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MDA Commissioner

Public Comment on Socio-economic impacts of Mega-dairies

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Socio-economic Impacts of Mega-Dairies on Dairy Farmers

The economic consolidation from mega-dairies has created a market that does not allow dairy farmers a fair opportunity to get a fair price. Over-supply from mega-dairies drives down prices and the market control of mega-dairies over cooperatives and processors has limited the opportunities for dairy farmers to sell their products.

Economic consolidation: 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
- The single largest mega-dairy, Riverview LLP owns close to 1/3 of the dairy cows in the state,³ which makes it roughly 500 times larger than the typical dairy farm.
- The top 8% of largest mega-dairies own 45% of the milk cows in the state.⁴

Over-supply 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.

Dairy farmers are not going out of business because the quality of their product has declined, they are going out of business because they are unable to receive a good price for that product. From 1980 to 2024, the amount of milk produced in the country increased, but the milk price for the farmer, when adjusted for inflation, was cut in half, from between \$40-45 per cwt to between \$20-\$25.⁵

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 going out of business also continued.⁶

While mega-dairies publicly tout that continuing to expand will create jobs, it would be more accurate to say they are replacing jobs that already existed. The economic trends are clear over several decades that we have seen a trajectory of dairy farms dropping by nearly half while the average farm size has doubled.⁷

Limited opportunities from market dominance: The direct buyer for a dairy farmer is their cooperative or processor, and when mega-dairies over-supply the market, they increase their negotiating power for contracts. A Congressional research survey of the co-op industry found that smaller farmers have less power because the coop may prioritize the interests of the larger members or because the larger members have more decision-making power.⁸ A dairy farmer with less cows, has less of an ability to negotiate a fair contract or at times get any contract to have their milk picked up.

Additionally, mega-dairies have begun to vertically integrate and take control of processing facilities. When Riverview LLP expanded to the largest mega-dairy in Minnesota in 2026, they did so while connecting it to their own processing plant that they own.⁹ Vertical integration from mega-dairies owning and controlling more steps along the supply chain will limit competition and limit free market opportunities for dairy farmers.

Socio-economic Impacts of Replacing Dairy Farmers with Mega-Dairies

When dairy farmers are replaced by mega-dairies it impacts the community by creating weaker rural economies, less stable food systems, and greater expense of public resources.

Weaker rural economies: When farmers go out of business, it results in less spending at local businesses, a loss of local employment, the depopulation of rural communities and the loss of local tax bases. One University of Minnesota study showed 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: Consolidation in agriculture results in more risks to our ability to ensure our local and global food supply, because of less ability to respond to ecological challenges, less ability to respond to sociological challenges, and greater negative impacts from any disruptions.¹¹

Spending of public resources: Mega-dairies use an extraordinary amount of public resources, including water and road maintenance. In 2026, Riverview LLP, settled a public nuisance lawsuit from the Attorney General of Arizona on their use of public groundwater resources, 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 increase traffic on local roadways several times over, and the costs for repairs typically falls on local county or municipal governments, who often already operate with tight budgets.¹⁴

Additionally, the finances of mega-dairies are 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 not primarily about generating profits from selling milk, but from utilizing tax credits and subsidies to sell their manure as fuel. A 2025 University of Wisconsin-Madison study looking at Minnesota, found that nearly 95 percent of dairy revenue came from Renewable Identification Number Credits and California's Low-Carbon Fuel Standard.¹⁵ In addition to subsidies for the gas that is produced, the large-scale industrial digesters (which are the infrastructure to change the manure into gas) are paid for by the public, with a UC Davis analysis finding 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 this scale, but mega-dairies cost taxpayers public resources, to the tune of \$257 million in public funds and tens of millions more in federal loan guarantees.¹⁷

Public Policy

Public policy has created the dairy market we have, and different choices could create a future that is better for dairy farmers and rural communities.

Current public policy 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 15-47% 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, such as the Dairy Margin Coverage, Dairy Indemnity Payment, Milk Loss Program, Dairy Revenue Protection, Dairy Assistance, Investment and Relief Initiative.

One program aimed at expanding markets is the Dairy Business Innovation 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 \$36 million dollars, between 2019-2024, just one of the dairy indemnity programs, the Dairy Margin Coverage program, cost \$36 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 price.

Solutions

Public policy can create fair market opportunities for dairy farmers by increasing access to markets with a fair price and addressing market dominance.

Expanding market access: Dairy farmers could benefit from the expanding processing capacity of value-added products (such as cheese and yogurt), which offers an increased profit margin.²¹

Minnesota has lost many of the local creameries it had not that long ago, and building more would both create rural economic development and increase economic competition. On-farm processing has also expanded opportunities for some dairy farmers.

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 makes decisions for how public institutions purchase food products and could offer dairy farmers a fair price in a stable and high-demand market by connecting schools, hospitals, the military, and other public institutions to 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 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. Minnesota's Beginning Dairy Producer Payment (2005)²² is an example of increasing the price paid for milk to beginning dairy farmers.

Addressing market dominance: investing in new processing or new markets, will not be effective if mega-dairies that currently own an out-sized share of the market can continue to over-supply and undercut the market opportunities of the other existing dairy farmers.

Instead of allowing an anti-competitive market that essentially functions like a monopoly, Minnesota policy-makers could envision rules that focused on making sure the supply going into new markets does not exceed the demand and creating fair access based on existing market share. In other markets seeking to address unfair competition, public policy sets a definition of what dominance by a particular entity looks like, for example saying no entity should control more than 30% of a market share,²³ or that no entity should be many times larger than the average. Dairy farmers would benefit by ensuring new investments in markets were not accessible by the mega-dairies who already overly 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 be met with market reforms that offer a fair price.

Public policy already creates the rules for markets and should address the current conditions and set a course of action that corrects the existing market dominance.

Impacts of the Solutions

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

Rural Economic Growth: Each dairy farmer that stays in a community produces significant local economic activity from 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.²⁴

According to the Center for Dairy Excellence, "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."²⁵

Healthy Food: While mega-dairies keep their cows in doors, cows that feed on pasture produce healthier milk with better nutritional content.²⁶

Stewardship of the land: "A May 2011 study by USDA Agricultural Research Service comparing grazing operations to conventional confinement dairies concluded that grazing operations: reduced sediment erosion by 87 percent, reduced phosphorus runoff by 13 pounds per acre, increased carbon sequestration levels, and lowered ammonia emissions by 30 percent."²⁷

A farming system that creates less pollution while have far-reaching economic benefits: tens of millions of public funds are spent each year to increase environmental practice adoption and millions of dollars have been invested by the state of Minnesota to mitigate and investigate water pollution, through programs like the Clean Water Fund and Minnesota Ag Water Certification program, to just name a few.

The path to a better dairy economy is in front of us: access to processing, opportunities to sell into stable markets, prices that reflect the existing market, and anti-monopolistic safeguards that prevent the operators who currently dominate the market to take control of future investments.

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