

For: State and County Offices

**Announcing Margin Protection Program for Dairy Producers (MPP-Dairy)
January/February 2015 Payment Trigger**

Approved by: Deputy Administrator, Farm Programs



1 Overview

A Background

MPP-Dairy payments are triggered when the National average margin, the difference between the price of milk and the cost of feed, falls below a certain producer selected margin trigger, ranging from \$4 to \$8, for a specified consecutive 2-month period. All final USDA prices for milk and feed components required to determine the National average margin were released on March 30, 2015.

The actual National average margin for the January/February 2-month consecutive period is \$7.99554/cwt., resulting in an MPP payment rate of \$0.00446/cwt. for dairy operations that selected an \$8 margin trigger coverage level for 2015. Qualifying producers that have paid the dairy operations premium in-full will receive a payment based on the amount of covered production history elected by the dairy operation for calendar year 2015 according to 1-MPP, subparagraph 61. If the premium has **not** been paid in-full, payments will apply to the outstanding premium balance remaining for buy-up coverage, thus reducing the premium needed to pay by June 1, 2015.

B Purpose

This notice:

- provides State and County Offices with instructions to process January/February 2-month consecutive period MPP-Dairy payments for dairy operations that elected an \$8 margin trigger for the 2015 calendar year of coverage

Note: County Offices were able to process the payments beginning **April 13, 2015**.

- obsoletes Notice MPP-12 to correct the payment rate in subparagraph A.

Disposal Date	Distribution
December 1, 2015 4-13-15	State Offices; State Offices relay to County Offices

2 MPP-Dairy Payment Process

A Processing MPP-Dairy Payments

A report will be provided to applicable State Offices on April 13, 2015, based on data that was uploaded through the MPP workbook process, to identify dairy operations eligible for payments for the January/February payment period. The report will include the name of the dairy operation, the calculated payment amount earned, and any outstanding premium balance due. State Offices shall forward the report to applicable County Offices for recording the payment amounts in the automated MPP payment process. See 2-MPP for detailed instructions for recording and reconciling MPP payment amounts.

Notes: Manual receivables **must** be established for any outstanding premium balance due for dairy operations eligible to receive a payment for the January/February payment period. Additional information will be forthcoming for creating these receivables.

A dairy operation with a premium balance due may **not** receive a payment because of the calculated payment amount earned being fully offset by the manual receivable created for the outstanding premium balance due.

B eFunds

Allotments will be provided to each County Office through the eFunds control process. Specific allotments will be determined by the National Office based on uploaded workbooks and producer eligibility.

State Offices will have read-only access to eFund allocations to County Offices. If additional funds are required, County Offices shall contact the appropriate State Office specialist. State Offices shall contact the National Office to request additional allotments by sending an e-mail with the program year and amount to **all** of the following:

- stacy.carroll@wdc.usda.gov
- danielle.cooke@wdc.usda.gov
- alison.groenwoldt@wdc.usda.gov
- tracey.smith@wdc.usda.gov.

C Sequestration

MPP-Dairy payments will be sequestered at a rate of 7.3 percent. The sequestration reduction is fully automated so **no** action is required by County Offices.