



June 2009

# Whitman County FSA News

## Whitman County FSA

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## Office Hours

Monday – Friday  
8:00 AM – 4:30 PM

## County Committee

David Swannack, Chair  
Larry Schroetlin, Vice-Chair  
Greg Hall, Member  
Gracie Miller, Committee  
Advisor

## Office Staff

Mike Mandere, CED  
Ann Holbrook, CPT  
Fred Hendrickson, PT  
Bonnie Riebold, PT  
Kathy Carothers, PT  
Doreen Riedner, PT  
Nancy Doege, PT  
Jonelle Olson, PT

## Farm Loan Manager

Steve King  
(509) 924-7350

## Important Dates

June 30 – 2009 Acreage  
Reporting Deadline

July 3 – Office Closed –  
Independence Day

August 14, 2009 – Deadline for  
DCP and ACRE signup. Also  
Deadline for Pulse Crop Base  
Acres and Yield Election.

## Get Your Payments Timely & Accurately

Changes in your Bank Account  
or has your Bank merged or  
changed names?

Don't Forget – Update your  
Direct Deposit Form.

## Handicapped

**Accommodations:** Special  
accommodations will be  
arranged for those persons  
with a physical, vision, or  
hearing impaired disability. If  
special accommodations are  
needed, please contact our  
office.

## Average Crop Revenue Election (ACRE)

### Signup Deadline August 14, 2009

August 14, 2009 will be the deadline for selecting whether or not to participate in ACRE for 2009. Under the 2008 Act producers have a choice of participating under the Direct & Counter-Cyclical Program (DCP) or ACRE on farms with covered commodity base acres.

ACRE provides revenue based protection driven by a guarantee as opposed to traditional target price driven payments under the Counter-Cyclical Program. Direct payments are offered under both programs but the Direct payment under ACRE is only 80% of what the Direct payment would be if the farm was enrolled in DCP. Participation in ACRE is a farm by farm decision and all owners, operators and other tenants on the farm must be in agreement to elect ACRE. The decision to elect to put a farm into ACRE can be done in any of the crop years 2009-2012 and is irrevocable for the life of the 2008 Act which runs until the 2012 crop year.

Producers who elect and enroll a farm in ACRE must agree to 1) forgo Counter-Cyclical Payment 2) take a 20% reduction to their Direct Payments 3) take a 30% reduction in the marketing assistance loan rates for all commodities produced on the farm.

DCP Counter-Cyclical payments are calculated using the farm's base acres and Counter-Cyclical payment yields. ACRE payments are calculated using the farm's actual planted acres and the crop(s) planted on the farm for the year of enrollment. Direct payments under both DCP and ACRE are calculated using the farm's base acres and the farm's Direct Payment yield.

Producers enrolling in ACRE are required to provide five years of production records to calculate a farm yield. Producers are also required to provide production records each year once they are enrolled in ACRE. Producers may either prove their yields for ACRE or use the county plug yield. The following county plug yields are available for producers to use in ACRE.

Crop	2004	2005	2006	2007	2008
All Wheat (bu/acre)	73.7	69.3	69.0	63.3	61.1
Barley (bu/acre)	79.6	64.9	64.3	67.0	61.9

FSA is still in the process of developing county plug yields for other covered commodities, and those will be released as they become available. FSA ACRE guarantee prices and state yields have been released. The following are the projected Guarantee prices and the State Benchmark Yields. The Guarantee Price is the average National Average Market Price from the two most recent crop years. Crop years 2007 and 2008 are used for the 2009 ACRE Guarantee Prices.

Commodity	Unit	Preliminary 2009 Guarantee Price	ACRE Benchmark State Yield
All Wheat	Bushels	\$6.67	61
Barley	Bushels	\$4.10	61
Oats (non-irrigated)	Bushels	\$2.89	76
Dry Peas	Pounds	\$0.1330	1,770
Lentils	Pounds	\$0.2975	1,090
Large Chickpeas	Pounds	\$0.3175	1,250

ACRE payments are tied to statewide yield performance and national average price for the given year and are issued if both the State Trigger and Farm Trigger are met. Unlike Counter-Cyclical Payments, advance ACRE payments are not available and will be paid in October following the end of the applicable marketing year. The marketing year for wheat and barley ends May 31 each year. **(cont. next page)**

### **(ACRE Cont.)**

The following is a summary of the basic elements used in ACRE payment calculations.

### **State Trigger**

Actual State Revenue must be less than the State ACRE Guarantee for the State Trigger to be met.

#### **State ACRE Guarantee**

$90\% \times \text{Benchmark State Yield} \times \text{ACRE Program Guarantee Price} = \text{State ACRE Guarantee}$

Based on the projected 2009 ACRE Guarantee Price for wheat in Washington State the State ACRE Guarantee would be calculated as follows:  $90\% \times 61 \times \$6.67 = \$366.18$

#### **Actual State Revenue**

$100\% \times \text{Actual State Planted Yield} \times \text{higher of National Average Market Price or } 70\% \text{ of National Loan Rate} = \text{Actual State Revenue}$

The Actual State Planted Yield will be known sometime in the fall of 2009 however, Actual State Revenue for 2009 wheat cannot be calculated until after May 31, 2010 when the 2009 Marketing Year ends and the National Average Market Price is known. However, in making an analysis you could plug a variety of possible yield and price combinations into the above formula to arrive at a projected Actual State Revenue amount.

### **Farm Trigger**

Actual Farm Revenue must be less than the Farm ACRE Benchmark Revenue for the Farm Trigger to be met.

#### **Farm ACRE Benchmark Revenue**

$100\% \times \text{Farm's Expected Yield} \times \text{ACRE Program Guarantee Price} + \text{per/acre FCI Premium} = \text{Farm ACRE Benchmark Revenue}$

This is a calculation that you can do for your farm now. The Farm's Expected Yield is the average yield per planted acre for the covered commodity on the farm for the most recent 5 crop years, excluding the highest and lowest yields. When calculating the Farm's Expected Yield for wheat when both winter and spring have been grown the total bushels are divided by the total acres to arrive at the yield. You can use the projected ACRE Guarantee Prices and your crop insurance premium for the commodity per acre. Crop Insurance is not required to participate in ACRE but it does benefit you in maximizing the Farm ACRE Benchmark Revenue.

#### **Actual Farm Revenue**

$100\% \times \text{Actual Farm Yield} \times \text{higher of National Average Market Price or } 70\% \text{ of National Loan Rate} = \text{Actual Farm Revenue}$   
Similar to Actual State Revenue, your 2009 Actual Farm Yield will be known when you complete harvest, however, Actual Farm Revenue for 2009 wheat cannot be calculated until after May 31, 2010 when the 2009 Marketing Year ends and the National Average Market Price is known. However, in making an analysis you could plug a variety of possible yield and price combinations into the above formula to arrive at a projected Actual Farm Revenue amount.

If both the State and Farm Trigger are met then ACRE payments are issued using the following calculation. Please note that you will choose which crop(s) to enroll in ACRE based on what is planted on the farm in 2009.

### **Payment Calculation**

**Lesser of Farm's total base acres or 83.3% of acres planted X Farm's Expected Yield / State Benchmark Yield X lesser of difference between State ACRE Guarantee and Actual State Revenue or 25% of State ACRE Guarantee**

Tools are available for producers that are interested in ACRE to analyze various scenarios under both DCP and ACRE. Cooperative Extension Service has developed an ACRE calculator that can be obtained by contacting the Whitman County Extension Service at (509) 397-6290. In addition, FSA has also developed a calculator. It can be found on the FSA website at <http://www.fsa.usda.gov/dcp>. If you are interested in ACRE or need some assistance in making an analysis please contact our office and we would be glad to help explain the ACRE program and the payment formula. Please do not let the complexity of the ACRE formulas discourage you from electing ACRE on one or more of your farms. It is important that producers give this new program some serious consideration as it has the potential to serve as a valuable risk management tool for your operation.