Legislative Research Department June 22, 1975

M I N U T E S

SPECIAL COMMITTEE ON AGRICULTURE AND LIVESTOCK

June 14 and 15, 1976

Members Present

Representative John H. Vogel, Chairman
Senator Don Christy, Vice-Chairman
Representative Rex Crowell
Representative Clifford Campbell
Representative Ambrose Dempsey
Representative Walter Graber
Representative Lee Hamm

Staff Present

Donald L. Jacka, Jr., Legislative Research Department
John Rowe, Legislative Research Department
Don Hayward, Revisor of Statutes' Office

Conferees and Guests Present

John O. Miller, Committee of Kansas Farm Organizations
John K. Blythe, Kansas Farm Bureau
John Meetz, Kansas Livestock Association (June 14 only)
Nathan Hole, Kansas State Grange
Nelson Buckles, KMPA (June 14 only)
Frank Buehler, KMPA (June 14 only)
Emmett Schurtz, KMPA (June 14 only)
Steve Burke, KMPA (June 14 only)
Dwight Beckwith, KMPA (June 14 only)
Pat Boyer, Department of Agriculture
John O'Neill, State Sealer, Department of Agriculture (June 14 only)
Ken Wilke, Department of Agriculture
Hal Hellebust (June 14 only)
Dr. Hambleton, USDA, Meat and Poultry Inspection (June 14 only)
Jim Petr, Department of Agriculture, Meat and Poultry Inspection Division (June 14 only)
Wayne Dieken, Soybean Association (June 15 only)
Myron Krenzin, Kansas Wheat Commission (June 15 only)
Ken Boughton, Department of Agriculture, Marketing Division (June 15 only)
Florence Dumler, Kansas Wheat Commission (June 15 only)
Earl Foote, Kansas Corn Growers Association (June 15 only)
Milo Schroeder, Kansas Soybean Association (June 15 only)
Darrell McNeil, Department of Administration (June 15 only)
Joe Detrixhe, Kansas Association of Wheat Growers (June 15 only)
Larry D. Abeldt, Kansas Grain Sorghum Association (June 15 only)
Marvin Koeh, Kansas Wheat Commission (June 15 only)
John Buttnan, Far-Mar-Co (June 15 only)

June 14, 1976
Morning Session

Chairman Vogel called the meeting to order and welcomed the members of the Special Committee on Agriculture and Livestock. He then introduced the staff and asked for a brief overview of the proposals assigned to the Committee for study. A member of the staff then proceeded in a discussion of each of the three proposals before the Committee -- Proposal No. 1, Meat and Poultry Inspection; Proposal No. 2, Division of Weights and Measures; and Proposal No. 3, Grain Advisory Boards.

Following a brief overview of each of the proposals, the staff was asked to undertake a more detailed discussion of Proposal No. 1. A copy of the memoranda used in this discussion are appended as Attachments I and II.

A discussion of the impact on small communities losing meat packing and slaughtering facilities was the next order of business. It was stated that from the outset, prior to a more thorough investigation, many people of Kansas were concerned about the facilities meeting structural standards required by federal meat and poultry regulations. It was noted that these regulations are not applied under the state inspection program and that if conversion from a state meat and poultry inspection program to a federally administered program should come about, a question would arise as to whether the facilities throughout the state could meet the structural standards. If the facilities could not meet those standards they would either become custom facilities -- which are not inspected by the federal inspectors -- or go out of business. It was stated that an issue in their discussion was the question of whether or not small facilities throughout the state could afford the structural changes which would be mandated by the adoption of the federal meat and poultry inspection program.

Following a discussion of some of the immediate questions and problems relative to Proposal No. 1, the Chairman asked the guests which were present if they had any comments to make to the Committee.

The first individual requesting to appear before the Committee was Mr. Frank Buehler, representing the Kansas Meat Processors Association (KMPA). In reference to a statement concerning the facility's option of becoming a custom plant if it is not able to implement the structural changes necessary under federal inspection, Mr. Buehler noted that many plants will not be able to become custom plants if a state to federal transition should take place. If the plant performs services for the producer it is termed "custom" but if the producer then sells the meat to a third party it is no longer considered custom because the meat was sold retail and would need to be inspected. Mr. Buehler also stated that it has been shown in other states which have made a transition from state to federal inspection that the federal inspection conducted costs remarkably more for the federal government than the state inspection cost for the state to implement. In closing Mr. Buehler stated that his association would help the Committee in all facets of their study -- he provided staff with survey results from approximately one-half the members of his organization.

Mr. Dwight Beckwith then appeared before the Committee to offer assistance to the Committee at future meetings. He stated that he could contact conferees, from other states which have converted their program, to discuss the transition.

Following the testimony offered by interested guests, the Committee discussed their meeting dates. The following dates were decided upon:

July 8 and 9
August 12 and 13
September 16 and 17

The Chairman then recessed the Committee for noon break, to reconvene at 1:30 p.m.

Afternoon Session

Upon reconvening the Committee after their lunch recess, Chairman Vogel asked the members to again direct their attention to Proposal No. 1 -- Meat and Poultry Inspection. The Chairman then introduced Mr. Jim Petr, Director of the Meat and Poultry

Inspection Division of the State Department of Agriculture. Mr. Petr spoke from a prepared text which is on file in the Legislative Research Department.

At the conclusion of this prepared presentation members of the Committee asked a number of questions of Mr. Petr. Mr. Petr was asked why the State was involved in Talmadge-Aiken plants. In response he noted that such plants operate under federal regulations and federal label but are staffed by state inspectors. He noted that there are presently two such plants operating in the state. In response to why Kansas has such plants operating in the State, Mr. Petr stated that the two plants in question had asked for such form of inspection.

A number of questions were then asked concerning the possible duplication of inspection of meat and poultry. Mr. Petr noted that the federal inspectors review the state inspected plants on a quarterly basis. It was also noted that the Department of Health and Environment makes inspections of meat and poultry products at the retail level where the Department of Agriculture does not inspect.

A discussion then ensued relative to what has happened in other states when the meat and poultry inspection was converted from state to federal control. Mr. Petr noted that at the present time the state inspects the smaller plants and those plants doing intrastate business and that the federal inspectors are concerned mainly with plants which operate on an interstate basis -- which are usually the larger plants. It was asked, specifically, if a transition to federal inspection was made, whether the federal inspection would be offered to all plants regardless of their size or location. Mr. Petr indicated that he could not predict but that he felt that if the plants could meet the federal structural requirements they would be inspected. He added that he doubted whether the federal inspection program would provide plants the services which the state presently provides.

Relative to the small, existing facilities' ability to conform to the federal structural requirements, a discussion took place. In his presentation, Mr. Petr noted that, if the state should repeal its meat and poultry inspection program and allow the federal program to be implemented, a number of small, existing plants, presently being inspected by the state, would have to either become custom plants or shut down their operations because they could not meet the federal structural requirements as set forth in USDA Handbook 191. This statement was questioned because of the existance of another set of federal regulations which are more liberal and pertain to small and existing facilities' structural requirements. Mr. Petr agreed that such regulations, as included within that publication, should be implemented for small, existing facilities but that his experience under present operation was that when a state inspected plant wanted to become a federally inspected plant, it was required to meet the more stringent structural regulations contained in USDA Handbook 191.

The next conferee to appear before the Committee was then introduced by Chairman Vogel. Dr. C. C. Hambleton, of the USDA, had no prepared testimony but attempted to answer some of the questions which were asked of Mr. Petr. Relative to the discussion concerning small, existing facilities being able to meet the federal structural standards upon conversion to the federal program, Dr. Hambleton agreed that under the present state operated inspection program, state plants wishing to become federally inspected are required to meet the structural regulations contained in USDA Handbook 191, but Dr. Hambleton noted that if a transition would take place such small, existing plants would be required to meet the regulations which pertain to small and existing plants.

Dr. Hambleton then explained that upon conversion to a federal inspection program, service would be extended to all plants -- regardless of their size or location. He continued that there are now more meat packing and slaughter facilities operating in Missouri than before it converted from a state operated inspection program. He also noted that when California converted, every facility which wanted to be federally inspected was accepted.

Relative to an inquiry concerning the emphasis placed on the facilities' structure, Dr. Hambleton noted that these regulations are required to produce a wholesome product.

Dr. Hambleton noted, when questioned about T/A plants, that the state is not required to offer such inspection arrangements and that it costs the state approximately $180,000 yearly. After further questioning relative to inspections, Dr. Hambleton stated that he did not believe that there was a problem of over inspection -- that all inspection being performed is necessary.

When asked again about the "Rule of Reason" as it pertains to facilities meeting structural requirements, Dr. Hambleton noted that decisions would be made on a regional or sub-regional basis. He continued that most complaints would also be handled on a regional or sub-regional basis -- that these complaints and appeals would be as close as a telephone call.

When questioned further about the implementation of the "Rule of Reason" as it would relate to the structural requirements of existing facilities, Dr. Hambleton noted that the same "Rule of Reason" would apply to all plants -- regardless of their location. He continued that he wanted to make it clear, that upon initial conversion to federal inspection, most of the facilities of the state would be required to meet the facilities standards as outlined in the publication relative to small and existing facilities. But he stated that after the initial conversion, all improvements to existing plants would have to be accomplished in accordance to the standards set forth in USDA Handbook 191 -- for new facilities.

Following Dr. Hambleton's testimony the conferees on Proposal No. 1 were thanked for their input. The Chairman then asked the Committee to direct its attention to Proposal No. 2 -- Weights and Measures. Chairman Vogel introduced the first conferee on this Proposal, Mr. John O'Neill, State Sealer, State Department of Agriculture.

Mr. O'Neill made various general comments from a packet of information which he distributed to the Committee. A copy of that information is on file in the Legislative Research Department. Of extreme interest to members of the Committee was the information relative to the plan of scale inspection utilized in Los Angeles, California. It was a decision of the Committee that the staff present information at the next meeting relative to the L.A. Plan.

Following Mr. O'Neill's presentation the Committee heard from the Kansas Livestock Association and the Kansas Wheat Growers Association relative to the large scale inspection presently conducted by the Division of Weights and Measures. Both of these organizations were complimentary of the job being done.

A general Committee discussion of various ramification of this proposal was then the order of business. It was noted that commercial scale inspectors charge much more than the $50 as proposed by H.B. 3167. A member of the Committee then inquired as to whether everyone should pay for the mistakes or equipment of others which cannot stay in calibration or whether it would be more logical to require those scales which need repeated inspections to pay a penalty for each reinspection? It was noted that Oklahoma maintains a charge for repeat inspections of scales. A member of the Committee then stated that of the 4,000 large scales presently tested by the Department of Agriculture, very few of them have a real impact on the people of the state.

Following their discussion on Proposal No. 2 the Chairman adjourned the Committee until 9:00 a.m. the following day.

June 15, 1976
Morning Session

Chairman Vogel called the Committee to order and told the members that Proposal No. 3 was the topic of discussion for the morning session. He then went on to note that Proposal No. 3 was the result of 1976 House Committee recommendations for a study relative to the topic of H.B. 2267. He continued that as proposed by H.B. 2267 an organization would be set up -- similar to the present Wheat Commission -- for the promotion of all grain crops. Following his brief explanation, the Chairman asked the conferees, who were to appear before the Committee, to direct themselves to the concept of this type of organization and to indicate their feelings. Chairman Vogel then introduced the first conferee, Mr. Earl Foote, President of the Kansas Corn Grower's Association.

Mr. Earl Foote thanked the Committee for their interest in this area and noted that his organization was also very interested in the creation of a promotion type organization. He stated that the Corn Growers are over one year old, and have in excess of

300 members in all nine USDA crop and livestock reporting districts. He continued that there is one director from each of the reporting districts and that those directors compose the board which make the decisions for the Association. At the conclusion of his presentation of background information, Mr. Foote was asked a number of questions. In response to questions Mr. Foote informed the Committee that his association is affiliated with a national association of corn growers and that they raise money through membership costs and gifts. He continued that membership costs are assessed at the same rate for all farmers -- large operators and small operators. When asked how many other states have an organization such as the one the Committee is studying, Mr. Foote said that he did not know, but that his association would be in favor of the check-off system. He noted that a two mil check-off would be sufficient.

Chairman Vogel then introduced the next conferee, Mr. Milo Schroeder, President of the Kansas Soybean Association. Mr. Schroeder stated that his organization had national affiliation and has about 400 to 500 members in Kansas. He continued that for organizational basis the state is divided into six districts with one director from each district. He noted that approximately 25 other states have soybean associations but that he did not know how many states have a system of check-offs. He stated that his organization was in favor of such an organization as proposed, but that they would appreciate a method of separate financing. Mr. Schroeder told the Committee that ½ cent check-off would be better than two mil per bushel. When asked about the conduct of promotion and research by the national affiliate, Mr. Schroeder said that the association is controlled by the states which produce the most amount of soybeans. He continued that the promotion of the product takes place overseas and that this helps all states. He also noted that research is conducted by the national organization in all member states.

The next conferee to be introduced by Chairman Vogel was Mr. Larry Abeldt, organizational chairman of the newly formed Grain Sorghum Producers Association. Mr. Abeldt told the Committee that his newly formed organization is affiliated with a national organization and has a director from each of the nine crop and livestock reporting districts. He stated that the organization was created to provide funds for marketing and research. Mr. Abeldt continued that the funds for development go through the United Feed Grains Council. Following his presentation, Mr. Abeldt was asked a number of questions concerning his organization and the proposed organization. Mr. Abeldt stated that he felt that the greatest percentage of the funds should go for market development.

Mr. Myron Krenzin of the Kansas Wheat Commission was the next conferee to testify on Proposal No. 3. Mr. Krenzin gave a brief background of the Kansas Wheat Commission and explained that the Commission was very active in wheat promotion and market development through Great Plains Wheat. He then went through H.B. 2267 giving suggestions to the Committee, using the Wheat Commission's experience.

Following a question posed by one of the Committee members, Mr. Krenzin noted that the Wheat Commission is presently operating successfully but that he would not be too opposed to being incorporated with the other grain commodities in a consolidated promotion agency if the funds of the various commodities were kept separate.

In response to a question posed to all the conferees, Mr. Foote and Mr. Abeldt agreed that there would be no problem spending a four mil per bushel amount but that there might be a problem of convincing the producers of the need for that high of a mill levy. Mr. John Miller of the Kansas Association of Farm Organizations suggested that to keep the funds at approximately the same levels, maybe there should be an assessment of mils per dollars of sales instead of per bushels.

A discussion then ensued relative to the 20% fee fund. Chairman Vogel noted that there has got to be some money going to the State General Fund for providing the services it does to the agencies. It was suggested that a 20% fee contribution might be excessive from agencies like the present Wheat Commission and the proposed consolidated body.

At the conclusion of the discussion on Proposal No. 3, Chairman Vogel thanked the conferees for their testimony and asked the Committee for direction on the three proposals. Relative to Proposal No. 3, the Committee directed the staff to draft legislation to create an agency as discussed previously and as outlined in Attachment III which is appended to these minutes. Concerning Proposal No. 2, the Committee directed the staff to present the legislation utilized in Los Angeles and other options for large scale inspection and validation. In relation to Proposal No. 1 -- Meat and Poultry Inspection -- it was the Committee's decision to conduct a hearing at which representatives of the various meat slaughtering and packing facilities could be heard. It was decided that the members of the Committee would contact their local meat packers and slaughters and invite them to give testimony.

Following the direction given by the Committee, Chairman Vogel thanked the Committee members for their attendance and adjourned the meeting. He reminded the members that the next meeting would be on July 8 and 9.

Prepared by Donald L. Jacka, Jr.

Approved by Committee on:

July 9, 1976
Date

MEMORANDUM

FROM: Legislative Research Department June 14, 1976

TO: Special Committee on Agriculture and Livestock

RE: Proposal No. 1 -- Meat and Poultry Inspection

Kansas has conducted its present meat and poultry inspection act since 1970 -- the first year in which the State complied with the provisions of the Wholesome Meat Act of 1967. The Wholesome Meat Act of 1967 was passed by Congress and signed by the President in late 1967. This Act provides consistent standards for meat inspection to be maintained throughout the United States. The Act provided that the various states had two years in which to adopt meat inspection standards "at least equal to standards of federal inspection". It also specified that, in states which failed to adopt such "equal to" standards, federal agencies would assume all meat inspection services within the states. The term "at least equal to" has been interpreted to mean strict federal standards be met and maintained relative to sanitation, wholesomeness, formulations, and labeling. Under the Act there are also provisions which relate to structural standards of physical facilities but relative to the enforcement of such standards, Congress has insisted that the rule of reason should prevail and enforcement has been more flexible within the State programs as opposed to the federal program.

As indicated above, 1970 was the first year of operation of the Kansas meat and poultry inspection program. At the time of its initial operation there were 260 state plants registered within the state. This figure has risen in 1975 to 320 state plants; 194 fully inspected plants (anti mortem and post mortem inspection -- plants qualified to do retail as well as custom business); 68 Custom and Custom-Curtis; 52 miscellaneous (brokers, warehouses, pet food manufacturers and etc.); and six Talmadge-Aiken plants (federal-state plants which are under federal registrations and federal label but are staffed by state inspections). In addition to these 320 plants there were also 70 federally inspected plants in 1975. Although these 70 federally inspected plants slaughtered and processed 95 or 96 percent of the meat, they comprise less than 20 percent of the total slaughter and processing facilities in Kansas.

During the 1976 Legislative Session, in his message to the 1976 Legislature, the Governor made the following recommendations concerning the Kansas meat and poultry inspection program:

"I recommend that the legislation requiring the Board of Agriculture to conduct the meat and poultry inspection program be repealed effective July 1, 1976. My FY 1977 budget recommendations for the Board of Agriculture reflect the deletion of 112 positions and the State General Fund savings of an estimated $893,556 which would have been required for state support of this program. At least 15 other states have terminated their state supported meat inspection programs and allowed the U.S. Department of Agriculture to assume full jurisdiction over meat and poultry inspection. The present state program is inspecting only four to five percent of the total slaughter in commercial plants. This low percentage of total meat inspected does not justify further state support. The state will not experience a decline in the quality of inspection since the state program had to comply with the federal standards which will continue to be applied under the federal inspection program. It is possible that the federal government will absorb the state employees who now perform the meat and poultry inspections."

As a result of these recommendations the 1976 House Committee on Governmental Organization introduced H.B. 3205 which if adopted would have repealed the Kansas meat and poultry inspection act. This bill never got out of its initial assignment to the House Committee on Governmental Organization and was ultimately stricken from the calendar.

There are 16 other states which have opted to terminate their state operated meat and poultry inspection programs and allow the U.S. Department of Agriculture to assume full jurisdiction over meat and poultry inspection. These states are:

North Dakota	1970	Washington	1973
Montana	1971	Nevada	1973
Minnesota	1971	Colorado	1975
Nebraska	1971	New Jersey	1975
Kentucky	1972	New York	1975
Oregon	1972	Connecticut	1975
Pennsylvania	1972	Massachusetts	1976
Missouri	1972	California	1976

In addition to these 16 states, Maine and Delaware are considering the termination of their state programs.

In these states which have opted to terminate their state programs, the most drastic difference in the federal, as opposed to state, standards lies in the structural standards of meat packing and processing facilities required under the federal program. These standards are contained within two handbooks of federal regulation -- the Small Existing Plant Handbook and U.S.D.A. Handbook 191. The Small Existing Plant Handbook is the publication of requirements that locker processing plants must meet in order to be fully inspected under a state program. This Handbook is quite flexible in the area of building standards and physical facilities as long as the federal requirements of sanitation and wholesomeness are met. Handbook 191 is a U.S.D.A. publication regulating site, structure, equipment, welfare facilities, inspection offices and beef slaughter requirements that must be met by a plant in order to be "fully inspected" and sell meat under a federal program. It has been verbally conveyed that Handbook 191 requirements would only apply to newly constructed facilities.

In the states that decided to discontinue their state meat inspection program it has been the normal procedure to give the plants 18 months to develop a blueprint for remodeling their facilities according to federal specification. After submitting this plan, they were given another 18 months to implement the plan. During this three-year period most plants were allowed to stay in operation, providing they met certain sanitary standards. In many instances structural requirements were waived during the planning period.

Under present state inspection all state inspected plants must meet sanitation and health standards at least equal to federal guidelines. Should state inspection cease, all state inspected plants must be inspected under federal programs which also require additional structural standards. For the 181 processing plants under full state inspection (an additional 105 custom plants are under spot checks for sanitary conditions). The State Board of Agriculture, Division of Meat and Poultry Inspection has estimated the following range of ability in meeting federal structure standards:

1. Twelve plants should be able to meet federal guidelines with a minimum of additional expense.

2. Forty plants would require capital improvements averaging $10,000 - $30,000 per plant.

3. One hundred and twenty-nine plants would require capital improvements estimated in excess of $30,000.

A partial survey conducted by the Kansas Association of Meat Processors asking if a plant owner should be willing to meet federal standards has had the following results:

Plants Surveyed	51
Willing to Meet Federal Standards	6
Not Willing to Meet Federal Standards	45

It has been the experience of at least one processor that the unsecured nature of the bank loans necessary to make the required improvements will not be approved by his local community banks.

Appended to this memorandum are several advantages of the present state program and advantages of the proposed federal program. Although these lists cannot be considered comprehensive, they are provided here to stimulate consideration of the thinking on both sides of the issue. Also appended are various inquiries which would benefit this study if answered by the conferees invited.

Advantages of State Inspection

1. The population in Kansas is 2,200,000. State funds involved in administering the state meat inspection program in Fiscal Year 1976 total approximately $800,000. Therefore, the cost of a state meat inspection program is 36¢ per person per year.

2. Agriculture is by far the state's leading industry. Livestock and meat production rank number 1 and number 2 as the state's largest industries. In the Governor's budget report delivered to the legislature January 19, 1976, a breakdown of the state budget by category showed $6.6 million or 1.3 percent of the budget going for conservation and agriculture.

3. State inspected plants, in Kansas, slaughter 4 percent of the cattle; 96 percent of the calves; 98 percent of the sheep; and 3 percent of the hogs. It should be noted, however, that of the total slaughter in Kansas (federal-state), four out of five pounds of meat produced are marketed out of the state (80%). All of the animals slaughtered in the state plants are consumed in Kansas. In addition, some 22 million pounds of meat are processed in state inspected plants that do no slaughtering. Based on average national consumption figures, state plants slaughter and process 25 percent of the red meat consumed in Kansas.

4. One major poultry dressing plant located at Iola will produce 50 percent of all the poultry consumed in Kansas. This is a federal-state plant under federal regulation and label but staffed by state employees.

5. The Kansas meat and poultry inspection program is designed and orientated to deal mainly with small, family type operations. Small businesses are still the backbone of the state's economy.

6. All state inspected plants in Kansas are producing a clean, wholesome product. Quality and wholesomeness of products reaching the consumer would not be improved under a federal program.

7. Remodeling costs in order to meet the Facility Requirments of USDA Handbook 191 would have to be passed on in higher processing costs and higher meat prices.

8. People on the local level, producers, consumers and representatives of the meat processing industry have a voice in the regulatory process (legislation, rulemaking, regulation adoptions and etc.). Under a federal program this would be much more difficult.

9. The meat business will be driven into the hands of large packers with a total federal inspection system and union federal inspectors will be doing the inspecting.

APPENDIX II

Advantages of Federal Inspection

1. The biggest advantage of federal inspection, of course, would be the state money involved. The reduction of the state budget by $893,556 is an important item in state finances.
2. Of the 194 fully inspected plants in the state inspection program, twelve plants meet the facility requirements of U.S.D.A. Handbook 191. Another forty plants, it is estimated, would need minor remodeling in order to meet facility requirements of Handbook 191. The remaining fully inspected plants would need major remodeling in order to meet facility requirements of U.S.D.A. Handbook 191. (Requirements of U.S.D.A. Handbook follows on page 6.)
3. It is believed that all or nearly all of the plants now "fully inspected" in the state program, failing to meet the U.S.D.A. Handbook 191 requirements could become a Custom or Custom-Curtis plant. (A Custom plant processes meat for the owner of livestock for the owner's own use and that of his household. A Custom-Curtis plant is a Custom plant that can also buy and sell federally inspected meat in "sides" or "quarters" for the purchaser's own use.)
4. IF under federal inspection very few of the existing locker plants were forced to close their doors and only change their operation from a "fully-inspected" plant to a Custom or Custom-Curtis operation, the economic impact would not be very great on any local community. Additional research should be done in this area to determine the fate of the plants which do not meet the requirements of Handbook 191.

APPENDIX III

1. Explain the various forms under which a facility may presently operate and under which they may operate under a federally operated program.

2. What are the major differences between the present state and federal meat inspection standards?

   -What would a change to the federal program and standards do to the rules and regulations of the food and drug division of the Department of Health and Environment, who inspect at the retail level?

3. Explain the structural standards which must be applied under federal inspection.

   - Are these standards regional or fixed nationwide?

4. Describe the enforcement of the federal program.

   - Access to federal program administration?

5. What would be the impact of federal program administration on the local communities?

   -Would every plant -- no matter its size or location -- be inspected and maintained by federal program if it meets structural requirements?

   -Would banks be willing to make the loans for the plants which need to make the necessary structural changes?

6. Is the federal portion of funding granted to state meat and poultry inspection programs likely to increase?

   -Would it be feasible for the state to make a one time grant or loan for the state inspected plants to make their structural changes mandated by federal inspection.

June 7, 1976

ATTACHMENT II

MEMORANDUM

TO: Special Committee on Agriculture and Livestock

FROM: Legislative Research Department

SUBJECT: Meat and Poultry Inspection Program - Funding

Three fund sources support the state program of meat and poultry inspection; the State General Fund, federal grants, and general fees. Since FY 1974, these funds have contributed to the program as follows:

Fund	Actual FY 1974	Actual FY 1975	Estimated FY 1976	Authorized FY 1977*
State General Fund	$ 591,514	$ 605,269	$ 790,993	$ 843,613
Federal Fund	662,349	851,064	952,239	865,316
Fees Fund	12,931	19,906	15,000	30,845
Total	$1,266,794	$1,476,239	$1,758,232	$1,739,774*

*Not adjusted for salary plan revision.

The Division of Meat and Poultry Inspection collects fees for the licensing and registration of all livestock and poultry slaughter and processing operations. Processing plants pay an annual fee of $30.00 and slaughter plants pay an annual fee of $15.00. This licensing revenue may be matched by federal grants. Licensed operations also reimburse the Division for all overtime pay earned by the state inspectors. These overtime reimbursements may not be matched by federal funds. Since FY 1974, including estimates for FY 1977, fee receipts have annually represented less than two percent of the Division's total expenditures.

With the passage of the Federal Meat Inspection Act, which required state inspection programs to be at least equal to the federal program, the federal government has provided 50 percent funding of state direct inspection program operating expenditures. This funding is dependent upon the annual availability of federal dollars. Federal matching of indirect state operating expenses is additionally provided at an annually variable rate. The total federal contribution is generally greater than 50 percent of the Division's total operating expenditures.

State General Fund appropriations provide the balance of the program's funding. Since FY 1974, appropriations have been less than 50 percent of the total operating expenditures of the program. The following table indicates the relative ratios in funding since FY 1974:

Fund	Actual FY 1974	Actual FY 1975	Estimated FY 1976	Authorized FY 1977
State General Fund	46.69%	41.00%	44.98%	48.48%
Federal Fund	52.28	57.65	54.15	49.73
Fees Fund	1.02	1.34	.85	1.77
Total Expenditures*	100.00%	100.00%	100.00%	100.00%

*Totals may not add to 100% due to rounding.

With one exception, the state program involves the inspection of plants that meet state standards. These standards vary from federal requirements only in the area of plant facility requirements. The inspection of such state plants is conducted by 83 state inspectors. The exception to this practice is the state's inspection of plants operating under the Talmadge-Aiken provisions of the Federal Meat Inspection Act. These operations meet all federal standards for sanitation and facilities. Currently, there are 13 state inspectors assigned to two such plants.

Cost to FEDS for inspection vs cost to State for inspection?

ATTACHMENT III

STATE OF KANSAS

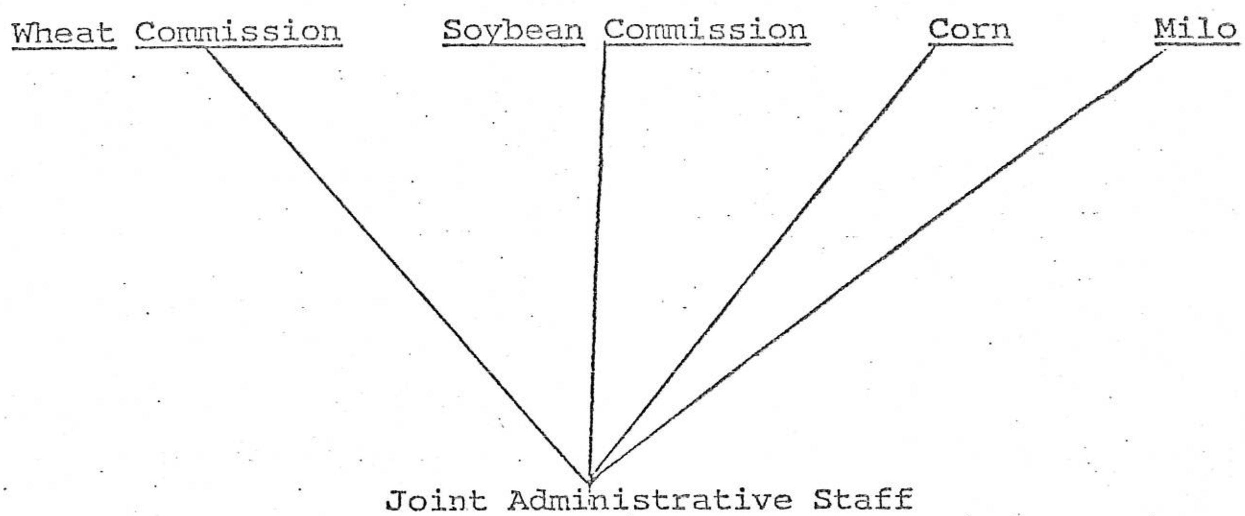
JOHN H. VOGEL
REPRESENTATIVE FORTY-THIRD DISTRICT
DOUGLAS COUNTY
ROUTE 4
LAWRENCE, KANSAS 66044

COMMITTEE ASSIGNMENTS
CHAIRMAN: AGRICULTURE AND LIVESTOCK
MEMBER: WAYS AND MEANS

TOPEKA

HOUSE OF
REPRESENTATIVES

DEPARTMENT OF GRAIN PROMOTION AND RESEARCH



Each Commission will nominate 3 members from each district. The Governor will appoint 1 from the list of 3 for each district. These members will comprise the working group for their respective commissions.

There will be separate funding.

The appointed members of each Commission will appoint one member to serve on the Executive Board to manage and to hire staff. The Secretary of the Board of Agriculture would be an ex officio member, and in case of a tie, would vote.

Term of office--4 years.