



United States Department of Agriculture

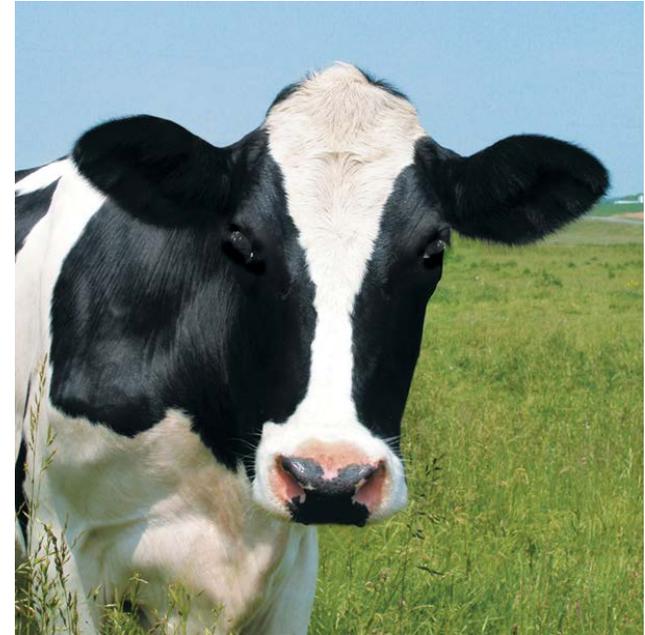
# Dairy Margin Coverage (DMC) Program



# Welcome

Hosts: **Cynthia Cuellar**, National Outreach Specialist  
**Doug Kilgore**, National Program Manager

- Agenda: Overview of Dairy Margin Coverage (DMC)  
Replacement of Margin Protection Program for Dairy (MPP-Dairy)  
Benefits of DMC  
DMC Tool  
Outreach  
Stakeholder Toolkit  
Things to Know  
Question and Answer Session



# Overview of Dairy Margin Coverage (DMC) Program

Authorized in 2018 Farm Bill

Replaces the Margin Protection Program for Dairy (MPP-Dairy)

## Voluntary Risk Management Program for Dairy Producers

- Effective when Income-Over-Feed-Cost margin falls below the selected coverage level
- Catastrophic coverage
  - \$100 Administrative Fee, can be waived in some cases
- Two Levels of buy-up coverage.

**Sign-Up Opens June 17, 2019**

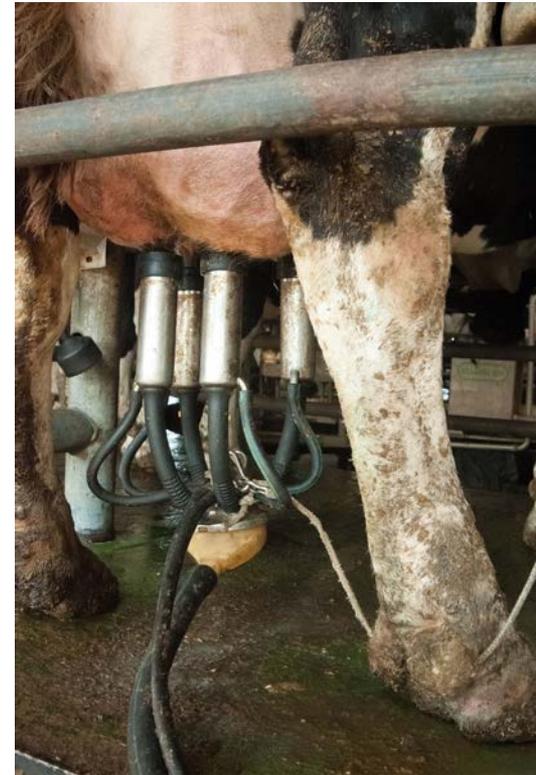


# Replaces Margin Protection Program for Dairy (MPP-Dairy)

## What does DMC mean for producers previously enrolled in MPP-Dairy?

Producers enrolled in MPP-Dairy might be eligible for a repayment.

- Letters sent to producers enrolled in MPP-Dairy
- Repayment Application Period: May 8 -September 20, 2019
- If there is a repayment, it can be given to the producer either by a direct cash repayment or a credit for future DMC premiums.



# Benefits of DMC

**DMC is a voluntary risk management program that helps dairy producers deal with shifting milk prices and feed costs.**

- Reduce Premiums
- Expanded Coverage Options
- Lock-In Incentive





## Below prices are used in the DMC calculation.

### Prices

A change to use premium and supreme alfalfa hay will be used in the feed cost calculation for DMC.

Read the details on how the prices below are used in the DMC calculation.

Month	Pay Periods	Corn (\$/bu)	Blended Alfalfa Hay (\$/ton)	Soybean Meal (\$/ton)	All Milk< (\$/cwt)	Final Feed Costs for DMC(\$/cwt)	Milk Margin Above Feed Costs for DMC(\$/cwt)
<b>2019</b>							
January		3.56	201.00	314.92	16.60	8.89	7.71
February		3.60	202.50	306.83	16.80	8.89	7.91
March		3.61	198.50	306.38	17.50	8.84	8.66
April		3.52	209.00	304.26	17.70	8.88	8.82

# DMC Tool

**This DMC decision tool can be used to help you review coverage options that are best for you:**

- DMC Decision Tool <https://www.fsa.usda.gov/programs-and-services/farm-bill/farm-safety-net/dairy-programs/dmc-decision-tool/index>
- Video Walk Through of the DMC Tool: [https://dairymarkets.org/DMC/DMC\\_Video.mp4](https://dairymarkets.org/DMC/DMC_Video.mp4)



# Outreach

FSA Administrator hosted stakeholder calls with leaders from dairy organizations.

FPAC's External Affairs is creating materials for staff and stakeholders to use within their respective realms.

News Releases, GovDelivery Messages, Social Media Messaging, Posters, Producer Reference Card

State and County Office Outreach Coordinators are communicating with their local stakeholders.





# Stakeholder Toolkit

<https://www.fsa.usda.gov/programs-and-services/outreach-and-education/news-and-information/stakeholder-toolkits>

**OMB Rule – Open for Comments June 18, 2019**

## Stakeholder Toolkits

### **Dairy Margin Coverage (DMC) Stakeholder Toolkit**

- Dairy Margin Coverage (DMC) Signup Press Release
- Dairy Margin Coverage (DMC) Decision Tool Flyer
- Dairy Margin Coverage (DMC) Producer Reference Card
- FSA Dairy Margin Coverage (DMC) Fact Sheet
- RMA Livestock Gross Margin (LGM) Insurance Dairy Cattle Fact Sheet
- Federal Register: DMC Rule

# Things to Know

## Contact Local FSA Office:

<https://www.farmers.gov/service-locator>

A Farm Number is needed (and is free) to participate in any FSA Programs.

- Call to schedule an appointment.
- Ask what documents you should bring with you.
- With your local FSA county office, you will need to establish a production history and make a coverage election.



# Questions?

## Submit Questions and Comments via the Chat Box Feature

### How does a producer apply for the DMC Program?

FSA will open sign-up for DMC on June 17, providing coverage retroactive to January 1, 2019, with applicable payments following soon after enrollment

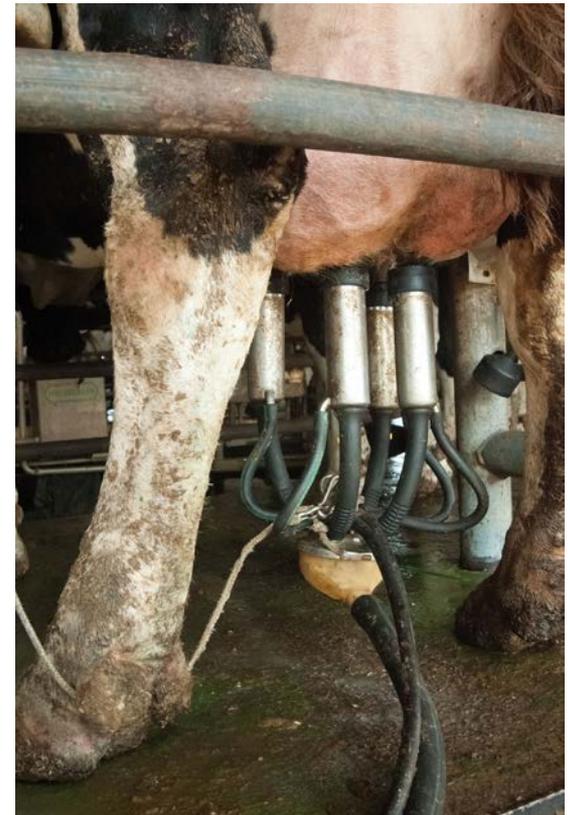


# Questions?

## Submit Questions and Comments via the Chat Box Feature

**When will DMC payments be made?**

Within a couple of weeks of when sign-up starts.



# Questions?

## Submit Questions and Comments via the Chat Box Feature

**Why are existing dairy operation required to use production history from 2011, 2012, and 2013?**

It's per the statute in the 2018 Farm Bill.



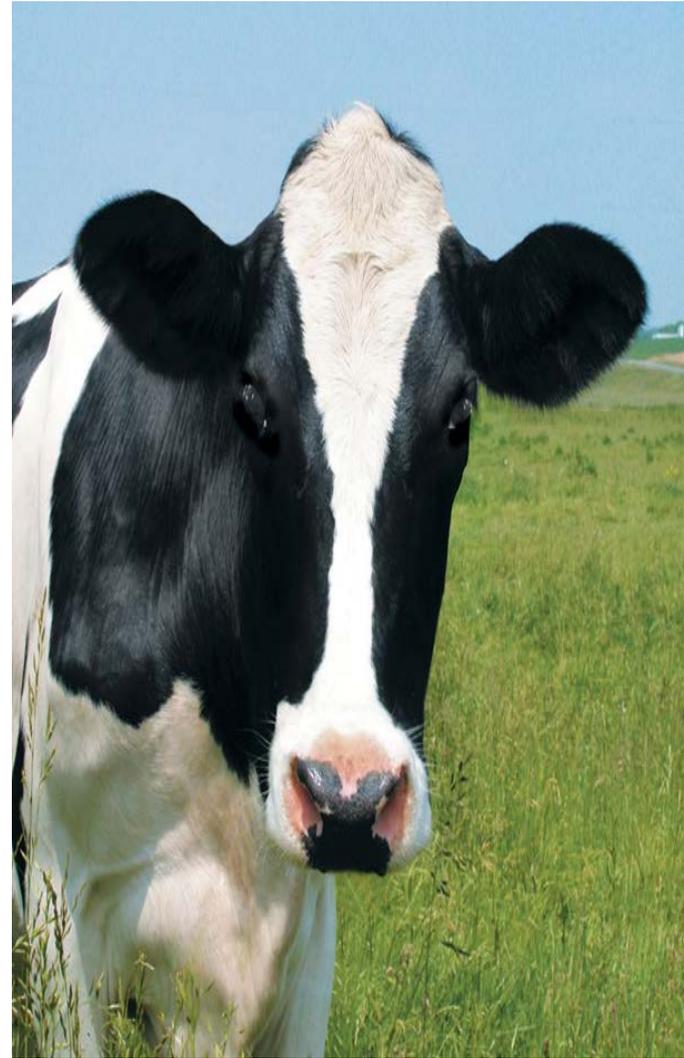
# Questions?

## Submit Questions and Comments via the Chat Box Feature

### Who is eligible to participate?

To be eligible for DMC, a dairy operation must:

- Produce and commercially market milk from cows located in the United States; and
- Provide proof of milk production at the time of registration.



# Questions?

## Submit Questions and Comments via the Chat Box Feature

### Who is considered a dairy operation?

A dairy operation is any dairy facility that was part of a single operation and commercially markets milk produced from cows as a single unit in the United States. Each dairy producer in the operation must have risk in the production of the milk and must make contributions, including land, labor, management, equipment or capital, to the dairy operation at least commensurate to the producer's share of the operation.



# Questions?

## Submit Questions and Comments via the Chat Box Feature

### Who is eligible to have the \$100 administrative fee waived?

The dairy operation needs to sign a CCC-860 application, and be approved for a waiver by the County Committee.



# Questions?

## Submit Questions and Comments via the Chat Box Feature

### Is the administrative fee per producer or per operation?

The annual administrative fee is applicable to each separately registered dairy operation participating in the program.





# Questions from the Chat Box Feature

Question/Comment	Answer
Is this being recorded and will it be available for replay?	Yes, it is being recorded and captioned, and will be posted online at FSA Outreach and Education page: <a href="https://www.fsa.usda.gov/programs-and-services/outreach-and-education/webinars/index">https://www.fsa.usda.gov/programs-and-services/outreach-and-education/webinars/index</a>
What are the different coverage tiers and what varies between them?	You can view information on the two tiers on the DMC Webpage and through the FSA Fact sheet for DMC: <a href="https://www.fsa.usda.gov/programs-and-services/dairy-margin-coverage-program/index">https://www.fsa.usda.gov/programs-and-services/dairy-margin-coverage-program/index</a>



# Questions from the Chat Box Feature

Question/Comment	Answer
<p>Thanks, good info. FYI to highlight in the end a PSU DMC recorded webinar. Topic: PSU Dairy DMC 2019 Zoom Meetings. Date: Jun 14, 2019 11:17 AM Eastern Time (US and Canada) Share recording with viewers: <a href="https://psu.zoom.us/recording/share/DftPtfFDRZ9vnAgKN12E2OPYhlujmzwAO1t7x56_U9CwIumekTziMw">https://psu.zoom.us/recording/share/DftPtfFDRZ9vnAgKN12E2OPYhlujmzwAO1t7x56_U9CwIumekTziMw</a></p>	<p>Thank you for sharing.</p> <p>For anyone interested in additional resources, an event page has been created: <a href="https://extension.psu.edu/dairy-margin-coverage">https://extension.psu.edu/dairy-margin-coverage</a></p>
<p>Does a dairy have to sign up for a full year at a time or could they sign up for just the first 4 months of 2019?</p>	<p>Yes, the DMC contract is for the full calendar year of 2019.</p>



# Questions from the Chat Box Feature

Question/Comment	Answer
Did I miss when the DMC enrollment period will end for 2019?	It starts today (June 17) and ends September 20, 2019.
What if the dairy isn't going out of business and wants to pick what/certain months to buy coverage?	You cannot select certain months for coverage. It is a full year contract.
We just took over parents farm January 1, 2019. Technically we don't have "production history" before then. How will this work for us?	There are ways that that FSA can assist you in finding the records, however, it is a case-by-case instance and you will need to talk with your local county FSA office representatives to work that out.



# Questions from the Chat Box Feature

Question/Comment	Answer
<p>I assume once a producer signs up (selects their coverage level and percentage of production history covered), they cannot change their mind before September 20, 2019?</p>	<p>If a dairy operation selects a coverage level now and the contract is approved, the dairy operation still may come in later, change coverage levels and amend the DMC contract up until September 20, 2019.</p>
<p>What is the deadline this upcoming fall that we have to pick for 2020 choice by? November 2019 or December 2019?</p>	<p>The sign up is open until September 20th, coverage is up to December 31, 2019. Sign up for 2020 has not yet been determined.</p>



# Questions from the Chat Box Feature

Question/Comment	Answer
<p>I assume farmers will want to sign up early to start getting money, but come September they may want to change their mind and have a different coverage level and percentage.</p>	<p>If a dairy operation selects a coverage level now and the contract is approved, the dairy operation still may come in later, change coverage levels and amend the DMC contract up until September 20, 2019. It is important to know if the dairy operation is eligible for a premium repayment, and selects the direct cash payment option as the premium repayment and the COC approves, the direct cash repayment is final.</p>



# Questions from the Chat Box Feature

Question/Comment	Answer
Can you repeat what the retroactive payout would be?	For dairy operations who have a 2019 DMC margin coverage level of \$9.50 and because the January – April milk margin above feed cost rates are confirmed, the following retroactive payments would be: January 2019 \$1.79 per cwt., February 2019 \$1.59 per cwt, March 2019 \$0.84 per cwt, April 2019 \$0.68 per cwt.



## Other Resources

### **Dairy Margin Coverage (DMC) Program Webpage:**

<https://www.fsa.usda.gov/programs-and-services/dairy-margin-coverage-program/index>

### **Margin Protection Program for Dairy Premium Repayment Fact Sheet:**

[https://www.fsa.usda.gov/Assets/USDA-FSA-Public/usdfiles/MPP-Dairy/margin\\_protection\\_program-dairy\\_may-2019\\_fact\\_sheet.pdf](https://www.fsa.usda.gov/Assets/USDA-FSA-Public/usdfiles/MPP-Dairy/margin_protection_program-dairy_may-2019_fact_sheet.pdf)

### **FSA Outreach and Education Webpage, Webinars:**

<https://www.fsa.usda.gov/programs-and-services/outreach-and-education/webinars/index>



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