

Farm Service Agency

Margin Protection Program for Dairy Premium Repayment

FACT SHEET
May 2019

Overview

The 2018 Farm Bill provides premium repayments for eligible dairy operations for which buy-up Margin Protection Program for Dairy (MPP-Dairy) coverage was purchased for the years 2014-2017. The repayment is equal to the difference between the total amount of premiums paid by the participating dairy operation and the total amount of MPP-Dairy payments received by the operation for each applicable calendar year.

Eligible Dairy Operations

To be eligible to receive an MPP-Dairy premium repayment, the dairy operation must have:

- Participated in the MPP-Dairy for any of the calendar years 2014 through 2017.
- Paid a premium in any year 2014 through 2017 that exceeds a payment issued for that year.
- Applied for repayment by the end of the 2019 coverage election period under the Dairy Margin Coverage (DMC) program.



Determining Repayment

To determine the premium repayment for each year, the premium paid by the dairy operation for that year are subtracted by the indemnity payment received for that year. If the difference is a negative number, the net will be recorded as \$0 for that calendar year. Once each calendar year is calculated, the net totals are summarized to a total calculated repayment.

See example in the following table:

	2014	2015	2016	2017
Premium Paid	\$3,000	\$5,000	\$4,000	\$2,000
Payments Received	\$0	\$1,000	\$80,000	\$0
Net Repayment Per Year:	\$3,000	\$4,000	\$0	\$2,000
Total Calculated Repayment: \$9,000				

Premium Repayment Option

Eligible dairy operations must elect either of the following premium repayment options:

- 75 percent of the repayment as a credit to be used by the dairy operation for future DMC premiums, or
- 50 percent of the repayment as a direct cash repayment.

Note

Repayment eligibility may also apply for deceased or retired dairy operators or operations that are now dissolved, as 50 percent direct cash.

Repayments either cash or credit will be sequestered by 6.2 percent.



PREMIUM REPAYMENT - MAY 2019

Repayment Application

The application period to apply for premium repayment will be **May 8 through September 20, 2019**. This is a one-time application period and selections are final.

Eligible dairy operations must visit their county FSA office to sign up for premium repayment. Dairy operations will receive letters that provide premium paid, payments received and the cash or credit amount. The producer will make a one-time decision of either a direct cash repayment or a credit for future DMC premiums. The dairy operation will acknowledge and sign the (CCC-785) Repayment Election Application.

If the dairy operation disputes the repayment information provided by the county office, it is the responsibility of the producer to provide documentation to substantiate the premium repayment request no later than September 20, 2019.

Succession-in Interest Transfer Option

For dairy operations where a succession in interest has occurred, the predecessor has the option to transfer the repayment to the successor. The predecessor dairy operation would designate the transfer of repayment on the (CCC-785) Repayment Election Application.

Estates, Dissolved, Retired Dairy Operations

Active estates and dissolved or retired dairy operations are eligible to apply for the premium repayment for the applicable years in which they participated. The entity of the dissolved or retired dairy operation requesting MPP-Dairy premium repayment must still have:

- The active tax identification number
- A valid bank account

Dairy Margin Coverage Decision Tool

Dairy operations are encouraged to study the available risk management options under the DMC. The DMC Decision Tool has been developed to assist dairy producers with program participation forecasting and decision making. The decision tool allows a producer to enter their production history and repayment calculation options to assess their dairy margin risk management. The DMC Decision Tool is located at fsa.usda.gov/dmc-tool.

For More Information

Contact your FSA County Office for more information on the MPP-Dairy Premium Repayment or visit fsa.usda.gov.