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Margin Protection Program: Educating Dairy Producers on the 2014 Farm Bill Programs

A.S. Leaflet R2981

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Summary and Implications

Seven meetings in northeast Iowa and one meeting in northwest Iowa were held to educate producers on the 2014 Farm Bill dairy program, Margin Protection Program (MPP). Programs were held to provide an explanation of the MPP program, analysis on how the program could impact producers, and considerations on how producers can make the decision for their operation. The eight meetings held reached 182 producers and ag professionals.

Introduction

The 2014 Farm Bill provided new programs for producers to participate in to provide shallow loss coverage. Margin Protection Program (MPP) replaced Milk Income Loss Program (MILC) from the prior farm bill. Margin Protection Program will provide margin (Income over Feed Cost per hundredweight) coverage for producers when the national Margin falls below selected coverage level. Producers can cover up to 90 percent of historical production with this program.

ISU Extension and Outreach partnered with the Farm Service Agency to provide meetings across Iowa for dairy producers to learn about MPP. The 1.5 hour producer meetings focused on the program terminology, rules, trigger and payment calculations, and coverage level analysis. The meetings drew 182 producers from across Iowa, and served as introductory meetings for future meetings being held by industry supporters.

Materials and Methods

ISU Extension and Outreach partnered with local FSA offices to deliver informative, education programs on MPP. These meetings served to educate producers on the new program and how to address the decision on coverage level selection. The meetings introduced the program through explanation of terminology, variables used, trigger calculations, and the decision process. Additionally the meetings provided analysis on historical and future coverage with dairy programs, calculating IOFC for an operation compared to coverage levels, and strategies to make the coverage level decisions. Decision tools available were also shared and discussed to encourage producers to analyze the coverage level, premiums, and impacts for their operation.

Results and Discussion

A total of 182 producers and ag professionals attended the 8 meetings. Participants gained knowledge on MPP to assist them in making election and enrollment decisions on the program. This program offers margin protection coverage which will benefit in times of low milk prices and/or high feed costs. The resulting financial impact could result in MPP indemnity payments assisting producers to continue farming in times of tight cash flow margins. This will further benefit Iowa's dairy industry and economy. Producers verbally surveyed responded that the program gave them a "much better" understanding of the MPP. Producers also acknowledged "increased confidence" in both signing up for the program and utilizing at least a \$4/cwt. coverage level but probably a \$6.50/cwt. coverage level.