

AgNews



DELAWARE DEPARTMENT OF AGRICULTURE
2320 South DuPont Highway, Dover, DE 19901

To: Newsroom Directors and Assignment Editors

For Immediate Release: Contact Anne Fitzgerald
June 26, 2009 **800.282.8685 (DE only)**
302.698.4520
Number of pages: 2 **302.242.4092 (Cell)**

When Barnaby talks, farmers listen. August 10 workshop prepares for new farm program deadline

When Art Barnaby talks, farmers listen. For twenty years Barnaby has been the go to source for helping producers across the country understand how farm bills and farm policy interact with production and marketing risks. He will be in Delaware on August 10, at the Carvel Research and Education Center near Georgetown. The program runs from 8:30 am to 4:00 pm and is co-sponsored by the Delaware Department of Agriculture and USDA's Risk Management Agency (RMA). All farmers are invited. Attendees can reserve space by calling (877) 673-2767 to register.

He says he hopes to help producers understand how the new Farm Bill programs, Average Crop Revenue Election (ACRE) and the Supplemental Revenue Assistance Program (SURE), work and how to make sound decisions about using them. The agenda will include discussions of how a producer's crop insurance decisions affect the performance of the ACRE and SURE.

Barnaby is Professor of Ag Economics at Kansas State University. He is also the man who developed the Crop Revenue Coverage (CRC) insurance policy, which was the first, and still the most widely used, revenue insurance and one of the leading reasons why so many producers now carry higher levels of crop insurance protections.

"There is a lot of confusion about how ACRE works," he said, adding, "We know it is a combination of expected next year market prices and this year's crop state yield."

Not known are the details. The rules have still not been defined, but we know that ACRE is a four-year sign up and the deadline for signing up is August 14.

"We will all know a lot more about how the program works by August," said Barnaby. "We will know more about this year's expected crop state yield. We will know more about next year's expected prices. And the rules should be completed."

Farmers who do sign up for ACRE will be giving up 20% of Direct Payments.

Barnaby says that the more variable the yield is, the greater the ACRE payments probability is. State level irrigated yields have little variability.

-MORE-

Barnaby – P.2

If a farmer signs up for ACRE, every crop grown on the land with that farm serial number is included in the program. According to Barnaby, this might mean, that producers with more than one serial number may choose to sign up land where they will grow crops with greater odds of collecting ACRE payments and not sign up the serial numbers where crops are less likely to collect ACRE payments.

There is also the issue of under reporting of unharvested acres. In Kansas, Barnaby's State, "the 2007 wheat crop failure only had 6% unharvested acres counted by FSA as failed, when the real number was likely closer to 50%. Under reported acres will increase the 2009 state yield and reduce any ACRE payment."

One of the unexpected consequences of the ACRE program may be that it decreases crop rotation as producers may have incentives to grow the same crops on the same land for four years in a row.

All of these wrinkles, and lots more, will be explained by Art Barnaby August 10.

#