# REPORT TO CONGRESS

# Fiscal Year (FY) 2022

# NATIONAL AND AGRICULTURAL MANAGEMENT ASSISTANCE ORGANIC CERTIFICATION COST SHARE PROGRAMS

#### I. BACKGROUND

The U.S. Department of Agriculture (USDA) administers two organic certification cost share programs collectively referred to as the Organic Certification Cost Share Programs (OCCSP): (1) the National Organic Certification Cost Share Program (National), and (2) the Agricultural Management Assistance Organic Certification Cost Share Program (AMA).

The Farm Service Agency (FSA) provides the cost share assistance through two approaches: (1) by establishing grant agreements with State agencies that provide cost share payments to producers and handlers in their state; and (2) by issuing payments directly to producers and handlers who apply for cost share payments at one of FSA's 2,156 county offices. Applicants may apply with either the State agency or FSA in States where a State agency participates in OCCSP. However, applicants may not apply through both the State agency and FSA.

OCCSP is administered according to the Notices of Funds Availability published on April 29, 2019 (84 FR 17997-17999), and August 10, 2020 (85 FR 48149-48150). In 2022, FSA announced the availability of 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 and through the FSA Web site:

https://www.fsa.usda.gov/programs-and-services/occsp/index.

To be eligible for OCCSP, applicants must receive an initial certification or continuation of certification from a USDA-accredited certifying agent, in accordance with the USDA organic regulations. Due to unexpected participation levels and the limited funds available, FSA revised the reimbursement amount available for fiscal years 2020 through 2022.<sup>2</sup> The 2022 reimbursement amount was 50 percent of certification costs, with a maximum of \$500 per certification category: crops, livestock, wild crops, processing/handling, and State Organic Program fees.<sup>3</sup> Operations that

<sup>&</sup>lt;sup>1</sup> The Further Continuing Appropriations and Other Extensions Act, 2024 (Pub. L. 118-22) authorized an additional \$8 million in National OCCSP funding for fiscal year 2024. FSA intends to announce the availability of OCCSP for the 2024 program year in a forthcoming Notice of Funds Availability.

<sup>&</sup>lt;sup>2</sup> FSA also administered the Organic and Transitional Education and Certification Program (OTECP) for fiscal years 2020, 2021, and 2022 (86 FR 61113-61116). OTECP used funding provided by the Coronavirus Aid, Relief, and Economic Security Act (CARES Act; Division B, Title I, Pub. L. 116-136) to cover 25 percent of a certified operation's eligible certification costs, up to \$250 per certification category (crop, livestock, wild crop, handling, and State Organic Program fees). It also covered the following expenses not included in OCCSP: soil testing, registration fees for educational events, and fees charged by a certifying agent or consultant for pre-certification inspections and development of an organic system plan for transitional crop and livestock operations.

On May 10, 2023, FSA announced that funding is available to increase the OCCSP reimbursement amount for fiscal year 2023 to 75 percent of eligible certification costs, up to \$750 per scope, which is the maximum payment amount authorized by statute. (<a href="https://www.fsa.usda.gov/news-room/news-releases/2023/usda-announces-new-steps-to-enhance-organic-markets-and-support-producers">https://www.fsa.usda.gov/news-room/news-releases/2023/usda-announces-new-steps-to-enhance-organic-markets-and-support-producers</a>)

<sup>&</sup>lt;sup>3</sup> State Organic Program fee was added as an eligible category in 2017. It applies only to producers in a State with a recognized State Organic Program under the National Organic Program regulations.

were certified in more than one category were eligible for a maximum reimbursement of \$500 per certification category, not to exceed 50 percent of total certification costs. This change allowed a larger number of certified organic operations to receive assistance. The changes to the payment calculation and maximum payment amount were applicable to all certified organic operations, regardless of whether they applied through an FSA county office or a participating State agency.

#### A. National OCCSP

The National OCCSP is authorized under Section 10606 of the Farm Security and Rural Investment Act of 2002 (7 U.S.C. 6523), as amended by Section 10004(c) of the Agriculture Act of 2014 (2014 Farm Bill; Pub. L. 113–79), and Section 10105 of the Agricultural Improvement Act of 2018 (2018 Farm Bill; Pub. L. 115-334), which reauthorized the National OCCSP and provided "no year" funding, available to certified organic producers and handlers in the 50 States, the District of Columbia, and five U.S. Territories (hereafter referred to as "States"). Twenty-six State agencies chose not to participate in FY 2022; however, certified operations in all states could participate through FSA county offices. State agencies that did not participate are American Samoa, Colorado, Delaware, the District of Columbia, Georgia, Guam, Hawaii, Idaho, Illinois, Indiana, Iowa, Louisiana, Michigan, Nebraska, Nevada, New Hampshire, New Mexico, the Northern Mariana Islands, Oklahoma, Puerto Rico, South Dakota, Tennessee, U.S. Virgin Islands, Utah, West Virginia, and Wyoming. Funds obligated through grant agreements that are not used are returned to FSA and available for later years.

#### B. The AMA OCCSP

The AMA OCCSP is authorized under the Federal Crop Insurance Act (FCIA), as amended (7 U.S.C. 1524(b)). Under this authority, Congress provided authority for 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. State agencies in Delaware, Hawaii, New Hampshire, Nevada, Utah, West Virginia, and Wyoming chose not to participate, citing inadequate resources to manage the program or a decision to let FSA administer all OCCSP payments in that State. To prevent duplicate assistance payments, producers participating in the AMA OCCSP are not eligible to participate in the producer portion of the National OCCSP. Unused funds are returned to the Treasury because AMA OCCSP funds are annual funds.

#### II. FISCAL YEAR 2022

#### A. National Participation

Under the 2022 National OCCSP, \$7,544,000<sup>5</sup> was available under the 2018 Farm Bill, and \$3,933,424 in unobligated funding was available from prior years. FSA allocated \$4,321,850 to the 30 State

<sup>&</sup>lt;sup>4</sup> The 2018 Farm Bill authorized \$2 million from CCC to be used for National OCCSP for each of FYs 2019 and 2020, \$4 million for FY 2021, and \$8 million for each of FYs 2022 and 2023, to remain available until expended. The Further Continuing Appropriations and Other Extensions Act, 2024 authorized an additional \$8 million in National OCCSP funding for fiscal year 2024. Funding for FY 2025 and later years is not authorized at this time.

<sup>&</sup>lt;sup>5</sup> The 2018 Farm Bill authorized \$8,000,000 in National OCCSP funding for fiscal year 2022, which was sequestered at 5.7% for a total apportionment of \$7,544,000.

agencies that signed grant agreements. These State agencies subsequently disbursed \$3,325,078 in cost share assistance to 5,403 qualifying organic operations. Funds apportioned for FY 2022 that were not allocated to State agencies were available to provide payments directly to certified operations through FSA county offices. Under the 2022 National OCCSP, FSA county offices have disbursed \$2,012,987 to 4,830 certified operations. Any remaining National OCCSP funds that were not spent by State agencies or FSA remain available for future fiscal years.

The Appendix to this report provides State-by-State data on the funds allocated and disbursed by participating State agencies and FSA county offices. Disbursements vary by the number of requests for reimbursement submitted by organic operations.

### **B.** AMA Participation

Under the 2022 AMA OCCSP, \$943,000<sup>6</sup> was apportioned for 16 States authorized to receive funds by the legislation. FSA allocated \$836,750 to the 9 States that signed agreements with FSA to participate. The participating State agencies subsequently disbursed \$625,649 in cost share assistance to 1,244 qualifying organic operations.

The Appendix to this report provides State-by-State data on the funds allocated and disbursed by participating State agencies and FSA county offices.

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<sup>&</sup>lt;sup>6</sup> In fiscal year 2022, AMA OCCSP was authorized \$1,000,000 and then sequestered at 5.7% for a total apportionment of \$943,000.

## III. APPENDIX

National Organic Certification Cost Share Program FY 2022 Allocation and Disbursement

	nic Certification Cost State Agency 1		2022 Tillocation	Number of	Number of
	Disburse		Funds	Operations	Operations
		FY 2022 Funds	Disbursed by	Assisted by	Assisted by
State	FY 2022 Allocation <sup>1</sup>	Disbursed <sup>2</sup>	FSA County Offices	State Agencies	FSA County Offices
Alabama	\$2,000	\$2,000	\$3,602	1	9
Alaska	\$6,550	\$4,314	\$0	9	0
American Samoa	N/A	N/A	\$0	0	0
Arizona	\$41,350	\$33,460	\$4,500	62	9
Arkansas	\$3,400	\$1,962	\$4,945	6	13
California	\$1,437,800	\$1,352,872	\$39,037	1,889	99
Colorado	N/A	N/A	\$90,218	0	190
Connecticut	\$14,450	\$9,725	\$6,250	22	19
Delaware	N/A	N/A	\$2,000	0	4
Dist. of Columbia	N/A	N/A	\$0	0	0
Florida	\$29,500	\$29,019	\$14,608	53	33
Georgia	N/A	N/A	\$34,065	0	74
Guam	N/A	N/A	\$0	0	0
Hawaii	N/A	N/A	\$41,569	0	100
Idaho	N/A	N/A	\$70,336	0	161
Illinois	N/A	N/A	\$120,124	0	260
Indiana	N/A	N/A	\$188,886	0	457
Iowa	N/A	N/A	\$192,857	0	490
Kansas	\$22,350	\$14,707	\$22,333	27	46
Kentucky	\$33,700	\$18,026	\$4,151	82	9
Louisiana	N/A	N/A	\$9,781	0	21
Maine	\$144,050	\$131,913	\$3,023	192	8
Maryland	\$22,700	\$4,950	\$2,085	33	5
Massachusetts	\$3,350	\$3,250	\$36,400	6	104
Michigan	N/A	N/A	\$150,508	0	354
Minnesota	\$272,950	\$147,750	\$75,879	241	175
Mississippi	\$3,300	\$525	\$9,988	1	27
Missouri	\$32,950	\$8,431	\$42,893	15	91
Montana	\$98,550	\$90,288	\$14,903	184	35
Nebraska	N/A	N/A	\$62,191	0	135
Nevada	N/A	N/A	\$18,865	0	42
New Hampshire	N/A	N/A	\$13,583	0	65
New Jersey	\$32,300	\$32,300	\$11,364	60	27
New Mexico	N/A	N/A	\$11,473	0	25
New York	\$183,250	\$66,695	\$171,587	156	498
North Carolina	\$105,800	\$77,839	\$25,871	139	56
North Dakota	\$70,800	\$55,101	\$2,765	103	6
N. Mariana Islands	N/A	NA	\$0	0	0
Ohio	\$228,700	\$99,884	\$56,840	170	134
Oklahoma	N/A	N/A	\$7,884	0	24
Oregon	\$109,250	\$94,647	\$73,052	168	170
Pennsylvania	\$143,900	\$143,900	\$46,763	274	116

	State Agency Funding and Disbursements		Funds	Number of Operations	Number of Operations
State	FY 2022 Allocation <sup>1</sup>	FY 2022 Funds Disbursed <sup>2</sup>	Disbursed by FSA County Offices	Assisted by State Agencies	Assisted by FSA County Offices
Puerto Rico	N/A	N/A	\$0	0	0
Rhode Island	\$5,400	\$2,255	\$875	5	4
South Carolina	\$8,900	\$6,428	\$2,375	20	13
South Dakota	N/A	N/A	\$35,859	0	93
Tennessee	N/A	N/A	\$9,457	0	21
Texas	\$25,150	\$19,155	\$44,819	39	94
U.S. Virgin	N/A	N/A	\$0	0	0
Utah	N/A	N/A	\$11,402	0	25
Vermont	\$216,850	\$187,981	\$20,154	323	47
Virginia	\$20,600	\$11,071	\$63,601	18	137
Washington	\$416,000	\$259,036	\$28,777	489	64
West Virginia	N/A	N/A	\$6,458	0	17
Wisconsin	\$586,000	\$415,594	\$85,050	616	185
Wyoming	N/A	N/A	\$16,981	0	39
Total	\$4,321,850	\$3,325,078	\$2,012,987	5,403	4,830

<sup>&</sup>lt;sup>1</sup> Amount FSA authorized the State agency to use for reimbursement to certified organic operations plus indirect costs, if applicable, to cover State agencies' administrative expenses. N/A represents non-participation by the State agency.

<sup>2</sup> Funds paid by the State agency to reimburse certified organic operators plus indirect costs, if applicable, to cover State agencies'

administrative expenses.

AMA Organic Certification Cost Share Program FY 2022 Allocation and Disbursement

	State Agency Funding and Disbursements			N. 1 C	N. I. C
State	FY 2022 Allocation <sup>1</sup>	FY 2022 Funds Disbursed <sup>2</sup>	Funds Disbursed by FSA County Offices <sup>3</sup>	Number of Operations Assisted by State Agencies	Number of Operations Assisted by County Offices <sup>3</sup>
Connecticut	\$26,100	\$12,938	\$0	27	0
Delaware	N/A	N/A	\$0	0	0
Hawaii	N/A	N/A	\$0	0	0
Maine	\$177,400	\$132,030	\$0	267	0
Maryland	\$32,600	\$13,970	\$0	50	0
Massachusetts	\$30,500	\$8,600	\$0	18	0
Nevada	N/A	N/A	\$0	0	0
New Hampshire	N/A	N/A	\$0	0	0
New Jersey	\$16,100	\$13,010	\$0	29	0
New York	\$244,150	\$195,910	\$0	387	0
Pennsylvania	\$107,800	\$49,696	\$0	85	0
Rhode Island	\$6,400	\$3,795	\$0	21	0
Utah	N/A	N/A	\$0	0	0
Vermont	\$195,700	\$195,700	\$0	360	0
West Virginia	N/A	N/A	\$0	0	0
Wyoming	N/A	N/A	\$0	0	0
Total	\$836,750	\$625,649	\$0	1,244	0

<sup>&</sup>lt;sup>1</sup> Amount FSA authorized the State agency to use for reimbursement to certified organic operations plus indirect costs, if applicable, to cover State agencies' administrative expenses. N/A represents non-participation by the State agency.

<sup>&</sup>lt;sup>2</sup> Funds paid by the State agency to reimburse certified organic operators plus indirect costs, if applicable, to cover State agencies administrative expenses.

<sup>&</sup>lt;sup>3</sup> AMA funds were used to fund grant agreements with the State agency and were not paid through FSA.