

## **You Have Questions? We Have Answers. (8/12/2020)**

### **Is the Beef Checkoff used to impact market policy?**

No, this would not be so. According to the Beef Promotion and Research Act, checkoff funds cannot be used to influence government policy or action, including lobbying. Therefore, the Cattlemen's Beef Board (CBB), which serves as the administrator of the Beef Checkoff cannot take a position on policy matters and cannot lobby, nor can the Oklahoma Beef Council. Producers should feel welcome to share their views with their individual farming and ranching organizations or their elected officials.

There are Beef Checkoff contractors that have legislative branches or policy-focused areas within their overall organization. However, checkoff dollars cannot and are not shared with that sector of said organizations. The Beef Checkoff is a national producer-funded program. By law, checkoff dollars are only utilized for promotion, advertising, research and education.

### **How are contractors to the Beef Checkoff compensated for their efforts?**

It's important to know, contractors to the Beef Checkoff are reimbursed for their work on a cost-recovery basis after a full review of their expenses through the internal financial controls at the Cattlemen's Beef Board. In other words, checkoff work must be completed first before a contractor is compensated for the effort. For a review of state and national annual reports that provide details on Beef Checkoff expenditures, please visit [here](#).

### **Why don't we use Beef Checkoff dollars to build a plant?**

The simple answer is the Beef Checkoff cannot legally fund such an endeavor. This would literally take an Act of Congress because the Beef Act that established the Beef Checkoff would have to be amended. But let's say it was legal for the Beef Checkoff to build a packing plant. If Checkoff dollars went towards brick and mortar it would require a massive diversion of resources away from essential marketing, research and educational programs that are designed to build demand for beef and instill consumer confidence in our product, not to mention the role these components play in protecting our industry, keeping our beef story accurate and beef anchored to the consumer's plate. You see, your Checkoff works for you 365 days a year investing in the future of beef.

In July 2020, a beef plant was for sale in Texas with a 500/day capacity for sale for \$15 million. To put it in perspective, the US processes approximately 120,000+/day in the United States. \$1/head on a \$900 feeder steer is simply not enough to even consider the significant investment needed to fund such an enterprise without diverting funds. These are just a few questions that would have to be answered. But again, beef checkoff dollars cannot legally be used for such a capital expenditure.

To see what kind of programs the beef checkoff can invest in, please visit [www.drivingdemandforbeef.com](http://www.drivingdemandforbeef.com).

## **Does the Beef Checkoff Support Small Independent Ranchers?**

The Beef Checkoff supports the entire beef community, including independent ranchers. First of all, think about your neighboring beef farmers and rancher, small or large, can you think of any that are not independent? There are 800,000+ beef producers in the US and it's tough to think of any that are not independent. They make their own decisions on their places just as you do your yours. The Oklahoma Beef Council board members are all independent and they represent all sizes of operations -- from those who pays tens of thousands of dollars a year, to those who pay less than \$100. This is typical of state beef councils across the country.

When a consumer goes into a grocery store or restaurant, beef is not differentiated by "Big Rancher Beef" or "Small Rancher Beef." When Oklahoma Beef Council staff visits with dietitians about beef's nutrition, we don't say, "only buy beef from big beef companies." We advocate for beef's nutritional benefits no matter where a consumer purchases it. When we receive a call for local beef, we send them to our website, [www.oklabeeff.org/resources/local-beef](http://www.oklabeeff.org/resources/local-beef) for resources. Beef is beef, whether it's raised by a large producer or a small one; and is destined for the same marketing channels where the Beef Checkoff works to promote it.

## **Do we use Beef Checkoff dollars to promote imported beef?**

The Beef Checkoff does not fund promotions in the US or internationally for similar counterparts in other countries such as the Meat and Livestock Australia or the New Zealand Meat Board. We can just imagine the response from the US beef farmers and ranchers who make the decisions on national checkoff programming if such an organization applied for funding to promote their beef in the US.

Our goal with the Beef Checkoff is to sell more beef, period. We work to inspire the U.S. consumer to purchase more beef and the international consumer to buy beef from the U.S. The advertising and communications are generic in nature and focuses on beef nutrition, versatility, taste and wholesomeness. The return on investment (ROI) analysis, independently conducted by Dr. Harry M. Kaiser of Cornell University in 2019 shows the promotional efforts by the Beef Checkoff during the five-year period from 2014 through 2018 were highly effective and positive for the beef industry. Overall, every dollar invested in Beef Checkoff activities returned \$11.91 to the beef industry, driving demand.

During the five-year review period, all Beef Checkoff promotion and research activities increased total domestic beef demand by 12.8 billion pounds. In other words, had there been no Beef Checkoff activities during that time, domestic beef demand would have been 14.3 percent lower.

Similarly, had there not been any CBB contribution to FAS and USMEF's foreign market development programs over the past 5 years, U.S. beef export demand would have been 5.5% lower than actual in eight foreign markets.

## **Importers representation**

From another perspective, since importers pay the Beef Checkoff on live cattle or the carcass equivalent, they have 7 seats of the 99 seats on the Cattlemen's Beef Board, the organization responsible for administration and, along with the USDA, oversight of the Beef Checkoff. (For the record, the other 92 seats are U.S. beef, veal and dairy producers with cow-calf producers representing the predominant sector on the board.)

#### Meat Importers Council of America and the Northeast Beef Promotion Initiative

In another matter, the Meat Importers Council of America (MICA) is a contractor for the Beef Checkoff through their management of the Northeast Beef Promotion Initiative. The Beef Checkoff's Northeast Beef Promotion Initiative (NEBPI) began when representatives from various State Beef Councils and MICA joined together to create coordinated and enhanced marketing programs in an area where only 3% of checkoff dollars are collected but that is an area representing 22% of the U.S. population. In 2020, their contract for the NEBPI represented about 1% of all national checkoff programming. More information can be found at [NEBPI.org](http://NEBPI.org).

#### **What level of oversight is in place to protect the Beef Checkoff?**

The Cattlemen's Beef Board is the organization responsible for administration and, along with the USDA, oversight of the Beef Checkoff. The internal controls performed by the Cattlemen's Beef Board staff members to keep all Checkoff dollars accounted for and safe are significant, following the highest industry standards for handling and recordkeeping. A detailed summary is available [here](#). In addition, the CBB is audited annually working with the independent auditors engaged by the Board to ensure that its books and records, internal accounting controls and management practices assure the proper level of accountability.

The Oklahoma Beef Council has the following steps in place to protect the integrity of the Beef Checkoff in Oklahoma.

- Undergoes annual independent audits with a regional accounting firm
- Institutes an Audit/Risk committee with an independent advisor to the committee with significant audit experience
- Contracts with a third-party accounting firm with circulating accountants for all accounting services
- Utilizes a five-step review process for monthly financials
- Regularly review bank statements received from the bank against online bank statements