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Factors Associated with Deregistration Among Organic Farmers in California

UC ANR Organic Farming
Workgroup Meeting
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Background

- ◆ US organic sector growing by 15-20% in recent years
- ◆ However, # of organic farms and organic acreage not keeping pace
- ◆ 2% CA farms registered with CDFA Organic Program
- ◆ Organic acreage < 1% of CA farmland



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Background

- ◆ CDFA Organic Program registration data indicate a “revolving door”
- ◆ Approx. 20% turnover rate among organic producers each year
- ◆ Example:
 - ◆ 358 deregistered farms in 2002, with 303 new registrants (→ net loss of 55 organic producers) (Klonsky and Richter 2005).



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Research Questions

- ◆ What do CDFA Organic Program figures re: deregistered producers signify?
- ◆ Are they an accurate representation of changes in organic farmers and farmland?
- ◆ Do deregistered growers leave farming, revert to conventional production, continue farming organically?
- ◆ What are the main challenges facing deregistered producers?
- ◆ Main differences between deregistered and continuing organic producers?



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Research Methods

- ◆ Mail survey of all (501) deregistered producers (2003-2005)
 - N=104
 - Response rate=24%
- ◆ Mail survey, 1,000 continuing organic producers
 - N=404
 - Response rate=41%
- ◆ Telephone interviews with 21 deregistered producers



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Registration Status

- ◆ Of 104 usable responses, only 77 (74%) really deregistered.
 - 15 (14.4%) never registered as organic producers
 - 12 (11.5%) still registered
 - 5: changes in business name, etc.
 - 7: unclear why listed as deregistered
- ◆ → CDFA Organic Program figures overestimate deregistration rates among organic producers by approximately 26%



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Respondent Characteristics

(Deregistered producers, n=77)

- ◆ Mean age: 57
- ◆ Gender: 61% male
- ◆ Years farming:
 - Mean=19.8 years
 - Range: 3-50 years
- ◆ Years farming organically:
 - Mean=9.8 years
 - Range: 0-34 years



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Respondent Characteristics

- ◆ Farm size
 - Mean=228 acres
 - Median=20 acres
 - Range=0.1-31,000 acres
- ◆ Principal crops
 - Fruit/nut: 87.5% (n=56)
 - Vegetables: 79.7% (n=51)
 - Field crops: 6.3% (n=4)
 - Nursery: 3.1% (n=2)
 - Livestock: 1.6% (n=1)



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Revenue

Revenue category	N	%
\$0-4,999	27	42.9
\$5,000-9,999	6	9.5
\$10,000-49,999	15	23.8
\$50,000-99,999	8	12.7
\$100,000-249,999	2	3.2
\$250,000-499,999	1	1.6
\$500,000-1 million	1	1.6
over \$1 million	3	4.8
Total	63	100.0



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Marketing Channels

- ◆ Wholesale:
 - 59.3% (of all sales)
- ◆ Direct to stores and restaurants:
 - 13.5%
- ◆ Other direct (farmers' markets, CSA):
 - 25.1%



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Reasons for Adopting Organic Practices

Reason for Adoption	N	%
Organic market potential	23	39.0
Environmental concerns	10	16.9
Land already organic	10	16.9
Personal health	7	11.9
Tradition	6	10.2
Belief system or ethics	6	10.2
Organic = 'good farming' practices	4	6.8
Improves product quality	3	5.1
General health	3	3
Diversify farming operation	5.1	5.1



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Pragmatic/Philosophical Motivations

- ◆ Questions gauging “pragmatic” vs. “philosophical” motivations for organic farming
- ◆ Pragmatic: economic motivations
- ◆ Philosophical: organic better for health, environment.
- ◆ Breakdown:
 - Pragmatic: 16.9%
 - Philosophical: 40.0%
 - Balanced: 43.1%



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Current Farming Status

- ◆ Of 77 deregistrants:
 - 27 (35%) stopped farming altogether
 - 49 (65%) still farming
- ◆ No longer farming (n=27):
 - 6 (22%) cited reasons related to organic
 - 21 cited other reasons: farming not profitable (63%), sold land (26%), retired (22%), farming is too much work (22%)



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Current Farming Status

- ◆ Still farming (n=49):
 - 31 (63%) reverted to conventional production
 - 18 (36%) still farming organically (n=15) or “beyond organic” (n=3)
- ◆ Farmers starting as organic much more likely to continue organic
 - Started organic: 86% still organic
 - Started conventional: 21% still organic
 - ($p < .001$, odds ratio = 22)



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Reasons for Deregistration

- ◆ Main reasons for deregistering (open-ended)
 - Unrelated to organic: 21%
 - Regulatory: 44%
 - Production: 15%
 - Market: 10%
 - Management: 9%
 - Price: 2%



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Regulatory Issues

- ◆ Of those citing “regulatory” issues as main reason for deregistering, reasons included:
 - Certification costs (40%)
 - Certification process (26%)
 - Registration recognition (13%)
 - Not necessary for marketing (10%)
 - Late registration (7%)
 - Philosophical issues with NOP (3%).



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Main Challenges

- ◆ Top challenges faced as organic farmers:
 - Regulatory: 30%
 - Price: 27%
 - Production: 22%
 - Market access: 17%
 - Management: 5%



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Specific Challenges

Challenge	Category	% ranking 4/5
Paperwork/ Record-keeping	Regulatory	50%
Certification costs	Regulatory	44%
Cost of inputs	Production	38%
Time requirements	Management	36%
Marketing	Management	32%
Low premiums	Price	27%



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Technical Assistance

- ◆ What would have helped you keep farming organically?
 - Certification related (n=12)
 - cost-share programs, paperwork reduction, application process, registration simplification, more trained and experienced organic certifiers
 - Market related (n=6)
 - price and buyer information, market interventions (e.g. price controls), policies restricting organic imports
 - Management related (n=6)
 - access to labor, access to credit
 - Production related (n=5)
 - direct technical assistance, information (general and organic inputs)



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Comparison of Deregistered and Continuing Organic Farmers

- ◆ Regulatory as main challenge
 - 22% continuing
 - 34% deregistered ($p < .05$)
- ◆ Farm size
 - <50 acres: 19% deregistered
 - >50 acres: 8% deregistered ($p < .001$)
- ◆ Revenue
 - < \$100,000: 21% deregistered
 - > \$100,000: 4% deregistered ($p < .001$)



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Conclusions

- ◆ CDFA data re: deregistered producers overestimate #'s of farmers that have left organic farming
 - 59 of 104 respondents (57%) no longer farming organically
- ◆ Smaller farms are more likely to deregister.
- ◆ Regulatory burden is high
- ◆ Technical assistance needs: certification, market, management, production



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Recommendations

- ◆ Increased efforts to reduce regulatory burdens, help with certification costs and high cost of organic inputs
- ◆ Make farmers considering organic aware of challenges:
 - paperwork/record-keeping
 - certification costs
 - high cost of organic inputs
 - time requirements



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Recommendations

- ◆ Technical and financial assistance for organic farmers should target growers grossing under \$100,000 per year and farming less than 50 acres
- ◆ Caution should be used in using the CDFA dataset for tracking #s of organic farmers
- ◆ Need for better system to track organic farmers and farmland