



United States
Department of
Agriculture

Risk
Management
Agency

6501 Beacon Drive
Kansas City,
MO 64133-4676

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INFORMATIONAL MEMORANDUM: PM-07-013

TO: All Reinsured Companies
All Risk Management Agency Offices
All Other Interested Persons

FROM: Tim B. Witt /s/ *Tim B. Witt*
Deputy Administrator

SUBJECT: Questions and Answers Concerning Revisions of Cotton Yields Due to Skip-row
Yield Conversion Factor Changes

BACKGROUND:

Since Approved Insurance Providers (AIP) have started revising prior years' non-irrigated skip-row cotton yields previously converted to solid plant due to the changes to the non-irrigated cotton skip-row yield conversion factors, Risk Management Agency (RMA) has answered several questions concerning the calculation of the revised solid planted yields and transmission of those yields to RMA.

ACTION:

To assure consistent administration of procedures previously issued in Exhibit 17 of the 2007 FCIC 18010 Crop Insurance Handbook (CIH), the attached questions and answers are being provided as a clarification of those procedures for AIP's use. The CIH will not be amended for the 2007 crop year to include this additional information.

DISPOSAL DATE:

This Informational Memorandum is for the purpose of transmitting information and the disposal date is December 31, 2007.



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

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QUESTIONS AND ANSWERS CONCERNING REVISIONS TO COTTON YIELDS

1. **Calculating skip-row yield conversion factors for planting patterns not listed in Tables 2 and 3 (Exhibit 17, Par. 6D of the 2007 FCIC 18010 Crop Insurance Handbook (CIH)):**

Question A: When a 32" planting pattern contains both 2 X 1 and 1 X 1 skip row components (a mixed planting pattern), what is the correct skip-row yield factor to use for the planted row with a blank row on both sides (i.e., equivalent to a 1 X 1 skip-row planting pattern)?

Answer A: For a 1 X 1 component, both the applicable row width and the applicable table must be used to determine the correct yield factor. For example, in Concho County, TX a 1 X 1 X 32" row width skip-row planting pattern will use an assigned value of 1.06 (the applicable yield factor from Table 2) for the planted row; while a 1 X 1 X 36" row width skip-row planting pattern will use an assigned value of 1.19 for the planted row. The procedure in the CIH indicates that a planted row in the 1 X 1 component of a mixed pattern is assigned a value of 1.32 or 1.40 based on the applicable table (Table 2 or 3) which is correct for a 40" row width; however, 1.32 or 1.40 is not applicable for a 1 X 1 component with 32" or 36" inch row widths.

Question B: How are yield factors for 1 X 1 skip-row planting patterns with row widths between 30 and 40 inches that are not indicated on Tables 2 or 3 calculated (e.g., a 34" row width)?

Answer B: A weighted average yield factor is calculated using the two adjoining yield factors from the applicable table (Table 2 or 3). Weight the yield factors as follows: if the row width (e.g., 34") is the mid-point for the row widths listed (e.g., 32" to 36") , use two higher (e.g., 1.19) and two lower factors (e.g., 1.06); if the row width is narrower than the mid-point of the row widths listed, use three lower factors and one higher factor; or if the row width is wider than the mid-point of the row widths listed use three higher factors and one lower factor. For example, in Concho County, TX, the adjoining yield factors for a 1 X 1 X 34" row width skip-row planting pattern are 1.06 (32" row width) and 1.19 (36" row width). The weighted yield factor for the 34" row width would be calculated as follows: $[(2 \times 1.06) + (2 \times 1.19)] / 4 = 1.13$; for a 1 X 1 X 33" row width skip-row planting pattern, the factor would be calculated $[(3 \times 1.06) + (1 \times 1.19)] / 4 = 1.09$; and for a 1 X 1 X 35" row width skip-row planting pattern, the factor would be calculated as $[(3 \times 1.19) + (1 \times 1.06)] / 4 = 1.16$. Yield factors for row widths between 36" and 40" are calculated in the same manner.

QUESTIONS AND ANSWERS CONCERNING REVISIONS TO COTTON YIELDS

2. **Skip-row planting patterns with a reduction in acreage that do not qualify for use of a skip-row yield conversion factor (factor greater than 1.00):**

Question A: When would a non-irrigated skip-row planting pattern require a reduction in acreage and not have a skip-row yield conversion greater than 1.00?

Answer A: A skip in the planting pattern, that according to Farm Service Agency rules requires an acreage reduction but the width of the skip is less than the minimum width for which a skip-row yield conversion factor (See Exhibit 17, Par. 3A of the CIH) is applicable would require a reduction in the acreage and use a 1.00 yield factor. E.g., cotton planted in a 2 X 1 skip-row pattern with a planted row width of 40" with a skipped strip of 60". This pattern does not qualify for a yield factor greater than 1.00, because, the actual skip is only 20" (60" minus 40", 40" being 1/2 the planted row width on either side of the skip). In this example, the acreage must be reduced, but a yield factor of 1.00 must be used.

Question B: How should a skip-row pattern that requires an acreage reduction with a 1.00 yield factor be reported to the Data Automation System (DAS) on the Appendix III Type 15 Yield Record?

Answer B: According to the procedure in the CIH, the DAS skip-row code is reported as "other" (e.g., DAS Skip-row Code 217 in Concho County, TX) because the pattern is not one of those indicated on Table 2) and the planted row width is reported as the last two bytes of the DAS skip-row code (e.g., 21740).

3. **A few skip-row yield conversion factors increased:**

Question A: If the yield conversion factor for a particular pattern has increased, should skip-row yields previously converted to solid plant be revised based upon the new yield factors?

Answer A: Yes, the solid plant yield for patterns whose yield factors have increased are also subject to adjustment using the same procedures as those whose yield factors have decreased (Exhibit 17 Par. 4 of the CIH). Therefore, producers who have certified such patterns, row widths and used the associated yield conversion will also be adjusted. An inappropriate yield increase would occur by simply applying the new yield conversion factor on the acreage report (Appendix III Type Acreage Record). For example the yield conversion factor for a 2 X 1 (30 -35") row pattern (Table 3) has increased from 1.26 to 1.35.

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4. **A few skip-row yield conversion factors decreased significantly:**

Question A: The new skip-row yield factors, especially those patterns that previously had a 1.80 yield factor, reduce growers' overall approved yields compared to previous years particularly when a number of years with yield substitutions are involved and/or various patterns with different yield factors were planted during the base period. Will the 10 percent yield limitation provisions contained in Section 6I(1) of the CIH apply?

Response A: While it was necessary to correct many of the skip-row yield factors to reduce program vulnerability, it was not the intent to unduly reduce grower's approved yields from previous levels during the process. The use of a 10 percent yield limitation compared to the previous year's approved yield when revising non-irrigated skip-row yields due to corrections to the skip-row yield factors is allowed in accordance with Section 6I(1) of the CIH.

5. **Non-irrigated skip-row practice added to the county actuarial documents:**

Question A: A non-irrigated skip-row practice was added to the cotton actuarial documents (e.g., 063 in Concho County, TX). Which practice, the non-irrigated skip-row practice (063) or the non-irrigated practice (003), should be reported on the Type 15 Yield Record?

Answer A: Convert the skip-row yield to a solid plant yield (no change from previous years) using the new skip-row yield factors (as indicated in Exhibit 17 of the CIH) and then submit the converted solid-planted yield information as a non-irrigated Type 15 Yield Record (e.g., 003 non-irrigated, Concho County TX).

Question B: If the skip-row yields are converted to solid-plant and then submitted as a non-irrigated Type 15 Yield Record, how will RMA know the record contains skip-row yield information?

Answer B: The 2007 CIH procedure requires that the applicable DAS skip-row codes and row widths for the most recent crop year, and all prior years that were revised must be entered on the Type 15 Yield Record submitted to RMA (Exhibit 17 Par. 2C and Par. 4C of the CIH).