

Milk Loss Program (MLP)



Background

The MLP is part of FSA's implementation of the *Extending Government Funding and Delivering Emergency Assistance Act (Pub. L. 117-43)*, which provides \$10 billion for crop losses, including milk losses, that occurred in calendar years 2020 and 2021 due to qualifying disaster events. Additionally, the *Disaster Relief Supplemental Appropriations Act, 2023 (Pub. L. 117-328)* provides \$3 billion for disaster assistance for similar crop losses, including milk losses, that occurred in calendar year 2022.

Overview

The [Milk Loss Program](#) allows eligible dairy operations to receive payments for milk that was dumped or removed without compensation from the commercial milk market due to qualifying weather events that inhibited the delivery of milk or the storage of milk due to disaster events for the 2020, 2021 and 2022 calendar years.

Eligibility

MLP compensates dairy operations for milk that was dumped or removed, without compensation, from the commercial milk market due to qualifying weather events and the consequences of those weather events that inhibited delivery or storage of milk (e.g., power outages, impassable roads, infrastructure losses, etc.) during calendar years 2020, 2021 and 2022.

Qualifying disaster events include droughts, wildfires, hurricanes, floods, derechos, excessive heat, winter storms, freeze (including a polar vortex) and smoke

exposure that occurred in the 2020, 2021 and 2022 calendar years. Tornadoes are considered a qualifying disaster event for calendar year 2022 only.

The milk loss claim period is each calendar month that milk was dumped or removed from the commercial market. Each MLP application covers the loss in a single calendar month. Milk loss that occurs in more than one calendar month due to the same qualifying weather event requires a separate application for each month.

The days that are eligible for assistance begin on the date the milk was removed or dumped and for concurrent days milk was removed or dumped. Once the dairy operation restarts milk marketing, the dairy operation is ineligible for assistance unless after restarting commercial milk marketing, additional milk is dumped due to the same qualifying disaster event. The duration of yearly claims is limited to 30 days per year for 2020, 2021 and 2022.

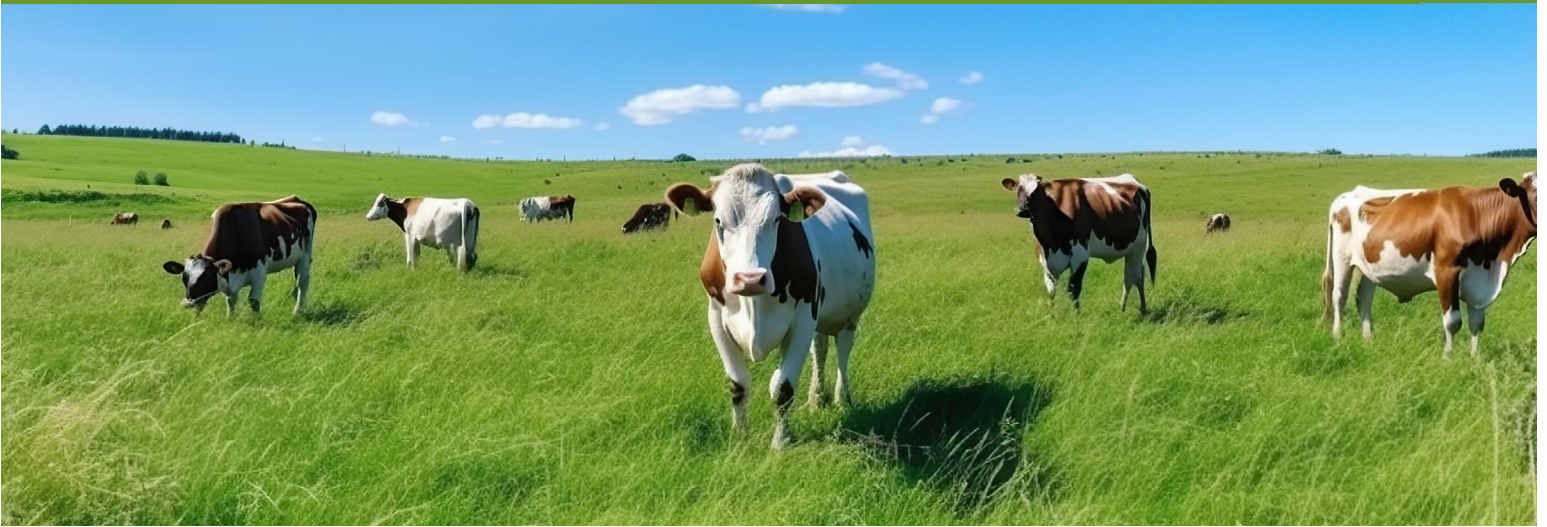


For More Info

Additional USDA disaster assistance information can be found on [farmers.gov](#), including the

[Protection and Recovery Page](#), Disaster Assistance Discovery Tool, Disaster-at-a-Glance fact sheet, and [Loan Assistance Tool](#).

For FSA and Natural Resources Conservation Service programs, producers should contact their local USDA Service Center. For assistance with a crop insurance claim, producers and landowners should contact their crop insurance agent.



How to Apply

To apply for MLP, producers must submit all of the following:

- FSA-376, *Milk Loss Program Application*
- Milk marketing statement from the:
 - Month prior to the month milk was removed or dumped.
 - Affected month.
- Detailed written statement of milk removal circumstances, including the weather event type and geographic scope, what transportation limitations occurred and any information on what was done with the removed milk.

If not previously filed with FSA, applicants must also submit all the following items within 60 days of the MLP application deadline:

- Form AD-2047, *Customer Data Worksheet*.
- Form CCC-902, *Farm Operating Plan* for an individual or legal entity.

- Form CCC-901, *Member Information for Legal Entities* (if applicable).
- Form FSA-510, *Request for an Exception to the \$125,000 Payment Limitation for Certain Programs* (if applicable).
- Form CCC-860, *Socially Disadvantaged, Limited Resource, Beginning and Veteran Farmer or Rancher Certification*, applicable for the program year or years for which the producer is applying for the Milk Loss Program.
- A highly erodible land conservation (sometimes referred to as HELC) and wetland conservation certification (Form AD-1026 *Highly Erodible Land*

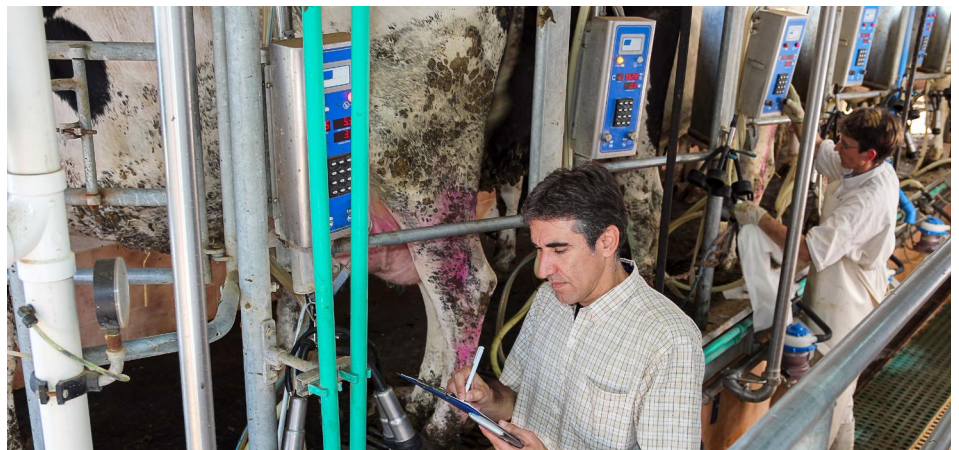
Conservation (HELC) and Wetland Conservation (WC) Certification) for the MLP producer and applicable affiliates.

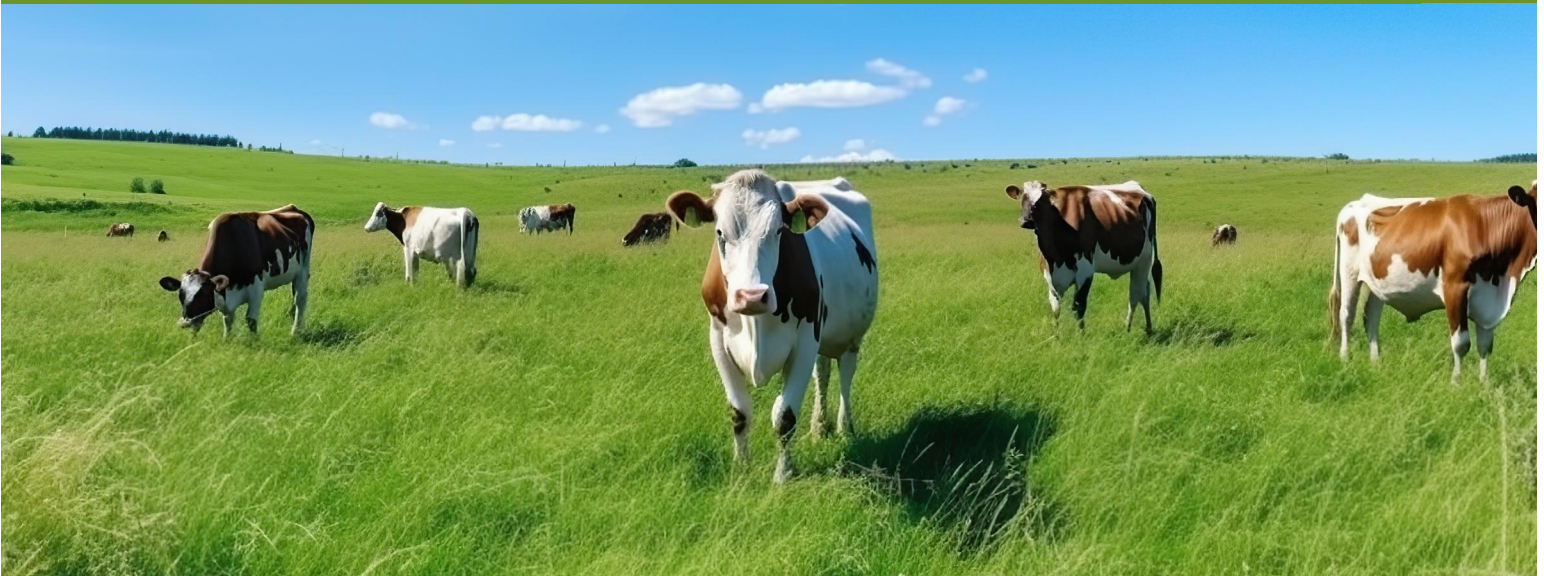
MLP Payment Calculation

The final MLP payment is determined by factoring the MLP payment calculation by the applicable MLP payment percentage.

The calculation for determining MLP payment is:

- $(\text{Base period per cow average daily milk production} \times \text{the number of milking cows in a claim period} \times \text{the number of days milk was dumped in a claim period}) \div 100 \times \text{pay price per hundredweight (cwt.)}$.





For MLP payment calculations, the milk loss base period is the first full month of production before the dumping or removal occurred.

The MLP payment percentage will be 90% for underserved producers, including beginning, limited resource, and veteran farmers and ranchers and 75% for all other producers.

To qualify for the higher payment percentage, eligible producers must have a CCC-860, Socially Disadvantaged, Limited Resource, Beginning and Veteran Farmer or Rancher Certification, form on file with FSA for the 2022 program year.

Payment Limitation and Adjusted Gross Income

Adjusted Gross Income (AGI) limitations do not apply to MLP, however the payment limitation for MLP is determined by the person's or legal entity's average adjusted gross farm income (income derived from farming, ranching and forestry operations). Specifically, a person or legal entity, other than a joint venture or general partnership, cannot receive, directly or indirectly, more

than \$125,000 in payments under MLP if their average adjusted gross farm income is less than 75% of their average AGI or more than \$250,000 if their adjusted gross farm income is at least 75% of their average AGI.

The relevant tax years for establishing a producer's AGI are:

- 2016, 2017, and 2018 for program year 2020
- 2017, 2018, and 2019 for program year 2021
- 2018, 2019, and 2020 for program year 2022

To request the increased payment limitation, participants must file form FSA-510 complete with participant's certification their average adjusted gross farm income is at least 75 percent of their average AGI and a certification from a Licensed Certified Public Accountant (CPA) or Attorney that the participant meets the requirements.

Attribution of payments apply to MLP and payments to a legal entity are tracked through four levels of ownership, attributed, and limited to persons or legal entities that hold an ownership interest in the legal entity. For more information, see the Direct Attribution information on the **Payment Limitations** web page.

