

Tobacco Creates a Bull Market



tobacco-settlement dollars back in the hands of tobacco producers in 13 counties. Like their Kentucky neighbors, many of them also have cattle.

"It has helped with bull demand, no question," says John Grimes, a Hillsboro, Ohio, Angus breeder and county Extension agent in agriculture and natural resources. "It sure made a big difference for us. And it isn't just bulls. People bought females, too."

Brian Michael was more than happy to use the money to boost the bull power in his 200-cow commercial herd.

"Most people bought the same quality bull they usually do, but used the settlement money to pay for half. I bought a \$4,000 bull. I figured this might be the only chance I'd get to buy a bull of that quality," says the Hillsboro, Ohio, producer.

Michael says the Angus bull is a Precision son with a low-birth-weight expected progeny difference (EPD) and top carcass numbers. "He has good eye appeal, too," he comments.

He also bought two Angus cows. "The cows would probably be on the low end of some purebred herds, but they are on the high end of my cow herd. They really helped."

Upgrade projects

Not only are the breeders benefiting from increased demand, they are putting the cost-share dollars to work in their own operations. Cowles used \$500 from the tobacco funds, added \$500 from his operation, and bought high-quality semen.

He also used cost-share dollars to revamp his working facilities.

In Oakland, Ky., Angus breeder Larry Mills used cost-share money to buy semen and to put in a squeeze chute, palpation cage and sweep tub.

Mills, who usually has to work cattle by himself, says, "With this equipment, I can do a better job with AI (artificial insemination) and working my herd. I couldn't afford an outfit like this, but I'm serious about raising good cattle, and it has really helped."

Before he got the equipment, he had to haul his cattle to Cowles' farm to freeze-brand them. Now, he can do the chore at home.

He adds, "I fertilized and limed this place and was able to do it with the recommended amounts. That's the first time in my life I've been able to do that."

Grimes took advantage of the fencing option available in Ohio. He says, "Hundreds of miles of fences have been built in this program." He and his family also used cost-share dollars to lime their pastures.

Beef producers are using tobacco-settlement money to improve genetics.

Story & photos by **Becky Mills**

At first glance, there doesn't seem to be much connection between a tobacco plant and an Angus bull. But in Kentucky, tobacco's tough times are boosting the demand for bulls.

Confused? Here's how it works. You've heard about the big settlements tobacco companies are paying states to help them with health care costs for people with tobacco-related illnesses. Agricultural leaders in Kentucky felt part of the money should go to farmers hard-hit by the loss of their tobacco allotments — more than 50% since 1997. Thankfully, Kentucky Gov. Paul Patton and the state legislature agreed.

Since many tobacco farmers also have cattle, Kentucky's beef industry is getting a healthy share. Most of the tobacco-settlement funds earmarked for the cattle industry go to local cattlemen's associations. Individuals apply for the cost-share dollars, which can go to genetic improvement, handling facilities or forage improvement.

"We're starting in the third year of the program," says Dave Maples, executive vice president of the Kentucky Cattlemen's Association. "As of May 20, genetic improvement funds have been distributed in



► Tobacco-settlement money helped Kentucky cattleman Gil Cowles revamp his working facilities.

102 counties and total \$7,637,022.02. This is cost-share money. With the money the producers put in, that is over \$14 million spent on bulls."

Those to benefit

Maples also says Kentucky purebred breeders aren't the only ones benefiting — bulls have been purchased and hauled back to Kentucky from areas throughout the United States, from Alabama to Montana.

However, Gil Cowles is glad Kentucky cattlemen also shop at home. "In our 2002 bull sale, the increase per lot was to some extent from the tobacco funds." The Rockfield, Ky., Angus breeder saw his sale average jump from \$1,800 per lot in 2001 to \$2,200 in 2002. He adds, "It helped our private-treaty bull sales, too."

In Ohio, a similar program is putting

The infusion of tobacco dollars isn't without its drawbacks, at least to some producers. Scott Rittenhouse, director of field activities for the Ohio Cattlemen's Association, is also a cattle producer. However, he is not a tobacco farmer, so he was not eligible for any of the funds.

"In Ohio, the rest of the producers are having to compete against the 900 producers who had a tobacco allotment," he says.

"Two years ago, my folks and I were in the market to buy three bulls. We didn't get the ones we wanted."

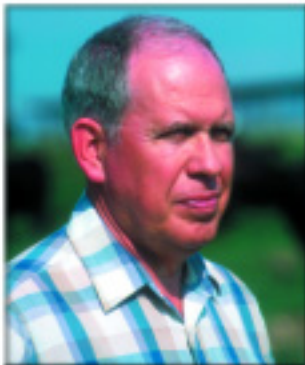
Eligible producers in Ohio can get cost-share funds of half, or up to \$2,000, for a bull purchase.

In Kentucky, cattle producers in most counties are eligible for the funds even if they didn't have a tobacco allotment. However, in some areas, like Warren County, producers can get just \$500 of cost-share money for genetic improvement. They have to bid against producers from other areas, including Ohio producers.

"It made a \$1,200 bull a \$2,200 bull," says commercial producer Darwin Heard, who lives in Warren County.

His father, Maurice, agrees, "It has inflated our bull costs tremendously." The Heards run about 600 head of Angus and Angus-cross females in their Rockfield, Ky., operation.

"In some cases, prices were driven up due to increased demand," Grimes says. "And there are always bulls that should have been



► Larry Mills, Oakland, Ky., used tobacco-settlement money to fertilize and lime his pastures.

steered, but it didn't change our standards."

Outside benefits

Grimes emphasizes that part of the benefits can't be measured directly. "The tobacco program did more to help make people pay attention to EPDs than any single thing we've done in Extension," he says.

Last year in Ohio, the bulls purchased with cost-share funds had to be above breed average in two EPDs.

This year, they have to be

above average in three EPDs.

In Kentucky, bulls have to meet minimum EPD standards according to whether they are categorized as low-birth-

weight bulls, balanced-trait bulls or terminal-cross sires. To help his bull-buying customers, Cowles labels each bull in his sales catalog with an H (for a bull to use on heifers, or a low-birth-weight bull), B for a balanced-trait bull or T for a terminal-cross bull.

"The tobacco-settlement money has raised awareness of genetic quality with commercial cattle producers," Cowles says.

As for the long term, no one is sure. The settlements are for 25 years, but cash-strapped states are eager to get their hands on the money. For now, though, Grimes says, "It has helped on both sides of the river."

"It is a good thing," Cowles agrees. "It gave the beef producers a vote of confidence. I appreciate the dedication our elected officials showed to agriculture."



► Maurice (left) and Darwin Heard, Rockfield, Ky., say tobacco-settlement funds raised the price on purebred bulls. The Heards manage about 600 head of Angus and Angus-cross cows.