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MAY 2007

KENTUCKY

F A R M B U R E A U N E W S

LEGISLATIVE WRAP-UP

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The "little things" mattered at 2007 legislative session

This year's legislative session ended without final action on several agriculture spending projects that KFB supports. But the session wasn't a total disappointment — a number of low-profile measures that will help agriculture were adopted and a few bills that were not in agriculture's best interest were defeated.

House Bill 1, which contained ag projects such as renovation of the live-stock disease diagnostic labs in Lexington and Hopkinsville plus a

merger of the dairy operations at UK and Eastern Kentucky University, failed to pass when it got held up in a debate over a Senate proposal to reform the state employee and teacher retirement systems. The bill also included several other projects that had been vetoed in last year's session.

The divide between the Republican-controlled Senate and Democrat controlled House also way-laid a measure to provide incentives for producing renewable fuels. In this

instance, the killer was a controversial amendment dealing with math and science education.

Fortunately, Governor Ernie Fletcher and legislative leaders from both parties continue to voice support for the agriculture-related projects awaiting funding. Governor Fletcher has said he likely will call a special session to address those and other issues.

One "diamond in the rough" from the 2007 regular session was HB 296, which exempts on-site farm markets from worker's compensation requirements. Agricultural operations already are exempt, but on-site market operators had been required to carry the costly workers comp insurance for their employees.

The new law will save market operators — including the more than 70 in KFB's Certified Roadside Farm Markets Program — thousands of dollars each year. Jeff Harper, who oversees the program, says one participant estimates savings of around \$2,400.

Other bills passed by the legislature that KFB supported will do the following:

Prohibit local governments from regulating fertilizer; allow the Soil and Water Conservation Commission to utilize its revolving loan fund for infrastructure improvements; allow farmers' markets to qualify for temporary food service permits; establish a boll weevil eradication program for cotton growers; create a program to enhance sales of Kentucky-grown produce to nutrition programs; and step up efforts to combat coyote predation.

Laura Knoth, KFB's Director of Public Affairs, said KFB must continue efforts to secure funding for the ag projects and must work toward an energy package that provides incentives for producing renewable fuels.

"Kentucky needs a strong energy policy that promotes renewable fuels of all types — ethanol, biodiesel, gas from coal, biomass, solar, geothermal and wind," said Ms. Knoth. Besides gaining passage of some bills that boost agriculture, KFB also worked toward the defeat of some bad bills for farmers, said Ms. Knoth.

"In the chaotic final days of the session, a number of negative bills resurfaced in various forms. Thankfully, all of them were defeated."

DISTRICT POLICY MEETINGS SET

Please contact your county office if you plan to attend
The schedule is as follows (local times listed):

District 1	July 24	7:00 p.m.	Calloway County FB, Murray
District 2	July 12	6:30 p.m.	Country Cupboard, Madisonville
District 3	July 31	6:30 p.m.	Rough River State Park
District 4	July 30	6:30 p.m.	Barren River State Park
District 5	July 19	7:00 p.m.	KFB State Office
District 6	July 16	7:00 p.m.	Kenton County Extension Office
District 7	July 26	6:00 p.m.	Lake Cumberland State Park
District 8	July 2	7:00 p.m.	Madison County Fairgrounds
District 9	July 10	6:30 p.m.	Blue Lick State Park
District 10	July 23	6:30 p.m.	Grayson Conference Center
District 11	July 10	6:30 p.m.	Ponderosa Steak House, Hazard

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Exercise your right to vote! This is a rallying cry every eligible citizen should heed when elections are held. When our founding fathers set up our representative form of government, they envisioned the populace taking an active role in choosing leadership. Unfortunately, a majority of Americans choose, for whatever reason, not to exercise this valuable right.

One excuse for not voting is “My vote doesn’t matter.” Have you ever taken a moment to understand just what one vote could mean? After all, in Kentucky voter participation the past several elections has hovered around 15% for primary elections and 48% or so for November general elections. The exceptions have been during heated primary races where voter turnout can jump to 32% and presidential election years where the November turnout can exceed 60%. But think about it, fewer than one in four regularly vote in primary elections and less than half in general elections. A select few regularly elect the leaders of our local, state and federal government!

May 22, Kentucky’s Primary Election, is just around the corner. Among the offices Kentuckians will be selecting candidates for in the November General Election are Governor/Lt. Governor, Secretary of State, Attorney General, Auditor of Public Accounts, State Treasurer and Commissioner of Agriculture. The large slate of candidates for Governor presents the possibility of a potential runoff election on June 26 if no candidate garners more than 40% of the vote. Your vote is important. Remember, historically only about 15% of Kentuckians will vote in the primary.

The agriculture community in America represents less than 1% of our current population. Do you realize that in the U.S. Congress today, only 14 of the 535 members of the House of Representatives or Senate have any “direct” knowledge of agriculture? Every vote is important if we are to truly elect officials that will truly represent the diverse interests of agriculture and rural America.

Don’t let someone else choose who represents you. Check out the candidates’ background, their voting records and listen to their views on what is important for Kentucky. Find out where the candidates stand on issues important to Kentucky agriculture, and exercise your Constitutional right to vote May 22 and then again on November 6 in the General Election.



L. Joe Cain

**DIRECTOR
NATIONAL AFFAIRS AND
POLITICAL EDUCATION**

ON THE COVER:

A MILES FARM SUPPLY CANOLA FIELD IN DAVIESS COUNTY.
PHOTO BY ROGER NESBITT

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Kentucky Farm Bureau is a voluntary organization of farm families and their allies dedicated to serving as the voice of agriculture by identifying problems, developing solutions and taking actions which will improve net farm income, achieve better economic opportunities and enhance the quality of life for all.

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Women's Conference has record attendance

KFB's annual Women's Conference became part of a record-breaking year for the organization as an all-time high of 250 participated in the two-day event at the Embassy Suites Hotel in Lexington. That came on the heels of record attendance at both the AFBF annual meeting and KFB's Presidents/Vice Presidents Conference.

KFB President Marshall Coyle was quick to acknowledge those accomplishments during his welcoming remarks to the KFB women.

"It's starting out as a great year for

and Labrot and Graham Distillery. Another highlight was the annual live auction to benefit the mini-grant and scholarship programs. Dozens of items – mainly arts and crafts – were donated to the cause, fetching \$7,000.

Workshops focused on organization, media relations, the scholarship program, time management, family health insurance options, business management, political affairs, internet safety for children, agriculture education programs and member services.

Coyle affirmed KFB's commitment to the women's program and noted the



Farm Bureau," said the Bath County farmer. "We're well on the way to a 46th consecutive year of membership growth. The attitude of everyone has been super. I feel great about it."

The women, who came from 71 of the state's 120 counties, enjoyed a full agenda with educational workshops and tours of Lexington-area landmarks Keeneland Race Track, Ashland Estate

group's role in advancing many objectives.

"Your efforts are a large part of Farm Bureau and in helping to develop our young people," he said. "And when we ask for calls to (lawmakers in) Frankfort and Washington and you say you'll do it, we know we can count on you. I commend you on your work."

ABOVE INSET: WOMEN'S COMMITTEE CHAIRPERSON CATHY PLEASANTS CHATTED WITH KFB PRESIDENT MARSHALL COYLE FOLLOWING THE OPENING SESSION.

ABOVE: A RECORD 250 KFB WOMEN WERE ON HAND FOR THE TWO-DAY EVENT.

"Your efforts
are a large part
of Farm Bureau
and in helping
to develop our
young people,"

— Marshall Coyle



TOP: PARTICIPANTS LOOKED OVER THE MERCHANDISE DONATED FOR THE AUCTION.

MIDDLE: KRISTIN CLARK, AN AGENCY MANAGER IN FAYETTE COUNTY, GAVE A PRESENTATION ON HEALTH INSURANCE OPTIONS.

BOTTOM RIGHT: KFB STAFFER SCOTT CHRISTMAS, WHO OVERSEES THE WOMEN'S PROGRAM, WELCOMED THE GROUP TO THE ANNUAL CONFERENCE.



Beef tour is well-done!



Kentucky's beef cattle industry has become bigger and better as a result of the landmark agricultural development initiative fueled by tobacco settlement funds. Producers throughout the state have utilized the various Ag Development Fund programs to improve genetics, upgrade handling facilities, bolster feeding systems and find new ways to market their stock.

Recognizing how the industry is undergoing significant changes in Kentucky, KFB decided to boost the educational process by offering members an opportunity to observe the operations of some of the nation's most successful cattle-related enterprises. This year, KFB's "Spring Beef Tour" took 83 participants to Colorado and Wyoming. In four days, the Kentuckians got a taste of the "big leagues," visiting some of the nation's top producers of seedstock, fat cattle, high-quality branded beef and health products. The trip also featured briefings on meat safety research and the work of the U.S. Meat Export Federation, plus a visit to Colorado Farm Bureau.

Heading the Kentucky contingent was KFB Second Vice President John Hendricks, a Clark County farmer who is chairman of the organization's Beef Cattle Advisory Committee. He described the tour as "very successful."

"I think they (the participants) were very struck by what they saw," Hendricks said. "We saw enterprises that were very large in scope, but were family-owned. That showed that

there's still a place in agriculture for family-owned businesses. We were all impressed by that."

Many in the group no doubt had never before witnessed such a large concentration of cattle. At the Five Rivers Ranch in Kersey, Colorado, the feed lot capacity was 90,000 head; at Fornstrom's Feedlot in Pine Bluff, Wyoming, there were close to 5,000 head of cattle on feed, along with 35,000 sheep.

Hendricks said he was most impressed with the second stop, Colorado Serum Company, a fourth-generation family business that produces animal health products (primarily vaccines), large animal biologicals, veterinary instruments and speciality products.

"That is a rare operation for a family to operate," Hendricks explained. "A tremendous amount of science and technology is involved. It was very impressive."

First stop was Running Creek Ranch, a Limousin seed stock producer. The company is highly regarded for private contracting for bulls and heifers.

The Aristocrat Angus Ranch, a 50-year-old enterprise, has a similar business, but with the Angus breed that is so popular in Kentucky. Founded by Saddle and Sirloin Club Hall-of-Famer Ben Houston and operated by his family, Aristocrat Angus Ranch has sent semen and bulls to customers in seven foreign nations and has produced a long string of champion bulls.

Superior genetics also were evidenced at Five Star Cattle Systems, which supplies top-quality Angus, Red Angus, Limousin and LimFlex hybrid bulls to commercial cow-calf producers. A diverse operation also features the procurement of program-specific feeder cattle for feeding operations and producing top-quality beef for branded programs. The company is part of the Smithfield Beef Group.

The tour moved into Wyoming for a visit to Fornstrom's, which is operated by Wyoming Farm Bureau members Todd and Laura Fornstrom. Laura, in fact, is the county Farm Bureau president. They are feeding cattle and sheep, have a cow-calf operation and a pellet mill. With around 35,000 head, they have one of the nation's largest sheep feedlots.

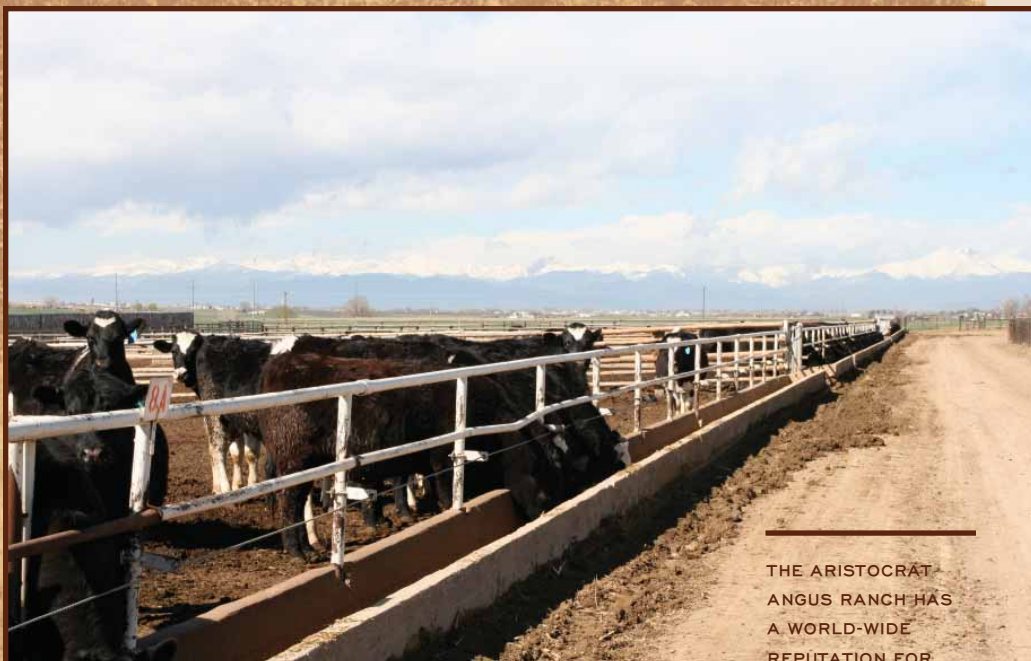
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- Wayne Supply Company
- Kentucky Bank
- Clark County Farm Bureau

The Five Rivers Ranch, a joint venture between ContiGroup Companies, Inc., and Smithfield Foods, Inc., offered a glimpse of a big-time feedlot. The company is the world's largest cattle feeder, with 800,000 head in five western states.

Research was the focus of the presentation at Colorado State University's Ag Research, Development and Education Center. The group learned about meat safety issues and toured the center's beef, swine and sheep production facilities.

Colorado Farm Bureau played host to a dinner that included a presentation from the U.S. Meat Export Federation, a non-profit trade group that develops international markets for U.S. beef, pork, lamb and veal. USMEF has offices in Japan, China, Russia,



THE ARISTOCRAT ANGUS RANCH HAS A WORLD-WIDE REPUTATION FOR EXCELLENCE.



Mexico, South Korea, England and Singapore.

The trip also afforded an opportunity to observe and hear about two significant ag issues — water rights and urban sprawl, said Jerry Little, Boyle County's extension agent who serves on the KFB board of directors as a representative of county agents, plus is vice-chairman of KFB's beef cattle advisory committee.

"It was a great trip; a valuable experience," Little said. "I think it helped our producers to see the whole production cycle, from genetics to feed lots. Four of my (county) producers were there and told me they gained a lot of knowledge and perspective."

RANDY BLACH, EXECUTIVE VICE PRESIDENT FOR CATTLE-FAX, CHATS WITH KFB SECOND VICE PRESIDENT JOHN HENDRICKS DURING ONE OF THE STOPS ON THE THREE-DAY TOUR. HENDRICKS IS CHAIRMAN OF KFB'S BEEF CATTLE ADVISORY COMMITTEE.

Little said he was most impressed with the alfalfa pelleting operation on the Wyoming family farm.

"It was the type of value-added enterprise we (in Kentucky) promote," he explained.

"They use the product to feed their stock and improve income by selling to other producers."



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MILES FARM SUPPLY BELIEVES CANOLA CAN FIT IN KENTUCKY CROPPING PATTERNS

Sheep and grapes are two farm commodities that have made a comeback in Kentucky as part of the state's agricultural diversification initiative. Owensboro-based Miles Farm Supply would like to see canola added to that list after last month's freeze that dealt a damaging blow to other crops unearthed some positives for a winter canola crop.

When 20-degree, and below, temperatures hit the entire midwestern region in early April, only a small percentage of the company's commercial strip trials of winter canola was lost. That was a major advancement for a two-year-old research project at Miles Farm Supply.

"The wet fall, followed by a winter freeze that deviated to extremes several times added to a historic freeze event at Easter, has allowed us to cull and select what hybrids will work here," explained Brian Caldbeck, the company's manager of innovative products and services. "After what this (the freeze) did to wheat and trees, there are some farmers who are amazed that we still have canola."

Miles has now pinpointed between five and 10 hybrids that should work well in Kentucky for a winter canola crop. More than a hundred have been used for a project involving about 14 growers in Kentucky, Tennessee, Indiana, Illinois and Missouri, in addition to the Miles Farm Supply research location at Schochoh, Kentucky.

Out of 850 acres planted last September and October, 200 were lost, but most of the damage was due to a wet autumn and slightly later planting dates

than desired on those particular fields, said Caldbeck.

"This hasn't discouraged farmers participating in the evaluation at all," he said. "Close attention will be paid to harvest yields resulting from these commercial fields and plots across the region."

Canola is an oilseed crop in great

1987 to 20,000 in 1989. But it suddenly tailed off and disappeared in the wake of a couple of bad crops.

John C. Roberts, a business development official with 27 years experience at Miles Farm Supply, recalls a combination of pitfalls that included excessive seeding rates, either extreme early or late plantings and inadequate management. Today, after observing the trials, he's keen on winter canola in Kentucky.

"Kentucky has been missing the boat on winter canola," Roberts said. "It is well adapted to our climate and fits in well with our cropping systems because it can be double-cropped with soybeans. It works well where standing water or soil compaction are not issues. The production practices and equipment are similar to wheat."

There's also a marketing advantage, he added.

"When Canada is planting their crop, we are harvesting our winter crop – that's when there's the least amount of canola available (from Canada). We could be looking at a distinct marketing advantage in this scenario."

Current research at Miles Farm Supply indicates an optimal planting window for canola from September 15 to October 5 using hybrids of different maturities to counter differences in growing degree accumulations. A good yield should be between 50-60 bushels per acre, but the company has recorded a high of 77 and feels that a 70-bushel average is attainable with current genetics.



WINTER CANOLA IN KENTUCKY SHOULD BE ABLE TO AVERAGE AROUND 60 BUSHELS PER ACRE.

demand as a food oil and with great potential for biodiesel fuel. Production in the United States is dominated by North Dakota, South Dakota and Minnesota, and is less than 15 percent of domestic demand. Canada is a major producer and exporter to the U.S.

Canola once was "the next big thing" in Kentucky agriculture. Not long after the federal government approved canola oil for human consumption, acreage in Kentucky went from 1,000 in

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FARM PRODUCTION NEWS

UK HAS GUIDE TO “CUSTOM WORK” RATES

BY LAURA SKILLMAN
UK COLLEGE OF AGRICULTURE

Some farmers turn to others to help with specific farm work such as baling hay or combining grain, while other farmers do custom work to help add to their farm income. So where do farmers go to find out how much it will cost to hire a specific service? Or, if they want to make extra money themselves doing custom work, how do they know how much income to expect?

Those are questions Greg Halich, farm management specialist with the University of Kentucky College of Agriculture, sought to answer recently by compiling custom machinery rate data. Halich found 10-year-old Kentucky figures that were more cost analyses, so to provide the state's farmers with more current and applicable figures, he compiled survey information from Indiana, Illinois, Ohio, Iowa and Kansas. The rates he has calculated are averages for these combined states and are adjusted for differences in fuel price, machinery costs and wages at the time of the reported surveys. Adjusted

data is available on 64 grain crop operation tasks, 44 hay operations, 34 miscellaneous operations and 72 unadjusted rates for miscellaneous operations.

“The stimuli for doing this came both from county extension agents and from farmers who were looking for custom rates for Kentucky,” he said. “So the need was there, but there was no time to do it (a state survey) before spring planting. There were a lot of other surveys that were applicable to Kentucky conditions, so why not utilize them in some fashion? So, I came up with the idea of averaging the other surveys and modifying them for differences.”

To account for differences in efficiency and market conditions, Halich's report shows not only the average adjusted rate of the five states but also gives a rate 15 percent below that and 30 percent above it. These three rates are presented to provide a range of rates that are likely to occur in the state.

The data is designed to provide a baseline for estimating reasonable custom machinery rates in Kentucky, he said. Actual custom rates are deter-

mined based on supply and demand within a localized market and can vary substantially. That is the main reason for the range of rates and these estimates should not be used to set rates for any area, he said.

One important note is that the majority of the original survey respondents in the five states are likely to be large operators in the grain belt, Halich said. “So, the average rate presented in the Kentucky report for grain-related activities are most suited to western Kentucky. Farmers in central and eastern Kentucky may want to adjust rates upward.

“Also, county agents have told me that in counties that are more urbanized and you have a lot more smaller farms, the activities are going to be higher than in other areas,” he said. “That's why I wanted to go with the range in rates.”

The custom machinery rate data compiled by Halich is available on the Department of Agricultural Economics Web site at http://www.uky.edu/Ag/AgEcon/pubs/xt_aec/2007-01.pdf.

OIL(SEEDS)

Continued from 8

Market prices currently are hovering around \$6 a bushel, said Roberts.

Caldbeck, who is an agronomist from Ireland, notes that canola is widely used in Europe as a “feed stock” for biodiesel fuel, as well as a food oil with no trans fats. An acre of canola yields twice as much oil as soybeans, he added.

“Managing the crop is the key here,” he said. “Variety selection, seeding rate, planting technology, weed control, disease control – these are things we must develop properly. But the potential is there. We need to bring it on to the next level.”

The company believes a major

processor would locate in the region if the crop volume was available.

“If canola is to develop here there will have to be a central delivery area where farmers could deliver their crop,” Roberts said. “The biggest concern a grower would have right now is the availability of a handling facility. Most farmers would say they could grow the crop but would want to move it off-farm at harvest.”

Miles is shipping its growers' canola by rail to a crushing plant in Canada. Another oilseed crop the company is evaluating is sunflower. Recently, The Governor's Office of Energy Policy awarded a grant for a collaborative research project various departments within the UK's College of Agriculture and Miles Farm Supply.

The objectives, said Caldbeck, are to identify the best hybrids, refine management practices, expand the pilot program for commercialization, research quality specifications and conduct educational activities.

Deborah Seymour, president of Miles Farm Supply, said the company is optimistic about the prospects for both canola and sunflowers.

“We've had some successes that are very encouraging,” she said. “We want to ensure that this can work for farmers, that it's a viable crop. We've been working with some good growers and want to add more. We feel that 50,000 acres (of production) would make a (processing) plant feasible. Some of these acres could be devoted to sunflower depending on current research.”

Book clears confusion about health insurance

BY JIM PORTERFIELD
AFBF STAFF

The term “healthcare insurance” can conjure up images of a deep abyss of actuaries wearing green eyeshades, high-pressure insurance agents, spiraling premiums and a mountain of incomprehensible hospital and insurance company invoices and statements. If you are self-employed, like our nation’s farmers and ranchers, there are three things you probably know about healthcare insurance. It’s tough to understand. It’s difficult to afford. And, you often have little or no control over your own fate or money.

Now imagine this — a left-leaning fiction writer and right-leaning insurance broker collaborating on a book, “Healthcare Happily Ever After,” to fix the nation’s healthcare system.

No need to imagine, because it’s true. Authors Bob and Debra Hopper take the complex world of health savings accounts (HSAs) and make the subject totally understandable. They manage to do this by using a plot, storyline, characters and

dialogue. You’ll laugh and sometimes feel a tug on your heartstrings. That’s something almost unheard of in insurance industry literature.

The book allows you to see how HSAs could actually reduce your health insurance premiums. While the characters are fictional, most of the numbers are right out of the real-life rate tables of the biggest healthcare insurer in the country. And, lo and behold, you discover how you can build equity in your healthcare plan. Paying rent for it from every paycheck, and having nothing to show for it at the end of the year, can now be a thing of the past.

The plot follows a fictional U.S. presidential candidate who is looking for a solution to America’s healthcare dilemma. Once his intrepid young aide is onto the scent, you meet some interesting everyday people, even a compassionate actuary. With the help of comments from a stressed young waitress, a romantic economist slices directly to the heart of the problem:

“Third-party payment of non-insurable events is the cause of rising premi-

ums.”

A befuddled HR director finds hope to change a proposed 25 percent increase in premium rates into a savings of \$32,000 a year for her company, while still putting \$544 per month into HSAs for each of the company’s 18 employees. A doting Treasury Department official smoothly explains the triple tax benefits of HSAs — money goes in tax-free, accumulates interest tax-free and can be used tax-free for medical expenses.

A New Age health enthusiast helps a brave disabled woman and her husband find hope for their future healthcare financial needs by using two HSAs instead of a family plan.

In the end they all agree — HSAs are the very best healthcare choice for all of America.

Farm Bureau is mounting a grassroots educational effort to get this book into the hands of as many members as possible, as well as into as many other households around the country. If you would like a copy of the special edition and an order form call 1-202-406-3624.

Ag Development Fund gets a \$9.1 million boost

Governor Ernie Fletcher announced that the Kentucky Agricultural Development Fund received an additional \$9.1 million from Kentucky’s share of the Master Settlement Agreement (MSA) for the current fiscal year.

Forecasters predicted that Kentucky’s Master Settlement

Agreement revenue would be lower in 2007 due to multiple legal challenges and disputes by tobacco companies over their contributions.

However, when the receipts came in this week, Kentucky received \$107 million, representing \$18.2 million more than originally budgeted. Reasons for the unexpected income include

companies fulfilling their commitment to make their payment when previously they indicated they would withhold part of their 2007 payment. Additionally, there were settlement payments from nationwide lawsuits and estimates for decreases in cigarette consumption nationwide were conservative.

Half of Kentucky’s share goes into the Kentucky Agricultural Development Fund. The other 50 percent is also dedicated and is divided equally between early childhood development programs and health care improvement programs.

Agricultural Development Funds are distributed to 118 of 120 Kentucky counties. The 2007 amount budgeted for counties was \$15.5 million. With an additional \$3.1 million, they are now going to receive a total of \$18.6 million. Additionally, the 2007 MSA funds set aside for state level projects was budgeted \$2 million. The additional funds provide a total of \$7.9 million for investment in new and innovative diversification projects.

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Fort Harrod Beef Festival is June 1-3

The second Annual Kentucky's Fort Harrod Beef Festival is set for June 1-3 at Old Fort Harrod State Park and the Mercer County Fairgrounds in Harrodsburg.

The festival will kick off on May 31 with a wine and cheese tasting at Old Fort Harrod State Park in the James Harrod Banquet Room. The following day, the festival continues with a live concert featuring Cross Canadian Ragweed at the Mercer County Fairgrounds, along with local bands and singers. The concert begins at 6 p.m. with the main concert scheduled to take the stage around 9 p.m. Tickets may be purchased before the show for \$12 for adults and \$5 for children 12 and under. Day of show tickets will be \$15 for

adults and \$7 for children.

The festival hits full stride June 2 with a juried arts and crafts fair at Old Fort Harrod State Park, featuring more than 50 exhibitors, steak and eggs breakfast, 5K race/walk, antique and classic car cruise in, live music, festival food, children's activities, craft demonstrations, pony rides, pageants, Midlife Crisis live band, twilight tour of the fort, and much more.

On Saturday, Kentucky's Fort Harrod Beef Festival signature event, a beef "grill off," takes place at the Mercer County fairgrounds. The teams will compete to produce the best brisket, steak, backyard burger and chili. There also is a youth back yard burger and steak category for those ages 9 to 17. Judges will determine the winners in the professional and amateur division, and a "People's Choice" award will be presented. The cost is only \$6 per person to sample all the wares and vote for the best. A new addition for this year, a best show award, will be given to the team most creatively

decorated grill-off-area. Other events at the fairgrounds that same day include a roping event, corn hole tournament, 4H skill-a-thon, chef demonstrations, antique and farm machinery show, display of various breeds of live cattle, and more.

Also, on Saturday starting at 4 p.m., an ice cream social and a showcasing of ambulances, limos and hearses will be at the Alexander and Royalty Funeral Home located at 304 East Lexington in Harrodsburg.

On June 3, the juried arts and crafts show continues from 10 a.m. to 5 p.m. at Old Fort Harrod State Park with more live entertainment, children's activities, and a motorcycle cruise-in, etc. In addition, the Kentucky State Flintlock Championship will take place from 10 a.m. to 4 p.m. at the Mercer County Fish and Game Farm.

The event marks Kentucky's emergence as a cattle-producing state. For more details, contact Joan Huffman at (859) 734-9614 or 734-3314 or LeMayne Ellis at (859) 734- 5546.

Dairy awards on tap

The Dairy Products Association of Kentucky (DPAK) is taking nominations for the sixth annual Kentucky Quality Dairy Producer Award.

The award recognizes the Kentucky dairy producer who best portrays the production of high-quality milk. The competition is open to all Kentucky dairy producers. The award will be presented at the Dairy Recognition Dinner during the Kentucky State Fair in August.

To determine finalists for the event, a committee will review four criteria, weighted 25 percent each: somatic cell, bacteria and preliminary incubation (PI) counts of the producer's milk, and a farm inspection. Criteria must be based on producer data derived from April 1, 2006, through March 31, 2007.

Nomination forms must be postmarked or delivered to DPAK no later than June 8.

Nomination forms may be downloaded and printed from the University of Kentucky Division of Regulatory Services Web site at www.rs.uky.edu. Click on "Milk," then "Information on the 2007 Kentucky Quality Dairy Producer Award," then "Nomination form." Send or deliver completed forms to DPAK Executive Office, David Klee, 514 General John Payne Blvd., Georgetown, KY 40324.

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U.S. WOOD EXPORTS ARE RISING

USDA reports that in 2006, the value of U.S. wood exports increased seven percent to a total of \$6.3 billion. Increased exports of hardwood lumber, hardwood logs, and softwood lumber more than offset decreased exports of softwood logs, hardwood veneers and softwood chips. In 2006, hardwood lumber accounted for 24 percent of total wood exports, or \$1.6 billion.

Hardwood lumber exports have been driven by strong demand from Europe's interiors and furniture industry, China's enormous furniture industry and Vietnam's growing furniture industry.

Demand for white oak increased significantly, with exports increasing from \$271 million in 2002 to \$377 million in 2006. Other important hardwood lumber export species included red oak, maple, cherry, and yellow poplar.

In 2006, softwood logs accounted for 13 percent of total wood exports, or \$790 million.

Softwood log export growth has been driven by Canada's demand for spruce and Japan's demand for Douglas-fir. These species are used in structural building components, moldings, doors, windows and furniture.

BROILER PRODUCTION MAY FALL

U.S. broiler meat production is forecast by USDA to total 35.2 billion pounds in 2007, a slight decrease from 2006. This is the first year-over-year decrease in annual broiler meat production since 1973. With exports expanding to 5.4 billion pounds, domestic per capita broiler meat consumption is expected to decrease by two pounds, to 85 pounds on a retail weight basis.

Low prices in 2006 cut broiler production the past six months; 2007 YTD production is two percent below last year. Smaller production and lower frozen stocks have resulted in a price recovery. The 12-city price for whole broilers averaged around 78.5 cents/pound in April, compared to 59 cents/pound a year ago and 64.4 cents for all of 2006. Higher broiler prices, and stabilizing feed costs, have encouraged an increase in broiler-type egg sets compared to April 2006 of about two percent. The USDA forecasts broiler prices will average 73-77 cents in 2007.

UK WHEAT FIELD DAY IS MAY 15

Despite severe freeze damage to the 2007 wheat crop, the University of Kentucky Wheat Field Day is still scheduled for May 15 at the Research and Education Center in Princeton.

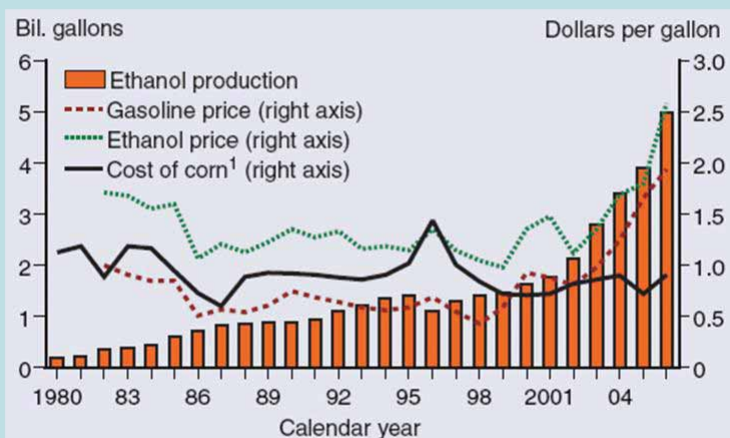
Some farmers have opted to destroy damaged wheat, but the plots at the UK research farm are still in place, providing

educational and research opportunities.

The program includes information that is relevant year after year, such as UK wheat variety trials, application timing of the herbicide Osprey and nitrogen fertilizer.

The Field Day begins with 8:30 a.m. registration and ends at noon with lunch provided by the Kentucky Small Grain Growers Association.

Ethanol Production Compared to Prices of Gasoline, Ethanol and Corn

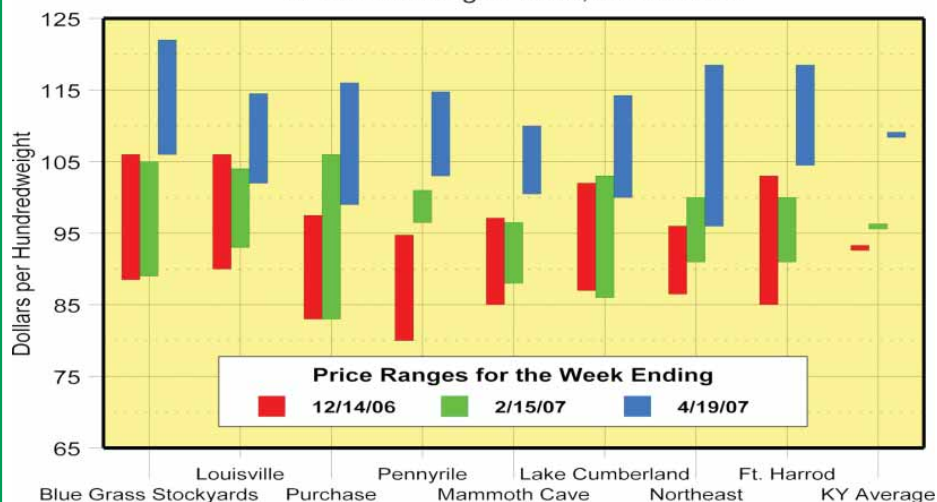


1 Corn costs are converted to dollars per gallon by dividing the corn price by 2.65, the average (1980-2006) number of gallons of ethanol produced from a bushel of corn.

Source: Feed Grains Backgrounder, USDA-ERS, March 2007

Kentucky Feeder Steer Price Ranges

Medium & Large Frame, 600-699 lbs



Source: Kentucky Livestock & Grain Market Report, KY Dept. of Agriculture

A growing concern

FROM KCARD

Editor's Note: KFB is among the KCARD cooperators. KFB First Vice President Mark Haney serves on the KCARD board.

Kentucky's farmers' markets offer a diversity of farm fresh products along with the local specialties that make each market a unique shopping experience. This is especially true at the Lexington Farmers' Market.

Lexington Farmers' Market is one of the largest in Kentucky, with over 60 members selling at five markets at four locations four days a week. This successful market began with just a few farmers and trucks loaded down with vegetables. After thirty years, the market has seen its ups and downs.

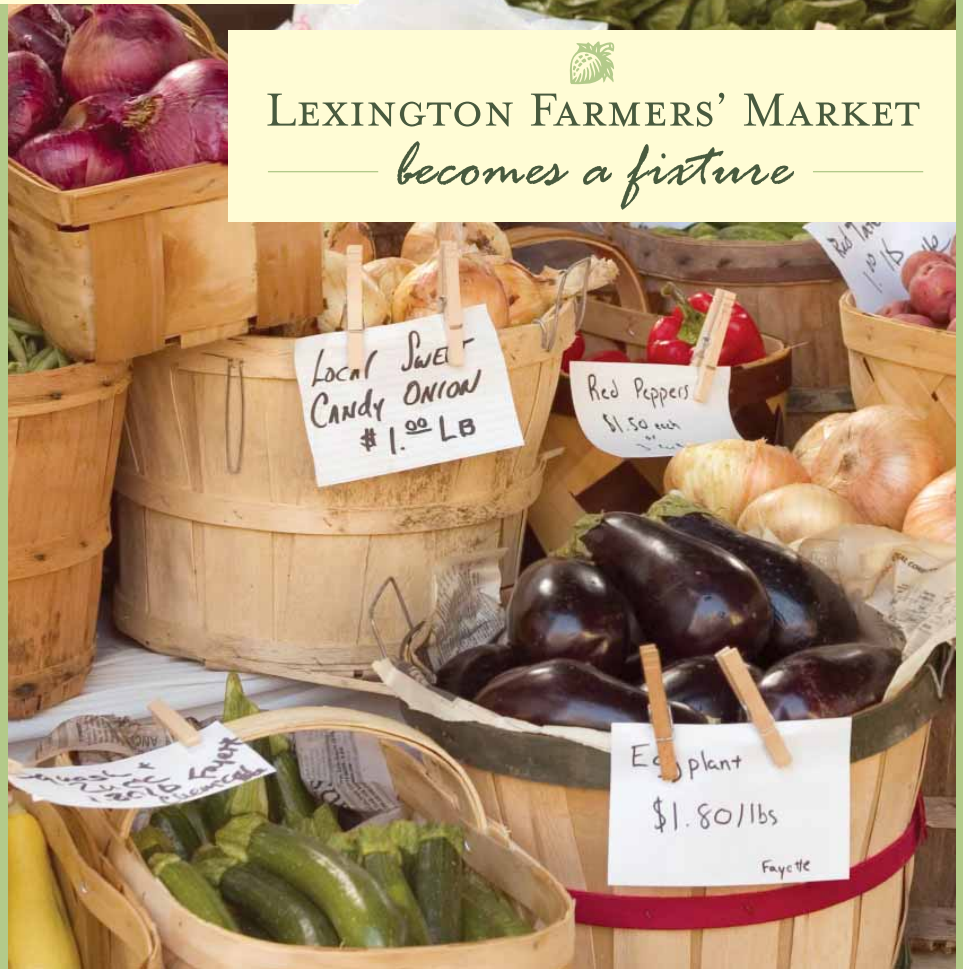
Five years ago the interest was growing, but the organization itself was struggling. The growth was leading to disagreements among the members, while the Board of Directors was struggling to address financial and organizational issues. A turning point came when a disgruntled member threatened to take legal action against the board.

That is when a member contacted Larry Snell with the Kentucky Center for Agriculture and Rural Development (KCARD) for assistance. KCARD met with the directors in the fall of 2003 to evaluate the issues and establish a plan of action.

"When we first met with the board they had no manager, and in effect they had forgotten they were structured as a cooperative," said Snell. "They were holding meetings with no agenda, no minutes, no account oversight. No procedures were in place."

KCARD worked with the board to reestablish the basic structure the cooperative had lost over the years. As for the board members, they devoted endless hours to establishing bylaws and producers' agreements. The board also worked with KCARD to hire an accountant to assist in the review of financial records.

Once the foundation of the organization had been repaired and financials were solid, the board realized it had the funds to hire a manager as KCARD recommended. Jeff Dabbelt became manager in 2005 and continues to work



LEXINGTON FARMERS' MARKET — becomes a fixture —

with KCARD staff on board and organizational development.

"I think continuing education is critical to the long-term viability of the Board and organization," explained Dabbelt.

As the Market has grown it has become more than just a place to purchase local vegetables; it is a part of the community. Nothing reflects the relationship with the community more than the Saturday morning market in downtown Lexington.

Colorful tents and trucks line Vine Street filled with the week's bounty from local farms. Tables along the sidewalk are piled high with colorful arrays of fresh fruits, vegetables, flowers, and herbs. Local musicians can be found on benches playing for everyone and anyone. People with their morning coffee, children in strollers, and dogs on their leash fill the market shopping, eating, visiting, and enjoying the day.

"I think the city embraces us and does see us as an asset," said Dabbelt.

"They are one of our biggest partners."

Partnership has been instrumental in raising awareness of the market throughout the area. WUKY sponsors a weekly Kentucky Proud Farmers' Market Report each Friday during the season when the Saturday Vine Street market is open. Central Baptist Church is a wonderful partner within the community, and this season the market welcomes Good Foods Market and Café, also a cooperative, as a partner.

Dabbelt says it is also the relationship between the members and the community that makes the market a success. The key to that relationship goes back to establishing a strong organizational foundation for the members, based on open communication that allows them to reach out to the community.

"Communication with our members has been instrumental to defining the business that we have," explained Dabbelt, "and it is critical for us to define where we are going in the future."

TWO COMPANIES GET BIODIESEL GRANTS

Grant funding from the Governor's Office of Energy Policy will help expand the use of biodiesel in eastern, central and southeastern Kentucky.

A \$25,000 grant has been awarded to Bertram Oil Company of Monticello and to Kentucky Petroleum Supply of Winchester. The grant will be administered by the Kentucky Clean Fuels Coalition (KCFC), a non-profit organization based in Louisville. In selecting grant recipients, KCFC coordinated with the Center for Rural Development in Somerset to identify strategic locations for biodiesel storage and distribution projects in central and eastern Kentucky.

"Expanding the use of biodiesel is a step we can take to reduce our dependence on imported fuel," said Governor Fletcher. "Use of renewable and cleaner fuels is good policy today and produces a more stable and secure economic environment for tomorrow."

"The grant will enable both fuel providers to purchase storage and distribution equipment for biodiesel and deliver it to customers in a region of Kentucky that was lacking in biodiesel availability," said Melissa Howell, KCFC executive director. Bertram and KPS together will deliver fuel to 18 additional counties that have been unable to get biodiesel. Freight charges raise the price of the biodiesel when it has to be purchased from great distances.

Bertram and KPS will supply biodiesel to individuals, small fleet operations and large fleets such as Vulcan Materials and other mining operations in the area.

Biodiesel is an additive to traditional diesel fuel. It is primarily made from vegetable oils and animal fats. Kentucky currently has two biodiesel production plants, Griffin Industries in Butler and Union County Biodiesel. Owensboro Grain currently has a 50 million gallon production plant under construction with a June operational date targeted.

WOODFORD FB SUPPORTING STOCKYARD

Woodford County FB leaders have played a key role in support of the proposed relocation of the Blue Grass Stockyard from Lexington to a site near Midway.

The Midway City Council approved a zoning change that paves the way for the stockyard to be built on a 30-acre site at Midway Station Commerce Park, just off I-64. The old site just west of downtown Lexington is old and in disrepair. Blue Grass is the largest cattle market east of the Mississippi River. Owner

Eugene Barber has said the new facility will employ 200, with a \$1.3 million annual payroll.

Woodford County FB President Mike Cocanougher, along with several directors, have lobbied for the move. "Common sense prevailed," director Donald Mitchell told the Lexington Herald-Leader following the vote.

The zoning change, however, faces a legal challenge from a local preservation group, according to published reports.

AG DEVELOPMENT PROJECT GETS RECOGNITION

Kentucky's agricultural development initiative fueled by tobacco settlement funds is among the 2007 Top 50 Government Innovations named by the Ash Institute for Democratic Governance and Innovation at Harvard University's John F. Kennedy School of Government. All are now semifinalists for the Innovations in American Government Awards and are eligible to win one of seven \$100,000 grants.

The Kentucky Agricultural Development Fund provides capital for innovative projects that help diversify the state's farm economy. These investments include local and state projects, designed to increase farm income and create sustainable farm enterprises.

"Government agencies today must have the ability to respond efficiently to the ever-changing needs of citizens," said Stephen Goldsmith, Director of the Innovations in American Government Program. "We are pleased to recognize these programs that have capitalized on

creative thinking to increase the effectiveness of government."

The Top 50 programs represent government agencies at the federal, state, county and city levels and were selected for their novelty and creativity, effectiveness at addressing significant issues and their potential to be replicated by other jurisdictions. Chosen from nearly 1,000 applicants, they represent government's best efforts across a variety of policy areas, ranging from education to the environment, criminal justice to health care, and management to community development.

"The programs represent the very best of public management," Ash Institute Director Gowher Rizvi added. "We are honored to highlight innovative practices that produce renewed confidence in public service."

The seven recipients of \$100,000 awards will be announced in the fall at a dinner celebrating the 20th anniversary of the Innovations in American

FCS OF MID-AMERICA IN GOOD SHAPE

Farm Credit Services of Mid-America announced earnings of \$143.6 million and loan volume growth of 15.4 percent for 2006. Assets grew to \$11.4 billion as a result of expansions in the livestock industry, new real estate acquisitions, business-related investments and increases in lending for the residential farm mortgage business.

FCS of Mid-America, which serves over 72,500 farmers in Kentucky, Ohio,

Tennessee and Indiana, also opened three new sales offices last year, including one in Richmond. Another significant initiative was the announcement of a stronger stewardship program that allocates more resources for developmental activities such as college scholarships.

The association celebrated its 90th anniversary in 2006. It provides loans for all types of farm and rural living purposes.

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