SUMMARY OF GAO REPORT ON USDA MARKET FACILITATION PROGRAM

U.S Senate Committee on Agriculture, Nutrition, and Forestry
Ranking Member Debbie Stabenow

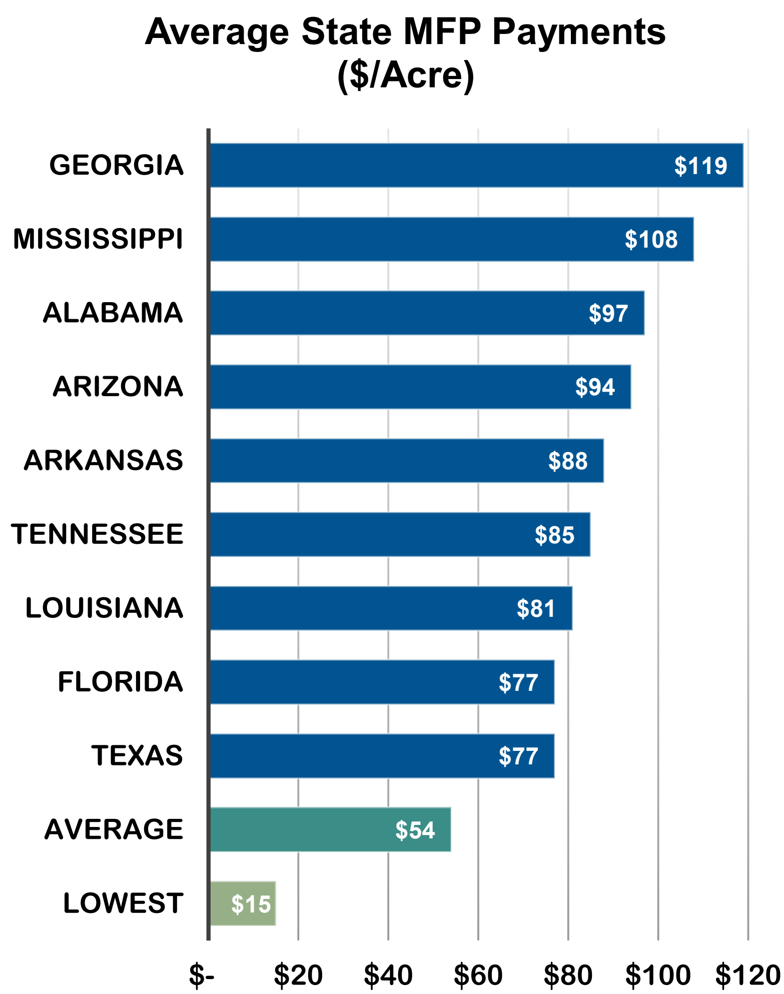
A new report from the nonpartisan U.S. Government Accountability Office (GAO) found that the U.S. Department of Agriculture (USDA) Market Facilitation Program created deep regional inequities, funneled money to large agricultural operations instead of smaller farms, and favored certain crops over others.

The report is the result of an independent GAO investigation requested by U.S. Senator Debbie Stabenow, Ranking Member of the U.S. Senate Committee on Agriculture, Nutrition, and Forestry, in February after she raised concerns about unfairness and mismanagement of the program. New data in the GAO report confirms previous findings that the Trump Administration picked winners and losers between regions, crops, and farms in their attempt to aid farmers harmed by President Trump's turbulent trade agenda.

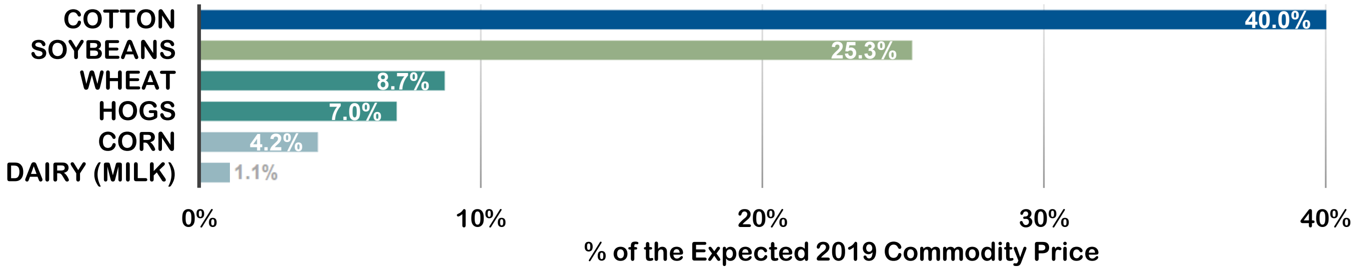
Inequity Between Regions

The GAO report used USDA 2019 Market Facilitation Program data to show clear regional inequities that benefitted Southern farmers over other regions. GAO found that average payments per acre ranged from $119 in Georgia to only $15 in Alaska, Maine, Montana, Utah, and Wyoming. Eight of the top nine states with the highest payments per acre were in the South.

GAO found that on average, Southern farmers received higher payments compared to individual farmers in any other region. Georgia leads the nation with average payments of $42,545 per farmer, more than double the national average payment of $16,507 per farmer, and the average payment in Michigan of $15,367.



2019 MFP Payment Rates for Major Commodities



Unfairness Between Crops

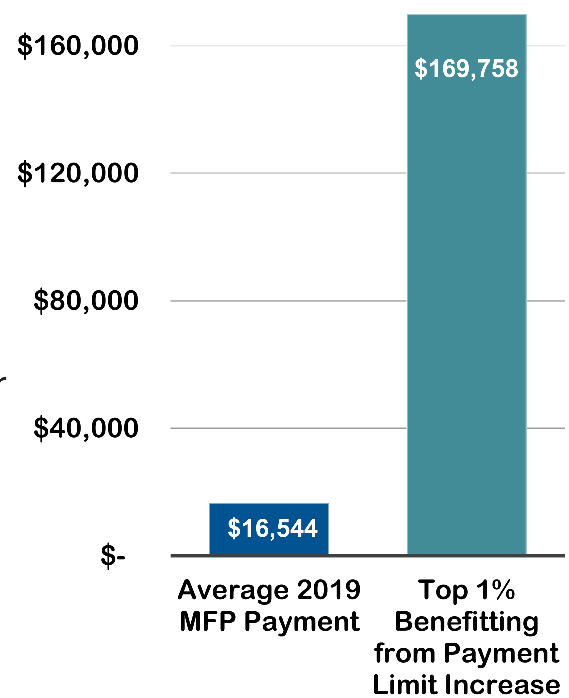
GAO also found that USDA set payment rates for crops like cotton and sorghum, which are primarily grown in the South, that far exceeded payment rates for other crops. For example, GAO found that **cotton farmers received payments that equaled 40% of their expected value.** A separate study from Kansas State University economists earlier this year found that cotton payments were 33 times more than the estimated trade damage to cotton.

Less than 10% of payments went to farms that produced specialty crops, dairy, or hogs. Most specialty crop producers were not even eligible for direct assistance. Out of hundreds of specialty crops grown in the United States, only eight crops received direct assistance.

Large Farms Benefitted Over Smaller Farms

The GAO analysis shows that when USDA made changes in the program in 2019 and doubled the payment limit farmers could receive from $125,000 to $250,000 per person, it ignored small and beginning farms and concentrated payments to the largest farms. This discretionary change funneled an additional $519 million to about 10,000 of the largest farms – the top 1.3% of payment recipients. While USDA chose to send over a half billion dollars to the largest farms, they did nothing to provide targeted assistance to small farms or beginning farms.

Average 2019 MFP Payment per Farmer



The percentage of farms receiving the $519 million in additional payments due to the higher payment limits was highest in Georgia at 8.4%, more than 5 times the national average. The average payment to owners of these large farms was $169,758 –an increase of $44,758 per person due to the higher payment limit. The average payment to all recipients was only $16,544 per person, less than 10% of the amount received by members of the large farming operations.

GAO found the top 25 farms received over $37 million total – an average of nearly $1.5 million per farm, which means each farm claimed an average of eight separate payments of the $250,000 limit. Over 70% of these large farming operations are at least partially in the South.