

# CHOUTEAU COUNTY FARM SERVICE AGENCY NEWS

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## Average Crop Revenue Election (ACRE) program

Beginning in 2009, producers have the option of participating in either the Direct and Counter-Cyclical Payment (DCP) program or the Average Crop Revenue Election (ACRE) program. AUGUST 14<sup>th</sup> is the deadline to enroll in either of these programs for crop-year 2009. As of July 17<sup>th</sup>, over 90% of the farms in Chouteau County had already enrolled in the DCP. Farms currently enrolled in DCP may choose to switch over to the ACRE, but all required signatures on the ACRE paperwork must be on file at FSA by the August 14<sup>th</sup> deadline.

Producers that enroll in ACRE agree to (1) a 20% reduction in direct payments, (2) a 30% reduction in the price support loan rates for all commodities produced on the farm, and (3) the elimination of counter-cyclical payments for the farm. Once a farm is enrolled in the ACRE program, that acreage must remain in ACRE through crop year 2012. If you have multiple farm numbers at Farm Service Agency, you may choose to enroll some farms in DCP and other farms in ACRE. To enroll in ACRE, however, all owners and other producers on the farm must sign the ACRE enrollment form by August 14th. This signature requirement exists even if you have a cash lease on the acreage.

So, with that in mind, why would you want to consider the ACRE? Producers on farms enrolled in the ACRE will be eligible to receive “ACRE” payment if BOTH the “state-level” revenue for a crop AND the “farm-level” revenue for the crop fall below “benchmark” revenue values. “Benchmark” revenue levels are established by using the 5-year Olympic average yields for crop, and the 2-year national average price of the commodity. Both the average yield and the national average price are determined by using all acreage and production of the crop regardless of planting practice. Therefore, summer-fallow and continuously cropped acreages are added together to determine the average values for the crop. For 2009 ACRE purposes, the state-level benchmark wheat yield is set at 30.7 bushels per acre. The 2009 benchmark yield for non-irrigated barley is 39.0 bu/acre. The 2-year national average prices for those commodities have been set at \$6.63/bushel for wheat and \$4.09/bushel for barley. (The 2-year national average prices for all commodities can be found on the back page of this newsletter.) Therefore, using those figures the state-wide benchmark revenue levels for those crops are:

- Wheat – 30.7 bu/ac x \$6.63 x 90% (required ACRE factor) = \$183.18/bushel
- Barley – 39.0 bu/ac x \$4.09 x 90% (required ACRE factor) = \$143.56/bushel

To calculate your “farm-level” benchmark revenue value, use the following formula:

- **{(Your farm’s 5-year Olympic average yield for the crop\*\*) x (2-year national average price for the commodity) + the farmer-paid insurance premium per acre of the crop. \*\* Note: FSA may substitute a yield equal to 95% of the county average yield for any of the past 5 years, if that yield exceeds your actual yield.**

For example, if your Olympic average wheat yield for the years 2004-2008 is 45 bu/acre, and your MPCPI premium for wheat is \$15/acre, your farm’s benchmark revenue level for wheat would be:

- **(45 bu/ac x \$6.63/bu) + \$15 = \$313.35/acre**

In this example, ACRE payments will only be issued if (1) the 2009 actual state-level revenue figure for wheat falls below \$183.18/ac., AND (2) the 2009 actual farm-level revenue for wheat falls below \$313.35/acre. The actual state-level revenue figures will be determined by multiplying the 2009 average yield for the crop (state-wide) by the 2009 national average price for the crop. For example, IF the 2009 actual state-wide wheat yield ends up at 28 bu/acre and the 2009 national average price of wheat is \$5.60/bushel, the 2009 actual state-level revenue figure would be \$156.80. The farm-level revenue figure will be determined by multiplying the 2009 actual farm yield by the 2009 national average price for the crop. So, IF your 2009 farm-level wheat yield is 40 bushels/acre, and the 2009 national average market price for wheat ends up being \$5.60/bu., your 2009 actual farm-level revenue figure would be \$224.00.

Remember these are just examples that are being used to assist you in understanding the calculations that are used to determine ACRE eligibility. The actual 2009 state-wide yields for crops will not be determined until December of 2009 or later. The actual 2009 national average price for wheat and barley will not be determined until after May 31, 2010. ACRE participants will get their direct payment (at 80% of the DCP payment levels) in October of 2009, but will not receive the 2009 ACRE payment until October of 2010. 2009 DC P participants will have received 100% of their direct payment by the end of October 2009.

IF both the actual state-level revenue AND the actual farm-level revenue for the crop fall below the benchmark values, an ACRE payment will be earned. The ACRE payment rate for the crop will be the lesser of (1) the difference between the state-level benchmark revenue figure for the crop and the 2009 actual state-level revenue for the crop, and (2) 25% of the state-level benchmark revenue figure. Using the figures from the previous paragraphs, the ACRE payment rate would be \$26.28/acre (\$183.18 - \$156.80). ACRE payments are earned on 83.33% of the planted acres of the crop, not to exceed the total of all base acres on the farm. For example, if this producer had 1000

acres of wheat planted, and 1200 acres of base on the farm, his wheat payment acres for ACRE would be limited to 833.3 acres (1000 x 83.33%).

Producers considering enrolling in the ACRE also need to consider the loss in price support benefits. The basic commodity loan rate for ACRE participants will be 30% less than the county loan rate. This also means that ACRE participants will lose out on loan deficiency payments (LDP's) if the posted county price of the commodity drops below the basic county loan rate. The 2009 HRW loan rate in Chouteau County is \$2.45/bushel. For ACRE participants, the adjusted 2009 HRW loan rate would be \$1.72/bushel.

Commodities potentially eligible for ACRE payments include wheat, barley, oats, corn, canola, grain sorghum, crambe, flax, mustard, rapeseed, safflower, sunflower seed, dry peas, lentils, and garbanzo beans.

An ACRE calculator and additional information relating to this program can be found on the web at [www.fsa.usda.gov](http://www.fsa.usda.gov) (Direct and Counter-Cyclical/ACRE link). Producers interested in the ACRE are strongly encouraged to use an ACRE calculator to help them analyze the value of this program. Montana State University has an ACRE calculator that will analyze all four remaining years of this farm bill (2009-2012), including potential price support benefits. The MSU ACRE calculator can be found at <http://www.montana.edu/softwaredownloads/>.

Producers interested in enrolling in ACRE must obtain all of the necessary signatures on 2 forms per farm by the August 14 deadline. Those forms are the (1) CCC-509ACRE - Average Crop Revenue Election Form (ACRE) Program Irrevocable Election form, and the (2) CCC-509 – Direct and Counter-Cyclical Program (DCP) Contract And Average Crop Revenue Election (ACRE) Contract.

### **COUNTY COMMITTEE ELECTION**

Nominating petitions for the 2009 FSA County Committee election must be submitted to FSA by no later than August 3<sup>rd</sup>. This year, the committee election will be held for candidates in the Loma/Big Sandy area of Chouteau County. If you know of a producer in that area of the county that you feel would make a good representative on the FSA Committee, please contact them and encourage them to submit a nominating petition. Women and other minority producers are encouraged to apply.

### **CRP MANAGED HAYING/GRAZING**

CRP acreage devoted to certain practices may be eligible for managed haying or grazing in 2009. Some CRP contracts may be hayed or grazed as of July 16<sup>th</sup>, while other contracts may not be hayed or grazed until August 2<sup>nd</sup>. The cost of participation in this program is 25% of the CRP annual rental payment on the acreage that is actually hayed or grazed. For more information, please contact our office.

## 2009 PRICE SUPPORT LOAN RATES

The 2009-crop loan rates for crops stored in Chouteau County are as follows:

<b>HRW - \$2.45/bu.</b>	<b>HRS - \$3.36/bu</b>	<b>Durum - \$4.65/bu</b>
<b>Barley - \$1.76/bu.</b>	<b>Oats - \$1.25/bu</b>	<b>Safflower - \$8.01/cwt</b>
<b>Canola - \$8.34/cwt</b>	<b>Mustard - \$9.74/cwt</b>	<b>Flaxseed - \$9.30/cwt</b>
<b>Corn - \$2.18/bu.</b>	<b>Grain Sorghum - \$3.22/cwt</b>	<b>Dry Peas - \$5.25/cwt</b>
<b>Lentils - \$9.65/cwt</b>	<b>Lg. Chickpeas - \$10.18/cwt</b>	<b>Sm Chickpeas - \$7.43/cwt</b>

Remember, the loan rate for crops produced on farms enrolled in the ACRE will be 30% less than the values stated above.

## COMMODITY PRICES USED FOR ACRE GUARANTEE CALCULATIONS

PRELIMINARY AND FINAL AVERAGE CROP REVENUE ELECTION (ACRE) GUARANTEE PRICES COMPARED WITH 2009/10 PRICE FORECASTS 1/ July 10, 2009 Update								
Commodity	Marketing Year	Publishing Date for 2008/09 Final Price	Unit	2007/08	2008/09	Preliminary (P) and Final (F) Guarantee Price for 2009 ACRE 2/		90% of Guarantee Price
All Wheat	Jun. 1-May 31	Jun. 29, 2009	Bushel	\$6.48	\$6.78	\$6.63	F	\$5.97
Barley (Feed)	Jun. 1-May 31	Jun. 29, 2009	Bushel	\$4.35	\$3.82	\$4.09	F	\$3.68
Oats	Jun. 1-May 31	Jun. 29, 2009	Bushel	\$2.63	\$3.15	\$2.89	F	\$2.60
Dry Peas	Jul. 1-Jun. 30	Jul. 31, 2009	Pound	\$0.1310	\$0.1340	\$0.1325	P	\$0.1193
Lentils	Jul. 1-Jun. 30	Jul. 31, 2009	Pound	\$0.2600	\$0.3380	\$0.2990	P	\$0.2691
Canola	Jul. 1-Jun. 30	Jul. 31, 2009	Pound	\$0.1830	\$0.1875	\$0.1853	P	\$0.1668
Flaxseed	Jul. 1-Jun. 30	Jul. 31, 2009	Bushel	\$13.00	\$13.00	\$13.00	P	\$11.70
Corn	Sep. 1-Aug. 31	Sep. 29, 2009	Bushel	\$4.20	\$4.05	\$4.13	P	\$3.72
Grain Sorghum	Sep. 1-Aug. 31	Sep. 29, 2009	Bushel	\$4.08	\$3.20	\$3.64	P	\$3.28
All Sunflower Seed	Sep. 1-Aug. 31	Sep. 29, 2009	Pound	\$0.2170	\$0.2260	\$0.2215	P	\$0.1994
Large Chickpeas	Sep. 1-Aug. 31	Sep. 29, 2009	Pound	\$0.3000	\$0.3350	\$0.3175	P	\$0.2858
Small Chickpeas	Sep. 1-Aug. 31	Sep. 29, 2009	Pound	\$0.2090	\$0.3000	\$0.2545	P	\$0.2291
Mustard Seed	Sep. 1-Aug. 31	Nov. 30, 2009	Pound	\$0.2800	\$0.2775	\$0.2788	P	\$0.2509
Rapeseed	Jul. 1-Jun. 30	Nov. 30, 2009	Pound	\$0.1770	\$0.1875	\$0.1823	P	\$0.1641
Safflower	Sep. 1-Aug. 31	Nov. 30, 2009	Pound	\$0.1860	\$0.2070	\$0.1965	P	\$0.1769