

# Budget patch averts national farm loan crisis

By ROXANA HEGEMAN  
Associated Press

WICHITA, Kan. — U.S. farmers drained all available government agricultural loan money this past fiscal year to get through one of the worst agricultural downturns in recent years, but no one who qualifies for a farm loan will be denied in the next four months due to an unusual provision passed this month by Congress.

The budget patch gives the Agriculture Department's Farm Service Agency authority to meet the spike in loan demand by using future funding, according to U.S. Sen. Jerry Moran, a Kansas Republican who chairs an agricultural appropriations panel. There is no limit to how much the USDA can lend through April 28 — a victory for farm groups who pressed Washington for the fix to avert a looming loan crisis.

Already, corn and wheat prices have pushed farmers to the limit, and beef prices are hurting ranchers. They turned to lenders, leading the FSA to fall short \$137 million short



Charlie Riedel/Associated Press

Matt Ubell looks over his cattle herd on his farm near Wheaton, Kan. Ubell is one of many farmers taking out government farm loans to make ends meet in the turbulent farm economy.

of needed direct and guaranteed loan funds in the fiscal year ending Sept. 30.

When the money ran out, approved loans were funded in the current fiscal year, piling on to the demand for loans and raising the specter that FSA would again run out of money before spring — when most farmers need it the most.

"If you are trying to grow a crop and feed a family and pay the bills, it is a problem," Moran said. "This is one of the most difficult times in ag-

riculture in a long time."

Operating loans for 2016 are coming due at a time of widespread downturn. Farmers in Georgia, the Carolinas and Alabama have gotten a double whammy of drought and flooding. Midwest states are reeling from a glut in global grain markets that has slashed crop prices, and cotton growers in Georgia and Texas also are suffering due to low prices. Consumer demand for milk is down. Cattle prices are falling.

Not as many people are able to pay off their 2016 operating loans, and the next 60 to 90 days will be telling, said Steve Apodaca, vice president for the Washington, D.C.-based The American Bankers Association's Center for Agricultural and Rural Banking.

Most borrowers will be able to sustain themselves another year, and bankers will be able to help restructure their loans and add federal guarantees to commercial loans, Apodaca said. He is not expecting a repeat of the farm crisis of the 1980s, when land values tanked and interest rates were high.

Matt Ubell and his two siblings took out an FSA loan this month to buy their parents' cattle and crops farm in Wheaton, Kansas, but he says the agricultural economy "has us scared to death." Their balance sheet was just above the break-even point to qualify for the loan.

"We are kind of starting out fresh. We bought the farm, we bought the equipment," Ubell said. "...We are pretty highly leveraged right now."

The 34-year-old farmer and his wife put in long hours to make ends meet for their four children. His wife is a cook and a nursing assistant. He works at a lumberyard and delivers liquid feed supplements for cattle.

One measure of the farm economy is equity — the amount of debt compared to assets like land and machinery. The USDA's Economic Research Service predicted last month U.S. farm equity would decline 3.1 percent in 2016 to \$2.47 trillion — the second straight year of declines. Farm debt is expected to rise 5.2 percent to \$375.4 billion in 2016.

With such low commodity prices, Russell Boening said he is doing everything he can not to borrow more money than he absolutely needs to operate his 7,500-acre family farm in south Texas because "that gets you further and further behind." That includes delaying equipment purchases.

The 57-year-old has farmed for 35 years, has hundreds of dairy and beef

cattle and grows hay, corn, cotton, wheat and watermelons to diversify his income. Also the president of the Texas Farm Bureau, Boening knows he's in a better spot than younger farmers like Ubell.

"We have been here long enough," he said. "We have a good relationship with the lender, so we have equity built up and we are in a better spot than someone who has struck out on their own within the last 10 years."

This year's bountiful yields and low interest rates on loans helped many growers. But many commercial lenders are now demanding farmers whose operations are under stress to get government guarantees that any money lent for next year's crops will be repaid.

"When a farmer goes under, it affects that rural community," Apodaca said. "He is no longer buying seed, he is no longer buying equipment. His family is no longer going to the local Main Street and buying goods and services."

## Economics workshop helps ranchers make right decision

WSU Extension offers tools for low cattle market

By MATTHEW WEAVER  
Capital Press

Ranchers will be able to add more financial tools to their toolbox at a Washington State University Extension workshop on beef economics.

Pre-registration deadline for the workshop is Dec. 30. The workshop is 10 a.m. Jan. 6 in Moses Lake, Wash.

The beef herd economics workshop is part of WSU's partnership with the University of Wyoming, where researchers developed computer-aided tools as part of a ranch management program. It includes tools for such business decisions as retaining calf ownership and the number of cattle to hold.

Cattle price volatility makes the workshop particularly useful, said Sarah Smith, regional specialist in animal sciences for WSU Extension in Grant and Adams counties.

"The cattle market doesn't look like it's going to see drastic improvement in 2017," she said. "We're still going to have a lot of supply and with the strength of our dollar and exports down, (ranchers are) trying to make decisions to move forward."

Ranchers may try to hold cattle in hopes of seeing a price improvement, Smith said, but they need help in determining whether they should.

"These cattle are in our herds for generations, so a decision we make today we might pay for two years from now with that next generation," she said.

The workshop will help ranchers make the best decisions for their operations, Smith said.

"There can also be a lot of opportunities in these challenging times for people willing to make those tough decisions," she said.

Registration is free because of a grant and support from WSU Extension and the Grant County Cattlemen's Association. Contact Smith at smithsm@wsu.edu or 509-754-2011, ext. 4363.

### Online

<http://extension.wsu.edu/grant-adams/event/beef-herd-economics-seminar/>  
<http://www.brownpapertickets.com/event/2725470>

## Quieter land battle unfolds in wake of refuge takeover

By ANDREW SELSKY  
The Associated Press

JOHN DAY, Ore. — On a recent wintry evening, members of the Grant County Public Forest Commission walked into the warmth of a rustic diner and took seats at their customary table for their bimonthly meeting.

They voiced anger and frustration. At this meeting, they were officially a nonentity.

A judge this fall dissolved the commission at the behest of a former county supervisor who worried it was becoming a risk, citing the takeover of a federal wildlife refuge in a neighboring county.

While the armed occupation of the Malheur National Wildlife Refuge grabbed the world's attention, a quieter struggle over federal lands is being waged by those trying to use elections and the levers of government. Their grandparents and great-grandparents wrested a living from the West's rugged landscape.

But now, the forest commissioners say, the government is tightening access to the same natural resources by closing roads and curtailing logging and other industries that allowed previous generations to be self-sufficient.

The commissioners feel they lost, by the stroke of a judge's pen, a tool voters gave them to fight back.

Kim McKrola, a local, voiced the concern of many: "I would think we should have more say, because what does the federal government know about what's going on around here?"

With 1,700 residents, John Day is Grant County's biggest town, named for a fur trapper who in the early 1800s survived being robbed of everything by American Indians but trekked with a compatriot to safety.

Created by voters in a ballot measure 14 years ago, the forest commission was tasked



Andrew Selsky/The Associated Press

In this Dec. 7 photo, Jim Sproul, a member of the dissolved Grant County Public Forest Commission, gestures while visiting the Malheur National Forest near John Day, Ore. The armed takeover of the Malheur National Wildlife Refuge headquarters caused a sensation and global headlines, but a quieter and perhaps more important struggle is being waged by those trying to use the levers of power, and not firearms.

with determining the fate of public lands, which comprise 66 percent of the county's 4,529 square miles.

Hours before the meeting at the Squeeze-In Restaurant & Deck, forest commissioner Jim Sproul drove his pickup up a canyon and into the Malheur National Forest.

"My great-grandfather came here in the 1870s. He started the Humboldt Mine," the 64-year-old said. A pin on his cap proclaimed support for Sheriff Glenn Palmer, a sympathizer of the refuge occupiers' cause.

Sproul looked at skeletal trees killed by a 2015 fire that burned 43 homes and more than 172 square miles. He blamed the U.S. Forest Service, saying it let the forest grow too thick, allowing the blaze to crown and become a "huge fireball." Sproul wants the agency to open more burned areas for loggers to salvage trees.

At the Squeeze-In, commission members voiced more complaints.

"You're missing the point," growled Commissioner Mike Smith from beneath the brim of his cowboy hat. "The point is, they want to make it so you can't make a living in rural Oregon, so you have to leave."

Others nodded assent.

Commissioner Dave Traylor said he suspects the government and environmentalists want to create a 200-mile-wide corridor from Canada to Mexico, with only animals present and no humans.

Federal officials say no such plots exist.

District Ranger Dave Halemeier noted the Forest Service has increased its transparency.

"We meet with the public before we even have an idea of what we want to do in an area," Halemeier said in an interview. "Historically, we'd

come up with a plan and then present that plan, and now the public's involved in developing that plan."

Malheur National Forest Supervisor Steve Beverlin said he had productive talks with a forest commissioner about modifying rules for gathering firewood, but faced hostility at commission meetings.

"It was difficult to engage because they wouldn't share information," Beverlin said.

Mark Webb, whose petition for judicial review led to the commission's dissolution, said he felt it was growing too close to Palmer and his "increasing belligerence toward federal government."

The leaders of the wildlife refuge takeover were planning to meet with Palmer when officers intercepted them on Jan. 26. State police shot and killed LaVoy Finicum as he appeared to reach for a pistol. Sproul said he had invited

takeover leaders Ammon and Ryan Bundy to speak to residents about the Constitution and states' rights, with no ulterior motives.

"Anyone who says there's a militia here is a liar," Sproul said. "But are there patriotic citizens here? Hell yes."

Forest commissioners say no one informed them of the petition.

Judge W.D. Cramer ruled Sept. 14 that the ballot measure that created the commission violated the U.S. and state constitutions and federal statutes. In explaining his ruling, Cramer said he "may have personal views that align with many on how public lands are managed (or not), and views on how those who live close to the land should be heard." But "facts and the law" dictate a decision.

Webb heads another organization, Blue Mountains Forest Partners, which describes itself as a diverse group of stakeholders who work to improve local forests and communities. He said his group and the forest commission have similar goals but "radically different" approaches.

"The public forest commission thought they had authority to tell the county (officials) and the national forest how to manage public lands. But Blue Mountains respects the framework ... we have to operate in."

Webb ran in the May primary for one of the commission's seven seats. His name was removed from the ballot because of a technicality, Grant County Clerk Brenda Percy said. Webb told The Associated Press he ran in case his petition failed, so he could "inform or redirect" the commission, which he said was ineffective.

The forest commission, meanwhile, is planning to appeal the judge's decision and has been in contact with the secretary of state's office, which manages elections, to seek a remedy, Sproul said.

## Cheese down, butter climbing; cold storage up over last year

By LEE MIELKE  
For the Capital Press

### Dairy Markets

Lee Mielke



The big bang you heard last Wednesday was CME dairy prices.

The cheddar blocks plunged 8 1/2 cents and continued down from there, closing Friday at \$1.69 per pound, down 11 cents on the week but still 28 1/2-cents above a year ago.

The barrels rolled to \$1.5550 Friday, down 14 1/2-cents on the week but 12 1/2-cents a year ago. Ten cars of block traded hands on the week and 30 of barrel.

The markets were closed Monday but Tuesday took the blocks down 2 cents on an offer, to \$1.67, lowest price since Oct. 27, 2016.

The barrels were down 2 1/4-cents, slipping to \$1.5325, the lowest price since Oct. 17,

and 13 3/4-cents below the blocks.

Midwestern cheese producers reported another strong week in orders, according to Dairy Market News. Pizza cheese slowed a bit as more traditional holiday type cheeses are in higher demand. Pizza cheese producers are shifting to cheeses with a longer shelf life until Super Bowl preparations begin. The trend of longer barrel inventories continues, as blocks tighten and are in higher demand for contract deals throughout 2017.

Milk supply reports have been varied. Some cheese producers are buying spot loads at discounted rates, while others

report a scarcity of milk. Most expect milk supplies to be up with school breaks, which will divert milk from bottling to cheese vats.

Western cheesemakers report good consumer demand but expected orders to slow over the holidays. Domestic demand has helped offset the lack of abundant export opportunities and has provided price support for current cheese production.

Butter hit the highest price since mid-August last Monday, then gave most of it back, only to rally and settle back at Monday's \$2.2475 per pound, up 5 3/4-cents on the week and 21 cents above a year ago with 15 cars sold on the week.

The butter jumped 10 cents Tuesday, to \$2.3475 per pound, highest spot price since July 1, 2016.

Central butter production is

mixed, reports DMN, but with sluggish cream interest from Class II processors, cream is more available. November saw a good drawdown in stocks. See story below.

Western butter makers are easing into seasonal first quarter schedules. Cream is plentiful. Butter inventories are seasonally lower.

Cash Grade A nonfat dry milk climbed to \$1.05 per pound Thursday, highest level since Oct. 6, 2015, only to give it back and close at \$1.02, unchanged on the week but 26 cents above a year ago, with 14 cars sold on the week.

Tuesday saw the powder lose a penny and slip to \$1.01 per pound.

### Cold storage data

November American-type cheese stocks stood at 712.7

million pounds, according to preliminary data in USDA's latest Cold Storage report, down 23.3 million pounds or 3 percent from October but were up 12.9 million or 2 percent from November 2015.

The total cheese inventory, at 1.18 billion pounds, was down 42.6 million pounds or 3 percent from October but was up 31.9 million pounds or 3 percent above a year ago.

Revisions raised the original October American cheese count by 6 million pounds and the total cheese inventory was raised 7 million pounds.

Butter in inventory was at 160.9 million pounds, down 67.3 million pounds or 29 percent from October but 28.1 million pounds or 21 percent above a year ago.