

EMERGENCY RELIEF PROGRAM (ERP) 2022 TRACK 2

DETERMINING CROP VALUE FOR CROPS NOT SOLD, USING THE EXPECTED REVENUE OPTION

Overview

ERP 2022, Track 2 is a revenue-based certification program that provides assistance for producers that suffered a loss of revenue in the disaster year revenue as compared to the benchmark year revenue, that was due to necessary expenses associated with losses of eligible crops (excluding crops intended for grazing), due in whole or in part to qualifying disaster event that occurred in the 2022 calendar year.

The expected revenue option—requires the producer to certify two values as described in the chart below, (1) the revenue reasonably **expected** to receive absent any disaster conditions occurring in calendar year 2022, referred to as the benchmark year revenue and the (2) **actual** disaster year revenue from all eligible crops that were included in the producer’s expected revenue calculation.



Option	Benchmark Year Revenue	Disaster Year Revenue
Expected Revenue	A producer’s expected revenue from all eligible crops that could have been affected by a qualifying disaster event in calendar year 2022.	A producer’s actual revenue from all eligible crops that were included in the producer’s expected revenue.

The producer’s expected revenue must include the expected revenue from all eligible crops that could have been affected by a qualifying disaster event in calendar year 2022, including crops prevented from being planted, crops in storage, and planted crops (including inventory, and perennial crops). It does not include revenue from crop by-products, such as cotton seed and corn stalks. Expected revenue for the benchmark year revenue must be based on realistic projections that can be supported by acceptable documentation of expected inventory, acres, yield, and unit price.

Actual disaster year revenue will include revenue from all eligible crops that were included in the producer’s expected revenue calculation.

This fact sheet further assists producers that selected the expected revenue option as the method to certify the revenue loss under program ERP 2022 and must determine crop value for eligible crops, which includes crops not sold. Eligible crops not sold could be crops in storage or inventory, used in the operation such as grapes grown and processed into wine, or crops fed to the producer’s livestock.

Some examples of acceptable documentation that could be used to provide realistic projections for expected inventory, acres, yield, and unit price:

- Sales contracts
- Purchase agreements
- Market agreements
- Settlement sheets
- Scale tickets
- Lease agreements
- Local market prices
- FCIC established yield and prices
- Crop insurance documents
- Historical yield data, appraisals
- Farm business plans
- Acreage reports
- Cooperative extension service & university data
- Financial institute documentation
- [ARC and PLC information](#)
- [FSA National Crop Table data \(used for NAP\)](#)
- [National Agricultural Statistics Service data \(NASS\)](#)

How to Determine Expected and Actual Revenue Including Examples

Use Table 2 to determine Benchmark Year Revenue for the Expected Revenue Option.

Use Table 3 to determine Actual Revenue using the Expected Revenue Option.

TABLE 2. Expected Revenue

The producer's expected revenue must include the expected revenue from all eligible crops that could have been affected by a qualifying disaster event in calendar year 2022, including crops prevented from being planted, crops in storage, and planted crops (including inventory and perennial crops).

Expected Revenue Prior to Disaster Includes:	Calculating Expected Revenue:
<p>Revenue from all eligible planted and prevented planted yield-based crops that could have been affected by qualifying disaster event in calendar year 2022.</p> <p><i>Includes eligible crops that were planted in 2022 but not harvested until calendar year 2023.</i></p> <p><i>Excludes all crops with an intended use of grazing.</i></p>	<p>Expected Acres × Expected Yield Per Acre × Expected Price</p> <p>Example: Producer intended to plant 1,000 acres of soybeans in County A and 100 acres of corn in County B. The expected benchmark year revenue will be calculated for both the corn and the soybeans.</p> <p>Soybeans: 1,000 acres × 60 bushels/acre × \$12.00/bushel = \$720,000</p> <p>Corn: 100 acres × 200 bushels/acre × \$5.00/bushel = \$100,000</p> <p>The total expected benchmark year revenue for planted and prevented planted crops: \$720,000 + \$100,000 = \$820,000</p>
<p>Revenue from all eligible perennial crops that could have been affected by a qualifying disaster event in calendar year 2022.</p> <p><i>Excludes all crops with an intended use of grazing.</i></p>	<p>Expected Acres × Expected Yield Per Acre × Expected Price</p> <p>Example: Producer planted 1,000 acres of alfalfa and expected to harvest 3 tons per acre. The NASS published priced for alfalfa hay in the county is \$200/ton.</p> <p>The total expected benchmark revenue for the alfalfa: 1,000 acres × 3 tons/acre × \$200/ton = \$600,000</p>
<p>Value of all eligible inventory crops that could have been affected by a qualifying disaster event in calendar year 2022.</p>	<p>Total Inventory Prior to Disaster × Expected Price</p> <p>Example: Producer has 100,000 pounds of red fish in inventory with a contract to sell the fish for \$3.50 per pound.</p> <p>The total expected benchmark year revenue for inventory: 100,000 pounds × \$3.50/pound = \$350,000</p>
<p>Value of all crops in storage that could have been affected by a qualifying disaster event in calendar year 2022.</p> <p>Includes eligible crops from 2022 and prior years in storage at the time of the disaster.</p>	<p>Total Production in Storage × Expected Price</p> <p>Example: Producer has 50,000 bushels of hard red winter wheat produced on the farm and stored in grain bins and the grain elevator is purchasing wheat for \$8.00 a bushel in the county.</p> <p>The total expected benchmark year revenue for crops in storage: 50,000 bushels × \$8.00/bushel = \$400,000.</p>

TABLE 3. Actual Revenue

The producer's disaster year revenue is the actual revenue from all eligible crops that were included in the expected revenue calculation.

Actual Revenue Includes:	Actual Revenue Excludes:
Revenue from sales of eligible crops.	Crops for grazing
FCIC Crop insurance indemnities and NAP payments, less premiums and fees	Aquatic species that do not meet the definition of aquaculture
Indemnities for eligible crops under private insurance policies	Cannabis sativa L. and any part of the plant that does not meet the definition of hemp
The value of the eligible crop for crops not sold (such as crops in storage or inventory, or fed to the producer's livestock). <i>The same price used to calculate the expected revenue for the benchmark year must be used to calculate the actual disaster year revenue for crops in storage from 2021 or earlier that remain in storage at the time of application because ERP does not pay for market fluctuations for prior year crops.</i>	Timber
Payments issued for 2022 calendar year disaster losses, including but limited to payments under: <ul style="list-style-type: none"> • ELAP for aquaculture crops • ARC (ARC-CO, ARC-IC) • LDP • MLG • Net gains hedging • Grants from NOAA, and State program funds for the direct loss of eligible crops or the loss of revenue for eligible crops • Other revenue directly related to the production of eligible crops that IRS requires the producer to report as income 	Crop by-products such as cotton seed and corn stalks

Additional Information for Determining Value for Crops in Storage:

Establish the value of crops in storage at the time of application according to these guidelines:

For crops in storage that were produced in 2022 or 2023:	For crops in storage from 2021 or earlier:
The actual disaster year price may differ from the expected benchmark price due to market price fluctuations between planting and the time of marketing. This can be attributed to changes in market price, quality, or production losses related to qualifying disaster events occurring in the 2022 calendar year.	Producers must use the expected price in calculating bench-mark and disaster year revenue if the crop remains in storage at the time of application since ERP 2022 does not pay for market fluctuations for prior year crops.

For More Information

For more information, view the [ERP 2022 Track 2 Fact Sheet](#), or the ERP webpage at fsa.usda.gov/erp.

For FSA and Natural Resources Conservation Service programs, producers should contact their local [USDA Service Center](#).

