

2019 President's Budget  
Risk Management Agency

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## RISK MANAGEMENT AGENCY

### Purpose Statement

The Risk Management Agency (RMA) was established under provisions of the Federal Agriculture Improvement and Reform Act of 1996 (1996 Act), P.L. 104-127, enacted April 4, 1996. This Act required that the Secretary establish within the Department an independent office responsible for supervision of the Federal Crop Insurance Corporation (FCIC). RMA provides administration and oversight of programs authorized under the Federal Crop Insurance Act (7 U.S.C. 1501 et seq.), including a variety of actuarially sound crop and livestock insurance products and funding for risk management education programs. The Mission of the Risk Management Agency is serving America's agricultural producers through effective, market-based risk management tools to strengthen the economic stability of agricultural producers and rural communities.

Over the past seven decades, Federal crop insurance has been the primary product provided by the FCIC/RMA and consists of various alternatives designed to support the economic stability of agriculture. Legislation, including the current Farm Bill, has prompted significant program growth and the development of many large and complex new programs. RMA continuously strives to provide adequate risk protection opportunities for our Nation's agricultural producers as well as identify and address concerns about Federal crop insurance.

RMA monitors, evaluates, reviews, and updates risk management products; reviews and implements private sector products approved by the FCIC Board of Directors to be reinsured by FCIC; and ensures delivery of these products to agricultural producers. Risk management products can help producers protect themselves from yield risks, market risks, or both. Examples of recent enhancements to the crop insurance program include the Supplemental Coverage Option, the Stacked Income Protection Program, expanded Whole Farm Revenue Protection, new and expanded beginning farmer and rancher provisions, Actual Production History Yield Exclusion Options, coverage levels and enterprise units by irrigation practice provisions, improved and expanded coverage for organic producers, expanded forage options, conservation compliance requirements, and trend adjusted Actual Production History. Education and non-insurance risk management assistance initiatives and tools further contribute to producers' ability to better protect their financial conditions. Through the use of these tools, agricultural producers have available a cost-effective means of managing their risk and are able to better help sustained the rural economy.

As of September 30, 2017, RMA had 463 full-time permanent employees located throughout the Nation as follows: 68 in Washington, D.C. Headquarters; 181 in Kansas City, MO national office; with the remaining 214 located in ten Insurance Services Regional Offices (ROs) and six Regional Compliance Offices (RCOs).

Major RMA functional areas include: 1) Program Administration including the FCIC Board of Directors; 2) Product Management; 3) Insurance Services including ROs located in: Billings, Montana; Jackson, Mississippi; Oklahoma City, Oklahoma; Raleigh, North Carolina; Davis, California; St. Paul, Minnesota; Spokane, Washington; Springfield, Illinois; Topeka, Kansas; and Valdosta, Georgia; and 4) Compliance including RCOs located in: Dallas, Texas; Indianapolis, Indiana; Kansas City, Missouri; Raleigh, North Carolina; Davis, California; and St. Paul, Minnesota.

RISK MANAGEMENT AGENCY

OIG Reports - Completed

# 05601-001-31	9/10/2013	Prevented Planting- assessed whether RMA established adequate management controls, policies, and procedures related to the preventing planting provisions of the Federal Crop Insurance Program.
# 05401-007-11	11/7/2016	FCIC RMA Financial Statements for FY2015/2016- OIGs objectives were to determine whether (1) the financial statements present information fairly, in all material respects, and in accordance with generally accepted accounting principles; (2) internal control objectives over financial reporting were met; (3)FCIC/RMA complies with applicable laws and regulations; and (4) information was materially consistent with other sources.
# 05401-0005-11	11/10/2015	FCIC RMA Financial Statements for FY 2014/2015- OIGs objectives were to determine whether (1) the financial statements present information fairly, in all material respects, and in accordance with generally accepted accounting principles; (2) internal control objectives over financial reporting were met; (3)FCIC/RMA complies with applicable laws and regulations; and (4) information was materially consistent with other sources.
# 50024-009-11	12/21/2015	Crop Insurance Compliance Case Management- OIG's objective was to evaluate RMA's crop insurance compliance case management. Specifically, we examined the adequacy and effectiveness of RMA's processes related to (1) establishing cases; (2) monitoring and tracking cases; (3) monitoring and tracking findings; and (4) final disposition of cases.
# 50024-0011-11	5/10/2017	USDA's FY 2016 Compliance with Improper Payment Requirements- OIG objectives will be to review the Department of Agriculture's (USDA) fiscal year 2016 Annual Financial Report and accompanying information to determine whether the agency is compliant with the improper payment requirements. In addition, we will evaluate USDA's accuracy and completeness of reporting, and the Department's performance in reducing and recapturing improper payments. For agencies that have high-priority programs, we will evaluate the agency's assessment of the level of risk associated with the high-priority programs and the quality of the improper payment estimates and methodology; determine the extent of oversight warranted; and provide the agency head with recommendations, if any, for modifying the agency's methodology, promoting continued program access and participation, or maintaining adequate internal controls.
# 05601-0001-22	4/30/2015	NPOR National Program Operation Review- OIG assessed whether RMA's NPORs reasonably determine if the AIPs are substantially in compliance with laws, regulations, and the SRA.
# 17-501/361639	8/24/2017	Crop Insurance: Opportunities Exist to Improve Program Delivery and Reduce Costs -OIG was asked to examine (1) the changes in expense payments to companies due to the cap, (2) the extent to which the program's target rate of return reflects market conditions, and (3) opportunities for the federal government to reduce its delivery costs for the program.

OIG Reports - In Progress

	<u>Audit Start Date</u>	
# 50024-0012-11	1/26/2017	Fiscal Year 2016 Executive Order 13520, Reducing Improper Payments, High Dollar Overpayments Report Review- OIG's audit objectives are to review the Department of Agriculture's (USDA) fiscal year 2016 quarterly high-dollar overpayments reports and to assess the level of risk associated with the applicable programs, determine the extent of oversight warranted, and provide the Secretary of Agriculture with recommendations, if any, for modifying USDA's recovery and corrective action plans.
# 03601-002-21	10/19/2016	Agriculture Risk Coverage and Price Loss Coverage Programs – Survey-OIG's objectives will be to evaluate the Farm Service Agency's (FSA) implementation of the Agriculture Risk Coverage (ARC) and Price Loss Coverage (PLC) programs, as required by provisions in the Agricultural Act of 2014. Specifically, we plan to determine the adequacy of FSA's controls over these programs, including the calculation of base acres and program payments.

RISK MANAGEMENT AGENCY

OIG Reports - In Progress

	<u>Audit Start Date</u>	
# 50024-0011-11	12/1/2016	USDA's Fiscal Year 2016 Compliance with Improper Payment Requirements- OIG objectives will be to review the Department of Agriculture's (USDA) fiscal year 2016 Annual Financial Report and accompanying information to determine whether the agency is compliant with the improper payment requirements. In addition, we will evaluate USDA's accuracy and completeness of reporting, and the Department's performance in reducing and recapturing improper payments. For agencies that have high-priority programs, we will evaluate the agency's assessment of the level of risk associated with the high-priority programs and the quality of the improper payment estimates and methodology; determine the extent of oversight warranted; and provide the agency head with recommendations, if any, for modifying the agency's methodology, promoting continued program access and participation, or maintaining adequate internal controls.
# 50024-0001-22	12/15/2016	CIGIE Purchase Card Initiative - USDA Controls over Purchase Card Use- OIG's objectives will be to review the supporting documentation for a sample of Department of Agriculture's (USDA) purchase card payments identified as potentially illegal, improper, or erroneous. Additionally, we will review the Department and applicable agencies' key internal controls designed to prevent such purchase card transactions from occurring.
# 05401-0009-11	2/3/2017	Federal Crop Insurance Corporation/Risk Management Agency's Financial Statements for Fiscal Years 2017 and 2016- OIG's objective is to express an opinion as to whether FCIC/RMA's financial statements are fairly presented, in all material respects, in accordance with accounting principles generally accepted in the United States (U.S.). Other objectives of the financial statement audits include identifying significant deficiencies and material weaknesses in internal control that come to our attention, reporting whether FCIC/RMA's financial management systems substantially comply with the requirements of the Federal Financial Management Improvement Act (FFMIA) as of September 30, 2017, and providing results of our tests on FCIC/RMA's compliance with selected provisions of laws and regulations.
# 05601-0001-41	2/14/2017	Indemnity Payments to Pistachio Producers- OIG's objectives will be to determine if (1) producers accurately reported production of pistachio harvests, (2) pistachio crop insurance claims were adjusted in accordance with the Risk Management Agency (RMA) procedures, and (3) indemnity payments to producers were accurate.
# 11401-0002-31	5/9/2017	Annual Review – Agreed-Upon Procedures: Employee Benefits, Withholdings, Contributions, and Supplemental Semiannual Headcount Reporting Submitted to the Office of Personnel Management - OIG is conducting a review, as required by the Office of Management and Budget's Bulletin No.15-02, Section 11, of the Agreed-Upon Procedures, of the National Finance Center's payroll database information. We randomly selected a sample of employees from the databases and are requesting information relating to the withholdings for Retirement, Health Benefits, and Life Insurance. We will verify that the employee has the correct pay, retirement deduction, health benefit deduction, and life insurance deduction in three separate pay periods. For each employee selected, please provide all of the forms listed below that are in effect for each of the following pay periods: pay period 17 (August 21, 2016 – September 03, 2016), pay period 26 (December 25, 2016 – January 07, 2017), and pay period 04 (February 19 – March 04, 2017). This might require multiple documents if changes were made between these pay periods.

RISK MANAGEMENT AGENCY

Available Funds and Staff Years (SYs)  
(Dollars in thousands)

Item	2016 Actual		2017 Actual		2018 Estimate		2019 President's Budget	
	Amount	SYs	Amount	SYs	Amount	SYs	Amount	SYs
Salaries and Expenses:								
Discretionary Appropriations.....	\$74,829	476	\$74,829	474	\$74,321	476	\$37,942	394
Federal Crop Insurance Fund								
Mandatory Appropriations.....	4,868,128	-	5,101,000	-	8,913,000	-	8,701,000	-
Sequestration.....	-4,046	-	-4,106	-	-4,106	-	-	-
Transfers In.....	12,107	-	11,771	-	12,765	-	33,000	-
Transfers Out.....	-13,069	-	-13,731	-	-13,765	-	-14,000	-
Adjusted Appropriation.....	4,937,949	476	5,169,763	474	8,982,215	476	8,757,942	394
Balance Available, SOY.....	570,000	-	575,000	-	577,000	-	577,000	-
Other Adjustments (Net).....	3,764,000	-	3,677,000	-	3,786,000	-	3,660,000	-
Total Available.....	9,271,949	476	9,421,763	474	13,345,215	476	12,994,942	394
Lapsing Balances.....	-700	-	-768	-	-	-	-	-
Balance Available, EOY.....	-575,000		-577,000		-581,000		-605,000	
Obligations.....	8,696,249	476	8,843,995	474	12,764,215	476	12,389,942	394
Total, RMA.....	8,696,249	476	8,843,995	474	12,764,215	476	12,389,942	394

RISK MANAGEMENT AGENCY  
Permanent Positions by Grade and Staff Year Summary

Item	2016 Actual			2017 Actual			2018 Estimate			2019 President's Budget		
	D.C.	Field	Total	D.C.	Field	Total	D.C.	Field	Total	D.C.	Field	Total
SES.....	6	1	7	5	1	6	6	1	7	3	1	4
GS-15.....	9	5	14	9	5	14	9	5	14	5	5	10
GS-14.....	9	41	50	11	42	53	11	45	56	6	44	50
GS-13.....	31	166	197	28	178	206	29	185	214	20	145	165
GS-12.....	6	105	111	5	100	105	5	100	105	5	90	95
GS-11.....	2	23	25	2	19	21	2	19	21	2	13	15
GS-10.....	1		1	1	-	1	1	-	1	1	-	1
GS-9.....	3	22	25	4	21	25	4	21	25	3	18	21
GS-8.....	6	2	8	5	2	7	5	2	7	5	2	7
GS-7.....	2	26	28	1	17	18	1	17	18	1	17	18
GS-6.....	-	1	1	-	1	1	-	1	1	-	1	1
GS-5.....	-	2	2	-	1	1	-	1	1	-	1	1
GS-4.....	1	1	2	-	-	-	-			-		
GM-14.....	-	1	1	-	1	1	-	1	1	-	1	1
Ungraded Positions.....		2	2	-	2	2	-	5	5	-	5	5
Total Perm. Positions.....	76	398	474	71	390	461	73	403	476	51	343	394
Unfilled, EOY....	-	-		2	-	2	-	-	-	-	-	-
Total, Perm. Full-Time Employment, EOY.....	76	398	474	73	390	463	73	403	476	51	343	394
Staff Year Est....	76	398	476	78	396	474	73	403	476	51	343	394

RISK MANAGEMENT AGENCY  
Size, Composition, and Operating Costs of Vehicle Fleet

Fiscal Year	Number of Vehicles by Type *							Annual Operating Costs (\$ in 000) **	
	Sedans and Station Wagons	Light Trucks, SUVs, and Vans		Medium Duty Vehicles	Ambulances	Buses	Heavy Duty Vehicles		Total Number of Vehicles
		4x2	4x4						
2016	-	3	3	-	-	-	-	6	\$28
Change	-	-2	-	-	-	-	-	-2	2
2017	-	1	3	-	-	-	-	4	30
Change	-	-	-	-	-	-	-	-	0
2018	-	1	3	-	-	-	-	4	30
Change	-	-	-	-	-	-	-	-	-1
2019	-	1	3	-	-	-	-	4	29

(\* Numbers include vehicles owned by the agency and leased from commercial sources or GSA.)

NOTES:

These vehicles are assigned to RMA Regional Office (RO) and Regional Compliance Office (RCO). Each RO and RCO is assigned a geographical area within the United States to perform monitoring, oversight, and underwriting activities of the Federal crop insurance program. These vehicles are used to perform site visits of crops and/or inspections of crop losses. Also, they are used to attend conferences and meetings related to the agency's mission. For these vehicles leased from GSA, RMA relies upon GSA to supply the agency with alternative-fueled vehicles as required by law.

RISK MANAGEMENT AGENCY  
Shared Funding Projects  
(Dollars in thousands)

	2016	2017	2018	2019
	<u>Actual</u>	<u>Actual</u>	<u>Estimate</u>	<u>President's Budget</u>
<b>Working Capital Fund:</b>				
HR Enterprise System Management.....	\$4	\$4	\$5	\$7
Integrated Procurement Systems.....	16	16	20	20
Mail and Reproduction Services.....	53	71	58	58
Materiel Management Service Center.....	16	18	16	17
Procurement Operations Division.....	0	-	-	-
Subtotal.....	89	109	99	102
Correspondence Management.....	29	32	29	31
Creative Media and Broadcast Center.....	29	27	26	33
Subtotal.....	58	59	55	64
Financial Management Services.....	331	407	384	391
Internal Control Support Services.....	132	154	150	150
National Finance Center.....	74	122	135	137
Subtotal.....	537	683	669	678
Client Technology Service.....	153	411	433	436
National Information Technology Center.....	107	177	164	164
Enterprise Network Services.....	104	378	305	464
Subtotal.....	364	966	902	1,064
Total, Working Capital Fund.....	1,048	1,817	1,725	1,909
<b>Departmental Shared Cost Programs:</b>				
1890 USDA Initiatives.....	13	16	16	16
Classified National Security Information.....	3	3	7	7
Continuity of Operations Planning.....	9	9	9	9
Emergency Operations Center.....	10	10	10	10
Facility and Infrastructure Review and Assessment.....	2	2	2	2
Faith-Based & Neighborhood Partnerships.....	2	2	2	2
Hispanic-Serving Institutions National Program.....	8	9	8	8
Human Resources Transformation.....	7	7	7	7
Identity & Access Management (HSPD-12).....	28	30	29	29
Medical Services.....	6	5	7	7
People's Garden.....	3	3	3	3
Personnel Security Branch (was PDSD).....	14	11	8	8
Preauthorized Funding.....	15	19	16	16
Retirement Processor Web Application.....	2	3	3	3
TARGET Center.....	6	6	6	6
USDA 1994 Program.....	3	4	3	3
Virtual University.....	9	9	8	8
Total, Departmental Shared Cost Programs.....	140	148	144	144

RISK MANAGEMENT AGENCY

Shared Funding Projects  
(Dollars in thousands)

	2016	2017	2018	2019
	<u>Actual</u>	<u>Actual</u>	<u>Estimate</u>	<u>President's Budget</u>
<b>E-Gov:</b>				
Enterprise HR Integration.....	8	8	9	9
E-Training (moved to WCF in FY2017).....	12	0	0	0
Financial Management LOB.....	1	1	1	1
HR Management LOB.....	1	1	1	1
Integrated Acquisition Environment.....	6	1	1	1
Disaster Assistance Improvement Plan.....	3	5	5	5
E-Rulemaking.....	11	23	28	24
Geospatial LoB.....	7	13	13	13
Gov Benefits.....	9	12	13	13
Grants.gov.....	0	0	0	2
Total, E-Gov.....	59	65	72	69
Agency Total.....	<u>1,247</u>	<u>2,029</u>	<u>1,941</u>	<u>2,122</u>

RISK MANAGEMENT AGENCY  
SALARIES AND EXPENSES

The estimates include appropriation language for this item as follows (new language underscored; deleted matter enclosed in brackets):

Salaries and Expenses:

- For necessary expenses of the Risk Management Agency, [~~\$74,829,000~~] \$37,942,000: Provided, That not to exceed \$1,000 shall be available for official reception and representation expenses, as authorized by 7 U.S.C. 1506(i). In addition, \$20,000,000 is appropriated for purposes under this heading: *Provided*, That notwithstanding 7 U.S.C. 1508(b)(5) and 7 U.S.C. 1508(c)(10), the first \$20,000,000 of the amounts collected in fiscal year 2019 pursuant to 7 U.S.C. 1508(b)(5) and 7 U.S.C. 1508(c)(10) shall be credited to the appropriation under this heading: *Provided further*, That the additional amount appropriated in this paragraph from the general fund shall be reduced as such as offsetting collections are received during fiscal year 2019, so as to result in a fiscal year 2019 appropriation from the general fund estimated at \$0.
- 1/ The First Change: Allows the \$20 million in Insurance Policy Fees to be spent directly out of the Risk Management Agency Salaries and Expenses Account rather than the Federal Crop Insurance Fund.

Lead-Off Tabular Statement

Budget Estimate, 2019.....	\$37,942,000
2018 Annualized Continuing Resolution.....	<u>74,321,000</u>
Change in Appropriation.....	<u><u>-36,379,000</u></u>

RISK MANAGEMENT AGENCY  
SALARIES AND EXPENSES

Project Statement  
Adjusted Appropriations Detail and Staff Years (SYs)  
(Dollars in thousands)

Program	2016 Actual		2017 Actual		2018 Estimate		Inc. or Dec.		2019 President's Budget	
	Amount	SYs	Amount	SYs	Amount	SYs	Amount	SYs	Amount	SYs
Discretionary Appropriations:										
Salaries and Expenses.....	\$74,829	476	\$74,829	474	\$74,321	476	-\$36,379	(1) -82	\$37,942	394
Transfers In:										
Cong. Relations.....	38	-	40	-	-	-	-	-	-	-
FCIA Farm Bill.....	8,069	-	8,731	-	8,765	-	+235	-	9,000	-
Crop Insurance Fees.....	-	-	-	-	-	-	+20,000	-	20,000	-
Subtotal.....	8,107	476	8,771	474	8,765	476	+20,235	-82	29,000	394
Total Available.....	82,936	476	83,600	474	83,086	476	-16,144	-82	66,942	394
Lapsing Balances.....	-700	-	-768	-	-	-	-	-	-	-
Total Obligations.....	82,236	476	82,832	474	83,086	476	-16,144	-82	66,942	394

Project Statement  
Obligations Detail and Staff Years (SYs)  
(Dollars in thousands)

Program	2016 Actual		2017 Actual		2018 Estimate		Inc. or Dec.		2019 President's Budget	
	Amount	SYs	Amount	SYs	Amount	SYs	Amount	SYs	Amount	SYs
Discretionary Obligations:										
Salaries and Expenses.....	\$82,236	476	\$82,832	474	\$83,086	476	-\$16,144	-82	\$66,942	394
Lapsing Balances.....	700	-	768	-	-	-	-	-	-	-
Total Available.....	82,936	476	83,600	474	83,086	476	-16,144	-	66,942	394
Transfers In.....	-8,107	-	-8,771	-	-8,765	-	-20,235	-	-29,000	-
Total Appropriation.....	74,829	476	74,829	474	74,321	476	-36,379	-82	37,942	394

RISK MANAGEMENT AGENCY  
SALARIES AND EXPENSES

Justification of Increases and Decreases

- (1) A net decrease of \$36,379,000 in administrative, operating and activities directed at achieving the RMA mission, goals, and objectives (\$74,829,000 and 476 staff years available in 2018).

Base funds will allow RMA to continue serving America's agricultural producers through effective, market-based risk management tools and solutions to strengthen the economic stability of agricultural producers and rural communities. RMA will continue to provide world class agricultural risk management products, tools, education, and outreach. In addition to the activities and functions specifically described in the budget request, current year and budget year base funds will be used to carry out activities and functions consistent with the full range of authorities and activities delegated to the agency.

Farmers and ranchers rely upon crop insurance to protect them from the inherently risky business of agricultural production. America relies on the Federal crop insurance program to assist in keeping an abundant supply of food, and fiber flowing from farms and ranches, and to help ensure food security for the Nation. RMA works to ensure the actuarial soundness of agricultural crop insurance products and enhance efforts to uncover and prevent waste, fraud, and abuse in the program.

The funding change is requested for the following items:

- a) A decrease of \$17,058,000 in operating expenses.  
In September of 2017, The Secretary announced the formation of a Food Production and Conservation (FPAC) Business Center (FBC), to centralize administrative and information technology operations within the newly formed FPAC mission area. FBC will be responsible for financial management, budgeting, human resources, information technology, acquisitions/procurement, customer experience, internal controls, risk management, strategic and annual planning, and other mission-wide activities. Personnel and funding from the FPAC agencies will be transferred to staff and fund the FBC in 2019.
- b) A decrease of \$19,321,000 in operating expenses.  
The Budget request reduces \$19,321,000 in operating expenses from this account that is offset by the use of \$19,321,000 in fees in the FCIC account to be used on administrative and operating expenses.

RISK MANAGEMENT AGENCY  
Geographic Breakdown of Obligations and Staff Years  
(Dollars in thousands and Staff Years (SYs))

State/Territory	2016 Actual		2017 Actual		2018 Estimate		2019 President's Budget	
	Amount	SYs	Amount	SYs	Amount	SYs	Amount	SYs
California.....	\$3,082	26	\$2,915	25	\$2,982	25	\$3,489	25
District of Columbia.....	38,909	80	40,711	73	41,078	74	32,478	38
Georgia.....	1,227	14	1,269	14	1,298	14	1,298	14
Illinois.....	1,601	13	1,326	13	1,356	13	1,356	13
Indiana.....	1,423	16	1,424	16	1,457	16	1,457	16
Kansas.....	1,276	13	1,531	13	1,566	13	1,566	13
Louisiana.....	174	1	132	1	135	1	135	1
Michigan.....	-	-	121	1	124	1	124	1
Minnesota.....	3,611	34	3,345	32	3,422	32	3,422	32
Mississippi.....	1,555	10	1,194	10	1,221	10	1,221	10
Missouri.....	19,571	177	19,426	187	19,298	187	11,504	142
Montana.....	1,681	15	1,567	15	1,603	15	1,603	15
North Carolina.....	3,369	30	3,130	27	3,202	27	2,945	27
North Dakota.....	111	1	224	2	229	2	229	2
Oklahoma.....	955	13	1,089	10	1,114	10	1,114	10
Tennessee.....	-	-	135	1	138	1	138	1
Texas.....	2,192	20	1,518	20	1,553	20	1,553	20
Washington.....	1,499	13	1,682	13	1,214	13	1,214	13
West Virginia.....	-	-	93	1	95	1	95	1
Obligations.....	82,236	476	82,832	474	83,086	476	66,942	394
Lapsing Balances.....	-700	-	768	-	-	-	-	-
Total, Available.....	82,936	476	83,600	474	83,086	476	66,942	394

RISK MANAGEMENT AGENCY

Classification by Objects  
(Dollars in thousands)

	2016	2017	2018	2019
	Actual	Actual	Estimate	President's Budget
<b>Personnel Compensation:</b>				
Washington D.C.....	\$9,328	\$8,601	\$8,808	\$5,512
Field.....	37,222	37,762	\$38,670	29,996
11 Total personnel compensation.....	46,550	46,363	47,478	35,508
12 Personal benefits.....	14,663	15,138	15,655	15,655
13.0 Benefits for former personnel.....	13	13	13	13
Total, personnel comp. and benefits.....	61,226	61,514	63,146	51,176
<b>Other Objects:</b>				
21.0 Travel and transportation of persons.....	1,795	1,482	1,400	1,432
22.0 Transportation of things.....	40	45	46	47
23.1 Rental payments to GSA.....	2,894	2,983	3,002	3,271
23.2 Rental payments to others.....	250	271	277	284
23.3 Communications, utilities, and misc. charges....	800	1,071	800	818
24.0 Printing and reproduction.....	22	15	15	16
25.1 Advisory and assistance services.....	2,438	2,449	2,050	1,944
25.3 Other purchases of goods and services from Federal sources.....	4,500	4,519	3,861	1,950
25.4 Operation and maintenance of facilities.....	200	225	228	233
25.7 Operation and maintenance of equipment.....	7,151	7,273	7,281	4,768
25.8 Subsistence and support of persons.....	250	250	250	256
26.0 Supplies and materials.....	170	191	185	189
31.0 Equipment.....	500	544	545	558
Total, Other Objects.....	21,010	21,318	19,940	15,766
99.9 Total, new obligations.....	82,236	82,832	83,086	66,942
DHS Building Security (included above in 25.3).....	\$400	\$413	\$420	\$425
<b>Position Data:</b>				
Average Salary (dollars), ES Position.....	167,605	178,072	182,168	186,358
Average Salary (dollars), GS Position.....	89,057	91,462	93,566	95,718
Average Grade, GS Position.....	12.1	12.3	12.3	12.3

RISK MANAGEMENT AGENCY  
FEDERAL CROP INSURANCE CORPORATION FUND

The estimates include appropriation language for this item as follows (new language underscored; deleted matter enclosed in brackets):

Federal Crop Insurance Corporation Fund:

For payments as authorized by section 516 of the Federal Crop Insurance Act (7 U.S.C. 1516), such sums as may be necessary, to remain available until expended.

Lead-Off Tabular Statement

Budget Estimate, 2019.....	\$8,701,000,000
2018 Annualized CR.....	8,913,000,000
Change in Appropriation.....	<u><u>-212,000,000</u></u>

RISK MANAGEMENT AGENCY  
FEDERAL CROP INSURANCE CORPORATION FUND

Project Statement  
Adjusted Appropriations Detail and Staff Years (SYs)  
(Dollars in thousands)

Program	2016 Actual		2017 Actual		2018 Estimate		Inc. or Dec.		2019 President's Budget	
	Amount	SYs	Amount	SYs	Amount	SYs	Amount	SYs	Amount	SYs
<b>Mandatory Appropriations:</b>										
Premium Subsidy.....	1,503,769	-	939,000	-	6,365,000	-	-204,000	-	6,161,000	-
Delivery Expense.....	1,470,660	-	1,488,978	-	1,355,000	-	-	-	1,355,000	-
Underwriting Gain.....	1,833,995	-	2,593,914	-	1,101,000	-	+20,000	-	1,121,000	-
Other Mandatory (Farm Bill).....	39,704	-	61,629	-	72,000	-	-8,000	-	64,000	-
Subtotal.....	4,848,128	-	5,083,521	-	8,893,000	-	-192,000	-	8,701,000	-
Crop Insurance Fees.....	20,000	-	17,479	-	20,000	-	-20,000	-	-	-
Subtotal.....	20,000	-	17,479	-	20,000	-	-20,000	-	-	-
Total Appropriation.....	4,868,128	-	5,101,000	-	8,913,000	-	-212,000 (1)	-	8,701,000	-
<b>Transfers In:</b>										
AMA Funding.....	4,000	-	3,000	-	4,000	-	-	-	4,000	-
Total.....	4,000	-	3,000	-	4,000	-	-	-	4,000	-
<b>Transfers Out:</b>										
NIFA.....	-5,000	-	-5,000	-	-5,000	-	-	-	-5,000	-
RMA S&E.....	-8,069	-	-8,731	-	-8,765	-	-235	-	-9,000	-
Subtotal.....	-13,069	-	-13,731	-	-13,765	-	-235	-	-14,000	-
Sequestration.....	-4,046	-	-4,106	-	-4,983	-	+4,983	-	-	-
Transfers and Seq. (Net).....	-13,115	-	-14,837	-	-14,748	-	4,748	-	-10,000	-
Total Adjusted Appropriation.....	4,855,013	-	5,086,163	-	8,898,252	-	-207,252	-	8,691,000	-
Bal. Available, SOY.....	570,000	-	575,000	-	577,000	-	-	-	577,000	-
Recoveries, Other (Net).....	3,764,000	-	3,677,000	-	3,786,000	-	-126,000	-	3,660,000	-
Total Available.....	9,189,013	-	9,338,163	-	13,261,252	-	-333,252	-	12,928,000	-
Bal. Available, EOY.....	-575,000	-	-577,000	-	-581,000	-	-24,000	-	-605,000	-
Total Obligations.....	8,614,013	-	8,761,163	-	12,680,252	-	-357,252	-	12,323,000	-

Obligations Detail and Staff Years (SYs)  
(Dollars in thousands)

Program	2016 Actual		2017 Actual		2018 Estimate		Inc. or Dec.		2019 President's Budget	
	Amount	SYs	Amount	SYs	Amount	SYs	Amount	SYs	Amount	SYs
<b>Mandatory Obligations:</b>										
Indemnities.....	5,276,039	-	4,599,163	-	10,146,916	-	-363,916	-	9,783,000	-
Delivery Expense.....	1,460,051	-	1,488,978	-	1,355,400	-	-400	-	1,355,000	-
Underwriting Gain.....	1,833,994	-	2,593,914	-	1,101,364	-	+19,636	-	1,121,000	-
Federal Crop Insurance Act Initiatives..	39,704	57	61,629	-	57,892	-	+6,108	-	64,000	-
Program Related IT.....	4,225	-	17,479	-	18,680	-	-18,680	-	-	-
Subtotal.....	8,614,013	57	8,761,163	-	12,680,252	-	-357,252	-	12,323,000	-
Total Obligations.....	8,614,013	57	8,761,163	-	12,680,252	-	-357,252	-	12,323,000	-
Bal. Available, EOY.....	575,000	-	577,000	-	581,000	-	10,000	-	605,000	-
Total Available.....	9,189,013	57	9,338,163	-	13,261,252	-	-333,252	-	12,928,000	-
Transfers In.....	-4,000	-	-3,000	-	-4,000	-	-	-	-4,000	-
Transfers Out.....	13,069	-	13,731	-	13,765	-	235	-	14,000	-
Sequestration.....	4,046	-	4,106	-	4,983	-	-4,983	-	-	-
Bal. Available, SOY.....	-570,000	-	-575,000	-	-577,000	-	-	-	-577,000	-
Other Adjustments (Net).....	-3,764,000	-	-3,677,000	-	-3,786,000	-	126,000	-	-3,660,000	-
Total Appropriation.....	4,868,128	57	5,101,000	-	8,913,000	-	-212,000	-	8,701,000	-

RISK MANAGEMENT AGENCY  
FEDERAL CROP INSURANCE CORPORATION FUND  
Justification

- (1) A decrease of \$212,000,000 is estimated for the Federal Crop Insurance Corporation (FCIC) Fund, (\$8,913,000,000 available in 2018).

Base funding supports RMA's mission to serve America's agricultural producers through effective, market-based risk management tools and solutions to strengthen the economic stability of agricultural producers and rural communities. Continuation of the program is critical if the agency is to continue to provide an actuarially sound risk management program.

The FCIC provides an actuarially sound risk management program that protects against agricultural production losses due to multi-peril risks such as drought, excessive moisture, hail, wind, hurricane, tornado, lightning, and insects.

The funding change is requested for the following items:

Premium subsidy is the amount of total premium paid by FCIC on behalf of producers. The cost to FCIC is driven by the price of commodities it insures. Commodity prices for several of the major crops are expected to decrease from their 2018 levels, which decreases the value of insurance and in turn, decreases premium subsidies paid by FCIC. Fiscal year 2019 estimate is budgeted at a 1.0 loss ratio.

Underwriting gains are a reinsured company's share of net book premium that exceeds their share of net losses (indemnities). Underwriting gains for the program as a whole are expected to increase based on higher estimated retained premium in 2019, which is premium retained by companies after FCIC reinsurance.

The 2014 Farm Bill contained the following provision that will expire at the end of Fiscal Year 2018:

- Funding for Information Technology Section 516(c)(i)(II) \$14,000,000
- Funding for Pilot Program: Underserved Crops and Regions Section 523(a) \$12,500,000

RISK MANAGEMENT AGENCY  
FEDERAL CROP INSURANCE CORPORATION FUND

Summary of Proposed Legislation

The 2019 Budget includes three proposals that are designed to optimize the current crop insurance program so that it will continue to provide a quality safety net at a lower cost, as well as introduce a measure of means testing to the beneficiaries of the crop insurance subsidies.

Program: Federal Crop Insurance Corporation Fund  
 Proposal: Better Control Underwriting Gains to Insurance Companies: The Budget proposes to reduce the generous subsidies provided to participating insurance companies by placing a "cap" on underwriting gains at 12 percent. A USDA commissioned study found that when compared to other private companies, crop insurance companies rate of return should be around 12 percent, but that it is currently expected to be 14 percent. The Proposal will ensure that participating crop insurance companies receive a reasonable rate of return given the risks associated with their participation in the crop insurance rate of return given the risk associated with their participation in the crop insurance program. This proposal will save \$3 billion over the next 10 years.

	2019	2020	2021	2022	2023
Budget Authority	0	0	0	-413	-420
Outlays	0	0	0	-413	-420

Program: Federal Crop Insurance Corporation Fund  
 Proposal: Reduce Premium Subsidies for Crop Insurance: The 2019 Budget proposes to reduce the percent premium subsidy provided under the Federal Crop Insurance program. Specifically, the premium subsidy for policies with harvest price coverage will be reduced by 15 percentage points, policies without harvest price coverage would be reduced by 10 percentage points. The proposal would not impact premium subsidy associated with catastrophic coverage. It would reduce the generous subsidies that are arguably no longer necessary to encourage participation, as crop insurance is now an established part of the farm industry's business plans. This proposal will save \$22.4 billion over the next 10 years.

	2019	2020	2021	2022	2023
Budget Authority	0	-2,231	-2,258	-2,482	-2,502
Outlays	0	-2,231	-2,258	-2,482	-2,502

Program: Federal Crop Insurance Corporation Fund  
 Proposal: The 2019 Budget proposes to target crop insurance subsidies to those producers that have an Adjusted Gross Income (AGI) of \$500,000 or less. It is hard to justify providing assistance to farmers with incomes over half a million dollars. Doing so undermines the credibility and the purpose of farm programs. The current AGI limitation of \$900,000 is overly generous and does not apply to crop insurance subsidies. Strengthening the income test for crop insurance will improve program integrity. This proposal will save \$724 million over the next 10 years).

	2019	2020	2021	2022	2023
Budget Authority	0	-56	-58	-67	-71
Outlays	0	-56	-58	-67	-71

RISK MANAGEMENT AGENCY  
Geographic Breakdown of Obligations and Staff Years  
(Dollars in thousands and Staff Years (SYs))

State/Territory	2016 Actual		2017 Actual		2018 Estimate		2019 President's Budget	
	Amount	SYs	Amount	SYs	Amount	SYs	Amount	SYs
Alabama.....	\$37,499	-	\$39,156	-	\$34,809	-	\$50,039	-
Alaska.....	56	-	40	-	40	-	58	-
Arizona.....	18,510	-	16,740	-	10,685	-	15,360	-
Arkansas.....	129,085	-	135,906	-	115,340	-	165,804	-
California.....	427,012	-	565,112	-	505,339	-	476,437	-
Colorado.....	134,678	-	71,317	-	77,254	-	111,054	-
Connecticut.....	1,229	-	2,472	-	2,393	-	3,440	-
Delaware.....	1,124	-	2,440	-	2,387	-	3,431	-
Florida.....	37,864	-	54,603	-	45,797	-	65,834	-
Georgia.....	151,066	-	97,563	-	85,881	-	123,456	-
Hawaii.....	394	-	1,339	-	976	-	1,403	-
Idaho.....	78,756	-	44,360	-	39,867	-	57,310	-
Illinois.....	331,499	-	401,915	-	390,715	-	561,662	-
Indiana.....	165,271	-	433,113	-	400,329	-	575,483	-
Iowa.....	1,430,749	-	120,273	-	121,691	-	174,934	-
Kansas.....	457,270	-	133,281	-	145,786	-	209,571	-
Kentucky.....	136,260	-	100,982	-	99,459	-	142,975	-
Louisiana.....	50,946	-	92,450	-	89,287	-	128,352	-
Maine.....	2,727	-	8,307	-	8,115	-	11,666	-
Maryland.....	7,273	-	8,302	-	8,103	-	11,648	-
Massachusetts.....	2,543	-	3,697	-	3,780	-	5,434	-
Michigan.....	122,709	-	63,943	-	60,354	-	86,760	-
Minnesota.....	1,247,698	-	131,065	-	90,288	-	129,791	-
Mississippi.....	93,479	-	129,667	-	123,313	-	177,265	-
Missouri.....	324,201	-	295,971	-	303,258	-	392,036	-
Montana.....	103,725	-	98,226	-	99,777	-	143,432	-
Nebraska.....	518,791	-	125,115	-	102,568	-	147,444	-
Nevada.....	25,194	-	25,598	-	27,602	-	39,679	-
New Hampshire.....	299	-	263	-	220	-	316	-
New Jersey.....	2,930	-	4,241	-	4,254	-	6,115	-
New Mexico.....	16,434	-	17,780	-	15,830	-	22,756	-
New York.....	40,835	-	48,411	-	46,648	-	67,058	-
North Carolina.....	111,841	-	287,948	-	250,109	-	359,538	-
North Dakota.....	471,655	-	279,518	-	262,503	-	377,354	-
Ohio.....	141,829	-	172,791	-	178,013	-	255,898	-
Oklahoma.....	170,353	-	68,571	-	68,264	-	98,131	-
Oregon.....	49,680	-	34,894	-	30,231	-	43,458	-
Pennsylvania.....	26,730	-	30,591	-	28,687	-	41,238	-
Rhode Island.....	59	-	73	-	72	-	104	-
South Carolina.....	51,509	-	147,062	-	123,773	-	177,927	-
South Dakota.....	245,193	-	174,098	-	161,096	-	231,579	-
Tennessee.....	55,273	-	43,311	-	40,677	-	58,474	-
Texas.....	751,935	-	472,587	-	444,576	-	589,089	-
Utah.....	1,943	-	3,513	-	3,481	-	5,004	-
Vermont.....	2,056	-	3,165	-	3,186	-	4,580	-
Virginia.....	28,607	-	41,183	-	40,607	-	58,374	-
Washington.....	192,495	-	177,052	-	164,556	-	236,553	-
West Virginia.....	1,238	-	1,194	-	1,157	-	1,663	-
Wisconsin.....	263,137	-	54,620	-	51,545	-	74,097	-
Wyoming.....	14,376	-	13,497	-	12,074	-	17,357	-
Undistributed a/.....	-64,002	-	3,481,848	-	7,753,500	-	5,584,579	-
Obligations.....	8,614,013	-	8,761,163	-	12,680,252	-	12,323,000	-
Lapsing Balances.....	-	-	-	-	-	-	-	-
Bal. Available, EOY.....	575,000	-	577,000	-	581,000	-	605,000	-
Total, Available.....	9,189,013	-	9,338,163	-	13,261,252	-	12,928,000	-

a/ Undistributed includes, Delivery Expenses, FCIA Initiatives, Interest, and Underwriting Gains or Losses that cannot be distributed by the State. These estimates are based on prior year indemnities.

RISK MANAGEMENT AGENCY  
Classification by Objects

(Dollars in thousands)

		2016	2017	2018	2019
		<u>Actual</u>	<u>Actual</u>	<u>Estimate</u>	<u>President's Budget</u>
Other Objects:					
25	Delivery Expenses.....	\$1,460,051	1,488,978	\$1,355,400	1,355,000
25.1	Federal Crop Insurance Act Initiatives.....	39,704	61,629	57,892	64,000
25.2	Underwriting Gain/Loss.....	1,833,994	2,593,914	1,101,364	1,121,000
25.3	Program Related IT	4,225	17,479	18,680	-
42	Indemnities.....	5,276,039	4,599,163	10,146,916	9,783,000
	Total, Other Objects.....	<u>8,614,013</u>	<u>8,761,163</u>	<u>12,680,252</u>	<u>12,323,000</u>
99.9	Total, new obligations a/.....	<u>8,614,013</u>	<u>8,761,163</u>	<u>12,680,252</u>	<u>12,323,000</u>

## RISK MANAGEMENT AGENCY

### FEDERAL CROP INSURANCE CORPORATION

#### Status of Programs

The primary responsibility of the Risk Management Agency (RMA) is to administer the Federal crop insurance program in accordance with the 1938 Federal Crop Insurance Act (FCIA) (7 U.S.C. 1501 et seq.) as amended. RMA was established in 1996 within the United States Department of Agriculture (USDA) to administer the programs of the Federal Crop Insurance Corporation (FCIC), which is tasked to improve the economic stability of agriculture through a sound system of crop insurance, and provide the means for the research and experience that is helpful in devising and establishing crop insurance. RMA's mission is to serve America's agricultural producers through effective, market-based risk management tools and solutions to strengthen the economic stability of agricultural producers and rural communities. RMA directly supports the achievement of the USDA Strategic Goal to "provide an effective financial safety net for farmers and ranchers to sustain economically viable agricultural production and support rural jobs and economic growth".

#### **Current Activities:**

##### **Maintaining Actuarial Soundness**

Regular analysis aimed at maintaining actuarial soundness ensures premiums cover expected losses. Loss ratio, the industry standard to measure performance of insurance programs, is calculated by dividing the total indemnity by the total premium. This represents the amount of indemnity paid per dollar of premium collected. Given annual variations in loss ratios, program stability and actuarial soundness are measured based on historical average. The 20-year average loss ratio for the crop insurance program is 0.85, representing a financially stable and actuarially sound insurance program as required by the Federal Crop Insurance Act.

##### **National Financial Operational Reviews (NFOR)**

Federal crop insurance is a unique public/private partnership. Approved Insurance Providers (AIPs) must meet statutory requirements, and have the financial and operational capacity to be an AIP and enter into a Standard Reinsurance Agreement (SRA) with FCIC. RMA enhances program integrity and oversight by performing National Financial Operations Reviews (NFORs) of the AIPs who sell and service crop insurance. These reviews are conducted once every three years for each AIP. The purpose of the NFORs is to evaluate the financial stability and operations of AIPs in accordance with the SRA, including all policies and procedures. This performance ties directly to RMA's Strategic Plan Goal #4 "to safeguard the integrity of the Federal crop insurance program."

##### **Risk Management Education Program (RMEP)**

RMA awarded 74 cooperative agreements for a total of \$9.3 million, including 22 agreements in 16 of 17 targeted states for \$4.5 million, and 52 cooperative agreements for \$4.8 million for RMEP programs in all 50 states. Nine recipients were first time awardees.

In FY 2017, RMA made significant changes to the Requests for Applications (RFAs) increasing emphasis on agency priorities such as Whole-Farm Revenue Protection (WFRP), Pasture, Rangeland, and Forage (PRF), Agriculture, and Livestock. Additionally, RMA created two funding categories (\$0-\$99,999 and \$100,000+) to promote competitive proposals.

##### **Data Center Relocation**

In 2018, RMA will migrate all agency systems and service delivery from USDA's Beacon Facility to the National Information Technology Center in Kansas City, Missouri, no later than September 30. This effort enables RMA to transition to a more efficient and optimized infrastructure and begin the process of migrating to the Cloud. Additionally, disaster recovery capabilities will be put in place for RMA's mission essential functions, helping to ensure RMA continues serving America's producers, ranchers and farmers, even in the event of a disaster.

#### **Select Examples of Recent Progress:**

##### **Prevented Planting Coverage Factors**

RMA commissioned an external evaluation of its prevented planting coverage factors. These factors determine the per-acre payment that prevented planting coverage provides. The evaluation and recommendations were made publicly available for feedback. RMA received 27 comments, resulting the agency's final decision for how

RISK MANAGEMENT AGENCY

coverage factors should be determined.

The first set of revised coverage factors were issued in 2017 for corn, soybeans, wheat, cotton, grain sorghum, barley, and rice. These crops account for most of the prevented planting payments every year. For 2018, coverage factors are being revised for canola, buckwheat, flax, oats, dry peas, mustard, rye, sunflowers, peanuts, silage sorghum, hybrid sorghum seed, and hybrid seed corn.

**Planting Date Mapping Automation**

Final Planting Date maps are created for individual crops and practices by state. These maps show local producers’ final crop planting dates for insurance eligibility (without penalty). Previously all of RMA’s regional offices spent a minimum of two staff weeks producing these maps. They were inconsistent in style, and sometimes not available for all crops and practices. In fiscal year 2017, RMA streamlined the process, ensuring consistency across the country, and producing maps in a timelier manner. RMA worked to improve the process, ensuring agency-wide consistency and 508 compliance. A procedure that previously took over twenty staff-weeks now takes less than four staff-days. Producers and the public benefit from maps that are easy to read and consistent across the nation.

**FCIC Removal from Improper Payment “High-Priority” Program List**

In FY 2017, RMA secured the Office of Management and Budget’s (OMB) approval for removal from the improper payment “high-priority” list. OMB classified the Federal crop insurance program as a “high-priority” program when it exceeded OMB’s \$750 million threshold in FY 2014. As a result, RMA was required to post supplemental measures for FY 2015 and FY 2016 on PaymentAccuracy.gov. RMA meet the threshold for removal from the “high-priority” list by demonstrating that the FCIC had at least two consecutive years of improper payment reporting below \$750 million.

FCIC Program Fund	FY 2014	FY 2015	FY 2016	FY 2017
Improper Payment (IP) %	5.58%	2.20%	2.02%	1.96%
Improper Payments	\$973M	\$302M	\$232M	\$180M

For the first time ever, RMA was also able to determine improper payment rates for each individual Approved Insurance Provider (AIP) in addition to the national rate. Doing so enables RMA to increase the scrutiny on AIPs with the highest improper payment rates.

RMA also conducted an analysis of root causes for improper payment during FY 2017 which indicated shortcomings related to acreage verification and records retention. During FY 2018, RMA will conduct outreach to applicable AIPs to incorporate acreage data verification into agent and adjustor training. RMA will also issue an informational memo reminding producers about records retention requirements.

**AIP Performance Review (APR) Process Improvement**

RMA completed its pilot review of three AIPs using the revised APR process and handbook which established a uniform methodology and a standard set of guidelines to support conducting consistent reviews of Standard Reinsurance Agreement (SRA) components. Reviews were completed and reports issued to AIPs within one year. This was a major improvement; previously some reports were not issued until several years later.

**Scorecard Procedures – Incomplete Exceptions and Submission Errors**

In January 2016, RMA began an extensive review of the written agreement and determined yield processes, with a focus on reducing resource requirements, improving the value of the process for the producer, improving program delivery and efficiency, and maintaining program integrity. One major area of improvement identified in the review was the need to reduce defective and incomplete exception requests, which resulted in redundant work, delays in decisions, and increased wait times and workload.

## RISK MANAGEMENT AGENCY

Beginning with the spring 2016 Crop Year, RMA implemented a scorecard pilot process intended to prevent/reduce defective written agreement submissions; and provided feedback to AIPs identifying areas of improvement. All AIPs were required to submit an action plan to RMA by October 20, 2017, that addressed ways they will improve (or maintain) their error rate for incomplete or defective submissions reported on the scorecard.

### **Information Technology Improvements**

**Policy Acceptance and Storage System (PASS):** During the 2017 Enterprise Active Directory project, RMA migrated the PASS databases onto a new infrastructure. The upgrade resulted in an increase of processing efficacy from ~75 records/second to over 100 records/second, lowering cost and conserving resources.

**Secure Website (HTTPS) Mandate & eDAS Security Remediation:** These two initiatives reduced security vulnerabilities in the RMA web environment and data transmission allowing RMA to operate in a more secure environment and ensure we are able to maintain the integrity of customer data.

**Server and Storage:** In 2017 RMA's worked to modernize its aging infrastructure. This optimization is directly targeted towards the Farm Bill directed work of improving the delivery of services while simultaneously strengthening security through the elimination of legacy infrastructure more prone to security vulnerabilities.

RISK MANAGEMENT AGENCY

Summary of Budget and Performance

The Risk Management Agency (RMA) was established in 1996 to administer the Federal crop insurance program, in accordance with the Federal Crop Insurance Act (7 U.S.C. 1501 et seq.) as amended. The mission of the agency is serving America’s agricultural producers through effective, market-based risk management tools to strengthen the economic stability of agricultural producers and rural communities. Federal crop insurance is available to producers through private insurance companies (Approved Insurance Providers - AIPs) that market and service policies and also share in the risk. Thus, the program delivery is a joint venture between the Federal government and the private insurance industry.

Activities of RMA align with the new USDA 2018-2022 Strategic Plan Goal 2, Strategic Objective 2.1: Provide an effective financial safety net for farmers and ranchers to sustain economically viable agricultural production and support rural jobs and economic growth.

Key Performance Measure:

Annual normalized value of risk protection provided to agricultural producers through the Federal crop insurance program. (base years 2002-2006)							
	2013	2014	2015	2016	2017	2018	2019
	Actual	Actual	Actual	Actual	Actual	Target	Target
Dollar Value*	\$66.0	\$67.9	\$68.7	\$74.0	\$74.6	\$64.0	\$64.3

\*Dollars in billions

Selected Past Accomplishments towards the Achievement of the Key Outcome:

- RMA reviewed roughly one-third of crop policy premium rates to ensure rates were appropriate and to ensure the program operates in an actuarially sound manner.
- RMA expanded Federal crop insurance options nationwide, strengthening the farm safety net and rural economy. The agency made insurance for beekeeper operations available in all 48 contiguous states, released a new coverage plan for triticale, increased the availability of insurance to cover farmers against unexpected decreases in operating margins, as well as changes to the sugarcane and malt barley policies.

Selected Accomplishments Expected at the 2019 Proposed Resource Level:

- Maintain the actuarial soundness of the Federal crop insurance program.
- Premium rate revisions of the crop insurance programs will continue in 2019.
- New products will continue to be developed and brought to market.

Performance Measure:

Underwriting activities completed by the Regional Offices.							
	2013	2014	2015	2016	2017	2018	2019
	Actual	Actual	Actual	Actual	Actual	Target	Target
Number of activities	NA*	NA*	23,941	24,576	32,065	25,200	25,500

\* This was a new measure for the RMA 2015-2018 Strategic Plan

**RISK MANAGEMENT AGENCY**

Selected Past Accomplishments toward Achievement of the Key Outcome:

- In 2017, RMA Regional Offices Exceptions (ROE or non-standard crop insurance offers) requests provided \$346 million in liability coverage, \$10.6 million in indemnities and \$43 million in total premium that would not have been otherwise provided.
- In 2017, RMA issued over 4,000 multi-year non-standard crop insurance offers that can continue in force for multiple years as long as policy performance is acceptable.
- In 2017, RMA entered its second year utilizing automated ROE reporting tools allowing for much faster and consistent program maintenance and analysis. These tools have allowed RMA to analyze nearly a third of the crop county programs in a year versus an average of one or two a year.
- In 2017, RMA implemented a pilot scorecard process which communicated ROE submission errors ifrom approved insurance providers to regional offices. The error rate dropped 9 percent reducing the processing time to handle each request.

Selected Accomplishments Expected at the 2019 Proposed Resource Level:

- RMA expects to continuethe use of multi-year written agreement offers increasing the number of approved offers by 20 percent year over year.
- RMA will continue to utilize ROE reporting and analysis tools in the review of county crop insurance programs in an effort to increase efficiency and consistency through technology improvements.
- RMA expects to reduce variability in ROE offers and turnaround times in the processing of ROE requests by reducing errors in submissions through the pilot scorecard process, increasing the use of multi-year written agreement offers, and by streamlining policy and procedure to provide more consistent and timely facilitation of these underwriting processes.

Performance Measure:

Producers reached with crop insurance education and risk education training through the Risk Management Education Partnerships Program and the Targeted States Program.							
	2013	2014	2015	2016	2017	2018	2019
	Actual	Actual	Actual	Actual	Actual	Target	Target
Number of producers	48,403	112,734	89,799	114,029	113,984	92,000	93,000

Selected Past Accomplishments toward Achievement of the Key Outcome:

- The Risk Management Agency (RMA) awarded approximately \$9.8 million in cooperative partnership agreements to provide crop insurance education and risk management training in all 50 states. In 2017 these education initiatives reached more than 113,000 producers.
- RMA partnered with entities across the nation to deliver training, provide information to producers, and conduct outreach activities to underserved groups, including ten national projects that involve multiple RMA regions.
- Established an agreement with the Natural Resources Conservation Service (NRCS) to utilize RMA Agricultural Management Assistance Funds to promote the use of high tunnels in urban areas to manage risks. Contracts were awarded in all 16 AMA states with approximately 90% of the \$2,666,667 in RMA funds provided for this project being expended with an average contract of approximately \$10,800.

Selected Accomplishments Expected at the 2019 Proposed Resource Level:

- Continued translation of crop insurance information into Spanish and Hmong languages.
- Increased awareness of the Federal crop insurance program to address production, legal, financial, marketing, and human resource risks.
- Increased emphasis of educational activities in the areas of specialty crops, organic production, and farm benchmarking.
- Continued projects include, but not limited to, crop insurance education and risk management training to minority producers, veteran producers, women, tribal, limited resource producers, and minority producers growing specialty crops.
- Continued success through partnerships with entities across multiple states and regions to deliver training, provide information to producers, and conduct outreach activities to underserved groups.

RISK MANAGEMENT AGENCY

Performance Measure:

Improper Payment Rate for the Federal crop insurance program.							
	2013	2014	2015	2016	2017	2018	2019
	Actual	Actual	Actual	Actual	Actual	Target	Target
Percent	5.23	5.58	2.20	2.02	1.96	2.14	2.10

Selected Past Accomplishment toward Achievement of the Key Outcome:

- Data mining activities continue to show significant cost avoidance savings each year by identifying and spot checking the crop insurance program most anomalous participants based on their history of filing claims.
- RMA developed a Program Review Plan to examine policies on the Anomalous Agent List to determine whether anomalous losses are the result of fraud, waste, or abuse. The Program Review Plan focuses on conducting a detailed Actual Production History (APH) review of anomalous yields. This review helps to increase the accuracy of APH records and identify agents responsible for improper payments.

Selected Accomplishments Expected at the 2019 Proposed Resource Level:

- RMA will be using the revised structure for AIPs to report the results of their spot check list reviews that will include the information necessary to identify root causes, sources, and impacts of errors and other program vulnerabilities. These enhancements will provide greater assurance that fraud, waste and abuse in the Federal crop insurance program is being detected, deterred, and addressed.
- RMA will continue providing guidance for AIPs to use in conducting their reviews of agents and loss adjusters with anomalous loss experience. This process may have a significant deterrent effect on the larger population of agents and loss adjusters, with a resulting positive impact on program integrity.
- RMA will conduct its annual Annual Performance Review (APR) of six AIPs for FY 2019.