

MINUTES OF THE SENATE AGRICULTURE COMMITTEE

The meeting was called to order by Chairman Mark Taddiken at 8:30 a.m. on January 27, 2009 in Room 446-N of the Capitol.

All members were present.

Committee staff present:

Corey Carnahan, Kansas Legislative Research
Heather O'Hara, Kansas Legislative Research
Jason Thompson, Revisor of Statutes Office
Judy Seitz, Committee Assistant

Conferees appearing before the Committee:

Joe Lawhon, Kansas Legislative Post Audit

Others attending:

See attached list.

Chairman Taddiken noted that each Committee member has a copy of the minutes of the January 14, 2009 Senate Agriculture Committee and will be acted upon later in the meeting.

There were no bill introductions.

Chairman Taddiken introduced Heather O'Hara, Kansas Legislative Research, a fiscal analyst assigned to the agencies involved in this audit.

Barb Hinton, Legislative Post Auditor, Kansas Legislative Post Audit, stated that this audit was conducted as part of a Post Audit Committee initiative to focus more of the audits on efficiency. She then introduced Joe Lawhon, Audit Supervisor, who will give the report. (Report on file in Senator Taddiken's office)

Joe Lawhon, Kansas Legislative Post Audit, (Attachment 1), said the Legislative Post Audit report on whether cost savings could be achieved by making the Kansas Animal Health Department (KAHD) and the State Conservation Commission (SCC) part of the Department of Agriculture (KDA) was released in December 2008. He noted the page which lists the mission, primary programs and functions, primary sources of funding in FY 2009 and the current board structure for each agency. Both the KDA and KAHD provide regulatory oversight, while much of the SCC's work involves activities intended to preserve the state's natural resources. The notion of restructuring agricultural agencies has been considered several times since the mid 1990's. Legislation to make the KAHD a division of the KDA was introduced in 2005 and 2008 but was not acted upon.

Financial information for FY 2008 shows that the KDA's operating expenditures were \$24 million with 340 authorized positions, KAHD's expenditures were \$3million with 34 authorized positions and the SCC 's expenditures were \$16 million with 22 authorized positions. Much of the SCC 's expenditures were amounts that were passed on to local entities for conservation work.

Mr. Lawhon noted that in the report (page 35) there is a fifty (50) state comparison of animal health oversight and conservation grant services provided by the state department of agriculture.

Mr. Lawhon reported that the auditors reviewed how many states have placed the functions of the conservation commission and the animal health department into their department of agricultures. Functions of the KAHD are: animal disease control, livestock brand inspection and enforcement and companion animal facility inspection. Forty states have placed the responsibility for animal disease control with a Department of agriculture. Twenty-two states have placed the livestock brand inspection and enforcement responsibility within a department of agriculture. Fifteen states have placed the responsibility of companion animal facility inspection in the department of agriculture.

CONTINUATION SHEET

Minutes of the Senate Agriculture Committee at 8:30 a.m. on January 27, 2009 in Room 446-N of the Capitol.

Twenty-one states have placed the function of grants from the conservation commission into the department of agriculture. Kansas is one of six states that presently doesn't have any of these functions located within the department of agriculture.

Legislative Post Audit estimates there would be a savings of about \$710,000 a year by combining and restructuring these three agencies. Of that savings, \$390,000 would be attributable to the KAHD and \$320,000 attributable to the SCC. Those amounts represent about 13% of the combined FY 2008 operating costs for the KAHD and the SCC. Mr. Lawhon reviewed the proposed Department of Agriculture organizational structure including the new Animal Health Department and the Conservation Commission. Overall, \$630,000 of the \$710,000 savings would be a result of eliminating or restructuring staff positions.

Mr. Lawhon took questions.

He distributed an analysis of the KAHD expenditures for FY 2008 which compares actual expenditures and expenditures that might be made through consolidation. (Attachment 2)

He then discussed office space and rental expenses.

Chairman Taddiken requested an analysis of the actual expenditures for FY 2008 and the expenditures that might be made if the State Conservation Commission were merged into the KDA. Mr. Lawhon said that he would get that for the Committee.

Mr. Lawhon took further questions from the Committee.

Constantine Cotsoradis, KDA, took questions from the Committee.

Greg Foley, SCC, also answered questions.

Senator Barnett moved approval of the minutes of the January 14, 2009 Committee meeting; seconded by Senator Huelskamp. Motion carried.

The next meeting is scheduled for January 28, 2009.

The meeting was adjourned at 9:26 a.m.

SENATE AGRICULTURE COMMITTEE GUEST LIST

DATE: 1-27-09

NAME	REPRESENTING
George Teagarden	KAHD
GREG FOLEY	SCC
SCOTT CARLSON	SCC
Erik Wisner	KS Dept. of Ag
J. J. Jones	KS. Dept. of Commerce.
MARK HEIM	CONSERVATION COMM.
Ryan Wright	KAC
Steve Swatter	KFB
Barb Hinton	Post Audit
Dan Bryan	Post Audit
Mike Beam	KS LUSTK ASSN.
Chris Clarke	LPA
Joe Lawton	LPA
Andrew	KAPA



Legislative Post Audit Performance Audit Report Highlights

Highlights

Agriculture-Related Agencies: A K-GOAL Audit Determining Whether Cost Savings Could Be Achieved by Making the Animal Health Department And the Conservation Commission Part of the Department of Agriculture

Report Highlights

December 2008 • 08PA23

Audit Concern

Whether operational efficiencies and cost savings could be achieved if the animal health and soil and water conservation functions were placed within the Department of Agriculture.

Key Facts & Findings

- Fiscal year 2008 combined spending for all three agencies was \$44 million.
- Kansas is one of only six states that doesn't place any of its animal health oversight or its conservation grant awarding functions within its Department of Agriculture.
- Animal Health and Conservation officials expressed many concerns including conflicts of interest and loss of relationships, but we found those issues could be overcome. Other problem areas we noted at the Animal Health Department:
 - Lack of written guidance for animal health inspectors
 - Informal handshake agreements
 - Field staff with minimal supervision

Estimated Potential
Cost Savings as a
Result of This Audit:

\$710,000 per year
\$3.5 million over 5 years

AUDIT QUESTION 1: Could Kansas achieve greater operating efficiencies and reduce costs by merging its Animal Health Department and Conservation Commission into the Department of Agriculture?

AUDIT ANSWER:

- Kansas could save about \$710,000 a year by combining and restructuring these three agencies. That amount is about 13% of the combined operating costs of the Animal Health Department and Conservation Commission in 2008.
- Almost \$630,000 of the savings comes from eliminating or restructuring staff positions. Making the two small agencies Divisions within the Department of Agriculture could eliminate about 12 of their current 56 positions, including one deputy director and nine clerical/support positions.
- Almost \$80,000 comes from reducing rent costs and other actions. Further, the savings could be higher if changes are made to increase the use of technology and automation.
- The chart on the back of this HIGHLIGHTS sheet shows how the merged agencies would be reorganized in our analysis.
- Additional efficiencies may be possible through delegating more duties to local officials, making better use of technology, and increasing staff workloads.

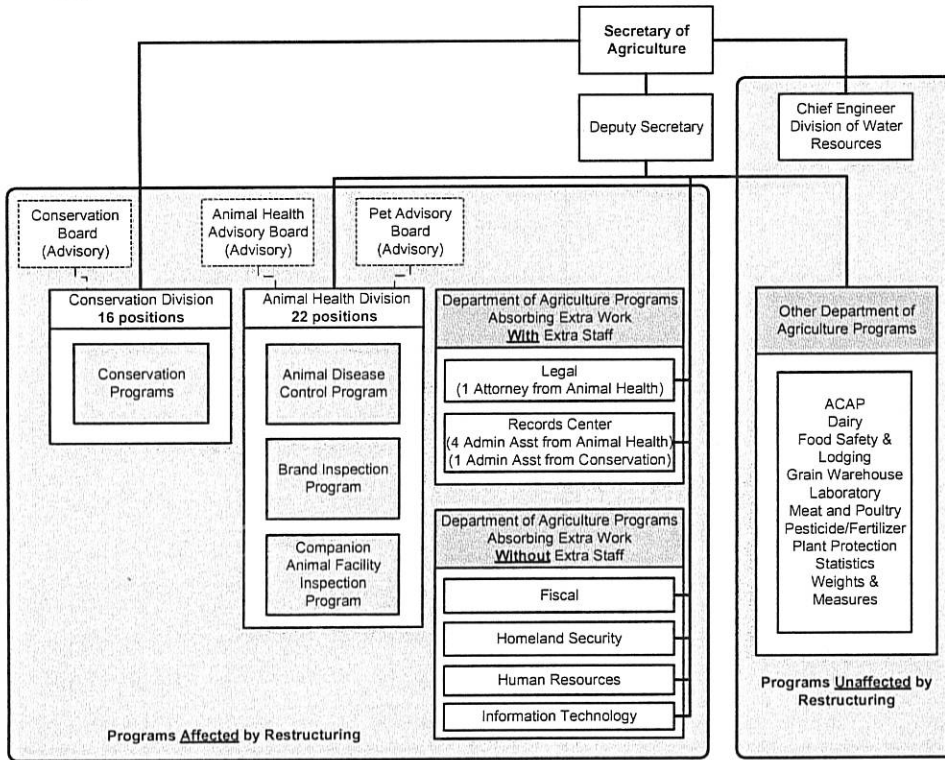
We Recommended

- To help achieve goals of reducing operating costs and increasing administrative efficiencies, we recommended the Legislature merge the Conservation Commission and Animal Health Department with the Department of Agriculture.
- To make the operations more efficient and effective, we made 10 recommendations to both the Animal Health Department and the Conservation Commission, including expanding the use of technology, formalizing policies and agreements in writing, and using staff more efficiently.

Agency Response: Department of Agriculture officials agreed with the findings of this Audit. Animal Health Department and Conservation Commission officials expressed concerns about whether their agencies should be merged into the Department of Agriculture.

Senate Agriculture Committee
1-21-09
Attachment 1

**Proposed Department of Agriculture Organizational Structure
Including New Animal Health and Conservation Divisions**



- The new Animal Health Division would report to the Deputy Secretary of the Department of Agriculture. We propose retaining 27 positions and eliminating seven positions. Our proposal would maintain the Animal Health Department's three main programs, and would retain all field staff positions for a total of 22 positions in the new division. In addition, one attorney position would move to the Legal Division (as work that would come from this division and the new Conservation Division appears to warrant the retention of one attorney position), and four administrative assistant positions would move to the Records Center. More specific information about the changes we'd make to staffing levels is contained in *Appendix D*.
- The new Conservation Division would report to the Secretary of Agriculture. We propose retaining 17 positions and eliminating five positions. We would retain all but one program staff positions for a total of 16 positions in the new division. In addition, one administrative assistant position would move to the Records Center. The role of the Commission would change from a policy-making body to an advisory board. More specific information about the changes we'd make to staffing levels is contained in *Appendix D*.

Source: LPA Model of Department of Agriculture based upon Department of Agriculture Organizational Chart.

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Barbara J. Hinton,
Legislative Post Auditor

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**DO YOU HAVE AN IDEA FOR
IMPROVED GOVERNMENT EFFICIENCY OR COST SAVINGS?**

If you have an idea to share with us, send it to ideas@lpa.ks.gov, or write to us at the address shown. We will pass along the best ones to the Legislative Post Audit Committee.

Analysis of Animal Health Department Expenditures for FY 2008

Comparing Actual Expenditures and Expenditures That Might Be Made through Consolidation

Description	What Was		What Might Be through Consolidation		Comments	Difference in Funding Levels
	Amount	Percent	Amount	Percent		
Total expenditures for FY 2008	\$3,177,498		\$3,177,498			
Less amount estimated to be saved through consolidation (as shown in the audit report)	N/A		-\$390,356			
subtotal	\$3,177,498		\$2,787,142			
Fee Funds	\$1,492,161	47.0%	\$1,492,161	53.5%	Assume no change in the amount of fees collected by the Department	\$0
Federal Funds	\$731,860	23.0%	\$686,860	24.6%	Assume \$45,000 of expenses covered by federal funds are eliminated through the reduction of Emergency Management Specialist position. (Note: The Department of Agriculture could apply for these federal funds, and might be able to get its emergency management position funded using them. Right now, that position is funded using fee funds.)	-\$45,000
State General Fund	\$953,477	30.0%	\$608,121	21.8%	Amount of SGF funding needed to cover remaining costs.	-\$345,356
Total funding sources	\$3,177,498	100.0%	\$2,787,142	100.0%		-\$390,356

Senate Agriculture Committee
1-27-09
Attachment 2