

2010 ACRE Enrollment



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Average Crop Revenue Election (ACRE)

- ACRE is a revenue-based counter-cyclical payment program
 - Based on state and farm-level yields per planted acre and national prices

- Producers choosing ACRE agree to 20% decline in direct payments, 30% decline in loan rates, and no CCP payments

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Farmer Choice

- Starting in 2009, producers will be given the option of choosing ACRE or not
 - Can choose to start ACRE in 2009, 2010, or beyond
 - Once you're in ACRE, you stay in ACRE until the next farm bill
 - If you sign up for ACRE, you must do so for all eligible crops
 - Deadline for sign-up, June 1

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ACRE Settings

- ACRE is based on planted acres
- Total acres eligible for ACRE payments limited to total number of base acres on the farm
- Farmers may choose which planted acres are enrolled in ACRE when total base area is exceeded
 - Choice needs to be made by Sept. 30

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ACRE Set-up for 2009 Iowa Corn

Year	Yield per Planted Acre (bu./acre)	Year	Season-average Price (\$/bu.)
2004	181.0	2007	4.20
2005	173.0	2008	4.06
2006	166.0	Average	4.13
2007	171.0		
2008	169.0		
Olympic Average	171.0		

So the expected state yield is 171.0 bushels per acre and the ACRE price guarantee is \$4.13 per bushel.

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ACRE Set-up for 2009 Iowa Soybeans

Year	Yield per Planted Acre (bu./acre)	Year	Season-average Price (\$/bu.)
2004	49.0	2007	10.10
2005	52.0	2008	9.97
2006	50.5	Average	10.04
2007	52.0		
2008	46.5		
Olympic Average	50.5		



So the expected state yield is 50.5 bushels per acre and the ACRE price guarantee is \$10.04 per bushel.

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ACRE Guarantees

➤ ACRE revenue guarantee

➤ Is the state-level guarantee

= 90% * ACRE price guarantee  National 2-year average
 * Expected state yield  State 5-year Olympic average

➤ For 2009: Corn \$635.61/acre
 Soy \$456.32/acre




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ACRE Guarantees

➤ ACRE Farm revenue trigger

➤ Is the farm-level guarantee

➤ Checked once the state triggers

= Expected farm yield  Farm 5-year Olympic average
 * ACRE price guarantee  National 2-year average
 + Producer-paid crop insurance premium  Current premium for farm

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ACRE Payment Triggers

- State trigger:
 - When state computed revenue is below ACRE Revenue Guarantee

- Farm trigger:
 - When farm computed revenue is below ACRE Farm revenue trigger

- Need both triggers to receive an ACRE payment

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ACRE Computed Revenues

- ACRE actual revenue
 - = $\text{Max}(\text{Season-average price, ACRE Loan rate}) * \text{Actual state yield per planted acre}$

- ACRE actual farm revenue
 - = $\text{Max}(\text{Season-average price, ACRE Loan rate}) * \text{Actual farm yield per planted acre}$

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ACRE Payments

- Payment rate ← Set at the state level
 - = Min(25% * ACRE revenue guarantee,
ACRE revenue guarantee – ACRE actual revenue)
- Payments made on 83.3% of planted acres in 2009-11, 85% in 2012 (up to total base acres)
- ACRE payment adjustment: Payment multiplied by ratio of Expected farm yield to Expected state yield

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Using Latest USDA Corn Projections

- 2009 ACRE revenue guarantee = \$635.61/acre
 - \$4.13/bu. * 171.0 bu./acre * 90%
- 2009 Proj. ACRE actual revenue = \$655.20/acre
 - \$3.60/bu. * 182.0 bu./acre
- No payments under this scenario
 - Would need price to fall to \$3.49 to trigger payments
 - Current futures (4/20/10) point to a season-average price of \$3.50

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Using Latest USDA Soy Projections

- 2009 ACRE revenue guarantee = \$456.32/acre
 - \$10.04/bu. * 50.5 bu./acre * 90%
- 2009 Proj. ACRE actual revenue = \$477.23/acre
 - \$9.45/bu. * 50.5 bu./acre
- No payments under this scenario
 - Would need price to fall to \$9.03 to trigger payments
 - Current futures (4/20/10) point to a season-average price of \$9.49

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Looking Beyond 2009

- The ACRE revenue guarantee is updated each year using the same rules
 - 5 year Olympic average for yields
 - 2 year average for prices
- But the ACRE revenue guarantee can not change by more than 10 percent (up or down) from year to year

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ACRE Set-up for 2010 Iowa Corn

Year	Yield per Planted Acre (bu./acre)	Year	Season-average Price (\$/bu.)
2005	173.0	2008	4.06
2006	166.0	2009	3.60
2007	171.0		
2008	169.0	Average	3.83
2009	182.0		
Olympic Average	171.0		

The 2009 yields and prices are USDA's Apr. 2010 estimates.

So the expected state yield would be 171.0 bushels per acre and the ACRE price guarantee would be \$3.83 per bushel.

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2010 Iowa Corn ACRE Guarantee

- By formula, the ACRE revenue guarantee would be \$589.44/acre
 - $90\% * \$3.83/\text{bu.} * 171.0 \text{ bu./acre}$
- But the ACRE revenue guarantee can not change by more than 10%
 - 2009 guarantee = \$635.61/acre
 - Allowed range is \$572.05 to \$699.17
- So 2010 proj. guarantee is \$589.44/acre

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ACRE Set-up for 2010 Iowa Soybeans

Year	Yield per Planted Acre (bu./acre)	Year	Season-average Price (\$/bu.)
2005	52.0	2008	9.97
2006	50.5	2009	9.45
2007	52.0	Average	9.71
2008	46.5		
2009	50.5		
Olympic Average	51.0		

The 2009 yields and prices are USDA's Apr. 2010 estimates.

So the expected state yield would be 51.0 bushels per acre and the ACRE price guarantee would be \$9.71 per bushel.

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2010 Iowa Soybean ACRE Guarantee

- By formula, the ACRE revenue guarantee would be \$445.69/acre
 - $90\% * \$9.71/\text{bu.} * 51.0 \text{ bu./acre}$
- But the ACRE revenue guarantee can not change by more than 10%
 - 2009 guarantee = \$456.32/acre
 - Allowed range is \$410.69 to \$501.95
- So 2010 proj. guarantee is \$445.69/acre

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ACRE Payment Rate Matrix (\$/acre)

Yield \ Price	\$2.80	\$3.00	\$3.20	\$3.40	\$3.60	\$3.80	\$4.00	\$4.20	\$4.40
155	147.36	124.44	93.44	62.44	31.44	0.44	0.00	0.00	0.00
159	144.24	112.44	80.64	48.84	17.04	0.00	0.00	0.00	0.00
163	133.04	100.44	67.84	35.24	2.64	0.00	0.00	0.00	0.00
167	121.84	88.44	55.04	21.64	0.00	0.00	0.00	0.00	0.00
171	110.64	76.44	42.24	8.04	0.00	0.00	0.00	0.00	0.00
175	99.44	64.44	29.44	0.00	0.00	0.00	0.00	0.00	0.00
179	88.24	52.44	16.64	0.00	0.00	0.00	0.00	0.00	0.00
183	77.04	40.44	3.84	0.00	0.00	0.00	0.00	0.00	0.00
187	65.84	28.44	0.00	0.00	0.00	0.00	0.00	0.00	0.00

For Iowa corn in 2010, based on Apr. 2010 price and yield projections

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ACRE Payment Rate Matrix (\$/acre)

Yield \ Price	\$8.00	\$8.20	\$8.40	\$8.60	\$8.80	\$9.00	\$9.20	\$9.40	\$9.60
47.0	69.69	60.29	50.89	41.49	32.09	22.69	13.29	3.89	0.00
48.0	61.69	52.09	42.49	32.89	23.29	13.69	4.09	0.00	0.00
49.0	53.69	43.89	34.09	24.29	14.49	4.69	0.00	0.00	0.00
50.0	45.69	35.69	25.69	15.69	5.69	0.00	0.00	0.00	0.00
51.0	37.69	27.49	17.29	7.09	0.00	0.00	0.00	0.00	0.00
52.0	29.69	19.29	8.89	0.00	0.00	0.00	0.00	0.00	0.00
53.0	21.69	11.09	0.49	0.00	0.00	0.00	0.00	0.00	0.00
54.0	13.69	2.89	0.00	0.00	0.00	0.00	0.00	0.00	0.00
55.0	5.69	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

For Iowa soybeans in 2010, based on Apr. 2010 price and yield projections

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Information and Decision Tools

- DCP and ACRE signup going on right now
 - So whether you are staying with CCP or moving to ACRE, you have a form to fill out by June 1
- ACRE information and tools are available at:
 - USDA – Farm Service Agency:
<http://www.fsa.usda.gov/FSA/webapp?area=home&subject=dccp&topic=landing>
 - Iowa State:
<http://www.extension.iastate.edu/agdm/info/farbill.html>
 - Illinois:
<http://www.farmdoc.illinois.edu/policy/index.asp>
 - Missouri:
http://www.fapri.missouri.edu/farmers_corner/tools/acre.asp

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Forms and Records

- Forms
 - Election: CCC-509 ACRE (fill out once)
 - Enrollment: CCC-509 (fill out each year)
 - If you do not fill out the enrollment paperwork, you are not in the program
 - All producers, including landowners, must sign the election form
- Records
 - Must annually report acreage and production to FSA
 - In proving historical farm yields, producers must present production records for continuous years (no gaps are allowed)

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Forms and Records

➤ Records

- The farm yields will be the higher of the proven farm yield or 95% of the county average yield determined by FSA (NASS county production/FSA county acreage)
- Zero production reports are allowed
- Crop insurance and NAP production reports will work
- Commercial receipts, settlement sheets, warehouse ledger sheets that are reliable and/or verifiable will work
- Loan and LDP records will work
- Production data for 2009 needs to be turned in by June 30, 2010

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Example of Production Records

Yield #	Year	Production	Acres	Yield	Yield #	Year	Production	Acres	Yield
25.0					38.0				
Prd Type*	99 A	3819.4	32.0	119.0	Prd Type*	99			
	00 Z	-	0.0	-		00			
T/D Yield	01 A	1867.6	14.0	133.0	T/D Yield	01			
	163.0 02 Z	-	0.0	-		163.0 02			
PY Yield	03 A	2843.0	22.5	126.0	PY Yield	03			
	148.0 04 Z	-	0.0	-		154.0 04 L	0.0	0.0	169.0
Guarantee	05 A 0	1952.1	10.0	195.0	Guarantee	05 L	0.0	0.0	169.0
	125.8 06 Z	-	0.0	-		130.9 06 P L	4289.3	55.3	78.0
	07 A	1653.3	10.0	165.0		07 A	9827.7	55.3	178.0
	08 Z	-	0.0	-		08 Z	-	0.0	-
Inspection	Yield	Yrs	*Prelim Yield	Inspection	Yield	Yrs	*Prelim Yield		
Added Land	738.0 ÷ 5	-	148.0	X	Added Land	594.0 ÷ 4	-	149.0	
PL 05/31/2009	Approved Yield		148.0	PL 05/31/2009	Approved Yield		154.0		
Planted Acres	Uninsurable Acres			Planted Acres	Uninsurable Acres				
Plant Date	High Risk Acres			Plant Date	High Risk Acres				
Prevented Acres	High Risk Area			Prevented Acres	High Risk Area				
Remarks / Other Entities	SC 03/16/09 PR 04/29/09 AR 06/30/09			Remarks / Other Entities	SC 03/16/09 PR 04/29/09 AR 06/30/09			Z, Zero Acres	
Z, Zero Acres				OPTIONS: EUYA				Z, Zero Acres	
Enterprise Unit				ADDED LAND 2006					
				60% YA P1ug, 06T=169					

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ACRE Considerations

- Signup deadline is June 1
 - Holds whether you are staying with CCP or moving to ACRE

- Current projections have smaller 2010 ACRE guarantees
 - But these guarantees are still way above historical averages
 - And given trend yields and current price estimates for 2010, ACRE would be close to triggering payments for Iowa crops

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ACRE Related Web Sites

Chad Hart:

<http://www.econ.iastate.edu/faculty/hart>

Iowa Farm Outlook:

<http://www.econ.iastate.edu/outreach/agriculture/periodicals/ifo>

Ag Decision Maker:

<http://www.extension.iastate.edu/agdm>

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