

MOFGA CERTIFICATION SERVICES, LLC.



ORGANIC REBATES, REFUNDS, AND SUPPLEMENTAL FEE EXPLAINED

The Federal Organic Cost Share Programs

These programs reimburse certified growers and handlers 75% of their certification costs, to a maximum of \$750 per certification scope. Funds come from two sources. In Maine, funds for cost share payments to organic producers (farmers or growers) come from the Agricultural Management Assistance (AMA) Organic Certification Cost Share Program. The AMA is available exclusively to producers in the 16 states that have a historically low participation rate in the Federal Crop Insurance Program. The AMA has been a stable source of cost share funding, regardless of Farm Bill related negotiations. The National Organic Certification Cost Share Program (NOCCSP), which is a Farm Bill program, provides the funds for the organic cost share to the entire USA, including the organic processors and handlers in Maine. Currently there is funding for both programs.

The State of Maine Department of Agriculture requests the funds from the USDA and generates the cost share reimbursement to Maine's certified organic producers. **The funding cycle runs on the federal fiscal year, which is October 1 through September 30.** Most cost share payments are sent to producers between October 15 and December 31, reimbursing certification costs incurred during the prior federal fiscal year. Every producer must file a type of W-9 form with the State called a Vendor Authorization form in order to receive a reimbursement. Important: if your company name or address changes, you need to file a new form with the state.

MOFGA Certification Services provides certification payment data to the State for our certified clients; **however, we do not handle any cost share funds or payments.** We recommend that you contact the State's program directly if you have any questions:

*Debbie Davis, Division of Animal and Plant Health
Maine Department of Agriculture, Conservation and Forestry
28 State House Station
Augusta, ME 04333-0028
Ph: (207) 287-3891; Fax (207) 287-7548*

The scope calculation works this way. We take what you paid for certification and divide it by the number of certification scopes you have. If you are a livestock producer, chances are good you are certified for two scopes (livestock and crops (for your hay, pasture, etc.)). **Note: additional scope fees apply if gross income exceeds \$60,000.** As an example, if you paid \$850 for certification, your cost share amount is calculated as follows:

\$850 divided by 2 scopes equals \$425 per scope. 75% of \$425 = \$318.75. The rebate amount for two scopes is there for \$318.75 times 2 or \$637.50, so your total certification cost is \$212.50.

The scope's cost share calculation gets interesting when fees exceed \$1000 because the \$750 cap is applied to each scope, not the whole fee. Here is an example. A producer pays \$1450 and is certifying three scopes (livestock, crops and processing). \$1450 divided by 3 equals \$483.33. 75% of \$483.33 is \$362.50. Multiply \$362.50 by 3 scopes and you get a cost share check of \$1087.50, so your total certification cost is \$362.50.

MOFGA's Rebate for Small Producers

To further offset the cost of certification for small organic producers, MOFGA offers an additional rebate. It is only for farmers and processors who gross less than \$10K per year in organic sales. It refunds the difference in out-of-pocket certification fee expenses between 2008 and 2016. MOFGA issues the payment for this rebate at the end of the year with information provided by MOFGA Certification Services. If you are in these income categories and are interested in this rebate, please make sure you check the MOFGA rebate box on the fee sheet. This is an optional rebate program.

PO Box 170, Unity, ME 04988
Ph: 207-568-6030 * Fax: 207-568-4141

The abbreviated fee charts below illustrate the actual expense for certification after all of the cost-share and rebate programs have been applied. ***Please do not hesitate to call our office for further explanation – (207) 568-6030.***

Single Scope Organic System Plan:

Income at least	But less than	Annual Fee	<i>Actual Expense After Federal Rebate</i>	<i>Actual Expense after Federal & MOFGA Rebates</i>
0	\$5,000	\$425.00	\$106.25	\$50.00
\$5,000	\$10,000	\$600.00	\$150.00	\$75.00
\$10,000	\$25,000	\$725.00	\$181.25	
\$25,000	\$40,000	\$850.00	\$212.50	
\$40,000	\$60,000	\$950.00	\$237.50	
\$60,000	\$100,000	\$1050.00	\$300.00	
\$100,000	\$200,000	\$1250.00	\$500.00	
\$200,000	\$300,000	\$1450.00	\$700.00	
\$300,000	\$500,000	\$1850.00	\$1100.00	
\$500,000	\$750,000	\$2050.00	\$1300.00	
\$750,000	\$1,000,000	\$2250.00	\$1500.00	
\$1,000,000	\$1,500,000	\$2650.00	\$1900.00	

Two Scope Organic System Plan:

Income at least	But less than	Annual Fee	<i>Scope Fee</i>	Total Fees	<i>Actual Expense After Federal Rebate</i>	<i>Actual Expense after Federal & MOFGA Rebates</i>
0	\$5,000	\$425.00	0	425.00	\$106.25	\$50.00
\$5,000	\$10,000	\$600.00	0	600.00	\$150.00	\$75.00
\$10,000	\$25,000	\$725.00	0	725.00	\$181.25	
\$25,000	\$40,000	\$850.00	0	850.00	\$212.50	
\$40,000	\$60,000	\$950.00	0	950.00	\$237.50	
\$60,000	\$100,000	\$1,050.00	\$150	1,200.00	\$300.00	
\$100,000	\$200,000	\$1,250.00	\$150	1,400.00	\$350.00	
\$200,000	\$300,000	\$1,450.00	\$150	1,600.00	\$400.00	
\$300,000	\$500,000	\$1,850.00	\$150	2,000.00	\$500.00	
\$500,000	\$750,000	\$2,050.00	\$150	2,200.00	\$700.00	
\$750,000	\$1,000,000	\$2,250.00	\$150	2,400.00	\$900.00	
\$1,000,000	\$1,500,000	\$2,650.00	\$150	2,800.00	\$1,300.00	

MCS Supplemental Fee Explanation

In the course of certifying an organic operation, MCS may require additional fees for performing our scope of services that are not included in our annual certification fee. Conditions that require the supplemental fee may vary, but are not limited to the following examples: a repeat inspection to gather new information, inspection of an additional part of the farming operation (e.g. maple production), additional audit trail review of a farm or processing application, out-of-state travel, translation fees, or inspection of a farm/processor whose facilities are in different locations. We have implemented the Supplemental Fee to allow for MCS to cover the additional cost of these services on a case-by-case basis as opposed to increasing fees across the board for all clients. In many cases there are substantial costs that are incurred by MCS to fulfill our federal mandate. This Supplemental Fee allows us to remain financially viable in instances where the annual certification fee does not cover our expenses.