2025 S. Hughes, P.O. Box 229
Amarillo, Texas 79109
Main (800) 366-2767
Local (806) 372-6785
Fax (800) 755-7026

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Ms. Julie Hetrick
Office of Budget and Program Analysis
Jamie L. Whitten Building, Room 101-A
1400 Independence Ave., SW
Washington, DC 20250

E-mail to: reg.review@obpa.usda.gov

Re: Retrospective Review – USDA Request for Information – Improving Common Acreage Reporting Processes

Dear Ms. Hetrick:

Producers Ag Insurance Group, Inc. and its subsidiaries (together, "ProAg") submits it comments below in response to the Request for Information ("RFI") published on July 19, 2011. ProAg, through its subsidiary Producers Agriculture Insurance Company, is an Authorized Insurance Provider ("AIP") participating in the federal crop insurance program offered by the Federal Crop Insurance Corporation ("FCIC") and administered by the United States Department of Agriculture ("USDA") Risk Management Agency ("RMA").

ProAg's comments set forth below address the questions in the RFI regarding the flow of information to, from, and within the USDA through the Acreage Crop Reporting Streamlining Initiative ("ACRSI") project, which will help establish data standards that AIPs and Farm Management Software ("FMS") will use to collect and transmit necessary information to administer USDA programs and establish work and data flow. The comments are presented in a question-and-answer format that corresponds to the topics and questions outlined in the RFI.

The RFI requested comments on all aspects of acreage reporting processes to help:

1) Evaluate whether the collection of information is necessary for the proper performance of the functions of USDA agencies (RMA, Farm Service Agency ("FSA"), Natural Resources Conservation Service ("NRCS") and National Agricultural Statistics Service ("NASS")), including whether the information will have practical utility.
2) Evaluate the accuracy of the USDA's estimate of burden including the validity of the methodology and assumptions used.
3) Enhance the quality, utility, and clarity of the information to be collected.
4) Minimize the burden of the collection of information on those who are to respond through use of appropriate automated, electronic, mechanical, and other technological collection techniques or other forms of technology.

The RFI requested constructive input to:

1) Identify improvements that the agencies can achieve through the consolidation of information required to participate in farm programs administered by the FSA and the FCIC crop insurance programs administered by the RMA.
2) Simplify and standardize data reporting requirements, such as acreage reporting processes, program dates, and data definitions across the various USDA programs and agencies.
3) Develop procedures, processes and standards that will allow producers to use information from their farm management and precision agriculture systems for reporting production, planted and harvested acreage, and other key information needed to participate in USDA programs.
4) Simplify and reduce the reporting required for participation in the FSA and RMA programs.

The RFI presented a series of questions to guide the input on the USDA ACRSI project and the overall goals to reduce duplication of information collection by the USDA. ProAg is using these questions to provide input that achieves the requested goals above.

1) What are the potential benefits and limitations for reliability, accuracy, and practicality of a single source reporting system?

   The potential benefit of a single source reporting system is great. The benefits include, but are not limited to, the following:

   1. Reduced data redundancy;
   2. Reduced reporting confusion;
   3. Reduced administration costs;
   4. Improved data accuracy;
   5. Improved timeliness of data submission; and
   6. Improved producer service and satisfaction.

   A single source reporting system will be the catalyst for data standardization within production agriculture and is the key that will unlock the benefits of reduced redundancy, reduced confusion, reduced costs, improved accuracy, improved timeliness, and improved producer service and satisfaction.

   The limitations of a single source reporting system are significant but not great enough to stop or limit the implementation of the single source reporting system. The limitations include the following:

   1. The education of the producer, crop insurance agent, and USDA employee on how to utilize a single source reporting system and process;
   2. The creation of the needed software within the USDA and private sector to support the single source reporting system; and
   3. The lack of standardized terminology that would allow single system reporting to be efficient and effective.

2) What would be consistent and uniform standards for the collection and reporting of data to multiple USDA agencies?

   The USDA has developed a variety of collection and reporting processes to administer programs today. The USDA should evaluate all of the collection and reporting processes to identify the best practices and build the single source reporting around such best practices. This work effort would create consistent and uniform standards for collection and reporting of data. A key to making such a work effort of value is the creation of consistent and uniform data standards.

   The USDA is developing consistent and uniform data standards through the ACRSI project. This effort should be continued as currently coordinated with AgGateway, AIPs, and other private sector groups within production agriculture. It is important that the Farm Management Software ("FMS") providers be included in the development of data, collection, and transmission standards as they will be developing software programs to transmit needed data from the producer to the USDA. This coordinated development will help provide accurate and reliable data to the USDA.

   The Comprehensive Information Management System ("CIMS") is the solution for reporting data to multiple USDA agencies. The FMS providers and the AIPs can collect and transmit the needed data to the CIMS system

which data can then be distributed to the various USDA agencies that need the data to administer their programs.

The model to use to assure the consistent and uniform standards for the collection and reporting of data is the current crop insurance collection and data transmission system utilized by the RMA. This system has a proven record of consistent and uniform standards for the collection and reporting of producer's information.

3) How can the USDA assure the proper calibration and integrity of data, so the data cannot be manipulated or modified from the original readings or output?

Proper calibration and data integrity can be assisted by the public distribution of data definitions and reporting standards to precision ag technology manufacturers and software providers. There are specific action items that manufacturers and software providers can install, such as "flags" and "thumb prints" that can identify manipulation or modification of original readings and output.

Today these standards are not known to the precision ag technology manufacturers and software providers, and there is no known business need for such calibration and integrity standards within the private sector that manufactures the equipment, hardware, firmware, and software. If the USDA would establish calibration and integrity standards, the private sector will respond to the business need of the producer and will address the issue of calibration and integrity of data.
This will also require that the USDA work with all the above groups in developing education materials that clearly identify the standard for calibration and data integrity so all producers and service providers can be educated on what is required.

4) How can the USDA have compatibility with automated systems of FSA and RMA to facilitate transmission and sharing of data?

Compatibility is based on common architecture and common data terms and definitions. The USDA must evaluate the FSA and RMA systems to determine the compatibility capability of current systems and compatibility needs of future systems. It is important that both systems be required to share updated data daily.

Currently, FSA data is updated only twice a year into the Common Land Unit ("CLU") database for crop insurance purposes This is primarily due to Farm Serial Number ("FSN") reconstitutions. This lack of current information makes it impossible for AIPs and/or RMA to stay connected to daily FSA activity as it relates to CIMS and CLU data.

It is important to develop necessary standards for all systems that report application, acreage, and production data, for without a standard between the different government agencies, it will be impossible for the USDA to have compatibility.

5) Are there reporting requirements that have become outdated and, if so, how can they be modernized to accomplish their objectives better?

Current reporting guidelines are built around the manual collection of data from the farmer and the manual entry of the data into a computer system; there is no recognition or accommodation for the use of new technology in reporting. Consequently, the current regulations and reporting requirements are outdated. An indicator of the lack of updated guidelines is a comparison of the current RMA Crop Insurance Handbook (FCIC 18010 (6-2010) / FCIC 18010-1 (11-2010) Acreage Report guidelines (a total of about 53 pages of guidelines) to the FSA (FSA 2-CP (Rev. 15) Acreage and Compliance Determination) Acreage Report guidelines (a total of 570

pages of guidelines). The RMA and FSA acreage report requirements are virtually the same for the farmer for both agencies yet the disparity of the guidelines for reporting acreage between the two agencies is very evident.

ProAg has not supplied specific examples of outdated, redundant, or unnecessary guidelines, but ProAg believes that a thorough evaluation of the acreage reporting guidelines of the FSA and RMA would identify outdated, redundant, or unnecessary guidelines, especially if the FSA and RMA reviewed the guidelines in the context of what precision ag technology provides in the collection and transmission of data. The result of a collaborative review of guidelines would be a common base for the simplification of the reporting requirements for farmers to the FSA and RMA, which would be necessary for a web-based single source reporting portal to be successful.

The determination of common guidelines in conjunction with the standardized terminology and definitions that will occur through the ACRSI project will allow modernization of the reporting process to occur. This standardization will allow the FMS providers to focus on the collection of the required data from multiple sources and the management and transmission of the required data to the USDA, according to USDA standards. This effort, along with the support of the AIPs, will establish a foundation for "modernization" of the reporting process.

Modernization of reporting processes can be achieved through the cooperative effort of a public-private partnership, (i.e. AgGateway, NCIS, etc.) and the USDA. The advances that are occurring in precision technology will allow modernization in reporting to occur once common guidelines, standardized terminology and definitions are established within the USDA. Today's production agriculture is demanding modern, accurate, effective, and efficient data collection and management, which are keys to successful and sustainable production agriculture.

6) Do USDA agencies currently collect information that they do not need or use effectively to achieve regulatory objectives?

As a general rule, the USDA collects only the information needed to administer USDA programs. However, there is a lack of continuity and/or consistency of the information collected between the various USDA agencies and the programs they administer because of the various definitions for the same term, (i.e., entity). These varying definitions for similar terms create inefficient and confusing data collection for the producer.

The ACRSI initiative is necessary to define the needed information to administer the program. Once this occurs, it will be practical and possible to determine the most effective and efficient way to collect the needed information in order to administer the USDA programs to achieve the named regulatory objectives. ProAg believes that a USDA initiated evaluation of the information needed to administer the FSA and RMA programs would identify information that is redundant and/or unnecessary.

To properly answer the question, an evaluation of the FSA and RMA programs should be undertaken to evaluate functionally overlapping USDA programs, such as RMA's crop insurance program and the FSA SURE disaster and ACRE programs. The FSA SURE and ACRE programs can be effectively migrated into the RMA and the current crop insurance program administered by the AIPs, which would eliminate confusion and provide reporting efficiency and timely payment for disaster events experienced by the producer. Effectively combined, these programs can be merged to provide a very effective and efficient "safety net" program to the American producer at a lower cost to the American taxpayer.

7) Is there information that USDA agencies should begin collecting to achieve the required objectives?

The current information being collected by the USDA is adequate to administer the FSA and RMA programs. However, consumer demand and government regulation may require an additional set of data to be collected.

The additional data set that may need to be collected is the hybrid and/or attribute of the crop planted. This may be necessary because of the genetics being introduced into the marketplace and the accompanying restrictions on those genetics being required by the USDA and the Environmental Protection Agency ("EPA"). Also, this additional data may need to be collected because of the impact - positive or negative - which could lead to changes in rates and coverages within the crop insurance program administered by the RMA.

A related data set that may need to be evaluated is a husbandry practice utilized by the producer. Such a data set would help the USDA and EPA document "coexistence" and "sustainability" farming practices, which may be needed for the American producer to compete in the world market.

8) Are there reporting requirements or application processes that are unnecessarily complicated, or that could be streamlined to achieve the objectives in ways that are more efficient?

The simplification of regulations, requirements, and processes can be achieved through the standardization of the data. Once the definition of a term is standardized, an effective evaluation of the processes can be accomplished. This evaluation will result in simplified and streamlined processes, which will improve accuracy and reduce fraud.

It is necessary that a public-private partnership, such as AgGateway and the USDA, be utilized to standardize the definition of a term used in USDA reporting. Once the definitions have been standardized, the opportunity to examine the regulations, requirements, and processes is available to create recommendations that reduce complexity and improve efficiency. Such an effort between the public and private sector will result in an improved, simplified, and streamlined process to collect information needed to administer USDA programs.

The evaluation of regulations, reporting requirements, and processes must include an evaluation of the FSA and RMA computer support systems and their ability to "interact" with private FMS systems that the producer uses. There is a need for the FSA and the RMA to have the capability to release and send to the producer "farm-field" information directly to him/her either electronically or through an electronic medium. Simply stated, the producer should be able to walk into a crop insurance agency or an FSA office with a request that his/her "farm-field" information be provided to him through a download from the CIMS system to a "flash-drive" or in a file that is sent via e-mail. The capability to provide "farm-field" data directly from the CIMS system would create a solid foundation for the producer to supply the required "farm-field" information accurately and efficiently to the USDA.

9) Are there application processes or reporting requirements that have been taken over by technological developments?

Application and reporting requirements are different for each USDA agency and are based on face-to-face manual processes. As a result, the application and reporting requirements of the USDA agencies are redundant and out-of-date in relation to the technology available today.

The adoption of computer and precision ag technology are advancing on a daily basis within production agriculture. In addition to the increasing adoption and usage of technology, access to Internet is now available to a majority of the producers. The fast adoption rate of technology and the availability of Internet access are occurring simultaneously with advances in FMS software, which will accurately, effectively, and efficiently collect, manage, and transmit data generated by precision ag technology.

The above advances will create opportunities to improve and simplify regulations, requirements, and processes. It is important that the USDA evaluate and consider the current and future communication and logistics technology when developing application and reporting requirements and processes.

The ACRSI "single source reporting" initiative has the capability to incorporate new technological developments in the application and reporting requirements and processes. It is important to note that the RMA has developed electronic data regulations to address the use of precision ag technology in the field by producers. These guidelines will continue to be developed and refined as precision ag technology advances and improves. The RMA has developed excellent working relationships between the USDA and private precision ag technology companies and has been proactive in learning about and adapting to new technology developments.

It is important to note that the FSA has developed "eAuthentication"[1], an electronic submission process for producers to submit current crop year data to the FSA. The USDA FSA "eAuthentication" system is used by USDA agencies to enable individuals participating in USDA programs to obtain accounts that will allow them to access USDA web applications and services via the Internet. This includes the creation of an "eAuthentication" identification number for the producer, which he/she will use to submit forms electronically, complete surveys online, and check the status of USDA accounts. The "eAuthentication" identification can be used to link the FSA Crop Acreage Reporting System ("CARS") and Service Center Information Management System ("SCIMS") customer identification to the RMA policyholder identification, which, if given to the producer electronically, will allow the collected data from precision ag technology to be submitted directly to CIMS. The current FSA "eAuthentication" system does not link to RMA or any precision ag technology that the producer may have in use in the farming operation -- this must be changed. It is recommended that the USDA look into creating one unique identification for the producer to use for all systems. This would help link systems together, improve data accuracy, and simplify the single source process.

10) Can new technologies be used to modify, streamline, or do away with existing reporting requirements?

The technology in place with the FSA and RMA supports the manual collection of data from the farmer, the manual entry of the data into a computer system, and batch data transmission. The existing regulatory and reporting requirements are redundant in many ways between the FSA and the RMA. The current technologies in production agriculture can modify and streamline existing reporting requirements.

The current public-private partnership between the RMA and the crop insurance companies is the foundation for the modification and streamlining of existing reporting requirements. The new technologies offer the opportunity to maximize the benefit for producers while providing the best value for the taxpayer's investment.

It is important to note that precision ag technology and FMS software collects approximately 85 data elements each second as the machine moves across the field. The collaboration of AgGateway and the USDA to standardize data that will be used in administering USDA programs will result in a new level of service and data quality. The implementation of a single-source reporting system will result in timely and accurate collected data which will reduce fraud and abuse of USDA programs.

ProAg appreciates the opportunity to participate in the process of responding to the RFI. We believe that the ACRSI project is very important and needs to move forward toward a single source reporting process. If you

[1] www.eauth.egov.usda.gov

have any questions about the responses ProAg has provided, please contact us as we are willing to work with the USDA to help make the single source reporting system a reality.

Respectfully submitted,

/s/

Mike Connealy
President
ProAg