



National Organic Coalition

NATIONAL ORGANIC CERTIFICATION COST SHARE PROGRAM

Summary: The National Organic Certification Cost Share Program created by the 2002 Farm Bill has been a success. With minor revisions, it should be reauthorized in the 2007 Farm Bill. The most critical reauthorization issue will be adequate funding. The program received \$5 million over the life of the last farm bill, money that ran out last year already. According to information from the USDA National Organic Program, there were over 10,000 organic farmers and handlers in 2005. Under the existing organic certification program, the average amount paid per applicant has been approximately \$400. Given the growing demand for organic products and the need for processors to source more organic ingredients, it is reasonable to project that the number of organic producers and handlers who will participate in the program to average 12,500 per year over the five-year length of the program. If the average cost of reimbursement remains at \$400/applicant/year, a budget of \$5 million/year will reimburse 12,500 applicants per year. The total cost of the program should therefore be set at \$25 million for a 5-year Farm Bill.

Background

The Organic Foods Production Act (OFPA) of 1990 authorized federal standards for organic food production, processing and marketing, as well as a labeling regime to govern the system. The organic standards authorized under OFPA were not finalized by USDA until 2002.

In recognition of the added costs to farmers and handlers associated with the process of organic certification as well as the public benefits associated with increasing the size of the organic farm and food sector, the National Organic Certification Cost Share program (“cost share program”) was authorized by Section 10606 the Food Security and Rural Investment Act of 2002 (7 U.S.C. 6523).

Under the 2002 cost share program, producers and processors can be reimbursed for 75 percent of their certification costs, up to a maximum of \$500. The program was initially funded at \$5 million in mandatory funding from the Commodity Credit Corporation for fiscal year 2002, with further specification that the funds would be available “until expended.” The Program has been administered through the Agricultural Marketing Service’s National Organic Program, which has made grants to State Departments of Agriculture to administer the program within each state. This cost-share program puts money directly in the farmers’ pockets without undue application burdens.

Benefits of the Program

The Organic Certification Cost Share Program provides support for agricultural producers who implement organic practices to preserve water quality, prevent soil erosion, enhance biodiversity, recycle nutrients, prevent pollution, and protect natural resources. It provides regulatory relief to these organic producers, who are in the unique position in agriculture in that they bear the costs

