



# National Organic Coalition

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for the

National Organic Coalition

submitted to the

Subcommittee on Horticulture and Organic Programs  
House Committee on Agriculture

for the hearing to

Review Specialty Crop and Organic Agriculture Program  
in Advance of the 2012 Farm Bill

July 21, 2010

Chairman Cardoza, Ranking Member Schmidt, Members of the Subcommittee:

Thank you for holding this hearing to start the Subcommittee's conversation regarding the 2012 Farm Bill by reviewing the effectiveness of the specialty crop and organic agriculture programs of the 2008 Farm Bill.

Thank you also for this opportunity to submit testimony on behalf of National Organic Coalition. (NOC), a national alliance of organizations working to provide a "Washington voice" for farmers, ranchers, environmentalists, consumers and progressive industry members involved in organic agriculture.

The 2008 Farm Bill made significant strides in the area of organic agriculture, both in terms of commitment of resources as well increasing USDA's focus on issues of concern to organic farmers, consumers, and handlers.

Many of the organic programs and policies included in the 2008 Farm Bill have been very successful, while others have failed to meet their intended goals, and still others have not been

implemented at all. I would like to talk briefly about the lessons of the 2008 Farm Bill with regard to organic agriculture, in hopes that these lessons will help Congress and the organic community continue to work together effectively during the 2012 Farm Bill process to make necessary changes and address new opportunities.

## **Organic Success Stories from the 2008 Farm Bill**

### ***Organic Research and Extension Initiative (OREI)***

In keeping with the rapid rate of growth in the economic importance of organic agriculture, the 2008 Farm Bill provided significant increases in mandatory funding for the USDA's flagship organic research program (OREI), relative to the funding levels provided by under 2002 Farm Bill. Specifically, the 2008 Farm Bill provided \$18 million in mandatory funding for OREI in fiscal year 2009 and \$20 million in each of fiscal years 2010 through 2012.

Not only has the increase in resources devoted to organic research been important, but the specific research funding has been meaningful and well targeted. Because increased infusion of funding for OREI is brand new, it is premature to do a full critique of the research priorities and results. But preliminary analyses of this funding process have been favorable, and the program has shown the ability to address critical needs of organic farmers and to highlight the important role of organic agriculture in addressing some of society's most vexing issues.

While the funding levels for OREI were indeed increased during the last Farm Bill cycle in an effort to respond to the meteoric growth in organic agriculture in the U.S., the share of organic agriculture research relative to its importance and economic relevance in the marketplace is still woefully inadequate.

Therefore, even during times of limited budgets, we strongly advocate for further increases in mandatory funding for OREI in the 2102 Farm Bill.

### ***National Organic Certification Cost Share Program (NOCCSP)***

In acknowledgement of the continued growth in the number of certified organic farmers and handlers in the nation, as well as the increasing costs of organic certification, the 2008 Farm bill provided \$22 million in mandatory funds for the NOCCSP in fiscal year 2008, to be used throughout the 5-year life of the Farm Bill. The 2008 Farm Bill also increased the maximum annual payment per operation from \$500 to \$750, and retained the maximum 75% reimbursement rate.

For certified organic producers in 16 States that are part of the Agricultural Management Assistance (AMA) Program, the 2008 Farm Bill provided \$7.5 million over 5 years (\$1.5 million annually) in mandatory funds for organic certification cost share assistance. Because the AMA cost share program funding is only available for producers, organic handlers in those 16 AMA

states must access cost share assistance through the NOCCSP, since both producers and handlers are eligible for that program.

The May 2010 report to Congress from USDA's National Organic Program details the growth in participation in the certification cost share assistance programs.

(<http://www.ams.usda.gov/AMSV1.0/getfile?dDocName=STELPRDC5084541&acct=nopgeninfo>)

In recognition of previous difficulties in record-keeping, and as a response to encouragement in the 2008 Farm Bill, USDA has increased its reporting requirements for states, and has provided more information on the use of this program to Congress. This has allowed the identification of problem areas (e.g., states that are financially unable to administer the program), and increased development of solutions to maintain full participation. For instance, Michigan state budget was unable to afford the administration of NOCCS, but the Department worked with the State and a small NGO, Michigan Organic Food and Farm Alliance (MOFFA), so that MOFFA will administer the program for the state.

As we move into even more uncertain budgetary times for states and the federal government, this type of collaboration, lead by USDA's National Organic Program, will be crucial to achieving the goals of the two certification cost share assistance programs.

Current trends suggest a continuation in the growth in the number of certified entities throughout the country. In addition, we also note that certification costs are also likely to grow, especially if USDA moves forward on its stated plans to require certifiers to start pesticide residue testing, the costs of which will likely be passed along through certification fees. These two trends, total growth in number of certified operations, and increase in certification costs, will result in increased demands for the program and require an allocation of additional mandatory funding in the next Farm Bill cycle in order to keep pace with demand.

The diversity of scale of organic producers and handlers in the nation is one of the industry's strengths. However, high certification costs can be an impediment to some small-and-medium scale organic operations. Therefore, certification cost share assistance is particularly critical for these operations, and an important part of the strategy of maintaining a diverse and vibrant organic sector.

### ***Organic Data Collection and Analysis***

The 2008 Farm Bill included \$5 million in mandatory funding to continue to expand USDA's capacity for the collection and analysis of segregated data related to organic production and marketing, to be divided between AMS, ERS, and NASS. This funding has produced some critical resources for the organic industry, most notably the first-ever full scale survey of organic farmers, as published by NASS in February of 2010. The results of this survey have been a very helpful tool in analyzing trends in the organic sector, including the effectiveness of federal and state organic programs. .

As part of the 2012 Farm Bill process, we urge the Subcommittee to support further infusion of funds for organic data collection.

## **Organic Programs from the 2008 Farm Bill That Need Perfecting**

### ***EQIP Organic Initiative***

Section 2503 of the 2008 Farm Bill included a provision authorizing payments through the Environmental Quality Incentive Program (EQIP) for conservation practices related to organic production and the transition to organic production.

With the strong support of the organic community, USDA implemented this provision by creating the Organic Initiative with the EQIP program, providing \$50 million in each of fiscal years 2009 and 2010.

We strongly support the Organic Initiative and urge its continuation. In addition, we believe that the lessons learned to date from the implementation of this program may be helpful in making it more effective and beneficial in the future. For example:

- 1) NRCS staff members need more training about organic production and systems. Producers visiting NRCS offices have consistently found that local NRCS staff members implementing the Organic Initiative do not understand the unique needs of organic farmers. Greater effort should be made to train NRCS officials about organic production.
- 2) There should be an explicit practice standard added for “transition to organic production,” because trying to facilitate transition to organic production using a methodology of funding specific conservation practices can be awkward and inefficient.
- 3) There should be consideration of adding a business or market planning aspect to the Organic Initiative, perhaps in collaboration with the Agricultural Marketing Service, to help farmers transitioning into organic production have a better understanding of economically viable organic crops and products for them to produce, where market demands are encouraging.

## **Organic-Related Programs from the 2008 Farm Bill That Have Not Been Implemented**

### ***Organic Crop Insurance Program***

Based on feedback from the organic community about the barriers to organic farmers within the federal crop insurance program, Section 12023 was added to the 2008 Farm Bill to require USDA to eliminate or reduce the 5 percent surcharge that organic producers must pay to participate in the federal crop insurance program. However, the elimination is contingent on the outcome of a study to determine if there are “significant, consistent, and systemic variations in loss history between organic and nonorganic crops.” As part of this study, USDA is required to consider the widest available range of data collected by the Secretary and other outside sources

of information, not just limited to loss history data under existing crop insurance policies. The analysis will be done on a crop-by-crop basis.

Section 12023 also requires USDA to begin the process of offering organic farmers a price election that reflects actual prices received by organic producers for crops from the field (including appropriate retail and wholesale prices), with the goal of starting to offer such policies beginning with the 2010 crop year, and a further goal to having the additional price election available for all organic crops within 5 years of enactment.

To date, USDA has neither eliminated the 5 percent surcharge nor offered additional price elections for organic crops.

A growing body of evidence is demonstrating that not only are organic production systems often as productive as their conventional counterparts, in many cases, organic systems are more flexible and more resilient in dealing with environmental stresses, such as climate change and its effects. Despite this body of research, the tendency within the federal crop insurance program is to view “risk” from a very narrow lens of loss history for farmers that have participated in the crop insurance program in the past. Of course, because organic crop insurance requires a 5 percent surcharge, it will necessarily attract only those producers with higher risk, for they are more like to be able to justify paying the additional charge. As a result, the loss history analysis becomes circular for organic, and not a helpful point of reference in judging total risk. This is precisely why section 12023 requires USDA to consider “the widest available range of data collected by the Secretary and other outside sources of information” and “not be limited to loss history under existing crop insurance policies” in making its analysis of organic production risk.

As part of the 2012 Farm Bill hearing process, we urge the Subcommittee to hold a hearing that would invite testimony to discuss the growing body of research demonstrating the productivity of organic systems, and particularly to review the benefits of organic systems in responding to environmental stress such as climate change.

### ***Classical/Conventional Plant and Animal Breeding within the Agriculture and Food Research Initiative (AFRI)***

The 2008 Farm Bill created a new, competitive research grant program as a combination of the old National Research Program (NRI) and the old Initiative for Future Agriculture and Food Systems (IFAFS) Program. The new combined program is called the Agriculture and Food Research Initiative (AFRI). One of the aspects of the AFRI program is the inclusion on new statutory priorities, including “conventional” plant and animal breeding, which is defined as “*including cultivar and breed development, selection theory, applied quantitative genetics, breeding for improved food quality, breeding for improved local adaptation to biotic stress and abiotic stress, and participatory breeding.*”

Despite the explicit statutory inclusion of conventional plant and animal breeding within the AFRI program priorities, the two Request for Application (RFA) announcements that have been made for AFRI since passage of the 2008 Farm Bill gave only lip service to attempting to

address the Congressional mandate for conventional breeding. The continued effort on the part of NIFA program staff to require the use of inappropriate genomic tools and frameworks to address the conventional breeding priorities of AFRI have stymied its implementation and nullified the intent.

The fact remains that our nation's capacity for classical plant and animal breeding is about to disappear. Because of the public nature of these activities, and the public benefits of the genetic diversity that these activities seek to promote, it is the public sector that must assure its viability.

We are encouraged by efforts within ARS in the last year to ramp up the classical breeding capacity of its ARS researchers. However, without reinvigorating the classical breeding capacity at our nation's land grant institutions, farmers will continue to be faced with an ever-narrowing diversity of seeds and animal breeds to address their changing production needs and to respond to changes in consumer taste as well as growing environmental stresses.

Because of their diversity of production, and their reliance on natural systems to meet their production needs and address pest problems, organic producers are very negatively affected by the lack of germplasm adapted to their local conditions. But the problem is not confined to organic production alone. Indeed, the lack of genetic diversity in agriculture is a global problem that is being largely ignored.

As part of the 2012 Farm Bill hearing process, we encourage the Subcommittee to hold a hearing to invite testimony on this critical problem, and to explore ways to address the issue more effectively and directly in the new Farm Bill.

### **In Closing**

We thank the Subcommittee for this opportunity to submit testimony to review implementation of the organic programs of the 2008 Farm Bill, and we urge the Subcommittee to hold another hearing to hear testimony from organic stakeholders about proposals for the 2012 Farm Bill.