Dairy Margin Coverage Program



The Working Families Tax Cuts Act reauthorized the Dairy Margin Coverage Program (DMC) program for calendar years 2026 through 2031 and also outlines several important changes, including establishing new production history.

The DMC program is a voluntary program that provides dairy operations with risk management coverage that will pay producers when the difference (the margin) between the national price of milk and the average cost of feed falls below a certain level selected by the program participants.

Who is Eligible?

All dairy operations in the United States are eligible for the DMC program. An operation can be run either by a single producer or multiple producers who commercially produce and market cows' milk.

Each producer on the operation must share in the risk of producing milk and make contributions (including land, labor, management, equipment, or capital) to the operation of the dairy that are at least equal to the individual or entity's share of the operation.

An eligible dairy operation must:

- Have a production history determined by the USDA Farm Service Agency (FSA)
- Be registered to participate during a signup announced by FSA
- Pay a $100 administrative fee annually for each year of participation, except if the dairy operation qualifies for a statutorily required waiver for limited resource, beginning, socially disadvantaged, or veteran farmers and ranchers
- Select a coverage level ranging from $4.00 to $9.50 per hundredweight in $0.50 increments
- Select a coverage percentage of the dairy operation's production history ranging from 5 percent increments

If a dairy is operated by more than one producer, it will be registered as a single operation. If producers operate two or more dairies, each operation will be registered separately.

Eligible program participants in DMC are also eligible to participate in the Livestock Gross Margin for Dairy Producers Program and the Dairy Revenue Protection Program administered by the USDA Risk Management Agency.

Application Dates:
Oct. 5 through Dec. 18, 2026

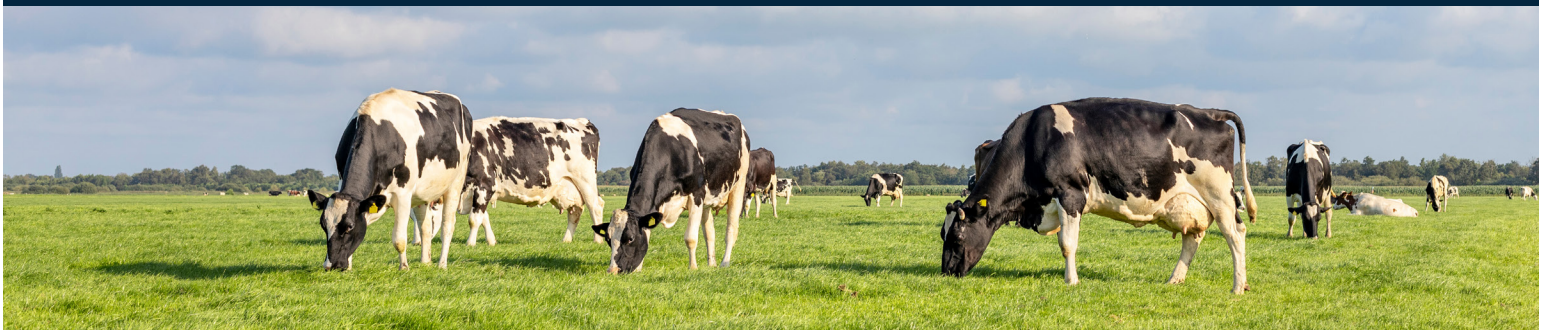
DMC Improvements

In 2026, the Tier 1 coverage level increased from 5 million pounds to 6 million pounds. All dairy operations that elected to enroll in DMC for 2026 established a new production history.

- Existing dairy operations that started marketing milk on or before Jan. 1, 2023, used the higher of milk marketings for the years of 2021, 2022, or 2023.
- New dairy operations must establish production history based on either an extrapolation or herd average method and register within the first 60 calendar days from when they start producing and commercially marketing milk.



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Administrative and Premium Fees and Premium Fee Discount

The DMC program offers:

- Catastrophic coverage at no cost, other than an annual $100 administrative fee
- Greater coverage, at various levels, for a premium in addition to a $100 administrative fee

The schedule of premiums is provided in the following table.

Coverage Level	Tier 1 Premium per cwt for covered production history of 6 mil lbs. or less	Tier 1 Premium per cwt,all years for covered production history over 6 mil lbs.
$4.00	None	None
$4.50	$0.0025	$0.0025
$5.00	$0.005	$0.005
$5.50	$0.030	$0.100
$6.00	$0.050	$0.310
$6.50	$0.070	$0.650
$7.00	$0.080	$1.107
$7.50	$0.090	$1.413
$8.00	$0.100	$1.813
$8.50	$0.105	N/A
$9.00	$0.110	N/A
$9.50	$0.150	N/A

A dairy operation that selects dairy margin coverage above the catastrophic level coverage is required to pay, in addition to the annual administrative fee, if applicable, an annual premium based on the coverage level and percentage of production history. A second election on production above 6 million pounds in Tier II (between $4 and $8) may be chosen if $8.50 or above is elected in Tier I.

New dairy operations that first register for the DMC program for a calendar year after the start of a calendar year can lock-in coverage for the premium discount by paying a pro-rated premium.

A dairy operation that made a one-time election of coverage level and coverage percentage that are applicable to each of calendar years 2026 through 2031 will receive a 25 percent discount on premium rates. The premium fee discount for a lock-in contract is applicable for the pounds of covered production history.

For More Information

For more information about FSA programs, visit fsa. usda.gov or contact your local FSA office. To find your local FSA office, visit farmers.gov.

This fact sheet is for informational purposes only; other eligibility requirements or restrictions may apply.



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