

**RISK MANAGEMENT AGENCY
FEDERAL CROP INSURANCE CORPORATION**

**Statement of Brandon Willis, Administrator
Before the Subcommittee on General Farm Commodities and Risk Management**

Chairman Crawford, Ranking Member Walz and members of the Subcommittee, I am pleased to discuss the Risk Management Agency's implementation of the Agricultural Act of 2014 (the 2014 Farm Bill). As the Agency moves forward with implementation of the 2014 Farm Bill provisions, I am pleased to report to this Subcommittee that we have accomplished implementation of almost every crop insurance provision in the 2014 Farm Bill.

I would like to express my gratitude for the hard work performed by the employees of the Risk Management Agency and their great efforts in implementing the 2014 Farm Bill. Throughout all of the efforts of implementation, the regular business of the RMA was conducted as expected. Total program costs for the 2014 crop year, including premium subsidy and delivery expense reimbursement, will be approximately \$9 billion. Through the combined efforts of the agency and our private industry partners, appraisals and claims adjustments were made in a timely manner, indemnities were promptly paid, all while implementing new provisions of the 2014 Farm Bill.

Implementation of the 2014 Farm Bill

After just over one year since the passage of the 2014 Farm Bill, RMA has implemented almost all of the crop insurance provisions. From implementing the Actual Production History (APH) Yield Exclusion ahead of schedule to offering Whole Farm Revenue Protection for diversified farms, I am proud of the accomplishments RMA has achieved over the past year. While there is work to be completed, farmers and ranchers are now beginning to take advantage of the new crop insurance options.

The Supplemental Coverage Option (SCO) and Stacked Income Protection Plan for Upland Cotton (STAX) were made available for the 2015 crop year. SCO is available for corn, cotton, cottonseed, grain sorghum, rice, soybeans, spring barley, spring wheat, and winter wheat in selected counties for the 2015 crop year – representing over 80 percent of the acres covered in the Federal

crop insurance program. RMA is looking to expand SCO to additional crops and counties for the 2016 crop year.

STAX is currently available for every county that had a crop insurance policy for cotton, representing 98 percent of cotton acres in the United States. RMA is looking to expand STAX to remaining cotton producing counties in the future.

One of the items we thought would not be accomplished for the 2015 crop year is the APH Yield Exclusion. However, RMA was able to develop and release the Actual Production History Yield Exclusion insurance product for 11 crops ahead of schedule. As a result, nearly three quarters of all acres and liability in the Federal Crop Insurance Program will be covered under this new option for the 2015 crop year. I am especially grateful for the diligence of the employees of the Risk Management Agency for their hard work in implementing this Farm Bill and especially grateful that this program was partially implemented this crop year. We expect to expand the crops eligible for the 2016 crop year.

I am also pleased to report that Coverage Level by Practice and Enterprise Unit by Practice were developed and made available to farmers for the 2015 crop year, beginning with spring planted crops. These new programs provide a farmer that produces a crop on both dry land and irrigated land the option to elect a different coverage level for each production practice or by enterprise unit. Coverage Level by Practice is now available for 36 crops. Enterprise Unit by Practice is now available for 14 crops. These options will provide producers more options to tailor crop insurance for their specific needs.

Yet another program implementation is the Peanut Revenue Policy, which allows peanut farmers to cover their revenue. This policy was approved by the Federal Crop Insurance Corporation Board of Directors less than a year after the 2014 Farm Bill became law. Peanut farmers will now have the ability to manage risk for both yield and revenue losses.

The beginning farmers and ranchers incentives authorized in the 2014 Farm Bill were made available to farmers and ranchers for fall planted wheat in 2014. These provisions make crop insurance more affordable for beginning farmers and ranchers by providing a 10 percent premium discount, as well as a waiver of the catastrophic and additional coverage administrative fees. In addition, these changes improve crop insurance for beginning farmers by allowing, in certain instances, production history from previous operations to be used, which provides beginning farmers and ranchers greater risk protection.

The 2014 Farm Bill required RMA to offer a product to cover diversified farms. Prior to the passage of the 2014 Farm Bill, RMA had already begun development of the Whole Farm Revenue Protection policy and the Federal Crop Insurance Corporation Board of Directors approved the policy shortly after the 2014 Farm Bill became law. As a result, Whole Farm Revenue Protection is available for purchase for the 2015 crop year. To date, this option has been generally well received when presented to specialty crop and organic growers around the country.

Whole Farm is well-suited for highly diverse farms and farms with specialty or organic commodities and provides for all farm revenue to be covered under one policy. It also allows for other Federal crop insurance policies to be purchased covering individual commodities of significant importance to the operation. Premium subsidy is available and depending on farm diversification, farms with 2 or more commodities, may receive a whole farm premium subsidy similar to other revenue plans of insurance.

RMA is also making progress on offering organic price election for all crops, as required in the 2014 Farm Bill. Since 2010, RMA has eliminated the organic surcharge, added price elections for over 20 crops, and created the contract price addendum, which is available for 62 crops. Last year nearly 10 percent of the organic policies utilized the price addendum in its first year. Overall, these changes resulted in nearly a ten percent increase in organic acreage covered by crop insurance. RMA staff and I have attended numerous farmer meetings and conferences to highlight the increased options for organic and specialty crop growers. In 2016 we will continue to aggressively increase the number of organic crops with price elections.

The 2014 Farm Bill linked the ability of a producer to receive a crop insurance premium subsidy to USDA highly erodible land (HEL) and wetland conservation (WC) compliance. For FSA and NRCS program participants, the rules regarding filing form AD-1026 have not changed. Producers who are participants in FSA's programs or NRCS's conservation programs, who already have an AD-1026 on file do not need to file a new form unless there are changes to the operation or new activities that occur that affect the person's certification.

In an effort to ensure that producers continue to receive the crop insurance premium subsidy, RMA worked with our sister agencies, the Natural Resource Conservation Service (NRCS) and the Farm Service Agency (FSA), to develop comprehensive guidelines for farmers so it will be easier for them to comply with USDA conservation requirements. The three agencies worked together to get

information out to the respective field offices and develop material for all three agencies to inform our customers of the new guidelines. Outreach efforts will continue well into this spring.

Every one of the aforementioned Farm Bill items was completed less than one year after the passage of the 2014 Farm Bill and in time for each respective planting season because of the outstanding Farm Bill implementation work performed by employees of RMA.

Conclusion

I am pleased to report the progress RMA has made in implementing the 2014 Farm Bill. These Farm Bill changes have been well received by America's agricultural producers. Once the bill was signed into law, the Agency was determined to implement the provisions as promptly as possible to ensure that America's farmers and ranchers could benefit from the new risk management options. Crop insurance benefits producers and the surrounding rural economies to maintain their local economic infrastructure and helps to provide a reliable and abundant food supply.

Including the 2014 Farm Bill changes to safety net programs, the Federal crop insurance program provides a \$9 billion safety net to producers through taxpayer supported investments. Again, thank you for inviting us here today and I look forward to working with you.

Mr. Chairman, I would be pleased to answer any questions that you and other Members of the Subcommittee may have. Thank you.

###