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All Indications are that the Beef Checkoff is Brain-Dead

Controversy and dissatisfaction plague the beef checkoff. Finally, there is a chance to reform this tax. The "Opportunities for Fairness in Farming Act" (OFF Act) is a bipartisan bill which would allow for long needed accountability and transparency.

For many producers, concerns date back to 1996 when the National Cattlemen's Association (NCA) absorbed the Federation of Beef Councils. The Federation consists of the state level beef boards which collects and administrates the beef tax in their respective states. What happened in 1996 is that the NCA, a private beef industry association, absorbed the quasi-governmental federation of tax collectors, to become the National Cattlemen's Beef Association (NCBA). In this move, the main contractor for the beef tax became the tax collector and the decider of who gets the money.

Under the NCBA, the beef checkoff evolved from being a generally well thought of program promoting the consumption of beef to a "government speech" tax rat hole with limited transparency or accountability. According to an article in Farm Progress: "A 2010 partial audit of the equivalent of nine days of spending found numerous irregularities, requiring the primary checkoff contractor, the National Cattlemen's Beef Association, to return over $200,000 to the government. These irregularities included improper payment for expenses, including spousal travel, golf tournaments, and prohibited lobbying activity."

A subsequent Freedom of Information request (FOIA) by the Organization for Competitive Markets (OCM) for the full text of the audit, resulted in a document that was almost completely redacted. The Department of Agriculture (USDA) whose responsibility it is to oversee the integrity of the beef tax, instead, appear to see their role as one of obfuscation.

Concerns stem from the fact that the NCBA comingles the administrative portion of their checkoff grants with funds earmarked for political lobbying. Their staff splits their time between checkoff related business and lobbying. As the 2010 partial audit showed, the firewall between these two functions is made out of porous materials. Consequently, we can't tell that when the NCBA is, for instance, lobbying against Country-of-Origin Labeling if they are using their members money or our beef checkoff tax. For 2023 the NCBA awarded itself with 66.7% of the beef tax funds ($25,720,000). The next largest allocation ($8,200,000) went to the United States Meat Export Federation. About 60% of the NCBA budget comes from the beef tax.

The other half of the one-dollar checkoff is retained by the state beef boards to be used to promote beef within their state. This year the Montana Beef Council (MBC), has just under one million dollars ($982,359) to spend. The budget calls for 42.8% ($428,009) to be spent on administration and salaries. But an additional $144,000 is sent back to the NCBA, most of which buys an extra seat on the Federation of State Beef Councils. With this expenditure, administration and salaries comes up to $554,009 (56.9%) of the total.

It gets worse. The MBC also spends $57,000 on Producer Communications. The beef checkoff is a tax that we have no choice of paying. So why is the MBC spending our tax money to promote the beef checkoff tax to ourselves? The Internal Revenue Service certainly does not use 5.8% of its budget telling taxpayers what a great job the government is doing with our money. The bottom line is that MBC ends up spending on salaries and administrative type stuff, $611,009, which is 62.2% of what they have.

In addition, the MBC allocations $135,000 to the US Meat Export Federation (USMEF), which as we saw above is the next largest recipient of the of beef checkoff tax after the NCBA. The USMEF is a private organization which promotes beef, pork, and lamb exports. Twenty eight percent (28%) of their budget comes from the beef checkoff tax. The USMEF website claims that its promotion in foreign countries is responsible for a $447.58 increase in the value of each head of cattle.

The USMEF would seem to have us believe that they are solely responsible for all beef exports. Apparently, the dominate four packers which are all huge global corporations, is in the USMEF telling, dependent upon USMEF and checkoff funding to sell tripe, tongue, and liver to foreign customers. That is an improbable assertion. The bottom line is that out of the nearly one million dollars that the MBC has to spend to promote beef consumption in Montana, only $218,250 actually goes to that purpose.

The above information is admittedly wonky and full of statistics and organizational acronyms. But the reality is that the beef checkoff program is complicated and it is that complexity which helps to hide mismanagement and fosters the suspicion that the people controlling the beef checkoff are pursuing goals that are not all that clear. At its inception the main point was to increase per capita beef consumption. By that metric the beef checkoff tax is a failure. In 1985, per capita beef consumption was 81 pounds. Today it is 59 pounds.

Not only is the checkoff program not effective, the way it is being run is not transparent and administrative costs are excessive. Clearly the program is brain dead. The OFF Act is our chance to rethink the beef checkoff tax. Without Congress's intervention, there will be no other opportunity to reform how the tax is being used - and clearly it is not being used very efficiently. Whether you oppose the checkoff concept all together or would prefer to see it continued in a more efficient transparent manner, the only way that anything can ever happen is by encouraging your Senators and Representatives to pass the OFF Act.

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