


# USDA Program Unraveled or What Were They Thinking?

Outlook Conference for Agricultural Lenders  
October 2009

Dwight Aakre  
Farm Management Specialist  
NDSU Extension Service



# Supplemental (Permanent) Disaster Program

- Supplemental Revenue Assistance Payments (SURE)
- Livestock Forage Program (LFP)
- Livestock Indemnity Program (LIP)
- Livestock, Honeybees, Aquaculture Program (ELAP)
- Tree Assistance Program (TAP)

# Livestock Forage Program (LFP)

- Taking applications Sept 14 - Dec 10
- 27 counties qualify for 2008
- Insurance or NAP on grazing land
- No counties eligible in 2009

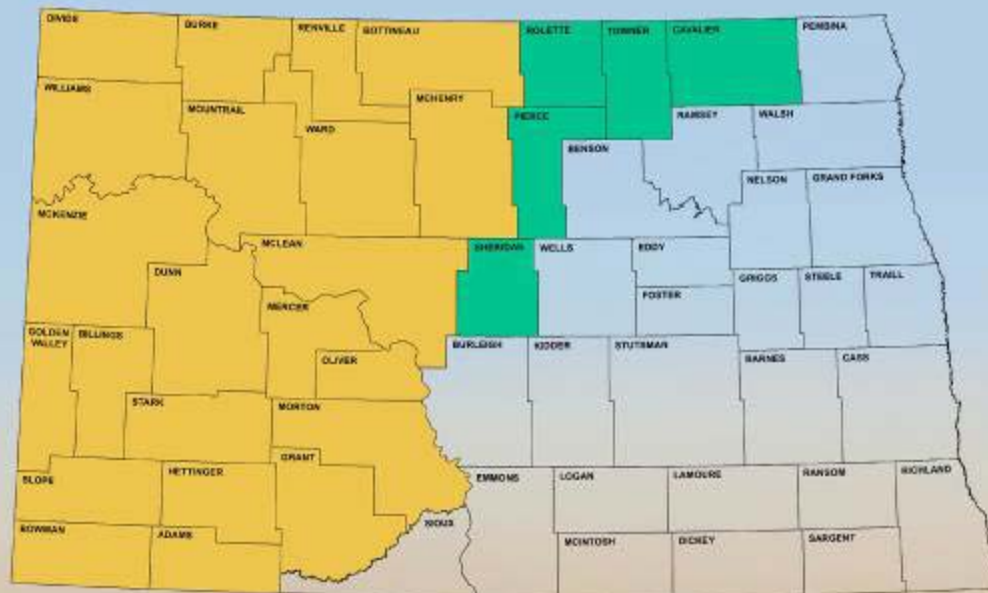


# Livestock Forage Disaster Program (LFP)

## *Livestock Forage Disaster Program*

The LFP program is available to eligible livestock producers who suffered grazing losses for eligible livestock, because of drought on land that is either native or improved pastureland with permanent vegetative cover or planted to a crop specifically for providing grazing.

The LFP program is also available to eligible livestock producers who suffered grazing losses for eligible livestock, because of fire on rangeland managed by a Federal agency, if the eligible livestock producer is prohibited from grazing the normal permitted livestock on the managed rangeland.



- Eligible for three (3) 30-day payment periods
- Eligible for two (2) 30-day payment periods



# Emergency Livestock Assistance Program (ELAP)

- Taking applications now due to excessive snow and flooding
- Covers loss of feed, longer feeding season, moving snow, cattle or feed
- Insurance or NAP required for all crop and grazing land



# Summary of USDA Programs

	DCP	ACRE	SURE	Crop Insurance
<b>Farm</b>	FSA serial #	FSA serial #	All crop acres in all counties	N/A
<b>Unit</b>	Individual crop bases	Individual crop by FSA farm (planted and considered planted)	All crops on all acres	Individual crop by basic unit, optional units or enterprise units
<b>Application/ Enrollment Deadline</b>	June 1	June 1	This fall?	March 15: spring seeded crops; Nov. 30: PRF
<b>Acreage Reporting Deadline</b>	July 15	July 15	July 15	June 30
<b>Prevent Planted Deadline</b>	Within 10 days of final planting date	Within 10 days of final planting date	N/A	72 hours after decision to not plant
<b>Disaster Designation</b>	N/A	N/A	Yes, or 50% loss	N/A
<b>Crop Insurance Requirement</b>	No	No	Yes, if available; otherwise – NAP, De Minimus crops excluded	N/A

# Summary of USDA Programs continued

	DCP	ACRE	SURE	Crop Insurance
<b>Payment Limit</b>	Direct: \$40,000 C-C: \$65,000	Direct: \$40,000 minus 20% of direct; ACRE: \$65,000 plus 20% of direct	\$100,000 total for SURE, LIP, LFP, ELAP	None
<b>Payment Available</b>	Direct: 22% advance, final in October. C-C: end of marketing year	Direct: 22% advance, final in October. ACRE: end of marketing year	End of marketing year	As soon as claim is approved
<b>Prevent Planting: Crop</b>	Remainder of field	Remainder of field	Remainder of field	Most valuable crop
<b>Prevent Planting: Acreage</b>	Any amount	Any amount	Any amount	Lesser of 20 acres or 20% of field
<b>Average Yield</b>	Direct: goes back to '80s C-C: direct or proven in 2002	5-year Olympic average of actual yields or 95% of county yield	Higher of adjusted APH or C-C yield, NAP @ 50%	APH (4-10 years actual) or adjusted APH
<b>ACRE Payments</b>	N/A	Determined at state level	100% counted as farm revenue	N/A

# Summary of USDA Programs continued

	DCP	ACRE	SURE	Crop Insurance
<b>Direct Payments</b>	100%	80%	15% counted as farm revenue	N/A
<b>Counter-cyclical Payments</b>	Effective target price minus higher of national market price or loan	N/A	100% counted in farm revenue	N/A
<b>Guarantee Price</b>	For C-C, target price minus direct payment	2-year marketing year average	Crop insurance or NAP price	Announced price for APH, higher of February or harvest futures price for RA & CRC
<b>Price of Current Crop</b>	National marketing year average	National marketing year average	National marketing year average	Announced price for APH, harvest price for RA & CRC
<b>Marketing Loan</b>	100% of announced rate	70% of announced rate	Marketing loan benefits counted in farm income	N/A

**Commodity Program Values, Projected Counter-Cyclical and ACRE payments with USDA  
Price Forecast for 2009 Crop as of October 9, 2009. North Dakota ACRE Payments.**

Crop	9-Oct USDA Price Forecast	Target Price	DCP Direct Payment	Effective Target Price	DCP National Loan Rate	Projected Counter- Cyclical Payment	ACRE Direct Payment	ACRE National Loan Rate	ACRE pay't with average State Yield
Wheat	\$4.85	\$3.92	\$0.520	\$3.400	\$2.750	\$0.000	\$0.416	\$1.925	\$39.44
Barley	\$2.40	\$2.24	\$0.240	\$2.000	\$1.850	\$0.000	\$0.192	\$1.295	\$50.55
Oats	\$2.00	\$2.00	\$0.024	\$1.976	\$1.330	\$0.000	\$0.019	\$0.931	\$33.66
Corn	\$3.35	\$2.63	\$0.280	\$2.350	\$1.950	\$0.000	\$0.224	\$1.365	\$42.41
Sorghum	\$2.90	\$2.57	\$0.350	\$2.220	\$1.950	\$0.000	\$0.280	\$1.365	\$15.04
Soybeans	\$9.00	\$5.80	\$0.440	\$5.360	\$5.000	\$0.000	\$0.352	\$3.500	\$1.42
Dry Peas	\$9.50	\$8.32	\$0.000	\$8.320	\$5.400	\$0.000	\$0.000	\$3.780	\$44.95
Lentils	\$24.00	\$12.81	\$0.000	\$12.810	\$11.280	\$0.000	\$0.000	\$7.896	\$31.08
Large Chickpeas	\$30.40	\$12.81	\$0.000	\$12.810	\$11.280	\$0.000	\$0.000	\$7.896	\$0.00
Small Chickpeas	\$15.20	\$10.46	\$0.000	\$10.460	\$7.430	\$0.000	\$0.000	\$5.201	\$61.80
Sunflower	\$16.30	\$10.10	\$0.800	\$9.300	\$9.300	\$0.000	\$0.640	\$6.510	\$43.92
Canola	\$15.50	\$10.10	\$0.800	\$9.300	\$9.300	\$0.000	\$0.640	\$6.510	\$17.05
Flaxseed	\$7.59	\$5.66	\$0.448	\$5.208	\$5.208	\$0.000	\$0.358	\$3.646	\$52.25
Mustard	\$24.25	\$10.10	\$0.800	\$9.300	\$9.300	\$0.000	\$0.640	\$6.510	\$5.65
Safflower	\$18.00	\$10.10	\$0.800	\$9.300	\$9.300	\$0.000	\$0.640	\$6.510	\$0.00

Acre payments assume the state yield equals the 5-year yield guarantee.

**Commodity Program Values, Projected Counter-Cyclical and ACRE payments with USDA  
Price Forecast for 2009 Crop as of October 9, 2009. Minnesota ACRE Payments**

Crop	9-Oct USDA Price Forecast	Target Price	DCP Direct Payment	Effective Target Price	DCP National Loan Rate	Projected Counter- Cyclical Payment	ACRE Direct Payment	ACRE National Loan Rate	ACRE pay't with average State Yield
Wheat	\$4.85	\$3.92	\$0.520	\$3.400	\$2.750	\$0.000	\$0.416	\$1.925	\$55.74
Barley	\$2.40	\$2.24	\$0.240	\$2.000	\$1.850	\$0.000	\$0.192	\$1.295	\$55.22
Oats	\$2.00	\$2.00	\$0.024	\$1.976	\$1.330	\$0.000	\$0.019	\$0.931	\$37.86
Corn	\$3.35	\$2.63	\$0.280	\$2.350	\$1.950	\$0.000	\$0.224	\$1.365	\$59.09
Sorghum	\$2.90	\$2.57	\$0.350	\$2.220	\$1.950	\$0.000	\$0.280	\$1.365	\$17.30
Soybeans	\$9.00	\$5.80	\$0.440	\$5.360	\$5.000	\$0.000	\$0.352	\$3.500	\$1.48
Dry Peas	\$9.50	\$8.32	\$0.000	\$8.320	\$5.400	\$0.000	\$0.000	\$3.780	\$40.01
Lentils	\$24.00	\$12.81	\$0.000	\$12.810	\$11.280	\$0.000	\$0.000	\$7.896	\$0.00
Large Chickpeas	\$30.40	\$12.81	\$0.000	\$12.810	\$11.280	\$0.000	\$0.000	\$7.896	\$0.00
Small Chickpeas	\$15.20	\$10.46	\$0.000	\$10.460	\$7.430	\$0.000	\$0.000	\$5.201	\$0.00
Sunflower	\$16.30	\$10.10	\$0.800	\$9.300	\$9.300	\$0.000	\$0.640	\$6.510	\$46.79
Canola	\$15.50	\$10.10	\$0.800	\$9.300	\$9.300	\$0.000	\$0.640	\$6.510	\$14.95
Flaxseed	\$7.59	\$5.66	\$0.448	\$5.208	\$5.208	\$0.000	\$0.358	\$3.646	\$49.34
Mustard	\$24.25	\$10.10	\$0.800	\$9.300	\$9.300	\$0.000	\$0.640	\$6.510	\$5.65
Safflower	\$18.00	\$10.10	\$0.800	\$9.300	\$9.300	\$0.000	\$0.640	\$6.510	\$0.00

Acre payments assume the state yield equals the 5-year yield guarantee.

**PRELIMINARY AND FINAL AVERAGE CROP REVENUE ELECTION (ACRE) GUARANTEE PRICES FOR 2009  
 COMPARED WITH 2009/10 PRICE FORECASTS 1/  
 October 9, 2009 Update**

<b>Commodity</b>	<b>Marketing Year</b>	<b>Publishing Date for 2008/09 Final Price</b>	<b>Preliminary (P) and Final (F) Guarantee Price for 2009 ACRE 2/</b>	<b>2009/10 Forecast</b>	<b>North Dakota State Guarantee</b>	<b>Breakeven Yield at Forecast Price</b>
All Wheat	Jun. 1-May 31	Jun. 29, 2009	\$6.63 F	\$4.85	\$210.64	43.4
Barley (Feed)	Jun. 1-May 31	Jun. 29, 2009	\$4.09 F	\$2.40	\$202.21	84.3
Oats	Jun. 1-May 31	Jun. 29, 2009	\$2.89 F	\$2.00	\$145.66	72.8
Corn	Sep. 1-Aug. 31	Sep. 29, 2009	\$4.13 F	\$3.35	\$434.36	129.7
Grain Sorghum	Sep. 1-Aug. 31	Sep. 29, 2009	\$3.64 F	\$2.90	\$131.04	45.2
Soybeans	Sep. 1-Aug. 31	Sep. 29, 2009	\$10.04 F	\$9.00	\$284.92	31.7
Dry Peas	Jul. 1-Jun. 30	Sep. 29, 2009 *	\$0.1325 F	\$0.0950	\$217.85	2,293
Lentils	Jul. 1-Jun. 30	Sep. 29, 2009 *	\$0.2990 F	\$0.2400	\$299.88	1,250
Large Chickpeas	Sep. 1-Aug. 31	Nov. 30, 2009 *	\$0.3225 P	\$0.3040	\$407.77	1,341
Small Chickpeas	Sep. 1-Aug. 31	Nov. 30, 2009 *	\$0.2595 P	\$0.1520	\$247.21	1,626
All Sunflower Seed	Sep. 1-Aug. 31	Nov. 30, 2009 *	\$0.2178 P	\$0.1630	\$265.43	1,628
Canola	Jul. 1-Jun. 30	Nov. 30, 2009 *	\$0.1850 P	\$0.1550	\$234.05	1,510
Flaxseed	Jul. 1-Jun. 30	Nov. 30, 2009 *	\$12.90 P	\$7.59	\$210.52	27.7
Mustard Seed	Sep. 1-Aug. 31	Nov. 30, 2009	\$0.2788 P	\$0.2425	\$168.09	693
Safflower	Sep. 1-Aug. 31	Nov. 30, 2009	\$0.1965 P	\$0.1800	\$127.33	707

1/ Source: Final prices--National Agricultural Statistics Service (NASS), Agricultural Prices.

Preliminary and forecast prices--World Agricultural Supply and Demand Estimates and Internal USDA Estimates as of September 11, 2009.

Price forecasts are the mid-point of the price forecast range, when applicable.

2/ Simple Average of 2007/08 and 2008/09.

\* Corrected dates for the noted commodities.

**PRELIMINARY AND FINAL AVERAGE CROP REVENUE ELECTION (ACRE) GUARANTEE PRICES FOR 2009  
 COMPARED WITH 2009/10 PRICE FORECASTS 1/  
 October 9, 2009 Update**

<b>Commodity</b>	<b>Marketing Year</b>	<b>Publishing Date for 2008/09 Final Price</b>	<b>Preliminary (P) and Final (F) Guarantee Price for 2009 ACRE 2/</b>	<b>2009/10 Forecast</b>	<b>Minnesota State Guarantee</b>	<b>Breakeven Yield at Forecast Price</b>
All Wheat	Jun. 1-May 31	Jun. 29, 2009	\$6.63 F	\$4.85	\$297.75	61.4
Barley (Feed)	Jun. 1-May 31	Jun. 29, 2009	\$4.09 F	\$2.40	\$220.86	92.0
Oats	Jun. 1-May 31	Jun. 29, 2009	\$2.89 F	\$2.00	\$163.86	81.9
Corn	Sep. 1-Aug. 31	Sep. 29, 2009	\$4.13 F	\$3.35	\$598.44	178.6
Grain Sorghum	Sep. 1-Aug. 31	Sep. 29, 2009	\$3.64 F	\$2.90	\$150.70	52.0
Soybeans	Sep. 1-Aug. 31	Sep. 29, 2009	\$10.04 F	\$9.00	\$370.48	41.2
Dry Peas	Jul. 1-Jun. 30	Sep. 29, 2009 *	\$0.1325 F	\$0.0950	\$196.76	2,071
Lentils	Jul. 1-Jun. 30	Sep. 29, 2009 *	\$0.2990 F	\$0.2400	\$0.00	0
Large Chickpeas	Sep. 1-Aug. 31	Nov. 30, 2009 *	\$0.3225 P	\$0.3040	\$0.00	0
Small Chickpeas	Sep. 1-Aug. 31	Nov. 30, 2009 *	\$0.2595 P	\$0.1520	\$0.00	0
All Sunflower Seed	Sep. 1-Aug. 31	Nov. 30, 2009 *	\$0.2178 P	\$0.1630	\$277.76	1,704
Canola	Jul. 1-Jun. 30	Nov. 30, 2009 *	\$0.1850 P	\$0.1550	\$216.45	1,396
Flaxseed	Jul. 1-Jun. 30	Nov. 30, 2009 *	\$12.90 P	\$7.59	\$197.37	26.0
Mustard Seed	Sep. 1-Aug. 31	Nov. 30, 2009	\$0.2788 P	\$0.2425	\$168.12	693
Safflower	Sep. 1-Aug. 31	Nov. 30, 2009	\$0.1965 P	\$0.1800	\$173.31	963

1/ Source: Final prices--National Agricultural Statistics Service (NASS), Agricultural Prices.

Preliminary and forecast prices--World Agricultural Supply and Demand Estimates and Internal USDA Estimates as of September 11, 2009.

Price forecasts are the mid-point of the price forecast range, when applicable.

2/ Simple Average of 2007/08 and 2008/09.

\* Corrected dates for the noted commodities.

# Durum and ACRE Enrollment

- ACRE payments are based on “All Wheat” revenue
- Loans and LDPs are determined by class



# Williams County Loan Rates

	2008	2009	Change
HRSW	2.58	3.18	+0.60
Durum	2.53	4.54	+2.01
HRWW	2.57	2.21	-0.36



# Oct. 13, 2009 DCP Enrollment

	Loan	30-Day PCP	Alternative PCP	LDP Rate
HRS	2.21	4.22	3.59	0.00
HRW	3.18	4.16	3.45	0.00
Durum	4.54	4.97	3.22	1.32

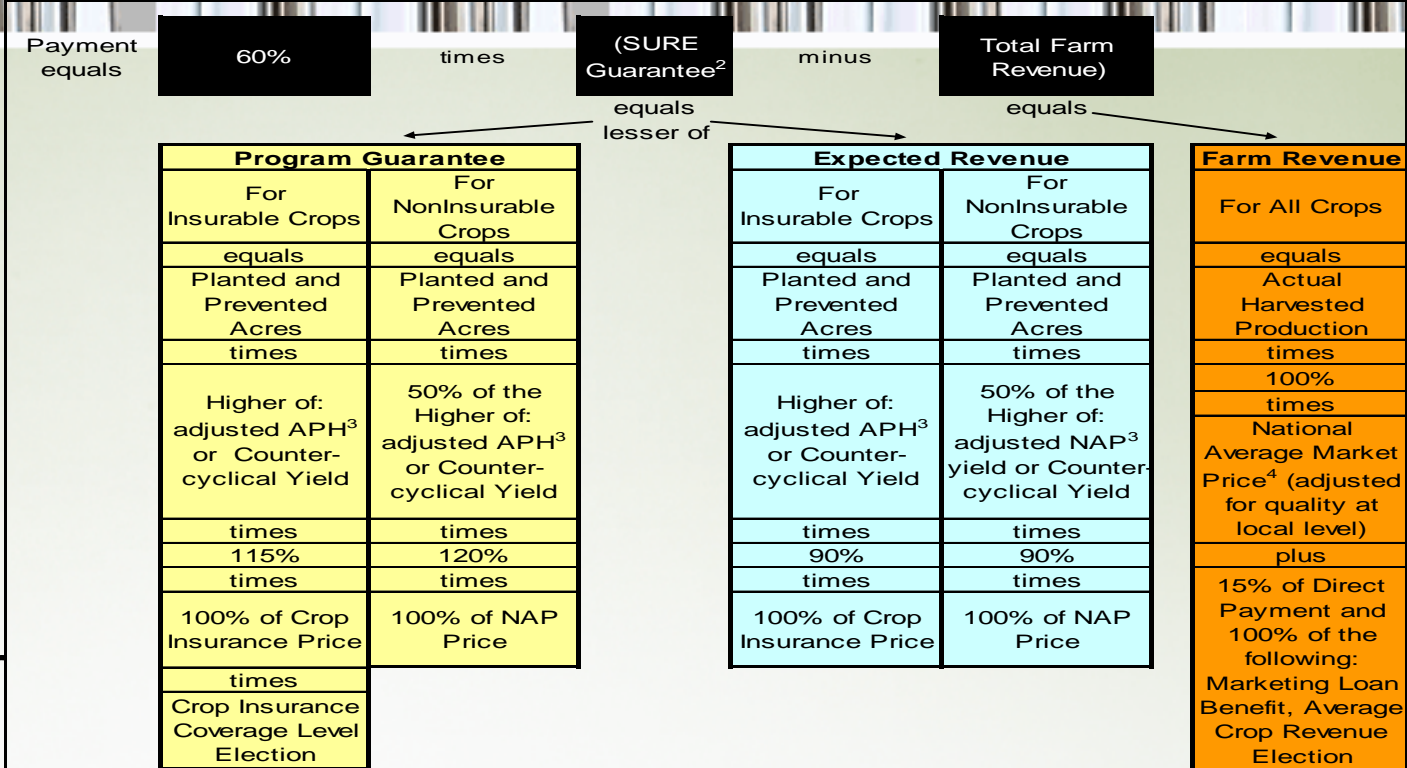


# Oct. 13, 2009 ACRE Enrollment

	Loan	30-Day PCP	Alternative PCP	LDP Rate
HRS	1.547	4.22	3.59	0.00
HRW	2.226	4.16	3.45	0.00
Durum	3.178	4.97	3.22	0.00



# SURE Flowchart



<sup>1</sup> As presented, the SURE flowchart shows the SURE guarantee and total farm revenue for a single crop. The SURE guarantee and total farm revenue will actually be calculated on a whole farm basis by aggregating ALL of a producer's crop acreage that is planted or intended to be planted for harvest. Also, the presented SURE flowchart is only applicable to yield based crops.

<sup>2</sup> The SURE guarantee can be further adjusted by factors such as prevented planting or late planting.

<sup>3</sup> Formula for adjusted Actual Production History (APH) yield: 1) When there are at least 4 years of APH yields, average all of those yields (ignoring plug years); 2) When there are less than 4 years of APH yields, average all of the yields after dropping the lowest plug yield; and 3) For all other situations, do not adjust the APH yield.

<sup>4</sup> Not to exceed 100% of NAP

Coverage Level	Insurable Crops	NonInsurable Crops
	115%	120%
50%	57.50%	60.00%
55%	63.25%	
65%	74.75%	
70%	80.50%	
75%	86.25%	
80%	90.00% <sup>5</sup>	
85%	90.00% <sup>5</sup>	

<sup>5</sup> SURE Guarantee is capped at 90 percent of Expected Revenue.

**Disaster Calculation Example with Insurable Crops for 2008  
Eastern North Dakota – Western Minnesota**

**Program Guarantee**

Crop	Soybeans	Corn	Wheat
Acres Planted	500	250	250
Yield (APH)	34	120	45
Factor	115%	115%	115%
Crop Insurance Price	\$13.36	\$5.40	\$11.11
Crop Insurance Level	75%	75%	75%

**Expected Revenue**

Soybeans	Corn	Wheat
500	250	250
34	120	45
90%	90%	90%
\$13.36	\$5.40	\$11.11

Crop Total                    \$195,891   \$139,725   \$107,802

\$204,408   \$145,800   \$112,489

**Farm Total    \$443,418**

**\$462,697**

## Eastern North Dakota – Western Minnesota

	Crop Insurance		RA policy
	Soybeans	Corn	Wheat
Spring Price	\$13.36	\$5.40	\$11.11
Harvest Price	\$9.22	\$4.13	\$8.99

### Crop Insurance Guarantee

Soybeans	Corn	Wheat
\$170,340	\$121,500	\$93,741

### Income Counted for Crop Insurance

\$129,080	\$87,763	\$112,375
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### Crop Insurance Indemnity

Soybeans	Corn	Wheat
\$41,260	\$33,738	\$0.00



## Farm Revenue Eastern North Dakota – Western Minnesota

Crop	Soybean	Corn	Wheat
Acres	500	250	250
Yield (actual)	28	85	50
Nat'l Ave. Price	\$9.97	\$4.06	\$6.78
<b>Market Revenue</b>	<b>\$139,580</b>	<b>\$86,275</b>	<b>\$84,750</b>
Direct Pay't Yield	26	88	38
Base Acres	300	50	450
Direct Pay't Rate	\$0.44	\$0.28	\$0.52
Direct Payment	\$2,859	\$1,026	\$7,407
<b>Direct Pay'ts X 15%</b>	<b>\$429</b>	<b>\$154</b>	<b>\$1,111</b>
<b>Crop Insurance Pay't</b>	<b>\$41,260</b>	<b>\$33,738</b>	<b>\$0.00</b>
ACRE Pay't Rate	\$0	\$0	\$0
<b>ACRE Payments</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Total Farm Revenue</b>	<b>\$387,296</b>		

## Eastern North Dakota – Western Minnesota

SURE Payment equals 60% times the SURE Guarantee minus Total Farm Revenue

SURE Guarantee is lesser of Program Guarantee and Expected Revenue

Program Guarantee	\$443,418
Expected Revenue	\$462,697
Total Farm Revenue	\$387,296
Revenue Shortfall	\$56,121
<b>SURE Payment</b>	<b>\$33,673</b>

**Disaster Calculation Example with Insurable Crops for 2008  
Western North Dakota**

	<b>Program Guarantee</b>			<b>Expected Revenue</b>		
<b>Crop</b>	<b>Sp Wheat</b>	<b>M. Barley</b>	<b>Oil Sunflr</b>	<b>Sp Wheat</b>	<b>M. Barley</b>	<b>Oil Sunflr</b>
Acres Planted	500	250	250	500	250	250
Yield (APH)	34	56	14.5	34	56	14.5
Factor	115%	115%	115%	90%	90%	90%
Crop Insurance Price	\$11.11	\$5.05	\$31.70	\$11.11	\$5.05	\$31.70
Crop Insurance Level	75%	75%	75%			
<b>Crop Total</b>	<b>\$162,900</b>	<b>\$60,979</b>	<b>\$99,112</b>	<b>\$169,983</b>	<b>\$63,630</b>	<b>\$103,421</b>
<b>Farm Total</b>		<b>\$322,991</b>			<b>\$337,034</b>	



# Western North Dakota

## Crop Insurance

## RA policy

## Crop Insurance Guarantee

	Sp Wheat	M. Barley	Oil Sunflr
Spring Price	\$11.11	\$5.05	\$31.70
Harvest Price	\$8.99	\$4.62	\$19.40

	Sp Wheat	M. Barley	Oil Sunflr
	\$141,653	\$53,025	\$86,184
<b>Income Counted for Crop Insurance</b>			
	\$125,860	\$51,975	\$60,625

## Crop Insurance Indemnity

	Sp Wheat	M. Barley	Oil Sunflr
	\$15,793	\$1,050	\$25,559

## Farm Revenue - Western North Dakota

Crop	Sp Wheat	M. Barley	Oil Sunflr
Acres	500	250	250
Yield (actual)	28	45	12.5
Nat'l Ave. Price	\$9.97	\$4.06	\$21.85
<b>Market Revenue</b>	<b>\$139,580</b>	<b>\$45,675</b>	<b>\$68,281</b>
Direct Pay't Yield	28	48	12
Base Acres	500	100	100
Direct Pay't Rate	\$0.52	\$0.24	\$0.80
Direct Payment	\$5,631	\$960	\$800
<b>Direct Pay'ts X 15%</b>	<b>\$845</b>	<b>\$144</b>	<b>\$120</b>
<b>Crop Insurance Pay't</b>	<b>\$15,793</b>	<b>\$1,050</b>	<b>\$25,559</b>
ACRE Pay't Rate	\$0	\$0	\$0
<b>ACRE Payments</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Total Farm Revenue</b>	<b>\$297,047</b>		

## Western North Dakota

SURE Payment equals 60% times the SURE Guarantee minus Total Farm Revenue.

SURE Guarantee is lesser of Program Guarantee and Expected Revenue.

Program Guarantee	\$322,991
Expected Revenue	\$337,034
Total Farm Revenue	\$297,047
Revenue Shortfall	\$25,944
<b>SURE Payment</b>	<b>\$15,567</b>

## Farm Management Webpage

<http://www.ag.ndsu.nodak.edu/aginfo/farmmgmt/farmmgmt.htm>

