

**Testimony
Of Margaret A. Smith
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**to the
Subcommittee on Horticulture and Organic Agriculture
Committee on Agriculture
U.S. House of Representatives**

**at the hearing to review
Specialty Crop and Organic Agriculture Programs
in Advance of the 2012 Farm Bill**

July 21, 2010

Introduction

Thank you for this opportunity to speak to the subcommittee today. I am honored by your invitation and welcome the opportunity to share my experiences from our farm business and from my position with Iowa State University Extension, where I work in the Value-Added Agriculture Extension Program with fruit and vegetable growers.

I come to the hearing today with two ‘hats’. First, as an organic farmer, my husband, Doug Alert, and I operate an organic grain, forage and livestock farm in North Central Iowa near the town of Hampton. We farm 950 acres of owned and rented land and raise organic corn, soybeans, oats, wheat, barley, hay and pasture, and run a beef cow herd. Our crops are raised and marketed for various food, feed and seed markets. We work with three landowners with both cash rent and crop share leases, as well as owned land. My husband has farmed for 27 years: I joined him 16 years ago. We began our transition to organic in 1994 on rented land, with the first land certified in 1997. All the land that we farm has been certified organic since 2007.

I serve as an advisor to the board of the recently formed Iowa Organic Association (IOA) that has members from a range of interests, including growers, processors, buyers and consumers. This nonprofit organization works to educate and inform the public about organic food and farming and to help the industry grow.

I also serve on the board of the Midwest Organic and Sustainable Education Services (MOSES) nonprofit organization. MOSES has coordinated the largest organic farming conference in the U.S. each February for the last 21 years. This year, 2010, at the MOSES Organic Farming Conference, we reached 2,701 farmers, aspiring farmers, agricultural professionals and organic industry suppliers with outreach and education about organic farming. MOSES is one of 40 member organizations of the National Sustainable Agriculture Coalition (NSAC). I would like to thank NSAC for helping to coordinate my presence here today.

My second ‘hat’ is one I proudly wear for Iowa State University Extension, where I have worked for 23 years. For the last nine years, I have worked in the Value Added Agriculture Extension Program with specialty crop producers -- fruit and vegetable growers -- and with specialty meat producers on various aspects of their business development. Part of my responsibility is co-facilitating the Iowa Fruit and Vegetable Working Group (FVWG), comprised of growers, buyers, our state fruit and vegetable growers’ association, nonprofits, government, and University personnel. The group’s mission is to identify and work with others to overcome obstacles to increasing the amount of local produce available in our state and the Upper Midwest.

I would like to speak briefly about both USDA support for organic agriculture and for programs supporting specialty crops.

Organic Farming in Iowa

According to the 2008 Organic Census of Agriculture, Iowa was eighth among the states in number of organic farms with 513. The Upper Midwest is a center of organic production, with the states of Wisconsin (1,222 farms), Minnesota (550 farms), Iowa, and Illinois (229 farms) having a total of 2,514 organic farms or 17.2 percent of the U.S. total. Including the acres in transition in 2008, Iowa by 2010, now has 100,000 acres or more certified for organic production.

The total value of sales from organic commodities in the U.S. was reported at 3.16 billion dollars in the census. Sales from Wisconsin, Minnesota, Iowa and Illinois totaled 297 million or 9.4 percent of the U.S. total. States with higher value crops, such as California, Michigan and Florida reported higher sales values per acre than our states in the upper Midwest. In Iowa, total sales for crops and livestock, when averaged over certified harvested cropland and pasture averaged \$871 dollars per acre.

Our cluster of states with relative high levels of organic farming may be, in part, due to Organic Valley Cooperative, a producers’ marketing coop based in LaFarge, Wisconsin. Many of us in the industry think that is may also be due to a high level of creativity and willingness to take risk among our farming population. In addition, we have had excellent support from our non-profits organizations, state departments of agriculture, and from our land grant universities in these states.

Iowa State University has an Organic Agriculture Program that conducts research and extension outreach education for Iowa citizens. Field days, workshops, and Iowa Organic Conference and an Iowa Communications Network (broadband service) series on organic agriculture are held throughout the year.

Our Iowa producers have been attracted to organic production systems for a number of reasons. The potential for higher average profits per acre is one, whereas some farmers find that the system better fits their worldview. Others are concerned about their personal health and find organic systems fit their goals. For smaller-scale and in some cases, beginning farmers, the search for a niche where they can compete with larger and/or more established farmers bring

them to organic production. In addition, organic production systems are complex, flexible, fluid, and fascinating, so appeal to some folks who like a challenge!

The growing market for organic products in the last 20 years has provided excellent opportunities for those interested to move into this niche production and marketing arena. The addition of organic farmers to Iowa's farm landscape has increased our diversity of crops, livestock and people and has also increased our agricultural sales.

In the early stages of transition and certification, there is a 'learning curve' to master these more diverse production systems. My husband, Doug, and I often joke that the learning curve to successful organic production and marketing is long *and* steep! Weather plays a large role in the success of organic crop production, perhaps more so than with non-organic systems. Based on several long-term agro-ecological studies and, if we can interpolate from natural ecosystems, in the long term and with experienced growers, these more diverse production systems should become more stable. It is often in the early stages of an organic farm and the farmer's learning the system that the most support is needed.

Organic Provisions in the 2008 Farm Bill

Organic Research and Extension Initiative

The Organic Agriculture Research and Extension Initiative (OREI) is the USDA's largest competitive grants program focused exclusively on organic agriculture research and extension. OREI funds projects that enhance the ability of organic producers and processors to grow and market high quality organic agricultural products. The substantial increase in OREI funding from \$15 million to \$78 million in the last 2008 Farm Bill was a welcome development! This increase was an excellent step toward providing a fair share of funding for organic agriculture research. Because organic production systems are information intensive, the growth of these systems depend heavily on investments in new and innovative research and extension programs.

The OREI has a huge unmet demand even with the 2008 Farm Bill funding increase. In 2009, the program received 134 proposals totaling \$98 million but could only fund 28 of them. The appointment of Dr. Mary Peet as the first ever National Program Leader at NIFA for organic agriculture has helped OREI immensely through its expansion in the 2008 Farm Bill. Thank you for this development.

In my opinion, some of the most important research findings from Iowa State University's Organic research program corroborate and support other work that has found improved soil quality in organic crop rotations compared to less diverse rotations. Where more crops are grown in succession or in diverse mixes, soil quality improves.

One of the most important aspects of research support of organic agriculture goes beyond its application for those specific organic systems as implemented today. Much of this research looks at basic insect, disease, and weed biology, investigates how complex agroecosystems

function, and how crops, soils and pest interact. Research on soil biology, and the link to soil erosion control and improvement of soil quality, is critical to implementing operations and systems that contribute to sustainability. I feel that this work may have excellent application also in non-organic agriculture. Work now on cover crops, crop rotations, composting, manure management, sequential cropping, and integration of crop and livestock systems can serve both organic and non-organic agriculture in the future.

I ask that you continue funding for organic agricultural research and move toward funding that is, at the least, comparable to the 3.5 percent that organic agriculture represent in our food economy. With total USDA REE funding for organic research currently at less than 1.8 percent of total funding, that would suggest this Committee should set a goal of at least doubling the current size of the OREI flagship program in the next farm bill to do its part to help reach “fair share” funding.

National Organic Certification Cost Share Program

The National Organic Certification Cost Share Program (NOCCSP) makes financial assistance available to help defray the costs of organic certification for producers and handlers of organic products. The Agricultural Marketing Service provides funding to State Departments of Agriculture. Producers and handlers then need to apply to their respective states to receive cost share funds. Generally, organic certifiers are able to assist producers in applying for assistance. Producers and handlers can receive up to 75 percent of their annual certification costs up to a maximum payment of \$750 per year. Recipients must be certified by a USDA accredited certifying agent under the National Organic Program.

The 2008 Farm Bill reauthorized the NOCCSP and provided an almost five-fold increase in mandatory funding for the program, from \$5 million to \$22 million. I have learned that this higher amount should be sufficient to cover all producer and handler requests for funding through the life of this farm bill.

I urge you to continue this small, but important, program as you reauthorize the farm bill. Annual certification costs for farmers are much higher than they were before the USDA program. The National Organic Program (NOP) is critical to the industry, and this modest cost share with farmers helps ensure it is not a barrier to participation by small and mid-scale farm operators or by beginning farmers. The \$750 cap per farm helps ensure that funding will be available to more farms, regardless of scale. This program, while modest in benefit to individual farms, is a positive statement of support for diverse, organic systems.

EQIP Organic Initiative

I also want to talk about the new Organic Initiative in the Environmental Quality Incentives Program (EQIP). The 2008 Farm Bill provides up to \$50 million per year for conservation assistance to farmers who are transitioning to organic production or who are already certified and want to bring additional acres or livestock into their farming operation. The EQIP funding helps

the farmers to plan and implement conservation practices that can enhance the conservation performance of their farms.

A farmer can receive up to \$20,000 per year, with an additional cap of \$80,000 over a six-year period. The farmer is required to develop and carry out an Organic System Plan or carry out practices consistent with an Organic System Plan. They must also be pursuing an organic certification or be in compliance with their organic certification.

In 2009, the Natural Resources Conservation Service obligated \$36 million for EQIP Organic Initiative contracts. In my home state of Iowa, the EQIP Organic Initiative in 2009 was initially allocated \$1.4 million by NRCS but it proved so popular, that additional funding was provided to bring the total to \$3.5 million for 125 farm contracts. This year, as of July 16, 2010, Iowa has 77 Organic EQIP contracts for a total of \$1.4 million dollars. Forty-eight of those are contracts on certified organic farms and 29 contracts are for farms in transition to organic production. This is a tremendous boost for resource enhancement on organic farms. Part of our success in participation in Iowa is due to our Upper Midwest non-profit sustainable organizations that work to educate producers about the USDA program possibilities.

We, in Iowa, were pleased to see such a high demand by Iowa farmers for the Initiative. My husband and I received an Organic EQIP contract on our farm that will help us implement interior fencing and water lines and watering points to improve our managed grazing system for our beef herd. We received excellent assistance from our NRCS and FSA county staff as we processed our application.

There were challenges, however, both with this program and the organic aspects of the Conservation Stewardship Program (CSP). Before these programs, many organic producers had had little or no contact with NRCS offices and their county staff, and many NRCS staff had no or little exposure to organic agriculture and smaller-scale farms. Although there are challenges implementing any new program, the lack of understanding by USDA staff of organic systems and small, diverse farms hindered the process in the Upper Midwest.

The Subcommittee should mark as a success, however, that many new producers now have contact with and better understanding of their USDA government services and that many USDA staff have a greater understanding of organic and diversified agriculture. It is to USDA's credit to have made these moves to include more farmers in these programs. One small-scale organic vegetable and herb producer stated that, "after all these years, inclusion in USDA programs helped me feel validated about my career."

This Initiative could be made even more successful in providing conservation assistance to organic farmers and ranchers in 2011 with some administrative improvements. The following steps could help:

NRCS is working on EQIP Organic Initiative guidance for NRCS state offices and farmers, which the agency plans to issue by October 2010. Once this Guidance is released, NRCS should conduct a 3-month winter sign-up, which will give farmers time to read through the Guidance and decide which conservation practices are best suited for their farmers.

NRCS should make information available about practices and payments in a more timely fashion, preferably at the beginning of the FY2011 signup period.

NRCS should ensure that State Conservationists are standardizing their EQIP Organic Initiative web pages and keeping them up to date.

Funding in the program for education of both farmers and USDA NRCS personnel about organic and diverse operations, including those producing specialty crops, would smooth much of the confusion among participants and support personnel

Conservation Stewardship Program (CSP)

Although the Conservation Stewardship Program was not part of the organic conversion assistance option in the 2008 Farm Bill, it is nonetheless a very important program for organic producers, including specialty crop producers. When the CSP became available, and it was clear NRCS had amended the program to an extent to take organic systems into account, we took steps to apply. We had, of course, to background ourselves about the program and the differences between the former Conservation Security Program and this new iteration.

We were awarded a CSP contract on our farm, in part as recognition for work that we had done and, in part to implement new practices. With this contract, we will be able to create shallow water habitat for wildlife, implement a comprehensive nutrient management plan, do regular pest management scouting, and use cover crops more regularly in our rotations.

We would like to express our appreciation for this program and to encourage its continuation and further fine-tuning and adjustments to ensure full recognition of the environmental benefits of sustainable and organic farming systems. Because of the inherent diversity on organic farms and our long-term planning window, these farms have great potential to further enhance wildlife populations, improve soil quality and sequester carbon, and implement long-term stable pest and nutrient management plans that should benefit the public as well as the farmer recipients. I would like to see this program in the next farm bill and over time to become a staple and centerpiece of the farm program of the future.

Specialty Crops in Iowa

The 2007 USDA Census of Agriculture enumerates 1,620 farms in Iowa producing vegetables, fruits, nuts and berries with sales of \$23.7 million. Judging from the influx of new produce farms in the recent past, I would expect that number to be higher in 2010. In addition, there were 705 business nurseries, greenhouses, and Christmas tree farms with sales of 94.8 million. Even in Iowa, known for our wide expanses of corn and soybeans, specialty crops are a 1.18 billion dollar a year business. The food crop industry is increasing in our state, evidenced by increased local food sales, new farm business start ups, increased institutional food purchases and the new food aggregation businesses started to fill the gap between producers and buyers. Many

frustrations have arisen among growers and buyers, as constraints to growth continue to slow business development. With local efforts and support from USDA programs, we hope to advance the growth of the industry in the next few years.

Our Iowa Fruit and Vegetable Working Group, formed in late 2007, comes together to address current issues and projects addressing industry bottlenecks three to four times each year. Participants from both the organic and non-organic segments of the industry are working together and have identified a number of areas that are constraining both their business growth and the growth of the industry in our state. These identified needs include:

- better information and access to that information for both production and marketing,
- risk management
- post-harvest handling -- information, effective systems, costs, methods, etc.
- labor availability and management
- availability of capital
- mechanization on small and mid-sized fruit and vegetable farms
- aggregation of supply for wholesale and institutional markets
- beginning produce farmers, and
- food safety.

It's clear that there is plenty of work for those of us in support and educational roles for the industry! The Working Group has initially focused our work in post-harvest handling of vegetables, improving access to information about production and marketing, and the needs of beginning vegetable farmers. Requests and input from our participants have shifted our work right now to focus on food safety education and mechanization on small and mid-sized produce farms. We recently received a Specialty Crop Grant from the Iowa Department of Agricultural and Land Stewardship to conduct on-farm workshops about post-harvest handling of vegetables. Growers are extremely interested in improving these systems on their farms and in how to do so economically.

Specialty Crops Programs in Farm Bill

Specialty Crop Block Grant Program

Specialty Crop Block Grant Program (SCBGP) that provides grants annually to assist State Departments of Agriculture to enhance the competitiveness of specialty crops (fruits, vegetables, tree nuts, and nursery crops) has been enthusiastically used in Iowa. The mandatory funding implemented in the 2008 Farm Bill has increased the funding available for our state. In addition, the increased reliability of funding has allowed better planning by our Department of Agriculture from year-to-year for this program.

We appreciate this program, in particular, for the fact that the funds come to our state and applications are reviewed and prioritized by local experts in the fruit, vegetable, and other specialty crop industries. Our Iowa Department of Agriculture and Land Stewardship has done an excellent job of convening a review team representative of applicants for this program and

funding diverse projects in outreach, education, and promotion for specialty crops. Grants have been awarded to universities, non-profit organizations, growers' associations, farmers' marketing associations, food cooperatives, and regional food systems working groups.

In fiscal year 2009, Iowa was awarded \$243,405 under this program and funded 10 projects. These were to:

- Partner with Northeast Region Iowa State Extension, the Leopold Center, and the Northeast Iowa Food and Farm Coalition to initiate food safety research and quality assurance activities, which encompasses six counties, to expand markets for locally grown specialty crops.
- Provide marketing materials to identify and be specifically aimed at specialty crop producers who sell at farmers' markets in the branding campaign "Freshness is Our Specialty."
- Partner with Iowa Heartland Resource Conservation and Development and Drake University to expand the Greater Des Moines Buy Fresh Buy Local campaign to greatly increase emphasis on fruits, vegetables, and other specialty crops and their producers.
- Partner with Pathfinders Resource Conservation and Development, Inc. to provide a Local Food Coordinator in order to create new markets for locally grown specialty crops through networking, marketing, and active coordination between institutional buyers and regional producers.
- Partner with the Iowa State Horticultural Society to facilitate an event that provides an education opportunity for both home gardeners and professionals in all aspects of specialty crops production and to promote horticulture in Iowa.
- Partner with the Iowa Department of Education to continue to establish relationships between growers and their local communities through promoting the purchase of locally produced food in Iowan schools, strengthen the farm economy, and offer educational opportunities to improve child nutrition and health.
- Partner with the Iowa Fruit and Vegetable Growers Association to bring expert speakers to the Iowa Fruit and Vegetable Growers Conference 2010 to provide an educational opportunity for Iowa fruit and vegetable farmers to consider the many aspects of sustainability and how sustainability impacts them.
- Partner with Prairie Winds Resource Conservation & Development, Inc. to research the nutrient content, antioxidant content, and sensory characteristics of Aronia berry products including fresh juice, processed juice, freeze dried drink mix, jams, jellies, and wine.
- Partner with the Iowa Fruit and Vegetable Growers Association to develop production techniques specific to Iowa along with utilizing various cultivars in order to support an extended season for Iowa fruit growers.

Specialty Crop Research Initiative

The Specialty Crop Research Initiative (SCRI) competitive grant program funds specialty crop research and extension projects conducted by federal agencies, national laboratories, colleges and universities, research institutions and organizations, private organizations or corporations, addressing the following broad topics:

- Plant breeding, genetics, and genomics to improve crop characteristics, including food quality and nutrient content, nutrient management, and pest management among other subtopics;
- Efforts to identify and address threats from pests and diseases, including threats to pollinators;
- Efforts to improve production efficiency, productivity, and profitability over the long term (including specialty crop policy and marketing);
- New innovations and technology, including improved mechanization and technologies that delay or inhibit ripening; or
- Methods to prevent, detect, monitor, control, and respond to potential food safety hazards in the production and processing of specialty crops, including fresh produce.

Each of these five purposes receives at least 10% of the total funding for the program to ensure that one or two purposes are not funded at the expense of all the others. Priority is given to projects that are multi-state, multi-institutional, or multidisciplinary and that includes methods to communicate results to producers and the public. Matching funds at least equivalent to the grant amount are required.

I am excited about this research initiative, but believe that the funding is inadequate to address specialty crop needs. We could easily use six to eight million research dollars in just Iowa each year to address our specialty crop needs. Additional funds can be made available through appropriations, which would be welcomed. In addition, I would encourage examination of the requirement or preference for multi-agency and multi-state projects. Although I do believe that these have great merit, some projects may best be addressed on a smaller geographic scale and a percentage of funds should be committed without these requirements.

Public Plant and Animal Breeding for Sustainable and Organic Farming Systems

We need new stress, insect, and disease resistant cultivars with greater nutrient density that are adapted to sustainable farming systems. These types of cultivars are needed, in addition to those developed by commercial companies, to fully address food needs in the U.S. and beyond. Increasing plant and animal variety and breeds with increased resilience, diversity and nutrition with site-specific adaptability will be keys to meeting these challenges.

This Committee wisely added a new priority within the Agriculture and Food Research Initiative (AFRI) for classical or conventional plant and animal breeding. I believe that publicly funded and classical breeding programs are needed for three major reasons:

1. Only classical breeding or individual selections can result in improved cultivars for certified organic systems. When I selected soybean seed for our farm for this 2010 growing season, I had only about six cultivars that fit our maturity range and could provide needed agronomic and food processing characteristics. Where the need for soybean cyst nematode resistance is also needed in some fields, my selection choices narrowed to three cultivars. We are anxiously looking forward to the RAG 1 and 2 genes for soybean aphid resistance becoming available in cultivars

in our Group II maturity range. These cultivars were or are being developed in public breeding programs, such as that as Iowa State University. This scarcity of commercially available cultivars is sobering; I begin to feel as if we have too few eggs in our farming ‘basket’.

2. Desirable traits for many aspects of plant health and productivity, such as rust resistance in oats, increased protein levels in wheat, and reduced food anti quality factors, such as lower erucic acid in canola are multi-gene traits. Multi-gene traits are more readily altered using classic breeding techniques, rather than by insertion of single genes.

3. Niche and crops grown on a small scale often warrant little interest among commercial plant breeding/seed companies. If private industry is not doing any breeding and there is no publically funded breeding, the crop is at a standstill! For instance, in the U.S., there is only one publically funded flax breeder, based at North Dakota State University. There is only one publically funded red beet breeder in the U.S., based at the University of Wisconsin. Although these are minor crops, it would seem prudent to ensure adequate support of genetic improvement.

AFRI should support breeding programs that produce a good return on investment. That said, however, there are many minor and specialty crops that need public support for breeding if genetic improvement is to continue. The return on investment may be lower for these, but still worthwhile. Public funding should help complement breeding work that is currently done by industry and fill gaps that will otherwise not be addressed.

Risk Management Needs for Specialty Crop and Organic Farmers

Specialty Crop Farmers

In Iowa, there is no satisfactory crop insurance available for fruit and vegetables. When compared with crop insurance options for corn and soybeans growers, this seems a gross oversight and neglect of these important crops and crop producers. Although these specialty crop producers are eligible for disaster payments or the Noninsured Crop Disaster Assistance Program (NAP), growers have informed me that the compensation for losses greater than 50 percent of the yield base and 55 percent of the average wholesale market price of the their crop does not make it worth their while to even process the paperwork. In particular, where growers are selling retail and/or selling high value crops, such as certified organic, the disaster payments based on wholesale commodity prices are negligible relative to their potential lost income.

The lack of risk management products creates a double challenge for small- and medium-sized, diversified specialty crop producers. Not only is there no safety net in the event of weather, crop disease, or insect yield reductions, but lenders are wary of working with growers of non-traditional commodities if they have no guarantee of some minimum income level that allows for debt servicing. These growers, both those experienced in the industry and newcomers, are challenged to manage their risk. Most growers manage this with a combination of direct, retail, and wholesale sales and with wide crop diversity. Lack of support to manage risk discourages growers from expanding their businesses and specializing in perhaps fewer crops. This may well

limit our ability as an industry to serve the growing demand for local and regional wholesale fresh and processed fruits and vegetables.

Adjusted Gross Revenue-Lite could be a good product for many of our specialty crop producers and organic farmers. The AGR-Lite whole-farm revenue protection insurance plan protects against low revenue due to unavoidable natural disasters and changes in market prices. Most farm-raised crops, animals, and animal products are eligible. This insurance product is available in 35 states, but not in Iowa nor several of our surrounding Midwestern states, including Nebraska, South Dakota or Missouri.

AGR-Lite has some noted limitations, however, that indicate it is not the only risk management product likely needed by specialty crop and organic producers. Limitations that constrain participation and income protection include: 1. the need for five years of Schedule F tax records to calculate an average gross income prevents participation by beginning and early stage farmers -- those who may need income protection the most. 2. AGR-Lite covers only income from crop and livestock production and marketing but not from any value-added enterprises. For example, a diversified fruit and vegetable farm would only be covered for crop production, but not for income from processed jams or apple pies. Diversified crop and livestock farms that direct market meat would be covered for production and price risk, but not for losses in their value-added meat sales.

RMA data for crop year 2009 indicates that only 423 Adjusted Gross Revenue (AGR) and 401 AGR-Lite policies were sold, out of a total of over 2 million policies of all types. Of that total, the three West Coast states accounted for 339 AGR policies (80 percent of the total) and Washington and Oregon accounted for 282 of the AGR-Lite policies (70 percent of the total). Clearly there is major room for improvement in these policies as well as geographic expansion.

I strongly suggest that AGR-Lite be made available in every state and every county of those states by 2012. I respectfully request that whatever is constraining the availability of this product throughout the U.S. be addressed by the Federal Crop Insurance Corporation and the Risk Management Agency. In addition, I encourage researching improvements to broaden the scope of this product.

Organic Farmers

I hope that AGR-Lite (and Adjusted Gross Revenue, AGR), can be improved so that it becomes the option that diversified fruit vegetable farmers, diversified livestock and grain farmers, direct marketers, and value-added practitioners have been looking for. In the meantime, organic farmers face two specific challenges that Congress recognized and began to address in the last Farm Bill. Not only are organic farmers charged a premium surcharge to purchase regular crop insurance, but they are also paid at conventional prices in the event of a substantial crop yield reduction, rather than at higher organic prices. They face an unfair economic impact----both higher costs for sign up, and payouts at much lower than their normal prices.

In the 2008 Farm Bill, this Committee required RMA to fund a study to explore these problems with organic insurance and to find solutions. That report has been transmitted to USDA. I

believe these problems can and should be addressed now. The surcharge for organic producers should be dropped and coverage based on organic prices implemented just as quickly as RMA and its sister agencies can collect the needed data.

I would also suggest to the Subcommittee that inquiries be made now about the prospects for using a portion of the \$2 billion that USDA intends to re-invest from the recently completed re-negotiation of the standard reinsurance agreement to fix existing problems with AGR-Lite and with organic coverage. I cannot think of a better use for a portion of those recently-acquired funds than to start solving major current problems for specialty crop, organic growers and a wide variety of other highly diversified farming operations.

In addition, new risk management strategies and products are needed for diversified farms, including those that produce a wide variety of fruits and vegetables, diverse organic farms, farms that engage in value-added enterprises, and for beginning farmers.