

2009 Average Crop Revenue Election (ACRE) Program



United States
Department of Agriculture
Farm Service Agency
www.fsa.usda.gov

Fact Sheet

March 18, 2009

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.

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 Payment 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 (medium and long grain)
- soybeans
- other oilseeds: canola, crambe, flaxseed, mustard seed, rapeseed, safflower, sesame seed and sunflower seed
- peanuts
- pulse crops: dry peas, lentils,

Payments		DCP	ACRE
Direct	Payment Rate	100% of the DCP direct payment rate.	80% 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% 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% of the Market Assistance Loan rates.	70% of the Market Assistance Loan rates.

and small and large chickpeas (garbanzo beans).

ACRE ELECTION AND ENROLLMENT

June 1, 2009 is the deadline to elect and enroll in the ACRE Program for 2009. After election, producers must then enroll the farm in the ACRE Program to receive payments. Farms that elect the ACRE Program cannot receive CC payments.

Note: If enrolling in ACRE, all producers on a farm must agree to the ACRE Program election.

REPORTING REQUIREMENTS

Producers on participating ACRE Program farms must annually report acreage and production to FSA. Failure to do so may result in ineligibility.

PAYMENT LIMITATION PROVISIONS

Maximum Payment Amounts

Direct payments are limited to \$40,000 per person or entity minus the 20 percent direct payment reduction, and CC or ACRE payments are limited to \$65,000 plus the 20% direct payment reduction amount. The limitation is attributed to entities and individuals, including 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 ACRE Programs.

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.

Direct Payments

Direct payments are based on the farm's base acres and program yields for cov-

ered commodity crops 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 payment acreage is limited to the total amount of base acres on the farm, and 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 than the Farm ACRE Guarantee.

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

Note: State ACRE Guarantee cannot change by more than 10% from the previous year's guarantee.

State ACRE Guarantee

90 percent multiplied by
Benchmark State Yield
 (5 year "Olympic" average)
 multiplied by
ACRE Guarantee Price
 (Previous 2-yr National Average Market Price)

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Actual State Revenue

Actual State Yield
 multiplied by the ACRE Price:
(the higher of the National Average Market Price or 70% of the National Loan Rate)

ACRE Farm Trigger:

Farm ACRE Benchmark must exceed the Actual Farm Revenue

Farm ACRE Guarantee

Benchmark Farm Yield
 (5 year "Olympic" average)
 multiplied by
ACRE Guarantee Price
 plus
Crop Insurance Premium per acre paid by producer

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Actual Farm Revenue

Actual Farm Yield
 multiplied by ACRE price:
(National Average Market Price or 70% 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%* multiplied by

Benchmark Farm Yield

Benchmark State Yield

(Farm Productivity Index Factor)

multiplied by
 lesser of



State ACRE Guarantee

minus

Actual State Revenue

State ACRE Guarantee

multiplied by **25%**

* 85% in 2012

Table 1: 2009 ACRE and DCP Rates	ACRE		DCP		
	Direct Rate	National Loan Rate	Direct Rate	National Loan Rate	CC Threshold: Payment will be issued if the National Average Market Price is less than...
Wheat (bu)	0.416	1.93	0.52	2.75	3.40
Barley (bu)	0.192	1.30	0.24	1.85	2.00
Oats (bu)	0.0192	0.93	0.024	1.33	1.416
Corn (bu)	0.224	1.37	0.28	1.95	2.35
Grain Sorghum (bu)	0.28	1.37	0.35	1.95	2.22
Upland Cotton (lb)	0.05336	0.3640	0.0667	0.52	0.6458
Rice (cwt)	1.88	4.55	2.35	6.50	8.15
Soybeans (bu)	0.352	3.50	0.44	5.00	5.36
Other Oilseeds (cwt)	0.64	6.51	0.80	9.30	9.30
Peanuts (ton)	28.80	248.50	36	355	459
Dry Peas (cwt)		3.78		5.40	8.32
Lentils (cwt)		7.90		11.28	12.81
Sm. Chickpeas (cwt)		5.20		7.43	10.36
Lg. Chickpeas (cwt)		7.90		11.28	12.81

Note:
Counter-cyclical rate cannot exceed the CC threshold minus the DCP loan rate.

Table 2: Hypothetical State ACRE Guarantee		Corn Example	Your Example
1.	Benchmark State Yield (Olympic Average from 5 most recent crop years)	160	
2.	ACRE Guarantee Price (Average National Average Market Price from 2 most recent crop years)	4.15	
3.	Calculated State ACRE Guarantee for the crop year (90% x Item 1 x Item 2)	597.60	

Note: For subsequent years, the State ACRE Guarantee cannot change by more than 10% from the previous year's Guarantee.

Table 3: Hypothetical ACRE Triggers and Payment Calculation			Corn Example	Your Example
State Trigger	ACRE Program Guarantee	1. Benchmark State Yield (Item 1 from Table 2)	160	
		2. ACRE Guarantee Price (Item 2 from Table 2)	\$4.15	
		3. State ACRE Guarantee (Item 3 of Table 2)	\$597.60	
	Actual State Revenue	4. Actual State Yield	155	
		5. National Average Market Price	\$3.78	
		6. National Loan Rate (see Table 1)	\$1.95	
		7. 70% of the National Loan Rate (70% times Item 6)	\$1.37	
		8. ACRE Price (Higher of Item 5 or Item 7)	\$3.78	
		9. Actual State Revenue (Item 4 times Item 8)	\$585.90	
10. Is Item 3 greater than Item 9? If yes, State trigger has been met and continue to Item 11. If no, the crop is not eligible for ACRE payments.		Yes		
Farm Trigger	Farm ACRE Guarantee	11. Benchmark Farm Yield (Olympic average from 5 most recent crop yrs.)	170	
		12. Crop Insurance Premium per acre paid by producer for the crop	\$15	
		13. Farm ACRE Guarantee ((Item 11 x Item 2) plus Item 12)	\$720.50	
	Actual Farm Revenue	14. Actual Farm Yield (Production divided by planted acreage)	185	
		15. Actual Farm Revenue (Item 14 times Item 8)	\$699.30	
16. Is Item 13 greater than Item 15? If yes, Farm trigger has been met and continue to Item 17 to calculate the payment. If no, the crop is not eligible for payments.		Yes		
ACRE Payment	17. Maximum Acres (Total base acreage on the farm)	125		
	18. Planted and Considered Planted Acreage for the crop	150		
	19. Payment Acreage (Item 18 times 83.3% (85% for 2012), not to exceed Item 17)	125		
	20. Farm Productivity Index Factor (Item 11 divided by Item 1)	1.0625		
	21. ACRE Program Guarantee minus Actual State Revenue (Item 3 minus Item 9)	\$11.70		
	22. 25% of ACRE Program Guarantee (Item 3 times 25%)	\$149.40		
	23. Projected ACRE Payment for the crop (Share times Item 19 times Item 20 times lesser of Items 21 and 22)	\$1,554		

Table 4: Payment Comparison		Calculation	Corn	
DCP	Direct	Base acres x 83.3% (85% in 2012) x 120 Bu program yield x DCP Direct Rate (Table 1)	\$ 3,499	
	CC	Base acres x 85% x program yield x CC rate (see CC Threshold, Table 1)	0 (\$3.78 price)	
	Total		\$ 3,499	
ACRE	Direct	Base acres x 83.3% (85% in 2012) x 120 Bu program yield x ACRE Direct Rate (Table 1)	\$ 2,799	
	ACRE	See Table 3	\$ 1,554	
	Total		\$ 4,352	

Frequently Asked Questions

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

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

Q2: If a farm misses the 2009 election period, can the producers elect to participate in a later year?

Yes. The producers may elect the ACRE Program in a subsequent 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 will enhance the ability to meet 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. How-

ever, 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.

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