
USDA Announces New Decision Tool for New Dairy Margin Coverage Program

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WASHINGTON, April 30, 2019 – Agriculture Secretary Sonny Perdue announced today the availability of a [new web-based tool](#) – developed in partnership with the University of Wisconsin – to help dairy producers evaluate various scenarios using different coverage levels through the new [Dairy Margin Coverage](#) (DMC) program.

The 2018 Farm Bill authorized DMC, a voluntary risk management program that offers financial 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. It replaces the program previously known as the Margin Protection Program for Dairy. Sign up for this USDA Farm Service Agency (FSA) program opens on June 17.

“With sign-up for the DMC program just weeks away, we encourage producers to use this new support tool to help make decisions on participation in the program,” Secretary Perdue said. “Dairy producers have faced tough challenges over the years, but the DMC program should help producers better weather the ups and downs in the industry.”

The University of Wisconsin launched the decision support tool in cooperation with FSA and funded through a cooperative agreement with the USDA Office of the Chief Economist. The tool was designed to help producers determine the level of coverage under a variety of conditions that will provide them with the strongest financial safety net. It allows farmers to simplify their coverage level selection by combining operation data and other key variables to calculate coverage needs based on price projections.

The decision tool assists producers with calculating total premiums costs and administrative fees associated with participation in DMC. It also forecasts payments that will be made during the coverage year.

“The new Dairy Margin Coverage program offers very appealing options for all dairy farmers to reduce their net income risk due to volatility in milk or feed prices,” said Dr. Mark Stephenson, Director of Dairy Policy Analysis, University of Wisconsin, Madison. “Higher coverage levels, monthly payments, and more flexible production coverage options are especially helpful for the sizable majority of farms who can cover much of their milk production with the new five million pound maximum for Tier 1 premiums. This program deserves the careful consideration of all dairy farmers.”

For more information, access the tool at fsa.usda.gov/dmc-tool. For DMC sign up, eligibility and related program information, visit fsa.usda.gov or contact your local USDA Service Center. To locate your local FSA office, visit farmers.gov/service-locator.

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