

# WHY BEEF-ON-DAIRY CALVES MIGHT BE THE MOST VALUABLE THING ON YOUR DAIRY RIGHT NOW

If you're running a dairy today, odds are you're not just thinking about milk anymore. You're thinking about beef-on-dairy calves and the kind of revenue they're bringing to the operation. In some cases, they're doing more for the bottom line than the lactation side itself.



## CONSIDER A 1,500-COW DAIRY EXAMPLE:

**BREEDING**  
**1,000**  
COWS TO BEEF

**95%** CALVING RATE  
SELLS ABOUT  
**950** BEEF CALVES  
A YEAR

**That's roughly \$950,000 in added revenue** or about \$633 per cow across the whole herd. That alone can boost a dairy's annual margin by 20%. In tough milk markets, it might even be the difference between breaking even and turning a profit.

### Feeling the market pressure

Dairy producers are accustomed to market swings, but recent years have delivered even more pressure. Milk prices remain volatile due to international trade friction and oversupply, while operational costs, especially labor and healthcare for calves, continue to rise. The key metric many producers now prioritize is income over feed costs (IOFC), and milk alone is often not enough to sustain healthy margins.

While the five-year average dairy margin hovers around \$9.50/cwt, that doesn't always translate to long-term profitability. Producers are increasingly turning to additional revenue streams to supplement income.

### Opening barn doors with precision breeding

Traditionally, male Holstein calves were seen as a low-value byproduct of milk production. That's no longer the case. Today, dairy producers are using advanced breeding programs to reserve top genetics for creating replacement heifers — while breeding the rest of the herd with beef semen to produce calves that bring in significantly higher returns.

Enter the beef-on-dairy calf. These calves yield more red meat, grade higher in quality and ultimately command stronger prices than purebred Holstein steers. As a result, beef-on-dairy calves aren't just an add-on, they're an entirely new revenue stream that reshapes the economics of dairy farming.

### Doing the math

Right now, beef-on-dairy calves can command \$1,000 or more at market. With better genetics and more consistency, today's calves are treated as a premium product, and buyers are paying accordingly.

### Changing how dairies think about risk

This additional revenue stream also changes the way dairies approach risk. Historically, many relied heavily on margin protection programs like Dairy Margin Coverage (DMC). But with significant calf revenue potential in the mix, dairies can consider reducing the level of milk margin insurance they purchase — saving hundreds of thousands annually in premiums.

Take the 1,500-cow example again: Scaling back Tier 2 DMC coverage from \$8/cwt to \$6.50/cwt could save more than \$340,000 a year, without compromising the dairy's financial safety net. The result is greater resilience in a low-margin environment.

### Rethinking value in the market

Dairy producers can no longer think about their businesses with a simple focus on milk production. They are cross-sector operators who must understand both dairy and beef markets to remain competitive. That requires understanding multiple markets including feed and milk prices along with calf values. Those dairy operators who embrace the reality of that complexity will have an inherent advantage when it comes to profitability over the long run.



### NEVIL SPEER

Industry Consultant

Nevil Speer works as an industry consultant based in Bowling Green, Kentucky. He has experience in both academia and private industry. His career includes working with several start-ups along with various service and consultation projects spanning a wide variety of topics. In addition, he currently serves as a regular contributor for Feedstuffs and BEEF Magazine. Dr. Speer holds a PhD in animal sciences from Colorado State University and an MBA from Western Kentucky University.