

August 31, 2018

MARKET FACILITATION PROGRAM UPDATE

At the Southeast Corn Growers tour this week, Steve Ebke of Daykin (who chairs the Risk Management Action Team at the National level for the National Corn Growers Association), gave an excellent update on several public policy matters of interest to corn growers. Steve indicated an NCGA commissioned analysis shows trade disputes are estimated to have lowered corn prices by 44 cents per bushel for the 2018 crop. More details on the USDA Tariff Aid Package were released this week but will only help corn producers up to one penny per bushel. It's important to note the Secretary of Agriculture, Sonny Perdue, responded that the Tariff Aid calculations are based on "actual tariff disruption damage to the crop" and the numbers need to be able to stand up in court to a possible challenge with the World Trade Organization (WTO). NCGA countered by saying we need to work on expanded ethanol then or E15.

There was a good article this week about the new Market Facilitation Program (MFP) posted this week by Gary Schnitkey, University of Illinois. Go to: <https://go.unl.edu/mfpupdate> to view the entire article. The MFP will provide direct payments to farmers this fall after harvest. The Farm Service Agency (FSA) will administer the MFP using authorities of the Commodity Credit Corporation (CCC). Payments will be issued to growers of five crops (corn, cotton, soybeans, sorghum, and wheat), as well as to dairy and pork producers.

Payment rates for these commodities are .01/bu corn, .12/cwt milk, \$8/head pigs, .86/bu sorghum, \$1.65/bu soybeans and .14/bu wheat. USDA announced they will initially pay 50% of reported production for the 2018 crop and thus the effective payment rates are half the reported rate when applied to total farm production. For example, .005/bu for corn and .825/bu for soybeans. Soybean payments will be significant this fall because if you raise 50 bu/ac soybeans times .825/bu; payments are initially \$41.25 per acre to eligible producers.

The MFP will provide payments to grain farmers that will increase 2018 incomes. A number of questions are sure to be raised by the MFP program, including the relative payment rates across crops on how they were calculated and fairness to farmers who had poor yields due to drought this year.

Starting September 4, 2018, you can apply for the Market Facilitation Program by completing the CCC-910 Market Facilitation Program application form and delivering that form to your USDA Service Center by fax, mail, or email. MFP applications will become available online at www.farmers.gov/MFP or at your FSA office. The forms are very simple to fill out and basically you are certifying your bushels harvested for the 2018 crop. Applications can be completed at a local FSA office or submitted electronically either by scanning, emailing, or faxing.

Since production must be verified before payments can be made, a producer (if eligible) could apply for payments for dairy, hog or wheat production now, but would have to wait until after harvest (but before January 15, 2019) for payments on eligible fall harvested crops. You could come in twice to the FSA office, however, it may be simpler if you only made one claim for all eligible commodities after harvest is completed.



My advice to you this fall is keep outstanding crop records at harvest. Crop production records will be based on actual production after harvest is complete. Documentation must be verifiable or reliable records that substantiate the reported amounts such as copies of receipts, ledgers of income, income statements of deposit slips, register tapes, invoices for custom harvesting, and records to verify production costs, contemporaneous measurements, truck scale tickets, or other sources that are determined acceptable by your FSA county committee.

For swine, it's the live hog inventory on August 1, 2018, which may include, but are not limited to breeding records, inventory records, sales receipts, rendering receipts, or veterinary records.

For more preliminary information, such as eligibility and limitations, go to: <https://extension.unl.edu/statewide/saline/coming-soon-%E2%80%93mf/>

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