



United States Department of Agriculture

Farm and Foreign Agricultural Services
Risk Management Agency

BULLETIN NO.: MGR-00-007

TO: All Reinsured Companies
All Risk Management Offices
All Other Interested Parties

FROM: Kenneth D. Ackerman /s/ Ken Ackerman 2-28-00
Administrator

SUBJECT: Basic Unit Actual Production History (APH) Transitional Yield Pilot Program for
5 Montana Counties

BACKGROUND:

In Montana, producers' farming operations tend to be large. Spring and winter types of the same crop (wheat) are grown and numerous farming practices (up to three for wheat and barley) are carried out for the same crop. Transitional Yield map areas ("T" Yield map areas) are also applicable in many counties. A typical farming operation also contains several basic units that are divided into a number of optional units.

Current Actual Production History (APH) procedure requires separate APH yields (separate APH databases) for each basic and optional unit; each practice, type, or variety (P/T/V); and "T" Yield map area. This requirement results in numerous approved APH yields and databases for most producers. If less than 4 years of actual records are available in a given database, the database is completed by entering variable county or area based Transitional Yields ("T" Yields). Policyholders have complained that when cropping rotations are involved, it is difficult to obtain 4 years of actual records and eliminate the use of "T" Yields. In fact, if cropping rotations are followed (e.g., three or more crops, types, or practices are grown in rotation), it may take 20 years to accumulate 4 years of actual yields in all databases. This requires the continued use of "T" Yields. Some producers have indicated that "T" Yields are not representative of their actual production capability. Therefore, they have requested options that will more accurately reflect their production capabilities.



1400 Independence Ave., SW • Stop 0801 • Washington, DC 20250-0805

The Risk Management Agency Administers and Oversees
All Programs Authorized Under the Federal Crop Insurance Corporation

An Equal Opportunity Employer

An option to combine optional unit production history into a basic unit APH database that will be used to calculate personal transitional yields (PTY) by practice and type will be implemented. The PTY will then be used to complete optional unit databases that require the use of transitional yields. Databases with less than four years of actual history may tend to have approximately the same APH yield as databases with more history with the implementation of this pilot program.

ACTION:

Beginning with the 2000 crop year, the Risk Management Agency will test this APH pilot concept. For 2000, this pilot will apply to all crops except for sugar beets, potatoes and dry peas (which are authorized for Master Yields) with 11/30/99-12/31/99 contract change dates located in Daniels, Fergus, Hill, Pondera, and Yellowstone counties. For 2001 it will ONLY apply to crops with a 6/30/00 contract change date in these counties and is scheduled to end thereafter. It will NOT be available for revenue products or for catastrophic (CAT) policies.

- A Participation in this pilot is OPTIONAL. When selected these procedures will apply on a contract (by county and by crop) basis. Its use must be requested in writing by the production reporting date.
- B When calculating PTYs for this pilot, optional unit databases containing duplicated data (units that were previously combined and subsequently split into optional units) must be combined using ONLY the actual acres and actual production.
- C Separate APH databases and approved APH yields must be maintained for each P/T/V.
- D Land assigned a high-risk "T" Yield will use normal APH procedures and the pilot procedures will not apply to such land. (If less than 4 years of actual/assigned yields are provided a separate database is required for the land assigned a high-risk "T" Yield.) Refer to the Crop Insurance Handbook for additional instructions if land is assigned a high-risk "T" Yield.
- E Separate databases for "T" Yield map areas within a basic unit are also combined to determine the PTY. If a transitional yield is needed for the PTY determination, and the basic unit is located in more than one transitional yield map area, use a simple average of the transitional yields involved to determine the "T" Yield for the PTY calculation. The PTY for the basic unit then is used to complete optional unit databases containing less than four years of actual/assigned yields that are located in multiple or different transitional yield map areas. Note: PTY's are also calculated for basic units containing less than four years of actual/assigned yields.

- F Variable “T” Yield procedure, based on the number of actual/assigned yields for the crop, will be used when calculating the PTY, but the PTY will not be reduced using variable “T” Yield Procedure:
- Yield floors and yield cups will apply to individual unit databases as with standard procedures.
 - For data processing purposes, the applicable 100 percent PTY must be transmitted to RMA’s Data Automation Acceptance System (DAAS) identified by the yield indicator “K”. The PTY will have a “K” yield descriptor in the optional unit databases.
- G Added land/P/T/V procedures are not applicable to producers using this pilot procedure. However, land added to a basic unit exceeding 250% of the cropland acreage contained in the existing unit will be subject to company approval (the same as added land procedure). If the company does not approve the request to add the land to the unit database, it must be maintained as a separate database with variable “T” Yields as with regular APH procedures.
- H For new producers with 1 or 2 years of actual/assigned yields, 100 percent of the “T” Yield will be used when calculating the PTY for the basic unit.
- I The Summerfallow APH yield procedure may be used on a unit by unit basis if the PTY combined database for the summerfallow practice has less than 3 years of actual history.
- J When the pilot program expires, producers will be allowed to retain PTY’s contained in databases until four years of actual/assigned yields are provided for the database.