

MINUTES OF THE HOUSE COMMITTEE ON AGRICULTURE.

The meeting was called to order by Chairman Dan Johnson at 3:30 p.m. on March 5, 2003, in Room 423-S of the Capitol.

All members were present except:

Committee staff present: Raney Gilliland, Legislative Research Department
 Amy VanHouse, Legislative Research Department
 Gordon Self, Revisor of Statutes Office
 Kay Scarlett, Committee Secretary

Conferees appearing before the committee:
 Adrian Polansky, Secretary, Kansas Department of Agriculture

Others attending: See attached list

Adrian Polansky, the new Secretary of Agriculture, addressed the committee and shared his vision for the Department of Agriculture. He intends to take a broad view of the varied segments of the agricultural industry and rural communities seeking a variety of beneficial opportunities and partnerships, while continuing to maintain efficient and effective regulatory programs in the department. He provided an update on recent events in Kansas agriculture, how the department has reacted to them, and what he sees as upcoming challenges. (Attachment 1)

Copies of the Kansas Department of Agriculture's Fiscal Year 2002 Annual Report were distributed. Copies can be obtained from the department.

Representative Faber requested introduction of a resolution urging the United States Department of Agriculture to implement country of origin labeling for beef. Seconded by Representative Larkin, the motion carried.

The meeting adjourned at 4:05 p.m. The next meeting is scheduled for March 10, 2003.



KANSAS

DEPARTMENT OF AGRICULTURE
ADRIAN J. POLANSKY, SECRETARY

KATHLEEN SEBELIUS, GOVERNOR

**Presentation to House Agriculture Committees
March 5, 2003**

The State of Kansas Agriculture

Secretary of Agriculture Adrian Polansky

Good afternoon, Chairman Johnson, and members of the committee. I am Adrian Polansky, secretary of agriculture. I appreciate the opportunity to visit with you about my vision for the Department of Agriculture. I also will update you on recent events in Kansas agriculture, how the department has reacted to them, and what we see as upcoming challenges.

Vision for Kansas Agriculture

I look forward to serving as secretary during this important time for a growing and changing Kansas agriculture. I will take a broad view of the varied segments of the agricultural industry and rural communities, seeking a variety of opportunities and partnerships for their benefit. At the same time, we will maintain efficient and effective regulatory programs in the Department of Agriculture—consumer confidence and consumer protection are necessary for a successful agriculture. A high priority will be placed on Homeland defense. For Kansas, that means a safe, reliable food supply and a healthy agriculture.

Economic development is absolutely necessary for rural Kansas, and I will be an active member of the state's economic development team. We must work together; we must be alert to every opportunity and partnership which can help add value to our products and our

communities. Cooperation between the Department of Agriculture and the Kansas Department of Commerce will be vital to our success. This administration is committed to that cooperation.

Numerous entities have a stake and an interest in rural development. I believe it is important for all those groups—state, federal and private—to work together in creative and serious ways to enrich our farms and rural communities. We need coalitions and cooperation to improve rural life. A healthier rural Kansas means a healthier Kansas. That's the bottom line.

We must address not only the effects of what may be an ongoing drought, but also long-term population, income and employment losses in rural Kansas. We also face resource and environmental challenges. We will need an organized and focused effort to do the needed work, and the Governor has discussed appointment of a Rural Life Task Force of interested Kansans who will provide that focus. I am committed to an active involvement in the battle for the future of rural Kansas.

Current conditions make the Secretary of Agriculture's involvement and advocacy, and the need for partnerships, more vital than ever. I will call upon my experience to monitor USDA programs and utilize contacts in Washington and across the country to help ensure friendly, practical and workable rules and regulations for Kansas agriculture. Rules and regulations should benefit, not burden, Kansas farmers.

Let's spend a few minutes talking about recent events.

Drought

Last summer's drought had profound effects on Kansas farmers and resources. You have heard the numbers. They are not good. With net income averaging \$10,000, our family farms made less than a third of the money needed to cover family living expenses and income taxes.

What does this mean? It means more economic problems for Kansas. Financial stress on the farm does not just stay in the countryside. It affects agribusinesses and downtown businesses in both rural and urban communities all across this state.

Department of Agriculture employees have spent many hours on drought-related activities. They served on the Governor's Drought Task Force, lobbied the president and Congress for needed assistance to Kansas farmers, helped farmers and ranchers access assistance that is available to them, and regulated scarce surface and groundwater supplies to protect water users when necessary. Although the southern counties have made up much of their moisture deficit in recent months, northwest and north-central Kansas remain very dry. Our division of water resources continues administering minimum desirable streamflow rules at five locations on three streams, including the Republican River, the Neosho River and Chapman Creek. This is notable in that it is the first time such orders have remained in effect over the winter. Last year we introduced new regulations to allow some groundwater use in the Republican River basin during MDS administration. Agreements under the regulations will give individual users more flexibility in the use of irrigation water while still protecting flows of the stream. We currently are closely monitoring moisture conditions and are relieved that Congress has allocated funds for disaster assistance to our growers, but need to monitor the delivery of assistance. We will make an effort to be involved early and effectively if the drought continues. We'll do that by communicating with our Congressional delegation and through the National Governor's Association and National Association of State Departments of Agriculture.

Homeland security

The security of our Kansas heartland crops and livestock has always been of utmost concern to this department. Today, terrorism and world conditions add new threats to food

security. Many KDA inspectors and staff are literally out in the field every day to provide a first line of detection and defense against destructive animal and plant diseases, whether they occur naturally or are introduced by unfriendly agents.

Our inspectors and veterinarians from the meat and poultry inspection program have been trained to identify and report suspicious symptoms in animals presented for slaughter. Action can be taken immediately through this system to keep such animals out of the food chain. Our inspection personnel also serve as part of the statewide emergency response team for animal disease outbreaks. If a foreign animal disease outbreak occurred in Kansas, the Animal Health Department would be the lead response agency. However, they have only three staff veterinarians. The nine licensed KDA veterinarians have received foreign animal disease training and would join the animal health response team immediately to contain and control the outbreak. These grassroots cooperative efforts would be vital to allow a rapid response to an animal health crisis.

Our inspectors enforce feed regulations designed to prevent mad cow disease (BSE). Introduction of that disease into this country could have devastating health effects on Americans, and quite naturally, destroy consumer confidence in our vital beef industry. We must prevent this disease.

Our regular crop surveys for pests and diseases detect natural and introduced conditions. In Fiscal Years 2002 and 2003, we received funds from USDA to improve surveillance for plant pests. Thanks also to USDA funds, we now can test for four other pathogens as we analyze wheat seed for Karnal bunt. Last year we co-sponsored the Midwest Conference on Agricultural Bioterrorism. Make no mistake. We are utterly serious about any threat to our nation's food supply, and we have trained staff in the field to detect problems and take immediate action.

Karnal bunt and the Kansas wheat crop

We continued our activities to respond to ongoing concerns about the possibility of Karnal bunt and the effects its introduction into the state could have on our billion dollar wheat industry. Our ACAP employees conducted inspections to ensure that firms selling certified seed wheat have a phytosanitary certificate for out-of-state seed wheat and a Karnal bunt test for in-state wheat. Wheat found to be out of compliance cannot be sold. Our plant health and weed control staff worked with the custom harvesting industry to ensure that only clean harvest equipment comes into the state. Harvesters signed compliance agreements before harvest, then KDA staff worked with harvest crews in the field to ensure they were complying with the Karnal bunt-preventive agreements. USDA has provided us with additional funding to ensure our exports can continue without unnecessary restriction. All these activities to protect our growers and this important industry will gear up again this spring. A national Karnal bunt survey will be conducted right after harvest this year.

Specialty Crop Grants

The Kansas Department of Agriculture administered \$710,000 in USDA specialty crop grant funds last year for the benefit of the state's producers. Among the projects funded were the Midwest Conference on Agricultural Bioterrorism; equipment for animal disease response preparation; a study of large-scale manure composting; training which certified a KDA meat and poultry employee to do organic meat processing inspection as a service to our organic producers; pest detection and specialty crops needs assessment projects; and direct grants totaling more than \$300,000 to a number of Kansas specialty crop producers and marketers. These grants helped a diverse group, including growers of Christmas trees, bison, berries, turf, mushrooms and others. Our annual report has details on pages 7-9.

Sericea lespedeza

This weed now infests 530,000 acres. Last year we supported legislation to allow counties to be named sericea lespedeza disaster areas. Landowners then can get cost share assistance to contain the weed. So far, Osage, Chautauqua, Greenwood, Montgomery, Wilson, Pottawatomie and Allen counties have been declared disaster areas; Woodson and Linn have petitions pending. Now we are waiting on Congressional approval for federal funding to focus efforts and add new resources for control. After a county disaster declaration is made, the Kansas Conservation Commission will coordinate with county conservation districts. It also will work closely with NRCS and FSA to maximize targeted efforts through federal EQIP funding.

Grain warehouse failures

Two state-licensed grain warehouse operations failed in 2002. This was the first time we had faced this situation since we incorporated the grain warehouse inspection program into KDA several years ago. We were able to take prompt action to avoid major losses by any depositors of grain in those warehouses. About 115 producers were involved in the Miller Grain failure, as were about 65 producers affected by the closure of Oberlin Milling. Actual numbers about possible losses to producers will not be available until the courts have completed disbursement of the funds. We expect that to be complete this spring. Despite our distress at these failures, we were pleased when we found the measurements taken by our grain warehouse examiners proved to be within a tenth of a percent of load-out in these facilities. This proves we are doing our job as accurately as possible to protect the Kansas grain producer.

Legislative Post Audits

Our programs underwent two audits during the year. One, of our water structures program, was at our request. We have found the audit process valuable in sorting out problems within our programs and crafting solutions to them. Recurring problems in the water structures program called for an outside examination and evaluation. The audit helped us craft legislation and process improvements which we are happy to report are making real changes in efficiencies and operations of the water structures program. Among the changes we have made are these:

- Modified the organizational structure to deal more efficiently with customers in the field.
- Changed the definition of a dam and focused efforts to reduce workload and make the owners of water structures responsible for some routine inspections.
- Procured a document and work flow management system.
- Improved tracking and complaint handling systems.
- Reviewed the alternative of considering a watershed approach to permitting under the obstruction in Streams Act. We currently are designing a more detailed study of this issue.

The second audit, of our meat and poultry inspection program, asked what factors may have contributed to a decline in the number of small meat-processing plants in the state, what impact the decline has had on the state's economy, and whether the program has a sufficient number of inspectors who are they properly trained and managed to ensure that standards are applied uniformly to all plants in Kansas. The audit results were positive for this program and industry, both of which have worked so hard to meet the needs of new federal regulations and a changing business climate. You have already heard several presentations about this program and this audit this session.

The Budget

The Department of Agriculture has complied with necessary cuts and realignments to our budget and we can clearly say our budget is lean and mean today. Currently our FY 2003 realigned budget stands at \$22,174,065. Our FY 2004 budget is at \$19,782,736. This lower number reflects the loss of some one-time federal funds from our budget. Our real concern, like many other agencies in state government, is that we are at the final, absolute point at which further dollar cuts will go directly to cuts in services.

The Future.

Areas we will be working on this year include maintaining a lean yet efficient department. We will be monitoring drought and crop conditions carefully. If spring moisture conditions do not improve, drought related losses will continue to climb.

This summer we will be participating as a partner with the Department of Aging to sponsor a Farmers Market Nutrition Program for senior citizens. This will benefit our fruit and vegetable growers and lower income citizens of the state. We also will be administering a cost-share program from USDA to help our organic producers with the costs of certification under the new National Organic Program.

Our efforts to ensure a safe, reliable food supply will continue unabated as we seek cooperation and partnerships to add value to our products and our communities.

Thanks to the committee for this opportunity to update you about the state of Kansas agriculture and your Department of Agriculture. I will stand for questions.