

For: State and County Offices

Announcing Dairy Margin Coverage (DMC) Program for July 2019 Payment Triggers

Approved: Deputy Administrator, Farm Programs



1 2019 DMC Margin Payment Trigger

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 from Tier 1 \$4 to \$9.50 and Tier 2 \$4 to \$8, calculated monthly. USDA prices for milk and feed components (corn, blended alfalfa hay, and soybean meal) required to determine the National average margin for July were released on August 30, 2019. The actual National average margin for July is \$9.27 per cwt. As a result, dairy operations that elected margin coverage of \$9.50 will be issued a payment.

Payments for margins triggered will be issued directly to producers. DMC payments issued will **not** be offset by premium balances due, unless assigned by the dairy operation. The full balance of the premium is due on or before September 20, 2019.

B Purpose

This notice informs State and County Offices that July 2019 payments for dairy operations who elected the applicable margin trigger were automatically processed on September 3, 2019.

C Contacts

If there are questions about this notice, State Offices shall contact either of the following according to this table.

Name	Telephone	E-mail
Douglas E. Kilgore	202-720-9011	douglas.e.kilgore@usda.gov
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Disposal Date	Distribution
December 1, 2019 9-9-19	State Offices; State Offices relay to County Offices

Notice DMC-11

2 DMC Payment Calculation

A July DMC 2019 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 2019.

Margin Level Elected:

Margin Trigger Coverage Level	Payment Rate/Cwt.
\$9.50	\$0.23

B DMC 2019 Margins

The actual 2019 National average margin for each month is posted monthly to the PSD website at <https://www.fsa.usda.gov/programs-and-services/dairy-margin-coverage-program/index>.

C Sequestration

DMC payments will be sequestered at a rate of 6.2 percent. The sequestration reduction is fully automated; therefore, no action is required by County Offices except to verify 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:

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

Note: Guidance for payment processing will be forthcoming in 2-DMC.