

CUT FLOWERS AND CUT GREENS PROMOTION & INFORMATION ORDER

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AGENDA

- 1. What is a Checkoff Program?**
- 2. The Process for Creating a Checkoff**
- 3. Key Elements of the Proposed Checkoff Order**
- 4. Checkoff Program Benefits**
- 5. Additional Resources**

What is a Checkoff Program?

- ✓ “Checkoff” is the nickname for Commodity Research & Promotion programs administered by the U.S. Department of Agriculture.
- ✓ Checkoff programs provide a legal framework for commodity producers to pool resources in order to promote the generic commodity.
- ✓ Assessment funds are paid directly to the checkoff board, which consists of domestic producers and importers.
- ✓ The checkoff board determines how the assessment funds are spent.

What is a Checkoff Program?

Checkoff programs are NOT government programs and the assessments are not a government tax.

- The industry board collects the assessments, not USDA;
- The industry board determines how to spend the funds, not USDA;
- The role of USDA is to oversee compliance with the Order.

What is a Checkoff Program?



Funded by the Beef Checkoff.



American Egg Board



The Process for Creating a New Checkoff

1. An association or committee of industry members drafts the Order;
2. If the Order has significant industry support, the USDA reviews the Order;
3. USDA publishes the Order in Federal Register and solicits public comments;
4. USDA holds a referendum whereby the industry votes to approve/disapprove;
5. If approved, the Order is implemented by the industry.

The Process for Creating a New Checkoff

- ✓ **The Floral Board Drafting Committee** was formed in Summer 2020 with representatives from various sectors of the industry, including both domestic growers and importers:

Michelle Castellano Keeler (Mellano & Co.)

Val Schirmer (Three Toads Farm)

Mike Mooney (Floral Union Farms)

Rita Jo Schoultz (Alaska Perfect Peony)

Eric Hagstrom (Albin Hagstrom & Son)

Ivor Van Wingerden (Ocean Breeze Farms)

Christine Boldt (Association of Floral Importers)

Harrison "Red" Kennicott (Kennicott Wholesale)

Oscar Fernandez (Equiflor-Rio-Roses)

Tim Dewey (DV Flora)

Mauricio Jaramillo (Sole Farms)

Eric Fernandez (Continental Flowers)

Yvette Speziani (Colour Republic)

- ✓ Over the course of over a year, the Committee met several times to discuss, debate, ask questions, share feedback from industry colleagues, debate some more, suggest compromises, and ultimately determine the key elements of an Order that would elicit the broadest support across the entire industry.

Key Elements of the Proposed Checkoff Order

<u>Products Subject to Assessment</u>	<u>Assessment Rates</u>	<u>De Minimis Exception</u>
<p>Cut Flowers: all cultivated or non-cultivated flowers cut from growing plants that are used as fresh-cut flowers and produced under cover or in field operations for the purpose of being sold or used in floral presentations, but not including foliage plants, floral supplies, tubers, bulbs, or flowering plants;</p> <p style="text-align: center;">+</p> <p>Cut Greens: all cultivated or non-cultivated decorative foliage cut from growing plants that are used as fresh-cut decorative foliage (except Christmas trees) and that are produced or foraged under cover or in field operations for the purpose of being sold or used in floral presentations, but not including foliage plants, floral supplies, tubers, bulbs, or flowering plants.</p>	<p>Each Domestic Grower will pay an assessment in the amount of one-half percent (1/2 %) of the gross sales price of their Cut Flowers/Greens sold in the United States</p> <p>Each Importer will pay an assessment to the Board in the amount of one percent (1%) of the Border Value of their Cut Flowers/Greens imported for sale in the United States.</p> <p><i>* Any change in the rate of assessment requires approval through a referendum vote.</i></p>	<p>Exempt entities include:</p> <p>Domestic Growers that sell less than \$100,000.00 of Cut Flowers/Greens during a calendar year and</p> <p>Importers that import Cut Flowers/Greens with a Border Value less than \$100,000 during a calendar year.</p>

Key Elements of the Proposed Checkoff Order

Board Composition

Twelve (12) members including:

- 5 voting members that are Domestic Growers;
- 5 voting members that are Importers;
- 1 non-voting member representing the retail florist industry; and
- 1 non-voting member representing the supermarket/mass market industry.

No two members may be employed by a single corporation, company, partnership or any other legal entity.

Approval Process

- ✓ The Order shall not become effective unless it is approved by a simple majority (50% + one vote) of Eligible Domestic Growers and a simple majority (50% + one vote) of Eligible Importers voting in the Initial Referendum that have been engaged in the production or importation and sale of Cut Flowers/Greens in the United States during a Representative Period.
- ✓ Each Eligible Domestic Grower and Eligible Importer may cast one vote in the Initial Referendum.

Checkoff Program Benefits - *General*

- ✓ Checkoff programs are designed, governed by, and operate in a manner determined by the industry;
- ✓ No free riders; participation is mandatory - everyone is required to contribute at the same rate based on their market involvement with the goal of everyone benefitting accordingly;
- ✓ There is great flexibility in program design;
- ✓ Long term investment in the industry by the industry;
- ✓ The predictability of the funding allows the board to invest in long-term marketing campaigns and promotional partnerships.
- ✓ While checkoff programs cannot lobby, they can generate and amplify information that can be used to protect the industry.

Checkoff Program Benefits - Assessments

Checkoff programs allow commodity producers to leverage mandated assessment funds to promote the commodity on a national scale.

Goal of Cut Flowers & Cut Greens
Checkoff Program



Checkoff Program	Annual Assessments*
Christmas Trees	\$1.8M
Honey	\$8.7M
Peanuts	\$10.9M
Softwood Lumber	\$17.6M
Paper & Packaging	\$23M
Eggs	\$23.6M
Fluid Milk	\$81.2M
Soybeans	\$118.6M
Dairy	\$125M

* Based on the latest publicly available audited financial statements.

Checkoff Program Benefits - ROI

Checkoff programs are consistently proven to be highly successful at driving demand, strengthening and defending the industry in the marketplace, and creating and expanding markets.

The 1996 Farm Bill requires checkoff programs to conduct an independent, third-party evaluation of the program's effectiveness every five years.

Checkoff Program	Return on Investment ("ROI")*
Christmas Trees	\$1.00: \$13.00
Honey	\$1.00: \$31.00
Peanuts	\$1.00: \$9.74
Softwood Lumber	\$1.00: \$39.82
Paper & Packaging	\$1.00: \$12.41
Eggs	\$1.00: \$9.00
Fluid Milk	\$1.00: \$3.37
Soybeans	\$1.00: \$12.34
Dairy	\$1.00: \$4.78

*Based on published individual 3rd party reports analyzing ROI.

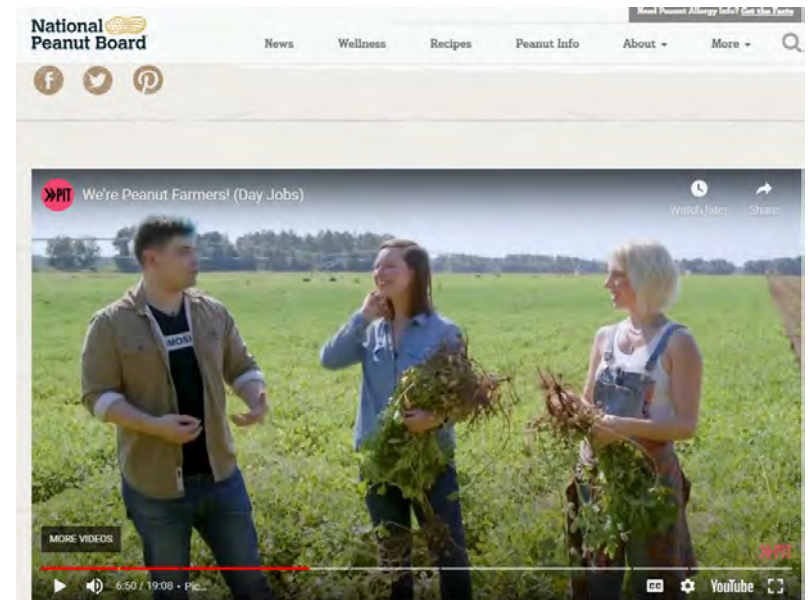
Checkoff Program Benefits - *Examples*

Assessment funds can be used to drive demand in new markets by reaching new audiences.



The Holderness Family

facebook



Checkoff Program Benefits - Examples

Assessment funds can be used to launch commercial partnerships and innovative promotional projects.



This Year Subscription Boxes Top Holiday Gift Lists

The popularity of subscription boxes is on the rise, and P+PB is all for it. We have partnered with subscription services like **KiwiCo** and **KitNipBox** to showcase not only the cool products that come within, but the fun ways you can reuse the boxes themselves. As a result of our pitching efforts, **ELLE** and **HGTV** have featured **KiwiCo** as "the gift that keeps on giving" when it comes to holiday gift ideas for kids. The educational box focuses on STEAM (science, technology, engineering, and math) learning by providing interactive projects with each box.



Additional Resources

- ✓ Visit www.floralboard.org to review the draft Order and FAQs;
- ✓ Contact the Floral Board: info@floralboard.org
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