

# Too many rules in milk diversion program

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LEESPORT — There was much whispering and many opinions voiced as dairymen gathered at the Berks County Ag Center on Wednesday, January 18, for the Berks-Montgomery County Meeting. In spite of the threatening snowstorm, more than 75 farmers attended to get the latest update on the milk diversion program, federal crop insurance, and the 1984 wheat and feed grains programs.

Dairymen waited with ominous anticipation for the explanations on the new milk diversion program. Having been handed the ten pages of rules and definitions of the program when they entered the auditorium, they were ready with many questions and comments.

Richard A. Pennay, program specialist with the state ASCS office, explained the entire program. Harry Schaffer, Cooperative Extension Service, addressed the economics of reducing milk production. Also on hand to field questions on the diversion program were Warren Lamm, executive director of the House Agricultural Committee; Alpheus Ruth, President of Lehigh Valley Cooperative Farmers; and Henry Bohn, Berks County ASCS Office.

"For you dairymen, this is a brand new deal. Nobody ever told you to go out and sell half your herd before," Pennay stated. Citing the diversion program as a major compromise to make price supports effective in providing reasonable dairy income while providing adequate milk supplies, Pennay spoke in favor of large participation. Pennay compared this program to the PIK program which cut down the corn surplus in



Alpheus Ruth, president of Lehigh Valley Cooperative Farmers, told Berks-Montgomery meeting that he does not believe that 15-cent national deduction for advertising will help very much. He believes that increased advertising is needed on the co-op level.

one year. "The approach is to cut down cows," he explained. "By not reducing, a lot of you will be putting milk to that milk company for two bucks a hundredweight. Can you produce it for that?" Pennay asked the dairymen.

"We need strong participation in this program. It's designed as a self help program for dairymen," Pennay continued. "It will cut dairy surplus and preserve the integrity of the price support program."

The milk diversion program has a deadline for signing up of Jan. 31. "We're on a very tight time schedule," Pennay admitted, as he urged dairymen to consider the advantages of this program.

What attending dairymen did not appreciate about the program were the ten pages of rules and guidelines for compliance in order to receive the diversion payments.

"What happens to our order 4 base?"

"Can we sell breeding stock?"

"What if I'm renting the farm to someone else?"

"How much are those cows going to cost to replace?"

"What if the government changes the program after I've sold one-third of my herd?"

These were the questions asked by the dairymen as their major concerns with the program surfaced.

Under the guidelines of the program, reduction must be between 5 and 30 per cent. "It does represent a large reduction in dairy income," Pennay admitted. However, "it is a big bucks program," he stated referring to the large diversion payments possible.

Harry Schaffer advocated participating for the 30% reduction. "If it pays to reduce total production, then take the maximum," he advised. "The more diversion you sign up for, the more it will pay you." With a \$10.00 per hundredweight payment for contracted reductions, diversion payments could represent thousands of dollars.

Schaffer outlined different strategies for reducing milk production. Many farmers agreed that the program looked very good on paper in the hypothetical situations that Schaffer presented. "The best strategy in the short run, is to cull cows rather than lower production," Schaffer advised. He did caution farmers to monitor their cash flow closely since diversion payments will be paid quarterly. "Work it out for your situation," he urged.

"It looks good on paper," Alpheus Ruth, president of Lehigh Valley Cooperative Farmers, stated. Ruth cautioned dairymen to view the program as a 27-month program, not as a 15-month program.

"If you reduce your production, your order 4 base is going to be reduced," he verified. This base will be used in pricing a producer's milk for the following year. A dairyman will feel the effects of any reduction for a year after the program concludes with this pricing system. Ruth urged farmers to consider this when looking at the program. He also reminded them to consider what replacement animals are going to cost at the end of the program "when your banker says you need more cows."



Henry Zajac

Manager of the Cooperative. He succeeds Wayne D. Baker who will remain with the organization in another capacity.

Zajac comes to Cumberland Valley Cooperative with 35 years experience in all phases of farmer cooperative work.

"I'm a strong cooperative man," Ruth went on to say, "but cooperatives have done a very poor job of marketing milk." Ruth spoke in favor of utilizing independent experts to advertise milk. He said they do a better, more efficient job. "We are never going to be relieved of the job of marketing milk," Ruth stated. "I don't believe that the 15 cents is going to do too much."

Donald Duncan, president of the Berks County Dairy Farmers Association, was also in favor of better advertising campaigns. "We farmers must stand up and tell the American people that we're giving them a cheap, but excellent product," Duncan stated. Some dairymen took Duncan's viewpoint on this "ridiculously, complex program" and agreed that a much simpler but yet effective program could have been used.

Although the program leaves the methods of reduction up to the dairyman, there are many guidelines that must be followed or paybacks and penalties will be imposed. Of major concern are the permitted ways to cull cows. To reduce cow numbers, cows may be sold to slaughterhouses, to another producer under contract, or overseas. There are no exceptions or waivers to this rule. This prohibits any consignment selling, any selling of breeding stock, and any selling of heifers over 9 months of age as of November 8, 1983, to a producer not under contract for the diversion program. "When you sell an animal, you better know where she's going," Pennay warned.

Another area of concern to many older dairymen was if the principal operator under contract died, the contract would still be in effect. It would be up to the estate to either continue within the diversion's guidelines, disperse to a slaughterhouse, or sell to a producer under contract.

"We only have two formal contracts signed," a Berks County ASCS official confirmed. It was revealed that there are some contract problems in multiple operations or when a father transfers a dairy to his son.

To be eligible for the program, you must be a producer on November 29, 1983. This includes individuals, partnerships, corporations, and anybody with a financial interest in a dairy production unit. Much of the confusion comes in understanding what constitutes a "dairy unit." "We have all different combinations here," Pennay stated. A unit consists of a producer, a facility, and a farm. Complications arise when there is a landlord with his own operation and also renting a farm to a tenant. If one part of a unit contracts, the rest of the unit must also comply if they share the same interests.

Dairymen also did not like the

option in the contract for the government to change the program. If the reduction should be shown to be excessive, the Secretary of Agriculture has the authority to slow down the rate of culling. This option was established to prevent shortages of milk and substantial hardships to producers of beef cattle, hogs, ro poultry because of too much culling of dairy animals.

However, if the surplus continues, on July 1, 1984, if the CCC purchases over 5 billion pounds, the support price will drop to \$11.60. If the surplus is reduced below 5 billion pounds, by July 1, 1985, the support price could be raised 50 cents.

"Once they understand it, I believe more people would enroll," Henry Bohn, Berks County ASCS, stated. "It's looking better than what I had thought," he replied. The meeting seemed to answer most of the questions and Bohn revealed that his office has 22 producers establishing their bases for the program.

Throughout the day Pennay urged farmers to consider this program. "We have never sacrificed efficiency in order to stabilize the market, that's what has made us the idols of the world's producers," he told the dairymen. He concluded the program with, "I sure hope you take a good look at it. It's your industry."

Jan Smith, district director for the Federal Crop Insurance Corporation was also available to provide the latest information on crop insurance. He urged farmers to consider individual yield coverage. "This gives a farmer the chance to increase their guarantees without increasing their premiums," Smith stated. To qualify, farmers need at least three years of verifiable production and acreage, e.i. weight slips, bin measurements, or summary sheets. Crops covered are wheat, barley, corn, grain sorghum, oats, and soybeans.

New benefits to the program are the late planting agreement option and the replanting option. Only an entire crop can be insured.

Farmers collected over \$90,000.00 in federal crop insurance in Berks County last year according to Smith. Informing yourself as to the coverages available, the current rates, and then filing your acreage report on time can ease the effects of unpredictable weather, Smith stressed.

Richard Pennay also discussed the new PIK program for wheat. "The nice thing about PIK is, if you own the commodity, you can take advantage of the market price. It's up to you," he stated. He also explained the current conservation programs available and urged farmers to look into these various programs to help them in their particular operations.

## Cumberland Co-op meets today

SHIPPENSBURG — The 54th annual meeting of the Cumberland Valley Cooperative will be held today at the Shippensburg Area Senior High School.

The meeting will open with a uncheon to which farm families who are patrons of the Cooperative are invited.

The formal meeting starts at 1 p.m. Officers will report on the progress of the Cooperative. James A. Bear, Sales Manager will show slides telling of "CVC-The local Service Cooperative in Cumberland and Franklin counties as well as Adams, Perry, Fulton and Huntingdon Counties."

Officers of the Cooperative include Garnet B. Dice, Chambersburg, president; Wayne F. Craig, Shippensburg, vice-president; Donald E. Hawk, Shippensburg, secretary-treasurer; Harry A. Mohn, Newburg, Member of the Executive Committee; and Merrill R. Bivens, St. Thomas who is chairman of the board.

The Board of Directors have named Henry A. Zajac as General

## Brooks End sale averages \$305

BEAVERTOWN — Brooks End and Par Kay Farms, Beavertown, held their annual winter sale last week. The auctioneer was Mike Jones, LaGrange, Ga. The sale totaled \$75,685 for an average of \$305.00 for the 248 head.

The top-selling animal was Lot 31 RTB3 Kami 24-2, a Yorkshire Bred Gilt selling for \$1,100 to Kelly Crompton Evanston, Wy. The top-selling Yorkshire Board was Lot 105 purchased by Delmarva Farms Selfville, Del. for \$600. The top-selling Landrace Bred Gilt was Lot 88 purchased by Sam Lane Dover,

N.C. for \$440. The top-selling Landrace Board was Lot 167 purchased by Isaac Ray Senseng Ephrata, for \$460.

A total of 45 head of Yorkshire Bred Gilts averaged \$379; 51 head of Yorkshire Boars, \$419; 96 head of Yorkshires, \$400; 40 head of Landrace Bred Gilts, \$321; 9 head of Landrace, \$326; and 103 head of Landrace, \$326; and 103 head of Commercial Open Gilts \$207.

This sale offering sold into eight different states. Much of this sale offering featured imported bloodlines



Discussing current farm programs at Berks-Montgomery meeting are, from the left, Jim Smith, district director for federal crop insurance; Richard Pennay, of State ASCS Office; Harry Schaeffer, of Extension Service; and Henry Bohn.