

September 19, 2008

Lloyd Day
Administrator
Agricultural Marketing Service
1400 Independence Avenue, SW
South Building, Room 3071
U.S. Department of Agriculture
Washington D.C. 20510

Dear Administrator Day:

We are writing to thank you for releasing the Fiscal Year 2008 organic certification cost-share funding provided by Food, Conservation, and Energy Act of 2008, through the Agricultural Management Assistance (AMA) and the National Organic Certification Cost Share (NOCCSP) Programs.

The cost of certification has increased in recent years, and the funding provided through the 2002 Farm Bill for the NOCCSP was expended years before the end of the Farm Bill cycle, leaving farmers and handlers in many states without any assistance. The program is critical for organic farmers and handlers of small and medium scale, for whom the costs of certification can be quite burdensome. Therefore, as organizations that support organic agriculture, we are pleased by the increased funding provided under the new Farm Bill for certification cost share assistance. Given the hiatus in funding for NOCCSP, we greatly appreciate your work and that of the National Organic Program staff to make this new funding available to States in a timely manner.

As you prepare to distribute the cost share assistance funding for Fiscal Year 2008 and future years, we would like to recommend some policies and procedures for implementing the National Organic Certification Cost Share Program (NOCCSP), as reauthorized by Section 10301 of the Food, Conservation, and Energy Act Of 2008.

After years of dialogue with State officials administrating the NOCCSP program as well as program recipients, we would like to offer suggestions about ways to improve USDA administration of the program to address some of the problems experienced under the previous round of funding allocations.

Funding Distribution

When analyzing the initial \$5 million provided for the NOCCSP through the 2002 Farm Bill, there were some distribution inequities that should be avoided with the new 2008 Farm Bill funding cycle. For example, some states were experiencing rapid growth in the number of organic farms, and the funding distribution did not adequately compensate for this growth. As a result, some states ran out of NOCCSP funding relatively quickly, while others never fully utilized their funds. There appeared to be no clear mechanism to

redistribute unused funds to those States where more funding was needed. Therefore we recommend that USDA take the following actions to address this problem:

- When allocating funds to the States, USDA should use NOP's list of existing certified farms and handlers as a reference, but should also factor in a 5 percent average national growth rate in certified organic operations, based on ERS' most recent data on total certified organic operations in the United States.
- States should be given an annual deadline for distributing their funds to eligible farmers and handlers in their states. Any funds not distributed by that date should be re-pooled and re-distributed to other states based on demonstrated need.

Outreach and Information Dissemination

After the NOCCSP was created in the 2002 Farm Bill there seemed to be little outreach to potential recipients regarding the availability of certification cost-share assistance. As a result, use of the funds was inconsistent across states. Because the program is currently administered through State Departments of Agriculture, these agencies are the best conduit for outreach. However, in most cases certifiers would have the best data regarding the certified farms and handlers in each state. Therefore we are recommending that USDA take the following actions:

- When distributing NOCCSP funds to State Departments of Agriculture, USDA should require each State to inform the potential recipients regarding the availability of the assistance, and to distribute a basic fact sheet developed by USDA.
- NOP should provide information about the NOCCSP to all Accredited Certifying Agents (ACAs) located in the United States, including contact information regarding the State agencies and personnel administering the program in each State.
- NOP should require the ACAs to send an annually updated list of certified entities to the relevant State agency for each State in which the certifier operates.
- NOP should organize data that is already collected annually regarding certified operations into a searchable database available to the public and state programs that provides updated information about certified entities in each state.
- USDA's National Organic Program (NOP) should post on its website a clear description of the NOCCSP and include contact information and links for the State programs and personnel administering the program. Currently, the NOP website already has this information for the certification cost-share program offered to organic farmers in 16 states served through Agricultural Management Assistance (AMA) program. Parallel information should be provided for the national cost share program as well.

Reporting Requirements and Tracking Mechanism

It has been difficult to access clear and consistent information from USDA regarding the status of the initial \$5 million provided for the NOCCSP through the 2002 Farm Bill. It seems that at the same time that States were being told that there were no more funds available for the program, Congress was being told that funds were available and their efforts to replenish the program were unnecessary. This greatly hampered the efforts of the organic community to encourage Congress to provide additional funding for the NOCCSP to avoid a gap in cost-share assistance. Part of the problem appears to have been inconsistent information from the States regarding their use of the funds.

As part of the new Farm Bill, Congress included the following legislative language:

Not later than March 1 of each year, the Secretary shall submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report that describes the requests by, disbursements to, and expenditures for each State under the program during the current and previous fiscal year, including the number of producers and handlers served by the program in the previous fiscal year.’’.

Congress also included the following Statement of Managers language on this topic:

The Managers encourage the Secretary to keep accurate and current records of requests by and disbursements to States under the program, and require accurate and consistent recordkeeping from each State and entity that receives program payments.

In keeping with these concerns, we are recommending that USDA take the following actions to address these concerns:

- When distributing the NOCCSP funds to the various State Departments of Agriculture, a letter from USDA should also accompany those funds stating clearly what information the States are required to provide to USDA, in what format, and the deadlines for providing the information. In this manner, it will be much easier for USDA to track the information and provide consistent data about the funding status of the program.
- States should be required to provide data on the number of requests and disbursements to organic farmers and handlers, as well as any projections on change in demand for the program for the next fiscal year.

Thank you for your consideration of these recommendations.

Sincerely,

Beyond Pesticides
California Certified Organic Farmers
Center for Food Safety
CROPP Cooperative/Organic Valley
Equal Exchange
Food and Water Watch
Maine Organic Farmers and Gardeners Association
Midwest Organic and Sustainable Education Service
National Campaign for Sustainable Agriculture
National Cooperative Grocers Association
National Organic Coalition
Northeast Organic Dairy Producers Alliance
Northeast Organic Farming Association- Connecticut
Northeast Organic Farming Association- Interstate Policy Council
Northeast Organic Farming Association- Vermont
Organic Farming Research Foundation
Organic Trade Association
Rural Advancement Foundation International-USA
Sustainable Agriculture Coalition
Union of Concerned Scientists

Cc:

David Shipman, AMS
Barbara Robinson, AMS
Chairman Collin Peterson
Ranking Member Bob Goodlatte
Congressman Dennis Cardoza
Chairman Tom Harkin
Ranking Member Saxby Chambliss
Senator Patrick Leahy
Senator Herb Kohl
Members of the House Organic Caucus
NASOP
NASDA