

## A Guide for Organic Growers

### Balancing Regulatory Compliance and Economic Viability

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#### Overview

For many agricultural businesses, the "USDA Organic" seal is far more than a label; it is a vital market differentiator that signals quality, integrity, and consumer trust. However, entering the organic marketplace requires navigating a rigorous federal regulatory framework overseen by the USDA's National Organic Program (NOP).<sup>1</sup> In recent years, the regulatory landscape has evolved significantly with the implementation of the Strengthening Organic Enforcement (SOE) rule,<sup>2</sup> which has tightened oversight across the entire supply chain to ensure the integrity of the organic label.

This article provides a roadmap for prospective organic growers, blending the regulatory requirements with the current economic realities of the sector.

#### The Regulatory Roadmap: Building Your System

The NOP relies on a decentralized model where the grower is the primary custodian of organic status. The process is defined by strict adherence to documentation.

**The Organic System Plan (OSP).** The OSP is the grower's "living document." It is a detailed written plan that describes the practices and procedures an operation follows to comply with organic regulations, acting as the foundation for certification. Under current regulations, this plan must be a comprehensive manual detailing every facet of the operation.<sup>3</sup> It is not a static file but a requirement that grows with the business.

Key components include:

- **Input Management:** The operation must document every fertilizer, seed variety, and pest control substance used, ensuring they are permitted for organic use.
- **The Fraud Prevention Plan:** This is now a mandatory component of an OSP. It must proactively identify vulnerabilities in the farm's supply chain (such as where cross-contamination could occur) and implement specific, verifiable controls to mitigate those risks. Monitoring practices must be used to ensure that the plan is effectively implemented.

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<sup>1</sup> The NOP is the federal regulatory framework within the USDA Agricultural Marketing Service responsible for developing and enforcing national standards for organically produced agricultural products.

<sup>2</sup> The SOE is a USDA rule implemented to protect the integrity of the organic supply chain by requiring certification for more businesses, such as brokers and traders, and mandating standardized certificates.

<sup>3</sup> 7 CFR § 205.201.



- **Record-Keeping:** The burden of proof rests entirely on the farm. An audit trail is essential; every input must be linkable to the farm's usage records, and every sale must be traceable back to the certified source. Records must be auditable and maintained for at least five years.<sup>4</sup>

**The certification lifecycle.** The path to certification follows a consistent, cyclical process:

1. **Selection:** Engage a certifying agent. It is advisable to compare fee structures and ensure the agent has documented expertise in the farm's specific crop types.
2. **OSP Development:** The farm's operational process must be accurately detailed. If equipment is shared with non-organic farming operation, for example explicit "clean-out" procedures must be provided.
3. **Inspection:** An inspector will verify practices on-site. Success passing inspection depends on fields and records perfectly matching maps and sales logs.<sup>5</sup> The "Gold Standard" of a NOP inspection is the Mass Balance Test. The inspector will pick a random sale from your records and work backward to see if the land was actually capable of producing that volume.

**Note:** The burden of proof for "allowed" substances rests entirely on the farm's documentation. The farm must be able to prove that no prohibited substances (synthetic fertilizers or certain pesticides) have been applied to the land for three years immediately preceding the harvest of an organic crop. In addition, the farm must document an "exhaustive search" for organic seeds. If the farm uses non-organic, non-GMO seeds because organic versions weren't available, the farm must provide written proof of the search (e.g., catalogs, emails from three different suppliers).

4. **OMRI Labels:** The farm must keep physical labels or PDFs of the Organic Materials Review Institute (OMRI) seal for every fertilizer or pest control product used.
5. **Ongoing Compliance:** The USDA's Organic Integrity Database<sup>6</sup> must be utilized to verify the certification status of all suppliers *before* purchasing inputs, a step now essential for maintaining the farm's organic certification.

**The landscape of U.S. organic production.** The organic sector has transitioned from a niche market to a significant economic engine, though it remains a focused segment of the broader agricultural industry. Organic production currently accounts for approximately 0.9 percent of the total value of U.S. agricultural production. Despite this

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<sup>4</sup> 7 CFR § 205.103.

<sup>5</sup> When equipment is shared between organic and conventional tracts, "commingling" is the primary regulatory risk. An inspector will look for a verifiable gap between a non-organic harvest and an organic one. The farm must document the cleaning of all shared equipment (planters, combines, grain carts). Each entry should include the date, the specific piece of equipment, the cleaning method (e.g., pressure wash, "purging" with a specific amount of organic grain), and the signature of the person who performed it. It is a good practice that timestamped photos of clean hoppers or augers be taken to supplement the written log.

<sup>6</sup> This is a publicly accessible database maintained by the NOP that allows buyers to verify the current certification status and organic products of any operation worldwide.

market share, the sector has seen explosive growth. For instance, the acreage devoted to organic fruit and vegetable production increased by more than 100 percent between 2007 and 2021.

**Note:** Fresh produce remains the top-selling category.<sup>7</sup> High-value crops like apples, grapes, and various brassicas dominate, reflecting consumer demand for healthier, low-residue options.

The organic industry has seen sustained interest driven by consumer preference for environmentally friendly practices and perceived health benefits. This demand has spurred government investment<sup>8</sup> and increased the number of certified organic farms nationwide.

### The Economic Reality: Is It Profitable?

The question of profitability in organic farming is complex, primarily hinging on the ability to capture the "organic premium" - the price differential over conventional goods. Research indicates that organic systems often experience yields that are 10–25 percent lower than conventional counterparts.<sup>9</sup> However, these systems can be significantly more profitable when the organic price premium (which can range from 20 percent to over 100 percent) is successfully captured.

Organic farming is notably more labor-intensive, with labor costs often 7–13 percent higher than conventional systems.<sup>10</sup> These costs are largely driven by the necessity for manual or mechanical pest control and more complex crop rotations. Also, the application of organic amendments like manure or compost is often more labor-intensive than applying concentrated synthetic fertilizers

There is also a wide variance in profitability among organic producers. Success is often tied to a grower's mastery of organic management and the ability to minimize post-harvest losses. As noted in recent literature, while organic systems are profitable when premiums are applied, growers must carefully manage their costs to ensure that the higher production expenses do not erode the premium advantage.<sup>11</sup>

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<sup>7</sup> According to the Organic Trade Association's (OTA) 2026 Organic Market Report, fresh produce is the top-selling organic category, reaching \$22.7 billion in sales for 2025.

<sup>8</sup> The USDA's Organic Transition Initiative (OTI) represents a significant federal commitment to the sector. See USDA Agricultural Marketing Service (AMS), *Organic Transition Initiative*, 87 Fed. Reg. 163 (Aug. 23, 2022).

<sup>9</sup> See, e.g., Ponisio, L. C., M'Gonigle, L. K., Mace, K. C., Palomino, J., de Valpine, P., & Kremen, C. (2015). Diversification practices reduce organic to conventional yield gap. *Proceedings of the Royal Society B: Biological Sciences*, 282(1799), 20141396. <https://doi.org/10.1098/rspb.2014.1396>

<sup>10</sup> Crowder, D. W., & Reganold, J. P. (2015). Financial competitiveness of organic agriculture on a global scale. *Proceedings of the National Academy of Sciences*, 112(24), 7611–7616. <https://doi.org/10.1073/pnas.1423674112>

<sup>11</sup> *Id.*



## Essential Considerations for Small Businesses

Smaller operations must pay close attention to their exemption status. While some small businesses (with <\$5,000 in annual organic sales) may be exempt from certification, the SOE rule has narrowed the definition of exemptions.<sup>12</sup>

In addition, organic farms that are looking to export should become familiar with Equivalency Agreements.<sup>13</sup> The U.S. has established arrangements with the EU, Canada, Japan, Switzerland, the UK, and others, which often allow organic products certified in one country to be sold as organic in another, provided the farm follows the required import/export documentation protocols, such as using the electronic NOP Import Certificate.<sup>14</sup>

## Conclusion

The transition to organic production is a strategic pivot that demands equal parts agricultural mastery and administrative discipline. As the industry matures from a niche market into a multi-billion-dollar engine, the "USDA Organic" seal has evolved into a high-stakes credential. Success in this arena is no longer defined solely by what happens in the field, but by the integrity of the OSP and the transparency of the audit trail.

While the "organic premium" offers a clear path to profitability - often offsetting the inherent risks of lower yields and increased labor - it is not guaranteed. Under the SOE rule, the margin for error has narrowed. To thrive, growers must treat their documentation with the same care as their crops, utilizing tools like the Organic Integrity Database to safeguard their supply chains. Ultimately, for the grower who can balance these rigorous federal standards with efficient management, the organic market offers a resilient and highly rewarding future in the modern agricultural landscape.

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<sup>12</sup> Ecocert USA. (2023). *Strengthening Organic Enforcement (SOE) final rule*.

[https://usa.ecocert.com/Content/Files/NOP/Resources/OTA%20Summary\\_SOE%20Final%20Rule%202023\\_PUBLIC%201-31.pdf](https://usa.ecocert.com/Content/Files/NOP/Resources/OTA%20Summary_SOE%20Final%20Rule%202023_PUBLIC%201-31.pdf)

<sup>13</sup> Equivalency Agreements are trade arrangements between the U.S. and foreign governments that recognize each other's organic programs as being equivalent, simplifying the export process for certified growers.

<sup>14</sup> Organic Trade Association. (2024). *Organic import certificates: What you need to know*. <https://ota.com/resources/organic-import-certificates>

