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The ACRE Decision
The Knowns of the Traditional Program and the Unknowns of ACRE

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Should I participate in the new optional Counter-cyclical program ACRE? Answering the question is difficult, because of the knowns of the traditional program and unknowns of the ACRE program, like future commodity prices.

The ACRE unknowns are a key reason that the Farm Service Agency has extended the signup deadline from June 1 to August 14, 2009.

The Average Crop Revenue Election (ACRE) Program begins in crop year 2009 and the program is designed to be an alternative revenue-based safety net to the price-based safety net provided by the counter-cyclical payments. The ACRE Program involves state and farm guarantee revenue levels that can change year to year depending on national prices, state yields and farm yields.

One key question that a producer should ask himself about participating or not participating in the ACRE program over the traditional Direct and Counter-cyclical (DCP) program: How important are the known benefits of the traditional farm policy mechanisms provided by the direct payments, loan rates, marketing loan gain and loan deficiency payments, and counter-cyclical payments to the farm business, especially in times of economic uncertainty?

Especially for cotton and rice producers in these deflationary economic times, the known's of traditional farm policy make a lot of sense. The known's are: First, a full direct payment; Second, a full counter-cyclical payment triggered when prices fall below a certain level; Third, direct and counter-cyclical payments will be received whether you plant or not; and Fourth, Direct and Counter-cyclical payments are seen as less market disruptive in global trade talks than the ACRE payment.

What ACRE is:

- It is an alternative to the Direct and Counter-cyclical (DCP) payments for crop years 2009 through 2012.
- It is a program designed to protect against short-term revenue loss from either a decrease in market price, yields or a combination of the two. DCP provides protection against a decline in market prices below the effective target prices and loan rates.
- Producers participating in ACRE elect to forgo counter-cyclical payments, receive a 20-percent reduction in direct payments, and a 30-percent reduction in marketing assistance loan rates for all commodities produced on the participating FSA farm.

- ACRE payments are tied to current planting on the farm. Counter-cyclical payments are not tied to current farm planting, but are tied to established base acres and yields.
- Producers may elect to enroll one FSA farm in the program and not enroll one or more FSA farms, so producers may elect the ACRE alternative on a farm-by-farm basis.
- A producer must enroll all of the farm's base acres on the farm and there is no authority to establish base acres to participate in the ACRE program.
- All producers (owner, tenant, etc.) on a FSA farm number must agree in writing to the ACRE program election. They must also sign a contract to enroll in ACRE program by the sign-up deadline of August 14, 2009.
- A decision to elect to participate on a FSA farm may be made in 2009, 2010, 2011, or 2012. Once the farm is in ACRE the farm is bound to ACRE through 2012 crop year, the last crop year covered by the 2008 Farm Bill.
- It provides eligible producers a state-level revenue guarantee as defined by this program. The guarantee is based on the 5-year state Olympic average yield and the 2-year national average price (2007 and 2008).
- ACRE payments are made when two conditions are met for a commodity. The first condition is met when the Actual State Revenue falls below the State ACRE Guarantee. The second condition is met when the Actual Farm Revenue falls below the Farm ACRE Guarantee.
- If both state and farm "triggers" are met, the ACRE payment calculation will provide benefits for both planted and prevented planted acres of covered commodity crops or peanuts. Prevented planted acres are "considered planted."
- ACRE payment to the farm will be calculated by using the State ACRE Payment times the (farm average yield divided by the state benchmark yield) times 83.3% (85% in 2012).
- ACRE payments can be calculated for eligible commodity crops that do not have base acres on the farm. ACRE payments are based on planted and considered planted acres of eligible commodity crops, without regard to whether the farm has base acres for that crop. However, the maximum acreage eligible for ACRE payments cannot exceed the total base acres on the farm.
- There are no risk management purchase requirements for the DCP or the ACRE Programs. However, higher levels of insurance due to higher premiums will enhance the ability to meet the "Farm Trigger" for ACRE.
- Producers must sign-up by August 14, 2009 at their local FSA office.

Select Arkansas irrigated and nonirrigated crops eligible to enroll in the ACRE program follow:

For this analysis 2009 producer yield and price are the same as the state yield and price. The yield is an estimated crop yield based on NASS historical data. The prices are based on FAPRI's March 2009 estimate of the 2009 US crop price and expected yield and crop insurance premiums were not used in the analysis.

The Traditional DCP Program column shows the total potential per acre program payments under the Traditional Direct and Counter-cyclical Program (DCP) and marketing loan benefits for varying yields and prices.

The ACRE Program column shows total potential program payments under the Direct and Counter-cyclical Program (DCP) including the new Average Crop Revenue Election (ACRE) Program and marketing loan benefits. Producers participating in the ACRE

Program agree to forgo Counter-cyclical Payments, receive a 20% reduction in direct payments and a 30% reduction in loan rates.

Arkansas Cotton

For Arkansas cotton at an expected yield of 1048.8 pounds per acre and an estimated 2009 marketing year price of 51.78-cents per pound then the producer could expect to receive an estimated \$173 per acre under the Traditional Direct and Counter-cyclical Program and marketing loan benefits program, where under the ACRE program the producer would receive \$27 per acre.

Arkansas Cotton		
Total Potential Per Acre Payments		
Price per pound	Traditional DCP Program	ACRE Program
	Expected Yield (lbs. per acre)	
	1048.8	1048.8
\$0.362	\$336	\$195
\$0.414	\$282	\$97
\$0.466	\$227	\$41
\$0.518	\$173	\$27
\$0.570	\$90	\$27
\$0.621	\$49	\$27
\$0.673	\$34	\$27
Assumption: state yield = farm yield		

Arkansas Long Grain Rice

For Arkansas long grain rice at an expected yield of 70.7 cwt per acre and an estimated 2009 marketing year price of \$10.98 per cwt then the producer could expect to receive an estimated \$90 per acre under the Traditional Direct and Counter-cyclical Program and marketing loan benefits program, where under the ACRE program the producer would receive \$126 per acre.

Arkansas Long Grain Rice		
Total Potential Per Acre Payments		
Price per cwt	Traditional DCP Program	ACRE Program
	Expected Yield (cwt. per acre)	
	70.7	70.7
\$7.69	\$109	\$247
\$8.78	\$90	\$247
\$9.88	\$90	\$190
\$10.98	\$90	\$126
\$12.08	\$90	\$72
\$13.18	\$90	\$72
\$14.27	\$90	\$72
Assumption: state yield = farm yield		

Arkansas Medium Grain Rice

For Arkansas medium grain rice at an expected yield of 71.2 cwt per acre and an estimated 2009 marketing year price of \$18.00 per cwt then the producer could expect to receive an estimated \$90 per acre under the Traditional Direct and Counter-cyclical Program and marketing loan benefits program, where under the ACRE program the producer would receive \$72 per acre.

Arkansas Medium Grain Rice		
Total Potential Per Acre Payments		
Price per cwt	Traditional DCP Program	ACRE Program
	Expected Yield (cwt. per acre)	
	71.2	71.2
\$12.60	\$90	\$237
\$14.40	\$90	\$130
\$16.20	\$90	\$72
\$18.00	\$90	\$72
\$19.80	\$90	\$72
\$21.60	\$90	\$72
\$23.40	\$90	\$72
Assumption: state yield = farm yield		

Arkansas Irrigated Grain Sorghum

For Arkansas irrigated grain sorghum at an expected yield of 115 bushels per acre and an estimated 2009 marketing year price of \$3.22 per bushel then the producer could expect to receive an estimated \$16 per acre under the Traditional Direct and Counter-cyclical Program and marketing loan benefits program, where under the ACRE program the producer would receive \$13 per acre.

Arkansas Irrigated Grain Sorghum		
Total Potential Per Acre Payments		
Price per bushel	Traditional DCP Program	ACRE Program
	Expected Yield (bus. per acre)	
	115.0	115.0
\$2.25	\$16	\$88
\$2.58	\$16	\$69
\$2.90	\$16	\$38
\$3.22	\$16	\$13
\$3.54	\$16	\$13
\$3.86	\$16	\$13
\$4.19	\$16	\$13
Assumption: state yield = farm yield		

Arkansas Dryland Grain Sorghum

For Arkansas dryland grain sorghum at an expected yield of 65 bushels per acre and an estimated 2009 marketing year price of \$3.22 per bushel then the producer could expect to receive an estimated \$16 per acre under the Traditional Direct and Counter-cyclical Program and marketing loan benefits program, where under the ACRE program the producer would receive \$13 per acre.

Arkansas Dryland Grain Sorghum Total Potential Per Acre Payments		
Price per bushel	Traditional DCP Program	ACRE Program
	Expected Yield (bus. per acre)	
	65.0	65.0
\$2.25	\$16	\$55
\$2.58	\$16	\$45
\$2.90	\$16	\$28
\$3.22	\$16	\$13
\$3.54	\$16	\$13
\$3.86	\$16	\$13
\$4.19	\$16	\$13
Assumption: state yield = farm yield		

Arkansas Irrigated Soybeans

For Arkansas irrigated soybeans at an expected yield of 41.6 bushels per acre and an estimated 2009 marketing year price of \$8.75 per bushel then the producer could expect to receive an estimated \$8 per acre under the Traditional Direct and Counter-cyclical Program and marketing loan benefits program, where under the ACRE program the producer would receive \$6 per acre.

Arkansas Irrigated Soybeans Total Potential Per Acre Payments		
Price per bushel	Traditional DCP Program	ACRE Program
	Expected Yield (bus. per acre)	
	41.6	41.6
\$6.13	\$8	\$79
\$7.00	\$8	\$56
\$7.88	\$8	\$25
\$8.75	\$8	\$6
\$9.63	\$8	\$6
\$10.50	\$8	\$6
\$11.38	\$8	\$6
Assumption: state yield = farm yield		

Arkansas Dryland Soybeans

For Arkansas dryland soybeans at an expected yield of 25.9 bushels per acre and an estimated 2009 marketing year price of \$8.75 per bushel then the producer could expect to receive an estimated \$8 per acre under the Traditional Direct and Counter-cyclical Program and marketing loan benefits program, where under the ACRE program the producer would receive \$6 per acre.

Arkansas Dryland Soybeans		
Total Potential Per Acre Payments		
Price per bushel	Traditional DCP Program	ACRE Program
	Expected Yield (bus. per acre)	
	25.9	25.9
\$6.13	\$8	\$53
\$7.00	\$8	\$41
\$7.88	\$8	\$22
\$8.75	\$8	\$6
\$9.63	\$8	\$6
\$10.50	\$8	\$6
\$11.38	\$8	\$6
Assumption: state yield = farm yield		

Arkansas Irrigated Corn

For Arkansas irrigated corn at an expected yield of 170 bushels per acre and an estimated 2009 marketing year price of \$3.71 per bushel then the producer could expect to receive an estimated \$16 per acre under the Traditional Direct and Counter-cyclical Program and marketing loan benefits program, where under the ACRE program the producer would receive \$13 per acre.

Arkansas Irrigated Corn		
Total Potential Per Acre Payments		
Price per bushel	Traditional DCP Program	ACRE Program
	Expected Yield (bus. per acre)	
	170.0	170.0
\$2.60	\$16	\$141
\$2.97	\$16	\$103
\$3.34	\$16	\$50
\$3.71	\$16	\$13
\$4.08	\$16	\$13
\$4.45	\$16	\$13
\$4.82	\$16	\$13
Assumption: state yield = farm yield		

Arkansas Dryland Corn

For Arkansas dryland corn at an expected yield of 100 bushels per acre and an estimated 2009 marketing year price of \$3.71 per bushel then the producer could expect to receive an estimated \$16 per acre under the Traditional Direct and Counter-cyclical Program and marketing loan benefits program, where under the ACRE program the producer would receive \$13 per acre.

Arkansas Dryland Corn		
Total Potential Per Acre Payments		
Price per bushel	Traditional DCP Program	ACRE Program
	Expected Yield (bus. per acre)	
	100.0	100.0
\$2.60	\$16	\$89
\$2.97	\$16	\$68
\$3.34	\$16	\$37
\$3.71	\$16	\$13
\$4.08	\$16	\$13
\$4.45	\$16	\$13
\$4.82	\$16	\$13
Assumption: state yield = farm yield		

Arkansas Wheat

For Arkansas wheat at an expected yield of 55.2 bushels per acre and an estimated 2009 marketing year price of \$5.27 per bushel then the producer could expect to receive an estimated \$17 per acre under the Traditional Direct and Counter-cyclical Program and marketing loan benefits program, where under the ACRE program the producer would receive \$30 per acre.

Arkansas Wheat		
Total Potential Per Acre Payments		
Price per bushel	Traditional DCP Program	ACRE Program
	Expected Yield (bus. per acre)	
	55.2	55.2
\$3.69	\$17	\$78
\$4.22	\$17	\$78
\$4.74	\$17	\$55
\$5.27	\$17	\$30
\$5.80	\$17	\$13
\$6.32	\$17	\$13
\$6.85	\$17	\$13
Assumption: state yield = farm yield		

A more comprehensive comparison of the previously covered Arkansas irrigated and nonirrigated crops eligible to enroll in the ACRE program at seven price and yield levels are at the following link.

Bottom Line:

For cotton producers knows of the traditional farm government program as discussed earlier outweigh the unknowns of the ACRE program. This is primarily because cotton prices did not reach the record highs grain prices reached and the current deflationary economic setting. The credit crisis has collapsed cotton prices to a level that not only triggered counter-cyclical payments, but the policy mechanisms of marketing loan benefits have reemerged as critically important.

Cotton's current economic circumstance should not be lost on rice producers. Rice is one of the world's most protected food grains and a commodity that has the potential to show price weakness in today's deflationary and protectionist economic setting.

Even with the trillions in global stimulus of varying types I still remain more concerned about managing deflation over inflation. There's no question that inflation will have its day, which could be possibly sooner rather than later. For the immediate period grain prices still appear to have price weakness, so the near term grain price bottom still has to be determined. Then we can focus on the potential rebounds upside.

Don't lose sight of possible continued WTO trade distorting challenges from US grain trading competitors like Brazil. Direct and Counter-cyclical payments are seen as less market disruptive in global trade talks than revenue ACRE payments. Thus, the ACRE revenue package is more likely to be challenged as globally trade distorting than the traditional Direct and Counter-cyclical Program.

The Average Crop Revenue Election (ACRE) Program is designed to be an alternative revenue-based safety net to the price-based safety net provided by the counter-cyclical payments. This says it was not designed to payout more than the traditional counter-cyclical program over time.

The rice and grain prices spike in the March to July 2008 period certainly has set the stage for potentially triggering significant 2009 ACRE payments, which is why it is important for producers to evaluate their situation using their historic and 2008-2012 expected price and yields with the [Texas A&M ACRE decision aid program](#) or one of the other available programs like [Missouri's FAPRI ACRE program](#).

If I were a rice or grain producer, I would wait closer to the August 14, 2009 signup deadline to make an ACRE participation decision. By early July we will be in a far better position to make an ACRE participation decision than we are today.

Why? The economic setting is extremely treacherous due to the credit crisis and extremely high levels of government intervention. A continued study of the economic setting and the commodity markets over the next couple of months will yield information that will allow producers to make a more informed decision than they could today.

Sources of ACRE information:

[It is recommended that producers visit Texas A&M's web site and run their ACRE Decision Aid Program on each of their Farm Service Agency Farms .](#)

[An ACRE backgrounder, fact sheet, PowerPoint and preliminary State ACRE Guarantees are available below:](#)

- ACRE Background Information [PDF](#)
- ACRE Fact Sheet [HTM](#) | [PDF](#)
- ACRE PowerPoint [PDF](#) | [PPT](#)
- Preliminary ACRE Program Parameters March 2009 Update [XLS](#)
- ACRE Prices Values [XLS](#)
- 2009 Benchmark Yield History [XLS](#)
 - FSA Failed Acres [ZIP](#)
- ACRE Revenue Yield Maps [PDF](#)

Arkansas Cotton

Comparing Total Potential per Acre Cotton Payments Under Traditional Direct and Counter-cyclical Program (DCP) And Average Crop Revenue Election (ACRE) Program

Table 1 shows the total potential per acre cotton program payments under the Traditional Direct and Counter-cyclical Program (DCP) and marketing loan benefits for varying yields and prices. For this analysis 2009 producer yield and price are the same as the state yield and price.

Traditional Direct and Counter-cyclical Program (DCP) and Marketing Loan Benefits Program

Price per Pound	Lower Yields				Higher Yields		
	15%	10%	5%	Expected	5%	10%	15%
	891.5	943.9	996.4	1048.8	1101.2	1153.7	1206.1
0.36	302	313	325	336	347	359	370
0.41	256	264	273	282	290	299	308
0.47	209	215	221	227	233	239	245
0.52	163	167	170	173	176	180	183
0.57	88	89	89	90	90	91	91
0.62	49	49	49	49	49	49	49
0.67	34	34	34	34	34	34	34

Table 2 shows total potential cotton program payments under the Direct and Counter-cyclical Program (DCP) including the new Average Crop Revenue Election (ACRE) Program and marketing loan benefits. Producers participating in the ACRE Program agree to forgo Counter-cyclical Payments, receive a 20% reduction in direct payments and a 30% reduction in loan rates.

ACRE Program

Price per Pound	Lower Yields				Higher Yields		
	15%	10%	5%	Expected	5%	10%	15%
	891.5	943.9	996.4	1048.8	1101.2	1153.7	1206.1
0.36	188	191	194	195	182	170	157
0.41	141	132	114	97	79	62	44
0.47	102	82	62	41	27	27	27
0.52	64	41	27	27	27	27	27
0.57	27	27	27	27	27	27	27
0.62	27	27	27	27	27	27	27
0.67	27	27	27	27	27	27	27

For Arkansas cotton at an expected yield of 1048.8 pounds per acre and an estimated 2009 marketing year price of 51.78-cents per pound then the producer could expect to receive an estimated \$173 per acre under the Traditional Direct and Counter-cyclical Program and marketing loan benefits program, where under the ACRE program the producer would receive \$27 per acre.

Arkansas Long Grain Rice

Comparing Total Potential per Acre Long Grain Rice Payments Under Traditional Direct and Counter-cyclical Program (DCP) And Average Crop Revenue Election (ACRE) Program

Table 1 shows the total potential per acre long grain rice program payments under the Traditional Direct and Counter-cyclical Program (DCP) and marketing loan benefits for varying yields and prices. For this analysis 2009 producer yield and price are the same as the state yield and price.

Traditional Direct and Counter-cyclical Program (DCP) and Marketing Loan Benefits Program

Price per CWT	Lower Yields				Higher Yields		
	15%	10%	5%	Expected	5%	10%	15%
	60.1	63.6	67.2	70.7	74.2	77.8	81.3
7.69	109	109	109	109	109	109	109
8.78	90	90	90	90	90	90	90
9.88	90	90	90	90	90	90	90
10.98	90	90	90	90	90	90	90
12.08	90	90	90	90	90	90	90
13.18	90	90	90	90	90	90	90
14.27	90	90	90	90	90	90	90

Table 2 shows total potential long grain rice program payments under the Direct and Counter-cyclical Program (DCP) including the new Average Crop Revenue Election (ACRE) Program and marketing loan benefits. Producers participating in the ACRE Program agree to forgo Counter-cyclical Payments, receive a 20% reduction in direct payments and a 30% reduction in loan rates.

ACRE Program

Price per CWT	Lower Yields				Higher Yields		
	15%	10%	5%	Expected	5%	10%	15%
	60.1	63.6	67.2	70.7	74.2	77.8	81.3
7.69	247	247	247	247	247	247	247
8.78	247	247	247	247	229	203	177
9.88	247	247	219	190	161	132	103
10.98	223	190	158	126	93	72	72
12.08	168	132	96	72	72	72	72
13.18	113	74	72	72	72	72	72
14.27	72	72	72	72	72	72	72

For Arkansas long grain rice at an expected yield of 70.7 cwt per acre and an estimated 2009 marketing year price of \$10.98 per cwt then the producer could expect to receive an estimated \$90 per acre under the Traditional Direct and Counter-cyclical Program and marketing loan benefits program, where under the ACRE program the producer would receive \$126 per acre.

Arkansas Medium Grain Rice

Comparing Total Potential per Acre Medium Grain Rice Payments Under Traditional Direct and Counter-cyclical Program (DCP) And Average Crop Revenue Election (ACRE) Program

Table 1 shows the total potential per acre medium grain rice program payments under the Traditional Direct and Counter-cyclical Program (DCP) and marketing loan benefits for varying yields and prices. For this analysis 2009 producer yield and price are the same as the state yield and price.

Traditional Direct and Counter-cyclical Program (DCP) and Marketing Loan Benefits Program

Price per CWT	Lower Yields				Higher Yields		
	15%	10%	5%	Expected	5%	10%	15%
	60.5	64.1	67.6	71.2	74.8	78.3	81.9
12.60	90	90	90	90	90	90	90
14.40	90	90	90	90	90	90	90
16.20	90	90	90	90	90	90	90
18.00	90	90	90	90	90	90	90
19.80	90	90	90	90	90	90	90
21.60	90	90	90	90	90	90	90
23.40	90	90	90	90	90	90	90

Table 2 shows total potential medium grain rice program payments under the Direct and Counter-cyclical Program (DCP) including the new Average Crop Revenue Election (ACRE) Program and marketing loan benefits. Producers participating in the ACRE Program agree to forgo Counter-cyclical Payments, receive a 20% reduction in direct payments and a 30% reduction in loan rates.

ACRE Program

Price per CWT	Lower Yields				Higher Yields		
	15%	10%	5%	Expected	5%	10%	15%
	60.5	64.1	67.6	71.2	74.8	78.3	81.9
12.60	300	300	275	237	200	162	125
14.40	259	216	173	130	88	72	72
16.20	168	120	72	72	72	72	72
18.00	77	72	72	72	72	72	72
19.80	72	72	72	72	72	72	72
21.60	72	72	72	72	72	72	72
23.40	72	72	72	72	72	72	72

For Arkansas medium grain rice at an expected yield of 71.2 cwt per acre and an estimated 2009 marketing year price of \$18.00 per cwt then the producer could expect to receive an estimated \$90 per acre under the Traditional Direct and Counter-cyclical Program and marketing loan benefits program, where under the ACRE program the producer would receive \$72 per acre.

Arkansas Irrigated Grain Sorghum

Comparing Total Potential per Acre Irrigated Grain Sorghum Payments Under Traditional Direct and Counter-cyclical Program (DCP) And Average Crop Revenue Election (ACRE) Program

Table 1 shows the total potential per acre irrigated grain sorghum program payments under the Traditional Direct and Counter-cyclical Program (DCP) and marketing loan benefits for varying yields and prices. For this analysis 2009 producer yield and price are the same as the state yield and price.

Traditional Direct and Counter-cyclical Program (DCP) and Marketing Loan Benefits Program

Price per Bushel	Lower Yields				Higher Yields		
	15%	10%	5%	Expected	5%	10%	15%
	97.8	103.5	109.3	115.0	120.8	126.5	132.3
2.25	16	16	16	16	16	16	16
2.58	16	16	16	16	16	16	16
2.90	16	16	16	16	16	16	16
3.22	16	16	16	16	16	16	16
3.54	16	16	16	16	16	16	16
3.86	16	16	16	16	16	16	16
4.19	16	16	16	16	16	16	16

Table 2 shows total potential irrigated grain sorghum program payments under the Direct and Counter-cyclical Program (DCP) including the new Average Crop Revenue Election (ACRE) Program and marketing loan benefits. Producers participating in the ACRE Program agree to forgo Counter-cyclical Payments, receive a 20% reduction in direct payments and a 30% reduction in loan rates.

ACRE Program

Price per Bushel	Lower Yields				Higher Yields		
	15%	10%	5%	Expected	5%	10%	15%
	97.8	103.5	109.3	115.0	120.8	126.5	132.3
2.25	88	88	88	88	88	78	67
2.58	88	88	81	69	56	44	32
2.90	79	66	52	38	24	13	13
3.22	53	38	22	13	13	13	13
3.54	27	13	13	13	13	13	13
3.86	13	13	13	13	13	13	13
4.19	13	13	13	13	13	13	13

For Arkansas irrigated grain sorghum at an expected yield of 115 bushels per acre and an estimated 2009 marketing year price of \$3.22 per bushel then the producer could expect to receive an estimated \$16 per acre under the Traditional Direct and Counter-cyclical Program and marketing loan benefits program, where under the ACRE program the producer would receive \$13 per acre.

Arkansas Dryland Grain Sorghum

Comparing Total Potential per Acre Dryland Grain Sorghum Payments Under Traditional Direct and Counter-cyclical Program (DCP) And Average Crop Revenue Election (ACRE) Program

Table 1 shows the total potential per acre dryland grain sorghum program payments under the Traditional Direct and Counter-cyclical Program (DCP) and marketing loan benefits for varying yields and prices. For this analysis 2009 producer yield and price are the same as the state yield and price.

Traditional Direct and Counter-cyclical Program (DCP) and Marketing Loan Benefits Program

Price per Bushel	Lower Yields				Higher Yields		
	30%	20%	10%	Expected	10%	20%	30%
	45.5	52.0	58.5	65.0	71.5	78.0	84.5
2.25	16	16	16	16	16	16	16
2.58	16	16	16	16	16	16	16
2.90	16	16	16	16	16	16	16
3.22	16	16	16	16	16	16	16
3.54	16	16	16	16	16	16	16
3.86	16	16	16	16	16	16	16
4.19	16	16	16	16	16	16	16

Table 2 shows total potential dryland grain sorghum program payments under the Direct and Counter-cyclical Program (DCP) including the new Average Crop Revenue Election (ACRE) Program and marketing loan benefits. Producers participating in the ACRE Program agree to forgo Counter-cyclical Payments, receive a 20% reduction in direct payments and a 30% reduction in loan rates.

ACRE Program

Price per Bushel	Lower Yields				Higher Yields		
	30%	20%	10%	Expected	10%	20%	30%
	45.5	52.0	58.5	65.0	71.5	78.0	84.5
2.25	55	55	55	55	50	38	26
2.58	55	55	55	45	31	17	13
2.90	55	55	43	28	13	13	13
3.22	55	45	28	13	13	13	13
3.54	50	31	13	13	13	13	13
3.86	38	17	13	13	13	13	13
4.19	26	13	13	13	13	13	13

For Arkansas dryland grain sorghum at an expected yield of 65 bushels per acre and an estimated 2009 marketing year price of \$3.22 per bushel then the producer could expect to receive an estimated \$16 per acre under the Traditional Direct and Counter-cyclical Program and marketing loan benefits program, where under the ACRE program the producer would receive \$13 per acre.

Arkansas Irrigated Soybeans

Comparing Total Potential per Acre Irrigated Soybean Payments Under Traditional Direct and Counter-cyclical Program (DCP) And Average Crop Revenue Election (ACRE) Program

Table 1 shows the total potential per acre irrigated soybean program payments under the Traditional Direct and Counter-cyclical Program (DCP) and marketing loan benefits for varying yields and prices. For this analysis 2009 producer yield and price are the same as the state yield and price.

Traditional Direct and Counter-cyclical Program (DCP) and Marketing Loan Benefits Program

Price per Bushel	Lower Yields				Higher Yields		
	15%	10%	5%	Expected	5%	10%	15%
	35.4	37.4	39.5	41.6	43.7	45.8	47.8
6.13	8	8	8	8	8	8	8
7.00	8	8	8	8	8	8	8
7.88	8	8	8	8	8	8	8
8.75	8	8	8	8	8	8	8
9.63	8	8	8	8	8	8	8
10.50	8	8	8	8	8	8	8
11.38	8	8	8	8	8	8	8

Table 2 shows total potential irrigated soybean program payments under the Direct and Counter-cyclical Program (DCP) including the new Average Crop Revenue Election (ACRE) Program and marketing loan benefits. Producers participating in the ACRE Program agree to forgo Counter-cyclical Payments, receive a 20% reduction in direct payments and a 30% reduction in loan rates.

ACRE Program

Price per Bushel	Lower Yields				Higher Yields		
	15%	10%	5%	Expected	5%	10%	15%
	35.4	37.4	39.5	41.6	43.7	45.8	47.8
6.13	79	79	79	79	75	65	54
7.00	79	79	68	56	43	31	19
7.88	66	53	39	25	12	6	6
8.75	40	25	10	6	6	6	6
9.63	15	6	6	6	6	6	6
10.50	6	6	6	6	6	6	6
11.38	6	6	6	6	6	6	6

For Arkansas irrigated soybeans at an expected yield of 41.6 bushels per acre and an estimated 2009 marketing year price of \$8.75 per bushel then the producer could expect to receive an estimated \$8 per acre under the Traditional Direct and Counter-cyclical Program and marketing loan benefits program, where under the ACRE program the producer would receive \$6 per acre.

Arkansas Dryland Soybeans

Comparing Total Potential per Acre Dryland Soybean Payments Under Traditional Direct and Counter-cyclical Program (DCP) And Average Crop Revenue Election (ACRE) Program

Table 1 shows the total potential per acre dryland program payments under the Traditional Direct and Counter-cyclical Program (DCP) and marketing loan benefits for varying yields and prices. For this analysis 2009 producer yield and price are the same as the state yield and price.

Traditional Direct and Counter-cyclical Program (DCP) and Marketing Loan Benefits Program

Price per Bushel	Lower Yields				Higher Yields		
	30%	20%	10%	Expected	10%	20%	30%
	18.1	20.7	23.3	25.9	28.5	31.1	33.7
6.13	8	8	8	8	8	8	8
7.00	8	8	8	8	8	8	8
7.88	8	8	8	8	8	8	8
8.75	8	8	8	8	8	8	8
9.63	8	8	8	8	8	8	8
10.50	8	8	8	8	8	8	8
11.38	8	8	8	8	8	8	8

Table 2 shows total potential dryland soybean program payments under the Direct and Counter-cyclical Program (DCP) including the new Average Crop Revenue Election (ACRE) Program and marketing loan benefits. Producers participating in the ACRE Program agree to forgo Counter-cyclical Payments, receive a 20% reduction in direct payments and a 30% reduction in loan rates.

ACRE Program

Price per Bushel	Lower Yields				Higher Yields		
	30%	20%	10%	Expected	10%	20%	30%
	18.1	20.7	23.3	25.9	28.5	31.1	33.7
6.13	53	53	53	53	47	34	21
7.00	53	53	53	41	26	11	6
7.88	53	53	39	22	6	6	6
8.75	53	41	22	6	6	6	6
9.63	47	26	6	6	6	6	6
10.50	34	11	6	6	6	6	6
11.38	21	6	6	6	6	6	6

For Arkansas dryland soybeans at an expected yield of 25.9 bushels per acre and an estimated 2009 marketing year price of \$8.75 per bushel then the producer could expect to receive an estimated \$8 per acre under the Traditional Direct and Counter-cyclical Program and marketing loan benefits program, where under the ACRE program the producer would receive \$6 per acre.

Arkansas Irrigated Corn

Comparing Total Potential per Acre Irrigated Corn Payments Under Traditional Direct and Counter-cyclical Program (DCP) And Average Crop Revenue Election (ACRE) Program

Table 1 shows the total potential per acre irrigated corn program payments under the Traditional Direct and Counter-cyclical Program (DCP) and marketing loan benefits for varying yields and prices. For this analysis 2009 producer yield and price are the same as the state yield and price.

Traditional Direct and Counter-cyclical Program (DCP) and Marketing Loan Benefits Program

Price per Bushel	Lower Yields				Higher Yields		
	15%	10%	5%	Expected	5%	10%	15%
	144.5	153.0	161.5	170.0	178.5	187.0	195.5
2.60	16	16	16	16	16	16	16
2.97	16	16	16	16	16	16	16
3.34	16	16	16	16	16	16	16
3.71	16	16	16	16	16	16	16
4.08	16	16	16	16	16	16	16
4.45	16	16	16	16	16	16	16
4.82	16	16	16	16	16	16	16

Table 2 shows total potential irrigated corn program payments under the Direct and Counter-cyclical Program (DCP) including the new Average Crop Revenue Election (ACRE) Program and marketing loan benefits. Producers participating in the ACRE Program agree to forgo Counter-cyclical Payments, receive a 20% reduction in direct payments and a 30% reduction in loan rates.

ACRE Program

Price per Bushel	Lower Yields				Higher Yields		
	15%	10%	5%	Expected	5%	10%	15%
	144.5	153.0	161.5	170.0	178.5	187.0	195.5
2.60	141	141	141	141	137	119	100
2.97	141	141	124	103	82	61	40
3.34	121	98	74	50	27	13	13
3.71	77	50	24	13	13	13	13
4.08	32	13	13	13	13	13	13
4.45	13	13	13	13	13	13	13
4.82	13	13	13	13	13	13	13

For Arkansas irrigated corn at an expected yield of 170 bushels per acre and an estimated 2009 marketing year price of \$3.71 per bushel then the producer could expect to receive an estimated \$16 per acre under the Traditional Direct and Counter-cyclical Program and marketing loan benefits program, where under the ACRE program the producer would receive \$13 per acre.

Arkansas Dryland Corn

Comparing Total Potential per Acre Dryland Corn Payments Under Traditional Direct and Counter-cyclical Program (DCP) And Average Crop Revenue Election (ACRE) Program

Table 1 shows the total potential per acre dryland corn program payments under the Traditional Direct and Counter-cyclical Program (DCP) and marketing loan benefits for varying yields and prices. For this analysis 2009 producer yield and price are the same as the state yield and price.

Traditional Direct and Counter-cyclical Program (DCP) and Marketing Loan Benefits Program

Price per Bushel	Lower Yields				Higher Yields		
	30%	20%	10%	Expected	10%	20%	30%
	70.0	80.0	90.0	100.0	110.0	120.0	130.0
2.60	16	16	16	16	16	16	16
2.97	16	16	16	16	16	16	16
3.34	16	16	16	16	16	16	16
3.71	16	16	16	16	16	16	16
4.08	16	16	16	16	16	16	16
4.45	16	16	16	16	16	16	16
4.82	16	16	16	16	16	16	16

Table 2 shows total potential dryland corn program payments under the Direct and Counter-cyclical Program (DCP) including the new Average Crop Revenue Election (ACRE) Program and marketing loan benefits. Producers participating in the ACRE Program agree to forgo Counter-cyclical Payments, receive a 20% reduction in direct payments and a 30% reduction in loan rates.

ACRE Program

Price per Bushel	Lower Yields				Higher Yields		
	30%	20%	10%	Expected	10%	20%	30%
	70.0	80.0	90.0	100.0	110.0	120.0	130.0
2.60	89	89	89	89	77	55	34
2.97	89	89	89	68	43	18	13
3.34	89	89	65	37	13	13	13
3.71	89	68	37	13	13	13	13
4.08	77	43	13	13	13	13	13
4.45	55	18	13	13	13	13	13
4.82	34	13	13	13	13	13	13

For Arkansas dryland corn at an expected yield of 100 bushels per acre and an estimated 2009 marketing year price of \$3.71 per bushel then the producer could expect to receive an estimated \$16 per acre under the Traditional Direct and Counter-cyclical Program and marketing loan benefits program, where under the ACRE program the producer would receive \$13 per acre.

Arkansas Wheat

Comparing Total Potential per Acre Wheat Payments Under Traditional Direct and Counter-cyclical Program (DCP) And Average Crop Revenue Election (ACRE) Program

Table 1 shows the total potential per acre wheat program payments under the Traditional Direct and Counter-cyclical Program (DCP) and marketing loan benefits for varying yields and prices. For this analysis 2009 producer yield and price are the same as the state yield and price.

Traditional Direct and Counter-cyclical Program (DCP) and Marketing Loan Benefits Program

Price per Bushel	Lower Yields				Higher Yields		
	30%	20%	10%	Expected	10%	20%	30%
	38.6	44.2	49.7	55.2	60.7	66.2	71.8
3.69	17	17	17	17	17	17	17
4.22	17	17	17	17	17	17	17
4.74	17	17	17	17	17	17	17
5.27	17	17	17	17	17	17	17
5.80	17	17	17	17	17	17	17
6.32	17	17	17	17	17	17	17
6.85	17	17	17	17	17	17	17

Table 2 shows total potential wheat program payments under the Direct and Counter-cyclical Program (DCP) including the new Average Crop Revenue Election (ACRE) Program and marketing loan benefits. Producers participating in the ACRE Program agree to forgo Counter-cyclical Payments, receive a 20% reduction in direct payments and a 30% reduction in loan rates.

ACRE Program

Price per Bushel	Lower Yields				Higher Yields		
	30%	20%	10%	Expected	10%	20%	30%
	38.6	44.2	49.7	55.2	60.7	66.2	71.8
3.69	78	78	78	78	78	69	52
4.22	78	78	78	78	60	40	21
4.74	78	78	77	55	33	13	13
5.27	78	78	55	30	13	13	13
5.80	78	60	33	13	13	13	13
6.32	69	40	13	13	13	13	13
6.85	52	21	13	13	13	13	13

For Arkansas wheat at an expected yield of 55.2 bushels per acre and an estimated 2009 marketing year price of \$5.27 per bushel then the producer could expect to receive an estimated \$17 per acre under the Traditional Direct and Counter-cyclical Program and marketing loan benefits program, where under the ACRE program the producer would receive would receive \$30 per acre.

Table 1. Farm program Direct, Counter-cyclical, Loan, and ACRE guarantees in 2009.

	Cotton	Long Grain Rice	Medium Grain Rice	Irrigated Grain Sorghum	Dryland Grain Sorghum	Irrigated Soybeans	Dryland Soybeans	Irrigated Corn	Dryland Corn	Wheat
Base History Estimates	lbs/acre	cwt/acre	cwt/acre	-----bu/acre-----						
Direct Payment Yield	617.3	45.8	45.8	53.6	53.6	21.7	21.7	70.1	70.1	38.8
CCP Yield	687.9	50.3	50.3	55.3	55.3	23.8	23.8	90.5	90.5	41.7
Traditional Program	cents/lb	\$/cwt	\$/cwt	-----\$/bu-----						
Direct Payment Rate	6.67	2.35	2.35	0.35	0.35	0.44	0.44	0.28	0.28	0.52
CCP Target Price	71.25	10.50	10.50	2.57	2.57	5.80	5.80	2.63	2.63	3.92
Loan Rate	52.00	6.50	6.50	1.95	1.95	5.00	5.00	1.95	1.95	2.75
ACRE										
Direct Payment Rate	5.34	1.88	1.88	0.28	0.28	0.35	0.35	0.22	0.22	0.42
Loan Rate	36.40	4.55	4.55	1.37	1.37	3.50	3.50	1.37	1.37	1.93
ACRE Price ^a	54.20	13.70	17.80	3.64	3.64	9.73	9.73	4.15	4.15	6.64
FAPRI 2009 Price ^b	51.78	10.98	18.00	3.22	3.22	8.75	8.75	3.71	3.71	5.27
	lbs/acre	cwt/acre	cwt/acre	-----bu/acre-----						
State Average Yield ^c	1,036.0	68.2	68.4	111.0	63.0	40.0	25.5	164.0	97.0	52.1
2009 Expected Yield ^d	1,048.8	70.7	71.2	115.0	65.0	41.6	25.9	170.0	100.0	55.2
	-----\$/acre-----									
Revenue Guarantee ^e 2009 Estimated	505	841	1,096	364	206	350	223	613	362	311
Revenue ^f	543	776	1,282	370	209	364	227	631	371	291
Government Payments										
Traditional Program	173	90	90	16	16	8	8	16	16	17
ACRE Program	27	126	72	13	13	6	6	13	13	30

^a FSA estimates on March 16, 2009.

^b FAPRI 2009 Baseline US Crop Price Projections.

^c FSA estimates on March 16, 2009.

^d Estimated crop yield based on NASS historical data.

^e Based upon estimated State Average Yield and 90% of ACRE Price.

^f Product of FAPRI 2009 US Crop Price and Expected Yield.

