

National Organic Coalition

Testimony of Kathie Arnold
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on behalf of the

Northeast Organic Dairy Producers Alliance
and
National Organic Coalition

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American Agricultural Producers Today"

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Chairman Harkin, Senator Chambliss, Members of the Committee-

Thank you for the opportunity to testify before you today.

My name is Kathie Arnold. In partnership with my husband Rick, and his brother Bob, I have been farming for 27 years in our central New York town of Truxton. Our 19-year-old son works with us, and we also have help from other family members and two non-family employees. We've been certified organic for the last 9 years. We have about 140 dairy cows plus youngstock and crop around 700 organic acres--raising pasture, hay, corn and small grains.

I also serve on the Board of the Northeast Organic Dairy Producers Alliance (NODPA), which is a member of the National Organic Coalition. I offer my testimony today on behalf of both groups.

National Organic Coalition (NOC) is a national alliance of organizations working to provide a "Washington voice" for farmers, ranchers, environmentalists, animal welfare activists, consumers and progressive industry members involved in organic agriculture. The coalition operates under the central principles that protecting the stringency and integrity of the national

organic standards is necessary:

- (1) To maintain the organic label's value to consumers;
- (2) To realize the environmental benefits of the organic agricultural system;
- (3) To provide and encourage diversity of participation and fair and equitable access to the organic marketplace; and
- (4) To ensure the long-term economic viability of organic family farmers and businesses.

With the frequent low pay prices and rising production costs, many family farms are experiencing a very hard time making a living producing conventional milk. When the three of us began farming together in 1980, there were 22 farms shipping milk in our town. That number is now down to 10. While we have been the only farm in our town shipping organic milk, we will soon be joined by two other farms, and another will start their herd transition this year.

Organic farming is a production system that enables family farms to have a viable and even thriving business that is both environmentally friendly and family friendly. We have never regretted our decision to transition to organic.

The process of transitioning to organic is not easy for producers, nor should it be. Farmers make a commitment to produce according to the stringent standards for organic production laid out by the Organic Foods Production Act (OFPA) and the USDA regulations that were written to implement that act. It is this commitment to strong environmental, animal husbandry, and input-use standards that consumers reward when they buy organic products. The strong standards and the price premium go hand in hand. Any effort to dilute the organic standards will only serve to undermine that price premium, and by extension, those of use who have made the financial commitment in operations to meeting those standards.

While the National Organic Program created by OFPA has been positive overall for organic farmers, processors and consumers, there is still a great deal of work to be done to ensure that standards are consistent and strong. Most notably, the issue of a pasture standard for organic livestock remains unresolved.

Under the current USDA organic standards, livestock managed as organic must be given access to pasture. In spite of the clear requirement, this standard has not been adequately enforced by USDA. Much of the debate on this subject has centered on organic dairy production, and concerns that some dairy operations and processors are allowing dairy cows to be confined, without adequate access to pasture. Allowing some operations and processors to circumvent the pasture standard not only undermines consumer expectations for organic milk, but it also degrades the investment of the vast majority of organic dairy farmers, who have made substantial investments in land and facilities to meet this strong pasture standard.

In response to concerns raised about the lack of enforcement of the pasture standard for livestock, USDA published an Advanced Notice of Proposed Rulemaking (ANPR) in the Federal Register on April 10, 2006 asking for public comments about an appropriate pasture standard for organic livestock, particularly dairy.

At an April 2006 forum on the subject in State College, Pennsylvania, I, along with my organization and many others presented oral testimony on the matter. Specifically, we urged USDA to issue a proposed rule to specify that:

- 1) Organic dairy livestock over 6 months of age must graze on pasture during the months of the year when pasture can provide edible forage.
- 2) The grazed feed must provide significant intake, at a minimum an average of 30% of the dry matter intake during the growing season, for no less than 120 days per year.

USDA's National Organic Program staff had indicated that a proposed rule on pasture would be issue by August of 2006. However, the proposed rule has yet to be issued. It is our hope that USDA will act quickly to establish and implement a strong pasture standard. However, if they do not, there may be a need for Congress to Act on this matter.

As this Committee undertakes the difficult task of putting together the 2007 Farm Bill, I urge your consideration of several key provisions related to organic agriculture:

1. Organic Certification Cost Share Reauthorization

For many organic producers and handlers, the annual cost of organic certification is burdensome. The current program to help defray these costs should be reauthorized and updated to reflect increased costs and funding needs. This program is particularly important in encouraging small-and-medium-sized operations to become certified and stay certified.

2. Conservation Security Program

The Conservation Security Program was authorized by the 2002 Farm Bill. This program provides incentives to both conventional and organic producers to reward them for on-going and enhanced conservation practices on their farmers. However, the program has been significantly curtailed from its original purpose by spending limitations imposed through the annual appropriations process. We support full funding of the CSP as a national "entitlement" program, with mandatory funding, to be available in all watersheds. In addition, an easy "crosswalk" should be created between organic certification and CSP, so that a producer's certified organic farm plan can also provide eligibility for higher tiers of CSP benefits.

3. Organic Conversion Assistance

The process for farmers to convert to organic takes three years. During this conversion process, farmers incur the higher costs associated with organic production but do not receive the higher price premiums that come with final organic certification. We support the creation of a National Organic Conversion and Stewardship Incentives Program to provide financial and technical support to farmers for the adoption of advanced conservation practices as part of the process of converting to organic production. In addition, financial assistance is needed for nonprofit organizations around the country to provide technical assistance to farmers in the organic transition process. In keeping with this goal, a National Organic Technical Committee should be established to provide advice to NRCS on the implementation of the Organic Conversion Program.

4. Organic Research

USDA research programs have not kept pace with the growth of organic agriculture in the marketplace. Although organic currently represents about 3 percent of total U.S. food retail market, the share of USDA research targeted to organic agriculture and marketing only represents about 0.6 percent annually (\$12 million). In order to adequately meet the public research and data needs of the rapidly growing organic sector, the 2007 Farm Bill should reauthorize valuable organic research programs at higher funding levels, and make sure that existing USDA research and data collection efforts are expanded to include organic-specific activities.

In addition, changes should be made to programs such as the National Research Initiative (NRI) to foster public plant and animal breeding. In recent decades, public resources for classical plant and animal breeding have dwindled, while resources have shifted toward genomics and biotechnology, with a focus on a limited set of major crops and breeds. This shift has significantly curtailed the public access to plant and animal germplasm, and limited the diversity of seed variety and animal breed development. This problem is particularly acute for organic and sustainable farmers, who seek access to germplasm well suited to their unique cropping systems and their local environment. Without renewed funding in this arena, the public capacity for plant and animal breeding will disappear.

5. Competitive Markets in Organic

As organic food processing firms and retail chains consolidate and dominate markets, farmers' leverage to negotiate fair prices and fair contract terms is in jeopardy. The Agricultural Fair Practices Act was enacted in 1967 to prohibit processors and handlers from retaliating against producers who join producer cooperatives or associations in an effort to gain more market power. Yet loopholes in the law have made it difficult for USDA to enforce the statute, and changes are needed to make it a more effective bargaining statute. The Agricultural Fair Practices Act should be amended to close loopholes which have made it difficult to enforce, and add provisions to require processors to bargain in good faith with associations of producers, including organic producer associations, instead of leaving producers to negotiate price and contract terms unilaterally with large corporate buyers.

6. GMO Liability

USDA's organic regulations only prohibit the intentional use of any genetically engineered technology in growing, handling or processing an organic crop or product. However, shipments of organic products may be rejected should any genetically engineered material be detected. This has resulted in financial losses because of product becoming "contaminated" by wind-drifted pollen and other avenues that are not under the producers' control, with farmers and processors increasingly bearing the cost of expensive testing and detection. A liability regime should be established so that farmers suffering economic and other losses from contamination with genetically engineered material can recoup their losses from the manufacturers of genetically engineered seeds.

7. Crop Insurance and Disaster Program Equity

Currently organic producers are required to pay a 5 percent surcharge on their crop insurance rates. In addition, organic producers are often reimbursed under crop insurance and disaster

programs for losses based on conventional prices, without recognition of the higher value of their organic products. These inequities for organic producers should be rectified.

Thank you for your consideration of these proposals and for this opportunity to testify.