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USDA and Dairy Farmers Work Together to Mitigate Risk for 2021

News Release |

Washington DC

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Agencies See Proactive Participation in Risk Management Programs

WASHINGTON, Jan. 18, 2021 — In an unprecedented year, USDA staff and dairy producers across the country worked together to protect dairy operations for the 2021 production year under USDA's risk management program options – the [Dairy Margin Coverage](#) (DMC), [Dairy Revenue Protection](#) (DRP), and [Livestock Gross Margin for Dairy Cattle](#) (LGM) programs. Recent enrollment data for these programs indicate that dairy operations are proactively managing their risk.

“In a year rife with challenges, our staff worked diligently to improve customer service and seamlessly deliver programs to assist agricultural producers,” said Bill Northey, USDA's Under Secretary for Farm Production and Conservation. “Through patience and perseverance on both sides of the virtual counter, as well as added resources made available to producers and staff for operating in a pandemic, producers were able to timely participate in these programs.”

Dairy Margin Coverage

Administered by USDA's [Farm Service Agency](#), DMC offers 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.

Nearly three-quarters of all U.S. dairy operations with established production history are enrolled in DMC for the 2021 program year. Compared with 2020 enrollment of 13,532 operations, participation for 2021 increased to cover nearly 18,500 operations nationwide – meaning an additional 4,900 dairy operations recognized the value of DMC to their bottom line.

This enrollment success is a testament to the value of DMC to dairy operations. DMC is a cashflow-friendly program that offers enrolled operations the option to select a \$4.00 catastrophic level of coverage with no premium fee or elect to buy up coverage. The premium on buy-up coverage is based on margin triggers between \$4.50 and \$9.50 on 5 to 95% of established production history. For coverage at the maximum margin trigger of \$9.50, producers pay \$0.15 per hundredweight of established milk production history.

To date, DMC has paid out more than \$500 million in program benefits to dairy operations enrolled in calendar years 2019 and 2020. Margin payments triggered seven months in 2019 and four months, to date, for the 2020 DMC program year.

Additional Protection for Dairy

Approximately 3,000 operations purchased additional protection under DRP, which covers 30% of the milk supply and has provided more than \$400 million in payments to covered operations since 2019. DRP, now in its second year, has grown from 2,500 policies in 2019. Additionally, 200 producers purchased coverage through LGM. Both LGM and DRP are managed by USDA's [Risk Management Agency](#).

While DRP insures against unexpected declines in the quarterly revenue from milk sales, LGM provides protection against the loss of gross margin (market value of milk minus feed costs) on the milk produced from dairy cows.

More Information

Enrollment for 2022 coverage for DMC will take place in the fall of 2021. For more information about DMC and to use the online program decision tool, visit the [farmers.gov DMC webpage](#), or contact your local USDA Service Center. To locate your local office, visit [farmers.gov/service-center-locator](#).

All Federal crop insurance policies are available from Approved Insurance Providers (AIP). To learn more about DRP and LGM and other crop and livestock insurance

products, contact your local AIP. A list of AIPs is available at all USDA service centers and on the RMA website at the [Agent Locator Page](#).

All USDA Service Centers are open for business, including those that restrict in-person visits or require appointments. All Service Center visitors wishing to conduct business with FSA, Natural Resources Conservation Service, or any other Service Center agency should call ahead and schedule an appointment. Service Centers that are open for appointments will pre-screen visitors based on health concerns or recent travel, and visitors must adhere to social distancing guidelines. Visitors are also required to wear a face covering during their appointment. Our program delivery staff will continue to work with our producers by phone, email, and using online tools. More information on working with our Service Centers can be found at farmers.gov/coronavirus.

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