

REPORT TO CONGRESS

Fiscal Year 2017

NATIONAL AND AGRICULTURAL MANAGEMENT ASSISTANCE ORGANIC CERTIFICATION COST SHARE PROGRAMS

I. BACKGROUND

The U.S. Department of Agriculture (USDA) administers two organic certification cost share programs: the National Organic Certification Cost Share Program (National) and the Agricultural Management Assistance Organic Certification Cost Share Program (AMA), collectively referred to as the Organic Certification Cost Share Programs (OCCSP). USDA implemented OCCSP through the Agricultural Marketing Service (AMS) beginning in fiscal year (FY) 2008. In FYs 2008 through 2016, AMS administered the program through grant agreements with State agencies, which allowed State agencies to accept applications from producers and handlers and make cost share payments after receiving funds through AMS.

On August 3, 2016, the Secretary delegated authority to the Farm Service Agency (FSA) to administer OCCSP. FSA provides cost share assistance in the following two ways: 1) State agencies may continue to provide cost share payments to producers and handlers by establishing a grant agreement with FSA or 2) producers and handlers may apply directly to one of FSA's 2,100 county offices (COF) for cost share payments. In states where a State agency continues to participate in OCCSP, applicants may not apply through both the State agency and FSA COF for cost share assistance for the same costs in the same program year.

In 2017, FSA announced the availability of the National and AMA funds through a variety of communication channels, such as telephone calls and emails to state contacts, outreach materials, and informational postings to Grants.gov and through the FSA Web site <https://www/fsa.usda.gov/programs-and-services/occsp/index>.

To be eligible for OCCSP, applicants must receive an initial certification or continuation of certification from a USDA-accredited certifying agent, in accordance with the USDA organic regulations. The annual reimbursement is set at 75 percent of certification costs, with a maximum of \$750 per certification category: crops, livestock, wild crops, processing/handling, and State Organic Program fees.¹ Operations that are certified in more than one category are eligible for a maximum reimbursement of \$750 per certification category, not to exceed 75 percent of total certification costs.

¹ State Organic Program fee was added as an eligible category in 2017. It applies only to producers in a state with a recognized State Organic Program under the National Organic Program regulations.

A. National OCCSP

The National OCCSP is authorized under Section 10606 of the Farm Security and Rural Investment Act of 2002 (7 U.S.C. 6523), as amended by Section 10004(c) of the Agriculture Act of 2014 (2014 Farm Bill; Public Law 113–79) which reauthorized the National OCCSP and provided “no year” funding, available to certified organic producers and handlers in the 50 States, the District of Columbia, and five U.S. Territories (hereafter referred to as “States”). Twenty-two State agencies chose not to participate in FY 2017; however, certified operations in all states could participate through FSA county offices. State agencies that did not participate are American Samoa, Colorado, Delaware, the District of Columbia, Georgia, Guam, Idaho, Illinois, Indiana, Iowa, Michigan, Nevada, New Mexico, the Northern Mariana Islands, Oklahoma, Puerto Rico, South Carolina, South Dakota, Tennessee, U.S. Virgin Islands, Utah, and West Virginia. Louisiana participated by counter-signing the grant agreement, but no reimbursement requests have been submitted to date.

In addition to National OCCSP funds provided through FY 2017 grant agreements, AMS issued multi-year National OCCSP agreements during FY 2015 to all participating State agencies. This enabled the State agencies to continue to have funding in later years for reimbursements. Some State agencies have funds remaining from their 2015 agreements, which they can continue to use to reimburse operations for eligible expenses incurred through September 30, 2018.

B. The AMA OCCSP

The AMA OCCSP is authorized under the Federal Crop Insurance Act (FCIA), as amended (7 U.S.C. 1524(b)). Under this authority, Congress authorizes USDA to annually provide organic certification cost share assistance to certified organic producers operating in 16 specifically named States: Connecticut, Delaware, Hawaii, Maine, Maryland, Massachusetts, Nevada, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, Utah, Vermont, West Virginia, and Wyoming. State agencies in Delaware, Nevada, Utah, and West Virginia chose not to participate, citing inadequate resources to manage the program or a decision to let FSA administer all OCCSP payments in that State. To prevent duplicate assistance payments, producers participating in the AMA OCCSP are not eligible to participate in the producer portion of the National OCCSP.

II. FISCAL YEAR 2017

A. National Participation

Under the 2017 National OCCSP, \$10,706,500² was apportioned for 56 States. FSA allocated \$7,004,114 to the 34 State agencies that signed grant agreements. These State agencies subsequently disbursed \$5,915,230 in cost share assistance to 10,604 qualifying organic operations. Funds apportioned for FY 2017 that were not allocated to State agencies were

² In fiscal year 2017, National OCCSP was authorized \$11,500,000 and then sequestered at 6.9% for a total apportionment of \$10,706,500.

available to provide payments directly to certified operations through FSA COFs and cover FSA administrative costs. Under the 2017 National OCCSP, FSA COFs have disbursed \$1,571,365 to 2,096 applicants. Remaining FY 2017 National OCCSP funds that were not spent by State agencies or FSA remain available for FY 2018. In addition to 2017 National OCCSP funding, State agencies provided \$1,076,251 in FY 2017 payments using funds remaining from their 2015 multi-year agreements with AMS.

The Appendix to this report provides state-by-state data on the funds allocated and disbursed by participating State agencies and FSA COFs. National OCCSP agreements signed by participating State agencies for 2017 are in effect from October 1, 2016, through September 30, 2018. Over one third of participating State agencies have disbursed all of their allocated funds for 2017 at the time of this report. The other participating State agencies may retain their remaining funds until fully dispersed. Disbursements vary by the number of requests for reimbursement submitted by organic operations.

B. AMA Participation

Under the 2017 AMA OCCSP, \$931,000³ was apportioned for 16 States authorized to receive funds by the legislation. FSA allocated \$802,000 to the 12 States that signed agreements with FSA to participate. The \$132,000 difference between the total apportionment for the program and the amount FSA allocated to the 12 participating States was available to make payments through FSA COFs and cover FSA administrative costs. The participating State agencies subsequently disbursed \$768,610 in cost share assistance to 1,125 qualifying organic operations. FSA COF's disbursed \$72,998 to 108 qualifying organic operations. Unused funds are returned to the Treasury because AMA OCCSP funds are annual funds.

The Appendix to this report provides state-by-state data on the funds allocated and disbursed by participating State agencies and FSA COFs. AMA OCCSP agreements signed by participating State agencies for 2017 were in effect from October 1, 2016, through September 30, 2017. Over one third of participating State agencies disbursed their total allocation, and others did not receive enough requests from eligible organic operations for certification cost reimbursement to expend their total allocation.

³ In fiscal year 2017, AMA OCCSP was authorized \$1,000,000 and then sequestered at 6.9% for a total apportionment of \$931,000.

III. APPENDIX

National Organic Certification Cost Share Program FY 2017 Allocation and Disbursement

State	State Agency Funding and Disbursements			Funds Disbursed by FSA County Offices	Number of Operations Assisted ⁴
	FY 2017 Allocation ¹	FY 2017 Funds Disbursed ²	2015 Carryover Funds Disbursed ³		
Alabama	\$5,000	\$5,000	\$0	\$1,260	9
Alaska	\$12,000	\$8,812	\$0	\$750	13
American Samoa	N/A	\$0	N/A	\$0	0
Arizona	\$75,000	\$74,574	N/A	\$9,825	110
Arkansas	\$7,000	\$6,832	\$0	\$6,004	23
California	\$2,674,000	\$1,892,080	N/A	\$15,609	3,140
Colorado	N/A	\$0	N/A	\$127,438	168
Connecticut	\$5,000	\$5,000	\$18,590	\$3,102	37
Delaware	N/A	\$0	\$0	\$3,428	5
Dist. of Columbia	N/A	\$0	N/A	\$0	0
Florida	\$151,000	\$81,556	\$2,781	\$3,751	120
Georgia	N/A	\$0	\$0	\$31,996	44
Guam	N/A	\$0	N/A	\$0	0
Hawaii	\$5,000	\$4,691	\$41,734	\$43,185	67
Idaho	N/A	\$0	\$0	\$103,287	135
Illinois	N/A	\$0	\$0	\$83,561	111
Indiana	N/A	\$0	\$0	\$109,027	133
Iowa	N/A	\$0	\$0	\$270,654	400
Kansas	\$67,000	\$46,962	\$0	\$20,416	83
Kentucky	\$50,000	\$50,000	N/A	\$750	127
Louisiana	\$5,000	\$0	\$8,048	\$9,706	11
Maine	\$300,000	\$290,412	N/A	\$0	393
Maryland	\$5,000	\$4,947	\$25,104	\$1,322	44
Massachusetts	\$5,000	\$5,000	\$29,717	\$5,716	55
Michigan	N/A	\$0	\$0	\$203,132	276
Minnesota	\$388,000	\$388,000	\$0	\$22,744	504
Mississippi	\$5,000	\$825	\$0	\$16,330	15
Missouri	\$71,000	\$71,000	\$18,031	\$25,227	188
Montana	\$150,000	\$148,416	\$2,792	\$18,135	385
Nebraska	\$5,000	\$2,887	N/A	\$100,192	141
Nevada	N/A	\$0	\$27,472	\$3,376	42
New Hampshire	\$5,000	\$4,625	\$0	\$2,326	13
New Jersey	\$5,000	\$5,000	\$58,263	\$1,852	89
New Mexico	N/A	\$0	\$14,129	\$4,464	25
New York	\$115,000	\$113,810	\$385,481	\$30,648	712
North Carolina	\$237,114	\$209,990	\$0	\$17,234	872
North Dakota	\$229,000	\$103,600	N/A	\$0	137
N. Mariana Islands	N/A	\$0	N/A	\$0	0
Ohio	\$200,000	\$200,000	\$84,915	\$13,104	399
Oklahoma	N/A	\$0	\$0	\$12,994	26
Oregon	\$237,000	\$236,946	\$45,930	\$30,655	416

State	State Agency Funding and Disbursements			Funds Disbursed by FSA County Offices	Number of Operations Assisted ⁴
	FY 2017 Allocation ¹	FY 2017 Funds Disbursed ²	2015 Carryover Funds Disbursed ³		
Pennsylvania	\$5,000	\$4,990	\$236,900	\$4,824	330
Puerto Rico	N/A	\$0	\$0	\$0	0
Rhode Island	\$5,000	\$4,804	\$2,588	\$1,500	21
South Carolina	N/A	\$0	\$0	\$4,595	9
South Dakota	N/A	\$0	\$0	\$37,077	51
Tennessee	N/A	\$0	\$0	\$21,113	30
Texas	\$5,000	\$5,000	\$80,954	\$37,626	165
U.S. Virgin Islands	N/A	\$0	\$0	\$0	0
Utah	N/A	\$0	N/A	\$6,774	10
Vermont	\$343,000	\$324,952	N/A	\$4,493	426
Virginia	\$22,000	\$19,931	\$24,217	\$39,759	111
Washington	\$601,000	\$584,631	N/A	\$17,938	870
West Virginia	N/A	\$0	\$0	\$4,516	7
Wisconsin	\$1,005,000	\$1,004,957	N/A	\$32,888	1,163
Wyoming	\$5,000	\$5,000	\$18,255	\$5,062	39
Total	\$7,004,114	\$5,915,230	\$1,125,901	\$1,571,365	12,700

¹ Amount FSA authorized the State agency to use for reimbursement to certified organic operations plus indirect cost, if applicable, to cover State agencies administrative expenses. N/A represents non-participation by the State agency.

² Funds paid by State agency to reimburse certified organic operators plus indirect cost, if applicable, to cover State agencies administrative expenses. Any difference between the amount requested and the amount paid to operators is held for disbursement if needed for FY 2018.

³ This column includes funds requested in the program year, but some requests may include funds reimbursed during the 2017 program year, but covering 2016 program year payments. N/A represents the State agency has no carryover funds remaining. \$0 represents the State agency has carryover funds, but did not use those funds in 2017 program year.

⁴ This column represents all producers and handlers that received reimbursement through State agencies and FSA COFs.

AMA Cost Share Program FY 2017 Allocation and Disbursement

State	State Agency Funding and Disbursements		Funds Disbursed by FSA County Offices	Number of Operations Assisted ³
	FY 2017 Allocation ¹	FY 2017 Funds Disbursed ²		
Connecticut	\$24,000	\$24,000	\$638	45
Delaware	N/A	\$0	\$0	0
Hawaii	\$30,000	\$29,783	\$4,958	56
Maine	\$92,000	\$91,609	\$0	123
Maryland	\$33,000	\$32,940	\$0	66
Massachusetts	\$48,000	\$45,712	\$6,971	71
Nevada	N/A	\$0	\$2,024	3
New Hampshire	\$33,000	\$16,132	\$0	49
New Jersey	\$16,000	\$16,000	\$1,943	47
New York	\$219,000	\$219,000	\$22,796	329
Pennsylvania	\$164,000	\$164,000	\$4,124	226
Rhode Island	\$5,000	\$4,934	\$0	19
Utah	N/A	\$0	\$13,421	18
Vermont	\$120,000	\$120,000	\$8,042	164
West Virginia	N/A	\$0	\$7,656	10
Wyoming	\$18,000	\$4,500	\$425	7
Total	\$802,000	\$768,610	\$72,998	1,233

¹ Amount FSA authorized the State agency to use for reimbursement to certified organic operations plus indirect cost, if applicable, to cover State agencies administrative expenses. N/A represents non-participation by the State agency.

² Funds paid by State agency to reimburse certified organic operators plus indirect cost, if applicable, to cover State agencies administrative expenses. Any difference between the amount requested and the amount paid to operators is returned to the federal government.

³ This column represents all producers that received reimbursement through State agencies and FSA COFs.