



Understanding Your Beef Checkoff Program



BEEF



History of the Checkoff

Congress created the Beef Promotion and Research Act, the “Beef Checkoff Program,” with passage of the 1985 Farm Bill. Producers approved making the Beef Checkoff Program mandatory in 1988, with 79 percent voting in favor of it.

Producers asked that the checkoff program be built on these tenets:

- All producers and importers pay the equivalent of \$1/head *each and every time* a beef animal is sold throughout its lifetime.
- One-half of the money collected by state beef councils — 50 cents of every dollar — is invested through the beef council in each state.
- All national checkoff-funded programs are budgeted and evaluated by the Cattlemen’s Beef Board, a stand-alone organization of checkoff-paying producer volunteers.
- Cattlemen’s Beef Board producer members are nominated by producer organizations in their states and appointed by the U.S. Secretary of Agriculture.



Representation for Your Checkoff is More “Local” Than You May Think

Did you know the people responsible for making decisions about your checkoff dollars at both the state and national levels are producer volunteers? In fact, the process for representation, by law, is designed to make sure that producers — like you — are responsible for directing, reviewing and approving how, when and where your checkoff dollars are invested to help build beef demand.

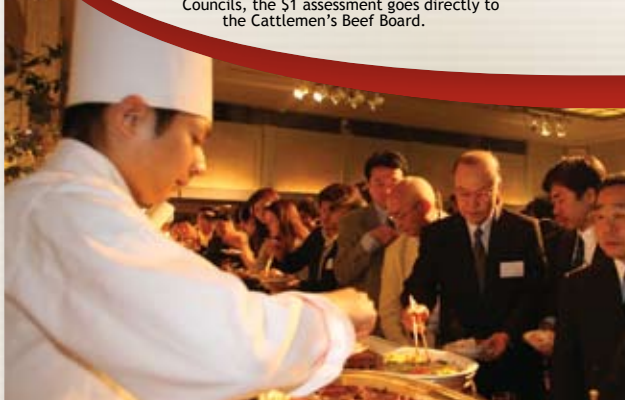
It Starts in Your State

Your **Qualified State Beef Council** collects \$1 on each head of cattle every time it's sold. Fifty cents of that dollar goes to directly to the Cattlemen's Beef Board for national programs and up to 50 cents is retained by your state beef council.* Producers sitting on your state beef council board determine how much of this 50 cents should be invested in local, state or even national programs.

For the portion that may go into national programs, this investment also is watched over by producers chosen by their states to sit on the board of the **Federation of State Beef Councils**.

The role of the **Cattlemen's Beef Board** — made up of 106 beef, dairy and veal producers (some of whom are appointed from your state), and importers — is to budget for and evaluate all national programs. Ten of these board members, along with

*In the small number of states without Qualified State Beef Councils, the \$1 assessment goes directly to the Cattlemen's Beef Board.



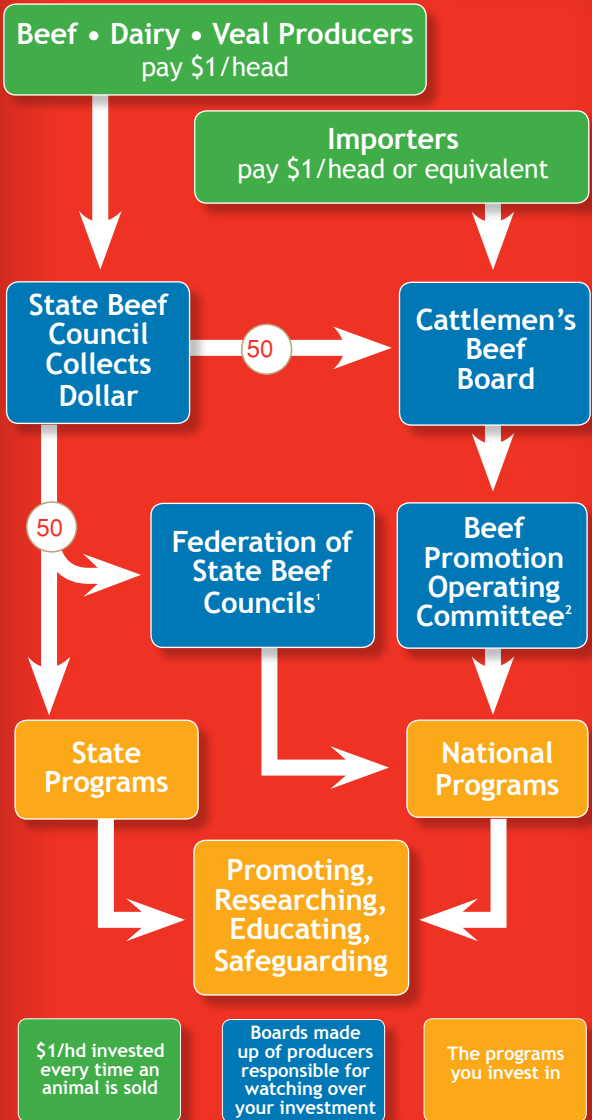
10 producers from state beef councils, are elected to serve on the 20-member **Beef Promotion Operating Committee**, which is responsible for approving checkoff programs and contracting with national industry-governed organizations to implement these programs.

The bottom line — all of these checkoff oversight boards are made of producer and importer volunteers and, in all cases, include state representation. Their collective role, as responsible stewards of your beef checkoff investment, is to:

- Invest checkoff dollars as if they were their own and only as allowed.
- Enact programs that are based on producer-driven consensus.
- Follow government guidelines to collect \$1/head consistently and fairly.
- Maintain an open-door policy, encouraging feedback and ideas from all producers.
- Coordinate efficiently among themselves to get the most from every dollar.



Your Beef Checkoff Dollar – From Investment to Results



¹States may invest a portion of their 50 cents in national programs through the Federation of State Beef Councils.

²The Beef Promotion Operating Committee has 10 members from the Cattlemen's Beef Board and 10 members from Qualified State Beef Councils. By law, the Operating Committee must contract with national industry-governed organizations to administer checkoff programs. Some of the primary contractors include National Cattlemen's Beef Association (NCBA), American National CattleWomen (ANCW), the U.S. Meat Export Federation (USMEF) and the Meat Importers Council of America (MICA).

Key Accomplishments of Your Checkoff Program

The Beef Checkoff Program increases profit opportunities for producers by keeping beef top-of-mind with consumers and purveyors, and by working to ensure a wholesome, quality beef-eating experience every time. Efforts include:

- Promoting high-quality U.S. beef in foreign countries.
- Working to continue growth in beef demand.
- Funding product-enhancement and beef-safety research programs to address safety and quality issues.
- Investing an average of \$4 million annually on beef-safety and product-technology research.
- Delivering beef-enjoyment messages to consumers through a checkoff-funded national radio and print advertising campaign.
- Identifying management practices through Beef Quality Assurance (BQA) to strengthen consumer confidence in beef as a wholesome, safe quality product.
- Introducing new products into the marketplace. From 1996 to 2008, more than 2,500 new beef products addressing consumer preferences reached the market.



Where Your Checkoff Dollars Are Invested

► **Promotion**

Includes advertising, merchandising, new-product development and promotional partnerships with restaurants and supermarkets designed to stimulate sales of beef and veal.

► **Research**

Provides the foundation for checkoff-funded activity. Informational and promotional projects are developed based on research relating to nutritional value of beef and beef products, beef safety and pathogen research, product-enhancement research, market research and new product development research.

► **Consumer Information**

Endeavors to enhance beef's image through nutritional data and other positive messages targeted to news media, food editors, teachers, dietitians, physicians and other influential individuals and groups.

► **Industry Information**

Strives to promote an understanding of the beef industry and maintain a positive marketing climate by helping provide factual information and correct misleading publicity about food safety, environmental and animal-welfare issues.

► **Foreign Marketing**

Seeks to identify and develop international markets for U.S. beef and beef variety meats.

► **Producer Communications**

Aims to inform producers and importers about how checkoff dollars are being invested and to communicate program results.

► **Do Contractors Make Money from the Checkoff?**

No. The Beef Board and USDA must approve all checkoff budgets and programs before any contractors are reimbursed for program costs. Checkoff dollars then are paid to contractors on a cost-recovery basis only, meaning that contractors may be reimbursed only for actual costs incurred in implementing approved checkoff programs.

► **What Can the Checkoff Do?**

The Beef Checkoff Program acts as a catalyst for change and was designed to stimulate the beef supply chain to sell more beef and stimulate consumers to buy more beef. This is accomplished through a combination of initiatives, including consumer advertising, research, public relations/issues management, education and new-product development.

► **What Can't the Checkoff Do?**

By law, checkoff funds **cannot be used to influence government policy or action, including lobbying.** In addition, the checkoff doesn't own cattle, packing plants or retail outlets. It can't control prices or single-handedly turn around a bad market.

► **Do Packers Pay?**

Any packer who owns cattle for more than 10 days prior to harvest must pay the dollar-per-head checkoff. There are no packer seats on the Beef Board.

► **Do Importers Pay?**

Importers pay \$1/head equivalent on imported cattle, beef and beef products.

► **Adding Value**

Beef continues to hold its own on the American dinner table and demand remains strong. In fact, beef demand increased about 15 percent from 1998 to 2007.

CattleFax, an independent beef industry analyst and data provider, estimates that the increase in beef demand since 1998 has added about \$250/head to the price of fed cattle and about \$200/head to the price of calves.



Get to know your checkoff — visit
mybeefcheckoff.com,
contact your state beef council or write:

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