



# Truth About the Beef Checkoff Myths and Facts

## GENERAL INFORMATION

- Created under the 1985 Farm Bill, the Beef Checkoff collects \$1 for every head of cattle sold; importers pay the same for an equal amount of beef or beef products. Of that dollar, up to half remains in North Dakota for local beef promotion, research, and education programming.
- The Checkoff does not control the market for beef or work on any other policy issues. Its purpose is to build demand for beef and make it the protein of choice among consumers in a very competitive protein market.

## THE PETITION

Section 7(b) of the Beef Promotion and Research Act of 1985 (Act) provides that "...the Secretary may conduct a referendum on the request of a representative group comprising 10 per centum or more of the number of cattle producers to determine whether cattle producers favor the termination or suspension of the order".

On July 2, 2020, a group of organizations and individuals informed USDA that they had launched a petition requesting a referendum on "the termination of the Beef Promotion and Research Order." This group includes R-CALF, Organization of Competitive Markets (OCM), ICON, I-BAND, and others. They have one year (until July 2, 2021) to collect 88,269 signatures from eligible cattle producers.

**Myth:** The petition is calling for Checkoff reform.

**Fact:** It's important to know that the current petition does nothing to amend or change the Checkoff. If a referendum is held, a "yay" vote keeps it; a "nay" vote ends it. Ending the Beef Checkoff ends both nationally funded programming as well as state programming developed from the state's half of every Checkoff dollar.

## TRANSPARENCY & OVERSIGHT

**Myth:** The Checkoff "elite" have misspent hundreds of thousands of Checkoff dollars.

**Fact:** First of all, there is no Checkoff "elite". The Beef Checkoff is shepherded by the Cattlemen's Beef Board (CBB), which is comprised entirely of producers and importers from around the country. Members of this grassroots group serve 3-year terms in a voluntary capacity. Composition of the board is based on each state's cattle inventory. North Dakota currently has two seats on the CBB.

Second, these misappropriation claims were dismissed as unfounded many years ago. The Office of the Inspector General investigated the allegations thoroughly and ruled the program operated according to the law and USDA regulations, with no compliance issues. Producers can rest assured that checks and balances are in place to ensure Checkoff dollars are used appropriately and for the sole purpose of driving demand for beef.

- Audited financials are available for review on the [beefboard.org](http://beefboard.org) website.
- Checkoff work is conducted by contractors who are established national nonprofit industry-governed organizations. All contractors are vetted and reviewed regularly by the CBB to ensure they only use Checkoff funds for approved programs. Project controls include reviewing contractor time and expenditures, reviewing materials created for distribution, reviewing/approving communications developed for public usage, and strict cost-recovery reimbursement.
- Contractors operate on a cost-recovery basis, meaning they must pay all program costs first and are then only reimbursed after all the above reviews have been conducted. Contractors never get money up front.
- CBB's own operations are overseen by USDA's Agricultural Marketing Service (AMS), which must approve all budgets, board activities, and contractor work.

## POLICY & LOBBYING

**Myth:** The Beef Checkoff uses Checkoff dollars to lobby for policies that work against the interests of American cattle producers.

**Fact:** The Beef Checkoff does not – and cannot by law – influence policymaking, participate in lobbying, or fund programs that do. Checkoff dollars can *only* be used for research and promotion of beef on behalf of producers and importers; they cannot be used for lobbying. NCBA, a Checkoff contractor, has a separate lobbying arm, but through stringent checks and balances, the CBB ensures that NO Checkoff dollars are used for lobbying.

## MCOOL & U.S. BEEF

**Myth:** It would be better for producers if the Checkoff only promoted U.S. Beef, but the Checkoff opposes Mandatory Country of Origin Labeling (MCOOL) because it doesn't want consumers to know how much beef in local grocers' cases comes from outside the U.S.

**Fact:** MCOOL is a policy issue. As such, the Checkoff is not involved and has not taken a position on this issue.

## RETURN ON INVESTMENT

**Myth:** The Beef Checkoff does little for the cattle producers who pay into it.

**Fact:** A 2019 third-party Return on Investment (ROI) study conducted by Dr. Harry Kaiser of Cornell University revealed that Beef Checkoff programs and efforts have a positive impact on beef demand. It showed:

- the Checkoff returns \$11.91 to the industry for every dollar that producers invest in program areas.
- Checkoff-funded activities increased beef demand by 2.6 billion pounds per year between 2014 and 2018.
- without a national Checkoff, U.S. beef demand would have been 14.3% lower than it was by year-end 2018.

## REFERENDUM

35 years ago, producers requested, designed, and established the Checkoff to drive consumer demand for beef through promotion, research, and education. In 1988, 79% of producers voted in favor of the mandatory Checkoff through a national vote, so the Checkoff itself is essentially the result of a referendum.

**Myth:** The Checkoff is not member driven.

**Fact:** The Beef Checkoff is controlled by those who pay into it. The CBB is comprised of 101 producers and importers. Producers make up 93% of the board and drive Checkoff decisions. The vast majority of producers support the Beef Checkoff and its work.

**Myth:** Many young producers weren't even alive when the Beef Checkoff started. They never got to vote on it, and the program no longer meets the needs of today's producers.

**Fact:** While it's true that some producers weren't around in the 1980s when the Checkoff was established, the program has evolved over the past three decades, serving all producers with the latest research, best practices, and current technologies. The direction of Checkoff programs is driven by members of the various Checkoff committees. These committees are made up of producers of all ages, including those who were too young to vote when the Checkoff first started. Through a variety of initiatives, the Beef Checkoff remains as viable as ever. Here are just a few recent efforts on behalf of producers:

- Checkoff contractors drove beef demand throughout the pandemic with creative national efforts such as the popular United We Steak grilling campaign, the Consumer Meat Tracker, influencer relationships, beef-based STEM curricula, foreign marketing, and more.
- North Dakota producers' Checkoff dollars helped create a number of effective state programs and initiatives in 2020, including the United We Steak campaign, nutrition and health influencer program, social media and digital advertising, human nutrition and beef product research, Living Ag Classrooms, foreign marketing and more.
- Despite the pandemic, per capita consumer consumption was strong. Beef increased its protein market share by 4 percentage points since March 2020 (from 53% to 57%); the second-most popular protein, chicken, came in at just 25%.
- For the first time in measurement history, the number of people with a positive perception of beef increased during the pandemic to 70%.