



National Pork Board

State/National Association Relations Task Force Report

January 21, 2011



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EXECUTIVE SUMMARY

The National Pork Board's (NPB) new strategic plan adopted by the Board of Directors in 2010 included a recommendation that NPB consider reviewing how the board and state pork organizations could collaborate more effectively to meet the challenges facing the pork industry. While the strategic plan acknowledged that NPB has taken recent steps to improve its relationship with state organizations, it also acknowledged that stresses and strains in the pork industry are impacting all organizations representing pork producers, and the importance of these organizations remaining in close communication with each other and to work collaboratively on behalf of the pork industry.

There are currently 43 state pork organizations in the U.S., with checkoff revenues by state ranging from a few hundred dollars per year to over two million dollars. This variance in revenues impacts the ability of state organizations to develop and deliver programs and services on behalf of pork producers. Originally created in 1985, the current Return to States formula (RTS), by which checkoff revenues collected by the NPB are returned to state pork associations, was asked to be examined by Pork Act delegates attending the 2010 Pork Forum. As a result of the recommendation from the Strategic Plan as well as the RTS advisement passed by the Pork Act Delegates, the National Pork Board established a State/National Association Relations Task Force to review these issues and provide recommendations on how NPB and state organizations could collaborate more effectively to strengthen the pork industry.

Charge of the Task Force

The charge of the Task Force was two-fold; first, to assess the needs of state pork organizations in providing services and programs on behalf of their producers, and provide recommendations in terms of new models or options that could be considered by states faced with limited or declining resources.

The Task Force reviewed the current state structure and found that declining budgets create a challenge for many small pork checkoff states to maintain viable, operating organizations. At the same time, operational costs necessary to maintain many of the state associations continue to increase. These economic challenges are difficult to manage on their own, but have been heightened in recent years as pork organizations are seeing increased demand for resources to help lead, promote and support a viable U.S. pork industry.

The second charge of the Task Force was to review the current RTS formula and recommend what changes, if any, should be made to the formula. In considering this issue, the Task Force reviewed the history and purpose of the RTS formula, the types of financial assistance NPB currently provides through various cost-share and grant programs to states, as well as feedback received through the interviews and surveys of state organization staff and state producer volunteer leaders.

Members of the Task Force

Members of the Task Force included:

- Karen Richter, Minnesota, NPB board member and Task Force Chair
- Randy Brown, NPB board member, Ohio
- Lisa Colby, NPB board member, Massachusetts
- Larry Liepold, Minnesota
- Don Butler, North Carolina
- Rich Degner, Iowa

- Ken Horton, Texas
- Chad Truesdale, South Carolina
- Lesa Carlton, California
- Bill Kessler, Missouri
- Nannette Bierma, Oregon
- Mike Lewis, Indiana
- Brad Thornton, Idaho
- John Rauser, Montana
- Phil Borgic, Illinois
- Dave Reinecker, Pennsylvania
- Staff representatives included Perry Aasness of NPB and Pat McGonegle of NPPC. Calvin VandeKrol and other NPB staff provided resource support to the Task Force.
- Steve Drake, Alan Krob and Cindy Hackmann of DRAKE & COMPANY served as consultants to the Task Force.

Information Gathering

In an effort to gain perspective and input from across the pork industry, the Task Force requested input from a number of sources to determine trends and identify gaps, inefficiencies and operational challenges in the current structure, as well as gather perspectives on the current RTS formula. The process included:

- One on one interviews with 35 state executive directors and state producer leaders.
- On-line survey of Pork Act Delegates, state staff, and other producer leaders.
- Follow-up interviews with 8 state executives/state contacts from small/mid-sized states.
- Interviews with NPB staff.

General Observations/Key Findings

In conducting one-on-one interviews and analyzing on-line survey results, the Task Force found several common themes among most of the respondents. Current state organizational models range from having several full-time staff members to others without any full or part-time staff that are served by a producer volunteer. The majority of state associations are well-managed and well-run given the resources that are available to them.

Economic changes and production shifts; however, continue to pressure the financial viability of some state organizations, with some facing significant reduction in checkoff dollars available for programming. Some key points from the survey of pork producer leaders and state staff conducted on behalf of the Task Force:

- Nearly 9 in 10 (86.2%) agreed that they expect changes based on changes of member needs.
- Two-thirds (67.4%) agreed with the statement that it is getting harder to stretch checkoff funds.
- About half agreed that they have already cut programs and/or staff (39.8%) or that consolidation is forcing reductions in programs and/or staff (40%).

Some state leaders felt they have already made significant changes and that state operations will not change greatly in the next five years. Others felt the industry needs to take a serious look at its grassroots operations and staffing models. Several commented that the “status quo” won’t work anymore and that having states share resources to help manage costs and increase efficiencies makes

sense. Respondents also felt strongly that any decision to adopt a new operational model needs to be made by the producers of a state.

State organizations believed they are providing value to producers, particularly in the areas of communications, pork industry image, and non-checkoff public policy advocacy on legislative/regulatory issues. Most (73.2%) agreed that it is important to have a viable state organization in every state with hog production; however, some of those interviewed said they believe it would be better and more efficient to combine resources with other groups or states. Most respondents felt states need to consider options other than having full-time staff for their organizations.

- Nearly 9 in 10 (88.8%) agreed that “Smaller states (budget wise) should consider alternative models, such as sharing work efforts with nearby states, to conduct its business on behalf of pork producers.”
- 9 in 10 (90.8%) agreed that “Smaller states (budget wise) should consider alternative models, such as regional organizations, for professional staff for the organization.”
- An overwhelming 97.9% agreed that “Smaller states should consider alternative models that provide them access to professional staff within their limited resources.”

Finally, the majority of respondents felt that the National Pork Board is headed in the right direction. Strengthening the state level and enhancing national/state communications and partnerships efforts will help all producers, and will help the pork industry overall.

A key goal identified by the Task Force in the development of its recommendations was to ensure that producer leaders in a state (or region) have access to professional staff that could further the work of checkoff activities.

Elements of a Viable State Organization: The Task Force identified the following characteristics of a viable and effective state or regional producer organization:

- An active organization with a core of engaged and involved producers.
- Willing to work together for the common good within a state or region.
- Identifies and establishes the core purpose/function for the organization.
- Maintains some level of programming that meets the needs of producers.
- Effectively implements programs and evaluates performance toward goals.
- Has access to professional staff.
- Maintains professional operational standards including compliance (for USDA AMS/NPB) on use of funds.

Within this framework, the Task Force is suggesting four operational models for states to consider:

Regional Office Model – two or more individual states (not necessarily contiguous) would pool resources into a single office operation to provide the needed services.

Shared Staff Model – two or more states would share staff members to manage or implement common services.

NPB Supported Regional Office Model – NPB would provide a dedicated staff member to provide support to a region of state organizations.

Contract For Services Model – use contracted services from an association management company or other organization (Farm Bureau, State Department of Agriculture, University Extension, etc.) to manage and implement work at a state or regional level.

These models were developed based on current structures used by some state pork associations as well as on research and interviews conducted by **DRAKE AND COMPANY** with other associations that have both state and national structures. In addition, the Task Force also recommends the consolidation of current NPB programs and services available to states into a State Services Center.

Definition of success: These recommendations are meant to encourage state organizations to review their current organizational model and their ability to provide services and programs on behalf of producers into the future. The Task Force hopes its recommendations will help state associations engage in a dialogue with producer leaders in their states, as well as in other states, in terms of the applicability and possibilities that new organizational models could provide to ensure future viability. The Task Force recognizes that its recommendations may not be relevant at the present time to all state organizations, but that over time some of the models identified may make sense as changes in the industry affect resource needs at the state level. Regardless of any organizational or staffing model used or adopted by a state or region, the Task Force recommends that within 3-5 years, all state associations have adopted the elements of viability as outlined earlier in this section.

Return to States Formula (RTS): In reviewing the current RTS formula, the Task Force discussed its history and purpose as well as the implications of any changes to the RTS to both NPB and state associations in terms of efforts to promote the pork industry. Pork producer leaders instrumental in the development and passage of the Pork Act in the 1980s envisioned the majority of checkoff resources going to a national organization that would be best positioned to develop and implement programs that benefit the entire pork industry such as product promotion efforts to U.S. consumers. The Task Force also discussed the current resource needs at both the state and national level for efforts designed to strengthen the trust and image of the pork industry. The feedback received from the interviews and surveys conducted with pork producer leaders and state organization staff regarding the current RTS formula provided important information that helped guide the Task Force in making a recommendation.

In the end, the Task Force recommends leaving the current RTS formula unchanged for the following reasons:

- While there were some concerns expressed regarding the current RTS formula, the feedback received as a result of the surveys and interviews conducted indicated that the majority of respondents believe the formula is working.
- For small pork producing states, the Task Force felt even significant changes to the RTS formula (i.e. doubling the current RTS) would do little to address their resource challenges.
- The Task Force felt that new staffing or organizational models, along with potential financial incentives for states to have access to professional staff was a better approach to dealing with state resource issues than making changes to the RTS formula.
- The Task Force acknowledges that technology advances have helped some state organizations to increase efficiencies and accomplish more with less staff resources.
- The original RTS formula remains a relevant funding mechanism.



RECOMMENDATION:

The Task Force makes the following recommendations:

- A. Encourage state organizations to work cooperatively to ensure viability as well as compliance. The Task Force recommends consideration of one of the four state staffing models for states dealing with limited or declining resources.
- B. That NPB conduct a series of regional meetings early in 2011 to engage states in a dialogue about the Task Force recommendations, concepts for NPB incentives and other ideas to ensure viable state organizations.
- C. Suggest that NPB explore appropriate financial incentives to encourage states to adopt one of the four staffing models.
- D. That the current Return to States (RTS) formula remain unchanged. The Task Force recognizes that pork producers are facing increased challenges in maintaining freedom to operate in their states. Rather than making changes to the RTS formula to address this issue, the Task Force recommends that NPB explore additional opportunities for NPB and state organizations to educate consumers and key influencers on the benefits of modern pork production.
- E. To assist states in meeting increasing AMS requirements, the Task Force recommends that NPB increase the eligibility thresholds for state participation in the Direct Documentation Program (DDP) from the current \$30,000 to approximately \$100,000, to be reviewed annually by the Board.
- F. That NPB create a State Services Center to help ensure programs and services that NPB provides to states are more easily accessible and used.

TASK FORCE PURPOSE & GOALS

Background

The State/National Association Relations Task Force grew from two independent activities in 2010.

First, NPB adopted a new five-year Strategic Plan which included a directive that “the Board of Directors should consider reviewing how the board and the state organizations could collaborate more effectively to meet the challenges facing the pork industry.” The research behind the Strategic Plan had noted that “stresses and strains in the industry are being felt in all of the organizations that represent the pork industry.”

Second, Pork Act Delegates adopted the following advisement at the 2010 Pork Forum:

“To explore the current return-to-states formula for the Pork Act Checkoff program as part of the Strategic Plan Working Group on the Pork Board’s Partnership with Other Industry Organizations and return to the 2011 National Pork Forum delegates with a recommendation on suggested changes, given the current environment and increased local pressures states are under to promote and defend the industry.”

Mandate of the Task Force

Based on the above, the NPB Board of Directors charged the State/National Association Relations Task Force to examine the following:

- Evaluate the needs and objectives of both organizations (state and national) in terms of delivery of checkoff programs.
- Identify options and alternatives for states with limited and/or declining revenues to provide services and support for pork producers.
- Identify and evaluate existing collaborative state and/or state-national models, such as joint associations, shared association staff, regional associations, state-national shared staff.
- Examine the current Return to States formula per the Indiana Advisement passed by the 2010 Pork Act Delegates.

PROCESS

The Task Force developed an inclusive approach to its task. To gather a comprehensive look at the challenges facing pork industry organizations, the Task Force reached out to state and national volunteer leaders as well as state and national staff and state contacts.

To assist in the process, NPB contracted with DRAKE & COMPANY, an association management company experienced with associations in agriculture as well as outside of the industry.

DRAKECO conducted 60-minute, one-on-one interviews with 25 industry stakeholders, met with key NPB staff and interviewed executives of four other organizations to determine their operating models.

Using the information from the stakeholder interviews, DRAKECO developed a comprehensive electronic survey which NPB sent to involved state/national leaders including all Pork Act delegates. More than a third of the recipients (98 of 270) responded to the electronic survey.

To fully assess needs of various organizations within the industry, the Task Force asked:

- How changes in production numbers were changing the operations of state pork organizations?
- What NPB and state organizations are doing well and what frustrations, if any, exist about NPB or state organizations?
- What changes leaders project in their state organization in the next five years?
- Input regarding the Return to States formula (RTS).

The Task Force held three face-to-face meetings and one conference call during which it reviewed research, reviewed situations in their organizations, discussed possible models, discussed options for the Return to States formula, reviewed recommendations of the Subcommittee on Operational Models (which had met via two conference calls), developed and tested possible financial incentives, developed the criteria for success, provided updates to the NPB board, established recommendations and reviewed this White Paper.

To seek additional input on its initial recommendations, NPB staff interviewed eight state executives/contacts from small and mid-sized states to test the Task Force's findings and seek feedback about the models and possible funding plans to assist state organizations.

SITUATION ANALYSIS

The interviews and surveys conducted on behalf of the Task Force uncovered various challenges facing state organizations, starting with the fact the shift in pork production has created financial/operational issues for the traditional single state organizational model. The Task Force found that the variety in state operations and funding make it difficult to develop a single solution that will address the challenges outlined in the NPB Strategic Plan and the RTS resolution.

Economics/Consolidation

The economic change and production shifts have pressured state organizations with some facing significant reduction in checkoff dollars available for programming. Some key points from the research:

- Nearly 9 in 10 (86.2%) agreed that they expect changes based on changes of member needs.
- Two-thirds (67.4%) agreed with the statement that it is getting harder to stretch checkoff funds.
- About half agreed that they have already cut programs and/or staff (39.8%) or that consolidation is forcing reductions in programs and/or staff (40%).

Many state leaders felt they have made the significant changes and that state operations will not change greatly in the next five years. Others felt the industry needs to take a serious look at its grassroots operations and staffing models. Several commented that the “status quo” won’t work anymore and that states sharing resources to help manage costs and increase efficiencies makes sense.

State Operational Models

Current state operational models range from having several full-time staff members to others without any full or part-time staff that are served by a producer volunteer. The majority of state associations are well-managed and well-run given the resources that are available to them.

State organizations felt they are providing value to producers, particularly in the areas of communications/image resources and non-checkoff public policy advocacy on legislative/regulatory issues. Most (73.2%) agreed that it is important to have a viable state organization in every state with hog production; however, some of those interviewed said they believe that it would be better and more efficient to combine resources with other groups or states. Most respondents felt states need to consider options other than having full-time staff for their organizations.

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If more resources were available to states, several state associations said they would increase the education and support to producers, as well as focus more on a producer image campaign.

Most states are looking at alternative revenue streams to keep their overall organizational operations going – and would like to know what other states are doing in this area.

Other issues identified:



Integrating NPB programmatic priorities with state programs and activities was cited as an area where states would like to see more involvement and communication with NPB. Continued communication on the programs and services NPB has available to states was cited as essential for state participation and utilization. Creating a State Services Center within NPB that would include an easy to use menu of options for programs or services available to states was a popular concept with those interviewed.

Cost-share programming dollars offered by NPB that require a 1:1 match limit the ability of smaller states to access or use.

Complying with USDA Agricultural Marketing Service (AMS) requirements is a growing concern from a time and cost standpoint for many states. For states with less than \$30,000 annual checkoff revenue, NPB offers the Direct Documentation Program (DDP). Under the DDP, states turn over their accounting and audit functions to NPB, but still retain control over how their checkoff dollars are spent. Limitations for more states using the Direct Documentation Program centered around: Having to still deal with accounting/audit issues for non-checkoff funds and the current \$30,000 limitation.

NATIONAL PORK BOARD SERVICES AND SUPPORT TO STATES

The National Pork Board provides a number of services and programs to support the activities of state pork associations, including several cost-share and grant programs. In addition, NPB strives to ensure a state component which is included in national programming efforts, such as with retail pork promotions or in identifying producers and scheduling speaking venues for the Operation Main Street (OMS) program. To assist with administrative compliance issues, NPB has developed the Direct Documentation Program (DDP), which provides accounting and auditing assistance to states with limited checkoff resources.

These resources assist states in spreading Pork Checkoff messages of promotion, education, and research, and help complement national efforts in these areas. The following is a list of programs and services NPB currently provides to state organizations.

State Cost-Share and Grant Programs:

- **State Education Cost Share.** This program is offered to states to support a range of producer education program efforts. Examples include seminars, workshops, demonstrations, payments for speakers, supporting materials, equipment rental, etc. There is a \$2,000 cap per state.
- **Annual Meal Sponsorship.** This program helps support the cost of a meal at state annual meetings. In return, NPB is provided an opportunity to provide a Pork Checkoff update during the program at the state banquet or annual meeting.
- **We Care Advertising Cost Share Funds.** NPB has made available up to \$10,000/state to assist with producer education and awareness of the We Care initiative. The most recent focus of these advertising efforts has been to encourage producers to complete the established goals for PQA Plus/Site assessments and to continue to build awareness of the We Care ethical principles with producers. NPB has developed several new tools and customizable resources to share with states including: Radio Live Read Ads, Print Ads, Outdoor Ads, Pull Up Displays/Banners, Check Stuffers, Farm Signs, etc.
- **PQA Plus Implementation Cost Share.** State associations can apply for up to \$5,000 of matching funds to promote the PQA Plus program via a pork producer rebate to assist in offsetting the cost of a PQA Plus Site Assessment.
- **We Care Inventory Fund.** Funds are available for state associations to order We Care branded materials to utilize at state meetings, seminars and other producer events. All merchandise is available at 20/20 promotions.
- **Pigs Across State Lines Without Change of Ownership (PASLWOCO).** The purpose of the PASLWOCO program is to provide a way to assist states that lose checkoff revenue as a result of pigs born in their state being shipped to other states without a change in ownership. Started in 1998, the PASLWOCO program has provided over \$763,000 in national program dollars to states who have applied for funding. Participating states must provide documentation and demonstrate a legitimate need to receive funding from the program.

Resources and programs available to states through NPB's Domestic Marketing Department:

- **State Advertising Matching Fund Program.** This program is available to all state associations to place nationally created ads in their local markets as an extension of NPB's brand messaging. Up to \$25,000 is available per state on a first-come, first-serve basis; and all funds from NPB require a 1:1 match from the state association. States are allowed to advertise in their state or choose to spend in another state that may lack funding. On average, 18-20 states participate in this program each year. Since 2006, over \$1.77 million has been utilized by states for this program, and \$500,000 has been allocated by NPB for 2011.
- **State Turnkey Program.** This new grant program offered by NPB allows states to leverage national pork promotion efforts by providing turnkey kits that explain how to use retail, foodservice and/or public relations activities to help create a state extension of four national programs. Funds provided by NPB to states for each program are based directly upon expenses states incur in implementation of their promotion efforts.
- **State Inventory Fund.** A \$1,000 credit is made available to each state association to order Domestic Marketing promotion materials through a third-party vendor. Currently, approximately 30 states participate in this program.
- **State/Agency Media Planning.** Utilizing advertising materials developed by the Domestic Marketing Department, NPB pays for all agency fees for media planning, proposal revisions and all talent fees in conjunction with state pork promotion ads.

Additionally, NPB provides support to specific state associations and/or regions through various promotion efforts with various regional/national food retail and foodservice outlets. A few examples include:

The 2009 Foodservice Program included funding for "test markets," such as \$5,000 in Wisconsin for McDonald's to test the Johnsonville Brats; or \$40,000 in Texas for Jack in the Box to conduct pulled pork sandwich tests. Other state promotion funding is focused on specific events, such as the annual celebration at the New York Stock Exchange, which featured a menu including pork shoulder, pork butts, ribs, roaster pork loin and fresh hams. A regional example of NPB's funding support to states included \$5,000 to Guest Services, Inc., which is a foodservice management company with 130 locations along the east coast. During their promotion of Hispanic culture and food, including pork cuts, approximately 85,000 people were fed each day in Washington DC, Virginia, Florida, Pennsylvania and New York.

Another example of states leveraging NPB funds for retail promotion efforts was the 2009 "Pick Up Pork" promotion with Kroger Foods. Several states participated in this national pork promotion campaign, including the Pennsylvania Pork Producers Association, which contributed \$25,000.

Other programs or services NPB provides to state pork associations:

- **We Care Trailer Partnership Events.** NPB makes an outreach trailer available for special events such as state tradeshows, special recognition events and grilling events involving producers. NPB provides all grilling items such as grills, cutting boards, knives etc. States provide producers to serve pork and pork products.
- **Pork Checkoff Special Report.** Through *Pork Checkoff Report*, state pork associations have the opportunity to deliver state-specific Checkoff information to producers via a four-page insert.
- **NPB Services Center calling on behalf of states.** NPB's Services Center supports states through outbound calling of producers to encourage participation and attendance at state activities (trade shows, state annual meetings, state educational meetings, etc.).
- **Special Projects.** Throughout the year, state associations come to NPB with special opportunities that their budgets cannot support, for which NPB often tries to assist via existing staff resources and time. Recent examples of NPB working with state associations include assisting the Red Cross with the 2010 Nashville flood, and helping the Illinois and Texas Pork Associations participate in a Snowball Express event for children who have lost a parent in Operation Freedom.
- **Operation Main Street (OMS).** With Operation Main Street, NPB funds and provides training for pork producers to champion the pork industry in their local areas. Producers who participate in OMS receive intensive training in public speaking and how to deliver a positive industry message to media and the public. Since its inception in 2004, NPB has trained nearly 800 producers through OMS.

Graphic design and printing assistance: NPB offers a significant amount of creative assistance with pre-created ads that are customizable for state association use. In addition, NPB also makes available its professional graphic and print staff to assist state associations with a variety of creative needs. A few examples include:

- **Other White Meat Ads.** All national and state produced ads are available for customized use including, billboards, television, radio, online and print.
- **We Care Ads.** These Ads are customizable with state association logos and producer images for all State Associations to utilize in state pork publications or in partnership with We Care Ad Cost Share dollars. Ads include; radio, print, billboards, check stuffers, etc.
- **We Care Displays.** Customizable displays promote pork producers through the We Care Initiative. Can be customized with producer names, images, logos etc. Pork Checkoff will pay for one display to be made per state.

STATE TO STATE OPERATIONS & PROGRAM SUPPORT

The Task Force found numerous ways in which pork and other organizations are dealing with shared responsibilities and developing viable organizations to meet changing conditions. Our research included not only pork producer associations but also other agricultural commodity organizations and the YMCA of the USA. The Task Force has chosen four that serve as examples of value to state pork organizations. As summarized below, the examples include state staffing structure, state program partnerships, a strong regional organization and the use of technology to overcome geographic distances.

Staffing Arrangements

Several states have implemented changes to meet the challenges they face. For example, the Montana Pork Council and Wyoming Pork Producers share an executive director. The Colorado Pork Producers Council is part of a management alliance with other livestock organizations in the state. The California Pork Producers Association contracts with the California Wool Growers for its executive director. The Pennsylvania Pork Producers Council contracts with PennAg for its executive director and staff.

State Programming Partnerships

In addition to developing alternative means for staffing, a number of states are working together for promotions and other programming. Some examples include:

- The Illinois Pork Producers Association partnered with Texas Pork Producers Association on an event held by Snowball Express - an organization dedicated to caring for children (ages 5-18) that have lost a mom, dad or both in the line of duty since 9/11. During the 4-day event, Illinois and Texas pork producers served pork to the children and their families.
- The Iowa Pork Producers Association (IPPA) offers a State Cooperative Investment program that provides promotional funding to other states. This program has provided \$135,000 over the last two years for programs in states such as – Taste of Elegance (Florida, Pennsylvania), LSU Football (Louisiana), Norfolk Tides (Virginia), Farmers Feed Us (Wisconsin), Leadership Camp (Texas), Chicago Bears (Illinois) and Image Campaign (Wisconsin).

Possible Models from Other Organizations

The Task Force research identified that organizational changes are taking place in associations outside the pork industry and may serve as models for pork organizations. These include:

A large regional checkoff organization: the Midwest Dairy Association

Within the dairy checkoff, Wisconsin, California, and Florida maintain a single state structure while the smaller states have joined together to form regional organizations that include the Midwest Dairy Association (MDA) (Arkansas, Illinois, Iowa, Kansas, Minnesota, Missouri, North Dakota, South Dakota and eastern Oklahoma) and Southeast United Dairy Industry Association (Alabama, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, South Carolina, Tennessee and Virginia).

Originally, the local checkoff boards that make up MDA came together because of their desire to pool their funds to create greater efficiencies and have more impact. With this arrangement, rather than each state hiring staff, MDA employs all states' staff under its umbrella. For example, some MDA staff have the responsibility of working with state boards and producers. Other staff are focused on consumer promotion within their region.



As the umbrella organization of nine states, MDA has multiple local/state boards and an overarching regional board. The MDA started small and grew over time as local/state dairy checkoff boards saw the value of collective staff support.

The MDA organizational model demonstrates how creating a regional organization can provide solutions for small checkoff entities.

Use of technology to bridge geographical distances and engage producers: The Minnesota Soybean Research and Promotion Council and Minnesota Wheat Growers Association Partnership

Two Minnesota commodity organizations are using technology as a tool to help one organization that is growing and support the other organization that is shrinking. This example may be useful for state pork organizations where geographic distances create challenges for volunteer leader involvement and engagement.

The Minnesota Soybean Research and Promotion Council (MSRPC), and the Minnesota Association of Wheat Growers Association (MAWG) forged an agreement to share staff and offices. In recent years, soybean production moved further north in Minnesota stretching the MSRPC's ability to service and represent the new producers in northern Minnesota. MSRPC approached MAWG (whose offices are located 6 hours away in northwest Minnesota) about sharing staff and offices. MSRPC provides funding to MAWG to pay for some staff, education and promotion programs. MSRPC also spent about \$30,000 to equip both offices with video conferencing capabilities.

As a result of this partnership, soybean leaders in northwest Minnesota can drive to the MAWG office and participate in MSRPC board meetings via video conferencing, thereby saving up to 12 hours of round-trip drive time. This represents a creative alternative that helped both organizations and reduced the pressures of distances between offices and production areas. Jim Palmer, Executive Director of MSRPC says "we made the agreement to work together first and then worked out the details."

RETURN TO STATES FORMULA

TASK FORCE RECOMMENDATION

- That the current Return to States (RTS) formula remain unchanged. The Task Force recognizes that pork producers are facing increased challenges in maintaining freedom to operate in their states. Rather than making changes to the RTS formula to address this issue, the Task Force recommends that NPB explore additional opportunities for NPB and state organizations to educate consumers and key influencers on the benefits of modern pork production.

BACKGROUND

THE 2010 PORK ACT DELEGATE ADVISEMENT

The Delegates approved the following motion:

“To explore the current return-to-states formula for the Pork Act Checkoff program as part of the Strategic Plan Working Group on the Pork Board’s Partnership with Other Industry Organizations and return to the 2011 National Pork Forum delegates with a recommendation on suggested changes, given the current environment and increased local pressures states are under to promote and defend the industry.”

As a result of the Pork Act Delegates approving the advisement, the NPB Board of Directors asked the State/National Association Relations Task Force to review the RTS formula and provide recommendations to the Board.

RTS HISTORY/PURPOSE

As part of the original construct of the Pork Act (Act), pork industry leaders developed a formula designed to fairly return a portion of checkoff funds to state pork organizations. The Act authorized the Delegate Body to determine the amount to be distributed to states at a rate of not less than 16.5 percent of the funds generated from the marketing of swine in their states. The Act requires that the states receive no less than they had for the period just prior to the Act going into effect.

In 1991, Pork Act Delegates established a system that uses marketing numbers collected by the NPB to determine Return to States funds. This system is referred to as the Return to States Formula (RTS). This system uses the most recent three-year average of a state’s marketings (market hogs, feeder pigs and seedstock) and applies it to a chart that Pork Act Delegates adopted in 1991. In cases where the RTS collections falls below the threshold of state funding prior to the Pork Act, a “per-herd rate” formula is used to determine the share of funds returned to states.

RTS was established to ensure that dollars were spent in national markets to promote pork rather than provided to large hog producing states with limited consumer markets. Those who framed the checkoff legislation sought a balance between protecting the investment levels of states with pre-existing state checkoff programs with the need to promote pork to consumers where they lived.

In addition, NPB has developed a Pigs Across State Lines Without Changing Ownership (PASLWOCO) program designed to compensate states for checkoff revenue on feeder pigs/weaned pigs leaving the states without changing ownership. Several states rely on these funds to support their on-going programs.

PROCESS FOR REVIEW OF RTS FORMULA

To fulfill its charge, the Task Force reviewed the Act and the Pork Order, reviewed the Delegate's advisement, probed attitudes and concerns about RTS, analyzed potential costs and funding to states of revised formulas and discussed strategies with regard to the RTS formula. The information gathering process included interviews with 35 state executive directors and producer leaders, as well as an on-line survey sent to 2010 Pork Act Delegates, NPB committee members and state pork leaders.

Surveys and interviews conducted on behalf of the Task Force included questions about the RTS formula. The result of an on-line survey showed that a majority of those responding felt the current RTS is working (58%) while a significant number of respondents felt that the RTS formula is okay but perhaps could be modified somewhat (79%). One issue that surfaced from the on-line survey was whether the RTS formula should include some "consumer population" factor in addition to the number of hogs in a state. As the Task Force analyzed and discussed this issue, it noted that the current national funding and state formula does include a consumer element in that the majority of pork promotional dollars are invested by NPB in major consumer markets, which are often in states with limited pork production.

In terms of whether the RTS formula should be adjusted to help small states; only one-third of respondents agreed that the RTS formula doesn't provide enough checkoff funds to smaller states and should be changed.

As the Task Force analyzed the RTS formula question, it realized that changing the formula would not solve some of the key issues facing pork industry organizations. For states with a few thousand dollars per year in checkoff revenue, even a doubling of their RTS would likely have limited impact. The Task Force acknowledged that some "small and mid-sized" states could benefit from extra checkoff funds but determined that, rather than trying to solve funding issues by changing the RTS, NPB and states should explore other alternatives.

Another consideration the Task Force discussed revolved around which program or activities should be the primary responsibility of NPB, state associations or both. For instance, the survey results indicated that almost half (44%) of respondents felt that retail marketing was a joint responsibility. Given the number of staff and budget of NPB focused on retail and food service promotional efforts, the Task Force believes this particular area should be primarily-initiated by NPB.

An observation from the surveys and interviews conducted is that many pork industry leaders do not know the history of the RTS formula and some are under the opinion that it would require opening the Pork Act to change the formula.

In reviewing the research and the financial data, the Task Force concluded that states and the pork industry would benefit more by keeping RTS unchanged while providing some other funding options to assist state organizations.

RTS Recommendations

In summary, in response to the Board's request to review the RTS formula, the Task Force recommends leaving the RTS formula unchanged for the following reasons:

- While there were some concerns expressed regarding the current RTS formula, the feedback received from the surveys and interviews conducted indicated that the majority of respondents believe the current RTS is working.
- For small pork producing states, the Task Force felt even significant changes to the RTS formula (i.e. doubling the current RTS) would do little to address their resource challenges.
- The Task Force felt that the four recommended organizational models, along with potential financial incentives for states to have access to professional staff was a better approach to dealing with state resource issues than making changes to the RTS formula.
- The Task Force acknowledges that technology advances have helped some state organizations to increase efficiencies and accomplish more with less staff resources.
- The original RTS formula remains a relevant funding mechanism.

OPTIONS FOR STATE OPERATIONAL MODELS

TASK FORCE RECOMMENDATION

- Encourage state organizations to work cooperatively to ensure viability as well as compliance. The Task Force recommends consideration of one of the four state staffing models for states dealing with limited or declining resources.
- Suggest that NPB explore appropriate financial incentives to encourage states to adopt one of the four staffing models.

BACKGROUND

The Task Force was asked to assess the needs of state pork organizations in providing services and programs on behalf of their producers and to provide recommendations for new models or options that states faced with limited or declining resources could consider.

In both the Task Force's interviews and electronic surveys, many pork industry leaders expressed interest in exploring new models or options to help state pork organizations remain viable in a rapidly changing environment. Some state organizations indicated they have already made changes or are beginning to consider alternatives to their current organization staff and structure as a result of changes occurring in the industry.

In the development of its recommendations, a key goal of the Task Force involved providing options that ensure producers in a state (or region) to have access to professional staff that could further the work of checkoff activities.

In discussing the merits of new organizational models, the Task Force identified the following characteristics of a viable and effective state or regional producer organization:

- An active organization with a core of engaged and involved producers.
- Willing to work together for the common good within a state or region.
- Identifies and establishes the core purpose/function for the organization.
- Maintains some level of programming that meets the needs of producers.
- Effectively implements programs and evaluates performance toward goals.
- Has access to professional staff.
- Maintains professional operational standards including compliance (for USDA AMS/NPB) on use of funds.

Recognizing the definition of a viable state/regional pork association, the Task Force recommends states give careful consideration to four operational models:

Regional Office Model

In this model, two or more individual states (not necessarily contiguous) would pool resources into a single office operation to provide the needed services. A memorandum of understanding would be needed to ensure compliance. This is very similar to the Midwest Dairy Association model.

Sharing State Staff Model

In this model, two states would share staff members to manage or implement common services. This is very similar to the agreement between the Montana Pork Producers Council and the Wyoming Pork Producers to share an executive director.

NPB Supported Regional Office Model

The national office could expand the role of the Producer Services team to include a dedicated staff member to provide support to a region of state offices. This could operate similar to the Regional Office Model with the exception that NPB would provide the staff member.

Contracted Services Model

This model would use contracted services from an association management company (AMC) or other organization (Farm Bureau, State Department of Ag, etc.) to manage and implement a majority of the work to be done at the state or regional level. This is similar to the approach used in Pennsylvania (with PennAg) and California (with Wool).

It is important to note that states should be given the opportunity to choose which of the suggested four models – if any – best serves their needs in providing services and support for pork producers. The Task Force believes that – as state executives retire or depart – states may want to consider one or more of these models before continuing the status quo.

Possible Incentives to Encourage Adoption of Models

The Task Force spent considerable time discussing the merits of and types of incentives that could be provided to states to encourage adoption of one of the proposed models. Some of the issues the Task Force discussed were:

- Should incentives be offered to states to adapt one of the proposed models? What types of incentives should be considered? What are the costs?
- How to achieve the right balance of incentives that improve the effectiveness and viability of state organizations while also being cost-effective from a budget standpoint?
- Is there a dollar threshold necessary to ensure an organization (state, multi-state, or regional) is “viable” and can deliver programs and services for producers?
- How should success be measured in terms of state adoption of proposed or other organizational models?

After developing some initial incentive structures, the Task Force requested further input on the incentive issue and asked that NPB staff conduct additional interviews with a sub-group of state execs/contacts regarding incentives. The consensus of those interviews: NPB should engage states in further discussion about the models and options proposed by the Task Force before developing any specific financial incentives for states that choose to participate. As a result, the Task Force made no recommendations on financial incentives and instead requests that NPB develop any incentive packages after further discussion and deliberation with state leaders regarding the recommendations through regional meetings.

STATE ADMINISTRATIVE SERVICES CENTER

TASK FORCE RECOMMENDATION

- NPB should create a State Services Center to help ensure programs and services NPB provides to states are more easily accessible and used.

BACKGROUND

A State Services Center would take programs and services NPB provides to states and consolidate them under one umbrella of services for states. The goal would be to have a “one-stop shop” with a menu of services/programs states could choose to use to help support their activities. A few examples of what could be included in a State Services Center include:

- State cost-share and grant programs available through NPB.
- Accounting and Audit assistance (currently included in the Direct Documentation Program).
- NPB Services Center calling assistance for states.
- State Database Management – helping states clean up their producer databases.
- State Communication Assistance – NPB could develop an e-newsletter template on a monthly or semi-monthly basis for small states – NPB could provide a national update and could customize to add in state-specific information of interest to producers. E-newsletter could be sent out by NPB or sent to states for distribution to their members and/or constituents.
- Assistance in the development and enhancement of state website by NPB’s IT Department.

NPB'S DIRECT DOCUMENTATION PROGRAM (DDP)

TASK FORCE RECOMMENDATION

- To assist states in meeting increasing AMS requirements, NPB should increase the budget threshold for state eligibility to participate in the Direct Documentation Program (DDP) from the current \$30,000 to approximately \$100,000 and be reviewed annually by the Board.

BACKGROUND

NPB currently offers states with less than \$30,000 in annual checkoff funds the opportunity to participate in a Direct Documentation Program (DDP) through which NPB's financial staff manages the state's financial, accounting, bookkeeping and auditing functions.

The DDP program greatly reduces financial services expenses for states while providing states the ability to have control of and access to their funds (which NPB maintains) and helping the states meet the financial and audit responsibilities that USDA's Ag Marketing Services requires of states receiving checkoff funds.

As of 2010, very few states take advantage of DDP. Some said it was because they lacked the required paperwork (IRS determination letter, articles of incorporation, etc.) while others remain reluctant to "give up control" of their bank account. Others referenced the fact that they still would be required to manage accounts and audit functions with their non-checkoff accounts.

Given the high cost of independent audits required for states receiving checkoff funds, the Task Force urges that states consider the benefits of the DDP.

In addition, the Task Force recommends that the threshold for states to be eligible to participate in DDP be increased from the current \$30,000 to about \$100,000 and that the Board review the threshold annually.

NPB 2011 REGIONAL MEETINGS

TASK FORCE RECOMMENDATION

- That NPB conduct a series of regional meetings early in 2011 to engage states in a dialogue about the Task Force recommendations, concepts for NPB incentives and other ideas to ensure viable state organizations.

BACKGROUND

The follow-up interviews with state leaders/staff/contacts clearly showed the wide diversity among state organizations and demonstrated interest in learning more about the Task Force's findings and recommendations.

As the Task Force struggled with developing incentives to encourage states to implement its recommendations – especially with regard to adopted operational models – it realized that the diversity of operations means it is highly unlikely that a single incentive system would work in all states.

Additionally, given the complexity of the findings and recommendations, the Task Force recognized that face-to-face communication and interaction would give all state leaders/staff/contacts a better understanding of the plans outlined in this report.

The Task Force envisions a series of regional meetings – to be held in Spring 2011 – that would engage NPB and state leaders/staff/contacts in a dialogue about the issues facing pork organizations, a review of the Task Force's findings and recommendations, a discussion of possible incentives that may be considered for inclusion in the 2012 budget and outlining possible next steps for any state(s) interested in pursuing one or more of the organizational models.

ACKNOWLEDGEMENTS

Members of the Task Force

- Karen Richter, Minnesota, NPB board member and Task Force Chair
- Randy Brown, NPB board member, Ohio
- Lisa Colby, NPB board member, Massachusetts
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- Don Butler, North Carolina
- Rich Degner, Iowa
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- Dave Reinecker, Pennsylvania

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- Pat McGonegle, NPPC
- Calvin VandeKrol and other NPB staff

DRAKE & COMPANY

- Steve Drake
- Alan Krob
- Cindy Hackmann

APPENDIX

CHECKOFF FUNDING OF STATE PORK PRODUCER ASSOCIATIONS

Legislative: The Pork Promotion, Research and Consumer Information Act and Order provide that states shall receive no less than 16.5% of the funds generated from the marketing of swine in their state. In addition, the law requires that states receive no less than they had for the period just previous to the law going into effect.

The Act stipulates that the Pork Act Delegate Body has the authority to set the portion of funds returned to organized state producer associations.

Delegate Policy: In 1991 delegates approved a system that utilizes marketing numbers collected by the National Pork Board to determine return-to-state funds. At that time the formula was switched from the basis of USDA and state Departments of Agriculture or State Veterinarian adjusted marketings to those numbers actually generated by the Board's own data of marketing from each state.

The system uses the most recent three-year average of a state's total marketings (market hogs, feeder pigs, and seedstock) and applies it to a chart that was adopted by the delegates in 1991. (See Attachment #1) A part of this chart documents the application by state of the return-to-state percentage for 2010. The application of this chart is made annually from marketings for the three previous calendar years. Adjustments to state's funding are made annually with the February payments.

Attachment 2 is a report of the current marketing averages for states based on years 2007, 2008, and 2009 for your information.

Finally, listed below are the states and their "per head rate" that qualify for minimal funding. In practice, these were states that had long-time state legislative programs that were in existence prior to the pork legislation. Over the years where the checkoff rate increased, this minimum guarantee basis has been surpassed and most states are paid on the percentage table basis. However, when low hog prices exist or a lower rate is in place, this "per head" method is triggered for more states.

	<u>Rate Per Head</u>
Alabama	\$.0868529
Louisiana	\$.0877588
Maryland	\$.0816192
Montana	\$.0918193
North Carolina	\$.0782579
Oklahoma	\$.1615456
South Carolina	\$.0982379
Texas	\$.1308339
Virginia	\$.2043501

**2010 (attachment 1)
RETURN TO STATES CHART**

3 YEAR AVERAGE MARKETINGS	*RTS%**	STATES***
0 - 600,000	39%	AL, AZ, CA, DE, FL, GA, HI, ID, LA, ME, MD, MS, MT, NV, NH, NY, ND, OR, SC, TN, WA, WY, WV
600,001 - 700,000	38%	KY, WI
700,001 - 800,000	37%	
800,001 - 900,000	36%	
900,001 - 1,000,000	35%	AR, VA
1,000,001 - 1,200,000	34%	UT
1,200,001 - 1,400,000	33%	TX
1,400,001 - 1,600,000	32%	CO
1,600,001 - 1,800,000	31%	
1,800,001 - 2,100,000	30%	MI
2,100,001 - 2,300,000	29%	PA, SD
2,300,001 - 2,500,000	28%	
2,500,001 - 2,800,000	27%	
2,800,001 - 3,000,000	26%	
3,000,001 - 3,200,000	25%	
3,200,001 - 3,400,000	24%	KS
3,400,001 - 3,800,000	23.5%	
3,800,001 - 4,200,000	23%	OH
4,200,001 - 4,500,000	22.5%	OK
4,500,001 - 4,800,000	22%	
4,800,001 - 5,200,000	21.5%	MO
5,200,001 - 5,700,000	21%	
5,700,001 - 6,100,000	20.5%	NE
6,100,001 - 6,600,000	20%	IN
6,600,001 - 7,000,000	19.5%	
7,000,001 - 7,500,000	19%	IL
7,500,001 - 8,100,000	18.5%	
8,100,001 - 9,200,000	18%	
9,200,001 - 11,000,000	17.5%	
11,000,001 - 12,700,000	17%	
12,700,001 - and over	16.5%	IA, NC, MN

*MARKETINGS: Total animals (market hogs, feeder pigs, seedstock) as reported from the NPB checkoff statistical reports.

**RTS %: The percentage of funding from the state's checkoff receipts which would be returned to the state association under the federal legislative checkoff as established by the National Pork Producers Delegate Body.

***States categorized based on 2007, 2008, and 2009* Marketings.

State	(Attachment 2)			Three Year
	2007	2008	2009	Average
Alabama	250,797	205,366	199,143	218,435
Alaska	235	75	477	262
Arizona	258,219	295,851	285,203	279,758
Arkansas	1,130,122	978,744	674,131	927,666
California	228,634	218,808	189,683	212,375
Colorado	1,445,362	1,331,575	1,500,572	1,425,836
Connecticut	1,021	1,359	1,251	1,210
Delaware	24,082	25,031	20,859	23,324
Florida	18,252	17,939	13,804	16,665
Georgia	399,994	332,581	320,785	351,120
Hawaii	5,351	2,654	4,950	4,318
Idaho	67,153	85,234	81,681	78,023
Illinois	7,247,503	7,434,320	7,239,380	7,307,068
Indiana	6,068,945	6,870,950	6,705,960	6,548,618
Iowa	33,075,771	37,473,196	37,597,224	36,048,730
Kansas	3,321,574	3,274,255	3,257,549	3,284,459
Kentucky	562,595	624,368	646,119	611,027
Louisiana	19,317	12,871	12,618	14,935
Maine	902	904	677	828
Maryland	43,759	47,797	61,518	51,025
Massachusetts	6,286	5,514	5,578	5,793
Michigan	1,883,403	2,010,495	2,064,373	1,986,090
Minnesota	13,559,256	15,068,281	14,640,548	14,422,695
Mississippi	411,868	362,505	352,391	375,588
Missouri	5,324,242	5,054,684	4,574,822	4,984,583
Montana	282,180	260,127	270,219	270,842
Nebraska	5,649,612	5,890,827	5,571,094	5,703,844
Nevada	1,482	1,582	4,057	2,374
New Hampshire	1,234	1,023	998	1,085
New Jersey	7,591	6,893	7,445	7,310
New Mexico	419	576	290	428
New York	120,472	128,542	132,186	127,067
North Carolina	14,538,631	15,020,179	14,881,814	14,813,541
North Dakota	142,391	120,341	92,531	118,421
Ohio	3,655,843	3,961,301	3,955,375	3,857,506
Oklahoma	4,593,341	4,450,255	4,269,649	4,437,748
Oregon	15,154	10,835	9,607	11,865
Pennsylvania	2,252,827	2,278,586	2,186,420	2,239,278
Rhode Island	830	689	366	628
South Carolina	300,691	304,899	263,422	289,671
South Dakota	2,349,587	2,335,326	2,140,926	2,275,280
Tennessee	421,978	383,462	357,138	387,526
Texas	1,124,295	1,328,929	1,424,442	1,292,555
Utah	1,121,319	1,140,978	1,089,802	1,117,366
Vermont	1,041	706	657	801
Virginia	915,925	1,037,561	1,024,643	992,710
Washington	36,293	25,541	20,500	27,445
West Virginia	4,905	9,340	5,201	6,482
Wisconsin	599,470	660,805	819,466	693,247
Wyoming	103,343	324,177	158,557	195,359
Total	113,595,497	121,418,837	119,138,101	118,050,812

**NATIONAL PORK BOARD
CHECKOFF DISTRIBUTION REPORT
1/1/2010 TO 12/31/2010**

STATE	CHECKOFF RECEIPTS	STATE SHARE	PORK BOARD SHARE
ALABAMA	52,127.64	20,329.76	31,797.88
ALASKA	29.80	0.00	29.80
ARIZONA	186,789.08	72,847.74	113,941.34
ARKANSAS	107,982.65	37,793.93	70,188.72
CALIFORNIA	182,537.77	71,189.73	111,348.04
COLORADO	534,290.16	170,972.84	363,317.32
CONNECTICUT	355.80	0.00	355.80
DELAWARE	5,066.58	1,975.97	3,090.61
FLORIDA	7,277.88	2,838.37	4,439.51
GEORGIA	140,770.05	54,900.33	85,869.72
HAWAII	2,127.38	829.66	1,297.72
IDAHO	27,230.47	10,619.88	16,610.59
ILLINOIS	3,820,198.53	725,837.72	3,094,360.81
INDIANA	3,621,952.34	724,390.48	2,897,561.86
IOWA	21,575,514.18	3,559,959.83	18,015,554.35
KANSAS	1,826,985.96	438,476.64	1,388,509.32
KENTUCKY	378,904.57	143,983.74	234,920.83
LOUISIANA	3,568.30	1,391.64	2,176.66
MAINE	337.30	131.54	205.76
MARYLAND	42,256.82	16,480.16	25,776.66
MASSACHUSETTS	3,325.73	0.00	3,325.73
MICHIGAN	1,195,738.60	358,741.79	836,996.81
MINNESOTA	8,316,362.18	1,372,199.75	6,944,162.43
MISSISSIPPI	61,064.67	23,815.23	37,249.44
MISSOURI	2,456,980.15	528,250.72	1,928,729.43
MONTANA	136,235.91	53,131.98	83,103.93
NEBRASKA	2,949,167.78	604,579.39	2,344,588.39
NEVADA	2,522.99	983.97	1,539.02
NEW HAMPSHIRE	640.41	249.76	390.65
NEW JERSEY	4,587.97	0.00	4,587.97
NEW MEXICO	136.53	0.00	136.53
NEW YORK	71,882.10	28,034.03	43,848.07
NORTH CAROLINA	8,001,141.17	1,320,188.28	6,680,952.89
NORTH DAKOTA	66,006.73	25,742.62	40,264.11
OHIO	2,155,965.53	495,872.08	1,660,093.45
OKLAHOMA	1,959,715.74	593,992.36	1,365,723.38
OREGON	5,940.90	2,316.95	3,623.95
PENNSYLVANIA	1,263,783.79	366,497.30	897,286.49
RHODE ISLAND	378.26	0.00	378.26
SOUTH CAROLINA	155,000.08	60,450.04	94,550.04
SOUTH DAKOTA	1,208,236.36	350,388.55	857,847.81
TENNESSEE	199,892.26	77,957.97	121,934.29
TEXAS	818,546.14	270,120.23	548,425.91
UTAH	715,429.95	243,246.19	472,183.76
VERMONT	253.57	0.00	253.57
VIRGINIA	591,069.75	209,682.39	381,387.36
WASHINGTON	12,247.17	4,776.40	7,470.77
WEST VIRGINIA	3,638.08	1,418.87	2,219.21
WISCONSIN	258,339.23	98,168.90	160,170.33
WYOMING	56,727.39	22,123.66	34,603.73
STATE TOTAL:	65,187,260.38	13,167,879.37	52,019,381.01
IMPORTERS:	3,271,801.27		3,271,801.27
NATIONAL:	68,459,061.65	13,167,879.37	55,291,182.28

NATIONAL PORK BOARD
3 YEAR AVERAGE OF RETURN TO STATE SHARE
2008-2009-2010

STATE	2010 RETURN TO STATE SHARE	2009 RETURN TO STATE SHARE	2008 RETURN TO STATE SHARE	3 YEAR AVERAGE RETURN TO STATE SHARE
ALABAMA	20,329.76	40,400.29	45,258.31	35,329.45
ALASKA	0.00	0.00	0.00	0.00
ARIZONA	72,847.74	57,185.27	66,262.04	65,431.68
ARKANSAS	37,793.93	54,082.25	70,440.74	54,105.64
CALIFORNIA	71,189.73	37,649.80	47,398.87	52,079.47
COLORADO	170,972.84	127,940.80	147,331.92	148,748.52
CONNECTICUT	0.00	0.00	0.00	0.00
DELAWARE	1,975.97	1,806.10	2,444.73	2,075.60
FLORIDA	2,838.37	2,916.96	3,661.50	3,138.94
GEORGIA	54,900.33	53,339.73	54,388.05	54,209.37
HAWAII	829.66	1,174.09	891.86	965.20
IDAHO	10,619.88	8,903.03	10,230.04	9,917.65
ILLINOIS	725,837.72	609,386.91	666,792.00	667,338.88
INDIANA	724,390.48	588,769.65	686,978.48	666,712.87
IOWA	3,559,959.83	2,884,846.35	3,239,888.14	3,228,231.44
KANSAS	438,476.64	342,273.69	405,744.10	395,498.14
KENTUCKY	143,983.74	119,688.86	122,925.31	128,865.97
LOUISIANA	1,391.64	1,629.40	1,516.00	1,512.35
MAINE	131.54	74.96	114.49	107.00
MARYLAND	16,480.16	9,883.68	8,085.24	11,483.03
MASSACHUSETTS	0.00	0.00	0.00	0.00
MICHIGAN	358,741.79	286,972.26	301,798.95	315,837.67
MINNESOTA	1,372,199.75	1,105,231.10	1,269,067.91	1,248,832.92
MISSISSIPPI	23,815.23	76,893.71	82,926.32	61,211.75
MISSOURI	528,250.72	416,432.07	492,927.30	479,203.36
MONTANA	53,131.98	42,907.97	46,849.69	47,629.88
NEBRASKA	604,579.39	499,499.27	580,898.04	561,658.90
NEVADA	983.97	756.02	535.83	758.61
NEW HAMPSHIRE	249.76	192.58	177.94	206.76
NEW JERSEY	0.00	0.00	0.00	0.00
NEW MEXICO	0.00	0.00	0.00	0.00
NEW YORK	28,034.03	21,873.77	23,692.99	24,533.60
NORTH CAROLINA	1,320,188.28	1,164,619.51	1,180,400.97	1,221,736.25
NORTH DAKOTA	25,742.62	15,998.76	21,723.57	21,154.98
OHIO	495,872.08	441,812.86	485,383.95	474,356.30
OKLAHOMA	593,992.36	689,743.01	718,919.12	667,551.50
OREGON	2,316.95	2,750.34	2,942.70	2,670.00
PENNSYLVANIA	366,497.30	271,342.26	317,795.52	318,545.03
RHODE ISLAND	0.00	0.00	0.00	0.00
SOUTH CAROLINA	60,450.04	41,901.46	48,666.64	50,339.38
SOUTH DAKOTA	350,388.55	273,920.87	328,815.21	317,708.21
TENNESSEE	77,957.97	63,355.74	71,600.92	70,971.54
TEXAS	270,120.23	213,576.59	233,988.79	239,228.54
UTAH	243,246.19	184,170.29	216,536.51	214,651.00
VERMONT	0.00	0.00	0.00	0.00
VIRGINIA	209,682.39	209,385.88	212,025.70	210,364.66
WASHINGTON	4,776.40	4,130.46	5,138.92	4,681.93
WEST VIRGINIA	1,418.87	1,472.31	2,563.47	1,818.22
WISCONSIN	98,168.90	89,370.69	105,687.96	97,742.52
WYOMING	22,123.66	18,699.42	30,775.27	23,866.12
TOTAL:	13,167,879.37	11,078,961.02	12,362,192.01	12,203,010.80

**NATIONAL PORK BOARD
RETURN TO STATE SHARE
1995-2010**

STATE	2010	2009	2008	2007
	RETURN TO STATE SHARE	RETURN TO STATE SHARE	RETURN TO STATE SHARE	RETURN TO STATE SHARE
ALABAMA	20,329.76	40,400.29	45,258.31	45,971.01
ALASKA	0.00	0.00	0.00	0.00
ARIZONA	72,847.74	57,185.27	66,262.04	57,793.11
ARKANSAS	37,793.93	54,082.25	70,440.74	99,440.04
CALIFORNIA	71,189.73	37,649.80	47,398.87	46,164.69
COLORADO	170,972.84	127,940.80	147,331.92	161,550.53
CONNECTICUT	0.00	0.00	0.00	0.00
DELAWARE	1,975.97	1,806.10	2,444.73	2,477.17
FLORIDA	2,838.37	2,916.96	3,661.50	3,474.83
GEORGIA	54,900.33	53,339.73	54,388.05	69,990.61
HAWAII	829.66	1,174.09	891.86	1,621.53
IDAHO	10,619.88	8,903.03	10,230.04	8,215.52
ILLINOIS	725,837.72	609,386.91	666,792.00	712,645.39
INDIANA	724,390.48	588,769.65	686,978.48	590,268.52
IOWA	3,559,959.83	2,884,846.35	3,239,888.14	2,748,724.42
KANSAS	438,476.64	342,273.69	405,744.10	402,020.05
KENTUCKY	143,983.74	119,688.86	122,925.31	105,770.32
LOUISIANA	1,391.64	1,629.40	1,516.00	2,066.52
MAINE	131.54	74.96	114.49	96.89
MARYLAND	16,480.16	9,883.68	8,085.24	6,821.52
MASSACHUSETTS	0.00	0.00	0.00	0.00
MICHIGAN	358,741.79	286,972.26	301,798.95	277,125.52
MINNESOTA	1,372,199.75	1,105,231.10	1,269,067.91	1,144,126.88
MISSISSIPPI	23,815.23	76,893.71	82,926.32	77,894.08
MISSOURI	528,250.72	416,432.07	492,927.30	479,204.37
MONTANA	53,131.98	42,907.97	46,849.69	51,530.98
NEBRASKA	604,579.39	499,499.27	580,898.04	555,039.59
NEVADA	983.97	756.02	535.83	379.70
NEW HAMPSHIRE	249.76	192.58	177.94	243.16
NEW JERSEY	0.00	0.00	0.00	0.00
NEW MEXICO	0.00	0.00	0.00	0.00
NEW YORK	28,034.03	21,873.77	23,692.99	22,057.01
NORTH CAROLINA	1,320,188.28	1,164,619.51	1,180,400.97	1,154,316.21
NORTH DAKOTA	25,742.62	15,998.76	21,723.57	26,173.48
OHIO	495,872.08	441,812.86	485,383.95	439,703.45
OKLAHOMA	593,992.36	689,743.01	718,919.12	742,034.03
OREGON	2,316.95	2,750.34	2,942.70	3,582.45
PENNSYLVANIA	366,497.30	271,342.26	317,795.52	314,121.83
RHODE ISLAND	0.00	0.00	0.00	0.00
SOUTH CAROLINA	60,450.04	41,901.46	48,666.64	45,903.21
SOUTH DAKOTA	350,388.55	273,920.87	328,815.21	315,894.09
TENNESSEE	77,957.97	63,355.74	71,600.92	73,721.61
TEXAS	270,120.23	213,576.59	233,988.79	182,748.56
UTAH	243,246.19	184,170.29	216,536.51	193,611.95
VERMONT	0.00	0.00	0.00	0.00
VIRGINIA	209,682.39	209,385.88	212,025.70	187,169.36
WASHINGTON	4,776.40	4,130.46	5,138.92	6,471.49
WEST VIRGINIA	1,418.87	1,472.31	2,563.47	1,075.67
WISCONSIN	98,168.90	89,370.69	105,687.96	95,484.61
WYOMING	22,123.66	18,699.42	30,775.27	15,881.57
TOTAL:	13,167,879.37	11,078,961.02	12,362,192.01	11,470,607.53

NATIONAL PORK BOARD
RETURN TO STATE SHARE
1995-2010

STATE	2006 RETURN TO STATE SHARE	2005 RETURN TO STATE SHARE	2004 RETURN TO STATE SHARE
ALABAMA	42,053.82	41,535.36	42,054.80
ALASKA	0.00	0.00	0.00
ARIZONA	51,050.13	61,217.31	52,595.50
ARKANSAS	109,741.58	135,391.97	115,130.87
CALIFORNIA	49,120.18	53,231.66	47,891.12
COLORADO	161,650.58	194,476.08	167,066.03
CONNECTICUT	0.00	0.00	321.85
DELAWARE	2,413.25	2,709.85	3,407.29
FLORIDA	4,639.31	4,414.59	4,057.79
GEORGIA	72,204.66	86,600.09	78,727.95
HAWAII	2,019.92	3,330.66	2,922.23
IDAHO	8,033.06	6,453.63	6,629.27
ILLINOIS	692,551.22	698,024.58	724,225.42
INDIANA	574,216.30	617,882.26	608,012.69
IOWA	2,476,810.97	2,537,190.14	2,546,201.24
KANSAS	405,629.39	418,687.80	423,437.84
KENTUCKY	103,320.52	116,085.78	113,439.83
LOUISIANA	2,215.49	3,176.04	4,499.85
MAINE	146.26	230.30	269.03
MARYLAND	6,298.57	8,713.35	8,771.85
MASSACHUSETTS	0.00	0.00	0.00
MICHIGAN	280,519.43	290,171.35	297,314.77
MINNESOTA	1,188,600.68	1,206,295.20	1,151,743.92
MISSISSIPPI	78,130.32	74,120.46	83,747.10
MISSOURI	483,114.54	523,292.90	470,591.35
MONTANA	50,965.87	56,386.99	59,098.42
NEBRASKA	544,493.77	583,090.41	594,882.42
NEVADA	871.20	700.78	818.48
NEW HAMPSHIRE	322.33	261.32	223.60
NEW JERSEY	0.00	0.00	0.00
NEW MEXICO	0.00	0.00	0.00
NEW YORK	25,295.46	22,987.30	24,064.75
NORTH CAROLINA	1,176,830.24	1,290,869.80	1,303,913.06
NORTH DAKOTA	31,147.25	32,931.19	50,913.95
OHIO	392,542.91	376,801.76	377,402.04
OKLAHOMA	830,042.78	853,706.31	862,810.85
OREGON	3,372.92	2,776.16	4,538.66
PENNSYLVANIA	317,790.72	300,806.66	311,322.67
RHODE ISLAND	0.00	0.00	0.00
SOUTH CAROLINA	46,095.61	44,985.84	48,645.02
SOUTH DAKOTA	320,812.37	346,505.94	339,498.56
TENNESSEE	59,803.20	68,366.53	70,538.82
TEXAS	189,135.01	215,977.10	201,597.12
UTAH	207,895.60	232,983.67	222,632.64
VERMONT	0.00	0.00	0.00
VIRGINIA	193,921.71	235,263.56	243,900.84
WASHINGTON	7,548.38	8,111.63	7,080.98
WEST VIRGINIA	1,591.44	1,558.26	1,199.04
WISCONSIN	141,928.98	175,926.99	165,193.74
WYOMING	23,399.74	28,169.83	32,719.43
TOTAL:	11,360,287.67	11,962,399.39	11,876,054.68

**NATIONAL PORK BOARD
RETURN TO STATE SHARE
1995-2010**

STATE	2003 RETURN TO STATE SHARE	2002 RETURN TO STATE SHARE	2001 RETURN TO STATE SHARE
ALABAMA	35,369.93	40,368.04	49,932.03
ALASKA	0.00	0.00	0.00
ARIZONA	42,707.21	37,608.63	24,884.61
ARKANSAS	90,376.44	172,738.54	212,571.91
CALIFORNIA	39,597.02	40,513.46	28,871.31
COLORADO	149,017.98	108,747.48	181,844.89
CONNECTICUT	141.29	201.95	413.48
DELAWARE	3,584.18	3,666.20	5,172.80
FLORIDA	4,418.97	5,161.91	6,285.59
GEORGIA	54,454.95	72,307.18	107,748.84
HAWAII	3,145.47	3,831.24	3,388.96
IDAHO	4,814.26	3,785.60	4,541.30
ILLINOIS	564,105.34	548,865.93	654,601.28
INDIANA	495,381.44	474,161.01	608,482.29
IOWA	1,956,517.22	1,937,124.45	2,363,663.39
KANSAS	284,288.47	293,787.53	362,233.14
KENTUCKY	91,315.17	84,493.33	103,875.75
LOUISIANA	3,665.92	4,300.70	7,127.82
MAINE	229.37	354.65	285.73
MARYLAND	6,184.70	6,559.05	9,760.92
MASSACHUSETTS	0.00	0.00	0.00
MICHIGAN	222,077.05	217,582.85	271,100.90
MINNESOTA	876,233.52	874,225.37	1,046,830.10
MISSISSIPPI	73,787.47	76,489.55	90,847.64
MISSOURI	389,662.33	392,552.61	557,527.36
MONTANA	46,349.54	44,474.24	58,467.61
NEBRASKA	456,135.75	471,123.50	616,437.18
NEVADA	748.48	585.86	717.76
NEW HAMPSHIRE	247.62	191.27	364.10
NEW JERSEY	0.00	0.00	0.00
NEW MEXICO	0.00	0.00	0.00
NEW YORK	17,630.40	17,741.44	18,759.89
NORTH CAROLINA	1,308,379.04	1,273,076.97	1,289,711.87
NORTH DAKOTA	31,278.98	30,019.57	39,982.29
OHIO	316,231.41	301,670.49	360,964.87
OKLAHOMA	802,439.66	731,306.60	737,145.33
OREGON	2,837.70	3,299.84	4,710.73
PENNSYLVANIA	245,157.01	253,623.63	296,557.26
RHODE ISLAND	0.00	0.00	0.00
SOUTH CAROLINA	40,868.10	41,286.05	50,423.25
SOUTH DAKOTA	265,235.01	268,363.64	332,112.70
TENNESSEE	60,374.62	59,328.08	85,208.14
TEXAS	167,131.68	166,180.97	198,257.44
UTAH	168,759.63	190,685.14	193,847.31
VERMONT	0.00	0.00	0.00
VIRGINIA	225,175.21	219,167.11	188,223.41
WASHINGTON	6,198.20	7,043.93	8,200.06
WEST VIRGINIA	1,216.00	1,458.90	1,435.66
WISCONSIN	108,444.77	146,063.02	184,604.59
WYOMING	22,440.58	25,863.24	25,010.67
TOTAL:	9,677,909.25	9,651,980.75	11,393,134.16

NATIONAL PORK BOARD
RETURN TO STATE SHARE
 1995-2010

STATE	2000 RETURN TO STATE SHARE	1999 RETURN TO STATE SHARE	1998 RETURN TO STATE SHARE
ALABAMA	44,623.24	38,342.56	27,445.82
ALASKA	0.00	0.00	0.00
ARIZONA	36,203.88	26,582.79	32,046.59
ARKANSAS	227,703.08	157,789.94	206,320.19
CALIFORNIA	50,083.76	40,667.15	48,158.17
COLORADO	229,248.24	154,421.28	197,422.84
CONNECTICUT	368.20	183.90	308.92
DELAWARE	6,717.87	4,719.64	7,862.50
FLORIDA	6,518.96	5,826.07	7,330.07
GEORGIA	107,131.18	91,617.83	118,483.69
HAWAII	4,413.17	5,824.95	5,948.14
IDAHO	4,907.11	5,435.42	6,660.41
ILLINOIS	646,094.84	508,136.59	596,393.18
INDIANA	568,107.49	424,946.75	531,119.55
IOWA	2,224,420.20	1,729,498.01	1,830,735.70
KANSAS	312,378.85	250,252.75	280,340.16
KENTUCKY	110,508.58	99,538.09	115,276.75
LOUISIANA	7,136.65	6,237.87	6,617.23
MAINE	437.31	262.36	321.27
MARYLAND	10,631.06	8,910.77	15,239.27
MASSACHUSETTS	0.00	0.00	0.00
MICHIGAN	252,600.39	189,298.68	212,202.19
MINNESOTA	987,337.40	743,747.79	791,568.91
MISSISSIPPI	88,140.90	57,434.39	62,779.29
MISSOURI	517,036.37	374,195.40	427,407.59
MONTANA	50,055.74	35,304.52	45,825.55
NEBRASKA	636,572.90	500,399.63	519,072.13
NEVADA	768.19	461.21	724.20
NEW HAMPSHIRE	269.82	252.47	408.75
NEW JERSEY	0.00	0.00	0.00
NEW MEXICO	0.00	0.00	0.00
NEW YORK	19,499.22	14,978.79	15,098.89
NORTH CAROLINA	1,248,008.01	1,193,172.30	1,197,694.90
NORTH DAKOTA	41,050.26	35,553.76	52,624.01
OHIO	343,786.11	269,435.66	286,406.51
OKLAHOMA	742,922.53	644,146.78	490,534.50
OREGON	4,448.24	3,860.01	5,265.66
PENNSYLVANIA	272,866.15	207,738.01	220,379.04
RHODE ISLAND	0.00	0.00	0.00
SOUTH CAROLINA	53,448.83	42,525.30	58,649.47
SOUTH DAKOTA	329,625.19	248,236.76	237,483.93
TENNESSEE	78,146.20	70,001.28	83,674.05
TEXAS	186,823.10	151,627.73	118,133.94
UTAH	176,833.54	96,210.55	82,827.91
VERMONT	0.00	0.00	0.00
VIRGINIA	182,360.79	173,740.30	184,765.39
WASHINGTON	8,327.04	7,932.23	8,851.19
WEST VIRGINIA	1,659.95	1,667.06	2,524.54
WISCONSIN	180,178.72	155,210.82	169,063.75
WYOMING	26,793.62	22,430.31	26,468.34
TOTAL:	11,027,192.88	8,798,756.46	9,334,465.08

**NATIONAL PORK BOARD
RETURN TO STATE SHARE
1995-2010**

STATE	1997 RETURN TO STATE SHARE	1996 RETURN TO STATE SHARE	1995 RETURN TO STATE SHARE
ALABAMA	33,019.99	36,055.95	48,958.94
ALASKA	0.00	0.00	0.00
ARIZONA	50,420.94	42,139.33	33,065.68
ARKANSAS	342,634.81	293,887.02	182,169.45
CALIFORNIA	68,738.05	65,074.99	50,724.26
COLORADO	220,944.74	176,839.91	101,136.39
CONNECTICUT	530.05	654.43	789.59
DELAWARE	13,030.94	13,011.58	11,382.70
FLORIDA	17,184.21	17,186.54	14,459.79
GEORGIA	187,043.63	220,744.08	182,734.23
HAWAII	5,790.59	6,248.78	6,557.05
IDAHO	8,798.47	10,369.75	10,383.98
ILLINOIS	828,198.31	846,141.56	632,494.20
INDIANA	708,674.07	758,727.52	543,753.45
IOWA	2,252,566.81	2,168,425.85	1,535,516.17
KANSAS	449,015.17	366,958.02	239,805.90
KENTUCKY	181,687.86	184,970.20	146,107.39
LOUISIANA	11,502.90	12,671.95	10,265.57
MAINE	393.74	336.15	241.05
MARYLAND	21,073.73	24,187.98	21,730.40
MASSACHUSETTS	0.00	0.00	0.00
MICHIGAN	287,668.69	281,641.29	202,088.81
MINNESOTA	967,275.39	931,380.01	639,033.70
MISSISSIPPI	84,728.67	71,757.18	44,169.20
MISSOURI	659,445.33	649,939.85	453,929.26
MONTANA	60,079.37	67,763.86	46,123.68
NEBRASKA	683,996.30	684,505.73	499,476.15
NEVADA	1,045.65	1,821.42	722.46
NEW HAMPSHIRE	653.55	592.91	350.58
NEW JERSEY	0.00	3,685.83	3,216.54
NEW MEXICO	0.00	0.00	0.00
NEW YORK	17,265.57	17,201.79	12,047.85
NORTH CAROLINA	1,425,202.70	1,348,686.27	896,406.91
NORTH DAKOTA	59,542.90	61,392.54	54,078.87
OHIO	394,295.89	404,860.02	295,433.01
OKLAHOMA	294,781.14	243,453.37	126,649.99
OREGON	6,794.71	9,915.87	9,100.48
PENNSYLVANIA	297,783.12	284,141.39	197,552.58
RHODE ISLAND	0.00	0.00	0.00
SOUTH CAROLINA	87,190.10	90,733.01	68,454.10
SOUTH DAKOTA	295,371.48	338,377.06	273,665.66
TENNESSEE	119,138.92	129,302.68	105,603.69
TEXAS	239,803.85	193,555.50	115,121.39
UTAH	58,514.51	17,519.11	5,210.25
VERMONT	0.00	0.00	0.00
VIRGINIA	176,808.75	175,312.03	158,314.31
WASHINGTON	9,031.85	11,218.87	9,245.56
WEST VIRGINIA	3,192.62	3,037.40	2,409.56
WISCONSIN	228,197.82	223,681.32	186,139.02
WYOMING	26,938.22	18,187.04	7,926.35
TOTAL:	11,885,996.11	11,508,294.94	8,184,746.15