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Land Stewardship Project Public Comment on Socioeconomic Impacts of Mega-Dairies
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1) Mega-Dairies & Moderate-Sized Farms

There is extreme economic disparity between the average dairy farm and mega-dairies:

- The average Minnesota dairy farm is roughly 280 cows¹ and 92% of Minnesota dairies are less than 500 cows.²
- Minnesota's single largest dairy enterprise, Riverview LLP, owns close to one-third of the dairy cows in the state,³ which makes it roughly 500 times larger than the typical dairy farm.
- The top 1% of the largest mega-dairies own 21% of the milk cows in Minnesota.⁴

This economic disparity has resulted in a market that does not allow moderate-sized dairy farmers an opportunity to receive fair compensation for the resources and work they put into producing milk. When mega-dairies flood the market with an oversupply of milk, this gives them outsized market control over cooperatives and processors; this kind of control leaves little room for moderate-sized farmers seeking a fair price in a free and open market.

The Myth of the “Bad Farmer”

Over the past two decades, the average dairy farm covered its feed and operating costs in nearly all years, and milk production across the board increased, and yet dairy farms continued to go out of business at a record pace.⁵ Dairy farmers are not going out of business because the quality of their product has declined; they are at a competitive disadvantage because they are unable to receive a fair price for that product in the marketplace. From 1980 to 2024, the amount of milk produced in the country increased, but the price paid to the farmer, when adjusted for inflation, was cut in half, from between \$40 and \$45 per hundredweight to between \$20 and \$25.⁶

How Oversupply Drives Down Prices

Because the price dairy farmers receive is determined through a federal pricing system based on overall supply and demand across the market, when total milk production increases, prices can decline across the system. The direct buyer for a dairy farmer is their cooperative or processor, and when mega-dairies flood the market, that increases their negotiating power for contracts. A U.S. Government Accountability Office survey of the co-op industry found that smaller farmers have less power because the co-op may prioritize the interests of the larger members or because the larger members have more decision-making power.⁷ A dairy farmer with fewer cows has less of an ability to negotiate a fair contract or, at times, obtain any contract at all.

Additionally, mega-dairies have begun to vertically integrate and take control of processing facilities. When, in 2026, Riverview LLP proposed expanding a facility to create the largest mega-dairy in Minnesota, the company partially justified the expansion by saying it would supply a processing plant that it owns.⁸ Vertical integration provides mega-dairies the incentive to flood the market with an oversupply of milk as they pursue cheap raw material for the product they process. This allows mega-dairies to own and control more steps along the supply chain, further limiting competition and free market opportunities for moderate-sized dairy farmers.

While mega-dairies publicly tout that continuing to expand will create jobs, it would be more accurate to say they are replacing entrepreneurial business owners that already existed. According to USDA data, from 1997 to 2017 the total number of U.S. dairy farms decreased by more than half, while the number of dairy cows per farm more than doubled. In 1970, there were 3,749 dairy processing plants; in 2017, the number of plants was 1,305. Dairy cooperatives have also consolidated. In 1964, there were 1,244 dairy cooperatives in the United States; in 2017, there were 118.⁹

2) Mega-Dairies & Communities

When moderate-sized dairy farmers are replaced by mega-dairies, it impacts rural communities by creating **weaker rural economies, less stable food systems, and greater stress on public resources**:

- **Weaker rural economies:** Fewer farmers in a region results in less spending at local businesses, a loss of local employment, the depopulation of rural communities, and the loss of local tax bases. A University of Minnesota study found that as larger mega-dairies began to dominate a particular community, it resulted in a decrease in economic and social activity, including an 81% drop in retail sales.¹⁰
- **Less stable food systems:** As the COVID-19 pandemic and multiple avian influenza outbreaks have shown, consolidation in agriculture threatens our ability to ensure our local and global food supply. As we become more vulnerable to ecological and sociological challenges, any disruptions in the food chain magnify in impact.¹¹
- **Greater stress on public resources:** Mega-dairies use an extraordinary amount of public resources, including water. In 2026, Riverview LLP settled a public nuisance lawsuit brought by the Attorney General of Arizona as a result of the dairy giant's use of public groundwater resources in that state, agreeing to pay out \$11 million to impacted residents for well-drilling, water-hauling, and groundwater access.¹² In Utica, Minn., nitrate contamination linked to surrounding large-scale operations forced the town to replace its drinking water system, resulting in a \$2 million project funded in part by taxpayers.¹³ Large, confined feeding operations significantly increase traffic on local roadways, and the costs for repairs typically must be covered by county or municipal governments, which often already operate with tight budgets.¹⁴

Additionally, funding of mega-dairies is built upon public financing and tax credits that cost taxpayers money and create major financial uncertainty for the economy. For mega-dairies, their continued expansion is increasingly not just about generating profits from selling milk, but from utilizing tax credits and subsidies to sell manure products as fuel. A 2025 University of Wisconsin-Madison study, looking at Minnesota, found that when a

mega-dairy sells “renewable natural gas,” nearly 95% of that revenue is coming from tax credits such as the Renewable Identification Number Credits and California’s Low-Carbon Fuel Standard.¹⁵

In addition to subsidies for the gas that is produced, the construction of large-scale industrial digesters for changing the manure into gas is supported by public dollars. A University of California-Davis analysis found that typically 40% of the costs for a digester project is subsidized with public funds.¹⁶ These subsidies and credits are simply not part of the business model for the average dairy farmer because they do not produce liquid manure at a scale large enough to make a digester feasible. From 2021 to 2025, the taxpayer-funded Rural Energy for America Program (REAP) provided \$257 million to 55 new manure digesters. For new manure digesters, the average grant was \$855,701, and the average loan guarantee was \$19,847,098.¹⁷

3) The Current Role of Public Policy in the Dairy Industry

Current public policy related to the dairy industry has failed to establish fair markets for dairy farmers, and instead mostly reacts to the symptoms of the problem through indemnity payments and subsidies. Of the different dairy products sold, only between 15% to 47% of what consumers pay at the store is actually getting back into the hands of dairy farmers.¹⁸ The largest investments in public programs for dairy farmers focus on direct government payments to subsidize losses when the market fails to provide a fair price. Examples of such investments include the Dairy Margin Coverage, the Dairy Indemnity Payment, the Milk Loss Program, Dairy Revenue Protection, and Dairy Assistance, as well as the Dairy Assistance, Investment, and Relief Initiative.

One program aimed at expanding markets is the Dairy Business Innovation (DBI) Initiatives. However, this program fails to meet the scale needed to solve the problem and does not address issues of market dominance. While DBI Initiatives were funded at \$105 *million* between 2019-2024, just one program aimed at subsidizing losses, the Dairy Margin Coverage, paid out \$3.2 *billion* over the same period of time.¹⁹ Similarly, Minnesota's Dairy Business Planning grants were funded at \$83,000 in 2026 to support financial planning.²⁰

Minnesota’s dairy farmers do not want government pay-outs when their costs exceed the price they receive; they want to sell their products for a fair, consistent price in the marketplace.

4) Public Policy Solutions

If public policy has created the unfair dairy market we have today, then it makes sense that policy can play a role in building a future that is better for dairy farmers and rural communities:

- **Expanding market access:** Dairy farmers could benefit from the expanding processing capacity of value-added products (such as cheese and yogurt), which offer an increased profit margin.²¹ Minnesota has lost numerous local creameries that used to anchor many rural communities, and building more would both create rural economic development and increase economic competition. On-farm processing has also expanded opportunities for some dairy farmers.²²

- **Offering a fair price:** Public policy sets the prices for dairy and could be used to ensure fairness and expanded economic opportunity. Public policy already directs how public institutions purchase food products. Public policy could give dairy farmers access to a fair price in a stable and high-demand market by connecting them with schools, hospitals, the military, and other public institutions that need high-quality dairy products.

The pricing formulas that determine what dairy farmers are paid can be adjusted to better reflect costs of production, including price floors based on the scale of operations or by increasing the price paid to farmers of a certain scale. The Milk for Family Dairies Act, introduced in the U.S. Congress this past year, would ensure dairy farmers receive a price with a floor based on herd size, which could be modelled or incentivized at the state-level.²³ Minnesota's Beginning Dairy Producer Payment (2005) is an example of increasing the price paid for milk to beginning dairy farmers.²⁴

- **Addressing market dominance:** Investing in new processing facilities or new markets will not be effective if mega-dairies that currently control an out-sized share of the industry can continue to flood the market with product at-will, undercutting market opportunities for other existing dairy farmers.

Instead of allowing an anti-competitive market that essentially functions like a monopoly, Minnesota policymakers can put in place rules focused on making sure the supply going into new markets does not exceed the demand while creating fair access based on existing market share. In other markets seeking to address unfair competition, policymakers set the thresholds for how much control over a market by one entity constitutes an unfair, anti-competitive economic situation.²⁵ Moderate-sized dairy farmers would benefit if new investments in markets were not accessible to the mega-dairies that already dominate the market.

- **Next generation of dairy farmers:** Public policy can support the next generation of dairy farmers through training and apprenticeship programs. However, any investment in transitioning dairy farms to the next generation must go hand-in-hand with market reforms that offer that next generation a fair price.

5) The Impact of Public Policy Solutions

A fair market with the goal of allowing all dairy farmers to be successful will increase **rural economic growth**, while producing **healthy food** and increasing **stewardship of the land**:

- **Rural economic growth:** As we've pointed out previously, each dairy farmer that stays in a community produces significant local economic activity as a result of the different services they purchase (veterinarians, nutritionists, feed suppliers, etc.), in addition to the benefits that come with populated rural communities such as tax revenue, Main Street business spending, and kids in rural schools.²⁶ According to economic research from across the country summarized by South Dakota State University dairy experts, "When a dairy farm spends money locally, it creates a multiplier effect more than two times the original dollar. In other words, for every one dollar a dairy farm spends, roughly \$2.50 in wages and related business transactions is contributed to the local economy."²⁷

- **Healthy food:** While mega-dairies keep their cows indoors, cows that feed on pasture produce healthier milk with better nutritional content.²⁸
- **Stewardship of the land:** A May 2011 study by the USDA's Agricultural Research Service comparing grazing operations to conventional confinement dairies concluded that grazing operations: reduced sediment erosion by 87%, reduced phosphorus runoff by 13 pounds per acre, increased carbon sequestration levels, and lowered ammonia emissions by 30%.²⁹

The path to a vibrant farm economy that supports rural communities, produces healthy food, and provides a good standard of living for farmers and others in the industry is in front of us. However, creating such a positive future will require working on two parallel, but often intertwined, paths. One path provides greater access to processing and opportunities for moderate-sized farmers to sell into stable, profitable markets, all while creating opportunities for the next generation. The other path puts in place anti-monopolistic safeguards that prevent mega-operations from eliminating all semblance of a fair market system.

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