

VIRGINIA CATTLE INDUSTRY BOARD
Virginia Beef Industry Council
VDACS Annual Report 2009 – 2010

I. Narrative – The Virginia Cattle Industry Board (VCIB) operates as outlined by an enabling act passed by Virginia beef producers in August 1984 as a result of a state referendum. Collection began July 1, 1985. As a Qualified State Beef Council, VCIB does business under the name of the Virginia Beef Industry Council, as defined in the 1985 Federal Farm Bill with responsibilities of collection and dissemination of \$1.00/head on all cattle sold in the state of Virginia.

A 15-member board, whose members are named by the Governor of Virginia, directs the Virginia Cattle Industry Board. The Virginia Cattlemen’s Association provides nominees for the seven feeder cattle production areas as well as one meat packer or processor; the Virginia State Dairymen’s Association nominates two dairy representatives; the Beef Cattle Improvement Association nominates two purebred cattle breeders and the Virginia Association of Livestock Market Operators nominate two members to the board. The board convenes at least three times annually for meetings lasting one or two days, depending on the nature of the business to discuss.

During this fiscal year October 1, 2009 through September 30, 2010, \$402,041 was collected from bovine transactions. This amount represents the \$0.50 of the \$1 checkoff that is retained in Virginia for beef promotion, research, education and information. The remaining \$0.50 is forwarded to CBB for national promotion and education programs.

VCIB works to effectively maintain and build demand in Virginia for beef products that satisfy consumer preferences through market development programs, thereby increasing the opportunity for the Virginia beef industry to earn an adequate return on investment.

Program activities include the following areas:

- 1) Consumer Education
- 2) Retail and Foodservice Promotion
- 3) Research
- 4) Industry Alliance and Quality Development

An attached listing of projects is inclusive of project activities. Several top projects included cooperative partnerships with retail and foodservice agencies, educational programs directed to physicians, dieticians and other consumer groups and conveying information to producers regarding their beef promotion investment.

II. Budget and Finances (attached)

Consumer Information	\$ 56,600
Beef Promotion	127,800
Industry Services	121,100

III. *Projects and Funding* (attached)

IV. Year End Funding Level*

1. Cash Balance: October 1, 2009		<u>\$296,718</u>
2. Assessment Receipts: October 1, 2009– September 30, 2010	(+)	<u>402,041</u>
3. Other Receipts: October 1, 2009 – September 30, 2010	(+)	<u>5,788</u>
4. Total Balance and Receipts (1+2+3)	(=)	<u>704,547</u>
5. Deduct Total Actual Expenditures	(-)	<u>454,214</u>
6. Cash Balance: September 30, 2010	(=)	<u>250,333</u>

*VCIB follows a fiscal period of October 1 to September 30, which coincides with the Cattlemen’s Beef Board (CBB) fiscal year. CBB administers the federal beef checkoff program.

V. *Board Meeting and Board Member Attendance Roster*

Attendance Record FY 09-10

Name	Affiliate	February 11, 2010	September 13-14, 2010		
Betty Jo Hamilton	Cattle Feeders	-	X		
Linda Leech	Dairy	X	X		
David Coleman	Markets	X	X		
Barry Price	Markets	X	X		
Charles Drumheller	Packers	X	X		
Dennis Pearson	Purebred	-	X		
Robert Kube	Purebred	-	X		
Raymond Buchanan	Region I	-	-		
Lewis Pratt	Region II	X	-		
James Sponaule	Region III	X	X		
Jim Brumback	Region IV	X	X		
Rick Matthews	Region V	-	X		
John Goodwin	Region VI	X	X		
Joe Albert	Region VII	X	X		

VIRGINIA BEEF INDUSTRY COUNCIL
Projects FY 09-10 – Approved September 11, 2009

A. Consumer Information	Budget	Paid As of 9/30/2010
CI-1 Travel and Cell Phone Expenses	\$ 7,500.00	\$ 5,272.17
CI-2 Professional Training and Development	\$ 2,500.00	\$ 2,638.86
CI-3 Consumer Information Dissemination	\$ 4,000.00	\$ 3,865.65
CI-4 Beef Information Outreach	\$10,000.00	\$ 3,046.30
CI-5 Beef Promotional Items	\$ 8,500.00	\$ 4,316.31
CI-6 Professional Outreach Exhibits	\$ 5,000.00	\$ 2,985.05
CI-7 Mini-Grants for Extension & FCS Teachers	\$ 1,000.00	\$ 150.00
CI-8 Media Communications and Education	\$ 3,500.00	\$ 2,376.08
CI-9 Beef Consumer Exhibits	\$12,000.00	\$ 7,058.67
CI-10 Youth Awards at State Fair	\$ 300.00	\$ 220.00
CI-11 Home Office Expense	\$ 1,500.00	\$ 1,203.91
CI-12 VA/Natl. Beef Ambassador Project	\$ 300.00	\$ 300.00
CI-13 Culinary School Beef Outreach Program	<u>\$ 2,500.00</u>	<u>\$ 505.13</u>
Total:	\$56,600.00	\$33,938.13
B. Promotion		
P-1 Travel Expense	\$ 8,000.00	\$ 6,426.23
P-2 Office Operations	\$ 2,000.00	\$ 2,003.84
P-3 Veal Promotion	\$ 2,000.00	0.00
P-4 Retail/ Foodservice Info&Brochure Distribution	\$ 6,000.00	\$ 5,610.68
P-5 Retail/Foodservice Seminars	\$ 2,000.00	\$ 1,881.22
P-6 Retail/Foodservice Exhibits	\$ 5,000.00	\$ 4,977.09
P-7 Beef Demonstrations & Sampling	\$35,000.00	\$13,161.30
P-8 Retail/Foodservice Cooperative Partnerships	\$20,500.00	\$19,448.07
P-9 Summer Grilling Promotions	\$ 6,000.00	\$ 5,990.44
P-10 Beef Backer Award	\$ 2,500.00	\$ 2,300.00
P-11 Collegiate Sports Marketing	\$30,000.00	\$30,000.00
P-12 FFA Magazine Advertisement	\$ 2,800.00	\$ 2,800.00
P-13 Billboard Advertising	<u>\$ 6,000.00</u>	<u>\$ 600.00</u>
Total:	\$127,800.00	\$ 95,198.87
C. Industry Services		
IS-1 Producer Communications-Print Media	\$13,000.00	\$11,042.67
IS-2 Producer Communications- Market Outreach	\$ 1,700.00	\$ 806.33
IS-3 Producer Events	\$ 4,500.00	\$ 921.22
IS-4 Beef Products Promotion	\$ 3,000.00	\$ 199.50
IS-5 WebSite Development, Maintenance&Promotion	\$3,000.00	\$ 3,131.40
IS-6 Executive Director&Board of Directors Expenses	\$20,000.00	\$15,869.75
IS-7 U.S. Meat Export Federation Membership	\$12,100.00	\$ 9,248.58
IS-8 Federation of State Beef Councils Membership	\$21,000.00	\$19,613.53
IS-9 VA FFA Meats Judging Career Development	\$ 2,000.00	\$ 2,000.00
IS-10 4H Meats Judging Team Program Support	\$ 2,000.00	\$ 2,000.00
IS-11 Quality Assurance Education for Youth	\$ 2,000.00	\$ 2,000.00
IS-12 Virginia BQA Producer Communication	\$16,800.00	\$16,800.00
IS-13 Beef Tenderness Controlled by Titin Proteolysis	<u>\$20,000.00</u>	<u>\$20,000.00</u>
Total:	\$121,100.00	\$103,632.98

VI. Background

Summary

The beef cattle industry was impacted by several conflicting issues during 2010. According to the USDA mid-year Cattle Inventory Report, the nation's cow herd was estimated at 40.8 million head, the smallest cow herd in nearly 60 years. The current year's national calf crop, the available supply of feeder cattle is the smallest since 1953. Yet, given those historically small cattle numbers, U.S. beef production during 2010 will be above 2009 levels and only 3% below the record year of 2000. Annual beef production maintain that high level of beef production by a higher than normal harvest rate of heifers and cows.

Given the relative strength of the Australian dollar and the weakness of the U.S. dollar, beef imports into the U.S. were down for 2010. This relationship strengthened the market for grinding beef and kept a floor under ground beef for the year. Additionally, the U.S. exported an estimated 19% more beef in 2010 with significant growth in Japan, Korea, and Canada.

The above issues kept available per capita beef supplies at historically low levels. Those restricted supplies forced the price for all fresh beef at the retail level to a record high at \$4.02 per pound. Retail beef prices surged roughly 4.8% from the first quarter of 2010 through the 4th quarter. This growth in retail price was in the face of 9.5%+ U.S. unemployment for the year.

At the end of 2010, most experts assume that the total price advance in wholesale beef has not yet been fully passed along to retail level. Most projections for 2011 peg finished cattle prices at significantly higher levels during much of 2011 as a result of reduced supplies. With continued high unemployment levels it may be difficult to fully pass along higher retail beef prices during 2011. Continued expansion in U.S. beef exports during 2011 may provide price support.

The U.S. beef cattle herd would be expected to begin expansion during 2011 or 2012. During the first three years of a beef herd expansion phase, actual beef production tends to shrink as more breeding females are retained with the herd and do not enter the feedlot and near term harvest stream. Projections estimate U.S. per capita beef supplies for 2011 at the smallest since 1952 with pork supplies at their lowest since 1976.