

Approved Clifford V. Campbell
Date Jan. 21, 1987

MINUTES OF THE HOUSE COMMITTEE ON AGRICULTURE AND SMALL BUSINESS

The meeting was called to order by Representative Clifford V. Campbell at
Chairperson

9:05 a.m. ~~pm~~ on January 20, 1987 in room 423-S of the Capitol.

All members were present except: Representative George Dean who was excused.

Committee staff present: Raney Gilliland, Legislative Research Department
Norman Furse, Revisor of Statutes Office
Pat Brunton, Committee Secretary

Conferees appearing before the committee: Sam Brownback, Kansas Secretary of Agriculture

Representative Campbell called the House Agriculture and Small Business Committee to order with an introduction of committee members and staff.

Representative Campbell then introduced Sam Brownback, Kansas Secretary of Agriculture.

Mr. Brownback addressed the Committee regarding the status of Kansas agriculture and proposals of the Board of Agriculture to be considered by the House and Senate Agriculture Committees, Attachment I.

A brief question and answer period followed.

Representative Campbell thanked Mr. Brownback for his presentation and adjourned the Committee at 10:00 a.m.

The next meeting of the House Agriculture and Small Business Committee will be at 9:00 a.m., Wednesday, January 21, 1987, in Room 423-S.

PRESENTATION TO THE KANSAS
HOUSE AND SENATE AGRICULTURE COMMITTEES

by

SAM BROWNBACK
KANSAS SECRETARY OF AGRICULTURE

January 20, 1987

Attachment I

Mr. Chairman, members of the Committee, let me thank you for allowing me this opportunity to address your committee regarding the status of Kansas agriculture and proposals of the Board of Agriculture to be considered by the House and Senate Agriculture Committees.

PRESENT CONDITION OF THE KANSAS AGRICULTURE ECONOMY

I would like to start out by noting the present condition of the Kansas agriculture economy. We at the Board of Agriculture, specifically the Agricultural Statistic Service, have much more detailed information on this topic should any of you desire it, however, I will try to capsulize as best possible the present trends of the national, indeed international agricultural economy and draw those back to their applicability in Kansas.

Most economists see the downturn in the agriculture economy slowing down if not stopping its decline, however, they do not see a short-term real upswing in the overall agriculture economy. Succinctly put, they expect more of the same, just for it not to get particularly too much worse nor much better in the near future. Farmland values continue to decline, however, at a decreasing rate. World exports in a number of our basic raw commodities are increasing slightly in volume amount however, the total dollar amount remains pretty steady. There are not too many people truly predicting that we can export our way out of this problem given the amount of production which is in existence throughout the world and particularly production by those who are traditionally importers, such as China, India and the E.E.C. The U.S. government has become more aggressive in attempting to recapture our market share of raw export commodities. Other exporting countries are not standing still as we become more involved in a protracted agricultural trade war.

Some economists are predicting an excellent year in 1987 for livestock producers given the presently very favorable hog-corn feeding ratio, that is if your a livestock producer. Some economists are predicting the best year in a decade for livestock producers given relatively acceptable prices and very low grain input prices.

Certain expenses continue to move in favorable directions. Energy costs are down, interest costs are down, the value of the dollar is down, however, it remains high relative to other exporting nations such as Canada and Australia which makes the decline in the value of the dollar not as beneficial as one would normally would think it would be in the export battle.

Kansas continues to have a trichotomy of farmers and I think it's very important that we note this because each group of farmers has a different set of problems. According to K-State farm management records and extrapolation from USDA and our own Kansas Agricultural Financial Survey done in January of 1986, there are three basic groups of midwest farmers. The upper one-third consists of a group that has very little, if any, debt and is making money in large part

due to farming government programs. However, it is important to note that this group is financially solid and viable and doing pretty well given the horrendous years that they have experienced in the 80's. There is a middle one-third to one-half of Kansas farmers who are carrying up to 40% debt to assets, and a break-even to a little positive cash flow. This group is basically dog-paddling and keeping their head above the water but not getting much anywhere. This group is growing more and more frustrated as the economic winds against agriculture continue in an unfavorable direction. The bottom one-fourth to one-third of Kansas farmers have a greater than 40% debt to asset ratio and are experiencing a negative cash flow. As the poor economy continues they will continue to slide off the map and into voluntary liquidations, partial liquidations, foreclosure, voluntary mediation or bankruptcy.

I think it key that we do look at the agriculture economy in and as a trichotomy representing three distinct groups with three distinct needs and interests. The top one-third needs to have all the help that the state can give them to remain competitive in a very difficult world market. They need financial counseling on how to cut cost and they need the latest technology to keep moving forward. The middle group needs time and off-farm income. They generally want to stay in agriculture and their families want to live where they are but they are growing extremely frustrated with years of not being able to put anything together. We need to provide this group with potentials for off-farm income to be able to allow them the opportunity to remain where they desire and give them options for other areas in production agriculture so they can find areas of opportunities where the high amount of labor and management skills they have can produce income without, hopefully, a great deal of capital outlay. I point this out in passing that the Texas Agriculture Experiment Station stated that in 1983 more than one-third of farmers worked off the farm 200 or more days per year. Today, more than 90% of farm families earn at least part of their income away from the farm. Furthermore, a recent release by the Census Bureau in Washington, DC found that in 1985, 51% of all farm women, 15 years in age and older, were employed off the farm or were looking for off-farm jobs. That's nearly the same as the estimate for all other American women of the same age in 1985, however, as recently as 1978 farm women lagged behind their city cousins in seeking jobs. That year, 43% of all farm women were in the work force compared with 49% of all other women.

Indeed, our statistics show a significant increase in other farm income and non-farm income for our Kansas farmers. The other farm income category being apparently, primarily in custom farming, and other farm services that farmers can provide.

The bottom one-fourth to one-third of Kansas farmers continue to need assistance and in some cases transitioning off the farm, retooling and retraining and time. Some of them, if the present trends were to break and the economy start to pick up, could clearly make it and would be of a great deal of benefit to the state and

society in general if they were given time and opportunity to be able to go ahead and make it. They however, do live in a precarious situation.

The federal government remains heavily involved in agriculture however, recent information and budget constraints lead me and many to believe and indeed we know that we cannot live off of these federal support payments forever and that we must begin positioning Kansas farmers away from government payments. This has been occurring over the past several years as the chart in front of you states. In 1985 government payments were 47% of all net farm income for Kansas farmers, that was a significant decline from the 78% in 1984. This however, still is a very high level of government payments as a percentage of net farm income.

SPECIFIC PROPOSALS TO THE 1987 LEGISLATURE

I break my specific proposals out to you in four separate areas, those being:

1. Economic Development in Agriculture
2. Assistance to those in distress
3. Structural changes to the Board of Agriculture, and
4. Regulatory function changes at the Board of Agriculture.

I will address each in that order.

ECONOMIC DEVELOPMENT IN AGRICULTURE

This is going to be the key battleground for the State of Kansas this year and in the next couple of years as the state gropes with how it can get the economic machinery of this state running again. In my opinion we have spent far too much time bad-mouthing our traditional industries from whence any economic development is most likely to take place. You build from your strengths, you grow from your roots. One of our key and indeed most important industry is agriculture, it is our roots and heritage and from hence will come the most viable means of economic development. Specifically, we at the Board of Agriculture believe there are tremendous opportunities in the area of food processing and value-adding type enterprises. This, of course, is nothing new for any of you to hear and I am sure that most of you agree that we have excellent opportunities in these traditional fields, where Kansas has been strong and where there is growth. Furthermore, this will assist Kansas farmers in providing local markets for their products.

My specific request in this area is that you endorse the Agriculture Economic Development Task Force report to increase funding in the Board of Agriculture Marketing Division so that we can work with food processing groups and organizations and encourage their location and growth in the State of Kansas.

A further need as we take the second step past the conceptual endorsement of going after food processors and value-adding industries for development, is that we know which ones to target and attack and which ones to leave alone because they represent an entity and industry that is not likely to locate or do well in Kansas. In other words, there are over a thousand food processing ideas, value-added ideas, yet we remain a state of limited resources and must very specifically target our efforts and drives in these areas. Does Kansas have a good possibility of locating a pork processing facility in the state, or is that a wasted effort? Should we attempt to get wheat gluten processed in the state or do we have better opportunities in the further processing of sheep skins and cattle hides? There are a thousand different ways to go and we need to target our efforts on those 15-20 areas that we have the greatest opportunities and possibilities. Community economic development groups and county economic development groups are contacting our office already asking which areas in food processing and value-adding have the most to offer and the greatest potential and frankly we don't know. We need a blueprint type study. A blueprint for Kansas agriculture economic development to be able to direct us in those 15-20 areas that hold the greatest potential and keep us from wasting our efforts in many others. Nebraska has done this and so has Texas. We in agriculture need this Redwood-Krider type blueprint for Kansas agricultural development. We estimate that the study would cost approximately \$150,000 and that the funding for this study could come partially from grain and livestock check-off funds, approximately \$30,000 from this source and \$120,000 from the funds currently being retained by the state, but which originate as check-off funds. Presently the state keeps over \$200,000 of the grain commodity commission's funds. This would be a one-time use of those funds which belong to the grain commodity commissions and should be used by them anyway. This approach does have some historic precedent in that I am told the International Grain Program at K-State was initially started by use of these funds that were kept by the state that originated from the commodity commissions. This blueprint study could further help us to identify good possibilities for alternative crops and not merely wild ideas.

I have also suggested, in this area of economic development in agriculture, that university professors be given tenths for economic development so that they can do economic development work and be rewarded for it. I made this proposal and recommendation to a Board of Regents Committee on Economic Development in Agriculture and hope that it was met with some good reception. We need all the resources of this state focused in the areas of economic development that we can achieve and we should use the brain power we have at the universities in these efforts as well.

One other thing, in this area of economic development in agriculture is that I put to for your consideration a state financed bond program to help farmers diversify. This is an idea that I am certain you have heard before. Iowa has a loan program were they loan

funds to farmers to assist them in diversifying in agriculture. The state sells "Aggie Mae" type bonds to provide the low-cost funding and loans to farmers to diversify. Presently there are funds out in rural banks to loan to agriculture but bankers are very leary about loaning monies, particularly in areas that they are not that familiar with such as certain areas of alternate crops and diversification. This may be an excellent place for the state to be able to step in providing those needed initial seed monies until the alternate crop is established enough to go to traditional funding.

Let me address here, very briefly, the idea that Kansas cannot and should not attempt to diversify into alternate crops because it is doomed to failure. I recognize and am realistic about the argument here, that we can only consume so much broccoli or rutabagas or apples in the State of Kansas and that we should not encourage people into these alternate crops because we will flood the markets and there is not that much area and room for possibilities anyway. Furthermore, people say rape seed is not a realistic possibility and a number of other arguments exist. I am cognizant of these difficulties, but let me put the question to you another way, what have we really got to lose? Any acreage that we can take out of traditional crops will help those traditional producers by having less production. Furthermore, a number of these alternate crops are very labor intensive, high management intensive and low capital in need. This is exactly what our middle to low end farmers have, good management skills, generally enough labor and not much capital. Furthermore, we import into the United States, \$20 billion dollars worth of foodstuffs each year. Some of these imports are in our traditional crops but many are in these areas of alternate and specialty crops. Many economists believe that in agriculture we should focus on recapturing our own domestic market and that that is the area of greatest opportunity and potential rather than focusing on the export market. Another factor, the United States is increasing its consumption of fruits and vegetables on a per capita basis and the increase is striking. Plus there is a growing group of fruit and vegetable producers in the State of Kansas. I recently addressed the Kansas Fruit and Vegetable Growers Association meeting where over 100 people were in attendance, three years ago there would have been 30 people there. Opportunities and excitement is in this area and properly done, there is room for success even if everything were to go wrong in this program. An additional fact, the Dillons store is desirous of selling Kansas grown products, fruits and vegetables and others in the 57 stores throughout the state. We have a marketing channel for some of these things already.

ASSISTANCE TO THOSE IN DISTRESS

Due to the continuing agricultural financial situation, the FACTS program, Farmer Assistance, Counseling and Training Service does continue to need to be in existence. This program in its' first 18 months has received over 13,000 incoming calls and has provided tremendous services to those in stress. The FACTS program is set to sunset this year and is needed still if not more so. We ask that you

continue to fund this program and that it not be sunsetted for an additional three years.

As agriculture goes, so goes much of rural Kansas. Statistically as we lose seven farmers we lose one rural business that has built his trade and practice up on the agriculture economy. Exacerbating the situation is declines in the oil and gas industry that is a further kingpin in the rural economy. For these reasons the rural economy and rural communities of the State of Kansas have and are now experiencing tremendous economic difficulties as the twin waves of a declining agriculture economy and a poor energy economy impact on these communities. A number of our Kansas counties and rural communities have experienced significant population decline and business decline over the first five years of this decade. Jewell and Smith county in north central Kansas have lost over 8% of their population in the first five years of this decade. Many have experienced a significant economic decline. For these reasons the Board of Agriculture is proposing the creation of a Rural Initiatives division as a joint project between Kansas State University and the Board of Agriculture similarly operated as the FACTS program is. The Rural Initiatives division would be a FACTS program for rural communities. A one-stop shop place for the rural communities of our state to contact for assistance in dealing with the loss of a bank, economic decline and where they can go for business assistance, difficulties in getting necessary health services or retaining the health services that they have and any other of a myriad of problems that our rural communities are facing. The Rural Initiatives division would have a small staff of eight people. The funding would cost \$350,000. It would be that reporting link and connecting link between rural communities to those areas that do have assistance for them such as the Farmers Home Administration, Small Business Administration, Kansas Department of Commerce, the universities, and many other state and federal entities that can help them, but that the rural communities don't know where to go to contact for that help. As the FACTS program has provided that single focal point of intensive delivery of services for farmers, so would the Rural Initiatives division do this for rural communities. This concept has been adopted by the Ag Economic Development Task Force and by the Economic Development Task Force overall and has been enthusiastically endorsed by numerous groups. We solicit your support for this type of entity and its funding. Concerning its funding, I believe there to be significant federal funds available for this type program that the Board of Agriculture would attempt to get if it is given the authority to create such a service. I would further propose that the service be sunsetted after the period of three years so that if it is not providing the service or if the services are not needed that it be terminated.

We suggest that in connection with the Rural Initiatives division that you consider the creation of a Rural Development Loan Fund to assist in rural development. These again would be bonds sold and the funds to be used for rural development and retention initiatives. The State of New York has such a program which I have been doing some

research on and I believe that much can be gleaned from some of these that are already in existence.

In this area of assistance to those in need I would also suggest that you consider changes in the Kansas foreclosure laws. This is a personal request and not a request of the Board of Agriculture. In my previous life as an agricultural law specialist and attorney whose practice was specialized in agricultural law, I worked with a number of farmers in the area of foreclosure and bankruptcy. I do believe that efforts can be made to change the foreclosure law that would assist farmers in remaining on the land where they desire to without significantly impacting on agricultural credit. Some specific changes I would suggest to be studied in this area would be as follows:

1. Tract selling of land at sheriff sales.

This would require that land sold at sheriff sales be sold in individual tracts as the land is broken out rather than all as one piece of land. It would give the foreclosing upon party a better chance at purchasing back those sections or redeeming those sections that he possibly could get family or outside funding for and allow him to stay on the farm. Furthermore, it may actually provide a higher overall price for the land rather than a lower one and this would benefit creditors.

2. The stating by the creditor at least 14 days prior to the sheriff sale, the price that they are going to bid on the property.

This would be establishing an upset price for everyone to know prior to the sale so that individuals can make the needed arrangements for purchasing the land or the debtor can make arrangements to borrow enough funds to repurchase the sections or tracts that he desires. This would also help in getting land out of creditors hands and into those in the community, something that creditors normally want to do.

3. Disclosure by the Farm Credit System of what they are selling land for and the terms.

The Farm Credit System continues to have large sums of land come into their possession and the dealings surrounding the sale of this land has been subject to many rumors and innuendos as to whether the FCS is merely being vindictive against the debtor farmer for not telling him and allowing him the same opportunity to repurchase the land as someone else. The disclosure of these selling prices and terms would hopefully stop some of the rumors and help the debtor repurchase some of this land as well.

4. Allowing the home quarter or less to be purchased by the debtor at the fair market value.

This is not a new idea, of course, and has been put forth by

others but would allow the opportunity for the party who wants to reside and continue in that community to live there and still give the creditor the amount of money he would realize for that particular tract anyway.

5. Consider allowing the debtor the first right to buy back and lease back at fair market value.

This again is not a new idea but would give to that debtor the opportunity to stay and operate the land, hopefully looking for better times.

6. Spelling out better the equitable rights of a judge in the area of granting or denying deficiency judgments.

Presently, different district judges are interpreting their rights to grant or deny deficiency judgments in different ways. It may behoove the Legislature to look at that particular section of the foreclosure law for greater definition or explanation.

Finally, in this area of assistance to those in distress, the Board of Agriculture has requested to be authorized and funded to do Policy Impact Analysis. Policy Impact Analysis would allow the Board of Agriculture to analyze certain policy initiatives on state and federal level and give its impact so that rather than seeking policy changes or supporting policy changes, that we really do not know the long-term impact of, we can have much better ideas of what could and should be done in these areas. Presently, we seem to go more by guess and by gosh and that is certainly a dangerous way to operate given the present economic situation which does not treat mistakes kindly. We believe this to be a high priority item for us to be able to provide this service to Kansas agriculture to let us better know where we need to go and to reject those things that would be harmful in those objectives.

STRUCTURAL CHANGES TO THE BOARD OF AGRICULTURE

Senator Jim Allen has put forth Senate Bill 3 which proposes certain structural changes to the Board of Agriculture. The Board has reviewed these changes and other than some relatively minor changes and the desire to discuss the number of signatures it would take to send a delegate, they do not have any major problems with the Senate Bill.

The Board has endorsed the concept of allowing a greater structural change to the Board, that being allowing non-profit agribusiness entities to send delegates to the Annual Board of Agriculture Meeting. This would include representatives from the Kansas Grain and Feed Dealers Association, Farm Credit Services, Kansas Ag Bankers Association, Kansas Fertilizer and Chemical Association and other non-profit statewide associations of agribusiness. As agriculture goes, so does agribusiness, the two are

inextricably tied together and agribusiness, it is felt by the Board, should have representation at the Annual Meeting.

REGULATORY FUNCTION CHANGES

Of course, the main function of the Board of Agriculture is the regulation and enforcement of some 60 laws. We were very direly impacted by the 3.8% budget cuts, as our budget was tight going into the year. Last year we had inspectors that had to sit home for a month at the end of the fiscal year because we did not have travel funds. With the type of cuts that we took and that were projected for our FY 1988 budget we had to terminate employees. I would ask for your consideration in reinstating a veterinarian position in the Inspection service, for reinstatement of funds to do four agriculture surveys and our Annual Report which was not done for the first time in 67 years. Furthermore, the Board would ask and request that an interim study be done of the Noxious Weed program as we had to layoff a number of personnel in this area. We feel like this program needs a study and hopefully reinstatement of funding at the state level in order for it to be truly effective.

Other areas of great concern in our regulatory function are dam safety. Presently, we are very fearful of the number of dams that potentially are unsafe. Federal funds are becoming available to do dam safety inspection but they will require certain state funds for employees to go perform the inspection. This is an issue you will hear more about and is one of primary safety concern.

The Marketing division of the Board of Agriculture is requesting a fee fund be established so that individuals which participate with the Marketing division and get benefit from it can help pay for some of those services.

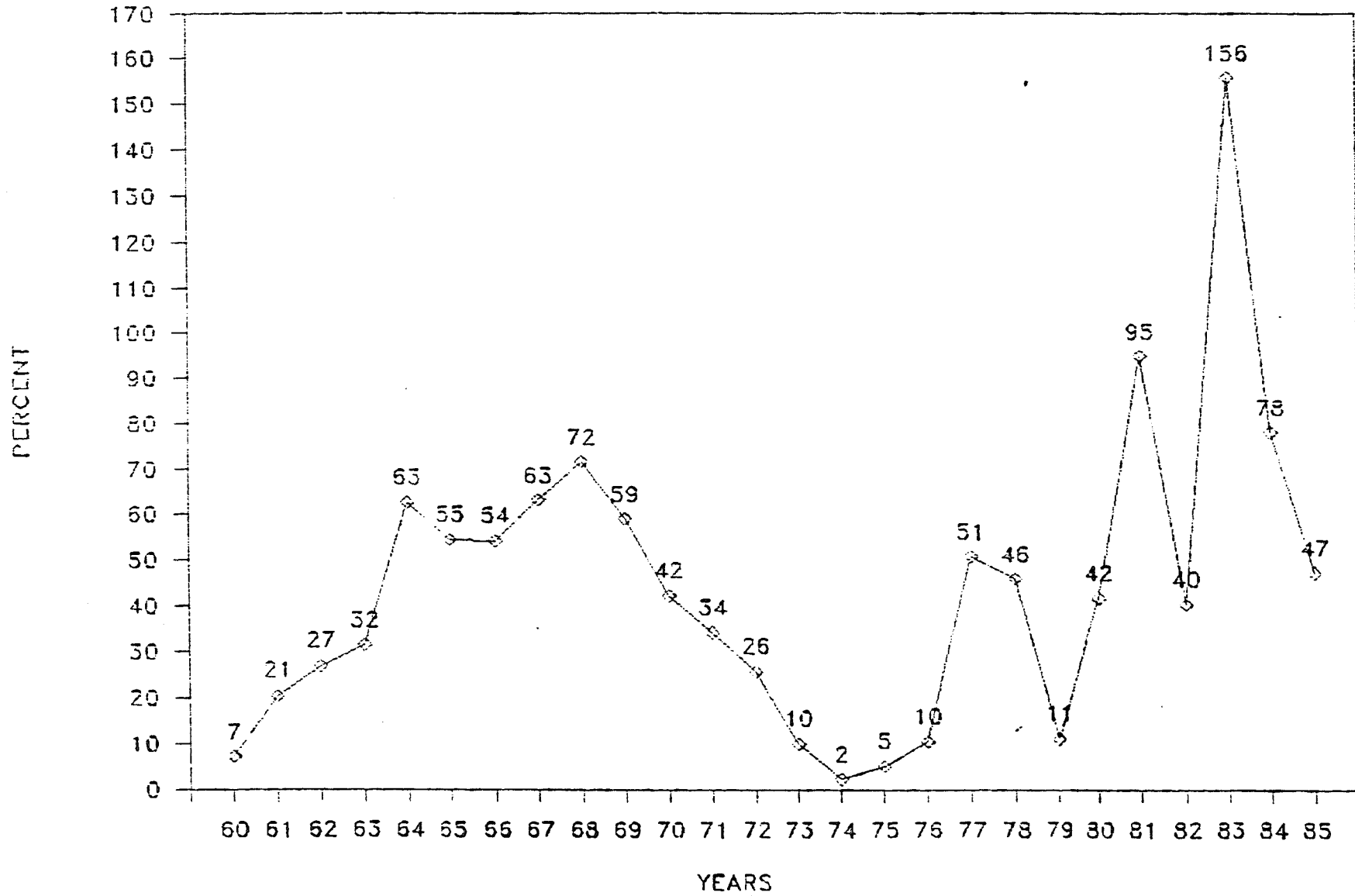
Furthermore, we will be presenting to you changes we feel are needed in the Plant Pest law. These changes were presented to you last year and were passed through the Legislature but vetoed by the Governor due to unacceptable amendments that he found in the bill.

CONCLUSION

As you can see, we have many ideas and items that we bring in front of you for your consideration and critical review. We hope to provide you any and all information that you request and to work in partnership with you for a better more prosperous Kansas agriculture. Thank you for your time in allowing me this presentation. I would be happy to accept any questions.

KANSAS GOVT PAYMENTS

PERCENT OF NET FARM INCOME



APPENDICES

Attached hereto are reports, very condensed ones, from our various divisions stating what they have done over the past year. I requested that each do so in only a page. Many pages could have been devoted to these reports but I wanted to get them to you as succinctly as possible so that you could review them and if you have questions ask me about them.

BRIEF SUMMATION AND HIGHLIGHTS OF
KANSAS BOARD OF AGRICULTURE DIVISION ACTIVITIES

1986

1. Marketing
2. F.A.C.T.S.
3. Water Resources
4. Plant Health
5. Inspections
6. Laboratories
7. Agricultural Statistics

STATE OF KANSAS



STATE BOARD OF AGRICULTURE

MEMORANDUM

DATE: January 5, 1987

TO: Sam Brownback, Kansas Secretary of Agriculture

FROM: Eldon Fastrup, Director
Marketing Division

RE: S.B. Memo 12/29/86 - Division Activities Summary
Division Legislative Proposals

I. Division Activities Summary:

I have enclosed a

- a) Summary of Primary Activities. This write-up is a brief narrative of primary activities conducted by all of the division operating components. This summary reflects only primary project categories and does not cover the daily work areas nor does it specifically identify the numerous consultation services provided to individual companies, producers, and others. A great effort was put forth to be concise however, the report exceeded one page.
- b) Summary of Division Organization. This write-up was presented to you earlier to provide general information on the division. This information may also be useful to you.

II. Division Legislative Proposals FY88:

Enclosed for your review is a summary of projected legislative needs.

KANSAS STATE BOARD OF AGRICULTURE
MARKETING DIVISION

Summary of Primary Activities

The marketing division during FY 1986 and the first quarter of FY 1987 has maintained an active and balanced program to provide service and assistance to the Kansas agricultural industry. The program activities result from analysis of needs, targeting of potentials, and in many cases are part of ongoing relations with specific markets or individual organizations.

A summary of primary activities conducted by the 7112 program of the division (not including commodity commissions) during this period is as follows:

- 1) Foreign Trade Teams to Kansas (17)
The division was responsible for inviting, itinerary development, and business coordination for seventeen teams visiting the state. Business interest areas included: sunflowers, beef cattle, dairy cattle, feed grains, wheat, storage facilities, by-products and equipment.
- 2) Cooperative Promotion Activities with Farm Organizations
Seven major cooperative promotions were developed and implemented by the division. Projects ranged from coordinating 40 producer group exhibits and 67 product demonstrations in the PRIDE OF KANSAS building at the State Fair, to specific in-state promotions of pork products, to major media projects with the Kansas Poultry Association and the fruit and vegetable growers, to National Agriculture Day, to the National Wheat Food Council program.
- 3) International Trade Development Missions (5)
The division organized and coordinated missions to China, Taiwan, Korea and two to Mexico. Thirty-two Kansas exporting interests participated in these activities. Product areas included beef cattle, dairy cattle, sunflowers, swine, feed grains, animal health products, by-products, processed foods, meats, equipment and edible beans.
- 4) Television, Radio, Press Promotions (87)
This category includes only special promotional projects with each promotion having a specific target commodity or processed food. These promotions are conducted as part of the FROM THE LAND OF KANSAS trademark and are designed to generate advertisements to increase consumer purchases of Kansas foods. They are most often coordinated with individual company advertisements and complement promotions by wholesale and retail outlets.
- 5) International Exhibitions (5)
The division targeted and coordinated participation in international exhibitions in China, Taiwan, Germany, Puerto Rico, San Francisco. Twenty-nine Kansas companies jointly participated with the division in these events. Such joint participation benefits the individual companies by reducing individual costs, utilizing division expertise and they assist the division by establishing a commercial creditability with potential foreign buyers from which we can effectively showcase other Kansas products for potential sales.
- 6) Domestic Exhibitions (3)
As the potential for value-added processed foods in the domestic market (in-state and out) grows, the state's processed food industry develops, and the FROM THE LAND OF KANSAS trademark program expands its success,

the division initiated activities for Kansas processed food companies to cooperatively participate in domestic trade exhibitions. Exhibitions included "The National American Wholesale Grocer's" and the "New York Cigarette Food and Beverage Exhibit". Thirteen Kansas companies introduced their products at these events. In addition the division participated in the "Kansas Food Dealers Convention" where 96 Kansas food company products were showcased under FROM THE LAND OF KANSAS and the "Celebrate Kansas Food" state-wide promotion program was presented to retail grocers from across Kansas.

7) Special Projects (29)

This category of projects includes those activities that are one-of-a-kind in nature, new first time pilot type projects, or are of a support assistance to other marketing activities. One example is the "Strawberry Direct Retail Market" project. This pilot project was done in cooperation with the Growers Association and retail grocers. The project purpose was to serve as a pilot for having Kansas growers market their berries to a major supermarket as well as coordinate publicity for U-pick and roadside sales. Specific actions included: securing grower cooperation and commitment; securing cooperation of Dillons Stores; securing Governor's proclamation of May being Kansas Strawberry Month; developing promotional packets for 55 food editors; cooperating with 13 growers for localized publicity; developing a means to measure project impact; developing in-store promotion materials for the pilot Dillon store managers; coordinating Dillon advertising campaigning.

The project was successful; Kansas strawberries captured a 73% market share of Dillon's store berry sales; U-pick and roadside sales increased; the growers learned about quality maintenance needs; and there is general consensus that such projects can be used for other products.

Other examples include the development of our new "Buyers Guide for Kansas Processed Foods." The development, printing and distribution of other supplier directories for fish growers, Christmas trees, hay suppliers, fruit and vegetables, export directories, consumer acceptance tests, staff participation on National Commissions and Task forces for market development and alternative coop development.

Summary of Activity Results

The marketing division, as part of its program planning and evaluation process, utilizes follow-up surveys, communications, and other means to determine quantitative impacts of major program activities. This effort is not a comprehensive "Cost/Benefit Analysis" nor an "Economic Impact Analysis", however, it does serve as a usable tool for program evaluation and planning.

	<u>First Time New Sales</u>	<u>Projected First Time New Sales</u>	<u>Procurement Mission Sales</u>	<u>Special Media Value</u>
TOTAL	\$5,825,900	\$1,791,000	\$33,600,000	\$46,430

1. Data is information provided by participants and project surveys.
2. Does not include repeat sales.
3. Sales potentials where negotiations are under way but not completed.
4. Official Taiwan Procurement Mission purchases.
5. Calculated value of airtime or advertisement value for only special promotion activities.
6. Summary does not include Commodity Commission Program.

KANSAS STATE BOARD OF AGRICULTURE

MARKETING DIVISION

The basic responsibility of the marketing division in market development and promotion is to develop and expand demand for our products and to assist seller and buyer to maximize potential sales in both domestic and international markets. Successful accomplishment of this responsibility is achieved by: conducting specific market development projects; efficient administration of the commodity assessment programs; and a high degree of coordination and participation in state, regional, national, and international market development programs.

Organization

The International Program component is responsible to develop and conduct trade development missions to targeted markets, assist Kansas firms to participate in international trade exhibitions, invite and coordinate foreign buying teams visiting Kansas, develop and distribute specialized market information, source and distribute trade leads, and provide consultive assistance to exporting interests in the state.

The Domestic Program component develops and implements activities designed to increase the visibility, promote the utilization, and expand sales of Kansas agricultural and food products in domestic markets. Projects are selected to provide market development opportunities for producers and processing firms to develop sales and enhance the FROM THE LAND OF KANSAS promotion program. Traditional functions such as the Kansas State Fair, producer organization projects, and National Agriculture Day are also assigned to this component.

Market Service Program includes three sub-component functions: (1) Market Analysis - special market development; (2) Micro Computer - data processing; (3) Special Projects Coordinator. A basic purpose of this program is to develop special activities and provide technical support to the overall division and the Board of Agriculture.

Commodity Commissions - In 1977, the legislature created the corn, grain sorghum, and soybean commissions. The duties of these commissions is to administer the "check off" funds and to utilize such funds for market development, education, and publicity for the commodities and products derived therefrom. The program has established activities which utilize two-thirds of their budget for expanding the feed grain and oil seed export market. One-fourth of the funds are used for research in the areas of production and utilization. The balance is used for marketing campaigns, publicity, seminars, and educational projects.

Employees. 1 Office Specialist; 1 Secretary I; 1 Data Entry Operator I; 1 Agriculture Marketing Program Coordinator; 4 Agriculture Marketing Specialist II's; 1 Agriculture Marketing Specialist I; 1 Agriculture Marketing Specialist III; 1 Grain Marketing Coordinator; 1 Account Clerk; and 1 Director. Total 14 employees - (12 general fund and 2 commission funds).

Plans and Goals

Rapidly changing demand conditions, together with the serious economic challenges facing agriculture, are contributing to the need for market development programs to develop "specific fit market services" targeted to changing conditions and individual opportunities. The need for dynamic marketing services, development of new marketing systems, and implementation of programs which quantitatively contribute to the economic development of the state are increasingly important.

Bulk or raw commodities will continue to be a major component in total marketings and must continue to receive targeted market development attention both export and domestic. However, alternative crops, processed products, expanded sales into the domestic market, and direct marketing programs represent important potentials.

Summary of Primary Activities

(See Attached Table)

The marketing division during FY 1986 and the first quarter of FY 1987 has maintained an active and balanced program to provide services and assistance to Kansas agricultural industry. These activities result from analysis of needs, targeting of potentials, and in many cases are part of ongoing relations with specific markets or individual organizations.

Summary of Activity Results

(See Attached Table)

The marketing division, as part of its program planning and evaluation process, utilizes follow-up surveys, communications, and other means to determine quantitative impacts of major program activities. This effort is not used as a comprehensive "Cost/Benefit Analysis", however, it does serve as an important part of program evaluation.

Division total budget expenditures for FY 1986 was \$551,352 and for FY 1987 are \$563,305. This compares very well with "first time new sales" of \$5,825,900 or the possible other larger totals set forth on the table.

Summary

The marketing division has developed and maintains a high level of activity targeted to produce quantitatively results. It has developed a high level of credibility with producers, organizations, industry, universities, and food processors in the state, region, national, and international level.

In order to provide effective services to Kansas, the division must be designed and managed with a level of personnel resources which insures a reasonable degree of specialized expertise which is necessary to achieve an acceptable level of professionalism.

A keystone to success for state marketing programs is program continuity, close interfacing of domestic and international programs, and an easily identifiable image by the persons in agricultural production, value added processing, and associated agri-businesses.

KANSAS STATE BOARD OF AGRICULTURE

MARKETING DIVISION

Summary of Activity Results

FY 1986 and First Quarter FY 1987

	<u>First Time New Sales</u>	<u>Projected First Time New Sales</u>	<u>Procurement Mission Sales</u>	<u>Special Media Value</u>
International	\$5,000,000	\$ 100,000	\$33,600,000	
Domestic	25,900	66,000		\$46,430
Market Service	<u>800,000</u>	<u>1,791,000</u>	<u> </u>	<u> </u>
TOTAL	\$5,825,900	\$1,791,000	\$33,600,000	\$46,430

1. Data is information provided by participants and project surveys.
2. Does not include repeat sales.
3. Sales potentials where negotiations are under way but not completed.
4. Official Taiwan Procurement Mission purchases.
5. Calculated value of airtime or advertisement value for only special promotion activities.
6. Summary does not include Commodity Commission Program.

This table shows that for the \$563,305 spent in marketing by the State Board of Agriculture that there were "first time new sales" of \$5,825,900. In other words, for every state dollar spent in agricultural marketing by the Board of Agriculture, there was a return of \$10.34 in actual sales! A 1,000% return! This does not include the Taiwan Procurement Mission or other projected sales nor does it include the value of all other services provided by the marketing division to other agricultural entities. Furthermore, continued sales do occur after the "first time new sales".

KANSAS STATE BOARD OF AGRICULTURE

MARKETING DIVISION

Summary of Primary Activities*

FY 1986 and First Quarter FY 1987

	<u>Foreign Teams to Kansas</u>	<u>Cooperative Promotion with Farm Organizations</u>	<u>International Trade Development Missions</u>	<u>Television Radio Press Promotions</u>	<u>International Exhibitions</u>	<u>Domestic Exhibitions</u>	<u>Special Projects</u>
International	3		4		4		8
Domestic		7		87		3	6
Market Service	14		1		1		15
TOTAL**	<u>17</u>	<u>7</u>	<u>5</u>	<u>87</u>	<u>5</u>	<u>3</u>	<u>29</u>

* Data represents only specific projects and activities. Information is not all inclusive.

** Summary does not include Commodity Commission Program.

1986 ACTIVITIES OF THE COMMODITY COMMISSIONS

Producers of Kansas corn, sorghum, and soybeans, contributed through check-offs nearly \$1.3 million to our commodity commissions in 1986. Nearly 50% of the commissions' operating budgets are designated for international market development of their respective commodity. These funds are used to support overseas marketing activities and programs carried on by agencies such as the U.S. Feed Grains Council, the American Soybean Association, and the U.S. Meat Export Federation. The commissions have chosen to invest producer funds with such agencies since they have established on-going programs at expanding the utilization of U.S. feedgrains and soybeans.

As an example of our investment, the U.S. Feed Grains Council has intensive programs of education and service to assist less-developed countries update their food supply, food quality and food economy. As programs upgrade a country's food system, they simultaneously create a demand for feedgrains. In the Council's 14 foreign offices, 200 projects are currently underway, reaching 2.3 billion in population which will import 2.4 billion bushels of feedgrains.

The American Soybean Association's check-off funded export promotion creates soybean export sales and increased average U.S. soybean prices 8 cents a bushel yearly. Thus an 8 to 1 return from the soybean check-off. Chase Econometrics reported that export promotion increased export sales revenue \$66.40 per dollar invested and on an annual average, increased soybean exports 4.1%; soybean meal exports 11.6%; and soybean oil exports 11.7%. Such activity allowed KS/US soybean farmers to sell more soybeans at higher prices. Export promotion increased gross cash receipts \$57.50 per dollar invested.

The commissions sponsored research initiatives are providing new data on improving profit per acre through disease and insect control and storage and water use efficiency. Commission support helped establish varietal improvement programs at three Kansas experiment stations. Support also is given to the International Grains Program (IGP) at Kansas State University. IGP short courses provided instruction for twenty-nine trade teams and visitors in 1986 in feed manufacturing, flour milling and baking.

TOPEKA, KANSAS

FARMER'S ASSISTANCE, COUNSELING AND TRAINING SERVICE

SECOND QUARTER

FY87

(OCTOBER, NOVEMBER, DECEMBER)

ROUTINE

Total incoming and outgoing calls are as follows:

<u>MONTH</u>	<u>INCOMING CALLS</u>	
	<u>1985</u>	<u>1986</u>
JANUARY		882
FEBRUARY		729
MARCH		749
APRIL		714
MAY		569
JUNE		561
JULY	759	847
AUGUST	700	555
SEPTEMBER	574	692
OCTOBER	632	785
NOVEMBER	554	704
DECEMBER	677	currently unavailable

In general the second quarter of 1987 was very busy for the FACTS program. As can be seen the number of calls incoming calls dropped a slight amount during this quarter and, hopefully, we have had a chance to regroup our resources before winter. None-the-less, things have been busy with new developments in both the FACTS office and outside.

Unfortunately, the intensity of the problems individuals and families seemed to be having was quite severe. We noticed a another rise in potential suicide calls and were involved in several direct intervention situations. Also, more families than usual still seem to be having problems just meeting basic family needs. All of this leads us to believe that we could be seeing some severe individuals and family problems after the holiday season.

On a state-wide level,

1) Kansas lost its 13th bank for the year. Fortunately, the year is about to end, but rumors are that next year will be as bad. By comparison though, we aren't as bad off as Oklahoma. They have lost 16 banks so far and expect more during the holiday season.

2) One of the most significant events to occur during this quarter was the start-up (1 December 1986) of the Farm Credit Services Capitol Corporation. This new agency was designed to warehouse all of the land taken back by FCS over the past few years so land prices won't be depressed further. But now that it is place and operating, it also appears to have the additional duty of working out "problem loans."

The Capitol Corporation is headquartered in Kansas City and has staff throughout the regions called the "Special Assets Group." We at the FACTS office are being cautiously optimistic about this new twist in FCS for our limited experience to date has been good.

STAFF ADDITIONS

During this quarter, the FACTS office was authorized to hire a part-time farm financial specialist and a part-time attorney. It is hoped that these additions will help us get through some of the crunch we experienced last year.

As of this writing, we have hired Fred Moorman to work as our farm finance specialist. Fred will be assisting Earl in handling the tremendous number of calls addressing financial concerns. Fred is originally from Nickerson, Kansas. Previously, he was the manager of C.K. Processing of Manhattan. All of us at FACTS are pleased to have him on board. His vast experience is already a great help and we feel very fortunate to entice him out of retirement to work part-time for us.

Unfortunately, we haven't been able to find a part-time attorney as of yet, but we will continue our search into next quarter.

NEW PROGRAM ADDITIONS

Our Farmer/Creditor Mediation Service in cooperation with Prairie View Mental Health Center in Newton, is now in full swing. It was officially launched October 3rd at a press conference held by (the then new) Secretary Brownback at Kansas State University. The press conference was quite successful and we received extensive media coverage statewide.

During the week of October 6-10 we completed training for 32 mediators who are going to serve the program throughout the state. The training was provided by the Center for Dispute Resolution, Denver, Colorado. We were quite impressed by the quality of the individuals who attended this training session as well as the quality of the training session itself.

It was a full 40 hour week of intensive work and everyone who attended felt it was among the best training they had ever experienced. Earl Wright (FACTS farm finance specialist) assisted in preparing much of the training, in particular case situations dealing with debtor/creditor disputes and provided information on FINPACK as well as background information on financial institutions who lend money to production agriculture.

Following the mediator training, Earl held a training session (December 10-12) for an additional 25 farm credit counselors. This group has a great depth of experience and should offer considerable assistance to those farmers facing trouble.

In general, we have high expectations for the mediation program. In fact, we expect it to be one of the most significant services the FACTS program will be able to provide to Kansas agriculture. Our early indications suggest that it just may be the first really effective tool in helping to save farms the state has had.

OUTREACH PROGRAMS

The Barton County Community College asked the FACTS office to conduct a workshop dealing with financial issues. As a result of that request, Earl coordinated a one day program on Financial Farm Issues in 1986. He arranged for specialists to address the areas of marketing, farm business analysis, legal aspects and the financial aspects of today's production agriculture.

As a part of this program, DeAnn Hupe (FACTS Attorney) presented information on changes in tax, bankruptcy and commercial transaction laws. The meeting was held in Great Bend at the Community College.

Also during this quarter, Stan and Earl made a presentation to the Farm Credit Services of Wichita about the Kansas Farmer Lender Mediation Service. The workshop was attended by all of the senior administrative staff in Kansas. This provided an opportunity to exchange information on how to best deal with the debtor creditor problems within the Farm Credit Services, i.e. Federal Land Bank, Production Credit Association and the newly implemented Capitol Corporation.

Bank Closing Workshops

Rush County experienced its' third bank failure last month. In each instance, the FACTS office has participated with the county extension agent in a community meeting to offer assistance. Earl was part of a four member panel that presented information to farmers in the county to help them deal with their financial problems.

In particular, Earl presented a program on what happens when the FDIC closes a bank and how individuals with loans taken over by the FDIC can work with that agency. The meeting was also attended by persons from FmHa, FLB, PCA, SBA and a representative from the county banker's association. The audience was primarily individuals with loans taken over by the FDIC.

Because of the continuing abundance of conferences and seminars addressing rural issues, Kim Williams (FACTS Crisis Intervention Specialist) is presently putting together an informal newsletter. The purpose of the newsletter is to inform people about these meetings and get them in touch with the appropriate coordinators.

Kim is also putting together a guide to counseling; How to find and work with a counselor. The guide provides simple answers to questions frequently asked about professional help.

On November 21-22, FACTS co-sponsored "The Sixth Annual Working With Families: The Future of Rural Families in the Heartland" with Kansas State University. This conference brought 380 human service professionals to Manhattan for two days. Charlie Griffin (FACTS Human Development Specialist) served as a co-director of the conference and presented two sessions; "Hospital-Based Wellness Promotion in Rural Communities" and the final general session entitled "Where Do We Go From Here?" The conference was exceptionally well-received, and included representatives from a number of states other than Kansas.

Also as a part of the conference, Char Henton (FACTS Family Economics Specialist) and Mary Lou Albracht (FACTS Employment/Retraining Specialist) gave a presentation about stress on rural youth. Their presentation, "The Effects of the Rural Crisis on Selected Kansas High Schools" included information that was gathered from a survey they conducted last spring from a selected group of high schools.

Char also gave a presentation "Implementation of Rural Peer Support Groups in Kansas" with Bryce Miller and Jim Kreissler of the Mental Health Association of Kansas. The Mental Health Association has worked in the past with the FACTS program helping to set up peer support groups around the state.

Like other staff members, Kim was also active in the conference. Kim lead a workshop, along with Dr. Tony Jurich of KSU, about the rise of suicide due to the farm crisis. Their discussion focused on the dynamics of suicidal behavior, the impact of the farm crisis and how each address the problem in their clinical work.

Stan Ward (FACTS Director) gave the keynote speech to open the conference.

Also during this quarter, Charlie Griffin attended the National Council on Family Relations Annual Conference in Dearborn, Michigan, November 3-7, where he presented a paper entitled "The Human Cost of the Farm Crisis: Public Policy Implications" and represented Kansas on the conference Farm Issues Interest Group.

One of the activities we are most proud of is FACTS co-sponsorship of a live satellite video teleconference, "Heartache in the Heartland" which was aired December 4th from Kansas State University. The program was about helping children through the rural crisis. Video tape copies of the program will be made available through extension offices across the state, enabling it to reach out to more people. Mary Lou and Char spent many hours assisting with the production of the program and appeared in the program discussing FACTS and the Rural Youth Survey they conducted earlier in the year.

Also as a part of the program, Charlie did a segment on the family aspects of farm loss and served on a question and answer panel for thirty minutes at the end of the video.

Already Heartache in the Heartland is being recognized as one of the best programs of its type ever produced in the country, so we have every reason to be proud of the hard work the staff put into this program.

Beginning in October, a significant part of Stan Ward's time has been devoted to the development of a coalition of farm states to encourage congress to pass legislation providing funding for emergency mental health assistance to rural families in stress. To date, we have approximately 14 states in the coalition and have received considerable help and very favorable response from congressional staff.

The next step is to write legislation for inclusion in some ag bill during the upcoming session. If this works out, Kansas could receive approximately \$1.5 million for new program development.

Another activity Stan's has spent considerable time at has been the Rural Initiatives proposal. Much of this work has been with Kansas State University where he served on the K-State Rural Initiatives Task Force, but he has responded to numerous requests from communities and organizations to discuss these issues as well. Additionally, FACTS continues received requests from communities to help them identify resources for planning their future and Stan handles all of these requests.

Rural Crisis Workshops

Kim has received several requests to speak about rural stress. Earlier this quarter, she spoke at the Waubunsee County Extension meeting in Alma. On December 8th, she discussed the same topic at the Kansas Wheat Growers Association. Kim's presentation to the Wheat Growers was filmed by Channel 10 TV and aired on the evening news in Wichita. Coping with stress was also the topic of an address to the Manhattan Vo-Tech school, December 15th.

Since the beginning of October, Charlie Griffin, the Rural Family Support Specialist, has been involved in a number of conferences, workshops and training sessions involving rural issues.

As a part of the mediator training Charlie presented a session on the psychological aspects involved in farm financial difficulties. The next week he presented approximately eight hours of professional improvement seminars for approximately 500 Kansas Extension Staff during their Annual Cooperative Extension Conference in Manhattan. The workshops explored techniques for dealing with personal and professional stress in extension work during times of financial stress.

During this quarter, Charlie has also conducted seven community awareness programs around the state regarding the human aspects of the rural crisis and resources for assistance and provided two, day-long training sessions for professional staffs in helping organizations.

In December, Stan was asked to represent the Board of Agriculture on a panel at a public hearing on Rural Services conducted by the Kansas Department of Human Resources in Salina on December 10th. Among others, Charlie Griffin of the staff provided testimony to the panel during the day long session. In particular, FACTS was praised for the work it is doing in the state and Kansas Farm Bureau gave very strong testimony in support of FACTS and even stated their desire that all future programs be directed through FACTS.

Staff Development Activities

In November, Earl attended an Essentials of Management workshop provided by the KSU Agriculture Economics department. The training has since been very helpful in assisting agriculture producers in the process of examining the way they manage their business.

Also in November, Char visited the Veteran's Administration Hospital in Kansas City. During her visit, she met administrators and learned of medical benefits available to veterans at their facilities.

This fall, DeAnn has been concentrating on learning about the new chapter 12 bankruptcy for farmers. Along with over 200 attorneys at one of two sites in the state, DeAnn attended a seminar in December on chapter 12 that supplemented a seminar she attended earlier in November in Oklahoma City, Oklahoma. The seminar in Oklahoma City also included updates on other changes in farm law, including the new farm products rule that goes into effect in late December.

She has also continued to take an active interest in the future of the Family Farm Rehabilitation Act (S.B. 696) and has consulted with the attorneys who are directly representing the State of Kansas and the appellant farmers. Kansas Legal Services, specifically Will Madden of Hays, and with whom FACTS has a contract to represent farmers, is currently acting as attorney for one of the appellant farmers involved in the Supreme Court challenge to the constitutionality of S.B. 696.

Also as a part of continuing staff development, Earl and Charlie both attended the Farmer/Creditor Mediator training held in Newton during October.

Public Relations Activities

Earl was the guest speaker for the Pawnee County Farmers Union annual meeting. While in the area, he had an opportunity to visit the farms of two of the farmers who have used the FACTS office.

As a continued effort to inform the state about the FACTS program, Earl also did an interview with KKSU radio station explaining the Kansas Farmer Lender Mediation program.

Char spoke to two Farmers Union Annual Meetings at Hutchinson and Strong City early in November. She explained how the FACTS program is helping Kansas Farmers.

Charlie Griffin and Char traveled to Topeka to present a workshop on FACTS for the Annual Meeting of the Mental Health Association of Kansas in November.

Char represented the FACTS Program at the November monthly Kansas Interfaith Rural Life meeting in Manhattan. She expressed FACTS' growing concern regarding the emotional state of rural Kansans. The holiday season typically is a time for increased stress.

Julie Lux of Channel 41 Television in Kansas City interviewed Char early in December for their program "Speak Out". Julie visited with Char about the FACTS program and how it is helping rural Kansans. The program was aired Saturday, December 13th at 6 a.m.

This has been a busy quarter for Mary Lou. She serves as the FACTS representative on the Kansas Migrant Coordinating Council and attends their meeting each month in Topeka. During October, she was a presenter at the Kansas Adult Education Association meeting in Salina. This group is the professional organization for adult educators in the state and promotes continuing education, Adult Basic Education and General Educational Development programs.

Other activities included a presentation about FACTS at the Thomas County Farmers Union annual meeting in Colby. Stan and Mary Lou attended the Rural Employment Assistance Program Task Force meeting in Topeka where she reported on the progress of the program and the cooperation of the FACTS office in that project. The Task Force meets at regular intervals to provide guidance for the program.

In general, the contacts during the third quarter of this year have involved a significant increase in the development of support groups around the state, renewed contacts with regional resource network training and increased utilization by information resources, publications, etc. by persons around the state.

KANSAS STATE BOARD OF AGRICULTURE
Division of Water Resources

M E M O R A N D U M

TO: Sam Brownback

DATE: January 2, 1987

FROM: David Pope, *DWP*
Division of Water Resources

RE: Background Information for
General Statement to Legislature

This memo serves to respond to the three areas discussed in your December 29, 1986 memo.

1. 1986 Activities of the Division
2. Proposals for Legislative Consideration
3. Response to Approved 1986 Legislation

1. 1986 Activities of the Division

- A. We continued the normal administration of the 26 statutes related to the conservation, use and control of water which have been assigned to the Division. Approximately 400 applications for permit to appropriate water were received in 1986, down considerably from a few years ago. Excellent progress has been made on our effort to eliminate the backlog of field inspections and the certificates of appropriation to be issued, with over 1,900 certificates being issued in 1986. An extensive set of new and amended rules and regulations were adopted by the Chief Engineer relating to design criteria and procedures for the construction of dams, channel changes, stream obstructions and levees.
- B. The Division sponsored the first conference addressing dam safety in the state of Kansas. The purpose was to acquaint owners of dams, contractors, and consultants with the liabilities and responsibilities of dam design, operation, and maintenance.
- C. The Chief Engineer issued an order establishing an intensive groundwater control area in southwestern Kansas along the Arkansas River from the Kansas-Colorado stateline to the eastern boundary of Ford County to address the surface and groundwater depletions in the Arkansas River Valley. As part of the order, the Chief Engineer established a task force to advise the Division on possible long-term solutions to problems being experienced by water users in the area, and to assist in developing additional administrative policies to deal with impairment in the area.

- D. The Division continued to address the depletion of the Upper Smoky Hill River above Cedar Bluff reservoir. Preliminary meetings were held with local residents to gain input and consider alternatives prior to the holding of a hearing regarding the establishment of an intensive groundwater use control area.
- E. The Chief Engineer, in conjunction with the respective Groundwater Management Districts, established two special water quality use areas. One is near Lyons in Rice County and the other in northwest Harvey County, south central McPherson County, and northwest Reno County. These actions were taken due to a deterioration in the water quality in these areas, and to allow for a special review of any new applications to appropriate water in the areas to protect existing water rights and prevent further water quality deterioration.
- F. The Division continued its role of assisting the Attorney General's Office with the coordination of the litigation team efforts for the Kansas vs. Colorado lawsuit to enforce the terms of the Arkansas River Compact. This involves coordination of trial preparation with the special legal counsel, two engineering firms, two economists and a historian. The Special Master appointed by the U.S. Supreme Court has allowed approximately 22 months, beginning 8/86, for discovery and trial preparation by both states.

PLANT HEALTH DIVISION REPORT - 1986

The Board of Agriculture's Plant Health Division is responsible for a variety of programs dealing with pest control and pesticide use.

One major duty of the division is to inspect and certify shipments of grain and other plant products for movement to other states requiring certification (such as California) and to all foreign countries. During 1986, the division saw to certification of 2,935 shipments of corn and milo to the various states and Canadian provinces located west of the Rocky Mountains. In addition, 498 bulk grain orders were inspected for pests and diseases and cleared for sale to foreign buyers. In most instances, these were shipments to Mexico, in which 1 certificate equals 1 unit trainload. Finally, the stock of 220 plant nurseries and 5,744 colonies of bees were inspected and certified free of serious quarantined pests and diseases in order that the plants or bees produced could be sold and/or moved out of state.

One of the ways in which grain, nursery stock, honeybees and other agricultural products can be cleared for foreign sale is through the operation of a regular pest survey program. If we can show the various buying countries that we conduct a regular survey program and have never found a certain insect or disease within the state or a portion of the state, foreign buyers will consider that adequate evidence of freedom from any particular pest. During 1986, surveys revealed a number of new pests and diseases on a variety of cultivated plants. One which is being watched most closely is the Russian wheat aphid.

The state has also, in cooperation with USDA, been conducting a survey of apiaries for infestations of the honeybee tracheal mite. To date, this pest has been found in a number of other states but not in Kansas. As a consequence, we are seeing a change in some of the practices of the migratory beekeepers in that they are choosing to winter their bees in Kansas--a mite-free state.

The workload of the pesticide regulatory programs continued to be heavy during the past year. In all, 1,096 pesticide business licenses and 2,195 pesticide dealer registrations were issued. More than 9,000 individual pesticides produced by 778 manufacturers were also registered for sale and a total of 882 commercial applicator and 12,550 private applicator certificates were issued. Private applicator records are now on computer.

Division personnel also, of course, aid the KSU Extension Service in the training of pesticide applicators. The last quarter of 1986 was particularly active in this area, with 1,443 applicators receiving training during the last quarter alone.

Substantial numbers of chemigation applications are being received with applications covering more than 100 center pivot systems received since mid-December. We have also had good attendance at recent chemigation meetings sponsored jointly with the Extension Service.

PLANT HEALTH DIVISION REPORT - 1986

Plant Protection and Weed Control Section:

Foreign shipments certified	498
Domestic shipments certified	2,935
Plant nurseries inspected	220
Nursery dealers licensed	460
Bee entry permits	8,797 colonies
Bee export permits	5,744 colonies

Special Surveys Conducted:

- Chinch bug
- Trachael mite
- Corn pests
- Grasshopper
- European corn borer (1st generation)

New Pests Detected:

- Russian wheat aphid
- European pine shoot moth
- Zucchini yellows mosaic virus of pumpkin
- Fusarium canker of black walnut
- Tomato stem rot

Bio-Control Programs:

- Alfalfa weevil parasite release (cont.)

Pesticide Sections:

Pesticide business licenses issued	1,096
Commercial applicator certificates (1st time)...	492
Commercial applicator certificates (renewed)....	370
Private applicator certificates (1st time)	4,661
Private applicator certificates (renewed)	7,889
Government agency registrations	165
Number exam offerings	148
Number exams taken (commercial).....	1,709
Pesticide dealers registered	2,195
Pesticide products registered	9,000 by 778 companies
Investigations of pesticide usage	186

Administration: Reorganization of division completed

KANSAS STATE BOARD OF AGRICULTURE
DIVISION OF INSPECTIONS

M E M O R A N D U M

January 5, 1987

TO: Sam Brownback
Kansas Secretary of Agriculture

FROM: Larry D. Woodson, Director *L D W*
Division of Inspections

SUBJECT: Your Memo of December 29, 1986

1986 Activities:

The Division of Inspections enforced seventeen (17) laws in 1986. These laws are enforced for the purpose of maintaining the quality, quantity and integrity of Kansas Agriculture products. The enforcement of these laws is also essential in order to assure that food products such as milk, meat, and eggs are wholesome and safe for consumption. In addition to consumer protection, the enforcement of these laws provide that a fair and equitable marketplace is maintained for the benefit of the industry and the State of Kansas.

Enforcement primarily consists of regular and compliance inspections of meat and poultry slaughter and processing establishments, milk producers, processors and distributors; verification of weighing and measuring devices as well as checking prepackaged products; inspection of egg packers and distributors; and visits to feed, seed and fertilizer businesses to assure the quality of agriculture products such as feed, seed and fertilizers. Inspections of NH_3 equipment is also conducted to help prevent serious and incapacitating farm accidents.

These inspections benefit the producer, the manufacturer, the distributor, the consumer and the State by maintaining the integrity of Kansas Agricultural products and assuring their marketability.

In 1986 there were incidences that caused considerable concern. Milk with the residue of heptachlor was offered for sale in Kansas. Immediate action was taken to remove the product from sale, then heavy surveillance to be sure there was not any more in the state nor that any came across the boundries into the state was taken. A case of a call stating some Kansas milk was tainted with cyanide was received. This required immediate and extensive testing of milk and milk products. There was an increase in the number of complaints. These dealt with unusual meat marketing practices, seed being offered for sale that was not appropriately identified, foreign matter in milk and milk products plus short weight of packaged products.

Education is a significant part of enforcement and recources are committed to this endeavor. Education is accomplished by working with farmers, industry and consumers and attending agricultural meetings held in Kansas. Quality of inspection is addressed through regular meetings, training sessions and directed study of inspectors, supervisors and staff personnel.

Due to limited resources positions have not been filled, travel reduced, and inspections have been cut back. However, a continued effort to provide the services for the enforcement of the seventeen laws continues.

LDW:ASH:gw

STATE OF KANSAS



STATE BOARD OF AGRICULTURE

MEMORANDUM

Date: January 2, 1987

To: Sam Brownback, Secretary of Agriculture

From: Max L. Foster, Director, Division of Laboratories

Subject: Main Activities of this Division in 1986

As a part of our regular consumer protection activities, personnel in our division analyzed over 36,000 samples in calendar year 1986. These samples were received as required by the various statutes enforced by the Plant Health Division and the Division of Inspections.

Samples submitted were in the form of livestock feed, fertilizers, agricultural chemicals, dairy products, seed, pesticide formulations, meat products, and from pesticide residue investigations. Our analytical efforts helped to assure that Kansas Consumers received wholesome and accurately labeled products represented by the samples submitted.

In addition our personnel were also involved in the following activities:

- * "Computerization" of the entire billing and record keeping system of the seed laboratory, as well as the daily ledger sheets of the entire division.
- * Installation and start-up of a new highly computerized instrument that will primarily be used to more efficiently analyze and identify trace levels of pesticides in various samples (GC/MS).
- * Effectively handled two non-routine emergencies that had an impact on the wholesomeness of dairy products in this state. Specifically, the alleged tampering of milk with cyanide, and the heptachlor residue problem in southeast Kansas.
- * Developed or collaborated in development of new methodologies for extracting and analyzing seven new pesticide formulations.
- * Installation and start-up of a new analytical system used to more effectively analyze feeds, fertilizers, and meat products for percent nitrogen, protein, and fat.

In retrospect, 1986 was a very good year.

m]



formerly

KANSAS CROP AND LIVESTOCK REPORTING SERVICE

ROOM 290
444 S. E. QUINCY
TOPEKA, KANSAS 66683

M. E. (MOE) JOHNSON
STATE STATISTICIAN
PHONE (913) 295-2600



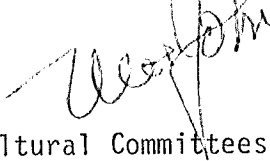
UNITED STATES
DEPARTMENT OF AGRICULTURE
NATIONAL AGRICULTURAL STATISTICS SERVICE

KANSAS STATE
BOARD OF AGRICULTURE
DIVISION OF STATISTICS
January 2, 1987

TO: Sam Brownback, Secretary

FROM: M. E. Johnson, State Statistician

SUBJECT: Statistics Division Material for Agricultural Committees



Activities in 1986: The year began with a Farm Finance Survey conducted at the request of the Secretary and the Governor with support from the State Board and the Governor's office. This first-time survey provided a benchmark showing the financial condition of Kansas farmers and their expectations for survivability in 1986. Other state-funded surveys included Wheat Varieties, Custom Rates, Bluestem Pasture, Wheat Quality and Grain Marketing. County estimates were also prepared making extensive use of the Kansas statistical data compiled by county appraisers and summarized by the division. As the year ended the division prepared materials pertaining to trends of the future of Kansas agriculture. These materials were widely used by the State Board and other units of state government including KSU's Agriculture 2000 Task Force. As a result of reduced funding the Farm Facts publication was printed within the division rather than by the state printer.

Proposed Areas of Discussion for Legislation in 1987: (1) Reinstatement of funding deleted in Fiscal 1986. Some \$35,000 devoted to cooperatively paid salaries was deleted from the division's budget with the result that two federal positions have been lost. The loss of these positions seriously hampered the division's ability to conduct special surveys and analyses and resulted in the deletion of four important surveys--Wheat Varieties, Custom Rates, Bluestem Pasture, and Grain Transportation. The loss of these data for decision making will seriously hamper farmers and agribusiness firms as they seek to compete in these trying economic times. (2) Increase funding to provide for economic surveys. The benchmark economic survey conducted in January 1986 provided information on the current financial status of Kansas farmers. Continuation of the surveys is needed to measure changes and to provide insights as to actions that may help alleviate the financial problems of Kansas farms and rural communities. Projected costs for these surveys is about \$36,000 annually. (3) Authority for reimbursable surveys. In addition to surveys mentioned above there may often be surveys requested by private groups that would be of value to the state of Kansas. We are seeking legislative authority to accept such funding to conduct such surveys with stipulations that survey procedures and methodologies meet our existing standards including the maintenance of confidentiality of individual reports and provisions for resulting data to be made available to all at the same time.

Legislative Directives and Goals: (1) The Legislature directed that we initiate a system for charging for the Annual Report. Rules and regulations for so doing have been prepared and published, and although there is no Annual Report this year we are implementing a \$5.00 per copy charge for the abbreviated Farm Facts which has traditionally been a part of the Annual Report. (2) The Legislature has suggested that the surveys being discontinued--Custom Rates, Bluestem Pasture, Wheat Varieties, Grain Transportation--might be continued on a reimbursable basis. This was not deemed practical since without copyright protection there is no way to collect monies from every data user obtaining the information. The loss of these surveys is a major concern to many Kansas farmers, research and extension personnel and agribusiness managers.

formerly

KANSAS CROP AND LIVESTOCK REPORTING SERVICE

ROOM 290
444 S E QUINCY
TOPEKA, KANSAS 66603

M E (MOE) JOHNSON
STATE STATISTICIAN
PHONE (913) 295-2600



UNITED STATES
DEPARTMENT OF AGRICULTURE
NATIONAL AGRICULTURAL STATISTICS SERVICE

KANSAS STATE
BOARD OF AGRICULTURE
DIVISION OF STATISTICS

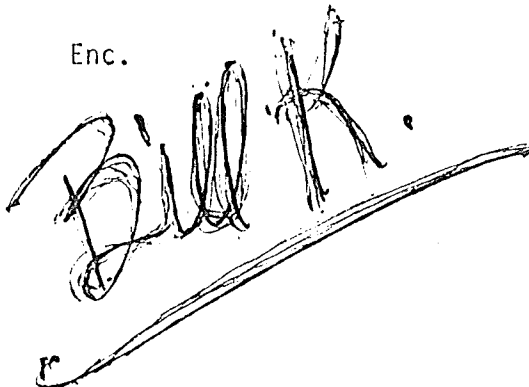
October 28, 1986

TO: Sam Brownback, Secretary
FROM: W. H. Kastens, Assistant State Statistician
SUBJECT: Long-time Production and Slaughter Trends of Livestock

Enclosed is the information you recently requested concerning a long-time record (1960-1985) showing the trends of production for various livestock items. You will note there are only two species--cattle and sheep--for which we have recently improved our ranking among all the states. Our cattle slaughter now puts us as the No. 1 beef slaughter state as well as all red meat production. The latter is helped out a little bit by increased sheep and lamb kill by the Kansas Sheep Company under contract to Monfort of Colorado at Harper, Kansas, and according to the U.S. commercial slaughter report for August we are No. 4, exceeded only by California, Colorado and Iowa, in the amount of total liveweight slaughtered.

If you need additional information, please let us know.

Enc.



MILK AND POULTRY PRODUCTION AND SLAUGHTER

YEAR	MILK PRODUCTION		POULTRY					
	Million Lbs.	Rank	Chickens Raised		Egg Production		Turkeys Raised	
			1,000 Head	Rank	Million Eggs	Rank	1,000 Head	Rank
1960	1,922	17	8,348	13	1,339	18	865	21
61	1,955	17	7,513	18	1,202	21	1,184	21
62	1,872	18	6,461	19	1,097	22	834	20
63	1,810	19	5,621	23	977	24	760	24
64	1,816	19	5,115	22	947	27	816	24
1965	1,749	19	4,859	24	967	26	692	27
66	1,738	18	5,005	25	958	27	610	26
67	1,724	18	4,555	25	962	27	600	27
68	1,717	18	4,145	24	883	27	395	26
69	1,687	18	3,855	26	836	27	360	27
1970	1,740	18	3,700	26	772	29	326	26
71	1,688	19	3,650	26	752	29	307	26
72	1,629	20	3,350	27	718	29	285	26
73	1,505	22	3,315	26	673	28	210	26
74	1,403	24	3,165	27	601	29	165	28
1975	1,392	23	2,816	28	599	29	154	27
76	1,447	23	2,869	27	564	28	108	27
77	1,442	23	2,350	28	548	29	113	27
78	1,372	23	2,300	29	511	32	129	27
79	1,330	24	2,100	30	483	31	184	27
1980	1,330	24	1,900	32	427	32	132	27
81	1,397	24	2,200	32	416	34	263	26
82	1,356	24	1,760	32	462	31	202	27
83	1,382	24	1,960	30	481	30	115	28
84	1,225	24	2,185	30	466	30	100	27
1985	1,285	25	1,700 ^{1/}	29	472	31	275	25

^{1/} Number sold. Number raised no longer estimated.

MEAT ANIMAL PRODUCTION AND SLAUGHTER

F-P	CATTLE				HOGS				SHEEP			
	Production		Slaughter 1/		Production		Slaughter		Production		Slaughter	
	1,000 Lbs.	Rank	1,000 Head	Rank	1,000 Lbs.	Rank	1,000 Head	Rank	1,000 Lbs.	Rank	1,000 Head	Rank
1,467,655	4	1,167.0	8	389,290	14	2,866.0	9	39,640	18	298.8	15	
1,694,185	4	1,139.0	8	467,099	10	2,771.0	10	45,643	14	321.8	15	
1,809,270	4	1,079.5	10	504,220	10	2,873.0	10	42,796	13	316.4	15	
2,019,460	3	1,232.0	7	528,250	10	2,989.0	10	43,247	13	294.4	14	
2,254,555	4	1,419.0	7	498,513	10	2,584.0	12	38,983	12	274.0	14	
1,868,110	4	1,477.0	7	466,773	10	1,971.0	13	33,458	13	375.4	10	
2,226,920	4	1,609.0	6	504,434	10	2,070.0	13	31,664	16	297.5	14	
2,288,170	4	1,617.0	6	577,343	10	2,423.0	13	27,228	16	244.1	14	
2,282,910	4	1,504.0	8	603,407	10	2,232.0	13	25,976	16	134.4	17	
2,350,190	4	1,664.0	7	659,608	9	1,869.0	15	22,442	16	2.7	30	
2,536,017	4	2,014.0	5	722,426	9	1,998.0	15	20,604	17	2.5	29	
2,659,105	3	2,341.0	5	823,682	8	2,297.0	14	19,659	18	4.4	25	
3,009,770	2	2,495.0	5	804,598	8	2,180.0	13	18,281	17	4.7	25	
2,795,410	3	2,499.0	5	737,888	7	2,195.0	13	16,365	16	4.9	25	
2,739,800	4	2,617.0	5	747,150	8	2,235.0	14	14,738	17	6.0	24	
2,393,795	4	2,826.0	5	582,405	8	1,363.0	18	12,333	18	6.4	24	
2,579,350	4	3,003.0	4	643,220	8	1,002.0	20	11,173	19	4.3	25	
2,701,240	4	3,071.1	4	738,785	7	1,098.6	19	11,931	17	4.1	25	
2,586,490	4	2,928.9	4	686,235	7	1,150.6	19	13,372	16	4.0	24	
2,710,550	3	2,784.1	4	795,985	7	1,405.1	19	13,538	15	3.7	24	
2,745,930	4	2,968.1	4	776,443	8	1,459.8	20	13,744	16	4.5	24	
2,924,380	3	3,618.8	3	722,735	8	1,515.6	19	13,262	18	5.3	24	
2,669,765	3	4,290.4	3	662,165	9	938.4	20	15,106	15	5.7	24	
2,709,605	3	4,709.0	3	676,075	9	1,417.2	19	16,739	13	6.0	25	
2,771,465	3	5,355.1	2	641,884	9	1,506.2	19	16,435	14	5.8	25	
2,803,765	3	6,191.9	1	632,935	9	1,646.2	16	16,703	14	77.6	12	

Includes calf slaughter.