



## State Board of Agricultural Research and Education

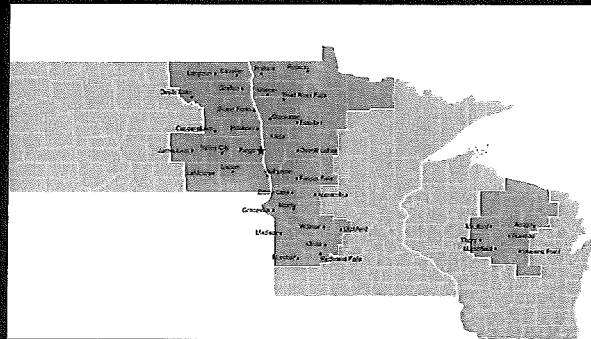
### Testimony in support of NDSU Institute for Farm Management

Testimony by  
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SVP Government and Public Affairs



## About AgCountry

- We are a farmer-owned cooperative
- We serve 18,000 farmers in Minnesota, North Dakota & Wisconsin
- We provide reliable, consistent credit & financial services
- 600 employees working in 37 offices between the three states



## What Guides Us

- **Mission:**

To support agriculture and rural America.

- **Vision:**

To be your destination for success.

- **Core Values:**

We are **responsible** to each other and for our cooperative; we **care** for agriculture and rural America; we **advocate** for our customers.



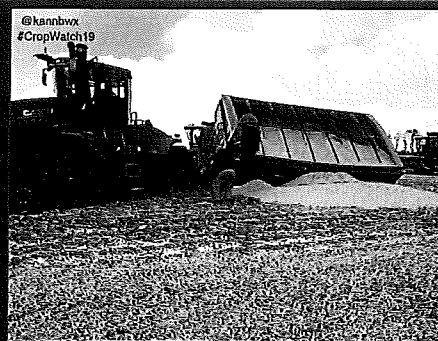
## Our Approach

- We strive for long-term customer success
- We take a balanced approach regardless of the economic environment
- Be proactive in financially positioning farmers & ranchers for when tough times do hit



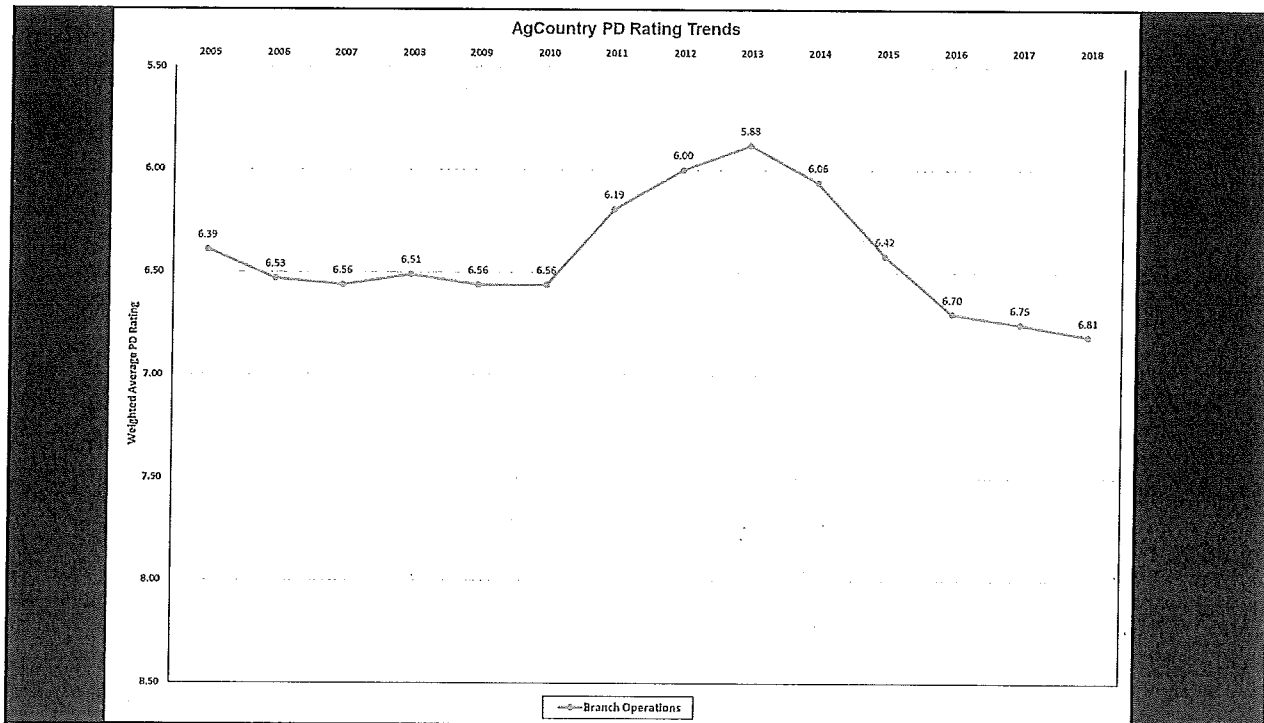
## Current Ag Environment

- Ag commodities are facing challenges across the board
- Large supplies of commodities are depressing prices
- Trade wars and tariffs
- Unprecedented harvest weather and challenges



# Current Farm Economy

- 2012 - Drought – we had decent production and strong prices
- 2013-2019 - Cash Flows have been under considerable stress as a result of:
  - Higher input costs
  - Higher rents
  - Increasing living costs
  - Normal production
  - Large stocks resulting in low prices
  - “Trade war” creating wide local basis and low cash prices



## AgCountry's concerns:

- Duration of financial stress
  - We have experienced 7 years of producer earnings stress.
  - Erosion of working capital
  - We have consulted and rebalanced debt multiple times with the same borrowers
  - 2019 year and 2020 projections look very tough
  - Production will be average to mediocre to poor
  - "Trade war" will have a considerable impact again this year
  - We may not recover those markets in future years
  - Growing debt and decreasing cash flow is not sustainable



## Financial Improvement is Needed

- |  |   |
|--|---|
| <ul style="list-style-type: none"><li>• Cash Rent</li><li>• Cost of Living</li><li>• Inputs</li><li>• Production</li><li>• Machinery/Equipment investment</li><li>• Real estate investment</li></ul> | <ul style="list-style-type: none"><li>• Marketing</li><li>• Crop insurance</li><li>• Entity structure</li><li>• Off Farm Income</li><li>• New products</li><li>• New technologies</li></ul> |
|--|---|

## Can Additional Help Be Provided?



## NDSU Institute for Farm Management

- A Center of Excellence
- Intensive Training of Producers
- Extensive Research
- New technology adoption
- Farm/Ranch ownership and transfer
- Business diversification alternatives
- Extension Service is operational
- This would be additional operational assistance
- This would also be strategic assistance



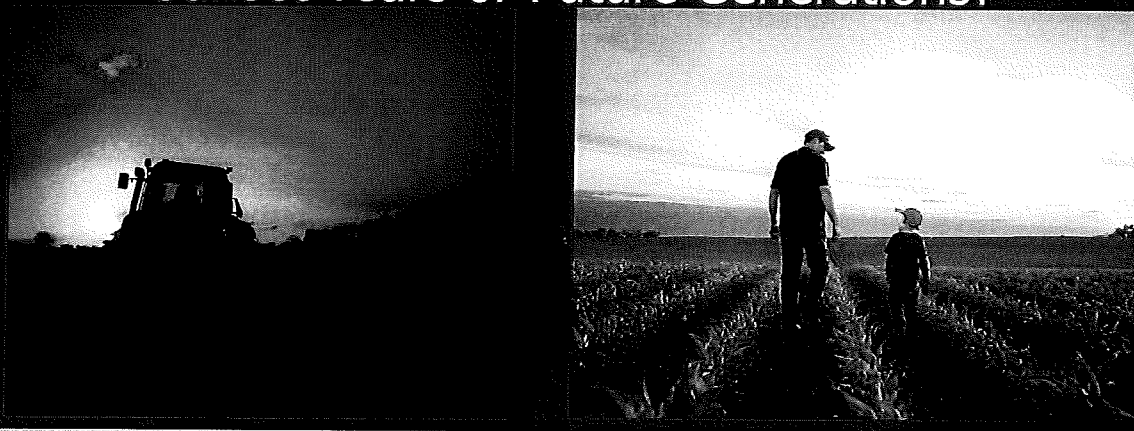
## NDSU Institute for Farm Management

- Dept of Agribusiness and Applied Economics requests support for the Institute
  - One FTE faculty position
  - Associate or Full Professor to be the Director
  - Need to be experienced
  - Need to be known in the industry
- AgCountry Farm Credit Services agrees with the concept and the need and supports the University's request.





# ND Farms Sunset Years or Future Generations?



Let's work together for the future.

