

## Brief History of the Beef Checkoff Program

The Beef Checkoff, an assessment, was authorized by Congress in the Beef Promotion and Research Act of 1985 and brings in around \$50 million a year. The checkoff is responsible for driving beef demand, whether that is through the creation of advertising campaigns such as "Beef. It's what's for dinner," or providing industry-wide resources to respond to beef industry image challenges including nutritional benefits of beef and sustainability.

Unfortunately, decisions were reached within the U.S. cattle industry that resulted in strong operational ties to one Checkoff contractor, the National Cattlemen's Beef Association (NCBA). NCBA was created when the National Live Stock and Meat Board and the National Cattlemen's Association <u>merged in 1996</u> to form NCBA.

This merger established a profound link between the Beef Checkoff and this one, single beef cattle industry trade association and this disproportional relationship has proven to be incredibly detrimental to the Beef Checkoff overall. Most significantly, the bias of the Beef Checkoff towards NCBA has caused many of our Nation's cattle producers to view their Beef Checkoff as merely a revenue source for that one trade association, fueling the perception that the Checkoff is increasingly out of touch with the majority beliefs of the nation's cattlemen.

In the 2010s, the U.S. cattle industry had the opportunity to pursue meaningful amendments to the program after a set of grueling, multi-year meetings of the <u>Beef Checkoff Industry Input Group</u>.

The group was established in response to a proposal to raise the beef check-off - from \$1 per head each and every time an animal is sold to \$2 per head. The group was supposed to make recommendations to Congress, since congressional action is the only way to make major changes to the program under the 1985 law that established it.

USCA <u>secured at least one victory</u> from these meetings, which was allowing organizations established after 1985 to be eligible to serve as contracting organizations to the checkoff. This opened eligibility to organizations such as USCA and RCALF-USA to bid against NCBA for checkoff funding.

In 2014, then-Secretary of Agriculture Thomas Vilsack proposed placing the beef checkoff under the <u>Commodity Promotion, Research and Information Act of 1996</u> (1996 Act). Unlike previous attempts to reform the program which would require an act of Congress, this action would simply require the Secretary of Agriculture to write a rule for a new commodity checkoff program.

This change was notable because under the 1996 Act there was no provision for the



Federation of State Beef Councils to be housed at NCBA. This issue remains a key point of concern in the countryside, and USCA appreciated the leadership of USDA Secretary of Agriculture Tom Vilsack to address this.

Unfortunately, a lack of consensus in the countryside for this change, specifically opposition from NCBA and RCALF-USA, resulted in USDA abandoning the plan. Instead, seven members of the <u>Beef Checkoff Enhancement Working Group</u> signed a <u>memorandum of understanding</u> on March 13, 2015 that stated, among other things, that all groups supported an increase to the current checkoff assessment from \$1 to \$2 per head.

USCA, RCALF-USA, and the National Farmers Union <u>did not sign on to the agreement</u>, with USCA past president Jon Wooster noting the MOU lacked the "structural changes" the program needed.

That was the last time major changes to the program were considered. Since then, checkoff programs have come under attack by animal rights groups, who believe that the federal government has no right to promote the consumption of animal proteins, and other litigious organizations.

Of the twenty-two congressionally-authorized programs, none are more consistently under threat than the Beef Checkoff Program.

## Our Recommendations

USCA believes the Beef Checkoff is strongest when U.S. producers are engaged and empowered. To that end, we recommend the following changes to the Beef Checkoff be implemented:

- **Separation of the Federation:** The Federation must be separated from a policy organization. The Federation should be a standalone group. Any funds allocated to the national effort should go before the beef operating committee (as it is a joint committee).
- *Improved Efficiencies in Enabling Change:* A streamlined and improved mechanism for making changes to the beef checkoff must be achieved. Any changes to the Checkoff must be done via feedback from the entire cattle industry. Representation must be improved, via such efforts as an industry working group.
- **Direct Contracts:** The CBB must be allowed to contract directly with vendors and organizations for services and programs. This will improve efficiencies and costs within the Checkoff.



• **Strengthen Definitions:** Specify the definition of "beef" and "beef products" in the Act & Order to include only products derived from the flesh of a bovine cattle harvested in the traditional manner and forbid manufacturers of cell-cultured foods from participating in the program.

## Full Transparency

USCA first received Beef Checkoff program funding in FY 2020 for a three-year research project with Kansas State University. The "<u>Meat Demand Monitor</u>" provides timely research on U.S. meat demand trends. Parallel producer and consumer engagement occurs with each research report update.

This three-year project was funded by the Beef Checkoff program for \$359,126, with the Pork Checkoff contributing an additional \$300,000. USCA is authorized to be reimbursed up to \$18,000 over three years for expenses associated with administration of the project.

In FY 2021, USCA prepared and submitted an Authorization Request for \$72,000 to carry out a proposed research project with <u>Dr. Harry Kaiser</u> to illustrate the direct benefits of activities carried out by the Cattlemen's Beef Board not only for beef producers and importers, but also for beef packers and retailers. The proposal was not funded.

In FY 2022, USCA worked with <u>Dr. Jim Drouillard</u> of Kansas State University on a project that aims to tackle three important areas affecting consumer perceptions of beef by implementing a simple feeding strategy that:

- 1) Enriches beef with omega-3 fatty acids;
- 2) Decreases production of greenhouse gas; and
- 3) Decreases reliance on in-feed antibiotics.

USCA originally requested \$456,498 in funding, but was awarded \$210,000 to carry out a segment of the project. USCA is authorized to be reimbursed up to \$10,000 over two years for expenses associated with administration of the project.

In FY 2023, USCA sought reauthorization of the Meat Demand Monitor with subcontractor Kansas State University. To facilitate improved access to the data produced from the monthly survey, <u>a dashboard was built to highlight state-specific data</u>.



The full transparency and availability of survey data has contributed to several academic research papers, including a 2022 *Meat Science* article titled "U.S. Perspective: Meat Demand Outdoes Meat Avoidance," and a *2022 Applied Economics Perspective and Policy* article titled "<u>Benchmarking U.S. Consumption and Perceptions</u> of Beef and Plant-Based Proteins." Meat Demand Monitor insights have been incorporated into other high-profile interviews including U.S. Farm Report, RFD TV, AgWeb, Drovers, Feedlot Magazine, Cattle Current Daily, Feedstuffs, VOX, CAST, MarketWatch, Supermarket News, and USDA's Agricultural Outlook Forum.

USCA originally requested \$712,526 in direct costs to cover ongoing survey execution and analysis, personnel, travel expenses, and online dashboard support for three additional years of the Meat Demand Monitor project. Final funding approved by the Cattlemen's Beef Board was \$450,000. USCA is authorized to be reimbursed up to \$24,000 over three years for expenses associated with administration of the project.

Each spring, USCA's Checkoff Committee meets to discuss and debate the merits of various projects and presentations for consideration to be submitted by the organization as an Authorization Request for that upcoming fiscal year.

Typically, proposals are due to the Cattlemen's Beef Board by early June. The group then travels to the summer business meeting in July to present to producer committees who provide feedback on the proposal. Committees are formed based on the strategies identified in the Beef Industry Long Range Plan (LRP) and demand drivers from the Consumer Beef Demand Driver research.

Final funding decisions occur in September at a meeting of the Beef Promotion and Operating Committee (BPOC). The BPOC includes 10 producers elected by the Cattlemen's Beef Board and 10 producers elected by the Federation of State Beef Councils, which is administered by NCBA.

## Additional Reading:

- Meat Demand Monitor Authorization Request 2312-R
- <u>A Strategy for Improving Consumer Perceptions of Beef and Beef Production</u> <u>Systems, Authorization Request 2212-R</u>
- <u>Guest Opinion: It's Time the Cattle Industry Takes Their Checkoff Back</u>
- The Path Forward After Petition