

Organic Agriculture and the 2008 Farm Bill

Prof. Neil D. Hamilton, director
Agricultural Law Center
Drake University

Eight Farm Bill provisions for Organic Agriculture

- The Senate bill is 670 pages long with hundreds of sections.
- For the first time it has a title dedicated to Horticulture and Organic Agriculture.
- See <http://agriculture.senate.gov/>

1. Cost-sharing for Organic Certification

The bill provides \$22 million over five years for cost-share assistance to farmers to offset the costs of becoming USDA certified organic. First authorized in 2002 farm bill at \$5 million.

[Section 10301]

2. Organic Agriculture Research and Extension Initiative

The bill provides \$78 million in mandatory funds for competitive grants to producers and research institutions to develop needed organic production and marketing information. [Section 7206]

3. Organic Conversion

Producers will be eligible for cost-sharing and incentive payments in addition to needed technical assistance to transition into organic agriculture, as a subset of EQIP administered by NRCS. Funding will be limited to \$20,000 per year with a cap of \$80,000 per producer.

[Section 2503]

Implementation is key

It is too early to know what effect this section might have. EQIP cost-sharing program for organic conversion was included in the 2002 farm bill but was little used. Local administration of EQIP, demand for EQIP funds, and the small number of producers, make organic conversion funding a low priority. If new funding is provided producers will need to organize to seek equitable delivery of the EQIP money.

4. Crop Insurance

Organic producers currently pay a surcharge of five percent, so few producers participate in crop insurance. The farm bill sets in motion processes for USDA that should have the effect of ending the current discriminatory treatment for organic crops. [Section 12001]

5. Organic Production and Market Data Initiatives

The Senate bill provides \$5 million in mandatory funding to USDA to develop segregated data and price and yield information for the organic industry. This information is critical for the Risk Management Agency and USDA to develop suitable crop insurance products for the organic industry.

[Section 10302]



6. Organics and Conservation

The Senate increases Conservation Security Program (CSP) funding by \$2 billion over five years.

Language was added to better integrate organic practices into the CSP by giving organic farming enhanced consideration in the application process. A “crosswalk” is created between organic certification and CSP applications to allow easier access for organic farmers applying to CSP, by saving applicants from having to apply separately.

[§2301 – see §1238h(h)]



7. Increased funding for the National Organic Program

One major limitation on the organic program has been a lack of funding for USDA to develop organic initiatives. Section 10303 more than doubles current funding of \$5 million per year, and provides \$6.5 million in 2009, \$8 million in 2010, \$9.5 million in 2011 and \$11 million in 2012.

8. Organic products eligible for export promotion

One important program to expand export markets for American farm products is the Market Access Program or MAP. Both the Senate and House farm bills increase the funding for MAP and specifically make organic agricultural commodities eligible for MAP promotions. [Section 3102]



Six more provisions indirectly supporting organics

In addition to the organic issues specifically addressed - the priorities of the OFRF and others - the 2008 farm bill includes a wide array of other provisions which will create new production and marketing opportunities for organic farmers and food processors.

1. Farmers Market Promotion

The Senate bill provides \$33 million over four years to expand farmers markets. A large percent of organic farmers use these local markets as a primary outlets.

The program was first authorized in 2002 but was funded for \$1 million annually only the last two years. USDA has been able to fund less than 5% of the grant applications.

[Section 10106]



2. Distribution of Locally Grown Foods

USDA Rural Development value-added development grants and Business and Industry Loans will be available to process and distribute locally grown food. [Section 6015]

Loan recipients can use money to work with retailers to get more locally grown fruits and vegetables into underserved communities.

3. Appropriate Technology Transfer for Rural Areas

Section 6016 authorizes \$5 million for each year over the life of the farm bill for ATTRA. This program provides needed technical assistance to farmers seeking information on farmers markets, organics, renewable energy and other sustainable farming practices.



4. Interstate sales of state inspected meat

The bill allows meat products produced at state inspected facilities to be sold in interstate commerce. The provision, a key priority of National Association of State Departments of Agriculture (NASDA), is controversial to the meat industry and some food safety officials. Passage could open new markets for organic livestock farms.

[Section 11015]

5. Specialty crop block grants

A major initiative for specialty crops - e.g. fruits and vegetables, through increased purchases for nutrition and feeding programs. One key initiative is to significantly increase state block grants to promote specialty crops. History in Iowa shows significant funds will be used to support organic agriculture.

[Section 10109, provides over \$250 million over five years for block grants.

6. Rural Microenterprise Assistance Program

One significant new program is creation of a rural microenterprise program to provide technical and financial assistance to small and medium sized rural businesses. The program is patterned after the Center for Rural Affairs' work in Nebraska and could play a critical role in supporting rural based food entrepreneurs.

[§6022]