



ACRE State Revenue Payments, 2010 Crops

Carl Zulauf, Professor,

Department of Agricultural, Environmental and Development Economics

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Background: This article examines per acre state level revenue payments made by the ACRE program for the 2010 crop of barley, corn, canola, upland cotton, grain sorghum, oats, peanuts, rice, soybeans, sunflowers, and wheat. For each crop, at least 1 million acres was harvested in 2010.

ACRE: A 1-page description of ACRE as enacted in the 2008 Farm Bill can be found at <http://aede.osu.edu/publications>. Payments by the ACRE program cannot be computed until after the crop year is completed because average crop year prices are used in the computations. Two ACRE revenue benchmarks can exist for a state if at least 25% of total acres planted to a crop in a state are dryland and at least 25% of total acres planted to a crop in a state are irrigated. Because ACRE has a farm level eligibility condition, a farm may not qualify for an ACRE payment even if the state in which it is located qualifies for an ACRE payment.

Data and Procedures: Payment per acre was computed for each state benchmark using data from the U.S. Department of Agriculture, Farm Service Agency accessed during December 2011 at <http://www.fsa.usda.gov/FSA/webapp?area=home&subject=dccp&topic=landing>. The data are final except for rice. However, the values for rice should be close to the final values since we are late in the ACRE calculation cycle for the 2010 crop.

2010 ACRE State Payments: The crops with the most number of state payments are wheat (17), barley (14), and oats (14) (see Table 1). For these crops, a payment occurred for approximately one-third of the state benchmarks. In contrast, 2 or fewer state payments are made for corn, canola, upland cotton, grain sorghum, oats, peanuts, soybeans, and sunflowers. All payment rates that exceed \$0 are listed in Table 2. NOTE, the payment rates include ACRE's 83.3% payment factor.

Rice had the highest share of state benchmarks qualifying for a payment (9 of 11). Two programs exist for rice, one for large grain rice and the other for medium and short grain rice. For long grain rice per acre payment varied from \$52 (Texas) to \$179 (California). For medium grain rice per acre payments exceeding \$0 ranged from \$40 (Louisiana) to \$91 (Arkansas) (see Table 2).

Please note that the distribution of ACRE payments for 2010 may not be representative of ACRE's long run distribution of payments.

Reduction in Direct Payments: Farms that elect ACRE must give up 20% of their direct payment for their farm for each year they are enrolled in ACRE. This reduction in direct payments is a cost of participation in the ACRE program. It thus is analogous to a co-pay. Figure 1 presents the average 20% reduction per year per U.S. base acre for crops with base acres.

Summary: The large ACRE state payments for the 2010 rice crop will result in almost no payments to rice farms since few farms that plant rice signed up for the 2010 ACRE program. It is reasonable to assume that farms who were not signed up for ACRE felt this was their best decision. But, it also is likely that few rice farms anticipated the large payments that occurred for 2010 rice. These two observations imply that it is good management practice to conduct an after-the-fact analysis of the decision to enroll in any risk management program, including ACRE.

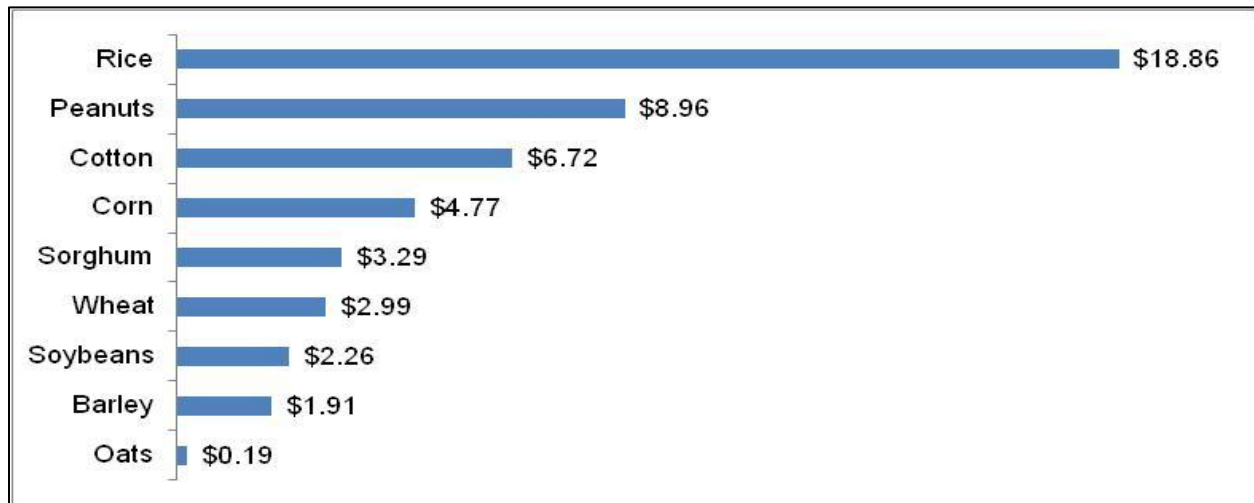
This article is also available at <http://aede.osu.edu/publications>.

Table 1. Profile of ACRE State Revenue Payments^A, Selected 2010 Crops

Crop	Number of State Benchmarks ^B	State Benchmarks ^B with Payment	Share of State Benchmarks ^B with Payment	State Payment ^C (\$/ planted acre)		
				Average	Low	High
Barley	40	14	35%	\$8.76	\$0	\$54.94
Canola	21	1	5%	\$1.70	\$0	\$35.65
Corn	53	1	2%	\$0.74	\$0	\$39.38
Cotton, Upland	18	0	0%	\$0	\$0	\$0
Grain Sorghum	28	0	0%	\$0	\$0	\$0
Oats	42	14	33%	\$2.84	\$0	\$21.52
Peanuts	8	2	25%	\$20.02	\$0	\$131.83
Rice, Long Grain	6	6	100%	\$94.70	\$51.80	\$178.98
Rice, Medium Grain	5	3	60%	\$43.31	\$0	\$94.51
Soybeans	41	2	5%	\$0.22	\$0	\$6.09
Sunflowers	27	0	0%	\$0	\$0	\$0
Wheat	47	17	36%	\$9.27	\$0	\$61.62

NOTES: A. Per acre state payment rates are final for all crops except rice. B. Two ACRE state revenue benchmarks can be created for a state if at least 25% of the total acres planted to a crop in a state are dryland and at least 25% of the total acres planted to a crop in the state are irrigated. C. The state payment is adjusted for the 83.3% payment factor.

Figure 1. 20% Reduction in Direct Payment Associated with Participation in ACRE Program, Selected Crops, U.S. Average \$ per Base Acre per Year



NOTE: Reduction in direct payment equals: [U.S. average direct payment yield times direct payment rate per output unit times 20% times 83.3% payment factor].

SOURCE: Calculated using data from the U.S. Department of Agriculture, Farm Service Agency.

Table 2. ACRE State Revenue Payment^A per Planted Acre by State, Selected 2010 Crops

State	State Payment ^B (\$/acre)	State	State Payment ^B (\$/acre)
Wheat		Long Grain Rice	
North Carolina	\$61.62	California	\$178.98
Mississippi	\$54.10	Arkansas	\$105.86
Virginia	\$50.57	Missouri	\$94.05
South Carolina	\$46.56	Mississippi	\$79.98
Delaware	\$34.00	Louisiana	\$57.51
Missouri	\$33.33	Texas	\$51.80
Georgia	\$27.49		
Illinois	\$24.77	Medium Grain Rice	
Florida	\$24.36	Arkansas	\$94.51
Maryland	\$15.59	California	\$82.00
Indiana	\$13.39	Louisiana	\$40.05
Ohio	\$12.97		
New Jersey	\$12.10	Corn	
Louisiana	\$9.29	Virginia	\$39.38
West Virginia	\$7.54		
Iowa	\$7.16	Soybeans	
Tennessee	\$0.96	New Jersey	\$6.09
		West Virginia	\$3.02
Oats		Barley	
Colorado (irrig. ^C)	\$21.52	Maryland	\$54.94
Virginia	\$18.32	Delaware	\$51.79
Missouri	\$18.16	Virginia	\$38.30
Iowa	\$12.20	Indiana	\$35.31
North Carolina	\$10.70	Illinois	\$35.00
Oregon (irrig. ^C)	\$8.32	New Jersey	\$34.69
Alabama	\$6.51	North Carolina (irrig. ^C)	\$26.96
South Carolina	\$4.69	Wisconsin	\$20.27
Wisconsin	\$4.46	Nebraska	\$18.68
Maryland	\$4.31	South Dakota	\$11.37
Illinois	\$3.95	Kentucky	\$9.03
Indiana	\$3.80	Missouri	\$7.24
West Virginia	\$1.37	Iowa	\$6.40
Oklahoma	\$0.93	Pennsylvania	\$0.28
Canola			
Wisconsin	\$35.65		

NOTES: A. Per acre state payment rates are final for all crops except rice. B. The state payment is adjusted for the 83.3% payment factor. C. irrig. = irrigation