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Dairy EXCELLENCE



PennState Extension

It's Time to Consider Signing Up for the DMC Program

Dairy Margin Coverage is a margin-based insurance program authorized by the 2018 Farm Bill and administered by the USDA's Farm Service Agency (FSA). DMC enrollment for the 2027 program year is open now from October 5, 2026 to December 18, 2026.

With the passage of the One Big Beautiful Bill Act (OBBBA), the legislation reauthorized DMC through 2031 and implemented the following changes to the program:

- Tier 1 coverage increased from 5 million to 6 million pounds.
- All participating producers will establish new production history using milk marketing statements.
Milk marketing statements or production evidence are required to establish a production history.
 - Existing dairy operations that started marketing milk on or before January 1, 2023, will use the higher of milk marketings for the years of 2021, 2022, or 2023.
 - New dairy operations starting after January 1, 2023, will use their first year of monthly milk marketings, even for a partial year.
- Producers who locked in coverage from 2026 through 2031 will receive a 25% premium discount.

• **Available margin coverages:** \$4.00/cwt to \$9.50/cwt in \$0.50/cwt increments

• **Available volume coverages:** 5% to 95% in 5% increments

• Two size categories and premium structures:

1. Tier 1 = 6 million pounds of production history or less
2. Tier 2 = Greater than 6 million pounds of production history

• Dairies with milk production above 6 million pounds of milk can enroll the first 6 million pounds of production under Tier 1 coverage levels and premiums and any covered milk production above this threshold will be covered under Tier 2 coverage levels and premiums.

• Margins are calculated monthly and indemnities are paid each month the margin falls below the elected margin coverage.

• $\text{Margin} = \text{All Milk Price} - (\text{Corn Price} + \text{Soybean Meal Price} + \text{High Quality Alfalfa Hay Price})$

• A \$100 administrative fee is due at sign-up. Premiums are due by the end of September and can be deducted from monthly indemnity payments.

• Enrollment must be done at your county FSA office. Consider calling ahead to make sure you bring the proper documentation and to schedule an appointment.

• Since DMC began in 2019, the DMC Program has paid out nearly \$3.3 billion in indemnities through 2025. At the maximum \$9.50 per cwt margin coverage, these indemnities added 36 cents per cwt, 54 cents per cwt, \$2.29 per cwt, 3 cents per cwt, and \$2.49 per cwt to the production history covered by enrolled producers up to the 5 million pound, Tier 1 cap in 2019, 2020, 2021, 2022 and 2023, respectively.

• **2026 Results:** So far for program year 2026, DMC indemnities were triggered 3 out of the 8 months with margins above the \$9.50 trigger for most of the program year. At the maximum \$9.50 coverage, DMC provided a net benefit of 8 cents per cwt so far. As of October 5, the DMC Decision Tool forecasts payments for September through December 2026, as well as January through September 2027.

• **Six-Year Lock-In Discounted Premium:** Dairy producers who previously opted into the six-year lock-in discounted premium for 2026 through 2031 must still certify that they commercially market milk, sign a DMC contract, and pay the \$100 administrative fee each year to maintain coverage. The producers will continue at the coverage level and percentage at the time they elected into the six-year lock-in and will receive the 25% premium discount.

Coverage Level	Tier 1 Premium	Tier 2 Premium
\$/cwt	<6mil lbs.	>6mil lbs.
\$4.00	None	None
\$4.50	\$0.0025	\$0.0025
\$5.00	\$0.0050	\$0.0050
\$5.50	\$0.0300	\$0.1000
\$6.00	\$0.0500	\$0.3100
\$6.50	\$0.0700	\$0.6500
\$7.00	\$0.0800	\$1.1070
\$7.50	\$0.0900	\$1.4130
\$8.00	\$0.1000	\$1.8130
\$8.50	\$0.1050	
\$9.00	\$0.1100	
\$9.50	\$0.1500	

Do you have additional questions about DMC? Contact your local FSA Office, the Center for Dairy Excellence or Penn State Extension:

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For more information or to see 2027 DMC margin forecasts, scan the QR code.