

MICHIGAN FARM NEWS

MICHIGAN'S ONLY STATEWIDE FARM NEWSPAPER

MICHIGAN FARM BUREAU

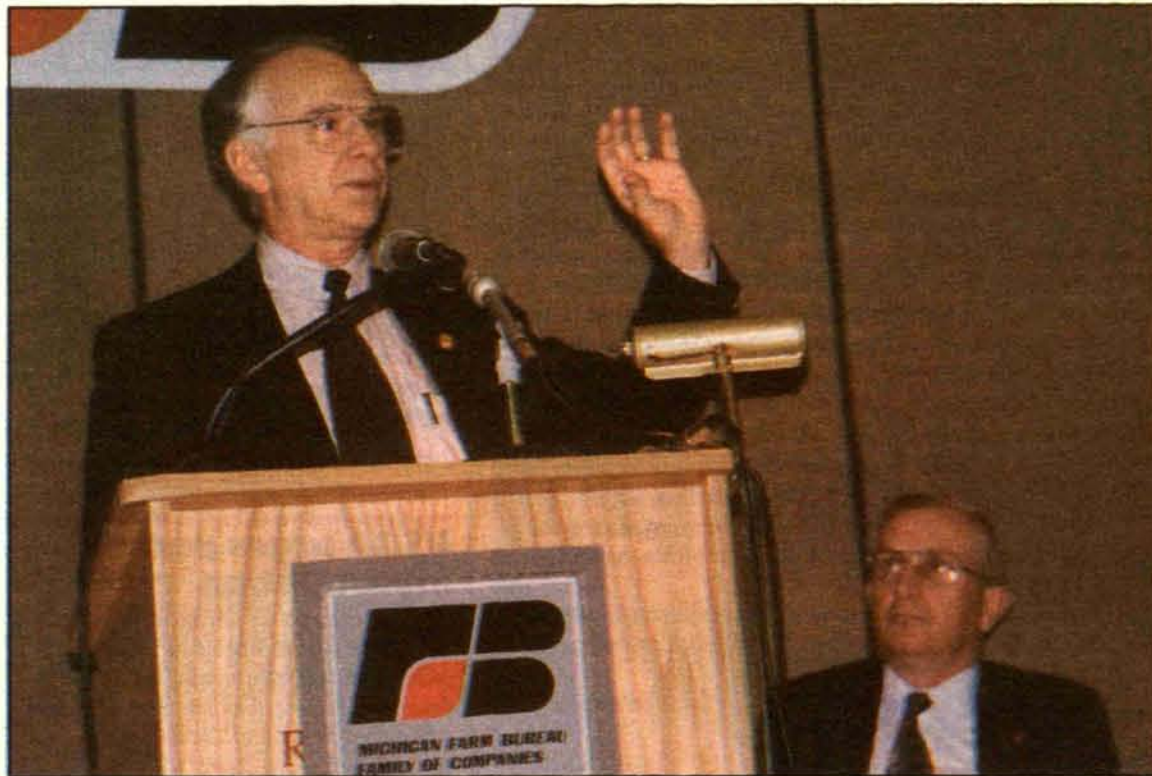


MICHIGAN FARM BUREAU

February 29, 1996
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Rep. Dick Chrysler predicts farm bill by early March



U.S. Rep. Dick Chrysler (R-Brighton) accepted an invitation to address concerns of County Farm Bureau presidents over the lack of a farm bill during the Michigan Farm Bureau's annual Council of Presidents' Conference held in Lansing recently. Chrysler predicts a farm bill by early March, followed by another farm bill package to address specific commodity concerns.

Highlights of seven-year Senate farm bill

The framework for a seven-year \$46 billion farm bill, passed by the Senate in mid-February, is currently being debated in the U.S. House. If the package clears the House intact, it must still be approved by President Bill Clinton.

That could be doubtful however, with USDA Secretary Dan Glickman expressing concern over the fact that payments could go to producers "not engaged in normal agricultural practices," he said. "Planting is not explicitly required in this bill and that's a very serious problem."

As of presstime, it appears that Glickman will attempt to make changes in the House version of the farm bill, and then use that to make changes to the Senate's farm bill package.

The House was expected to start debate on the Senate version on Feb. 26 after a three-week recess. The following highlights, according to a Reuters News report are included in the measure.

Crop Flexibility

Acreage set-asides would be eliminated, allowing farmers who took part in a farm program at least once since 1990, to be eligible for seven-year contracts that assure annual payments through 2002. Payments would be based on a farmer's past crop acreage and prorated over all acres nationwide for each commodity.

On 85 percent of their land, farmers could plant any mix of wheat, feedgrains, cotton, rice, oil seeds, beans, lentils, and industrial or experimental crops. No fruits or vegetables would be allowed on the land, nor would haying or grazing be allowed during the five-month growing season.

On the remaining 15 percent of the land, the plan allows for unlimited haying and grazing and planting of certain other crops. No fruits or vegetables would be allowed.

Farm Spending Caps

The package would cap farm spending to \$35.6 billion over the seven-year period. Annual payment caps would be set at: \$5.57 billion in Fiscal Year (FY) 1996; \$5.385 billion in FY 1997; \$5.8 billion in FY 1998; \$5.603 billion in FY 1999; \$5.13 billion in FY 2000; \$4.13 billion in FY 2001; and \$4.008 billion in FY 2002.

Marketing Loan Caps

Maximum loan rates are set at: wheat at \$2.58; corn at \$1.89, and soybeans at \$5.26. Rates can be reduced up to 10 percent based on same stocks-to-use triggers set in the 1990 farm bill.

Payment Limits

Payment limits would also be lowered, with maximum crop payments reduced from \$50,000 to \$40,000. Producers can double the amount as

Continued on page 5

1996 Michigan cow-calf shortcourse focus on surviving

Although the next few years aren't expected to be too profitable for cow-calf producers, a series of Cow-Calf Shortcourses may help producers develop strategy to survive until better days arrive. Courses are slated to start in March at seven different Michigan locations, says Harlan Ritchie, MSU Extension beef specialist. He believes the session will be very important to Michigan producers.

"We think it's timely to discuss some of the important issues that will be required to sustain the cow-calf enterprise during the next two or three years of low cattle prices," Ritchie suggested. "One of the things we'll talk about is reducing the cost of production and increasing gross income relative to the cost of production. A first step is to minimize calving difficulty which is the number one profit factor in a cow-calf operation."

Discussions will also focus on pre- and post-weaning calf nutrition and health, creep feeding management, mineral supplements, weaning and feeding and post-weaning management. Ritchie says the shortcourse will also discuss the need for breeding for specific markets to help maximize per-animal prices.

Other cost-cutting topics will focus on forage management, the use of rotational grazing and

year-round grazing management. "If producers aren't grazing now, we'll talk with them about getting started and, among other things, we'll show them how to use forages as efficiently as possible to help increase returns," Ritchie said.

Each shortcourse session will run from 7 to 10 p.m. at the following locations and dates:

- Bruce Crossing, March 4 and 18 at Tulppo's Restaurant
- Escanaba, March 5 and 19 at the Ranch Steak and Seafood Restaurant
- Gaylord, March 6 and 20 at the Holiday Inn
- Big Rapids, March 7 and 21 at the Brown Bungalow Restaurant
- Chelsea, March 8 and 22 at the Faith in Action Senior Center, Chelsea Hospital
- Paw Paw, March 11 and 25 at the MSU Extension Office
- Lapeer, March 12 and 26 at Sero's Restaurant

The cost of the shortcourse is \$20 for the first person and \$15 for each additional person from the same operation. Checks should be made payable to Michigan State University and sent to Tammi Cady, Department of Animal Science, 113 Anthony Hall, East Lansing, MI 48824. You should also call her to make a reservation at (517) 355-8401.

COVER STORY

Sequel to farm bill, known as Farm Bill II, likely to address dairy and sugar.

Farmers may finally know by mid-March what the next seven-year farm bill will look like, provided the House can agree on the Senate's version of a farm bill that basically reads like the Freedom to Farm Act vetoed by President Clinton late last year, according to Rep. Dick Chrysler (R-Brighton).

Chrysler, who serves as vice-chairman of the House Agricultural Task Force, accepted an urgent invitation from Michigan Farm Bureau to discuss growing concerns over the lack of a farm bill with county Farm Bureau presidents during the recent Council of Presidents' Conference held in Lansing.

Essential to the enactment of a farm bill, says Chrysler, is President Clinton putting aside politics long enough to sign the measure into law so that farmers can get spring planting plans completed. He predicted the House would take action on the farm bill Feb. 28 and send the measure to President Clinton for his immediate approval.

"It's an agricultural market transition program, which is what we used to call Freedom to Farm," Chrysler explained. "It will finally allow producers to grow what they want, when they want, without government intervention. It will provide market transition payments to farmers over the seven-year period to make the transition from a government subsidized farm program to a true market-oriented farm program by the year 2002."

Calling the government shutdowns and the ongoing budget and farm bill crisis unnecessary,

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News in Brief

Armey gearing up for farm bill fight

House Majority Leader Dick Armey (R-Texas), a well-known opponent of farm programs, is looking forward to battles over the peanut and sugar price support programs. His efforts, if successful, could conceivably put the entire farm bill in jeopardy. Members representing peanut and sugar districts have said they will vote against the bill if it includes language weakening the programs.

House Agriculture Committee Chairman Pat Roberts (R-Kan.) earlier tried to send the bill to the floor under a closed rule — allowing no amendments — but was rebuffed and chose to delay floor action until members returned from the Presidents' Day recess Feb. 26. ■

Japan is top U.S. ag importer

The Agriculture Department said Japan is the United States' top export market for agricultural products. During the 10-month period that ended last October, USDA reported the value of agriculture exports to Japan jumped 23 percent to a record \$4.4 billion. U.S. exports to Japan of fresh, frozen and chilled red meat rose 37 percent.

U.S. agriculture exports to Canada jumped 8 percent to \$3.5 billion, but sales to Mexico dropped 42 percent to \$764 million. The report predicts South Korea will be the second largest importer of U.S. red meat, with shipments up 50 percent.

The report cited a 13 percent increase in exports of processed fruit and vegetables, especially frozen french fries, canned tomato products and corn; an 8.5 percent rise in dairy exports, with the strongest growth in Algeria, Canada and Japan; and a 15 percent jump in shipments of prepared and preserved red meats. ■

Tractor sales rise 8.8 percent over year ago

U.S. sales of wheel-type farm tractors rose 8.8 percent in January, compared to a year ago.

The Equipment Manufacturers Institute, a trade group, reports 7,122 tractors sold in January, compared with 6,547 a year ago.

Sales of two-wheel-drive tractors totaled 6,829, up 8.7 percent from a year ago. Four-wheel-drive tractors numbered 293, up 11.4 percent from a year ago. ■

Third edition FFA collectors' tractors are here



The third edition of a five-part series of FFA collectors' tractors features 2,000 highly detailed, metal replicas of the Ford 8N tractor for the Michigan FFA. Each tractor is packaged in a colorful box imprinted with an outline of the state and a number "3" to signify the third edition. Complete with a certificate of authenticity, the tractors sell for \$29.99.

In a successful campaign to raise funds to support the FFA, Quality Stores and ERTL Toy Com-

Dukesherer lawsuit dropped

After losing a request for a preliminary injunction to stop further assessments from the Michigan Cherry Committee (MCC) and the Red Tart Cherry Information Program Committee (RTCIP), in Grand Rapids U.S. District Court, Dukesherer Farms Inc. has dropped its lawsuit.

The lawsuit was filed against RTCIP and MCC and Gordon Guyer as Director of the Michigan Department of Agriculture, challenging the constitutionality of the assessments collected under the Agricultural Commodities Marketing Act.

According to Ken Nye, administrator for RTCIP the lawsuit was dismissed "without prejudice," meaning the lawsuit can be brought back again at a later date. "Another case, from California, is currently headed to the U.S. Supreme Court," Nye said. "It's possible that depending on the outcome of that case, this lawsuit may or may not be brought back again." ■

Regulators want tighter farm loans

The federal Office of Comptroller of the Currency is seeking to tighten standards on farm loans as the agriculture sector "enters a period of uncertainty."

Reuters reports that comptroller Eugene Ludwig has asked Midwest agricultural banks to review and update their loan underwriting practices and to encourage farm borrowers to follow certain standardized practices.

According to the Reuters report from Washington, Ludwig wants banks' agricultural customers to:

- Use accrual accounting.
- Continue to incorporate computerized loan analysis.
- Adjust percentages used to calculate collateral margins when underlying collateral values are volatile. ■

Wheat embargo?

Because of the low ending wheat stocks and high prices, some wheat groups are worried about the possibility of a government-imposed wheat embargo. "Farmers are concerned over the threat of embargoes because of the devastating effects they've had in the past," said Doug Schmale, chairman of the Nebraska Wheat Board. "Embargoes did severe damage to the reputation of the United States as a world supplier."

Schmale, who attended the National Association of Wheat Growers' annual meeting in Reno, said the tight wheat stocks are not unlike those that existed in the 1970s, when embargoes were placed on wheat. ■

pany agreed to manufacture a limited edition series of FFA tractors for five years, with all of the profits going to benefit the Michigan FFA Foundation. The funds will be used to help support and develop young leaders for the future through leadership conferences and contests.

Quality Stores is the largest financial sponsor of the Michigan FFA, according to Michigan FFA Foundation Executive Director Julie Chamberlain. She says there are many reasons to consider buying one of these limited edition tractors.

"Besides supporting valuable FFA leadership programs, these collector tractors will increase in value over time, and they're a great way to start your own tractor collection or give as a gift," Chamberlain suggested. "Whatever your reason, you're helping to make a difference in the young lives of students."

Look for the third edition of the FFA Collectors' Tractors at your local Quality Farm and Fleet and County Post Stores. ■

Oregon farmers remain hopeful after floods

Berry and dairy farmers in Oregon remain hopeful that last week's flooding will not adversely affect their livelihoods, but the state's nurseries may not fare so well.

Approximately a quarter of Oregon's 37,500 farmers and orchardists reported flood damage, said Jim Cornelius, an Oregon State University agricultural economist. "There could be a few folks who really got hammered," he said. "But there were probably a lot of people who will come out of this relatively unscathed."

Summer harvest of Oregon's 10,000 acres planted with cranberries — Marion and evergreen blackberries, red raspberries, boysenberries and loganberries — is still expected to be ample, according to Anthony Wurdinger, Oregon Raspberry and Blackberry Commission chairman. The state's blueberry and strawberry harvest also should be relatively unaffected.

The Oregon dairy industry was hit hard, especially around Tillamook, but if necessary, milk will be shipped in if local supplies run short. The long-term prognosis for the industry is good.

Oregon nurseries are not so lucky. One farm in Salem reported that 75 of 100 acres were flooded and the owners suffered approximately \$500,000 in losses when 500,000 seedlings were washed away. ■

USDA urges packer investigation

Although a USDA study found no wrongdoing in the meat packing industry, Agriculture Secretary Dan Glickman is urging the U.S. Justice department to continue its investigation of possible anti-competitive practices. Glickman said he considers the Packers and Stockyards Act to be a "mini anti-trust law," that provides USDA the authority needed to act against unfair practices and uncompetitive pricing.

However, Glickman did say that the agricultural industry shouldn't be treated any differently than any other industry, adding that there would have to be evidence of wrongdoing and market domination before any action can be considered.

The USDA study concluded that although there was no evidence of wrongdoing, the trend of packer concentration was impacting competition. The study found that the four largest packers — IBP, ConAgra, Cargill, and Farmland — controlled 82 percent of the steer and heifer slaughter in 1994, up from 72 percent in 1990 and 36 percent in 1980. ■

Ideal hog matches new CME contract

The National Pork Producers Council (NPPC) plans to introduce a new visual aid in March to show the qualities and specifications of a "perfect" hog for the 1990s.

Agriculture officials at the Chicago Mercantile Exchange (CME) are excited about the new "ideal hog," because it matches the specifications set forth in the new lean-hog futures contract that began trading in November.

Reuters says the new NPPC standard will call for a 260-pound hog that will yield a 195-pound carcass. It's to be marketed at 155 days, with a fat-free index of 51 percent.

CME officials say the new producer standards will help encourage active participation in the lean-hog contract, which will be completely phased in by the end of the year. ■

Deere reports 20 percent increase in first quarter profits

Deere & Co. reported first quarter net income for the period ending Jan. 31, 1996 was up 20 percent from last year's first quarter period to \$166.2 million on \$2.318 billion in sales. Overall profits for the fiscal year are expected to be up 14 percent over the previous year, according to Deere's estimates.

Deere credited accelerated farm equipment sales for a majority of the increase, followed by increased lawn and garden equipment sales. Construction equipment sales were off however, due to a slow-down in construction activity and the severe winter weather. ■

Meat farm-to-retail price spreads

According to the most recent USDA report on the farm-to-retail price spreads for beef and pork, both choice beef retail prices and farm prices decreased from November to December 1995. The change resulted in only a slight increase in the farm-to-retail price spread for Choice beef to \$1.46 per retail pound. The spread averaged 10 cents per retail pound higher in 1995, compared to 1994.

Retail pork prices increased less than the farm price from November to December resulting in a 6 cent decrease in the pork farm-to-retail spread to \$1.32 per retail pound. The spread averaged 7 cents per retail pound lower in 1995 than 1994. ■

Flat tax bad for most farmers

Top Producer Magazine recently hired an accountant to analyze the tax returns of four sample Iowa farms and found a flat tax — based on the proposals of Steve Forbes and Rep. Dick Armey (R-Texas) — would be an expensive proposition for average farms.

"One of the biggest flaws is that both the Armey and Forbes plans tax small business without the ability to pay," said Top Producer editor Marcia Zarley Taylor. "Even farmers with negative cash flow (and no income tax due under any flat tax) would see their Social Security tax burdens escalate. For example, Iowa growers with negative incomes could still owe as much as \$1,600 to \$2,500 in Social Security taxes in our analysis."

According to the Top Producer analysis, the impact of a flat tax on commercial-scale family farm operations "could be especially shocking." A large farmer with \$200,000 in net farm income (\$600,000 gross sales minus allowable expenses), annual interest expense of \$100,000 and property taxes of \$30,000, pays about \$6,000 a year in federal income and Social Security taxes now. But under the Forbes flat tax his contribution would be \$33,309 — or an increase of about \$27,000 per year.

The magazine also analyzed other farm income brackets and found that all of the categories saw tax bills rise under a flat tax. ■

MFB receives Michigan Veterinary Association Business Service Award

The Miracle of Life state fair exhibit, co-sponsored by the Michigan Farm Bureau and Blue Cross/Blue Shield (BC/BS) of Michigan, earned both organizations the Michigan Veterinary Medical Association's (MVMA) Business Service Award, during the Michigan Veterinary Conference.

According to Dr. Peter Prescott, executive director of the MVMA, the award is presented annually to an organization that promotes the profession of veterinary medicine. "We thought the Miracle of Life display, sponsored in conjunction with the veterinary school at Michigan State University was just super promotion of animal agriculture and veterinary medicine and certainly worthy of an award," he said.

MFB and BC/BS have co-sponsored the Miracle of Life display for the last two years and has become a major crowd grabber with most of the over 300,000 State Fair visitors last year who stopped by to witness the birth of calves, pigs, chickens and sheep first-hand.

The award was presented to MFB and BC/BS during MVMA's annual four-day educational Veterinary Conference for over 1,400 members. Topics covered included everything from exotic animals to traditional farm animals says Prescott, along with educational sessions on business and personnel management. ■



MFB Administrative Director Chuck Burkett receives MVMA's Business Service Award from Dr. Larry Allahan, MVMA president.

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Capitol Corner



From the President

I participated in two events last month that reinforced my faith in the volunteer power of our organization.

The Lansing Legislative Seminar, held Feb. 13, brought together nearly 300 county leaders from across the state to lobby over 100 legislators and talk with state department directors. One of the highlights of the activity, from my point of view, was a speech to our group by Gov. Engler. You couldn't help but be impressed by the amount of time that this very busy governor spent talking to our members. It was very gratifying to see that Gov. Engler, touted by many across the nation as a future President of the United States, was well-informed about Michigan agricultural issues and how genuinely concerned he appeared to be about the future of our industry. I was also impressed by the intelligent and pertinent questions posed to the governor by the seminar participants.

County Farm Bureau presidents were also in Lansing for their annual Council of Presidents' Conference, Feb. 13-14. They had an opportunity during the conference to meet with Rep. Dick Chrysler (R-Brighton). They told Rep. Chrysler in no uncertain terms that rapid House action on farm legislation is a top Farm Bureau priority. Just as at the Lansing Legislative Seminar, it was great to see a dedicated, well informed and persuasive group of our county leadership in action.

This persuasiveness is going to be very important in the months to come, because we have some crucial issues on tap. As I noted earlier, one of the top priorities is House passage of the farm bill. This is an

For more information on legislative topics in the Michigan Farm News, call 800-292-2680.

historic opportunity to get our industry on the right path toward future prosperity. But already, the counter attacks against our farm bill proposal have begun. Opponents of farm program reform don't believe farmers can prosper and compete in the free market. I believe otherwise. The Michigan agricultural industry, once it begins to move away from the burdensome restraints of federal controls, has the ability and willingness to shape its own economic destiny.

Other national issues of importance to agriculture, many of which will surely be brought up during our Washington Legislative Seminar (March 19-22), are bonding and bankruptcy of agricultural handlers, meaningful regulatory reform and strong federal protection of private property rights.

There is also going to be a wide range of state issues that will need your attention this spring. Farmland preservation efforts will accelerate. A hearing on enabling legislation for transfer of development rights was held in late February. Draft legislation on agricultural security areas will be introduced in the near future.

State legislation to protect private property rights will remain a front-burner issue. As a first step, legislation was recently introduced to require state agencies, when developing regulations, to be sensitive to the possibility of property rights takings. Support for legislative funding of Project GREEN, a program designed to revitalize plant agriculture programs at Michigan State University, will also be vitally needed. Lawmakers will also need to know how important it is that we secure amendments to the Michigan Agricultural Commodity Insurance Act to make it easier for farmers to recover money from bankrupt agricultural handlers.

It's shaping up to be a busy spring. Your volunteer energy and enthusiasm will be crucial to helping further our priority goals.

Jack Laurie

Jack Laurie, President
Michigan Farm Bureau

STATE ISSUE

Land Division Act proposal

Land Division Act (Subdivision Control) S.B. 112, sponsored by Sen. Leon Stille (R-Spring Lake) would prevent the creation of 10.1 acre lots and subsequent 10-year division. Current proposed divisions exempt from the platting requirement are as follows:

Parent size	Statutory base (splits)	With local approval	Current law
<10 acres	2	4	4
≥10 & <20	3	5	5
≥20 & <30	4	6	6
≥30 & <40	5	7	7
≥40 & <80	9	11	11

- All land divisions have to be approved and surveyed
- One division per 10 acres or fraction thereof contained in the parent parcel or parent tract, plus one division would be allowed.
- Locals can offer up to two more divisions total with shared driveways or clustering in accordance with an adopted local ordinance.
- Total maximum divisions: 9 under Land Division

Act — 11 with local approval.

- If access is afforded by easement, not more than 2 parcels may be served by the same easement, unless the local ordinance allows otherwise.
- A maximum lot size of 2.5 acres, unless a larger lot is permitted by local ordinance.
- A depth-to-width ratio of not more than 4:1 — if municipal or county ordinance prescribes a smaller maximum depth to width ratio, the municipal or county ordinance controls the depth to width ratio — a municipality or county may grant a waiver from any applicable depth to width ratio.

The final proposed drafts of changes are currently being made, with hearings before the Senate Local, Urban and State Affairs Committee scheduled.

MFB Position: Proposed changes are favorable at this time. MFB policy suggests that 10+ acre lots need to be minimized to prevent unnecessary land fragmentation.

MFB Contact: Scott Everett, ext. 2046; Ron Nelson, ext. 2043.

Policy Execution at the 1996 Lansing Legislative Seminar



Sen. Dick Posthumus (R-Alto) discussing the issues at the 1996 Lansing Legislative Seminar with the Kent and Ottawa County Farm Bureau delegations (left to right): Dave Wisner, Jim May, Sen. Posthumus and Lester Langeland.



Rep. Mike Green (R-Mayville) (second from left) reviewing the five key issues; P.A. 116, Project GREEN, Private Property Rights, Migrant Housing and the gas tax, with the representatives from Tuscola County



Farm Bureau member Katrina Roy from Macomb County (left) taking notes from Rep. Sandra Hill (R-Montrose) during the reception at the Lansing Center Feb. 13.



Rep. Tom Middleton (R-Ortonville) (right) meets with Farm Bureau members from Oakland County, County Farm Bureau President Tony Rainey (center) and Don Ryker.



Senate Agriculture Committee member Sen. Joel Gougeon (R-Bay City) (second from right) explaining his position to the representatives from his district in the Thumb Region.

Ruth Farmers Elevator/Cooperative Elevator Company to vote on merger plan

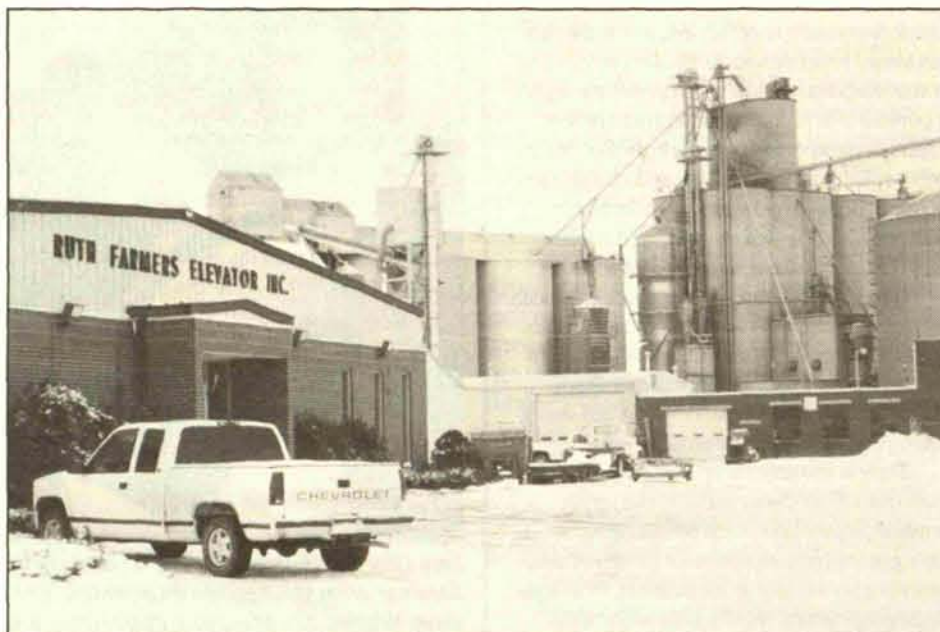
Huron County-area farmers who are stockholders of Ruth Farmers Elevator and Cooperative Elevator Company will be casting their votes sometime in March as to whether the two cooperatives should merge, according to Paul Holdwick, a cash crop farmer and current chairman of the board at Ruth Farmers Elevator.

If approved, the addition of the Ruth facility would push Cooperative Elevator Company's annual gross sales from approximately \$75 million to over \$100 million, add another 40 employees, and increase the number of producers served from 1,000 to a total of 1,350 producers.

"An agreement has been reached, in principle, between the organizations' respective boards of directors," Holdwick explained. "Once we've got a plan of merger that the board approves, we'll be going out to stockholder meetings before conducting a vote."

If all goes as planned, Holdwick expects the merger to be voted on and hopefully in effect by April 1. While staff and management would remain the same, the name would be changed to Cooperative Elevator of Ruth according to John Kohr, President and CEO of Cooperative Elevator Company.

Formerly known as the Pigeon Cooperative, to maintain local identity, the name was changed after



After doing business for 60 years as the Ruth Farmers Elevator, the cooperative's members will soon be casting their votes on whether the operation should merge with the Cooperative Elevator Company. If approved, the merger could be effective as early as April 1 of this year.

it was merged with the Sebewaing location 11 years ago. Since then the cooperative has added locations in Akron, Gagetown, and most recently the Elkton facility five years ago. As a result of those mergers, Kohr says the cooperative is the largest in the state, and ranked in the top 50 in the country.

Kohr says the transition will provide additional services, specifically, custom herbicide application. He also expects that the recent completion of a fertilizer terminal at the Elkton location will improve efficiencies and services at all locations.

"We're going to be able to save our farmers some money and become more efficient, in the process, at what we're doing," Kohr said. "We also felt that if we didn't continue to grow and consolidate, that we could find ourselves on the outside looking in someday."

Financial problems at Ruth Farmers Elevator resulting from bad accounts receivables, and a bean broker that went bankrupt, spurred the merger discussion between the two cooperatives, according to Holdwick. "We had some financial problems last year that got to the point that our best option was to merge with another elevator or have an outright sale," he said. "Our board chose early on to try and merge with another cooperative."

Rep. Dick Chrysler predicts farm bill by early March

COVER STORY

Continued from front page

Chrysler contends that Clinton could have submitted his budget last December and saved everyone a lot of headaches. He says that a bill signed by the President himself in November, called for a balanced budget in seven years, using budget estimates prepared by the Congressional Budget Office (CBO).

"On Dec. 15, both parties were supposed to put their budget on the table — find out what we agreed on and then negotiate on the things that we

didn't to balance the budget in seven years," Chrysler said. "Clinton chose, instead, to put a budget on the table that failed by a 421 to 0 vote. Not one Republican, not one Democrat or Independent voted for the president's budget because it didn't balance the budget in seven years and it didn't use honest CBO numbers.

"On Jan. 6, he (Clinton) finally presented a budget that did balance the budget in seven years, using CBO numbers," Chrysler continued. "The question that was never asked, and I believe that we all should be asking is, 'Mr. President, why didn't you submit that budget three weeks earlier and avoid the whole government shutdown?' It's obvious that he thought he could get a bounce in the polls — unfortunately, he's playing with people's lives, their jobs, and the farm community, instead of getting down to

doing the business that needed to be done."

If the Senate version of the farm bill is approved, Chrysler believes that another package, known as Farm Bill II, will be introduced to address specific commodity program titles such as dairy and sugar beets. Chrysler says the measure would also be a seven-year package, with the dairy portion being very similar to the Gunderson proposal that was withdrawn from the Freedom to Farm package earlier.

Chrysler also elaborated on taxation issues and proposals with county Farm Bureau presidents, saying the flat tax would be an "interim step, to get where we need to be," he suggested. "Quite frankly, we need to be able to pull the income tax system out by the roots in this country and discard it."

He's currently working on a proposal to establish a national sales tax that would not only eliminate the income tax, but the Internal Revenue Service, estate taxes, inheritance taxes and the capital gains tax as well.

Although Chrysler estimates that a 10 to 12 percent sales tax rate would be needed to replace revenue currently generated by the income tax system, he believes the overall impact would reduce the cost of all goods manufactured by 14 percent. "We currently spend more man-hours filling out tax forms and dealing with the IRS than we spend in man-hours building every car, truck and airplane built in this country today," he concluded.

Cranberry school scheduled for April 2-3

If you want to learn more about the latest agricultural commodity to be added to Michigan's production list, then make plans to attend the Cranberry school on April 2-3 hear the latest on prospects for increasing production and acreage in the state.

Speakers will be from Michigan State University Extension, the U.S. Corps of Engineers, the Michigan Department of Agriculture and private industry. The emphasis will be on the beginning stages of cranberry bed site selection, obtaining production permits, securing financing, selecting plant stock and cranberry irrigation systems.

The program will include panel discussions with growers on problems they've encountered and what they expect the future of cranberry production to be. The school will also include a four-hour field trip to potential cranberry production sites in the Gaylord area.

The program will run from noon to early evening the first day and from 8 a.m. to 5 p.m. on the second day at the Sylvan Resort in Gaylord. Program registration is \$110.

For a brochure and more details, contact Ron Goldy, MSU Extension horticulture agent in Berrien County, by calling (616) 429-2425 or fax at (616) 429-1309.



Serving Michigan Farm Families is Our Only Business

Since its beginning in 1971, Michigan Farm Radio Network's only objective has been to serve Michigan's farm families. This dedication to serve agriculture is shared by 29 local radio stations in Michigan. Through these stations, Michigan Farm Radio Network provides the latest in market analysis, weather and news to Farm Bureau members daily on the following stations:

Station	City	Frequency	Morning Farm	Noon Farm
WABJ	Adrian	1490	5:45 am	11:50 am
WATZ	Alpena	1450	5:30 am	11:30 am
WTKA	Ann Arbor	1050	6:05 am	12:05 pm
WLEW	Bad Axe	1340	6:30 am	12:50 pm
WHFB	Benton Harbor			12:30 pm
WKYO	Caro	1360	6:15 am	12:15 pm
WKJF	Cadillac	1370	5:55 am	11:20 am
WTVB	Coldwater	1590	5:45 am	12:20 pm
WDOW	Dowagiac	1440	6:05 am	12:15 pm
WGHN	Grand Haven	1370/92.1	5:45 am	12:15 pm
WPLB	Greenville	1380	6:15 am	11:45 am
WBCH	Hastings	1220	6:15 am	12:30 pm
WCSR	Hillsdale	1340	6:45 am	12:45 pm
WHTC	Holland	1450		12:15 pm
WKZO	Kalamazoo	590	5:15 am	
WLSP	Lapeer	1530	7:20 am	11:50 am
WOAP	Owosso	1080	6:15 am	12:30 pm
WHAK	Rogers City	960		12:15 pm
WSJ	St. Johns	1580	6:15 am	12:15 pm
WMLM	St. Louis	1540	6:05 am	12:20 pm
WSGW	Saginaw	790	5:55 am	12:20 pm
WMIC	Sandusky	660	6:15 am	12:45 pm
WCSY	South Haven	940		12:15 pm
WKJC	Tawas City	104.7		12:45 pm
WLKM	Three Rivers	1510/95.9	6:15 am	12:15 pm
WTCM	Traverse City	580	5:55 am	11:20 am

* Station signs on at different times during the year. Morning farm times change with the sign-on times.

** Station airs various farm reports between 5:30 and 6:00 a.m.

*** Station airs various farm reports between 12:00 and 1:00 p.m.

Some stations carry additional market reports throughout the market day.

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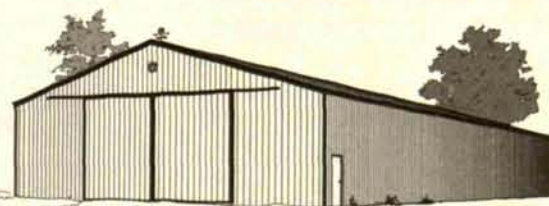
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Engler — Gas tax increase needed by year-end

An annual spending reductions of over \$100 million, and the elimination of 1,000 positions from within the Michigan Department of Transportation, doesn't leave much more room for spending cuts from within the department to cover additional road improvement projects, according to Gov. John Engler.

In comments to Michigan Farm Bureau members attending the annual Lansing Legislative Seminar, he said that if Michigan drivers want additional road improvements in 1997, legislators will need to approve a gas tax increase by year-end so that budgets and projects can be established. He also suggested that the formula used to distribute those funds should be revised at the same time.

"We haven't seen a state fuel tax increase since 1984," Engler said. "Meanwhile, the number of miles driven each year continues to increase, while fuel efficiency continues to improve. We're also going to start seeing electric vehicles out on the road. How are they going to pay for the use of the road?"

While he acknowledged the need for additional local funding, Engler said a reduction of federal funds, combined with a redirection of state funds from the "Build Michigan" program, will put local road projects in a "bit of a pinch" this year.

Distribution of funds is the biggest roadblock to raising the fuel tax, Engler said. Each 1-cent increase would generate approximately \$15 million annually. While he said he could live with the current 70 percent local, 30 percent state-level formula, he felt that 1-cent of a fuel tax increase should be allocated to bridge repair and maintenance, and another penny should go toward debt retirement on previous projects.

In response to an MFB member's question regarding the 5-cent federal fuel tax used to offset the budget deficit, Engler said the move was precedent-setting in that the funds were used, for the



Gov. Engler took a few minutes to address over 300 Farm Bureau members who were in town for the recent Lansing Legislative Seminar. Gas tax, economic growth, state fair and post production costs topped the list of topics addressed.

first time, for something other than roads. "We still argue that that money should become road money that should go back into the formula," he said. "If we can make progress on the budget in Washington, D.C., we might be able to get it back."

On the economic front, Engler said the state's unemployment record was below the national average for the second year in a row, at the same time that the state's population grew to 9.5 million citizens. "We hadn't had a year where we finished below the national average since 1966 — so it's quite a turnaround!" Engler claimed.

Turning to specific agricultural issues, Engler said the horse racing legislation recently passed and signed into law should help turn the horse racing industry around, at least for the short-run. While expressing concern over the long-term survival of the horse racing industry, he said the outcome will have a big impact on the entire agricultural industry in the state.

Engler praised the state fair's progress in the last two years, crediting MFB President Jack Laurie and Michigan Milk Producers Association President Elwood Kirkpatrick's leadership on the state fair

board for reversing the attendance decline. "We've actually seen attendance rising the last two years, and we've seen safety issues addressed," he said. "We've got many of the major contributors also coming back, which is also helping the fair to financially turn the corner as well."

The use of P.A. 116 Trust funds, which have historically been used by the state for the purchase of environmentally sensitive properties, is also being scrutinized in Lansing. Engler said that two proposals currently being considered would use the funds to purchase development easements on agricultural lands, and spend approximately \$25 million annually for cleanup of environmental problems.

"In some of our northern counties, the state owns roughly 80 percent of the property," Engler explained. "We still need to be in a position to purchase environmentally sensitive properties, but we need to also review just how much more property we need to be buying."

In response to questions regarding the controversial and growing issue of "post-production costs" being charged back to property owners by several oil companies, Engler said the Treasury Department and the Attorney General's office are "knee deep in this thing." A 1993 decision by the Department of Natural Resources' Real Estate Division to allow post-production costs to be deducted from royalties on state-owned properties has had a major negative impact on private royalty owners.

"It is not yet resolved and I've told them (Attorney General and Treasury) that when somebody can come back here and clearly explain what the law is, then that's how we'll proceed. It's not a policy question, it's a question of legal interpretation; but we can't try to make up the law as we go along," Engler said, referring to DNR's decision to allow post-production cost deductions. ■

Frito-Lay Inc. purchases Eagle plants

Anheuser-Busch announced Feb. 7, 1996, the sale of four of its potato chip manufacturing plants to Frito-Lay, a division of Pepsi Co. Eagle's announcement, while a surprise to the Michigan potato industry, is viewed as an opportunity for Michigan growers to capture more of the Frito-Lay business.

Ben Kudwa, executive director of the Michigan Potato Industry Commission, said, "Michigan growers are positioned with production capability, storages and support elements to service the snack industry with high quality potatoes in any quantity needed. We are capable of shipping from July to May, which fits Frito's needs."

Michigan growers have adopted new varieties and technology, and they have a proven track record of being a premiere supplier of potatoes to the snack industry.

Michigan potato growers plant approximately 23,500 acres of chipping varieties each year with a farm gate value of \$48,100,000. Chip production

accounts for 51 percent of Michigan potato acreage.

"Clearly, Frito's presence in Michigan has two levels of importance. First, the Allen Park plant is a major food processing unit in Michigan; and second, their purchase of Michigan potatoes is an important contribution to Michigan agriculture," said Dr. Gordon Guyer, director of the Michigan Department of Agriculture. "Michigan potato growers are fortunate to be affiliated with Frito in the snack business and the J.R. Simplot Company in the frozen potato business," he said.

Two other Michigan snack manufacturers are Better Made and Cabana, both located in Detroit. In addition to local manufacturing firms, Michigan potatoes are used by snack processors throughout the southern and eastern United States.

"The industry is anxious to expand potato production to accommodate our customers," said Kudwa. "This industry knows how to adapt to the changing business structure." ■

Highlights of seven-year Senate farm bill

Continued from front page
a partner in two other operations. Marketing loan gains and loan deficiency payments would be limited to \$75,000 per year. Maximum total payment limits would be reduced from \$250,000 to \$230,000.

Sugar Program

The loan rate for sugar would be maintained at 18 cents per pound for cane sugar and at 22.9 cents per pound for beet sugar. Forfeiture penalties would total 1 cent per pound. Sugar loans would be shortened to nine months, and loan assessment would be raised to 1.375 percent for cane sugar and 1.47425 for beet sugar. Loans would be considered recourse, unless imports exceed 1.5 million metric tons.

Other Highlights

- Dairy program would expire at the end of 1996.
- Export Enhancement Program capped at \$350 million for FY 1996, increasing to \$579 million in

FY 2000, then dropping to \$478 million in FY 2002.

- Focus government farm loan program on beginning farmers.
- Government must sell 660,000 acres acquired through loan foreclosures.
- Cuts Market Promotion Program to \$70 million annually.
- Reauthorizes Conservation Reserve Program with cap of 34.52 million acres.
- Caps Wetland Reserve Program at 975,000 acres and splits funds amongst permanent easements, 30-year easements and restoration cost sharing.
- Raises CCC loan rates 1 percent.
- Reauthorizes food stamp program for another seven years.
- Creates an Environmental Quality Incentive Program (EQUIP) to replace four existing cost-share programs, allocating a total for \$200 million a year for safeguarding water quality. ■

Intensive farming is saving forests

Only high-yield farming and the careful use of fertilizer and pesticides can produce enough food for a world population expected to double by 2050, says Dennis Avery, a food specialist at an Indiana think tank.

While visiting Brussels recently, Avery told Reuters news service that traditional and organic farming methods will not be enough to feed 10 billion people without plowing up vast areas of forest.

"Environmentalists (who preach low-intensity farming) are threatening the wildlife habitat," says Avery, director of the Hudson Institute's Center for Global Food Studies.

"High-yield farming can save wildlife by keeping further land from the plow."

Current high-yield farming is saving 10 million square miles a year from the plow, says Avery. That's an area greater than the cropland of North and South America.

He notes that intensive farming will be needed over the next 50 years to meet not only the demands of an expanding population, but of a populace that demands higher-quality food. Avery thinks meat production will have to rise six-fold by 2050, as the world population doubles.

"Until we come up with another possibility, the only proven approach is raising yields and productivity," says Avery. ■

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Market Outlook

by Dr. Jim Hilker,
Department of
Agricultural Economics,
Michigan State University



CORN

We have gone through the 1988-89 highs. We have broken through the 1983-84 highs. Nearby futures, as of this writing, are only 18 and 24 cents below the 1980-81 and 1974-75 highs, and they are as high as corn has been. Could we break through them? The answer is yes. However, I feel it will take poor crop conditions this spring and/or summer for that to happen.

The USDA February update of the supply/demand condition increased projected 1995-96 exports 50 million bushels. This lowered the expected ending stocks to 457 million bushels, or 5.4 percent of use. That is less than 3 weeks' supply, folks.

The increase in export expectations are based on exports to date and sales to be delivered, both running way ahead of last year at this time. However, as shown in Table 1 below, for the year as a whole, exports this year are only expected to be slightly ahead of 1994-95. Many importers are booking much further out than usual and to me this is a sign that the market is approaching a level that will ration demand, given a normal 1996 crop.

As also shown in Table 1, even a normal crop in 1996 will keep prices above normal. Fundamentals suggest that harvest prices will be in the \$2.35-2.50 range and we can lock in higher new crop prices than that right now. Remember, the \$2.70-2.95

Seasonal Commodity Price Trends

Corn	↔ ↑
Soybeans	↔ ↑
Wheat	↔ ↑
Hogs	↔ ↑
Cattle	↔ ↑

Index: ↔ = stable prices; ↑ = higher prices; ↓ = lower prices; TP = topping; BT = bottoming; ? = unsure

new crop contracts we are seeing around the state are good prices. I would strongly consider doing some new crop pricing.

The old crop basis has tightened considerably. If you are still holding new crop and want to hold some of it for a spring rally, consider using a basis contract with the July futures. The market is saying it will not pay you to store. It also means you would have to worry about deterioration in the bin.

This warm and then cold weather we're experiencing makes it difficult to keep the corn in condition. The basis remains wide for new crop corn over much of the state. If so in your area, consider using a hedge-to-arrive for fall delivery.

WHEAT

We have to go back to 1980 to find wheat futures higher than now, and we are not far from that high of about \$5.40. We are quite a ways from beating the all-time high of about \$6.45 back in 1974. The market has done a pretty good job of rationing; projected ending stocks are very tight, but would be sufficient.

The problem is the 1996 crop. Just how bad is the wheat condition in Kansas, Oklahoma and Texas? Wheat is an amazingly hardy crop, but without moisture things could soon look pretty poor, especially in the lower half of Kansas and the Texas-Oklahoma Panhandle which covers a huge wheat area.

Export projections were increased by 50 million bushels, which is a large increase this late in the crop year. And, while feed use was lowered 25 million, it still meant even tighter projected ending stocks. Poor weather could make this market explode, but on the other hand, being able to lock in harvest delivery at over \$4.00 on some of your crop is not something you want to pass up.

SOYBEANS

The USDA essentially left the soybean supply/demand projections unchanged and they, along with my 1996-97 projections, are shown in Table 3. In other words, the market remains very tight and it's not expected to improve a whole lot even if we have a normal crop in 1996. While my projections show prices dropping back into the mid \$6.00 range in 1996, I arrive at that conclusion with higher planted acreage factored in than most analysts.

Old crop beans have not made it back to recent highs, which gives them some upside potential. The basis has not tightened with soybeans like it has for corn, and the spread between March and May futures at 10 cents will about pay on-farm storage. While I would want to have most of my 1995 crop priced by now, there probably is some room to play with a small portion of your 1995 crop, if it is in on-farm storage. The likelihood of a weather rally is high, especially with tight stocks.

New crop soybean contracts in mid Michigan over \$6.80 is a very good price. Let's strongly consider pricing some of your 1996 soybean crop, even given the good possibility of a weather market this summer. A good possibility and a guarantee are two different animals. New crop basis remains wide so consider using an H-T-A versus a forward contract.

HOGS

Even though hog futures through the end of the year are still below their highs of just before the last *Hogs and Pigs Report*, they are still above what the fundamentals indicate to me the prices will be. Add to that the lowest sow slaughter last fall as a percent of the breeding herd in the last 15 years, other than 1987, and that means we may have a lot of market hogs next fall.

Some analysts say that we could surpass the 1994 records. Due to an increase in slaughter capacity we should not see prices in the \$20s next fall like in 1994, but it could drop into the mid to high \$30s. While I am not quite that pessimistic, I do feel we should consider taking advantage of the fall pricing opportunities.

To back up some, prices should stay strong through February before dropping back to the low

\$40s in late March and April. This summer we will likely make it back to the high \$40s and will probably sell some \$50 hogs. And then the expansion results come to market.

CATTLE

Is there any light at the end of the tunnel? The answer is a definite yes, but the problem is, it's a long tunnel. From the feedlot view, the main thing it would take is for feed prices to stop going up and even drop some. The possibility of that pretty much follows the story presented in the corn section. For those with their own supply of feed, things look better.

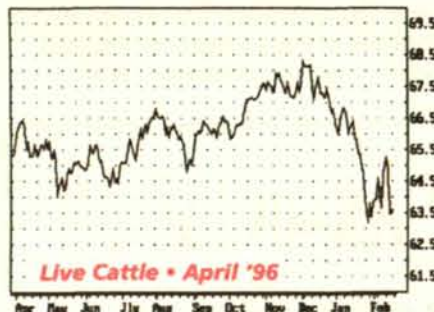
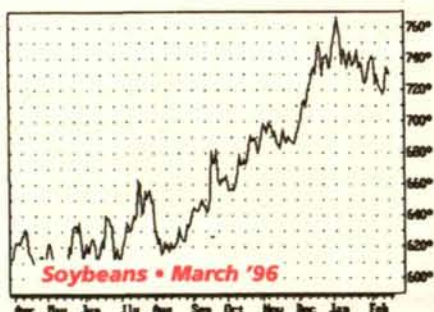
The cow-calf sector is where it will take the longest, but it appears that the turnaround will come a year sooner than I expected before the *Cattle Inventory Report*, discussed in the last issue, came out.

It's very likely we will have a calf crop this spring not much larger than last year. In a typical cycle it would be 2-3 percent larger at this point. Of course, the other part of the picture is feed prices, they need to drop substantially by fall to keep the 1996 calf crop from becoming another disaster.



MSU Ag Economist Dr. Jim Hilker was recently recognized for five years of "Market Outlook" in the Michigan Farm News during the recent MFB Council of Presidents' Conference.

COMMODITY PRICE TRENDS



COMMODITY SUPPLY/DEMAND BALANCE SHEETS

Table 1 — Corn

(Million acres)	Projected 1994-1995	Projected 1995-1996	Hilker's Proj. 1996-1997
Acres set-aside/diverted	2.4	6.2	
Acres planted	79.2	71.2	80
Acres harvested	72.9	65.0	74
Bu./harvested acre	138.6	113.5	126
Stocks (million bushels)			
Beginning stocks	850	1,558	457
Production	10,103	7,374	9,324
Imports	10	10	9
Total supply	10,963	8,942	9,790
Use:			
Feed and residual	5,535	4,600	4,800
Food/seed & ind. uses	1,693	1,685	1,750
Total domestic	7,228	6,285	6,550
Exports	2,177	2,200	2,200
Total use	9,405	8,485	8,750
Ending stocks	1,558	457	1,040
Ending stocks, % of use	16.6	5.4	11.9
Regular loan rate	\$1.89	\$1.89	
U.S. season average			
Farm price, \$/bu.	\$2.26	\$3.20	\$2.45

Table 2 — Wheat

(Million acres)	Projected 1994-1995	Projected 1995-1996	Hilker's Proj. 1996-1997
Acres set-aside & diverted	5.2	5.2	
Acres planted	70.3	69.2	73
Acres harvested	61.8	61.0	64
Bu./harvested acre	37.6	35.8	38
Stocks (million bushels)			
Beginning stocks	568	507	346
Production	2,321	2,185	2,432
Imports	92	70	82
Total supply	2,981	2,762	2,860
Use:			
Food	852	860	870
Seed	89	106	10
Feed	345	175	200
Total domestic	1,286	1,141	1,180
Exports	1,188	1,275	1,250
Total use	2,474	2,416	2,430
Ending stocks	507	346	430
Ending stocks, % of use	20.5	14.3	17.4
Regular loan rate	\$2.58	\$2.58	
U.S. season average			
Farm price, \$/bu.	\$3.45	\$4.45	\$4.00

Table 3 — Soybeans

(Million acres)	Projected 1994-1995	Projected 1995-1996	Hilker's Proj. 1996-1997
Acres planted	61.7	62.6	64
Acres harvested	60.9	61.6	63.2
Bu./harvested acre	41.4	34.9	36.7
Stocks (million bushels)			
Beginning stocks	209	335	190
Production	2,517	2,152	2,320
Imports	5	5	5
Total supply	2,731	2,492	2,515
Use:			
Crushings	1,405	1,380	1,380
Exports	838	810	810
Seed, feed & residuals	153	112	100
Total use	2,396	2,302	2,290
Ending stocks	335	190	225
Ending stocks, % of use	14.0	8.3	9.8
Regular loan rate	\$4.92	\$4.92	
U.S. season average			
Farm price, \$/bu.	\$5.48	\$7.00	\$6.45

Modifications in GRP for 1996

by Roy Black, Department of Agricultural Economics, Michigan State University

A number of Michigan farmers purchased the Group Risk Plan (GRP) Multiple Peril Crop Insurance option in 1995 — particularly, farms in the first two tiers of counties above the Indiana border. Some changes made to the program for this year, however, have many of those farmers wondering why their rates, for a specified deductible, are typically higher in 1996 than they were in 1995.

There have been two changes that influence the premium farmers pay per acre:

First, the corn and soybean prices at which yield shortfall are paid — if a shortfall occurs — are higher in 1996 than they were in 1995. Farmers are selecting a higher level of protection just as they are with hail insurance.

Second, the procedures used to estimate the expected yield in Michigan were modified for 1996 in an attempt to provide better risk protection. Two adjustments were made. Yields, where feasible, were converted to a *planted area* instead of a *harvested area* basis.

Examples of the need for this adjustment can be seen in floods and excess moisture conditions we've seen in the last two decades. Also, in drought years such as 1988 some corn was harvested as silage instead of as grain — thereby understating the true yield reduction per planted acre. Also, the procedure used to calculate county *expected yield* was revised slightly.

In most counties, both of these adjustments to expected yield improve the features of the GRP contract and premiums per acre simply go up because the contract triggers more often and "pays" more when it triggers — for a given level of protection and deductible. The contract captures more of the risk that farmers face and charges accordingly.

GRP is a new insurance concept and is similar to the Iowa corn yield futures contract and options that were introduced by the Chicago Board of Trade in 1995. The difference is the GRP contract is county-specific and only available to farmers. In the parlance of the grain trade, the GRP contract has much less basis risk than the Board of trade corn contract. Also, USDA subsidizes the premium as they do with the AHP multiple peril crop insurance contract.

Farmers choose their level of protection, in dollars per acre and a deductible. The insurance

Continued on page 7

Source: Knight Ridder Financial

Source: USDA and Jim Hilker

Business Strategies

John D. Jones,
Telfarm Director and
District Extension
Farm Management
Agent, Department
of Agricultural
Economics,
Michigan State
University Extension



When farmers are asked what record-keeping system features are important to them, they report "easy-to-use" and "efficient" as very important features. These features are especially important in small businesses when the owner or another indentured servant is expected to keep the records for the business.

Many (or most) of our farm records are kept by people who are not formally trained in accounting. They may have difficulty with recordkeeping systems that use double-entry, debits and credits, particularly when it comes to year-end adjusting entries. This is why single-entry systems remain the dominant system for keeping farm financial records.

The argument that single-entry systems do not account for all transactions and cannot remain in balance is the most frequent criticism. This is not valid with a well-designed single-entry system. The single-entry system can be designed to reconcile back to a bank or checkbook balance. When balances are verified before exiting each entry session, the results approach a double-entry system. This can be taken even further when loan and savings account balances are also regularly verified. These activities should be practiced with any system whether single- or double-entry.

Cash vs. Accrual

An accounting system should be designed to deliver both tax accounting and management information. Tax accounting information is needed to file legally required tax reports and returns. Management information is used in the control and planning functions of the business operation. Information for these two purposes overlap and can come up with what looks like conflicting results.

The most obvious reason for cash accounting is because federal income taxes for farmers are usually reported on the cash basis. Cash accounting's attractiveness is the ease with which income can be shifted by the timely purchase of inputs or sale of products. Also attractive is the tax deferral on raised product inventories. Accrual accounting, though, does not distort the income and you do not need two sets of books — one for tax purposes and one for management reports.

Cash accounting simply recognizes revenues when the cash is received for products sold and expenses when the cash is paid for items purchased. Accrual accounting matches revenues and expenses as they occur and become binding, even though the cash exchange may not occur at the same time as the sale or purchase event.

Year-end Accrual Adjustments

Following is a list of the most common period-ending accrual entries to "adjust" cash basis to accrual basis. "Beginning" and "ending" refer to information from the balance sheets as of the beginning

Single-entry accounting — Is it outdated?

and the end of the accounting period.

- Beginning and ending inventories
- Beginning and ending accounts receivable
- Beginning and ending accounts payable
- Beginning and ending accrued expenses
- Beginning and ending prepaid expenses
- Beginning and ending unused supplies
- Beginning and ending growing crops
- Beginning and ending income taxes payable
- Beginning and ending deferred taxes payable

Double-entry vs. Single-entry

Another classification of accounting systems is into double- and single-entry systems. A double-entry system breaks apart each transaction into a source entry and a destination or use entry. These entries are typically called credits and debits and by design the sources (credits) will always be equal to the uses (debits). Hence, the system will always be balanced or coordinated between the financial reports, but more skill is required than with single-entry accounting. Monitoring the trial balance to verify the correct resulting account balances is a period-ending activity.

In single-entry accounting, the system suggests one entry per transaction into the ledger and the accounts must be totaled and summarized to determine if the system is still balanced and coordinated. A single-entry system can be kept in such a way as to verify every penny flowing through the business but extra steps that would approximate a trial balance, as in a double-entry system, are required.

In everyday vernacular, cash accounting is commonly paired with single-entry accounting, but

this is not necessarily true. Cash accounting can be, and many times is, practiced on double-entry systems as well as on single-entry systems. Conversely, accrual accounting is oftentimes considered synonymous with double-entry systems, but accrual accounting can be just as easily practiced by single-entry systems. Whether an accounting system is single- or double-entry is a separate classification from whether an accounting system follows cash or accrual methods of accounting.

It is far more important that your accounting system can easily produce quality accrual-based financial statements than whether it is single- or double-entry. Both systems can be used to produce balanced and coordinated accrualized financial statements. Management information needs require "true" or accrualized financial statements. The best way to get there will depend on the individual situation.

An example will help draw a comparison between the strengths. A small business with relatively few inventories may only annually or quarterly produce accrualized financial statements. Prior to the end of each period, a count and/or measurement is completed on each of the inventories for making period-ending accrual entries. Furthermore, there is not the need for extensive invoicing and billing for accounts receivable because sales are made for cash. Hence, the bookkeeping system of choice, because of the ease of use, would generally be a single-entry system, as is the case for most farmers.

Meanwhile, a grocery store will have a huge number of inventory accounts that need to turnover rapidly, and have a constant flow of new deliveries

and sales. The grocery store would require double-entry books to keep its inventory information on-demand for the store's daily management decisions.

As farms get larger and more complex, more may find the need for double-entry systems to include active perpetual inventory and accounts receivable information. To accomplish this, the accounts will need to be actively updated for invoiced sales, weight gains, feed consumed, crop inventory transfers, deaths, shrinkage, and other "non-cash" transactions. This can greatly increase the number of transactions recorded and the time invested in maintaining current records. If more information is needed, then more recordkeeping time is generally required.

Concluding remarks

Single-entry systems, when designed to reconcile with the checkbook balance, will provide a good base for making accrual-based financial statements. The same periodic adjusting entries are made to double- as well as to single-entry systems when finishing up a year. Both can provide excellent accrual-based and coordinated financial statements for the management team to use in their analysis.

Ultimately, the decision of whether to use a single- or a double-entry system depends on the specific kind of management information needed and when it is needed. If the management team needs to be updated daily on a wide array of inventory and receivables and sales information, then a double-entry system may be a better choice. It will require more transactions and typically more accounting knowledge to operate.

The choice is yours. ■

"With Prowl we've been able to take care of the weeds that are major corn challenges, like pigweed, lambsquarters and velvetleaf."

Dale Wessner

Kempton, Pennsylvania



Modifications in GRP for 1996

Continued from page 6

yield for this contract is the county expected yield. If the actual county yield in 1996 is less than the deductible (85 bu for a 15 percent deductible contract for a county with a 100 bu expected yield), the farmer receives a payment equal to the percent shortfall in the county yield times the dollar value of protection chosen.

In our example, a 70-bushel county yield would be a shortfall of $(85-70)/85$ or 21.4 percent. If a farmer purchased \$300/acre protection, the indemnity payment would be \$64.29 $(\$300 \times 0.214)$.

GRP works for farmers whose yields follow the same pattern as county yields. Its pattern that counts; it doesn't make any difference whether the farmer's yield is higher or lower than the county yield.

The farmer who purchases GRP in counties where the contract improves the risk protection provided has the choice of paying more per acre for improved financial risk reduction versus taking a larger deductible or lower level of protection and getting about the same level of financial risk reduction as they had in 1995. ■

Weed Strategies

by Karen A. Renner,
Department of
Crop and Soil
Sciences, Michigan
State University



Agricultural soils contain thousands of weed seeds per square foot. This is no surprise since weeds are capable of producing thousands of seeds per plant. The density of

Weed seedbanks

weed seeds in the seedbank is influenced by past farming practices and may vary from field to field and between areas within fields. In intensively cropped fields in the north central corn belt the weed seedbank ranged from 200 to 54,000 viable seeds per square foot. Seedbanks are made up of numerous weed species, although only a few species such as common lambsquarters and redroot pigweed may comprise 70 to 90 percent of the total seedbank.

What are the Sources of Weed Seed?

Weed seed can reach the soil and become part of the seedbank through several avenues. The chief source is weeds that are allowed to mature in the field. Weed seed can also be "planted" with contaminated crop seed, or arrive on farm equipment or with farm labor. Some weed seed can blow in with the wind, and many seeds reach a field site in irrigation water or by flooding. Wildlife and livestock can spread

weed seed, either directly or by spreading of manure.

What is the Fate of Weed Seed?

Weed seed is lost from the seedbank when seed is eaten by rodents, insects, and other predators. Some seeds decompose in the soil over time; others germinate but then die. We would not have annual weed problems in our crops if these were the only three fates of weed seed. However, much of the weed seed remains in the soil and is dormant. A seed is dormant if it does not germinate under conditions favorable for growth. Most weed species have periods of time during the year when the seed is dormant and times when the seed is not dormant. The underlying mechanisms controlling dormancy cycling are not understood, although soil temperature may be important in inducing dormancy. Some weed seed germinates each year. The percentage of the weed seedbank that emerges is quite low, usually less than 10 percent and the per-

centage that emerges varies by species and by the environmental conditions (temperature and moisture) during the spring and summer.

How Long will Weed Seed Persist in the Soil?

Under agricultural conditions the average viability period for many weed species is less than five years although some weed species have a much more persistent seedbank. The deeper the seed is buried in the soil the greater the seed longevity.

Can we Use the Weed Seedbank to Predict Weed Emergence?

The weed seedbank is a good indicator of which weed species may emerge in the field but it does not accurately predict weed density in a given year. This is because the percent of a given species that emerges each year is variable. This variation may occur in response to environmental thresholds. A challenge in the future is to predict the weed density from the weed seedbank. If we could predict weed density and the expected effect on crop yield we could then select the most appropriate weed management strategy. ■

Making springtime nitrogen management decisions for wheat?

Called the most limiting nutrient factor in wheat yields, nitrogen management is perhaps more critical this year than most, thanks to some healthy prices. But don't be too quick to go overboard either, advises MSU's Dr. Maurice Vitosh, a professor and Extension Specialist in the Department of Crop and Soil Sciences.

Applying too much of a good thing can lead to severe lodging problems cutting yields and quality. Speaking to producers at several Wheat 2000 meetings around the state this winter, Vitosh says optimum nitrogen rates need to be based on soil type and texture organic levels, and overall yield potential.

"Sandy soils do not have the same yield potential as finer-textured soils, because of their inherently low water-holding capacity and usually lower organic matter levels," Vitosh explained. "Organic matter is important because of the amount of nitrogen that can be mineralized or released each year."

Likewise, says Vitosh, fine-textured soils must be well-tiled or a large portion of the nitrogen can be lost through denitrification if the fields become seriously water logged.

Timing your nitrogen application is pretty

straightforward, says Vitosh. "Do it now or just before green-up," he suggested. The decision to split your nitrogen application, however, requires a little more attention to when the second application should be made, especially if herbicide is being applied using 28 percent as a carrier. Many producers put on 2/3 of their nitrogen before greenup, says Vitosh, and then wait to apply the other 1/3 later in



Soil type, organic matter and your overall yield goals should all be considered when making spring nitrogen application decisions, says MSU's Dr. Maurice Vitosh.

the spring, possibly with a herbicide.

"If producers are using liquid nitrogen with Harmony Extra and a non-ionic surfactant, you can have some significant burn if you exceed more than 20 to 30 pounds per acre," Vitosh cautioned. "Without the surfactant, you could probably put on up to 60 pounds of nitrogen in the spring at Feeke's Stage 6 when they're likely spraying for weed problems in wheat."

While the benefits of split nitrogen application have been proven in Europe, Vitosh says the jury is still out on whether split nitrogen applications are beneficial for Michigan producers. "In a wet year you may notice some benefits from a split application, but I'm not sure the benefits are there for Michigan producers," he advised.

If you do opt for splitting your nitrogen applications, Vitosh suggests using urea for your first application followed either by 28 percent if applied with a herbicide, or ammonium nitrate or ammonium sulphate for late spring applications. Avoid using ammonium sulphate on sandy soils however to avoid acidity concerns says Vitosh.

Vitosh says that Agrotain, a new product

marketed by IMC Global, can be added to urea or 28 percent to help reduce the potential for ammonia volatilization.

One thing you don't want to do, says Vitosh is delay all of your nitrogen application until late spring. "Some people delay all of their nitrogen application until they put their herbicide on—we have found that to be too late," Vitosh explained. "The plant starts to use nitrogen at green-up, and if you don't have some nitrogen there, the plant can be pretty yellow by the time the herbicide is applied." ■

Nitrogen Recommendations for Wheat

Wheat Yield Goal (bu/acre)	Pounds N/Acre
50	40
60	60
70	75
80	90
90+	110

wheat2000



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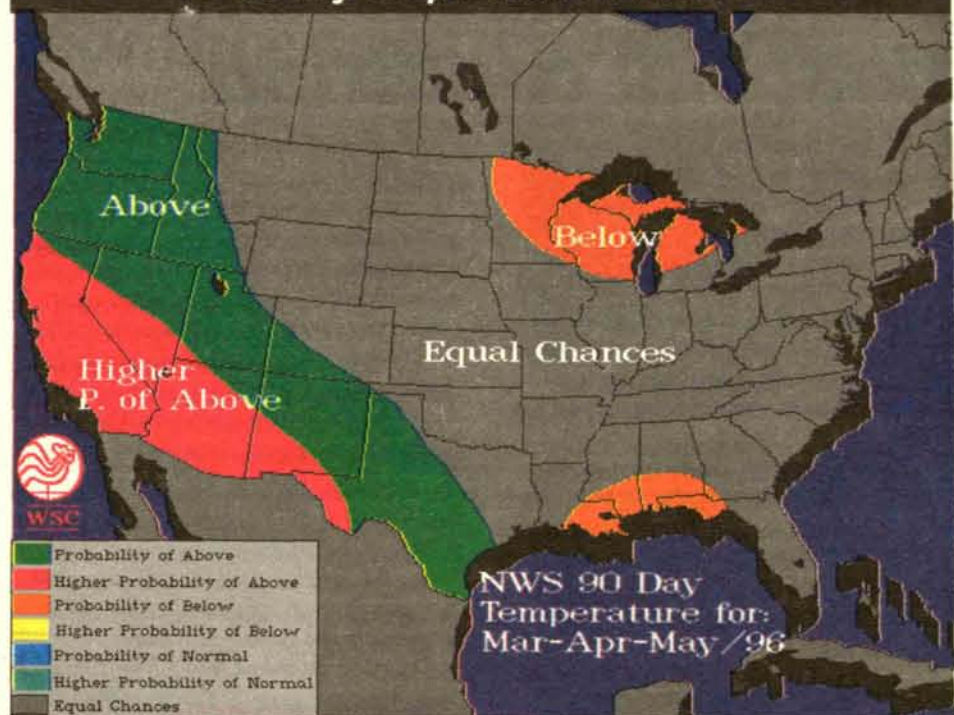
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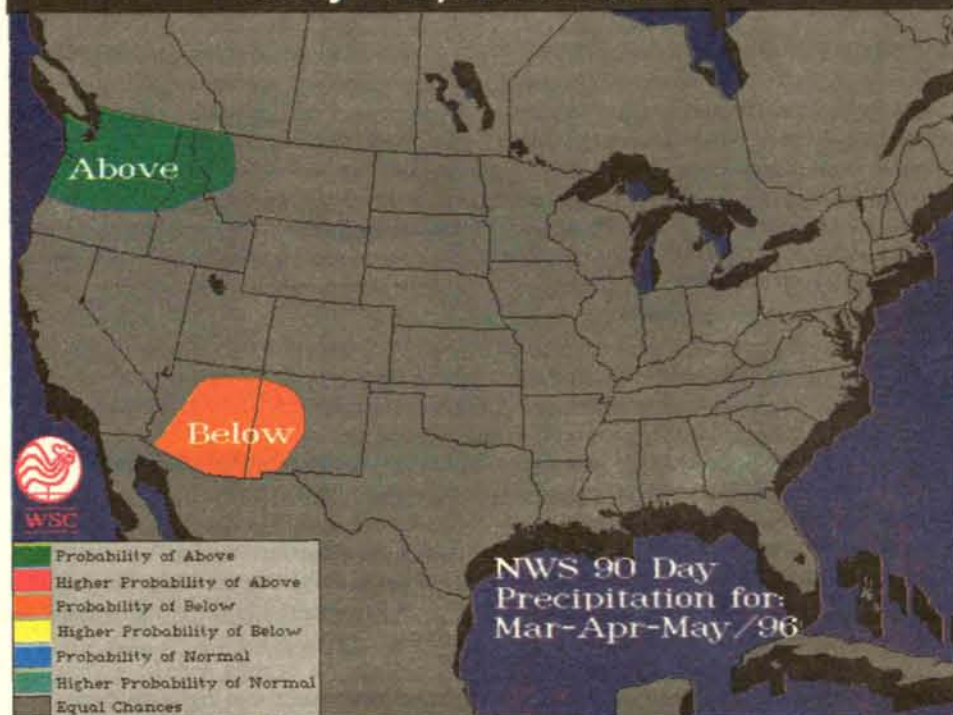
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Making your future more predictable

90-day Temperature Outlook



90-day Precipitation Outlook



Weather Outlook

by Dr. Jeff Andresen, agricultural meteorologist, Department of Geography, Michigan State University

Winter tightened its grip on the Great Lakes region during early February, with several incursions of arctic-origin air and associated frigid temperatures. Average temperatures during the last 30 days ranged from significantly below normal in northern areas of the state to near or even slightly above normal in the south.

Precipitation varied greatly across the state, with heavy lake effect snowfall leading to much above normal precipitation totals across much of the Upper and northwestern Lower Peninsulas and below normal totals in sections of Lower Michigan.

Extreme cold during Feb. 3-4 has raised concerns of winterkill damage for both field and fruit crops across the state, especially in southern sections of the state where snowcover was very light or non-existent. Minimum temperatures on the morning of the 3rd ranged from less than -40°F in the Upper Peninsula to the -15 to -35°F range across central and northern Lower Michigan (where snowcover was present) to -10 to -15°F across the far south.

While it will be difficult to assess what, if any, damage the cold caused until spring, it is important to note that overwintering crops in Michigan were

at or near the peak of dormancy, with resistance to cold at high levels. Historically, problems with cold damage in Michigan have been the worst in the late winter and early spring, following warm spells which bring crops at least partially out of dormancy.

Also, susceptibility to winterkill is usually greater for crops which entered dormancy the pre-

vious fall in poor condition (e.g. water stress, low fertility). This factor may have played a major role in the potential for winter injury to wheat across the Great Plains region during the same February cold outbreak.

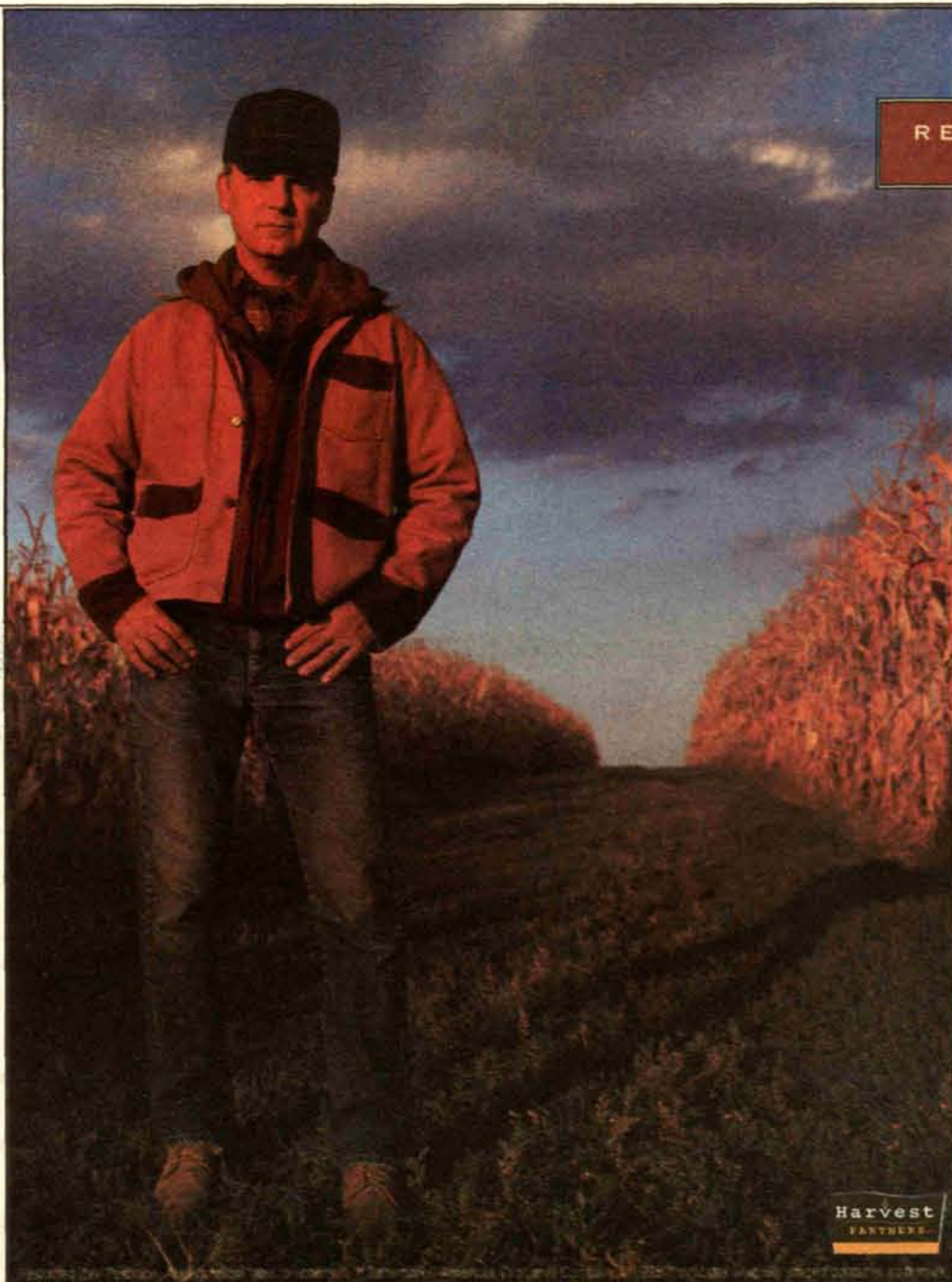
While medium-range forecast models are indicating a change in jet stream patterns leading to

warmer and likely wetter weather across Michigan, the latest National Weather Service 30-day outlook for March and the 90-day outlook for March-May calls for a continued better than normal chance of below normal temperatures, with near equal odds of below-, near-, and above-normal precipitation totals during the same time periods. ■

Michigan Weather Summary

1/16/96 to 2/15/96	Temperature		Precipitation	
	Observed mean	Dev. from normal	Actual (inch)	Normal (inch)
Houghton	10.7	-2.7	5.37	1.85
Marquette	9.4	-2.4	4.99	1.85
Escanaba	12.4	-3.7	4.19	1.77
Sault Ste. Marie	11.5	-1.9	4.81	1.77
Lake City	13.6	-4.1	4.28	1.77
Pellston	15.6	0.9	5.32	1.77
Traverse City	18.3	-2.0	1.67	1.77
Alpena	17.4	-0.5	2.42	1.61
Houghton Lake	17.4	-0.3	2.12	1.61
Muskegon	20.9	-1.8	2.14	2.19
Vestaburg	18.0	-3.2	1.76	1.57
Bad Axe	19.8	-1.3	3.47	1.44
Saginaw	21.3	-0.1	2.34	1.44
Grand Rapids	21.5	-0.5	1.33	2.14
South Bend	25.1	1.5	1.76	2.14
Coldwater	23.2	-0.6	2.05	1.63
Lansing	22.2	0.8	1.00	1.63
Detroit	24.1	1.0	1.77	1.64
Flint	22.0	0.7	2.70	1.64
Toledo	25.0	0.9	1.82	1.64

Observed totals are accumulated from April 1. Normals are based on district averages.



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Bullish year ahead for corn

Next year's U.S. corn crop is expected to rebound 25 percent from this year's depressed level, say industry analysts. They look for 81 to 82 million acres, up from 71.4 million this past year. And with better yields, analysts expect a crop near 9.5 billion bushels, up from 7.374 billion this past year.

But even with those extra 2 billion bushels, Reuters reports that corn prices are expected to remain high, possibly at record highs, as feed supplies remain extremely low and world livestock demand grows.

"There are no signs whatsoever that (prices) have caused rationing or that the demand will subside in the next few months," says Terry Francl, economist for the American Farm Bureau Federation.

Normally, about a billion bushels of carryover from one crop to the next are needed to keep the distribution pipeline moving and to maintain a safe reserve. But USDA estimates only 617 million bushels of carryover corn from the 1995 U.S. crop, down from 1.558 billion bushels of carry-in stocks.

The world picture is equally tight, with global corn carryover projected at 60.35 million tons, down from 92.11 million in carry-in stocks. Major corn producer Brazil, usually an exporter, may have to import corn, says Smith Barney analyst Dale Gustafson.

China, formerly an exporter, turned into an importer a year ago, and may not reverse course for years. "It just doesn't look, with the amount of Chinese demand we are getting in the world, like we are going to increase world stocks to any kind of comfortable level," says Charlie Sernatinger, vice president at Man International in Chicago.

Says Merrill Lynch analyst Mickey Luth, "We have to see very high yields next year to get us out of trouble."

For the year that ends next Aug. 31, USDA is predicting an average farm-gate corn price of \$2.95 to \$3.35, well above \$2.26 last year. But should crop problems occur in the U.S. or elsewhere within the next nine months, corn prices could easily top \$4 per bushel, analysts say.

"We have to make sure we buy acreage away from soybean plantings," says Luth.

Buying that acreage will be expensive, says Reuters, as soybean prices are currently high due to possible crop damage in Brazil.

For the past five years, world farmers have planted more oilseeds than feed grains, but Smith Barney's Gustafson sees that coming to an end in 1996.

The wild card is U.S. government policy, which could open up more Conservation Reserve Program areas for planting.

USDA to measure farm financial condition

How financially healthy is U.S. agriculture? Agricultural income and expenses, assets and liabilities, costs of producing various commodities, production practices, and operating characteristics are some of the topics to be measured during February and March 1996. The United States Department of Agriculture (USDA) will be conducting the 12th annual Farm Costs and Returns Survey (FCRS) with the Federal/State Michigan Agricultural Statistics Service directing the survey in Michigan.

Out of 2 million farms in the U.S., fewer than 20,000 are selected to participate in the FCRS. Only 440 operations have been selected to represent our state. All survey information will be merged and used by commodity analysts, producer organizations, and others in ways that return benefits to agricultural producers.

The data are used to:

- Develop and adjust farm programs delivered by local offices of USDA;
- Set cost-of-production estimates from which program supports and loans are calculated;
- Assess how acreage changes are affected by new programs; and

- Determine the needs for credit and conservation programs.

The FCRS is one of the ways that USDA and producers work together to provide meaningful, accurate, and objective statistical information and services that help keep U.S. agriculture and rural communities among the healthiest in the world.

All the data collected are kept confidential. Questionnaires are destroyed after summary data are compiled. Results of this survey will begin to appear in reports starting in the summer of 1996.

Besides the 440 FCRS samples in Michigan, there will also be 315 fruit growers interviewed for the second phase of the Fruit Chemical Survey. Those growers will be asked to provide economic data relating to their operations. This data will allow the determination of risk/benefit analysis of agricultural chemical use on fruit.

MSU Board approves final animal agriculture initiative construction

The final wave of construction connected with the massive animal agriculture initiative was approved by the Michigan State University Board of Trustees Feb. 9.

The board approved budgets totaling \$4.75 million for four major projects in swine, poultry, dairy and beef cattle.

The approval of the budgets includes the awarding of four construction contracts — and the kick off to the university positioning itself to continue to be a major player in the agricultural science arena.

"This is creating a lot of excitement here and all over the country," said Maynard Hogberg, chairperson of MSU's animal science department. "It's putting us in the driver's seat to continue to be one of the elite land-grant science schools in the country. This is the place to be right now."

The latest building, remodeling and upgrading push is part of the \$70 million initiative called the "Revitalization of Michigan Animal Agriculture." It's a way to combine the resources and expertise at MSU, the financial backing of the state of Michigan, and the commitment of the state's agricultural industry to improve it.

The initiative could inject \$1 billion into the state's agricultural industry and create 22,000 jobs. Included in the latest contract awards:

- Building a Swine Teaching and Research Center. The new swine farm will use state-of-the-art technology imported from Japan to improve manure management — a problem which has plagued the swine industry.

Hogberg said the new systems will use ozonation to reduce odors and composting to better manage the leakage of nutrients into the soil.

"This facility is the first in the country like it," Hogberg said.

The budget for this project is \$3.48 million, with a construction contract of \$3.09 million awarded to Excell Construction of Pontiac.

- Building a Poultry Building. This will include a facility for studying nutrition issues in turkeys. The budget for the project is \$557,286, with a \$476,400 construction contract awarded to Kares Construction Co. of Lansing.

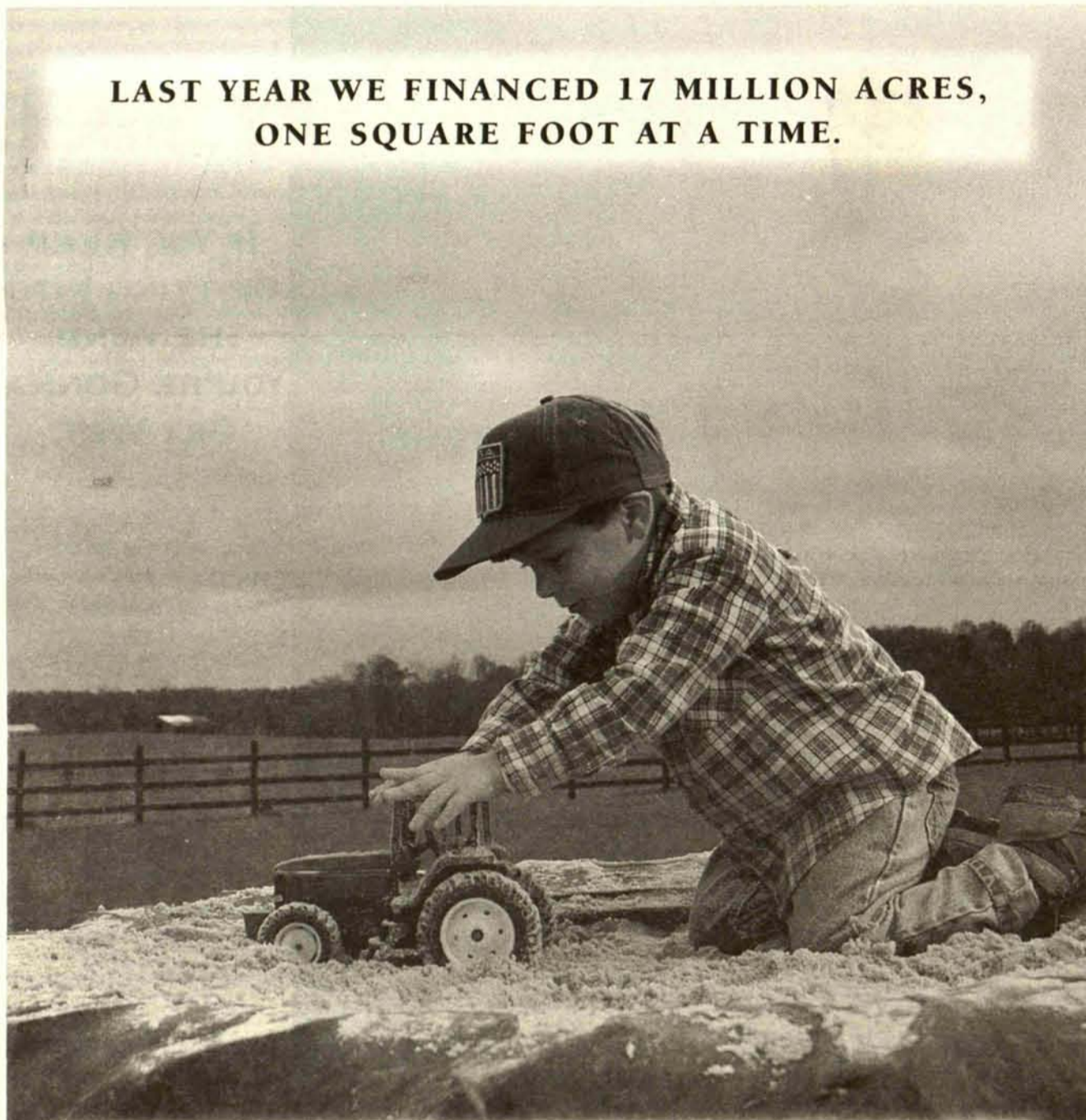
- Building a new facility for metabolism research on dairy cattle to study nutrition and improve efficiency of milk production.

The budget for the project is \$422,340, with a \$344,000 construction bid awarded to Moore Trospen Construction Co. of Holt.

- Renovating the Beef Cattle Research Center by adding a truck scale and building new cattle handling facilities, including a working corral. The facilities will be used to weigh and treat animals from the Beef Cattle Research Center.

The budget for the project is \$686,452, with a \$392,500 construction bid awarded to Era Companies Inc. of Flint.

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Soybean Marketing Challenge monthly position reports!

A total of 28 Michigan producers have signed up to compete in the Michigan Soybean Marketing Challenge, sponsored by Michigan Farm Bureau and the Michigan Soybean Association. The farmers will compete for national prizes as well as state-level prizes from Farm Credit Services, FarmDayta and American Cyanamid.

Our three consultants/traders, Bruce Sutherland from Michigan Ag Commodities (MAC), Marvin Hodgson from The Andersons, and the Shady Lawn Farm's Saturday Morning Boys, have also supplied us with their first market commentary and their game plan in marketing their soybeans from the

hypothetical 500-acre "Challenge Farm." Each trader started with a beginning cash account balance of \$20,000 and are limited to marketing 15,000 bushels (three contracts of 5,000 bushels each) until production is known.

As of Feb. 1, only the Shady Lawn Farm's Saturday Morning Boys had made any trades, selling one contract of Nov. 96 beans at \$6.9675. The Jan. 31 Settle Price of \$7.0825 resulted in a \$575 margin call, in addition to the original \$2,500 margin and 37.50 resulting in a month-end cash account balance of 16,887.50

The commentaries follow:

Michigan Agricultural Commodities by Matt Homann — Marketing Specialist

Can new crop corn prices go to \$4 and new crop soybeans go to \$8? This is the question being asked repeatedly for the last few months. This is the wrong question producers should be asking. The question that should be asked is: "How do I protect these current historic high levels?"

To be able to accurately predict prices for the next nine months, one must be able to predict the weather. Since no one can predict the weather, I want

to be sure to protect part of my crop at this level. I am going to assume we will raise an "average" crop this year. History tells me that with an "average" crop, November soybeans will be closer to \$6 than \$7. I have sold 5,000 bushels of November soybeans futures above \$7. This will get one-third of expected production locked-in at profitable levels.

My next target level is \$7.25. At that time, I will evaluate the market to determine whether hedging another 5,000 bushels of November futures or purchasing a November soybeans call is warranted due to timing and market volatility.

The Andersons by Marvin L. Hodson and Steve Beier

Our marketing approach for this challenge is consistent with our baseline marketing philosophy. This philosophy is a disciplined marketing approach designed to help assure profitability, minimize production and price risk, and help capture market opportunity when possible. With this philosophy in mind, we minimize the need for price forecasting and instead focus our efforts on production and price risk management.

We have established our marketing plan based on the market opportunities and the constraints of the program. Our marketing plan establishes four marketing blocks for pricing decisions. We are estimating four 5,000 bushel blocks of soybeans which relates to a 40 bushel/acre yield estimate and plan to stay within the challenge guidelines of no more than 15,000 bushels sold before production is known. Our marketing plan considers production and price risk management, price opportunity, marketing time frame considerations, and this marketing program's limitations.

As of this writing, we have elected not to price any of our estimated production. We feel the new crop soybean marketing offers better pricing opportunities between now and spring for our first block sales. Given the current fundamental market conditions, we are considering advancing sales when the November (SX6) 1996 futures challenge the life of contract high of \$7.16 3/4. With price risk management in mind, and with a market that technically appears to be forming a double top, we are protecting our downside price risk exposure by using a trailing stop at \$6.90 SX6. Should we reach the \$6.90 SX6 level before our pricing objective is achieved, or should time passage threaten our planned time allowance, we plan to execute the sale of a first block of soybeans.

In summary, we are unsold on all of our estimated production. We feel there is very little production risk associated with the sale of our first planned block of soybeans.

We are planning to advance sales to 5,000 bushels sold between now and spring planting. Given current market conditions, we will consider advancing sales with a price objective of \$7.16 SX6 while maintaining a stop loss contingency of \$6.90 SX6.

Laker FFA shows how sugar is made

The Laker Future Farmers of America (FFA) chapter was the recipient of a \$200 special cash award for building a display that demonstrates how sugar is made from sugar beets. Michigan Sugar Company (MSC) and its growers presented the check to the Laker FFA for a job well done.

The sugar display was entered as a Demonstration Project in regional FFA competition. The project took first place.

According to Laker High School instructor and FFA Advisor Don Wheeler, just about all the students at the school helped on this project. Many volunteer technical advisors from the community also assisted.

MSC Factory Manager Lewis Zemanek was the biggest help, Wheeler said. Zemanek took Wheeler and a small group of FFA members into the factory and taught them about making sugar. "Lew is really good; he used to be an ag teacher," Wheeler said.

Sugar beet grower Bill Herford has been an ongoing supporter for the chapter. Bill motivated the group to build the sugar display. He also helped the group learn about raising sugar beets. Herford is a director of the Sebewaing Beet Growers Association Inc.

MSC Agriculturalist Roger Elston has also been a long-time supporter of the Laker FFA. It was he who contracted with the club to raise sugar beets, teaching the students the realities of sugar beet production.

MSC and its growers are active supporters of the FFA both at the local and state levels. They sponsor the FFA sugar beet project, awarding prizes for excellence in sugar beet cultivation. Only students who participate in the FFA or 4-H sugar beet projects are eligible to apply for the company's Albert Flegenheimer Memorial Scholarship awarded to one high school senior each year.

MSC's sugar products are marketed under the Pioneer Sugar, Peninsular and Great Lakes labels, as well as numerous private labels. The products are distributed throughout an expanding Midwest market. The company is based in Saginaw, Mich. and is a subsidiary of Savannah Foods and Industries, Savannah, Ga.

The Laker FFA sugar project is currently on display at Gettel & Company John Deere, 8610 S. Unionville Road, Sebewaing. After several weeks in Sebewaing, the display will be moved to the Gettel & Company John Deere dealers in Pigeon and Bad Axe.



The Laker FFA sugar project is currently on display at Gettel & Company John Deere, Sebewaing. After several weeks in Sebewaing, the display will be moved to the Gettel & Company John Deere dealers in Pigeon and Bad Axe. Above are (left to right): Laker FFA Advisor Don Wheeler, FFA members Adam Herford and Corey Braun, sugar beet grower Bill Herford, Executive Vice President Robert Young and Michigan Sugar Company Agriculturalist Roger Elston.



Shady Lawn Farm's "Saturday Morning Boys" pony up for Michigan Farm News' feature series on the American Soybean Association Marketing Challenge. Standing (left to right): Glenn Williams, Keye Terrell, Aaron Somers, Ken Swanson, Allan Moore, Jim Newton, Jay Ellsworth and Scott Miller. Seated (left to right): Walt Miller, Merle Gillis and Bill Spike. Absent: John Franich and Lee Thelen.

"Shady Lawn Farm" Saturday Morning Boys by Bill Spike

The Shady Lawn Farm's Saturday Morning Boys is a group of about a dozen area farmers in the Elsie-Bannister, Michigan, area who started meeting early on Saturday morning back in 1988 in an effort to try to self-educate and discipline themselves into how to do a better job of marketing their crops.

The group includes a broad representation of all sizes of farms, all of which are primarily cash grain farms. The objective of this group is to try to maximize our possibilities with the marketing of the soybeans on this model farm, rather than what would typically be our strategy to manage the risk. Therefore, the market moves that we make in this marketing challenge would be quite different from what we might do on our own farms.

As we look at the market situation here in the last of January, we see that November soybeans are actually at very good price levels. November futures peaked back on Jan. 5 at \$7.1675. Since that time,

we have traded sideways to down for several reasons; one of them being that the market is just a little bit void of fresh bullish news and, in addition, the crop conditions in South America are steadily improving as the rains have been quite timely for the last several weeks.

It is very difficult at this point in time to forecast what may really happen with the soybean crop here in the U.S. this summer. First of all, we don't have a government program as of yet, so we don't really know what the effect will be on the acreages planted. For now, we will go forward with our plans for the spring and summer as though a normal crop will be planted which will be about 60 to 62 million acres. Given the way the market has turned sideways to lower, we thought it was essential to at least get some of the crop hedged off on the November futures so we sold our first 5,000 bushel contract aiming for \$7 or better, but we took the close on Jan. 29 at \$6.9675.

If the market goes higher, we will be eager to make more sales, probably in the \$7.256 range. If not, we will hold this position for now and continue to monitor market conditions into spring. ■

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Tel 616-345-5156
Fax 616-345-5161

Caring program begins fifth year of service: 11,000 uninsured children receive coverage

From a youngster treated for severe asthma, to a child immunized against polio, the Caring Program for Children has had a positive impact on the lives of more than 11,000 children statewide.

Begun in November 1991 by Blue Cross Blue Shield of Michigan, the Blue Cross Blue Shield of Michigan Foundation and the State of Michigan, the nonprofit program begins its fifth year of providing free basic and preventive health care coverage to uninsured children.

Since its inception, the program has enrolled more than 11,000 Michigan children and provided more than 50,000 medical services. Currently, about 4,500 children are enrolled in the program. It also has identified in excess of 10,000 children whose family income levels made them eligible for Medicaid health care coverage and referred them to the state Medicaid program.

Openings are available in the program on a first come-first serve basis, and families are encouraged to apply.

The Caring Program covers children in families whose income levels are above the Medicaid eligibility standards, have no access to health care coverage through an employer or other sources, and meet income and other guidelines. Many enrolled young-

sters are in families where one or both parents work.

Youngsters receive basic, preventive and emergency care in addition to x-rays, doctor's office visits and diagnostic tests at no charge to families, and prescription drugs for a \$1 copayment. Hospitalization is not included.

"The Caring Program is an example of a joint public-private effort that has provided health care services to Michigan youngsters until a more comprehensive solution is found on a national level," said Richard E. Whitmer, Blues president and chief executive officer.

Private donations and state matching funds pay for health care premiums of \$472 per child per year for youngsters enrolled in the program. The Blues donate administrative services, including claims processing. Thus, all dollars contributed go to provide health care services for kids.

Numerous organizations and individuals have raised donations for the program. The Detroit-based Skillman Foundation awarded \$1 million in grants over the last several years. The UAW and its president, Stephen Yokich, hosted several fund raisers generating more than \$300,000. The Women's Caring Foundation, the George Perles Golf Tournament in Lansing, Proctor and Gamble, and Blues employees also made substantial contributions.

The Blue Cross Blue Shield of Michigan Foundation offers a matching program to organizations who donate \$4,720 or more, which can enroll 10 or more youngsters for a year.

The program has no waiting list, although an estimated 30,000 to 35,000 Michigan youngsters qualify under its guidelines. Outreach efforts continue with schools, physicians, pharmacists, government agencies, community groups and the media to increase public awareness and locate eligible families.

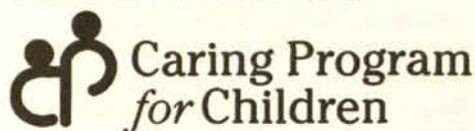
Eligible children must be under 19 years old, Michigan residents, unmarried, not eligible for any other government or private health-care coverage, and meet income and other guidelines.

The family income guidelines for youngsters ages one to 15 are: \$15,048 to \$18,564 for a family of two, \$18,888 to \$23,292 for a family of three, \$22,728 to \$28,032 for a family of four and \$26,568 to \$32,772 for a family of five. For youngsters ages 16 to 18, the minimum income guidelines drop to \$6,019 for a family of two, \$7,555 for a family of three, \$9,091 for a family of four, and \$10,627 for a family of five.

The program is designed so that families who fall below its minimum income guidelines will qualify for the state's Medicaid Healthy Kids program.

Application forms are available by calling the Blues at 800-543-7765, Monday through Friday, 8:30 a.m. to 4:30 p.m.

Free health care coverage for uninsured kids



If your children are uninsured, you are encouraged to apply for free health care coverage through the nonprofit Caring Program for Children.

The Caring Program provides basic preventive health care coverage to uninsured children at no charge to their families except for a small copayment whenever your child needs a prescription drug.

Eligible children receive Blue Cross Blue Shield of Michigan identification cards and receive outpatient and preventive health care coverage through Blues participating physicians and other health care providers.

The Program benefits include sick-child doctor visits, a recommended schedule of well-child visits and immunizations, x-rays and other diagnostic tests performed in a doctor's office or outpatient facility, prescription drugs (with a small copayment), emergency care and surgery in a doctor's office or as an outpatient, and outpatient substance abuse treatment (subject to an annual maximum). Inpatient hospitalization is not a covered benefit. To be eligible, uninsured children must be:

- Under age 19
- Michigan residents
- Unmarried
- In a family whose gross income is below the maximums listed in the chart on page 16
- Not eligible for Medicaid, Medicare or other government sponsored insurance
- Not eligible for private employer-sponsored health care coverage, even if a premium is charged
- All children in family must apply

Continued on page 16

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Health insurance rates for ag to fall

Farm Bureau Blue Cross Blue Shield ag group rates to drop 20 to 25 percent.

The cost to provide health insurance coverage to farm employees and farm families will soon get a bit more affordable — that is if you are currently enrolled in Farm Bureau's small group or sole proprietor plans or take one out after April 1.

"It's going to be a significant rate decrease," explains Blue Cross Blue Shield Special Markets Account Manager Bob Reynolds. "We're anticipating a 20 to 25 percent rate decrease among all of our ag small group and sole proprietor plans on average beginning April 1."

"Many of our current subscribers took out small group or sole proprietor coverage because it saved them hundreds or thousands of dollars," relates Manager of Michigan Farm Bureau's Member Services Department Doug Fleming. "This major rate decrease only enhances the value of a member service program that was already very competitive."

What is a small group or sole proprietor?

According to Fleming, any Farm Bureau member who owns or operates their own business qualifies for as a small group (two or more employees) or sole proprietor (individual). The business must be operating for at least 12 months, verifying its ownership through appropriate tax forms.

For current subscribers, the rate decrease will take effect on the first renewal date after April 1. New subscribers will take advantage of the lower rates at that time as well, according to Fleming.

The decrease can be attributed to an administrative change that Farm Bureau advocated within BCBS, according to Fleming.

"The decrease does not affect coverage or benefits current subscribers receive," explains Fleming.

Any Farm Bureau member who currently own a farm or small business should contact their county Farm Bureau office or Farm Bureau insurance agent for more details on how they can enroll in the program or call 800-292-2680, ext. 3239 or 3240. ■

Michigan barns topic of photographic exhibit at MSU museum

Agriculture and Natural Resources (ANR) Week is right around the corner and the MSU Museum staff is gearing up for the activities. In honor of agricultural history, an exhibition of photographs by professional photographer, Mary Keithan, will be on display at the museum.

**Barns Across Michigan
Photographs by Mary Keithan
Opened Feb. 18, 1996**

"We want to inform people about Michigan barns and the museum's efforts to preserve them, as well as put the word out about ANR Week and the Michigan Barn Preservation Network," said Terry Shaffer, assistant curator/Extension specialist. "Anyone interested in barns and rural Michigan, especially those interested in ANR, should see this exhibit."

The exhibit features over 20 black-and-white photographs of barns from across-the-state. Keithan has traveled from lower southeastern Michigan to the Upper Peninsula to capture such pieces of agricultural history as a cobblestone barn, a Finnish barn, an Amish barn, a brick barn, and a carriage horse barn.

Keithan, who was formerly an art instructor at Pennsylvania State University and Juniata College, has had several solo exhibitions around Michigan and Pennsylvania. Most recently, her work has been featured at the Pierce Street Gallery in Birmingham, Mich.

The exhibit is opening in conjunction with ANR Week, which is March 2-9. Barns Across Michigan is sponsored by MSU Museum's Agriculture Heritage Program and the Michigan Barn Preservation Network, which is holding its annual meeting Saturday, March 2.



Masonic Barn — This was a farmstead in southeast Michigan before Michigan became a state. Attached to the side of this small horse barn was the original farmhouse which was later moved and is now used as a garage. This barn was built by a farmer who was a very strict Mason and added the ornate details — note the Masonic symbol carved in the wood at the top of the barn.



Wood Peg/Cat Barn — (southeastern Michigan) This is a good example, and one of the few remaining, of an early Michigan barn built with wooden pegs and no nails.



Brick Barn — (southeastern Michigan) Built in 1905-06, the owner of Clippard Brick Works made his barn from the same bricks which paved the streets of Detroit.



1856 Barn — This barn on Indian Trail in southeast Michigan was the owner's "Uncle's place."



Artist-photographer Mary Keithan with her 8x10-inch view camera.

Michigan Farm News Classified

01 Farm Machinery

1038 STACK LINER WAGON: Like new condition! Priced to sell. Wanted, front side shields for 60 Oliver row crop. Call 1-517-843-6932 evenings.

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1979 FORD TRI-AXLE farm truck, JD4630 tractor, Case 1570 tractor, JD4310A beet harvester, JD8350 grain drill, JD dummy head with pickup, JD 25K-3 PTO generator, Calumet 3250V manure spreader, Better Bilt 900 manure pump. 1-517-673-7470 1-517-673-7171

1982 FREIGHTLINER: 350 Cummins, 9-speed. 1989 Agra trailer, 30' roll tarp, new brakes and tires. 1991 Ford Ranger XLT, 4x4, V-6, 5-speed, new tires, 62,000 miles. 1-517-463-2372.

1993 FORD 9030 Bi-direction tractor with loader. 235 hours, \$42,000. Also, Fair 848 snowblower, \$5200. Call 1-616-399-7884.

2+2 INTERNATIONAL 6588D tractor. 2200 hours. Excellent condition! \$25,000, firm. Used on potato harvest. No longer in potatoes. McBain, 1-616-825-2845.

ALLIS-CHALMERS 8030: MFD, tractor, 5200 hours. Nice condition! 518 NH manure spreader. 19 1/2" McKee heavy duty S tine field cultivator with roller basket. 1-517-479-9658.

01 Farm Machinery

BALER, NEW HOLLAND 311 with kicker and bale chamber liner. Excellent condition! \$3700. Also, square bales alfalfa hay. Karl Yoder, Blanchard, Michigan. 1-517-866-2348.

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FORD, NEW HOLLAND tractors and equipment from **Symon's** in Gaines. For 43 years your best deal for the long run!

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H & S, 8x16 steel kick bale wagon, without running gear. Very good condition! Delivery possible. \$875. 0011-616-636-8449. North Kent County.

IH MODEL 4500, 26' field cultivator with Busen bar, \$2900. DMI 27' crumbler, used 300 acres, \$3900. Jim, 1-517-673-3211 after 4pm.

JD 4250, duals, 4100 hours, through dealer 25-point winter program. Very good! \$28,900. Ford 8600 cab, \$7,950. Case IH CHA with 1900 hours, \$24,900. 1-616-979-2171.

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JOHN DEERE 7200 Vac. 12 row front fold planter. Liquid fertilizer, inset hoppers, 250 monitor. Row cleaners, flat fold markers, 6 diff. set plates. Excellent! 1-517-879-2903.

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08 Ponies/Horses

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13 Business Opportunities

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• Vacant farmland

On-site inspection dates on Tract 1
February 28, 1996, 2-4 p.m.
March 6, 1996, 2-4 p.m.

Note: To be admitted to sale, bidders must obtain bidder packet and submit initial bid to Kenneth Swanson (receiver for Mikek Farms Partnership) not later than 9:00 a.m. day of sale. For bidder packet or additional information, contact:

Kenneth Swanson (receiver for Mikek Farms Partnership)



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19 General

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Michigan Farm News Classified

19

General

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Circulation over 46,000 in State of Michigan.

Successful Barry County farmer excited about agriculture's future

by Sue Ann Stuever

Born the son of a Kentucky sharecropper, Tom Guthrie now runs his own successful Barry County cash crop and custom harvest operation with his sons. Guthrie, a Delton farmer, is vice president of the Michigan Farm Bureau board of directors, representing District 4.

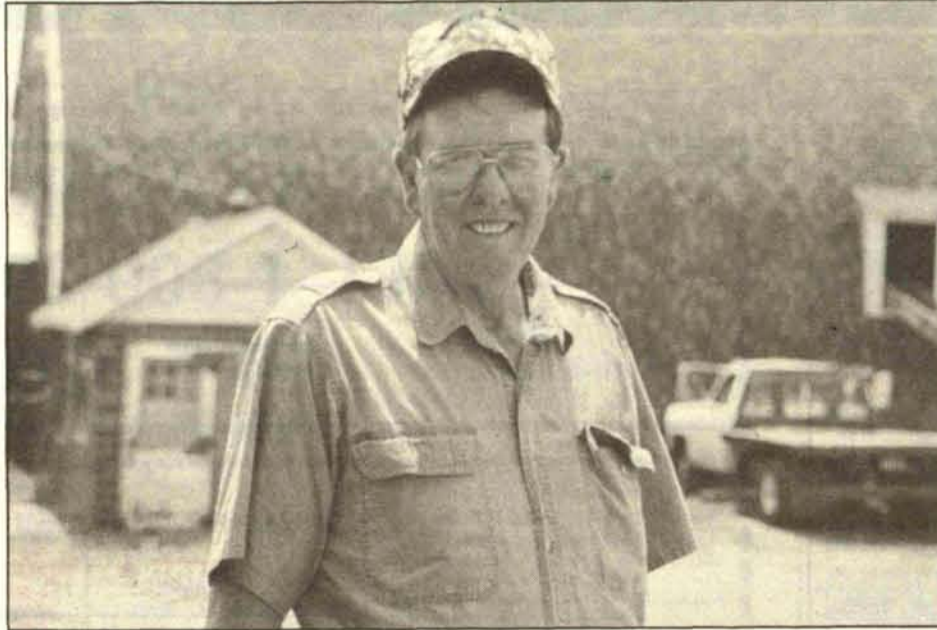
"We moved around quite a lot when I was a kid," Guthrie said. "And I did everything from follow a team of mules around plowing to helping my father lay out contours out on the hills of Kentucky."

Guthrie got his first boost into farming soon after high school. "I was going to college at Berea College in Kentucky when I had the opportunity to sign up for a \$300 scholarship with the American Guernsey Cattle Club," he said. He was awarded that scholarship, and was placed on a farm the summer of 1960 to fulfill the requirements.

"At that time, Lockshore Farm was an all-Guernsey farm, and that's where they gave me a job," he said. The owner of the Hickory Corners farm invited Guthrie to work the next summer, as well.

He came back, and remained in Michigan for good. "I ended up transferring all my credits from Berea College to Michigan State," he said. After completing the short course, he earned his bachelor's degree in dairy science from MSU in 1965.

Guthrie worked as herdsman at Lockshore Farms from the time he graduated until 1974. "I started renting some land and doing some custom work after hours and on the weekends, trying to



put together something to help me get going on my own someday," he said.

In 1974, he bought 165 acres, 65 cows and some feed and machinery to take over a nearby farm. Other farmers had relied on him for custom work in the past, so he kept up with that, as well.

Now Guthrie owns 450 acres and rents another 500. He went into the federal dairy termination

program in 1986. "The focus of the farming operation became mostly the production of hay instead of milk," he said.

Guthrie grows 450 acres of hay and fills out the crop rotation with corn, soybeans, wheat, spelt and sometimes canola. Hay is sold for cattle and horses, and imperfect bales are fed to his 70-cow beef herd. The custom part of the operation consists of about

3,000 acres of mostly harvesting, with some hay baling, corn planting and various tillage practices.

"Another facet of our farming operation this year is a garden project," Guthrie said. Eight acres of sweet corn and vegetables were sold this summer at their roadside stand.

While roadside marketing is new to Guthrie, he thinks farmers need to explore such changes for their operations to thrive. "We're not doing things on this farm the way we did a year ago, the way we did five years ago or 10 years ago," he said. "Agriculture has always changed and always will change."

Guthrie remembers times past when he helped his father lay out contours on the hills in Kentucky. "I had early exposure to some soil conservation," he said.

That exposure paid off, and now Guthrie is active in agriculture stewardship efforts. He helped form the Michigan Agricultural Stewardship Association, and is now its president. He worked to start the Michigan Integrated Farming Systems Project, one of just 18 such projects funded nationwide by the W.K. Kellogg Foundation. Guthrie is also Michigan's representative on the Sustainable Agriculture Research and Education Administrative Council, a component of USDA.

Guthrie's work on that council enables him to do some traveling around the country. "There really are exciting things happening in agriculture," he said. "Sometimes it's hard to find them. And it's certainly hard to find them if you never get off the farm."

That's why Guthrie thinks involvement in agriculture organizations is important. "Michigan Farm Bureau really is the organization that made Tom Guthrie," he said. "There's no doubt in my mind about that."

Guthrie joined Farm Bureau in 1967, a few years after graduating from college. He met former MFB president Elton Smith soon after coming to Michigan because he had an all-Guernsey herd at the time.

Smith encouraged Guthrie to get involved in the organization and named him to a state study committee.

"He kind of pushed me," Guthrie said of Smith. "He didn't just push me and leave me, he pushed me and at the same time gave me the support and encouragement to get involved."

That involvement changed Guthrie "from a hillbilly kid who couldn't stand up and introduce himself without his knees shaking and his voice chattering, to someone who grew every time he went and participated," he said.

Guthrie is also active on his township board and has been a 4-H leader, Barry County DHIA president and county Extension advisory committee member. "Sometimes I think I'm involved in too many things, but at the same time, if I didn't enjoy them I wouldn't do them," he said.

"I don't know what the future of agriculture might be, but I do know that it can be exciting if you look for some excitement," Guthrie said. "What we're doing today is preparing a setting for whatever that future is to happen." ■

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Free health care coverage for uninsured kids



Continued from page 12

Family Size	Yearly income range			
	At Age 1--Age 15		At Age 16--Age 18	
	Minimum	Maximum	Minimum	Maximum
2	\$15,048	\$18,564	\$ 6,019	\$18,564
3	18,888	23,292	7,555	23,292
4	22,728	28,032	9,091	28,032
5	26,568	32,772	10,627	32,772
6	30,408	37,500	12,163	37,500
7	34,248	42,240	13,699	42,240
8	38,088	46,980	15,235	46,980
9	41,928	51,708	16,771	51,708
10	45,768	56,448	18,307	56,448

Children from birth through age one are *not* eligible for the Caring Program due to likely Medicaid eligibility. Annual family income for children ages 1-18 must fall within the minimum and maximum range.

Example: For a child age seven in a family of four, the annual family income must fall between \$22,278 (minimum) and \$28,032 (maximum). If the family income is lower than \$22,278, the child is probably eligible for Medicaid and if it's higher than \$28,032, the family is over the maximum income and not eligible for the Caring Program.

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