



ORGANIC FARMING RESEARCH FOUNDATION

FARM BILL UPDATE

October 30, 2007

Organics Standing Strong in the Senate But More Work Still Ahead

After weeks of anticipation, the Senate Committee on Agriculture took up debate on the Farm Bill last week. The committee, led by Chairman Tom Harkin (D-IA), included many strong provisions for organic agriculture in the bill. OFRF will work to protect and improve upon these gains as the bill moves to the Senate floor in early November.

In July, the House passed their Farm Bill which included several strong organic agriculture provisions. These gains include a program to help defray the cost of organic certification, 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.

The Senate Agriculture Committee passed their Farm Bill on October 25 and the full Senate will take it up in early November. Many of the provisions included in the House bill have largely been mirrored in the Senate bill, with a few differences. One major change is a significant increase in mandatory funding for organic agriculture research that exceeds the House bill by \$11 million per year. Despite these gains, there remain a few considerable gaps in funding and programs that benefit organic farmers. The Senate still has the opportunity to address these gaps when the bill is debated on the Senate floor.

With the strong organic provisions in both the House bill and the current version of the Senate bill, the 2007 Farm Bill could have a major boost for organic agriculture, but organic farmers and consumers must keep up the pressure on lawmakers as the bill heads to the Senate floor. Once the full Senate votes on the Farm Bill, a Conference Committee with members of the Senate and House Agriculture Committees will meet to work out the differences between the two versions of the bill. Getting the strongest possible bill from the Senate will better position organics to come out ahead in Conference Committee negotiations.

The following is OFRF's platform for the 2007 Farm Bill and a more detailed description of where our goals stand in the Senate Farm Bill to date. The chart on the last page compares Senate organic Farm Bill provisions with those in the House. As the Farm Bill proceeds, OFRF will continue advocating for organic provisions from each bill that provide a level field for organic farmers and a fair share of Farm Bill resources for organic and sustainable agriculture.

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 and that number is expanding. Domestic organic agriculture and production is not growing nearly fast enough to keep up with the increasing demand, and more organic products and 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.

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 per 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 per year. 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.

Update

The Senate Agriculture Committee provided \$16 million per year in mandatory funding for OREI, totaling \$80 million over five years. The Organic Production and Market Data Initiatives has funding of \$5 million over the life of the bill to help USDA catch up on its organic data collection. The Senate Farm Bill does not contain language requiring ARS to match their research dollars on organic with the organic share of the

retail market, but there is a possibility that an amendment will be introduced on the Senate floor to add this language.

Aside from OFRF's top priorities, the following other organic measures were included in the Research Title of the Senate bill. The Specialty Crops Research Initiative includes the purpose of "optimizing organic specialty crop production." Language was also included that prioritizes classical plant and animal breeding for organic farming within the National Research Initiative. The Beginning Farmer and Rancher Development Program, (a USDA competitive grants program that supports training for beginning farmers and ranchers) includes language that incorporates transition to organic farming into the programs eligible to receive competitive grants. Also, language was included that requires Universities to have data on organic commodities if they choose to apply for "National Farm Management Center" awards.

Conservation Stewardship Program (CSP)

This program, previously known as the Conservation Security Program (and included in the Senate Bill as part of the Comprehensive Stewardship Incentives Program) pays farmers for implementing practices that protect and conserve natural resources. **OFRF supports increasing funding of the Conservation Stewardship Program by \$2 billion over the life of the Farm Bill and integrating organic practices into the program.**

Update

The Senate Farm Bill provides CSP with an increase of \$2 billion over the life of the Farm Bill. Additionally, language was added that better integrates organic farming practices into the program by giving them enhanced consideration under the program and in the application process. In addition, a "crosswalk" was created between the organic certification and CSP application processes which will allow easier access for organic farmers applying to CSP, by saving applicants from having to apply for both programs separately.

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 payments to farmers not exceeding \$500 per year. As the cost of certification can be a hardship on small-scale farmers, the Organic Certification Cost Share Program particularly benefits them. **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.**

Update

The Senate bill allocates \$22 Million over five years to the Organic Certification Cost Program with an increase in the payment limit to \$750. The bill imposes new reporting requirements on states for how the cost-share funding is spent as well. The bill also provides an additional pool of \$1 million per year for Organic Certification Cost Share under the Agriculture Management Assistance program, which provides cost share

assistance to states considered to be “underserved by the Farm Bill,” and adds Idaho as a participating state.

Risk Management (Crop Insurance Program)

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. **OFRF advocates for removing the 5% surcharge for organic farmers and increasing pay-out amounts to farmers to the organic crop price for lost crops.**

Update

The Senate bill prohibits the 5% surcharge unless it can be proven warranted on a crop by crop basis. Also, language was included that requires development and implementation of procedures to allow for pay-outs to organic farmers at the organic price.

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 increased cost of organic production methods, the cost of renting land, and the severe lack of research and education about organic practices.

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 transitioning producers.**

Update

An organic conversion program was created within the Environmental Quality Incentives Program (one of the Farm Bill Conservation Programs) but with no specific funding and no language specifying what percentage of funding would go towards technical assistance.

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 FARM BILL STATUS AS BILL MOVES TO SENATE FLOOR
10/30/07**

ITEM	PRIMARY OFRF GOAL	FINAL HOUSE FARM BILL	SENATE FARM BILL AFTER AG CMTE MARK-UP
Organic Agriculture Research	\$25 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 organic.	\$16 million/yr. in mandatory funding for OREI.
Data Collection	Expansion of 2002 Organic Production and Market Data Initiative.	\$3 million mandatory funding over five years.	\$5 million mandatory funding over five years.
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.	New policies making CSP more organic-friendly; CSP receives \$2 billion in additional funding.
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/yr. split among 17 states under the Ag Mgt. Assistance Program.	\$22 million over five years in mandatory funding; reimbursement cap increased to \$750. Additional \$1 million/yr. split among 16 states under the Ag Mgt. Assistance Program.
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.	Surcharge prohibited unless proven warranted for individual organic crops; requires development and implementation of procedures to allow for reimbursement of loss at organic prices.
Organic Conversion Support	Organic conversion program for farmers funded at \$50 million/yr.; 50% financial assistance, 50% technical assistance and business advising.	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. USDA real estate loans that prioritize land being converted to organic.	Organic Conversion Assistance program created under EQIP; no specific funding set-aside for program; no specific percentage of funding set aside for technical assistance. USDA real estate loans that prioritize land being converted to organic.