



National Organic Coalition

March 12, 2008

Testimony of

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submitted to the

House Subcommittee on Agriculture, Rural Development,
Food and Drug Administration, and Related Agencies

regarding

Fiscal Year 2009 Appropriations Requests

Chairwoman DeLauro, Ranking Member Kingston, and Members of the Subcommittee:

My name is Steven Etko. I am submitting this testimony on behalf of the National Organic Coalition (NOC) to detail our requests for fiscal year 2009 funding for several USDA marketing, research, and conservation programs of importance to organic agriculture.

The National Organic Coalition (NOC) is a national alliance of organizations working to provide a voice for farmers, ranchers, environmentalists, consumers, cooperative retailers and others involved in organic agriculture. The current members of NOC are the Beyond Pesticides, Center for Food Safety, Equal Exchange, Food and Water Watch, Maine Organic Farmers and Gardeners Association, Midwest Organic and Sustainable Education Service, National Cooperative Grocers Association, Northeast Organic Dairy Producers Alliance, Northeast Organic Farming Association- Interstate Policy Council, Rural Advancement Foundation International -USA, and the Union of Concerned Scientists.

We urge the Subcommittee's strong consideration of the following funding requests for various USDA programs of importance to organic farmers, marketers and consumers:

USDA/ Agricultural Marketing Service (AMS)

Organic Standards- Request: \$6 million

In Fiscal Years 2006 and 2007, funding of \$2.026 was appropriated for the National Organic Program within the AMS budget. For Fiscal Year 2008, in keeping with the President's budget request for the program, \$3.18 million was appropriated for the National Organic Program. The President's Fiscal Year 2009 budget proposes that the National Organic Program be funded at \$3.98 million.

With the rapid expansion of the organic market in the United States and abroad, the tasks facing the National Organic Program are numerous, yet the resources of the agency are few. The responsibilities of the NOP staff are exploding, as they attempt to enforce the standards governing the growing organic sector. If the funding for this program does not expand significantly to meet the growing needs, we fear that the important work of the NOP will suffer, the integrity of the organic standards will be jeopardized, and public confidence in the USDA organic label will be eroded.

Without a doubt, Congress has been very responsive to the funding needs of the NOP in recent years, in most cases fully funding the increases proposed by the President's budget each year. However, we believe that funding increase requested in the President's budget this year may not be adequate to address the exploding growth of the organic sector.

Some of the difficulties that the NOP has faced in implementing and overseeing the organic standards can be attributed to budget problems. Rulemaking efforts important to organic farmers, consumers, processors and retailers are languishing. For example, USDA has been promising for nearly two years to move forward on the proposal of a new, updated pasture standard to govern organic livestock, yet no formal action has taken place. Also, a regulation to clarify the standards for origin of livestock in organic dairy operations is also greatly needed.

In addition, some unfulfilled statutory requirements are still unanswered, despite Congressional prodding. Specifically, the Senate report language in Fiscal Years 2004, 2005, 2006, 2007, and 2008 called on the NOP to establish an on-going Peer Review Panel, as called for in Section 2117 of the Organic Foods Production Act of 1990 and Section 205.509 of the Organic rule, to provide oversight and advice to the NOP regarding the accreditation process for organic certifiers.

In recognition of the growing pains that the NOP was experiencing in implementing the new organic standards, the agency wisely sought outside advice for recommendations for program improvements. The NOP contracted with the American National Standards Institute (ANSI) to perform an outside audit of the agency, the results of which were presented in late 2004. The ANSI audit noted numerous technical and procedural deficiencies in the NOP's operations and suggested corrective actions in several areas. In addition, USDA's own Inspector General's office released an audit report regarding the National Organic Program in July of 2005, which was very critical of the National Organic Program's operations, and also suggested several corrective actions that could be taken by the Agency to resolve the problems. The Members of the National Organic Coalition concur with the recommendations of the ANSI and Office of Inspector General (OIG) audits, and believe that if the NOP were to implement these recommendations, it would be a significant step to resolving many of the concerns that have been raised by the organic community regarding the NOP's operations. However, it is unclear whether these recommendations are being implemented. We believe that the House and Senate Agriculture Appropriations Subcommittees should be kept informed by NOP with regular reports on their progress in complying with these recommendations.

In order to provide the National Organic Program with greater resources to fulfill these required tasks, and for certifier training, National Organic Standards Board support, enforcement, and rulemaking processes, we are requesting \$6 million for AMS/National Organic Program, and we are also requesting that the following report language be included:

The Committee is aware that an audit performed by the American National Standards Institute (ANSI) in 2004 and by the USDA Office of Inspector General (OIG) in 2005 made strong recommendations about changes needed in the administration of the National Organic Program. The Committee expects the Agency to take the necessary actions to comply with these recommendations, and to provide a detailed written report to the Committee by December of 2008 regarding progress in implementing these recommendations. The Committee also notes that the agency is long-overdue in publishing regulations for new, updated pasture standards for organic ruminants, and that conflicting standards governing the origin of livestock used in organic dairy operations may require rulemaking on that topic as well. The Committee hopes to see action taken by NOP on these matters during fiscal year 2009. Finally, the Committee expects the NOP to work closely with the National Organic Standards Board to implement the accreditation Peer Review Panel requirements of OFPA and USDA's organic regulations.

USDA

ORGANIC DATA INITIATIVES

Authorized by Section 7407 of the 2002 Farm Bill, the Organic Production and Marketing Data Initiative states that the "Secretary shall ensure that segregated data on the production and marketing of organic agricultural products is included in the ongoing baseline of data collection regarding agricultural production and marketing." The pending 2008 Farm Bill includes draft language continues and enhance this data collection effort as well. As the organic industry matures and grows at a rapid rate, the lack of national data

for the production, pricing, and marketing of organic products has been an impediment to further development of the industry and to the effective functioning of many organic programs within USDA. Because of the multi-agency nature of data collection within USDA, the effort to improve organic data collection and analysis must also be undertaken by several different agencies within the Department:

Economic Research Service (ERS)

Request: \$750,000

***Collection and Analysis
of Organic Economic Data***

Since fiscal year 2006, Congress has appropriated \$500,000 to USDA's Economic Research Service to continue the collection of valuable acreage and production data, as required by Section 7407 of the 2002 farm bill.

Because increased ability to conduct economic analysis for the organic farming sector is greatly needed, we request \$750,000 to be appropriated to the USDA ERS to implement the "Organic Production and Market Data Initiative" included in Section 7407 of the 2002 Farm Bill.

Agricultural Marketing Service (AMS)

Organic Price Collection

Request: support continued RMA funding for AMS efforts

Accurate, public reporting of agricultural price ranges and trends helps to level the playing field for producers. Wholesale and retail price information on a regional basis is critical to farmers and ranchers, but organic producers have fewer sources of price information available to them than conventional producers. Additionally, the lack of appropriate actuarial data has made it difficult for organic farmers to apply for and receive equitable federal crop insurance. AMS Market News is involved in tracking product prices for conventional agricultural products. During the last couple of years, the Risk Management Agency (RMA) has provided some funding to the AMS, through a Memorandum of Understanding, to begin the collection of organic price data for a few selected commodities. We request that the Committee express its support for the continuation and expansion of this MOU between RMA and AMS.

USDA/ CSREES

Organic Transitions Program

Request: \$5 million

The Organic Transition Program is a research grant program that helps farmers surmount some of the challenges of organic production and marketing. As the organic industry grows, the demand for research on topics related to organic agriculture is experiencing significant growth as well. The benefits of this research are far-reaching, with broad applications to all sectors of U.S. agriculture. Yet funding for organic research is minuscule in relation to the relative economic importance of organic agriculture and marketing in this nation.

The CSREES Organic Transition Program was funded at \$2.1 million in Fiscal Year 2003, \$1.9 million in Fiscal Year 2004, and is currently funded at \$1.855 million (FY 2008 bill). Given the rapid increase in demand for organic foods and other products, and the growing importance of organic agriculture, the research needs of the organic community are expanding commensurately. Therefore, we are requesting that the program be funded at \$5 million in Fiscal Year 2009, consistent with the funding providing in the House's

initial Fiscal Year 2007 Agriculture Appropriations bill. In addition, we request that the Organic Transition Program remain separate, and not be subsumed within the NRI as the Administration's budget proposes.

USDA/CSREES

National Research Initiative (NRI)

Request: Language directing CSREES to add a new NRI program area to foster classical plant and animal breeding

In recent decades, public resources for classical plant and animal breeding have dwindled, while resources have shifted toward genomics and biotechnology, with a focus on a limited set of major crops and breeds. This problem has been particularly acute for organic and sustainable farmers, who seek access to germplasm well suited to their unique cropping systems and their local environment.

In fiscal years 2005, 2006, and 2007, the Senate Agriculture Appropriations Subcommittee included report language raising concerns about this problem, and urging CSREES to give greater consideration to research needs related to classical plant and animal breeding, when setting priorities within the National Research Initiative. Despite this report language, research proposals for classical plant and animal breeding that have sought NRI funding in the recent years have been consistently declined.

Both the House and Senate versions of the Farm Bill include language to make classical plant and animal breeding a priority within the CSREES competitive grant process, though the two bills take slightly different approaches. Whichever version of the language is enacted in final Farm Bill, it will be very helpful to have the point reiterated by the Appropriations Committee.

Therefore, we are encouraging the inclusion of strong report language in the CSREES section of the Fiscal Year 2009 Agriculture Appropriations bill, to reiterate that CSREES should be making classical plant and animal breeding a priority. The following report language is offered as a suggestion, though it will need to be modified based on the outcome of the final Farm Bill language:

Section X of the X Act of 2008 (H.R. 2419) specifies that CSREES make classical plant and animal breeding activities a priority within the (NRI or IFAFS) program. The Committee strongly concurs with the intent of this section, and requests a report from the agency as to its plans for implementing the intent of this important requirement

USDA/CSREES

Sustainable Agriculture Research and Education (SARE)

**Request: \$15 million (Chapter 1)
and \$5 million (Chapter 3)**

The SARE program has been very successful in funding on-farm research on environmentally sound and profitable practices and systems, including organic production. The reliable information developed and distributed through SARE grants have been invaluable to organic farmers. We are requesting \$15 million for Chapter 1 and \$5 million for Chapter 3 for Fiscal Year 2009.

USDA/Rural Business Cooperative Service

Appropriate Technology Transfer for Rural Areas (ATTRA)

Request: \$3 million

ATTRA is a national sustainable agriculture information service, which provides practical information and technical assistance to farmers, ranchers, Extension agents, educators and others interested in sustainable

agriculture. ATTRA interacts with the public, not only through its call-in service and website, but also provides numerous publications written to help address some of the most frequently asked questions of farmers and educators. Much of the real-world assistance provided by ATTRA is extremely helpful to the organic community. As a result, the growth in demand for ATTRA services has increased significantly, both through the website-based information services and through the growing requests for workshops. We are requesting \$3 million for ATTRA for Fiscal Year 2009.

USDA/ARS

Organic Agricultural Systems Research

Request: Devote ARS research dollars commensurate with organic's retail market share

USDA research programs have not kept pace with the growth of organic agriculture in the marketplace. Although organic currently represents roughly 3.5 percent of total U.S. food retail market, the share of USDA research targeted to organic agriculture and marketing is significantly less. With regard to ARS specifically, efforts have been made to devote greater resources to organic research. In fiscal year 2007, ARS expended approximately \$15 million on organic research. While this figure is an increase from previous years, a "fair share" of expenditures would be closer to \$40 million annually using organic's retail market share as a basis of comparison. In fact, both the House and Senate versions of the Farm Bill include Sense of Congress language that ARS funding should be dedicated to organic research at a rate commensurate with organic's retail market share.

Not only is organic research not receiving an appropriate share of research dollars, but the ARS research location cuts proposed in the President's FY 09 budget would result in a disproportionate cut in ARS research. Specifically, much of the flagship organic research being conducted by ARS originates from the Orono, Maine, University Park, Pennsylvania, Urbana, Illinois and Morris, Minnesota research locations. All of these locations are slated for closure under the President's budget request.

Therefore, we are requesting that language be added to the FY 2009 Agriculture Appropriations bill to require ARS to devote dollars toward organic research at a rate commensurate with organic's retail market share, and to reject the President's proposal to close the Orono, Maine, University Park, Pennsylvania, Urbana, Illinois and Morris, Minnesota research locations.

USDA/NRCS

Conservation Security Program

Request: No Funding Limitation

USDA/ Rural Business Cooperative Service

Value-Added Producer Grants

Request: \$40 million

The Conservation Security Program (authorized by Section 2001 of the 2002 farm bill) and the Value-Added Producer Grant (authorized by Section 6401 of the 2002 farm bill) have great potential to benefit organic and conventional producers in their efforts to conserve natural resources and to explore new, value-added enterprises as part of their operations. Unfortunately, while these programs were authorized to operate with mandatory funding, their usefulness has been limited by funding restrictions imposed through the annual appropriations process. We are urging that the Conservation Security Program be permitted to operate with unrestricted mandatory funding, and that the Value-Added Producer Grant Program receive an appropriation of \$40 million for FY 2009.

Thank you for this opportunity to testify and for your consideration on these critical funding requests.