

Adams on Agriculture

Interview with USDA- Farm Service Agency Administrator Richard Fordyce

August 31, 2018

Adams: Good to see you yesterday. Thanks for being on with us today. You gave a great explanation of how this is going to work yesterday and I wanted to get that on for our listeners today. So this ag assistance package, which FSA, your agency, is going to administer, how will it work? What do producers need to do?

Fordyce: Well, signup will begin and can begin on September 4th. However, a producer doesn't need to immediately come in. In order for us to be able to calculate the payment, we'll need to know production numbers. So, for example, in the Midwest if you're a corn or soybean producer, we will have to have your production numbers, so we'll have to wait till after harvest.

On the other hand, however, if you're a dairy producer or a pork producer, you could come into the office around September 4th to come in and give production. On the pig part of the program it's number of head, and on the dairy part of the program it is production, so historical production from numbers that we have through the Margin Protection Program, and dairy producers will be very aware of that. But the other grain commodities, again, we'll need production.

So how this will work is we've set rates on five crop commodities and two livestock commodities, dairy and pork, and the numbers will go toward 50% of your production. So a producer doesn't have to come in and elect that payment. They don't have to make a decision. If they decide to participate in the program, they are covered under those first payment numbers for 50% of their production.

And then on or about December 3rd the Secretary will make a decision based on what we've seen happen on the global trade front and run the model again. The chief economist for USDA has a model that they run to determine what these payment levels are and what the impact of trade disruptions are on each individual commodity.

So on or about December 3rd we'll run the model again and that will determine what the second 50% of the payment will be. There may be a payment on some commodities, there may not. Those payment rates may change, depending on what we know and what the model tells us is the trade impact on those individual specific commodities.

Adams: When would be the soonest that a producer would receive a check?

Fordyce: So if you're a dairy producer or a pork producer, and maybe a wheat grower—so wheat harvest is primarily finished across the country—you bring in those numbers that the [path] in the local FSA offices will need to calculate that first 50% and that could come out pretty quickly. I don't know, probably from the time the form is filled out, the production numbers are entered, and we know the payment rate, and calculate that across the form, probably a week or so after they have completed that portion.

And so Mike, there's another part of this, I think, that I've been asked a lot of questions about, and that is do you need to come in—and so let's say you're a pork producer and a corn and soybean producer—do you need to come in multiple times. Well, you do. If you want that initial payment on your number of head of pigs, you would want to come in fairly early. But on the corn and soybean part of that you could come in after harvest, bring your numbers in, and then we would be able to calculate the first 50% of that payment.

So it's one form. Producers would come in at whatever point they come in and elect—that is one decision I guess they have to make, is what commodities do they want to participate in. But producers could come in just once, and that's after harvest, or a more diversified operation may have to come in, if they want those checks earlier, come in maybe another time.

Adams: We're talking with Richard Fordyce, FSA administrator, about the ag assistance package and how that will be handled. Richard, I had a question today from someone who wanted to know will beans that are certified for seed, will they qualify for assistance?

Fordyce: So it is based on 2018 production. So we want to make this program fairly straightforward. And so if it is 2018 production, then yes, they would qualify.

Adams: All right. I know yesterday when we were at the Farm Progress Show, you were making it clear that your agency administers this program. Obviously you didn't come up with the formula or the plan. What are you hearing, though, from producers, especially in your home state of Missouri?

Fordyce: Well, the corn producers are, you know, they're not terribly happy about the one penny, and I actually owe Terry Marshall a call. I'm going to give him a call later today about how those numbers came about. And there are, as you know, there are lots of forces at work in the market—supply and demand, the size of the crop. Obviously USDA has estimated that the crop is larger than their earlier estimate, both on the corn and soybean side as well.

And so the model literally takes a look at what is the impact of retaliatory tariffs that were levied against certain commodities and then what is the market share or what is the volume of that export going to the country that issued those tariffs. And so in the case of corn, for example, we just don't

ship a lot of corn to China. China's the one that really has the largest tariff impact on U.S. production, and not a lot of bushels are going to China, and so the tariff doesn't affect corn nearly like it does soybeans. Obviously we export, in this country, over 50% of our soybean production, and of that 50% volume that's exported, China has been about a 50% buyer of our exports.

Adams: Right.

Fordyce: So the impact is enormous on soybeans, not so much on corn.

Adams: All right, Richard, thank you for coming on and being with us. I'd love to have you back on again, and we'll talk more about this.

Fordyce: Absolutely.

Adams: Can we do that again in the future?

Fordyce: That sounds good. Let's do it, Mike.

Adams: Take care. Have a good weekend. Thank you, Richard.

Fordyce: All right, thank you.

Adams: Richard Fordyce, FSA administrator. Thanks for joining us. Have a great holiday weekend, everyone.

[End of recording.]