



## ORGANIC FARMERS ASSOCIATION

### ORGANIC CERTIFICATION COST SHARE PROGRAM

#### WHAT IS OCCSP?

The Organic Certification Cost Share Program (OCCSP) provides cost share assistance to producers and handlers of agricultural products who are obtaining or renewing their organic certification under the National Organic Program (NOP). The program has typically been administered in the fall after operations have paid their organic certification fees for the year. Producers and handlers may submit OCCSP applications to Farm Service Agency (FSA) county offices or they may apply through participating State agencies.

#### PROGRAM HISTORY

OCCSP started as a state program in Minnesota and became a federal program in the 2002 Farm Bill with a maximum annual payment from \$500 up to 50% of certification fees per operation.

In the 2008 Farm Bill, Congress reauthorized the program and increased total funding as well as increasing the maximum annual payment to \$750 per operation up to 75% of certification fees--fee levels that remained unchanged until 2020, when FSA unexpectedly reduced them during the pandemic.

#### FUTURE OF OCCSP

In August 2020, FSA announced that reimbursement rates for 2020 would be cut to 50 percent, up to a maximum of \$500 per scope. This came as a surprise to the organic sector and left organic operations with an unplanned expense. The cost share program is particularly important to small and mid-sized organic farms, and those who are just starting out with certification. This reduction led to a number of small farms surrendering their organic certification in 2021, citing that the lack of reimbursement made certification too expensive.

#### OCCSP REIMBURSEMENT MUST INCREASE

Organic Farmers Association and the Accredited Certifiers Association (ACA) surveyed 15 organic certification agencies about the adequacy of the USDA's Organic Certification Cost Share program in reducing the cost of organic certification.

The results of the 2021 survey illustrate the need to not only restore the 75% or \$750 per scope reimbursement level for the remaining years of this Farm Bill cycle, but also show that **this historic reimbursement level is too low considering rising certification costs.**

**The survey revealed that the average total certification costs for an operation in 2020 were: \$1,829** (Average fees per scope: Crops: \$1,393, Livestock: \$1,605, Wild Crops: \$1,208, Handling: \$2,578). Seventy-three percent of certifiers surveyed indicated they had increased their certification fees in the last five years and were likely to increase them in 2022 in response to higher business expenses and required training costs.

Small farms are the most reliant on OCCSP, because their certification costs are a higher percentage of their overall farm expenses.

"This [program] is very important to our small producers, and even more than getting the \$500 limit raised, it's important to get the 50% limit raised." – Accredited U.S. organic certification agency



## PROGRAM IMPACT



Laura Colligan started her own small vegetable farm, Dirt Rich Farm, in 2015. She used organic practices from the start and decided to apply for organic certification in 2017. Laura says, "If it weren't for Cost Share, I would have never been able to afford to get certified. In 2017, my farm's gross sales were about \$18,000, and I netted about \$8,000 of that. My fees for organic certification were \$750, which was a lot of money to me back then. It would have covered most of my living expenses for a month. The \$562 I got in Cost Share is what made it possible for my farm to become Certified Organic."

For many beginning farmers like Laura, the first few years of a new organic business are challenging, and cost share can make a real impact on the farm's cash flow. Laura notes, "because I sell most of my vegetables through CSA, where customers prepay for a growing season's worth of vegetables early in the year, I get most of my farm income in the winter. Fall is the lean season on the farm financially, and the first couple of years that my farm was Certified Organic, I'd be anxiously waiting for that \$500 or so Cost Share check to arrive in November. Thankfully, my farm has grown a lot since then, so the cut in Cost Share in 2020 wasn't as much of a huge blow. However, if it happened a couple of years earlier, getting a couple of hundred dollars less in cost share would have been a real financial blow to my farm. I'm sure there were other small farms that had recently become Certified Organic who were really hurt by the unexpected reduction in Cost Share."

**The OCCSP makes a real impact on small to mid-size family farms, where the cost of organic certification can be a real barrier to farmers' efforts to diversify their markets.**

**The 2020 unexpected cut to OCCSP hit farmers hard.** A certified organic apple and cider farmer from the Midwest shared, "We are still growing our orchard, a very expensive undertaking. And the value-added use of our farm products was severely hit by the pandemic. 2020 was not the year for us to get even \$250 less when we were just trying to keep our nose above the waterline. It only added to our stress. I like to budget and plan. When what I budget is less than what is actual, it's a hit. Organic farms are often more labor-intensive. That money from the cost-share program goes to wages; it goes to employing people from our rural community."



A USDA-accredited organic certification agency noted that, "The cost share is extremely helpful for certifiers who certify very small-scale producers. We service over 100 clients who gross \$10K or below, and without the cost share they would not certify. We've had several farms in this category surrender this year [2021] citing the reduction in cost share as the reason."

## TO FIX OCCSP, CONGRESS SHOULD...

- Provide \$12 million in extra funding for the Organic Certification Cost Share Program in the Fiscal Year 2022 appropriations bill, to be available until expended, to close the funding gap; and that,
- Accompany the funding with strong report language requiring FSA to reimburse eligible organic operations at the full authorized reimbursement rates, and to report back to Congress with a plan to ensure the accounting problems associated with FSA's administration of OCCSP do not occur again.