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Promotion and Economics Division, Specialty Crops Program  
AMS, USDA  
1400 Independence Ave. SW, RM. 1406-S, Stop 0244  
Washington, DC 20250-0244

**RE: Docket No. AMS-SC-16-0112; PR-A1  
Proposed Organic Research, Promotion, and Information Order**

The Iowa Organic Association (IOA) is a non-profit 501(c)3 organization dedicated to the advancement of Iowa's organic food and farming system. IOA was founded in 2006 and serves as an umbrella association to represent all of Iowa's organic farmers, gardeners, food and farm businesses and consumers in building a more sustainable Iowa. Our mission is to advance organic opportunities by fostering education, research, promotion and market development and policy.

In addition, IOA represents the over 900 organic operations certified in the state of Iowa. Iowa ranks sixth nationwide for number of organic farmers. As a commodity state, we are working hard to educate conventional farmers about organic transition so that we may contribute to the domestic demand for organic grain with domestic supply.

Iowa Organic Association opposes the Organic Research, Promotion and Information Order submitted to the USDA by the Organic Trade Association. In order to come to this decision, we polled our membership of Iowa organic farmers, organic processors, agriculture service providers and consumers. Of those who responded to our survey, 65% were certified organic farmers and 15% were certified organic processors. Agriculture Service Providers (researchers, educators, government employees, and agriculture supply providers) and Consumers also responded at 10% each. 80% of IOA members, representing the Iowa organic community oppose the proposed organic checkoff. The IOA board meticulously represents all sectors of the Iowa organic industry, and with this information from our membership, the board voted unanimously to oppose the proposed checkoff order.

Iowa Organic Association opposes the checkoff because it does not sufficiently address organic farmers' research needs, farmers cannot opt out of the program, it is divisive between the people who market and those who produce organic products, Iowa checkoff dollars cannot return to support Iowa farmers, the assessment is cumbersome and burdensome, and not all certified organic entities will be allowed to vote in the initial referendum—even though they all will be required to participate in the checkoff annually by submitting their gross annual sales data to USDA.

**The Purpose(s) of this Order Lacks a Commitment to US Organic Farmers**

There is no doubt that this program, administered through USDA's Agriculture Marketing Service, has a goal of increasing markets and sales of organic products. This is stated in several places in this proposal, including:

pp. 5750: The purpose of this program would be to: (1) Develop and finance an effective and coordinated program of research, promotion, industry information, and consumer education regarding organic commodities; and (2) maintain and expand existing markets for organic commodities.

pp. 5773: The Board would develop and submit to the Secretary for approval programs, plans and projects regarding promotion, research, information and other activities including consumer and industry information and advertising (designed to, among other things, build markets and develop new products, including new uses of existing organic products, new organic products or improved technology in the production, processing and packaging of organic products).

pp. 5775: The proposed program is expected to grow markets for organic products by increasing the number of certified organic farmers, increasing the amount of organic acreage, conducting research into viable pest management tools, and educating consumers on the meaning of the USDA organic label.

Iowa Organic Association is concerned that this program which increases sales and markets for organic products but makes no commitment to U.S. organic farmers. Without a stated purpose of supporting and increasing the viability and sustainability of U.S. organic agriculture and organic farmers, there is no reason to believe that this program can help activate the growth of organic farmers and farms. In fact, it may conversely encourage further, cheaper organic imports. We have experienced an increase in organic soybean and corn imports over the past year, which has resulted in reduced prices for Iowa organic commodity growers. This program will discourage farmers from transitioning to organic production and will perpetuate the domestic supply problem. Iowa farmers have the capacity and know-how to meet domestic demand with domestic supply, but this checkoff program fails to make a commitment to expanding the U.S. organic producer base and will only help to increase organic imports.

#### **Paperwork Burden on All Certified Entities**

Each of the categories below entail separate paperwork. Any certified entity would be required to complete *at least two* of these forms of documentation:

1. Whether or not they have to pay into the Program, **all certified entities of any size will be required to submit a report each year** documenting their Gross Organic Sales to determine whether they will be assessed under this program or are exempt. They would need to maintain books and records needed to “carry out the provisions of the proposed program, including for verification of any required reports” and retain those records for at least two years beyond the applicable calendar year.
2. If an entity’s gross sales are greater than \$250,000 in any year, they will calculate their Net organic sales for the previous year ending on December 31<sup>st</sup> multiply it by 0.001 and submit a report and check to the program by March 31<sup>st</sup>.
3. If an entity’s gross sales are less than or equal to \$250,000 in any year, they could apply for an exemption from payment under the Act, which must be approved by the Secretary each year. This is different than No. 1, above, and must be submitted by December 31.
4. If they are part of a commodity with an existing conventional checkoff they would have to apply annually for exemption from assessment by that program. Prior to the start of the calendar

year, the entity would apply to the Secretary of Agriculture on a form supplied by the program, for an exemption to assessment by the conventional program to ensure that they would not have double deduction. They would also have to prove that they have paid into the organic checkoff for the previous year. These entities would need to request refunds if conventional checkoff deductions are taken at source, for example dairy on their milk check, beef and hogs at auctions. Many of our Iowa farmers report that check refund processes have been difficult and they worry that they may end up paying two checkoff programs as a result of the processes proposed in the organic checkoff.

5. If the entity is part of a State promotion program rather than a Federal program, the USDA will “encourage” those programs to recognize the Federal program. Entities can apply for an offset of 25 percent of the payment to the federal program to compensate for monies paid to a State or Regional program if the State and Regional programs agree.

**§12566.17 Importer.** Importers do not have to be certified organic handlers, but would be given the vote if they comply with an undefined “authorized international standard” that may not even have to comply with U.S. organic standards. This creates an inequity and devalues the votes of U.S. certified organic farmers.

**§1255.21 Net organic sales.** The definition of costs associated with calculating Net Organic sales is inappropriate and penalizes farmers who keep their 'costs' low by growing their own feed, forage, fertility or other inputs. Using the proposed definition, their net sales will be higher than those of a farm with similar gross sales that purchases similar inputs from off-farm. However, the proposed definition of net sales costs does not include labor (salaries and wages); property taxes; loan/mortgage repayment; insurance; building and machinery repair, maintenance, land rent; capital expense; utilities; fuel; milk marketing charges, milk hauling charges, certification expense, trucking, professional service providers such as nutritionist, accountant, veterinarian, planting of cover crops to maintain crop fertility, etc. These excluded expenses include the costs experienced by farmers that produce their own inputs for their operation. As a result, the calculated Net Organic sales using the proposed definitions is inaccurate and results in inequitable payment calculations. A few examples of these inequities are: farms that engage in grass-fed livestock production will be penalized in their assessment in comparison with farms that purchase feed and forage; farms that plant cover crops to maintain soil fertility will be penalized in their assessment in comparison with farms that purchase organic fertilizers to apply in the spring.

**§ 1255.81(a) Referenda. Initial Referendum.** The initial referendum should be open to all currently certified domestic entities on the list maintained by the National Organic Program. All such entities will be burdened by the additional paperwork each year and many of the currently exempt entities may be subject to assessment in future years as profits increase. According to USDA's calculations, 76% of certified organic farmers in the U.S. would not be eligible to vote in this referendum unless they choose to be 'voluntarily assessed,' yet all certified organic farmers will be affected by this checkoff program. Every certified organic entity will see a significant increase in their paperwork burden. For example, every farmer will need to document gross sales by December 31, which is a deadline that may force many farmers to work through the Christmas holiday. Therefore, all currently certified domestic entities (on the most recent list maintained by the National Organic Program at the time of the vote), regardless of gross organic sales, must be permitted a vote in the initial referendum.

## **Organic Research**

Of most interest to IOA is the agricultural research money.

1. The proposal states that 12.5% of the estimated \$25-30 million in checkoff revenue will be used for actual agricultural production research, which optimistically would be about \$3.2 million per year – for the entire country. When that is divided among the 6 regions, each region would receive \$533,000 [see [NoOrganicCheckoff.com](http://NoOrganicCheckoff.com)], it is not a sufficient amount of organic research dollars to make an impact for farmers nor is it enough to justify all the additional paperwork burden placed on organic producers and processors.
2. Iowans are concerned that the research will not focus on the needs of Iowa producers, and since the checkoff dollars would not come back to the state in which they were generated, Iowa producers will have very little control over directing the funds to meet the research needs of Iowa organic farmers.

IOA believes that the proposed Organic Research, Promotion and Information Order “Checkoff program” could unfairly promote large organic processors’ needs over those of independent, family farmers. These USDA programs focus on the marketplace. They are not about farmers or farming. As such, the proposed checkoff pits those promoting organic products against those producing the products—we feel this is a failure of the program and will hurt Iowa organic farmers.

The checkoff program does not adequately address the need for more organic research and education—both high interest areas from organic farmers. Nor does the proposal make any assurances that the research needs of Iowa producers will be addressed with their checkoff contributions.

The annual checkoff is cumbersome and burdensome and will create much frustration for organic farmers without a tangible visible return that will help them as independent small businessmen and women.

Finally, without a stated goal to increase U.S. organic farmers and farms, we believe this Checkoff program will increase demand, and encourage supply at the fastest rate and lowest cost through consolidation and global supply—never good for smaller, independent U.S. organic farmers or farms. Organic is about more than sales—it’s about the organic agriculture’s benefits to the environment and to animal and human health. Unless we preserve the **viability and profitability** of our farmers, and increase domestic organic farmers and farms, we will not see these health and environmental benefits.

Sincerely,

Iowa Organic Association Board of Directors:

- Scott Ausborn, Organic Retailer Representative
- Kent Boyum, Organic Farmer Representative
- Rob Faux, Organic Farmer Representative
- Tyler Franzenberg, Organic Farmer Representative
- Cindy McCollough, Organic Handler/Wholesaler Representative
- Paul Mugge, Organic Farmer Representative
- Dr. Ai Wen, Education/Research Representative
- Margaret Smith, Education/Research Representative
- Gary Huber, Organic Consumer Representative
- Jack Knight, Organic Consumer Representative
- Mark Shuett, Organic Handler/Wholesaler Representative