

Approved March 24, 1988
Date

MINUTES OF THE HOUSE COMMITTEE ON AGRICULTURE AND SMALL BUSINESS

The meeting was called to order by Representative Susan Roenbaugh at
Vice-Chairperson

9:07 a.m./~~p.m.~~ on March 17, 1988 in room 423-S of the Capitol.

All members were present except: Representatives Clifford Campbell and Apt who were excused.

Committee staff present: Raney Gilliland, Legislative Research Department
Norman Furse, Revisor of Statutes Office
Marjorie Brownlee, Committee Secretary

Conferees appearing before the committee: SB 448 and SB 637
Wilbur Leonard, Committee of Kansas Farm Organizations
Don Lundquist, President, Kansas Corn Growers Association
Hal Judy, wheat producer, Member of the Kansas Wheat Commission, Hutchinson
David Frey, Assistant Administrator, Kansas Wheat Commission
Brad Shogren, Chairman of Policy Development and Implementation Committee, Kansas Soybean Association
Clair Niles, soybean producer, Chairman, Kansas Soybean Association
Jeff Casten, Kansas Soybean Growers
John Wise, Kansas Corn Growers Association

Vice-Chairperson Roenbaugh addressed the Committee briefly, introducing a House Resolution which is proposed for recommendation by the Committee on Agriculture and Small Business to the House on March 18, 1988. The resolution would proclaim March 18, 1988, as "Agriculture Day." (ATTACHMENT I)

Representative Eckert moved that the proposed resolution be adopted and introduced to the House on March 18, 1988, proclaiming that day as "Agriculture Day." Representative Crumbaker seconded the motion. On vote of full membership of the Committee the motion carried.

The session was declared open for hearings on both SB 448 and SB 637 (inasmuch as a number of the conferees wished to testify on both bills) by Vice-Chairperson Roenbaugh.

The first conferee to appear was Wilbur Leonard, Committee of Kansas Farm Organizations. He spoke of the history of the bills from inception to date and then further elaborated on the changes which have come about in amendment. He pointed out that the Kansas Farm Organizations are in support of SB 637 except for subsection 2 (d) and section 3. (ATTACHMENT II)

Don Lundquist, President, Kansas Corn Growers Association, was the next speaker. He also expressed support for SB 637 except for section 2 (d) and was in favor of deletion of this paragraph. (ATTACHMENT III)

Hal Judy, a wheat producer and member of the Kansas Wheat Commission from Hutchinson, wanted to register support of SB 448. (ATTACHMENT IV)

The next conferee, David Frey, Assistant Administrator, Kansas Wheat Commission, spoke in behalf of SB 448 saying they were satisfied with the bill as is. On SB 637 he registered support except for section 2 (d) and discussed the possibility of an assessment being made more than once. (ATTACHMENT V)

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON AGRICULTURE AND SMALL BUSINESS,
room 423-S, Statehouse, at 9:07 a.m./~~p.m.~~ on March 17, 1988

Brad Shogren, Chairman of Policy Development and Implementation Committee for the Kansas Soybean Commission, expressed support for SB 637 with the deletion of Section 2 (d). (ATTACHMENT VI)

Clair Niles, a soybean producer and Chairman of the Kansas Soybean Commission, supported SB 637 with the deletion of the ASCS paragraph. (ATTACHMENT VII)

Jeff Casten, Kansas Soybean Growers, spoke briefly in support of SB 637, citing the variations in income as a result of the ASCS paragraph would create problems with the ongoing research and development which the Kansas Soybean Growers are in the throes of programming. They are in favor of deletion.

John Wise, Kansas Corn Growers Association, also professed support of SB 637 if there is a deletion of section 2 (d).

The meeting was adjourned at 10:02 a.m. with the Vice-Chairman announcement that there would be continued hearings with regard to these bills on Friday, March 18, 1988.

The next meeting of the House Agriculture and Small Business Committee will be at 9:00 a.m. on March 18, 1988, in Room 423-S.

HOUSE RESOLUTION NO. _____

A RESOLUTION proclaiming March 18, 1988, as "Agriculture Day."

WHEREAS, Agriculture is the oldest, largest and most respected industry in the United States; and

WHEREAS, Agriculture was and still is the foundation of the economic structure of the United States; and

WHEREAS, The American farmer, including the Kansas farmer, of today produces enough food to feed at least 79 people at a price that is a lower percentage of income than the price paid by the American people a generation ago; and

WHEREAS, The Kansas farmer produced over 366 million bushels of wheat in 1987, which was over 17% of the entire United States wheat crop; and

WHEREAS, The production of wheat in Kansas has made the state number one in the amount of flour milled and second in the amount of flour milling capacity; and

WHEREAS, Kansas ranks number one in the country in beef packing and number three in the country in the production of beef; and

WHEREAS, Kansas ranks number fourth among the states in total agricultural exports amounting to \$1.5 billion; and

WHEREAS, Kansas ranked number one in the country in grain sorghum production during 1987 with 273.8 million bushels; and

WHEREAS, Kansas produces field crops, livestock and poultry having a value of more than \$5 billion in a single year; and

WHEREAS, The United States and the state of Kansas owe a great debt to the thousands of industrious individuals who have given their heart and spirit to the production of food so millions of people could live healthy and happier lives; and

WHEREAS, Agriculture is the very heart of the national economy, our number one inflation fighter, the most efficient

food and fiber system providing the world's most varied and highest quality food supply for only 15% of each American's income; and

WHEREAS, Agriculture serves all Americans by providing the basic necessities of life, and the performance of agricultural economy is vital to maintaining our national economy, the standard of living of our people and our presence in world trade markets; and

WHEREAS, The American farmer and the Kansas farmer have been and will continue to be the great providers for the people of the United States and of the world: Now, therefore,

Be it resolved by the House of Representatives of the State of Kansas: That we proclaim March 18, 1988, as "Agriculture Day."

Comm tee of . . .

Kansas Farm Organizations

Wilbur G. Leonard
Legislative Agent
109 West 9th Street
Suite 304
Topeka, Kansas 66612
(913) 234-9016

TESTIMONY IN SUPPORT OF SUBSTITUTE FOR SENATE

BILL NO. 448 AND SENATE BILL NO. 637

BEFORE THE HOUSE COMMITTEE ON AGRICULTURE

AND SMALL BUSINESS

March 17, 1988

Mr. Chairman and Members of the Committee:

I am Wilbur Leonard, representing the Committee of Kansas Farm Organizations. We appreciate the opportunity to appear before you today to present our views with respect to Substitute for Senate Bill No. 448 and Senate Bill No. 637.

We supported these bills in the Senate in their amended versions, but not including subsection 2 (d) and section 3 of Senate Bill No. 637, and we take that same posture before your committee today.

Original Senate Bill No. 448 was introduced by the Special Committee on Agriculture and Livestock as the result of an interim study. With Kansas having the lowest mill levy of any of the wheat commission states and with declining production in recent years it is obvious the wheat commission is faced with some hard decisions as to which programs may be continued if the levy is not increased.

The Kansas soybean commission, together with the corn and grain sorghum commissions, was created in 1977 and has not had an assessment increase since 1982, with the result that revenues have remained relatively constant.

All the commissions benefit from the maintenance of strong state programs wherein they may receive matching funds through the United States department of agriculture. The interim committee was advised

that participation in the U. S. Wheat Associates, the International grain program and various ongoing research projects in cooperation with Kansas state university are essential activities, but with escalating costs.

These bills place on the respective commissions both the authority and the responsibility for making the increases in the respective assessments. These increases fall upon the producers who are supporters of the move, as evidenced by the participation here today of their respective associations.

Attached to our statement is a rough analysis of the changes proposed in these bills. We believe that there should be general conformity between the statutes governing the wheat commission and those pertaining to the other commodity commissions.

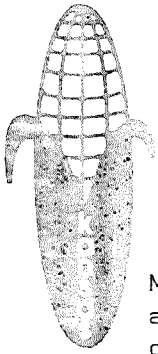
We urge the Committee to take the necessary action to achieve that end.

Changes proposed by Substitute for Senate Bill No. 448:

1. Authorizes the Kansas wheat commission to increase the assessment up to 10 mills per bushel.
2. Changes from "tax" to "assessment" the designation of the levy collected on wheat which is marketed through commercial channels.
3. Decrees that no wheat shall be subject to the assessment more than once.
4. Places a \$5.00 minimum on the amount of the assessment which may be refunded from levies collected on soybeans, grain sorghum or corn.
5. Would become effective June 1, 1988.

Changes proposed by Senate Bill No. 637, as amended:

1. Provides that members of the corn, grain sorghum and soybean commissions whose terms expire shall continue to serve until their successors have been duly appointed and qualified.
2. Authorizes the soybean commission to increase the assessment up to 20 mills per bushel upon soybeans marketed through commercial channels.
3. Places a \$5.00 minimum on the amount of the assessment which may be refunded from levies collected on soybeans, grain sorghum or corn.
4. Authorizes the Kansas wheat commission to increase the assessment on wheat up to 10 mills per bushel.
5. Places a \$5.00 minimum on the amount of the assessment which may be refunded from the levy collected on wheat.
6. Provides that no wheat shall be subject to the assessment more than once. (There does not appear to be a similar restriction with respect to soybeans, grain sorghum or corn).
7. No assessment against any of the grains would be made when they are pledged to secure loans from the commodity credit corporation at the time of the loan, but would be levied when that service takes actual possession of the grain.
8. Changes the designation of the levy made against wheat from "tax" to "assessment" in K.S.A. 1987 Supp. 2-2608, but does not make a similar change in K.S.A. 2-2609 and K.S.A. 2-2610.
9. The section pertaining to wheat is made effective June 1, 1988 and the section pertaining to corn, grain sorghum and soybeans are to be effective September 1, 1988.



KANSAS CORN GROWERS ASSOCIATION

Testimony for:
House Agriculture &
Small Business Committee
By: Don Lundquist, President

Mr Chairman and members of the committee, I am Don Lundquist, a farmer-stockman from Lindsborg in McPherson County and currently President of the Kansas Corn Growers Association. I appreciate the opportunity to talk to the committee today concerning S.B. 637 and specifically as it relates to corn.

While generally being in support of the bill, we have to vigorously oppose Section 2, Paragraph (d), concerning Commodity Credit Corporation assessments. We feel that the method used up to now, i.e. assessment at the time of taking out the loan, has worked well and should be retained for the following reasons.

First - the most efficient time of collection - the producer is receiving money at this time. At the time of forfeiture no funds are being transferred, consequently a producer would have to write a check at that time. (Questions: who to? where to? how much would not be sent?) We feel that the higher percentage of assessments made, the fairer it is for all producers.

Second - this would make it very hard for the Commission to project income. In the crop year 1985, the Kansas Corn Commission received \$111,808.00 through ASCS check-offs and 34% of that was forfeited. In crop year 1986, \$347,766 was received and very little if any was forfeited. There is no way of projecting this.

Third - We feel that this amendment is an attempt for a solution to a problem that should not exist. That problem being double check-off in isolated instances. Rather it is a management problem on the part of the producer. If it does occur, all the producer has to do is to request a refund.

Of the twelve states that do have check-offs and are members of the National Corn Development Foundation, only one, Wisconsin does not check-off at the time of the loan, and they have just gone through a two week voting period authorizing a one-cent check-off and CCC check-off at the time of loan. Votes to be counted starting today. It is interesting to note that the last three states to pass check-offs, namely Alabama, South Dakota, and Colorado, all were at the one-cent rate and authorize CCC check-off at the time of loan being issued.

We ask your support in deleting this unnecessary paragraph from S.B. 637.

Thank you for your attention. I would try to answer any questions you may have at this time.

3/17/88

Kansas Wheat Commission Testimony

Before The

House Agriculture Committee

March 17, 1988

Chairman Campbell, members of the committee, ladies and gentlemen, I appreciate the opportunity to testify this morning on Senate Bill 448. I am Hal Judy, a wheat producer from Hutchinson and a member of the Kansas Wheat Commission.

This past fall the commission testified before the Special Committee on Agriculture and Livestock and raised issues which are being addressed in the bill mentioned above. We enjoyed the chance to work with the special committee and felt the extra time we were able to spend on the issues was very worthwhile.

SB448

This bill would give the commission the authority to set the assessment on wheat at a rate of not more than 10 mills per bushel. The present rate is 4 mills. The commission would not be permitted to change the assessment more than once a year. As always, under the provisions of this act, no wheat shall be subject to the assessment more than once.

Historically, as many as 17 million acres have been planted to wheat in Kansas. In 1982, 14.1 million acres were planted with

the resulting crop of 458.5 million bushels. This past fall, only 10.2 million acres were planted, this being the lowest in 17 years. We probably are looking at a harvest under 350 million bushels in 1988.

Income to the wheat commission in FY84 was \$1.76 million and in FY87 only \$1.11 million, a drop of 37%. Income so far in FY88 is not much higher than last year. In FY85 the commission had an approved budget of \$1.67 million and by FY89, with no adjustments to the funding formula, the approved budget will need to be approximately \$975,000, a drop of 42%.

Such a decline has meant cutting back on many areas of the commission's work. Special projects which were undertaken through U.S. Wheat Associates to target specific markets for hard red winter wheat (the primary class of wheat grown in Kansas) have all been curtailed.

There were fifteen KWC funded research projects at Kansas State University in FY85. We could be forced to reduce that to one research project in FY89. Cooperation on projects with other organizations at the state or national level has been greatly reduced or in some cases eliminated. Most importantly, new projects needing the commission's support cannot even be considered.

Major projects which the KWC currently funds and the success of which will hinge on a continued or enlarged Kansas Wheat Commission commitment include:

- *Development of hard white winter wheat for Kansas
- *The International Grains Program
- *U.S. Wheat Associates
- *Wheat Foods Council

Projects the commission would like to enter into include:

- *Expanded biotechnology work on wheat leading to the development of alternate or specialty wheats for value-added products - whether food or nonfood products

- *Food and industrial product development using wheat

Raising the mill levy from 4 mills to some higher level not exceeding 10 mills will help the KWC maintain safe carryover balances and allow the commission to enter into those new and needed research and market development projects mentioned above.

If asked today, understanding I do not know what will happen to the crop and what the government will decide in the next couple months, I would say the commission would set the mill levy around 7 mills. This would allow us to have a budget similar to three years ago and would not be a levy exceeding what we find in the surrounding states (see attached sheet - Comparison of State Wheat Commissions). However, if the Federal government

reduces the Acreage Reduction Program (ARP) set aside figure and it looks like production will increase, the commission will set the mill levy at a lower rate.

Due to the variability we face in government programs today, I feel the ability of the commission to vary the levy if conditions demand is a good idea. We are all producers and do not want to pay any more wheat assessment than is necessary to do a good job. Also, as commissioners we are aware of the fact that the wheat assessment in Kansas is refundable and, therefore, much caution and thought must go into any change in the levy.

SB448 also changes the words "excise tax" to "assessment". Producers pay this voluntarily and, in fact, in Nebraska it was determined that an excise tax is not legally refundable. Truly we are dealing with something much different than an excise tax and it was felt we should call it something else. The law creating the other three grain commissions in Kansas calls it an "assessment" and this change will have the Wheat Act say the same thing.

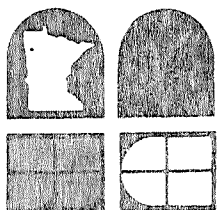
With regards to refunds from the wheat assessment, the bill would direct the Wheat Commission not to issue refunds unless the refund amount requested was \$5 or more. This refund issue was dealt with last year in SB 277 and this year by HB 2906,

also. The bill we are presently discussing does not include any language referring to the other three grain commissions.

That concludes my testimony and I certainly want to thank you for the time granted today for speaking on behalf of this bill. If there are any questions, I would gladly try and address them.

COMPARISONS OF STATE WHEAT COMMISSIONS - MARCH 1987

	ARIZONA	ARKANSAS	CALIFORNIA	COLORADO	IDAHO	KANSAS	MINNESOTA	MONTANA	NEBRASKA	NORTH DAKOTA	OKLAHOMA	OREGON	SOUTH DAKOTA	TEXAS	WASHINGTON	WYOMING
TITLE	ARIZONA GR RES & PROM COUN	ARKANSAS WHT PROM BOARD	CA WHEAT COMMISSION	CO WHEAT ADM COM-HITTEE	IDAHO WHT COM-MISSION	KANSAS WHT COM-MISSION	MIN WHEAT RES & PROM COUNCIL	MT WHEAT & BARLEY COMMITTEE	NE WHEAT BOARD	ND STATE WHT COM-MISSION	OK WHEAT COM-MISSION	OREGON WHEAT COMMISSION	SD WHEAT COMMISSION	TX WHT PRODUCERS BOARD	WA WHEAT COMMISSION	WY WHT COMMISSI
MILL LEVY	2c/ 100 wt	5	Resettling assessment 2c/100 wt	5	10	4	10	6	7.5	5	7½	20	7.5	Max. 5	½% of net sale to grower	10
REPUNDS	30 days (trying to rescind it)/office	90 days/ office	90 days/ office	None	None	Within yr/ sale/country	60 days apply/ office	Within 90 days/ office	None	Within 60 days/ office	Within 120 days/ country	None	Within 120 days/ office	Sale or 60 days - elev. settlement sheet/country	None	90 days/ office
FUND CUSTODIAN	State treasurer	State treasurer	CWC	Bank approv. by state treasurer	State treasurer	State treasurer	HWR&PC	Special account	State treasurer	State treasurer	State treasurer	OWC	State treasurer/own account	Design. by board	Com. bank account	State treasurer
COLLECTOR OF CHECKOFF	State treasurer	State treasurer	Buyer of first instance	Commissioner of ag - delegates to CWC	IWC	KWC	HWR&PC	Commission	Wheat Board	NDSWC	OWC	OWC	SDWC	TWPB	WVC	First purchaser sends report to WVC with check
AUTHORITY FOR EXPENDITURE OF BUDGET	Bd. has auth. to estb. bud- get subj. to appl. by Com. of Ag	9 member board - 3-FB; 2-AWG; 2-Ag Coun. AK; 2-Riceland Foods	Statute states State Dir. of Food & Ag approv. bud- get	Bd. has auth. to establish budget sub- ject to ap- proval by Com. of Ag	Annual appro.	Board estab- lishes bud- get subject to legisla- tive ap- proval	HWR&PC	Annual appro.	Annual appro. & board approval	Biennial appro.	State statute	OWC	Budget pre- sented to Legis. - SDWC on own for spend- ing - do follow some state rules	Ag Commodity law	Market order for wheat	WVC
ROLE OF COMMISSION & COMMISSIONERS	Market Develop- ment Direction & policy	Market Develop- ment Direction & policy	Market Develop- ment Direction & policy	Market Develop- ment Direction & policy	Market Develop- ment Direction & policy	Market Develop- ment Direction & policy	Market Develop- ment Direction & policy	Market Develop- ment Direction & policy	Market Develop- ment Direction & policy	Market Develop- ment Direction & policy	Market Develop- ment Direction & policy	Market Develop- ment Direction & policy	Market Develop- ment Direction & policy	Market Develop- ment Direction & policy	Market Develop- ment Direction & policy	Market Develop- ment Directi & policy
NO. OF VOTING MEMBERS	9	9	Total of 18 - 15 growers; 2 handlers; 1 public	9	5	7	9	7	7	7	5	5	5	15	7	7
HOW SELECTED	Appt. by Gov. - Com. submits groups - other groups can submit too	Each org. suggests names to Gov. - he appoints	All ap- pointed by CWC re- quests all elected among hdtrs. after being selected	Elected	Appt. by Gov.	Alternat. 3 & 4/ Appt. by Gov.	Election prod.	Appt. by Gov.	Appt. by Gov.	6 elected 1 appt. by Gov.	Appt. by Gov.	Appt. by Dir. of Ag	5 appt. by Gov.	Elected	5 elected 2 appt. by growers	Appt. by Gov.
LENGTH OF TERM	3 yrs. terms	No limit	3 yrs. Max. 5 terns	Annual	5 yrs.	2 yrs.	3 yrs.	5 yrs.	5 yrs.	4 yrs.	5 yrs.	5 yrs.	3 yrs.	6 yrs.	3 yrs.	3 yrs. renewal Indef.



**MINNESOTA WHEAT
RESEARCH & PROMOTION COUNCIL**

BOX 189
RED LAKE FALLS, MINN. 56750

PHONE (218) 253-4311 • STATE WATS 1 (800) 242-6118

March 15, 1988

Mr. David E. Frey
Assistant Administrator
Kansas Wheat Commission
2630 Claflin Road
Manhattan, KS 66502

Dear Mr. David:

This is in response to your request for information regarding the reasons for the Minnesota Wheat Council's suspension and subsequent reinstatement of the collection of the wheat check-off fee from the proceeds of CCC loans.

In early 1981, the Minnesota Wheat Council voted to suspend the collection of the wheat research and promotion fee from CCC price support loans, and to collect the check-off only when the wheat was sold. The primary reasons for approving this action was to simplify procedures for the various parties involved in collecting and remitting the check-off, and to reduce the likelihood of producers accidentally paying the check-off twice. This practice was continued for both the 1981 and 1982 crop years.

In 1983, however, a number of unforeseen problems forced the Council to reinstate the check-off at the time of loan. Among these were:

- A) The U.S. Department of Agriculture refused to fulfill the role of the first purchaser and collect the check-off on the grain they acquired through forfeitures or purchases. Although the Council took its case all the way up to the Secretary of Agriculture, it was not possible to influence a change in their position.
- B) In addition to the Council's loss of revenue to CCC forfeitures and purchases, the Council was leaving itself wide open to charges of discrimination from farmers who sold their grain and paid the check-off compared to those who forfeited their grain to the government and did not pay the check-off.
- C) In addition, at that time, the USDA's newly implemented PIK program encouraged producers to forfeit additional loan or reserve grain in order to have the necessary level of bushels to make the PIK payments to those producers who did not have reserve stocks. This

ATTACHMENT V

Mr. David Frey
March 15, 1988
Page 2

wouldn't have posed a problem if the PIK grain was given to farmers in Minnesota, because we would have still received the check-off when the grain was sold. But if the wheat had been shipped out of state, the revenue to the Council would have been lost.

D) Probably the most important reason, however, that the Council made the move to reinstate the CCC check-off was that at the time, a number of situations had arisen to diminish the size of the U.S. export market, and these situations for the foreseeable future would continue to dim the prospects for continued rapid expansion of the export market. Examples of these situations were the Carter grain embargo of 1980, protectionist trade policies for textiles, a strong U.S. dollar, etc. The Council feared that because of these situations prices would likely remain around the price support loan level, and additional forfeitures of commodities to the government would be very likely. All this would come at a time when the Council could ill-afford reduced revenue because of the need for expanded market development programs.

As you can see, the Council had to thoroughly study all of the ramifications of re-instating the check-off, and, I believe, they laid a very good case for the ASCS to approve the re-instatement.

Following the decision to again collect the check-off at the time of loan, the Wheat Council implemented an extensive information program with grain buyers, county ASCS office staff, and wheat producers to assure that double deductions of the check-off did not occur. At the present time, we only run across about 15-20 situations a year where a producer is checked-off twice, and, in those cases, we make certain that they do receive a refund of the second deduction.

If you have any questions, or if we can provide any additional information, please do not hesitate to give us a call.

Sincerely,



Fred Hejduk
Executive Director

/kv

REVIEW OF KANSAS ASCS LOAN AND FORFEITURES

<u>CROP YEAR</u>		<u>AMOUNT BU. UNDER LOAN</u>	<u>AMOUNT BU. FORFEITED TO CCC</u>
1984	Wheat	24,963,673	7,991,383
	Corn	7,683,067	688,146
	Soybeans	2,627,641	1,127,470
	*Sorghum	8,928,788	3,099,290
1985	Wheat	165,569,743	140,175,468
	Corn	37,269,402	12,602,058
	Soybeans	9,385,438	4,930,186
	*Sorghum	64,829,391	49,474,095
1986	Wheat	49,078,297	2,282,073
	Corn	117,729,120	7,617
	Soybeans	6,029,880	2,981,644
	*Sorghum	87,404,601	37,212

*CWT for sorghum



Milling and baking capitol located in Wheat State

People who grow and market wheat, those who process it into flour and similar ingredients, and those who bake it into bread and related foods eaten by consumers constitute the milling and baking industry. And Manhattan, Kansas is well on its way to being the Milling and Baking Capitol of the United States.

According to the editor of Milling and

Baking News, Morton Sosland, Manhattan has the potential of being the focal point in solving the world's food problems by product and marketing innovation, and by production and distribution pioneering.

Kansas Wheat Commission chairman, Dennis Shirley, agrees. "Kansas is indeed fortunate to have such a concentration of knowledge and expertise on the wheat and

bread industry right in Manhattan. Of course, it's the ideal location for such an industry capitol because Kansas grows and stores more wheat than any other state in the Union."

There are four major reasons why Manhattan is recognized as the center of activity for the wheat industry. One of the reasons has been there since 1863—the first land grant college in the country. Kansas State University, with its Department of Grain Science and Industry, is the only university in the world that has a flour mill, feed mill, and bakery and offers degrees in milling, baking, and feed science. The KWC has on countless occasions used the KSU facility to stimulate the sale of wheat overseas by educating foreign millers, bakers, grain buyers and others to the uses of wheat products through short courses on the campus.

Another internationally recognized center for education and research work on

(continued on page 2)

Trade teams scheduled for summer

Every Spring wheat trade missions begin arriving in Kansas from all over the world. Sponsored by U.S. Wheat Associates, the overseas market development arm of the American wheat industry, these delegations tour the United States to learn about the U.S. grain marketing system and discuss the milling and baking qualities of the wheat they purchase.

The Kansas Wheat Commission will host a trade mission from the Arabian Gulf States of Kuwait, Bahrain and United Arab Emirates, a bakery team from Ivory Coast in Africa, and four millers from the Southeast

Asian countries of Thailand, Malaysia, Singapore, and Indonesia in May.

In June four senior level milling executives from KOFMIA, the Korea Flour Mills Industrial Association; a trade mission from Chile; and a delegation of millers from India will arrive.

Millers from Japan, Nigeria and Morocco are scheduled to tour Kansas in July.

Kansas hosts more trade missions than any other member state of U.S. Wheat Associates because of the unique facilities located in the state.

Germplasm bank for new varieties

Some species of wild wheats show high resistance to several important diseases and pests that attack wheat grown on the Great Plains.

Primitive wheats first appeared in India about 4,000 years ago. Some wild wheat species have evolved a high level of resistance to such problems as rusts, wheat streak mosaic virus, Hessian fly and greenbug, according to Bikram Gill.

Gill is a plant scientist in the Plant Pathology Department at Kansas State University. He is under contract with the Kansas Wheat Commission to establish a Germplasm Bank of wild wheats and wheats from other countries. The Bank will provide wheats which can be genetically crossed with types of wheat grown in Kansas to improve market qualities of Hard Red Winter wheats. The Germplasm Bank has collected over 300 kinds of wheat from around the world.

The greenhouses where the Germplasm Bank varieties are grown experimentally simulate the environment for winter wheat. The greenhouses are kept at 40°F for 6 weeks to simulate vernalization; then the temperature is raised to 60°F for the tillering stage. During the flowering stage, Gill selects a Germplasm Bank wheat and crosses it with a Hard Red Winter variety to enhance certain characteristics or disease resistance. Then the greenhouses are heated to 90°F for ripening and harvesting. By using this method, plant breeders can raise three generations of wheat in one year and thus cut down on the time needed to see results of their efforts.

Gill also points out that his study underscores the importance of the conservation of wild wheats and their practical utilization in continued improvement of the wheat crop.

Bikram Gill checks wheat plants in Germplasm Bank.



Chairman's Corner

by Dennis L. Shirley

With the approach of the 1983 harvest, it is time to think about the quality of our wheat. As the weather warms up, those of us with storage should be checking the wheat often for heating problems or insect infestation buildup.

The bins and bin sites where new wheat will be stored should be thoroughly cleaned of all old grain deposits and the inside surface sprayed with an approved insecticide. Combines should be set to do a good job of harvesting.

Once the new wheat is in storage, it should be checked at least once a month for moisture and insect problems. After all, clean sound, insect-free wheat is worth more to both buyer and seller.

If you see any disease or quality problem developing in an area this year (such as we had last year with the scab problem), please let the Wheat Commission staff know immediately so steps can be taken to properly handle the problem and avoid the bad publicity the state received last year.

Have a good and safe harvest!

Pay only once

Funding to finance the Commission activities is provided by a mill levy deduction known as a wheat excise tax from the grower's settlement at the first sale of wheat. The current mill levy is 4 mills per bushel or \$4.00 per 1,000 bushels. The first purchaser is required under the law to transmit such money to the Kansas Wheat Commission. (The first purchaser may be described as any person, public or private corporation, association or partnership buying or otherwise acquiring after harvest the property in or to wheat from the grower. The first purchaser includes the nonrecourse loans made by county A.S.C.S. offices).

The grower may, within one year after such sale, request and receive a refund of such wheat excise tax deducted by the first purchaser from the grower's settlement. When a grower redeems the commodity loan at the county A.S.C.S. office and later delivers wheat or a warehouse receipt to the elevator for sale, such a sale is considered a second purchase and not eligible for the wheat excise tax deduction.

In case the wheat excise tax deduction is made inadvertently by the second purchaser, the grower may seek a refund of the wheat excise tax deducted to correct the error.



news briefs

USWA Board and Commission members had the opportunity to provide direct input into present and future USWA programs in the Europe, Africa, Middle East and Latin American regions during their annual supervisory travel in March.

Traveling to Nigeria, Ivory Coast, Morocco, England, Netherlands, Israel, Egypt, and Yemen were representatives from Oklahoma, Minnesota, Nebraska, and Kansas (*Kent Lamb, Macksville*), accompanied by Jackie Thomas of USWA Washington.

The Latin American team consisted of representatives from Kansas (*Vernon Schraeder, Jetmore*) and North Dakota and traveled to Mexico, Guatemala, Venezuela, Colombia, Peru, Chile and Brazil. Fred Hejduk accompanied this group.

Both teams' task was to renew contacts and discuss wheat trade matters and the potential for expanding exports of U.S. wheat with government, industry and trade officials in each country visited.

Steven Graham, KWC administrator, Commissioner Robert Anderson, Kinsley, and Dr. Charles Deyoe, Dr. Harvey Kiser, and Professor Arlin Ward of Kansas State University met with the USWA staff on March 2 to review the International Grains Program. On March 4 Graham, Anderson and Dr. William Hoover, president of the American Institute of Baking, met with USWA staff. Discussions covered activities for 1983 and the next few years. Everyone was particularly interested in receiving USWA input on new courses, specifically the addition of more grain marketing, milling and baking short courses.

Milling, baking capitol

(continued from page 1)

grain is the USDA's only Grain Marketing Research Laboratory in Manhattan. This center conducts extensive research on virtually any aspect of grain. Most importantly, potential new varieties of Hard Red Winter wheat are evaluated there for baking quality. This lab also hosts many wheat trade teams for the KWC.

The American Institute of Baking relocated from Chicago, Illinois to Manhattan five years ago. U.S. Wheat Associates and the KWC sponsor important foreign bakers at many two- to nineteen-week courses there as well as having a special research contract with the world renown institute.

Also in 1978, the Kansas Legislature funded the International Grains Program, which operates out of the Grain Science

and Industry Department at KSU. This program provides participants with training in the processing and handling of U.S. food and feed grain commodities and utilization of their end products, and with information about the U.S. grain marketing system. At present, this is the only such program for international wheat promotion in the U.S.

In addition to these four focal points, Manhattan is the location of other grain related operations. The Wheat Quality Council, representing mills and bakeries in a five state area, is headquartered there. The KWC has a contract with the Council to conduct milling and baking tests on new wheat varieties before they are released.

The Kansas Crop Improvement Association is also headquartered in Manhattan. The KWC uses the Association's expertise in talking to wheat trade delegations and state marketing seminars.

"The Wheat State benefits from having these internationally recognized assets located in Manhattan," says KWC administrator, Steven Graham. "The expertise brings in customers and contacts from all over the world."

Kansas Wheat Commission

The *State of Wheat* is a newsletter published quarterly by the Kansas Wheat Commission, Hutchinson, Kansas, and is distributed by the Kansas Crop and Livestock Reporting Service, Topeka, Kansas.

Steven M. Graham, Administrator: Kansas Wheat Commission, 1021 North Main, Hutchinson, KS 67501. Phone 316-662-0273.

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Vernon V. Schraeder, Vice-chairman	Jetmore
Kent B. Lamb, Secretary	Macksville
Robert W. Anderson	Kinsley
Stephen K. Frazier	Winfield
Adrian J. Polansky	Belleville
Donald H. Turnquist	Lindsborg

Harvest is the time to consider entering your wheat in competition exhibits. Almost every county fair in Kansas gives prizes for wheat exhibits. The district 4-H wheat shows will be in McPherson, August 5, and Garden City, August 12. The Western Kansas Market Wheat Show, the only one of its kind in the state, requires one gallon of combine run and will be held in WaKeeney August 9-12.



Zambians make wheat purchase

The Kansas Wheat Commission hosted a wheat trade mission from Zambia in March. The delegation was headed by the deputy managing director of Industrial Development Corporation (INDECO), the company that oversees all wheat imports. The team also included the general manager and the purchasing manager for National Milling Company, which is under the control of INDECO, and the assistant production manager of Supa Baking Company, the largest bakery operation in Zambia. Mark Ellison with U.S. Wheat Associates in Casablanca accompanied the group.

The team arrived in Manhattan from Texas. The next day they discussed milling and baking qualities of Hard Red Winter wheat with grain scientists at Kansas State University. While in Manhattan, the Zambians also toured the American Institute of Baking, the USDA Grain Marketing Research Laboratory, and a local bakery.

This delegation had requested a tour of a flour mill and a company that produced additives as well as the usual visit to the Board of Trade to observe the day's opening bids. At the Board of Trade, the Zambian delegation rubbed shoulders with a group of young farmers learning about the U.S. grain marketing system.

The Zambians arranged to purchase 18,000 metric tons of wheat during their time in Washington, D.C.



Zambian trade team gets explanation of flow diagram for the micro-mills used in evaluating unreleased wheat varieties at the USDA Grain Marketing Research Lab in Manhattan.

IGP milling, marketing short courses

Two short courses will be offered this summer through the International Grains Program (IGP) in Manhattan. Over 50 members of the Association of Operative Millers (AOM) will attend a two-week milling course May 23 through June 10. Millers from Chile, West Indies, Jamaica, South Africa, and United Kingdom as well as those from the United States who par-

ticipate will also take a field trip June 9 through mills in central Kansas.

The U.S. Grain Marketing System short course will be June 20-July 1. Participants will include eight Yugoslavians and nine South Asians sponsored by U.S. Wheat Associates. Topics covered will be grain futures markets, CCC credit programs, ocean transportation, grain grading, financing grain imports, contracting for U.S. grain, organization of the U.S. grain marketing system, and the nutritive value of wheat products. A three-day field trip will take participants to a farm, a country elevator, and the Kansas City Board of Trade.

Anna Jane Baird promoted Kansas wheat for 17 years.

KWC nutritionist retires

After promoting the use and sale of wheat for 17 years, Anna Jane Baird retired in January. As a nutritionist for the Kansas Wheat Commission, Mrs. Baird worked with school and other institutional food programs, developed recipes, presented programs and gave demonstrations on bread and other wheat based products, participated in many state and national wheat exhibits and undertook numerous special projects.

In 1972 Mrs. Baird was instrumental in forming the Wheat Foods Council, an ongoing organization. Original members were home economists and nutritionists from

five state wheat commissions. Membership has expanded to twelve full members and two associate members from nine states.

In addition to working with the Kansas Wheathearts, Kansas Association of Wheat Growers and other state and local groups, Mrs. Baird has traveled overseas as a nutritional consultant for U.S. Wheat Associates. Her expertise has spread information about Kansas wheat around the world to Mexico, Latin America, South America, Tunisia and Asia.

Since her retirement, Mrs. Baird has been active in community and volunteer work. The KWC staff wishes her well.



Apricot Bars

- | | |
|---------------------------------|--------------------------|
| 1½ c. flour | 1 c. brown sugar, packed |
| 1 tsp. baking powder | ¾ c. cold margarine |
| ¼ tsp. salt | ¾-1 c. apricot preserves |
| 1½ c. quick-cooking rolled oats | |

Mix well or sift dry ingredients together. Add rolled oats and brown sugar. Using pastry blender or two knives, cut in margarine until pieces are very small. Press 3 cups of this mixture into 9 × 9-inch pan or 11¼ × 7½ × 1¾-inch baking dish. Spread preserves on top, then sprinkle remaining crumbs on top. Bake at 350°F. about 30 minutes. Let cool before cutting.

FARM FACTS FOR WHEAT GROWERS

By M.E. Johnson
State Statistician

Each year about this time there are numerous predictions and guesses regarding the outcome of the wheat crop. Some of these predictions are based on observations over the entire state by people with many years of experience while others may be based on more limited data and less experience. Most predictions result from observations rather than actual measurements.

The Kansas Crop and Livestock Reporting Service will make its first forecast of the size of the 1983 wheat crop as of May 1 and it will be published on May 10. Our forecast is based on the observations of experienced farmers throughout the state and also on counts and measurements made in 300 Kansas wheat fields. The observations of experienced Kansas farmers are collected on our monthly Farm Report. This ques-

tionnaire was sent out at the end of April to some 3,000 Kansas farmers. Typically, 60 to 70 percent of those farmers respond in time to be included in survey tabulations. They report on the acreage of wheat for harvest this year as well as the current condition of the crop. These reports are used as one indication of the 1983 yields.

The counts and measurements of actual wheat fields are made in connection with our Wheat Objective Yield Survey. In this program 300 Kansas wheat fields are selected at random with counts and measurements made throughout the growing season. Initial counts are made at the end of April when the plants are quite small. (See Picture 1.) On subsequent field visits plant counts are made and heads are clipped for lab analysis. Finally, following harvest the enumerator returns to the field to perform a post-harvest gleaning operation so that harvest losses can be accurately determined. (See Picture 2.) Harvest losses are subtracted from the biological yield obtained just prior to harvest to obtain the net yield which should be comparable to that which

the farmer hauls from the field. This year those procedures will be reviewed and evaluated through the use of a special yield validation study to be conducted in a subsample of the 300 fields included in the objective yield program. The harvested production from 30 of these fields will be weighed at an elevator and the derived yields compared with the computed yields resulting from the field counts and measurements taken during the growing season.

After the completion of harvest (about mid-July) an acreage and production questionnaire is mailed to some 9,000 Kansas farmers to obtain data on total acres planted, acres harvested for grain, acres harvested for other purposes and abandoned. In addition, the farmer is asked for the total number of bushels produced on those acres which were harvested for grain. This survey is used in helping to establish the final wheat yield estimate for the year and is also used in preparing county estimates of wheat acreage, yield and production.



Picture No. 1



Picture No. 2

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TESTIMONY

HOUSE AGRICULTURE COMMITTEE

CHAIRMAN: CLIFFORD CABELL

SUBMITTED BY: BRAD SHOGREN, KANSAS SOYBEAN ASSOCIATION

Mr. Chairman and members of the committee, I am Brad Shogren, a member of the Kansas Soybean Association. I serve on the board of directors of the Kansas Soybean Association and I am presently chairman of our policy development and implementation committee. I am here as the representative of the Kansas Soybean Association to ask this committee to support Senate Bill 637.

I farm in partnership with my brother west of Lindsborg in central Kansas. Soybeans are an important crop on our farm. Last year we raised both dryland and irrigated soybeans. All of our soybeans are sold in the cash market. We enjoy raising soybeans because 1) it benefits in the rotating our fields with a legume (soil-improving crop) 2) it is profitable 3) we are free of setaside requirements and conforming with government program bases.

Kansas can be very proud of the many outstanding organizations that represent Kansas farmers and ranchers. I am a member of many different farm and commodity associations and am active in several. One of the reasons I chose to become active in the Kansas Soybean Association is because of its resistance to

government supply management programs and, more importantly, the efforts that it puts out in marketing and developing new markets for soybeans.

What is the Kansas Soybean Association? The Kansas Soybean Association is a nonprofit, nonpartisan, volunteer single commodity organization of soybean farmers organized to assure the opportunity of profitable soybean production. The Kansas Soybean Association is affiliated with the American Soybean Association. Members of the association pay dues to belong.

The purpose of the Kansas Soybean Association is to conduct and support programs to create and develop markets for soybeans and soybean products: to conduct and support effective programs of research and education; to monitor and influence state and national governmental programs and policies to represent the best interest of Kansas' soybean farmers; to provide production and marketing information; and develop public relations programs which identify and promote the goals of the Kansas and American Soybean Associations.

The Kansas Soybean Commission administers the soybean checkoff fund. The Kansas Soybean Commission is a division of the state board of agriculture. The members of the commission are appointed by the governor to represent a district as prescribed by law. No more than a simple majority of the members can be of the same political party. Members of the commission must be Kansas residents and actively engaged in the production of soybeans.

The Kansas Soybean Commission bases its budget on collections from the previous year's crop. The checkoff is collected and held

in escrow by the state before any of the money is allocated to the commission. This benefits the commission because it knows beforehand how much money is available before they commit the funds. The commission reviews proposals to fund different projects within the state. Most of these proposals are production research projects from Kansas State University. The commission has in the past spent approximately half the collections in Kansas and sends half to the American Soybean Development Foundation for market development.

The Kansas soybean checkoff is a legislated checkoff which was enacted in 1977 by the Kansas Legislature. The checkoff is collected at the time of first sale. The checkoff is grower funded and voluntary. Anyone can request a refund of contribution towards promoting soybeans and soybean products. The Kansas Soybean Association and its farmer members initiated and supported the checkoff program as we have it today. The first checkoff was for one half cent or five mills per bushel.

The checkoff was increased to its present level of one cent or ten mills per bushel in 1982. This increase was a legislated increase with grower and soybean association input and support.

1982 was also the year that the contribution to the state general fund was changed or capped instead of the flat twenty percent of all commission checkoff moneys going to the general fund.

We believe that Kansas soybean producers believe in the work that the soybean checkoff is doing. Last year Kansas producers asked for a refund on only five percent of the total collected. When the last increase was passed the refunds increased only from

four to five percent.

The Kansas Soybean Association and the Kansas Soybean Commission have similar goals: promoting, researching, and developing soybean production, products and markets. Because of this we enjoy working and communicating amongst ourselves.

The purpose of our testimony today is to discuss the need for another increase in our checkoff. Support for this increase within our association began first with our board of directors meeting with members of the soybean commission and evaluating the need for additional programs. After it was determined that there was indeed a need, the association began developing policy to implement such an increase by first garnering support of all membership. Partly due to this need a policy committee was formed and as part of its duties was to design a research questionnaire on which to develop future policy. Upon completion of the questionnaire and compilation of the returns it was evident that our members would support an increase if programs funded would benefit the producer. At our annual meeting in December policy was presented to and passed by the membership to support an increase in the checkoff for soybeans.

Currently soybean checkoff dollars go to fund production research, domestic utilization research, market development and education.

Production research deals with but is not limited to: variety studies and development, disease resistance and identification, production practices (i.e. no-till, ridge till, conventional tillage and others), production efficiencies and studies of

herbicides and their effectiveness.

Domestic utilization research tries to discover new uses for soybean products and enhance the benefits of some of the basic products such as the oil and the meal that is extracted from the soybean. Some of the new uses for soybean products include soyink, soyoil as a dust suppressant for grain handling and cosmetics.

The American Soybean Association and the American Soybean Development Foundation are two important tools that states have used collectively to develop new markets both domestic and overseas. Currently there are four hundred ten projects being funded in eighty three countries through eleven foreign offices that are working to develop new markets for soybeans and their products. Many of these programs are targeted to increasing the amount of protein consumed by third world populations so that these countries can become more productive. The domestic markets are targeted at using soybeans and soybean based products because of their nutrition, healthiness and their not being a threat to the environment.

The ASA formed a Soybean Utilization Research Growth Effort task force to focus resources on developing market-driven priorities for soybean research and marketing efforts. The top ten research areas are to: 1) Expand nonfood, nonfeed uses of soybeans and products such as soybean inks. 2) Assess comparative quality characteristics of soybeans and soybean meals produced in and exported from Brazil, Argentina and U.S. 3) Improve the competitiveness of soybean/products in world trade. 4) Determine quality characteristics important to market use. 5)

Investigate advantages and costs of additives which will maintain free-flowing characteristics in soybean meal. 6) Improve soybean processing through alternative extraction, expanders and pelleting. 7) Expand uses of soybean meal use in animals. 8) Develop rapid methods to assess quality characteristics of soybean and soybean products. 9) Expand full-fat soybean use in livestock. 10) Develop "health" advantages of soybeans, soybean oil and soybean protein.

The Kansas Soybean Commission has invested dollars in the International Grains Program at Kansas State. The International Grains Program is designed to provide participants with the training in the processing and handling of U.S. food and feed grain commodities and utilization of their end products, and with information on the U.S. marketing system.

Education is something that we have really just been talking about in the IGP and the overseas market development programs. We have taken our product to the consumer and showed him the benefits of using soybeans and their by products. That consumer may have been a person, or a company, or even a nation. Using the research, say for feeding swine, that the checkoff fund sponsored in the beginning, new customers can improve their herds or fatten their pigs faster to increase profits but ultimately increase the general well being of the consumers .

Of course by now you are wondering why we need more money when we are doing so much with what we have? I hope you can see that the checkoff is an investment by the producer. There are many more markets awaiting the soybean if it were only introduced and

shown how it will fit. Technology for both production and product utilization can never be allowed to end.

The increased demand generated by the new markets and products means three things to the producer: better prices, increased production, and profits.

Before any of this money can be used for new projects it first must be collected. Collection should begin with the the new crop this fall. Therefore the earliest that it can be used would be in FY1990.

The greatest need for the increase is in the market development programs. The federal government is also interested in market development and has initiated some very good programs such as the Targeted Export Assistance Program (TEA) and the Export Enhancement Program (EEP). These programs match and multiply checkoff dollars invested by producers but targeted toward certain markets. These programs should continue to be used to fight unfair competition and to open and develop other markets.

Soybean production in Kansas is not what it was ten years ago. Soybeans were traditionally grown in eastern Kansas and so most of the research for soybeans has been concentrated in the eastern experiment stations. Soybeans are becoming more commonplace in the western counties of the state particularly where there is irrigation. The competition for that pie of dollars available for soybean research strengthened our assessment of why an increase is necessary. Instead of cutting the pie up into smaller pieces why not just bake a bigger pie.

Research is not limited to increasing efficiency or production. Nutrition, livestock feed , domestic and industrial

nonfood use are examples of the kinds of research which would increase the demand for soybeans. ASA receives many more requests for domestic research projects than there is money available for funding. The Kansas Soybean Commission is working to channel back to food science and engineering at KSU some of these project ideas.

Kansas is part of a team effort. Twenty-six states have a soybean checkoff program. Seven other states are presently considering changing their programs.

The impact on the farmer/producer is minimal. Based on the current market price of soybeans today at six dollars a bushel the two cent checkoff is one third of one percent. Even given a production cost of four dollars and fifty cents a bushel the checkoff still is less than one and a half percent.

The original intent of this bill was to address the amount of checkoff that the soybean commission could collect. In the process of working the bill in the senate ag committee several amendments were made. We, the soybean association, supported most of these amendments. We do have some problems with one. This amendment would forbid the ASCS from collecting the checkoff at the time a government crop loan is taken. We believe that the current system is the most efficient way to collect the checkoff. We realize that under the present system that it is possible to have grain checked off twice, but if the producer alerts the grain merchandiser that his grain has been under loan and already checked off then he will not be doubly assessed. However if the system is changed it presents many problems in the collection of

the checkoff. The biggest threat occurs if the grain is forfeited to the CCC. At the time of forfeiture there is no money that exchanges hands. In this scenario then either the producer would have to dip into his pockets to come up with the checkoff or the federal government should pay. Neither one of these scenarios would benefit the checkoff program. The other problem is that delaying the collection of the checkoff would hinder the commissions in their budgeting and further delay the use of the funds by nine months to three years.

We would also like to remind this committee that our checkoff program is a voluntary checkoff. If a producer does not feel he/she is benefiting from the program he may request a refund. If an error has occurred and a producer has been checkoff twice he always has the option of requesting his checkoff back.

In conclusion I would like to thank you for allowing me the opportunity to address this bill and would ask for your support of Senate Bill 637 with the deletion of the ASCS amendment. I am more than willing to answer any questions you may have.

Mr. Chairman, members of your committee, thank you for allowing me to address S. 637.

My name is Clair Niles. I am a soybean producer from Coffey County. I am also Chairman of the Kansas Soybean Commission.

First of all, let me say that the Kansas Soybean Commission is in support of this bill. I would like to mention briefly how commission funds are being spent currently, and why we feel this bill is in the Kansas soybean farmer's best interest.

Soybean commission funds are spent principally in 3 major categories--in-state research, out-of-state research, and international marketing. The latter two being accomplished through contributions to the American Soybean Development Foundation. It can be shown that additional funds can be invested wisely in all 3 areas.

IN-STATE RESEARCH--There is a devastating soybean parasite invading Kansas, called the soybean cyst nematode. We have been told by scientists that it is only a question of when, not if, this pest will be a major state-wide problem. The Soybean Commission funded a survey to identify the current areas of infestation to help slow its impact. Although cyst nematodes are just getting a toe-hold in Kansas, Dr. Bill Schapaugh, the K.S.U. soybean breeder has started screening all future soybean releases for field tolerance to this pest. "Getting ahead of the problem" in this way may save the Kansas

soybean farmer millions of dollars in lost production.

Dr. Schapaugh's research program is also being funded by Kansas Soybean Commission.

Commission funds are also being used to fund research on charcoal rot, the biggest soybean disease problem found in Kansas. Charcoal rot is not a big problem in most other states, so its control will principally benefit Kansas producers. Control will mean millions of dollars each year in additional production.

I've mentioned only 3 in-state research projects that FSC is currently funding. Soybean acreage in Kansas recently surpassed that of corn, and will likely be double that of corn in the near future. In response to that fact, Kansas soybean researchers have told us to expect a greater number of soybean research projects in the future.

CUT-OF-STATE RESEARCH--KSC, in conjunction with 26 other states, funds research projects submitted to ASA. Due to budget constraints, only 10 of 160 research proposals were funded in FY 1988.

INTERNATIONAL MARKETING--Targeted Export Assistance Funds (TEA)

*In FY 1988, ASA received \$8.5 million in TEA funds from USDA.

These funds are to be used only to combat unfair trade practices.

They also must be administered with checkoff monies.

*USDA plans to triple TEA funds for 1989, provided that farmers show good faith by increasing their contribution to market development and have the ability to develop significant projects.

*It will cost \$600,000 to develop and administer these \$8.5 million in TEA funds. If the same ratio holds true, a tripling of the TEA funds might cost ASA \$1.8 million.

*ASA has \$4.9 million available for international marketing development in FY 1988. Taking \$1.8 million out for TEA funds would devastate our normal market development projects.

*USDA is, in effect, saying that if we put up 7¢ (\$600,000) they will give us 93¢ (\$8.5 million). That is a 1300% leverage of investment. Where else can a farmer get that kind of return in today's farm economy?

*This \$8.5 million is to fund one project--a soy oil promotion in the E.C. (actually in only 6 of the 12 EC countries).

Market development can be expensive, but USDA thought enough of this project to invest \$8.5 million of their budget.

*USDA has hinted they would like TEA funding to increase again in FY 1990.

I would like to offer a few random observations that pertain to this bill.

*If the Legislature passes a 2¢ check-off this session, it may be after July 1, 1990 before ASA gets much of the additional 1¢

*Market development takes time. ASA worked in the USSR for 3 years before they allowed our first project--a swine feeding trial. Russia has tremendous potential for soybean imports. Gorbachev has stated publicly that they are going to increase meat production.

*The fact that market development can and does work for finished products and commodities is well documented. Cranberries and California raisins are recent examples.

*Using 5-year averages, the average Kansas soybean farmer

invests 26.3¢/ac from the check-off for research and market development.

*The U.S. dollar's loss in value versus foreign currencies has cost ASA over \$400,000 in 1987 alone in lost purchasing power for foreign market development projects.

*ASA has developed plans for \$9.7 million worth of market development and research projects on the books waiting for funds.

*Since increasing the check-off rate would increase our collections, the State General Fund would roughly receive almost double the interest on our balance that they are now receiving.

I have mentioned some of the opportunities that additional funding would present. Now I would like to talk about one of our challenges.

Due to my interest and concern for the soybean industry, I recently traveled to Brazil and Argentina to observe their potential. I paid for this trip entirely from my own personal funds. I flew on roughly 20 plane flights, traveled hundreds of miles on buses, saw untold thousands of acres of soybeans and talked with scores of Brazilian and re-located American farmers and government officials.

The untapped potential for future soybean production above what they have now is tremendous. We were told that in the Cerrados region of Brazil alone, 110 million acres could be

developed, of which 25 million acres could be irrigated, allowing 2½ crops per year. Most of those acres would be devoted to soybeans. Compare that to total U.S. soybean acreage last year of 57 million acres. Brazil is already planting 26 million acres. In my opinion it is imperative that we fund every worthwhile soybean research project. We must acknowledge that we may not be "King of the Hill" in the future.

In conclusion, let me ask--is a 2¢/bu. check-off reasonable? As a general rule of thumb, most industries invest 4% of sales on research and market development. At that rate 4% of the current soybean value at \$6.00/bu. would mean 24¢/bu. for R & D. Farmers actually spill more beans than they are investing in check-off. KSU says that in a good harvesting operation, 3% of the crop will be left on the ground--that's 18¢/bu. Some farmers may say that R & D is the government's job--the fact is they are already putting in several times as much money as the farmer.

Is the additional money needed? I believe it is. I would hate to think that Kansas soybean farmers lost their jobs over a penny.