

June 20, 2018

Majority Leader Mitch McConnell and Members of the U.S. Senate
317 Russell Senate Office Building
Washington, DC 20510

Re: Support of Legislative Action to Provide Meaningful Reform of Checkoff Programs

Dear Senators:

We, the undersigned organizations, call on the U.S. Senate to address through the Farm Bill the egregious marketplace abuses which have been clearly demonstrated by the commodity checkoff programs.

Checkoff programs were established to serve as mechanisms by which agricultural producers pool money for common promotional and research purposes. Fees are mandatory, from the smallest local farmer to the biggest factory operation. Checkoff dollars go to federal industry-specific boards, which are required by law to use these funds for mutually beneficial advertising campaigns and research.

Despite this limited purpose, checkoff programs have repeatedly acted beyond the scope of their statutory mandate. Lax oversight by the U.S. Department of Agriculture (USDA) has resulted in collusive and illegal relationships between checkoff boards and lobbying organizations, both of which have repeatedly used checkoff funds to influence legislation and government action in spite of a broad statutory prohibition against these activities. Such advocacy efforts have an anticompetitive effect, benefiting certain producers to the detriment of others, and forcing some producers to pay into a system that actively works against them. Some of their tactics have gone so far as to expend government mandated fees to prevent new food products from entering the market.

For the future of America's agriculture and its family farmers and ranchers, legislative action must be taken. Senators Lee's and Booker's effort to include in the 2018 Farm Bill S. 741, "**Opportunities for Fairness in Farming Act of 2017**," would address the most glaring abuses by the commodity checkoff programs, clearly and concisely providing:

- (a) That checkoff boards shall not enter into any contract or agreement to carry out checkoff program activities with lobbying or special interest groups. While checkoff laws broadly prohibit the use of funds in any manner for the purpose of influencing legislation or government action, many programs have repeatedly ignored this constraint. In order to more effectively prevent boards from using funds for this unlawful purpose, which benefits certain producers while harming many others, strict separation of engagement between these boards and policy entities is necessary.

- (b) That no board member, employee or agent may act if a conflict of interest exists. Conflicts of interest in the checkoff programs allow special interests to use program funds for the benefit of some assessed producers, at the expense of many other producers. Prohibiting conflicts of interest in these programs is necessary to ensure their proper and lawful operation.
- (c) That federally mandated funds may not be used in an anticompetitive or disparaging manner in the marketplace. The checkoff programs are designed to promote their specific named commodity. They are not intended to damage other types of commodities, through anticompetitive conduct or otherwise. Prohibiting anticompetitive and similar conduct is necessary to ensure government dollars are not used to pick winners in the marketplace or to prevent new emerging products from finding their way into the marketplace.
- (d) That checkoff board actions be transparent. Lack of transparency in checkoff programs enables abuses to occur and conceals them from being discovered. Requiring transparency in the expenditure of checkoff funds through publication of all budgets and disbursements is necessary to prevent and uncover abuses in these programs.
- (e) That regular audits be conducted for each of the checkoff programs. Regular audits build confidence in those paying the funds that their federally mandated fees are being expended for the purpose Congress has provided.

Together, these provisions would eliminate the abuses and conflicts of interest plaguing the checkoff programs and will restore for U.S. producers credible, unbiased programs that can effectively and efficiently promote their individual commodities. It would further address the ongoing problem of cross-subsidization of checkoff and policy activities, as exemplified by the National Cattlemen's Beef Association's (NCBA's) ability to materially offset and subsidize its policy-related costs and expenses with beef checkoff funds. The Beef Checkoff Program was never intended as a vehicle to strengthen the political voice of the NCBA or any other policy organization above the voices of any other organization or above the collective voice of the producers funding the program. Neither the NCBA nor any other private organization should be permitted to so substantially dominate the program or to so substantially reward itself for doing so.

For additional information please contact either Carolyn Hansen in Senator Lee's office at 202-224-5444 (Carolyn_Hansen@lee.senate.gov) or Adam Zipkin in Senator Booker's office at 202-224-3224 (adam_zipkin@booker.senate.gov).

Sincerely,

Alabama Contract Poultry Growers Association
Alabama State Association of Cooperatives, Forkland, AL

Alianza Nacional de Campesinas, Oxnard, CA
Allotment Owners Association, UT
American Agriculture Movement, Inc.
American Federation of Government Employees Local 3354, St. Louis, MO
American Grassfed Association
American Independent Business Alliance
Appetite for Change
BioRegional Strategies
Bold Nebraska
Border Agricultural Workers Project, El Paso, TX
Buckeye Quality Beef Association
California Dairy Campaign
California Farmers Union
Cattle Producers of Louisiana
Cattle Producers of Washington
Colorado Independent CattleGrowers Association
Community Food and Justice Coalition
Contract Poultry Growers Association of the Virginias
Corporate Accountability
Dakota Resource Council
Dakota Rural Action
Domestic Fair Trade Association
Fair World Project
Family Farm Action
Family Farm Defenders
Farm Aid
Farm and Ranch Freedom Alliance
Farmworker Association of Florida, Apopka, FL
Federation of Southern Cooperatives Rural Training and Research Center, AL
Food and Water Watch
Food Policy Action
Food Policy Council of San Antonio
Friends of the Earth US
Good Food Institute
GROW North Texas
HEAL Food Alliance
Independent Beef Association of North Dakota (IBAND)
Independent Cattlemen of Nebraska
Independent Cattlemen of Wyoming
Indiana Farmers Union
Institute for Agriculture and Trade Policy
International Texas Longhorn Association
Iowa Citizens for Community Improvement
Iowa Farmers Union

Jasper County Mississippi Farm Bureau
Johns Hopkins Center for a Livable Future
Kansas Cattlemen's Association
Kansas Farmers Union
Kemper County Mississippi Farm Bureau
Land Stewardship Project
Local Matters
Michigan Farmers Union
Missouri Farmers Union
Missouri Rural Crisis Center
Missouri's Best Beef, Inc. Co-Op
Missouri's Food for America
Montana Cattlemen's Association
Murray County, Oklahoma, Independent Cattlemen's Association
National Dairy Producers Organization
National Family Farm Coalition
National Farmers Organization
National Farmers Union
National Hmong American Farmers, Inc., Fresno, CA
National Latino Farmers & Ranchers Trade Association
Nebraska Farmers Union
Nebraska Women Involved in Farm Economics
Nevada Live Stock Association
No Organic Checkoff Coalition
Northeast Organic Dairy Producers Alliance (NODPA)
Northern New Mexico Stockman's Association
Northern Wisconsin Beef Producers Association
Ohio Farmers Union
Oglala Sioux Livestock and Landowners Association
Oklahoma Stewardship Council
Organic Crop Improvement Association
Organic Farmers' Agency for Relationship Marketing (OFARM)
Organic Seed Growers and Trade Association
Organization for Competitive Markets
Oregon Rural Action
Pesticide Action Network
Progressive Agriculture Organization, PA
Powder River Basin Resource Council
R-CALF USA
RAFI-USA
Range Allotment Owners Association
Real Food Challenge
Rocky Mountain Farmers Union
Rural Coalition/Coalición Rural

School Food Focus
Slow Food USA
Socially Responsible Agricultural Project
South Agassiz Resource Council
South Dakota Stockgrowers Association
Spokane County Cattlemen, WA
Stevens County Cattleman's Association, WA
Taos County Economic Development Center, Taos, NM
Texas Organic Farmers and Gardeners
Western Organization of Resource Councils
Weston A. Price Foundation
Women Involved in Farm Economics