

AUTHORIZATION REQUEST FOR FY 2023

CBB Budget Category: Industry Information

Name of Contractor: North American Meat Institute

Name of Organization Subcontracting:

Start Date: 10/1/2022

End Date: 9/30/2023

AR OVERVIEW**AR Purpose and Description**

While aligning with the goals of the beef industry's long-range plan, the Veal Industry Information authorization request (AR) for Veal Quality Assurance (VQA) continues to support and reinforce the veal industry's long-range plan. The Veal Promotion AR focuses on increasing the discovery of and access to veal in the marketplace, and VQA specifically reinforces consumer confidence in veal as a protein choice.

Quality assurance programs have become commonplace for all food-producing enterprises to help build consumer confidence that food is ethically and responsibly produced. For veal, both consumers and the industry place a high priority on animal wellbeing.

- Stakeholders surveyed at the 2022 Veal Industry Summit reconfirmed the significance of VQA by scoring the program as “very important” to the industry.
- The North American Meat Institute 2021 Power of Meat Study found that 44 percent of consumers agreed with the statement, “Animal welfare concerns impact my food purchase decisions.”
- Additionally, Midan Marketing reported a key takeaway online from their general tracking survey of meat consumers in March 2022 that consumers associate “sustainably raised meat” with “animal welfare.” Their research found that 43% of meat consumers think “sustainably raised meat” is meat that is raised humanely, without antibiotics or hormones. Retail data by NielsenIQ confirms this trend reporting sales of products with animal welfare claims rose nearly 25% (2019-2021) – more than any other category tracked by the firm.

The VQA program is designed to ensure that formula-fed dairy beef animals that are marketed for veal are raised in a manner that ensures optimal health and welfare of the calves and helps contribute to a safe product in the marketplace for consumers. The supply chain, including retailers, foodservice operators, consumers, chefs and food influencers, has an expectation for meat that is safe, high-quality and responsibly produced. VQA enables veal farmers who contribute to the Beef Checkoff to help meet this expectation and enhance consumer confidence in the product.

Participation in the program is estimated at 95% of all formula-fed/grain-fed veal comes from VQA certified farms. No other organization has a specific program to serve and support the unique aspects of the veal industry in the U.S. The VQA program has been ongoing since its origin in 1990. VQA is funded through Beef Checkoff investments made by veal farmers each time a calf is sold. Every veal calf through its lifecycle typically contributes \$2 to the Beef Checkoff.

What is VQA?

The VQA program provides veal farmers and industry leaders with the educational resources to develop and follow a comprehensive herd health plan and calf care program dedicated to producing consistent and exceptional quality veal. It also helps identify potential problem areas and solutions to ensure that every veal farmer meets the obligations and responsibilities inherent in raising animals for food.

To be VQA certified, each farm and its owner/manager producing milk-fed veal must:

- Maintain a Veterinarian/Client/Patient/Relationship (VCPR)
- Adhere to the best management practices outlined in each section of the VQA manual
- Have a licensed veterinarian assess and provide documentation that Best Management Practices are being followed
- Participate in a VQA educational training by an industry representative, and document completion of the training
- Complete and pass a VQA test following the educational presentation
- Continually review practices for ongoing improvement and innovation on the farm
- Re-certification is required every three years.

Certification is verified by a veterinarian, typically the one listed as their VCPR.

This AR enables industry professionals working in partnership with veal farmers to have the resources and program parameters to inform, educate, monitor, support and credibly report the formula-fed veal industry is VQA certified. The industry embraces VQA and its dedication and commitment to implementing the program is reflected in reports like those conducted by USDA.

- FSIS National Residue Program report summarizing the residue violations for fiscal year 2019 (released Jan/22) showed Formula-fed veal had no residue violations on either the standard tests or the inspector-generated samples.

BACKGROUND ABOUT VEAL

Uniquely positioned between both the dairy and beef industries, veal is a meat derived primarily from young Holstein bull calves. Bull calves are typically sold shortly after birth through local auction markets or purchased directly by others who will raise them for beef or veal. Most Holstein bull calves are raised for beef and a small percentage are raised for veal.

While USDA categorizes four different types of veal calves, the majority of veal meat (nearly 70%) in the market comes from milk-fed veal calves.

The 2021 USDA harvest data is as follows:

- **Bob veal calves:** Dairy bull calves marketed 3-5 days after birth
 - 220,051 head
- **Formula-fed:** Dairy bull calves that are raised for about six months and harvested at approximately 500 pounds (also known as special-fed or milk-fed, these animals also receive grain and are ruminating animals at the time of harvest)
 - 137,245 head

Two other categories tracked by USDA include:

- **Non-milk Fed Veal:** 7,846 head
- **Heavy Calves:** 18,859 head

Veal is primarily raised in the Northeast including the states of New York, Pennsylvania, Ohio, Michigan, Wisconsin, and Indiana. Raising veal is very much a family affair. Most farms annually raise about 400 calves and many farmers raising veal today are Amish or Mennonite.

The VQA program outlined in this AR is foundational to support the following initiatives:

- Align and collaborate with traditional and non-traditional partners to tell the positive story of veal cattle production.
- Intensify efforts in educating consumers as well as supply chain decision-makers about the benefits of animal care programs like VQA and its impact on animal well-being

While the industry's story about production practices is shared through consumer and channel marketing efforts deployed in the Veal Promotion AR, this AR for Veal Quality Assurance enables a credible and meaningful story can be communicated. VQA provides the foundation for these communication efforts.

FY23 CBB/BPOC Funding Request		
Direct Costs	Implementation	Total
\$48,000	\$12,000	\$60,000

Beef Industry Long Range Plan (LRP) Core Strategies Addressed by this AR

(Check all that apply)

Drive Growth in Beef Exports	Grow Consumer Trust in Beef Production	Develop & Implement Better Business Models & Value Distribution Across All Segments	Promote & Capitalize on the Multiple Advantage of Beef	Improve the Business & Political Climate of Beef	Safeguard & Cultivate Investment in Beef, Industry Research, Marketing & Innovation
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

PROGRAM INFORMATION FOR THIS AR

Tactic A

Tactic Name: Veal Quality Assurance

Tactic Description

Veal Quality Assurance (VQA) is the program that certifies and verifies production practices for raising formula-fed veal. Recertification is required every three years, although some prefer to recertify every year. The focus of the FY23 AR will be continued program management to confirm all independent and company-owned formula-fed/grain-fed veal calves are raised on farms with farmers/managers that are VQA certified. This includes communication outreach to veal farmers, veterinarians, calf procurement managers and veal packer/processors involved in veal production as well as dairy industry partners who supply calves to veal growers/farmers. This AR ensures activities to support, verify and record certification initiatives and updates which are necessary for the integrity of the program.

In FY22, a veal technical advisory group was convened to provide a comprehensive review of the VQA program as well as the new Calf Care and Quality Assurance (CCQA) to assess and recommend program improvements. The recommendations of the group will be finalized and implemented as part of the FY23 AR for VQA.

The group will also consider the addition of transportation and feed quality assurance guidelines. Where appropriate, existing content with BQA and CCQA will be utilized as well as collaboration with NCBA and National Dairy FARM staff.

While VQA program management and certification will continue to be foundational, more time and collaboration will be focused on the Technical Advisory Group as they review, discuss and explore program updates and enhancements. This is reflected in the Measurable Objectives. The last time a Technical Advisory Group for VQA was convened was in 2017.

Measurable Objectives

For tactics requesting \$100,000 or less of CBB/BPOC funding, two measurable objectives are required. For tactics requesting over \$100,000 of CBB/BPOC funding, at least three to five measurable objectives are required.

1. Provide ongoing program management to ensure 95% of all domestically produced U.S formula-fed/grain-fed veal calves are derived from VQA-certified farms as confirmed by licensed veterinarians.
2. Provide a VQA program update on VQA to veal farmers/growers and industry professionals through one communication piece (emailed and printed) to approximately 225 farmer and industry contacts who will help extend communication to additional growers.
3. Present a VQA program update and solicit input from a minimum of 20 stakeholders at the 2023 Veal Summit held in the Spring.
4. Engage six to eight industry stakeholders and technical experts in a minimum of three meetings/calls to review/confirm VQA program updates (Q1 & Q2).

Performance Efficiency Measures

A tactic can have up to three identified target audiences for the “General Target Audience” and “Key opinion Leaders” categories.

General Target Audience:

- Veal Farmers/Growers Reach Goal: 450
- Veal Farmers/Growers Engagement Goal: 225

Key Opinion Leaders:

- Industry Stakeholders Reach Goal: 60
- Industry Stakeholders Engagement Goal: 34

LRP Initiatives Addressed by this Tactic

Drive Growth in Beef Exports	Grow Consumer Trust in Beef Production	Develop & Implement Better Business Models & Value Distribution Across All Segments	Promote & Capitalize on the Multiple Advantage of Beef	Improve the Business & Political Climate of Beef	Safeguard & Cultivate Investment in Beef, Industry Research, Marketing & Innovation
<ul style="list-style-type: none"> <input type="checkbox"/> Drive the adoption of traceability for all U.S. cattle to help promote U.S. beef through (verified) value-added programs, while protecting the health & well-being of cattle and our markets from the effects of contagious diseases <input type="checkbox"/> Identify & address export customer needs & values <input type="checkbox"/> Collaborate with targeted partners to promote U.S. beef in foreign markets <input type="checkbox"/> Invest in research, marketing & education programs 	<ul style="list-style-type: none"> <input type="checkbox"/> Measure, document, improve & communicate the net climate and environmental impact of beef production <input type="checkbox"/> Educate medical, diet & health professionals about beef & beef production <input checked="" type="checkbox"/> Align & collaborate with traditional & nontraditional partners to tell the positive story of beef production <input type="checkbox"/> Engage positively in the sustainable nutrition conversation <input checked="" type="checkbox"/> Intensify efforts in educating consumers as well as supply chain decision makers about the benefits of animal care programs like BQA & their impact on animal well-being <input type="checkbox"/> Expand BQA program to include verification <input type="checkbox"/> Develop a direct-to-consumer beef safety campaign 	<ul style="list-style-type: none"> <input type="checkbox"/> Use innovative methods & technologies to value carcasses based on eating satisfaction & red meat yield <input type="checkbox"/> Develop production/processing/marketing systems that result in more equitable margin distribution <input type="checkbox"/> Explore business models and risk management tools that result in more sustainable producer profit opportunities 	<ul style="list-style-type: none"> <input type="checkbox"/> Promote the role of beef in a health & sustainable diet <input type="checkbox"/> Implement a marketing campaign that communicates beef's advantage compared to alternative proteins <input type="checkbox"/> Develop targeted marketing programs focused on the highest opportunity market segments <input type="checkbox"/> Cultivate collaborative promotion partnerships <input type="checkbox"/> Promote innovative online marketing, packaging & shipping solutions to enable the direct marketing of beef <input type="checkbox"/> Engage consumers in a memorable beef eating experience <input type="checkbox"/> Develop a more interactive & exciting beef purchasing experience <input type="checkbox"/> Promote underutilized beef cuts & new variety meat products 	<ul style="list-style-type: none"> <input type="checkbox"/> Demonstrate beef's positive sustainability message & key role in regenerative agriculture <input type="checkbox"/> Defend beef's product identity <input type="checkbox"/> Ensure beef's inclusion in dietary recommendations <input type="checkbox"/> Drive continuous improvement in food safety <input type="checkbox"/> Develop crisis management plans 	<ul style="list-style-type: none"> <input type="checkbox"/> Attract innovation & intellectual capital & cultivate the next generation of talent into the beef industry <input type="checkbox"/> Encourage the cooperation & collaboration of existing industry advisory committees to identify & prioritize research efforts <input type="checkbox"/> Increase industry funds for beef marketing, promotion, and research

Committee(s) to Score this Tactic

Consumer Trust	Domestic Marketing	International Marketing	Nutrition & Health	Safety & Product Innovation	Stakeholder Engagement
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

SUPPLEMENTAL INFORMATION FOR THIS AR**1. Please explain changes from the FY 2022 approved AR:**

In addition to the program management and certification efforts that have been foundational in previous years to this AR, a technical advisory group will be consulted to review, provide input and confirm VQA program updates for implementation. The engagement of the technical advisory group is the most significant addition to the AR. The VQA program has traditionally involved a group of technical advisors every three to five years. The last effort was in 2017 to make updates to the VQA program. Program changes were released in 2018.

2. List any proposed vendors/agencies that will be used to complete the work in this AR.

Look East is the firm that will be engaged to complete the work of this AR. Look East has multi-years of managing VQA as well as experience and relationships in the veal industry to ensure participation and certification.

As the Technical Review Group explores third-party verification, services to do this may include Praedium Ventures or Food Safety Net Services.

3. Will all work with vendors/agencies be competitively bid?

No, program management of this AR will be implemented by Look East as the staff has knowledge and experience (multiple years) in managing the VQA program and collaborating with industry stakeholders. Knowledge and production experience within the formula-fed/grain-fed veal industry are not easily found with other agencies. Their expertise and experience will deliver meaningful results for the beef/veal industry.

4. Please list any relationships between this AR and projects previously funded by the Beef Promotion Operating Committee (BPOC).

This AR is a continuation of past Veal ARs funded by the BPOC with some updates for FY23 as explained in Question 1 above. The “veal formula” provides guidance for the amount of checkoff dollars specifically contributed by veal farmers/growers through the sale of veal calves.

5. If applicable, explain how this AR can be extended by State Beef Councils or other contractors.

Due to the size and unique aspects of the milk-fed veal industry, there is not a meaningful role for State Beef Councils to implement the VQA program. Veal growers historically work directly with a feed supplier and oftentimes are fully integrated with that feed company and/or a packer/processors for harvesting their animals. VQA works directly with feed company representatives, procurement

managers, and veterinarians to ensure VQA certification resources are implemented and accountable to the expectations of the VQA program.

State Beef Councils that have veal production in their state should be aware of this program and can help extend the on-farm veal production story including VQA through their communication and education efforts with the supply chain and consumers. Their engagement to directly implement VQA is not necessary.

POTENTIAL PARTNERSHIP LIST

Partners/collaborators does NOT include subcontractors.

- American Veal Association
- Formula One Veal Feed
- Midwest Livestock
- Strauss Veal Feeds
- Delimax
- Marcho Farms
- The Ohio State University
- National Milk Producers Federation (FARM)
- National Cattlemen's Beef Association (BQA & CC&QA)
- American Association of Bovine Practitioners

DETAILED BUDGET SUMMARY

In the following three sections, use the tables to report program budget information from the following funding sources:

- Cattlemen's Beef Board/Beef Promotion Operating Committee (CBB/BPOC)
- "Other Funding" sources such as:
 - Federation of State Beef Councils (FSBC)
 - Individual Qualified State Beef Council (QSBC) Funds
 - Government Funds (e.g., Market Access Program, Foreign Market Development)
 - Grain/Oilseed Funds (e.g., National Corn Growers Association, American Soybean Association)
 - Corporate Funds (e.g., tech and pharma companies)
 - Etc.

Section 1 – FY23 Funding Requested by Tactic**CBB/BPOC Funding Requested by Tactic**

The following table outlines the amount of CBB/BPOC funding that is being requested for each tactic within this AR, and the committee(s) that has been selected to score each tactic.

CBB/BPOC Funding Requested by Tactic					
Committee Name	Tactic	Tactic Name	Direct Costs	Implementation	Total
Consumer Trust	A	Veal Quality Assurance	\$48,000	\$12,000	\$60,000
TOTAL			\$48,000	\$12,000	\$60,000

Other Funding Sources Requested by Tactic

The following table reports the amount of proposed and/or anticipated "Other Funding" sources that would be applied to this AR's tactics. The funding information in this table is for informational purposes only and demonstrates external collaboration as delineated in the 2021-2025 Beef Industry Long Range Plan.

Other Funding Sources Requested by Tactic <i>(Informational Only)</i>			
Funding Source	Tactic	Tactic Name	Total
N/A	A	Veal Quality Assurance	\$
TOTAL			\$

Use the space to below if you wish to provide additional comments/information on the FY23 CBB/BPOC or Other Funding amount that are being requested for this AR's tactics.

Additional reach and engagement with consumers and influencers are measured through the Veal Promotion AR. VQA is foundational to the industry information support and advocacy initiatives outlined in the Veal Promotion AR implemented by the New York Beef Council, a subcontractor to NAMI.

Section 2 – Summary of FY22 AR Budgets and Expenses

AR Classification

The following table reports budget information on ARs that are continuing program work from last year. The below description outlines the classification category the describes this AR.

Classification: This AR is a continuation of, or builds up, program work from last year. CBB will report information in the "FY22 CBB/BPOC Funding" table and the contractor will provide information for the "FY22 Other Funding Sources" table.

FY22 CBB/BPOC Funding

The following table reports the amount of awarded and expended CBB/BPOC funding for this AR in FY22.

FY22 CBB/BPOC Funding			
<i>Note: The Cattlemen’s Beef Board completed the fields in this table.</i>			
	AR# 2230-II		
	Direct Costs	Implementation	Total
Funds Awarded	\$60,210	\$14,000	\$74,210
Actual Expenses <i>(October 1, 2021 – June 30, 2022)</i>	\$23,653	\$3,564	\$27,217

FY22 Other Funding Sources

The following table reports the amount of committed and expended "Other Funding" sources for this AR in FY22. The funding information in this table is for informational purposes only and demonstrates external collaboration as delineated in the 2021-2025 Beef Industry Long Range Plan.

FY22 Other Funding Sources <i>(Informational Only)</i>			
	AR# 2230-II		
	Funding Source	Funds Committed	Funds Expended <i>(October 1, 2021 – June 30, 2022)</i>
A	N/A	\$	\$

Use the space to below if you wish to provide additional comments/information on the FY22 CBB/BPOC or Other Funding budget and expense summaries.

The VQA program has been ongoing since its origin in 1990. VQA is funded through Beef Checkoff investments made by veal producers each time a calf is sold. Every veal calf through its lifecycle typically contributes \$2 to the Beef Checkoff. The "veal formula" determines how much money has been invested by the veal industry in the beef checkoff. Authorization Requests (Industry information and Promotion) are built to reflect the budget identified for veal from the veal formula.

Section 3 – Historical Summary of AR Budgets and Expenses

AR Classification

This section reports budget information on ARs that are continuing program work from last two years (or longer). The below description outlines the classification category the describes this AR.

Classification: This AR is a continuation of, or builds upon, program work from the last two years (or longer). CBB will report information in the "CBB/BPOC Historical" table, and we will provide information for the "Other Funding Sources Historical" table.

CBB/BPOC Funding – Historical Summary

The following table reports the amount of awarded and expended CBB/BPOC funding for this AR in FY19, FY20, and FY21.

CBB/BPOC Funding				
<i>Note: The Cattlemen's Beef Board completed the fields in this table.</i>				
		FY21 AR# 2130-II	FY20 AR# 2030-II	FY19 AR# 1930-II
AR Period ¹	<i>Start Date:</i>	<i>October 1, 2020</i>	<i>October 1, 2019</i>	<i>October 1, 2018</i>
	<i>End Date:</i>	<i>September 30, 2021</i>	<i>September 30, 2020</i>	<i>September 30, 2019</i>
Funds Awarded		\$99,407	\$157,716	\$120,000
Actual Expenses ²		\$95,225	\$153,113	\$118,760

¹For multiyear ARs, the "End Date" reflects the date that the AR is schedule to be completed.

²If the AR "End Date" has not year occurred, actual expenses will be reflective of the following time period:
AR Start Date - June 30, 2022.

Other Funding – Historical Summary

The following table reports the amount of "Other Funding" source expenditures for this AR in FY19, FY20, and FY21. The funding information in this table is for informational purposes only and demonstrates external collaboration as delineated in the 2021-2025 Beef Industry Long Range Plan.

Other Funding Sources <i>(Informational Only)</i>						
	FY21 AR# 2130-II		FY20 AR# 2030-II		FY19 AR# 1930-II	
	Funding Source	Total Expenditures	Funding Source	Total Expenditures	Funding Source	Total Expenditures
A	N/A	\$	N/A	\$	N/A	\$

Use the space to below if you wish to provide additional comments/information on the historical CBB/BPOC or Other Funding budget and expense summaries.

N/A