

ACRE - Average Crop Revenue Election

In order for a payment to be made TWO triggers must be met.
1.) The STATE must have a revenue loss.
2.) The INDIVIDUAL FSA FARM NUMBER must have a revenue loss.

1.) STATE LEVEL ACRE ANALYSIS ILLINOIS

CORN

National Market Price ¹ (2 yr avg.) =	\$4.20		\$651.29	= REVENUE GUARANTEE
State's Yield Average ² (5 yr olympic) =	172.3		\$162.82	= MAX PAYMENT/AC (25% of Guarantee)
COVERAGE LEVEL =	90%			

NATIONAL AVERAGE MARKET YEAR CASH PRICE SCENARIOS

	\$2.00	\$2.25	\$2.50	\$2.75	\$3.00	\$3.25	\$3.50	\$3.75	\$4.00	\$4.25	\$4.50	\$4.75	\$5.00
STATE YIELD	Per Acre State Level Payments												
120.0	\$162.82	\$162.82	\$162.82	\$162.82	\$162.82	\$162.82	\$162.82	\$162.82	\$162.82	\$141.29	\$111.29	\$81.29	\$51.29
130.0	\$162.82	\$162.82	\$162.82	\$162.82	\$162.82	\$162.82	\$162.82	\$162.82	\$131.29	\$98.79	\$66.29	\$33.79	\$1.29
140.0	\$162.82	\$162.82	\$162.82	\$162.82	\$162.82	\$162.82	\$161.29	\$126.29	\$91.29	\$56.29	\$21.29		
150.0	\$162.82	\$162.82	\$162.82	\$162.82	\$162.82	\$162.82	\$126.29	\$88.79	\$51.29	\$13.79			
160.0	\$162.82	\$162.82	\$162.82	\$162.82	\$162.82	\$131.29	\$91.29	\$51.29	\$11.29				
172.3	\$162.82	\$162.82	\$162.82	\$162.82	\$134.39	\$91.32	\$48.24	\$5.17					
170.0	\$162.82	\$162.82	\$162.82	\$162.82	\$141.29	\$98.79	\$56.29	\$13.79					
180.0	\$162.82	\$162.82	\$162.82	\$156.29	\$111.29	\$66.29	\$21.29						
190.0	\$162.82	\$162.82	\$162.82	\$128.79	\$81.29	\$33.79							

EXAMPLE = in this case a final state yield of 172.3 and price of \$3.00 would net a payment of \$134.39
= where CCP and LDP payments would likely begin to occur

¹ ACRE Price will not be finalized until the completion of the 2008 market year (8-31-2009). 2007 average was \$4.20 and the current 2008 USDA estimate is \$4.20
² States yield average will be modified slightly with the release of the state's 2008 final yield in late February, 2009.

2.) FARM LEVEL ACRE ANALYSIS Farmer XYZ

The individual FSA farm number must fall below it's Benchmark Revenue in order to trigger.

FARM BENCHMARK REVENUE = (5 year olympic yield average * 2 year market price average) + crop insurance premiums paid

ACTUAL FARM REVENUE = (Farm's Actual Yield * National Market Year Price)

EXAMPLE =

5 year olympic farm average = 180	Per acre crop insurance premium = \$35.00
Actual farm yield = 200	2 year avg. national market price = \$4.05
National Market Year Price = \$3.00	

FARM BENCHMARK REVENUE = (180 yield average * \$4.05 market price) + \$35 crop insurance premium = **\$791.00**

ACTUAL FARM REVENUE = (200 bu * \$3.00 NMYP) = **\$600.00**

IS FARM TRIGGER MET? = YES.....Actual Farm Revenue of \$600 is less than the benchmark of \$764.00

THE FARM TRIGGER HAS NO DEDUCTIBLE SO IT IS NOT AS DIFFICULT TO MEET

PAYMENT EXAMPLE

1.) Were both triggers met = YES

If both triggers are met the STATE level payment will be adjusted by an individual farm yield ratio = (States per acre payment rate) X (farm avg. yield/state avg. yield)

2.) Payment Calculation = \$134.39 X (180/172.3) = \$140.40/ac

* Payment will be made on 83.3% of acres planted (not to exceed base acres) and is subject to a \$65,000 payment limit + foregone direct payments.

*Payment will not be made until National Market Year price is set. For the 2009 crop this will not be until August 31st, 2010