

R-CALF United Stockgrowers of America

P.O. Box 30715 Billings, MT 59107 Fax: 406-252-3176 Phone: 406-252-2516

Website: www.r-calfusa.com E-mail: r-calfusa@r-calfusa.com

August 22, 2011

Honorable Tom Vilsack United States Secretary of Agriculture U.S. Department of Agriculture 1400 Independence Ave., S.W. Washington, D.C. 20250

The Honorable Phyllis K. Fong USDA Office of Inspector General Room 117-W Jamie Whitten Bldg 1400 Independence Ave SW Washington, DC 20250

Dear Secretary Vilsack and General Fong:

We are appalled to learn that the government-mandated Beef Checkoff Program and the government-established Cattlemen's Beef Board are, collectively, a formal affiliate of a private industry association called the U.S. Farmers and Ranchers Alliance (USFRA). This fact is evidenced by the USFRA Website http://usfraonline.org/about/affiliates/, a copy of which was downloaded Aug. 19, 2011 and is attached hereto.

Not only are the Cattlemen's Beef Board and Beef Checkoff Program collective affiliates of this private industry association, but also, they are, collectively, a board participant of that group – a privileged position presumably attained by the payment of a \$50,000 annual fee. According to the attached March 3, 2011 Agri-Pulse article, the cost of becoming a formal affiliate of USFRA is \$5,000 annually, "but a minimum annual commitment of \$50,000 is required to be a board participant."

The excessive cost to affiliate with or to become a board participant of USFRA is prohibitive for many non-profit organizations that are not also recipients of mandatory checkoff funds. This fact is substantiated by the USFRA's list of affiliates, many of which are recipients of one of the U.S. Department of Agricultures (USDA's) numerous, mandatory commodity checkoff programs.

It is readily apparent that USDA is allowing the use of producer checkoff dollars to foster the creation of an elitist group certain to exclude most of the nation's organizations that represent the interests of many, if not most, agricultural producers.

It appears to us a blatant conflict of interest for the Cattlemen's Beef Board/Beef Checkoff Program, to be funding and directing an elitist group of private interests, many of

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which are recipients of USDA's various mandatory checkoff program's funds. Worse, within this incestuous relationship the Cattlemen's Beef Board/Beef Checkoff Program is a board participant on USFRA along with the Cattlemen's Beef Board's primary Beef Checkoff Program contractor – the National Cattlemen's Beef Association (NCBA). This means the Cattlemen's Beef Board not only is required to provide direct financial oversight over the NCBA's expenditures of Beef Checkoff Program funds, but also, the Cattlemen's Beef Board and the NCBA are now equal partners in deciding how to spend the Beef Checkoff Program funds represented by the Beef Checkoff Program's annual financial contribution to USFRA.

This, of course, is absurd. It also is a perfect example of government graft and corruption where the government is using funds taxed from hard-working livestock producers to promote, finance, perpetuate *and strengthen* the self-interests of private industry associations.

The fact that the government established Cattlemen's Beef Board has showered USFRA with producer checkoff funds raises the concern that the Cattlemen's Beef Board and other commodity checkoff program administrators would be hard pressed to deny a request from a checkoff program contractor, such as the NCBA, to use checkoff funds to pay their respective \$50,000 annual fees for the privilege of becoming a USFRA board participant. The effect of such a scenario would be that every producer would, regardless of whether they support USFRA or any of USFRA's affiliated organizations, be forced nevertheless to ensure that USFRA is financially supported with government funds.

Please inform us as to whether any of NCBA's dues paid to USFRA to sit along side the Cattlemen's Beef Board and the Beef Checkoff Program on the USFRA board are derived either directly or indirectly from Beef Checkoff Program funds.

It is our hope that either or both USDA and the Office of Inspector General will take immediate, affirmative action to put a stop to USDA's ongoing pandering to private industry interests, which are directly at odds with the interests of many, if not most, independent U.S. farmers and ranchers.

Sincerely,

George Chambers, President

Joel Gill, Vice President and Chair, R-CALF USA Checkoff Committee

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Attachments: 2

Cc: Don Pfeil, Assistant Regional Inspector General Wesley Grau, Chair, Cattlemen's Beef Board

Craig Morris, USDA/AMS





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Meet Our Affiliates

and Industry Partners

Raise Your Voices VIDEO

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TAMPA, March 3 - Farmers and ranchers have historically invested in trying to tell their stories to the non-farm public, but the industry lacked a coordinated, national strategy. The newly-formed U.S. Farmers and Ranchers Alliance (USFRA) aims to change that track record and build trust in today's food production system.

"Prior to USFRA, there have been several conversations on collaboration," explained Phil Bradshaw, USFRA Vice Chairman and immediate past Chairman of the United Soybean Board, during the National Sorghum Producers meeting at Commodity Classic today. "But past national initiatives were destined to fail because they were not well funded and did not have a cohesive communications strategy. There were no metrics to determine success and hundreds of thousands of dollars have been invested by many agricultural organizations on uncoordinated consumer attitude research."



U.S. Farmers & Ranchers Alliance (USFRA) Vice Chair Phil Bradshaw

Bradshaw provided an update on the USFRA and encouraged others to join. One of the tasks of the Alliance's Communications Advisory Committee is to identify current agricultural industry efforts focused on public education and/or perception, and assess if those efforts fit strategically with the vision and strategic objectives of USFRA. During 2011, USFRA plans to:

- Develop a strategic communications plan
- Achieve industry alignment on messages
- Identify and engage targeted influencers based on USFRA strategic objectives
- Execute a national launch focused upon the Alliance's message platform
- Achieve initial progress (as defined by metrics) against each of the strategic objectives

Affiliates can participate for \$5,000 annually, but a minimum annual commitment of \$50,000 is required to be a board participant. Industry Partners and Premier Partners can participate in USFRA with an annual commitment, starting at \$50,000. Each affiliate board participant organization is limited to one seat on the Board of Directors. The USFRA hopes to fund an annual \$20-30 million effort.

"Our goal is a 50/50 split on funding - 50% USFRA affiliates; 50% industry partners," says Bradshaw.

Individual farmers & ranchers, as well as small rural businesses, can support USFRA through http://www.usfraonline.org/.

For more information, go to http://www.agri-pulse.com/

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Key characteristics of today's farmland market

On Open Mic this week, Kirk Weih, an accredited farm manager and licensed real estate broker in Iowa who serves as president of the American Society of Farm Managers and Rural Appraisers (ASFMRA), talks about the market forces impacting farmland including the role of federal ethanol policy, who is buying at today's sky-high prices and how steep the correction will be when it occurs. Weih says his business has never been better, and he notes that a number of his ASFMRA colleagues are finding profitable opportunities overseas, too.

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