

PERFORMANCE AUDIT REPORT

**Examining Selected Activities of the
Board of Agriculture's Marketing Division**

**A Report to the Legislative Post Audit Committee
By the Legislative Division of Post Audit
State of Kansas
June 1993**

Legislative Post Audit Committee

Legislative Division of Post Audit

THE LEGISLATIVE POST Audit Committee and its audit agency, the Legislative Division of Post Audit, are the audit arm of Kansas government. The programs and activities of State government now cost about \$6 billion a year. As legislators and administrators try increasingly to allocate tax dollars effectively and make government work more efficiently, they need information to evaluate the work of governmental agencies. The audit work performed by Legislative Post Audit helps provide that information.

We conduct our audit work in accordance with applicable government auditing standards set forth by the U.S. General Accounting Office. These standards pertain to the auditor's professional qualifications, the quality of the audit work, and the characteristics of professional and meaningful reports. The standards also have been endorsed by the American Institute of Certified Public Accountants and adopted by the Legislative Post Audit Committee.

The Legislative Post Audit Committee is a bipartisan committee comprising five senators and five representatives. Of the Senate members, three are appointed by the President of the Senate and two are appointed by the Senate Minority Leader. Of the Representatives, three are appointed by the Speaker of the House and two are appointed by the Minority Leader.

Audits are performed at the direction of the Legislative Post Audit Committee. Legislators or

committees should make their requests for performance audits through the Chairman or any other member of the Committee. Copies of all completed performance audits are available from the Division's office.

LEGISLATIVE POST AUDIT COMMITTEE

Representative James E. Lowther, Chairman
Representative Tom Bishop
Representative Duane Goossen
Representative Walker Hendrix
Representative Ed McKechnie

Senator Alicia Salisbury, Vice-Chairwoman
Senator Anthony Hensley
Senator Phil Martin
Senator Lana Oleen
Senator Todd Tiaht

LEGISLATIVE DIVISION OF POST AUDIT

800 SW Jackson
Suite 1200
Topeka, Kansas 66612-2212
Telephone (913) 296-3792
FAX (913) 296-4482

PERFORMANCE AUDIT REPORT

EXAMINING SELECTED ACTIVITIES OF THE BOARD OF AGRICULTURE'S MARKETING DIVISION

OBTAINING AUDIT INFORMATION

This audit was conducted by Trish Pfannenstiel, Jim Davis, and Cindy Denton, Auditors, of the Division's staff. If you need any additional information about the audit's findings, please contact Ms. Pfannenstiel at the Division's office.

TABLE OF CONTENTS

SUMMARY OF AUDIT FINDINGS

EXAMINING SELECTED ACTIVITIES OF THE BOARD OF AGRICULTURE'S MARKETING DIVISION

Overview of the Board of Agriculture's Marketing Division.....	3
Does the Board of Agriculture's Marketing Division Have the Authority to Carry Out International Marketing Activities?.....	7
Have the Marketing Division's Travel Expenditures Been Appropriate and for the Purposes the Legislature Authorized?	9
Have the Benefits Kansas Companies and Producers Received from The Division's International Marketing Promotions Exceeded the Costs of Those Efforts?.....	16
Conclusion.....	20
Recommendations	21
APPENDIX A: Individuals Participating in the Board of Agriculture's International Marketing Trips	23
APPENDIX B: International Travel Expenditures for the Marketing Division's Staff	29
APPENDIX C: Members of the Kansas Board of Agriculture 1990 through 1993.....	33
APPENDIX D: Summary of Benefits The Marketing Division Reports For Its International Marketing Activities, Fiscal Years 1990-1993	35
APPENDIX E: Agency Response	37

EXAMINING SELECTED ACTIVITIES OF THE BOARD OF AGRICULTURE'S MARKETING DIVISION

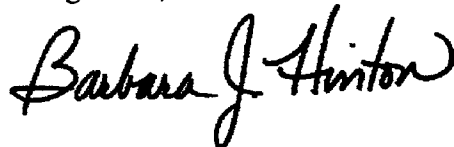
Summary of Legislative Post Audit's Findings

Does the Board of Agriculture's Marketing Division have the authority to carry out international marketing activities? No specific statute authorizes the Division to conduct international marketing, but such activities are not prohibited under the broad authority given the Division. Through the appropriations process, the Legislature has funded the Division's out-of-country travel in recent years. The law also gives the Department of Commerce and Housing specific authority to coordinate with the Marketing Division regarding the Division's international marketing activities, and disseminate information regarding those activities.

Have the Marketing Division's travel expenditures been appropriate and for the purposes the Legislature authorized? The Division's travel expenditures generally conform to State travel regulations, and in most cases its travel appeared to be done in a reasonable manner. However, State guidelines for international travel are relatively permissive, and the Division has no written guidelines or policies for its staff to follow to ensure that all travel is done as economically as feasible. The Division's expenses for official hospitality also generally conform to State policies and, given the type of work it does, we did not find any that were clearly inappropriate. In addition, we noted that the international trips listed during the budget process are not always the same trips Division officials actually take.

Have the benefits Kansas companies and producers received from the Division's international marketing promotions exceeded the costs of those efforts? The Division estimates that its international marketing activities have benefited Kansas companies and producers by a total of \$14.7 million since fiscal year 1990. If all these benefits actually have been achieved they exceed the total operating cost of the Marketing Division for those years by about \$2 million, and are 67 times the amount the Division spent on international marketing expenses. From the documentation the Division maintains, however, we were unable to verify all the benefits it claims. Also, we found that the Division could improve its operating plans for international marketing activities by establishing more concrete goals that would allow it to measure the success of an individual marketing trip or series of trips.

The report makes several recommendations to help ensure that the Division's expenses are controlled and that the benefits it achieves for Kansas businesses are well documented. We would be happy to discuss the findings presented in this report with any legislative committees, individual legislator, or other State officials.



Barbara J. Hinton
Legislative Post Auditor

Examining Selected Activities of the Board of Agriculture's Marketing Division

The Marketing Division of the Board of Agriculture was created in 1947 to administer the Agricultural Market Development program. The program's goals are to increase the demand for Kansas agricultural products, and to help buyers and sellers in maximizing sales. These goals are to be achieved by studying and recommending efficient methods of marketing, promoting, and distributing Kansas products, and providing information to the public that may lead to more advantageous marketing of those products.

Legislative questions have been raised about a number of the Marketing Division's activities, primarily related to its international marketing efforts. Other concerns centered on Division expenditures for such things as travel and hospitality.

To help address these questions and concerns, this 100-hour audit answers the following three questions:

- 1. Does the Board of Agriculture's Marketing Division have the authority to carry out international marketing activities?**
- 2. Have the Marketing Division's travel expenditures been appropriate and for the purposes the Legislature authorized?**
- 3. Have the benefits Kansas companies and producers received from the Division's international marketing promotions exceeded the cost of those efforts?**

To answer these questions, we reviewed statutes governing the authority and responsibilities of the Board of Agriculture and the Marketing Division. We examined an agreement between the Board of Agriculture and the Department of Commerce and Housing that outlines each agency's role in international marketing. We also reviewed State regulations regarding international travel and official hospitality, and reviewed documentation of the Marketing Division's expenditures in these areas. In addition, we reviewed the Division's operating plan for international marketing for 1993, and compared the detailed budget requests for international travel to the actual trips taken.

In conducting this audit, we followed the applicable government auditing standards set forth by the U.S. General Accounting Office, except that we did not verify the accuracy of computerized information provided by the Division.

We found that the Division has conducted international marketing activities since 1974. Although the statutes do not contain specific language directing the Divi-

sion to conduct international marketing, such activities are not prohibited under the broad authority given the Division. It appears that the Division's travel expenditures generally conform to State travel regulations and in most cases the Division's travel appeared to be done in a reasonable manner. However, the State's guidelines for international travel are relatively permissive, and the Division has no written guidelines or policies for its staff to follow to ensure that all travel is done as economically as possible.

Finally, the Division reports that Kansas businesses have received nearly \$15 million in benefits from its international marketing promotions over the years--more than the cost of those promotions. However, the Division has not systematically documented those benefits. These and related findings will be discussed in more detail in this report, following a brief overview of the Marketing Division.

Overview of the Board of Agriculture's Marketing Division

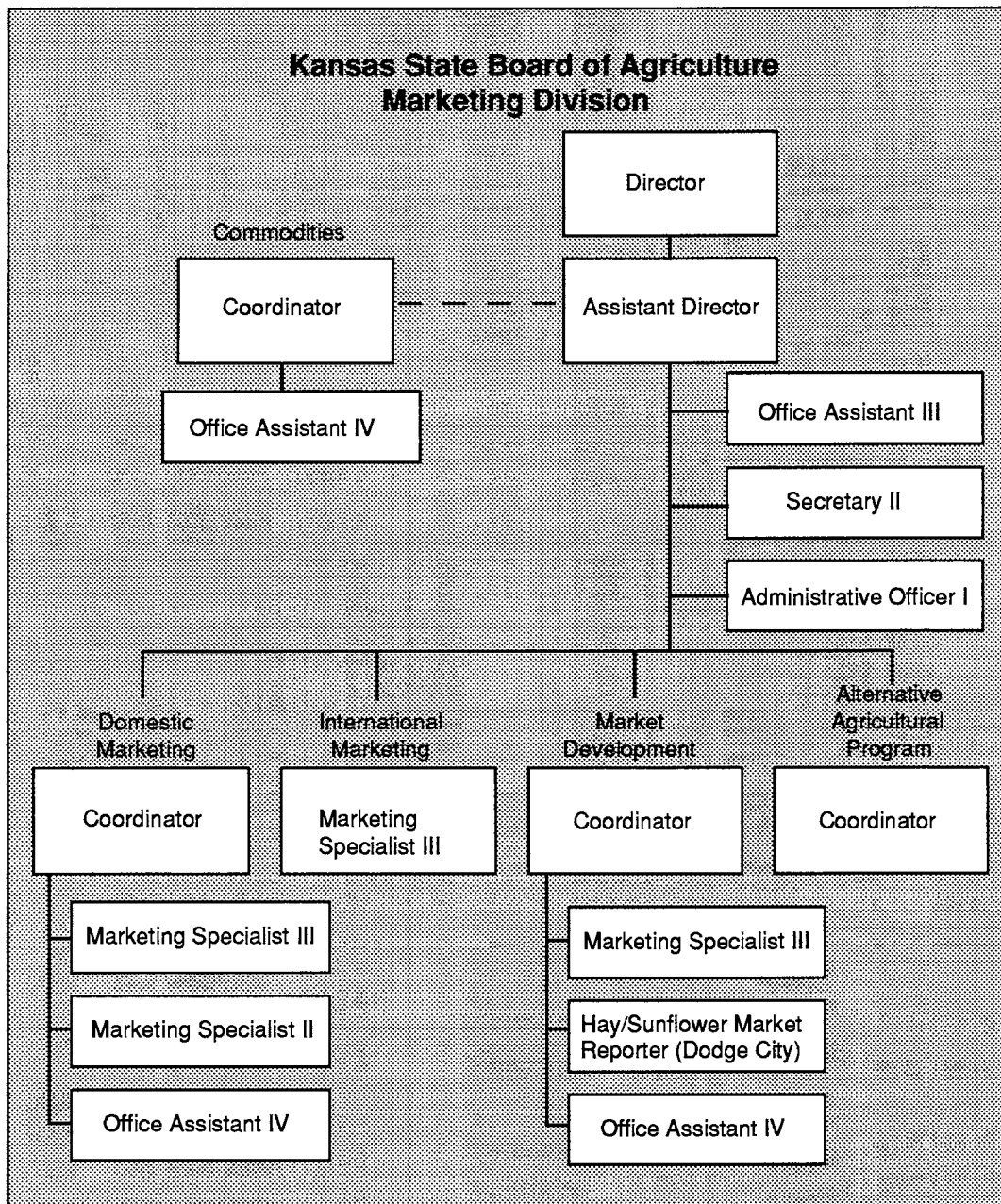
The Marketing Division was established in 1947, and is one of seven divisions within the State Board of Agriculture. Its primary goals are to increase the demand for Kansas agricultural products and livestock, and to assist buyers and sellers of those products. As part of its efforts, the Division may provide assistance to food producers, processors, retailers, and consumers.

The Division has developed a database of more than 400 companies and producers from a total database of some 10,000 contacts that have worked with it over the years, and tries to learn of new businesses and products through boards and associations that provide information about new or expanding businesses. To help increase sales of these companies' products, the Marketing Division has conducted a number of promotional programs. In one of the most widely known programs, more than 300 Kansas companies use the "FROM THE LAND OF KANSAS" trademark to promote their food products. Other campaigns the Division has designed to help market Kansas products are "Celebrate! Kansas Food" and "SAVOR FOOD FROM THE LAND OF KANSAS," which promote merchandising ideas for Kansas agricultural products to grocery stores, restaurants, schools, and the like.

The Division also monitors emerging and current markets that might mean new opportunities for Kansas' agricultural products. Such opportunities may involve expanding sales in other states or foreign countries, developing new uses for existing agricultural products, or the like. Division staff participate in a number of marketing and trade organizations, including the Mid-American International Agri-Trade Council (MIATCO) and an association of National Agricultural Marketing Officials (NAMO).

During fiscal year 1992, the Marketing Division spent a total of \$3.2 million and employed 11 marketing staff and six support staff. The majority of those expenditures were for fees for professional services and salaries and wages. The figure on the top of the following page shows the Division is organized into the following four sections:

- Domestic Marketing. This section creates promotional programs to increase visibility and sales of Kansas processed, value-added products.
- Market Development. This section's programs are designed to identify new opportunities for producing, processing, marketing, and consuming Kansas products.
- Alternative Agriculture Program. This section is designed to develop cooperative projects between agricultural producers and processors that will lead



to new commercialization efforts, and to distribute this information to potential users.

- **International Marketing.** This section is designed to develop and expand foreign markets for agricultural commodities, livestock and livestock products, and processed foods produced in Kansas. Its services and programs include advertising Kansas products and producers, sponsoring or participating in domestic and international trade shows, and arranging for foreign buyers to come to the State to meet with producers.

In addition, the Division has a coordinator and office assistant who work with the corn, sorghum, and soybean commodity commissions. The commissioners are appointed by the Governor on a bipartisan basis representing all areas of the State. This section uses fees from commodity producers to develop marketing strategies, alternatives for distributing and using Kansas food products, and international market advancement for corn, sorghum, and soybeans.

The focus of this audit is on the activities of the International Marketing program. The following map shows the locations in which the Division has sponsored or participated in international marketing trips during fiscal years 1990 through 1993.

Division officials say they target foreign markets that offer opportunities to increase the sale of Kansas agricultural products. Initial marketing trips are made to show potential foreign buyers the types of products available from Kansas companies



and producers. Division officials also work with foreign governments regarding their import laws and regulations.

Once a potential market has been developed and there appears to be an interest in purchasing Kansas agricultural products, the Division designs a marketing promotion trip. Through mailings and newsletters, agricultural companies and producers are invited to accompany Division officials on these international marketing trips to sell their products directly or to sign contracts for subsequent sales.

The Division's international marketing services generally are available to Kansas agricultural companies or producers that demonstrate the ability to do business on an international scale. Those companies must be able to produce products suitable for a particular market and to produce sufficient inventory to supply that market, and must have the financial strength to operate on a credit-delay basis. However,

**COMPANIES HEADQUARTERED
OUTSIDE OF KANSAS**

The Board of Agriculture's Marketing Division makes its services available to agricultural companies and producers that generate income, employment, or tax revenues for the State's economy. Some of the companies that receive the Division's services are not headquartered in the State, but do meet the criteria to receive assistance. Those companies include:

- Farmland Industries - headquartered in Missouri but incorporated in Kansas and has a major pork processing plant in Wichita.
- Excel (a division of Cargil) - headquartered in Nebraska and has a major beef processing plant in Dodge City.
- DPM (a division of Excel) - headquartered in California and processes the carcasses from Excel's Kansas plants.
- Tony's Pizza (a division of Swan Food) - headquartered in Minnesota and has a major pizza facility in Salina.
- Sunshine Biscuits - headquartered in Minnesota and has a production plant in Kansas City, Kansas.
- IBP Meats - headquartered in Nebraska and has several production plants in Kansas like the one near Garden City.
- Monfort Beef and Lamb - headquartered in Colorado and has plants in Kansas similar to the one at Garden City.

any Kansas agricultural company or producer that wishes to accompany Division officials on a international marketing trip is welcomed. Company officials pay all their own expenses, although the Division does provide them with information on airfare, hotel and motel accommodations, and the documentation needed to enter the country. A complete listing of the companies and producers that accompanied the Division on international trips in fiscal years 1990 through 1993 can be found in Appendix A.

The Division also makes its services available to companies headquartered in other states if those companies generate income, employment, or tax revenue for the Kansas economy. The box at left shows examples of companies headquartered outside of Kansas that the Division invites on international promotions.

Does the Board of Agriculture's Marketing Division Have the Authority to Carry Out International Marketing Activities?

The Division has conducted international marketing activities since 1974. No specific statute authorizes the Division to conduct international marketing, but such activities are not prohibited under the broad authority given the Division. Through the appropriations process, the Legislature has funded the Division's out-of-country travel in recent years. The law also gives the Department of Commerce and Housing specific authority to coordinate with the Marketing Division regarding the Division's international marketing activities, and to disseminate information regarding those activities. The Secretaries of Agriculture and Commerce and Housing signed an agreement in 1989 that was designed to avoid duplication of effort by outlining what each agency will do regarding the international marketing of Kansas products. These and related findings are discussed in the following sections.

State Law Does Not Specifically Direct the Marketing Division To Conduct International Marketing Activities, Nor Does it Prevent Such Activities

Two State agencies are primarily involved in the international marketing of Kansas commodities and products: the Board of Agriculture through its Marketing Division, and the Department of Commerce and Housing through its Division of Trade. To determine whether the Board of Agriculture's Marketing Division is authorized to market Kansas commodities and products on an international basis, we reviewed statutes relating to each agency.

The statutes relating to the Board of Agriculture's Marketing Division neither specifically authorize nor prohibit the Board's Marketing Division from conducting international marketing activities. The authority for the Marketing Division generally is contained in K.S.A. 74-530. The law gives the Division the broad authority to do the following:

- Carry out activities designed to lead to more advantageous marketing of agricultural products of Kansas.
- Conduct marketing development activities and assist and coordinate participation by companies, commodity organizations, trade organizations, producer organizations, and other interested organizations to develop new markets and sales for Kansas agricultural commodities and food products.

The law does not specifically define terms such as "develop new markets," and nothing in the law states that the Division's marketing activities may be carried

out in international markets. On the other hand, nothing in the law limits the Division's activities to domestic markets.

The law defining the powers of the Department of Commerce and Housing's Division of Trade Development acknowledges international trade activities by the Marketing Division. The only specific reference to international trade activities for the Marketing Division is contained in K.S.A. 74-5048(f). That law authorizes the Department of Commerce to do the following:

coordinate with and disseminate information regarding any international trade activities of the Division of Markets of the Board of Agriculture (underscoring added).

Although this law is not very clear, it certainly acknowledges some type of role for the Marketing Division in international trade activities. The law appears to authorize the two agencies to coordinate activities and share information regarding international trade.

To avoid duplication, the Board of Agriculture and Department of Commerce and Housing signed an interagency agreement in 1989 outlining each agency's role with regard to international marketing of Kansas products. Under the agreement, the Board of Agriculture's Marketing Division is responsible for international trade and market development for agricultural commodities and processed food products. The Trade Development Division of the Department of Commerce and Housing is responsible for international marketing of all other Kansas products.

Both agencies agreed to direct companies needing marketing services to the appropriate agency handling their type of product or commodity, to exchange trade leads, and to jointly participate in appropriate trade development projects. According to the directors of the two divisions, the agreement is still in effect. In the time available for this audit, we were unable to explore the extent of coordination and cooperation between the two agencies, or how well the agreement appeared to be working.

The Legislature has appropriated money for the Division's international travel in recent years. We reviewed the Marketing Division's budget requests for fiscal years 1990 through 1993. In each of those years, the Division requested funding specifically for out-of-country travel.

The Legislature appropriated money to the Board of Agriculture for the Marketing Division, and did not specifically prohibit the Division's out-of-country travel. In fiscal year 1993, both Senate and House appropriations committees also approved a budget adjustment for the Board of Agriculture that was specifically for international marketing activities. The Marketing Division had requested an additional \$50,000 from the Economic Development Initiatives Fund to participate in marketing activities in Tokyo and London.

Have the Marketing Division's Travel Expenditures Been Appropriate and for the Purposes The Legislature Authorized?

The Division's travel expenditures generally conform to State travel regulations, and in most cases its travel appeared to be done in a reasonable manner. However, State guidelines for international travel are relatively permissive, and the Division has no written guidelines or policies for its staff to follow to ensure that all travel is done as economically as feasible. The Division's expenses for official hospitality also generally conformed to State policies and, given the type of work it does, we did not find any that were clearly inappropriate. Finally, we noted that the international trips listed during the budget process are not always the same trips Division officials actually take. The following sections describe our findings in this area.

The Marketing Division's Expenditures for International Marketing Trips Generally Conformed to State Regulations Regarding International Travel

From fiscal year 1990 through the first 10 months of fiscal year 1993, the Marketing Division went on a total of 27 foreign trade missions to promote Kansas commodities and products. The accompanying table outlines the trips taken in each of those years, the purpose of each trip, and the total travel expenses.

INTERNATIONAL TRIPS TAKEN BY THE MARKETING DIVISION For Fiscal Years 1990-93 (Through May 1, 1993)			
FISCAL YEAR 1990			TRAVEL EXPENSES
DATE	LOCATION	PURPOSE	
Oct 4-10, 1989	Chihuahua, Mexico	Chihuahua Livestock Show <i>sale of cattle</i>	\$ 1,174
Jan 21-26, 1990	Queretaro Mexico City	Mexican Sunflower Growers <i>market development</i>	1,373
Feb 26-28, 1990	Chihuahua, Mexico	Mexican Hereford Association Meeting <i>market development</i>	855
May 5-10, 1990	Sonora, Mexico	Mexico Livestock Show <i>sale of cattle</i>	799
TOTAL for international travel for fiscal year 1990			<u>\$ 4,201</u>
FISCAL YEAR 1991			
Aug 22-25, 1990	Curacao, Neth. Antilles	Mid-America International Agri-Trade Council Show <i>food show and sales</i>	\$ 1,815
Sept 10-12, 1990	Winnipeg, Canada	Mid-America International Agri-Trade Council Show <i>food show and sales</i>	1,188
Oct 7-11, 1990	Chihuahua, Mexico	Mexico Livestock Show <i>sale of cattle</i>	1,123
Nov 24-30, 1990	Tokyo, Japan	Kansas/Daiei Beef Promotion <i>beef companies sales</i>	\$ 11,263

Dec 1-5, 1990	Taipei, Taiwan	U.S. Feed Grains Council U.S. Wheat Associates U.S. Meat Export Federation American Soybean Association <i>market development</i>	2,580
Jan 16-20, 1991	Leon, Juan, Mexico	Mexico National Swine Show <i>market development</i>	1,190
Feb 6-7, 1991	Mexico City, Mexico	Mexico Food Promotion <i>set up for food show</i>	1,321
Mar 6-8, 1991	Mexico City, Mexico	Mexico City Retail Food Promotion <i>food promotions</i>	1,641
TOTAL for international travel for fiscal year 1991			<u>\$22,121</u>
FISCAL YEAR 1992			
July 22-26, 1991	Mexico City, Mexico	U.S. Food Festival '91 <i>food exhibit for five companies</i>	\$ 1,614
Aug 11-14, 1991	Mexico City, Mexico	Kansas Agricultural Leaders Mission <i>market development</i>	836
Sept 9-11, 1991	Toronto, Canada	Mid-America International Agri-Trade Council Show <i>food exhibit for two companies</i>	895
Oct 13-17, 1991	Chihuahua, Mexico	Mexico Livestock Show <i>sale of cattle</i>	751
Feb 10-12, 16 1992	Paris, France (a)	Monoprix Store Opening <i>food promotion</i>	316
Apr 1-5, 1992	London, England	Harrod's Preliminary Buyers Meeting <i>set up for food promotion</i>	2,460
May 2-4, 1992	Hermosillo, Mexico	Sonora Cattle Show <i>sale of cattle and exhibit</i>	791
TOTAL for international travel for fiscal year 1992			<u>\$7,663</u>
(a) This was a side trip of a staff member while on vacation in Paris. The Division was charged travel expenses only while the staff member was conducting Division business.			
FISCAL YEAR 1993 (to May 1, 1993)			
Aug 3-7, 1992	Mexico City, Mexico	U.S. Food Festival '92 <i>food show</i>	2,591
Aug 24-27, 1992	Monterrey, Mexico	Cattlemen's Assn. Planning Mtg. <i>livestock promotion</i>	1,395
Sept 23 through Oct 3, 1992	London, England	Harrod's Promotion <i>sales of Kansas retail food products</i>	10,580
Oct 10-14, 1992	Chihuahua, Mexico	Livestock Show and Trade Mission <i>sale of cattle and market development</i>	1,010
Oct 25-31, 1992	Monterrey, Mexico	Mid-Atlantic Int'l Agri-Trade Council Cattle Seminar and Livestock Mission <i>market development</i>	81 (a)
Nov 28-Dec 5, 1992	Tokyo, Japan	Cola Bowl - Kansas/Daiei Beef Promotion - <i>sales of Kansas beef</i>	3,181
Feb 20-21 and Feb 24-25, 1993	London, England	Europa Marketing <i>meet with buyer from Europa</i>	476 (b)
Feb 28 through Mar 5, 1993	Mexico City, Mexico	Kansas Wheat Industry Team <i>market development</i>	2,225
TOTAL for international travel through May 1, 1993			<u>\$21,539</u>
(a) The majority of expenses for this trip were borne by MIATCO, of which the Division is a member.			
(b) The employee who incurred these expenses was on vacation and charged two days hotel and subsistence expenses to the Division while conducting Division business.			

As the table shows, the majority of those trips were to Mexico, but trips were also made to England, France, Canada, Japan, Taiwan, and Curacao in the Caribbean. Total travel expenses related to those 27 trips were \$55,524. Appendix B shows a more detailed breakdown of travel expenses for each of these international trips.

We selected a sample of four of these trips and reviewed the travel vouchers and related documentation to ensure that expenditures complied with State regulations and any existing policies and procedures established by the Marketing Division. We also reviewed those expenditures to ensure that travel expenses seemed to be reasonable.

State regulations governing international travel by State employees generally place few limitations on the amounts that can be spent. The Employee Travel Expense Reimbursement Handbook for 1993 specifies the following rules and regulations for international travel:

- **Mode of travel:** Employees are to use the most economical or advantageous mode of travel available.
- **Meals:** Employees may claim actual expenses for meals up to \$66 a day or may use the per-diem rate of \$9 a quarter. The employee must use one method throughout the entire trip. (The 1991 travel handbook's per-diem rate for meals was \$8.50 a quarter. Actual expenses for meals had the same \$66 limit per day.)
- **Lodging:** Employees are allowed to charge actual expenses for hotel and motel accommodations. This expense has no limitation stated.
- **Baggage charges:** Employees can be reimbursed for expenses incurred for excessive baggage weight and baggage storage charges, but justification for those charges must be submitted with the expense voucher.
- **Miscellaneous charges:** Employees are not required to show documentation for expense for local taxi fares, telephone calls, or tips.
- **Official hospitality:** State employees that work for agencies that have an official hospitality fund are allowed to incur expenses for items not appropriately classified as travel or subsistence, but included on travel vouchers such as expenses incurred to promote goodwill and the possible sale of Kansas products.
- **Use of the State executive aircraft:** An agency which needs an aircraft to meet its travel needs must use the State's executive aircraft, if available.

Because the State's regulations for international travel are broad and place few limitations on expenses related to international travel, we looked at what policies and procedures the Marketing Division has established to control the cost of international travel.

The Division has not established any written policies or guidelines governing international travel, but for the most part, it appeared that Division employees tried to keep travel expenses reasonable. We reviewed expenses related to international travel to determine the number of people traveling on behalf of the Division, and the amount and types of expenses they incurred. Within the scope of this audit, we could not assess whether all trips taken by the Division were necessary or should have been taken.

Based on our review, it did not appear that the Division was sending an excessive number of people on its international marketing trips. During the past four fiscal years, there was one trip in which four Marketing Division staff traveled to the same location, six trips where two staff members traveled, and 20 trips where a staff member went alone.

The only trip involving a lot of people (four staff) was a trip to London in September 1992 to promote Kansas products at Harrod's Department Store. Division officials told us it was necessary for four people to go on this trip so that Division staff could work in shifts to man in-store promotions, pass out samples, and answer questions about the products.

On six of the international trips, the Secretary or acting Secretary of the Board of Agriculture also accompanied Division staff. Those expenses generally were paid from Board of Agriculture moneys that were not from the Marketing Division's budget.

Finally, on four of the trips a member of the Board of Agriculture (not always the same member) accompanied Division staff. On two of these trips the Board members represented the Board, and their travel expenses were paid by the Board of Agriculture. On the other two trips, the Board members represented themselves and paid their own expenses. (Appendix C lists the members of the Board of Agriculture for 1990 through 1993.)

The Division's staff generally used the State's contracted travel agency to make the arrangements for its international trips, and flew economy class on commercial flights. However, we questioned the amount spent on airfare for a trip to Japan and Taiwan in November 1990 that was jointly sponsored by the Division and the Department of Commerce. The business class roundtrip airfare for the Division official taking that trip was \$2,715. Because this amount appeared somewhat high to us, we called a local travel agency to determine current coach-class airfare between Kansas City and Tokyo. The travel agent quoted us a fare of about \$1330. We questioned whether the additional stop in Taiwan should have more than doubled the fare.

Although it is not possible to duplicate the airfares that were in effect at the time, we pointed out to the Division that the amount appeared somewhat high. Division officials contacted King Travel, the agency that sold the plane ticket. Travel agency staff reportedly told Division officials that one of two things could have caused the airfare to be so high: either the reservation was not made long enough in advance, or the stay in Japan was not long enough to obtain a discounted fare.

Hotel expenses averaged \$121 per night for international trips taken between July 1989 and May 1993. Division staff stayed in hotel rooms that ranged from \$42 to \$200 per night. The more expensive hotels were in high-cost cities such as Tokyo, London, and Taipei. The lower-cost rooms were in the smaller cities in Mexico. We questioned Division staff about a hotel cost of \$213 per night at the London

Hilton. Staff told us that the Division and the Department of Commerce were planning a joint promotion at the London Hilton, and that it was just as economical to stay there as it would have been to stay at a lower-priced hotel across town and incur daily transportation charges. The travel arrangements were made by the Department of Commerce.

Expenses for meals on international trips averaged about \$28 person per day.

Daily meal expense for the international trips ranged from about \$21 per person per day in Mexico, to about \$51 in London. Although the Division's staff can claim actual expenses up to \$66 per day, for most of the trips we reviewed the staff charged a per-diem rate for meals, which limited their expenses to \$34-36 per day depending on when the trip was taken.

The Marketing Division's Expenditures for Official Hospitality Generally Conformed to State Regulations

Each year, the Board of Agriculture receives a blanket appropriation to fund its operations. That appropriation includes amounts for official hospitality. State regulations regarding official hospitality give very broad authority to agencies with official hospitality funds. Agencies can spend those moneys for meals, lodging, transportation, official gifts and favors, official entertainment, or directly related miscellaneous expenses provided to official guests or for official functions. Hospitality expenditures must bear a valid relationship to fulfilling a goal or objective related to the powers and functions of the State agency.

About the only expenses not allowed by State policy are official hospitality expenses for students, prospective students, inmates, or patients, except when they are acting as official hosts for the State. Also, when agency personnel act as official hosts, their spouses cannot receive expenses for lodging or meals that are not scheduled as part of an official function.

The table below shows how much of the Board's official hospitality money was budgeted for the entire Marketing Division and how much the Division spent for fiscal years 1990, 1991, 1992, and 1993 to date.

<u>FISCAL YEAR</u>	<u>BUDGETED AMOUNT</u>	<u>TOTAL SPENT</u>
1990	\$19,972	\$20,034
1991	17,897	19,184
1992	19,500	17,327 (as of May 1)
1993	23,741	20,627

As the table shows, the Division has spent nearly \$80,000 over the past four years on official hospitality. Based on a computer listing provided by the Division, we were able to identify a total of about \$21,634 of this amount that was spent directly for official hospitality for international trips. However, we could not isolate all

the hospitality costs directly related to international marketing because some expenses were for gifts or other items related to both domestic and international activities.

During this audit, we reviewed computer listings of individual amounts spent by the Marketing Division for official hospitality during fiscal years 1990, 1991, and 1992. Those expenditures were for both domestic and international marketing. Our review showed that the Division's hospitality expenses generally were for the types of things allowed by State laws and regulations and appeared to be related to the general function of the agency. Generally, the Division spent money for things like gifts for visitors, rental vehicles for transportation of visiting dignitaries, hospitality lunches, room rent for meetings, and official receptions.

The most expensive individual hospitality item related to international travel was a food exhibit and reception costing \$6,000 to entertain approximately 100 people in Mexico. We questioned this expense because the cost of \$60 per person seemed somewhat high to us. Division officials told us that this was a promotional event for the "From the Land of Kansas" program to stimulate interest in Kansas food products in Mexico. The Division invited guests and potential buyers to the reception. The contractor was responsible for providing a banquet room, a buffet featuring Kansas products, decorations, musicians, and support staff.

**The Trips Division Staff Take Are Not Always
The Same Ones Listed in the Board of Agriculture's Budget**

To determine whether the Division's international travel expenses were for the purposes the Legislature intended, we reviewed the information about international travel contained in the Division's budget documents and compared it with the trips that Division staff actually took.

Our review showed that the Division did not always take the same trips that were outlined in the budget. For example, in fiscal year 1991 the Division listed eight specific trips in its budget. It took only two of the eight trips listed, but took six trips to destinations other than those listed in the budget. At the same time, the Division has taken far fewer trips than budgeted in the last two years. The table below summarizes this information.

**DIFFERENCES IN THE NUMBER OF INTERNATIONAL TRIPS LISTED
AND TRIPS ACTUALLY TAKEN**

Fiscal Year	Number of Trips Listed in Budget Request	Number of Listed Trips Taken	Number of Other Trips Taken
1991	8	2	6
1992	17	6	1
1993 (as of May 1)	14	5	3

According to Division officials, because budget requests are made 18 to 24 months before the fiscal year in which the trips actually will be taken, it is hard to predict market conditions in foreign markets. Oftentimes, they said, the following types of things can cause the Division to alter its international travel plans:

- the need to coordinate an international promotion with the Department of Commerce
- requests for international trips by the Governor
- changes in the climate, government regulations on imports, economic conditions, and the like in a targeted foreign market that could alter the opportunities to enter or develop the market
- changes in a country's government that would open markets.

Examples of Kansas Businesses Assisted by the Marketing Division

The three businesses described below are examples of Kansas companies that have received assistance from the Marketing Division. Specifically, these companies were among the Kansas businesses that participated in the National Association of State Departments of Agriculture's food show in Chicago in May 1993. This association sponsors an annual food show that attracts buyers from all over the world, thus providing participating businesses the opportunity to conduct international marketing without leaving the United States.

- Underhill Farms, located in Moundridge, specializes in venison, "without the wild taste." Products include summer sausage, steaks, roasts, and venison burgers.
- Briarwood Farms, in Alma, produces a variety of Kansas food products, including jams and jellies, sauces, and relishes. Gift boxes and baskets of Kansas products are available for world-wide shipping.
- Louisburg Cider Mill has produced Kansas food and food gifts since 1977. Products include sparkling cider, Lost Trail Root Beer, and apple butter.

Have the Benefits Kansas Companies and Producers Received from The Division's International Marketing Promotions Exceeded the Costs of Those Efforts?

The Division estimates that its international marketing activities have benefited Kansas companies and producers by a total of \$14.7 million since fiscal year 1990. If all these benefits actually have been achieved, they exceed the total operating cost of the Marketing Division for those years by about \$2 million, and are 67 times the amount the Division spent on international marketing expenses. From the documentation the Division maintains, however, we were unable to verify all the benefits it claims. Also, we found that the Division could improve its operating plans for international marketing activities by establishing more concrete goals that would allow it to measure the success of an individual marketing trip or series of trips. These and related findings will be discussed in more detail in the sections that follow.

The Marketing Division Estimates the Benefits Of its Marketing Trips At \$14.7 Million Since Fiscal Year 1990

The purpose of the Division's international marketing efforts is to stimulate an interest in Kansas commodities and products and ultimately generate sales for Kansas businesses and producers. Since the beginning of fiscal year 1990, the Marketing Division has incurred about \$219,000 in expenses for international marketing. These expenses do not include salary costs or overhead items such as a portion of office rent and utilities. The International Marketing section has one employee assigned to it, but several other Marketing Division staff spend a portion of their time working on international marketing. In the time available for this audit, we were unable to review Division employees' workloads in sufficient detail to allocate salary expenses.

The table below shows direct travel and related expenses for international marketing each year since fiscal year 1990, and also shows the amounts of benefits to Kansas companies the Division has reported in each of those years.

Marketing Division Expenditures and Reported Benefits to Kansas Companies

<u>Fiscal Year</u>	<u>Expenditures Marketing Division (a)</u>	<u>Travel & Related Expenses For International Marketing</u>	<u>Benefits Claimed For Kansas Companies</u>
1990	\$2,294,046	\$21,800	\$3,769,000
1991	\$2,893,631	\$63,593	\$5,730,000
1992	\$3,202,031	\$35,947	\$2,264,000
1993	<u>\$4,410,671</u> (est.)	<u>\$97,794</u> (to 5/1)	<u>\$2,978,000</u> (to 5/1)
	\$12,800,379	\$219,134	\$14,741,000

(a) Includes amounts for the Corn, Sorghum, and Soybean Commissions which are funded by fees contributed by producers of those commodities. These dollar amounts for each fiscal year were: (1990) \$1,305,154, (1991) \$1,792,992, (1992) \$2,096,344 and (1993 estimate) \$3,167,937.

As the table on the previous page shows, the Division claims it has generated about \$14.7 million in sales for Kansas companies. That is about \$2 million more than was spent by the entire Marketing Division, and about 67 times the amount spent on international marketing. Appendix D provides more detail about benefits claimed by the Division on behalf of Kansas companies.

To determine if these sales figures were accurate, we reviewed the Division's methods for documenting sales that occur as a result of its marketing efforts, and we

Legislative Concerns about International Marketing Activities

Legislators expressed a number of specific concerns related to the Marketing Division's international marketing activities. A few of those concerns and what we learned about them are explained below.

Have members of the Board of Agriculture benefited personally from international trips made at State expense?

Lois Schlickau and her husband George (both cattle ranchers from Haven, Kansas) accompanied Marketing Division staff on several trips to Mexico between 1989 and 1993. Mrs. Schlickau has been a member of the Board of Agriculture since 1986 and served as President in 1989. Division officials reported that as a result of a trip to Mexico in October 1989, Mrs. Schlickau and her husband negotiated a sale of four bulls. On that particular trip, Mrs. Schlickau was traveling at State expense as an official representative of the Board of Agriculture. Mr. Schlickau paid his own expense for the trip. The Schlickaus traveled to Mexico with Marketing Division staff again in 1991 and 1992. Both of these trips were at their own expense. During our brief review of the Marketing Division, this was the only example of a Board member making a sale as a result of State-sponsored trip, in other words, there did not appear to be a pattern of Board officials directly benefiting from this type of State promotion.

Are Division employees receiving large travel allowances in advance of international trips?

The Director of the Marketing Division told us that usually staff members going on international trips pay their own expenses (often using credit cards) and then are reimbursed by the State. However, in some areas of the world, credit cards are not accepted or the project requires cash payment of services. In such cases, the Board of Agriculture uses an imprest fund and makes travel advances to staff members if needed. Those advances must be approved by the Marketing Division Director. Staff members are responsible for recording their expenses and filling out travel vouchers as they

normally would. When reimbursement is made by the State, the money goes directly into the imprest fund. A number of State agencies have imprest funds, and this would be an allowable use of an imprest fund. In our review of the Division's expenditure documentation, we noted travel vouchers that were made payable to the imprest fund. However in the time we had available, we were not able to review all travel advances to ensure they had the proper approval and followed the guidelines related to the use of the Division's imprest fund.

Are any employees of the State Board of Agriculture having international travel paid for by Kansas companies or producers?

To address this question, we reviewed the Statements of Substantial Interest for Board and Division officials. We did not find any evidence that a Board official or Division staff member had their travel expenses paid for by a Kansas company or producer. Division officials told us that Kansas businesses or producers do not pay for the Board's or Division's marketing trips. They sometimes co-pay for a reception or other types of hospitality, but the Division knows about such payments in advance and includes that information in the planning phase of the trip. Division officials told us that Board members and Division staff do not accept such a gratuity from a company because of the possible appearance of favoring that company at some point on the trip or in the future.

Why is the Marketing Division requesting an additional \$85,000 for international marketing activities for 1994?

We spoke with a staff member of Legislative Research about the request for an increase in the Marketing Division's budget for 1994. Research staff told us that the request was for the entire Marketing Division, not just for international marketing activities. The \$85,000 was cut from the Division's budget by the Governor and the requested amount would bring the Division's budget for 1994 up to the level it was for 1993.

examined the documentation the Division had on file to support the benefits it claims for Kansas companies.

The Division did not systematically collect the types of information that would allow us to verify the accuracy of all the benefits it claims for Kansas companies. Division officials use surveys to gather information relating to promotional trips they take abroad. These surveys contain such questions as how participating businesses liked the promotion, if they planned on participating in future promotions, how many contacts they made, the total dollar amount of direct sales made by the companies or producers during the trip, and the predicted sales for the next six months and for the next year.

We found that the Division had very few completed surveys on hand that would support its estimates of the economic benefits for its efforts. When there was documentation, it was often in the form of newspaper accounts of large beef or grain sales, copies of purchase orders, and memos from associations stating that members had made certain sales as a result of marketing trips.

Division officials told us that companies often were reluctant to report sales or business contacts because of the competitiveness of some markets. Another reason for the lack of documentation may be the lack of a systematic approach to gathering such information. Through our discussions with Division staff, we learned they do not have a systematic method for administering their surveys. Surveys may be administered to some participants while at a trade show, others may be mailed after the show, and still others may be administered by telephone. The Division has not established a routine system for recording who received surveys, and for following up to gather the information that is needed to help justify its international marketing efforts. However, officials did tell us they sometimes follow up on surveys with telephone calls.

Division officials stated they were aware of the need to keep better documentation and were working to improve this area. We noted that the documentation for fiscal year 1993 was somewhat improved over past years, but still was not complete.

**The Division's International Marketing Plans
Do Not Contain Goals That Are Specific Enough
To Allow Its Staff to Measure the Success or Failure of
A Specific Trip or Series of Trips**

It is important to have a good plan to ensure that tax dollars spent on marketing Kansas products in international markets produce the greatest benefit possible for the citizens of Kansas. A good business plan normally will contain long- and short-range goals that are concrete and achievable, and that can be measured by some objective standard such as a percentage, volume, or dollar amount.

We conducted a brief review of the Division's Annual Operating Plan for fiscal year 1993. The plan listed the following 10 activities that Division staff would be involved in during the fiscal year:

MARKETING DEVELOPMENT

- | | |
|------------|--|
| Activity 1 | Mexican Livestock Sales Missions
Sonora, Chihuahua, Monterrey - October
Chihuahua - October
Sonora - May |
| Activity 2 | Food Manufacturers Institute and National Association of State
Departments of Agriculture Food Exposition - Chicago - May |
| Activity 3 | Kansas Wheat and Flour Trade Mission to Mexico - March |
| Activity 4 | Kansas/Daiei Meat Project - Japan - December and February |
| Activity 5 | Kansas Products Promotion Mission - Mexico City - August |
| Activity 6 | Incoming Trade Teams |

EXPORT SERVICES

- | | |
|-------------|---|
| Activity 7 | Distribution of Kansas Producer Listing to Foreign Buyers |
| Activity 8 | Foreign Grain Buyers Procurement Missions to Kansas |
| Activity 9 | Trade Lead Management and Information |
| Activity 10 | Assistance to Kansas Firms |

For each activity, the Division's operating plan generally listed an objective, a description of the activities that would take place to meet the objective, a justification for the activity, expected results, and an amount budgeted for the activity.

Based on our brief review of the plan, we found that the stated objectives and expected results often were vague and not objectively measurable. For example, the objective for the Mexican Livestock Sales Mission was "to stimulate the interest of the Mexican producers to purchase Kansas breeding stock." This type of objective statement is somewhat vague, and essentially makes it difficult to fail. A more clear and measurable objective statement might be "to increase the sales of Kansas breeding stock by 20 percent," or "to generate \$20 in breeding stock sales for each dollar spent on the promotion." These types of goals can then be objectively measured against the results of the trip.

Officials from the Marketing Division told us it often was difficult to associate results with specific trips because it may take a series of trips to generate sufficient interest to result in sales. In those cases, it appears it would be appropriate for the Division to develop objectives for the series of trips, rather than for each individual trip. In any case, those objectives still should be measurable and have specific time frames in which they will be achieved.

For comparative purposes, we reviewed parts of the Department of Commerce and Housing's international operating plans. We found that, for the most part, the Department's plans were not much more specific than those of the Marketing Division. However, the Department's plans for several promotions contained objectives that were more specific and measurable. For example, the Department's promotion

plan at Harrod's Department Store in London stated expected results of more than \$200,000 in sales of Kansas merchandise. Another marketing project called Mid-West USA Expo '92 stated expected results of \$500,000 related to the show.

The Marketing Division also could improve its records of the assistance it provides to Kansas businesses. Legislators expressed concerns to us that some Kansas companies had sought marketing assistance from the Division, but never received any assistance. We asked Division officials if they maintained records that would show what businesses or individuals had contacted them for assistance, and what type of assistance was provided. Division officials told us that they do not maintain such records. However, they told us that no one has ever been turned away when they have asked for the Division's assistance.

Because providing technical assistance to Kansas businesses is one of the Marketing Division's main activities, the Division should maintain some type of record to demonstrate the types of services it is providing and who it provides those services to.

Conclusion

In conducting international marketing activities, the Marketing Division is operating under its broad authority to develop new markets for agricultural products. Because the statutes give another State agency—the Department of Commerce and Housing—specific authority to conduct international trade, questions have arisen about whether the Marketing Division's efforts should be restricted to domestic markets. In recent years, the Legislature has funded out-of-country travel for the Division, and has not acted to prohibit the Division's international travel. Although the fact that the Legislature has provided funding for this type of activity appears to imply Legislative approval, it would be better if the statutes were clarified to state the Division's authority in international markets.

Most types of international travel or hospitality expenditures an agency makes would comply with State regulations because those regulations are relatively broad in scope and place few limits on amounts that can be spent for these types of activities. For this reason, it is important for agencies that incur these types of expenditures to adopt reasonable policies for approving and monitoring those expenses to ensure that those expenditures are reasonable. Even though the Marketing Division did not have such policies and procedures in place, the majority of its expenditures appeared to be appropriate and within reasonable levels.

The Division has documented a number of significant sales of Kansas products in foreign markets. However, it has not done as much as it could to set measurable goals for its marketing efforts and to measure the results of its effort on behalf of Kansas businesses.

Recommendations

1. To ensure that the Board of Agriculture's Marketing Division is not conducting marketing activities on a broader scale than the Legislature intends, the Legislature should review the statutes governing the powers and duties of the State Board of Agriculture and its Marketing Division and amend those statutes to either specifically authorize or prohibit the Division from conducting international marketing activities.
2. Because State laws and regulations governing international travel expenses and hospitality expenses are relatively permissive and place few limits on amounts that an agency or its employees can spend, the Marketing Division should enact internal policies and procedures aimed at controlling those types of expenditures to ensure that international travel and promotion is carried out as economically as possible.
3. To ensure that the Marketing Division can demonstrate the benefits to Kansas companies and producers from its marketing and promotional activities, it should do the following:
 - a. develop a more systematic approach to gathering and documenting information related to product and commodity sales resulting from international trips or other types of promotions
 - b. maintain a record of companies that have sought assistance from the Division, and the type of assistance it provides to those companies.
4. To ensure that the Division has developed appropriate yardsticks for assessing its own performance and accomplishments, in its future marketing plans it should work to include concrete and measurable goals, such as generating a certain dollar level of sales for every dollar spent on promotion.



APPENDIX A

Individuals Participating in the Board of Agriculture's International Marketing Trips

Fiscal Years 1990 to 1993
(as of May 1, 1993)

Names in italics are individuals traveling on behalf of the Board's International Marketing Division.

Fiscal Year 1990

Trip #1: Chihuahua Livestock Show - October 4-10, 1989

Jerry Dudley - Board of Agriculture staff
Carol Jordan - Board of Agriculture staff
Sam Brownback - Secretary, Board of Agriculture
Lois Schlickau - President, Board of Agriculture
(traveling on State business)
George Schlickau - Haven, Kansas - rancher
Ray Hemman - Hutchinson Newspaper
Chris Ochsner - Hutchinson Newspaper
Kathy Patton - WIBW TV Topeka, Kansas
Don Atteberry - Tecumseh, Kansas - rancher and veterinary
Don Hazlett - Lawrence, Kansas - rancher
David Judd - Ponomo, Kansas - rancher
Dr. Bill Able - Kansas State University's International Meat and Livestock Program
R.D. Laflin - Olsbury, Kansas - rancher
Chris Sankey - Council Grove, Kansas - rancher
Bob Laflin - Olsburg, Kansas - rancher
Dr. Don Good - Manhattan, Kansas - rancher
Troy Thomas - Cimarron, Kansas - herdsman for Dewey Charolais
Dave Breiner - Alma, Kansas - rancher
Tom Chaffee - Topeka, Kansas - rancher
Kirk Dickinson and wife - Gorham, Kansas - ranchers
Glen Anderson - Wakarusa, Kansas - rancher
Dee Likes - Kansas Livestock Association

Trip #2: Mexican Sunflower Growers - January 21-26, 1990

Jerry Dudley - Board of Agriculture staff
Kenneth Ruda - Atwood, Kansas - sunflower grower

Trip #3: Mexican Hereford Association Meeting - February 26-28, 1990

Jerry Dudley - Board of Agriculture staff
Dr. Bill Able - Kansas State University's International Meat and Livestock Program
Dee Likes and wife - Kansas Livestock Association
Troy Thomas - Cimarron, Kansas - herdsman for Dewey Charolais
Tim and Pat Dewey - Cimarron, Kansas - ranchers
Gary Thomas - Manhattan, Kansas - embryo transfer business

Joe Rickabaugh - Kansas Livestock Association
Joel Davis - Hillsboro, Kansas - Brangus breeder

Trip #4: Sonora, Mexico Livestock Show - May 5-10, 1990

Jerry Dudley - Board of Agriculture staff

Fiscal Year 1991

Trip #5: Curacao, MIATCO Food Show - August 22-25, 1990

Jerry Dudley - Board of Agriculture staff

Eldon Fastrup - Board of Agriculture staff

Oren Baird - Wichita, Kansas - Wallingford Corporation (food company)

Derek Park - Hutchinson, Kansas - PMS Foods (food company)

Richard Ballard - Kansas City, Kansas - Pacific Baking (food company)

Dick Hasselwander - Wichita, Kansas - DPM Meats (representing Excel Beef)

Dorothy Ann Kovar - Olathe, Kansas - Chapelle International (food company)

Ed Huderski - Olathe, Kansas - Chapelle International (food company)

Trip #6: Winnipeg, Canada MIATCO Food Show - Sept. 10-12, 1990

Jerry Dudley - Board of Agriculture staff

Scott Anderson - Alma, Kansas - Flint Hills Foods (food company)

Richard Ballard - Kansas City, Kansas - Pacific Baking (food company)

Ed Henry - Greenleaf, Kansas - Twin Valley Popcorn (food company)

Trip #7: Chihuahua, Mexico Livestock Show - October 7-11, 1990

Jerry Dudley - Board of Agriculture staff

Steve Simmons - Council Grove, Kansas - Angus breeder

Chris Sankey - Council Grove, Kansas - Angus/Brangus breeder

Delbert Walt - Quinter, Kansas - Holstein breeder

Dr. Bill Able - Kansas State University's International Meat and Livestock Program

Trip #8: Kansas/Daiei Beef Promotion - Japan - Nov. 24-30, 1990

Eldon Fastrup - Board of Agriculture staff

Gary Hall - Acting Secretary, Board of Agriculture

Lieutenant Governor Walker - Lieutenant Governor of Kansas

Kim Dugger and Mother - Miss Kansas

Trip #9: Taiwan, U.S. Meat and Grain Promotion - December 1-5, 1990

Eldon Fastrup - Board of Agriculture staff

Gary Hall - Acting Secretary, Board of Agriculture

Trip #10: Leon, Mexico National Swine Show - January 16-20, 1991

Jerry Dudley - Board of Agriculture staff

Trip #11: Mexico Food Promotion Planning Trip - Feb. 6-7, 1991

Jerry Dudley - Board of Agriculture staff
Charlene Patton - Board of Agriculture staff

Trip #12: Mexico City Retail Food Promotion - March 6-8, 1991

Eldon Fastrup - Board of Agriculture staff
Charlene Patton - Board of Agriculture staff
Gary Hall - Acting Secretary, Board of Agriculture
Stephen Carpenter - Kansas City, MO - Farmland Foods (Wichita, KS food company)

In addition, Board of Agriculture staff represented food products from:

Art's Tater Chip Company - Wichita, Kansas - food company
Chautauqua Hills Jelly Company - Sedan, Kansas - food company
Louisburg Cider Mill - Louisburg, Kansas - food company
The Popcorn Exchange - Garden City, Kansas - food company
Tony's Pizza - Salina, Kansas - food company
White Cloud Grain Company - Hiawatha, Kansas - food company

Fiscal Year 1992

Trip #13: U.S. Food Festival '91 - Mexico City, Mexico - July 22-26, 1991

Eldon Fastrup - Board of Agriculture staff

Trip #14: KS Agricultural Leaders Mission - Mexico City, Mexico - Aug. 11-14, 1991

Eldon Fastrup - Board of Agriculture staff
Gary Hall - Acting Secretary, Board of Agriculture
Jay Armstrong - President, Board of Agriculture
(traveling on State business)
Dana Hauck - Kansas Livestock Association
Doyle Rahjes - Kansas Farm Bureau
Ivan Wyatt - Kansas Farmers Union

Trip #15: MIATCO Food Show- Toronto, Canada - Sept. 9-11, 1991

Jerry Dudley - Board of Agriculture staff
Darrell Elvin - Marquette, Kansas - Smoky Valley Grain (food company)
John Greenlee - Salina, Kansas - Tony's Pizza (food company)

Trip #16: Livestock Show - Chihuahua, Mexico - Oct. 13-17, 1991

Jerry Dudley - Board of Agriculture staff

Lois Schlickau - Haven, Kansas - rancher and Board of Agriculture board member
(traveling in the capacity of rancher)

George Schlickau - Haven, Kansas - rancher

Ron Holland - Osage City, Kansas - rancher

Tom Pressgrove - Lyndon, Kansas - rancher

Tom Chaffee - Topeka, Kansas - rancher

Glen Anderson - Wakarusa, Kansas - rancher

Dr. Dale Blasi - Kansas State University Agriculture Extension beef specialist

Troy Thomas - Cimarron, Kansas - manager of Dewey Charolais

Gary Thomas - Manhattan, Kansas - embryo transfer business

Delbert Walt - Quinter, Kansas - rancher

Dr. Jack Riley - Kansas State University's International Meat and Livestock Program

Trip #17: Monoprix Store Opening - Paris, France - Feb.10-12&16,1992

Rodney Ferguson - Board of Agriculture staff

Tom Schierman - Louisburg, Kansas - Louisburg Cider Mill (food company)

Trip #18: Harrod's Buyers Meeting - London, England - April 1-5, 1992

Charlene Patton - Board of Agriculture staff

Randy Tosh - Department of Commerce and Housing

Trip #19: Sonora Cattle Show - Hermosilla Mexico - May 2-4, 1992

Jerry Dudley - Board of Agriculture staff

Fiscal Year 1993 (as of May 1)

Trip #20: U.S. (MIATCO) Food Festival - Mexico City - Aug. 4-6, 1992

Eldon Fastrup - Board of Agriculture staff

Charlene Patton - Board of Agriculture staff

Excel Corporation: Edmundo Vargas

Ed Vargas

Rob Hutter

Alex Silva

Eddie Ortega

Farmland Foods: Steve Carpenter

Richard Detten

Ben Griffith

Vonn Richardson

Sunshine Biscuits: William Spurgeon

Tony's Pizza: John Greenlee
Arturo Alvarez
Western Seed and Supply Inc.: Glen Diehl
Wilson Food Corporation/Doskocil: Jim Carmichael
Charlie Bates
Seaboard Corporation: Bill Bryson

Trip #21: Cattlemen's Association Planning Meeting - Monterrey, Mexico - August 24-27, 1992

Jerry Dudley - Board of Agriculture staff

Trip #22: Harrod's Promotion - London, England - September 23-October 3, 1992

Charlene Patton - Board of Agriculture (September 16-24)
Eldon Fastrup - Board of Agriculture staff (September 19-24)
Rodney Ferguson - Board of Agriculture staff (September 19-25)
Hayley Matson - Board of Agriculture staff (September 19-27)
Sam Brownback - Secretary, Board of Agriculture (September 19-24)
Department of Commerce and Housing:

Randy Tosh
Larry Childs
John Watson
Randi Tveitaraas
Carole Morgan
Doris Walker - Clubhouse Inn
Jack Kellogg - Wichita Hat Works
Bud Strawder - Country Critters, Inc.
Donna Cook - Rabbit Creek
Sue Peckham - Twin Valley Popcorn
Shelley Schierman - Louisburg Cider Mill

Trip #23: Livestock Show and Trade Mission - Chihuahua, Mexico - October 15, 1992

Jerry Dudley - Board of Agriculture staff
Lois Schlickau - Haven, Kansas - rancher and Board of Agriculture board member
(traveling in the capacity of rancher)
George Schlickau - Haven, Kansas - rancher
Dale Blasi - Kansas State University beef cattle geneticist
Tom Chaffee - Topeka, Kansas - rancher

Trip #24: MIATCO Beef Cattle Seminars and Livestock Mission - Monterrey, Chihuahua, and Sonora, Mexico - October 25-31, 1992

Jerry Dudley - Board of Agriculture staff
Glen Anderson - Wakarusa, Kansas - rancher

Trip #25: Cola Bowl - Kansas/Daiei Beef Promotion - Tokyo, Japan - November 28-December 5, 1992

Eldon Fastrup - Board of Agriculture staff

Governor Joan Finney

Spencer Finney - Governor's spouse (expenses not paid by the State)

Steve Anderson - Governor's Agricultural Liaison (expenses not paid by the State)

Ivan Wyatt - Kansas Farmers Union

Jack Staatz - agriculture producer

Curt Shoemaker - KFRM (farm news radio)

Economic Development Contingents:

Bob Knight - Secretary, Department of Commerce and Housing

John Watson - Department of Commerce and Housing

Randi Tveitaraas - Department of Commerce and Housing

Dave Porter - Wichita, Kansas - Wichita Chamber of Commerce

Trip #26: Europa Buyers Meeting - London, England - February 20-21&24-25, 1993

Charlene Patton - Board of Agriculture staff

Trip #27: Kansas Wheat Industry Team - Mexico City and Monterrey, Mexico - February 28 to March 5, 1993

Jerry Dudley - Board of Agriculture staff

Steve Graham - Manhattan, Kansas - Kansas Wheat Commission

Jim Coughenour - Wichita, Kansas - Garvey Grain

Steve Gregory - Wichita, Kansas - Central Kansas Railroad

Nadine Griffin - Abilene, Kansas - Kansas Wheat Commission

Jim Jordan - Kansas City, Kansas - Kansas City Board of Trade

Mike Braude, Kansas City, Kansas - Kansas City Board of Trade

APPENDIX B

International Travel Expenditures for the Marketing Division's Staff

The following appendix shows the 27 international marketing trips taken by the Board of Agriculture's Marketing Division in fiscal year 1990 through 1993 (as of May 1, 1993.) Information is included on the length of the trips, how many staff members went, and actual travel expenditures for those individuals. The miscellaneous category includes taxis, laundry, and the like, in addition to a few expenses that can not be attributed specifically to the individual. Examples of those might be the Spanish/English interpreter for the Kansas Wheat Industry Team, long distance business phone calls, and freight charges for promotional products.

The hospitality expenditure that is directly related to each international activity is also shown. Hospitality is used to promote good will and the sale of Kansas products. It would include such things as transportation, meals, and gifts.

**International Travel Expenditures
For the Marketing Division's Staff**

DATE	DESTINATION	EVENT	# OF PEOPLE	# OF DAYS	AIR						HOSPITALITY	
					MEALS	HOTEL	MILES	FARE	MISC	TOTAL		
FY 1990												
Trip # 1	October 4-10, 1989	Chihuahua, Mexico	Chihuahua Livestock Show	1	9	\$ 182	290	0	285	417	1,174	\$ 1,188
2	January 21-26, 1990	Queretaro, Mexico	Mexican Sunflower Growers	1	6	110	438	26	622	177	1,373	631
3	February 26-28, 1990	Chihuahua, Mexico	Mexican Hereford Association Meeting	1	3	61	83	48	561	102	855	0
4	May 5-10, 1990	Sonora, Mexico	Mexico Livestock Show	1	6	110	76	30	543	40	799	948
TOTALS												
						\$ 463	887	104	2,011	736	4,201	\$ 2,767
FY 1991												
5	August 22-25, 1990	Curacao, Neth. Antilles	MIATCO Food Show	2	3	\$ 255	382	32	1,012	134	1,815	\$ 75
6	September 10-12, 1990	Winnipeg, Canada	MIATCO Food Show	1	2	77	190	32	846	43	1,188	468
7	October 7-11, 1990	Chihuahua, Mexico	Mexico Livestock Show	1	4	145	314	32	506	126	1,123	714
8	November 24-30, 1990	Tokyo, Japan	Kansas/Daiei Beef Promotion	2	7	477	2,421	0	5,430	2,935	11,263	2,167
9	December 1-5, 1990	Taipei, Taiwan (a)	U.S. Meat and Grain Promotion	2	5	323	1,720	32	0	505	2,580	0
10	January 16-20, 1991	Leon, Juan, Mexico	Mexico National Swine Show	1	4	153	365	32	566	74	1,190	55
11	February 6-7, 1991	Mexico City, Mexico	Mexico Food Promotion Trip	2	2	85	256	32	880	68	1,321	48
12	March 6-8, 1991	Mexico City, Mexico	Mexico City Retail Food Promotion	2	3	170	490	32	880	69	1,641	135
TOTALS												
						\$ 1,685	6,138	224	10,120	3,954	22,121	\$ 3,662
FY 1992												
13	July 22-26, 1991	Mexico City, Mexico	US Food Festival '91	1	5	\$ 162	560	32	485	375	1,614	\$ 306
14	August 11-14, 1991	Mexico City, Mexico	Kansas Agricultural Leaders Mission	1	4	77	249	32	454	24	836	1,987
15	September 9-11, 1991	Toronto, Canada	MIATCO Food Show	1	3	77	304	32	404	78	895	0
16	October 13-17, 1991	Chihuahua, Mexico	Mexico Livestock Show	1	5	145	297	32	223	54	751	393
17	Feb. 10-12 & 16, 1992	Paris, France (b)	Monoprix Store Opening	1	4	94	102	41	0	79	316	0
18	April 1-5, 1992	London, England	Harrod's Preliminary Buyers Meeting	1	5	153	639	0	1,547	121	2,460	1,388
19	May 2-4, 1992	Hermosillo, Mexico	Sonora Cattle Show	1	3	77	172	32	417	93	791	255
TOTALS												
						\$ 785	2,323	201	3,530	824	7,663	\$ 4,329

(a) The airfare for the Taiwan trip is included in the Japan trip's airfare.

(b) This was a side trip of a staff member while on vacation in Paris. The Division paid for travel expenses related to the business meetings with buyers.

	DATE	DESTINATION	EVENT	# OF PEOPLE	# OF DAYS	MEALS	HOTEL	MILES	AIR FARE	MISC	TOTAL	HOSPITALITY
	FY 1993											
Trip #	(as of 5/1/93)											
20	August 3-7, 1992	Mexico City, Mexico	US Food Festival	2	5	\$ 256	738	44	1,297	256	2,591	\$ 628
21	August 24-27, 1992	Monterrey, Mexico	Cattlemen's Association Planning Meeting	1	4	119	305	32	743	196	1,395	0
22	Sept.23 - Oct.3, 1992	London, England	Harrod's Promotion	4	9	866	4,326	145	3,363	1,880	10,580	2,505
23	October 10-14, 1992	Chihuahua, Mexico	Livestock Show and Trade Mission	1	4	111	279	32	458	131	1,010	329
24	October 25 - 31, 1992	Monterrey, Mexico (a)	MIATCO Cattle Seminar and Livestock Mission	1	7	0	0	32	0	49	81	0
25	Nov.28-Dec.5, 1992	Tokyo, Japan	Cola Bowl - Kansas/Daiei Beef Promotion	1	7	350	1,153	44	1,318	317	3,181	6,713
26	Feb. 20-21&24-25, 1993	London, England (b)	Europa Buyers Meeting	1	4	72	346	0	0	59	476	0
27	Feb.28-March 5, 1993	Mexico City, Mexico	Kansas Wheat Industry Team	1	6	179	507	32	653	855	2,225	701
	TOTALS					\$ 1,953	7,653	360	7,832	3,742	21,539	\$ 10,876

31.

(a) MIATCO (a marketing association to which the Division pays annual dues) paid for the Marketing Division representative's airfare, hotel, meals, and taxi.

(b) This was a side trip of a staff member while on vacation in London. The Division paid for travel expenses related to the business meetings with buyers.

APPENDIX C

**Members of the Kansas Board of Agriculture
1990 through 1993**

1990

<u>Member</u>	<u>City</u>
Gary Hall, President	Chapman
Jay Armstrong, Vice Pres.	Muscotah
Thayne Larson, Treasurer	Scandia
F. E. Bliss	Longton
Floyd O. Coen	Elkhart
Alvin Epler	Hollowell
Altis Ferree	Yates Center
Charles Hamon	Valley Falls
Art Howell	Lincoln
William Mai	Sharon Springs
Jake Roenbaugh	Kinsley
Lois Schlickau	Haven
 Sam Brownback, Secretary	

1991

<u>Member</u>	<u>City</u>
Jay Armstrong, President	Muscotah
Thayne Larson, Vice Pres.	Scandia
Art Howell, Treasurer	Lincoln
F. E. Bliss	Longton
Floyd O. Coen	Elkhart
Alvin Epler	Hollowell
Altis Ferree	Yates Center
Vic Krainbill	Bern
William Mai	Sharon Springs
Bob Moore	Luka
Ralph Rindt	Herington
Lois Schlickau	Haven
 Gary Hall, Acting Secretary	

1992

<u>Member</u>	<u>City</u>
Thayne Larson, President	Scandia
Bob Moore, Vice Pres.	Luka
Art Howell, Treasurer	Lincoln
Jay Armstrong	Muscotah
F. E. Bliss	Longton
Floyd O. Coen	Elkhart
Alvin Epler	Hollowell
Altis Ferree	Yates Center
Vic Krainbill	Bern
Ralph Rindt	Herington
Lois Schlickau	Haven
Anne Marie Worley	Atwood
 Sam Brownback, Secretary	

1993

<u>Member</u>	<u>City</u>
Thayne Larson, President	Scandia
Bob Moore, Vice Pres.	Luka
Art Howell, Treasurer	Lincoln
Jay Armstrong	Muscotah
F. E. Bliss	Longton
Floyd O. Coen	Elkhart
Alvin Epler	Hollowell
Altis Ferree	Yates Center
Vic Krainbill	Bern
Ralph Rindt	Herington
Lois Schlickau	Haven
Anne Marie Worley	Atwood
 Sam Brownback, Secretary	

APPENDIX D

Summary of Benefits The Marketing Division Reports For Its International Marketing Activities Fiscal Years 1990-1993

These results were reported to us by the Board of Agriculture's Marketing Division. Some of the sales were well-documented, and others were not.

FISCAL YEAR 1990

Korean Meat Sales	\$2,360,000
Mexican Cattle Sales	<u>\$1,409,000</u>
Total	\$3,769,000

FISCAL YEAR 1991

Bull Semen Sales to Mexico	\$1,300
Mexican Cattle Sales	\$549,000
Mexican Meat Sales	\$120,000
Caribbean Beverage Sales	\$50,000
Apple Cider Sales to French Buyer	\$10,000
Japanese Meat Sales	<u>\$5,000,000</u>
Total	\$5,730,300

FISCAL YEAR 1992

MIATCO Mexico City Food Show	\$2,125,000
MIATCO Canadian Food Show	\$1,100
Chihuahua Livestock Show	\$67,900
Monoprix Retail Show (France)	\$10,000
Sonora Cattle Show	<u>\$60,000</u>
Total	\$2,264,000

FISCAL YEAR 1993 (Through May 1, 1993)

MIATCO/Mexico City Food Show	\$1,000,000
MIATCO/Mexico Livestock Mission	\$18,000
Chihuahua, Mexico Livestock Show	\$27,000
Daiei/Coca-Cola Bowl	\$1,811,623
Drink Sales/Mexico	\$100,000
Japanese Processed Food Sales	\$1,590
Harrods Promotion/ London	\$16,096
Europa Foods/London	<u>\$3,200</u>
Total	\$2,978,309
Grand Total	\$14,741,609



Appendix E

Agency Response

On May 27, we provided copies of the draft audit report to the State Board of Agriculture. Its response is included as this appendix.

RESPONSE



Prepared by

Marketing Division

Kansas State Board of Agriculture

To

**Examining Selected Activities of the
Board of Agriculture's Marketing Division**

Report Prepared

by

Legislative Division of Post Audit

6/2/93

The following statement is to serve as a response to the Legislative Division of Post Audit Report "Examining Selected Activities of the Board of Agriculture's Marketing Division" conducted during May, 1993.

The primary purposes of the response are to:

- 1) Identify and present justification for areas of major difference between audit report findings and division positions.
- 2) Identify particular statements, findings, numbers, conclusions, etc., in the report which require additional information in-order to enhance the report and/or assist accuracy.
- 3) Provide pertinent information which shows the division is taking actions which will continue to improve the efficiency of its programs, increase program services to more clients, carry out legislative intent, and provide sound management practices.

It is within the context of the above stated purposes of the response the following information is presented:

- 1) Page 3; Para 2: The division has a total data base of some 10,000 contacts which include producers, processors, exporters, transportation, bankers, restaurants, retailers, wholesalers, ingredient suppliers, media, etc. It is within this total that the approximately 400 companies and producers have emerged for reference in the Report.
- 2) Page 8; Para 3 & 4: Both divisions presented testimony before committees of the 1992 Legislature which outlined each divisions' area of responsibility in international market development, areas of cooperation, and methods for exchange of trade leads. It is important to note that several of the appropriate sub-committees commended the Board of Agriculture and the Department of Commerce on the cooperation demonstrated by the two agencies in marketing projects, particularly regarding international marketing of Kansas products.

This demonstrated coordination and cooperation continues through FY 1993 and FY 1994.

- 3) Page 12; Para 2: In order to be more precise with response to this activity, Page 27, Trip #22, listing should be noted. The notation dates listed include 2 travel days, therefore, actual on-sight time is reduced. In addition it is very important to note the major kick-off at Harrods event was held September 21 with all staff involved; September 17 & 18, Ms. Patton visits other major food chain markets and sets Harrods displays September 19; September 20, in-store product demonstrations by Ms. Matson start; major (non-Harrods) event presentation to 25 invited representatives from other store chains in Europe to introduce Kansas foods and to discuss future promotions coordinated by Mr. Ferguson headed by Brownback, Fastrup, and Patton held September 22; September 23, in-store product demonstrations continue for Matson and Ferguson; meetings with Harrods buyers September 23 for Brownback, Fastrup, and Patton.
- 4) Page 17, Outlined Section: Reference to Lois Schlickau travel to Mexico, October, 1989. Note Page 23, Trip #1.

This particular trade mission was very unique for a number of reasons. First it included a truck load of bulls which had been pre-sold by Kansas breeders to Mexican buyers. The bulls were collected and processed for health certification in common lots. They were processed as a common group with multiple owners. This was designed to be a prototype sale which utilized uniform paperwork of the type required to process a sale financed by the U.S. Export/Import Bank. The buying entity was the Mexican Cattleman's Association serving a number of its individual members. A single buying entity is also a condition of Ex/Im financing. In addition, a single letter of credit was used for payment terms.

This is also a pre-requisite for both sides to determine if Export/Import bank programs had potential. Ex/Im programs have never been used for cattle to Mexico before and no state agency working with private exporters had conducted such a prototype effort.

Second, the Kansas animals were placed in a special exhibit location for maximum exposure to other potential buyers. This stand-alone pavilion was first ever.

It was the importance of the event and the fact that our division had worked in cooperation with KLA, and the Chihuahua government agriculture agency and had also cooperated with their cattlemen's association that President Schlickau was requested by division staff to lead the delegation and represent the Board as we worked with our counter parts. The interface between government officials and the two cattlemen associations is very important to expansion of the project.

The Schlickau's have participated in division trade missions to Mexico since 1984. They have also sold cattle to Mexico before 1989 and since then. As aggressive exporters they also have initiated a number of market promotion actions, independent of the division program.

5) Page 18; Para 5; Page 19, total:

The division started the use of annual operating plans in 1984. The initial attempts were simplistic and the new process was a learning experience for staff. However, they did represent a step in the right direction. Each year the annual operating plans prepared by the individual sub-programs have improved but have not reached the desired comprehensiveness which was targeted.

The audit report identifies areas of needed improvement in the annual plans and correctly point out their value as a management tool.

We appreciate their observation of some improvement in documentation of project results and honest recognition of our efforts related to annual operating plans. Further, we are pleased at audit staff reaction to the new annual operating plan format that will be started this fiscal year, July 1, 1993. We are confident this effort will be of great value towards the betterment of the program.

(Copy of new annual operating plan format attached)

- 6) Page 20, Para #1: The Marketing Division maintains a standard operating practice to provide targeted, specific fit assistance to all companies, organizations, individuals, and the general public.

It is an ongoing goal of the division to provide the highest level of professional assistance and service to as many clients as available resources and expertise will support.

As an agency of Kansas State Government it is the responsibility, and it is in the best interest of the division, to provide the best service possible to as many people as possible.

- 7) Page 21, Recommendations:

#1. No comment.

#2. The determination or conclusion as to the permissiveness and suitability of existing state laws and regulations governing international travel expenses and/or hospitality expenses indeed rests with the legislature, administration, or appropriate rule making body.

It is critical however, that such rules and regulations be adopted and enforced uniformly on a statewide basis for all agencies and not be a collage of individual agency or division level determinations.

Individual division policies and procedures will result in singular interpretations and variation in application. This will retard rather than assist in accruing the desired economies.

#3,a The division must continue to develop better methods and procedures to systematically obtain and document results from international projects. This effort will start immediately and will include utilization of printed survey forms, verification by participants, and computerization where possible.

#3,b The division is currently using a new software package designed for "service to client tracking". The system is called Q & A Database software. At this time the Development Services section is using the program in a prototype fashion. This system will be assigned to all sections as soon as equipment is available.

Sample database printout is attached.

#4 As noted earlier in Response, the division recognizes the value and agrees with the audit staff the need to improve the annual operating plans. This effort is underway at this time and the FY 94 plans will reflect this action.

Copy of new Annual Operating Plan Format is attached.

DRAFT

FORMAT
Annual Operating Plan

I. Project Title Principle Staff

II. Project Description

This section should include a brief two paragraph description of the project including its goals and objectives, target audience, and ag sectors involved.

III. Justification for Project

This section should include a description of why the project is needed, who has requested it, what benefit to agriculture and Kansas can be accomplished, market analysis that points to this type of project, legislative direction, cooperative agreement with federal or state agencies, etc.

IV. Sub-project listings or titles

For example, under GROWN IN KANSAS project, you would list:
Flower, Lawn & Garden Shows
Media Promotions
Directory
Etc.

V. Project Timeline

Describe the time and dates involved in planning, implementing, and analyzing this project.

VI. Project Budget

Be specific on dollars for each major object code utilized in our budget. Remember the total of all project budgets must equal the allocation provided to each program. For example:

Object Code 200:	
Postage	\$ 400
Object Code 220:	
Consumer Brochure	\$ 600
Object Code 270:	
Brochure Design	\$ 800
TOTAL	\$1800

DRAFT

VII. Expected Outcomes

Describe what benefit is expected from this project. Be specific and use numbers in all possible instances. Try to estimate dollars of sales, economic impact, number of directories distributed, number of buyers to be solicited, number of retail outlets targeted, head of cattle to be sold, acres of crop to be planted, contest entrants, etc.

VIII. Measurement Methods

Define how you will determine if expected outcomes are met or not.

Fill one out for each sub-project

LSOB
9-12-9
250 cof
046

PROJECT REPORT FORM
MARKETING DIVISION
FISCAL YEAR _____

Original Rpt _____
Amended Rpt _____
Cancel Proj _____
Project No. _____

PROGRAM: _____
PROJECT TITLE: _____ CONTACT: _____
APPROXIMATE TIMEFRAME OF PROJECT: BEGIN _____ END _____
LOCATION OF PROJECT/EVENT: _____
DESCRIPTION OF PROJECT:

DRAFT

WHAT CONSTITUENT BASE IS AFFECTED? _____

WILL PROJECT REQUIRE EXPENDITURE OF FUNDS? _____
IF SO, WHAT IS APPROXIMATE DOLLAR AMOUNT TO BE SPENT? _____
FROM WHAT FUND(S) IS EXPENDITURE ANTICIPATED? _____
WILL PROJECT REQUIRE RECEIPTING OF MONEY? _____

WILL PROJECT REQUIRE CONTRACT PROVISIONS? _____
IF SO, WHO IS ANTICIPATED VENDOR(S)? _____
WILL PROJECT REQUIRE PRINTING?: State Printer _____ Other _____
WILL PROJECT REQUIRE TEMPORARY HELP? _____
IF SO, WHAT IS APPROXIMATE NUMBER OF HOURS? _____
ARE TRAVEL REQUESTS NEEDED? _____
IF SO, FOR WHO AND WHEN? _____

PROJECT SUMMARY

TOTAL COST BY FUND _____ # OF PARTICIPANTS _____
COMPLETION DATE _____ COST/PARTICIPANT _____
DID PROJECT RESULT IN BUSINESS COMMITMENTS? _____
IF SO, APPROXIMATE DOLLAR VALUE GENERATED? _____
WAS PROJECT PLANNED IN ANNUAL PROGRAM PLAN? _____
WILL PROJECT REQUIRE ANNUAL FUNDING? _____
IF SO, APPROXIMATE DOLLAR AMOUNT FOR BUDGETING _____

APPLICATIONS

Applications	213	Total applications received
Waiting Approval WA	6	Number applications waiting additional information prior to approval
Disapproved DIS	5	Total applications not approved, not qualified
<hr/>		Total applications received minus waiting approval minus disapproved equals approved
Approved APR	202	Total applications received and initially approved
Cancelled CAN	7	Total registrations cancelled for change in or out-of-business'
Pending PEN	10	User's agreement sent, registration pending return of agreement
Unrenewed UNR	11	Registered during previous year, unrenewed for current year, renewal not returned
<hr/>		Total applications approved minus cancelled minus pending minus unrenewed equals registered
Registered REG	174	Total number user's agreements or renewals on file

EMPLOYEES

Full-time	861	Total number of full-time employees working in the registered businesses
Part-time	1054	Total number of part-time employees working in the registered businesses
Seasonal		Total number of seasonal employees working in the registered businesses
Unpaid		Total number of unpaid employees working in the registered businesses
Total	1915	Total number of employees working in the registered businesses

TYPE OF BUSINESS

Grower/Retailer	139	Total number of registered businesses who grow plants and sell directly to consumers
Wholesale Grower	63	Total number of registered businesses who grow plants and sell wholesale to business
Landscape Contractor	24	Total number of registered businesses who grow plants sold as part of service
Processor/Manufacturer	=	Total number of registered businesses who add value to plant materials

TYPES OF PRODUCTS

Bedding Plants BD	74	Number of registered businesses indicating production of these specific types of products
Blooming Plants BL	59	
Christmas Trees CT	78	Each registered business may produce several types of products
Cut Flowers CF	23	
Foliage Plants FP	44	
Groundcovers & Vines GV	48	
Ornamental Grasses OG	48	
Shrubs SH	32	
Trees TR	46	
Turf Grass TG	9	
Dried Ornamentals DO	26	
Bird Feed BF	8	
Other OT	41	

15.

Grand Totals should equal totals reported on the GIK-LSUMRPT - GROWN IN KANSAS Summary Report of Program Status

COUNTY	APPLICATIONS							REGISTERED				EMPLOYEES			TYPE/BUSINESS			TYPE/PRODUCTS												
	APP	WA	DIS	APR	CAN	PEN	UNR	REG	FTE	PTE	SE	UE	TOT	GR	WG	LC	BD	BL	CT	CF	FP	CV	OG	SH	TR	TC	DO	BF	OT	
ATCHISON	2	0	0	2	0	0	0	2	8			3	11	2	0	1	2	1	0	1	0	0	0	0	0	0	1	0	0	1
BARTON	1	0	0	1	0	0	0	1	1			2	3	1	0	1	0	0	1	0	0	1	0	1	0	0	0	0	0	0
BROWN	1	0	0	1	0	0	0	1	5			5	10	1	1	0	1	1	0	0	1	0	0	0	0	0	0	0	0	0
BUTLER	4	0	0	4	0	0	0	4	3			6	9	4	0	0	1	1	2	0	1	1	0	0	1	0	0	1	0	
CHEROKEE	2	0	0	2	0	0	0	2	29			7	36	2	1	0	1	1	1	0	1	0	0	0	0	0	0	0	0	
CLOUD	2	0	0	2	0	0	1	1	5			4	9	2	1	0	1	1	0	0	0	1	1	0	0	0	0	0	0	
COFFEY	3	0	0	3	0	0	0	3	6			40	46	3	2	0	2	1	1	0	2	2	1	1	1	0	0	0	1	
COMMANCHE	1	0	0	1	0	0	1	0	0			0	0	1	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
COWLEY	4	0	0	4	1	0	0	3	10			17	27	3	3	0	2	2	1	1	1	0	0	0	1	0	0	0	1	
CRAWFORD	3	0	0	3	0	0	0	3	21			13	34	3	1	0	1	1	1	0	1	1	2	0	0	1	0	1	1	
DECATUR	1	0	0	1	0	0	0	1	0			2	2	1	0	0	1	0	0	0	0	1	0	0	0	1	0	0	0	
DICKINSON	3	0	0	3	0	1	0	2	7			5	12	3	0	1	1	1	2	1	1	1	1	1	1	1	1	0	1	
DONIPHAN	1	0	0	1	0	0	0	1	0			3	3	1	1	0	0	0	1	0	0	0	0	0	0	0	0	0	0	
DOUGLAS	17	0	0	17	2	1	0	14	25			64	89	16	5	2	4	2	7	4	1	3	5	1	2	1	6	1	4	
EDWARDS	1	0	0	1	0	0	0	1	2			2	4	1	1	0	1	1	0	1	1	1	1	1	1	0	1	0	1	
ELK	1	1	0	0	0	0	0	0	0			0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
ELLIS	2	0	1	1	0	0	0	1	1			3	4	2	1	0	0	0	1	0	0	0	0	0	0	0	0	0	0	
FINNEY	1	0	0	1	0	0	0	1	0			6	6	1	0	0	0	0	1	0	0	0	0	0	0	0	0	0	0	
FORD	3	0	0	3	0	0	1	2	2			2	4	3	1	0	1	1	1	0	0	0	0	0	1	0	1	0	1	
FRANKLIN	2	0	0	2	0	1	0	1	7			5	12	2	2	0	1	0	0	0	1	0	1	1	0	0	0	0	0	
GEARY	1	0	0	1	0	0	0	1	12			10	22	1	1	1	1	1	0	0	1	1	1	1	1	0	0	0	0	
GOVE	1	0	0	1	0	0	0	1	1			0	1	1	0	0	0	0	0	0	0	1	0	0	0	0	0	0	1	
GREELEY	1	0	1	0	0	0	0	0	0			0	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
GREENWOOD	1	0	0	1	0	0	0	1	6			4	10	1	1	0	1	1	1	1	1	1	0	0	0	0	0	0	0	
HARPER	1	0	0	1	0	0	0	1	1			2	3	1	0	0	1	1	0	0	0	0	0	0	0	0	0	0	0	
HARVEY	4	0	0	4	0	1	0	3	2			7	9	3	1	0	0	1	3	0	0	1	1	0	1	0	0	0	1	
JACKSON	3	0	0	3	0	0	0	3	3			42	45	3	1	1	2	0	1	1	0	1	1	1	2	0	2	0	1	
JEFFERSON	4	0	0	4	1	0	1	2	3			15	18	4	3	0	1	0	1	0	0	0	0	0	0	1	0	2	0	
JOHNSON	24	0	0	24	1	1	2	20	88			206	292	19	9	5	7	6	14	0	4	5	3	3	5	0	0	0	3	
KEARNY	1	0	0	1	0	0	0	1	0			2	2	1	1	0	0	0	0	1	0	0	1	0	0	0	1	0	1	
KINGMAN	2	1	0	1	0	0	0	1	0			1	1	1	0	0	0	0	1	0	0	0	0	0	0	0	0	0	0	
KIOWA	2	0	0	2	0	0	0	2	4			1	5	2	0	0	2	2	1	0	1	2	2	1	1	0	1	0	0	
LANE	1	0	0	1	0	0	0	1	20			10	30	1	1	0	0	0	0	0	0	1	0	0	1	0	0	1	0	
LEAVENWORTH	7	0	0	7	0	0	0	7	145			49	194	4	5	1	3	4	3	1	4	4	2	1	2	0	1	0	0	
LINN	1	0	0	1	0	1	0	0	0			0	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
MARION	3	1	0	2	0	0	0	2	3			9	12	2	1	0	2	2	0	1	1	0	1	0	0	0	1	0	0	
MARSHALL	2	0	0	2	0	0	0	2	2			1	3	2	1	0	1	1	1	2	1	1	0	0	0	0	1	0	1	
MCPHERSON	2	0	0	2	0	0	0	2	1			2	3	2	1	0	0	0	1	1	0	0	1	0	1	0	1	1	1	
MIAMI	1	0	0	1	0	0	1	0	0			0	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
MITCHELL	1	0	0	1	0	0	0	1	1			3	4	1	0	0	0	0	1	0	0	0	0	0	0	0	0	0	0	
MONTGOMERY	3	0	0	3	0	0	2	1	3			5	8	3	1	1	1	1	0	0	1	1	1	1	1	1	0	0	0	
MORRIS	2	0	0	2	0	0	0	2	14			5	19	0	2	0	2	2	0	0	0	1	1	0	0	0	0	0	1	
NEOSHO	3	1	0	2	0	0	1	1	1			1	2	2	0	0	0	1	0	0	0	0	0	0	0	0	0	0	0	
OSAGE	2	0	0	2	0	0	0	2	4			2	6	2	1	0	2	1	0	0	1	1	0	0	0	0	0	0	1	
OSBORNE	1	0	0	1	0	0	0	1	1			2	3	1	0	0	0	0	0	0	0	0	0	0	0	1	0	1		
OTTAWA	1	0	0	1	0	0	0	1	2			2	4	1	1	0	0	0	0	0	0	1	0	0	0	1	0	1		
PAWNEE	1	0	0	1	0	0	0	1	5			2	7	1	0	0	1	1	0	0	1	0	0	0	0	0	0	0	0	
PHILLIPS	1	0	0	1	0	0	0	1	1			3	4	1	0	0	1	0	0	0	0	0	0	0	0	0	0	0	0	
POTTAWATOMIE	5	0	0	5	0	1	0	4	41			32	76	4	2	1	3	1	0	1	2	1	2	1	1	1	1	0	1	
PRATT	1	0	0	1	0	0	0	1	2			3	5	1	0	0	0	0	0	1	0	0	0	0	0	1	0	0	0	

46

GROWN IN KANSAS Marketing Program
 LSUMBYCO - Summary Report of Number Applications, Registrations by County
 Kansas State Board of Agriculture, Marketing Division, Development Section
 901 S Kansas Ave, Topeka, Kansas 66612-1282 913-296-1165 05/04/93 Page 2

Type of Business Type of Products CF - Cut Flowers SH - Shrubs BF - Bird Feed
 GR - Grower Retailer BD - Bedding Plants FP - Foliage Plants TR - Trees OT - Other
 WG - Wholesale Grower BL - Blooming Plants CV - Groundcvr/Vines TG - Turf Grass
 LC - Landscape Contractor CT - Christmas Trees OG - Ornamental Grass DO - Dried Orna

Grand Totals should equal totals reported on the GIK-LSUMRPT - GROWN IN KANSAS Summary Report of Program Status

COUNTY	APPLICATIONS							REGISTERED					EMPLOYEES			TYPE/BUSINESS			TYPE/PRODUCTS											
	APP	WA	DIS	APR	CAN	PEN	UNR	REG	FTE	PTE	SE	UE	TOT	GR	WG	LC	BD	BL	CT	CF	FP	GV	OG	SH	TR	TG	DO	BF	OT	
RENO	5	0	0	5	0	1	0	4	38	71			109	5	1	2	1	1	2	0	1	2	2	0	1	0	0	0	0	
REPUBLIC	1	0	0	1	0	0	0	1	2	3			10	1	1	1	0	0	1	0	0	0	0	0	1	0	0	0	0	
RICE	1	0	0	1	0	0	0	1	0	0			0	1	0	0	0	0	0	0	0	0	0	1	1	0	0	0	0	
RILEY	8	1	0	7	0	0	0	7	47	97			144	6	2	2	4	2	3	0	1	2	2	3	2	1	0	1	1	
SALINE	6	0	0	6	1	0	0	5	18	76			94	4	2	1	1	1	3	1	1	1	0	1	1	1	1	1	1	
SCOTT	1	0	0	1	0	0	0	1	1	4			5	1	1	0	1	1	0	0	1	0	0	0	0	0	0	0	0	
SEDGWICK	14	0	1	13	1	0	0	12	154	97			251	12	5	4	6	7	7	1	5	4	6	6	7	1	0	1	5	
SHAWNEE	20	0	0	20	0	1	1	18	50	52			102	0	0	0	6	5	9	2	5	4	2	1	2	0	1	0	5	
SHERMAN	1	0	0	1	0	0	0	1	0	1			1	1	0	0	0	0	1	0	0	0	0	0	0	0	0	0	0	
STAFFORD	5	1	2	2	0	0	0	2	5	7			12	4	3	0	0	0	1	1	0	0	0	1	1	0	0	0	0	
SUMNER	2	0	0	2	0	0	0	2	2	1			3	2	1	1	0	0	0	0	0	0	0	2	2	0	0	0	0	
THOMAS	1	0	0	1	0	0	0	1	2	2			4	1	1	0	1	1	0	0	1	1	0	0	0	0	0	0	0	
WABUNSEE	1	0	0	1	0	0	0	1	6	0			8	1	1	1	0	0	0	0	0	0	0	0	1	0	0	0	0	
WASHINGTON	2	0	0	2	0	0	0	2	2	7			9	2	0	0	0	0	1	0	0	0	0	0	1	0	0	1	0	
WILSON	2	0	0	2	0	0	0	2	1	1			2	2	1	0	1	0	0	0	0	0	1	0	0	0	0	0	0	
WYANDOTTE	5	0	0	5	0	1	0	4	32	20			52	4	3	2	2	2	2	0	1	2	1	2	2	0	0	0	1	
66	213	6	5	202	7	10	11	174	861	1054			1915	167	76	29	74	59	78	23	44	46	46	32	46	9	26	3	41	

47.

#	Date	Company Name	Company Address	City	Co	Zip	Phone 1	First Name	Last Name	Type of Contact	Subject of Contact	Follow Up Contact	Stf
											productivity or location for marketing		
	10-8-92			Overland Park	JO	68204		Debra	Rightwire	food labeling UPC	seeking information and advice on developing label for fruit jubilees and gourmet syrups	referred to SM	11m
	10-9-92	Seybert Food Processing	PO Box 670	Louisburg	MI	67864	316-873-5150	Roy	Seybert	miscellaneous	contacts for distribution project		11m
	10-9-92	Blythe's Wholesale Perennials	6633 SE 53rd	Tecumseh	SN	66542	913-379-0607	Blythe	Steward	GIK			11m
	10-9-92	Century Systems		Dayton, OH			1-800-28-3606	Carla	Herman	miscellaneous	question about food labeling laws in Kansas	referred to KDHE-FD	11m
	10-12-92	Home on the Range Beef Jerky	Rt 1	Modoc	SC	67863	316-872-7146	Lori	Robbins	food processing			11m
	10-12-92	Bread Basket Cafe	Rt 1 Box 236	Courtland	RP	66939	913-374-4451	Verlene	Veteto	food labeling UPC	question about food label for Smoky Sauce (BBQ Sauce)		11m
	10-13-92	Sweetwater Sprouts		Hutchinson	RN		316-665-0092	Maggie	Rigge	food packaging	question about packaging labels and marketing		11m
	10-13-92	Delicate Frost	1101 W Douglas	Wichita	SG	67213	316-263-8733	Jana	Northcutt	GIK			11m
	10-13-92	Pittsburg Sun Newspaper		Pittsburg	CR	66762		Neil		miscellaneous	question use of sunflower oil in food products		11m
	10-13-92		821 Grand Ct	Topeka	sn	66606	913-273-3670	Robie	Lee	food processing	sources of loans for starting a new bakery business	KSBCD - Topeka, Washburn	11m
	10-13-92	KVAC		Manhattan	RI	66502	913-532-7033	Susan	Goetsch	miscellaneous	provided details about an AIB seminar and discussed 10-14-92 meeting		11m
	10-13-92	Granny Square-A Delicate Frost	1101 W Douglas	Wichita	SG	67213	316-263-8733	Jana	Northcutt	FTLOK	discussed business and potential for GIK and FTLOK		11m
	10-14-92	Express Card and Label	2012 NE Meriden Rd	Topeka	SN	66608	913-233-0369	Sondra	Morris	labeling			11m

