

*Fighting for the U.S. Cattle Producer!*



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November 3, 2014

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

**Via E-mail and U.S. Mail**

Dear Secretary Vilsack:

In recent letters R-CALF USA and numerous other groups have urged you to take decisive action to restore the integrity and accountability of the current Beef Checkoff Program administered under the 1985 Act and Order. Although we steadfastly believe our previous suggestions are necessary to timely eliminate the ongoing conflicts of interests, inefficiencies, and abuses associated with the current program, this letter specifically addresses your recently announced proposal to establish an entirely new beef checkoff program pursuant to the Commodity Promotion, Research, and Information Act of 1996 (1996 Checkoff Act).

R-CALF USA is the largest producer-only cattle trade association in the United States and its thousands of cattle-owning members are major contributors to the mandatory Beef Checkoff Program. Over the past decade our members have thoughtfully considered what elements must be included in a beef checkoff program to make it credible and worthy of producer support. R-CALF USA members have voted on those elements that are now enshrined as policy resolutions in R-CALF USA's member-developed policy.

Based on R-CALF USA's member policy, a suitable beef checkoff program, including any beef checkoff program created under the 1996 Checkoff Act, must incorporate the following primary elements and should incorporate the following secondary elements:

**Primary Elements:**

1. Policy-oriented advocacy organizations and their subsidiaries must not be allowed to receive checkoff funds, either directly or indirectly as contractors, subcontractors or any type of service providers. This prohibition would preclude, for example, such groups as the NCBA, R-CALF USA, and the U.S. Farm and Ranch Alliance from contracting for or otherwise receiving any checkoff funds.

2. The Federation of State Beef Councils, if it is to continue to serve a decision-making role in any checkoff program, must be a legally independent organization without any financial or operational ties to any policy-oriented advocacy group. Note that this prohibition is equally applicable to organizations that comprise the Federation of State Beef Councils as they too make decisions regarding the use of mandatory checkoff funds.
3. A prohibition against conflicts of interest in contracting and all other decision-making operations must be strictly enforced.
4. The governing board (the Cattlemen's Beef Board (CBB) under current law) must be allowed to contract directly with service providers (but not policy-oriented advocacy organizations) to carry out the purposes of any beef checkoff program.
5. Producers must be afforded a periodic referendum to be held at least once every five years on whether to continue any beef checkoff program.
6. An independent operational compliance audit and corresponding financial audit of the entire checkoff program should be completed at least once every five years.
7. A significant portion of checkoff dollars collected in the U.S. should be allowed to be used to promote beef exclusively born, raised, and slaughtered in the United States. This may necessitate a corresponding allowance for importers to use a portion of the funds they contribute to promote foreign beef.
8. Research to enhance the raising of live cattle, including pasture improvement, handling procedures or transportation methods should be an eligible expenditure under any checkoff program.

**Secondary Elements:**

1. Representatives on the governing board (the CBB under current law) must reflect the diversity of checkoff-paying producers to prevent any single national policy organization from controlling board decisions.
2. To maximize the saturation and reach of any checkoff program, checkoff-funded contracts must be dispersed among many contractors, subcontractors or service providers, without any one of them receiving a disproportionate share of the contracts.
3. Contractors should be prohibited from placing their name or logo on Checkoff projects they oversee, implement or manage.
4. As a minimum, referendum voting should be authorized at any location that collects substantial checkoff assessments from producers (for example, livestock auction yards).

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5. As a minimum, referendum ballots should be sent via U.S. mail to all producers over 18 years of age (including spouses) that have been assessed checkoff fees.
6. No loans or financial advances should be made by any checkoff program to any individual or entity.

If a new or reformed checkoff program is established as a purely voluntary, opt-in program, then many of the safeguards recommended above may be unnecessary. This is because the critical need for the above-recommended safeguards arises from the current, mandatory national Beef Checkoff Program that is fraught with conflicts of interest, inefficiencies, abuses and downright waste.

Mr. Secretary, we look forward to working with you to finally put an end to the glaring problems associated with the current national Beef Checkoff Program.

Please let us know how we can be of assistance.

Sincerely,

A handwritten signature in black ink, appearing to read "Bill Bullard". The signature is stylized and cursive, with the first name "Bill" and last name "Bullard" clearly distinguishable.

Bill Bullard, CEO