

IDAHO POTATO PULSE



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At the recently concluded Potato School in Pocatello, Cheryl Koompin and Shane Webster, Idaho's two representatives on the Executive Committee of the US Potato Board, announced that the Board would be considering increasing its assessment on potatoes by .5¢ per hundredweight. The USPB assessment would therefore increase from 2.5¢ to 3¢/hundredweight. In the past, some growers have said they were not made aware of past increases and didn't have the opportunity to express their opinion before the increase was approved.

In an effort to encourage larger awareness of this proposal prior to the USPB's Annual Meeting March 10-13, 2009, this issue of the *Idaho Potato Pulse* lists below the Idaho members of the USPB who will be making this decision, along with an explanation of why the USPB is seeking this increase. This material was prepared by the USPB specifically for the *Pulse*. It is not appropriate for the Idaho Potato Commission to take a position on this matter, so distribution of this material should not be construed as such. What is important is for growers to know what is being proposed so as to be able to express their views on this topic.



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Sustaining Return on Grower Investment Marketing remains key to programs successes

Over the years, United States Potato Board (USPB) presentations and program updates have communicated one clear message: The USPB is committed to delivering on the promise of "Maximizing Return on Grower Investment".

You are aware of increasing production costs in your own operations. Unfortunately, USPB global marketing work is not immune to those same rising costs. The real impact is felt in the eroded purchasing power of a weak dollar. While the weak dollar has clearly driven export success, in concert with our International Marketing programs, on the flipside, it makes conducting business overseas more expensive.

The 2008-2009 USPB Executive Committee unanimously proposes increasing the assessment rate by 1/2 cent in order to maintain value in all USPB programs. This decision was arrived at after deliberate and extensive discussions. As growers, we too, face increased production costs, but we firmly believe maintaining market strength is imperative to continuing long-term success of the US potato industry. The 1/2 cent increase, on average, is estimated to increase the grower's USPB investment by \$2.00 per acre.

This proposal originated from grassroots grower discussions where there was clear understanding established about the results produced by USPB Marketing Programs. Much of the success of the industry is attributed to the USPB working effectively with the National Potato Council, United Potato Growers of America and all state organizations. It is this effective synergy that will continue to produce long-term gains for all growers.

Each industry segment benefits from the results produced by USPB programs, and these programs cost money to maintain, even at a constant level. In many cases, initial outlays have been made, but continuing successful results are dependent on continued funding. To withdraw or reduce funding of these programs now, the USPB and US industry would lose the initial investment on these programs, as well as any momentum already achieved.

Another challenge in maintaining USPB programs is acreage decreases, a direct result of successful "right sizing" of supply with short-term demand, as well as competition from other crops and overall higher program expenses.

As an Executive Committee, we first looked at cutting USPB expenses. We have already consolidated or restructured programs to make them less costly, more efficient and productive. Now, without an increase, the USPB will have to cut investment in vital programs in future years. Cutbacks in these programs will affect each industry segment and reduce the ROI and demand building results each segment presently enjoys. Prioritizing which programs, in which industry segments, to curtail would be an insurmountable challenge, likely to leave many, if not all, industry members with less of a return on their investment.

With just a 1/2 cent increase, the USPB estimates \$1 million in additional funding for the FY 2010 budget. This revenue would correct the projected shortfall and sustaining program investments to maintain current success levels.

A very large positive with regard to USPB International Programs, the USPB obtains about \$2 of Foreign Agricultural Service (FAS) funding for foreign market development with each \$1 in USPB funding invested in International programs. Compared with other commodity programs, the USPB's FAS allocation has increased every year for the last 10 years. Please note, foreign market development helps the entire potato industry by increasing demand, even for those who do not directly export potatoes.

The Executive Committee's goal is to ensure this "Grower Leadership Initiative" receives adequate discussion by growers in all states this winter, leading up to the USPB Annual Meeting in March where it will be brought to a final vote. If approved, the soonest the increase could take effect would be January 2010. We ask you please give this careful consideration. Please contact myself or any USPB Executive Committee Member to share your thoughts, ideas or concerns. We welcome your input.

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