



Dairy Margin Coverage Program (DMC)

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DMC Presenter

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Dairy Margin Coverage Program (DMC)

What is the DMC Program?

- The DMC Program is a voluntary program that provides dairy operations with risk management coverage that will pay producers when the difference (the margin) between the national price of milk and the average cost of feed falls below a certain level selected by the program participants.
- This program is effective for years 2019 through 2023 as authorized by the 2018 Farm Bill.

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If an Eligible Dairy Operation wishes to enroll in DMC, the must:

- Have a production history determined by the USDA Farm Service Agency (FSA).
- Be registered to participate during a signup announced by FSA.
- Pay a \$100 administrative fee annually for each year of participation, except if the dairy operation qualifies for a waiver for limited resource, beginning, socially disadvantaged, or veteran farmers and ranchers.
- Select a coverage level ranging from \$4.00 to \$9.50 per hundredweight in \$0.50 increments.
- Select a coverage percentage of the dairy operation's production history ranging from 5 percent to 95 percent, in 5 percent increments.

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Production History Establishment:

- For most operations, production history is based on the highest milk production from 2011, 2012 or 2013.
- Newer dairy operations that did not market milk in the above years, may select the highest full year of annual milk marketing from any proceeding year.
- If the operation does not have a full year of dairy production, monthly production must be provided for the current year along with the total number of cows & dry cows to establish production.
- Note: New dairies have only 60 days from when they start marketing milk to enroll in DMC. If not completed timely, they are required to wait until the next annual enrollment period to enroll in DMC.

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Annual Application Requirements:

- Complete a CCC-801 election within the applicable application period.
 - Note: The 2022 enrollment dates have not been announced.
- Certify that the dairy operation is currently commercially marketing milk & that all participants share in risk of producing milk & make contributions to the operation. Shares must be commensurate.
- Elect Coverage Percentage & Threshold Levels if operation did not elect to lock in coverage during the initial DMC enrollment period.
 - Lock-In Election allows for a 25% reduction in annual premium and sets percent & threshold level elections through 2023. This must have been decided during the initial election period.
- Pay \$100 Administrative Fee annually, except if the dairy operation qualifies for a waiver for limited resource, beginning, socially disadvantaged, or veteran farmers and ranchers.

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The schedule of premiums are shown in the adjacent table.

Premiums are due annually on September 1st.

Coverage Level	Tier 1 Premium per cwt for covered production history of 5 mil lbs. or less	Tier 2 Premium per cwt, all years for covered production history over 5 mil lbs.
\$4.00	None	None
\$4.50	\$0.0025	\$0.0025
\$5.00	\$0.005	\$0.005
\$5.50	\$0.030	\$0.100
\$6.00	\$0.050	\$0.310
\$6.50	\$0.070	\$0.650
\$7.00	\$0.080	\$1.107
\$7.50	\$0.090	\$1.413
\$8.00	\$0.100	\$1.813
\$8.50	\$0.105	N/A
\$9.00	\$0.110	N/A
\$9.50	\$0.150	N/A

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See the adjacent table for DMC milk margins established for the DMC Program by Month/Year.

Payments are issued to dairy operations by FSA County Office on a monthly basis (if margin is triggered).

	2019	2020	2021
January	\$7.71	\$10.72	\$7.14
February	\$7.91	\$10.06	\$6.22
March	\$8.66	\$9.15	\$6.46
April	\$8.82	\$6.03	\$6.94
May	\$9.00	\$5.37	\$6.89
June	\$8.63	\$9.99	\$6.24
July	\$9.27	\$12.41	\$5.68
August	\$9.85	\$10.83	
September	\$10.41	\$9.40	
October	\$10.88	\$11.13	
November	\$12.21	\$11.87	
December	\$11.95	\$8.78	

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Additional information on the DMC program can be found at: <https://www.fsa.usda.gov/programs-and-services/dairy-margin-coverage-program/index>

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