The 2019 Market Facilitation Program (MFP)

On May 23, 2019, the US Secretary of Agriculture Sonny Perdue announced that there would be a new MFP program for 2019, but that program would be redesigned from the 2018 program. The biggest change is that the payments will not be crop specific. Instead they would be based on the calculation of total tariff damages by county divided by the acres planted within that county. Acres eligible for MFP payments cannot exceed 2018 plantings. The details on how the tariff damage estimates will be calculated were not released but the level of MFP payments is expected to be $14.5 billion, up from $8.5 billion in 2018. The 2019 payments will be distributed in three payments with the first payment expected in late July/August 2019, the second in November 2019, and the third in early 2020. The first payment is certain, but the second two payments depend upon whether a trade resolution with China can be reached. USDA has indicated that they expect the first payment to be larger than the second two payments rather than being evenly distributed.

Non-specialty crops covered by the 2019 MFP include alfalfa hay, barley, canola, corn, crambe, dry peas, extra-long staple cotton, flaxseed, lentils, long grain and medium grain rice, mustard seed, dried beans, oats, peanuts, rapeseed, safflower, sesame seed, small and large chickpeas, sorghum, soybeans, sunflower seed, temperate japonica rice, upland cotton, and wheat.

Since MFP payments are not specific to the type of crop a farmer plants, MFP payments do not need to be considered when deciding which crop to plant in 2019. However, there is uncertainty associated with whether farmers would receive MFP for prevented plantings. At the May 23, 2019, press conference, USDA indicated that farmers had to plant a crop in 2019 to receive MFP payments. However, Secretary Purdue has since said that USDA is evaluating if farmers filing for prevented planting coverage on crop insurance would be eligible for MFP payments.

Dairy and hog producers will also receive MFP payments. Dairy payments will be based on the producer’s production history while hog producers with receive payment based on a yet unspecified historical period for the producers hog and pig inventory.

Specialty crop producers including tree nut producers, sweet cherry producers, cranberry producers, and fresh grape producers will received payments based on 2019 acres of production.

In addition to direct MFP payments to farmers, USDA indicated they would spend $1.4 billion on the Food Purchase and Distribution Program to purchase surplus commodities for food banks, schools, and other outlets serving low-income individuals. These commodities will include fruits, vegetables, processed foods, beef, pork, lamb, poultry, and milk. Purchasing will occur in phases with the majority of purchases occuring in the first phase.

Finally, USDA will provide $100 million of additional funding to the Agricultural Trade Promotion Program.

The latest information on the MFP program is posted at https://www.farmers.gov/manage/mfp.

Contact: John Kruse, Ag Business and Policy state specialist, krusej@missouri.edu.