



Recommendations For An Organic Transition Incentive Program

The Need for Transition Support

Market demand for organic continues to grow and outstrip domestic supply, creating opportunities for producers to transition existing farming and ranching operations to organic production practices. However, transitioning to organic production takes time, knowledge, and resources, and for many, these factors are significant barriers to adopting organic management systems. Transitional and organic technical support is necessary to guide the operator through the transition and organic certification process to help them better understand organic production practices, organic certification process and timeline, and the organic standards the operator will be required to meet to achieve and maintain organic certification.

While the farm bill currently authorizes USDA to offer several options for organic support that include transition - notably organic certification cost-share and targeted conservation support - there is no unified program that specifically supports organic transition. Other support provided by USDA for organic producers including appropriate risk management tools and verification of imported products to ensure consumer confidence in the organic standard and protect markets are also insufficient to meet the needs of transitioning producers. More can and should be done to assist farmers learning and adopting organic production systems if they are to meet this growing consumer demand and adopt practices that mitigate and build resilience to climate change.

Recommended Components of an Organic Transition Program

A. Mentorship and Technical Assistance

Programs to support organic transition should include organic agronomic, certification extension, conservation planning, business development, marketing, and mentorship services to ensure that farmers and ranchers transitioning to organic management have the knowledge and support they need as they learn a new production system.

I. Provide Transition Mentorship Opportunities - Producers transitioning to organic production, either from conventional production or as beginning farmers just getting started, face enormous technical, cultural, and financial shifts in going organic. Providing accredited mentorship opportunities as part of an incentive payment program will help to ensure that producers who make the transition have the resources and support they need during their transition period and during the few years that follow, increasing likelihood of long-term success.

To increase support for transitioning producers, USDA should increase the number of qualified organic service providers and partner with non-profit, non-governmental, and community-based

organizations with experience working directly with farmers to provide training, education, mentoring, business training, and other outreach activities for transitioning farmers.

Priority should be given to farmer-to-farmer mentorship programs that support and provide technical assistance to beginning and transitioning farmers that are culturally and linguistically appropriate. Historically, organic management systems have not been a focus of existing USDA farmer training and technical assistance programs. Farmer-to-farmer mentoring programs will fill this gap to help farmers learn organic management directly from successful organic producers. Farmers and ranchers just beginning their transition process can be paired with an experienced certified organic producer who will be compensated for the time and resources they provide to the transitioning producer. Transitioning to organic requires the development of a new set of skills and knowledge, and the mentors who can best share that knowledge are the farmers and ranchers who have already gone through the transition process, maintained their certification, and demonstrated the ability to provide training. These programs should prioritize underserved regions and Black, Indigenous and other People of Color (BIPOC) producers.

II. Provide FSA the authority to approve cooperative agreements with Organic Transition Mentorship Programs across the country - As part of an organic transition program, transitioning producers can be provided financial support to enroll in an approved mentorship program. This direct mentorship model is powerful because it provides farmers access to localized knowledge, connects them to a well-respected resource network, and has the potential to provide long-term education and support for organic producers.

To host an approved mentorship program, entities would be required to demonstrate organic expertise and the capacity to provide educational services, including translation services where applicable. This could include existing organic programs, resources, activities, and staff capacity. If able to demonstrate expertise, the following entities would be eligible for approval as a mentorship program:

- Accredited Certifying Agents (ACAs)
- NGOs
- State Departments of Agriculture
- Colleges and Universities, including 1890, 1994 LGUs, and Hispanic Serving Institutions (HSIs)

Approved organic mentorship programs would be entered and tracked in a searchable database through FSA (similar to the existing Organic INTEGRITY Certifier Locator), or in other similar databases maintained by NGOs. While mentorship programs can vary by host and by state, all accredited programs must include the following:

- Direct mentorship opportunities for all participating transitioning farmers and ranchers
- Annual training and educational opportunities for transitioning farmers and ranchers
- Mentors who are producers that meet the NOP Natural Resources and Biodiversity requirements spelled out in the NOP Guidance 5020
- Compensation for all participating mentors

- Training for mentors included as a core component of their participation
- Guidance on developing Organic System Plans
- An active network for participants to access during transition and in the first five to seven years following certification - time period when transitional producers are most at risk for loss of certification.
- Resources and guidance materials (e.g., newsletters, technical articles, production tips, policy updates, etc.) including these available in multiple languages to increase accessibility.

B. Financial Assistance and Incentivizing Best Practices

I. National Organic Certification Cost-Share Program - Expand cost-share assistance to cover technical assistance fees paid by farmers transitioning to organic prior to full certification.

Organizations that can provide complete technical services to producers transitioning to organic should be compensated through the cost-share program, with priority given to organizations serving BIPOC producers.

- Expand the national organic certification cost-share program by increasing program funding and increasing the maximum reimbursement rate from \$750 to increase reimbursement rates to \$1000 annually per certification scope per operation and Payments should be restricted to small-and-medium scale operations.
- Streamline and simplify the reimbursement process by having those reimbursements go directly to certifiers rather than the current system where farmers pay the certification fee and apply to state departments of agriculture, FSA or their certifier for reimbursement. Any additional cost to the farmer beyond that paid by USDA as part of the cost share can be billed directly to the farmer. This will result in a more-timely reduction in certification cost burdens to organic operations and reduce paperwork burden on these operations. This provision is important for addressing barriers to certification for small farmers, underserved operations, and BIPOC farmers since the upfront additional costs of certification are a barrier for these operations.

II. Transition Support Payments - An incentive payment should be provided, contingent upon the producer's participation in the technical assistance component and the development of an Organic System Plan. Participants could use their incentive payment to help cover the costs of new production methods and additional infrastructure during the transition period.

- Eligibility** - Farmers and ranchers should only be eligible to participate in the organic transition once, as the intent is to provide the start-up resources, tools, and knowledge they need when beginning the process of transitioning their production to organic, plus financial support, based on the organic practices adopted on the operation during the transition process, to help get through the transition period during when the producer does not have access to the organic market.
- Participants** - For participants transitioning for the first time, the program would include both components: a technical assistance/ mentorship/ planning component, and an incentive component.

In cases when an applicant with land already in certified organic production who is transitioning additional land to organic, participation will depend on if the additional land to be transitioned was of a different organic certification scope, or, in the case of cropland, a different “sub-scope” (where the two crop sub-scopes are one for specialty crops and one for field crops and everything else). They would be eligible for the financial assistance component only.

Examples of incentive payment purposes:

- Farmer share of federal or state conservation cost-share practice
- Farmer share of crop insurance premium or NAP fee
- Repayment of an FSA operating or ownership loan
- Repayment of an FCS or private commercial operating or ownership loan
- Repayment of an FSA farm storage facility loan
- Match contribution for an RBCS value-added producer grant
- Other documented expenses or payments incurred during the transition period, such as soil testing, relevant new equipment, or other additional costs

III. Increase Enrollment in Conservation and the Organic Initiative – Expansion of funding for CSP and EQIP to incentivize the use of organic practices such as rotational grazing, cover cropping, and soil building practices is needed. The EQIP Organic Initiative, established in the 2008 Farm Bill to assist organic and transitioning farmers in addressing resource concerns and the implementation of conservation practices, has seen total enrollment decline since 2009 despite continued growth of the organic sector and increasing demand for organic production. Several factors have contributed to the underutilization of conservation support for organic and transitioning producers, including the significantly lower payment limit within the initiative, the elimination of state allocations of designated organic funds, and a lack of clarity with regard to the connection between transition support, an Organic System Plan, and the Conservation Activity Plan Supporting Organic Transition (CAP 138).

A designated allocation within both EQIP and CSP, including the same payment limit as the overall programs, and determined by organic data and participation rates, would provide much needed support for the transition process and/or organic specific conservation. Also, including transition support personnel at field offices with an understanding of these programs and ability to translate the benefits to organic producers is critical.

Implementing new organic conservation practices often involves major adjustments to the equipment needed on farm to complete field work. The transition program should address this by either providing financial assistance to help farmers acquire needed equipment or scale up county-level pilot programs in equipment sharing.

C. Organic Research and Markets

I. Support Organic Research - Increase funding for the Organic Transitions (ORG) research program administered by NIFA. ORG focuses on research that helps farmers overcome the barriers to transitioning to organic including policy, market, and supply chain-related challenges.

Additionally, increased research into developing seed and animal breeds regionally adapted to organic systems is needed. These seeds and breeds must be made publicly available so that farmers are able to access organic seed and animals to support their operations.

II. Improve Organic Markets - Maintaining and enhancing the integrity of the organic label is an essential part of ensuring the organic market continues to grow. An organic transition incentive program will not be effective in expanding organic production unless it is paired with stronger actions to enforce the current organic standards. Actions that should be taken to help promote the integrity of the organic market include:

- Enforcement of the Pasture Rule for Livestock
- Enhanced Organic Standards Enforcement to eliminate fraud.

Additionally, more can be done to extend organic into local and regional food systems. Regional food system grants that expand local markets for organically produced food can create more opportunities for new and existing organic farmers and ranchers. As USDA establishes the Regional Food Enterprise Centers, there is additional opportunity to integrate organic products into local and regional food systems.

- a. Reform USDA requirements in a manner that ensures mothers and families using the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) can access organic forms for all WIC-eligible foods.
- b. Expand the WIC Farmers Market Nutrition Program to ensure adequate benefits for purchasing organic food from local producers and the utilization of incentive programs to expand the purchasing power of WIC mothers. In addition, USDA should also mandate that all states allow WIC Cash Value Vouchers for fruits and vegetables to be used at farmers markets to purchase organic products.

III. Reshape Procurement - USDA should reform the procurement process for federal nutrition assistance programs to make them more accessible to small and mid-scale farms and handlers, alongside an increased procurement of organic products through those programs. USDA should devote \$1 billion annually to purchase culturally appropriate, organic products in federal nutrition assistance programs, including the National School Lunch program, the Commodity Supplemental Food Program, The Emergency Food Assistance Program (TEFAP), and Food Distribution Program on Indian Reservations (FDPIR) from small and mid-scale producers.

IV. Improve Processing of Organic Goods - Investment is needed to expand the processing capacity for organic meat and poultry, and facilities for organic vegetables and fruits. As USDA develops details for plans to incentivize expansion of local and regional meat processing capacity, special attention should be given to the need for additional organic meat processing. USDA should provide resources to expand flash-freezer facilities for organic special crop growers, expanding opportunities for year-round marketing of seasonal organic crops.

D. Crop Insurance Options for Organic Farmers

- I. Whole Farm Revenue Protection** - Promote Whole Farm Revenue Protection (WFRP) to organic farmers as a superior alternative to seeking commodity-by-commodity multi-peril coverage. WFRP is the only crop-neutral revenue insurance policy designed to protect a farmer's entire operation, not just one crop, and it is available nationwide. For organic farmers, WFRP provides an insurance option that recognizes and rewards the risk management inherent to diversified operations. It also allows a producer to report acreage as certified organic, or as acreage in transition to organic, when the producer has requested an organic certification by the acreage reporting date. However, changes are needed to recognize the potential of WFRP as a viable and attractive risk management tool. Chief among these is to reduce paperwork and to eliminate expense report requirements which bar many farmers from the program.

In the meantime, RMA should use its cooperative agreement authority to partner with community-based organizations to provide technical assistance for diversified, specialty crop, and organic producers applying for WFRP. In addition, RMA should explore ways to better support producers transitioning to sustainable or organic production. These producers most often experience short-term income loss because of higher production costs or yield losses in the transition years. For example, WFRP indemnities can be based on Year 0 revenue throughout the transition period, until Year 3 when a transitioning farmer's baseline would be more accurate.

- II. NAP** – While more limited in scope, the Non-insured Crop Disaster Assistance Program (NAP) can be used to develop model insurance programs to recognize the risk mitigation benefits of diverse, integrated production systems like organic as well as address the needs of underserved farmers. Further, use NAP to develop an “onramp” program for WFRP that can be used by beginning organic farmers in accessing ownership and operating capital, establishing the record keeping and accounting systems required for WFRP participation earlier in farm enterprise development.

- III. Crop Insurance Discounts** - Today sustainable and organic farmers are being over-charged because the current crop insurance system does not accurately set organic insurance guarantees based on organic prices nor recognize that organic systems of production are likely to be at less yield risk than non-organic production systems, and that needs to change. USDA can initiate a national pilot program with federal support to test the use of a discount on federal crop insurance for farmers who use organic (and other soil health) practices that increase soil carbon and improve their soil's resilience to weather extremes based on the models currently offered in Iowa and Illinois.

- IV. Good Farming Practices** - In the event an organic farm's application for crop insurance or benefits claim under an existing policy is recommended for denial due to good farming practices (GFPs), an individual with organic farming expertise should conduct a review of the decision before it is finalized. In addition, to prevent these denials on the basis of common organic

farming practices, RMA needs to change its definition of GFPs. Any climate resilient practice adopted that meets at least NRCS practice standards or is backed by an Organic Systems Plan ought to be, by definition, in compliance with GFPs.

E. Land Access and Credit Challenges

Organic, diversified and other “non-traditional” farmers, especially beginning and BIPOC farmers, have difficulty obtaining financing due to a lack of credit history, the increased risk associated with lending to a new or young farmer, or unfamiliarity with small, diversified and organic farming operations. To meet their unique needs, FSA staff should receive additional training on these “non-traditional” operations and more robust data should be collected on these operations and the prices they receive for goods to better ensure these farmers can access capital as needed.

- a. Increase oversight of the Farm Credit System’s mission and direct FCS to increase USDA target participation rates for beginning, small-scale and socially disadvantaged farmers. Further, require lenders to meet target participation rates established for beginning and BIPOC farmers as a prerequisite to be approved as an FSA Guaranteed Loan Preferred Lender.
- b. Provide working capital loans that are tailored to capital needs of diversified and organic farming operations and markets rather than single-year operating loans designed for annual row crops, including multi-year operating capital and flexible lines of credit that could be accessed or repaid as needed.