

MGR-18-002

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Date

April 3, 2018

To

All Approved Insurance Providers

All Risk Management Agency Field Offices

All Other Interested Parties

From

Heather Manzano

Subject

Livestock Gross Margin for Dairy and the Margin Protection Program for Dairy

Background

The Agricultural Act of 2014 (2014 Act) authorized the Margin Protection Program for Dairy (MPP-Dairy). MPP-Dairy, administered by the Farm Service Agency (FSA), is a voluntary program that offers both catastrophic coverage and various levels of buy-up coverage.

On February 9, 2018, the Bipartisan Budget Act of 2018 was signed into law making several enhancements to the MPP-Dairy program for the 2018 crop year. By law, dairy producers may not participate in both MPP-Dairy and the Livestock Gross Margin-Dairy (LGM-Dairy) programs. Where specifically prohibited by law, Section 22(a) of the LGM-Dairy policy provisions prohibit the receipt of multiple benefits under multiple programs.

Action

The LGM-Dairy policy requirement of completing the active target marketings will conclude the producer's coverage under LGM-Dairy so that they may transition to

the MPP-Dairy program, if desired. A producer may enroll in MPP-Dairy, no later than June 1, 2018, while having active target marketings under LGM-Dairy. However, coverage under MPP-Dairy will not begin until all target marketings under LGM-Dairy are completed. The producer may then transition to the MPP-Dairy program the month after all target marketings under LGM-Dairy are completed. For example, a producer purchases LGM-Dairy in April 2018 with target marketings through August 2018. Coverage under LGM-Dairy will conclude at the end of August and coverage under the MPP-Dairy program may begin in September.

DISPOSAL DATE:

December 31, 2019