



## National Organic Standards Board Fall Meeting

October 25–28, 2010

Madison, Wisconsin

Best Western InnTowner, 2424 University Ave.

The National Organic Program (NOP) invites you to participate in the National Organic Standards Board (NOSB) deliberations during the fall meeting.

In addition to continuing their reviews of Sunset 2012 and petitioned materials, the advisory board will present recommendations to the Secretary of Agriculture with request for comment on the following topics related to organic agriculture:

Nanotechnology, apiculture, use of animal healthcare products under § 205.238(c)(2), "made with" organic claim, clarification of handling exemptions under § 205.101(b), corn steep liquor, an annotation for colors on § 205.606, and updates to the NOSB Policy and Procedures Manual and New Member Guide.

NOSB also welcomes feedback on discussion documents concerning animal stocking rates; animal handling, transit, and slaughter; and nutrient vitamins and minerals.

The agenda, including specific materials to be addressed, will be posted at <http://www.ams.usda.gov/NOSB> and published in the [Federal Register](#) on or around September 10, 2010. The meeting is free and open to the public.

## How to Submit Comments

### Oral Comments

Individuals interested in presenting at the NOSB meeting may sign up for one 5-minute slot on Mon., Oct. 25, 10:15 to 5:30 p.m. or Wed., Oct. 27, 8 to 5 p.m.

Please contact Lisa Ahramjian at [Lisa.Ahramjian@ams.usda.gov](mailto:Lisa.Ahramjian@ams.usda.gov) or by calling 202-690-3962 to reserve a slot.

### Written Comments

The NOSB welcomes public comments via [regulations.gov](http://www.regulations.gov) once the Federal Register notice is published on or around Sept. 10, 2010.



Betsy Rakola

## Meet NOP's New Cost-Share Program Manager

In July, the NOP hired Betsy Rakola to administer the organic cost-share program on a full-time basis. This program, further described on page 3, reimburses certified organic producers and handlers to help offset the increased costs related to certification and inspection in organic agriculture.

Betsy joined the NOP from Tufts University with experience in program management at the USDA-Tufts Human Nutrition Research Center on Aging. She also earned her M.S. in Agriculture, Food and Environment from Tufts, studying under Kathleen Merrigan, now the USDA Deputy Secretary. Her research focused on the structure of the North American hog industry and agricultural trade with Mexico after NAFTA.

Betsy's prior work with Oxfam America's Central America & Mexico programs gave her experience with international development, including organic agriculture. She was raised in Minnesota and lived in Boston for many years before joining the NOP.

To learn more about the organic cost-share programs she is responsible for managing, see page 3.

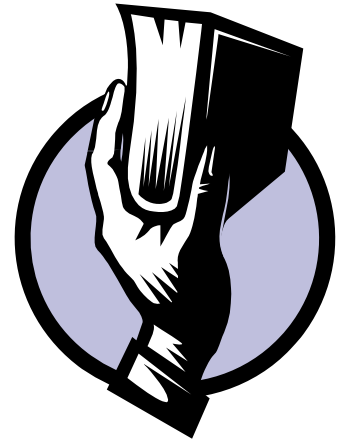
## Program Handbook

The first edition of the NOP Program Handbook is on track to be published in September 2010. The goal of the Handbook is to provide those who own, manage, or certify organic operations with guidance and instructions that can assist them in complying with the National Organic Program regulations.

The inaugural Handbook will include two types of documents: 1) guidance, which provides interpretations of NOP statutory or regulatory requirements, and 2) instructions, which inform accredited certifying agents and certified operations about best practices for conducting business related to certification, accreditation, international activities, and compliance and enforcement.

While the NOP anticipates expanding the scope of the Handbook to include a broader array of issues, this first edition focuses on compiling new instructions to ACAs and certified operations alongside the program's current guidance documents into an accessible, convenient format. Many of these new instructions were selected to address issues raised by the March 2010 USDA Office of Inspector General report.

NOP plans to expand this project over time by issuing draft guidance on additional topics, soliciting public comment, and finalizing new guidance for inclusion in the Handbook.



## Enforcing the NOP regulations, Protecting Organic Integrity

Since Oct. 1, 2009, and in response to the 2010 Office of Inspector General audit findings, the NOP has increased enforcement actions to strengthen its role in protecting the integrity of organic regulations. One such action has been the increased assessment and collection of civil penalties through settlement agreements. (Prior to 2010, the NOP had issued civil penalties three times since October 2002 when the program was implemented.)

Over the last seven months, the NOP successfully settled three cases and collected a total of \$14,000 civil penalties. The cases were:

HP Ingredients (NOPC-144-09), closed March 24, 2010. \$6,000

The complaint involved falsifying a USDA organic certificate. The operator agreed to a \$6,000 settlement and paid the fine in full.

Mushroom Science (NOPC-099-10), closed June 6, 2010. \$1,000

The complaint against Mushroom Science proved to be a violation for the second time. A previous complaint had closed Dec. 2009. An investigation regarding the complaint, filed in March 2010, found that Mushroom Science was still in violation of the NOP regulation. Mushroom Science agreed to a \$1,000 settlement and civil penalty and paid the fine in full.

Double H Farm (NOPC-127-10), closed July 29, 2010. \$7,000

The complaint involved a Virginia farm selling meat and produce as organic after losing its certification. The violating party agreed to pay \$7,000 over 12 monthly installments.

## Correction Action Update for Inspector General Audit Findings

An audit of the NOP by the USDA Office of Inspector General, performed March 2010, included 14 recommendations for improving the administration and management of the program. The NOP is on track to complete all corrective actions by the end of the calendar year.

By the end of Sept., NOP plans to fully address and close eight additional corrective items, including the completion of the Quality Manual, Program Handbook, and assessment by the National Institute of Standards and Technology (NIST).

The full report of audit findings is available at <http://www.usda.gov/oig/rptsauditsams.htm>.



### Organic Cost-Share Programs

The NOP administers a cost-share program for producers and handlers who, once certified by an accredited certifying agent, may be reimbursed up to 75 percent of costs related to organic certification, not to exceed \$750 annually.

The National Organic Cost Share Program and Agricultural Management Assistance Program originated as early as 2001, when Congress designated funds to alleviate the financial burden of organic certification. Recognizing the increased costs for those participating in the organic market, the program was intended to make certification more affordable.

Almost a decade later, operations throughout the country, recently certified or renewing a long-term operation, are still invited to apply for funds. Moreover, smaller operators have equal opportunity to receive cost share funds as do their larger counterparts. Financing is not competitive: funds are distributed on a first-come, first-serve basis until exhausted.

### Most Recent Legislation

For the coming year, federal funds totaling \$6 million will be available to those who obtain or renew organic certification from Oct. 1, 2010, through Sept. 30, 2011. (See “How to Apply” on pg.4.)

In 2008, the Farm Bill authorized \$22 million in federal funds towards the National Organic Cost Share Program to be distributed over five years. Along with the authorization provided by the Federal Crop Insurance Act in 2001 for the management of the Agricultural Management Assistance Program, the NOP recognizes the costs that organic certification poses and provides a rebate to alleviate this burden.

### How it works

Funds are allocated on state-by-state basis each federal fiscal year, which ends Sept. 30. During the 2009-10 fiscal year, 49 states and Puerto Rico applied for program funds. Following is a list of allocations by state for the current year:

| Fiscal Year 2010     | Agricultural Marketing Assistance Program                                                                                    | National Organic Certification Cost Share Program                        |
|----------------------|------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------|
| Participating States | Northeastern States (Conn., Del., Maine, Md., Mass., N.H., N.J., N.Y., Pa., R.I., Vt.), as well as Hawaii, Nev., Wyo., W.Va. | All of U.S. (except for W.Va., Va., Utah, Guam, and U.S. Virgin Islands) |
| Eligible Recipients  | Producers of organic crops and livestock                                                                                     | Producers & Handlers for AMA participant states                          |
| Allocated Funds      | \$1.485 million                                                                                                              | \$4.68 million                                                           |



“It’s important for producers and handlers to take advantage of this opportunity before the fiscal year ends,” said Betsy Rakola, the NOP cost-share manager. “Sept. 30 is rapidly approaching, so individuals seeking reimbursement should work with their state agencies and certifiers to submit a complete application as soon as possible.”

Funds for each of the cost-share programs are allocated according to the authorizing legislation, taking into account past fund use by states, as well as annual trends in organic certification. The distribution aims to provide appropriate allocations based on the size and growth rate of organic activities in a state. A breakdown of funds allotted to each state for FY 2010:

#### Cost-share funds allotted for fiscal year 2010

| State         | AMA Program<br>(blank= not eligible) | National Program | State          | AMA Program<br>(blank= not eligible) | National Program   |
|---------------|--------------------------------------|------------------|----------------|--------------------------------------|--------------------|
| Alabama       |                                      | \$10,000         | Nebraska       |                                      | \$85,000           |
| Alaska        |                                      | \$20,000         | Nevada         | \$15,000                             | \$10,000           |
| Arizona       |                                      | \$50,000         | New Hampshire  | \$45,000                             | \$15,000           |
| Arkansas      |                                      | \$20,000         | New Jersey     | \$45,000                             | \$15,000           |
| California    |                                      | \$1,050,000      | New Mexico     |                                      | \$30,000           |
| Colorado      |                                      | \$175,000        | New York       | \$450,000                            | \$65,000           |
| Connecticut   | \$37,500                             | \$5,000          | North Carolina |                                      | \$30,000           |
| Delaware      | \$22,500                             | \$5,000          | North Dakota   |                                      | \$140,000          |
| Florida       |                                      | \$80,000         | Ohio           |                                      | \$150,000          |
| Georgia       |                                      | \$25,000         | Oklahoma       |                                      | \$20,000           |
| Hawaii        | \$75,000                             | \$10,000         | Oregon         |                                      | \$225,000          |
| Idaho         |                                      | \$20,000         | Pennsylvania   | \$202,500                            | \$20,000           |
| Illinois      |                                      | \$45,000         | Puerto Rico    |                                      | \$30,000           |
| Indiana       |                                      | \$40,000         | Rhode island   | \$30,000                             | \$15,000           |
| Iowa          |                                      | \$300,000        | South Carolina |                                      | \$10,000           |
| Kansas        |                                      | \$40,000         | South Dakota   |                                      | \$40,000           |
| Kentucky      |                                      | \$10,000         | Tennessee      |                                      | \$25,000           |
| Louisiana     |                                      | \$15,000         | Texas          |                                      | \$75,000           |
| Maine         | \$180,000                            | \$20,000         | Vermont        | \$225,000                            | \$25,000           |
| Maryland      | \$67,500                             | \$15,000         | Virginia       |                                      | \$50,000           |
| Massachusetts | \$67,500                             | \$10,000         | Washington     |                                      | \$475,000          |
| Michigan      |                                      | \$130,000        | West Virginia  | \$7,500                              | No request         |
| Minnesota     |                                      | \$400,000        | Wisconsin      |                                      | \$475,000          |
| Mississippi   |                                      | \$10,000         | Wyoming        | \$15,000                             | \$10,000           |
| Missouri      |                                      | \$45,000         | <b>Total</b>   | <b>\$1,485,000</b>                   | <b>\$4,490,000</b> |
| Montana       |                                      | \$90,000         |                |                                      |                    |

#### Cost-share management: attention to detail

The NOP is working to provide efficient, streamlined service to states agencies. The addition of a full-time cost-share manager will support them in implementing state programs. Rakola, who has years of experience managing USDA cooperative agreements, is committed to making the NOP responsive to the needs of participating states. Future efforts will include program guidance, training, and site visits. Her goal is to see that organic producers and/or handlers benefit to the fullest extent that the law allows.

“The NOP recognizes that certification can be cost-prohibitive, so we want to get this money to as many certified organic operations as possible,” said Rakola. “We are working to increase outreach efforts in the coming months with the goal of reaching those who have not previously participated in the program. Again, the program is not competitive: anyone who obtains organic certification should consider applying for reimbursement. As long as there are funds available, producers and handlers should be served.”

See “How to Apply” on pg. 5

## NOP Appeals

In July, the NOP Appeals office received 893 adverse action/non-compliance notifications\*:

- 327 Notices of Noncompliances
- 159 Notices of Proposed Suspension
- 24 Notices of Suspension
- 3 Notices of Proposed Revocation
- 1 Notice of Revocation
- 7 Denials of Certification
- 359 Notices of Resolution
- 13 Surrenders of Certification



Also, appeals filed by the following parties have been denied by the Agricultural Marketing Service Administrator, and related information has been posted in the NOP electronic reading room at <http://www.ams.usda.gov/AMSV1.0/NOPReadingRoomHome>:

- Oxford Frozen Foods, LLC

\*These letters are submitted to the Administrator as part of the accreditation requirements for accredited certifying agents under § 205.501(a)(15)(i). Procedural requirements for the adverse action letters issued to operations are outlined in § 205.405 and § 205.662. These numbers are based on the letters received by the AMS Administrator from accredited certifying agents during the month. These numbers may include letters issued prior to the month, may not include all letters issued during the month, and may not include letters submitted to a State Organic Program.

### How to Apply for Organic Certification Reimbursements

Eligible producers and/or handlers should apply for cost-share assistance through the state agricultural agency in which their operation is located. To be eligible, they must comply with NOP regulations for organic production or handling and have received certification or continuation of certification by a USDA accredited certifying agent within the established timeframe. To participate in the program, contact your state agency. Contact information can be found here: <http://www.ams.usda.gov/NOPCostShareProgramParticipants>.