# Crop Revenue Guarantee Program Concept

- Results in less program and payment duplication.
- Reduces program complexity.
- More defensible to the public – pays only those who have suffered a loss.
- Reflects budget realities.
- Becomes effective for the 2013 crop year.

- Provides "shallow revenue loss" assistance due to reduced yields, quality and/or prices for program crops.
    - Combines SURE, ACRE and CCP programs and budgets.
    - Assumes a reduction in direct payments (50%).
    - Producer eligibility requires a 10% loss of revenue on a "whole farm" basis (producer "deductible").
    - Payments made on losses between 75% and 90% of expected historic revenue.
    - Requires the purchase of crop insurance/NAP.
    - Payments not based on the level of insurance purchased.

- Revenue Guarantee calculation – For all program crops in all counties the sum of:
    - 90%, times;
    - Actual planted plus prevented planted acres, not to exceed 100% of total program crop base acres. ("ghost acre" exception), times;
    - Higher of producer's 4-10 year APH for each crop, 5-year Olympic Average of APH yields or Counter-Cyclical Program yield, times;
    - 5-year Olympic Average of NASS prices
        - Floor price equal to current target price rates, ceiling price equal to ERS full cost of production.

- Actual Production Revenue Calculation – For all program crops in all counties the sum of:
    - Harvested acres, times;
    - Actual yield, times;
    - Average NASS price for first 4 months of the marketing year, adjusted for quality discounts as determined by the State FSA Committee, plus;
    - Federal crop insurance indemnities received net of producer paid premium, plus;
    - Other program crop payments – i.e. ad hoc disaster payments, direct payments, etc.

- Payment Calculation: the lesser of,
    - 70% times the difference between the revenue guarantee and actual production revenue, or;
    - 70% times the revenue guarantee less 83.3% of the revenue guarantee.
        - Only impacts producers who purchase buy-up coverage greater than 75%.
        - Limits payments to not more than 10.5% of expected total farm program crop revenue (i.e. 90% times 83.3% = 75% times 70% = 10.5%).

DRAFT