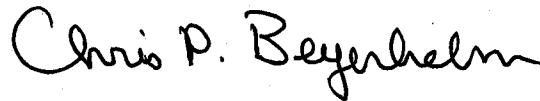


For: State and County Offices

Calculating Estimated Farm Program (FP) Payments for Use in Farm Business Plans (FBP's)

Approved by: Acting Deputy Administrator, Farm Loan Programs



1 Overview

A Background

FSA provides FP payment assistance to eligible producers. Program payments are often critical factors in developing a positive cash flow in FBP's. In addition to the traditional commodity programs, the Food, Conservation and Energy Act of 2008 introduced 2 new programs available to farm producers. One program is selected in lieu of receiving counter-cyclical payments and the other is a disaster assistance program that does not necessarily require a disaster declaration.

B Purpose

This notice addresses program payments when developing a FBP by:

- providing guidance on the Average Crop Revenue Election (ACRE)
- providing guidance on the Supplemental Revenue Assistance Program (SURE)
- identifying available online ACRE and SURE payment calculators for Field Office use.

C Contact

If there are questions about this notice:

- State Offices shall contact Mike Hinton, LMD, at 202-720-1472
- County Offices shall contact the State Office.

<p>Disposal Date</p> <p>February 1, 2010</p>	<p>Distribution</p> <p>State Offices; State Offices relay to County Offices</p>
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2 Types of FP Payments To Be Used in FBP's

A Traditional Commodity Programs

The 2008 Farm Bill continued the authorization for direct payments, counter-cyclical payments, and marketing loan benefits. Direct payments remain the same; however, there is a reduction in payment acres from 85 percent of base for 2008 to 83.3 percent of base for 2009 through 2011. A producer **must** decide whether or not they are going to continue to participate in the traditional commodity program or participate in the new ACRE program described in subparagraph B.

B ACRE

The 2008 Farm Bill introduces ACRE as an alternative commodity program to the traditional price support programs designed to provide revenue support to family farmers beginning in 2009. Farmers **must** enroll all covered commodities for a participating farm.

ACRE payments:

- are a revenue-based counter-cyclical protection on crops a producer plants
- provides a revenue guarantee each year based on State-level planted yields and National market prices; a decrease in the product of the 2 may trigger ACRE payments
- eliminates all counter-cyclical payments, reduces direct payments paid under traditional commodity programs by 20 percent and marketing assistance loan rates are reduced 30 percent on enrolled farms
- are limited to the total base acres for the farm.

Note: The decision to participate in ACRE is irrevocable.

C SURE

The Supplemental Revenue Assistance Program (SURE) is a permanent disaster assistance program that does not require legislation each time a natural weather-related disaster occurs. In addition to Secretarial declared disasters, an individual producer may be eligible for SURE payments if the farm experiences a 50 percent or greater production loss for a crop that is expected to contribute at least 5 percent of the total farm's income.

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2 Types of FP Payments To Be Used in FBP's (Continued)

C SURE (Continued)

SURE payments will be 60 percent of the difference between the disaster assistance program guarantee and total farm revenue. Total farm revenue is the sum of all crop acreage in all counties that is planted or intended to be planted by the eligible producer, including the following:

- actual value of each crop times the National average market price for the 12-month marketing year, plus
- crop insurance indemnities and/or NAP payments, plus
- amount of payments for prevented planting, plus
- value of any other natural disaster payments provided by the Federal Government on a farm for the same loss, plus
- 15 percent of direct payments, plus
- total amount of any LDP, Marketing Loan Gain, and Marketing Certificate Gains, plus
- all counter-cyclical or ACRE payments.

Note: Enrollment in crop insurance and/or NAP is required for SURE unless a waiver is granted.

3 Determining FP Payments To Be Included in FBP's

A Overview

Loan approval officials shall:

- determine whether the applicant has applied and may be eligible to receive disaster and other program payment assistance
- determine the amount of disaster and other program payment assistance by:
 - contacting CED's to obtain the amount the applicant has received or can expect to receive during the planning period
 - using 1 of the calculators from subparagraph B or a similar calculator from a university or other reliable source, to determine the amount of FP payments to include in FBP's if CED's **cannot** provide the amounts needed
- properly execute an assignment on any FP payment included in FBP's.

Note: Because ACRE and SURE are new programs, a new assignment **must** be executed.

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3 Determining FP Payments To Be Included in FBP's (Continued)

A Overview (Continued)

Loan approval officials shall **not** include any disaster related payments in the cash flow projections of long range and/or typical year plans, as disasters and any related payment assistance are ad-hoc and not considered typical for a farming operation.

B Using Internet Calculators

To calculate **ACRE** payments, use the ACRE Payment Estimator located at <http://www.extension.iastate.edu/agdm/crops/xls/a1-45acrecalculator.xls>.

For **SURE** estimates, payment calculators are available at the following web sites:

- http://www.fsa.usda.gov/Internet/FSA_File/sure_calculator_v1.xls
- <http://www.extension.iastate.edu/agdm/crops/xls/a1-44surecalculator.xls>.

Note: FSA is unable to endorse any specific commercial site or attest to the accuracy of the information contained on these web sites. These calculators are to be used only as a guide in attempting to determine potential ACRE or SURE payments.