

USDA AMS NATIONAL ORGANIC PROGRAM COST-SHARE PROGRAMS REPORT TO CONGRESS

A. BACKGROUND

The U.S. Department of Agriculture's (USDA) Agricultural Marketing Service (AMS) National Organic Program (NOP) administers two organic certification cost-share programs. Each program provides cost-share assistance, through participating States, to organic producers and/or organic handlers. Recipients must receive initial certification or continuation of certification to the USDA organic regulations from a USDA-accredited certifying agent. Reimbursement is currently available at 75 percent of an operation's certification costs, up to a maximum of \$750 per year.

The first program is the Agricultural Management Assistance (AMA) Organic Certification Cost-Share Program, which was established in 2001 as part of the Agricultural Management Assistance Program. This program is authorized under Section 1524 of the Federal Crop Insurance Act, as amended (7 U.S.C. 1501–1524). It authorizes cost-share assistance to producers of organic agricultural products in Connecticut, Delaware, Hawaii, Maine, Maryland, Massachusetts, Nevada, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, Utah, Vermont, West Virginia, and Wyoming. AMS allocated \$1.425 million to States in fiscal year 2012; States will distribute these funds to producers in fiscal year (FY) 2013.

The second program is the National Organic Certification Cost-Share Program, which was re-established as a part of the Food, Conservation and Energy Act of 2008 (7 U.S.C. 6523). This program was initially established as a part of the Farm Security and Rural Investment Act of 2002 (7 U.S.C. 3007). It authorizes cost-share assistance to producers and handlers of organic agricultural products in all States and U.S. Territories (hereafter known as "States"). In FY 2008, Congress provided, on a one-time basis, \$22 million for this program, to be allocated to States until the funds are exhausted.¹ To prevent duplicate assistance payments, producers participating in the AMA program are not eligible to participate in the producer portion of the National program.

AMS invited State agencies to participate in cost-share programs through Federal Register Notices, Grants.gov postings, electronic communications, and personal phone calls. A Notice of Fund Availability was published for both programs in the Federal Register (78 FR 5164–5165), and the NOP posted the notice and an accompanying newsletter article on its Web site. The funding opportunity was also posted on Grants.Gov. As of February 2013, the States had distributed approximately \$20.3 million of the \$22 million allocated for the National Organic Certification Cost-Share Program.

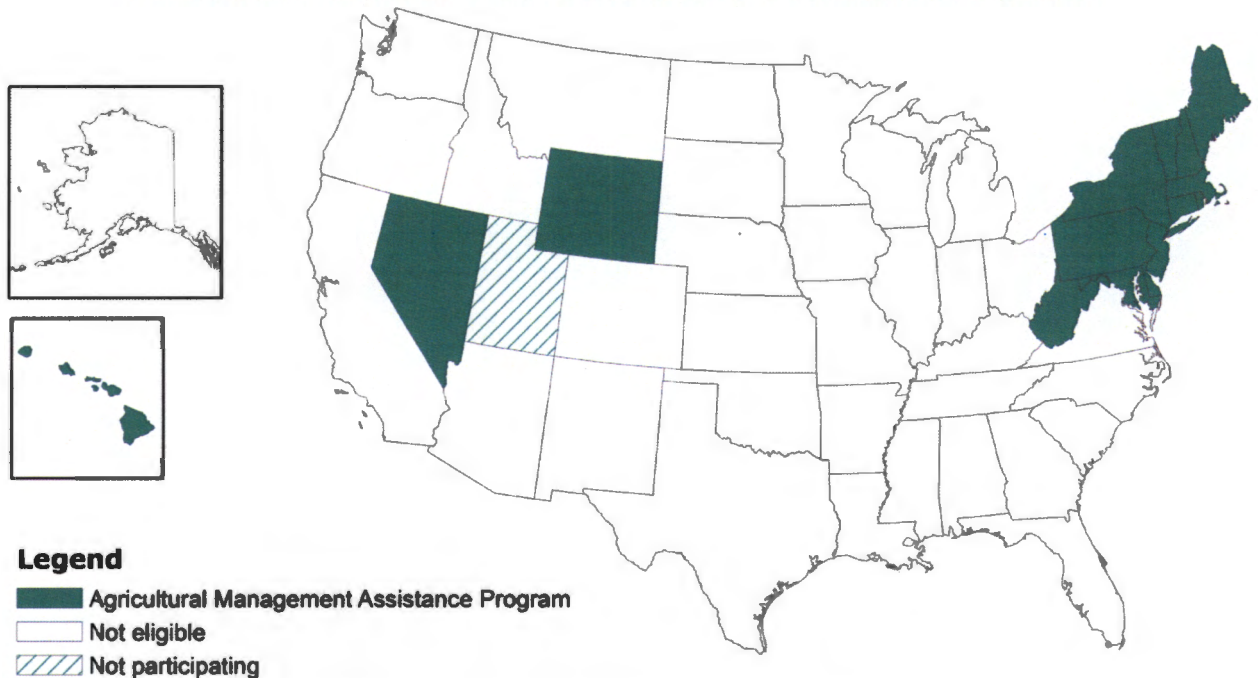
¹ The American Taxpayer Relief Act of 2012 (P.L. 112-240, dated January 02, 2013) amended the availability of these funds to "the period of fiscal years 2008 through 2012."

B. FY 2013 PARTICIPATION AND FUNDING OBLIGATIONS

15 of the 16 eligible States are expected to participate in the AMA cost-share program for FY 2013, as shown in the map below; AMS allocated these funds to the States in FY 2012. Detailed enrollment and allocation data are outlined in Table 1 in the appendix.

- Application instructions and cooperative agreements for FY 2013 were sent to the 16 AMA program eligible States. All but Utah are participating in the program. The Utah Department of Agriculture and Food chose not to submit an application to participate in either cost-share program, citing inadequate staff resources to manage it.

STATE PARTICIPATION: FY 2013 ORGANIC CERTIFICATION COST SHARE PROGRAM



- For the FY 2013 AMA program, \$1.425 million is available to States for cost-share assistance.
- State agencies are required to submit requests for disbursements to receive funds.

C. SUMMARY OF FY 2012 AGRICULTURAL MANAGEMENT ASSISTANCE COST SHARE PROGRAMS FUND USE

- Using cooperative agreements, AMS allocated \$1.5 million to States for the AMA program in FY 2011; States distributed these funds to producers in FY 2012.
- Table 2 lists the total cost-share assistance payments provided by States to AMA-eligible organic operations certified between October 1, 2011, and September 30, 2012 (FY 2012).
- As of January 31, 2013, AMA program States had provided \$1,296,208 in cost-share assistance to 2,348 organic producers, an average payment of \$552.
- 10 States provided more funds in cost-share assistance during FY 2012 than FY 2011, and two States provided funding at approximately the same level. Utah and Wyoming did not participate in the FY 2012 AMA program.

D. SUMMARY OF NATIONAL PROGRAM FUND USE IN FY 2012

- Table 3 lists total cost-share assistance payments provided through the National Cost-Share program to organic operations certified between October 1, 2011, and September 30, 2012.
- In FY 2012, \$6,603,200² was allotted through cooperative agreements to the participating States.
- As of January 31, 2013, National Program States provided \$5,309,783 in cost-share assistance to 7,245 organic producers or handlers, an average payment of \$733. Final reports are pending from 2 States: Kentucky and Indiana.
- Unused funds or funds returned by States were reallocated to States through amendments to the FY 2012 cooperative agreements. 10 States requested fund increases during FY 2012.
- 28 States provided more funds in cost-share assistance during FY 2012 than FY 2011, and one State provided funding at approximately the same level. Two States and three territories did not issue any reimbursements in the FY 2012 National program: Guam, Puerto Rico, Utah, West Virginia, and the U.S. Virgin Islands.

² The allotment has increased from the amount previously reported in the *2012 Report to Congress* due to re-allocation of unused State funds from the prior fiscal year to meet demand.

**Table 1: USDA-AMS National Organic Program
AMA Cost-Share Program
Start of Year Fund Allotments to Participating States for 2013**

State	AMA Program Allotments
Connecticut	\$32,500
Delaware	10,000
Hawaii	65,000
Maine	205,000
Maryland	47,500
Massachusetts	60,000
Nevada	12,000
New Hampshire	30,000
New Jersey	30,000
New York	450,000
Pennsylvania	202,500
Rhode Island	15,500
Utah	0
Vermont	245,000
West Virginia	5,000
Wyoming	15,000
TOTAL	\$1,425,000

Table 2: AMA Cost-Share Fund Use by States, FY 2012

State	Total Start of Year Fund Allocation	Funds Used by State	Number of Operations Assisted
Connecticut	\$37,500	\$25,860	51
Delaware	15,000	3,324	5
Hawaii	75,000	42,612	63
Maine	205,000	200,729	373
Maryland	62,500	30,663	73
Massachusetts	60,000	38,668	53
Nevada	15,000	13,732	25
New Hampshire	45,000	21,260	155
New Jersey	45,000	14,144	29
New York	450,000	450,000	623

Table 2 continued

State	Total Start of Year Fund Allocation	Funds Used by State	Number of Operations Assisted
Pennsylvania	202,500	202,500	255
Rhode Island	20,000	3,985	17
Utah	Not participating		
Vermont	245,000	245,000	621
West Virginia	7,500	3,732	5
Wyoming	15,000	0	0
Total	\$1,500,000	1,296,208	2,348

Table 3: National Cost-Share State Fund Use, FY 2012

State	Total Start of Year Fund Allocation	Funds Used by State	Number of Operations Assisted
Alabama	\$10,000	\$3,962	5
Alaska	20,000	11,250	11
Arizona	50,000	39,477	49
Arkansas	20,000	9,204	19
California	1,400,000	1,176,222	1,517
Colorado	204,200	203,572	185
Connecticut	5,000	5,000	9
Delaware	7,500	3,839	6
Florida	135,000	134,897	194
Georgia	45,000	34,843	61
Hawaii	20,000	9,657	17
Idaho	100,000	100,000	132
Illinois	85,000	75,769	102
Indiana	*65,000	*0	*0
Iowa	305,000	266,370	359
Kansas	40,000	40,000	58
Kentucky	*25,000	*25,000	*112
Louisiana	12,500	12,375	15
Maine	25,000	21,922	34
Maryland	15,000	9,075	21
Massachusetts	30,000	11,373	25
Michigan	180,000	174,169	274
Minnesota	478,000	440,980	521
Mississippi	15,000	2,325	4
Missouri	85,000	64,702	96

Table 3 continued

State	Total Start of Year Fund Allocation	Funds Used by State	Number of Operations Assisted
Montana	145,000	118,567	214
Nebraska	120,000	81,876	103
Nevada	10,000	5,938	9
New Hampshire	25,000	7,994	20
New Jersey	35,000	12,142	16
New Mexico	45,000	32,895	60
New York	450,000	169,884	191
North Carolina	60,000	60,000	60
North Dakota	140,000	116,087	152
Ohio	200,000	159,421	189
Oklahoma	20,000	8,775	62
Oregon	305,000	217,676	264
Pennsylvania	86,000	86,000	150
Rhode Island	15,000	2,366	4
South Carolina	10,000	6,203	14
South Dakota	75,000	48,310	45
Tennessee	25,000	17,239	30
Texas	90,000	63,563	89
Utah	5,000	Not participating	
Vermont	30,000	22,213	67
Virginia	50,000	45,677	190
Washington	600,000	537,022	809
West Virginia	5,000	Not participating	0
Wisconsin	640,000	609,213	673
Wyoming	10,000	4,740	8
Guam	5,000	Not participating	
Puerto Rico	20,000	Not participating	
US Virgin Islands	5,000	Not participating	
Total	\$6,603,200	5,309,783	7,245

Key: * indicates that the State has not submitted final financial reports.

Total fund allocation and funds used by state totals are rounded figures. All figures are current as of March 20, 2013.