

Federal Appropriations Increase for Organic Agricultural Research Background Information

Holt-Leach-DeFazio-Kind Amendment To the Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations bill for FY 2007

The amendment adds funding (\$3,145,000) to the Organic Transitions Program, a competitive grant program that supports research that is used to assist farmers in transitioning into organic methods of production.

The program received level funding of just under \$2 million for each of FYs 2005 and 2006. More than 20 bipartisan Members of the Organic Caucus had asked for \$5 million in funding for the Organic Transitions Program for FY 2007. The Subcommittee approved \$1.8 million, restoring the previous level of flat funding. However, the organic farming community have noted the drastic increase in the demand for organically grow farm products -- *approximately 20% per year* -- and the severe shortage of funds to help farmers transition into organic methods of production. In addition, while only about 10% of Organic Transitions Programs grant applications are generally approved due to the limited funding available, approximately 30% of other grant applications are under the Competitive State Research, Education, and Extension Service program. The amendment would bring the funding for the Organic Transitions Program up to the level of \$5 million (by adding \$3.145 million to the \$1.8 million included in the markup) as requested by the organic farming community and the Organic Caucus. The \$3 million is to be offset from the \$209 million allocation for Agricultural Buildings and Facilities and Rental Payments (note that the offset does not come from "Agricultural Research Service" buildings and facilities).

Program Identity:

Organic Transitions ("ORG") is a "406-Integrated Research" USDA competitive grants program funded since FY2001 for "development and implementation of research, extension, and higher education programs to improve the competitiveness of organic producers." Since FY2003, this program has been managed as part of the "Integrated Organic Program" within USDA-CSREES. The USDA web page for this program is at <http://www.csrees.usda.gov/fo/fundview.cfm?fonum=1141>

FY 07 Legislative History:

- [FY 2006 appropriation: \$1,855,000]
- House Appropriations Committee: \$1,855,000 [level funding]
- House Floor: \$5,000,000 [increase of \$3,145,000, voice vote on floor amendment by Reps. Holt (D-NJ), Leach (R-IA) and DeFazio (D-OR); offset from Agricultural Buildings and Facilities and Rental Payments]
- Senate Committee: \$1,948,000 [increase of \$93,000]
(No action yet by full Senate.)

Key points:

* **THE PROGRAM IS HEAVILY OVERSUBSCRIBED.** Over the last few years the Organic Transition research program has become one of the most competitive of the USDA CSREES integrated grant programs. Because of the high level of interest in this program, only about 10% of qualified applicants have been able to receive funding (compared to 19%-29% of qualified applicants that receive funding in comparable grants programs at the USDA CSREES).

* **ORGANIC DESERVES A FAIR PROPORTION OF R&E \$.** Federal research dollars dedicated to organic food and farming are disproportionately low in relation to the size of the organic industry. U.S. sales of organic products continue to grow at 15-20% annually, representing 3% of U.S. retail food sales in 2006. By contrast, FY 2006 USDA spending for organic research, extension and education was less than \$15 M, only about 0.7% of REE spending.

* **THE U.S. IS RAPIDLY LOSING ORGANIC MARKET SHARE.** U.S. organic production lags far behind the growth of consumer demand. According to the USDA Economic Research Service, only about 0.4% of domestic farm and ranch acreage is certified organic. Increased U.S. demand is being met by offshore sources (China, Mexico, etc.). U.S. producers need research information and extension services in order to participate and succeed in this growing marketplace.

OFRF's PRESS RELEASE ABOUT THE AMENDMENT is [HERE](#):

http://ofrf.org/pressroom/releases/060525_rschapprops.html

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