners, school administrators, social service workers and rural citizens who wanted a practical seminar on local projects and financial issues in rural communities. It was also an example of cheap but useful collaboration between our two state Universities.

Sincerely,



Bob Deaton
2710 Mulberry Lane
Missoula, MT 59801

BD:CD

Thomas O. Kirkpatrick
4636 Edward Avenue
Missoula, MT 59801

January 25, 1985

Mr. Gene Donaldson
Chairman
Joint Subcommittee on Education
Capitol Station
Helena, MT 59620

Dear Chairman Donaldson:

It is with respect that I am writing you and other members of the Joint Subcommittee on Education in support of a proposed budget modification item for the Small Business Development Assistance Specialist as a part of the Extension budget before the legislature.

As a member of the business school faculty at the University of Montana where I teach marketing and management courses and work with small business owners, including agriculture producers, the value of such a position to the people of Montana seems quite large to me.

During the past 17 years, it has been my privilege informally to work with Allen Bjergo as he carried out the federally funded position of Business Development Assistance Specialist. On numerous occasions, I have observed the very fine service given to small business owners and farmers in Montana. Because of our geographic isolation from markets for Montana producers, the role of the Small Business Development Assistance Specialist seems very important to me. Perhaps a few examples will illustrate the value of such a position.

1. I met Allen Bjergo around 1968 in Hamilton at a meeting of a Ravalli County Resource Conservation and Development committee. Bjergo served as a resource person providing skills in bringing people together to solve common problems. In this instance, he was assisting Montana inventors with information about how to market and finance the products they had invented. What particularly impressed me was the self-help approach demonstrated by both Bjergo and members of the group. A substantial amount of information-sharing occurred without the expenditure of a lot of money.

Subsequently, in 1970, I conducted a statewide survey of Montana inventors, those individuals patenting products from 1965 to 1970. There were about 55 patents issued each year to Montana inventors who largely were very small business persons, including

agriculture producers. In terms of the number of patents issued, per capita, Montana ranked about 42nd in the nation. All, or almost all of the patents were issued to individuals as contrasted to corporate patents, common in other states. The two major problems faced by Montana inventors were the same as those expressed at the RC & D meeting: (1) the lack of marketing knowledge for distributing their products and (2) the lack of financing to get started. While this is only a small part of the work of the Assistance Specialist--to help inventors and small businesses get started--it seems to me an important step toward creating new business activity in the State.

2. The emphasis of the Assistance Specialist I have observed has been on small business development. Furthermore, it has been oriented to the practical aspects of Montana--what we have in the way of people and natural resources. Examples include the development of nursery businesses to produce a variety of plant materials (bedding plants and seedlings) sold within Montana and exported to other states. It is estimated by the Montana Department of Agriculture that growers in the State import over \$5 million annually of such plant materials--that could be grown in Montana.

3. A small research and development laboratory was attracted to Hamilton as a subsidiary from a large Northeastern firm to perform research into the manufacture of chemical analysis materials and equipment. Subsequently, a second small business was developed to produce chemical analysis materials, largely shipped to other states.

4. We are facing a very tough time for agriculture producers in Montana and may expect a substantial rise in foreclosures and farm failures in the immediate future. In recent years, I have attended meetings with bankers ready to foreclose but leading instead to refinancing agriculture producer and processor loans because, in part, the Assistance Specialist participated.

While the list of services could continue, I hope these examples illustrate some of the activities of the Assistance Specialist. I urge you to consider the inclusion of the Small Business Development Assistance Specialist in the Extension budget. It seems to me the position is a vital service to those persons and businesses that need it and have no other realistic alternatives for help.

Thank you very much.

Sincerely,

Thomas O. Kirkpatrick
Thomas O. Kirkpatrick
Professor of Management

TO: Joint Subcommittee on Education, Montana Legislature
SUBJECT: Small Business Development Extension Specialist
FROM: Charles E. Wissenbach, Box 563, Hamilton, MT, 961-3879
DATE: January 29, 1985 (Hearing Rm 104, Capitol)

My boss wouldn't give me time off to testify and jobs are too precious right now to jeopardize--which is what I am writing about--JOBS. There is nothing wrong with Montana that sufficient employment for ourselves and our children wouldn't cure.

I support the request that the Legislature provide for the continuation of Cooperative Extension's Small Business Development Program as being sound. It is not a cost. It is an investment: the companies aided pay back continually through corporate and employee taxes, and taking people off assistance.

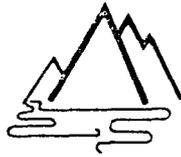
If the Federal Government is stupid enough to let such a proven, cost-effective program drop, we shouldn't. We must not! We can not say in good conscience to entrepreneurial types among our citizens, "Go help yourselves!" when we ourselves through government have made the process of starting a new business extremely complex through zoning, building codes, permits, tax and payroll procedures, EPA, OSHA, and all sorts of alphabets that exercise constraints that were not known to the Henry Fords of simpler days who only had to worry about production and the market....ONLY, did I say only??? Isn't that "only" enough to expect of someone who is going to give us jobs: that he have an idea people will buy, be able to convince investors, and then produce? Doesn't he deserve help with all these extra burdens a complex and extremely legalistic society puts on him? Shall only the rich be able to afford the help needed to get a business started? I say let's give the poor man with an idea and initiative a chance too. Through the Small Business Development Program of Cooperative Extension the small guy can get enough advice and introductions to sort out his ideas before he makes a final committment and large dedication of money.

The Small Business Development Specialist is a People's Representative and a liaison folks have with the resources of the entire Cooperative Extension, University, Build Montana, and other sources of expertise and assistance both government and private. Extension is the right organization to operate this type of people's program. Phones, offices, meeting rooms, secretaries, professional Agents for routine follow-up, and the administrative structure are already in place in every County. The program is already established, proven and accepted. The people trust Extension as the government program of, by and for the people. The people trust it--it never tried to regulate them, coerce, force, or profit from them either politically or economically. When you put an Extension Worker in the field, he doesn't come back to you and ask for a lot of helpers as the program grows. He gathers around him, instead, a lot of volunteers. So you pay for one position and get volunteer help from scores of others. It is a dream! Wouldn't we be foolish if we didn't support this type of inexpensive program that offers so much promise to us in our present economic need?

Please say "GO!", or rather, "Continue" to the Extension Small Business Assistance effort so the small guy without business know-how and means can have access to resources for starting a business in pursuit of the development of his ideas. And along with funding the position, I hope that you will insist on seeing sufficient funds are available so the Specialist does not have to let people down because he is running out of phone, travel, paper, booklets, speakers or whatever it takes to be energetic in support of those attempting to sustain an effort to start or expand a business. The current Specialist, Allen Bjergo, like most Extension Agents, doesn't limit himself to an eight-hour day and I would like to see him have some expense leeway to give full scope to his energies and talent for the Benefit of Montana's economy.

THANKS FOR PROVIDING JOBS FOR MONTANA!

Sincerely,
Charles E. Wissenbach
Charles E. Wissenbach



Institute of the Rockies
 10300 O'Brien Creek • Missoula, Montana 59801 • (406) 728-5352

January 29, 1985

TESTIMONY ON THE BUSINESS ASSISTANCE POSITION

By John Badgley

Over the past seven years the Institute of the Rockies has carried on a series of seminars and conferences designed to heighten public awareness of alternatives to past economic practices. These programs include the first consideration of in-state investment of the coal tax fund, recruiting of high tech businesses, development of a long-range overseas sales and marketing strategy, and venture capital support for local businesses capable of growth through expanded markets.

Our effort has been assisted throughout by the counsel and active support of a cooperative extension economist, a professional trained to work in rural areas with businesses and small-town entrepreneurs. This past year this position was eliminated because of federal cutbacks. We feel the State of Montana would be well-advised to create at least one full time position designed to replace the federally sponsored post held by Dr. Allen Bjergo. If possible, we recommend a statewide travel budget to permit him to expand his support activities for local planning groups concerned with economic development as well as small businesses in need of management, marketing, and fiscal advice.

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 Annick Smith
 Wayne & Pamela Sourbeer
 Stephen Speckart, M.D.
 John Talbot
 George C. Turman, Lt. Gov.
 Montana

WITNESS STATEMENT

Name Jim Stephens Committee On agriculture
 Address 415 Wilda Lane Brentwood Date 1/29/85
 Representing Self + Support X
 Bill No. Extension appropriation Oppose _____
 Amend _____

AFTER TESTIFYING, PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments:

1. We need the Extension services more today
2. than ever. Please fund the program fully -
! if you can.
3. Technology is changing so fast that it is
impossible for the new farmer (if there are any)
4. and the old ones ^{to} to keep up with without this
service

Itemize the main argument or points of your testimony. This will assist the committee secretary with her minutes.

WITNESS STATEMENT

Name Donna Lee Plummer Committee On Extension
 Address Box 71 A P #1 Date 1/29/85
 Representing Extension Homemakers, MEAC Support ✓
 Bill No. ~~Extension~~ Apprentice Oppose _____
 Amend _____

AFTER TESTIFYING, PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments:

1. With agriculture being our last ~~big~~ big industry in Montana it seems the least we can do is to back it to the hilt so we will have some tax base left.
2. The Extension Homemakers add so much to the quality of life in Montana it would be unreal if this program or the 4-H program would be cut at all, nowhere in the United States do so few people do as good a job on so little. Please do not cut them further. ~~Let us~~ let us fill the program.
3. Do you know what studies have been made and can ~~be~~ be made in weed control.
4. As a member of the Advisory Board in Home Ec. I see needs in stress, nutrition, energy, when these things are taught it does help keep people of the welfare rolls.

Itemize the main argument or points of your testimony. This will assist the committee secretary with her minutes.

WITNESS STATEMENT

Name W. A. Bellquist Committee On _____
 Address 1202 Mill Creek Rd #4 Date Jan 29 - 85
 Representing 4-H & Avon Branch Support ✓
 Bill No. 289 Extension, Wildlife Budget Oppose _____
 Amend _____

AFTER TESTIFYING, PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments:

1. Figures in Extension presentation is self explanatory as to need
2. We must set it as a high priority in the states budgeting.
3. Agriculture must be insured as the mining business has already faltered as a tax base for state income tax employment.
4. Only by a sound extension program can we help Agriculture remain a solid business for now and in the future by Education, Research training and a multitude of other channels.

A personal note is my son Jerry, through 4-H and Animal Science degree from Boynton gave him base for his Veterinarian degree from Fort Collins, Colo. He would as Montana could use him here but Texas pays so much more. He is still a Montanan and would like to be a professor in a Montana Veterinarian School + College ^{maybe not impossible}

Itemize the main argument or points of your testimony. This will assist the committee secretary with her minutes.

WITNESS STATEMENT

Name Cheryl Lopp Committee On Appropriations
 Address Katispell Date 1/29/85
 Representing Flathead County 4-H Foundation Support
 Bill No. Extension Service Budget Oppose _____
 Amend _____

AFTER TESTIFYING, PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments:

1. Flathead County has the largest number of kids in 4-H in Montana. It is a major aspect of Flathead's activities.
2. The extension service puts a tremendous amount of time and energy into making things available for all of the 4-H'ers.
3. If one of our extension agents were to be transferred and no one would fill their position, it would be detrimental to our 4-H program and other programs too.
4. Each extension agent contributes fully to our 4-H program but in different ways. The agents in Flathead County have helped ^{up} many educational programs: Westmont Readership Camp, State, National and local citizenship trips, 4-H camp, leadership training, sewing camp, food fair, animal shows, meat + livestock judging and many more. Each agent is a vital part of our 4-H program.
 In retrospect their contributions are very important in the success of the 4-H program and in helping building ~~the~~ future leaders.

Itemize the main argument or points of your testimony. This will assist the committee secretary with her minutes.

WITNESS STATEMENT

Name Curtis Almy Committee On Reg. Experiment Stations.
 Address Idaho, MT. 59336 Date 28 Jan 85
 Representing some interests in S.E. MT. Support X
 Bill No. _____ Oppose _____
 Amend X

AFTER TESTIFYING, PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments:

1.

See attached letter.

2.

3.

4.

Itemize the main argument or points of your testimony. This will assist the committee secretary with her minutes.

Dear Sir:

The Miles City Swine Research station during its 16 year history has helped 100's of producers. During this time Not [#] 1 of state tax money has gone to support this station.

The Miles City buildings were built during the 1940's. They are in need of upkeep which is not any surprise. It is interesting to note that of the 1,800 hog producers in the state 80-85% raise hogs in similar "dirt lot" conditions. Let's not leave this majority of producers out in the cold with no research.

The M.A.E.S. swine Advisory Council did vote to close the Miles City station. It should be noted that South Eastern Montana was NOT even given a single vote on that council. That ~~is~~ is unfortunate and unfair. Local people work harder to solve local problems than do others. Local input on this problem would help a lot!

On 26 Sept. 84 the Park Producer Council vote 7:1 to close our Miles City station. The directors of the Park Producer Council are almost entirely confinement hog producers who would be served better at Bozeman. However the over all state will not be better served by consolidation to Bozeman.

2

5 years ago I would have conceded that the wave of the future. Today I know of 12 confinement units in my area, 5 of them are empty now because the "went broke" and there is no market for use confinement hog buildings. Two more of the confinement units are financially troubled + will likely be out of business in 2 months.

A neighbor of mine raises confinement hogs. He has an expense of \$13/hd for interest + payments on his building. I raise hogs on dirt lots + modified confinement and my expense is \$5/hd. That is why he is in financial trouble!

The Bozeman Swine Station is within the city-limits. The 160 Acres ~~to~~ to the S.E. of the station is privately owned and presently being subdivided. It is quite possible that in a few years, the people of the subdivision could ~~be~~ join together to "get those stinking pigs out from under our noses." Under current state law this challenge could possibly be won in the court system. If Miles City is closed + Bozeman is forced out of swine research, Montana could join ranks with Utah + Idaho with no swine research.

I believe the long term solution will probably be relocating both swine stations to a single different location. In the mean time \$75,000 will cover the deficits in Miles City and provide for minor structural repairs.

3

I have touched the high-lites of the issue.
A complete discussion would wear out my hand and
your patients. If I can answer any other questions
please feel free to contact me.

Thanks.

Curtis Almy

Curtis Almy

772-5857

I may mt. 59336

WITNESS STATEMENT

NAME Patricia J. Almy BILL NO. _____
 ADDRESS Ismay, Mt. 59336 DATE Jan. 28, 1985
 WHOM DO YOU REPRESENT? self; hog producers in Montana
 SUPPORT Swine research in Miles OPPOSE _____ AMEND _____
 PLEASE LEAVE PREPARED ^{City} STATEMENT WITH SECRETARY.

Comments: I support research in Montana. I specifically support swine research in Montana. And of the swine research, I ask you to take a long close look at the type of research that's being done: I support "dirt-lot" research.

At present, there is "dirt-lot" research being done at Fork Keogh in Miles City. Dr. Vernon Purcell, physiologist working at the Federal Research Station in Beltsville, Maryland, has been using "our" station with success. I visited with him by phone when I was in the Washington D.C. area. I approached him about the possibility of "dirt-lot" research, and he agreed that there is a big lack of research being done in this area. The majority of research being done is in confinement, whereas the majority of the producers in the United States are "dirt-lot" producers. However, because the confinement people have "all their eggs in one basket," they are more inclined to be vocal and organized in securing research that benefits their type of operation.

Thus we have Montana: our wonderful far-flung state. You must admit, one cannot come from Eastern Montana to be involved in legislative organizations without great cost. Thus, the people from the center of the state tend to be more organized in their efforts to lobby interests which benefit themselves. Example Montana State Pork Producers. A handful of people are using their voices in claiming to represent our state swine industry, when in reality, they do not speak for the industry at large. Thus I believe that one would be in grave error to totally depend on the voice of a small group that doesn't reflect the entire farm community which may be interested in diversifying their operation with "some hogs in the back lot." A hog is a hog and they remain a hog no matter where they're housed. However, they don't vote. Numbers count in numbers of producers, and I want to see research being done that will apply to the majority of Montana. Superb confinement research is already being done in the United States: let's lead the nation in research that



502 South 19th

EXHIBIT 26 1-29-85
Bozeman, Montana 59715

Phone (406) 587-3153

TESTIMONY BY: Alan Eck
Extension Service
BILL # Appropriation DATE 1/29/85
SUPPORT XXXX OPPOSE

Mr. Chairman and members of the committee. For the record my name is Alan Eck, representing the Montana Farm Bureau Federation. In the essence of time I will just say that the Montana Farm Bureau would like to go on record as supporting the funding request of the Montana Extension Service. Thank You

Alan Eck
SIGNED