



Dairy Producers in California Reminded to Enroll in 2024 Dairy Margin Coverage by April 29??

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The U.S. Department of Agriculture (USDA) is encouraging dairy producers to enroll by April 29, 2024, for 2024 Dairy Margin Coverage (DMC), an important safety net program that helps offset milk and feed price differences. This year's DMC signup began Feb. 28, 2024, and payments, retroactive to January, began in March 2024. So far, DMC payments triggered in January and February of 2024 at margins of \$8.48 and \$9.44 respectively.

"We encourage producers to join the 537 dairy operations in California that have already signed up for this important safety net program in advance of the deadline," said USDA Farm Service Agency (FSA) State Executive Director Blong Xiong in California. "At \$0.15 per hundredweight for \$9.50 coverage, risk protection through Dairy Margin Coverage is a cost-effective tool to manage risk and provide security for your operations."

2024 DMC Coverage and Premium Fees

FSA revised DMC regulations to extend coverage for calendar year 2024, which is retroactive to Jan. 1, 2024, and to provide an adjustment to the production history for dairy operations with less than 5 million pounds of production. In previous years, smaller dairy operations could establish a supplemental production history and receive Supplemental Dairy Margin Coverage.

For 2024, dairy producers can establish one adjusted base production history through DMC for each participating dairy operation to better reflect the operation's current production.

For 2024 DMC enrollment, dairy operations that established supplemental production history through Supplemental Dairy Margin Coverage for coverage years 2021 through 2023, will combine the supplemental production history with established production history for one adjusted base production history.

For dairy operations enrolled in 2023 DMC under a multi-year lock-in contract, lock-in eligibility will be extended until Dec. 31, 2024. In addition, dairy operations enrolled in multi-year lock-in contracts are eligible for the discounted DMC premium rate during the 2024 coverage year. To confirm 2024 DMC lock-in coverage or opt out in favor of an annual contract for 2024, dairy operations having lock-in contracts must enroll during the 2024 DMC enrollment period.

DMC offers different levels of coverage, even an option that is free to producers, minus a \$100 administrative fee. The administrative fee is waived for dairy producers who are considered limited resource, beginning, socially disadvantaged or a military veteran. To determine the appropriate level of DMC coverage for a specific dairy operation, producers can use the [online dairy decision tool](#).

Congress passed a 2018 Farm Bill extension requiring these regulatory changes to the program. DMC is also authorized through calendar year 2024.

DMC Payments

DMC payments are calculated using updated feed and premium hay costs, making the program more reflective of actual dairy producer expenses. These updated feed calculations use 100% premium alfalfa hay.

More Information

DMC is a voluntary risk management program providing protection to dairy producers when the difference between the all-milk price and the average feed price (the margin) falls below a certain dollar amount selected by the producer. In 2023, DMC payments triggered in 11 months including two months, June and July, where the margin fell below the catastrophic level of \$4.00 per hundredweight, a first for DMC or its predecessor Margin Protection Program.

USDA also offers other risk management tools for dairy producers, including the [Dairy Revenue Protection \(DRP\)](#) plan that protects against a decline in milk revenue (yield and price) and the [Livestock Gross Margin \(LGM\)](#) plan, which provides protection against the loss of the market value of milk minus the feed costs. Both DRP and LGM livestock insurance policies are offered through the Risk Management Agency. Producers should contact their local [crop insurance agent](#) for more information.

For more information on DMC, visit the [DMC webpage](#) or contact your local [USDA Service Center](#).

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