

**** MILC Payment Projections Revised
as of 1/07/09 ****

MILC Program Signup Begins

USDA's Farm Service Agency has begun accepting signup applications for the Milk Income Loss Contract Program (MILC). The MILC Program was reauthorized in the 2008 Farm Bill and includes the following changes:

1. The production limit per operation increases to 2.985 million pounds for each fiscal year from Oct. 1, 2008 through Aug. 31, 2012.
2. A "feed cost adjuster" is incorporated which adjusts the \$16.94/cwt. benchmark price upward depending on the cost of feed rations.
3. Producers with an annual non-farm adjusted gross income (AGI) greater than \$500,000 are not eligible for MILC payments.

Signup

All dairy producers must submit a MILC Payment contract application with their local FSA office. Since this program is under a new Farm Bill, all producers must re-enroll in the program in order to receive MILC payments. The general rules are that the initial start month must either be the month the new MILC contract is submitted or some later month. For example, producers who sign up by the end of February may choose to receive payments beginning with February. In subsequent fiscal years, changes in the start month may be made as long as the designation is made by the 14th of the month preceding the new start month. It is particularly important for those producers who are over the 2.985 million pound annual cap to designate a start month for receiving MILC payments.

MILC Payments projected to begin in February 2009

Based on recent significant declines in the cheese markets and its subsequent impact on the Class III futures market, National Milk Producers Federation is projecting MILC payments to begin for February milk production. As of January 7, NMPF is projecting an average MILC payment rate of \$1.39 per hundredweight over the 8 months beginning with February. Below is a summary of NMPF's Projected MILC Payment Rates for FY 2009. We will update this chart on MMPA's Web site as we receive updated projections from NMPF.

More information on the MILC Program is available at local FSA offices.

**NMPF Projected MILC Payments
Projected 1-07-09**

MONTH	MILC Rate
Jan-09	\$0.00
Feb-09	\$1.02
Mar-09	\$1.70
Apr-09	\$1.74
May-09	\$1.72
Jun-09	\$1.59
Jul-09	\$1.37
Aug-09	\$1.17
Sep-09	\$0.82