Federation of State Beef Councils History

Legislation for a beef checkoff was first created in 1976, but was rejected twice by producers because it was confusing and cumbersome, and it ignored much of what already existed. After many producer surveys and thoughtful meetings of industry leaders, the Beef Research and Information Act of 1985 was written, followed by the Beef Promotion and Research Order that specified how the Act would be implemented.

Often referred to as the Act & Order, this new legislated program was unique in the industry. It built on existing industry organizations and – most importantly – kept much of the control at the state level. A dollar per head on each bovine animal would be collected from producers at the time of sale. Qualified State Beef Councils (QSBCs) collected the funds and were allowed to keep up to 50 cents of each dollar collected, spending it at the direction of their own boards, as long as the expenditures were consistent with the guidelines in the Act and Order. The other 50 cents was sent to a national board, called the Cattlemen's Beef Board (CBB), which would oversee the collection and administer the law. Board members would be appointed by the Secretary of Agriculture.

Unlike previous legislation, the new law relied on existing state and national organizations to execute programs funded by the $1-per-head program. These included, among others, state beef councils and the Beef Industry Council of the National Live Stock and Meat Board, which would become the home of the Federation of State Beef Councils.

The new law also created a 20-member Beef Promotion Operating Committee (BPOC), charged with specific decision-making on how to spend the 50 cents collected by the QSBCs and sent to the CBB. The BPOC contracted with established national, non-profit, industry-governed organizations to carry out these research, information and promotion programs. Ten of the 20 members of the BPOC were to be CBB members, while 10 were to be selected by the Federation, which helped allow greater coordination with spending decisions made by the states.

Even though this plan had been carefully studied and widely discussed, because of the two previous attempts at implementing a mandatory checkoff the industry remained wary. Above all, producers wanted to make sure the new program would operate and succeed as promised by their industry leaders. So the law, enacted in the summer of 1986, would not become final until a vote of producers nearly two years after it was introduced. In 1988 producers approved of continuing the program by a nearly 4-1 margin.

As the industry discovered, utilizing the Beef Industry Council of the Meat Board as the Federation of State Beef Councils made sense. For nearly 25 years the organization had been pooling voluntary checkoff funds to conduct programs on a national scale. There was no reason to create a new national body to do research, education and promotion work that had already been done for beef since 1963. Furthermore, state beef councils trusted the framework and the relationship they had with the organization, as well as the professionals employed by the organization.

Of course, the industry's experience and involvement in research and promotion programs went back even further than that. The National Live Stock and Meat Board began a voluntary investment for beef, pork and lamb – with investments from both producers and processors – in 1922. Those funds helped establish agriculture's first checkoff program, and created a template for growers of other ag products to follow. In 1963 the BIC became an unincorporated division of the Meat Board, subject to the organization's full board of directors.

In 1996 the Meat Board merged with the National Cattlemen's Association, and the Federation of State Beef Councils Division of the National Cattlemen's Beef Association (NCBA) became the successor to the BIC. This new arrangement saved extensively on meeting and coordination costs, and allowed the industry to provide a more unified voice on many issues. USDA reviewed and approved the succession plan that created two completely separate divisions – the NCBA Federation Division and the NCBA Policy Division. Separate directors would make decisions for each group.

Because many cattle-producing states do not have that many consumers, the Act also permits QSBCs to voluntarily invest a portion of the 50 cents they retain at the state level in other state, national or international checkoff-approved programs. Producers on their boards determine whether they wish to invest funds in the Federation Division annually. This investment is used to support programs, executed at the state and national levels, which build and protect beef demand.

Under the law recipients of checkoff funds are subject to audit by the CBB. In addition, NCBA takes its fiduciary responsibilities to cattle producers who invest in its programs seriously. That's why the organization has created a "firewall," a system of accounting and record-keeping that assures and demonstrates that checkoff funds invested with them have been used only for those purposes legally permitted. This firewall is continuously monitored, and has been shown to work through the years.