



ORGANIC FARMING RESEARCH FOUNDATION

FARM BILL UPDATE

September 24, 2007

Ramping Up Support for Organics in the Senate

The 2007 Farm Bill could be a major boost for organic agriculture, but only if the Senate stands by organic farmers and consumers.

The Farm Bill passed the House of Representatives in July and will be taken up by the Senate very soon . The House included several new programs and increased support for organic agriculture. These gains include a program that helps conventional farmers transition to organic farming, increased funding for organic agriculture research, and provisions that integrate organic farming practices into Farm Bill Conservation Programs.

So far, this year's bill represents a marked increase for organic farmers from the 2002 Farm Bill, but there are still considerable gaps in funding for programs that are important for the future of organic farming (read below for details). The Senate Farm Bill must at least match the House version, and should go further to provide a level field for organic farmers and a fair share of Farm Bill resources for organic and sustainable agriculture.

As the Senate begins debate on the Farm Bill this Fall, OFRF will be advocating for more research dollars for organic agriculture, and for programs that foster the adoption of organic farming practices.

OFRF's platform for the 2007 Farm Bill includes the following:

Organic Agriculture Research

Organic food is the fastest growing sector of the food retail market, with consumption of organic food growing by more than 17% a year. Organic food represents about 3.5% of the total US retail food marketplace. Domestic organic agriculture and production is not growing nearly fast enough to keep up with the increasing demand and more supplies are being sought from overseas. In OFRF's view, the single largest obstacle to increased domestic production is the lack of organic agriculture research and education for farmers, particularly research on how to grow specific crops in different parts of the country. Converting to organic farming practices requires a comprehensive overhaul of farm operations as well as sales and marketing, which is a very daunting and expensive risk for most farmers to take on, especially without information and technical assistance.

Visit the Sustainable Agriculture Coalition's website (www.sustainableagriculturecoalition.org) for a primer on the Farm Bill process.

To help address these concerns, **OFRF is advocating for a significant increase in support for organic agriculture research and education**, with the following specific provisions:

**\$25 million/year for the Organic Research and Extension Initiative (OREI)*

OREI is USDA's premier competitive grants program for organic agriculture research and education. The 2002 Farm Bill funded this program at \$3 million/yr. This funding is woefully inadequate to meet the current demand for organic research and education – between 2004–2006, less than 15%, or roughly 1 out of 7 fundable organic agriculture proposals submitted for federal research dollars were able to be funded due to the limited money available.

**Expansion of the Organic Production and Market Data Initiatives*

This provision, included in the 2002 Farm Bill without specific funding, requires USDA data collection agencies to collect and publish data specific to the organic sector. This information will help farmers plan their production, access markets, and apply for crop insurance. However, due to limited funding, efforts to collect this data have been piecemeal.

**Agricultural Research Service (ARS) Fair Share Funding for Organic Systems Research*

The ARS is USDA's chief scientific research agency. In 2007, about 1.5% (\$15.4 million) of the total ARS budget was spent directly on organic agriculture research. In contrast, organic's percentage of the retail market is nearly 3.5%. OFRF is advocating for ARS spending on organic agriculture research to match and grow with organic's share of the retail market.

Comprehensive Stewardship Incentives Program (CSIP)

Chairman Harkin (D-IA) is proposing to combine the two leading working lands conservation programs – the Conservation Security Program and the Environmental Quality Incentives Program – into one unified program called the Comprehensive Stewardship Incentives Program. These programs pay farmers for implementing practices that protect and conserve natural resources. This proposed combination of programs would allow organic farmers to have greater access to conservation money and would promote use of more sustainable and organic practices. **OFRF supports the Comprehensive Stewardship Incentives Program** and will be working to ensure its inclusion in the final Farm Bill.

Organic Certification Cost Share Program

The National Organic Certification Cost Share Program (created by the 2002 Farm Bill) helps organic farmers defray the cost of organic certification by up to 75%, with reimbursements to farmers not exceeding \$500 per year. The 2007 House Farm Bill funds this program with \$22 million over five years, and would increase reimbursements to a maximum of \$750 per year. The cost of certification can be a hardship on small-scale farmers whose profit margins are quite small. Thus, Certification Cost Share particularly benefits small farmers. **OFRF advocates mandatory funding of \$25 million over five**

years for the Organic Certification Cost Share Program and supports the increase in the payment cap to \$750.

Crop Insurance

The Federal Crop Insurance Program, which insures farmers if a disaster damages their crops, has a discriminatory practice of charging organic growers a 5% surcharge on crop insurance premiums (based on the assumption that organic practices are riskier than conventional farming practices) and paying farmers at the lower conventional crop price if they experience a crop loss. The House Farm Bill directs USDA to collect data on risks specific to organic farming and to improve crop insurance policies in general. **OFRF advocates for a more direct legislative approach that both removes the 5% surcharge for organic farmers and pays farmers the organic crop price for lost crops.**

Organic Conversion Supports

The rate of conversion of conventional U.S. farms and production operations to organic practices is lagging well behind the increasing demand for most organic products (dairy may be an exception). There are numerous obstacles for producers who wish to make the transition, including unfair crop insurance policies (see above), the cost of renting land, and the severe lack of research and education about organic agriculture. The House Farm Bill has a program for assisting organic conversions with both payments to farmers and technical assistance, but no mandatory funds were provided in the House package. The Senate will probably include a similar program, but the details are, as yet, unclear.

OFRF first and foremost supports funding for technical assistance and education for transitioning farmers. Training and support for transitional producers is essential to ensure that conversions actually succeed. Without this, any financial assistance for conversion could be ineffective. **OFRF supports a conversion program that allocates at least 50% of funding to technical assistance and education, and allows for USDA to channel technical assistance funding to established non-profit groups and agencies with experience in training transitional producers.**

On the next page is a chart of other organic policy goals for the 2007 Farm Bill and how they fared in the House version (H.R. 2419) of the bill. Stay tuned for specific action alerts as action unfolds in the Senate! Find updates at www.ofrf.org.

SUMMARY of FINAL HOUSE FARM BILL ACTION

ITEM	PRIMARY OFRF GOAL	FINAL HOUSE FARM BILL
Organic Agriculture Research	Minimum \$15 million/yr. in mandatory funds for Organic Agriculture Research Extension Initiative (OREI); fair share of USDA Ag Research towards organic	\$5 million/yr. in mandatory funding; plus, up to \$25 million/yr. in discretionary funds for OREI; language urging a fair share of USDA ARS research budget for organics
Organic Certification Cost-Share	\$25 million mandatory funds over five years, increase reimbursement cap to \$750.	\$22 million over five years in mandatory funding; reimbursement cap increased to \$750. Additional \$1 million/year split among 17 states under the Ag Mgt. Assistance Act.
Risk Management (Crop Insurance Program)	Removal of 5% organic surcharge; allow for payments based on organic prices rather than conventional prices.	Require USDA to evaluate and alter Crop Ins. policies. Requires USDA to collect data on organic production risks.
Conservation Programs Integration	Full funding for CSP and allows organic farming practices to qualify for CSP payments.	EQIP grants for “outreach” to organic producers. New policies making CSP more organic-friendly, but CSP funding cut by \$4 billion.
Organic Transition Supports	Organic transition program for farmers funded at \$50 million/yr.; 50% financial assistance, 50% technical assistance and business advising.	USDA real estate loans that prioritize land being converted to organic. Organic Conversion Assistance program created; at least 50% of funding for technical and educational assistance; discretionary funding of \$50 million over the life of the farm bill.
Data Collection	Expansion of 2002 Organic Data Initiative.	\$3 Million mandatory funding over five years.