June 21, 2021

Francie Tolle
Director, Product Administration and Standards
Risk Management Agency
U.S. Department of Agriculture
6501 Beacon Drive
Kansas City, MO 64133-4675

Dear Director Tolle:

The National Sustainable Agriculture Coalition (NSAC) and our members deeply appreciate you and your colleagues for your continued commitment to the Whole Farm Revenue Protection (WFRP) program, including the opportunities you have provided for our members to meet with you in Kansas City and discuss recommendations to improve the program. While the pandemic has stymied our ability to connect in-person again this year, 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 addition of a new commodity code for producers who sell to direct markets that was included for the 2021 crop insurance year. While this provision is intended to reduce the paperwork burden for producers who sell into direct markets, it does not yet appear that the intended impact of this change has expanded use among producers who market directly to consumers. Indeed, without careful assessment this change may have unintended consequences that further complicate the WFRP application process unnecessarily. RMA needs to monitor and evaluate the continued rollout of this provision to determine if further revision is necessary in order to improve its effectiveness, as would be necessary for any additional actions recommended below, and NSAC offers our full support in any such evaluations.

We also welcomed the 2020 revisions: the new three-step process for producers to mitigate the impact of a disaster year on their five-year average revenue; the ability to combine payments from the Noninsured Crop Disaster Assistance Program (NAP) and WFRP in the event of a disaster year; the exclusion of disaster payments and other state and federal program payments from revenue-to-count and allowable revenue; and the increase of the livestock and nursery cap.

Despite these tweaks to the policy, WFRP enrollment trends are not favorable. Since 2017, policies sold are down 25 percent with each year less than the one before it. We continue to be concerned about the steady, downward trend in WFRP policy enrollment, but believe that if appropriate steps are taken to simplify or otherwise revise the program and educate producers and agents about the program, this decline may be reversed. With the reforms suggested below, WFRP could provide needed protection for hundreds of thousands of farmerswho have few, if any, options for high quality revenue-based insurance protection. We trust you share our concerns and stand ready to make changes to improve the policy and put it back on a growth trajectory.

NSAC shares the same goal with RMA, to improve WFRP policy to make it a more viable and attractive risk management tool for all farming operations, especially those who grow specialty crops, organic crops, livestock products, or other crops where no other revenue-based insurance is available, and for row crop farmers whose production diversity makes it an attractive and easier to use insurance option.

We believe that the recommendations addressed in this letter will move us further towards our shared goal, and we urge you to adopt them for the 2022 insurance year and beyond.

Policy Recommendations

1. Prohibit the adjustment of price and production 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. 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 revenue guarantee and coverage for which they have enrolled and paid. 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 final revised farm operations report. Underwriting should be accomplished on the operation report, not at claim time.

2. Count indemnity payments as historical farm revenue for claims adjustment purposes.

WFRP helps stabilize the gross revenue of a producer over time. Subtracting federal crop insurance indemnities from the historical 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 likely underinsured. We urge you to count indemnities in determining historical revenue.

3. Eliminate expense report requirements.

We continue to believe the elimination of the expense report requirement is one of the most significant steps the agency could take to reduce the paperwork burden on farmers. No other revenue policy requires expense information or penalizes insurability if a particular level of operating expenses is not met. If the concern that led to this requirement is the possibility of crop insurance fraud, we suggest that the requirement should then be made part of all revenue insurance policies, or none. Surely there are better and less cumbersome methods to protect against crop insurance fraud, given that RMA's program to reduce crop insurance fraud has been very successful. We urge you to eliminate this huge and unnecessary reporting requirement.

4. Make Schedule F alone sufficient for the establishment of historical adjusted average revenue and provide that additional documentation of yields, prices, and markets be required solely for the calculation of potential revenue if needed.

Re-establishing as in the original policy (AGR-lite and AGR) that the Schedule F alone is sufficient for establishment of the historical average approved revenue is another critical requirement to streamline the program and further reduce paperwork burden. Specific documentation of historical yields, prices and markets, such as farmers market sales records or production and marketing records for individual crops, should be required solely for the documentation of yields and prices used in the calculation of insurance year expected revenue, particularly if a crop or livestock was not previously produced by the applicant.

5. Raise the 35 percent limit on growth expansion.

As recommended by the 2018 Farm Bill, we support mechanisms to allow for operation expansion, especially for beginning farmers. It is not uncommon for farms, especially when starting-up and in years of early growth, to undertake fairly rapid, year over year growth. WFRP should be a product that can address the needs of beginning farmers, transitioning farms, and farms that are scaling up to produce for local, regional, or other expanding markets. We recommend, therefore, that you increase the cap to not greater than 100 percent, based on documented and verifiable records of land expansion, change in crops, and changes in markets and contracts.

6. Eliminate the use of the Expected Value and Yield Source Document Certification Worksheet (Exhibit 20, Page 199 of the 2020 WFRP Handbook).

This form requires redundant materials that are already documented in the three required Farm Operation Reports (FOR). The form also requires onerous documentation of information that is not essential to determining expected value and yields of products grown in the year of insurance. Several farmers have expressed that this form creates a significant and unnecessary burden making application even more difficult then the process is already.

Implementation Recommendations

In addition to these six policy change recommendations, we also urge you to take the following four steps to improve WFRP implementation.

1. Conduct a program evaluation of WFRP.

WFRP is a pilot program still in its early years. It is important to document the progress and challenges of the program, particularly to help identify trends in enrollment with a high degree of granularity. The evaluation should also review rating methodology and actuarial soundness. Evaluations can pinpoint issues in the program that hinder producer adoption of the policy. Program evaluations should be conducted every two years with the results made public and available on the RMA WFRP website.

2. Regularly inform AIPs they are required to offer WFRP and explore reasons why some AIPs resist offering WFRP.

Because WFRP is an RMA pilot, AIPs are required to offer WFRP to any producer who requests it. Research has confirmed, however, that some AIPs do not provide any information about WFRP on their websites and that there are agents who discourage use of the product. We therefore request a definitive statement from RMA which clearly expresses that AIPs must offer WFRP. In addition, to ensure that WFRP is actively offered we recommend regular RMA oversight to explore reasons for resistance from AIPs and agents, including but not limited to insufficient agent training and perceived low compensation relative to other insurance policies, and to identify avenues to remove as many barriers as possible.

3. Use the agency's cooperative agreement authority to partner with community based organizations (CBOs) to survey current and past WFRP users, and small and mid-scale diversified producers more generally, regarding their perception of and experience with WFRP, including barriers to participation.

WFRP was designed to offer a risk management option to diversified producers and it is important to hear directly from those producers, particularly small and mid-sized farm operators, as RMA improves the program. For instance, recordkeeping has consistently been named as a barrier for producers seeking to access the program. We believe the agency should consider using its cooperative agreement authority to partner with CBOs that work directly with these producers to conduct a survey of small to mid-scale diversified producers to help provide insight into program opportunities and challenges, including but not limited to recordkeeping.

4. Use the agency's cooperative agreement authority to partner with CBOs to develop educational and technical assistance opportunities for diversified and specialty crop producers around WFRP.

Many farmers lack access to revenue-based crop insurance because of what or where they grow. WFRP education at meetings and conferences hosted by sustainable agriculture organizations as well as by horticultural and specialty crop producers would be excellent opportunities to inform those farmers for whom the program may be an attractive option. CBOs are skilled at this type of direct outreach, and funding them to do this education would be of great benefit to RMA's mission of serving all types of farmers.

In addition to education, technical assistance must be offered to decrease barriers to entry for those producers who may have heard about WFRP, or learn about it through RMA-sponsored education, but lack the resources or technical capacity to sign up for coverage. This may be especially relevant for existing paperwork requirements. Cooperative agreements could provide farmers with technical assistance setting up and establishing record keeping systems needed to participate in the program, including service providers to work with the farmer over time to maintain the system.

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

Sincerely,

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cc: Seth Meyer, Chief Economist
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