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## **ESPN Longhorn Network Cash Tips College Sports Into Disarray**

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*By Aaron Kuriloff and David Mildenberg*

### **MU mention page 2**

Nov. 3 (Bloomberg) -- Last Christmas Eve, University of Texas Athletic Director DeLoss Dodds got the gift he'd been waiting for: a \$300 million promise from ESPN that would transform college sports.

The 74-year-old Dodds, architect of the richest school athletic department in the U.S., celebrated with a glass of red wine after receiving a mobile-phone photo of UT-Austin President Bill Powers signing a 40-page contract with the Walt Disney Co. network. Texas was guaranteed an average \$15 million a year for 20 years for letting ESPN build a channel around its sports.

Dodds knew there was keen interest in the concept, because News Corp.'s Fox and two investor groups had bid against ESPN. He didn't know the Longhorn Network would help shatter decades-old rivalries and destabilize the football conference system, pushing the sport toward a playoff that organizers of 35 bowl games have resisted for decades.

"It's a new world," Dodds said in an interview as he sat in a director's chair in the burnt-orange-and-white north end zone at Darrell K Royal-Texas Memorial Stadium in Austin. "We just happen to be leading the parade."

Within weeks of the channel's debut on Aug. 26, schools were scrapping historic and geographic alliances to enhance their chances of commanding billion-dollar television contracts. The University of Oklahoma is considering creating its own channel, and others may follow suit.

### **Revenue Race**

"It's greed," said William E. Kirwan, chancellor of the University of Maryland system and co-chairman of the nonprofit Knight Commission on Intercollegiate Athletics. "There is so much money on the table that everyone is in a state of panic."

The race for revenue, which affects all levels of college sports down to the scholarship-banning Ivy League, "could lead to permanent and untenable competition between academics and athletics," according to a 2010 report by the commission, which has pursued college athletic

reform since its founding in 1989. It's happening at schools like Rutgers University in New Jersey, which spent more money on sports than any public university in the fiscal year ended June 30, 2010, the most recent for which data are available, while its history department professors had their desk phones disconnected to save money.

At UT-Austin, the Longhorn Network deal will double annual broadcast revenue. It also gives Texas "a level of visibility and status that takes a great brand and elevates it," said Tom Stultz, senior vice president and managing director at IMG College, a division of the sports-and-entertainment media company IMG Worldwide Inc. and a partner in the Longhorn Network. "It's a game-changer because it widens the gap between them and their competition."

#### A&M Quits

Texas A&M University, a Longhorn football rival since 1894, responded by quitting the Big 12 Conference for the Southeastern Conference on Sept. 25. Texas A&M Athletic Director Bill Byrne wrote on his blog that the Longhorn Network gave Texas too much money and power, and that ESPN would "push the envelope" with the channel. ESPN spokeswoman Keri Potts declined to comment for this story.

**Four other schools switched conferences within two months, and regents at Big 12 members Texas, Oklahoma, Oklahoma State University and the University of Missouri gave their presidents permission to seek new alliances. West Virginia University sued the Big East Conference Oct. 31, seeking to leave immediately so it can be in the Big 12 next football season.**

On its face, the Longhorn Network is nothing more than a cable channel with a narrow focus. In effect, it may resemble New York Yankees' YES Network, which helped give the baseball team the means to build a \$1 billion stadium and maintain the highest player payroll in North American sports.

#### McConaughey Introduction

The Texas channel, which has about 70 employees and broadcasts from an eight-story office building north of campus, went on air with an introduction by actor Matthew McConaughey, a UT-Austin graduate. The first match shown was the women's volleyball team playing Pepperdine University. Texas won.

More than 200 live events will be aired every year, including two football games this season. For the Oct. 29 matchup against the University of Kansas, the network set up two screens on campus to show the Longhorns crush the Jayhawks 43-0.

Most football games can't be on live because the broadcast rights belong to others. So airtime is filled with replays, interviews, clips of team practices, football Coach Mack Brown's weekly radio program and features such as "Home Plate with Augie Garrido," the baseball coach. Before the game with Rice University on Sept. 3, a featured recipe was for beef skewers from a restaurant in Austin.

## 'Game Changers'

Non-athletic offerings include music performances at the Cactus Café and the "Game Changers" series showcasing academic talent. On Oct. 14, the network aired communications department professor John Daly's 20-minute talk on the strategies of business, religious and social leaders.

"It's nice that they are doing this, but we know that people aren't going to watch the Longhorn Network for my lectures," Daly said. "It's about sports."

The idea of a Longhorns-only channel was spawned at a meeting four years ago, according to Dodds, the athletic director. He and Christine Plonsky, the women's athletic director, were trying to figure out how to get more attention for non-major sports programs.

"We thought we'd have to pay for it," Dodds said. "But we built something better than we thought we could."

Still, 12 weeks after its launch, it's only carried by Grande Communications Inc., a San Marcos, Texas-based operator with about 150,000 customers, Verizon Communications Inc.'s FiOS TV and a few others. Even Dodds can't watch at home.

## Subscriber Fees

ESPN-sponsored radio ads in Texas urge people to call their cable providers to ask them to add the Longhorn Network, and the Disney unit promotes it with commercials on its national channel. In one, campus cooks celebrate by making a stadium replica out of meatloaf, and in another Brown shows off his new widescreen TV, which he says he installed to see the network, and Disney-owned ABC's "Dancing with the Stars."

ESPN, which makes money from the fees carriers charge subscribers and from a share of ad sales, is asking the main cable systems in Texas, including Time Warner Cable Inc. and Comcast Corp., to pay 40 cents a subscriber, according to the Sports Business Journal. Justin Venech, a spokesman for Time Warner, said the companies haven't reached a deal and declined to comment further. John Demming, a spokesman for Comcast, declined to comment. The Big Ten Network charges 36 cents a subscriber, according to data from media consultant SNL Kagan.

## Funding Academics

The Longhorn Network could reach all 7.3 million cable households in a state where high school football games routinely draw 20,000 spectators. The Longhorns have captured three Associated Press writers' poll national football championships and have won about 72 percent of their games.

No matter how many people end up watching the network, the contract signed on Christmas Eve guarantees Texas will receive the \$300 million. The school will use some of the money to endow positions in subjects including math, physics and philosophy.

The athletic department regularly helps fund scholastics. It can afford to: Texas generated a U.S.-high \$150.3 million in athletic department revenue in the fiscal year ended June 30, about two-thirds of it from football, according to data compiled by Bloomberg. Brown's salary is \$5.1 million, while Dodds earns \$715,000, university records show.

Unlike Texas, most schools rely on broadcast fees to reduce athletic operating losses that average about \$9.4 million before capital expenses, according to Andrew Zimbalist, an economics professor at Smith College in Northampton, Massachusetts, and the author of books including "Unpaid Professionals: Commercialism and Conflict in Big Time College Sports."

#### 'Snowballing Effect'

"They're looking for some revenue, and when schools like Texas cut special deals for themselves, other schools say 'I don't like that,' and there's a snowballing effect," he said.

Most of the broadcast money that helps support top-level college football comes from ESPN and ABC, also owned by Disney, which are scheduled to pay the five top conferences and the Bowl Championship Series a combined \$6 billion in rights fees for deals that stretch as long as 2024, according to the Knight Commission. Fox will pay the same leagues a combined \$1.2 billion through 2026, and the two joined forces to pay the Pac-12 about \$3 billion through 2023.

The Big Ten Network has a 25-year deal with Fox worth as much as \$2.8 billion. The Pac-12 Conference said in July that it would build a network to be distributed in partnership with Comcast, Time Warner, Cox Communications Inc. and Bright House Networks LLC.

#### 'Precarious' Control

"I think we could ultimately end up with two conferences: one called ESPN and one called Fox," Louisiana State University Chancellor Michael Martin joked at an Oct. 24 meeting of the Knight Commission.

Sports, and college football, matters to broadcasters because it draws a large audience to live programming, where viewers can't skip advertisements with digital video recorders, according to a report by Barclays Capital analyst Anthony DiClemente. That helps ESPN generate the highest earnings before interest, taxes, depreciation and amortization of any Disney unit, at about \$3.67 billion. In the next two years, DiClemente said in his report that he expects cable networks, led by ESPN, to drive about 43 percent of Disney's growth.

The ties between media companies and sports conferences has grown since the U.S. Supreme Court ruled in 1984 that the control the National Collegiate Athletic Association had over football TV deals was illegal restraint of trade.

#### 'Superconference' Playoff

"NCAA control has always been precarious, and now it's especially precarious," said Taylor Branch, author of "The Cartel: Inside the Rise and Imminent Fall of the NCAA," a new ebook published by Byliner.com through a partnership with the Atlantic magazine.

The 105-year-old association -- which oversees 89 championships in 23 sports at more than 1,000 colleges -- made almost all its \$749.8 million 2009-10 revenue from the broadcast fees for its men's basketball tournament.

Branch said a football playoff could make more. Oklahoma Coach Bob Stoops said Sept. 5 that college sports may end up with four 16-team "superconferences" that would hold an eight-team playoff, something advocated by President Barack Obama.

At Texas, Plonsky, the women's athletic director, said she wouldn't have believed just four years ago that a media company would want the school's so-called third-tier broadcast rights for sports such as wrestling, track and field and soccer. They had belonged since 1998 to IMG, the privately held sports agency headed by Ted Forstmann, under an agreement in which the agency sold corporate sponsorships on the school's behalf.

#### Production, Overhead

After IMG agreed to cede its claim, Texas attracted offers from ESPN, Fox and two groups of investors with media industry and sports experience that were interested in selling a channel to distributors, Plonsky said. She declined to identify the investor groups. Fox Sports spokesman Lou D'Ermilio confirmed the company bid, without saying how much.

The school will pay IMG 17.5 percent of the \$300 million. ESPN's agreement estimates it will spend about \$13 million on a studio and \$26 million each year on production and overhead.

Other schools' anger at Texas is misplaced, said Mike Leach, a former Texas Tech University football coach. "Anyone upset with Texas is mostly rooted in jealousy," he said. "These guys would walk on glass to make the same deal."

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## Texas Athletics Director Dodds: 'We're not a bully'

By Harry Plumer

November 2, 2011 | 9:17 p.m. CDT

AUSTIN, Texas — It's hard to talk much about the Big 12 Conference's recent instability without hearing people accuse the University of Texas of being a bully.

Running a quick Google News search for "Texas Longhorns Bully" comes up with articles from ESPN, AOL, Dallas Morning News and the Wichita Eagle accusing the Longhorns of abusing their position of power inside the conference.

But not everyone shares the opinion that Texas has turned the Big 12 into its personal plaything.

**In a conversation with the Missourian on Tuesday, Texas Athletics Director DeLoss Dodds shared his thoughts on realignment and how it relates to the Big 12, Texas and, of course, Missouri.**

**"I understand that they want to go to the Big Ten, I understand they want to go to the SEC, I'd rather they not," Dodds said of Missouri. "But Missouri's got to do what Missouri's got to do ... It's apparent they're going to do it, and they'll be fine."**

And despite the perception, Dodds said the Big 12's exodus over the past two years is not Texas' doing.

"We have stuck our neck out to save the Big 12, and we're not a bully," Dodds said. "We didn't cause it. Our goal has been, and continues to be, to keep something together for the Big 12 and that's what we're going to do, good Lord willing."

There are parts of that statement that are very easy to disagree with.

Texas has twice flirted with the Pac-12. Both its basketball and football coaches have been quoted in the past two months saying that Texas could have gone to any league in the country.

Its most recent "concession" was to modify the Big 12's revenue sharing system. The old system, in place until next season, distributed television revenue to schools based on how many times their games were shown. Schools like Texas, which are TV draws regardless of their records, were shown more often than schools like Baylor.

In the new system, the TV money will be divided evenly among all conference members, regardless of how many times their games are shown.

Seemingly, it's a concession on Texas' part to share evenly. But Dodds called the differences in revenue between schools in the old system "miniscule," and said that with the new Fox contract for the Big 12's Tier II rights that kicks in next season, even with equal sharing Texas' television revenue still stands to increase from \$13 million to \$20 million.

With the total amount of money increasing, the gap between schools would no longer have been so miniscule.

"With the dollars getting so big in the last Fox thing, the numbers, had we kept the same formula, would have been, I don't know the right word, but grotesque is a word I've used before," Dodds said. "We made the motions to equal sharing both in the Fox and ABC/ESPN package."

It's even easier when you have a revenue source no one else has: The \$15 million-per-year check coming in from ESPN for the newly-formed Longhorn Network.

Dodds said that at its inception, the Longhorn Network was never intended to be a major revenue stream at all. He said that the original idea was to provide an outlet for the Longhorns' non-revenue generating sports to get on television.

"These kids have parents, these kids have friends, these kids have communities, these kids have high school coaches, and we have fans that would like to watch that. Why do we not try to do something with that?" Dodds said. "And it started with us thinking that we were going to have pay money to do it. That never changed, ever."

But eventually it did, when TV networks came to the table with checkbooks in hand.

"Nobody was interested in it until Fox came up and said, 'We'll give you \$3 million a year to do it.' And we were elated with that. We thought, 'Crap, they're going to pay for it, they're going to pay us, the kids get on TV, this is great,'" Dodds said. "Then ESPN walked in and said we'll give you an average of \$15 million a year. And then it became a problem."

Theoretically, Texas could have turned down the money. But with about \$226 million still owed on facilities, and the ability to do other positive things with the new revenue stream — \$5 million per year goes into the University of Texas' general fund — the money was hard to turn down.

"Would you have said no? Would Missouri have said no?" Dodds said. "No, they wouldn't have said no, they would have taken it. And we took it."

It was then that the accusations began to really intensify. Dodds said it was his understanding that the Longhorn Network was one of the biggest reasons that Texas A&M left for the SEC, and that while he was sorry to see them go, he didn't feel the Longhorn Network should be an issue.

"So are we being a bully? No, we feel like we're probably being good guys. Does somebody think we're being a bully? Well that's up to them to think we're a bully," Dodds said. "We want to keep the conference together, we want equal sharing, we want our own network for our kids, we'll give half of it to the university. If somebody can poke a hole in that, poke a hole in it."

People will certainly continue to blame Texas, though, and while it doesn't bother Dodds personally — "I don't give a flip what you think about me," he said — it bothers him when people perceive his university that way.

"I've talked to people like you until I'm blue in the face, and said the same thing, which is true, and out of it we get people in Kansas City writing that we're absolute bullies, and people writing somewhere else that it's our fault A&M's leaving," Dodds said. "We just are easy to blame, I guess."



**MISSOURIAN**  
COLUMBIA'S MORNING NEWSPAPER

## Mizzou Still Looking For Leader

Wednesday, November 02, 2011

**(AP) - University of Missouri curators will meet behind closed doors Thursday night as the search for a new system president continues. A public meeting agenda released Wednesday afternoon makes no mention of athletic conference realignment.**

Curators recently gave Missouri chancellor Brady Deaton broad authority to explore leaving the Big 12 Conference, which has lost three members in the past year. The Southeastern Conference is the likely destination should Missouri leave. Thursday's meeting comes nearly two weeks after curators' chairman Warren Erdman said he expected the governing board of the four-campus to soon narrow the presidential search to a group of finalists.

The Board of Curators is seeking a replacement for former President Gary Forsee, who stepped down in January to care for his wife as she battled cancer.

# MU Faculty Council schedule more performance-based funding talks

By [Zach Murdock](#)

November 2, 2011 | 6:08 p.m. CDT

**COLUMBIA – MU Faculty Council members Thursday will again have the opportunity to discuss performance-based funding and the implications of such a model at MU.**

Broadly speaking, performance funding is the allocation of state money to schools based on their performance in certain academic areas from one year to the next. A performance-based model is being seriously considered for Missouri's colleges and universities.

Faculty council members have raised questions about the model at previous meetings. Their chief concern is that the model would be too focused on statistics such as enrollment and graduation rates and thus would undermine the quality of education at MU.

A task force was created last fall to investigate performance-based funding measures and draft a proposal that could be implemented for schools receiving public funding in Missouri. The task force includes Nikki Krawitz, vice president of finance and administration for the UM System, who is scheduled to explain the proposals to the council at Thursday's meeting.

Under a performance-based model, any state appropriations greater than base level funding for the previous year would be budgeted to each university based on that school's performance in five areas.

At a higher education summit in August, college presidents discussed Gov. Jay Nixon's plan to implement a performance-based funding model. At the summit, Nixon said he would like the measures to include four areas, plus a fifth measure that would be determined by each school.

Krawitz said the task force is still working on the exact measures, but each area could include:

- Student progress: Freshman to sophomore retention rate and full-time degree seeking undergraduates completing 24 hours in their first year.

- Degree attainment: Total degrees awarded, degrees awarded per full-time equivalent students and six-year graduation rate.
- Quality of learning: Performance on major field and professional licensure examinations.
- Affordability: Increase in institutional aid and combined state support and net tuition per full-time equivalent student.

There are still significant questions regarding the implementation of performance-based funding, said Steve Graham, UM System vice president of academic affairs, in a report to the system's Intercampus Faculty Council.

These questions include:

- What level of performance is sufficient to trigger funding?
- How will progress over the past 10 years be recognized by the model?
- How will performance-based funding be regarded by the state legislature?

At Thursday's meeting, faculty council members will have the opportunity to discuss the proposed measures with Krawitz, who will present the measures again at the rescheduled fall semester's general faculty meeting on Nov. 16.

## IRS lists groups losing tax-exempt status

By Janese Silvey

A few local organizations are scrambling to file paperwork to restore their tax-exempt status, while others among the 200 Columbia groups on a new Internal Revenue Service list are trying to clear up misinformation.

The IRS has updated its database of organizations that have had their tax-exempt statuses revoked for failing to file an annual notice for three years in a row. That comes under a change in law that took effect four years ago, meaning organizations unaware of the requirement are just now starting to show up on the list.

In most local cases, groups on the list no longer exist or, as in the case of the Lions International noon club, have merged into other chapters of their associations.

For some entries, the database is misleading because it includes shortened versions of an entity's name. **For instance, the University of Missouri is on the list, but further examination of the associated tax ID number reveals it is actually an orthopedic association from MU's School of Medicine that has had its tax-exempt status revoked, not the entire university.** The orthopedic association is working to get its tax status restored, spokeswoman Laura Gerding said.

A similar situation exists with the Veterans Administration. The VA shows up on the list without explanation it actually pertains to an employee association that no longer exists.

Rain-Central Missouri Inc. has posted a notice on its website saying its tax status is in good standing, which the Tribune confirmed. The name that appears on the IRS list — Rain Central Missouri Incorporated — ended up not being used for the Columbia agency dedicated to helping those with HIV.

Some cases appear to be legitimate. The Mizzou Flagship Council, for instance, has had its tax-exempt status revoked and is working to correct the oversight, a representative said.

The Columbia Fund for Academic Excellence, a group that rewards outstanding Columbia Public Schools teachers with cash prizes, also appears to have lost its tax-exempt status. The fund was started by Ray Lewis, who has since died, and his wife, Jeanne, and is not under the umbrella of the school district. But school administrators are looking into how they can help get the status back, spokeswoman Michelle Baumstark said.

She also noted that the fund does not receive active donations, so the revocation of the tax status won't affect future awards.

Youth Empowerment Zone also is working to get its tax-exempt status restored after Executive Director Lorenzo Lawson learned from the Tribune the group was on the list. "I'm going to get on top of that immediately," he said, adding that he planned to contact the group's accountant.

Existing organizations that find themselves on the list should visit [www.irs.gov](http://www.irs.gov) to figure out how to proceed, spokesman Michael Devine said. "The important this is that we are ready, willing and able to help organizations that have been revoked," he said. "We want to help them get back in compliance."

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## **Nixon fills vacancies on university boards**

JEFFERSON CITY (AP) — Missouri Gov. Jay Nixon has filled vacancies on the governing boards of four state universities.

Nixon appointed Democrat Peter Hofherr and Republican Stephen Hoven to the Missouri State University board. Hofherr was the director for the state Department of Agriculture from 2003 to 2005. Hoven is the corporate vice president of public affairs for SSM Health Care in St. Louis.

At Missouri Southern State University in Joplin, Nixon named former Judge James Fleischaker, a Democrat, to the governing board.

The governor also chose Democrat Kendra Neely-Martin for the board of Southeastern Missouri State University in Cape Girardeau and Republican Gus Wetzel II for the board at the University of Central Missouri in Warrensburg.

The appointments require state Senate confirmation.

## Psychologist at center of science fraud

TILBURG, Netherlands, Nov. 2 (UPI) -- A prominent European psychologist has admitted committing scientific fraud by fabricating data in dozens of studies, saying he has "failed" as a scientist.

Diederik Stapel -- who was suspended from his post at Tilburg University in the Netherlands in September after three junior researchers alleged scientific misconduct -- had been responsible for a succession of attention-getting social psychology studies on topics including stereotyping and discrimination, and the effectiveness of advertising.

The university released an interim report Monday concluding that dozens of papers, as well as 14 out of the 21 PhD theses Stapel had supervised, contained fabricated data.

**"This is absolutely horrifying," Laura King, a social psychologist at the University of Missouri, told NewScientist.com. "We are talking about research that has major impact in the field of social cognition."**

Social cognition is the field of psychology that focuses on how mental processes affect the way people relate to one another.

The head of the committee that examined Stapel's work at Tilburg University said about 30 papers have so far been found to contain fabricated data.

In a statement released to Dutch media this week, Stapel admitted fabricating data and apologized for the damage done to his colleagues and the field of social psychology.

"I have failed as a scientist," he said.

## **Meat Prices Continue Their Bull Run**

By **LIAM PLEVEN**

Here's food for thought: Despite being fed a steady diet of conflicting news about the global economy, consumers around the world are still tucking into pricey steaks and juicy pork chops with gusto.

U.S. exports of beef and pork are on pace to set records this year, and domestic demand is rebounding with surprising strength, indicating that slower growth world-wide and high unemployment at home haven't choked off appetites for some everyday luxuries.

Those consumer cravings have helped keep livestock futures consistently high this year, even as other commodities' prices have swung wildly. They have also pushed up domestic retail prices for many beef and pork products in recent years. The average price for sliced bacon in September was \$4.82 a pound, up 34% from two years earlier, while uncooked beef roasts cost \$4.52 a pound, up 15% over the same period, according to government figures.

Live cattle prices are up 13% this year in Chicago futures trading, making cattle among the few widely traded commodities besides gold to be up by double digits. Lean hogs futures are up 9% this year. Both meat contracts also jumped in 2010, climbing 26% and 22%, respectively.

**"So far, we're not seeing U.S. demand or export demand soften," said Ron Plain, a professor of agricultural economics at the University of Missouri.**

Among U.S. consumers, the appetite for nicer cuts seems particularly strong. In recent months, the difference has widened between prices for choice cuts of beef typically sold in restaurants and for less costly select beef, which usually is purchased in supermarkets, says Glynn Tonsor, an assistant professor of agricultural economics at Kansas State University.

Those customers who can't afford the rising prices are simply moving to cheaper cuts rather than opting not to buy meat, says Sal Biancardi, co-owner of Biancardi Meats in the Bronx, N.Y. "They'll eat more roast beef. They'll eat more chopped meat."

The American diet will continue to include meat, says Mr. Biancardi.

"Americans are just too used to it," he says. "You can't eat pasta every night."

### **A Rural Boost**

The booming prices are providing an added boost to pocketbooks in rural America, which has also been benefiting from higher crop prices and soaring land values. For livestock producers,

the rally is also offsetting the cost of animal feed, given big spikes in corn and soybeans last year.

"We're making money and paying off bills," says Sam Carney, who raises thousands of pigs and hundreds of cows, in addition to growing crops, on his farm in Adair, Iowa. "It wasn't that way a few years ago."

Longer term, some see more price pressures. A harsh drought in the southern plains has driven ranchers to send more cattle to slaughter, according to the U.S. Department of Agriculture. While that is adding to the supply of beef right now, it is likely to create a dearth of supply down the road. With fewer cows to bear calves, beef production is likely to be curtailed. And it takes some three years to raise cattle for slaughter, creating upward pressure on prices in the meantime.

With exports booming and prices climbing, U.S. pork production is forecast to rise 2% next year, according to the USDA.

At the moment, expensive meat isn't sending customers fleeing. The U.S. had shipped nearly 1.9 billion pounds of beef and veal abroad this year through August, almost as much as in all of 2009.

U.S. beef exports are on track to top the all-time high of 2.5 billion pounds set in 2003 by roughly 10%, according to the USDA.

Pork exports also are poised to top the 2008 record of 4.7 billion pounds. Through August, the U.S. had already sent more pork abroad, 3.3 billion pounds, than in 2007, and twice as much as in 2002.

The trade has gotten a significant boost from a cheaper dollar, which has made U.S. meat cheaper abroad, particularly among major customers in Asia, where faster-growing economies are making people wealthier and more inclined to add costly protein to their diets.

An outbreak of foot-and-mouth disease in South Korea, America's fourth-largest beef customer in 2010, is also driving U.S. beef purchases higher. Through August, South Korea had imported 277 million pounds of U.S. beef, a hair under its total for all of last year, according to USDA data.

Disease, however, can also curtail U.S. exports, which is what happened in 2004 after an outbreak of bovine spongiform encephalopathy, known as mad-cow disease. Exports plunged 82% from the 2003 record and have taken years to recover.

Exports represent "the riskiest customers you can have," says Mr. Plain. "You can lose those customers very quickly."

The Obama administration is lobbying Japan to ease restrictions it still has on U.S. beef due to the outbreak, and the chief agricultural negotiator for the U.S. trade representative was in China recently, pushing China to allow U.S. beef.

Americans are expected to consume less beef per capita this year than last, according to USDA figures. But Kansas State's Mr. Tonsor compiles an index of U.S. beef demand that weighs consumption and prices, and it has risen for five consecutive quarters on a year-over-year basis, through the third quarter. A similar pork index is up four quarters in a row, he says.