

Supplemental Revenue Assistance: The New (SURE) Program

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Presentation Objectives

- Introduce the new SURE Program available for the 2008 through 2012 crops
- Summarize how the SURE program will work and provide payment examples
- Note the deadlines of Sept. 16th and Sept. 30th, 2008 that impact potential SURE payments for 2008 and 2009
- Highlight the On-line Calculators and Required Actions to be made regarding SURE

Overview of SURE

- New program within the Food, Conservation & Security Act of 2008
- “Add-on” coverage to crop revenue insurance
- All crops, not individual crops
- Administered by the Farm Service Agency (FSA)
- In place through the 2012 crop year

Source: ISU Extension Economics, September 2008.

New Permanent Disaster Programs

- Fleet of 5 programs in the 2008 Farm Law
 - Emergency Assistance for Livestock, Honey Bees, and Farm-Raised Fish (ELAP)
 - Livestock Forage Disaster Program (LFP)
 - Livestock Indemnity Program (LIP)
 - Supplemental Revenue Assistance Program (SURE)
 - Tree Assistance Program (TAP)
- Collectively these program are called the Supplemental Agriculture Disaster Assistance programs

Source: ISU Extension Economics, September 2008.

Supplemental Revenue Assistance Payments Program (SURE)

- Provides payments to producers in disaster counties for crop losses
- Based on crop insurance program, non-insured crop assistance program, and disaster declarations
- Whole-farm revenue protection, not commodity-specific

Source: ISU Extension Economics, September 2008.

SURE Payment Requirements

To be eligible for a SURE payment, all crops on all farms must be insured with one of the following policies.

- APH: Actual Production History, Yield Insurance
- RA-Basic: Revenue Insurance without an increasing Guarantee
- RA-HPO/CRC: Revenue Insurance with an increasing guarantee if fall price increases
- Catastrophic Coverage: Catastrophic Coverage at 50% of APH Yield and 55% of Indemnity Price
- NAP: Non-Insured Crop Disaster Program available through County FSA Offices
- GRP/GRIP: Group policies for which SURE coverage is not yet available

Source: ISU Extension Economics, September 2008.

Standard Coverage or CAT/NAP

- Standard multiple peril policies
 - (yield, revenue, individual or group)
- Catastrophic (CAT)
 - 50% guarantee @ 55% of the indemnity price
- Noninsured Assistance Program (NAP)
 - for non-insurable crops, including pasture

For 2008, producers can “buy in” by paying the CAT fee on insured crops and/or the NAP fee on uninsured 2008 crops to be eligible for SURE. This must be done on or before Sept. 16th, 2008.

Source: ISU Extension Economics, September 2008.

SURE Requirements

- Declared “disaster county” by Secretary of Agriculture or contiguous to one
- or
- Farm with losses exceeding 50% of normal production in a calendar year

ALL CROPS MUST BE INSURED

Source: ISU Extension Economics, September 2008.

For 2008 Only

- Can pay CAT or NAP “buy in” fee to FSA on or before September 16th, 2008
- Fee consists of \$100 per crop, maximum of \$300 per county and \$900 per farmer for CAT and NAP (each)
- No insurance coverage, but eligible for SURE payment

Source: ISU Extension Economics, September 2008.

2009 through 2012

- For 2009 and beyond, producers need to purchase crop insurance and/or non-insurable crop disaster assistance coverage for all eligible crops
- The Spring Crop Deadline is March 15th prior to planting
- Since all Crops must be covered, the September 30th Deadline is required to insure Winter Wheat, Rye and Forage Crops (alfalfa, alfalfa/grass and red clover in Iowa)

Source: ISU Extension Economics, September 2008.

Under SURE Guarantees Increase by 15%

- Adds 15% to value of crop insurance guarantee
- Maximum is 90% of expected revenue
- Combined for all crops and acres

70%	80.5%
75%	86.25%
80%	90%
85%	90%

Source: ISU Extension Economics, September 2008.

Yields Used for SURE

- Use higher of crop insurance proven yield (APH) or counter-cyclical payment base yield
- If APH yield uses “plug” yields (60% of T-yield) then these are not used for SURE

Source: ISU Extension Economics, September 2008.

SURE Guarantee

- Farm guarantee is the sum of
 - $115\% * \text{Crop insurance price election} * \text{Crop insurance coverage level} * \text{Planted acres} * \text{Max (APH or CCP yield)}$, for insurable commodities

and

- $120\% * \text{NCAP price election} * \text{Planted acres} * \text{Max (NAP or CCP yield)}$, for non-insurable commodities

Source: ISU Extension Economics, September 2008.

SURE Expected Farm Revenues

- Expected farm revenue is the sum of
 - $\text{Maximum (APH or CCP yield)} * \text{Planted acres} * 100\%$ of the crop insurance price for insurable commodities

and

- 100% of NCAP yield * 100% of NAP price * Planted acres for non-insurable commodities

Source: ISU Extension Economics, September 2008.

SURE Actual Revenue Base

- Yields used for insurance purposes
- Marketing year average cash price
 - Sept. 1st, 2008 through August 31st, 2009 for the 2008 crop
 - Similar Sept. 1st through August 31st in subsequent years
- Harvested acres to be used

Source: ISU Extension Economics, September 2008.

SURE Actual Farm Revenues

- Actual farm revenue is the sum of
 - Harvested acres*Farm yield*National season-average price for all commodities
 - + 15% of direct payments
 - + All CCP or ACRE payments
 - + All marketing loan benefits
 - + All crop insurance or NCAP payments
 - + Any other disaster assistance payments

Source: ISU Extension Economics, September 2008.

SURE Payments

- Payments set as the minimum of
 - 60% of the difference between farm guarantee and actual farm revenue
 - or
 - 90% of expected farm revenue
- Payments limited to \$100,000 per spouse
- Payments not known until end of the marketing year (after Aug. 31st)

Source: ISU Extension Economics, September 2008.

SURE Guarantee Example - Corn



- **Crop Insurance (Basic RA)**
 - 75% guarantee
 - 160 bu/A APH yield
 - \$5.40 indemnity price
 - \$648 per acre guarantee
- **SURE Guarantee**
 - $\$648 + 15\% = \$745.20/\text{A}$ guarantee

Source: ISU Extension Economics, September 2008.

SURE Payment Example - Corn

- Actual yield is 120 bu. per acre
- 2008 marketing year price is \$5.00
- Actual revenue is \$600 per acre
- Plus 15% of \$20 FSA direct payment (\$3)
- Equals \$603 Actual Revenue
- Shortfall = \$745.20 - \$603 = \$142.20
- Payment = \$142.20 X 60% = \$85.32/A

Source: ISU Extension Economics, September 2008.

Remember---

- SURE payments are based on revenue guarantees and actual revenues summed for:
 - All crops
 - All eligible counties

Source: ISU Extension Economics, September 2008.

Questions Remain About SURE

- How is the SURE guarantee affected by:
 - Increasing insurance guarantee (CRC, RA-HPO)
 - Decreased insurance guarantee (late planting)
 - Group policies (GRP, GRIP)
- How is the APH yield adjusted for “plugs”?
- How are pasture yield and price arrived at?

Source: ISU Extension Economics, September 2008.

On-Line Calculators Available

- Estimate potential payments
 - ISU Ag Decision Maker SURE calculator
www.extension.iastate.edu/agdm/
 - USDA SURE calculator
www.fsa.usda.gov/Internet/FSA_File/sure_calculator.xls
www.fsa.usda.gov/Internet/FSA_File/calculator_instructions.pdf
- Note that Calculators
 - are limited to yield based crops
 - do not address value loss crop, prevented planting, double cropping, and several other scenarios

Source: ISU Extension Economics, September 2008.



Required Actions for SURE

- First find out if you are in an eligible county
- Consider Payment of CAT and/or NAP “buy in” fees on 2008 crops
- This “buy-in” payment must be paid by September 16th, 2008 at your County FSA Office
- If you are considering SURE for the 2009 crops, determine whether to “insure” winter wheat, rye or forage crops by Sept. 30th, 2008.

Source: ISU Extension Economics, September 2008.

Thank You!

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[www.extension.iastate.edu/polk/
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