



[USDA Announces January Income over Feed Cost Margin Triggers First 2019 Dairy Safety Net Payment](#)

News Release

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Enrollment Expected to Begin this Summer

WASHINGTON, March 6, 2019 – The U.S. Department of Agriculture’s Farm Service Agency (FSA) announced this week that the January 2019 income over feed cost margin was \$7.99 per hundredweight, triggering the first payment for eligible dairy producers who purchase the appropriate level of coverage under the new but yet-to-be established Dairy Margin Coverage (DMC) program.

DMC, which replaces the Margin Protection Program for Dairy, is a voluntary risk management program for dairy producers that was authorized by the 2018 Farm Bill. DMC offers protection to dairy producers when the difference between the all milk price and the average feed cost (the margin) falls below a certain dollar amount selected by the producer.

Agriculture Secretary Sonny Perdue announced last week that sign up for DMC will open by mid-June of this year. At the time of sign up, producers who elect a DMC coverage level between \$8.00 and \$9.50 would be eligible for a payment for January 2019.

For example, a dairy operation with an established production history of 3 million pounds (30,000 cwt.) that elects the \$9.50 coverage level for 50 percent of its production could potentially be eligible to receive \$1,887.50 for January.

Sample calculation:

$\$9.50 - \$7.99 \text{ margin} = \$1.51 \text{ difference}$

$\$1.51 \text{ times } 50 \text{ percent of production times } 2,500 \text{ cwt. } (30,000 \text{ cwt.}/12) = \$1,887.50$

The calculated annual premium for coverage at \$9.50 on 50 percent of a 3-million-pound production history for this example would be \$2,250.

Sample calculation:

$3,000,000 \text{ times } 50 \text{ percent} = 1,500,000/100 = 15,000 \text{ cwt. times } 0.150 \text{ premium fee} = \$2,250$

Operations making a one-time election to participate in DMC through 2023 are eligible to receive a 25 percent discount on their premium for the existing margin coverage rates.

“Congress created the Dairy Margin Coverage program to provide an important financial safety net for dairy producers, helping them weather shifting milk and feed prices,” FSA Administrator Richard Forgyce said. “This program builds on the previous Margin Protection Program for Dairy, carrying forward many of the program upgrades made last year based on feedback from producers. We’re working diligently to implement the DMC program and other FSA programs authorized by the 2018 Farm Bill.”

Additional details about DMC and other FSA farm bill program changes can be found at farmers.gov/farmbill.

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