

Sense of the Board

Communication and collaboration between the Federal Crop Insurance Corporation (FCIC) Board of Directors (Board) and submitters of privately developed crop insurance products is critical to the success of the 508(h) process. To ensure proper communication is maintained, FCIC approved “Procedures for Reimbursements & Determination of Reasonableness Related to Reimbursement Expenses for Concept Proposals, 508(h) Submissions & User Fee Requests” on July 13, 2017.

Paragraph 4(5)(h) of these approved procedures, requires submitters to notify the Board in writing when 90 percent of the estimated costs in the Estimated Cost Budget provided in the concept proposal, submission, or maintenance request have been expended and costs are expected to exceed the original approved cost budget. This 90 percent cost notification requirement is intended to ensure submitters inform the Board of any expected cost over-runs before they are incurred, so the FCIC Board is aware and has ample opportunity to provide feedback and guidance.

The notification must include: (1) a new Estimated Cost Budget, if necessary, for completion of the work; and (2) a detailed justification of why the total costs will exceed the original Estimated Cost Budget if additional funding is required to bring the product to completion. The FCIC Board will review the notice and provide feedback as appropriate.

When costs are expected to exceed the original estimate, it does not necessarily mean those costs are not reasonable or justified. However, the FCIC Board must approve a revised budget to ensure that unauthorized expenses will not be incurred. Failure of the submitter to provide the required notice to FCIC may result in the denial of reimbursement amounts that exceed the amount contained in the original approved cost budget.

The FCIC Board hereby reaffirms the applicability and importance of the 90 percent cost notification requirement.