

MINUTES OF THE HOUSE AGRICULTURE AND NATURAL RESOURCES BUDGET

The meeting was called to order by Chairman Larry Powell at 1:30 P.M. on March 12, 2008 in Room 431-N of the Capitol.

All members were present except:

Clay Aurand - excused
Sharon Schwartz - excused
Carl Holmes - excused
Vaughn Flora - unexcused.

Committee staff present:

Jason Thompson, Revisor of Statutes
Reed Holwenger, Kansas Legislative Research Department
Joyce Bishop, Committee Assistant

Conferees appearing before the committee:

Mellisa Ness, Advocacy Coordinator, Saint Francis Community Services
Earl Watkins, President, CEO, Sunflower Electric
Wally Kerns, Executive Director, Kansas, Inc.
Adrian Polansky, Secretary, Department of Agriculture
Robert P. Moser, Jr., MD, Delegate, Kansas Academy of Family Physicians
Brad Harrelson, Kansas Farm Bureau

Written testimony only was received from:

Carolyn Dunn, Stafford County Farmer
Steve Baccus, President, Kansas Farm Bureau
Paul Beck, President, Kansas Legislative Policy Group
Penny Vogelsong, Chief Operating Officer, Wichita Center for Graduate Medical Education

Others attending:

See attached list.

Melissa Ness, Saint Francis Community Services, presented testimony regarding **Sub. for SB 453 (Attachment 1)**. She would like to see an amendment made to the bill on page 2, line F.

Chairperson Powell asked what the "X" in Barton County was.

Melissa said it was the central point of the state of Kansas.

Representative Doug Gatewood asked if she thought there would be duplication of services with existing programs with the new commission's services.

Melissa said it would be one of their charges and they need to focus on being a think tank and creating a sense of connectivity. There is room for duplication with the size of the area to be covered.

Representative Jason Watkins asked how it was to be funded?

Melissa was not certain and thought the other conferees could better address this.

Earl Watkins, President, CEO, Sunflower Electric presented testimony regarding **Sub. for SB 453 (Attachment 2)**.

Wally Kerns, State Director, Kansas Small Business Development Center, presented testimony regarding **Sub. for SB 453 (Attachment 3)**. He recommends taking the original SB 453 and its substitute, using the best of both, and moving forward. The Executive Director is not in **Sub. For SB 453**. The fiscal note was not based on the bill in committee right now. There would also be a cost for meetings. He thinks lifting that position to a secretary level would be more cost effective than creating a new bureaucracy. A think tank would serve a good purpose and move Kansas forward. A new entity would be better than using what we have now.

CONTINUATION SHEET

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Representative John Grange said Legislative Post Audit is working on streamlining departments. Do the departments talk to each other? Why do we need a new entity?

Wally Kerns said they do speak to each other. The think tank would be an advisory board to the Secretary of Rural Development. **SB 453** established a rural advisory bill. The **Sub. For SB 453** does not include an executive director position.

Representative Doug Gatewood said, regarding the think tank, that there is a lot of action regarding acquiring facilities, taking actions, etc. Is there a balloon that would create the think tank?

Wally Kerns said, no, he is sharing what Kansas, Inc. has put forth in their plan. As far as grant moneys and administering them, versus helping other communities access and administer grants, there is a lot of difference.

Adrian Polansky presented a neutral position paper on **Sub. For SB 453 (attachment 4)**.

Representative Watkins asked about section four, concerning the commission on rural policy grants. Where is the grant money coming from?

Adrian Ploansky said, we are not currently able to accept grants from some private foundations that provide resources for economic development due to being a state agency. This would be a place those funds could flow through as well as some federal agency funds.

Representative Watkins asked if the grants would come out of other nonprofit, or state funds. Page six, line nine, states it is still going through the division of accounting and budget. By creating a new office under a new agency with a deputy secretary that is where he disconnects. It sounds like we will be duplicating services. Where is this money coming from and how are we paying for it? He is not going to be supportive until he gets those answers.

Adrian Polanski said the key difference is the deputy secretary elevates the position and creates a contact point that would be helpful. Those involved in day to day business don't get that input to improve things. They will be able to get the best brain power in the state to look at what is being done here and in other states regarding economic development.

Representative Watkins said we will pass this bill, create the new position, it will come to appropriations and that is when we will fund it?

Adrian Polansky said yes.

Representative Sydney Carlin asked about page six, line 15. It talks about the director of accounts and reports, etc. It will eventually be state general fund resources. Where is the money going to come from? Do we already have that account?

Jason Thompson, Legislative Research Department, said if there is money there and it earns interest it will be available. The bill does not say where the money comes from.

Representative Grange said they should use the best and brightest and think outside the box. What if Commerce gave a staff member six months to call all the players, ask them to get together one day a week, and then come back to the legislature to report on it. He knows there must be staff in the existing departments to put this together. The concept makes sense without having to make another cog in the wheel.

Adrian Polansky said some would say the Secretary is not among the best and brightest. This process needs to go on continually. The rural communities who deal with this daily need to have people involved too.

Robert P. Moser, Jr., MD, Delegate, Kansas Academy of Family Physicians, presented testimony regarding **Sub. for SB 453 (Attachment 5)**.

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Representative Gatewood asked if his hospital participates in the J1 visa program.

Dr. Moser said they do not. They looked at some J1 visa and knew if they could not communicate well it would not work. In the surrounding counties there have been 36 physicians come and go over the past 15 years.

Representative Grange asked if he had an issue with people with no insurance.

Dr. Moser said there were only 6% in his county in 1992 who were uninsured. In 2005 data and last year, 16% are uninsured. Of those, 48% are below 200% of the poverty level. Regarding **SB 453** and **Sub. for SB 453**, he was in favor of the original bill. Now it has a fiscal note tied to it, is top heavy and is going nowhere. They just need to provide the tools to the community leaders to create the think tank with volunteers.

Brad Harrelson, Kansas Farm Bureau, presented testimony regarding **Sub. for SB 453 (Attachment 6)**. If we don't do something we will continue to get what we have gotten in the past. The concerns about duplication are prohibited in the bill. We should key in on the four main issues. Regarding costs, Kansas Farm Bureau rarely asks for help, but there is a vital state interest to coordinate the resources of the best and brightest minds that have studied these issues for years. With focused efforts and recommendations made in the future, you could actually get a better return on existing programs. What will be the cost if we don't do something? There is a substantial amount of USDA grants the state has not gone after. He didn't know there were prohibitions in state law to restrict state agencies from receiving grant funds. The grantors are willing to allow money to come to state agencies through this commission. It has been a collaboration between house and senate leadership and is bipartisan. There are no opponents yet on the House side.

Representative Watkins asked why we are lax in going after USDA funding. What is this going to cost?

Brad Harrelson said in comparison to other states we are behind the curve on accessing these funds. There are lots of rural programs that are not bearing fruit in Kansas. The new commission would have feedback on these issues.

Representative Grange said it is difficult to get information at times. If people are given the right incentive to call folks they can usually find the resources.

Brad Harrelson said that would in part be the roll of the newly created deputy secretary of this new entity.

Representative Gatewood said he likes the concept and supports its objective. You said the repetitive parts are prohibited. In reality, Kansas, Inc. and the grant program section need to be administered. If this is a think tank you would not have them administering a grant program. I don't see how duplication is prohibited.

Brad Harrelson said it was addressed to the agencies and the senate and he apologized that he was having difficulty finding the section. It was in section 3, line 25. It says the commission cannot duplicate.

Representative Carlin said the eternal question is how do we keep our youth in Kansas. What special focus does this bill provide to this issue? Would it take finding a completely new use for agricultural land to bring youth to the areas?

Brad Harrelson said that would also be a point of emphasis. Kansas Farm Bureau looked at this for over two years and a lot of these ideas are captured in the provisions of this bill.

Steven Baccus, President of Kansas Farm Bureau, presented written testimony only regarding **Sub. for SB 453 (Attachment 7)**.

Carolyn Dunn, Stafford County Farmer, presented written testimony only regarding **Sub. for SB 453 (Attachment 8)**.

CONTINUATION SHEET

MINUTES OF THE House Agriculture and Natural Resources Budget at 1:30 P.M. on March 12, 2008 in Room 431-N of the Capitol.

Paul Beck, President, Kansas Legislative Policy Group presented written testimony only regarding **Sub. For SB 453** (Attachment 9).

Penny Vogelsang, Chief Operating Officer , Wichita Center for Graduate Medical Education presented written testimony only regarding **Sub. For SB 453** (Attachment 10).

Chairperson Powell appointed a subcommittee to meet Thursday and Friday this week regarding **Sub. For SB 453**. It will consist of John Grange, Chairperson, Representative Doug Gatewood and Representative Jason Watkins. Joyce Bishop will support the subcommittee if requested. It will meet at 1:30pm in Room 431-N.

The meeting adjourned at 3:25pm.

The next committee meeting is scheduled for March 24, 2008.

HOUSE AG & NATURAL RESOURCES BUDGET COMMITTEE GUEST LIST

DATE: MARCH 12, 2008

NAME	REPRESENTING
Attendance list missing	



**Saint
Francis
Community Services**

Serving Children and Families Since 1945

**House Agricultural and Natural Resources Committee
SB 453 – Establishing the Kansas
Commission on Rural Policy**

St. Francis has a rich history of serving troubled youth and their families over the past 60 years. We provide a range of services to youth and their families from family preservation, foster care, drug and alcohol services, restorative justice programs, and residential services and supports. Through those programs we serve over 2000 children and families, 53 rural and frontier counties, with 12 offices and over 600 full and part time employees.

We appear in support of SB 453 and believe establishment of this commission is a critical strategy in ensuring that policies, resources, major state investment, decisions made by this body reflect the ‘rural voice and perspective’

For over two years St. Francis has participated in a Rural Committee of Mental Health Services for Children and Families. During that time this work group has conducted extensive research and work in understanding the nature and culture of rural and frontier counties and affirmed that a rural perspective is too often absent in policies and decisions that impact their communities and access to services.

We believe that this commission would provide an important coordinating mechanism in ensuring that the rural voice is present and understood in the forming of policies and the distribution of resources.

In particular, St. Francis and its partners have identified work force and human resources as a focus of their efforts to shed light on the needs of rural and frontier communities. (See handouts)

“Population decline has broad social and economic consequences for the residents in [frontier and rural Kansas]...none is perhaps more serious than the potential impact of population loss on the provision of health and health care services in many of these counties eventually will become economically unstable.¹

¹ **Frontier and Rural Children’s Mental Health Services: Identification of Strengths and Challenges in Western Kansas, Holmes, Crickard, Cheon, O’Brien, Corrigan, in Partnership with the Frontier and Rural Committee of Mental Health for Children’s Services !December 2007 www.socwel.ku.edu/oc/viewProject.asp?ID=45**

HOUSE AG & NATURAL RESOURCES
BUDGET COMMITTEE
DATE: 3/12/08
ATTACHMENT: 1-1

As you deliberate the merits of this bill and consider the role this commission will play we ask that you consider the following recommendations offered by the Frontier and Rural Children's Mental Health Committee:

- Adopt a standard definition of "rural that can be used across all state level systems. Adequately and consistently defining frontier and rural counties as unique groups will help ensure that each group is included in decision making and funding decisions.
- Develop a systemic process for the inclusion of both frontier and rural feed back State-level policies and funding decisions can have unintended negative consequences if unique frontier and rural perspectives are not carefully considered
- Explore a process for frontier and rural system integration across educational, economic, mental health, and other important service areas. These areas are interdependent and thus important in considering each area's effect on the other.

Finally, we ask you consider the following amendment bill related to the Commission composition. Specifically, page 2, line F to consider the following:

(F) any other primary, job creating, value added business sector including but not limited to human services, education and the medical and health care fields.

These arenas face significant work force challenges particularly in rural and frontier regions of the state. To that end they have placed considerable effort in retaining and recruiting professionals and consequently possess knowledge and expertise about what works. In addition, they produce the additional economic and career opportunities for those youths we would like to see remain.

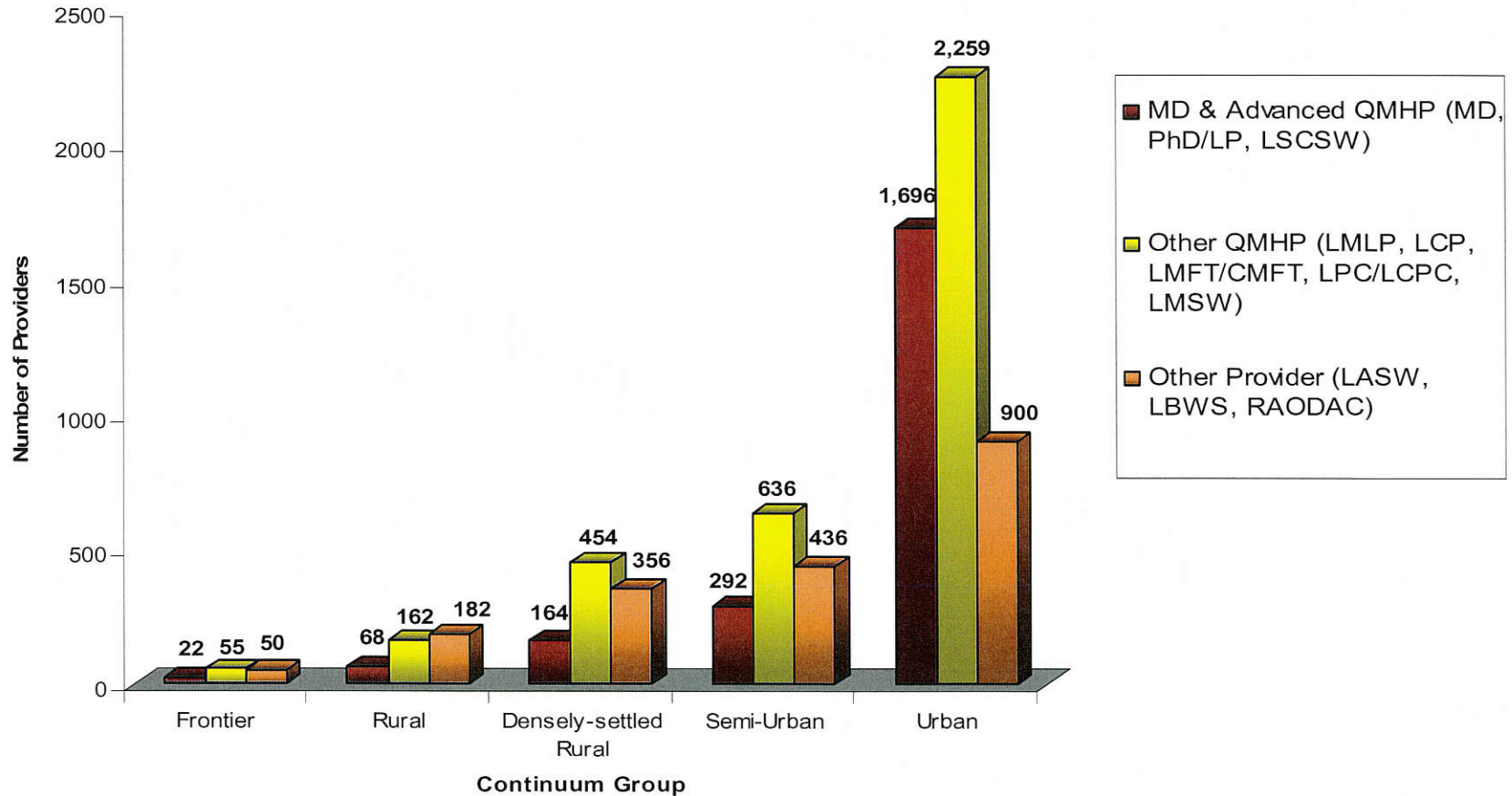
We look forward to being a part of the ongoing discussion and implementation of this commission that could provide an important forum for bringing forward the needs and values of a rural environment.

Respectfully submitted,
Melissa L. Ness JD, MSW
Advocacy Coordinator, St. Francis Community Services

The Frontier through Urban Continuum Definition

1-4


Number of Providers Across the Frontier Through Urban Continuum in Kansas



Data Sources: MD counts obtained from Kansas State Board of Healing Arts, November 2007, all other provider counts obtained from Kansas Behavioral Science Regulatory Board, November 2007



SUNFLOWER ELECTRIC POWER CORPORATION

A Touchstone Energy® Cooperative 

TESTIMONY
by
L. EARL WATKINS, PRESIDENT & CEO
SUNFLOWER ELECTRIC POWER CORPORATION
before the
KANSAS HOUSE OF REPRESENTATIVES
COMMITTEE ON AGRICULTURE AND NATURAL RESOURCES BUDGET
on
WEDNESDAY MARCH 12, 2008

Good morning. My name is Earl Watkins and I serve as the President and CEO of Sunflower Electric Power Corporation. Thank you for providing me the opportunity to speak in support of SB 453.

Sunflower Electric is a not-for-profit corporation operated as a cooperative owned by six rural electric cooperatives that provide retail electric service in central and western Kansas. Sunflower provides wholesale power to these six rural electric cooperatives and is governed by a 12 member board, made up of representatives from the six cooperatives.

The electric cooperatives are Lane-Scott Electric Cooperative, Inc., Dighton; Pioneer Electric Cooperative, Inc., Ulysses; Prairie Land Electric Cooperative, Norton; The Victory Electric Cooperative Association, Inc., Dodge City; Western Cooperative Electric Association, Inc., WaKeeney; and Wheatland Electric Cooperative, Inc., Scott City.

Sunflower's members provide retail electric service to just less than 400,000 people in 55 counties in central and western Kansas. This is a very rural area that has experienced economic decline for decades. Population records indicate that since the 2000 census, this geographic area has lost over 5% of its population. The economy of the region is dependent on agriculture and oil and gas extraction. Income statistics for the region consistently fall well below similar statistics in urban areas of Kansas. We also serve over 41,000 people who live below the poverty line and over 64,000 senior citizens. .

Sunflower and our Members have been very active in rural development within our service territory. Over the last 15 years Sunflower and our Members have worked with USDA Rural Development to help communities and businesses secure over \$9 million dollars of funds to finance community and economic development projects in central and western Kansas.

Sunflower has also been an active member of wKREDA, the western Kansas Rural Economic Alliance. The cooperative philosophy has served wKREDA well – a group that comes together to solve common problems. Community development in a rural area is more challenging than in urban areas that have greater population and tax base to support development. In western Kansas we have additional challenges, being located significant distances from urban population centers.

Sunflower supports the creation of the Rural Development Commission because we believe this provides the opportunity to focus on problems unique to rural communities. Sunflower strives to have good working relationships with the Kansas Department of Commerce, USDA Rural Development, Small Business Development Centers, Certified Development Companies, and other groups that provide assistance in our region. These groups provide important services to rural Kansas. However, we believe the Commission on Rural Policy provides the opportunity for all of these entities to work with rural Kansas communities for the benefit of all.

House Ag and Natural Resources Budget Committee

March 12, 2008

**Testimony by:
Wally Kearns, State Director
Kansas Small Business Development Center**

Substitute Senate Bill 453

Chairman Powell and members of the House Ag and Natural Resources Budget Committee, I'm Wally Kearns, State Director of Kansas Small Business Development Center Network. I would like to provide a brief neutral testimony concerning various proposals being put forth to improve rural development throughout Kansas.

Rural Kansas is vitally important to the economic well-being of Kansas.

The 2007 Kansas Economic Development Strategic plan, dated January 2008, represents an inclusive process involving many Kansans and organizations; the strategic plan provides more than ninety key recommendations that provide a vision and bright future for Kansas. The portion of the Kansas, Inc. plan entitled "Enhancing the Structure of Rural Development" provides the following key benefits: First, it raises the visibility to the highest levels of government by creating an Office of Rural Development and a Deputy Secretary in the Kansas Department of Commerce. Second, it creates a structure for assessing and increasing leadership capacity in rural communities by creating a Division of Leadership in the Kansas Department of Agriculture. This will ensure linkages among governmental units as well as private and quasi-governmental organizations. It also provides a responsible resource for evaluating and recommending additional initiatives that most certainly will include two of the most effective community leadership programs in the country: Kansas Communities, LLC, founded by Terry Woodbury, is already in 15 communities in Kansas and the Hometown Competitiveness Training offered by the Center for Rural Entrepreneurship in Nebraska is also in Kansas. In addition, the Division will be able to integrate additional new programs initiated to enhance civic leadership such as the programs currently being created by the Kansas Leadership Center in Wichita as well as any other successful initiative that emerges.

The Kansas, Inc. plan entitled "Enhancing the Structure of Rural Development" maximizes the use of existing programs and resources, specifically Kansas Main Street, KAN STEP, Kansas Pride and the Office of Rural Opportunity and the Department of Commerce and its partners – including the Kansas Department of Agriculture, the seven Regional Foundations (who administer the rural business

tax credit), NetWork Kansas, the Kansas Small Business Development Center Network and numerous NetWork Kansas resource partners.

In addition, there are several other benefits to the Kansas, Inc. strategic plan which resulted from an extensive process that included hundreds of people across the state. These include:

- Consistency with the Kansas Economic Growth Act's mission of creating a collaborative environment through which private, quasi-governmental, and governmental assets are linked towards common goals;
- Reducing bureaucracy by streamlining operations within current governmental structures; and
- Ensuring that strategic planning takes a holistic, integrated approach that ensures private, quasi-governmental, and governmental assets are fully utilized as delivery mechanisms, when applicable; and
- Supporting the mission of NetWork Kansas which is creating an entrepreneurial environment through the coordination of resources that advance economic and community development in rural Kansas.

As you know, Kansas, Inc. was created by the Legislature in 1986 as an independent, objective and non-partisan organization designed to conduct economic research and analysis with the goal of crafting policies and recommendations to ensure the state's ongoing competitiveness in economic growth.

Conclusion:

Recommend the attached document titled, "Enhancing the Structure of Rural Development in Kansas," within The 2007 Kansas Economic Development Strategic Plan, dated January 2008, be compared to Substitute SB 453 to determine if any of the ideas or language in SB 453 could be used to enhance the structure of rural development in Kansas.

Thank you for this opportunity to testify; I would welcome your questions at this time.

Contact Information: Wally Kearns, State Director, Kansas Small Business Development Center Network. ksbdc.wkearns@fhsu.edu 785-296-6514

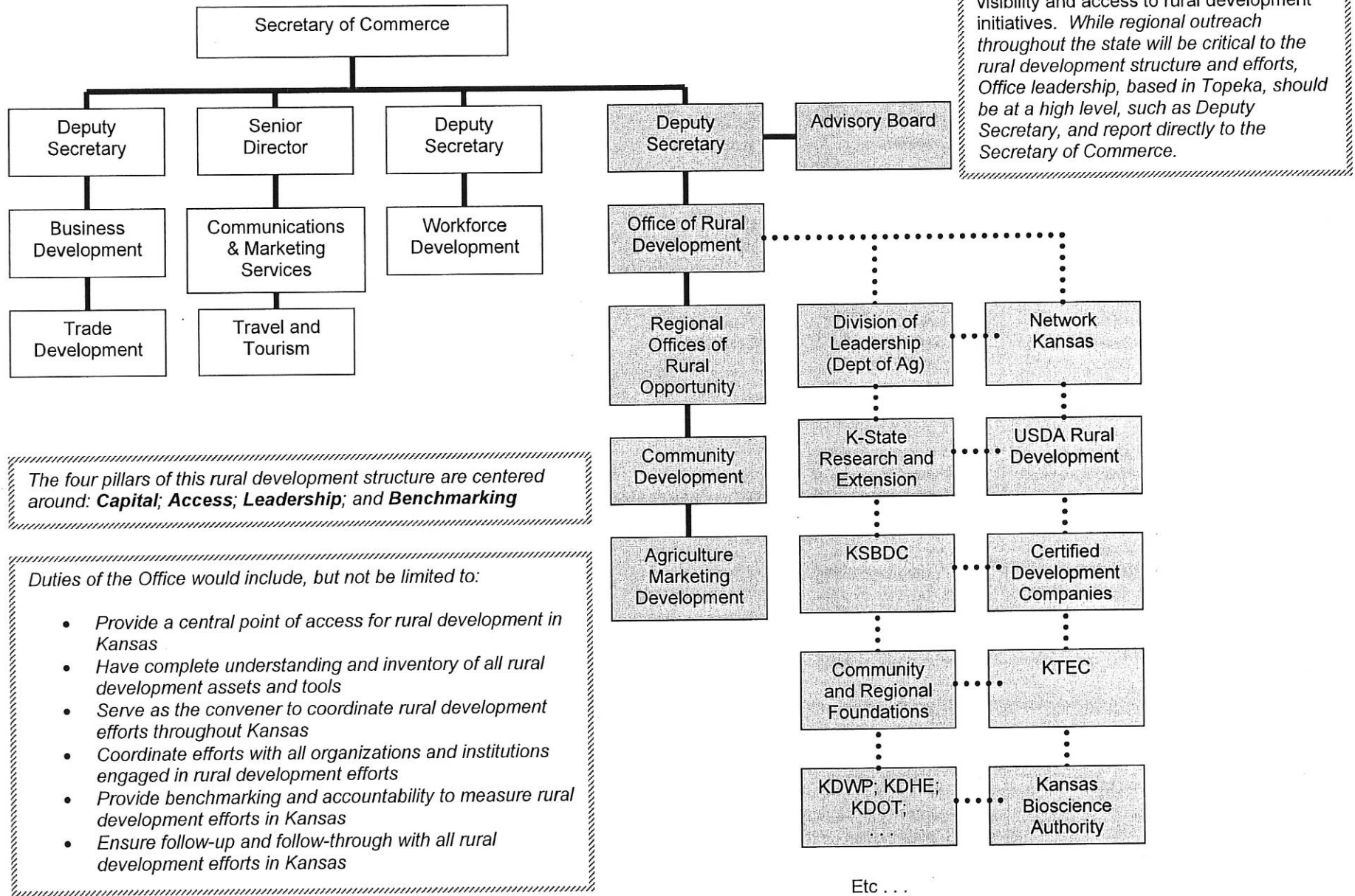
***Enhancing the Structure of
Rural Development in Kansas***

Prepared by



January 2008

Figure 1. Conceptual Structure of Rural Development Model



3-4

3-4

3-4

Enhancing the Structure of Rural Development in Kansas

Executive Summary

Mission – Enhance the prosperity of rural Kansas by developing innovative solutions recognizing local and regional strengths to ensure the quality of life in rural areas.

Strategy 6 – Create a rural development model that provides a holistic, integrated approach based on four key pillars (capital, access, leadership, and benchmarking). The model should use incentives as the engine that drives integration.

- 6-1 The Office of Rural Opportunity should be restructured and positioned at the highest possible level to become the centerpiece of a new integrated rural development structure. The Office will be recognized as the lead agency for rural development in Kansas with a mission to provide an integrated, coordinated and seamless approach for all rural development initiatives. The Office will develop a transparent, clearly understood methodology built around incentives to drive integration of the key pillars (capital, access, leadership, and benchmarking). Enhanced funding should be provided in the state budget for the administrative requirements of the Office.
- 6-2 Create a Division of Leadership within the Kansas Department of Agriculture, as capacity building or leadership must be a key component of rural development. Funding should be provided in the state budget for the administrative requirements of the Division.
- 6-3 Develop a coordinated incentive structure to reward communities, businesses and individuals for using the new integrated structure. The Office of Rural Opportunity would develop the framework surrounding the incentive structure.
- 6-4 Benchmark our efforts and progress in rural Kansas. Through marketing and awareness, rural areas will increase the visibility of successes and increase the awareness of their business atmosphere and lifestyle.
- 6-5 Enhance funding to \$1.0 million per year for the agricultural loan portfolio within the Department of Commerce.
- 6-6 Utilize and support the potential of Rural Opportunity Zones to play a key role in incentives that would help communities invest in their own future with the state as a partner.

Introduction

Rural development is not a one size fits all solution – some areas are going to be successful and some are not. The attitude and actions of the community members will determine their success – We cannot legislate this.

- Statewide Cell members, 2007 Strategic Planning process

Entrepreneurship is the new focal point for rural development. For much of the past half century, rural development has been driven by twin incentives aimed at business recruitment and retention. This strategy is no longer working so well, however, for one simple reason – globalization.¹

Farmers and ranchers generate revenues of nearly \$10 billion per year from grain production and livestock operations. While this is substantial, as the Kansas economy grows, the portion of gross domestic product by state attributed to agriculture continues to decline in percentage. In rural counties with little other industry, agriculture remains the primary generator of economic activity. The total impact of agriculture on the state's economy depends upon how one defines it. If the term agribusiness is used, encompassing the entire range of related food and fiber industries using input supply, agricultural

¹ Mark Drabenstott, Center for the Study of Rural America, Federal Reserve Bank of Kansas City.

production, commodity processing, food manufacturing and food distribution, the impact of agriculture on the Kansas economy gains in importance to as much as 20 percent of the state's total annual economy.²

Over time, the agriculture industry has continued to see increased productivity through the application of new technologies and innovative solutions. Increased productivity has contributed to the out-migration of actual producers, and while there are now fewer producers, the value of farm production has continued to trend upwards. During the past 40 years, the number of farms in Kansas has declined from approximately 95,000 to 64,000. This phenomenon is not specific to Kansas only, it is occurring on a national level. The depopulation of the agriculture sector will continue and to suggest otherwise may be counter to the economic realities faced in this sector.

It is unlikely that we will repopulate and grow rural Kansas with the agriculture industry, and state-level efforts must be focused on rural development to help rebuild rural Kansas. Even with these efforts, we will not save every community. Rural areas will continue to deal with a variety of issues, such as capital, access, leadership, workforce shortages, out-migration, and available services and jobs; however, rural areas do have several opportunities in regards to quality of life, community partnerships, and wealth transfer potential. We must focus our efforts on rural development and entrepreneurship to assist rural areas.

Current Structure

Several government agencies and other entities have a role in rural development efforts – the problem is there are numerous slices in many places with little or no connectivity throughout the state. Some of these entities include:

- *Kansas Department of Commerce (Division of Agriculture Marketing)*
- *Kansas Department of Agriculture (primarily regulatory)*
- *USDA Rural Development*
- *Network Kansas*
- *Kansas Small Business Development Center*
- *Kansas Certified Development Companies*
- *Community and Regional Foundations*
- *Kansas Department of Wildlife and Parks*
- *Kansas Department of Health and Environment*
- *Kansas Department of Transportation*
- *Office of Rural Opportunity*
- *Kansas State University/County Extension*
- *Local Government*

Strategy and Recommendations

Create a rural development model that provides a holistic, integrated approach based on four key pillars (capital, access, leadership, and benchmarking). The model should use incentives as the engine that drives integration.

Since moving the Agricultural Marketing Division from the Department of Agriculture to the Department of Commerce (Commerce) in the mid-1990's, Kansas has tried several innovative means to enhance both agriculture and rural economies. The basic concept behind the move was designed to capture the inherent strengths and synergies housed at Commerce. This arrangement has worked fairly well at times, and at times the coordination or leveraging effect has not been outwardly visible. Since the move, both the Legislature and ensuing Administrations have worked to identify and provide new initiatives

² Mintert, James, Woolverton, Michael, Kastens, Terry, and John Leatherman. *Agriculture Commodities Future: Assess Competitive Threats to the Kansas Economy*, Department of Agricultural Economics, Kansas State University for Kansas, Inc., January 2006.

addressing rural development issues. This strategy outlines a rural development model based on capital, access, leadership and benchmarking, using incentives as the engine that drives integration to address rural development issues in Kansas.

The Office of Rural Opportunity should be restructured and positioned at the highest possible level to become the centerpiece of a new integrated rural development structure. The Office will be recognized as the lead agency for rural development in Kansas with a mission to provide an integrated, coordinated and seamless approach for all rural development initiatives. The Office will develop a transparent, clearly understood methodology built around incentives to drive integration of the key pillars (capital, access, leadership, and benchmarking). Enhanced funding should be provided in the state budget for the administrative requirements of the Office.

The Office of Rural Opportunity would be positioned at the highest possible level to denote the prominence of the Office as the centerpiece of Kansas' rural development structure. This would help facilitate visibility and access to rural development initiatives. *While regional outreach throughout the state will be critical to the rural development structure and efforts, Office leadership, based in Topeka, should be at a high level, such as Deputy Secretary, and report directly to the Secretary of Commerce.*

The Office would provide field staff to rural communities, cities, businesses or individuals for the purpose of more efficient and streamlined accessibility to state initiatives, such as community development, business development, housing and capacity building. Field staff would become experts with programs at all levels, including federal programs. The Office would provide continued communication during the start-up and maintenance phase of programs to sustain the communities, cities, businesses or individual momentum and activities. There would be at least one field representative for each of Commerce's seven business development regions.

While certain programs, grants and initiatives would not fall directly under the Office of Rural Opportunity's authority, its charge would be to develop a seamless structure that encourages and demands collaboration between all associated agencies and organizations. They would devise the means and methods for navigating through all rural development opportunities. The Office of Rural Opportunity would be responsible for both follow-up and follow-through on all subsequent rural development initiatives.

Duties of the Office would include, but not be limited to:

- *Provide a central point of access for rural development in Kansas*
- *Have complete understanding and inventory of all rural development assets and tools*
- *Serve as the convener to coordinate rural development efforts throughout Kansas*
- *Coordinate efforts with all organizations and institutions engaged in rural development efforts*
- *Provide benchmarking and accountability to measure rural development efforts in Kansas*
- *Ensure follow-up and follow-through with all rural development efforts in Kansas*

Create a Division of Leadership within the Kansas Department of Agriculture, as capacity building or leadership must be a key component of rural development. Funding should be provided in the state budget for the administrative requirements of the Division.

Any rural development structure that does not address the leadership component is destined to fail.

The Department of Agriculture must also have an inherent role in rural development efforts in Kansas. The Division of Leadership³ would provide that role. Its mission would be to identify and understand the necessary components of capacity building for local, regional, and state rural development efforts. While it would have the capacity to provide some training, in most cases it would not directly provide training,

³ The Georgia Academy for Economic Development is a similar initiative that assists the State of Georgia's leaders in their economic development efforts by providing an understanding of the critical processes, strategies and components involved in improving their local and regional economies and achieving economic success in today's global economy. accessed at: <http://www.georgiaacademy.org>

but rather it would provide assistance and develop a certified menu of training providers that meet their predetermined standards and the needs of communities and businesses looking to enhance their rural development opportunities. The menu of resources would include training such as Kansas Communities⁴, Hometown Competitiveness Training⁵, and others that could be recommended to regions, communities, cities, businesses or individuals. The Division would essentially facilitate interactions between the public and training entities to ensure the leadership and capacity building efforts were being delivered in an integrated, coordinated and seamless approach.

This part of rural development is currently absent in any structured manner at the state level. Currently, the Department of Agriculture has only a regulatory role in rural development in Kansas, and inherently this role could be expanded through the Division of Leadership, as the Department is a logical part of any rural development efforts in Kansas.

Develop a coordinated incentive structure to reward communities, businesses and individuals for using the new integrated structure. The Office of Rural Opportunity would develop the framework surrounding the incentive structure.

A coordinated incentive structure developed to capture thresholds and assist in setting priorities for state grants and loans would be a powerful reinforcement for federal grants and loans. For Kansas, during FY 2006, the USDA awarded approximately \$94 million in housing programs, \$9 million in business programs, and \$143 million in utilities programs.⁶ Given the potential federal funds available for rural development initiatives, any reinforcement from a state-level incentive structure could be beneficial to Kansas applicants. Kansas must become more competitive for federal dollars.

Potential examples within the coordinated incentive structure include: completing a dedicated leadership process or some other capacity building program certified through the leadership component of the Department of Agriculture; completing a designated process with a field representative from the Office of Rural Opportunity; creating a community foundation that has actively worked to capture local wealth transfer; utilizing Network Kansas to measure and benchmark progress; and utilizing Rural Opportunity Zones.

Ultimately, rural areas must be able to help themselves, and this incentive structure helps prioritize rural development efforts and gives rural areas access to the tools they need for revitalization.

Benchmark our efforts and progress in rural Kansas. Through marketing and awareness, rural areas will increase the visibility of successes and increase the awareness of their business atmosphere and lifestyle.

Measuring the results of rural development efforts will help communities learn about the local and regional impacts of their efforts. Benchmarks provide a means to tell their story – a way to increase the visibility of their successes and the awareness of their business atmosphere and lifestyle. Rural development efforts are a product of those communities, and how they define success in areas such as capacity building, leadership, resources, and overall results provide a direct measure of the type of community the residents want it to become. The Office of Rural Opportunity could devise both the means for navigating through rural development opportunities and design the benchmarks to assist communities in tracking their efforts.

⁴ Founded in 2004 to build and re-build community across Kansas by rebuilding the Public Square, one community at a time. The Public Square is the intersection of four sectors: business, education, health/human service and government. Accessed at: <http://www.kscomm.net>

⁵ HTC is a comprehensive approach to long-term rural community sustainability. This approach goes beyond the traditional tunnel vision of economic development. HTC helps the community to focus on four interrelated strategies that depend on each other for ultimate success – developing leadership; energizing entrepreneurs; engaging youth; and charitable giving. Accessed at: <http://www.htccommunity.org>

⁶ USDA Rural Development has an \$86 billion dollar portfolio of loans and they will administer nearly \$16 billion in program loans, loan guarantees and grants through their programs. Accessed at: <http://www.rurdev.usda.gov>

Network Kansas works to connect entrepreneurs with the expertise, education, and economic resources at the right time. Through their efforts, Network Kansas has several benchmarks for their initiatives, and the information from these initiatives could be a key part of benchmarking efforts set forth by the Office of Rural Opportunity.

Enhance funding to \$1.0 million per year for the agricultural loan portfolio within the Department of Commerce.

The agricultural value-added loan portfolio, administered by the Department of Commerce, Agriculture Marketing Division is currently funded at a level of approximately \$500,000 per year to assist agricultural producers and develop and expand agriculture in Kansas. Based on the direct and indirect contributions of Kansas agricultural producers and related agribusinesses, the overall economic impact of agriculture on the state's economy was approximately \$30.5 billion in 2003.⁷ While we can debate the overall financial impact of agriculture on the state, there is little doubt regarding its importance to the economy of Kansas. Therefore we recommend the agricultural loan portfolio be enhanced to \$1.0 million per year to provide further assistance with these efforts.

Utilize and support the potential of Rural Opportunity Zones to play a key role in incentives that would help communities invest in their own future with the state as a partner.

Rural Opportunity Zones would essentially provide tax incentives to businesses that create jobs in rural communities. The creation of Rural Opportunity Zones would accomplish two primary objectives: 1) The elimination of the previous Enterprise Zone Program; and 2) The creation of Opportunity Zone Tax Credits to provide incentives for job creation and capital investment in rural communities and counties.

Currently, small businesses in rural areas cannot access the High Performance Incentive Program (HPIP) tax incentives because they cannot create enough jobs or capital investment. This is a disincentive for the growth of existing businesses and the recruitment of new businesses to rural Kansas. There are many facets to the concept of Rural Opportunity Zones:

- Providing new tax incentives to communities and businesses to encourage investment in rural areas, instead of just providing incentives to larger communities and businesses.
- Establishing an application process and delivery methodology for the tax credits that allows communities, counties and regions to establish the boundaries of the Rural Opportunity Zones, rather than the prescriptive approach of the state establishing the boundaries.
- Tax incentives that reward businesses and communities who exercised leadership, planning, cooperation, collaboration, and potentially the coordination of services.
- Communities that clearly demonstrate deliberate and purposeful development planning efforts and actions would be eligible for the designation as a Rural Opportunity Zone. These zones could reinforce the need for benchmarking rural development efforts.

⁷ See Mintert, p. 2.



632 SW Van Buren, Suite 100
Topeka, KS 66603
(785) 296-1460
(785) 296-1463 (fax)
www.kansasinc.org
ksinc@ink.org

**Testimony on SB 453
to the
House Agriculture and Natural Resources Budget Committee**

**by Adrian Polansky
Secretary of Agriculture
Kansas Department of Agriculture**

March 12, 2008

Good afternoon, Chairman Powell and members of the committee. I am Adrian Polansky, Kansas secretary of agriculture, and I am here to testify in support of Senate Bill 453.

Like you, I am well aware of the economic development challenges our rural areas face. Also like you, I want our communities to reap the benefits of effective, efficient rural development initiatives, which are at the core of this bill.

The Kansas Department of Commerce has made important strides toward becoming more accessible to our rural communities. They recently opened Offices of Rural Opportunity in Sterling and Colby, and two more are planned – one in eastern Kansas and one in southwest Kansas – to better serve the entire state. However, other opportunities exist.

This bill proposes a commission on rural policy to develop recommendations for community-based programming and funding in key areas:

- fostering leadership;
- generating and retaining wealth;
- developing entrepreneurship and retaining youth in rural communities.

This bill also proposes a review of other states' rural development programs and a strategic mission for the Office of Rural Opportunity. All would be worthwhile contributions.

The most important element of this bill, however, is the proposal to establish within the Department of Commerce a division of rural development to be managed by a deputy secretary who answers to the secretary of commerce. This concentrated focus on rural economic development will help the state maximize its investment in rural Kansas while minimizing the opportunity for duplication of services.

I personally know of two family-run businesses that are prospering in rural Kansas because of economic development programs. However, I believe we can do better. This bill, as it is currently written, will ensure we have more success stories in more rural Kansas communities.

Thank you for the opportunity to testify today, and I will stand for questions at the appropriate time.



**KANSAS ACADEMY OF
FAMILY PHYSICIANS
CARING FOR KANSANS**

March 12, 2008

To: House Agriculture and Natural Resources Budget Committee
From: Robert P. Moser, Jr., MD, Delegate
Re: Substitute for SB 453

Chairman Powell and Members of the House Agriculture and Natural Resources Budget Committee:

Thank you for this opportunity to present testimony on behalf of the Kansas Academy of Family Physicians (KAFFP), regarding Substitute for SB 453. My name is Bob Moser and I am a family physician practicing in Tribune, KS. I serve as the KAFFP Delegate to our national organization, the American Academy of Family Physicians. KAFFP has more than 1,500 members across the state. The family physicians of the state provide the backbone of primary care in Kansas.

Our members are spread across the state in much the same fashion as the population of Kansas itself. We are the only type of physicians for which this is the case and that's one of the reasons I am here to testify today. The other reason is because of my personal interest in economic development and rural health. I am on our County Economic Board and am also involved in the Kansas Communities Program, which you may be familiar with.

As a rural family physician I KNOW health care is one of the most important business sectors for rural Kansas to consider when discussing economic policy. It is vitally important in rural areas to include a strong focus on health care as part of economic development and as a means of retaining youth and stabilizing a community's population.

The Kansas State Extension Rural Health Works web site (<http://www.oznet.ksu.edu/krhw/reports/index.html>) has calculated the economic benefit of health care to each county in Kansas. However, to provide an actual case, here is my story.

I started my practice in Tribune, Greeley County, in 1988 after attending KU School of Medicine on the Medical Student Loan Program. I served my residency at the Smoky Hill Family Medicine Residency Program in Salina. The physician in Tribune had practiced more than 30 years in the community and there was a 25-bed hospital, a 28-bed nursing home and a medical clinic. Obstetrics and some minor surgeries were provided.

President Michael L. Kennerly MD Kansas City	Secretary Jennifer L. Brull MD Plainville	Delegates Joel E. Hornung MD Council Grove Robert P. Moser Jr. MD Tribune	Directors Ronald C. Brown MD Wichita Karen E. Bruce MD Topeka Gene Cannata MD Pratt Deborah Clements MD Kansas City Christian Cupp MD Scott City Rob. Freese MD Salina	Doug Gruenbacher MD Quinter LaDonna M. Schmidt MD Salina Jon O. Sides MD Gregory T. Swee	Resident Representative Jennifer Bacani MD Wichita
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In nearby Wallace County, the only physician retired in late 1991. Wallace County had a medical clinic, but no hospital. I assumed responsibility for that clinic in 1992 and was able to recruit a partner to join the practice in 1993. Before gaining my partner, I was only able to keep up with the day-to-day practice demands and did not provide much preventive medicine, because of the work load. Once I had a partner, we were able to expand the services we provided locally, to include more preventive health care services and a full spectrum of primary care.

Unlike most rural hospital systems, we did not convert to a “critical access hospital” until just recently, because of their requirements limiting services. We did not want to relinquish services we were already providing. Once the rules for critical access hospitals changed to allow a running 98-hour average length of stay for acute care patients and to allow for surgery services—including cesarean sections – we became a critical access hospital in 2003.

The following table shows the economic growth our health care system has provided our community, comparing 1992 to 2005.

Greeley County Health Services	1992	2005
Number of Employees	48	127
Occupancy Rate – Hospital	11.4%	37%
Hospital Discharges	262	320
Swing Bed Discharges	32	128
Total Health System Revenue	1.5 million	8.89 million
% of Hospital Revenue from Taxes	22%	5%

Our health care system is one of the largest employers in our county next to the school district. Almost 45% of our inpatients come from other counties, so the health center pulls many people into our community businesses as friends and family come to visit those hospitalized patients.

To further illustrate this point, our national organization, the American Academy of Family Physicians, has provided the attached fact sheet on the *Economic Impact of Family Physicians in Kansas*. It shows that in Kansas, besides quality health care, family physicians provide an economic impact of \$878,642 per doctor, per year. The total impact of family physicians in Kansas is estimated to be \$727,515,645 per year. This does not include the economic impact to hospitals and other health providers, such as nursing homes. Family physicians contribute to the economic viability of the communities they serve, as highly educated consumers, employers and purchasers.

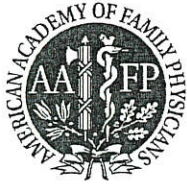
Finally, I want to address how a stable rural health care system can help stabilize rural populations and retain the youth of a community. This includes nurses, lab technicians, x-ray technicians, physical therapists and physical therapy assistants, pharmacists, physician assistants and nurse practitioners. We have a strong program of encouraging and allowing high

school students to shadow us and work within the health care system, which has led many of them to come back to our community after their training.

A strong health care system is like a magnet pulling other business into the community and strengthening the entire economic framework. Businesses and individuals are far more interested in moving to a community with adequate health care access, than to a community that lacks this key ingredient.

For all these reasons, we strongly urge this committee to include rural health and health care access among the key areas of focus to be considered by the new Commission. Additionally, we would encourage you to ensure that a rural health care provider is included on the Board of Directors.

Thank you for this opportunity to speak today. I would be happy to stand for any questions you might have.



Economic Impact of Family Physicians in Kansas

AAFP Government Relations

June 2007

Who are family physicians?

Family physicians provide a personal medical home for people of any age. Family physicians complete at least three years of specialty training, learning how to deliver a range of acute, chronic and preventive medical care services. In addition to diagnosing and treating illness, they also provide preventive care including routine check-ups, health risk assessments, immunization and screening tests, and personalized counseling on maintaining a healthy lifestyle. Family physicians also manage chronic illnesses and coordinate care with other sub specialists. From heart disease, stroke and hypertension, to diabetes, cancer and asthma, family physicians provide primary care for the nation's most serious health problems.

While most medical specialties tend to cluster in urban areas and near academic health centers, family physicians are more likely than other primary care physicians to work in areas with the greatest needs — e.g. rural areas and health professional shortage areas (HPSA) federally designated area or populations (bhpr.hrsa.gov — Department of Health and Human Services) with the lowest ratios of health providers to population.

Do family physicians generate economic benefits for Kansas?

In addition to the health care services they provide, family physicians are significant generators of economic activity in local communities. Family physicians provide employment, purchase goods and services and even generate income to other health care organizations such as hospitals and nursing homes.

A recent study by the Robert Graham Center for Policy Studies evaluated the impact of family physicians on a state-by-state basis. These figures do not account for a family physician's contribution to the generation of income for other local health care organizations such as hospitals and nursing homes. The study found that in Kansas, family physicians have an economic impact of \$878,642 per doctor, per year. The total impact of family physicians in Kansas is estimated to be \$727,515,645 per year.

Table 1: Economic Impact of Family Physicians in Kansas

<i>Impact per family physician per year</i>	\$ 878,642
<i>Total Impact per year</i>	\$ 727,515,645

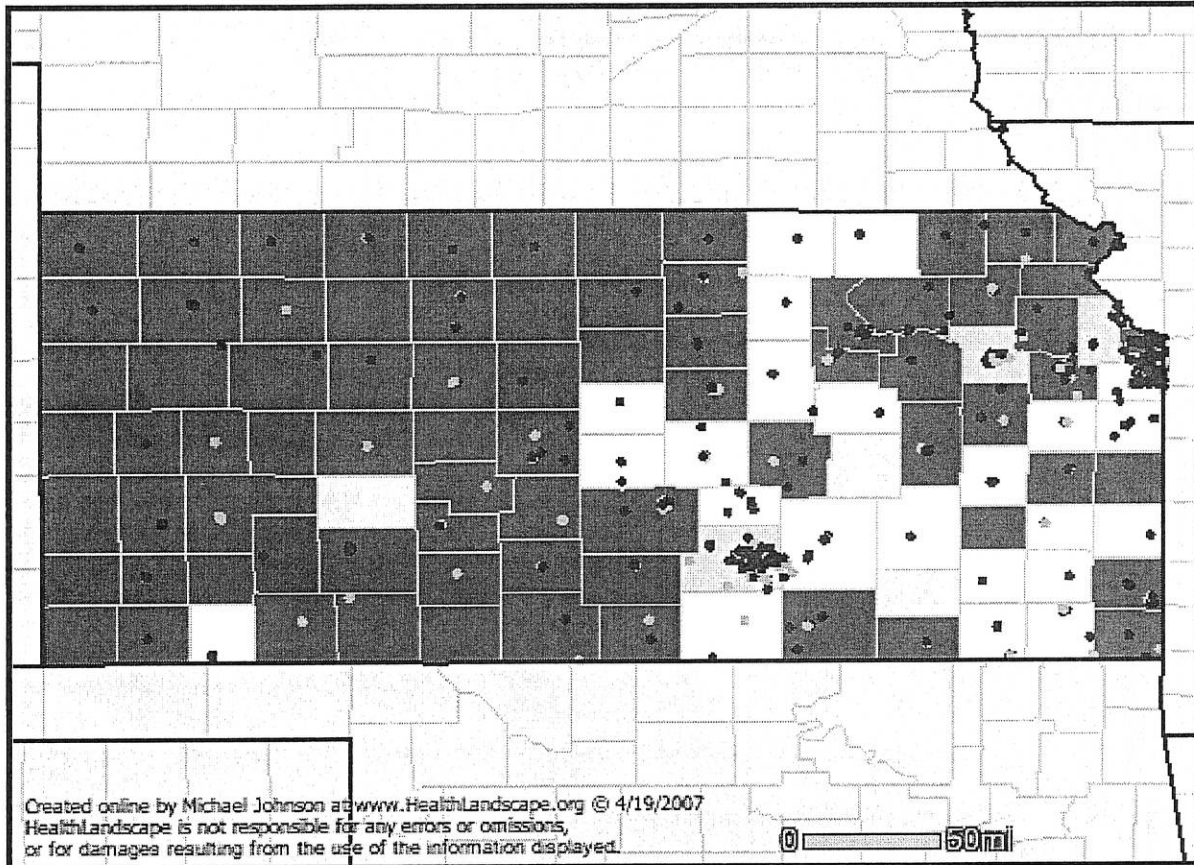
Source: Robert Graham Center for Policy Studies – www.graham-center.org

How does this affect family physicians in Kansas?










The Commonwealth Fund's Commission on a High Performance Health System (www.cmwf.org (<http://www.cmwf.org/>)) seeks to move the U.S. toward a health care system that achieves better access, improved quality and greater efficiency, particularly for those who are most vulnerable. The Commonwealth Fund states that the United States cannot achieve a high performing healthcare system without "...developing the workforce required to foster patient-centered primary care..." Furthermore, the American Academy of Family Physicians, American Academy of Pediatrics, American College of Physicians and American Osteopathic Association have called for a patient-centered medical home for all Americans.

Family physicians are trained to provide that medical home, improving access to health care for communities in the greatest need. In addition, as *Table 1* demonstrates, family physicians can serve as economic engines for your state. Family physicians contribute to the economic viability of the communities they serve, as highly educated consumers, employers and purchasers. States choosing to invest in loan repayment, primary care residency training and tax incentives for practice in underserved areas should consider not only the health benefits, but also the potential return on investment for some of the most economically deprived areas of the state.

Kansas Family Physicians and Primary Care HPSA



This map shows the locations of family physicians in the state of Kansas over a county map displaying federally designated primary care health professional shortage areas (HPSA). Primary care HPSAs are counties or portions of counties in the United States with the lowest ratio of primary care physicians to population. As seen on the preceding page and in this map, the impact of family physicians spreads across Kansas. Policies that positively impact recruitment and retention of family physicians within Kansas will not only contribute to an increase in the availability and provision of quality health care services in underserved counties, but will also have a significant impact on the local economy by generating jobs, income and development. If you would like to explore health data relevant to Kansas and make your own maps of the physician workforce, please visit: www.healthlandscape.org

- LEGEND**
 HPSA Wizard – 2004 Federal HPSA Designations
-  Becomes or is already full HPSA
 -  Remains partial HPSA
 -  Not a HPSA
 -  Status Not Available
 -  County
 -  FM
 -  FPG
 -  FSM
 -  GP



KANSAS FARM BUREAU
The Voice of Agriculture

2627 KFB Plaza, Manhattan, Kansas 66503-8508 • 785-587-6000 • Fax 785-587-6914 • www.kfb.org
800 SW Jackson St., Suite 1300, Topeka, Kansas 66612-1219 • 785-234-4535 • Fax 785-234-0278

PUBLIC POLICY STATEMENT

HOUSE AGRICULTURE and NATURAL RESOURCES BUDGET COMMITTEE

Re: Sub. for SB 453; creating the Kansas Commission on
Rural Policy

March 12, 2008
Topeka, Kansas

Testimony Provided by:
Brad Harrelson
State Policy Director
KFB Governmental Relations

Chairman Powell and members of the House Agriculture and Natural Resources Budget Committee, thank you for the opportunity to share our thoughts on Sub SB 453. As you know KFB is the state's largest general farm organization representing more than 40,000 farm and ranch families through our 105 County Farm Bureau Associations.

Rural communities provide education, employment, services and opportunities for social interaction for their residents and clearly play a vital role in the social structure of our nation. Today, these communities face significant challenges that threaten their future viability, including: vast outward migration occurring over the last century, an inability to attract and retain young people, scarcity of economic capital, the future transition of wealth to urban centers, and a lack of individuals equipped to serve as the next generation of community leaders and visionaries. The decline of these communities has given rise to the need for focused efforts to ensure their prosperity and ability to continue their important contributions to the welfare and economy of our state.

In many parts of rural America, populations have been declining since the early 1900's. In Kansas, this trend is evidenced by positive growth in only nine of the states 105 counties during the most recent census period. Additionally, the states population growth has been limited to only five counties exacerbating the need to identify resources and bring new opportunities to rural

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Communities have attempted to combat outward migration through a variety of methods, most focused on recruiting and relocating business operations to rural locales or by adding industrial or manufacturing firms to the local economy. These methods have proved wildly unsuccessful and have resulted in depressed rural economies searching for opportunities to recruit and retain young people, develop the next generation of leaders, create new opportunities for entrepreneurship, and hold onto the vast amounts of wealth which will transition away at the passing of their older generations.

While on-going efforts have provided temporary encouragement to local efforts a sustainable strategy to direct and solidify rural development efforts is lacking. To provide the coordination and vision necessary Kansas Farm Bureau supports the development of the Kansas Commission on Rural Policy in Sub SB 453. As envisioned the commission would be charged with the purpose of employing best practices and benchmarking from around the world to make Kansas the most desirable area in which to conduct, facilitate, support and finance rural business, cultural development and entrepreneurship, and to make Kansas a national leader in the creation and implementation of strategies to foster leadership, the retention of youth, development of entrepreneurship and encouragement of local wealth generation, to create new jobs, foster economic growth, advance knowledge and improve the quality of life for the citizens of the state of Kansas.

The commission will have the unique ability to leverage the collective expertise of its membership in an effort to strategically address the needs of rural communities from a long-term perspective. The approach will allow coordination of existing resources and programs, and will provide funding for research and development of new tools for rural communities who seek to build their capacity for the future. The professional staff of the commission will also allow Kansas to access critical federal resources such as USDA Rural Development grant dollars for energy and infrastructure projects and New Market Tax Credits, which are currently not being adequately used. These dollars would initiate the Rural Community Development Grant Program Fund contained in the bill and will allow the state to leverage local resources to provide additional funding to extend the impact of local efforts.

Additionally, creating the position of Deputy Secretary for Rural Development at the Kansas Department of Commerce will provide oversight and coordination of the state's current programs and evidence the state's commitment to providing benchmarking and appropriate tools to communities seeking to impact their future.

Thank you for the opportunity to appear before you today in support of this effort. We respectfully ask for your favorable consideration and stand ready to assist as you move forward.



PUBLIC POLICY STATEMENT

HOUSE AGRICULTURE and NATURAL RESOURCES
BUDGET COMMITTEE

Re: Sub. for SB 453: Creating the Kansas Commission on
Rural Policy

March 12, 2008
Topeka, Kansas

Written Testimony Provided by:
Steve Baccus
President

Chairman Powell and members of the committee, I appreciate the opportunity to offer my support for Substitute for SB 453.

My name is Steve Baccus. I'm a farmer from Ottawa County. My wife, Pat, and I raise corn, wheat, milo, soybeans and sunflowers on ground just north of Minneapolis that's been in my family for four generations.

I'm also privileged to serve as president of Kansas Farm Bureau. We're the largest grassroots advocacy organization in Kansas.

If it impacts farmers, ranchers, or the small, rural communities our members call home - Kansas Farm Bureau is involved.

One of the things our farm families are most concerned with - is the very survivability of their hometowns.

My story's pretty typical of a lot of folks of my generation in Kansas. I grew up working our farm with my Dad. As a young man, I left home to strike out on a career of my own - away from the farm and my hometown of Minneapolis.

Then one day, I got the call. It was my father, informing me he was planning to retire... and asking if I would be interested in returning home to rural Minneapolis, Kansas and take over the family farm? So I had a difficult decision to make. Do I walk away from my fledgling off-the farm career and abandon my plans to build a life far from rural Kansas?

In the end, that's exactly what I did. I came back home - got involved in Farm Bureau, got involved in my rural community of Minneapolis. As the years progressed, living, working, raising a family in Minneapolis, the trends became increasingly clear and I began to notice small, subtle changes in rural Kansas.

We're consolidating school districts... fewer new businesses are opening on Main Street... there are fewer people who do what I do for a living - farmers. All of this is symptomatic of the very phenomenon that had such an impact on my own life. The generations younger than me - are leaving home, just like I did. But unlike me, they are not coming back.

A couple of years ago, one of our young farmer members asked, with a tear in her eye, if there was something her farm organization could do to help ensure the economic viability of her hometown.

The more we thought about it, and thought about the role and mission of our organization - the more we realized, she could not have asked a more pertinent, timely question.

Her story was typical of farm families today- one or both spouses generally work part or full time off the farm and she wanted to make sure her hometown would be economically strong - to allow off-farm employment - so her young family could stay on the farm.

So, for a couple of years, a core group of Farm Bureau folks sought out and engaged the gamut of individuals and groups involved in all aspects of rural development. We needed to get smarter.

We heard from government: federal, state and local. We listened to bankers, philanthropists, economic development professionals. We visited with business recruitment types, economists and educators. We learned about community foundations. We heard from academicians and professors.

It was an eye-opening experience. When we finished this exercise, we asked ourselves two very important questions: Are the current efforts working? And - is there something Kansas Farm Bureau can do?

Kansas Farm Bureau represents grass roots agriculture. Established in 1919, this non-profit advocacy organization supports farm families who earn their living in a changing industry.

When you get your arms around all this stuff, you can make a persuasive argument that all of this effort – all of the taxpayer dollars, energy, human and financial resources... all the blood, sweat and tears that are being poured into rural Kansas under the auspices of ‘rural development’ – are simply not working, despite the very best of intentions.

If the goal is to keep our hometowns viable and growing, any reasonable observer would look at the numbers and say we’re not there. We were also able to identify our needs and goals to four basic areas:

Leadership development, youth retention, fostering entrepreneurship and wealth retention.

I’ll touch briefly on two of these, because I’m confident the other conferees will hit on the rest.

What’s the most important aspect of “leadership development?” Don’t you need leaders... to develop? That’s why the farmers and ranchers of our organization are so excited about this. We’ve got ‘em! Kansans with the desire, the interest and enough foresight to stand up and volunteer to serve on a county Farm Bureau board.

By their very nature, our 105 county Farm Bureau organizations are leaders within their communities. These are people who have the desire to save their hometowns, but lack the skill sets to get it done. And it frustrates them. Because they’re do-ers.

We have 105 of them. A built-in volunteer infrastructure in every single county in Kansas – each with an emotional stake in their hometowns. Groups of people who have made a conscious decision to build their lives and raise their families in rural Kansas communities.

Unfortunately, we currently lack a coordinated effort to replicate our leaders and expand their skill set in rural communities across the state. That gap is one of the challenges this legislation seeks to remedy.

If you’ll allow me, a quick illustration about why it’s so vital that we work to retain wealth in our hometowns.

Some of the saddest stories I’ve heard... and I’ve heard this story from a host of small-town Kansas bankers... are clear indicators of what we’re up against.

The kids are grown and gone, making their lives in the bright lights of the big city. But then Mom and Dad pass on.... Kids come back to the hometown for the funeral... the

service is at 10 o'clock... the burial is out at the cemetery at 11 o'clock... at noon they return to the church for a meal with family and friends...

At 1 o'clock, on the way out of town, the kids stop at the bank. And by 2 o'clock, the kids are in the car on their way out of town and the money's already been electronically transferred to Johnson County... or Wichita... or Dallas... or Denver... and that wealth will never return to rural America.

Rural Kansas is becoming more rural. The makeup of this very committee will give you a sense of this. This committee is an accurate reflection of our state legislature.. and the legislature is an accurate reflection of where people live in Kansas. The legislature is becoming more and more urban all the time. I don't say this as a negative... we appreciate you all! I offer this as a description of where people live in Kansas today. It's not only reflective... it also points out how important it is for people like me - to make sure I am effective at sharing with you what's occurring in our rural communities.

Finally, there's a huge intangible that's wrapped up in rural, small town Kansas living. It's hard to describe, but we all know it when we see it.

It has to do with family and tradition, it has to do with a comfort level of knowing your neighbor and caring about your community to want to work to preserve it. There's a peace of mind aspect that is innate in rural community living.

It's this intangible that drove my decision years ago, when my Dad called and asked me to come home. I'm fortunate. From my perch as a leader in an organization made up of people who embody this intangible - and want nothing more than to preserve it.

Sub. for Senate Bill 453 will put in place that framework to harness that passion, preserve our hometowns... and allow future generations to live out their dreams.

Thank you for your consideration of this important legislation.

Contact Information:

Steve Baccus
President
Kansas Farm Bureau
2627 KFB Plaza
Manhattan, KS 66503
785.587.6000
baccuss@kfb.org

Testimony for the House Agriculture and Natural Resources Committee

SB 453

Carolyn Dunn

Members of the committee, thank you for the opportunity to address you. The subject of rural sustainability is very near and dear to my heart, and I appreciate the chance to share with you some of my thoughts.

First, I'd like to tell you a bit about myself. I grew up in Ottawa and after graduating from K-State spent 6 years working in Washington, D.C. I then returned to Kansas, working for a short time in Wichita before getting married and settling in St. John. Having lived in these locations gives me a personal understanding of the issues related to choosing a life in a rural town despite the lure of professional opportunities elsewhere.

My husband, Brian, is a farmer/rancher and we have four and two-year-old sons. We are committed to making Stafford County our permanent home. At the same time, we are concerned about the future of our community. The population has declined nearly 10% in the seven years I've resided in the county. Another example is that we are aware of only a handful of people who had children in the same years that we did. Maybe Kindergarten round-up will pleasantly surprise us, but we often wonder about the future of our school district and the educational resources that will be available to our children in the long term.

The challenges that rural areas face are a complex combination of economic, cultural, as well as broader societal factors. I think, however, at its essence is an issue of the right people making the best possible decisions in the governance of businesses, non-profit boards, in government, and even at home.

In other words, we need a strong base of leaders who have vision - based on good information - and an ability to bring people together to work for a common cause. I think many of the problems related to economic development and youth retention will begin to sort themselves out if we have the right people leading the charge.

I have been involved in my community in a number of ways but I am particularly proud of my involvement as a board member of Golden Belt Community Foundation, which serves Stafford, Barton, Pawnee, and Rush counties. In 2007 our endowment passed the \$5 million mark in assets, which allows us to give back over \$100,000 each year in support to numerous charitable causes throughout the four counties.

Last year, we moved into the role of providing programs in addition to our traditional role of managing and growing the endowment. In November, with the help of a grant from Kansas Health Foundation and in cooperation with the Chambers of Commerce in Great Bend and Larned, we launched Leadership Golden Belt, a program for business and community leaders that focuses on leadership development in the context of community. By offering this as a regional program, we have been able to offer it to the people in the

approximately 20 small towns in our region that do not have Chambers of Commerce large enough to support a program themselves and otherwise would not have access to this kind of training. This kind of regional community leadership program, delivered through a community foundation, is the first of its kind not only in Kansas, but to our knowledge also in the U.S.

The local response to this program has been very receptive. For example, the Stafford County Farm Bureau board immediately agreed to pay the tuition for one person from our county to participate in the program. This group also sees the value of leadership: ten years ago it was a financially unstable organization, but by gathering together a group of progressive-minded individuals and making some decisions that were unpopular at the time, they have turned it around to become relatively strong financially. Consequently, they are in a position to conduct several programs that add to the quality of life in our area. One project they instigated, and that received a national award, was the purchase of vending machines for local schools that carry only healthy food. FFA students stock the machines, so the activity also serves as a fundraiser for their chapter. It's great example of the kind of collaboration that we hope to expand through the Leadership Golden Belt program.

A grant from Kansas Health Foundation enabled the start of Leadership Golden Belt, but in order for it to be sustainable in the long term we will have to grow foundation assets to provide a permanent stream of funds that support its overhead. We cannot have a stable program if it is dependent on an unpredictable flow of grant funding.

Which is what brings me here. I firmly believe that the ability and the responsibility for revitalizing rural communities lies within its residents. At the same time, just as Farm Bureau is facilitating this statewide discussion of the issues facing rural Kansas, just as Kansas Health Foundation has played a role in providing targeted funding and informational resources - there are two specific areas in which the State of Kansas could take action that would enhance the efforts being made locally.

One, there is an array of programs that are available from the state. It appears that the lineup of available resources represent a piecemeal evolution of initiatives developed in response to specific issues. That's understandable - public policy tends to evolve that way. However, the result is that communities may find it difficult to figure out how to best utilize the resources that are intended to help. An example for St. John is the Main Street Program. Our community dropped the Main Street designation last year for several reasons, not the least of which were the strict limitations of the program (we were only allowed to work on economic development within a defined few blocks in the center of town, for example, when we need to look comprehensively at the community, if not the region, in order to have an impact). Coupled with very cumbersome reporting requirements for volunteers who were burned out, those involved decided it just wasn't worth it. Consequently, there is now no connection between our community and state economic development resources.

I believe it is time that Kansas take inventory of what is available both within state government as well as in the private non-profit sector, think strategically about what state government can impact. The legislation before you would provide the means for that to happen.

Secondly, the State could bolster local efforts to retain wealth locally for the benefit of the community. As I said, at Golden Belt Community Foundation we have to grow our endowment in order to sustain programming at the foundation itself as well as the other charitable causes we support. Despite our constant efforts to publicize our actions, I continually find that local residents are unaware of our foundation, what we do, or even have an understanding of the concept of endowment. I'd like to think that over time, there will be a snowball effect – the more we do, the more people will understand and support us financially, which enables us to do more. The challenge is creating that momentum.

You will soon hear more about the Transfer of Wealth study that has been conducted in Kansas. I've been privileged to read the preliminary results, and I understand a summary will soon be made to you characterizing seven typical communities in our state. My county fits well one of the typologies. In those estimations, a rural county of 4100 residents will transfer a total of \$77 million from one generation to the next by 2020 – that's an average of \$6 million a year. It's particularly shocking when considering how much of that will pass to heirs that live far away. While \$77 million is stunning number for a small county, I think it's also believable when considering land values and the fact that so much of rural wealth is in farmland. If we captured just 5% of that transfer to be held in local endowments, by 2020 it would total \$3.8 million and would provide \$192 thousand each year to be used for community betterment– without raising taxes. That also is a powerful figure.

The state could help jump-start this effort by enacting tax credits that would encourage contributions to community foundations. Frankly, many people in our communities have very modest lifestyles, don't see themselves as wealthy people, are not in the habit of making significant charitable contributions, and may not be fully aware of their ability to make a difference. A tax credit program might encourage them to make their first contribution.

Communities have to take responsibility and be assertive in bettering themselves. However, the State of Kansas is also in a position of leadership and can serve as a catalyst to mobilize local talent and money. I urge the committee to take action in that regard, and I believe this bill is a step in the right direction.

Thank you for your consideration. I am glad to address any questions you may have, and can be reached at 620-549-6516 or brianandcarolyndunn@starband.net.



KANSAS LEGISLATIVE POLICY GROUP

P.O. Box 555 • Topeka, Kansas 66601 • 785-235-6245 • Fax 785-235-8676

**Testimony of
Paul Beck, President
(Paul is a member of the Ness County Commission)
Kansas Legislative Policy Group
Before the House Agriculture and Natural Resources
Budget Committee
Senate Bill 453
March 12, 2008**

Dear Mister Chairman and Members of the Committee:

Thank you for the opportunity to provide written testimony in support of Senate Bill 453. The Kansas Legislative Policy Group (KLPG) is a bipartisan, voluntary, independent, non-profit corporation of elected commissioners from 30 western Kansas counties. We appreciate the opportunity of submitting remarks on this issue, which is of great importance to our member counties.

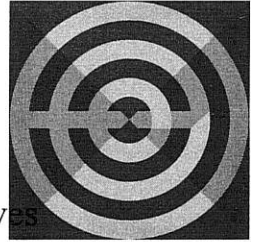
For some time our counties have lost our best and brightest because of a lack of employment opportunities. At the same time our population is aging. For example, Ness County had a population of 4,535 at the turn of the 20th Century. By 1990, our population had dipped to 4,033 and by the time of the 2000 census, our population had fallen to 3,454 citizens. We are losing the population that sustains the heritage and culture of rural Kansas. In addition, a loss of population directly affects our tax base and our ability for our local governments to serve our citizens.

Senate Bill 453 is a step in the right direction to addressing some of the problems of rural communities. The Kansas Commission on Rural Policy will work to foster leadership, encourage wealth retention and generation, develop entrepreneurship and economic development, and retain youth in our rural communities. The grant program that will be authorized upon the passage of Senate Bill 453 will provide an important tool for those working to revitalize rural Kansas.

HOUSE AG & NATURAL RESOURCES
BUDGET COMMITTEE
DATE: 3/12/08
ATTACHMENT: 9-1

WICHITA CENTER FOR
GRADUATE
MEDICAL
EDUCATION

March 12, 2008



Chairman Powell and Members of the Kansas House of Representatives
Agriculture and Natural Resources Budget Committee:

The Wichita Center for Graduate Medical Education (WCGME) is a non-profit organization that coordinates 14 resident physician programs for the state of Kansas. More than 70% of Kansas counties depend on doctors who have completed their residencies through WCGME.

We offer this written testimony in support of Substitute for Senate Bill 453, which would create the Kansas Commission on Rural Policy and establish a Division of Rural Development within the Kansas Department of Commerce.

A recent independent study shows that the economic benefit of one doctor in a Kansas community is \$878,642.00 per year. Frontier and rural counties in Kansas must have access to medical care for recruitment and retention in order to maintain and achieve greater economic vitality.

We support the proposed amendment to this measure which includes additional language on Page 2, Section (F), Line 28 to read "any other primary, job creating value added business sector **including but not limited to Human Services, Education or Medicine.**"

WCGME has followed the progress of this bill which received a 40-0 vote in the Kansas Senate. We urge your favorable consideration and support of Sub. SB 453, as it is a forward-thinking, progressive piece of legislation that will be of benefit to rural Kansans and to the future of our state.

Respectfully submitted,

Penny Vogelsang

Chief Operating Officer

Wichita Center for Graduate Medical Education (WCGME)