



National Organic Coalition

Testimony of Steven Etko
Legislative Coordinator, National Organic Coalition

submitted to the

Committee on Agriculture, Nutrition and Forestry
United States Senate

for a

2012 Farm Bill Field Hearing
Lansing, Michigan

May 31, 2011

Chairwoman Stabenow, Ranking Member Roberts, Members of the Committee:

Thank you for this opportunity to submit this testimony on behalf of the member organizations of the National Organic Coalition.

The National Organic Coalition (NOC) is 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 coalition operates under the central principle that protecting the stringency and integrity of the national organic standards is necessary:

- To maintain the organic label's value to consumers;
- To realize the environmental benefits of the organic agricultural system;
- To provide and encourage diversity of participation and fair and equitable access to the organic marketplace; and
- To ensure the long-term economic viability of organic family farmers and businesses.

Further, the Coalition believes that organic agricultural policy must encourage continuous quality improvements, sound stewardship and humane practices.

The member organizations of NOC are:

- [Beyond Pesticides](#)
- [Center for Food Safety](#)
- [Equal Exchange](#)
- [Food & Water Watch](#)
- [Maine Organic Farmers and Gardeners Association](#)
- [Midwest Organic and Sustainable Education Services](#)
- [National Cooperative Grocers Association](#)
- [Northeast Organic Dairy Producers Alliance](#)
- [Northeast Organic Farming Association -Interstate Council](#)
- [Organic Seed Alliance](#)
- [Organically Grown Company](#)
- [Rural Advancement Foundation International -USA](#)
- [Union of Concerned Scientists](#)

The growth of the organic industry has been exponential since the enactment of the Organic Foods Production Act (OFPA) in 1990 and the finalization of the USDA organic standards in 2002. In 2010, the U.S. organic sector boasted \$29 billion in sales and continues to be the fastest-growing segment of the food industry, with an average growth of 18 percent during the period of 1997-2008. Even during the recession, organic experienced an impressive growth rate of 8 percent, far outpacing other sectors of the food industry. As our economy struggles to rebuild, organic agriculture is a bright spot that is clearly part of the solution.

In addition to the broad economic benefits, organic agriculture continues to be a positive option for farmers of all scales using farming methods that work in concert with nature, and for consumers looking for food produced using those methods. However, along with the rapid growth in organic production comes increased responsibilities and challenges that the organic community and federal government must confront if organic agriculture is to remain a viable and positive option for farmers and consumers. We have a responsibility to assure that organic standards remain strong and rigorous to meet consumer expectations, and we must resist efforts to dilute the standards in a short-sighted strategy to facilitate growth. If growth comes at the expense of the principles and integrity of organic standards, we will have taken a step backward. The members of the National Organic Coalition strongly oppose any efforts to amend the Organic Foods Production Act to in any way dilute or undermine the strict organic principles at the core of that statute.

On a related matter, it is critical that USDA's National Organic Program, the agency charged with promulgation and enforcement of USDA organic standards and the Organic Seal, receives adequate funding to keep pace with growth in the sector. In recent years, NOP has made great strides in improving enforcement of the organic standards, but

continued improvement is needed and will require greater staffing levels and increased funding for the agency.

Along with the rapid growth in the organic sector comes also a whole host of expanding challenges related to research, data collection, marketing and environmental conservation. In recognition of those challenges, the 2008 Farm Bill included landmark provisions to begin to addressing the growing needs of the sector. Yet many of the gains made in the last Farm Bill are in jeopardy because of federal budget constraints. Other needs were left unaddressed in the last Farm Bill, and still other challenges have arisen since the passage of the 2008 Farm Bill.

In all of those contexts, NOC is recommending the inclusion of the following provisions in 2012 Farm Bill:

1. Organic Certification Cost Share Reauthorization

For many organic producers and handlers, the annual cost of organic certification is burdensome. As USDA enforcement and oversight of the organic standards have increased in recent years to meet growing consumer expectations, the costs of certification have also increased.

The National Organic Certification Cost Share Program (NOCCSP) was created in 2002 to help defray some of the costs of certification, to help assure a diversity of scale of operations involved in organic production and handling, and to recognize the public benefits of organic agriculture relative to environmental stewardship.

The NOCCSP program received \$5 million in mandatory funding over 5 years in the 2002 Farm Bill and \$22 million in mandatory funding over 5 years in the 2008 Farm Bill, to keep pace with the growth in the number of organic producers and handlers.

In addition, the Agricultural Management Assistance (AMA) Act was reauthorized in the 2008 Farm Bill to provide \$1.5 million annually for organic certification cost share assistance for organic farmers in 16 states, indentified because of their status as being “underserved” by traditional risk management programs.

These two programs to help defray the costs of organic certification should be reauthorized and updated to reflect increased costs and funding needs. Specifically, we are requesting

- **Mandatory funding of \$30 million for the 5-year life of the Farm Bill**
- **Increase annual cost-share eligibility from \$750 to \$900 per operation, to reflect the rapid rate of increase in organic certification fees.**
- **Increase organic certification cost share under the AMA program from \$1.5 million per year to \$1.75 million per year.**

2. Conservation Security Program

The Conservation Security Program was initially authorized by the 2002 Farm Bill to provide on-going financial assistance to reward farmers for implementation of conservation practices on their farms. However, the program has been significantly curtailed by spending limitations imposed through the annual appropriations process. In addition, changes are needed to make it easier for organic producers to participate in the program, and to encourage farmer participation in on-farm plant and animal breeding activities.

- **Create easy “crosswalk” between organic certification and CSP, so that a producer’s certified organic farm plan can also provide eligibility for higher tiers of CSP benefits.**
- **Create new CSP cost-share practice standards for on-farm plant and animal breeding and seed-saving activities to encourage and support greater on-farm biodiversity, breeding, screening and varietal selection.**

3. EQIP Organic Initiative

Given the unique conservation benefits associated with organic production, and the unique constraints faced by organic farmers participating in USDA conservation programs, the Organic Initiative was created within the Environmental Quality Incentive Program (EQIP). The Organic Initiative was initiated by USDA in response to Section 2503 of the 2008 Farm Bill, which created an organic subset program within EQIP.

The EQIP Organic Initiative has proven to be beneficial in advancing conservation practices by both existing organic producers, as well as those seeking to convert acreage from conventional to organic systems. However, several impediments have discouraged participation and limited the potential success of the program. A few of these impediments that should be addressed in the 2012 Farm Bill include:

- **Cooperative Agreements to Provide Technical Assistance to NRCS staff and to Farmers Transitioning to Organic.**

Organic farmers seeking to participate in the EQIP Organic Initiative were often served by NRCS state and field office staff with little understanding of the details of the Organic Initiative specifically and even less understanding of organic agriculture in general. To address this concern, we recommend a provision in Conservation Title of the 2012 Farm Bill to authorize cooperative agreements between NRCS and qualified non-profit organizations with expertise in organic agriculture to provide local and regional training of NRCS staff regarding organic agriculture in general and the details of the Organic Initiative specifically. The provision should clarify that all regions of the country should be serviced by this program.

In addition, we also recommend the inclusion of a provision to authorize cooperative agreements between NRCS and qualified non-profit organizations with expertise in organic agriculture to provide technical assistance to farmers interested in transitioning

their farms to organic, with a requirement that all regions of the country be served by this program.

- **Payment Limits for the Organic Initiative should Mirror Those of the Overall EQIP Program**

Under the 2008 Farm Bill language that authorized the organic program within EQIP, a significantly lower payment limit of \$20,000 per year and \$80,000 over 6 years was established for the program, in comparison to the \$300,000 payment limit over 6 years used for the overall EQIP Program, with a \$450,000 limit in cases of “special environmental significance.” There is some evidence that this lower payment limit for the Organic Initiative has discouraged participation, and resulted in many organic farmers being diverted instead into the general EQIP pool. The 2012 Farm Bill should clarify that the same payment limit applies to the Organic Initiative as applies to the overall EQIP program. We would support a reduction in the overall EQIP payment limit in order to maximize scarce federal funds, but would ask that whatever limit Congress decides for the overall EQIP program should also apply to the Organic Initiative.

4. Institute for Seeds and Breeds for the 21st Century

In recent decades, public resources for classical plant and animal breeding have dwindled, while resources have shifted toward genomics and biotechnology, with a focus on a limited set of major crops and breeds. This shift has significantly curtailed the public access to plant and animal germplasm, and limited the diversity of seed variety and animal breed development. This problem is particularly acute for organic and sustainable farmers, who seek access to germplasm well suited to their unique cropping systems and their local environment. Without renewed funding in this arena, the public capacity for plant and animal breeding will disappear.

In the 2008 Farm Bill, language was included in Agriculture and Food Research Initiative (AFRI) section of the Research title to require “conventional plant and animal breeding” to be a priority within that larger USDA competitive research grant program. While USDA has acknowledged the need to foster more conventional plant and animal breeding, and has taken small steps to address those concerns within the AFRI program, barriers have remained that have greatly limited the ability of that program to address these needs.

Because the state of public sector plant and animal breeding is at such a critical juncture, it is necessary to create an Institute as a wholly distinct sub-agency within USDA’s National Institute for Food and Agriculture (NIFA) to address this urgent need.

The Institute for Seeds and Breeds for the 21st Century will have a singular focus on the utilization of classical breeding methodologies to deliver public cultivars and breeds to meet regionally adapted climate change needs, address abiotic stress, nutritional improvements and expanding consumer and farmer demands. The Institute’s Administrator will report directly to the Under Secretary for Research, Education, and Economics.

The Institute will coordinate NIFA public breeding competitive grant resources, and will also coordinate closely with the Agricultural Research Service (ARS) germplasm collection preservation and screening activities as well as ARS public breeding resources to ensure a coordinated USDA framework to fulfill this mandate. Such coordination will also include implementation of recommendations from the USDA's National Genetic Resources Advisory Council (NGRAC).

Grants would be for 5-year periods with renewals for up to an additional 5 years, to address the long-term nature of classical breeding techniques. Priority for awarding competitive grants will be placed on:

- **Multi-disciplinary breeding teams composed of public and/or private breeders, ARS, farmers and NGO's,**
- **Those which create or reinvigorate Farmer-Breeder programs, including the targeting of resources and programmatic oversight for on-farm participatory breeding, germplasm screening and evaluation to create improved access to current germplasm collections for screening and grow-out by trained farmers.**
- **Harnessing and coordinating competitive grants available to public and private universities, NGO, and farmer associations, with a focus on ensuring rapid availability of locally and regionally adapted public cultivar options and animal breeds for farmers of each region of the country.**

Sufficient mandatory funding should be dedicated to the Institute to provide the necessary resources to reinvigorate public sector, classical plant and animal breeding capacity.

5. Organic Research

USDA research programs have not kept pace with the growth of organic agriculture in the marketplace. Although organic currently represents nearly 4 percent of total U.S. food retail market, the share of USDA research targeted to organic agriculture and marketing only represents about 2.6 percent annually (approximately \$53 million in fiscal year 2010).

In order to adequately meet the public research and data needs of the rapidly growing organic sector, the 2012 Farm Bill should reauthorize valuable organic research programs at higher funding levels, and make sure that existing USDA research and data collection efforts are expanded to include organic-specific activities.

- **Increase mandatory funding for the existing Organic Research and Extension Initiative (OREI) within the National Institute for Food and Agriculture (NIFA) budget. Additional research priorities should be added to OREI for "rural development" and "food safety," to provide more research into the benefits of organic production and marketing systems in these two areas.**
- **Require ARS to dedicate funding to organic research at levels commensurate with organic's retail market share;**
- **Enhance funding for the Organic Production and Marketing Data Initiative (also known as the "Organic Data Initiative" or ODI), created by the 2002 Farm Bill, to**

require USDA data collection agencies to collect and publish segregated organic data. In the 2008 Farm Bill, \$5 million in mandatory funding was provided in aggregate for AMS, ERS and NASS to collect and publish such data. Additional mandatory funds for ODI should be included in the 2012 Farm Bill to meet the needs of organic producers, processors and consumers.

- **Create an Institute for Seeds and Breeds for the 21st Century within NIFA, with annual mandatory funding, to address the critical need for public sector plant and animal breeding. (See Section #4 for more details about the Institute)**

6. Crop Insurance Equity

Currently organic producers are required to pay a 5 percent surcharge on their crop insurance rates. In addition, organic producers are often reimbursed for losses based on conventional prices, without recognition of the higher market value of their organic products. The 2008 Farm Bill required USDA to eliminate these two policy inequities that discourage participation by organic farmers, following a formal analysis of whether there is a “significant, consistent, and systemic variations in loss history between organic and nonorganic crops.” The study contracted by USDA’s Risk Management Agency (RMA) did not find such a variation in loss history. RMA has started to eliminate the 5 percent surcharge and provide organic price elections on crop-by-crop basis, but the pace of removal of these inequities by USDA is slow. Provisions should be added to the 2012 Farm Bill to require USDA to fully complete the task of removing risk management barriers to organic farmers.

In addition, many organic farms are diversified operations with multiple crops. Such diversity not only helps manage risk by spreading risk over more crops, but it also promotes biodiversity and soil health and sustainability. Whole farm insurance programs such as the Adjusted Gross Revenue (AGR) and AGR-Lite programs should be restructured and streamlined to make them more viable for diversified organic farming operations.

7. GMO Liability

USDA’s organic regulations only prohibit the *intentional use* of any genetically engineered technology in growing, handling or processing an organic crop or product. However, shipments of organic products may be rejected should any genetically engineered material be detected. This has resulted in financial losses because of product becoming “contaminated” by wind-drifted pollen and other avenues that are not under the producers’ control, with farmers and processors increasingly bearing the cost of expensive testing, detection, and mitigation.

Recent USDA approvals of unrestricted planting of new GE crops (GE alfalfa, sugar beets and an ethanol corn variety) have compounded the problem. Secretary Vilsack has publicly acknowledged that contamination of organic and non-GMO conventional crops as a result of the planting of GE crops is valid concern, and has announced his intention to establish several panels and institute a number of mechanisms to explore ways to prevent GE contamination of organic and non-GE conventional crops. In the meantime,

farmers suffering contamination are still bearing the economic and environmental costs of contamination and potential loss of markets, without recourse.

- **A liability regime must be established so that farmers suffering economic and other losses from contamination with genetically engineered material can recoup their losses from the manufacturers of genetically engineered seeds.**

8. Competitive Markets in Organic

For years, organic farming has been a bright spot of opportunity for family farmers seeking a fair price for their products. However, as organic food processing firms and retail chains consolidate and dominate markets, farmers' leverage to negotiate fair prices and fair contract terms is in jeopardy. The Agricultural Fair Practices Act was enacted in 1967 to prohibit processors and handlers from retaliating against producers who join producer cooperatives or associations in an effort to gain more market power. Yet loopholes in the law have made it difficult for USDA to enforce the statute, and changes are needed to make it a more effective bargaining statute:

- **Amend the Agricultural Fair Practices Act to close loopholes which have made it difficult to enforce, and add provisions to require processors to bargain in good faith with associations of producers, including organic producer associations, instead of leaving producers to negotiate price and contract terms unilaterally with large corporate buyers.**

Thank you for this opportunity to submit testimony about the priorities of the National Organic Coalition for the 2012 Farm Bill.