

Summary of Changes to Annual Forage for 2020 Crop Year

CBV Methodology Changes

Annual Forage is a private product maintained by Agforce. The changes described were approved by the Federal Crop Insurance Corporation Board of Directors.

Prior to the 2020 Crop Year, annual forage county base values (CBVs) were state averages that did not account for the varying yield potential within the state. Due to the lack of sub-state yield data on annual forages, the new method adopts a National Resources Conservation Service (NRCS) productivity model that is used for the RMA Pasture, Rangeland, and Forage (PRF) program. The model estimates the basic productivity of an area taking into account factors such as soil, climate, precipitation, and elevation. The new CBV method provides sub-state CBVs for all program states, resulting in more accurate values.

CBV Method:

- 1) State average values are calculated by multiplying 10-year average hay yields by 3-year average prices. NASS all hay prices and yields are used for all states except Colorado and New Mexico.
 - Colorado and New Mexico yields are based on NASS hay excluding alfalfa, because alfalfa hay in these states is almost entirely irrigated.
 - Yields in Colorado and New Mexico are adjusted to account for the difference between irrigated and non-irrigated production.
 - Prices in Colorado and New Mexico are adjusted to account for the difference between reported hay values and expected annual forage values.
- 2) States are grouped into 2-3 state regions, and a regional average value is produced by weighting state values based on cropland pasture acres.
- 3) The regional value is adjusted to CBVs at the NASS agricultural district level based on the NRCS productivity model utilized in the PRF program (agricultural districts are groupings of neighboring counties with similar production characteristics; maps available [here](#)).

Productivity Factors

Starting with the 2018 Crop Year, RMA limited the maximum productivity factors for CO and NM at 1.0 (for all other states the maximum productivity factor remained at 1.5). This measure was taken to temporarily limit the CBVs in Colorado and New Mexico until a new pricing method was approved. With the new method, the maximum productivity factors in those states are restored to 1.5.

Dual Use Factor

The 2018 Farm Bill allows producers to purchase different policies for different uses of a single crop. With this change, a small grains producer could insure under Annual Forage for grazing in the winter/early spring and then insure their grain crop with a separate policy and would be eligible to maintain both benefits. The “Dual Use” coverage option is available in counties where grain/grazing is considered a good farming practice. The Dual Use option is available for select counties in Colorado, Kansas, Nebraska, New Mexico, Oklahoma, and Texas and is noted in the special provisions of insurance in both the Annual Forage and small grains policies.

The annual forage CBV is adjusted when used with a small grains policy to estimate the value of grazing up to the short rate date. The CBV is adjusted by estimating the ratio of grazing value prior to the short rate data compared to the full year grazing value based on data from the Farm Service Agency’s (FSA) Noninsured Crop Disaster Assistance Program (NAP). The Dual Use CBV is equal to 40% of the full year Annual Forage CBV.

The Dual Use option is available in the counties as shown below:

Annual Forage – Dual Use Option Availability

