



Program Advisory

UNITED STATES DEPARTMENT OF AGRICULTURE FARM SERVICE AGENCY
March 29, 2010

OVERVIEW FOR 2010 – AVERAGE CROP REVENUE ELECTION (ACRE) PROGRAM

The Average Crop Revenue Election Program is a tool available for producers who participate in DCP to provide additional risk management options in the case of low prices and/or low production. Signup for 2010 will continue until June 1, 2010.

Both state and farm revenue must be lower than historical levels for ACRE payments to be issued.

2009 Outlook: If production remains the same as historical averages or are lower than average, ACRE payments will be significantly higher for wheat, barley, oats and corn.

2010 Outlook: If prices continue to drop, ACRE payments could still be high enough for wheat, barley, oats and corn to justify the 20% direct payment reduction for the next three years.

2010 factors include:

- 1) National Average Market Price needed for CC payments: Lower than \$3.65/bushel.
- 2) Projected Price needed for ACRE payments: Lower than \$5.26/bushel.
- 3) Projected Price needed for ACRE Program to be more beneficial than DCP: \$5.15/bushel

Bottom line: ACRE provides an additional risk management tool, but not a guaranteed payment.

Information Needed: (to forecast ACRE payment potential - educated guess)

Projected National Average Market Price:

1) 2009 ____ 2) 2010 ____

Farm Yields:

1) Est. Avg. 05 - 09 ____ **OR**
2) 2005 ____ 2006 ____
2007 ____ 2008 ____ 2009 ____

State Yields:

1) Est. Avg. 05 - 09 ____ **OR**
2) 2005 ____ 2006 ____

Estimated Actual 2010 Yields:

1) State ____ 2) Farm ____

PROS

Low production for the farm and the state could result in ACRE payments.

Price reduction is based on the average price for the previous two years, as opposed to an established price.

Since prices were high in 2007 and 2008, the base price we use for the 2009 revenue is high. This makes it more likely that ACRE payments will be provided.

Even if prices don't drop or aren't low enough for CC payments, low production could still result in payments for ACRE.

CONS

Direct payments are reduced by 20%.

Loan rates are reduced by 30%.

Participants cannot opt back into the DCP program once they elect ACRE (through 2012).

**United States
Department of Agriculture
Farm Service Agency-California**
430 G Street # 4161
Davis, CA 95616
530-792-5520
www.fsa.usda.gov/ca