

## Conclusion

The ACRE program interacts with many variables at both the State and farm levels. Thus, the farmer's decision to enroll is a complicated one, and the overall budgetary implications of the program are difficult to predict.

Initial 2009 enrollment data indicate that about 8 percent of farms with almost 13 percent of eligible base acres elected to participate in ACRE. This initial number is less than expected given price- and yield-based analysis indicating that other costs to producers, namely initial learning and negotiation costs, may be large relative to expected ACRE payments.

The choice to enroll involves a farmer's best estimate of the market and localized trends. The ACRE program will be most attractive to producers whose crop yields are strongly correlated with State yields and to producers of crops with market prices not likely to fall below the marketing-loan rate. Corn, wheat, soybeans, and rice are the most likely crops to match those specifications.

An important difference between the ACRE program and 2002 Farm Act commodity programs is that ACRE payments can occur at much higher market prices than counter-cyclical payments and marketing-loan benefits. The change in prices or yield from previous years, not the absolute level, is the relevant factor for determining ACRE payments.

The ACRE program has potential for substantial payments in years of a large revenue decline. Unlike programs with legislated rates, the ACRE revenue target is not fixed, but rather is based on a moving average of national prices and State- and farm-level yields. These moving averages adjust ACRE payments with current market prices and yields, which both provides some insulation from persistent large payments due to declines in revenue in subsequent years and reflects changes in farm productivity.