

UNITED STATES DEPARTMENT OF AGRICULTURE

Farm Service Agency
Washington, DC 20250

Notice DMC-76

For: State and County Offices

Announcing Dairy Margin Coverage (DMC) Program for July 2023 Payment Triggers

Approved by: 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 \$4.00 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) required to determine the National average margin. The July 2023 DMC payment was triggered and released on August 31, 2023. The actual National average margin for July is 3.52 per cwt.

As a result, dairy operations that elected Tier 1 margin coverage levels \$9.50, \$9.00, \$8.50, \$8.00, \$7.50, \$7.00, \$6.50, \$6.00, \$5.50, \$5.00, \$4.50 and \$4.00 and Tier 2 margin coverage level at \$8.00, \$7.50, \$7.00, \$6.50, \$6.00, \$5.50, \$5.00, \$4.50 and \$4.00 will be issued a payment.

Payments for margins triggered will be issued directly to producers. Dairy Operations that have checked the premium payment option on the DMC contract will have premium balances deducted before a DMC margin payment will process.

B Purpose

This notice informs State and County Offices that July 2023 payments for dairy operations that elected the applicable margin trigger will automatically be processed beginning on September 1, 2023.

Disposal Date	Distribution
January 1, 2024	State Offices; State Offices relay to County Offices

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2 DMC Payment Calculation

A July DMC 2023 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 2023.

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

Tier 1 Margin Trigger Coverage Levels	Payment Rate/Cwt.
\$4.00	\$0.48
\$4.50	\$0.98
\$5.00	\$1.48
\$5.50	\$1.98
\$6.00	\$2.48
\$6.50	\$2.98
\$7.00	\$3.48
\$7.50	\$3.98
\$8.00	\$4.48
\$8.50	\$4.98
\$9.00	\$5.48
\$9.50	\$5.98

Tier 2 Margin Trigger Coverage Levels	Payment Rate/Cwt.
\$4.00	\$0.48
\$4.50	\$0.98
\$5.00	\$1.48
\$5.50	\$1.98
\$6.00	\$2.48
\$6.50	\$2.98
\$7.00	\$3.48
\$7.50	\$3.98
\$8.00	\$4.48

B DMC 2023 Margins

The actual 2023 National average margin for each month are posted 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 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 the National Payment System
- sign and certify if the dairy operation is eligible for that payment.

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