



ORGANIC FARMING RESEARCH FOUNDATION

FARM BILL UPDATE

January 16, 2008

Senate Farm Bill Passed 79-14 – Organic Retains Gains Through Process

Last December, the 2007 Farm Bill finished another leg in the process of becoming law when the Senate voted 79-14 in favor of the bill. It is now headed to a House-Senate Conference Committee to work out the differences between the two versions. Thanks to the leadership of Senate Agriculture Committee Chairman Tom Harkin (D-IA) and others, the Senate bill is a high-water mark for federal policy language supporting organic agriculture.

The vote followed three days of floor debate on amendments. The provisions dealing with organic did not change significantly since the bill passed the Senate Agriculture Committee on October 25th of last year (read more below). Following the Committee vote, Senate floor action on the bill was stalled for five weeks, due to partisan bickering over the terms of the debate and the kinds of amendments that could be introduced. Finally, however, leaders of both parties came to an agreement to allow up to 20 amendments from each side and debate on the bill resumed Friday, Dec. 7th.

Among the amendments proposed to the Farm Bill was one introduced by Senator Byron Dorgan (D-ND) and Senator Chuck Grassley (R-IA) to reform the commodity payment program. This amendment would have capped payments to commodity farmers at \$250,000, closed loopholes, and shifted the savings to sustainable agriculture and nutrition programs. OFRF supported this amendment, in part because it would have increased funding for the certification cost-share program and Beginning Farmers and Ranchers programs. The amendment got a majority of votes, but failed to reach the 60 votes required by the leadership in order to avoid a filibuster.

Despite the loss on the Dorgan-Grassley Amendment, organic farmers have won several major gains so far, and have a good chance of preserving many of these gains throughout the rest of the Farm Bill process.

In the coming weeks, a Conference Committee with members of the Senate and House Agriculture Committees will be appointed to work out the differences between the two versions of the bill. We anticipate that the Conference negotiations and the President's veto threat will create heavy pressure to cut spending; thus funding for sustainable agriculture programs may be threatened. We will work to defend the funding for organic programs in Conference.

The following text describes OFRF's platform for the 2007 Farm Bill, with a detailed description (*in bold italics*) of where our goals stand after passage by the Senate. 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 US retail food market.

Update

The Senate Farm Bill currently provides \$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 final version of the Senate bill also added a “Sense of Congress” fair-share language that urges USDA-ARS spending to match and grow with organic’s share of the US retail food market.

Aside from OFRF’s top priorities, the following other organic measures are currently included in the Research Title of the Senate Farm 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 is 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. The bill provides better integration of organic farming practices into the program by giving organic growers enhanced consideration in the application and ranking 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 streamlining the dual application process.

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 Farm 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 Farm 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

In the Senate Farm Bill, organic conversion supports are established 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 summary chart comparing the House and Senate versions for OFRF's organic policy goals in the 2007 Farm 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 CONFERENCE
1/16/08**

| ITEM | PRIMARY OFRF GOAL | FINAL HOUSE FARM BILL | FINAL SENATE FARM BILL |
|--|--|--|--|
| 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; language urging a fair share of USDA -ARS research budget for organic. |
| 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. |