

October 21, 2008

BACKGROUND

SURE provides benefits for farm revenue losses due to natural disaster. It is the 2008 Farm Bill's successor to the prior Ad Hoc Crop Disaster Programs also known as the CDP or Crop Disaster Programs. Unlike the prior USDA Disaster Programs, SURE is legislated through 2011.

For SURE program purposes, a "farm" refers to all acreage in all counties that is planted or intended to be planted to crops that are for sale by the producer, and all hay crops.

ELIGIBLE FARMS

SURE payments are available to producers on farms that:

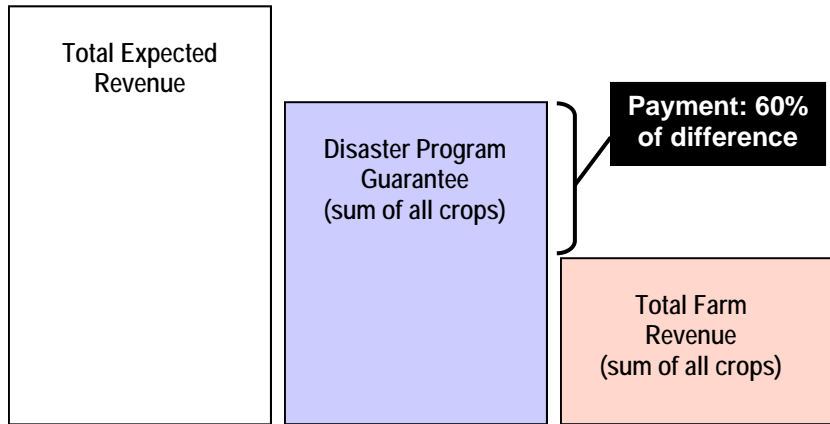
- are located in a county covered by a qualifying natural disaster declaration (USDA Secretarial Declarations only) or a contiguous county OR
- the actual production is less than 50% of the normal production.

In order to receive payments, the farm must suffer at least a 10% eligible production loss on at least one crop of economic significance.

ELIGIBLE PRODUCERS

Risk Management Purchase Requirement (RMPR)

For a producer to be eligible for the SURE Program, **all** of the farming operation's crops (planted or intended) that are of economic significance must be covered by either federal Crop Insurance (CI) or FSA's Noninsurable Crop Disaster Assistance Program (NAP) coverage. Coverage must also be obtained for other crops for which CI or NAP is available, such as nursery, honey, aquaculture, and floriculture. However, Statute does not require coverage for grazed



crops for the SURE.

Note: Eligible farmers and ranchers who meet the definition of "Socially Disadvantaged", "Limited Resource", or "Beginning" do not have to meet this requirement.

Adjusted Gross Income (AGI)

Producers or legal entities whose average adjusted gross income exceeds \$2.5 million shall not be eligible for benefit payments unless 75% or more of the income is from agriculture.

NOTE: For 2009 and subsequent years, the average adjusted gross income cap changes to \$500,000 of non-farm income, with no on-farm income cap.

PAYMENT CALCULATION

Producers with qualifying losses are eligible to receive 60% of the difference between the SURE Disaster Program Guarantee and the actual Farm Revenue.

Disaster Program Guarantee

The guarantee is determined by totaling the calculated guarantee for each crop. For insured crops, the guarantee is based on the level of coverage the producer has elected. Higher levels of coverage will result in higher crop guarantees. For NAP crops, the guarantee is based on a

formula that includes the yield, acreage, and price factors. The formula is provided in the example on the back page.

The farm's Disaster Program guarantee cannot exceed 90% of the expected revenue for the farm.

Total Farm Revenue

Included in the Total Farm Revenue calculation are estimated crop value, CI indemnities, NAP payments, Market Assistance Loan proceeds, other disaster payments, DCP payments (15% of direct payments, plus cc payments and ACRE payments.)

PAYMENT LIMITATIONS

Individual producers are limited to combined payments of no more than \$100,000 from the SURE, LFP, LIP and ELAP Programs in a crop year.

Sign Up To Be Announced

At this time, the sign up dates for the 2008 crop year SURE Program have not been announced. Watch for further information on the www.fsa.usda.gov/ca website.

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Supplemental Revenue Assistance Payments (SURE) 2008 Farm Bill Disaster Assistance Programs

SURE CALCULATOR

To assist farmers and ranchers in evaluating their options with SURE, USDA has created a SURE Calculator. Note that to qualify for SURE, producers need to obtain CI or NAP on all crops in all counties in all states. To utilize the Calculator, visit the website www.fsa.usda.gov, click on the Farm Bill banner and look under "Tools".

Please note that the calculator and instructions linked on the FSA website are for informational purposes only. This calculator in no way binds FSA to

potential payments under SURE and should not be relied on as the sole source of information to make final management decisions.

Watch for SURE Updates

Information provided in this fact sheet is based on current understanding of the relevant provisions of the Food, Energy and Conservation Act of 2008 and are subject to change as a result of continuing Agency interpretation during the regulation-writing and rule-making process. Visit the FSA website for updated information.

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To file a complaint of discrimination, write USDA, Director, Office of Civil Rights, Room 326-W, Whitten Building, 1400 Independence Avenue, SW, Washington, D.C., 20250-9410, or call (202) 720-5964 (voice or TDD). USDA is an equal opportunity provider and employer.

Illustration to Demonstrate Calculation Methodology: In this example, the producer has 300 acres of crops in his farming operation. One of the fields is located in a county that has been designated by the Secretary of Agriculture as a disaster county due to an adverse weather condition.

SURE Program Guarantee		Coverage	
		Insured	Noninsured Crop Disaster Assistance Program
Crop		Cotton	Sweet Corn
Planted and Prevented Planted Acreage		200.0	100.0
Actual Production History (If higher, DCP CC Yield)		1600 #/ac	11 tons/ac
Price (Historical Price)		\$0.67/# (Crop Insurance Price)	\$270
Crop Insurance Coverage Levels		75% Coverage, 90% Price	Not Applicable
Crop Guarantee	Formula	Acres x Yield x Price x Coverage Level % x Price Election % x 115%	Acres x Yield x Price x 60%
	Calculation	200.0 x 1600 x \$0.67 x 75% x 90% x 115% = \$166,428	100.0 x 11 x \$270 x 60% = \$178,200
	Total	\$166,428 + \$178,200 = \$344,628	
Expected Revenue (Acres x Yield x Price)	Calculation	200 x 1600 x .67 = \$214,400	100 x 11 x 270 = \$297,000
	Total	\$214,400 + \$297,000 = \$511,400	
	90% of Total	90% x \$511,400 = \$460,260	
SURE Program Guarantee		\$344,628 Lesser of: Total Crop Guarantees (\$344,628) or 90% of Total Expected Revenue (\$460,260)	

Farm Revenue		Cotton	Sweet Corn
Harvested Acreage		120.0 Acres	100.0
Actual Yield		800 #/ac	8 tons/ac
National Average Market Price		0.50/#	\$200
Estimated Actual Value of the Crop (Acres x Yield x Price)	Calculation	120.0 x 800 x 0.50 = \$48,000	100.0 x 8 x 200 = \$160,000
	Total	\$48,000 + \$160,000 = \$208,000	
Total DCP Direct Payments x 15%		\$13,606 x 15% = \$2,041	
Total DCP Counter-cyclical Payments		\$25,663	
Total ACRE Payments		0	
Total Market Gains Received		0	
Total Loan Deficiency Payments		0	
Total Crop Insurance Indemnities		\$86,832	
Total NAP Payments		0	
Other Disaster Benefits		0	
Total Farm Revenue		\$208,000 + 2,041 + 25,663 + 86,832 = \$322,536	

SURE Payment	
SURE Program Guarantee	\$344,628
Total Farm Revenue	\$322,536
SURE Payment Amount (60% of Difference)	60% x (344,628 - 322,536) = \$13,255

Frequently Asked Questions

Eligibility Issues

Q1: If a farm is located in multiple counties, do all of the counties have to be disaster designated?

No. The farm will be eligible as long as part of the farm is located in a county that has a Secretary Disaster Designation or is contiguous to one.

Q2: If not in a disaster-designated county or a county contiguous to one, how is the percentage of loss going to be determined?

In order to determine if the farm has greater than an overall 50% loss, the calculation will consider the value of each crop.

Q3: Is there a "loss threshold" that must be met for the farm to be eligible?

At least one crop of economic significance must suffer at least a 10% production loss due to disaster, adverse weather, or disaster-related conditions.

Q4: Does the SURE program cover losses for grazed forage?

No.

Q5: Does the SURE program cover losses for crops that cannot be covered by NAP or CI?

No.

Risk Management Purchase Requirement (RMPR) General Questions

Q6: If a crop is a minor crop on a farm, with regards to the overall expected revenue, does this crop have to CI or NAP coverage?

No, if it is considered by the Agency to be a crop that is not of economic significance. However,

only crops that are covered by CI or NAP are considered in the payment calculation for the farm.

Q7: If a crop of economic significance on the farm did not suffer a loss, does this crop have to be covered by CI or NAP?

Yes, all crops of economic significance in all counties must be covered by CI or NAP regardless of loss.

Q8: Is land that is grazed only (not hayed) required to have CI or NAP?

No. Grazed land is excluded from the RMPR.

Sign Up To Be Announced

At this time, the sign up dates for the 2008 crop year SURE Program have not been announced. Watch for further information on the www.fsa.usda.gov/ca website.

Q9: If a subsequent crop is planted on the farm because of a disaster, is that subsequent crop required to have CI or NAP?

Yes. Producers have to carefully consider their planting plans to ensure they obtain coverage for all crops they will or could plant. Failure to obtain coverage for all of their crops may result in ineligibility.

Q10: If an individual has interests in multiple farming operations, are all of the operations required to have coverage in order for one of the operations to receive SURE benefits?

No. Only the farming operation that is applying for SURE benefits must have coverage on all crops in all counties.

Q11: What other FSA programs have to meet this requirement?

The Tree Assistance Program (TAP), Livestock Forage Disaster Program (LFP), and Emergency Assistance for Livestock, Honey Bees, and Farm-raised Fish (ELAP) also have this requirement. However, LFP only requires the coverage on the affected grazed land.

Other programs, including NAP, LDP, CRP and DCP, do not have to meet this requirement.

Q12: Is there a requirement to purchase CI or NAP in the future if benefits are received?

No. However if they don't purchase CI or NAP for a future year for all crops, they will not be eligible for the SURE for that year.

Q13: How can a producer obtain coverage for 2008 since the deadline dates had already passed when the Farm Bill was signed?

A producer will not be eligible for the SURE if they did not have coverage or if they did not "buy-in" to the SURE program. The "buy-in" period ended on September 16, 2008.

Q14: Will there be a "buy-in" for 2009 and subsequent years if coverage wasn't obtained timely?

No. However, the Agency will allow producers of 2009 crops to be eligible for SURE if both of the following conditions are met:

- *the sales closing date or application date was prior to August 14, 2008*
- *a fee is paid to the Agency (\$250 per NAP crop and \$300 per insurable crop) by a date to be determined.*

Frequently Asked Questions

RMPR CI /NAP Coverage Questions

Q15: If the crop is insurable, does the coverage have to be at a level greater than CAT (catastrophic level)?

No, CAT level coverage or greater levels ("buy-up") will meet this requirement.

Q16: Do private insurance policies meet this requirement?

No. The insurance must be a policy or plan of insurance under the Federal Crop Insurance Act. These plans are available from crop insurance agents.

Q17: For plans of insurance that are not offered at the CAT level, is insurance required for this crop to be eligible for SURE?

*Producers of these crops must have the CI coverage **or** NAP coverage. NAP is available for crops that do not have coverage at the CAT level, such as the pilot cherry crop insurance policy.*

Q18: If CI is available in the county, but that crop cannot be insured due to conditions in the policy, must the producer purchase NAP for that crop?

Yes, if NAP is available for the crop under the circumstance that resulted in the failure to meet policy requirements.

Q19: Do farm revenue policies such as AGR (Adjusted Gross Revenue) meet the RMPR for all crops on the farm?

Yes.

Q20: Is a producer of insurable crops eligible to receive SURE benefits if they are on FCIC's "ineligible producer list."

No. This producer is ineligible to obtain CI coverage and thus, cannot meet the RMPR.

Payment Calculation Issues

Q21: Do farms have to suffer at least a 60% revenue loss to receive SURE payments?

No. Payments will be calculated if the farm's total revenue is less than the SURE guarantee.

Q22: Will SURE compensate for eligible production or quality losses?

SURE will compensate for both quantity and quality losses, as long as there is a revenue loss on the farm.

Q23: Is crop revenue based on individual receipts?

No. The revenue for each crop is determined by multiplying the production amount times the National Average Market Price for the crop,

not the actual price received by the producer.

Q24: Can producers receive SURE payments in addition to NAP payments and CI indemnities?

Yes. However, benefits received from CI or NAP will be considered as revenue, and will count against the guarantee.

Signup Questions

Q25: If a producer has NAP or CI coverage, is that producer automatically signed up for the SURE?

No. There will be a separate signup period for SURE benefits.

Q26: Is there a fee to sign up for the SURE program?

No.

Q27: Where will the application be filed?

Applications must be filed at the county FSA office. See the list of local FSA offices below.

For more information on SURE or other Farm Service Agency programs, contact your nearest California FSA office. There are 30 offices in California in the following cities:

Alturas ● 530-233-4391

Indio ● 760-347-3675

Santa Maria ● 805-928-9269

Bakersfield ● 661-336-0967

Lancaster ● 661-942-9549

Stockton ● 209-472-7127

Colusa ● 530-458-5131

Madera ● 559-674-4628

Susanville ● 530-257-4127

Dixon ● 707-678-1931

Merced ● 209-722-4119

Templeton ● 805-434-0398

El Centro ● 760-352-3531

Modesto ● 209-491-9320

Ukiah ● 707-468-9225

Elk Grove ● 916-714-1104

Oroville ● 530-534-0112

Visalia ● 559-734-8732

Eureka ● 707-442-6058

Petaluma ● 707-664-8593

Willows ● 530-934-4669

Fresno ● 559-276-7494

Red Bluff ● 530-527-3013

Woodland ● 530-662-3986

Hanford ● 559-582-1071

Redding ● 530-226-2568

Yreka ● 530-842-6123

Hollister ● 831-637-4360

Salinas ● 831-424-7377

Yuba City ● 530-671-0850