

2023 USDA EXPLANATORY NOTES – RISK MANAGEMENT AGENCY

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AGENCY-WIDE

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. 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 eight 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. Federal crop insurance provides an effective financial safety net for farmers and ranchers to sustain economically viable agricultural production, support rural jobs and economic growth by providing protection from both yield and market risks. Examples of recent enhancements to the Federal crop insurance program include Multi-County Enterprise Units, Dairy Revenue Protection, Supplemental Coverage Option, Hurricane Insurance Protection-Wind Index, Enhanced Coverage Option, 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. Using these tools, agricultural producers have available a cost-effective means of managing their risk and are better able to help sustain the rural economy.

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.

As of September 30, 2021, RMA had 391 full-time permanent employees located throughout the Nation as follows: 30 in Washington, D.C. Headquarters; 144 in Kansas City, MO national office; with the remaining 217 located in ten Regional Offices (ROs) and six Regional Compliance Offices (RCOs).

OIG AND GAO REPORTS

Table RMA-1 Completed OIG Reports

ID	Date	Title
05401-0012-11	12/8/2020	Federal Crop Insurance Corporation/Risk Management Agency's Financial Statements for Fiscal Years 2020 and 2019
50024-0001-24	06/11/2021	USDA's Fiscal Year 2020 Compliance with Improper Payment Requirements
11601-0002-11	11/3/2021	USDA's Digital Accountability and Transparency Act Compliance Efforts for Fiscal Years 2020 and 2021
05401-0013-11	11/12/2021	Federal Crop Insurance Corporation/Risk Management Agency's Financial Statements for Fiscal Years 2021 and 2020

Table RMA-2. In-Progress OIG Reports

ID	Title
05601-0008-31	Prevented Planting Follow up
05601-0002-41	Apiculture Pilot Insurance Program
50601-0010-31	Beginning Farmers
05601-0009-31	Hemp Crop Provisions

Table RMA-3. Completed GAO Reports

ID	Date	Title	Result
15-215	1/6/2014	Crop Insurance: In areas with Higher Crop Production Risks, Costs are Greater, and Premiums Might Not Cover Expected Losses	On 2/24/2022, RMA submitted a response to GAO for closure. On 2/28/2022, RMA received additional questions from GAO to which we are currently responding.
17-501	11/8/2017	Crop Insurance: Opportunities Exist to Improve Program Delivery and Reduced Costs	RMA will examine the potential to reduce variations in administrative and operating payments the next time the Standard Reinsurance Agreement is renegotiated. There is no date set for renegotiations.

Table RMA-4. In-Progress GAO Reports

ID	Title
N/A	N/A

AVAILABLE FUNDS AND FTEs

Table RMA-5. Available Funds and FTEs (thousands of dollars, FTEs)

Item	2020		2021		2022		2023	
	Actual	FTE	Actual	FTE	Estimated	FTE	Estimated	FTE
Salaries and Expenses:								
Discretionary Appropriations	\$58,361	355	\$60,131	385	\$60,131	385	\$75,443	426
Federal Crop Insurance Fund:								
Mandatory Appropriations	8,220,000	-	7,720,000	-	12,281,000	-	13,243,000	-
Sequestration	-2,000	-	-2,000	-	-2,000	-	-2,000	-
Transfer In	11,779	-	11,000	-	11,000	-	11,000	-
Transfer Out	-17,200	-	-18,000	-	-17,000	-	-17,000	-
Total Adjusted Appropriation	8,270,940	355	7,771,131	385	12,333,131	385	13,310,443	-
Balance Available, SOY	584,000	-	595,000	-	591,000	-	591,000	-
Recoveries, Other	3,948,000	-	4,288,000	-	5,619,000	-	5,377,000	-
Total Available	12,802,940	355	12,654,131	385	18,543,131	385	19,278,443	426
Lapsing Balances	-651	-	-708	-	-	-	-	-
Balance Available, EOY	-595,000	-	-591,000	-	-591,000	-	-591,000	-
Total Obligations, RMA	12,207,289	355	12,062,423	385	17,952,131	385	18,867,443	426
Total Available, RMA	12,802,940	355	12,654,131	385	18,543,131	385	19,278,443	426

PERMANENT POSITIONS BY GRADE AND FTEs

Table RMA-6. Permanent Positions by Grade and FTEs

Item	2020			2021			2022			2023		
	D.C.	Field	Actual Total	D.C.	Field	Enacted Total	D.C.	Field	Estimated Total	D.C.	Field	Estimated Total
SES	4	1	5	2	1	3	2	1	3	3	1	4
SL	-	3	3	-	2	2	-	3	3	-	3	3
GS-15	6	7	13	7	5	12	7	5	12	9	5	12
GS-14	4	40	44	3	43	46	3	43	46	3	43	46
GS-13	9	144	153	14	152	166	14	152	166	16	168	166
GS-12	3	97	100	-	107	107	-	107	107	1	117	107
GS-11	-	20	20	-	21	21	-	21	21	-	21	21
GS-10	1	-	1	1	-	1	1	-	1	1	-	1
GS-9	1	14	15	1	15	16	1	15	16	1	15	16
GS-8	2	-	2	2	-	2	2	-	2	2	-	2
GS-7	-	16	16	-	14	14	-	14	14	-	14	14
GS-6	-	1	1	-	1	1	-	1	1	-	1	1
GS-5	-	1	1	-	-	-	-	-	-	-	-	-
Total Permanent	30	344	374	30	361	391	30	362	392	36	388	424
Unfilled, EOY	7	13	20	-	3	3	-	2	2	2	5	7
Total Perm. FT EOY	37	357	394	30	364	394	30	364	394	38	393	431
FTE	30	325	355	30	355	385	30	355	385	36	390	426

VEHICLE FLEET

Motor Vehicle Fleet

RMA uses vehicles assigned to Regional Office (RO) and Regional Compliance Office (RCO) locations in the field to deliver mission critical services. 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. The primary use of these vehicles is to perform site visits of crops and/or inspections of crop losses, including for large claims reviews or other compliance reviews. In addition, they are used to attend conferences and meetings related to the agency’s mission. For GSA-leased vehicles, RMA relies upon GSA to supply the agency with alternative-fueled vehicles as required by law. RMA requires operation and maintenance logs for all its vehicles. Periodic reviews ensure optimal use of each vehicle in the fleet.

Replacement Criteria

RMA retires or replaces vehicles based upon age, utilization, operating costs, and maintenance costs. RMA always replaces vehicles with the most efficient and cost-effective model available that will meet the mission need.

Reductions to Fleet

RMA plans to maintain the current vehicle fleet of four (4) through 2023. Maintaining the fleet size is made possible by following utilization standards and Vehicle Allocation Methodology (VAM).

Table RMA-7. Size, Composition, and Annual Costs of Motor Vehicle Fleet

Note: Number of vehicles by type include vehicles owned by the agency and leased from commercial sources or GSA. Annual Operating Costs excludes acquisition costs and gains from sale of vehicles as shown in FAST.

	Sedans and Station Wagons	Vans	SUVs	Light Trucks 4X2	Light Trucks 4X4	Medium Duty Vehicles	Buses	Heavy Duty Vehicles	Total Vehicles	Annual Operating Costs
2018 End of Year Operating Inventory.....	0	0	0	0	4	0	0	0	4	\$31,039
2020 End of Year Operating Inventory.....	0	0	0	0	4	0	0	0	4	\$24,732
2021 Planned Acquisitions.....	0	0	0	0	0	0	0	0	0	
2021 Planned Disposals.....	0	0	0	0	0	0	0	0	0	
2021 End of Year Operating Inventory.....	0	0	0	0	4	0	0	0	4	\$18,919
2022 Planned Acquisitions.....	0	0	0	0	2	0	0	0	2	
2022 Planned Disposals.....	0	0	0	0	2	0	0	0	2	
2022 End of Year Operating Inventory.....	0	0	0	0	4	0	0	0	4	\$19,865
2023 Planned Acquisitions.....	0	0	0	0	0	0	0	0	0	
2023 Planned Disposals.....	0	0	0	0	0	0	0	0	0	
2023 End of Year Operating Inventory.....	0	0	0	0	4	0	0	0	4	\$21,851

Statement of Proposed Purchase of Passenger Motor Vehicles

Fiscal Year	Net Active Fleet, SOY	Disposals	Replacements	Additions	Total Acquisitions	Net Active Fleet, EOY
2020	-	-	-	-	-	-
2021	-	-	-	-	-	-
2022	-	-	-	-	-	-
2023	-	-	-	-	-	-

*RMA does not have any motor vehicles planned for 2023

SHARED FUNDING PROJECTS

Table RMA-8. Shared Funding Projects (dollars in thousands)

Item	2020 Actual	2021 Actual	2022 Estimated	2023 Estimated
Working Capital Fund:				
Administrative Services:				
Material Management Service	\$15	\$16	\$9	\$9
Mail and Reproduction Services	76	69	61	61
Integrated Procurement Systems	23	27	29	28
Human Resources Enterprise Management Systems	5	4	6	7
Subtotal	119	116	105	105
Communications:				
Creative Media & Broadcast Center	43	13	33	41
Finance and Management:				
National Finance Center	101	102	101	101
Internal Control Support Services	160	105	107	102
Financial Management Support Services	424	423	432	450
Subtotal	685	630	640	653
Information Technology:				
Client Experience Center	931	4,504	4,528	4,718
Department Administration Information Technology Office	7	10	27	28
Digital Infrastructure Services Center	214	338	952	1,048
Enterprise Network Services	722	2,045	888	674
Subtotal	1,874	6,897	6,395	6,468
Correspondence Management Services	23	18	23	23
Total, Working Capital Fund	2,744	7,674	7,196	7,290
Department-Wide Shared Cost Programs:				
Agency Partnership Outreach	31	24	28	28
Human Resources Self-Service Dashboard	2	-	-	-
Medical Services	1	8	8	8
National Capital Region Interpreting Services	-	-	3	4
Office of Customer Experience	23	34	33	33
Personnel and Document Security Program	16	17	18	18
Physical Security	24	15	16	16
Security Detail	19	16	17	17
Security Operations Program	23	23	23	23
TARGET Center	5	4	5	5
USDA Enterprise Data Analytics Services	33	19	17	17
Total, Department-Wide Reimbursable Programs	176	160	168	169
E-Gov:				
Disaster Assistance Improvement Plan	5	5	7	7
E-Rulemaking	29	3	40	42
Financial Management Line of Business	1	1	1	1
Geospatial Line of Business	13	13	13	13
Benefits.gov	8	8	8	7
Human Resources Line of Business	1	1	1	1
Integrated Acquisition Environment	7	1	-	-
Total, E-Gov	64	32	70	71
Agency Total	2,984	7,866	7,434	7,530

ADVERTISING EXPENDITURES

There are no contracts for advertising expenditures to report.

ACCOUNT 1: SALARIES AND EXPENSES

APPROPRIATIONS LANGUAGE

For necessary expenses of the Risk Management Agency, [~~\$69,207,000~~]\$75,443,000; of which \$2,000,000 shall be available to research, review, and ensure actuarial soundness of new products addressing climate change; and of which \$4,500,000 shall be available to conduct research and development and carry out contracting and partnerships as described under subsections 522(c) and (d) of the Federal Crop Insurance Act, as amended (7 U.S.C. 1522(c) and (d)), in addition to amounts otherwise provided for such purposes: *Provided*, That \$1,000,000 of the amount appropriated under this heading shall be available for compliance and integrity activities required under section 516(b)(2)(C) of the Federal Crop Insurance Act of 1938 (7 U.S.C. 1516(b)(2)(C)), and shall be in addition to amounts otherwise provided for such purpose: *Provided further*, That not to exceed \$1,000 shall be available for official reception and representation expenses, as authorized by 7 U.S.C. 1506(i).

LEAD-OFF TABULAR STATEMENT

Table RMA-9. Lead-Off Tabular Statement (In dollars)

Item	Amount
Estimate, 2022	\$60,131,000
Change in Appropriation	+ 15,312,000
Budget Estimate, 2023	<u>75,443,000</u>

PROJECT STATEMENT

Table RMA-10. Project Statement (thousands of dollars, FTE)

Item	2020 Actual	FTE	2021 Actual	FTE	2022 Estimated	FTE	2023 Estimated	FTE	Inc. or Dec.	FTE Inc. or Dec.
Discretionary Appropriations:										
Salaries and Expenses	\$58,361	355	\$60,131	385	\$60,131	385	\$75,443	426	+\$15,312	+41
Total Appropriation.....	58,361	355	60,131	385	60,131	385	75,443	426	+15,312	+41
Transfers In:										
FCIC Farm Bill	7,000	-	7,000	-	7,000	-	7,000	-	-	-
Incidental Transfer	779	-	-	-	-	-	-	-	-	-
Total Transfers In.....	7,779	-	7,000	-	7,000	-	7,000	-	-	-
Transfers Out:										
WCF IT Modernization.....	-200	-	-1,000	-	-	-	-	-	-	-
Total Transfers Out.....	-200	-	-1,000	-	-	-	-	-	-	-
Total Available.....	65,940	355	66,131	385	67,131	385	82,443	426	+15,312	+41
Lapsing Balances	-651	-	-708	-	-	-	-	-	-	-
Total Obligations.....	65,289	355	65,423	385	67,131	385	82,443	426	+15,312	+41

Item	2020 Actual	FTE	2021 Actual	FTE	2022 Estimated	FTE	2023 Estimated	FTE	Inc. or Dec.	FTE Inc. or Dec.
Discretionary Obligations:										
Salaries and Expenses	\$65,289	355	\$65,423	385	\$67,131	385	\$82,443	426	+\$15,312	+41
Total Obligations.....	65,289	355	65,423	385	67,131	385	82,443	426	+15,312	+41
Lapsing Balances.....	651	-	708	-	-	-	-	-	-	-
Total Available.....	65,940	355	66,131	385	67,131	385	82,443	426	+15,312	+41
Less:										
Total Transfers In.....	-7,779	-	-7,000	-	-7,000	-	-7,000	-	-	-
Total Transfers Out.....	200	-	1,000	-	-	-	-	-	-	-
Total Appropriation.....	58,361	355	60,131	385	60,131	385	75,443	426	+15,312	+41

JUSTIFICATIONS

Risk Management Agency Salaries and Expenses: A net increase of \$15,312,000 (\$60,131,000 and 385 staff years available in FY 2022).

The proposed funding level is needed to cover pay cost and benefit cost increases. This will ensure adequate resources are available for RMA to carry out its full range of the responsibilities in administering the Federal Crop Insurance Program.

- (1) An increase of \$15,312,000 and 41 FTE.

The funding change is requested for the following items:

- A) An increase of \$1,343,000 for pay cost (\$914,000) and FERS (\$429,000) for FY 2022 pay cost and FERS:

This increase supports the pay cost increase which went into effect January 1, 2022, of a 2.7 percent Cost of Living pay cost increases for civilian employees, and a 1.1 percent increase to cover the expenses for the mandated increase of USDA's contributions to the Federal Employee Retirement System (FERS).

- B) An increase of \$1,152,000 for FY 2023 pay cost:

This increase will support the annualization of the FY 2022 Cost of Living pay cost increase of 2.7 percent and the FY 2023 Cost of Living increase of 4.6 percent. Without an increase, RMA will need to reduce operational expenses, resulting in fewer program reviews and mission essential travel, as well as contracts and agreements toward mandatory initiatives and other shared costs. RMA will be unable to purchase any equipment or supplies which will have a negative impact on the maintenance of operational equipment.

- C) An increase of \$2,000,000 representing 14 FTE for Climate Change:

An increase of \$2,000,000 will provide RMA the ability to bring on additional employees with the skillsets necessary to ensure actuarial soundness of new policies as well as contract for additional resources to address climate change.

- D) An increase of \$1,233,000 representing 9 FTE for Racial/Economic Equality:

An increase of \$1,233,000 will provide RMA with the flexibility to hire additional staff in offices solely devoted to underserved communities, with an emphasis on Strikeforce areas, enter into cooperative agreements for outreach with local non-profits or universities, and collect demographic data on program participants.

- E) An increase of \$2,548,000 for 18 FTE to support other RMA initiatives:

The additional FTE will be hired to support other RMA initiatives. This will ensure adequate resources are available for RMA to carry out its full range of the responsibilities in administering the Federal Crop Insurance Program. Although staffing levels for program areas have remained reasonably constant over the past decade, the number of county crop programs have more than doubled. Hiring additional staff to conduct reviews and investigations to ensure adequate oversight of the Federal Crop Insurance Program and continue program expansion to meet producer needs for an effective safety net. Program expansion, developing and implementing new products, and maintenance of existing products is critical in meeting the demands of our customers.

- F) An increase in Shared Costs of \$96,000:

This increase includes \$94,000 Working Capital Fund increase, \$1,000 e-GOV increase and \$1,000 Department Shared Costs Program increase.

G) An increase in Rent of \$185,000:

This increase includes \$169,000 for GSA rental payments and \$16,000 for rental payments to others.

H) An increase of \$7,271,000 Program Initiatives:

An increase of \$4,500,000 for Product Development and Outreach: An increase of \$4,500,000 will provide RMA with resources to enter into contracts and agreements to develop new products for the FCIC Board consideration and to expand risk management education and outreach efforts. One recent example is the new Micro Farm policy that will provide coverage for agricultural producers with small farms who sell locally. This newly developed product simplifies record keeping and covers post-production costs like washing and value-added products. For risk management education and outreach efforts, the Agency will continue to support historically underserved producers and small-scale producers and expand the important work to ensure fair and equitable program delivery to producers that have been marginalized or underserved in the past.

Impact on Performance Targets: Without these funds, RMA would have only limited resources to partner on a wide variety of risk management topics such as farm financial planning, record keeping, wildfire management, specialty crops, and local foods, or to reach historically underserved and historically underserved producers or groups.

An increase of \$2,500,000 in FPAC for the Compliance Data Warehouse (CDW) Migration and Modernization Initiative: The CDW supports RMA obligations under the Agricultural Risk Protection Act (ARPA) of 2000 (i.e., data mining). The current platform will be decommissioned in FY 2023. Migration of the on-premise Compliance Data Warehouse (CDW) is planned for FY 2021 and FY 2022. The FY 2023 cost estimate of \$2.5 million for the Compliance Data Warehouse (CDW) Migration and Modernization Initiative represents the first year of transition and steady-state platform hosting in the OCIO Chief Data Officer (CDO) Enterprise Data Analytics Platform & Tools (EDAPT) platform.

The CDW has measurable cumulative program cost avoidance of over \$1.53 billion (an estimate of indemnity expenditures prevented) between 2001 and 2020, averaging over \$76 million per year. The CDW is also used to support RMA's Improper Payment (IPERIA) program reviews to do comprehensive data reviews and validations, as well as reducing the burden on the producer, Approved Insurance Provider (AIP), and federal staff. The success in the CDW in supporting the IPERIA reviews can be directly observed by RMA's low improper payment rates of 2.95 percent in FY 2019, 2.31 percent in FY 2020 and 1.41 percent in FY 2021.

Impact on Performance Targets: Without the additional investment of \$2.5 million, the ability of RMA to engage in data analytics will be severely compromised which is counter to the activities established by ARPA. Further the ability to effectively manage and ensure an improper payment rate of a major program like crop insurance will be compromised without the additional investment.

An increase of \$271,000 for Racial/Economic Equality: The increase will be devoted to underserved communities, with an emphasis on Strikeforce areas, enter into cooperative agreements for outreach with local non-profits or universities, and collect demographic data on program participants.

I) A decrease of \$516,000 in operating expenses:

RMA will be able to sustain cuts outlined in FY 2023 as a result of successful planning and management over the past several years. Specifically, the agency will offset costs with efficiencies in operating overhead.

GEOGRAPHIC BREAKDOWN OF OBLIGATIONS AND FTE

Table RMA-11. Geographic Breakdown of Obligations and FTE (thousands of dollars, FTE)

State/Territory/Country	2020		2021		2022		2023	
	Actual	FTE	Actual	FTE	Estimated	FTE	Estimated	FTE
California	\$3,689	24	\$5,092	32	\$5,224	32	\$5,849	32
District of Columbia.....	14,523	30	8,850	30	9,081	30	11,152	36
Georgia.....	1,623	10	1,697	11	1,741	11	2,194	12
Illinois	1,623	10	1,697	11	1,741	11	2,194	12
Indiana	2,361	15	2,829	18	2,902	18	3,290	18
Kansas.....	1,476	9	1,697	11	1,741	11	2,194	12
Louisiana.....	154	1	159	1	164	1	183	1
Minnesota.....	5,460	35	5,657	36	5,805	36	6,581	36
Mississippi	1,771	11	1,697	11	1,741	11	2,194	12
Missouri	21,326	136	22,559	139	23,149	139	30,891	169
Montana	1,623	10	2,263	14	2,322	14	2,559	14
Nebraska	134	1	159	1	164	1	183	1
North Carolina	3,542	23	3,960	25	4,063	25	4,570	25
North Dakota.....	114	1	159	1	164	1	183	1
Oklahoma.....	1,771	11	1,697	11	1,741	11	2,194	12
Texas.....	2,214	14	2,829	18	2,902	18	3,290	18
Washington.....	1,771	11	2,263	14	2,322	14	2,559	14
West Virginia.....	114	1	159	1	164	1	183	1
Obligations.....	65,289	355	65,423	385	67,131	385	82,443	426
Lapsing Balances	651	-	708	-	-	-	-	-
Total, Available.....	65,940	355	66,131	385	67,131	385	82,443	426

CLASSIFICATION BY OBJECTS

Table RMA-12. Classification by Objects (thousands of dollars)

Item No.	Item	2020 Actual	2021 Actual	2022 Estimated	2023 Estimated
	Personnel Compensation:				
	Washington D.C.	\$3,900	\$4,419	\$4,608	\$5,243
	Personnel Compensation, Field	33,104	35,752	37,287	42,423
11	Total personnel compensation	37,004	40,171	41,895	47,666
12	Personal benefits.....	13,429	15,128	16,032	18,537
13.0	Benefits for former personnel.....	29	13	13	13
	Total, personnel comp. and benefits	50,462	55,312	57,940	66,216
	Other Objects:				
21.0	Travel and transportation of persons.....	631	89	1,246	1,416
22.0	Transportation of things.....	33	1	24	33
23.1	Rental payments to GSA	3,790	3,999	3,838	4,006
23.2	Rental payments to others.....	208	145	142	158
23.3	Communications, utilities, and misc. charges.....	126	89	97	132
24.0	Printing and reproduction	8	-	7	8
25	Other contractual services.....	-	-	-	-
25.1	Advisory and assistance services.....	323	264	322	4,851
25.2	Other services from non-Federal sources.....	5,834	708	332	3,121
25.3	Other goods and services from Federal sources.....	3,325	3,509	1,710	1,806
25.4	Operation and maintenance of facilities	337	2	716	500
25.7	Operation and maintenance of equipment	17	458	476	30
26.0	Supplies and materials	100	55	256	122
31.0	Equipment	95	15	25	44
32.0	Land/Structure	-	695	-	-
42.0	Insurance Claims and Indemnities	-	80	-	-
43.0	Interest and Dividends	-	2	-	-
	Total, Other Objects	14,827	10,111	9,191	16,227
99.9	Total, new obligations	65,289	65,423	67,131	82,443
	DHS Building Security Payments (included in 25.3)	\$551	\$494	\$535	524
	Information Technology Investments:				
	RMA-13 Emerging Information Technology Architecture (EITA)				
11	Internal Labor	-	-	-	-
	External Labor (Contractors).....	6,530	3,500	-	-
25.2	Outside Services (Consulting).....	-	-	-	-
	Total RMA-13 Emerging Information Technology Architecture (EITA)	6,530	3,500	-	-
25.3	Mission Area WCF Transfers.....	424	1000	-	-
	Total Non-Major Investment	424	1,000	-	-
	Total IT Investments	6,954	4,500	-	-
	Position Data:				
	Average Salary (dollars), ES Position	\$189,305	\$192,445	\$197,641	\$ 206,733
	Average Salary (dollars), GS Position.....	\$99,444	\$100,803	\$103,525	\$108,287
	Average Grade, GS Position.....	12.5	12.6	12.6	12.6

ACCOUNT 2: FEDERAL CROP INSURANCE CORPORATION

APPROPRIATIONS LANGUAGE

The appropriations language follows (new language underscored; deleted language enclosed in brackets):

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

Table RMA-13. Lead-Off Tabular Statement (In dollars)

Item	Amount
Estimate, 2022	\$12,281,000,000
Change in Appropriation	+ 962,000,000
Budget Estimate, 2023	<u>13,243,000,000</u>

PROJECT STATEMENT

Table RMA-14. Project Statement by Appropriations Detail (thousands of dollars, FTE)

**Federal Crop Insurance Corporation
Dollars in Thousands**

Item	2020 Actual	FTE	2021 Actual	FTE	2022 Estimated	FTE	2023 Estimated	FTE	Inc./ Dec.	FTE Inc./ Dec.
Mandatory Appropriations:										
Mandatory										
Approps.....	\$8,205,000	-	\$7,705,000	-	\$12,266,000	-	\$13,228,000	-	+\$962,000	-
Subtotal.....	8,205,000	-	7,705,000	-	12,266,000	-	13,228,000	-	+962,000	-
Total Adjusted										
Approps.....	8,205,000	-	7,705,000	-	12,266,000	-	13,228,000	-	+962,000	-
Add back:										
Rescission,										
Transfers In/Out.....	13,000	-	13,000	-	13,000	-	13,000	-	-	-
Sequestration.....	2,000	-	2,000	-	2,000	-	2,000	-	-	-
Total Approps.....	8,220,000	-	7,720,000	-	12,281,000	-	13,243,000	-	+962,000	-
Transfers In:										
AMA Funding.....	4,000	-	4,000	-	4,000	-	4,000	-	-	-
Total Transfers In...	4,000	-	4,000	-	4,000	-	4,000	-	-	-
Transfers Out:										
NIFA.....	-10,000	-	-10,000	-	-10,000	-	-10,000	-	-	-
S & E.....	-7,000	-	-7,000	-	-7,000	-	-7,000	-	-	-
Total Transfers										
Out.....	-17,000	-	-17,000	-	-17,000	-	-17,000	-	-	-
Sequestration.....	-2,000	-	-2,000	-	-2,000	-	-2,000	-	-	-
Recoveries, Other...	3,948,000	-	4,288,000	-	5,619,000	-	5,377,000	-	-242,000	-
Bal. Available,										
SOY.....	584,000	-	595,000	-	591,000	-	591,000	-	-	-
Total Available.....	12,737,000	-	12,588,000	-	18,476,000	-	19,196,000	-	+720,000	-
Bal. Available,										
EOY.....	-595,000	-	-591,000	-	-591,000	-	-591,000	-	-	-
Total Obligations....	12,142,000	-	11,997,000	-	17,885,000	-	18,605,000	-	+720,000	-

Table RMA-15. Project Statement by Obligations Detail (thousands of dollars, FTE)

Item	2020		2021		2022		2023		Inc./Dec.	FTE Inc./Dec.
	Actual	FTE	Actual	FTE	Estimated	FTE	Estimated	FTE		
Mandatory Obligations:										
Mandatory Oblig.....	\$12,142,000	-	\$11,997,000	-	\$17,885,000	-	\$18,605,000	-	+\$720,000	-
Subtotal Mand. Oblig.	12,142,000	-	11,997,000	-	17,885,000	-	18,605,000	-	+720,000	-
Total Obligations.....	12,142,000	-	11,997,000	-	17,885,000	-	18,605,000	-	+720,000	-
Add back:										
Balances Available, EOY.....	595,000	-	591,000	-	591,000	-	591,000	-	-	-
Total Bal. Available, EOY.....	595,000	-	591,000	-	591,000	-	591,000	-	-	-
Total Available.....	12,737,000	-	12,588,000	-	18,476,000	-	19,196,000	-	+720,000	-
Less:										
Total Transfers In.....	-4,000	-	-4,000	-	-4,000	-	-4,000	-	-	-
Total Transfers Out...	17,000	-	17,000	-	17,000	-	17,000	-	-	-
Sequestration.....	2,000	-	2,000	-	2,000	-	2,000	-	-	-
Recoveries, Other.....	-3,948,000	-	-4,288,000	-	-5,619,000	-	-5,377,000	-	+242,000	-
Bal. Available, SOY..	-584,000	-	-595,000	-	-591,000	-	-591,000	-	-	-
Total Appropriation...	8,220,000	-	7,720,000	-	12,281,000	-	13,243,000	-	+962,000	-

JUSTIFICATIONS

Federal Crop Insurance Corporation Fund

Funding supports RMA’s mission to maximize the ability of American agricultural producers to prosper by feeding and clothing the world. Continuation of the program is critical if the agency is to continue to provide an actuarially sound crop insurance program.

Federally crop insurance protects against agricultural losses due to drought, excessive moisture, hail, wind, hurricane, tornado, lightning, and insects. These estimates include current law and do not assume any proposed legislative changes.

(1) Federal Crop Insurance Corporation (FCIC) Fund: An estimated net increase of \$962,000,000 (\$12,281,000 available in FY 2022).

The project statement reflects changes for FY 2022 and FY 2023 for the Premium Subsidy, Administrative and Operating Expense Subsidy (also called Delivery Expense), Underwriting Gain, and Federal Crop Insurance Initiatives due to projections being updated using the World Agricultural Outlook Board (WAOB) estimates from November 2021. In addition, the use of an updated budget model allows projections to be based on more accurate calculations.

The funding change for FY 2023 is requested for the following items:

A. An increase of \$746,000,000 for premium subsidy (\$8,884,000,000 available in FY 2022).

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 are expected to increase or remain at elevated levels compared to prior years. This increases the value of insurance and in turn, increases premium subsidies paid by FCIC. Fiscal year 2023 estimate is budgeted at a 1.0 loss ratio.

B. An increase of \$17,000,000 for delivery expense (\$1,719,000,000 available in FY 2022).

Delivery expenses are reimbursements provided to Approved Insurance Providers (AIPs). They cover the cost of selling and servicing crop insurance products to producers and are based on a percentage of estimated total premium. The 2011 Standard Reinsurance Agreement allows for annual adjustments of delivery expenses paid to AIPs for certain types of policies, which accounts for the increase in this fiscal year.

C. An increase of \$199,000,000 for underwriting gains (\$1,638,000,000 available in FY 2022).

Underwriting gains are a reinsured company’s share of net book premium that exceeds their share of net losses (indemnities). The increase to Underwriting Gain is driven by commodity prices which are expected to increase or remain at elevated levels compared to prior years. Fiscal year 2023 estimate is budgeted at a 1.0 loss ratio.

Allocations	2020 Actual	2021 Actual	2022 Appropriation	2023 Budget Request	Change from 2022 President's Budget
PPA:					\$962,000
Indemnities Net of Producer					
Paid in Premiums.....	\$5,936,000	\$4,257,000	\$8,884,000	\$9,630,000	746,000
Delivery Expense.....	1,686,000	1,907,000	1,719,000	1,736,000	17,000
Underwriting Gain.....	558,000	1,516,000	1,638,000	1,837,000	199,000
FCIC Initiatives.....	40,000	40,000	40,000	40,000	-
Subtotal, Mandatory Appropriation.....	8,220,000	7,720,000	12,281,000	13,243,000	\$962,000

GEOGRAPHIC BREAKDOWN OF OBLIGATIONS AND FTE***Table RMA-16. Geographic Breakdown of Obligations and FTE (thousands of dollars, FTE)***

State/Territory/Country	2020		2021		2022		2023	
	Actual	FTE	Actual	FTE	Estimated	FTE	Estimated	FTE
Alabama	\$59,709	-	\$61,342	-	\$61,342	-	\$61,342	-
Alaska	89	-	29	-	29	-	29	-
Arizona	63,614	-	186,799	-	186,799	-	186,799	-
Arkansas	250,814	-	166,173	-	166,173	-	166,173	-
California	358,291	-	740,419	-	740,419	-	740,419	-
Colorado	103,880	-	238,324	-	238,324	-	238,324	-
Connecticut	2,120	-	3,268	-	3,268	-	3,268	-
Delaware	7,813	-	2,852	-	2,852	-	2,852	-
Florida	111,295	-	133,553	-	133,553	-	133,553	-
Georgia	370,898	-	139,784	-	139,784	-	139,784	-
Hawaii	2,057	-	2,756	-	2,756	-	2,756	-
Idaho	36,384	-	91,986	-	91,986	-	91,986	-
Illinois	475,715	-	132,179	-	132,179	-	132,179	-
Indiana	282,913	-	67,674	-	67,674	-	67,674	-
Iowa	451,047	-	583,268	-	583,268	-	583,268	-
Kansas	367,117	-	219,407	-	219,407	-	219,407	-
Kentucky	118,448	-	89,089	-	89,089	-	89,089	-
Louisiana	136,763	-	81,484	-	81,484	-	81,484	-
Maine	5,448	-	8,585	-	8,585	-	8,585	-
Maryland	19,256	-	12,536	-	12,536	-	12,536	-
Massachusetts	1,956	-	3,643	-	3,643	-	3,643	-
Michigan	230,348	-	85,624	-	85,624	-	85,624	-
Minnesota	681,923	-	193,402	-	193,402	-	193,402	-
Mississippi	148,725	-	84,672	-	84,672	-	84,672	-
Missouri	486,863	-	137,989	-	137,989	-	137,989	-
Montana	102,841	-	184,733	-	184,733	-	184,733	-
Nebraska	244,588	-	190,112	-	190,112	-	190,112	-
Nevada	31,194	-	128,120	-	128,120	-	128,120	-
New Hampshire	339	-	267	-	267	-	267	-
New Jersey	10,223	-	2,318	-	2,318	-	2,318	-
New Mexico	46,007	-	176,437	-	176,437	-	176,437	-
New York	68,464	-	51,926	-	51,926	-	51,926	-
North Carolina	398,421	-	284,801	-	284,801	-	284,801	-
North Dakota	454,669	-	533,231	-	533,231	-	533,231	-
Ohio	365,054	-	68,684	-	68,684	-	68,684	-
Oklahoma	126,421	-	81,469	-	81,469	-	81,469	-
Oregon	39,506	-	141,158	-	141,158	-	141,158	-
Pennsylvania	46,804	-	65,453	-	65,453	-	65,453	-
Rhode Island	128	-	342	-	342	-	342	-
South Carolina	118,402	-	50,807	-	50,807	-	50,807	-
South Dakota	994,666	-	191,792	-	191,792	-	191,792	-
Tennessee	67,199	-	42,923	-	42,923	-	42,923	-
Texas	1,545,823	-	2,316,354	-	8,270,354	-	8,774,354	-
Utah	9,449	-	69,767	-	69,767	-	69,767	-
Vermont	2,558	-	4,505	-	4,505	-	4,505	-

State/Territory/Country	2020		2021		2022		2023	
	Actual	FTE	Actual	FTE	Estimated	FTE	Estimated	FTE
Virginia	47,519	-	61,534	-	61,534	-	61,534	-
Washington	123,016	-	320,391	-	320,391	-	320,391	-
West Virginia	1,585	-	2,485	-	2,485	-	2,485	-
Wisconsin	226,169	-	64,491	-	64,491	-	64,491	-
Wyoming	13,472	-	33,062	-	33,062	-	33,062	-
Distribution Unknown	2,284,000	-	3,463,000	-	3,397,000	-	3,613,000	-
Obligations	12,142,000	-	11,997,000	-	17,885,000	-	18,605,000	-
Bal. Available, EOY	595,000	-	591,000	-	591,000	-	591,000	-
Total, Available	12,737,000	-	12,588,000	-	18,476,000	-	19,196,000	-

CLASSIFICATION BY OBJECTS

Table RMA-17. Classification by Objects (thousands of dollars)

Item No.	Item	2020 Actual	2021 Actual	2022 Estimated	2023 Estimated
	Other Objects:				
25.1	Advisory and assistance services	\$38,000	\$23,000	\$25,000	\$25,000
25.2	Other services from non-Federal sources	2,219,000	3,425,000	3,357,000	3,573,000
25.3	Other goods and services from Federal sources	12,000	37,000	39,000	39,000
42.0	Insurance Claims and Indemnities	9,873,000	8,512,000	14,464,000	14,968,000
	Total, Other Objects	12,142,000	11,997,000	17,885,000	18,605,000
99.9	Total, new obligations	12,142,000	11,997,000	17,885,000	18,605,000
	Information Technology Investments:				
	Major Investment 1				
	Related Mission Area PPA #2 (FCIC)				
25.2	Outside Services (Consulting)	42,000	42,000	49,034	49,034
	Total Major Investment 1	42,000	42,000	49,034	49,034
	Total IT Investments	42,000	42,000	49,034	49,034

STATUS OF PROGRAMS

The Federal Crop Insurance Corporation (FCIC), through the Risk Management Agency (RMA), administers 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 as an agency within the United States Department of Agriculture (USDA) to administer the programs of 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, which follows that of FCIC, 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 Objective 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

As required by FCIA, RMA engages in frequent and ongoing analysis to ensure that premiums cover expected losses. The loss ratio, the industry standard to measure performance of insurance programs, is calculated by dividing the total indemnity by the total premium, which is a measure of indemnity (loss) paid per dollar of premium (revenue) collected. Given annual variations in loss ratios, long-run program stability and actuarial soundness are measured based on historical average. The 20-year average loss ratio for the crop insurance program is 0.84, which is within the 1.0 loss ratio mandated by the Federal Crop Insurance Act.

COVID-19 Relief

RMA took numerous actions to provide relief in the face of the pandemic to ensure crop insurance continued to provide a farm safety net under such unprecedented times. Relief included additional time to submit written agreement requests, production reports and Regional Office Yield requests, the deferral of interest on premiums, and self-certification for replant inspections and delayed organic certifications.

National Financial Operational Reviews (NFOR)

Federal crop insurance is a public/private partnership. Approved Insurance Providers (AIPs) must meet statutory requirements and demonstrate 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. During FY 2021, RMA provided oversight in the conduct and completion of 5 scheduled financial oversight reviews providing additional assurance of insurance company compliance with RMA financial and operational requirements resulting in minor recommendations for program integrity improvement and general compliance with regulations. This performance ties directly to RMA's Strategic Plan Goal #4 "to safeguard the integrity of the Federal crop insurance program."

Acreage Crop Reporting Streamlining Initiative (ACRSI)

RMA completed year five of nationwide ACRSI common reporting, which now includes almost all crops eligible for bi-directional data sharing between AIPs and Farm Service Agency (FSA). The third-party proof of concept which tested the capability of producers to submit acreage reports directly to USDA via external providers ended successfully and FSA undertook development of a permanent system to accomplish the same tasks. This new system will enable greater utilization of AIP and third-party precision acreage data that could save producers and taxpayers tens of millions of dollars per year.

Whole Farm Revenue Protection (WFRP)

RMA made several changes to the WFRP product for FY 2021. These changes were made in response to suggestions in the 2018 Farm Bill as well as producer feedback. The changes included streamlining paperwork requirements for direct-marketed commodities. By allowing direct marketed commodities to be grouped together, but still receive the subsidy benefit of multiple commodities, those producers should find WFRP much better tailored to their needs. Beginning in FY 2022, RMA made additional changes to support organics by increasing expansion limits and allowing more time for certification documentation as well as increasing limits for aquaculture. Last, a new version of WFRP known as the Micro farm policy will be available for producers with less than \$100,000 in gross revenue that future reduces paperwork requirements and allows for

including post-harvest value-added revenue to be covered. This policy is specifically targeted at local foods producers and is a direct response to requirements for research and development from the 2018 Farm Bill.

Risk Management Education Whole Farm Revenue Protection (WFRP)

During FY 2021, RMA partnered with nine qualified organizations to provide risk management training and educational tools aimed to assist historically underserved farmers and ranchers and to help producers effectively manage long-term risks and challenges. The projects offer a broad range of risk management training, including education on Federal crop insurance, wildfire preparedness, financial management, record keeping, and risk analysis. RMA awarded approximately \$1 million in cooperative agreements covering eight states (California, Connecticut, Florida, Georgia, Maryland, Michigan, Texas and Washington) and one nationwide project reaching Native American producers. Projects will cover all major demographic groups, historically underserved areas, specialty crop producers, those selling into local markets, and urban growers.

Agricultural Management Assistance

During FY 2021, RMA partnered with NRCS to provide financial assistance for producers who purchase or use high tunnels, micro irrigation, irrigation water management, sprinkler systems, and other specified irrigation and water related practices.

RMA provided \$3.77M in mandatory funds to producers in nine states (Connecticut, Delaware, Hawaii, Maryland, Massachusetts, Nevada, New Hampshire, Utah, and West Virginia,) as part of this effort. Eligible producers for the program can receive financial assistance totaling up to 75 percent of the cost of practice implementation and historically underserved producers can receive up to 90 percent of the cost of practice implementation.

SELECT EXAMPLES OF RECENT PROGRESS

Cover Crops Additional Subsidies

The third year of Iowa Department of Agriculture and Land Stewardship’s (IDALS) cover crop program completed with over 180,000 insured acres receiving additional insurance premium subsidy (funded by the State of Iowa) on land that had a cover crop. In addition, RMA completed the first year with the State of Illinois for a similar program for around 50,000 acres. Finally, RMA expanded the program with the State of Indiana for crop year 2021 with expected acreage to be roughly 25,000.

Building upon this, RMA launched the Pandemic Cover Crop Program (PCCP) which provided a benefit modeled after the state programs nationwide. Given the financial hardships of the pandemic and costs associated with maintaining cover crop systems, PCCP provided support to those producers of almost \$60M in premium reductions. The program also spurred almost 14M acres of cover crops to be reported to FSA, well above the typical 2M-3M reported in most years.

FCIC’s Improper Payment Rate

Table RMA-18 Improper Payments

FCIC Program Fund	FY 2018	FY 2019	FY 2020	FY 2021
Improper Payment (IP) %	1.81%	2.95%	2.31%	1.41%
Improper Payments	\$184M	\$282M	\$247M	\$169M

RMA is the issuer of each Approved Insurance Provider’s (AIPs) Standard Reinsurance Agreement. These agreements, in part, require AIPs to establish internal controls that, in return, reduce improper payments. Additionally, RMA issues a large number of resources and provides annual training as a means of educating stakeholders on Federal Crop Insurance Corporation’s (FCIC’s) policies and procedures. At the end of the Improper Payment review cycle RMA conducts an extensive data analysis to identify root causes and develop a corrective action plan to assist in reducing improper payments. RMA also informs AIPs of the types of errors (i.e. acreage reporting, APH, claims, etc.) identified to raise awareness and promote collaboration in reducing improper payments. These initiatives contribute to RMA maintaining a tolerable improper payment rate.

RMA issued Manager's Bulletin: MGR-19-005 to address APH errors, which are the leading contributor to RMA's improper payment rate. The Bulletin clarified procedures AIPs are to use when conducting APH reviews. Additionally, RMA initiated program reviews focusing on production to count determinations and the accuracy of acreage certifications.

Fraud, Waste, and Abuse

RMA continues to utilize data-mining, geospatial analysis and other advanced data analytics to identify potentially fraudulent activity and stem abuse in the crop insurance program. To augment the Agency's capabilities, RMA engages in research support contracts with the Center for Agribusiness Excellence (CAE) at Tarleton State University, the PRISM Climate Group at Oregon State University, and the University of Illinois at Urbana Champaign. In order to produce the congressionally mandated outcomes of this effort, RMA developed the Spot Check List (SCL) and the Agriculture Risk Protection Act (ARPA) list. The SCL is the most well-known, comprehensive, and routine application of data mining to the Federal crop insurance program, where RMA uses objective, data-driven criteria to develop a list of producers, agents, and adjusters whose crop insurance experience is historically anomalous relative to similarly situated producers in the geographic area. ARPA requires the annual production of the SCL and ARPA lists to support this effort. The SCL and ARPA products, and other advanced analytics efforts play an important and essential role in the delivery of the crop insurance program including claim determination, timely payment of indemnities, county rating effecting crop program availability and premium levels, and the meeting of time-based compliance with congressionally mandated reviews.

RMA works hand-in-hand with USDA's Office of the Inspector General (OIG) to address cases of potential fraud, waste, and abuse. RMA refers all allegations of fraud to OIG, as appropriate, and collaborates with OIG to develop the case for presentation to the Department of Justice.

AIP Performance Review (APR) Process Improvement

The purpose of the APR is to determine if AIPs are complying with the SRA requirements. In 2020, RMA completed reviews of four AIPs – conducting three complete APR process reviews and one targeted review which focused on improper payment results. A new review cycle begins in FY 2021.

AGENCY-WIDE PERFORMANCE

Introduction

The Farm Production and Conservation (FPAC) mission area is USDA’s focal point for the nation’s farmers and ranchers and other stewards of private agricultural lands and non-industrial private forest lands. FPAC agencies implement programs designed to mitigate the significant risks of farming through crop insurance services, conservation programs and technical assistance, and commodity, lending, and disaster programs. These agencies include the Farm Service Agency, the Natural Resources Conservation Service, the Risk Management Agency, and the FPAC Business Center (FPAC BC),

FPAC BC’s Performance, Accountability, and Risk (PAR) division leads the mission area in Strategic Planning, Performance Management, Evidence and Evaluation, and Enterprise Risk Management (ERM). PAR works closely with each of the FPAC agencies to develop performance related practices and products. This office frequently works directly with USDA leadership and represents FPAC on the Department’s Performance, Evaluation, Evidence Committee and the ERM Committee, which are facilitated by the USDA Office of Budget and Program Analysis. FPAC’s Enterprise Risk and Strategy Committee, comprised of executives from each of the FPAC agencies, oversees and provides accountability for performance functions across the mission area.

Alignment to USDA 2022 – 2026 Strategic Plan

USDA Strategic Goal 3: Foster an Equitable and Competitive Marketplace for All Agricultural Producers

- Objective 3.1: Foster Sustainable Economic Growth by Promoting Innovation, Building Resiliency to Climate Change, and Expanding Renewable Energy

SUMMARY OF PERFORMANCE

The following table summarizes the targets for the Departmental Key Performance Indicator (KPI) for which FSA is responsible.

Objective 3.1: Foster Sustainable Economic Growth by Promoting Innovation, Building Resiliency to Climate Change, and Expanding Renewable Energy

Table RMA-19. KPI Improper Payment Rate

Strategic Objective 3.1		Baseline	2022	2023
RMA Improper Payment Rate	Results	2.89		
RMA's improper payment rate considers all categories of payments (premium subsidy, Administrative and Operating expense (A&O), and indemnities) and separates them by Approved Insurance Providers (AIP) into three payment tiers (high, medium, low). A statistically valid sample is conducted each year for the program. Individual AIP results are also captured on an annual basis.	Target	-	2.09	2.09

Table RMA-20. KPI Crop Insurance

Strategic Objective 3.1		Baseline	2022	=2023
Crop Insurance	Results	78.2		
The annual normalized value of risk protection provided to agricultural producers through the Federal Crop Insurance program (\$ Billion)	Target	-	78.2	78.5

Expected Performance Progress Towards the Achievement of Strategic Objective:

RMA Improper Payment Rate

- RMA will continue to administer an actuarial sound crop insurance program that protects America's farmers and ranchers by conducting annual reviews, analyzing results, and developing a Corrective Action Plan (CAP) in order to reduce improper payments. RMA will use the results of the improper payment reviews to improve/clarify current policies and procedures, develop new policies and procedures, and to educate all stakeholders.

Crop Insurance

- RMA continues expanding the program and offer new opportunities for all producers with an emphasis on specialty crop producers. RMA will accomplish this through routine expansion of currently existing policies to new counties as well as improving and modifying policies like Whole Farm Revenue Protection, the new Micro Farm Provisions, Nursery Value Select Production and Revenue History, and updates to the Apple policy. In addition, RMA expects continued interest and participation in Hurricane Insurance Protection – Wind Index given participation from the first two years of the policy. Finally, RMA expects continued growth and modification to livestock policies such as Livestock Risk Protection, Dairy Revenue Protection, and Livestock Gross Margin as well as the Pasture, Rangeland, Forage policy.