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## From issues to economics, forum gets high marks

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Special for Farmshine

BELLEFONTE, Pa.—It was a beautiful day for field work last Thursday but for the more than 50 people who took time away from the farm to attend the PDMP Issues Forum in Bellefonte, it was time well spent—surprisingly well spent, in fact—given the topic centered on an area that’s not always top-of-mind on the dairy farm: the beef value of dairy cows leaving the herd.

Throughout the day, attendees commented on this being one of the most enlightening meetings they’ve attended, getting more than they bargained for in the August 7 forum about “making your investment in animal welfare generate a big payback.”

“I looked at the topic and thought twice about making the trip, but I’m glad I did. It was interesting to me to see how the bottom end of cows—as far as Body Condition Score—the beef industry just really doesn’t even want them in the food chain,” said Tim Forry, Oregon Dairy, Lancaster County.

“You can see those cows are less valuable by the check you get, but today’s program explained what’s going on and why, what the issues are, and how to look at the economics of it,” Forry added. “The biggest thing I’m looking at, after today, is to move cows along quicker if they don’t seem to be turning the corner. We look at income over feed cost, instead of just milk production, but once you understand the dollars per day that can be lost (in beef value) by holding back on a culling decision, it changes how you evaluate that decision.”

Presenters Paul Slayton and Chris Jeffcoat from the Pennsylvania Beef Council—along with panelist Drew Wilkins, head of procurement for Cargill Meat Solutions (formerly Taylor Packing)—said this was one of the best meetings they’ve been involved in.

“The dairy producers here today were really engaged in the discussion and I was impressed with their questions,” said Slayton.

Pennsylvania is home to two major beef processors. One of them, the Cargill plant in Wyalusing, is a major processor of cow beef. They harvest 1800-1900 cattle per day, most of them dairy cows.

“More than half of the beef produced here in Pennsylvania comes from market cows from dairy farms,” said Jeffcoat. “How those cows are processed for beef has changed dramatically from 1999 to 2007.”

He showed that the percentage of cow beef at U.S. processing plants being fabricated as whole muscle cuts, versus simply ground beef, has doubled, tripled, even quadrupled in those eight years. For example, the processing of top sirloins from cow beef rose from 5% in 1999 to 71% in 2007, knuckle cuts (sirloin tip) jumped from 37% to 86%, and chuck tenders from 16% to 57%.

The popularity of economy family steak houses and consumer choices for less expensive quality beef cuts, have propelled this trend, yielding price spreads that allow dairy producers to net an average of \$300 to \$425 more per cow on their sale check.

In fact, program panelist and PDMP member Phoebe Bitler, Vista Grande Farm, Berks County, pulled slips from the last seven cows the farm sold for beef and saw a difference of more than \$500 between a cow marketed for \$730 directly from the milking string with a lower Body Condition Score versus the more than \$1200 they were paid for cows that were fed, but not milked, using a reformulated ration with milking herd refusal feed for 60 days prior to marketing.

“If you work through the numbers, there’s real dollars up there for cows that are sold in better condition,” said Wilkins. “Our customers our making demands for this beef.”

Slayton noted there’s even more to the issue than obtaining more valuable beef from cows in better condition. The infamous undercover videos of ‘downer’ cows have impacted the beef industry and turned a spotlight on the dairy industry.

“What people saw on those videos were black and white cows,” he said, noting that the abundance of care and caution in handling low condition and ‘slow’ cows through the beef marketing chain is an economic issue for beef plants, and it affects what they can afford to pay producers—aside from the value differences for market cow condition.

Cargill’s number one product is still ground beef, sold to retail grocers throughout the eastern states, so the plant is able to buy and handle most types of cows. But the quality and mobility of these cows affects the price as well as the efficiency of the plant’s operations. For example, last week, said Wilkins, the quality of cows coming through the plant was such that they could only harvest 1500 cows per day versus their normal flow of 1800-1900 per day.

That can mean having to run a Saturday shift to fulfill their customer orders. There’s a significant cost attached to the lost efficiencies that come along with cows of lesser quality. As a result of dealing with quality issues that week, Cargill had to lower their bids for all cows by 4 cents per pound or \$4 per hundredweight for the next week.

The real hook here, on which the dairy producer can hang his hat, is where the line of declining milk production crosses under the daily loss in beef value for cows that are declining in condition. When the decision to remove a cow from the milking herd is delayed, a loss of one Body Condition Score over a one month period translates to an average \$4.60/day in lost value to the producer,

When income over feed cost is \$7.50/cwt of milk (June PA average), a potential market cow stops paying for her beef value loss at 52 pounds of milk/day, the data show.

Rick Bishop noted the meeting was definitely worth the trip from his family's 675-cow dairy in Roaring Branch, Tioga County.

"We try to attend every PDMP meeting because we always learn something we can use on our dairy operation," said Bishop. "All four programs this year deal with 'social license' issues and how dairies can plan to deal with them. We've initiated community relations efforts after the spring forum on that topic, but today's meeting provided information and economics we can take home and apply to our herd management, today."

He believes "one of the biggest assets PDMP brings to members is "the benefit of being on the front edge of an issue," said Bishop. "Instead of being reactive, we have this opportunity to educate ourselves on the issues and help steer the ship."

After Thursday's meeting, "we're going to go back and look at our culling decisions and how we can manage those decisions to send cows earlier, especially the economics with feed costs rising," said Bishop. "I think we learned a lot today about how to determine when a cow becomes more profitable to us in a hamburger bun than in a milking parlor. We're going to look even more closely at our milk weight cutoff for marketing."

Bishop noted that Tom Craig, a panelist in Thursday's program, "uses 50 pounds (milk/day) as the cutoff, and we were using 40 pounds. I think we can see where we need to re-evaluate to account for beef value loss."

In addition to being on the producer panel for the PDMP Issues Forum on Thursday, Tom Craig also hosted a tour of his family's nearby Murmac Farms after lunch.

The consensus for many at Thursday's meeting was that it was one they weren't sure, beforehand, was a priority to attend, but after they did, they wished more would have been there to hear the information.

"We are being watched," said Art Zug, Zugstead Farm, Mifflintown. "The public has an impact on our business, and this information today addresses that, but also helps us improve our bottom line. We are always striving to do a better job and PDMP's educational programs help us do that."

Zug also noted that "the concept out there of when the cow leaves the farm, our responsibility ends... well it's just not that way. How we manage our cows and culling decisions not only affects our profitability, it also has an impact beyond the farm gate."

PDMP has been instrumental in the collaborative effort to develop and launch Pennsylvania's new Dairy Animal Care and Quality Assurance (DACQA) certification program. Stay tuned for producer certification trainings, expected to begin this fall.

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