

A Report from the:
Risk Management Agency,
U.S. Department of Agriculture,
regarding:

The Department of Agriculture's Annual Report to the Committee on Agriculture of the U.S. House of Representatives and the Committee on Agriculture, Nutrition and Forestry of the U.S. Senate Regarding the Progress Made in Developing and Improving Federal Crop Insurance for Organic Crops,

and

The Department of Agriculture's Report to the Appropriations Committees of the U.S. Senate and U.S. House of Representatives regarding plans to carry out the Organic Production Survey on an annual or biannual basis and the use of AMS data to expand the number of organic price elections available.

March 2016

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Introduction

The Risk Management Agency (RMA) provides this report, pursuant to Section 508(c)(6)(D) of the Federal Crop Insurance Act, as amended by Section 11023 of the Agricultural Act of 2014:

“The Corporation shall submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate an annual report on progress made in developing and improving Federal crop insurance for organic crops, including:

- i. the numbers and varieties of organic crops insured;
- ii. the progress of implementing the price elections required under this subparagraph, including the rate at which additional price elections are adopted for organic crops;
- iii. the development of new insurance approaches relevant to organic producers; and
- iv. any recommendations the Corporation considers appropriate to improve Federal crop insurance coverage for organic crops.”

This report is concurrently submitted to meet the requirements of the Senate Appropriations Committee Congressional Directive (Senate Report 114-82):

“The Committee continues to support RMA’s efforts to complete the organic price election series as required by the Agricultural Act of 2014. The Committee encourages RMA and NASS to formalize and institutionalize a plan for continuing to carry out the Organic Production Survey on an annual or biannual basis and report back to the Committee on this effort. The Committee encourages RMA to commit to the development of price factors that would allow information already collected by AMS to be used to greatly expand the number of organic price elections available.”

In this report, RMA addresses the requirements above, and provides: 1) a brief summary of our previous reports regarding our progress in establishing organic price elections and alternative options for organic coverage; 2) information regarding the number and variety of crops for which we introduced organic price elections for the 2016 and 2017 crop years; and 3) our ongoing efforts to obtain additional data and information to aid future development of price elections for crops for which we do not yet offer premium¹ organic price elections.

Previous Reports to Congress

This is the third annual report to Congress on the progress of implementing organic price elections. RMA’s 2014 Report to the Congressional Committees on Appropriations

¹ ‘Premium organic price election’ and ‘organic price election’ are used interchangeably throughout this report. The distinction of ‘premium’ organic price election is often made to acknowledge that organic crops are still insurable at conventional price election values, even if a premium price above that of the conventional practice, is not available.

(<http://www.rma.usda.gov/pubs/2014/appropriations.pdf>) provided RMA's data quality requirements, a list of organic price elections through the 2014 crop year, and summarized alternative tools to provide organic crop insurance coverage. RMA's 2015 Report to the Congressional Committees on Agriculture and Agriculture, Nutrition and Forestry (<http://www.rma.usda.gov/pubs/2015/appropriations.pdf>) provided an updated list of organic price elections through the 2015 crop year and detailed RMA's organic data collection efforts. Both of RMA's previous reports stressed the importance of RMA's data quality requirements and the need for more data in order to develop additional organic price elections.

Data quality requirements

RMA's data quality requirements were detailed in each of the previous Reports. The lack of available quality data continues to be the single most significant constraint to offering additional organic price elections. In order to meet the data quality requirements, the data must reflect a representative sample of the relevant organic producer population, be accurate, unbiased, and be available to RMA on a recurring basis. Additionally, in order to use the data directly to establish an organic price election, the data must be volume-weighted and must reflect the price received by producers (i.e., price must not include the cost of value-added services beyond the farm-gate level).

Existing data sources

RMA's 2014 Report detailed the primary data sources available. These sources are largely unchanged and are summarized here for convenience.

When response-level data are available on a recurring basis, National Agricultural Statistics Service (NASS) data typically meet RMA's data quality requirements and are the preferred data source for organic price elections. The data are accurate, unbiased, volume weighted, and representative. Prices are often reported at the farm-gate level. For some crops, prices are reported at a price point located further in the supply chain and separate post-harvest cost information is still required to determine farm-gate values.

Agricultural Marketing Service (AMS) Market News collects organic and conventional price quotes at various points in the supply chain (e.g., farm-gate, Shipping Point, Terminal Market, Retail). For some crop types (mainly organic grain and feedstuffs), prices are volume-weighted and are reported at the farm-gate level. For other crop types (most specialty crops, including fruits and vegetables), reported prices are not volume-weighted and are reported at points located further in the supply chain. For price data that is not volume-weighted, RMA cannot use the data directly to establish organic price elections, but can still use the prices to establish factors (or ratios) showing the historical premium of the organic price relative to the conventional price. These factors are applied to the conventional price election to establish organic price elections.

Trade groups and industry sources also contribute data to RMA for the development of organic price elections. Private data sources fill a critical gap because they are often the only source of data available for specific crop types or marketing regions. RMA makes every effort to verify

that proprietary data meets our data quality requirements. However, in some cases, RMA might not be able to verify the sample sizes and representativeness of private data sets. In other cases, the price data may not be reported at a farm-gate level. Also, RMA cannot guarantee the future availability of such data sets because a private party offers data to RMA at their discretion. Thus, not all private data can be used to develop organic price elections.

Progress in Implementing Organic Price Elections

New and expanded offerings of premium organic price elections

The availability of organic price elections for avocados, blueberries, and pears has been expanded to more counties and states. For avocados and blueberries, the organic price elections are now offered in all states with an existing plan of insurance.

In 2016, RMA added 24 new organic price elections: barley, burley tobacco, cabbage, cigar binder tobacco, cranberries, cultivated wild rice, dry air tobacco, dry peas, flue cured tobacco, forage production (alfalfa in select states), fresh market sweet corn, hybrid sweet corn seed, Maryland tobacco, onions (fresh onions in select states), pinto beans, potatoes, processing clingstone peaches, rice, rye, safflower, sugarcane, sunflower, table grapes, and wheat.

Organic price elections for citrus crops in Arizona and California will be available for grapefruit, lemons, mandarins, oranges, and tangelos for the 2017 crop year. Grapefruit trees have been added for Florida. With these additions, RMA now offers premium organic price elections for 57 crops or 68 percent² of the commodities for which we offer coverage. This is up from 27 percent last year. Additional organic price elections for the 2017 crop year are currently being explored and will be added.

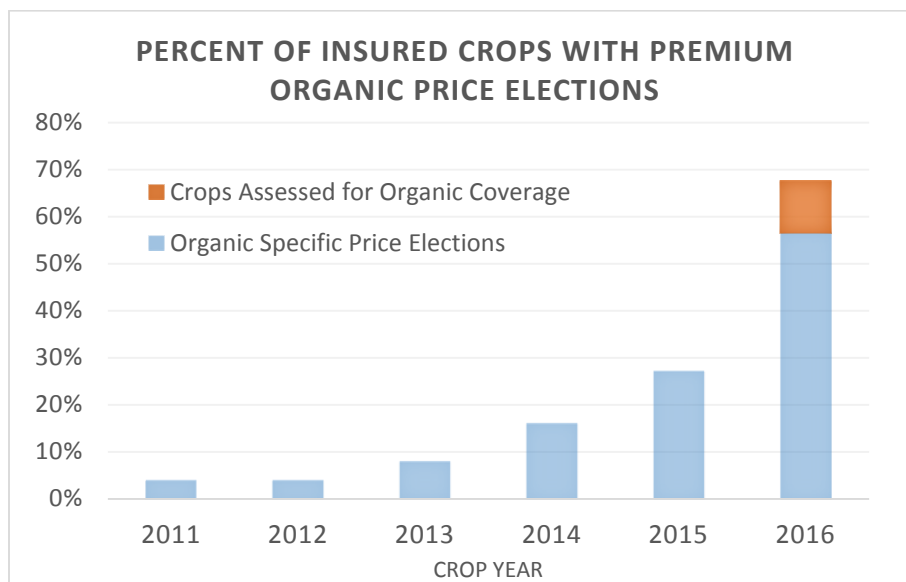
Crops with organic coverage under policy contract requirements

RMA's 2014 Report cited several crops with a policy requirement to use contract pricing for crop insurance. There are other crops with a policy requirement to have a production contract (that includes a price) to be insurable, but RMA still establishes price elections. For these crops, organic producers are allowed to choose between RMA's established price election and their contract price. This is different than the option of choosing to use a contract price under the Contract Price Addendum as outlined below, because a contract is a requirement for insurability. Therefore, all insured organic production is covered by a contract, and all producers have the choice to use their contract price. RMA has expanded the list of crops with a policy requirement to use contract pricing from the 2014 Report to include these crops as exempt from organic price election requirements. These crops include grass seed, processing beans, and processing tomatoes.

² Based on the distinct number of crops listed in RMA's online Actuarial Information Browser. Crops with ARH plans of insurance, WFRP, nursery, clams, livestock policies, 508(h) Submissions, and crop policies that require a contract are not included in the total. Corn silage was added to the total. For those commodities identified as having an organic price, it does not mean RMA offers a premium organic price for all types and locations.

Crops that do not require a premium organic price election

After conducting research, it was determined that for some crops, the organic counterpart does not receive a premium price. For those crops, RMA has concluded that a premium organic price election is not warranted and has the potential to distort market behavior. These crops are alfalfa seed, carambola trees, cigar filler tobacco, cigar wrapper tobacco, fire cured tobacco, forage seeding, lemon trees, lime trees, mango trees, and sugar beets. Although they do not have a *premium* organic price election, RMA has assessed the need for an organic price election for these crops. These are identified as “Crops Assessed for Organic Coverage” in the chart below.



Insurance products developed by private parties

Section 508(h) of the Federal Crop Insurance Act allows private parties to develop insurance products (commonly referred to as 508(h) Submissions), including: 1) crop insurance policies, 2) provisions of policies, or 3) rates of premium. The 508(h) Submissions are exempt from Federal Crop Insurance Corporation requirements limiting coverage levels, rates, and prices under Section 508(h)(2). RMA does not have the regulatory authority to require the owners of these products to create premium organic price elections for their submissions. Therefore crops and/or crop types insured under 508(h) Submissions are considered exempt from RMA’s organic price election requirements. These crops include annual forage, apiculture, camelina, clary sage, cucumbers, dry beans (select types/states), dry peas (select types/states), grapefruit trees (Texas), hybrid seed rice, olives, orange trees (Texas), peanuts, popcorn (select plans), sweet potatoes, and tangerine trees.

Although these products are considered exempt from RMA’s organic price election requirements, RMA is providing training to submitters of 508(h) Submissions. During these training sessions, RMA emphasizes the importance of conducting organic market evaluations and creating organic specific price elections for the insurance products they develop, maintain, and own.

Specialty crops with limited production

Crops lacking organic price elections are mainly specialty fruit and vegetable crops, trees, and other specialty crops with limited organic production in the U.S. For crops with an organic price election in select states, the remaining states often account for a very small share of production. For example, Utah is the only remaining state with an existing plan of insurance for fresh freestone peaches that does not yet have an organic price election for the crop. According to the 2014 NASS Organic Producer Survey, there was only one acre of organic peaches grown in Utah. Further, NASS data on organic peaches is limited to the extent that no varietal distinctions (i.e., freestone) or intended use distinctions (i.e., fresh or processing) are disclosed in the Survey results. Identifying market conditions and forecasting a price election for such small markets, is very difficult.

Tree insurance programs

RMA has several plans of insurance that insure the replacement value of trees, as opposed to insuring the fruit or nuts produced by the tree. These insurance plans pose additional data needs because the policy requires information on the replacement value of the tree and costs associated with organic production in addition to the value of the crop produced by the tree. Tree insurance programs exist for: avocados, bananas, carambolas, coffee, grapefruit, lemons, limes, macadamia, mangos, oranges, papayas, tangerines, and all other citrus trees not elsewhere specified. Organic production budgets are the ideal source of cost data needed to develop premium organic price elections for these crops, however, RMA has been unable to locate such budgets for these crops. This problem is not expected to be resolved in the foreseeable future, as production budgets for many organically produced crops do not exist and production budgets for conventionally produced crops are no longer being updated by universities that have historically maintained them.

Additional Crop Insurance Options for Organic Producers

Contract price option offered under the Contract Price Addendum

The contract price option (www.rma.usda.gov/pubs/rme/addendum.pdf) allows producers who receive a contract price for their crop to get a crop insurance guarantee that is more reflective of the actual value of their crop. Where available, producers are able to use their personal contract price as their price election, or choose existing crop insurance price elections.

For the 2016 CY, improvements to the contract price option include:

- Expansion to crops transitioning to organic. Previously the contract price option was only available for certified organic production.
- Increases to the maximum contract price limit for some crops. In response to industry feedback, maximum contract price limits were evaluated against all available contract price data to set more appropriate limits where applicable. Beginning with the 2016 CY,

Khorasan wheat and oats will have higher limits to reflect the greater price premium that may be obtained for the certified organic practice.

Expansion and improvements to Whole-Farm Revenue Protection (WFRP)

Whole-Farm Revenue Protection (WFRP) provides a risk management safety net for all commodities on the farm under one insurance policy. This insurance plan is tailored for any farm with up to \$8.5 million in insured revenue, including farms with specialty or organic commodities (both crops and livestock), and those marketing to local, regional, farm-identity preserved, specialty, or direct markets. All certified organic commodities may be insured at their farm level organic prices under the new Whole-Farm Revenue Protection plan of insurance providing the farm meets eligibility restrictions.

After seeking and receiving industry feedback on ways to improve the program, RMA made several improvements to WFRP for the 2016 CY:

- Expansion to all states and counties nationwide.
- Direct marketers are now allowed to use contemporaneous farm records (those used throughout the year to track sales). RMA also provides recordkeeping aids on our website specifically to assist direct marketers.
- Reduced tax history requirements for qualifying Beginning Farmers and Ranchers to three years of prior farm tax returns. Beginning Farmers and Ranchers may also qualify for an extra 10 percent premium subsidy.
- Higher coverage for expanding operations (i.e., physical farm changes or changes in production methods), increasing their insurance guarantee by up to 35 percent of their average revenue history.
- The eligibility requirement for a maximum of 35 percent of expected revenue from animals and animal products, and nursery and greenhouse products was eliminated, while retaining the requirement that no more than \$1 million in revenue be derived from these products.

Cooperative Efforts with Other USDA Agencies to Obtain Data

AMS Specialty Crops Market News

AMS Specialty Crops Market News (formerly Fruit and Vegetable Market News) collects and reports organic price data on a wide range of crops and at price points located throughout the supply chain. The Shipping Point price is the price point that best approximates the price received by the farmer because this price contains fewer value-added services than prices further down the supply chain (Terminal Market/wholesale and Retail).

The table below contains a list of organic crops reported by AMS Specialty Crops Market News at the Shipping Point level. At this time, RMA has developed premium organic price elections for all crops reported at the Shipping Point by AMS Specialty Crops Market News where RMA has an applicable plan of insurance.

Crop Reported	Shipping Point Reported	RMA Organic Coverage
Apples	Washington	Yes
Blueberries	California, Georgia, Florida, Oregon, Washington	Yes
Beans, Round Green Type	California	No ³
Cantaloupes		-not insured
Carrots		-not insured
Eggplant		-not insured
Grapes, Flame Seedless, Summer Royal	California	Yes
Honeydews		-not insured
Lemons	Arizona, California (thru 2013) ¹	Yes
Miscellaneous Berries - Blackberries		-not insured
Onions, Dry	Georgia	Yes
Oranges, Valencia, Navel	Arizona, California (thru 2013) ¹	Yes
Pears	California, Washington	Yes
Peppers, Bell Type, Red, Green	California	No ³
Strawberries	California	Yes ²
Sweet Potatoes	California	No ^{3,5}
Tomatoes, Grape Type	Central/South Florida	No ^{3,4}
Watermelons, Red Flesh Seeded Type		-not insured

1. Data reporting was suspended at the end of the 2013 season due to declining volumes. Reporting is expected to resume with the start of the 2016 season.
2. Crop is insured under an ARH plan of insurance which allows for organic coverage.
3. Crop is insured in a different location compared to where the price data are reported.
4. Crop is insured under a cost of production plan of insurance.
5. Crop is insurable under a privately developed and owned product. Refer to sub-section titled: "Insurance products developed by private parties".

Additional information on specific crops is provided below:

- Beans are not insurable in California. The existing plan of insurance covers production in New York, North Carolina, and Virginia. Expanded reporting to include these states would help RMA to develop organic price elections for beans.
- Bell peppers are only insurable under a cost of production plan of insurance in Florida. Expanded reporting to include Florida could help RMA develop an organic price election but price data alone are insufficient because costs of production are also needed.
- Sweet potatoes are insured under a 508(h) Submission and are exempt from Federal Crop Insurance Corporation price requirements. They are insurable only in Louisiana.
- Tomatoes are insurable under two different plans of insurance. In Central/South Florida, tomatoes are insurable under a cost of production plan of insurance and price data are insufficient to determine costs of production. In other states (Alabama, Arkansas, California, North Florida, Georgia, Maryland, Pennsylvania, South Carolina, Tennessee, and Virginia), tomatoes are insurable under a yield based plan of insurance and expanded

reporting would help RMA to develop organic price elections. The existing plan of insurance covers production for cherry, grape, plum, round, and other unspecified types. AMS is currently only reporting on the grape type.

AMS Livestock, Poultry and Grain Market News

Reporting on organic prices for dry edible beans was added in September 2015. Reporting remains limited at this time, but is expected to grow. Currently data for dry edible beans is reported at two different points in the supply chain and is reported by type, which is needed to develop type-specific organic price elections. We are hopeful this new reporting will allow us to develop additional organic price elections in the future.

Prices for organic grains and feedstuffs are reported nationally both at the farm-gate level and delivered to an elevator. Regular reporting on some organic grains is limited to the point that the data does not meet RMA's data quality standards. For example, flaxseed, sorghum, and sunflower seed are not included in regular weekly/bi-weekly reporting. The markets for these crops are too thin to regularly meet AMS's requirements to publish price data. Given the irregularity of price reporting of these crops, it is not possible to determine a season average price or an appropriate factor to establish an organic price election using this data.

The table below contains a list of organic crops reported by AMS Livestock, Poultry and Grain Market News. At this time, RMA has developed premium organic price elections for all crops regularly reported by AMS Livestock, Poultry and Grain Market News.

Crop Reported	RMA Organic Coverage
Barley	Yes
Corn	Yes
Dry Edible Beans	Yes ¹
Flaxseed ²	Yes
Grass and Alfalfa Hay	Yes ³
Oats	Yes
Roasted Soybeans	<i>-not insured</i>
Rye ²	Yes
Sorghum ²	Yes
Soybean Meal	<i>-not insured</i>
Soybean Oil	<i>-not insured</i>
Soybeans	Yes
Spelt ²	<i>-not insured</i>
Spring Wheat	Yes
Straw	<i>-not insured</i>
Sunflower Seed ²	Yes
Triticale ²	<i>-not insured</i>
Winter Wheat	Yes

1. Pinto beans only.

2. Prices are published when available, but are not included in regular weekly/bi-weekly reports. Some crops have organic price elections derived from other data sources.
3. RMA offers premium organic price elections for forage production (alfalfa).

RMA visits to Terminal Markets

RMA shadowed AMS Market News reporters at two different Terminal Markets to discern whether Terminal Market organic prices may be suitable for the development of organic price elections. Although there is no question that the prices reported at Terminal Markets provide useful information to market participants, the relationship between Terminal Market prices and farm-gate prices is likely highly variable and remains unclear (i.e., timing and degree of value-added services such as sorting, grading, packing, storage, and shipping). Given that there are more value-added services between Shipping Point and Terminal Market, the degree of separation between Terminal Market prices and farm-gate prices is larger than the separation between Shipping Point and farm-gate prices. An additional separation in value occurs because many of the Terminal Market products are not purchased directly from producers, but rather from an intermediary agent or broker. These products may have exchanged ownership more than once before the sales price is reported at the Terminal Market. Finally, products at the Terminal Market may have been shipped from various points across the country or imported, leading to a greater share of transportation costs reflected in the reported prices. For these reasons, we do not use Terminal Market prices, but we will continue to use Shipping Point prices to establish price factors for the creation of organic price elections.

NASS Organic Producer Surveys

NASS has conducted three Organic Producer Surveys (2008, 2011, and 2014 Surveys) of U.S. organic producers. The 2008 Survey was a follow-on survey to the 2007 Census of Agriculture, reflecting over 10 thousand certified organic farms operating on 4.1 million acres of land. The 2011 Survey was conducted in conjunction with RMA, reflecting over 9 thousand certified organic farms on 3.6 million acres of land. The 2014 Survey was also conducted in conjunction with RMA, reflecting over 12 thousand certified organic farms operating on nearly 3.7 million acres of land. The last two surveys were funded by RMA. In addition, RMA worked closely with NASS to improve survey methods and expand data collection to include specific crop types and varieties not listed in previous surveys.

When response-level data are available on a recurring basis, NASS is the preferred data source for organic price elections. As described in RMA's 2014 and 2015 Reports, RMA was provided with individual response-level data from the 2011 Survey. Beginning with the 2014 Survey, however, NASS will no longer provide individual response-level data to RMA due to heightened scrutiny of NASS's responsibilities under the Confidential Information Protection and Statistical Efficiency Act of 2002 (CIPSEA).

Information collected under CIPSEA (including data from NASS Surveys) is to be used solely for statistical purposes in a manner that does not reveal the identities of individual survey

respondents. In order to protect identities of organic producers when publishing survey results for public dissemination, which is the data RMA now receives, NASS uses data suppression techniques to withhold any data that could be used with other information to reveal an individual's identity. This often means suppressing data from markets with very few participants as well as data from markets with a high degree of market concentration (primary suppression). However, it also includes a secondary suppression, where additional data, that would not have otherwise been withheld, is aggregated with data from the primary suppression, in order to conceal the identities of those producers. Given the very limited amount of organic production of some crops, especially those crops that do not yet have an organic price election, these data suppression techniques greatly limit RMA's access to critical data.

RMA has worked closely with NASS to determine alternative methods to access these data while still meeting CIPSEA requirements. One such alternative is for RMA to visit a NASS Data Lab. At a Data Lab, RMA is able to view response-level data to conduct analyses and aggregating techniques on the data with the goal of finding a level of aggregation that will meet CIPSEA requirements and still be useful for establishing price elections. The results of these queries are examined by NASS to ensure CIPSEA compliance. If requirements are met, RMA is able to use the results for the development of organic price elections. If they are not met, RMA does not gain access to the data and is unable to use the data to develop organic price elections.

The use of a Data Lab poses several new challenges to RMA. First, the nearest Data Lab is roughly 200 miles from RMA's Kansas City office. Second, the Data Lab is isolated from other data sources. RMA is only able to analyze specific data sets made available by NASS while at the Data Lab. This precludes RMA from analyzing the relationship between NASS data and data from other sources. In addition, RMA must request the data sets to be made available many weeks in advance. For each data set NASS provides, RMA must become familiar with unique coding for the various data components in order to be able to manipulate and analyze it. Finally, and most importantly, RMA's investigative and analytical capabilities are diminished from the use of a Data Lab. A typical research process for developing price elections for crop insurance is both iterative and cumulative, where the findings from an initial research question lead to additional research questions that also need to be investigated. RMA's use of Survey data goes beyond extracting the price. Other data are used to identify patterns, trends, and relationships between price and other variables (including but not limited to production, yield, planted/harvested acres, imports/exports, price and production of competing, substitute, or conventional crops, etc.).

Plans for future organic surveys

RMA has worked closely with NASS, to formalize and institutionalize a plan for continuing to carry out the Organic Production Survey on an annual or biannual basis. Beginning with the 2014 Survey, conducted in fiscal year 2015, RMA and NASS have established a plan to conduct three or four surveys over a five year period. A survey for the 2015 crop year is scheduled to be completed during the 2016 fiscal year, with funds previously committed by RMA and NASS. A survey for the 2016 crop year is tentative. We are actively engaged in conversation with NASS

and are examining fund availability to determine if a 2016 crop year survey will be conducted in 2017. Due to the extensive survey efforts required for the Census of Agriculture during the 2018 fiscal year, there will not be a 2017 crop year organic survey. The following year, an organic survey is scheduled as part of the Census with funding committed by NASS. For the 2019 crop year, RMA and NASS will be working closely to determine funding and feasibility of conducting a survey.

Crop Year	Fiscal Year	Survey Status	Survey Funding
2014	2015	Completed	Completed
2015	2016	In Process	Funds committed
2016	2017	Tentative	Commitment needed by June, 2016
2017	2018	N/A	N/A
2018	2019	Scheduled	Funds committed by NASS
2019	2020	Pending	Pending

Efforts to Obtain Data and Gather Feedback

Contract for organic research

As outlined in our 2014 Report, RMA entered into a contract with a private firm, Agralytica, titled, “Indefinite Delivery, Indefinite Quantity (IDIQ) for Pricing Reviews and Information” with a total budget of approximately \$980,000. The work required under the contract involves: 1) identifying, contacting, and working with producers and point-of-first-sale purchasers to gather information; 2) constructing cost of production budgets; and 3) compiling and analyzing results of the research. Research under the IDIQ contract is on-going.

Results acquired under Task Order 1 provided RMA with the necessary resources to identify and compile datasets, which were ultimately sufficient to add organic price elections for table grapes and raisins. Additionally, results for apples has provided useful information for Western states to improve our price election methodology and provided additional sources of information that may be suitable to develop expanded organic price election offerings for fresh or processing apples for the 2017 crop year.

In 2015, RMA also received results for Task Order 2 to identify point-of-first-sale market information for sweet corn (Colorado, Florida, and New York), tomatoes (Florida), peppers (Florida), and dry peas and lentils (Montana, North Dakota, and Washington). Although the market information for sweet corn, tomatoes, and peppers was extremely limited, the market information on dry peas and lentils contributed to RMA’s success in developing new organic price elections for dry peas, beginning with the 2016 crop year.

In Task Order 2, RMA requested cost-of-production budgets for both organic and conventional production of sweet corn, tomatoes, and peppers because they are each covered under Dollar plans of insurance covering cost of production. Due to the very limited size of organic

production of these crops in Florida, Agralytica was unable to develop organic cost-of-production budgets. Without representative organic cost estimates, premium organic coverage for these crops cannot be added. It is unclear how successful future research efforts may be at developing representative cost estimates as Task Order 2 was unable to identify producers to develop organic cost-of-production budgets.

Task Order 3 is expected to be completed in the first half of 2016. Under this Task Order, Agralytica is requested to gather market information on apples (in Midwest and Eastern states) and wheat and to develop harvest and post-harvest cost-of-production budgets for apples. We anticipate the results of this research will provide useful insights into organic apple markets in Eastern states, but preliminary results have revealed no new sources of organic price data.

Outreach and education

RMA staff have met with organic producers and groups across the country to gather input and feedback about existing programs and to offer educational assistance on new and expanding programs. A few examples include:

- Hosting a webinar on Crop Insurance for Organic Farming Practices, targeting organic certified farmers and farmers transitioning to organic, to familiarize them with the different crop insurance options available as well as the administrative deadlines and records requirements under the different programs.
- Hosting informational and training sessions on WFRP in several states across the U.S., open to producers, crop insurance agents, extension agents, State Departments of Agriculture and others.
- Leading an informational session on crop insurance and hosting a booth at the Midwest Organic and Sustainable Education Service (MOSES) conference in LaCrosse, Wisconsin, where more than 3,500 farmers and other agricultural professionals gather to share new ideas, products, and organic farming practices.
- Co-sponsoring, funding, and presenting at a Farmer-to-Farmer Exchange in Twin Falls, Idaho where the focus was presenting crop insurance options for farmers who grow organically.
- Meeting with Cooperative Regions of Organic Producer Pools (CROPP) at the Wisconsin Food and Agriculture Committee meeting.
- Hosting a producer outreach event at the USDA Organic and Local Food Opportunities meeting in Hudson Valley, New York.
- Leading an informational session at the 2015 Organic Commodities and Livestock conference in North Carolina.
- Providing record-keeping aids for the WFRP plan of insurance tailored towards direct marketers.

Recommendations

Mandatory price reporting

Data are the key elements needed to establish organic price elections. The issue of limited data is compounded by data suppression methods used by NASS and AMS to protect the privacy of survey respondents. Given the very limited number of participants in many organic markets, there are often data collected by these Agencies that cannot be published (and often cannot be removed from a NASS Data Lab) and similarly is not readily available to RMA. This challenge is expected to continue, especially for crops that do not yet have a separate organic price election, which have limited production. A longer-term potential solution may require exploring the acceptance of mandatory annual crop price reporting for crop insurance, alongside existing reporting requirements for yield, acreage, or revenue for crops currently insured. Mandatory price reporting would potentially allow RMA to collect organic price data for direct use in setting organic price elections.

Full access and use of survey data

In some cases, data is collected but is not readily available to RMA (e.g., data protected under CIPSEA). The primary components under CIPSEA are the protection of identifiable information and a requirement that the data be used for statistical purposes only. RMA uses producer data in a confidential manner to determine, by crop, type, and region, the most appropriate price election. Price elections represent RMA's forecast for a given crop year and do not reflect any specific data point used in the analysis. Prices reported in the Survey will not be identifiable via RMA's published price elections. The limiting factor that prevents RMA from accessing the data is the stipulation that all data must be used for strictly statistical purposes. Given that RMA intends to use the data to establish organic price elections, RMA's intended purpose does not meet the definition of a statistical use. If RMA was granted authority to use NASS organic Survey data for organic price elections, the complications and limitations associated with use of a NASS Data Lab could be avoided, and access to needed data could be guaranteed.

Funding

As stated previously, when NASS Survey data is available at the individual response-level on a recurring basis, the data meet the majority of RMA's data quality requirements. Although response-level data is no longer available to RMA, we continue to work with NASS to obtain aggregated data from NASS Data Labs at levels that are still beneficial for establishing organic price elections. RMA and NASS have coordinated plans to continue regular surveys through the 2018 crop year. Once completed, these datasets will provide RMA with three or four years of organic data over a five year period. But, as stated in the 2015 Report, to ensure NASS is able to continue conducting organic surveys on an annual or biennial basis beyond the 2018 crop year, a designation of funds specifically for organic data collection would be necessary.

Conclusion

RMA is pleased to report, once again, that it has made significant progress in developing premium organic price elections. Over the past year, 30 new organic price elections have been added, more than doubling the number of premium organic price elections from a year ago. Including crops for which we have determined the organic practice should not receive a premium organic price election, we now have organic specific price elections for nearly 70 percent of the crops insured.

Creating organic price elections for those crops that don't yet have one is expected to be difficult. Remaining crops are primarily specialty fruit and vegetable crops, trees, and other specialty crops, and organic price data that meet RMA standards for these crops are especially scarce. Without such data, developing organic price elections in a manner consistent with pricing principles needed for actuarially sound products is not possible. RMA's efforts to obtain additional organic price data over the past year are extensive and include:

- Continuing the existing contract for organic research (IDIQ contract awarded to Agralytica);
- Use of NASS Data Labs to extract aggregated data from the 2014 Survey;
- Coordinating plans with NASS to continue Organic Surveys on a regular basis;
- Cooperation with data collection agencies (i.e., AMS and NASS) for enhanced and/or increased organic data reporting; and
- On-going RMA efforts to find new data sources not expressly identified above.

RMA also expanded and improved upon alternative methods to provide crop insurance coverage to organic producers, such as the Contract Price Addendum.

RMA continues efforts to locate and analyze new sources of data. Every crop is evaluated annually to determine if there are new or updated sources of organic information sufficient to develop premium organic price elections. RMA will continue to pursue opportunities for the acquisition of additional organic price data and information as we are able, given funding constraints. We will continue to work toward developing crop-specific organic price elections consistent with our data quality requirements.