

## **Guidelines for Approval of Programs Under the Beef Promotion and Research Act**

The following guidelines were established by the Cattlemen's Beef Board to define requirements for the Beef Promotion Operating Committee (Operating Committee) and QSBCs (Qualified State Beef Councils) in the review of funding proposals under the Beef Promotion and Research Act of 1985. It is intended that these criteria be used to ensure that the specific proposal submitted meets the intent and the parameters of the Act.

### **Authority for Collection and Expenditures of \$1.00 Checkoff**

The authority for the collection and expenditures of the \$1.00 checkoff is derived from the Beef Promotion and Research Act and Order ("Act and Order"). Qualified State Beef Councils (QSBCs) are also a creature of the Act and Order. As such, all funds collected under the Act and Order, including those funds expended by QSBCs must be spent on activities authorized by the Act and Order.

### **Philosophy of the Federal Checkoff**

The Act established a program that is intended to fund and implement a coordinated nationwide effort to maintain and expand domestic and foreign markets and uses for beef and beef products. The focus of this program is not activities relating to the production or marketing of live cattle. The intent is to increase demand for beef and beef products for the benefit of the cattle industry. Included within the structure of this program was the express desire to promote coordination of state and national efforts. In fact, the Board is charged with the duty to encourage coordination of programs. Finally, since every producer and importer is required to contribute under the Act, expenditures of checkoff funds should benefit the entire industry or a large segment of the industry and should not benefit primarily an individual or small groups of individuals.

### **Guidelines for Expenditures**

The authority for expenditure of the \$1.00 checkoff comes exclusively from the Federal Act and Order and does not derive from state law.

1. There is no authority and the Act and Order specifically prohibits expenditure of checkoff dollars for the purpose of influencing governmental actions (i.e. lobbying).
2. There is no authority and the Act and Order specifically prohibits funds from being expended on programs which include deceptive acts or practices with respect to the quality, value, or use of any competing product.
3. There is no authority in the Act and Order to expend funds on projects which include brand or trade names of beef or beef products unless CBB and the Secretary of Agriculture specifically approve such expenditure.
4. There is no authority in the Act and Order which authorizes the expenditure of funds to be used to promote or research programs, methods, or technologies which primarily relate to live cattle

production or marketing (see explanatory note).

5. There is no authority in the Act and Order to expend funds to sponsor contests, cattle shows or sales, scholarships, awards, or other cattle related activities which are not directly related to the marketing of beef or beef products (see explanatory note).
6. There exists authority in the Act and Order to expend funds on activities, including paid advertising, to advance the image and desirability of beef and beef products as defined in the Act and Order, with the express intent of improving the competitive position and stimulating sales of beef and beef products in the marketplace.
7. There exists authority in the Act and Order to conduct studies relative to the effectiveness of market development and promotion efforts, studies relating to the nutritional value of beef and beef products, other related food science research, and new product development.
8. There exists authority in the Act and Order which allows the expenditure of funds for activities that will compile and provide nutritional data and other information that will assist consumers and other persons in making evaluations and decisions regarding the purchasing, preparing, and use of beef and beef products.
9. There exists authority in the Act and Order which allows the expenditure of funds for the development of information or to conduct of programs that will lead to the development of new markets, marketing strategies, increased efficiency and activities to enhance the image of the cattle industry with respect to beef and beef products.
10. There exists authority in the Act and Order to expend funds for programs which provide factual information to consumers and the public relating to beef and beef product production practices and its effect on the environment, food safety issues, and animal husbandry practices (see explanatory note).
11. There exists authority in the Act and Order to expend funds to inform producers of activities conducted with checkoff funds and to solicit information from producers relating to the establishment of program priorities and concerns.

**Explanatory Note on Guidelines 4 and 5:**

Projects funded with checkoff funds must relate directly to enhancing the marketing conditions of beef and beef products. It was not the intent of Congress in the establishment of the federal program to authorize funds to be expended for live cattle sales, promotion trips relating to live cattle, research relating to animal disease which does not directly relate to enhancing beef for the consumer, and other projects relating to the live animal which do not directly relate to the end product to the consumer, namely beef.

The Act and Order authorize activities which focus on the quality and acceptability of the end product, beef. Therefore, studies or projects involving live cattle are authorized, provided that the objective of the activity is clearly to enhance the quality, safety, and consumer acceptability of beef and beef products.

Studies or projects on live animals for which the objective is to enhance productivity, such as fertility, growth rate, and other measures which relate to cattle production efficiency, are not authorized. In addition, while the program was intended to enhance the marketing conditions for beef and beef products, it was not intended that this program would compete with entrepreneurial efforts to advance technology in the beef industry. Selective breeding and genetics by individual producers provides a competitive advantage to those producers in the marketplace. It was not the intent that this program would compete with or undermine these individual efforts. As a result, projects funded with checkoff dollars should not place the competitive positions of individual producers at a disadvantage.

**Explanatory Note on Guideline 10:**

The legislation authorized activities which would ensure that the consumer perception of beef and beef products is favorable as it relates both to foods and nutritional value as well as to public issues. This could include, for example, the provision of factual information regarding the relationship of the production of cattle and the environment, food safety issues, and animal husbandry practices.