



*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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## **PUBLICATION YEAR 2023**

### **Document Title**

Annual Report on the Dairy Producer Margin Coverage Premium Assistance Program

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Commissioner of Agriculture and Consumer Services

### **Legislative Mandate**

Section 3.2-3306 of the Code of Virginia

## **EXECUTIVE SUMMARY**

At the end of the first program year, 141 dairy farms applied to the Dairy Producer Margin Coverage Premium Assistance Program (Program) and 139 of those dairy farms were reimbursed a total of \$585,710. The Virginia Department of Agriculture and Consumer Service found that the Program encouraged some dairy producers who 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. The Program also encouraged dairy producers to develop, or initiate the process of developing, a nutrient management plan.

## **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, who participate in the federal margin coverage program for dairy producers as contained in the federal Agriculture Improve Act of 2018, P.L. 115-334. Chapter 147 of the 2023 Acts of Assembly extended the Program through June 30, 2028, and allows for dairy producers to participate in federal margin coverage programs contained in subsequent federal farm program authorizing language.

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.

To be eligible for the Program, dairy producers must meet the following criteria:

- (i) have a resource management plan and have been certified as having implemented such plan by, or be in the process of having such plan reviewed by, the Virginia Department of Conservation and Recreation (DCR) or a local soil and water conservation district; (ii) have an approved Natural Resource Conservation Service nutrient management or soil health plan developed by an approved planner; or (iii) have a nutrient management plan that has been approved by, or is currently being reviewed by, DCR.
- Participate in the federal Dairy Margin Coverage program at the tier I level, as contained in the federal Agriculture Improvement Act of 2018 or subsequent federal farm program authorizing legislation.

Open enrollment for the federal Dairy Margin Coverage program (DMC) began on October 17, 2022. Application packets were sent to all permitted Grade A dairies on October 27, 2022, after applications were updated to limit the paperwork that producers needed to submit and still meet the application requirements. 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 2023.

## **PROGRAM ACTIVITIES**

At the end of the first Program year, 141 dairy farms applied and 139 of those dairy farms were reimbursed a total of \$585,710. Based on active dates of nutrient management plans received, the Program may have influenced as many as 33 farms to either initiate a conversation with a certified planner or recertify an expiring plan. Of those farms, eight applied to the Program for the first time during the 2022-23 application period.

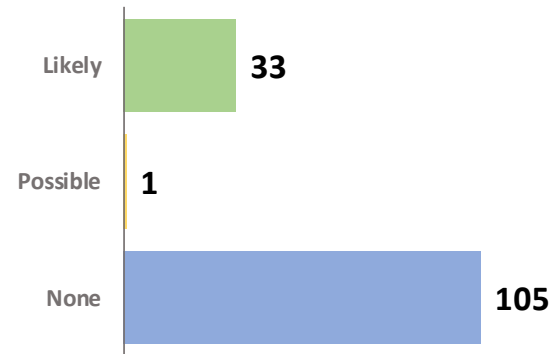
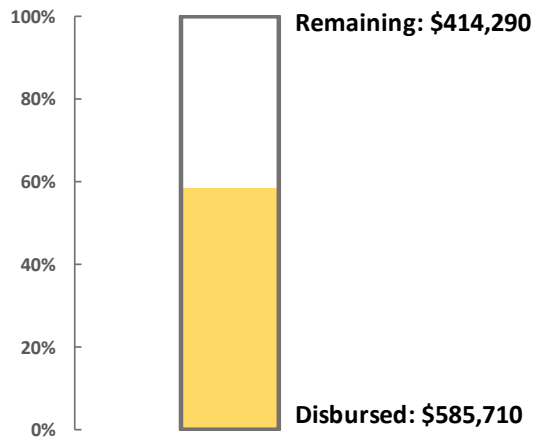
State Farm Service Agency (FSA) offices were receptive to the Program, and VDACS and FSA found that it encouraged enrollment in the DMC among some dairy farms that would ordinarily hesitate to enroll in the federal program. Inability to cover the upfront premium costs, difficulty scheduling a nutrient management plan review, and religious beliefs were all factors that limited the number of applications received. Approximately 80 farms that enrolled in the DMC chose not

to enroll in the Program. Industry stakeholders believe that most of these farms likely will not voluntarily initiate the development of the nutrient management plan required to participate in the Program.

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. To date, participating Virginia dairy farms have received an average of \$75,487 in payments from the 2023 federal program.

## 2022-23 Program Year Dairy Producer Margin Coverage Premium Assistance Program

<b>343</b> Applications Sent	<b>139</b> Applications Received	<b>220</b> Virginia Participation - USDA DMC
<b>41%</b> Response Rate	<b>22</b> Application Processing Time (days)	<b>\$4,244</b> Average Reimbursement Amount



### County Statistics\*

Location	Application	Dairies	Rate	Prod (lb)	Prod Rank	DPMC (\$)	DPMC (avg)
Amelia County	4	4	100%	42 M	6	\$21,185	\$5,296
Pittsylvania County	4	5	80%	158 M	2	\$26,550	\$6,638
Shenandoah County	7	9	78%	22 M	9	\$23,839	\$3,406
Prince Edward County	3	4	75%	20 M	11	\$17,047	\$5,682
Floyd County	5	7	71%	12 M	16	\$16,490	\$3,298
Pulaski County	5	7	71%	18 M	13	\$21,025	\$4,205
Wythe County	7	10	70%	22 M	10	\$29,381	\$4,197
Montgomery County	4	6	67%	9 M	21	\$11,179	\$2,795
Augusta County	12	19	63%	81 M	4	\$51,485	\$4,290
Waynesboro (City)	3	5	60%	52 M	5	\$16,646	\$5,549
Franklin County	17	33	52%	123 M	3	\$68,745	\$4,297
Rockingham County	38	162	23%	583 M	1	\$148,005	\$3,895
Fauquier County	2	9	22%	39 M	8	\$5,108	\$2,554
Remaining Locations	28	63	44%	232 M	--	\$129,025	\$4,698
<b>Total</b>	<b>139</b>	<b>343</b>	<b>41%</b>	<b>1.411 B</b>		<b>\$585,710</b>	<b>\$4,244</b>

\*Counties / Locations with three farms or less are aggregated in "Remaining Locations" category.