

SOUTH DAKOTA CORN COUNCIL

REVIEW

News from the South Dakota Corn Utilization Council

Board of Directors

President
Gary Duffy
Oldham • District 5

Vice President
Ludwig Hohm
Yale • District 8

Secretary
Brian Woldt
Wentworth • District 4

Treasurer
Don Pugh
Miller • District 12

Chairman
Brad Bonhorst
Pierre • District 13

Board Members
Mark Quam
Elk Point • District 1

Paul Shubeck
Centerville • District 2

Mike Randall
Dell Rapids • District 3

Steve Street
Reville • District 6

Ron Olson
Waubay • District 7

Jerry Rubendall
Mitchell • District 9

Mark Namminga
Avon • District 10

Craig Swanson
Chamberlain • District 11

Lars Herseth
Houghton • District 14

Clinton Vanneman
Ideal • District 15

Executive Director
Lisa Lutterman Richardson
Sioux Falls



3801 S. Western Ave., Suite 100
Sioux Falls, SD 57105
605-334-0100
www.sdcorn.org

The Future of Livestock Feeding

— page 2

Cover Story

The Future of Livestock Feeding

The South Dakota Corn Growers Association and the South Dakota Corn Utilization Council recently brought together agriculture and business leaders to discuss the critical needs of the livestock industry. The continued out-migration of young South Dakotans and continued economic stress being suffered by farmers and ranchers have resulted in the realization that many economic solutions lie with the expansion of dairy production and livestock feeding. The conference, held September 12, 2002, at the Crossroads Hotel in Huron, was organized to identify the actions necessary to overcome the obstacles being faced by the livestock industry.

The following ideas and comments were generated from individuals participating in the group discussion:

- **Education is critical.** If people do not understand the problems faced by South Dakota farmers and ranchers they will not respond favorably. Constituencies include the general public, farmers and ranchers, and all levels of government. The issues include economic opportunity, environmental concerns and economic justice (packer ownership of livestock). Participants in the conference felt the "It's About Time" campaign done by the South Dakota Corn Utilization Council and the South Dakota Livestock Foundation is a prime example of a successful public relations effort.

- **Creation of business tools and economic policies are critical.** If South Dakota is to compete in today's tough economic environment, strategies that help facilitate the creation of livestock feeding and processing ventures are essential.

- **Continued funding of and efforts toward direct science and research are fundamental.** If agriculture is to continue to grow its efforts, it will require the use of dried distiller's grain (DDG) in feeding and the involvement of our universities in addressing difficult environmental problems.

- **United, ongoing lobbying efforts by the entire agriculture industry are important in finding solutions that address all issues.** Clearly, a unified industry can accomplish more than a fragmented one.

The group also identified several actions that require the involvement of the government. Among those associated with the state government are the governor's leadership in promoting the livestock industry creating meat packing operations. In addition, the group expressed a need for the legislature to make changes in the way zoning is accomplished.

Finally, according to the group, the federal government needs to provide more resources, especially for addressing environmental problems. Other measures needed from the federal government include adjustments to the tax code and to USDA programs that identify biological processing as value-added.



President's Report

I hope everyone had a safe harvest. As I am writing this greeting in mid-October, the cold snow has slowed harvest. The SDCUC has been working diligently on developing markets for corn in South Dakota for the past 12 years. While developing our strategic plan in 1998, we hoped to process 20 million bushels of corn into ethanol by 2003. With 2003 just around the corner, the actual facts are that in the coming year more than one-third of our state corn crop will be processed into ethanol at our plants across South Dakota. We will also have more than 8000 farm families invested in ethanol plants across South Dakota. We will narrow our basis immensely in the next 18 months.

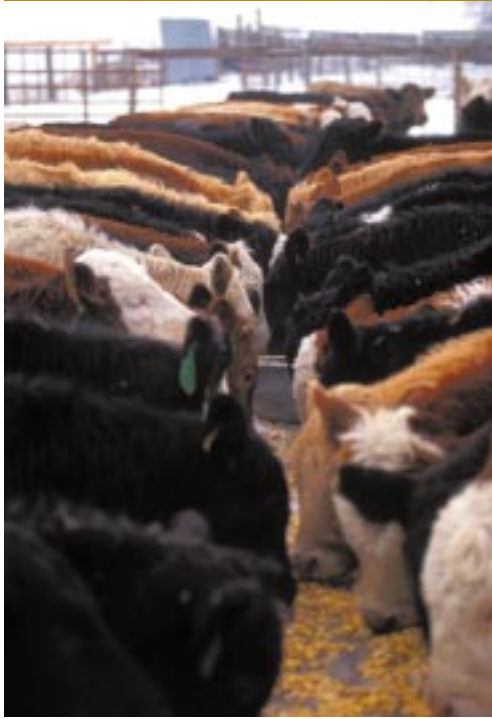
We are not finished adding value to our corn when we make ethanol. Our next step is to find a market in South Dakota for the million tons of distiller's grain that will be on the market in 2003. Toward this end, we have been working closely with the livestock industry to develop a strategic plan for increasing our livestock on feed.

We invited livestock and industry leaders from across South Dakota to help us develop a strategic plan. While the group did not formulate a silver bullet solution, those who participated in the valuable discussion were instrumental in identifying four broad categories of issues that need to be addressed. These issues include environment, public perception,

economics, and unity in agriculture.

Armed with this knowledge, it is my hope that once again we can turn lemons (cheap feed) into lemonade (livestock production). South Dakota will have the least expensive feed in the United States. Working together, we believe it is possible to make a difference on livestock production in South Dakota.

We will be using our time, resources, and energy to answer the tough questions and develop solutions for continuing to add value to our corn. If you have suggestions or questions, please contact me or the SDCUC representative in your district. Sincerely,
Gary Duffy
President, SD Corn Utilization Council



SDSU Leading Way in Feedlot Research

Partnership with SDCUC Serves State Producers

By Robbi H. Pritchard, Ph.D., professor
Department of Animal and Range Sciences
South Dakota State University

The original value-added program for South Dakota crops was to run them through livestock, and cattle are the ideal livestock for this purpose. Total revenues generated per acre of corn are tripled as that grain is converted to beef. The remarkable thing about cattle is that they can do the same thing for off-grade or weather-damaged crops or for the co-products of grain processing, including the ethanol co-products.

South Dakota State University has a long history of research in cattle feeding, and we are committed to helping maintain the economic viability of our cattle feeding industry. Recently, we took steps to create a focal program for tying together feedlot research resources of the SDSU Experiment Station, producer support coordinated through the SDSU Foundation, and grants from allied industries. The South Dakota Corn Utilization Council is currently a major grantor in this program. By pooling resources in pursuit of common goals, this program increases our capabilities of serving the cattle industry and South Dakota.

Currently, the program has three project areas; the SDSU Advanced Feedlot Shortcourse, a benchmark website for feedlot cattle performance, and an audit of ethanol co-products production in South Dakota. The shortcourse is a 4-day, intensive, hands-on workshop for feedlot operators. The course addresses receiving cattle programs, mixer performance, feed calls, health protocols, quality assurance programs,

and environmental issues. To date, more than 260 cattle feeders and allied industry personnel from 10 states, Canada and South America have participated in the program. This past summer we offered two shortcourse programs to accommodate a backlog of interested participants. The shortcourse is an opportunity for feedlot operations of any size to have one-on-one access to extension specialists, researchers, and consultants and to share ideas and questions with other cattle feeders.



Pritchard details aspects of South Dakota State University's beef feeding program to attendees of the 2002 Advanced Feedlot Shortcourse.

The feedlot cattle performance benchmark is a website nearing completion. Benchmarking is a powerful tool to help operations to determine their strengths and weaknesses. SDSU will provide real time projected and actual performance, breakevens, and carcass data from cattle we feed. For each lot, the cattle, diets and management will be described. The performance updates will be posted every month. It will give producers a chance to "look over the fence" at how someone else is getting along; not only on performance, but on cost of

► *SDSU's ethanol co-product audit will study the value of adding ethanol co-products (such as dried distiller's grain, or DDG, shown here) to beef cattle diets.*

gain and net return. Technical support will be available through the website to respond to producers' questions and observations.

The ethanol co-product audit involves four South Dakota cooperator plants. All co-products are probably not created equal. As such, the better we characterize these feedstuffs, the more valuable they will be. It isn't as simple as ranking best to worst. The co-products concentrate crude protein, fiber and fat. These components may move together or independently, depending upon the plant, the processing methods, and the product target. When adding co-products to diets, the desired ratios of these components will vary with the class of cattle, base diet, and stage of production. Therefore, our objective with this project is to provide the necessary information to allow nutritionists to find the "best fit co-product" for each specific situation they must address. The cooperating plants share this goal and have been very helpful on this project.

Producers interested in the 2003 Feedlot Management Shortcourse are encouraged to contact the SDSU Department of Animal and Range Sciences. The Beef Nutrition Center benchmarking website will be accessible to the public this winter through our departmental website (find it on the Internet at <http://ars.sdstate.edu/>) where there are also many other valuable resources.



Your Check-off Dollars at Work

SDCUC Conducts Farm Bill Informational Meetings

This fall, the South Dakota Corn Utilization Council held farm bill informational meetings highlighting important changes in various federal farm programs provided in the Farm Security and Investment Act of 2002. More than 1,000 producers took part in the educational seminars in Yankton, Brookings, Huron, Aberdeen, Pierre and Sioux Falls.

Higher marketing loan rates, the new target-price-based counter-cyclical payment program, and the Conservation Security Program for voluntary land stewardship practices are some of the key provisions in the current farm bill. Through government representatives from the state Farm Service Agency and the state Natural Resource Conservation Service, SDCUC's farm bill seminar provided producers with information regarding these issues.

It is because of producers' corn check-off dollars that the SDCUC can provide educational programs and seminars that will have a direct impact on the profitability of producers.



More than 1,000 producers from across the state gathered to learn about the Farm Security and Investment Act at meetings like this one in Sioux Falls.



At the 2002 Cereal Bowl football game at South Dakota State University, SDCUC president Gary Duffy (center) presents a research check for \$242,127 to (from left) Fred Cholick, SDSU Dean of Agriculture; Peggy Gordon Elliott, SDSU President; Dale Gallenberg, plant science department head; and Kevin Kephart, director of the SDSU Ag Experiment Station.

SDCGA, SDSA Annual Meeting Set Jan. 11, 2003

The annual meeting of the South Dakota Corn Growers Association and the South Dakota Soybean Association will be held Saturday, Jan. 11, 2003 at the Sheraton Sioux Falls Hotel and Convention Center.

The event will begin with a luncheon at 12:00 noon, which will be followed by educational seminars presented on a variety of topics from 1:00 to 3:00 p.m. The business portion of the meeting will take place from 3:00 to 5:00 p.m. and will be followed by a social hour, silent auction, dinner and evening entertainment by Tonic Sol Fa.

Tickets cost \$10 for SDCGA and SDSA members; \$20 for non-members and \$25 at the door. Please mail your ticket request to the SDCGA office at 3801 S. Western Avenue, Suite 100, Sioux Falls, SD 57105 or call 605-334-0100.

Calendar of Events

DECEMBER 2002

4 - 5 SD Cattlemen's Convention & Trade Show
Sheraton, Sioux Falls

9 SDCGA Board Meeting
SDCGA Office in Sioux Falls

JANUARY 2003

9 - 10 SD Pork Producers Annual Meeting & Trade Show, Ramkota, Sioux Falls

10 SDCUC Board Meeting
SDCUC Office, Sioux Falls

11 SDCGA & SDSA Joint Annual Meeting
Sheraton, Sioux Falls

FEBRUARY 2003

30 - ACQA Convention
Charleston, SC
1 (January 30 - February 1)

6 Ethanol Day at the SD Legislature
State Capitol, Pierre

9 - 11 USGC Conference
Guadalajara, Mexico

27 - 1 Commodity Classic
Charlotte, NC
(February 27 - March 1)