



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

Executive Summary

Dairy producers in the northeast face significant economic challenges including volatile milk prices and rising costs of production. The region has experienced significant dairy farm exits as a result of these challenges over the last 30 years. Massachusetts, Maine and Connecticut, specifically, have lost over 60% of their dairies over this period.

In response, each of these three states administer dairy price support programs designed to offset the gap between the milk market price and the cost of production. This report provides an overview of each program and summarizes some of the key similarities and differences between them.

This report finds that although each of the three dairy price support programs share common objectives, they differ substantially in funding and design. Program distinctions largely reflect each state's unique agricultural, economic and political environment. While these programs are not intended to guarantee profitability, research suggests that they have helped slow the rate of dairy farm exits and ultimately have supported the rural and agricultural economies of each state.

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Background

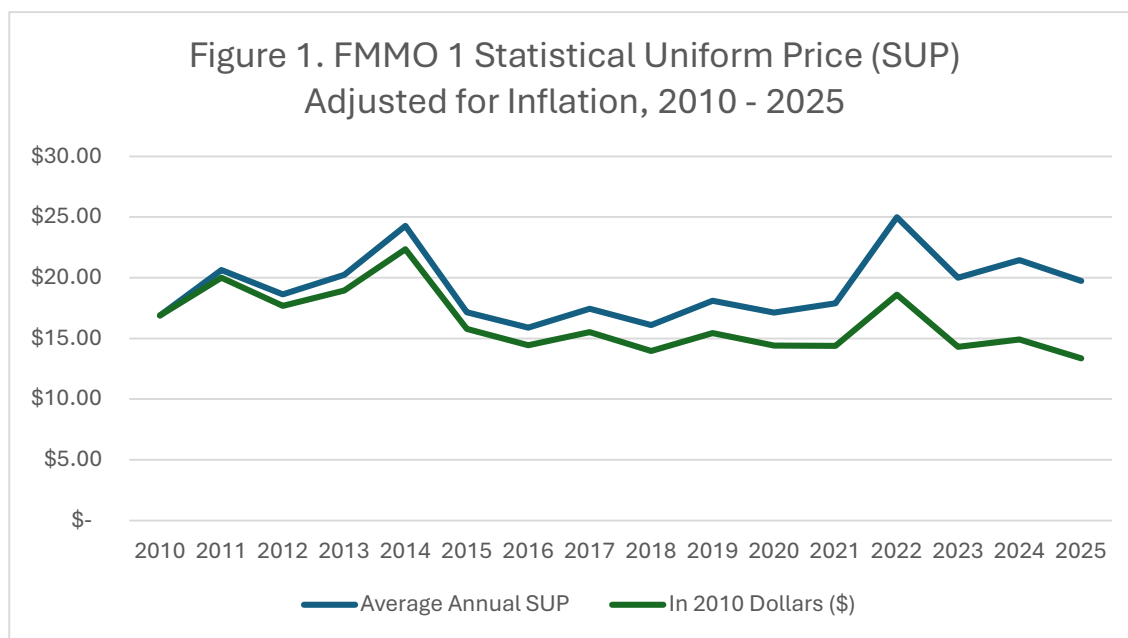
Dairy has long been a core industry in the northeast and a cornerstone of the agricultural economy in states like Massachusetts, Maine and Connecticut (Chen et al., 2018; Lopez et al., 2013). However, changes in market structures, costs of production, development pressure and other causes over the past few decades have led to consolidation and farm exits, leading to a sharp decline in the number of dairy farms in this region (Chen et al., 2018).

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 (Lopez et al., 2013; Greene, 2022). Over time, the federal minimum price for milk, which is determined by the Federal Milk Marketing Order or FMMO, has been declining (see figure 1).

While non-price factors contribute to farm exits, high costs of production and low prices are significant predictors of farm exits (Chen et al., 2018; Greene, 2022). 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 (Chen et al., 2018; Lopez et al., 2013; Whitman, 2017).

These dairy price support programs include:

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



Federal Milk Marketing Order (FMMO) 1 includes most of New York State, New Jersey and New England minus Maine. Data from the USDA's Agricultural Marketing Service.

Each state program's structure, funding mechanism and impact on the eligible dairy community is different and is informed by unique state-level considerations (see table 1). This report summarizes these distinctions to better compare and understand each program. This report is informed by publicly available program information, academic studies and personal conversations with program administrators in each state.

Table 1. Dairy Production Figures by State

	Massachusetts	Maine	Connecticut
Value of milk production¹	\$61,431,000	\$146,846,000	\$94,358,000
Total number of dairy farms, 2022¹	97	182	92
Number of milk producing cows, 2022¹	9,962	24,836	18,885
Value of dairy production as a percent of state's total agricultural economy, 2022¹	10.1%	16.9%	13.4%
Average total cost of production per cwt., 2025²	\$37.65	\$32.29	\$36.00
Average "short-run break-even" cost of production per cwt., 2025³	\$25.21	\$28.49	\$29.52
Statistical Uniform Price per cwt., 2025⁴	\$19.74	\$23.17	\$19.74

1. Number of milk producing farms reporting production sales, USDA Table 2 A, 2022; USDA Table 2 B, 2022; USDA Table 2 C, 2022. Number of milk producing cows may be higher than total number of cows on farms eligible for state-level dairy price support programs due to USDA census accounting. 2. Cost of Production (COP) inclusive of opportunity cost of unpaid labor and other expenses i.e., depreciation. 3. Average COP minus opportunity cost of unpaid labor and other expenses for Massachusetts and Maine; COP*0.82 for the minimum sustainable cost of production in Connecticut. 4. The average SUP for all 12 months of 2025. Massachusetts and Connecticut are included in FMMO 1, the Federal Milk Marketing Order for the Northeast; the Maine Milk Commission has statutory authority to set prices using the Federal Order as part of the final minimum price calculation.

Program Goals

The goals of each program are similar: summarily, 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 (cwt.) of fluid milk produced. The programs are not intended to guarantee profitability.

The number of dairy farms in the Northeast has declined significantly this century, with a loss of over 60% in the total number of farms in each state since 1997 and a loss of over

40% since 2012 (see table 2). Due to farm consolidation and an increase in the number of cows managed per farm, milk production has remained relatively stable.

The majority of dairy farms in this region remain small and state programs seek to prevent or reduce further farm exits (Chen et al., 2018; USDA Table 17 A, 2022; USDA Table 17 B, 2022; USDA Table 17 C, 2022). Dairy farmers purchase local goods and services, hire local labor, and maintain agricultural economies that contribute to the culture and overall economies of each state (Lopez et al., 2013; Bickford, 2026; Whitman, 2017).

Table 2. Farm Exits by State, 1997 – 2022

Farm Exits by State, 1997 - 2022			
	Massachusetts	Maine	Connecticut
Total number of dairy farms, 2022¹	97	182	92
Farms lost since 2012	181	399	97
Percent change in farms since 2012	45.7%	49.7%	40.0%
Farms lost since 1997	466	594	293

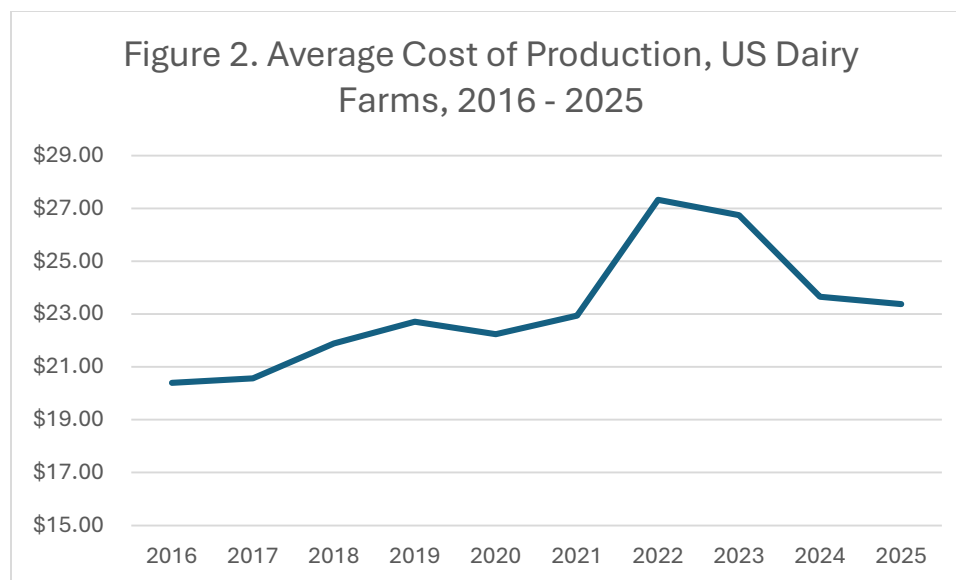
1. Number of milk producing farms reporting production sales, USDA Table 2 A, 2022; USDA Table 2 B, 2022; USDA Table 2 C, 2022.

Program Mechanisms

As prices paid to dairy farmers have tended to decrease in real terms over time, costs of production are on the rise (Gillespie, 2026; Laughton, 2025; Whitman, 2017). Figure 2 illustrates this trend on the national scale. USDA research indicates that dairy margins are tight: in 2025, the average dairy cost of production per hundredweight sold in the United States was \$23.37, with a total average gross value of production of \$23.92.

Costs in the Northeast are especially high, and average 2025 costs in New York were even higher than the value of production, at \$28.31 and \$25.58, respectively (Gillespie, 2026). Average costs of production for dairy farmers in Massachusetts, Maine and Connecticut are also considerably higher than the national average (see table 1). A survey of Massachusetts dairy farmers found that 46% were paid milk prices that did not cover short-term operating costs in 2015 (Whitman, 2017). USDA research also highlights the fact that the net value (production value minus production costs) for small farms is significantly lower per cwt. than the net value for larger farms, with farms under 500 cows paying a higher production cost than they can recover through milk sales (Gillespie, 2026). This is especially concerning in Massachusetts, Maine and Connecticut where farms under 500 cows represent over 90% of all dairy farms (USDA Table 17 A, 2022; USDA Table 17 B, 2022; USDA Table 17 C, 2022).

Dairy price support programs in these three states are designed to address this gap between cost of production and market price.



Data from USDA's Economic Research Service. Does not account for inflation.

Despite similar economic conditions facing dairy farmers in each state, each program employs different mechanisms for dairy price support in response to their unique agricultural conditions and political considerations (see table 3). The Program Comparisons section summarizes the key distinctions between the programs, and the state profile sections that follow provide a detailed overview of each program.

Table 3. An Overview of Dairy Price Support Programs: Massachusetts, Maine and Connecticut, 2025

	Massachusetts	Maine	Connecticut
Program name	Dairy Farmer Tax Credit	Dairy Stabilization Program	Dairy Producer Grant
Mechanism	Annual refundable tax credit	Monthly payments based on “Tier” production	Quarterly payments
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

Program Comparisons

Despite similar intentions and goals, each state price support program operates differently. Massachusetts employs a refundable tax credit to eligible farmers who apply annually to participate. Connecticut dairy farmers must register as individual vendors with the state and enroll in a grant program to receive payments. Maine's unique "tier" payment program does not require an application. Funds for the Massachusetts program and the Maine program must be appropriated by state legislators during each budget cycle, whereas the Connecticut program is funded by a real estate transfer payment. All programs leverage funding from some kind of state "general fund," but respond to different pressures on local agriculture: income tax relief in Massachusetts, exceptionally high costs of transportation and access to markets in Maine, and development pressure in Connecticut. The following sections compare how each program secures funding, calculates the statistical uniform price, calculates costs of production, leverages payment rates, and is marketed.

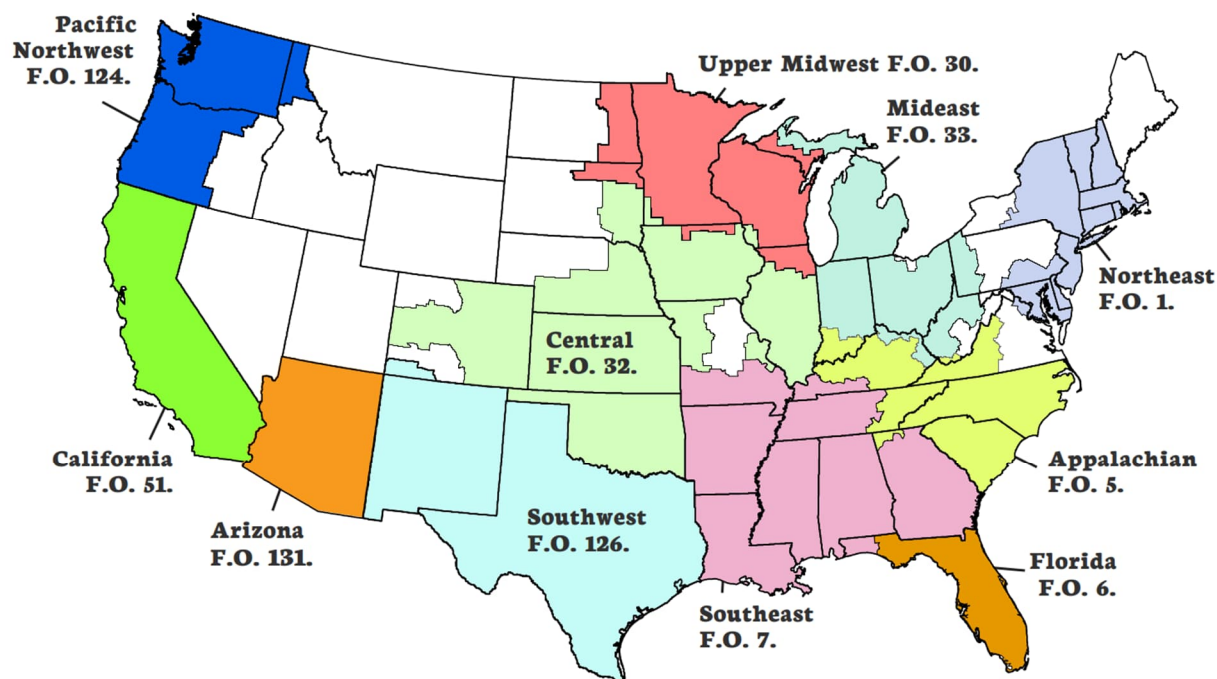
Funding Amounts

How each program is funded, and to what extent, impacts the mechanism. Of the three states included in this report, Maine produces the highest total value of dairy and has the most active dairy farms; Maine also invests the most (on average over \$11 million per year since 2016) in their dairy price support program. As an entitlement program, the total amount varies per year according to farm production and the value of the gap between cost of production and FMMO prices. The total value of Connecticut's program also varies each year based on the number of real estate transactions, which fund the program. The Massachusetts program value does not change year over year unless the state legislature changes the appropriation; in this way, the Massachusetts program has a set "cap" on payments.

Calculating Statistical Uniform Price

The Statistical Uniform Price, or SUP, is the weighted average monthly minimum milk price required to be paid by regulated handlers to producers who pool their milk ("Uniform Milk Prices," 2026). Massachusetts and Connecticut are part of Federal Milk Marketing Order 1, Northeast (FMMO 1, see figure 3), and so base their calculations for farmer payments using this federally determined price floor. Maine, however, 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 (Bickford, 2026). While the Maine minimum price considers the Federal Order announced price, the final minimum price is determined at the state level (Bickford, 2026).

Figure 3. Map of Federal Milk Marketing Order Areas



Map published by the USDA's Agricultural Marketing Service (AMS)

Calculating Costs of Production

The Massachusetts Department of Agricultural Resources (MDAR) and the University of Connecticut Zwick Center for Food and Resource Policy (on behalf of the Connecticut Department of Agriculture) calculate one average cost of production for all state dairy producers for Massachusetts and Connecticut, respectively. They do so using a variety of data published in national studies and reports, including data like consumer price indexes from the Federal Reserve and agriculture industry data from the USDA's Economic Research Service (ERS) and National Agricultural Statistics Service (NASS). This data is updated monthly and quarterly for Massachusetts and Connecticut, respectively.

In Maine, the Maine Milk Commission calculates cost of production averages for four different size categorizations of farms and, in addition to national data, conducts a survey of Maine dairy farms to update the real local cost of production every three years.

How cost of production is used to calculate farmer payments also varies across states. Massachusetts uses the full cost of production to calculate farmer payments. The Maine program begins with a short-run break-even cost of production (below the full cost of production) and this figure is used by the state Legislature to determine the final cost of production used in program calculations. Connecticut multiplies the cost of production by 0.82 to determine the minimum sustainable cost of production which is used in their payment formulas. See table 1.

Payment Rates

Massachusetts and Connecticut both establish one payment rate based on an average statewide cost of production and milk prices for conventional dairy farms. For both of these programs, the difference in payments per farm depends solely on volume of production. Maine approaches payment rates differently, developing a tier system in which a variable cost of production is multiplied by cwt. production for each farm. The state establishes four tiers with less milk production associated with lower tiers. Higher costs of production are assigned to these lower tiers, meaning variable payments are based not only on production volume but also on farm size and other factors.

Marketing

Each dairy price support program has high participation (over 90% of eligible producers) and is often credited by farmers as a reason for remaining in business (Bickford, 2026; Hughes, 2026; Whitman, 2017). The programs are not marketed as a profit guarantee but as a means to help “dairy farmers pull through tough economic times when wholesale markets do not pay dairy farmers what it costs them to produce milk” (Whitman, 2017). While the process for applying to each program differs, participating throughout the year is largely automatic for all three. Program administrators from each state report a strong understanding of the total universe of eligible farms and are able to conduct targeted outreach to maximize participation (Bickford, 2026; Hughes, 2026; May, 2026).

The types of eligible dairy farmers are similar in each state, with one distinction: while raw milk producers in Massachusetts and Maine are eligible to participate, only milk intended for pasteurization can be included in the Connecticut program. This has few practical implications, however, as few to no raw dairy producers participate in either the Massachusetts or Maine programs. Organic producers in all states are eligible, but payments to organic producers are based on the conventional cost of production calculation. This is notable because a significant percentage of dairy producers in each state are organic, and their costs and revenues may not parallel those of conventional dairies.

State Dairy Price Support Program Overviews

This section provides a detailed overview of each state program.

Massachusetts

Program title

Massachusetts Dairy Farmer Tax Credit

Overview

The Massachusetts Dairy Farmer Tax Credit is a refundable tax credit established in 2008 that can be leveraged against Massachusetts income tax or corporate excise liability. The tax credit activates when the price of milk drops below a federal standards-informed “Trigger Price.” Eligible farmers must be registered with MDAR and must apply annually. The cost of production is determined by the University of Massachusetts in collaboration with dairy farmers. The Trigger Price is calculated by MDAR using USDA FMMO prices and other economic factors, including costs associated with fuel. The tax credit rate is the same for all farmers, meaning an individual’s variable tax credit is determined by their production volume. Historically, due to market conditions, the entire authorized funding amount (currently \$8,000,000) has been disbursed every year. Funds are distributed proportionally based on production volume, as need typically exceeds the authorized funding amount.

Mechanism

Annual refundable tax credit.

Tax credit = (Dairy Farmer Tax Credit Rate) x (hundredweights of annual milk production)

Dairy Farmer Tax Credit Rate = (Total Tax Credit) / (Total Milk Production)

Total Tax Credit = (Trigger Percent) x (total cumulative value of credits, not to exceed \$8,000,000)

Total Milk Production = sum of all annual milk production of all eligible taxpayers

Trigger Percent = (# of months for which the Farm Price is less than or equal to the Trigger Price) / 12

Farm Price = the Statistical Uniform Price as announced monthly by the Northeast Federal Milk Marketing Order for the Northeast Marketing Area

Trigger Price = total operating costs + hired labor + opportunity cost of unpaid labor

Amount Disbursed (2025)

\$8,000,000

Up to \$8,000,000 is available annually for the entire program. This amount has been increased by the legislature multiple times throughout the program's history, most recently from \$6 million to \$8 million in 2023.

The amount paid per farmer is based on the amount of milk the farm produces and sells during the tax year.

Funding Source and Authorization

Statute:

- Massachusetts General Laws Chapter 62, Section 6(o) (personal income)
- Massachusetts General Laws Chapter 63, Section 38Z (corporate excise)
- Code of Massachusetts Regulations 300-399 CMR 330

Details

Any eligible taxpayer wishing to participate in the program shall complete and submit a disclosure statement on a form provided by the Commissioner, to the Commissioner, no later than January 15th of the following tax year. The Commissioner obtains milk production information from a third-party that purchased milk from the Eligible Taxpayer (including records released by the Northeast Federal Milk Marketing Order or milk marketing cooperatives).

Eligible farmers apply for the program annually using either a paper application or a recently launched online application.

Over 80 farms participate annually, with payments to over 130 farmers, representing nearly all the eligible population. The target audience for the program is primarily dairy farmers who ship their milk as part of the FMMO pool.

The program must be “triggered” each year before it is activated, meaning the farm price and trigger price must be calculated to show that the farm price has fallen below or equal to the trigger price. This trigger threshold has been crossed every year since the program's inception. The Trigger Price is calculated by MDAR using a variety of data points to determine monthly costs of production, including consumer price indexes from the Federal Reserve Bank of St. Louis (FRED) and operational costs from the USDA's NASS.

Farmers either self-report their production volume as part of their application or indicate that cooperative handlers, such as Dairy Farmers of America (DFA) or Agri-Mark, can report production on their behalf.

Marketing

The program has been active for almost 20 years with most eligible dairy farmers in Massachusetts currently participating. Information about the program is typically shared via “word of mouth” between dairy farmers. Paper applications are mailed annually to all farmers who participated in previous years. MDAR conducts general outreach including

sending emails when the program opens and organizing workshops sharing information about the program.

Additionally, Massachusetts state government maintains a clear and concise webpage with information about the [Dairy Farmer Tax Credit](#) and the [application](#).

Dairy Farmer Tax Credit webpage: <https://www.mass.gov/info-details/massachusetts-dairy-farmer-tax-credit>

Dairy Farmer Tax Credit application webpage: <https://www.mass.gov/how-to/apply-to-the-dairy-farmer-tax-credit-program>

Average credit per farm (2025)

\$98,765.43

Calculated Average cost of production (2025)

\$37.65 per cwt.

This figure is calculated by MDAR and includes the cost of feed, interest and other operating costs, hired labor, the opportunity cost of unpaid labor, and non-case benefits not included in expenses, minus the sum of other dairy income and other non-dairy income.

Proven benefits

The Dairy Farmer Tax Credit Program was developed “to offset the cyclical downturns in milk prices paid to dairy farmers.” A 2016 report found that the decline in Massachusetts dairy farm numbers slowed from over 5% annually to between 2%-3% annually following the implementation of the Dairy Farmer Tax Credit and related programs (Whitman, 2017). This report indicates that “nearly all farmers (97%) indicated that the MA Dairy Farmer Tax Credit Program from 2010-2015 was important for maintaining the economic viability of their farm. MA dairy farmers primarily used their income tax credit to pay for operating costs.”

Challenges

A refundable tax credit is paid out annually and payments are managed by the Massachusetts Department of Revenue. Farmers must wait to receive payments based on the annual tax refund cycle, making it difficult to predict exactly when the funds will become available. The program also does not fund 100% of the identified need to close the gap between cost of production and the price paid to farmers; farmers receive a payment that is proportional to production volume up to the appropriated \$8,000,000, regardless of need, and the payment cap has been hit each year of the program’s operation. Additionally, NASS no longer collects some vital data points, like cow herd survey numbers, which makes calculating factors like the trigger price more cumbersome for program administrators.

Maine

Program title

Dairy Stabilization Program

Overview

The Maine Dairy Stabilization Program is a monthly payment program established in 2004. This program establishes a short-run break-even price floor for dairy production and distributes monthly payments as a supplement to dairy farmers for each month when the price of milk (base price) falls below the legal cost of production (target price). Eligible farmers are categorized in one of four “tiers” based on a range of production volume. The Maine Milk Commission, an independent commission affiliated with the Maine Department of Agriculture, Conservation, and Forestry, conducts studies on a rotating 3-year cycle. The Maine Legislature uses these studies to determine the short-run break-even point, or “target price,” for each tier. Lower production volumes are associated with lower tiers, with smaller farms allotted a higher target price to combat financial challenges created by economies of scale.

Mechanism

An entitlement program that disburses monthly payments.

For each month when the price of milk (base price) falls below the cost of production (target price), the administrator of the Maine Milk Pool distributes funds equal to the previous month’s cwt. production multiplied by the difference between the applicable target price and the base price in the previous month. All farms begin in Tier 1 and move through the tiers as milk production continues throughout the year.

Payment = production x (target price – base price)

Base Price = (the amount per cwt. paid to milk producers in Maine as monthly premiums established by the Main Milk Commission = SUP for FMMO 1 + over order premium set by the Maine Milk Commission’s state pricing order) + (the amount per cwt. received by milk producers as a monthly payment from the Federal Government when relevant)

Target Price = short-run break-even points for each of four tiers of production determined by the state Legislature informed by Maine Milk Commission data

Amount Disbursed (2025)

\$15,931,586

The Maine Dairy Stabilization Program is an entitlement program not limited by a statutory cap, meaning all need is met within the legal parameters of the program and the total amount disbursed fluctuates per year. The amount paid per farm is determined by the farm tier and cwt. production. However, the amount of money available for the program can be

curtailed by the State Legislature in any given fiscal year by preempting the entitlement language, as occurred between 2009 – 2012 (Bickford, 2026).

Funding Source and Authorization

The program is funded primarily by the state's General Fund and some tax revenue generated from the Oxford Casino. Funds from the Oxford Casino account must be fully exhausted before pulling from the General Fund. The final cost of production used for program payment calculations is determined through legislative authority during each budget cycle.

Statute:

- An Act to Encourage the Future of Maine's Dairy Industry (Chapter 648 H.P. 1445-L.D. 1945), established by L.D.1758 then defined in Title 7, Part 7, Chapter 611, Section 3153-B: Dairy Stabilization.
- L.D. 2188 adjusted target prices per tier based on the 2022 Maine Conventional Milk Industry Cost of Production Study.

Details

There is no application required to enroll in this program, so participation and payment is more or less automatic for most Maine dairy producers. Whichever entity manages payments for the bulk of a farm's federal order milk shipments, typically a dairy cooperative, reports shipped production volume monthly to the state and coordinates program payments to individual farmers. The Maine Milk Commission uses these production reports to calculate monthly payments using purpose-built software. Independent producers are eligible to participate in the program but must first register as vendors of the state.

The program operates on an annual fiscal cycle beginning in July of each year. At the beginning of a new program year, every farm begins in Tier 1. They may move to Tier 2, then Tier 3, and possibly to Tier 4 as they continue shipping milk and their annual production number increases (see table 4). Nearly every eligible Maine farm participates in the program, totaling around 130 farms per year, and just over half of these farms never exceed the Tier 1 categorization. Many factors contribute to the creation of the Tier categories, including management structure, hired labor versus family labor ratios, use of production technologies, whether or not a farm grows its own feed crops, etc., meaning the Tiers reflect not only farm size but also economies of scale and operational conditions for the average dairy farm in Maine.

The Maine Milk Commission completes a cost of production study every three years to update formula estimates to reflect market and production changes. This study includes a survey that over 80% of Maine dairy operators respond to. The final cost of production figure used to calculate payments is determined by the Maine Legislature. This legislative cost of production is informed by, but is not necessarily the same as, the cost of production as determined by the Maine Milk Commission. For example, the most recent cost of

production study determined the Tier 1 short-run break-even cost of production to be \$28.90/cwt., but the state legislature approved a cost of \$24.51/cwt. for program calculations. The cost of production is the “target price,” see table 4 for current figures.

Table 4. Current Maine Dairy Stabilization Tiers (Effective 2024)

Current Maine Dairy Stabilization Tier Level (July 1, 2024)			
Tier Level	Annual Production Range	Average # of Cows	Target Price
Tier 1	0 – 16,790 cwt.	51	\$24.51
Tier 2	16,791 – 49,079 cwt.	133	\$23.37
Tier 3	49,080 – 76,800 cwt.	243	\$22.60
Tier 4	Over 76,800 cwt.	899	\$21.88

The Maine Milk Commission has statutory authority to set prices and incorporates the FMMO announced price as part of this final state price (Bickford, 2026). The actual tier payment is calculated by subtracting a “minimum price” (the FMMO statistical blend + an over order premium) from this target price. As an example:

Assuming an FMMO statistical blend of \$22.47 and an over order premium of \$0.31, a minimum price is set at \$22.78.

$$\$22.47 + \$0.31 = \$22.78$$

Tier	Target Price	Minus	Minimum Price	Equals	Tier Payment
Tier 1	\$24.51	-	\$22.78	=	\$1.73 per cwt.
Tier 2	\$23.37	-	\$22.78	=	\$0.59 per cwt.
Tier 3	\$22.60	-	\$22.78	=	No payment
Tier 4	\$21.88	-	\$22.78	=	No payment

Note: Organic farms do not receive an over order premium, so \$0 is added to the FMMO statistical blend for these calculations.

Marketing

Program participation for most eligible dairy farms does not require an application and is typically facilitated by Maine dairy cooperatives, thereby requiring limited marketing effort to attract new participants.

The program does require legislative approval during each budgetary cycle, including the formal 2-year budget and annual supplementary budgets. Dairy industry advocates and farmers must therefore regularly market the program to legislators and public officials. External program communication emphasizes its role as a driver of rural economic development rather than simply market support for dairy farmers.

Average payment per farm (2025)

\$119,786.36

Calculated average cost of production (2025)

The Maine Milk Commission's Maine Conventional Milk Industry Cost of Production Study (2022) established a total cost of production of \$32.29 for Maine dairy farmers, with a \$28.49 short-run break-even average cost of production (total cost of production minus the opportunity cost of unpaid labor and other expenses). Legislative negotiations during the 131st legislative session (2024) determined the final cost of production figures used for payment calculations (see table 5).

Table 5. Maine Costs of Production Comparisons, 2022 – 2024

Tier	Estimated Short-Run Break-Even Cost of Production (2022 Cost of Production Study)	Program Cost of Production (LD 2188, 2024)
Tier 1	\$28.90	\$24.51
Tier 2	\$29.17	\$23.37
Tier 3	\$27.61	\$22.60
Tier 4	\$26.87	\$21.88

Proven benefits

A study of the Maine Dairy Stabilization Program (Chen et al., 2018) found that the program has slowed the rate of farm exits in the state, indicating that there would have been approximately 67% fewer farms and 70% less milk produced in the Maine dairy industry by the end of the observed period and that market concentration would have increased (by approximately 189%) in the absence of the price support program. Maine recently convened a Maine Dairy Task Force whose members, in a report published in January 2025, determined that the Dairy Tier Program works but should be funded at the full short-run break-even cost of production level.

As an entitlement program, the total amount disbursed fluctuates according to need. The program is also more or less automatic for eligible dairy farmers to participate in, maximizing participation and impact. According to conversations with the current Executive Director of the Maine Milk Commission, these payments have become a stable support that Maine dairy farmers know they can expect, decreasing overall feelings of market uncertainty that may limit long-term investments. A strong dairy industry in Maine also supports a wider agricultural economy, especially local milk processors whose proximity, in turn, keeps the cost of hauling milk – an especially high cost in Maine – within reach for producers. In this way, the Dairy Stabilization Program supports an interconnected agricultural system in Maine.

The goal of this program is to limit dairy farm exits and the majority of dairy farms in Maine are smaller, Tier 1 operators. The Chen et al. study found that these Tier 1 farms have seen the most financial benefit from this program.

Challenges

The Dairy Stabilization Program is currently funded at less than the true short-run break-even cost of production. Dairy farmers and advocates must advocate to continue or increase program funding during each budget period, meaning every two years for the formal state budget and inclusive of annual supplementary budgets. This advocacy requires significant farmer coordination, time, and effort. The budget cycle also requires the Maine Milk Commission to estimate program budgetary forecasts each year. The program was the first of its kind and continues to be a unique response to unique conditions in Maine, including high cost of production, a separate milk marketing order for the state, as well as political sensitivities. Securing legislative authorization for this entitlement program required many years of coordinated efforts and may not be a replicable model elsewhere. Much effort and coalition-building were required to establish an appreciation of the benefits of tiered pricing during the early years of the program amongst dairy farmers of all sizes to ensure the program's continued success.

In addition to the political challenges, the nature of the program makes it difficult for farmers to calculate their payments in advance and to plan their cash flow, but this is somewhat mitigated by the frequency of payments (monthly).

The calculated cost of production is updated every three years and requires Maine dairy farmers to complete a survey to determine the real cost of production. This survey work is contracted out and requires efficient surveyors who have established and trusted relationships with local dairy farmers. University of Maine Extension has historically filled this role, and increasingly challenging funding conditions are creating concerns about the long-term implications on the survey.

Finally, the state relies on proprietary, purpose-built software to complete the complicated calculations required for this program. This software can reportedly be somewhat clunky and cause short delays in calculations and payment determination.

Connecticut

Program title

Dairy Sustainability Grant

Overview

Established in 2009, the Connecticut Dairy Sustainability Grant program generates quarterly payments for dairy farmers when the FMMO price is below the minimum “sustainable monthly cost of production” per cwt. of milk production. Total funding availability is determined by the amount assigned from real estate transfer fees to the Agricultural Sustainability Account, a component of the Community Investment Account. If the need is greater than the amount available in this account, payments are disbursed proportionately based on milk production volume.

Mechanism

Quarterly payments.

Grant payment at 100% funding for each month = (minimum standard cost of production) – (Statistical Uniform Price)

Grant payment per cwt. = (current balance in the Dairy Sustainability Account) / (funds needed for 100% payout per cwt.)

Actual payment = (production cwt / 100) x (grant payment per cwt. for that month based on available funds)

- Theoretical grant payment = [(minimum sustainable cost of production) – (Federal pay price)] x (monthly cwt. production)

Minimum sustainable cost of production = (cost of production) x 0.82

Federal pay price, or Statistical Uniform Price, is calculated by the University of Connecticut Zwick Center for Food and Resource Policy derived from FMMO 1 reporting.

Amount Disbursed (2025)

\$5,488,762

Funding Source and Authorization

The Dairy Sustainability Grant is funded by quarterly real estate transfer payments earmarked for the Agriculture Sustainability Account. These payments are linked to real estate transactions, which makes the total amount available to disburse difficult to forecast.

Statute:

- Public Act No. 09-229 ([CGS § 22-265b](#)) determines the formula for the grant payment.

Details

Eligible dairy farmers must complete an energy audit, register as a licensed vendor of the state, and have a Milk Producer Permit in good standing to participate in the program. Program enrollment is only required once, but eligibility is reviewed every fiscal year to ensure a farm's annual Milk Producer Permit has been renewed (Hughes, 2026). As a licensed vendor, producers receive payments directly from the Connecticut Department of Administrative Services. Most enrolled dairy farmers are members of cooperatives, in which case these cooperatives (Agri-Mark, DFA, and others) report monthly production volume to the state. Independent producers self-submit production volume. Volume can only be counted towards this payment if the milk will be pasteurized. Over 60 dairy

producers participate in the program, representing over 90% of the eligible pool (Hughes, 2026).

The University of Connecticut Zwick Center for Food and Resource Policy calculates the local cost of production using data from the USDA's NASS. The cost of production is calculated by 0.82 to determine the "minimum sustainable cost of production" and this figure is used in payment calculation. The Zwick Center also confirms the FMMO price, or "Statistical Uniform Price," used for payment calculations.

The amount paid to farmers is determined by fund availability and then distributed proportionately based on cwt. production volume. Here is an example of one year of quarterly payments:

- Q1 2026: \$1,271,012
- Q4 2025: \$996,085
- Q3 2025: \$896,569
- Q2 2025: \$1,051,283

The total funding available to disburse depends on revenue generated from land transfer agreements in the state of Connecticut. County clerks receive a \$50 payment for processing real estate transfers, and a portion of this payment is moved to the Community Investment Account. \$12 of this \$50 payment is specifically distributed to the Agricultural Sustainability Account that funds the Dairy Sustainability Program (Hughes, 2026).

Marketing

The Connecticut Department of Agriculture conducts outreach each year to eligible dairy producers who are not enrolled. Most dairy producers in the state are made aware of the program via their dairy cooperative or word of mouth from other farmers. The Department of Agriculture also maintains a [short webpage](#) with information about the program.

Connecticut Department of Agriculture Dairy Sustainability Grant webpage:

https://portal.ct.gov/doag/commissioner/commissioner/pa-09229-milk-producer-dairy-sustainability-grant?language=en_US

Average payment per farm (2025)

\$83,000

Calculated average cost of production (2025)

The University of Connecticut's Zwick Center for Food and Resource Policy calculates quarterly cost of production estimates using data from the USDA ERS, the Zwick Center's cost of dairy model, and market analysis from the USDA Dairy Outlook. The Zwick Center calculated an average cost of production estimate of \$36.00 per cwt. in 2025, with an average minimum sustainable cost of production of \$29.52.

Proven benefits

A University of Connecticut report from 2013 determined that the Dairy Sustainability Grant played a role in stabilizing production and argued that a 9% permanent decline in milk production (about 32 million pounds annually from 2010-12 levels) would have resulted without the program (Lopez et al., 2013). This payment is considered a “default” income supplement by Connecticut dairy farmers and something they rely on as part of their farm business accounting (Hughes, 2026).

Challenges

The same University of Connecticut report determined that program funding levels were not adequate to address the gap between milk payments and the true minimum sustainable cost of production (Lopez et al., 2013). At current rates, the program would require an estimated \$13 million per quarter to meet 100% of the gap, well above the average \$900,000 - \$1.2 million currently paid out per quarter (Hughes, 2026). Lopez et al. estimated that full coverage of the shortfall would increase milk production by approximately 26% or 94.7 million pounds annually from 2010-12 levels (2013).

The nature of the funding (payments associated with irregular real estate transfers) can make it difficult for both the state and farmers to forecast payments.

The Zwick Center relies on NASS data to calculate the cost of production used in payment formulas. However, NASS will no longer be reporting cow survey numbers, one of the most important data points for this calculation, after 2025.

Finally, the Connecticut dairy community is currently organizing to make significant changes to the state’s price support for dairy farmers. Raised Bill No. 5570 of the 2026 legislative session would create a tax credit program similar to the Massachusetts program. This bill was not passed during the 2026 General Assembly and will need to be reintroduced in a future session. However, on May 13, 2026, Connecticut governor Ned Lamont announced a plan to release \$22.5 million from the \$500 million Federal Cuts Response Fund for state dairy farmers. This would be a one-time payment that may supplement the current Dairy Sustainability Grant program, but the details are yet to be announced.

Conclusion

Massachusetts, Maine and Connecticut have established different dairy price support programs with similar goals: support the dairy sector, prevent or reduce dairy farm exits, and support 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 FMMO price paid per cwt. fluid milk produced. 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, 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 this 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.

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