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Federal Register
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Agricultural Marketing Service, USDA
Room 2096-S, STOP 0249
1400 Independence Ave SW
Washington, DC 20250-0249

Re: Comments on Docket No. AMS-LPS-14-0081—Beef Promotion, Research, and Information Program

On behalf of the United States Cattlemen's Association (USCA) and our nationwide membership of cow-calf operators, backgrounders and feedlot operators, we thank you for the opportunity to comment on the Federal Register Notice: Docket No. AMS-LPS-14-0081, Beef Promotion, Research, and Information Program, as originally posted on November 10, 2014.

USCA provides the following comments in direct response to the questions raised for consideration by the USDA on this issue:

Who should be assessed?

Industry should be assessed. USCA supports collecting \$1 at each point of sale, understanding the efficiency of collecting \$3 at slaughter, to this end, USCA supports collecting assessments at slaughter. Under the current checkoff, each animal generates between \$2 and \$3 dollars per animal. USCA has heard complaints by producers where the checkoff isn't collected at the point of sale.

Collecting the assessment at the point of slaughter would alleviate missed collection of checkoff dollars, and in turn, make compliance easier and cheaper to manage. While the processing segment will be collecting the assessment from the last seller, whether it is a feeder or a producer retaining ownership, packers will only be paying the assessment on packer owned cattle.

Technically, the owners of packer owned cattle would be considered a feeder until the cattle have been slaughtered, these cattle would be represented on the checkoff as feeders.

USCA believes this method will trigger a trickle down effect on the prices paid for cattle, leading to greater representation by the cow-calf segment of the industry.

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As a result, the Cattlemen's Beef Board should accurately reflect the cow-calf and feeding sectors. In this model, processors would be responsible with collecting the assessment and not retroactively paying for the checkoff program.

As for assessing imported cattle, USCA prefers the opportunity to promote domestic beef with check-off funds.

If there is a way to promote U.S. beef with a portion of the funds and still include the imported cattle and beef in the program, we are open to that, but our priority is to be able to promote U.S. beef.

What should be the board structure:

Who is eligible to serve?

All producers who pay the assessment, directly or indirectly, should be eligible to serve on the board. USCA believes that any producer in the chain of ownership of cattle, who are assessed, are subsequently paying part of the assessment, and reflected in the prices they receive for their cattle. Therefore, they are indirectly paying the assessment and are entitled to serve on the board.

Should there be a relatively large delegate body appointed by the Secretary that would elect and recommend from within itself a smaller board?

The board should be kept small to allow for greater efficiency.

One complaint made by board members of the current checkoff is the board, at times, lacks a purpose. By keeping the board low in representatives, board members would be engaged, efficient, and economical.

What should be the size of the board?

The board should consist of at least 30 board members, and should not exceed 40 board members.

To ensure fair and equitable representation of the industry covered by the order, the composition of the board should reflect the geographical distribution of the production of cattle in the United States. The United States should be divided into 10 to 15 regions with at least two representatives from each region serving on the board.



What should be the term of office?

Terms for office should be three years and producers should be allowed to serve two consecutive terms.

The board officers should include the following: Chairman, 1st Vice-Chair, 2nd Vice-Chair, and Sec-Treas. The executive committee should be made up of the officers and four members of the board, voted on by the board. There should be a self-nomination process and the board should vote for all positions by ballot. If an individual is elected to an officer position the last year of their second term they should be exempt from the term limit in order to serve in an officer position as long as they continue to move up the ranks of the officer positions and be elected until they serve as Chairman.

How should the board be selected:

Who may nominate eligible candidates to serve?

Any recognized eligible state or national industry group representing beef producers that has been established for at least three years.

USCA supports an individual to nominate him or herself if they have been a beef producer for at least three years. They can be verified by their local FSA.

What should be the nomination and selection process?

The nomination process should be left up to the individual groups nominating. However, it might be a good idea if the current board vetted candidates and then sent nominees on to the Secretary to be selected with their recommendations.

What should be the powers and duties of the board?

The powers and duties of the board should include strategic planning. Both long-range and annual planning should be among board duties, to provide direction to potential contractors and to program content and needs and select which proposals are funded.

The board should also oversee the administration and management of the checkoff as well as provide oversight of programs and check-off funds.



Who has decision-making authority:

Should funding decisions be made by the full board or a smaller body elected from within this board?

If a small board (40 or less) is utilized in the checkoff under the 1996 Act, the board should be made up of strategically constructed committees who are tasked with reviewing programs and making funding recommendations to the full board.

Should funding decisions be made in conjunction with other organizations such as the Federation of State Beef Councils or the current Cattlemen's Beef Promotion and Research Board?

No, there should be coordination between the two checkoffs, but no policy group should be able to have undue influence over the new checkoff and control it. Funding decisions for the new checkoff should only be made by the board of the new checkoff. A good way to ensure coordination and efficiency is to have the staff of the CBB also manage the new checkoff.

How should the assessment rate be determined:

Should the assessment be a specified amount, a percent of value, or an amount determined by board?

The assessment should be a specified amount and can be changed with approval by referendum of all producers. Our suggestion is \$1 per each point of sale or \$3 at slaughter. Our preference is to collect the assessment at slaughter.

If a specified amount or a percent of value, should there be provisions for adjustments to the rate by the board, and without subsequent producer referendum?

No, but the board should have the power to call for a referendum if the board recommends changes to the Order such as an increase in the assessment or a structural change.

Should there be a de minimis exemption for certain size operations or classes of cattle or beef?

USCA's policy supports exempting any animal worth less than \$50, but this policy is based on collecting assessments at each point of sale. This should not be an issue if assessments are collected at slaughter.



Should there be temporary or permanent provisions for refunds of assessments?

No provisions for refunds.

How should assessments be collected:

Should the States or the national board collect the assessment?

If the assessment is collected at each point of sale the national board should contract with an entity in the state or region to collect the assessment for a fee, it could be the same entity collecting the current checkoff. If the assessment is collected at slaughter it should be collected by the national board. If imports are included in the checkoff those assessments should be collected by the national board.

Should the assessment be levied at all points of sale, at slaughter, or at some other time?

There needs to be discussion on whether it would be better to collect the assessment at all points of sale or at slaughter. Currently each animal generates between two and three dollars in assessments collecting it at all points of sale. If the assessment is collected at slaughter it would probably need to be \$2.50-\$3.00. There is concern that some country sales and a few sale barn sales are not always collected. There is virtually no economically feasible way to ensure these assessments are collected. Also it is much more expensive and burdensome to more businesses and producers to collect the assessment at each point of sale. The most efficient way to address these concerns and issues is to collect the assessment one time at slaughter and a \$3 assessment at slaughter is our recommendation.

When should the referenda be conducted?

A referendum should be conducted every 5-7 years after the initial referendum provided for in the Act. A referendum should also be conducted on the recommendation of the Board via supermajority or any time there is a major change in the Order. ie. An increase in the assessment or structural change.

Other Comments:

USCA is approaching the new checkoff with cautious optimism and a willingness to review what the Secretary comes up with, our policy however is to support more assessments only if there is considerable changes to the 1985 Beef Checkoff Act. Those changes include USCA's recommendation that the NCBA, the CBB and the Federation each become individually independent and autonomous.



The new checkoff assessment needs to go to the national board. If half of this assessment goes directly to the state beef councils then a large percentage of it may go on to the Federation buying board seats for state beef councils. This money will never go before the new national board or for that matter the Beef Promotion Operating Committee. To maintain stakeholder involvement through state beef councils, underfunded state beef councils should be allowed to request funding for checkoff programs from the new national board directly just like any other contractor. Underfunded state beef councils are those beef councils in states where cattle numbers are low and consumer populations are high. The intent is to allow those underfunded state beef councils to have access to funds to provide program work in high consumer population areas. The intent is not to free up state beef council funds from the current checkoff so the state beef council can buy more Federation seats and divert more money to NCBA or to subsidize a staff so more funds from the current Checkoff can be sent to the Federation.

The board should be allowed to contract directly with eligible contractors and the staff of the new checkoff should be able to manage the oversight of the implementation of programs. Eligible contractors are any entity with the ability to carry out a plan of work relating to beef promotion, education, and research. Eligible contractors can be for profit companies, universities, state beef councils, and both state and national beef industry organizations.

The entire board should be engaged in the allocation of funds. The board can be made up of strategically comprised committees that recommend allocation of funds for specific program areas and approved by the entire board. There is really no need for an operating committee. The board should have the authority to form advisory committees for funding purposes.

There should be a Chairman, 1st Vice-Chair, 2nd Vice-Chair, and Sec-Treas. The executive committee should be made up of the officers and four members of the board voted on by the board. There should be a self-nomination process and the board should vote for all positions by

ballot. If an individual is elected to an officer position their last year of their second term they should be exempt from the term limit in order to serve in the officer position and advance through the officer ranks to the Chairman position.

If producers choose to utilize a long term industry plan, writing the plan should be a coordinated effort, organized by the staff of the CBB and the new checkoff. (It would be better if they are the same) All national beef industry groups should be included, as well as other segments of the industry besides production, and it should be paid for by both checkoffs.



USCA feels only producers 18 years or older should be allowed to vote in referenda concerning the new beef check-off.

Programs of work focusing on beef production should be eligible for funding. USCA believes producers will support the program and make producers more efficient and competitive with other protein choices.

Please don't hesitate to contact us if you require any additional feedback or information regarding the items outlined above. You may reach USCA Executive Vice President Jess Peterson at (202) 870-3867 or by email at jess@wssdc.com.

Regards,

A handwritten signature in cursive script that reads "Danni Beer".

Danni Beer
President
United States Cattlemen's Association