



GET THE FACTS ABOUT THE GRO ORGANIC CHECK-OFF

Who pays into the check-off? All organic certificate holders throughout the supply chain would pay a small fee to participate in the check-off—producers, handlers, processors, distributors, etc.

What would be the assessment rate? Organic producers and handlers would pay one-tenth of 1 percent of net organic sales. The assessment is based on total gross sales minus the cost of certified organic goods. For producers, this would be items such as organic feed, seed and planting stock; for processors, this is the cost of certified organic ingredients. For example, there would be a \$100 assessment for \$100,000 in net organic sales and a \$1,000 assessment for \$1,000,000 in net organic sales.

Would smaller-scale producers and handlers be assessed? Producers and handlers with revenue under \$250,000 could choose to be assessed. If they chose to participate, they'd be assessed at the same 1/10 of 1 percent rate and would have full voting rights. If they choose not to participate in the check-off, they will be exempt from any assessments.

What if you're already paying into another check-off? You can choose which federal check-off you want to pay into if you're participating in another federal check-off program.

How much is it estimated that GRO Organic will raise? It's estimated that the check-off could raise over \$30 million a year to advance organic.

What would GRO Organic funds be used for? The funds would be used to invest in organic research, increase information and technical assistance for organic producers and handlers, bring new farmers into organic production, promote the organic brand, and educate consumers on what organic is and its benefits.

How would regional research needs be met? At least 25 percent of producer assessments would be earmarked specifically for local and regional research, with producer members of the board deciding how to allocate the funds.

How would the check-off program be governed? A 17-member industry board, appointed by the U.S. Secretary of Agriculture, would make the decisions on how the funds would be allocated and which programs would be implemented. USDA would sign off on all the plans approved by the board.

Who would be on the check-off board? The board would reflect the diversity of the sectors paying into the check-off. There would be 16 voting members. Producers would comprise 50 percent of the voting members, and handlers 50 percent.

How would members of the check-off board be selected? Producers will directly select their regional representatives through direct balloting. Other board slots would be nominated by individuals, industry groups or associations and approved by USDA.



Are there term limits for the board members? A term would be three years, and no board member could serve no more than two consecutive three-year terms. Furthermore, no company could be represented on the board by an owner or an employee for more than two consecutive terms.

What role would OTA have in the check-off program? OTA facilitated the application for the check-off to USDA. OTA would have no role in the governing of the check-off program and in the allocation of funds.

Once it's in place, could the check-off program be terminated? Yes, a referendum is required every seven years to decide whether or not to continue the program.

What makes the Organic Check-off proposal unique?

- The organic check-off is very reform minded. It is unlike any other check-off that has preceded it. After exhaustive research, analysis, and outreach, the Organic Check-off solves for what has not worked in other check-offs, emphasizes what has worked, and creates custom programming that is as creative and unique as the organic sector itself.
- An organic check-off would represent all organic products: in essence, treating organic like a commodity instead of a singular product or category like dairy, tomatoes or grain.
- The Board composition would reflect the diversity of sectors paying into the organic check-off and have balanced regional participation: 50% of Board seats would be allocated for producers and 50% would be for handlers.
- Producers will directly select their regional representatives through a simple nomination and balloting process.
- The organic check-off requires a referendum every seven years to determine whether or not to continue with the program.
- Every single certificate holder subject to an organic check-off assessment would have a direct vote. A weighted vote by a representative on behalf of the members of an organization (aka bloc voting) would not be allowed.
- Assessments would be made throughout the value chain on all organic certificate holders. Producers, handlers and processors would all be required or invited to contribute depending on their gross organic revenue. Traditional check-offs typically target assessments only on a single group.
- The Organic Check-off proposal outlines that 25% of producer assessments are earmarked for local and regional research. A board sub-committee of regional seat holders would recommend how those funds would be.
- The Organic Check-off has an explicit objective to grow domestic production and acres. Well-funded, properly planned, and carefully monitored information programs would allocate at least 25% of total funds to help bring new farmers into organic production through information and technical assistance.
- All of the research, inventions and innovations that are a result of Organic Check-off programming will remain in the public domain.

What are the next steps to get GRO Organic implemented? A proposal for an organic research and promotion check-off program has been published in the *Federal Register*. After a 60-day public comment period, the final step will be a referendum on the check-off proposal, with all certified organic stakeholders eligible to vote. Approval by a majority of those voting is required. The whole process could take a year or longer.