UNITED STATES DEPARTMENT OF AGRICULTURE
Farm Service Agency
Washington, DC 20250

Notice DMC-106

For: State and County Offices

Announcing Dairy Margin Coverage (DMC) Program for September 2026 Payment Triggers

Approved: Deputy Administrator, Farm Programs



1 Overview

A Background

DMC payments are triggered when the difference between the National all milk price and the National average feed cost (the margin) falls below the producer selected margin trigger, ranging in Tier 1 from $4.00 to $9.50, and Tier 2 from $4.00 to $8.00, calculated monthly.

USDA will use prices for milk and feed components (corn, premium alfalfa hay, and soybean meal) to determine the National average margin. The price data required to calculate the margin for September 2026 was released on October 30, 2026, triggering DMC payments. The actual National average margin for September 2026 is $8.35 per cwt.

As a result, dairy operations that elected Tier 1 margin coverage levels $9.50, $9.00, and $8.50, will be issued a payment.

Payments for margins triggered will be issued directly to producers with approved 2026 DMC contracts. Dairy operations that have unpaid 2025 DMC premiums with established receivables **must not** be approved for 2026 DMC enrollment until the outstanding receivable has been fully satisfied.

B Purpose

This notice informs State and County Offices that September 2026 payments for dairy operations that elected the applicable margin trigger will automatically be processed beginning on October 31, 2026.

Disposal Date	Distribution
February 1, 2027	State Offices; State Offices relay to County Offices

2 DMC Payment Calculation

A September 2026 DMC Payment Rates

Eligible producers will receive a payment based on the amount of covered production history and the margin level elected by the dairy operation for coverage year 2026.

The following table displays the payment rate/cwt. for margin trigger coverage levels.

Tier 1 Margin Trigger Coverage Levels	Payment Rate/Cwt.
$4.00	$0.00
$4.50	$0.00
$5.00	$0.00
$5.50	$0.00
$6.00	$0.00
$6.50	$0.00
$7.00	$0.00
$7.50	$0.00
$8.00	$0.00
$8.50	$0.15
$9.00	$0.65
$9.50	$1.15

Tier 2 Margin Trigger Coverage Levels	Payment Rate/Cwt.
$4.00	$0.00
$4.50	$0.00
$5.00	$0.00
$5.50	$0.00
$6.00	$0.00
$6.50	$0.00
$7.00	$0.00
$7.50	$0.00
$8.00	$0.00

B DMC 2026 Margins

The actual 2026 National average margin for each month are posted to the PSD website at **https://www.fsa.usda.gov/resources/programs/dairy-margin-coverage-program-dmc/prices-updates**. Rates are also posted on the DAFP Hub DMC Sharepoint site under "State and County Information."

C Sequestration

DMC payments will be sequestered at a rate of 5.7 percent. The sequestration reduction is fully automated; therefore, no action is required by County Offices except to verify that it has been properly applied.

D DMC Payment Processing

DMC software will automatically generate payments after contract approval is entered in the DMC software. County Offices will immediately:

- review payments in NPS
- certify and sign if the dairy operation is eligible for that payment.

Note: Guidance for payment processing is provided in 2-DMC (Rev. 1).