2021 USDA EXPLANATORY NOTES – RISK MANAGEMENT AGENCY

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 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 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, 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. 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.

As of September 30, 2019, RMA had 350 full-time permanent employees located throughout the Nation as follows: 32 in Washington, D.C. Headquarters; 115 in Kansas City, MO national office; with the remaining 203 located in ten 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.

OIG AND GAO REPORTS

Completed OIG Reports

ID	Date	Title	Result
50024-0014-11	5/31/2019	US Department of Agriculture's Fiscal Year 2018 Compliance with Improper Payments	There were no recommendations for RMA. This audit is closed for RMA.
05401-0011-11	11/8/2019	Federal Crop Insurance Corporation/Risk Management Agency's Financial Statements for Fiscal Years 2019 and 2018	There were no recommendations for RMA. This audit is closed for RMA.
GAO-15-28	12/13/2019	Climate Change: Better Management of Exposure to Potential Future Losses Is Needed for Federal Flood and Crop Insurance	Given USDA's continued position that farmers' adoption of farming practices that improve agriculture's long-term resilience to climate change should be on a voluntary basis, GAO closed this recommendation as not implemented.

In-Progress OIG Reports

ID	Title
05601-0007-31	Controls over Multiple Peril Crop Insurance (MPCI) Policies with Additional Coverage for Hail
05601-0004-22	Wildfires and Hurricanes Indemnity Program (WHIP)

In-Progress GAO Reports

ID	Title
GAO-15-215	Crop Insurance: In Areas with Higher Crop Production Risks, Costs Are Greater, and Premiums May Not Cover Expected Losses
GAO-17-501	Crop Insurance: Opportunities Exist to Improve Program Delivery and Reduce Costs

AVAILABLE FUNDS AND STAFF YEARS

RISK MANAGEMENT AGENCY
(Dollars in Thousands)

Item	2018 Actual	SY	2019 Actual	SY	2020 Estimate	SY	2021 Budget	SY
Salaries and Expenses:								
Discretionary Appropriations	$74,829	450	$58,361	363	$58,361	363	$59,440	363
Federal Crop Insurance Fund:								
Mandatory Appropriations	6,466,000	-	11,789,000	-	7,732,000	-	8,729,000	-
Sequestration	-5,247	-	-3,000	-	-3,000	-	-	-
Transfers In	4,000	-	4,000	-	4,000	-	4,000	-
Transfers Out	-13,764	-	-17,000	-	-17,000	-	-17,000	`
Adjusted Appropriation	6,450,989	450	11,773,000	363	7,716,000	363	8,716,000	363
Balance Available, SOY	576,000	-	578,000	-	584,000	-	605,000	-
Other Adjustments (Net)	3,761,000	-	1,293,000	-	6,004,000	-	3,559,000	-
Total Available	10,787,989	450	13,644,000	363	14,304,000	363	12,880,000	363
Lapsing Balances				-	-	-	-	-
Balance Available, EOY	-576,000	-	-584,000	-	-605,000	-	-592,000	-
Obligations	10,211,989	450	13,060,000	363	13,699,000	363	12,288,000	363
Total, RMA	10,286,818	450	13,118,361	363	13,757,361	363	12,347,440	363

PERMANENT POSITIONS BY GRADE AND STAFF YEAR

Item			2018 Actual			2019 Actual			2020 Enacted			2021 Budget
	D.C.	Field	Total	D.C.	Field	Total	D.C.	Field	Total	D.C.	Field	Total
SES	5	1	6	3	1	4	4	1	5	4	1	5
SL	-	-	-	-	3	3	-	3	3	-	3	3
GS-15	8	5	13	7	6	13	8	6	14	8	6	14
GS-14	9	43	52	4	33	37	4	33	37	4	33	37
GS-13	29	172	201	11	146	157	11	146	157	11	146	157
GS-12	5	98	103	1	95	96	1	95	96	1	95	96
GS-11	2	18	20	-	17	17	-	17	17	-	17	17
GS-10	1	-	1	1	-	1	1	-	1	1	-	1
GS-9	4	20	24	1	9	10	1	9	10	1	9	10
GS-8	5	2	7	2	1	3	2	1	3	2	1	3
GS-7	1	17	18	-	7	7	-	7	7	-	7	7
GS-6	-	1	1	-	1	1	-	1	1	-	1	1
GS-5	-	1	1	-	1	1	-	1	1	-	1	1
GS-4	-	-	-	-		-	-	-	-	-	-	-
GS-3	-	-	-	-	-	-	-	-	-	-	-	-
GS-2	-	-	-	-	-	-	-	-	-	-	-	-
GS-1	-	-	-	-	-	-	-	-	-	-	-	-
Other Graded	-	1	1	-	-	-	-	-	-	-	-	-
Ungraded	-	2	2	-	-	-	-	-	-	-	-	-
Total Permanent	69	381	450	30	320	350	32	320	352	32	320	352
Unfilled, EOY	6	7	13	7	43	50	-	-	-	-	-	-
Total Perm. FT EOY	63	374	437	23	277	300	32	320	352	32	320	352
Staff Year Est	208	242	450	197	166	363	206	157	363	202	161	363

SIZE, COMPOSITION, AND ANNUAL COSTS OF 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.

Fiscal Year	Sedans and Station Wagons	Trucks, SUVs, and Vans	Trucks, SUVs, and Vans	Medium Duty Vehicles	Ambu-lances	Buses	Heavy Duty Vehicles	Total Vehicles	Annual Operating Costs
2018	-	1	3	-	-	-	-	4	$32
Change	-	-1	+1	-	-	-	-	-	+2
2019	-	-	4	-	-	-	-	4	34
Change	-	-	-	-	-	-	-	-	+2
2020	-	-	4	-	-	-	-	4	36
Change	-	-	-	-	-	-	-	-	+2
2021	-	-	4	-	-	-	-	4	38

Includes vehicles leased from GSA.

Excludes acquisiton costs and gains from sale of vehicles as shown in FAST.

SHARED FUNDING PROJECTS

Item	2018 Actual	2019 Actual	2020 Enacted	2021 Budget
Working Capital Fund:				
Administration:				
Material Management Service	$16	$13	$15	$15
Mail and Reproduction Services	58	67	76	76
Integrated Procurement Systems	20	22	23	23
Human Resources Enterprise Management Systems	5	5	5	5
Subtotal	*99*	*108*	*119*	*119*
Communications:				
Creative Media & Broadcast Center	26	26	43	37
Finance and Management:				
National Finance Center	135	109	101	96
Internal Control Support Services	150	127	160	150
Financial Management Support Services	384	379	424	419
Subtotal	*669*	*615*	*685*	*665*
Information Technology:				
National Finance Center	-	-		-
Client Technology Services	433	1,991	931	944
Department Administration Information Technology	-	-	7	7
Digital Infrastructure Services Center	164	372	214	206
Enterprise Network Services	305	912	722	747
Subtotal	902	3,275	1,874	1,904
Correspondence Management	29	23	23	25
Total, Working Capital Fund	**$1,725**	**$4,045**	**$2,744**	**$2,750**
Department-Wide Shared Cost Programs:				
Agency Partnership Outreach	$35	$31	$32	$32
Honor Awards	-	1	1	1
Human Resources Dashboard	3	2	2	-
Human Resources Transformation	4	-	-	-
Medical Services	5	*3*	1	-

Office of Customer Experience	9	10	12	12
People's Garden	2	-	-	-
Personnel Document Security	17	15	16	16
Physical Security			23	17
Security Operations	49	43	24	26
Security Detail	21	17	18	19
TARGET Center	6	5	5	5
USDA Data Enterprise Data Analytics Services			22	22
Virtual University	5	-	-	-
Total, Department-Wide Reimbursable Programs	**$156**	**$127**	**$156**	**$148**
E-Gov:				
Disaster Assistance Improvement Plan	5	5	5	5
Enterprise Human Resources Integration	8	8	-	-
E-Rulemaking	28	24	32	32
Financial Management Line of Business	1	1	1	1
Geospatial Line of Business	13	13	13	13
GovBenefits.gov	13	13	8	8
Human Resources Line of Business	1	1	1	1
Integrated Acquisition Environment	1	1	1	1
Total, E-Gov	**$70**	**$66**	**$61**	**$61**
Agency Total	**$1,951**	**$4,240**	**$2,961**	**$2,960**

Totals may not add due to rounding.

ACCOUNT 1: SALARIES AND EXPENSES
LEAD-OFF TABULAR STATEMENT

Salaries and Expenses	
2020 Appropriations	$58,361,000
Change in Appropriation	1,079,000
2021 Department Estimate	59,440,000
2021 Request	**59,440,000**

APPROPRIATIONS LANGUAGE

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

For necessary expenses of the Risk Management Agency, [$58,361,000] <u>$59,440,000</u>: Provided, That $2,000,000 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)) in addition to other amounts provided: 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).

The change revises the requested level.

PROJECT STATEMENT

Risk Management Agency
Salaries and Expenses
(Dollars in Thousands)

	2018 Actual		2019 Actual		2020 Enacted		2021 Budget Request		Change from 2020 Estimate	
Program/Activity	B.A.	SY	B.A.	SY	B.A.	SY	B.A.	SY	B.A.	SY
Direct Appropriations:										
Salaries and Expenses	$74,829	450	$58,361	363	$58,361	363	$59,440	363	1,079	-
Subtotal, Direct Appropriations	$74,829	450	58,361	363	58,361	363	59,440	363	1,079	-
Transfers In:										
FCIA Farm Bill............................	8,764		7,000		7,000		7,000		-	-
Other..............................	-		2,753							
Cong. Relations	40		-		-		-		-	-
Subtotal, Transfers In........................	8,804	-	9,753	-	7,000	-	7,000	-	-	-
Total, Discretionary Funding.........................	**$83,633**	**450**	**68,114**	**363**	**65,361**	**363**	**66,440**	**363**	**1,079**	**-**
Transfers Out:										
WCF IT Modernization........................	-500		-200							
Total Available...	**$83,133**	**450**	**67,914**	**363**	**65,361**	**363**	**66,440**	**363**	**1,079**	**-**
Lapsing Balances..........................	-568		-875		-		-		-	-
Total Obligations	**$82,565**	**450**	**$67,039**	**363**	**$65,361**	**363**	**$66,440**	**363**	**1,079**	**-**

JUSTIFICATIONS OF INCREASES/DECREASES

Salaries and Expenses

Risk Management Agency Salaries and Expenses: A net increase of $1,079,000 ($58,361,000 and 363 staff years available in FY 2020).

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

A funding change is requested for the following items:

a) An increase of $529,530 for pay costs ($242,476 for annualization of the 2020 pay increase and $287,054 for the 2021 pay increase).
   This increase will allow RMA to continue to meet its mission to serve agricultural producers through effective, market-based risk management tools. This critical increase is needed to support and maintain current staffing levels to increase the availability and effectiveness of Federal crop insurance as a risk management tool. Elimination of the pay cost increase means the RMA would not be able to fund approximately staff and/or would need to significantly cut travel, training, and mission support. Approximately 78 percent of our budget supports personnel compensation and benefits. We would have to accomplish this reduction in staff through attrition. The reduction would prevent us from fully performing our mission, as RMA would not be able to quickly and thoroughly address crop insurance and risk management needs of producers.

b) An increase of $382,739 for performance awards.
This increase will support a 1 percentage point increase in awards spending, consistent with objectives outlined in the President's Management Agenda, to enhance workforce development. Without this additional funding, RMA will be unable to absorb these costs in FY 2021, resulting in reductions to planned hiring levels, eroding USDA's ability to meet key Administration priorities contained in this Budget.

c) An increase of $482,634 for the Department's increased contribution to the Federal Employees Retirement System (FERS).
This increase will cover the expenses for the mandated increase of USDA's contribution to FERS.

d) A decrease of $315,903 for operational efficiencies.
RMA will continue to look for potential cost-saving measures through more efficient use of travel and other expenditures.

GEOGRAPHIC BREAKDOWN OF OBLIGATIONS AND STAFF YEARS

State/Territory/Country	2018 Actual	SY	2019 Actual	SY	2020 Enacted	SY	2021 Budget	SY
Arkansas	120	1	-	-	-	-	-	-
California	2,868	27	3,032	24	2,957	24	3,005	24
Delaware	130	1	-	-	-	-	-	-
District of Columbia	37,418	69	43,122	160	42,042	160	42,737	160
Georgia	1,315	13	1,340	12	1,307	12	1,328	12
Idaho	480	4	-	-	-	-	-	-
Illinois	1,328	14	1,385	12	1,350	12	1,372	12
Indiana	1,525	15	1,638	14	1,597	14	1,624	14
Kansas	1,534	13	1,398	12	1,363	12	1,386	12
Louisiana	120	1	-	-	-	-	-	-
Michigan	120	1	-	-	-	-	-	-
Minnesota	3,439	31	3,833	31	3,737	31	3,798	31
Mississippi	1,196	11	1,308	13	1,275	13	1,296	13
Missouri	21,469	167	1,657	14	1,616	14	1,642	14
Montana	1,522	13	1,526	13	1,488	13	1,512	13
Nebraska	120	1	-	-	-	-	-	-
North Carolina	3,098	24	2,750	24	2,681	24	2,726	24
North Dakota	240	2	-	-	-	-	-	-
Oklahoma	923	10	1,022	9	996	9	1,014	9
Tennessee	135	1	-	-	-	-	-	-
Texas	1,614	20	1,627	14	1,587	14	1,613	14
Washington	1,511	8	1,400	12	1,365	12	1,387	12
West Virginia	100	1	-	-	-	-	-	-
Wisconsin	240	2	-	-	-	-	-	-
Obligations	82,565	450	67,039	363	65,361	363	66,440	363
Lapsing Balances	568	-	875	-	-	-	-	-
Transfers Out	-	-	200	-	-	-	-	-
Total, Available	**83,133**	**450**	**68,114**	**363**	**65,361**	**363**	**66,440**	**363**

Totals may not add due to rounding

CLASSIFICATION BY OBJECTS

Item No.	Item	2018 Actual	2019 Actual	2020 Enacted	2021 Budget
	Personnel Compensation:				
	Washington D.C.	$10,130	$20,444	$20,000	$20,500
	Personnel Compensation, Field	35,038	16,863	16,618	16,920
11	Total personnel compensation	45,168	37,307	36,618	37,420
12	Personal benefits	15,016	12,605	13,832	14,109
13.0	Benefits for former personnel	22	25	22	22
	Total, personnel comp. and benefits	60,206	49,937	50,472	51,551
	Other Objects:				
21.0	Travel and transportation of persons	1,540	1,471	1,281	1,281
22.0	Transportation of things	41	49	43	43
23.1	Rental payments to GSA	3,718	3,441	2,995	2,995
23.2	Rental payments to others	3	219	191	191
23.3	Communications, utilities, and misc. charges	984	1,064	926	926
24.0	Printing and reproduction	33	34	30	30
25	Other contractual services	7,391	-	-	-
25.1	Advisory and assistance services	7,062	1,467	1,277	1,277
25.2	Other services from non-Federal sources		447	389	389
25.3	Other goods and services from Federal sources		7,641	6,652	6,652
25.4	Operation and maintenance of facilities	1,149	50	45	45
25.7	Operation and maintenance of equipment	53	252	219	219
25.8	Subsistence and support of persons	27	-	-	-
26.0	Supplies and materials	169	128	111	111
31.0	Equipment	159	839	730	730
33.0	Investments and loans	-	-	-	-
41.0	Grants, subsidies, and contributions	0	0	0	0
42	Insurance Claims and Indemnities	30	0	0	0
	Total, Other Objects	22,359	17,102	14,890	14,890
99.9	Total, new obligations	82,565	67,039	65,361	66,440
	DHS Building Security Payments (included in 25.3)............	$ -	$473	$573	$586
	Position Data:				
	Average Salary (dollars), ES Position	$179,500	$181,000	$183,715	$186,471
	Average Salary (dollars), GS Position	$97,400	$98,000	$99,470	$100,962
	Average Grade, GS Position	12.1	12.2	12.3	12.4

ACCOUNT 2: FEDERAL CROP INSURANCE CORPORATION (FCIC)

LEAD-OFF TABULAR STATEMENT

Table RMA-1. Federal Crop Insurance Corporation Lead-Off Tabular Statement

2020 Appropriations	$7,716,000,000
Change in Appropriation	1,000,000,000
2021 Request, Current Law	8,716,000,000
Change Due to Proposed Legislation	-12,000,000
2021 Request, Including Proposed Legislation	**$8,704,000,000**

APPROPRIATIONS LANGUAGE

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

For payment 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.

CHANGE IN MANDATORY PROGRAM (CHIMP)

Sec. 7XX.

(a) Section 733 of P.L. 113-235, the Consolidated and Further Continuing Appropriations Act, 2015, is repealed.

(b) Section 1501 of Public Law 113-79 is amended by inserting at the end the following new subsection: "(g) NO DUPLICATIVE PAYMENTS.—If a producer who is eligible to receive benefits under this section is also eligible to receive assistance for the same loss under any other program administered by the Secretary, the producer shall be required to elect whether to receive benefits under this section or under the other program, but not both."

This new language would prohibit duplicate payments for the same loss from FSA's permanent disaster programs, the Noninsured Crop Disaster Assistance Program, and crop insurance programs administered by the Risk Management Agency.

PROJECT STATEMENT
Table RMA-11

Risk Management Agency
Federal Crop Insurance Corporation
(Dollars in Thousands)

Program/Activity	2018 Actual B.A.	2018 Actual SY	2019 Actual B.A.	2019 Actual SY	2020 Estimate B.A.	2020 Estimate SY	2021 Budget Request B.A.	2021 Budget Request SY	Change from 2020 Budget B.A.	Change from 2020 Budget SY
Mandatary Appropriations:										
Mandatory Appropriations .	$6,466,000	0	$11,789,000	0	$7,732,000	0	$8,749,000	0	$1,017,000	0
Discretionary Change..........	0		0		0		-20,000		-20,000	
Total Mandatory Funding	6,466,000	0	11,789,000	0	7,732,000	0	8,729,000	0	997,000	0
Transfers In:										
AMA Funding......................	4,000		4,000		4,000		4,000		0	0
Subtotal, Transfers In.........	4,000	0	4,000	0	4,000	0	4,000	0	0	0
Carryover from Prior Years:										
FCIC	576,000		578,000		584,000		605,000		21,000	0
Subtotal, Carryover	576,000		578,000		584,000		605,000		21,000	0
Transfers Out:										
NIFA.......................................	-5,000		-10,000		-10,000		-10,000		0	0
RMA S & E............................	-8,764		-7,000		-7,000		-7,000		0	0
Subtotal, Transfers Out	-13,764		-17,000		-17,000		-17,000		0	0
Rescissions...	0		0		0		0		0	0
Sequestration..	-5,247		-3,000		-3,000		0		3,000	0
Total Mandatory Appropriation:	**6,450,989**		**11,773,000**		**7,716,000**		**8,716,000**		**1,000,000**	
Recoveries, Other...	3,761,000		1,293,000		6,004,000		3,559,000		-2,445,000	0
Total Available...	**10,787,989**	**0**	**13,644,000**	**0**	**14,304,000**	**0**	**12,880,000**	**0**	**-1,424,000**	**0**
Balances, Available End of Year.....................	-576,000		-584,000		-605,000		-592,000		13,000	0
Total Obligations...	**$10,211,989**	**0**	**$13,060,000**	**0**	**$13,699,000**	**0**	**$12,288,000**	**0**	**-$1,411,000**	**0**

JUSTIFICATIONS OF INCREASES/DECREASES

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.

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. 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 $1,000,000,000 ($7,716,000,000 available in FY 2020)**.
The project statement reflects changes for FY 2020 and FY 2021 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 May 2019. In addition, the use of an updated budget model allows projections to be based on more accurate calculations.

The funding change for FY 2021 is requested for the following items:

a. An increase of $1,997,000,000 for premium subsidy ($3,968,000,000 available in 2020).
Premium subsidy is the amount of total premium paid by FCIC on behalf of producers. The increase in premium subsidy for FY 2021 is a direct result of an increase in producer paid premium collected in FY 2020. RMA deferred interest until January 31, 2020 for producers affected by extreme weather in 2019. Because crop insurance claims are typically not settled until harvest is complete, and harvest is very delayed, RMA will collect approximately $2.5 billion in additional producer paid premium in February 2020. Normally, RMA would have collected the premium in September 2019, applying the collection to the prior fiscal year. This additional collection in FY 2020 reduces the need for $2.5 billion in premium subsidy appropriations in FY 2020.

b. An increase of $16,000,000 for delivery expense ($1,583,000,000 available in 2020).
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, primarily due to the annual inflation cap, which accounts for the increase in this fiscal year.

c. A decrease of $1,013,000,000 for underwriting gains ($2,127,000,000 available in 2020).
Underwriting gains are a reinsured company's share of net book premium that exceeds their share of net losses (indemnities). The reduction is due to Underwriting Gain and

Losses normalizing in future years based on a projected loss ratio of 1.0 for FY 2021 and the out years.

The table below provides funding detail of the mandatory appropriation.

Allocations	2018 Actual B.A.	2019 Actual B.A.	2020 Estimate B.A.	2021 Budget Request B.A.
Mandatary Appropriations:	(Thousand dollars)			
Indemnities Net of Producer Paid in Premium.	$2,255,000	$8,022,000	$3,968,000	$5,965,000
Delivery Expense	1,527,000	1,567,000	1,583,000	1,599,000
Underwriting Gain	2,627,000	2,143,000	2,127,000	1,134,000
FCIA Initiatives	57,000	41,000	38,000	38,000
Subtotal, Mandatory Appropriations	6,466,000	11,773,000	7,716,000	8,736,000
Discretionary Change	0	0	0	-20,000
Total Mandatory Funding:	$6,466,000	$11,773,000	$7,716,000	$8,716,000

PROPOSED LEGISLATION

The 2021 Budget includes proposals that are similar to policies and proposals in the 2020 Budget that demonstrate reforms to reduce the Federal deficit and spending, which includes six crop insurance proposals that will save an estimated $29 billion over 10 years.

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, the rate of return for crop insurance should be around 12 percent, but that it is currently expected to be 14 percent. This 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.

	2021	2022	2023	2024	2025
Budget Authority	0	0	0	-$384	-$387
Outlays	0	0	0	-$384	-$387

Reduce Premium Subsidies for Crop Insurance:
The 2021 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, and policies without harvest price coverage will be reduced by 10 percentage points. The proposal will 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 $21 billion over the next 10 years.

	2021	2022	2023	2024	2025
Budget Authority	0	-$2,081	-$2,107	-$2,345	-$2,388
Outlays	0	-$2,081	-$2,107	-$2,345	-$2,388

Target Crop Insurance Subsidies:
The 2021 Budget proposes to target crop insurance subsidies to those producers that have an Adjusted Gross Income (AGI) of $500,000 or less. 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 $652 million over the next 10 years).

	2021	2022	2023	2024	2025
Budget Authority	0	-$58	-$58	-$65	-$66
Outlays	0	-$58	-$58	-$65	-$66

Eliminate reimbursements and automatic implementation for 508(h) crop insurance product development:

The 508(h) authority was enacted due to perceived delays in new product development for a variety of crops. Currently, there are fewer products for large crops that are pending development, and the Farm Bill typically mandates RMA to development new insurance products for specific commodities if the need arises, or to prioritize research and development for certain commodities. RMA maintains the ability to develop new products internally, and the 2014 Farm Bill Act authorized buy-up coverage for the Non-Insured Assistance Program (NAP) for crops that are not covered by crop insurance, thereby lessening the need for products submitted by private submitters to fill a void in the marketplace.

Specifically, the Budget proposes to eliminate reimbursements to the private sector for the development of new crop insurance products. It also proposes to change the approval process for new products under 508(h) to be at the discretion of the Federal Crop Insurance Corporation Board, and not mandatory. The proposal would change, as appropriate, the language from "shall" to "may" to allow for the government's discretion in adding cost to the baseline for new products.

This proposal would result in savings of $120 million over ten years.

	2021	2022	2023	2024	2025
Budget Authority	-$12	-$12	-$12	-$12	-$12
Outlays	-$12	-$12	-$12	-$12	-$12

Address Disaster/Crop Insurance Duplication: Repeal 2015 appropriations general provision (GP):

The Budget proposes to address the issue of duplicative disaster and crop insurance payments in two ways. First, this proposal assumes that the appropriations language will include a GP removing the authority to claim the same loss under FSA's permanent disaster programs, crop insurance and the Non-Insured Assistance Program (NAP). The proposal will undo the 2015 appropriations GP that defines that payments under the CCC disaster programs for the Tree Assistance Program (TAP), forage and livestock as duplicative with crop insurance or the non-insured assistance program (NAP).

This proposal would result in $40 million in discretionary savings in the budget year, of which $20 million is reflected as a discretionary change to a mandatory account (CHIMP) in the Federal Crop Insurance Fund and the other $20 million is a CHIMP in the Commodity Credit Corporation's (CCC's) permanent disaster assistance program. The outyear savings will be $360 million over ten years, of which $180 million will be realized in the crop insurance program and the other $180 million will be realized in the CCC's permanent disaster assistance program.

	2021	2022	2023	2024	2025
Budget Authority	0	-$20	-$20	-$20	-$20
Outlays	0	-$20	-$20	-$20	-$20

PROPOSED ADMINISTRATIVE ACTION

Address Disaster/Crop Insurance Duplication: FCIC Removal of tree replacement crop insurance policies:

The budget assumes that the Federal Crop Insurance Corporation (FCIC) Board will remove the tree replacement crop insurance policies because the marketability of these crop insurance products is highly questionable given the most recent changes to the disaster programs, including no payment limit and coverage of up to 1000 acres. There are 14 types of trees that qualify for coverage under crop insurance tree replacement policies. The majority of these policies are covered at 50%, the lowest level of coverage. Meanwhile, the TAP provides permanent coverage for payments to producers who have lost orchard trees and vines that produce annual crops. The current authorization allows CCC to pay 65% of the cost of replacing the tree.

This results in savings of $174 million over ten years, which is reflected in the baseline.

	2021	2022	2023	2024	2025
Budget Authority	0	-$14	-$18	-$20	-$20
Outlays	0	-$14	-$18	-$20	-$20

GEOGRAPHIC BREAKDOWN OF OBLIGATIONS AND STAFF YEARS

Table RMA-12

Thousands of Dollars,

State/Territory/Country	2018 Actual	SY	2019 Actual	SY	2020 Estimate	SY	2021 Budget	SY
Alabama	$31,007	-	$59,709	-	$59,709	-	$59,709	-
Alaska	24	-	89	-	89	-	89	-
Arizona	182,633	-	63,614	-	63,614	-	63,614	-
Arkansas	123,407	-	250,814	-	250,814	-	250,814	-
California	311,354	-	358,291	-	358,291	-	358,291	-
Colorado	131,321	-	103,880	-	103,880	-	103,880	-
Connecticut	1,335	-	2,120	-	2,120	-	2,120	-
Delaware	1,507	-	7,813	-	7,813	-	7,813	-
Florida	311,409	-	111,295	-	111,295	-	111,295	-
Georgia	165,066	-	370,898	-	370,898	-	370,898	-
Hawaii	954	-	2,057	-	2,057	-	2,057	-
Idaho	41,411	-	36,384	-	36,384	-	36,384	-
Illinois	132,883	-	475,715	-	475,715	-	475,715	-
Indiana	84,917	-	282,913	-	282,913	-	282,913	-
Iowa	164,491	-	451,047	-	451,047	-	451,047	-
Kansas	330,997	-	367,117	-	367,117	-	367,117	-
Kentucky	101,106	-	118,448	-	118,448	-	118,448	-
Louisiana	53,203	-	136,763	-	136,763	-	136,763	-
Maine	3,261	-	5,448	-	5,448	-	5,448	-
Maryland	7,169	-	19,256	-	19,256	-	19,256	-
Massachusetts	2,998	-	1,956	-	1,956	-	1,956	-
Michigan	103,668	-	230,348	-	230,348	-	230,348	-
Minnesota	152,105	-	681,923	-	681,923	-	681,923	-
Mississippi	99,638	-	148,725	-	148,725	-	148,725	-
Missouri	106,155	-	486,863	-	486,863	-	486,863	-
Montana	189,298	-	102,841	-	102,841	-	102,841	-
Nebraska	167,574	-	244,588	-	244,588	-	244,588	-
Nevada	16,262	-	31,194	-	31,194	-	31,194	-
New Hampshire	329	-	339	-	339	-	339	-
New Jersey	1,708	-	10,223	-	10,223	-	10,223	-
New Mexico	60,777	-	46,007	-	46,007	-	46,007	-
New York	44,757	-	68,464	-	68,464	-	68,464	-
North Carolina	153,546	-	398,421	-	398,421	-	398,421	-
North Dakota	473,499	-	454,669	-	454,669	-	454,669	-
Ohio	75,770	-	365,054	-	365,054	-	365,054	-
Oklahoma	172,564	-	126,421	-	126,421	-	126,421	-
Oregon	33,521	-	39,506	-	39,506	-	39,506	-
Pennsylvania	22,388	-	46,804	-	46,804	-	46,804	-
Rhode Island	183	-	128	-	128	-	128	-
South Carolina	37,226	-	118,402	-	118,402	-	118,402	-
South Dakota	302,315	-	994,666	-	994,666	-	994,666	-
Tennessee	45,269	-	67,199	-	67,199	-	67,199	-
Texas	1,269,430	-	996,823	-	1,613,823	-	1,204,823	-
Utah	21,230	-	9,449	-	9,449	-	9,449	-
Vermont	3,643	-	2,558	-	2,558	-	2,558	-
Virginia	34,737	-	47,519	-	47,519	-	47,519	-
Washington	128,011	-	123,016	-	123,016	-	123,016	-
West Virginia	811	-	1,585	-	1,585	-	1,585	-
Wisconsin	88,277	-	226,169	-	226,169	-	226,169	-
Wyoming	13,844	-	13,472	-	13,472	-	13,472	-
Distribution Unknown	4,211,000	-	3,751,000	-	3,773,000	-	2,771,000	-
Obligations	10,211,989	-	13,060,000	-	13,699,000	-	12,288,000	-
Lapsing Balances								
Bal. Available, EOY	576,000	-	584,000	-	605,000	-	592,000	-
Total, Available	$10,787,989	-	$13,644,000	-	$14,304,000	-	$12,880,000	-

*Undistributed amount 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.

CLASSIFICATION BY OBJECTS
Table RMA-13

Item No.	Item	2018 Actual	2019 Actual	2020 Estimate	2021 Budget
			(Thousand dollars)		
25.1	Other mandatory (Farm Bill)	$61,000	$34,000	$96,000	$96,000
25.2	Other services from non-federal sources	4,154,000	3,710,000	3,710,000	2,733,000
25.3	Programs and Activities	20,000	20,000	19,000	19,000
42	Insurance Claims and Indemnities	5,976,989	9,296,000	9,874,000	9,440,000
	Total, Other Objects	10,211,989	13,060,000	13,699,000	12,288,000
99.9	Total, new obligations	$10,211,989	$13,060,000	$13,699,000	$12,288,000

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 0.88, which is within the 1.0 loss ratio mandated by the Federal Crop Insurance Act.

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. 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 four of nationwide ACRSI common reporting, which now includes 52 crops eligible for bi-directional data sharing between AIPs and Farm Service Agency (FSA). This was the first season with Business Center IT overseeing the technology, and although they encountered new technical challenges, they developed common operations and maintenance processes for the first time since ACRSI's inception. The third-party proof of concept , a process by which USDA tested the capability of producers to submit acreage reports directly to USDA via external providers, continued in Nebraska bringing in several dozen Precision Agriculture based acreage reports that did not originate by FSA's Common Land Unit (CLU) standard. This effort provides valuable data to USDA to validate and test new technology that FSA continues to develop. As those capabilities expand, it 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 2020. These changes were made in response to suggestions in the 2018 Farm Bill as well as producer feedback. The changes included increasing the livestock and nursery limit from $1 million to $2 million. In addition, the policy now covers hemp produced in compliance with Federal regulation and with the requirement of a marketing contract. Other changes include excluding other Federal and State program payments from revenue-to-count and treating Noninsured Crop Disaster Assistance Program (NAP) payments like other non-RMA insurance payments. Lastly, revenue smoothing options were improved to moderate the impact of disaster years on history.

Multi-County Enterprise Units

Producers can now combine acres in multiple counties for a single insurable Enterprise Unit beginning with the 2019 crop year. This creates a new option for farmers to better manage their risk and reduce premium rates. To date, over 10,000 policies have elected Multi-County Enterprise Units, covering nearly 3 million acres and 1.3 billion dollars in liability.

Dairy Revenue Protection

The FCIC Board of Directors approved an innovative new insurance product for dairy producers called Dairy Revenue Protection (DRP), a concept developed by a private submitter under the authority of the FCIA. DRP allows a dairy producer to purchase coverage against unexpected declines in price and/or yield for up to five quarters ahead. DRP provides several coverage options, allowing producers to insure specific classes of milk or specific milk components. This allows the insurance coverage to be tailored to the production and market risk of each unique dairy operation. Sales through July 1, 2019 covered 30 billion pounds of milk (approximately 5.2 million cows) with a total liability of $5.9 billion.

Risk Management Education Partnership (RMEP) and Crop Insurance in Targeted States (TS) Programs

RMA continues to monitor 80 cooperative agreements totaling $10.8 million, including 24 awards in 17 targeted states for $4.7 million, and 56 RMEP awards for $6.1 million in all 50 states.

During 2019, RMA continued to provide risk management and crop insurance education to agricultural producers nationwide. This is supporting agency priorities such as WFRP, Pasture, Rangeland, and Forage (PRF), Agriculture, and Livestock, as well as Crop Insurance 101, Cover Crops, Crop Insurance Education to Tribes, Food Handling and Produce Safety, Irrigation and Limited Irrigation and Drought, and Recordkeeping as a Risk Management Tool and Loan Requirements.

Good Agricultural Practices (GAP) Financial Assistance Program

In 2019, the U.S. Department of Agriculture (USDA) implemented the USDA RMA GAP Financial Assistance Program in the 16 Agricultural Management Assistance states. The program is a joint RMA/Agricultural Marketing Service (AMS) initiative designed to increase market access for fruit and vegetable producers by helping them pay for buyer-required food safety certifications. A food safety audit mitigates financial risk by diversifying the types of markets that are open to the farm, rather than relying on open market sources. USDA delivered 307 audits to 288 customers in 10 states.

SELECT EXAMPLES OF RECENT PROGRESS:

Cover Crops in Illinois and Iowa

The second year of Iowa Department of Agriculture and Land Stewardship's (IDALS) cover crop program completed with over 130,000 insured acres receiving additional insurance premium subsidy (funded by the State of Iowa) on land that had a cover crop. In addition, RMA entered into an agreement with the State of Illinois for a similar program for 2020.

RMA implemented changes to make treatment of cover crops consistent with other practices to ensure that producers can get the benefits of both crop insurance and cover crops.

FCIC's Improper Payment Rate

Table RMA-20 Improper Payments

FCIC Program Fund	FY 2016	FY 2017	FY 2018	FY 2019
Improper Payment (IP) %	2.02%	1.96%	1.81%	2.95%
Improper Payments	$232M	$180M	$184M	$282M

For each improper payment identified, RMA issues a finding to the AIP for resolution, Additionally, each year, RMA collects and analyzes data to identify the root causes for improper payments. Since 2015, RMA has relayed the types of errors (i.e., acreage reporting and production, records retention, invalid or missing signatures) identified during the Improper Payments Elimination and Recovery Improvement Act (IPERIA) reviews to the AIPs, to help them better identify and control the reasons for the errors.

Numerous natural disasters occurred during the 2016-2017 period which potentially impacted the results of our 2019 IPERIA review. AIPs processed more claims within tight timeframes which increased the opportunity for administrative errors. In addition, more improper payments were found in the lower dollar policies. The AIPs may be concentrating efforts on ensuring high dollar policies are accurate and scrutinizing the low dollar policies less. Based on the results of the IPERIA review, RMA expanded its review of applications and claims at several AIPs to determine whether the AIPs have sufficient controls in place to process applications and claims correctly. RMA will also perform random reviews of low dollar policies to ensure AIPs are monitoring low dollar, and not just high dollar, policies.

Errors were found in the producer's Actual Production History (APH) because AIPs and producers were inconsistently interpreting FCIC guidance. To address inconsistencies associated with the APH Review process, RMA issued Manager's Bulletin MGR-19-005 which clarifies procedures for conducting APH Audits and outlines corrective action (i.e. assigned yields) when errors are found.

Fraud, Waste, and Abuse

RMA continues to utilize data-mining to identify potentially fraudulent activity and stem abuse in the crop insurance program. RMA has an agreement with the Center for Agribusiness Excellence (CAE) to conduct data mining. RMA utilizes the results of CAE's data mining to detect potential cases of fraud, waste, or abuse by: (1) developing scenarios of potential program abuse by farmers, insurance agents, and loss adjusters; and (2) querying the database containing crop insurance data and information on weather, soil, and land surveys to generate reports and lists of participants with anomalous claim payments. For example, RMA develops an annual list of producers (i.e., spot- check list) whose operations warrant an on-site inspection because their claims exhibit patterns consistent with the potential for fraud and abuse.

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 2019, RMA completed the third year of its three-year APR process cycle, with the review of five AIPs. All AIPs have now been reviewed and a new review cycle begins in FY 2020.

Multi-Year Written Agreement Issuances
In 2016, RMA began an extensive review of the written agreement and determined yield processes. One area of improvement identified was to begin issuing multi-year written agreements when the Regional Office determined it would be appropriate. These agreements allow for RMA to monitor the performance of these manually underwritten policies but does not require them to be renewed year by year which requires a significant amount of time and review. In 2019 RMA issued over 5,663 which would equate to 4,720 staff hours of time savings and an estimated cost avoidance of about $497,000.

Prevented Planting Top-up Payments
Producers who had a 2019 payable prevented planting indemnity related to flooding, excess moisture or causes other than drought automatically received a "top-up" payment. Producers received the payment from their Approved Insurance Providers (AIPs) starting in mid-October of 2019.

Producers with Yield Protection and Revenue Protection with Harvest Price Exclusion received a 10 percent top-up payment on their indemnity, while producers with Revenue Protection Harvest Price Option will receive 15 percent. The total payments under this program are expected to exceed $600 million.

Agency-Wide 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 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.

SUMMARY OF PERFORMANCE

RMA has one Key Performance Measure that contributes to the Department's Strategic Goal 2: Maximize the Ability of American Agricultural Producers to Prosper by Feeding and Clothing the World.

Table RMA-2 The annual normalized value of risk protection provided to agricultural producers through the Federal Crop Insurance program

	2018 Actual	2019 Actual	2019 Target	2019 Result	2020 Target	2021 Target
$ Billion	$76.8	78.2	77.3	Met	77.6	77.9

Selected Past Accomplishments Toward Achievement of the Key Outcomes:

RMA implemented a new provision that allows producers to purchase two different insurance policies for crops that can be grazed and mechanically harvested on the same acres during the same growing season. Now producers can purchase an Annual Forage policy and a Small Grains policy and retain the indemnities paid under both policies. In addition, updates were made to the methodology for county base values to improve program integrity by better aligning values to actual prices received by producers.

RMA made several changes to the Whole farm product for 2020. These changes were made in response to suggestions in the 2018 Farm Bill as well as producer feedback. The changes included increasing the livestock and nursery limit from $1 million to $2 million. In addition, the policy now covers hemp produced in compliance with Federal regulation and with a marketing contract. Other changes include excluding other Federal and State program payments from revenue-to-count and treating Noninsured Crop Disaster Assistance Program (NAP) payments like other non-RMA insurance payments. Lastly, revenue smoothing options were improved to moderate the impact of disaster years on history.

The Agency implemented the new definition for Veteran Farmer or Rancher that gives the same benefit for Veterans as beginning farmers or ranchers. These benefits include: exemption from paying the administrative fee, an additional 10 percentage points of premium subsidy, the use of another person's production history for the acreage transferred the producer was previously involved, and an increase in the substitute Yield Adjustment from 60 to 80 percent of the applicable T-Yield.

RMA revised Enterprise Units such that producers can combine acres in multiple counties for a single Enterprise Unit. To date, over 10,000 policies have elected Multi-County Enterprise Units, covering over 2.3 million net acres and a billion dollars in liability.

Over the last five years, RMA has gradually and continuously reduced its improper payment rate from a high of 5.58% in 2014 to 2.95% in 2019. RMA has begun its FY 2020 Improper Payments Elimination and Recovery Improvement Act (IPERIA) review (of reinsurance year 2018 policies).

Selected Accomplishments Expected at the FY 2021 Proposed Resource Level:
Wind Index – Hurricane Indemnity Protection (Wind Index – HIP) will be available for purchase during the 2020 crop year on approximately 70 crops including citrus, peppers, and tomatoes, as required by the 2018 Farm Bill. Wind Index - HIP is structured as an endorsement that is purchased in conjunction with a standard Multi-Peril Crop Insurance (MPCI) policies. The pilot area covers 23 states across the Atlantic seaboard, Gulf of Mexico, and Hawaii. Wind Index - HIP provides coverage for the deductible portion of the underlying MPCI policy, ultimately covering up to 95% of the value of the crop. The Wind Index - HIP design is such that, in the future, RMA could potentially add additional features as well as being offered with other insurance plans such as Whole Farm Revenue Protection.

RMA will also be implementing a new policy for nursery crops called Nursery Value Select. It will have simplified process for loss adjustment and for establishing coverage, making it more accessible to producers than the current nursery policy. The new pilot nursery policy will initially be tested in a limited number of areas, while the current policy will continue to be available.

Finally, in June of 2020, RMA will be implementing the Quality Loss Option (QLO), as result of research and development directives in the 2018 Farm Bill. This option will allow producers to exclude the impact of quality adjustment on yields that go into Actual Production History regardless of whether an indemnity was paid if they have filed a notice of loss. This option will be available for barley, canola, corn, flax, grain sorghum, oats, rye, safflower, soybean, sunflower, and wheat for the initial year of implementation (2021 crop year) beginning with the June 30, 2020, contract change date. Insured's may elect QLO in combination with other options to mitigate declining yields, such as yield adjustment and yield exclusion. QLO will use an existing rating structure similar to yield exclusion.