

**Testimony on the Budget of the Kansas Department of Agriculture
to
the House Agriculture and Natural Resources Budget Subcommittee**

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Good afternoon Chairman Faber and committee. I hope you all had an opportunity to look through our agency's response to the committee's 19 questions we submitted on Friday and our budget we submitted in September of last year. I will be available to answer any questions you may have about those in a moment.

The Kansas Department of Agriculture has reviewed the Governor's recommendations for FY 2010 and FY 2011. We took these recommendations and looked at the consequences the cuts would have on the water environment, health and safety of Kansans and it is significant. The November allotment forced us to suspend the lodging inspection program and the dam safety inspection program. Overall in November the agency eliminated eight positions. The proposed state general fund budget will bring our agency back to 1997 state general fund funding levels.

The additional reductions in FY 2010 of \$89,970 in State Water Plan funding and \$303,357 in state general fund and the reductions of \$816,491 in state general funds and State Water Plan reduction of \$366,297 in FY 2011 will force the agency to make deeper cuts in a fiscally constrained agency that could ultimately eliminate entire programs and services. The reduced allocation of our State General Funds has resulted in layoffs this past year and may result in many others with this current reduction recommendation.

Our State General Fund (SGF) allocation is largely utilized by our Division of Water Resources. The division receives approximately 45% of our state general fund allocation. This program has felt the greatest impact of prior cuts to SGF. The FY 2010 reduction of State Water Plan funds for water programs will hamper the Division of Water Resources' ability to administer and maintain the state's water, as well as continuing to defend our state's water in pending Interstate Compact disputes. Water, as a natural resource and a foundation of our economy, has been a priority for this administration. We would like you to reconsider the reduction of \$366,297.00 in State Water Plan Funds in FY 2011.

As previously mentioned, our plan for the allotments last November carries forward to FY 2011 reductions. The eight full-time employees within the agency were eliminated and will not be filled in FY 2011. Being a regulatory agency our budget is weighted towards salaries and these reductions will result in elimination of vital services to the citizens of Kansas. The agency will not be able to meet our statutory requirements as staffing is reduced. We have no choice but to lay off employees in the Secretary's office and in programs that provide Kansans safe milk to drink, protect farmer's grain investments in grain elevators, ensure accurate consumer

measurements, or appropriate water sources for farms, cities and industry. These are examples of programs funded by State General Funds and that will be impacted the most by the reductions.

Our request for SGF for the dairy program last year and this year has been denied. We are currently working with stakeholders to try and develop legislation that will provide additional revenue for the program through thought fees. If we are unsuccessful in our attempt, we will likely eliminate the dairy inspection program in FY2012. We must secure sustainable funding for this program in order for it to exist. This has an economic and public safety impact. The milk producers in the state will no longer be able to ship their milk for sale under the federal milk shippers agreement; and citizens face the risk of consuming contaminated dairy products.

The dairy program has requested a funding enhancement of \$105,670 in state general funds. This enhancement request addresses areas that have been impacted due to budget cuts: reinstatement of the August 2009 dairy position layoff **\$50,670** and an increase of state general funding for the subprogram **\$55,000**.

The program has had to prioritize assignments due to the layoff of one position. Farm inspection frequencies have been reduced, as have milk tanker inspections. The agency asked for a small fee increase to cover rising costs of program administration, but it was denied by the Legislature. Inspections and product sampling required by statute and regulation must be completed. The dairy industry relies on federal certification of the Grade 'A' program through inspections, state survey ratings and federal check ratings. Whenever survey and check rating scores fall below Grade 'A' standards, milk may not enter interstate commerce as Grade A milk. Instead, it must be sold at a lower grade and price. We request to reinstate the laid off dairy position to complete mandated workloads.

Generally, the Kansas dairy industry has provided more support for the subprogram through fees. The subprogram goal is to provide consumers a safe, wholesome and unadulterated supply of milk and dairy products. It could be argued that state general fund support of the program could be increased since the services provided benefit all residents of the state. In any case, to sustain the program's statutorily mandated functions, fees must be increased or state general funds must be allocated.

In last year's budget request we included a request for forty-three replacement vehicles. Those forty-three vehicles we requested last year still need replaced and an additional thirty-five vehicles now need replaced as well. **Approximately 53% of KDA's vehicle fleet is in need of being replaced at a cost of \$1,436,371.**

We request an enhancement for our lab to purchase UPLC Q-TOF instrument. An enhancement of **\$370,000** (\$270,000 in state general funds and \$100,000 in feeding stuff fee funds) is requested in fiscal year 2011. The enhancement will be used to purchase an UltraPerforming Liquid Chromatography – Quadrupole – Time-of-Flight Mass Spectrometer (UPLC Q-TOF) for the feed and pesticide sections. This type of instrument provides better mass accuracy and resolution which results in increased sensitivity and would allow for faster analysis of thermally labile analytes resulting in higher throughput of samples. It would provide a second source for multiple reactions monitoring experimentation to supplement our current instrument,

the LC/MS/MS. The TOF would provide additional high mass accuracy identification capacity which would help us identify unexpected or unknown residues. This could be a huge benefit in regard to food safety. Our current LC/MS/MS was purchased with EPA funds, and it is to be used only to analyze pesticide products and related investigations.

The Weights and Measures program is requesting an enhancement of \$150,010 in state general fund money to replace an unsafe large scale test truck. The remaining truck has two main items that make it a safety hazard and has been taken off the road. By taking this truck off the road it will impact the large scale program output. The department will check 20% less scales than previous years. These scales include livestock scales as well as truck scales at elevators. With the increased yields this year in the grain industry, our inability to oversee the accuracy of those scales may result in inaccurate weights thus impacting farmers at the elevators and ranchers at the sale barn. A new large scale test truck will cost **\$190,000** plus **\$10** for vehicle title. In 2008 the department sold the truck that was replaced for \$40,000. The department will use these funds coupled with the sale of the truck that has been taken off the road to help offset the cost of a new truck.

The Grain Warehouse program requests a total of \$75,000 in state general fund money for salary and wages. The Grain Warehouse program was audited in 2004 by Legislative Post Audit. The result of this audit was to increase fees by 30% in an effort to maintain this valued program. At the time, revenues were estimated and the 30% increase was thought to be enough to cover the cost associated with the inspection program. Unfortunately, revenues have not come in as anticipated. In order to sustain this program at current levels of service, it will require an additional \$75,000 in state general funding.

We again ask that you reconsider the reduction of State Water Plan funds in FY2010 and the reductions to State General Funds and State Water Plan Funds in FY 2011.

We strive to operate lean efficient programs, and consequently there is no "fat" in our programs. We do not want to discontinue programs. We proposed legislation to increase fees during session last year and asked for continued general fund support but were unsuccessful with both. It is an unfortunate fact that programs will be eliminated and services will be eliminated to meet the FY 2011 budget reduction recommendations.