



**U.S. Department of Agriculture  
Farm Service Agency**

**FSA's ACRE\* Program and the Calculation of  
Yield, Price, and Revenue Guarantees**

\* Average Crop Revenue Election

- ***Average Crop Revenue Election (ACRE):***
  - ❑ Starts in 2009 as a whole-farm, irrevocable alternative to receiving counter-cyclical payments (CCPs);
  - ❑ Enrolling requires a 20% reduction in direct payments and a 30% reduction in the loan rate.
  
- ***In a comparison with CCPs, ACRE:***
  - ❑ Is revenue-based, not price-based;
  - ❑ Guarantee uses a moving average, rather than a fixed “target.”
  - ❑ Payment requires both state and farm triggers being met.

- ***ACRE payments are triggered when:***
  - ❑ Actual State Revenue < State ACRE Guarantee; and
  - ❑ Actual Farm Revenue < Farm ACRE Guarantee.
- ***The ACRE revenue guarantees are based on a 5-year Olympic average yield\* and a 2-year national average market price.***

\* An Olympic average drops the high and low yields, so a 5-year Olympic average is based on 3 years.

## A Critical Decision for Farmers...

- ***The yields, prices, and revenues underlying the State ACRE Guarantee have been calculated by FSA analysts and will be ready to post to our website after the March WASDE release.***
- ***Doing so provides:***
  - Farmers with parameters to help them determine whether to participate in ACRE or to stay with CCPs.
  - Extension economists and others with the data needed to populate decision choice models for farmers.
  - Note: The deadline for sign-up is June 1.

### ***Benchmark State Yield(s):***

- ***Definition: In each state, the average yield per planted acre for the most recent 5 crop years, excluding the year with the highest yield and the year with the lowest yield.***
- ***Statutory elements:***
  - Directs use of NASS (published & unpublished) data, where feasible.**
  - Provides for both irrigated and non-irrigated guarantees in cases where 25-75% of the county's acreage is irrigated.**

\* See final page for a flowchart illustrating the ACRE calculations. The crop's Benchmark State Yield, as defined here, multiplied by the ACRE Guarantee Price (see later discussion), is the basis for the State ACRE Guarantee.

- ***FSA analysts used NASS data to the extent possible in calculating the 5-year (2004-08) Olympic average yield per state.***
- ***An ACRE yield is calculated for any state with reported FSA planted acreage data in any of the last 5 years.***
- ***In some cases, NASS data are limited. For example, NASS:***
  - ❑ ***Does not publish data for every state or eligible crop.***
  - ❑ ***Calculates planted acres including all intended uses (such as silage, etc.), requiring adjustments to a grain or seed basis.***
  - ❑ ***In these cases, NASS data were combined with FSA data to develop ACRE yields for all states that produce the covered commodities.***

## Supplemental FSA Data Sources Include...

- ***Form 578 data (reported/certified acres by FSA program participants) were used with NASS data to:***
  - ❑ Calculate planted acres when NASS data includes multiple uses (by adding FSA failed acres to NASS harvested acres to address the intended use issue).
  - ❑ Calculate irrigation practice when insufficient NASS data were available.
- ***FSA Direct Payment Yields were used with NASS data to provide an ACRE yield for states without NASS data.***
- ***CCC budget data were used for crops with no NASS or FSA data (crambe, sesame).***

***Are national level, by crop;***

- ***Are used to calculate the State ACRE Guarantee and the Farm ACRE Guarantee;***
- ***Equal the 2-year simple average of the national marketing year price for each commodity (ACRE Guarantee Price).***



- ***Are based on the 2007/08 and 2008/09 marketing years.***
  - ❑ The final 2007/08 price estimates are available currently.
  - ❑ The 2008/09 price projections for most ACRE commodities are updated and published each month in the World Agricultural Supply and Demand Estimates (WASDE) report.
  - ❑ Preliminary prices included in this posting are from the February WASDE.

***Note: Data for some commodities—such as peanuts, pulses, sesame, and crambe—are not published in WASDE and are calculated from industry or internal USDA sources.***

## 2009 Guarantee Prices, Guarantee Yields, and Revenue Guarantees...

- ***Final guarantee prices will be set after the final 2008/09 market year average prices are published by NASS. The publication dates are:***
  - Wheat, barley, oats – June 29, 2009
  - Canola, flaxseed, dry peas, lentils – July 31, 2009
  - Peanuts – August 31, 2009
  - Corn, grain sorghum, soybeans, chickpeas – September 29, 2009
  - Upland cotton – October 9, 2009
  - Mustard seed, rapeseed, safflower – November 30, 2009
  - Rice – January 29, 2010
- ***Preliminary guarantee prices, state yields, and state revenues will be available by mid-March and updated monthly on FSA's website until the 2008/09 price data are final (see above publication schedule).***
- ***For more on how the guarantee prices, and guarantee yields fit into the ACRE calculations, see the flow chart on the next page.***



**Triggers:** The State and the Farm trigger must be met to receive an ACRE payment for the planted or considered planted commodity 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 years's guarantee.

2009 State ACRE Guarantee
90% times Benchmark State Yield (2004-08 Olympic average planted yield) times ACRE Guarantee Price (2007-08 national average market price)

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2009 Actual State Revenue
2009 Actual State Yield times 2009 ACRE Price 1/

ACRE Farm Trigger:

Farm ACRE Guarantee must exceed the Actual Farm Revenue.

2009 Farm ACRE Guarantee
Benchmark Farm Yield 2004-08 Olympic average planted yield times ACRE Guarantee Price (2007-08 national average market price) plus 2009 Crop Insurance Premium/Acre paid by producer

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2009 Actual Farm Revenue
2009 Actual Farm Yield times 2009 ACRE Price 1/

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

$$\text{ACRE Payment} = \text{Acres} \times \text{times } 83.3\% \times \text{times } \frac{\text{Benchmark Farm Yield}}{\text{Benchmark State Yield}}$$

(Farm Productivity Factor)

times lesser of { State ACRE Guarantee minus Actual State Revenue }  
 State ACRE Guarantee times 25 %  
 \* 85% in 2012

1/ The ACRE Price is defined as the greater of the national average market price received by producers during the 12-month marketing year for the eligible commodity, or the national marketing assistance loan rate for the eligible commodity reduced by 30 percent. The 2-year national average market price used for the ACRE Guarantee Price is not subject to the loan rate substitution.

2/ The total number of planted acres for which a producer may receive ACRE payments may not exceed the total base acres for the farm. If the total number of planted acres exceeds the total base on the farm, the producer(s) may elect which planted acres to enroll in ACRE.