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Dear All:

The National Sustainable Agriculture Coalition (NSAC) and our members deeply appreciate you and your colleagues meeting with us in Kansas City to discuss improvements to the Whole Farm Revenue Protection (WFRP) program, including those outlined in the 2018 Farm Bill. NSAC and its member organizations have been advocates for and an instrumental force in the creation and implementation of WFRP and we very much look forward to continuing to work with RMA to improve the policy and ultimately, increase its usage and utility to farmers.

We appreciate the farm bill's new definition of beginning farmers for WFRP being made effective already. We are using our network to help get the word out on that change. We also welcome the agency's active consideration of the changes suggested by Congress and your plans to recommend specific changes to the FCIC Board in June for the 2020 crop insurance year.

We recognize that WFRP is a pilot policy and therefore RMA has more flexibility in making changes to improving the WFRP policy, with the ultimate goal of improving participation in WFRP. We believe the points addressed in this letter would go a long way in improving the WFRP policy and making it a more viable and attractive risk management tool for diverse farming operations. With those thoughts in mind, we urge you to recommend the improvements outlined below.

1. Moderate the impacts of disaster years on historic revenue.

The farm bill provided four options to accomplish this goal:

(1) use an average of the historic and projected revenue;
(2) count indemnities as part of historic revenue for loss years;
(3) count NAP payments as part of historic revenue in loss years; or
(4) use a yield floor similar to individual crop policies.

To that list, we would also add:

(5) include state and federal commodity and disaster payments in historic revenue;
(6) drop lower than average adjusted revenue years from the five-year average;
(7) allow the option to insert 60 percent of the county T-yield in place of the high loss year;
(8) use a yield that is the median of the five-year history and lag year; and/or
(9) use an average of the second and third highest years from the five-year history and lag year.

We strongly urge you to adopt some combination of all of these options, with a view toward making the policy a practical risk management tool for producers and to make WFRP equivalent to other revenue policies with respect to the variety of tools used to moderate the impact of disaster years. Without dramatic changes, WFRP will cease to be an effective policy for farmers who have suffered bad weather years, as they will become increasingly underinsured.

2. Count indemnity payments as historic farm revenue for claims adjustment purposes, but if you are constrained from doing so for legal reasons, then eliminate indemnity payments from income when determining premiums.

The point of WFRP is to insure more stable gross revenue over time. Subtracting federal crop insurance indemnities from the historic average gross revenue makes income look more volatile than it actually is, and effectively means that users of WFRP who have received recent indemnity payments are underinsured. If, however, there are legal reasons for excluding insurance payments from historic average gross revenues that you feel cannot be overcome, then, to be fair, the agency must stop allowing those payments to be factored into premiums.

3. Raise the livestock and nursery cap.

We appreciate the earlier change eliminating the 35 percent cap on annual livestock and nursery annual sales, however we support the continuation of an overall dollar cap. We also think that additional flexibility would be helpful so that a greater range of integrated crop and livestock or dairy operations can participate in WFRP. We would therefore suggest an incremental increase on the livestock and nursery cap to $1.5 million be adopted at this time.

4. Raise the 35 percent limit on growth expansion.

It is not uncommon for farms, especially in start-up and maturing years, to undertake fairly rapid, year on year growth. We want WFRP to be a product that can address the needs of beginning farmers, transitioning farms, and farms that are scaling up to produce for local or other expanding markets. In the case of small and mid-size farms, we would prefer that expansion policy be based on actual documented history and future plans. We appreciate that the limit is in place to prevent over insuring and ensuring program integrity but there are other safeguards that serve that purpose, including the calculation of anticipated revenue, documentation of actual production during the season, and loss adjustment processes. We recommend, therefore, that you increase the cap to not greater than 100 percent, based on documented and verifiable records.

5. Count the transition from low to high value crops or markets as expansion.

Current expanded operations requirements allow for expanded coverage for adding production capacity or for increasing production or production value by double cropping, beginning production as certified organic, or adding irrigation. It does not, however, allow for a shift from a lower to a higher value crop or livestock or from a lower value to higher value market to count as expansion. This logical inconsistency discriminates against mid-scale entrepreneurial agriculture and the market orientation of the program. At a time when many farms are facing significant financial crisis, the transition to higher value crops and markets are critical options for increasing farm net return, but under current rules result in substantial underinsurance. A broader definition of expansion that includes transitions to higher value crops or markets could mean the difference between farmers keeping and losing their farms. We urge you to allow significant changes in crop and enterprise mix with clear, documented evidence of higher prices to count as expansion. We appreciate that you have made this policy work for transitioning to organic, but we believe strongly the same principle should apply to other transitions to higher value crops or markets.

6. Add a contract price addendum option to WFRP.

In a similar vein, we believe that WFRP should provide for documented contract price recognition in determining revenue. WFRP should have the same access to the contract price addendum as available to other revenue insurance policies.

7. In the case of complex rotations, allow the most recent crop years to be used for production history of a particular crop instead of consecutive years.

A specific crop may appear three times in ten years in some complex rotations, with other related crops taking the spot in the rotation in other years. A consecutive year requirement does not match the on-the-ground realities of farms with highly diversified rotations. Using the three most recent, rather than consecutive, years would remove a barrier to participation for diversified operations using complex rotations.

8. Take additional steps to simplify the program and reduce paperwork and reporting requirements, including the elimination of the need to collect and report expense information and an option for grouping crops that account for less than 10 percent of gross sales.

We believe one sure way to reduce paperwork and reporting requirements would be to eliminate the collection and reporting of expense information. No other revenue policy requires expense information or penalizes insurability if a particular level of operating expenditures is not met. The elimination of this requirement, unique to WFRP, would likely be the greatest step the agency could take to reduce the paperwork burden. We understand that preventing fraud is a concern of the agency but without evidence that requiring expense information does, in fact, deter fraud, it is simply an additional hurdle that can discourage farmers from buying the policy.

We also endorse the recommendation of the Northeast Targeted State Extension Specialists to reduce reporting requirements for producers who raise a large number of crops to require crop-by-crop breakdowns only for each crop that contributes greater than 10 percent of total gross sales, with the balance groups as "other crops." This would allow farmers to focus their recordkeeping on their major crops and reduce the burden of agents to spend significant time on relatively minor crops, while using Schedule F's to ensure consistency in reporting.

Another possible option would be to create a category for miscellaneous crops that could be limited to perhaps 15 percent of the insured amount, up to some dollar maximum.

We also think you should take Congress up on the idea of allowing time stamped photos as an alternative for verifying production history.

We would also urge you to allow agents to waive the mandatory on-farm pre-inspection requirement for perennial crops prior to signing up for the policy if there is no indication of deteriorating yields or revenues.

We also recommend that the agency examine recordkeeping requirements for Organic Systems Plans under the National Organic Program as a template for WFRP.

Finally, we believe more could be done to develop farmer-friendly tools to ease paperwork burdens, including premium costs, deductible assessments, indemnity trigger points, adjusted revenue assessment, diversification bonus, and the like. A WFRP app or decision support tool could help farmers better assess the program and their options.

9. Prevent the adjustment of price and price expectations at the time of a loss claim.

Acceptance of the farmer's revised farm operations report should end the adjustment of price and production expectations, unless there is a significant change in the production intentions or capacity not associated with an insurable loss. The alarmingly common practice of adjusting the production and price information at the time of a loss claim, always resulting in a reduction of the farmer's indemnity payment, destroys the farmer's confidence in the coverage that they have signed up and paid for. In our experience, the change in coverage level at the time of a loss claim is a primary reason why farmers drop WFRP coverage and leads to negative word of mouth impressions among other farmers, discouraging participation. For that reason, we recommend that price and production expectations should be cemented upon acceptance of the farmer's revised farm operations report. Underwriting should be accomplished on the operation report, not at claim time.

10. Take active steps to include more cultural crops that are specific to various immigrant and indigenous farmer communities within the commodity codes.

We are aware that getting prices for significant crops grown primarily by and for immigrant and indigenous communities that have not previously been prevalent crops in the U.S. is challenging. We encourage you to work with immigrant and indigenous farming communities to explore alternatives to detailed historic market price records. The expanding immigrant and indigenous farming community is an important part of the local food market and it is important that they gain access to WFRP without barriers based on unfamiliarity with specific crops.

11. Work with your RMA colleagues and with NIFA to ensure that risk management education partnership funding continues to prioritize education partnerships with NGOs and others to improve outreach and participation in WFRP, including projects that provide direct technical assistance on recordkeeping and navigating the WFRP application and reporting process.

We have submitted a letter of recommendation to Deputy Secretary Censky, Under Secretary Northey and Administrator Barbre for the continuation of funding for the Risk Management Education Partnership program from within the $8 million annual funding stream allocated to RMA. In addition, we urge RMA to partner with NIFA to prioritize a focus on partnerships with NGOs and other grassroots-based, farmer-facing organizations in administering their Risk Management Education grant funding. This combined funding stream from the Federal Crop Insurance Act to RMA and to NIFA has been an instrumental part of projects that provided technical assistance for WFRP applicants and have studied the impact and reach of the policy.

12. Conduct a webinar series in cooperation with the National Sustainable Agriculture Coalition, National Center for Appropriate Technology, Cooperative Extension, and potentially other national partners -- aimed at agents primarily though not exclusively -- on WFRP and its potential to address the growing sector of agriculture producing for local, regional, and national good food markets.

One of the barriers to WFRP sign-up is a lack of understanding for agents, Approved Insurance Providers (AIPs), claims adjusters, farmers, and even policymakers and academics. But agents in particular are where the rubber hits the road. Farmers have multiple stories of contacting an agent to get information on WFRP and either not receiving a call back or being told the agent can't help the farmer, despite being required to offer the policy. We understand that the agency educates the AIPs and relies on them to educate the claims adjusters and agents. However, there is clearly a communication breakdown or lack of information transfer as farmers are not getting the correct, if any, information about the policy. We look forward to assisting in an effort to change perception and increase the number of agents proactively selling the product.

Thank you for your consideration of these recommendations. Please do not hesitate to reach out to us with questions or further information or considerations. We look forward to the continued improvement of WFRP and hope these recommendations will be included in future iterations.

Sincerely,

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