



*VIRGINIA DEPARTMENT
OF AGRICULTURE AND
CONSUMER SERVICES*

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

By:

Joseph Guthrie
Commissioner of Agriculture and Consumer Services

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Annual Report on the Dairy Producer Margin Coverage Premium Assistance Program

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Author

Commissioner of Agriculture and Consumer Services

Legislative Mandate

Section 3.2-3306 of the Code of Virginia

EXECUTIVE SUMMARY

At the end of the third program year, 149 dairy farms applied to the Dairy Producer Margin Coverage Premium Assistance Program (Program) and were reimbursed a total of \$634,732. The Virginia Department of Agriculture and Consumer Services 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 (USDA) Farm Service Agency (FSA). 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, required 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 February 28, 2024. Application packets were sent to all permitted Grade A dairies on February 28, 2024. This year's applications were updated to limit the paperwork that producers needed to submit in order to still meet the application requirements. Reimbursements to eligible dairies were provided on a first-come, first-served basis and were limited to the availability of funds, with \$700,000 available for fiscal year (FY) 2024.

PROGRAM ACTIVITIES

At the end of the third Program year, 149 dairy farms applied and were reimbursed a total of \$634,732. Based on active dates of nutrient management plans received, the Program may have influenced as many as 49 farms to either initiate a conversation with a certified planner or recertify an expiring plan. Of those farms, 14 applied to the Program for the first time during the FY 2024 application period.

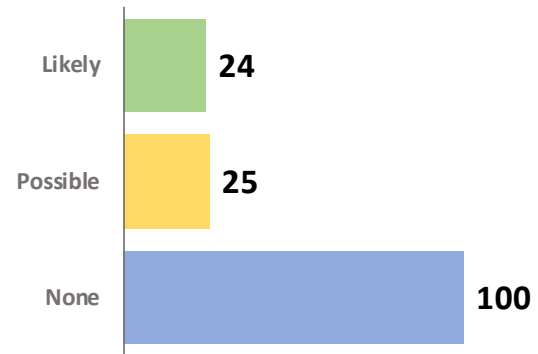
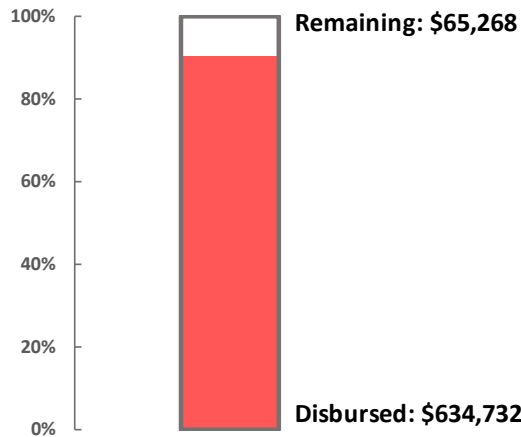
USDA FSA offices were receptive to the Program, and VDACS and FSA found that it encouraged enrollment in the DMC among some dairy farms that would ordinarily hesitate to enroll in the federal program. Inability to cover the upfront premium costs, difficulty scheduling a nutrient management plan review, and religious beliefs were all factors that limited the number of applications received. Approximately 55 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 \$2,547 in payments from the 2024 federal program, down from \$75,487 in 2023. This substantial decrease in DMC payments to Virginia dairy farmers indicates feed-to-income levels that are closer to covering farm expenses and result from lower feed costs and a strong pay price for milk.

**2023-24 Program Year
Dairy Producer Margin Coverage Premium Assistance Program**

316 Applications Sent	149 Applications Received	205 Virginia Participation - USDA DMC
47% Response Rate	15 Application Processing Time (days)	\$4,260 Average Reimbursement Amount



Fund Availability

Program Influence on Adoption of Nutrient Management Plan

County Statistics*

Location	Application	Dairies	Rate	Prod (lb)	Prod Rank	DPMC (\$)	DPMC (avg)
Amelia County	4	4	100%	41 M	7	\$21,185	\$5,296
Waynesboro (City)	5	5	100%	54 M	5	\$28,096	\$5,619
Shenandoah County	7	8	88%	22 M	9	\$23,649	\$3,378
Montgomery County	4	5	80%	7 M	23	\$11,179	\$2,795
Pittsylvania County	4	5	80%	156 M	2	\$26,450	\$6,613
Pulaski County	4	5	80%	16 M	14	\$13,023	\$3,256
Prince Edward County	3	4	75%	19 M	13	\$19,022	\$6,341
Augusta County	14	19	74%	82 M	4	\$61,377	\$4,384
Wythe County	7	10	70%	22 M	10	\$29,381	\$4,197
Floyd County	4	6	67%	11 M	18	\$14,473	\$3,618
Franklin County	17	28	61%	120 M	3	\$77,806	\$4,577
Fauquier County	4	8	50%	39 M	8	\$14,655	\$3,664
Rockingham County	41	154	27%	586 M	1	\$157,650	\$3,845
Remaining Locations	32	55	58%	231 M	--	\$136,784	\$4,275
Total	150	316	47%	1.406 B		\$634,732	\$4,260

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