



*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

December 1, 2025

Annual Report on the Dairy Producer Margin Coverage Premium Assistance Program

PUBLICATION YEAR 2025

Document Title

Annual Report on the Dairy Producer Margin Coverage Premium Assistance Program

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 fourth program year, 138 dairy farms applied to the Dairy Producer Margin Coverage Premium Assistance Program (Program) and were reimbursed a total of \$590,706. The Virginia Department of Agriculture and Consumer Services (VDACS) found that the Program encouraged participation among dairy producers who may have otherwise hesitated to enroll in the federal Dairy Margin Coverage (DMC) program administered by the U.S. Department of Agriculture's Farm Service Agency (FSA). The Program also incentivized dairy producers to develop, update, or initiate the development of 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 January 29, 2025. Application packets were sent on January 23, 2025, to all permitted Grade A dairies, state and county FSA offices, and certified nutrient management planners. Reimbursements to eligible dairies were provided on a first-come, first-served basis and were limited to the availability of funds, with \$600,000 available for fiscal year 2025.

PROGRAM ACTIVITIES

At the end of the fourth Program year, 138 dairy farms applied and received \$590,706 in reimbursements. Based on active dates of nutrient management plans received, the Program may have prompted as many as 36 farms to either initiate a conversation with a certified planner or recertify an expiring plan. Four of these farms applied to the Program for the first time during the 2025 application period.

State FSA offices were receptive to the Program, and VDACS and FSA found that the Program encouraged enrollment in the DMC among dairy farms who would ordinarily hesitate to enroll in the federal program. Factors limiting the number of applications received included the inability to cover upfront premium costs, difficulty scheduling nutrient management plan reviews, and religious concerns. Due to the federal government shutdown, enrollment figures for the 2025 DMC

are unavailable; however, based on historical trends, it is estimated that approximately 50 farms enrolled in the DMC but opted not to participate in the Program.

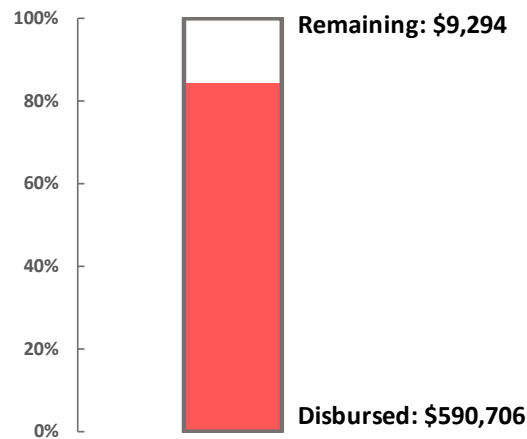
Industry efforts to encourage farms to develop nutrient management practices and the Program's potential reimbursements have successfully incentivized dairies to increase efforts to protect water quality. Additionally, the Program has proven to be a useful tool in promoting the stability of Virginia's dairy industry.

Program funding has thus far adequately met demand each year, ensuring that all eligible farms that have applied have received reimbursement. However, upcoming changes to the DMC that allow dairy farms to update production history in subsequent years will increase Tier 1 premium costs, reducing the number of farms that can be fully supported under the current \$600,000 annual funding level. Increasing Program funding to \$800,000 would allow the Program to assist all farms that apply.

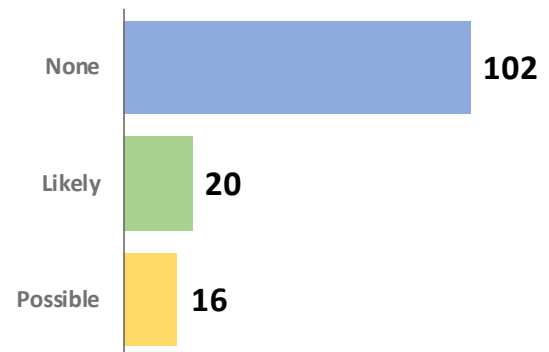
Next year is forecasted to be a low milk price-to-feed cost margin year, increasing the importance of both the DMC and the Program as essential risk-management tools for the Commonwealth's dairies. Since the Program's inception in 2022, it has reimbursed \$2.5 million for Tier 1 premium payments, which has resulted in \$36.6 million of federal DMC funds being returned to Virginia dairy farms, a substantial return on investment that supports the long-term viability of the industry.

2025 Program Year Dairy Producer Margin Coverage Premium Assistance Program

324 Applications Sent	138 Applications Received	205 Virginia Participation - USDA DMC
43% Response Rate	15 Application Processing Time (days)	\$4,312 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)
Rockingham County	37	160	23%	582 M	1	\$141,333	\$3,820
Pittsylvania County	4	5	80%	162 M	2	\$26,650	\$6,663
Franklin County	18	30	60%	117 M	3	\$80,915	\$4,495
Augusta County	14	19	74%	80 M	4	\$61,228	\$4,373
Waynesboro (City)	4	5	80%	52 M	5	\$22,371	\$5,593
Amelia County	4	4	100%	42 M	6	\$21,185	\$5,296
Fauquier County	3	9	33%	41 M	7	\$11,190	\$3,730
Wythe County	7	10	70%	25 M	9	\$29,381	\$4,197
Shenandoah County	7	8	88%	21 M	11	\$23,649	\$3,378
Prince Edward County	0	4	0%	19 M	12	\$0	--
Pulaski County	3	5	60%	16 M	14	\$16,319	\$5,440
Floyd County	4	6	67%	11 M	17	\$14,473	\$3,618
Montgomery County	4	5	80%	7 M	23	\$11,179	\$2,795
Remaining Locations	30	54	56%	210 M	--	\$130,833	\$4,361
Total	139	324	43%	1.384 B		\$590,706	\$4,312

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