

## Supplemental Revenue Assistance Payments (SURE) Program

### BACKGROUND

SURE provides benefits for 2008 through 2011 crop year farm revenue losses due to natural disasters. It is the 2008 Farm Bill's successor to prior ad hoc crop disaster programs.

### ELIGIBLE FARMS

For SURE, a "farm" is eligible when either:

- a portion of the farm is located in a county covered by a qualifying natural disaster declaration (USDA Secretarial Declarations only) or a contiguous county; or,

- the actual production is less than 50% of the normal production.

**Note:** A "farm" refers to all crop acreage in all counties that a producer planted or intended to be planted for harvest for normal commercial sale or farm livestock feeding.

### ELIGIBLE PRODUCERS

*Risk Management Purchase Requirement (RMPR)*

For producers to be eligible for SURE, they must have obtained a policy or plan of insurance for all crops through either the Federal Crop Insurance Act or FSA's Noninsured Crop Disaster Assistance Program (NAP). There are limited exceptions to this rule, and SURE does not require coverage for forage crops intended for grazing.

**Note:** Eligible farmers and ranchers who meet the definition of "Socially Disadvantaged", "Limited Resource", or "Beginning Farmer or Rancher" do not have to meet this requirement.

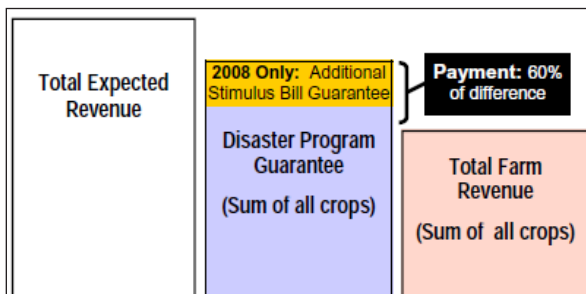
*Adjusted Gross Income (AGI)*

For the 2008 crop year, producers are not eligible if their average AGI is \$2.5 million or greater, unless 75% or more of their AGI is from agriculture.

For 2009 and subsequent crop years, producers or legal entities whose average nonfarm income exceeds \$500,000 are not eligible.

### 10 Percent Production Loss

Producers must suffer a 10 percent production loss to at least one crop of economic significance on their farm in order to be eligible for SURE. For a



loss to be a qualifying loss, it must be caused by a natural disaster. A crop of economic significance is one that contributes at least 5 percent of the expected revenue for a producer's farm.

### PAYMENT CALCULATION

SURE payments are calculated based on 60% of the difference between the SURE Disaster Program Guarantee and the Total Farm Revenue. (See pages 3 and 4 for payment calculation worksheets.)

### SURE Guarantee

The SURE guarantee is determined by totaling the calculated guarantee for each crop. For insured crops, the guarantee is based on the level of coverage the producer has elected. Higher levels of coverage will result in higher crop guarantees. For NAP crops, the guarantee is based on a formula that includes the yield, acreage, and price factors. The formula is provided in the example on the back page.

The farm's SURE guarantee cannot exceed 90% of the expected revenue for the farm.

### 2008 PROGRAM YEAR

Due to the lateness of the Farm Bill, producers were allowed to "buy-in" to the SURE Program by paying fees equivalent to catastrophic coverage or NAP coverage.

The American Recovery and Reinvestment Act of 2009 (Stimulus Bill) increased benefits and expanded eligibility for producers.

The Stimulus Bill legislated an additional "buy-in" period. Producers who participated in this "buy-in" must purchase crop insurance (at a 70% or greater level) or NAP in the next available year.

The Stimulus Bill increased payments by increasing the guarantee calculation for both insurable crops and crops eligible for NAP coverage.

In order to expedite payments to producers, the Agency will make "interim" payments that will be based on temporary rule modifications.

After the application processes are finalized, the payment will be recalculated and additional payments may be issued or refunds may be required.

### Total Farm Revenue

Total Farm Revenue includes the crop value, crop insurance indemnities, NAP payments, Market Assistance Loan proceeds, other disaster payments and Direct and Counter-cyclical Payments (15% of direct payments, plus the entire counter-cyclical payment and ACRE payments.)

Quality adjustments may be applied to a crop's value for harvested production affected by eligible disaster conditions.

### PAYMENT LIMITATIONS

A limit of \$100,000 applies to the combination of payments from SURE and the livestock disaster programs - Livestock Forage Program (LFP), Livestock Indemnity Program (LIP) and

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Emergency Assistance for Livestock, Honeybees, and Farm-raised Fish (ELAP). For 2008 SURE payments, payments are limited per "person" according to payment limitation rules in effect for 2008.

### SIGNUP PERIOD

Signup for the 2008 SURE begins January 2010. A signup deadline has not been announced. Watch for further information on the [www.fsa.usda.gov](http://www.fsa.usda.gov) website.

Producers must signup at their county FSA office. If a producer farms in multiple counties, visits to each county may be necessary to complete the application.

Needed for Signup:

- Acreage and production records, if not already provided for crop insurance purposes or FSA
- Information to establish your farm (deeds, leases) if not already provided to FSA

- Other information requested by FSA.

### PAYMENTS

FSA will issue SURE payments once all eligibility forms are approved (CCC-502, AD-1026), SURE program determinations are made, and National Average Market Prices have been obtained.

### FREQUENTLY ASKED QUESTIONS

Q1: What did the Stimulus Bill change for the 2008 SURE Program?

A1: It increased potential payments by increasing the guarantee and provided an additional "buy-in" period to enable producers to become eligible for the SURE program.

Q2: If a farm is located in multiple counties, do all of the counties have to have a Secretarial Disaster Designation?

A2: No. The farm will be eligible as long as part of the farm is located in a county that has a Secretarial Disaster Designation or is contiguous to one. A farm can also be eligible if the overall production loss is greater than 50%.

Q3: Does the SURE program cover losses for all crops grown or produced on a farm?

A3: No. Some crops on a farm are not eligible per statute or regulations, such as grazed forage, crops planted after the initial crop, and subsequent crops planted in unapproved double crops areas.

Q4: Can a producer participate in the 2008 SURE if all crops of economic significance are not covered by crop insurance or NAP?

A4: Only if the crops were made eligible during the SURE program "buy-in" periods. Exceptions apply for Socially disadvantaged producers, Limited resource producers, and Beginning farmers and ranchers.

Q5: Is there a requirement to purchase FCI or NAP in the future if 2008 benefits are received?

A5: Only producers who became eligible to participate during the "buy-in" period as a result of the Stimulus Bill will be required to purchase crop insurance (70% or greater level) or NAP. However, producers who do not purchase FCI or NAP in future years will not be eligible in future years.

Q6: If a producer has NAP or CI coverage or became eligible to participate during the SURE program "buy-in" periods, is that producer automatically signed up for the

SURE program?

A6: No. Producers must apply for benefits during the SURE signup period.

Q7: Can historical records be provided to increase the yields for the farm in order to increase the program guarantee?

A7: No. Yields are based on the established crop insurance or NAP yields. If a producer does not have a crop insurance or NAP yield, a yield based on a percentage of the county expected yield will be used.

Q8: Is crop revenue based on individual receipts?

A8: No. The revenue for each crop is determined by multiplying the farm's production quantity multiplied by the National Average Market Price for the crop, not the actual price received by the producer.

Q9: If a portion of a crop is reduced for quality, are quality adjustments automatically applied?

A9: No. The following must be met:

- FSA determines an eligible disaster-affected quality in the region and determines a factor

- Producer certifies the crop was quality affected by an eligible cause and the overall loss of quality must be as great as the factor established by FSA.

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### Payment Calculation Worksheet (Tables 1 to 4)

Note: This worksheet is provided as a tool to approximate the "Interim" payment calculation for a participating SURE farm. The estimated payment amount may differ due to rounding, data inputs, quality adjustments, yield variations, salvage calculations, and Agency determinations.

<b>Table 1: Purchased Crop Insurance</b>		<b>Example:</b>	<b>A. Crop:</b>	<b>B. Crop:</b>	<b>C. Crop:</b>
Only use this table for insurable crops that were insured. Do not use for insurable crops that were in the "buy-in" or waived.		Corn			
<b>Basic Data</b>	1 Acres	800.00			
	2 Share	100%			
	3 Yield (APH) Enter county expected yield if there is no APH	180 bu/ac			
	4 Guarantee Adjustments Enter 100% if there are no adjustments for prevented planted, late planted, unharvested acreage...	100%			
	5 Historical Marketing % (only applies to fresh, processed, or juice)	n/a			
	6 Coverage Level	70%			
	7 Price Election	80%			
	8 Price	\$ 3.75			
	9 Production to Count	56,000 bu.			
	10 2008 National Average Market Price	\$ 3.90			
<b>SURE Crop Guarantee</b>	11 SURE Guarantee Calculation Basis Enter RMA Guarantee or multiply Items: (1) x (2) x (3) x (4) x (5) x (6) x (7) x (8)	\$ 302,400			
	12 Non-Stimulus Crop Guarantee (Informational) Item 11 x 115% <i>Total of 12A, 12B, and 12C:</i>	\$ 347,760			
	13 Stimulus Guarantee 1 Item 11 x 120%	\$ 362,880			
	14 Stimulus Guarantee 2 (Item 11 divided by (Item 6 x Item 7)) x 80.5%	\$ 434,700			
	15 Stimulus Crop Guarantee Greater of Item 13 or Item 14 <i>Total of 15A, 15B, and 15C:</i>	\$ 434,700			
<b>SURE Crop Revenue</b>	16 Expected Crop Revenue Item 11 divided by (Items (4) x (6) x (7)) <i>Total of 16A, 16B, and 16C:</i>	\$ 540,000			
	17 Crop Value Item 2 x Item 9 x Item 10 <i>Total of 17A, 17B, and 17C:</i>	\$ 218,400			

<b>Table 2: Purchased NAP Coverage</b>		<b>Example:</b>	<b>A. Crop:</b>	<b>B. Crop:</b>	<b>C. Crop:</b>
Only use this table for noninsurable crops that were covered by NAP. Do not use for noninsurable crops that were in the "buy-in" or waived.		Oat Hay			
<b>Basic Data</b>	1 Acres	180.00			
	2 Share	100%			
	3 Yield (APH) Enter county expected yield if there is no APH.	2.4 ton			
	4 Guarantee Adjustments Enter 100% if there are no adjustments for prev. planted, late planted or unharvested acreage.	100%			
	5 Historical Marketing % (only applies to fresh, processed, or juice)	n/a			
	6 Price	\$ 62.00			
	9 Production to Count	72 tons			
	10 2008 National Average Market Price	\$ 58.00			
<b>SURE Crop Guarantee</b>	11 SURE Guarantee Calculation Basis Multiply Items: (1) x (2) x (3) x (4) x (5) x (8)	\$ 26,784			
	12 Non-Stimulus Crop Guarantee (Informational) Item 11 x 60% <i>Total of 12A, 12B, and 12C:</i>	\$ 16,070			
	15 Stimulus Crop Guarantee Item 11 x 84% <i>Total of 15A, 15B, and 15C:</i>	\$ 22,499			
<b>SURE Crop Revenue</b>	16 Expected Crop Revenue: Item 11 divided by Item 4 <i>Total of 16A, 16B, and 16C:</i>	\$ 26,784			
	17 Crop Value: Item 2 x Item 9 x (lesser of Item 8 or Item 10: ) <i>Total of 17A, 17B, and 17C:</i>	\$ 4,176			

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Table 3: "Buy-in" and Waived Crops			Example: Soybeans (Insurable, buy-in 2)	A. Crop:	B. Crop:	C. Crop:
Only use this table for crops that were in the "buy-in" or waived.						
Basic Data	1 Acres		300			
	2 Share		100%			
	3 County Expected Yield		40 bu/ac			
	4 Guarantee Adjustments (enter 100% if there are no adjustments for prev. planted, late planted or unharvested acreage.)		68% for unharvested			
	5 Historical Marketing % (only applies to fresh, proc., or juice)					
	8 Price		\$ 8.70			
	9 Production to Count		0			
	10 2008 National Average Market Price		\$ 9.25			
SURE Crop Guarantee	11 SURE Guarantee Calculation Basis: Multiply Items: (1) x (2) x (3) x (4) x (5) x (8) x 65%		\$ 46,145			
	12 Non-Stimulus Guarantee (Informational): Buy-in 2 Insurable and Noninsurable Crops: Enter Zero Other Insurable Crops: Item 11 x 31.625% Other Noninsurable Crops: Item 11 x 60% <b>Total of 12A, 12B, and 12C:</b> _____		\$ 0			
	15 Crop Guarantee (Stimulus): Insurable Crops: Item 11 x 80.5% Noninsurable Crops: Item 11 x 84% <b>Total of 15A, 15B, and 15C:</b> _____		\$ 37,147			
SURE Crop Revenue	16 Expected Crop Revenue: Item 11 divided by Item 4 <b>Total of 16A, 16B, and 16C:</b> _____		\$ 67,860			
	17 Crop Value: Item 2 x Item 9 x Item 10 <b>Total of 17A, 17B, and 17C:</b> _____		\$ 0			
	<b>Imputed Insurance Indemnity and Imputed NAP Payment: For "Buy-in 2" crops and crops that received "relief" from the Risk Management Purchase Requirement</b>					
	18 Disaster Level Multiply Items: (1) x (3) x (5) x 32.5%		3,900			
	19 Production for Payment Item 18 - Item 9. (Enter zero if negative)		3,900			
	20 Imputed CI/NAP Payment: Multiply: (19) x (2) x (4) x (8) x 55% <b>Total of 20A, 20B, and 20C:</b> _____		\$ 12,690			

Table 4: Estimated Payment Calculation			Example	Farm Totals
Total Information from all counties and worksheets. Estimated payment subject to payment limitation provisions.				
Revenue Data	1 2008 Direct and Counter-cyclical Program (DCP) "Direct" Payments		\$ 40,000	
	2 2008 DCP Direct Payment SURE Revenue Item 1 x 15%		\$ 6,000	
	3 2008 DCP "Counter-cyclical" Payments		\$ 0	
	4 Loan Deficiency Payments, Market Gains, and Market Certificate Payments		\$ 2,000	
	5 Noninsured Crop Disaster Assistance Program (NAP) Payments		\$ 4,910	
	6 Crop Insurance Indemnities		\$ 109,000	
	7 Settlements from FSA and Risk Management Agency (RMA)		\$ 0	
	8 Other Disaster Payments		\$ 0	
	9 Guaranteed Payments to Contract Growers		\$ 0	
	10 Imputed CI Indemnities and NAP Payments Table 3, Item 20 Total		\$ 12,690	
	11 Total of Other Revenue Data Add Items 2 through 10		\$ 134,600	
	12 Total Estimated Crop Value Total of Item 17 on Tables 1 - 3		\$ 222,576	
	13 Total Revenue Item 11 + Item 12		\$ 357,176	
SURE Guarantees	14 Non-Stimulus Guarantee (Informational) Total of Item 12 on Tables 1 - 3		\$ 363,830	
	15 Stimulus Guarantee Total of Item 15 on Tables 1 - 3		\$ 494,346	
	16 Total Expected Crop Revenue Total of Item 16 on Tables 1 - 3		\$ 634,644	
	17 90% of Expected Revenue Cap: Item 16 x 90%		\$ 571,180	
	19 Non-Stimulus SURE Program Guarantee (Informational) Lesser of Item 14 or Item 17		\$ 363,830	
	20 Stimulus SURE Program Guarantee Lesser of Item 15 or Item 17		\$ 494,346	
Estimated SURE Payment	21 Non-Stimulus SURE Program Payment (Informational) (Item 19 - Item 13) x 60%		\$ 3,992	
	22 Stimulus SURE Program Payment (Item 20 - Item 13) x 60%		\$ 82,302	

**Note:** The 2008 payment amount will be based on Item 22. Item 21 has been provided for information only and would have been the basis for the payment without enactment of the "Stimulus" Bill.