

Approved: 2-15-96
Date

MINUTES OF THE SENATE COMMITTEE ON AGRICULTURE

The meeting was called to order by Chairperson David Corbin at 10:00 a.m. on February 13, 1996 in Room 423-S of the Capitol.

All members were present .

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

Conferees appearing before the committee:
Allie Devine, Secretary of Agriculture
Gary Sherrer, Secretary, Department of Commerce and Housing

Others attending: See attached list

A motion was made by Senator Clark to adopt the minutes of the February 12 meeting. Senator Tillotson seconded the motion. Motion carried.

Chairperson Corbin stated the purpose of the meeting was to permit Secretary Devine to brief the Committee regarding ERO 26. Secretary Devine stated in her role as Secretary of Agriculture she asked each division in the department to conduct an assessment of their programs, listing areas of priorities regarding the agency's statutory responsibilities and regulations. It was clear to her after reviewing their responses that their priority was to public health and safety, and consumer protection. Because of duplication of services in the Agriculture Marketing Division, the Governor, Secretary Sherrer, and she decided that department would best be served if it was transferred to the Department of Commerce and Housing. This proposal has the approval of the Governor's Agriculture Advisory Board (Attachment 1). Secretary Devine responded to questions regarding the statutory requirements of the Department.

Secretary Sherrer supported the Governor's plan and Secretary Devine's comments to move the marketing department to Commerce and Housing. The Commerce Department has the incentives and grant programs to get the job done. They have state and international offices that develop agricultural program, and he gave some examples of these programs. ERO 26 address the statutory requirements to transfer the Marketing Department. It will put agriculture marketing under one department and many people have suggested this be done.

The meeting adjourned at 11:03 a.m.

The next meeting is scheduled for February 14, 1996.

STATE OF KANSAS

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KANSAS DEPARTMENT OF AGRICULTURE

TESTIMONY

TO THE
SENATE AGRICULTURE COMMITTEE
BY
ALLIE DEVINE, SECRETARY
KANSAS DEPARTMENT OF AGRICULTURE
Presented FEBRUARY 13, 1996

Good morning, Chairman Corbin and Committee members. I appreciate the opportunity to meet with you 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.

*Senate Ag Co
2-13-96
attachment 1*

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, Bloomingdales'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 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.