

Approved April 25, 1986  
Date

MINUTES OF THE Senate COMMITTEE ON Governmental Organization

The meeting was called to order by Senator Vidricksen at  
Chairperson

8:00 a.m./~~p.m.~~ on April 9, 1986 in room 531N of the Capitol.

All members were present except:

Senator Gaines

Committee staff present:

Julian Efird - Research  
Arden Ensley - Revisor

Conferees appearing before the committee:

Mike Hayden - Speaker of the House  
Frank Sortines - Small Business Development Center - Washburn University  
Jim Braden - Representative, District #64  
Paul Fleener - Director of Public Affairs for Kansas Farm Bureau  
Harland Priddle - Secretary of Agriculture  
Kathy Peterson - Committee of Kansas Farm Organizations

The Chairman called the meeting to order to discuss HB 2951 and HB 3122 concerning the Kansas Department of Economic Development. He introduced Speaker Hayden who spoke in support of these bills stating that there was a need to reorganize the KDED and the Department of Commerce and this would be a great step forward. It would make Kansas more competitive with other states and improve the marketplace both here and abroad. He urged adoption of these bills. (Exhibits A & B)

Frank Sortines addressed the committee on these bills stating that their business was to provide management to new and existing small business in Kansas either free or at a minimal cost. Their goals are outreach and they plan to reach all 105 counties and have traveling consultants for rural areas. In addition to this they want to assist farmers in training service as soon as the center network is in place.

Representative Braden appeared before the committee in support of these bills and to answer questions. Testimony was distributed from the Redwood/Krider recommendation on the Economic Development Committee and Kansas Department of Commerce. (Exhibits C & D)

Paul Fleener also appeared in support of these bills and distributed testimony with some suggested amendments. (Exhibit E)

Harland Priddle distributed testimony and spoke briefly stating that Kansas must be involved in Economic Development as it is keynote and phasing now is very important. However, they need resources and people. (Exhibit F)

Testimony was also presented from Kathy Peterson who stated that Agriculture does not want to be left out and they want to share responsibilities. (Exhibit G)

A motion was made by Senator Frey to adopt several of the amendments proposed by the Kansas Farm Bureau in Exhibit E. Motion died for lack of a second.

Senator Johnston made a motion that HB 2951 be recommended favorable for passage. This was seconded by Senator Winter. Senator Bogina made the statement that Kansas did not have the money to fund this plan and it would be ludicrous to pass this bill under those conditions. Senator Winter said that he disagreed with that statement.

CONTINUATION SHEET

MINUTES OF THE Senate COMMITTEE ON Governmental Organization,  
room 531N, Statehouse, at 8:00 a.m./p.m. on April 9, 1986

A substitute motion was then made by Senator Strick to hold HB 2951 for further debate and discussion. This was seconded by Senator Frey. The motion failed 3 to 4.

The Chairman called for a vote on the original motion by Senator Johnston to recommend HB 2951 favorable for passage. The motion carried by a vote of 4-3.

Senator Bogina made a substitute motion to report HB 3122 adversely. This was seconded by Senator Frey. A substitute motion was made by Senator Winter to report HB 3122 favorably. This was seconded by Senator Johnston. Motion carried 4-3.

The meeting was adjourned by the Chairman at 9:00 a.m.

GUEST LIST

COMMITTEE: Senate Governmental Organization

DATE: April 9, 1986

NAME	ADDRESS	COMPANY/ORGANIZATION
Paul R West	Legis. Research	
<del>Paul R West</del>	<del>Legis. Research</del>	<del></del>
Paul E. Fleener	Manhattan	Kansas Farm Bureau
Doyle O Kahjis	Manhattan	Kansas Farm Bureau
BOB GRANT	TOPEKA	KCCI
F.E. Bliss	LONGTON	Ks. St. Bd. Agri
E.R. Fastrop	Topeka	US St. Bd. of Agri
Jim Sloge	Topeka	Governor's Office
Jake Koenig	Linn	K St. Bd. of Ag.
Bill Burkhardt	Atchison	Bd of Ag.
Harold E. Puddle	Topeka	Ks St. Bd. of Ag.
Beth Petersen	Topeka	COUN. of KS Farm Organs.
Bob Schubert	Topeka	Bd. of Ag.
Don JACKA	TOPEKA	Ks STATE BOARD OF AGRICULTURE
Mary Harper	Healy	
Frank Sotines	Topeka	Director Small Business Center at Washburn Univ.
Judy Kuegler	"	IL/POA
CHARLES BELT	WICHITA	CHAMBER OF COMMERCE
RON CACHES	WICHITA	BMAC

**KANSAS DEPARTMENT OF ECONOMIC DEVELOPMENT  
FISCAL YEAR 1986 ORGANIZATIONAL CHART**

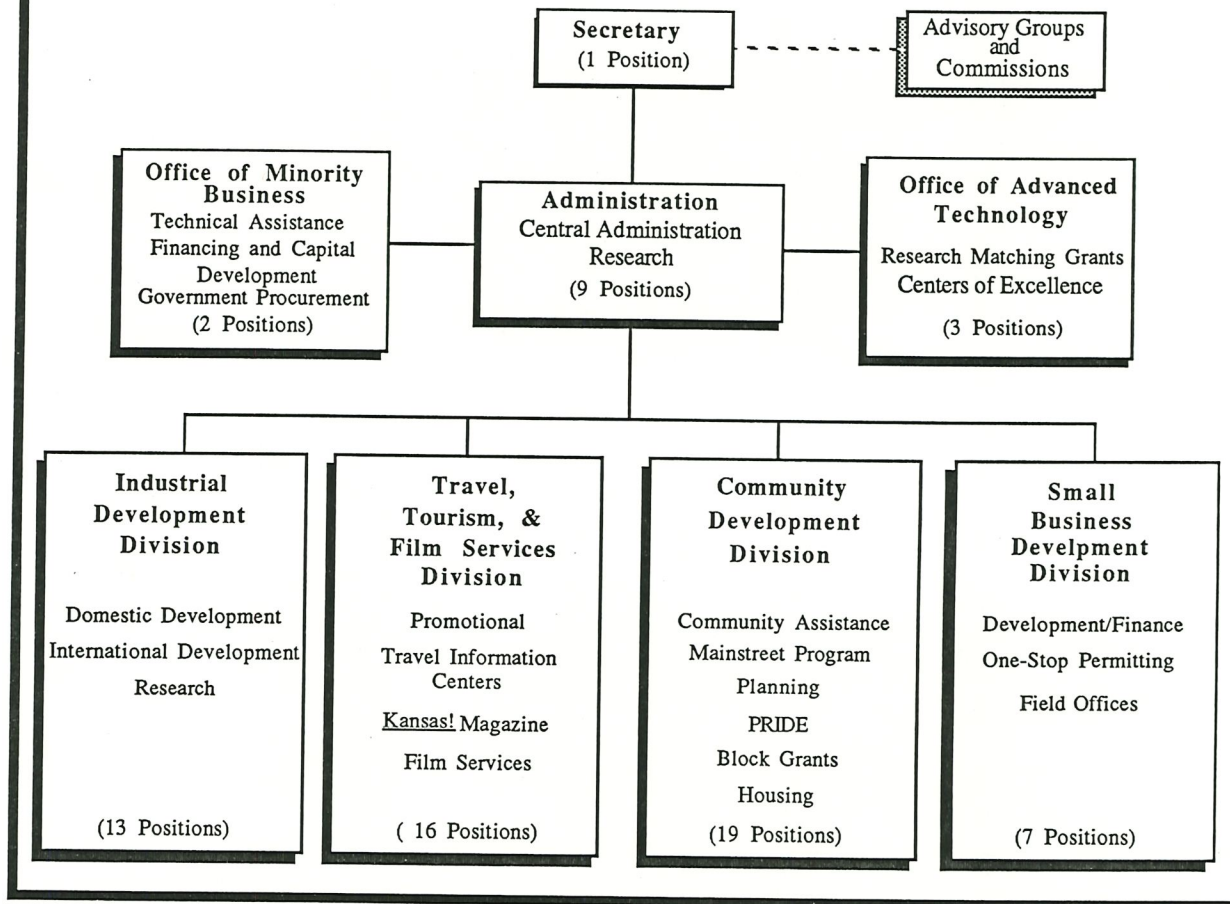


EXHIBIT A

4/9/86  
Sen. G.O.

**KANSAS DEPARTMENT OF COMMERCE  
PROPOSED ORGANIZATIONAL CHART  
UNDER HOUSE BILL 2951**

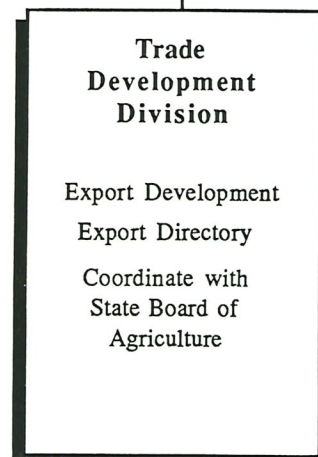
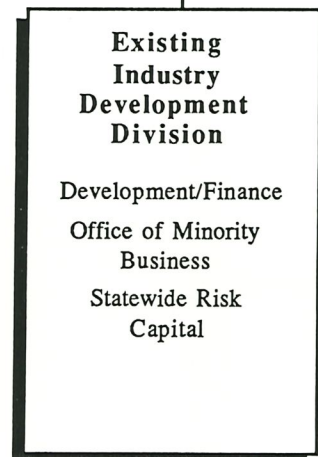
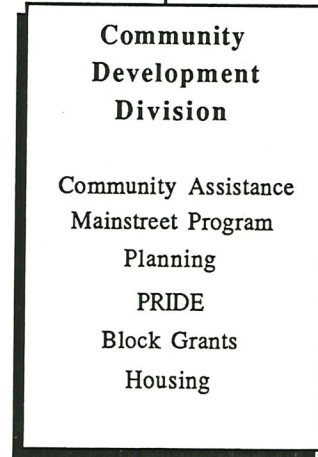
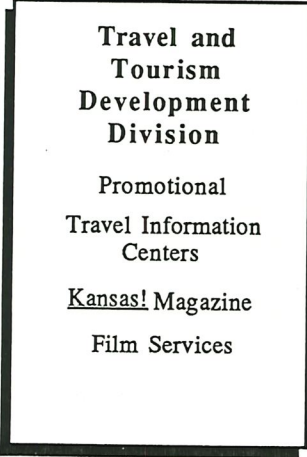
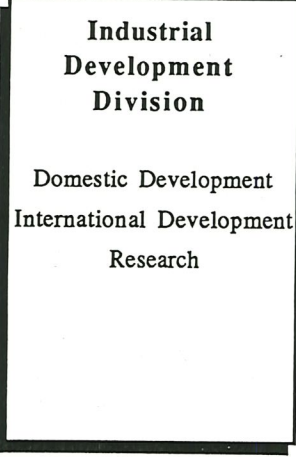
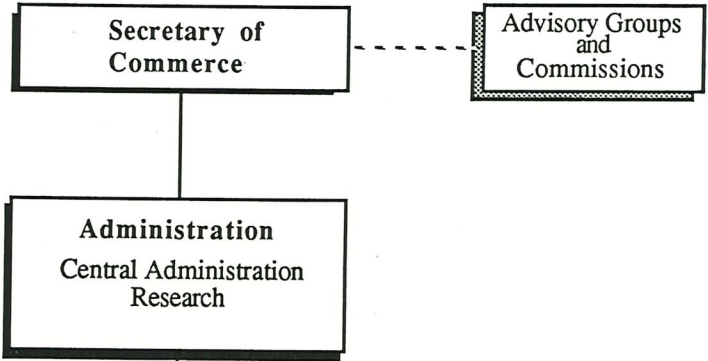


EXHIBIT B  
4/9/86  
Sen. G.O.

INITIATIVE NO. 7: ESTABLISH A KANSAS DEPARTMENT OF COMMERCE

REDWOOD/KRIDER REC. NO.: 17-18, 21-26, 28-33

BILL NO.: HB 2951

A. Statement of Need

There has been serious concern throughout the state that Kansas could be losing its competitive edge in attracting industrial development. This creates a need for an expanded and coordinated effort to improve the economic development capabilities of the state. The Kansas Economic Development Study (interim report) has in fact revealed that chronic underfinancing and understaffing of the Kansas Department of Economic Development has made it enormously difficult for that department to implement an effective economic development effort -- one that involves not only attracting outside business but also encourages the retention and expansion of existing industry in the state and the marketing of Kansas products. A Kansas Department of Commerce should be established, and it should be funded and staffed in a manner that reflects the states strong commitment to economic development.

B. Mission Statement

The purpose of this bill is to ensure the organized, coordinated implementation of economic development policy throughout the state by restructuring the Kansas Economic Development Department into the Kansas Department of Commerce.

C. Provisions

1. HB 2951 replaces the existing Kansas Department of Economic Development with a restructured Kansas Department of Commerce.
2. The bill -- when taken together with the policy and funding recommendations of the Redwood/Krider report, and the Legislative Economic Development Commission and its consultant -- more clearly defines the mission of the department, creates new functions and substantially expands existing programs. Specifically, the bill:
  - a. Existing Industry. Expands and focuses the responsibilities of the existing small business division and increases the number of field offices from two to five.
  - b. Industrial Recruitment. Substantially increases the funding for targeted industrial recruitment and advertising, would open a new office in Europe and expand the Kansas presence in Japan.
  - c. Trade Development. Establishes a new division focused solely on interstate and international trade, including only the three international marketing positions of the state's ten agricultural marketing positions, and none of the functions of the crop boards.
  - d. Community Development. Expand the activities of the community development division in assisting Kansas communities.
  - e. Advanced Technology, Minority Business, Tourism. The bill splits the Office of Advanced Technology and Advanced Technology Commission from the department. Their duties are assumed by the Kansas

4/9/86  
Sen. G.O.

EXHIBIT C

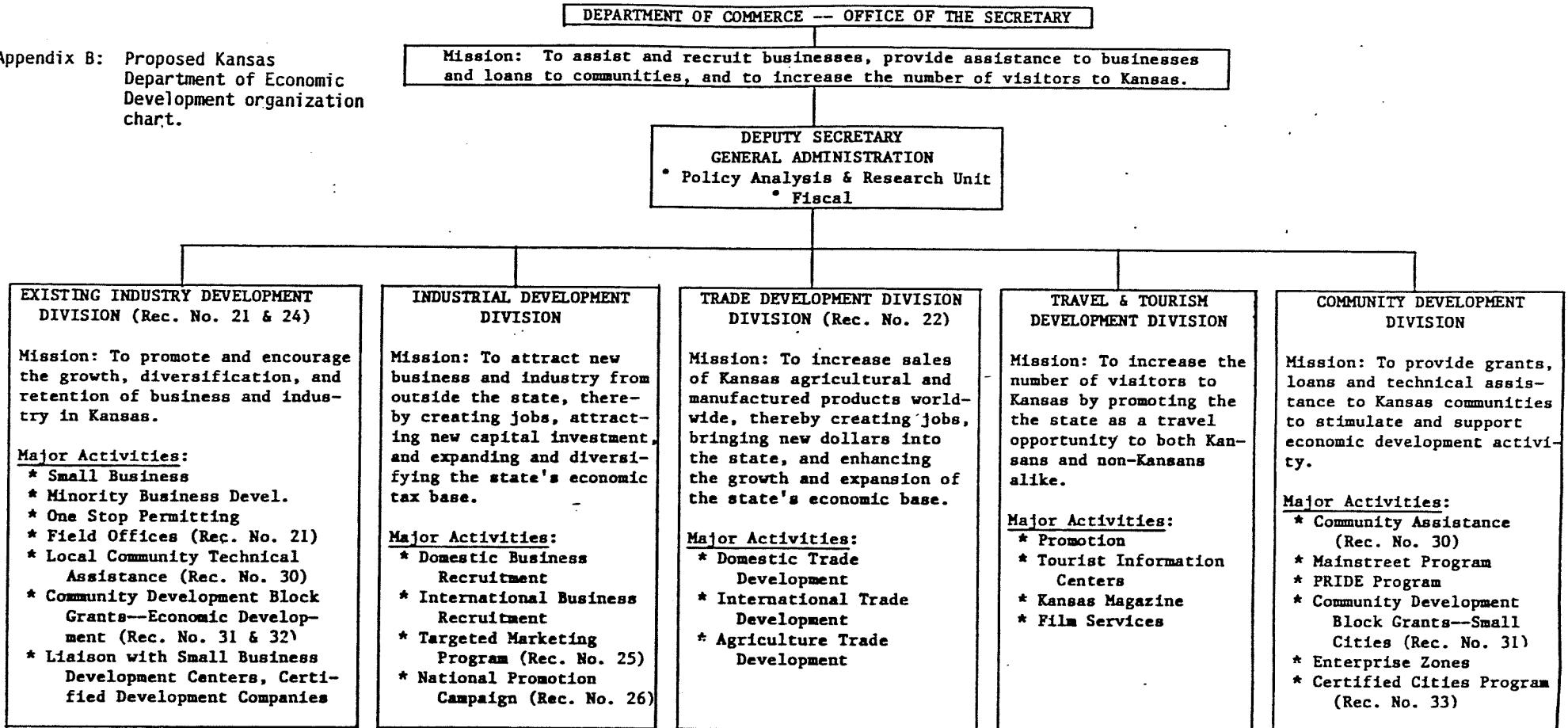
Technology Enterprise Corporation created in initiative number 1. The Office of Minority Business is moved to the Division of Existing Industry Development. The Division of Tourism is continued in its present form.

These changes, if funded adequately, will significantly improve the state's role and impact on economic development.

D. Other States:

Based on fundamental changes in over a dozen other state department's of commerce over the past decade. However, if HB2951 is passed as amended, it will represent the highest current state of the art for state departments of commerce in the United States.

Appendix B: Proposed Kansas Department of Economic Development organization chart.



Date: March 19, 1986

**OFFICE OF ADVANCED TECHNOLOGY**

Mission: To improve the environment for the development, retention, expansion and attraction of technology based industry in Kansas. NOTE: This chart assumes that the existing Advanced Technology Commission and its staff are split from KDED and become a completely separate entity. The Commission is to be absorbed by the proposed Kansas Technology Enterprise Corporation (KTEC).

**REDWOOD/KRIDER REPORT**

Rec. No	Recommendation
21	Substantially expand the KDED Small Business Division; add field offices.
22	Establish a KDED International Trade Division.
23	Expand the state's efforts to attract foreign firms.
24	Initiate a KDED existing industry program.
25	Implement a KDED targeted industries marketing program.
26	Initiate a national promotion campaign.
30	Substantially expand technical assistance to local communities.
31	Use federal Community Development Block Grant funds to the fullest extent.
33	Expand the Certified Cities Program.
34	Provide state funding to Small Business Development Centers.



INITIATIVE NO. 8: ESTABLISH A LEGISLATIVE ECONOMIC DEVELOPMENT COMMITTEE

REDWOOD/KRIDER REC. NO.: 20

BILL NO.:

A. Statement of Need:

It is essential that the Kansas legislature's responsibility for the state's more sustained commitment to economic development be more focused. A permanent legislative structure charged with the responsibility of authoring and reviewing legislation conducive to economic development would ensure that the momentum for this commitment is long-term (permanent). Over time, members of this committee would acquire valuable experience on public policies affecting economic growth in Kansas.

B. Mission Statement:

The purpose of this bill is to support the state's commitment to economic development by establishing standing House, Senate, and Joint Committees on Economic Development. The committees are to have the responsibility for proposing legislation on economic development in the state.

C. Bill Provisions:

1. Create an 11 member senate standing committee on economic development chaired by the President of the Senate or their designee. This provision will take effect at the beginning of the 1987 Legislative session.
2. Create a 15 member house standing committee on economic development chaired by the Speaker of the House or their designee. This provision will take effect at the beginning of the 1987 Legislative session.
3. Create a 13 member joint committee on economic development composed of five senators and eight representatives, including the chair of the house and senate standing committees. This provision will take effect at the beginning of the 1987 interim.
4. The committee will be staffed by the legislative research department and the Department of Economic Development, and will be authorized to contract for consulting and research services. In FY 1988, the Committee will be assigned full time permanent legislative research staff.

D. Other States:

Based on the best state model, Oregon.

INITIATIVE NO. 10:

CREATE FOUR INTERIM TASK FORCES

REDWOOD/KRIDER REC. NO.: 1, 2, 5-16, 19

BILL NO.:

A. Statement of Need

Several major economic development areas require continued, extensive analysis by task forces during the 1986 interim.

B. Mission Statement

This Legislative Commission on Kansas Economic Development will oversee the implementation of these ten initiatives as its principle priority during the interim.

In addition, four major areas of concern need special analysis during the 1986 interim: agricultural research, funding for state universities, the state's capital markets, and the state's tax structure. During the interim, this Commission will oversee task forces composed of key leaders in the private sector and other essential constituencies of the Kansas economy to evaluate each of these four policy areas, and others of special importance singled out in the final Redwood/Krider report due this spring.

The four principal task forces will cover the following key policy areas:

1. Agricultural research
  - a. Agricultural diversification and identification of new products and new technologies.
  - b. Value added agricultural processing.
  - c. State provision of technical assistance to farmers on processing technologies/enterprises and marketing alternatives.
2. Kansas business capital markets
  - a. Availability of equity capital from Kansas financial institutions and availability for Kansas businesses.
  - b. Adequacy of debt capital for Kansas businesses from Kansas financial institutions.
  - c. Availability and adequacy of state government programs to foster business capital availability for Kansas businesses.
3. Kansas' tax structure
  - a. An overall review of the tax structure for its impact on economic development.
  - b. Sales/use tax exemption on manufacturing machinery and equipment.
4. Control, supervision and financing of post secondary education.



# PUBLIC POLICY STATEMENT

## SENATE COMMITTEE ON GOVERNMENTAL ORGANIZATION

RE: H.B. 2951 ... Creating a Department of Commerce

April 9, 1986

Presented by:  
Paul E. Fleener, Director  
Public Affairs Division  
KANSAS FARM BUREAU

Mr. Chairman and Members of the Committee:

My name is Paul E. Fleener. I am the Director of Public Affairs for Kansas Farm Bureau. We want to make about six points concerning the piece of legislation you have before you today, H.B. 2951 which would create a Department of Commerce. Those points are as follows:

- 1) Ours is one of the handful of organizations in this state that is supportive of the economic development initiatives underway within the Kansas Legislature this year.
- 2) H.B. 2951 **has become** one of the economic development initiatives. It would create a Department of Commerce, replacing the Department of Economic Development, and broaden and expand the duties and responsibilities of the new department.
- 3) We support the general thrust of H.B. 2951.
- 4) We would like to offer amendments to improve H.B. 2951 and to clarify the focus of the function, duties and responsibilities of the department and one of its divisions.

- a. We would ask you to amend H.B. 2951 on page 18, in line 0673 by striking the words **agricultural and**.
  - b. We would ask you further to amend H.B. 2951 on page 19, in lines 0683 and 0684 by putting the period after the word "world" in line 0683 and striking the balance of that line and all of line 0684 through the word "markets."
  - c. Further amend in line 0698 by striking **agricultural**.
- 5) By making the improvements to the bill we have suggested, and there may well be others that need to follow in the judgement of this Committee and the full Legislature to tighten the language and reduce verbiage, the concept can be workable.
- 6) Our final point, Mr. Chairman, and Members of the Committee is this: Nowhere within the real world does agriculture work as is proposed by the **BILL BRIEF** for H.B. 2951. Reading the bill, of course, there is no transfer of personnel from the State Board of Agriculture to the newly created Department of Commerce. Some believe that should take place. An amendment was provided on the floor of the House of Representatives which appears on lines 0710-0712 on page 19 which is patterned after the coordination statement in (e) immediately above it. It calls for "coordination with and dissemination of information concerning" two programs of state government

... one the International Grains Program at K-State, the other the International Trade Activities of the Marketing Division within the State Board of Agriculture. That's appropriate. But nowhere should it be in anyone's mind nor in any Kansas statute that the function of International Trade should be placed within the Department of Commerce. That would fly in the face of how agricultural promotion and marketing is done in the world. Within the U.S. Department of Agriculture there is a branch known as the Foreign Agricultural Service (FAS). It is the responsibility of FAS to promote agricultural products, by-products and commodities. It was only a few short years ago when we were able to obtain, with the help of Senator Bob Dole, Congressman Pat Roberts and their colleagues in the Senate and House, an upgrading of "ag. attachées" in the Embassies around the World. They were given a new grade, a new designation and new stature because it was recognized we needed to be more aggressive in our promotion and marketing of agricultural commodities. That program, remember, is within the U.S. Department of Agriculture.

Within the 1985 Farm Bill, and because the Congress feels so strongly about the need for export enhancement and market promotion, there was created, again **within** the U.S. Department of Agriculture an additional position for market promotion and

enhancement and specific duties and responsibilities were assigned.

Mr. Chairman and Members of the Committee we want to see Kansas move forward economically. We want agriculture to be a part of the growth and vitality of this state. We want to maintain a working, workable, successful program ... division within the State Board of Agriculture, namely the Marketing Division.

We ask you to give consideration to our views and to strengthen this bill by the amendments suggested and move it and the Department of Commerce ahead and let agriculture proceed to strengthen its programs within the Marketing Division.

Thank you very much for this opportunity to appear on H.B. 2951.

;  
TESTIMONY

to

SENATE GOVERNMENTAL ORGANIZATION COMMITTEE

on

HOUSE BILL 2951

by

HARLAND E. PRIDDLE  
SECRETARY  
KANSAS STATE BOARD OF AGRICULTURE

April 9, 1986

EXHIBIT F

4/9/86  
Sen. G.O.

Mr. Chairman and Members of the Committee, the Board of Agriculture concurs in the need to place emphasis in the area of international trade and investment. States must be involved for the public benefit of the businesses and industries throughout the state. Agriculture is no exception. Our international division has been extremely active over the past three years and especially during the last 12 months. It is not unusual for us to have three foreign buying teams in our state during any particular month. During the past 30 days, we have had representatives from the Korean Corn Processors industry as well as Lee Tah Farms of Taiwan. We must remain active to compete with other states and other competitors throughout the world. Our trips to China have been particularly beneficial to companies in Kansas with \$3.2 million in sales during the last visit to Henan Province in May of 1985. We currently have 13 companies recruited and committed to participate in our next trade mission to China, which includes 2 provinces, as well as having 10 companies represented in the Shanghai Agricultural Exposition. Kansas has been designated as the state to open the event.

With our high level of activity in international trade, we wholeheartedly agree with establishing an international trade division within the new Department of Commerce. Other states have moved in this direction and I think Kansas should do the same. We would suggest, however, that you give serious consideration to retaining agricultural international activities within the Board of Agriculture for the following reasons:

To provide the services for international customers, agricultural trade needs a clearly defined and effective communications system. To accomplish this, agricultural trade at the national level is not consolidated within the Department of Commerce but is within the United States Department of Agriculture. USDA with its Foreign Agricultural Service has a direct link into every embassy of the United States throughout the world. This dedicated agricultural channel is maintained with states. With the establishment of agricultural international trade within a Department of Commerce at the state level, this communication line will be severed and will be ineffective. At the present time, the Kansas State Board of Agriculture works closely with agricultural attaches and agricultural counselors on a personal basis throughout the world. To cite an example, Mr. Bill Davis now



Head of the Foreign Agricultural Service and formerly agricultural counselor in Japan, assisted us in arranging for over 300 Japanese buyers to attend an International Food Show in Kansas City in April of 1985 cohosted by Kansas and Missouri. We believe the realignment to a new Department of Commerce would deteriorate customer service as well as the ability for Kansas producers to deliver their commodities and products to international customers.

International trade customers buying agricultural products expect to deal with the Department of Agriculture. Forty-five of the fifty states have this activity centered in their State Departments of Agriculture. Agriculture needs and requires identity and is the largest industry not only in this state but the entire country. Placing it within a Department of Commerce loses its identity and its visibility and thus, its recognition as an important entity in international trade. Agricultural customers and the producers of Kansas expect the Secretary of Agriculture to be the spokesman and the umbrella for conducting government-to-government contacts as well as private negotiations for international trade activities.

For the above reasons, we believe the international agricultural trade activities now within the Board of Agriculture should be retained and not transferred to the new Department of Commerce. We do, however, believe there is a strong need to continue to closely coordinate in the future with the new Department of Commerce as we currently do on all international trade activities. We believe international trade is important and that the international trade development division within the new Department of Commerce should be established.

For more background information, a copy of the most recent Marketing Division Quarterly Report is attached.

QUARTERLY REPORT  
of the  
MARKETING DIVISION

January, February, March 1986

EXECUTIVE SUMMARY

International

The division was represented at a trade development program sponsored by the U.S. Agricultural Trade Office in Seoul, Korea. The program was designed to address problems and potentials for expanding American agricultural exports to Korea.

The program coordinator also traveled to Taiwan to participate in the U.S. Products Exhibition and to conduct a series of business meetings with Taiwan importers and government officials. Particular points of interest were livestock purchases and R.O.C. Procurement Mission buying plans for grains.

Commodity Commissions

The corn, sorghum, and soybean commissions were involved in market oriented and producer relation activities this quarter. The sorghum commission cooperated with the Kansas Sorghum Producers to conduct a series of nine organizational meetings. The soybean commission sponsored seven profit seminars in conjunction with the Kansas Soybean Association and KSU Extension Service. Sorghum commission members assisted in organizing the Grain Sorghum Federation at a national meeting in Dallas, Texas.

The commission administrator coordinated in-state travel itineraries for a Korean Industrial Corn Processor delegation, a Chinese Poultry Nutritionist team, and a French Chamber of Commerce international trade representative.

A joint commodity meeting was held with representatives from the corn, sorghum, and soybean producers associations and the respective commissions. The meeting reviewed current and future programs of each group, which focused on producer awareness of the various activities performed on behalf of the growers.

Market Service

Special Programs Coordinator:

During the quarter the special programs coordinator has been involved with the following projects: the 1986 Kansas State Board of Agriculture Annual Meeting, National Agriculture Day, the marketing division's 1985 annual report, and preparation for a summer intern program.

The coordinator assisted in preparing the Ag in the Classroom Foundation annual report, and provided presentations to the Senate and House Agriculture and Education Committees. Preliminary results of the "Assessment of Agricultural Knowledge of Kansas Students", funded by the Foundation, were part of the legislative report. It is noted, the results of the assessment are clear, students do not know basic facts about agriculture.

#### Market Analyst:

Much of this quarter has been spent organizing and finalizing the Trade Development Mission to China in May. The analyst has talked with and visited over 75 Kansas companies, and 12 firms will participate in the mission. The mission will travel to three provinces and also participate in an international exhibition in Shanghai. The analyst also worked with Dr. Bill Able of the International Livestock Program to arrange his trip to Taiwan in support of potential livestock sales.

#### Data Processing:

The data processing program is developing a system for the commodity commissions to use a micro-computer for assessment collection and refund dispersal. The new system will reduce costs by 90%.

This past quarter involved the revision of the Kansas Export Directory, cooperative work with the Kansas Fruit and Vegetable Grower Association, and special cooperation with Montana and Wyoming drought disaster officials for Kansas hay supplies. During the quarter, 100 trade leads from overseas buyers were processed and provided to 549 Kansas suppliers.

#### Domestic Marketing

The statewide event for Kansas Agriculture Day activities was organized by the domestic marketing program. Participation in Statehouse events nearly doubled this year with 32 agricultural organizations and businesses serving as sponsors. More than 1,200 visitors to the Capitol events sampled food snacks and visited educational exhibits. The impact of Ag Day publicity reached radio and television stations in five states. More than 42½ minutes of air time was recorded at a value of \$16,525.

The domestic program coordinated participation of five Kansas value added food companies in the National-American Wholesale Grocer's Food Show. Products featured included: salt, cookies, cider, apple juice, honey, preserves, meat sauce, and bean mixes. Fifty-seven potential trade leads were developed from this show and products were presented to over 5,000 persons from the U.S grocery industry.

Cooperative promotion activities included working with Pork Producers Council and Kansas Poultry Association.

QUARTERLY REPORT  
of the  
MARKETING DIVISION  
to the  
STATE BOARD OF AGRICULTURE  
January, February, March, 1986

INTERNATIONAL

A number of meetings were held with Kansas companies and suppliers regarding product sourcing and export market potential. Participated on the program of High Plains Growers Associations' alternative crop meeting.

March 18 and 19, attended a workshop hosted by the U.S. Agricultural Trade office in Seoul, Korea, designed to introduce market development of officials from the states to the problems and challenges facing expanded American agricultural exports to Korea. The program included presentations by U.S. Embassy staff and other experts on U.S./Korean trade relations, discussions with representatives of food trade organizations, and exposure to Korean marketing facilities.

Travel was extended to Taiwan where the agricultural marketing programs coordinator participated in the U.S. Products Exhibition. The marketing division displayed products from three Kansas companies at the show. It is too early to determine the results of this effort. However, one of the companies has established a distributor relationship and is in the the process of shipping a sample order.

In addition to the show, a number of meetings and discussions were conducted with individual Taiwan firms and government officials. We

continue to maintain excellent working relationships with the Republic of China on Taiwan which is paying off in business development.

Many hours of staff time were spent recruiting Kansas food companies to attend the Puerto Rico Food Show on April 5, 6, and 7, in San Juan, Puerto Rico. As a result of this effort, there will be four Kansas firms exhibiting their products to the over 8,000 attendees at the show.

In addition to Puerto Rican buyers, there will be buyers from the surrounding Caribbean countries and the northern rim of South America.

The companies and products represented will be Louisburg Cider Mill of Paola, with apple cider products; PMS Foods of Hutchinson, with imitation bacon bits and TVP products; DPM Meat Company of Wichita, with fresh beef cuts; and Pony Express Ranch of Marysville, with their dried bean soup mix and their cured pork products.

The updated "Kansas Agricultural Export Directory" is currently being reprinted. The finished booklet, indicating ag products available for export from Kansas producers, will be available for distribution by April 1, 1986.

Meetings attended included Cattlemen's Day at Kansas State University, American Royal International Committee meeting, Ag Day, and business meetings with Pony Express Ranch, Master Gourmet Cheesecakes, and Deutsch Treat Cookie Company.

Interest is strong already for the U.S. International Food Show to be held in San Francisco, California, in early September. Recruiting of Kansas companies to attend this show will start next month.

#### COMMODITY COMMISSIONS

The corn, grain sorghum, and soybean commissions were involved in

market oriented and producer relation activities during the first quarter of the year. The Grain Sorghum Commission cooperated with the Kansas Grain Sorghum Producers to conduct a series of nine organizational meetings in each crop reporting district of the state. The program format presented information on commission activities by individual commission members and/or the administrator, along with reports from the National Grain Sorghum Association. Organization of a Kansas Sorghum Producers Association has formalized with the selection of nine board members and new officers. Joint programming between the commission and the association is planned in areas of producer education.

The Kansas Soybean Commission sponsored seven profit seminars in conjunction with the Kansas Soybean Association and the KSU Extension Service. The seminars dealt with research updates supported by the commissions in KSU's departments of agronomy, plant pathology, and entomology. Commission members presented programs carried out by the American Soybean Development Foundation on behalf of the soybean producers. Market enhancement programs were highlighted where soybean market development programs have created new export opportunities.

Sorghum commission members assisted in organizing the Grain Sorghum Federation at a national meeting in Dallas, Texas. The federation, which is funded by Kansas, Nebraska, and Texas check-off boards, will implement activities which will investigate export credit programs, and regional export market opportunities in South America, north Europe, Asia, and the Mid East. Each of the Kansas commission members were assigned to a specific area of investigation, which will be used to assist future market development programs.

The Corn Commission sponsored a Korean Industrial Corn Processor Delegation while they are in the U.S. studying new techniques involving corn products. The team visited a dry corn milling facility, a feed manufacturing plant, and the Federal Grain Inspection Service laboratory. A seminar was arranged for the team at KSU's International Grains Program (IGP) with presentations by officials of A.E. Staley Company and the IGP.

A Chinese Poultry-Nutritionist Team was hosted by the Corn and Grain Sorghum Commissions. The delegation held meetings with manufacturers of poultry processing equipment, along with touring egg processing facilities and the Farmland Industries Research Farm. The team's objective was aimed at expanded knowledge of the nutritional aspect of poultry production, which includes increased use of feed grains.

A joint commodity meeting was held with representatives from the corn, sorghum, and soybean producers associations and the respective commissions. The meeting reviewed current and future programs of each group, which focused on producer awareness of the various activities performed on behalf of the growers. Plans for expanded producer educational seminars were discussed to involve commission members and association membership representatives. Implementation of other programs to include annual meeting sponsorship, public service announcements, and producer leadership meetings were endorsed by each of the groups.

An International Grains Program advisory meeting was held with representatives from each of the commissions along with the national cooperator organizations. Plans for future foreign programming conducted by the cooperators were reviewed with consideration of

potential cuts in available federal funding of such activity. The need of continued IGP expansion was discussed including personnel and their availability to conduct programming to customers overseas instead of transporting such teams to the U.S.

Leadership seminars sponsored by the USFGC were held for the members of regional corn commissions and sorghum commissions in Omaha and Kansas City respectfully. The seminars overviewed council programming, involvement in producer education, and effects of funding levels on expanded foreign market programs.

The administrator presented a report to the Board of Directors of the Kansas Corn Growers Association. Plans were finalized for joint association-commission activities to include six feed grain seminars in state with keynote speakers and commission-association representatives. Other participation during the quarter included a selection process at the European Economic Community office in Washington, D.C., for participants in the 1986-87 EEC exchange program. A meeting was attended with the administrator's counterparts from the Nebraska, Iowa, Illinois, and Missouri Corn Commissions to compare programming and to plan joint activities for the future. A scheduled meeting was organized for Mr. Benoit Zeter, International Director of the Chamber of Commerce, Reims, France, while in Kansas. Mr. Zeter represents a region of France which has cooperative agreement with Kansas. Mr. Zeter held meetings with the College of Agriculture and Business at KSU, along with a meeting with Excel Industries, Wichita, regarding their regions' interests in varietal meats.

Soybean commissioners attended the Board of Directors meeting of the American Soybean Development Foundation in Washington, D.C., where



planning implementation of new market development programs were made.

Corn and sorghum commissioners attended the annual board meeting of the USFGC, where long-range planning and foreign market programs were presented and adopted.

Commission involvement in the next quarter includes sponsorship of the following foreign delegations: Iraqi Poultry Team, Taiwan Beef Study Team, Portuguese Sorghum Buying Delegation, and a Mexican Swine Producers Team. In addition, the commissions will be exhibiting at the annual meeting of the Kansas Grain and Feed Dealers. The administrator will be participating in a mid-east trade mission to Spain, Egypt, and Turkey along with members of the press and other commission staff from Nebraska, Texas, Missouri, Illinois, and Iowa. The mission, which is sponsored by Pioneer Hi-Bred International Inc., selected the administrator to tour USFGC projects in existence, and to examine the potential of new markets in developing countries. The participants will be presenting research and market data seminars to users of feed grains in each country.

#### MARKET SERVICE

##### I. Special Programs Coordinator

During the first quarter of 1986, the special programs coordinator has been involved with the following projects: the 1986 Kansas State Board of Agriculture Annual Meeting, various activities related to the Kansas Ag in the Classroom program, National Agriculture Day, the marketing division's 1985 annual report for the 68th KSBA Annual Report, and preparation for a summer intern program.

Ag in the Classroom activities during this quarter that the special programs coordinator has been involved with are as follows. On

February 6, the Kansas Foundation for Agriculture in the Classroom met with the Senate and House Agriculture and Education Committees to report on the Foundation's efforts and accomplishments during the calendar year 1985 and goals for 1986; the coordinator assisted in the preparation of the Foundation's annual report, and shared it with the members of these committees. Preliminary results of the "Assessment of Agricultural Knowledge of Kansas Students", funded by the Foundation, were a part of the report to the legislative committees.

The final analyses of the study, conducted by Dr. Jerry Horn, Associate Dean of the College of Education at Kansas State University, and Becky Vining, KSU graduate student, who is now a staff member with the Kansas Wheat Commission, were completed in early March. According to Dr. Horn, the assessment was intended to gain an understanding of students' knowledge of agriculture, as related to the six major concepts identified by the Foundation as the basis for the Ag in the Classroom Curriculum Guide developed for use in Kansas schools. He reported that the results of the assessment are quite clear. Students do not know basic facts, except for very obvious situations. For many questions, less than 30 percent of the students chose the correct answer. The researchers do not feel that the knowledge level exhibited by the respondents to be satisfactory. Dr. Horn stated that Kansas should be particularly concerned because without basic knowledge, decisions made by these students as individual consumers and citizens will be less than learned ones. Dr. Horn has recommended that the analyses of this study be used to guide the implementation of concepts from all aspects of the agricultural industry into the mainstream curriculum in Kansas' schools for grades kindergarden through twelve.

In order to involve more people actually working in the agricultural industry with the Ag in the Classroom program, the Foundation is launching a Friends of Ag in the Classroom project. Friends are volunteers willing to assist the Foundation with various activities such as in-class presentations, tours, exhibits, and some developmental projects.

A student intern from Kansas State University will be working with Loreen this summer to gain practical on-the-job experience while receiving college credit. Julie Imthurn, the intern who is from Maple Hill, will be assisting with a variety of special projects related to the marketing division's market service projects, including some Ag in the Classroom activities and materials development.

"Beautiful, Bountiful Kansas", the division's audio-visual presentation focusing on Kansas agriculture, has been shown for four groups during this quarter. The coordinator answered 26 consumer calls during the quarter. She also attended the Kansas Agri-Women's Seminar "4 and About Women".

## II. Market Analyst

Much of this quarter has been spent in recruiting and finalizing our trip to China in May and June. The market analyst has talked or visited with over 75 Kansas firms and has recruited 12 firms to accompany us to China. To make the most out of this trip, we had to move beyond Henan Province, which we have done. Of the 25 days in China, only five will be spent in Henan. We will, in addition, meet with the appropriate agricultural bureaus in Beijing, Shanxi Province, and Shanghai. Nine of our Kansas companies will have booths at Ag Tech '86 in Shanghai (June 3-8). This will be the largest participation from

any state. Eight of the companies are new to working with the Board of Agriculture.

Also during the quarter, the market analyst worked with Dr. Bill Able of the International Livestock Program at KSU, and arrange his trip to Taiwan. Taiwan Sugar Corporation is in the market for several thousand beef cattle and we have persuaded their chairman, Mr. Wong, to visit Kansas in that regard in May. In addition, the market analyst introduced one of our livestock suppliers to a friend of his in Taiwan, and the supplier sold them a pallet of goats and expects more business in the near future.

During the quarter three visiting delegations were hosted and were introduced to four Kansas companies, (several of the companies are new to working with the Board of Agriculture); also, the market analyst has been working on getting some meat and bone meal sold out of Kansas and is hopeful this will happen.

### III. Data Processing

Considerable time was spent this past quarter on the adaptation of the commodity commissions' assessment collection and refund dispersal micro-computer program. The okay has been given by DISC and Accounts and Reports (A & R) for the commissions to do their own processing of the collection and dispersal procedure. The market service coordinator has been in contact with the technical people at A & R and has put the refund information in a sequential file. This will enable us to send the proper information to A & R in an electronic format. The test procedure still needs to be done, but from all indications, it seems that the program is about to go on-line. There are two reasons for this changeover: (1) It will save the account clerk a lot of time in

processing the collections and refunds. (2) It will mean a considerable savings to the commissions. As of February in FY-1986, the commissions have spent over \$6,000 in use and maintenance costs to run this computer program. When the switch to the micro-computer program that we are developing takes place, this cost will be cut by at least 90%. There will, however, be a one-time cost of about \$3,000 for hardware and software that will be needed to get the program started.

This past quarter also involved the revision of the "Kansas Export Directory". A total of 265 questionnaires were sent out to Kansas agribusinesses interested in the international marketplace. This resulted in 131 questionnaires being returned, which gave us a 49% return rate. This response from Kansas ag companies will mean that our revised edition of the "Kansas Export Directory" will have a 14% increase of entries over the last directory produced.

Other activities included cooperative work with the Kansas Fruit and Vegetable Growers Association at the Topeka Lawn and Garden Show. This activity gave the growers of Kansas fruits and vegetables a chance to distribute the fruit and vegetable brochures, that we produce for them, to potential customers of their products. The quarterly "International Trade Update" newsletter was produced and distributed. A hay shortage situation in Montana and Wyoming was addressed by this division. Several phone calls were made to departments of agriculture and extension services in those two states. We also contacted Kansas hay producers to alert them to the possible opportunity to move Kansas hay to that part of the country. Over 20 hay directories were sent to key individuals in both Montana and Wyoming.

Assistance was given to the domestic section on Agriculture Day

activities and for the upcoming strawberry promotion.

This past quarter, 100 trade leads from overseas buyers looking for agricultural products were processed, leading to interfacing with 549 potential Kansas suppliers.

Activities this next quarter include: Puerto Rico Food Show; Kansas Grain and Feed Dealers Association annual meeting; update of the "Kansas Fruit and Vegetable Growers Directory"; and the upgrade of the data base management program.

#### DOMESTIC MARKETING

A statewide event for Kansas Agriculture Day activities was arranged and organized by the domestic marketing coordinator. Participation in Statehouse events nearly doubled this year with 32 agricultural organizations and businesses serving as official sponsors. More than 1,200 visitors to the statehouse sampled food snacks and visited the educational exhibits. A special attraction was agriculture's contribution to Kansas' 125th birthday with a cake measuring four feet by eight feet. The spectacular cake included 109 eggs, 98 pounds beet sugar, 27 pounds soybean oil shortening, 86 cups wheat flour, 87 cups milk, 2/3 cup salt, 4 pounds applesauce, 3 pounds peaches, and 2 pounds pecans. The unique decorating of the cake depicted 23 Kansas agricultural products and the major production areas of the state.

Agriculture Day promotional materials were mailed to all Kansas Chambers of Commerce. Included in this packet were 125 yellow "From the Land of Kansas" balloons. At noon, 2,000 helium-filled "From the Land of Kansas" balloons were launched from the Statehouse grounds. This signaled the simultaneous launch of all 125 balloons in each of 208

Kansas cities and towns (totaling 28,000 balloons) in a 125th birthday salute to agriculture. At this same time, Kansas communities were also urged to ring church bells 125 times. Many of the 28,000 balloons contained prize notifications, which were redeemed by local chamber offices. To date, three balloons released from the Topeka area have been found in Allen and Labette Kansas counties and Joplin, Missouri.

The impact of Kansas Agriculture Day publicity reached radio and television stations in five states. More than 42½ minutes of radio air time was recorded. Utilizing radio networks and television coverage, the total documented air time received is \$16,525. This represents a minimum dollar amount because of additional Agriculture Day media aired we may not be aware of.

The agricultural marketing specialist coordinated the participation of five Kansas value-added food companies in the National-American Wholesale Grocers' Association Food Show. Participants included Carey Salt, Hutchinson; Deutsch Treat, Inc., Wichita; Louisburg Cider Mill, Louisburg; K.C. Materprice Products, Inc., Prairie Village; and Pony Express Ranch, Marysville.

Products featured included table and household salt, bite-size cookies, cider, sparkling apple juice, apple butter, clover honey, strawberry preserves, barbeque sauce, and a 13-bean soup mix.

Fifty-seven potential trade leads were developed from this show and products were sampled to well over 5,000 buyers representing the U.S. wholesale grocery industry.

Five company representatives were present for the show in addition to two staff members from the marketing division.

The division cooperated with the Kansas Pork Producers Council,

National Pork Producers Council and WIBW Radio on a special cooperative funding program with the WIBW Cooking Thing. Division staff responsibilities included organizing the feature food demonstrator segment for the program, which included an audience of 1,500 people. Additional publicity generated for the Kansas pork industry through this one-day promotion included two television show, two radio interviews, and a feature article with Topeka Capital-Journal.

Another cooperative funding program was initiated this quarter with the Kansas Poultry Association. After a successful project in 1985, the Kansas State Board of Agriculture, Kansas Poultry Association, and American Egg Board have developed another Kansas program for the National Egg Recipe Contest. The domestic marketing coordinator's responsibilities included developing the promotional campaign to announce the contest. Publicity has been targeted in conjunction with Easter and National Egg Salad Week. Fifty press packets were mailed to Kansas daily newspaper food editors. Packets included: letter, press release, recipe release with black and white photograph, recipe contest entry form, national and state 1985 winning recipe brochures and four miscellaneous brochures on general egg information, cholesterol and Easter egg decorating. A different press release and recipe for National Egg Salad Week, and the contest information, was mailed to 409 daily and weekly newspapers, radio and television stations, and miscellaneous farm publications.

The domestic marketing coordinator hosted Howard Helmer, American Egg Board representative, for the Board of Agriculture's annual meeting. Additional television coverage was scheduled to promote the Kansas egg industry in conjunction with this trip.



Domestic staff assisted this quarter in coordination of the upcoming trade mission to the People's Republic of China. Numerous phone contacts, memoranda, letters, and telexes have been prepared and sent in addition to the collection, sorting, organization, documentation, and mailing of information to and from the participant companies and show management. Assistance has also included completion of contract forms and letters regarding division participation in Shanghai's Ag Tech '86.

Staff prepared a feature article for the first quarter edition Kansas! Magazine on coloring Easter eggs with other natural food products, and highlighting poultry and egg production in Kansas. An original photograph, recipes, and story were developed by domestic staff.

Domestic staff continue, whenever time allows, to provide bi-weekly features on product/commodity promotion and meat/produce news for 75 Kansas magazines and newspapers for the Market Basket News.

The 1986 Promotion Schedule for Kansas agricultural products was announced and mailed with a press release and "Kansas Kitchen Keepsakes" booklet to all media. An accompanying letter explained the function and services provided by domestic marketing.

A Kansas agricultural commodity organization resource sheet was developed and made available to the general public in response to numerous yearly requests for agricultural organization contacts.

A summary of regular domestic promotional activities include: two television shows, ten radio interviews, five press releases, eight displays and exhibits, two public programs, and 38 consumer phone calls.

Activities planned for next quarter involve: distribution of

national food editor mailing on wheat foods, special Kansas strawberry promotion, Kansas State Fair planning, and trademark development.

Respectfully Submitted,

A handwritten signature in cursive script, appearing to read "Eldon R. Fastrup".

Eldon R. Fastrup, Director  
Marketing Division

Committee of . . .

## Kansas Farm Organizations

Kathy Peterson

Legislative Agent  
2301 S.W. 33rd Street  
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(913) 267-4356

TESTIMONY OF  
KATHY PETERSON  
COMMITTEE OF KANSAS FARM ORGANIZATIONS  
HB 2951  
SENATE GOVERNMENTAL ORGANIZATIONS COMMITTEE  
APRIL 9, 1986

Mr. Chairman and members of the committee:

Thank you for the opportunity to appear before you this morning concerning House Bill 2951, establishing a Kansas Department of Commerce.

I am Kathy Peterson, representing the Committee of Kansas Farm Organizations, a group of 21 Kansas farm, producer-oriented organizations who work together to form a united front in behalf of Kansas agriculture and rural interests.

In order to truly speak with one voice for agriculture, before the Committee of Kansas Farm Organizations takes a position on any issue, it must first receive the unanimous support of the 21 member organizations.

The members of the CKFO are encouraged and appreciative of the efforts this legislature has extended to enhance our climate for economic development. This legislation illustrates the hard work and long hours that have been devoted to the matter.

We would suggest, however, that we must proceed with full understanding and clear intentions with this measure. Specifically, we are concerned with the effect this bill could have on the State Board of Agriculture's marketing division. The CKFO unanimously supports adding language to the bill to clarify that this marketing division not be abolished or weakened. A step in that direction was taken by the House and we would ask that you consider additional amendments to make it clear to future legislatures that these marketing responsibilities be shared. We must ensure that it not be the intent of this bill to strip the Board of Agriculture of marketing responsibilities.

EXHIBIT G

4/9/86  
Sen. G.O.

Committee of . . .

**Kansas Farm Organizations**

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MEMBER ORGANIZATIONS

ASSOCIATED MILK PRODUCERS, INC.

KANSAS AGRI-WOMEN

KANSAS ASSOCIATION OF SOIL  
CONSERVATION DISTRICTS

KANSAS ASSOCIATION OF WHEAT GROWERS

KANSAS COOPERATIVE COUNCIL

KANSAS CORN GROWERS ASSOCIATION

KANSAS ELECTRIC COOPERATIVES

KANSAS ETHANOL ASSOCIATION

KANSAS FARM BUREAU

KANSAS FERTILIZER AND CHEMICAL ASSOCIATION

KANSAS GRAIN AND FEED DEALERS ASSOCIATION

KANSAS LIVESTOCK ASSOCIATION

KANSAS MEAT PROCESSORS ASSOCIATION

KANSAS PORK PRODUCERS COUNCIL

KANSAS SEED DEALERS ASSOCIATION

KANSAS SHEEP ASSOCIATION

KANSAS SOYBEAN ASSOCIATION

KANSAS STATE GRANGE

KANSAS LIVESTOCK MARKETING ASSOCIATION

KANSAS VETERINARY MEDICAL ASSOCIATION

MID-AMERICA DAIRYMEN