

High Feed, Low Milk Prices Could Mean It's Time For Farm Bill

ANDY ANDREWS
Editor

ROCKSPRING (Centre Co.) — Plain sect farmers who don't want to accept government money can at least reap the benefits of the new Farm Bill, with a built-in dairy support program that covers market losses when milk prices drop.

Simply put, all they need to do is assign a payment to the milk cooperative through an agent. The agent will accept the money into the co-op, which could go a long way toward taking care of business debts.

That was the message delivered by Ken Bailey, Penn State professor of agricultural economics, dairy marketing and policy, Wednesday morning at Ag Progress Days.

Bailey, who writes a weekly column on page A16 of *Lancaster Farming*, outlined the provisions of the Farm Bill at the House Agriculture Committee Informational Meeting.

This year, perhaps more than ever before, the commodity support prices come in handy as feed prices continue to spiral upward and milk prices drop like lead.

Bailey spoke about criticism of the Farm Bill. He was on a recent trip to Canada, and even though their program is almost the same as ours, Lyle Vancilief, Canadian ag minister, said, "I am appalled, I am disgusted, I am disappointed by the protectionist policy of the United States," Bailey quoted.

Bailey also quoted U.S. Ag Secretary Ann Veneman, who noted in a USDA news release that "The WTO (World Trade Organization) permits the United States to spend \$19.1 billion annually for certain types of farm program support. This compares to \$31 billion for Japan and \$62 billion for the EU (European Union)."

Comparatively, the U.S. remains conservative in its support programs, relying on

market strength and farm manager resourcefulness to keep agriculture strong.

Bailey noted the two big issues with the Farm Bill, costing U.S. taxpayers \$170 billion within six years, will be the extension of the price support program and a special National Dairy Market Loss program. (The Farm Bill is not just commodity and grain supports, but includes conservation, trade and market development, rural development, and nutrition.) The market loss program provides a Class I floor milk price of \$16.94 per CWT for Boston prices and pays the difference on 45 percent of the milk produced. The limit is 2.4 million pounds per farm per year, which is a farm with 133 cows.

A special transition payment will include the months starting with December 2001 up until now. Producers will get \$1.04 per CWT for milk produced. "That's a lot of money," Bailey said. That makes up 88 percent of the milk produced in Pennsylvania. FSA noted payment won't be until sometime in October.

The bill is targeted to small producers. But in a volatile market, many times the dairy industry has faced support prices.

Bailey doesn't believe that with the good support price, "it will not create an avalanche of milk," he told about 45 legislators and agri-industry representatives at the meeting.

The dairy industry itself is dealing with issues such as escalating feed costs, even though California continues its major herd expansion. But he believes the expansion out west will stop soon.

Right now the support price will come in handy, especially since the price stands already at least \$2.70



Ken Bailey, Penn State professor of agricultural economics, dairy marketing and policy, spoke Wednesday morning at Ag Progress Days.

per CWT behind last year. It's important for agents and USDA/FSA representatives to work with producers now to "protect against rapidly falling prices."

Some of the co-ops have great forward contracting processes, which perhaps are being underutilized by producers. Land O'Lakes, Dairy Farmers of America, and DairyLea have forward contracting, which can be crucial for dairy producers.

"You could have locked in at \$13.50 per CWT in April" for class milk prices, said Bailey.

Other speakers included Dr. Charles Abdalla, Penn State associate professor of agricultural and environmental economics, natural resource economics and policy, and Alyssa Dodd, extension associate, Penn State, on Farm Bill conservation and waste management provisions. Richard Pallman, executive director, Pennsylvania office, Farm Service Agency, also spoke.

Pallman noted the process of allocating payments is not a simple one. It's simply one "tool that's available to producers," he said.



Answers to questions about the new Farm Bill were provided via Penn State Tuesday at Ag Progress Days. Those who visited the Ag Alumni Pavilion in Rockspring could speak with, from left, Sarah Roth, Penn State extension associate; Susan Rossman, Web development; or David Blandford, Penn State Department of AE&RS. Payments from the Bill are expected to start in mid-October, according to USDA/FSA, who also had representatives on hand. Photo by Andy Andrews, editor



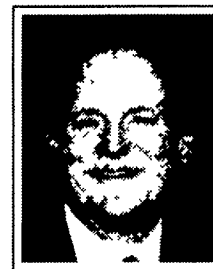
Pasture Perfect® Dealer of the Week: Bob Boyce

This week Ampac Seed Company and Rohrer Seeds recognize Bob Boyce, founder and owner of Lil' Ponderosa Enterprises of Carlisle, PA. Bob is adamant that the family farm can survive.

He believes that reducing the cost of inputs while maximizing production and efficiency is key to successful farming. He advocates Managed Intensive Grazing (MIG), the rotational method of pasture management. He has adopted a holistic approach to managing soil, plants, and animals.

Bob uses the Pasture Perfect® seed blends. The improved varieties developed through years of research, selection, and breeding provide the best seed on the market today. He recommends the Mid-Atlantic Grazer Mix for beef and dairy farmers who are initiating MIG. It can be used for pasture, haylage, or dry hay.

Bob offers a complete line of products for fellow grazers including: Vermeer Hay Equipment, Gallagher Fencing Equipment, Rohrer Seeds, and Purebred and Commercial Black Angus Breeding Stock. Contact Bob at:



Bob Boyce

Contact:

Lil' Ponderosa Ent.
44 Ponderosa Road
Carlisle, PA 17013
717-245-2820
email: bobboyce@pa.net

Pasture Perfect® Mid-Atlantic Grazer Mix

25%	Takena Orchardgrass
25%	Eastwood Orchardgrass
20%	Tonga Perennial Ryegrass
20%	Duo Festulolium
5%	Starfire Red Clover
5%	Jumbo Ladino Clover



For product details and local purchase info, please visit us on the web at

www.pastureperfect.com

or call

Rohrer Seeds
717-299-2571

Pasture Perfect is a registered trademark of



"Integrity & Excellence, Our Foundation Your Guarantee"

Innovative Manure Management Systems

For The 21st Century!



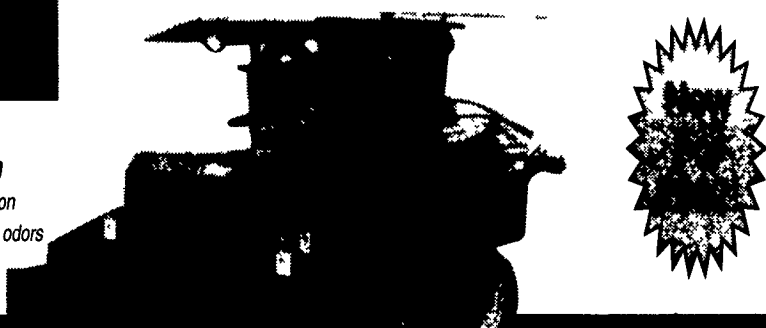
COMPOST-A-MATIC

Automated In-Vessel Compost System

In-vessel, agitated bed design • Automated and computerized operation
Rugged steel construction • Epoxy coated • Reduces ammonia and foul odors
Breaks fly breeding cycle • Moisture spraying system available
• Proven performance with installations worldwide

COMPOSTCAT™

Compact Hi-Rise / Window Composter



Our Innovative
Compost Systems
Are The Cost-Effective Way
To Convert Manure
Into A Pathogen-Free
Compost

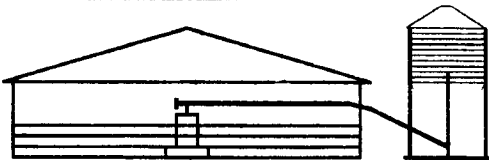


**Farmer
Automatic**
OF AMERICA, INC.

- Skid steering
- 44 hp diesel engine*
- Variable widths available
- 4 wheel hydraulic static drive system
- Comfortable operator control station
- Rugged steel construction • Flow thru belt system

*Based on manufacturer's rating

**Zeiset
Equipment**



2187 North Penryn Rd., Manheim, PA 17545
Phone (717) 665-4056 Fax (717) 665-2240