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JUNE 2007

KENTUCKY

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“COMMENT”

Commitment to the development and success of Kentucky’s youth is one of the best investments we can make in recognizing the value of our future leaders.

Each year, KFB’s youth development programs attract hundreds of students from across the state to participate in programs that enhance and hone their leadership and speaking skills, as well as expand their knowledge on agriculture-related issues and topics. Perhaps one of the most encouraging aspects of our youth development programs is that the organization consistently attracts young people who are striving to become leaders in their schools and communities to participate in programs such as the annual Outstanding Youth contests and Institute for Future Agricultural Leaders conferences.

In addition, KFB has a longstanding tradition of supporting higher education by awarding annual scholarships to children of member families. Just last month, the Education Foundation awarded \$83,500 in scholarship funds to 57 Kentucky high school seniors. Since the first scholarship was awarded in 1953, approximately 921 Kentucky students have received \$1.4 million in scholarship funds.

We continue to support and partner with student organizations such as FFA, 4-H and FCCLA (Family, Career & Community Leaders of America). This month, in fact, we are sponsoring various programs and activities for both the state FFA and 4-H conventions. These student groups have an undeniable and profound affect on high school students who are not only the future of agriculture, but future leaders in our schools, churches, businesses and government. KFB continues to look to these groups for potential leaders of its own.

Involvement with these organizations and others like them is critical for our organization as we surface new leaders. You’ll find that the majority of students who are participating in our youth development programs are also part of organizations such as FFA, 4-H and FCCLA.

Agriculture has more opportunities to offer than ever before and it’s important that students are educated about these offerings as they begin to develop their career and educational goals. By taking the initiative to place a greater focus on youth as the future members and volunteer leaders of the organization, we are building upon a solid foundation of leaders that has been a part of this organization for over 87 years.



Susie Tanner

**DIRECTOR
YOUTH DEVELOPMENT**

ON THE COVER:

A RHODODENDRON BUSH AT THE GREEN RIVER LAKE VISITORS CENTER IN TAYLOR 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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ON CALL...

KFB forms group to address shortage of large animal vets

Critical shortages of large animal veterinarians in many of Kentucky's farming regions are the focus of a special committee appointed by KFB President Marshall Coyle.

The panel, chaired by Second Vice President John Hendricks of Winchester, will be looking at strategies that encourage new veterinary school graduates to set up large animal practices in the state.

The move by veterinarians away from large animal practice, such as cattle, horses and swine, toward offices specializing in pet care, has been a troubling trend in Kentucky and other states for a number of years. Now, says Hendricks, with Kentucky ag producers focusing more resources on livestock enterprises, access to qualified vet care has become more of an issue for agriculture organizations and individual farmers.

"We've made incredible progress toward sustainable growth in Kentucky's livestock sector but the herd health needs of our producers could be a limiting factor in the future," Hendricks noted.

Finding answers to the dilemma won't be easy, Farm Bureau leaders acknowledge, as the trend of shrinking numbers of food animal vets is a nationwide issue. A recent survey by

the American Veterinary Medicine Association projects that the need for food animal vets across the country will outpace the supply of practitioners by up to five percent a year for at least the next decade.

Respondents to that survey, including vet students, vet school deans and faculty and practicing veterinarians, cited several keys to keeping food animal vets in the industry. Those included:

- New vet school recruiting and admission strategies, including special incentives such as reserved class spots and scholarships, for students choosing a food animal career track.
- Financial strategies that channel funding or possibly forgive portions of student loan indebtedness for vet graduates who locate food animal practices in underserved areas.

Coyle, a Bath County cattle pro-

ducer, says working with large animals poses challenges for veterinarians, but that their role is critical in ensuring that livestock health and food safety concerns are met.

"We're in the position now in many counties of Kentucky where livestock producers have little or no access to licensed large animal veterinarians," Coyle said. "We need to find ways to recruit more vet graduates to the farming areas to ensure the highest level of care."

On-farm service is likely the area of greatest need, says Coyle. Farmers can transport a single animal to a nearby animal hospital, but moving an entire herd for preventive care is not practical.

"We are charging our committee to develop recommendations for meaningful incentives to build up the numbers of farm animal vets," he said. "We may need significant financial support, including legislative relief, to bring more of these new vet graduates back to Kentucky farms."

The Farm Bureau committee includes active livestock producers, commodity organization leaders and state-level veterinary officials. They are:

- John Hendricks, Winchester, chair; Kelly Thurman, Livermore; Danny Wilkinson, Columbia; Dr. Robert Stout, State Veterinarian, Frankfort; Dr. Aaron Goodpaster, president, Kentucky Veterinary Medical Association, Lawrenceburg; Dr. Tom Layzell, President, Kentucky Council on Postsecondary Education, Frankfort.

- Don Pemberton, President, Kentucky Cattlemen's Association, Hopkinsville; Maurice Heard, President, Kentucky Pork Producers, Rockfield; Jim Sidebottom, President, Kentucky Dairy Development Council, Lexington; Dr. Lenn Harrison, Director, UK Livestock Disease Diagnostic Center, Lexington; and Dr. Wade Northington, Director, Breathitt Veterinary Center, Hopkinsville.

"We're in the position now in many counties of Kentucky where livestock producers have little or no access to licensed large animal veterinarians"

— KFB President Marshall Coyle

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WORKER'S COMP BILL WILL HELP FARM MARKETS

Roadside farm market operators are hailing a new law that exempts them from costly worker's compensation requirements.

"It's a great thing for market operators," proclaimed George Gagel, long-time operator of a popular market in western Jefferson County. "This saves us a world of headaches and a lot of money."

KFB was the driving force behind passage of HB 296, which takes effect this month. The bill exempts on-site farm markets from worker's comp; agricultural operations already are exempt.

The new law will save market operators thousands of dollars a year. It also eliminates an "unfair" situation in which many operators actually have been paying twice for coverage because they have a farm liability policy which would be applicable to market workers, said KFB First Vice President Mark Haney, who operates a market in Pulaski County along with his brother, Don.

"I've carried (worker's comp) policies for years because I knew I had to, but it was really like double coverage because I have liability," Haney explained. "It's been costing me close to \$2,000 (a year). For big operators, this (the exemption) is a big deal."

Gagel, for one, said he was "ecstatic" about the new law.

"It's one of the best things that's happened to me. At peak season I'll have around 20 employees. Because I'm a sole proprietor, every employee had to be covered."

Also praising the development was Carl Chaney, who operates Chaney's Dairy Barn in Warren County. He'll have up to 25 workers during the peak fall season.

"This is the kind of help that markets need to improve their profitability," Chaney said.

HB 296 was enacted with little fanfare and won't have a huge effect on Kentucky agriculture, but is a great example of how KFB serves the agricul-



GEORGE GAGEL SAYS THE NEW LAW WAS GREATLY NEEDED FOR FARM MARKETS.

tural community by "paying attention to the little things that affect the incomes of farm families," said David S. Beck, KFB's Executive Vice President.

"Whether it's a major economic issue or simply a change in (statutory)

language, we're always looking to boost agriculture and improve farm income," Beck explained. "We've accomplished many things in Frankfort over the years that when taken as a whole, are very crucial."

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SUSTAINABLE
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Oldham County wins "Envirothon"



The ninth annual Envirothon was held last month at the Kentucky Leadership Center near Lake Cumberland, with ten teams competing. Envirothon is coordinated by the Kentucky Division of Conservation. Sponsors include KFB, the Kentucky Association of Conservation Districts and the Kentucky Department of Agriculture.

The teams rotated among "work stations" to test their knowledge of soils, forestry, aquatic ecology, wildlife and current environmental issues. Each team also gave an oral presentation dealing with renewable fuels.

The Oldham County High School fivesome of seniors Wes Korthaus, Zach Stucker, Daniel Tew, Brett Hatfield and freshman Corey Hatfield emerged as champion. Boyd Johnson is their advisor. Oldham County will represent the state in the Canon Envirothon International competition July 29-August 3 at Geneva, New York.

Runner-up in the Kentucky event was the Fayette County team comprised of students from Paul Dunbar High School. Richmond Model was third.

The statewide program attracted 38

teams competing in two regionals. Model won the east region while Pulaski Southwestern's "A" team was tops in the west region. At the state contest, Model posted the highest score in the aquatics event and Fayette County was best in the soils and oral presentation. Oldham County was first in the current event and wildlife categories while Green County won the forestry test.

Rounding out the state finalists were Jackson County, West Carter, Apollo and three teams from Pulaski Southwestern.

The envirothon concept combines the proven concepts of hands-on education with the excitement of competition and the enjoyment of the outdoors.

It is a series of hands-on contests in which the students must solve environmental problems within the respective categories. It encourages changing



ABOVE: THE CHAMPION OLDHAM COUNTY TEAM IS COMPRISED OF (FROM LEFT) WES KORTHAUS, COREY HATFIELD, ZACH STUCKER, DANIEL TEW AND BRETT HATFIELD.

BELOW: ONE OF THE PULASKI SOUTHWESTERN TEAMS WITHSTOOD A POURING RAIN TO COMPETE IN THE FORESTRY EVENT.

curricula and helps to build ties between schools, organizations and communities.

KFB provided backpacks to the top three teams.

Market prices good for “Dairy Month”

The annual observance of “June Dairy Month” finds Kentucky dairy farmers enjoying the highest market prices in several years, but facing continuing pressure on profitability. Today’s dairy farmers are more productive than ever before, but rising production costs saddle many with tight margins.

Offering a case in point is Kelly Thurman, a McLean County dairy farmer who is chairman of KFB’s Dairy Advisory Committee.

“I just got a check for \$17 (a hundredweight); that’s a dream price for me,” he said, “but when I sit down and start paying bills, those higher bills eat away at that price.”

Only a year ago farm milk prices were much lower, he added.

“A lot of producers are still trying to catch up from last year,” he explained. “The prices were really depressed; that set a lot of us back. Now we have great prices but energy and feed costs are hurting us. My purchased feed has gone up 30 to 40 percent. This ethanol boom has driven up corn prices and forced me to go to options like hominy, oats and soybean hulls. Corn prices are a two-edged sword — great for cash production but they’re putting a squeeze on livestock and dairy

“And then we have to have diesel and gasoline to run our equipment. It all adds up and chips away at those higher (farm milk) prices.”

The state’s dairy industry has been steadily shrinking for decades, but remains a significant part of the farm economy. Kentucky currently has about

USDA is predicting continued increases in product uses this year and prices that remain well above previous year levels.

1,200 dairy farms and 94,000 cows, ranking 23rd in the nation. Cash receipts from milk marketings totaled \$179.1 million in 2006. The overall value of the industry in Kentucky is placed at about \$750 million, according to USDA.

Demand for dairy products has been strong over the past two years. Commercial use increased over two percent in 2005 and 2006 on a fat basis while skim solids use increased by four percent and two percent, respectively. And the U.S. industry has been bol-

stered by skyrocketing exports of non-fat dry milk.

“The weak U.S. dollar and reduced dry products in other major producing areas combine to drive these hot markets,” wrote AFBF Economist Jim Sartwelle III in a recent report.

“Expected cutbacks in cow and cow numbers are yet to materialize, but we remain concerned with scarce hay supplies and other high production costs and will continue to monitor milk production as temperatures rise during the next few months.”

USDA is predicting continued increases in product uses this year and market prices that remain well above previous year levels. The all-milk price forecast for 2007 is from \$14.35 to \$15.05 per hundredweight, compared to \$12.90 in 2006. Prices in Kentucky, which is a milk deficit state, have been above the national average. For April the all-milk average was \$17.20, compared to \$13 a year earlier.

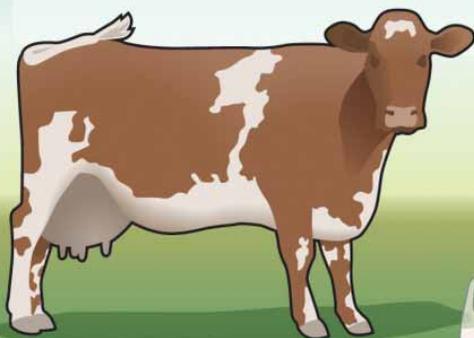
Thurman, who is a KFB Director, is anticipating a strong market in the months ahead, but worries about whether rising milk checks can keep pace with soaring production costs.

“Those prices look good,” he said, “but it’s still a tight situation for most of us.”

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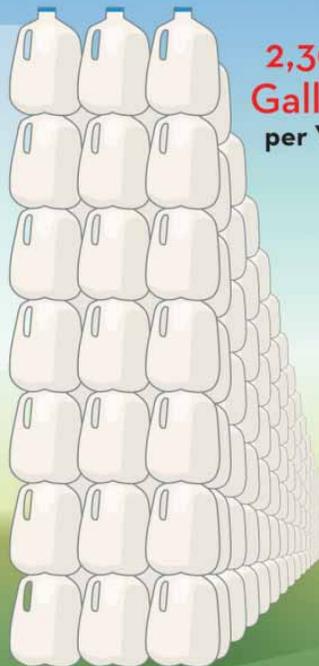
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HONEYBEE DECLINE RAISES CONCERNS



BY AIMEE NIELSEN
UK COLLEGE OF AGRICULTURE

Fact: Commercial migratory beekeepers in North America are suffering significant hive losses for a variety of reasons. Fiction: The losses are caused by cell phones, cell phone towers or cannibalistic bees, and the decline spells the end of civilization within four years. Kentucky State University Apiarist Tom Webster said that's just not true. Fact: a honeybee decline will impact agriculture. Fiction: the impact will wipe out agriculture.

“When we have a tough problem that is difficult to solve and takes time to solve, it seems to create an information void,” Webster said. “People feel a need to start filling in that void, and all sorts of unfounded ideas start going around. We will see an impact from this decline; some commercial beekeepers have lost 90 percent of their hives. But, we do need to remember that honeybees are not native to North America and civilizations existed before the honeybee arrived.”

Webster believes that to understand what's causing the honeybee decline, rumors and unfounded stories have to be put aside so facts can be the focus. Most beekeepers in Kentucky maintain a small number of hives and most of those are for honey production. Overall the state has around 5,000 colonies responsible for about 250,000 pounds of honey, according to the Kentucky Agricultural Statistics and Annual Report for 2005-2006.

Kentucky Department of Agriculture's State Apiarist Phil Craft said, before concluding that the dead-outs (hives where bees have died) in Kentucky are due to a new disease or malady, it's important to examine why beekeepers lose colonies in the winter. Kentucky's beekeepers begin preparing their hives for winter as early as July of each year.



“There are three considerations that we keep in mind in helping a colony of honeybees get through the winter,” he said. “Bees must have sufficient food stores in the hive. In Kentucky that means a hive needs about 50 to 60 pounds of honey for the bees to feed on during the winter.”

Craft said a second consideration is that the minimum, late-fall population required for a hive to make it through winter is about 25,000 to 30,000 bees.

“By spring, the number in the hive will be greatly reduced, and there is a natural decrease as older bees die,” he continued. “The bees cluster together and consume honey to keep warm when the temperature is below 55 degrees - the colder the outside temperature, the tighter the cluster. I always say that as the number of bees in a hive decreases, the hive may reach critical

cluster size, below which the survival of the bees is unlikely.”

Craft said even in a disease- and pest-free colony of bees with sufficient food and plenty of bees to cluster, half won't survive until spring — only bees that develop in late fall will live that long.

“The third consideration is healthy bees,” he said. “Honeybees that have been weakened by mites or disease will die even sooner. If you don't monitor and control mites and disease, you can't tell whether bees are actually as healthy as they appear.”

The recent Easter freeze may also be a factor, as Craft noted that periods of warm weather, followed by cold weather, are hard on bees. This situation happened in February and again in April.

“We often have these periods of

See page 9



NEW VENTURE DEVOTED TO BIOFUELS

Ashland Inc. and Cargill have agreed in principle to create a new joint venture devoted solely to the development and production of biobased chemicals. The parties intend for the new stand-alone entity to become a leading global supplier of chemicals from renewable sources.

The venture's first product will be propylene glycol (PG). Using both licensed and proprietary technology, the joint venture will produce high-grade propylene glycol from glycerin, an abundant co-product of biodiesel production. The joint venture expects to provide global manufacturing and marketing of biobased PG, starting with a 65,000 metric ton-per-year plant at a yet-to-be-finalized location in Europe.

With a 50-50 ownership structure, Cargill and Ashland will bring to the new venture their unique technology, innovation and expertise in bioprocessing, along with chemical formulation, supply chain management and market analysis. The venture anticipates a combined initial capital investment in the range of \$80 million to \$100 million. Details on the name, leadership

and development plans are expected to be announced later in 2007.

"For well over a century Cargill has been all about adding value to products that come from the earth. Developing high-performing chemicals from renewable sources fits perfectly in that philosophy," said K. Scott Portnoy, Cargill corporate vice president overseeing its biobased industrial businesses. "As an industry leader, Ashland is the ideal partner to help bring these products to market on a commercial scale."

The joint venture will combine the complementary experience and skill sets of both parent companies.

"Cargill's expertise in converting vegetable-based oils is world-class, its global reach is unmatched and its glycerin supply chain expertise will promote a quick market rollout. All this will provide a competitive advantage over other manufacturers attempting to produce any product derived from vegetable oils," said Dave Jones, director of bioproducts, Ashland Inc.

"Ashland brings the new joint venture expertise in global chemical marketplace understanding, formulation

and marketing," said Jim Stoppert, senior director of Industria Bioproducts for Cargill. "Ashland's experience in formulating PG into a variety of specialty chemical applications will lead our efforts to produce a renewable product that is a seamless, high-grade solution for all PG end use applications."

According to Ashland market consultants, annual global production for propylene glycol totals more than 1.4 million metric tons, and research shows that global demand growing at a three-percent to seven-percent rate.

Propylene glycol is a common ingredient in a variety of resins, lubricants, cosmetics, paints, detergents and antifreeze. Today, propylene glycol is produced from propylene oxide, a petroleum-based intermediate.

Laboratory tests of the proprietary production method have shown the biobased propylene glycol product will feature a high level of purity. In testing, the process to be used by the joint venture is efficient and produces fewer byproducts than other alternative approaches to making renewable propylene glycol.

HONEYBEE

Continued from 8

warm and then cold and then warm again in Kentucky. When it gets warm, bees become more active, consume more honey and then they have to recluster during the next cold snap," Craft said. "The result is dead bees in multiple small clusters. These days we consider a winter loss of 20 to 25 percent acceptable. Unfortunately it's common to lose one or two hives, which means that beekeepers with only a few hives can lose all or most of their bees."

Craft said beekeepers with larger numbers of hives usually make plans in the spring to replace lost colonies by making divides or purchasing package bees. Still, Craft said that these losses

are much lower than in feral, or wild, colonies where as much as 75 percent of first-year honeybee colonies fail to survive winter.

"The difference between the high losses in nature and in our managed colonies is good beekeeper management and good preparation of hives in winter," Craft said. "Unfortunately last year's honey flow made preparation especially difficult for Kentucky beekeepers, and that's why beekeepers who failed to feed their bees heavily in the fall may find starved bees this spring."

So aside from normal winter losses, complicated by poor honey flow and the topsy-turvy, hot-cold pattern of late winter and early spring, what is causing the above average population decline?

Webster and Craft agree that the reasons for the decline are many and

haven't completely been determined. Colony Collapse Disorder may explain some losses that were not winter losses and which have occurred during periods when bees were still raising brood.

Craft said that reports from some large beekeeping operations in Georgia, which provide a lot of package bees to Kentucky every spring, state that Georgia hives are thriving.

"I believe that losses reported here in Kentucky seem to be more related to starvation and poor condition of bees than to CCD," Craft said.

So what can beekeepers do to protect their hives? Webster said to avoid putting hives near places where agricultural chemicals are heavily used; give bees diverse food sources; keep well-known parasites under control and, for unexplained problems, send small bee samples to the KSU lab for analysis.

Is "eating local" really feasible?

BY LYNNE FINNERTY
AFBF STAFF

Do you care how far your food traveled to get to your plate? A growing number of people do.

A new non-fiction book by novelist Barbara Kingsolver, titled "Animal, Vegetable, Miracle: A Year of Food Life," chronicles her family's experiment of eating locally-produced food for one year. They lived off the land, raising their own chickens and vegetables, and bought from local farmers what they could not produce themselves.

The book has brought a lot of attention to the local-food-only movement, but Kingsolver isn't the first to try it. Canadian authors Alisa Smith and James McKinnon did the same thing in 2005, and a Web site (www.100milediet.org) recommends the experience to anyone with the time or inclination to try it.

Promoting a local-food-only diet is

different from promoting local farmers. The premise of the movement is that agribusiness hurts small, local farmers and transporting food requires the burning of oil. However, farmers of all types reach global markets through so-called agribusiness.

In fact, many agricultural businesses are the result of farmers banding together to create processing capacity and sell their products farther afield.

Another thing Kingsolver doesn't mention is that a train or truck isn't just delivering one head of lettuce; it is efficiently delivering thousands of units at a time. Consider how much fuel we would burn if everyone drove all over several counties seeking the ingredients to make a "local" BLT sandwich.

Then there's the problem of what all the people who work on the Arizona lettuce farms are supposed to do when they lose their jobs because no one but Arizonans buys lettuce from Arizona, no one but Floridians buys tomatoes from Florida and no one but Iowans buys pork from Iowa. The job losses would hurt our economy.

Most people commute to a job for

at least an eight-hour stint several days a week. That doesn't leave much time for hunting and gathering. Smith and McKinnon admit that "it takes time," but they say it also raises interesting questions about how we're spending our time.

"What if we spent more time on self-sufficiency and less time at the office?" they ask. That sounds nice, but employers probably aren't ready to hear, "I have to leave early so I can pluck a chicken for dinner."

Kingsolver has been burning some fuel herself, traveling around promoting her new book. Which raises the question: Why is food any different from books or any other product? Should we only buy books that are printed within 100 miles of our homes? Kingsolver probably wouldn't like that idea.

The fact is that having a variety of foods year-round, combined with buying foods locally, is good for our health, economy and farmers. Farmers can coexist whether they sell their products at the farmers' market or to the tomato-crushing plant that ships tomato sauce all over the world.

In fact, many farmers use some combination of practices and marketing strategies, not just one.



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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

MEETING THE TEST

KDA IS GETTING A NEW FUEL AND PESTICIDES LAB

Agriculture Commissioner Richie Farmer led dignitaries in breaking ground for the Kentucky Department of Agriculture's new motor fuel and pesticide testing laboratory in Frankfort.

"With gasoline prices where they are today, it's more important than ever before that Kentuckians get exactly what they pay for at the pump," Commissioner Farmer told the guests at the groundbreaking.

The lab will greatly enhance the Department's ability to test motor fuel for quality and octane level. The KDA tests motor fuel to ensure Kentucky does not become a dumping ground for poor quality fuel. The Department also tests for the presence of MTBE, or methyl tertiary butyl ether, a fuel additive that is banned in Kentucky. The facility will have a biofuel testing component that will enable the KDA to serve the Commonwealth's rapidly growing biofuel industry.

The lab will enable the Department to do a better job of supporting its pesticide regulatory programs, following up on complaints and analyzing pesticide residues in the environment.

The KDA currently sends motor fuel samples to an out-of-state laboratory for testing. As the cost of the test has increased, the number of samples the Department tests has fallen ten-fold, to fewer than 600 a year. The new lab will have a testing capacity of more than



BREAKING GROUND FOR THE NEW FUEL TESTING LAB WERE (FROM LEFT) STATE REP. TOM MCKEE OF CYNTHIANA; STATE REP. ROYCE ADAMS OF DRY RIDGE; RICHARD MAXEDON, PRESIDENT OF THE KENTUCKY PETROLEUM MARKETERS ASSOCIATION; AGRICULTURE COMMISSIONER RICHIE FARMER; RODNEY RATLIFF OF CENTURY INVESTMENT GROUP AND JOHN WHITNEY OF TAYLOR-WHITNEY ARCHITECTS.

20,000 samples a year — enough to more than adequately sample motor fuels in Kentucky and offer contract testing services to other agencies and states.

The lab will cost an estimated \$1.65 million. The General Assembly appropriated the funding in its 2006 session.

Between the cost savings of testing in-house and revenue from service contracts, the lab is expected to pay for itself and become financially self-sufficient in a few years. The lab is expected to be under roof and ready for equipment installation by October. The target date for the lab to be operational is January 1, 2008.

Task force begins work on plans for agriculture

Kentucky farm leaders discussed the common ground among the various agricultural sectors and rural communities in the first meeting of the Kentucky Agriculture Council's Task Force on the Future of Agriculture. The task force, which includes KFB President Marshall Coyle, is charged with developing a strategic plan for Kentucky agriculture.

Lori Garkovich, Steve Isaacs, and Rick Maurer from the University of Kentucky led the task force in a discussion of the future of agriculture.

Governor Fletcher hosted the

Governor's Summit on Agriculture on March 15 that brought agriculture leaders together to begin the process of developing a "Strategic Plan of Action for Agriculture." Agriculture leaders in attendance at the summit accepted Governor Fletcher's challenge to create a strategic plan of action that will encompass all aspects of agriculture and lead Kentucky agriculture to the next level of success.

The group is chaired by Dr. Tony Brannon, dean of the School of Agriculture at Murray State University, and is made up of representatives from more than 40 agricultural organizations. It will meet six times throughout this year across the state and produce a strategic plan by the end of the year.



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SOYBEAN OIL FUELS MARKET

A strong soybean oil price is supporting the value of soybeans, especially since February when soybean meal prices peaked. Optimism about expanding biodiesel production has traders taking a long-term view despite current soybean oil stocks being near record highs. In fact, the market price is encouraging even more soybean oil production, as a much tighter supply is likely in 2008. The April 2007 average price increased to 31.1 cents per pound from March's average of 29.7 cents and 23 cents in April 2006. CBOT July 2007 soybean oil futures surpassed 36 cents in late May.

According to USDA, demand for soybean oil is likely to outpace use of soybean meal. By the end of 2007, new biodiesel production capacity could expand by as much as 1.7 billion gallons, a near tripling from January. A broader demand for soybean oil as a feedstock will increasingly draw down available supply. USDA forecasts the use of soybean oil for methyl esters (principally biodiesel) to climb to 3.6 billion pounds in 2007/08 from an estimated 2.55 billion for the current season. Substitution with other oils may continue to inhibit food demand for soybean oil. This year's edible use is down about four percent from 2005/06. For 2007/08, overall domestic disappearance of soybean oil is seen up nearly six percent, to 19.7 billion pounds.

Export demand for U.S. soybean oil may soon moderate due to its stronger domestic use, rising cost, and escalating foreign competition. USDA forecasts soybean oil exports will drop to 1,425 million pounds in 2007/08 from 1,500 million this season.

GROWERS EXPAND BROILER SUPPLY

USDA's latest Chickens and Eggs Report shows broiler-type chicks hatched during April 2007 totaled 801 million, up two percent from April 2006. Eggs in incubators totaled 680 million on May 1, up three percent from a year earlier. Leading breeders placed 6.69 million broiler-type pullet chicks for future domestic hatchery supply flocks during April, up two percent from April 2006.

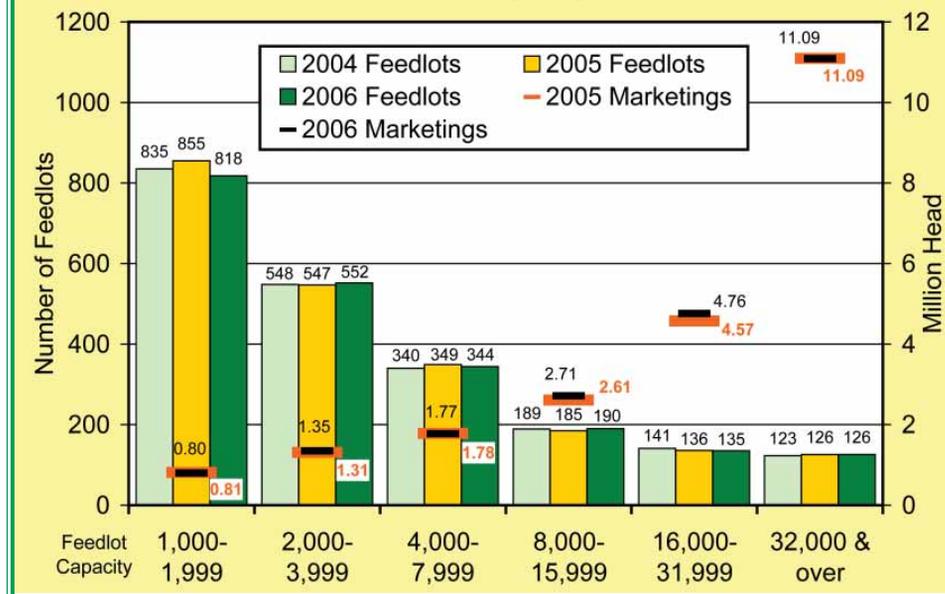
CATTLE GROWTH HERD IS LIMITED

USDA predicts that the total cattle inventory at the end of this year will be 97 million head, little changed from a year earlier because of poor grazing and forage conditions during 2006 and the winter of 2006/07. Large numbers of feeder cattle were placed in feedlots earlier than is typical because of reduced pasture and harvested forage supplies. This could result in marginal shifts in beef production and inventories. These lighter cattle were or will be fed for longer periods before slaughter.

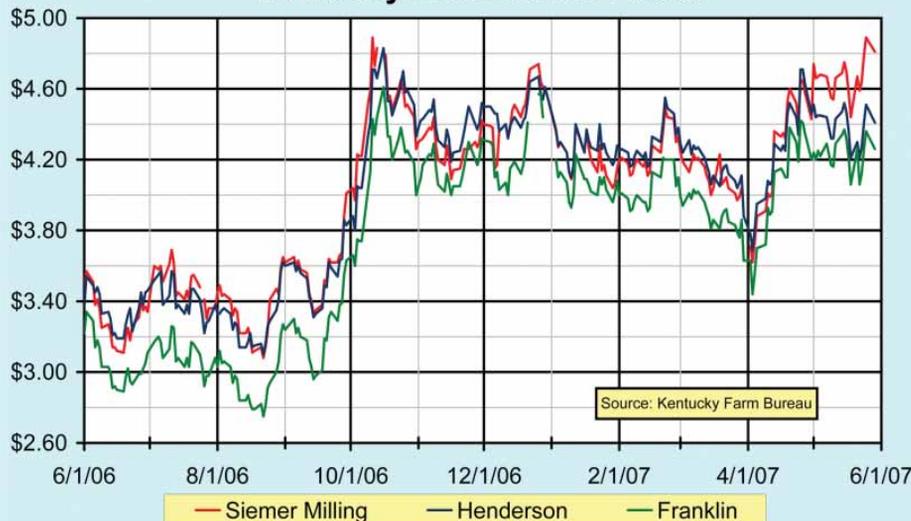
Had feeder cattle not been placed in feedlots prematurely, they would have ordinarily gone on feed sometime in 2007 or 2008. Instead, most of these early-placed cattle will be marketed in 2007 and will not be included in the cattle-on-feed count for January 1, 2008, thus reducing the total inventory.

Another factor that will contribute to lower cattle inventories is the large numbers of calves sold as veal during the winter 2006/07 and spring 2007. Under normal conditions, most of these calves would have been included as feeder cattle or cattle on feed.

U.S. Cattle Marketings by Feedlot Size



Kentucky Cash Wheat Prices



GREEN RIVER CATTLE CO. IS A WINNER ON DERBY DAY



GREEN RIVER CATTLE COMPANY MEMBERS (FROM LEFT) ROB HEISKELL JR., KEN FERGUSON, DAVID GIVENS, ROGER DAVIS, PHIL HEISKELL, ROBERT CONLEY AND ED ROGERS PRESENTED A PRODUCT TO CHURCHILL DOWNS CHEF GIL LOGAN NEAR THE FAMED TWIN SPIRES.

FROM KCARD

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

Green River Cattle Company (GRCC) has become synonymous with all-natural locally-raised beef in restaurant circles across Kentucky. GRCC garnered international recognition as a source of premier all-natural locally-raised beef, as a part of a Kentucky Proud meal fit for a queen at the 2007 Kentucky Derby.

The road to the roses has not been smooth for this small Kentucky farmer-owned company, but perseverance and commitment to providing a source-verified all-natural quality product to their consumers have kept GRCC in the challenging race to build a Kentucky natural beef brand.

GRCC began in 2001 when a small group of beef and tobacco producers in Green County rose to the challenge set forth by the state to look at alternatives to tobacco production. This small group of farmers decided to diversify with a focus on what they knew —

beef— and they received Agricultural Development Funds to research the feasibility of finishing beef cattle in Kentucky.

“The initial conversation wouldn’t have happened if we didn’t have the Ag Development grant funds available,” explained David Givens in talking about the development of GRCC.

This first study showed favorable results with the cattle finished locally, and the group decided to move to the next phase. While developing their herds, the farmers of GRCC applied for another grant to do a study to look at markets for locally-grown and finished beef.

The marketing study helped GRCC identify the ‘low hanging fruit,’ such as the independently owned stores and restaurants where purchasing decisions were made locally, that would allow them to develop their market.

“The study also made it clear that the long-term appeal of locally-grown beef would only be there if it was a safer, high-quality product,” explained Givens. “As local small-scale operations (small family farms), we can guarantee the customer a natural prod-

uct and that is how you market a locally-grown brand.”

What emerged from the group’s planning and studies was a strong focus for a GRCC brand. A brand built on Kentucky Proud farmers raising and marketing a source-verified, all-natural beef product.

Over the next several years, GRCC owners faced many challenges that any young company faces in building a business and market. With a small staff and limited time from the owners, GRCC struggled to capitalize the enterprise, manage the production side, handle sales, handle marketing, deal with the structure underneath (distribution and account), and all the elements of a growing company.

New members and renewed enthusiasm took the group down new paths and they began to look at opportunities to turn the company around. A chance meeting of Givens and Larry Snell, Director of the Kentucky Center for Agriculture and Rural Development, introduced an opportunity for GRCC to bring a fresh perspective on their business analysis. The working relationship began in early 2006, as KCARD conducted a management audit of GRCC’s operations.

“We went in and worked with GRCC for two weeks and gave them a thorough evaluation of their business,” said Brent Lackey with KCARD. “We made several recommendations with most of them centered on their need for more planning, especially with respect to marketing.”

The analysis encouraged GRCC to refocus and begin to look at how the organization was functioning. Above all, it helped the owners finally start to realize that they could not plan just for tomorrow, selling the meat on hand, but to begin long-term planning in all areas.

GRCC’s journey has been paved with the help from many individuals and organizations across the state, including the University of Kentucky, the Kentucky Proud program, Allied West Food Marketers and Kentucky Cattlemen’s Association.

Yet it was the unwavering support of Chef Gil Logan, with Levy Restaurant at Churchill Downs, that gave GRCC almost complete exposure at the 133 Kentucky Derby. From burgers at the Kentucky Cattlemen’s tent in the infield to select cuts in Millionaire’s Row, GRCC beef was showcased in a variety of styles and venues.

FARM FILE



BUSH ORDERS REGULATIONS FOR ENERGY USE

President George Bush has issued an executive order calling on the Environmental Protection Agency, and the Agriculture, Transportation and Energy Departments, to jointly write regulations that will cut gasoline use and control greenhouse gas emissions from cars and trucks.

Bush's plan to cut U.S. consumption of gasoline by 20 percent over the next 10 years leans heavily on greater production of ethanol and other renewable fuels.

The president encouraged the agencies to use his "20 in 10 plan" as a starting point for writing new regulations, rather than waiting for legislation. Requiring the annual use of 35 billion gallons of alternative fuels and increasing fuel economy standards for new vehicles are key avenues to reducing overall U.S. gasoline consumption, according to the administration.

EPA has been charged with implementing the new regulations before January 2009, when Bush leaves office. The agencies plan to release a proposed rule in a few months, with a final rule in place by the end of 2008, according to Stephen Johnson, EPA's administrator.

ENTREPRENEUR PROJECT IS FUNDED

The Kentucky Agricultural Development Board approved the University of Kentucky Research Foundation on behalf of the Kentucky Entrepreneurial Coaches Institute for \$883,545 in state funds. This proposal was one of 66 projects totaling \$4,440,222 approved at the May Kentucky Agricultural Development Board Meeting.

The funds will be used to expand the Kentucky Entrepreneurial Coaches Institute (KECI).

This program will identify coaches or facilitators in 22 tobacco dependent counties in South Central Kentucky with a goal of building a stronger entrepreneurial culture in the area. The primary objective of

this project is to encourage the development of new business ideas and ventures in these Kentucky counties. The objective to develop new businesses will be achieved, in part, by identifying and training 60 leaders from the region who are willing to work with entrepreneurs to encourage economic diversification projects.

To date, Kentucky has invested more than \$240 million to an array of county, regional and state projects designed to increase net farm income and create sustainable new farm-based business enterprises. The diversification programs represent more than 2,896 projects that have been funded through the Agricultural Development Fund since the inception of the program in January 2001.

AFBF WANTS CHANGE FOR AG IMPORT INSPECTIONS

Moving agricultural import inspection functions from the Department of Homeland Security back to the Agriculture Department would more effectively protect U.S. agriculture and the nation's food supply from intentional and accidental threats, according to AFBF.

A 2006 Government Accountability Office report shows that since USDA transferred responsibility for port inspections to DHS, fewer agricultural inspections have been conducted at key points of entry, AFBF told the full Senate in a letter. "Inspection rates decreased in

Miami by 12.7 percent, in Boston by 17.9 percent and in San Francisco by 21.4 percent," said AFBF President Bob Stallman. In addition, according to the GAO report, 60 percent of agricultural inspection specialists believed they were doing either "somewhat" or "many fewer" inspections since functions were transferred to DHS. Farm Bureau is urging support for legislation that would move agricultural import inspection functions from the Department of Homeland Security back to the Agriculture Department.

HENNING WILL OVERSEE EXTENSION WORK AT UK

One of the University of Kentucky's strongest advocates of using extension outreach programs to benefit all Kentuckians will now lead that statewide effort.

Jimmy C. Henning, a 21-year veteran of Cooperative Extension, and the College of Agriculture's assistant director for agriculture and natural resources since 2003, has been named associate dean and associate director for extension.

Henning, a native of Georgia whose father was a county extension agent and later an extension specialist, was an agronomy faculty member and extension forages specialist at UK from 1989 until 2003. Before that, he held a similar position at the University of Missouri. While assistant extension director he provided leadership and direction for Kentucky's

county extension agents for agriculture and natural resources.

"I believe traveling throughout the state working with agents and local leaders, combined with my years as an extension professor, enabled me to see firsthand the power of extension and how people can forge partnerships, identify challenges, and then meet those challenges with innovative solutions," Henning said.

As associate dean, he will oversee day-to-day operations of the entire UK Cooperative Extension Service, which includes specialists and agents working in family and consumer sciences, community and economic development, agriculture and natural resources, and 4-H youth development.

COUNTY ANNUAL MEETINGS

FLEMING COUNTY

Date: August 10, 2007 • 6:00 p.m.
Place: Industrial Park

OHIO COUNTY

Date: August 9, 2007 • 6:30 p.m.
Place: Extension Office

SHELBY COUNTY

Date: October 6, 2007 • 7:00 p.m.
Place: Stratton Community Center



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