

UNITED STATES DEPARTMENT OF AGRICULTURE

Farm Service Agency
Washington, DC 20250

Notice DMC-77

For: State and County Offices

Announcing Dairy Margin Coverage (DMC) Program for August 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 August 2023 DMC payment was triggered and released on September 29, 2023. The actual National average margin for August is 6.46 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 and \$6.50 and Tier 2 margin coverage level at \$8.00, \$7.50, \$7.00 and \$6.50 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.

Notes: It is imperative that County Offices certify and sign DMC payments in NPS as soon as they are made available in NPS on **Friday, September 29, 2023**. NPS will be shut down for end of year activities at 1:00pm CT on Saturday, September 30, 2023. If FSA is in normal operational status, any 2023 DMC payments not certified and signed by 1:00pm CT on September 30, 2023, can be certified and signed in NPS the following week beginning October 2, 2023.

In the event of a lapse in funding that prompts a government shutdown any 2023 DMC payments not certified and signed by 1:00pm CT on September 30, 2023, can be certified and signed upon official return to normal operational status.

Disposal Date	Distribution
January 1, 2024 9-29-23	State Offices; State Offices relay to County Offices

Notice DMC-77

1 DMC Margin Payment Trigger (Continued)

A Background (Continued)

All nightly farm program payment cycles will be shut down due to year end activities on Saturday, September 30, 2023. An Information Bulletin will be issued with a link to the Funding Availability SharePoint site providing guidance on when DMC funding is re-established and when DMC payment nightly payment processing will resume.

B Purpose

This notice informs State and County Offices that August 2023 payments for dairy operations that elected the applicable margin trigger will automatically be processed beginning on September 29, 2023.

2 DMC Payment Calculation

A August 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	\$0.00
\$4.50	\$0.00
\$5.00	\$0.00
\$5.50	\$0.00
\$6.00	\$0.00
\$6.50	\$0.04
\$7.00	\$0.54
\$7.50	\$1.04
\$8.00	\$1.54
\$8.50	\$2.04
\$9.00	\$2.54
\$9.50	\$3.04

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	\$0.04
\$7.00	\$0.54
\$7.50	\$1.04
\$8.00	\$1.54

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>

2 DMC Payment Calculation (Continued)

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. On **Friday, September 29, 2023**, County Offices will begin to:

- 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.