



Options for Dairy Farmers

FACT SHEET
April 2018

Dairy farming is unique. That’s why USDA offers a variety of tools for dairy farmers, from crop insurance to disaster assistance to conservation support. Learn more below.

Risk Management

The Livestock Gross Margin Insurance Plan for Dairy Cattle (LGM-Dairy) provides protection when feed costs rise or milk prices drop and can be tailored to any size farm.

Details

- Gross margin is the market value of milk minus feed costs.
- LGM-Dairy uses futures prices for corn, soybean meal, and milk to determine the expected gross margin and the actual gross margin.
- LGM-Dairy is similar to buying both a call option to limit higher feed costs and a put option to set a floor on milk prices.
- LGM-Dairy covers the difference between the gross margin guarantee and the actual gross margin.
- LGM-Dairy is available to any producer who owns dairy cattle in the 48 contiguous states.
- You can sign up for LGM-Dairy 12 times each year and insure all of the milk production that you expect to market over a rolling 11-month insurance period.
- LGM-Dairy is sold on the last business Friday of each month.
- Producers enrolled in the Farm Service Agency Margin Protection Program for Dairy (MPP-Dairy) are prohibited by law from participating in the LGM-Dairy program at the same time.



The Margin Protection Program for Dairy Producers (MPP-Dairy) is a risk management program that provides payments to dairy producers when the difference between the national all milk prices and the national average feed cost (the margin) falls below a certain dollar amount selected by the producer.

Details

- New 2018 Registration Coverage Election Period starts April 9, 2018 and closes on June 1, 2018.
- The actual dairy production margin will now be calculated monthly. A participating dairy operation will receive a margin protection payment whenever the average actual dairy production margin for each month is less than the coverage level threshold selected by the participating dairy operation.
- The \$100 administrative fee may be waived for limited resource, beginning farmers, veteran, and socially disadvantaged farmers
- Premiums will be calculated from Tier 1 for covered production history up to 5 million pounds and from Tier 2 for covered production history exceeding 5 million pounds
- Premium rates for Tier 1 have been reduced as follows:

Coverage Level (Margin) per cwt.	Tier 1 Premium for 2018	Tier 2 Premium for 2018
	Covered production history less than five million lbs.	Covered production history greater than five million lbs.
\$4.00	None	None
\$4.50	None	\$0.020
\$5.00	None	\$0.040
\$5.50	\$0.009	\$0.100
\$6.00	\$0.016	\$0.155
\$6.50	\$0.040	\$0.290
\$7.00	\$0.063	\$0.830
\$7.50	\$0.087	\$1.060
\$8.00	\$0.142	\$1.360



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Support for Diversification

Whole-Farm Revenue Protection (WFRP) provides a risk management safety net for all commodities on the farm under one insurance policy. This insurance plan is tailored for any farm with up to \$8.5 million in insured revenue, including farms with specialty or organic commodities (both crops and livestock), or those marketing to local, regional, farm-identity preserved, specialty, or direct markets.

Details

- Coverage for livestock is limited to 1 million in expected revenue from animals and animal products.
- WFRP provides protection against the loss of insured revenue due to unavoidable natural causes of loss which occurs during the insurance period and will also provide carryover loss coverage if you are insured the following year. See the policy for a list of covered causes of loss.
- WFRP is available in all counties in all 50 states.

Conservation

NRCS's Environmental Quality Incentives Program (EQIP) helps eligible livestock producers voluntarily protect their natural resources by allocating at least 60 percent of the program's financial assistance funds each fiscal year to livestock producers, including dairy producers.

Details

- Historically underserved producers are eligible for financial assistance of up to 90 percent of the cost to install approved conservation practices.
- Dairy producers can use EQIP to improve water quality, manage nutrients and waste, boost soil health and air quality; and enhance wildlife habitat.
- EQIP funds more than 100 conservation practices that can be used by dairy producers.
- NRCS can help a dairy producer plan and carry out various conservation activities including reducing the concentration of nutrients through enhanced nutrient management, enhancing manure management techniques to improve air and water quality, and planting cover crops to improve soil health.

EQIP funds conservation practices that ensure livestock, such as dairy cows, are well managed on pasture. Well-maintained pastures prevent erosion, protect water, and restore the soil's organic matter.
(Photo Credit: University of Georgia)

Apply Today!

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For your crop insurance needs, contact your local crop insurance agent.

