A Review of Dairy Price Support Programs in Massachusetts, Maine and Connecticut

Summary

Dairy has long been a core industry in the northeast and a cornerstone of the agricultural economy in states like Massachusetts, Maine and Connecticut. However, changes in market structures, costs of production, development pressure and other causes have led to consolidation and farm exits, leading to a sharp decline in the number of dairy farms in this region. The national milk market is characterized by high price volatility with minimum prices for various fluid milk classes set by federal regulations, meaning dairy farmers may receive a lower price for their milk than it costs to produce. Economic impact studies suggest that dairy price support programs in Massachusetts, Maine and Connecticut have contributed to a reduction in the rate of dairy farm decline in their respective states. These dairy price support programs include:

- The Massachusetts Dairy Farmer Tax Credit
- The Maine Dairy Stabilization Program
- The Connecticut Dairy Sustainability Grant

This summary document is a complement to the Farm Credit East publication *A Review of Dairy Price Support Programs in Massachusetts, Maine and Connecticut* (2026). The full report summarizes and compares each state's dairy price support program's structure, funding mechanism and impact. Please read the full report for more details, including citations.

Main Takeaways

Each of the three programs share similar goals: to support the dairy sector, to prevent or reduce dairy farm exits and to ensure the continuation of rural communities and economies. Each program establishes a price "floor" and disburses payments to enrolled dairy farmers to close the gap between that price floor and the real minimum federal price paid per hundredweight fluid milk produced (cwt). The programs are not intended to guarantee profitability, but studies from each state suggest that the programs have successfully contributed to a reduction in dairy farm exits, therefore positively impacting both state and rural economies.

Despite similar economic conditions facing dairy farmers in each state, each program employs different mechanisms for dairy price support in response to unique agricultural conditions and political environments. For example, while all programs pull funding from some kind of state "general fund," the funds themselves are allocated in response to different pressures on agriculture: income tax relief in Massachusetts, high costs of transportation and access to markets in Maine and development pressure in Connecticut. These unique local conditions determine the kind of dairy support program that is feasible and impactful in each state, meaning a program that is successful in one state cannot necessarily be readily implemented in another state.

Payments to dairy farmers for each program are determined through calculations that consider cost of production, the current federal minimum payment, and other factors, including the number of eligible farms and the total available funds. The Maine Dairy Stabilization Program is the only entitlement program of this kind in the Northeast, whereas the Massachusetts payments are limited by a statutory funding cap and Connecticut payments are limited by the number of real estate transfers that take place in a given quarter.

While the details of each program vary, Maine is an especially unique case. Maine produces the highest total value of milk production of the three states and invests the most in their dairy price support program (on average over $11 million per year since 2016). While Massachusetts and Connecticut are part of FMMO 1 (Federal Milk Marketing Order, Northeast), Maine has its own state order with a Maine Milk Commission authorized to set prices and govern the transactions between the different levels of Maine's dairy industry. The Maine support program is the only of the three included in this report to establish "Tiers" for four different farm types, each with their own payment rate. The Maine Milk Commission conducts a survey of local dairy producers every three years to estimate the cost of production for each tier.

These programs each operate within the parameters of what is economically and politically feasible in their state. Each program seeks to accomplish similar goals through different mechanisms, the details of which are outlined in the full report. We hope this report will help build greater understanding of each program and how they work to support the dairy communities and rural economies of the Northeast.

Overview: Dairy Sector and Price Support Program Characteristics by State

	Massachusetts	Maine	Connecticut
Value of milk production	$61,431,000	$146,846,000	$94,358,000
Total number of dairy farms, 2022	97	182	92
Number of milk producing cows, 2022	9,962	24,836	18,885
Value of dairy production as a percent of state's total agricultural economy, 2022	10.1%	16.9%	13.4%
Dairy support program name	Dairy Farmer Tax Credit	Dairy Stabilization Program	Dairy Producer Grant
Dairy support program mechanism	Annual refundable tax credit	Monthly payments based on "Tier" production	Quarterly payments
Average total cost of production per cwt, 2025	$37.65	$32.29	$36.00
Average "short-run break-even" cost of production per cwt, 2025	$25.21	$28.49	$29.52
Statistical Uniform Price per cwt, 2025	$19.74	$23.17	$19.74
Total disbursed, 2025	$8,000,000	$15,931,586	$5,488,762
Average payment per farm, 2025	$98,765.43	$119,786.36	$83,000
Funding source	Legislative appropriation	Statutory entitlement	The Agricultural Sustainability Account as authorized by the Community Investment Act

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