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Blue Ribbon Commission Recommendations Executive Summary – November 1999

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**REPORT FROM THE NATIONAL CATTLEMENS
BEEF ASSOCIATION BLUE RIBBON COMMISSION**

Lynn Cornwell
1999 Vice President
National Cattlemens Beef Association

**BLUE RIBBON COMMISSION RECOMMENDATIONS
EXECUTIVE SUMMARY
November 1999**

COMMISSION OVERVIEW

1. *Purpose:* The NCBA Board approved and President George Swan appointed the Blue Ribbon Commission to create a stronger NCBA for today and tomorrow by establishing recommendations for:

- Commitment to the producer
- State-national partnership and membership
- Governance and representation

2. *Process:*

- Preparation (December-January)
- Announcement and approval by the Board (February)
- Industry input and fact finding (February-March)
- Identifying key issues (March)
- Developing preliminary recommendations (April-June)
- Industry input on preliminary recommendations (July-September)
- Finalizing recommendations (September-October)
- Action on final recommendations (Annual Convention)

3. *Commission members:*

Dave True, chair
Wythe Willey, vice chair
J.D. Alexander
Coney Burgess
Lynn Cornwell
Steve Foglesong
John Hays
Steve Henshaw

Dee Lacey
Jay O'Brien
Jim Schaben
Bob Schmidt
Ken Stielow
Bert Tucker
Pat Adrian, ex officio
John Braly, ex officio

DESIRED OUTCOMES

The Blue Ribbon Commission respectfully submits this set of recommendations to the industry for their consideration with the expectation that – if adopted and implemented – the industry can expect these outcomes. A number of recommendations relate to specific changes in governance, representation or membership. Others concern general operating procedures, and effective implementation of them is also critical to achieving the outcomes below.

- Stronger producer influence in the national organization
- A stronger state-national partnership
- More responsibility and authority in the hands of affiliates, beef councils and producers
- Governance that works better
- Improved non-producer involvement
- Greater coordination at the national level
- A simpler and better understood organization

RECOMMENDATIONS SUMMARY

Desired Outcomes with Supporting Recommendations

1. *Stronger producer influence in the national organization*
 - Only producers vote on the Policy Division Board
 - In addition, only producers vote on policy in industry segment councils and the Membership Meeting of Stakeholders Congress
 - Producers through the Industry Segment Councils may submit resolutions to the Board, if not satisfied with the committee outcome
 - Annually, producer members prioritize top five issues through their state affiliate
2. *A stronger state-national partnership*
 - Strengthen the partnership with beef councils through national leadership involvement and improved service, communication & responsiveness
 - Move toward a state-national partnership with affiliates where state organizations are the conduit for membership and ideas to national
 - Greater emphasis on services for affiliates and members with built-in incentives/benefits for affiliates
 - Reduce competition with affiliates for membership and strengthen communication/publications coordination
 - Strengthen NCBA's role as technology leader for beef councils and affiliates
 - Enhanced services for state organizations will be developed jointly by NCBA and those organizations
3. *More responsibility and authority in the hands of affiliates, beef councils and producers*
 - Regions elect Regional Vice Presidents for both divisions that also serve on the Executive Committee
 - Regions elect the Nominating Committee

- More local empowerment and less emphasis on a national nominating committee because of regional elections

4. *Governance that works better*

- Streamlined, better functioning Board of Directors – 361 to 238 voting directors (estimate)
- Smaller Executive Committee that is better connected to the country – 32 to 24 voting members
- Reduced officer corps that capitalizes on Regional Vice Presidents to lessen the load – 7 to 3 officers
- Smaller policy, nominating and resolutions committees
- Improved operating procedures for policy and program committees, with special emphasis on improving joint checkoff-policy committees
- Modest increase in use of proxy voting to enhance efficiency and flexibility
- Term limitations for Nominating Committee (3 years), plus committee and Industry Segment Council leadership (2 years)
- Improved meeting scheduling for Annual Convention & Summer Conference and action-oriented agendas for Board and committee meetings

5. *Improved non-producer involvement*

- Establish a Product Council for packers, processors & marketers of beef and improve the Allied Industry Council
- Representation on committees and ex officio, non voting representation on the Executive Committee (2 seats)

6. *Greater coordination at the national level*

- NCBA and USMEF – develop and implement a global strategy for beef
- Planning, Budget and Operating committees – increased coordination to maximize industry dollars

7. *A simpler and better understood organization*

- Simplified and streamlined governance at the Board, Executive Committee and committee levels
- Option of regional fieldmen to enhance understanding and two-way communication with producers
- New division names that describe their purpose in simple terms – Policy and Promotion

NCBA in Action
Protecting Your Policy Interests in Washington D.C.

November, 1999

Price reporting. NCBA urged both Congress and the administration to support mandatory price reporting for live cattle, boxed beef and imports and exports. A bill to require mandatory price reporting has now been passed into law. Mandatory price reporting would make more market information available to cattle producers, giving them a greater chance of making marketing decisions that work best for their businesses.

Beef labeling. The ag appropriations bill recently signed into law includes a section that directs USDA to clarify through regulations the definition of U.S. beef. This would help NCBA build momentum toward beef labeling.

Tax relief. NCBA urged Congress to support tax relief for cattle producers, including repeal of the death tax, cuts in capital gains tax rates and enhanced income management tools. NCBA also urged Congress to make immediately available 100 percent deductibility of health insurance for the self-employed and to provide relief from the alternative minimum tax. Congress approved all NCBA tax priorities, but the bill was vetoed by the President in September. NCBA is supporting a new tax relief bill that would cut death tax rates in half for smaller estates, phase in a reduction of the top rate from 55 to 48 percent, make 100 percent health insurance deduction available in 2001 rather than 2003, and increase deductions for small business expenses. The bill is expected to see action before Congress adjourns.

Disaster relief. NCBA supported the recently-approved emergency disaster relief, which consists of \$8.7 billion provided for farmers and ranchers. Of those dollars, \$200 million is provided for livestock feed assistance to cover the added cost of feed and forage due to range and pasture losses. Another \$200 million is earmarked for livestock producers in counties that received a disaster declaration.

Ag spending. NCBA urged approval of funding for USDA programs, including critical funding for food safety research that could be used for programs such as research on *E. coli* O157:H7. Other dollars cover programs for meat inspection, emerging disease research, conservation, cattle health, trade and market information.

Environment. NCBA is urging continued Congressional oversight of the Environmental Protection Agency as it implements environmental regulations, such as guidelines for concentrated animal feeding operations, total maximum daily loads for impaired waters and effluent limitations guidelines. NCBA will be providing comments on all of these regulations and urging that the agency use site-specific, science-based standards.

Federal lands. NCBA worked to ensure that the Interior Appropriations Bill contains a provision to renew BLM grazing permits for 10-year terms rather than the one-year extensions approved last year. Congress has approved the measure, but the president has threatened a veto. NCBA is opposing H.R. 701, a bill that would use offshore oil funds for federal land purchases.

The bill does not provide adequate protections to property owners or ensure no net loss of private lands. The bill is expected to see action before Congress adjourns.

International trade. NCBA is urging support for "carousel" retaliation against the EU's ban on U.S. beef. The Senate has approved carousel retaliation as part of a larger trade bill and the issue may see additional action before Congress adjourns. The bill would give greater force to the current retaliation by mandating the U.S. government to switch around the products on the retaliation list so that the maximum number of products and countries are affected. NCBA also is encouraging the U.S. government to keep foreign market access for U.S. beef a high priority as it enters the upcoming WTO round of international trade negotiations.

Building Consumer Demand For Beef Your Checkoff Dollars at Work

November, 1999

Checkoff works the way producers want it to work.

- **The beef checkoff is fair.** Everyone pays.
- **It is state-based.** Producers here decide how half the dollar is spent.
- **It is producer-controlled.** The national beef checkoff is administered by the Cattlemen's Beef Board. CBB members are checkoff payers – 104 of them are producers – who are nominated by state beef producer organizations and appointed by the Secretary of Agriculture.
- **It is accountable.** CBB oversees the collection of the checkoff, certifies state beef councils, implements the provisions of the Federal order establishing the checkoff and evaluates the effectiveness of checkoff programs. NCBA is CBB's primary contractor.
- **And, most important, it is working to build demand for our product – beef.**

Focused effort. More than eighty percent of our FY 2000 checkoff budget is focused on convenience, nutrition, safety and foreign market promotion.

Checkoff-funded efforts show how to prepare beef. The checkoff-funded program for food editors generated nearly 8,000 articles in newspapers and magazines in FY 1999. The total circulation of the publications that contained articles about beef was 1.2 billion.

Checkoff-funded advertising. The first "burst" of the new convenience "Beef. It's What's for Dinner" advertising started October 11 by targeting modern "moms" on a mix of network and cable TV and local radio in 23 markets. The nutrition portion of the campaign will launch in magazines in January 2000 and reach 93% of targeted women in its first burst.

Checkoff-funded research shows how beef fits in a healthful diet. Research reported this year showed that beef plays an important role in child health (zinc's role in cognitive development); may play a role in cancer prevention and diabetes treatment (Conjugated Linoleic Acid) and is effective in lowering blood cholesterol levels (the "Parity" study reported in the *AMA Archives of Internal Medicine* and by the media to more than 200 million consumers).

Diet advisors stand in line to sample convenient new beef products. Consumers trust the diet advice of registered dietitians over all other health professionals. During the American Dietetic Association's annual convention in October, dietitians stood in line 15-20 deep at the beef booth to sample new beef products like the ones you'll have for lunch today.

Food safety. "Multiple hurdle" food safety efforts have significantly reduced *E. coli* O157:H7 threat. Packers implementing checkoff-developed pathogen-reducing technologies can decrease incidence of *E. coli* O157:H7 on carcasses by 99.55%.

Export record. Beef exports reached the 1 million metric ton level this year for first time. Despite financial turmoil in Asian countries, exports of U.S. beef show tremendous strength due

in part to checkoff-funded efforts to raise awareness of the quality, safety and appropriateness of U.S. beef. Most importantly, 80% of our exports are chuck, round and variety meats.

Demand better/Prices stronger. This fall, fed cattle topped \$71/cwt., and both fed and feeder prices have been higher. Why? Consumers are buying beef at steady to slightly higher prices despite record-high beef supplies (USDA average retail beef prices are up 4 cents per pound from one year ago, while beef supplies are expected to be 2.5% above 1998). So it appears that beef demand may be turning around after a 20-year slide. Checkoff isn't responsible for all factors involved – but it acts as a catalyst for positive change.