GUIDANCE FOR DAIRY INDUSTRY STUDY

Grants authorized by LB 1014 of 2022 allow for a study to be conducted on behalf of the dairy industry in Nebraska, found at Neb. Rev. Stat. §54-1915.02 and 31 C.F.R. Part 35 (Final Rule), implementing the Coronavirus State Fiscal Recovery Fund and the Coronavirus Local Fiscal Recovery Fund established under the American Rescue Plan Act of 2021, 42 U.S.C. 802, as amended.

In administering the dairy industry study, the Nebraska Department of Agriculture (Department) is the authorized authority in the disbursement of funds. LB 1014 appropriated $125,000 of federal funds for state aid to the Department for the execution of the dairy study. Necessary operating and administrative expenditures may be reimbursed through the federal fund appropriated to the Military Department as identified in LB 1014.

Purpose of Study

Nebraska’s dairy industry is at a troublesome point as dairy farm numbers are projected to drop below 100 in 2022. The recent drop in farm numbers was expedited by the COVID-19 pandemic, and it is extremely important to find a path to growth for the viability of the state’s industry.

The Department will administer a full analysis of the dairy industry in Nebraska to determine the best path forward to grow the dairy industry here and mitigate the negative impact of the pandemic. The study will discover key factors and policies to enhance growth and development to provide a more stable and resilient food supply. Doing so will require hiring a third-party consultant to provide an unbiased evaluation of those factors affecting the prosperity of Nebraska’s dairy industry, while providing insight on a path forward for growth and long-term success.

Scope of Study

The scope of study in this analysis would consist of:

a. Opportunities for growing the Nebraska dairy industry, including access to global, national, and local markets;

b. Industry overview including an analysis of where and why growth is happening around the United States;
c. Deep dive into how Nebraska compares to competitors and how other states are successfully recruiting processors;

d. Nebraska resource availability including agriculture, feed-grain, water, finances, milk production, and other vital resources;

e. Producer perceptions regarding economic and environmental benefits of locating dairy production in Nebraska including, but not limited to, milk price and revenue projections, feed availability and costs, construction, lending, labor, environmental regulations, local support, university support, and other considerations;

f. Processor perceptions regarding milk price, freight and transportation, business climate, economic climate, tax climate, labor market, energy and infrastructure costs, regulatory environment, public incentives, and other factors.

The conclusion of the study would be an encompassing summation of the findings and recommendations for the state to efficiently support the dairy industry moving forward.

The purposes of the Coronavirus State and Local Fiscal Recovery Funds (SLFRF) are to provide state, local, and Tribal governments with the resources necessary to respond to the pandemic and its economic effects to build a stronger, more equitable economy during the recovery. The Final Rule implements the ARPA statutory provisions on eligible uses of the SLFRF funds. Funds used to administer a dairy study constitutes an eligible use of SLFRF funds because the dairy industry was negatively impacted by the COVID-19 pandemic and funds have been designated to navigate a path forward.

Qualifications of a Consultant

The best candidate to perform consulting work on behalf of the Department will need to have the following qualifications:

a. Broad dairy industry experience;

b. Experience and history of completing analysis and research in Nebraska as well as bordering states;

c. Extensive knowledge of Federal Milk Marketing Orders;

d. Ability to provide insight on potential opportunities for Nebraska in dairy development;

e. Ability to provide historical processor growth and development across the United States of America;
f. Extensive understanding of Nebraska and surrounding states’ tax structures and incentive programs;

g. Ability to provide feasibility analysis of potential processors to analyze all aspects of operation;

h. Ability to provide an unbiased assessment;

i. Ability to present findings to Nebraska stakeholders upon completion;

j. Ability to complete the study by December 1, 2022.