

For: State and County Offices

**Calculation of Yield, Price, and Average Crop Revenue
Election (ACRE) Program Guarantees for the ACRE Program**

Approved by: Acting Deputy Administrator, Farm Programs



1 Overview

A Background

The Food, Conservation, and Energy Act of 2008:

- was enacted on June 18, 2008
- provides for the ACRE Program, which is an irrevocable alternative (through the 2012 contract year) to DCP that:
 - reduces direct payments by 20 percent on participating farms
 - reduces loan rates by 30 percent on participating farms
 - eliminates counter-cyclical payments on participating farms.

The ACRE Program:

- provides producers an option to protect against declines in market revenue
- involves State and farm revenue changes from guarantee revenue levels that are based on national prices, State-planted yields, and farm-planted yields.

Because of tradeoffs discussed in this subparagraph and the irrevocable commitment to ACRE, producers are encouraged to review ACRE decision tools from State extension and other sources to help evaluate the choices.

Disposal Date	Distribution
April 1, 2010 3-13-09	State Offices; State Offices relay to County Offices

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1 Overview (Continued)

B Purpose

This notice provides ACRE Program data to State and County Offices to relay to:

- producers to assist in decisions on whether to participate in the ACRE Program or DCP
- extension economists and others to populate their decision choice models that will be used by farmers
- other interested groups.

2 2009 ACRE Information

A Factsheet

ACRE payments are issued when 2 conditions are met for a commodity. The first condition is met when the actual State revenue falls below the State ACRE guarantee. The second condition is met when the actual farm revenue falls below the farm ACRE guarantee. An ACRE factsheet and ACRE background information detailing the State and farm revenue calculations are posted at www.fsa.usda.gov/dcp.

B 2009 Benchmark State Yields and State ACRE Guarantees

To provide as much information as possible for producers to make their ACRE election decision for crop year 2009, preliminary 2009 State ACRE guarantees, based on projected ACRE guarantee prices and preliminary benchmark State yields, are posted at www.fsa.usda.gov/dcp and will be updated no later than the 15th of every month and also on the first of every month beginning July 1, 2009.

The 2009 benchmark State yields, ACRE guarantee prices, and State ACRE guarantees will be finalized after NASS reports the final 2008/2009 average market prices and 2008 crop production data. The posting dates for the final data are as follows.

Commodity	Benchmark State Yields	Guarantee Prices and ACRE Guarantees
Barley	March 15, 2009	July 1, 2009
Canola	March 15, 2009	August 1, 2009
Chickpeas, large	July 1, 2009	October 1, 2009
Chickpeas, small	March 15, 2009	October 1, 2009
Corn	March 15, 2009	October 1, 2009
Crambe	March 15, 2009	December 1, 2009
Flaxseed	March 15, 2009	August 1, 2009
Grain sorghum	March 15, 2009	October 1, 2009
Lentils	March 15, 2009	August 1, 2009

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2 2009 ACRE Information (Continued)

B 2009 Benchmark State Yields and State ACRE Guarantees (Continued)

Commodity	Benchmark State Yields	Guarantee Prices and ACRE Guarantees
Mustard seed	March 15, 2009	December 1, 2009
Oats	March 15, 2009	July 1, 2009
Peanuts	May 15, 2009	September 1, 2009
Peas, dry	March 15, 2009	August 1, 2009
Rapeseed	March 15, 2009	December 1, 2009
Rice, long grain	March 15, 2009	February 1, 2010
Rice, short and medium grain	March 15, 2009	February 1, 2010
Safflower	March 15, 2009	December 1, 2009
Sesame	March 15, 2009	December 1, 2009
Soybeans	March 15, 2009	October 1, 2009
Upland cotton	May 15, 2009	October 15, 2009
Wheat	March 15, 2009	July 1, 2009

C Definitions

The ACRE Program introduces terminology not previously used in any program. Definitions used in this notice are as follows.

- ACRE guarantee price means the simple average of the national average market prices of the covered commodity or peanuts for the most recent 2 crop years.

Example: In 2009, the ACRE guarantee price of a covered commodity or peanuts is equal to the simple average of the national average market prices of the covered commodity or peanuts in 2007 and 2008.

- ACRE price means the higher of either of the following for the covered commodity or peanuts:
 - the average price received by producers during the 12-month marketing year of the covered commodity or peanuts
 - 70 percent of the marketing assistance loan rate for the covered commodity or peanuts under Pub. L. 110-246, Section 1202 or 1307.
- Actual farm revenue means the actual farm yield times the ACRE price.
- Actual farm yield means the amount determined by dividing the actual farm production of a covered commodity or peanuts by the farm's total planted acres of the covered commodity or peanuts.

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2 2009 ACRE Information (Continued)

C Definitions (Continued)

- Actual State revenue means for a crop year of a covered commodity or peanuts, the actual State yield for the covered commodity or peanuts times the ACRE price.
- Actual State yield means the total amount of actual production of the covered commodity or peanuts in a crop year divided by the total planted acres of the covered commodity or peanuts in the State.
- Benchmark farm yield means for a covered commodity or peanuts, the Olympic average of the average yield per planted acre for the farm for the 5 most recent crop years.
- Benchmark State yield means for a covered commodity or peanuts, a yield primarily based on data from NASS equal to the 5-year Olympic average of the average yield per State-planted acre for the most recent 5 crop year yields.
- Farm ACRE guarantee means for a crop year of a covered commodity or peanuts, the per acre producer-paid crop insurance premium (if any) added to the result of multiplying a farm benchmark yield times the ACRE guarantee price.
- State ACRE guarantee means 90 percent times the benchmark State yield times the ACRE guarantee price.

3 Action

A State Office Action

SED's, State Office specialists, and DD's shall ensure that this information is reviewed with County Offices.

B County Office Action

County Offices shall provide this information to all producers and any other interested party.