

Approved: 1-24-95  
Date

MINUTES OF THE SENATE COMMITTEE ON AGRICULTURE.

The meeting was called to order by Chairperson David Corbin at 10:07 a.m. on January 23, 1995 in Room 423-S of the Capitol.

All members were present except: Quorum was present.

Committee staff present: Raney Gilliland, Legislative Research Department  
Jill Wolters, Revisor of Statutes  
Lila McClafin, Committee Secretary

Conferees appearing before the committee:  
Allie Devine, Secretary of Agriculture  
Larry Woodson, Director of Inspections  
David Pope, Chief Engineer/Director of Water Resources  
Eldon Fastrup, Director of Marketing

Others attending: See attached list

Chairperson Corbin called for action on the minutes of January 17. Senator Tillotson moved that the minutes be approved. Senator Clark seconded the motion. The motion carried. Chairperson Corbin called on Secretary Allie Devine to present an overview of the major programs of the Department of Agriculture.

Secretary Devine introduced her Division Directors, Chief Counsel, Research Analyst, and Assistant Secretary. She announced in the absences of Wayland Anderson, Assistant Director of the Division of Water Resources, David Pope, Chief Engineer/Director of Water Resources would make the presentation for the Division. A handout was distributed that contains their reports (Attachment 1)

Larry Woodson passed around a red octane analyzer and responded to questions on its use. David Pope responded to questions regarding the ownership of waters in the state and how this relates to water transfers. Due to time constraints Forrest St. Aubin was invited to return on January 24, to give his report on the Department of Plant Health.

The meeting adjourned at 10:56 a.m. The next meeting is scheduled for January 24, 1995.

# SENATE AGRICULTURE COMMITTEE GUEST LIST

DATE: 1-23-95

NAME	REPRESENTING
David L. Pope	Dept of Agriculture (DWR)
DON JACKA	DEPT OF AGRICULTURE
Elbon Fastvup	" " " Markets
FORREST ST. AUBIN	DEPT OF AG - PLANT HEALTH DIV.
LARRY D. WOODSON	DEPT OF AG.
CHARLIE GRIFFIN	Dept of Ag - FACTS
MAX FOSTER	Dept of Ag - LAB
T. J. Byram	Dept of Ag STATS
Greg Kressek	Dept of Ag
Carole Jordan	Dept of Ag
Kenneth M. Wilke	Dept of Ag.
TK Shively	Ks. LEGAL SERVICES
Mary Jane Stattelman	KS Farm Bureau
Ron Sulzmen	WTR EDA
Frances Kastner	Ks food Dealers Assn
Donald Snodgrass	Ks. Food Dealers ASSN.
Arlan Holmes	Division of Budget

**TESTIMONY**

**TO THE**

**SENATE COMMITTEE ON AGRICULTURE**

by

Allie Devine, Secretary of Agriculture

Larry Woodson, Director of Inspections

David Pope, Chief Engineer/Director of Water Resources

Eldon Fastrup, Director of Marketing

Forrest St. Aubin, Director of Plant Health

January 23, 1995

*Senate Ag Co.  
1-23-95  
attachment 1*

TABLE OF CONTENTS

	Page
Introduction .....	1
Division of Inspections .....	3
Division of Water Resources .....	8
Division of Marketing .....	16
Division of Plant Health .....	29

Good morning. My name is Allie Devine. I would like to thank you for allowing the Department of Agriculture Division Directors and me to appear before your committee to introduce ourselves and explain our responsibilities.

As you know, Governor Graves, last week, appointed me as the Eleventh Secretary of Agriculture. It is an honor and pleasure to serve in this capacity. I have been very fortunate to have been involved in this dynamic and interesting industry for years. First, I was raised on a diversified farm in southwest Kansas. We grew hay, corn, milo, wheat and cattle. Most of my "on farm" experience involved irrigation pipe, grain trucks, cattle feed and fences. My parents and brother still farm.

I received a bachelor's degree from St. Mary of the Plains College in Dodge City, a law degree from Washburn University and a masters degree in agricultural law from the University of Arkansas.

After law school, I joined the staff of the Board of Agriculture as a Research Analyst. Through my work with the Department, I became acquainted with Gary Mitchell, then, State Director for Congressman Pat Roberts. Gary told me Representative Ed Madigan, Ranking Republican Member of the House Committee on Agriculture was searching for an "ag attorney." I applied and eventually moved to Washington, D.C. I served as Associate Minority Counsel for the House Committee on Agriculture from 1989-1991. During this time the Committee passed the 1990 Farm Bill. In 1991, Ed Madigan was appointed Secretary of the United States Department of Agriculture. I joined his staff at the Department and served as an Executive Assistant. USDA was great training. USDA had 110,000 employees, 42 agencies, and the budget of approximately \$70 billion. My job was to assist the Secretary in the development, coordination and implementation of laws, rules and regulations throughout the Department, the Administration and the Hill.

I, like Governor Graves, believe that efficiency and effectiveness in government is an obligation to Taxpayers. At the same time, however, I think it is important to have some governmental regulation to ensure that health, welfare, wholesome agricultural products, and marketplace equity is assured to all citizens, Regulations are necessary to assure the farmer of the efficacy of his agricultural inputs and to preserve the natural resources. Additionally, government should assist where appropriate and economically feasible in the expansion of markets for agricultural products.

I am pleased to be joining an agency of state government, the Department of Agriculture, which maintains a history for effective and efficient operation. If there is an agency of the state with a budget more lean than that of the Department of Agriculture, I would be very surprised! This is the agency of state government that has pioneered the cost-savings to be realized in public/private joint operations. Through "Privatization" within the agency, I have witnessed the documented savings by regulatory operations in which effectiveness is increased through the overview of private industry checking themselves. Additional savings in the form of "cross-training" of personnel, "gang tackling" of seasonal problems, and "hoeing where the weeds are" to focus regulatory activities on problem areas or clients has led to substantial efficiencies in this agency. These programs of efficiency in regulatory activities have been recognized not only internally but also by other agencies of state government who have seen the Department of Agriculture make efficient, functioning programs out of transferred problems.

Bottom-line, I am glad to be your Secretary of Agriculture; I hold as my highest goal, the effective and common-sense regulation of our agricultural industry, preservation of our environment, and protection to the Kansas consumer; and of paramount importance, accomplishing these functions in the most efficient yet effective manner possible.

Again, I thank you for inviting me to appear before this committee. To acquaint you with my team, I have asked that my Division Directors be present so that I could introduce them to you. They are:

Mr. T. J. Byram, Director of the Division of Statistics;  
Dr. Stan Ward, Director of the FACTS Program;  
Mr. Max Foster, Director of the Agricultural Laboratories;  
Mr. Eldon Fastrup, Director of the Marketing Division;  
Mr. Wayland Anderson, Asst. Director of the Division of Water Resources;  
Mr. Forrest St. Aubin, Director of the Plant Health Division;  
Mr. Larry Woodson, Director of the Division of Inspections.

Additionally, I have the agency's Chief Counsel, Mr. Ken Wilke and Research Analyst, Mr. Greg Krissek. Finally, I would like to introduce my Assistant Secretary Don Jacka. Your Chair has asked that we review a few of the major programs of the Department of Agriculture for you in the time remaining today. To accomplish this task I have asked the division directors of Inspections, Water Resources, Marketing and Plant Health to provide a brief overview for you. More detail is contained in the written testimony provided.

## DIVISION OF INSPECTIONS

Mr. Larry Woodson, Director.

The Division of Inspections was formed in 1984 with the internal consolidation of the previous Divisions of Control, Dairy, Meat & Poultry, and Weights and Measures. Additionally, the Egg Inspection program was transferred from the Division of Marketing in 1983. In 1992, internal reorganization combined the functions of records, licensing, fiscal and clerical to balance seasonal workloads and to reduce duplication of effort and function. As a result of these reorganizations, the Inspections Division is currently structured with an administrative section, composed of a records section and a fiscal section, and four program areas consisting of Dairy, Meat & Poultry, Weights and Measures, and Agricultural Commodities Assurance Program.

RESPONSIBILITIES. In addressing the specific laws and responsibilities, the following information will further illuminate the responsibilities by functional area:

1. The Meat and Poultry Inspection Program is managed by Dr. Joe Beuerlein and is responsible for enforcing the Meat and Poultry Inspection Act (K.S.A. 65-6a37) which provides state inspection to 168 establishments in Kansas. Investigations are also conducted relative to the Bait and Switch Law (K.S.A. 50-901). Technical assistance is provided to schools, hospitals, rest homes, state institutions and the Department of Administration relative to wholesomeness and standard of identity (economic fraud).
2. The Agricultural Commodities Assurance Program (ACAP), managed by John Falk, is responsible for administering laws relating to: Egg Inspection (K.S.A. 2-2501), Soil Amendments (K.S.A. 2-2801), Feed, including pet food, (K.S.A. 2-1001), Seed (K.S.A. 2-1415), Fertilizer (K.S.A. 2-1201), Fertilizer Containment (K.S.A. 2-1226), Agriculture Lime (K.S.A. 2-2901), Anhydrous Ammonia Safety (K.S.A. 2-1272), and Livestock Remedies (K.S.A. 47-501). The Inspections Division also performs services, through contract, in the areas of Tissue Residue Investigations, Feed Mill Inspections and Egg Shell Surveillance Inspections. The primary purpose of those laws is to insure label accuracy and product integrity.
3. Dairy Inspection in Kansas is performed through the offices of the Dairy Commissioner, Mel Brose, and includes regulation of: Grade A (Fluid Milk) law (K.S.A. 65-737); Manufacturing Milk (Cheese) law (K.S.A. 65-701); Processing Plants (K.S.A. 65-737); Counter Freezers (K.S.A. 65-720d); and, the licensing of Milk Haulers (K.A.R. 4-7-1000), Milk Testers (K.A.R. 4-7-1001) and Single Service Container plants (K.S.A. 65-701). The primary objective is wholesomeness of product, integrity of product, and consumer safety.
4. The Weights and Measures Program is operated by the State Sealer, DeVern Phillips. The program maintains the accuracy of the devices utilized for products sold in commerce. Specifically, this function is responsible for the Petroleum Measurement Enforcement Law [K.S.A. 55-422(a)] which regulates fuel quality and meter accuracy; the accuracy of point of sale devices or scanners, Packaged Commodities (K.S.A. 85-150), Bulk Tank Meters and the work performed by the

Metrology Laboratory. To achieve efficiency and greater effectiveness, various laws of this functional area were privatized--allowing private service companies, regulated by this agency, to perform the annual device checking with agency oversight. These privatized programs include the inspection of: Large and Small Scales (K.S.A. 83-201), Liquid Petroleum Gas Meters (K.S.A. 83-143), and Headhouse Scales (K.S.A. 83-214).

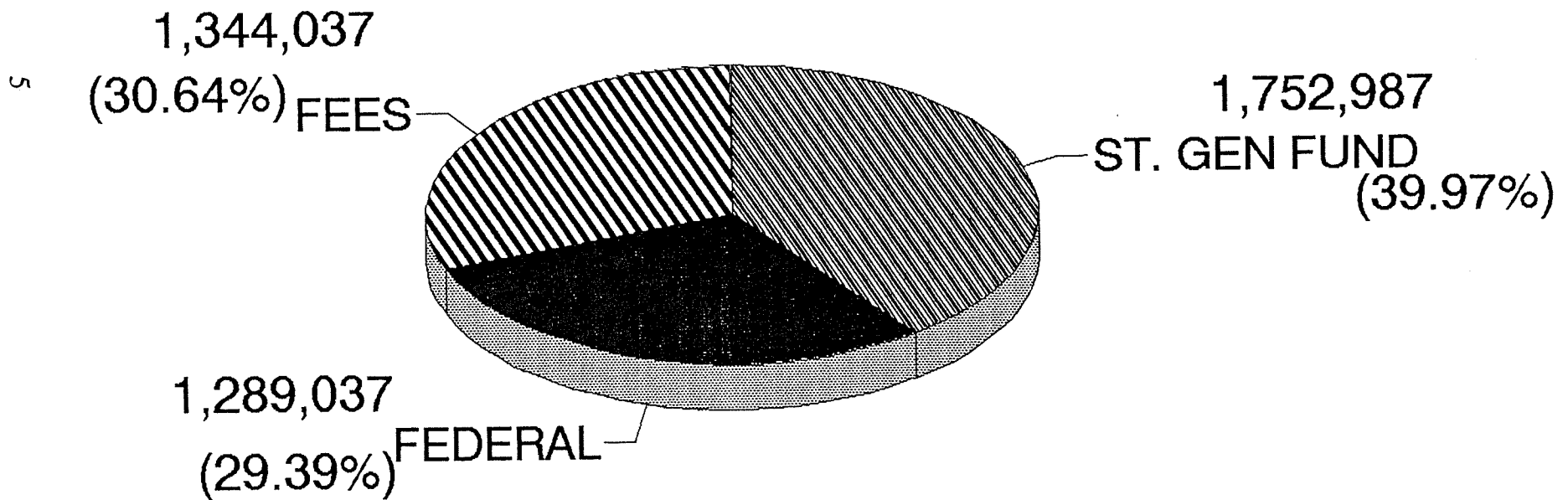
Basically, there are three common denominators to the laws and programs assigned to the inspection program. These can be referred to as Q<sub>2</sub>S or Quality, Quantity and Safety with Safety being the most critical. In measuring the performance of the Inspections Division, one is challenged as to the difficulty of measuring things that were prevented from occurring because of the inspection program. Our budget document for Fiscal Year 1996 does attempt to address the outcomes and outputs of the various programs. Appended are charts which detail the funding and expenditures of the Inspections Division operations.

SUMMARY. Generally speaking, safe and wholesome food products are consumed throughout the world and it is essential, in the public interest, that the health and welfare of consumers be protected by laws and regulations that assure that the products are not only safe and wholesome, but are properly labeled and measured. Failure to provide for effective regulations, standards of identity, proper and truthful labeling, accurate measurement is injurious to the public welfare, destroys markets, results in sundry losses to producers and processors and may have detrimental health ramifications. Thus, it is in the best interest for commerce and for health and general welfare of the consumers to have effective consumer protection programs. The Division of Inspections strives to provide service, protection, and effective and efficient use of funds provided to achieve our mission and our goals.



# DIVISION OF INSPECTIONS

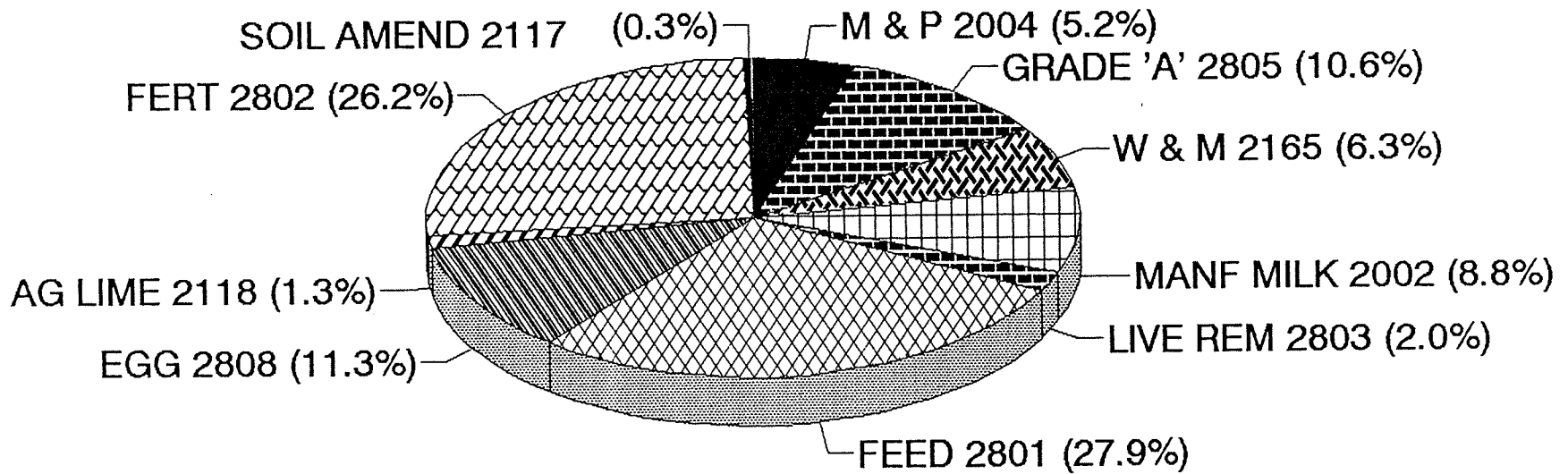
## BUDGETED FUNDING 1995



# DIVISION OF INSPECTIONS

## FEE FUNDS

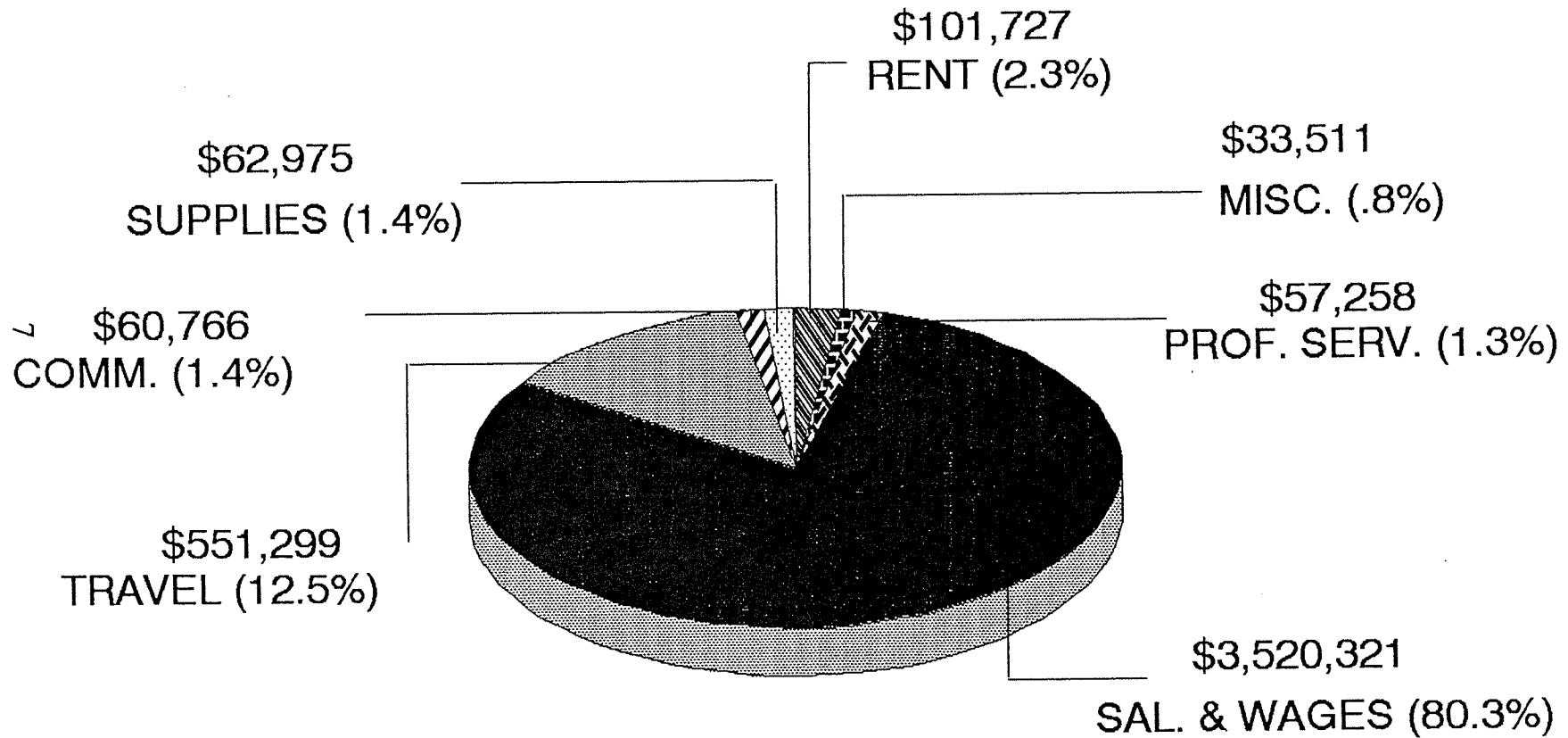
FY'95



# DIVISION OF INSPECTIONS

## BUDGETED FY 1995

### DIVISION BY OBJECT CODE



## DIVISION OF WATER RESOURCES

**Mr. David Pope, Director/Chief Engineer.**

The Division of Water Resources and its Chief Engineer is responsible for administering 28 state laws including 4 interstate river compacts, and several other assigned programs, such as the National Flood Insurance Program. All of these duties relate to the management, distribution and regulation of the water resources of the State of Kansas.

The Division of Water Resources is not to be confused with the Kansas Water Office, which primarily does water planning; the Kansas Water Authority, which develops water policy; or the Kansas Department of Health and Environment, whose water related functions deal primarily with the safety of public water supplies, preventing pollution and other water quality issues.

The Division of Water Resources through its main office in Topeka and its four field offices located in South Topeka, Stafford, Stockton, and Garden City, with a regional office in Chanute.

The Division's responsibilities can be divided into three primary areas: I) Water Structures, II) Interstate Water Matters, and III) Water Rights.

**I. WATER STRUCTURES.** The Division of Water Resources' jurisdiction and authority in the area of water structures is provided primarily by two acts. The first is the Stream Obstruction Act (K.S.A. 82a-301 et seq.) which requires anyone desiring to construct: a dam; an obstruction in a stream; or to change the course, cross-section, or current of any stream to obtain a permit from the Chief Engineer. This act was amended in 1978 to provide for the exclusive regulation of the construction, operation and maintenance of dams or other water obstructions to the extent required for the protection of public safety under the jurisdiction of the Division of Water Resources and the Chief Engineer.

What this means is that anyone desiring to build a dam which impounds more than 30 acre feet of water, as measured at the top of the dam, or who desires to significantly alter a stream channel by placing an obstruction in it or relocating it, must receive the prior permit of the Chief Engineer. The Division of Water Resources reviews and approves the plans for these projects and inspects the construction of these projects primarily to ensure public safety, protect the property interests of others who might be affected by the projects and assure that the project is environmentally sound.

The Division of Water Resources also regulates the construction of levees along streams of Kansas. This is done under the authority of K.S.A. 24-126. Any plans for proposed levees are reviewed by the Division of Water Resources to ensure that the levees: will be properly constructed, meet statutory and regulatory guidelines, will not impose unreasonable effects on other landowners and that the public safety is protected.

For construction of dams, levees and stream alteration projects, the Division of Water Resources also serves as the coordinator for the Environmental Coordination Act (K.S.A. 82a-325 et seq.) which allows key state agencies to review all proposed projects and submit comments to help eliminate or minimize significant adverse impacts on the environment. The Division then reviews these comments from state agencies and, if necessary, conditions the permits to ensure that the project is environmentally sound.

II. INTERSTATE WATER COMPACTS. The second major area of the Division of Water Resources' activity relates to interstate water compacts and other interstate water activities.

By statute, the Chief Engineer serves as Kansas' representative on four interstate river compacts pertaining to the apportionment of waters and rivers which flow through Kansas and another state. These compacts are as follows: the Republican River Compact (Colorado, Kansas and Nebraska), K.S.A. 82a-518; the Arkansas River Compact (Kansas and Colorado), K.S.A. 82a-520; the Arkansas River Compact (Kansas and Oklahoma), K.S.A. 82a-528; and the Big Blue River Compact (Kansas and Nebraska), K.S.A. 82a-529.

The Chief Engineer also serves as the State of Kansas' representative to the Missouri River Basin Association, which consists of eight states with area in the Missouri River Basin and various Indian tribes and federal agencies. The Missouri River is the largest non-compacted river in the United States. There are many competing interests for water in the Basin, such as recreation, hydro-power, water supply and navigation. Indian water rights and the protection of endangered species are also major issues. Currently, the most important issue is the Corps of Engineers' proposal to revise the Master Water Control Manual, which determines how the mainstem reservoirs and the rivers are operated.

The duties relating to the interstate compacts range from routine meetings and administrative duties to extensive involvement in the Kansas v. Colorado litigation in the United States Supreme Court. The Division of Water Resources' staff provide considerable technical and legal support to the case, including input of local knowledge and testimony. After 143 days of trial over a two and a half year period, the trial phase (the presentation of evidence) has been completed. In July 1994, the Special Master, the person appointed by the court to hear the trial, filed his report and recommendation with the United States Supreme Court, which will ultimately decide the matter. Oral arguments before the court will likely be held in late March 1995. A decision in this phase of the trial, the liability phase, will hopefully be made by early summer, 1995. Thus far, Kansas appears to have won the major issue in the case.

Another compact which has had received lots of attention last year is the Republican River Compact. Issues range from the operation of Harlan County Reservoir in Nebraska to use of water by Nebraska in excess of its compact allocations, primarily due to unregulated post compact well pumping. Since the annual compact meeting last summer, a special compact work session was held to address Kansas' concerns about Nebraska's use of water in excess of its allocations. Another special work session will be held January 19, 1995 in Denver, Colorado.

III. WATER RIGHTS. The third major area of involvement of the Division of Water Resources is in the area of water rights administration. Since January 1, 1978, it has been illegal in the State of Kansas for anyone, other than a domestic user and certain other minor exceptions, to appropriate water without a permit. This means that anyone using water in the State of Kansas for municipal, industrial, irrigation or other non-domestic purposes, must apply for and obtain a permit to use water for that purpose, whether it is groundwater or surface water, or on public or private land. To use water for non-domestic purposes without a water right or permit is a Class C misdemeanor.

The Division of Water Resources has determined over 2,200 vested rights to the use of water. Nearly 42,000 applications to appropriate water have been filed since June 28, 1945, the date the Kansas Water Appropriation Act became effective. The Kansas Water Appropriation Act is the basic legal framework under which the Division of Water Resources processes, approves, certifies and regulates the use of water within the State of Kansas.

During the past two years, the Division of Water Resources, with legislative input and resources, has initiated efforts to address the "backlog" of new applications and changes. These combined efforts have resulted in the number of new applications under review, being reduced from 794 on December 31, 1993 to 672 on December 31, 1994, a reduction of 122 pending applications during the year.

Similarly, the number of applications to change existing water rights have also been reduced from 651 on December 31, 1993 to 463 on December 31, 1994, a reduction of 188 change applications during the year by June 30, 1995.

In addition to reducing the number of applications under review, the Division has significantly reduced the amount of time required to begin initially reviewing an application, the amount of time to complete the review, and subsequently the total time an application is in the Division's possession from initial receipt to final action. The following charts show the relative number of days for applications, both new applications and change applications, for three fiscal years, FY 1993, FY 1994, and 1995.

In every case, the amount of time has been reduced by at least half, so that the Division is approaching 110 days on average to process and finalize new applications and changes.

With the continued legislative support to provide funding for overtime by staff, and the two special project worker staff, for FY 1996, we expect to have the processing reduced to less than 100 days for both new applications and changes.

In addition to the maintenance of a computer system which keeps track of the over 44,000 water right files in the State of Kansas, the Division of Water Resources is involved with many other activities concerning these water rights. These include: (1) administration of water rights during times of shortage to determine which water users have the right to use that water; (2) protection of minimum desirable streamflows on the 23 streams and rivers designated by the Legislature; and, (3) working in partnership with the groundwater management districts by reviewing revised management plans, adoption of regulations or creation of intensive groundwater use control areas.

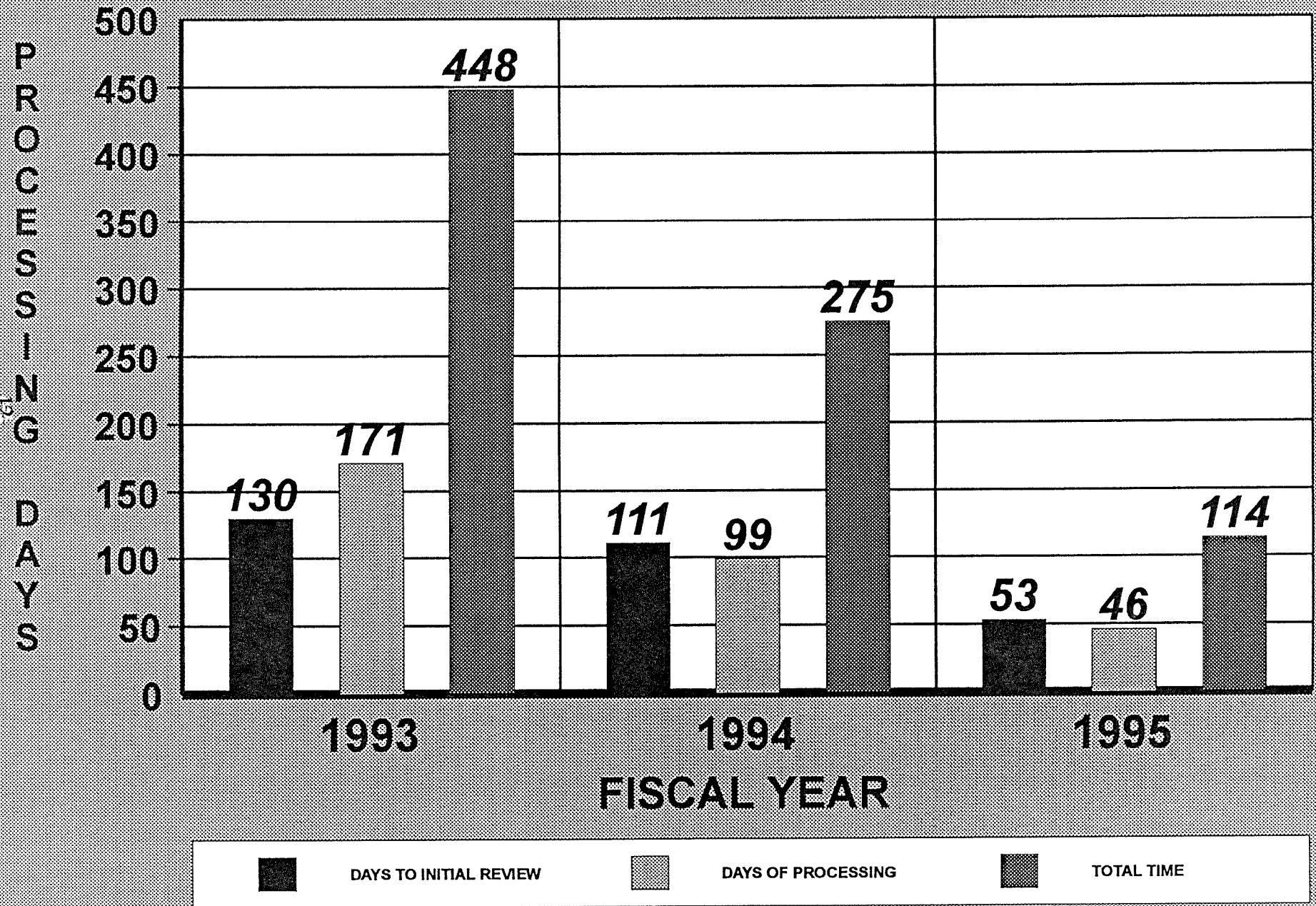
Beginning in 1988, the legislature passed K.S.A. 82a-732, which made the owner of a water right accountable for filing an annual water use report to the Chief Engineer not later than March 1 of each calendar year. Any person failing to file such a complete and accurate report by March 1 is subject to a civil penalty. Any person who files a report knowing it contains false information is guilty of a Class C misdemeanor. In 1988, the Division of Water Resources significantly increased its enforcement of the water use reporting requirement. This effort has paid off because for the last several years compliance with filing water use reports has exceeded 99%. Better water use information was needed by various agencies for research, planning and management.

At the present time, it is estimated that large portions of the State of Kansas are considered to be fully appropriated. In other words, no new permits to appropriate water are being issued in these areas. If someone desires to appropriate water in those areas, the only way a water right can be acquired is by obtaining one from someone who already has one. This may be done by gift, inheritance, purchase, lease or condemnation. Whenever a water right is acquired from another owner, an approval from the Division of Water Resources must be obtained if the new owner desires to change the authorized place of use, the authorized point of diversion, and/or the type of beneficial use. The Division of Water Resources is seeing a significant increase in the filing of change applications. In areas where new permits to appropriate water are still available, they are analyzed on a safe yield basis so that the water supply can be sustained indefinitely.

The Chief Engineer also serves as the chairman of the Water Transfer Hearing Panel which plays an important role in determining whether water transfers should take place in the State of Kansas. A "water transfer" is defined as the diversion and transportation of 2,000 acre feet of water or more per year more than 35 miles.

SUMMARY. During the past 15 years, the Division's role has shifted from one of development to one of education, conservation and management through vigorous enforcement. The complexity of review of all types of applications has increased dramatically, along with the workload. The Division of Water Resources has become more efficient and taken advantage of advances in technology to do the best job it can with the resources it has available. With the competition for the finite water supply in Kansas continuing to increase, we predict the difficulty and complexity of our work to continue to increase dramatically. The availability of water molded the settlement of this State, and its continued availability in quantity and quality will most definitely shape its future too.

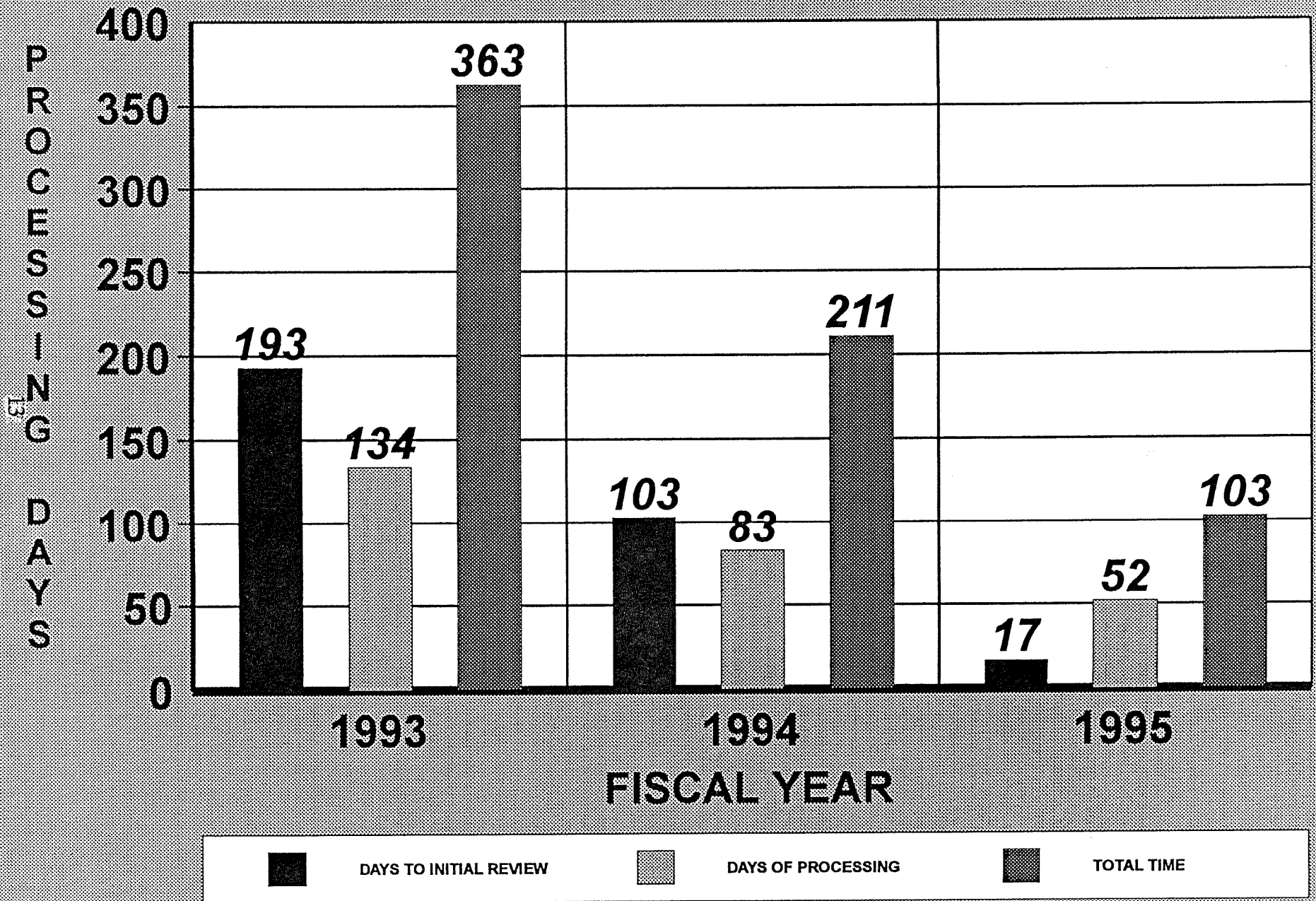
# STATUS AND PROCESSING TIME FOR NEW APPLICATIONS FOR PERMIT TO APPROPRIATE WATER



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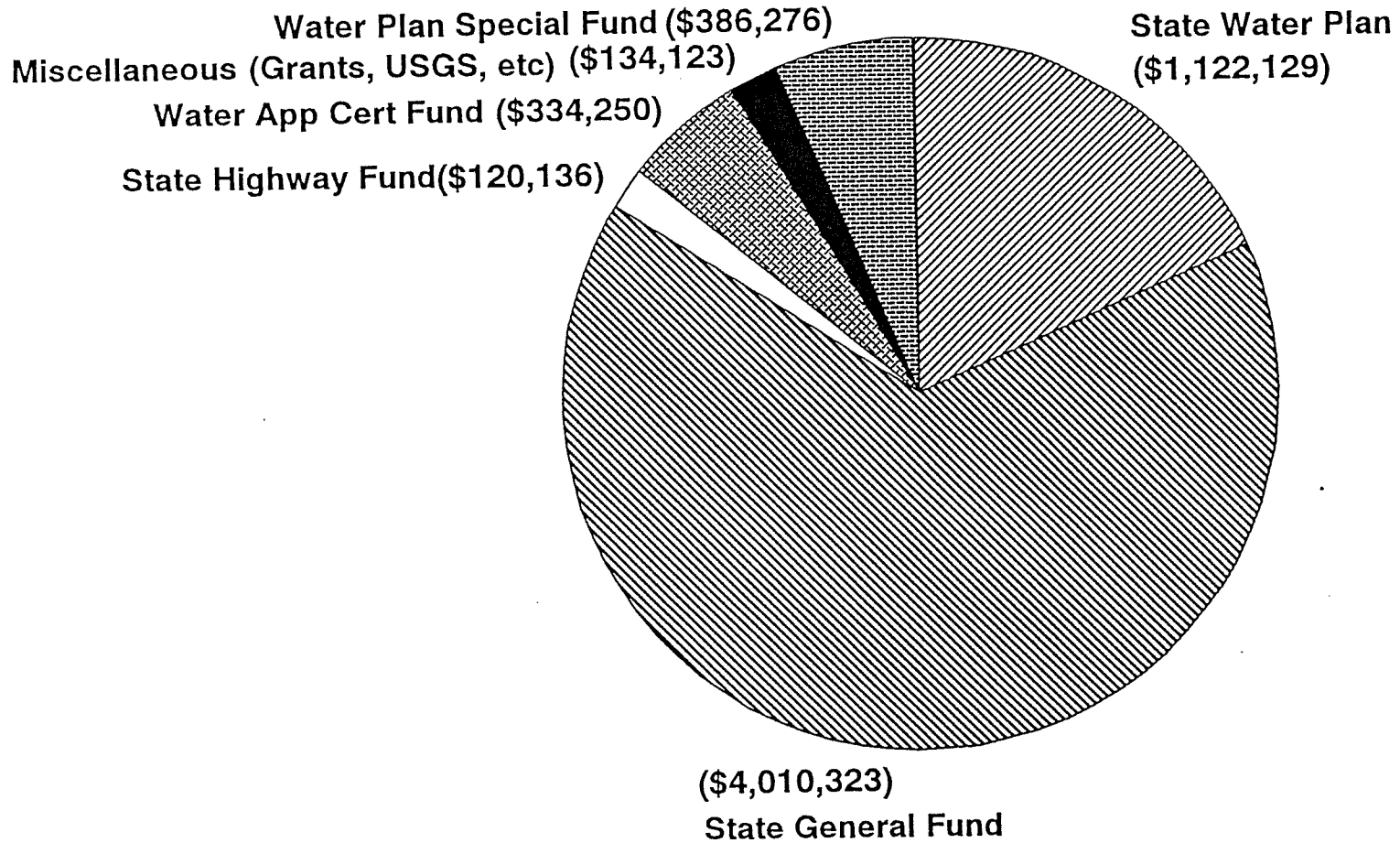


# STATUS AND PROCESSING TIME FOR CHANGE APPLICATIONS



# Funding-Water Resources Summary

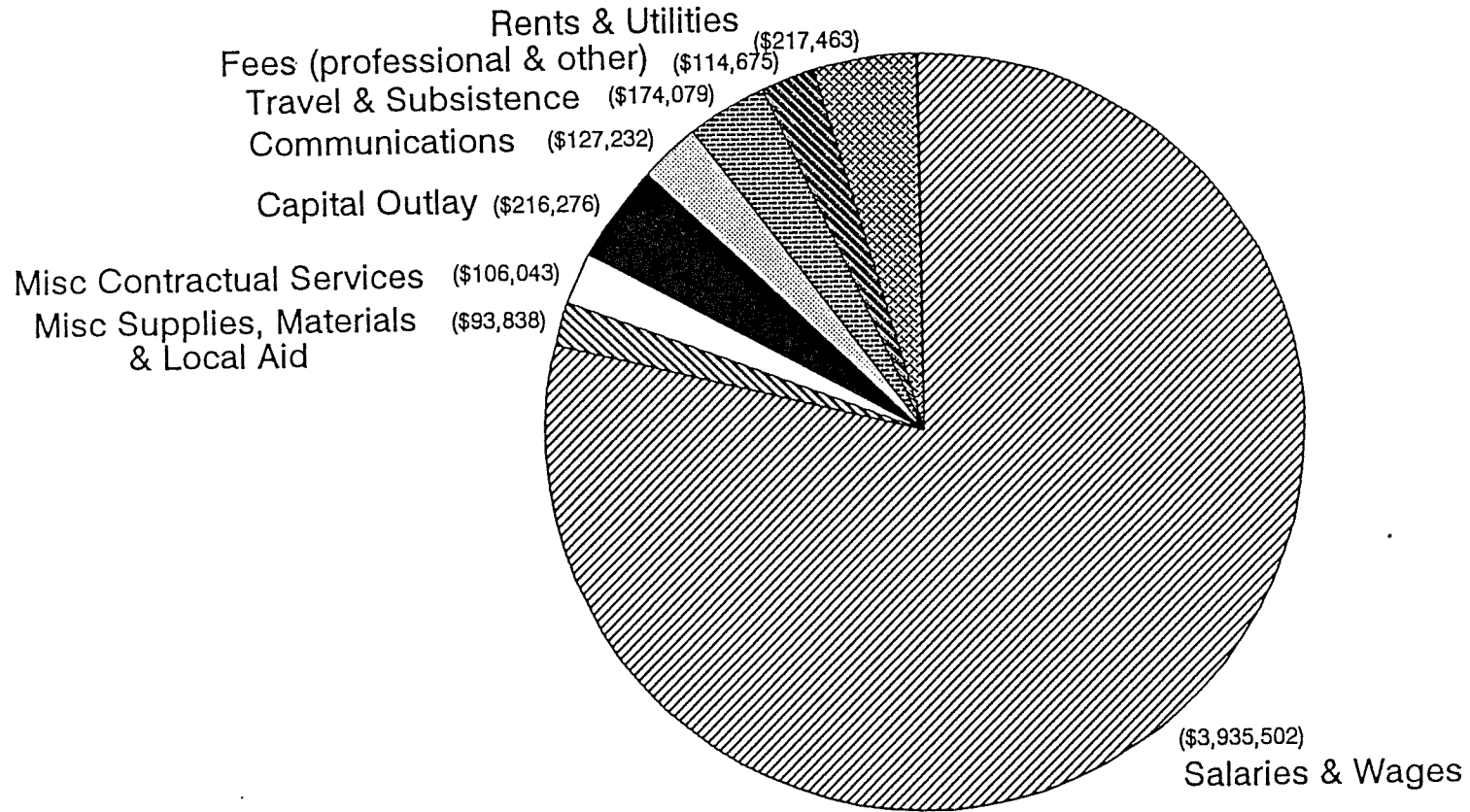
## Fiscal Year 1995



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# Water Resources' Estimated Expenditures Fiscal Year 1995



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## MARKETING DIVISION

**Mr. Eldon Fastrup, Director.**

The Marketing Division of the Kansas Department of Agriculture is organized into two major sub-programs: Agricultural Market Promotion and Development, and Grain Commodity Research and Market Development. This organizational structure reflects several fundamental statutory differences and provides for efficient administration and accomplishment of the goals of each sub-program. Specifically, the Agricultural Marketing Promotion and Development Program is administered directly by the Secretary of Agriculture and is funded primarily with State General Fund revenue. The Grain Commodity Research and Market Development program is funded by assessments collected from soybean, corn, and sorghum producers. Each group has a commission which consists of active producers who are appointed by the Governor representing all areas of this state. The Commissions make policy recommendations to the Secretary.

FY 1995 DIVISION FUNDING. The Governor's recommendations for Fiscal Year 1995 include expenditures of \$1,291,398 for the Agricultural Market Promotion and Development sub-program and \$3,029,850 for the Grain Commodity Research and Market Development sub-program. The funding and expenditures for the Marketing activities are detailed on the appended tables and charts.

AGRICULTURAL MARKET PROMOTION AND DEVELOPMENT. The Division of Markets was originally created in 1947 by K.S.A. 74-530 et. seq. This legislation provides broad guidelines for implementation of this sub-program. The primary assigned duty is for the program to perform acts, and to do, or cause to be done, those things which are designed to lead to more advantageous marketing and utilization of agricultural commodities and food products of Kansas. The 1992 Legislature passed two bills which expanded the functions of the divisions. House Bill 2807 established the Kansas Pecan Commission and assigned its responsibilities to the division. However, in FY 1994, a national referendum to continue the Federal Pecan program failed to be continued and because the Kansas Pecan Commission was tied to the Federal program the Kansas Commission was abolished on July 1, 1994. Also, in 1992 the Legislature passed Senate Bill 203, which established the Aquaculture Advisory Council and designated the Kansas Board of Agriculture as the lead agency to implement the bill. In 1994 the Kansas Legislature directed the Board of Agriculture to facilitate the creation of swine marketing pools and to foster contract agreements between swine producers and processors (SB544). Also in 1994 the Legislature created a Grape and Wine Industry Advisory Council to be appointed by the Secretary. The Council is charged with developing programs to improve and expand the industry.

The Agricultural Market Promotion and Development Sub-program planned and conducted 118 major projects in FY 1994. This represents a 17 percent increase over 1993. These projects include activities in the areas of : Domestic (State, regional, and national) Trade Shows and Expositions; International Trade Development Missions and Expositions; Foreign Buyer Teams to the State; From The Land of Kansas and Grown In Kansas trademark retail promotion programs; Supplier directories, product promotions materials and special technical publications; research projects and feasibility appraisals for new products, alternative markets, industrial utilization, and emerging industries; Special Market News and price information program; media and public information campaigns; and initial

implementation of programs related to swine marketing alternatives and swine industry development, and the development of the Grape and Wine industry of the state.

Several important points related to the FY94 period are: the number of projects continues to grow; the mix in types of services, targeted markets, and projects formats reflect modifications to best serve our clients changing needs; and, increased opportunities to co-participate with the Kansas Department of Commerce & Housing, Kansas Value Added Center, Kansas Technology Enterprise Corporation, Kansas State University, other state agencies, and local interest groups were accomplished.

Several highlights exist for this function in FY 1994:

- \* First, the FROM THE LAND OF KANSAS (FTLOK) trademark retail promotion program celebrated its 10 year anniversary! Registration of participating companies grew from 14 to 414 during this time. This trademark program represents a model for an on-going program, targeted to and strongly supported by value added companies.
- \* Additionally, the FTLOK trademark promotion program became an international promotion. Based on its highly successful domestic efforts several pilot foreign market projects were conducted in France, England, Germany, Hong Kong, and Mexico. Some 25 companies with nearly 100 products are now being sold in England. Plans are underway to participate in a major food show in London in April with a coordinated in-store promotion with a major retail food chain at the same time. A smaller in-store promotion of FTLOK processed foods is scheduled for Hong Kong later this year. These projects will be designed to include a new approach of purchases by the importer before the promotions. Additional plans include participation in a major Midwest food promotion with Wal-Mart Mexico City, July 1995.
- \* The GROWN IN KANSAS trademark promotion and development program started two years ago to provide services to clients producing non-food value added products. Growers of Christmas trees, nursery stock, flowers, and other such non-edible products requested a program for their needs. At this time 182 are registered to participate. Initial survey information indicate this sector employs over 2,000 Kansans in 66 counties.
- \* The Division now has capability for direct computer access to NAFTA rules, regulations, and needed documentation to assist exporters shipping agricultural and food products to Mexico. Examples of documentation provided to individuals include NAFTA "Declaration of Content", "Declaration of Origin", required inspections, etc. These services supported 7 shipments at a reported value of 462,000.
- \* The second "MADE IN KANSAS SHOW", Wichita. This is a continuing joint project between the Marketing Division, and the Department of Commerce and Housing, Trade Division. The Expo featured food products from over 45 companies and resulted in reported direct sales of \$121,535. This event represents the value of inter-agency cooperation.

- \* The International section assists Kansas companies to participate in two major food shows in Mexico. Company reports projected at approximately \$1.25 million.
- \* Seminars and Technical Training programs presented by the Division reached 1350 interested clients. Seminars and Training is an on-going program and continuation is planned for next year with emphasis on cooperative projects with Kansas Value Added Center, Kansas Department of Commerce & Housing, Extension.
- \* Media support at the Division's programs and cooperating clients products remained strong with regular programming yielding 3,200 minutes of radio and television air time valued at \$289,123.
- \* Market News and Commodity Price Program is composed of the Kansas Hay Market Report; Kansas Interior Direct Hog Sales Report; Kansas Sunflower Price Report; and the Cooperative Federal/State Livestock Market Report for Cattle. In FY1994 the Hay Report was the only report with specific information on Kansas hay. Such price information is critical value in that it is our 4th largest valued crop as well as the importance of our feedlot industry. The Direct Hay Market Daily report continues to grow in service to the industry. Feeder pig prices have been added to the report. This past year the hog market news program reported price information on 1,630,481 head which represents 65 percent of the total Kansas swine marketed. It is critical that accurate prices and price discovery information be made available to producers for their decision making and enterprise analysis related to potential opportunities for alternative marketing practices, alternative crop and livestock production and investment in value-added processes or facilities.
- \* The Alternative Agriculture section continued efforts to assist the developing turkey growing industry; securing federal and private funds to support commercialization and research for industrial utilization of agricultural commodities and animal co-products, including wheat starch utilization, wheat gluten processing, animal hide collagen processing.

The Marketing Division of the Department of Agriculture maintains the principle of trying to provide a series of well planned, specific fit projects which are highly targeted to the individual needs of those in the industry which we serve. The division also continues to develop new and or improved procedures by which to measure and quantify the value of our services. These efforts will be vigorously continued in FY1995.

The Marketing Development and Promotion sub-program implemented 118 target projects resulting in \$4,264,810 in direct reported sales and \$12,018,151 in economic import in FY1994. Total expenditures for the fiscal year were \$1,161,009.

GRAIN COMMODITY RESEARCH AND MARKET DEVELOPMENT. In 1977, the Kansas Legislature created a Corn Commission, a Grain Sorghum Commission, and a Soybean Commission. The duties of these commissions include recommendation of policy to the Secretary of Agriculture, and to develop policy regarding marketing, campaigns of development, education and publicity for its commodity and products derived. The Commissions are also granted the authority to recommend projects and to cooperate with Kansas State University, the University of Kansas, and other state, national, and

international organizations in commodity related research and market development activities. The 1989 Legislature amended the Grain Commodities Act to allow the Soybean Commission to set the assessment rate at 20 mills per bushel. The 1990 Legislature amended the Act to allow the corn assessment to 5 mills per bushel. The 1991 Legislature amended the Act to allow the Kansas Soybean Commission to comply with the provisions of the National Soybean Marketing Order. In 1992 the Legislature amended the Act to increase the Grain Sorghum assessment to 5 mills per bushel.

The Grain Commodity Research and Market Development sub-program invests its fees in developing marketing strategies, distribution and utilization alternatives, crop-specific research studies, and international market advancement. Specifically, these are used to fund individual projects such as livestock nutrition seminars, grain storage efficiency research, effective chemical use studies, on-farm research trials, extrusion technology demonstration and targeted export assistance projects.

During Fiscal Year 1994 this function implemented the following highlights:

- \* Preparation, properties and food application of degradable films and coatings from corn proteins;
- \* High tenacity biogenetic fibers and films from products and byproducts of corn/sorghum/soybeans;
- \* Increasing the use of grain sorghum in Kansas feedlot cattle rations;
- \* Roasting grain sorghum to improve digestibility and enhanced nutritional value in lactating dairy cattle diets;
- \* Management of the soybean cyst nematode and charcoal rot in soybeans through cropping systems;
- \* Development and evaluation of commercial soybean varieties for Kansas; and
- \* Integrated LEPA sprinkler irrigation and fertigation management to preserve water quality.

Market development monies are invested with state and national development organizations to increase sales of feed grains in livestock producing countries, expand export of soybean oils to Pacific Rim countries, increase market share of Kansas grain sales provided by GATT and NAFTA negotiated trade agreements, and target new sales to developing countries in need of feed grains and food commodity imports. Expanded market share in international markets is of primary focus to utilize increasing stocks of grain commodity production from Kansas and the United States.

MARKETING DIVISION  
 Sub Program 7112  
 AGRICULTURAL MARKET PROMOTION AND DEVELOPMENT

**EXPENDITURES / FUNDING**

	<u>FY 1992</u>	<u>FY 1993</u>	<u>FY 1994</u>	<u>FY 1995*</u>	<u>FY 1996**</u>
Total Expenditures	1,105,687	1,217,573	1,161,009	1,291,398	1,235,650
General Fund	809,239	877,786	783,015	928,691	890,443
EDIF	231,650	275,000	346,767	321,707	316,707
Other	33,984	37,123	31,227	29,000	28,500
Federal	30,814	27,664	0	12,000	0
Total Salary & Wages	556,112	635,720	663,214	696,369	707,875
Total O.O.E.	539,575	581,853	497,795	595,029	527,775
Total F.T.E.s	14	15	15	16	16

\* projected

\*\* budget recommendation



MARKETING DIVISION  
 Sub Program 7112  
 AGRICULTURAL MARKET PROMOTION AND DEVELOPMENT

**OUTCOME MEASURES**

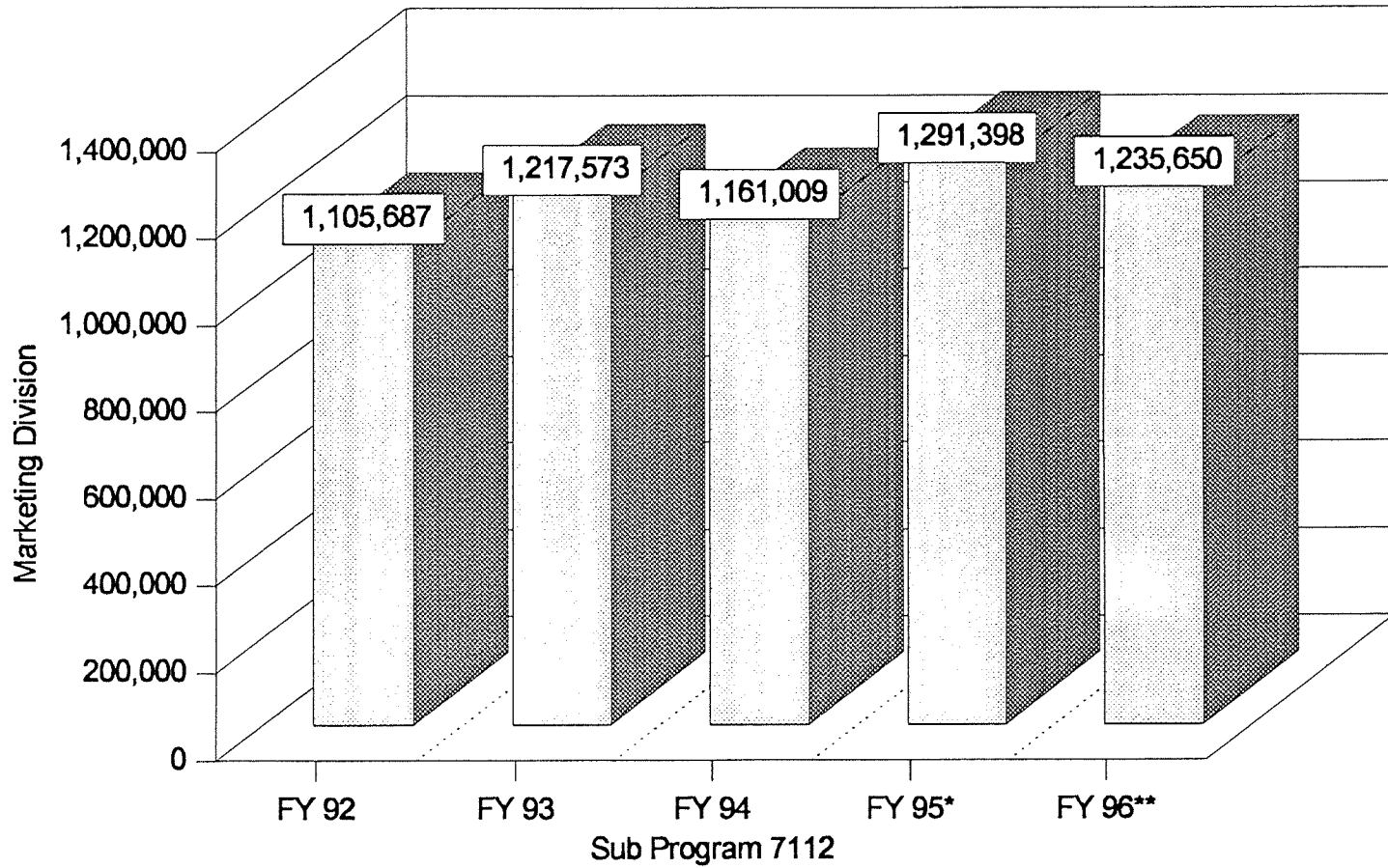
	<u>FY 1992</u>	<u>FY 1993</u>	<u>FY 1994</u>	FY 1995*	FY 1996**
From The Land of Kansas Trademark Promotion Companies Registered	365	383	414	420	420
Grown In Kansas Trademark Promotion Companies Registered	171	180	177	185	185
Major Projects	90	101	118	128	115
Reported Sales	\$5,873,819	\$7,423,559	\$4,264,810	\$4,786,800	\$4,688,300
Economic Impact	\$11,471,939	\$8,061,355	\$12,018,151	\$15,912,000	\$14,320,800
Research/Commercial Investments	NA	NA	\$1,664,500	\$1,815,000	\$1,815,000
Media Value	\$327,853	\$210,809	\$289,123	\$290,000	\$243,000

\* estimated

\*\* budget recommendation

# Ag. Market Promotion & Development

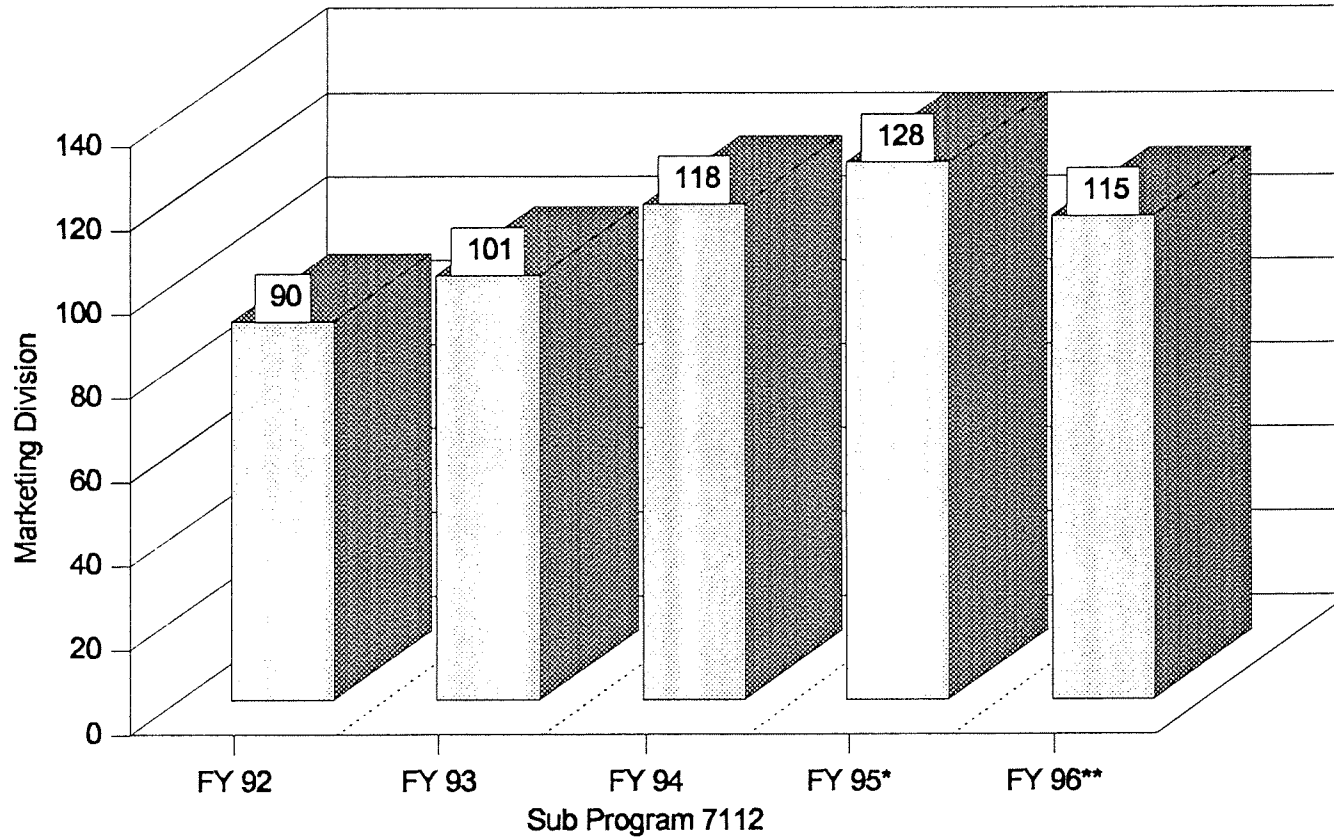
## Expenditures / Funding



\* estimated  
\*\* budget recommendation

# Ag. Market Promotion & Development

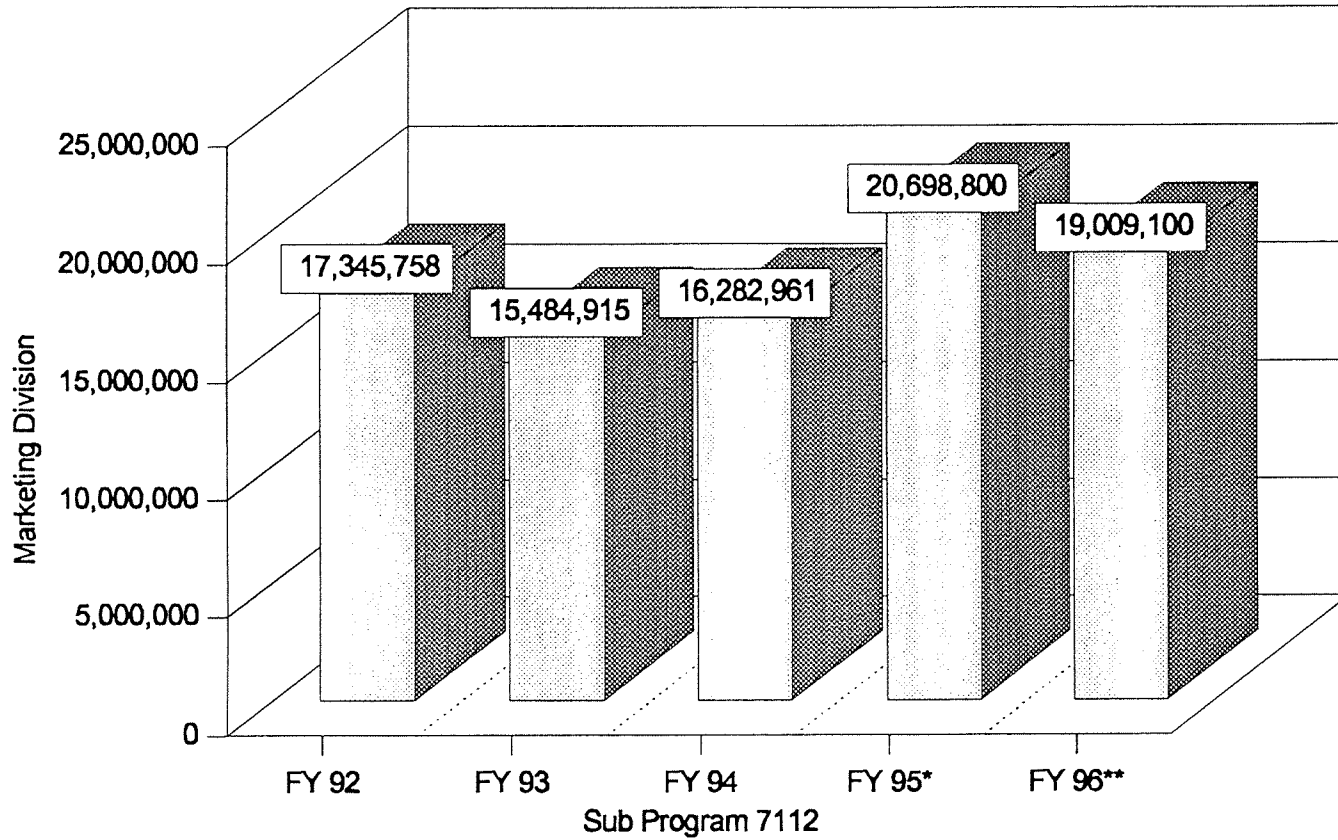
## Major Projects



\* estimated  
\*\* budget recommendation

# Ag. Market Promotion & Development

Sales/Economic Impact

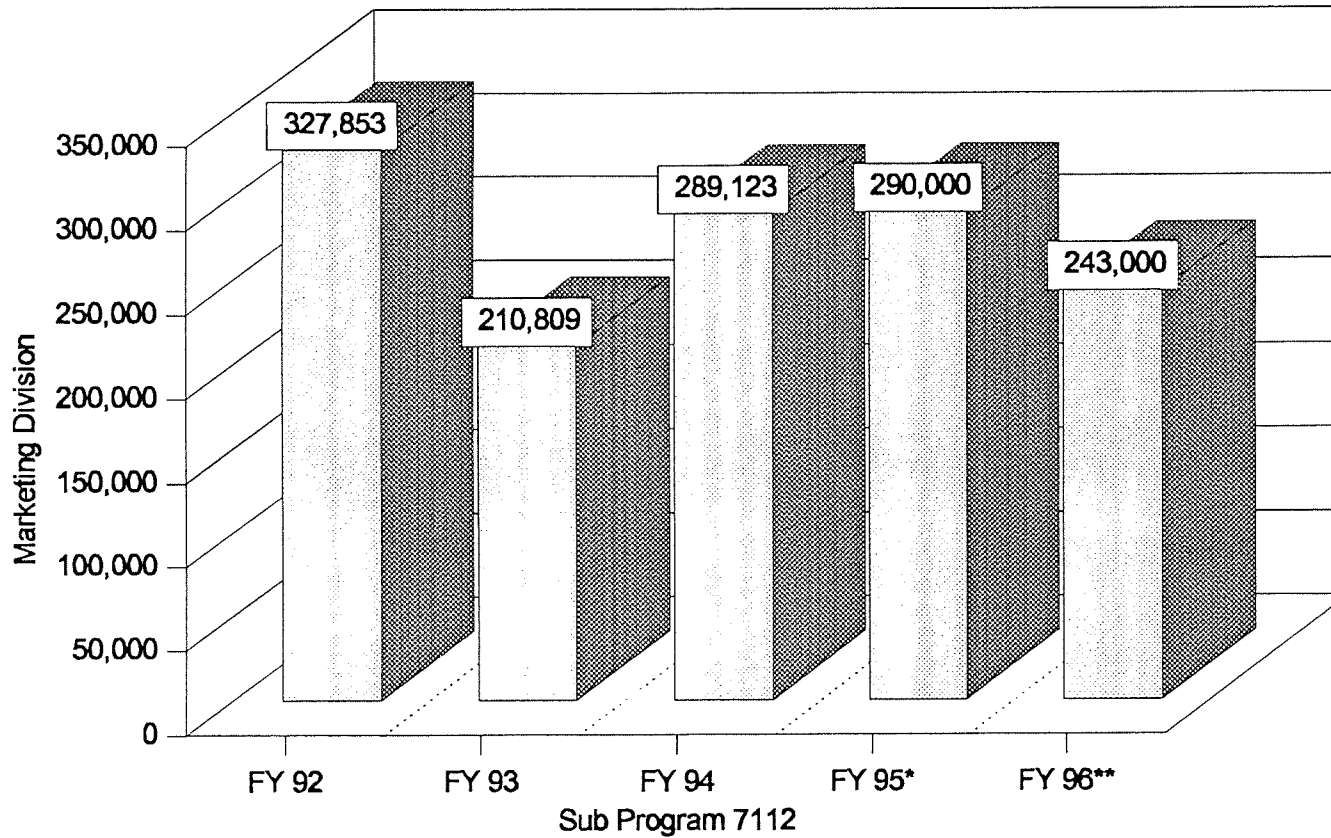


24

\* estimated  
\*\* budget recommendation

# Ag. Market Promotion & Development

Media Value



\* estimated  
\*\* budget recommendation

MARKETING DIVISION  
Sub Program 7111  
GRAIN COMMODITY RESEARCH AND MARKET DEVELOPMENT

**EXPENDITURES / FUNDING**

	<u>FY 1992</u>	<u>FY 1993</u>	<u>FY 1994</u>	<u>FY 1995*</u>	<u>FY 1996**</u>
Total Expenditures	2,096,344	2,070,775	2,457,637	3,029,850	3,203,154
Soybean	1,248,629	1,103,890	1,187,513	1,402,687	1,583,749
Corn	482,937	588,587	820,849	972,933	954,091
Sorghum	364,778	378,298	449,275	654,230	665,314
Total Salary & Wages	88,646	87,971	103,534	100,459	104,531
Total O.O.E.	2,007,698	1,982,804	2,354,103	2,929,391	3,098,633
Soybean	1,222,520	1,075,048	1,130,067	1,348,373	1,547,700
Corn	465,949	570,596	795,603	947,452	914,915
Sorghum	319,229	337,160	428,433	633,566	636,018
Total F.T.E.s	2	2	2	2	2

\* estimated

\*\* budget recommendation

**MARKETING DIVISION**  
**Sub Program 7111**  
**GRAIN COMMODITY RESEARCH AND MARKET DEVELOPMENT**

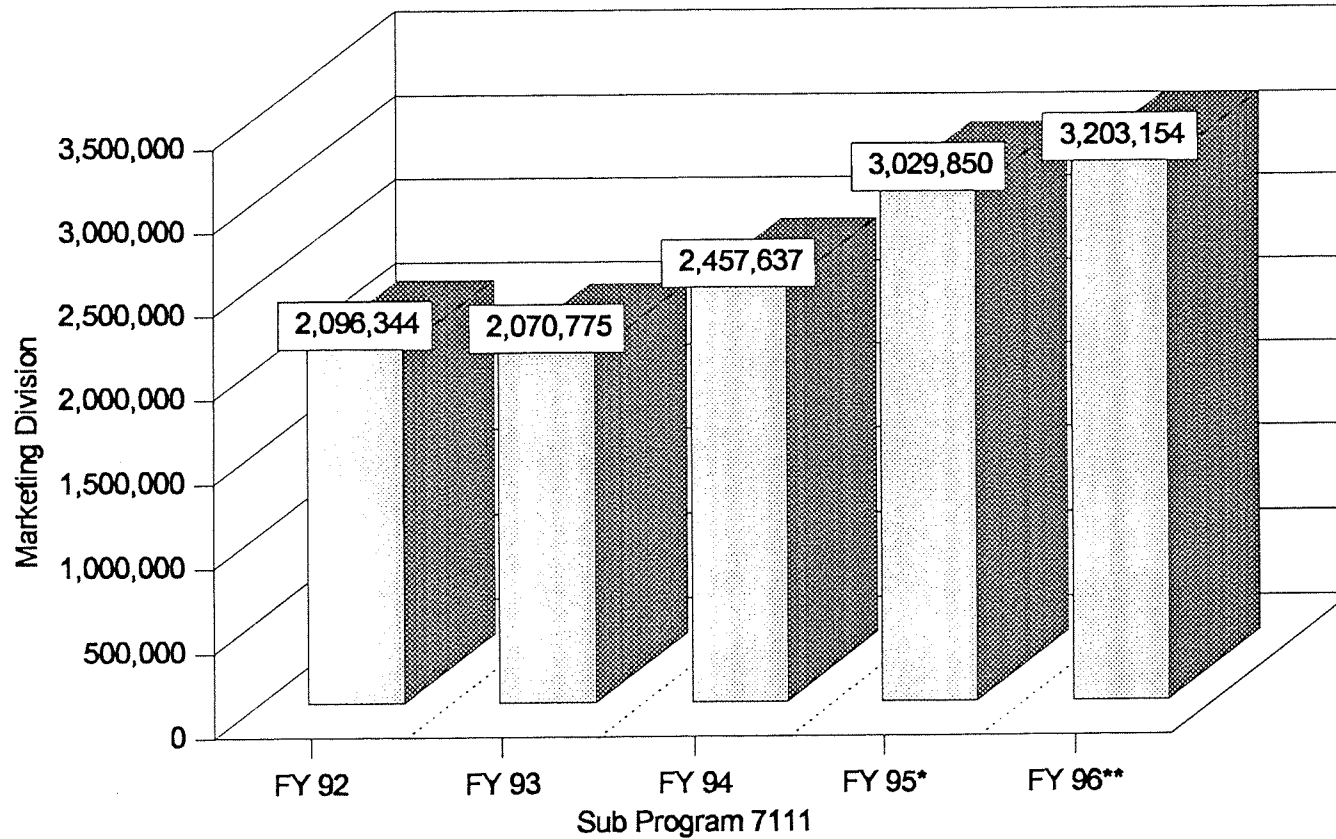
**OUTCOME MEASURES**

	<u>FY 1992</u>	<u>FY 1993</u>	<u>FY 1994</u>	<u>FY 1995*</u>	<u>FY 1996**</u>
Approximate No. Assessment Rec.	7,700	7,883	7,687	7,800	7,800
Dollars Collected	2,285,456	3,470,409	3,247,385	3,259,080	3,259,080
Refunds to Producers	269,393	426,108	400,975	372,722	372,722
Funds Invested to Int. Market Development	698,000	303,000	336,000	385,000	385,000
Domestic/National Projects	285,000	327,600	448,544	614,360	614,360
Dollars Leveraged from Federal & other states	4,188,000	1,818,000	2,016,000	2,310,000	2,310,000
Research Projects	505,015	526,735	\$753,616	\$868,915	\$868,915

\* estimated  
 \*\* budget recommendation

# Grain Commodity Research & Market

## Expenditures/Funding



\* estimated  
\*\* budget recommendation



## DIVISION OF PLANT HEALTH

Mr. Forrest St.Aubin, Director.

RESPONSIBILITIES. The Division of Plant Health of the Department of Agriculture is responsible for the control of plant pests and pesticide use. It achieves such functions through the implementation of the following functions:

- \* The Plant Pest Act (K.S.A. 2-2112 et. seq.). This Act serves to: protect the state from dangerous outbreaks of plant pests and diseases; provide for the inspection and certification of nursery stock and licensing of nursery stock dealers; provide for the inspection and certification of Kansas products for the purpose of marketing to out-of-state buyers; and, grant quarantine authority.
- \* The Apiary Inspection Act (K.S.A. 2-411 et. seq.). This Act provides for: inspection of beekeeping equipment; destruction of diseased bees; certification of healthy bees for out-of-state shipment; and, inspection and regulation of newly discovered pests, such as the Africanized honey bee.
- \* The Noxious Weed Act (K.S.A. 2-1314 et. seq.). From its inception as the Field Bindweed Control Act in 1937, this statute has undergone numerous changes to where today. It serves to: establish a list of noxious weeds; adopt official methods to control noxious weeds; establish criminal provisions for violation of the Act; provide for cost-sharing of chemical sales; provide for county-option listing for multiflora rose and sericea lespedeza; and, allow counties the option of issuing cost share certificates.
- \* The Barberry Eradication Act (K.S.A. 2-712 et. seq.). This statute declares the common barberry and black stem rust public nuisances and requires the destruction of barberry plants which are susceptible to the rust. Black stem rust is a highly destructive disease of small grains, such as wheat, barley, oats and rye.
- \* The Kansas Grasshopper Act (K.S.A. 19-2409 et.seq.). This law provides for technical assistance by the department to local government entities and permits counties to establish a levy for the purposes of controlling grasshopper outbreaks.
- \* The Agricultural Chemical Act (K.S.A. 2-2201 et.seq.). This statute requires that manufacturers must register their products prior to sale within the state and also provides stop-sale authority to the Department of Agriculture for all products found to be adulterated, misbranded, unregistered or which fail to meet other requirements of law.
- \* The Pesticide Law (K.S.A. 2-2438 et. seq.). The current law is the result of codification of the former Pest Control Act and Pesticide Use Law. It complies with the Federal mandate provided through the Federal Environmental Pesticide Control Act. It provides for: the means to certify to the competence of private and commercial pesticide applicators; the means of providing financial responsibility; registration of retail pesticide dealers; the means of verifying training of uncertified applicators; the assessment of civil penalties of violation of the Act; establishment

of Pesticide Management Areas; certain uses of pesticides not prohibited by their labels; and, state pre-emption of pesticide laws.

- \* The Chemigation Safety Law (K.S.A. 2-3301 et.seq.). This law provides for: the training and certification of chemigation equipment operators; yearly permitting of wells utilizing chemigation equipment; and, the installation and maintenance of appropriate anti-pollution devices.

What can readily be seen by the above discussion of functions of this division is the intimate, interlocked nature of that which is "plant protection" and that which is "pesticide management".

It seems often forgotten that pesticide regulation is not the sole reason for the existence of the division. Timely, statewide pest detection and thorough surveillance, often coordinated with neighboring states, forestalls or reduces the need for pesticide application. By the same token, judicious, just-in-time, prescription application of pesticide often prevents little problems from becoming big problems.

The careful, hand-in-hand cooperation of our Plant Protection and Pesticide Use sections allows this to occur. A prime example of this was the carefully timed release, county by county, of the pesticide "Capture", under a section 18 registration year before last. The result was timely control, with lower production input costs and reduced environmental insult.

Funding and Outlay. The accompanying figures represent funding and expenses for the current operating budget as well as for the Governor's proposed budget for Fiscal Year 1996. The appended charts graphically depict those figures.

In particular, note that in 1995 41.44 percent of funding comes from the State General Fund, while 29.74 percent comes from federal sources. Fee sources amount to 28.83 percent, most of which comes from pesticide registration fees.

In the proposed FY 1996 budget, 43.58 percent would come from the State General Fund, 27.18 percent from federal sources and 29.24 percent from fee funds.

The overall operating budget would increase nominally over 2 percent, from FY 1995 to FY 1996.

Philosophy of Regulation. We believe that a properly educated client is a properly regulated client. Therefore, our strategy is to expend our primary effort and resources on compliance education, or "outreach". With this strategy, we attempt to reach the "newly-in-business", as well as the more mature firms. In so doing, we point out that, while it is the law which must be observed, they, their customer, their industry, the taxpayer and the environment all benefit by their proper actions.

When our attempts to teach fail, then, and only then, will we apply measures of enforcement. Even then, when we find a simple mistake or oversight which results in a

violation, we will point out the problem and allow reasonable time to correct it. This will usually result in a "Warning Letter", much like a traffic warning.

For more severe violations or repeat offenders, administrative civil action is available in the form of fines, denial or revocation of licenses or certification.

For those who deliberately flaunt the law, knowingly do business without a license, or whose actions endanger life or the environment, criminal action is available through local jurisdiction. I am pleased to say that only a minuscule number, certainly less than one percent, ever fall into that category.

I came to this agency from private industry, -- and as a person who has, until joining this agency, spent his entire adult life researching, selling and using pesticides. I can tell you that little rankles the sincere business person more than to have some part of the competition benefit through gain from shoddy workmanship, misleading claims, purposeful avoidance of the law, or outright fraud. When such was brought to light, I expected to see swift, certain action taken by regulatory authorities. Now I am one of those regulating authorities and I promise you and the Kansas taxpayer these things:

- \* Interpretation and administration of the law will not be arbitrary, but will be uniform and without bias;
- \* We will seize every opportunity to teach regulated industries and individuals the positive societal, environmental and business benefits of compliance with the laws and their attendant regulations;
- \* To the best of our abilities, we will develop correspondence, instructions, applications and all other forms of communication so that they are clear, concise and intelligible to the people we serve;
- \* We will strive to not impede the daily activities of the honest, law-abiding, regulated community;
- \* When enforcement becomes necessary, it will be carried out swiftly, surely, fairly and, according to the nature of the infraction, with the full force of the law.

Vision and Future Goals. The face of agriculture is changing, at an increasing rate. Much is being done and written about integrated pest management, non-point source reduction, sustainable management and other necessary goals. But the very fabric of Kansas agriculture is being challenged in ways to which we are just becoming aware.

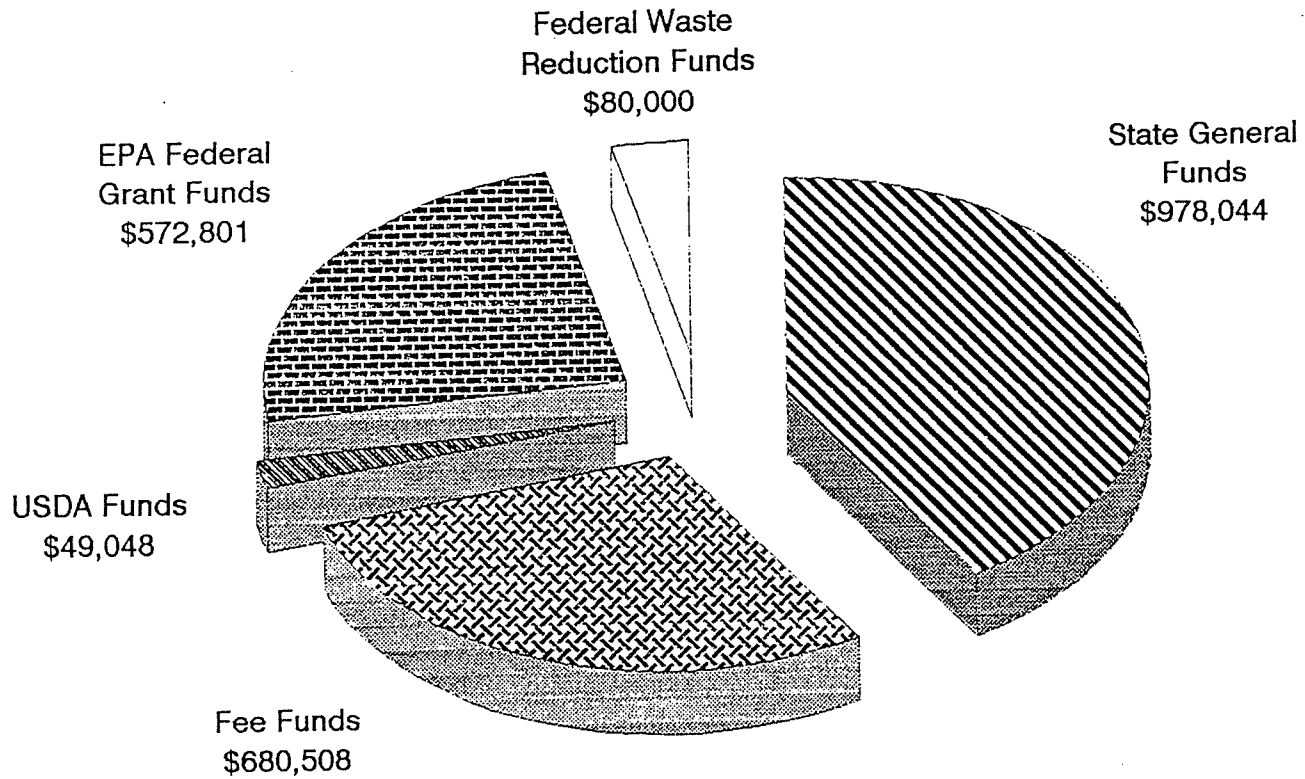
Alternative agriculture is one. What new pests or disease might lie in store for us, that we will have to learn and detect? Will the switch to sustainable management and methods of non-point source reduction create behavioral resistance problems among pests, while reducing pesticide resistance problems? Will value-added technology create a new set of problems?

Finally, what will we need to watch for with the new genetically engineered crops? And in a related vein, what will the vastly reduced requirement for pesticides -- due to the widespread introduction of pest and disease resistant crops -- do to pesticide research, introduction and distribution? Will new pests or diseases, heretofore of little or no importance, all of a sudden become important?

What new detection methods and expertise be required? What regulatory changes will need to be made? These and many other unthought of questions will become important and will require answers. We are thinking about these questions. We hope to be of help. The Division of Plant Health, through the education and expertise of its personnel, is capable of meeting the challenges of today and tomorrow.

DIVISION OF PLANT HEALTH  
FY 1995 BUDGET

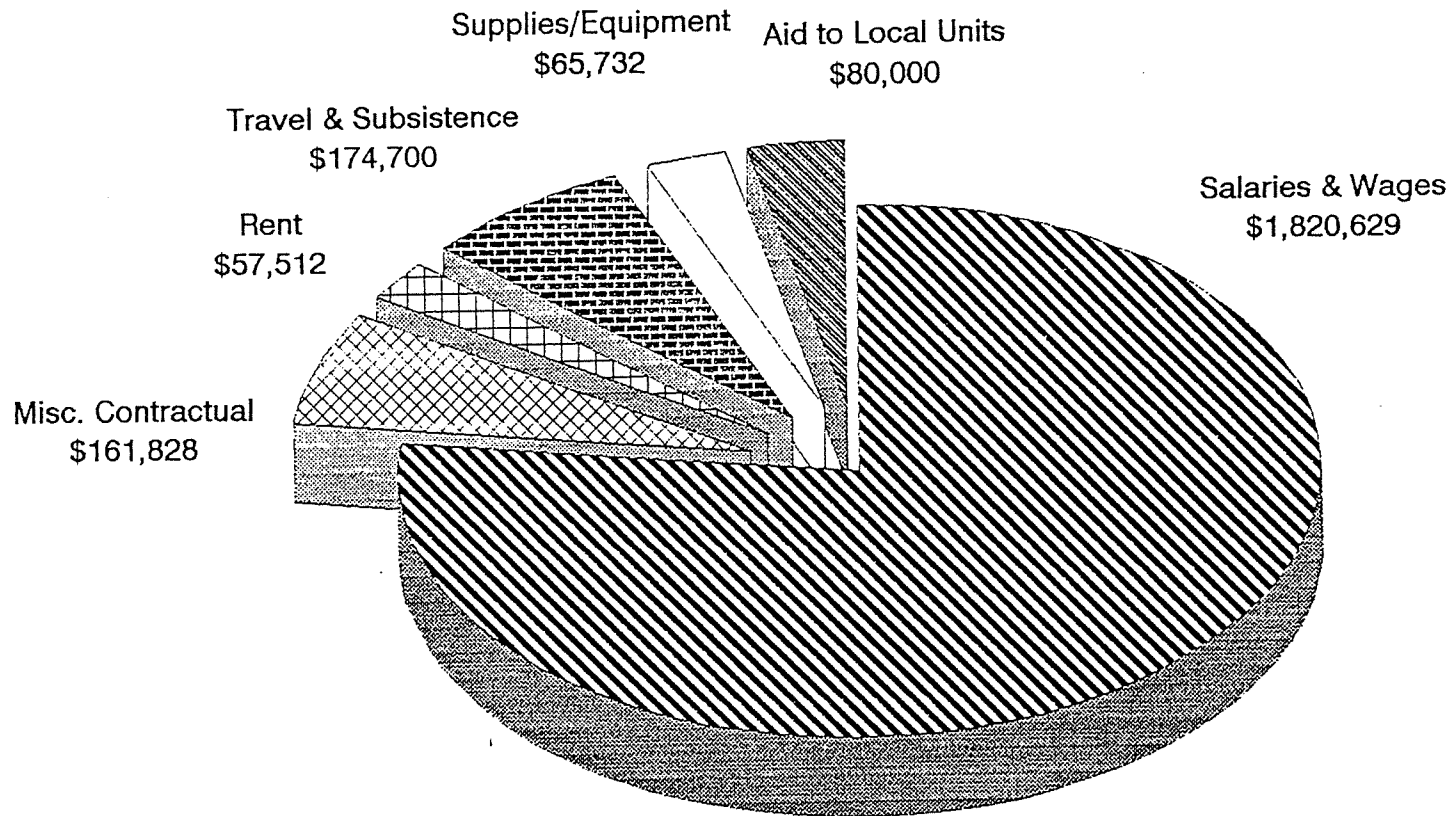
FUNDING SOURCES



33

DIVISION OF PLANT HEALTH  
FY 1995

EXPENDITURE CATEGORIES



34