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News Release

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USDA Expands Safety-Net for Dairy Operations Adding Next-Generation Family Members

WASHINGTON, April 12, 2016 – Agriculture Secretary Tom Vilsack today announced that dairy farms participating in the Margin Protection Program (MPP) can now update their production history when an eligible family member joins the operation. The voluntary program, established by the 2014 Farm Bill, protects participating dairy producers when the margin – the difference between the price of milk and feed costs – falls below levels of protection selected by the applicant.

“This change not only helps to strengthen a family dairy operation, it also helps new dairy farmers get started in the family business, while ensuring that safety net coverage remains available for these growing farms,” said Secretary Vilsack. “When children, grandchildren or their spouses become part of a dairy operation that is enrolled in MPP, the production from the dairy cows they bring with them into the business can now be protected. By strengthening the farm safety net, expanding credit options and growing domestic and foreign markets, USDA is committed to helping American farming operations remain successful.”

The U.S. Department of Agriculture’s (USDA) Farm Service Agency (FSA) published a final rule which makes these changes effective on April 13, 2016. Any dairy operation already enrolled in the Margin Protection Program that had an intergenerational transfer occur will have an opportunity to increase the dairy operations production history during the 2017 registration and annual coverage election period. The next election period begins on July 1, 2016, and ends on Sept. 30, 2016. For intergenerational transfers occurring on or after July 1, 2016, notification must be made to the FSA within 60 days of purchasing the additional cows. Each participating dairy operation is authorized one intergenerational transfer at any time of its choosing until 2018.

For $100 a year, dairy producers can receive basic catastrophic protection that covers 90 percent of milk production at a $4 margin coverage level. For additional premiums, operations can protect 25 to 90 percent of production history with margin coverage levels from $4.50 to $8, in 50 cent increments. Annual enrollment in the program is required in order to receive margin protection. The final rule also provides improved risk protection for dairy farmers that pay premiums to buy-up higher levels of coverage by clarifying that 90 percent of production is covered below the $4 level even if a lower percentage was selected above the $4 margin.

Earlier this year, FSA gave producers the opportunity to pay their premium through additional options including via their milk cooperative or handler. This rule facilitates those options and also clarifies that the catastrophic level protection at $4 will always cover 90 percent of the production history, even if a producer selected a less than a 90 percent percentage for the buy-up coverage.

Assuming current participation, had the Margin Protection Program existed from 2009 to 2014, premiums and fees would have totaled $500 million while providing producers with $2.5 billion in financial assistance, nearly $1 billion more than provided by the old Milk Income Loss Contract program during the same period.

The Margin Protection Program was established by the 2014 Farm Bill, which builds on USDA's historic investments in rural America over the past seven years. Since 2009, USDA has worked to strengthen and support American agriculture, an industry that supports one in 11 American jobs, provides American consumers with more than 80 percent of the food we consume, ensures that Americans spend less of their paychecks at the grocery store than most people in other countries, and supports markets for homegrown renewable energy and materials. USDA has provided $5.6 billion of disaster relief to farmers and ranchers; expanded risk management tools with products like to Whole Farm Revenue Protection; helped farm businesses grow with $36 billion in farm credit; provided $ 4.32 billion in critical agricultural research; established innovative public-private conservation partnerships such as the Regional Conservation Partnership Program; developed new markets for rural-made products, including more than 2,500 biobased products through USDA's BioPreferred program; and invested $13.3 billion in infrastructure, housing and community facilities to help improve quality of life in rural America. For more information, visit www.usda.gov/results.

For more information, visit FSA online at www.fsa.usda.gov/dairy or stop by a local FSA office and ask about the Margin Protection Program. To find a local FSA office in your area, visit http://offices.usda.gov.

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