

Making a difference

NDSU EXTENSION SERVICE

NORTH DAKOTA STATE UNIVERSITY

MPP Dairy – A new risk protection program for the dairy enterprise

The Situation

The Margin Protection Program (MPP) is not an entitlement program, but a new risk management opportunity established with the 2014 Farm Bill. All dairy farmers now have an opportunity to participate and protect up to 90% of their milk production with affordable insurance (premiums) to protect their bottom line in the event of another economic crisis. Crucial decisions needed to be made in a very narrow window of opportunity (September 1 through November 28, 2014), or producers would not be able to participate in the MPP until next year. Dairy managers were faced with limited time for important business decisions, while waiting on program interpretation and implementation rules.

Extension Response

Because of months of advance planning and multistate collaboration, our regional (ND-SD-MN-IA) I-29 Dairy Extension Consortium was able to respond with a series of workshops. The Consortium partners prepared educational resources and dairy decision tool software to help managers determine the most beneficial level of participation given current and historical market information. This new risk management rubric is a welcome change for the business-side of dairying, but the short planning window provided extremely limited time to file with county Farm Service Agency (FSA) offices. Difficulties interpreting the new law and a delayed fall harvest meant little time was available for educating managers and producers so they might make informed decisions. Without this educational program, many managers and producers could miss the opportunity to protect milk and feed margins for the coming year.

Impacts

1. A total of 779 surveys were completed by participants from the four states. Of these, 75% indicated they were dairy producers. Twelve dairies were represented at the North Dakota session. Other attendees included FSA officers, Extension county agents and area specialists, commodity representatives, and the media.

2. The average "Overall knowledge of MPP-Dairy" of ND participants before the meetings was 2.64 (Low/Moderate), and 4.27 after the meetings (High/Very High), when evaluated on a 5-point scale. This compares with 2.25 and 3.95 respectively for all 4 states combined.
3. All ND participants indicated they were "very satisfied" (4.0) with the 'overall quality and usefulness of the workshop' with a rating of 3.7.
4. All (100%) of the ND participants and 99% of the entire audience thought the information presented was easy to understand.
5. 43% of the ND dairy producers in contrast to 73% of 567 responses indicated they would sign up at some level for MPP-Dairy program in 2014 or 2015, while 14% and 11% respectively chose to defer the participation to a later year. The remaining 43% and 31% remained undecided and considered attending another session.
6. 67% of the state's dairy farms enrolled in a basic or buy-up level compared to the US average of 51%(FSA 1-16-2015).

Feedback

"Farmers are familiar with crop insurance, but this is the very first time in the history of the farm program that a risk management or insurance option is available for dairy margin protection." – *Milk Producers Association of ND board director.*

"The decision-aide tools developed were most helpful in evaluating the unique conditions that exist for each farm large or small." – *ND dairy producer*

"The safety net as we know it is gone. Every dairy farmer MUST attend one of these sessions." – *MN dairy farmer*

"Understanding the MPP is critical to every dairy operation. Markets change so rapidly and if you don't sign-up, there are no other programs out there to help you." - *Cooperative CEO*

Contact

JW Schroeder, Extension Dairy Specialist
171 Hultz Hall, Animal Sciences
701-231-7663
jw.schroeder@ndsu.edu