

MINUTES OF THE SENATE AGRICULTURE COMMITTEE

The meeting was called to order by Chairman Mark Taddiken at 8:30 A.M. on February 2, 2005 in Room 423-S of the Capitol.

All members were present except:

Derek Schmidt- excused

Committee staff present:

Raney Gilliland, Kansas Legislative Research
Lisa Montgomery, Office of Revisor of Statues
Jacqui Jones, Committee Secretary

Conferees appearing before the committee:

Fred A. Cholick, Dean and Director, Kansas State University Research and Extension
Jana A. Beckman, Kansas State University, Coordinator of the Kansas Center for Sustainable Agriculture and Alternative Crops (KCSAAC)

Others attending:

See attached list:

Chairman Taddiken welcomed the presenters from Kansas State University. He invited Fred Cholick, Dean of K-State Research and Extension to be the first to give his testimony to the Committee.

Dean Cholick gave a brief outline of K-State's mission as a Land-Grant University. The mission statement cites that K-State Research and Extension is dedicated to a safe, sustainable, competitive food and fiber system and to strong, healthy communities, families, and youth through integrated research, analysis and education. He then described the role of K-State Research and Extension in gaining new knowledge and developing new products that provide practical information, education and training on issues that Kansans consider important and helpful to improve their lives, farms, organizations, businesses, families or communities.

The following information was outlined in a report entitled "Knowledge for Life": an Informal Report to the Kansas Legislature, January 2005 (a copy is on file in the Office of Legislative Research) and it included:

- Information outlined regarding Agricultural Industry Competitiveness
- Natural Resources and Environmental Management
- Food, Nutrition and Health Safety, and
- Youth, Family and Community Development

At this juncture Dean Cholick stood for questions.

Dean Cholick then offered a Five-Year Work Plan by K-State Research and Extension 2005-2009. (A copy is on file in the Office of Legislative Research).

The work plan included chapters entitled:

- Healthful Eating and Physical Activity
- Healthy, Sustainable Communities
- Positive Child, Youth and Family Development
- Positive Adult Quality of Life
- New and Enhanced Products from Agriculture
- Conservation of Soil, Water and Energy
- Improved Quality of Land, Air and Water
- Efficient and Sustainable Cropping and Horticultural Systems

CONTINUATION SHEET

MINUTES OF THE Senate Agriculture Committee at 8:30 A.M. on February 2, 2005 in Room 423-S of the Capitol.

- Efficient and Sustainable Animal Production Systems
- Farm and Food Systems Management
- Safe, Secure, High-Quality Food Supply, and
- Enhanced Nutritional Quality of the Food Supply

Dean Cholick remarked that, during the next five years, K-State Research and Extension will focus on five core areas of the mission.

- Healthy Communities: Youth, Adults and Families
- Safe Food and Human Nutrition
- Economic Development through Value-added Products
- Natural Resources and Environmental Management, and
- Competitive Agricultural Systems

Dean Cholick again stood for questions.

Jana Beckman, Coordinator of KCSAAC was invited to give testimony before the Committee. A copy of the testimony is attached (Attachment 1). Ms. Beckman submitted a copy of the accomplishments of the KCSAAC in 2004 (Attachment 2). A brochure regarding an upcoming seminar entitled "Opportunities for Family Farms in Kansas" to be offered February 18-19, 2005 at the Kansas State University Alumni Center in Manhattan, Kansas was presented. A resource guide entitled Kansas Family Farmer and Rancher Resources and Services Guide (Second Edition) put out by KCSAAC was presented, (a copy of which is on file in the Office of Legislative Research)

Ms. Beckman stood for questions.

A report dated February 1, 2005 was distributed to the Committee from the Kansas Dairy Marketing Advisory Board. (Attachment 3).

The meeting adjourned at 9:30 a.m.

The next meeting is scheduled for February 8, 2005.

Testimony to the 2005 Senate and House Agriculture Committees

The Kansas Center for Sustainable Agriculture and Alternative Crops was established by Senate Bill 534, passed by the 2000 Kansas Legislature out of concern for family farms in Kansas. KCSAAC, a center within K-State Research and Extension, works in partnership with state and federal agencies, nonprofit organizations and agricultural organizations to assist family farmers and ranchers to boost farm profitability, protect natural resources and enhance rural communities.

The center is a resource center for both producers and professionals searching for information to develop a more diversified, sustainable agriculture. The *Kansas Family Farmer and Rancher Resources and Services Guide* has become a desk reference for many extension educators and other technical providers. The guide was updated in 2004, and over 3,500 copies have been distributed. The second critical role that the center plays is facilitation. The center works with a wide variety of stakeholders to implement projects and activities that address research and outreach needs expressed by Kansas producers.

Sustainability is a broad concept that cuts across many disciplines and interests. Each year the KCSAAC Advisory Committee provides strategic direction and defines specific priorities. The current priority areas for the center are grazing/livestock systems, community based food systems and organic production systems.

The activities of the center are highlighted in the 2004 Accomplishments report.

One of the most exciting developments in 2004 is the increased interaction within multi-stakeholder teams. These teams are comprised of producers, state and federal agency staff, nonprofit organizations, farm organizations and K-State Research and Extension staff. Some of our key partners in 2004 include the Kansas Rural Center, Kansas Department of Commerce-Ag Products Division, Kansas Department of Agriculture, Kansas Department on Aging, Kansas Graziers Association and the Kansas Rural Help Line. We coordinate our individual efforts to reduce duplication of effort and work jointly on larger collaborative projects. By working together, we maximize our efforts and increase impact.

One of the teams focuses on grazing. No longer do we refer to turnips, legumes such as cowpeas, cereal grains and canola as alternative forages. These crops, used in conjunction with more efficient and productive range and pasture management, allow producers to extend the grazing season and reduce haying expenses.

The value added processing team is completing a 3 year project mentoring existing and potential small scale processors. A marketing workshop and bus tours are scheduled in the upcoming months and we are already discussing the means to continue and expand the work of the value added processing team.

The local food system team is coordinating several projects to ultimately increase the amount of food grown, processed and consumed in the region. The projects include business planning for farmers' markets, a new farmer mentoring program and participation in the Great Plains Vegetable Conference.

Senate Agriculture Committee
Date 2-2-05

Attachment # 1

Consumer demand for organic products has grown approximately 20% a year for almost a decade. Over 70% of conventional grocery stores sell organic food products in addition to specialty and health food stores. This trend shows strong indication for sustained growth, and as a result, an opportunity exists for Kansas family farmers. Demand far exceeds supply for grain crops such as corn, wheat and soybeans and for organic cotton. Many people are unaware that Kansas has an established, successful organic processing mill – Heartland Mill is located in western Kansas at Marienthal. And Kansas has existing organic marketing cooperatives. Demand and viable marketing outlets fueled our decision to host an organic conference at K-State. We want Kansas producers, technical service providers and lenders to be aware of this opportunity. The conference will be February 18-19 in Manhattan at the Alumni Center.

In 2005, KCSAAC will continue to identify needs and opportunities and facilitate projects and activities with our collaborators that address those needs.

I respectfully submit this testimony and the Kansas Center for Sustainable Agriculture and Alternative Crops 2004 Accomplishments report to the committee.

Jana Beckman
KCSAAC Coordinator
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February 2, 2005

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Kansas Center for Sustainable Agriculture and Alternative Crops

2004 Accomplishments

History of the Kansas Center for Sustainable Agriculture and Alternative Crops. KCSAAC was established by Senate Bill 534, passed by the 2000 Kansas Legislature out of concern for family farms in Kansas. KCSAAC, a center within K-State Research and Extension, works in partnership with state and federal agencies, nonprofit organizations and agricultural organizations to assist family farmers and ranchers to boost farm profitability, protect natural resources and enhance rural communities.

Role of the Kansas Center for Sustainable Agriculture and Alternative Crops

- Serve as a resource center for producers and professionals searching for information to develop a more diversified, sustainable agriculture.
- Provide and facilitate a communications network among sustainable agriculture professionals and producers for increased collaboration and multidisciplinary projects and activities directed towards research and outreach needs expressed by Kansas producer stakeholders. Current priority areas include:
 - Grazing/livestock systems
 - Community based food systems
 - Organic production systems

Kansas Family Farmer and Rancher Resources and Services Guide

- The 2nd edition of the guide was released in June 2004. Over 3,500 copies have been distributed.
- Includes sections on drought management assistance; family living resources; conservation; direct marketing, value added, and business development; financing and production.

KCSAAC website. The number of visits to the site averages approximately 2,000 per month. The most commonly visited pages are the Publications, Calendar of Events and Grant Opportunity pages. The url is <http://www.kansassustainableag.org>

Developed the Kansas Foods Directory. The directory is a cooperative project with the Kansas Rural Center and the Kansas Department of Commerce-Ag Products Division. The free, searchable, web-based directory allows consumers to search by county and by food item to locate Kansas producers. The site had 5,300 visitors in 2004. The directory is located at:
<http://www.kansasfoods.org>

Created awareness of sustainable agriculture and alternative crops through press releases, the KCSAAC newsletter and by participating in various meetings, field days and conferences. A complete listing of press releases and newsletters initiated by KCSAAC may be found at:
<http://www.kansassustainableag.org>



Senate Agriculture Committee

Date 2-2-05

Participated in organizing and hosting conferences, workshops and tours.

- 2004 Sustainable Agriculture Roundup (approximately 150 people attended)
- 2004 Farmers' Market Workshop (approximately 70 attended)
- 2004 Kansas Graziers Association Winter Grazing Conference (approximately 100 attended)
- Konza Prairie Grazing Tour (approximately 30 attended)
- Forages to Extend the Grazing Season Tour (approximately 60 attended)

Upcoming activities include:

- 2005 Organic Agriculture Conference on February 18-19, 2005
- Farmers Market Manager and Vendor workshop on March 19, 2005
- Find Direction for Your Marketing Workshop on February 8, 2005
- 3 Value Added Processors Bus Tours in February and March

Responded to 310 requests for assistance in 2004.

<u>Total</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
998	310	388	198	102

- 57% of the calls are from extension, agency and nonprofit organizations and educators
- 32% of the calls are from producers or consumers
- 10% of the calls are from businesses, educators, or the media
- The most common requests involve farmers' market and labeling information; grant sources and grant writing resources; value-added processing; and livestock/grazing systems.

Facilitated the submission of \$5,624,553 of grant requests since January 2001. A total of \$2,153,440 has been funded. In 2004, \$712,668 of grant requests have been facilitated. In 2004, seven grants totaling \$379,995 were funded and two projects totaling \$183,807 are pending. The projects funded in 2004 include:

- 4 grants of approximately \$6,000 each awarded to Kansas producers through the North Central Region SARE program
- 2004 Kansas Senior Farmers Market Nutrition Program
- Comparing Organic and Conventional Fertilization Methods for Cut Flower Production in Haygrove Hi Tunnels
- Business Planning and Coaching for Kansas Farmers-Commodity Partnerships for Risk Management Education

Kansas Center for Sustainable Agriculture and Alternative Crops
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Kansas Center
for Sustainable Agriculture
and Alternative Crops





KANSAS

DEPARTMENT OF AGRICULTURE
ADRIAN J. POLANSKY, SECRETARY

KATHLEEN SEBELIUS, GOVERNOR

Report of the Kansas Dairy Marketing Advisory Board

Presented to the Senate Agriculture Committee of the 2005 Legislature

February 1, 2005

Christine Wilson, Kansas Dairy Association

The Kansas Legislature created the Dairy Marketing Advisory Board in 1994. This board reports annually to the Senate and House Agriculture Committees.

The board is made up of two dairy producers, one dairy processor, one consumer and the secretary of agriculture or his or her designee. Current members are Dennis Metz, producer from Wellington; Elaine Sauerwein, consumer from Newton; and Kansas Secretary of Agriculture Adrian Polansky. Two positions — one producer and one processor — are not filled.

This report has been prepared cooperatively by the Dairy Marketing Advisory Board, the Kansas Dairy Association and the Kansas Department of Agriculture. Signed copies of the report will be filed with each committee once they are received.

The Kansas Dairy Industry

The Kansas dairy industry continues to change. As we have reported the last few years, the state continues to have fewer dairies and fewer cows, but higher milk production. Indeed, the increase in production is dramatic, with Kansas showing a 60.8 percent increase in total production between 1998 and 2003.

For benchmarking purposes, we can compare the early 1980s dairy picture with the early 2000s. There were 1,327 Grade A dairies and 738 manufacturing grade operations in 1981. Those dairies had 123,000 cows that produced nearly 1.4 million pounds of milk. By 2003, Kansas was down to 511 Grade A dairies and only one manufacturing grade dairy. Those dairies had 111,000 cows that produced 2.12 million pounds of milk.

Changing National Picture

Nationwide, milk production during 2003 increased 0.1 percent compared with 2002, growing to a record 170.3 billion pounds. The 2003 total was 2.9 percent higher than 2001.

Senate Agriculture Committee

Date 2-2-05

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<http://www.a>

Attachment # 3

Kansas recorded the fifth-largest annual percentage gain among the states compared with 2002, producing 3.7 percent more milk in 2003. Only Indiana (10.1), Idaho (5.8), Texas (4.4) and New Mexico (4.3) had larger percentage gains in 2003.

Nationwide, per capita production increased 0.6 percent between 1998 and 2003. Of the 11 states that showed a production gain, Kansas led them with a 55.8 percent per capita production gain.

Also in 2002, Kansas ranked eleventh in production per cow and remained in the top 20 of milk producing states, coming in at 19.

Milk Prices

Milk prices in November 2004 were improved over November 2003, from a statistical uniform price of 13.67 to 15.10 per hundredweight. This number is even more significant compared with November 2002, when the price was 10.74 per hundredweight. The price increase over the last few years has lessened the burden of an extended period of low prices paid to producers.

Kansas Cheese Industry

In the past few years, Kansas has welcomed three new cheese makers to the state. Jason Wiebe Dairy of Durham specializes in old farmhouse cheeses. Prairie Pride of Potwin makes 11 different types of cheeses and specializes in cheese curds. The Alma Creamery in Alma produces more than 25 types of cheese, and they recently began a TV advertising campaign to publicize their facilities to the public. The increased production of Kansas cheese is another indicator that the Kansas dairy market is growing.

Milk Income Loss Contract Program

The Milk Income Loss Contract Program (MILC) began in 2002 and is to end September 30, 2005. It compensates dairy producers when domestic milk prices fall below a specified level. The program was authorized by the 2002 farm bill, and it has no set funding level.

Under the MILC program, monthly payments are made to producers when the Boston Class I milk price falls below \$16.94 per hundredweight. We believe that MILC payments have helped some of our smaller producers stay in business.

Cooperatives Working Together

In July 2003, many dairies throughout the United States formed Cooperatives Working Together (CWT). CWT addresses supply and demand imbalances that can depress milk prices, and it is funded through a 5 cent assessment on participating dairies. CWT's goal is to reduce the nation's milk supply and deliver a 400 percent return on investment. As of January 10, 2005, 16 Kansas dairies had sold cows as a result of CWT.

Regional Dairy Compacts

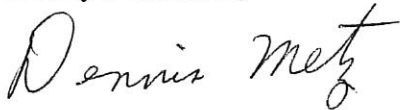
The Kansas Legislature acted in 1999 to allow the Kansas secretary of agriculture to enter into a southern interstate dairy compact if it was determined it would benefit Kansas producers. The Kansas Dairy Association supported this action. The goal of compacts is to stabilize prices paid to farmers for fluid milk, which reduces business uncertainties and stabilizes a regional supply. There has been no action to form such a compact in the past year, but legislation is expected in the current congressional session.

Conclusion

Change in the dairy industry is inevitable, but Kansas is showing many positive changes. Increased production improves the state's chances of attracting a processing plant with jobs and economic benefits. Also, several smaller producers are developing ideas to produce cheese or bottled milk for niche markets. The Kansas Department of Commerce's agricultural marketing program and the Kansas Department of Agriculture's dairy inspection program are available to help turn producers' good ideas into reality.

We thank the Kansas Legislature for its interest and ask that it continue to monitor the impact of volatile prices on the Kansas dairy industry.

Sincerely Submitted,



Dennis Metz
Member, Kansas Dairy Marketing Advisory Board

Elaine Sauerwein
Member, Kansas Dairy Marketing Advisory Board



Adrian Polansky
Kansas Secretary of Agriculture
Member, Kansas Dairy Marketing Advisory Board