



United States
Department of
Agriculture

Federal Crop
Insurance
Corporation

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Washington, DC
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TO: Board of Directors
Federal Crop Insurance Corporation

FROM: Ross J. Davidson, Jr.
Manager

SUBJECT: Board Memorandum No. 773
Docket No. CI-AGR-Lite Maintenance Cost Reimbursement-04-01
First Year Reimbursement of Maintenance Costs for Adjusted Gross
Revenue-Lite

There is submitted for your consideration a resolution to approve reimbursement of maintenance costs for the Adjusted Gross Revenue-Lite (AGR-Lite) plan of insurance previously approved by the Federal Crop Insurance Corporation Board of Directors (Board). The Pennsylvania Department of Agriculture (PDA) has requested the Board to consider reimbursement of maintenance costs for AGR-Lite. The submission has previously been determined to be marketable and, therefore, eligible for reimbursement.

AGR-Lite offers whole farm revenue protection covering both crops and livestock. AGR-Lite was expanded to North Carolina, Alaska (selected counties), Idaho, Oregon and Washington beginning in the 2005 crop year. AGR-Lite was first offered in Pennsylvania in 2002 and reimbursement of research and development occurred in 2003, so 2004 is the first year of reimbursement of maintenance costs.

PDA is requesting total reimbursement of \$24,977.50 for maintenance costs for AGR-Lite incurred by the North Carolina Department of Agriculture (NCDA), and \$19,020.82 for maintenance costs incurred by the Washington State University Extension Western Center for Risk Management Education (WSU) for a total reimbursement of \$43,998.32. Pursuant to 7 C.F.R. § 400.712(j), RMA reviewed the maintenance costs submitted by PDA to determine whether they were supported by itemized statements and documentary evidence and were reasonable. RMA's review has determined that verifiable maintenance costs for the AGR-Lite program expansion are \$24,474.90 for NCDA and \$18,628.42 for WSU for a total reimbursement of \$43,103.32. Certain labor costs were adjusted because they exceeded the adjusted U.S. Department of Labor, Bureau of Labor Statistics (BLS) rate.

Section 522(b)(6) of the Federal Crop Insurance Act requires reimbursement of maintenance costs be adjusted for complexity and scope. The complexity and scope score of AGR-Lite was determined to be .65, which translates to a reimbursement of 100 percent of requested costs.

It is necessary for the Board to select one of the following options: to approve, approve with revisions, or disapprove reimbursement of research and development costs.

