Farm Service Agency
U.S. DEPARTMENT OF AGRICULTURE

Deadline Extended to Enroll in 2022 Dairy Margin Coverage and Supplemental Dairy Margin Coverage

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WASHINGTON, Feb. 8, 2022 – USDA has extended the deadline to enroll in Dairy Margin Coverage (DMC) and Supplemental Dairy Margin Coverage (SDMC) for program year 2022. The deadline to apply for 2022 coverage is now March 25, 2022. As part of the Biden-Harris Administration's ongoing efforts to support dairy farmers and rural communities, USDA's Farm Service Agency (FSA) opened DMC and SDMC signup in December 2021 to help producers manage economic risk brought on by milk price and feed cost disparities.

"Over the past two years, American dairy farmers have faced unprecedented uncertainty, from the ongoing pandemic to protracted natural disasters. As producers continue to manage these interconnected challenges, FSA has tools at the ready to provide critical support," said FSA Administrator Zach Ducheneaux. "We are encouraging dairy operations to take advantage of the extended deadline and join the 8,969 operations that have already enrolled for 2022 coverage. At 15 cents per hundredweight at the $9.50 level of coverage, DMC is a very cost-effective risk management tool for dairy producers."

Enrollment for 2022 DMC is currently at 55% of the 2021 national program year enrollment. Producers who enrolled in DMC for 2021 received margin payments each month, January through November for a total of $1.2 billion, with an average payment of $60,275 per operation.

The DMC program, created by the 2018 Farm Bill, offers reasonably priced protection to dairy producers when the difference between the all-milk price and the average feed cost (the margin) falls below a certain dollar amount selected by the producer. Supplemental DMC will provide $580 million to better help small- and mid-sized dairy operations that have increased production over the years but were not able to enroll the additional production. Now, they will be able to retroactively receive payments for that supplemental production. Additionally, FSA updated how feed costs are calculated, which will make the program more reflective of dairy producers' actual expenses.

Supplemental DMC Enrollment

Eligible dairy operations with less than 5 million pounds of established production history may enroll supplemental pounds based upon a formula using 2019 actual milk?marketings, which will result in additional payments. Producers will be required to provide FSA with their 2019 Milk Marketing Statement.

Supplemental DMC coverage is applicable to calendar years 2021, 2022 and 2023. Participating dairy operations with supplemental production may receive retroactive supplemental payments for 2021 in addition to payments based on their established production history.

Supplemental DMC will require a revision to a producer's 2021 DMC contract and must occur before enrollment in DMC for the 2022 program year. Producers will be able to revise 2021 DMC contracts, apply for 2022 DMC, and enroll in other FSA programs by contacting their local USDA Service Center .

DMC 2022 Enrollment

After making any revisions to 2021 DMC contracts for Supplemental DMC, producers can sign up for 2022 coverage. DMC provides eligible dairy producers with risk management coverage that pays producers when the difference between the price of milk and the cost of feed falls below a certain level. In 2021, based on data to date, DMC payments have triggered for January through November for more than $1 billion.

For DMC enrollment, producers must certify with FSA that the operation is commercially marketing milk, sign all required forms and pay the $100 administrative fee. The fee is waived for farmers 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.

Updates to Feed Costs??

USDA has also changed the DMC feed cost formula via final rule published on December 13, 2021, to better reflect the actual cost dairy farmers pay for high-quality alfalfa hay. FSA now calculates payments using 100% premium alfalfa hay rather than 50%. In December 2021, following publication of the new feed cost policy, $102 million was paid to producers as a result of the revised high quality alfalfa feed cost formula.

The amended feed cost formula will make DMC payments more reflective of actual dairy producer expenses.

More Information

For more information, producers can visit FSA dairy programs webpage, or contact their local USDA Service Center. To locate their local FSA office, producers can visit farmers.gov/service-center-locator . Service Center staff continue to work with agricultural producers via phone, email, and other digital tools. Due to the pandemic, some USDA Service Centers are open to limited visitors. Additionally, more information related to USDA's response and relief for producers can be found at farmers.gov/coronavirus

USDA touches the lives of all Americans each day in so many positive ways. In the Biden-Harris Administration, USDA is transforming America's food system with a greater focus on more resilient local and regional food production, fairer markets for all producers, ensuring access to safe, healthy and nutritious food in all communities, building new markets and streams of income for farmers and producers using climate smart food and forestry practices, making historic investments in infrastructure and clean energy capabilities in rural America, and committing to equity across the Department by removing systemic barriers and building a workforce more representative of America. To learn more, visit www.usda.gov.

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