Pick the indicator, and it points to troubling times for the Midwest’s dairy industry. Wisconsin, which has led the nation in farm bankruptcies three straight years, lost 450 dairy farms in the first half of 2019 alone — on top of the 590 that closed in 2018. In all of this region’s major dairy-producing states, too, the number of licensed dairy herds is falling, by as much as 13 percent in Michigan (see map).

A worldwide surplus of milk, combined with the impact of tariffs, has led to multiple years of unfavorable market conditions for dairy farmers: Farmgate prices dropped precipitously in 2014, to below $17 cwt, and have remained down and below the cost of production, $20 cwt. (Cwt is a unit measurement equal to 100 pounds of milk).

Can states help turn around, or at least stabilize, the situation for dairy farmers?

This year, legislators in two of the nation’s top dairy-producing states have sought ways to help, including putting new dollars into price supports (Minnesota) and research (Wisconsin).

Through two separate budget bills passed during the state’s 2019 legislative session, Minnesota is appropriating $8 million for a Dairy Assistance, Investment and Relief Initiative. This program is targeted for small and medium-sized operations (those producing less than 16 million pounds of milk a year) enrolled in the federal Dairy Margin Coverage Program. State payments under the Minnesota initiative are based on an operation’s amount of milk production in 2018. For example, if a dairy farmer produced 5 million pounds of milk, he or she is eligible for two payments of $2,500 each. (The payment is 10 cents per cwt, up to the first 5 million pounds of production.)

In Wisconsin, over the next biennium, the state will put $8.8 million toward a Dairy Innovation Hub in order “to hire faculty and fund the research infrastructure necessary to grow the dairy industry,” says Rep. Travis Tranel, a leading legislative proponent of the idea. That research will be conducted at three of the state’s university campuses. The Dairy Innovation Hub was among 51 recommendations made in June by a state task force that met for nearly a year to explore ways to maintain a viable, profitable dairy industry in Wisconsin. Investing more in research was one of six recommendations listed as a “very high” priority in the task force’s final report.

“Fresh thinking and innovative ideas from the University of Wisconsin are what made us the Dairy State,” the report says. “Sustaining Wisconsin’s dairy industry requires a rededication to that history of innovation.”

The task force (created by the University of Wisconsin and state Department of Agriculture, Trade and Consumer Protection) also singles out the need for more state-funded research into new and value-added dairy products.