

Changes to Dairy Policy in the Bipartisan Budget Act of 2018

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Summary

- The changes made to Dairy MPP will be largely beneficial to smaller producers
- With lower Tier I premiums, producers will be able to afford more coverage for potential shortfalls in milk prices
- Not many changes were made for producers with more than 5 million pounds of annual milk production



Changes to Dairy Margin Protection

- Dairy-MPP now operates on a monthly basis. Feed costs, milk prices, the margin, and payments are all calculated or paid monthly.
- There are no additional changes to any of the formulas to compute these costs, prices, margins, and payments.



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Changes to Dairy Margin Protection

- The 2018 election year is extended by at least 90 days after the enactment of the Bipartisan Budget Act of 2018 (February 9, 2018)
- The base production history is maintained
- Limited resource, beginning, veteran, and socially disadvantaged farmers are exempt from the administrative fee associated with Dairy-MPP



Changes to Dairy Margin Protection

- Tier I premiums now apply to the first 5,000,000 pounds of production instead of the previous 4,000,000.
- Tier II now covers production in excess of 5,000,000 pounds



New Tier I Premiums

COVERAGE LEVEL	OLD PREMIUM	NEW PREMIUM
\$4.00	None	None
\$4.50	\$0.010	None
\$5.00	\$0.025	None
\$5.50	\$0.040	\$0.009
\$6.00	\$0.055	\$0.016
\$6.50	\$0.090	\$0.040
\$7.00	\$0.217	\$0.063
\$7.50	\$0.300	\$0.087
\$8.00	\$0.475	\$0.142

What We Don't Know

- Will the changes be retroactive to January or start in March?
- Will those in LGM be able to switch to MPP for 2018?
- Will current MPP enrollees have their premiums refunded and be able to make a new coverage decision?

