



News Release

2101 Wilson Blvd., Suite 400, Arlington, VA 22201
703.243.6111 • www.nmpf.org

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Christopher Galen
(703) 243-6111 ext. 356
CGalen@nmpf.org

USDA Announces Improvements in Dairy Margin Protection Program

Provisions Made to Enhance Coverage Levels, Allow for Additional Family Members to Use MPP

ARLINGTON, VA – Several important improvements in the new safety net program for dairy farmers [were announced Tuesday](#) by the U.S. Department of Agriculture, following recommendations made to the agency by the National Milk Producers Federation to enhance the value of the dairy Margin Protection Program (MPP).

"We very much appreciate these steps by USDA to implement administrative changes that will improve the program's usefulness to dairy farmers," said Jim Mulhern, president and CEO of NMPF. "USDA is constrained in what it can do to strengthen MPP, but the program must continue to evolve based on the experiences of NMPF's members and others in the dairy industry."

Since MPP's enactment in 2014, NMPF has worked with USDA to make the program a more flexible and effective national safety net for all of America's dairy farmers. Mulhern said the program remains a work in progress, given the challenging farm milk price situation facing dairy farmers in 2015 and this year. "We will continue to work with USDA and the Congress to further improve and strengthen the program's effectiveness," he said.

One change announced by USDA today will ensure that all farms enrolled in the MPP will receive catastrophic coverage at the basic \$4 per hundredweight margin level on 90% of their production history – with the ability to purchase buy-up coverage at less than 90% of their history.

"Decoupling coverage options under MPP improves the ability of the program to offer effective risk management options to dairy farmers," said Mulhern.

Mulhern anticipates that decoupling the coverage options will increase dairy farmer use of the program by not reducing benefits to farmers who elect to purchase supplemental coverage, and by providing more flexibility in coverage design. For \$100 a year, dairy producers receive basic \$4 protection that covers 90% of their milk production. At higher premium levels, farmers can protect

from 25% to 90% of production history with margin coverage levels from \$4.50 to \$8, in 50 cent increments.

This change is effective for the current 2016 coverage year. While a majority of farmers using the program in 2016 are protected at the \$4 level, for those who bought up a higher level of margin, but did not cover 90% of their milk production, this change ensures that they are still receiving catastrophic protection on the maximum level of production allowed by the MPP.

The USDA also announced a rule change to allow a farm's production history to be restructured in order to accommodate new family members joining a particular dairy operation. This will accommodate the intergenerational transfer of production history for children, grandchildren, and their spouses to join a dairy operation. Any dairy operation already enrolled in MPP that had an intergenerational transfer occur will have an opportunity during the 2017 annual coverage election period to increase the operation's production history up to 4 million pounds per year.

The next enrollment period begins on July 1, 2016, and ends on Sept. 30, 2016. Each participating dairy operation is authorized one intergenerational transfer at any time of its choosing until 2018.

"This measure will help younger farmers, as they become part of a multi-generation dairy operation, to more fully use MPP. That will help families keep their farms into the future," Mulhern said.

The rule released today also codifies a policy change made earlier this year giving dairy farmers the opportunity to pay their premium through additional options, such as a periodic milk check deduction handled by their cooperative.

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The National Milk Producers Federation (NMPF), based in Arlington, VA, develops and carries out policies that advance the well-being of dairy producers and the cooperatives they own. The members of NMPF's cooperatives produce the majority of the U.S. milk supply, making NMPF the voice of dairy producers on Capitol Hill and with government agencies. For more on NMPF's activities, visit our website at www.nmpf.org.