

July 14, 2016

Re: Support of Legislative Action to Provide Meaningful Reforms of Checkoff Programs

Dear Members of Congress:

We, the undersigned organizations, businesses and individuals call on Congress to support Senators Booker's and Lee's S. 3201 and Senator Lee's S. 3200. These bills address the demonstrated, egregious marketplace abuses committed by the commodity checkoff programs ("checkoff programs").

Checkoff programs were established to serve as mechanisms by which agricultural producers' pool money for common promotional and research purposes. Fees are mandatory, from the smallest local farmer to the biggest factory operation. Checkoff dollars go to federal industry-specific boards, which are required by law to use these funds for mutually beneficial advertising campaigns and research.

In spite of this limited purpose, checkoff programs have repeatedly acted beyond the scope of their statutory mandate. Lax oversight by the U.S. Department of Agriculture ("USDA") has resulted in collusive and illegal relationships between checkoff boards and lobbying organizations, both of which have repeatedly used checkoff funds to influence legislation and government action in spite of a broad statutory prohibition against these activities. Such advocacy efforts have an anticompetitive effect, benefiting certain producers to the detriment of others, and forcing some producers to pay into a system that actively works against them. Some of their tactics have gone so far as to expend government mandated fees to prevent new food products from entering the market.

For the future of America's agriculture and its family farmers and ranchers, legislative action must be taken. Congress should pass the meaningful checkoff program reform package contained in S. 3201. This legislation addresses the most glaring abuses by the commodity checkoff programs, clearly and concisely providing:

(a) That checkoff boards shall not enter into any contract or agreement to carry out checkoff program activities with lobbying or special interest groups. While checkoff laws broadly prohibit the use of funds in any manner for the purpose of influencing legislation or government action, many programs have repeatedly ignored this constraint. In order to more effectively prevent boards from using funds for this unlawful purpose, which benefits certain

producers while harming many others, strict separation of engagement between these boards and policy entities is necessary.

(b) That no board member, employee or agent may act if a conflict of interest exists. Conflicts of interest in the checkoff programs allow special interests to use program funds for the benefit of some assessed producers, at the expense of many other producers. Prohibiting conflicts of interest in these programs is necessary to ensure their proper and lawful operation.

(c) That federally mandated funds may not be used in an anticompetitive or disparaging manner in the marketplace. The checkoff programs are designed to promote their specific named commodity. They are not intended to damage other types of commodities, through anticompetitive conduct or otherwise. Prohibiting anticompetitive and similar conduct is necessary to ensure government dollars are not used to pick winners in the marketplace or to prevent new emerging products from finding their way into the marketplace.

(d) That checkoff board actions be transparent. Lack of transparency in checkoff programs enables abuses to occur and conceals them from being discovered. Requiring transparency in the expenditure of checkoff funds through publication of all budgets and disbursements is necessary to prevent and uncover abuses in these programs.

(e) That regular audits be conducted for each of the checkoff programs. Regular audits build confidence in those paying the funds that their federally mandated fees are being expended for the purpose Congress has provided.

Together, these provisions would eliminate the abuses and conflicts of interest plaguing the checkoff programs and will restore for U.S. producers credible, unbiased programs that can effectively and efficiently promote their individual commodities. It would further address the ongoing problem of cross-subsidization of checkoff and policy activities, as exemplified by the National Cattlemen's Beef Association's ("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 the 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 the NCBA nor any other private organization should be permitted to so substantially dominate the program or to so substantially reward itself for doing so.

Further, we strongly urge Congress to pass Senator Lee's S. 3200. By making all checkoff program payments voluntary, it ensures those farmers, ranchers and businesses who choose to participate in their commodity checkoff program may do so. But it further ensures that those farmers, ranchers and businesses who do not want to participate may choose to not pay into a commodity checkoff program that does not benefit their business. Today's commodity market is extremely diversified and segmented. It includes the world's largest companies right down to

Members of Congress

July 14, 2016

Page 3

the small farmer selling directly to their neighbors at their local markets. Given the complexity of this market, it is simply too challenging to have a single program that can remain fair, unbiased and beneficial to all participants.

We would greatly appreciate your support in helping to enact S. 3201 and S. 3200. Thank you for your consideration of this vital issue facing America's family farmers and ranchers.

Sincerely,

Organizations:

Alabama Contract Growers Association

Alabama State Association of Cooperatives, Forkland, AL

Alianza Nacional de Campesinas, Oxnard, CA

Allotment Owners Association, UT

American Agricultural Movement, Inc.

American Federation of Government Employees Local 3354, St. Louis, MO

American Grassfed Association

BioRegional Strategies

Bold Nebraska

Border Agricultural Workers Project, El Paso, TS

Buckeye Quality Beef

Cattle Producers of Louisiana

Colorado Independent CattleGrowers Association

Community Food and Justice Coalition

Contract Poultry Growers Association of the Virginias

Dakota Resource Council

Family Farm Defenders

Farm Aid

Farm and Ranch Freedom Alliance

Farmworker Association of Florida, Apopka, FL

Federation of Southern Cooperatives Rural Training and Research Center, AL

Food & Water Watch

Food Policy Council of San Antonio

GROW North Texas

Independent Beef Association of North Dakota (IBAND)

Independent Cattlemen of Nebraska

Independent Cattlemen of Wyoming

Institute for Agriculture and Trade Policy

Iowa Citizens for Community Improvement
Jasper County Mississippi Farm Bureau
Kansas Cattlemen's Association
Kemper County Mississippi Farm Bureau
Land Stewardship Project
Missouri Rural Crisis Center
Missouri's Best Beef Co-Op.
Missouri's food for America
Murray County, Oklahoma, Independent Cattlemen's Association
National Family Farm Coalition
National Farmers Organization
National Hmong American Farmers, Inc., Fresno, CA
National Latino Farmers & Ranchers Trade Association
Nebraska Women Involved in Farm Economics
Nevada Live Stock Association
Northeast Organic Dairy Producers Alliance (NODPA)
Northern New Mexico Stockman's Association
Northern Wisconsin Beef Producers Association
Organic Crop Improvement Association
Organic Farmers' Agency for Relationship Marketing (OFARM)
Organic Seed Growers and Trade Association
Organization for Competitive Markets (OCM)
Progressive Agriculture Organization
Progressive Agriculture Organization, PA
RAFI-USA
R-CALF USA
Rocky Mountain Farmers Union
Rural Coalition
Slow Food USA
Socially Responsible Agricultural Project
South Agassiz Resource Council
South Dakota Stockgrowers Association
Spokane County Cattlemen, WA
Taos County Economic Development Center, Taos, NM
Texas Organic Farmers and Gardeners
Weston A. Price Foundation (WAPF)
Women Involved in Farm Economics

Individuals and Businesses:

2J Livestock, WA

3D Ranch, MO

4W Farm, WA

Adams Farm Slaughterhouse LLC, MA

AHBLEZA Ranch, MO

Alba Ranch, KS

Andrew Brubock, Denver CO

Anyan Acres farm, WA

Arrow S Inc

Bill Kluck, SD

Bonds Ranch, CO

Breaking Free, LLC

Brock Livestock Co 7 Laurel Leaf Livestock, LLC, WY

Callan Cattle Co, LLC, OH

Carruth Ranch, NM

Chris Peterson, IA

Collin and Kayla Stalley, Riverton, WY

Colorado Pro Steel, CO

Cougar Valley Ranch, WY

Country Fresh Farms, LLC

Craig & Jerika Brumbeloe, AL

Darol Dickinson, OH

David Hutchins, OH

David Pfrang, Ginny, and Nicole Pfrang, KS

David Wright, NE

Dean & Delia Johnson, Fairburn SD

Deep Creek Mountain Angus, UT

Dela Lenz, CO

Dobbins Farm

Doubting Thomas Farm, MN

Emmanuel Polled Herefords, WA

Everbe Farm, PA

Farson Flag Hill Farm, OH

Glen and Gail Johnson, Fairburn SD

Jack Twiford, Stanetta Twiford, Jacki Twiford and Tom Twiford,
WY

Jaime Oberling, IL

Jessica Graybull, Kersey CO

Jodi Kubal, SD

Jonathan, Connie, Zack and Meagan Buttram, AL

Kathleen S. Kelley and Robert R. Kelley, CO

Members of Congress

July 14, 2016

Page 6

Kathryn Smith, UT
Kaycee Headrick, Ft. Collins CO
Kenny Fox and Roxie Fox, SD
Kimberlin Cattle Co., KS
King Ranch & Arena, WA
Larson Acres, KS
Lazy D Farms, MS
Lee Thomas Farms, Inc., MN
Lone Star Farm - Dexters, WA
Longhorns Head To Tail Store, LLC, OH
Lori Lyons, WI
Mark and Rose Bebo, WY
McGeary Ranch, TX
McPeak Partnership, ND
Michael (Mike) L. Schultz, KS
Mike Heaton, ND
Mississippi Farmers and Consumers United, MS
Pennsylvania Farm, PA
Queen farms, OH
Rawhide Quaterhorses, WY
Rick & Theresa Fox
Rockcreek ranches, WA
Rolling W Farm, OH
Ron Korman, Maxine Korman, Jess Korman, Kaiu Korman, MT
Ruth Laughery, MT
Sky Land & Cattle, PA
Sodak Angus, SD
Steve and Merridith Kimberlin, KS
Stokes Farm, MS
Stull Family Farm, KY
Tyler and Tiff Robertson, Hermosa, SD
Uly Johnson Kersey, CO
Wagon Wheel Ranch, KS
Waller County Farmers and Ranchers Cooperative, TX
Weaver Farms, WV
Weber Ranch, WY
WJ Buttram Poultry, AL