

Iowa Beef Producer Profile:

A 2014 Survey of Iowa Feedlot Operators



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IN FEBRUARY 2014 the Iowa Beef Center surveyed Iowa feedlot operators regarding their current operations, plans for the future, and what they perceived as the greatest opportunities and obstacles for the state's cattle sector. The goal of the survey was to better understand current management and marketing practices and identify the highest priorities for research, education, and policy. USDA's National Agricultural Statistics Service Upper Midwest Regional Office mailed cover letters and questionnaires to 1,010 Iowa feedlot operators. All known operations with a capacity of 1,000 or more head of cattle on feed were surveyed. A stratified simple random sample of operations with 100-999 capacity of cattle on feed was surveyed. The results reported are based on usable surveys from 200 operations.¹

¹Survey summary statistics on issues not discussed in this fact sheet are available in a [report](http://store.extension.iastate.edu/Product/IBC102-pdf) published by Iowa State University Extension and Outreach available at <http://store.extension.iastate.edu/Product/IBC102-pdf>.

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Photos by Erika Lundy and Beth Doran. Cover photo by Erika Lundy.

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Operator Profile

The average age of respondents was 56 years with a range of 27-89, and 45% were between 55 and 70 years of age. About two-thirds of respondents indicated that less than 20% of their household income is from off-farm sources. Respondents generally reported much experience in feeding cattle, with nearly 40% indicating they have at least 41 years of experience. Just 1% of respondents have five years or fewer of experience. Thirty-nine percent of respondents expect to be feeding cattle for another 1-10 years while 32% expect to be feeding cattle for another 11-20 years.

Operation Profile

Nearly 60% of respondents identify their cattle feeding operations as sole proprietorships and more than two-thirds consider their cattle feeding operation as the most important part, on an economic basis, of their overall farm operation. Operations represented in this survey averaged 1,626 fed cattle marketed annually.

Thirty percent of responding operations also raised beef cows and 23% raised hogs. The average farm size was 1,067 acres of cropland with just over 50% of the cropland acres being owned. Forty-four percent of the feedlot respondents said that, during the past five years, the number of fed cattle marketed from their operation increased because of these factors: the profitability of feeding cattle, expanding feedlot facilities, and value of manure for fertilizer and crop production. During the same time period 27% said they marketed fewer fed cattle primarily because of low profitability. These disparities in

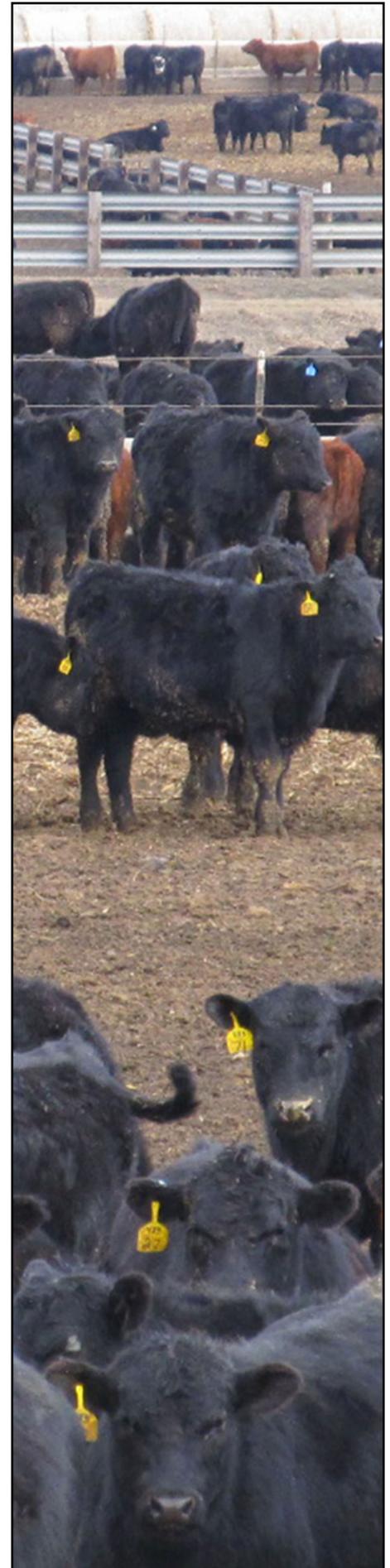
responses are likely indicative of a difference in enterprise efficiencies across responding operations. Fifty percent of respondents plan to maintain the current size of their cattle operations over the next five years, while 34% of respondents plan to expand their operations.

Production, Management, and Marketing

Survey responses show 78% of cattle are finished in an open lot (51% with shelter and 27% without shelter), while only 4% were finished in a slatted floor/deep pit building (Figure 1). Forty-four percent of respondents said they added facilities or expanded in the last five years. Of these added or expanded facilities, half were deep bedded or slatted floor confinement facilities and half were open lots either with or without shelter (Figure 2).

Just 11% of respondents custom feed cattle in their feedlots for other owners. Those who custom feed indicated that 49% of those animals are owned by other cattle-feeding operations, 24% by crop operations that don't feed cattle, and the remaining 27% fairly evenly divided among background/stocker operations, cow-calf operations, and non-farm operations or non-farmers.

Fed cattle were marketed fairly evenly throughout the year with the fewest marketings in May and the most marketings in October. Forty-three percent of fed cattle were marketed live weight, negotiated price (includes auctions) while 30% are marketed dressed, negotiated price. Seventy-three percent of fed



cattle were priced in the spot cash market. Most calves and yearlings placed on feed are procured in the spot cash market. Risk management strategies include 10% forward contracting and 5% futures or options for the procurement of calves, and 7% forward contracting and 5% futures or options for the procurement of yearlings. Thirteen percent of fed cattle are forward contracted while 15% are hedged with futures or options.

Almost 13% of respondents feed cattle in states outside of Iowa. This is primarily because of the services offered, feedlot management, weather, and risk diversification. It is unclear whether the less-identified importance of cost of gain and fed cattle price mean those items are considered less important than services and management, or if Iowa is well positioned on these two items compared to other states.

When purchasing cattle for their feedlot, respondents stated that condition, frame, and castration were the most important traits (Figure 3).

Figure 1. In 2013, approximately what percentage of cattle finished in your operation was fed in the following facility?

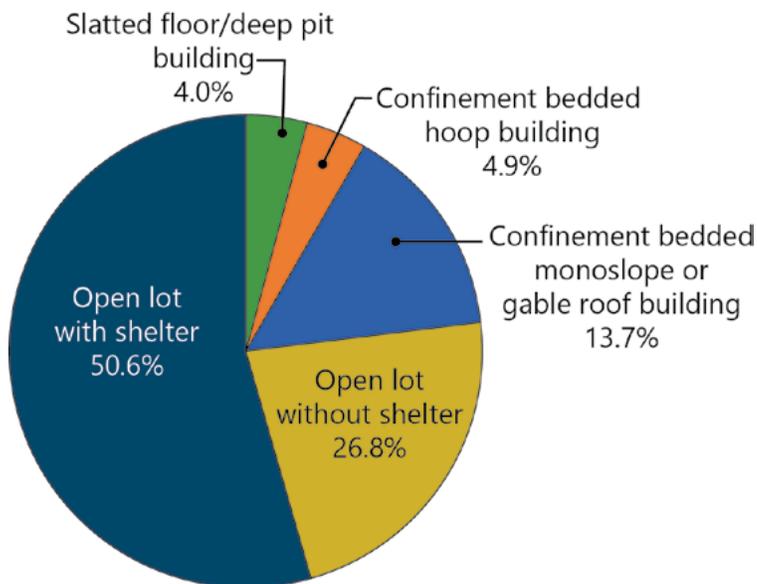


Figure 2. If you have expanded in the last 5 years what type of facility was added or expanded?

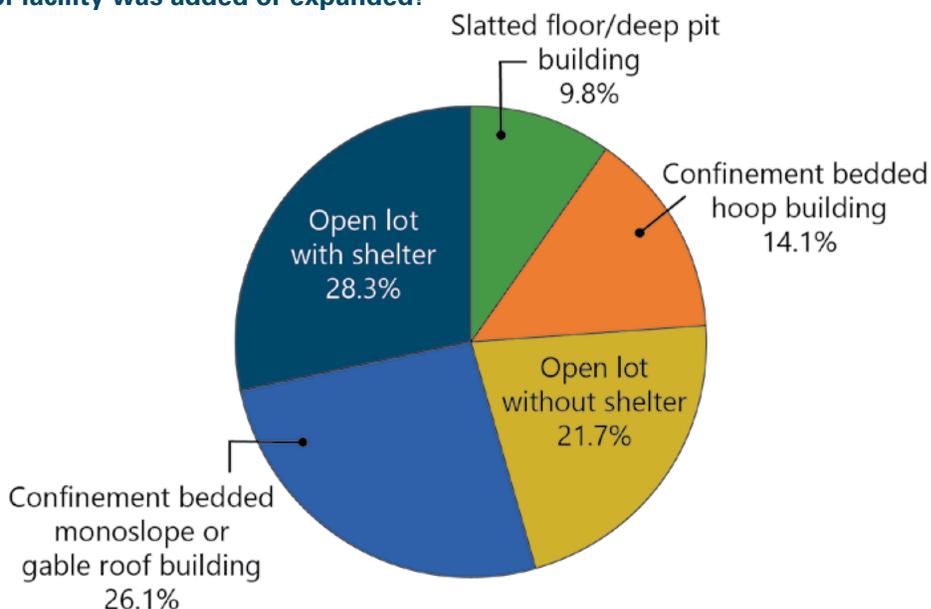
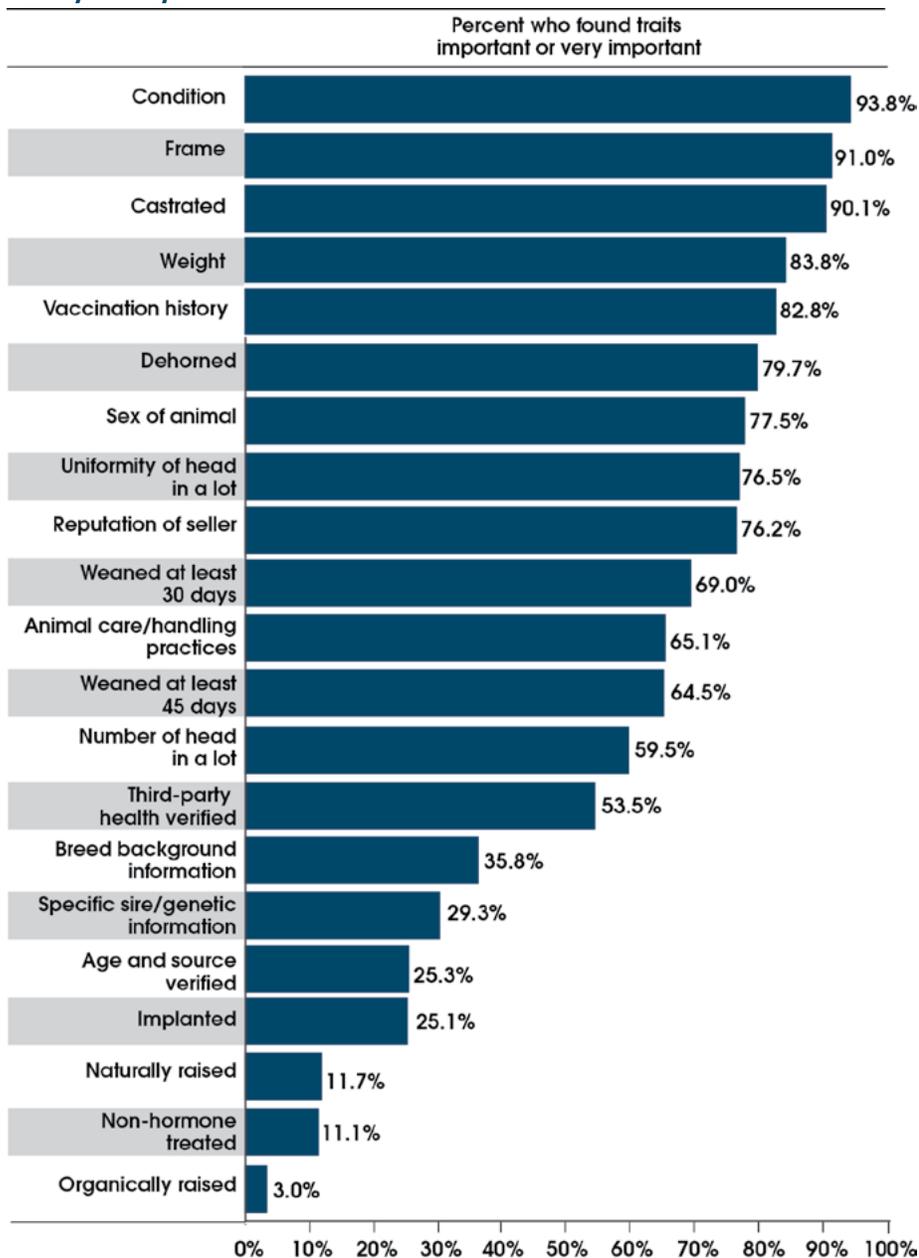


Figure 3. How important are the following traits for the feeder cattle that you buy?



Typical preconditioning practices of vaccination and dehorning were of moderate importance. Information on genetics, breed, and third-party health verification were less important aspects, while organically raised, non-hormone treated, and naturally raised were least important.

Iowa is the origin of most feeder cattle placed on feed in the state followed by Missouri, South Dakota, Nebraska, the six-state Southeast Region and the three-state Northern Plains Region (Figure 4). Quality of the cattle was reported as the main reason cattle are selected from these regions, and vaccination program was the least selected reason. Most feeder cattle marketed were typically purchased through an order buyer, followed closely by directly at Iowa auction barns.

When asked what factors would be the most important for improving cost of production on their operation, operator's three highest ranked choices were ability to grow their own corn, health management, and nutrition and bunk management (Figure 5). Availability of labor ranked



much lower, selected by about 57% of respondents. This likely is because two-thirds of all operations had less than 25% of the cattle operation's labor supplied by non-family, paid employees.

When asked what changes would expand their marketing opportunities, producers' highest ranked choice was marketing to a local packer if one was available (Figure 6). Respondents also agreed or strongly agreed that following animal care or handling guidelines and Beef Quality Assurance (BQA) training would expand their marketing opportunities, but were less interested in third party audits for verified programs.

Synergies with Crop Production and Nutrient Management

Iowa cattle feeders produce the majority of feed for their operations. Fifty-nine percent of respondents indicated they produced more than 75% of their feed needs, and 25% produce 50%-75% of their feed needs. Sixty-six percent farm between 500 and 1,999 acres. Corn for grain is the most commonly grown crop (91%) and 65% grow corn for silage. Nearly one-quarter of respondents use cover crops.

Iowa cattle feeders rely on manure as a source of nutrients for crop production. The most common uses of manure are application to cropland owned by the operation (99%) or pasture owned by the operation (25%). Only 18% apply manure to cropland or pastureland owned by others. Forty-three percent of respondents reported having a nutrient management plan and 35% test their manure for nutrient value.

Figure 4. From which states/regions do you typically buy feeder cattle?

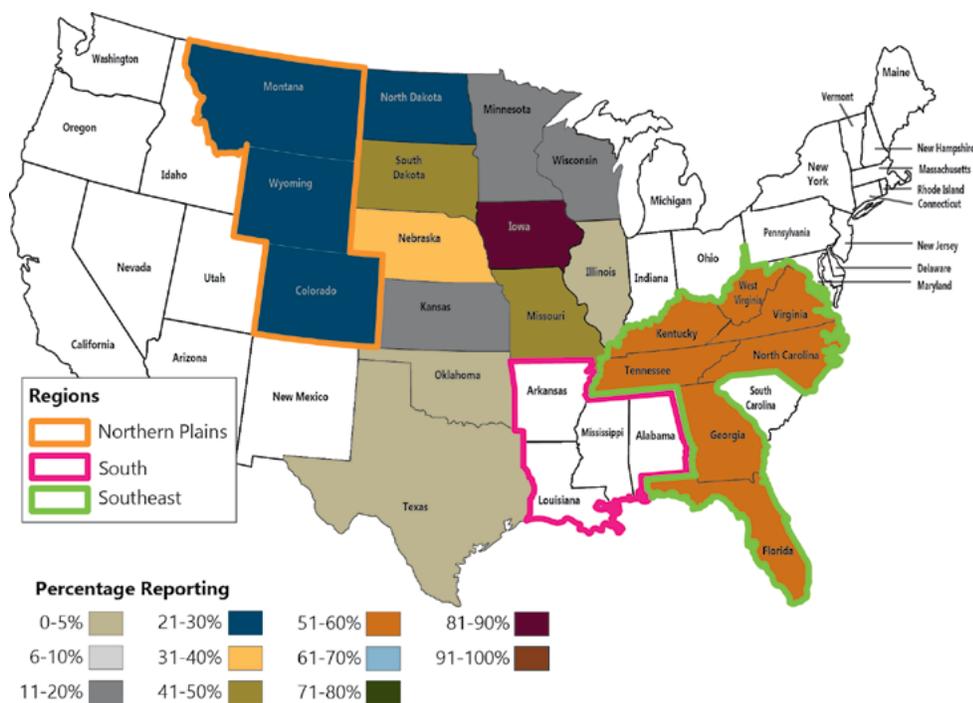


Figure 5. How important would the following factors be for improving cost of production on your operation?

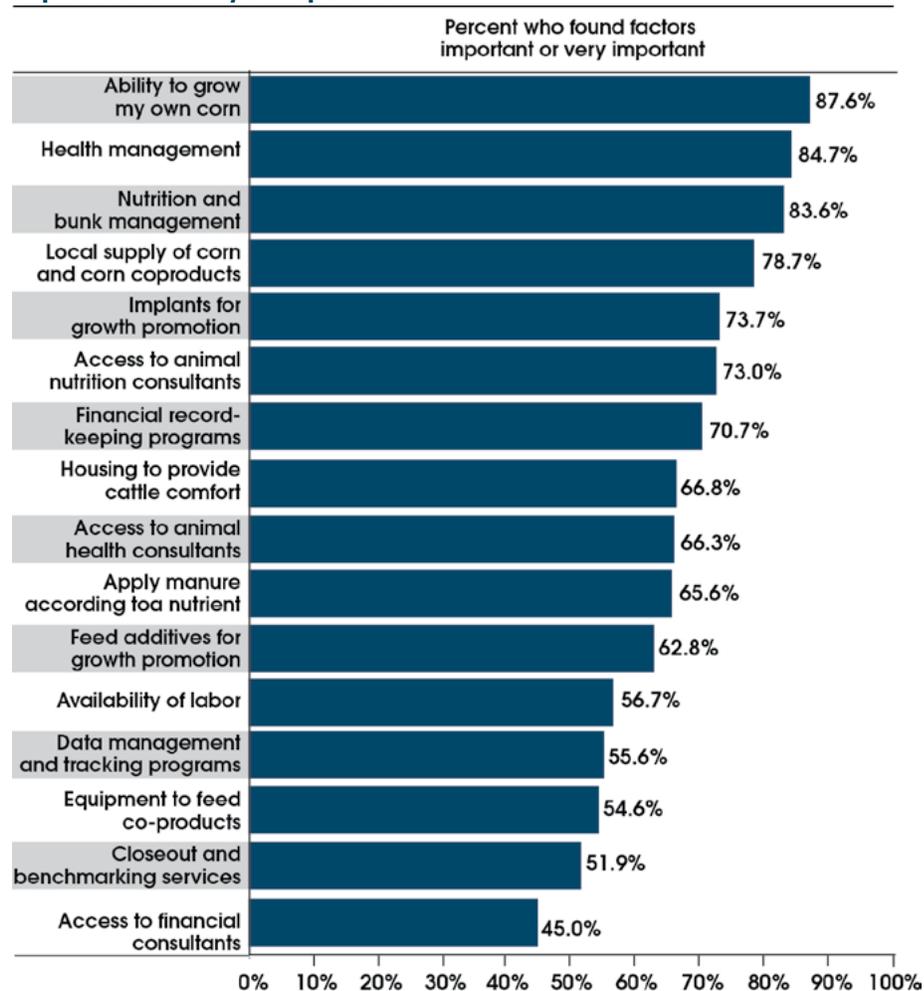
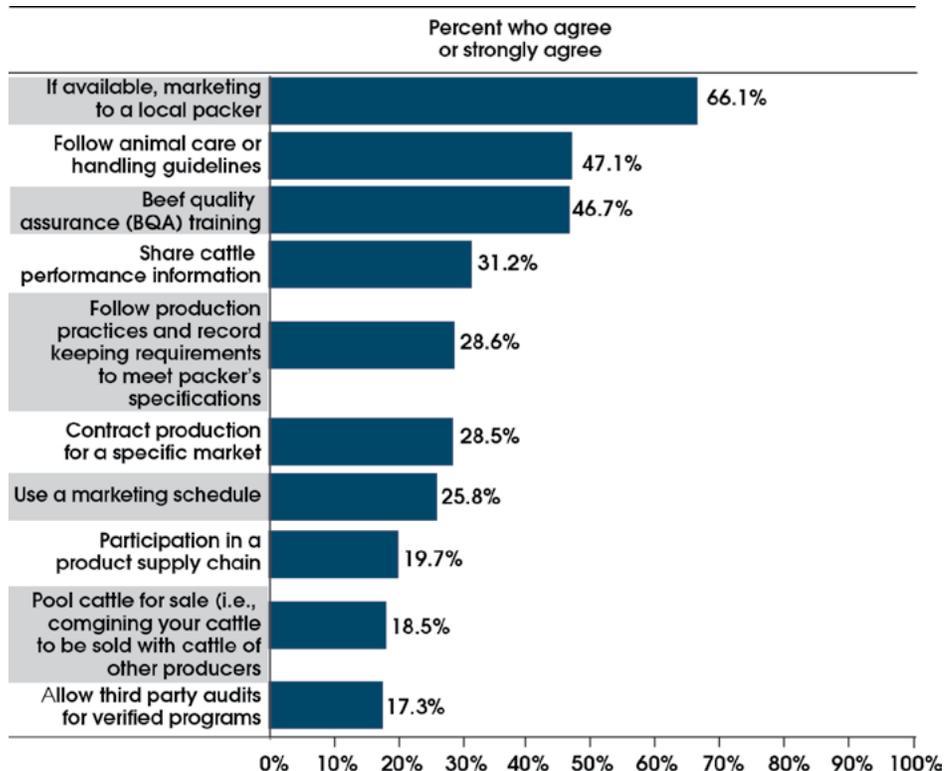


Figure 6. Do you agree or disagree that changing the following practices would expand your marketing opportunities?

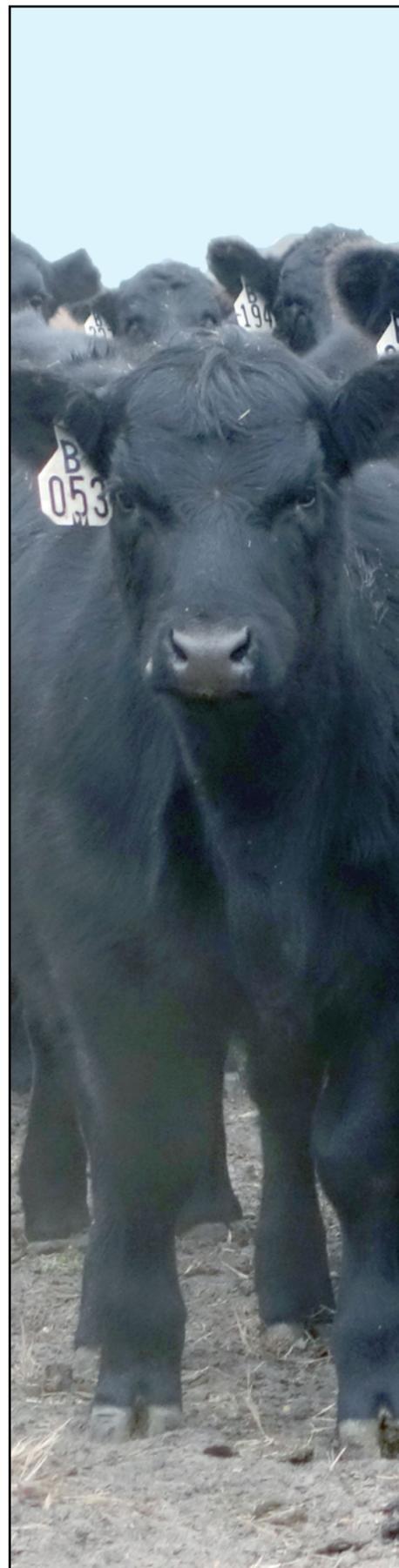


When asked what they consider major reasons for crop producers to use feedlot manure, operators said the most important factors were adding organic matter to the soil, good source of crop nutrients, increasing yields above those with commercial fertilizer alone, and lowering the cost of fertilizer. Operators indicated a number of reasons they think some crop producers may be reluctant to use feedlot manure, including compaction caused by manure application, additional bookkeeping and regulations for application, unevenness of application, unpredictable nutrient availability, odor complaints, and taking too much time. Almost 99% have sufficient land to utilize manure producer in their operation. However, of those who do transfer manure off their farm, more than half said

they provide manure analysis as an agronomic service.

Conclusions

The future size and structure of the Iowa feedlot sector will be determined by the individual decisions of more than 6,000 feedlot operators. These owners are very diverse, not only in their operational characteristics, but also in their perceptions of the key factors influencing profitable and sustainable growth of the industry. Hopefully this survey will further inform discussions and ultimately improve the collective resource allocation decisions associated with fed cattle production in Iowa.



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