

Idaho Barley Commission Legislative Report




Kelly Olson, Administrator
March 2015



Idaho Barley Crop Stays on Top

Harvested acreage 510,000 acres -18%
Ave. Yield 94.0 bu/Ac +1%
Production 47,940,000 bu -17%

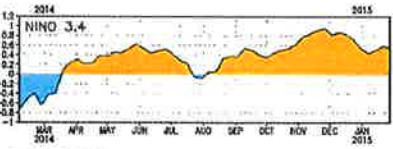
- 27% of U.S. total barley production.
- 2014 Idaho farm-gate receipts estimated at **\$266 million**, down 22% from 2013 and 5th largest Idaho cash crop.
- 2015 malting barley contract prices are steady to 10% lower.




2014 Harvest Quality Disaster

- **Wettest August across southern and eastern Idaho since 1953.** Monsoonal rains started August 4 and didn't finish for about 5 weeks.

Sea Surface Temperature Anomalies Nino 3.4 Region (C)



Source: Climate Prediction Center



2014 Harvest Quality Disaster

- Caused significant sprout damage and loss of malting quality. Estimated \$60-70 million in barley crop losses.



IBC Crisis Action Plan

- IBC and UI jointly published **Producer Guidance on Handling Sprout Damaged Barley on August 19.**
- We distributed a Midwestern publication on **grain storage and handling recommendations.**
- We worked directly with affected counties on **disaster declarations.**
- We participated in a **state Crop Crisis Response Committee** convened by Idaho House Speaker Scott Bedke; compiled data on crop losses and insurance gaps
- We are working on improvements to **quality loss adjustments under barley crop insurance policies** with the USDA Risk Management Agency (RMA) policy office in Kansas City.
- We initiated an aggressive **Western US Feed Barley Marketing Outreach**, targeting dairy & cattle feeders in 8 western states. We worked directly with feeders in OR, C, CO and TX on providing contacts to source feed barley out of southern Idaho.
- We organized **5 producer workshops across southern and eastern Idaho (Dec. 1-5) to discuss sprout damage (barley and wheat) and why it matters to our customers.** More than 350 producers attended these Farm Bill, Crop Insurance & Sprout Damage Workshops.



IBC Budget Highlights

| | FY 2013 | FY 2014 | FY 2015 |
|----------|-----------|------------|-------------|
| Income | \$451,420 | \$730,003* | \$529,830** |
| Expenses | \$474,286 | \$676,771 | \$681,202 |
| Reserves | \$457,650 | \$509,848 | \$358,476 |

*Idaho barley assessment increased from \$.02/Cwt (\$0.096/bu) to \$.03/Cwt (\$0.14/bu) in July 2013.

** Original income projection \$634,880.

| FY 2015 Expense Allocation | |
|----------------------------|-----|
| Admin | 12% |
| Research | 53% |
| Market Development | 11% |
| Grower Services | 17% |
| Info/Education | 7% |



Barley Agronomy Endowment

- IBC made \$1 million Endowment Investment with the University of Idaho to support a dedicated barley research scientist at Aberdeen Research & Extension Center (July 2013).
- Dr. Christopher Rogers, Ph.D. soil science, was hired in July 2014.



Stagnant domestic beer market

- Domestic beer sales fell 0.5% in 2014 (through October), following 1.9% decrease in 2013.
- Craft segment – robust growth + 18%. Represents about 10% of total volume but uses about 25% of malt.



US Beer Industry
 2,800 breweries
 \$245.5 billion revenues
 2 million jobs

IBC Strategic Response:

Priority remains maintaining strategic partnerships with major brewers and maltsters who have contracted barley production in Idaho since late 1960s.

New focus on craft brewing segment:

- Forged new alliances with Idaho Brewers United
- Hosted first-ever Craft Brewers Barley Short Course & Field Tour in July 2014, with 31 participants from 8 states.



Food Barley: demand for healthier diets

- Dietary health risks are on the rise: heart disease, high cholesterol, obesity and diabetes.
 - Heart disease #1 killer of Americans.
 - 1 in 10 American adults have Type II diabetes – expected to rise to 1 in 3 by 2050.
 - Globally 380 million people suffer from diabetes – expected to rise to more than 600 million by 2050.
- Higher fiber diets are significant part of solution.
 - Dietary Reference Intakes recommends consumption 25 g for adult women and 38 g for adult men.
 - Usual intake of dietary fiber in the U.S. is only 15 g/day.

IBC Strategic Response:

- Funding development of heart-healthy / high fiber barley –
 - Barley has 18% fiber content
 - Barley health claim – lowers bad cholesterol
 - Barley is low glycemic carbohydrate
 - 2 varieties released since 2008.

- Working on research collaborations with private sector, including PNW Farmers Coop and McKay Seed/Highlands Specialty Grains.

- Sponsored technical seminars on formulating cereal products with barley (targeted Asian and Latin American customers).



Producer Education

We have conducted more than 60 events reaching more than 1,450 producers across the state: Grain Marketing & Hedging Workshops, Farm Bill & Crop Insurance Workshops, 2015 Agricultural Outlook Seminars and Succession Planning.

2014-15 Webinars:

***NEW Farm Bill Program Details - University of Idaho Extension**
AROPIC Overview presented by UI Extension Educator Ben Eborn
Estimation Tool Overview presented by UI Extension Educator Joel Packham
Farm Bill Tool Overview presented by UI Extension Educator Ben Eborn

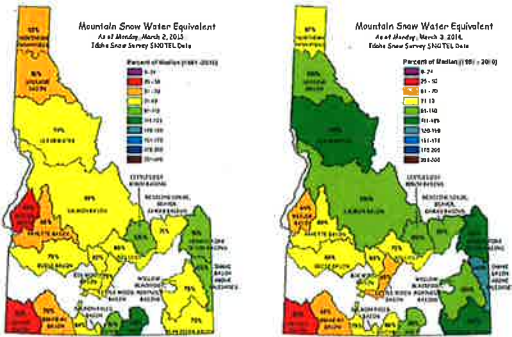
***2015 U.S. Economic & Grain Market Outlook** presented Jan 2015 by Doug Robison, Senior Vice President for Northwest Farm Credit Western Idaho & Kelly Olson, Idaho Barley Commission at

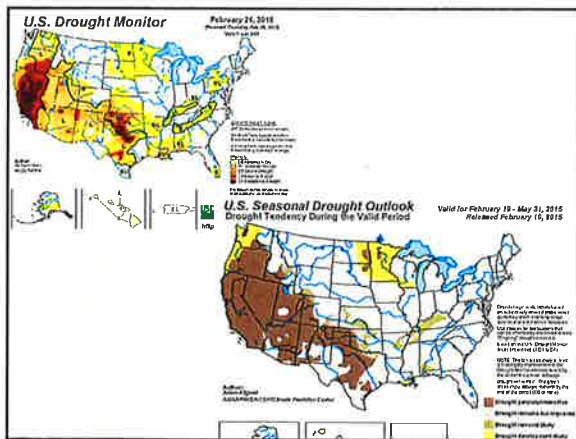
***Understanding the Idaho Harvest 2014 Weather Events and Winter 2015 Weather Outlook** presented Nov 2014 y the Idaho Barley Commission and National Weather Service at

Coming Up:

- Grain Best Management Practices
- Update on 2015 Weather Outlook
- Understanding Grain Market Basis
- 2015 Grain Marketing Strategies

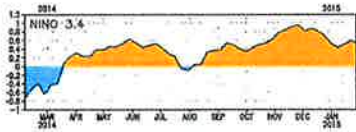
2015 Idaho Water Outlook?





Emergence of El Nino Weather Cycle?

Sea Surface Temperature Anomalies Nino 3.4 Region (C)



Source: Climate Prediction Center

Other weather experts point to 18 year cycle:

- Warmer and drier than normal PNW in Feb. 15-March 14.
- Normal precip. in April-May.
- Cool and near to above normal precip. in June-Aug.



**FY 2015 BUDGET REPORT TO THE
IDAHO HOUSE AND SENATE AGRICULTURE COMMITTEES**

**SUBMITTED BY
KELLY OLSON, ADMINISTRATOR
IDAHO BARLEY COMMISSION
821 W. STATE STREET, BOISE, ID
JANUARY 2015**

production and quality resulting from excessive moisture during the 2014 harvest. Major expense allocations include:

- Administration – 12%
- Research – 53%
- Market Development – 11%
- Grower Services – 17%
- Information/Education – 7%

II. Idaho Barley Production Trends - Idaho remained the largest barley producing region in the U.S. in 2014, despite our crop difficulties.

Harvested acreage 510,000 acres, down 18%
Ave. Yield 94.0 bu/A, up 1%
Production 47,940,000 bu, down 17%
Farm-gate value \$266 million, down 22% from 2013.

IV. IBC Strategic Initiatives -

- **Malt Barley**– Due to the double digit annual growth in the craft brewing segment of the US beer market, we are now targeting resources at educating craft brewers about the advantages of buying malt made from Idaho barley. In July 2014, we hosted our first ever **Craft Brewing Idaho Barley Tour** which attracted more than 30 participants from eight states for a two-day short course and field tour in eastern Idaho. More short courses and educational outreach are planned in the future.



- **Food Barley** – We continue to make significant progress in our multi-pronged effort to develop new varieties with higher levels of soluble fiber that has been proven to help lower cholesterol and reduce the risk of heart disease. Recent efforts have focused on technical education for cereal food manufacturers to demonstrate barley's versatility and value as a food ingredient and marketing trips to visit one-on-one with potential customers in Asia and northern Utah and California. Today, we have both domestic and Asian food companies contracting for specialty food barley production in Idaho.
- **Winter Barley** – Long-term climatic change predictions reinforce the need for competitive winter barleys, which has driven increased investments in winter malting and food barley breeding efforts, both at USDA ARS Aberdeen and Oregon State University. We facilitated the release of North America's first approved first winter malting barleys – Charles and Endeavor – and have many promising lines in our experimental trials which offer yield advantages of about 30% compared to most commonly grown spring varieties, while delivering desirable end-use traits for our customers. **Winter malting barleys achieved yields over 200 bushels per acre in 2014.**

**IDAHO BARLEY COMMISSION
FY 14 RECEIPTS/EXPENDITURES
AND FY 15 APPROVED BUDGET**

| | FY 2014 ACTUAL RECEIPTS & EXPENSES | FY 2015 APPROVED BUDGET |
|--|---|--|
| <u>ASSETS</u> | | |
| Cash and Cash Equivalents June 30, 2014 | \$411,528 | |
| Barley Checkoff Receivable | <u>98,951</u> | |
| Total Assets | \$510,479 | |
| <u>LIABILITIES</u> | | |
| Salaries and Benefits Payable | \$ 100 | |
| Long-term Liabilities due within one year: compensated absences | 10,393 | |
| Due within more than one year: compensated absences | <u>3,651</u> | |
| Total Liabilities | \$14,144 | |
| Total Net Position | \$496,335 | |
| <u>RECEIPTS</u> | | |
| Barley Checkoff Receipts | 728,617 | 528,390 |
| Market report subscriptions | 340 | 340 |
| Interest Income | 466 | 1,100 |
| Misc. Income | <u>474</u> | |
| Total Revenues | \$729,557 | \$529,830 |
| <u>EXPENSES BY BUDGET CATEGORY</u> | | |
| Research - U of I & Other | \$335,273 | \$357,700 |
| Market Development | 87,547 | 73,918 |
| Industry Partnership | 115,116 | 115,755 |
| Education & Information | 45,097 | 50,427 |
| Administrative/Policy Development | 92,336 | 81,352 |
| Capital Outlays | 1,402 | 2,050 |
| Total Expenses | \$676,771 | \$681,202 |
| Net Reserve Balance as of June 30, 2013 | \$510,379 | |

**IDAHO BARLEY COMMISSION
FY 2015 APPROVED & FY 2016 PROJECTED BUDGETS**

| | FY 2015 APPROVED BUDGET | FY 2016 PROJECTED BUDGET |
|---------------------------|--|---|
| Research (U of I & Other) | \$357,700 | \$360,000 |
| Market Development | 73,918 | 82,000 |
| Industry Partnership | 115,755 | 115,000 |
| Education & Information | 50,427 | 50,000 |
| Administration | 81,352 | 83,000 |
| Capital Outlays | 2,050 | 2,000 |
| TOTAL BUDGET | \$681,202 | \$692,000 |

PROJECTED INCOME - FY 2016 - \$720,000