

For: State and County Offices

Announcing Dairy Margin Coverage (DMC) Program for January 2021 Payment Triggers

Approved: Acting Deputy Administrator, Farm Programs



1 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 from \$4 to \$9.50, and Tier 2 from \$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 January 2021 was released on February 26, 2021. The actual National average margin for January 2021 is \$7.14 per cwt. As a result, dairy operations that elected Tier 1 margin coverage levels \$9.50, \$9.00, \$8.50, \$8.00, \$7.50, and Tier 2 margin coverage levels at \$8.00, \$7.50, 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.

B Purpose

This notice informs State and County Offices that January 2021 payments for dairy operations that elected the applicable margin trigger will automatically be processed beginning on March 1, 2021.

Disposal Date	Distribution
July 1, 2021	State Offices; State Offices relay to County Offices

Notice DMC-40

2 DMC Payment Calculation

A January DMC 2021 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 2021.

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

Tier 1 Margin Trigger Coverage Levels	Payment Rate/Cwt.
\$5.50	\$0.00
\$6.00	\$0.00
\$6.50	\$0.00
\$7.00	\$0.00
\$7.50	\$0.36
\$8.00	\$0.86
\$8.50	\$1.36
\$9.00	\$1.86
\$9.50	\$2.36

Tier 2 Margin Trigger Coverage Levels	Payment Rate/Cwt.
\$5.50	\$0.00
\$6.00	\$0.00
\$6.50	\$0.00
\$7.00	\$0.00
\$7.50	\$0.36
\$8.00	\$0.86

B DMC 2021 Margins

The actual 2021 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 5.7 percent. The sequestration reduction is fully automated; therefore, no action is required by County Offices except to verify it has been properly applied.

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2 DMC Payment Calculation (Continued)

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
- sign and certify if the dairy operation is eligible for that payment.

Note: Guidance for payment processing is provided in 2-DMC.