



Pandemic Market Volatility Assistance Program for Dairy

Overview

The Pandemic Market Volatility Assistance Program (PMVAP) provides:

- Approximately \$350 million in payments to dairy farmers impacted by market volatility and disruptions as a result of the COVID-19 pandemic and ensuing Federal policies.
- Payments by USDA to dairy farmers through their handlers and cooperatives based on fluid milk sales from July through December 2020.
- Education to dairy farmers on Federal dairy programs and policies provided by individual handlers and cooperatives.

USDA payments will:

- Provide assistance to dairy farmers who received a lower value for pooled milk due to fluid milk market abnormalities caused by the pandemic and ensuing Federal policies.
- Be distributed to dairy farmers on the same basis the handler made July – December 2020 payments to dairy farmers.
- Be made through agreements between USDA and individual handlers or cooperatives whose dairy farmer suppliers are eligible to receive payments.
- Be made to dairy farmers with an eligible 2020 Adjusted Gross Income. To be eligible for payments, a person or legal entity must have an average adjusted gross income of less than \$900,000 for tax years 2016, 2017, and 2018. However, if 75 percent of their adjusted gross income comes from farming, ranching, or forestry-related activities, the AGI limit of \$900,000 does not apply and the person or legal

entity is eligible to receive payments up to the applicable payment limitation. The AGI limits are the same as the USDA Farm Service Agency Coronavirus Food Assistance Program 2 (CFAP 2). A dairy farmer who received payment under the CFAP 2 also meets the AGI requirements of the PMVAP.

How the program will work:

- USDA will contact handlers and cooperatives whose dairy farmers suppliers are eligible to receive payments through this program. USDA will calculate the total amount of payment due to eligible dairy farmers associated with each handler or cooperative.
- Each participating handler or cooperative will sign an agreement with USDA to receive and distribute money to dairy farmers. Pursuant to the agreement, handlers and cooperatives also agree to provide education to dairy farmers on dairy related topics.
- Within 30 days of signing an agreement and handler verification of dairy farmer AGIs, USDA will transfer monies to the participating handler or cooperative.
- Each handler or cooperative will have 30 days to disburse monies to dairy farmers.
- Program payments will be reported on the dairy farmer's IRS 1099 Form issued by the handler or cooperative.
- Each participating handler or cooperative will be reimbursed for allowed administrative and education costs.

Education

- Each participating handler or cooperative will provide educational materials to *all* producers by March 1, 2022.
- Handlers and cooperatives may provide education in the form of mailings, recorded online trainings, live virtual webinars, and/or in-person meetings.
- USDA will make optional education materials available to participating handlers and cooperatives or they may provide their own educational materials or training.
- Educational topics may include: Federal Milk Marketing Orders; Dairy Margin Coverage, Dairy Revenue Protection, Dairy Mandatory Price Reporting, Chicago Mercantile Exchange, Forward Contracting, and a variety of other relevant dairy topics.
- Each participating handler or cooperative will verify how many producers were provided information and the methods of education.

Next Steps

- Handlers and cooperatives whose producers are eligible to receive payments will be notified the week of August 23, 2021. USDA will host an information webinar for eligible handlers and cooperatives who will need to indicate intentions to participate by September 10, 2021.
- If you have questions, email PMVAP@usda.gov.