FACT SHEET

UNITED STATES DEPARTMENT OF AGRICULTURE
FARM SERVICE AGENCY

Average Crop Revenue Election (ACRE) Program - 2011

January 2011

As authorized by the 2008 Farm Bill (Food, Conservation, and Energy Act of 2008), producers on eligible farms may elect to participate in the Average Crop Revenue Election (ACRE) Program.

Under the ACRE Program, producers may receive revenue-based payments as an alternative to receiving price-based counter-cyclical (CC) payments.

Payments		DCP	ACRE
Direct	Payment Rate	100 percent of the DCP direct payment rate.	80 percent of the DCP Direct Payment Rate.
	Payment Formula	Uses farm's base acreage.	Uses farm's base acreage.
	Advances	Available through 2011.	Available through 2011.
Counter-Cyclical (CC)	Payment Formula	Uses farm's base acreage.	
	Trigger	Low National Market Prices	
	Advances	40 percent advance of projected payment through 2010.	
Average Crop Revenue Election (ACRE)	Payment Formula		Uses planted and considered planted (P&CP) acreages of commodity crops and peanuts.
	Triggers		Revenue must be below the historical state average and the farm average.
	Advances		Not available.
Loan Rates		100 percent of the Market Assistance Loan rates.	70 percent of the Market Assistance Loan rates.

ELIGIBLE FARMS

Only farms with covered commodity or peanut base acres may participate in the ACRE Program. Farms that are already enrolled in the Direct and Counter-Cyclical Program (DCP) for a crop year, may elect to switch to ACRE before the end of signup. As provided by the 2008 Farm Bill, farms with 10 or less base acres are not eligible for DCP or ACRE Program payments, except for farms whose owners are socially disadvantaged or are limited resource farmers or ranchers.

ELIGIBLE COMMODITIES

The following planted or considered planted crops may be eligible for ACRE payments:

- wheat, barley and oats
- grain sorghum and corn
- upland cotton
- rice (short/medium and long grain)
- soybeans
- other oilseeds: canola, crambe, flaxseed, mustard seed, rapeseed, safflower, sesame seed and sunflower seed
- peanuts
- dry peas, lentils and small and large chickpeas (garbanzo beans).

ACRE ELECTION AND ENROLLMENT

The deadline to elect and enroll in the ACRE Program is June 1 of the program year. If elected in a previous year, producers must enroll the farm in the ACRE Program by June 1 to receive payments. Farms that elect the ACRE Program cannot receive CC payments.

REPORTING REQUIREMENTS

Producers on participating ACRE Program farms must annually report acreage <u>and</u> production to FSA. Failure to do so may result in ineligibility. Production reports are due by the acreage report date for the subsequent year.

PAYMENT LIMITATION

Maximum Payment Amounts

Direct payments are limited to $40,000 per person or entity minus the 20 percent direct payment reduction, and ACRE payments are limited to $65,000 plus the 20 percent direct payment reduction amount. The limitation is applied by attributing both the amounts received directly by entities and persons, and indirect amounts received through entities.

Adjusted Gross Income (AGI)

Persons or legal entities whose average **nonfarm** AGI exceeds $500,000 are not eligible for direct, CC or ACRE payments.

Also, persons or legal entities whose average **farm** AGI exceeds $750,000 are not eligible for direct payments under the DCP and the ACRE Programs.

FARM YIELDS

Yields for ACRE payments are based on an "Olympic" average of a combination of producer yields and average yields for the county for the five most recent crop years. If a producer certifies yield data for a year and it is higher than the county average, that yield will be used to calculate the ACRE farm yield (Benchmark Farm Yield) as long as yields are certified for the subsequent years. Once established, the yields cannot be updated to replace average yields for subsequent year benchmark farm yields.

PAYMENTS

Producers on participating ACRE Program farms can receive direct and ACRE payments. Payments will be reduced if base acres are enrolled in a federal program which prohibits the production or harvesting of crops, such as the Conservation Reserve Program, Grassland Reserve Program and the Wetlands Reserve Program.

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Average Crop Revenue Election (ACRE)

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Direct Payments

Direct payments are based on the farm's base acres and program yields for covered commodities and peanuts. The payment rates for direct payments are 20 percent less than the DCP direct payment rates. Similar to DCP, payment amounts are reduced if fruits or vegetables are planted on base acres, or the acres are used for non-agricultural purposes.

ACRE Payments

ACRE payments are revenue-based payments and are tied to crop production and the National Average Market Price for planted, and considered planted, covered commodity crops or peanuts on the farm. ACRE payments can only be issued for a crop if two triggers are met for the covered commodity crop or peanuts.

State Trigger: The Actual State Revenue for the program year must be less than the State ACRE Guarantee.

Farm Trigger: The participating farm's Actual Farm Revenue for the program year must be less the Farm ACRE Guarantee.

Payment Acreage Limitation

ACRE payment acreage is limited to the total amount of base acres on the farm, not to exceed 83.3 percent of the planted and considered planted acreage for each crop. If the planted and considered planted acreage exceeds 120 percent of the base acreage and there is more than one eligible crop, producers must designate payment acreage for each crop by Sept. 30 of the program year.

Triggers: The State *and* the Farm trigger must be met to receive an ACRE payment for the planted or considered planted commodity crop or peanuts.

ACRE State Trigger:

State ACRE Guarantee must exceed the Actual State Revenue

State ACRE Guarantee (cannot change by more than 10 percent froom the previous year's guarantee)		Actual State Revenue
90 percent multiplied by **Benchmark State Yield** (5 year "Olympic" average) multiplied by **ACRE Guarantee Price** (Previous 2-yr National Average Market Price)	>	**Actual State Yield** multiplied by the ACRE Price: **(the higher of the National Average Market Price** or **70 percent of the National Loan Rate)**

ACRE Farm Trigger:

Farm ACRE Benchmark must exceed the Actual Farm Revenue

Farm ACRE Guarantee		Actual Farm Revenue
Benchmark Farm Yield (5 year "Olympic" average) multiplied by **ACRE Guarantee Price** plus **Crop Insurance Premium per acre paid by producer**	>	**Actual Farm Yield** multiplied by ACRE price: **(the higher of the National Average Market Price** or **70 percent of the National Loan Rate)**

ACRE Payment Calculation: If both triggers are met for a planted or considered planted commodity crop, then an ACRE payment may be calculated for the eligible crop.

ACRE Payment = **P&CP Acres** multiplied by **83.3 percent*** multiplied by $\frac{\text{Benchmark Farm Yield}}{\text{Benchmark State Yield}}$

(Farm Productivity Index Factor)

multiplied by lesser of:

- State ACRE Guarantee minus Actual State Revenue
- State ACRE Guarantee multiplied by 25 percent

* 85 percent in 2012

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Projected Payment Calculations: Use the following tables to calculate projected ACRE Program and DCP Payments. A FSA Online ACRE Calculator is available at www.fsa.usda.gov/FSA/dcp.

Table 1: ACRE and DCP Rates ($ per unit)	**1. 2009 National Avg. Market Price (NAMP)**	**2010 - 2012 ACRE**		**DCP 2010 - 2012**		
		2. Direct Rate	**3. National Loan Rate**	**4. Direct Rate**	**5. National Loan Rate**	**6. CC Threshold:** Payment will be issued if the NAMP is less than…
Wheat (bu)	4.87	0.416	2.06	0.52	2.94	3.65
Barley (bu)	2.61	0.192	1.37	0.24	1.95	2.39
Oats (bu)	2.02	0.0192	0.97	0.024	1.39	1.766
Corn (bu)	3.55	0.224	1.37	0.28	1.95	2.35
Grain Sorghum (bu)	3.22	0.28	1.37	0.35	1.95	2.28
Upland Cotton (lb)	0.629	0.05336	0.3640	0.0667	0.52	.6458
Med/Short Grain Rice (cwt)	18.40	1.88	4.55	2.35	6.50	8.15
Long Grain Rice (cwt)	12.90	1.88	4.55	2.35	6.50	8.15
Soybeans (bu)	9.59	0.352	3.50	0.44	5.00	5.56
Canola (cwt)	16.20	0.64	7.06	0.80	10.09	11.88
Crambe (cwt)	36.80	0.64	7.06	0.80	10.09	11.88
Mustard Seed (cwt)	30.40	0.64	7.06	0.80	10.09	11.88
Rapeseed (cwt)	26.30	0.64	7.06	0.80	10.09	11.88
Safflower (cwt)	17.10	0.64	7.06	0.80	10.09	11.88
Sesame Seed (cwt)	28.00	0.64	7.06	0.80	10.09	11.88
Sunflower Seed (cwt)	15.10	0.64	7.06	0.80	10.09	11.88
Flaxseed (bu)	8.15	0.3584	3.9536	0.4480	5.6504	6.6528
Peanuts (ton)	434.00	28.80	248.50	36.00	355.00	459.00
Dry Peas (cwt)	8.98		3.78		5.40	8.32
Lentils (cwt)	26.80		7.90		11.28	12.81
Sm. Chickpeas (cwt)	20.30		5.20		7.43	10.36
Lg. Chickpeas (cwt)	29.10		7.90		11.28	12.81

Table 2: Hypothetical 2011 State ACRE Guarantee	**Ex. Wheat**	**For Each Planted or Prevented Planted Crop:**			
1. ***Estimated*** **2011 Benchmark State Yield** (Your estimate of the Olympic average of state yields from 2006—2010) *	**88 bu/ acre**				
2. ***Estimated*** **2011 ACRE Guarantee Price** (Average of 2009 NAMP in Table 1, Item 1 and your projected 2010 NAMP.)	**$ 6.14 per bu**				
3. 2011 Calculated ***Estimated*** **State ACRE Program Guarantee** (90 percent x Item 1 x Item 2)	**$486.29**				
4. 2010 State ACRE Program Guarantee*	**$439.29**				
5. Is Item 3 greater than Item 4? (Yes, No) *If Yes, Go to Item 6* / *If No, Go to Item 8*	**Yes**				
6. Maximum Estimated State ACRE Program Guarantee (Item 4 times 110 percent)	**$483.22**				
7. Hypothetical 2011 State ACRE Program Guarantee (lower of Item 3 and Item 6). ***Do not continue.***	**$483.22**				
8. Minimum Estimated State ACRE Program Guarantee (Item 4 times 90 percent)					
9. Hypothetical 2011 State ACRE Program Guarantee (higher of Item 3 and Item 8)					

***Resource Information available at** www.fsa.usda.gov/FSA/webapp?area=home&subject=dccp&topic=landing

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Table 3: Hypothetical 2011 ACRE Triggers and Payment Calculation			Ex. Wheat	Enter each crop that is planted or prevented planted:			
State Trigger	**ACRE Program Guarantee**	**1. Estimated Benchmark State Yield** (Item 1 from Table 2)	88				
		2. Estimated ACRE Guarantee Price (Item 2 from Table 2)	$6.14				
		3. Hypothetical State ACRE Program Guarantee (Item 7 or 9 of Table 2)	$483.22				
	Actual State Revenue	**4. Estimated 2011 Actual State Yield**	84				
		5. Estimated 2011 National Average Market Price	$5.50				
		6. ACRE National Loan Rate (Table 1, Item 3)	$2.06				
		7. ACRE Price (Higher of Item 5 or Item 6)	$5.50				
		8. Hypothetical Actual State Revenue (Item 4 times Item 7)	$462.00				
	9. Item 3 greater than Item 8?	*If Yes, State trigger has been met.* *If No, the trigger is not met.*	Yes				
Farm Trigger	**Farm ACRE Guarantee**	**10. Benchmark Farm Yield** (Your estimate if not determined)	91				
		11. Crop Insurance Premium (per acre paid by producer for the crop)	$10				
		12. Hypothetical Farm ACRE Guarantee ((Item 10 x Item 2) plus Item 11)	$568.74				
	Actual Farm Revenue	**13. Estimated 2011 Actual Farm Yield**	83				
		14. Hypothetical Actual Farm Revenue (Item 13 times Item 7)	$456.50				
	15. Item 12 greater than Item 14?	*If Yes, Farm trigger has been met.* *If No, the trigger is not met.*	Yes				
ACRE Payment	**16. Item 9 and Item 15 are both "Yes"?**	If **both** are "Yes", then the crop is eligible for ACRE payments. Continue to Item 17. If not, the crop is not eligible for ACRE payments. Do not continue.	Yes				
	17. Share of the crop's planted or prevented planted acreage on the farm		100 Pct				
	18. Maximum Acres (Total base acreage on the farm)		125				
	19. Planted and Prev. Planted Acreage of the crop		140				
	20. Payment Acreage (Item 19 times 83.3 percent). Total Payment Acreage for the farm cannot exceed Item 18.		116.6				
	21. Farm Productivity Index Factor (Item 10 divided by Item 1)		1.0341				
	Payment Rate	**22. APG minus ASR** (Item 3 minus Item 8)	$21.22				
		23. 25%of APG (Item 3 times 25 percent)	$120.81				
		24. Payment Rate (Lesser of Item 22 or Item 23)	$21.22				
	25. Projected Estimated ACRE Payment (Item 17 times Item 20 times Item 21 times Items 24)		$2,559				

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Table 4: Projected Payment Comparison **Note:** Direct and CC Payments are reduced if fruits, vegetables or wild rice are planted on base acreage.)			**Ex: Wheat**		
Basic Information	1. Base Acreage for the crop		**125**		
	2. Direct and Counter-Cyclical Payment Share		**100 pct**		
	3. Direct Payment Yield		**86**		
	4. Direct Payment Rate (Table 1, Item 4)		**0.52**		
	5. Counter-cyclical (CC) Payment Yield		**88**		
	6. Counter-cyclical Payment Rate (Zero, if negative) _____ minus (higher of _____ or _____) Table 1, Item 6 (CC Threshold) Table 1, Item 5 (DCP Loan Rate) Table 3, Item 5		(3.39 minus 4.60 = neg.) **(Zero)**		
DCP Payments	**Direct**	7. Calculation: Item 1 x Item 2 x Item 3 x Item 4 x 0.833	**$ 4,656**		
	Counter-Cyclical	8. If Item 6 is zero, enter zero. If Item 6 is greater than zero, calculate the CC payment as follows: Item 1 x Item 2 x Item 5 x Item 6 x 0.85	**0**		
		9. Total DCP Payments	**$ 4,656**		
ACRE Program Payments	**Direct**	10. Calculation: Item 7 times 80%	**$ 3,725**		
	ACRE	11. See Table 3, Item 23	**$2,559**		
		12. Total ACRE Program Payments	**$ 6,284**		

Table 5: 2011 Timetable		**2011 Signup: Oct. 1, 2010 - June 1, 2011**	
Year	**Month or Date**	**ACRE Program** ACRE Payments issued if eligible.	**DCP Program** Counter-Cyclical Payments (CC) issued if authorized
2010-2011	Varies by county and crop	File 2011 Acreage Report	File 2011 Acreage Report
2010	December	Begin issuing Advance (22 pct) Direct Payments, if requested.	Begin issuing Advance (22 pct) Direct Payments
2011	June 1	Final date to elect and enroll in 2011 ACRE Program.	Final date to enroll in 2011 DCP Program.
	July 15	File 2010 Production Reports and Establish Bench-mark Farm Yields.	
	August 1	Final date to request reconstitution of the farm.	Final date to request reconstitution of the farm.
	September 30	Final date to designate payment acreage, if neces-sary.	
	October	Begin issuing Final Direct Payments	Begin issuing Final Direct Payments
2012	July 15	File 2011 Production Reports and Establish Bench-mark Farm Yields.	
2012	October	ACRE payments for all crops (including soybeans) except rice, other oilseeds, and chickpeas.	CC payments for all crops (including soybeans) except rice, other oilseeds, and chickpeas.
	December	ACRE payments for other oilseeds and chickpeas.	CC payments for other oilseeds and chickpeas.
2013	February	ACRE payments for rice.	CC payments for rice.

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Information or Estimations Needed to Project 2011 ACRE Payments

A. Projected National Average Market Price: 1) 2009 _____ ; 2) 2010 _____; 2) 2011 _____

B. Benchmark Farm Yield: 1) Benchmark Farm Yield _____**OR** Farm's Est. Avg 2006 - 2010_____

C. Benchmark State Yield: 1) Benchmark State Yield _____**OR** State's Est. Avg 2006 - 2010_____

D. Estimated Actual 2011 Yields: 1) State _____; 2) Farm _____

Frequently Asked Questions

Q1: If a farm is already enrolled in DCP and advance direct payments were issued, can the farm still switch to the ACRE Program?

Yes, as long as ALL the producers on the farm elect and enroll in the ACRE Program during the sign-up period for the applicable year.

Q3: If one producer (owner, tenant, etc) on the farm does not sign the election form, can the farm still participate in the ACRE Program?

No. Without exception, all producers must agree in writing to the ACRE Program election.

Q4: If all producers sign the ACRE Program Election Form, is the farm considered enrolled in the ACRE Program?

No. Producers on the farm must also sign a contract to enroll in ACRE Program by the sign-up deadline.

Q5: Does a producer have to enroll all farms in ACRE?

No. Election and enrollment for the ACRE Program is on a farm by farm basis.

Q6: Can a farm enroll some base acres and not others?

No, the enrollment is for the farm and all of the base acres.

Q7: Can base acres be established to participate in the ACRE Program?

No. There is no authority to establish base acres to participate in the ACRE Program.

Q8: Is crop insurance or NAP required to receive ACRE payments?

No, there are no risk management purchase requirements for the DCP or the ACRE Programs. However, higher levels of insurance due to higher premiums increases the Farm Acre Guarantee and, thus the probability of meeting the "Farm Trigger".

Q9: If both state and farm "triggers" are met, will the ACRE payment calculation provide benefits for prevented planted acres of covered commodity crops or peanuts?

Yes. Prevented planted acres are "considered planted."

Q10: Can ACRE payments be calculated for eligible commodity crops that do not have base acres on the farm?

Yes. ACRE payments are based on planted and considered planted acres of eligible commodity crops, without regard to whether the farm has base acres for that crop. However, the maximum acreage eligible for ACRE payments cannot exceed the total base acres on the farm.

Q11: If the National Average Market Price for a covered commodity crop or peanuts is higher than average, will this result in no ACRE payments?

Not necessarily. Since the ACRE "triggers" are based on revenue (yield and prices) reductions, a significant yield loss for the State could result in ACRE payments.

Q12: If a producer designates payment for a crop, but the crop does not "trigger" payments, are the designated payment acreage transferred to another crop?

No. In the event a crop does not trigger the designated payment acres become "unpaid."

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