

South Dakota FARMERS UNION

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June 23, 2010

The Honorable Tom Vilsack
U.S. Department of Agriculture
1400 Independence Ave., S.W.
Washington, DC 20250

Dear Secretary Vilsack:

Since its inception in 1986, the beef checkoff has been a positive provider for national and global recognition of beef products. Producers have seen the positive influence that promotion and research have brought to the beef industry. But we have also watched one organization slowly and steadily take control of the checkoff dollars. We have seen the National Cattlemen's Beef Association (NCBA) use the checkoff money to the detriment of the cow-calf producer. This organization represents a mere 3% of the cattlemen of this country. Now, the NCBA is proposing to restructure the Federation of State Beef Industry Councils (BIC) which would further reduce transparency in the checkoff and ultimately hurt cattle producers.

A large number of industry organizations have opposed this restructuring. However, there have been few, if any, of these organizations' concerns addressed by NCBA. NCBA appears to be going forward with the restructuring with disregard to the rest of the industry's wishes. In a recent meeting with your office, it is our understanding, NCBA implied that they would go ahead with the restructuring despite the objections of these other industry groups. It is becoming increasingly obvious that NCBA is not addressing the concerns of the beef industry as a whole or the wishes of the USDA when directed to address those concerns in your letter sent May 17, 2010. We share in your apprehensions of the restructuring. We feel NCBA does not view the Federations as a separate entity from their organization, which is the number one issue that must be resolved throughout this entire process. If NCBA is left uncurbed on this issue, it could very likely lead to a referendum by cattle producers to vote out the beef checkoff in its entirety to the detriment of the industry as a whole.

Fairness to all producers, not just those of a certain organization, is what the ultimate goal should be in the structure of the beef checkoff. The entire beef industry should not be held hostage by one organization's policy which would govern the funds used to promote beef. The Act and Order which created the mandatory beef checkoff program defined rules for the separation of the governing organization's policy and the beef checkoff. We believe NCBA is knowingly in direct violation of the Order, and have been for a number of years. It is not our concern how an organization wants to reorganize itself, but it creates a problem when that reorganization involves furthering their control of our checkoff dollars. While NCBA has made slight changes to its governance proposal, it did not strengthen the firewall. We believe the beef checkoff is most effective

when the Order is followed as Congress intended. We believe there should be a complete separation of the Federation and NCBA. In a statement June 22, 2010, the Executive Committee of the Cattlemen's Beef Board (CBB) called for the complete separation of the NCBA from the Federation of State Beef Councils. We fully support the efforts of the CBB and their attempt to increase accountability and transparency throughout the beef checkoff program.

In closing, Mr. Secretary, the beef checkoff sets the precedent for all other check offs in this country. By providing the program with accountability and transparency, you can set the standard for all checkoff programs. Your work to resolve this issue is greatly appreciated. We stand ready to support your efforts as you move forward with the difficult decisions regarding our producers' investment dollars. Those hard earned dollars deserve to be managed in a way that is fair to not only them, but the American beef consumer as well.

Sincerely,

Doug Sombke
President
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Roger Johnson
President
National Farmers Union

Robert Carlson
President
North Dakota Farmers Union

Donn Teske
President
Kansas Farmers Union

John Hansen
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