

For: State and County Offices

**Announcing Margin Protection Program for
Dairy Producers (MPP-Dairy) May/June 2016 Payment Trigger**

Approved by: Acting Deputy Administrator, Farm Programs

Bradley Karmen

1 May/June 2016 Payment Trigger

A Background

MPP-Dairy payments are triggered when the National average margin, the difference between the price of milk and the cost of feed, falls below a producer selected margin trigger, ranging from \$4 to \$8, for a specified consecutive 2-month period. USDA prices for milk and feed components required to determine the National average margin for May/June 2016 were released on July 29, 2016.

The actual National average margin for the May/June 2016 2-month consecutive period is \$5.76277/cwt. Eligible producers will receive a payment based on the amount of covered production history elected by the dairy operation for calendar year 2016, according to 1-MPP, paragraph 61.

B Purpose

This notice informs State and County Offices that May/June 2016 payments for dairy operations that elected a \$6 margin trigger will automatically be processed on July 29, 2016, and available for signing and certifying on August 1, 2016.

| Margin Trigger Coverage Levels | Payment Rate/cwt. |
|--------------------------------|-------------------|
| \$6.00 | \$0.23723 |
| \$6.50 | \$0.73723 |
| \$7.00 | \$1.23723 |
| \$7.50 | \$1.73723 |
| \$8.00 | \$2.23723 |

Note: Guidance for payment processing is provided in 2-MPP, Part 3.

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|----------------------|--|
| Disposal Date | Distribution |
| November 1, 2016 | State Offices; State Offices relay to County Offices |

Notice MPP-41

1 May/June 2016 Payment Trigger (Continued)

C Sequestration

MPP-Dairy payments will be sequestered at a rate of 6.8 percent. The sequestration reduction is fully automated so no action is required by County Offices.

D Contacts

If there are questions about this notice, State Offices shall contact either of the following according to this table.

| Name | Telephone | E-mail |
|---------------|------------------|------------------------------------|
| Dani Cooke | 202-720-1919 | Danielle.cooke@wdc.usda.gov |
| Angela Payton | 202-720-0482 | Angela.payton@wdc.usda.gov |