Process Verification

During our workshop on June 6th, many producers indicated that they still needed more information on labeling. In our May newsletter, we discussed submitting labels for approval by the Food Safety and Inspection Service. However, there is another program offered by the USDA that may suit the needs of some producers.

USDA operates a Quality System Certification Program that will allow farmers to place a “USDA Process Verified” label on their meat if a description of the process is also included. This program could be a good fit for those of you who are seeking to serve a value added market.

In order to become Process Verified, one must submit a manual to USDA that outlines all practices involved in production of the animals. Producers operating under this system undergo third party audits to ensure that they are following the practices that were outlined in the manual. This program may be better suited for a group of producers than individuals due to the costs involved. If you would like more information about the program contact Mark Bradley at the USDA at (202) 720-1124.

Finishing Beef Cattle

During our last workshop, participants were given the opportunity to speak with Dr. John Johns, UK’s Beef Nutritionist. One of the questions that Dr. Johns was asked was whether finishing cattle should be fed whole or cracked corn. Dr. John’s response to this question is summarized in the following paragraph.

“The form in which corn is fed is not that important. Research at the University has shown that cattle consuming whole shelled corn actually ate less and gained faster than those consuming ground shelled corn. Feeding whole shelled corn will also improve the rumen health of cattle as the rumen surface needs fibrous action.”

Beef Cattle Scenario

The following paragraph is meant to summarize the current marketing system in the beef sector. It will portray the existing situation at large packing houses and explain price terminology. We will follow an animal through the traditional system using current market conditions.

An 1100 pound slaughter steer is sold for around $68 per cwt. The producer receives $748. The meat packer purchases this steer from the farmer and processes the beef.

The 1100 pound steer will yield a carcass that weighs approximately 682 pounds. This processed carcass is worth around $118 per cwt. once processed. The composite value of the processed carcass is $804.
In addition to the composite value, the processor receives around $6 per cwt. of carcass for the hide and offal. For a 682 pound carcass, this amounts to $42, which is known as the drop value. Therefore, the processor receives $846 for the animal; a gross margin of $98. It is estimated that after all expenses, large meat processors have a net return between $25 and $42 per head.

The bulls were priced at $1.50 per pound carcass weight, which included processing. After subtracting normal processing costs, this price would be equivalent to $.70 per live pound. The producer indicated that most of his customers were from personal contacts and that most repeat customers have been purchasing annually for the past 3-4 years.

**June 6th Workshop**

Thanks to everyone who participated in our workshop on June 6th. I was very pleased with the turnout and good discussion. Topics covered were cattle finishing, economics, adding value, and processing.

There was a great deal of discussion on adding value to meat products. Mark Straw worked through an example that followed an animal from the farm all the way to the prepared food level. It was clear that there was room for some innovative people to increase their profit margins greatly.

Several meat processors sat on a panel and answered various questions from farmers about processing capabilities, costs, storage, transportation, and offal disposal. Boone’s Abattoir, C & W Meat Packers, Moore’s Meat Processing, and Foothills Country Meats were all represented.

**Mobile Processing Unit**

The ribbon cutting ceremony for the mobile processing facility was held in Frankfort on the morning of June 6th. The unit is the first of its kind in the United States. Through use of this facility farmers can reach most all direct markets in the state of Kentucky (individuals, restaurants, retailers, etc.).

Workshop participants also asked us to include price reports in the newsletter. We have started with a beef report. Next month we will add another price report with an explanation.

**For Change of Address**

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