



# Organic Farm Certification & the National Organic Program

MARKETING TECHNICAL NOTE

*Abstract: Farmers planning to market their products as “organic” must become certified. This guide outlines the considerations involved in “going organic” and the basic steps to organic certification. The sole exemption to mandatory certification is also discussed.*

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## Introduction

In the earliest years of organic farming in the U.S., most of what was produced was consumed locally. In fact, freshness and direct marketing were often viewed as characteristics of organic production, along with the absence of chemical use. In those years, it was common for the consumer to either have direct contact with the grower, or have confidence in a retailer who purchased directly from the grower. However, as the organic market began to expand in the 1970s, the supply chain lengthened. There was a greater likelihood that organic products would pass through many hands and travel many miles between the farmer and the consumer. Under such circumstances, the end buyer needed some means to confirm that the purchased product was truly organic. Likewise, the farmer needed a way of proving to the consumers that he or she used organic methods. The organic industry addressed these needs through a process called *third-party certification*.



In essence, organic certification is a simple concept. A third party—an *organic certifying agent*—evaluates producers, processors, and handlers to determine whether they conform to an established set of operating guidelines called *organic standards*. Those who conform are *certified* by the agent and allowed to use a logo, product statement, or certificate to document their product as *certified organic*. In other words, the certifier *vouches* for the producer and assures buyers of the organic product's integrity.

By the late 1980s, there were a number of private and state-run certifying bodies operating in the United States. Standards varied among these entities, causing problems in commerce. Certifiers often refused to recognize products certified by another agent as organic, which was a particular problem for organic livestock producers seeking feed, and for processors trying to source ingredients. In addition, a number of well-publicized incidents of

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fraud began to undermine the credibility of the organic industry. In an effort to curb these problems, the organic community pursued federal legislation. The result was the Organic Foods Production Act of 1990, which mandated the creation of the National Organic Program (NOP) and the passage of uniform organic standards. These standards are now incorporated in the National Organic Program Regulations, which can be found on the NOP Website at <<http://www.ams.usda.gov/nop/>>. Implementation of the Regulations began on April 21, 2001; all organic certifiers, producers, processors, and handlers must be in full compliance by October 21, 2002.

The principal means by which the NOP is implementing the Regulations is through certifying agencies that it accredits. Through accreditation, the NOP assures that the certifier understands and is using the National Standard; accreditation also confirms that the certifier can conduct the business of certification properly.

Implementation of the National Organic Program Regulations will lead to a number of changes in how producers, handlers, processors and others do their jobs. One thing that will not change greatly, however, is the process of farm certification. The basic steps and considerations remain largely the same as in the past. These steps are outlined in this publication.

## Considering Organic Certification

**Motivations** Organic farming is an environmentally responsible approach to producing high-quality food and fiber. Personal health and environmental concerns have long been motivating factors for those who choose to farm organically. Increasingly, however, economics has become a major factor. Organic farmers typically earn a premium for their production, and though it is not true for all products, many organic commodity crops have lower costs of production than the same conventional crops.

**Commitments** Farming organically involves committing to two principles: *ecological production* and *maintaining organic integrity*. *Ecological production* entails using farming and ranching techniques and materials that conserve and build the soil resource, pollute little, and encourage development of a healthy diverse agroecosystem, which supports natural pest management. These techniques and materials include diverse crop rotations, green-manuring, cover crops, livestock manure, composting, mineral-rich rock powders, etc. *Maintaining organic integrity* consists of actions that prevent contamination of organic production with prohibited materials, and that prevent the accidental mixing (commingling) of organic and conventional products. Farmers accomplish this, first of all, by not using prohibited synthetic fertilizers and pesticides; they also take precautions against pesticide drift from off-farm and other sources of contamination. Many kinds of equipment and storage areas employed in organic production must either be dedicated to organic use or properly cleaned between conventional and organic use. A considerable amount of paperwork and documentation is required to ensure organic integrity; it is one of the necessary “burdens” of being a certified organic farmer or rancher.

Prospective organic producers should understand in advance that prohibited substances (synthetic fertilizers and pesticides, etc.) must not have been used on the land for three full years preceding harvest of the first organic crop. Farms or specific fields that do not yet meet this require-

ment may be considered as in *transition*, though this term does not have legal status at this time.

Organic livestock producers must make a further commitment—to manage and raise their livestock in ways that are not cruel and that take account of the animals’ natural behavior. This includes providing pasture for ruminants and outdoor access for all livestock, and agreeing to restrictions on physical alterations.

## Steps To Organic Certification

The steps to becoming a certified organic producer are very basic. The five that follow are typical, though variations might apply in different circumstances.

**1) Identify a suitable certifier** Organic certification agencies may be operated by a state agriculture department, or they may be private entities, but they must be accredited by the National Organic Program. Certifiers work as an extension of the federal government, licensing producers to use the term “organic” in selling their products. Criteria to use in evaluating a certifier should include:

- Their willingness and ability to answer questions about their certification program.
- Membership in prominent and valuable organizations such as OTA (1) and OMRI (2).
- Their history in certifying your kind of enterprise (Certifiers are in the position of making judgment calls regarding compliance and it helps immensely if they understand the constraints of your enterprise).
- The certifier’s stability as a business (will they be operating again next year?).
- Additional certification services they offer (e.g., Kosher, Free Farmed (3), etc.).
- Market recognition of the certifier logo.
- The needs of buyers (the buyer of an organic commodity may request that a specific certifier be used).
- Additional accreditation beyond the NOP by international certification bodies such as IFOAM (4).
- Costs of certification.

A listing of accredited certifying agents and those making application for accreditation is currently featured on the NOP website.

## Information vs. Consultation

Prior to the implementation of national organic standards, producers commonly sought the advice of certifying agents and organic inspectors on matters ranging from pest control strategies and livestock treatments, to crop rotation schemes and the best sources of purchased inputs. Such advice is now considered a conflict of interest and is not allowed. This new prohibition has created considerable confusion in the organic community.

The key to sorting out this problem is recognizing the basic difference between *information* and *consultation*. Certifiers **MUST** make essential information about their certification process, their fees, and similar matters available to the public. The certifier must tell an applicant how and why he or she is out of compliance. However, the certifier **CAN-NOT** advise the applicant on how to rectify the problem; that would be giving advice or *consultation*. Similarly, the certifier can tell a producer whether or not a particular pest control product is permitted for use. However, the certifier may **NOT** advise about how to use the product or where to buy it.

Certifiers may distribute publicly available information that provides advice and recommendations, such as Extension bulletins or ATTRA publications, or suggest that clients consult these sources; they may also provide producers with lists of private consultants, but may **NOT** recommend a specific one.

**2) Submit an application** After identifying a certifier, the producer should request a copy of the certifier’s organic standards and an application packet, which typically includes an organic farm plan questionnaire (5). An application fee is commonly requested at this stage. The producer should read the standards and ma-

materials lists carefully; the certification agent can answer any questions. The producer must complete the questionnaire, which elicits information about the farm or ranch, including details about soil fertility planning, seeds and seedlings, weed and pest management practices (including the materials one plans to use), and storage and handling routines. Farm maps will be required along with crop and input histories for all fields. Strategies to prevent contamination with prohibited substances and commingling with non-organic products must be outlined. The farm plan questionnaire will also elicit information on the producer's plans to monitor the farm operation to insure compliance. The producer may sign a licensing agreement with the certifier at this time.

**3) Completeness review** The certifier reviews the organic farm plan application to be certain that it is complete and that the operation appears able to comply with NOP organic standards. If additional information is required, the producer will be asked to submit it. (6)

**4) On-farm inspection** If the organic farm plan application is judged to be complete, the certifier assigns an organic inspector (7) to inspect all relevant areas of the farm. The inspector looks for all indications that the producer is operating according to their organic plan and is in compliance with organic standards. He or she inspects the fields, farm implements, and buildings; reviews borders and adjoining land use; and assesses contamination and commingling risks. The inspector reviews all written records documenting management practices, seed sources, inputs used, compost production, conventional production done on the farm, and records of harvest, storage, transportation, and sales. An inspection affidavit is completed during the inspection and signed by the producer and the inspector. The inspector reviews with the producer all identified non-compliance issues at the end of the inspection. Finally, the inspector submits a detailed report to the certifier on all findings. (Note that inspectors only record observations; they do not make decisions about certification.)

**5) Final review** The organic farm plan application and inspection report is reviewed by an individual or certification committee with expertise in organic farming and certification stan-

dards. There can be several outcomes of the review:

- Approval for organic certification
- Request for additional information (6)
- Notification of noncompliance (8)
- Denial of certification

If certification is granted, the producer can begin marketing his or her products as organic. The producer is free to use the seal of the certifier and also the USDA's organic seal (after October 21, 2002).

Notification of noncompliance implies that the applicant will be granted certification if certain things are changed. A producer does have the option of rebutting a charge of noncompliance. He or she also has the option of making application through another certification agent. However, since all certifiers must recognize the same federal standards, any clear violation of standards will need to be rectified. Noncompliance issues often involve inadequate records of such things as manure applications, equipment cleaning on farms where conventional production is also done, and compost preparation.

A denial of certification is typically given when the certifier judges that the producer is clearly unable to comply with federal organic regulations. For example, a farm that has had chemicals used on it and is in its first or second year of transition to organic production cannot be granted certification because the land must be free from prohibited pesticides and fertilizers for a minimum of three years.

At this time, producers may not use "organic," "transitional," "transition to organic," or any similar terminology to describe and market production from fields or farms in *transition*. This issue is under consideration by the National Organic Program and some legal form of transitional status may be recognized in the future.

## *The \$5,000 Exemption*

Producers who market less than \$5,000 worth of organic products annually are not required to become certified, though they have the option of doing so. These operations must still adhere to the federal standards for organic production, product labeling, and handling. Exempted operations face two other constraints. While they

may label their products as organic, they may not use the USDA seal, the seal of a certifier, or otherwise claim that their production is certified. Furthermore, they may not sell their products as ingredients for use in someone else's certified organic product. Retail stores may require exempted producers to sign an affidavit stating that they adhere to federal organic standards.

## Fees for Organic Certification

Certification costs can be expected to rise. Certifiers must now bear the added costs of USDA accreditation. In some instances, certifying bodies have had to undergo serious reorganization to continue providing certification services. These costs will be passed on to producers and handlers in the form of higher fees.

The NOP initially estimated that certification costs would average approximately \$750 per farm. However, fees charged for certification vary among agents. Fees also vary with the size and complexity of the farm operation, the costs of inspection, and other factors. Be certain to get a clear explanation of the fee structure when choosing a certifier.

We obtained a sampling of fee information from five certifiers' websites in late May 2002. The following examples were generated from that sampling to give a notion of the range of fees and the different ways in which they are calculated.



**Example 1** A state-based private certifier that also provides services on the national level.

**Within-state fees:** The basic producer fees are on a sliding scale based on the gross farm sales. For example, the basic certification fee for a small farm in its first year of certification with gross sales between \$5,000 and \$10,000 is \$434. A larger operation with sales between \$100,000 and \$125,000 would be charged a fee of \$1,112. A farm selling over \$500,000 worth of organic production would be charged \$2,517 plus 0.1% of total sales in excess of \$500,000. Re-certification in subsequent years costs about \$155 less for any operation, regardless of size.

**Out-of-state fees:** These fees are calculated similarly to the ones charged within state. However, inspection costs are billed separately. In most instances, this will make the total fees charged somewhat higher, because the travel costs of an inspector are usually greater.

Note that for both within-state and out-of-state applicants, additional charges will be billed if follow-up inspections are required. A \$25 fee will be charged if application forms are incomplete and must be re-submitted.

**Example 2** A national private certifier with strong regional focus.

This certifier charges \$25 for the certification packet and \$50 for a first-time application.

The base certification fee is \$150 for farms less than 101 acres; \$175 for farms between 101 and 500 acres; \$225 for farms larger than 500 acres. An additional \$50 is charged if livestock certification is desired. This does not include the costs of inspection, which can vary considerably beginning at a low of approximately \$175.

There is also a 0.5% assessment on gross sales, with an annual cap of \$5,000. Further fees are assessed for certification of on-farm processing.

**Example 3** A state-based private certifier.

Among the smaller certifying bodies at this time, this agent charges an up-front fee of \$350 for initial document review and on-site inspection. Additional inspection and laboratory fees may be charged as required.

**Example 4** A state-based state-run certifier.

This state-run service charges an application fee of \$50 plus a farm inspection fee of \$175. An additional fee of \$100 is charged for inspection of on-farm processing.

In addition, assessment fees are charged on a per-acre basis that varies by crop. Vegetable and herb crops are assessed \$25/acre; fruit and nut crops are assessed \$15/acre; corn is assessed \$2.50/acre; soybeans are assessed \$4.00/acre.

Organic livestock are assessed on a per-head basis for large stock and per-100-head for smaller species. The assessments include \$10/head for cattle, \$1/head for sheep or goats, \$1/100 head for slaughter chickens, and \$10/100 head for laying hens.

**Example 5** A state-based private certifier.

This certifier charges an initial application fee of \$250 plus the costs of inspection (which can vary widely) plus a 25% service charge. Renewal fees for most producers are \$165 (farms with sales less than \$20,000 pay \$110) plus the costs of inspection and the service charge.

In addition to these fees, there is an annual assessment fee of 0.5% on gross organic and transitional product sales for producers whose sales exceed \$20,000. There is a cap of \$20,000 on this assessment.

## Financial Assistance With Certification Costs

The 2002 farm bill has set aside monies for a national organic certification cost-share program to help producers and handlers of organic products obtain certification. The bill allows a maximum federal cost share of 75% of the cost of certification, with a maximum payment of \$500 made to a producer or handler under this provision.

The National Organic Certification Cost Share Program is funded at \$5 million over the 6-year life of the farm bill. This is in addition to \$1 million that had already been made available through the crop insurance bill for the Northeastern states.

It is anticipated that this money will be administered through the National Organic Program. Producers should contact their state organic program offices or the National Organic Program for details on how to apply for this assistance.

## Summary

Federal standards for organic production and marketing have not significantly changed the process of organic certification. Producers will continue to be certified through private and state-run certification agencies.

Certification services vary widely and producers are encouraged to “shop around” before selecting an agent.

Farmers selling less than \$5,000 of organic products annually may opt out of certification. However, they must still comply with the requirements of the National Organic Program Regulations.

Certification costs are expected to rise, though the actual cost and how it is calculated can vary widely. Federal assistance with certification costs will soon be available.



## Notes & References

- 1) OTA (the Organic Trade Association) is a membership-based business association representing the organic industry in Canada, the U. S., and Mexico. It works to promote organic products in the marketplace and to protect the integrity of organic standards. For more information, visit their Website at <<http://www.ota.com/>>.
- 2) OMRI (the Organic Materials Review Institute) evaluates materials for use in most aspects of organic production, handling, and processing. Their published guides of approved inputs are invaluable for informing clients as to what they may and may not use in their operations. For more information on OMRI, visit their Website at <<http://www.omri.org/>>.
- 3) Like Organic, *Free Farmed* is another example of eco-labeling. For more information on the Free Farmed label, visit the Farm Animal Services Website at <<http://www.freefarmed.org/>>.
- 4) IFOAM is the *International Federation of Organic Agriculture Movements*. Their accreditation program for organic certification agencies is operated by the *International Organic Accreditation Service* (IOAS). For more information on IOAS and IFOAM, visit their Website at <<http://www.ifoam.org/>>.
- 5) For more information on the organic farm plan requirement, please request a copy of the ATTRA publication *Creating An Organic Production and Handling System Plan*. This publication includes template forms in common use by certification agencies.
- 6) The kinds of additional information a certification agent might seek are various. In some instances the agent may require that additional testing of soils, water, compost, crops, feeds, or other items be

done. This is typically required if there is reason to expect excessive contamination with prohibited substances. Requests for additional testing might be made at any point in the application process or later.

- 7) Organic inspectors may be employees of the certifier, but many are independent contractors. Many inspectors are members of, and receive training from, the Independent Organic Inspectors Association (IOIA). For more information on IOIA, visit their Website at <<http://www.ioia.net/>>.
- 8) According to John Foster (Quality Assurance International), farmers with minor noncompliances might be granted certification with the understanding that these violations be corrected within a specified time period. Where major noncompliances occur, certification is likely to be withheld until the applicant has made and documented the required changes. (Information provided via personal communication, March 2002.)

## Further Resources

The National Organic Program Website at <<http://www.ams.usda.gov/nop/>> has been cited several times throughout this publication. It is important to note the wealth of additional information that can be found there, including background information on the legislation, an FAQ (Frequently Asked Questions) page, and guidance from the National Organic Standards Board (NOSB)—an advisory body to the NOP that assists in interpreting the Regulations and makes recommendations on materials and practices that can and cannot be used in organic production.

The Organic Trade Association Website features a summary legislation page at <<http://www.ota.com/legislat.htm>>, which gives an excellent overview of the history of federal regulation plus many details contained in the Regulations.

The National Campaign for Sustainable Agriculture closely monitors federal legislation regarding organic farming. Visit their website at <<http://www.sustainableagriculture.net/index.htm>>.

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