

2018 Farm Bill Summary and Next Steps for Implementation

The Agriculture Improvement Act (2018 farm bill) signed into law in December 2018 includes policies that:

- 🔴 **Promote a healthy organic marketplace**
- 🔵 **Ensure organic farmers continue to be successful**
- 🟡 **Expand organic production**



OVERSIGHT AND ENFORCEMENT

The 2018 Farm Bill provides support and funding for the **U.S. Department of Agriculture's (USDA) National Organic Program (NOP)** to keep pace with industry growth, set uniform standards, and carry out compliance and enforcement actions in the U.S. and abroad.

- ✓ **Authorizes up to \$24 million per year in discretionary funding for NOP by 2023**
- ✓ Includes \$5 million for NOP to invest in **technology systems to modernize and improve international organic trade tracking** and prevent fraud
- ✓ **Requires electronic organic import certificates** to ensure full traceability without hindering trade, and establishes a USDA tracking system for those certificates
- ✓ **Requires USDA to issue a final rule strengthening organic enforcement within a year by requiring all entities in the global organic supply chain such as ports, brokers and importers to become certified**
- ✓ Grants NOP and certifying agents authority to require increased documentation and verification from producers and handlers if there is a compliance risk
- ✓ Establishes an interagency working group between USDA and Customs and Border Protection to verify the authenticity of organic imports
- ✓ Instructs USDA to report to Congress annually on all domestic and international compliance activities, investigations, actions taken, and the implementation of the oversight and enforcement provisions

OVERSIGHT AND ENFORCEMENT IMPLEMENTATION REQUESTS:

- » **Fully fund NOP at the levels authorized by the Farm Bill** in annual appropriations legislation
- » Ensure that USDA completes the **strengthening organic enforcement rulemaking** by December 2019
- » Ensure that USDA thoroughly completes **annual reporting requirements** to Congress on time

ORGANIC TRADE ASSOCIATION
Bold Steps to
PROMOTE and PROTECT
ORGANIC

FOCUS
ON SOLUTIONS

CONTINUOUS
IMPROVEMENT

EMBRACE
INNOVATION

PLAN FOR
THE FUTURE



RESEARCH

The 2018 Farm Bill includes robust and stable funding for federal research on organic production methods, development of new organic crop varieties, and sustainable solutions to combat pests, weeds, and disease pressure. This will help organic farmers continue to meet the unique challenges they face.

- ✓ Gradually increases mandatory funding for **USDA's Organic Agriculture Research and Extension Initiative (OREI)** from \$20 million to \$50 million by 2023 to achieve permanent funding for the program

RESEARCH IMPLEMENTATION REQUEST:

- » Ensure that high priority research needs for the organic sector are awarded funding

DATA COLLECTION

The 2018 Farm Bill fully funds **USDA's Organic Production and Market Data Initiatives (ODI)** program, which collects information vital to maintaining stable markets, creating risk management tools, tracking production trends, and increasing exports.



- ✓ Provides mandatory funding of \$5 million for ODI, and authorizes an additional \$5 million in discretionary funding through appropriations

DATA COLLECTION IMPLEMENTATION REQUEST:

- » Support more robust data collection that reduces current gaps identified by the organic sector

CERTIFICATION COST SHARE

The National Organic Certification Cost Share Program is important for attracting new and beginning farmers to organic. Organic farms can receive up to \$750 each year (i.e., up to 75% of the certification fee) to help defray the annual costs of organic certification.

- ✓ Provides \$40.5 million over the life of the Farm Bill until expended

CERTIFICATION COST SHARE IMPLEMENTATION REQUEST:

- » Provide discretionary funding through appropriations if mandatory funding for the program runs out

CONSERVATION

The 2018 Farm Bill expands access for organic farmers and incentivizes farmers to transition to organic in existing USDA conservation programs.

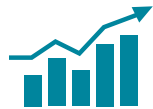


- ✓ Raises the payment limit for Environmental Quality Incentives Program (EQIP) and the Organic Initiative (OI) projects from \$80,000 over six years to \$140,000 over five years
- ✓ Further incentivizes transition to organic within the **Conservation Reserve Program-Transition Incentives Program (CRP-TIP)** by giving transitioning organic farmers a two-year head start on their organic certification process for land coming out of CRP
- ✓ Expands access for organic farmers and farmers transitioning to organic in the **Conservation Stewardship Program (CSP)** by authorizing state-allocated funding for this purpose

CONSERVATION IMPLEMENTATION REQUESTS:

- » Work with USDA to ensure that the new conservation provisions are promoted to farmers and implemented seamlessly
- » Ensure that states are allocated funding under CSP to support organic and transitioning farmers

RISK MANAGEMENT



The **2018 Farm Bill** contains minor steps forward in risk management, but it falls far short of providing organic farmers with the needed policies to manage risk on their farms. The lack of support in this area is a major barrier for farmers transitioning to organic production. **Congress should direct oversight of USDA when implementing the existing risk management programs** to ensure that organic farmers are not unfairly penalized based on their production system.

- ✓ Requires crop insurance agents to be knowledgeable of organic farming systems as part of their continuing education
- ✓ Codifies organic price elections for the **Noninsured Crop Disaster Assistance Program (NAP)**
- ✓ Includes NOP under issues covered by **state agricultural mediation programs**

RISK MANAGEMENT IMPLEMENTATION REQUESTS:

- » Ensure **USDA's Risk Management Agency (RMA)** continues to prioritize development of additional organic price elections for crop insurance coverage
- » Direct RMA to **allow transitioning farmers to utilize their previous yield history when calculating Actual Production History** for their organic crop insurance coverage
- » **Direct the Farm Service Agency to incorporate organic price premiums** when determining loan rates for their **Farm Storage Facility Loan Program**
- » Direct RMA to consider organic farming practices when developing the "good farming practices guide," and ensure that organic producers' ability to obtain crop insurance is not negatively impacted

HEMP

The 2018 Farm Bill legalizes the domestic cultivation, production, and commercial development of industrial hemp and hemp products at the federal level for the first time in almost 50 years. By removing hemp from the Controlled Substances Act (CSA) and categorizing it as an agricultural commodity under the purview of USDA, this crop should be eligible for federal programs such as crop insurance, agricultural research grants, **and certification of organic production practices under NOP.**

HEMP IMPLEMENTATION REQUESTS:

- » Direct NOP to update its instruction document (NOP 2040) on organic certification of industrial hemp and hemp products to align with the provisions of the 2018 Farm Bill
- » Focus some NOP enforcement resources on mis-use of organic label claims on hemp products, and ensure those companies are brought into compliance and certification

FARM BILL COMPARISON & SUMMARY OF ORGANIC PROGRAMS

PROGRAM	2014 FARM BILL	2018 FARM BILL
National Organic Program (NOP)	\$15 million per year (<i>authorization for appropriations</i>)	FY19: \$16.5 million FY20: \$18 million FY21: \$20 million FY22: \$22 million FY23: \$24 million
Organic Agriculture Research and Extension Initiative	\$20 million per year	FY19: \$20 million FY20: \$20 million FY21: \$25 million FY22: \$30 million FY23 & beyond: \$50 million per year
Organic Production and Market Data Initiatives	\$5 million	\$5 million
NOP Technology Upgrade	\$5 million	\$5 million
National Organic Certification Cost Share Program	\$11.5 million per year	\$40.5 million over the life of the Farm Bill until expended.
National Organic Program Enforcement	Increased enforcement tools with due process protections	Includes increased enforcement tools and authority to prevent fraud in the U.S. and abroad.
National Organic Standards Board (NOSB)	No Changes	Clarifies that an employee of a farmer can serve on the farmer seat. Codifies the requirement for an amendment to the National List to be a decisive vote that requires 2/3 of the votes cast at an NOSB meeting.