

South Carolina Department of Agriculture

Hugh E. Weathers, Commissioner



“South Carolina Commodity Board Structure and Function”

Overview

- ***The SC Agriculture Commission:*** provides governance and oversight to SC Commodity Boards in regards to their elections and structure.
- ***SC Commodity Boards:*** operate as autonomous representatives of their respective commodities
- ***The South Carolina Department of Agriculture:*** provides SC Commodity Boards with office space, network access and personnel services; and staff support to the Agriculture Commission

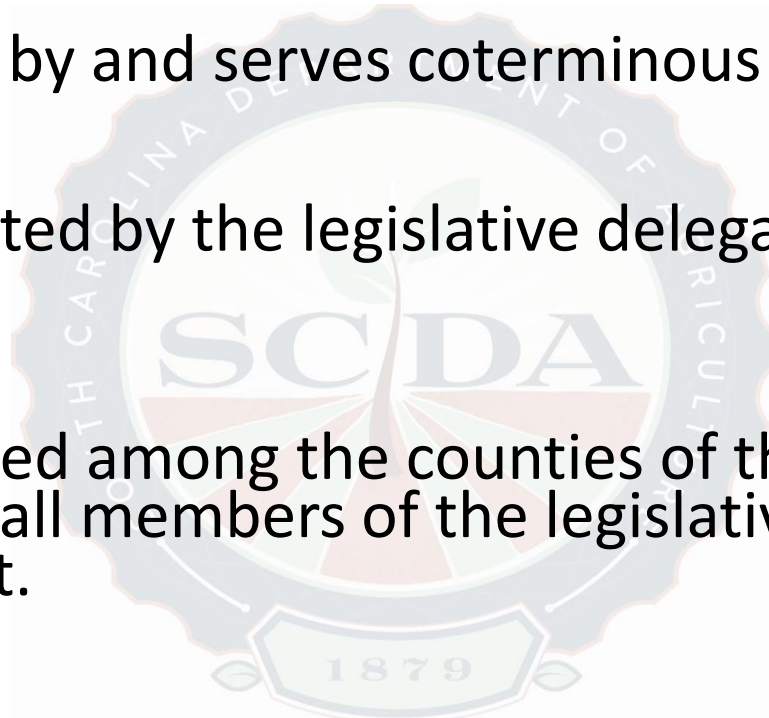
SC Agriculture Commission

SC Code §46-5

- Created in 1968 primarily to oversee the administration of the South Carolina Agricultural Commodities Marketing Act.
- Responsible for issuance, amendment, or termination of marketing agreements or orders to produce the intended effects of the Act.
- Maintains the required records, issues notices, conducts hearings, and ensures that all growers have the opportunity to participate in referendums.

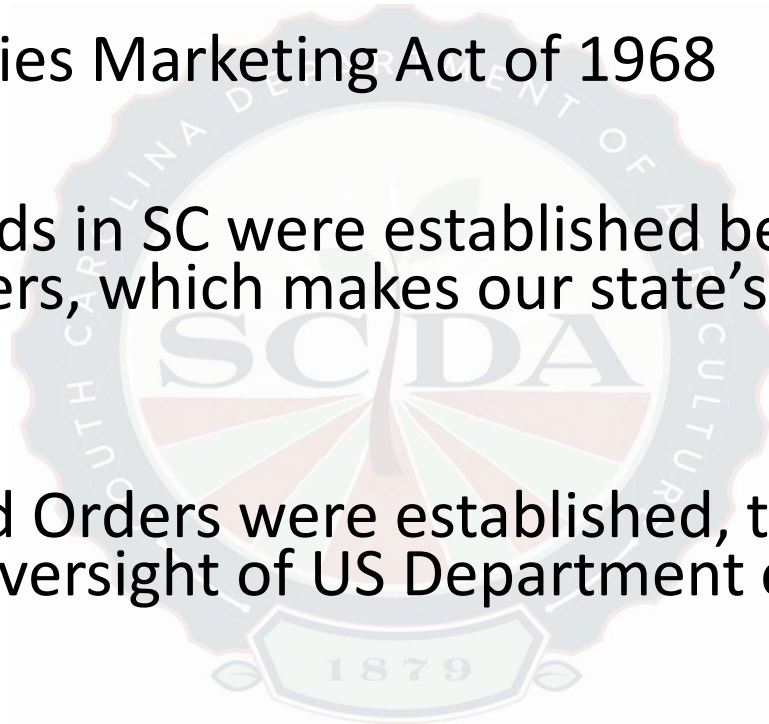
SC Agriculture Commission cont.

- Chairman is appointed by and serves coterminous with the Governor.
- One member is appointed by the legislative delegation from each judicial circuit.
- Representation is rotated among the counties of the circuit except by unanimous consent of all members of the legislative delegation representing the circuit.
- The Chairman of the House Ag Committee, the Chairman of the Senate Ag Committee, and the Commissioner of Agriculture all serve as Ex Officio members.



Commodity Boards History

- Agricultural Commodities Marketing Act of 1968
- Most Commodity Boards in SC were established before any National Marketing Acts or Orders, which makes our state's structure unique from a national perspective.
- Once National Acts and Orders were established, the funds of the state boards fell under the oversight of US Department of Agriculture-Agriculture Marketing Service.
- Commodity Board oversight was given to the SC Agriculture Commission as a check and balance system



Commodity Boards Currently in Operation

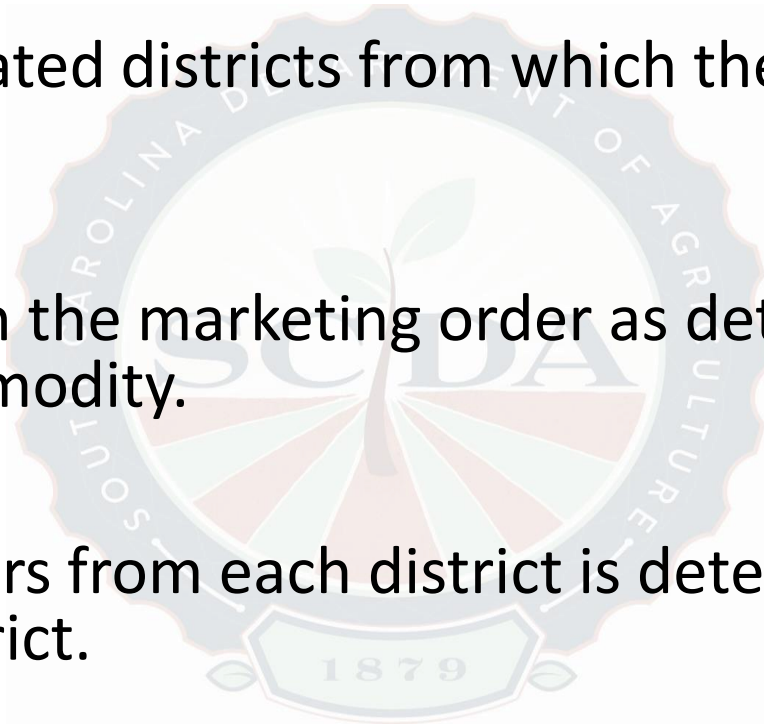
- SC Beef Council
- SC Pork Board
- SC Peanut Board
- SC Cotton Board
- SC Tobacco Board
- SC Soybean Board
- SC Watermelon Board



- Farmer leaders pooling and investing their own dollars to increase profitability and sustainability of their respective commodities.

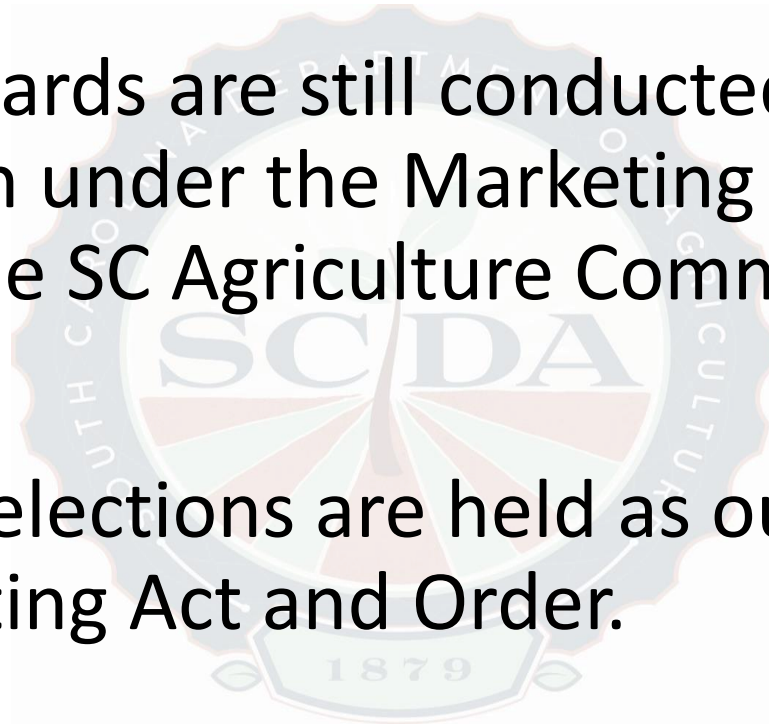
Structure

- Each Board has designated districts from which the board of directors is elected.
- Districts are set forth in the marketing order as determined by the producers of that commodity.
- The number of members from each district is determined by the amount of production in that district.
- The State Commodity Board of Directors serve as representatives of all producers of their respective commodity in the state.



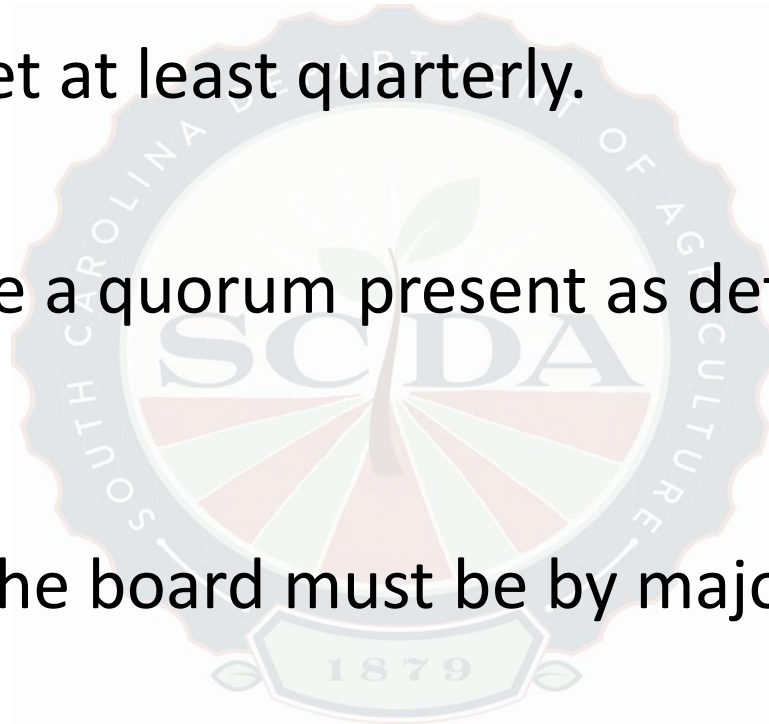
Structure cont.

- Elections to the boards are still conducted under the guidelines set forth under the Marketing Act and administered by the SC Agriculture Commission.
- National delegate elections are held as outlined by the USDA-AMS Marketing Act and Order.



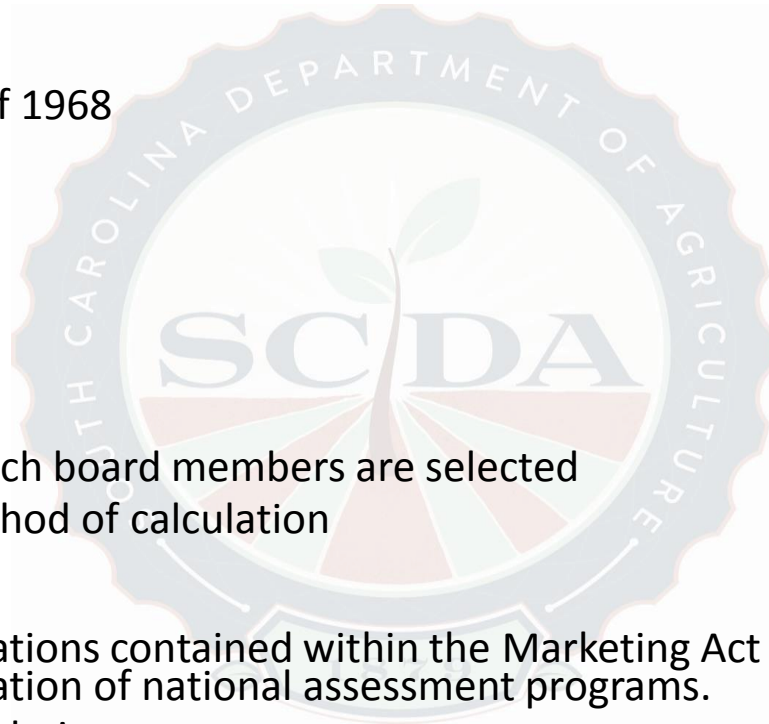
Board Meetings

- Each Board must meet at least quarterly.
- Each Board must have a quorum present as defined in their marketing act and order.
- Any action taken by the board must be by majority vote, provided a quorum is present.



State Rules and Regulations

- Established by the Marketing Act of 1968
- Not the same for all commodities
- Differences include:
 - Number of board members
 - Number of Districts from which board members are selected
 - Assessment amount and method of calculation
- Many of the State Rules and Regulations contained within the Marketing Act of 1968 were superseded by federal rules and regulations upon the creation of national assessment programs.
 - Assessment amount and calculation
 - Remittance process
 - Compliance regulations



National Rules and Regulations

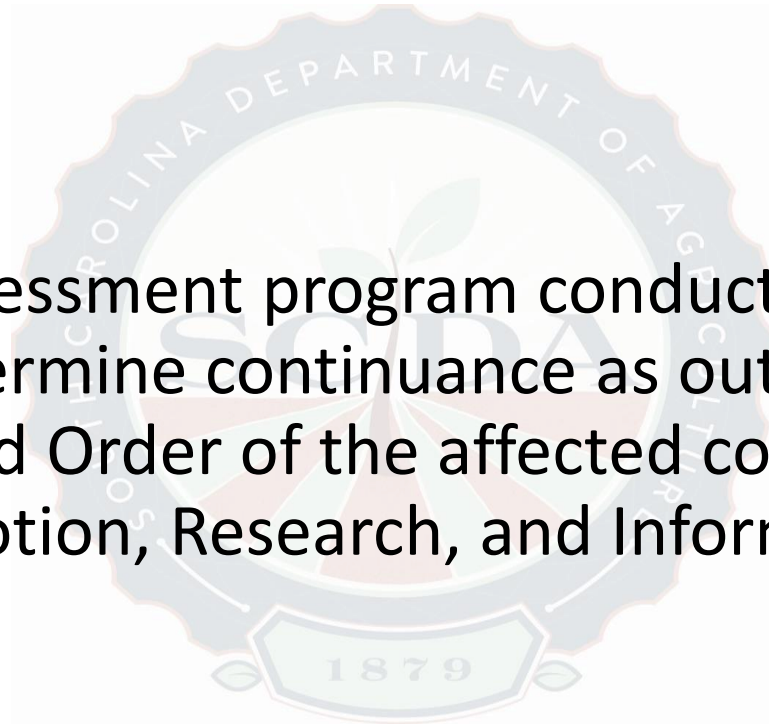
- Every Commodity Board that falls under the Marketing Act of 1968, with the exception of the SC Tobacco Board, now has a national program administered by USDA-AMS by a way of federal acts and orders governing compliance and operation.
- Assessments are collected from producers in South Carolina and are divided between the national commodity board and the state commodity board.
- National boards and state boards invest their respective assessments under federal rules, or state rules where applicable.

Federal Compliance

- The Boards of Directors ensure that the funds being expended are in the best interest of the producers and provide a return on investment to the industry for which they represent.
- **Financial Audit**
 - Independent financial audit conducted each year to ensure compliance
- **Compliance and Control Audit**
 - Conducted by a USDA AMS approved designee at least every five years and whenever a new executive director is appointed to ensure sound policies and procedures and strong internal controls.

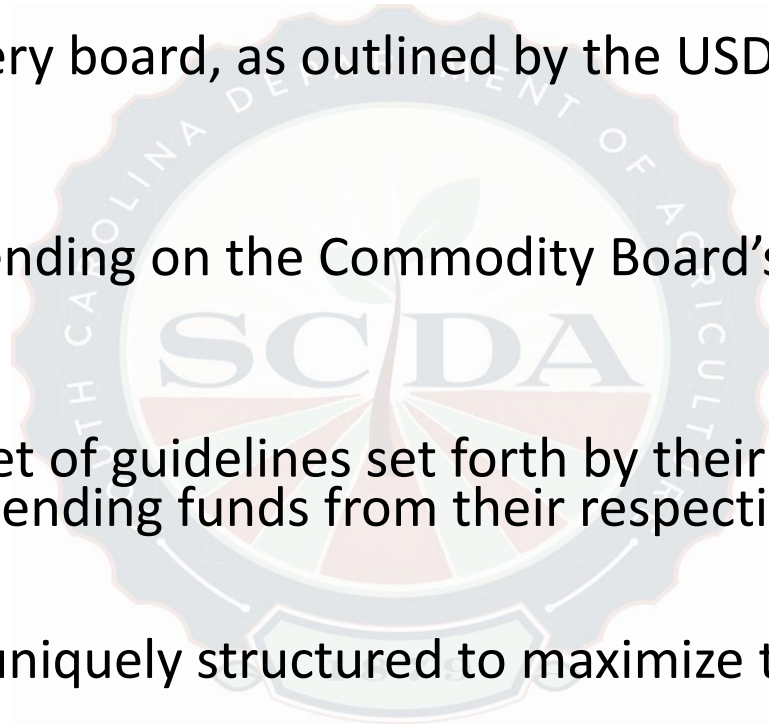
Continuance of federal acts and orders

Each national assessment program conducts a referendum of producers to determine continuance as outlined in either the Marketing Act and Order of the affected commodity or in the “Commodity Promotion, Research, and Information Act of 1996.”



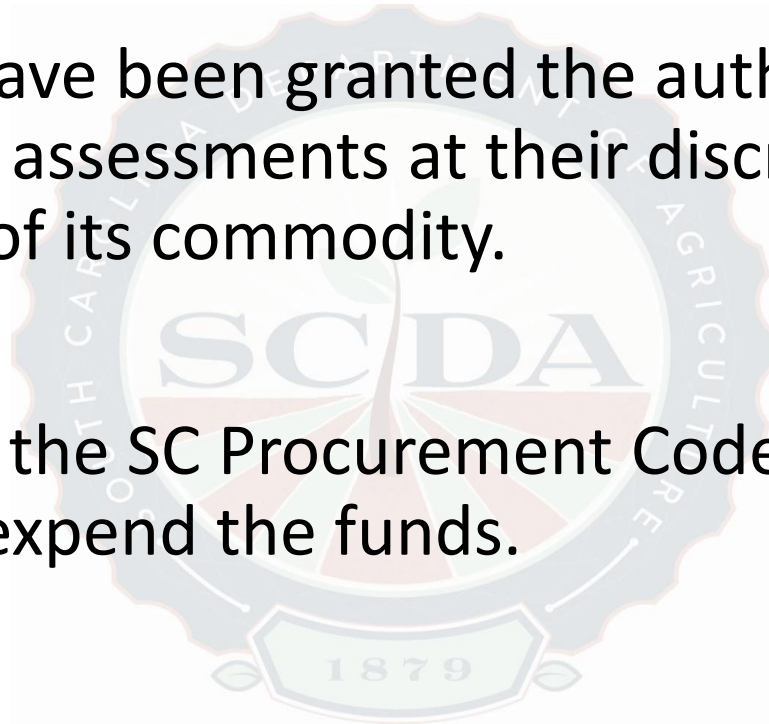
Assessments

- Collected differently by every board, as outlined by the USDA-AMS Marketing Act and order.
- Deposited differently, depending on the Commodity Board's needs along with input from the national organization
- Each Board has a specific set of guidelines set forth by their national Act and Order that they must follow when expending funds from their respective assessments.
- Each Commodity Board is uniquely structured to maximize the benefit of assessments paid by farmers.
 - Example- SC Beef Council can only conduct market based research, whereas the SC Pork Board can conduct production research.



Expenditure of Funds Issue

- Commodity Boards have been granted the authority to expend funds from their respective assessments at their discretion as the representative body of its commodity.
- Problems arise when the SC Procurement Code Rules do not align with the decision to expend the funds.

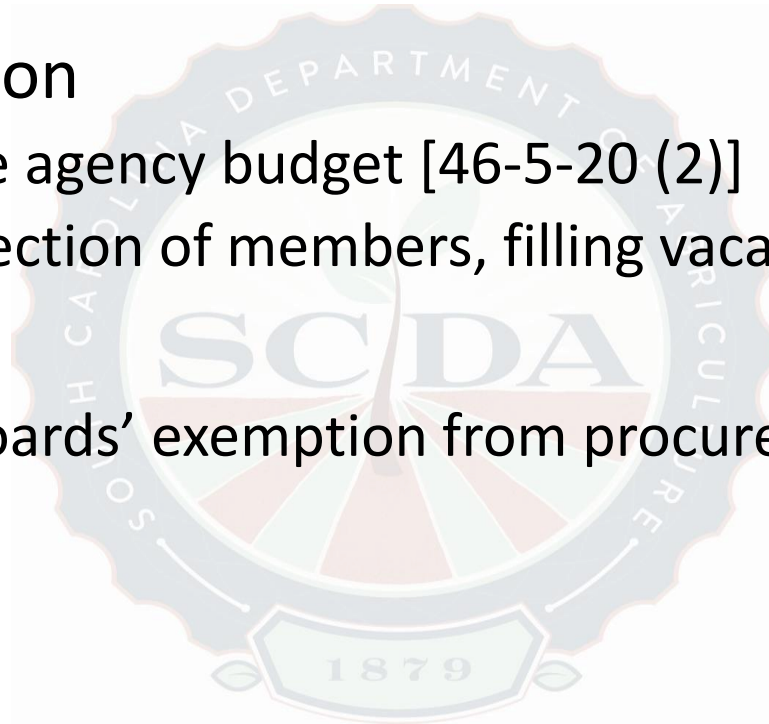


Expenditure of Funds Issue cont.

- Examples:
 - National assessment programs are allowed to participate in the sponsorship of certain programs or events, and sponsorships are not allowed under the SC State Procurement Code.
 - National assessment programs allow the state Board of Directors to expend funds through a majority vote as long as the expenditure is within the annual budget parameters that is submitted to and approved by USDA-AMS. SC State Procurement Codes disallows some of these expenditures after the fact, which creates problems between the vendor and the Commodity Board.

Possible legislative changes

- Agriculture Commission
 - Strike approval of the agency budget [46-5-20 (2)]
 - Process for terms, election of members, filling vacancies
- Procurement
 - Clarify commodity boards' exemption from procurement



Value of Commodity Boards

- Co-location with SCDA improves cooperation and leverages marketing resources
- Farmers get more staff support, and in one place
- Farmers investing their own money
- Many examples of success
 - Got Milk, Beef: It's What's For Dinner
 - Consumer education BSE (mad-cow disease)
- Funds university research (Clemson, USC, SC State)