



United States  
Department of  
Agriculture



Federal Crop  
Insurance  
Corporation

FCIC-17040 (06-2017)

**FEDERAL CROP  
INSURANCE  
CORPORATION**

**BOARD OF DIRECTORS**

**APPROVED  
PROCEDURES FOR  
REIMBURSEMENTS &  
DETERMINATION OF  
REASONABLENESS  
RELATED TO  
REIMBURSEMENT  
EXPENSES  
FOR  
CONCEPT PROPOSALS,  
508(h) SUBMISSIONS &  
USER FEE REQUESTS**



**RISK MANAGEMENT AGENCY  
KANSAS CITY, MO 64133**

<b>TITLE: APPROVED PROCEDURES FOR REIMBURSEMENTS &amp; DETERMINATION OF REASONABLENESS RELATED TO REIMBURSEMENT EXPENSES FOR CONCEPT PROPOSALS, 508(h) SUBMISSIONS &amp; USER FEE REQUESTS</b>	<b>NUMBER: FCIC-17040</b>
<b>EFFECTIVE DATE: Upon Publication</b>	<b>ISSUE DATE: June 13, 2017</b>
<b>SUBJECT:</b>  <b>Provides guidance for submitters, RMA, and the Board regarding reimbursement requests and the determination of reasonableness.</b>	<b>OPI: Product Management</b>  <b>APPROVED:</b>  /s/  <b>Deputy Administrator for Product Management</b>

**REASONS FOR ISSUANCE**

Based on experience with reimbursements, the Board identified the need to clarify and enhance the requirements for reporting costs for the purposes of determining reasonableness of expenses in accordance with 7 C.F.R. § 400.712. This revised version incorporates feedback received from two public comment periods.

**APPROVED PROCEDURES FOR REIMBURSEMENTS & DETERMINATION OF REASONABLENESS RELATED TO REIMBURSEMENT EXPENSES FOR CONCEPT PROPOSALS, 508(h) SUBMISSIONS & USER FEE REQUESTS**

**CONTROL CHART**

Approved Procedures for Reimbursements & Determination of Reasonableness Related to Reimbursement Expenses For Concept Proposals, 508(H) Submissions & User Fee Requests							
	TP Page(s)	TC Page(s)	Text Page(s)	Exhibit Number	Exhibit Page(s)	Date	Directive Number
Remove	Entire Handbook					April 2017	FCIC-17040
Insert	Entire Handbook					June 2017	FCIC-17040
Current Index	1-2	1-2	1-11	1 2 3 4	12-14 15-18 19 20-21	June 2017	FCIC-17040

**FILING INSTRUCTIONS**

This handbook replaces FCIC-17040, Approved Procedures for Reimbursements and Determination of Reasonableness Related to Reimbursement Expenses for Concept Proposals, 508(H) Submissions and User Fee Requests, dated April 2017. This handbook is effective upon publication.

**APPROVED PROCEDURES FOR REIMBURSEMENTS & DETERMINATION OF  
REASONABLENESS RELATED TO REIMBURSEMENT EXPENSES FOR CONCEPT  
PROPOSALS, 508(h) SUBMISSIONS & USER FEE REQUESTS**

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## **1 Basis, purpose and applicability**

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- (1) The Federal Crop Insurance Corporation Board of Directors (Board) will determine the “reasonableness” of requests for: (1) advance payments for Concept Proposals; (2) reimbursement of research and development costs; (3) reimbursement of maintenance costs; and (4) user fees approved by the Board in accordance with section 522(b) of the Federal Crop Insurance Act (Act) and 7 C.F.R. part 400, subpart V - Submission of Policies, Provisions of Policies, Rates of Premium, and Non-Reinsured Supplemental Policies (Submission Regulations), and these Reasonableness Procedures.
- (2) The Board will approve the amount of reimbursement, advance payment, or user fee that it determines to be reasonable.
- (3) Based on experience with various reimbursement requests related to policies and products submitted for approval by the Board under section 508(h) of the Act, the Board has identified the need to clarify the requirements for reporting costs for the purposes of determining the reasonableness of reimbursement requests, in accordance with section 400.712 of the Submission Regulation. These procedures are issued to provide transparency and consistency for both the submitter and the Board.

## **2 Format**

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All budgets for estimated costs and actual costs must be submitted in Excel sheet formats consistent with the requirements of the Exhibits and these procedures. Submissions that do not include required information in accordance with these Reasonableness Procedures will be returned to the submitter.

## **3 Timing of Advance Payment Requests, Reimbursement Requests and User Fee Requests**

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- (1) Requests for advance payments are part of the submission of a Concept Proposal, which can be made during any submission window. Submission windows are the first five business days of January, April, July, or October, in accordance with section 400.703(a).
- (2) In accordance with section 400.712(b)(1)(i), requests for reimbursement of research and development costs must be made on or before August 1 immediately following the date the 508(h) product was released to approved insurance providers (AIPs) through publication of the policy materials on the RMA website.

**Example 1:** A new product was released to the public through publication on RMA’s website on July 15, 2016. A request for research and development costs should be made by August 1, 2016 so reimbursement can be considered by the Board in September 2016.

### 3 Timing of Advance Payment Requests, Reimbursement Requests and User Fee Requests (Continued)

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**Example 2:** A new product was released to the public through publication on RMA's website on September 15, 2016. A request for research and development costs should be made by August 1, 2017 so reimbursement can be considered by the Board in September 2017.

- (3) In accordance with section 400.712(b)(1)(ii), requests for reimbursement of maintenance costs, if such costs are incurred, may be made for up to four years, beginning the year after the research and development costs are paid, and requests must be submitted on or before August 1.

**Example:** Research and development cost reimbursement was paid to a private product submitter in September 2017. A reimbursement request for the first year's maintenance costs would be made by the submitter by August 1 of 2018 for payment in September 2018. This process would be repeated August 1, 2019 for the 2nd year's maintenance payment, August 1, 2020 for the 3rd year's maintenance payment, and August 1, 2021 for the 4th year's maintenance payment.

- (4) If a submitter misses the August 1 deadline for submitting a request for reimbursement or the request for reimbursement is returned for failure to comply with these Reasonableness Procedures, there will be insufficient time to review an untimely or resubmitted request prior to the September Board meeting. In accordance with section 400.712(b)(2), no reimbursement may be made in any year before September 15. Therefore:
- (a) If the submitter missed the August 1 deadline or had the request for reimbursement of research and development returned, the submitter may request reimbursement for research and development costs incurred as of the original August 1 deadline by the August 1 deadline for the following year. This request may separately include the costs incurred after the original August 1 deadline. However, the submitter will only be entitled to an additional three years of maintenance.

**Example:** A submitter submits a request for reimbursement for research and development costs on August 1, 2017. The request is incomplete and is returned to the submitter. The Board cannot consider this request in the September 2017 Board meeting and no research and development reimbursement can be made before September 2018. However, research and development costs incurred by August 1, 2017 and not reimbursed in September 2017 must be accounted for separately from the maintenance costs incurred after August 1, 2017. The payment will be considered reimbursement for research and development but the submitter will only be eligible for three more years of maintenance.



### 3 Timing of Advance Payment Requests, Reimbursement Requests and User Fee Requests (Continued)

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- (b) If the submitter missed the August 1 deadline or had the request for reimbursement of maintenance costs for the first, second or third year of the maintenance period returned, the submitter may request reimbursement of the missed year's maintenance costs by August 1 the following year and this request may separately include costs incurred, or include both years of the maintenance period. This maintenance payment will be considered two years of maintenance.
  - (c) If the submitter missed the August 1 deadline or had the request for reimbursement of maintenance costs in the last year of the maintenance period returned, the submitter may request reimbursement of the last year's maintenance costs by August 1 the following year, but this request may only include costs incurred as of the original August 1 deadline for the last year of maintenance.
- (5) If a submitter wishes to continue maintenance of the product after the fourth year of maintenance reimbursement, the submitter must provide FCIC notification, within the time frame stated in this subsection, indicating their intent to continue ownership and maintenance of the product. Included with the notification, the submitter must submit a request for a proposed user fee to be charged to the AIPs for maintaining the product, if applicable. The user fee is paid by AIP's on a per policy or percentage of premium basis, and they will reimburse the submitter for costs directly related to maintenance of the product.
- (a) RMA will send submitters a certified letter, no later than 60 days prior to the deadline specified in this subsection, reminding them of their obligation to provide FCIC notification of their intent to maintain the product and their user fee request.
  - (b) In accordance with section 400.712(l), notification of continued maintenance and a proposed user fee must be provided by the submitter in writing to FCIC no later than 180 days prior to the end of the last reinsurance year in which maintenance costs will be paid (December 31st of the prior calendar year if the reinsurance year is July 1- June 30).

**Example:** The fourth maintenance cost reimbursement will be considered by the Board in September 2017, and the reinsurance year is July 1, 2016, to June 30, 2017. The 180 day notice requirement means that the submitter must notify the Board by December 31, 2016, if the submitter intends to continue to maintain the policy. The information necessary to determine a reasonable user fee in accordance with section 5 must be submitted at the same time.

- (c) In accordance with section 400.712(l)(1)(ii)(2), if notification: (1) is not provided by the time required in subsection (4)(b); or (2) the submitter provides notice of intent to transfer ownership of the product to RMA, then product ownership will automatically transfer to RMA beginning with the next reinsurance year. In accordance with section 522(b)(5) of the Act, all previous research, development, and maintenance payments constitute payment in full for the property rights to the product, and no additional funds will be owed to the submitter if the product transfers to RMA.

### **3 Timing of Advance Payment Requests, Reimbursement Requests and User Fee Requests (Continued)**

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- (d) Beginning August 12, 2016, in accordance with section 400.712 (1)(11), user fee amounts must be reviewed by the Board every two years, and at any time a significant change is made to the approved 508(h) product. Submitters must meet the same deadline provided in subsection (4)(b). If the submitter fails to provide timely notification, the Board may take such actions as authorized under section 400.712 and these procedures. If a product had a user fee in place for the 2015 or prior crop years, the submitter is required to bring their user fee back to the Board for review by:
  - (i) Dec 31, 2017, if the fee amount approved did not include a maximum dollar amount; or
  - (ii) Dec 31, 2018, if the fee amount approved did include a maximum dollar amount.
- (e) RMA will provide the user fee information to AIPs under its normal distribution process not later than April 1.

### **4 Budget Requirements for Reimbursements and User Fees: Estimated Costs and Actual Costs**

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Unless otherwise specified, this section applies to: (1) Concept Proposals; (2) 508(h) submissions; (3) reimbursement requests for research and development costs; (4) reimbursement requests for maintenance costs; and (5) requests for User Fees.

- (1) In accordance with section 400.712(f), submitters are required to support all costs claimed with itemized statements including supporting documentation (copies of contracts, billing statements, time sheets, travel vouchers, accounting ledgers, etc.). Further, section 400.712(f)(1) requires that actual costs be submitted and that only those costs directly related to research and development, or maintenance will be reimbursed. Within these regulatory requirements, the following procedures provide guidance to submitters.
  - (a) Allowable costs are limited to those specified in section 400.712(f)(2).
  - (b) Each submitter must provide detailed information regarding the work done for the hours worked for each person and for each work category.
  - (c) The supporting documentation for actual costs claimed must be verifiable and may be subject to audit at the request of the Board. Submitters are required to certify to the accuracy of their submitted costs. In accordance with section 400.705(k), submission of false information for reimbursement could subject the submitter to administrative, civil or criminal actions.
  - (d) The submitter will be provided the opportunity to explain to the Board the wage rates, classifications, costs, hours, and other pertinent information submitted to support their estimated or actual costs for reimbursement.

#### 4 Budget Requirements for Reimbursements and User Fees: Estimated Costs and Actual Costs (Continued)

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- (e) Consistent with section 400.712(f)(2)(i)(C), wages and benefits are capped at two times the hourly wage rate plus benefits as provided by the Bureau of Labor Statistics (BLS) for that year. If actual wage rates exceed that amount, actual wage rates should be shown in the Actual Cost Budget that matches the submitter's records, and any capping will be handled at a later step. If wage rates are less than the capped amount, they should be reported at the actual wage rate.
  - (f) If benefits are not paid to the person conducting the work on the product, they cannot be claimed for reimbursement.
- (2) In accordance with section 400.712(f)(1), actual costs submitted may be adjusted at the sole discretion of the Board. In addition, section 522(b)(6) of the Act and section 400.712(f) provide that reimbursements will be adjusted based on the complexity of the policy or plan of insurance and scope.
- (3) Under section 400.712, the Board must assess whether the concept or submission will likely produce a viable and marketable product throughout the approval process (See sections 400.701, 400.705(a), 400.706(a), 400.706(b)(2)(ii)(G) and (K), 400.706(c)(4), 400.706(k)(1)(ii), and 400.706(l)(1)).
- (a) The Board has determined that excessive or recurring cost overruns, where actual costs exceed the estimated costs, are a legitimate factor in determining the viability of a product as well as the reasonableness of the claimed costs.
  - (b) To assess costs and cost overruns, budgets providing future estimated costs are necessary in addition to the reporting of actual costs incurred to date.
  - (c) Cost overruns do not necessarily mean that a product is not viable or the costs are not reasonable. Submitters will have the opportunity to explain to the Board the basis for the cost overruns, and why a cost overrun is not indicative that the product is not viable or the costs reasonable.
- (4) To assist in its assessment of viability and reasonableness, the Board is requiring standardized budgets in the form of Estimated Cost Budgets and Actual Cost Budgets based on the following and in accordance with the attached Exhibits:
- (a) Section 400.712(f)(2)(i)(A) requires that costs per employee be listed separately with one line per employee. The submitter should list each person on a separate line.  
  
**Example:** Mary works primarily on pricing data analysis but also completes the travel arrangements, which make up de minimis amount of her total duties. Mary is an economist so the work will be listed on one line along with her economist wage classification, wage rate including benefits, hours worked, etc. as required by these procedures.
  - (b) In accordance with section 400.712(f)(2)(i)(B), wage rates must be commensurate with the primary tasks performed.

#### 4 Budget Requirements for Reimbursements and User Fees: Estimated Costs and Actual Costs (Continued)

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- (c) Section 400.712(f)(2)(i)(C) states that the maximum wage rates and benefits cannot exceed two times the hourly wage rates and benefits provided by the BLS for that year.
- (d) The following is a listing of the typical BLS job classifications for the research, development, and maintenance of a product as specified in the Submission Regulation.

<b>Typical BLS Job Classifications</b>
Accountant
Actuary
Administrative Assistant
Auditor
Cartographers
Computer System Analysts
Economists
Editors
Financial Analysts
General and Operations Manager
Insurance Underwriters
Lawyer
Software Developers
Teachers
Typist
Word Processors
Other

- (e) The Board may change the job classification designated by the submitter if it determines it is not appropriate for the work performed.
- (5) The submitter must provide separate Estimated Cost Budgets and Actual Cost Budgets within the following specified timeframes:
- (a) With a Concept Proposal, the submitter shall separately provide:
    - (i) An Actual Cost Budget showing the actual costs incurred as of the date when the Concept Proposal is submitted to the Board; and
    - (ii) An Estimated Cost Budget showing the costs expected to complete the submission, including the full 508(h) submission package
  - (b) If applicable, after receipt of comments from RMA and the Board regarding the Concept Proposal, a separate accounting must be provided of the actual costs incurred to make the needed corrections or revisions resulting in a Concept Proposal that is complete and of sufficient quality to send for expert review.

#### 4 Budget Requirements for Reimbursements and User Fees: Estimated Costs and Actual Costs (Continued)

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- (c) With a 508(h) submission to the Board, the submitter shall provide:
  - (i) An Actual Cost Budget showing the actual costs incurred to date in the research and development of the 508(h) submission; and
  - (ii) An Estimated Cost Budget showing the costs needed to implement the submission.
- (d) If applicable, after receipt of comments from RMA and the Board regarding the 508(h) submission, the submitter shall separately account for the actual costs to make the corrections or revisions necessary to make the 508(h) submission complete and of sufficient quality to send for expert review. These actual costs must be provided in the revised Actual Cost Budget submitted with the revised 508(h) submission.
- (e) At the Board meeting where the submission is considered for approval by the Board, the submitter shall provide:
  - (i) An Actual Cost Budget showing the actual costs incurred as of the Board meeting, including the amount of time spent responding to reviews from expert reviewers, RMA, and the Board; and
  - (ii) An Estimated Cost Budget showing the revised budget of the estimated costs to implement the submission.
- (f) As a prerequisite for the Board's consideration, with the request for reimbursement of research and development, the submitter shall provide:
  - (i) An Actual Cost Budget showing the actual costs incurred to date in the research and development of the 508(h) submission, including all supporting documentation requested in section 4(1);
  - (ii) An Actual Cost Budget showing the actual costs incurred to implement the 508(h) submission; and
  - (iii) An Estimated Cost Budget showing the estimated costs for maintenance of the product, including any costs related to:
    - (A) Any anticipated expansion;
    - (B) Anticipated changes or updates to policy materials;
    - (C) The generation of premium rates;
    - (D) The determination of prices; and
    - (E) Any other costs that the applicant anticipates will be requested for reimbursement of maintenance costs or expenses.

#### 4 Budget Requirements for Reimbursements and User Fees: Estimated Costs and Actual Costs (Continued)

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- (g) As a prerequisite for the Board's consideration, with each year's request for maintenance reimbursement, the submitter shall provide:
  - (i) An Actual Cost Budget showing the actual maintenance costs incurred, including a separate break out and identification of any tasks for maintenance that are one-time costs and will not be repeated the subsequent year, such as an expansion, major policy change, etc., including all supporting documentation requested in section 4(1).; and
  - (ii) An Estimated Cost Budget showing the estimated costs for the next year of maintenance.
- (h) To assist the Board and the submitter in tracking costs and determining reasonableness of costs, the submitter is required to notify the Board in writing when 90 percent of the estimated costs in the Estimated Cost Budget provided with the Concept Proposal, submission, or maintenance request have been expended, and actual costs are expected to be incurred that will exceed the original Estimated Cost Budget.
  - (i) The written notice provided by the submitter must include:
    - (A) A new Estimated Cost Budget for completion of the work; and
    - (B) A detailed explanation and justification as to why the total costs will be higher than the budgeted amount.
  - (ii) The Board will review the notice and provide feedback as appropriate.
  - (iii) Any costs exceeding the original estimate of costs does not mean those costs are not reasonable or justified. In the Board meeting, the submitter will be provided an opportunity to explain to the Board the basis for the increased estimated costs. After discussion with the submitter, the Board may take actions it deems appropriate regarding the necessity of additional expenditures and the viability of the product.
  - (iv) The Board understands that during the development process, unexpected issues may arise causing costs to escalate, so this requirement is not intended to discourage the efforts of submitters in bringing products to fruition. Reasonable cost overruns generally involve expenses that could not be anticipated at the time the budget was submitted, or improvements that are discovered during the research or review process.

#### 4 Budget Requirements for Reimbursements and User Fees: Estimated Costs and Actual Costs (Continued)

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**Example 1:** A product relies on NASS data. During the development process NASS announces that it will no longer collect the data. The submitter must do additional research to discover an alternative data source. The research will increase the budget for the project to an amount higher than the Board approved amount so the submitter takes a revised actual and estimated budget to the Board for discussion.

**Example 2:** The product proposal was to offer the new product in 3 states. However, after consultation with the growers, the submitter believes it will be prudent to add two more states to better serve producers and test the product. Additional listening sessions will be needed in the added states to gain the necessary underwriting information. The research will increase the budget for the project to an amount higher than the Board approved amount so the submitter takes a revised actual and estimated budget to the Board for discussion.

- (v) In accordance with section 400.705(j) of the submission regulation, failure of the submitter to provide the required notice to the Board may result in the denial of reimbursement in amounts that exceed the amount contained in the original Estimated Cost Budget.
- (6) If RMA, expert reviewers, or the Board identify specific mistakes, errors or flaws within the submission that require correction, these mistakes, errors or flaws are not reimbursable in accordance with section 400.712(f)(3)(xii). The final determination as to what is considered a mistake, error or flaw requiring a correction that may not be reimbursable will be made by the Board. Before such a decision is made, the submitters will be made aware of any mistake, error or flaw and have an opportunity to respond.
  - (a) The following types of changes will not be considered to be mistakes, errors or flaws and are expected to occur in the normal research, development and maintenance process:
    - (i) Minor or regular adjustments to the policy, premium rates, prices, or any other part of the submission;
    - (ii) Adoption of suggested reviewer improvements, although the original proposal, submission, or methods were correct, but the suggested changes or modifications would result in an improved product;
    - (iii) Changes due to RMA or Board requests to meet the needs of FCIC; and
    - (iv) Similar changes, as determined by the Board.

#### **4 Budget Requirements for Reimbursements and User Fees: Estimated Costs and Actual Costs (Continued)**

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- (b) The following changes will be considered to be mistakes, errors or flaws and may not be reimbursable:
  - (i) Changes made to correct the use of a method or methodology for which the Board has previously not approved or which is not supported by the available data;
  - (ii) Changes made to correct mathematical or other obvious errors to the extent that would not normally be expected with professional quality work;
  - (iii) Changes made to correct incorrect calculations or use of calculations that do not match the policy or data, or that does not match the policy coverage;
  - (iv) Changes incurred to make a Concept Proposal or 508(h) submission complete and of sufficient quality for review;
  - (v) Incorrect materials provided to RMA for the maintenance of a product; and
  - (vi) Similar errors, as determined by the Board.
- (c) Costs to correct mistakes, errors or flaws identified by RMA, the expert reviewers, or the Board should be contained in the Actual Cost Budget, but the amount attributable to the identified mistake, error or flaw must be noted separately in the Tracked Items Exhibit.

#### **5 User Fee Requests**

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In accordance with the requirements of section 400.712(1) and section 3(4)(b) of these procedures:

- (1) Initial user fee and two year user fee requests must include:
  - (a) An Estimated Cost and an Actual Cost Budget for the upcoming year with the budget information required in the Exhibits;
  - (b) The amount of historical maintenance reimbursements:
    - (i) For initial user fee requests provide the historical maintenance reimbursements received each year along with information showing any one-time costs that would not be repeated or expected to occur within each of those years; and
    - (ii) For the two year user fee requests provide the maintenance costs for the previous two years along with information showing any one-time costs that would not be repeated or expected to occur within each of those years.
  - (c) The insurance experience for the product, including the number of policies earning premium, liability, premium, indemnity, and loss ratio for all years the policy has been in effect;



## **5 User Fee Requests (Continued)**

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- (d) A dollar amount per policy, or a percentage of premium, proposed as a user fee to be charged to the AIPs; and
  - (e) A maximum dollar amount of user fees, covering only allowable maintenance costs in accordance with section 400.712, to be collected from all AIPs for costs for each year the user fee is in place. The maximum amount is to reflect the expected total estimated maintenance costs for the year.
- (2) For review of user fee requests required to be submitted two years after the prior review:
- (a) If the expected budget submitted in accordance with subsection (1) is at least 80 percent of the anticipated fees (the previous year's number of policies earning premium multiplied by the user fee per policy, or the previous year's amount of premium times the approved percentage of premium), the user fee will not need to be reviewed by the Board unless the submitter expressly requests review; and
  - (b) If the expected budget submitted in accordance with subsection (1) is less than 80 percent of the anticipated fee or the submitter expressly requests reconsideration of the user fee, then the Board will review the user fee amount.
- (3) Submitters may request the number of policies earning premium and premium dollars by AIP once per year from RMA, no earlier than the premium billing date for the product.
- (4) Submitters are responsible for the billing and collection of user fees from AIPs in accordance with section 400.712(1)(10). Costs associated with the collection of user fees is an allowable expense.

## **6 Appeal Process**

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The Reasonableness Procedures are matters of general applicability and not appealable to the National Appeals Division. Any decision made by the Board under the Reasonableness Procedures is appealable to the National Appeals Division in accordance with 7 C.F.R. part 11.

### **7-10 (Reserved)**

## Requests for Reimbursement or Fees: Expected Cost Budgets

The Expected Cost Budget should be used for any estimated budget, including expected Research and Development Costs (including for Advance Payment), Expected Maintenance Costs, or User Fee Requests. Expected costs are those that have not yet occurred but are expected to occur.

Use the following format and incorporate it directly into the submission document. General categories will assist the Board in determining reasonableness and more clearly allow additions or subtractions to the work to be identified by the submitter.

### Expected Cost Budget:

Worksheet Item	Label on Worksheet	Instructions
(a)	Stage of development	Enter, in the yellow space, the applicable stage of the work from the list below for the estimated costs. <ol style="list-style-type: none"> <li>1. Research &amp; Development</li> <li>2. Maintenance</li> <li>3. Implementation</li> </ol>
(b)	Work Category	Use any category that applies to the project and add any item that is needed for the submission. Use multiple lines if BLS job classifications and wage rates will vary. Categories simply give the Board an idea of the work planned for the submission. Work categories can be anything pertinent. Suggested categories are: <ol style="list-style-type: none"> <li>1. Policy Materials</li> <li>2. Rate Methodology &amp; Rates</li> <li>3. Price Methodology &amp; Prices</li> <li>4. Data Collection</li> <li>5. Consultation/Listening sessions</li> <li>6. Research</li> <li>7. Expansion</li> <li>8. Travel</li> <li>9. Other (Specify)</li> </ol>
(c)	Detailed Description of Work	Provide a detailed description of the work to be done.
(d)	Expected Hours	Provide the number of hours expected to be needed to complete the work described in (c) and allowed by section 400.712.
(e)	Expected Wage Rate	Provide the actual wage rate including benefits expected to be paid, for the work allowed in section 400.712. If multiple workers with different wage classifications or levels of a classification (I, II, III, etc), that have different wage rates will be working on a project, use separate lines to calculate expected costs.
(f)	Estimated Cost	Enter the estimated cost for the work category. These should equal (d) multiplied by (e) and rounded to 2 decimals.

**Requests for Reimbursement or Fees: Expected Cost Budgets (Continued)**

**Reporting Format for Expected Cost Budget:**

(a) Stage of Development	Expected Cost Budget			
(b) Work Category	(c) Detailed Description of Work	(d) Expected Hours	(e) Expected Wage Rate	(f) Estimated Cost
Policy Materials				
Rate Methodology & Rates				
Price Methodology & Rates				
Data Collection				
Consultation/Listening Sessions				
Research				
Expansion				
Travel				
Other (Specify)				
			<b>Total Cost:</b>	<b>\$0.00</b>

## Requests for Reimbursement or Fees: Expected Cost Budgets (Continued)

### Example of Expected Cost Budget:

Example: Note how some lines are repeated for more than one wage classification to be used.				
(a) Stage of Development	Research & Development			
Expected Cost Budget				
(b) Work Category	(c) Detailed Description of Work	(d) Expected Hours	(e) Expected Wage Rate	(f) Estimated Cost
Policy Materials	Writing of policy, underwriting handbooks, indemnity examples, and options/endorsements. Consultation w/ universities, grower groups, AIPs, and producers for underwriting information to develop insurance product.	150	\$172.00	\$25,800.00
Rate Methodology & Rates	Research and testing to select between three methods of rating, including sensitivity analysis with respect to the primary assumptions underlying each method. Running data through the selected method to calculate proposed rates.	230	\$227.00	\$52,210.00
Price Methodology & Prices	Development of a pricing methodology including reviewing timelines between data availability and product timing	110	\$243.00	\$26,730.00
Price Methodology & Prices	Research into price data that is available	100	\$129.00	\$12,900.00
Data Collection	Collect data on producer interest, loss occurrence, common marketing contracts	50	\$129.00	\$6,450.00
Consultation/Listening Sessions	Consult with producer groups. Anticipate X listening sessions, held across X states (list states).	175	\$129.00	\$22,575.00
Consultation/Listening Sessions	Consult with producer groups. Anticipate 12 listening sessions, held across four states (list states).	80	\$243.00	\$19,440.00
Research	None			
Expansion	None			
Travel	Listening sessions in X states, consultation w/ industry in X states, FCIC Board Meetings	243	\$243.00	\$59,049.00
Travel	Listening sessions in X states, consultation w/ industry in X states, FCIC Board Meetings	129	\$243.00	\$31,347.00
Other (Specify)				
Other: Project Management	Oversee personnel, establish timelines, consult with RMA	100	243	\$24,300.00
			<b>Total Cost:</b>	<b>\$280,801.00</b>

## Requests for Reimbursement or Fees: Actual Cost Budgets

The Actual Cost Budget should be used for any costs that have already been incurred for Research and Development, (including for Advance Payments), Maintenance Costs, or User Fee Requests. Actual costs are those that have already occurred.

Use the following format and incorporate it directly into the submission document. General categories will assist the Board in determining reasonableness and more clearly allow additions or subtractions to the work to be identified by the submitter.

Worksheet Item	Label on Worksheet	Instructions
(a)	Stage	Enter the applicable stage of the work in the yellow box. Costs for each stage should be kept on different worksheets. <ol style="list-style-type: none"> <li>1. Development of Concept Proposal</li> <li>2. Corrections to make a Concept Proposal Complete/Sufficient Quality</li> <li>3. Time Responding to Concept Proposal Reviews</li> <li>4. Development of 508(h) submission</li> <li>5. Corrections to make 508(h) Submission Complete/Sufficient Quality</li> <li>6. Time Responding to 508(h) Reviews</li> <li>7. Implementation work</li> <li>8. Maintenance work</li> <li>9. Expansion work</li> <li>10. Other work (track major types)</li> </ol>
(b)	Name of Person	Enter the name of the person working.
(c)	Job Classification	Classification of the Work Performed Based on the Type of Work and the BLS Classifications. See section 4.
(d)	Actual Wages and Benefits (hourly)	Enter the <b>hourly</b> actual wage rate for the employee or contractor in accordance with section 4.
(e)	Total Hours Worked	Enter the total hours worked.
(f)	Total Dollars Requested	Enter the total actual dollars. This must equal (d) multiplied by (e).
(f)-(x)	Hours for various work categories And Detailed Descriptions of the Work for each category	Of the hours worked in (e), the number spent on each category of work.  Enter a detailed description of the work performed within each work category.

**Requests for Reimbursement or Fees: Actual Cost Budgets (Continued)**

**Reporting Format for Actual Cost Budget:**

(a) Stage of Development (Enter Applicable Stage)		Development of Concept Proposal										
Actual Budget												
(b) Name of Person	(c) Job Classification	(d) Actual Wages and Benefits	(e) Total Hours Worked	(f) Total Dollars Requested	Research		Consultation		Data Collection		Marketability Assessment	
					(g) Hours	(h) Detailed Description	Hours	Detailed Description	Hours	Detailed Description	Hours	Detailed Description

Continuation of spreadsheet											
Policy and Materials		Prices (and methodology)		Rates (and methodology)		Project Management		Clerical		Other	
Hours	Detailed Description	Hours	Detailed Description	Hours	Detailed Description	Hours	Detailed Description	Hours	Detailed Description	Hours	Detailed Description

**Requests for Reimbursement or Fees: Actual Cost Budgets (Continued)**

**Example of Actual Cost Budget:**

(a) Stage of Development (Enter Applicable Stage)		Development of Concept Proposal										
Actual Budget												
(b) Name of Person	(c) Job Classification	(d) Actual Wages and Benefits	(e) Total Hours Worked	(f) Total Dollars Reimbursed	Research		Consultation		Data Collection		Marketability Assessment	
					(g) Hours	(h) Detailed Description	Hours	Detailed Description	Hours	Detailed Description	Hours	Detailed Description
Clark Kent	Economist	\$179.00	150	\$26,850.00			15	Consulted with Industry Group AZY, BTX, and YZN. Demonstrated how policy could work, resulting in minor changes to policy. Wrote summaries of results.				
Louis Lane	Actuary	\$322.00	75	\$24,150.00								
<b>Totals</b>			<b>225</b>	<b>\$51,000.00</b>	<b>0</b>		<b>15</b>		<b>0</b>		<b>0</b>	

**Requests for Reimbursement or Fees: Actual Cost Budgets (Continued)**

Continuation of spreadsheet: Name was repeated for clarity												
(b) Name of Person	Policy and Materials		Prices (and methodology)		Rates (and methodology)		Project Management		Clerical		Other	
	Hours	Detailed Description	Hours	Detailed Description	Hours	Detailed Description	Hours	Detailed Description	Hours	Detailed Description	Hours	Detailed Description
Clark Kent	63	Wrote APH policy for crop Z, using template of crop Y. Wrote FAQs.	72	Ran three models to determine if pricing methodology model was appropriate.								
Louis Lane					75	Worked with data to find the best fit model for the product. Reviewed external reviews and assisted w/ actuarial responses.						
<b>Totals</b>	<b>63</b>		<b>72</b>		<b>75</b>		<b>0</b>		<b>0</b>		<b>0</b>	



**Requests for Reimbursement or Fees: Other Costs**

Costs other than wages are reimbursable according to section 400.712. Enter the non-wage costs in the following spreadsheet.

<b>Other Expenses:</b>		
(a)	Expense Item	List any other actual costs allowed under section 400.712.
(b)	Cost	Record the actual dollar amount.
(c)	Name if Travel	Provide the name of the traveler if the actual expense is travel
(d)	Notes/Comments	Provide notes regarding the expense if needed. Specifically include notes for any costs that exceed Federal travel limits.

**Reporting Format for Other Costs:**

<b>Other Costs:</b>			
<b>(a) Expense Item</b>	<b>(b) Cost</b>	<b>(c) Name of Person, if Travel</b>	<b>(d) Notes/Comments</b>

**Example of Other Costs:**

<b>Other Costs:</b>			
<b>(a) Expense Item</b>	<b>(b) Cost</b>	<b>(c) Name of Person, if Travel</b>	<b>(d) Notes/Comments</b>
Office Supplies	\$540.00		Materials for listening sessions
Postage	\$233.00		Letters for listening sessions
Travel	\$340.00	Sam Hill	Plane ticket to Moretown, OR for listening session
Travel	\$223.00	Sam Hill	Meals at Moretown, OR-Listening session
Travel	\$223.00	Sam Hill	Rental Car at Moretown, OR-listening session

**Requests for Reimbursement or Fees: Tracked Costs**

Some costs may require special handling. These include costs incurred because RMA or the Board has asked a submitter to do a task, or if errors that may be non-reimbursable have occurred. Additionally, one-time costs need to be tracked to allow them to be removed from maintenance costs for the calculation of reasonable user fees. These costs WILL SHOW UP in the Actual Cost and Other Cost spreadsheets but are also tracked in the following spreadsheet.

<b>Tracked Costs: Anything listed in this section would also be accounted for within the two sections above.</b>		
(a)	Work Project Item	List any specific work item that meets the needs for tracking as (1) RMA/Board requested work, (2) a one-time expense, or (3) a correction of an error.
(b)	Detailed Description of work	Describe the work listed in (a). Provide details so it is recognizable for discussion.
(c)	Dollar Amount of RMA or Board Requested Work	Enter the dollar amount of work completed at the request or direction of RMA or the Board, and that is outside the work that would have normally been done for the submission.
(d)	Dollar Amount of One-Time Cost	Enter the dollar amount of any work that would not need to be repeated to maintain the product (For example, reports that are no longer required, collection of data that will not need to be repeated, or expansions that are complete.).
(e)	Dollar Amount of Error	Enter the dollar amount of any work that classifies as being for a correction of an error. These can be found in section 4 or will be noted by the Board.
(f)	Actual Budget Work Category	Report the column the costs are reported in on the Actual Budget: Including: Research, Consultation, Data Collection, Marketability Assessment, Policy & Materials, Prices & Methodology, Rates & Methodology, Project Management, Clerical, or Other Categories that were added.

**Requests for Reimbursement or Fees: Tracked Costs (Continued)**

**Reporting Format for Tracked Costs:**

Tracked Costs					
(a) Work Project Item	(b) Detailed Description of Work	(c) Dollar Amount of RMA or Board Requested Work	(d) Dollar Amount of One-Time Cost	(e) Dollar Amount of Error	(f) Actual Budget Work Category

**Example of Other Costs:**

Tracked Costs					
(a) Work Project Item	(b) Detailed Description of Work	(c) Dollar Amount of RMA or Board Requested Work	(d) Dollar Amount of One-Time Cost	(e) Dollar Amount of Error	(f) Actual Budget Work Category
Implemented Product Error	Calculation errors when providing prices to RMA-work was redone			\$3,000.00	Prices & Methodology
Policy language	used endorsement instead of putting language in policy per RMA	\$1,500.00			