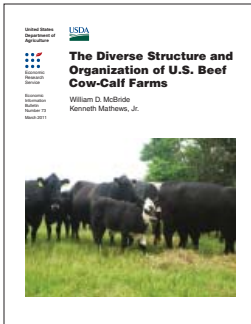


ERS *Report Summary*

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The Diverse Structure and Organization of U.S. Beef Cow-Calf Farms

William D. McBride and Kenneth Mathews, Jr.

What is the issue?

Beef cow-calf farms operate in an industry characterized by large numbers of small farms. Many of these farms specialize in beef cattle production, but farm households on these operations tend to generate more income from off-farm sources, such as wages and salaries or retirement income, than from the farm businesses themselves. Large farms account for most beef cow-calf production in the United States, but on many of these farms, cow-calf production is not the primary enterprise. These findings suggest that operators of beef cow-calf farms, large and small, have varying goals for their cattle enterprises, of which farming as a lifestyle choice is not uncommon.

What did the study find?

- About 60 percent of U.S. beef cow-calf farms produce calves that are sold at or shortly after weaning. These are usually small farms, and most are located in the Southeast and Southern Plains. Many of the farm households on these operations generate most of their income from off-farm sources.
- More than a third of beef cow-calf farms retain ownership of calves after weaning and continue grazing, or backgrounding, the calves from 30 to 90 days before selling. These farms are generally larger, have more beef cows, and are distributed throughout the United States, with many in the Northern Plains and West regions.
- The majority of U.S. beef cows are located in the South, including the Southern Plains (primarily Texas) and the Southeast. These regions have the advantage of a longer grazing season and less need for supplemental forage to support beef cattle during the winter, which results in lower feed costs. Despite higher feed costs in the Northern Plains, large beef cow-calf producers in this region are able to compete with those in the South due to production efficiencies and economies of size.
- Economies of size in beef cow-calf production suggest that farms have an incentive to become larger. However, the significant land area required for large-scale beef cow-calf production inhibits many producers from expanding. In most areas of the United States, beef cow-calf production is the residual user of land. As the opportunity cost of pasture and range land increases for uses such as crop production or recreational activities, the size of beef cow-calf operations may be limited or fragmented into smaller units.

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- Most farms with beef cows do not specialize in beef cow-calf production. In 2008, cattle production accounted for less than 40 percent of the average farm product value on U.S. beef cow-calf farms. Regionally, cattle production accounted for about two-thirds of farm product value on beef cow-calf farms in the Southern Plains and West regions but less than 40 percent in other regions. Specialization in cattle production increased with farm size and peaked at 60 percent of farm product value for operations with 250-499 beef cows. Among the largest operations, those with 500 or more cows, less than 50 percent of farm product value was from cattle.
- Operators of more than a third of beef cow-calf farms worked off-farm in 2008, and half of beef cow-calf farms are classified as rural residence farms. These farms are small operations that specialize in beef cow-calf production but report off-farm earnings as the primary source of household income. Commercial farms with beef cow-calf enterprises are mostly diversified farm operations on which cattle are a secondary enterprise that accounts for about a fourth of farm product value. On intermediate farms, which have annual farm sales under \$250,000 and report farming as the main occupation, the beef cattle enterprise accounts for over half of farm product value. Intermediate farms are among the most financially vulnerable to the input and output price variations of beef cattle production.
- In 2008, more than 80 percent of beef cow-calf producers had some type of animal identification system in place, such as branding or ear tagging. But, nearly a quarter of beef cow-calf producers with 20 or more cows reported a lack of familiarity with the National Animal Identification System (NAIS), and only about a quarter had their premises registered with the system. This lack of participation among the Nation's nearly 765,000 beef cow-calf producers appears to be related to concerns about liability and costs associated with the program. Because beef cow-calf production is a secondary farm enterprise and a secondary household income source for most farms with beef cows, there may be little incentive for these farms to risk any perceived liability or to incur program participation costs. This may create a challenge for Federal or State efforts to enhance product traceability through animal identification on beef-cow calf farms.

How was the study conducted?

In this report, ERS summarizes information from a 2008 survey of U.S. beef cow-calf producers included as part of USDA's annual Agricultural Resource Management Survey, which is administered by ERS and USDA's National Agricultural Statistics Service. The survey covered 22 States and targeted beef cow-calf producers with at least 20 beef cows on the operation during 2008. Data from participating producers were weighted for analysis such that they represent 96 percent of U.S. beef cow-calf farms in the target population. Surveyed producers were divided into groups by type of operation (cow-calf only, cow-calf/stocker, or cow-calf/feedlot), region, size, and farm typology, through which structural and economic differences among producers in each group were statistically evaluated. Beef cow-calf producers were also grouped according to their familiarity and participation with the NAIS. Program participants were statistically contrasted with other producers to identify characteristics that distinguish those who participated in animal identification and product traceability programs.