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# **Dairy Development and Profitability Enhancement Program**

Fiscal Year 2025 Legislative Report

Work Plan Fiscal Year 2027

07/01/2026

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## Executive Summary

In Fiscal Year (FY) 2025, the Minnesota Department of Agriculture (MDA) continued the Dairy Development and Profitability Enhancement Program (DDPEP), consisting of two components: the Dairy Profitability Enhancement Teams Grant and the Dairy Business Planning Grant. Together, these programs invested over \$592,000 to support Minnesota's dairy industry through continuing education and business plan development.

1. Through the Dairy Profit Teams Grant, the MDA awarded funds to the Minnesota Dairy Initiative (MDI) and Minnesota Milk, which continued to administer the Dairy Profit Teams grants that were awarded to them for FY 2024 and 2025.
  - a. MDI teams helped dairy farmers make the best decisions for their farms, families, and the legacy they're building by pulling together industry experts and essential resources to plan for a vibrant future. They reached 176 farms across the state.
  - b. Minnesota Milk worked with dairy farms interested in writing and implementing conservation legacy plans as a part of the Driftless Area Ag Alliance (DAAA).
2. Dairy Business Planning Grants helped 22 dairy producers hire professional consultants to develop business plans and strategies. Professional planners helped producers explore expanding their herds, building new facilities, transferring operations to a new generation, and changing ownership structures.

## Background

Since 1996, the DDPEP has helped Minnesota dairy farms improve profitability, productivity, sustainability, and viability. In its first year, the Minnesota Legislature appropriated \$1 million for the biennium to establish the pilot program and create one Dairy Profit Team. The program expanded in 1997 to support five regionally based teams and one statewide team. The statewide team specialized in management practices such as organic production and grazing that focused on alternative dairy species (sheep and goats).

The Legislature increased the appropriation to \$2 million for the FY 2004-05 biennium to expand advisory team activity and begin a grant program to encourage individual farmers to invest in comprehensive dairy business planning. During budgetary reductions in 2009, annual funding was reduced to \$634,000 and it remains at that level.

In 2021, the program was established in state statute (MINN. STAT. 32D.30). Prior to then, the program was reauthorized in each biennium through session law.

The 2023 Minnesota Legislature appropriated \$634,000 per year for the FY 2024-25 biennium to continue the DDPEP, including the Dairy Profit Enhancement Teams and Dairy Business Planning Grants.

In 2024, the Minnesota Legislature adopted several changes to the statute to broaden the eligible uses of the funding and make the program more adaptable for industry needs. [Appendix A: Program Statute](#) includes the updated statute language.

## FY25 Activities and Accomplishments

The MDA issued a competitive request for proposals (RFP) in the summer of 2023 to award funds to organizations to implement the Dairy Profit Teams for FY24 and FY25. The Minnesota Dairy Initiative (MDI) was awarded a grant of \$475,000 per year to support advisory teams and outreach events fielded by the nine MDI regional coordinators across the state. Minnesota Milk was awarded \$25,000 per year to support teams developing conservation legacy plans focused in the driftless area of Minnesota.

### Grant Recipient: Minnesota Dairy Initiative

MDI Dairy Profit Teams work directly with farmers and farm families using a flexible, customized team approach to help farm families evaluate the whole farm operation. These teams help identify ways to improve profitability, productivity, sustainability, and long-term viability by establishing priorities, conducting team meetings, and achieving business goals. While teams provide recommendations and guidance, they remain advisory and do not make decisions on behalf of the farm. [Appendix B](#) shows a regional map and [Appendix C](#) includes contact information for each region.

In FY24 and FY25, MDI teams helped farms set goals for their operation. [Appendix D](#) shows the number of farms enrolled in each county. In total, 484 goals were established and 82% of the goals were either achieved or had measurable progress, as noted in the following graph and table.

Table 1. Goals set by MDI Teams

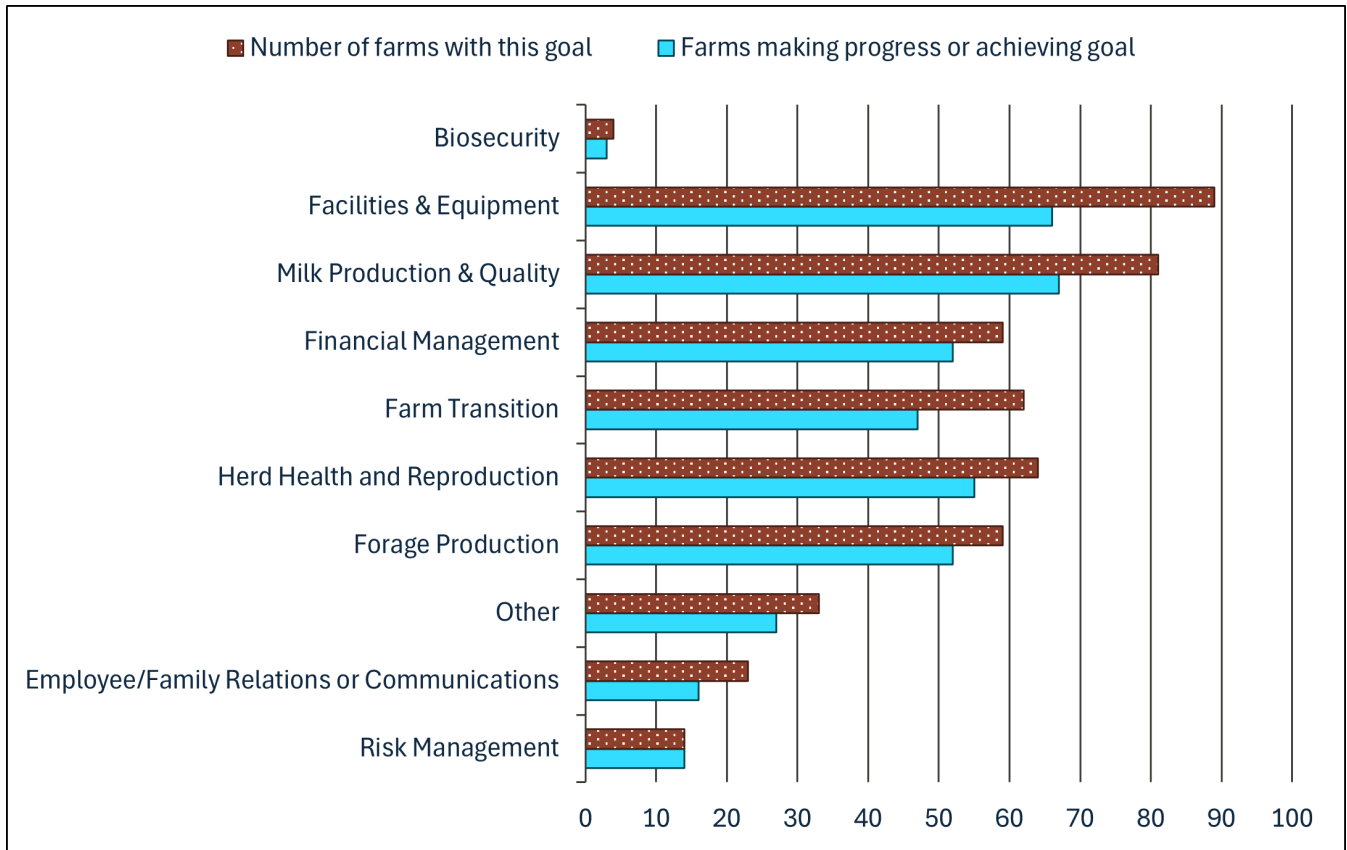


Table 2. Goals set by MDI Teams data

Focus of goal	Farms making progress or achieving goal	Number of farms with this goal
Risk Management	14	14
Employee/Family Relations or Communications	16	23
Other	27	33
Forage Production	52	59
Herd Health and Reproduction	55	64
Farm Transition	47	62
Financial Management	52	59
Milk Production & Quality	67	81
Facilities & Equipment	66	89
Biosecurity	3	4

MDI partners with a variety of organizations and professionals to support the team structure. The teams may include local lenders, veterinarians, feed consultants, genetic advisors, representatives of Sustainable Farming Association (SFA), the University of Minnesota (UMN), the Farm Business Management (FBM) program, and other subject-matter experts.

Farms may choose to pay a \$200 annual enrollment fee to participate in the program. Enrolled dairy farmers become eligible to receive grant funds, through MDI, to help them achieve their goals. Farmers who do not intend to apply for grant assistance are not required to pay the enrollment fee and can still utilize MDI's services. Farmers often work with their team for multiple years.

In addition to the farms that were directly served by teams, MDI reached other farmers by hosting barn tours and workshops on topics such as managing a family business, soil health, calf management, organic transition, and farm transition planning. MDI hosted several retreats for dairy farm couples that included workshops on communication with your partner and family, relationship building, handling stress, managing personalities, solving problems, and planning.



## Grant Recipient: Minnesota Milk Producers Association

The Minnesota Milk Producers Association Dairy Profit Team created the Driftless Area Ag Alliance (DAAA), a farmer-led nonprofit conservation group in Southeast Minnesota. The group focuses on conservation programs and practices that incentivize soil health and sustainable agricultural production. DAAA members are devoted to protecting local water, soil, and air quality through adopting innovative technologies and sharing their experiences. Their vision is to ensure a healthy environment and community for generations to come.

A group of 14 farmers implemented several conservation practices, including planting 6,228 acres of cover crops, adopting no till on 1,918 acres, and conducting soil sampling on 14,734 acres. These practices help improve soil health, reduce the need for commercial fertilizers and tillage, and ultimately enhance the profitability of dairy operations.

The potential benefits of these practices include:

- A reduction of greenhouse gas emissions by 1,585 metric tons of carbon dioxide equivalents, equal to greenhouse gas emissions produced by 377 cars driven for a year.
- Prevention of sediment loss from farm fields of 8,629 tons, equivalent to 863 dump trucks worth of soil.
- A reduction of phosphorus runoff by 19,112 pounds, potentially preventing 9.6 million pounds of algae growth in local waterways.

Data was analyzed by Houston Engineering, Inc. and Farmers for Sustainable Food.

## Dairy Business Planning Grants

Dairy Business Planning Grants help producers and processors hire technical assistance providers to perform services such as operational evaluations, transitional changes, expansions, improvements, and other business modifications. Recipients can use these grants to evaluate modernization projects and pursue other operational improvements while developing their business plans. Grants are capped at \$5,000 per producer and require a dollar-for-dollar match from the farm or individual.

The commissioner may award Dairy Business Planning Grants of up to \$5,000 per producer or dairy processor to support technical assistance services related to evaluating operations, transitional changes, expansions, improvements, and other business modifications. Producers and processors must not use dairy business planning grants for capital improvements.

In FY25, we awarded \$103,050 to 22 producers who were considering significant changes to their operations. Seven grants were awarded in Winona County; three in Wright County; two each in Goodhue, Stearns, and Wabasha counties; and one each in Fillmore, Lyon, Mille Lacs, Morrison, Murray, and Nicollet counties. [Appendix E](#) provides a map showing the locations of participating dairy farms.



## **FY27 Workplan**

### **Dairy Profitability Enhancement Teams Grant**

The MDA's goal is to continue to support the dairy industry through the Dairy Profitability Enhancement Teams Grant by funding organizations that provide information and technical assistance to dairy farms of all sizes, helping improve financial success and long-term sustainability. The program aims to serve at least 10% of Minnesota dairy farms. We released an RFP for the FY26-27 biennium in August of 2025, resulting in the selection of two grant recipients that began program administration in January 2026.

#### **Grant Recipient: Minnesota Dairy Herd Improvement Association**

Minnesota Dairy Herd Improvement Association (DHIA) is creating a new Dairy Technical Advisor position dedicated to educating and assisting dairy producers in using DHIA's lab services, software, web tools, and herd management reports. DHIA currently serves about half of Minnesota's dairy cows, working with herds ranging from small dairies with fewer than 50 cows to large operations with more than 1,000 cows. This new position will provide producers with support in interpreting and applying their data to strengthen decision-making, reduce inefficiencies, and improve dairy herd performance. By focusing on education and outreach, DHIA will bridge the gap between test results and on-farm applications. The Dairy Technical Advisor will also develop a portfolio of digital and print resources that will be used broadly by DHIA staff, Extension, and consultants in allied industries. Those resources will expand the program's reach and promote a more collaborative, team-based approach to delivering technical support to Minnesota dairy farms.

#### **Grant Recipient: Minnesota Dairy Initiative**

The Minnesota Dairy Initiative (MDI) provides one on one, farm specific coaching and financial guidance to help dairy producers improve their business management and long term viability. It connects farmers with a team of experts—such as veterinarians, nutritionists, lenders, and financial specialists—to address both day to day and long-term strategic challenges. MDI also supports transition planning, beginning farmer mentorship, and stress management resources. Overall, it aims to strengthen dairy operations and keep family farms resilient.

### **Dairy Business Planning Grant**

In FY26, our goal is to support 15-20 farms or processors across the state through the DBPG. Through grantee reporting, we will continue to evaluate the impact of the farm changes made through the technical assistance providers.

# FY26 Budget

Budget item	FY26 amount
Dairy Profitability Enhancement Teams Grant: Minnesota Dairy Initiative	\$375,000
Dairy Profitability Enhancement Teams Grant: Minnesota Dairy Improvement Association	\$125,000
Dairy Business Planning Grants	\$86,500
Administration	\$47,500
<b>Total funding</b>	<b>\$634,000</b>

## Appendix A: Program Statute

### MINN. STAT. 32D.30

Subdivision 1. **Program.** The commissioner must implement a dairy development and profitability enhancement program consisting of a dairy profitability enhancement program, dairy business planning grants, and other services to support the dairy industry.

Subd. 2. **Dairy profitability enhancement program.** (a) The dairy profitability enhancement program must provide information and technical assistance to dairy farms of all sizes to enhance their financial success and long-term sustainability. The program must assist dairy producers in all dairy-producing regions of the state. Assistance to producers from the program may be provided individually, as a team, or through other methods by farm business management instructors, dairy extension specialists, and other dairy industry partners. The program may engage in activities such as comprehensive financial analysis, risk management education, enhanced milk marketing tools and technologies, facilitating or improving production systems including rotational grazing, and value-added opportunities.

(b) The commissioner must make grants to regional or statewide organizations qualified to manage the various components of the program and serve as the program administrators. Each regional or statewide organization must designate a coordinator responsible for overseeing the program and submitting periodic reports to the commissioner regarding aggregate changes in producer financial stability, productivity, product quality, animal health, environmental protection, and other performance measures attributable to the program. The organizations must submit this information in a format that maintains the confidentiality of individual dairy producers.

Subd. 3. **Dairy business planning grants.** The commissioner may award dairy business planning grants of up to \$5,000 per producer or dairy processor to use technical assistance services for evaluating operations, transitional changes, expansions, improvements, and other business modifications. Producers and processors must not use dairy business planning grants for capital improvements.

Subd. 4. **Funding allocation.** Except as specified in law, the commissioner may allocate dairy development and profitability enhancement program dollars for the permissible uses specified in this section and other needs to support the dairy industry, including efforts to improve the quality of milk produced in the state, in the proportions that the commissioner deems most beneficial to the state's dairy farmers.

Subd. 5. **Reporting.** No later than July 1 each year, the commissioner must submit a detailed accomplishment report and work plan detailing future plans for, and the actual and anticipated accomplishments from, expenditures under this section to the chairs and ranking minority members of the legislative committees and divisions with jurisdiction over agriculture policy and finance. If the commissioner significantly modifies a submitted work plan during the fiscal year, the commissioner must notify the chairs and ranking minority members.



## Appendix C: Regions and contacts as of July 1, 2026

### Statewide contact

**Minnesota Dairy Initiative (MDI) – State Coordinator:** Emily Mollenhauer, 651-764-0309

### Northwest

Beltrami, Cass, Clearwater, Hubbard, Itasca, Kittson, Koochiching, Lake of the Woods, Mahnomen, Marshall, Norman, Pennington, Polk, Red Lake, Roseau

**Contact:** Taylor Witt, 320-360-6489

### Central

Aitkin, Benton, Carlton, Cook, Crow Wing, Kanabec, Kandiyohi, Lake, Meeker, Mille Lacs, Morrison, Pine, Sherburne, St. Louis, Stearns, Todd, Wadena

**Contacts:** Kristen Salzl, 651-278-1374 and Taylor Witt, 320-360-6489

### West Central

Becker, Big Stone, Chippewa, Clay, Douglas, Grant, Otter Tail, Pope, Stevens, Swift, Traverse, Wilkin

**Contact:** Kristen Salzl, 651-278-1374

### South Central

Anoka, Carver, Chisago, Dakota, Hennepin, Isanti, Le Sueur, McLeod, Nicollet, Ramsey, Renville, Rice, Scott, Sibley, Washington, Wright

**Contact:** Jill Zieroth, 952-466-5311

### Southwest

Blue Earth, Brown, Cottonwood, Faribault, Jackson, Lac qui Parle, Lincoln, Lyon, Martin, Murray, Nobles, Pipestone, Redwood, Rock, Watonwan, Yellow Medicine

**Contacts:** Heidi Sellner, 507-794-7993 and Brittany Moore, 507-530-4415

### Southeast

Dodge, Fillmore, Freeborn, Goodhue, Houston, Mower, Olmsted, Steele, Wabasha, Waseca, Winona

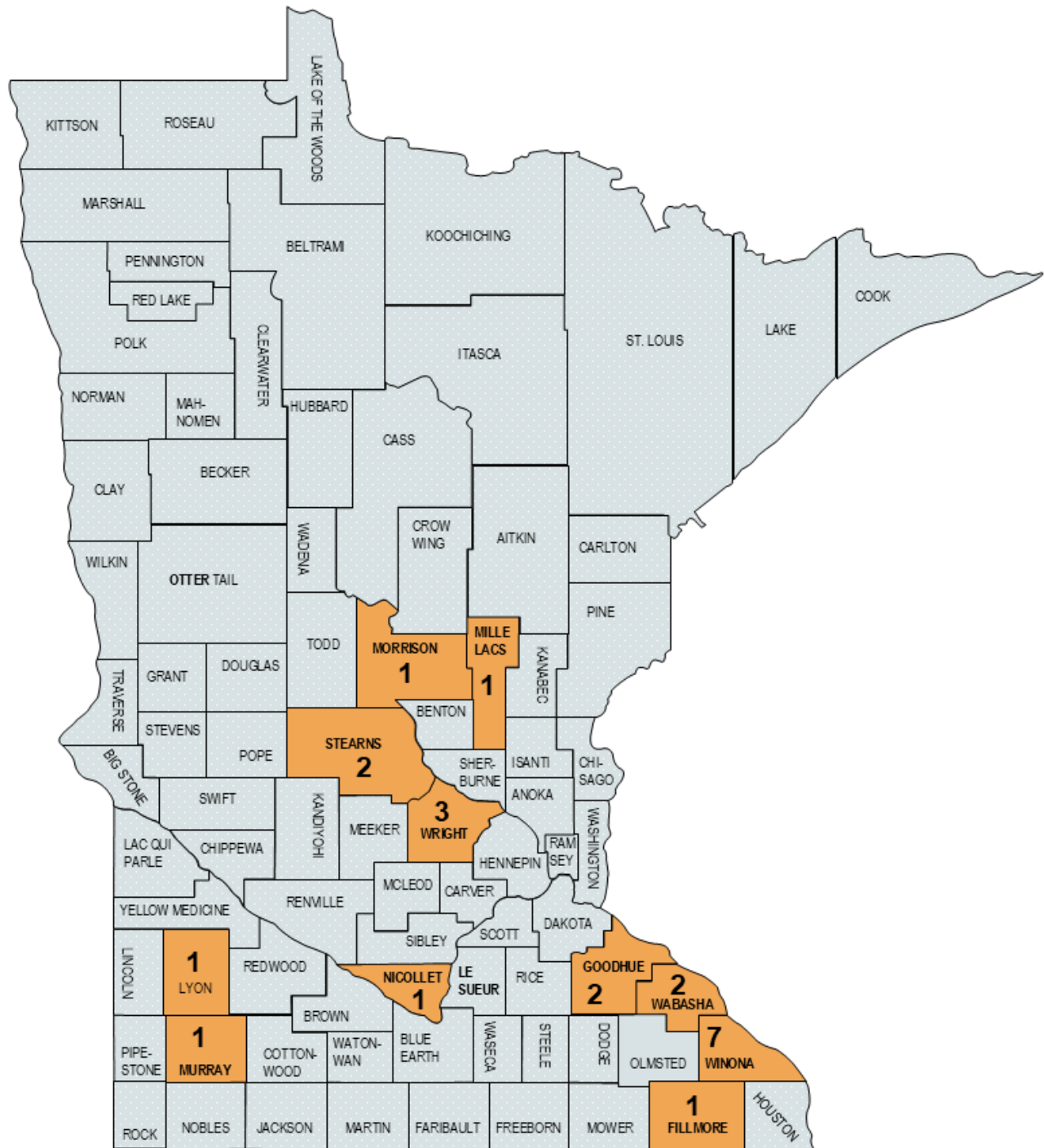
**Contacts:** Dale Heintz, 507-951-0756 and Makenzie Alberts, 507-601-8181

## Appendix D: Herds enrolled by region and county FY25

County	# of Herds Enrolled
Becker	11
Benton	1
Brown	10
Carver	3
Chisago	1
Cottonwood	1
Crow Wing	1
Dakota	2
Dodge	1
Douglas	6
Fillmore	5
Freeborn	1
Goodhue	4
Hennepin	1
Houston	5
Kandiyohi	1
Le Sueur	1
Lincoln	3
Lyon	1
Mahnomen	1
McLeod	3
Mille Lacs	2
Morrison	9

County	# of Herds Enrolled
Mower	1
Murray	3
Olmsted	6
Otter Tail	13
Pine	1
Pipestone	3
Pope	2
Renville	1
Rice	2
Rock	2
Scott	1
Sibley	4
St. Louis	3
Stearns	16
Steele	2
Stevens	1
Swift	2
Todd	6
Wabasha	7
Wadena	2
Washington	1
Winona	12
Wright	4

## Appendix E: FY25 Dairy Business Planning Grant Recipients



Map 2. Locations of the 22 producers who were awarded a Dairy Business Planning Grant. By county, the number awarded were Fillmore – 1, Goodhue – 2, Lyon – 1, Mille Lacs – 1, Morrison – 1, Murray – 1, Nicollet – 1, Stearns – 2, Wabasha – 2, Winona – 7, and Wright – 3.