

Approved Feb. 11, 1992
Date

MINUTES OF THE HOUSE COMMITTEE ON AGRICULTURE

The meeting was called to order by Representative Lee Hamm at
Chairperson

9:10 a.m. on Wednesday, February 5, 1992 in room 423-S of the Capitol.

All members were present except: Representative Bryant, excused
Representative Heinemann, excused
Representative Jennison, excused

Committee staff present: Lynne Holt, Legislative Research
Pat Brunton, Committee Secretary

Conferees appearing before the committee: Sam Brownback
Secretary
Kansas State Board of Agriculture

Thayne Larson
President
Kansas State Board of Agriculture

Thayne Larson, President, Kansas State Board of Agriculture, appeared before the committee and presented some key objectives and programs of the Board of Agriculture in 1992. One of those objectives would be to have an efficient and effective State Board of Agriculture. Another would be to assist all segments of Kansas agriculture to grow and prosper in a long-term fashion.

Sam Brownback, Secretary, Kansas State Board of Agriculture, appeared before the committee stating that probably the only definitive statement that can be made today about the state of Kansas Agriculture is that it is mixed. There was no loss in the number of farms in Kansas, remaining at 69,000. Net farm income at \$1.4 billion, set a record in 1990. Gross farm income totaled 8.4 billion dollars, also a record. However, income from farming will likely slip significantly in 1991 when the final numbers are available due to smaller wheat, soybean and grain sorghum crops and sharply lower cattle, hog and milk prices during the second half of the year. Mr. Brownback further stated that we, as Kansas agriculture must establish a vision of long-term growth for our industry. (Attachment 1).

A lengthy question and answer period followed the presentations.

The meeting adjourned at 10:00 a.m. The next meeting of the House Agriculture Committee will be held at 9:00 a.m., Thursday, February 6, 1992, in room 423-S, State Capitol.

PRESENTATION

to the

HOUSE COMMITTEE ON AGRICULTURE

by

**THAYNE LARSON
President**

and

**SAM BROWNBACK
Secretary**

KANSAS STATE BOARD OF AGRICULTURE

*H.S. Ag.
2/5/92
ATTACHMENT 1*

Some Key Objectives and Programs of the Board of Agriculture in 1992

1. Have an efficient and effective State Board of Agriculture.
2. Implementation of those portions of Total Quality Management (TQM) that fit the Board of Agriculture.
3. Assist all segments of Kansas agriculture to grow and prosper in a long-term fashion.
4. Establish with KTEC an industrial agriculture program to expand, in Kansas, the production of non-food uses of farm commodities.
5. Establish Farmlink and the Kansas Worker's Re-entry Hotline number at F.A.C.T.S.
6. Review and determination on proposed pesticide management area in northeast Kansas.

STATE OF KANSAS AGRICULTURE

I would like to begin my comments with a personal note. This past year involved a number of adjustments that the State Board of Agriculture did to accommodate my accepting a White House Fellowship. I would like to take this opportunity to expressly and deeply thank the Kansas State Board of Agriculture for allowing me the opportunity to work at the U.S. Trade Representative's Office during a portion of 1991. It was an invaluable experience. I made a positive contribution to the trade negotiations concerning agriculture in the GATT and the North American Free Trade Agreement. In addition, I grew and broadened as an individual due to the various work and education offerings that are part of the White House Fellows Program.

And I would also like to thank Gary Hall who resigned his seat on the Kansas State Board of Agriculture to assume the position of Acting Secretary of Agriculture. Gary stepped in during a very difficult time and did an admirable job. He continues on the staff doing special projects. Gary, my hat's off to you for your contribution to this agency and to Kansas Agriculture.

Another group that certainly merits recognition are all the employees of the Kansas State Board of Agriculture. They are a dedicated, quality staff doing a difficult job. Particularly this past year with all the changes in leadership and heightened concerns in the many areas we operate. I'm proud of them and you should be too.

Probably the only definitive statement that can be made today about the State of Kansas Agriculture is that it is mixed. We had no loss in the number of farms in Kansas, remaining at 69,000. Net farm income at \$1.4 billion, set a record in 1990. Gross farm income totaled 8.4 billion dollars, also a record. However, income from farming will likely slip significantly in 1991 when the final numbers are available due to smaller wheat, soybean and grain sorghum crops and sharply lower cattle, hog and milk prices during the second half of the year.

Wheat prices were well below 1990 levels until August when low stocks and foreign sales, particularly to the Soviet Union, pushed prices nearly one dollar above November 1990 prices.

For corn, we harvested our largest crop since 1902. In grain sorghum, we lost our ranking as the number one grain sorghum producing state for the first time since 1983 due to drought conditions and in soybean production we had the smallest crop since 1984.

Clearly the weather was a major factor affecting Kansas Agriculture in 1991. Temperatures were above average and precipitation was below average. Much of the state's wheat acreage went into this winter in poor to very poor condition.

Following several quarters of favorable conditions in the livestock industry, the situation in this sector not as desirable. Kansas as the third leading cattle feeding state placed nearly four million cattle on feed during the first eleven months of 1991. The prices received for fed cattle during the end of 1991 was about \$10 per hundred weight below the same period in 1990.

Feeder cattle prices are also below last year, with the drop in prices being about \$6 per hundred weight when compared to October of 1990.

Hog numbers and prices both declined. After several quarters of relatively strong hog prices, sharp declines since September moved prices as much as \$13 per hundred weight below year ago levels.

Our sheep inventory fell 26% below last year.

The number of dairy herds continues to decline. On a more positive note, aquaculture is gaining ground in the state. A recent task force report points the way toward more growth for this industry. And turkey production is increasing, particularly in southeast Kansas.

The agricultural complex, or agriplex, from farm gate to food plate continued to contribute substantially to the Kansas gross state product. With gross cash receipts from production agriculture in 1990 at \$8.4 billion, a conservative estimate of the Kansas agriplex's total contribution to the state's economy is \$24 billion. Making the agricultural complex the largest single industry component of the Kansas economy.

Kansas Agriculture also continues to contribute to a healthy environment. We built over 6,200 miles of terraces in the state in 1991. That's enough terracing to circle the state five times. Since settling the state we have constructed 330,000 miles of terraces. This is enough to get us to the moon and halfway home. Kansas has 2.8 million acres in the Conservation Reserve Program. The best estimate is that we have constructed over 140,000 farm ponds that help keep water and sediment in their place while providing livestock and Nature a place to drink and thrive. Over the last 35 years, the Kansas Conservation Tree Planting program has distributed for planting over 39 million trees, mostly to farmers and rural residents.

We have reduced our demands on the underground water supply. During the 70's, the average rate of groundwater decline in the central and western part of the state ranged from .7 to 3.4 feet per year. During the decade of the 80's, the average decline in the groundwater table was .1 to 1.3 feet per year, a third as much. Water users have recognized the need to conserve and state and local programs to regulate and manage this valuable resource have become more effective.

Agriculture will be called upon to do even more for the environment and we will, yet I believe we should be recognized for the contributions made to date as well. Good farming is good environmentalism.

What of the future?

Factors and forces exist in the world today that will allow Kansas Agriculture to grow substantially if we take advantage of them. Agriculture in many parts of our country is experiencing significant competitive and regulatory pressures that is causing it to look for friendlier climates. In some of the key agricultural producing areas of the United States, the price of land, price of feed, competition for water, environmental regulation, endangered species protection, and sheer pressure from urbanization is causing agriculture to move. Add to this continued restructuring of agriculture in general and one can conclude Kansas has an excellent opportunity to attract some of this agriculture, particularly animal agriculture to our state. If we will.

New markets are rapidly emerging for agricultural commodities. These are in the non-food uses of farm commodities. Soon agriculture will no longer be referred to as a food and fiber industry alone, but one of food and fuels, medicine and materials. The industrial utilization of corn in the areas of super absorbent materials, plastics, ethanol and other applications is currently at approximately 1.3 billion bushels annually. It is predicted that in the near future the industrial uses of corn will exceed the exports of corn from the United States.

Approximately 10 million bushels of soybeans annually are used for soybean ink with the potential to go to 100 million bushel of annual consumption. 100% starch based, degradable plastics are beginning to break into the marketplace with enormous potential for the utilization of wheat, corn, grain sorghum and potato starch.

Some of these biobased products are coming from Kansas. We have four ethanol plants in the state. A grain sorghum processing plant in Dodge City processes that crop for non-food purposes. A new sunflower plant that can also process industrial cranbe will open near Goodland in 1992.

These and many other industrial applications are breaking into the marketplace. Kansas Agriculture and the agricultural complex can grow with these, if we will.

Opportunities exist in the export market arena. The General Agreements on Tariffs and Trade, the GATT, may create expanded opportunities for export. These negotiations must be watched carefully to make sure that the interests of US producers are being met.

Already, the opening of export markets for US beef in Asia and other places is accounting for nearly \$87 a head of the total value of a slaughtered animal.

The negotiation of a North America Free Trade Agreement could create opportunities and challenges, for Kansas Agriculture. Most studies point towards a growing market for US grains and meats in Mexico if a successful trade agreement is concluded.

Kansans are already shipping livestock, grain and even Christmas trees to Mexico. We have an opportunity to expand in exports to many places if we will.

And we must. Kansas is depending upon us. Rural areas of our state have experienced population decline. A recent study of rural Kansas noted that in the past decade, the 61 most rural counties lost 8.6% in population and some experienced population loss of greater than 18% compared to metro county gains of 10%. Kansas Agriculture and Agribusiness, the total agriplex must grow to create jobs and opportunities for Kansas in general and rural Kansas in particular.

We as Kansas Agriculture must establish a vision of long-term growth for our industry.

Thank you for this opportunity to present to you. I would be happy to respond to your questions.