

Approved _____

Date

3-26-87

MINUTES OF THE House COMMITTEE ON Appropriations

The meeting was called to order by Bill Bunten at _____
Chairperson

1:30 ~~xx~~ p.m. on Monday, March 23, 1987 in room 514-S of the Capitol.

All members were present except: Representatives Hoy, Helgerson, Turnquist, Wisdom -
all excused

Committee staff present: Gloria Timmer, Legislative Research
Scott Rothe, Legislative Research
Jim Wilson, Revisor's Office
Sharon Schwartz, Administrative Aide
Nadine Young, Committee Secretary

Conferees appearing before the committee:

Senator Werts
John Blythe, Kansas Farm Bureau
Mike Beam, Kansas Livestock Association
Ted Cunningham, Herington, Kansas
Darrell Montei, Fish and Game Commission
Sam Brownback, Secretary of Agriculture
Roger McCollister, Kansas Legal Services
Ivan Wyatt, Kansas Farmers Union
Frank Dorsey, Interfaith Rural Life Committee
Carol Smith, Jewish Community Relations Bureau
Ron Schneider, Kansas Rural Center
Bill Fuller, Kansas Farm Bureau
Debbie Brummer, Chairman of State Committee of Blind
Vendors
Larry Waymire, Randolph-Sheppard Vendors of Kansas
Michael Byington, Kansas Association for the Blind
Charles Dodson, KAPE
Guest List (Attachment 1)

SB 364 - concerning the Kansas Fish and Game Commission

Senator Werts addressed the committee and explained the provisions of the bill. It was introduced at the request of Senate Energy and Natural Resources for the purpose of amending Governor's ERO #22. Senator Werts said the bill passed the full Senate unanimously. There was opposition by Representative Fox because of the language concerning acceptance of gifts being subject to legislative approval; however he told Senator Werts that if this was stricken he would not oppose the bill. This change in language would make it apply only to grants of land. Senator Werts agreed to this amendment.

The following conferees appeared on SB 364:

John Blythe, Kansas Farm Bureau (Attachment 2) endorsed the bill on behalf of farmers and ranchers.

Mike Beam, speaking for Kansas Livestock Association, spoke in support of the bill (Attachment 3).

Ted Cunningham of Herington, Kansas appeared in opposition to SB 364. Being a strong advocate of outdoor activities, he believes this legislation would intrude into an area better left to the Commission (Attachment 4).

Darrell Montei, representing the Fish and Game Commission, addressed the committee in opposition to the bill (Attachment 5). He feels this new legislation might prohibit grants by people who have a love of the land. He suggests amended language that would address the concerns of sportsman groups, but would not adversely impact the "Wildtrust" program.

Chairman Bunten told the committee that final action would not be taken on SB 364 until the suggested amended language is rewritten.

CONTINUATION SHEET

MINUTES OF THE House COMMITTEE ON Appropriations

room 514-S, Statehouse, at 1:30 ~~x.m.~~/p.m. on Monday, March 23, 1987

HB 2574, relating to salaries and compensation for state officers and employees for fiscal year ending June 30, 1988.

Gary Stotts, acting Director of Budget, explained the provisions of the bill which is the annual state pay plan bill as recommended by the Governor. The bill contains three basic parts: (1) increase of 1.5% for all state employees except Regents' unclassified employees. (2) provides 6 months funding to implement Phase II of the classification study that began last year, and (3) provides a pool for interim year reallocation for individual positions that might take place.

Charles Dodson made a position statement on behalf of Kansas Association of Public Employees. He said that state employees have fallen further and further behind on the pay scale and that it would take \$116 million of state general funds to bring them up to the private sector level. He also said it is imperative that we not delay the classification study any further. In using 1985/86 figures to bring salaries into line during FY 1988/89, this is no way to catch up. His closing statement was, "I support the Governor's bill at this time - last Monday I would have said "no".

Chairman opened the committee for discussion and Representative Ott offered a motion to delete the \$300,000 funding for reallocation and delay implementation of the Pay Plan to December 18, 1987. Seconded by Representative Vancrum. Motion carried. On the bill, Representative Miller moved that HB 2574, as amended, be recommended favorable for passage. Seconded by Representative Ott. Motion carried.

Chairman moved to SB 152, concerning the State Board of Agriculture; relating to the farm assistance program (FACTS).

Sam Brownbrown, Secretary of Department of Agriculture, addressed the committee in support of the measure (Attachment 6). He said the program has been widely received and enthusiastically supported by all. He asked the committee's support in continuing the program.

Roger McCollister endorsed the measure on behalf of Kansas Legal Services (Attachment 7).

Ivan Wyatt appeared in support of the bill, speaking for Kansas Farmers Union (Attachment 8).

Reverend Frank Dorsey, Chairman of Interfaith Rural Life Committee, appeared in support of continuing the FACTS program, including legal services (Attachment 9).

Carol Smith, a staff person on the Farm Crisis project also endorsed the bill. She represents the Jewish Community Relations Bureau (Attachment 10).

Ronald Schneider, representing Kansas Rural Center asked the committee's support of the bill (Attachment 11).

Bill Fuller, representing Kansas Farm Bureau, presented a public policy statement in support of SB 152 (Attachment 12).

Chairman asked the committee's pleasure on the bill. Representative Hamm moved that SB 152 be recommended favorable for passage. Representative Teagarden seconded. Motion carried.

HB 2504 - concerning vending facilities operated by blind persons licensed by the Division of Services for the blind of SRS.

Debra Brummer, President of the State Committee of Blind Vendors explained the bill. The change in statute would delete the exemption that now makes 3rd class cities exempt from the operation of the laws which require state and local agencies to give priority to vending facilities operated by the blind. It would also allow for a new 7-member committee with majority of the members to be licensed blind vendors. (Att. 13)

CONTINUATION SHEET

MINUTES OF THE House COMMITTEE ON Appropriations,
room 514-S, Statehouse, at 1:30 ~~xx~~ p.m. on Monday, March 23, 19 87

Larry Waymire, Secretary-Treasurer of Randolph-Sheppard Vendors of Kansas also appeared in support of the bill and presented written testimony (Attachment 14).

Michael Byington, a registered Kansas Lobbyist testified in support of the measure (Attachment 15). He said this new law would open more opportunities for the employment of the blind and ultimately result in a boost to the economy.

Introduction of bill

Representative Mainey requested introduction of a bill concerning workman's compensation and recommended that it be referred to the committee on Labor and Industry. Representative Chronister moved that the bill be introduced. Representative Ott seconded. Motion carried.

SB 125, relating to contracts to provide travel services for state agencies was on today's agenda; however Chairman announced that it would be rescheduled for hearing at a later date because Senator Winter, sponsor of the bill, could not be present today. All conferees will be notified when the hearing is rescheduled.

Meeting adjourned at 2:45 p.m.

GUESTS

Date 3/23/87

| Name | Address | Representing |
|--------------------|-----------------------------------|---|
| JAY B. HENDERSON | Box 4187 Top 66604 | UNITED METHODIST CHURCH |
| Steve Ingram | 512 W. 6 th St. Topeka | DHR |
| C. Anne Brant | Landon Bldg | DPS |
| Linda Moore | Landon Bldg | DPS |
| Shuta Hoover | Harrison | Melvin Nayfeld |
| Nick Roach | Topeka | Div. of PURCHASES |
| Tome Kuruk | Topeka | De Admin. |
| Roger M. McCollier | Topeka | KHS |
| Abby R. Ruff | Topeka | LIS |
| CHRIS W. ARMSTRONG | LAWRENCE KANSAS | SUNSHINE TVL SVR |
| CHARLES DODSON | TOPEKA | KAPE |
| John K. Blythe | Manhattan | Ks Farm Bureau |
| Bill R. FULLER | Manhattan | Kansas Farm Bureau |
| Char Henton | Manhattan | FACTS |
| Marrell Montei | Pratt | Ks. F. & G. Comm. |
| Ted Cunningham | Hermiton, Ks | Kansas Furhamesters |
| Dale Foshee | RR 2 Jewett, Ks | United Methodist Church |
| John Dyke | Box 4187 Topeka 66604 | United Methodist Church |
| Frank Foney | 3012 Jutburg | Interfaith Rural Jewish Com. Relations Bureau - of Kansas |
| Carol Smith | 25 E. 12 th KCMO 64106 | |
| Ron Schneider | TOPEKA | KS. FERAL CENTER |
| Juan W. Wyatt | M Pherson | Kc Family Union |
| DAVID STENNING | Topeka | King TRAVEL SERVICE |
| Leslie Ulrich | Emporia | Intern |
| MIKE BEAM | TOPEKA | Ks. LUSTK. ASSN |
| Art Griggs | Dept. of Adm. | Attachment 1 |



PUBLIC POLICY STATEMENT

HOUSE COMMITTEE ON APPROPRIATIONS

**S.B. 364 - Acquisition and Disposition of Land by the
Fish and Game Commission**

March 23, 1987
Topeka, Kansas

Presented by:
John K. Blythe, Assistant Director
Public Affairs Division
Kansas Farm Bureau

Mr. Chairman and Members of the Committee:

I am John K. Blythe, Assistant Director of the Public Affairs Division of Kansas Farm Bureau. These brief comments are on behalf of the farmers and ranchers who are members of Farm Bureau in Kansas. We are here as proponents of S.B. 364.

Current statutes give the Fish and Game Commission the authority to **buy, sell and exchange or condemn land or other property** for any of the purposes contemplated by the Fish and Game act.

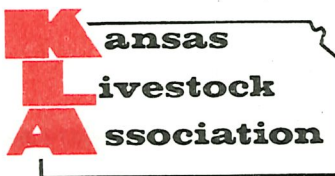
The amendment found on lines 57 through line 61 places some restrictions on this activity by placing a threshold of \$5,000, over which the Fish and Game Commission must have the approval of the Legislature to purchase or sell land. The \$5,000 threshold in some areas of Kansas could be in excess of 100 acres of land.

As a review for the committee: Legislation enacted in 1984 (KSA 74-3308a and KSA 74-3308b) requires the Fish and Game Commission, prior to acquiring land under a license with the United States Army Corps of Engineers, must notify the County Commissioners of each county where the land is located. The

County Commissioners must publish notices and hold a public hearing. At the next regular Legislative session the legislators may disapprove the transfer of land.

Mr. Chairman and members of the Committee, we believe that the threshold of \$5,000 is most generous and should not cause any hardship for the Fish and Game Commission.

We thank you for the opportunity to present these brief comments to the Committee.



2044 Fillmore • Topeka, Kansas 66604 • Telephone: 913/232-9358
Owns and Publishes The Kansas STOCKMAN magazine and KLA News & Market Report newsletter.

TESTIMONY ON BEHALF
OF THE
KANSAS LIVESTOCK ASSOCIATION
IN SUPPORT OF
SB 364
AN ACT RELATING TO THE ACQUISITION OF LAND BY THE KANSAS FISH & GAME COMM.
BEFORE THE
HOUSE APPROPRIATIONS COMMITTEE
REPRESENTATIVE BILL BUNTEN, CHAIRMAN
SUBMITTED BY
MIKE BEAM
EXECUTIVE SECRETARY, COW-CALF/STOCKER DIVISION
MARCH 23, 1987

The Kansas Livestock Association (KLA) is a voluntary trade organization made up of approximately 9,000 members located in all of the 105 counties in Kansas. KLA, founded in 1894, has members who are actively involved in numerous aspects of livestock production and include cow-calf/stocker producers, feeders, sheep producers, swine operators and general farming and ranching enterprises. For several years, KLA members have adopted policy positions which support legislation to give the Kansas Legislature authority to prohibit Fish & Game Commission land acquisitions.

Mr. Chairman and committee members, I'm Mike Beam with the Kansas Livestock Association and we support SB 364. KLA members are generally opposed to state agencies, particularly the Kansas Fish & Game Commission, owning or controlling agricultural land. This bill, which amends K.S.A. 74-3302, does

not prohibit Fish & Game or the Kansas Department of Wildlife & Parks from acquiring land. It merely says any land acquisition, having a value of \$5,000 or more, must be approved by the Legislature. We think this oversight is necessary and a sound policy for Kansas.

It's our thought that SB 364 should become law this year because of two primary reasons. First, the Commission has clearly stated it's their intention to acquire more land. This is documented in the 1985-1990 Commission's "A Plan for Kansas Wildlife". Attached to my testimony are pages 11-15 which summarize their strategies to address issues targeted as their "major concern". Please note on page 14 that it is the Commission's strategy to "acquire (rent, lease, buy, donate, etc.) lands for public hunting, fishing and other wildlife associated recreation". This goal or objective is repeated on numerous occasions. The document states it is the strategy of the Commission to acquire and manage land to provide more potential for antelope, pheasant, quail, turkey, prairie chicken and squirrel hunting.

Secondly, this bill should become law this year because of the depressed land prices. In Kansas we have seen a 30% - 50% decline in agricultural land prices in the last six years. According to a Federal Reserve Bank survey, a typical ranch now is worth half of its value in 1981. If the Commission plans to purchase or lease land, the next few years will provide an excellent opportunity for such land acquisition. Our Association firmly believes that agricultural land should belong in the hands of private ownership and the Kansas Legislature should at least have the ability to approve of all Fish & Game land acquisitions.

KLA urges your support of SB 364. I would be pleased to respond to any questions or comments. Thank you.

MAJOR CONCERNS

Several issues of statewide importance affecting several programs have been identified. These problems are summarized here to emphasize their importance and to stress the need to implement strategies which may be used as approaches to their solutions. Additional strategies are constantly being sought to further our efforts to overcome both existing and new problems. Cooperation and participation by other governmental entities and the public are essential to develop and implement many of the strategies. This section is a synopsis of the major concerns expressed in the individual programs and the generalized strategies proposed to address those concerns.

The quantity and quality of wildlife habitat is deteriorating throughout the state due to competing and more intensive land and water uses.

Prime terrestrial wildlife habitats are declining in quantity and quality at an undetermined rate thus reducing their ability to maintain the state's current carrying capacity for a naturally diverse terrestrial wildlife resource base.

The state's intermittent and perennial streams that remain relatively unaltered by human activity, constituting crucial habitat for both aquatic and terrestrial wildlife, are decreasing in quantity and quality at an undetermined rate thus reducing the state's carrying capacity for those wildlife species dependent upon streams.

The potential for prime aquatic wildlife habitat provided by artificial impoundments is increasing in quantity but is in need of timely preconstruction planning and post-impoundment management to achieve quality increases. Most impoundments can achieve prime habitat status only when properly managed. (Appendix C contains a detailed discussion of habitat.)

STRATEGIES

Advocate enactment of a state wildlife coordination act requiring sponsors of development projects that are funded, assisted, or permitted by state or local units of government to (1) give wildlife conservation full consideration with other features of the project, (2) consult with Kansas Fish and Game Commission during project planning and development to determine means and measures to avoid losses of wildlife resources.

Advocate enactment of state laws protecting stream integrity through review, permitting, and enforcement requirements applicable to stream alteration projects.

Participate in and support instream flow planning and implementation along with other methods of protecting streams from unnatural dewatering.

Support state legislative and agency policy changes which will protect or enhance prime wildlife habitats.

Continue close coordination with other state, federal, local and private agencies and organizations to minimize losses and maximize enhancement of wildlife habitats impacted by land and water resource development projects and to stress wildlife habitat protection and enhancement planning.

Conduct a statewide inventory to determine the current habitat base.

Implement a periodic inventory system to monitor long-term habitat trends.

Intensify WHIP by emphasizing program activities to increase the level of application of habitat measures on private lands.

Implement an intensive program to improve landowner-sportsman-agency relationships.

Increase cooperation with local, state, federal, and private agencies undertaking studies oriented toward wildlife habitat protection or enhancement.

Increase use of informational and educational methods and materials to get habitat information to land users, agricultural organizations, schools, libraries, and the general public.

Actively pursue protection and enhancement of critical habitats of threatened and endangered species.

Actively pursue Kansas Fish and Game Commission acquisition of key areas of prime wildlife habitat.

Continue research efforts designed to yield practical habitat management information.

Increase use of state managed lands and waters as demonstration areas for intensive habitat management.

Use sportsmen's groups and similar organizations for funding and manpower to undertake wildlife habitat enhancement measures.

Use legal aid within the Fish and Game Commission to improve the agency's ability to pursue legislative and litigative efforts to protect prime wildlife habitat.

The challenges facing Kansas' wildlife resources are real and urgent; current funding sources and income do not fulfill wildlife and public needs.

The Fish and Game Commission cannot maintain operations on a constant level of revenue. Funding derived solely from sportsmen is inadequate and inappropriate to support all necessary resource and recreation management. While deficiencies are most notable in land acquisition, property development, data collection and assimilation, habitat projects and nongame and threatened and endangered species activities, fund shortages occur in all agency functions. Inflationary trends compound budgetary pressures by reducing purchasing power of available revenue.

STRATEGIES:

Continue efforts to improve the efficient use of funds available.

Manipulate current funding systems to produce more revenue.

Identify and pursue appropriate alternate sources of revenue.

Maximize funds derived from Federal sources.

Encourage funding by other agencies and groups for specific projects.

Actively seek grants from foundations for specific conservation projects.

Without public understanding, acceptance and support, full potential of wildlife and public-oriented benefits cannot be realized.

Attitudes based on misinformation, incomplete information, insufficient education or apathy are manifest in landowner action toward wildlife, landowner-sportsmen difficulties, good but misguided intentions to better wildlife resources, short term solutions, poor sportsmanship, unacceptance of wildlife management principles, wildlife damages and conflicts, and poor understanding of economic and ecological values. Even political spheres may be influenced by incomplete understanding of wildlife needs.

STRATEGIES:

Intensify efforts to inform and educate the public of needs and values of wildlife resources, management principles, policies and techniques.

Improve public information concerning agency activities and projects.

Encourage wise use of wildlife resources.

Improve cooperation with wildlife interest groups.

Stress adequate consideration of wildlife and recreational needs.

Inform the public of the reasons for laws and regulations.

Cooperate with existing, and assist in developing additional approved wildlife damage control programs.

Provide assistance to individuals experiencing wildlife related problems.

Increased demand for outdoor recreation often results in competing use of the same area for different purposes and overcrowding during pursuit of some activities.

Supplies of some fish and wildlife are not adequate to satisfy demand, and establishment of some species is hampered by inadequate sources of supply.

Recreational conflicts detract from the participant's enjoyment. Conflicts are particularly apparent on public areas where greater potential for multi-purpose use and overcrowding occurs. These conflicts are not restricted to lands and water administered by the Fish and Game Commission.

STRATEGIES:

Increase populations of desired fish and wildlife where demand exceeds supply and such increases are ecologically sound.

Maintain adequate fish culture facilities.

Develop or improve sources and methods of acquiring wildlife for trap and transplant activities.

Develop and implement standard methods of monitoring use of and demand for fish and wildlife based recreation.

Determine acceptable levels of competing recreational uses.

Determine use priorities on public areas.

Manage resources and facilities to reduce conflicts.

Coordinate with other agencies and groups to minimize conflicts.

Inadequate or incomplete information reduces the capabilities of the Fish and Game Commission to administer programs for the fullest benefits of wildlife resources and the public.

Improvements are needed concerning such subjects as habitat, wildlife and human population status and trends, recreational demand, consumptive and nonconsumptive uses, management effectiveness, land use, socio-economic values, limiting factors and public attitudes.

It is difficult to establish meaningful management guidelines and objectives when reliable information is not available. In some programs, improved information is needed to better support agency decision making.

STRATEGIES:

Implement systems to inventory habitat, measure quality and monitor trends.

Determine socio-economic values of wildlife resources and public use.

Determine effects of land use and practices on wildlife.

Collect necessary information on habitat requirements and population status for certain species.

Monitor non-consumptive and consumptive uses of and demands for wildlife resources.

Approximately 97 percent of Kansas is private land. These lands support about 87 percent of the total hunting and 50 percent of the fishing.

The public does not have access to much of private land due to closure, lack of access routes and remote locations. Limited public areas and poor access in certain locales create crowding and decrease the quality of recreation for many sportsmen.

STRATEGIES:

Acquire (rent, lease, buy, donation, etc.) lands for public hunting, fishing and other wildlife associated recreation.

Determine need for establishing recreational quality levels on public areas.

Acquire and/or develop access routes and facilities.

Stimulate and facilitate better sportsman/landowner relations to increase access to private lands.

Actions of the Fish and Game Commission must conform to numerous state and federal laws, regulations and policies.

As times and conditions change, some laws and regulations become unenforceable, inadequate or outdated.

Apparent increases in deer poaching and other serious fish and game law violations and habitual violators emphasize the needs for innovative and technologically advanced law enforcement efforts and equipment.

The effectiveness of the Fish and Game Commission in dealing with the broad spectrum of wildlife resource enforcement matters is often dependent on public cooperation through notifying agency employees of violations of fish and game laws and regulations.

STRATEGIES:

Review and initiate necessary changes in existing regulations, policies and guidelines.

Support legislation with direct and indirect wildlife benefits.

Establish full time legal services for the agency.

Improve and modernize law enforcement techniques and equipment.

Encourage the public to notify agency employees of violations of fish and game laws and regulations.

Mr. Chairman and Members of the Committee:

For the record I am Ted Cunningham, I live in Herington, Kansas and I am here to speak in opposition to SB 364.

I have spent over 20 years as an advocate of Kansas outdoor activities, the Kansas Fish and Game Commission and for the best interests of Kansas license buyers.

Senate Bill 364, in my opinion, intrudes into an area better left to the expertise of an appointed commission and paid staff who administer the Wildtrust program for the Kansas Fish and Game Commission.

The Wildtrust program is most successful and since it "ain't broke let's not fix it." SB 364 would probably cause considerable losses in land gifts and other donations made for tax or estate purposes. Any gifts offered after Legislative adjournment would not be acceptable that calendar year or until after a new Legislature had convened and acted upon each separate item with a value of \$5000.00 or more. A willing donor could be turned away when faced with such restrictions.

The rights of condemnation should remain vested in the Kansas Fish and Game Commission. The judicious use of condemnation, by the agency, should be apparent to everyone. I can not recall its use in recent history. If the rights to use condemnation are taken from the agency you then assume it will never be needed again. It may well be needed somewhere, sometime.

The ability to purchase land has been totally controlled by a zero budget for a number of years. The Legislature does control land purchases now and can continue to do so through existing budget processes.

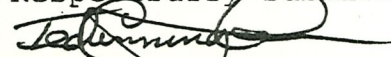
Mr. Chairman, I would urge the committee to amend SB 364 as follows;

Lines 0057 through 0061 would read:

Except as otherwise specifically provided by law, the authority to accept gifts and grants of land and to buy, sell, exchange or condemn land shall be subject to approval of the commission.

The above changes would address remarks by a small number who have concerns over who has authority, or will have authority over land activities now and into the future.

Respectfully submitted,



Ted Cunningham
303 South E
Herington, Kansas 67449

Kansas Fish & Game

HEADQUARTERS
BOX 54A, RT. 2, PRATT, KS 67124



(316) 672-5911

S.B. 364

Testimony Provided to House Appropriations Committee
on March 23, 1987

By Kansas Fish and Game Commission

S.B. 364 would require legislative approval for the Commission to accept gifts and grants of land (of \$5,000 or more) and to buy, sell, exchange or condemn land (of \$5,000 or more).

This agency does not have any budget authority for land purchase. Funds for specific land purchases must be appropriated by the legislature or made available through the Finance Council. Thus, legislative approval is currently required to buy land.

Legislative approval to accept gifts and grants of land may adversely impact this agency's Wildtrust program. Timely acceptance of gifts is often associated with calendar or tax year considerations. Inability to accept desirable gifts and grants of land when available would likely reduce the willingness of some individuals to make those donations. Also, failure to affect timely acceptance may lessen utility of the gift.

Persons may be less willing to provide land to the Commission through wills or life estates if their desires would be subject to legislative approval. Often, the lands are donated to this agency to perpetuate the donors' appreciation for natural resources and wildlife management. The agency must be able to commit to that donors' desires provided the land in question addresses agency goals and objectives.

S.B. 364 would provide that selling or exchanging land would be subject to legislative approval. This would satisfy the concerns expressed by several sportsman groups regarding authority for selling or exchanging land under ERO #22.

(over)

EQUAL OPPORTUNITY EMPLOYER

Attachment 5
House Appropriations 3/23/87

We would recommend amended language which would address their concerns, but not adversely impact the "Wildtrust" program. Starting on line 0057 our suggested language would be: "Except as otherwise more specifically provided by law, the authority to sell or exchange land shall be subject to the approval of the legislature."

PRESENTATION TO THE
KANSAS HOUSE APPROPRIATIONS COMMITTEE

by
SAM BROWNBACK
KANSAS SECRETARY OF AGRICULTURE

March 23, 1987

Mr. Chairman and members of the Committee, I am here today in support of the extension of the FACTS program as proposed in Senate Bill 152, however, I do have some suggested amendments to Senate Bill 152.

Although some of the trends are heading in the right direction towards the farm economy turning around and moving toward some more prosperous times there remains a large number of financially stressed farmers who continue to need and use the FACTS service.

The program has been widely received and is enthusiastically supported by almost everyone I visit with. In the first twenty months of its existence, the FACTS hotline received over 15,000 incoming phone calls requesting assistance. With a staff of only five people the FACTS division has done a Herculean job in answering and assisting many people in their times of need. The idea of an intensive one-stop shop putting that distressed farmer and his family in touch with the resources that presently exist to assist them is a model service for this and other state governments. It has answered a need, unfortunately the need is still present.

The Farm Credit System in the state of Kansas has 2,189 nonperforming loans at the present time. The Farmers Home Administration has 1,464 loans that are presently delinquent in the state of Kansas alone. Many economists think that an additional \$40 billion or more of total farm debt still has to be wrung out before agriculture is on solid ground again, that is expected to take several years. In short, although the trends are going the right directions the numbers are still bad. We still have record foreclosures and

bankruptcies and tremendous pain in the countryside. Indeed the FACTS service is probably needed more now than when it was originally created.

A key component of the FACTS program has been the providing of legal assistance and counseling to those who cannot afford it. The legal proceeding facing financially distressed farmers are extremely complicated which not many attorneys in the state of Kansas are interested in getting involved with unless it is on a creditor's side. You have to deal with the foreclosure laws; bankruptcy laws; regulations of federal entities such as the Farmers Home Administration and quasi-governmental entities such as the Farm Credit System. Add to that sorting out ASCS problems and numerous others and you find a very, very complicated area of the law which does not provide much financial reward. There is a shortage of legal assistance to the financially stressed farmer. Being an individual who has worked in this area I feel I can testify from experience on this particular point. Not that there isn't a lot of sympathy there but in a free market system, services go where the money is. If the farmer doesn't have the money it's hard to get the service. The providing of legal advice to distressed farm families is crucial for them to know what their rights are.

I do believe that the legal advice and assistance that the FACTS program provides can be tailored better to provide more advice and less in court representation in order to give assistance to more people. Furthermore, I would like to see a co-pay situation where the client pays for a portion of their legal services if they are being represented in court by legal services. This would extend the state dollars further, to more people and I believe allow some pride to that distressed farm family that,

in many cases, wants to pay for a portion of their legal representation. They are proud people and want to be able to pay their own way if they are given half a chance to do so.

In FACTS, the state is getting a critical service provided by a lean, mean staff that does a tremendous job. The FACTS staff is completely dedicated to a very difficult problem, they do a great job, however their work is not finished and until it is the program needs to be continued.

Mr. Chairman, I would be happy to respond to any questions.

| CODES | FY 1987 APPROVED BY LEG. | AGENCY LEVEL 0 | GEN'8 RECOMM | REVISED S.B. 152 |
|---------------------|--------------------------------|-------------------|-----------------|---------------------|
| 100 SALARY & WAGE | 189,729 | 235,347 | 148,080 | 225,347 |
| 200 COMMUNICATIONS | 43,278 | 32,508 | 70,100 | 33,905 |
| 210 FREIGHT | 1,200 | 1,200 | 500 | 1,200 |
| 220 PRINTING | 5,132 | 12,200 | 6,900 | 12,800 |
| 230 RENTS | | 2,200 | 500 | 2,200 |
| 240 REPAIR | 800 | 1,000 | 500 | 1,000 |
| 250 TRAVEL | 6,225 | 24,195 | 17,000 | 24,195 |
| 260 OTHER FEES | 1,200 | 1,500 | 1,500 | 1,500 |
| 270 PROF. FEES | 265,000 | 265,743 | | 190,000 |
| 280 UTILITIES | | | | |
| 290 OTHER SERVICES | 142 | 490 | 200 | 490 |
| TOTAL | 322,992 | 392,357 | 37,900 | 316,594 |
| 300 CLOTHING | | | | |
| 310 MAINT. PARTS | | | | |
| 320 VEHICLE PARTS | | | | |
| 330 PROF. SUPPLIES | 150 | 400 | 400 | 400 |
| 340 OFFICE SUPPLIES | 3,050 | 5,000 | 3,202 | 5,000 |
| 350 OTHER SUPPLIES | | | | |
| TOTAL | 3,200 | 5,400 | 3,602 | 5,400 |
| 400 CAPITAL OUTLAY | 0 | 7,105 | 0 | 7,105 |
| TOTAL | 326,192 | 404,867 | 41,502 | 329,104 |
| GEN'8 | *5 | 5 | 5 | 8 |

* FY 1987 staffing level included an additional 3 FTE positions on contract with the Cooperative Extension Service through the REAP program. REAP funds are not available for FY 1988, however, the positions supported by these funds are fundamental to the provision of necessary assistance.

KANSAS LEGAL SERVICES, INC.

PROGRAM OPERATION INFORMATION

MARCH 23, 1987

1. Referrals Come From FACTS Hotline
2. Criteria for Referrals to Legal Services:
 - a. Primarily engaged in farming or ranching.
 - b. High debt-to-asset ratio.
 - c. Farmer might be saved!
3. Case Hours and Costs
 - a. Total Hours: July, 85 - Jan., 87 -- 8,311 hours
 - b. Total Cases:
 - (1) Advised - 381 cases
 - (2) Represented - 329 cases
 - c. Average Hours Per Case
 - (1) Advised - 4 hours
 - (2) Represented - 20.63 hours
 - d. Average Cost Per Case
 - (1) Advised - \$140
 - (2) Represented - \$722
4. Funding
 - a. FY 1986 - \$220,000
 - b. FY 1987 - \$160,000
 - c. FY 1988 - \$220,000 needed to adequately meet demand.

FACTS SHEET ON KANSAS LEGAL SERVICES' FARM ADVOCACY PROGRAM

1. Since July, 1985, Kansas Legal Services, Inc. (KLS), under a grant from the Kansas State Board of Agriculture has been providing legal assistance to Kansas farmers through referrals from the Farmers Assistance, Counseling, and Training Services (FACTS).
2. There are currently eight KLS farm specialist attorneys providing service in every county of the state. The Farm Advocacy Project attorneys provide both advice and legal representation to eligible applicants.
3. From the time the program began through December, 1986, approximately 589 cases were advised or opened. During this period, legal service was provided to about 480 families (a number of clients were advised or represented more than one time).
4. The following data is derived from a survey of KLS farm clients:

Legal Problems

- 1) Difficulties with lending institutions--80%
- 2) Miscellaneous--Problems with grain elevators, landlords, lawsuit defense in general--20%
- 3) Foreclosure defense as subject of initial inquiry--38% of all cases.

Client Evaluations

- 1) Original problem received satisfactory action by KLS farm staff--78%
- 2) Valuable additional legal advice or representation provided--72%
- 3) Satisfied with overall service rendered by KLS farm staff--78%
- 4) Would recommend KLS farm services to other farmers--84%
- 5) Program should continue--90%
- 6) Average level of affirmative response to above five items--80%

Direct Legal Services to Farmers Has Economic Benefits

- According to the farmers themselves, the KLS Farm Advocacy Program has assisted Kansas farmers to remain in farming at least a combined 430 years. This is a conservative estimate because it assumes only four years of farming for those who have indicated that they will now remain in farming for more than three years. It is probable that many of these families will stay in farming for much longer than three years.
- If legal assistance helps farmers to retain their farms, the economies of the local communities and the state benefit in a number of ways.
- The farmers assisted in retaining their farms by the KLS Farm Advocacy Program will spend about \$51.6 million on operating expenses in the next four years.
- When multiplied by the agricultural production circulation factor of 2.2, established by the Kansas Department of Economic Development, that translates into \$113.5 million over the next four years.
- The cost of the program was \$300,000 from July 1, 1985, through December, 1986.
- FY 1986 total funds--\$220,000 (\$110,000 + \$50,000 reprogrammed from Board of Agriculture + \$60,000 supplemental)
- FY 1987 total funds--\$160,000

KANSAS LEGAL SERVICES

Number of Cases 589

Farm Advocacy Program

Advised and Represented

By County

July 1985 - December 1986

| | | | | | | | | | | | | | | | |
|---------------|---------------|---------------|----------------|----------------|---------------|---------------|----------------|------------------|----------------|--------------------|------------------|----------------|-----------------|--------------|---------------|
| Cheyenne 2 | Rawlins 11 | Decatur 3 | Norton 10 | Phillips 12 | Smith 5 | Jewell 8 | Republic 8 | Washington 10 | Marshall 10 | Nemaha 27 | Brown 10 | Denison 11 | | | |
| Sherman 4 | Thomas 5 | Sheridan 7 | Graham 4 | Rooks 5 | Osborne 9 | Mitchell 3 | Cloud 15 | Clay 11 | Riley 4 | Pottawatomie 14 | Jackson 9 | Atchison 11 | | | |
| Wallace 1 | Logan 6 | Gove 3 | Trego 2 | Ellis 12 | Russell 4 | Lincoln 4 | Ottawa 1 | Dickinson 17 | Shawnee 6 | Jefferson 3 | Leavenworth 3 | Wyoandale 1 | | | |
| Greeley 0 | Wichita 2 | Scott 1 | Lane 2 | Ness 7 | Rush 13 | Barton 2 | Ellsworth 0 | Saline 13 | Morris 9 | Wabaunsee 11 | Osage 7 | Douglas 1 | Johnson 4 | | |
| Hamilton 1 | Kearny 2 | Finney 4 | Hodgeman 15 | Pawnee 1 | Stafford 2 | Reno 5 | Rice 1 | McPherson 12 | Marion 8 | Chase 2 | Lyon 10 | Franklin 2 | Miami 2 | | |
| Stanton 2 | Grant 4 | Haskell 0 | Gray 5 | Ford 12 | Edwards 9 | Harvey 5 | Butler 7 | Greenwood 13 | Coffey 4 | Anderson 2 | Linn 1 | Woodson 1 | Allen 3 | Bourbon 4 | |
| Morton 1 | Stevens 0 | Seward 0 | Meade 6 | Clark 3 | Kiowa 3 | Pratt 2 | Kingman 4 | Sedgwick 4 | Wilson 3 | Neosho 9 | Crawford 5 | Elk 3 | Montgomery 1 | Labeite 2 | Cherokee 3 |
| | | | | | Comanche 4 | Barber 3 | Harper 4 | Sumner 12 | Cowley 4 | Chautauqua 0 | | | | | |

KANSAS LEGAL SERVICES
 Roger L. McCollister,
 Executive Director
 (913) 233-2068
 February 11, 1987

February 17, 1987

KANSAS LEGAL SERVICES, INC. FARM ADVOCACY
Comments from Farm Clients

1. We have never worked with such a caring, knowledgeable, supportive group! Your patience for coaching us through financial and family problems saved both and no one ever made us feel bad. You encouraged us to learn. May God bless you all!
2. Had no idea of anyone to go to until we heard of the program.
3. The legal and financial advisors were excellent! The lawyer we had locally and who we had gone to for advice and who had handled all the legal matters for our business in town, we found out after papers were filed was also representing the bank. We did not know what we were to do. With the legal and financial advice from KLS, we, in the matter of a couple of weeks, got the proper advice and thus our rights were met. Thank you!!!
4. We are very grateful for their tender compassion and understanding. Without them we would have nothing and we don't have the slightest idea where we would be now. May God's richest blessings be upon all of you. Words cannot express our sincere appreciation for your kind help. Only God can reveal that to you all. I can't help but shed tears to think that someone really cares.
5. They are invaluable to farmers since we aren't knowledgeable enough in legal procedures and don't have the money to pay for any legal advice.
6. The staff were all very polite and willing to help. They offered many suggestions and legal advice that were beneficial. Although we lost our land, we are trying to continue our rented ground. We sincerely appreciated KLS Farm Advocacy support, recommended it to others, and plan to continue to use it.
7. This service should be used by anyone in farming who has the slightest doubt about his or her position with lenders or creditors. It is honest, simply presented, and deals with reality.
8. I found them to be extra helpful and thorough in explanations. Because of them, I felt confident enough to go on and did get an FHA loan that probably I can live with (on account of lower interest). Your people put it before me in a way I could understand (not wishy washy), I had not talked with the right attorney and couldn't afford to shop. I cannot praise your program enough.
9. I think the staff is doing an excellent job with their help and services.
10. We feel they are "spread too thin"--but it has helped so much to have someone to talk to and to help us. We have farmed a year

longer than we would have without help. Just showing our lender we had a lawyer involved made all the difference. Thanks!

11. Your staff is very well qualified and I think are doing an excellent job. Without their help, I doubt that I would be able to continue my farming.
12. Your staff was very concerned about the situation I was in. I know your services have been advertised but I have talked to people that have never heard of the FACTS program or that the services were not worth checking into. I have tried to inform them of the services and urge them to check into it.
13. They really were pretty good and helpful. I'm glad I called. I also recommended the service to my brother. I have three brothers that were in farming. One lost his farm, 160 acres, another lost his new house and 40 acres and is quitting farming, and my dad is losing a farm. I never dreamed things would get this bad. And the bank examiners don't have any mercy!
14. We very much appreciate all that your staff has done for us. It saved us a tremendous amount of legal fees and the attorney did an excellent job for us. The problem being the PCA was not willing to deal even when offered more than they will get in bankruptcy.
15. Keep up your good work. Any little support sure does help keep the farmers' morale up in this kind of time. Thanks.
16. I am most pleased with the help I got. From the first phone call, I was promptly referred to someone who answered the legal questions I had and who went with me to the bankruptcy trustee and got assurances from him to stop proceedings until I could get a new attorney. I may still lose the farm but your staff helped give me a fighting chance to save it. I will be forever grateful.
17. I was able to talk to them on short notice. They even went with me to talk to my banker and work things out.
18. Staff really knew the law. Staff was really honest, for the farmer. Staff was meticulous in their preparation of contracts. Referred by Farmers hotline which also should be commended.
19. I had been to several lawyers. One charged \$200.00 for two visits, the other \$245.00 to do a bankruptcy. They wanted 5-6000 up front. I have been able to avoid bankruptcy so far. Your program is exceptionally valuable to farmers who are pressed for funds. I was at a point where I couldn't afford to stay in farming and I couldn't afford to get out. I would be available to talk to farmers about the program.

20. Any farmer rather debt restructure or foreclosure should never be without a good attorney, many farmers cannot afford an attorney and so are frustrated on what to do when problems arise, KLS can find answers and give proper direction in all the cases. We feel that no matter what the price, we could have never gotten an attorney with the ability and poise that we found in Adra Burks. With people like Adra whatever the outcome for both parties each can rest assured that things were done fairly and professionally.
21. The county ASCS office took my advance payments over to FmHA and I was unable to pay bills. Also the woman who runs FmHA wouldn't talk to me when I went in to see her. These were not 2 party checks and were no good to her. If your program hadn't helped me, she would have put me out of business illegally and it was also against the law for CSCS to give her the checks.
22. Excellent.
23. Staff was very helpful when first called them. Helped us immensely, mentally as well as materially. Was very pleased with way they advised us. Felt we had the best representation we could of gotten plus insight into what Congress was trying to do to help us farmers. Would recommend KLS Farm Advocacy Program to help us ailing farmers mentally as well as otherwise.
24. Thank you very much for your counsel and I'm only sorry that we are too poor to pay you. We appreciate the Kansas Board of Agriculture for satisfactorily filling in for us on that.
25. We have been receiving very good advice and helpful hints. They have been very courteous consideration.
26. The service was very friendly, helpful, and extremely informative.
27. They were very helpful and they didn't rush us, which was one thing we liked. They answered all our questions and we felt a lot better when we left the office.
28. Staff was very intelligent in my case. My lawyer agreed after I told him I called you. Thank you.
29. No matter what will be the outcome in our Chapter 11, we will always be grateful. We had no success getting a private attorney to take on our bank and I'm sure none would have done as well as Adra. Without you we would have had no place to turn. We are also grateful for the FACTS program.
30. We have gotten excellent help.
31. I was referred to Kansas Legal Services by Farm FACTS hotline. I was very satisfactorily advised by Adra Burks of the Topeka office.

32. We have received excellent representation from your attorney, Adra Burks. Without Adra's help I'm afraid the bank would have "walked" all over us. We will always be grateful we had a place to turn to in our dispute with the bank. With our limited resources, financial as well as legal knowledge, we were almost completely at our bank's mercy. Thank you so much for providing at least a "life buoy" though the seas are still very rough out here. We also appreciate the courtesy shown us by Adra's secretary, Bobbi, and other staff persons such as Charlie Masner. Adra has my ultimate respect for her thoroughness, caring, and legal knowledge.
33. We had Ms. Adra Burks help us. She was very helpful and knew what she was doing. Ms. Burks shook up my banker and they sure stopped trying to run over me. I want Adra to continue working with me. She is hard working and very nice to work with.
34. Our attorney was Karen McIlvain who was very knowledgeable and caring. Seldom too "busy" to answer our questions or return a phone call. Her assistance, especially with FmHA, was very gratifying.
35. I would like to commend the KLS for the fine help they have given me. They should be congratulated for having people like Karen McIlvain and Eric Rosenblad on their staff. I don't know what we would have done without the assistance given to me and my family. It is too bad more of my neighbors have not taken advantage of this service.
36. I would like to commend Karen McIlvain of the Emporia Legal Services office for a job well done in presenting my FmHA appeal hearing to FmHA officials.
37. Millie is great.
38. We were at the "point of no return." We didn't know how to fight back and we didn't think it was any use to fight. We are far from being "out of the woods" but we have more knowledge--thanks to KLS and Mildred Schroeder--of what we can do.
39. The staff at the Salina office was very accommodating to work with. Tama Aga seemed to know what and when to move and was very successful in reaching an agreement. A very big thanks to him and KLS.
40. Your services were a godsend to us and we can't tell you how grateful we are. Especially do we want to commend Marilyn Harp (Wichita Legal Aid) who advised us, acted as our representative with our bank and even drove many miles to be present when refinancing terms were agreed upon and papers were signed. What an understanding person she is! Also, the lady who answered our first call to you when we were so distraught was so nice--we thank her too although we don't know her name.

REPORT ON HOTLINE CALLS

JANUARY 1, 1987

NUMBER OF INDIVIDUALS AND/OR FAMILIES REQUESTING ASSISTANCE FROM
JULY, 1985 TO JANUARY, 1987: 3500

PERSONAL DATA

| | | | |
|------------------|--------|-----------------------|--------|
| Male Callers: | 69.00% | Average Age | 47 |
| Female Callers | 31.00% | Average Years Farming | 24 |
| 18 - 30 Yrs. Old | 8.0 % | 56 - 70 Yrs. Old | 28.11% |
| 31 - 45 Yrs. Old | 35.42% | 71 Yrs. Old - up | 2.44% |
| 46 - 55 Yrs. Old | 26.02% | | |

FARM DATA

| | |
|---|--------|
| Farms Operating with Owned Acreage Only: | 26.62% |
| Average Owned Acreage - 629 | |
| Farms Operating with Rented Acreage Only: | 31.53% |
| Average Rented Acreage - 816 | |
| Farms Operating with Both Owned & Rented Acreage: | 41.85% |
| Average Owned Acreage - 615 | |
| Average Rented Acreage - 468 | |

REQUESTS FOR ASSISTANCE BY AREA OF STATE

| | | | |
|----------------|--------|-------------|--------|
| North East: | 27.72% | North West: | 17.48% |
| South Central: | 24.65% | South West: | 11.71% |
| South East: | 18.44% | | |

NATURE OF REQUESTS FOR ASSISTANCE

FINANCIAL/LEGAL PROBLEMS CONSTITUTE 61.43% OF ALL PROBLEMS WE ARE CALLED ABOUT.

TYPE AND DISTRIBUTION OF FINANCIAL/LEGAL PROBLEMS

| | |
|--|--------|
| Farms have been foreclosed on | 13.42% |
| Foreclosure probable | 13.63% |
| Considering deeding back land or voluntary liquidation | 11.46% |
| Tax Liabilities (actual or anticipated) | 9.46% |
| Bankruptcy filed | 10.08% |
| Considering bankruptcy | 5.08% |
| Problems because of a bank failure | 4.46% |
| Credit cut off or refusal to renew notes | 5.67% |
| Other | 26.75% |

NATURE OF REQUESTS FOR ASSISTANCE

EMPLOYMENT/RETRAINING PROBLEMS CONSTITUTES 26.10% OF ALL PROBLEMS WE ARE CALLED ABOUT.

TYPE AND DISTRIBUTION OF EMPLOYMENT/RETRAINING PROBLEMS

| | |
|--|--------|
| Lost the farm | 43.22% |
| Need additional income to stay on farm | 30.82% |
| Other | 25.96% |

FACTS REFERRALS

| | |
|---|--------|
| Kansas Job Service Centers | 24.28% |
| Dislocated Worker Programs | 21.52% |
| School Placement Centers | 6.02% |
| Vocational Retraining Programs | 15.35% |
| Financial Assistance Programs | 13.38% |
| Other (SER Corporation of KS, Area Agencies on Aging, etc.) | 19.45% |

EDUCATION RECEIVED

| | |
|----------------|--------|
| No High School | 1.41% |
| GED | 2.47% |
| High School | 53.29% |
| AVTS | 3.29% |
| 2 yr. College | 9.29% |
| 4 yr. College | 27.29% |
| Trade School | 2.94% |

NATURE OF REQUESTS FOR ASSISTANCE

FAMILY PROBLEMS CONSTITUTE 10.47% OF ALL PROBLEMS WE ARE CALLED ABOUT.

TYPE AND DISTRIBUTION OF FAMILY PROBLEMS

| | |
|--------------------------------|--------|
| Need Food | 9.74% |
| Need Medical Assistance | 13.51% |
| Need Monetary Assistance | 21.47% |
| Family and/or Marital Problems | 18.09% |
| Emotional Problems | 27.44% |
| Other | 9.74% |

FACTS REFERRALS

| | |
|----------------------------------|--------|
| Public Assistance Programs | 62.09% |
| Community Mental Health Centers | |
| Commodity Distribution Centers | |
| Food Stamps | |
| County Health Offices | |
| Private Assistance Programs | 37.91% |
| Willie Nelson Money | |
| Local Service Clubs | |
| Churches and Church Associations | |

STATEMENT
PRESENTED BY

IVAN W. WYATT, PRESIDENT, KANSAS FARMERS UNION

ON
MARCH 23, 1987

ON

FULL FUNDING OF THE FACTS PROGRAM
INCLUDING CONTRACTED LEGAL ASSISTANCE, AND THE REAP SERVICES

BEFORE

THE HOUSE APPROPRIATIONS COMMITTEE

ON

FACTS FUNDING

MR. CHAIRMAN, MEMBERS OF THE COMMITTEE:

I AM IVAN WYATT, PRESIDENT OF THE KANSAS FARMERS UNION.

WE STRONGLY SUPPORT FULL FUNDING OF THE FACTS PROGRAM INCLUDING LEGAL ASSISTANCE CONTRACTING AND THE FAMILY SUPPORT AND COUNSELING OF THE REAP PROGRAM.

THE OVERALL FACTS PROGRAM IS ONE OF THOSE PROGRAMS THAT HAS EXCEEDED ALL EXPECTATIONS IN FULFILLING THE NEEDS IT WAS ESTABLISHED FOR. ITS SUCCESS IS THE ENVY OF MANY OTHER FARM STATES.

A SIGNIFICANT CONTRIBUTOR TO THE SUCCESS OF THE FACTS PROGRAM HAS BEEN THE LEGAL ASSISTANCE PROVIDED BY REFERRALS FROM FACTS TO THE FARM ADVOCACY PROJECTS PROVIDED BY THE KANSAS LEGAL SERVICES, INC.

THE LEGAL ASSISTANCE TIED WITH THE COUNSELING AND TRAINING SERVICES HAS PROVIDED A WELL-ROUNDED PROGRAM THAT HAS MADE THE FACTS PROGRAM THE SUCCESS IT HAS BEEN IN SERVING HUNDREDS OF FARM FAMILIES IN THESE TRYING TIMES.

THE NEED HAS BEEN GREAT, AND THESE PROGRAMS HAVE WORKED WELL TO MEET THOSE NEEDS. HOWEVER, THOSE NEEDS AND PROBLEMS CONTINUE TO EXIST. EVERY INDICATION IS THESE NEEDS WILL CONTINUE TO EXIST INTO THE FORESEEABLE FUTURE.

THE U.S. DEPARTMENT OF AGRICULTURE ESTIMATES THE VALUE OF THE 1986 CROP PRODUCTION IN THE UNITED STATES HAS DECLINED IN VALUE ANOTHER 24% FROM THE ALREADY DISASTEROUS LEVELS OF 1985.

THIS ADDED DECLINE WILL BE IMPACTING YET ANOTHER LEVEL OF KANSAS FARMERS THIS SPRING. THESE FARMERS WILL BE ADDED TO THOSE ALREADY SUFFERING FROM THE FINANCIAL DIFFICULTIES OF 1985 AND 1984.

A RECENT REPORT FROM THE FEDERAL RESERVE BOARD IN THE FEBRUARY 11, 1987, ISSUE OF THE WALL STREET JOURNAL STATES THERE WAS A 30% INCREASE IN THE NUMBER OF TROUBLED FARM BANKS ON DECEMBER 31, 1986, COMPARED TO DECEMBER 31, 1985.

ON DECEMBER 31, 1986, THERE WERE 159 TROUBLED BANKS. ON DECEMBER 31, 1985, THE NUMBER OF TROUBLED FARM BANKS WAS ONLY 60.

THE FDIC LISTS 615 FARM BANKS COMPARED TO 485 BANKS A YEAR AGO THAT REQUIRE MORE THAN NORMAL SUPERVISION BECAUSE OF DETERIORATING LOAN PORTFOLIOS.

THESE FIGURES NOT ONLY INDICATE THE LEVEL OF STRESS THE FARM COMMUNITY IS SUFFERING TODAY, BUT SERVE AS A BAROMETER OF THE INCREASE IN THE LEVEL OF STRESS KANSAS FARM FAMILIES WILL FACE IN COMING MONTHS.

WE ALL WISH THERE WAS NO LONGER A NEED FOR ALL THE SERVICES PROVIDED BY THE FACTS PROGRAM, BUT WE HAVE TO FACE REALITY. THERE IS SIMPLY NO WAY THESE NEEDS CAN BE IGNORED, ESPECIALLY WITH THIS SUCCESSFUL PROGRAM ON LINE AND WORKING.

THEREFORE, WE CALL FOR THE RESTORATION OF FULL FUNDING AND EXTENSION OF THE FACTS PROGRAM UNTIL JULY 1, 1990, INCLUDING THE FUNDING OF THE REAP SEGMENT OF FACTS THAT PROVIDES STAFF WORKING DIRECTLY WITH FAMILY MEMBERS ON A ONE-ON-ONE BASIS DEALING WITH THE PROBLEMS OF STRIFE AND STRESS DURING THESE DIFFICULT ECONOMIC TIMES.

THESE COMBINED SERVICES THUS FAR PROVIDED, HAVE HAD A SIGNIFICANT EFFECT IN LOWERING THE TRAUMA LEVEL OF THESE TROUBLED TIMES, NOT ONLY FOR FARMERS, BUT ALL MEMBERS AND SEGMENTS OF THE RURAL COMMUNITY.

(8)

I come to you today from the INTERFAITH RURAL LIFE COMMITTEE of the Consultation of Cooperating Churches in Kansas, representing eighteen religious judicatories in Kansas. The INTERFAITH RURAL LIFE COMMITTEE is a widely diverse faith group with a network throughout Kansas which keeps in close touch with the impact of the rural crisis on Kansas. In the mission statement that created the INTERFAITH RURAL LIFE COMMITTEE, the 31 religious leaders in Kansas who signed the statement supported the formation of the FACTS program.

"The purpose of the INTERFAITH RURAL LIFE COMMITTEE is to seek to unite the resources of the religious community of Kansas to respond in any appropriate way to the continuing rural crisis, within a vision of wholeness."

Among its accomplishments, the INTERFAITH RURAL LIFE COMMITTEE has run seminars across Kansas for pastors and key church leaders to understand the crisis, to be knowledgeable about specific needs of the families caught in the crisis, and how to recognize the signs of impending suicide and respond. In addition, the Committee has distributed over \$80,000 in emergency funds to individual farm families in Kansas, upon the recommendation of Kansas pastors and priests.

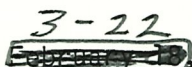
Pastors in Kansas have seen that FACTS serves a demonstrable need that no one else fulfills. Western Kansans report that FACTS is the only source of immediate help, both emotional and legal, available to them. The experience of the faith community involved in the INTERFAITH RURAL LIFE COMMITTEE is that FACTS is positively perceived by the farmer constituents of our member congregations.

In addition, pastors see the complex web of legal difficulties created by the rural crisis. The pastors tell us that in many of the small rural communities they serve, the lawyers in those towns have retained all of the attorneys in town, leaving the farmers without access to legal assistance except through the FACTS program.

Kansas farmers have a diversity of skills to carry forward the work of their farms. They do not have the legal skills that are desperately needed, and they cannot afford to retain the legal help they do need. For many of these farmers, there is nowhere else to turn but the legal services provided for through the FACTS program.

Therefore, the INTERFAITH RURAL LIFE COMMITTEE of the Consultation of Cooperating Churches in Kansas endorses the continuation of the total FACTS program, including legal services.

(The Rev.) Frank Dorsey
Chair, Interfaith Rural Life
Committee

3-22


1987

Attachment 9
House Appropriations 3/23/87

the jewish community relations bureau

JCRB

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The Farm Crisis Project of the Jewish Community Relations Bureau/Women's American ORT was initiated in 1986 by the Jewish Community Relations Bureau with the sponsorship of a national Jewish women's organization Women's American ORT. The Jewish Community Relations Bureau serves as the social action agency for the Jewish families of the state of Kansas. The Farm Crisis Project has two broad objectives: 1) to try to alleviate problems associated with the farm crisis through the efforts of the Jewish community, and 2) to combat the violent, racist and anti-semitic responses to the farm crisis that are promoted by some extremist individuals and organizations. In order to assist farm families and other rural people, the Farm Crisis Project has implemented social action, urban education on the rural crisis, person-to-person and social service projects.

The Farm Crisis Project of the Jewish Community Relations Bureau has seen repeatedly the importance of F.A.C.T.S. in assisting Kansas farm families. Under Dr. Stan Ward's able direction, F.A.C.T.S. has assembled an extraordinary staff to meet the out-of-the-ordinary circumstances facing Kansas farmers. In countless meetings across the state and at the office in Manhattan, I have seen each of the various staff in action contributing varied and unique skills. We know that with the loss of federal monies, F.A.C.T.S. may lose three of its staff positions. The Jewish Community Relations Bureau hopes that the Kansas Legislature will be able to find the replacement monies to continue this invaluable program with each of its current, talented staff on board.

The Jewish Community Relations Bureau would also like to stress the importance of continuing, not only the legal consultation, but also the legal representation that exists under the current F.A.C.T.S. program. F.A.C.T.S. has reported that 61% of the calls received are from farmers with legal and financial problems. In many rural towns, farmers are unable to find qualified legal representation and simply cannot afford to retain legal help when they do. We urge you to continue F.A.C.T.S. with its legal services component intact.

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The Rev. George Bruening, President, Kansas Dist.
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Presbytery of S. Kansas, Presbyterian Church (USA)

Lloyd G. Cox
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Christian Church in Kansas

B. Shepard Crim
The Very Rev. B. Shepard Crim, Rural Dean
Episcopal Diocese of Kansas

Bert Darden
The Rev. Bert Darden
Heartland Presbytery, Presbyterian Church (USA)

Frank L. Dorsey
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Ks-Oklahoma Conference, United Church of Christ

Ronald L. Eslinger
The Rev. Ronald L. Eslinger, Associate Conf.
Minister, Ks.-Okla. Conf. United Church of Christ

MARC BOONE FITZGERMAN
Rabbi Marc Boone Fitzerman
Congregation Chev Shalom, Prairie Village

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Roman Catholic Diocese of Wichita

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The Rev. Barry Phelps, Assoc. for Cong. Develop.
Presbytery of S. Kansas, Presbyterian Church (USA)

Robert J. Reah
The Rev. Robert Reah, Executive Presbyter
Heartland Presbytery, Presbyterian Church (USA)

Robert Richardson
The Rev. Robert Richardson, President
Consultation of Cooperating Churches in Kansas

Bob Runnels
Mr. Robert Runnels
Kansas Catholic Conference, Kansas City, KS.

Stanley G. Schlarman
The Most Rev. Stanley G. Schlarman, Bishop
Catholic Diocese of Dodge City

Dale A. Stitt
The Rev. Dale A. Stitt, Deputy Regional Minister
Christian Church in Kansas

John Stitz
The Rev. John Stitz
Catholic Rural Conference

Ignatius J. Strecker
The Most Rev. Ignatius J. Strecker, Archbishop
Catholic Archdiocese of Kansas City, KS.

John Tomlinson
The Rev. John Tomlinson, District Executive
Western Plains District, Church of the Brethren

Fred Thompson
The Rev. Fred Thompson, Executive Minister
American Baptist Churches in the Central Region

Charles E. Winkler
The Rev. Charles Winkler, Council Director
United Methodist Kansas West Conference

(Denominational listing for identification
purposes only.)

Distributed by
CONSULTATION OF COOPERATING CHURCHES IN KANSAS
4125 Gage Center Drive, Topeka, Kansas 66604
(913) 272-9531

A PASTORAL
LETTER ON THE
AGRICULTURE
CRISIS IN THE
STATE OF
KANSAS

Issued by Kansas
Religious Leaders



February 19, 1985

As leaders of the religious community in Kansas, our allegiance is to God who has made all of us stewards of resources such as land and water. Because we are responsible to help people exercise stewardship and conservation of these valuable resources, we are called by the covenant God made with His people to make the following statement:

The State of Kansas is experiencing a severe agriculture crisis. The impact of so severe a crisis has a serious effect upon the rural communities and the people who are a part of them: farm families, family owned businesses, banks, and various institutions which serve the community such as churches and schools.

Of the \$215,000,000,000. debt owed by farmers, 30% of the farmers owe 80% of that debt. Of those farmers who are affected by the crisis, the group suffering the most are those who have been referred to as the "traditional family farm." They are the group that now are the backbone of many of our rural communities, and the churches that serve those communities

Economists indicate that the various commodity programs do not help this group of farmers as much as the large commercial farmers. The real significant question is: Why do government programs designed to help farmers miss this particular group?

Dr. Barry Flinchbaugh, Agricultural Economist at Kansas State University, has said, "If conditions continue for the next two years as they have been for the last three years, 25% of the farmers will go out of business." It is clear that family farms will be the ones most severely affected.

Because of the seriousness of the present agriculture crisis and its effect upon the rural community, we, religious leaders in the State of Kansas:

- + pledge ourselves to work with those who are already laboring to preserve life in our rural communities;

- + call upon the leaders of the churches and synagogues to work cooperatively to educate all Kansans to the seriousness of this crisis;

- + call upon pastors and congregations and synagogues in local communities throughout Kansas to join together to offer spiritual, emotional, and economic support to those families suffering hardship as a result of this crisis;

- + call upon the pastors of our congregations and synagogues to work together to build bridges of understanding with persons caught in this crisis and the various service segments of the community, for we believe that we must be about the ministry of building bridges of understanding among the people of rural communities undergoing such stress;

- + call upon the federal congressional delegation from Kansas to continue their efforts to work for the benefit of those who are affected, and to develop a 1985 Farm Policy that will both alleviate the present crisis and preserve our rural communities;

- + commend Governor Carlin for his recommendation of the establishment of the Farmers Assistance Counseling and Training Service (FACTS) program, and urge the State legislature to pass the legislation and enabling funding;

- + call upon the Governor, the Kansas House and Senate, the various farm organizations, State agencies, Extension Service, farm credit organizations, legal, educational, and mental health professionals to join with the religious community to develop a wholistic response to this grave crisis.

In addition, we call upon the Governing Body of the Consultation of Cooperating Churches in Kansas, at its meeting in Wichita on March 12th, in concert with other religious communities in Kansas, to form an INTERCHURCH RURAL LIFE COMMITTEE, composed of representatives of all of the Kansas religious denomina-

tions wishing to participate, and to invite participation of the various farm organizations, Extension Service, farm credit organizations, the Governor's Office, the Kansas State Legislature, legal, educational, and mental health organizations, and all other organizations who could bring a constructive and coordinated response process to the crisis in our Kansas communities. The Committee would work in close collaboration with the Ecumenical Farm Issues Task Force, which has been instrumental in helping to clarify the issues in Kansas communities, and enable people caught in the crisis to talk with each other. We pledge to seek the financial resources to enable the INTERCHURCH RURAL LIFE COMMITTEE to be effective in its work.

The purpose of the INTERCHURCH RURAL LIFE COMMITTEE would be to address the present crisis in agriculture and its devastating effect upon all aspects of Kansas rural community life -- farm families, business persons who rely upon agriculture, financial institutions, schools and churches, and interpersonal relationships -- and to devise appropriate methods of response in such areas as:

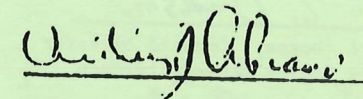
- + devising means of raising the awareness of the crisis among both farm and non-farm sectors across the State of Kansas;
- + bringing together resources that can help local rural communities maintain a sense of community in the midst of crisis;
- + devising strategies whereby as many economically viable farm operations as possible are maintained;
- + dealing directly with the emotional and spiritual dimensions of the problem facing financially troubled farm families;
- + developing an agricultural crisis hot line so that individuals can receive immediate counsel and support;
- + developing training programs for pastors and other helping professionals more thoroughly to understand the effects of the crisis upon persons;

- + developing a network system of neighbors who have gone through this crisis and who are no more than 50 miles distant from any farm family in crisis, so that immediate support is given;

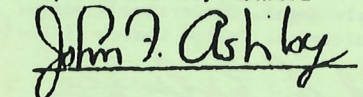
- + training pastors and utilizing mental health professionals to develop a longer term support system for those being called upon to stand by those in crisis.

- + developing a liaison relationship with persons and organizations in other agriculturally troubled States so that a multi-state network is formed.

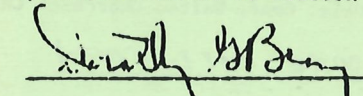
We believe that immediate action is called for in this crisis, and call upon all of the people of Kansas to be "Good Neighbors" to persons in those communities so severely affected.



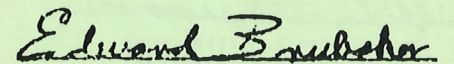
Rabbi Arthur J. Abrams
Temple Emanu-el, Wichita



The Rt. Rev. John F. Ashby, Bishop
Episcopal Diocese of Western Kansas



Dorothy G. Berry, Executive Coordinator
Consultation of Cooperating Churches in Kansas



The Rev. Edward Brubaker, Synod Executive
Synod of Mid America, Presbyterian Church (USA)

THE KANSAS RURAL CENTER, INC.

304 Pratt Street

WHITING, KANSAS 66552

Phone: (913) 873-3431

Testimony in Support of H.B. #152

Mr. Chairman and Members of the Appropriations Committee:

I am Ronald Schneider, representing the Kansas Rural Center. We are a non-profit organization emphasizing education and advocacy on issues concerning rural Kansas and sustainable agriculture. We have been incorporated since 1979.

We support H.B. #152, and we recommend that this committee approves the bill. In addition to the bill itself, the entire funding request should be appropriated to FACTS and the legal services program. This is an extremely important piece of legislation which needs the support of the entire Legislature.

At the Kansas Rural Center, we have had the opportunity to be directly involved in many family farm crises. The FACTS program has proven to be an invaluable service to many farmers who are experiencing personal and financial distress. Without FACTS, I can assure you that many farm families would have experienced greater distress and pain. But please, do not think that the need for these services are diminishing. The farm crisis continues, and we have thousands of family farmers who should have the FACTS program to rely upon.

The FACTS program does not only provide personal counselling, but it also assists farmers in preserving and managing a profitable business. FACTS is a form of economic development; it keeps potentially profitable and viable farms in operation. The first step in effective economic planning, as

noted in the Redwood - Kryder Report, is the preservation and expansion of existing small to medium size businesses. The FACTS program accomplishes this goal; it promotes family farms in the state of Kansas, which are an essential component of the rural economy. The loss of our family farms has a direct impact upon rural towns, and the tax base of the entire state.

Finally, we emphasize the need to maintain full legal services available in conjunction with the FACTS program. Contrary to many allegations, legal services are provided to only those farmers who have a probability of maintaining a profitable farm. The program is very selective in the utilization of its funds. Currently the Kansas Legal Services is providing counselling and representation to qualified farmers through a contract with the Board of Agriculture. Rest assured that the state is getting its money's worth. The Kansas Legal Services, in my opinion, is the best situated organization in the state to provide these services to our farmers. The quality and scope of their work cannot be duplicated at this price, even if the state attempted to provide in house services.

In order for FACTS to be a truly effective program, it must provide complete and thorough legal services. If we intend to help farmers work out individual plans to keep their operations profitable, they must be in equal bargaining positions. Attorneys are a necessary part of the bargaining process between debtor and creditor. If the debtor does not have access to adequate and complete legal services, most lending institutions have no incentive to participate in renegotiation. The farmer needs the power and influence of full legal representation.

Anything less than that shall be without value.

We know that FACTS and the legal assistance programs are not adequately funded at current levels. To reduce the appropriations would be a major blow to the program. FACTS and the legal services are an essential program which the state has found to be part of its obligations to rural citizens. We hope that this Legislature continues to support and fund this program in its entirety, and that H.B. #152 is approved.



PUBLIC POLICY STATEMENT

HOUSE COMMITTEE ON APPROPRIATIONS

RE: S.B. 152 - FACTS Program - Sunset Date Extended

March 23, 1987
Topeka, Kansas

Presented by:
Bill R. Fuller, Assistant Director
Public Affairs Division
Kansas Farm Bureau

Mr. Chairman and Members of the Committee:

My name is Bill Fuller. I am the Assistant Director of Public Affairs for Kansas Farm Bureau. I am speaking on behalf of the farmers and ranchers who are members of the 105 County Farm Bureaus. We appreciate this opportunity to express our support of S.B. 152 which primarily extends the "sunset" for the FACTS program.

In 1985, when FACTS was created by this Legislature, KFB did not have policy on the overall FACTS proposal ... therefore, we were not authorized to support or oppose the bill. However, our statement to the House Ways and Means Committee on April 2, 1985 included these statements: **"We too recognize that the problems in the farm economy have reached crisis proportions in many areas ... We desire that farmers and ranchers have full access to all farm management, employment and job retraining services and stress management programs needed while attempting to survive during these very trying times ... We recognize that a beneficial 'toll-free farm crisis hotline' could be developed to refer to farm families needing assistance to the proper agency or resources."**

Today, our farmers and ranchers have policy supporting the program: **"Especially during this critical time in agriculture, we recognize the need for farm families and rural communities to have access to meaningful management, counseling, support programs and economic development initiatives."**

We believe the bold policy decisions of joint administrations by the State Board of Agriculture and the Extension Service at Kansas State University has maximized the availability of the state's resources for Kansas farmers and ranchers. We commend Stan Ward and his staff in providing assistance to many stressed farm families across Kansas ... 12,000 "hot-line" calls from all 105 counties. We believe the "sunset" provision of FACTS should be extended as many farm families continue to struggle through these difficult economic times.

We would like to have FACTS continue as it now exists. However, we recognize the fact we are living in the real world of revenue shortfalls. If a shortage of resources must limit the program, we suggest these priorities:

1. The 8 staff of the core program must be maintained.
2. Legal assistance ... advice, counseling and referral ... must be continued.
3. Legal representation for those farmers without resources should be available ... however, we support a plan requiring farmers who have the ability to pay for a portion of their legal fees.

Under this policy, we believe a larger number of farm families can be assisted with the limited resources.

Thank you for this opportunity to express our support of S.B. 152. I will attempt to respond to any questions you may have.

DEBRA BRUMMER
PRESIDENT

GEFALD GRIGGS
VICE PRESIDENT

LARRY WAYMIRE
SECRETARY-TREASURER

CATHERINE DAWSON
EASTERN DIVISION

SANDRA TERRY
WESTERN DIVISION

State Committee of Blind Vendors

TESTIMONY
By Debra Brummer

TO: All Members of House Committee of Appropriations

DATE: March 23, 1987

SUBJECT: House Bill # 2504

On behalf of the blind persons in Kansas, who are licensed to operate vending facilities in accordance with KSA 75-3337 et. seq., I strongly urge you to support HB # 2504, and recommend its passage to the full House for consideration.

This bill will basically clean up the language and make it more consistent with the Federal "Randolph-Sheppard Act."

The Vending facility program, commonly known as the Business Enterprise Program, provides remunerative employment opportunities to blind persons in Kansas. These persons thus become tax payers in Kansas.

The Business Enterprise Program utilizes no state tax dollars for its operation. The Business Enterprise Program budget is comprised of Federal Vocational Rehabilitation tax dollars and assessment money which is levied on the net earnings of each vending facility manager. With no state tax dollars being used for the Business Enterprise Program, the impact on the State's economy is indeed positive, through the generation of tax dollars; both state income tax and state sales tax dollars.

To insure the continued success of this important program, I urge you to support HB # 2504.

I have enclosed some background information which may be useful to you. I am also including a copy of a letter from Dr. Richard Schutz to Representative Frank Buehler, which answered a question which related to how the expense of state committee meetings would be paid.

The purpose of this bill is to facilitate the establishment of vending stands on property controlled by departments, agencies, or instrumentalities of the state of Kansas. This bill will expand remunerative employment opportunities for the blind and bring state law into greater conformity with corresponding federal law by making the language consistent with that in federal law, thereby preventing cities and counties from denying the blind priority in establishing vending facilities.

Language in the existing law is not consistent with the federal Randolph-Sheppard law which gives blind persons priority status in the operation of vending facilities on federal property. Current language has resulted in difficulties establishing vending stands to be operated by the blind in city and county buildings. For example, a food service contract in an urban county courthouse has been awarded in the past to a private vendor without giving the blind vending facility program preferential opportunity to meet bid specifications. The proposed legislation is more consistent with language in the federal law by giving qualified blind persons priority to operate vending facilities on property of departments, agencies, or instrumentalities of the state of Kansas.

The estimate from the Federal Rehabilitation Services Administration Office of the Blind and Visually Impaired is that at least 75% of the states have laws that give blind persons priority to operate vending facilities on city, county, and state property. Such laws are modeled after the federal Randolph-Sheppard law. As expressed in K.S.A. 75-3337, the state laws have been enacted "for the purpose of providing blind persons with remunerative employment, enlarging the economic opportunities of the blind, and stimulating the blind to greater efforts in striving to make themselves self-supporting...." From 25 to 30 blind persons are usually employed as vending facility managers. Average annual income is approximately \$19,500. Assessments are levied against net profits of facilities. The assessments are used to earn matching federal vocational rehabilitation funds at the rate of four federal dollars for each dollar of assessment. The combination of federal and assessment funds is used to operate the vending facilities program. Approximately \$4,300 of assessment is expected from each vending facility. This can earn \$17,200 of federal funds. The total can be applied to vending facility program operating expenses or program enhancements which benefit all of the blind vending facility managers.

Absence of priority in the past has resulted in questions about the right of blind persons to operate vending facilities in city and county buildings and has increased the difficulty of establishing vending facilities to be operated by the blind. The proposal provides for normal binding arbitration procedures with a neutral third party serving as chairperson of an arbitration panel when disputes arise, i.e., when a department or agency fails to comply with the Act or regulations. An example of a dispute is a county's opting to issue a contract for courthouse food service to a private vendor without giving preference or priority to a licensed blind vendor. The proposal establishes a committee of blind vendors whose responsibilities are consonant with those specified in federal regulations.

The effect of passage will make it easier for blind persons to operate vending stands in buildings controlled by departments, agencies, or instrumentalities of the state of Kansas. This will enlarge employment

opportunities for the blind and stimulate even more blind persons to become self-supporting.

There is no way to project precisely the number of new vending facilities that will result from this proposal. As current food service contracts in city, county, and state buildings expire, the vending facility program for the blind will have opportunities to open facilities at those sites. Relocation of city, county, and state employees to new offices offers potential for new vending facilities. It is estimated that approximately four new vending facilities are likely to become available in the next four years. Each site is expected to provide employment for at least one blind person. Vending facilities that result from the proposal are expected to provide an average annual income of \$19,500 for the blind managers. An average of \$4,300 per facility per year is expected to be assessed against net profits. The assessment is used to operate the vending facility program. No state tax funds are used for this program.

All blind vending facility managers, i.e., usually from 25 to 30, stand to benefit from this proposal by having assessment funds and matching federal funds applied to program operation and enhancement. If the program is forced to rely less on federal funds, there will need to be more reliance on assessment funds as a primary source of program financing.



STATE OF KANSAS

MIKE HAYDEN, GOVERNOR

STATE DEPARTMENT OF SOCIAL AND REHABILITATION SERVICES

REHABILITATION SERVICES

2700 WEST 6TH STREET
TOPEKA, KANSAS 66606
VOICE/TDD (913) 296-3911
KANS-A-N 561-3911

Services for the Blind
First Floor - Biddle Building
2700 West Sixth Street
Topeka, Kansas 66606
Phone (913) 296-4454

The Honorable J. Frank Buehler
State Representative
Room 425-S, State Capital Building
Topeka, Kansas 66612

Dear Representative Buehler:

This letter is to confirm our telephone discussion today about H.B. 2504.

Because of federal regulations, a committee of blind vendors has existed for many years. It has been called an advisory committee in state law. The Department of Social and Rehabilitation Services has paid committee members' expenses to attend committee meetings. H.B. 2504 uses the expression "state committee" instead of advisory committee to make state law consistent with language in the federal regulations. The Department will continue to pay committee expenses as in the past. No increase in expense is expected. No state tax funds are used for this item. Eighty percent (80%) of funds used are federal vocational rehabilitation funds, and the other funds are assessments levied against net profits of vending facility managers.

Please let me know if you need additional information.

Sincerely yours,

Richard A. Schutz, Ph.D.
Director
Services for the Blind

RAS/lrm

cc: Secretary Harder
Commissioner Watson

Randolph Sheppard Vendors of Kansas

Testimony

To: House Committee of Appropriations

Date: March 23, 1987

From: Larry E. Waymire Secretary/Treasurer
Randolph Sheppard Vendors of Kansas
President
Capitol Chapter, National Federation
of the Blind of Kansas

Regarding: Testimony for Committee of Appropriations House Bill #2504

Economic Impact Analysis by Robert Glass & Richard Sexton

University of Kansas

Following is a brief overview of the above. I have taken the liberty of noting what I feel to be the significant points of this economic analysis, along with relevant facts pertaining to the Business Enterprise Program.

The Blind Vending Facilities Program in Kansas does yield tangible economic benefits well in excess of its level of public support.

The State's share of public funds comes from the vendor's earnings, ei, no State Tax Dollars.

The Program's benefit/cost ratio is about 8.27; or, for every \$1 spent on the Program, about \$7 are returned into the economy.

New income and employment generated through the Vending Facility Program will create additional income and employment through the multiplier process.

The total number of jobs created in 1978 was estimated to be 102, with the number increasing to 128 in 1986.

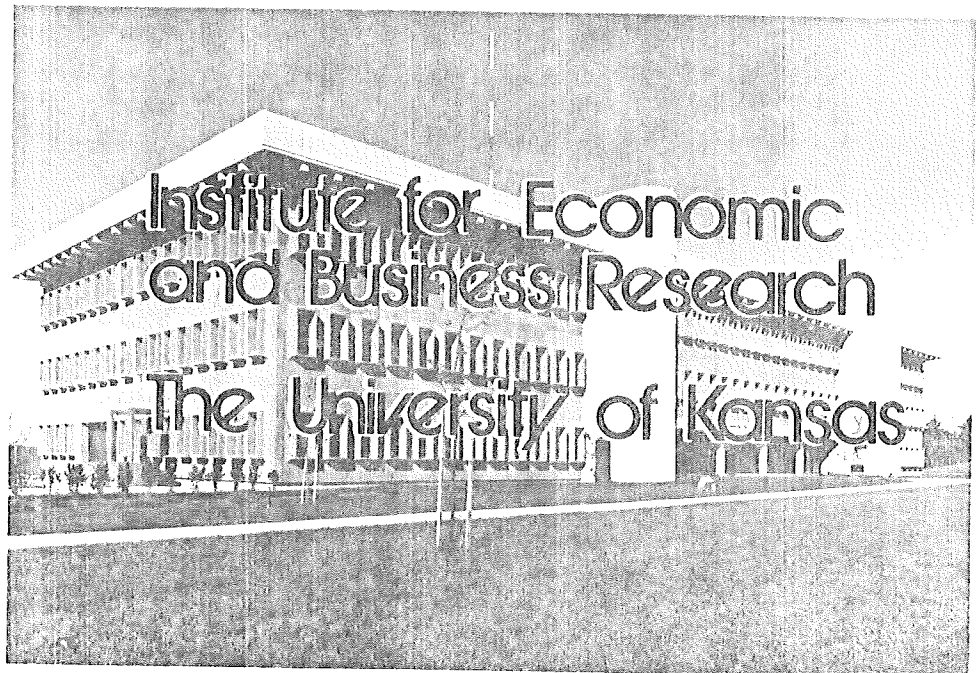
The 1983-86 estimates assume no changes in net income earned by the Program from the 1982 level. I feel the net income has risen. Also the State retail sales tax has risen since this survey.

Participation levels in the Program have been nearly unchanged since 1978. The reason for Bill #2504 is to increase employment opportunities within the BEP, among other things.

The study was rather conservative, by the authors' own admission, and assessed only the Program's tangible benefits, when it also generates significant intangible virtues.

The National Federation of the Blind of Kansas, an active and concerned consumer group, stands alongside the Randolph Sheppard Vendors of Kansas in regards to support for passage of House Bill #2504.

Research Papers in Economics & Business



AN ECONOMIC IMPACT ANALYSIS OF THE BLIND
VENDING FACILITIES PROGRAM IN KANSAS

Project Director

Robert Glass

Anthony Redwood
Director

Institute for Economic and Business Research
University of Kansas

November, 1983

This study was funded through the State Department of Social and Rehabilitation Services. All views expressed are solely those of the authors. Richard Sexton and Michael Valk assisted Mr. Glass on this project.

An Economic Impact Analysis of the Blind Vending Facilities Program
in Kansas

INTRODUCTION

According to the most recent Census Bureau figures, 8.9 percent of working age Americans have some disability which limits the amount of kind of work they can perform. Twenty-six percent of those in this group live below the poverty rate, and only 22 percent worked full-time for the whole year in 1981.

Because of their reduced labor force participation, disabled persons are significant participants in major government assistance programs. In fact, 23 percent of the 12.1 million food-stamp recipients in 1981 were disabled while 37 percent of those receiving Medicaid had a work disability.

The development of training programs to better assimilate the disabled into the work force has long been a goal of public policy in the United States. Many would argue that such programs are meritorious irrespective of the cost outlays incurred. A more pragmatic approach, however, would require that these programs, just as any other, justify their mandate by yielding a tangible, positive economic impact at least commensurate with the public cost outlay.

Adopting such an approach, this study investigates one particular training program for the disabled, the Blind Vending Facilities Program in Kansas. The mandate for such programs came in 1936 with the passage of the Randolph-Sheppard Act which directed that state licensing agencies be commissioned to provide opportunities and encouragement for blind people to become self-sufficient and contributing members to society. The principal means by which this mission was to be discharged was the establishment of blind-managed vending operations in public facilities. The original legislation was strengthened and modified with the passage of the Randolph-Sheppard Act Amendments of 1974.

In evaluating the economic impact of the Blind Vending Facilities Program, the analyst's primary interest lies in determining the extent to which the program has succeeded in moving blind people from the public assistance rolls into productive positions in the work force. That is, the reduction in public assistance outlays and the commensurate increase in tax receipts constitute the tangible benefit accruing from these programs to the various governmental levels. Measuring these benefits and comparing them to the governmental outlays for this program, therefore, is the methodology employed in this analysis. The methodological problems in making these assessments are by no means small, however, and, hence, a somewhat detailed discussion of the analytical approach is called for and is provided in Section I. The section following discusses in some detail the analytic techniques employed to develop estimates of the economic impact of the Blind Vending Facilities Program, and Section III calculates those estimates. Section IV concludes the study proper, briefly presenting the major findings. Most notably, this section emphasizes that the Program has a positive economic effect on every relevant level of both the state and federal government.

I. Methodology for Estimating Economic Impact

To estimate the economic impact of the Vending Facilities Program, it is necessary to first determine the exact nature of that impact. In this regard, the critical question concerns whether the Vending Facilities Program simply redistributes jobs away from sighted workers to visually handicapped workers or whether the program actually generates new economic activity and increases the number of jobs in the Kansas economy. This issue should be considered from both a static and a dynamic perspective as demonstrated through the construction of a simple example.

For this purpose, first consider the economic impact of establishing a new blind vending facility in Kansas as a discrete activity specific to one singular moment in time. Within this context of static (timeless or noncontinuous) analysis, the economic effects of establishing such a facility in the state depend critically upon the magnitude of unemployed resources within the economy. If the Kansas economy is operating at full employment, then the new vending facility would represent an expansion of the economy. This conclusion follows from the observation that any workers (for example, restaurant employees) displaced by the new facility would be without work only temporarily in a fully employed economy and would quickly become assimilated into other sectors of the economy. Hence, the addition of the visually handicapped workers to the labor force represents an increase in the productive capacity of the work force and, during periods of full employment, results in an increase in the level of income generated in the local economy.

However, if the Kansas economy is operating at less than full capacity with significant numbers of unemployed persons, the economic impact from establishment of the new facility may be considerably different. At the outset, it is quite likely that some of the unemployed persons who are not visually handicapped could receive training and run the new facility in a manner comparable to the visually handicapped person being trained to run the facility. Furthermore, workers displaced due to competition from the blind-run operations would have trouble reassimilating into society in a high unemployment economy. As well, given the widely acknowledged virtues of the market mechanism as a tool for allocating resources, a compelling argument can be made that any viable vending services location would be developed by private enterprise. Under this scenario, the Vending Facilities Program simply replaces private investment with public investment and replaces a slighted manager with a visually handicapped manager. Thus, within a static

environment and with the assumption of substantial unemployment, the economic impact of the Vending Facilities Program is purely distributional, i.e., distributing resources from the sighted to the blind.

Static analysis, however, embraces only part of the economic effect. A dynamic approach, although more complex, can capture an economy's path of adjustment to an economic phenomenon and, in this manner, expose what is hidden from the static approach. Returning to the example of a new vending facility being established during a period of significant unemployment, the result changes when the activity is considered within a dynamic (continuous) context. The initial results of the dynamic analysis are the same as those of the static analysis: public investment replaces private investment and blind employment replaces sighted employment. However, as the economy changes over time, new possibilities for investment develop and new opportunities for employment become available for the unemployed sighted persons. Thus, the visually handicapped person who received the training eventually represents an increase in the productivity of the labor force given that the dynamic changes in the labor market will present over time new opportunities for employment for sighted persons who initially may have lost jobs to the visually handicapped. As such, the long-run result of the dynamic analysis becomes the same as that of the static analysis with full employment: the local economy expands with an increase in productivity and an increase in the level of income.

Thus, when dynamic considerations are incorporated into the analysis, it can be demonstrated that the Vending Facilities Program generates new economic activity and expands the Kansas economy whether one assumes full employment of the Kansas economy or not. Because the dynamic approach is more general in nature and is more appropriate to the present context, it forms the analytical framework for the rest of this study.

II. Estimating Economic Impact

The impact of the Vending Facilities Program upon the Kansas economy can be broken down into two fundamental effects: first, the activity's direct impact upon the economy, and second, the subsequent, reactive effects precipitated by the economic activity as the initial effect works through the economy.

Estimating the direct effect of the vending facilities can be accomplished in a straightforward fashion once the methodological issues are resolved. These concerns, as noted, revolve around the displacement effects due to blind workers initially replacing sighted workers and, consequently, the diffusion process as the disenfranchised sighted workers become assimilated back into the work force through the manifestation of new economic opportunities.

As the displaced sighted workers acquire new, productive employment, the Vending Services Program begins to generate new income, which constitutes the direct impact from the Program. Also important to recognize, however, is that economic activity begets further activity through what is commonly known as the multiplier process.

Basically, the multiplier process derives from the fact that income obtained by one person, when spent, becomes income to another person, and so forth. Hence, income becomes "multiplied" as it moves through the economy. This process, though, does not continue indefinitely and eventually atropies as income and expenditure "leak" from the point of initial income creation. Leakages can take the form of savings, taxes, or purchases of goods and services outside the local economy. Once income has left the local economy, it, of course, is no longer able to create further activity, and hence, the multiplication process ends.

An intuitive analogy for the multiplier phenomenon is the throwing of a rock into a pond. The immediate result is the splash which corresponds to the initial impact of an economic activity on an economy. Then, following the rock's descent, the impact can still be detected in the ensuing ripples. As these concentric circles expand toward the edge of the pond, they slow and diminish in force. This effect corresponds to the secondary or indirect impact of an economic activity; in fact, these secondary effects are sometimes referred to by economists as "the ripple effect."

Ripple effects, by nature, are not easy to estimate because they cannot be directly observed. This difficulty is surmounted in most cases through estimation of a multiplier which enable the secondary effects to be estimated without having to observe them.

The multiplier employed in this study was adapted from Kansas State University Professor Jarvin Emerson's Kansas Economy Input-Output Model. The multiplier is 1.84, and it relates directly to eating and drinking establishments in Kansas. This value corresponds closely to economic intuition concerning its appropriate value and is also consistent with previous Institute experience in the development of multipliers for Kansas.

Once a multiplier is in hand, the total income (TI) created from an infusion of economic activity (i.e., the direct and the secondary effects) is estimated as simply the product of the income multiplier, M_I , and the direct impact (DI). That is $TI = DI \times M_I$.

The remaining methodological consideration concerns positing the manner in which the direct impact is realized, i.e., the displacement and diffusion mechanism.

Based upon the discussion in Section I, the displacement effect, d , can be modeled as a function of time, t . Hence, it can be expressed as $d(t)$. The exact functional form of d depends upon economic conditions. In a full employment economy, as noted, assimilation of displaced workers occurs very quickly, and $d(t)$ tends toward zero over a short time interval. When economic conditions are poor, as they have been over much of the time interval covered by this study (1978-82), displaced will persist over a longer period.

Aside from this basic theory, there are few categorical rules to guide modeling of the displacement process, a condition that necessitates the exercise of some discretionary judgments on the analysts's part. Based, then, upon the judgment of the Institute analysts, the poor economic conditions which prevailed in Kansas over 1980-82 suggest that initial period displacement would be high. Therefore, it was assumed that $d(t_0) = 1.0$ where t^0 is the time period immediately following an infusion of economic activity from the Vending Services Program. It was further assumed that total reassimilation of displaced workers would occur after five years: $d(t_0+5) = 0$. And, because no other adjustment rate would seem innately superior to it, a simple, linear adjustment was assumed over the five-year period: $d(t_0 + 1) = 0.8$, $d(t_0 + 2) = 0.6$, $d(t_0 + 3) = 0.4$, and $d(t_0 + 4) = 0.2$.

In the forthcoming economic impact calculations, these adjustment parameters are applied only to new levels of economic activity flowing from the Program during the study period. For that level of activity which existed through 1978, it was assumed that the displacement effects had already worked their course or, in other words, that those displaced by the development of blind vending facilities had already become reconstituted within the work force. This assumption is plausible given the Program's relatively long history and the favorable economic conditions which prevailed during the 1975-78 period.

III. Estimated Impact of the Vending Facilities Program

A. The Total Income Effect

The income data for the Vending Facilities Program used for this study were for FY 1978 through FY 1982. (The fiscal year in this instance runs from October through September.) This length of time horizon is consistent with the intent to smooth out any possible aberrations of one particular year while avoiding the influence of possible institutional changes over longer time periods.

The direct income effect from the Program for each year is the net income (NI) generated by the program less any displacement effects. Table 1 contains NI (gross income-cost of goods sold) from the program in Kansas for FY 78 - FY 82. In each of the years examined, the Program attained some increase in the (current dollar) volume of income created.

Table 2 presents calculations of the total income effect. Total income (TI) in 1978 (year 1) is merely $NI_{78} \times 1.84$, because of the initial steady-state assumption. For 1979, however, new net income (NI_{79}) created during that year must go through the adjustment process. Hence,

$$TI_{79} = [NI_{78} + (1 - 0.8) NI_{79} \times 1.84 = \$1,637,000$$

The displacement effect for 1979 (also displayed in Table 2) is $NI_{79} \times 0.8 = \$74,200$.

Table 1

Net Income (Current Dollars) Earned in the Vending Facilities Program in Kansas

| | FY 78 | FY 79 | FY 80 | FY 81 | FY 82 |
|---|-------------|-------------|-------------|-------------|-------------|
| GROSS INCOME (Total Sales from Vending Operations) | \$1,977,077 | \$2,183,298 | \$2,561,459 | \$2,580,343 | \$2,613,130 |
| Cost Goods SOLD | 1,087,392 | 1,200,814 | 1,408,802 | 1,418,189 | 1,437,222 |
| NET INCOME (Gross - Cost of) Income Goods | 889,685 | 982,484 | 1,152,657 | 1,161,154 | 1,175,909 |
| CHANGE IN NET INCOME | -- | 92,799 | 170,172 | 8,498 | 14,754 |

Table 2

Total Income Effect (Thousands of Dollars)

| NET EFFECT | 1978 | 1979 | 1980 | 1981 | 1982 | 1983 | 1984 | 1985 | 1986 |
|-------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| EFFECT OF 1978 | \$1,637.0 | \$1,637.0 | \$1,637.0 | \$1,637.0 | \$1,637.0 | \$1,637.0 | \$1,637.0 | \$1,637.0 | \$1,637.0 |
| EFFECT OF 1979 | | 34.2 | 68.4 | 102.5 | 136.6 | 170.8 | 170.8 | 170.8 | 170.8 |
| EFFECT OF FY 1980 | | | 62.6 | 125.3 | 187.9 | 250.5 | 313.2 | 313.2 | 313.2 |
| EFFECT OF FY 1981 | | | | 3.1 | 6.3 | 9.4 | 12.5 | 15.6 | 15.6 |
| EFFECT OF FY 1982 | | | | | 5.4 | 10.8 | 16.2 | 21.6 | 27.0 |
| TOTAL | \$1,637.0 | \$1,671.2 | \$1,768.0 | \$1,867.9 | \$1,973.2 | \$2,078.5 | \$2,149.7 | \$2,158.2 | \$2,163.6 |

Displacement Effect (Thousands of Dollars)

| DISPLACEMENT | BEFORE 1978 | 1979 | 1980 | 1981 | 1982 | 1983 | 1984 | 1985 | 1986 |
|---------------------------------|----------------|------|-------|-------|-------|------|------|------|------|
| EFFECT OF FY 1978 AND BEFORE | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| EFFECT OF FY 1979 | | 74.2 | 55.7 | 37.1 | 18.6 | 0 | 0 | 0 | 0 |
| EFFECT OF FY 1980 | | | 136.2 | 102.1 | 68.1 | 34.0 | 0 | 0 | 0 |
| EFFECT OF FY 1981 | | | | 6.8 | 5.1 | 3.4 | 1.7 | 0 | 0 |
| EFFECT OF FY 1982 | | | | | 11.8 | 8.8 | 5.9 | 2.9 | 0 |
| TOTAL | \$0 | 74.2 | 191.9 | 146.0 | 103.6 | 46.2 | 7.6 | 2.9 | 0 |

Total income created for 1980 is found by expanding this procedure one additional step: NI_{79} goes through phase 2 of the adjustment process, and NI_{80} goes through phase 1. Hence,

$$TI_{80} = [NI_{78} + (1 - 0.6) NI_{79} + (1 - 0.8) NI_{80}] \times 1.84 = \$1,768.00$$

The displaced income for FY 80 is $0.6 \times NI_{79} + 0.8 \times NI_{80} = \$191,900$.

Further elaboration on the calculation methodology used to obtain Table 2 should be unnecessary. The table carries forward computations through FY 86. Those for FY 83 - FY 86 assume no new expansion of NI from the Program during these years. Total income created continues to grow, though, as the displacement effect continues to decay.

Summing up the Program's income impact over the five-year interval obtains \$8,916,00 in new total income created. Over the nine-year interval from 1978-86, the figure is \$17,466,000.

B. Estimated impact on Other Economic Variables

Estimation of the Program's Impact on other important variables is accomplished by exploiting the close relationship which exists between income and variables such as employment, retail sales, and taxes. For example, an employment multiplier for Kansas M_E , can be estimated simply as the ratio of total employment in the state to Kansas personal income, i.e.,

$$M_E = \frac{\text{Total Kansas Employment}}{\text{Total Kansas personal income}}$$

Although simple in form, this expression incorporates the fact that most personal income is created through employment, and that, therefore, from year to year, the ratio should remain very stable, changing only due to higher salaries over time.

Given M_E , the estimated employment impact of the Vending Facilities Program for any year is that year's M_E times that year's total income effect.

The methodology used to compute the so-called multipliers for the other variables analyzed in this study mirrors that utilized for employment. Hence, the expressions are presented below with little elaboration:

$$\text{Retail Sales: } M_R = \frac{\text{Kansas Retail Sales}}{\text{Kansas Personal Income}}$$

Accurate retail sales data are available only through the pentade Census of Retail Trade; therefore, M_R cannot be adjusted annually. Presently, the most recent data is for 1977.

$$\text{Retail Sales Tax: } M_R = \frac{\text{Kansas State-Level Retail Sales Collections}}{\text{Kansas Personal Income}}$$

$$\text{State Income Tax: } M_{ST} = \frac{\text{Kansas State Income Tax Collections}}{\text{Kansas Personal Income}}$$

Federal income tax data for Kansas are not yet available for the years after 1980. Therefore, the 1980 multiplier was extended into the future. This fact, given the 1981 and 1982 tax cuts, probably overestimates the tax impact to some small extent.

$$\text{Federal Income Tax: } M_{FT} + \frac{\text{Kansas Federal Income Tax Collections}}{\text{Kansas Personal Income}}$$

Estimates for 1978-82 of the multipliers developed in this subsection are contained in Table 3. Table 4 contains the results from applying the constellation of multipliers to the annual total income effects derived in Table 2. The total number of jobs created in 1978 is estimated to be 102 with the total increasing to 118 in 1982 and eventually stabilizing at 128 in 1986 after the displacement effects have been completed.

Table 3

| | 1978 | 1979 | 1980 | 1981 | 1982 and BEYOND |
|----------------------------------|--------|--------|--------|--------|-----------------|
| EMPLOYMENT MULTIPLIER | 0.0625 | 0.0555 | 0.0517 | 0.0459 | 0.0429 |
| RETAIL SALES MULTIPLIER | 0.4640 | 0.4640 | 0.4640 | 0.4640 | 0.4640 |
| RETAIL SALES TAX MULTIPLIER | 0.0176 | 0.0163 | 0.0158 | 0.0150 | 0.0146 |
| STATE INCOME TAX MULTIPLIER | 0.0158 | 0.0150 | 0.0164 | 0.0156 | 0.0188 |
| FEDERAL INCOME TAX MULTIPLIER | .0842 | 0.0899 | 0.0899 | 0.0899 | 0.0899 |

TABLE 4

The Effect of the Vending Facilities Program on Other Economic Variables

| | 1978 AND BEFORE | 1979 | 1980 | 1981 | 1982 | 1983 | 1984 | 1985 | 1986 |
|--|--------------------|-------|-------|-------|-------|-------|-------|---------|---------|
| EMPLOYMENT GENERATED (Number of Jobs) | 102 | 104 | 109 | 114 | 118 | 124 | 127 | 127 | 128 |
| RETAIL SALES GENERATED (Thousands of Dollars) | 759.6 | 775.4 | 820.4 | 866.7 | 915.6 | 964.4 | 997.5 | 1,001.4 | 1,003.9 |
| TAXES GENERATED IN THOUSANDS OF DOLLARS | | | | | | | | | |
| RETAIL SALES TAX | 28.8 | 27.2 | 27.9 | 28.0 | 28.8 | 30.3 | 31.4 | 31.5 | 31.6 |
| STATE INCOME TAX | 25.9 | 25.1 | 29.0 | 29.1 | 37.1 | 39.1 | 40.4 | 40.6 | 40.7 |
| STATE TOTAL | 54.7 | 52.3 | 56.9 | 57.1 | 65.9 | 69.4 | 71.8 | 72.1 | 72.3 |
| FEDERAL INCOME TAX | 137.8 | 140.7 | 157.2 | 166.1 | 175.4 | 184.8 | 191.1 | 191.9 | 192.3 |

Similarly, new retail sales were estimated to be \$759,600 in 1978, increasing thereafter to \$915,600 in 1982, and eventually stabilizing at \$1,003,900 in 1986.

New revenue collections from the taxation of the sales and income generated by the Program were estimated to total \$54,700 in 1978, to increase to \$65,900 by 1982, and to stabilize at \$72,300 by 1986. Finally, federal tax collections were enhanced by an estimated \$137,800 in 1978, \$175,400 in 1982, and \$192,300 when the steady state is attained in 1986.

Some notes are in order concerning the appropriate interpretation of these figures. In particular, it should be reiterated that the 1983-96 estimates assume no changes in net income earned by the Program from the 1982 level. The changing estimates are due to the displacement effects. Also worth noting is that retail sales and tax collections are flow variables which can be summed over time to yield an aggregate total. For example, total new retail sales estimated for 1978-82 were \$4,137,700. The estimated total over the nine-year period from 1978-86 is \$8,104,900.

Similar aggregations for the tax variables are as follows:

| | <u>1978-82</u> | <u>1978-86</u> |
|-------------------------|----------------|----------------|
| Kansas Retail Sales Tax | \$140,700 | \$ 265,500 |
| Kansas Income Tax | 146,200 | 307,000 |
| Total Kansas Tax | 286,900 | 572,500 |
| Federal Income Tax | 777,200 | \$1,537,300 |

Employment, conversely, is a stock variable which should not be aggregated across years because, from year-to-year, basically the same jobs are being counted. Thus, it is only appropriate to say that about 128 jew jobs will have been created by the Program.

C. Net Economic Impacts of the Blind Vending Facilities Program in Kansas

It was estimated in Subsection A that \$8,916,000 in new net income was created by the Program from 1978-82. Total combined State and federal outlays to fund the Program over this period totaled \$1,077,606. Therefore, it is estimated that, overall, this Program yielded \$7,838,394 in benefits net of cost during the period. Two caveats must be made concerning this result, however. First, it is based upon the assumption that the blind workers did not contribute to the level of economic activity prior to the Program, and secondly, it incorporates on the cost side only the expenditures made on the Program from 1978-82. In the economic lexicon, there are marginal expenditures, and they do not incorporate the fixed and infrastructural costs which initially went into establishing the Program. From an economic perspective, however, these earlier costs are sunk costs and are not relevant for decision making. Hence, in judging the economic viability of the Program, only marginal costs should be considered.

The Program's specific impact on the state and federal budgets is detailed in Table 5. Costs to these governments from the Program are the annual training costs discussed above. These data were provided by the Kansas Services for the Blind and are listed in the top portion of Table 5 for each year from 1978-82. The benefits to government from the Program are the reduction and eventual elimination of transfer payments to those who work in the Program and the tax receipts from the income and sales generated by the Program.

The principal transfer payment to the blind comes from the federal government's social security fund. Although the blind also participate to some extent in other federal transfer programs, such as food stamps and Medicaid, as well as, perhaps, some state programs, no data were available to document participation levels, and, therefore, only the reduction in the social security.

Table 5

Net Effect on State and Federal Government Budgets

| EXPENDITURES | 1978 | 1979 | 1980 | 1981 | 1982 |
|--|---------|---------|---------|---------|---------|
| STATE | 41,224 | 11,923 | 0 | 0 | 4,143 |
| FEDERAL | 119,472 | 257,788 | 253,018 | 206,431 | 183,607 |
| REVENUE GENERATED | | | | | |
| STATE | 54,700 | 52,300 | 56,900 | 57,100 | 65,900 |
| FEDERAL | 137,800 | 140,700 | 157,200 | 166,100 | 175,400 |
| FEDERAL EXPENDITURES | | | | | |
| STATE | 152,600 | 175,400 | 194,900 | 191,500 | 180,000 |
| NET EFFECT ON STATE AND FEDERAL GOVT. BUDGETS | | | | | |
| STATE | 13,476 | 40,377 | 56,900 | 57,100 | 61,757 |
| FEDERAL | 170,928 | 58,312 | 99,082 | 151,169 | 171,793 |

cost was calculated. The estimated annual savings in terms of this program are listed in Table 5.

Note that the effect on governmental budgets due to displaced workers does not have to be considered in the present context. This conclusion follows from the assumption that 1978 represented a steady state (previous displaced workers had already been reassimilated) and from the fact that participation levels in the Program have been nearly unchanged since 1978.

Finally, net tax revenue generated by the Program are also reproduced in Table 5. The net annual impact upon the federal budget is the increased tax revenues plus the reduced social security payment less the direct outlay to fund the Program. For the State, the estimated net budgetary effect is simply the tax revenues generated less the direct funding outlay.

Estimates of the annual net budgetary impact at the state and federal level are contained at the bottom of Table 5. Based upon the analysis presented in this study, the Program has a beneficial net impact upon both the federal and state budget for each of the years studied. The total savings from 1978-82 were estimated to be \$229,610 for the State of Kansas and \$651,284 for the federal government.

IV. Conclusion

As revealed in Table 5, the Blind Vending Facilities Program in Kansas manifests positive economic effects at every involved level of the state and federal governments. Indeed, the magnitude of those effects (or impacts) is eloquent testimony to the economic efficacy of the Program in terms of its return on cost and affords a striking illustration of how a public assistance program can be, as well, a program for public benefit. This conclusion is further affirmed by noting that the estimating methodology employed in this study was actually rather conservative. Thus, though the results are only estimates of value, they are moderate estimates and, quite possibly, underestimate the Program's actual contribution.

One final point - distinct from the study's contracted purpose - merits attention in this concluding section. That is, the host of intangible, non-pecuniary benefits arising from the Blind Vending Facilities Program. Foremost among them are the heightened public awareness of the contributions the handicapped can - and do - make to society, the heightened self-esteem of the handicapped engendered by their contributing role in society, and the inestimable value redounding to society at large when its less advantaged citizens are afforded their rights of full participation in the social and economic life of their state and country.

Admittedly, these effects cannot be quantified; yet the authors of this study contend that benefits of this kind contribute significantly to creating a social ethos that satisfies an absolutely necessary sense of public responsibility.

Kansas Association for the Blind and Visually Impaired, Inc.

March 23, 1987

TO: House Appropriations

FROM: Michael J. Byington, Registered Kansas Lobbyist

SUBJECT: HOUSE BILL 2504

Our organization rises in support of House Bill 2504. We are the largest and oldest all volunteer advocacy organization for the blind and visually impaired in the state of Kansas.

The Kansas Legislature and its many Committees are frequently presented with information concerning unemployment. When unemployment in a given rural or urban area hits 10%, lawmakers from the area scream with concern and take decisive actions to change the situation. Think now about unemployment of the blind and legally blind working age adult. That figure ranges from 66% to 70% according to materials provided by the President's Committee on Employment of the Handicapped and the American Council of the Blind. As a lobbyist concerned the blind and legally blind, I find this figure is quite upsetting.

Under most circumstances, if a lobbyist came to you and told you there was a program which could prevent unemployment of the blind and legally blind, and told you that that program is of no costs the tax payers, but rather strengthens the general economy of the state, you would categorize the allegation right up there with ocean front property in Kansas. In this case, however, the claim is true; such a program exists in the personification of the Business Enterprises Program of the Kansas Division of Services for the Blind, operated under the authority of the United States Randolph-Sheppard Act and the Little Randolph-Sheppard Act of Kansas, K.S.A. 75-3337 et seq. It is my understanding that this bill has come before this Committee after having been already reported favorably by House Public Health and Welfare, because there is some question as to whether there is a fiscal note. Please be assured, there is none. The vending facilities and other related program costs do not cost the Kansas tax payer anything. The blind vendors are independent businesspersons whose incomes are based on their promotional and management skills. All that is provided to them by the State is management training, equipment, and monitoring; the federal and state laws provide for the space to be made available to the blind vendor, but none of the items just mentioned come to the vendor free. Each blind vending facility manager pays a fee for training, monitoring, equipment, and space called an assessment. This is paid to the Kansas Division of Services for the Blind and is used to keep the Business Enterprises Program self-supporting. The assessment is a business expense paid by the blind vendor just as any other businessperson might have. Thus in looking at the total picture, the financial support which comes to the Business Enterprises Program is thus 80% federal, and the 20% which is

State match comes from the assessment fund just described. Nothing comes from the pockets of the Kansas tax payers. In fact, no federal funds are actually lost through the program either. While the United States Government does support the program, the taxes paid by the working blind vendors, and the savings saved by not paying these individuals public benefits they would receive as blind persons if they were unemployed, more than makes up for the federal taxes expended. In other words, the program is a money maker for the State of Kansas and the United States. Any travel noted in this bill, or any other seeming expenses, would come from the assessment fund. This fund is solvent to handle these expenditures.

It is not very often that the Appropriations Committee has an opportunity to hear about the Business Enterprises Program of the Division of Services for the Blind, especially considering that the program does not cost anything. Thus, I am assuming it might be helpful to some of you to know a little more about the history of this unique and successful employment program. The Randolph-Sheppard Act was adopted by the United States Congress during the Roosevelt Administration. It provided for blind and legally blind individuals to be trained as restaurant and concession managers, and to then have priority to manage such facilities located in federal facilities. The program was so successful, that all states soon followed with their own little Randolph-Sheppard acts providing for similar training of the blind in order for them to also manage cafeterias and concession stands in state, county and city buildings. The Kansas Little Randolph-Sheppard Act is K.S.A. 75-3337 et seq. It has served Kansas well over the past several years and currently there are 28 vending facilities in the state operated by blind managers trained and licensed by the Kansas Division of Services for the Blind. These food service establishments are located not only in federal, state, county, and city buildings, but also, the program offers such expertly managed food service establishments, several privately owned factories and office buildings feature cafes managed by blind vendors trained and supervised by the Kansas Division of Services for the Blind. A 29th location is to open soon. The closest Randolph-Sheppard cafe facility to all of you is located in this building with outlets on the first and third floors. Other facilities in the state range from locations featuring a total vending machine operation to full service cafeterias.

Without this program, there are somewhere around 28 blind or legally blind individuals who would not be working. Given the unemployment statistic with reference to the blind, it can be assumed that these individuals probably would not be able to find other employment. They would then be a draw on the tax payers rather than be tax payers themselves. Now none of the Kansas vendors are getting rich from their labors. The incomes of the managers vary, but most blind vendors work hard and thereby produce a middle-class income. They pay taxes on this income just as does everyone else.

The existence of the currently 28 Randolph-Sheppard vending facilities managed by blind people does not just benefit the managers with employment. Many of the facilities are large enough to warrant several employees under the supervision of the blind manager. Thus, over 75

other individuals, as well as the blind managers, are employed through the program.

House Bill 2504 simply updates the Kansas Little Randolph-Sheppard Act to make it consistent with the current federal Randolph-Sheppard Act. It will thus open more opportunities for the employment of the blind in the restaurant management field as well as employment opportunities for other Kansans working in the resulting facilities. All of this can occur with no fiscal note except for a positive one as the Kansas economy is assisted. Please act favorably on this bill.