2018 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.

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 improve the economic stability of agriculture. Legislation, including the recent 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 for our Nation's agricultural producers and to 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 the producers' ability to protect their financial stability. Through the use of these tools, agricultural producers have available, a cost-effective means of managing their risk and are able to contribute to the rural economy.

RMA employees are located at the Headquarters office in Washington, D.C.; the National office in Kansas City, MO; ten Regional Offices (ROs); and six Regional Compliance Offices (RCOs). As of September 30, 2016, RMA had 474 full-time permanent employees with staff located throughout the Nation as follows: 80 in Washington, D.C.; 163 in Kansas City, MO; 131 in ROs; and 100 in 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.

OIG Reports - Completed

#	05601-004-31	12/21/2015	RMA: Crop Insurance Compliance Case Management- OIG's objective was to evaluate RMA's crop insurance compliance case management. Specifically, they 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.
#	05401-005-11	11/10/2015	Federal Crop Insurance Corporation/Risk Management Agency's Financial Statements for Fiscal Years 2015 and 2014- OIG's 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.
#	50601-0005-31	4/21/2016	USDA Monitoring of Highly Erodible Land and Wetland Conservation Violations- Interim Report- ongoing audit evaluates the processes Natural Resources Conservation Service (NRCS) and Farm Service Agency (FSA) use to identify and monitor the proper disposition of compliance violations related to the Highly Erodible Land (HEL) and Wetlands conservation provisions of the Food Security Act of 1985.
#	50024-009-11	5/20/2016	USDA Fiscal Year 2015 Compliance with Improper Payment Requirements- OIG performed a required review of USDA's FY 2015 Agency Financial Report (AFR) and accompanying information to determine whether the agency was compliant with improper payment requirements.
#	50024-0010-11	9/12/2016	Executive Order 13520, Reducing Improper Payments, Fiscal Year 2015 High Dollar Overpayment Report Review- OIG's objectives were to review the quarterly high-dollar overpayments reports and assess the level of risk associated with applicable agency programs, determine the extent of oversight warranted, and recommend any actions for modifying USDA's recovery and corrective action plans.

OIG Reports - In Progress

#	50024-0010-11	11/24/2015	Executive Order 13520, Reducing Improper Payments, Fiscal Year 2015 High Dollar Overpayment Report Review- OIG's objectives were to review the quarterly high-dollar overpayments reports and assess the level of risk associated with applicable agency programs, determine the extent of oversight warranted, and recommend any actions for modifying USDA's recovery and corrective action plans.
#	50024-009-11	11/24/2015	USDA Fiscal Year 2015 Compliance with Improper Payment Requirements- OIG performed a required review of USDA's FY 2015 Agency Financial Report (AFR) and accompanying information to determine whether the agency was compliant with improper payment requirements.
#	05401-007-11	2/3/2016	Federal Crop Insurance Corporation/Risk Management Agency's Financial Statements for Fiscal year 2016 and 2015- OIG's 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.
#	05601-0005-31	3/15/2016	RMA's Utilization of Contracted Data Mining Results- OIG's objective is to determine whether the results of data mining performed by the Center of Agribusiness Excellence (CAE) is being adequately utilized by the Risk Management Agency (RMA) and approved insurance providers (AIP) to administer and enforce crop insurance program compliance and integrity initiatives.

RISK MANAGEMENT AGENCY

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

Item	2015 Actual		2016 Actual		2017 Estimate		2018 President's Budget	
	Amount	SYs	Amount	SYs	Amount	SYs	Amount	SYs
Salaries and Expenses:								
Discretionary Appropriations	$74,829	438	$74,829	476	$74,687	476	$55,000	476
Federal Crop Insurance Fund								
Mandatory Appropriations	7,779,452	57	4,868,128	-	5,112,000	-	8,245,000	-
Sequestration	-3,978	-	-4,046	-	-4,106	-	-	-
Transfers In	9,575	-	12,107	-	12,731	-	9,000	-
Transfers Out	-10,537	-	-13,069	-	-13,731	-	-14,000	-
Adjusted Appropriation	7,849,341	495	4,937,949	476	5,181,581	476	8,295,000	476
Balance Available, SOY	570,000	-	570,000	-	576,000	-	579,000	-
Other Adjustments (Net)	3,487,399	-	3,764,000	-	3,765,152	-	4,046,000	-
Total Available	11,906,740	495	9,271,949	476	9,522,733	476	12,920,000	476
Lapsing Balances	-925	-	-700	-	-	-	-	-
Balance Available, EOY	-570,000		-575,000	-	-579,000	-	-583,000	-
Obligations	11,335,815	495	8,696,249	476	8,943,733	476	12,337,000	476
Total, RMA	11,335,815	438	8,696,249	476	8,943,733	476	12,337,000	476

RISK MANAGEMENT AGENCY

Permanent Positions by Grade and Staff Year Summary

Item	2015 Actual			2016 Enacted			2017 Estimate			2018 President's Budget		
	D.C.	Field	Total	D.C.	Field	Total	D.C.	Field	Total	D.C.	Field	Total
SES.....	5	1	6	7	1	8	7	1	8	7	1	8
GS-15.....	10	4	14	11	5	16	11	5	16	11	5	16
GS-14.....	10	35	45	11	40	51	11	40	51	11	40	51
GS-13.....	27	156	183	30	179	208	30	179	209	30	177	207
GS-12.....	7	96	103	8	98	104	8	98	106	8	98	106
GS-11.....	1	21	22	2	23	25	2	23	25	2	21	25
GS-10.....	1	-	1	1	-	1	1	-	1	1	-	1
GS-9.....	2	18	20	4	23	27	4	21	24	4	23	26
GS-8.....	5	3	8	5	2	7	5	2	7	5	2	7
GS-7.....	3	19	22	1	21	20	1	19	22	1	21	22
GS-6.....	-	7	7	-	1	1	-	1	1	-	1	1
GS-5.....	1	3	4	-	2	2	-	2	2	-	2	2
GS-4.....					1	1		1	1		1	1
GM-14.....	-	1	1	-	1	1	-	1	1	-	1	1
Ungraded Positions.....	-	2	2	-	2	2	-	2	2	-	2	2
Total Perm. Positions.....	72	366	438	80	399	474	80	396	476	80	396	476
Total, Perm. Full-Time Employment, EOY.....	72	366	438	80	399	474	80	396	476	80	396	476
Staff Year Est.....	74	364	438	80	396	476	80	396	476	80	396	476

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	Ambu-lances	Buses	Heavy Duty Vehicles	Total Number of Vehicles	
		4x2	4x4						
2015	-	2	3	-	-	-	-	5	$28
Change	-	+1	-	-	-	-	-	+1	$2
2016	-	3	3	-	-	-	-	6	$30
Change	-	-2	-	-	-	-	-	-2	-
2017	-	1	3	-	-	-	-	4	$30
Change	-	-	-	-	-	-	-	-	-
2018	-	1	3	-	-	-	-	4	$30

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

NOTES:

These vehicles are assigned in RMA field structure to the Regional and Compliance Field Offices. Each Regional and Compliance office is assigned a geographical area within the United States to perform monitoring and oversight 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
SALARIES AND EXPENSES
Appropriations Language

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

Salaries and Expenses:

For necessary expenses of the Risk Management Agency, [$74,829,000] $55,000,000: 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). Note.--A full-year 2017 appropriation for this account was not enacted at the time the budget was prepared; therefore, the budget assumes this account is ooperating under the Further Continuing Appropriations Act, 2017 (P.L. 114-254). The amounts included for 2017 reflect the annualized level provided by the continuing resolution.

Lead-Off Tabular Statement

Budget Estimate, 2018.....	$55,000,000
2017 Annualized Continuing Resolution.....	74,687,000
Change in Appropriation.....	-19,687,000

Summary of Increases and Decreases
(Dollars in thousands)

Program	2015 Actual	2016 Change	2017 Change	2018 Change	2018 President's Budget
Discretionary Appropriations:					
Total Appropriation.....	$74,829	-	-$142	-$19,687	$55,000

RISK MANAGEMENT AGENCY
SALARIES AND EXPENSES

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

Program	2015 Actual		2016 Actual		2017 Estimate		Inc. or Dec.		2018 President's Budget	
	Amount	SYs	Amount	SYs	Amount	SYs	Amount	SYs	Amount	SYs
Discretionary Appropriations:										
Salaries and Expenses.....	$74,829	438	$74,829	476	$74,687	476	-$19,687 (1)	-	$55,000	476
Transfers In:										
Cong. Relations.....	38	-	38	-	-	-	-	-	-	-
FCIA Farm Bill.....	5,537	-	8,069	-	8,731	-	+269	-	9,000	-
Subtotal.....	5,575	-	8,107	-	8,731	-	+269	-	9,000	-
Total Available.....	80,404	438	82,936	476	83,418	476	-19,418	-	64,000	476
Lapsing Balances.....	-925	-	-700	-	-	-	-	-	-	-
Total Obligations.....	79,479	438	82,236	476	83,418	476	-19,418	-	64,000	476

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

Program	2015 Actual		2016 Actual		2017 Estimate		Inc. or Dec.		2018 President's Budget	
	Amount	SYs	Amount	SYs	Amount	SYs	Amount	SYs	Amount	SYs
Discretionary Obligations:										
Salaries and Expenses.....	$79,479	438	$82,236	476	$83,418	476	-$19,418	-	$64,000	476
Lapsing Balances.....	925	-	700	-	-	-	-	-	-	-
Total Available.....	80,404	438	82,936	476	83,418	476	-19,418	-	64,000	476
Transfers In.....	-5,575	-	-8,107	-	-8,731	-	-269	-	-9,000	-
Transfers Out.....	-	-		-	-	-	-	-	-	-
Total Appropriation.....	74,829	438	74,829	476	74,687	476	-19,687	-	55,000	476

RISK MANAGEMENT AGENCY
SALARIES AND EXPENSES

Justification of Increases and Decreases

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.

(1) A net decrease of $19,687,000 in administrative, operating and activities directed at achieving the RMA mission, goals, and objectives ($74,687,000 and 476 staff years available in 2017).

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 assists in keeping an abundant supply of food, fiber, and fuel flowing from farms and ranches, and to help ensure food security for the Nation. RMA also works to ensure the actuarial soundness of current agricultural insurance products and enhance ongoing efforts to prevent and uncover waste, fraud, and abuse in the program. The funding change is requested for the following items:

a) An increase of $997,000 for pay costs ($248,000 for annualization of the 2017 pay increase and $749,000 for the 2018 pay increase).

The proposed funding level is needed to cover pay and benefit cost increases for existing staff. This will ensure adequate resources are available for the office to carry out its full range of responsibilities and support USDA program delivery.

b) A decrease of $684,000 in operating expenses.

The reduction will be achieved by lowering spending in non-personnel costs such as travel, training and other operating expenses.

c) A decrease of $20,000,000 in operating expenses.

The Budget request reduces $20 million in operating expenses from this account that is offset by the use of $20 million 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	2015 Actual		2016 Actual		2017 Estimate		2018 President's Budget	
	Amount	SYs	Amount	SYs	Amount	SYs	Amount	SYs
California	$2,961	24	$3,082	26	$3,113	26	$2,372	26
District of Columbia	36,699	76	38,909	80	39,109	80	29,928	80
Florida	107	1	-	-	-	-	-	-
Georgia	1,227	12	1,227	14	1,290	14	983	14
Illinois	1,621	15	1,601	13	1,687	13	1,298	13
Indiana	1,192	12	1,423	16	1,423	16	955	16
Kansas	1,767	15	1,276	13	1,548	13	1,415	13
Louisiana	167	1	174	1	174	1	134	1
Minnesota	3,469	25	3,611	34	3,647	34	2,779	34
Mississippi	1,494	13	1,555	10	1,571	10	1,197	10
Missouri	18,993	160	19,571	177	19,771	177	15,214	177
Montana	1,615	13	1,681	15	1,681	15	1,294	15
North Carolina	3,332	31	3,369	30	3,504	30	2,670	30
North Dakota	107	1	111	1	111	1	85	1
Oklahoma	914	8	955	13	965	13	735	13
Texas	2,106	16	2,192	20	2,192	20	1,685	20
Virginia	140	1	-	-		-	-	-
Washington	1,568	14	1,499	13	1,632	13	1,256	13
Obligations	79,479	438	82,236	476	83,418	476	64,000	476
Lapsing Balances	925	-	700	-	-	-	-	-
Total, Available	80,404	438	82,936	476	83,418	476	64,000	476

Classification by Objects
(Dollars in thousands)

		2015 Actual	2016 Enacted	2017 Estimate	2018 President's Budget
Personnel Compensation:					
Washington D.C.		$7,816	$9,328	$9,467	$9,614
Field		33,384	37,222	37,776	38,366
11	Total personnel compensation	41,200	46,550	47,243	47,980
12	Personal benefits	12,937	14,663	14,906	15,166
13.0	Benefits for former personnel	13	13	13	13
	Total, personnel comp. and benefits	54,150	61,226	62,162	63,159
Other Objects:					
21.0	Travel and transportation of persons	1,452	1,795	1,904	0
22.0	Transportation of things	38	40	40	40
23.1	Rental payments to GSA	2,863	2,894	2,909	0
23.2	Rental payments to others	251	250	250	0
23.3	Communications, utilities, and misc. charges	800	800	800	0
24.0	Printing and reproduction	15	22	22	22
25.1	Advisory and assistance services	2,500	2,438	2,836	0
25.3	Other purchases of goods and services from Federal sources	4,250	4,500	4,500	0
25.4	Operation and maintenance of facilities	142	200	200	200
25.7	Operation and maintenance of equipment	12,137	7,151	6,875	0
25.8	Subsistence and support of persons	250	250	250	250
26.0	Supplies and materials	171	170	170	329
31.0	Equipment	460	500	500	0
	Total, Other Objects	25,329	21,010	21,256	841
99.9	Total, new obligations	79,479	82,236	83,418	64,000
DHS Building Security (included above in 25.3)		$350	$400	$412	$425
Position Data:					
Average Salary (dollars), ES Position		165,946	167,605	199,224	201,286
Average Salary (dollars), GS Position		88,175	89,057	89,489	90,415
Average Grade, GS Position		12.1	12.1	12.1	12.1

RISK MANAGEMENT AGENCY
Shared Funding Projects
(Dollars in thousands)

	2015 Actual	2016 Actual	2017 Estimate	2018 President's Budget
Working Capital Fund:				
HR Enterprise System Management	-	$4	$4	$5
Integrated Procurement Systems	$12	16	16	22
Mail and Reproduction Services	60	53	71	58
Materiel Management Service Center	11	16	18	15
Procurement Operations Division	8	-	-	0
Subtotal	92	89	109	100
Correspondence Management	27	29	32	29
Creative Media and Broadcast Center	33	29	27	23
Subtotal	60	58	59	52
Financial Management Services	357	331	408	380
Internal Control Support Services	114	132	154	149
National Finance Center	69	74	122	110
Subtotal	540	537	684	639
Client Technology Service	296	153	411	381
National Information Technology Center	78	107	177	164
Enterprise Network Services	77	104	378	394
Subtotal	451	364	966	939
Total, Working Capital Fund	1,143	1,048	1,818	1,730
Departmental Shared Cost Programs:				
1890 USDA Initiatives	12	14	17	15
Classified National Security Information	4	3	3	3
Continuity of Operations Planning	9	9	9	9
Emergency Operations Center	10	10	10	9
Facility and Infrastructure Review and Assessment	2	2	2	2
Faith-Based & Neighborhood Partnerships	2	2	2	2
Hispanic-Serving Institutions National Program	8	8	9	8
Human Resources Transformation	8	8	7	7
Identity & Access Management (HSPD-12)	30	29	30	27
Medical Services	5	6	7	6
People's Garden	3	3	3	3
Personnel Security Branch (was PDSD)	5	14	11	10
Preauthorized Funding	17	17	17	15
Retirement Processor Web Application	3	3	3	2
TARGET Center	6	6	6	6
USDA 1994 Program	3	3	3	3
Virtual University	9	9	9	8
Total, Departmental Shared Cost Programs	136	143	149	135

RISK MANAGEMENT AGENCY

Shared Funding Projects
(Dollars in thousands)

	2015 Actual	2016 Actual	2017 Estimate	2018 Estimate
E-Gov:				
Disaster Assistance Improvement Plan	$2	$3	$5	$5
Enterprise Human Resources Integration	9	8	9	9
E-Rulemaking	4	11	23	28
E-Training	12	12	-	-
Financial Management Line of Business	1	1	1	1
Geospatial Line of Business	-	7	13	13
GovBenefits.gov	6	9	12	13
Grants.gov	2	-	-	-
Human Resources Line of Business	1	1	1	1
Integrated Acquisition Environment - Loans and Grants	8	-	-	-
Integrated Acquisition Environment	3	6	1	1
Total, E-Gov	48	59	65	71
Agency Total	1,328	1,250	2,033	1,937

RISK MANAGEMENT AGENCY
FEDERAL CROP INSURANCE CORPORATION FUND
Appropriations Language

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.

RISK MANAGEMENT AGENCY
FEDERAL CROP INSURANCE CORPORATION FUND

Lead-Off Tabular Statement

Current Law

Budget Estimate, 2018	$8,245,000
2017 Annualized Continuing Resolution	5,112,000
Change in Appropriation	+ 3,133,000

Summary of Increases and Decreases
(Dollars in thousands)

Program	2015 Actual	2016 Change	2017 Change	2018 Change	2018 President's Budget
Mandatory Appropriations:					
Premium Subsidy	5,180,866	-3,677,097	-445,169	+4,701,400	5,760,000
Delivery Expense	1,413,265	+57,395	-118,260	+600	1,353,000
Underwriting Gain	1,104,974	+729,021	+800,005	-1,569,000	1,065,000
Federal Crop Insurance Act Initiatives	60,347	-20,643	+7,296	-	47,000
Subtotal	7,759,452	-2,911,324	+243,872	+3,133,000	8,225,000
Cat. / Administrative Fees	20,000	-	-	-	20,000
Total	7,779,452	-2,911,324	+243,872	+3,133,000	8,245,000

RISK MANAGEMENT AGENCY
FEDERAL CROP INSURANCE CORPORATION FUND

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

Program	2015 Actual		2016 Actual		2017 Estimate		Inc. or Dec.		2018 President's Budget	
	Amount	SYs	Amount	SYs	Amount	SYs	Amount	SYs	Amount	SYs
Mandatory Appropriations:										
Premium Subsidy	5,180,866	-	1,503,769	-	1,058,600	-	+4,701,400 (a)	-	5,760,000	-
Delivery Expense	1,413,265	-	1,470,660	-	1,352,400	-	+600 (b)	-	1,353,000	-
Underwriting Gain	1,104,974	-	1,833,995	-	2,634,000	-	-1,569,000 (c)	-	1,065,000	-
Federal Crop Insurance Act Initiatives	60,347	57	39,704	-	47,000	-	-	-	47,000	-
Subtotal	7,759,452	57	4,848,128	-	5,092,000	-	+3,133,000	-	8,225,000	-
Crop Insurance Fees	20,000	-	20,000	-	20,000	-	-	-	20,000	-
Subtotal	20,000	-	20,000	-	20,000	-	-	-	20,000	-
Total Appropriation	7,779,452	57	4,868,128	-	5,112,000	-	+3,133,000 (1)	-	8,245,000	-
Transfers In:										
AMA Funding	4,000	-	4,000	-	4,000	-	-4,000	-	-	-
Total	4,000	-	4,000	-	4,000	-	-4,000	-	-	-
Transfers Out:										
NIFA	-5,000	-	-5,000	-	-5,000	-	-	-	-5,000	-
RMA S&E	-5,537	-	-8,069	-	-8,731	-	-269	-	-9,000	-
Subtotal	-10,537	-	-13,069	-	-13,731	-	-269	-	-14,000	-
Sequestration	-3,978	-	-4,046	-	-4,106	-	+4,106	-	-	-
Transfers and Seq. (Net)	-10,515	-	-13,115	-	-13,837	-	-163	-	-14,000	-
Total Adjusted Appropriation	7,768,937	57	4,855,013	`	5,098,163	-	+3,132,837	-	8,231,000	-
Bal. Available, SOY	570,000	-	570,000	-	576,000	-	+3,000	-	579,000	-
Recoveries, Other (Net)	3,487,399	-	3,764,000	-	3,765,152	-	+280,848	-	4,046,000	-
Total Available	11,826,336	57	9,189,013	-	9,439,315	-	+3,416,685	-	12,856,000	-
Bal. Available, EOY	-570,000	-	-575,000	-	-579,000	-	-4,000	-	-583,000	-
Total Obligations	11,256,336	57	8,614,013	-	8,860,315	-	+3,412,685	-	12,273,000	-

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

Program	2015 Actual		2016 Actual		2017 Estimate		Inc. or Dec.		2018 President's Budget	
	Amount	SYs	Amount	SYs	Amount	SYs	Amount	SYs	Amount	SYs
Mandatory Obligations:										
Indemnities	8,678,015	-	5,276,039	-	4,807,315	-	+4,980,685	-	9,788,000	-
Delivery Expense	1,413,265	-	1,460,051	-	1,352,000	-	+1,000	-	1,353,000	-
Underwriting Gain	1,104,974	-	1,833,994	-	2,634,000	-	-1,569,000	-	1,065,000	-
Federal Crop Insurance Act Initiatives	59,257	57	39,704	-	47,000	-	-	-	47,000	-
Program Related IT	825	-	4,225	-	20,000	-	-	-	20,000	-
Subtotal	11,256,336	57	8,614,013	-	8,860,315	-	+3,412,685	-	12,273,000	-
Total Obligations	11,256,336	57	8,614,013	-	8,860,315	-	+3,412,685	-	12,273,000	-
Bal. Available, EOY	570,000	-	575,000	-	579,000	-	10,000	-	583,000	-
Total Available	11,826,336	57	9,189,013	-	9,439,315	-	+3,416,685	-	12,856,000	-
Transfers In	-4,000	-	-4,000	-	-4,000	-	4,000	-	-	-
Transfers Out	10,537	-	13,069	-	13,731	-	269	-	14,000	-
							0			
Sequestration	3,978	-	4,046		4,106	-	-4,106	-		-
Bal. Available, SOY	-570,000	-	-570,000	-	-576,000	-	-3,000	-	-579,000	-
Other Adjustments (Net)	-3,487,399	-	-3,764,000	-	-3,765,152	-	-280,848	-	-4,046,000	-
									.	
Total Appropriation	7,779,452	57	4,868,128	-	5,112,000	-	+3,133,000	-	8,245,000	-

RISK MANAGEMENT AGENCY
FEDERAL CROP INSURANCE CORPORATION FUND
Justification

(1) An increase of $3,133,000,000 is estimated for the Federal Crop Insurance Corporation (FCIC) Fund, ($5,112,000,000 available in 2017).

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:

a. An increase of $4,701,400,000 for premium subsidy ($1,058,600,000 available in 2017).

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 in 2018, which increases the value of insurance and in turn, increases premium subsidies paid by FCIC. Fiscal year 2017 estimate is at the current 0.52 loss ratio and 2018 estimate is budgeted at a 1.0 loss ratio.

b. An increase of $600,000 for delivery expense ($1,352,400,000 available in 2017).

Delivery expenses are administrative and operating reimbursements provided to approved insurance providers (AIPs). They cover the cost of selling and servicing crop insurance products to American 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, primarily due to the annual inflation cap which accounts for the increase in this fiscal year.

c. A decrease of $1,569,000,000 for underwriting gains ($2,634,000,000 available in 2017).

Underwriting gains are a reinsured company's share of net book premium that exceeds their share of net losses (indemnities). Underwriting gains are expected to decrease based on lower estimated retained premium in 2018, which is premium retained by companies after FCIC reinsurance. Also, 2017 shows larger underwriting gains because of lower loss ratios across the program.

RISK MANAGEMENT AGENCY
FEDERAL CROP INSURANCE CORPORATION FUND

Summary of Proposed Legislation

Program: Federal Crop Insurance Corporation Fund

Proposal: Limit Premium Subsidies for Crop Insurance

Rationale: The 2018 Budget proposes to establish a limit of $40,000 for the premium subsidies an individual or entity may receive. This limit would reduce 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. The $40,000 limit in premium subsidy would apply to all levels of coverage, including catastrophic coverage.

Goal: The goal of this proposal is to optimize the current crop insurance program so that it will continue to provide a quality safety net at a lower cost. This proposal will provide a total savings of $16.2 billion over the next 10 years.

	2017	2018	2019	2020	2021
Budget Authority	0	0	-1,552	-1,620	-1,815
Outlays	0	0	-1,552	-1,620	-1,815

Program: Federal Crop Insurance Corporation Fund

Proposal: Eliminate Subsidized Harvest Price Revenue Coverage.

Rationale: The 2018 Budget proposes to eliminate the ability for producers to insure their crops at the higher of the price projected at planting or the harvest price. Crop insurance was not designed to reduce risk in forward selling. Producers that want to hedge their risk can do so using futures and options on commodity exchanges. This proposal maintains the crop insurance program as a tool for farmers to use as protection in times of low yields and low prices.

Goal: The goal of this proposal is to optimize the current crop insurance program and maintain the program as a tool for producers. This proposal will provide a total ten-year savings of $11.9 billion.

	2017	2018	2019	2020	2021
Budget Authority	0	0	-1,212	-1,251	-1,314
Outlays	0	0	-1,212	-1,251	-1,314

Program: Federal Crop Insurance Corporation Fund

Proposal: Eliminate premium subsidy for farmers with an Adjusted Gross Income (AGI) of over $500k.

Rationale: The 2018 Budget proposes to target crop insurance subsidies to those producers that have an Adjusted Gross Income (AGI) of $500,000 or less. This proposal would better target Government assistance to those producers in need of subsidies.

Goal: The goal of this proposal is to improve the integrity of crop insurance. This proposal will save $420 million over the next 10 years.

	2017	2018	2019	2020	2021
Budget Authority	0	0	-34	-35	-40
Outlays	0	0	-34	-35	-40

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

State/Territory	2015 Actual		2016 Actual		2017 Estimate		2018 President's Budget	
	Amount	SYs	Amount	SYs	Amount	SYs	Amount	SYs
Alabama	$37,499	-	$39,156	-	$34,809	-	$71,612	-
Alaska	56	-	40	-	40	-	82	-
Arizona	18,510	-	16,740	-	10,685	-	21,982	-
Arkansas	129,085	-	135,906	-	115,340	-	237,287	-
California	427,012	-	565,112	-	505,339	-	789,625	-
Colorado	134,678	-	71,317	-	77,254	-	158,933	-
Connecticut	1,229	-	2,472	-	2,393	-	4,923	-
Delaware	1,124	-	2,440	-	2,387	-	4,911	-
Florida	37,864	-	54,603	-	45,797	-	94,217	-
Georgia	151,066	-	97,563	-	85,881	-	176,681	-
Hawaii	394	-	1,339	-	976	-	2,008	-
Idaho	78,756	-	44,360	-	39,867	-	82,018	-
Illinois	331,499	-	401,915	-	390,715	-	803,811	-
Indiana	165,271	-	433,113	-	400,329	-	823,590	-
Iowa	1,430,749	-	120,273	-	121,691	-	250,353	-
Kansas	457,270	-	133,281	-	145,786	-	299,923	-
Kentucky	136,260	-	100,982	-	99,459	-	204,615	-
Louisiana	50,946	-	92,450	-	89,287	-	183,689	-
Maine	2,727	-	8,307	-	8,115	-	16,695	-
Maryland	7,273	-	8,302	-	8,103	-	16,670	-
Massachusetts	2,543	-	3,697	-	3,780	-	7,777	-
Michigan	122,709	-	63,943	-	60,354	-	124,165	-
Minnesota	1,247,698	-	131,065	-	90,288	-	185,748	-
Mississippi	93,479	-	129,667	-	123,313	-	253,690	-
Missouri	324,201	-	295,971	-	303,258	-	579,982	-
Montana	103,725	-	98,226	-	99,777	-	205,269	-
Nebraska	518,791	-	125,115	-	102,568	-	211,011	-
Nevada	25,194	-	25,598	-	27,602	-	56,785	-
New Hampshire	299	-	263	-	220	-	453	-
New Jersey	2,930	-	4,241	-	4,254	-	8,752	-
New Mexico	16,434	-	17,780	-	15,830	-	32,567	-
New York	40,835	-	48,411	-	46,648	-	95,968	-
North Carolina	111,841	-	287,948	-	250,109	-	514,545	-
North Dakota	471,655	-	279,518	-	262,503	-	540,043	-
Ohio	141,829	-	172,791	-	178,013	-	366,223	-
Oklahoma	170,353	-	68,571	-	68,264	-	140,438	-
Oregon	49,680	-	34,894	-	30,231	-	62,194	-
Pennsylvania	26,730	-	30,591	-	28,687	-	59,017	-
Rhode Island	59	-	73	-	72	-	148	-
South Carolina	51,509	-	147,062	-	123,773	-	254,636	-
South Dakota	245,193	-	174,098	-	161,096	-	331,420	-
Tennessee	55,273	-	43,311	-	40,677	-	83,684	-
Texas	751,935	-	472,587	-	444,576	-	864,618	-
Utah	1,943	-	3,513	-	3,481	-	7,161	-
Vermont	2,056	-	3,165	-	3,186	-	6,555	-
Virginia	28,607	-	41,183	-	40,607	-	83,540	-
Washington	192,495	-	177,052	-	164,556	-	338,538	-
West Virginia	1,238	-	1,194	-	1,157	-	2,380	-
Wisconsin	263,137	-	54,620	-	51,545	-	106,043	-
Wyoming	14,376	-	13,497	-	12,074	-	24,840	-
Undistributed a/	2,578,321	-	3,334,698	-	3,933,563	-	2,481,185	-
Obligations	11,256,336	-	8,614,013	-	8,860,315	-	12,273,000	-
Lapsing Balances	-	-	-	-	-	-	-	-
Bal. Available, EOY	570,000	-	575,000	-	579,000	-	583,000	-
Total, Available	11,826,336	-	9,189,013	-	9,439,315	-	12,856,000	-

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)

		2015 Actual	2016 Actual	2017 Estimate	2018 President's Budget
Other Objects:					
21.0	Travel and transportation of persons.....	-	-	-	$2,000
22.0	Transportation of things.....	-	-	-	-
23.1	Rental payments to GSA.....	-	-	-	3,070
23.3	Communications, utilities, and misc. charges.....	-	-	-	1,000
25	Delivery Expenses.....	$1,413,265	$1,460,051	$1,352,000	1,353,000
25.1	Federal Crop Insurance Act Initiatives.....	59,257	39,704	47,000	47,000
25.1	Advisory and assistance services.....	-	-	v	3,000
25.2	Underwriting Gain/Loss.....	1,104,974	1,833,994	2,634,000	1,065,000
25.3	Program Related IT	825	4,225	20,000	-
25.3	Other goods and services from Federal Sources.....	-	-	-	3,930
25.7	Operation and maintenance of equipment.....	-	-	-	7,000
42	Indemnities.....	8,678,015	5,276,039	4,807,315	9,788,000
	Total, Other Objects.....	11,256,336	8,614,013	8,860,315	12,273,000
99.9	Total, new obligations a/.....	11,256,336	8,614,013	8,860,315	12,273,000

a/ Section 508(b)(5)(D) supports activities of the agency including equipment, rent, IT systems when specific appropriations expire, data, training, travel. This provision excludes salaries and benefits.

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 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.

The Department will be revising the USDA Strategic Plan later in the spring and expects to release it with the FY 2019 President's Budget.

Key Performance Measures:

Annual normalized value of risk protection provided to agricultural producers through the Federal crop insurance program.							
	2012 Actual	2013 Actual	2014 Actual	2015 Actual	2016 Actual	2017 Target	2018 Target
Dollar Value	$62	$66	$68	$69	$74	$64	$64

*Dollars in billions

Selected Past Accomplishments towards the Achievement of the Key Outcome:

- The Whole Farm Policy, which targets highly diversified farms, continues to grow. The value of risk protection for the Whole Farm Policy more than doubled from $1.1 billion in 2015 to $2.3 billion in 2016. Part of the growth is due to revisions to the policy based on input received from farmers and ranchers which resulted in making the insurance more valuable to the producers.
- The crop insurance program strives to be responsive to the needs of the market. Several products had significant revisions based on input from farmers, ranchers, and their representatives. These products include coverage for sugarcane, clary sage, and pasture, rangeland, and forage.

Selected Accomplishments Expected at the 2018 Proposed Resource Level:

- As directed by the Federal Crop Insurance Act, the crop insurance program continues to operate on an actuarially sound basis.
- Premium rate revisions of the crop insurance programs will continue in 2018. A significant factor contributing to the actuarial soundness of the crop insurance program is that RMA regularly updates premium rates to reflect accumulated loss experience. For 2018, RMA will be updating the rates for wheat, soybeans, rice and a number of other smaller crops.
- To address market needs, RMA will continue to implement new products and bring them to market.

Underwriting activities completed by the Regional Offices.							
	2012 Actual	2013 Actual	2014 Actual	2015 Actual	2016 Actual	2017 Target	2018 Target
Number of activities	29,393	16,506	18,805	23,941	24,576	25,702	28,000

Selected Past Accomplishments toward Achievement of the Key Outcome:
In 2016 RMA completed a Lean Six Sigma project review of several underwriting processes, including the written agreement process. The primary focus was to become more efficient and provide more value in handling these requests. Benefits also include decreased decision wait times for producers, consistency in underwriting decisions, reduced resource waste, and reduced resource requirements per decision for both RMA and its stakeholders. Since the process in continual, results are expected to be realized over the next several years to come.

Selected Accomplishments Expected at the 2018 Proposed Resource Level:
Newly developed data mining tools have allowed RMA to take a more active approach in program analysis. Starting with the 2018 crop year, crop program reviews and planting date reviews will be performed on a recurring three year cycle and will coincide with scheduled rate and transitional yield reviews. These activities allow for proactive monitoring of individual crop program performance and ensure that program planting dates are current with changing crop production methods and weather patterns resulting in reduced exposure to adverse risk, improving the overall effectiveness in program delivery.

Producers reached with crop insurance education and risk education training through the Risk Management Education Partnerships Program and the Targeted States Program.							
	2012 Actual	2013 Actual	2014 Actual	2015 Actual	2016 Actual	2017 Target	2018 Target
Number of producers	81,000	48,403	112,734	89,799	114,029	49,600	50,000

Selected Past Accomplishments toward Achievement of the Key Outcome:

- For FY 2016, Cooperative Agreements totaling approximately $8.7 million in over 45 States were awarded from two Risk Management Education programs: (1) Risk Management Education Partnership Program and (2) Crop Insurance in Targeted States Program.
- RMA programs helped educate farmers on risk management options to help secure local food systems and strengthen rural communities.
- Funded projects incorporated innovative approaches in their delivery of material toward priorities such as Whole-Farm Revenue Protection program, Pasture, Rangeland and Forage (Rainfall Index) program, and Farm Financial Benchmarking.

Selected Accomplishments Expected at the 2018 Proposed Resource Level:

- RMA continues to partner with well qualified entities across multiple states to provide training, information, and outreach activities.
- Continued projects include, but not limited to, crop insurance education and risk management training to minority producers, women, veteran producers, tribal, limited resource producers, and minority producers growing specialty crops.
- Translation of crop insurance information into Spanish and Hmong languages.
- Increased awareness of the crop insurance program to address production, legal, financial, marketing, and human risks.
- Increased emphasis of educational activities in the areas of specialty crops, organic production, and farm benchmarking.

Improper Payment Rate for the Federal crop insurance program.							
	2012 Actual	2013 Actual	2014 Actual	2015 Actual	2016 Actual	2017 Target	2018 Target
Percent	4	5	6	2	2	5	5

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 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 2018 Proposed Resource Level:

- Continue to expand the agency's strategic data acquisition and analysis efforts by incorporating additional remote sensing and geospatial analyses to its data warehouse and data mining initiative. This will allow the use of data and analysis tools to be expanded to include underwriting and additional program integrity issues throughout the program.
- RMA is using the improper payment data collected from past IPERIA reviews to perform trend analysis which will be used to determine where RMA should focus its efforts when performing overpayment recapture audits. RMA is also using policy concerns identified during these reviews to develop program vulnerability reports which bring identified program weaknesses to the attention of those that should be aware.