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# AGRICULTURAL ALTERNATIVES

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## Veal Production

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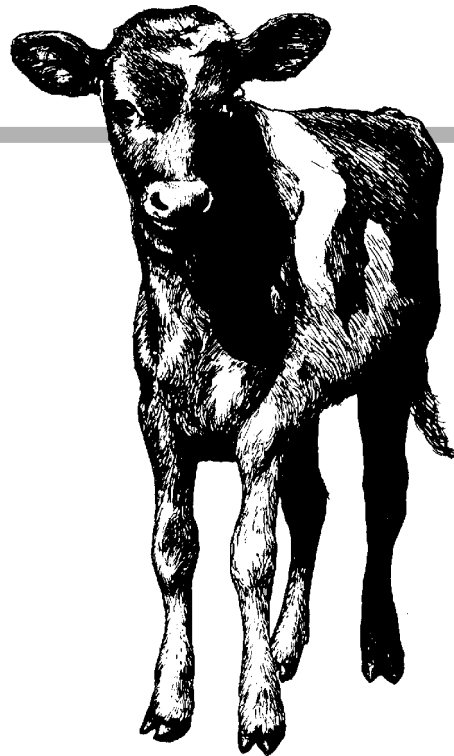
Special-fed veal producers place 750,000 to 800,000 bob calves, animals less than 7 days old, annually for veal production. Most of these calves are bull calves from Holstein herds. There are approximately 1,400 veal producers in the United States, where production is concentrated in Indiana, Michigan, New York, Ohio, Pennsylvania, and Wisconsin. The largest demand for veal is in the Northeast, but most large cities have markets.

The number of calves entering the special-fed veal industry has declined approximately 33 percent in the past 10 years, from about 1.2 million in 1986 to 800,000 in 1993. However, average slaughter weight has increased, which means that total production actually has decreased only slightly over the past seven years. The decrease in total veal production, including bob veal and special-fed veal, has been mainly caused by the decreasing number of dairy cows. In addition, the increased use of dairy bull calves for dairy-beef production also has increased the overall demand for these calves. The result is an increase in starter calf prices for both veal and dairy-beef producers. There are approximately 450 veal and dairy-beef farms in Pennsylvania. Several of these farms alternate between veal and dairy-beef production, depending on market conditions.

On-farm veal production capacity typically ranges from 50 to over 3,000 stalls per farm, averaging approximately 200 stalls. With three cycles of production annually, average production is about 600 calves each year. Because of the increase in average slaughter weight, slaughter age and length of feeding period have increased from 16 weeks in 1990 to 18 to 21 weeks in 1993-94.

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### Calves Purchased for Veal Production

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Most bob calves purchased for vealers are bull calves. Heifers also may be used, but their reduced feed efficiency increases feed cost per animal. Most producers use professional calf buyers to obtain calves through livestock auction markets. Few producers purchase or haul their own calves.

Although most producers prefer to start with large calves of 100 pounds or more, an increasing number of producers are buying lighter-weight calves because of the initial cost advantage. Lighter-weight calves, however, require more care and longer feeding periods. Most producers use an "all-in, all-out" system, which means that all of the pens in a barn may be refilled within a week after the producer sells the calves and cleans the pens.

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# Independent and Contract Production

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There are several different types of calf ownership and contract production in the veal industry. The percentage of calves owned by feed companies or packers and fed on contract has increased since 1990, while the percentage of independent producers has decreased. Several factors have caused the movement toward contractual agreements, including the cyclical nature of finished-calf prices and variations in feed and other production costs. There are various types of contracts, ranging from a “lock-in price” contract to a complete production-control contract. The lock-in price is a projected slaughter price paid to the producer by the contractor. The producer, however, must still purchase the animals and feed as well as provide management skills. Complete production-control contracts require the producer, who is paid on a per-calf basis, to supply the facility and labor. The contractor provides the animals, feed, production management, and market for the animals. The control and most of the risk of loss are the contractor’s responsibility.

## Facilities

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Most special-fed veal producers enclose their facilities to permit year-round production. Sources of heat are usually gas or wood with thermostatically controlled heating. Temperatures in veal barns vary from 62°F for older calves to 74°F for younger ones. As with any enclosed housing system, two very important considerations in veal housing are ventilation and humidity control. Temperature, humidity, and air quality are important for feed efficiency and calf health. Ventilation is necessary to remove moisture and odors, prevent heat build-up, and reduce disease problems. Although most ventilation systems are mechanically or automatically controlled, several successful producers use natural ventilation systems. Proper cleaning, sanitizing, and drying of the stalls between calf purchases are important to reduce the spread of disease and the number of deaths.

## Calf Health, Treatment, and Residue Avoidance

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Proper health-care treatments are vital because each calf in a lot may be from a different dairy farm and most veal calves are loaded at least two times and sent through at least one auction before reaching the producer. A survey of veal producers indicated a 4.7 percent death loss, but many producers with good health programs average less than 2 percent. Monitoring calf health as well as proper diagnosis and treatment is extremely important. Although there are established guidelines, a veterinarian is essential to maintain

herd health. Since relatively few medications are approved for over-the-counter sale, you must establish a valid veterinarian-client-patient relationship.

To minimize drug residues in calves, exercise caution when using animal health products before slaughter. As with other meat-production enterprises, drug residues are a concern in veal production. Veal calves clear most animal health products from their systems more slowly than do calves fed grain and hay. Quality-assurance techniques have reduced the frequency of drug residues from 3.3 percent in 1988 to 0.12 percent in 1992.

## Feed Costs

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Feed is the major cost in a veal production operation. You can easily determine the amount of feed needed for a certain slaughter weight. Competition among feed manufacturers and the use of the least expensive feed components have helped keep feed prices under control. Commercially available veal feeds are generally high in quality and consistent in nutritive value. Most feed companies have helpful service representatives to assist you.

## Sample Budget

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Included in this publication is a sample budget that summarizes the costs and returns of purchasing bob calves at 100 pounds and selling them as special-fed vealers at 420 pounds. The budget assumes that three animals are finished per stall each year, and this is reflected in the variable and fixed costs.

This sample budget should help ensure that you include all costs and receipts in your calculations. Costs are often difficult to estimate in budget preparation because they are numerous and variable. Therefore, think of these budgets as an approximation, then make appropriate adjustments using the “Your estimate” column to your reflect specific situations.

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## Sample Budget for Non-contract Veal Production

Bob calves are purchased at 100 pounds, fed for 120 days, and sold at 420 pounds live weight. For a carcass with hide on, the dressing rate is 68 percent. The budget is adjusted for three calves per stall per year.

Item	Amount	Price or cost/unit	Per stall	Your estimate
<b>Receipts</b>				
Veal calf (lb)	857	\$2.00	\$1,713.60	_____
Total receipts				_____
<b>Variable costs</b>				
Bob calf	3	\$120.00	\$360.00	_____
Milk replacer for three calves (lb)	1620	\$0.50	\$810.00	_____
Death loss (4 percent)	34	\$2.00	\$67.37	_____
Health program	3	\$15.00	\$45.00	_____
Electricity	3	\$10.00	\$30.00	_____
Equipment and repairs	3	\$0.75	\$2.25	_____
Insurance and taxes	3	\$0.75	\$2.25	_____
Marketing	3	\$7.00	\$21.00	_____
Truck and tractor	3	\$3.00	\$9.00	_____
Miscellaneous	3	\$3.50	\$10.50	_____
Interest charge	3		\$16.71	_____
<i>Total variable costs</i>			\$1,374.08	_____
<b>Fixed costs</b>				
Labor charge (hours)	18	\$5.00	\$90.00	_____
Building charge			\$20.00	_____
Equipment charge			\$10.71	_____
<i>Total fixed costs</i>			\$120.71	_____
<b>Total costs</b>			\$1,494.79	_____
<b>Returns</b>				
Returns above variable costs			\$270.98	_____
Net returns			\$150.27	_____
<i>If the price is \$1.70, then</i>				
Returns above variable costs			\$24.22	_____
Net returns			(\$96.49)	_____
<i>If the price is \$2.30, then</i>				
Returns above variable costs			\$517.74	_____
Net returns			\$397.03	_____

### Initial resource requirements

- Land: 1 acre
- Labor  
18 hours per stall per year
- Capital  
Building: \$20,000  
Equipment: \$7,500

## For More Information

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*Guide for the Care and Production of Veal Calves.*  
Naperville, IL: American Veal Association, 1994.

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Northeast Regional Agricultural Engineering Society, 1991.

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*Livestock and Poultry: Situation and Outlook Report.* LPS-  
61. Washington, D.C: United States Department of Agricul-  
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