



# REPORT TO CONGRESS

## Fiscal Year (FY) 2016

### NATIONAL AND AGRICULTURAL MANAGEMENT ASSISTANCE ORGANIC CERTIFICATION COST SHARE PROGRAMS

#### I. BACKGROUND

The U.S. Department of Agriculture (USDA), Agricultural Marketing Service (AMS) administers two organic certification cost-share programs: the National Organic Certification Cost Share Program (National) and the Agricultural Management Assistance Organic Certification Cost Share Program (AMA), collectively referred to as the Organic Certification Cost Share Programs (OCCSP).<sup>1</sup>

The AMS administers the OCCSP by awarding funds to participating States that in turn reimburse organic producers and handlers for specific costs related to organic certification. To be eligible, recipients must receive an initial certification or continuation of certification from a USDA-accredited certifying agent, in accordance with the USDA organic regulations. The annual reimbursement is set at 75 percent of certification costs, with a maximum of \$750 per certification category: crops, livestock, wild crops, and handling. Operations that are certified in more than one category are eligible for a reimbursement of \$750 maximum per certification category, not to exceed 75 percent of total certification costs.

Each Federal fiscal year, AMS announces the availability of the National and AMA funds through a variety of communication channels, such as telephone calls and emails to State contacts, outreach materials, and informational postings to [Grants.gov](http://Grants.gov) and the AMS Web site: [www.ams.usda.gov/](http://www.ams.usda.gov/).

#### A. National OCCSP

The National OCCSP is authorized under Section 10606(d)(1) of the Farm Security and Rural Investment Act of 2002 (7 U.S.C. 6523(d)), as amended by Section 10004(c) of the Agriculture Act of 2014 (2014 Farm Bill; Pub. L. 113–79).

The Agricultural Act of 2014 reauthorized the National OCCSP and provides “no year” funding, which is open to certified organic producers and handlers in the 50 States, the District of Columbia, and five U.S. Territories (hereafter referred to as “States”). However, nine States chose not to participate, specifically American Samoa, the District of Columbia, Guam, Nevada, the Northern Mariana Islands, Puerto Rico, Tennessee, Utah and Wyoming. Delaware, Oklahoma, and South Carolina participated by counter-signing the grant agreement, but no reimbursement requests have been submitted to date.

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<sup>1</sup> In September 2016, USDA notified Congress of its intent to transfer the authority for administering the organic certification cost-share programs from the Agricultural Marketing Service to the Farm Service Agency. This transfer became effective in Fiscal Year 2017.



## **B. The Agricultural Management Assistance Cost Share Program**

The AMA OCCSP is authorized under the Federal Crop Insurance Act (FCIA), as amended (7 U.S.C. 1524(b)). Under this authority, Congress authorizes USDA to annually provide organic certification cost share assistance to certified organic producers operating in 16 specifically named States: Connecticut, Delaware, Hawaii, Maine, Maryland, Massachusetts, Nevada, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, Utah, Vermont, West Virginia, and Wyoming. Of the 16 States, Massachusetts and Utah chose not to participate, citing inadequate resources to manage the AMA OCCSP funds. Delaware, Nevada, and West Virginia participated by counter-signing the grant agreement, but no reimbursement requests have been submitted to date. To prevent duplicate assistance payments, producers participating in the AMA OCCSP are not eligible to participate in the producer portion of the National OCCSP.

## **II. FISCAL YEAR 2016**

### **A. National Participation**

Under the 2016 National OCCSP, \$10,815,772<sup>2</sup> was apportioned for 56 States. AMS allocated \$10,777,836 to the 47 States which signed agreements with AMS to participate. These States subsequently disbursed \$7,140,503.91 in cost-share assistance to 9,301 qualifying organic operations. The \$37,936 difference between the total apportionments for the program and the amount AMS allocated to the 47 participating States represents funds apportioned for the nine non-participating States plus AMS administrative cost. All states are provided funding amount since it is not known until later which states will actually participate. The funds allocated to the non-participating States will roll over for use in the next fiscal year because National OCCSP funds are no-year funds.

The Appendix to this report provides State-by-State data on the funds allocated and disbursed by participating State, the number of certified organic operations benefiting from the reimbursement of certification costs, and the percent of allocated funds used. National OCCSP agreements signed by participating States for 2016 are in effect from October 1, 2015, through September 30, 2016. Only a few States have disbursed all of their allocated funds for 2016 at the time of this report. The other participating States may retain their remaining funds until fully dispersed. Disbursements vary by the number of requests for reimbursement submitted by organic operations.

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<sup>2</sup> In fiscal year 2016, National OCCSP was authorized \$11.5M plus \$167,500 carry-over for an estimated funding at \$11,667,500 and then sequestered at 7.3% for a total apportionment of \$10,815,772.



## **B. AMA Participation**

Under the 2016 AMA OCCSP, \$927,000<sup>3</sup> was apportioned for 16 States authorized to receive funds by the legislation. AMS allocated \$879,900 to the 14 States which signed agreements with AMS to participate. The \$47,100 difference between the total apportionment for the program and the amount AMS allocated to the 14 participating States represents funds apportioned for the two non-participating States (Massachusetts and Utah) plus AMS administrative cost. All states are provided funding amount since it is not known until later which states will actually participate. The participating States subsequently disbursed \$831,226 in cost share assistance to 1,205 qualifying organic operations. The funds allocated for the non-participating states as well as funds not used by participating states are returned to the Treasury because AMA OCCSP funds are annual funds.

The Appendix to this report provides individual State data on the funds allocated, reimbursed by the States, the number of certified organic operations benefiting from the reimbursement, and the percent of allocated funds used. AMA OCCSP agreements signed by participating States for 2016 were in effect from October 1, 2015, through September 30, 2016. Some States disbursed their total allocation, and others did not receive enough requests from eligible organic operations for certification cost reimbursement to expend their total allocation.

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<sup>3</sup> In fiscal year 2016, AMA was authorized estimated funding at \$1,000,000 and then sequestered at 7.3% for a total apportionment of \$927,000.



### III.APPENDIX

#### National Cost Share Program FY 2016 Allocation, Disbursement and Use of Funds by the Participating States

State	Total Allocation <sup>1</sup>	Amount Paid as Reimbursements <sup>2</sup>	Number of Operations Assisted <sup>3</sup>	Percent of Funds Used <sup>4</sup>
Alabama	\$23,072	\$7,998	11	34%
Alaska	\$20,372	\$10,263	14	50%
Arizona	\$50,000	\$49,041	75	98%
Arkansas	\$25,600	\$15,613	23	60%
California	\$2,180,872	\$1,062,783	1,295	48%
Colorado	\$216,776	\$216,776	273	100%
Connecticut	\$58,800	\$18,059	25	30%
Delaware	\$11,500	\$0	0	0%
Florida	\$175,000	\$99,823	95	57%
Georgia	\$103,572	\$62,145	51	60%
Hawaii	\$81,000	\$60,475	65	74%
Idaho	\$200,000	\$79,542	107	40%
Illinois	\$202,800	\$80,170	113	39%
Indiana	\$202,300	\$97,624	125	48%
Iowa	\$418,000	\$326,650	381	78%
Kansas	\$75,772	\$34,585	41	46%
Kentucky	\$76,200	\$39,600	150	52%
Louisiana	\$27,472	\$14,162	18	52%
Maine	\$256,772	\$233,192	295	91%
Maryland	\$84,300	\$19,953	35	24%
Massachusetts	\$124,000	\$83,391	100	67%
Michigan	\$279,672	\$203,803	254	73%
Minnesota	\$548,772	\$419,250	832	76%
Mississippi	\$12,600	\$6,326	16	50%
Missouri	\$127,800	\$69,023	92	54%
Montana	\$129,980	\$129,980	286	100%
Nebraska	\$115,300	\$115,300	150	100%
New Hampshire	\$81,600	\$5,428	10	7%
New Jersey	\$136,500	\$50,119	63	37%
New Mexico	\$81,600	\$12,346	17	15%
New York	\$607,200	\$377,561	441	62%
North Carolina	\$168,172	\$168,172	224	100%
North Dakota	\$228,100	\$19,190	24	8%
Ohio	\$369,100	\$280,719	350	76%



**National Cost Share Program FY 2016  
Allocation, Disbursement and Use of Funds by the Participating States (cont.)**

State	Total Allocation <sup>1</sup>	Amount Paid as Reimbursements <sup>2</sup>	Number of Operations Assisted <sup>3</sup>	Percent of Funds Used <sup>4</sup>
Oklahoma	\$50,000	\$0	0	0%
Oregon	\$398,172	\$344,274	459	86%
Pennsylvania	\$453,400	\$257,254	288	57%
Rhode Island	\$24,000	\$8,240	13	34%
South Carolina	\$31,000	\$0	0	0%
South Dakota	\$64,372	\$59,498	75	92%
Texas	\$247,900	\$131,359	175	53%
Vermont	\$327,800	\$290,070	360	88%
Virginia	\$92,500	\$37,168	50	40%
Washington	\$607,972	\$570,488	677	93%
West Virginia	\$17,672	\$14,869	15	84%
Wisconsin	\$957,472	\$957,472	1137	100%
US Virgin Islands	\$5,000	\$750	1	15%
<b>Total</b>	<b>\$ 10,777,836</b>	<b>\$7,140,504</b>	<b>9,301</b>	<b>66%</b>

<sup>1</sup> Amount AMS authorized the State to use for reimbursement to certified organic operations plus up to 10% indirect cost to cover States' administrative expenses.

<sup>2</sup> Funds paid by States to reimburse certified organic operators plus up to 10% indirect cost to cover States' administrative expenses. Any difference between the amount requested and the amount paid to operators is held for future disbursement.

<sup>3</sup> Number of producers and handlers that received reimbursement.

<sup>4</sup> Total reimbursement divided by the total allocation amount.



**AMA Cost Share Program FY 2016 Allocation, Disbursement and Use of Funds by the Participating States**

State	Total Allocation <sup>1</sup>	Amount Paid as Reimbursements <sup>2</sup>	Number of Operations Assisted <sup>3</sup>	Percent of Funds Used <sup>4</sup>
Connecticut	\$24,000	\$23,467	40	98%
Delaware	\$2,500	\$0	0	0%
Hawaii	\$31,900	\$30,062	40	94%
Maine	\$91,500	\$90,206	180	99%
Maryland	\$33,000	\$32,625	73	99%
Nevada	\$12,000	\$0	0	0%
New Hampshire	\$32,100	\$15,235	44	47%
New Jersey	\$25,000	\$16,752	44	67%
New York	\$317,800	\$317,800	389	100%
Pennsylvania	\$163,600	\$163,586	182	99%
Rhode Island	\$5,000	\$4,993	17	99%
Vermont	\$119,200	\$119,200	171	100%
West Virginia	\$5,000	\$0	0	0%
Wyoming	\$17,300	\$17,300	25	100%
<b>Total</b>	<b>\$879,900</b>	<b>\$831,226</b>	<b>1,205</b>	<b>94%</b>

<sup>1</sup> Amount AMS authorized the State to use for reimbursement to certified organic operations plus up to 10% indirect cost to cover States' administrative expenses.

<sup>2</sup> Funds paid by States to reimburse certified organic operators plus up to 10% indirect cost to cover States' administrative expenses. Any difference between the amount requested and the amount paid to operators is returned to the federal government.

<sup>3</sup> Number of producers that received reimbursement.

<sup>4</sup> Total reimbursement divided by the total allocation amount.