



FACT SHEET

The Dairy Safety Net

Issue Summary: *The 2014 Farm Bill (P.L. 113-79) made significant changes to the dairy safety net including the creation of the Dairy Margin Protection Program (MPP-Dairy). The Farm Bill also repeals a number of programs previously utilized by dairy producers including the Milk Income Loss Contract Program (MILC).*

- The new dairy program focuses on the average milk operating margin rather than on the price of milk providing an enhanced level of risk protection.
- Catastrophic Coverage of \$4.00 margin coverage level at 90 percent of the established production history requires no premium payment. There is a \$100 annual administrative fee.
- For supplemental protection, producers can select coverage from 25 to 90 percent of the established production history in five percent increments and a margin coverage level threshold from \$4.50 to \$8.00 in \$.50 increments. This is an annual decision. For the first 4 million pounds of milk producers pay lower premiums for supplemental coverage than those producing more than 4 million pounds.
- Coverage selection must be made prior to the end of the annual election period. After the initial year of registration, failure to make an election results in the coverage level defaulting to the CAT level of 90 percent at \$4.00 margin.
- For calendar years 2014 through 2018, at least 25 percent of the calculated premium is due by Feb. 1, and the balance is due before June 1 for dairy operations that elect coverage above the \$4 level. For those only electing catastrophic coverage the \$100 registration fee is due at the time of signup.
- A participating operation will receive a margin protection payment whenever the average actual dairy production margin for a consecutive two-month period is less than the coverage level selected.
- Producers must immediately notify FSA of modifications that may affect their participation in MPP-Dairy. Examples of contract modifications include, but are not limited to, the death of a producer; producer joining the operation; member exiting the operation; and relocation of the dairy operation.
- To apply for MPP-Dairy, dairy operations must submit form CCC-781 "Margin Protection Program for Dairy Producers Production History Establishment" and form CCC-782 "Margin Protection Program for Dairy Producers Contract and Annual Coverage Election" to their local FSA county office.
- Producers have a number of resources available to them that will assist in making elections that fit their operations. The USDA has made available the Margin Protection Program Decision Tool that will help select coverage. This [online tool](#) calculates dairy margin probabilities using futures market data that is updated daily. Online education tools such as videos, PowerPoints, and printed material can be found at: www.dairymarkets.org/MPP.