



## Mapping the Market Facilitation Program

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As of December 3, 2019, USDA reported \$10.33 billion in Market Facilitation Program (MFP) payments for 2019 (USDA, [farmers.gov](https://www.farmers.gov)), with payments being made in three tranches of 50% in August, 25% in late fall 2019, and 25% in early 2020. While the third tranche has not been paid there is no indication to suggest it will not be paid. This article maps 2019 MFP payment rates (\$/acre), and estimated payment averages (\$/acre) by county for MFP in 2018, comparing the changes and shifts in support across both years.

### Background

The Market Facilitation Program (MFP) was created by the Trump Administration's USDA in response to the tariff conflict it initiated in 2018 and has continued to date (see e.g., *farmdoc daily*, [July 30, 2019](#); [November 21, 2019](#)). The 2019 payment rates for non-specialty commodities vary across U.S. counties on a per-acre basis, ranging from \$15 per acre to \$150 per acre.

USDA provided an explanation of its methodology for the county payment rates on August 22, 2019 (USDA, Office of the Chief Economist, [August 22, 2019](#)). Notably, the calculation for the county payment rates depends on the commodity rates established by USDA. The 2019 commodity rates are provided below in Table 1, along with the payment rates for the 2018 MFP program. The commodity rates changed, with increases of varying magnitudes, for those included in the 2018 and 2019 programs. USDA used the same broad methodology to estimate trade damages to determine commodity rates in both years, but updated their modeling work in 2019 to include a broader range of impacted commodities, account for additional and continued trade retaliation, and made adjustments to the baseline periods against which trade damages were measured (USDA, 2019).

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**Table 1. Commodity Rates for the 2018 and 2019 MFP Programs**

Commodity	2018 MFP Rates	2019 MFP Rates	2019 to 2018 Ratio
Cotton	\$0.06/lb	\$0.26/lb	4.33
Corn	\$0.01/bu	\$0.14/bu	14.0
Sorghum	\$0.86/bu	\$1.69/bu	1.97
Soybeans	\$1.65/bu	\$2.05/bu	1.24
Wheat	\$0.14/bu	\$0.41/bu	2.93
Rice		\$0.63/cwt	
Peanuts		\$0.01/lb	
Lentils		\$3.99/cwt	
Peas		\$0.85/cwt	
Alfalfa Hay		\$2.18/ton	
Dried Beans		\$8.22/cwt	
Chickpeas		\$1.48/cwt	

Sources: USDA (2018, 2019)

In 2019 MFP payments were tied to planted acreage, with initial program information indicating farmers were required to plant from a list of eligible crops to receive a payment in 2019. USDA later clarified that planting certain cover crops would also allow for the farmer to receive the minimum (\$15 per acre) payment. Payments for the 2018 MFP program were made based on actual production of the six commodities with payment rates listed in Table 1. The announcement of the 2018 program was made after the crop had been planted so, while coupled to production, did not impact planting decisions in 2018.

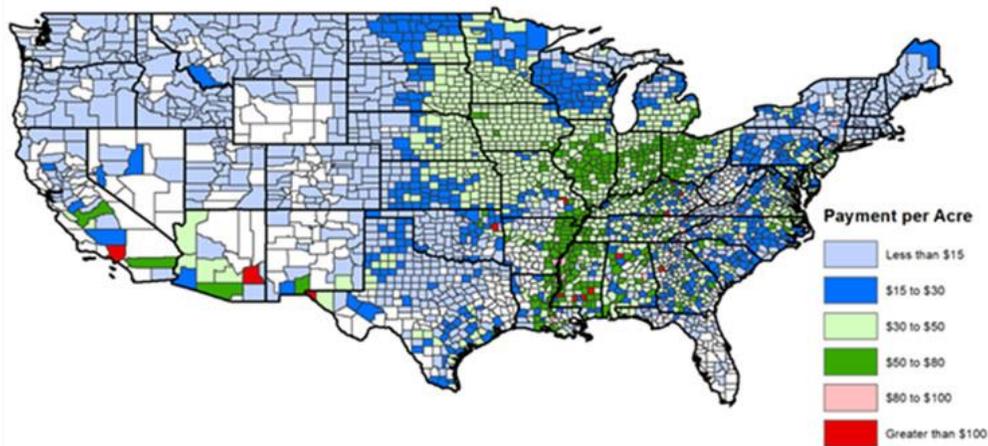
## Discussion

Figure 1 maps estimates of average 2018 MFP payments per acre at the county level. These estimates are based on total 2018 MFP payments at the county level and planted acreage to the commodities with payment rates in 2018, both obtained from the Farm Service Agency (total crop MFP payments in the county divided total planted acreage to MFP commodities for 2018 provides the estimates mapped in Figure 1).

Payments in the \$50 to \$80 per acre range were concentrated in the areas of the U.S. where soybean production is concentrated, the Midwest and Delta. The high per-acre payments in soybean-producing counties are associated with the high commodity rate of \$1.65 per bushel in 2018, as estimated trade damages for soybeans were large compared to the other commodities. Smaller payments, below \$30 per acre, were realized throughout most other areas of the country. Only a handful of counties had estimated payments exceeding \$80 per acre in 2018, scattered throughout southern parts of the U.S.

**Figure 1. Average per Acre Payments by County, 2018 MFP**

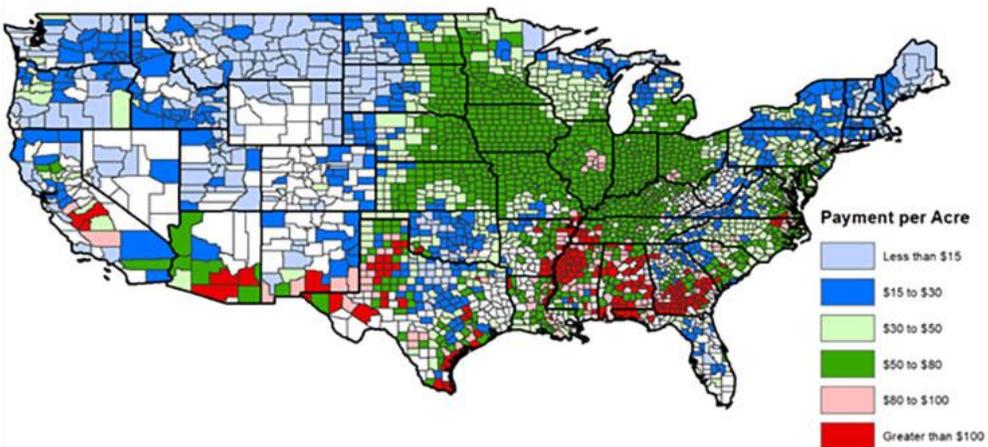
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Source: Farm Service Agency, USDA

**Figure 2. County Payment Rates, 2019 MFP**

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Source: Farm Service Agency, USDA

Figure 2 maps the per-acre payment rates for the 2019 MFP program, provided by the Farm Service Agency. Payments per acre generally increased from 2018 to 2019 because more money was made available for the program, commodity rates increased, and it was expanded to include additional commodities. In 2019, per acre MFP support is greatest in areas of cotton production in the south where a number of counties have payment rates exceeding \$100 per acre. Payments in Midwest counties are mostly in the \$50 to \$80 per acre range, with payments exceeding \$80 per acre for some pockets of counties in central Illinois and southern Ohio. Payment levels decline to a range of \$30 to \$50 in the fringe areas around the Midwest, and fall to less than \$30 per acre in the West and western Plains.

### Comparing 2019 and 2018 MFP Payments

The general increase, and regional shifts, in per acre MFP payment levels from 2018 to 2019 was driven by a number of factors. USDA announced that it would pay \$14.5 billion by making use of the borrowing authority of the Commodity Credit Corporation for 2019 MFP payments. This level of spending represents a nearly 37% increase from the 2018 authorization (\$10.6 billion) and a more than 68% increase from total payments provided for 2018 (\$8.6 billion).

In addition to the increase in aggregate funds, USDA also increased the commodity rates for commodities included in MFP's trade damage estimation for both years, as indicated in Table 1 above. In August, USDA explained that the new commodity rates were based on estimated trade-related damages. For example, the rate for cotton increased more than four-fold while the rate for soybeans increased by 24% from 2018 to 2019. The rate for sorghum nearly doubled, while the rate for wheat nearly tripled. Corn realized the largest relative increase because its 2018 rate was only \$0.01 per bushel in 2018; for 2019 USDA increased the rate by a factor of 14 to \$0.14 per bushel for 2019.

USDA also expanded the set of crops included as non-specialty commodities for the 2019 MFP to include peanuts, rice, peas, lentils, alfalfa hay, dried beans, and chickpeas. USDA estimated trade-related damages for the commodities on this expanded list and translated the commodity rates provided in Table 1 to the fixed county payment rates mapped in Figure 2, to be paid on all eligible planted acres in the county.

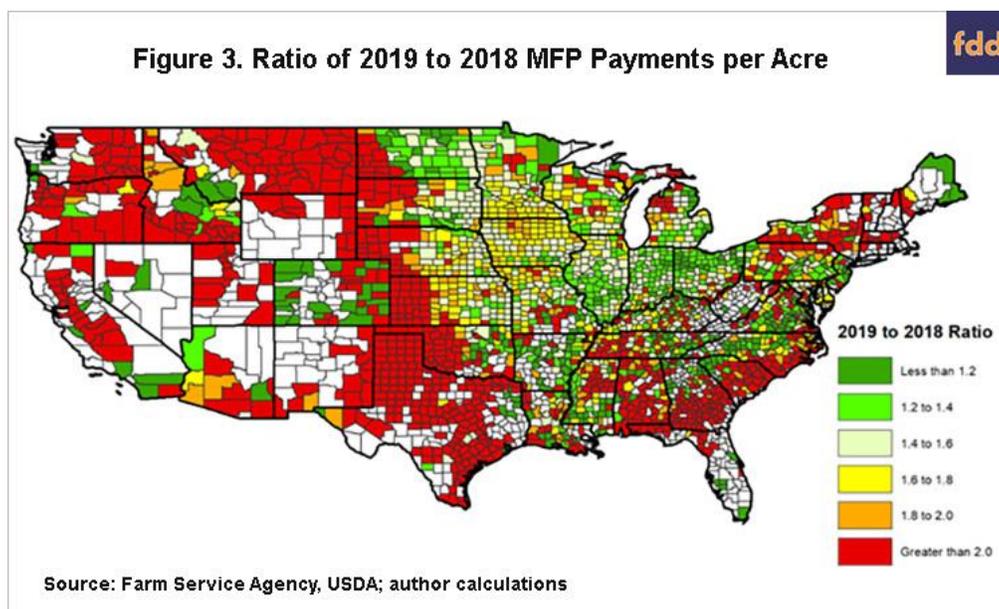


Figure 3 maps the ratio of 2019 to 2018 MFP payments for counties where payment data was available for both years. Large relative increases in payments occurred in the Western and Northeastern U.S., along with northern regions of States in the upper Midwest. Since these were regions where 2018 payment levels tended to be low or zero, this most likely reflects the expansion of the 2019 MFP program to additional commodities. Not also that while the relative increases in these areas is large, the dollar increase in support may be relatively small if MFP support in 2018 was low.

Large relative increases in payment levels also occurred in areas of the South. These increases are likely due to the inclusion of additional crops as well as the larger 2019 commodity rates for crops grown in that region, such as cotton, in 2019. Payments in the majority of the Midwest region tended to increase in the 40 to 80% range (ratio of 1.4 to 1.8), consistent with the increase in aggregate funding authority for MFP in 2019 and the larger commodity rates for corn and soybeans.

### Concluding Thoughts

The Market Facilitation Program in 2019 differed from the 2018 version. Payments were made based on fixed county payment rates on acreage planted to eligible crops, compared with payments tied directly to production of a smaller set of commodities in 2018. In general, producers will receive larger MFP payments in 2019 on a per acre basis, assuming the third and final tranche of payments is made in early 2020. This was due to increases in total funding authority, higher commodity rates upon which payments were based, and an expansion of the program to a larger set of commodities and eligible planted acreage.

While nearly all areas of the U.S. should realize increased MFP support in 2019, the relative increases vary by region. MFP support saw the largest relative increases in areas of the West, South, and

Northeast. Smaller relative increases will occur throughout most of the Midwest. Future articles will take a closer look at the change in MFP support levels from 2018 and 2019 across commodities and regions of the U.S.

## References

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