

Webinar: The State of Grass-Fed Value Chains in Illinois

Questions and Answers

Aired April 14, 2020

Question	Answer
Do you have an estimates for profit per unit for a finished beef in high premium markets?	This can vary significantly based on scale and practices, but a national analysis led by Stone Barns estimated the earnings before interest, taxes, depreciation, or amortization to be around \$131/head for small, direct marketing producers and around \$73/head for large producers selling to branded programs. You can see more of this analysis in Table 4.1 at https://www.stonebarnscenter.org/wp-content/uploads/2017/10/Grassfed_Full_v2.pdf
Is the higher production costs a factor of small average herd size and overhead costs or something else?	Higher production costs are caused by a combination of smaller herds, higher management and overhead costs, and higher processing costs in smaller, less efficient plants.
Where is the Illinois heatmap for grazing available? Is available for the entire U.S.?	The grazing heatmap is only available for Illinois and Indiana at this time. You can view this analysis at https://arccg.is/Xu44f .
If you compare a P&L of a foreign producer and one from a local producer of grass fed product, why are the imports able to land beef here so cheaply? What are the big deltas?	An analysis by Stone Barns shows that the differences may be partially due to much lower feeder cattle prices, lower feed/pasture costs due to longer grazing season, and lower management costs per animal. You can see more of this analysis in Table 4.1 at https://www.stonebarnscenter.org/wp-content/uploads/2017/10/Grassfed_Full_v2.pdf
How does regenerative ag reduce my cost of production so I can compete with the imported product?	Regenerative agriculture can help reduce the costs of production through reduced reliance on synthetic fertilizers, pesticides, and machinery. Regeneratively produced agricultural products may also have higher market premiums. The project team also believes that policies and buyer engagement strategies that shift purchasing practices to domestic grass-fed products are needed.
How do you think our food supply chain experience during COVID-19 will influence grass fed markets? Might we see an interest in emphasizing redundancy in supply chains instead of efficiency? More interest in direct to consumer? Etc.	The main COVID impacts we are seeing include some bottlenecks/backups at large processing plants and in perishable goods distribution networks, separation between food service and retail which is causing challenges in moving food from one to the other as demand for food service has dried up, and some shifts in how producers are pivoting to sell their products (where possible). We are cautiously optimistic that some of these changes bring opportunity to develop more resilient local and regional beef distribution systems, including strengthening of local processing options, more producer comfort and familiarity with direct marketing options (particularly online platforms), and potentially also more local and regional aggregation of products by food hubs, branded programs, etc.

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Did you study retail price levels of grass-fed beef?	We did not analyze pricing separately. Prices vary quite a bit based on the cut type and somewhat on geography. USDA Agricultural Marketing Service provides monthly reports on national prices (March 2020 report - https://www.ams.usda.gov/mnreports/lsmngfbeef.pdf). The case studies that are part of the project provide some insights into prices as well.
How much federal EQIP funding goes to Illinois in a given year and are there state matching grants that amplify its impact?	EQIP financial assistance levels vary from year to year, and in Illinois ranged from \$9.5M to \$14M between 2010 and 2015, for example. Federal statute stipulates that at least 60% of EQIP funding be allocated for livestock producers, including both confinement and grazing operations. That being said, funding levels for practices such as fencing and managed grazing practices ranged from about \$300,000 to about \$700,000 between 2010-2015. The state's recent budget impasse also resulted in funding cuts to most agricultural conservation programs in Illinois.
How do you think climate change and the general movement against eating meat impacts grass-fed meat	Based on the retail point of sale data and our consumer case study, it appears that while overall meat consumption is declining, demand for grass-fed products is actually growing. It appears that while people are reducing their meat consumption, they are choosing to eat less, but "better" products, whether it's defined in terms of the environmental impact, animal treatment, or health benefits.
How will your data, scenarios, and analyses be used to push policymakers?	Right now, we don't have specific plans to use this work to influence policymakers. However, we do know that there are several policy levers that could be informed and supported by this work. This includes state efforts to integrate grazing science into nutrient loss reduction strategies, to expand landowner tax credits (such as those used in Minnesota and Iowa) to encourage grazing and to pass comprehensive soil health initiatives that include grazing (such as those established in California and New Mexico). Federally, there are numerous opportunities to advance grazing through both the Farm Bill programs and the subsequent implementation for interpretations of programs such as EQIP. Also, federal policy is critical for addressing market challenges for domestic grass-fed proteins. Issues with grass-fed production standards and labeling (including country of origin) have long been problematic and needed dedicated efforts to address.
Do we have access to financial data the economics of converting row crop ground into regenerative grass fed production?	Unfortunately, high quality case studies are still few, but we are always trying to compile the best results. We do know that many people transition by first integrating livestock through grazing cover crops, and on a set of 8 farms we found an average cover crop management cost of \$83/acre/year but had an average forage benefit of \$123/acre/year (read more here: https://live-the-pasture-project.pantheonsite.io/wp-content/uploads/2020/02/Grazing-Cover-Crops-Technical-Bulletin-FINAL.pdf). Stay tuned for more financial information from us in the future, and please direct us of any that you know! (pastureproject@winrock.org)

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Is the Illinois demand actual current versus potential?	The demand estimates are based on population, sales, and consumption rates in 2017, so they represent current demand.
Is the slide of \$6.3 - 43 mil beef and \$4.3 - \$6.3 mil dairy the estimate for grass fed beef and dairy?	Yes, these ranges represent demand estimates for grass-fed beef and dairy currently in Illinois.
19 acres per finished animal seems high, can you post the link to the study used?	<p>This number comes from Pelletier et al (2010) and combines the cow-calf ecological footprint (Table 3) and the finishing phase ecological footprint (Table 4), then converted to acres and divided by 75 animals (the analysis assumed everything on a 75-calf or 75-finished animal basis). One of the reasons we used this number was to be relatively conservative in our estimate of how much the total production would need to change under the scenarios—the same analysis with less acres/finished animal means we might have to have upwards of a 60+-fold increase to meet the 45% N and P reduction! Here is a link to the paper:</p> <p>https://www.leopold.iastate.edu/files/page/files/Comparative-Life-Cycle-Environmental-Impacts-of-Three-Beef-Production-Strategies.pdf</p>