



www.agmanager.info
abarnaby@agecon.ksu.edu
(785) 532.1515 (phone)
(785) 532.6925 (fax)

G.A. "Art" Barnaby Jr.

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Estimated 2009 ACRE payments for Selected Winter Wheat States¹

The 2009 wheat ACRE guarantee is now official based on a \$6.63 strike price. The state yields are also official for wheat. The county "plug" yields to replace yields that farmers cannot prove are now located on the Farm Service Agency (FSA) WEB site. However, for farmers with yields higher than the plug yields it will be to their benefit to prove yields. It is more complicated than just showing up at the FSA office with aph crop insurance yields. The aph units are different than the farm serial numbers. Also under crop insurance when land is purchased under some conditions the new owner(s) can use their history from other land they farm to set the aph. Landlords can often use some of the tenant's history to establish an aph.

The Risk Management Agency (RMA) underwriting rules for proving yield are complicated and the top insurance agents will always work to get their clients the best aph. Many agents earn their commissions because neither I nor most farmers are an expert on interpreting the underwriting rules on aph's and units. However, it is unclear how FSA will prove yields if it is new land ownership or many other variations in land ownership.

For example in Garfield, Oklahoma the county plug yields for years: 2004, 36.9 bu.; 2005, 28.7 bu.; 2006, 31.1 bu.; 2007, 17.6 bu.; and 2008, 36.8 bushel. Farmers with no records would have an Olympic average yield of 32.2 based on the county numbers. A

¹Prepared by G. A. (Art) Barnaby, Jr., Professor, Department of Agricultural Economics, K-State Research and Extension, Kansas State University, Manhattan, KS 66506, July 2, 2009, Phone 785-532-1515, e-mail – barnaby@ksu.edu.

50 bushel yield is not uncommon in this county, so it is clear that some farmers will be able to prove yields greater than 32.2 bushels. This is important because if they prove a higher yield they will receive a greater share of the expected Oklahoma wheat ACRE payment. Because of the freeze damage, most of the Garfield county wheat farmers will be able to meet the farm level benchmark, especially after they add their crop insurance premiums to the calculation. However, if a farmer could prove a 42 bushel yield then it would make it easier to meet the farm level benchmark in the following years. If this farmer doesn't prove yield then he starts at a disadvantage because he is more likely to have a yield above the county average yield when his real expected yield is 42 bushels and that would prevent an ACRE payment. The farm level benchmark test will not trigger an ACRE payment, it can only prevent a payment.

The Bottom Line Forecast. Any expected payment is based on the 2009 yield forecast and the 2009/10 weighted national average price, because all of the other numbers are final for wheat. For winter wheat, National Agricultural Statistics (NASS) has published a preliminary estimate of state yields. It is reasonable to assume this number will change before the final number is published that will settle ACRE claims, but the adjustment is likely to only change by a bushel or two. Therefore, the 2009 wheat is technically a forecast but one that would have only a small error, as compared to the forecasted 2009 yields for fall harvested crops. For example, I expect the final 2009 yield for Kansas wheat will likely exceed the preliminary NASS estimate of 39.7 bushels. My speculation is based on press reports of some exceptional Kansas wheat yields and while it doesn't affect the ACRE calculation, test weights over 60 pounds!

The other half of the forecast that will settle ACRE claims is the 2009/10 price forecast. KSU estimates have continued to be posted but there is no reason to sign up before August 14 (or at least a few days before August 14) because the market outlook could change. More importantly, historically by August over 40% of the NASS wheat price is determined because it is a weighted monthly average price. The weights are based on the percent of the total crop sold in the month. The largest wheat weights normally are in June, July, and August so those 3 monthly prices have a greater impact on the NASS national average price. There have been years when over 50% of the NASS price was locked in by August.

Is this Risk Management? In Oklahoma, it is the equivalent of "the house is on fire" so do farmers want to buy insurance? By August, Oklahoma farmers will have a good idea of how much of the "house has already burned". While I doubt many farmers care about this academic argument, buying insurance after the "house is on fire" does not meet my test for risk management. Therefore, on wheat the question is will ACRE likely pay, otherwise one would think most farmers will take the direct payment. If it is clear that ACRE will not pay, then a small direct payment is better than no payment and the "fire" has or has not already happened.

Analysis was completed on winter wheat for Kansas, Oklahoma, Texas, Colorado, and Nebraska (tables below). Based on the preliminary NASS yields, Colorado would require a NASS wheat price below \$4.73 to trigger a one cent payment, and below \$3.55

to generate the maximum ACRE payment (table 4). The trigger on the Counter Cyclical (CC) is \$3.40, so if the market were to fall apart to the point of causing a maximum Colorado wheat ACRE payment, then CC payments might also trigger. Remember, those farmers in ACRE eliminate the CC payment and their loan rate is reduced by 30%. Therefore the market will need to decline by about a dollar to trigger wheat ACRE payments in Colorado. As a result, one would expect few Colorado wheat farmers to elect ACRE and they can sign up next year. If they sign up next year, then they only forego 3 years of reduced direct payments.

At the other extreme is Oklahoma wheat. Based on the preliminary NASS yields, Oklahoma would require a NASS wheat price below \$9.42 to trigger a one cent payment, and below \$7.07 to generate the maximum ACRE payment (table 2). That would require more than a dollar increase in the market to prevent the maximum payment in Oklahoma and price increase of nearly \$3 to eliminate the payment. A price above \$7 is very unlikely but the estimate will be more solid by August 14. A forecast of a maximum ACRE payment on Oklahoma wheat is about as close to a “guarantee” as anyone could expect from an economist. About the only thing that might impact the payment is under reporting of failed acres, but I think this is a very small risk. I will be very surprised if a large number of North Central Oklahoma wheat farmers don’t elect ACRE. The expected ACRE payment is so much larger than a 20% reduction in the direct payment over the 4 year life of the current Farm Bill.

The KSU current estimate of \$5.88 for the NASS 2009/10 wheat price will be updated after NASS publishes the price for June and the first half of July on July 30. The price will then be updated with current prices and posted by KSU. While it will not be reported by NASS because of the time delay, historically over 40% of the NASS wheat price is determined in the first 3 months of the marketing year, June, July and August.

The marketing year doesn’t start for corn, soybeans and grain sorghum until September 1, so the estimation error will be much larger on both price and yield. This is more of risk management question because farmers do not know if the “house is on fire” yet. In any case by August 14, there will be corn progress reports and obviously more market information, than would be the case if signup were prior to June 1 as will be the case for next year.

Webinar Being Planned for August 4. KSU is planning an ACRE webinar for Tuesday, August 4, 2009. The KSU webinar will focus on the simple question; **will ACRE likely pay this year in my state and on my crop?** KSU will provide its latest “market guess” based on current futures and NASS price reports. Analysis, similar to the tables below will be provided on a number of crops and selected number of states. Also under consideration will be irrigated versus non-irrigated corn. Kansas and Oklahoma will be covered but other states will be included, depending on the states represented by those farmers who enroll in the webinar. We expect to post registration and details on AgManager.info after the July 4 holiday. Troy Dumler and I will make the presentation but questions on enrollment and computer requirements should be directed to **Rich Llewelyn; email rvl@ksu.edu or phone 785.532.1504.** The webinar will require a registration fee and participants will be able to enroll on line after the July 4 holiday.

Table 1. Kansas Wheat Estimated 2009/10 ACRE Payment

Year	Plant- ed Acres ¹ (000)	Harv- ested Acres ¹ (000)	% of Plant Acres Not Harv- ested	Acres Not Harv- ested (000)	FSA Failed Acres ² (000)	% of Unhar- vested Acres FSA Con- siders Failed	Produc- tion (000)	NASS Plant Yd	Harvt Yld	% Re- duce for NASS Plant Ac.	AC RE Yd	% Re- duce for FSA Failed Ac.
1995	11,700	11,000	6.0%	700	119.5	17.1%	286,000	24.4	26.0	6.0%	25.7	1.1%
1996	11,800	8,800	25.4%	3,000	1,264.3	42.1%	255,200	21.6	29.0	25.4%	25.4	12.6%
1997	11,400	10,900	4.4%	500	25.1	5.0%	501,400	44.0	46.0	4.4%	45.9	0.2%
1998	10,700	10,100	5.6%	600	30.8	5.1%	494,900	46.3	49.0	5.6%	48.9	0.3%
1999	10,000	9,200	8.0%	800	96.6	12.1%	432,400	43.2	47.0	8.0%	46.5	1.0%
2000	9,800	9,400	4.1%	400	102.2	25.5%	347,800	35.5	37.0	4.1%	36.6	1.1%
2001	9,800	8,200	16.3%	1,600	875.7	54.7%	328,000	33.5	40.0	16.3%	36.1	9.6%
2002	9,700	8,200	15.5%	1,500	683.0	45.5%	270,600	27.9	33.0	15.5%	30.5	7.7%
2003	10,500	10,000	4.8%	500	51.1	10.2%	480,000	45.7	48.0	4.8%	47.8	0.5%
2004	10,000	8,500	15.0%	1,500	694.2	46.3%	314,500	31.5	37.0	15.0%	34.2	7.6%
2005	10,000	9,500	5.0%	500	30.8	6.2%	380,000	38.0	40.0	5.0%	39.9	0.3%
2006	9,800	9,100	7.1%	700	56.1	8.0%	291,200	29.7	32.0	7.1%	31.8	0.6%
2007	10,400	8,600	17.3%	1,800	113.0	40.4% ³	283,800	27.3	33.0	17.3%	32.6	1.3%
2008	9,600	8,900	7.3%	700	185.8	26.5%	356,000	37.1	40.0	7.3%	39.2	2.0%
2009	9,000	8,500	5.6%	500	72.0	14.4% ⁴	340,000	37.8	40.0	5.6%	39.7	0.8%

ACRE Strike Price ⁵	Oly- mpic Yield	2009 90% Revenue Guarantee	2009 ACRE State Yield ⁴	2009 09/10 Est. Price ⁶	\$ to Count	Gross Pymt	25% Max Payment	Final Payment ⁷
6.63	35.3	\$210.64	39.7	5.88	233.23	\$0.00	\$52.66	\$0.00

Assumed 2009 Yield Forecast is Correct then:

Maxmium Price to Eliminate ACRE Payment **\$5.31**

Minmium Price to Maximize ACRE Payment **\$3.98**

Assumed 2009 Price Forecast is Correct then:

Maxmium Yield to Eliminate ACRE Payment **35.8**

Minmium Yield to Maximize ACRE Payment **26.9**

¹National Agricultural Statistics Service (NASS) published crop data.

²Farm Service Agency (FSA) determines the number of failed acres that historically have been less than the number of unharvested acres. The ACRE yield equals total production divided by NASS harvested acres plus FSA failed acres.

³In years when a large percentage of acres are unharvested, it is likely there will also be a large number of FSA failed acres. However, only failed acres reported by farmers to FSA are counted as failed acres, therefore KSU replaced the failed acres with an estimate.

⁴The estimated percentage of unharvested acres that are classified by FSA as failed acres is a KSU estimate. The percentage of FSA failed acres is multiplied by the NASS unharvested acres, that generates the KSU estimated 2009/10 state ACRE yield.

⁵The ACRE strike price is the average of 2007/08 and 2008/09 published NASS weighted national average price.

⁶The weighted national average 2009/10 price will be used to settle ACRE claims. The marketing year starts June 1 for wheat and September 1 for corn, soybeans and grain sorghum. Therefore, the KSU estimated 2009/10 price is being forecasted for more than a year ahead and will have a large amount of error.

⁷Calculated gross payment is based the payment acres. The average payment across all base acres will be 83.3% of the gross payment assuming the full base is planted.

Table 2. Oklahoma Wheat Estimated 2009/10 ACRE Payment

Year	Plant- ed Acres ¹ (000)	Har- vested Acres ¹ (000)	% of Plant Acres Not Har- vested	Acres Not Har- vested (000)	FSA Failed Acres ² (000)	% of Unhar- vested Acres FSA Con- siders Failed	Produc- tion (000)	NASS		% Re- duce for NASS Plant Ac.	% Re- duce for AC RE Yd	% Re- duce for FSA Failed Ac.
								Plant Yd	Harvt Yd			
1995	6,800	5,200	23.5%	1,600	171.6	10.7%	109,200	16.1	21.0	23.5%	20.3	3.2%
1996	6,800	4,900	27.9%	1,900	433.0	22.8%	93,100	13.7	19.0	27.9%	17.5	8.1%
1997	6,700	5,300	20.9%	1,400	38.8	2.8%	169,600	25.3	32.0	20.9%	31.8	0.7%
1998	6,600	5,100	22.7%	1,500	7.6	0.5%	198,900	30.1	39.0	22.7%	38.9	0.1%
1999	6,400	4,300	32.8%	2,100	73.7	3.5%	150,500	23.5	35.0	32.8%	34.4	1.7%
2000	6,100	4,200	31.1%	1,900	106.0	5.6%	142,800	23.4	34.0	31.1%	33.2	2.5%
2001	5,600	3,700	33.9%	1,900	313.0	16.5%	122,100	21.8	33.0	33.9%	30.4	7.8%
2002	6,200	3,700	40.3%	2,500	304.4	12.2%	103,600	16.7	28.0	40.3%	25.9	7.6%
2003	6,700	4,600	31.3%	2,100	45.2	2.2%	179,400	26.8	39.0	31.3%	38.6	1.0%
2004	6,200	4,700	24.2%	1,500	73.2	4.9%	164,500	26.5	35.0	24.2%	34.5	1.5%
2005	5,700	4,000	29.8%	1,700	18.6	1.1%	128,000	22.5	32.0	29.8%	31.9	0.5%
2006	5,700	3,400	40.4%	2,300	60.6	2.6%	81,600	14.3	24.0	40.4%	23.6	1.8%
2007	5,900	3,500	40.7%	2,400	24.1	8.8% ³	98,000	16.6	28.0	40.7%	27.8	0.7%
2008	5,600	4,500	19.6%	1,100	6.9	0.6%	166,500	29.7	37.0	19.6%	36.9	0.2%
2009	6,100	3,500	42.6%	2,600	251.1	9.7% ⁴	73,500	12.0	21.0	42.6%	19.6	6.7%

ACRE Strike Price ⁵	Oly- mpic Yield	2009 90% Revenue Guarantee	2009 ACRE State Yield ⁴	2009 09/10 Est. Price ⁶	\$ to Count	Gross Pymt	25% Max Payment	Final Payment ⁷
6.63	31.4	\$187.36	19.6	5.88	115.21	\$72.15	\$46.84	\$46.84

Assumed 2009 Yield Forecast is Correct then:

Maxmium Price to Eliminate ACRE Payment **\$9.56**

Minmium Price to Maximize ACRE Payment **\$7.17**

Assumed 2009 Price Forecast is Correct then:

Maxmium Yield to Eliminate ACRE Payment **31.9**

Minmium Yield to Maximize ACRE Payment **23.9**

¹National Agricultural Statistics Service (NASS) published crop data.

²Farm Service Agency (FSA) determines the number of failed acres that historically have been less than the number of unharvested acres. The ACRE yield equals total production divided by NASS harvested acres plus FSA failed acres.

³The estimated percentage of unharvested acres that are classified by FSA as failed acres is a KSU estimate. The percentage of FSA failed acres is multiplied by the NASS unharvested acres, that generates the KSU estimated 2009/10 state ACRE yield.

⁴The ACRE strike price is the average of 2007/08 published NASS weighted national average price and the KSU estimated 2008/09 weighted national average price. The 2008/09 NASS prices are nearly complete, therefore an error should be small.

⁵The weighted national average 2009/10 price will be used to settle ACRE claims. The marketing year starts June 1 for wheat and September 1 for corn, soybeans and grain sorghum. Therefore, the KSU estimated 2009/10 price is being forecasted for more than a year ahead and will have a large amount of error.

⁷ Calculated gross payment is based the payment acres. The average payment across all base acres will be 83.3% of the gross payment assuming the full base is planted.

Table 3. Texas Wheat Estimated 2009/10 ACRE Payment

Year	Plant- ed Acres ¹ (000)	Harv- ested Acres ¹ (000)	% of Plant Acres Not Harv- ested	Acres Not Harv- ested (000)	FSA Failed Acres ² (000)	% of Unhar- vested Acres FSA Con- siders Failed	Produc- tion (000)	NASS		% Re- duce for NASS Plant Ac.	% Re- duce for AC RE Yd	% Re- duce for FSA Failed Ac.
								Plant Yd	Harvt Yd			
1995	5,800	2,800	51.7%	3,000	582.1	19.4%	75,600	13.0	27.0	51.7%	22.4	17.2%
1996	6,000	2,900	51.7%	3,100	943.0	30.4%	75,400	12.6	26.0	51.7%	19.6	24.5%
1997	6,300	4,100	34.9%	2,200	109.5	5.0%	118,900	18.9	29.0	34.9%	28.2	2.6%
1998	6,100	3,900	36.1%	2,200	64.9	2.9%	136,500	22.4	35.0	36.1%	34.4	1.6%
1999	6,200	3,400	45.2%	2,800	476.7	17.0%	122,400	19.7	36.0	45.2%	31.6	12.3%
2000	6,000	2,200	63.3%	3,800	1,754.2	46.2%	66,000	11.0	30.0	63.3%	16.7	44.4%
2001	5,600	3,200	42.9%	2,400	243.8	10.2%	108,800	19.4	34.0	42.9%	31.6	7.1%
2002	6,400	2,700	57.8%	3,700	708.5	19.1%	78,300	12.2	29.0	57.8%	23.0	20.8%
2003	6,600	3,450	47.7%	3,150	310.9	9.9%	96,600	14.6	28.0	47.7%	25.7	8.3%
2004	6,300	3,500	44.4%	2,800	365.9	13.1%	108,500	17.2	31.0	44.4%	28.1	9.5%
2005	5,500	3,000	45.5%	2,500	59.3	2.4%	96,000	17.5	32.0	45.5%	31.4	1.9%
2006	5,550	1,400	74.8%	4,150	773.7	51.4% ³	33,600	6.1	24.0	74.8%	15.5	35.6%
2007	6,200	3,800	38.7%	2,400	73.3	3.1%	140,600	22.7	37.0	38.7%	36.3	1.9%
2008	5,800	3,300	43.1%	2,500	371.5	14.9%	99,000	17.1	30.0	43.1%	27.0	10.1%
2009	6,100	2,400	60.7%	3,700	1,230.4	33.3% ⁴	64,800	10.6	27.0	60.7%	17.8	33.9%

2009								
ACRE Strike Price ⁵	Oly- mpic Yield	90% Revenue Guarantee	ACRE State Yield ⁴	09/10 Est. Price ⁶	\$ to Count	Gross Pymt	25% Max Payment	Final Payment ⁷
6.63	28.8	\$171.85	17.8	5.88	104.95	\$66.90	\$42.96	\$42.96

Assumed 2009 Yield Forecast is Correct then:

Maxmium Price to Eliminate ACRE Payment **\$9.63**

Minmium Price to Maximize ACRE Payment **\$7.22**

Assumed 2009 Price Forecast is Correct then:

Maxmium Yield to Eliminate ACRE Payment **29.2**

Minmium Yield to Maximize ACRE Payment **21.9**

¹National Agricultural Statistics Service (NASS) published crop data.

²Farm Service Agency (FSA) determines the number of failed acres that historically have been less than the number of unharvested acres. The ACRE yield equals total production divided by NASS harvested acres plus FSA failed acres.

³In years when a large percentage of acres are unharvested, it is likely there will also be a large number of FSA failed acres. However, only failed acres reported by farmers to FSA are counted as failed acres, therefore KSU replaced the failed acres with an estimate.

⁴The estimated percentage of unharvested acres that are classified by FSA as failed acres is a KSU estimate. The percentage of FSA failed acres is multiplied by the NASS unharvested acres, that generates the KSU estimated 2009/10 state ACRE yield.

⁵The ACRE strike price is the average of 2007/08 and 2008/09 published NASS weighted national average price.

⁶The weighted national average 2009/10 price will be used to settle ACRE claims. The marketing year starts June 1 for wheat and September 1 for corn, soybeans and grain sorghum. Therefore, the KSU estimated 2009/10 price is being forecasted for more than a year ahead and will have a large amount of error.

⁷Calculated gross payment is based the payment acres. The average payment across all base acres will be 83.3% of the gross payment assuming the full base is planted.

Table 4. Colorado Wheat Estimated 2009/10 ACRE Payment

Year	Plant- ed Acres ¹ (000)	Harv- ested Acres ¹ (000)	% of Plant Acres Not Harv- ested	Acres Not Harv- ested (000)	FSA Failed Acres ² (000)	% of Unharv- ested Acres FSA Con- siders Failed	Produc- tion (000)	NASS		% Re- duce for NASS Plant Ac.	% Re- duce for AC RE Yd	% Re- duce for FSA Failed Ac.
								Plant Yd	Harvt Yd			
1995	2,940	2,738	6.9%	202	24.5	12.1%	105,260	35.8	38.4	6.9%	38.1	0.9%
1996	2,870	2,268	21.0%	602	350.4	58.2%	75,500	26.3	33.3	21.0%	28.8	13.4%
1997	3,053	2,750	9.9%	303	39.5	13.0%	90,100	29.5	32.8	9.9%	32.3	1.4%
1998	2,812	2,610	7.2%	202	29.7	14.7%	103,470	36.8	39.6	7.2%	39.2	1.1%
1999	2,653	2,450	7.7%	203	74.4	36.6%	107,200	40.4	43.8	7.7%	42.5	2.9%
2000	2,548	2,396	6.0%	152	32.5	21.4%	71,370	28.0	29.8	6.0%	29.4	1.3%
2001	2,397	2,044	14.7%	353	249.3	70.6%	69,168	28.9	33.8	14.7%	30.2	10.9%
2002	2,375	1,670	29.7%	705	416.4	59.1%	38,100	16.0	22.8	29.7%	18.3	20.0%
2003	2,630	2,229	15.2%	401	282.0	70.3%	78,160	29.7	35.1	15.2%	31.1	11.2%
2004	2,315	1,714	26.0%	601	471.2	78.4%	46,880	20.3	27.4	26.0%	21.5	21.6%
2005	2,570	2,219	13.7%	351	100.2	28.5%	54,035	21.0	24.4	13.7%	23.3	4.3%
2006	2,170	1,919	11.6%	251	102.2	40.7%	41,515	19.1	21.6	11.6%	20.5	5.1%
2007	2,520	2,369	6.0%	151	66.3	22.5% ³	92,980	36.9	39.2	6.0%	38.2	2.7%
2008	2,190	1,936	11.6%	254	143.5	56.5%	59,700	27.3	30.8	11.6%	28.7	6.9%
2009	2,530	2,300	9.1%	230	72.6	31.6% ⁴	73,500	29.1	32.0	9.1%	31.0	3.1%

2009								
ACRE Strike Price ⁵	Oly- mpic Yield	90% Revenue Guarantee	ACRE State Yield ⁴	09/10 Est. Price ⁶	\$ to Count	Gross Pymt	25% Max Payment	Final Payment ⁷
6.63	24.5	\$146.19	31.0	5.88	182.15	\$0.00	\$36.55	\$0.00

Assumed 2009 Yield Forecast is Correct then:

Maxmium Price to Eliminate ACRE Payment **\$4.72**

Minmium Price to Maximize ACRE Payment **\$3.54**

Assumed 2009 Price Forecast is Correct then:

Maxmium Yield to Eliminate ACRE Payment **24.9**

Minmium Yield to Maximize ACRE Payment **18.6**

¹National Agricultural Statistics Service (NASS) published crop data.

²Farm Service Agency (FSA) determines the number of failed acres that historically have been less than the number of unharvested acres. The ACRE yield equals total production divided by NASS harvested acres plus FSA failed acres.

³In years when a large percentage of acres are unharvested, it is likely there will also be a large number of FSA failed acres. However, only failed acres reported by farmers to FSA are counted as failed acres, therefore KSU replaced the failed acres with an estimate.

⁴The estimated percentage of unharvested acres that are classified by FSA as failed acres is a KSU estimate. The percentage of FSA failed acres is multiplied by the NASS unharvested acres, that generates the KSU estimated 2009/10 state ACRE yield.

⁵The ACRE strike price is the average of 2007/08 and 2008/09 published NASS weighted national average price.

⁶The weighted national average 2009/10 price will be used to settle ACRE claims. The marketing year starts June 1 for wheat and September 1 for corn, soybeans and grain sorghum. Therefore, the KSU estimated 2009/10 price is being forecasted for more than a year ahead and will have a large amount of error.

⁷Calculated gross payment is based the payment acres. The average payment across all base acres will be 83.3% of the gross payment assuming the full base is planted.

Table 5. Nebraska Wheat Estimated 2009/10 ACRE Payment

Year	Plant- ed Acres ¹ (000)	Har- vested Acres ¹ (000)	% of Plant Acres Not Har- vested	Acres Not Har- vested (000)	FSA Failed Acres ² (000)	% of Unhar- vested Acres FSA Con- siders Failed	Produc- tion (000)	NASS Plant Yd	NASS Harvt Yld	% Re- duce for NASS Plant Ac.	AC RE Yd	% Re- duce for FSA Failed Ac.
1995	2,150	2,100	2.3%	50	7.8	15.6%	86,100	40.0	41.0	2.3%	40.8	0.4%
1996	2,300	2,100	8.7%	200	129.1	64.5%	73,500	32.0	35.0	8.7%	33.0	5.8%
1997	2,000	1,900	5.0%	100	38.1	38.1%	70,300	35.2	37.0	5.0%	36.3	2.0%
1998	1,900	1,800	5.3%	100	20.8	20.8%	82,800	43.6	46.0	5.3%	45.5	1.1%
1999	1,900	1,700	10.5%	200	15.5	7.7%	81,600	42.9	48.0	10.5%	47.6	0.9%
2000	1,750	1,650	5.7%	100	25.0	25.0%	59,400	33.9	36.0	5.7%	35.5	1.5%
2001	1,750	1,600	8.6%	150	68.1	45.4%	59,200	33.8	37.0	8.6%	35.5	4.1%
2002	1,650	1,520	7.9%	130	32.9	25.3%	50,160	30.4	33.0	7.9%	32.3	2.1%
2003	1,900	1,820	4.2%	80	35.3	44.1%	83,720	44.1	46.0	4.2%	45.1	1.9%
2004	1,850	1,650	10.8%	200	41.6	20.8%	61,050	33.0	37.0	10.8%	36.1	2.5%
2005	1,850	1,760	4.9%	90	14.3	15.9%	68,640	37.1	39.0	4.9%	38.7	0.8%
2006	1,800	1,700	5.6%	100	15.9	15.9%	61,200	34.0	36.0	5.6%	35.7	0.9%
2007	2,050	1,960	4.4%	90	33.2	27.0% ³	84,280	41.1	43.0	4.4%	42.3	1.7%
2008	1,750	1,670	4.6%	80	30.4	38.0%	73,480	42.0	44.0	4.6%	43.2	1.8%
2009	1,700	1,600	5.9%	100	28.7	28.7% ⁴	73,500	43.2	45.9	5.9%	45.1	1.8%

ACRE Strike Price ⁵	Oly- mpic Yield	90% Revenue Guarantee	2009 ACRE State Yield ⁴	2009 09/10 Est. Price ⁶	\$ to Count	Gross Pymt	25% Max Payment	Final Payment ⁷
6.63	39.0	\$232.71	45.1	5.88	265.35	\$0.00	\$58.18	\$0.00

Assumed 2009 Yield Forecast is Correct then:

Maxmium Price to Eliminate ACRE Payment **\$5.16**

Minmium Price to Maximize ACRE Payment **\$3.87**

Assumed 2009 Price Forecast is Correct then:

Maxmium Yield to Eliminate ACRE Payment **39.6**

Minmium Yield to Maximize ACRE Payment **29.7**

¹National Agricultural Statistics Service (NASS) published crop data.

²Farm Service Agency (FSA) determines the number of failed acres that historically have been less than the number of unharvested acres. The ACRE yield equals total production divided by NASS harvested acres plus FSA failed acres.

³In years when a large percentage of acres are unharvested, it is likely there will also be a large number of FSA failed acres. However, only failed acres reported by farmers to FSA are counted as failed acres, therefore KSU replaced the failed acres with an estimate.

⁴The estimated percentage of unharvested acres that are classified by FSA as failed acres is a KSU estimate. The percentage of FSA failed acres is multiplied by the NASS unharvested acres, that generates the KSU estimated 2009/10 state ACRE yield.

⁵The ACRE strike price is the average of 2007/08 and 2008/09 published NASS weighted national average price.

⁶The weighted national average 2009/10 price will be used to settle ACRE claims. The marketing year starts June 1 for wheat and September 1 for corn, soybeans and grain sorghum. Therefore, the KSU estimated 2009/10 price is being forecasted for more than a year ahead and will have a large amount of error.

⁷Calculated gross payment is based the payment acres. The average payment across all base acres will be 83.3% of the gross payment assuming the full base is planted.