
The signup period for 2022 coverage under USDA's Dairy Margin Coverage (DMC) program has been extended by five weeks to maximize producer participation in this important program. DMC offers effective margin protection for small and mid-sized farms and affordable catastrophic coverage for large farms. Nearly \$1.2 billion – a record – in DMC payments are expected to be distributed to producers under the 2021 program, according to USDA data. **Every dairy farmer should sign up for maximum Tier 1 DMC coverage in 2022 by contacting their local Farm Service Agency (FSA) office by March 25.**

At the urging of NMPF and its member co-ops, this year's program includes improvements that make the program more valuable than ever, including an enhanced feed cost formula to better reflect the cost of high-quality alfalfa hay, and Supplemental DMC enrollment for many producers whose milk production has increased since 2014. See below for more information about this year's program.

Eligibility

All U.S. dairy operations are eligible for DMC. An operation can be run either by a single producer or multiple producers who commercially produce and market milk. Each producer on an operation must share the risk of producing milk and make contributions (including land, labor, management, equipment, or capital) to the dairy's operation at least equal to the individual or entity's share of the operation's proceeds.

An eligible dairy operation must:

- Have a production history determined by FSA.
- Be registered to participate during a signup announced by FSA.
- Pay a \$100 administrative fee annually for each year of participation, except if the dairy operation qualifies for a waiver.

Eligible DMC participants are also eligible to participate in the Livestock Gross Margin for Dairy Producers Program and the Dairy Revenue Protection Program. Both are administered by the USDA Risk Management Agency.

Coverage Levels

Producers have multiple options for coverage each year. Basic catastrophic coverage of \$4/cwt. is free, except for the \$100 annual administrative fee. Farms can insure their first 5 million pounds of milk production history, designated as Tier I, in 50-cent increments from \$4/cwt. up to \$9.50/cwt. Annual production above 5 million pounds falls into Tier II. Coverage options in Tier II range from \$4/cwt. to \$8/cwt. Producers must also select a coverage percentage of the dairy operation's production history ranging from 5 percent to 95 percent, in 5-percent increments.

The following table provides the premium schedule.

Coverage Level	Tier 1 Premium per cwt for covered production history of 5 mil lbs. or less	Tier 2 Premium per cwt, all years for covered production history over 5 mil lbs.
\$4.00	None	None
\$4.50	\$0.0025	\$0.0025
\$5.00	\$0.005	\$0.005
\$5.50	\$0.030	\$0.100
\$6.00	\$0.050	\$0.310
\$6.50	\$0.070	\$0.650
\$7.00	\$0.080	\$1.107
\$7.50	\$0.090	\$1.413
\$8.00	\$0.100	\$1.813
\$8.50	\$0.105	N/A
\$9.00	\$0.110	N/A
\$9.50	\$0.150	N/A

Supplemental DMC Enrollment

Eligible dairy operations with less than 5 million pounds of established production history may enroll supplemental pounds based upon a formula using 2019 actual milk marketings, which will result in additional payments. Producers will be required to provide FSA with their 2019 milk marketing statement.

Supplemental DMC coverage is applicable to calendar years 2021, 2022 and 2023. Participating dairy operations with supplemental production may receive

retroactive supplemental payments for 2021 in addition to payments based on their established production history.

Supplemental DMC will require a revision to a producer's 2021 DMC contract and must occur before enrollment in DMC for the 2022 program year. Producers can revise 2021 DMC contracts and then apply for 2022 DMC by contacting their local USDA Service Center.

How to Apply

The new deadline to enroll for 2022 coverage is March 25. **Producers must complete Supplemental DMC enrollment before 2022 DMC enrollment.**

All dairy farmers who want 2022 coverage must visit their local USDA Service Center office to pay the annual administrative fee, which is \$100 for all coverage levels. Producers must visit their local office even if they locked in coverage in 2019 for five years to take advantage of the 25% premium discount offered the first year of the program.

Additional Resources

- [Stakeholder Webinar: 2022 DMC and Expanded Supplemental Coverage, USDA Farm Service Agency](#)
- [DMC Program Fact Sheet, USDA Farm Service Agency](#)
- [2022 Price Outlook and DMC Program Enhancements Webinar, NMPF](#)
- [Supplemental DMC Q&A, NMPF](#)

For more information, visit the farmers.gov DMC webpage, or contact your local USDA Service Center. To locate your local FSA office, visit [farmers.gov/service-center-locator](#).

