



DAIRY PRODUCT DONATION PROGRAM

OVERVIEW

The Dairy Product Donation Program (DPDP) is authorized by the 2014 Farm Bill through Dec. 31, 2018. The DPDP addresses low margins for dairy operations by using Commodity Credit Corporation (CCC) funds to purchase dairy products for donation to public and private nonprofit organizations that provide nutrition assistance to low-income populations. Purchases are only made by USDA during periods of low margins. No enrollment is required for dairy operators to benefit from the DPDP. The Farm Service Agency (FSA) and the Food and Nutrition Service (FNS) will administer DPDP if ever triggered.

COMMENCEMENT OF DPDP PURCHASES

DPDP purchases begin when FSA determines that the actual dairy production margin has been \$4 or less per hundredweight (cwt) for each of the preceding two months. The actual dairy production margin that applies to all participating dairy operations will be calculated on a national basis and is the amount by which the all-milk price exceeds the average feed cost for dairy producers. All calculations will be made on a per cwt basis.

TERMINATION OF DPDP PURCHASES

DPDP purchases terminate if:

- 1) Purchases were made for the preceding three months, even if the actual dairy production margin remains \$4 or less per cwt of milk.
- 2) The actual dairy production margin has been greater than \$4 per cwt of milk for the immediately preceding month.
- 3) The actual dairy production margin has been \$4 or less, but more than \$3 per cwt for the immediately preceding month and during the same month:

- (i) The price in the United States for cheddar cheese was more than 5 percent above the world price, or
- (ii) The price in the United States for non-fat dry milk (NDM) was more than 5 percent above the world price of skim milk powder.

4) The actual dairy production margin has been \$3 or less per cwt of milk for the immediately preceding month and during the same month:

- (i) The price in the United States for cheddar cheese was more than 7 percent above the world price; or
- (ii) The price in the United States for NDM was more than 7 percent above the world price of skim milk powder.

DPDP PURCHASE AND DISTRIBUTION

The Secretary of Agriculture delegates the authority to determine DPDP dairy product purchase and distribution methods to FSA in consultation with FNS. FSA and FNS will determine the types and quantities of products that will be purchased in consultation with public and private nonprofit organizations and state and local agencies eligible to receive such products.

After appropriate consultations, FSA will determine the quantity of purchases to be made for a qualifying month. In making the determination, FSA will also take into account dairy product market conditions, logistical considerations involved in the efficient and immediate distribution of the dairy products, the potential effect on markets and margins, and time constraints of DPDP. FNS will be responsible for the distribution of DPDP products. Quantities approved for a month will not exceed the amount of product that is expected to be used within 60 days.

FSA will try to complete all purchases within one month and will work with FNS to achieve delivery of products to recipient agencies within 90 days. Dairy products purchased with the DPDP cannot be stored by or for CCC, nor can CCC incur storage costs on behalf of recipient agencies.

Dairy products purchased under the DPDP will be at the prevailing open market price for like dairy products or at the price determined by normal FNS food procurement methods.

Public and private nonprofit organizations receiving donated dairy products under the DPDP will be held responsible for the proper handling and distribution.

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