

**PENNSYLVANIA
CERTIFIED ORGANIC**

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April 10, 2008

FROM: Leslie Zuck, Executive Director of Pennsylvania Certified Organic
TO: Pennsylvania House Agriculture and Rural Affairs Committee
RE: Pennsylvania House Bill 2347, Organic Agriculture Development Act

Dear Committee Members,

Thank you for your efforts on behalf of organic agriculture in Pennsylvania. As Executive Director of Pennsylvania Certified Organic (PCO), I represent about 500 certified and transitioning organic operations. PCO is a non-profit organizations that educates and certifies organic producers in Pennsylvania and surrounding states. We appreciate your efforts to support organic production and welcome this opportunity to express our comments, concerns and questions regarding House Bill 2347, The Organic Agriculture Development Act. If you don't want to listen to (or read) my entire testimony, feel free to skip to the end where I have provided a bulleted list.

Task Force, §4904(c)

An Organic Agriculture Task Force is a great idea and it's high time Pennsylvania has one, especially since our Commonwealth ranks in the top 10 in overall in US organic production. There continues to be a high demand for organic food and an ever-increasing market for organic commodities in the mid-Atlantic region. Despite the strong organic economy, livestock producers have been hit hard by organic crop shortages and excessively high feed costs.

The positions for farmers on the task force should be filled by certified organic farmers, rather than farmers using organic practices. You will need producers who are clearly dedicated to organic production as evidenced by their efforts to successfully achieve organic certification. The task force also seems a bit light on the number of farmers considering they make up only a quarter of the group and may not be available to attend meetings regularly. At least four or five farmers should be included, considering the many sectors of agriculture we would want to represent: field crops, livestock, dairy, produce, tree fruit, mushrooms, poultry, maple, etc.

Certified organic producers, §4906(6)

I am all for efforts to increase organic production in Pennsylvania by assisting transitioning producers, however, let's not forget those already-certified organic producers who got there under their own steam, without much assistance and who have been instrumental in building

and maintaining a strong organic market and infrastructure. These farmers have sacrificed much in order to make organic agriculture attractive, lucrative and economically viable for others to come on board and some are now struggling with high feed costs and other setbacks. Why not make this entire program available to all producers, and offer incentives and support to those already certified, who wish to implement practices toward increasing profits and economic sustainability?

Certified organic producers should be eligible for all benefits related to expanding operations, not just for new land or animals, but also for infrastructure improvements, advanced organic practices, technical assistance for expansion of operations, and other benefits provided to transitioning farmers. Instead of adding new land or animals, they might want to install a grain storage or handling facility that will allow them to increase production. Or perhaps they plan to build a packing shed, or fencing that will allow them to increase production. Farmers who are already certified need access to these practices to help them succeed in an increasingly competitive field.

Other assistance programs

It is important that we consider assistance that already exists for organic farmers in Pennsylvania, as we would not want to duplicate such efforts. USDA's Risk Management Agency provides assistance through its AGR-Lite program to insure against loss in revenues for specialty and other crops in Pennsylvania. Education and assistance in understanding and enrolling in this program is available free to producers of all crops, including organic. Producers wishing to transition to organic may also take advantage of the EQIP and AMA programs administered through NRCS, which offers cost-share payments for best management practices required for transitioning to organic production. AMA also provides cost-share assistance to reimburse producers for up to 75 percent of their certification and inspection costs. I bring up these other programs not to sound ungrateful for your efforts, but to make the committee aware of what's already out there.

Revenue loss, §4905(c)(4)

The part of the program that would pay for loss in revenue concerns me the most. How would we determine that a lower profit was due to organic practices and not some other management problem or weather condition? That's difficult. The AGR-Lite program eliminates this problem by paying producers for income loss regardless of the reason (with some limitations). The proposed payments for yield loss or revenue loss, which I submit are different things although both are used in the language of the bill -- seems complicated and may prove unfair as it rewards producers with the poorest management practices. Funds should be invested in those operations with the best opportunity to succeed. If some of the producer's expense are paid for through this program -- up to \$20,000 -- would those costs would still be counted as expenses?

If the farmer has to submit data on their income for the previous 3 years, how would that work for a new farmer who has not been in production, or has not produced the same crop for 3 years or who wishes to produce a different crop than in past years? The typical transitioning farmer is not your average corn and soybeans commodity producer. Organic

farmers are innovative, creative and often extremely diversified. If they haven't produced the same crop for 3 years, how would that work?

Paying people for revenue loss can be tricky as it appears to reward those who might not be very good candidates for organic production to start with. It is important that an assistance program benefit producers likely to succeed rather than those who might be merely practicing organic by neglect or who wish to transition by using input substitution rather than through dedication to organic practices.

Necessary costs, §4905(c)(3)

How would we determine the "necessary" costs of transitioning? I am confused about this and believe that it would be difficult to know how to apply such a standard. Organic production consists of best management practices that farmers use – whether organic or not -- to increase production and enhance the long-term economic stability and sustainability of their farming enterprises. Certain practices that are not specifically required for organic production but are part of a person's organic plan or wish list, may not necessarily increase their chances of success. It would be useful to spell out what types of costs you have in mind or give more guidance to assist in implementing the program.

What if I'd like a new tractor or specialized cultivating equipment? Could I ask for money to pay for compost, even though I would have had to buy some sort of fertilizer anyway, or how about a computer or software program to help me keep those pesky farm records required for certification? Recordkeeping is required, but computer-generated spreadsheets are not. Managing weeds using organic methods is required, but a \$3,000 basket weeder is not. Don't get me wrong, I'm all for buying new equipment and any technology that will enhance efficiency and help farmers do their jobs better, I just want to know what qualifies and what doesn't? Who would make these determinations?

I'm also wondering about an entirely new farmer who has never farmed before, and therefore has not engaged in any farming practices yet. Would they be able to apply for funds for just about anything, since they will obviously need a lot of stuff to get started? And how would all those expenditures affect the revenue loss calculation?

Some states offer a per-acre payment to farmers in transition. This might be a simpler and more equitable option. I suggest that would be the best model for transitioning producers.

No doubt farmers who wish to bring CRP land or other acreage that hasn't been in agricultural production for a while, will have some costs involved in doing so, whether organic or not. They would not have had any income for the previous 3 years. A per-acre payment may be the most sensible way to go for that type of operation. Regarding livestock operations, all have acreage as well, since pasture is required for ruminant animals, which makes me wonder how we would measure crop yields when we have to figure that out for pasture land? The exception would be poultry operations, which do not require a land base. They have additional costs for organic feed and for providing outdoor runs.

Dairy farmers often suffer significant financial stress during their year of transitioning to organic milk production. They have to buy organic feed at substantially higher costs for 12 months while still receiving conventional prices for their milk. In some cases they may see a drop in production, but this is more often the result of moving to a grazing system, rather than switching to organic practices. If it is the intention to help this sector of transitioning organic producers, and I believe they do need help, perhaps the financial assistance program should be directed more specifically to transitioning dairy producers rather than attempting to cover all producers and all aspects of transition, some of which may already be covered by other programs.

If payments are offered for necessary costs – which may duplicate efforts of NRCS to compensate transitioning farmers for such costs -- I would like to see that program also be available to already certified organic farmers (who are not eligible under the NRCS program). Compensating for revenue loss should not be part of this program, as it is complicated, unfair to producers with better management practices, provides incentive to fail, would not help many producers and is already available through AGR-Lite.

Inspection reports, §4904(a)(6)

Why do you want to collect inspection reports for 10 years? Will someone read and analyze them for some purpose? Wouldn't an organic certificate suffice? It seems overly burdensome and brings up another point. A certification agent's job is to approve organic system plans, inspect and certify organic operations. We do not inspect operations that are ineligible for certification, which would include farms in their first or second year of transition. It might be possible to do this, but unfortunately we are already suffering a critical shortage of qualified organic inspectors throughout the East Coast, and that's just to inspect current organic operations. It would be prudent to include funds for training more inspectors and providing assistance to certifying agents for working with producers during their transition period.

Annual organic report, §4904(b)

Annual reporting on the status of organic agriculture in Pennsylvania will be an informative and a useful tool. I am not sure how or why we would want to provide information comparing organic with conventional agriculture or how we could reliably report on positive and negative impacts of organic agriculture on the environment and human health. The report will be most useful without those items in paragraphs (6) and (7).

Organic Program Director

What we really lack in Pennsylvania is an organic program director within our Department of Agriculture. Pennsylvania is the only state with significant organic production that does not have an agriculture program to serve its organic producers. The program director would coordinate the reports, manage the task force and other aspects of this organic program and would also be there to respond to questions and requests from producers and consumers in need of information about organic food and farming. Without such a person or program,

that acknowledges the existence of organic agriculture in Pennsylvania, we will remain at a serious disadvantage compared with states that support organic production and marketing through their agriculture programs.

In conclusion, I suggest the following revisions:

- Include certified organic producers and more farmers on the task force;
- Eliminate the revenue loss provision and consider a simpler form of payment, such as a per-acre payment;
- Provide guidelines for determining "necessary" costs and include certified organic farmers implementing the listed practices, in addition to transitioning farmers;
- Collect certificates rather than inspection reports;
- Include provisions for training organic inspectors and assisting certifying agents in providing services to transitioning producers;
- Fund an organic program director within the Department of Agriculture.

I am pleased with the efforts of Representatives Kessler and Hanna to address the needs of organic producers in Pennsylvania and I look forward to working with you further on this program.

Sincerely,

Leslie Zuck
Executive Director

**AGRICULTURAL MANAGEMENT ASSISTANCE (AMA)
Conversion to Organic Farming**

The Organic System Plan must meet the requirements of 7 CFR §205.201. A copy must be provided to NRCS and maintained in the producer case file.

I. Years Toward Certification

Points are assigned based on the number of years an applicant has until achieving full organic certification

II. Acreage

This acreage figure is based on the area being used for organic product production. It does not necessarily include all the land on the tract.

III. Diversity

5 points are allowed for each organically produced product up to a maximum of 4 products. 20 points are the maximum allowed even if there are more than 4 organically produced products.

IV. Soil Building Practices

3 points are allowed for each of the listed practices. In order to receive the allowable points, the practices must be included in the contract support document and must be applied according to the Pennsylvania State Technical Guide.

<u>Soil Building Practice</u>	<u>PATG</u>	<u>Practice Name</u>
Cover & Green Manure Crop	340	Cover and Green Manure Crop
Permanent Sod	512 327	Pasture & Hayland Planting Conservation Cover
Integrated Pest Management - Allowed Materials Only	595	Pest Management
Establishment of Forage Legumes	512	Pasture & Hayland Planting
Establishment of Warm Season Grasses	512	Pasture & Hayland Planting
Nutrient Management	590	Nutrient Management
Residue Management	344 329	Residue Management (Seasonal) Residue Management (Mulch Till, Strip Till, & No Till)
Non-Synthetic Mulch	484	Mulching
Prescribed Grazing	528A	Prescribed Grazing
Composting	317	Composting
Crop Rotation	328	Conservation Crop Rotation

