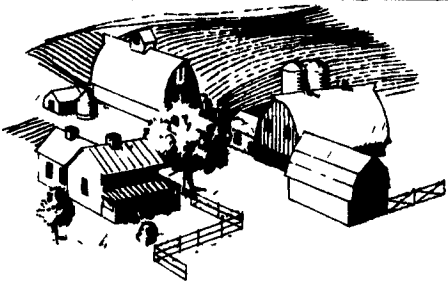


FARM MANAGEMENT



What is Your Farm's Future?

By Alan W. Strock
Farm Management Agent
For

Chester & Lancaster Counties
What is your farming future?
Should you sell your farm for "big bucks"?

These are difficult questions facing many farmers in today's strange economic times. Many farmers, especially in Southeastern and Southcentral Pennsylvania are asking themselves these serious and life-changing questions.

Residents of Chester and Lancaster counties are struggling with these questions, too, as reflected by the attendance of 270 farmers and non-farmers at two meetings sponsored by the Cooperative Extension which dealt with the

future of farming in these two counties.

Love For Farm Or Farming?

A farmer in this situation must ask, 'Where is my deepest love?' Is it for my family roots and present farm location, or for my love of farming?

The answer to this basic question will go a long way in helping the farmer decide whether to sell the farm and relocate or stay and be creative in the way he deals with farming in, or next to, suburbia.

In addition, he will also have to ask himself important questions about estate planning, present and future zoning plans and regulations, governmental regulatory agency interferences, labor short-

ages, directly marketing one's farm product to consumers, and non-farm income-producing alternatives.

This process, to some farmers, may seem like a form of Chinese water torture where the victim is made immobile while water drips slowly on his forehead. But unlike water torture this question-and-answer session is of great benefit to the farmer.

Your estate's value will determine your future. First, get your farm appraised and second, have an accurate balance sheet prepared. The balance sheet will enable you to make informed decisions whether it is possible or even feasible to keep the farm in the family.

Farmland use evaluation, living trusts, regular trusts, and gifting programs are all useful tools in transferring the estate to the next generation or even to the grandchildren. Zoning must also be considered before you make your decision. When the farm can be sold for ten to twenty times its agricultural value it makes little, if any, economic and farm management sense to keep the farm and struggle along with high real estate taxes, low profitability, traffic problems, neighbor complaints, labor shortages and even possibly extensive loan payments.

Development, Regulations and Labor Shortage

It is critically important that you take time to visit with your local planning commission and seek their guidance and forecast for land use in your area. It would also be time well spent talking to your county planning commission officials and questioning them about county population shifts and increases, planned housing developments and road improvements and additions, and related subjects.

Governmental regulations that will impact the farmer are sure to increase instead of decrease in the future, especially in wake of the alar chemical and Chilean fruit scares. The government is sure to further tie farmers' hands in the area of insecticide and pesticide usage, manure disposal (Chesapeake Bay), animal safety and health (animal rights groups), air and water quality, and labor management. If these issues scare you it may be time to relocate to a less populated area, where there may be fewer regulations.

As long as the general economy and/or your local economy stays strong, finding sufficient labor for the farm operation will continue to get more difficult. Most people are three or four generations removed from farming now, and most don't want to get their hands dirty nor work the long hours and weekends involved in farming.

Some farmers are presently, and many others will soon be, paying non-farm wages to attract competent employees. In some cases a key to being profitable and "staying put" will be getting some of the new money brought into your local area by the new residents into your pockets through direct marketing.

You may want to become retailers and earn the middle man's profit margin (and headaches) by marketing your milk, meat, poultry, fruit, vegetables, eggs, or other commodity. It will take a unique, inventive, resilient family that loves to meet and work with people to directly market their product to the public.

Another way to get some of the new money moving into your area, and secure your financial future, may be to develop a non-farm business such as bed and breakfast, saw sharpening, woodworking, garage, wood cutting, or the like.

Also, many full-time farmers are taking non-farm employment and becoming part-time farmers to retain the farm. As new people move into the area, a whole host of new services will be needed and wanted. As you are deciding your farm's future be sure to look at the economic ramifications of the decision.

Remember the big advantage we have in the northeast is our closeness to our markets. If cooperative extension can help, be sure to contact your local Cooperative Extension office. Penn State is an equal opportunity financial institution.

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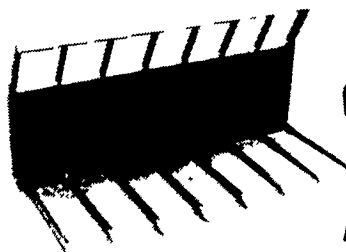
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