Farmers are encouraged to finalize their enrollment decisions for the USDA’s Direct & Counter-Cyclical Payment (DCP) and the Average Crop Revenue Election (ACRE) programs. The ACRE sign-up period will end on June 3, 2013 and the DCP sign-up period will end on August 2, 2013.

However, Farm Service Agency officials are encouraging farmers to go to their county FSA office and sign up now. That will avoid the rush in June when county FSA offices will be busy with CRP sign-ups and planted acreage reporting.

The provisions for the Average Crop Revenue Election or ACRE program, and the Direct and Counter-cyclical Payment or DCP program are unchanged from 2012—with one exception. Producers who enrolled in ACRE during the 2009 through 2012 crop years are not obligated to remain in ACRE in 2013. On the other hand, producers who haven’t been enrolled in ACRE previously have a chance to sign up this year.

Each producer can choose to enroll each farm that he or she manages in either DCP or ACRE, regardless of which program the farm was enrolled in last year.

**ACRE Basics**

There are two gross revenue-per-acre triggers in effect under ACRE—one at the farm level and one at the state level. Actual revenues must be below both of the corresponding trigger levels for a payment to be made. Revenue triggers are based on recent national price levels and either farm level or state level yields. Each farm level trigger is different, but the state level trigger is the same for everyone.

The ACRE program does not allow the state trigger to increase or decrease more than 10% from one year to the next, however. For the past three years, increases in both the corn and soybean revenue trigger levels in Iowa have been limited by the 10% cap. Thus, they have not gone up as fast as prices and actual revenues.

State level trigger revenues for Iowa for the 2013 crop are currently projected to be $781 per acre for corn and $574 per acre for soybeans. Both of these are limited by the 10% cap, so even if the 2012 average marketing year prices change, the state trigger probably will not.

If the state average corn yield for 2013, reaches the trend line yield of 178 bushels per acre, for example, the marketing year price for the 2013 crop would have to average less than $4.39 per bushel to trigger an ACRE payment. On the other hand, if the 2013 state yield matches last year’s level of 137 bushels per acre, the marketing year price would only have to average less than $5.70 per bushel. Current futures contracts project a price somewhere between these levels.

A trend line soybean yield of 51 bushels per acre would require a marketing year price under $11.25 per bushel for revenue to be below the state trigger. A state yield equal to last year’s 44.5 bushel per acre would require the marketing year price to be below $12.90 per
bushel. Current futures contracts project a price somewhere between these levels.

**ACRE Payment Trigger Reductions**

ACRE payments are further limited to 25% of the state level trigger, which would equal $195 per acre for corn and $144 per acre for soybeans in 2013. Individual farm payments are adjusted up or down based on the historical ratio of the farm level yields to the state yield.

As in previous years, enrolling in ACRE reduces the farm’s direct payments by 20%. This amounts to an average of $5.73 per corn base acre and $2.71 per soybean base acre in Iowa.

Enrolling in ACRE also reduces the USDA marketing loan rate by 30%. This would affect only producers who store grain and use marketing loans for short term credit.

One possible scenario that would produce a payment under ACRE would be for Iowa to have a below-average crop in 2013 and other corn and soybean producing states to enjoy above-average production. Another possible scenario would be a significant loss of demand from exports, livestock feeding and biofuels production.

The late signup date of June 3 will allow producers to wait until weather effects during spring planting season are known before making a decision about ACRE. However, expect potential lines at the FSA offices handling ACRE sign-ups by June 3 and CRP sign-ups by June 14 along with those certifying planted acres.

Most producers who don’t enroll in ACRE program are expected to remain in the DCP program. The primary benefit to enrolling in the DCP for 2013 is that direct payments will be received. Payment rates will be similar as those received in 2012, and funds will be distributed in October.

Producers will also be eligible for loan deficiency payments and counter-cyclical payments, but the prices needed to trigger those programs are so low as to make them largely irrelevant for corn and soybean producers.

To analyze their individual signup decisions, producers can use the ACRE Payment Estimator, decision file A1-45 on the Ag Decision Maker website. For more information visit your county Farm Service Agency office.