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KENTUCKY

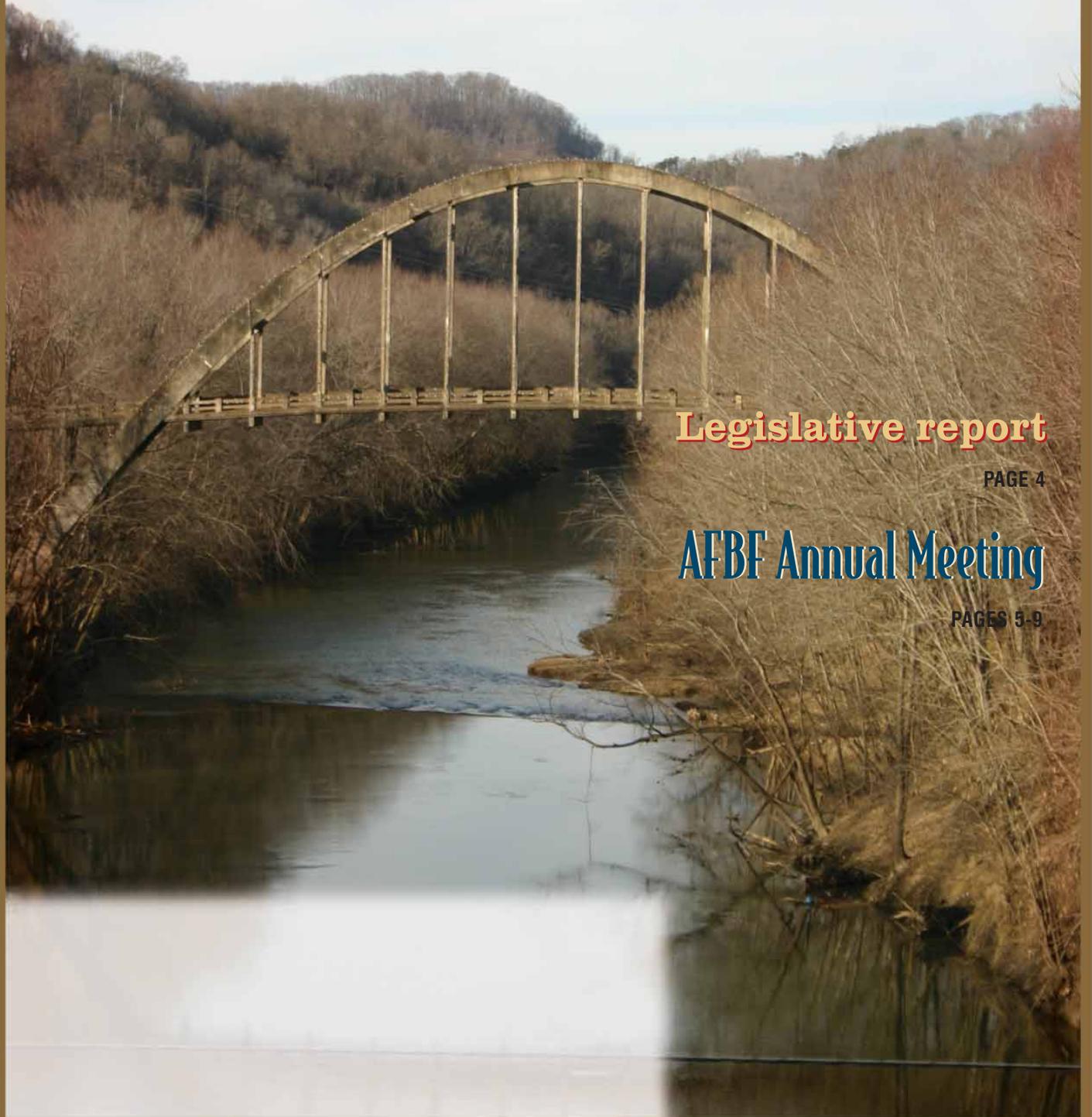
F A R M B U R E A U N E W S

Legislative report

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AFBF Annual Meeting

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2007 State Priority Issues

HEALTH CARE

- Support changes in Kentucky's health insurance laws that will stabilize the market, encourage competition, and increase consumer choice.

- Associations should be able to provide adequate health insurance. We oppose any action that would impede that ability.

INVESTMENTS FOR AGRICULTURE

- Maintain allocating 50% of the Master Settlement Agreement funds to the Agricultural Development Board.

- Maintain the current structure of the Master Settlement Agreement

BUDGET

- Restore funding for renovation and expansion of the University of Kentucky Livestock Disease Diagnostic Center and the Murray State University Breathitt Veterinary Center.

- Restore funding for the EKU/UK Dairy Merger Project

- Support continued funding of the Soil Erosion & Water Quality Cost-Share Program.

- Restore funding for agriculture through the General Fund rather than using Tobacco Settlement Funds for existing agriculture initiatives and programs.

- Support taking the debt service for state projects from the General Fund rather than from the Agricultural Development Fund.

- Support funding for the renovation and improvement of the FFA Leadership Training Center.

- Recommend sufficient funding be made available to maintain a strong

grain elevator inspection program for the protection of farmers.

- Protect the farmer-financed Grain Insurance Program.

TAXATION

- Support the current provisions of House Bill 44 (KRS 132.010).

Revenue from property taxes should continue to be limited to 4% plus new growth. Proposals to exceed 4% should automatically go to the voters.

- We oppose any further increases in the excise tax on tobacco products.

WILDLIFE MANAGEMENT

- We support effective wildlife management that will reduce the wildlife population in an effort to alleviate continued crop and livestock losses, automobile accidents, human injuries, and loss of life.

ENERGY

- Encourage the expanded use of renewable fuels and recommend tax incentives to increase production and utilization.

- Support implementation of the state energy policy that promotes renewable fuels and protects our current low cost electricity rates.

TRANSPORTATION

- Support the rural secondary and county road aid programs and continuation of the 22.2% allocation of the state gasoline tax revenue for rural roads.

PRIVATE PROPERTY RIGHTS

- Protect the rights of Kentucky's landowners when dealing with regional planning issues, eminent domain laws, or smart growth initiatives.

ENVIRONMENTAL & NATURAL RESOURCES

- The Agriculture Water Quality Authority should be given direct oversight and approval authority of any state environmental regulations and/or permit programs potentially affecting agricultural operations.

- Limit local government's ability to implement agricultural regulations that are more stringent than state regulations.

- Support increased emphasis on forest and timber industry issues.

AGRICULTURE RESEARCH AND EDUCATION

- Encourage competitive salary levels and a performance-based career ladder for the Cooperative Extension Service funded with recurring General Fund dollars, not Tobacco Settlement Funds.

- Encourage enhancement of agricultural research and education facilities at UK's Princeton, Eden Shale and Robinson Station extension centers. We encourage greater cooperation and efficiencies among all universities on agricultural issues.

- Support an adequate and equitable level of funding be permanently established for all areas of career and technical education.

“COMMENT”

In some Kentucky schools character education is taught in the classroom by integrating into the various courses of study positive human qualities—such as responsibility, commitment, and hard work. As a young person, I was fortunate to be able to grow up working on a farm and learn first-hand about responsibility, commitment and hard-work. I also learned that to be successful, farmers must not only be hard-working — but adaptable as well.

Kentucky’s farmers have been successful at adapting to today’s changing agricultural environment and they have incorporated farming practices that include research and technology. Our state universities and various agricultural associations have encouraged and been supportive of these new practices, however; there is an ongoing need for governmental and legislative support as well. Legislative issues such as supporting the funding for agricultural initiatives, research and education; protecting the private property rights of our landowners; supporting the research and use of renewable fuels; and continuing our investment in Kentucky agriculture are priorities for our agricultural community and should be priorities for our legislative agenda.

As elected officials, we have a duty to support our farmers and farm economy, not only for the rich heritage agriculture has provided but also for the contributions that farming will make in the future. We made a commitment to the future of Agriculture in our Commonwealth by establishing the Agriculture Development Board and Fund, and dedicated funding from the National Master Settlement Agreement. As a member of House Leadership, I promise to keep that commitment, and look forward to working with farm community leadership to assure a vibrant farm economy for the future. Responsibility, commitment and hard-work will be required so that Kentucky may have many generations of future farmers. If every student had the opportunity to spend some time working on a farm, they would certainly learn first hand the meaning of character education.



State Rep. Rob Wilkey

HOUSE MAJORITY WHIP

ON THE COVER:

THE WEST PRESTONSBURG BRIDGE OVER THE LEVISA FORK OF THE BIG SANDY RIVER. 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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Prospects for livestock projects are good

Agriculture should see a few promising developments from this off-year, short session of the General Assembly, says KFB Public Affairs Director Laura Knoth.

And, hopefully, nothing on the “negative” side, she added.

“In a short session, and with so much attention on the race for governor, you don’t anticipate major initiatives,” Ms. Knoth explained. “We have a few objectives to meet, and we’ll be on guard for things we don’t want.”

The big news for agriculture is expected to be funding for improvements to the Livestock Disease Diagnostic Labs in Lexington and Hopkinsville, and for a joint dairy farm for UK and Eastern Kentucky University. Those projects were stalled last year by a veto from Governor Ernie

Fletcher. But with a current fiscal surplus, Fletcher and legislative leaders have voiced an intention to approve the funds at this session.

One of the first bills expected to pass is House Bill 192, which lays the groundwork for a producer-funded boll weevil eradication program for cotton growers. A small group of growers who have revived production in West Kentucky asked KFB to push for the program, which enhances the marketability of their crop.

Another promising measure is House Bill 202, which would amend the state’s ag district law to reduce the minimum requirement for a farm’s inclusion from 10 to five acres. The formation of an ag district is a voluntary exercise requiring 250 contiguous acres of land. The purpose is to protect farms from annexation.

At press time, other bills that KFB supports included: House Bill 218, which calls for a sales and use tax exemption for horse farms; House Bill 120, which would allow farmer’s markets to obtain temporary permits to serve freshly-prepared foods; House Bill 136, which would expand the Soil and Water Conservation Commission’s revolving loan program to include infrastructure projects; plus several proposals providing incentives for renewable fuels production.

KFB’s Public Affairs staff also is working with the Small Business Caucus on legislation to make Health Savings Accounts fully tax deductible, and on economic development incentives for small businesses that expand or upgrade.

Directors review 2007 plan for pursuing long-range goals

This year’s plan for pursuing KFB’s long-range goals is now in place following a review from directors at their meeting last month. The “long-range plan” for Member Services, Public Affairs, Organization and Public Relations was developed in meetings involving staff plus KFB leaders from both the local and state levels and was approved by delegates to the 2006 annual meeting.

KFB First Vice President Mark Haney, who presided over the process, praised the results in remarks to the board of directors.

“I’m very pleased with the format,” he said. “I think this is something we can easily measure from year to year.”

Concurring was Executive Vice President David S. Beck, who said: “The writing teams did an excellent job. It (the plan) raises the bar in a lot of areas and most importantly, it keeps us focused.”

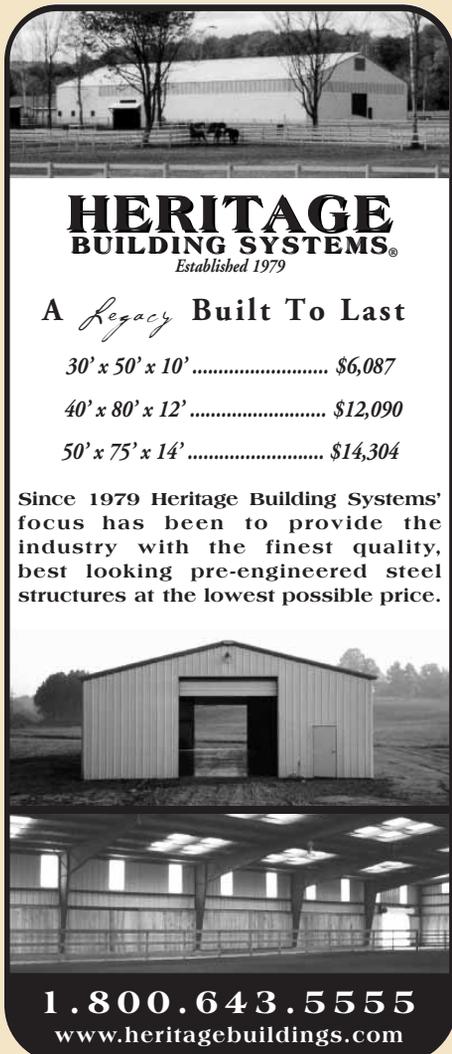
Added KFB President Marshall Coyle: “There are some excellent goals and objectives. I’m excited about it.”

The plan has dozens of objectives from the four areas of work, including:

- Expanding the overall marketing program.
- Continuing to pursue health insurance reforms.

- Expanding the promotion of member services.
- Examining ways to forge a closer tie between the federation and insurance company.
- Raising the visibility of county Farm Bureaus.
- Finding ways to stimulate more participation in the women’s and young farmer’s programs.
- Planning an agricultural education event for Congressional staff members.
- Placing more emphasis on publicizing legislative successes.
- Continuing to work cooperatively with commodity groups to present a unified voice for Kentucky agriculture.
- Developing a plan to increase women and young farmer involvement in public policy efforts.
- Expanding the reach of county and state web pages.
- Continuing to partner, when feasible, with other special interest groups on issues of mutual concern.

The 2007 plan was explained in detail to the directors by KFB staffers Laura Knoth (Public Affairs), Rick Whobrey (Organization), Gary Huddleston (Communications) and Dwight Greenwell (Member Services).



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Mahans win national award; KFB cited for excellence

Kentucky's participation in AFBF's 88th annual meeting in Salt Lake City was highlighted by the top national award to a young farm family. KFB also received five awards for program excellence.

John and Jill Mahan of Fayette County won the Young Farmers and Ranchers Achievement Award, receiving a new Dodge Ram 3500 4x4 truck.

The Mahans, who farm 1,600 acres in Fayette and Scott counties, were part of a 300-member Kentucky delegation to the national meeting. They have also been named as members of the AFBF Young Farmers and Ranchers Advisory Committee.

The Mahans manage a diversified farming operation, producing burley tobacco, beef cattle, wheat, soybeans, corn and alfalfa. They also process and market horse muck from nearby farms, board horses and operate a turfgrass sod company.

John Mahan said the diversity of their various farming enterprises seemed to catch the judges' eye as they competed with top young farmers from across the country.

"The fact that we came up with a way to profit from manure, the biggest byproduct of the thoroughbred industry, you could tell during the interview that it got their attention," he said.

"We have several aspects of our farm that are something other than traditional agriculture and that may have more or less set us apart from the other



JOHN AND JILL MAHAN RECEIVE AWARDS FROM DAN MACUGH OF DODGE AND YF&R COMMITTEE CHAIRMAN JERRY BARR.

young farmers in this contest."

In other developments, KFB director Terry Gilbert of Boyle County was elected to a fourth two-year term as chair of the AFBF Women's Committee. The 10-member group oversees women's leadership activities among the 3,000-plus counties and 50 state organizations.

Lindsey Burke of Henry County represented the state in the AFBF Discussion Meet, and Jay McElwain of Muhlenberg County competed in the national Excellence in Agriculture competition.

KFB was recognized for program excellence in education and ag promotion, leadership development, policy implementation, public relations and member services.

Kentucky country ham was featured in the KFB exhibit at the trade show. The ham, from Broadbent B&B Foods of Cadiz, was offered as samples to the convention attendees. Broadbent's was exhibitor of the 2006 Kentucky State Fair Grand Champion Country Ham, which was auctioned off

for a half-million dollars to First Southern National Bank.

Four Kentucky farmers and one county Farm Bureau put their innovative ideas on display at the trade show. Those participants were Kenneth Imel of Greenup; Joe Paul Mattingly of Raywick; Merritt Wade of Lexington; John Mahan; and the Spencer County FB.

KFB Women's Advisory Committee Chair Cathy Pleasants of Lincoln County received recognition for county

Farm Bureau Ag Day activities conducted across the state. The events bring students from area schools to ag exhibits, where farmers describe aspects of crop and livestock production and share accounts of life on the farm.

KFB had 24 voting delegates to represent the organization on matters of policy and leadership selection. Only two states — Tennessee and North Carolina — had more delegates.

Kentucky's voting delegates were KFB President Marshall Coyle, Vice Presidents Mark Haney and John Hendricks plus directors Charlie Benge, Steve Bolinger, David Campbell, David Chappell, Daniel Gaston, J. Fritz Giesecke, Terry Gilbert, Randall Heath, Pat Henderson; Bige Hensley, Paul Hornback, David McGlone, Eddie Melton, Sam Moore, Al Pedigo, Cathy Pleasants, Russell Poore, Larry Thomas, Kelly Thurman, Scott Travis and Danny Wilkinson.

Delegates say it loud and clear: “Stay the course with farm bill”

Delegates at the 88th AFBF annual meeting voted to continue their support of the concepts of the 2002 farm bill, which expires in September.

While they removed from policy the statement that the current farm bill should be extended until a new World Trade Organization agreement is reached, the delegates encouraged Congress to include the basic concepts of the current bill in the 2007 farm bill. The delegates also supported consideration of a non-trade distorting, specialty crop program for growers.

“The 2002 farm bill remains very popular with farmers across the country,” said AFBF President Bob Stallman. “While they recognize that some adjustments will be needed, farmers are dealing with rising input costs and the perpetual uncertainty of commodity prices. Farmers continue to

than we ever have to getting true immigration reform,” Stallman said. “Farm Bureau members were frustrated by Congress’ inability to finish the job. The message that the delegates are sending is that they will continue to push for comprehensive immigration reform.”

On animal identification, the delegates voted 85 to 15 percent in favor of a voluntary program. They also supported consideration of legislation to ensure confidentiality of producers’ data and provide cost-share assistance from the federal government to encourage participation.

The delegates reaffirmed their support for a voluntary country-of-origin labeling (COOL) program, defeating by two-to-one margins two separate amendments calling for mandatory COOL.

In addition, the delegates voted in support of continued research into feed utilization of distillers dried grains, a byproduct of ethanol production; in support of legislation requiring that purchasers of ammonium nitrate show identification; and opposing the regulation of agricultural dust under the Clean Air Act. They also added new policy supporting the development of animal cloning as a means of advancing assisted reproductive technologies.

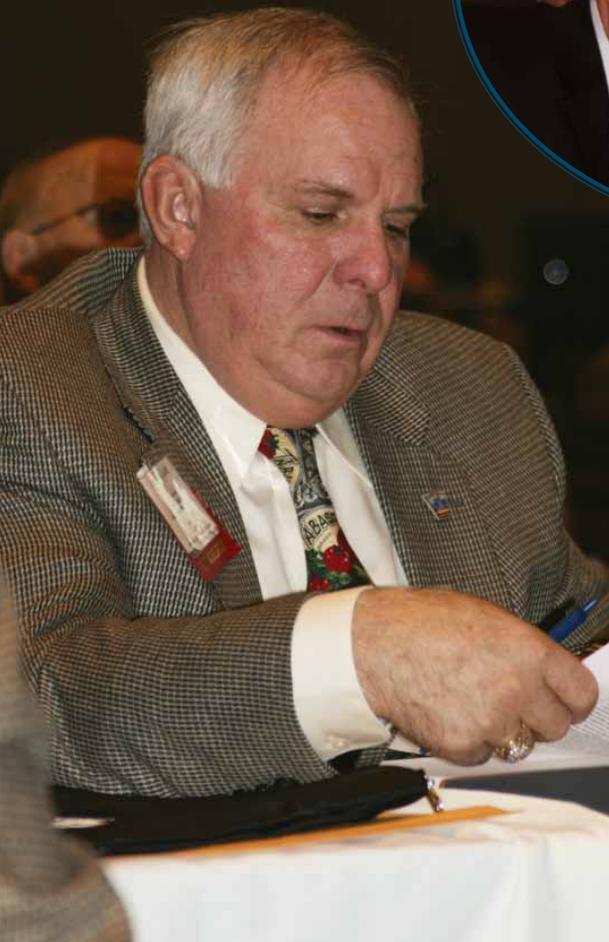
In other animal industry news, the delegates amended policy to support the opportunity for livestock producers to consider updating the beef checkoff program, including an adjustment in the checkoff rate that producers pay, and they overwhelmingly rejected amendments supporting leaving the current rate cap at \$1 per head of cattle.

The annual meeting involved deliberations by 366 voting delegates representing every state and commodity. The policy approved at the annual meeting will guide AFBF’s legislative and regulatory efforts throughout 2007.



ABOVE: KFB DIRECTOR RUSSELL POORE OF LOGAN COUNTY (RIGHT) CHATTED WITH COLLEAGUE SCOTT TRAVIS OF SPENCER COUNTY DURING THE BUSINESS SESSION.

LEFT: KFB DIRECTOR DAVID CHAPPELL OF OWEN COUNTY STUDIED A POLICY STATEMENT DURING THE BUSINESS SESSION.



need a safety net to ensure they can continue to produce the nation’s food, fiber and fuel.”

The delegates overwhelmingly reaffirmed their support for comprehensive immigration reform that improves farmers’ timely access to legal farm workers. They also underscored the need for an improved temporary agricultural guest worker, or H-2a, program.

“We came closer last year

Johanns keen on a “green” policy

The next farm bill must ensure more equitable support and predictability for farmers and ranchers, while minimizing vulnerability to international challenges on trade issues, Agriculture Secretary Mike Johanns said at the closing general session of AFBF’s annual meeting.

“We are looking at all suggestions that have been made,” Johanns said.

A tremendous amount of input on what the next farm bill should look like has been gathered by USDA, including 4,000 comments gathered during listening sessions around the country.

Johanns noted that in 2000, right before the 2002 farm bill was written,

\$32 billion, a record high, was paid in farm subsidies. “And yet, the farm economy was far from impressive,” he said.

“Currently, that total has dropped to about \$20 billion annually and yet our ag economy is far stronger,” he said. Johanns cited improved agricultural exports, reduced average debt-to-income ratios, improved crop production and yield, and farm cash receipts that increased for the fourth year in a row as factors that have come into play since the 2002 farm bill went into effect.

“This suggests that increased subsidies do not equate to a strong ag economy,” Johanns said. “We’ve never been in a better position to develop a pro-

gram that lets farmers work for a profit in the marketplace, not an envelope from Washington.

“We must look at more than just the total dollars. The next farm bill must be broader in scope. We’re looking at ways to develop programs that are more equitable, effective and less complex,” Johanns said, noting that 60 percent of producers receive no farm program payments.

“It’s important that we maintain natural resources to keep the agricultural industry strong. Producers are believers in conservation, but they’re facing more regulatory challenges,” Johanns said. “We must make sure that producers have the necessary support to comply with program requirements.”

The next farm bill is likely to focus more on support for renewable fuels and research that supports technical advancements important to agriculture. Greater support in the next farm bill for young people interested in starting farming and ranching was a common recommendation, added Johanns.



ABOVE: KFB DIRECTORS AL PEDIGO AND SAM MOORE WERE AMONG THE VOTING DELEGATES.

RIGHT: KFB DIRECTORS TERRY GILBERT OF BOYLE COUNTY AND LARRY THOMAS OF HARDIN COUNTY LISTENED TO THE PROCEEDINGS AT THE BUSINESS SESSION. EARLIER, MRS. GILBERT WAS RE-ELECTED AS CHAIRPERSON OF THE AFBF’S WOMEN’S COMMITTEE.

Trade rep bullish on farm exports

The sale of farm products abroad will be a major source of revenue in 2007 for America's farmers and ranchers, Richard Crowder, chief agricultural negotiator in the Office of the U.S. Trade Representative, predicted during a workshop at the AFBF annual meeting.

In 2007, the total value of U.S. farm exports is forecast to reach \$77 billion. Exports account for one-quarter of all agricultural cash receipts annually.

Crowder listed a series of bilateral and multilateral farm trade negotiations undertaken by the administration in the past year to boost such exchange. Among other accomplishments he cited, the U.S. and trading partners implemented the Central American Free Trade Agreement- Dominican Republic pact, concluded trade treaties with Peru, Panama and Colombia, and also signed agreements with Ukraine and Russia.

Crowder called on Congress to ratify such measures promptly. Once ratified, he declared, they "will help level the playing field by affording U.S. growers these markets."

National lawmakers must also extend the president's trade promotion authority, a power that facilitates a clear, definitive vote on any new agreements negotiated by the administration.

"We need to finish the job by passing them through Congress and getting them so that you can sell your products," he said. "All trade negotiations ought to have TPA because of the importance of

these agreements for agriculture and the U.S. economy in general."

Although talks in the World Trade Organization's Doha Round were suspended last summer, Crowder pointed out that work on an international framework of reciprocal trading rules has continued.

"Despite the suspension of the formal talks, we never stopped communicating and we never stopped negotiating. We have a long way to go and we have a lot of differences, but we have not given up. We are just working harder as we go."

Much of the success of trade agreements involves the good faith implementation of their provisions by all signatories.

"We will continue to push for fair, science-based import regulations with our partners," Crowder said.

He cited the WTO's rejection of the European Union's ban on biotechnology products as an example of how negotiation and effective representation of U.S. interests can achieve results. Other matters must also be addressed.

"We know about your frustration with the EU," he said. "We hear you when you say, 'We can't ship our poultry, we can't ship our beef and we can't ship our rice to the EU.' One of our priorities this year will be to enhance our markets for poultry, beef, rice and other products."

Crowder predicted that the "WTO negotiations still hold the most promise for international economic growth and

creating new markets for U.S. agricultural products." He emphasized that the administration will closely assess the benefits of any new trade proposal for U.S. agriculture before agreeing to it.

"We will not move until we see other countries come to the table to provide market access," he said. Ultimately, the goal shared by farmers and ranchers as well as U.S. negotiators is to stabilize trading in farm commodities so that it operates on predictable terms.

The change in party leadership in Congress as a result of last fall's elections may not derail pursuit of new trade agreements, Crowder explained.

"If we are doing the right thing in bringing these agreements home, I think the Congress will do the right thing to approve them. I am an optimist."

The ambassador repeatedly expressed his appreciation for the support Farm Bureau members have given to U.S. agricultural trade negotiations.

"There is a lot of opportunity," he said. "Your involvement will be critical."

Terry Gilbert re-elected to women's chair

The Women's Leadership Committee will concentrate on surfacing and developing women as leaders in agriculture, with special emphasis on influencing the political process in 2007, according to Terry Gilbert, committee chair and a KFB director from Boyle County.

Mrs. Gilbert and Sherry Saylor of Arizona were re-elected to two-year terms as chair and vice chair on the AFB Women's Leadership Committee, respectively.

In addition to developing new leaders, Mrs. Gilbert encouraged members to step up their efforts to influence congressional leaders by sharing personal stories about issues directly affecting their family farms and ranches.

"I encourage you to make the most of every opportunity to tell agriculture's story," she told the AFB Women at their annual business meeting.

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Livestock market on downward trend

The 2007 agricultural marketplace will be prosperous for some sectors, but challenging for livestock producers, according to a forecast given at the AFBF annual meeting.

Industry leaders projected revenue to be lower in 2007 for all meat commodities, according to AFBF livestock economist Jim Sartwelle, University of Missouri Extension economist Ron Plain and U.S. Meat Export Federation President and CEO Phil Seng.

There are many key factors behind the downward trend. The economists said a lack of forage, continuing drought conditions and already harsh winter storms are dimming this year's outlook. The economists noted that skyrocketing production costs will hurt livestock producers' income. A primary

reason for increased production costs is the intensifying demand for biofuels, which is pushing feed costs significantly higher for all livestock commodities.

"All protein producers are going to face a challenging year in 2007 when it comes to increasing feed costs," said Sartwelle. "We are sure to see producers limiting the size of their production capacities because it just doesn't pay to keep animals around with \$3.50-per-bushel corn. This is the first time we've seen \$4 corn since 1996."

While many borders remain closed to U.S. meat products, Seng believes progress in the international marketplace is the best way to sustain prices. Plain agreed, noting that trade was prosperous for U.S. pork producers in 2006 and will continue in 2007, with Japan as the largest export market and

trade with South Korea growing 54 percent. Beef trade, however, is lacking.

"We have had some progress with Colombia, Peru and growing potential in Russia. Japan is open with limited access and South Korea is a very challenging situation," Seng said. "The South Korean government isn't even popular in South Korea and even less here. We are dealing with politics and have been dealt a rough hand of cards."

Seng said 85 percent of all meat produced is consumed outside of the U.S., further amplifying the need for more aggressive international efforts.

"The international marketplace is a win-win for producers. One way we can get more products overseas is traceability and I foresee more work pointed in that direction," Seng said.

Lofty goal set for beef checkoff

With an emphasis on nutrition, the Beef Checkoff Program is working to increase by 10 percent the number of consumers who choose one of the thousands of beef products on the market, organization leaders said at the AFBF's annual meeting. The group has set 2010 as its deadline for achieving that goal.

"We're going to move from an emphasis on pure enjoyment of beef consumption to the nutritional value," said Jay O'Brien, chairman of the Cattlemen's Beef Board, which administers the checkoff program.

O'Brien said extensive public relations research shows that Americans are growing more concerned about health and nutrition.

"When times change, consumers change," he said. "And we'd better change with them."

In conjunction with the American Dietetic Association, the checkoff program has already produced "The Healthy Beef Cookbook," with over 130 recipes certified by the ADA.

"With this cookbook we're establishing beef as a nutrient-dense food,"

said Monte Reese, chief operating officer of the Cattlemen's Beef Board.

Reflecting on the checkoff's product development and marketing successes over the past 20 years, which include the "Beef. It's What's for Dinner" slogan, Reese said there have also been tremendous improvements in producing beef that's more tender, palatable and generally more appealing.

The organization has also made considerable inroads with food service partnerships, through which beef products are featured on restaurant menus. Between 2001 and 2006, the checkoff allocated \$2.5 million to foodservice partnerships, while its partners invested \$138.6 million.

Boston Market and the checkoff have joined forces to promote the chain's new beef menu items, including five-ounce and eight-ounce steak entrees.

KFB Second Vice President John Hendricks was part of an industry task force that last year studied the effectiveness of the checkoff program and offered recommendations for improvement. The group recommended that producers consider a higher checkoff fee.

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Tobacco growers urged to avoid Florida transplants

With last summer's blue mold outbreak in Kentucky traced to transplants from Florida, KFB and other tobacco interests are urging growers to play it safe and refrain from buying Florida plants this year.

"We're asking growers to be real good caretakers of what they put in the ground this year," said University of Kentucky plant pathologist Dr. Ken Seebold. "They should be as discriminating as possible . . . consider the inherent risk of buying plugs from Florida and buy from another source."

Blue mold was found in 55 counties last year, stretching from northeastern Kentucky down into Adair County in south-central Kentucky. The disease was traced to plants from Florida that

were sold by dealers in three counties.

Seebold estimates the outbreak cost Kentucky growers between \$7 million and \$8 million in terms of crop damage and the cost of taking preventive measures against a spread. It affected about two percent of the state's crop.

"The fortunate thing is that it didn't affect a large portion of the crop," Seebold said, "but the unfortunate thing is that it was caused by a small minority buying from one distributor, but the damage spread to many others."

Last year's outbreak was traced to a few shipments that came into the state in April, just a few weeks prior to the peak planting period. "The distributor is not intentionally dumping these plants on us," Seebold explained, "but they are in a high risk area of Florida . . . susceptible to a spread from Cuba. You float 'em and the disease takes off."

Seebold recommends applying a foliar fungicide just prior to setting.

For those who can't find Kentucky plants, Seebold suggests finding a distributor of a Michigan company's plants. "It's best to stay with local (plants) . . . but there's less risk from Michigan," he said.

Scholarship applications are due by February 28

Applications are now being accepted for 2007 Education Foundation scholarships.

The foundation annually awards thousands of dollars in scholarships to high school seniors with top scholastic and leadership backgrounds. Scholarships totaling more than \$1.4 million have been handed out since the program began in 1953.

To be eligible, applicants must be the child of a KFB member, have either a 3.5 cumulative grade point average or 23 ACT score; finish high school this year; and plan to enter college in the 2007 fall semester.

Application forms are available at county Farm Bureau offices or on the Web at www.kyfb.com (click on "organization"). All applications must be postmarked by February 28 to be considered or hand delivered to the state office in Louisville by that date.

Winners will be notified by May 15.

Scholarships can be applied to tuition, housing and books; payments are made directly to the school the students select to attend. Recipients may enter any accredited college but must pursue a four-year course of study. In addition to the state program, many county Farm Bureaus administer their own scholarship programs. Check with your local office for details.

DISTRICT MEETINGS SET FOR MARCH

Public affairs work, good food and fellowship are on the agenda for spring district meetings scheduled during March. The series of 11 meetings throughout the state are designed to give county Farm Bureaus some ideas for working effectively with public officials, as well as to provide an update on the legislative scene on the state and national levels.

KFB's Public Affairs Division will be conducting the meetings, focusing on communications strategies, organization, planning and ways to effectively interact with lawmakers. Contact your county office secretary for reservations. The schedule (all times are local):

District 1	March 13	7 p.m.	Sedalia Restaurant
District 2	March 26	6:30 p.m.	County Cupboard, Madisonville
District 3	March 20	6:30 p.m.	Rough River State Park Lodge
District 4	March 26	6:30 p.m.	Barren River State Park Lodge
District 5	March 15	7 p.m.	Bullitt County Extension Office
District 6	March 26	7 p.m.	Henry County Extension Office
District 7	March 22	6 p.m.	Lake Cumberland State Park Lodge
District 8	March 5	7 p.m.	Ryan's Steakhouse, Richmond
District 9	March 14	6:30 p.m.	Blue Lick State Park Lodge
District 10	March 19	6:30 p.m.	Grayson Conference Center
District 11	March 6	6:30 p.m.	Hillbilly Restaurant, Barbourville

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Planting knowledge . . .

SMITHSONIAN EXHIBIT HIGHLIGHTS OUR FOOD SYSTEM

America's incredible food system – from planting a seed into the ground to putting a fork to your mouth — is the subject of a Smithsonian Institute exhibit that has been on display at various locations in Kentucky since last May.

Thousands of students and other Kentuckians have viewed “Key Ingredients: America by Food,” an exhibit highlighting the history, technology and culture that shape our dining habits and taste preferences. Most of the exhibit focuses on food and culture, but there are sections dealing with the evolution of farming and the natural resources that sustain agriculture.

After lengthy stays last year in Georgetown, Elizabethtown, LaGrange and Hazard, the exhibit recently had a six-week run in Harrodsburg. This month it is at the Yeiser Art Center in Paducah.

The Kentucky Humanities Council, Inc. arranged for the tour through the Smithsonian Institution Traveling Exhibition Service.

At Old Fort Harrod State Park in Harrodsburg, hundreds of middle and high school students from Mercer and surrounding counties were part of more than 1,000 people who toured the exhibit, said Sarah Jackson, executive director of Harrodsburg First, Inc.

On a morning in mid-January, students from Lora Werner's Culinary Skills and Food and Nutrition class at Anderson County High School were pouring through the displays to complete a “Scavenger Hunt” provided with the exhibit. The “hunt” requires the students to answer a questionnaire tied to the information presented, such as “What gave Clarence Birdseye the idea for frozen foods?” or “Who brought the knowledge and skills for growing rice to America?”

The family farm is the feature of a section titled “Natural Bounty.” The narrative begins “The family farm occupies a place close to the heart of America's identity. America's founders believed that farms were an essential building block for the new republic. Even with the dramatic changes in agriculture – and the democracy – over the past century, the farm endures as an American icon.”

Another display features the evolution of roadside markets and other marketplaces for selling farm products.



LEFT: ANDERSON COUNTY HIGH SCHOOL TEACHER LORA WERNER (LEFT) BROUGHT HER “CULINARY SKILLS” STUDENTS TO THE EXHIBIT AT OLD FORT HARROD STATE PARK.

BELOW LEFT: ANDERSON COUNTY STUDENTS VIEW ONE OF THE DISPLAYS.



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HAY STOCKS DOWN SHARPLY

USDA estimated hay production in 2006 at 141.7 million tons, down four percent from the October forecast and down six percent from the 2005 total. Alfalfa hay production was 71.7 million tons, also down four percent from the October forecast and six percent below 2005. This was the lowest alfalfa hay production since 1951. Other hay production in 2006 was estimated at 70 million tons, down three percent from the October 1 forecast and down seven percent from 2005. Drought conditions contributed to lower yields across much of the northern Rocky Mountains, Great Plains and Southeast. Yields across most of the northern Atlantic Coast States increased from last year.

Consequently, hay stocks on December 1, 2006 were eight percent below a year earlier, and down 16 percent from 2004 and the lowest since 1988. Supplemental hay use has been heavy in many areas since last summer and this winter is already necessitating heavy feeding in many areas. Hay stocks likely will be down sharply at the end of this season, creating a need for increased hay production in 2007.

PORK PRODUCTION IS RISING

In USDA's latest outlook report, 2007 U.S. commercial pork production is forecast at 21.7 billion pounds, an increase of three percent compared with 2006. This is based on farrowing intentions and an assumption that higher feed costs will restrain growth in dressed weights close to their 2006 levels. With other factors unchanged, larger pork supplies might be expected to push hog prices much lower. However, USDA lists several factors likely to reduce the effects of large pork supplies on prices, including lower expected first-half U.S. poultry production, which should bolster domestic pork demand. Also, foreign demand for U.S. pork products is expected to remain strong. Continued favorable exchange rates, plus attractive U.S. pork prices, are expected to drive U.S. pork exports to about 3.2 billion pounds, more than five percent above 2006. USDA expects the 2007 live-equivalent price of 51-52% lean hogs to average \$42-44 per cwt, nine percent lower than last year.

SOYBEAN PRICE AVERAGE REDUCTION

With current cash soybean prices in the Corn Belt averaging in the mid-\$6s, one might wonder why USDA's latest "season-average price forecast" would range from \$5.75 to \$6.45.

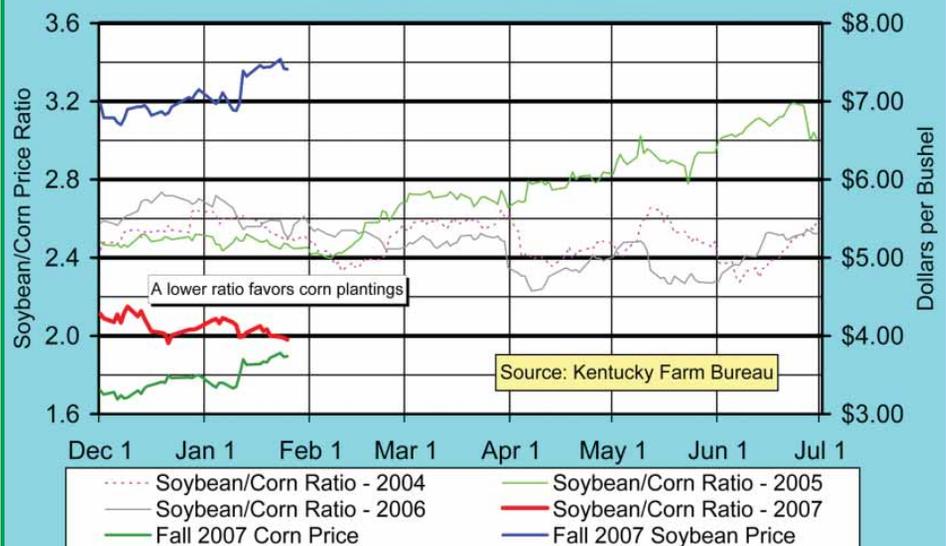
USDA reports that by the end of 2006, half of the crop was marketed at a price averaging close to \$5.70 per bushel. This will weigh down the season average despite the recent price rally.

BEEF TOUR REGISTRATION OPEN

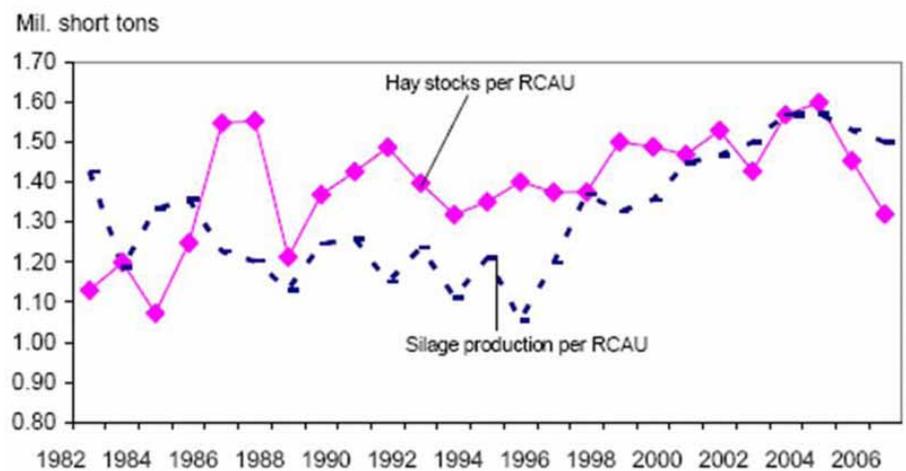
This year's KFB Beef Tour will visit Colorado and Wyoming on March 27-30. The tour will provide 50 KFB members the opportunity to see various aspects of the beef industry, including ranches, feedlots, and related industries. For information, contact the KFB Commodity Department at 502/495-5000.

Soybean/Corn Price Relationship

Fall 2007 - Henderson, KY



December 1 Hay Stocks and Silage Production (Per Roughage Consuming Animal Unit)



Source: Feed Outlook, USDA, NASS, January 17, 2007

FFA Center seeking upgrades

Dr. Pete Dreisbach is a manager, a penny pincher, a teacher and a worrywart.

But first and foremost he is an evangelist, telling all who will listen of the value of the Kentucky FFA Leadership Training Center in the lives of the young people who spend time there each summer.

And now Dr. Pete, as he is known at the camp, has become an unofficial lobbyist, asking for help in securing up to \$2 million in state funds to pay for upgrades that are sorely needed at the 50-plus-year-old facility in Hardinsburg.

“How many places do you know of that are teaching kids the importance of living better lives?” he asked during a recent visit to the camp by KFB leaders and staff.

“I’m extremely proud of the work we’re doing here and I couldn’t imagine being anywhere else,” he added.

More than 3,000 high school students who are members of FFA, as well as FBLA and FCCLA, pass through the camp each summer, taking up residence in one of the cabins for a week of classes, leadership training and recreation.

The cabins, says Dreisbach, are the original structures for the most part, built beginning in 1945. That construction was paid for through private fundraising in the ‘40s and the ‘50s, and the few improvements made over the years have come primarily from private sources as well.

The facility was operated for years by the state Vocational Agricultural Teachers Association, but was deeded to the state in the mid-1980s. Implicit in the transfer from private to public ownership was a commitment by state education officials to shoulder the financial responsibility for upkeep and improvements. But now, 20 years later, the camp’s supporters say that commitment has not been fully kept.

“This facility has a tremendous impact on young people’s lives,” said David S. Beck, KFB executive vice president. “I’m sure that many people think that state government takes care of it. That’s simply not the case.”

Dreisbach and those who have come before him as managers of the center have taken incredibly good care of the property. The grounds are clean and tree-lined, the buildings well-maintained. The

knotty pine paneling in the structures sports a lustrous finish and the exteriors show little visible damage.

But a closer look illustrates the needs that Dreisbach and other FFA supporters want the state General Assembly to be aware of. A cafeteria built to feed 150 at a time is now serving twice that many. Crowded, dark bathhouses that lack capacity, lighting and ventilation. No campwide public address system to summon campers for meals, assemblies or in the event of a weather emergency.

And Dreisbach is emphatic about

employees, including cooks, groundskeepers and cleaning crews. Those expenses come out of the center’s “generated revenues” as well.

The system requires that the money collected by camp staff be sent to Frankfort, where education officials then pay the facility’s bills. More often than not, the camp sends more money to the state than it gets back, Dreisbach said.

KFB President Marshall Coyle couldn’t believe how little had changed since he attended the camp more than 40 years ago.



DR. PETE DREISBACH LED THE TOUR. AMONG THOSE JOINING HIM WERE (FROM FRONT LEFT) JEFF HARPER, MARK HANEY, LAURA KNOTH, MARSHALL COYLE AND JOHN HENDRICKS. BEHIND THEM TO THE RIGHT IS KFB DIRECTOR PAT HENDERSON OF BRECKINRIDGE COUNTY.

the need for an infirmary to treat campers or staff experiencing medical emergencies.

As it currently stands, the only state money which goes to the camp covers the salaries for Dreisbach, an administrative assistant and a groundskeeper. All other expenses, whether operational or maintenance, come from camp fees or donations. Each student who attends the camp pays \$80 for the five days, which includes 15 meals. Those fees could rise, Dreisbach noted, in light of cost increases such as this year’s 125 percent hike in energy costs.

During the camp’s operation in the summer, the staffing swells to 27

“You’ve done a great job here making do with what you’ve got,” he told Dreisbach. “I can assure that we will do anything we can to support your plans for the future.”

KFB Director Patrick Henderson, a former agriculture teacher and FFA advisor, told the visiting group that “major improvements need to be made here to keep it running for the kids.”

He added: “There’s been a lot of private money that’s gone into this place from its very beginning. It’s time for state government to step up to the plate and provide for this center the same way that the center provides for our students.”

STATE HAS NEW COST SHARE PROGRAM

The Governor's Office of Agricultural Policy announced the establishment of a county Pilot Farm Management Cost-Share Program through the use of County Agricultural Development Funds.

The Kentucky Agricultural Development Board (KADB) approved the program as a pilot for 2007, designed to encourage the use of farm management services and programs. It will provide producers an opportunity to seek cost-share funds for certain farm management items pre-approved by the KADB. Currently, two programs are eligible, Dairy Herd Improvement and Farm Business Analysis. The KADB will consider adding other farm management items on the eligible list of services upon written request.

Each applicant seeking funding from the Kentucky Agricultural Development Fund must submit the complete application packet which includes forms, instructions, and other information to be used in applying to participate in the Pilot Farm Management Cost-share program. Forms and instructions may also be found on the website at <http://agpolicy.ky.gov/>.

Applicants applying for County Farm Management Cost-share Programs should submit an application directly to the appropriate county council(s). Completed applications will be prioritized by the county council according to the County Comprehensive Plan and forwarded to the state Agricultural Development Board for final funding decision.

Kentucky has invested more than \$231 million to an array of county, regional and state projects designed to increase net farm income and create sustainable new farm-based business enterprises.

MARKETING CONFERENCE SET FOR FEBRUARY 19-20

The annual Ohio Valley Marketing Conference is set for February 19-20 at the Holiday Inn-Hurstbourne in Louisville. This event brings together farm market operators and other agribusiness professionals from Kentucky, Ohio and Indiana to discuss a wide range of topics and issues relative to the industry.

This year's conference will address market development, marketing for value-

added enterprises and assessing new market opportunities. Workshop topics will include marketing meat, agritainment, marketing to ethnic groups, marketing to institutions, finding niche markets, liability and insurance, alternative marketing strategies and organic marketing.

To register or for more information, contact J.K. Henshaw at (502) 495-5106 or at jkhenshaw@kyfb.com.

MARKETS PROGRAM DEADLINE IS MARCH 1

March 1 is the deadline to apply for participation this year in KFB's Certified Roadside Farm Markets Program. Participation guarantees placement on KFB's Web site, a listing in 40,000 brochures distributed statewide plus promotion in ads placed in publications throughout the state.

The program also features tours of established roadside markets in the region. Markets in Western Kentucky and Southwestern Indiana are on a two-day itinerary scheduled for July. In October, a one-day visit to Haney's Appledale Farm in Pulaski County is planned.

In 2006, there were a record number of 78 markets in the program, said J.K. Henshaw, director of commodity relations. Henshaw said he expects more fruit, vegetable and flower producers to participate this year based on the number of inquiries he has received.

To qualify, a producer must be a KFB member, pay the \$250 annual fee (\$25 discount for renewal), sell from a permanent structure, produce the majority of products sold and comply with applicable government regulations.

For more information, contact Henshaw at 502-495-5106.

WALL STREET BULLISH ON AGRICULTURE

Wall Street commodity fund traders that have been investing heavily in energy futures are now loading up on agricultural commodities including corn and livestock futures. The recent flood of investment has raised concerns among grain traders and agricultural producers that speculative money is gaining an undue influence over the markets, which help set the prices of raw commodities for a host of consumer food products.

A recent study by the Commodity Futures Trading Commission, which

oversees the nation's futures markets, has found that Wall Street commodities index funds, which are investments in futures that track the underlying commodities of a particular index, have a much heavier concentration in agriculture futures markets than many had expected.

The commission found the Wall Street funds control one-fifth to one-half of the futures contracts for commodities including corn, wheat and live cattle on the Chicago, Kansas City and New York exchanges.

RENEWABLE FUELS FUELING CORN BOOM

The demand for renewable fuels generated by consumers and the government is swaying farmers to plant more corn over their usual commodities, such as soybeans or cotton. Some in the Midwest are even ending their longtime practice of rotating plantings of soybeans one year and corn the next, opting to grow corn in consecutive years. Livestock farmers also are turning pastures into corn fields, according to an

article in BusinessWeek.

Prices for corn are over \$4, reaching highs not seen in the last decade. At least six million to eight million more acres of corn will be needed to supply ethanol plants, analysts say. Ethanol production is expected to double as new plants are built to turn corn into the gasoline additive --from around five billion gallons now to 11 billion gallons, according to industry estimates.

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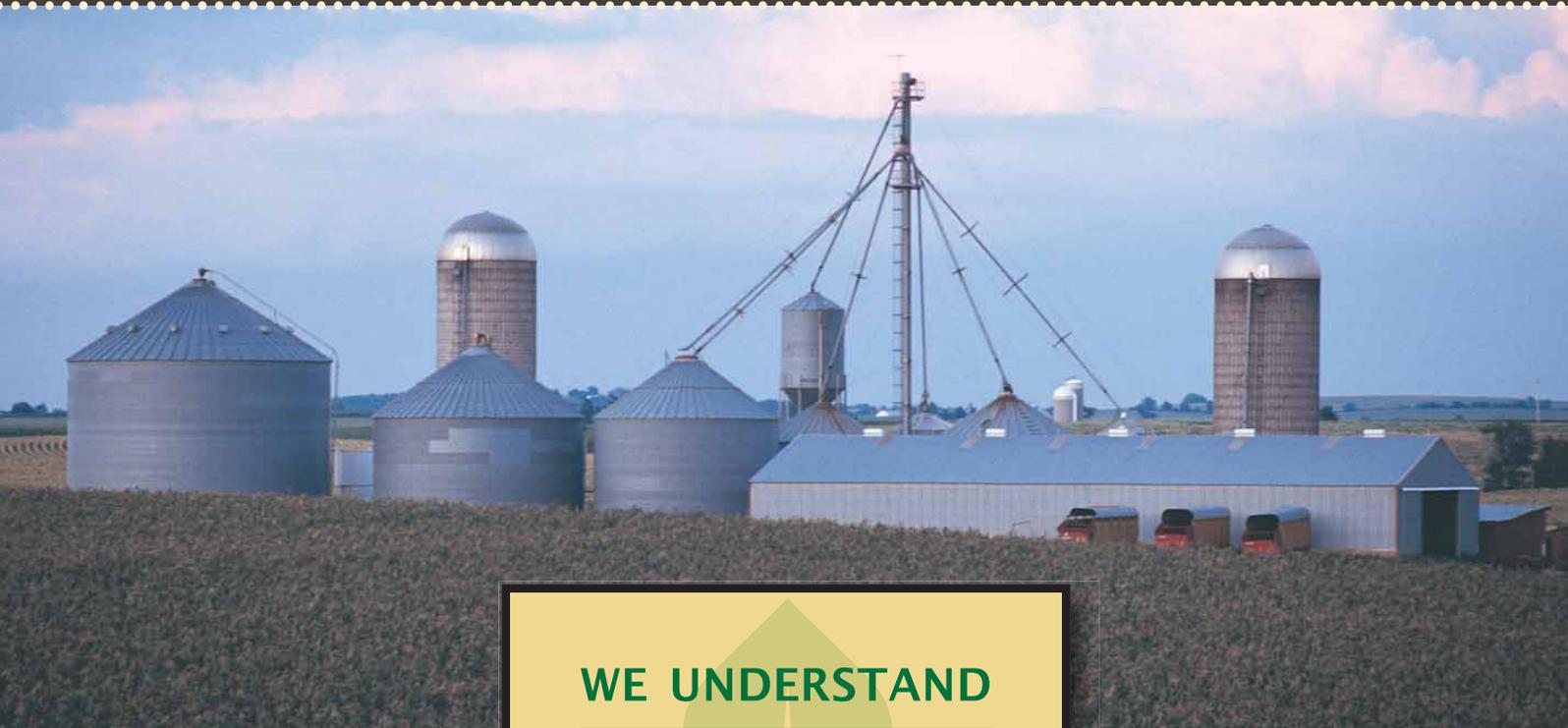
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