

September 11, 2014

Honorable Tom Vilsack
United States Secretary of Agriculture
1400 Independence Ave. SW
Washington, D.C. 20250

Via Facsimile and E-mail

Re: Request to Reject the Proposal by the Beef Checkoff Enhancement Working Group and to Adopt the Proposal Recommended Herein

Dear Secretary Vilsack:

We, the undersigned organizations, have considered the Beef Checkoff Enhancement Working Group's proposal to amend the beef checkoff program as presented to the Cattlemen's Beef Board (CBB) and the Federation of State Beef Councils (Federation) at their August meeting in Denver, Colorado. The proposal primarily calls for increasing the current \$1 per head mandatory checkoff assessment to \$2 or more per head in return for changing a nomination process within the Beef Checkoff Program's operating procedures. We find the proposal unacceptable.

The proposal fails completely to address the Beef Checkoff Program's two most offensive and glaring conflicts of interest: First, the Federation with veto power and weighted approval authority over checkoff applications is housed, administered, owned and controlled by the National Cattlemen's Beef Association (NCBA), which *is* the principal financial benefactor of the Federation's approval decisions. Second, the NCBA materially strengthens its political advocacy effectiveness by i) using checkoff funds to offset, if not directly subsidize, its organization's overall administrative costs such as salaries, expenses and travel and ii) aligning itself under the mantle of the Beef Checkoff Program to assume the program's attendant positive brand identification that accords NCBA a distinct lobbying advantage on Capitol Hill and in the countryside.

Data compiled by your agency's Economic Research Service reveal that even with record cattle prices, the average return per bred cow for United States cow/calf producers remains negative. On average, U.S. cattle producers lost \$620.48 per bred cow in 2013 when all costs are considered. Proponents of the 100 percent or more increase to the mandatory checkoff assessment fail to articulate a legitimate need for their proposed increase or to otherwise explain why cattle producers that have not yet been made whole in the marketplace should nevertheless be subjected to an increased assessment.

Further, the proposal's recommendation to change the nominating process within the Beef Checkoff Program's operating procedures to include industry group representation would do nothing to mitigate the inherent bias favoring the NCBA because, as discussed above, the NCBA would continue to house, administer, own and control the Federation. Thus, the arguably more diverse contingent of nominators would still draw from the same pool of nominees, all of whom would remain subject to the overarching control by the NCBA. Even if this proposal had potential to change who influences whom within the Beef Checkoff Program, it would effectively compel producers to join one of the organizations selected to participate in the new nominating process in order to have influence on how their mandatory checkoff dollars are used. In your May 17, 2010 letter to the NCBA, you indicated that any structure that led in this direction would have constitutional implications.

We offer a viable and effective solution to eliminate the conflicts of interest currently plaguing the beef checkoff program and to restore its purpose of being an equal and non-ideological benefit to all producers:

1. Enforce the prohibition against conflicts of interest in contracting and all other decision-making operations of the Beef Checkoff Program. Such enforcement would include, for example, a prohibition against any member of the Beef Promotion Operating Committee voting to award checkoff funds to any private organization of which the member is personally affiliated.
2. Enforce a prohibition against the Beef Checkoff Program contracting with organizations that engage in policy-oriented activities, including influencing governmental action, policy or elections.
3. Building on the recommendation in your letter of May 17, 2010, require a legally independent Federation, without affiliation to NCBA or any other private entity.

Together, these recommendations would eliminate the conflicts of interest plaguing the Beef Checkoff Program and will restore for U.S. cattle producers a credible, unbiased program that can effectively and efficiently promote beef. It would further address the currently ongoing problem of cross-subsidization of checkoff and policy activities, as exemplified by NCBA's ability to materially offset and subsidize its policy-related costs and expenses with beef checkoff funds. The Beef Checkoff Program was never intended as a vehicle to strengthen the political voice of NCBA or any other policy organization above the voices of any other organization or above the collective voice of the producers funding the program. Neither NCBA nor any other private organization should be permitted to so substantially dominate the program or to so substantially reward itself for doing so.

For the reasons stated above we urge you to reject completely the proposal circulated by the Beef Checkoff Enhancement Working Group and to, instead, work to immediately implement our recommendations for eliminating the conflicts of interest from the Beef Checkoff

Program. In addition, we stand ready to work with you to begin allowing the promotion of USA beef.

Please contact either Fred Stokes at 601-527-2459 or Bill Bullard at 406-670-8157 so that we may inform the below-listed organizations about your decision.

Sincerely,

American Agriculture Movement
American Grassfed Association
Ashtbula Geauga Lake Counties Farmers Union (OH)
Buckeye Quality Beef Association
California Farmers Union
Cattle Producers of Louisiana
Cattle Producers of Washington
Colorado Independent CattleGrowers Association
Dakota Rural Action
Family Farm Defenders
Farm and Ranch Freedom Alliance
Food & Water Watch
Independent Cattlemen of Nebraska
Independent Cattlemen of Wyoming
International Texas Longhorn Assn
Intertribal Agriculture Council
Land Stewardship Project
Missouri Farmers Union
Missouri Rural Crisis Center
Missouri's Best Beef Co-Operative
Murray County, Oklahoma, Independent Cattlemen's Association
National Association of Farm Animal Welfare
National Family Farm Coalition
National Hmong American Farmers
National Latino Farmers & Ranchers Trade Association
Nebraska Farmers Union
Nevada Live Stock Association
Northern Plains Resource Council
Ohio Farmers Union
Organization for Competitive Markets (OCM)
Powder River Basin Resource Council
R-CALF USA
Rocky Mountain Farmers Union
Socially Responsible Agricultural Project
South Dakota Stockgrowers Association
Western Organization of Resource Councils