

Fact Sheet

Checkoff Program Reform Legislation

Opportunities for Fairness in Farming Act Voluntary Checkoff Program Participation Act



Family Farm
Action Alliance



Family
Farm
Action

The **Opportunities for Fairness in Farming Act (OFF Act)** was introduced by Senators Lee, Booker, Warren, Gillibrand, and Paul in the Senate and by Representatives Titus, Mace, Cohen, Blumenauer, and Cárdenas in the House of the 117th Congress (S.2861 and H.R.4291). This legislation would prohibit certain practices relating to commodity promotion (checkoff) programs and require greater transparency in those programs, while providing an exception for university-related research.

The **Voluntary Checkoff Program Participation Act (S.2860)**, introduced by Senators Lee and Paul, would allow commodity producers to participate in checkoff programs on a voluntary, rather than mandatory, basis.

BACKGROUND

Commodity checkoff programs (“checkoff programs”) were established as mechanisms to help agricultural industries pool money for help agricultural industries pool money for commodity-specific promotions and research. Farmers fund the checkoff programs with mandatory fees calculated on a per-animal or per-weight basis upon the sale of the specified product. All farmers and ranchers — from the smallest local-scale farmer to the largest factory operation — are required to pay the checkoff fee if they produce a commodity that has a corresponding federal program. Checkoff dollars go to federal, industry-specific boards, which are required by law to use the funds only for advertising campaigns and research that benefits both the farmer and the industry.

Despite the limitations of their stated purpose, checkoff programs have repeatedly acted beyond the scope of their statutory mandate. Lax oversight by the USDA has resulted in collusive and illegal relationships between checkoff boards and lobbying organizations to influence legislation and government action — despite a broad statutory prohibition against these activities. Such advocacy efforts have an anticompetitive effect, benefiting certain producers to the detriment of others, and forcing independent farmers and ranchers to pay into a system that actively works against them.

If Congress is going to allow taxpayers’ dollars to influence consumer choices, the influence should remain within the limited scope of the checkoff programs’ purpose; anything more is government intrusion which prevents the market from operating fairly and openly.

THE OFF ACT SUPPORTS INDEPENDENT FARMERS AND RANCHERS BY:

- › Disallowing programs from contracting with organizations that engage in political advocacy, have conflicts of interest, or conduct anticompetitive activities
- › Requiring programs to publish all budgets and disbursements to the public and submit to periodic audits by the USDA Inspector General
- › Requiring programs to undergo periodic audits by the Comptroller General of the United States

THE VOLUNTARY CHECKOFF PROGRAM PARTICIPATION ACT SUPPORTS INDEPENDENT FARMERS AND RANCHERS BY:

- › Continuing to provide a government mechanism for farmers and ranchers to pool resources to expand research and promote their specific commodity, but only if they choose to voluntarily.

GOVERNMENT ACCOUNTABILITY OFFICE CALLS FOR REFORM

In a November 2017 report, the U.S. Government Accountability Office (GAO) found that USDA's oversight of checkoff programs is insufficient, and called on USDA to increase oversight of the programs. GAO raised concerns that USDA does not routinely review checkoff program subcontracts or independent economic evaluations of the programs. It also noted a lack of transparency, with checkoff boards failing to report important program information to the public. USDA has taken few steps to correct these issues, it is time for Congress to act.



CHECKOFF PROGRAM ABUSES OF POWER:

- **Dairy Checkoff:** For five years the USDA's Agricultural Marketing Service failed to deliver statutorily mandated financial reports to Congress.
- **Beef Checkoff:** The private policy and trade group, National Cattlemen's Beef Association (NCBA), is the primary contractor for beef checkoff advertising efforts, and has become inappropriately intertwined with the beef checkoff program. NCBA receives as much as 97% of the approximately \$80 million collected annually in national beef checkoff fees, comprising up to 82% of NCBA's total budget. As much as 72% of the nearly half-million dollar salary awarded to the NCBA President comes from checkoff fees — yet NCBA represents less than 4% of the U.S. cattle producers.
- **Pork Checkoff:** The Pork Board and the National Pork Producers Council (NPPC) jointly operate the "We Care" industry PR program, which serves as NPPC's primary public messaging venue. The Pork Board and NPPC hold joint annual meetings, which demonstrate and symbolize the Pork Board's support of NPPC's policy agenda. NPPC recently called the Pork Board its "sister organization" — despite the fact that NPPC is a lobbying organization and the Pork Board is supposed to be policy-neutral.

No farmer or rancher should be required to pay into a program that harms their own market.

They should also be secure in the knowledge that their payments are not being used for illegal advocacy or other prohibited purposes.

In the 115th Congress, over 102 farm and food organizations voiced their support for the OFF Act to be included in the 2018 Farm Bill. Senate Amendment 3074 garnered 38 votes in the Senate during the Farm Bill debate. Senators co-sponsoring SA 3074 included Senators Lee (R-UT), Paul (R-KY) and Booker (D-NJ) along with Senators Hassan (D-NH) and Warren (D-MA).

For more information contact: jmaxwell@farmaction.us



Family
Farm
Action



Family Farm
Action Alliance