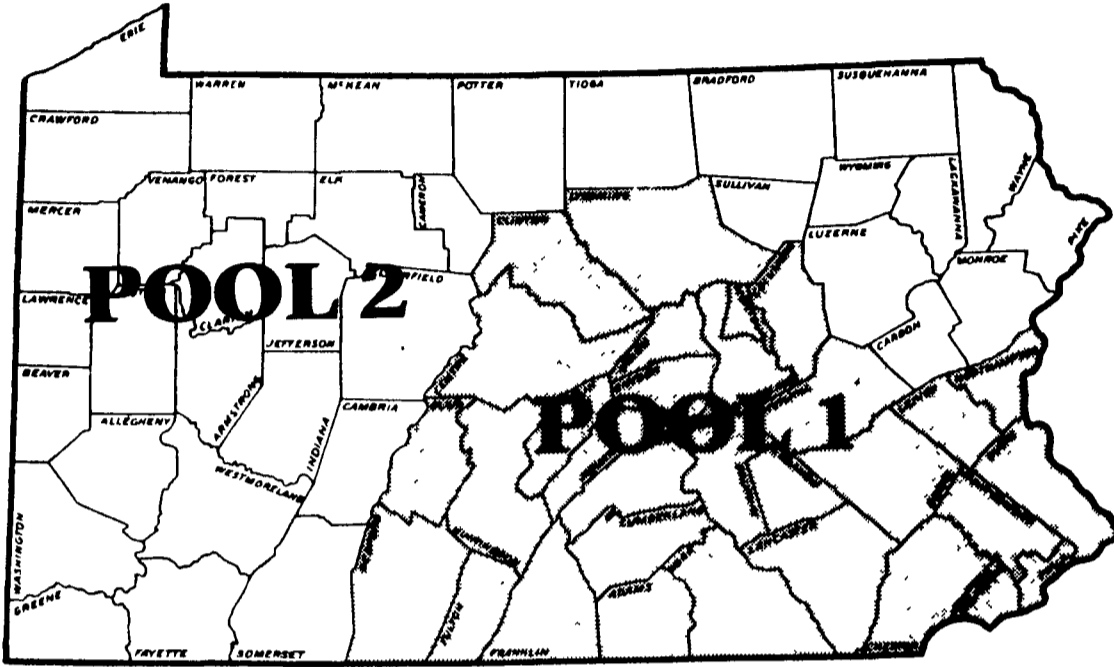


# Lancaster Farming

VOL. 31 No. 18 Five Sections Lancaster Farming, Saturday, March 1, 1986 \$7.50 per year

Signup begins Monday

## '86 Conservation Reserve may idle 82,000 acres



To account for regional differences in land rental rates, the state has been divided into two bidding pools. Rates general average more than \$30 per acre in Pool 1, less in Pool 2

### The dairyman's \$64,000 question:

## What to bid on herd buyout?

**BY JAMES H. EVERHART**  
LANCASTER — Dairymen all across the country are talking, whispering and even mumbling to themselves about the latest wonder from Washington, the herd buyout proposal.

A few are critical of the whole idea. Some doubt that many farmers will participate. And most are very skeptical about the program's chances of success.

But virtually every dairyman is wondering the same thing as the program's March 7 signup deadline draws near: what's a fair bid? And what kind of bid will be accepted?

Adding to their frustration is the relatively tight-lipped approach taken by extension agents and other dairy experts. None of the officials wants to be in a position of telling a dairyman what to bid — especially when so much can go wrong.

One thing is certain: Bid figures quoted privately by experts have climbed substantially since the first estimates were circulated after the 1985 Farm Bill was finally cast in stone just before Christmas last year.

At that time, many private forecasters predicted bids would be in the low teens, with the acceptance level occurring around \$7-8 a hundredweight.

Now, however, all bets are clearly off, as dairymen struggle with the complexities of accounting systems and tax laws, and grope for agricultural and off-the-farm sources of new income.

In fact, calculations for dairymen in typical situations, when fully weighted for all contingencies, have been running much higher than anticipated, many as high as \$40 to \$45, dairy experts said

And clearly, the stakes are much higher.

John Brockett, the Penn State Extension System's business expert and computer guru, has devised a computer program that prompts dairymen to provide a whole range of figures, and analyzes that data into a series of bid information.

And in working with dairymen around the state, he says, he's found a wide range of bids have resulted from input provided by

individual producers. From lows under \$10 to highs over \$80, dairy farmers have been counseled to weigh all the facts . . . and underbid at great risk to their financial health.

One of the problems, explained Lancaster County dairy extension agent Glenn Shirk, is the amount of debt looming over an individual dairyman. Is the producer seeking complete liquidation of his indebtedness with his bid? Then, it

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## Dairy industry seeks 10-cent assessment

**BY JAMES H. EVERHART**  
WASHINGTON — In what may have been an industry first, dairymen nationwide are virtually united behind a proposal that would actually levy a 10-cent-per-hundredweight assessment on milk production.

The proposal, however, is the lesser of two evils, both wrought by the Gramm-Rudman-Hollings budget-cutting measure passed by the Congress late last year.

Though the deficit-control legislation will not affect the controversial herd-buyout plan, it has been applied to Commodity Credit Corporation purchases of surplus products.

In effect, the budget-cutting plan to take effect today would slice support-price payments by 43 percent, trimming the milk support price by about 50 cents

In an effort to head off such a drastic cut in support price — which would be followed April 1 by another 40-cent cut required by the 1985 Farm Bill — a variety of dairy

groups have proposed a 10-cent-per-cwt. assessment which would save the CCC as much as the price cut.

Bills to substitute the 10-cent assessment for the 50-cent reduction in support price have been introduced in both the House and Senate, and had made little headway at press time. Presumably, any action as late as next week could roll back the price cuts already being put in place by the CCC at week's end.

USDA officials announced that all CCC purchase prices for cheese, butter and nonfat dry milk would be discounted by 4.3 percent, beginning at the close of business Friday. Any products offered for sale after that point would be subject to the lower, Gramm-Rudmanized prices.

To be eligible, products had to be sampled or graded by close of business (5 p.m. local time) Friday, and offers had to be received by midnight at CCC headquarters in Kansas City

**BY JACK HUBLEY**  
HARRISBURG — Farmers thinking about participating in the Conservation Reserve Program should think fast. The signup period for the 1986 program begins Monday and runs only two weeks until Mar. 14.

At first glance the program appears to be a return to the Soil Bank years of the 1950's. But, whereas the primary goal of Soil Bank was to reduce harvests by taking acreage out of production, the new CRP strives to improve environmental quality by setting aside only highly erodible land. "It's designed to take the worst first," is how Richard Pennay, conservation program specialist for the state Agricultural Stabilization and Conservation Service office, puts it

By taking at least 10 million acres out of cultivation by 1990, the government hopes to reduce erosion (by 764 million tons annually), improve water quality and enhance wildlife habitat. Hopefully, the program will result in decreased crop production as well, since USDA hopes to defray at least part of its \$5 billion cost through reductions in Commodity Credit Corporation payments. The steep and shallow soils

characteristic of land in Soil Capability Classes VI, VII and VIII will be eligible for entry, as will ground in Classes II through V that is eroding at three times the rate of natural soil regeneration. Although officials are hoping to sign up some 82,000 acres in this first round, Pennsylvania actually has about 1.6 million acres that qualify.

To enter the program, a farmer submits a per-acre bid based on average land rental rates. Recognizing that rental rates vary widely, USDA has developed regional bidding pools. Pennsylvania will be divided into two pools. The southeastern and southcentral counties, where rental rates generally average more than \$30 an acre and can run more than \$100 an acre, are included in Pool 1. The rest of the state, where rates normally average less than \$30 an acre, will be in Pool 2. "People bidding within the pools will be bidding against each other," Pennay points out.

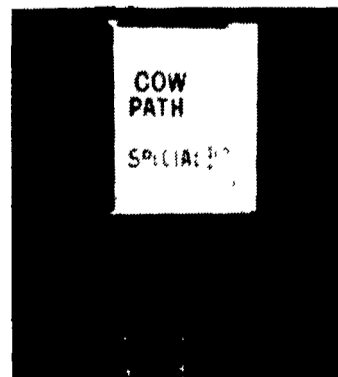
No less than 10 acres may be entered, and the land must have been used for crop production at least two years out of the last five. At least two-thirds of a field must

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## Holstein Highlights



Always a traditional highlight, the annual sale held some surprises and a lot of interest at this year's Holstein Convention in Pittsburgh. For Lancaster Farming's extensive coverage of convention activities, turn to pages A20-26.



Perhaps a tribute to the changing face of the dairy industry, promotional activities took on even greater significance at this year's Holstein Convention. For highlights of the mall promotion, and a rundown on activities at the Junior Convention, turn to pages B18 and B19