

2024 NATIONAL PORK INDUSTRY

FORUM



2024 RESOLUTIONS & ADVISEMENTS

FINANCES & PRIORITIES

pork
checkoff.



2024 NATIONAL PORK PRODUCERS PORK ACT

RESOLUTIONS & ADVISEMENTS



2024 ADVISEMENT

KEY RESULT AREA: Market Demand

ADVISEMENT NUMBER: 2024- A1

SUBMITTED BY: Iowa Pork Producers Association

SUBJECT MATTER: Pork Marketing & Innovation

MOTION: The National Pork Board should invest time and Checkoff funds to move pork products through the retail channel as quickly as possible. This would include additional programs and activate with channel partners. National Pork Board will invest checkoff resources to initiate innovation and development of new pork products for consumers as quickly as possible. This program should enhance current programs in place.

Rationale:

Demand for pork products is adequate but needs to improve. The current economic situation is creating a need to expand our demand and sales of pork via the retail channel. Competitive proteins have developed many new innovative products and pork innovation has been limited. The pork industry needs a catalyst to create and attempt more innovative pork products.

2024 ADVISEMENT

KEY RESULT AREA: Animal Welfare

ADVISEMENT NUMBER: 2024- A2

SUBMITTED BY: Iowa Pork Producers Association

SUBJECT MATTER: Unloading Times at Packing Plants

MOTION: The National Pork Board is asked to encourage packers to include producer owner representatives and livestock hauler representatives in the process of setting any new delivery policy at plants. Packers should provide adequate parking and holding pens for scheduled loads to be unloaded in a timely manner and packers increase communication if a plant emergency occurs.

Rationale:

Pigs are delivered by PQA and TQA trained professionals. All loads are scheduled with dock times at plants with consideration for plants to operate. Due to shortage of labor at packing plants the need to unload animals in an efficient manner is becoming a concern. Iowa Pork Producer Association further encourages all parties involved to cooperate to improve unloading times at packing plants to ensure not only animal well-being but efficient use of time.

2024 ADVISEMENT

KEY RESULT AREA: Nutrition

ADVISEMENT NUMBER: 2024- A3

SUBMITTED BY: Iowa Pork Producers Association

SUBJECT MATTER: Pork Consumption & Human Health

MOTION: The National Pork Board is asked to further develop and test new food frequency questionnaires and dietary evaluation tools that clearly isolate pork, to better understand impacts of pork on nutrition and health outcomes. The updates should be reported back to the NPB Board of Directors, the proper task force and delegates at the 2025 IPPA Annual Meeting.

Rationale:

The delegates at the 2023 IPPA Annual meeting approved a resolution to emphasize pork consumption and human health. Providing pork to consumers is an important part of human nutrition. National Pork Board has executed some programs related to human nutrition and pork.

2024 ADVISEMENT

KEY RESULT AREA: Management Oversight

ADVISEMENT NUMBER: 2024- A4

SUBMITTED BY: Indiana Pork, Ohio Pork Council and Minnesota Pork Board

SUBJECT MATTER: State Pork Industry Task Force Recommendation

MOTION: The National Pork Board fully supports the recommendations of the State Pork Industry Task Force, approved November 28, 2023, and begins implementation of the checkoff related aspects of recommendations 1-4 listed below.

Recommendations by the Pork Industry Visioning Task Force

1. Include state leaders in annual industry planning process with the national organizations to align priorities and coordinate strategies and resources.
2. Fortify high-risk and small pork production states by helping to develop critical infrastructure and optimizing utilization of resources and financial support both from other states and the national organizations to create a stronger industry.
3. Generate new state funding and resources through increased producer participation and external partnerships to bolster support for pork industry priorities
4. Maintain current Return to State (RTS) formulas because a rate change would only meaningfully affect a small number of states, and high-risk and small states would still not receive significant funding.

Rationale:

Adopted by the delegate body in 2022, Recommendation #3 from the Pork Industry Visioning Task Force encouraged the creation of a separate task force in 2022 to address:

- Return to state formulas
- Resource allocation and engagement in low pig/high people population areas
- Any other areas the task force deems necessary to ensure the industry is equipped to address issues and opportunities at the state, regional and grassroots level

Recommendation 1 reflects the task force discussion that it is imperative the industry identify and collaborate on the issues and priorities that create the greatest risks to the national pork industry. States should fully participate in this process and provide input from their producers, while also recognizing that each state is autonomous and that there is no intention for the national organizations to be directing state programs and policies.

Recommendation 2 is submitted with the recognition that NPB is essentially a federation of state associations, each of which is an autonomous organization with distinct needs and demographics in their state. There are also overarching needs and priorities across all states, and the national organizations offer programs and support to collaborate with states and their executives that help each state be successful. Although there are many factors that drive success in each state, effective communication, collaboration, and coordination with and amongst states make for the strongest possible industry.

Recommendation 3 acknowledges that checkoff funding for states comes through return to state and other NPB programs, and that ensuring full participation in the Checkoff by producers is a priority goal. However, each state association is also part of a state network of organizations with access to local relationships, partnerships, and potential funding. Beyond funding connections, state leaders benefit from building local partnerships where there is common ground on many issues relevant to checkoff programming.

Recommendation 4 addresses Return to State (RTS) funding. While adjusting the current Return to States (RTS) formulas could provide incremental funding to some states, no state can receive more than 100% of its total checkoff contribution. Adjusting RTS even to the maximum extent would be insufficient to address priorities in high-risk states which would still require additional funding.

Currently 15 states have production yielding between \$100 - \$10,000 in annual RTS, totaling up to \$40,000. Maximizing RTS to 100% would still only provide each of these 15 states with \$300 to \$25,000 (totaling \$100,000 combined).

Because changes to the RTS formulas require Delegate approval, it is less effective for strategically funding states where production changes or population: pig ratios create local and national industry challenges. Coordinating funding utilizing national dollars creates opportunity for more flexibility and responsiveness to meet states' evolving needs.

2024 ADVISEMENT

KEY RESULT AREA: Swine Health

ADVISEMENT NUMBER: 2024- A5

SUBMITTED BY: Minnesota Pork Board

SUBJECT MATTER: National Disease Indemnity Program

MOTION: The National Pork Board in collaboration with the National Pork Producers Council, shall continue to work towards establishing a clear, concise, and properly designed Foreign Animal Disease indemnity program that addresses current gaps in federal programs for Foreign Animal Disease responses.

Rationale:

It is critical to both the future of the U.S. pork industry and FAD response planning that producers have confidence in the indemnity structure and are aware of how valuation and payment policies will work before an outbreak occurs. Ensuring that indemnity programs are clear, concise, and properly designed will allow pork producers to be fairly indemnified without added uncertainty following an outbreak.

PRIORITIES & BUDGET

JANUARY 1 - DECEMBER 31, 2023

I. Executive Summary

A. The National Pork Board – The Business

The National Pork Board (NPB), established by the Pork Promotion, Research and Consumer Information Act of 1985 (Pork Act), is responsible for collecting and investing the Pork Checkoff. In accordance with the Pork Act, an assessment is to be paid by producers on the sale of each live hog at a rate of 35 cents per \$100 of value. Importers of live hogs and pork products are also subject to Checkoff assessments. NPB invests these funds on behalf of the U.S. pork industry in promotion, research and consumer information programs.

A 15-member Board of Directors (Board) oversees NPB and the Pork Checkoff funds. Each year, Pork Act Delegates, appointed by the U.S. Secretary of Agriculture, have the responsibility of electing members to the Board, setting the Checkoff assessment rate and establishing the return-to-state rate, which provides funding to the designated state pork associations. The Chief Executive Officer reports to the Board and is responsible for NPB's project and program implementation and staff in four working areas: 1) Communications, Producer and State Engagement; 2) Demand Enhancement; 3) Swine Health, Production and Sustainability; and 4) Administration.



II. 2023 in Review

NATIONAL PORK BOARD Comparative Income Statement For the Period Ending Dec. 31, 2023

REVENUE	2023 Original Budget	2023 Adjusted Budget	2023 Year-End	VARIANCE
Checkoff	\$76,000,000	\$80,000,000	\$82,382,565	\$2,382,565
Interest Income	400,000	2,500,000	2,775,051	275,051
Other	100,000	2,500,000	1,585,966	(914,034)
Climate Smart Grants	-	-	1,429,358	1,429,358
TOTAL REVENUE	\$76,500,000	\$85,000,000	\$88,172,939	\$3,172,939
PROJECTS				
We Care & Sustainability	\$6,950,000	\$7,005,000	\$7,189,162	\$184,162
Foreign Animal Disease	10,450,000	9,918,985	7,113,803	(2,805,182)
Real Pork Thought Leadership	7,642,000	7,386,750	5,570,581	(1,816,169)
Human Nutrition	1,500,000	8,145,500	7,642,590	(502,910)
Domestic Market Development	4,000,000	6,311,735	5,735,723	(576,012)
International Market Development	9,650,000	10,866,000	10,825,804	(40,196)
Operational Excellence	800,000	565,000	405,052	(159,948)
TOTAL PROJECTS	\$40,992,000	\$50,198,970	\$44,482,714	\$(5,716,256)
PROGRAM EXPENSES				
Programs	\$7,222,000	\$7,267,913	\$7,458,710	\$190,797
Operations	3,125,000	3,444,500	3,361,657	(82,843)
FIXED - OVERHEAD EXPENSES				
People	\$16,000,000	\$15,619,014	\$14,391,105	\$(1,227,909)
Overhead	3,604,000	4,500,000	4,790,028	290,028
TOTAL NATIONAL SPENDING	\$70,943,000	\$81,030,397	\$74,484,214	\$(6,546,183)
SUPPLEMENTALS	-	\$7,301,264	\$6,983,946	\$(317,318)
RETURN TO STATES	14,000,000	14,800,000	15,145,429	345,429
Total Operating Expenses	\$84,943,000	\$103,131,661	\$96,613,589	\$(6,518,072)
Impact to RESERVES	\$(8,443,000)	\$(18,131,661)	\$(8,440,650)	\$9,691,011
RESERVES				
Impact to Reserves	(8,443,000)	\$(18,131,661)	(8,440,650)	9,691,011
Designated Reserves	18,000,000	27,262,776	27,262,776	-
Undesignated Reserves	50,083,705	64,379,784	64,379,784	-
ENDING BALANCE	\$59,640,705	\$72,224,258	\$81,915,269	\$9,691,011

A. Designated Reserves Being Deployed for Strategic Industry Projects

NPB is strategically designating significant funds for future deployment to meet industry needs.

Released from Designation and Deployed in 2023

Swine Health Information Center (SHIC) – \$2,500,000

Soil Health – \$1,062,224

Real Pork Trust and Image – \$895,000

Human Nutrition – \$6,750,000

B. Designated as of Dec. 31, 2023 for Future Deployment

SHIC – \$7,500,000

Checkoff funds will support the Swine Health Information Center (SHIC) for six years based on a series of milestones starting Dec. 31, 2021, for a total commitment of \$15M.

Real Pork Trust and Image – \$10,000,000

The five-year initiative will use third-party communication and specialized research to enhance the industry's freedom to operate, address barriers around the topics environment and public health, and address misinformation widely circulated among influencers and decision makers.

Soil Health Research – \$437,776

A five-year, multi-state study will measure health and structure changes in soil after manure application. The metrics include quantification of soil erosion, organic matter and water holding capacity.

Human Nutrition – \$8,500,000

Changing beliefs is accomplished through three long-term pillars: science, the story and endorsements. NPB is grounded in research and facts about the good news of pork. This translates to the story and how NPB, and the industry, can connect with people to share values and beliefs of a nutritious product surrounded by friends, family and laughter. The endorsement develops community around the product. NPB protects pork's place on the plate by meeting with health professionals, understanding their beliefs and arming third-party advocates with data.

Producer Communications – \$825,000

NPB works to build trust in and add value to the pork industry on behalf of nationwide pig farmers. These funds will be used to strategically distribute information about results of the producer-developed industry priorities.

C. Working Capital, Designated Funds and Reserves

Working capital: Measure of an organization's liquidity and short-term financial health. Working capital is the net amount between current liquid assets and current short-term liabilities. It is the funds readily available to pay liabilities and continue operating without divesting long-term, capitalized assets.

Reserves ensure NPB can adequately respond to industry needs as they arise. NPB maintains reserves in accordance with the Board policy to be able to execute on new or emerging strategic priorities or respond to an industry crisis, such as the 2020 COVID-related supply chain issues or a potential foreign animal disease (FAD) outbreak, such as African swine fever. NPB classifies its reserves as Designated or Undesignated.

Designated Reserves: Funds approved by the board for a specific future purpose or project aligning with industry priorities.

Designating funds prioritizes projects but does not create a financial obligation at that time. When taking action to release funds from designation, the board decides whether to budget the funds for use or simply release back into undesignated reserves for other potential use.

Undesignated Reserves: The balance of reserves not set aside for a specific purpose. These funds may be approved to address future emerging needs and priorities.

The board has set two reserve minimums: 1) an emergency reserve of three months of operating expenses required unless a crisis is in place, and 2) an opportunity reserve of three additional months of operating expenses that can be used in the event of an opportunity not previously budgeted to support the pork industry.

Working Capital balance as of Dec. 31, 2023	\$53,634,732
Real Pork Trust and Image	(\$10,000,000)
Human Nutrition	(\$8,500,000)
SHIC	(\$7,500,000)
Producer Communications	(\$825,000)
Soil Health Research	(\$437,776)
Designated Reserves Total	(\$27,262,776)

Working Capital Balance	\$53,634,732
Designated Reserves	\$27,262,776
Undesignated Working Capital	\$26,371,956

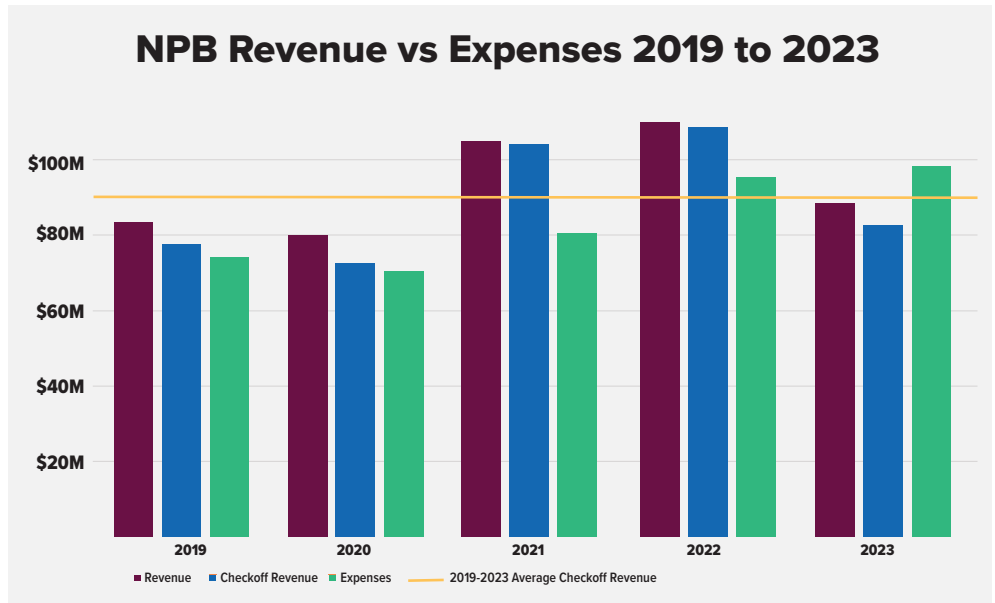
Adjusted Working Capital Reserve Calculations (Table WC.1):	
2023 NPB Current Assets	\$ 82.4M
Less: 2023 NPB Current Liabilities	\$ (28.8M)
2023 NPB Working Capital	\$ 53.6M
Less: 2024 Designated Reserves (as listed above)	\$ (27.3M)
Less: Emergency Reserve (as set by Board of Directors)	\$ (14.6M)
2023 Ending Working Capital above Reserve Target	\$ 11.8M

Explanation for Table WC.1:

NPB's Undesignated Working Capital balance of \$26.4M is \$11.8M above the emergency reserve target of \$14.6M, as set by the Board. NPB is strategically deploying available resources above the emergency reserve floor to continue to add value for, and build trust in, the U.S. pork industry.

D. Addressing Industry Needs with NPB's Reserves

The average Checkoff revenue from 2019 to 2023 was \$89.3M, illustrated by the solid line in the graphic. NPB's reserves ensure funds are readily available to deploy in the uncertainty of a crisis, like a foreign animal disease outbreak and its impact on the U.S. pork industry. Specifically, NPB utilized reserves from historic revenue in 2021 and 2022 for market growth strategies in 2023.



III. Programming Resource Availability

NPB programming is funded from Pork Checkoff assessments, the sale of live pigs at a current rate of 35 cents per \$100 value. Two variables affect annual Checkoff revenue — total weight of the national live hog marketing (which is a function of total pigs marketed throughout the year and average live weights) and the market price. Pork Checkoff revenue is not guaranteed but variable and a reflection of the market. Accurate forecasting analyzes pig numbers, average weights and market prices to ensure programming costs align with available funds.

A. Checkoff Assessment and Investment Revenue

NPB's staff and Board utilize the USDA Hogs and Pigs Reports, industry relationships and economic statistics to analyze and forecast production and revenue. The 2024 industry forecast used for budgeting suggests 124.3 million hogs (from 121.4 million in 2023) will be marketed at a carcass weight average of 216 pounds. Market prices are expected to range from \$82.00 to \$85.00 per cwt. Total national and import Checkoff assessments are forecasted from \$85.0M to \$88.7M in 2024. NPB is budgeting below the forecast analysis in anticipation of additional budget requests throughout the year. The Board conservatively adopted \$73.0M in budgeted Checkoff assessment revenue, \$69.0M domestically and \$4.0M from imports, and an additional \$2.0M in short-term investment revenue.

B. Utilization of Reserves

\$19.2M of reserves is budgeted to be deployed in 2024 to maintain budget stability while meeting industry needs and priorities.

C. Funds Availability

The total funds availability for the 2024 budget is \$94.2M. NPB and the Board monitor revenue forecasts throughout the year and may amend the budget as appropriate to deploy funds to support the industry through the next on process.

D. Budget Process and Inputs

The 2024 Budget and Operating Plan is aligned with the strategic vision and the input received from producers during the annual planning cycle. The annual producer planning and prioritization process is based on active input and direction from the following segments:

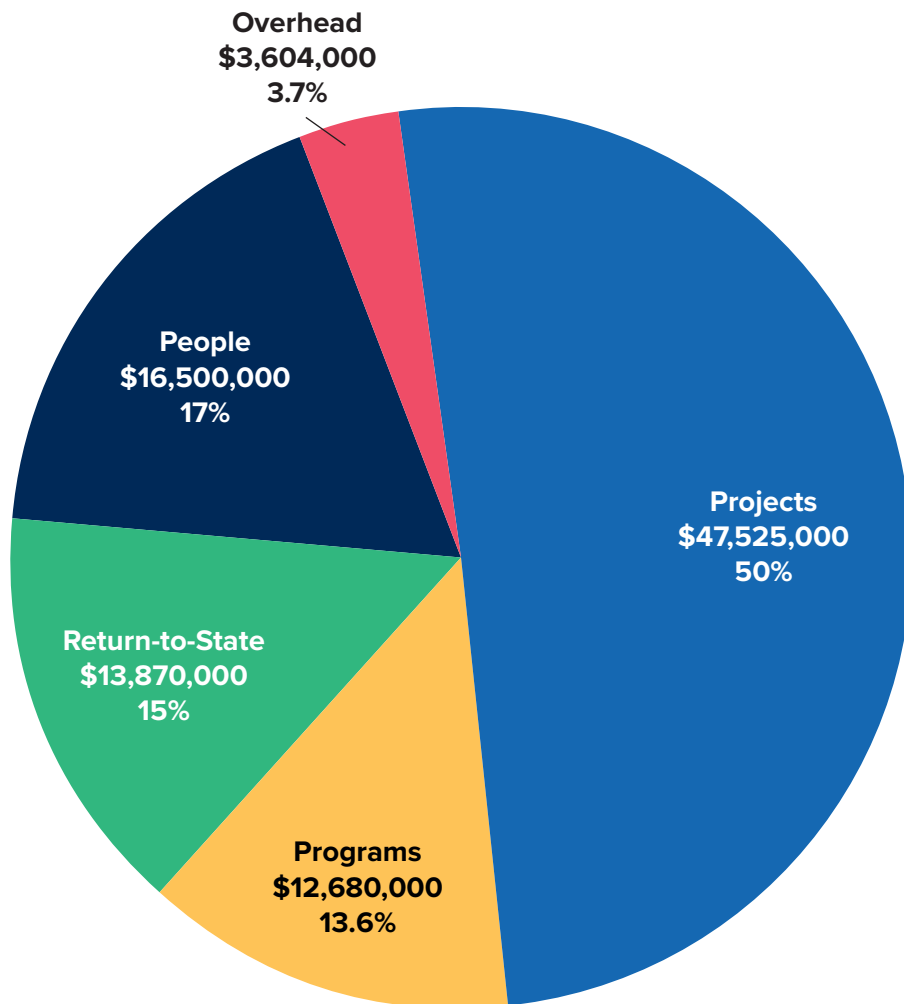
Independent Producers	Contract Growers	Land-Grant Universities
Integrated Producer-Packers	Niche and Specialty Producers	Ag Economists
Producers with Packer Commitments	Show Pig Producers and Youth	Food Service
State Pork Associations	Processors	Retail Grocery
NPB Board of Directors	Allied Industry	

IV. Budget Overview

2024 Budget Report

	2024 Budget
Checkoff Revenue	\$73,000,000
Other Income	\$2,000,000
Total Revenue	\$75,000,000
National Spending	\$80,309,000
Supplemental Spending	\$-
Return-to-State	\$13,870,000
Total Expenses	\$94,179,000

2024 Overall Proposed Spending



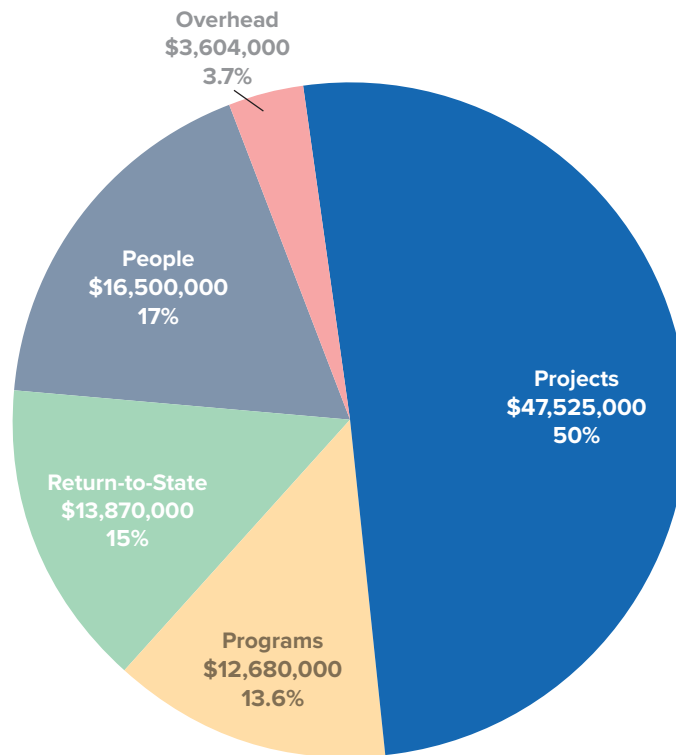
V. NATIONAL PROJECTS AND PROGRAMS

Building on current year success, NPB is strategically investing value-adding initiatives to address the priorities and needs of producers and state pork associations in 2024. The Board continues to budget conservatively and focus producer dollars on high-priority areas recommended by the industry through the annual planning cycle.

Projects – Objective-based items determined and prioritized through the annual planning process to support the industry, commonly single-year focused, such as specifically supporting FAD preparedness, sustainability metrics or market development.

Programs – Recurring items helping support the industry, such as PQA (Pork Quality Assurance®) Plus/TQA (Transport Quality Assurance®), state supplemental support, national meetings and task forces.

Project Spending



A. Projects

Based on the Board’s adopted strategy and the input and direction of producer and industry leaders, Checkoff dollars are applied to projects and objectives based on priorities, as well as ensuring a positive return on investment of producers’ dollars.

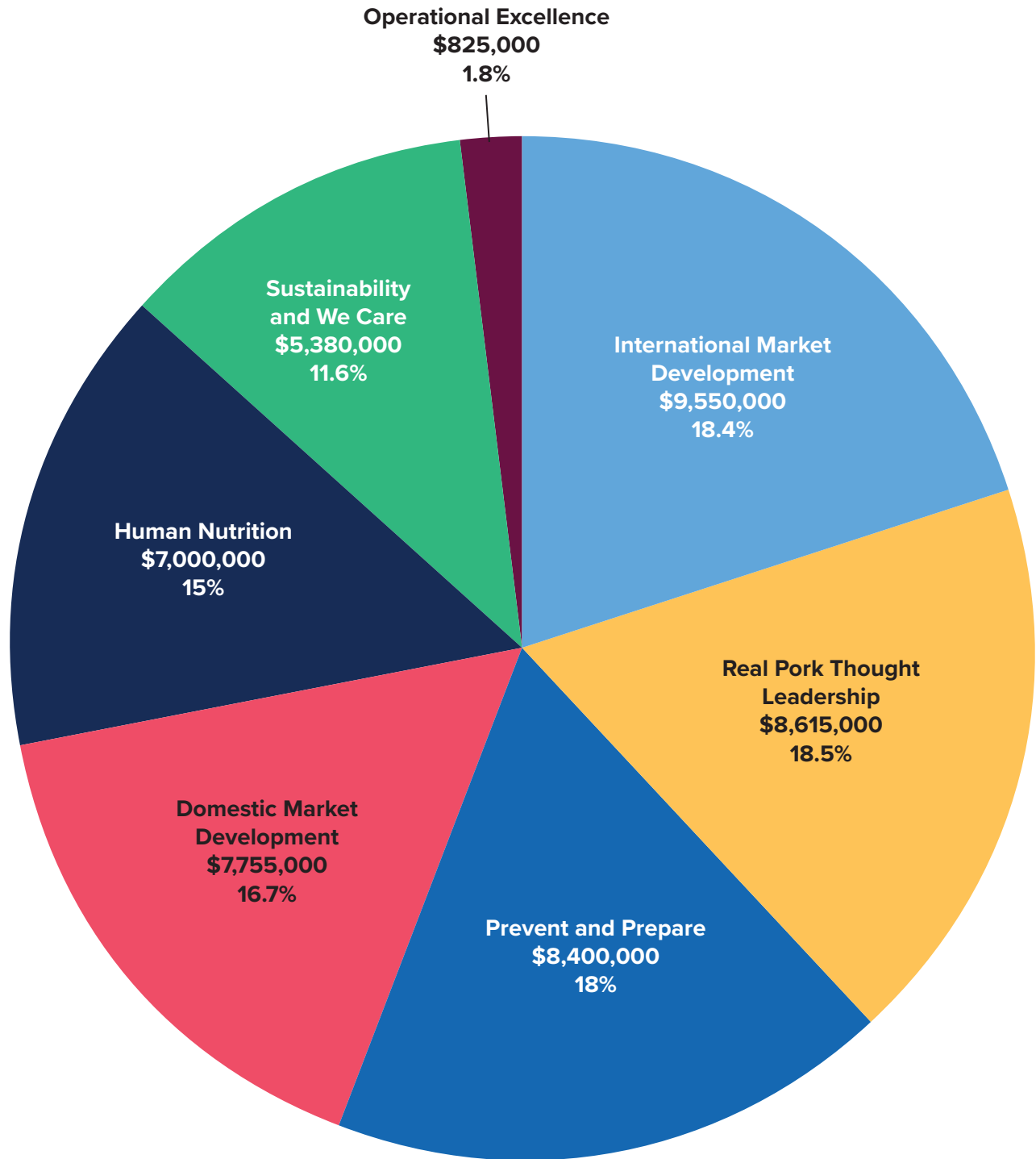
\$47.5M is allocated to a comprehensive set of projects within seven objectives, the scope and value of which are outlined below.

Every project budgeted over 200K has specific, measurable and relevant ROI metrics that will be reported on throughout the year and at project completion. The

evaluation of a project’s ROI helps determine future investment levels and demonstrates value of producers’ Checkoff assessments.

Throughout the year, opportunities to fund additional projects may present themselves. NPB utilizes a Next On process to evaluate such opportunities. Management maintains a list of prospective projects to be proposed to the Board for budget consideration should the need or opportunity arise. Next On proposals are not part of the adopted budget and must follow policy for approval of a budget revision.

2024 Project Spending by Objectives



2024 PRIORITY SCOPE OF WORK AND BUSINESS VALUE

18.5%

Real Pork Thought Leadership
\$8,615,000

- Gene Editing
- We Care — At Risk Consumer and Industry Engagement
- Real Pork Scholars - 2024 Cohort
- ProteinPACT (People, Animals, Climate of Tomorrow)
- Overcoming Barriers to Consumption
- Thought Leadership and Reputation Management
- Real Pork Trust and Image Thought Leadership

1.8%

Operational Excellence
\$825,000

- LMS to Salesforce
- Sponsorships & Memberships
- Risk Management
- Dues & Subscriptions

18%

FAD/ASF
\$8,400,000

- Swine Health Information Center (SHIC)
- On-Farm Preparedness
- Swine Health & Production Research
- Convene & Gather Industry Input on Endemic Disease Control Options
- U.S. Swine Health Improvement Plan (U.S. SHIP)
- AgView Maintenance and Development
- Support for FAD Preparedness Exercises

15%

Human Nutrition
\$7,000,000

- The Science
- The Endorsement
- The Story

18.4%

International Market Development
\$9,550,000

- IMD Communications Initiatives
- USMEF
- International Marketing – Sustainability
- International Market Producer Activation
- American Pork Export Trading Company (APEX)
- Acquire Economic Analysis and Market Insights

16.7%

Domestic Market Development
\$7,755,000

- Consumer Segmentation
- Research and Data Insight Patterns
- Food Chain Outreach and Engagement
- Multicultural
- Loin Complex Taskforce

11.6%

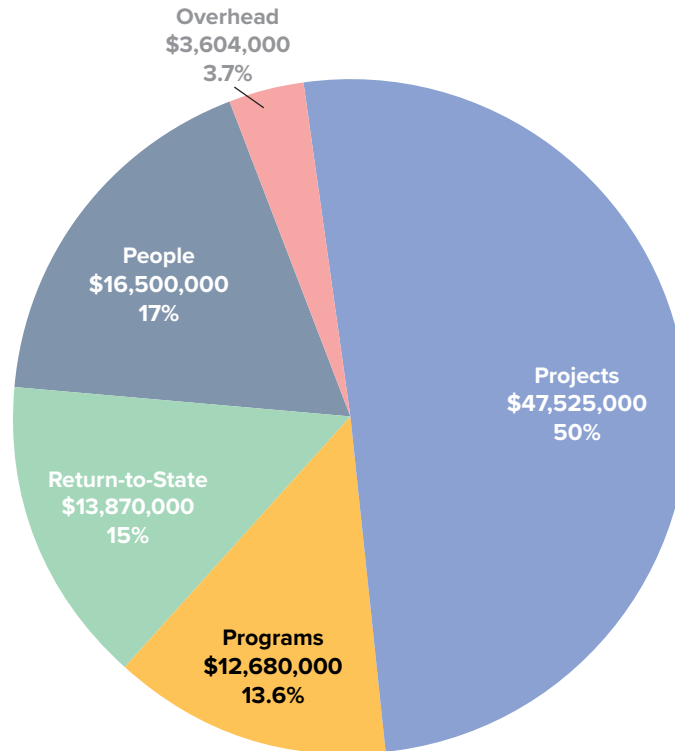
**Sustainability/
We Care**
\$5,380,000

- Sustainability Production and We Care
- Promoting Public Health and Worker Wellbeing
- Animal Welfare Research and Support
- Climate Smart Commodity Grants - 2024
- NAMI Foundation Research Partnership
- Grant Communications
- Sustainable Environmental Consultants Support for Sustainability
- Environmental Support for the Swine Industry
- Environmental Industry Initiatives

B. Programs

The budget for 2024 Programs is \$12.7M which is allocated across key program areas that support the industry

Program Spending



State Supplemental Support: Funds available to state pork associations through applications to support local programs and operations.

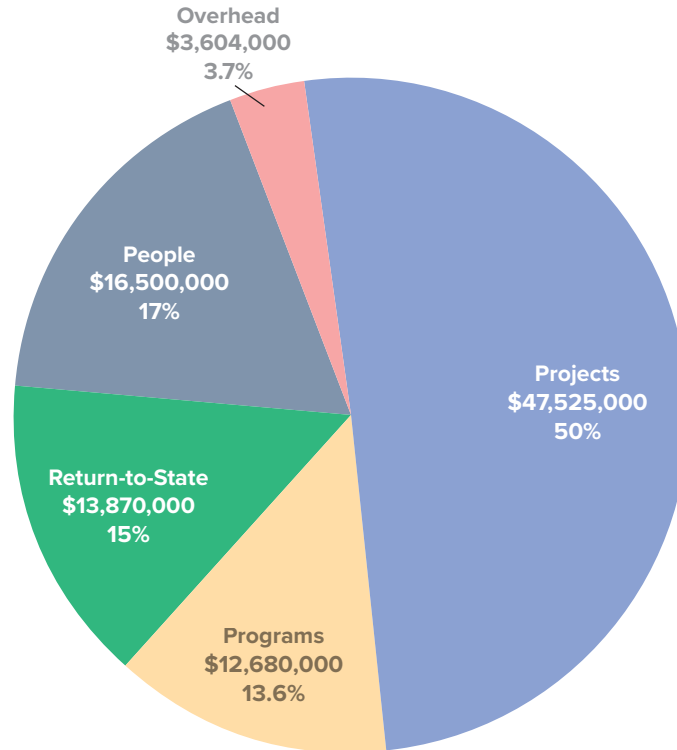
PASLWOCO (Pigs Across State Lines Without a Change in Ownership): Program funds available for those state pork associations determined to have lost return-to-state funding because of pigs being moved across state lines for finishing without change of ownership or assessments collected.

PQA (Pork Quality Assurance®) Plus/TQA (Transport Quality Assurance®): Programs designed to ensure producers, handlers and transporters are certified in leading practices in the pork industry.

Operations: Costs of organization operation include supporting the annual Pork Act Delegate meeting, board of directors meetings, task forces, state administrative support, intellectual property, economic and market forecasting, leadership development, anticipatory issues management, IT, finance, audit, risk management, meeting and travel coordination and human resources.

VI. RETURN-TO-STATE

Return-to-State Spending



A. Allocation, Distribution and Use of Return-to-State

Annually, the Pork Act Delegate Body approves the formula to determine each state's allocation of collected assessments, ranging from 16.5% for large production states to 39% for smaller production states, based on the number of pigs marketed.

A percentage of the national Checkoff assessment collections from each state are returned each month to the respective state pork association to support local Checkoff programming. Each state pork association shall use its Return-to-State (RTS) funds for promotion, research and consumer information programs in accordance with the Pork Act. On average, approximately 19% of the national assessments are returned to state pork associations.

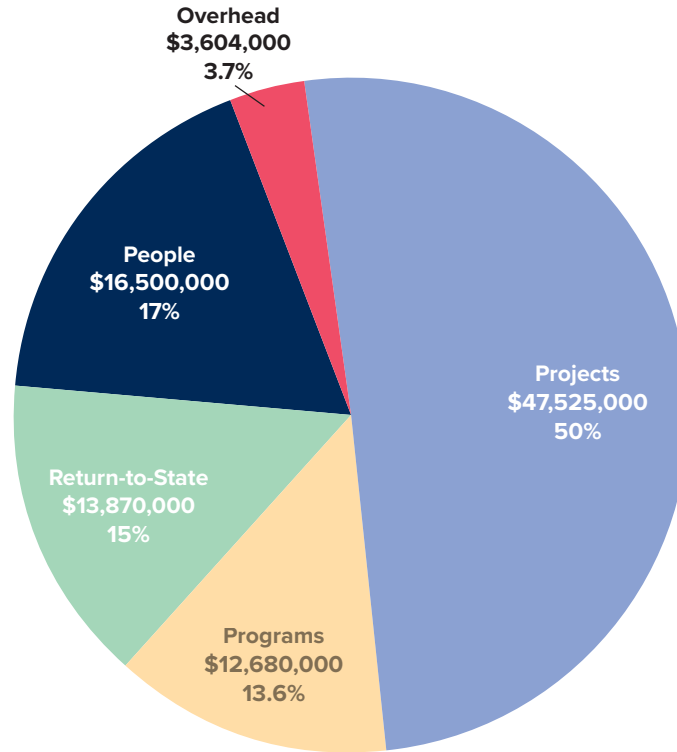
This disbursement of funds is an established function of the Pork Act and driven by

production, markets and official action of the Delegate Body. As National Checkoff Assessment revenue increases/decreases, so does the distribution of the portion of that revenue returned to state pork associations. For 2024, the Return-to-State allocation funding is budgeted at \$13.9M, which is 19% of \$73M in Checkoff assessments.

Each month, RTS funding is sent to the respective state based on processing on the previous month's volume. Thus as additional Checkoff dollars are received above the budgeted amount, they are sent directly to the respective state based on their allocated percentage each month. This enables the states to adjust their budgets as it is received.

VII. SUPPORT COSTS

People and Overhead



A. Support Costs

Support costs are not direct programs or projects but are necessary functions of NPB to execute those programs and projects, as well as maintain operations. People and Overhead costs are budgeted for \$16.5M and \$3.60M, respectively.

People – People costs include salaries, taxes and benefits.

Overhead – Overhead consists of expenses such as office rent, utilities, insurance, building equipment, grounds maintenance and telecommunications.



NOTES

A series of horizontal dashed blue lines spanning the width of the page, intended for writing notes.

