

A View from the Farm Service Agency

Joy Harwood
Director, Economic and Policy Analysis Staff
USDA/Farm Service Agency (FSA)

American Agricultural Economics Association Annual Meeting
July 26, 2010

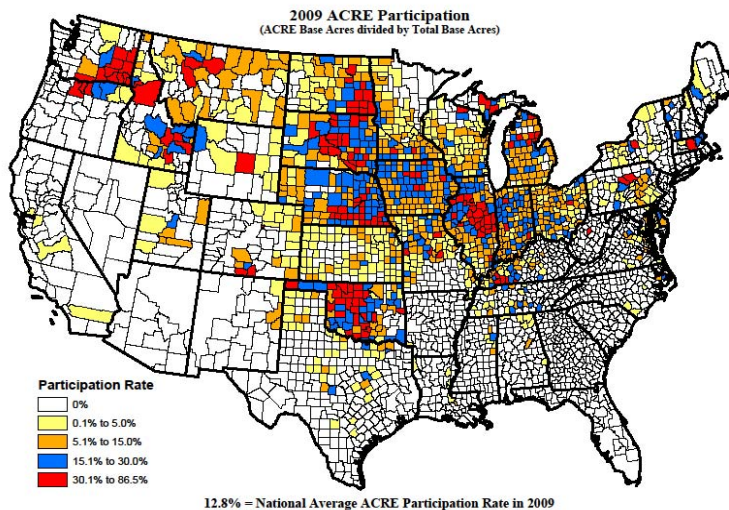
The "ACRE" Program...

- **Average Crop Revenue Election (ACRE) is a revenue-based program:**
 - Started 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 loan rates on all program crops.
- **ACRE payments are triggered when:**
 - Actual state revenue < ACRE state guarantee revenue;
and
 - Actual farm revenue < ACRE farm benchmark revenue.

ACRE Participation...

- In 2009:
 - Eight percent of eligible farms enrolled in ACRE, about 130,000 farms.
 - This represents 33 million acres; 13 percent of total program base.
 - Highest participation was for—
 - Corn (13 million base acres: IL, NE, and IA account for 60%)
 - Wheat (9 million base acres: OK, ND, WA, and SD account for 70%)
 - Soybeans (8 million base acres: IL and IA account for 40%)
- For 2010:
 - Preliminary data indicate that an additional 1.2 million acres of program crop base and 4,000 new farms (not in the program in 2009) enrolled in ACRE.

2009 ACRE Participation



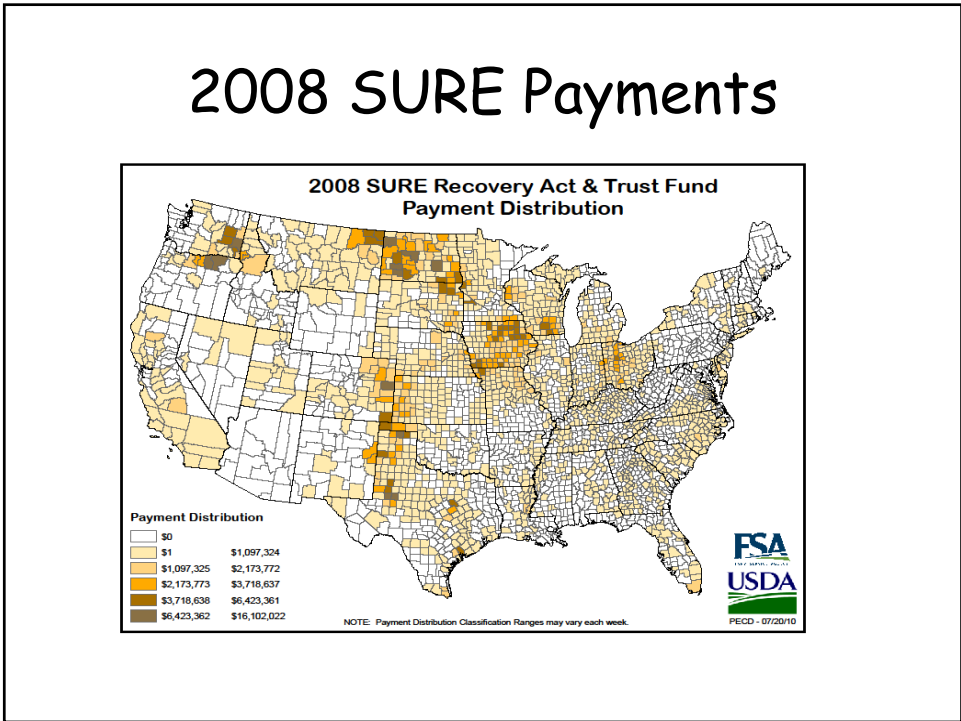
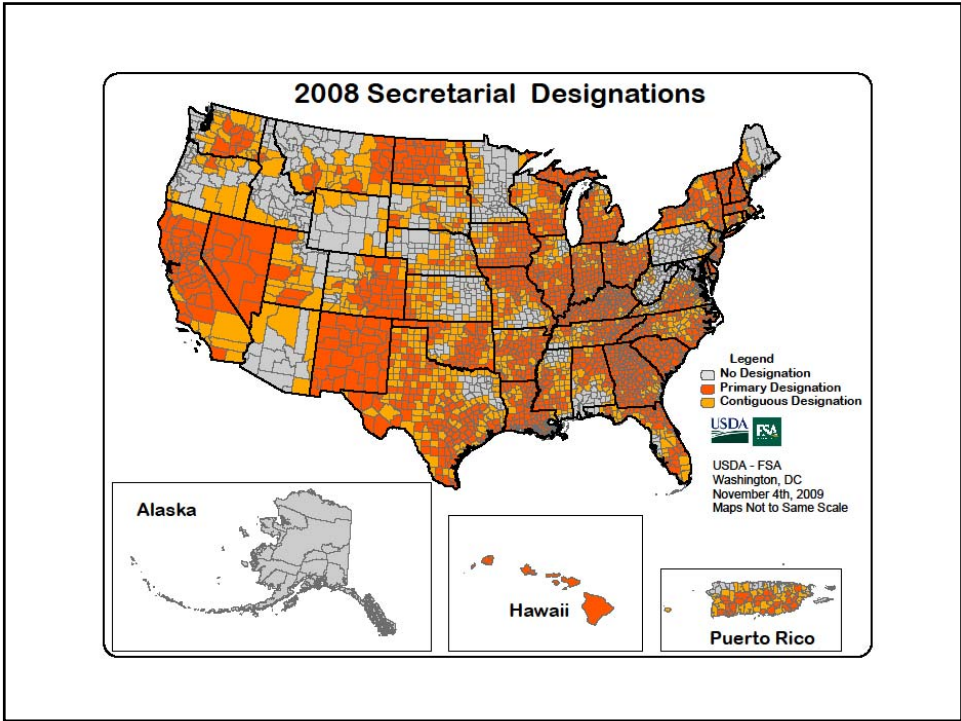
...And Expected Payments

- For the 2009 crop year, we expect \$435 million in ACRE payments—
 - Wheat accounts for \$305 million (about 70 percent)
 - Corn, \$100 million
 - Less than \$20 million each for barley, sunflower, other minor crops.
- Six states are expected to receive 80 percent of 2009 ACRE payments—
 - Oklahoma, Washington, Illinois, South Dakota, North Dakota, and Idaho

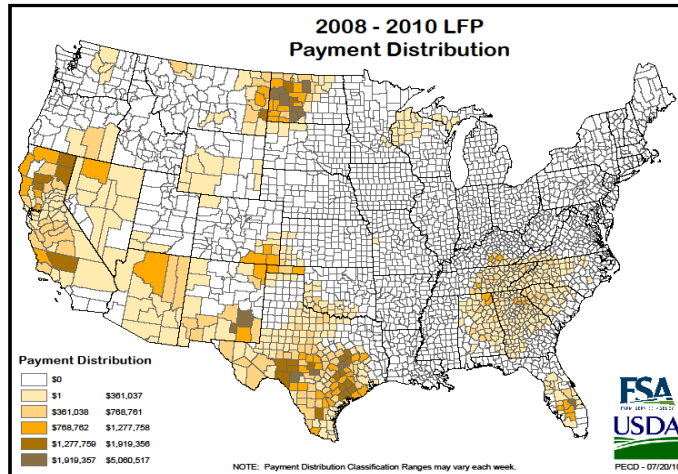
2008 Farm Bill Permanent Disaster Programs

Disaster Trust Fund

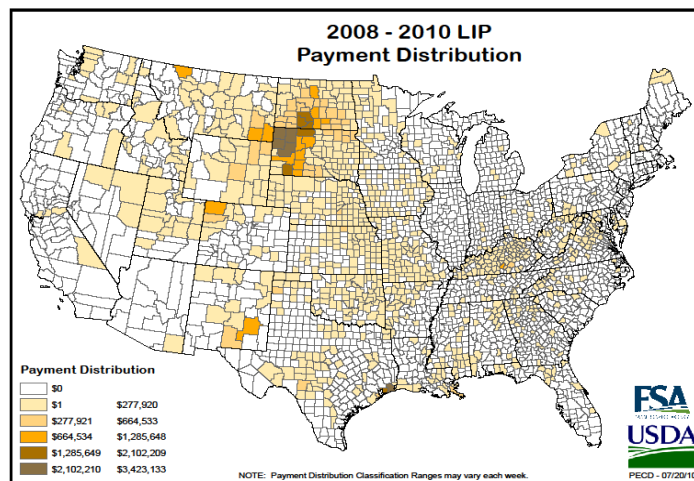
Supplemental Revenue Assistance	"SURE"—Assistance to farmers who suffer crop losses due to natural disasters; combines all farming interests to determine loss threshold; designed to replace ad hoc assistance.
Livestock Forage Program	"LFP"--Assistance to ranchers who suffer grazing losses due to drought.
Tree Assistance Program	"TAP"--Assistance to orchardists whose vines or trees are lost due to a natural disaster.
Livestock Indemnity Program	"LIP"--Assistance to ranchers who suffer livestock losses in a natural disaster.
Livestock, Honey Bees, Aquaculture Program	"ELAP"--Funds for losses that are not covered by any other program.



2008-2010 LFP Payments



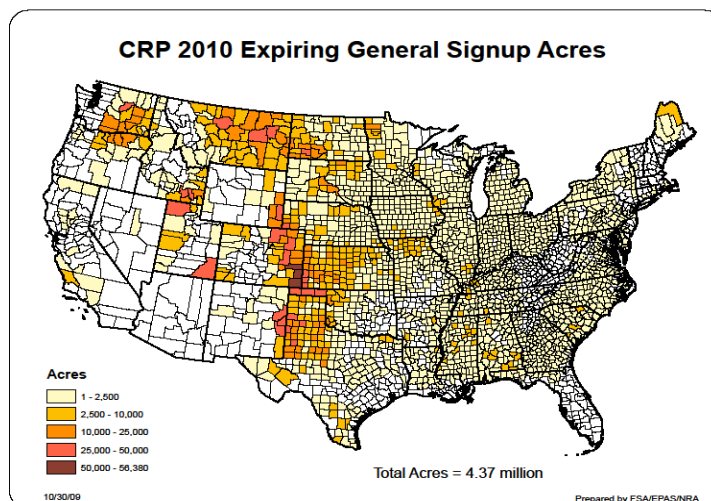
2008-2010 LIP Payments



Conservation Reserve Program

- General signup will occur soon—
 - This is the first general signup since April 2006.
 - Strong interest is anticipated given the uncertain commodity situation and the 4.4 million acres expiring on September 30.
 - USDA can enroll about 4 million acres (which leaves room for continuous signup acreage and keeps within the 32 million acre mandated cap).
 - Goal is to have CRP enrollment as close to 32 million acres as possible.

CRP General Signup Acres Expiring on 9/30/10



Looking Forward...

- Five pillars to promote rural growth—
 - New markets, both in the U.S. and abroad.
 - Small business growth through rural broadband access and increased focus on buying locally.
 - Green jobs through renewable energy production.
 - Natural resource conservation and the promotional of recreational uses to create jobs.
 - Research to help farmers remain competitive in world markets.