

Supplemental Revenue Assistance Payments (SURE)

Farm Bill 2008 Information Sheet

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United States
Department of Agriculture
Texas Farm Service Agency
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BACKGROUND

SURE provides benefits for farm revenue losses due to natural disaster. It is the 2008 Farm Bill's successor to the prior Ad Hoc Crop Disaster Programs also known as the CDP or Crop Disaster Programs. Unlike the prior USDA Disaster Programs, SURE is legislated through 2011.

For SURE program purposes, a "farm" refers to all acreage in all counties that is planted or intended to be planted to crops that are for sale by the producer, and all hay crops.

ELIGIBLE FARMS

SURE payments are available to producers on farms that:

- are located in a county covered by a qualifying natural disaster declaration (USDA Secretarial Declarations only) or a contiguous county

OR

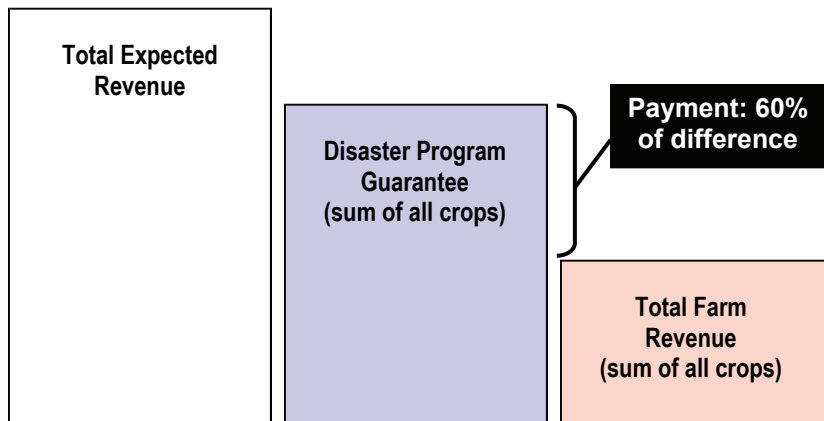
- the actual production is less than 50% of the normal production.

In order to receive payments, the farm must suffer at least a 10% eligible production loss on at least one crop of economic significance.

ELIGIBLE PRODUCERS

Risk Management Purchase Requirement (RMPR)

For a producer to be eligible for the SURE Program, **all** of the farming operation's crops (planted or intended) that are of economic significance must be covered by either federal Crop Insurance (CI) or FSA's Noninsurable Crop Disaster Assistance Program (NAP) coverage. Coverage must also be obtained for



other crops for which CI or NAP is available, such as nursery, honey, aquaculture, and floriculture. However, Statute does not require coverage for grazed crops for the SURE.

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

Adjusted Gross Income (AGI)

Producers or legal entities whose average adjusted gross income exceeds \$2.5 million shall not be eligible for benefit payments unless 75% or more of the income is from agriculture.

NOTE: For 2009 and subsequent years, the average adjusted gross income cap changes to \$500,000 of non-farm income, with no on-farm income cap.

PAYMENT CALCULATION

Producers with qualifying losses are eligible to receive 60% of the difference between the SURE Disaster Program Guarantee and the actual Farm Revenue.

Disaster Program Guarantee

The guarantee is determined by to-

taling 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 Disaster Program guarantee cannot exceed 90% of the expected revenue for the farm.

Total Farm Revenue

Included in the Total Farm Revenue calculation are estimated crop value, CI indemnities, NAP payments, Market Assistance Loan proceeds, other disaster payments, DCP payments (15% of direct payments, plus all cc payments and ACRE payments.)

PAYMENT LIMITATIONS

Individual producers are limited to combined payments of no more than \$100,000 from the SURE, LFP, LIP and ELAP Programs in a crop year.

Sign Up To Be Announced

At this time, the sign up dates for the 2008 crop year SURE Program have not been announced.

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SURE CALCULATOR

To assist farmers and ranchers in evaluating their options with SURE, USDA has created a SURE Calculator. Note that to qualify for SURE, producers need to obtain CI or NAP on all crops in all counties in all states. To utilize the Calculator, visit the website www.fsa.usda.gov, click on the Farm Bill banner and look under "Tools".

Please note that the calculator and instructions linked on the FSA website are for informational purposes only. This calculator in no way binds FSA to po-

tential payments under SURE and should not be relied on as the sole source of information to make final management decisions.

Watch for SURE Updates

Information provided in this fact sheet is based on current understanding of the relevant provisions of the Food, Energy and Conservation Act of 2008 and are subject to change as a result of continuing Agency interpretation during the regulation-writing and rule-making process. Visit the FSA website for updated information.

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Illustration to Demonstrate Calculation Methodology: In this example, the producer has 300 acres of crops in his farming operation. One of the fields is located in a county that has been designated by the Secretary of Agriculture as a disaster county due to an adverse weather condition.

SURE Program Guarantee		Coverage	
		Insured	Noninsured Crop Disaster Assistance Program
Crop		Cotton	Sweet Corn
Planted and Prevented Planted Acreage		200.0	100.0
Actual Production History (If higher, DCP CC Yield)		1600 #/ac	11 tons/ac
Price (Historical Price)		\$0.67/# (Crop Insurance Price)	\$270
Crop Insurance Coverage Levels		75% Coverage, 90% Price	Not Applicable
Crop Guarantee	Formula	Acres x Yield x Price x Coverage Level % x Price Election % x 115%	Acres x Yield x Price x 50 Coverage Level x 100% NAP Price X 120%
	Calculation	200.0 x 1600 x \$0.67 x 75% x 90% x 115% = \$166,428	100.0 x 11 x \$270 x 50% x 100% x 120% = \$178,200
	Total	\$166,428 + \$178,200 = \$344,628	
Expected Revenue (Acres x Yield x Price)	Calculation	200 x 1600 x .67 = \$214,400	100 x 11 x 270 = \$297,000
	Total	\$214,400 + \$297,000 = \$511,400	
	90% of Total	90% x \$511,400 = \$460,260	
SURE Program Guarantee		\$344,628 Lesser of: Total Crop Guarantees (\$344,628) or 90% of Total Expected Revenue (\$460,260)	

Farm Revenue		Cotton	Sweet Corn
Harvested Acreage		120.0 Acres	100.0
Actual Yield		800 #/ac	8 tons/ac
National Average Market Price		0.50/#	\$200
Estimated Actual Value of the Crop (Acres x Yield x Price)	Calculation	120.0 x 800 x 0.50 = \$48,000	100.0 x 8 x 200 = \$160,000
	Total	\$48,000 + \$160,000 = \$208,000	
Total DCP Direct Payments x 15%		\$13,606 x 15% = \$2,041	
Total DCP Counter-cyclical Payments		\$25,663	
Total ACRE Payments		0	
Total Market Gains Received		0	
Total Loan Deficiency Payments		0	
Total Crop Insurance Indemnities		\$86,832	
Total NAP Payments		0	
Other Disaster Benefits		0	
Total Farm Revenue		\$208,000 + 2,041 + 25,663 + 86,832 = \$322,536	

SURE Payment		
SURE Program Guarantee		\$344,628
Total Farm Revenue		\$322,536
SURE Payment Amount (60% of Difference)		60% x (344,628 - 322,536) = \$13,255