

# WFRP Cheat Sheet

RMA made a number of changes to the Whole Farm Revenue Protection (WFRP) Policy for 2020+ Reinsurance Years (RY). Many of these policy changes impact current System functionality for WFRP policies. This includes changes to policy limits and capping procedures for both Nursery and Animal/Animal Product Commodities, as well as changes to the calculation of Approved Expenses and Indexed Average Revenue.

In addition, three new history smoothing options—Revenue Substitution (RS), Revenue Exclusion (RX), and Revenue Cup (RC)—were made available for the 2020+ RYs. Finally, changes were also made to the rating of WFRP policies to account for the new RS, RX, and RC options.

The 2020 WFRP Handbook should be consulted for more information and for policy changes that do not affect System functionality.

## ABOUT INDEXING PROCEDURES

Indexing procedures are allowed on a WFRP policy to any growers that qualify. As a reminder, to qualify for indexing, the following criteria must be met:

- Grower must not opt-out of indexing procedures on the Income & Expenses Record tab.
- Grower must have provided 5 years of tax history records.
- Allowable Revenue from one of the two most recent tax years must be greater than the Simple Average Revenue.

Indexing procedures are discussed more in the Crop Option Updates on page 4. The revised Indexed Average Revenue Calculation is discussed on page 7.

## 1 | Policy Limits & Capping Procedures Updates

### CURRENT & PREVIOUS WFRP COMPARISON

FEATURE	2019 & BEFORE	2020 & AFTER
<b>Nursery</b>		
<i>Product Cap:</i>	\$1 million	\$2 million
<i>Eligible for Nursery Coverage if Intended Farm Operation Report Exceeds Policy Limit?</i>	No	Yes, but expected revenue is still capped at \$2 million
<i>Cap applies when:</i>	A Revised Report is submitted (The Revised Report checkbox is marked)	The \$2 million dollar is exceeded, whether at the intended or revised reporting
<b>Animal/Animal Product</b>		
<i>Product Cap:</i>	\$1 million	\$2 million
<i>Eligible for Animal/Animal Product Coverage if Intended Farm Operation Report Exceeds Policy Limit?</i>	No	Yes, but expected revenue is still capped at \$2 million
<i>Cap applies when:</i>	A Revised Report is submitted (The Revised Report checkbox is marked)	The cap applies when the \$2 million dollar is exceeded, whether at the intended or revised reporting

## NURSERY EXPECTED REVENUE CAP

Beginning with the 2020 RY, RMA has increased the policy limits for Nursery Commodities on WFRP policies from \$1 million to \$2 million. In addition, exceeding the \$2 million limit at the time of the Intended Farm Operation Report no longer disqualifies the grower from obtaining a WFRP policy. Instead, expected revenue from Nursery Commodities will always be capped at the \$2 million policy limit.

Using the following table, follow steps A-D to find the Nursery cap.

COMMODITY	SUM OF EXPECTED REVENUE
Nursery (Purchased for Resale)	\$2,900,000
Apples (Not Purchased for Resale)	\$1,200,000
Cherries (Not Purchased for Resale)	\$500,000

$$\begin{array}{r}
 \text{A} \quad \underline{\$2,900,000} \quad \text{SUM OF EXPECTED REVENUE (ER)} \\
 - \quad \underline{\$2,000,000} \quad \text{NURSERY CAP} \\
 \hline
 \underline{\$900,000}
 \end{array}$$

$$\text{B} \quad \frac{\$900,000}{\$2,900,000} = 0.310345 \quad \text{ROUND TO 6 DECIMALS}$$

RESULT A
SUM OF ER
ROUND TO 6 DECIMALS

$$\begin{array}{r}
 \text{C} \quad \underline{1.000} \\
 - \quad \underline{0.310345} \quad \text{RESULT B} \\
 \hline
 \underline{0.689655}
 \end{array}$$

$$\text{D} \quad 0.689655 \times \$2,900,000 = \$1,999,999.5 \approx \$2,000,000$$

RESULT C
SUM OF ER
ROUND TO NEAREST WHOLE NUMBER
ROUND TO NEAREST WHOLE NUMBER

For the calculation formula, see page 5.

## ANIMAL/ANIMAL PRODUCT EXPECTED REVENUE CAP

Beginning with the 2020 RY, RMA has increased the policy limits for Animal/Animal Products commodities on WFRP policies from \$1 million to \$2 million. In addition, exceeding the \$2 million limit at the time of the Intended Farm Operation Report no longer disqualifies the grower from obtaining a WFRP policy. Instead, expected revenue from Animal/Animal Products will always be capped at the \$2 million policy limit.

Using the following table, follow steps A-D to find the Animal/Animal Product cap.

COMMODITY	SUM OF EXPECTED REVENUE
Cattle: Cow Calf (0800)	\$5,040,000
Cattle: Stocker/Feeder (081)	\$1,200,000

$$\begin{array}{r}
 \text{A} \quad \underline{\$5,040,000} \quad \text{SUM OF EXPECTED REVENUE (ER)} \\
 - \quad \underline{\$2,000,000} \quad \text{ANIMAL/ANIMAL PRODUCT CAP} \\
 \hline
 \underline{\$3,040,000}
 \end{array}$$

$$\text{B} \quad \frac{\$3,040,000}{\$5,040,000} = 0.603175 \quad \text{ROUND TO 6 DECIMALS}$$

RESULT A
SUM OF ER
ROUND TO 6 DECIMALS

$$\begin{array}{r}
 \text{C} \quad \underline{1.000} \\
 - \quad \underline{0.603175} \quad \text{RESULT B} \\
 \hline
 \underline{0.396825}
 \end{array}$$

$$\text{D} \quad 0.396825 \times \$5,040,000 = \$1,999,998 \approx \$1,999,998$$

RESULT C
SUM OF ER
ROUND TO NEAREST WHOLE NUMBER
ROUND TO NEAREST WHOLE NUMBER

For the calculation formula, see page 5.

## COMMODITIES PURCHASED FOR RESALE CAP

When commodities on the Whole Farm policy contain commodities purchased for resale, the grower's eligibility for WFRP is determined by the percentage of goods intended for resale at *both* the Initial Intended Farm Operation Report and the Revised Farm Operation Report.

The RMA did not include this scenario in the WFRP handbook but has since clarified that if this scenario were to occur, the Nursery and/or Animal/Animal Product caps should be applied first. Then, if the Commodities Purchased for Resale limit was still exceeded, the Commodities Purchased for Resale Cap should be applied at that time.

So, the System now applies caps with the following logic:

- If, at the time of the **Intended Farm Operation Report**, the Commodities Purchased for Resale exceeds 50% of the of the total Expected Revenue, the grower is ineligible for WFRP and a suspension is triggered to notify the AIP.
- If later, with the **Revised Farm Operation Report**, the Commodities Purchased for Resale exceeds 50% of the total Expected Revenue, then the Expected Revenue for Commodities Purchased for Resale is capped at 50% of the total Expected Revenue.

**NOTE:** The Commodities Purchased for Resale Cap will only apply if the **Revised Report** checkbox is selected on at least one commodity on the policy.

Using the following table, follow steps A-D to find the PFR cap when a Nursery cap has been applied.

Revised Report	
COMMODITY	SUM OF EXPECTED REVENUE
Nursery (Purchased for Resale)	\$2,000,000*Capped
Apples (Not Purchased for Resale)	\$1,200,000
Cherries (Not Purchased for Resale)	\$500,000

$$\begin{array}{r}
 \text{A} \quad \underline{\$2,000,000} \quad \text{SUM OF EXPECTED REVENUE FOR PFR COMMODITIES} \\
 - \quad \underline{\$1,700,000} \quad \text{SUM OF EXPECTED REVENUE FOR NON-PFR COMMODITIES} \\
 \hline
 \quad \underline{\$300,000}
 \end{array}$$

$$\text{B} \quad \frac{\$300,000}{\text{RESULT A}} \div \frac{\$2,000,000}{\text{SUM OF ER}} = 0.15 \quad \text{ROUND TO 6 DECIMALS}$$

$$\text{C} \quad \frac{1.000}{\underline{0.15}} \quad \text{RESULT B} \\
 \hline
 \quad \underline{0.85}$$

$$\text{D} \quad \underline{0.85} \quad \text{RESULT C} \times \underline{\$2,000,000} \quad \text{SUM OF ER} = \$1,700,000 \quad \text{ROUND TO NEAREST WHOLE NUMBER} \approx \underline{\$1,700,000}$$

For the calculation formula, see page 5.

## 2 | Crop Option Updates

For the 2020+ RYs, the RMA has added three new crop options—Revenue Substitution, Revenue Exclusion, and Revenue Cup—each of which is available for additional premium. Growers can elect one or more of these new options on their WFRP coverage to help them boost their Average Revenue by smoothing historical values.

A field for “Crop Options” was added to the Income & Expenses tab. This field will display the crop option codes for all crop options elected on the coverage; these same codes will also be transmitted on the P19 Record.

The System will evaluate any selected options and determine which option (if any) to apply to the coverage.

### CROP OPTION QUALIFICATION CRITERIA

COVERAGE OPTIONS	ELECTED ON COVERAGE	5 YEARS' TAX HISTORY	CARRYOVER POLICY
Revenue Substitution	Yes	Yes	No
Revenue Exclusion	Yes	Yes	No
Revenue Cup	Yes	Yes	Yes

### REVENUE SUBSTITUTION (RS)

The Revenue Substitution (RS) Option is available to allow the grower to replace low years in their tax history period with 60% of the Simple Average or Indexed Simple Average (if indexing procedures apply).

#### SYSTEM FUNCTIONALITY

The System will calculate and display RS Avg Revenue if RS is elected on the coverage. RS Avg Revenue will be considered when determining Average Allowable Revenue.

If the policy qualifies for indexing procedures, the System will also calculate and display the Indexed RS Avg Revenue if RS is applied. Indexed RS Avg Revenue will be considered when determining Indexed Average Revenue.

### REVENUE EXCLUSION (RX)

The Revenue Exclusion, or RX, allows a grower to exclude the single lowest year in their tax history when determining the Average Revenue.

#### SYSTEM FUNCTIONALITY

The System will calculate and display RX Avg Revenue if RX is elected on the coverage. RX Avg Revenue will be considered when determining Average Allowable Revenue.

If the policy qualifies for indexing procedures, the System will also calculate and display the Indexed RX Avg Revenue if RX is applied. Indexed RX Avg Revenue will be considered when determining Indexed Average Revenue.

### REVENUE CUP (RC)

The Revenue Cup (RC) option allows the grower to cup their Historic Average Revenue at 90% of their prior year Approved Revenue.

#### SYSTEM FUNCTIONALITY

The Revenue Cup will then be used in the “higher of” determination of Historic Average Revenue along with Average Allowable Revenue, Indexed Average Revenue (if applicable), and Expanded Operation Average Revenue (if applicable).

### 3 | Policy Calculations

The System performs these calculations using the formulas that follow.

Some of these calculations were included in the examples above, but for your reference, they are also included here without example values.

#### NURSERY – EXPECTED REVENUE CAP

1. Subtract \$2 million from the Expected Revenue from Nursery commodities.
2. Divide the result of (1) by the Expected Revenue commodities.
3. Subtract the result of (2) from 1.000.
4. Multiply the result of (3) by the Expected Revenue of each Nursery commodity.
5. Set the Expected Revenue of each Nursery commodity to their respective amounts found in (4).

(\*Capped is shown next to capped values in the System on the Maintain Commodity page—the total capped ER may not sum to \$2 million exactly due to rounding.)

For an example, see page 2.

#### ANIMAL/ANIMAL PRODUCT – EXPECTED REVENUE CAP

1. Subtract \$2 million from the Expected Revenue from Animal/Animal Product Commodity.
2. Divide the result of (1) by the Expected Revenue from Animal/Animal Product Commodity.
3. Subtract the result of (2) from 1.000.
4. Multiply the result of (3) by the Expected Revenue of each Animal/Animal Product Commodity.
5. Set the Expected Revenue of each Animal/Animal Product Commodity to their respective amounts found in (4).

(\*Capped is shown next to capped values in the System on the Maintain Commodity page—the total capped ER may not sum to \$2 million exactly due to rounding.)

For an example, see page 2.

### DUAL CAPPING PROCEDURES

#### PART 1: FIND THE NURSERY OR ANIMAL/ANIMAL PRODUCT CAP

1. Total the expected revenue for all Nursery or Animal/Animal Product Commodities, if greater than \$2 million, then the cap applies and the following calculation will be used to determine the capped expected revenue for each Commodity (Nursery & Animal/Animal Product Commodities are insured separately).
2. If the result of (1) is greater than \$2 million, then:
  - a. Subtract \$2 million from the result of (1).
  - b. Divide the result of (2a) by the result of (1), *rounded to 6 decimal places*.
  - c. Subtract the result of (2b) from 1.000.
  - d. Multiply the result of (2c) by the Expected Revenue of each different Commodity Type.
  - e. Sum together results of (2d) to find the Capped Expected Revenue, *rounded to the whole dollar*.

#### PART 2: DETERMINE WHETHER THE COMMODITIES PURCHASED FOR RESALE CAP IS EXCEEDED

1. Total the expected revenue for all commodities, with cap above applied (if applicable), with a unit of measure that is “98 (PFR – purchased for resale)”.
2. Total the Expected Revenue for all other commodities on the policy with a unit of measure that is not “98 (PFR – purchased for resale)”.
3. If the results of (1) is greater than the result of (2) then:
  - a. Subtract the result of (2) from the result of (1).
  - b. Divide the results of (3a) by the result of (1), *rounded to six decimal places*.
  - c. Subtract the result of (3b) from 1.000.
  - d. Multiply the result of (3c) by the expected revenue of each commodity with a unit of measure that is “98 (PFR – purchased for resale)”.
  - e. Result of (3d) is the updated Capped Expected Revenue, *rounded to the whole dollar*.

For an example, see page 3.

---

## REVENUE SUBSTITUTION (RS) CALCULATION

### WITHOUT INDEXING PROCEDURES

1. Find the RS Substitution Value:

*RS Substitution Value = Simple Average Revenue x 60%*

2. Find the RS Average Revenue.
  - a. Determine if any Allowable Revenue values are less than the RS Substitution Value found in (1).
  - b. Replace all values found in (2a) with the RS Substitution Value found in (1).
  - c. With subbed values in place, sum all 5 tax history years.
  - d. Divide the result of (c) by 5. This is the *RS Average Revenue*.

### WITH INDEXING PROCEDURES

1. Find the RS Substitution Value:

*RS Substitution Value = Indexed Average Revenue x 60%*

2. Find the Indexed RS Average Revenue.
  - a. Determine if any Allowable Revenue values are less than the RS Substitution Value found in (1).
  - b. Replace all values found in (2a) with the RS Substitution Value found in (1).
  - c. With subbed values in place, sum all 5 tax history years.
  - d. Divide the result of (c) by 5.
  - e. The result of (d) is capped at the highest Allowable Revenue Amount in the tax history—not the highest Indexed Allowable Revenue. This is the *Indexed RS Average Revenue*.

For more on Revenue Substitution, see page 4.

---

## REVENUE EXCLUSION (RX) CALCULATION

### WITHOUT INDEXING PROCEDURES

1. Determine which year in the tax history period has the lowest Allowable Revenue.
2. Exclude the year identified in (1) from the tax history and sum the remaining 4 years.
3. Divide the result of (2) by 4 to get the *RX Average Revenue*.

### WITH INDEXING PROCEDURES

1. Determine which year in the tax history period has the lowest Indexed Allowable Revenue.
2. Exclude the year identified in (1) from the tax history and sum the remaining 4 years.
3. Divide the result of (2) by 4.
4. The result of (3) is capped at the highest Allowable Revenue Amount in the tax history—not the highest Indexed Allowable Revenue. This is the *Indexed RX Average Revenue*.

For more on Revenue Exclusion, see page 4.

---

## REVENUE CUP (RC) CALCULATION

1. Find the Prior Year Approved Revenue.
2. Multiply (1) by 90%.
3. The result of (2) is the *Revenue Cup*.

For more on Revenue Cup, see page 4.

## APPROVED EXPENSES CALCULATION

For the 2020+ RYs, Approved Expenses will no longer be determined based upon Approved Revenue and instead a calculation will always apply. This new calculation captures the effects of indexing and expanding operations.

**NOTE:** Because of this new Approved Expenses calculation, calculation of Indexed Average Expenses, Expanded Operation Average Expenses, and Historic Average Expenses is no longer applicable.

1. Divide the Approved Revenue by Simple Average Revenue, *round to 3 decimal places*.
2. Multiply the result of (1) by the Simple Average Expenses, *round to the whole number*. This is the *Approved Expenses*.

## SCD APPROVED EXPENSES CALCULATION

1. Divide Approved Revenue by Simple Average Revenue, *round to 3 decimal places*.
2. Multiply the result of (1) by Simple Average Expenses, *round to the whole number*.
3. This is the *SCD Approved Expenses*. The System will update this value as changes are made to the policy until a Revised Farm Operation Report is keyed. Once the Revised Farm Operation Report is keyed, the System will no longer update this value. Any changes to Approved Expenses on the Revised Farm Operation Report will be captured in the standard Approved Expenses field.

## INDEXED AVERAGE REVENUE CALCULATION

Indexed Average Revenue is calculated for growers with increasing revenue to determine if increased coverage is applicable—not all growers qualify to use indexing procedures.

To indicate that a grower **does not** want to use indexing procedures even if they qualify, the Index Opt Out checkbox is still available on the Income & Expenses Record tab. Otherwise, Indexed values will be calculated and used in determining coverage.

Calculating the Indexed Average Revenue is a multi-part process that first requires the Revenue Trend Factor to be found and then the Simple Indexed Average Revenue to be found. Then, finally, the Indexed Average Revenue can be determined.

### PART 1: FIND THE REVENUE TREND FACTOR

The Revenue Trend Factor measures the year-to-year growth in revenue of the insured's farm operation.

1. Divide the Allowable Revenue for each year by the Allowable Revenue from the prior year. Since there's no previous year for the first year, no calculation is performed.
2. Round the results of (1) to three decimal places; cap each value at 1.200 and cup each value at 0.800.
3. Add together the results of (2).
4. Divide the result of (3) by 4 to get the **Revenue Trend Factor**.

### PART 2: FIND THE SIMPLE INDEXED AVERAGE REVENUE

With the new RMA changes, a revised Revenue Trend Factor, or RTC, was implemented. The revised Revenue Trend Factor is still comprised of the single RTC value as calculated in previous years, but now, for each year of tax history, it is exponentially increased, or multiplied by itself. Then, the RTC value for each year of history is multiplied by the Allowable Revenue for that same year to determine the year's Indexed Allowable Revenue.

1. Multiply the RTC value from Part 1, Step 4 by itself as follows for each year of tax history:

<i>OLDEST</i>	Year 1	<b>RTC<sup>6</sup></b>
	Year 2	<b>RTC<sup>5</sup></b>
	Year 3	<b>RTC<sup>4</sup></b>
	Year 4	<b>RTC<sup>3</sup></b>
<i>NEWEST</i>	Year 5	<b>RTC<sup>2</sup></b>

2. Multiply the results of (1) by the **Allowable Revenue** for that same year.

Year 1	RTC <sup>6</sup>	x	<b>AR 1</b>
Year 2	RTC <sup>5</sup>	x	<b>AR 2</b>
Year 3	RTC <sup>4</sup>	x	<b>AR 3</b>



Year 4 RTC<sup>3</sup> x AR 4  
 Year 5 RTC<sup>2</sup> x AR 5

3. The results of (2) is the **Indexed Allowable Revenue**.

Year 1	RTC <sup>6</sup>	x	AR 1	=	Indexed Allowable Revenue 1
Year 2	RTC <sup>5</sup>	x	AR 2	=	Indexed Allowable Revenue 2
Year 3	RTC <sup>4</sup>	x	AR 3	=	Indexed Allowable Revenue 3
Year 4	RTC <sup>3</sup>	x	AR 4	=	Indexed Allowable Revenue 4
Year 5	RTC <sup>2</sup>	x	AR 5	=	Indexed Allowable Revenue 5

4. Sum the results of (3) and divide by 5.

Year 1	RTC <sup>6</sup>	x	AR 1	=	Indexed Allowable Revenue 1
Year 2	RTC <sup>5</sup>	x	AR 2	=	Indexed Allowable Revenue 2
Year 3	RTC <sup>4</sup>	x	AR 3	=	Indexed Allowable Revenue 3
Year 4	RTC <sup>3</sup>	x	AR 4	=	Indexed Allowable Revenue 4
Year 5	RTC <sup>2</sup>	x	AR 5	=	Indexed Allowable Revenue 5
					Sum all IAR/5

5. The result of (4) is the **Simple Indexed Average Revenue**.
6. Determine the higher value of the **Simple Indexed Average Revenue**, Indexed RS Average Revenue (if applicable), and Indexed RX Average Revenue (if applicable) and compare the result to the highest allowable Revenue Amount from the five-year-tax history period. The **Indexed Average Revenue** is the lesser of the two values.

## 4 | Fields & Terminology

The following are available on the Income & Expenses tab of a WFRP policy:

FIELD NAME	DEFINITION
<b>ALLOWABLE EXPENSES</b>	The mean farm expenses that are incurred in the production of commodities on the insured's farm and reported to the IRS on farm tax records. These are used to calculate many values for WFRP.  Below this column is its Total and Simple Average.
<b>ALLOWABLE REVENUE</b>	The farm revenue from the production of commodities produced by the insured's farm operation, purchased for resale, or purchased for further growth and development by the insured's farm operation that the IRS requires the insured to report on farm tax records. These are used to calculate many values for WFRP.  Below this column is its Total and Simple Average.
<b>APPROVED EXPENSES (UPDATED)</b>	The amount of allowable expenses the insured's farm operation is expected to incur during the insurance period as approved by the AIP.  This revised calculation captures the effects of indexing and expanding operations.
<b>APPROVED REVENUE</b>	Approved Revenue will be the lesser of Total Expected Revenue or Historic Average Revenue.
<b>AVG ALLOWABLE REVENUE (NEW)</b>	This field will display the higher of the: <ul style="list-style-type: none"> <li>• Simple Average Revenue;</li> <li>• RS Average Revenue; or</li> <li>• RX Average Revenue</li> </ul> The value in this field is used in determining the Historic Average Revenue.
<b>CROP OPTIONS (NEW)</b>	This field displays the crop option codes for all crop options elected on the coverage; these same codes will also be transmitted on the P19 Record.



<b>EXPANDED AVERAGE REVENUE</b>	<p>Expanded operation average revenue will be calculated if the insured provides documentation indicating their operation is physically expanding.</p> <p>The Expanded Operations checkbox must be selected on the Income &amp; Expenses tab to use the Expanded Operation Revenue calculations.</p>
<b>HISTORIC AVG REVENUE</b>	<p>When the “RC” option is applied, Historic Average Revenue will be the higher of the following values:</p> <ul style="list-style-type: none"> <li>• Average Allowable Revenue</li> <li>• Indexed Average Revenue</li> <li>• Expanded Average Revenue</li> <li>• Revenue Cup</li> </ul>
<b>INDEX OPT OUT</b>	<p>Selecting this checkbox allows the insured to opt out of indexing procedures. If this checkbox is selected, the System will not calculate Indexed values in the Tax History grid.</p>
<b>INDEXED ALLOWABLE REVENUE (NEW)</b>	<p>This field was added to the Income &amp; Expenses tab to help users understand how Indexed RS Avg Revenue and Indexed RX Avg Revenue are determined. The Indexed Allowable Revenue is calculated as:</p> <p><i>Allowable Revenue x Revenue Trend Factor for the Tax Year</i></p> <p>If the policy does not qualify for indexing, the System will display “N/A” in this field.</p> <p>Below this column is its Total and Simple Average.</p>
<b>INDEXED RS AVG REVENUE (NEW)</b>	<p>If indexing procedures apply, Indexed RS Avg Revenue will be used in the “higher of” determination of Indexed Average Revenue along with Simple Indexed Average Revenue and Indexed RX Avg Revenue (if applicable).</p> <p>This is capped at the highest Allowable Revenue amount in the tax history period.</p>

<b>INDEXED RX AVG REVENUE (NEW)</b>	<p>Related to the new Revenue Exclusion option, this value is the sum of the 4 highest years of Indexed Allowable Revenue divided by 4.</p>
<b>PRIOR APPROVED REVENUE (NEW)</b>	<p>Used in the Revenue Cup Calculation, If the policy rolled from the prior RY, the System will display the Approved Revenue from the prior year policy in this field.</p> <p>Otherwise, this field is editable so you can key in the prior year Approved Revenue for transfer-in policies.</p> <p>This value is multiplied by 90% to calculate the Revenue Cup.</p>
<b>REVENUE CUP (NEW)</b>	<p>When the “RC” option is elected on the coverage, the System will calculate and display the Revenue Cup value.</p> <p>The Revenue Cup will be used in the “higher of” determination of Historic Average Revenue along with Average Allowable Revenue, Indexed Average Revenue (if applicable) and Expanded Operation Average Revenue (if applicable).</p>
<b>REVENUE USED (NEW)</b>	<p>A new column for “Revenue Used” was added to the Tax History grid on the Income &amp; Expenses tab.</p> <p>This new column shows the user whether RS and/or RX apply to a given year and the revenue amount used to calculate the RS and RX Avg Revenue/RS and RX Indexed Avg Revenue values.</p> <ul style="list-style-type: none"> <li>• If RS/RX do not apply, Indexed Allowable Revenue will display in this field, and if indexing does not apply, Allowable Revenue will display in this field.</li> </ul> <p>The System will determine what displays in this column as follows:</p> <ul style="list-style-type: none"> <li>• If RS is elected on the coverage and the Allowable Revenue or Indexed Average Revenue for the year is less than the RS</li> </ul>

	<p>Substitution Value, the System will display the RS Substitution Value (60% of the Simple Average/Indexing Simple Average) in this field:</p> <ul style="list-style-type: none"> <li>○ If indexing applies, the RS Substitution Value will be determined as 60% of the Simple Indexed Average Revenue.</li> <li>○ If indexing does not apply, the RS Substitution Value will be determined as 60% of the Simple Average Revenue.</li> </ul> <ul style="list-style-type: none"> <li>● If RX is elected on the coverage and the Allowable Revenue/Indexing Average Revenue is the lowest in the tax history, the System will display \$0 in this field to indicate this year will be excluded in calculation of RX/Indexing RX Avg Revenue.</li> <li>● If both RS and RX are elected on the coverage and RS/RX both apply as described above, the System will display both values separated by a forward slash: <ul style="list-style-type: none"> <li>○ If neither RS or RX are elected on the coverage and indexing procedures apply, the System will display Indexed Allowable Revenue in this field.</li> <li>○ If neither RS or RX are elected on the coverage and indexing procedures do not apply, the System will display Allowable Revenue in this field.</li> </ul> </li> </ul>
<b>RS AVG REVENUE</b> (NEW)	The RS Avg Revenue will be used in the “higher of” determination of Average Allowable Revenue along with Simple Average Revenue and RX Avg Revenue (if applicable).
<b>RS/RX</b> (NEW)	<p>This new column was added to the Income &amp; Expenses tab to show you which years RS and/or RX applies to in the calculation of the RS Avg Revenue, RX Avg Revenue, Indexed RS Avg Revenue, and Indexed RX Average Revenue values at the bottom of the grid.</p> <p>This field will be populated as follows:</p>

	<ul style="list-style-type: none"> <li>● If RS is elected on the coverage and the Allowable Revenue/Indexing Allowable Revenue for the year is less than 60% of the Simple Average/Indexing Simple Average Revenue, the System will display RS’ in this column</li> <li>● If RX is elected on the coverage and the Allowable Revenue/Indexing Average Revenue is the lowest in the tax history, the System will display ‘RX’ in this column</li> <li>● If both RS and RX are elected on the coverage and RS/RX both apply as described above, the System will display both values separated by a forward slash.</li> <li>● If neither RS or RX are elected on the coverage, this column will not display.</li> </ul>
<b>RX AVG REVENUE</b> (NEW)	Related to the new Revenue Exclusion option, this value is the sum of the 4 highest years of Allowable Revenue divided by 4.
<b>SCD APPROVED EXPENSES</b> (UPDATED)	SCD Approved Expenses captures Approved Expenses at the time of the Intended Farm Operation Report. Once a Revised Report is keyed, SCD Approved Expenses will no longer be updated. Any changes to Approved Expenses on the Revised Farm Operation Report will be captured in the standard Approved Expenses field.
<b>SCD APPROVED REVENUE</b>	SCD Approved Revenue captures Approved Revenue at the time of the Intended Farm Operation Report. Once a Revised Report is keyed, SCD Approved Revenue will no longer be updated. Any changes to Approved Revenue will be captured in the standard Approved Revenue field.
<b>TOTAL EXPECTED REVENUE</b>	Total Expected Revenue is the sum of the expected revenue for all commodities on the current year policy.