

MINUTES OF THE House COMMITTEE ON Agriculture and Livestock

The meeting was called to order by the Chairman, Bill Fuller at
Chairperson

9:00 a.m./p.m. on February 23, 1984 in room 423-S of the Capitol.

All members were present except:

Representatives Arbuthnot and Flottman, who were excused.

Committee staff present:

Raney Gilliland, Legislative Research Department
Norman Furse, Revisor of Statutes Office
Kathleen Moss, Committee Secretary

Conferees appearing before the committee:

Harlan Priddle, Secretary of Agriculture
Steven Graham, Kansas Wheat Commission
Kurt Feltner, Kansas State University
Dr. George Hamm, Agronomy Department, Kansas State University
Dr. Jack Riley, Beef Cattle Scientist
Bill Phillips, Fort Hays Experiment Station
Dennis Shirley, Decatur County wheat grower
Jerry Keating, Grain farmer and cattle feeder

The meeting was called to order by the Chairman, who announced the continuance of hearings of House Bills 2971, 3006 and 3007. He noted that the package of bills provide more funding for various programs in the agriculture industry.

Harland Priddle, Secretary of Agriculture, appeared in support of all three bills and distributed a prepared statement. (See Attachment 1.)

Steven Graham, Administrator of the Kansas Wheat Commission, testified in support of the three bills. (See Attachment 2.)

Jerry Keating, a grain farmer and cattle feeder for 25 years, appeared in support of HB 2971. He said that feeding cattle is one of the largest industries in Kansas, and the industry needs increasing sources of feed. He commented concerning the declining water situation as it relates to raising feed.

Kurt Feltner, Kansas State University, reiterated statements made by Secretary Priddle, and introduced Dr. George Hamm from the Agronomy Department, Dr. Jack Riley, a Beef Cattle Scientist and Bill Phillips of the Fort Hays Experiment Station. Mr. Phillips discussed alternate crops and stressed that if alternatives are developed, uses and markets should be established at the same time. He stated he feels such crops as sunflowers and soybeans have the greatest promise for Kansas, noting that whole sunflower is now being used for feed rather than feeding meal after the oil has been extracted.

Dennis Shirley, a Decatur County wheat producer, told the committee he is doing his own experimenting. He said he feels that wheat could be developed as a feed grain, as well as a food product. He noted that he feels Kansas could develop a soft, white wheat which can be grown in drier areas. He urged the committee to pass legislation funding experimentation, and suggested that surrounding states might be willing to participate in a cooperative effort.

There were numerous questions by the committee members, and the Chairman announced that the hearing would continue the following day. The meeting was adjourned at 10:01 A.M. The next meeting will be Friday, February 24, 1984, 9:00 A.M., Room 423-S.

PRESENTATION BY HARLAND E. PRIDDLE
SECRETARY OF AGRICULTURE
KANSAS STATE BOARD OF AGRICULTURE

TO HOUSE AGRICULTURE AND LIVESTOCK COMMITTEE

FEBRUARY 23, 1984

RE: HOUSE BILLS 3006, 3007 and 2971

Mr. Chairman and Members of the Committee, thank you for this opportunity to comment on House Bills 3006, 3007 and 2971. As a general opening comment, I would commend the committee for recognizing the need to emphasize issues which should strengthen the industry of agriculture and the farm economy over a long term basis. As we review agriculture today, we clearly see the tremendous advancements in technology, production, research achievements and agribusiness development over the past few decades. In reviewing agriculture and its composition, it is clearly an industry highlighted by the interlinking of all of these activities to achieve its current strength and stature. As we review the world market and the impact of the United States on satisfying that market, we see the challenges of the future. We no longer are the only producer of certain crops thus the need for investigation and review of alternate cropping patterns for this great production area of the country. While at the same time we need to continually investigate the alternate uses and additional uses of such items as wheat and nonfoodstuff market product and development research. We have the proven capability of the production of wheat and its products. If Kansas were to be ranked in the countries of the world, we would rank number 8 in the production of wheat. We should also at this initial point in our discussion review the impact of agricultural production and commodity sales on the economy of the entire United States. The deficit of this country during the past fiscal year will reach somewhere in the neighborhood of \$70 billion. We insert the agricultural trade balances and see approximately 23 to 25 billion on the plus side. This truly highlights the real significance of the impact of agriculture on the economy of the country.

With those brief few comments I would like now to talk specifically to the three bills in question with some specific comments as they relate in their present form. House Bill 2971, as well as 3006 and 3007, address the need to conduct research on certain wheat varieties as well as market and product development research. As referenced in the initial opening comments, wheat is the strong suit in Kansas and these bills obviously emphasize this in their content. We would like to make some general comments relating to the water requirements for wheat production under irrigation as compared to requirements for other crops such as corn or sorghum. These comments were basically prepared by David L. Pope, our Chief Engineer, who could not be with us today as he is in a hearing in Hays at this time. Wheat has been produced in Western Kansas under irrigated conditions for many years. However, this was usually done to stabilize yields during dry years and to achieve the maximum economic benefit from the land, water, equipment and management available to the farm unit. Wheat and grain sorghum are crops adaptable to off season irrigation or limited irrigation during the growing season. With water supplies in many areas even more limited and energy resources escalating, a shift is occurring from corn and other high water use crops to crops that were to produce a reasonable yield with less water.

The quantity of water needed to produce fully irrigated crops in Western Kansas is normally considered to be about 24 acre inches per acre of water per year. This amount of water would normally produce about 120 to 150 bushels per acre of feed grain crops such as corn or grain sorghum. In contrast university sponsored research and experience by farmers in Western Kansas have shown it is possible to produce about 50 to 70 bushels per acre wheat under average rainfall conditions with about 12 acre inches per acre of water per year, an amount half that required by fully irrigated crops such as corn. A similar amount of water would also produce 80 to 100 bushels of grain sorghum if irrigation is well timed and other agronomic practices are geared for a limited irrigation program.

Comments on House Bill 3007 will relate to section 3 of the bill. This section concerns the establishment of an additional employee for the State of Kansas to perform the function of an agricultural analyst or research analyst for the state. In further amplifying on the opening comments regarding agricultural industry and its impact and size, American agriculture is the world's largest commercial industry with assets exceeding one trillion dollars. The industry employs nearly 23 million people, a full 22% of America's total labor force. The agricultural industry encompasses manufacturing, farming, transportation, processing and merchandizing. In our State of Kansas, agriculture is also the number one industry with over 6 billion in gross receipts during the calendar year of 1981. Production methods and techniques combined with research of new varieties has increased production of commodities dramatically. Today one hour of farm labor produces 14 times as much food and crops as it did 60 years ago. Also to emphasize the dramatic increase in capability of technology, in 1880, it took 350 man hours to produce a hundred bushels of wheat. Today it takes 10 man hours. In 1880 it also took 180 man hours to produce 100 bushels of corn. Today it takes 4 man hours. With this productivity many complexities related to marketing and marketing research have surfaced. With the increased complexity in production a broad range of issues and problems affecting the price farmers and ranchers receive for food and fiber have developed. These issues include (1) the persistence of low farm prices, (2) the existence of barriers to marketing efficiency such as embargoes and other related incidences, (3) the impact of transportation costs on the prices farmers and ranchers receive for their products, (4) the role of commodity futures and futures option trading, (5) a need to direct and redirect marketing research, (6) the prospect of greater producer involvement in marketing promotion programs, (7) the tremendous increase in international marketing efforts and emphasis.

With the increased emphasis in international marketing as well as domestic uses of foodstuffs, the effort must be made to analyze marketing segments and

identify target countries which can be considered as candidates for increased commodity marketing programs. Full analysis of countries throughout the world is needed in the area of identifying possible trading partners for agricultural products. This analysis would include the study of the economic situations within each country, an identification of products required by specific countries and the ability of Kansas agricultural products to satisfy that need. These studies would be used as a basis for creating buyer and seller contacts for agricultural products throughout the world.

With this as a background, we believe there is a need for detailed analysis of production patterns of products in Kansas, their inter-relationship with farm programs and world needs for the products we produce. Within our state boundaries we need to centralize our efforts to ensure that commodities we produce in Kansas are processed in Kansas to the greatest extent. We currently have underway a research project identifying sources of wheat used in milling operations in Kansas. In the event wheat is being used from outside our state borders, we hope to identify the reasons so that we can possibly gain the economic benefit of value adding that within our own boundaries in lieu of other state boundaries or international boundaries throughout the world. In the area of quality control, we are continually asked by visiting foreign dignitaries our comments relative to guaranteeing quality. There are activities underway within the State with objectives and goals to achieve quality control from end to end. Great Plains Red Wheat is centering their efforts in this regard.

As a summary, I believe agriculture must continue to be visible as the number one industry in this state and nation. Our farmers are depressed at the prices they receive for their products compared to the cost of operations. We need to use every means at our disposal to obtain the best possible price for products that are produced by Kansas and U.S. farmers. As we continue to research alternate

cropping methods, wheat nonfoodstuffs, market and product development, we hope that a balance of supply and demand may come into being in the future. I would encourage this committee and the legislature to take every possible action to strengthen the economy of agriculture in this State and this Nation. Agriculture is America's heartbeat. As we approach Agriculture Day on March 20, we should be reminded that farmers power today's world. Without skilled farmers and the research that make them skilled in the food they raise, we would be a sorry lot indeed. While we have achieved great capability in production of food, we are still providing the American consumer with a tremendous bargain in the market place. Only 16 percent of disposable income within this country is spent on food. Drastically lower than such countries as China where 60% is allocated to food purchases; Russia where 34% is used; and even Japan, a highly industrialized nation, spends over 24% of its income on food. I commend the Committee on recognizing the need to continue to look forward. House Bills 3006, 3007 and 2971 does just that.

TESTIMONY BEFORE HOUSE OF REPRESENTATIVES
COMMITTEE ON AGRICULTURE AND LIVESTOCK
BY THE
KANSAS WHEAT COMMISSION
FEBRUARY 23, 1984

RE: HB 2971, HB 3006 and HB 3007

Chairman Fuller, Representatives Johnson and Polson, members of the Committee, ladies and gentlemen, it is always a privilege for the Kansas Wheat Commission to testify before this committee.

Concerning the three bills before us, we must say we are pleased to see more general fund money going into agriculture. As Chairman Fuller often says, "only eight-tenths of one percent of the state budget goes for agriculture" and certainly we all agree the state's number one industry deserves better treatment. The following quote from Jeffrey B. Lane, CEO, Shearson-American Express, Inc., represents our feelings well: "As soon as you stop spending money for future growth, you start to sow the seeds of your own disaster". In order to avoid disaster, we must start planning and spending for the future today.

For new varieties of bread wheats or feed wheats, our marketing system needs objective tests to aid the grain inspectors must be in place in the grain standards. In fact, a part of the overall plan to develop feed wheats should include the establishment of a feed wheat class in the Federal Grain Standards. We have seen what happens when feed wheats are released without a proper feed wheat class. California feed wheats were classed as Hard Red Winter and caused great market disruptions and harm to the reputation of Hard Red Wheat as a bread wheat. This must be absolutely avoided in Kansas.

Communication between the legislature and KSU administration as specified in the bills will foster a good two-way understanding of research developments, successes, pitfalls, priorities and needs. Of course, for success in breeding bread wheats, feed wheats and alternate crops, KSU is going to need some help in the form of

greenhouse and plant science facilities. Bright plant scientists can do wonders if they have some facilities in which to work.

When the feed wheats and alternate crops are developed, and they will be developed with the state's financial and moral support, the products will have to be marketed. This is where the International Grains Program comes in. We have a unique program in our state which easily can expand in the future to promote more than wheat, corn, sorghum and soybeans. It can be a showcase for the state's agriculture - a worldwide extension program.

A recent meeting with President Acker pointed out the need for some new thinking about the program. The IGP needs a clear identity with a separate budget within KSU in order that future financial enhancements to the program do not upset other funding priorities the regents have set at KSU.

The Wheat Commission believes the International Grains Program must soon be provided with a core staff and adequate facilities if it is going to succeed in addressing the demands placed upon it. Outside funding for an IGP building and programs is there if we in the state can finish building the foundation for the International Grains Program.

Farmers in the state are struggling through some of the hardest times since the depression. Many factors within and without the state are the cause of this situation. The solution to the problems starts here today with the realization that the state has an obligation to help its number one industry. A package of research facilities, research projects and a strong marketing program are all essential for Kansas' future.