

cattleTRAILS

JUNE 2020

To promote the Wisconsin beef business through advocacy, leadership, and education.



Photo courtesy of: Brooke Roberts

President's Path

Matt Ludlow, WCA President

Since the last Cattle Trails newsletter in mid-March, it is hard to comprehend the changes our industry and the world in general have seen. At that time, we had just experienced historic selloffs in both the cattle futures and equity markets, much of which was due to fears that our packing industry could be affected by COVID-19. It's hard to believe that was only two months ago.

Our beef cattle industry has been in uncharted territory during the first five months of 2020. Basically overnight, roughly 50% of our "normal" beef demand was lost due to the closure of the restaurant industry. The first quarter ended with historically large weekly slaughter levels, which dropped from over 660,000 head to less than 450,000 within a few weeks. Almost every beef packing plant throughout the country has been affected by COVID issues.

The good news is that beef demand has stayed tremendously strong. Historically, choice boxed beef prices had an all-time high of \$263 in 2014. During May, those same choice boxes were quoted at \$477. However, this has not equated to a significant rise in live cattle prices.

The saying "don't let a crisis go to waste" has been thrown around often during this pandemic. Currently, there are several national proposals that would significantly change our industry moving forward. First, a

UNCHARTED TERRITORY IN 2020

The first half of 2020 has been riddled with unexpected challenges, causing Wisconsin cattlemen to move forward into an uncertain future.

"50/14" bill that would require a processing plant to purchase 50% of their harvest via negotiated trade to be delivered within a 14-day period. MCOOL (Mandatory Country of Origin Labeling) has been brought back to the negotiating table. A USDA set-aside program is proposed that would place market-ready fat cattle on a maintenance ration for up to 75 days in order to reduce the front-end supply. All of these movements are in addition to a USDA and DOJ investigation into the packing industry in regard to price gouging and market manipulation.

In my March article, I stated that our producer associations are as important as ever, and with all of the potential alterations to our industry, that still rings true. The voice of the producers seems to be growing louder and stronger. Thank you for being a member of the Wisconsin Cattlemen's Association.



-Matt Ludlow

2020 WCA President

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2020 Scholarships Awarded

The Wisconsin Cattlemen's Association has awarded \$5,000 in scholarships to ten young Wisconsin beef enthusiasts pursuing higher education.

WCA would like to extend our congratulations to all of our 2020 scholarship applicants, specifically the ten selected to receive WCA scholarships! The scholarship committee had the privilege of reviewing the seventy-four (74) scholarship applications received in 2020, selecting the ten recipients listed below. The quality of applications received was exceptional, and the selection committee had a difficult time narrowing the highly competitive field down to just ten recipients.

Thank you to those that submitted an application - WCA wishes you the best of luck in your future endeavors. The Wisconsin Cattlemen's Association looks forward to providing the top ten recipients with a \$500 scholarship as they continue their pursuit of higher education.

- **Morgan Jones** Cambria-Friesland High School | Cambria, WI
- **Mason Crooks** Lancaster High School | Lancaster, WI
- **Austin George** Mondovi High School | Mondovi, WI
- **Heidi Strey** Osseo Fairchild High School | Osseo, WI
- **Olivia Lulich** Mauston High School | Mauston, WI
- **Kelsey Henderson** Union Grove High School | Kenosha, WI
- **Courtney Zimmerman** Spencer High School | Spencer, WI
- **Morgan Vondra** Mineral Point High School | Mineral Point, WI
- **Abby Tomandl** Medford Area Senior High | Medford, WI
- **Payton Lawinger** Mineral Point High School | Mineral Point, WI

Steak Trailer Update

The impacts of COVID-19 have been widespread, including the WCA Steak Trailer's 2020 schedule.

In early March, we received notice that the Oshkosh Power Show was cancelled, and the Midwest Horse Fair cancellation was announced soon afterward. WCA Steak Trailer managers, Craig and Vickie Dunnum, reached out to both the Tomah Tractor Pull and River Fest in La Crosse as potential options to offset our lost income. Unfortunately, both of those events have also been cancelled due to circumstances outside of our control.

We also received the notification that the 2020 Wisconsin State Fair has been cancelled. The loss of this event will have significant financial impacts on the Wisconsin Cattlemen's Association. This single event accounts for nearly \$250,000 worth of sales, which accounts for 60% of WCA profits for the year.

Most recently, we learned that the 2020 World Dairy Expo has also been cancelled. At this point, World Beef Expo is the only event we currently have remaining in 2020:

- September 25-27, 2020: World Beef Expo, Wisconsin State Fair Park, West Allis

Although we wish we had better news to report, we remain hopeful that additional events will happen later in the year. When we are able to fire up the grills again, we look forward to seeing our WCA members at the events!



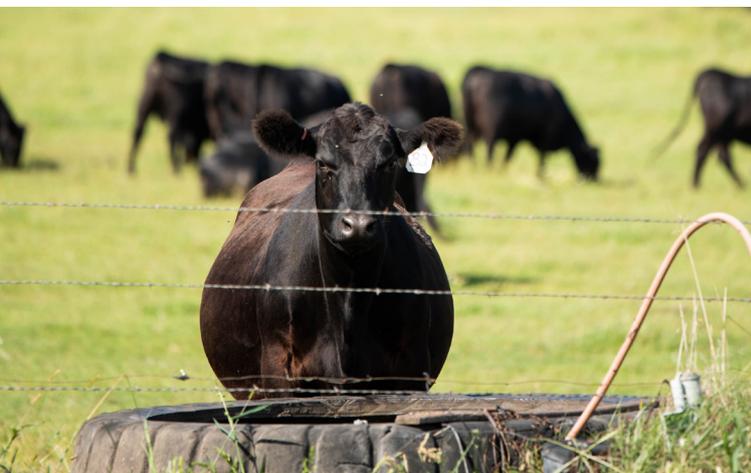
Farming Support to States Act

The Wisconsin Cattlemen's Association's Legislative Committee has been extensively involved with a coalition of agricultural groups to ensure our industry was not forgotten during this pandemic.

When the CARES Act was enacted, the state of Wisconsin was slated to receive roughly \$2 billion to aid those adversely affected by COVID-19. These CARES funds are being used for a multitude of purposes including health care, PPE, meal delivery, etc. The ag coalition asked that \$50 million of the \$2 billion be put towards agricultural producers throughout Wisconsin. Governor Evers listened, agreed to the entire \$50 million amount, and now the Farming Support to States Act is in place.

Starting June 15th, producers will be able to apply for aid ranging from \$1,000 to \$3,500. As livestock producers, we are not used to seeking out government handouts, but in this case, the funds are already set aside and will not be offered a second time. The WCA Legislative Committee worked to make sure our producers had the opportunity to apply for this aid if they so choose. Producers who had a gross income of at least \$35,000 and no more than \$5,000,000 are eligible to apply.

DATCP has made it clear that there is only a two-week window to apply for this aid. The application period will open June 15 and run until June 29. DATCP has also made it clear that the burden of spreading the word about this program falls on the associations of ag groups throughout Wisconsin. You will be able to apply through the Wisconsin Department of Revenue website <https://revenue.wi.gov> or by calling 608-266-2772. The online application will not be posted until June 15.



Replacement Female Development Costs

Amanda Cauffman
Extension Agriculture Educator

As spring calving season is wrapping up, you may come to the realization that certain cows will be spending their last summer raising calves and may need to be replaced with a fresh set of hooves. You may even have your eye on a few potential replacement heifers growing out on their mama's sides, but do you know what your replacement heifer development costs are?

When deciding between raising your own replacement heifers or purchasing them, you will need to have a good understanding of your heifer development costs throughout the entire life cycle - from weaning to calving into the cow-calf enterprise. Determining

if the cost of developing replacement heifers is less than the value of the heifers is essential.

Some expenses that should be factored into your development costs include:

- Fencing/pasture expense
- Machinery and equipment use (such as a tractor and brush hog for maintaining pastures)
- Feed costs (both owned and purchased)
- Vet expenses
- Breeding expenses (including bull costs)
- Opportunity costs of operator labor

A rule of thumb is that it takes a cow weaning five calves to pay for her development costs.

It is also important to keep in mind the benefits for developing your own replacement heifers, such as: reduced disease and biosecurity issues, less time spent securing the quantity, quality, and type of heifer that best fits your management style and cow herd environment.

UW-Madison Division of Extension has developed a Beef Replacement Heifer spreadsheet tool to help producers calculate their cost of developing replacement females. It calculates the costs from weaning until the heifers calve into the cow-calf enterprise. It provides cow-calf producers with information for benchmarking and aids in making informed management decisions regarding retaining ownership of heifer calves or purchasing your replacement heifers. The Beef Replacement Heifer spreadsheet tool along with other helpful resources can be found on the Wisconsin Beef Information Center or by following the link <https://fyi.extension.wisc.edu/wbic/decision-tools-and-software/>.

Pre-Registration Open for USDA's CFAP Webinars for Ag Producers

Released: June 4, 2020

Join the USDA Farm Service Agency (FSA) for a webinar designed just for ag producers. Learn the basics of the Coronavirus Food Assistance Program (CFAP) and discover resources available to you. Webinars for producers, farmers and ranchers will begin on June 9, 2020. Webinar attendees can learn more about CFAP and how to submit additional commodities for USDA consideration through the NOFA process.

Webinar Information:

June 11 at 3:00 p.m. EDT: Outreach CFAP Webinar for Dairy and Non-Specialty Crops Producers

June 16 at 3:00 p.m. EDT: Outreach CFAP Webinar for Livestock Producers and Non-Specialty Crops

Pre-registration links can be found on the FSA webinar page at fsa.usda.gov.

Producers are also reminded of the CFAP Call Center available for those who would like additional one-on-one support with the CFAP application process. Please call 877-508-8364 to speak directly with a USDA employee ready to offer assistance.

Looking for Answers to Hot Topics in the Cattle Industry?

North Dakota State University Extension, Texas A&M Agrilife Extension, and West Virginia University has been hosting a webinar series titled "Intersection of the Cattle and Beef Industries." These webinars have covered issues from Country-of-Origin Labeling and the 50:14 proposal to a virtual packing plant tour. If you would like to register for the future webinars, or view the past webinars, visit their website at: <https://www.ag.ndsu.edu/livestockextension/intersectionwebinars>.

UW-Extension Offers Resources for Cattle Farmers

The University of Wisconsin Division of Extension has posted a number of resources for cattle farmers to provide guidance on the changing and challenging landscape that is a result of the pandemic. Recent posts on the site include: "Bigger cattle, warmer weather - what can go wrong?" and "Coronavirus programs and what they mean for livestock producers". The fact sheets can be found at <https://fyi.extension.wisc.edu/wbic/>.



Beef Imports: 11% of U.S. Consumption

This information has been provided by the National Cattlemen's Beef Association (NCBA).

Discussions about beef imports have been put in the spotlight during COVID-19. NCBA agrees that the industry should have a conversation about imports and where we're sourcing beef, but it's important that the conversation be rooted in facts. Global beef trade is dynamic and trade levels rise and fall based on factors such as: changes in currency valuation, areas of drought or moisture, global consumer demand, and many other variables.

Current USDA data projects current U.S. beef import numbers for 2020 at 1.334 million metric tons, while domestic production is estimated at 12.515 million metric tons, amounting to imports totaling 11 percent of U.S. beef consumption during 2020. In 2019, the most current full-year data available shows imports of 1.387 million metric tons, versus production of 12.381 million metric tons, with U.S. imports again totaling 11 percent of total consumption.

To help answer further questions about beef and cattle imports, NCBA put together a Q&A document. See a portion of those explanations below; if you would like the full document, contact the Wisconsin Cattlemen's Association office at 608-228-1457. Sources for the answers are USDA's Foreign Ag Service and USDA's Economic Research Service. In addition, you can find all of the NCBA coronavirus response activities at <https://www.ncba.org/coronavirus.aspx>.

Why do we import cattle from 20 different countries?

Answer: We currently import cattle from two countries (Canada and Mexico) and we import beef from 18 countries. The vast majority (83% of beef imports) comes from just four countries - Canada, Mexico, Australia, and New Zealand. The vast majority of beef imports are lean trimmings used to make ground beef. We need those trimmings because of the more heavily marbled cattle that we produce here in the United States.

Why not restore MCOOL? Doesn't MCOOL benefit producers and consumers?

Answer: Under the former MCOOL laws, country-of-origin labeling did not apply to most imported beef because it was used in food service, not retail. MCOOL is sold as a push for product differentiation but MCOOL will do little to actually market U.S. beef in the retail sector. When MCOOL was the law, the compliance costs were an excessive additional cost on every segment of the supply chain that led to the closure of feed lots and packing

plants across the country. Many studies show that MCOOL did not provide a net benefit to customers or producers. Most damaging of all, MCOOL resulted in WTO-sanctioned tariffs of \$1 billion from Canada and Mexico. The tariffs were avoided because Congress repealed MCOOL, but Canada and Mexico still retain the right to retaliate if MCOOL is restored.

Is the United States flooded with beef imports?

Answer: No. Less than 11 percent of beef consumed by Americans is imported.

- Total 2020 Estimated Domestic Consumption = 12,389,000 Metric Tons
- Total 2020 Estimated Domestic Production = 12,515,000 Metric Tons
- Total 2020 Estimated Beef Imports = 1,334,000 Metric Tons
- Total 2020 Estimated Beef Exports = 1,433,000 Metric Tons

Source: USDA-FAS

What do we import?

Answer: Calves from Mexico, fed cattle from Canada, lean beef trimmings from Australia, New Zealand, Canada, and Mexico. The small remainder (17 percent) of imports come from 14 countries and consist of lean beef trimmings, not muscle cuts, used to make ground beef.

Source: USDA-ERS

Why do we import cattle?

Answer: Live cattle imports during certain times of the year allow feedyards and packing facilities to minimize disruptions in supply due to the seasonality of cattle production in the United States.

Is the United States flooded with cattle imports?

Answer: No. The total U.S. cattle herd is 94 million head. In 2019 we imported 2 million head of cattle from only two countries—Canada and Mexico. The United States does not import cattle from Brazil or any other country outside of North America.

Source: USDA-ERS

Why do we import beef?

Answer: 72 percent of imported beef is lean beef trimmings used to make ground beef. Without lean beef imports, we would be unable to mix our fattier beef trimmings to meet ground beef demand.

Source: "Exports and imports of beef both add value," Dr. Derrell Peel, Oklahoma State University, September 2019.

Doesn't imported beef compete with our beef in the retail sector?

Answer: We produce high quality grain-finished beef, and as a result we produce a lot of fatty trimmings. Our industry no longer produces enough lower-quality, grass-finished, commercial beef to meet demand for lean beef trimmings. We import lean beef trimmings to combine with our fatty trimmings to meet strong domestic demand for ground beef. Americans want to eat hamburgers, not hearts. In fact, 72 percent of imported beef is lean beef trimmings used to make hamburgers. "Beef imports are largely driven by the enormous market for ground beef in the United States."

Source: "Exports and imports of beef both add value," Dr. Derrell Peel, Oklahoma State University, September 2019.

Legislative Update

Jordan Lamb, DeWitt LLP | jkl@dewittllp.com

WCA's Advocacy Program Supports Wisconsin Farmers During Safer-At-Home

The WCA state advocacy program has been proactively engaged to support the needs of Wisconsin farmers throughout the COVID-19 public health emergency. On March 20, 2020, WCA, along with over twenty other agricultural and agribusiness organizations, preemptively wrote to Governor Evers' to request that Wisconsin farmers be allowed to continue to work under any forthcoming stay-at-home order. On March 25, Wisconsin's original "Safer-at-Home" order was released and it preserves Wisconsin farmers, agribusiness, food production and related supply chain entities as Essential Businesses, allowing them to remain open during the term of the order.

On April 16, 2020, Wisconsin Secretary-designee of the Department of Health Services, Andrea Palm, issued Emergency Order #28, which extended Wisconsin's "Safer at Home" Order until 8:00 a.m. on May 26, 2020, unless a superseding order is issued. In general, the new Order maintains the prohibitions against all public and private gatherings but also maintains the Essential Business and Operations designations that were contained in the original Order. The new order also preserves the designation that farming, food production and agribusinesses are "Essential businesses." WCA's leadership and legislative counsel continue to talk with DATCP and the Evers' Administration on a weekly, sometimes daily, basis to discuss continued concerns with farming and food supply chain issues faced by Wisconsin farmers.

Ag Groups Request Direct Aid from Governor Evers for Wisconsin Farmers

On April 21, the Wisconsin Farm Bureau Federation, Dairy Business Association, Corn Growers Association, Pork Association, Cattlemen's Association, Cranberry Growers and Potato & Vegetable Growers worked together to request direct cash relief for Wisconsin farmers from Governor Evers. The State of Wisconsin is expected to receive \$1.9 billion from the federal government as a part of the CARES package passed by Congress. These groups wrote a joint letter asking the Administration to provide Wisconsin farmers with \$50 million in direct cash relief from Wisconsin's \$1.9 billion in initial CARES Act federal aid. The letter documents losses associated with COVID-19 from each affected commodity. On April 28, 2020, Governor Evers announced that he was working on a direct aid program for farmers, which was expected to be announced in May.

State Legislature Addresses Non-Fiscal COVID-19 Issues

Although the State Capitol building is currently closed, legislators and staff are working remotely. The Wisconsin State Legislature was "on the floor" using video conferencing to meet April 14-15 to consider a legislative package to address several non-fiscal issues related to the COVID-19 pandemic. 2019 Assembly Bill 1038, was signed by Governor Evers on April 15 and made several changes aimed at supporting business, schools, healthcare workers and state financial management issues that have resulted from the pandemic. There was no spending attached to the legislation. Rather, the changes addressed needed flexibility in tax filing and

other business deadlines. Importantly, 2019 Wisconsin Act 185 provides the following provisions of interest to our members:

- *Income Taxes:* The legislature waived interest and penalties on income taxes owed and extended the income and franchise tax filing deadline until July 15, 2020, which would make it consistent with the federal deadline.
- *Property Taxes:* For any property taxes payable in 2020 that are due after April 1, 2020, the legislation allows local governments to waive any interest charges and penalties for a late installment payment, provided that the full amount of the payment is received on or before October 1, 2020. The bill, now 2019 Wisconsin Act 185, was signed by Governor Evers on April 15, 2020.

Unclear Whether Senate Will Meet in Regular Session this Spring

The State Senate was not able to hold its final regularly scheduled floor session, which would have taken place at the end of March, due to the public health emergency. There are numerous bills from the 2019-20 legislative session, including agriculture and water quality legislation that WCA supports, which have passed the Assembly and are still available to be considered by the Senate. These bills remain available, should the Senate hold a regular session day this spring. WCA's advocacy team is carefully monitoring this situation and will alert members, should the Senate indicate that it may act on remaining regular session bills.

Wisconsin Supreme Court Overturns Safer at Home Order

On April 21, a lawsuit was filed by the Republican legislature challenging the Secretary of DHS's authority to issue the extended stay at home order (Order #28). The Legislature has asked the Supreme Court to hear the suit directly and has asked that they issue an injunction preventing enforcement of the new stay-at-home order, arguing it exceeded the Department's authority. On May 13, 2020, the Wisconsin Supreme Court ruled that Emergency Order 28 was "unenforceable" because the Administration did not follow rulemaking procedures required to extend the Order. Immediately following the decision, several counties and cities in Wisconsin issued their own Safer at Home Orders, the legality of which remains unclear. It remains unclear whether the Evers Administration will proceed with a formal rulemaking process and/or whether local stay at home orders will be enforceable. WCA continues to monitor this changing situation.

DATCP Pesticide Certification is Extended in Response to COVID-19

In response to COVID-19, DATCP has suspended pesticide certification testing. Normal testing will resume when conditions exist to safely hold certification exam test sessions. To receive updates about certified pesticide applicator information and requirements, subscribe to DATCP's email list.

- *Certification Extension:* DATCP is extending certifications until October 31 for pesticide applicator certifications that expire

- January 31-September 30. The extension allows applicators to continue operating as certified applicators and applies to all private and commercial certification categories. DATCP will not print certification cards with this extension date. Should your customers have questions about your expiration, refer them to DATCP's news release. When certification testing resumes, applicators must recertify by passing the appropriate category exam.
- *Commercial and Private Applicator Testing Updates: New Commercial Applicators.* You can apply for a temporary commercial applicator trainee registration that will be valid until June 30, 2020, for all applications received March 18-June 1. DATCP is extending the normal 30-day limit.
- *Online Testing for New Applicators:* DATCP is also working with the University of Wisconsin – Pesticide Applicator Training Program to develop commercial pesticide applicator certification exam modules (for select categories) to take the exam online. DATCP anticipates this service will be available in

April for select certification categories. An announcement will be made when more information is available.

- More information is available at <https://datcp.wi.gov/Documents/PesticideCertExtension.pdf> and on DATCP's COVID-19 webpage https://datcp.wi.gov/Pages/News_Media/Covid19.aspx.

DATCP Provides Weekly COVID-19 Updates and Resources for Farmers Online

DATCP is holding weekly COVID-19 conference calls to update stakeholders and WCA is participating in these calls. Currently, the DATCP building is closed to walk-in traffic but DATCP staff is working remotely and essential staff is still on-site. DATCP is also keeping their website updated with information and resources about COVID-19 at https://datcp.wi.gov/Pages/News_Media/Covid19.aspx.

Beef Checkoff during COVID

Tammy Vaassen
Executive Director, Wisconsin Beef Council

No matter what segment of the beef industry you fall into, the market challenges you have experienced this year have been staggering. This crisis has raised a lot of questions from farmers across the U.S., and some of that relates to what the Beef Checkoff program is able to do. A few quick facts for you on some of the topics:

- The Checkoff program CANNOT deal in issues related to any policy – which includes Mandatory Country of Origin Labeling.
- Beef imports - The need for imports is not as simple as the number of cattle needed to meet demand, but instead the demand for certain parts of the animal, such as lean trim. Lean trim is in very short supply in the U.S. because the number of beef and dairy cows and cull calves being sent to market has declined significantly during the last decade and we simply don't produce enough lean. The vast majority of beef imported to the U.S. is lean trim (90+ percent lean) – primarily from Australia and New Zealand – to mix with 50/50 lean and fat ground beef produced in the U.S. so we can meet domestic consumer demand for lean beef.
- As far as the Beef Checkoff goes, I hope that you would agree that consumer demand for your high quality beef throughout this crisis is driven by the consumer information, education and promotion programs implemented by the Wisconsin Beef Council (WBC) and other state beef councils across the U.S., as well as those national contractors who implement demand-building programs.

If you have questions, I encourage you to reach out to a WBC staff or board member, or one of the three members of the Cattlemen's Beef Board that we have in our state. Under the guidance of the WBC Board, our staff has been able to redirect programs when Stay

at Home orders came in place to make sure we were responding to the changing consumer landscape. That has included pushing out information on how to freeze and thaw ground beef, recipes for comfort and kid-friendly foods, and having Angie set-up a television production studio in her home kitchen to continue to do her monthly cooking segments.

We are excited to be rolling-out a summer grilling campaign that has both national and state components – 'United We Steak'. Through the state-national partnership with NCBA, as a Checkoff contractor, we are able to elevate in Wisconsin a number of elements to drive consumers to the retail counter this summer looking for beef. We have partnered with several of the small meat processors to provide in-store point-of-sale materials and a map that incentivizes consumers to purchase beef. In addition, our consumer advertising efforts will further elevate and keep beef top of mind, and we are partnering with a number of in-state bloggers to create new beef recipes that they will share on their platforms.

We are also offering grants to county agricultural groups in the state to be used for an event directly promoting beef to participants. Groups selected to receive the grant will receive \$250 and up to \$100 in promotional materials to support the promotional event. All it takes is a simple application including the details of the event and how beef will be included in the event. If your group is interested in details, you can contact Ardel Quam at 608-833-9943 or aquam@beeftips.com.



ABOVE: Easy beef recipes like this One-Pot Ground Beef Lasagna took center stage on the Wisconsin Beef Council's consumer-facing communications efforts while Safer-at-Home orders were in place.

Wisconsin Cattlemen's Association

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