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Farm Service Agency

U.S. DEPARTMENT OF AGRICULTURE

USDA Announces Repayment Options for Producers with Coverage in Previous Margin Protection Program for Dairy

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WASHINGTON, May 3, 2019 – USDA's Farm Service Agency (FSA) announced that dairy producers who had coverage under the Margin Protection Program for Dairy (MPP-Dairy), which provided payments to producers when the price of milk fell below the feed costs to produce it, are eligible to receive a repayment for part of the premiums paid into the program.

To be eligible for this repayment, which was authorized by the 2018 Farm Bill, a dairy operation must have participated in the MPP-Dairy during any calendar year from 2014 through 2017, have the repayment calculated and verified by FSA and elect one of two options by September 20, 2019. Operations whose established production history has been transferred to an heir or new owner also are eligible.

An operation's repayment amount is calculated for each applicable calendar year in which that dairy participated in MPP-Dairy, from 2014 through 2017. The repayment amount is equal to the difference between the total amount of premiums paid by the dairy operation for each applicable calendar year of coverage and the total amount of payments made to the MPP-Dairy participating dairy operation for that applicable calendar year.

An operation either can elect to receive 50 percent of the repayment amount as a cash refund or take 75 percent of the amount as a credit that can be used toward premiums for the new Dairy Margin Coverage (DMC) Program. Signup for DMC begins June 17 and also ends September 20. Like MPP-Dairy, DMC is a voluntary risk management program that helps dairy producers deal with shifting milk prices and feed costs and replaces MPP-Dairy.

Both MPP-Dairy reimbursement options will be subject to a 6.2 percent sequestration rate.

“USDA recognizes that dairy producers have faced tough challenges over the years, so we’re providing them some help,” said FSA Administrator Richard Fordyce. “This repayment for part of past premiums paid, coupled with the new Dairy Margin Coverage Program and other programs, should help producers better weather the ups and downs in the industry.”

Eligible dairy producers soon will receive a letter from FSA, outlining their repayment options.

More Information

For dairy operations that choose the premium credit option, a new DMC decision support tool allows producers to consider different risk management strategies. The tool helps them evaluate various scenarios, using different coverage levels under the new DMC program.

On December 20, 2018, President Trump signed into law the 2018 Farm Bill, which provides support, certainty and stability to our nation’s farmers, ranchers and land stewards by enhancing farm support programs, improving crop insurance, maintaining disaster programs and promoting and supporting voluntary conservation. FSA is committed to implementing these changes as quickly and effectively as possible, and today’s updates related to MPP-Dairy and DMC are part of meeting that goal.

For premium repayment and DMC information, visit the DMC webpage or contact your local USDA service center. To locate your local FSA office, visit farmers.gov/service-locator.

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