Overview: Experiences and Outlook of Minnesota Organic Farmers – 2007
Minnesota Department of Agriculture

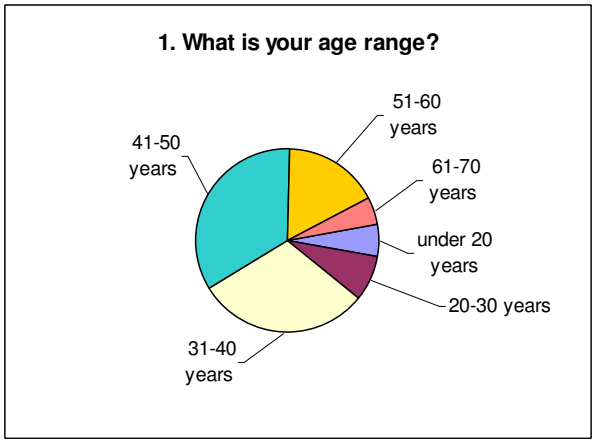
In Spring 2007, the Minnesota Department of Agriculture (MDA) mailed a 4-page, postage-paid[1] survey to approximately 532 Minnesota organic farmers. The survey asked questions about their experiences with and opinions regarding organic agriculture. The response rate was 39%. A total of 217 surveys were returned; 209 were determined to be usable surveys from certified organic operations.

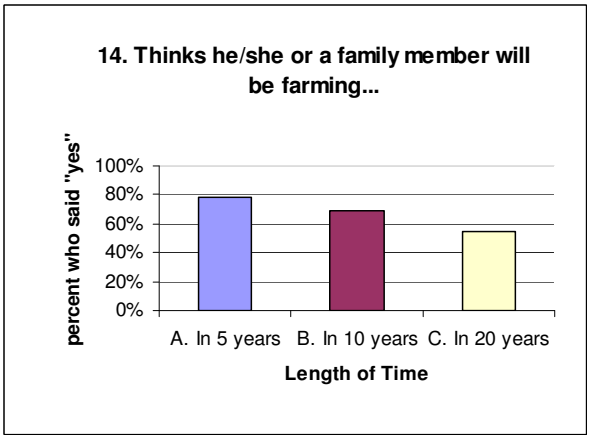
Preliminary conclusions

Organic farmers in Minnesota are diverse in age, scale, and type of operation. Most find organic to be a profitable enterprise and are optimistic about the future of their farms. Weed control remains their biggest challenge, and they see a need for research particularly in weed management and soil topics. The state's Organic Certification Cost Share program is well used, and organic farmers find value in a number of other services provided by MDA's Agricultural Development and Financial Assistance Division and the Minnesota Grown program. International marketing services are used little by organic farmers. The MDA might consider developing a system to register exempt operations and creating a directory of organic buyers. There is lukewarm support for an organic land registry; before the idea is pursued or abandoned, this question could be posed to applicators and others to determine whether they see a need for this kind of resource. There is not strong support for the idea of an organic checkoff at this time. The next survey of organic farms should include questions about services organic farmers want and need, but may not be receiving.

Specific findings

Respondents represented all age groups, and about 44% of respondents were age 50 or younger (1). By and large, these organic farmers were optimistic about the future of their farming operations. Almost 80% thought they or another family member will be farming in 10 years. More than half thought this would be true in 20 years (14).





[1]*Postage paid return envelopes were contributed by the University of Minnesota College of Food, Agricultural and Natural Resource Sciences.*

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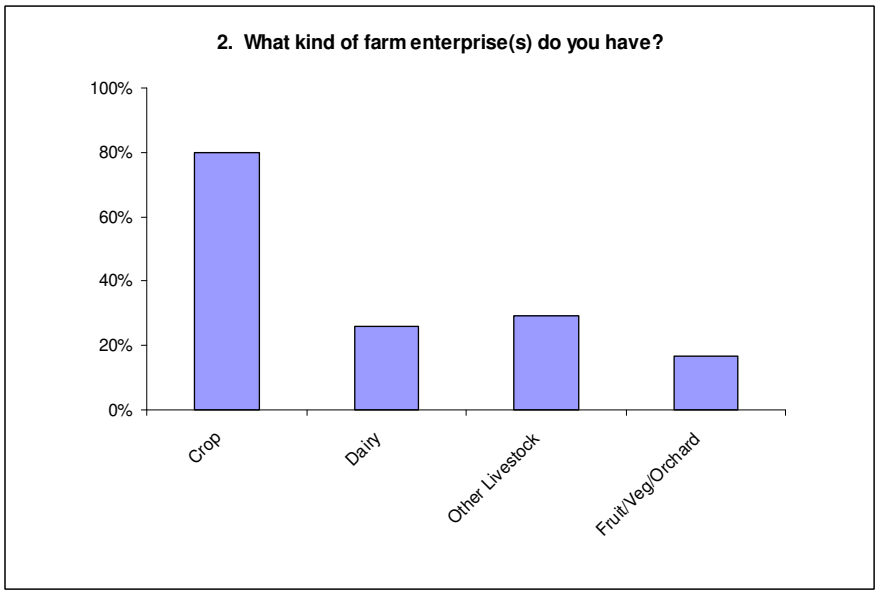
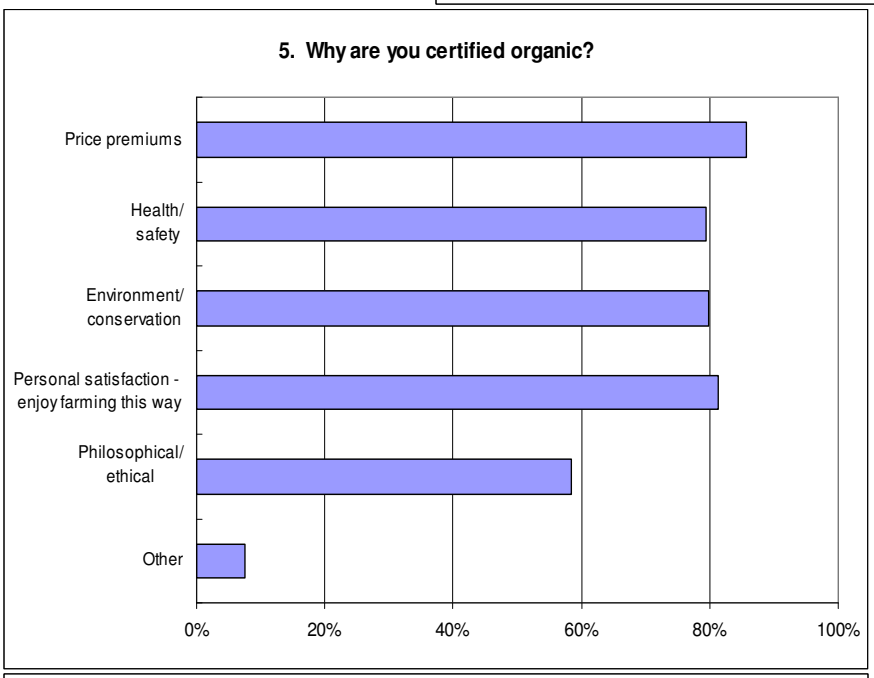
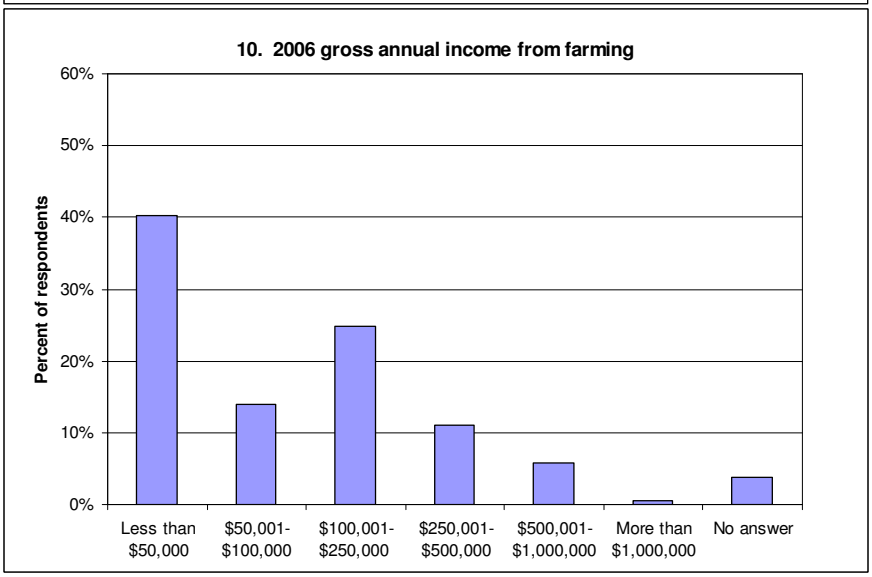
Most respondents (80%) reported having crop operations. About one quarter were dairy farmers. Just over 29% had organic livestock other than dairy. About 17% reported growing fruit and/or vegetables (2). It was not uncommon for respondents to have diversified operations, reporting more than one type of enterprise.

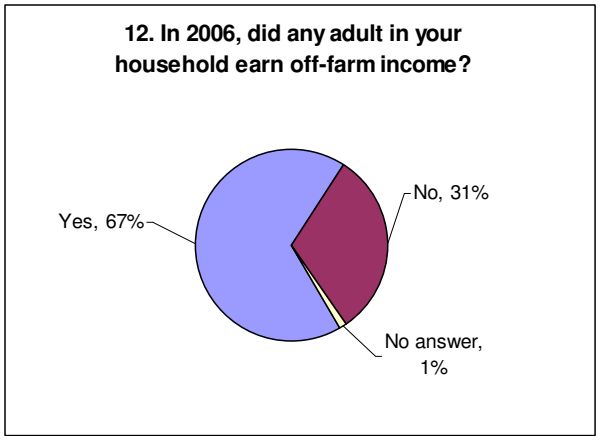




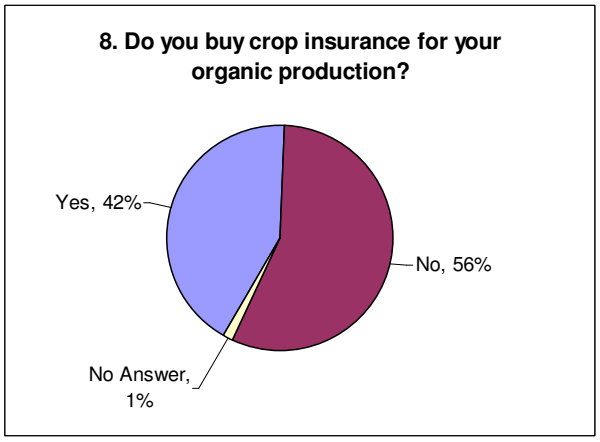
Most respondents also noted multiple reasons for their choice to farm certified organic. More than three out of four cited price premiums, health/safety, conservation, and personal satisfaction – these reasons were all within seven points of each other. Fewer respondents, although still a majority (59%), cited philosophical or ethical reasons. An "other" category included comments like "buyers or market requires it" (5).



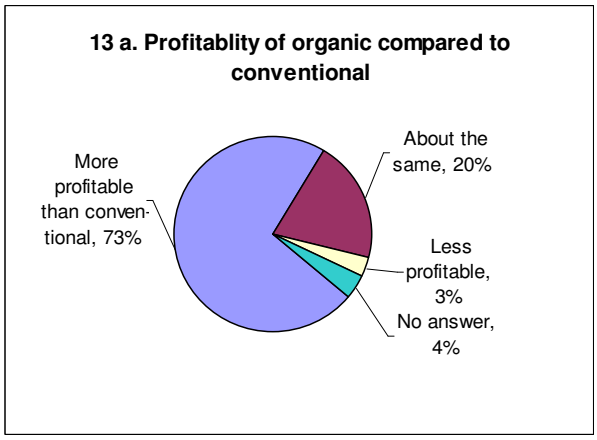
We know organic farms in Minnesota range from a few acres to 3,000 or more. About 42% of respondents reported grossing more than $100,000 a year from farming. Just over 17% reported gross annual income of $250,000 or greater. (Note, this is a difficult question to formulate. Although the question asked about gross income from farming, there is no way to be sure those are the responses we are getting—that respondents didn't report "net" or "all household income" instead) (10).



More than two-thirds also reported having off-farm income in 2006 (12).

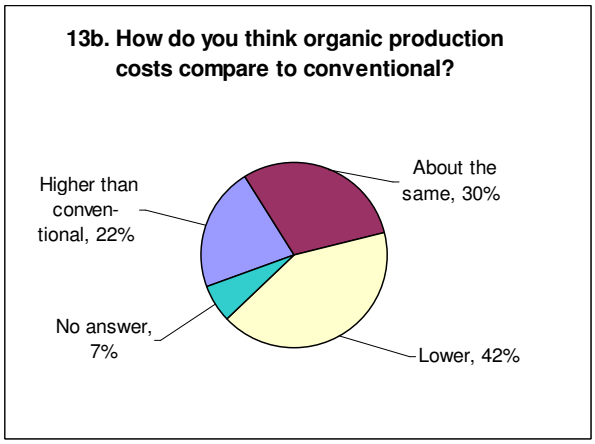


While 42% reported buying crop insurance for their organic production (8), many survey responses included comments about their dissatisfaction with the availability and inequitability of crop insurance offered to organic farmers (30; see page 12). They are charged a premium for organic insurance, while claims are paid at conventional prices.



Most (73%), but not all, respondents said they thought organic farming was more profitable than conventional.

About one in five said they thought profitability of conventional and organic were about the same. Only seven of 209 survey respondents said they thought organic was less profitable (13a).



Their opinion about production cost is even more interesting. Organic has a reputation as a "low input" and "low tech" farming approach. However, 52% of respondents said they thought production costs were about the same or higher than in conventional farming. About 42% thought organic production costs were lower than conventional (13b).

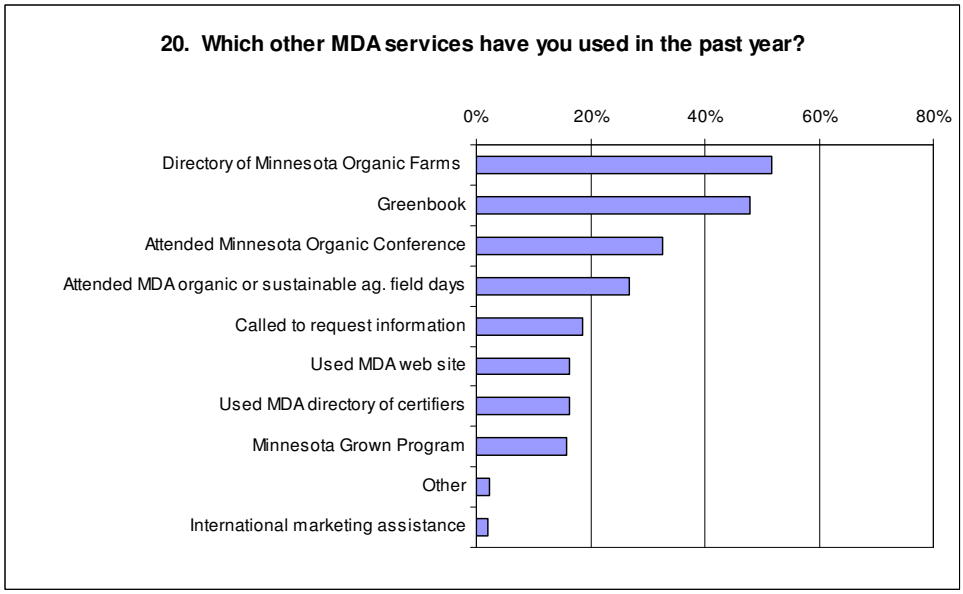
When asked to rate the problems they faced in 2006 from "no problem" to "big problem," the most frequently commonly cited "big " and "medium" problems were: weed control, public confusion about what "organic" is, competition from organic imports, availability of organic seed, and soybean aphid (15). Many of these issues are also reflected by open-response comments to question 30, which also asked about areas of concern.

15. In 2006, how big a challenge to your organic operation were the following?	% who said "big" or "medium problem
Weed control	58.9%
Public confusion about what "organic" is	39.2%
Competition from organic imports	36.8%
Availability of organic seed	29.7%
Soybean aphid	28.2%
Production volume (i.e., didn't have volume required by buyer)	27.8%
GMO contamination	24.4%
Labor (availability, cost, etc.)	24.4%
Herbicide/pesticide drift	22.5%
Poor crop quality	15.8%
Enforcement of national organic standards	15.8%
Availability of organic processing (meat)	14.4%
Lack of marketing knowledge/confidence	14.4%
Insect pest management (other than soybean aphid)	13.9%
Lack of price transparency	13.9%
Availability of organic processing (other than meat)	13.4%
Immature markets (difficult to find buyers)	12.4%
Price of organic feed	11.5%
Availability of financing	10.5%
Availability of organic feed	7.7%
Availability of transportation	7.7%
Difficult relationships with neighbors	4.8%

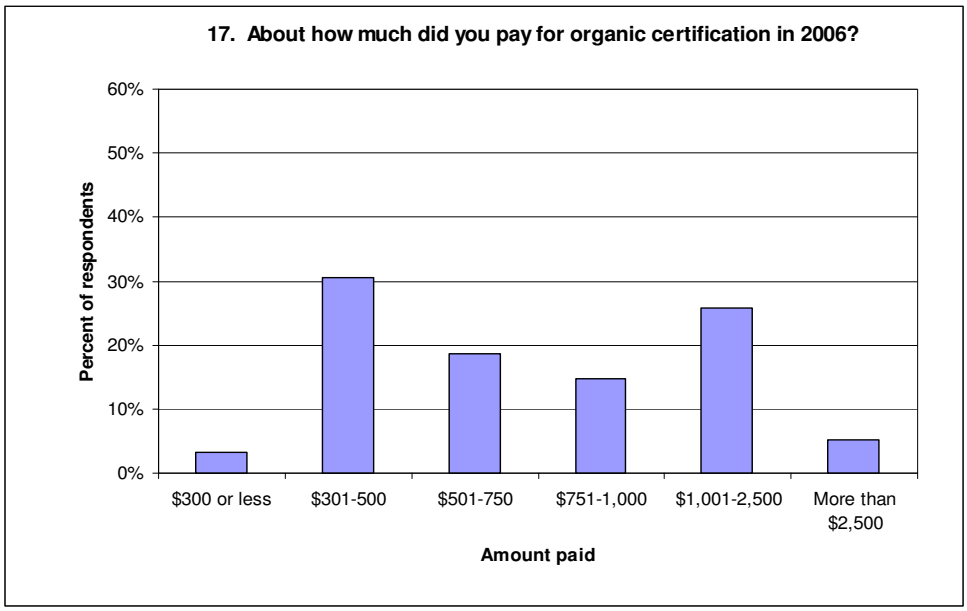
Respondents listed weed management, soil fertility, soil health and biology, and nutritional studies about organic foods as the research areas of greatest need (16).

16. In your opinion, which FOUR research areas are most important to organic agriculture in Minnesota?	Percent rating area in top 4
Weed management	57.4%
Soil fertility	45.5%
Soil health/biology	42.6%
Nutritional studies on organic foods	33.0%
Insect pests	30.1%
Food quality/safety studies on organic foods	24.9%
Yields	23.0%
Economics of organic farming	22.5%
Crop breeding/variety selections	22.0%
Organic variety trials	19.6%
Marketing	19.1%
Livestock health management	18.2%
Other	12.0%
Plant diseases	8.6%
Milk quality	5.7%
Composting	4.3%
Irrigation	1.9%
Storage	1.4%

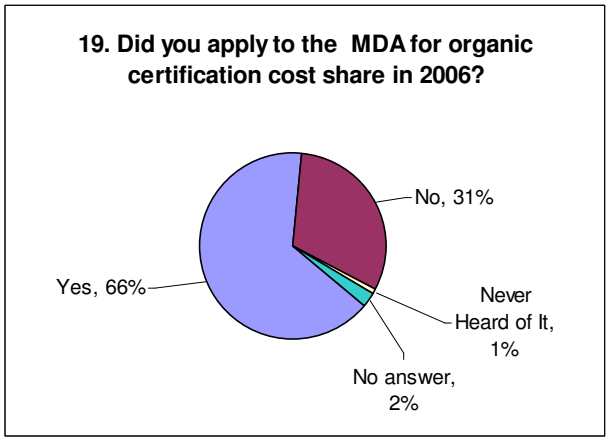
MDA programs and services were used by many of these farmers. About 83% said they used one or more other services provided by the MDA during the last year (20). Note: this question did not provide insight into which services they thought were most important (other than effectively rating by frequency of use), nor does it help the MDA identify services respondents want, but are not receiving, from the state.



More than 95% reported paying $300 or more for certification in 2006 (17). Almost two-thirds paid $500 or more.



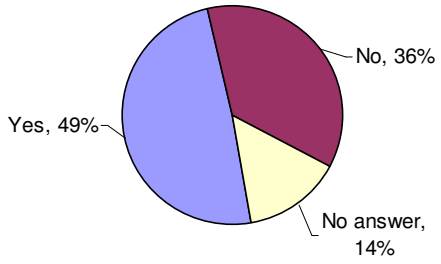
Two-thirds of respondents said they applied to the MDA's Organic Certification Cost Share Program in 2006 (19). Since the survey was distributed along with the 2005-06 organic certification cost share application form, this high level of awareness is not surprising. We don't know why a full third did not apply for cost share in 2006 but suspect many did not bother to submit applications because the program notified growers when funds ran out.



The survey confirmed that the Organic Certification Cost Share Program administered by the MDA is popular with the state's organic farmers. The survey also asked about three additional projects that have been proposed by the Minnesota Organic Advisory Task Force (OATF) and others:

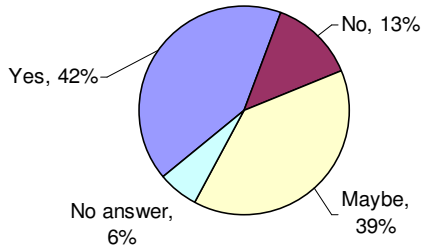
1) A checkoff on organic commodity sales to be used for organic research and promotion.
2) An organic farm registry (something like the Kansas "Sensitive Crops" registry – a resource that pesticide applicators and others could consult to identify the location of certified organic land).
3) Require those organic operations that are exempt from certification (under federal law) to register with the state.

27. Voluntary organic checkoff for organic research and promotion?



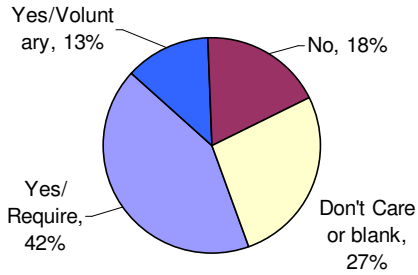
Only about 50% supported the checkoff, indicating there is not enough support to make pursuing the idea worthwhile at this time (27).

28. Public organic land registry (for notification and use by custom sprayers, road commissions, etc.)?



About 42% supported, and 39% were undecided about, the organic land registry idea. About 13% opposed the idea of such a registry (28).

29. State registration for exempt operations?

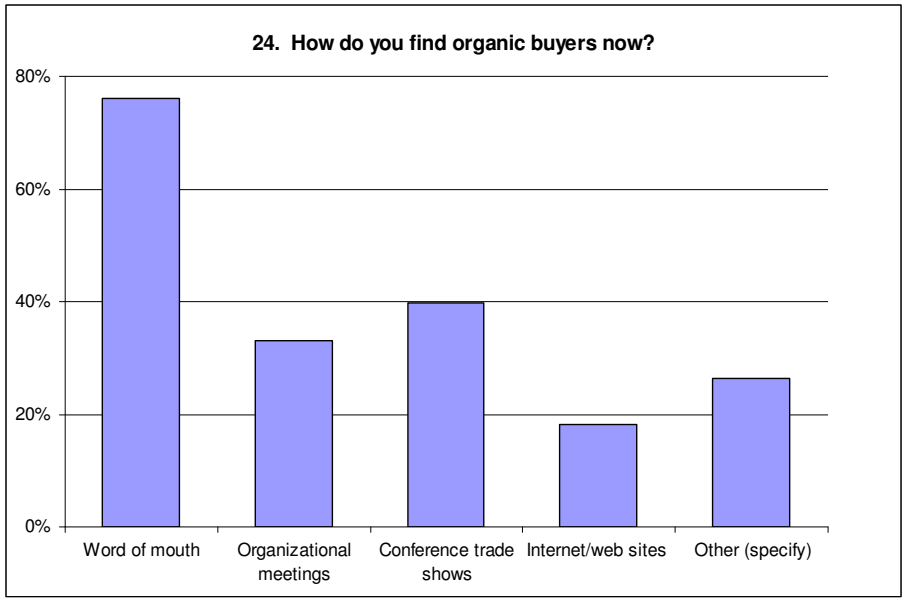


Of the three efforts proposed, the third received the most interest: more than half of respondents said that registration for exempt operations should be required or voluntary, while 18% did not support the idea of state registration (29).

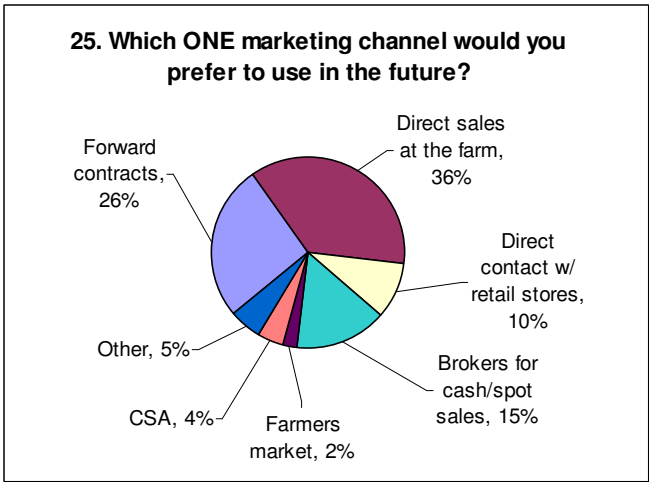
Marketing

A visiting fellow at the University of Minnesota asked the MDA to include a special group of marketing questions on the survey. She used the data from these questions to prepare an analysis, which is available at: www.misa.umn.edu/vd/Organic_Marketing_Report_208.pdf

Marketing channels for organic products are still developing. Organic farmers use a number of methods (many use more than one) to locate buyers (24). Word of mouth is still the most popular. The "Other" category included publications and newsletters, cold calls, and "they contact me."



There is similarly a diversity of opinion about marketing methods that respondents would prefer to use (25). The high response rate of "direct sales at the farm," even among cropping operations, indicates the wording of this question may have been poor. While the question meant farm stands, the respondents may have interpreted this as "buyer provides transportation—picks up cash grains at the farm."



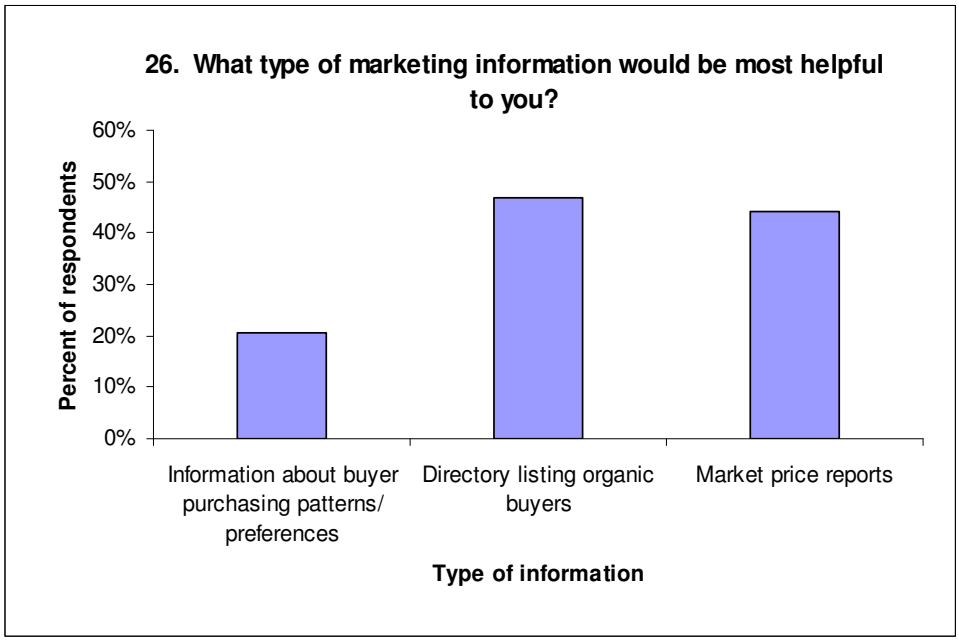
The question about preferred marketing channel is more informative when answers are examined by type of operation. Crop farmers are most interested in forward contracts, while fruit and vegetable growers would prefer direct retail sales, and dairy farmers prefer direct sales (several noted the name of the company or cooperative to which they presently ship milk).

25b. Which ONE marketing channel would you prefer to use in the future?
Note: Some groups exceed 100% due to multiple answers

	Crop ONLY (n=79)	Fruit & Veg ONLY (n=19)	Dairy* (n=43)
Forward contracts	47.2%	0	9.3%
Direct sales	33.3%	33.3%	32.6%
Direct retail	5.6%	55.6%	4.7%
Brokers	26.4%	0.0%	4.7%
Farmers market	1.4%	5.6%	4.7%
CSA	1.4%	22.2%	2.3%
Other	1.4%	5.6%	2.3%

**includes farms that marked "crop" and "dairy" (28) as well as those who marked only "dairy" (15).*
Note: Some groups exceed 100% due to multiple answers.

When asked what kind of marketing information they wanted, respondents expressed interest in a directory of organic buyers (also a recommendation of the MN OATF) and in market price reports (26). Since the time this survey was conducted, the USDA Grain and Livestock Market News has begun to publish an organic grain, oilseed, and feedstuff market report on a bi-weekly basis (see www.ams.usda.gov/mnreports/nw_gr113.txt)



Additional respondent interests and concerns
Finally, open comments by respondents are illustrative, offering insight into what is on farmers' minds that the survey didn't necessarily ask about (30). A total of 139 respondents wrote comments that clustered as follows (many commented on more than one topic, and all concerns were categorized and counted). The topics that appeared most frequently were competition from imports (particularly China), increasing corporatization and concentration in organic farming and processing, dissatisfaction with organic crop insurance programs, the need for consumer education regarding what organic food and production methods, and the high cost of land. On the production side, pollen drift and GMO contamination weed and insect control, were the areas of greatest concern.

30. What challenges are Minnesota organic farmers currently facing?

Comment topic	Frequency
Production	***84***
Weed management	16
Insect pest management - especially soybean aphid	14
Pollen drift and GMO contamination	13
Seed—availability and variety selection of organic seed, cost	8
Soil—quality, health, and fertility	7
Spray drift	6
Inputs—cost, allowability, availability of, etc. (including fertilizer)	6
Poor growing conditions, drought	6
Opportunity cost of green manures	3
Production—yields, inability to meet demand, etc.	3
Labor—high cost of	2
Market and Industry Structure	***50***
Imports—price undercutting, doubts regarding import compliance with standards, and concerns about negative effect imports will have on consumer confidence. Support for COOL.	23
Corporatization—at both farm and processor levels. Influence of big business—both on markets and political	14
Finding markets and marketing avenues, market saturation	9
Industry/infrastructure that favor conventional and large scale production	4
Policy and Regulation	***25***
Efforts to dilute standards	8
Farm program structure, "cheap food policy"	5
Government—too much interference by State and Feds, or lack of support from MDA	5
Organic paperwork and other requirements (also export requirements that exceed NOP)	4
Violations, lack of enforcement, misuse of "organic" claim, inconsistent oversight by certifiers and inspectors	3
Other Issues	***24***
Land—high prices (and rents) and limited availability	9
Farmer shortage and lack of young people getting into farming	6
Hostility from non-organic community (smear campaigns, etc.)	5
Isolation—need for more farmer-to-farmer networking (information and marketing)	3
Health insurance—lack of affordable health insurance for farm families	1
Consumer Education	***12***
Public awareness of what organic is, how it is produced. Need for consumer education	12
Research	***8***
Research—need for credible research in areas like food quality, economics, environmental impacts. Also research into water conservation, cover cropping, companion planting, soils, etc.	8
Processing and Transportation	***6***
Infrastructure—lack of infrastructure, distance to, cost of transportation	6
Energy	***4***
Energy costs—high cost of fuel, need to develop alternative sources	4

** 136 of 209 respondents wrote in comments for this question*