



Grain Check-off Policy Development 2014

Issue:

Check-off programs provide research, new markets, enhancement to existing markets, and education for certain commodities. Most of the current commodity check-off programs exist on the federal level and Tennessee receives promotion funds based on in-state production. Tennessee farmers produced approximately 128 million bushels of corn and 38.3 million bushels of wheat in 2013. However, there is not a corn or wheat check-off in Tennessee.

Public universities and private entities base their research priorities on available funding. With less public funding from state and federal tax dollars, this research is becoming more dependent on check-off dollars. Since there is no federal or state check-off for corn or wheat, public research for these commodities could become a lower priority. Also, there is no promotion structure or funding to drive demand and education regarding these commodities.

Questions:

Is there currently enough research in corn and wheat?

What type of research is needed in feed grains?

Should there be a long term funding mechanism for seed, production, and product research in corn and wheat?

Should farmers be paying more of the costs for research and promotion?

How much would the assessment be if a check-off is allowed?

Background:

Tennessee has five commodity check-off programs active in the state. There are check-off programs for pork, beef, dairy, soybeans and cotton. Each are federal programs, however beef also has a \$.50 per head check-off on the state level.

There is not a check-off for corn or wheat on the federal level or state level. To have such a program on the state level would require a state law that allows farmers of these commodities to vote by referendum whether to have a check-off. Each commodity would have a separate referendum. The law would specify how each program would be administered and how the funds could be used. The law also would either set the amount of the assessment or have parameters for the amount determined by the referendum.

Proponents of a check-off believe since there is no federal program for corn or wheat, Tennessee should enact enabling legislation for a referendum whether to have a check-off program to be used in-state. Corn and wheat are major commodities in Tennessee but research and development for these commodities could be less of a priority in the future because of decreases in public funding. Also, there are no promotion programs to increase product demand, enhance exports, develop new products, and educate the public about corn and wheat. They believe the same benefits received in other commodities could also be realized in corn or wheat.

A recent independent analysis of the soybean promotion program says that for every dollar invested by farmers in the check-off, there is a \$5.20 profit return on the investment.

Farm Bureau Policy:

Commodity Promotion Programs (Partial)

Research on farm product sales and consumption is a laudable use of check-off dollars. However, state and federal governments should not cease funding research and promotion with the intent of allowing the check-off funded programs to cover these costs. Policy-making boards directing the expenditure of funds should be composed entirely of producers.

All legislation establishing a mandatory commodity check-off to finance research and promotion programs should contain the following provisions:

1. Individual producers should have the right to vote to begin a promotion program for a commodity they produce. The referendum should be conducted on the basis of one vote per producer without regard to volume of production. A simple majority vote must be attained for implementation.
2. The Tennessee Department of Agriculture should conduct and finance referendums for state commodity promotion programs. Subsequent voting for recall, increasing assessments or other purposes should be conducted by the Department and financed by funds collected from the program.
3. Bloc voting by marketing cooperatives should not be allowed. Each producer should be responsible for his own vote.
4. A recall vote by petition should be provided. No more than 10% of producers who voted to start a program (meaning total of all votes, yes or no) shall be required for a recall vote.
5. A simple refund procedure on initial programs should be provided. Producers should not be required to submit refund applications more frequently than six-month intervals.
6. Funds collected by the program should only be used for research, promotion, and educational activities designed to increase consumption, improve consumer knowledge, awareness and understanding, and improve the efficient production of the commodity. Separate accounting should be used to identify the origin and expenditure of check-off and organizational funds in the event membership and promotional activities co-manage for efficiency. Governing board accounting should remain separate to protect the autonomy and overall purposes of check-off funds.
7. The organization collecting and distributing these funds must file an annual financial statement with the Tennessee Department of Agriculture. These annual itemized financial statements should be available for public inspection and/or distribution to producers from whom these funds were collected.

We urge the agricultural media to report to the farm community information on the activities of the commodity-promotion programs.