MICHIGAN FARM NEWS

MICHIGAN'S ONLY STATEWIDE FARM NEWSPAPER — MICHIGAN FARM BUREAU

MICHIGAN FARM BUREAU

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Johnson System Inc. piloting a new service

Construction Helicopters, Inc., based out of Ypsilanti, Mich. made quick work in lifting two new grain cleaners, in 6-foot sections, to the top of the Grand Ledge Agri-Sales facility. The Sikorsky S58-T is capable of lifting a maximum of 5,000 pounds. The newly installed cleaners, custom built by Johnson System Inc., are each rated at 15,000 bushels per hour, and will be added to the company's product line and services.

COVER STORY

Howard Johnson, of Johnson System Inc., had a dilemma when figuring out how to replace two worn-out drag flite scalper grain cleaners perched on top of a 2.5 million-bushel concrete storage facility at the Grand Ledge Agri-Sales facility. What's the quickest and easiest way to lift just over 25,000 pounds of grain cleaners and accessories to the top of a cluster of 155-foot-tall grain silos and still be able to reach in about 100 feet to position them?

"We could have done it with a large crane, but the setup of the crane and the speed with which it could have been done would have been costly," Johnson explained. The solution turned out to be Construction Helicopters Inc., of Ypsilanti.

The scalper cleaners, custom-built by Johnson System, were built in six-foot sections, each averaging 3,600 pounds, that could be lifted to the top of the silos and bolted together for quick and easy assembly.

According to Jim Russell, project coordinator for Construction Helicopters, the chopper is capable of lifting a maximum of 5,000 pounds. The company specializes in construction "lifts" of all sorts, including air conditioners for all of the K-Mart and Walmart stores and shopping malls, and duct work on factories, throughout Michigan, Ohio, Indiana and the East Coast on occasion.

"We can save contractors quite a bit of time and money because we're so much faster, and we can get to places a crane just wouldn't be able to," Russell explained. "We take a three-man crew with us — a pilot, mechanic and myself."

What normally would have been an all-day job

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Monsanto Roundup-Ready soybeans gaining international approval

Two key approvals for importation of Roundup-Ready soybeans into Europe and Japan should help to alleviate a great deal of the domestic controversy surrounding acceptance of the soybeans here in the U.S. by major exporters.

The European Commission has officially cleared the way for the Roundup-Ready soybeans to be imported and marketed in the 15 member countries of the European Union (EU). The decision, which is binding on all EU countries, says that because Roundup-Ready soybeans are as safe as other soybeans, they can be handled like all beans without segregation or labeling.

The EU decision covers imported soybeans only, since there was not a request submitted for planting Roundup-Ready soybeans in Europe, according to a Monsanto press release.

Regulatory approval to allow importation of whole Roundup-Ready soybeans into Japan was also granted on April 1, by the Japanese Ministry of Agriculture, Forestry and Fisheries (MAFF). Under the Japanese approval, Roundup-Ready soybeans can be imported, and cultivated as well in that country, based on a safety evaluation conducted by MAFF's Evaluation Committee.

Two additional approvals allowing for consumption of the beans are still needed in Japan. Food safety approval is expected this summer, followed by feed approval expected sometime prior to harvest.

According to MFB Commodity Specialist Bob Boehm, the EU's decision that "products containing modified soybeans do not require labeling" is significant for U.S. producers.

"The labeling issue is important because it recognizes that it's not possible to identify the modified soybeans or their components," Boehm explained. "In other words, when the Roundup-Ready soybeans are mixed with regular soybeans they remain anonymous."

Individual EU countries may still pursue labeling requirements but trade experts suggest they would be on very tenuous legal grounds. Moreover, the three countries that voted against the EU agreement — those most likely to pursue the labeling issue — represent a very small percentage of the demand for soybeans relative to the total EU market, says Boehm. "Although we may hear periodic rumblings about labeling in the next few months, such talk will represent little, if any, real substance and should be viewed accordingly," he said.

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Property owner opposition puts Upper Peninsula power line project on hold

For Delta County cow-calf operator and self-employed architect David Hayes, his ideal home was to be built on a bluff overlooking the 200 acres he and wife, Lenore, and four children call home.

Unfortunately, after a year and $50,000 into building his dream home, it appears that spectacular view will also include a 138,000-volt power transmission line just 90 feet from the building site. Why? To have the line rerouted 438 feet farther away would have cost him $7,000; 800 feet farther would have cost him $70,000.

Farther along the proposed power line project, the corridor is conveniently diverted to a railroad right-of-way to avoid crossing two federally designated wild and scenic rivers in the Hiawatha National Forest and to avoid "associated requirements and restrictions concerning adding new visual impacts to rivers that are so designated," according to Rod Miller, Wisconsin Electric principal representative of state relations.

An 80-mile power line project in the Upper Peninsula has pitted landowners and four townships against a power company to get the project halted. While most property owners readily agree the project is needed, many are angered by the arrogant attitude and the apparent double standards exercised by Wisconsin Electric on the routing of the power line.

Wisconsin Electric, based out of Milwaukee, Wis., is installing a 138,000-volt power transmission line in a joint project with Upper Peninsula Power Co. and the Edison Sault Electric Co. The project includes a major upgrade of an existing substation in Manistique, construction of new electrical switching stations near Arnold and Perkins, and the transmission line to connect the switching stations with a new substation near Chandler. The project was supposed to have followed an existing pipeline right-of-way.

Approximately 50 miles of the 80-mile project have hit a snag, however, with four townships withdrawing their support for the power line project until an agreement is reached on the routing. According to Miller, when the project was originally proposed, Wisconsin Electric had suggested following three possible existing corridors, either a gas pipeline, oil pipeline or a railroad. He claims that townships voted to support the project regardless of the corridor followed.

"At the time they (the townships) issued their resolutions of support, there was no distinction on their part over whether or not one route would be acceptable or unacceptable," Miller said. "There was a general agreement that all three routes appeared to be reasonable and that they would support all three."

Local property owners, however, say otherwise. "When Wisconsin Electric approached Ensign Township, they showed a map of the power line going through forested land," contends Christine

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News in Brief

From the President

Ominous rumblings about food prices

I've noticed the news media has started doing a few alarming stories about the possibility that tight grain stocks, combined with another short crop year, could cause a big jump in food prices in 1996.

The media and general public's growing concern about food prices is tangled up with fear and misinformation about the impact of the new farm legislation. People outside of agriculture are getting a distorted picture of the farm bill. They hear that it gives farmers a "lucrative" government payment regardless of what they grow, but they don't hear or recognize that the transition payments are phased-out over seven years and that farmers have given up significant financial safety nets.

There are two reasons why those of us who grow food should be very concerned about a food price scare. First of all, there's the danger that consumers will blame farmers for the price hikes. Many of you may remember the "beef boycott" of the mid-1970's, when consumer groups staged highly visible and vocal protests of a temporary run-up in retail beef prices. Could such a scenario happen again? It's possible, especially if the media and general public buys into processor propaganda that an increase in the cost of raw materials (food) is solely to blame for higher prices in grocery stores or restaurants.

What can all of you as farmers do to help deflect attacks on food producers? You can be alert to opportunities to educate your neighbors and friends about the farm-to-retail price spread, and the fact that the cost of labor, transportation, packaging, advertising, etc., has a greater impact on the price of food (especially food eaten away from home) than does the cost of corn, soybeans and meat. When you hear someone complain about their grocery bill, you might also point out that a lot of what fills a typical grocery cart — the aluminum foil, the shampoo, the kitty litter — isn't food. Remind people that they are lucky to live in the United States, where we spend 10 percent of our income on food, and not in India, where the figure is 53 percent.

You may also want to explain that the new farm legislation opens agriculture more fully to the ups and downs of the free market, and that farmers can't be expected to survive the lean years if they are not permitted to make a little money during a more prosperous year.

A second reason we should be concerned about a food price scare is the political impact. We must be aware of the possibility that an increase in food prices during this election year could lead to voter pressure to implement an export embargo. Obviously, an embargo would be catastrophic for our industry. Farm Bureau's policy on embargoes is strong and clear: we believe that all agricultural products should be exempt from all embargoes except in the case of armed conflict. Farm Bureau believes that even the threat of embargoes or other restrictions adversely affects markets. We need to remind people how dependent agriculture is on exports: we rely on international markets twice as much as the U.S. economy as a whole. By the year 2000, we will be two-and-a-half times as dependent.

I'm convinced that we, as farmers, need to undertake a good, sustained educational program on what's happening in agriculture today. Without that effort, we could see a misinformed backlash on food prices that could harm our food and fiber system, an industry all Americans should remember represents 16 percent of our nation's GNP and provides one out of every six jobs.

Jack Laurie

Jack Laurie, President
Michigan Farm Bureau

FarmDayta to be sold to DTN

Broadcast Partners, the company that supplies the FarmDayta service, has agreed in principle to be acquired by Data Transmission Network (DTN), its major competitor in the field of electronic news.

The combined company intends to continue offering both FarmDayta and DTN news services.

The sale is still subject to closing details, including financing. It's expected to close within a couple of months.

If completed, the deal would give DTN, based in Omaha, Neb., more than 30,000 FarmDayta agricultural customers, bringing DTN's total in the agricultural sector to more than 100,000.

Broadcast Partners, headquartered in Des Moines, Iowa, was formed in the fall of 1990 as a partnership between Farmland Industries, Pioneer Hi-Bred International and IAAC Communications, the news distribution branch of the Illinois Farm Bureau.

No terms of the deal have been disclosed.

New state statistician

David D. Kleweno became the new Michigan state statistician for the Federal/State Michigan Agricultural Statistics Service (MASS) on March 31. MASS is jointly funded by the Michigan Department of Agriculture and the U.S. Department of Agriculture's National Agricultural Statistics Service. The MASS office in Lansing provides current agricultural acreage, yield, production, inventory and price information for the state of Michigan.

Kleweno is a native of the Pacific Northwest, having grown up on a cattle and grain farm in Washington. He has been employed by the National Agricultural Statistics Service since 1973. Dave comes to Michigan after serving the last four years as state statistician in Alabama. He has also worked in Missouri, Washington, D.C.; California; and Washington. Dave is a graduate of Washington State University and did graduate work in mathematical statistics at Oregon State University.

Dave comes to Michigan with great anticipation. Many similarities exist between Michigan's diverse agriculture and Washington, where he was raised. But regardless of the state, agriculture faces many new challenges. With sound information, challenges can become opportunities for change that yield workable solutions. An old proverb says, "A man's judgment is no better than his facts." Providing these reliable, timely, agricultural facts is the aim of the new state statistician. Please call Dave at 800-453-7501, if you have any questions or concerns.

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Wheat crops to be destroyed in two states — Cost to reach over $19 million

The government is ordering the destruction of approximately 4,000 acres of wheat in Arizona and Texas because the crops were found to be infected with the karnal bunt fungus, according to the Agriculture Department.

USDA said some of the growers' losses may be covered at the rate of $300 per acre. However, these payments may prevent farmers from collecting crop insurance payments.

In total, USDA estimates that it will spend $8 million to compensate producers for destroyed wheat acres, and another $11.5 million evaluating and containing the karnal bunt outbreak. In Arizona alone, USDA plans on having 70 employees working on karnal bunt by mid-April. In addition, the Arizona Department of Agriculture has created 230 new positions to monitor the state's wheat crop as harvest gets underway in that state.

Vegetarianism on the rise in Great Britain

Vegetarianism is on the rise in Great Britain due to the mad cow disease scare, according to the Associated Press. The London-based Vegetarian Society said it has been receiving more than 400 calls a day from people interested in learning more about vegetarianism due to fears of eating tainted beef. The mad cow scare was the last straw for many people, said Steve Connor, society spokesman.

The purchase of vegetarian cookbooks also has increased in recent weeks due to the scare. Waterstone's Booksellers Ltd., a popular British book chain, has reported a five-fold increase in sales of veggie cookbooks during the last two weeks.

However, some people in that country have not given up their traditional beef-eating ways. Thousands have been flocking to British supermarkets to purchase beef at slashed prices. Salinsbury — one of the two largest grocery chains in the country — sold out of beef last weekend due to price cuts.

U.S. fruit orchards safe from deadly virus epidemic

U.S. fruit orchards have been spared infestation of a deadly virus — plum pox — that is attacking fruit trees throughout Europe. However, Agriculture Department researchers have devised a potential remedy in the event that the disease enters the country.

After five years of testing, USDA's Agricultural Research Service has developed a genetically engineered plum tree that appears to be resistant to the virus. "It is good to know that we now have some control strategies ready if plum pox hits our orchards," said Ralph Scorza, a horticulturist with the Agricultural Research Service.

The genetically engineered trees now will be tested further in Central Europe, Scorza said. Additional tests will be undertaken in the United States to improve the overall fruit quality of the new tree line.

Supply fears fuel high commodity prices

Near panic about tight supplies led to record highs for wheat and corn futures on the Chicago Board of Trade. Soybean futures also rose sharply in response to the grain increases.

For six straight days, corn futures reached all-time highs before falling back late Wednesday. Wheat climbed 20 cents, reaching the trading limit, in response to reports of extensive frost damage to soft red winter crops in Illinois, Indiana and Ohio.

Stockpiles are at a 22-year low, causing concern over supplies and triggering the jump in future prices. U.S. Agriculture Secretary Dan Glickman held a news conference recently to refute any calls for embargos as a result of supply shortage.

How does $4 corn equate today?

With corn prices reaching record levels over the last couple of weeks, people outside the agricultural community think farmers are getting rich. That's just not so, according to the York, Neb. *News Times* newspaper, which says nearly 95 percent of farmers already contracted last year's harvest and, even with the 5 percent or so remaining, it would take a lot more $4 corn to cover high input costs.

Central Nebraska corn farmer Wes Eberspacher said in a *News Times* story that in 1974 — the last time corn reached the $4 level — a farmer needed to sell 8,750 bushels to buy a new combine. A similar purchase in 1996 would require a farmer to sell 31,250 bushels. A top-of-the-line Chevrolet car could be purchased in 1974 with profits from 1,375 bushels of corn, but Eberspacher said a 1996 Chevrolet would use up the entire contents of a 7,500-bushel grain bin. Something to think about.

High corn prices force ethanol production cutback

Due to record-high corn prices, the Archer Daniels Midland Co. (ADM) announced it would cut back on ethanol production. ADM said it would resume full production when corn prices drop to "reasonable levels."

May corn on the Chicago Board of Trade (CBOT) last week hit $4.25 per bushel, the highest price since the CBOT started trading futures in 1877. Just last year, farmers were selling corn for $2.40 per bushel.

"This is a temporary reduction, and we will be back to full production as soon as possible," said Martin Andreas, senior vice president of ADM. "This is just another part of the normal agricultural cycle." The cutback in production would equal approximately 100 million bushels over a year-long period. ADM views $3 corn as the break-even price for ethanol production.

Corn futures fuel inflation worries

Corn futures reached an all-time high early this week, generating a sharp across-the-board surge in commodities and prompting market analysts to issue warnings on inflation and the economy.

According to William Smith, of the Chicago *Sun-Times*, the bull market in corn, along with recent increases in crude oil and precious metals, suggests that prices may be heading upward, diminishing the likelihood that the Federal Reserve will lower interest rates.

Commodity prices are one of several factors used to determine economic trends and interest rates. Bond traders, who understand commodities' impact on raw material prices, have been alarmed by the upward trend in commodities prices. The rise could put pressure on bonds.

The price of grains, especially corn, has surged recently because of extremely low stockpiles and increased exports. Monday's closing price for corn for May delivery was $4.35 a bushel, the highest price ever at the Chicago Board of Trade.

Florida tomato growers file complaint

Florida Agriculture Commissioner Bob Crawford has announced that the state will back tomato growers in a complaint to the International Trade Commission and the Commerce Department asking for remedies to Mexican tomato dumping.

"With the survival of our industry and the health of our state economy at stake, we have no alternative but to take action against this unfair trade and blatant abuse of the open market system," Crawford said.

Florida's 1995 tomato shipments dropped 45 percent from 1994 while Mexican sales in the U.S. rose 147 percent, according to Agriculture Department numbers.

Florida tomato growers estimate they have lost more than $400 million in sales over the last three years to lower-priced Mexican produce. Florida growers produce an estimated $600 million worth of tomatoes each year.

Capitol Corner

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

STATE ISSUE

Graduated driver license

HB.4763, sponsored by Rep. Gustafson (R-Williamston), has passed the House and is currently awaiting action on the Senate floor. The legislation creates a graduated driver license structure for drivers under 18 years of age with three levels of criteria that must be met at each level.

Level 1 would be a restricted license and issued to a minor at least 14 years 9 months of age who has successfully completed "segment one" of the driver education course approved by the Michigan Department of Education and has written approval of a parent or guardian. Students are required to log 50 hours of driving experience, 10 of which are at night, with the parent or legal guardian.

Limitations of a level 1 license would be: Could only drive with a parent or guardian or, with the approval of the parent or guardian, a licensed driver over 21 years of age. This level would be for a minimum of 6 months.

A level 2 restricted license would be issued to someone who:

- Had a level 1 restriction card for at least 6 months;
- Successfully completed a Michigan Department of Education-approved "segment 2" driver education course;
- Has not been cited for a moving violation or involved in an accident in which he or she was cited for a moving violation during the 90-day period immediately prior to applying for the card;
- Presented certification by a parent or guardian that the applicant had legally accumulated at least 50 hours of driving experience, 10 of which were at night; and
- Must be 16 years of age and passed a secretary of state-approved performance road test.

Limitations of a level 2 license would be: Minimum of 6 months at this level; could not drive between 12 midnight and 5 a.m.

A level 3 license would be issued to someone who is at least 17 years of age and has completed 12 consecutive months without incurring a moving violation, accident, suspension, or certain restricted period violations during the level 2 restricted period.

Debate on the bill is currently focused on the mandate for public schools to provide driver training. Sen. McManus has proposed an amendment that assures that this bill would not impact the 16- and 17-year-olds that were covered by Public Act 251 of 1995, which allows youths to work in ag processing operations. Under the McManus amendment, the driving limitations would still exist between 2 a.m. and 5 a.m.

MFB Position: MFB policy supports a graduated licensing system.

MFB Contact: Howard Kelly, ext. 2044.

STATE ISSUE

Appropriations — Department of Agriculture

The MDA appropriations bill, H.B. 5584, sponsored by Rep. Tom Middleton (R-Ortonville), has passed the House and is currently in the Senate Appropriations Committee. The bill appropriated $36.6 million for operations of the Department of Agriculture for fiscal year 1996-97. As passed by the House, the bill contains $240,000 funding for the Michigan 4-H Foundation Kettunen Center. It is anticipated an additional $200,000 will be allocated to that project in fiscal year 1998. This funding is new money that will pass through the Department to the Kettunen Center for construction.

A one-time appropriation of $1.2 million from an inactive horse race revenue account was appropriated for food safety and licensing that will be used for upgrading technology needed by the Department.

Language was also developed that requires the Department to conduct random sampling of meter accuracy on oil and gas wells on state-owned land. Currently, the Department has the responsibility for weights and measures, including gas pumps; however, they did not have the authority or resources to monitor meters on gas and oil wells. The purpose is to determine if future monitoring and regulation is required.

Most of the House floor debate centered on an amendment that would have taken money from the Department — specifically the $1.2 million for technology upgrade — to provide funds to reimburse farmers for losses incurred because of the default of the Pinconning cheese plant. This floor amendment was defeated and the bill passed, moving to the Senate for further consideration.

MFB Position: Farm Bureau supports the bill.

MFB Contact: Ron Nelson, ext. 2043.

STATE ISSUE

Michigan Aquaculture Development Act

Legislation sponsored by Rep. Mike Green (R-Mayville) provides for the establishment, regulation and protection of aquaculture as follows:

- The Department of Agriculture is the lead agency and clarifies that aquaculture is an agricultural enterprise.
- The raising, breeding, transporting and sale of fish and aquaculture products are regulated by the Department of Agriculture and specifically states that these activities take place in private waters, not in public waters.
- Research on species that are not indigenous to Michigan may be permitted. The bill provides a list of approved species for aquaculture production.

Species qualifying for inclusion on the list are under the following criteria:

- Were naturally indigenous within "the waters of the state," which includes groundwater, lakes, streams and all other waters within the state, including the Great Lakes.
- Were naturalized within those waters.
- Could not perpetuate in the waters of the state.
- Were confined in a research facility for the purpose of determining whether they should be added to the approved list.

The legislation has been approved by the House and is awaiting Senate action.

MFB Position: Farm Bureau supports the bill.

MFB Contact: Ron Nelson, ext. 2043.

STATE ISSUE

P.A. 232 amendments

Rep. Kim Rhead (R-Sandusky) is sponsoring legislation to allow additional commodities to organize under P.A. 232, including nursery stock and aquaculture. The bill contains a clarifying amendment for soybeans, which is organized under a national checkoff to allow the waiving of the five-year referendum if a periodic review is provided for. There is provision in the national program for a periodic review.

The bill also provides that royalties that are collected because of funding of projects will be shared in by the program. This amendment was initiated by the corn producers.

Provisions are made for the borrowing of funds by commodity programs with the approval of the director of the Department of Agriculture and with strict limits on the amount of funds borrowed and the payback provisions. The legislation has been approved by the House and is awaiting Senate action.

MFB Position: Farm Bureau supports the bill.

MFB Contact: Ron Nelson, ext. 2043.

Farm Bureau urges destruction of British imported cattle

To guarantee the safety of American beef and to further reassure consumers that American beef is safe, the American Farm Bureau Federation (AFBF) is urging livestock and government officials to locate and destroy all British imported cattle found on U.S. farms.

Bovine Spongiform Encephalopathy (BSE), also known as mad cow disease, has been found in British cattle. Several hundred beef and dairy animals imported by American farmers could have been exposed to sources of the disease in Great Britain before the U.S. implemented restrictions in 1989.

Those restrictions have prevented the import of both live animals and animal products from Great Britain and other countries where BSE has been found in native cattle since the 1989 ban.

The imported cattle are not market animals but high-quality breeding animals purchased by American farmers to introduce new bloodlines into their herds or to begin raising a breed not native to the U.S.

Authorities have been able to locate 113 of those that are still alive. Federal and state authorities, aided by many livestock breed registry associations, are continuing efforts to trace 35 head whose location or existence is not known.

No cases of BSE have been found in the U.S. Scientists are now researching a possible link between BSE and Creutzfeldt-Jakob disease, a rare but fatal disease in humans. BSE is known to have a long incubation period.

AFBF President Dean Kleckner said U.S. livestock producers are willing to take strong action to restore consumer confidence in the U.S. beef supply, which is already the safest in the world.

This action is not being driven by good science — it's being driven by consumer concerns, Kleckner said. And those are not fully justified. In this case, American livestock producers are willing to give up their prize cattle and do their fair share to reduce those concerns.

AFBF has urged authorities to continue their search for the remaining cattle and to provide adequate compensation to the owners. The animals will be destroyed as a precaution.

Will there be a market for Monsanto Roundup-Ready soybeans?

Continued from front page

The reaction to the developments in the EU has not produced much change in the U.S. crushers' approach to this situation. Some have agreed to contract soybeans for fall delivery without reference to Roundup-Ready soybeans, while others have taken a more cautious approach. The American Farm Bureau has contacted some of the major crushers and procurers and inquired about their position on Roundup-Ready soybeans. They are as follows:

ADM/Growmark

Their position? "While ADM/Growmark supports the technology and regulatory approval of Roundup-Ready soybeans, it is unwilling to assume the risk of and substantial costs associated with the rejection of a cargo based upon the cargo containing Roundup-Ready soybeans. It is the position of ADM/Growmark that it shall accept delivery of Roundup-Ready soybeans at all locations as soon as Roundup-Ready soybeans have received all applicable regulatory clearance and Roundup-Ready soybeans are generally accepted in the trade."

Ag Processing Inc.

"Until the regulatory clearances and market acceptance is granted in all major importing countries, it will be difficult for the trade to purchase and process the Roundup-Ready soybeans. Therefore, in response to your calls, "Will AGP purchase and process Roundup-Ready soybeans this fall?" The answer is, "If and when the technology is cleared by foreign countries, then yes, we will be processing them. Until it is cleared, we won't."

Central Soya

"Although we totally support the technology incorporated into the development of Roundup-Ready soybeans, Central Soya cannot at this time guarantee we will be able to accept Roundup-Ready soybeans during the 1996-97 crop year."

Bunge and Cargill

Bunge and Cargill have no special policy concerning Roundup-Ready soybeans. Although these firms appear ready to accept fall delivery of Roundup-Ready soybeans, farmers should verify this point with their local facility.

The Andersons

"The Andersons will buy your Roundup-ready soybeans and your Bt corn this year at no discount to our bid for #1 beans and #2 yellow corn. We simply ask that you tell us at the time you contract them (and then again when you deliver them) that they are genetically altered, so that we can keep them segregated."

It should be noted that all crushers contacted were very supportive of the concept of Roundup-Ready soybean seed and had language to that end in their policy statements. However, several stressed the need to remain responsive to wishes of their foreign customers, and each has different and unique requirements.

What should farmers do?

Monsanto Roundup-Ready™ soybeans are an exciting development and represent an important step in modern agriculture. However, the only way to find out how well they will work for individual producers is to field test them, advises Boehm.

"Before farmers plant Monsanto Roundup-Ready soybeans they would be well-advised to check to make sure that the resulting production can be sold within acceptable delivery parameters," Boehm suggested. "Different crushers have different policies in this regard so farmers may have to inquire beyond their traditional marketing locations and firms."

Johnson System's quality grain cleaners get a lift

Continued from front page

at the Grand Ledge Agri-Sales site turned out to be a one-hour job for the chopper, including taking down the old cleaners, says Johnson. "I'd estimate that we saved about $2,000 on just the cost of the crane, and then we picked up an additional half-day on a crew of 10 people that could be used on completing assembly," he said.

Johnson was pleased enough with the process that he's already planning to include Construction Helicopters in his next project in Indiana that also requires a grain cleaner and distributor replacement. "We're going to adapt our rigging and adapt our setup to use the helicopter — it's just so much faster," claimed Johnson.

That's good news for Johnson System Inc., based out of Marshall. Approximately 75 percent of Johnson System's work is commercial millwright work. Not satisfied with the cleaners that were available on the market, the company set out to custom-build a cleaner that met their quality and capacity specifications.

The end result is a cleaner that will be added to the company's product line. "We believe there will be need for these cleaners, since many of the existing cleaners were installed during original construction in the mid- to late '70s," Johnson explained.

The metal covers of the old cleaners were notorious for getting caught in the wind and causing workers numerous work-related injuries, says Johnson. A rubber-tarped canopy cover is standard on the new cleaners and can be unhooked and folded back out of the way during service.

The cleaners installed at Grand Ledge are capable of cleaning 15,000 bushels per hour. Capacity can be increased by simply adding additional sections. Sectional construction also facilitates installation. "The old cleaners that we took down were all one piece — we actually had to torch them in half just to get them down," Johnson said.

Construction and site preparation are critical when contemplating the use of a helicopter, says Johnson. Cleanup of debris, dust, scrap metal and tools is an absolute must. Johnson actually built a metal shipping container that was used for hoisting tools and small parts to the top of the silo via the helicopter.

According to Russell, in addition to making site inspection visits prior to doing a lift, Construction Helicopters takes care of making all the arrangements with local airports and notifying local police and fire departments. They also provide all of the necessary insurance coverage, which, knock on wood, will never be an issue. "I've been doing this for eight years, and we've never had a close call," said Russell.

For more information, contact Johnson System Inc., (616) 781-9000 or Construction Helicopters Inc., 800-521-5130.

Expect multiple weed problems in CRP land

An Ohio State University (OSU) weed specialist recommends farmers to be patient if they are thinking about taking advantage of USDA's early release from Conservation Reserve Program (CRP) contracts this spring.

The U.S. Department of Agriculture announced that some contracts due to expire on Sept. 30 may be eligible for planting this spring. However, OSU weed specialist Mark Loux said that may not give farmers enough time to treat the multiple weed problems that have developed while the land laid fallow for the 10-year contract period.

"Far and away the best thing is not to put it into production this year, but wait until next year," Loux said.

Loux said the most effective treatment is a two-step program requiring herbicide applications this fall and in spring 1997 in order to kill the cover crop and perennial broadleaf weeds. This program requires at least 1.5 quarts per acre of Roundup plus 2,4-D or Banvel in the fall. Then in spring, come back and apply Roundup and/or 2,4-D as necessary before planting corn.

Loux said farmers should plan on spending $15 to $20 per acre for chemicals in the fall and then $5 to $10 in the spring under this program, not including application costs.

Farmers who wait to plant next year can start getting their land ready this summer by using spot treatments on brushy plants, such as multiflora rose. For small trees, Crossbow is effective when applied after leafing out.

However, for farmers who want to take advantage of USDA's "early-out" provisions, several weed control options are available for spring planting, Loux said. One of these involves high rates of Gramoxone and Extrazine, although it is less effective than if the two-step program were used as described above.

Another option is to wait until perennial grasses are 10 to 15 inches high. Apply 1.5 to 2 quarts of Roundup with 2,4-D followed by atrazine, all in preplant treatments.

These treatments are designed to tackle the multiple weed problems a farmer is bound to face when converting CRP land back to row crop production. Farmers likely will see perennial grasses and legumes, brushy plants, small trees and perennial broadleaf weeds, Loux said.

The overall seriousness of weed problems may be related to management practices used when the land was idled, Loux said.

"The problem is that fields have been managed in various ways," Loux said. "What helps favorably is if it's been mowed every year in the program."

Although annual mowing keeps down brush and small trees, it still might not have been enough to handle perennial broadleaf weeds that thrive in undisturbed soils. In addition, CRP rules required farmers to keep the land in cool- or warm-season grasses or legume mixtures, which will need to be burned down.

As for continuing weed problems, much depends on the buildup of weed populations when the land was idled, Loux said. Left undisturbed, weeds, such as giant foxtail, spread seeds across the field, leaving a "pretty good seed bank," he said.

"It all depends on how messy it was before you go in there and on how good of a job you do on weed control," Loux said. "Do what you have to do for weed control."

Generally, expect high populations of giant foxtail in lands converted from CRP to crop production. Control preplant weed escapes with postemergence chemicals.

An economical approach for controlling foxtail in soybeans would include a preplant application of either Prowl, Canopy or Scepter to control or suppress grasses, followed by a postemergence treatment such as Select, Assure, Fusion or Poast Plus for later-emerging foxtail plants. Postemergence options for grass control in corn include Accent or the use of Poast Plus on one of the new sethoxydim-resistant (SRC) corn hybrids.

"Sign-up dates and other details of this early-out offer will be announced after the rule-making process is completed," said U.S. Agriculture Secretary Dan Glickman. "We will also make an announcement on options to extend expiring CRP contracts before the early-out sign-up period begins, giving producers all of the information they need to make the CRP decisions."

Ohio State University Extension has issued Fact Sheet AGF-024, "Converting CRP Land to Cropland or Pasture/Hayland: Agronomic and Weed Control Considerations," with detailed recommendations for converting CRP land to productive uses. The fact sheet was developed before the USDA announcement and is based on a Sept. 30 contract expiration date.

The publication is available on Ohio State Extension's Ohioline home page on the World Wide Web (http://www.ag.ohio-state.edu/ohioline/).

Weed control can be difficult on former CRP acres, especially when attempting to utilize no till. However, soybeans may be a better option than corn for first year use of CRP ground since a later planting date allows more time for getting the field into condition for planting and because of the availability of good post-emergence herbicides for soybeans, says Northrup King Agronomist, Dean Grundman.

Farmers always looking for improved weed control

Even though half of all soybean farmers in the nation are happy with their current weed control program, they are ready to switch if they see something that might work better.

This was a basic conclusion from the Authority Research Survey completed for FMC Agricultural Group in conjunction with its planned 1997 crop-year introduction of Authority herbicide.

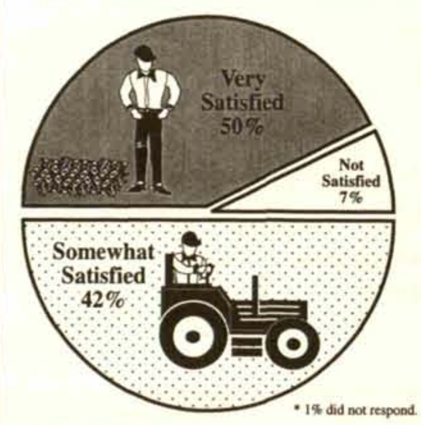
In the survey of more than 1,000 soybean farmers from across the nation, Total Research Corporation determined that 50 percent of soybean growers are very with their current herbicide program. Forty-two percent of all the farmers interviewed are somewhat satisfied, and only seven percent are not satisfied with their current herbicide program.

Of the 1,015 farmers interviewed, 58 percent had used their current herbicide program four years or less, and many of those farmers indicated they were still having some problems controlling a few troublesome weeds.

"This research suggests that although farmers might be satisfied with their current program, they will quickly switch if a better product comes along" says Nick Phillips, FMC venture manager for the introduction of Authority soybean herbicide.

Forty percent of all soybean farmers surveyed are very satisfied or somewhat satisfied with using a preemergence or preplant incorporated weed control program, but postemergent herbicide applications are commonly used by this group.

Farmer Satisfaction With Current Soybean Weed Control



* 1% did not respond.

Source: Authority® Research Survey

Managing the conversion of CRP to cropland

by Dean Grundman, Technical Agronomist, Northrup King

As Conservation Reserve Program (CRP) contracts expire, much of the 36.4 million acres enrolled in this program will return to row crops. With present provisions for early exit and current grain prices, 1 to 3 million of the 15.3 million acres scheduled for release this fall are expected to be cropped this year. These acres present significant opportunities, but there is a downside.

Principally, the acres converted out of CRP should be considered a higher risk, and controlling this risk must be one of the top management priorities. It is important to keep in mind that conditions in these fields are likely much different from those on acres currently in production. Provisions currently allow early out options for soils with an erodibility index of 15 or less. For example, this would allow early conversion of most fields with a "C" slope in the upper Midwest, although fields with longer slopes or certain soil types that are more vulnerable to erosion may be restricted.

A number of the changes that have occurred while the fields have been in CRP are considered positive. They include better soil structure and increased organic matter. The manner in which CRP fields are brought back into production will determine how long these positive benefits last. Moldboard plowing and intense secondary tillage will return the soil structure and organic matter to pre-CRP levels more rapidly, while under no-till or reduced tillage systems the rate is slowed.

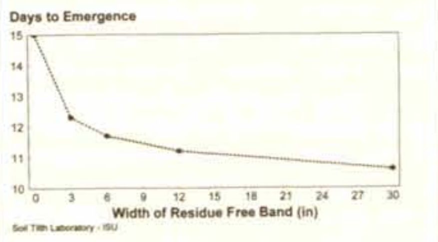
Expect Some Problems

While conditions will vary widely between and within fields, in general expect greater residue cover, firmer and wetter soil conditions, and more problems with weeds and insects in converted fields. Increased residue levels will slow early growth and potentially reduce the effectiveness of herbicides. Firmer and more moist soils can make planting and tillage operations more difficult. Wireworms, white grubs and other soil insects associated with sods are very capable of contributing to serious stand reductions.

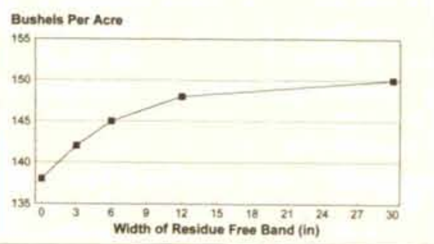
Soybeans may be a Better Crop Option than Corn

Soybeans are generally considered a better crop option than corn to follow CRP in the upper Midwest for several reasons. A later planting date allows more time to get the field into better condition for planting. Postemergence herbicides available for soybeans are quite effective. Some limitations may exist with certain tillage practices where erosion can be a problem. Applying nitrogen for corn production can be difficult as heavier surface residue makes injected applications more difficult and increases the chance of loss from surface applications. Stand loss from soil insects is much more common in corn than in soybeans. Good to excellent corn yields are possible with good planning and top management, but you need to consider the risks before proceeding.

Response to Residue Clearing Rate of Emergence



Response to Residue Clearing Corn Yield



Prepare Fields the Previous Fall If Possible

The best crop options and management are chiefly determined by whether or not the sod was killed the previous fall. Numerous university studies and practical experience demonstrate much higher corn yields following sod if it was killed by either herbicide application or tillage the previous fall. Soils in these fields warm up faster, the seed slice is easier to close and fewer perennials survive. Best results from fall herbicide application have been obtained by mowing fields, allowing several inches of regrowth and then treating the new growth with a burn-down application.

In fields not prepared the previous fall, management and cropping options become much more limited. In particular, management problems with reduced till or no-till corn or spring-killed sod become much more difficult. In tilled fields, the clumps of sod form and will generally not break down well and can interfere with operations throughout the growing season. One option explored by some producers is exiting the program in May and taking a hay crop prior to no-till planting soybeans. This approach reduces residue levels, but time must be allowed for regrowth before spraying. Reduced soil moisture can also be a significant problem. The expected yields will be lower and more variable with this approach; however, land charge would be underwritten by the first half payment, when you exit the program after the cut-off date (check with your local NRCS office).

Strip Tillage may be Possible Option

Although research on strip tillage in sod is limited, it has been shown under row cropping situations that clearing an area over the seed slice for corn will increase the soil temperature, improve the rate of emergence and result in higher yields (see graphs above).

While there is less data available for the higher residue situations found in CRP, the yield response should be equal to or greater as the soil disturbance from coulters would also make it easier to get good seed-to-soil contact. The use of a coulter and knife rig in the fall to condition the strips and apply fertilizer also holds considerable promise. This practice, like many discussed for CRP acres, is likely to be used extensively before a substantial amount of research can be conducted. Many of the same operation guidelines learned in row crop ground would apply here as well. Use a cover disk or other equipment to leave a small mound so trench does not develop before planting. Plus, heavy duty markers will help operators place rows accurately.

The response to starter fertilizer is likely to be much greater in the converted fields than in traditionally cropped acres. The higher residue conditions present in many of the CRP fields will result in reduced soil temperatures and increased soil moisture — conditions where starter fertilizers have historically increased profitability. The soil conditions present in sod fields can make starter application a real challenge, but, given the harsh environment seedlings will face in these fields, it should be well worth the effort.

Good Seed-to-Soil Contact Essential

One of the traditional challenges in sod fields has been obtaining good seed-to-soil contact and closing the furrow slice. Coulters that provide some loose soil to work with are a big asset and seed furrow firming decides and/or aggressive closing wheels should be considered if you will be planting large acreage. Reducing planting speed or increasing planting depth slightly may also be necessary to get satisfactory results. Plant hybrids with good early growth ratings that can adjust to reduced populations.

Weed Control Important

The pest spectrum in CRP fields is also much different from continuously cropped fields. Any weed seeds produced since sod was planted will be concentrated close to the soil surface and many of the weeds that were in the seed bank have expired. The large-seeded broadleaves, such as velvetleaf and cocklebur, tend to survive long-term burial the best. Many of these will break dormancy quickly if disturbed, so very good weed control the first year could pay off in reducing weed pressure in the future.

Regular scouting and staying with labeled herbicide rates is recommended on these fields where the weed spectrum is hard to predict.

Watch for Insects

An in-furrow insecticide application is recommended for all fields going to corn to protect seeds and seedlings from wireworms and white grubs. Soybeans tolerate stand loss better than corn, but planter box seed treatments such as KernalGard or Agrox DL should be used to reduce the risk for replanting. In all instances, plan on scouting fields on a weekly basis as sod often harbors higher populations of insects such as chinch bugs, armyworm, stalk barer and hopvine barer.

Other Considerations

The use of controlled burning to control woody plants and reduce residue on land seeded to warm-season grasses is an option, if described as part of an approved conservation plan; however, the burning of cool-season grasses such as bromegrass is not allowed. Managing a controlled burn is quite difficult, and appropriate safety precautions and consultation with the local fire departments or other individuals familiar with managing grass fires is highly suggested.

Many of the fields coming out of CRP have rough surfaces that make field operations very difficult. Pocket gophers relish alfalfa roots and their mounds tend to be more of a problem in fields where alfalfa is present. A lightweight tandem disk can provide a smoother surface for subsequent field operations while retaining residue cover for erosion protection.

In planning to bring CRP acres back into production, it is important to keep a long-term outlook, as the first year's management decisions will affect results for several years. Some items to consider include the long-term productive potential, fertility concerns and alternative uses. On some soils, laying out contour buffer strips prior to spraying or tillage operations may be an effective and economical way to reduce erosion.

On steeper and less productive soil, continued enrollment or grazing may be the best alternative. Condition of the boundary and cross fences, the location and quality of water sources, and the forage value of the seedling all determine how suitable a parcel may be for grazing.

Summary

The profitable conversion of land enrolled in the Conservation Reserve Program could require a number of complex decisions. Many of the fields have serious limitations for crop production and results will vary greatly. The opportunities and risks are larger than on most land that is currently in production. As a result, thorough planning and adapting to changing conditions will be a real key to successfully bring these acres back into production.

Uniroyal Chemical voluntarily removes several crop uses for miticide

Uniroyal Chemical Corp. announced today it has voluntarily cancelled registered uses of its propargite miticide on apricots, apples, peaches, pears, plums, strawberries, cranberries, green beans, lima beans and figs. This action is being taken to reduce dietary exposure as requested by the United States Environmental Protection Agency (EPA), using EPA's current risk assessment model. Existing stocks of propargite products will be relabeled by the company, and new labels will be placed in the hands of growers and pesticide applicators.

"Even though our research showing propargite to be acceptable for use on these crops is very persuasive, it is not yet completed. Uniroyal Chemical is acting now to assure consumers that their food supply is healthy and safe, while this research continues," says John Westcott, worldwide business director for insecticides at Uniroyal Chemical. "Propargite is an important integrated pest management (IPM) tool in the growers' battle against mites and the damage they can cause to crop quality and yield. We are taking this action at this particular time to alleviate concerns growers may have about whether propargite will be available to them this growing season. By removing these uses, we know growers can be assured of an orderly market for their harvest this season."

Tests to confirm that propargite does not pose a dietary risk are continuing, under EPA-approved protocols. Uniroyal Chemical firmly believes that food safety issues should be resolved using sound scientific analysis and is working closely with EPA to review this research.

Uniroyal Chemical Corp. is a major manufacturer and marketer of specialty chemicals, crop protection chemicals and elastomers.

Market Outlook

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

CORN

Is it cold or warm? Is it wet or dry? Or, are planting and growing conditions great across the Corn and Soybean Belt? New crop prices will continue to jump around until the market gets a better handle on what acreage and yield may be, and that will be the beginning of July — at the earliest. As can be seen in column 2 of Table 1, we have pushed 1995-96 projected ending stocks about as low as possible.

The USDA did make some significant changes in the 1995-96 *Supply/Demand Report* (shown in Table 1), released April 11, based on the *Stocks Report* and the *Hogs and Pigs Report*. The feed use projection was increased 100 million bushels, to 4.7 billion bushels, based on corn already fed and animal numbers for the remainder of the year. The food, seed and industrial use projection was lowered 55 million bushels as we see ethanol plants starting to slow or shut down. When it comes to making energy, $4.50 corn doesn't compete with $23 a barrel crude oil or $1.25 per gallon gasoline at the pumps.

Corn exports just keep rolling. In the last issue, I lowered the 1995-96 corn export projection 50 million bushels due to tight stocks and high prices. The USDA, based on continued high exports and export sales, left the export projection at 2.25 billion bushels, despite lowering China's imports 20 million bushels and raising South Africa's production and expected exports 20 million bushels.

In the last issue, I made 1996-97 projections based on the *Planting Intentions Report*. In this issue, I changed them some as corn prices keep increasing. The USDA is due to give its first projections for the 1996-97 crop year in the May 10 *Supply/Demand Report*. The *Planting Intentions Report* showed that, as of March 1, farmers would plant almost 80 million acres of corn. With the prices we are seeing today, that figure will likely go to at least 81 million acres, if the weather allows it.

Where will these acres come from? Most likely from early release CRP acres and from torn-up winter wheat acres. However, since some of these new acres are not the best, and probably later planting dates all around, I am using a trend yield of 127 bushels per acre versus 128. These 1996-97 projections are shown in column 3 of Table 1. Ending stocks will grow, but corn prices will stay historically high in this scenario. However, there remains a lot of both upside and downside risk.

Old crop prices are at all-time records in nominal dollars. If you have a lot of your crop left, make sure you don't miss these great price opportunities we have now. If you only have 10-20 percent remaining, you may want to wait for one more weather or demand scare to finish up your old crop pricing.

On new crop, the fear of a short crop and the need for more acres has the markets above what trend yield would suggest. If you have not already done so, consider pricing 15-25 percent of your expected 1996 corn production. Then have a plan at what levels you will price more. Also, have a plan as to when to change your plan if prices don't keep going up.

Seasonal Commodity Price Trends

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

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

WHEAT

The USDA also made some significant changes on their 1995-96 wheat supply/demand projections. The new projections are shown in Table 2. Food use was raised 10 million bushels, exports 25 million bushels, and ending stocks were lowered by the total. The 12.4 percent stocks to use figure is extremely low and will keep prices high at least until harvest. But it is not clear prices will fall at harvest.

Projections for both the number of acres that will be harvested and the yields for winter wheat keep falling. Conditions in the wheat growing areas continue to be very poor. The one exception to that is the white wheat conditions in the state of Washington, which appear quite good. I have now lowered my wheat yield projection to 5 bushels under trend and lowered harvested acres 600,000 acres (1 percent). The bottom line, as shown in column 3 of Table 2, is that the situation stays almost as tight as this year.

New crop wheat prices over $5 are very good prices. Consider pricing some of your new crop at these levels if you have not priced any up to this point. Then be ready to price a bunch if prices on the September futures rally toward $6. Remember, price into the rally. Whether you price any before harvest or not, the main income worry this year will be yields. I can't foresee poor prices in any scenario before or during harvest.

SOYBEANS

The USDA also shows 1995-96 soybean export projections being 15 million bushels and seed use 5 million bushels higher than previously thought; although they lowered their crush projection 10 million bushels, lowering expected ending stocks 10 million bushels. These estimates are shown in column 2 of Table 3. A total of 190 million bushels of soybeans leftover is sufficient, but it certainly doesn't help out next year's supply.

I have increased my estimate of soybean acres planted for the 1996-97 crop year (Table 3, column 3) by 300,000 acres. Again, these acres will be gained from CRP acres, bad wheat acres, and from an increase in double-cropping with these high prices. However, this did not increase my estimate for next year's supply; rather, it just made up for the 10 million lower beginning stocks. As shown, there is little reason to believe the soybeans situation will loosen up this next year. Prices should stay over $6.50 even at harvest.

Looking at new crop forward contracts, we can not only do a lot better than that, but we can lock in very good prices for harvest delivery. Again, the advice is the same — consider pricing some now if you have not already, and have pricing objectives in place for more, so that when you are out planting this spring you don't miss them.

HOGS

The USDA revised their second quarter pork production estimate to 1 percent below a year ago. In their analysis and mine, this translates into $47-49 per cwt., which we are seeing. For the third quarter, the USDA says production is expected to be up 3-4 percent, which translates to $48-52 per cwt. This is somewhat lower than July and August futures. The reason for this is the trade is expecting less of an increase, probably 1-2 percent. If you haven't already, consider locking in prices on some of your summer production if futures have not fallen sharply from mid-April levels.

Fourth quarter production is expected to be up only marginally and the USDA pegs prices in the $42-46 area. When compared to last fall, that is quite good, but the futures were offering higher prices. Again, consider forward pricing some of your fall production if you can get a decent basis and quality quote.

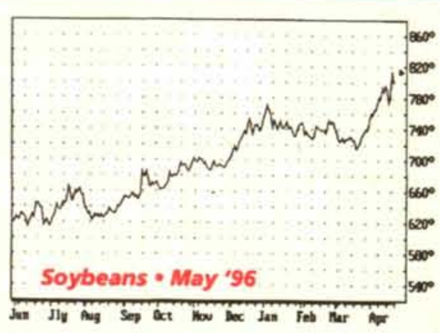
Total pork production for 1996 is expected to be up just a bit as first quarter production was down. With the increase in population, consumption per person is expected to drop from 52.5 pounds to 51.8 pounds of retail weight.

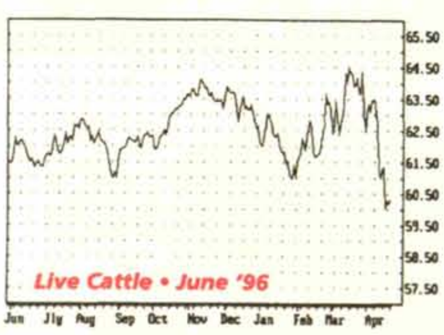
CATTLE

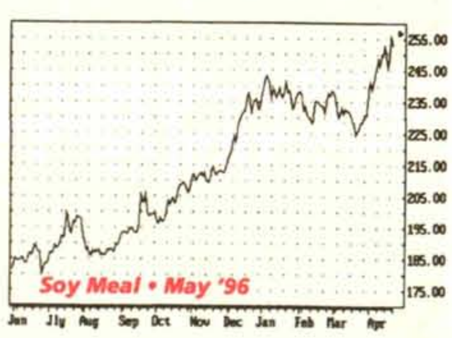
Beef production is expected to be up 2-3 percent in 1996; however, the big increase was the 7 percent in the first quarter. The remainder of the year it is expected to be up 1-2 percent. High corn prices may lower that some. High cow slaughter is increasing production some now, but will mean less toward the end of 1997 and in 1998.

Second quarter production is expected to be up 2 percent. The USDA feels this should mean prices in the $63-65 area. While these prices are possible, the market is fighting it. Third quarter production is expected to be up 1 percent with prices in the $60-64 range. Fourth quarter production is expected to be up 2 percent with prices in the $61-65 range. See how these numbers match up with the *Cattle-On-Feed Report* released April 19.

COMMODITY PRICE TRENDS







Source: Knight Ridder Financial

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	81.0
Acres harvested	72.9	65.0	74.8
Bu./harvested acre	138.6	113.5	127.0
Stocks (million bushels)			
Beginning stocks	850	1,558	367
Production	10,103	7,374	9,500
Imports	10	15	13
Total supply	10,963	8,947	9,880
Use:			
Feed and residual	5,535	4,700	4,900
Food/seed & Ind. uses	1,693	1,630	1,725
Total domestic	7,228	6,330	6,625
Exports	2,177	2,250	2,300
Total use	9,405	8,580	8,925
Ending stocks	1,558	367	955
Ending stocks, % of use	16.6	4.3	10.7
Regular loan rate	$1.89	$1.89	
U.S. season average			
Farm price, $/bu.	$2.26	$3.20	$2.75

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	73.1
Acres harvested	61.8	61.0	63.5
Bu./harvested acre	37.6	35.8	35
Stocks (million bushels)			
Beginning stocks	568	507	305
Production	2,321	2,185	2,223
Imports	92	65	82
Total supply	2,981	2,757	2,610
Use:			
Food	852	870	870
Seed	89	107	105
Feed	345	175	175
Total domestic	1,286	1,152	1,150
Exports	1,188	1,300	1,160
Total use	2,474	2,452	2,310
Ending stocks	507	305	300
Ending stocks, % of use	20.5	12.4	13.0
Regular loan rate	$2.58	$2.58	
U.S. season average			
Farm price, $/bu.	$3.45	$4.50	$4.75

Table 3 — Soybeans

(Million acres)	Projected 1994-1995	Projected 1995-1996	Hilker's Proj. 1996-1997
Acres planted	61.7	62.6	62.8
Acres harvested	60.9	61.6	62.0
Bu./harvested acre	41.4	34.9	36.5
Stocks (million bushels)			
Beginning stocks	209	335	190
Production	2,517	2,152	2,263
Imports	5	5	7
Total supply	2,731	2,492	2,460
Use:			
Crushings	1,405	1,360	1,360
Exports	838	825	800
Seed, feed & residuals	153	117	110
Total use	2,396	2,302	2,270
Ending stocks	335	190	190
Ending stocks, % of use	14.0	8.3	8.4
Regular loan rate	$4.92	$4.92	
U.S. season average			
Farm price, $/bu.	$5.48	$6.85	$6.95

Source: USDA and Jim Hilker

More new livestock buildings on the horizon at MSU

A new swine teaching and research center, a poultry building, a new facility for dairy cattle metabolism research and renovations to the beef cattle research center are the next installments in the $70 million Revitalization of Animal Agriculture Initiative at MSU.

The new swine facility will use state-of-the-art technology imported from Japan — including ozonation to reduce odors, and composting to improve manure management. Animal Science Chairperson Dr. Maynard Hogberg says the facility will be the first of its kind in the country.

Anthony Hall renovations on schedule

Animal science faculty and staff members toured Anthony Hall in early March and report that "All is going well!" Internal walls are being installed and noticeable progress can be seen in the new meats lab. Demolition in the dairy plant has been completed, and construction on the new wing and dairy plant is continuing. Plans to remodel the third floor of the building are being considered. This remodeling project is pretty well on schedule. Completion is slated for summer '97.

Business Strategies

1995 financial results for measuring profitability

Paul Ruesink, District Agri-Business Management Educator for Southeastern Michigan, MSU Extension

The 1995 financial performance results are back, and they aren't what some might have expected. You may want to see how you compare. When looking at results, many have found it best to look at profitability. You may want to do the same. When doing so, ask, "How am I performing?" "How does this compare?" and "How can I improve?" But what numbers do you use? And how do you get them?

If I were helping you do it, I would want to see how your business performed in terms of Return on Assets, and find your Return to Unpaid Labor and Management.

In other words, what did you get for the use of your money and your time? Remember, when you boil everything down, the only things you use to produce your returns are time and money.

Table 1 — 141 Michigan Farms; All Types; 1995 Farm Management Chart

Average of Return on Assets/Return to Unpaid Labor and Management

Top 25%	15%	$147,997
Upper 25%	7%	$58,288
Lower 25%	2%	$1,807
Bottom 25%	–5%	–$39,433

With this in mind, consider Table 1, which shows the results from farms of all types throughout Michigan. From it, we can see that returns on the farmers' money averaged 15 percent for those in the highest group. The lowest group lost 5 percent on their money. These numbers can be compared to what might have been earned if their assets had been sitting in a savings account or some other investment.

Also in Table 1, we see that returns for unpaid labor and management (your own time) ranged from a positive $147,997 to a negative $39,433. Because these averages are sorted on the basis of profitability, they show comparative returns for the best to the worst. They can be thought of as the "wage" that all unpaid family labor earned on the farm. You might compare it with what you would earn if working off the farm. Unpaid time included is approximately equal to 1.5 to 2 full-time people.

Want to know your own results? Again, your total return is for the use of your time and your money. By knowing your net farm income (total return), we can subtract the value of either your time or money, and end up with the other. I'm oversimplifying it a little here, but I'll give you the basics.

For Return on Assets, start with your net cash income, and adjust it for changes in inventories, accounts payable/receivable, and subtract a reasonable depreciation in order to find your total return.

Next, add back the interest expense in order to arrive at the return on all assets (yours plus the banker's). Then, subtract an estimated value of your family labor. Last, divide the result by the value of your assets, and the result will be your Return on Assets.

For Return to Unpaid Labor and Management, simply begin with your total return, and subtract a reasonable interest charge on your net worth. We used a 6 percent charge in our calculations. Realize that we want to know how much your farm ACTUALLY generated. This may NOT equal the VALUE you used above.

Often, when others find their own results, they wonder which type of farms do the best. Usually, crop producers guess that livestock producers do better, and vice versa. In order to compare which type of farms do well and which do poorly, consider Tables 2 and 3.

Table 2 — 30 Michigan Crop Farms; 1995 Farm Management Chart

Average of Return on Assets/Return to Unpaid Labor and Management

Top 25%	19%	$181,918
Upper 25%	9%	$58,914
Lower 25%	4%	$16,410
Bottom 25%	–7%	–$92,626

Table 3 — 46 Michigan Dairy Farms; 1995 Farm Management Chart

Average of Return on Assets/Return to Unpaid Labor and Management

Top 25%	15%	$188,948
Upper 25%	6%	$60,607
Lower 25%	3%	–$2,975
Bottom 25%	–1%	–$14,885

These last two tables show that good returns can be produced with either crops or dairy. That leaves us with the conclusion that, instead of the type of farm determining the results, management determines the results.

What does all this mean?

First, you need good information, which means you will need a quality accounting system designed for tracking management information. It needs to be conscientiously maintained. Good production records are also required.

You need access to a separate system for financial analysis to use for combining your accounting and production information. This resulting analysis tool is what you will then use for those frequent important financial "what if" decisions.

The system that I like for this purpose is called FINPACK. When this computerized system is used in tandem with programs like MSU's MicroTel, it also allows you to break your farm into its various profit centers. By doing so, you can look for strengths and weaknesses and emphasize those that are most profitable for you. Your MSU Extension agent has access to these programs and help in doing your own analysis.

Secondly, you need to begin making comparisons. This means comparing your results: a) with your goals; b) with yourself over time; and c) with others.

Lastly, you need to use these tools to manage your farm as a business — focused on profitability — so that you and your family can continue to afford to enjoy the farm way of life. For help measuring your financial results, contact your local MSU Extension office.

Gray leaf spot development/ prevention in corn

Gray leaf spot, a fungal disease of corn, made itself apparent last summer in a lot of fields in Cass and Kent counties and, to a lesser extent, in Branch and Monroe counties. The disease was also found in fields in Montcalm, Huron and Saginaw counties, but it was difficult to detect. Patrick Hart, Extension plant pathologist at Michigan State University, says the disease tends to show up late in the growing season (after plant anthesis) and while it does not reduce yield directly, may predispose the plants to stalk rot and subsequent lodging.

Long periods of wetness accompanied by high relative humidity, generally uncommon in Michigan, are necessary for the development of the disease, which appears as long rectangular and grayish lesions on the lower leaves and later on the upper leaves of the corn plant. Hart says that research reports indicate that tillage, or lack of it, can influence the rate of disease development and its severity.

"Gray leaf spot is more severe when tillage practices leave corn residue on the soil surface and when corn-corn rotations are practices," Hart says. "Conventional tillage and rotation with soybeans or small grains reduces the incidence of the disease."

Because gray leaf spot development is so dependent on the environment, it is impossible to predict the potential for a disease outbreak in 1996, Hart says. However, he recommends that in counties in southwest Michigan where the disease was severe, growers consider crop rotation and conventional tillage as a precautionary measure against disease development.

Plant variety selection is also important, and seed dealers should be consulted for information on gray leaf spot resistance or susceptibility in specific hybrid varieties, Hart adds.

Weed Strategies

Frontier receives registration for use in dry edible beans

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

EPA granted registration of Frontier for use in dry beans (and sweet corn, peanuts, and grain sorghum) on March 12, 1996. Frontier can be applied preplant incorporated, preemergence, or early postemergence (first to third trifoliate growth stage of the dry beans) to all dry bean classes.

Frontier may be tank mixed with other herbicides registered for use in dry edible beans. The application rate for Frontier is dependent on the CEC (cation exchange capacity) of the soil. There are no rotation restrictions following application of Frontier.

Weeds Controlled

Frontier will provide fair control of yellow nutsedge, good control of redroot pigweed and black nightshade, and fair control of common lambsquarters. Frontier will also provide some suppression of common ragweed. Common ragweed populations will be suppressed and emergence and growth delayed where Frontier is soil-applied.

This suppression can be helpful in that common ragweed will be smaller at the time of first cultivation or first cultivation can be delayed a few days, or in timing a split application of Basagran for common ragweed control.

Application Method and Rate

Frontier can be applied preplant incorporated on medium and heavy soils but should NOT be preplant incorporated on coarse-textured soils.

Preemergence applications are recommended on all soil types. If no rain occurs in 5 to 7 days following a preemergence application of Frontier, the field should be rotary hoed, but the hoe kept shallow. There is a postemergence label for Frontier on dry beans (through third trifoliate) but we have not applied Frontier postemergence in Michigan.

I would expect dry bean tolerance to be good (some leaf crinkling) but Frontier would not control grasses and other weeds that have emerged at the time of application. We will research postemergence applications in 1996.

The application rate for Frontier should be 13 oz/Acre if the CEC is less than 5 and 16 oz/A (label reads 14-18 oz/A) if the CEC is 5 to 9. If the CEC is 10 to 14, the application rate of Frontier should be 20 oz/A (label reads 18 to 22 oz/A). These rates are the same as Frontier application rates in corn and soybeans.

Dry Bean Tolerance

Dry edible beans are more tolerant to Frontier than to Lasso. Kidney, cranberry, small r and pinto bean tolerance to Frontier and Dual are similar. Adzuki beans are not tolerant of Lasso, Dual or Frontier.

Tolerance of navy beans and black turtle soup beans varies by variety, with some varieties (Mayflower, T-39, Midnight) being more tolerant to Dual. Variety testing was completed in the greenhouse and has not been repeated in the field. Early season injury to certain varieties of navy and black turtle soup bean will be greater, compared to Dual, if Frontier was applied under conditions of high moisture.

Weather Conditions

Weather conditions will influence how well Frontier controls weeds and the dry bean tolerance. It takes less rainfall to activate preemergence applications of Frontier (1/4" of rain).

Under conditions of high rainfall, Frontier will be more injurious to some navy and black turtle soup beans than Dual. Dual lasts longer in the soil than Frontier. Under conditions of high rainfall, Dual will persist longer in the growing season and control late-season grasses longer than Frontier. Under conditions of low rainfall, weed control will be better with Frontier.

Suggested Weed Control Programs with Frontier in Michigan

Since Frontier has a limited broadleaf weed control spectrum, banded preemergence applications of Frontier should follow preplant incorporation of Eptam + Treflan (or Eptam + Sonalan).

Cultivation will still be needed to control common ragweed and other broadleaf weeds. If a farmer does not want to preplant incorporate, Frontier could be applied broadcast preemergence and then a planned postemergence program of a split application of Basagran would be required for control of common ragweed and common lambsquarters.

If Reflex is granted a Section-18 for common ragweed and black nightshade control in Michigan in 1996, a farmer could apply Frontier preemergence broadcast and then apply Reflex or Reflex + Basagran postemergence for broadleaf weed control if broadleaf weeds infest the field.

If common ragweed is not a problem in the field, a grower could apply Frontier preemergence and then follow with Pursuit postemergence for nightshade, pigweed and mustard control. Adding Basagran would control additional broadleaf weeds and suppress yellow nutsedge.

Summary

The registration of Frontier provides growers with another herbicide option to manage weeds in dry edible beans. Annual grass and yellow nutsedge control are comparable to Dual.

Broadleaf control is somewhat better with Frontier compared to Dual. Remember that navy and black turtle soup bean tolerance to Frontier is dependent on variety, and variety information is still limited. Remember to always read and follow directions on all pesticide labels.

Have you ordered your Crop Advisory Team Alerts?

How would you like a team of experts to rely on for agronomic information during the upcoming growing season for timely pest and weed control information and warnings? Better yet, how would you like that service for just $30 for the entire growing season? Michigan State University's Crop Advisory Team Alerts or CAT Alerts could be the answer!

Each issue of the CAT Alerts offers advice targeted for the current growing conditions. By subscribing, you'll be able to make better-informed decisions that will keep your work profitable and efficient.

The CAT Alerts are available in four editions: fruit, vegetable, field crop and landscape. Each is published weekly at the start of the growing season and then switches to every-other-week in late July or August, depending on pest activity. Subscribers can choose from mail or fax services.

The fax service is generated through the MSU Extension Van Buren County office. In addition to receiving the Alert, fax subscribers also have access to a toll-free number that provides them automated document retrieval services for requesting specific documents via fax.

Those documents include a variety of weather information and Extension Bulletins, including pesticide recommendations. Regional pest/crop status reports are also available. All fax-related services are available 24 hours a day.

To subscribe, fill out the attached subscription form and mail it with your check (made payable to Michigan State University) to: CAT Alerts, Rm. 11 Ag Hall, East Lansing, MI 48824-1039. For additional information or assistance, call (517) 355-0117.

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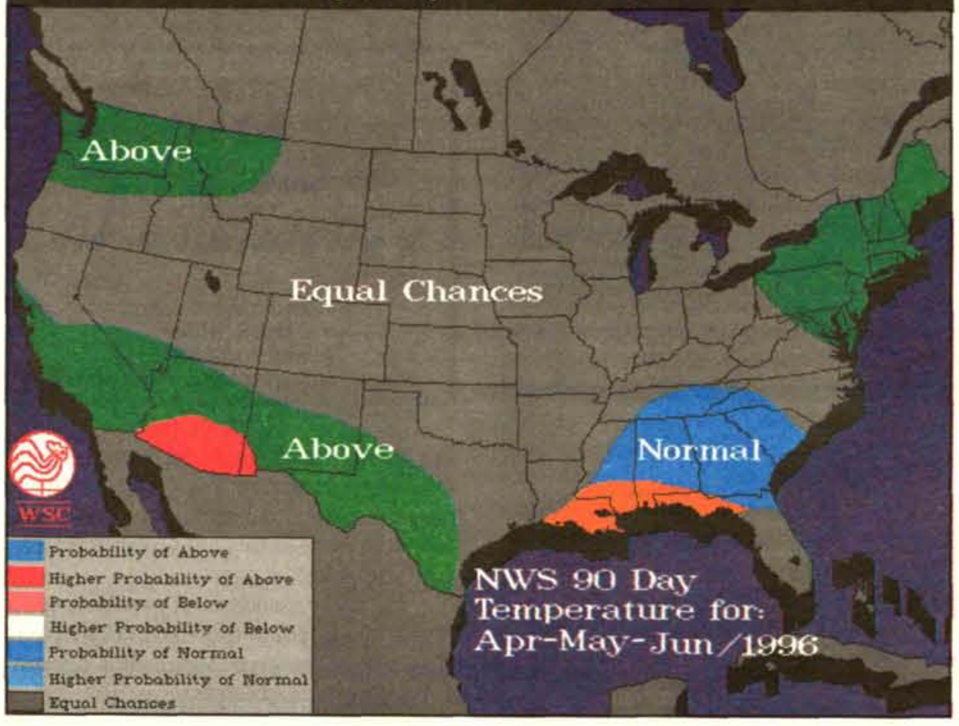
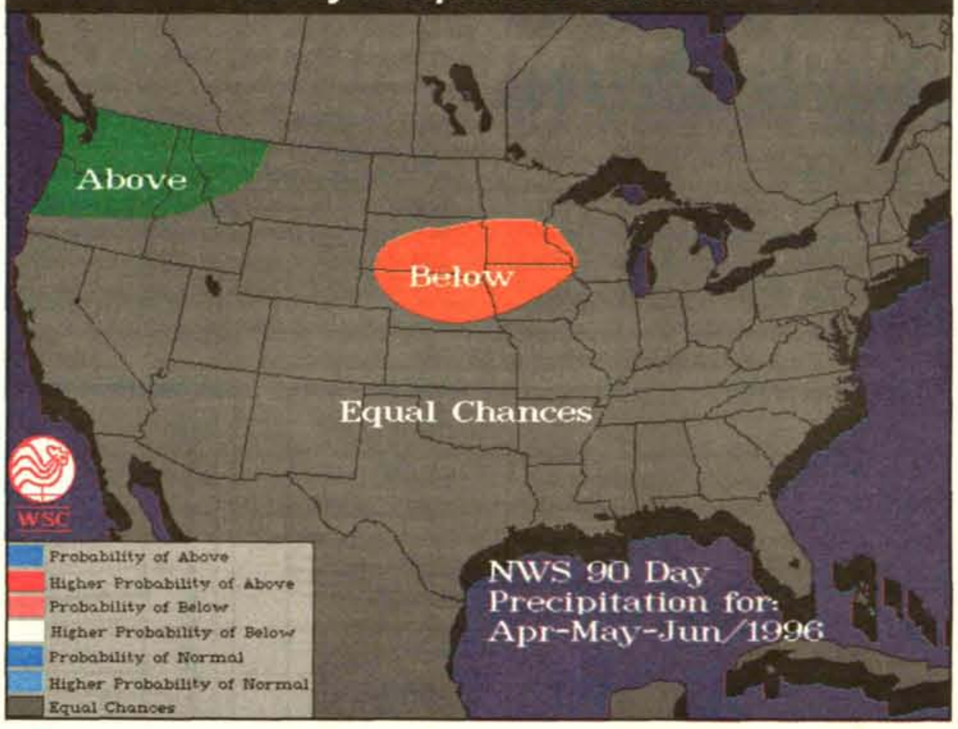
90-day Temperature Outlook



90-day Precipitation Outlook



Weather Outlook

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

For much of the past several weeks, a persistent troughing pattern over the Great Lakes region has led to a series of cold, polar-origin air masses moving southward into Michigan, resulting in well-below-normal temperatures and, recently, much-lower-than-normal growing degree day accumulations.

Recently, however, medium-range forecast guidance has begun to suggest that this pattern will gradually change to a more southwesterly orientation across the Midwest during the next few weeks. This would lead to more seasonable temperatures and, perhaps more importantly, above-normal precipitation in association with an active storm track.

Given the availability of cold air at higher levels of the atmosphere, this type of pattern is frequently associated with severe weather outbreaks in the Midwest. Outside of Michigan, note that the near term jet stream pattern mentioned above should also bring rainfall back to sections of the southern Great Plains, which have been stressed by persistently dry weather for much of the past few months.

The National Weather Service long-range outlooks continue to call for near equal probabilities of below-, near-, and above-normal temperatures and precipitation. Looking further ahead into the summer season, the NWS long-lead outlook calls for near equal chances of below-, near-, and above-normal precipitation, but for odds to favor above-normal temperatures.

Michigan Weather Summary

	Temperature		Growing Degree Days		Precipitation	
3/16/96-4/15/96	Observed mean	Deviation from normal	Actual Accumulated	Normal Accumulated	Actual (inch)	Normal (inch)
Houghton	25.5	-4.2	1	12	2.41	1.91
Marquette	24.5	-3.8	1	12	4.31	1.91
Escanaba	27.2	-4.7	0	2	1.85	2.02
Sault Ste. Marie	26.0	-4.0	0	2	2.04	2.02
Lake City	29.8	-4.0	6	18	1.96	2.07
Pellston	28.5	-2.8	3	18	2.00	2.07
Traverse City	31.6	-3.6	10	18	2.32	2.07
Alpena	29.8	-3.7	7	13	1.25	2.02
Houghton Lake	31.0	-3.5	8	13	1.48	2.02
Muskegon	36.1	-2.1	19	31	1.54	2.38
Vestaburg	33.3	-5.4	14	34	1.92	2.15
Bad Axe	32.1	-5.1	9	35	1.70	1.96
Saginaw	34.9	-3.5	15	35	1.33	1.96
Grand Rapids	36.3	-1.9	24	52	1.01	2.61
South Bend	40.0	-1.4	62	52	0.67	2.61
Coldwater	36.4	-4.4	30	50	1.11	2.41
Lansing	35.7	-2.8	22	50	1.67	2.41
Detroit	38.1	-2.0	31	46	1.95	2.49
Flint	34.7	-3.8	13	46	2.34	2.49
Toledo	39.4	-1.8	50	46	2.50	2.49

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

Precision Agriculture

Use site specific management now!

by Neil R. Miller

Twenty years ago, I worked with a 75-year old Mennonite farmer named George Martin. George was about as conservative and traditional as they come. But nonetheless, 20 years ago George was practicing what today's trade magazines talk about as the agriculture of tomorrow: site specific management.

George never bought a tractor. He farmed with horses and a walking plow till the day he died. So every year he literally walked every square foot he farmed. As he plowed, George saw every broken tile, every washout and every weed problem on his farm. One weed he kept a particular watch for was red sorrell. George knew that wherever this weed started spreading, the soil needed lime. He never took a soil test, but when he saw a patch of red sorrell establishing itself, he spread lime on that spot. He was practicing site specific lime application.

Site specific management (SSM) did not begin with the introduction of the personal computer or the launching of the first GPS satellite. In fact, you're practicing SSM whenever you manage one part of your farm differently from the rest because of its unique characteristics. SSM is possible *now,* using conventional equipment, a keen knowledge of the land you're farming, and a commitment to good management practices.

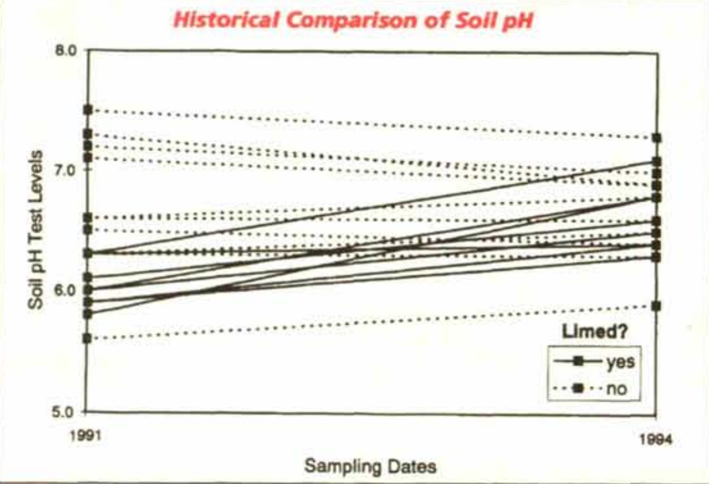


Figure 1: The range of soil pH values on this farm in St. Clair Co. was reduced significantly using conventional equipment to vary rates and spot-apply lime. Each line represents one ten-acre sample tested in 1991 and retested in 1994.

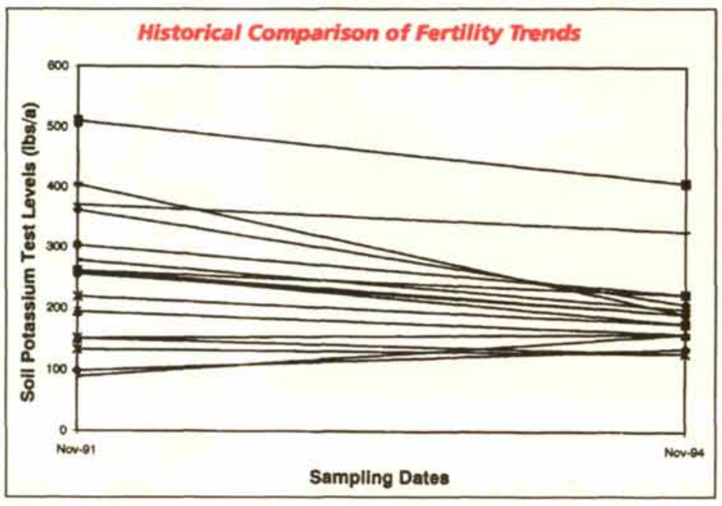


Figure 2: The range of soil potassium test values was reduced significantly after just 3 years of conventional SSM on this farm in Shiawassee Co.Each line represents one ten-acre sample tested in 1991 and retested in 1994.

Last August, participants at a workshop we held in Gaines, Mich. developed the following list of "Conventional Site Specific Management" practices:

- Varied rates and spot applications of lime and fertilizers
- Varied analyses of fertilizers
- Spot applications of manure and sludge
- Varied rates of soil-applied herbicides based on OM and soil texture
- Spot spraying herbicides
- Varied seeding rates
- Varying varieties/hybrids according to soil type, planting date, etc.
- Varied tillage practices
- Random tiling.

How effective are these practices?

Figures 1 and 2 illustrate how variability in pH and potash levels can be reduced significantly using conventional SSM. The farmers involved have a high commitment to good management, and do not hesitate to vary rates between and within fields, nor to skip spots that already test high. With conventional fertility management, SSM is easiest when broadcasting materials. It is much simpler to vary rates and make spot applications with a fertilizer spreader than with materials applied through a planter.

Constraints to conventional SSM include a lack of good information on field variability, equipment limitations (e.g., no on-off controls from the cab), and the increasing complexity of most farm operations. We have had clients who gave up trying to manually adjust starter rates on-the-go as they plant corn. There were simply too many other variables to keep track of while planting, and in large fields it was difficult to follow fertility maps with adequate precision.

GPS technology will resolve some of these problems by increasing the precision of positioning and allowing computers to adjust rates according to a predefined prescription. Be aware, however, that high-tech equipment will not remove the need for good management. In fact, it will introduce a whole new level of demands for calibration, data management, etc. The biggest constraint to SSM using any technology is the farmer's commitment to good management. Keep this in mind this spring as you calibrate your equipment and plan where and at what rates you will apply your inputs. The place to begin using SSM is with your existing equipment. The time is NOW!

Eat blueberries with those carrots

For generations, children have been taught to eat their carrots because they are beneficial for their eyesight. Now, a study by researchers at Agriculture and Agri-Food Canada, USDA's northern counterpart, finds that wild blueberries have positive effects on eyesight. The study also finds the berries' potent antioxidants help in the treatment of diabetes, inflammatory joint disorders, blood vessel disorders and other conditions.

Low-bush wild blueberries are native to North America and are harvested commercially in Maine and Eastern Canada. Their deep blue color, intense flavor and small size are unique. According to the United States Food and Drug Administration, they are an excellent source of Vitamin C.

Findings of manure management survey revealed

Almost 600 farmers participate in study about manure management practices and their relation to the Michigan Right-to-Farm Act.

The results of a recent survey of livestock operations found that approximately 80 percent of the respondents knew they were required to operate under generally accepted agricultural and management practices in order to gain protection from nuisance lawsuits under the Michigan Right-to-Farm Act (MRTF).

In the fall of 1994, 596 farmers from 60 counties in Michigan participated in a manure management practices survey in an effort to gain a better understanding about how livestock producers manage and utilize the nutrient values of manure and their familiarity with the MRTF Act.

"The results of this study will be beneficial to enhancing the growth of Michigan animal agriculture," explains Kevin Kirk, MFB commodity specialist and coordinator of the survey. "The survey answers questions about livestock and poultry producers' level of knowledge about manure management practices and provides a summary of the management practices adopted by agriculture to protect the environment."

"It really gives us insight as to what is being adopted by the industry as manure management practices," stated Maynard Hogberg, chairperson of Michigan State University's Animal Science Department. "We know now where to concentrate our educational and research efforts."

Michigan Right-to-Farm Act knowledge

About two-thirds of the farmers in the survey were familiar with the generally accepted agricultural and management practices for manure adopted under the MRTF Act.

"The results indicate to Michigan State University's College of Agriculture and Natural Resources where additional education is needed for producers," states Kirk.

According to Kirk, awareness of MRTF Act was observed to be the greatest among poultry farmers (95.1 percent) and large dairy farmers, while large horse farm owners were the least aware. Owners of small farm operations were less knowledgeable overall than owners of large farm operations.

The majority of the farmers (65.5 percent) were unaware that the Michigan Department of Agriculture could document and consider a farm protected under MRTF if it was following the recommended practices.

About 50 percent of those surveyed felt manure could be applied to frozen ground while the other 50 percent felt manure could not be applied to frozen ground. Approximately 41.2 percent believe manure could be applied next to streams and lakes only if it is incorporated immediately, while 58.8 percent did not believe this to be an acceptable practice.

According to the Generally Accepted Agricultural and Management Practices for Manure Management and Utilization, application of manure to frozen or snow-covered ground should be avoided, but where necessary, solid manure should be applied to areas where slopes are 6 percent or less and liquid manure should only be applied to soils where slopes are 3 percent or less. In either situation, provisions must be made to control runoff and erosion with soil and water conservation practices such as vegetative buffer strips between surface waters and manure treated soils.

Manure management complaints

Survey results indicated that over the past five years, almost 17 percent had received a complaint about their manure management practices. Of those complaints, 48 percent were odor complaints and 21 percent were complaints about the location of the manure application. Other complaints were about manure spillage, runoff and the time of application.

Practices to control odors

According to Kirk, the most common practice utilized to control odor was to avoid spreading near neighbors' homes, and on weekends and holidays.

"The farmers who avoided spreading manure on weekends and holidays the most were large dairy farms and large swine farms," Kirk said. "Incorporating liquid manure into the soil followed as the next most widely used practice to avoid odor," he adds.

Liquid manure storage

Almost 40 percent of the farmers had liquid manure storage capabilities, according to the survey. Underground storage tanks were the most common method (46.2 percent) of manure storage followed closely by lagoons with 38.1 percent. Of those who did not have liquid manure storage facilities, almost one-quarter relied on hauling manure daily.

Soil testing practices

"The goal of a well-managed land application program is to utilize soil testing and fertilizer recommendations as a guide to applying manure," states Kirk. "This will allow as much of the manure nutrients as possible to be used for supplying crop nutrient requirements while avoiding nutrient overload to the soil from excess commercial fertilizers."

According to the study, 69 percent test their soil at least once every three years, while 18.5 percent have never tested the soil. The largest segment of the study that did not do any soil testing was large horse farms, with 60 percent not ever having their fields soil-tested.

Nutrient values and the need to test your manure

"Recycling plant nutrients from the crop to animals and back to the soil for growth of crops again is an age-old tradition," explains Kirk. "Depending on the species of animal, 70-80 percent of the nitrogen (N), 60-85 percent of the phosphorous (P), and 80-90 percent of the potassium (K) fed to animals as feed will be excreted in the manure and therefore be available for recycling to soils."

Only 21 percent of those surveyed reported that they test the nutrient content of manure, according to Kirk. Turkey operations, large feedlots and large dairy farms were the most common farms utilizing nutrient testing.

"I wouldn't be surprised if the results of this survey set the stage for doing this with a lot of Right-to-Farm practices," stated Hogberg. "Down the road, we could conduct a similar manure management survey and find out how much we're moving and how much impact our efforts are truly having."

Sources of information on Michigan Right-to-Farm

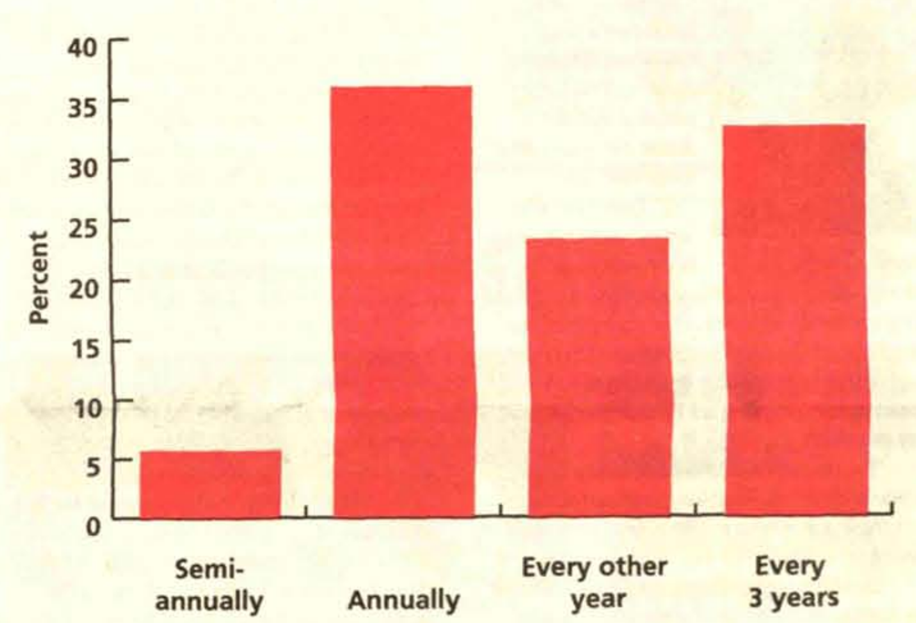
Source	Frequency 1	2	3	4	5
Farm Publications	310	114	45	11	1
Association Publications	26	64	112	71	35
Extension Publications	161	173	67	11	5
Government Publications	18	41	69	87	56
General News Media	23	43	55	47	114

Prioritized 1, 2, 3, etc.; 1 being most important, 5 being least important.

Survey Participants

Species	Animal units	Surveys sent	Responses
Dairy, Milkcows	25–149	276	91
Dairy, Milkcows	150+	279	117
Swine, Hogs	100–499	256	86
Swine, Hogs	500+	257	85
Beef, Beefcows	10–49	53	24
Beef, Beefcows	50+	58	28
Beef, Feedlots	50–399	52	22
Beef, Feedlots	400+	55	22
Sheep	10–199	55	23
Sheep	200+	56	30
Horses	5–14	49	11
Horses	15+	59	15
Poultry	3000+	38	24
Turkeys	100,000+	10	5

Frequency of Manure Nutrient Analysis



Fuel injector maintenance keeps a tractor smiling

Putting off routine tractor servicing can be devastating.

Case in point: fuel injector inspection and maintenance. "The average cost for inspection and service of a diesel engine's fuel injectors is about $200 and takes between three and five hours," said John Strangberg, Case Corp. farm equipment service manager. "Neglecting this inspection can lead to engine damage that can easily cost upwards of $6,000 and a whole lot of time in the shop."

While most equipment operators know there is some danger in neglecting routine maintenance and inspections, some do it anyway.

"It's sort of like going to the dentist," Strangberg said. "You know it's coming up, you know it's for your own good, but there are about one hundred other things you have to do that seem more important.

"It's not until something goes wrong that could have been prevented that a person realizes a little prevention can go a long way."

What can go wrong?

When fuel injectors weaken and wear down, Strangberg said, fuel can begin to leak past the pistons and into an engine's crankcase and oil pan. This leaking fuel dilutes the lifeblood of an engine — the oil — and it does it very quickly. Over a short amount of time, the oil becomes an ineffective oil/fuel mixture and that's when the serious trouble can happen.

"When the oil becomes corrupt and useless, there's a very real possibility that the engine will spin a bearing due to lack of proper lubrication," Strangberg said. "That destroys the crankshaft and engine bearings, sort of like putting the tractor in critical condition."

Strangberg said this type of damage can be identified by telltale "knocking" noises. But, he added, by the time the noise occurs, it's already too late.

Regular fuel injector inspections can prevent major repairs down the road. Here, fuel injectors are being removed for testing.

"Nobody likes to learn they have a cavity," Strangberg said. "But I'd rather know I have a cavity and how to prevent another one than to put it off until I have nothing but gums."

To keep a tractor smiling, he said, fuel injectors should be inspected every 1,000 hours by a certified technician.

Certified technicians can be found at most agricultural equipment dealerships that service the equipment they sell. Tractor owners who want to learn more about fuel injector maintenance or the importance of other equipment servicing should contact their local Case IH equipment dealership.

Property owner opposition puts Upper Peninsula power line project on hold

David Hayes

Continued from front page

Gustafson. "Then they came back with a new proposal that affects almost every landowner in our township."

Gustafson, who serves on the Hiawatha-land County Farm Bureau board, lives in Ensign Township, which has since revoked its approval of the project crossing the township. She says the county Farm Bureau has also taken the position that Wisconsin Electric should stick to following the original pipeline route they proposed.

"The route they're taking is affecting mostly private landowners, when they could go two miles back and use government-owned land and follow the existing pipeline right-of-way," Gustafson explained.

She says power company concerns of crossing the rivers is weak at best, since the rivers must be crossed regardless of the chosen route. "They keep saying it's wild and scenic and that they'll have to go under the river," Gustafson said. "However, where they would cross the river is not designated wild and scenic and the pipelines already cross the rivers."

Miller contends that using the railroad right-of-way also makes sense in terms of accessibility for service, since the railroad borders the U.S. 2 corridor, and it keeps the power line near existing infrastructure. "It seems to make more sense to place the power line where it's accessible for future electrical loads," he suggested. "I don't know if those future electrical loads will develop or not, but if they do develop, it will be along a highway or railroad. One thing I do know is they're not going to develop in the middle of a national forest."

According to Gustafson, property-owner opposition over the project started to mount this past January, after they discovered the routing changes. As a result, Wisconsin Electric issued a press release April 1, announcing that further project work will be put on hold while a "Route Advisory Committee" is appointed to consider alternatives for the route between Perkins and Manistique.

For David Hayes, the announcement provides little consolation, since power line construction on his property won't be affected by the April 1 announcement. He's been served papers to appear in court. "They're condemning me and they're just going to come through here," he said.

Despite offers from Hayes to route the line elsewhere on his property, he says Wisconsin Electric has held firm to the pipeline route. "I just asked them to move the line back — all I wanted was a certain distance from my house for safety and to get the power line out of my pastures," he explained. Hayes operates a 90-head cow-calf operation, primarily on pasture.

Although Miller declined specific comments on the Hayes situation, he did say that attempts to negotiate a resolution have been unsuccessful in reaching a compromise. "In order to keep on schedule and to keep going — certain engineering and materials have been ordered — it would be very costly at this point to adjust back to a relocation option at this point," Miller said.

What about the safety concerns expressed by Hayes? While Miller acknowledged that there are conflicting studies about the health impact of transmission lines, he doesn't believe there is enough evidence to warrant relocation either.

"The whole issue of potential health impacts is still unresolved and not very clear in terms of the scientific community. Obviously, a number of studies have been completed that suggest there is some sort of statistical correlation," Miller said. "There are other studies that also indicate that's not true. We're obviously sensitive to it because it's a public issue, but at this point there doesn't seem to be any clear cause-and-effect relationship that would suggest the health impacts are known."

Power line poles awaiting installation at the Hayes property.

Escanaba Daily News

Evaluating the need for an at-planting insecticide in corn

The decision of whether or not to use a soil insecticide when planting a corn crop is based on the likelihood of having insect pests in the soil. Several factors influence this likelihood, including: crop rotation pattern, tillage program, incorporation of cover crop or manure, past experience and cost. By considering each of these factors, a corn producer can get an idea of the likelihood of an economic benefit from use of an at-planting insecticide.

Crop rotation patterns can influence soil insect numbers. Corn rootworms are more likely to be a pest when corn is not rotated with another crop. Fields that are to be planted to corn in 1996, and were corn in 1995, should have been scouted for adult beetle activity in July and August. Where beetle counts exceeded one per plant, a soil insecticide at planting is recommended to prevent economic injury to corn roots this season. Where corn follows pasture or set-aside, the larvae of wireworms or white grubs should be anticipated. If either of these insects is present in large numbers, they should easily be found on the soil surface during tillage operations.

The effects of tillage on soil insects may be related to the plant communities that result from the various tillage regimes, or from tillage effects on soil structure, moisture and temperature. For example, cutworms hatching from eggs laid on weeds in minimum tillage fields may move to the crop when burndown is performed too close to the time of crop emergence. Also, given extreme cold and little snow cover during the winter, corn rootworm egg survival is known to be better under no-till conditions than with conventional tillage practices.

Volatiles given off from the breakdown of organic matter after incorporation of green plant material or manure in the spring can be attractive to adult seedcorn maggots. The female flies like to lay eggs in the soil of these fields, providing the hatching maggots with an ample food supply. Crop seeds planted into these fields also become a food source.

Sometimes only a particular part of a field (for example, a low, poorly drained area) may have a high number of soil insects. Past experience in such cases may indicate that an insecticide may only be needed in these localized areas.

Insecticide cost must also be considered. Each grower must weigh the expected economic benefit from use of a soil insecticide with the cost of the insecticide. This decision may vary on a field-to-field basis, in some cases depending on yield history, crop variety, etc.

Once a decision to use an at-planting insecticide is made, the table below may be used to select the product that most closely fits the pest or pest complex that is present.

Rates and placements of commonly used at-planting corn insecticides and their compatibility for the control of various insect pests of corn. Rates are expressed as ounces of product per 1,000 linear feet of row.[1]

Insect	Aztec 2.1G	Counter 20CR	Dyfonate 15G	Force 1.5G	Fortress 2.5G	Furadan 4F	Lorsban 15G	Thimet 20G
corn rootworm	6.7 (T,B,IF)	6 (T,B,IF,C)	8 (T,B,C)	8-10 (T,B,IF)	6 (T,IF)	2.5 fl. oz. (IF,B,C)	8 (T,B,IF,C)	6 (T,B,C)
cutworm[2]	6.7 (T,B,IF)	6 (T,B,IF,C) suppression	8 (T,B)	8-10 (T,B,IF)	6 (T,IF)	NL	8 (T,B) 8-16 (IF)	NL
seedcorn beetle	6.7 (T,B,IF)	6 (T,B,IF,C)	8 (T,B)	8-10 (T,B,IF)	NL	NL	8-16 (T,IF)	6 (T,B)
seedcorn maggot	6.7 (T,B,IF)	6 (T,B,IF)	8 (T,B)	8-10 (T,B,IF)	6 (T,IF)	2.5 fl. oz. (IF)	8 (T,IF)	6 (T,B)
white grub	6.7 (T,B,IF)	6 (T,B,IF)	8 (T,B) suppression	8-10 (T,B,IF)	6 (T,IF)	NL	8-16 (IF) 16 (T)	6 (T,B)
wireworm	6.7 (T,B,IF)	6 (T,B,IF)	27 lb/A (T,B)	8-10 (T,B,IF)	6 (T,IF)	2.5 fl. oz. (IF)	8-16 (T,IF) 16 (B)	6 (T,B)

[1]T = t-band, B = conventional band, IF = in-furrow, C = at cultivation. Letters represent the recommended placement method. NL = not a labeled use; suppression = labeled only for suppression.

[2]Post-planting "rescue treatment" application is the recommended method of control for this insect.

Before rolling out...know a few tips about those agricultural tires

A swift kick in a tire's sidewall used to be a quality check. Today, most folks who know their agricultural tires go far beyond the kicking ritual.

A few good kicks, glances and questions about those tires can still be valuable; however, expanding your ag tire horizons a little can pay off in a big way. That information can extend the life of your tires, help you get the best use out of tires and tell you what to look for when it's time for replacements.

Need dual tires?

One of the top reasons for duals is to get increased flotation, particularly in loose soil conditions or in wet areas of the field. Duals also provide additional load-carrying capacity for more traction or for a greater tire footprint area. (Tire inflation pressure can often be reduced to increase ground pressure and improve performance.)

Tires in dual applications must have space between them to avoid stone-holding or mud build-up. Smaller bias tires need at least 3 inches of dual spacing; larger bias tires need up to 4½ inches. For radials, the minimum is 4 inches up to 5½ inches.

Tractor need ballasting?

Actually, over-ballasting is a much more common problem than under-ballasting. One way to figure out if your tractor needs more weight is to check its wheel slip percentage.

The optimal wheel slip is 10 percent to 15 percent for 2WD tractors, and 8 percent to 12 percent for 4WD.

One way to check your tractor's wheel slip involves measuring the distance, when the tractor is loaded and unloaded, for a given number of wheel turns. The formula for this is:

$$\frac{\text{Loaded Revs.} - \text{No Load Revs.}}{\text{Loaded Revs.}} \times 100 = \%\text{Slip}$$

Iron weights vs. calcium chloride

When it comes to picking types of ballast, there is still controversy over which is best — calcium chloride solution or cast iron weight. While chloride ballast is cheaper than iron weights, the chloride solution can corrode valve systems and rims. And if you want to add or remove weight for different jobs, the cast iron may be easier to place on and off the tractor.

One of the most important ag tire tips is to check air pressure when tires are cold, before the tractor is put to work. Tire movement generates heat that will increase tire pressure. Underinflation is one of the leading causes of tire damage. (These tire tips were provided by the Rubber Manufacturers Association and various tire makers.)

Reading your tires

Every ag tire has a variety of symbols, numbers and letters stamped on the sidewall. Some of those symbols mean:

** (one star) ... Tire should receive 18 psi*
*** .... Tire should receive 24 psi*
**** .... Tire should receive 30 psi*
FI .... Farm Implement tires for ag use and limited trailer highway service
NHS .... Not for Highway Service
SL .... Service Limited to ag use
SS .... Skid-Steer or Mini Loaders

(Numbers on a tire's sidewall indicate rim diameter, section width and section height. For instance, the marking "18.4-38 10" means the tire has a sectional width of 18.4 inches; it is of bias construction, indicated by the dash; has a rim diameter of 38 inches, and a ply rating of 10.)

Discussion Topic

May 1996

A monthly resource for the Community Action Groups of Michigan Farm Bureau

The farm bill over the long haul

The April issues of the *Michigan Farm News* contain detailed information on the short-term "nuts and bolts" details of the new farm law. The discussion topic for this month will assist you in taking a long-term look at the impact of this historic farm legislation.

USDA Secretary Dan Glickman said there is no doubt that, in the long term, trade, not commodity programs, will define agriculture's future. The USDA expects U.S. agricultural exports to be $60 billion this fiscal year. American agriculture is currently twice as reliant on international markets as the U.S. economy as a whole, and by the year 2000 it will be 2.5 times as reliant.

As this trend continues, foreign economic conditions, policies and the weather increasingly will affect the economic fortunes of American producers. Long-term market trends are favorable to U.S. producers. But markets — especially agricultural markets — are volatile.

Glickman pointed out that in the past, the government could moderate the effects on producers with safety nets, acreage set-asides and stock management. That moderating capacity will be much less in the future.

One implication is that a farmer's marketing skills will ultimately determine whether he or she has a place in the future, according to Commodity Futures Trading Commission (CFTC) Commissioner Joseph Dial. "The 60-year-old status quo is not the road for the 21st century. There are too many detours, too many stop signs," he said.

Dial called marketing the fifth in a series of watershed changes in agriculture down through the ages, beginning with domestication of animals and planting of crops, followed by mechanized equipment; hybrid seed, fertilizer and chemicals; the high-tech age of genetic engineering; and precision farming through new technologies, computers, etc. Dial said marketing will quickly evolve over the next five years and change the way farmers do business.

With the federal government extricating itself from agriculture, it will soon be impossible, if it isn't already, to obtain loans without a marketing and risk management plan, he said. "Freedom to Farm is the first expressway, the road to increase net worth," he suggested, but warned farmers not to expose themselves to its inherent volatility. "Government traffic is greatly reduced, but you must drive at a safe speed, navigate curves carefully. That's where risk management comes in," he said.

Traveling this road, however, requires a changed attitude toward change, he observed. "People's ability to change is not a function of capacity, but of choice," he stressed. "You must analyze what is new and different. You must be constant evaluators. The destination is to achieve a guaranteed revenue stream, which in turn will gradually increase your net worth."

There are two ways to get there, according to Dial: revenue insurance and revenue assurance.

The steps involved in revenue insurance as outlined by the CFTC commissioner include:

- Sign up for the government Multi-Peril Crop Insurance (MPCI) program. "More participation has brought down the cost of crop insurance," he pointed out.
- Add the buy-up coverage to your policy.
- Secure replacement cost coverage of your insured bushels from a private sector crop insurance firm.
- Buy a put option with the strike price that works for you.
- Forward contract if the cash market price exceeds the strike price and sell the put.

The revenue assurance route involves entering into a contract offered by certain companies to farmers who exclusively use their herbicides, seeds, etc., but there is a premium associated with it, said Dial. The premium is based on area yield. Companies then offset the yield risk on the Chicago Board of Trade.

Elements for a financial safety net, according to Dial, include:

- Keeping good financial records, and understanding how to use them to identify the rate of return on each enterprise in your operation.
- Investing the time, energy and money in the "knowledge work" necessary to comprehend and use prudent risk management in your business.

Dial emphasized that farmers should stop chasing the price and focus on securing revenue. "That's the way you'll stay in business year after year, he said. "And remember, if you take a profit, you'll never have a loss."

How American producers compete in an increasingly market-driven economy will depend on many factors beyond commodity programs. "Even if we simply continued current law, USDA analysts estimate government program payments would account for only one percent of total gross income of farm operators by the year 2000," said USDA Sec. Glickman. So, for better or worse, Michigan producers are setting sail into uncharted production and marketing waters. Be sure to read future issues of the *Michigan Farm News* for navigational hints and advice.

Discussion Questions

1) What percentage of farmers in your area will use "risk management" alternatives to help them withstand crop failure or other disaster?
2) In what ways have farmers and agribusiness started to adjust to the new government farm policy?
3) Do you believe the enactment of "Freedom to Farm" lessens or increases the likelihood of future government farm policy changes? In what ways?
4) How can farmers work to expand export markets and control government polices that might hurt agriculture's access to export markets?
5) With the elimination of government price support programs, what changes are needed/likely in producer marketing programs or practices? How can Farm Bureau assist in making those changes?

01 Farm Machinery

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01 Farm Machinery

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FOR SALE: Three Brock grain bins, 25,000 bushel each.Morton Meyer continuous flow, 450 with extension. Portable or stationary Brock holding bin, 2100 bushel grain auger. No longer farming! 1-616-423-7358.

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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JD 55 COMBINE, $1500. JD 494A planter, $575. IHC 4-row bean puller, $250. Innes 500AR windrower, $275. Call 1-517-678-4121 evenings or leave message.

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07 Dogs and Puppies

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10 Work Wanted

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11 Agricultural Services

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12 Business Services

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19 General

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19 General

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22 Recreation

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25 Buildings

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29 Vehicles

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Circulation over 46,000 in State of Michigan.

Soybean Marketing Challenge monthly position reports!

"Shady Lawn Farm" Saturday Morning Boys

by Bill Spike

The March 29, 1996, *Planting Intentions Report,* from USDA, is regarded as bullish for corn and neutral for soybeans. Since beans are still undervalued versus corn, we would expect to see bean values rise proportional with the anticipated rally in corn. Corn was up sharply after the USDA report last Friday. Corn prices are extremely strong with the nearby May trading over $4.00 as well as new crop December over $3.25. These prices should cause soybean futures to bid for acres, particularly in light of a farm bill that will remove planting restrictions on program crops. The entire month of March was relatively flat on the November soybean chart. It started the month at $7.37 and closed at $7.375, while trading below those levels all month. The slight rally at month-end leads us to believe our $7.50 Nov. futures target for our next sale to come quite easily since it is only 7 cents above the recent high and 13 cents above last Friday's close.

We look for the markets to be quite volatile for the next several weeks as corn and soybeans bid for acres and the wheat crop is in trouble. We will maintain our target of $7.50 November futures for our next sale, but after that, we will wait until planting and hope for a potential weather scare that could propel beans to the $8.00 range.

Monthly Position Statements

	Date	Sold	Description	Price Trade/Settle	Profit or (loss)
Andersons	2/8/96	5,000	Nov. 96 Soys	7.1325/7.39	(1,212.50)
MAC	2/14/96	5,000	Nov. 96 Soys	7.2225/7.39	(762.50)
SLF	1/29/96	5,000	Nov. 96 Soys	6.9675/7.39	(2,037.50)

Account Balances

	Beg. Bal.	Margins	Profit/(Loss)	Commission	End. Bal.
Andersons	$20,000	(2,500)	(1,212.50)	(37.50)	$16,250.00
MAC	$20,000	(2,500)	(762.50)	(37.50)	$16,700.00
SLF	$20,000	(2,500)	(2,037.50)	(37.50)	$15,425.00

The Andersons

by Marvin L. Hodson and Steve Beier

Our established marketing plan is based on the market opportunities and the constraints of this program. Our marketing plan established four marketing blocks for pricing decisions. We estimated four 5,000-bushel blocks of soybeans, which relates to a 40 bu./acre yield estimate. Our marketing plan considers production and price risk management, price opportunity, and marketing time frame considerations.

The new crop soybean market posted significant gains in the first half of April. The market moved aggressively out of the long-term trading channel and is showing signs of panic buying situations. This type of activity could result in a rapid sell-off, which is worthy of a more aggressive risk management strategy.

Adjusting to previously undefined limitations in this challenge has been cumbersome in the process of risk management. We feel obligated to mention that in the real world futures marketing we would be as much as 50 percent sold using a M mum/Maximum strategy (i.e., Long Put/Short C or Short Futures/Long Call/Short Call.) Howev because of this game's limitations, we have cho to raise our action point from $7.50 on the Nov ber futures to $8.

To manage the downside price risk associ with moving this action point higher, we have a moved our trailing stop up several times. As of last writing, our trailing stop was $6.85. We have since moved this stop up to $7.40. This measur designed to allow us to capitalize on upside op tunity without compromising our position. Usir this approach, we plan to advance our sales at t $8 action point; however, if the market moves l instead, we'll action at $7.40 to avoid selling eve lower in the market.

In summary, we are currently 25 percent s on our estimated production of 20,000 bushels $7.13 1/4. Our next action point is $8 November futures where we will consider advancing sales. manage downside risk on this position, we are maintaining a trailing stop loss of $7.40.

Earlier heifer breedin may improve profits for dairy farmers

If dairy farmers could find a way to begin breec ing heifers sooner without reducing the heifer future milk production, they could increase their profits. Traditionally, farmers breed heifers to fres en between 22 and 30 months of age — once they've reached sufficient size to carry a calf and give birth. A SAPMA research project is developin way farmers can possibly reduce that time period and breed heifers earlier.

Studying the effects of diet

The project, headed by MAES scientist Allen Tucker, is studying the effects of diet combined wi injections of bovine somatotropin (BST) on heifer growth and development. BST is a natural growth hormone. Animal scientists at MSU's Dairy Cattle Teaching and Research Center initially studied 38 heifers fed a variety of diets, with or without injections of BST. Researchers found that heifers fed a high-protein, high-energy diet combined with injec tions of BST were younger when they reached puberty and had greater bone, muscle and mammary growth than those on standard diets.

Keeping milk production high

"In the past, dairy farmers had to wait until the heifer was big enough to calve without difficult before they could begin breeding because puberty is tied to growth," Tucker said. "They tried high-energy diets to speed up growth, but that can have a detrimental effect on the heifer's future milk production. We're trying to breed the heifer earlier without affecting subsequent milk production."

The key may be the addition of BST before puberty to increase the heifers' rates of weight gain increase skeletal and muscle mass, and possibly decrease calving difficulties.

Stimulating pelvic growth

"We found that just feeding the heifers a high-energy, high-protein diet had no effect on the growth of the heifer's pelvic area," Tucker said. "Injections of BST increased the size of the heifer's pelvic area, which theoretically allows her to give birth easier."

Tucker also believes the addition of BST may stimulate milk production in the first lactation because heifers fed the special diet with BST showed an increase in milk-producing cells in their mammary glands.

Body growth with no loss of milk production

The second phase of the project is attempting to determine if BST can speed body growth without affecting milk production. The researchers are studying 105 heifers at the Dairy Cattle Teaching and Research Center and MSU's Kellogg Biological Station that are being fed standard diets; high-protein, high-energy diets; and high-protein, high-energy diets plus BST to determine the effect of diet and BST on milk production.

"The key is to get the heifers producing a profit for farmers sooner," Tucker said. "That will help cut production costs for farmers."

The researchers plan to present their findings to the Michigan Professional Dairy Farmers Association, dairy farmers, Extension personnel and dairy industry representatives next year.

1996 FARM BILL NEWS

The FAIR Act of 1996: Commodity and conservation programs

by David B. Schweikhardt and Sandra S. Batie, Michigan State University; Otto C. Doering, III and Bob F. Jones, Purdue University

The Federal Agriculture Improvement and Reform Act contains major revisions in farm commodity programs. This paper summarizes the major provisions of the legislation. Because many program implementation rules must be developed, program participants are advised to consult their local office of the USDA Farm Service Agency for final program provisions.

Under the new farm bill, producers will be able to make cropping decisions based on market demands and crop rotation needs.

THE BUDGET FOR COMMODITY PROGRAMS: 1996-2002

The budget cost of farm programs dominated the debate on the 1996 farm bill and was a major factor in the decision to revise U.S. commodity programs. The total deficiency payments paid for feed grains, wheat, cotton and rice averaged $5.8 billion during the five-year life of the 1990 farm bill. Farm program spending decreased in 1995 as market prices rose above the target price levels.

Early in the deliberations on the 1996 farm bill, the House and Senate Budget committees established limits on farm program spending for the 1996-2002 period. These limits established the budget for commodity programs that the House and Senate Agriculture committees were required to follow. Commodity program spending for the 1996-2002 period will average $5.1 billion, with the following limits in each of the next seven years:

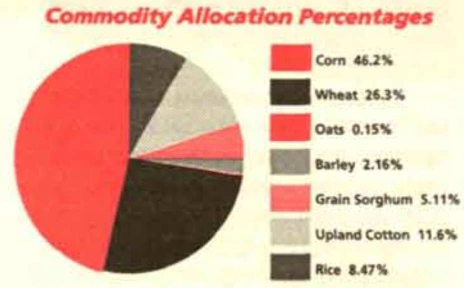
Contract Payment Authorizations

COMMODITY PROGRAM PROVISIONS

The 1996 farm bill replaces the existing target price programs with Production Flexibility Contracts available to participants for the life of the act. The major changes in commodity programs include:

- Target prices and deficiency payments are eliminated for feed grains, wheat, cotton and rice.
- All existing Acreage Reduction Program (ARP) provisions are eliminated.
- All 0/85 provisions are eliminated.
- All existing 1996 Crop Acreage Bases are converted into Contract Acreage for the payment of Production Flexibility Contracts.
- Eligible landowners and producers may sign seven-year Production Flexibility Contracts and receive contract payments (called Agricultural Market Transition payments) for 1996 to 2002. Contracts must be signed during the 1996 sign-up period from May 20 to July 12, 1996 if any contract payments are to be received between 1996 and 2002.
- Program participants are not required to purchase catastrophic risk protection crop insurance (CAT) to receive contract payments, but participants who do not purchase crop insurance must waive their eligibility for emergency crop loss assistance on the crops on which crop insurance coverage is waived. This waiver does not preclude a producer from obtaining an emergency loan or a payment under the Non-insured Assistance Program (NAP).

Commodity Allocation Percentages



- The permanent legislation established by the 1938 and 1949 farm bills is retained.

Program eligibility: Production Flexibility Contract payments will be paid on eligible cropland that is enrolled in the program and that meets all compliance requirements. Landowners and producers enrolling farmland in a contract must comply with the conservation plan prepared for the farm under the Food Security Act of 1985, the wetland protection requirements in the 1985 act, and the planting flexibility provisions contained in the 1996 act.

Cropland will be eligible for a Production Flexibility Contract if it has Contract Acreage attributable to the land and if it meets *one* of the following criteria:

- A portion of the land was enrolled in the acreage reduction program for the contract commodity or was considered planted by USDA during at least one crop year from 1991 to 1995. Land that was "considered planted" includes acreage that was reported to the local Farm Service Agency office but did not participate in the acreage reduction program.
- The land was enrolled in a conservation reserve contract that expired or was voluntarily terminated after Jan. 1, 1995.
- The land was enrolled in a conservation reserve contract that was released by the secretary of agriculture between the period from Jan. 1, 1995, until the final day of sign-up in the 1996 act.

Any portion of the eligible Contract Acreage on a farm may be enrolled in a Production Flexibility Contract. Land enrolled in a contract must be used for agriculture or related activities and cannot be used for nonagricultural commercial or industrial uses. Also, an owner or producer who enters into a contract may subsequently reduce, but not add to, the quantity of contract acreage covered by the contract.

Continued on next page

Major provisions of the FAIR Act

- Production Flexibility Contract payments will replace target prices for 1996 to 2002. The acreage reduction program is eliminated.
- Participants must enroll in a Production Flexibility Contract during the 1996 enrollment period from May 20 through July 12, 1996 to be eligible for payments from 1996 to 2002.
- Crop Acreage Bases are converted to Contract Acreage for calculation of contract payments.
- Any crop except fruits and vegetables may be planted on Contract Acreage. There are no restrictions on alfalfa production, haying or grazing on Contract Acreage.
- Farms or producers with a history of planting fruits and vegetables on Contract Acreage may plant fruits and vegetables on Contract Acreage, but contract payments will be reduced for each acre of fruits and vegetables planted.
- Marketing loans will be available for feed grains, wheat, soybeans and other oilseeds.
- The loan rate on sugar is continued at 22.9 cents per pound for refined beet sugar.
- The Conservation Reserve Program and Wetlands Reserve Program are extended to 2002.
- The Environmental Quality Incentives Program provides cost-sharing payments for environmental protection investments.

Provisions of the new farm bill will be aired April 30

The new version of the farm bill signed into law April 4 by President Clinton will be discussed April 30 by Michigan State University agricultural economists and representatives of Michigan's Farm Service Agency.

MICHIGAN STATE UNIVERSITY EXTENSION

The discussion can be seen via a satellite broadcast at most MSU Extension county offices from 7:45 to 9 p.m. Because the new bill contains major changes in the farm programs, the broadcast should be of interest to farmers, farm credit representatives, agribusiness people, farm advisors and landlords who rent their land to growers, according to Sandra Batie, holder of the Elton R. Smith Chair in Food and Agricultural Policy at MSU.

The broadcast will also include discussion on the new provisions, the effect of the new legislation on program payments and market prices, and some of the farm management problems the new farm program may create.

People interested in attending the broadcast are requested to contact their county MSU Extension office as soon as possible so that adequate preparations can be made.

Farm bill calendar

Early May
FSA will provide farm base and yield notices to producers. These will be the basis for computing commodity payments under the bill.

May 1
Dairy marketing assessments end. USDA will make applicable refunds for the 1995 and 1996 marketing years at a later date.

May 20 to July 12
Sign-up period for producers to enroll farms and sign Production Flexibility Contracts. Thirty days after FSA approves contracts, advance 1996 payments will be made. No one can sign contracts after this date, except those with expiring CRP contracts.

NOTE: **Congress mandated that there be a one-time sign-up period for the entire 1996-2002 period. Except for CRP, producers who miss this one sign-up will not be eligible to enroll the farm at a later date.**

Sept. 30
Final 1996 payments will be made to producers.

Dec. 15, 1996 or Jan. 15, 1997
1997 crop advance payments may be made, at the option of the producer.

The FAIR Act of 1996: Commodity and conservation programs

Continued from previous page

Farmland owners and producers will be eligible to enter a Production Flexibility Contract if they meet one of the following criteria:

- The owner of the eligible cropland assumes all or part of the risk of producing a crop.
- The owner of the eligible cropland and the producer (other than the owner) share-rent the eligible cropland and enter into the same contract.
- The producer (other than the owner) on the eligible cropland cash-rents the land with a lease expiring on or after Sept. 30, 2002 (the owner is not required to enter into the contract).
- The producer (other than the owner) on the eligible cropland cash-rents the land with a lease that expires before Sept. 30, 2002. The owner may enter into the same contract. Consent of the owner is required if the producer intends to enroll less than 100 percent of the eligible cropland in the contract.
- The owner of the eligible farmland cash-rents the land with a lease that expires before Sept. 30, 2002 but whose tenant declines to enter a contract. The owner will be eligible to receive contract payments after the lease with the non-participating tenant ends.

The legislation also requires the secretary of agriculture to establish adequate safeguards in the division of payments to protect the interests of producers who are tenants or sharecroppers.

Calculation of contract payments: Production Flexibility Contract payments will be calculated for each farm enrolled in the program. Payments will be calculated for each year from 1996 to 2002 as:

Contract Acreage × 0.85 × Farm Program Payment Yield × Annual Contract Payment Rate = Annual Production Flexibility Contract Payment.

The Contract Acreage for each farm is equal to the farm's 1996 established Crop Acreage Base for each program crop. Program crops in Michigan include barley, corn, grain sorghum, oats and wheat. The Farm Program Payment Yield is equal to the program payment yield established for the 1995 crop on the farm.

The Contract Payment Rate for each contract crop will be calculated by the USDA as the budget allocation for the contract crop divided by the total quantity of contract production enrolled in the program. Estimates of the contract payment rates are shown in Table 1. All payments will be made each year regardless of the market price.

Annual contract payments will be made no later than Sept. 30 of each year. Participants may choose to receive advance payments of 50 percent of the total annual contract payment. Advance payments for 1996 will be paid no later than 30 days after a contract has been entered into by a landowner or producer. Advance payments will be paid on Dec. 15 or Jan. 15 of all subsequent years.

PLANTING FLEXIBILITY PROVISIONS

The new farm bill allows greater planting flexibility on Contract Acreage. Participants who sign a Production Flexibility Contract are permitted to plant any commodity or crop except fruits and vegetables on Contract Acreage. There are no minimum planting requirements for contract commodities. There are no planting restrictions on any non-contract acres on the farm. Alfalfa may be harvested on Contract Acreage, and there will be no restrictions on haying and grazing on Contract Acreage.

Fruits and vegetables may be planted on Contract Acreage if the farm has a history of planting these crops or if a producer has a history of planting a specific fruit or vegetable. Contract payments will be reduced by an acre for each acre of fruits and vegetables planted on Contract Acreage. Producers interested in planting fruits and vegetables on Contract Acreage should visit their local Farm Service Agency office to determine their eligibility to plant these crops and the potential impact on their contract payments.

NONRECOURSE MARKETING ASSISTANCE LOANS

This legislation provides nonrecourse marketing assistance loans for feed grains, wheat, soybeans and other oilseeds. Any participant entering into a Production Flexibility Contract will be eligible for nonrecourse marketing loans for *all* loan commodities produced on the farm. The legislation establishes a maximum loan rate (equal to 1995 levels) and conditions under which the secretary of agriculture may reduce loan rates.

Loan rates for corn, soybeans and wheat are to be maintained at not less than 85 percent of a simple moving average of the price received by producers in three of the previous five marketing years (highest and lowest prices excluded). Maximum loan rates during the life of the act are specified at $1.89 per bushel for corn, $2.58 per bushel for wheat, and a range of $4.92 to $5.26 per bushel for soybeans.

The Secretary is permitted to lower loan rates if carryover stocks are greater than 12.5 percent of total use in the previous marketing year for corn and soybeans, or 15 percent for wheat. The loan rate on other oilseeds will be determined by the same formula, with a maximum loan rate of 9.3 cents per pound and a minimum loan rate of 8.7 cents per pound.

As nonrecourse marketing loans, these loans may be repaid at the lesser of the loan rate or a repayment rate determined by the secretary. If producers repay the loan at the repayment rate rather than the loan rate, the difference between the loan rate and the repayment rate will be the marketing loan gain. Producers who choose to forego the loan will be eligible to receive a loan deficiency payment equal to the difference between the loan rate and the repayment rate.

PAYMENT LIMITATIONS

Production Flexibility Contract payments, marketing loan gains and loan deficiency payments will be subject to payment limitations. Payments made under a Production Flexibility Contract will be subject to an annual payment limitation of $40,000 per person (definition of "person" has not changed). Marketing loan gains and loan deficiency payments will be subject to an annual payment limitation of $75,000 per person. The three-entity rule is maintained for payment limitations.

SUGAR PROGRAM PROVISIONS

This legislation freezes the loan rate on raw cane sugar at 18 cents per pound and the loan rate on refined beet sugar at 22.9 cents per pound. These loans will be provided as recourse loans. If the U.S. quota on sugar imports is greater than 1.5 million tons, these loans will be made available as nonrecourse loans. Domestic marketing allotments for sugar established under the 1990 farm bill will be eliminated.

The act also establishes forfeiture penalties designed to discourage the forfeiture of sugar to the Commodity Credit Corp. (CCC) under a nonrecourse loan program. Cane sugar forfeited to the CCC will be assessed a penalty of 1 cent per pound. Beet sugar forfeited to the CCC will be assessed a penalty that bears the same relative relationship as the cane sugar and processed beet sugar marketing assessments.

Marketing assessments on cane sugar and processed beet sugar will be increased. The assessments will be paid by the first processor of sugar and will equal 1.1 percent of the value of the loan rate on raw cane sugar in 1996 and 1.1794 percent of the value of the loan rate on refined beet sugar in 1996. From 1997 until 2003, the assessment on raw cane sugar will be 1.375 percent of the value of the loan rate, and the assessment on refined beet sugar will increase to 1.47425 percent.

The secretary of agriculture is required to reduce the loan rates for sugar if other sugar exporting countries reduce their domestic and export subsidies beyond the reductions negotiated in the Uruguay Round of the GATT.

TRANSFERS OF PFCs

A transfer of (or change in) the interest of an owner or producer in the contract acreage covered by the contract will result in the termination of the contract for that acreage, unless the new producer or owner of the acreage agrees to assume all obligations under the contract. At the request of the new producer or owner, the secretary may modify the contract if the modifications are determined to be reasonable. If an owner or producer who is entitled to a contract payment dies, becomes incompetent, or is otherwise unable to receive the contract payment, the secretary must continue to make the payments according to prescribed regulations.

VIOLATIONS OF PFCs

Contracts of owners or producers who violate a requirement of their contract will be terminated on each farm in which the owner or producer has an interest. Once terminated, the owner or producer forfeits all rights to future contract payments on each farm and must refund all contract payments received during the period of the violation. However, the secretary may determine that the violation does not justify termination, in which case the secretary may require the owner or producer to refund part of the contract payments during the period of the violation, or to accept a reduction in the amount of future contract payments in proportion to the severity of the violation.

CONSERVATION PROVISIONS

Authority for the Conservation Reserve Program (CRP) is extended until 2002 under this legislation. CRP enrollment is limited to a maximum of 36.4 million acres. Program participants will be allowed to terminate their CRP contracts before the scheduled expiration of the contract, provided that the contract has existed for at least five years and that the land is not a wetland, windbreak, filterstrip, highly erodible, or other land of high environmental value.

The Wetlands Reserve Program (WRP) is reauthorized and provides program participants with an opportunity to enroll prior converted or farmed wetlands into permanent easements. Not less than 75 percent of land value and restoration costs will be paid to participants entering permanent easements. Not less than 50 percent of these costs will be paid to participants entering 30-year easements. In addition, some wetlands may be eligible for restoration cost-sharing agreements without entering an easement.

The Natural Resources Conservation Service (NRCS) is designated as the lead agency in wetlands delineation. Current wetlands delineations remain valid until a producer requests a review. NRCS will have greater flexibility in assessing penalties for wetlands and conservation compliance violations.

The Environmental Quality Incentives Program (EQIP) provides technical and financial assistance to participants who adopt certain crop, pest, manure, nutrient or irrigation management practices that protect water quality. For most participants, cost-sharing payments are limited to $10,000 per year or $50,000 for a multi-year contract. Large confined livestock operations (as defined by the secretary of agriculture) will not be eligible for cost-sharing payments for animal waste management facilities.

SUMMARY

This legislation represents a major revision of existing commodity programs. Producers and landowners should consider the following in making management decisions:

- Contract payments will provide less down-side price risk protection than the target price program.
- Planting flexibility provisions will allow greater freedom in making planting decisions.
- Rules must be written to clarify the distribution of payments between landowners and tenants.
- Participants must sign Production Flexibility Contracts in 1996 to receive payments from 1996 to 2002.

Guidelines for Landlord/tenant relations under the 1996 farm bill

by David B. Schweikhardt and Sandra S. Batie, Michigan State University; MFB Commodity Activities and Research Division

In writing the 1996 farm bill, Congress required the USDA to "provide adequate safeguards to protect the interest of tenants and sharecroppers, including provisions for sharing on a fair and equitable basis, in Production Flexibility Contract (PFC) payments."

The bill specifically states that Congress "did not intend that there be any substantial change in the existing landlord-tenant policy at USDA, which has functioned successfully for several decades. State law on tenancy should continue to govern the relationship between landlords and tenants."

The rules for division of farm program payments between landlords and tenants under this farm bill will be the same as the rules applied by the Farm Service Agency (FSA) in the past. These rules will include the following:

- If the entire farm is cash-leased, the landowner is not entitled to PFC payments.
- If the crop is shared under a share-rent lease, the PFC payments must be shared.
- In general, if the landlord and tenant can agree to a payment division, the PFC will be approved by FSA (once again with the exception that the owner cannot receive 100 percent of the payment if the crop is shared).
- When a lease expires and the land is planted to grass or forage or is idled, the owner can receive 100 percent of the payment. The owner must maintain control of the farm and must fulfill the conservation compliance requirements for the farm.
- If the landlord and the tenant cannot reach agreement on the division of PFC payments, the payments will be withheld from both parties until the dispute is resolved.

Given the impact that current crop prices may have on land values and rental rates, producers and landlords will need to understand the rules on the division of payments and recognize that rental rates may change significantly for reasons other than the new farm program.

QUESTIONS AND ANSWERS REGARDING LANDLORD/ TENANT RELATIONS

Q. May a landlord terminate a lease, receive the Production Flexibility Contract Payment, and idle the land for the 1996 crop year?

A. The 1996 farm bill specifically states that the negotiation and termination of leases are still regulated by state laws. The introduction of Production Flexibility Contracts does not change Michigan laws on the termination of leases. Leases may only be terminated within the restrictions established by Michigan law.

Q. What will happen to Production Flexibility Contract payments when a lease expires and the landlord signs a lease with a new tenant?

A. The PFC payments are tied to the land on which the Contract Acreage is located, just as deficiency payments were tied to the Crop Acreage Base under the 1990 farm bill. Thus, when a new lease is negotiated with a new tenant, the landlord and the new tenant may negotiate a division of PFC payments.

Q. What will happen to the Production Flexibility Contract payments if a farm is sold?

A. The PFC payments may be transferred to the new owner of the farm if the new owner agrees to fulfill the contract's obligations for conservation compliance and planting flexibility compliance.

Q. Who should enroll the farm in a Production Flexibility Contract during the 1996 enrollment period?

A. If the land is rented on a share basis and the crop is shared, both the tenant and the landlord must enroll the land in a PFC. If the land is rented on a cash basis and the tenant enrolls the farm's entire Contract Acreage in a PFC, the tenant may enroll the farm without the consent of the landlord. If the land is rented on a cash basis and the tenant enrolls less than 100 percent of the Contract Acreage, the landlord must give his or her consent to the PFC.

Q. What should I do if my tenant does not want to enroll my land in a Production Flexibility Contract for 1996?

A. In this case, the landlord would be responsible for enrolling the land during the 1996 enrollment period. Even if the landlord does not receive PFC payments for 1996, the landlord must enroll the land in 1996 in order to preserve the option of receiving PFC payments from 1997 to 2002.

Both landlords and tenants should remember one primary rule established by this farm bill: Land that is not enrolled in a Production Flexibility Contract during the enrollment period from May 20 to July 12, 1996 will not be eligible for PFC payments at any time during the years from 1996 to 2002. Any landlord or producer whose land might be eligible to enroll in a Production Flexibility Contract should consult the county office of the USDA Farm Service Agency to determine whether their land may be enrolled in a PFC during the 1996 enrollment period.

Production flexibility contract payment worksheet, 1996-2002

FSA farm number: __________ Contract commodity (corn, wheat, grain sorghum, oats, barley): __________

	1996 Example*	1996	1997	Year 1998	1999	2000	2001	2002
1. Contract Acreage *(1996 Crop Acreage Base; Acreage by Commodity)*	*200 acres*	____	____	____	____	____	____	____
2. Farm Program Payment Yield *(Bushels per acre)*	*100 bu.*	____	____	____	____	____	____	____
3. Contract Payment Quantity *(Line 1 × 0.85 × Line 2)*	*17,000 bu.*	____	____	____	____	____	____	____
4. Contract Payment Rate *(Dollars per bushel)*†		PRELIMINARY USDA PFC PAYMENT RATES ONLY — ENTER ACTUAL NUMBERS WHEN AVAILABLE FROM YOUR COUNTY FSA OFFICE						
a. Corn	0.35	0.35 ___	0.46 ___	0.42 ___	0.41 ___	0.37 ___	0.30 ___	0.29 ___
b. Wheat	0.94	0.94 ___	0.68 ___	0.73 ___	0.70 ___	0.64 ___	0.52 ___	0.50 ___
c. Grain sorghum	0.41	0.41 ___	0.52 ___	0.51 ___	0.49 ___	0.45 ___	0.36 ___	0.35 ___
d. Oats	0.07	0.07 ___	0.06 ___	0.06 ___	0.06 ___	0.06 ___	0.05 ___	0.04 ___
e. Barley	0.36	0.36 ___	0.31 ___	0.33 ___	0.32 ___	0.29 ___	0.23 ___	0.23 ___
5. Annual Contract *(Line 3 × Line 4a, 4b, 4c, 4d, or 4e)*‡	*$5,950*	____	____	____	____	____	____	____

1996 Example assumes: total crop base acreage of 200 acres; program yield from 1995 corn at 100 bushels/acre.

†All contract payment rates are estimates based on assumed levels of enrollment by eligible program participants. Final payment rates will depend on program enrollment. The payment rates for wheat and feed grains may be reduced to reflect repayment of the advance payments received for 1995 crops.

‡Production Flexibility Contract payments are subject to a payment limitation of $40,000 per person annually.

Dairy provisions

by Larry G. Hamm, Michigan State University

The implications of the Federal Agricultural Improvement and Reform (FAIR) Act on dairy will be important — both directly and indirectly. Because the U.S. dairy industry has been weaning itself from the price support program since 1983, the direct economic implications of the FAIR Act are likely to be less traumatic than those on other major program crops.

The indirect impacts of the FAIR Act, however, may be quite important in years to come because of the act's possible impact on feed costs and feed availability. For the time being, the direct impacts are prescribed by the provisions of Chapter 1 of the FAIR Act. These include the following provisions:

- The current price support of $10.35 will be reduced $0.15 per hundredweight (cwt.) in 1997, 1998 and 1999. At the stroke of midnight on Jan. 1, 2000, the dairy price support will end and become part of the history of the 20th century. The price support program will be replaced by a recourse loan program for commercial processors of butter, powder and cheese. Loan prices will be set at the equivalent value of $9.90 per cwt.
- The deficit milk assessment is ended on the first day of the month following the month that President Clinton signs the Act. Assessment collections will stop with milk shipments beginning May 1. The May assessments would have been over $0.20 per cwt. The rules on assessment refunds have not changed.
- A refund of total assessments collected during 1996 will be made to dairy producers whose total milk marketings in calendar year 1996 do not exceed such marketing in 1995.

The FAIR Act mandates that the number of Federal Milk Marketing Orders (FMMO) be reduced to between 10 and 14. The California state order, if requested, could be included as a separate order. The order decisions can be expedited and are required to be implemented by May of 1999. Court-ordered delays will alter the implementation date by extending it. Of all the act's dairy provisions, this one has the potential to affect Michigan producers' income the most.

The act stipulates higher, but uniform, milk manufacturing "make" allowances. These raise make allowances here, but lower them in California. The CCC is also allowed to change the "butter-powder tilt" twice a year through 1999. The changing of the "tilt" under surplus conditions directly impacts butter prices, and therefore producer milk checks — under the current component pricing schemes.

The act also tries to assist the U.S. industry develop international dairy markets. The act mandates that the Dairy Export Incentive Program be funded to the GATT maximums. Also, the secretary of agriculture is to help the industry set up export trading companies. The USDA must also study and report to Congress impacts on the U.S. dairy industry of increased imports resulting from the GATT agreement.

There are other miscellaneous provisions and details in the Dairy Chapter. The direct impacts on dairy will not be dramatic in the short-run. However, as with the other commodities impacted by the FAIR Act, the dairy industry will be on a new historical footing as the 21st century dawns.

USDA farm loan programs

by MFB Commodity Activities and Research Division

The farm bill authorizes loan levels of $85 million for direct farm ownership loans and $500 million for direct operating loans each of the seven years. Guaranteed farm ownership loans are authorized at $1.9 billion the first year, gradually rising to $2.1 billion in the fifth, sixth and seventh years. Guaranteed operating loans are authorized at $600 million the first year and rise to $750 million for the last three years.

ELIGIBILITY AND USE OF FUNDS

Direct farm ownership loans are restricted to borrowers with fewer than 10 years of farming experience, or farmers who have participated in USDA loan programs for fewer than 10 years.

- Direct farm ownership loans may no longer be used to refinance other debts.
- Direct operating loans are restricted to borrowers with fewer than five years experience, or fewer than seven years of direct borrowing.
- Loans are no longer authorized for non-farm enterprises, such as roadside sales stands, pollution abatement, solar energy systems, recreation facilities, and rural businesses.
- Emergency loans are limited to total indebtedness of $500,000 instead of $500,000 maximum for each natural disaster.

NEW ASSISTANCE TO BORROWERS

- A 95-percent guarantee is available for guaranteed farm ownership loans to beginning farmers in conjunction with the down-payment loan program and for portions of guaranteed loans used to help graduate a direct loan borrower to commercial credit. The maximum for all other guarantees is 90 percent.
- The secretary of agriiculture may make available a five-year line of credit for direct operating loans.

BEGINNING FARMERS AND RANCHERS

- Eligible farm ownership applicants may participate in the 4 percent interest/50-percent joint financing program, or the existing 30-percent down-payment program. Under the joint financing program, when another lender provides 50 percent or more of the amount financed in a transaction, FSA may charge a preferential interest rate, not less than 4 percent.
- The bill targets 70 percent of available direct farm ownership loan funds to beginners. Sixty percent of the 70 percent is targeted to down-payment loans.
- Beginning farmers have first priority to purchase farmland that FSA takes into inventory.
- The bill raises the limit on the acreage an applicant may own and still qualify as a beginning farmer to 25 percent of the county's average farm size.
- The bill increases the cash-flow margin requirement to 110 percent instead of 105 percent for borrowers whose loans have been restructured.
- The bill requires FSA county committees to certify that an annual review has been conducted of a borrower's credit history, operation and loan program eligibility.

FARM BILL QUESTIONS?

Get answers in the next Michigan Farm News

Chances are you'll have a question or two about the new farm bill. While you're encouraged to call your county Farm Service Agency office for assistance, we'd also like to ask that you either phone or fax your questions to Michigan Farm Bureau, so that we can provide answers to your questions in the next issue of *Michigan Farm News.*

Staff in our Commodity Activities and Research Division will be available to either answer your question directly, or get you the information you need. More importantly, many of the 47,700 *Michigan Farm News* readers will have the same question that you do — so let's share the information!

The number to call is 800-292-2680, extension 2023, or fax those questions to Bob Boehm at (517) 323-6541.

Questions and answers regarding the new farm bill

by David B. Schweikhardt and Sandra S. Batie, Michigan State University; MFB Commodity Activities and Research Division

Q. What are the major changes in farm programs in the 1996 farm bill?

A. The 1996 farm bill replaces the target price system of payments with a system of Production Flexibility Contracts (PFC) that farmers and landlords may sign to receive farm program payments (also called agricultural market transition payments) for the next seven years. The new act will provide farmers and landlords with greater flexibility to manage their farms with fewer regulations on what may be planted.

Q. How will landlord and tenant decisions be different under the new farm bill?

A. There will be three important differences. First, there will be one enrollment for the entire period of 1996 to 2002 rather than the annual enrollment required under the 1990 farm bill. Second, farmers and landlords will have greater flexibility to make planting decisions. Third, there is no acreage setaside required. Participants are allowed to plant their entire farm without having to idle land as in the past.

Q. Why do I have to enroll in a seven-year contract in 1996 instead of enrolling in the program on an annual basis?

A. Congress intended to protect the PFC payments from future budget cuts by allowing participants to enroll in a seven-year contract. By tying the USDA to a contractual obligation, the House and Senate agriculture committees intended that the USDA will be legally obligated to make PFC payments.

PRODUCTION FLEXIBILITY CONTRACTS

Q. Who has to sign a Production Flexibility Contract?

A. In most cases, both the tenant and the landlord must sign the PFC. In some cases, only the tenant is required to do so. Check with the county office of the USDA Farm Service Agency (FSA) to determine who must sign the PFC for your farm.

Q. What does the Production Flexibility Contract require farmers and landlords to do?

A. Farmland enrolled in a PFC must comply with the conservation plan prepared for the farm under the Food Security Act of 1985, the wetland protection requirements in the 1985 act, and the planting flexibility provisions contained in the 1996 farm bill.

Q. When do I have to sign a Production Flexibility Contract for my farm?

A. The sign-up period for eligible farmland will be from May 20, 1996 until July 12, 1996. All contracts must be signed during this period, since no enrollments will be permitted after this time.

Q. How do I know if my land is eligible to enroll in a Production Flexibility Contract?

A. Land will be eligible for enrollment in a PFC if it has a Crop Acreage Base established for 1996 with the USDA FSA and was enrolled in the acreage reduction program or was considered planted by USDA during at least one crop year from 1991 to 1995. Land that was "considered planted" includes acreage that was reported to the local USDA FSA office but that did not participate in the acreage reduction program.

Q. Is my land eligible to enroll in a Production Flexibility Contract if it has been in the Conservation Reserve Program?

A. Land enrolled in a conservation reserve contract that expired or was voluntarily terminated after Jan. 1, 1995 is eligible for enrollment in a PFC. Land enrolled in a conservation reserve contract that was released by the secretary of agriculture between the period from January 1995 and the end of the 1996 sign-up period must be enrolled in a PFC during the 1996 sign-up period. Land enrolled in a conservation reserve contract that expires after Aug. 1, 1996 may be enrolled in a PFC when the conservation reserve contract expires.

Q. Can my land that is enrolled in a conservation reserve contract be enrolled in a Production Flexibility Contract for the 1996 crop year?

A. Conservation reserve contracts may be terminated in time to enroll in a PFC for 1996 if the land has an established Crop Acreage Base, has been enrolled in a CRP contract for at least five years, and is not classified as environmentally sensitive.

Participants wanting to enroll their CRP acreage for a PFC for the 1996 crop year must terminate their CRP contract by May 31. This land may be planted as soon as termination of the CRP contract is approved by USDA. Participants should contact their county FSA office to determine whether their CRP land is eligible for early termination and to determine the impact of early termination on their CRP contract payments.

Q. How will my Production Flexibility Contract payments be calculated?

A. Each year from 1996 to 2002, the contract payments (or agricultural market transition payment) will be calculated for each farm using the following formula:

Contract Acreage × 0.85 × Farm Program Payment Yield × Annual Contract Payment Rate = Annual Production Flexibility Contract Payment.

A worksheet is included on page 3 of this supplement to help in estimating PFC payments for the next seven years. The county FSA office maintains information on the Contract Acreage and Farm Program Payment Yield for each farm.

Q. How will contract acreage on my farm be determined?

A. The contract acreage for each farm is equal to the farm's 1996 established Crop Acreage Base for each program crop.

Q. How will the Farm Program Payment Yield on my farm be determined?

A. Farm Program Payment Yield is equal to the Program Payment Yield established for the 1995 crop for each Crop Acreage Base on the farm. The county office of the USDA FSA maintains information on the Contract Acreage and Farm Program Payment Yield for each farm in the county.

Q. I have both a wheat base and a corn base on my farm. Am I allowed to enroll only one base in a PFC?

A. Yes. Any portion of any Contract Acreage on a farm may be enrolled in a PFC. However, each base on which a participant wants to receive payments must be enrolled during the 1996 sign-up period if PFC payments are to be received for that base during 1996 to 2002.

Q. Do I have to keep my farm in the program for the entire seven years if I sign a Production Flexibility Contract in 1996?

A. No. Program participants may terminate the PFC for all or part of their Contract Acreage at any time. No repayment of past PFC payments will be required, but all future PFC payments will be terminated. Participants who terminate a contract will not be allowed to return to the program at a later date.

Q. What happens to the Production Flexibility Contract payments if I sell my farm?

A. The PFC payments may be transferred to the new owner of the farm if the new owner is willing to assume the same terms of the PFC when the land is purchased.

Q. What happens to the Production Flexibility Contract payments if I convert my farm to another use?

A. Land enrolled in a PFC must be used for agriculture or related activities. PFC payments will be terminated on that portion of the Contract Acreage that is converted to nonagricultural, commercial or industrial uses.

Q. Does a landlord have to keep the same tenant for the next seven years if they sign a Production Flexibility Contract? Does a tenant have to stay with the same landlord for the next seven years?

A. No. Landlords and tenants may negotiate and terminate their leases just as they have done in the past. The land will still be eligible for PFC payments.

Q. How will the Production Flexibility Contract payments be divided between landlords and tenants?

A. Landlords and tenants may negotiate the division of payments in their lease just as they have done with program payments under earlier farm bills. The 1996 farm bill does require the USDA to establish adequate safeguards in the division of payments to protect the interests of tenants.

PLANTING FLEXIBILITY RULES

Q. What crops may be planted on my Contract Acreage?

A. The PFC will allow any crop except fruits and vegetables to be planted on Contract Acreage. Alfalfa and other forages may be harvested on Contract Acreage without loss of payments. There are no restrictions on haying and grazing on Contract Acreage. Dry beans, for example, are considered a vegetable.

Q. What happens if fruits and vegetables are planted on Contract Acreage?

A. Farms that have been determined by FSA to have a history of planting fruits and vegetables or producers who have a history of producing fruits and vegetables may plant fruits and vegetables on Contract Acreage, but will not receive PFC payments for those Contract Acres on which fruits or vegetables are planted. Farms or producers without an FSA-established history of planting fruits and vegetables will violate their PFC if fruits and vegetables are planted on Contract Acreage. Such a violation could potentially lead to termination of the PFC and loss of PFC payments on all acres included in the PFC.

Q. Can dry beans be planted on Contract Acreage?

A. No. Dry beans are considered a vegetable for program purposes. The only vegetables that can be planted on Contract Acreage are mung beans, dry peas and lentils. Planting of any other fruit or vegetable on Contract Acreage will result in a loss of PFC payments.

Q. Are there any restrictions on what I can plant on the rest of my farm?

A. No. There are no restrictions on what crops may be planted on the non-Contract Acreage on a farm.

Q. Do I have to plant a crop on my Contract Acreage to receive my Production Flexibility Contract payments?

A. No. Landlords and tenants will have the flexibility to make planting decisions as they wish, including the decision to leave land idle. There will be no reduction in PFC payments if land is not planted.

PFC PAYMENT RULES

Q. Can a landlord receive payments in future years even if the current tenant does not want to participate in a Production Flexibility Contract?

A. Yes. However, the landlord must enroll the land in a PFC during the 1996 sign-up period since it cannot be enrolled at a later date.

Q. Is there a limit on Production Flexibility Contract payments?

A. Yes. PFC payments are limited to $40,000 per person annually. Check with your county FSA office for further details on payment limitation rules.

Q. Will I have to repay the advance payments made under the Production Flexibility Contracts when market prices increase?

A. No. Under the target price program, participants had to repay the advance deficiency payments if market prices increased unexpectedly. Since the PFC payments are fixed payments and are not tied to market prices, repayment of advanced payments will not be required when market prices increase.

Q. Will the Production Flexibility Contract payments increase when market prices decrease?

A. No. The PFC payments are fixed payments that will not be adjusted when market prices change.

Q. Do I have to idle a portion of my Contract Acreage to receive Production Flexibility Program payments?

A. No. The Acreage Reduction Program (ARP) setaside requirements were eliminated in the 1996 farm bill. Participants will not be required to idle land to enroll in the program.

Q. Will I have to repay my past Production Flexibility Contract payments if I terminate the contract and leave the program in the future?

A. No. Future PFC payments would be terminated beginning with the fiscal year in which the land is withdrawn from the program, but payments received in prior years would not be repaid.

Q. How will Production Flexibility Contract payments compare to deficiency payments under the 1990 farm bill?

A. A recent analysis by the Office of Management and Budget suggests that program spending under this program will be greater than if the target price program had been continued. Given expected market prices for the first two years of this program, deficiency payments would almost certainly have been less than the expected PFC payments. Comparisons between the two in future years will ultimately depend on market prices.

Q. Am I required to buy crop insurance to enroll in a Production Flexibility Contract?

A. No. Program participants are not required to purchase catastrophic risk protection crop insurance (CAT) to receive PFC payments, but participants who do not purchase such crop insurance must waive their eligibility for emergency crop loss assistance on those crops for which crop insurance was waived. Producers would be eligible for coverage under the Noninsured Crop Assistance Program (NAP). Producers have until May 2 to make crop insurance decisions for 1996.

Q. What will happen to Production Flexibility Contract payments after 2002?

A. In 2002, Congress will determine whether to continue this program, terminate the payments, or establish other programs in a new farm bill.

MARKETING LOAN PROGRAMS

Q. What will be the loan rates on the marketing loans?

A. Loan rates will be adjusted each year based on market prices in the previous five years, and maximum loan rates are established for each crop. The 1996 loan rates will be $2.58 for wheat, $1.89 for corn, $1.81 for grain sorghum, $1.55 for barley, $1.03 for oats, and $4.97 for soybeans. The loan rate for other oilseeds will be 8.91 cents per pound.

Q. How will these marketing loans differ from the loan rate programs used in the past?

A. As marketing loans,producers will have the option of repaying the loans at the lesser of the loan rate or a repayment rate established by USDA.

ADDITIONAL INFORMATION

Q. How can I get more information on the new farm bill and the Production Flexibility Contracts?

A. Contact your county office of the USDA Farm Service Agency for additional details on program provisions.

Q. Are there any other benefits from enrolling in the new farm program?

A. Yes. Nonrecourse marketing loans will be available for all contract commodities (wheat and feed grains) and oilseeds planted on a participating farm.