

MINUTES OF THE HOUSE COMMITTEE ON GOVERNMENTAL ORGANIZATION AND ELECTIONS.

The meeting was called to order by the Chair, Rep. Joann Flower, at 9:00 a.m. on January 31, 1996 in Room 313-S of the Capitol.

All members were present except: Rep. Britt Nichols, Excused

Committee staff present: Dennis Hodgins, Legislative Research Department
Carolyn Rampey, Legislative Research Department
Donna Luttjohann, Committee Secretary

Conferees appearing before the committee: Allie Devine, Secretary of Agriculture
Gary Sherrer, Secretary of Commerce and Housing
Joe Lieber, KS Cooperative Council

Others attending:

Hearing on: **ERO 26: Abolishes the Division of Marketing within the Dept. of Agriculture and transfers it to the KS Dept. of Commerce and Housing**

Madam Chair Flower recognized Jill Wolters of the Legislative Research Division to summarize the Governor's Executive Order and the timeline within the statutes that the House and Senate committees have to act on the order. She stated that the committees are working on the order simultaneously. See Attachment 1.

The Chair recognized Ms. Allie Divine as a proponent of ERO 26. She testified that the purpose for this Order is to create a one stop shop for trading centers. Ms. Divine responded to questions from the joint committee. See written testimony for more information. Attachment 2.

Gary Sherrer was recognized by Madam Chairman Flower as a proponent of the order. Mr. Sherrer testified at the appropriateness of the Department of Commerce and Housing serving as a permanent placement for the Agriculture Department's marketing needs. He responded to questions from the joint committee. See Attachment 3 for more detailed testimony.

Joe Lieber was recognized as a proponent of the order by Madam Chairman Flower. He testified that his organization hoped that there would be an agriculture division or department in the Marketing Division established. For further discussion of his testimony see Attachment 4.

The Chair noted that written testimony was submitted by Bill Fuller, Kansas Farm Bureau Insurance and made available to the committee. See Attachment 5.

The hearing on ERO 26 was closed.

Madam Chairman Flower adjourned the meeting at 10:30 a.m. with the next meeting scheduled for February 1, 1996 at 9:00 a.m. in Room 521-S of the Capitol.

Office of Revisor of Statutes

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MEMORANDUM

To: Members of the House Agriculture Committee and
Governmental Organization and Elections Committee

From: Jill Ann Wolters, Assistant Revisor

Date: January 29, 1996

Subject: Executive Reorganization Orders

Pursuant to the Kansas Constitution, Article 1, Section 6, the Governor may issue executive reorganization orders. The orders shall be received by the legislature within the first 30 calendar days of any regular session. Each executive reorganization order shall take effect July 1 unless within 60 calendar days and before adjournment of the session either the House or Senate, by majority vote, adopts a resolution disapproving such order. If one house adopts a resolution rejecting the ERO, the action of the other house is moot.

Pursuant to House Rule 4501, upon being received, the executive reorganization order is to be referred to the appropriate committee by the Speaker. The committee shall report it's recommendation, in the form of a House Resolution, not later than the 60th calendar day of a regular session, or not later than 30 days after it received the referral, whichever occurs first.

If the committee fails to report, such committee shall be deemed to have returned the ERO to the House without recommendation.

When a report or return of an ERO is made, such report or return shall be the special order of business on a day and time as specified by the Speaker within 60 calendar days of the transmittal.

The House rules require the House to approve or reject every

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ERO unless the Senate has already rejected such ERO.

Executive Reorganization Order No. 26 was transmitted to the Senate and House of Representatives on January 19, 1996. On January 23, 1996, ERO 26 was referred to the Agriculture Committee. On January 26, 1996, ERO 26 was withdrawn from the Agriculture Committee and jointly referred to the Agriculture Committee and Governmental Organization and Elections Committee. Pursuant to House Rule 904, when a resolution is jointly referred, the resolution shall be considered and acted upon at a joint meeting of the two committees. The ERO was referred jointly on January 26 and the 30th calendar day after referral would be February 25, which is Sunday, thus placing it on the next day in which the House meets in session, February 26. If the committees fail to report, the ERO returns to the House without recommendation.

The ERO would need to be made the special order of business on a particular day and hour specified by the Speaker no later than March 19, which is the 60th calendar day from the date of transmittal to the legislature. The resolution approving or disapproving the ERO must be adopted by a majority vote.

The ERO becomes effective if, (1) the ERO is approved by both Houses, (2) the ERO is approved by one House and the other House takes no action, or (3) both Houses take no action. The ERO will not take effect if either House votes to disapprove.

An ERO which is effective shall be published as and with the acts of the legislature and the statutes. Any ERO may be amended or repealed as statutes are amended or repealed.

CONSTITUTION OF THE STATE OF KANSAS

ART. 1, § 6

§ 6. Reorganization of state agencies of executive branch. (a) For the purpose of transferring, abolishing, consolidating or coordinating the whole or any part of any state agency, or the functions thereof, within the executive branch of state government, when the governor considers the same necessary for efficient administration, he may issue one or more executive reorganization orders, each bearing an identifying number, and transmit the same to the legislature within the first thirty calendar days of any regular session. Agencies and functions of the legislative and judicial branches, and constitutionally delegated functions of state officers and state boards shall be exempt from executive reorganization orders.

(b) The governor shall transmit each executive reorganization order to both houses of the legislature on the same day, and each such order shall be accompanied by a governor's message which shall specify with respect to each abolition of a function included in the order the statutory authority for the exercise of the function. Every executive reorganization order shall provide for the transfer or other disposition of the records, property and personnel affected by the order. Every executive reorganization order shall provide for all necessary transfers of unexpended balances of appropriations of agencies affected by such order, and such changes in responsibility for and handling of special funds as may be necessary to accomplish the purpose of such order. Transferred balances of appropriations may be used only for the purposes for which the appropriation was originally made.

(c) Each executive reorganization order transmitted to the legislature as provided in this section shall take effect and have the force of general law on the July 1 following its transmittal to the legislature, unless within sixty calendar days and before the adjournment of the legislative session either the senate or the house of representatives adopts by a majority vote of the members elected thereto a resolution disapproving such executive reorganization order. Under the provisions of an executive reorganization order a portion of the order may be effective at a time later than the date on which the order is otherwise effective.

(d) An executive reorganization order which is effective shall be published as and with the acts of the legislature and the statutes of the state. Any executive reorganization order which is or is to become effective may be amended or repealed as statutes of the state are amended or repealed.

History: Adopted by convention, July 29, 1859; ratified by electors, Oct. 4, 1859; L. 1861, p. 50; original subject matter stricken by revision and new subject substituted, L. 1972, ch. 390, § 1; Nov. 7, 1972.

RULES OF THE HOUSE

ARTICLE 45. EXECUTIVE REORGANIZATION ORDERS

Rule 4501. Referral of Executive Reorganization Orders. Whenever an executive reorganization order is received from the Governor, it shall be referred to an appropriate committee by the Speaker.

Rule 4502. Committee Report on Executive Reorganization Orders. The committee to which an executive reorganization order is referred shall report its recommendations upon every executive reorganization order referred to it, in the form of a House resolution, not later than the 60th calendar day of any regular session, and not later than 30 calendar days after it has received such referral whichever of the foregoing occurs first.

Rule 4503. Return in Event of Committee's Failure to Report. In the event that a committee fails to report upon an executive reorganization order and upon all resolutions relating thereto referred to it within the time specified in Rule 4502, such committee shall be deemed to have returned the same to the House without recommendation thereon.

Rule 4504. Special Order of Business for ERO. When a report or return of an executive reorganization order is made, it and all resolutions for approval or disapproval thereof shall be made the special order of business on a particular day and hour specified by the Speaker but not later than the last day the executive reorganization order may be disapproved under section 6 of article 1 of the Constitution of Kansas.

Rule 4505. Nonapplication to Bills. This Article 45 shall not apply to bills amending or otherwise affecting executive reorganization orders.

Rule 4506. Nonaction When Moot. The House shall act to approve or reject every executive reorganization order unless at the time set for such action the Senate shall have already rejected such executive reorganization order.

STATE OF KANSAS

BILL GRAVES, GOVERNOR
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KANSAS DEPARTMENT OF AGRICULTURE

TESTIMONY

TO THE HOUSE AGRICULTURE AND HOUSE GOVERNMENT ORGANIZATION COMMITTEES

ALLIE DEVINE, SECRETARY
KANSAS DEPARTMENT OF AGRICULTURE
Presented January 31, 1996

Good morning, Chairperson Flower and Chairperson Dawson and committee members. I appreciate the opportunity to meet with both committees at this mutual time on a very important issue regarding the Governor's Executive Reorganization Order NO. 26 and the future of agricultural development in Kansas. When I was appointed by Governor Graves as Secretary of Agriculture one year ago, I accepted the job with the commitment to his position to operate the department fiscally sound as the voters in Kansas had demanded of the new administration. I have taken such commitment seriously, thru decisions to operate the department with efficiency and a priority to look for areas of taxpayer supported programs where duplication exists. Tough choices are being made in all areas of state government including the Department of Agriculture. Those choices have been based upon a directive to reduce the agency's budget by 1.5% in the current year, and to reduce full time equivalents(FTE's) by 2% this year and 3% in FY 97. Such action by the department and other agencies have allowed the state's budget for FY97 to be reduced by 1.2%, with expenditures being \$5.2M less than projected receipts and state employees reduced statewide by 374 or 0.8 percent.

Early in my role as Secretary, I asked each division in the department to conduct a thorough assessment of their programs, listing areas of priorities regarding the agency's statutory responsibility and regulation. It was made very clear to me that the agency's regulatory programs including, meat inspection, water appropriation, weights and measures, and plant protection/health, have no further room for reduction. Some 49 of 50 agency statutes create those regulatory programs. The agency had previously cut across the board to the point that programs were seriously becoming ineffective. During the past four fiscal years those vital programs have lost over 13 FTE's which provide consumer protection and public safety functions in inspections, water resources, plant health and laboratory program areas. Those fundamental areas of the department have been reduced without appropriate review of the affected industry or consumer costs. Instead of continuing to jeopardize core public health and safety programs, I made the decision to investigate programs where the potential existed to consolidate, merge or transition certain efforts of the agency to other existing programs in state government. The market promotion and ag development programs of the agency's marketing division clearly fits such criteria.

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As I became more aware of the programs existing in the KS Department of Commerce and Housing(KDOCH), it was obvious that consideration of joining forces with Secretary Sherrer should occur. In numerous discussions and meetings last fall, Gary and I reviewed programs in each agency and noted several opportunities which could be expanded upon for ag industry. It seems only logical to make available to all of the Kansas business community in the state, a consistent, consolidated approach to research, business plan development, and technical/financial resources combined with a marketing component. The creation of a one-stop center for business enhancement will benefit agriculture by merging efforts into an enhanced trade promotion network.

I took the concept to the Governor's Ag Advisory board in November 1995 and presented them with the same outline I offer to you today. Do I continue to erode regulatory programs of the agency with cuts in programs with health and safety implications and consumer protection or do I investigate ways to maintain services within a framework of least opposition and change. The board directed me to pursue the marketing consolidation concept and unanimously endorsed the idea. It was agreed that ag industry interests will finally be welcomed at business level discussions within a trade/commercial environment. They also recognized that the KDOCH will elevate the awareness of ag promotions, will provide greater access to project funding, and greater availability of human resources in multiple locations in and out of the state.

Programs which appear most consistent with such a merger include the From the Land of Kansas merchandising program, the Savor Food program, Food and Agricultural Shows, Livestock Shows, International Food Programs, Marketing Seminars, and Producer Organization Services. The marketing division program assessment identified over 67 on-going projects with the KS Department of Commerce and Housing during the past five years. Examples of such joint effort include: KS/Beef Dairy Promotion, Bloomingdale's Promotions, Main Street Project Review Teams, Harrod's Department Store Promotion, From the Land of Kansas(FTLOK)/KDOCH Visitor Center Project, FTLOK Program with KS Travel Guide, KS Arts/Food Exposition, KS Magazine/KS Connection Catalog Project, Santa Fe Trail Promotion, WKREDA Coalition Project, and KS Products Exhibition/Tokyo Trade Center. The mere presence of agricultural talent/resources merged with business and industry resources will draw even greater return for the ag industry. The existing programs and funding for market promotion including four FTE's would transfer in this proposal.

Since the time that Secretary Sherrer and I began discussing the potential consolidation, we have determined that an additional component of the existing marketing division known as Agricultural Development should also be considered in such merger. Those programs, including Technical Assistance, Ag Information Support, and Industrial and Alternative Ag Development have been determined as appropriate program functions which fit into a combined center for ag and business development services for Kansas ag industry within KDOCH. Programs such as dairy/swine industry expansion, poultry production/processing recruitment, industrial/commercialization, ag industry transportation issues, and value added industry technical assist will be incorporated into an ag marketing component of KDOCH. These existing functions and funding along with four FTE's will be transferred to KDOCH in this proposal.

Programs being retained within the KDA will include the commodity commission programs, the market news service for beef and hay, grading/labeling inspection services, along with the authorities of the Grape and Wine Council, the Aquaculture Council, and the Sheep Council. All such functions will be incorporated into other areas of the agency.

The transfer will create a net state general fund reduction of \$505,000 in the marketing program of KDA without compromising the level of service or integrity of on-going ag market promotion/development. The savings realized in less administrative overhead will result in a net reduction of six FTE's from the KDA budget. The bottom line, I choose to manage the agency by attempting to preserve existing programs of public health and safety while enhancing market/promotion by shifting resources to another agency with expertise on business enhancement.

In order to eliminate duplication of services in state government, the transfer will maintain ag marketing services while improving the efficiency of state government. The center for marketing/promotion/development for the state of Kansas is the KDOCH. The state's trade expansion efforts combined into one agency will benefit the ag community by making it part of an expanded promotion network that will benefit buyers and sellers of KS products by creating a one-stop trading center.

In summary, those of us committed to state service, elected, or appointed members of the administration, have been directed by our constituents to manage efficient public sector service programs. Tough choices have to be made by each of us. I choose to make such decision based upon facts presented me, an assurance that the ag industry will be equitably represented in a business environment within KDOCH, and that the people of Kansas will receive the same level of service as they have requested from the KDA in the area of promotion/development. I am committed to seeing that such concept is upheld and I look forward to working with Secretary Sherrer in a transition which insures that ag interests are well represented.

Thank you for your attention, and I will answer any questions of the committees.

**TESTIMONY BEFORE THE HOUSE AGRICULTURE COMMITTEE
AND HOUSE GOVERNMENTAL ORGANIZATION AND ELECTIONS COMMITTEE
(JOINT MEETING)
TRANSFERRAL OF CERTAIN MARKETING FUNCTIONS FROM THE
DEPARTMENT OF AGRICULTURE TO THE DEPARTMENT OF COMMERCE &
HOUSING
GARY SHERRER, COMMERCE & HOUSING SECRETARY
JANUARY 31, 1996**

Members of the Committees, I appreciate this opportunity to appear before you today to discuss the transferral of certain agricultural marketing positions from the Kansas Department of Agriculture to the Kansas Department Commerce and Housing. Secretary Devine and I both feel this would have a tremendous positive impact on the Kansas economy, as Commerce and Housing serves as the state's marketing arm.

One year ago, I spoke of a growing concern over fragmentation of government services. Specifically, I mentioned the very programs we are deliberating today - the "From the Land of Kansas" marketing program at the Department of Agriculture and the "From the Hands of Kansas" program at Commerce and Housing. They are both agricultural marketing programs and similar in many ways, but run by two different agencies. Such duplication of services brings to mind a typical example: Recently, when a western Kansas economic development group took part in a business recruitment trip, the State paid for two individuals to attend - one representing the Department of Agriculture, the other from Commerce and Housing. Do we need this kind of duplication?

These remarks occurred at the same time that Secretary Devine was working to strengthen her regulatory efforts and needed additional resources to do so. As her agency was planning, she and I discussed how we might compensate for fewer staff by providing them more resources at Commerce and Housing. This would only make logical sense as we have a structured marketing focus and the necessary human and financial resources to carry out this mission. They have staff positions dedicated to agricultural marketing. We both agreed that we could significantly enhance the marketing of agricultural goods in Kansas if we could merge these resources.

Secretary Devine has already outlined for you the numerous advantages of such a merger. My purpose today is to focus on the appropriateness of Commerce and Housing serving as a permanent home for agricultural marketing.

Commerce and Housing is the marketing arm for the State of Kansas. We aggressively market to bring new industry to the state. We have contract offices in Los Angeles, Chicago, Japan, Australia and Belgium to assist us in this endeavor. We have allocated millions of dollars in grant monies to help build communities throughout the state - from infrastructural needs to new businesses. We have also provided incentives to help countless existing businesses expand. We have a very thorough understanding of marketing.

But why would Commerce and Housing care about agricultural marketing in rural communities? If this remains a puzzling question, then consider the following:

1. Who already has the incentive and grant programs to compliment agricultural marketing? Commerce and Housing.
2. Who has international offices to help promote the trade of agricultural products and commodities? Commerce and Housing.
3. Who has field offices in western Kansas, staffed by individuals who regularly travel that part of the state to inform others on economic development programs available to even the smallest communities? Commerce and Housing.
4. Who has invested, in just the past year, more than \$1 million in agricultural, value-added enterprises? Commerce and Housing.
5. Who brings international trade delegations to meet with agribusiness leaders in the state? Commerce and Housing.
6. In 1995, who authorized more than \$5 million in bond allocations to assisted living facilities in rural communities around the state? Commerce and Housing.
7. In 1995, who authorized nearly \$2 million in bond allocations to the Beginning Farmer Program? Commerce and Housing.
8. In 1995, who allocated more than \$1 million in grants from the Workforce Training program to bring new skills to workers in value-added industries? Commerce and Housing.
9. Who implemented a comprehensive Consolidated Plan program that will help bring a prominent, agricultural, value-added business to Smith Center? Commerce and Housing.
10. In 1995, who provided nearly \$10 million in Community Development Block Grant funding to enhance rural communities? Commerce and Housing.
11. Who took on the additional responsibilities of serving an agricultural marketing function for the Department of Agriculture at a European trade show last year, saving the agency the cost of sending a private contractor? Commerce and Housing.

Agricultural marketing would be an extremely appropriate addition to Commerce and Housing. We have the resources available to handle this function and a strong commitment to continue our support of agriculture.

As we deliberate this decision, I can think of only two issues that would "paralyze" any action to transfer these positions.

1. We cannot allow ourselves to fall victim to the "Seaboard Syndrome." With a history of non-controversial, economically beneficial programmatic decisions, one private activity bond allocation should not define Commerce and Housing's operations. One incident should not be used as a measurement of our ongoing commitment to strengthen the Kansas agricultural economy.

2. We must not become complacent in doing the same old things, the same old way. We

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have to continuously look for new methods that help streamline the way we do business. The decision that stands before us today is a perfect example of this. It does more with less.

I am convinced that people are asking us everyday to break this paralysis by focusing our resources and delivering more. This issue is all about delivering more. Those who would make it to be something else are simply wrong.

I support the Governor's recommendations, as do Secretary Devine and her board, and pledge that Commerce and Housing, if given this responsibility, will ensure you made the right decision.

Testimony on ERO 26
House Agriculture Committee
House Governmental Organization and Elections
January 31, 1996
Prepared by Joe Lieber
Kansas Cooperative Council

Madam Chairs and members of the committees, I'm Joe Lieber, Executive Vice President of the Kansas Cooperative Council. The Council's membership consists of over 150 farm supply cooperatives who have a combined membership of nearly 200,000 farmers and ranchers.

The Council is not opposed to transferring the Marketing program of the Kansas Department of Agriculture (KDA) into the Kansas Department of Commerce and Housing (KDOCH). But, we do have some concerns.

It is my understanding that Commerce has a Marketing Division and agriculture will be part of that division. If this is the case, we are concerned that agriculture would not get its fair share of the marketing budget. We would like to see an agriculture division or department in the Marketing Division so it could have its own line item in the budget process.

Agriculture is still the number one industry in Kansas and it's a renewable industry. We believe that marketing Kansas agricultural products is not only important to the Kansas economy but is one of the positive features of our international trade. We feel it warrants identification in the budget process.

High tech industries and small enterprises are important to Kansas economy, but you can't eat planes or computers. Agriculture should still be number one.

I think it was William Jennings Bryan that stated, and I paraphrase, "Tear down the cities and leave the farming, and the cities will grow back up, but tear down the farms and soon the cities will perish."

Thank you for your time and I will be happy to answer any questions.



Kansas Farm Bureau

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January 31, 1996

Representative Joann Flower, Chair
House Agriculture Committee
Statehouse
Topeka, Kansas

COPY

Dear Representative Flower;

This letter is in reference to Executive Reorganization Order No. 26. The House Agriculture Committee is receiving a briefing and conducting a hearing today on the proposal to transfer major functions of the Marketing Division at the State Department of Agriculture to the Department of Commerce and Housing.

Kansas Farm Bureau respectfully requests the Committee draft a resolution disapproving the ERO. This recommendation is based upon policy adopted by the farm and ranch members of Kansas Farm Bureau:

"We believe all existing divisions within the Kansas Department of Agriculture should continue to administer, within the agency, their current statutory responsibilities. We further believe all programs, projects and divisions operating in the Department of Agriculture should continue to answer to the new Secretary and the newly created Board of Agriculture."

This long-standing policy was adopted in response to various discussions and proposals over the years to transfer pesticide regulation, water appropriation and marketing from the KDA to other agencies.

A resolution will serve as a vehicle for extensive hearings where individuals and agencies, on both sides of the proposal, will have the opportunity to make their cases.

While ERO 26 is in conflict with some KFB adopted policy, Farm Bureau membership supports improved efficiency in government, elimination of duplication and reduced government spending.

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To better inform KFB membership, we are distributing a white paper recently released by the KDA.

We appreciate your consideration of our concern and recommendation.

Thank you!

Sincerely,

A handwritten signature in black ink that reads "Bill Fuller". The signature is written in a cursive style with a large initial "B" and "F".

Bill Fuller, Associate Director
Public Affairs Division
Kansas Farm Bureau