



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 2024 program year is open now through April 29, 2024.

- **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 = 5 million pounds of production history or less
 2. Tier 2 = Greater than 5 million pounds of production history
- Tier 2 dairies can enroll the first 5 million pounds of production history at Tier 1 margins and premiums. Additional production coverage is capped at \$8.00/cwt and must follow the Tier 2 Premium Schedule.
- Margins are calculated monthly and indemnities are paid each month the margin falls below the elected margin coverage.
- Margin = All Milk Price – (Corn Price + Soybean Meal Price + High Quality Alfalfa Hay Price)
- Premiums are due by the end of September each year and can be subtracted from monthly indemnity payments.
- Enrollment must be done at a local FSA office. Consider calling ahead to schedule an appointment.
- Supplemental Production History was continued for the 2024 program year. If 2019 actual milk production is greater than original established production history, Supplemental Production History is determined by subtracting established production history from 2019 actual production and multiplying the difference by 75%. Established production history and supplemental production history will be combined to form one Adjusted Production History.
- Since DMC began in 2019, the DMC Program has paid out nearly \$2.1 billion in indemnities through 2023. At the maximum \$9.50 per cwt margin coverage, these indemnities added 36 cents per cwt, 54 cents per cwt, \$2.29 per cwt, and 3 cents per cwt to the production history covered by enrolled producers up to the 5 million pound, Tier 1 cap in 2019, 2020, 2021 and 2022, respectively.
- **2023 Results:** DMC indemnities were triggered in 11 of 12 months, resulting in a record low margin of \$6.70 per cwt. for the year. At the maximum \$9.50 margin coverage, DMC provided a net benefit of \$2.50 per cwt.
- **Five-Year Lock In Discounted Premium:** The discounted premium for those who elected for the five-year lock in contract is extended through the 2024 program year. With the new Adjusted Production History (established PH plus supplemental PH), the discounted lock in contract premium will be extended for the full Adjusted Production History. Whereas previously, lock in contracts did not receive a discounted premium for Supplemental PH.

Coverage Level	Tier I Premium	Tier II Premium
\$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	

Anyone wanting to make adjustments to their lock in contract may do so, but any changes will result in no longer receiving the discounted premium.

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

Jayne Sebright, Center for Dairy Excellence
jsebright@centerfordairyexcellence.org • 717-788-0293

Craig Williams, Penn State Extension
jcw17@psu.edu • 570-433-8943