

Approved January 3, 1986
Date

MINUTES OF THE HOUSE COMMITTEE ON AGRICULTURE AND SMALL BUSINESS

The meeting was called to order by Representative Lloyd D. Polson at
Chairperson

9:00 a.m. ~~p.m.~~ on January 21, 1986 in room 423-S of the Capitol.

All members were present except: Representatives Jenkins, Lacey and Solbach, who were excused.

Committee staff present:

Raney Gilliland, Legislative Research Department
Norman Furse, Revisor of Statutes Office
Mary Jane Holt, Committee Secretary

Conferees appearing before the committee:

Harland E. Priddle, Secretary, Kansas State Board of Agriculture

Representative Hamm moved to recommend H.B. 2148 unfavorably for passage. Representative Teagarden seconded and the motion passed.

Representative Dean moved to recommend H.B. 2247 unfavorably for passage. Representative Eckert seconded and the motion passed.

Representative Buehler moved to recommend H.B. 2329 unfavorably for passage. Representative Neufeld seconded and the motion passed.

Representative Apt moved to recommend H.B. 2339 unfavorably for passage. Representative Roenbaugh seconded and the motion passed.

Representative Roenbaugh moved to recommend H.B. 2554 unfavorably for passage. Representative Buehler seconded and the motion passed.

Representative Roenbaugh moved to recommend H.B. 2418 unfavorably for passage. Representative Rezac seconded and the motion passed.

Representative Sallee moved to recommend H.B. 2239 unfavorably for passage. Representative Apt seconded and the motion passed.

Harland E. Priddle reviewed the 1985 activities of the Kansas State Board of Agriculture; the activities of the FACTS program; 1985 legislation and 1986 key legislative issues, Attachment I. Mr. Priddle stated he and members of the Board are opposed to the proposed reorganization of the Kansas State Board of Agriculture through the Executive Reorganization Order issued by the Governor. They propose discussion revolving around policy and planning for agriculture in the future. The 67th annual report and farm facts was distributed to the Committee members.

The meeting adjourned at 10:00 a.m.

The next meeting will be Wednesday, January 22, 1986, at 9:00 a.m. in Room 423-S.

GUEST REGISTER

DATE Jan. 21, 1986

HOUSE OF REPRESENTATIVES
COMMITTEE ON AGRICULTURE AND SMALL BUSINESS

NAME	ORGANIZATION	ADDRESS
Rich McKee	KLA	Topeka
Steve Montgomery	Ks. Legal Services, Inc	"
Chris Wilson	KO FPA	Hutchinson
Kathy Peterson	CKFO	Topeka
John Stutz	Catholic Rural Life	KC Ks
Jan Johnson	Budget Division	Topeka
John Koenig	Stat Board of Agr. & M.	Lewin, Ks
Jack Rouchamp	Job Bd of Agr	Atchison, Ks
Dale Lauby	State Bd. of Agr., Plant Health	Topeka
Don Jacka	ST BOARD OF AGRICULTURE	TOPEKA
LARRY WOODSON	ST Bd of Agric., Division of Insp	Bozcha
MOE JEFFERSON	" " " STATISTICS	"
Lois Zedler	" " " Marketing	"
Mike Burns	" " " Center	"
Doc Lopez	" " " Water Res	"
May J. Foster	" " " Laboratory	"
Ellen R. Farley	st Board of Agriculture	"
Jim Stoger	Gov Office	Topeka
Steve Fed	" "	"
Ann Neida	KSN	
Marvin R. Webb	KS G I D	"
Rob Kawatu	AP	"
Roger Meyers	Topeka Daily Capital	"

TESTIMONY

TO

HOUSE AGRICULTURE
AND
SMALL BUSINESS COMMITTEE

JANUARY 21, 1986

BY

HARLAND E. PRIDDLE
SECRETARY
KANSAS STATE BOARD OF AGRICULTURE

1/21/86 Hs. ASB
Attachment I

REVIEW
OF
KANSAS STATE BOARD OF AGRICULTURE
ACTIVITIES
FOR
1985

Each year always brings challenges and opportunities for us in the Kansas State Board of Agriculture and the year of 1985 was no exception. As we began last year, we asked you, the legislature, to address a significant number of issues for us and you responded in a very positive way. The 1985 legislative session was a milestone in updating our laws for which the agency is assigned responsibility. Twenty-six separate statutes were addressed and changed or implemented during this year as a result of your actions, and I would like to express my appreciation to you for supporting us in this very important issue of legislative matters.

This morning we will briefly review our agency and the accomplishments and challenges of 1985 during the first portion of my presentation, followed by a discussion of statutes passed last year and being implemented at the present time, and, finally, we will briefly summarize what we consider to be the significant legislative issues in our area of responsibility during the 1986 legislative session.

The Kansas State Board of Agriculture Year in Review was highlighted by internal reorganization; the establishment of a new program, FACTS; the implementation of the many statutes we mentioned above; as well as continuing our routine regulatory and market development activities.

This year we completed consolidation of activities within our agency, bringing us to a total of six divisions. The objective of our reorganization internally has been to provide more efficient operation as well as consolidation of common areas of work. For example, in 1984 we established an Inspections Division and consolidated all of the inspection functions of weights and measures, control, dairy, eggs, and meat and poultry. The year of 1985 saw us complete our consolidation work in moving the divisions of weed and pesticide and entomology into a single Plant Health Division. This allows one person in the plant health area to work with EPA, Kansas State University, legislators, and other areas of government, as well as the private sector, instead of the previous two divisions of weed and pesticide and entomology. It also allows us to group our field personnel and ask them to perform field support functions in a consolidated way. For example, our five area weed supervisors have been realigned to ecological specialists, which allows them to expand their area of responsibility and cut down on travel and duplication of effort. 1985

also was a year of consolidation in our dairy program. Prior to this year, we had contracts with the county health departments of Sedgwick, Shawnee and Wyandotte. These particular contracts provided support not only to those three specific counties but to 57 counties throughout the state of Kansas. We did not renew these contracts and realigned that support into the state system of inspection directly under the Dairy Commissioner. Personnel working within those counties were transferred from the cities to us for supervision. This consolidation, along with the elimination of separate inspectors for grade A and manufacturing milk, has allowed us to identify savings in this particular program function. For example, our travel is down in the milk inspection area some 10 percent over last year's expenditures. Of course, we will have to wait until the end of the year to determine if we met our goal of savings of approximately \$130,000 over last year's administration under contract.

Moving from internal reorganization, let's discuss the Farmers Assistance, Counseling, and Training Services Program. This was the year of FACTS with its beginning on July 1, 1985. The program office is located in Manhattan adjacent to the Kansas State University Extension Service. The implementation of this program was a joint effort between the Kansas State University Extension staff and the Kansas State Board of Agriculture. The original thought of having this office 60 miles from our office lead us to believe it may be difficult to implement and manage, but, I must admit to you, nothing could be further from the truth. With the establishment in Manhattan, the FACTS program has taken on its own identity and is not related directly to us or to Kansas State University. It is perceived by people across the state as their crisis Hot Line in time of need. We organized this program using the Hot Line as a primary means of contact from people in the field working directly with our staff of six persons full time and two part time. Then, providing an umbrella effect back down to the community or originating level for assistance. It was not our intent to duplicate services already in existence or to try to solve all the problems within our own staff, but rather provide a referral service and a service that would be available to people in a variety of problem areas in agriculture. We believe we have achieved this. I would now like to present some specific facts about FACTS. During the first six months of operation, we have received approximately 2,000 calls from across every county in the state of Kansas. These calls were the primary contact calls and do not

include the number of return calls we have made or follow-ups we have accomplished. I provided you an outline indicating the areas of importance and some statistics about our calls and it is attached to this testimony. There were some surprises for us. For example, the average age of callers from day one until the present time has been 49 years old and not the young, 35-year-old farmer we thought we would hear from the most. The number of years in farming has not been four or five or six years like we anticipated but 25 years. Approximately 70 percent of our calls relate to financial or legal problems. Approximately 11 percent of our calls deal with farmers and/or their wives who are looking for jobs in the employment area or retraining possibilities. About 5 percent of our calls deal strictly with stress or family problems. Calls are the highest from the south central and northeast part of the state and lowest in the southwest section, which corresponds directly with net farm income across the state of Kansas. We are receiving the most calls from people who are trying to buy all of their land they are farming and the least calls from farmers who rent. Of particular importance to us is the referrals we are making in the areas or agencies receiving those referrals. Over 40 percent of our calls are being referred back to the Kansas State University Extension Service. Their FinPac Program, the analysis of a farmer's financial status, is particularly popular and we believe this referral back to extension provides us and the State of Kansas a practical application of the Cooperative Extension Service working hand-in-hand with actual problems existing on farms. One of the things which makes Kansas' program different from other states is the legal services available. Thirty-two percent of our calls have been referred to this source for assistance. We are not trying to recover those people who are already in foreclosure or bankruptcy and cannot be recovered. We are concentrating on those individuals and their businesses who can recover if given help. We have had an extremely effective and beneficial relationship with the Kansas Legal Services and believe they are providing a service that no other state is providing through its Hot Line service. As we look to the future for FACTS, we have tremendous challenge in the area of getting the most use from the dollars we are spending. We are working closely with legal services and our own staff in developing a team of paraprofessionals who can make that first contact and determine if legal service is desired. In the event it is desired, we will then work closely with the legal services staff to provide this support. We are also looking at the possibility of expanding our staff slightly to coincide with the original

requirements as outlined in the proposed bill as it began through the legislative procedure last year. Our Hot Line is busy a large percentage of the time at the present time. If we were to establish a second Hot Line, we would not, at this time, have the staff to support those calls. As we move through this winter season, we expect the calls to increase and they have already indicated that they will. The month of December was twice the number of calls as the month of September. In closing this discussion on FACTS, I would reemphasize that our program is an umbrella program, which involves not only our staff in Manhattan, the Kansas State University Extension Service, and the Kansas Legal Services, but every community throughout the state of Kansas. We emphasize to all groups that it is important that communities become involved once one of their members is in trouble. In the 1930s and Depression Era it was different than it is today.

All farmers were in trouble at that time mostly due to identifiable causes such as the Dust Bowl. Today, your next door neighbor may be in trouble but you may not know it. This philosophy emphasizes the need for people to be concerned and be helpful in every possible way. I would also reemphasize, in closing, that this is a confidential service for people who need assistance. We do not and have not in the past produced and distributed success stories throughout the state. We believe those stories are confidential between the people we help and our staff in Manhattan. I would say on behalf of agriculture and particularly those 2,000 people who we have reached out our hand to during this past six months, we appreciate your concern and your passing this legislation and believe it is serving a need for Kansans in trouble. We will do our very best to continue that effort in the future.

In moving from those two specific discussions of internal reorganization and FACTS, let's briefly review the year of 1985 as regards are regulatory and market development activities. The newest of our six divisions, as I mentioned previously, is the Plant Health Division under the new Director, Dale Lambley. In the noxious weed area, under Freeman Biery, we continue to work with all 105 counties to coordinate noxious weed control for the elimination of such pests as Johnson Grass and other noxious weeds. Last year 1,528,000 acres were treated in Kansas. The plant protection section, under Dean Garwood, continued its activities in the Kansas Plant Pest Act, the statute designed to prevent a retard movement of a vast array of insects, such as Gypsy Moth and other pests, moving into our state. This

section also performs 1,175 inspections of grain and other commodities prior to shipment to foreign countries. This was about the same number of inspections as performed in the previous year. In the pesticide registration area and pesticide use area, we are concerned with the proper labeling and the proper use of chemicals throughout the state of Kansas. This is a major task since there are now more than 1,000 commercial and 19,000 private certified applicators. These two sections also are involved in investigation of complaints. Last year we received a total of 220 complaints of misuse of chemicals throughout the state. The Division of Plant Health has two new programs, pesticide dealer registration and Chemigation Safety Law. The dealer registration program allows the state of Kansas to administer the sale and use of pesticides rather than the Environmental Protection Agency. In the EPA interpretation, wives could not pick up restricted-use pesticides and transport them to the husbands who may be in the field. Our new program will allow us to make interpretations and still be within the intent of safe application of chemicals. We will discuss the implementation of this program at a later time this morning. The Chemigation Safety Law deals with chemicals applied through irrigation systems. It's designed to be an initial step in applying safety precautions to the prevention of contamination of groundwater during the chemigation process. In Kansas we have approximately 9,000 circle systems alone operating within the state, so the new law by this division is a major undertaking. As with the case of dealer registration, we will talk more about the implementation of this later. The Division of Inspections, under Larry Woodson, continues the enforcement of some 19 separate laws. In the control section, where we deal with truth in labeling as well as monitoring the integrity of supplies being sold such as fertilizers, a total of 4,239 samples were collected by this section. It was necessary to place 345 stop sales on products that were improperly labeled or improperly constituted. Looking at it from a positive side, 3,900 samples we looked at were within tolerance. Feed tonnage for 1985 was down 3.5 percent and fertilizer was up 4.5 percent. The new Seed Law was implemented during this year and allowed us the opportunity to implement some new management procedures. We are now monitoring advertising in newspapers and providing the farmer guidance on his responsibilities on labeling and testing of seed. We believe it is working effectively and within the intent of the law. We are working very closely with the Kansas Crop Improvement Association and seed dealers in implementation of this very important law. In the dairy program, as I

mentioned before, we consolidated this year as well as changed our procedures in inspecting 2,000 grade A and manufacturing milk producers. No specific issues of any particular problems or violations have occurred during this particular year. We did implement our labeling law this year with success. We do not have any particular or significant problems in the implementation of the labeling law, but we will keep a close watch as we continue our efforts in this regard. In the meat and poultry area, we continued our full inspection of 199 plants and some 38 custom plants. We also worked with 82 distributors of brokers of meat and poultry products. The Bait and Switch Law, passed previously, became active but did not result in any violations but certainly did cause a great deal of activity in making sure that people were within the law. In other words, that law is working and we appreciate your efforts in the past in that regard. The meat and poultry program is being recommended for deletion during this legislative session and assumption by the United States Department of Agriculture. I have placed within your packet a letter from USDA, which essentially says "We don't want it." They basically have informed us the lack of funds does not allow them to provide a wholesome meat inspection program on behalf of states that would like to surrender their program back to the federal level. More will be discussed on this, I am sure, at special hearings but the situation is different than it was in 1983. Federal officials have provided us documentation in the area of increased cost to producers, reduced service, and inability for the federal level to perform the service. In our weights and measures area, we implemented our new large scale calibration program. This year we asked scale companies across the state to train their representatives with us for licensing and certification. They, in turn, would provide the large scale calibration followed by documentation to us on their findings. This new concept, we are happy to say, is working. The private sector companies have been particularly responsive to training. During the past six months these companies have checked 1,066 scales, which is nearly the entire total we would check on an annual basis. Our goal here, of course, is to test every large scale in the state of Kansas on an annual basis. We are pleased with this new program and believe that as we continue the implementation, we will refine it and be able to achieve some savings in travel as well as provide an accurate and effective weighing system in the state of Kansas. This was the year we also updated our overall Weights and Measures Law. We were able to eliminate phrases that were completely out-of-date and allow us to conform to the National Bureau

of Standards program. We have no problem in the implementation of this law and appreciate your work in this area. In the small scales area, we checked 7,823 and we found 96 percent of those to be accurate. In our labeling and packaging area, we checked 107,867 packages and found 77.8 percent of those to be correct weight or over for the consumers. We are pleased to report we did not have any major anhydrous ammonia safety accidents during the past year. We inspected 929 anhydrous ammonia facilities as well as 610 LP gas meters. In the gas meter area, we found 83.7 percent to be accurate. In summary of the inspection program, we believe we have consolidated our inspection program into a more effective area and we are meeting the needs of consumers as well as producers in the state of Kansas. The Division of Laboratories, which does the analysis for not only our Board of Agriculture field personnel but farmers and other consumers across the state, continued its high rate of analysis. We analyzed 36,625 samples this year, which included feed analysis, fertilizer analysis, meat, dairy and dairy residue, pesticide and seed analysis. The workload increased .5 percent this year and has remained steady throughout the past years and we believe it will be the same; however, we are aware of a new seed laboratory being constructed by the Kansas Crop Improvement Association, which might reduce our seed analysis program in the future. This, of course, would reduce fee funds generated from this source. Water continues to be an extremely important subject in the state of Kansas. Requests for appropriations and drilling the water wells continues to decline down from 616 in '84 to 542 reduction in '84. Most significant accomplishment during this year was increasing our audits on already drilled water wells and perfecting their water right. Last year we completed 1,762 of these, which was an increase of 532 over the previous year. This audit is extremely important as it establishes the water right as a property right and we are attempting to catch up with that some ten year backlog that has been there for years. We continue to work with the Water Office and the Water Authority in the implementation of minimum desirable streamflow as well as other areas in the water plan. Water structures continue to be important to us and we are concerned with dam safety. Although we have responsibility for the program, federal funding was deleted some three years ago and no funding from the state has been provided to support this important function. We are attempting to do this within our own resources but, obviously, cannot do all tasks with the same number of people. The Ark River Compact is not a new subject to you. In December, the Attorney General filed a motion with the United States

Supreme Court alleging Colorado violated the compact. David Pope, our chief engineer, works closely with the compact, as well as the Attorney General and the state of Colorado, in attempting to resolve this long-standing issue. The Division of Statistics (or the Kansas Crop and Livestock Reporting Service) remained active and gave us good news and bad news during this year. Kansas leads the nation with more than 25 million acres of prime farmland. We also lead the nation in wheat, milo and beef production. With a wheat crop of about 440 million bushels, we produced 50 percent more than second ranked North Dakota. Our milo crop approached 300 million bushels, at 25 percent more than number two ranked Texas. 1985 saw Kansas obtain a new number one status. Cattle slaughter in the state through the first ten months of 1985 exceeded 5.8 billion pounds, nearly 8 percent more than number two Texas. Price for the product is still the number one problem with Kansas farmers. The current parity ratio, which measures prices received as compared with prices paid, was little more than 50 percent with most grain prices well below the 50 and livestock not much better. Farm income through the 80s has been disappointing and '85 was no exception. On the average during the 80s, government payments have accounted for about 60 percent of net farm income. In two of the past five years, expenses have exceeded cash receipts. Land values continue to decline--down another 20 percent in this past year--and this, accompanied by declining livestock and machinery values, saw farm asset values down 20 percent from 1981. At the same time, we saw Kansas farm debt climb about 25 percent. As a result, the debt to asset ratios of Kansas farmers have increased from a low of 18.2 in 1980 to nearly 30 at this time. This means that farmers now owe about \$3 for every \$10 in assets in the state of Kansas. In our Division of Marketing, Eldon Fastrup and his staff of 13 people attempt to find buyers for what Kansas has to sell. This year has been a significant year in many areas. In the international marketing area, we witnessed and observed the maturing of our sister-state relationship with Henan Province. During the legislative visit to Henan Province in 1985, two contracts were signed for a total of \$3.2 million for Kansas companies. These companies were in the areas of feed mill and grain storage and handling. Since that time, another feed mill has been sold to a neighboring province in China. Also in the area of international marketing, we continue to work with our neighbors in Mexico. We sponsored a team of livestock breeders into Mexico in October and, in cooperation and coordination with the international livestock program, made presentations at seminars on the importance of Kansas cattle

and their breeding programs. As a result of this visit, 200 head of dairy heifers have been sold, approximately 300 head of beef heifers, and approximately 30 bulls. We also worked internationally with two procurement missions from Taiwan visiting our state for a total of \$40 million. We co-hosted the international food show sponsored by the National Association of State Departments of Agriculture in Kansas City and recruited 11 Kansas companies, which had sales over \$2 million from this particular show. In the domestic marketing areas we continued to work aggressively in the trademark area "From the Land of Kansas". Twenty-four companies are currently participating in this program. We also worked with all the commodity organizations and the "Pride of Kansas" building at the Kansas State Fair, national agricultural day, and published items in the Kansas magazine features as well as Market Basket News. In our market service area, we continued to automate and provide services to producers of Kansas. One specific example relates to the publication of a hay directory of which over \$2 million in hay sales was identified as a direct result of out-of-state people having our hay directory. The Kansas Ag in the Classroom program is one of the best in the country and spearheads the effort to project agricultural topics into the curriculum in Kansas schools--grades kindergarten through 12. The Ag Foundation, which has membership from across the state as well as direction from the Department of Education and assistance from us, is a model to others throughout the United States. As we closed the final quarter on 1985, we were able to host Secretary of Agriculture John Block at the Kansas State Fair as well as hosting the first ever Kansas/Japan Agricultural Trade Conference in Wichita. Our commodity commissions continued to dedicate their funds, originating from farmers, to market development and research. These funds are used about 60 percent for market development and 40 percent for research at Kansas State University or other areas on behalf of producers of Kansas. This is but a quick glance of the past year of our divisions but the challenge of the future is already here. We know that the international marketplace demands competitive, aggressive action on all our parts. We know that we must continue our efforts in domestic marketing to allow the commodity organizations to market their products within the state as well as outside the state in a profitable and aggressive way. As we look to the regulatory functions, we will attempt to provide the necessary management in support of statutes for which we are responsible.

FACTS STATISTICS



**Confidential Information, Counseling,
Assistance & Referrals for the Kansas
Agricultural Community**

148 Waters Hall, Kansas State University, Manhattan, KS 66506

Stan Ward, Director
(913) 532-6958

REPORT ON HOTLINE CALLS

January 16, 1986

Number of Requests for Assistance since 1 July 1985: 1700

PERSONAL DATA

Male Callers:	72.33%	Average Age:	49
Female Callers:	27.67%	Average Years Farming:	25

FARM DATA

Diversified Farms:	63.73%	Crop Only Farms:	23.75%
Agri-Businesses:	6.70%	Livestock Only Farms:	5.80%
Farms Operating with Owned Acreage Only:			51.11%
Average Owned Acreage - 927			
Farms Operating with Rented Acreage Only:			7.84%
Average Rented Acreage - 1102			
Farms Operating with Both Owned and Rented Acreage:			41.05%
Average Owned Acreage - 615			
Average Rented Acreage - 813			

REQUESTS FOR ASSISTANCE BY AREA OF STATE

North East:	26.08%	North West:	18.66%
South Central:	26.41%	South West:	13.04%
South East:	15.81%		

NATURE OF REQUESTS FOR ASSISTANCE

Financial/Legal problems constitute 70.84% of all problems we are called about.

TYPE AND DISTRIBUTION OF FINANCIAL/LEGAL PROBLEMS

Farms have been foreclosed on	9.15%
Foreclosure probable	16.08%
Considering deeding back land or voluntary liquidation	5.62%
Tax liabilities (actual or anticipated)	6.41%
Bankruptcy filed	4.44%
Considering bankruptcy	12.81%
Problems because of a bank failure	5.23%
Credit cut off or refusal to renew notes	8.63%
Loan fraud	2.48%
Other	29.15%

FACTS REFERRALS

Kansas Cooperative Extension Service	40.76%
FACTS Legal Assistance	31.21%
Private Attorneys	7.33%
Other (e.g. Professional Tax Assistance, KS Attorney General, Lending Institutions, etc.)	20.70%

NATURE OF REQUESTS FOR ASSISTANCE

Employment/Retraining problems constitute 10.66% of all problems we are called about.

TYPE AND DISTRIBUTION OF EMPLOYMENT/RETRAINING PROBLEMS

Lost the farm	48.34%
Need additional income to stay on farm	51.66%

FACTS REFERRALS

Kansas Job Service Centers	30.82%
Dislocated Worker Programs	10.08%
School Placement Centers	8.68%
Vocational Retraining Programs	17.93%
Financial Assistance Programs	8.40%
Other (SER Corporation of KS, Area Agencies on Aging, etc.)	24.09%

NATURE OF REQUESTS FOR ASSISTANCE

Family problems constitute 5.71% of all problems we are called about.

TYPE AND DISTRIBUTION OF FAMILY PROBLEMS

Need food	7.88%
Need medical assistance	10.84%
Need monetary assistance	19.22%
Family and/or marital problems	28.57%
Emotional Problems	23.15%
Other	10.34%

FACTS REFERRALS

Public assistance programs	75.00%
Community Mental Health Centers	
Commodity Distribution Centers	
Food Stamps	
County Health Offices	
Private assistance programs	25.00%
Willie Nelson Money	
Local Service Clubs	
Churches and Church Associations	

NATURE OF REQUESTS FOR ASSISTANCE

Approximately 12.79% of the problems we receive fall into other categories. These include calls such as the following:

Information about State Loan Programs

Information about Government Loan Programs

Information about FmHA Regulations

Assistance in Developing Community Programs

Help in finding Speakers for Community Meetings

Information about Other Helping Programs

Information about the FACTS Program from other states trying to establish similar programs

Information about Radical Organizations