

Approved: 2-20-98
Date

MINUTES OF THE SENATE COMMITTEE ON AGRICULTURE.

The meeting was called to order by Chairperson Steve Morris at 10:00 a.m. on February 12, 1998 in Room 423-S of the Capitol.

All members were present except:

Committee staff present: Raney Gilliland, Legislative Research Department
Mark Burenheide, Legislative Research Department
Jill Wolters, Revisor of Statutes
Nancy Kippes, Committee Secretary

Conferees appearing before the committee:

Patty Clark, Director, Agriculture Products Development Division, Department of Commerce and Housing

Others attending: See attached list

Senator Clark made a motion to approve the minutes of the February 11 meeting as submitted. Senator Corbin seconded. The motion carried.

SB 505 **Repealing the sunset provisions of the Agriculture Products Development Division in the Department of Commerce and Housing.**

Patty Clark, Director, Agriculture Products Development Division, Department of Commerce and Housing, provided the Committee with additional information as requested concerning the budget for the Agriculture Products Development Division and the manner in which the Division assists startup companies (Attachment 1). In addition she provided a letter from a consumer member of the Land of Kansas Program (Attachment 2).

Senator Biggs made a motion to pass **SB 505** favorably. Senator Corbin seconded. The motion carried.

The next meeting will be called as needed.

EXPENDITURES-DA 406

AGENCY NAME Department of Commerce and Housing

AGENCY NUMBER 300-00

FUNCTION NO 1

DIVISION OF THE BUDGET

PROGRAM TITLE AND NUMBER

Ag Products Development 04000

STATE OF KANSAS

SUBPROGRAM TITLE AND NUMBER

PAGE 65

OBJECT OF EXPENDITURE	OBJ CODE	FY97 ACTUAL	FY98 ESTIMATE	DOB USE ONLY	FY99 REDUCED RESOURCE	FY99 CURRENT SERVICE	FY99 ENHANCEMENT PACKAGE	DOB USE ONLY
01 TOTAL SALARIES AND WAGES	100	362,015	421,416		434,480	434,480		
05 Communication	200	20,309	42,040	+	41,040	41,040		
05 Freight & Express	210	1,649	5,500	+	5,500	5,500		
05 Printing & Advertising	220	76,907	61,668	-	61,668	61,668		
05 Rents	230	14,846	15,500	+	15,500	15,500		
05 Repairing & Servicing	240	725	2,250	+	2,250	2,250		
05 Travel & Subsistence	250	31,398	67,000	+	67,000	67,000		
05 Fees-Other Services	260	7,357	13,150	+	13,150	13,150		
05 Fees-Professional Services	270	328,430	48,000	- (306,000) KTEC	31,845	44,000		
05 Utilities	280							
05 Other Contractual Services	290	21,560	27,327	+	21,250	27,327		
06 TOTAL CONTRACTUAL SERVICES		503,181	282,435		259,203	277,435	0	
10 Clothing	300							
10 Food & Forage	310							
10 Food for Human Consumption	320	325						
10 Fuel	330							
10 Maintenance Materials, Supplies, Parts	340		1,100		1,100	1,100		
10 Motor Vehicle Parts, Supplies	350	148						
10 Professional & Scientific Supplies	360	592	15,139	+	13,219	15,139		
10 Stationery/Office Supplies	370	5,355	11,580	+	11,580	11,580		
10 Scientific Research Supplies	380							
10 Other Supplies, Materials, Parts	390	5,140	9,130	5,000 - Trademark 4130 - EDIP	9,130	9,130		
11 TOTAL COMMODITIES		11,560	36,949		35,029	36,949	0	
15 TOTAL CAPITAL OUTLAY	400	15,947		furniture/fixtures				
20 Debt Service--Principle	600							
20 Debt Service--Interest	610							
20 INSTITUTIONAL OR DEPT. DEBT		0	0		0	0	0	
25 TOTAL NONEXPENSE ITEMS	700	1						
30 SUBTOTAL-STATE OPERATIONS		892,703	740,800		728,712	748,864	0	
35 Federal Aid to Local Units	500							
35 State Aid to Local Units	510							
36 TOTAL AID TO LOCAL UNITS		0	0		0	0	0	
37 Other Grants, Claims, and Assistance	599	339,254	650,000		595,000	640,000		
38 TOTAL OTHER ASSISTANCE, GRANTS & BENEFITS		339,254	650,000		595,000	640,000	0	
40 TOTAL EXPENDITURES		1,231,957	1,390,800		1,323,712	1,388,864	0	
FTE Positions		10.0	10.0		10.0	10.0		
Unclassified Temporary Positions								
45 TOTAL POSITIONS		10.0	10.0		10.0	10.0	0	

Senate Agriculture
 February 12, 1998
 Attachment 1

PLAN FOR FINANCING--DA410

AGENCY NAME Department of Commerce and Housing

AGENCY NUMBER 300-00

FUNCTION NO 1

DIVISION OF THE BUDGET
STATE OF KANSAS

PROGRAM TITLE AND NUMBER Agriculture Products

4000

SUBPROGRAM TITLE AND NUMBER

PAGE 66

FUND CODE	FUND/ACCOUNT TITLE	RECORD CLASS	FY97 ACTUAL	FY98 ESTIMATE	DOB USE ONLY	FY99 REDUCED RESOURCE	FY99 CURRENT SERVICE	FY99 ENHANCEMENT PACKAGE	DOB USE ONLY
	STATE OPERATIONS								
	SALARIES AND WAGES								
	STATE GENERAL FUND								
1000-05	STATE OPERATIONS	0	338,748						
	SUBTOTAL-STATE GENERAL FUND		338,748	-		-	-	-	
	ALL OTHER FUNDS:								
2610-00	EDIF-STATE OPERATIONS	0	23,267	421,416		434,480	434,480		
	SUBTOTAL-ALL OTHER FUNDS		23,267	421,416		434,480	434,480	-	
	SUBTOTAL-SALARIES AND WAGES		362,015	421,416		434,480	434,480	-	
	OTHER OPERATING EXPENDITURES								
	STATE GENERAL FUND:								
1000-05	STATE OPERATIONS	1							
1000-05	STATE OPERATIONS-KQM EXPENDITURES	1	110						
	SUBTOTAL-STATE GENERAL FUND		110	-		-	-	-	
	ALL OTHER FUNDS:								
2048-00	PUBLICATIONS & OTHER SALES	1							
2049-00	CONFERENCE REGISTRATION	1	325						
2275-00	REIMBURSEMENT & RECOVERY	1							
2331-00	MARKET DEVELOPMENT FUND	1	8,508						
2333-00	TRADEMARK FUND	1	2,501	5,000	3990				
2350-00	AGRICULTURAL DEVELOPMENT PROGRAM	1							
2610-00	EDIF-STATE OPERATIONS	1	512,124	314,384		294,232	314,384		

PLAN FOR FINANCING--DA410

AGENCY NAME Department of Commerce and Housing
 AGENCY NUMBER 300-00 FUNCTION NO 1
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DIVISION OF THE BUDGET
 STATE OF KANSAS

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2610-00	EDIF - KQM SAVINGS	1	7,120						
	SUBTOTAL-ALL OTHER FUNDS		530,578	319,384		294,232	314,384	-	
	SUBTOTAL-OTHER OPERATING EXPEND		530,688	319,384		294,232	314,384	-	
	SUBTOTAL-STATE OPERATIONS		892,703	740,800		728,712	748,864	-	
	FEDERAL AND STATE AID TO LOCAL UNITS OF GOVERNMENT								
	ALL OTHER FUNDS								
2331-00	MARKET DEVELOPMENT FUND	2							
2610-00	EDIF-STATE OPERATIONS	2							
	SUBTOTAL-ALL OTHER FUNDS		-	-		-	-	-	
	SUBTOTAL-AID TO LOCAL UNITS		-	-		-	-	-	
	OTHER ASSISTANCE, GRANTS, & BENEFITS								
	ALL OTHER FUNDS								
2331-00	MARKET DEVELOPMENT FUND	3		100,000		100,000	100,000		
2610-00	EDIF-STATE OPERATIONS	3	339,254	550,000		495,000	540,000		
	SUBTOTAL-ALL OTHER FUNDS		339,254	650,000		595,000	640,000	-	
	SUBTOTAL-OTHER ASSISTANCE		339,254	650,000		595,000	640,000	-	
	SUBTOTAL-OPERATING EXPENDITURES		1,231,957	1,390,800		1,323,712	1,388,864	-	
	TOTAL PROGRAM EXPENDITURES		1,231,957	1,390,800		1,323,712	1,388,864	-	

SALARIES AND WAGES--DA412

DIVISION OF THE BUDGET
STATE OF KANSAS

AGENCY NAME
AGENCY NUMBER
PROGRAM TITLE/NUMBER
SUBPROGRAM TITLE/NUMBER

Department of Commerce and Housing
300-00 FUNCTION 1
Agriculture Products Development 04000

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PAGE

CLASSIFICATION OF EMPLOYMENT	SALARY RANGE	FY1997 ACTUAL		FY1998 ESTIMATE		DOB USE ONLY		FY1999 REDUCED RESOURCE		FY1999 CURRENT SERVICE		FY1999 ENCHANCMENT PACKAGE		DOB USE ONLY	
		NO.	AMOUNT	NO.	AMOUNT	NO.	AMOUNT	NO.	AMOUNT	NO.	AMOUNT	NO.	AMOUNT	NO.	AMOUNT
AUTHORIZED POSITIONS															
Classified Regular															
Economic Development Rep II	28	1.0	35,895	1.0	37,024			1.0	37,950	1.0	37,950				
Economic Development Rep III	30	5.0	188,750	5.0	201,401			5.0	206,436	5.0	206,436				
Economic Development Rep I	24	1.0	14,403	1.0	29,042			1.0	29,768	1.0	29,768				
Office Assistant III	13	1.0	12,490	1.0	17,067			1.0	17,494	1.0	17,494				
Secretary II	15	1.0	13,841	1.0	19,977			1.0	20,476	1.0	20,476				
Subtotal-Classified Regular		9.0	265,379	9.0	304,511			9.0	312,124	9.0	312,124				
Classified Temporary															
Office Assistant IV			947												
Subtotal-Classified		9.0	266,326	9.0	304,511				312,124		312,124				
Unclassified Regular															
Division Director		1.0	41,540	1.0	55,827			1.0	55,827	1.0	55,827				
Unclassified Merit									1,396		1,396				
Subtotal-Unclassified		1.0	41,540	1.0	55,827				57,223		57,223				
Subtotal Authorized Positions		10.0	307,866	10.0	360,338			10.0	369,347	10.0	369,347				
Longevity Pay			960		1,000				1,000		1,000				
Subtotal-Salaries and Wages		10.0	308,826	10.0	361,338			10.0	370,347	10.0	370,347				

SALARIES AND WAGES--DA412

DIVISION OF THE BUDGET
STATE OF KANSAS

AGENCY NAME
AGENCY NUMBER
PROGRAM TITLE/NUMBER
SUBPROGRAM TITLE/NUMBER

Department of Commerce and Housing
300-00 FUNCTION 1
Agriculture Products Development 04000

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PAGE

CLASSIFICATION OF EMPLOYMENT	SALARY RANGE	FY1997 ACTUAL		FY1998 ESTIMATE		DOB USE ONLY		FY1999 REDUCED RESOURCE		FY1999 CURRENT SERVICE		FY1999 ENHANCMENT PACKAGE		DOB USE ONLY	
		NO.	AMOUNT	NO.	AMOUNT	NO.	AMOUNT	NO.	AMOUNT	NO.	AMOUNT	NO.	AMOUNT	NO.	AMOUNT
KPERS			7,335		13,695				14,777		14,777				
FICA			23,034		27,642				28,332		28,332				
Workers' Compensation			4,477		5,239				5,740		5,740				
Unemployment Compensation			597		723				1,111		1,111				
State Leave Pay Assessment			1,420		1,662				1,592		1,592				
Single Member Health-Full Time		10.0	13,813	10.0	21,980			10.0	23,430	10.0	23,430				
Part Time															
Dependent Health-Full Time			2,513	6.0	6,696			6.0	7,254	6.0	7,254				
Part Time															
Subtotal-Fringe Benefits			53,189		77,637				82,236		82,236				
Subtotal-Salaries and Wages		10.0	362,015	10.0	438,975			10.0	452,583	10.0	452,583				
Shrinkage					17,559				18,103		18,103				
TOTAL-SALARIES AND WAGES		10.0	362,015	10.0	421,416			10.0	434,480	10.0	434,480				
Unclassified Temporary															
TOTAL STATE POSITIONS		10.0		10.0				10.0		10.0					

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NARRATIVE INFORMATION -- DA 400

DIVISION OF THE BUDGET

STATE OF KANSAS

AGENCY NAME **KANSAS DEPARTMENT OF COMMERCE AND HOUSING**

AGENCY NUMBER 300

FUNCTION NUMBER 01

PROGRAM TITLE AND NUMBER Agriculture Products Development Division- 04000

SUBPROGRAM TITLE AND NUMBER _____

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AGRICULTURE PRODUCTS DEVELOPMENT DIVISION

PROGRAM GOAL:

To facilitate value added opportunities for and promote the marketing of Kansas agricultural products, while at the same time creating jobs and revenues in rural areas.

OBJECTIVE #1:

Provide an effective vehicle to develop and commercialize viable agricultural value added projects.

Strategies for Objective #1:

- ① Work jointly with the Trademark and Marketing programs to develop a system that will provide client information on product sourcing, co-packing, and building site availability. Conduct marketing and promotion projects that have a high probability of yielding maximum economic benefits and sales for Kansas companies and producers.
- ② Develop a quick reference guide for new and existing Kansas value added companies.
3. Administer a Foods and Feeds program that has a positive economic impact upon the state of Kansas.
4. Administer an Industrial Agriculture value added program that has a positive economic impact upon the state.
- ⑤ Provide technical and financial assistance to value added clients.
- ⑥ Provide pilot plant facilities that are economical for clients.
7. Conduct outreach to promote value added activities.

DOB USE ONLY

NARRATIVE INFORMATION -- DA 400

DIVISION OF THE BUDGET

STATE OF KANSAS

AGENCY NAME **KANSAS DEPARTMENT OF COMMERCE AND HOUSING**

AGENCY NUMBER **300**

FUNCTION NUMBER **01**

PROGRAM TITLE AND NUMBER **Agriculture Products Development Division- 04000**

SUBPROGRAM TITLE AND NUMBER _____

Performance Measures for Objective #1:

OUTCOME MEASURES:

	Actual FY1997	Current FY1998	Reduced Resource FY1999	Current Service FY1999	Outyear #1 FY2000	Outyear #2 FY2001
Create in-state suppliers of resources for clients, measured in dollars of increased economic activity intrastate.	\$45,000	\$200,000	\$200,000	\$200,000	\$225,000	\$250,000
Jobs created as a result of Value Added Center efforts	10.5	15	15	20	20	20
Revenues produced by Value Added Center clients as a result of assistance provided.	\$500,000	\$5,000,000	\$5,000,000	\$6,000,000	\$6,00,000	\$6,500,000
Award grants to promote value added projects and pilot plant facilities.	\$525,795	\$650,000	\$595,000	\$640,000	\$600,000	\$600,000
Dollar value of private investment in value added projects.	\$808,856	\$1,000,000	\$1,000,000	\$1,250,000	\$1,250,0000	\$1,250,000

OUTPUT MEASURES:

	Actual FY1997	Current FY1998	Reduced Resource FY1999	Current Service FY1999	Outyear #1 FY2000	Outyear #2 FY 2001
Number of commercially viable value added agriculture projects funded.	9	12	25	28	28	28
Number of value added projects reviewed.	19	50	50	50	50	50
Number of clients provided technical assistance and information	118	100	100	100	100	100
Outreach events attended to promote value added activities.	16	15	12	18	20	20
Publication of quick reference guide for value added clients.	NA	1,000 copies	1,000 copies	1,000 copies	1,000 copies	1,000 copies
Number of clients assisted at pilot plant facilities.	529	1,000	1,000	1,000	1,000	1,000

DOB USE ONLY

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NARRATIVE INFORMATION -- DA 400
DIVISION OF THE BUDGET
STATE OF KANSAS

AGENCY NAME **KANSAS DEPARTMENT OF COMMERCE AND HOUSING**
AGENCY NUMBER 300 FUNCTION NUMBER 01
PROGRAM TITLE AND NUMBER Agriculture Products Development Division- 04000
SUBPROGRAM TITLE AND NUMBER _____

OBJECTIVE #2:

Provide market research and development for use by Kansas producers, and to promote division services resulting in additional sales of Kansas agricultural products and providing more revenue to Kansas producers.

Strategies for Objective #2:

1. Apply for and procure Federal-State marketing grants for specific programs.
2. Develop and implement promotional and media campaign of substance that benefits division programs and objectives.
3. Aide and establishment of new and alternative marketing systems for existing commodity production.
4. Form an alliance with information gathering agencies to provide the agriculture industry with useful market information.
5. Develop programs in cooperation with other agricultural agencies and groups that have measurable results.

DOB USE ONLY

NARRATIVE INFORMATION -- DA 400
DIVISION OF THE BUDGET
STATE OF KANSAS

AGENCY NAME KANSAS DEPARTMENT OF COMMERCE AND HOUSING
 AGENCY NUMBER 300 FUNCTION NUMBER 01
 PROGRAM TITLE AND NUMBER Agriculture Products Development Division- 04000
 SUBPROGRAM TITLE AND NUMBER _____

Performance Measures for Objective #2:

OUTCOME MEASURES:

	Actual FY1997	Current FY1998	Reduced Resource FY1999	Current Service FY1999	Outyear #1 FY2000	Outyear #2 FY 2001
Awarding of federal matching grants for marketing programs.	N/A	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000
Raise awareness of a commodity to the general public or target audience, measured by sampling.	N/A	5%	5%	5%	5%	5%
Establish alternative marketing systems with commodity organizations.	0	2	2	2	2	2
Dollar value of publicity generated.	\$7,112	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000
Column inches of print generated.	471	400	400	400	400	400

OUTPUT MEASURES:

	Actual FY1997	Current FY1998	Reduced Resource FY1999	Current Service FY1999	Outyear #1 FY2000	Outyear #2 FY 2001
Circulation of division newsletter.	N/A	500	500	500	500	500
Number of federal-state grants submitted.	1	4	4	4	4	4
Number of press releases issued.	4	12	12	12	12	12
Creation and development of marketing internet page.	0	1	0	0	0	0
Number of agricultural organizations contacted and assisted with alternative marketing systems.	3	8	12	12	12	12
Industry leaders contacted for input on division programs.	34	40	40	40	40	40

DOB USE ONLY

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EXPENDITURES-DA 406

AGENCY NAME Department of Commerce and Housing

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DIVISION OF THE BUDGET
STATE OF KANSAS

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Ag Products Development 04000

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10 Fuel	330							
10 Maintenance Materials, Supplies, Parts	340		1,100		1,100	1,100		
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25 TOTAL NONEXPENSE ITEMS	700	1						
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Senate Agriculture
 February 12, 1998
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	OTHER OPERATING EXPENDITURES								
	STATE GENERAL FUND:								
1000-05	STATE OPERATIONS	1							
1000-05	STATE OPERATIONS-KQM EXPENDITURES	1	110						
	SUBTOTAL-STATE GENERAL FUND		110	-		-	-	-	
	ALL OTHER FUNDS:								
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2049-00	CONFERENCE REGISTRATION	1	325						
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AGENCY NAME Department of Commerce and Housing
 AGENCY NUMBER 300-00 FUNCTION NO 1
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 STATE OF KANSAS

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	ALL OTHER FUNDS								
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2610-00	EDIF-STATE OPERATIONS	2							
	SUBTOTAL-ALL OTHER FUNDS		-	-		-	-	-	
	SUBTOTAL-AID TO LOCAL UNITS		-	-		-	-	-	
	OTHER ASSISTANCE, GRANTS, & BENEFITS								
	ALL OTHER FUNDS								
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2610-00	EDIF-STATE OPERATIONS	3	339,254	550,000		495,000	540,000		
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SALARIES AND WAGES--DA412

DIVISION OF THE BUDGET
STATE OF KANSAS

AGENCY NAME
AGENCY NUMBER
PROGRAM TITLE/NUMBER
SUBPROGRAM TITLE/NUMBER

Department of Commerce and Housing
300-00 FUNCTION 1
Agriculture Products Development 04000

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		NO.	AMOUNT	NO.	AMOUNT	NO.	AMOUNT	NO.	AMOUNT	NO.	AMOUNT	NO.	AMOUNT	NO.	AMOUNT
AUTHORIZED POSITIONS															
Classified Regular															
Economic Development Rep II	28	1.0	35,895	1.0	37,024			1.0	37,950	1.0	37,950				
Economic Development Rep III	30	5.0	188,750	5.0	201,401			5.0	206,436	5.0	206,436				
Economic Development Rep I	24	1.0	14,403	1.0	29,042			1.0	29,768	1.0	29,768				
Office Assistant III	13	1.0	12,490	1.0	17,067			1.0	17,494	1.0	17,494				
Secretary II	15	1.0	13,841	1.0	19,977			1.0	20,476	1.0	20,476				
Subtotal-Classified Regular		9.0	265,379	9.0	304,511			9.0	312,124	9.0	312,124				
Classified Temporary															
Office Assistant IV			947												
Subtotal-Classified		9.0	266,326	9.0	304,511				312,124		312,124				
Unclassified Regular															
Division Director		1.0	41,540	1.0	55,827			1.0	55,827	1.0	55,827				
Unclassified Merit									1,396		1,396				
Subtotal-Unclassified		1.0	41,540	1.0	55,827				57,223		57,223				
Subtotal Authorized Positions		10.0	307,866	10.0	360,338			10.0	369,347	10.0	369,347				
Longevity Pay			960		1,000				1,000		1,000				
Subtotal-Salaries and Wages		10.0	308,826	10.0	361,338			10.0	370,347	10.0	370,347				

SALARIES AND WAGES--DA412

DIVISION OF THE BUDGET
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Department of Commerce and Housing
300-00 FUNCTION 1
Agriculture Products Development 04000

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CLASSIFICATION OF EMPLOYMENT	SALARY RANGE	FY1997 ACTUAL		FY1998 ESTIMATE		DOB USE ONLY		FY1999 REDUCED RESOURCE		FY1999 CURRENT SERVICE		FY1999 ENHANCMENT PACKAGE		DOB USE ONLY	
		NO.	AMOUNT	NO.	AMOUNT	NO.	AMOUNT	NO.	AMOUNT	NO.	AMOUNT	NO.	AMOUNT	NO.	AMOUNT
KPERS			7,335		13,695				14,777		14,777				
FICA			23,034		27,642				28,332		28,332				
Workers' Compensation			4,477		5,239				5,740		5,740				
Unemployment Compensation			597		723				1,111		1,111				
State Leave Pay Assessment			1,420		1,662				1,592		1,592				
Single Member Health-Full Time		10.0	13,813	10.0	21,980			10.0	23,430	10.0	23,430				
Part Time															
Dependent Health-Full Time			2,513	6.0	6,696			6.0	7,254	6.0	7,254				
Part Time															
Subtotal-Fringe Benefits			53,189		77,637				82,236		82,236				
Subtotal-Salaries and Wages		10.0	362,015	10.0	438,975			10.0	452,583	10.0	452,583				
Shrinkage					17,559				18,103		18,103				
TOTAL-SALARIES AND WAGES		10.0	362,015	10.0	421,416			10.0	434,480	10.0	434,480				
Unclassified Temporary															
TOTAL STATE POSITIONS		10.0		10.0				10.0		10.0					

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AGRICULTURE PRODUCTS DEVELOPMENT DIVISION

PROGRAM GOAL:

To facilitate value added opportunities for and promote the marketing of Kansas agricultural products, while at the same time creating jobs and revenues in rural areas.

OBJECTIVE #1:

Provide an effective vehicle to develop and commercialize viable agricultural value added projects.

Strategies for Objective #1:

- ① Work jointly with the Trademark and Marketing programs to develop a system that will provide client information on product sourcing, co-packing, and building site availability. Conduct marketing and promotion projects that have a high probability of yielding maximum economic benefits and sales for Kansas companies and producers.
- ② Develop a quick reference guide for new and existing Kansas value added companies.
3. Administer a Foods and Feeds program that has a positive economic impact upon the state of Kansas.
4. Administer an Industrial Agriculture value added program that has a positive economic impact upon the state.
- ⑤ Provide technical and financial assistance to value added clients.
- ⑥ Provide pilot plant facilities that are economical for clients.
7. Conduct outreach to promote value added activities.

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Performance Measures for Objective #1:

OUTCOME MEASURES:

	Actual FY1997	Current FY1998	Reduced Resource FY1999	Current Service FY1999	Outyear #1 FY2000	Outyear #2 FY2001
Create in-state suppliers of resources for clients, measured in dollars of increased economic activity intrastate.	\$45,000	\$200,000	\$200,000	\$200,000	\$225,000	\$250,000
Jobs created as a result of Value Added Center efforts	10.5	15	15	20	20	20
Revenues produced by Value Added Center clients as a result of assistance provided.	\$500,000	\$5,000,000	\$5,000,000	\$6,000,000	\$6,00,000	\$6,500,000
Award grants to promote value added projects and pilot plant facilities.	\$525,795	\$650,000	\$595,000	\$640,000	\$600,000	\$600,000
Dollar value of private investment in value added projects.	\$808,856	\$1,000,000	\$1,000,000	\$1,250,000	\$1,250,0000	\$1,250,000

OUTPUT MEASURES:

	Actual FY1997	Current FY1998	Reduced Resource FY1999	Current Service FY1999	Outyear #1 FY2000	Outyear #2 FY 2001
Number of commercially viable value added agriculture projects funded.	9	12	25	28	28	28
Number of value added projects reviewed.	19	50	50	50	50	50
Number of clients provided technical assistance and information	118	100	100	100	100	100
Outreach events attended to promote value added activities.	16	15	12	18	20	20
Publication of quick reference guide for value added clients.	NA	1,000 copies	1,000 copies	1,000 copies	1,000 copies	1,000 copies
Number of clients assisted at pilot plant facilities.	529	1,000	1,000	1,000	1,000	1,000

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OBJECTIVE #2:

Provide market research and development for use by Kansas producers, and to promote division services resulting in additional sales of Kansas agricultural products and providing more revenue to Kansas producers.

Strategies for Objective #2:

1. Apply for and procure Federal-State marketing grants for specific programs.
2. Develop and implement promotional and media campaign of substance that benefits division programs and objectives.
3. Aide and establishment of new and alternative marketing systems for existing commodity production.
4. Form an alliance with information gathering agencies to provide the agriculture industry with useful market information.
5. Develop programs in cooperation with other agricultural agencies and groups that have measurable results.

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Performance Measures for Objective #2:

OUTCOME MEASURES:

	Actual FY1997	Current FY1998	Reduced Resource FY1999	Current Service FY1999	Outyear #1 FY2000	Outyear #2 FY 2001
Awarding of federal matching grants for marketing programs.	N/A	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000
Raise awareness of a commodity to the general public or target audience, measured by sampling.	N/A	5%	5%	5%	5%	5%
Establish alternative marketing systems with commodity organizations.	0	2	2	2	2	2
Dollar value of publicity generated.	\$7,112	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000
Column inches of print generated.	471	400	400	400	400	400

OUTPUT MEASURES:

	Actual FY1997	Current FY1998	Reduced Resource FY1999	Current Service FY1999	Outyear #1 FY2000	Outyear #2 FY 2001
Circulation of division newsletter.	N/A	500	500	500	500	500
Number of federal-state grants submitted.	1	4	4	4	4	4
Number of press releases issued.	4	12	12	12	12	12
Creation and development of marketing internet page.	0	1	0	0	0	0
Number of agricultural organizations contacted and assisted with alternative marketing systems.	3	8	12	12	12	12
Industry leaders contacted for input on division programs.	34	40	40	40	40	40

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OBJECTIVE #3:

Promote use and sales of Kansas based products resulting in additional revenues for trademark program members and create employment opportunities.

Strategies for Objective #3:

- ① Develop a method for measuring performance of trademark members and analyze same.
- ② Recruit members to become part of an effective catalog sales campaign.
- ③ Increase program membership through promotion of measurable results.
- ④ Provide educational, marketing, and business development training programs in cooperation with agencies that can provide resources.
- ⑤ Investigate distribution systems that could effectively serve members and provide measurable performance data.
- ⑥ Provide assistance to groups/organizations that have parallel goals and objectives.
- ⑦ Encourage and assist members in sourcing inputs from Kansas.
- ⑧ Develop a media presence that chronically promotes trademark program.

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Performance Measures for Objective #3:

OUTCOME MEASURES:

	Actual FY1997	Current FY1998	Reduced Resource FY1999	Current Service FY1999	Outyear #1 FY2000	Outyear #2 FY 2001
Increased sales for Kansas companies through promotional activities.	\$422,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000
Membership in trademark programs.	409	422	425	475	450	475
Catalog sales.	N/A	\$300,000	\$300,000	\$325,000	\$350,000	\$375,000
Increased inputs for members sourced in Kansas	\$14,800	\$150,000	\$100,000	\$150,000	\$150,000	\$150,000

OUTPUT MEASURES:

	Actual FY1997	Current FY1998	Reduced Resource FY1999	Current Service FY1999	Outyear #1 FY2000	Outyear #2 FY 2001
Seminars held for training of members.	0	4	3	4	4	4
Catalog produced for sales.	N/A	60,000	60,000	60,000	60,000	60,000
Internet site hits per year.	N/A	40,000	40,000	40,000	40,000	40,000
Trade shows attended promoting member products.	6	12	10	12	12	12
Members in catalog and internet sales program.	50	50	50	50	50	50
Members participating in national trade shows.	3	10	10	10	10	10
Television and radio time.	5 minutes per month	15 minutes per month	15 minutes per month	15 minutes per month	15 minutes per month	15 minutes per month

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OBJECTIVE #4:

Increase export sales of Kansas agricultural commodities and foods/feeds.

Strategies for Objective #4:

1. Develop and implement a program to sell dairy and beef cattle breeding stock to foreign buyers.
- ② Recruit new and encourage existing food companies to use MIATCO marketing programs to sell food products in international markets.
- ③ Continue to work with Kansas food companies in development of export markets for value added food items.
4. Develop and print an export directory of Kansas agricultural products for the international marketplace.
5. Provide technical, educational, and marketing assistance to companies interested in exporting.

Performance Measures: Objective #4:

OUTCOME MEASURES:

	Actual FY1997	Current FY1998	Reduced Resource FY1999	Current Service FY1999	Outyear #1 FY2000	Outyear #2 FY 2001
Financial assistance to Kansas companies through membership in MIATCO.	\$349,500	\$400,000	\$400,000	\$400,000	\$400,000	\$400,000
Sales produced at international trade shows of Kansas products.	\$5,000	\$25,000	\$20,000	\$25,000	\$25,000	\$25,000
Clients Provided export assistance.	155	60	60	60	60	60
Livestock sales.	\$132,000	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000
Food products sales from trade leads.	\$114,340	\$50,000	\$50,000	\$50,000	\$60,000	\$60,000

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OUTPUT MEASURES:

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	Actual FY1997	Current FY1998	Reduced Resource FY1999	Current Service FY1999	Outyear #1 FY2000	Outyear #2 FY 2001
Seminars held for training of exporters.	1	2	2	2	2	2
Foreign trade groups hosted or presented.	7	11	11	11	11	11
Export directories distributed to qualified buyers.	75	600	600	600	600	600
Companies applying to MIATCO for trade show assistance.	4	6	6	6	6	6

EXPENDITURE JUSTIFICATION -- Agriculture Products Development Division.

Object Code 100: Salaries and Wages

Summary: The Division administers two major program areas (Market Development and Promotion of Food Products and Commodities and Value-Added Development of Food/Feed and Industrial Agriculture). Staffing for the Division includes 9.0 classified-regular FTE positions and 1.0 unclassified-regular position.

Current Year FY1998: -- \$421,416 represents funding for current positions in the division.

Reduced Resource Scenario FY1999: -- \$434,480 is requested. Same as Current Service Scenario.

Current Service Scenario FY1999: -- \$434,480 continues current staffing in the two major program areas, including classified step movement, longevity, and a 2.5 percent unclassified merit pool.

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Budget Year Step Movement:

	Reduced Resource	Current Service
Classified Step Movement:		
EDIF	\$ 9,984	\$ 9,984

Object Code 200-290: Contractual Services

Summary: Previously the major expenditures in this category were for professional fees to administer the contract with the Kansas Technology Enterprise Corporation for creating business opportunities related to industrial agriculture products and for art design and development services used in market promotion projects (OC 2700). This budget area has been reduced by nearly \$300,000 (the majority of which has been reallocated to the grants section of the budget) because the industrial agriculture program will be managed by this Division. Other major expenditures include printing promotional materials and product trade directories (OC 2200), communication costs (OC 2000) and travel costs for staff to attend trade shows and work with business clients (OC 2500). These costs are consistent with the development of targeted campaigns to increase sales of Kansas produced food products, creation and expansion of new value-added agricultural products, and expanding opportunities for the development of new, diversified agricultural industries in rural Kansas.

The division will be concentrating on more refined strategies to develop target markets and projects that have the highest probability for generating economic development as well as tracking project results and expenditure accountability. This effort will provide the direction for new campaigns of work and providing assistance to agriculture clients.

Expenditures in other object codes represent day-to-day operations needed to support the division's program areas.

Current Year FY1998: -- \$284,435 is requested. This level of funding provides adequate monies to support the divisions market promotion and value-added product development programs.

Reduced Resource Scenario FY1999: -- \$259,203 is requested. The economies required to meet this reduced level of funding should not affect performance.

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Current Service Scenario FY1999: -- \$277,434 is requested. This provides essentially the same level of funding as the current year and will accommodate all planned activities.

Object Codes 300-390: Commodities

Summary: Major expenditures under this category are for professional supplies needed in market promotion campaigns, general office supplies and for promotional trademark labels for resale to registered trademark companies in the FROM THE LAND OF KANSAS program. The resale items generate revenue used to pay for the reorder of these labels.

Current Year FY1998: -- \$36,949 is requested. This funding supports the above expenses and is expected to be stable from year to year.

Reduced Resource Scenario FY1999: -- \$35,029 is requested.

Current Service Scenario FY1999: -- \$36,949 is requested.

Object Code 520-590: Other Assistance, Grants and Benefits

PROGRAM: Agricultural Value Added Center Foods/Feeds and Industrial Agriculture Programs.

FUNDING: FY96 - \$ N/A
FY97 - \$500,000
FY98 - \$650,000
FY99 - \$640,000
FY00 - \$600,000

AWARD PROCESS: Companies or individual that request funding must submit a proposal to the Center that includes the following: a complete description of their project, a business plan, marketing study, a detailed budget indicating at least an equal match from the individual or business, any additional material they choose, and copies of the last three years income tax returns for all involved companies and/or

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individual receiving funds. Any business or individual that is seeking to add value to an agricultural commodity in the state is eligible to apply. Projects that have the greatest opportunity to create additional jobs and/or additional revenues will receive priority in this competitive award process. Proposals are reviewed and ranked by division staff then recommended to the Division Director and Secretary for a final decision.

IMPACT: This grant program is a major component of the Division's overall mission, to facilitate value added opportunities for and promote the marketing of Kansas agricultural products, while at the same time creating jobs and revenues in rural areas. These grants are primarily devoted to the commercialization of new and existing technologies into new or expanding agribusinesses. All commercialization awards will result in the creation of additional jobs and/or revenues. The loss of this program would result in losing the ability to create an average of 20 new jobs per year and an additional \$1,000,000 of new revenues per year for Kansas companies.

Summary: The Division operates a grant program to assist in value-added agricultural product development through its foods and feed program and an industrial agriculture program in the Agricultural Value-Added Center. These programs provide funds to companies seeking the development or formulation of new food/feed or nonfood/nonfeed products and the creation of new technologies to expand the uses of Kansas agricultural products. These funds serve as a match to private and other public funds for creation of new products. This marketing strategy is important in the division's efforts to assist in diversifying the Kansas agriculture sector and improve the state's position as a leader in value-added agriculture production.

Current Year FY1998: -- \$650,00 is requested. This level of funding continues an aggressive campaign of new product research and development and the creation of new technologies to aid in commercializing new agriculture products. Of this amount, \$100,000 is a planned expenditure from the Market Development Fund.

Reduced Resource Scenario FY1999: -- \$595,00 is requested. The reduction in EDIF funding at this level is offset by planned expenditures from the Market Development Fund.

Current Service Scenario FY1999: -- \$640,000 is requested. The small reduction in EDIF funding at this level is offset by planned expenditures from the Market Development Fund resulting in an resulting in only a small decrease from FY1998.

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AGRICULTURE PRODUCTS DEVELOPMENT DIVISION

PROGRAM GOAL:

To effectively develop, market and promote value-added agricultural products, processed food products, and agricultural commodities of Kansas for the purpose of expanding the economic opportunities of Kansas' agricultural industry.

OBJECTIVE #1:

Develop and implement projects that lead to the most advantageous marketing, promotion and distribution of Kansas agricultural products and commodities into domestic and international marketplaces. Enhance the sales of Kansas food and agricultural products by developing unique and creative marketing strategies that result in sales and employment growth for the state's agriculture industry.

Strategies for Objective #1:

1. Determine marketing opportunities that fit Kansas' production base and perform market analyses to establish target markets.
2. Conduct marketing and promotion projects that have a high probability of yielding maximum economic benefits and sales for Kansas companies and producers.
3. Facilitate trade opportunities through mission support.
4. Evaluate projects upon completion to determine the type and degree of benefits received by our clients.

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Performance Measures for Objective #1:

OUTCOME MEASURES:

	Actual FY1996	Current FY1997	Reduced Resource FY1998	Current Service FY1998	Outyear #1 FY1999	Outyear #2 FY2000
Direct sales reported from projects	N/A	\$370,000	\$370,000	\$370,000	\$370,000	\$370,000
Clients receiving direct program access: Number of trademark companies	N/A	550	560	560	560	560

OUTPUT MEASURES:

	Actual FY1996	Current FY1997	Reduced Resource FY1998	Current Service FY1998	Outyear #1 FY1999	Outyear #2 FY 2000
Number of projects implemented (includes missions & trade shows)	N/A	26	28	28	28	28
Number of foreign missions supported	N/A	4	4	4	4	4
Number of trade shows participated	N/A	8	9	9	9	9

OBJECTIVE #2:

Provide detailed information and targeted assistance to the Kansas agricultural industry, consumers and public regarding the marketing of food products and agricultural commodities.

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Strategies for Objective #2:

1. Conduct appropriate seminars and training sessions to educate companies and producers. Produce support materials that advocate the benefits and contributions of agriculture and processed food products.
2. Disseminate trade leads to appropriate agricultural supply sources.
3. Respond to agricultural clients seeking business development assistance. Respond to public and consumer requests for information.
4. Develop promotional campaigns which provide program information to the consumer and general public.

Performance Measures for Objective #2:

OUTCOME MEASURES:

	Actual FY1996	Current FY1997	Reduced Resource FY1998	Current Service FY1998	Outyear #1 FY1999	Outyear #2 FY 2000
Dollar value of free media	N/A	\$80,000	\$100,000	\$100,000	\$100,000	\$100,000
Number of clients educated through seminars/training's/forums	N/A	60	75	75	75	75
Number of inquiries for marketing information	N/A	750	800	800	800	800

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OUTPUT MEASURES:

	Actual FY1996	Current FY1997	Reduced Resource FY1998	Current Service FY1998	Outyear #1 FY1999	Outyear #2 FY 2000
Minutes of free media time utilized	N/A	385	480	480	480	480
Number of seminars/training conducted	N/A	2	3	3	3	3
Copies of brochures/directories/flyers distributed	N/A	30,800	25,000	25,000	25,000	25,000
Number of trade leads processed	N/A	40	45	45	50	50

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OBJECTIVE #3:

Provide technical assistance to stimulate the development of new value-added uses for Kansas agricultural products that are technically viable for future business development. Identify and assess new technologies to aid in the development of alternative uses of agricultural products.

Strategies for Objective #3:

1. Provide technical assistance to entrepreneurs through consultation, literature searches, laboratory, and pilot plant applied research.
2. Conduct entrepreneurial workshops to assist clients in commercializing their ideas.
3. Provides grants for product development ideas which are determined to possess a high degree of probability for successful commercialization.
4. Implement a data system for tracking new product development, new product sales and new company growth which are direct results of the KVAC grant program.
5. Maximize the use of private financing to match public grant funding for new product development.

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Performance Measures for Objective #3:

OUTCOME MEASURES:

	Actual FY1996	Current FY1997	Reduced Resource FY1998	Current Service FY1998	Outyear #1 FY1999	Outyear #2 FY 2000
Number of new products commercialized	N/A	3	3	3	3	3
Number of new technologies used in commercialization	N/A	3	3	3	3	3
Number of entrepreneurs trained in commercialization	N/A	20	20	20	20	20
Number of KVAC grants awarded	N/A	12	12	12	12	12
Private funding leveraged for new product development	N/A	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000

OUTPUT MEASURES:

	Actual FY1996	Current FY1997	Reduced Resource FY1998	Current Service FY1998	Outyear #1 FY1999	Outyear #2 FY 2000
Number of client responses for technical assistance.	N/A	48	48	48	48	48
Number of entrepreneurs workshops given	N/A	3	3	3	3	3
Number of grant requests reviewed and analyzed	N/A	30	36	36	36	36
Number of products tested in pilot plant research	N/A	10	12	12	12	12

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Performance Measures: -- Industrial Agriculture Program

*These measures represent performance under contract with KTEC to operate Industrial Agriculture Program. They are also included in KTEC's budget.

OUTCOME MEASURES:

	Actual FY1996	Current FY1997	Reduced Resource FY1998	Current Service FY1998	Outyear #1 FY1999	Outyear #2 FY 2000
Number of new companies formed	N/A	2	2	2	2	2
Number of workshops conducted	N/A	3	3	3	3	3
Number of participants per workshop	N/A	20	20	20	20	20
Dollars new sales	N/A	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000
Dollars leveraged:						
Private		\$200,000	\$200,000	\$200,000	\$200,000	\$200,000
Federal	N/A	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000
Patents/Regulatory Approvals:						
Filed		5	5	5	5	5
Issued	N/A	3	3	3	3	3

OUTPUT MEASURES:

	Actual FY1996	Current FY1997	Reduced Resource FY1998	Current Service FY1998	Outyear #1 FY1999	Outyear #2 FY 2000
Number of potential clients/projects evaluated	N/A	25	25	25	25	25
Number of projects considered for funding	N/A	12	12	12	12	12
Number of projects funded	N/A	6	6	6	6	6
Number of royalty positions	N/A	6	6	6	6	6

DOB USE ONLY

NARRATIVE INFORMATION -- DA 400
DIVISION OF THE BUDGET
STATE OF KANSAS

AGENCY NAME KANSAS DEPARTMENT OF COMMERCE AND HOUSING
 AGENCY NUMBER 300 FUNCTION NUMBER 01
 PROGRAM TITLE AND NUMBER Agriculture Products Development Division- 04000
 SUBPROGRAM TITLE AND NUMBER _____

PAGE

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OBJECTIVE #4:

Assist in the creation, expansion and recruitment of business and agriculture industry opportunities for the enhancement of rural communities in Kansas.

Strategies for Objective #4:

1. Participate in trade shows, recruitment trips, farm shows and business forums to promote the opportunities for agriculture growth in rural Kansas.
2. Meet with local communities to help them focus their efforts in agriculture business development.
3. Coordinate relationships with other public and private organizations to assist in rural development projects.

Performance Measures for Objective #4:

OUTCOME MEASURES:

	Actual FY1996	Current FY1997	Reduced Resource FY1998	Current Service FY1998	Outyear #1 FY1999	Outyear #2 FY 2000
Number of new dairies and dairy product businesses developed in Kansas	N/A	2	2	2	2	2
Value of new dairy construction	N/A	\$8.5 mil.	\$8.5 mil.	\$8.5 mil.	\$8.5 mil.	\$8.5 mil.
Number of new jobs created in dairy operations	N/A	40	40	40	40	40
Dollar value of milk cows	N/A	\$12.0 mil.	\$12.0 mil.	\$12.0 mil.	\$12.0 mil.	\$12.0 mil.
Total new production of milk	N/A	80 mil. lbs.	80 mil. lbs.	80 mil. lbs.	80 mil. lbs.	80 mil. lbs.
Total new gross income in dairies	N/A	\$11.3 mil.	\$11.3 mil.	\$11.3 mil.	\$11.3 mil.	\$11.3 mil.

DOB USE ONLY

Wildwood Cellars

Dr. John A. Brewer
President
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Mulvane, Ks 67110 USA

Telephone (316) 777-9191
Fax (316) 777-0120

February 9, 1998

Senator Morris
Chairman Senate Agriculture Committee
Kansas State House

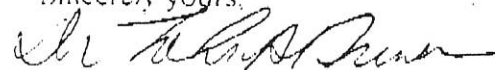
Dear Sir:

I am writing to you in support of Senate Bill 505. I started Wildwood Cellars Winery in 1995. We are now the largest and most awarded winery and the largest jelly company in the State of Kansas. We joined the Land of Kansas Program in 1995, just after they stopped their Trade Show Assistance Program. Looking back, this was very fortuitous. Instead of being our sales and marketing program and using State Funds to subsidize our profits, it made us do our own Sales and Marketing and make the hard decisions about where and how to market our products instead of giving us subsidies to attend local retail trade shows. This has made us a much stronger and more competitive business with a strong marketing program that allows us to grow at 50 - 100 % per year. We have become a successful stand alone company, not a State supported Hobby.

We are also a member of the Kansas Marketing Association, and I am their Marketing Director. I have counseled several of the member companies in their efforts to establish new marketing plans. The communication within the KMA to members other than a select few in western Kansas is almost non-existent and have not provided any cooperative marketing opportunities for the general membership. In contrast to this, the Department of Commerce has distributed several Newsletters informing the Land of Kansas companies of marketing opportunities, Wholesale Trade Show dates and information, held a one day Seminar on Marketing and Selling you products for new companies, and has provided numerous leads and networking opportunities for the Land of Kansas Companies.

The Department of Commerce is providing a very valuable service to the general membership of the Land of Kansas Companies by providing us with Marketing and Sales Opportunities and Education for Small and Start-up Companies. They are one State Agency that is really working with Small Businesses in the proper manner by providing general opportunities and educational assistance instead of subsidies. As a Tax Payer, I feel that my money is being well spent, and I highly support their continued existence in this fashion.

Sincerely yours,



Dr. John A. Brewer

Senate Agriculture
February 12, 1998
Attachment 2