



United States Department of Agriculture

Farm and Foreign Agricultural Services
Risk Management Agency

BULLETIN NO.: MGR-01-028

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

FROM: Phyllis W. Honor /s/ Phyllis W. Honor 11-19-01
Acting Administrator

SUBJECT: Actual Production History (APH) Yield Adjustments

BACKGROUND:

Beginning with the 2001 crop year, the Agricultural Risk Protection Act of 2000 (ARPA) provided that producers insuring crops using approved APH yields could elect to substitute a yield that is equal to 60 percent of the applicable transitional yield (T-yield) if the actual yield of the producer for the specific crop is less than 60 percent of the T-yield. ARPA changed how T-yields traditionally were used in certain APH calculations.

The Risk Management Agency (RMA) materially changed the method used to establish T-yields for the 1998 crop year and such T-yields have generally remained the same through the 2001 crop year. T-yields used prior to the 1998 crop year are not consistent with RMA's current methodology and are no longer readily available. For the 2002 crop year, the RMA reviewed and updated a number of T-yields based on the most recent available data and plans to complete this process for the remaining crops for the 2003 crop year. As a result of this change to the T-yields, questions have arisen concerning which year's T-yields should be used to calculate substituted yields when T-yields change from year to year.

ACTION:

1. Beginning with the 2002 crop year for APH crops, T-yields used to calculate substitute yields for the 2001 and prior APH crop years will be based on 2001 crop year T-yields (e.g. For the 2002 crop year, any substitute yields for the 2001 and prior APH crop years will equal 60 percent of the 2001 T-yield). For new 2002 crop year practices, types, or varieties, the T-yield contained on the actuarial documents will be used to determine substituted yields.



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2. Any substitute yields for 2002 and subsequent crop years will be calculated by multiplying the T-yield for the crop year yield being substituted by 60 percent (e.g., The substitute yield for the 2004 crop year will equal 60 percent of the T-yield applicable for the 2004 crop year, the substitute yield for the 2003 crop year will equal 60 percent of the T-yield applicable for the 2003 crop year, and the substitute yield for the 2002 crop year will equal 60 percent of the T-yield applicable for the 2002 crop year).
3. Any yield substitutions based on T-yields not shown on the Actuarial Documents or Perennial Crop Transitional Yield and Acreage Tolerance Listing will be based on applicable T-yields as provided for in the 2002 FCIC 18010, Crop Insurance Handbook (CIH) dated June 2001.
4. If there is not a T-yield provided for the crop year in which the producer seeks to substitute a yield, the RMA Regional Office should be contacted to obtain an assigned T-yield for the applicable crop year. Such assigned T-yields will be calculated using the same methodology as regular T-yields. If there is insufficient data to calculate an assigned T-yield, adjustments may be made to existing T-yields to obtain an assigned T-yield that reflects the average productive capability in the county.
5. For the 2003 and subsequent crop years, RMA will add fields to the Actuarial Data Master Yield Record that indicate the appropriate T-yields to use for yield substitutions, and include APH Yield Substitution Tables containing T-yields and corresponding crop years on the actuarial documents.
6. Yield floors and all other situations requiring the use of T-yields are not affected by this bulletin. They will continue to be based on the current crop year's T-yields and, as with all yield floors, cups do not apply.
7. For other procedures related to APH Yield Adjustments, please refer to Section 13 of the CIH.

To facilitate data processing and implementation of these issues/procedures, RMA will schedule conference calls with appropriate parties to obtain feedback and work out additional details.

DISPOSAL:

This bulletin will remain active until incorporated into the FCIC 18010, Crop Insurance Handbook. The estimated disposal date is November 30, 2002.