Farm bills shift crop insurance sales from USDA to private agents

Agriculture Secretary Dan Glickman recently announced that crop insurance will be available exclusively through crop insurance agents, beginning in the 1998 crop year. Previously, the catastrophic level of crop insurance (CAT) was available through both local USDA Farm Service Agency offices and crop insurance agents in 36 states.

Glickman said this decision was made after carefully reviewing the number of crop insurance agents in each state to ensure that an adequate sales force is in place to provide all farmers with CAT coverage. The 1996 Farm Bill requires USDA to transfer the sales of CAT coverage entirely to the private sector if a sufficient number of agents are available in each state to provide this service.

"While the sales and servicing of policies will be closer to the private sector," Glickman said, "this change will not weaken the existing safety net for producers. I am determined that everyone will have access to crop insurance - large and small farmers alike, especially those with limited resources, minorities and producers in all areas of the country.

"Before making this decision, private company representatives gave me their commitment to match our service in all America's farms and to assure that the highest level of risk management service is extended to everyone," Glickman said. "I look forward to this partnership. I take intent to exercise appropriate oversight over the companies to ensure compliance with their commitment.

USDA will continue to maintain all policies, establish policy terms and conditions, set rates, and guarantee funds for the payment of approved claims. The transfer begins with the 1998 fall planted crops. Policyholders will receive a letter informing them of this change in about one month. However, producers are to continue to go to the local FSA office for service on 1997 policies. This includes reporting 1997 planted acreage and production as well as any losses.

Although a producer's policy will be randomly transferred from USDA to an insurance company, producers may select another agent or insurance company if they so desire after the sales closing date for the insured crop. To ensure that all producers are served, insurance companies are required to assure all eligible crops, and provide all levels of coverage in the states in which they operate. Further, participating companies must assure all qualified applicants. Rates of administrative fees for producers who qualify as limited resource farmers is required by the Risk Management Agency and is available through private companies.

Sold products and services in these Michigan Farm News classifieds — Page 18

Cover Story

Family hopes estate planning can protect family heritage

The house, the yard, the barns, the farm records — all in perfect order. After all, Larry and Gloria Crandall are not the kind of people to leave things to chance. It is that attention to detail and careful planning that the Crandalls hope will help protect their commercial farm for future generations. But they fear that if they should die anytime soon, the federal estate taxes would cost so much that their three children would have to sell some of the farm just to pay Uncle Sam. And that would hinder their ability to carry on the 114-year-old family business.

The Crandalls milk 220 Holsteins and farm 100 acres with their 26-year-old son, Brad. Another son, 20-year-old Mark, hopes to join the family operation upon graduation from Michigan State University. They make the fourth generation of Crandalls on this land.

Larry Crandall's great grandfather settled in the area north of Battle Creek in 1869. He settled within a mile of St. Mary's Lake, now a popular spot for new home construction. Like fellow farmers across the nation, the Crandalls have experienced the effects of inflation and economic growth, "he said. "It's that attention to detail and careful planning that the Crandalls hope will help protect their commercial farm for future generations. But they fear that if they should die anytime soon, the federal estate taxes would cost so much that their three children would have to sell some of the farm just to pay Uncle Sam. And that would hinder their ability to carry on the 114-year-old family business.

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It's time to “Kill the Death Tax”

American agriculture is seriously threatened by none of the usual taxing factors in the system—the estate tax. Farm families work hard all their lives to build a successful farm operation, only to watch it pass on to the next generation. Unfortunately, that next generation is often forced to sell all or part of the farm to pay the federal estate tax, which is not itself punitive, but the succession tax that is paid on the farm by the next generation.

Currently, estates with a gross value over $600,000 must be a return within nine months of the owner's death, unless an extension is requested. The estates valued between $250,000 and $600,000 exemption as high as $55 percent for estates worth more than $5 million.

Based on estimates, Michigan taxpayers shelled out roughly $602 million in estate taxes to the national total of $17.2 billion in 1996, or average ranges from $500,000 to $1 million paid and $470,000 in estate taxes in 1995. Estates over $1 million owed an average of $755,000 in estate taxes.

According to the 1992 Census of Agriculture, 20 to 25 percent of the 65,000 farms in Michigan exceeded the $500,000 exemption threshold, which means that at some point in time, many of these Michigan farms will be subject to estate taxes. Remember, also, that estate planning doesn't work in all situations, especially in unexpected accidents.

The incidence of farm liquidation, due to estate taxes, could actually accelerate in the near future as nearly 74 percent of all farm operators nationwide are 55 years or older and control about $30 billion in assets. From an economic perspective, the correct tax rate for estate transfers should be zero. The income that was invested back into those operations was taxed when it was originally earned. The estate tax actually encourages immediate consumption, rather than saving and investing in the future.

On pages four and five of this issue of Michigan Farm Bureau News, you will find additional information about this campaign. More importantly, you’ll find stories of farm families from Michigan and across the country that are attempting to deal with the issue of estate taxes. Take a few minutes to read their stories and I’m sure you’ll ask yourself, as did, "What can I do to avoid similar problems in running our farm operation?"

You and I can do something about it. The battle for estate tax reform is getting louder across the country, and in the cities, too. To properly achieve our goal, but Congress needs to hear from you. Michigan Farm Bureau and your county Farm Bureau are part of a nationwide campaign to "Kill the Death Tax," a grassroots effort to reform the federal estate tax. Our campaign will urge Sen. Spencer Abraham, Sen. Carl Levin and your U.S. representatives to reform the estate tax, and not only be reflecting the provision is being eliminated or $600,000 or $2 million.

Our organization is committed to eventual repeal of the estate tax. At a minimum, however, we believe the provision should be raised from $450,000 million in assets to $1 million for inflation. We are still a long way from having any meaningful estate tax reform. It is important for all citizens, not just farmers, to speak up on this issue and stop the estate tax reform.

To participate in Farm Bureau's "Kill the Death Tax" campaign, simply write a letter to your member of congress, prior to July 1, directly to your county Farm Bureau. I will personally deliver the letters to Michigan Congressmen in mid-July in Washington, D.C. And, I will send a copy of the Michigan Farm Bureau Federation's Council of Presidents' Meeting to a member of your county Farm Bureau. With your help, we can convince Congress that it is time to end this unfair "death" tax now.

Jack Laurie
Michigan Farm Bureau

The fine points of grazing schools

Even though it has found no signs of "mad cow disease" in American cattle, the U.S. government banned virtually all slaughtered animal products in U.S. beefiereat food products were worried of a possible link between the feed and bovine spongiform encephalopathy. Before the ban, the U.S. government classified the disease as a "zoonosis," which is disease that can be transmitted to humans from animals. The ban was lifted in June 2003 after a study showed that the disease could not be transmitted to humans.

For many school children, it's fashionable to "go green" and "be green." But do kids really know what it means to "be green"? A study conducted in Wisconsin elementary school children found that the children were not receiving instruction on environmental issues. The study, conducted by the University of Wisconsin-Whitewater's Center for Environmental Education, Blanding, and participants will tour a grazing farm. Benefits of NRG can include improved farm

FDA bans animal products from livestock feed

The U.S. Food and Drug Administration (FDA) has banned the use of ruminants products and the use of feed pellets. The ban was lifted in June 2003 after a study showed that the disease could not be transmitted to humans.

To animals can obtain the brain eating the tissue of other infected animals. To ensure that U.S. beefiereat food products were worried of a possible link between the feed and bovine spongiform encephalopathy. Before the ban, the U.S. government classified the disease as a "zoonosis," which is disease that can be transmitted to humans from animals. The ban was lifted in June 2003 after a study showed that the disease could not be transmitted to humans. (From the Michigan Farm Bureau News, June 15, 1997. Available online at: http://www.michiganfarmbureau.org/)

ORGANIZATIONAL BRIEFS

Environmental guide reviewed

Farms, agency personnel and others interested in managed rotational grazing (MRG) should plan to attend the Great Lakes Grazing Conference, June 28 to 30, at Michigan State University, East Lansing. MRG is an economic, environmental and social method of grazing, which helps manage rotational grazing (MRG) systems. Many of today’s environmental problems stem from poor government policies and a failure to consider economic incentives. The market often is the best conservation tool available. Economics and science, however, increase in such a way that some of the so-called "improved ecological electionists" claims disappointed our environmentalists.

In his book Race to Nowhere concludes with the most frequently asked questions from children, and it provides parents with answers. A series of activities, exercises and simple observations drive these messages into the minds of children.

In summary, human creativity and technological advances are shown to be the best answers to environmental protection. Government regulations are clearly not the answer. Race to Nowhere clearly shows that the only thing we should not fear...are facts.

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Congress and President Clinton have reached agreement on balancing the federal budget by making changes called "Gramm-Rudman" in tax cuts. Among the specifics cited is to cut as part of the agreement is the federal estate tax, more aptly named the death tax. It is now up to Congress to do what it can to ease the death tax.

The current federal death tax exemption is $600,000, This exemption was established 16 years ago. Since then, the cost of living has risen and the value of the exemption considerably. If the $600,000 exemption had been adjusted annually for inflation, the exemption would be $898,000 today. It is not uncommon for a family farm estate to exceed $600,000 in value.

The value of an estate that exceeds the death tax exemption can be reduced by planning and by holding estate assets in a trust. If the estate exceeds the exemption amount of $600,000, the result of the death tax will be the permanent loss of farmland. With the balanced budget agreement and the automatic reduction of $600 billion to be reduced in the next 5 years, it is clear that Congress and the administration will continue to work on estate taxes.

Regulation and prohibition

Act amendments

bears and wolves in captivity would require a permit

Construction season.

Budget and Economic Stabilization Fund (Rainy Day Fund)

obtain shipping papers and maintaining a 24-hour emergency response telephone line.

Farm Bureau strongly opposed the proposed regulation, which would have resulted in a need for farmers to have on many farms. Further, the quantity of fertilizers, pesticides and fuel transported from farm to farm would have increased, as well as field and back by many farmers is not large enough to pose a significant risk to public health. The University of Hawaii's researchers found that the environmental cost of what the impact would be for an average farm to comply with the proposed rule change. The unintended consequence was that it would cost the average farm $2,070.

Michigan Congressman Jim Barcia (D-Bay City) introduced H.R. 1693 to provide for farm-related services in the federal budget. The current regulation requires that all farm-related services be exempt from the estate tax.

Current regulation because of the adverse impact it would have on the farm and the community. The Department of Agriculture has recommended that the number of federal milk marketing orders be consolidated into 11 orders. Currently, there are 32 orders that establish minimum prices in areas where handlers or dealers must pay producers for milk.

The department earlier had recommended the number of orders be reduced to 10. It is expected that the proposed regulation, however, following the release of updated and more detailed analysis of the distribution and procurement patterns of fluid milk processing plants. Other factors also led to the revision. The 1996 Federal Agricultural Income and Reform Act requires the Agriculture Department to

Animal rights gone wrong

12,000 mink were recently rear- released from cages at a farm near Portland, Ore., resulting in the deaths of thousands of animals, in what some in the fur industry call the largest act of "eco-terrorism" ever. As of yet no group has claimed responsibility for the break-in and release of the animals last Friday.

The farm owner, Rick Articola, said intruders bypassed an alarm system at his farm to release the animals. Articola said he was able to retrieve only about 1,900 female mink, but they will not be able to reproduce.

USDA makes milk order recommendation

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Hog rustlers targeting N.C. hog farms

Farmers in the Northeast Dairy Compact (NDC) have approved a proposed price increase for milk, which would set a minimum price to milk processors of $1.3494 per hundredweight on all milk sold for consumption in New England.

The price increase, however, is not a certainty. The legality of the dairy compact is being challenged in federal court, and a judge is expected to determine by the end of June whether the compact is constitutional.

If the judge rules in the compact's favor, the price adjustment would go into effect at the beginning of July and would last until Dec. 31. The compact then would re-evaluate the price adjustment.

NDC members approve price adjustment

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Family hopes estate planning can protect family tradition

Continued from page 1

The estate tax is levied on the value of all assets, but while some farmers may appear to hold a good deal of wealth on paper, it’s all tied up in land. Developers in the Cranfills’ area would willingly pay upwards of $2,000 an acre for land, a severely inflated price.

"It’s unreal how the prices have gone up for land,” Gloria Cranfill said. "When you look at what you paid for things and the value now, it’s scary."

"We’re trying to make a living off the land that’s here, trying to make a living for the next generation," she said, summing up her family’s situation.

While federal law allows for a $600,000 per-person exemption from the estate tax, it’s not enough to protect the family. "We’re over the exemption," Larry Cranfill said.

In anticipation of the future, they have done some heavy-duty estate tax planning in hopes of avoiding ever having to sell land upon someone’s death. They had long term plans and invested in a retirement plan. An attorney recommended non-revolvable trust insurance, which the named beneficiaries may use to pay off death taxes. This is the beginning to build equity in the cattle and machinery to allow for a smooth transition. "If you are going to keep everything in the family, you have to inherit it — you can’t afford to buy it," Brad Cranfill said. "If you have to sell it, then you can’t be in business anyway."

"We’re going to gift things over as quickly as possible," Larry Cranfill said of his children. They’ll take advantage of the $100,000 per year gift tax exemption. "We’ll transfer equity as fast as we can and keep enough of a block to be on," he said.

"With our facility, it’s old and it’s paid for", Cranfill continued. "We have very little debt. That such a carefully run business could be taxed right out of existence seems incredibly unfair to him."

"We need to reduce capital gains and increase the exemptions for estate taxes," said Larry Cranfill, emphasizing the importance of agriculture to the economy and welfare. "We’re not asking for special privilege."

If the federal estate tax isn’t enforced — and soon — Larry Cranfill and his family aren’t sure what will become of the business they’ve worked so hard to build. "We can’t afford to die," he said.

"We’re farmers, we’re not tax professionals," he said. "Farming is what we do best and it’s what we’d like to continue doing. I’d love to spend more money on increasing the efficiency of this place. But instead we have to spend time and resources trying to figure out this labyrinth of tax rules."

Cranfill does say he thinks farmers should avoid taxes altogether. "I have no complaints with paying taxes, I have just been so busy working that I haven’t been able to figure out how to deduct the right way."

Don’t forget to use your Farm Bureau VISA at NuVision’s optical centers nationwide.

Mary Hauk operates a farm market and farms with her family in Wayne County. As evidenced by the pictures of three smiling children emblazoned on her shirt, she’s also a proud mother of three.

Merry Hauk is an energetic woman who enjoys life more than running her farm market and spending time with her three young children, ages 7, 8 and 9. "It’s clear that this is the lifestyle for her. It’s also clear that she’d rather be farming than worrying about estate tax planning. Her father and a brother grow 1,000 acres of sweet corn, pumpkins and other products for the wholesale market. She farms some land on herown and runs a farm market.

Hauk, a third generation farmer, is quick to point out that her children just might comprise the fourth generation someday. Though her children have yet to reach adolescence, she wants to plan for their future and hopes there will be a farm for them to call their own. "They know that it’s here if they want it. But they’ve been told they have to work for it."

"It’s unrealistic how the prices have gone for land," Hauk said.

"Our facility, it’s old and it’s paid for.""Whatare they taxing? They’re taxing inflation," she said. "On top of that, when you have to sell off the property, you get hit with capital gains. It’s a double whammy!"

"By overtaxing the small businesses, they’ve made it very hard," she continued. "The estate tax is a big cloud hanging over a lot of farms."

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The Importance of Eyecare

NuVision was founded on the principle that great eyewear starts with professional, caring eye care. That’s why you’ll find an independent licensed Doctor of Optometry in every NuVision office. Comprehensive eye examinations and contact lens fittings are easily arranged. Simply call ahead for an appointment. Your vision records will be maintained on file for your convenience.

Once your eyes have been examined by a Doctor of Optometry at NuVision, your vision records will be maintained on file for your convenience.

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Don’t forget Member Dental or Blue Cross Blue Shield for more health care savings.
Farm Bureau's campaign to Kill the Death Tax

How the death tax affects farmers

It's a sad story we hear all too often — a farmer dies and the family is forced to sell all or part of the farm just to pay the federal estate tax. This "death tax" is unfair, centered on farmers who have already paid taxes on the land, the profits, and improvements. Here's why people are up in arms about the death tax: They are watching their daughters liquidate their farms in Washington, urging them to "Kill the Death Tax."

Last updated in 1981, the death tax can swallow up to 55% of the farm estate. Although the low exempt assets amount to $600,000 per person, the exemption is often inadequate.

If this isn't bad enough, the farm estate has been indexed for inflation over the years, the number would be much higher, at $850,000.

The planning isn't enough to save farm families from paying the high estate taxes or selling land to cover the costs. Planning costs time and money — sometimes in excess of $1,000, a sum that could be invested into the operation today.

When farmland is sold to pay estate taxes, it is often developed and leases agriculture forever.

Until estate taxes are ended, Congress should change the law to permit $2 million worth of assets, indexed for inflation, per person to pass on to future heirs. When assets are worth more than $2 million, estate tax rates should be cut in half.

What can you do?

At some time in our lives, estate taxes will affect us all. Join the nationwide effort by writing a letter to your legislators urging repeal of the death tax.

Encourage other family members and friends to write, too. One letter to Sen. Abraham, Sen. Levin and your U.S. representative is sufficient; we'll take care of the copying. Michigan Farm Bureau President Jack Laurie will collect your letters and personally deliver them to our senators and representatives in their Washington offices on July 15 and 16.

What to include in your letter

• How the death tax affects your family's ability to pass your farm on to future generations.
• That you support repeal of the estate tax or, at the very least, an increase in the exemption to $2 million, indexed for inflation.
• Ask your representatives to support this federal estate tax reform.

Letters are due by July 11. Mail your letters to your county Farm Bureau office or to Michigan Farm Bureau, Attention: Jack Laurie, P.O. Box 3560, Lansing, MI 48820-3560. Call (517) 334-9640, fax (517) 353-6494. Send a copy directly to Congress.

Questions about the campaign? Call Al Kirby, MFB's public affairs director, at (800) 292-2680, ext. 2040.

Even debt-free farms are hamstrung by death tax

Within hours after her father's 1993 funeral, a Michigan farmer and her two sisters experienced the second most devastating event of her lifetime, when the family accountant told her there was $2 million in estate taxes to pay to keep the ranch when her mother passed away.

"I was like a dazed deer looking into headlight beams. My mom's ranch was my home. We own this land. We paid this land off."

Ferris related her story to a Senate Finance Committee that was hearing testimony on the estate tax. Proposers of tax reform say it is needed to help family farms and businesses survive and promote traditional values.

Ferris told the Senate Committee that the accountant explained to her that, upon her mother's death, the heirs would be liable for $3.5 million in estate taxes — on an operation grossing only $350,000 annually.

She then talked about costly estate planning, practicing the value of an investment and the value to her elderly mother, solely for the purpose of paying off a third of the farm. That tax would still leave her family with a $2 million-plus tax bill.

Case acquires site-specific software firm

In a move that bolsters its position as a leader in agricultural technology, Case Corp. has acquired Agri-Logic, an innovative developer of software in the emerging market for precision farming.

Agri-Logic's easy-to-use software gives farmers greater control over their operations, reducing their maximum profit. The acquisition will enhance Case's Advanced Farming Systems (AFS) line of products and will complement current Case programs in precision farming, precision, or site-specific farming.

Agri-Logic's line of crop history, yield mapping, and weed control software represents a valuable farming tool. It provides strategic information that farmers use in making decisions on fertilizer, pesticide, and rotation. Applications vary from years of nitrogen and preferred planting dates.

Widespread compatibility

Agri-Logic's Instant Yield Maps give farmers for the first time an easy way to visualize yields. Field Maps and Instant Survey Professional software programs are recognized for their widespread compatibility in market share.

Recently, Agri-Logic distinguished itself by introducing the first mapping software for hand-held video game platforms using Microsoft's new Windows CE operating system.

"This new hand-held computer mapping software is a major innovation, both for agriculture and other industries," says Jim Strobl, vice-president, Case III Advanced Farming Systems. "Agri-Logic can walk fields and enter information into these computers. The geographic and agronomic data then can be used for map preparation or soil maps, integrating fully into the AFS system."

An open architecture

Serving up the solution, Strobl notes: "The compatibility of Agri-Logic products with multiple brands of precision-farming equipment is consistent with our objective of providing precision products for customer profitability. They have an open architecture that gives farmers the ability to use data interchangeably with many software and equipment.

"Case purchased Agri-Logic from Fluid Power Industries. Terms of the agreement were not disclosed."

Recently, Case Corp., which is headquartered in Racine, Wis., in a worldwide designer, manufacturer, and distributor of agricultural and construction equipment, had revenues of $4.5 billion last year. The company's products are sold through a network of 4,300 independent dealers and distributors in more than 150 countries. Case Credit Corporation, a wholly owned subsidiary of the company, services a portfolio of $4.3 billion of agricultural and construction equipment financing and leasing contracts.

Michigan cattle producers to travel to Ohio

The Michigan Cattlemen’s Association (MCA) will not be holding their typical Summer Round-up this year. The MCA has agreed to work with the Ohio Cattlemen’s Association which will be hosting the Ohio Summer Round-up and the National Round-up Committee, which meets in Sturgis, S.D., in the typical Round-up activities.

MCA has scheduled a bus tour to take any interested individuals to Ohio. The bus will be leaving on the morning of Friday, June 27, 1997 and picking up participants at designated stops in East Lansing and Ann Arbor. The bus will be returning to the Farm Bureau's campaign to Kill the Death Tax

MICHIGAN FARM NEWS
June 15, 1997

Case acquires site-specific software firm

In a move that bolsters its position as a leader in agricultural technology, Case Corp. has acquired Agri-Logic, an innovative developer of software in the emerging market for precision farming.

Agri-Logic's easy-to-use software gives farmers greater control over their operations, reducing their maximum profit. The acquisition will enhance Case's Advanced Farming Systems (AFS) line of products and will complement current Case programs in precision farming, precision, or site-specific farming.

Agri-Logic's line of crop history, yield mapping, and weed control software represents a valuable farming tool. It provides strategic information that farmers use in making decisions on fertilizer, pesticide, and rotation. Applications vary from years of nitrogen and preferred planting dates.

Widespread compatibility

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WHEAT

The U.S. wheat crop seemed to be a coma as we entered June in a production sense, prices are the pits. Check to see what the June 1 USDA Crop Production report was for wheat which was released June 12. The May report showed lower than trend yields for winter wheat, partly due to the earlier freeze damage, but that was early and this report should give us a better feel for just how much wheat we can expect.

Don’t put too much stock in, and with a decent crop coming on and more than adequate carry-in, it appears we will increase ending stocks again this year. However, as you know, when there are downside risks, I would be tempted to hold on any further forward pricing. The market has put in at least a temporary low and we really don’t know much about the world wheat crop.

However, watch the markets -- it wouldn’t take a whole lot of negative news to make it jump. Watch the upcoming Chicago September wheat futures for a rally for $4.00. Consider starting your pricing or at least wait until that, as that may also act as a limit.

SOYBEANS

September and will have been and will continue to be the most volatile of the three major crops. Lots of things are going on and it will be interesting to see how the USDA reports on them in their June 12 supply/demand report. Old crop supplies continue to be very tight as demand steps in. Crop estimates coming out of South America are lower than the May USDA estimates. The spread between old and new crop soybean prices is huge, July futures at $10.60 minus November futures at $1.90 equals $8.70. Exports keep moving along and it appears they will meet expectations by the end of August. Crop is finally showing some signs of slowing down, and it will have to in order not to run out of beans. The June 1 Stocks Report, so released June 10, could be a shocker in either direction.

Eight U.S. old crop stocks along with higher new crop acres, i.e., large potential new crop supplies, is causing the huge old/new crop price spread. This is due to the market's need to make adjustments and rationing. It also creates a situation that makes it difficult to ship tonnage soybeans into the U.S., even though they will need beans themselves in the fall to keep their crushing plants going and filling that demand. What are they doing is selling high priced beans to the U.S. market now and replacing them with our new crop beans which they will import late. The spread will not only pay for transportation, but will make them money in the U.S. This is also why we see some unwinding of this large spread. It also means more U.S. exports in the next crop year.

Old-crop soybean prices are good, the basis is tight. It’s hard to justify holding on so much, if any. Use a basis contract if you do, and don’t play with a lot, you might be leaving money on the table. Could be the fact we have reasonable prices now, and old is low prices will far less under producer’s costs of production with reasonable yields. Also, there is upside potential or weather scares. If you have 25%-30% of your new crop priced, consider holding a bit to see how your crop is coming along and if we have. If November futures prices do rally back over $10.70, then try to start pricing some more. You may also want to do as dollars increase. Also, if October futures fall below $8.50, it may mean a run in the other direction. For those who have


do have your crop left, there isn’t much to do but pay more for the future. Of course, if November falls below $6.90, it would indicate the longer-run price picture next year.


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do have your crop left, there isn’t much to do but pay more for the future. Of course, if November falls below $6.90, it would indicate the longer-run price picture next year.
Increasing numbers of farmers are adopting technologies associated with precision agriculture and taking their crop production systems into the 21st century. Thanks to the most significant crop production advances in the last 50 years, precision agriculture has the potential to revolutionize the way farmers collect, analyze, and use information about their crops and land. But farmers eager to jump on the precision agriculture bandwagon may wonder how to get started.

The first step is finding an ag retailer who can put this new technology to work for the farmer. The retailer must have technical expertise to help the farmer understand and use the key precision agriculture tools: geographic information systems (GIS), the global positioning system (GPS), variable rate technology, database management, grid and soil sampling. These tools allow farmers to collect huge amounts of detailed, site-specific data. The retailer should have skilled database managers and interpreters, with agronomic knowledge, who can work with the farmer on analyzing the data and making effective crop management decisions. The retailer also should have the ability to create site-specific management plans with tailored cropping prescriptions designed to maximize production and precisely manage crop inputs.

Terra tells farmers who want to take advantage of our Precision in Agriculture program that there are basically two ways to get started with precision agriculture: collect site-specific, georeferenced yield data in the fall or collect detailed grid soil sampling data in the spring. Site-specific yield monitoring is accomplished during harvest when a combine is equipped with a yield monitor and a global positioning system. As the combine moves through the field, yield data is recorded on a hard card in the yield monitor and georeferenced by the global positioning system. The farmer or his ag retailer can later retrieve the data from the hard drive to create a map that visually shows yield variations within the field.

A qualified ag retailer can provide the farmer with valuable advice and experience on setting up, calibrating, and operating the hardware and software required for georeferenced yield monitoring. On many issues, such as the source of the differential GPS signal (local FM stations or U.S. Coast Guard beacon), the farmer can rely on the experience of ag retailer’s knowledge of what has worked best for other farmers.

Pat Trail, Terra’s croppingsystem adviser based in Marshall, Mich., tells farmers not to wait until fall to start implementing georeferenced yield monitoring. He says late spring or early summer is when a farmer needs to begin putting together the system he will use in the fall. Spring gives the farmer an opportunity to take advantage of another component of precision agriculture: grid soil sampling data. This is probably the most important part of precision agriculture. Soil variability within a field has an impact on yield variability. GPS technology allows the farmer to accurately map the outline of a field and to divide it into grids no larger than 2.5 acres. GPS also precisely “marks” the location of each soil sample taken within the grid system.

Information from an analysis of each soil sample forms the basis of an extensive database that documents such variations as nutrient level, soil type and pH across an entire field. The farmer or his ag retailer can use GIS to convert this data into a map that provides a detailed picture of soil conditions. This allows the farmer to begin identifying and managing a majority of the variables in the field with precise applications of fertilizer, lime, micronutrients, seeding rates, pesticides, etc. - all guided by GIS and an application prescription developed by the ag retailer.

Precision agriculture technology helps a farmer identify and quantify variability in his crop production system. It also helps a farmer manage that variability to improve his bottom line. The key to effectively identifying, quantifying and managing the variability is an extensive database of georeferenced information. An adequate database must contain information collected over three to five growing seasons. Each year that passes without collecting precise, georeferenced information represents a lost opportunity.

So when it comes to adopting precision agriculture technology, sooner is better than later.

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- **Market Outlook**
- **The Wheat Team**
- **Precision Agriculture**
- **LSI**
- **Genesis Ag Ltd.**
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Precision Agriculture

Farmer independence and data compatibility

by Neil R. Miller

Just a year ago, only one elevator in Michigan offered a variable rate application service using GPS for guidance (Grower Service in Birch Run). Today there are nearly a dozen, using various software/VRT systems. Yield monitors have also proliferated with at least six different brands currently used by farmers in the state. What issues do these new options raise?

Farmer Independence

Let's say you're a 1500 acre farmer. You've spent $8.00/acre to have your soils sampled with GPS and $8,000 on a yield monitor. Your crop consultant produces fertilizer recommendations that your local elevator can apply using a variable rate (VRT) spreader. Several months later the elevator manager leaves, and you don't see eye to eye with his replacement. Other area elevators also offer custom VRT services, but their systems aren't compatible with your data. You're forced to work with an unacceptable supplier or walk away from a $20,000 investment!

Before you invest in GPS equipment or services, make sure you understand what other systems your data will be compatible with. This issue is complex enough that your local consultant or elevator manager may not even know what all systems are compatible with. The following sections provide some general guidelines, but I would be happy to answer specific compatibility questions to help you profit from this technology without unknowingly sacrificing your independence.

Geographic Information System (GIS)

These are computer programs used to take in geo-referenced data from various sources, process them, and generate recommendations or prescriptions which can be applied with VRT equipment. A GIS functions as the central clearinghouse through which data must flow (figure 1). To understand your specific compatibility issues, therefore, you must first find out what GIS software your local provider is using.

Yield monitor data compatibility

 Virtually all yield monitor systems produce files that transfer easily to most GIS programs. Once they are processed by a GIS, however, they often will not transfer to another GIS. Thus, make sure to always keep backup copies of your original, unprocessed yield data.

Georeferenced soil test data may or may not transfer to GIS software programs. For example, Agri software, being used by various parties in the state (see figure), can export many data formats, but it has a limited ability to take in data generated from other systems. Rockwell and Soil Teq software, on the other hand, can take in various data sources, but have few export options.

VRT controller software compatibility

Prescription maps used in VRT spreaders must be generated by a GIS. These data transfers are limited by the same compatibility limitations as soil test data. Software developers are working hard on both import and export capabilities, but at present one needs to plan carefully if they intend to write prescriptions for different systems. We as a company have gone to considerable expense to develop a system that is compatible with all VRT services currently available in the state.

Record-keeping software compatibility

Most farm accounting and record-keeping systems cannot currently transfer data to and from GIS programs. Several companies, including Agri-Logo/CASL and Agri, are working hard and will likely achieve this in the next few years. At present, however, your options are limited.
**Weather Outlook**

by Dr. Jeff Andresen, Agricultural Meteorologist, Dept. of Geography, Michigan State University

New climatological records for the month of May were set across Michigan and much of the northeastern U.S., as mean temperatures dropped to as low as 2 degrees below normal. Combined with cooler than normal temperatures in April, the spring season of 1997 (March-May) will likely also go into the record books as among the coolest on record. The cool weather has delayed growth and development of most crops, with seasonal growing degree day totals falling 5-4 weeks behind normal by the end of May. On the bright side, several dry spells during the month allowed spring planting to proceed at a rapid pace, and warm weather in a few June days led to germination and emergence of many crops.

The cool weather across Michigan during the past several weeks is due primarily to persistent northerly or northwesterly flow aloft, allowing a series of cool, Canadian-origin air masses to move into the region. The persistence of the pattern has been extremely unusual for this time of year, as evidenced by the record nature of the temperature anomalies for the month. At the beginning of June, the basic features of the upper air flow were still present. However, most recent medium-range guidance suggests a change may not be too far away. Given the current growing degree day deficits, one should expect to see a much wider time window for upcoming phenological events (e.g. bloom stage lasts longer than in most years) than in "normal" years, and a rapid burst of growth and development should the current cool weather be replaced by heat.

**Glickman names new FSA administrator**

Agriculture Secretary Dan Glickman has named Keith Kelly as the new administrator of the Farm Service Agency. The new FSA administrator, Keith, Kelly has served as the new administrator of the Farm Service Agency. Keith was born on the farm, and he’s been fighting for American agriculture ever since," said Glickman. "Given all the challenges facing the agency—from civil rights to reorganization to the new farm bill—FSA needs strong leadership. They will get that in Keith."

Keith, a graduate of Montana State University, has spent a good portion of his career working to rewrite the public sector. He was appointed the first director of the Arizona Department of Agriculture in 1991. From 1981 to 1988, Keith served as deputy director and director of the Montana Department of Agriculture. He also served as administrative assistant to the Montana Governor from 1987 to 1990.

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This crummy spring may cause problems later in the season

...continued from page 9

Cold weather has delayed crop growth throughout the state. Farmers were recently able to cut hay but much other field work will have to wait.

The latest long-range outlook by the Climate Prediction Center in Washington, D.C., suggests that the next few months will consist of normal temperatures and rainfall, but then a return to below normal temperatures and above normal precipitation will occur.

The overwintering numbers tell us that there is a potential for a large number of adult moths, but it does not necessarily predict what will happen with the first generation of larvae," Di Fonzo says. "She adds that the ECB problem last year was one of the worst on record in Michigan and the rest of the Corn Belt. They tend to run in a five- to 10-year cycle, with a couple of years being really bad before the population declines to a point where it is not really a problem for five or six years," Di Fonzo says.

Because the European corn borer population was so high last year, many more larvae than normal are present this year, according to MSU Extension entomologist Chris Di Fonzo.

The survey results are official USDA estimates. The survey will be conducted at random sites throughout the state where growers are relying on to retard spoilage and to enhance appearance.

The information requested includes chemicals used, amounts applied and when and how chemicals are applied after harvest. These chemicals are relied on to retard spoilage and to enhance appearance. The information gathered will be used to set State and national estimates of post harvest chemicals used.

Currently there is little data available on the extent of pesticides applied to apples and potatoes after harvest. The National Agricultural Statistics Service (NASS) of the United States Department of Agriculture (USDA) will be surveying apple and potato growers, storage operators, packers and processors in major producing States. The Federal/State Michigan Agricultural Statistics Service will be conducting the survey in Michigan.

The information gathered will be used to set State and national estimates of post harvest chemicals used.

This crummy spring... may cause problems later in the season. Yes, this is one crummy spring... maybe one for the record book. Yes, the cold weather may cause crop problems before and at harvest. Yes, meteorologists know the mechanism causing this weather and no, they don't know why it's happening.

As of the third week in May, our growing-degree-day accumulation (an index indicating how much warmth has been available for crop development) was from two to three weeks behind normal, and that may be somewhat conservative," says Jeff Andresen, Michigan State University Extension agricultural meteorologist.

"We are behind about a week from where we were last year at this time, and for some crops in some cases, the phenology (rate of development) is the most delayed since the early 1980s," he adds.

The problem for the coolness is the northwesterly to northerly flow of the jet stream, which has funneled northern Canadian and even Arctic air masses over the Great Lakes because the jet stream has not yet contracted into Canada to allow air masses from warmer origins to overflow Michigan.

Andresen believes that the current period of cool, damp weather, now some six weeks long, will soon change, and when it does, it could bring erratic pests — insects, diseases and weed growth — that could have growers scrambling to keep up with crop management demands.

"Here we are at the end of May when 80-degrees temperatures should not be uncommon, and everything is pushed back several weeks," Andresen says. "Should conditions change rapidly from below normal temperatures to above, events may happen so rapidly that there may not be time to get everything done that needs doing. Growers could be overwhelmed."

"The latest long-range outlook by the Climate Prediction Center in Washington, D.C., suggests that the next few months will consist of normal temperatures and rainfall, but then a return to below normal temperatures and above normal precipitation will occur."

"The cold weather in agriculture has become an issue, but we cannot find a major change," Andresen says. "It has not been demonstrated in the statistics, although as we continue to search, we may find an indication of a shift or change. At this point, we don't know."

He says, however, there is evidence that Michigan is having more wet days than it did 50 to 60 years ago and that rainfall tends to be heavier when they occur.

The survey results are official USDA estimates. The survey will be conducted at random sites throughout the state where growers are relying on to retard spoilage and to enhance appearance.

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Feasibility of alfalfa processing to be conducted

Since 1999, sugar beet yields have fallen off by as much as four tons per acre in the Saginaw Valley and Thumb Areas of Michigan. As a result, the Sugar Beet Advancement Committee was formed in December 1996, to identify possible causes for this decline in yields and to look for possible solutions.

Producers are also concerned about the increasing compaction in the fields as a result of the utilization of the corn, dry bean and sugar beet rotation. This short rotation combined with the elimination of legume production and heavy trafficking has resulted in tightly compacted soils.

One solution offered for improving the soil's condition and re-storing lost sugar beet yields is to reintroduce alfalfa into the rotation. Over the years, alfalfa has been excluded from the rotation, a constant profitable market to feedlots and protein supplement manufacturers. There are two products produced at these processing facilities. The first is "dehy" which is a product produced from alfalfa that is field wilted, and the second type of product is called "sun cured." Both are artificially dried and pressed into pellets. Farmers in Minnesota formed a cooperative over a year ago to process alfalfa. They bought an existing pelleting plant at Prisum, Minnesota, and received a $4.2 million grant from the U.S. Energy Department to look at utilizing the streams in the production of electrical energy. More than 800,000 shares have been sold. Their pellets are being sold to feed companies and shipped overseas.

According to the American Alfalfa Processors Association, the average processing operation processes 20,000 to 25,000 tons per year with a few in the 50,000 to 100,000 ton range. A committee representing producers, sugar beet processors and ag industry was formed to oversee the project. The committee has visited Agritech, Inc., Columbus, Ohio, to conduct the feasibility study. Additional financial support for the study is being provided by the Huron County Economic Development Corporation.

The goal is to have the final feasibility report available by early to mid-September. A meeting will be held with producers and industry representatives to review the feasibility study later this year. If the feasibility study appears positive and if there is positive producer and industry support, the committee will continue to plan the project, including the development of a business plan.

If the alfalfa venture proves to be feasible, it could have an important economic impact on the region. In 1995, there were 190,000 acres of sugar beets grown in Michigan. If a crop such as alfalfa was to be reintroduced into the rotation, returning the soil silt and regaining its useful characteristics, the sugar beet yield could increase by as much as four tons per acre in the Saginaw Valley and Thumb Areas, bringing the total of sugar beets grown in Michigan to nearly 240,000 acres. In this scenario, the average processing operation would produce between 30,000 and 40,000 tons per year, which could increase Michigan beet sugar production by as much as 120,000 tons. This is based on a per ton income of $40. In addition, alfalfa at six tons per acre, can compete economically with dry beans, corn and soybeans.

For more information, contact the MSU Extension-Project Office in Huron County at 517-220-6099.
Fund for Rural America to assist new value-added cooperatives

T
he U.S. Department of Agriculture is accepting proposals for $1.7 million which will be used to support development of cooperatives that produce value-added potato products. The money is being made available through President Clinton’s Fund for Rural America—a three-year, $100 million effort to improve the economy and bring standards in the nation’s rural areas.

“USDA has a long history of supporting cooperatives that help farmers and other rural residents help themselves by marketing and processing their own crops, livestock, and fisheries,” said Agriculture Secretary Dan Glickman. “The Clinton Administration and USDA are increasing federal support for the development of new cooperatives which produce value-added products, thereby enabling rural people to keep more of the profits derived from their labor.”

Federal, state or local agencies and institutions of higher learning, or nonprofit development organizations can apply through July 31, for the competitively awarded, cooperative agreements. Funds will pay up to 75 percent of the cost of a development project. The applicants must make a cash or in-kind contribution derived from non-federal funds.

The Fund for Rural America is providing $100 million annually in each of the next three years for a wide variety of rural economic programs. “This program delivers on President Clinton’s commitment to expand economic opportunities for rural Americans,” said Bill Jefferson, Under secretary for USDA’s Rural Development mission area. “It’s an example of how small farmers in this country can be enhanced by value-added cooperatives, keeping more of their profits at home in cooperative businesses farmers own.”

Cooperative development proposals should be sent to: Dr. Randall E. Ferguson, Deputy Administrator for Cooperative Services, Rural Business-Cooperative Service, USDA, Stop 3250, Room 4016-S, 1400 Independence Ave, SW, Washington, D.C. 20250-3250. For more information, call John Wells at (202) 720-5590 and request information on the Cooperative Value Added Program.

Wheat 2000 sponsors technology tour

A unique tour on Wednesday, July 9 at 9 a.m. will be held looking at production practices and research related to high management wheat production. Large and small plot trials will be toured on a 40-acre field.

Stations to be toured:

- Wheat 2000 Grower Records and Scouting, What have we learned?
  Jim Haas, Star of the West Milling Co.
  Stuart Reinbold, Plot Cooperator
- MSU Wheat Variety Trials
  Dr. Rick Ward, MSU Wheat Breeder
- To Be Announced, Pioneer Wheat Breeder
- Wheat Disease Control Trials
  Dr. Pat Hunt, MSU Plant Pathologist
  Erick Goldman, Novartis
- Trinolines, Nitrogen Strategies, and Infrared Photography
  Dr. Larry Copeland, MSU Crop & Soil Science
  Marc Hooper, Growers Service
  Jeff Reinbold, Terra International
- Wheat Population, Clover Establishment and Soil Health
  Dr. Richard Hammons, Montana Sustainable Ag Chair
  Steve Reinbold, MSU Field Crops Agent
- Wheat Market Update - Using the Crop - Panel of End Users and Processors
  Dr. Jim Miller, MSU Agricultural Economics
  Jim Thurs Stine, Wheat Coordinator/Wheat 2000

- Wednesday, July 9
  Starts promptly at 9 a.m. until 12:30 noon
  Reisown Acres, Located 1 mile north of MI-46 on M-44, 1.5 miles west on James Road (934 James Road)
  Reis will be served at 12:30 noon. Call by Monday, July 7 for reservations (+313) 799-2255.

MDA to assist Michigan potato growers who participate in USDA’s Potato Diversion Program

The Michigan Department of Agriculture (MDA) will waive charges to potato growers for MDA inspections, travel time and mileage for those growers who participate in the 1997 United States Department of Agriculture’s (USDA) Potato Diversion Program.

The Potato Diversion Program pays potato growers to divert 1997 potatoes (all types and varieties except sweet potatoes) to charitable institutions and livestock feed. The USDA activated the program to take care of a nationwide surplus of potatoes from the 1996 crop.

The USDA announced that the amount of potatoes in storage (as of May 1) is 15 states are 32 percent greater than the same time last year. Storage reports indicate that production this year is up 65 percent compared to last year.

The 1997 Potato Diversion Program went into effect on May 29. In order for producers to be eligible for payment under this program, the potatoes must be donated to a USDA-designated charity, or used for livestock feed. All loads must be inspected by MDA or USDA inspectors.

Growers are responsible for transportation and other costs when diverting potatoes to livestock feed. USDA will arrange and pay for the transportation of potatoes diverted to charitable organizations.

USDA began accepting applications May 29. The program will run for 60 days. Approval of a request will be based upon the availability of funds.

For additional information growers should contact their local USDA Farm Service Agency.

Gemppler’s new F.A.R.M. reflector kit helps reduce roadway accidents

Gemppler’s, Inc., offering the latest in reflective marking kits for slow-moving vehicles to help reduce the number of these accidents by enhancing visibility.

The F.A.R.M. (Fewer Accidents with Reflective Material) kit includes: one enhanced Slow Moving Vehicle emblem, two 36 inch strips of red reflective tape, two 26 inch strips of orange fluorescent tape, and four inch strips of yellow retro-reflective tape, and mounting instructions.

The SMV emblem is a self-adhesive triangle that can be placed directly over old, faded SMV signs. Its fluorescent, triangular center is made of a new, long-lasting material that glows nearly one-third brighter during the day and resists fading and cracking. The new, red SMV border of retro-reflective tape is 10 times brighter than the older tape and provides up to one mile of viewing distance.

For $15.00, farmers can get a F.A.R.M. kit that will mark one piece of machinery.

Contact Gemppler’s, Inc., P.O. Box 270, Mt. Hope, WI 53572. Ph. (800) 382-8473, Fax (800) 551-1128.

FAR.M. reflector kit helps reduce roadway accidents

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We’re also working with key agricultural organizations like Michigan State University Extension and the Michigan FFA on issues that impact your productivity and profitability.

For questions about animal contact current, call 1-800-252-8658.

For other service questions, call 1-800-477-5050.
Ford announcement good news for corn producers and the environment

The Ford Motor Company announcement to produce 250,000 E-85 vehicles over the next four years is good news for Michigan corn producers, according to Michigan Farm Bureau Commodity Specialists Bob Boehm. He predicts the Ford E-85 vehicles, which can burn a mixture consisting of up to 85 percent ethanol, will prompt Chrysler and General Motors to follow suit.

"It's been a long-standing battle, kind of the chicken or the egg question, to try to have enough fueling stations to support a fleet of cars or to have enough cars to support a number of stations," Boehm explained. "Ford's decision to go forward with a broader production of flexible fuel vehicles will put a large number of vehicles on the market and in the hands of general consumers, as opposed to just the current fleet market. Ultimately, it'll promote the development of an expanded number of fueling stations throughout the country."

Currently, the only E-85 fueling station in Michigan is located in Lansing at the state's secondary complex to provide fuel for a fleet of E-85 state cars. Boehm says Michigan corn growers are working to establish a station in Detroit close to the fleet in that area as well as another station in the Lansing area to service a broader state. Eventually, Boehm hopes the demand for ethanol-blended fuels will encourage conventional gas stations to offer consumers the ethanol alternative.

"(Ethanol availability) will have to be transparent to the consumer," Boehm said. "They'll need to be able to pull into a regular gas station and buy an E-85-blended fuel just as they would buy a different grade of gasoline like they can today."

The Flexible Fuel Vehicle (FFV) will rely on a 1-4 engine capable of running on any combination of ethanol and gasoline up to a mixture of 85 percent ethanol and 15 percent gas or it can operate on 100 percent straight, unleaded fuel.

The announcement is expected to stall congressional efforts to eliminate the excise tax exemption for ethanol-blended fuels. Congress will react an effort to repeal ethanol's three-cent-per-gallon excise tax break in a border effort by farm state lawmakers stopped Rep. Bill Archer's plan to eliminate the tax break. Archer (R-Texas) is chairman of the House Ways and Means Committee.

"As the volume of ethanol increases and we continue to improve the technology to produce ethanol and we continue to improve the technology on the farm to produce the corn more efficiently, the price of ethanol prices will become an even more competitive vehicle fuel," Boehm said. "We need to retain the ethanol production incentives long enough to keep ethanol in volume to be able to support the new demand that will arise from these added vehicles on the market."

MDA division directors accept new responsibilities

Michigan Department of Agriculture (MDA) Director Dan Wyant today announced that several MDA division directors have accepted new responsibilities as part of the department's reorganization.

"Some appointments were made to replace career employees who have chosen to participate in the state's early retirement program, while others take on new responsibilities as programs are linked and consolidated in an effort to address current and future issues in agriculture and related industries," Wyant said.

The appointments include:

- **Margaret Cooke**, Director of the new Market Development Division and the Communications & Emergence Management Division, for which Cooke served as Director. The emergency management function is included in the new division along with responsibility for marketing Michigan's food and agricultural products, agricultural publications and management of public information. Cooke has been with MDA since 1974 when she was appointed Director of the Press & Public Affairs Division. Prior to joining MDA, she was Executive Director of the Michigan Women's Commission and held several positions in the private sector.

- **Robert Craig**, Director of the new Office of Agriculture Development. The Office of Agricultural Development brings together a variety of economic development programs that have been housed in several divisions throughout the department. The office will aggressively pursue new economic opportunities for the food and agricultural industry as well as work to retain and expand existing businesses. Craig formerly served as the Department's Director of Agriculture Policy and Special Projects. Before coming to MDA in 1991, he worked as an agricultural economist for the Michigan Farm Bureau.

- **Karla Whalen**, Director of the new Food and Dairy Division. The Food and Dairy Division combines the resources of the former Food Division and Dairy Division into one unit with the primary responsibility for food safety. MDA's number one priority. Programs that ensure the quality of the state's dairy products, and maintain quality standards at food processing facilities, grocery stores and restaurants are all housed in this division.

- **Pedder Fowler**, formerly served as Director of the Market Development Division and Manager of Pesticide Programs for the Pesticide and Plant Pest Management Division. She has been with MDA since 1980.

- **David Pike**, Director of the Finance and Technology Division. The new division brings together the former Finance Division, which handled all MDA's financial transactions, purchasing and accounting functions; and the former Internal Operations Division, with primary responsibility for MDA's technology needs. The combined division will be responsible for all administrative functions, except personnel and purchasing.

- **Ruby Means**, Director of the new Pesticide Programs Division. Ms. Means served as analytical coordinator of a special PBB unit during the 1970s and was then promoted to Chemical Coordinator of MADA. A new division of Environmental Stewardship has also been formed combining programs related to pollution prevention, soil and water conservation and inter-county drains. Barbara Hensinger is serving as Acting Director of this division until a permanent director is chosen.

"These individuals bring a wealth of experience and strong management skills to their new responsibilities," said Wyant. "They are helping to reshape government for the new century by making it more responsive to the needs of Michigan citizens and the agriculture industry."

"These new appointments go into effect immediately."

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The great American housefly: aka the barnyard pest

by Kara Endsley

With the onset of summer comes a myriad of houseflies. Not only do they invade your homes, they are a nuisance for animals and caretakers. Entomologists and commercial insectics are offering a biological control alternative: the black dump fly. This shiny black fly is compatible in size to the housefly, but their indifferent behavior leaves them quite inconsiderate.

"They don't tend to bother humans or animals. If you walked into a room with them, they could care less if you were in there," said Jerry Hogsett at the MSU Agriculture and Veterinary Entomology.
The black dump fly larvae kills houseflies. "They will feed on a number of houseflies, and once they get past the point of feeding, they'll continue to kill," Hogsett said.
The black dump fly has proven to be an effective, non-toxic control. Large poultry, swine, and dairy operations can spend $5,000 to $10,000 each year in chemical pestidde control. An Ann Arbor company, Koppert Biological Systems, sells the black dump fly in two packages at a cost of $14.74 for a 207 square foot building and $7.70 for a 40 square foot building. Koppert General Manager, Willem Verkerk, recommends releasing the flies four to six times in order to establish the population. The total cost of implementing the dump fly with its applications would be roughly 11 cents per square foot.

Once the black dump flies are implemented, it will take three to four weeks until a decrease in the housefly population is noticeable. "Be on the lookout for the adult flies. We are killing the offspring, so you have to allow the adult flies to die out," Verkerk said.

Dumpy populations may need to be replenished every few months to every few years. "We don't think that each place will be exactly the same because there's different management practices influencing the insects," Hogsett said.

Michigan veterinarians bring some relief from bothersome houseflies, but they survive the cool months only to amass in full force in the spring. Unfortunately for them, the dump flies survive as well.

"We have seen the dump fly establishing itself more or less. The numbers may not be high enough in the next spring, but you can get away with fewer interventions the next year because there's always some that stay around," Verkerk said.

The dump fly and the common house fly have similar predators, such as beetles, mice and parasitic wasps. An existing predator may kill the dump fly, but it will also kill the house fly, thus eliminating any need for the dump fly.

Since the dump fly doesn't bother humans or animals, they offer little threat for disease transmission. "They could potentially transmit the same diseases as the housefly, but they are not as likely to because of behavioral differences," Hogsett said.

The black dump fly can continue to survive even after the housefly is eliminated. The larvae lives in a substrate. "If there's other fly larvae in the substrate, they'll kill them. If there's nothing else there, they'll subside on the nutrients in the manure," Hogsett said.

"If other houseflies show up, they'll take care of them," Hogsett said.

Houseflies are best controlled in poultry and swine operations. "Black dump flies seem to do the best in environments that are low in fiber and high in moisture," Hogsett said. Cattle, horse, sheep and goats maintain a high in fiber and low in moisture to adequately support dump fly populations.

There is still hope for dairy producers. "Gales are essentially animals that put out very low fiber mums, so dump flies do very well in calf mansions," Hogsett said. When starting to see the flies dance on the dairies that we could establish dump flies on farms., Hogsett said.

The black dump fly is driven in large masses that are not frequently emptied. Rinses that clean them out once a week or every two weeks really can't use this fly because it cannot complete its life cycle. The dump fly life cycle is 10 to 14 days. Flies produced commercially are grown on artificial, grain-based diets. The flies are grown in the United States and Europe. Koppert, in Ann Arbor, receives flies from their mother company in Holland.

Although the dump fly is often ignored abroad and shipped to the United States, it is a native fly. "This fly was originally found to be native between Argentina and Oregon," Hogsett said. "In the 60s it was taken to Europe through commerce."

Anyone interested in purchasing the flies can have them sent to them by mail. For information, contact Koppert Biological systems at (313) 995-5960.

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Call 1-800-CORN-SAFE
Discover how Permit can help you beat down on tough weeds, without the fear of corn injury.

For more information, call 1-800-CORN-SAFE (1-800-267-6723).
Record hay prices

Prices received by Michigan and U.S. farmers for April 1997 and mid-month prices as of May 15, according to the Federal-State Michigan Agricultural Statistics Service are given in the table below.

**Michigan Highlights**

May price increases were noted for hay, potatoes, and soybeans, while dry beans, corn, oats, and winter wheat were down from the previous month. Stock feeder and hog prices were higher in May, while egg and milk prices decreased since April. Hay prices continue at record levels and exceed the previous record established in the winter and spring of 1989. Potato prices remain well below last year.

Comparing prices received in May was 107 based on 1990-92

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### PRICES RECEIVED BY FARMERS, MAY 1997

<table>
<thead>
<tr>
<th>COMMODITY AND UNIT</th>
<th>MICHIGAN</th>
<th>UNITED STATES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beans, dry edible, cwt.</td>
<td>20.00</td>
<td>20.90</td>
</tr>
<tr>
<td>Corn, bushels</td>
<td>2.75</td>
<td>2.90</td>
</tr>
<tr>
<td>Hay, all, tons</td>
<td>123.00</td>
<td>117.00</td>
</tr>
<tr>
<td>Oats, bushels</td>
<td>2.30</td>
<td>2.49</td>
</tr>
<tr>
<td>Potatoes, cwt.</td>
<td>6.20</td>
<td>6.10</td>
</tr>
<tr>
<td>Soybeans, bushels</td>
<td>8.40</td>
<td>8.26</td>
</tr>
<tr>
<td>Wheat, winter, bushels</td>
<td>3.50</td>
<td>3.73</td>
</tr>
<tr>
<td>Cattle, steer</td>
<td>58.30</td>
<td>53.90</td>
</tr>
<tr>
<td>Heifers, cwt.</td>
<td>63.50</td>
<td>63.30</td>
</tr>
<tr>
<td>Calves, cwt.</td>
<td>56.00</td>
<td>57.00</td>
</tr>
<tr>
<td>Cows, slaughter, cwt.</td>
<td>37.50</td>
<td>38.20</td>
</tr>
<tr>
<td>Eggs, dozen</td>
<td>0.460</td>
<td>0.460</td>
</tr>
<tr>
<td>Hay, wet, $/ctn.</td>
<td>50.30</td>
<td>53.50</td>
</tr>
<tr>
<td>Milk, all, cwt.</td>
<td>13.40</td>
<td>13.60</td>
</tr>
<tr>
<td>Steer, calves, cwt.</td>
<td>63.50</td>
<td>63.30</td>
</tr>
</tbody>
</table>

1 Mid-month price.
2 Entire month weighted average price.
3 Not published due to insufficient data.

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Choosing the best herbicide additives

Designer crops of oil concentrate (DOC) or methylated seed oil (MSO) can make post-emergence herbicides work better, especially under adverse weather conditions. But with about 200 different adjuvants on the market, choosing the right one isn't always easy.

There is no Consumer Reports rating individual adjuvants, says John Nalewaja, a researcher with North Dakota State University who has worked with adjuvants since the 1960s.

According to Nalewaja, the performance of an adjuvant varies according to the herbicide used. In the case of Assure, for example, Nalewaja says potassium oils work best, but vegetable oils are antagonistic. Blader, on the other hand, works well with vegetable oils, but not petroleum oils.

Variations in adjuvants performance also occur because some herbicide formulations already contain enough adjuvants to improve spray. Other herbicides are specially formulated to enhance the performance of additional adjuvants. For example, Plexar herbicide is formulated with lithium technology. According to Chuck Penner, technical specialist with Zeneca Ag Products, lithium forms a unique link between the active ingredient in Plexar and the adjuvant that is added to the tank. As the adjuvant facilitates movement through the cuticle, the linked active ingredient rapidly penetrates the underlying leaf tissue.

While no two adjuvants work exactly the same, most fall into one of three categories: surfactants, oils and fertilizers.

Surfactants, also known as wetting agents, include non-ionic surfactants (NIS). These help spray droplets stay on the leaf surface instead of bouncing off. Some surfactants also make it easier for the droplet to spread out on the leaf, which can be beneficial depending upon which herbicide you use.

"With oil-soluble herbicides like Razon, spreading can help," says Nalewaja. "With water-soluble herbicides like Touchdown, you're better off with a surfactant that does not promote spreading." A second category of adjuvants is oils. There are petroleum-based, vegetable-based (including COC) and methylated vegetable-based oils (including MSO).

"Oils are not as good as surfactants for improving droplet retention," says Nalewaja. The main function of oils is to enhance uptake of the herbicide after it has hit the leaf. The right oil with the right herbicide will help the active ingredient get into the plant faster and do a better job," Nalewaja notes. "That's also an advantage for herbicides that sit in the sun and can be broken down by sunlight."

Fertilizers make up the third category of adjuvants. Like oils, nitrogen fertilizers can improve herbicide penetration into the leaf. Ammonium sulfate and nitrogen solutions are particularly effective when certain herbicides are mixed with hard water.

Choosing the best adjuvant for your post-emergence herbicide program, Michigan State's Don Penner advises starting with the herbicide label.

When the label gives you more than one option, Penner and Nalewaja offer these guidelines for choosing the best adjuvant.

- Use MSO if it's on the label and you're spraying grasses. Penner has found that MSO works better than other adjuvants on grass species. The exception is when you're tank-mixing a post-emergence grass herbicide with a post-emergence broadleaf herbicide. Don't use MSO if it's not specifically recommended on both labels, says Penner.
- If the label gives you a choice between MSO and NIS, choose NIS under normal weather conditions and MSO if the plants suffer from drought stress. "MSO will give you greater penetration under conditions of drought stress when the plant develops a thick, waxy cuticle," explains Penner.
- When using NIS, Penner says you should get the final concentration in the spray tank up to at least 0.25 percent. For MSO, get the final concentration up to at least 0.5 percent.
- Don't add fertilizer unless it's specified on the label. "The addition of fertilizer seems to help most on velvetleaf and sunflower," says Nalewaja. "You can also get big enhancements in control by adding ammonium sulfate to roundup or Touchdown."
How value-added co-ops are really working in Michigan

June 1997
A monthly resource for the Community Action Groups of Michigan Farm Bureau

It seems the agriculture industry has been inundated with information about "value-added" or "new-wave" cooperatives. These cooperatives may sound like a great idea for someone else, but might seem far off for many farmers.

Basically, a value-added cooperative is a business that in some way processes a commodity to add value to it. A good example is a facility that processes soybeans into soy oil. The oil and byproducts are more valuable than the raw soybeans that originally entered the plant, therefore, value has been added.

The latest trend is for farmers to own the cooperatives, so they control the production all the way from the farm to the end product. It's one step closer to vertical integration, or moving from the farm to the end consumer.

Enough about the theory behind value-added cooperatives. How do farmers get involved in them? Do they really work in Michigan? Here's what's going on right here in our own state.

Soybean processing

The Innovative Farmers of Huron County have been active in finding ways to make farming more efficient and agriculture more profitable. When working on one special project, they explored ways to foster economic development in their area. After several discussions, a great deal of research into niche markets what's going on right here in our own state.

The group wound up touring that soybean extruding/expelling operation. "What was so impressive to me was that the place was unpres- sive," Sheridan explained. "It was expecting to come in and see a whole bunch of smokestacks."

In reality, the group saw a man operating a soybean-crushing plant using old equipment with nothing new but the cement floor. It made Sheridan realize such an operation was actually possible in his own area.

As a result of the visit, the group of Thumb area farmers decided to dig into a new venture of their own. "It was kind of dumb luck," Sheridan said. In a nutshell, that's how the Thumb Area Olseid Processors Cooperative (TAPC) was formed. Now, Sheridan sits on the board of directors for the 100-plus member TAPC, which is conducting feasibility studies to find out how to best begin their operation.

They plan to take the soybeans grown in the area and crush them locally, rather than pay freight costs to ship them away. Livestock farmers will need to be refined in some way. The TAPC is attempting to find a market for that oil now.

According to Sheridan, the bottom line is that he and fellow farmers may have found a way to increase their profits by cutting out the people in the middle. "A lot of the money is between the farmers and the consumers," Sheridan said. "We'd like to retain at least part of that money in the community."

Alfalfa pelleting

Farmers in Huron County are also considering the idea of an alfalfa pelleting cooperative. Supermarkets are a top commodity in the Thumb, but yields are beginning to drop and worry some producers. It's known that adding alfalfa to a sug- arool northern area rotation will increase beet yields, but there isn't currently a good market for the excess alfalfa.

Huron County MSU Extension was awarded a grant to study the feasibility of an alfalfa processing plant, with money coming from Project GREEN (Generating Research and Extension to Meet Economic and Environmental Needs). In Nebraska and Minnesota, more than a dozen alfalfa processing plants are up and running.

Aquaculture cooperative

Although just an idea at this point, there has been talk of aquaculture becoming an opportunity for a new cooperative in Michigan. The Michigan Department of Agriculture is working on developing an Aquaculture Initiative to improve that industry. Keep an eye out for farmers interested in producing yellow perch to fill the strong market for fish in the state.

Apple processing

After shipping their apples out of the area for someone else to package and profit from, 15 Michigan apple producers decided to band together to purchase land and build their own processing facility near Sparta. The equipment required to process apples can require a substantial cash outlay — one that's often too large for individual farmers to handle. But together, they're able to continue growing their apples while, at the same time, getting the value from grading, boxing and packag- ing their produce.

A handful of other cooperative ideas are being tossed around the Great Lakes State, including that of a canola oil refinery in the Upper Peninsula and a soy oil refinery in Gratiot County. In central Michigan, a shrimp producer is consider- ing the cooperative concept.

Bob Onishi, Michigan Farm Bureau Com- modity specialist, says the idea of farmer-owned cooperatives in Michigan is moving much closer to reality. "Value-added cooperatives are based on the principle that growers could own a facility that could process their commodities into something further than just a raw commodity," he said. "In a time with Freedom to Farm where they need to get more of their income from the market, it allows an opportunity to go beyond the farm gate and hopefully generate some of the profitability through the value-added process."

Discussion Questions

1. What value-added processing ideas does your group have based on the experiences of these producers?
2. Are value-added cooperatives a fact or are they here to stay? Why or why not?
3. Are value-added co-ops the right answer for farmers to access the consumer market? Why or why not?
4. Has there been any discussion about value-added processing in your area? What are some of the ideas you've heard? Are they reasonable?
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