

New Fee Schedule for 2022 and Costs of Administering the MOFGA Certification Program

MOFGA Certification Services (MCS) faces the perennial challenge of aligning our certification fees (and keeping them low) with our programmatic and operating expenses. We are required by our parent company, MOFGA, to generate an amount of revenue equivalent to our expenses, thereby keeping the certification program "budget neutral."

Increasing program and operating costs have led to a decision to institute a modest fee increase across our fee schedule for the 2022 cycle, with the lowest two categories (\$0-\$10,000) seeing the smallest increase. Our intent is to maintain the certification fee as a percentage of income and keep it as equitable as possible across the different income categories. MOFGA has advocated for getting the federal cost share restored to its previous level of 75% up to \$750 per scope, and we were pleased to see the announcement by USDA on November 4, 2021, that they have opened up the \$20 million funding allocated by Congress to make the cost share whole again for the years 2020-2022. MCS has learned that the OTECP funds are being administered by county FSA offices. A toolkit for producers can be found here: <https://www.farmers.gov/pandemic-assistance/otecp>

While MCS does, for the most part, cover its expenses with regard to review and inspection activity, there are significant costs associated with running the program, such as regulatory and personnel, that fall outside of this. Areas within our operation that have seen significant cost increases in the past few years include IT, residue sampling and unannounced inspections, staff capacity due to increased regulations, required NOP audits and mandatory staff trainings.

For example, MCS spends roughly \$18,000 per year paying for database and website hosting, contracted services, and licenses to securely hold the data required to certify each operation.

All accredited certifying agencies are required by the National Organic Program (NOP) to conduct pesticide residue

sampling and unannounced inspections of 5% of our certified operations (around 30/year x 2 = 60 total). These costs are borne by MCS and are not charged to the operations. Each residue sample costs MCS between \$300-\$450 depending on the lab test, plus the cost of shipping perishable samples at over \$100 each. We also reimburse staff and inspectors the cost of mileage at the federal rate, whether it is the annual inspection for an operation, or these additional inspection activities associated with residue sampling, unannounced inspections and additional inspections used to follow up on complaints or high-risk operations.

We have three full-time administrative staff members, five specialist/reviewers, and one staff inspector and material reviewer. In 2021, MCS utilized sixteen contract or seasonal employee inspectors to ensure that over 500 inspections were completed. Despite these staffing numbers, MCS is at and beyond capacity due to the nature of our work, which continues to become more complex. The NOP increasingly requires certifiers do more to verify compliance, and new proposed rules will see that continue into the future. Our 2022 budget does create one new staffing position, the first new staff position we've added in several years.

Every two years, the USDA-NOP conducts audits of MCS to continue our accreditation. On average, each audit costs MCS roughly \$15,000 based on the federal hourly rate of the audit team. This cost is not passed along to our producers directly. We are required to attend mandatory trainings by the NOP, as well as offer annual training to our inspectors and staff.

There are significant costs associated with running the MOFGA certification program that fall outside of inspections and file reviews. We hope by providing these examples that the need to increase our fees while keeping them as low as possible is clarified and transparent. Our overall goal is always to provide a high quality certification program that is in compliance with NOP regulations.

MCS Adds New Production Supplements to Online Portal

MCS is pleased to announce that we are investing significantly in our online application and update portal system by adding seven production supplements to our online system for the 2022 cycle. Supplements planned to be added are:

- Sea Vegetable Supplement and Production Unit Form
- Poultry Supplement
- Mushroom Supplement
- Wild Crop Harvest Supplement
- Maple Syrup Supplement
- Hemp Supplement

In addition, MCS is poised to invite new applicants to use the online system to complete applications. We will offer crop, maple, processor/handlers, sea vegetables, and poultry-based applicants the opportunity to use our paperless application system!

We anticipate having the funds to add the Livestock Supplements (Ruminant, Non-Ruminant, Dairy) to the online system for the 2023 cycle, to align with our goals of becoming as paperless as possible with our certification services.

