



Farm Policy: Comparison of 2018 and 2019 MFP Programs

During 2018 and 2019, the U.S. Department of Agriculture (USDA) announced two rounds of trade aid valued at a combined \$28 billion. USDA is using its authority under the Commodity Credit Corporation (CCC) Charter Act to establish and fund the trade aid packages. The 2018 and 2019 trade aid packages provide both direct and indirect assistance for farmers affected by “trade damage” from retaliatory tariffs. For information on the trade aid packages, see CRS Report R45865, *Farm Policy: USDA’s 2019 Trade Aid Package*.

The largest subsidy program under both the 2018 and 2019 trade aid packages is the Market Facilitation Program (MFP), which provide direct payments to producers of

“trade damaged” commodities, valued at a combined \$24.5 billion (**Table 1**). The MFP outlays are in addition to USDA’s traditional farm support programs (see CRS In Focus IF11163, *2018 Farm Bill Primer: The Farm Safety Net*). USDA’s Farm Service Agency administers MFP. In 2019, USDA made several modifications to the MFP payment structure, including increasing funding, expanding the list of eligible commodities, expanding payment limits, and shifting to county-specific rather than commodity-specific MFP payment rates to minimize interference with producer crop choices. Key differences in program provisions of the 2018 and 2019 MFP programs are described in **Table 1**.

Table 1. Comparison of 2018 and 2019 Market Facilitation Program (MFP) Provisions

Item	2018 MFP	2019 MFP
Funding	Up to \$10 billion.	Up to \$14.5 billion.
Signup	Started Sept. 4, 2018, for all commodities except almonds and sweet cherries which started Sept. 24, 2018. Initial deadline Jan. 15, 2019, extended to Feb. 14, 2019, due to federal government shutdown.	Started July 4, 2019. Continues through Dec. 6, 2019, for all commodities.
Payment Rates	USDA estimated the total “direct trade damage” related to retaliatory tariffs for each affected commodity. ^a Then, each commodity’s trade damage was divided by its 2017 production to determine a national commodity-specific MFP payment rate.	USDA estimated the total “direct trade damage.” ^b Then commodity-specific payment rates were derived and used to establish a single per-acre MFP payment rate for each county—based on historical average county planted acres, yields, and crop mixes.
Payments	The national commodity-specific MFP payment rate for each commodity times a producer’s payment base for each commodity (described below).	For non-specialty crops: a single county payment rate. For dairy, hogs, and specialty crops: separate national payment rates for each. Payment rates are multiplied by a producer’s payment base (described below).
Payment Timeline	Up to two tranches: first started Sept. 27, 2018, covering 50% of expected payment; second after Dec. 17, 2018, covering remainder. For late harvested crops, a producer could receive the entire payment in a single tranche after Dec. 17, 2018.	Up to three tranches: first in mid- to late August 2019 covering maximum of 50% of calculated MFP payment or \$15/acre. Possible second in November 2019 covering balance up to 75% of calculated payment; possible third in January 2020 covering remainder.
MFP-Eligible Commodities and Payment Base		
Non-Specialty Crops	Corn, cotton, sorghum, soybeans, and wheat.	Alfalfa hay, barley, canola, corn, crambe, dried beans, dry peas, extra-long-staple cotton, flaxseed, lentils, long- and medium-grain rice, millet, mustard seed, oats, peanuts, rapeseed, rye, safflower, sesame seed, small and large chickpeas, sorghum, soybeans, sunflower seed, temperate japonica rice, triticale, upland cotton, and wheat.
Payment Base	Certified farm-level harvested production of each crop in 2018.	Certified total acres planted prior to Aug. 1, 2019, to MFP-payment eligible crops within county, not to exceed 2018 planted acres. Prevent-plant (PPL) acres in 2019 not eligible for MFP payments unless planted to a CCC-authorized cover crop. MFP payments range from \$15/acre up to \$150/acre.

Item	2018 MFP	2019 MFP
Note	A farmer must have harvested production of eligible commodities in 2018. Producers must have certified their 2018 production with USDA's Farm Service Agency (FSA). Deadline for certification was May 17, 2019.	A farmer must have planted acres of eligible crops in 2019. However, the per-acre payment rate will not vary based on which crops are planted. A single county per-acre payment will be made on all acres planted to eligible crops within each county.
Cover Crops	Cover crops and crops that are grazed in the field or used as forage are not eligible for MFP payments.	PPL cover crops planted prior to Aug. 1, 2019, with potential for harvest or forage, are eligible for a \$15/acre MFP payment.
Specialty Crops	Fresh sweet cherries, shelled almonds.	Almonds, cranberries, cultivated ginseng, fresh grapes, fresh sweet cherries, hazelnuts, macadamia nuts, pecans, pistachios, and walnuts.
Payment Base	Certified farm production of each crop in 2018.	Certified 2019 acres of fruit- or nut-bearing plants.
Note	Sweet cherries production on a "pack-out" basis. Shelled almond production based on total eligible kernels as edible meat weight.	Exception: ginseng payments will be based on harvested acres.
Hogs	Per animal (head)	Per animal (head)
Payment Base	Certified number of live hogs owned on producer-selected day during July 15 to Aug. 15, 2018.	Certified number of live hogs owned on producer-selected day during April 1 to May 15, 2019.
Dairy	Milk (hundredweight or cwt.)	Milk (hundredweight or cwt.)
Payment Base	Milk production history reported for Margin Protection Program of 2014 farm bill (P.L. 113-79).	Milk production history reported for Dairy Margin Coverage program of 2018 farm bill (P.L. 115-334).
Note	Only dairies operating on or prior to June 1, 2018.	Only dairies operating on or prior to June 1, 2019.
Payment Qualifications		
Individuals	Eligible applicants must have an ownership interest in the commodity, be actively engaged (AEF) in the farming operation, have an FSA/USDA farm number, and comply with "highly erodible land and wetland conservation" regulations and adjusted gross income (AGI) criteria.	Eligible applicants must have an ownership interest in the commodity, be AEF in the farming operation, have a FSA/USDA farm number, and comply with "highly erodible land and wetland conservation" regulations and AGI criteria.
AGI Threshold	Eligible applicants must have an average AGI for tax years 2013, 2014, and 2015 of less than \$900,000 per year or a larger AGI but where at least 75% of AGI is derived from farming, ranching, or forestry-related activities. ^c	Eligible applicants must have an AGI for tax years 2015, 2016, and 2017 of less than \$900,000 per year or a larger AGI but where at least 75% of AGI is derived from farming, ranching, or forestry-related activities.
Payment Limits	MFP payments are capped on a per-person or per-legal-entity basis at a combined \$125,000, separately, for each category: non-specialty crops, specialty crops, and animal products (hogs and dairy). Overall maximum of \$375,000 per applicant.	MFP payments are capped on a per-person or per-legal-entity basis at \$250,000, separately, for each category: non-specialty crops, specialty crops, and animal products (hogs and dairy). However, no applicant may receive more than \$500,000.
WTO Notification^d	2018 MFP payments may be notified as product-specific Aggregate Measures of Support (AMS).	2019 MFP payments are likely to be notified as non-product-specific AMS.

Source: USDA, "USDA Announces Details of Support Package for Farmers," press release, July 25, 2019; and FSA, "Market Facilitation Program," <https://www.farmers.gov/manage/mfp>. Specific details of the 2019 MFP payment rate formula are not yet public. For details on WTO commitments, see CRS Report R45305, *Agriculture in the WTO: Rules and Limits on U.S. Domestic Support*.

- Trade data for 2017 (pre-retaliatory tariffs) was compared with trade data for 2018—with retaliatory tariffs by Canada, China, the European Union (EU), Mexico, and Turkey—using a trade model that adjusted for substitute export supplies and alternate importers.
- Trade data for a 10-year historical period was compared with 2019 trade data (with retaliatory tariffs by China, the EU, and Turkey).
- A provision in the 2019 Supplemental Appropriations for Disaster Relief Act (P.L. 116-20) retroactively eliminated the AGI \$900,000 threshold for 2018 MFP payments if at least 75% of a farm's AGI came from farming operations.
- CRS projections of WTO notifications, not official USDA position. USDA will likely not notify 2018 MFP outlays until mid-2020 or later.

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