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National Sorghum Checkoff Media Fact Sheet

Background

The Commodity Promotion, Research, and Information Act of 1996 allows a specified organization to collect assessments on the production of a particular commodity. Under the aforementioned act, a national commodity checkoff is put in place using a rules and referendum process. The money collected by a checkoff must be used to enhance the industry through research, information and promotion. The money may not be used for lobbying efforts. Pork's "The Other White Meat" campaign is a good example of a checkoff-funded promotional program. Other national commodity checkoffs include beef, soybeans, blueberries, lamb, mangoes and more.

The checkoff approval process began for sorghum in February 2006. Discussions between the National Sorghum Producers (NSP) and USDA's Agricultural Marketing Service (AMS) were held early in 2006, and the NSP checkoff committee held its first meeting in July 2006. NSP submitted a formal checkoff proposal to AMS on December 28, 2006. The proposed order was published in the Federal Register for public comment on November 23, 2007. The final order was published on May 6, 2008.

Collections will begin on July 1, 2008. Within three years of the start of collections, a referendum must be held for producers to vote on the checkoff. Sorghum is holding a delayed referendum because, at this point, there is no credible list of U.S. sorghum growers since only 65 percent of base acres are planted each year. The period between the first collection of assessments and the referendum will allow USDA to compile a list of producers so they may be notified of their right to vote in the referendum.

Need for a National Checkoff

From 1984 to 2006, the National Agricultural Statistics Service (NASS) reported a drop in planted acreage of 10.8 million acres. According to NASS, the 2006 sorghum crop was 277.5 million bushels, compared to 866.2 million bushels in 1984. Declining sorghum acres and production have led to decreased private investment in sorghum. These declines brought about a "technology gap" between sorghum and other crops such as corn, cotton, and soybeans. This technology gap can be overcome by producers investing in their own research through a national checkoff.

The Sorghum Promotion, Research and Information Order will provide authority for needed self-help investment for an industry facing several daunting challenges. The investment of checkoff funds can address a lack of yield improvement and technology, enhance sorghum market development and promotion, and stimulate lagging ethanol research through focused research, information, and promotion programs. Some of the initial objectives of checkoff investments include increased crop yields, technology improvement, market enhancement, and increased awareness of sorghum as both a food grain and a feedstock for cellulosic ethanol production. Impacts on first handlers and importers will be minimal. The proposed checkoff enjoys broad support from the sorghum industry.

Glossary

Checkoff – A system of collecting funds from commodity producers at the point of sale and directing those funds to a central organization to be used for enhancement of research, information and promotion for the ultimate benefit of all producers of that commodity.

Assessment – An assessment is the amount of money collected from the producer by the checkoff.

Value-based assessment – An assessment based on the value of the sorghum. The proposed assessment rate for grain is 0.60 percent of the price received by the farmer. The proposed assessment rate for forage is 0.35 percent of the price received by the farmer and is only assessed on first handlers who purchase over 5,000 tons of forage in a calendar year.

Assessment rate cap – The assessment rate cap for sorghum is one percent. The assessment rate can only be changed through a rules process similar to the process used for checkoff approval.

Passback – This is the money that is “passed back” to the existing state checkoffs to be used on state-specific programs for research, information, and promotion. Passback will be to qualified state organizations at no less than 15% and no more than 25% of each state’s assessment. USDA oversight expenses are deducted from the passback amount.

USDA oversight expenses – The USDA will charge the National Sorghum Checkoff Board for expenses in overseeing and administering the checkoff. These expenses will compensate for USDA staff time, office expenses, etc.

National Sorghum Checkoff Board – The board appointed by the Secretary of Agriculture to oversee the checkoff and authorize expenditures. As proposed, the largest producing state, currently Kansas, would have five representatives; the second largest producing state, currently Texas, three representatives; and the third largest producing state, currently Nebraska, one representative. Four at-large representative positions would be open to farmers in other states. In the event of production shifts between states, the Board will consider reapportionment of representatives between states every 5 years.

Referendum – A referendum is an opportunity for producers to vote for or against the checkoff. All generic checkoffs must have a referendum to determine whether producers support the checkoff.

Delayed Referendum – USDA will begin to collect assessment under the Sorghum Promotion, Research and Information Order on July 1, 2008. A referendum must be held by July 1, 2011.

Rules Process – The process employed by USDA to formulate the framework within which a checkoff operates.

Final Order – Publication of the final order represents the end of the first phase of the checkoff approval process.