



KANSAS CORN

2008

The 2008 Annual Report of the Kansas Corn Commission

In 2008, Corn Is Front Page News

Corn Makes the Headlines

According to the headlines, here is 2008 in a sentence. Growers planted fewer corn acres; spring floods devastated acres in top corn-producing states; ethanol production increased; grain exports increased; corn prices hit \$8; oil prices went way over \$100 a barrel; food prices went up; farmers were blamed; corn prices dropped dramatically; oil prices dropped; food prices didn't.

The Real Story

Obviously there is more to the story than that. Corn acreage was down slightly this year, but producers in the U.S. and in Kansas are harvesting the second largest crop in history. Although there were some flooded acres, the crops in the Corn Belt look great overall. Grain exports increased because of a lower dollar, increased demand from developing countries and a short supply of corn worldwide due to weather. At one point, outside speculators were thought to have been responsible for a third of the increase in corn prices. Oil prices did go up, significantly increasing input costs for farmers and everyone along the supply chain. Food prices did increase, but due more to labor and transportation costs than corn prices or ethanol production as the food industry claimed. In fact, during the GMA Campaign, some of its members posted higher earnings thanks to higher retail food prices.

Kansas is now estimated to be on track to produce 493 million bushels this year, the second largest harvest in Kansas history. In most parts of the state, growing conditions were favorable. Areas of western Kansas missed the plentiful rains that much of the state received. In some areas, rains were too plentiful. Growers in Kansas and the rest of the nation are fulfilling their promise to continue to provide enough corn for feed, fuel and food.

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Kansas Corn Commission Funding
What projects did the commission fund for the 2009 Fiscal Year? Look here to find out.

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The Food and Fuel Debate
Food manufacturers hit hard this spring with a well-funded PR blitz to blame corn for high grocery prices.

Livestock Remains #1

No matter how you slice it, livestock gets the biggest slice of the feedgrain pie. What's the real story about corn as a feed and a fuel?

Numbers— Arm Yourself with Facts

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Kansas Commodity Classic December 9
With an innovative program focusing on marketing information you can use on your farm, you can't afford to miss this event in Salina!

Ethanol Blender Pumps in Kansas

Learn how KCC is bringing more fuel choices to Kansas



Bushels of Knowledge

Since 1987 Kansas corn acres increased by 2.47 million acres. Irrigated acres have increased by 745,000 acres. Non-irrigated acres have increased by 1.72 million acres. Total Kansas corn production has increased by 370 million bushels. (1987-2007 comparison)

FY-2009 PROJECTS

KANSAS CORN COMMISSION FUNDING Fiscal Year 2009

Foreign Market Development
for Corn, DDGS and Meat: 39%

Promotion and Education: 28%

Domestic Market Development: 21%

Research Funding: 12%



Kansas Corn Commission

Jere White, Administrator
KCC Office

110 W. 4th St.; PO Box 446
Garnett, KS 66032

Phone: 785-448-2626

E-mail: corn@ksgrains.com

Web: www.ksgrains.com

This annual report is published to inform corn producers of the projects and activities of the Kansas Corn Commission.

Complete FY-09 budget available online at www.ksgrains.com/kcc, or by request.

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Below is a listing of projects funded by the Kansas Corn Commission in Fiscal Year 2009, beginning July 1, 2008 and ending June 30, 2009. This listing of funded projects is accurate as of Nov. 1, 2008. The commission may fund additional projects before the end of the fiscal year.

Optimizing Corn Production Under Deficit Sprinkler Irrigation
Freddie Lamm, Northwest Research-Extension Center: \$20,000

Managing Nitrogen in Irrigated Corn to Optimize Nitrogen Use and Minimize Nitrogen Loss
David Mengel, Department of Agronomy: \$31,120

Extension and Applied Research Programs for Kansas Corn Production
Kraig Roozeboom, Agronomy: \$8,988

Developing High Solids Enzyme Conversion of Corn Starches and Corn Flours to Reduce the cost in Ethanol Production
Yong-Cheng Shi, Grain Science and Industry: \$30,633

Seeding Rates and Fertilizer Placement to Improve Strip-till and No-till Corn
Daniel Sweeney, Southeast Agricultural Research Center: \$8,000

Locally Led Core Conservation Practices to Protect Water Quality
Brian Lindley, No Till on the Plains: \$5,000

Kansas Foundation for Agriculture in the Classroom: \$12,500

Promotion, Market Development and Education
Kansas Corn Growers Association: \$368,000

Foreign Market Development
KSU International Grains Program: \$50,000

Foreign Market Development for Meat
US Meat Export Federation: \$70,000

Foreign Market Development for Corn and DDGS
US Grains Council: \$360,000

Research, Market Development, Promotion & Education
National Corn Growers Association: \$368,000

The complete Kansas Corn Commission FY-09 budget and FY08 year-end budget report are available upon request and online at the KCC website at www.ksgrains.com/kcc



Bushels of Knowledge

Export markets are vital to our corn producers. The Kansas Corn Commission focuses its export efforts not only on export markets for corn, but also for meat and dried distillers grains.



About 85% of 2007 Kansas feedgrain production remained available to livestock and other uses after ethanol.

You're Still the One

Kansas Growers Produce FEED, Fuel and Food

Sure ethanol gets all the buzz. It's a growing industry that has revitalized communities across rural America. But the cattle industry is still king in Kansas. People often tell us it's too bad we are using all the corn to make ethanol. It's simply not true. Although ethanol has given growers excellent market opportunities, it uses only about 15 percent of the Kansas feedgrain crop when you consider the impact of the co-product— distillers grains. Do the math: the 12 operating ethanol plants in Kansas use about 160 million bushels of grain per year. In Kansas, ethanol producers use both corn and grain sorghum. In 2007, Kansas produced 730 million bushels of corn and sorghum. One-third of that grain re-enters the feeding stream as distillers grains, leaving the equivalent of 85 percent of the total Kansas feedgrain production available for livestock and other uses.

Meat Exports— The Kansas Corn Commission has been an active member of the US Meat Export Federation since the checkoff was created in 1977. USMEF is working to build meat exports and to regain valuable export markets for our beef that were lost when BSE was found in the U.S. in late 2003. The U.S. International Trade Commission recently estimated the U.S. beef industry has lost an estimated \$11 billion in missed sales and opportunities and increased costs since BSE was discovered in the United States.

Food Versus Fuel?

There is no doubt, the cost of your corn flakes has gone up. The price of your movie ticket increased as well. The culprit? High corn prices and ethanol, of course! Movie theaters claimed they had to raise ticket prices to offset the cost of popcorn. If you've been to a movie lately, you'll notice a bucket of popcorn is selling for \$5 or more. But remember that the \$5 worth of popcorn the farmer sold to the theater is worth well over \$1,000 in sales at the movie theater.

Corn-bashing and ethanol bashing reached its highest levels in early summer when news media across the country focused on how the high price of corn, caused by ethanol production, was causing higher grocery store prices. We learned the media hype was caused by a very well-funded effort by the Grocery Manufacturer's Association. GMA knew commodity prices played a small role in grocery prices— less than 20 percent. Transportation and labor costs were the main culprits. However, GMA, understood they had no ability to lower those other costs, and they believed lowering ethanol production and lowering corn prices was within their reach. Of course, now corn prices have dropped below \$4 a bushel, but for some reason, food prices have not gone down.

The Kansas Corn Commission and National Corn Growers Association learned of the campaign, and embarked on an information campaign to make sure the media and the consumer knew the real story. Corn growers were able to shift the argument from "Food versus Fuel" to "Food *and* Fuel". KCC funds the efforts of the National Corn Growers Association to represent our growers in issues like Food and Fuel. Without an ongoing, coordinated national effort, corn producers would not be able to fight off attacks like the one launched by the Grocery Manufacturers Association.

NUMBERS

12 ethanol plants are operating in Kansas, producing about 450 million gallons of ethanol per year. The newest plant, Kansas Ethanol at Lyons, began production this spring.

55 percent of all gasoline sold in Kansas Fiscal Year 2008 (through June 30, 2008) was blended with 10 percent ethanol.

45 cents a gallon: Ethanol in the U.S. fuel supply is credited with saving every American about 45 cents per gallon at the pump this year.

19 percent: Less than 20 percent of your grocery bill is attributed to commodity prices.

5 cents: The value of \$3.50/bushel corn in a \$4 box of corn flakes.

1/2 cent: the amount of the Kansas Corn Checkoff remains at a half-cent per bushel.

Bushels of Knowledge

Commodity prices account for less than 20 percent of the cost of groceries at the checkout. The Kansas ethanol industry uses 160 million bushels of grain, but a third of that is returned to the livestock feeding stream as DDGS.

Kansas Commodity Classic Is December 9 at Salina

Kansas Classic to Focus on Economic Factors in Farming

Growers will take an in-depth look at the economic side of agriculture at the Kansas Commodity Classic on Tuesday, December 9 in Salina. The Classic is the annual convention of the Kansas corn, wheat and grain sorghum growers. The Classic will begin at 9 a.m. at the Salina Holiday Inn. The morning general session will feature top speakers on the economic health of agriculture, a panel discussion on inputs and marketing, and a look at how the new political landscape will affect farmers. The afternoon breakout sessions will give growers an opportunity to discuss some of the morning's topics as well as other topics in a small group setting. "This year our growers saw great opportunities and great challenges in marketing and managing input costs. We've worked to bring together speakers from several sectors including marketing, input costs, risk management, and the political side," according to Jere White Kansas Corn Growers Association Executive Director. "We want growers to walk away with a better understanding of how to succeed in these volatile times in agriculture."

The Classic is FREE for all growers! Pre-registration is requested, but growers are always welcome to register at the door. Kansas Wheat is taking registrations. To register, call the Kansas Wheat office at: **866-759-4328**

The Kansas Corn Commission

The Kansas Corn Commission determines how the half-cent per bushel corn checkoff is invested to benefit corn producers. The Kansas corn checkoff is voluntary, and growers may request a refund from Kansas Corn Commission. **Producers Decide How Checkoff Dollars Are Spent:** The commission is made up of nine corn producers who represent the state's crop reporting districts. The commission invests the checkoff in the areas of market development, research, promotion and education. **Corn Commissioners Are Elected by Producers:** Under a structure passed by the Kansas Legislature in 2000, commissioners are elected by producers to decide how check-off funds are spent for the greatest benefit to Kansas corn producers. **2009 Elections:** Growers in the Northwest, West Central and Southwest crop reporting districts will elect commissioners in 2009. Voter registration for these districts is open until December 31, 2009. Candidate registrations are due November 30, 2009. Contact the Kansas Department of Agriculture for more information at 785-296-3556 or visit www.ksda.gov

District 1— Northwest
Brian Baalman, Menlo

District 4— North Central
Mike Brzon, Courtland (chair)

District 7— Northeast
Ken McCauley, White Cloud

District 2— West Central
Harvey Heier, Grainfield (sec.)

District 5— Central
Terry Vinduska, Marion

District 8— East Central
Pat Ross, Lawrence (treasurer)

District 3— Southwest
Greg Stone, Garden City

District 6— South Central
Kent Moore, Iuka (vice chair)

District 9— Southeast
Bob Timmons, Fredonia

Please join us at the Annual Corn Producers Dinner

6:00 p.m. Monday, Dec. 8 at the
Salina Holiday Inn

Hosted by the
Kansas Corn Commission

Please call KCC at
800-489-2676
to RSVP

Kansas Corn Commission will
meet at 11 a.m. on December 8

Kansas Corn Growers Association
Annual Meeting to be held at
8 p.m. following the Corn
Producers Dinner

Ethanol Blender Pumps Offer Kansans Fuel Options



Hugoton corn producer Steve Rome fills up the Kansas Corn Car at an ethanol promotion in Garden City in August.

Blender pumps like this one in Garden City will be sprouting up around Kansas thanks to the ethanol blender pump program sponsored by the Kansas Corn Commission and the Ethanol Promotion and Information Council. The Corn Commission's goal is to add 100 ethanol blender pumps in Kansas by teaming with EPIC to provide technical, financial and promotional assistance to fuel retailers. This program was funded in the FY2008 budget and is now underway with four blender pumps in operation and several making progress. An ethanol blender pump dispenses mid-grade ethanol blends like E20, E30 and E40 in addition to E85 for flexible fuel vehicles. Retailers have flexibility on the blends they carry. For example the Garden City station offers E50.

The Kansas Department of Agriculture implemented a blender pump pilot program that gives guidelines for retailers to follow when adding ethanol blender pumps at their stations. The innovative Zarco Earth Friendly Fuels station in Lawrence was the first Kansas station to feature ethanol blender pumps. The station sells only fuels that are blended with biofuels like ethanol and biodiesel. Kansas has four operating blender pumps located in Lawrence, Colwich, Garden City and Dodge City. Visit ksgrains.com for stations that have blender pumps as well as stations that have E85 pumps. For more information visit www.ksgrains.com

Blender pumps are clearly labeled to help drivers make the right fuel choice

