
APH Yield Exclusion

This presentation highlights features of Risk Management Agency programs and is not intended to be comprehensive. The information presented neither modifies nor replaces terms and conditions of the basic policy, the crop provisions, or the county actuarial documents.



What is APH Yield Exclusion (YE)?

- A provision of the 2014 Farm Bill that allows an actual yield to be excluded for a crop year when RMA determines the county per planted acre yield for a crop year was at least 50 percent below the simple average of the per planted acre yield for the crop in the county for the previous 10 consecutive crop years, and the crop year is identified in the actuarial documents.
-

Implications of APH YE

- When an eligible crop and crop year is identified on the actuarial documents, a producer is allowed to exclude an actual yield from their production history when calculating approved APH yields.
 - Once elected, ALL eligible yields will be excluded UNLESS the insured identifies specific year(s) they do not wish to exclude (such as individual yields that are not lower than the county average).
 - Excluding lower yielding eligible crop years may increase the producer's approved APH yield.
-

Implications of APH YE

- Because excluded yields may result in higher approved APH yields, and potentially higher insurance guarantees and indemnity payments, APH databases with yield exclusions may have increased premium.
 - Only producers who elect and use the YE option will likely have premium adjusted for the APH databases affected by APH YE (i.e., only the APH databases with yield exclusions will have premium adjusted).
 - Producers not electing APH YE will not pay additional premium.
-

Availability of APH YE

- APH YE will be available nationwide for counties where the actuarial documents identify the crop and eligible crop years, beginning with spring 2015 crops.
 - When a crop year is determined to be eligible for YE for a crop in a county, insureds in contiguous counties, as determined by RMA, will also be eligible to exclude actual yields for that crop year under YE.
 - The actuarial documents will identify if the crop year eligible for exclusion is from the primary county (designated with a “P”), or from a contiguous county (designated with a “C”).
-

Availability of APH YE – Written Agreements

- Generally, written agreements are eligible for yield exclusion if the actuarial documents for the specific crop/county identify the YE option and crop year eligible.
 - The following exceptions apply:
 - YE cannot be added by a WA to the county.
 - YE is not applicable for written agreements for a county without actuarial documents for the crop (XC type).
 - YE is not applicable for written agreements that make irrigation practices (irrigated, non-irrigated, and limited irrigation) insurable in a county.
-

Eligible Crop Year

- An eligible crop year occurs when the average per planted acre yield (as determined by RMA) for the crop in the county is at least 50 percent below the simple average of the per planted acre yield for the crop in the county for the previous 10 consecutive crop years.
 - Ex. – For the 2012 crop year, the previous 10 consecutive crop years used will be 2002-2011.
 - The 2012 county yield would have to be at least 50 percent below the average yield of 2002-2011.
 - If the average yield of 2002-2011 was 100 bushel, then the county yield for 2012 would have to be 50 bushel or less for RMA to determine that year eligible to be excluded.
-

Eligible Crop Year – Data

- Eligible crop years for exclusion are determined by county using production data by county, crop year, crop, and irrigated/non-irrigated practices, as determined by RMA.
 - The immediately preceding crop year is not available for analysis and inclusion for yield exclusion (e.g., the 2014 crop year will not be eligible for exclusion for the 2015 crop year as the 2014 crop year data will first be available for analysis to determine if eligible for exclusion for the 2016 crop year).
-

Eligible Crop Year – Data

- RMA data is primary data, if sufficient RMA data exists.
 - If for any given crop year RMA data is not sufficient, NASS data will be used if available and appropriate.
 - In a limited number of situations, the applicable county T-Yield may be used, as appropriate, to complete a 10-year consecutive period (max of three years using county T-Yield for a 10-year consecutive period).
 - The earliest year that RMA may identify as being eligible to be excluded will be 1995, using data from 1985 thru 1994 to determine the 10-year average.
-

Maps

- Maps identifying the number of eligible crop years by crop, by county, and by irrigation practice are available at:
<http://www.rma.usda.gov/news/currentissues/aph/index.html>.
-

APH YE Election

- For the current crop year:
 - The insured must elect YE by the sales closing date by crop/county on an application or policy change form by indicating the “YE” option code.
 - Policyholders who elect YE must understand that ALL actual yields for an eligible crop year are automatically excluded, UNLESS the insured opts out of excluding an actual yield by the production reporting date by identifying the yield not to be excluded in the APH database.
 - YE is a continuous election until cancelled.
-

Cancellation

- YE must be cancelled in writing on or before the cancellation date for the crop for the effective crop year.
 - When an insured cancels YE:
 - Actual yield exclusion for eligible crop year(s) no longer apply.
 - 10 percent yield limitation (cup) will not apply the year YE is cancelled for any APH database that had a year excluded under the YE.
 - Yield substitution, if elected, and yield floors may apply.
-

Transfers

- YE is considered cancelled when the policy is transferred to a different AIP.
 - If the insured wishes to continue the use of YE, the election must be made on or before the sales closing date with the assuming AIP.
 - YE is considered a new election with the assuming AIP and ALL actual yields for an eligible crop year will be automatically excluded.
-

Yield Limitations

- Approved APH yields using YE are not eligible for cups or yield floors.
 - APH databases without excluded actual yields remain eligible for cups and yield floors (when authorized by the CIH Part 14, Section 4).
-

Yield Reductions

- Procedures concerning yield reductions contained in the CIH Part 12, Section 4, are unaffected when YE is elected.
 - Actual yields reduced due to being identified as an excessive yield cannot be excluded under the YE option.
 - Reductions of approved APH yields due to inconsistent approved APH yields or different production methods, continue to apply when CIH Paragraphs 1254 and 1255 apply to an APH database.
-

Eligible Actual Yields

- Actual yields in an APH database identified with the following yield descriptors are eligible for exclusion if they are in an eligible crop year for exclusion identified in the actuarial documents:

Practice	Yield Descriptor
Conventional	A, AY, NA, PA, DA, NW, PW, WY, R, PR, NR, RY, BF
Transitional	G, GY, NG, PG, DG, GW, NO, OY
Certified Organic	V, VY, NV, PV, DV, VW, NU, UY

APH Database

- Only actual yields in an APH database are eligible for exclusion.
 - No limit to the number of actual yields in eligible crop years that can be excluded from an APH database.
-

Actual Yield “Opt Out”

- Any actual yield in an eligible crop year the insured chooses to NOT exclude must be identified in the APH database with a Yield Exclusion Opt Out Flag.
 - “Y” – Yield Exclusion Opt Out flag – this indicates the insured is choosing to NOT exclude an actual yield in an eligible crop year for exclusion.
 - The actual yield will remain in the calculation of the approved APH yield.
 - For APH database form standards see Exhibit 2 of the APH Yield Exclusion Standards:
 - When the insured has chosen to Opt Out, the insured must sign the APH database.
 - Only one signature is required for multiple APH databases.
-

Excluded Actual Yields – APH Database

- Actual yields in an eligible crop year that are excluded continue to be reported in an APH database using the applicable yield descriptors.
 - Actual yields in an eligible crop year that are excluded are still subject to APH reviews.
-

Subsequent Years

- Any exclusion or Opt Out of exclusion of an actual yield(s) in an APH database continues to apply in subsequent crop years unless the insured cancels the YE option by the sales closing date or notifies the AIP in writing by the production reporting date to change which actual yields are excluded or opted out of exclusion.
 - If the insured chooses to no longer exclude an eligible crop year in an APH database by the production reporting date, the previously excluded actual yield(s) are used to calculate the APH yields, however:
 - Cups do not apply when calculating the current year's approved APH yields, if yield exclusions were applicable the previous APH crop year; and
 - Yield floors are applicable for Category B crops only, based on a percentage of the T-Yield for the practice/type/T-Yield map area using the number of years of actual/assigned yields provided for the crop and county.
-

APH Database – Less Than 4 Years of Yields

- If yield exclusions result in less than 4 years in an APH database:
 - The **applicable** T-Yield is used to complete the minimum 4-year database; and
 - Any variable T-Yield percentage uses the number of actual/assigned yields for the crop/county before applying APH YE.
 - **Example:** A producer has 4 actual/assigned yields for the crop/county. The producer has an APH database with 3 actual yields and 2 years are eligible to be excluded, and are excluded by the producer. The APH database will contain 1 actual yield and 3 years of 100% T-Yields. The T-Yield percentage is 100% since the producer has 4 actual/assigned yields for the crop/county prior to applying APH YE. (The three years of 100% T-Yields are used in the calculation only. The T-Yields are not reported.)
 - Excluded yield years continue to count as a year of producing the crop for variable T-Yield, percent of yield floor, New Producer, and Beginning Farmer and Rancher purposes.
-

Yield Adjustment Interaction

- A producer may elect and apply both YA and YE options on a policy and within an APH database.
 - Only one option, either YE or YA, can be applied to an actual yield for an eligible crop year within an APH database.
-

Malting Barley Price and Quality Endorsement (MBPQE)

- YE is applicable for actual yields in eligible crop years contained in the malting barley type APH databases insured under the Small Grains CP.
 - If Option A of the MBPQE is also elected, YE will not apply to actual yields in eligible crop years in Option A APH database(s).
-

Simple Average (SA) T-Yields

- To calculate the SA T-Yield, use:
 - The **adjusted** yield for those APH databases with excluded actual yields in an eligible crop year that have at least one actual/assigned yield prior to any exclusions; and
 - The **approved** APH yield for those APH databases where actual yields have not been excluded that have at least one actual/assigned yield.
-

North Dakota Personal T-Yield (PTY)

- The PTY is a T-Yield calculated using the insured's own actual yields and/or assigned yields.
 - If YE is elected, the PTY is used in place of RMA's published T-Yields.
 - Exclusions of an actual yield for an eligible crop year apply to individual APH databases, NOT the PTY Summary.
 - The calculation of the PTY is unchanged with the election of APH YE.
 - The production and acreage for an eligible excluded actual yield is included in the total production and acres in the PTY Summary.
-

Trend Adjustment (TA)

- When an actual yield in an eligible crop year is excluded, an excluded actual yield is not considered for TA purposes when determining:
 - Whether and APH database qualifies for TA by having at least an actual yield in one of the four most recent crop years;
 - The applicable TA percentages; and
 - The highest actual yield in the APH database with one year of trend adjustment applied for the TA limitation of the approved APH yield for the APH database.
-

Adjusted Yield

- When YE is applicable to an APH database, AIPs must calculate an adjusted yield.
 - The adjusted yield is the average of the annual yields in the APH database:
 - Without yield limitations (cups and yield floors);
 - Without any yield exclusions; and
 - With yield substitutions, if YA is elected by the insured. If YA is not elected by the insured, yield substitutions are not included and the adjusted yield is the average of the annual yields in the APH database.
 - Exception: When yield reductions apply to the APH database, the adjusted yield must equal the approved APH yield.
-

Adjusted Yield

- The approved APH yield will not be less than the adjusted yield when YE applies to the APH database.
 - The adjusted yield is not the same as the rate yield.
 - The adjusted yield for YE uses similar methodology as the adjusted yield for TA purposes.
-

Rate Yield

- The rate yield is equal to the average yield (see calculating average yield slide) when yield exclusions are used in an APH database.
 - Exceptions:
 - When the approved APH yield is reduced for Inconsistent Approved APH Yields, the rate yield is equal to the approved APH yield.
 - When the approved APH yield is reduced for Different Production Methods being carried out for the current crop year, which results in lower actual yields, the rate yield is equal to the approved APH yield.
-

APH Database – Calculating Yields When YE is Elected

- When the insured has excluded at least one eligible crop year's actual yield from an APH database, the following yields must be calculated for that APH database:
 - Average Yield;
 - Adjusted Yield; and
 - Approved APH Yield.
-

APH Database – Calculating Average Yield

- Calculate the average yield by:
 1. Summing the annual yields in the APH database, prior to yield exclusions, yield substitutions, trend adjustments, cups and floors.
 2. Dividing the sum in 1 by the number of annual yields in the APH database.
-

APH Database – Calculating Adjusted Yield

- Calculate the adjusted yield by:
 1. Summing the annual yields:
 - After substituting 60 percent of the applicable T-Yield for eligible actual yields that are less than 60 percent of the applicable T-Yield (YA), if elected;
 - Prior to excluding any actual yields in an eligible crop year; and
 - Without applying any yield limitations (cups and yield floors).
 2. Dividing the sum in 1 by the number of annual yields in the APH database.
-

APH Database – Calculating Approved APH Yield

- Calculate the approved APH yield by:
 1. Summing the remaining annual yields after:
 - Excluding actual yields for eligible crop years as elected by the insured.
 - Note: If less than four annual yields remain after excluding actual yields, use the applicable T-Yield to meet the APH database four-year minimum. If the applicable T-Yield for the APH database is the variable T-Yield, use the variable T-Yield percentage based on the number of years of actual/assigned yield(s) for the crop in the county to determine the T-Yield.
 - Substituting YA, if elected.
-

APH Database – Calculating Approved APH Yield

2. Dividing the sum in 1 by the number of years of annual yields that remain in the APH database (do not count the excluded annual yield, but do count each of the applicable T-Yields used to maintain 4 yields in the APH database) and applying any applicable yield reductions.
 - The result is the approved APH yield when the insured has chosen to determine the approved APH yield with YE and YA, if elected.
 - Exception: The approved APH yield will not be less than the adjusted yield. If the approved APH yield calculated in this step is less than the adjusted yield, the adjusted yield becomes the approved APH yield.
-

Determining Premium Rates

- If the approved APH yield calculation excludes at least one actual yield in an eligible crop year, the effective coverage level (based on the adjusted yield) is used for determining the premium rate.
-

Scenario #1a – YE Option Only

- A producer has an APH database for non-irrigated cotton that contains yields from 2005 to 2014 and has elected the YE option.
 - The actuarial documents show that three crop years are excludable for non-irrigated cotton in this producer's county, 2007, 2012, and 2013.
-

Scenario #1a – YE Option Only

Yield Exclusion Selection Criteria			
Year: 2015	Commodity: Cotton (0021)		
Data: Example	Plan:	Revenue Protection (02)	
Types / Practices	T/P 01	T/P 02	T/P 03
Type Practice	No Type Specified 997 Non-IRR 003	No Type Specified 997 Non-IRR Skip Row 063	No Type Specified 997 Non-IRR 003
Yield Exclusions			
	LBS	LBS	LBS
Eligible Yield Exclusion Years	2013 (P) 2012 (P) 2007 (C)	2013 (P) 2012 (P) 2007 (C)	2012 (P) 2011 (P)

(P) indicates yield exclusion based on primary county.

(C) indicates yield exclusion based on contiguous county.

Scenario #1a – YE Option Only

Year	Eligible For Exclusion	APH	APH with All Eligible Yields Excluded
2005	No	628	628
2006	No	746	746
2007	Yes – by Contiguous County	231	
2008	No	563	563
2009	No	430	430
2010	No	111	111
2011	No	531	531
2012	Yes – by Primary County	0	
2013	Yes – by Primary County	35	
2014	No	95	95
	Approved APH Yield	337	443

Average Yield: $(628+746+231+563+430+111+531+0+35+95) / 10 = 337$ lbs

Adjusted Yield: $(628+746+231+563+430+111+531+0+35+95) / 10 = 337$ lbs

Approved APH Yield: $(628+746+563+430+111+531+95) / 7 = 443$ lbs

The approved APH yield is greater than the adjusted yield.

The producer's approved APH yield increases from 337 lbs with no options to 443 lbs with the use of the YE option.

Scenario #1b – YE Option with YA

- In addition to the situation in scenario 1a, the producer has also elected the YA option for the cotton APH database.
-

Scenario #1b – YE Option with YA

Year	Eligible For Exclusion	T-Yield	60% of Applicable T-Yield	APH	APH with YA	APH with All Eligible Yields Excluded and YA
2005	No	206	124	628	628	628
2006	No	227	136	746	746	746
2007	Yes – by Contiguous County	268	161	231	231	
2008	No	301	181	563	563	563
2009	No	301	181	430	430	430
2010	No	301	181	111	181	181
2011	No	301	181	531	531	531
2012	Yes – by Primary County	301	181	0	181	
2013	Yes – by Primary County	361	217	35	217	
2014	No	361	217	95	217	217
	Approved APH Yield			337	393	471

Scenario #1b – YE Option with YA

- Average Yield: $(628+746+231+ 563+430+111+531+0+35+95) / 10 = 337$ lbs
 - Adjusted Yield: $(628+746+231+563+430+181+531+181+217+217) / 10 = 393$ lbs
 - Approved APH Yield: $(628+746+563+430+181+531+217) / 7 = 471$ lbs
 - The approved APH yield is greater than the adjusted yield.
 - The producer's approved APH yield increases from 337 lbs with no options to 471 lbs with the use of the YE option and YA option combined.
-

Scenario #1c – YE Option with YA and TA

- In addition to the situation in scenario 1b, the producer has also elected the TA option for the cotton APH database.
 - The county trend is 5 lbs and the producer has seven actual yields (excluded yields do not count) in the previous 12 crop years, thus the producer can use 100 percent of the trend adjustment (5 lbs x 1.0 = 5 lbs).
-

Scenario #1c – YE Option with YA and TA

Year	Eligible For Exclusion	T-Yield	60% of Applicable T-Yield	APH	APH with YA	APH with All Eligible Yields Excluded, YA, and TA
2005	No	206	124	628	628	678
2006	No	227	136	746	746	791
2007	Yes – by Contiguous County	268	161	231	231	
2008	No	301	181	563	563	598
2009	No	301	181	430	430	460
2010	No	301	181	111	181	206
2011	No	301	181	531	531	551
2012	Yes – by Primary County	301	181	0	181	
2013	Yes – by Primary County	361	217	35	217	
2014	No	361	217	95	217	222
	Approved APH Yield			337	393	501

Scenario #1c – YE Option with YA and TA

- Average Yield: $(628+746+231+ 563+430+111+531+0+35+95) / 10 = 337$ lbs
 - Adjusted Yield: $(628+746+231+563+430+181+531+181+217+217) / 10 = 393$ lbs
 - Approved APH Yield: $(678+791+598+460+206+551+222) / 7 = 501$ lbs
 - The approved APH yield is greater than the adjusted yield.
 - The producer's approved APH yield increases from 337 lbs with no options to 501 lbs with the use of the YE option, YA option, and TA option combined.
-

Scenario #2 – Excluding High Actual Yields

- A producer has an APH database for NFAC (not following another crop) non-irrigated soybeans that contains yields from 2008 to 2014 and has elected the YE option.
 - The actuarial documents show that three crop years are excludable for NFAC non-irrigated soybeans in this producer's county, 2011, 2012, and 2013.
-

Scenario #2 – Excluding High Actual Yields

Yield Exclusion Selection Criteria			
Year: 2015	Commodity: Soybeans (0081)		
Data: Example	Plan:	Revenue Protection (02)	
Types / Practices	T/P 01	T/P 02	T/P 03
Type Practice	No Type Specified 997 NFAC (Non-IRR) 053	No Type Specified 997 FAC (Non-IRR) 043	No Type Specified 997 NFAC (Non-IRR) 053
Yield Exclusions			
	BU	BU	BU
Eligible Yield Exclusion Years	2013 (C) 2012 (C) 2011 (C)	2013 (C) 2012 (C) 2011 (C)	2012 (C)

(P) indicates yield exclusion based on primary county.
 (C) indicates yield exclusion based on contiguous county.

Scenario #2 – Excluding High Actual Yields

Year	Eligible For Exclusion	APH	APH with All Eligible Yields Excluded
2008	No	36	36
2009	No	38	38
2010	No	45	45
2011	Yes – by Contiguous County	51	
2012	Yes – by Contiguous County	42	
2013	Yes – by Contiguous County	40	
2014	No	46	46
	Approved APH Yield	43	41

Average Yield: $(36+38+45+51+42+40+46) / 7 = 43$ bu

Adjusted Yield: $(36+38+45+51+42+40+46) / 7 = 43$ bu

Approved APH Yield: $(36+38+45+46) / 4 = 41$ bu

The approved APH yield is less than the adjusted yield. The approved APH yield will equal the adjusted yield since the approved APH yield cannot be less than the adjusted yield.

The producer's approved APH yield does not change with the APH YE option due to the producer having high yields in the excluded crop years. Which by excluding the higher yields, lowered the approved APH yield.

Scenario #3 – APH Database Resulting in Less Than 4 Years

- A producer has only one APH database for NFAC non-irrigated soybeans in the county, which contains yields from 2011 to 2014. The producer has elected the YE option.
 - The actuarial documents show that one crop year is excludable for NFAC non-irrigated soybeans in this producer's county, 2013.
-

Scenario #3 – APH Database Resulting in Less Than 4 Years

Yield Exclusion Selection Criteria			
Year: 2015	Commodity: Soybeans (0081)		
Data: Example	Plan: Revenue Protection (02)		
Types / Practices	T/P 01	T/P 02	T/P 03
Type	No Type Specified 997	No Type Specified 997	No Type Specified 997
Practice	NFAC (Non-IRR) 053	FAC (Non-IRR) 043	NFAC (Non-IRR) 053
Yield Exclusions			
	BU	BU	BU
Eligible Yield Exclusion Years	2013 (P)	2013 (P)	2013 (P)

(P) indicates yield exclusion based on primary county.

(C) indicates yield exclusion based on contiguous county.

Scenario #3 – APH Database Resulting in Less Than 4 Years

Year	Eligible For Exclusion	T-Yield	APH	APH with All Eligible Yields Excluded
2011	No	35	42	42
2012	No	35	38	38
2013	Yes – by Primary County	35	20	T35
2014	No	35	49	49
		Approved APH Yield	37	41

The producer has four actual yields prior to applying APH YE, thus 100% of the T-Yield is used to complete the APH database.

For more information, please visit:
www.rma.usda.gov/news/currentissues/farmbill/index.html

