



*VIRGINIA DEPARTMENT
OF AGRICULTURE AND
CONSUMER SERVICES*

**DAIRY PRODUCER MARGIN COVERAGE
PREMIUM ASSISTANCE PROGRAM
ANNUAL REPORT**

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Annual Report on the Dairy Producer Margin Coverage Premium Assistance Program

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Legislative Mandate

Section 3.2-3306 of the Code of Virginia

EXECUTIVE SUMMARY

At the end of the first program year, 165 dairy farms applied to the Dairy Producer Margin Coverage Premium Assistance Program (Program), and 157 dairy farms were reimbursed for a total of \$682,612 of funds disbursed. The Virginia Department of Agriculture & Consumer Service (VDACS) found that the Program encouraged some dairy farms that would ordinarily hesitate to enroll in the federal Dairy Margin Coverage (DMC) program to take advantage of the DMC program offered by the U.S. Department of Agriculture's Farm Service Agency.

OVERVIEW

Chapters 330 and 331 of the 2021 Acts of Assembly, Special Session 1, require the Commissioner of Agriculture and Consumer Services (Commissioner) to establish the Dairy Producer Margin Coverage Premium Assistance Program (Program) (Va. Code § 3.2-3304 et seq.) to assist dairy producers, from July 1, 2021, through July 1, 2023, that participate in the federal margin coverage program for dairy producers as contained in the federal Agriculture Improve Act of 2018, P.L. 115-334.

Section 3.2-3306 of the Code of Virginia requires the Commissioner to submit an annual report assessing the effectiveness of the Program in preserving and assisting with the continued operation of dairy products in the Commonwealth to the House Committee on Agriculture, Chesapeake and Natural Resources and the Senate Committee on Agriculture, Conservation and Natural Resources by December 1.

Working with industry stakeholders, the Virginia Department of Agriculture and Consumer Services (VDACS) announced the new reimbursement program on July 9, 2021. Reimbursement to eligible dairies was provided on a first-come, first-served basis and was limited to the availability of funds, with \$1 million available for fiscal year 2022.

To become eligible for the Program, dairies in the state must meet the following criteria:

- Have a resource management plan or nutrient management plan that is certified or undergoing certification by the Virginia Department of Conservation and Recreation or a local soil and water conservation district.
- Participate in the federal Dairy Margin Coverage program at the tier I level, as contained in the federal Agriculture Improvement Act of 2018.

Application packets were sent to all permitted Grade A dairies on September 13, 2021, in order to provide adequate time to reach farms before the anticipated 2022 open enrollment date of October 12, 2021, for the federal Dairy Margin Coverage program (DMC). The opening date was subsequently delayed until December 13, 2021, because the U.S. Department of Agriculture (USDA) announced plans to make retroactive changes to certain calculations related to alfalfa hay prices. Chapter 1 of the 2022 Acts of Assembly (HB 828) extended the Program through May 15, 2022, because of the delayed USDA enrollment period. Chapter 1 also expanded eligibility for participation in the Program to include dairy producers who have an approved Natural Resource Conservation Service nutrient management or soil health plan developed by an approved planner

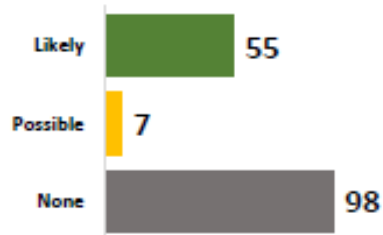
PROGRAM ACTIVITIES

Dairy Producer Margin Coverage Premium Assistance Program 2021 Results To Date

375 Applications Sent	165 Applications Received	44.0% Response Rate
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COOPERATIVE	SUB RATE
ADFC	78%
CMPA	43%
COBB	92%
DFAS	43%
LPQM	3%
MDVA	49%
OTHER	42%

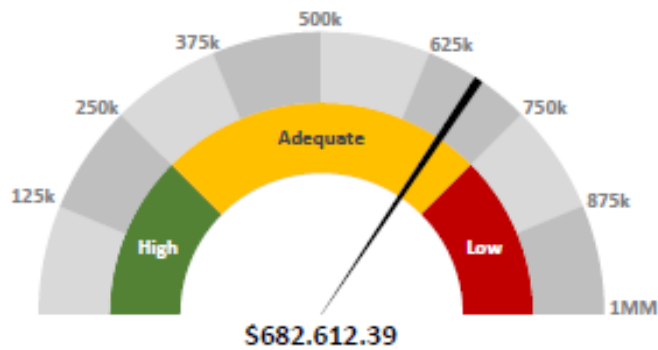
DPMC influence on NMPs



10	Counties with 100% submission rate*	3	Counties with 0% submission rate*
\$4,266		Average reimbursement amount	
19	Average days for VDACS review	48	Average days to check mailing

*Figures include counties with 2 or more dairy farms.

Funds Available



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At the end of the first Program year, 165 dairy farms applied, and 157 dairy farms were reimbursed for a total of \$682,612 of funds disbursed. Of the applications received, 61 were postmarked after the original due date of February 1, indicating that the signing of HB 828 benefitted a significant portion of the participating farms. Based on active dates of nutrient management plans received, the Program may have influenced as many as 62 farms to either initiate a conversation with a certified planner or recertify an expired plan. This could provide a partial explanation as to why some farms delayed sending applications, as they waited for ground thaw so soil samples could be taken and analyzed.

State Farm Service Agency (FSA) offices were receptive to the Program and VDACS and FSA found that it encouraged some dairy farms that would ordinarily hesitate to enroll in the DMC. Inability to cover the upfront premium costs, difficulty scheduling a nutrient management plan review, and religious beliefs were all factors that limited the number of applications received.

Most of the dairy farms that exited the industry during the reporting period began reducing production well before the establishment of the Program and declined to participate in the DMC. The Program's effectiveness in preserving Virginia dairy farms is difficult to determine. However, its assistance in the continued operation of existing dairy farms is especially important in years when forecasts predict low margins.