

Approved Feb 18, 1992  
Date

MINUTES OF THE HOUSE COMMITTEE ON ECONOMIC DEVELOPMENT

The meeting was called to order by Representative Diane Gjerstad at  
Chairperson

3:35 ~~xxx~~ a.m./p.m. on Monday, February 3, 1992 in room 423-S of the Capitol.

All members were present except:

Representatives Bishop, Dean, Edlund, Mead, Wagnon and Wisdom. Excused.

Committee staff present:

Lynne Holt, Legislative Research  
Betty Manning, Secretary

Conferees appearing before the committee:

Sam Brownback, Secretary, KS State Board of Agriculture  
Eldon Fastrup, Dir., Marketing Div., State Board of Agriculture

Chairperson Gjerstad called the meeting to order at 3:35 p.m.

The Chair reminded committee members of the joint meeting tomorrow with House Education Committee in Old Supreme Court Room 313S to hear presentation on Adult Basic Educational Skills by Dr. Charles Krider.

The Chair welcomed Sam Brownback, Secretary, Kansas State Board of Agriculture, who responded to questions committee members had concerning interaction between Department of Commerce, Trade Development Division and State Board of Agriculture, Marketing Division. He asked that Eldon Fastrup, Director of the Marketing Division, speak generally about the marketing division and specifically about concerns of joint cooperation.

Mr. Fastrup stated the primary goal of marketing division is to provide most advantageous marketing products which expand and create new markets for agricultural commodities and food products. He commented that the key factors in their marketing programs success are avoiding duplicating services available elsewhere, projects must be underpinned with extensive planning efforts and all projects designed and conducted to maximize cooperation with other appropriate program services. Attachment 1.

Mr. Fastrup presented tables showing the division's cooperative status for projects in FY 1992, noting that cooperation and networking with other agencies give more and better services to the state. Mr. Brownback and Mr. Fastrup responded to questions from committee members.

The Chair thanked Mr. Brownback and Mr. Fastrup for appearing before the committee.

The meeting was adjourned at 4:55 p.m.

Feb 3, 1992

GUEST REGISTER

HOUSE

Committee on Economic Development

NAME

ORGANIZATION

ADDRESS

Allen L. Lichten

KGC

Topeka

Jerry Dudley

KS Bd of Ag.

Topeka

Charles Patton

KSBOA

Topeka

Terry Decker

KSBOA

Topeka

Bob Sherman

Topeka J. FTZ

Topeka

J. Beckley

KDOC

Topeka

L. C. HILDS

KDOC

Topeka

Jim McBrion

observer

Topeka

Susan Wyatt

Ks Farmers Union

W. Pherson

Jack Staats

Ks FW

Junction city

Raymond Fowler

K F U

Empire

**PRESENTED**

**TO**

**House Economic Development**

**Committee**

**Diane Gjerstad, Chairperson**

**February 3, 1992**

**Submitted By:**

**Sam Brownback, Secretary**

**Kansas State Board of Agriculture**

**Eldon Fastrup, Director**

**Marketing Division**

*Eco-Devo  
Attach #1  
02-03-92*

The Marketing Division of the Kansas State Board of Agriculture has been in existence since 1947 when it was statutorily established.

The division is made up of two major sub-programs: (1) Agricultural Marketing, Promotion and Development; and (2) Grain Commodity Research and Market Development, commonly referred to as commodity check-off programs.

The Grain Commodity sub-program is primarily responsible for conducting campaigns of education, production research, and market development for agricultural commodities, namely corn, soybeans and grain sorghum. Its funding is derived from assessments on the sale of these commodities at the point of first purchase. It is governed by commissioners who are appointed by the Governor from producer districts within the state.

The Marketing, Promotion and Development sub-program is responsible for studying and recommending efficient and economical methods of marketing agricultural products; gathering and diffusing timely and useful information concerning the supply, demand, prices and commercial movement of these products; conducting market development activities and to assist and coordinate participation by commodity organizations, companies, trade organizations, producers and other in programs to develop new markets and sales for Kansas food products. This sub-program is also authorized to make agreements with other states and the U.S. government to accept funds from the federal government agencies for research studies, market development, and other purposes related to the duties of the division.

The primary goal of the Marketing Division is to provide the most advantageous marketing projects which expand and create new markets for Kansas agricultural commodities and food products. Each of the divisions operating sections: Domestic Marketing; International Marketing; Development Services; Non-Food Utilization; and Commodity Commissions, is designed to provide highly targeted-specific fit programs, services and staff to achieve this goal. (Organizational information provided).

It is important to note the division program structure is able to provide a series of specific services to individuals needing assistance from product development, to start-up production, to market information analysis, to domestic marketing, to international market development.

All of which are primarily client driven and are evaluated to measure quantitative results.

A summary listing of major projects and programs together with their results for FY 91 and first half of FY 92 is attached for your review. *Table #I = FY 91 Summary of Project Results; Table #II = FY 92 First Six Months Summary of Project Results.* Keep in mind, this is a listing only of more major projects which we target to track results and does not include many of our day-to-day services and lessor projects. The project summary listing shows: the very wide range of projects that each section of the division is involved in; and quantitative results achieved for program participants as expressed by a Program Benefit/Cost Comparison.

The critical information set forth in the Tables can be capsulized as follows:

Table #I

The division targeted and evaluated 13 domestic market development projects; 4 development service section projects; 6 international market projects; and 2 Non-Food Use activities which contributed to a total of \$10,545,117 in verified new sales; \$4,977,075 dollars of direct economic impact, and \$282,468 dollars of free media value.

The last page of Table I shows the Benefit/Cost Ratio for FY 1990 of \$10.68 and for FY 1991 of \$14.37. This simply shows for each dollar of total program expenditures a return benefit of \$10.68 in FY 90 and \$14.37 for FY 91 was achieved. This ratio does not include Procurement Mission sales of \$2,360,000 in FY 90 or \$11,900,000 in FY 91 or \$10,891,000 in FY 92.

Table #II

The data on this table presents for FY 92 information similar to that contained on Table #I. Of course, as you will note evaluation of many projects for this year have not been completed at this time.

The division is very proud of the high number of projects conducted each year and the important Benefit/Cost measure of program results to our clients.

An important side lite, is the fact the division has enjoyed a reputation of success for a number of years. The division was the first state agriculture marketing

program to be awarded the "Presidential E" certificate for Outstanding Export Service in 1982. More recently several National Food Trade publications have reported on our FROM THE LAND OF KANSAS domestic marketing program. This has lead to requests from many other states for information and staff presentations relative to our program.

Now after briefly describing the division and its programs, it is important to comment on several key factors which make major contributions to our marketing programs success. First, and foremost, the program must avoid duplicating services available elsewhere; second, the program projects must be underpinned with extensive planning efforts; and thirdly, all program projects must be designated and conducted so as to maximize cooperation with other appropriate available program services.

It is without question, the success of the marketing division program is related to cooperation with others.

Table #III

Is presented for your review with its purpose being to demonstrate the division's cooperation status for projects in the current year FY 92.

A capsulization of the table is that the division has or plans to conduct and/or participate in 51 projects and functions. This inturn involves 123 other cooperating interests. The cooperators range from producer organizations, national groups, U.S. Department of Agriculture, universities, private businesses, extension, local

school districts, and state agencies. In some cases a cooperator may join in more than one of the 51 projects and in some projects the division leads and supports on others.

Fourteen of the 51 projects involve cooperation between divisions of the Kansas Department of Commerce and the marketing division; Specifically, the thirteen international projects include cooperation with U.S.D.A. Foreign Agricultural Service on 5 projects and with the Trade Division of K.D.O.C. on 3 projects. The "general category" lists 4 other cooperative projects between the two divisions.

The point being, that the marketing division as well as most other agencies do effectively use cooperation and networking in order to give more and better services to the citizens of the state.

In closing I would direct your careful attention to Table #IV. This table covers a time frame of some six years and sets out a listing of 38 major cooperative projects between the Board of Agriculture and Department of Commerce, most all of which involved the respective Marketing and Trade Development divisions. The listing, I believe, supports the conclusion that there has been and continues to be excellent cooperation between the agencies even as Secretaries of the two departments have come and gone.

In consideration of the fact that the state agencies must be increasingly efficient in their management and expenditure of state funds, it is apparent that there are areas for potential cooperation between the Marketing Division of the Board of

**Agriculture and the Trade Development Division of the Department of Commerce that should continue to be accomplished. Whenever and wherever possible, the agencies should and will cooperate to provide the greatest level of service possible, without duplication or competition.**

**I thank the Chairperson and Committee members for this opportunity to appear before you today.**

Feb, 1992

**SUMMARY OF PROJECT RESULTS  
FY 1991  
by Sub-Program**

**VERIFIABLE SALES**

**TABLE 1**

<b>DOMESTIC</b>		
	Kansas Food Expo	\$ 141,800
	Celebrate Retail	1,177,800
	Heartland Market Show	2,000
	Channel 11 Auction	300
	Intl Fancy Food Show	388,700
	Kansas Collection	68,800
	Denver Holiday Show	45,500
	Best of Midwest Show	6,800
	Kansas Restaurant Show	8,000
	IGA/Celebrate	43,200
	Heartland Market Show	1,700
	Kansas State Fair	12,000
	Dallas Market Exhibit	11,666
	<b>TOTAL</b>	<b>\$ 1,908,266</b>
<b>DEVELOPMENT</b>		
	Apple Inspection	\$ 77,551
	Hay Directory	2,800,000
	Christmas Tree Sales	16,800
	<b>TOTAL</b>	<b>\$ 2,894,351</b>
<b>INTERNATIONAL</b>		
	Curacao Food Show	\$ 50,000
	Chihuahua, Mex. Cattle	364,300
	Kansas Beef Expo (Mex)	116,000
	Kansas Food Show (Mex)	135,000

	Mexico Cattle Mission	70,000	
	Daiei/Kansas Meat Promo.	5,000,000	
	<b>TOTAL</b>		<b>\$ 5,735,300</b>
<b>NON-FOOD USE</b>			
	Canola Crop Sales	\$ 7,200	
	<b>TOTAL</b>		<b>\$ 7,200</b>
<b>TOTAL DIVISION VERIFIABLE NEW SALES</b>			<b>\$10,545,117</b>

### MEDIA VALUE

<b>DOMESTIC</b>			
	KAB Grant Program	\$ 157,071	
	4th Q Media Value	32,990	
	3rd Q Media Value	19,050	
	2nd Q Media Value	22,430	
	Play-To-Win/Pittsburg	32,627	
	Holiday PSA Program	3,650	
	1st Q Media Value	14,650	
<b>TOTAL DIVISION MEDIA VALUE</b>			<b>\$ 282,468</b>

### PROCUREMENT MISSIONS

<b>INTERNATIONAL</b>			
	Taiwan Wheat Mission (8/90)	\$11,900,000	
<b>TOTAL DIVISION PROCUREMENT SALES</b>			<b>\$11,900,000</b>

## ECONOMIC IMPACT

<b>DEVELOPMENT</b>			
	Livestock Market Reporting	\$ 4,477,075	
	TOTAL		<b>\$ 4,477,075</b>
<b>NON-FOOD USE</b>			
	Turkey Grower Base	\$ 500,000	
	TOTAL		<b>\$ 500,00</b>
<b>TOTAL DIVISION ECONOMIC IMPACT</b>			<b>\$ 4,977,075</b>

### BENEFIT/COST COMPARISON Marketing Division FY 1990 & FY 1991

<b>FY 1990</b>			
	Benefits from Programs	\$ 10,560,367	
	Costs of Programs	988,892	
<b>BENEFIT/COST RATIO</b>			<b>\$ 10.68/\$1</b>
<b>FY 1991</b>			
	Benefits from Programs	\$ 15,804,660	
	Costs of Programs	1,099,639	
<b>BENEFIT/COST RATIO</b>			<b>\$ 14.37/\$1</b>

**SUMMARY OF PROJECT RESULTS  
FY 1992 - First 6 months  
by Sub-Program**

**VERIFIABLE SALES**

**TABLE 2**

<b>DOMESTIC</b>		
	Wichita Food Showcase	\$ 31,500 to date
	Dallas Resale Show	3,000
	Denver Holiday Show	14,500
	Kansas Restaurant Show	6,800
	Best of Midwest Show	20,500
	Products Account	8,902
	Kansas Connection	11,500 to date
	Major Buyer Promo	in analysis
	Specialty Shop Brochure	in progress
	Celebrate Retail	(May)
	Kansas Food Expo	(May)
	IGA/Celebrate	10,800 to date
	Nash Finch Pilot Promo	10,000 to date
	Intl Fancy Food Show	(Mar)
	<b>TOTAL</b>	<b>\$ 117,502 to date</b>
<b>DEVELOPMENT</b>		
	Apple Inspection	\$ 5,400
	Hay Directory	360,673 to date
	Christmas Tree Sales	19,800
	<b>TOTAL</b>	<b>\$ 385,873 to date</b>
<b>INTERNATIONAL</b>		
	Hong Kong Buyers Mission	\$ 7,200
	Canadian Food Show	in analysis

	MIATCO Mexico Food Show	2,125,000 to date	
	Chihuahua Livestock	11,400	
	Chihuahua Tree Sales	31,500 to date	
	Kansas Beef Expo	(Mar)	
	Sonora Livestock Show	(Apr)	
	Daiei Processed Meat Proj.	(Apr)	
	Mexican Hereford Show	(May)	
	MIATCO Caribbean Show	(May)	
	MIATCO Mono Prix Exhib.	in progress	
	Japan/Kansas Mission	in progress	
	<b>TOTAL</b>		<b>\$ 2,175,100 to date</b>
<b>NON-FOOD USE</b>			
	Canola Crop Sales	\$ 2,400	
	<b>TOTAL</b>		<b>\$ 2,400</b>
<b>TOTAL DIVISION VERIFIABLE NEW SALES</b>			<b>\$ 2,680,875</b>

## MEDIA VALUE

<b>DOMESTIC</b>			
	KAB Grant Program	\$ 39,481 to date	
	4th Q Media Value	(Apr-Jun)	
	3rd Q Media Value	in progress	
	2nd Q Media Value	43,450	
	1st Q Media Value	31,250	
<b>TOTAL DIVISION MEDIA VALUE</b>			<b>\$ 114,181 to date</b>

## PROCUREMENT MISSIONS

<b>INTERNATIONAL</b>		
	Taiwan Wheat Mission (9/91)	\$10,891,000
<b>TOTAL DIVISION PROCUREMENT SALES</b>		<b>\$10,891,000</b>

## ECONOMIC IMPACT

<b>DEVELOPMENT</b>		
	Livestock Market Reporting	in progress
	Hay Market Reporting	in progress
	Fresh Produce Directory	in analysis
	Fish Producers Directory	in analysis
	Direct Hog Market Report	in development
	Christmas Tree Directory	in analysis
	Kansas Hunting Directory	in analysis
	Sunflower Crush Plant	in progress
	<b>TOTAL</b>	<b>\$</b>
<b>NON-FOOD USE</b>		
	Turkey Grower Base	\$ 2,980,000 to date
	Kansas Initiative	100,000
	<b>TOTAL</b>	<b>\$ 3,080,000</b>
<b>TOTAL DIVISION ECONOMIC IMPACT</b>		<b>\$ 3,080,000</b>

**COOPERATION STATUS  
Marketing Division Projects  
FY 1992**

**TABLE 3**

<b>DOMESTIC</b>		
	<b>Specialty Shop Brochure</b>	Kansas Department of Commerce KSU Extension Service Chambers of Commerce
	<b>Festival of Breads</b>	Kansas Wheat Commission Kansas Assn. of Wheat Growers
	<b>Kansas Egg Recipe Contest</b>	Kansas Poultry Association American Egg Board
	<b><u>Kansas Connection</u> Brochure</b>	Kansas Department of Commerce University of Kansas Kansas State University Chambers of Commerce KSU Extension Service Kansas Turnpike Authority
	<b>"Celebrate! Kansas Food"</b>	Kansas Food Dealers Assn. Kansas Retail Grocery Industry Chambers of Commerce KSU Extension Service
	<b>SAVOR FOOD FROM THE LAND OF KANSAS</b>	Kansas Restaurant and Hospitality Assn. Kansas Department of Commerce Kansas Unified School Districts Kansas Department of Education Kansas School Food Service Assn.
	<b>Kansas Recipe Contest</b>	Kansas Department of Commerce

<b>KANSAS FOOD CELEBRATION Expo</b>	Topeka Convention & Visitors Bureau KSU Extension Service Kansas Chamber of Commerce & Industry
<b>Wichita Food Showcase</b>	Wichita Convention & Visitors Bureau Wichita Chamber of Commerce
<b>Domestic Trade Shows</b>	"Best of Midwest" Board (12 states) MIATCO National Assn. for Specialty Food Trade
<b>Kansas Immunization Awareness</b>	Kansas Department of Health and Environment Governor's Office
<b>Midwest Election Officials Conf.</b>	Kansas Secretary of State's Office
<b>Kansas Lamb Cook-off &amp; Merchandising Project</b>	Kansas Sheep Auxiliary Kansas Sheep Association
<b>Kansas Beef Merchandising</b>	Kansas Beef Council
<b>Kansas Pork Merchandising</b>	Kansas Pork Producers Council
<b>Kansas Agriculture Day</b>	Kansas Beef Council Kansas CattleWomen Kansas Pork Producers Council Kansas Sheep Association Kansas Wheat Commission Kansas Sheep Auxiliary Midland United Dairy Industry Kansas Poultry Assn. Kansas Honey Producers Assn. Kansas Soybean Assn. Kansas Corn Growers Assn. Kansas Agri-Women
<b>DEVELOPMENT</b>	
<b>Apple Inspection</b>	USDA Grading Service
<b>Christmas Tree Program</b>	Kansas Christmas Tree Growers Assn.

<b>Aquaculture Project</b>	Kansas Commercial Fish Growers Assn. Kansas Department of Wildlife and Parks Kansas Value Added Center Kansas State University Pittsburg State University Kansas Department of Commerce Kansas Water Office
<b>Frozen Dough Development</b>	Kansas State University Kansas Wheat Commission Kansas Value Added Center
<b>Hay Market Reporting</b>	USDA Market News
<b>Livestock Market Reporting</b>	USDA Market News
<b>Direct Hog Market Report</b>	Kansas Pork Producers Council USDA Market News
<b>Agriculture in the Classroom</b>	Kansas Agriculture in the Classroom Foundation
<b>Food Processors Technical Assistance</b>	Kansas Value Added Center Kansas DIRECT Program Cooperative Extension
<b>Kansas Hunting Directory</b>	Kansas Department of Wildlife and Parks Kansas Department of Commerce - Visitor Info. Centers Chambers of Commerce
<b>Fresh Produce Directory</b>	Kansas Vegetable Growers Association
<b>Korean Hide Plant Proposal</b>	Kansas Department of Commerce
<b>INTERNATIONAL</b>	
<b>MPP Projects</b>	USDA Foreign Agricultural Service
<b>Hong Kong Buyers Mission</b>	USDA-FAS Mid-America International Agri-Trade Council
<b>Canada Food Show</b>	USDA-FAS MIATCO
<b>Taiwan Wheat Procurement</b>	Kansas Wheat Commission

	<b>MIATCO Mexico Food Show</b>	<b>MIATCO USDA-FAS</b>
	<b>Chihuahua Livestock</b>	<b>International Meat &amp; Livestock Program - KSU Kansas Livestock Assn.</b>
	<b>Japan/Kansas Mission</b>	<b>Kansas Department of Commerce</b>
	<b>Kansas Beef Expo</b>	<b>Kansas Livestock Assn. International Meat &amp; Livestock Program - KSU</b>
	<b>Sonora Livestock Show</b>	<b>Kansas Livestock Assn. International Meat &amp; Livestock Program - KSU</b>
	<b>Daiei Processed Meat Project</b>	<b>Kansas Department of Commerce Kansas Livestock Assn.</b>
	<b>Mexican Hereford Show</b>	<b>International Meat &amp; Livestock Program - KSU Kansas Livestock Assn.</b>
	<b>MIATCO Caribbean Show</b>	<b>MIATCO</b>
	<b>Dubei UAE Trade Show</b>	<b>Kansas Department of Commerce</b>
<b>GRAIN COMMODITIES</b>		
	<b>Mexico Feed Milling Team</b>	<b>International Grains Program - KSU</b>
	<b>Australian Grain Growers Assn.</b>	<b>International Grains Program - KSU</b>
	<b>Turkish Beef Team</b>	<b>US Feed Grains Council</b>
	<b>Russian Commodity Exchange</b>	<b>US Feed Grains Council International Grains Program - KSU</b>
<b>NON-FOOD USE</b>		
	<b>Canola Project</b>	<b>Great Plains Canola Council New Uses Council, Inc.</b>
	<b>Commercializing Industrial Uses</b>	<b>Kansas Technology Enterprise Corporation New Uses Council, Inc.</b>

	<b>HEADE Project</b>	<b>USDA-Cooperative States Research Service Kansas State University 7 other state's universities</b>
<b>GENERAL</b>		
	<b>Confederation Oil &amp; Gas Proposal</b>	<b>Kansas Department of Commerce Kansas Corn Growers Assn. Kansas Value Added Center Kansas Technology Enterprise Corporation</b>
	<b>"Exporter of the Year" Award</b>	<b>Kansas Department of Commerce</b>
	<b>International Trade Coordinating Council</b>	<b>Kansas Department of Commerce</b>
	<b>Kansas Agriculture &amp; Commerce/Businessmen's Roundtable</b>	<b>Kansas Department of Commerce Kansas Chamber of Commerce &amp; Industry Kansas Farm Organizations Kansas Cavalry</b>

**PROJECT COORDINATION**  
**between**  
**Board of Agriculture & Department of Commerce**  
**1985 - 1992**

**TABLE 4**

1. People's Republic of China Trade Missions
2. Sister State Relationship - Henan Province, People's Republic of China
3. Sister State Relationship - Reims Region, France
4. US/ROC (Taiwan) Trade Missions
5. Poultry Industry Development Projects
6. Pizza Hut Project
7. Miss Kansas/Daiei Promotion
8. Joint Market Development Seminars - Topeka, Garden City & Dodge City
9. Bloomingdale's Promotion - New York
10. Bloomingdale's Promotion - Chicago
11. International Trade Coordinating Council
12. Export Finance Seminar - Topeka
13. Numerous Trade Team Visits to Kansas coordination (over 20)
14. Main Street Project Review Teams
15. "Exporter of the Year" Program
16. Joint "Kansas Made" Promotion - staff planning trip to Maine
17. Daiei Customer Visits to Kansas
18. Japanese Bandai Project
19. Korean Buying Delegation - Kansas City
20. Korean Beef Buying Mission - Wichita
21. Mitake Trading Project
22. Hungarian Agricultural Development Teams
23. Senator Dole/USSR Leadership Team
  
24. Non-Food Uses Task Force
25. Daiei/Kansas Beef Promotion - KDOC Tokyo Office
26. Kansas Aquaculture Development Project
27. Joint FROM THE LAND OF KANSAS/KDOC Visitor Center Projects
28. Dubai United Arab Emirates Show
29. Korean Hide Processing Plant Proposal
30. Kansas Business Development Mission to Japan
31. US Feed Grain/Russian Team Visit
32. Confederation Oil & Gas Proposal - Review group
33. Joint Oilseed Processing Plant Recruitment project
34. Wichita "Kansas Made" Show
35. Kansas Agriculture & Commerce/Businessmen's Roundtable
36. KDOC/Kansas Lottery Joint Promotion
37. Bloomingdale's Promotion - New York '92
38. Harrod's Department Store Show - London '92