



Brockett's Ag Advice

By John E. Brockett
Farm Management Agent
Lewistown Extension Office

Capital spelled with a big "C" is one item that is required in a farm business. The range in farm land value in much of rural Pennsylvania is 1000 to 4000 dollars per acre. Dairy cows even in today's reduced market cost 800 to 1500 dollars each. The average established dairy farmer has a machinery investment of \$45,000 and a building investment of \$55,000. Replacement costs for this investment would be two to three times their present investment. Cash crop farmers would have a bigger machine investment but probably a lower building investment.

A typical corn and alfalfa farmer needs about 100 dollars per acre to "get the crops in the ground each spring." That is for seed, pesticide spray, fertilizer, lime, twine, fuel, and other cash machine costs. Small grains such as wheat or soybeans require somewhat less.

Many sources

Borrowed capital comes from a number of sources. Most people are aware of the usual sources such as banks, Farm Credit and Farmers Home Administration. Other sources are from the cash value of life insurance policies, machinery and supply dealers and individuals. The cash value of life insurance can be a low cost loan for crop needs or to pay off a short term note. One word of warning - even though the cash value part of insurance is your money, the amount you borrow from it will be deducted from the face value of your policy if you die. Therefore it is not money to be wasted.

Farm machinery, supply and service dealers are often forced into being lenders. That usually is not their business, thus you may expect to pay a premium for the borrowed money. Sometimes that borrowed money is in the form of an amortized note. Sometimes it is just an unpaid bill. Individuals are probably the biggest source of borrowed money. Some of it is in

the form of installment sales where one person sells an asset to another person over a period of 2 or more years. Other people lend a farmer money on a demand note. Co-signing a note at the bank can be a form of individual lending. It can also be disastrous to the co-signer if the original borrower gets into financial trouble. No one should co-sign a note that he or she could not pay if the need arose.

Non Borrowed Capital

Some people can save enough money to provide start up capital for a farm business. This is difficult but certainly the discipline learned in the saving process can help that person succeed in a farm business. One source of non borrowed capital is the 4-H project breeding animal. It may produce offspring that become the nucleus of a herd of cows or pigs or goats.

Capital may be acquired by gift or inheritance. Wisely used it could help a person start a viable farm business.

Capital Replacement

A farmer does not have to own all of his or her assets. Some assets can be rented, some can be borrowed, and some can be acquired by trading. Land and buildings are the easiest to rent and can usually be rented cheaper than owning. Machinery that is used for relatively short periods of the year is a good candidate for renting. Neighboring farmers can cut capital costs by trading work or the use of machinery.

Share cropping may help one farmer get some crops without owning or cash renting land, while it helps the other farmer get crops without owning machinery.

There are other types of share farming - some of them may be considered as joint ventures while others are actual rental arrangements. Example 1: Farmer A owns a farm with a dairy barn. He no longer wants to milk cows but does wish to continue producing crops. Farmer B wants

to build a dairy herd and likes to milk cows. They form a joint venture where Farmer A furnishes forage, corn, bedding and facilities and Farmer B furnishes cows. Farmer A pays all crop expenses and Farmer B pays all dairy expenses. The milk check is split 50-50. This would be a joint venture with both parties actively engaged in their own part of the farm business.

Example II: Family A owns a farm in Mifflin County, but lives in Chester County. They have no intention in working on the farm but do want to keep it in the family for a number of reasons. Family B wants to farm but can't afford to buy all of the assets. The two get together and agree that Family B will pay Family A fifteen percent of all income as rent. Thus, Family A shares some of the risk of the up and down cycles of the agricultural markets. This would be a rent arrangement.

Del. survey to continue

NEWARK, Del. — Scientists at the University of Delaware will again be participating in a national plant pest survey during the coming growing season. The survey is funded in part by a grant from the U.S. Department of Agriculture's Animal and Plant Health Inspection Service (APHIS). Over 30 conventional and no-till corn field sites representing a variety of soil types around the state will be involved.

The joint plant pathology/entomology project is being supervised by entomology technician Lisa Gallivan. Under her direction field scouts will sample plantings for insect, weed and disease pests. Their findings will be reported weekly on the University of Delaware Cooperative Extension Service crop pest hotline.

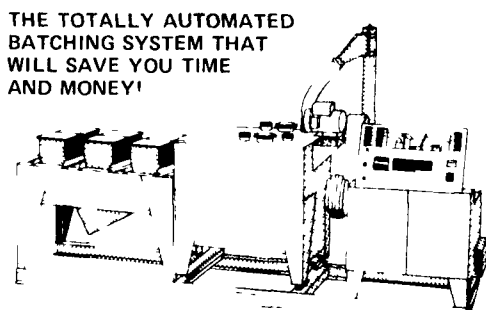
Much of the information will also be transmitted to a computer at Fort Collins, Colorado, as part of the National Plant Pest Survey and Detection Program. Scientists in Delaware and other participating states will be able to access weekly summaries of survey findings.

According to extension pest management specialist Joanne Whalen, the survey is intended to detect the presence of new crop pests as well as to determine when and where common major pests are active, so that they can be more effectively controlled. By computerizing this information, local entomologists and plant pathologists in pest management programs such as Delaware's can predict insect and disease outbreaks based on pest activity further south.

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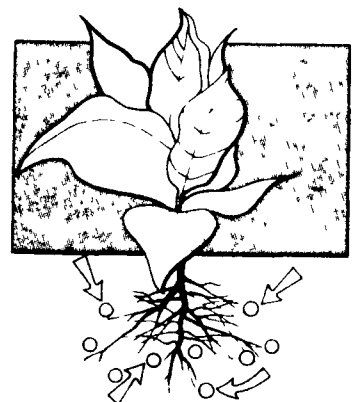
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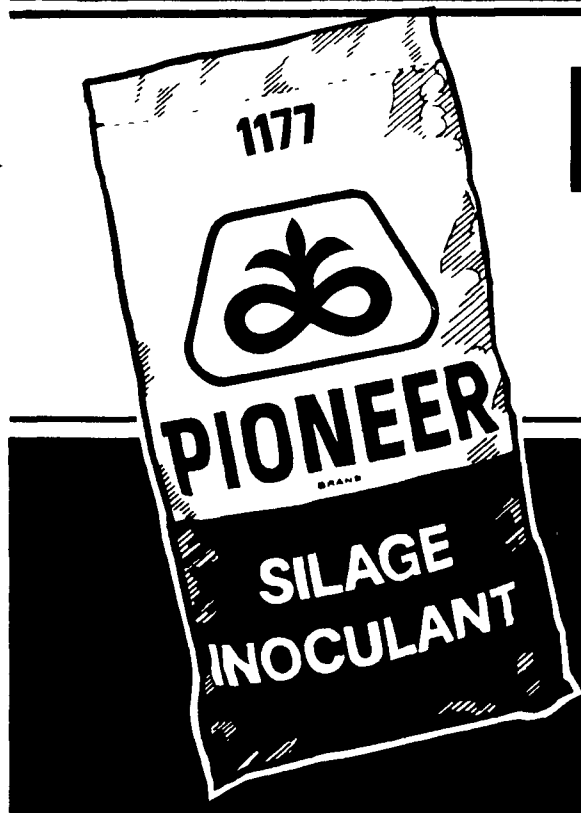
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