



## Frequently Asked Questions

### About the Beef Checkoff Program – Structure, Organization & Purpose

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#### **1. What is the beef checkoff?**

The Beef Checkoff Program is a producer-funded marketing and research program designed to increase domestic and international demand for beef through promotion, research, and new product development. By law (Beef Promotion & Research Act of 1985), all producers regardless of age or sex must pay a \$1-per-head to support beef/veal promotion, research and information. Qualified State Beef Councils, the Cattlemen's Beef Board (CBB) and USDA oversee the collection and spending of checkoff funds.

#### **2. How can checkoff dollars be used?**

As mandated by law, checkoff dollars must be invested in programs to increase consumer demand for beef and create opportunities to enhance producer profitability. It's important to note that the law does not allow beef checkoff dollars to be invested in production research that is not aimed at improving the end beef product. The Beef Promotion & Research Act defines six program categories which are funded by beef checkoff dollars: promotion, research, consumer information, industry information, foreign marketing, and producer communication of the beef industry.

#### **3. Who benefits from the beef checkoff?**

The fundamental goal of every checkoff program is to increase commodity demand, thereby increasing the potential long-term economic growth of all sectors of the industry. The overwhelming majority of beef and dairy producers say their beef checkoff has value for them in many ways such as:

- 81% of producers believe that the checkoff has contributed to a positive trend in consumer demand for beef.
- 72% believe that the checkoff has, over the years, contributed to the profitability of their cattle operation.
- 76% of producers believe the Beef Checkoff Program does a good job of representing their interests.

In a recent statewide survey conducted, the results mirrored those of the national survey.

#### **4. Why do you use checkoff dollars to inform beef producers what you're doing? Why not use that money to convince consumers to eat more beef?**

When asked about activities the checkoff is involved in, two out of three producers said informing producers about the results of beef checkoff programs was essential, our Board of Directors agree. The Minnesota Beef Council invests 10% of its total budget in an effort to keep all producers informed about what their investment is accomplishing. Elements of this effort include electronic updates, articles in trade publications, limited advertising and a physical presence at industry events. We're also working to create better ways for producers to contact Beef Council directors to express their opinions and offer suggestions.

**5. *Isn't the Cattlemen's Beef Board part of the National Cattlemen's Beef Association?***

No. The Cattlemen's Beef Board (CBB) was created as part of the 1985 Farm Bill to administer the Beef Act and Order. It is an independent body made up of members appointed by the Secretary of Agriculture. The NCBA is one of the "established national nonprofit industry-governed organizations" defined in the act and as such, can contract with CBB to conduct programs.

**6. *Does the Cattlemen's Beef Board conduct promotion, research & education programs? If not, who does?***

By law, the Cattlemen's Beef Board (CBB) administers the program and sets the budget. With a few exceptions [*compliance, evaluation, producer communications*], CBB is required to conduct programs through industry-governed organizations. For example, the American National CattleWomen coordinates the National Beef Cookoff; the U.S. Meat Export Federation conducts foreign market development efforts; and the National Cattlemen's Beef Association conducts advertising, public relations and advertising programs.

**7. *Why are CBB's administrative costs capped at 5%, but Minnesota Beef Council's are not?***

Cattlemen's Beef Board (CBB) was created to administer the beef checkoff. ***The CBB staff of 10 does not conduct programs like the staff at Minnesota Beef Council does.*** On a national level, all promotion, foreign marketing, research, consumer information and other programs are done by contractors like NCBA, ANCW and US MEF. CBB's main duties are certification of state beef councils, evaluation of programs, annual budget approval and overseeing the collection of the \$1-per-head beef checkoff.

Monthly, each of the 45 state beef councils send half of every dollar they collect to CBB. The five states who do not have a Qualified State Beef Council, remit the checkoff directly to the CBB. In 2014, CBB's beef checkoff assessment revenue was \$40.4 million. According to the federal order that established CBB, their administrative costs are capped at five percent. Five percent of CBB's 2014 revenue was \$2,018,057. In 2014, CBB's administrative costs were at 4.0%.

In contrast, the Minnesota Beef Council's 2014 checkoff assessment revenue was \$699,540. There is no mandated cap on MBC's administrative costs. By way of comparison however, 5% of MBC's 2014 revenue would be \$34,977.01. That amount would cover neither one staff person's compensation nor the cost of an office space.

**8. *Do beef checkoff funds support governmental or regulatory policy issues?***

As the administrator of the beef checkoff, CBB cannot take a position on policy matters and cannot lobby. Neither can qualified state beef councils. These are matters producers should take up with their industry organizations.

**9. *Does the beef checkoff promote natural or organic beef?***

The beef checkoff promotes all of the beef industry. As a matter of policy, it doesn't promote one breed over another, nor one operations or "production" model over another. As the saying goes, "a rising tide lifts all boats." An increase in demand for beef in general benefits all beef producers.