DAIRY FARM Fuel Cost Impact Report*

Data for Establishing Dairy Payment Rates under Harvest Fuel Relief

Submitted Nov. 1, 2026 for Survey period Oct. 20-30, 2026
to the U.S. Department of Agriculture
Secretary Brooke E. Rollins, USDA Harvest Fuel Relief Team
***See addendum on page 4**

by AMERICAN DAIRY COALITION

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The **American Dairy Coalition** submits the following dairy farmer survey data to assist USDA in determining how dairy farms should be treated under the **Harvest Fuel Relief Program** and in establishing an appropriate payment methodology for dairy producers.

Dairy farms have fuel exposure that extends beyond planting and harvesting Title I feed crops. Milk is produced and transported every day. Cattle are fed every day. Feed is mixed and moved, manure is handled and applied, supplies and purchased feeds are delivered, livestock are transported, and many dairies harvest non-Title-I perennial forage several times from the same acre each year.

ADC's **Dairy Fuel Survey** (Oct. 20-30, 2026) was designed specifically to identify these costs while separating them from fuel associated with harvesting Title I crops. The separate **Dairy Farm Pulse 2026 Economic Outlook Survey** (Oct 15-30, 2026) provides supporting information on the broader financial condition of dairy farms. The full economic outlook report from the Dairy Farm Pulse Survey will be submitted to USDA separately upon complete analysis in the coming days.

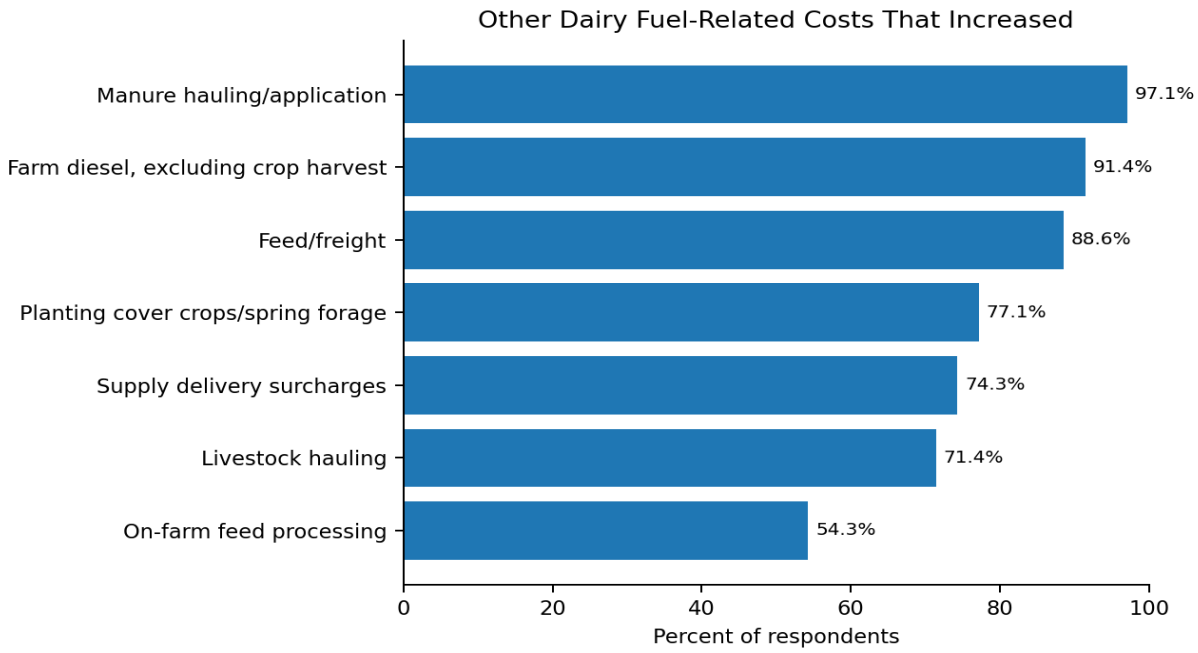
The results of the Dairy Fuel Survey with some reference to portions of the Dairy Farm Pulse Survey in this report support consideration of a dairy-specific Harvest Fuel Relief component based primarily on hundredweights of milk marketed, with separate recognition for dairy and livestock producers for non-Title-I hay and forage harvest activity not represented in Title I crops.

Executive Findings

The Dairy Fuel Survey identifies three major areas of dairy fuel exposure beyond normal Title I crop harvest: year-round dairy livestock activity; non-Title I hay and forage harvests; and ongoing continuous milk hauling, for which frequency is by hundredweights.

Ongoing exposure - non-crop dairy fuel cost increase broadly

The survey asked specifically about fuel-related dairy costs other than Title I crop harvest. Respondents reported increases in manure hauling/application, non-harvest farm diesel, feed and freight, cover-crop and spring-forage planting, supply deliveries, livestock hauling, and on-farm feed processing, daily mixing and delivery to cattle.

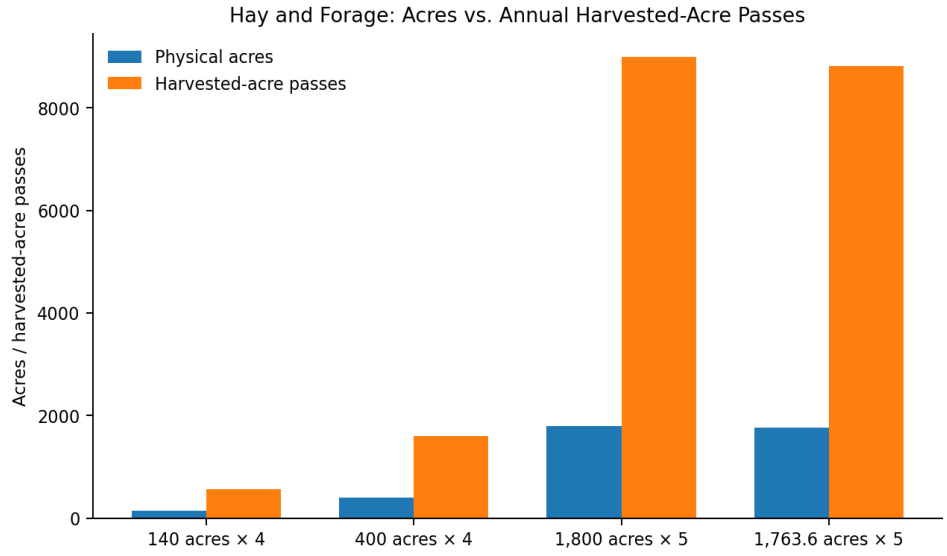


Dairy Fuel Survey, October 2026. On-farm fuel use. Crop harvest fuel and milk hauling were excluded from this chart.

Nearly every respondent reported higher manure hauling/application costs. More than nine in 10 reported increased farm diesel costs outside crop harvest, and nearly nine in 10 reported increased feed/freight delivery costs. *This part of the survey excluded crop harvest of any kind, and it excluded milk hauling, which was treated separately in the survey.*

Hay and forage are not Title I crops and require repeated harvest passes

Non-Title-I hay and perennial forage were also addressed separately in the survey. Unlike an annual Title I crop harvested once, the same hay or forage acre may be harvested several times during the year. Each cutting can require another series of fuel-consuming operations, including mowing, conditioning, merging or raking, chopping or baling, hauling and storage.



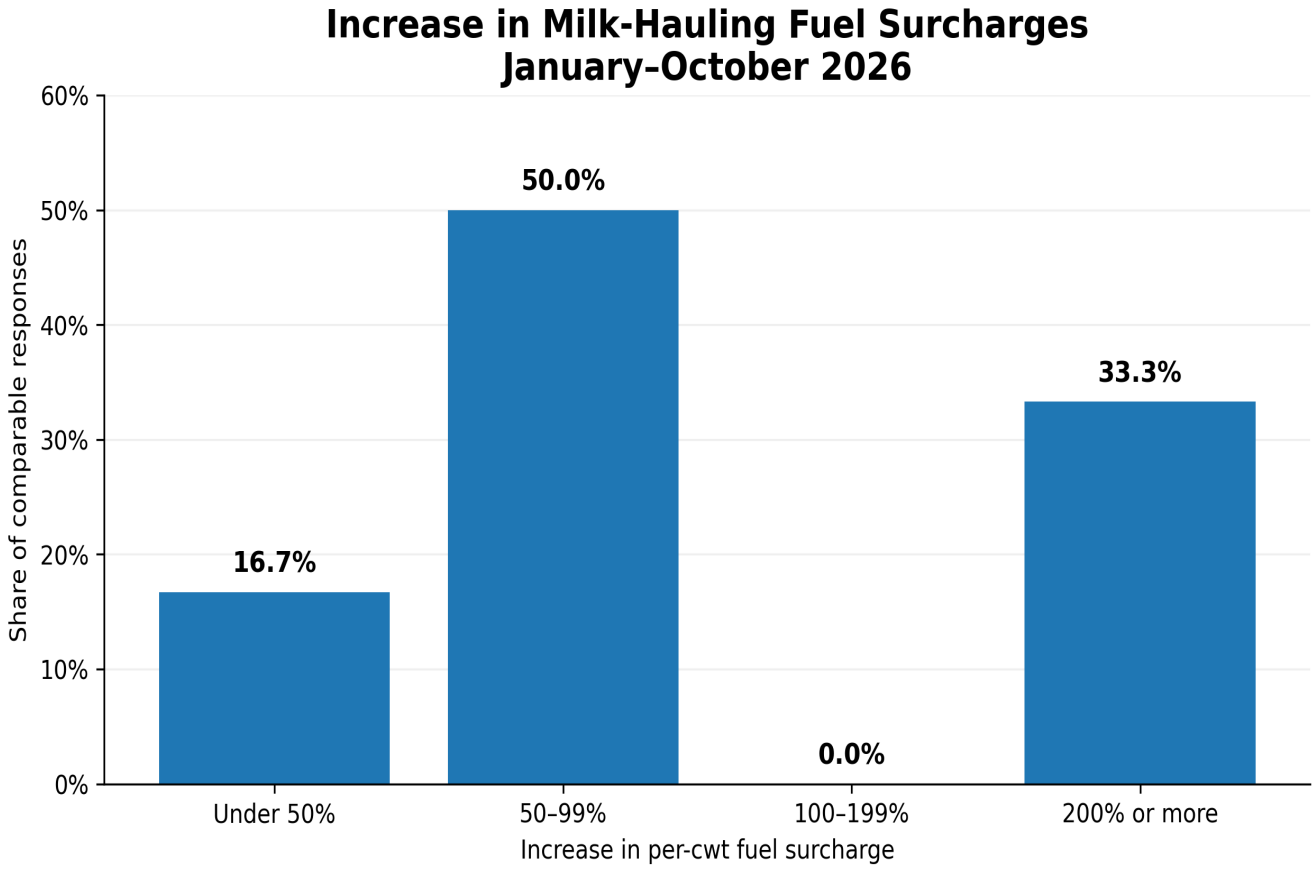
Examples reported in the Dairy Fuel Survey. Harvested-acre passes = acres × number of cuttings. Individual examples, not survey averages.

A payment based only on physical acreage would treat 100 acres harvested four times as 100 acres of fuel exposure even though 400 acres of harvest operations occurred. For dairy forage, USDA could recognize this activity as: forage acres × number of cuttings = annual harvested-acre passes; or limit it to a set number of cuttings across acres or some other formula factor. The important thing to note is that alfalfa and grass hay are not Title-I acres, so they are not included in the Title-I per-acre methodologies unless they are added. A per acre hay consideration would help non-dairy cattle and livestock producers as well.

Milk hauling shows the increase directly in cents per-cwt

Milk hauling is another continuous fuel cost exposure not captured by crop acreage. There is not a harvest window for milk. Depending upon the number of hundredweights produced on a given farm, milk hauling can be several times a day, daily, or every other day.

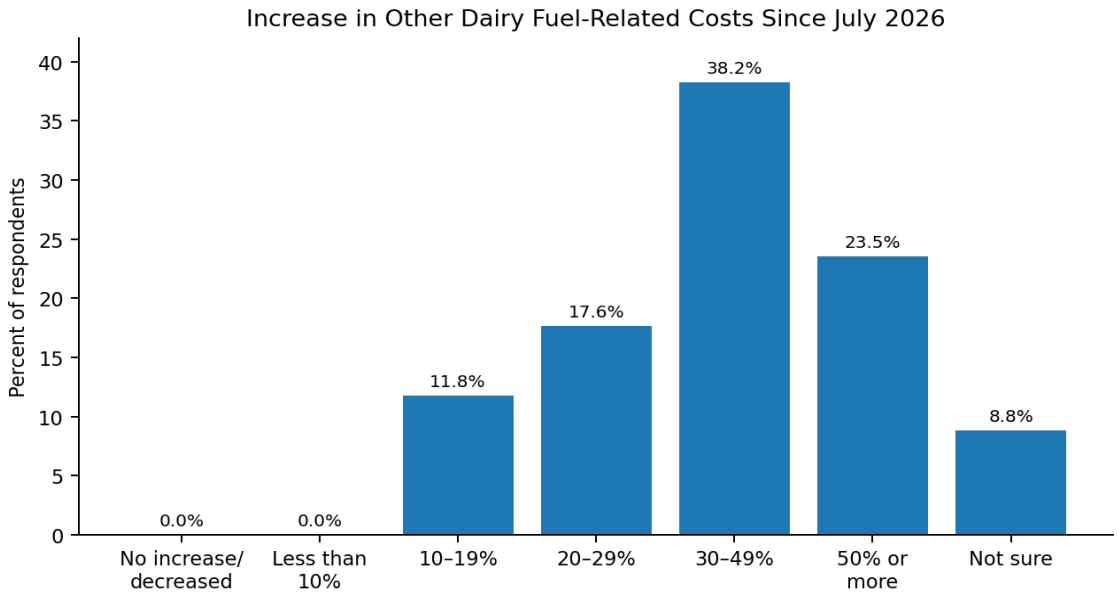
Among respondents with comparable per-cwt milk-hauling fuel surcharges in all three periods, the average rose from 26.7 cents/cwt in January to 40.3 cents/cwt in July and 47.3 cents/cwt in October — a 20.3-cent, or approximately 76%, increase since January to October as an ongoing charge debited from milk checks.



83.3% of comparable responses showed an increase of 50% or more.

Other fuel-related costs rose sharply after July

Other fuel-related costs continued climbing after July: 91.2% reported increases of at least 10%, including 61.8% reporting increases of 30% or more. No respondent reported no increase or an increase below 10%.



Dairy Fuel Survey, October 2026.

Deeper dive into the data

Additional monthly costs are substantial

Farmers' estimates of the additional monthly cost (excluding milk hauling) ranged from hundreds of dollars to $30,000 per month, with many responses between $5,000 and $20,000. The median of the reported dollar estimates was approximately $6,000 per month.

The variation reflects differences in herd size, milk production, manure systems and whether work is done by the farm or a custom operator.

ADDENDUM** **(Nov. 4, 2026)** ***Of the 372 dairy farms participating anonymously in the American Dairy Coalition Dairy Fuel Survey, herd sizes ranged from 50 cows to more than 5000 cows and represented an estimated 204,600 head for an average herd size of 550 cows per farm. At an average fuel cost increase of $6000 per month for non-harvest, non-milk-hauling activities across respondents, the translation is $10.91 per cow per month. With USDA milk production reports showing July through September U.S. production average 2062 pounds of milk per cow per month (20.62 hundredweights), the increased fuel cost equates to a negative impact of $0.53 per cwt of milk applicable across herd sizes on a per-cwt basis. These figures are in addition to the rise in fuel cost of feed crop harvest for Title I commodities like corn and soybeans and non-Title I perennial hay forage harvests, and it is in addition to the larger milk-check deductions for continuous milk hauling off the farm, noted separately in this report of the Survey findings.

1. Dairy Fuel Use Extends Beyond Crop Harvest

A dairy farm is both a crop operation and a year-round livestock operation. Harvest Fuel Relief tied to Title I crop acres can recognize part of the fuel used to produce dairy feed. It does not capture the full fuel exposure of producing and marketing milk.

Survey respondents described fuel use for feeding and mixing feed, moving forage, cleaning barns, pumping and hauling manure, milk hauling, livestock transportation, purchased-feed freight, supply deliveries and daily equipment operation.

One respondent estimated crop work represented about 25% of the farm's diesel use. Another estimated crop acreage captured only about one-third of total dairy fuel use.

These are individual farm estimates rather than survey-wide averages, but they illustrate the difference between crop fuel and total dairy fuel exposure. One dairy farmer summarized the issue: *"We use it everyday, 365 days a year, not just during planting & harvest."*

2. Manure Handling

97.1% reported increased manure hauling or application costs, the highest percentage of any activity measured. Manure management is part of maintaining the dairy herd. It requires pumps, tractors, tankers, trucks, loaders and application equipment, whether the dairy performs the work itself or hires a custom operator.

A crop-acre payment may recognize fuel used to grow and harvest the crop without recognizing the additional fuel required to handle as well as periodically remove, transport and apply manure.

A survey respondent put it this way: “Crop acreage only captures about 1/3 of total fuel use for dairy farmers. *Manure application was done when fuel was at its peak.*”

3. Feed, Freight and Deliveries

88.6% reported higher feed/freight costs, and 74.3% reported higher supply-delivery surcharges. These costs reach dairy farms even when the farm does not operate the truck. Purchased feed, minerals, seed, veterinary supplies, machinery parts and other inputs must be transported to the farm. Forages may also be moved between fields, farms and storage facilities.

One respondent wrote: *"Everything that is trucked in is more expensive due to diesel. Milk out, feed in, supplies in, trash out."*

4. Hay and Forage Harvest

Perennial forage creates a separate problem for a simple acreage payment. The same physical acre can generate several fuel-consuming harvests each year. Each cutting may involve mowing, conditioning, merging or raking, chopping or baling, hauling and storage.

For purposes of Harvest Fuel Relief, USDA could distinguish between physical forage acres and annual harvested-acre passes.

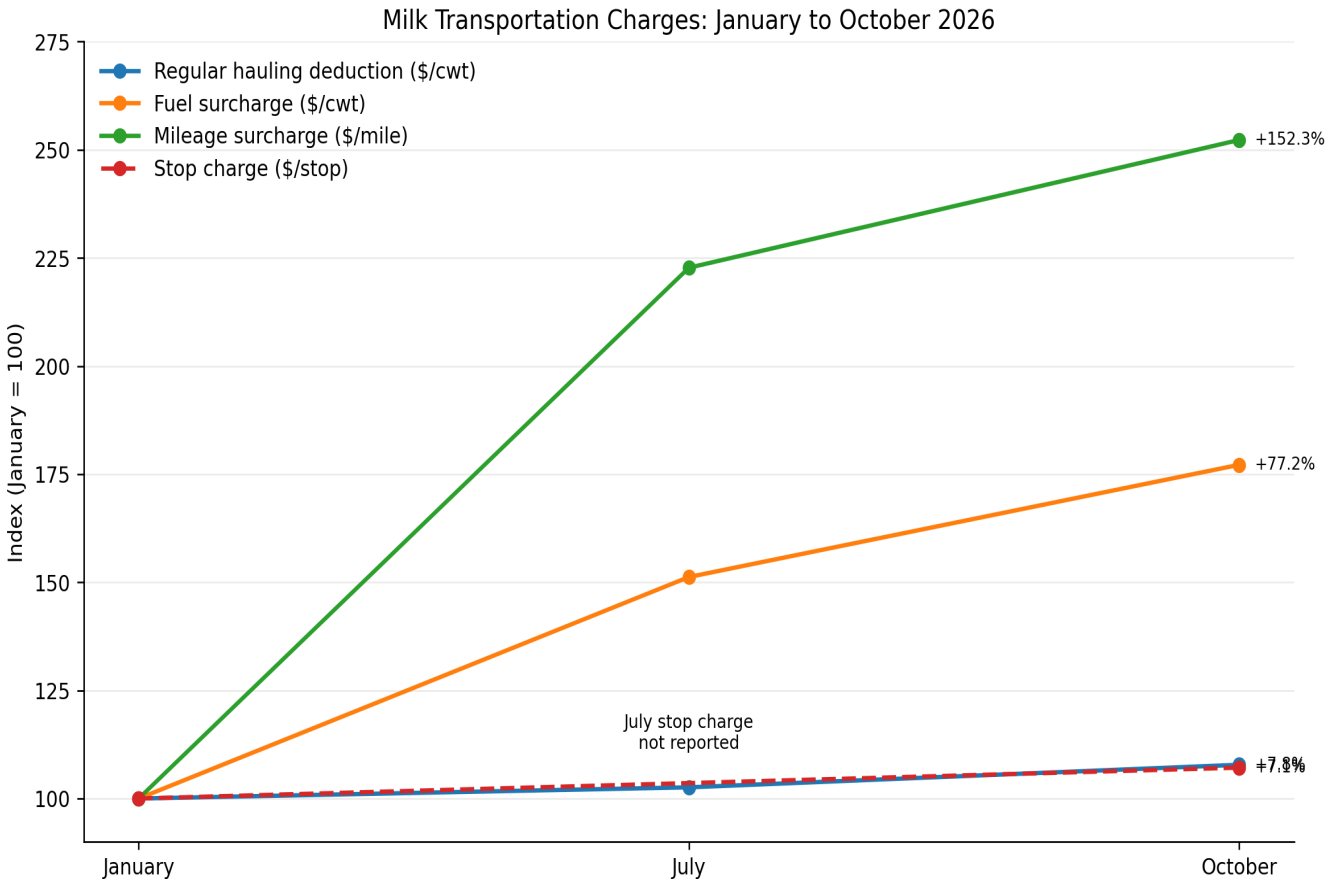
Example: 100 acres × 4 cuttings = 400 harvested-acre passes. This approach measures harvest activity without representing that the farm owns additional acres.

5. Milk Hauling

Milk transportation provides one of the clearest direct measures of higher fuel costs reaching dairy farms. Milk must be picked up regularly — often daily or every other day or even multiple times a day, depending on milk volume — and transportation costs may appear as a regular milk-check hauling deduction, separate fuel surcharge, stop charge, mileage charge, direct transportation expense or some combination of these.

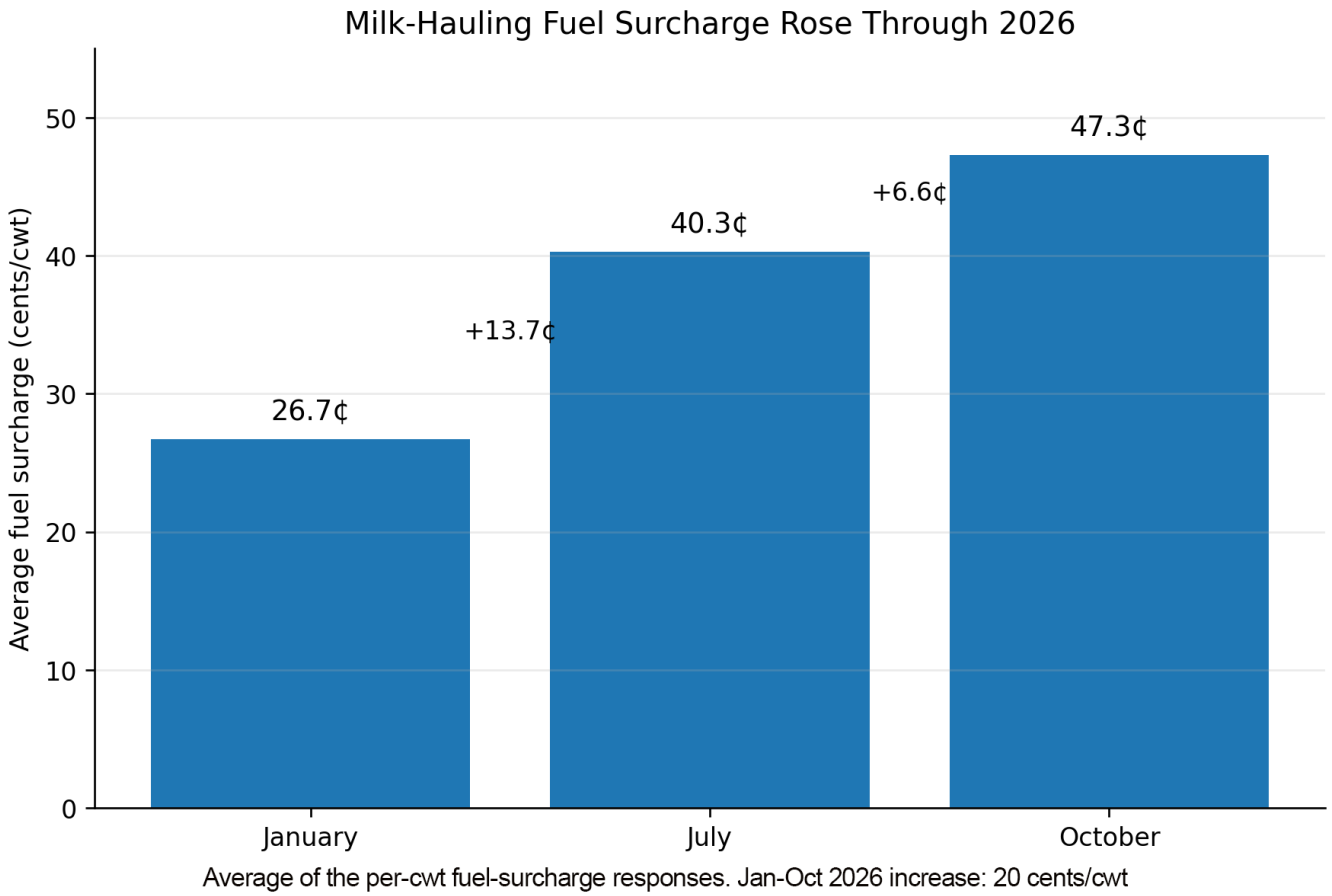
Among respondents describing a separate fuel surcharge, **61.1% reported it on a per-cwt basis**, while others reported increased stop charges, mileage charges and other variable hauling charges.

Because these costs are assessed in different units, the graph below indexes each comparable series to **January = 100** rather than combining unlike charges into a single average. The January-July-October comparison shows the direction and relative magnitude of change during 2026.



January = 100 permits comparison across different charge units. Dashed stop-charge line connects January and October; no July value was reported.

The strongest multi-farm comparison is the per-cwt fuel surcharge. Among respondents reporting comparable surcharges in all three periods, the average increased from approximately 26.7 cents/cwt in January to 40.3 cents in July and 47.3 cents in October. This was consistent with respondents that only reported January and October or July and October. **That was an increase of 13.7 cents/cwt from January to July and another 6.6 cents from July to October, for a total increase of 20.3 cents/cwt.**



Other measures show the increase through different hauling structures but the magnitude can be seen on the graph. Mileage-based surcharge was the unit of measure for some respondents, and it rose from $0.44/mile in January to $0.98 in July and $1.11 in October. Stop charge was isolated for some of the respondents to increase from flat *$910 in January to $975 in October which is not dependent upon hundredweights so disproportionately harms smaller producers.*

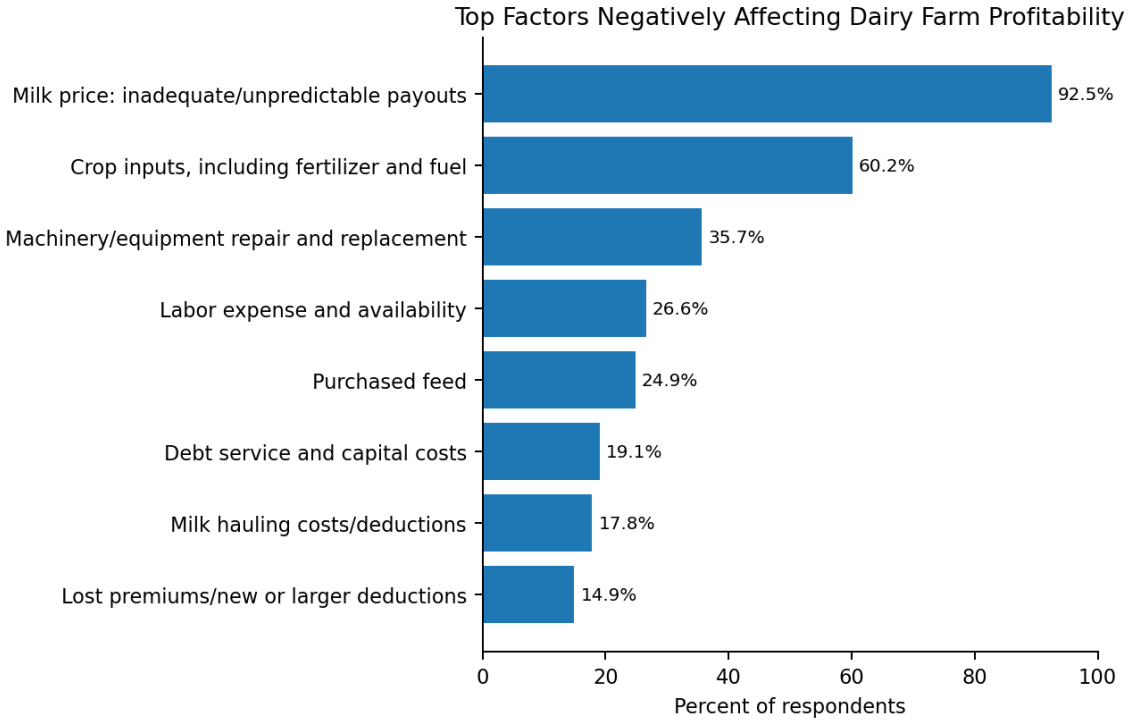
Milk hauling is only one part of dairy's additional fuel expense. The survey separately documents higher costs for daily on-farm fuel use, manure handling, feed and freight, supply deliveries, livestock transportation and on-farm feed processing. In addition, several respondents noted that we should have asked about fuel use in handling bedding. Some respondents may have included that within manure handling, but we did not ask about fuel use specifically in clean-out and re-bedding of pens/stalls, largely done by skidsteer or similar machinery.

6. Fuel Increases are Occurring During Weakest Milk over Feed Margins

The separate Dairy Farm Pulse Survey provides broader economic context. 92.5% identified inadequate or unpredictable milk-market payouts as one of their top three profitability pressures.

60.2% identified crop-input costs for homegrown feed, including fertilizer and fuel. 35.7% identified machinery costs (repair and replace) in the top-3 and 25.6% identified labor cost in the top-3, and 18% identified milk hauling cost increase in the top-3.

The Dairy Margin Coverage (DMC) safety net is subsidized but purchased protection; however it uses crop/feed prices not the cost to grow and harvest the crops/feed. It is critical that dairy be included in the per-acre Title-I crop methodologies, which is our understanding at this time; however, this survey demonstrates the additional costs for dairy, which is a Farm Bill Title I commodity, but milk is not harvested per acre and it doesn't have a season.



Dairy Farm Pulse 2026. Respondents selected their top three factors.

In addition, 59.1% reported being financially weaker than three years earlier, including 31.0% significantly weaker. The fuel increase is therefore occurring while many farms already report compressed dairy margins.

USDA's own data provide additional support for the ADC approach and request. USDA Economic Research Service dairy cost-of-production accounts already measure the costs of producing milk per cwt and specifically include fuel, lube and electricity as a dairy operating cost. ERS recognizes costs with feed production, custom services, machinery, trucks and manure-handling equipment. The established USDA baseline is a good reference to estimate impacts.

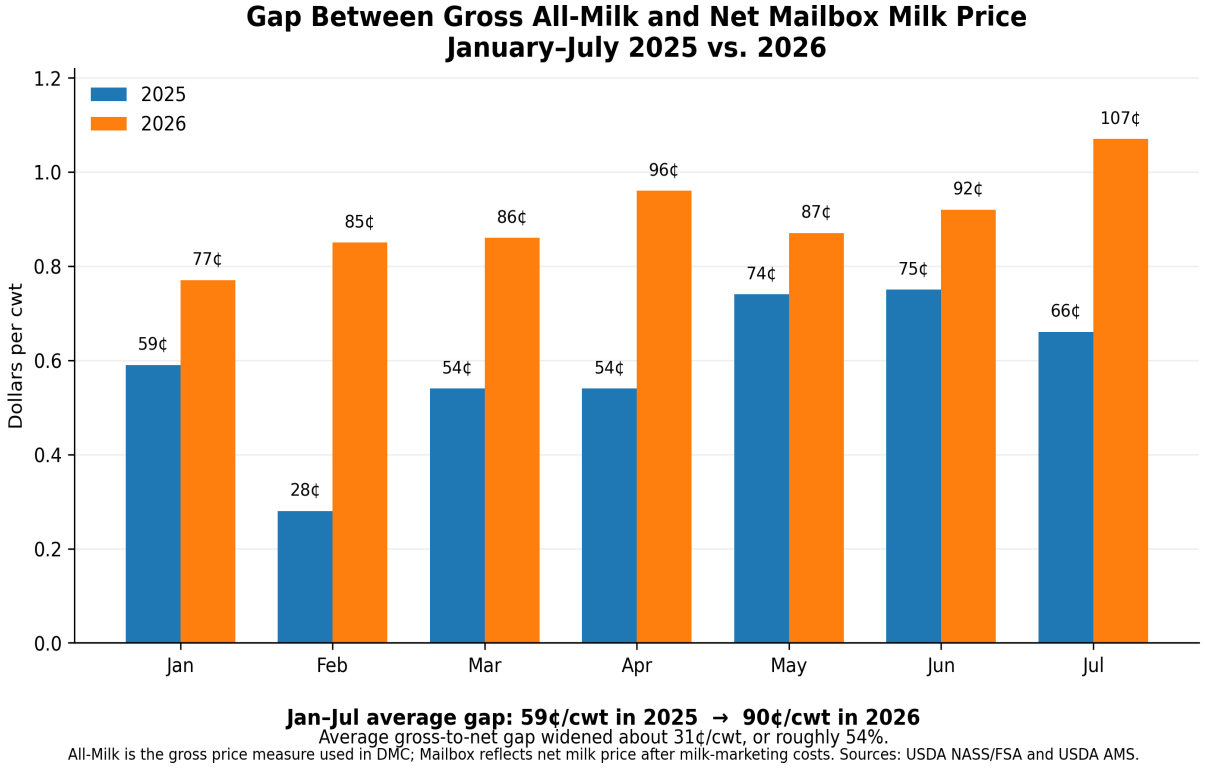
USDA price data also show dairy farms entered the 2026 fuel increase with substantially less milk revenue and evidence of a widening gap between the gross All-Milk price and what producers actually received.

USDA publishes two milk-price measures that provide different views of dairy farm revenue. The **NASS monthly All-Milk price is a gross price**, measured before deductions for hauling and stop charges, cooperative dues, promotion costs and similar marketing expenses.

This is the milk price USDA uses in the **Dairy Margin Coverage (DMC)** calculation, where the national All-Milk price is reduced by USDA's calculated average feed cost to determine the monthly DMC margin. The **AMS Mailbox Milk Price is a net price**, reflecting payments for milk less milk-marketing costs such as hauling, cooperative dues and assessments, reblends and certain other deductions.

From January through July 2026, the U.S. All-Milk price averaged $19.86/cwt, compared with $22.01/cwt during the same period of 2025 — a decline of $2.16/cwt. The All Federal Order Areas mailbox price, which more closely reflects the net milk price after milk-marketing and hauling costs are deducted, averaged $18.96/cwt, compared with approximately $21.42/cwt a year earlier — a decline of about $2.46/cwt. The average gap between published gross All-Milk and net Mailbox widened from 59 cents/cwt in Jan-July 2025 to 90 cents/cwt in 2026 —31 cents wider, or 54%.

By July alone, the All-Milk price was **$20.30/cwt**, while the mailbox price was **$19.23**, leaving a **$1.07/cwt gap**.



The widening gross-to-net gap does not represent fuel costs alone, but it shows that more of the gross milk value is being absorbed by marketing costs and deductions before reaching the farm at the same time the fuel prices surged and the Dairy Fuel Survey pinpointed the impacts on milk check deductions rising for hauling.

USDA's latest mailbox series extends only through July, so the comparison does not yet capture Aug.-Oct., when gross milk prices weakened further. Net Mailbox prices for those months are likely to show additional gap pressure beyond what is visible in this Jan.-July comparison.

Farms are absorbing higher fuel-related costs from a smaller net milk check not recognized by the DMC safety net nor USDA risk management tools like DRP.

7. Cattle Revenue Is Supporting Dairy Cash Flow, yet Financial Positions Erode

The Dairy Farm Pulse survey found that strong cattle and calf values relative to history have become an important source of operating cash. Approximately 85% reported using cattle revenue either to pay recurring dairy bills they otherwise could not pay or to improve overall cash flow.

The Dairy Fuel Survey comments show the same interaction. One respondent estimated that increased fuel costs were consuming 50% to 60% of added beef-related-cattle-price income and reported using calf and cow-sale proceeds for higher fuel expenses.

Higher cattle prices therefore should not be assumed to eliminate dairy fuel losses, especially as cattle prices have also softened and in some parts of the country require longer hauling distance since August 14, 2026 to be paid by the farmer due to the two significant beef plant closures on the same day (Aug. 14), JBS in Souderton, Pennsylvania and Tyson in Joslin, Illinois, pushing cattle prices in many of the north central and northeast dairy states well below other regions and below futures boards used for risk management tools like Livestock Revenue Protection.

8. Recommended USDA Payment Structure

The survey data support separating dairy fuel exposure into three categories.

Activity	Suggested treatment
Title I crop production	Existing crop-acre methodology
Perennial hay/forage harvest	Acres × a factor to represent more than one cutting
Year-round dairy livestock operation	Milk marketed × dairy fuel rate

Dairy livestock component

We hope that USDA will consider a $/cwt payment on eligible milk marketed to recognize fuel costs associated with milk production, milk harvest, and milk transport that occur continuously and are not included in just the Title I crop acres.

The rate could consider a combination of incremental costs associated with ongoing continuous non-crop-harvest farm diesel used in the daily harvest and transport of milk described in this paper.

Why hundredweight is a workable unit

Milk marketed is measurable from existing and documentable producer records. It scales with the operating dairy. It is related to the amount of feed moved, manure generated, equipment operated and milk transported. It also avoids requiring USDA or farmers to reconstruct every tractor hour, manure load, feed delivery or milk-truck mile.

USDA has precedent for this approach. During the first Trump Administration, USDA used different payment measures for different parts of agriculture within the same broad relief response. Under the 2019 Market Facilitation Program, eligible non-specialty crops — **including alfalfa hay** — received county-based per-acre payments, while dairy received separate assistance at **$0.20/cwt based on dairy production history**. Dairy also received production-based, per-cwt assistance under the 2018 MFP and again under CFAP in 2020. In addition, dairy farms that grew Title I row crops for feed (i.e. corn and soybean) also could receive those per-acre payments. The ADC survey kept crop harvest out of this survey except the individual section on non-Title I hay/forage. Harvest Fuel Relief for dairy could follow the same principles as earlier programs.

9. Establishing the Dairy $/cwt Rate

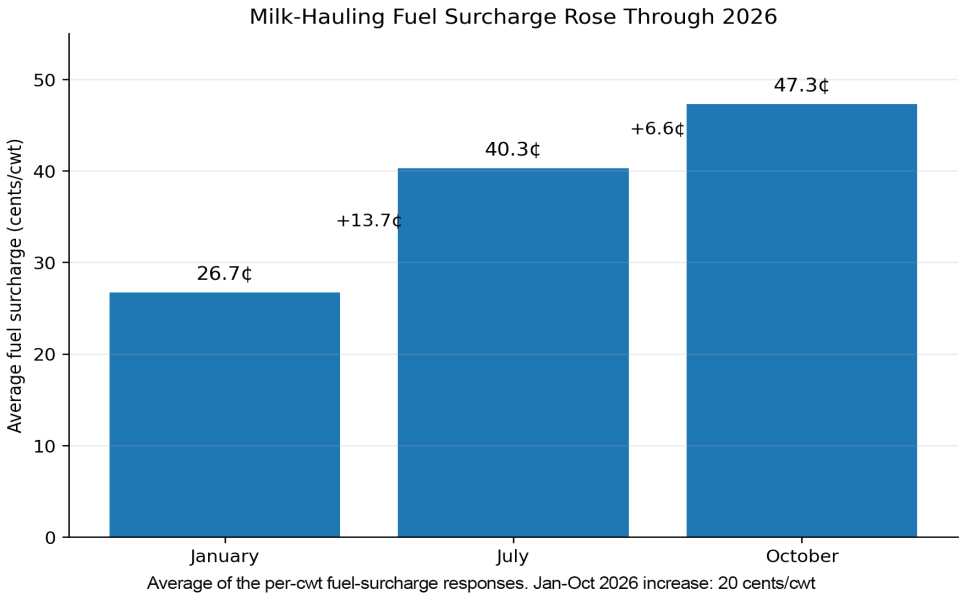
The survey should not be used to claim one precise national fuel loss per cwt because respondents reported expenses in different units — monthly dollars, cents/cwt, mileage charges and other measures. However, it does provide evidence for the cost categories USDA should consider in determining a dairy rate.

Dairy Fuel Relief Rate ($/cwt) = Eligible incremental dairy fuel costs ÷ eligible milk marketed.

USDA's own ERS dairy cost-of-production data could assist with a generalized formula for a specific window of time in which fuel costs surged, or with a formula spread over annual production history. **Dairy farms will be updating their production history during the current DMC enrollment ending December 18, 2026. Milk statements for an eligible period could also provide a readily verifiable measure of milk marketed.*

Eligible incremental costs could include milk-hauling fuel expense; non-harvest on-farm diesel; manure handling/application; purchased-feed freight; livestock transportation; supply-delivery fuel charges; and on-farm feed-processing fuel — or a combination of these most analogous to the objectives of the Harvest Fuel Relief Program. ***Fuel already compensated through Title I crop relief would be excluded, as ADC excluded those crop-harvest fuel costs from this survey.***

The comparable milk-hauling responses provide a useful directly measured component in the same per-cwt unit that could be used for a dairy payment. Among the respondents reporting comparable per-cwt fuel surcharges in January, July and October, the average surcharge increased from **26.7 cents/cwt in January to 40.3 cents in July and 47.3 cents in October**.



That represents an increase of 13.7 cents/cwt from January to July and another 6.6 cents/cwt from July to October, for a total January-to-October increase of 20.3 cents/cwt, or about 76%. The three-period comparison shows that these hauling fuel charges continued to rise through October rather than retreating after the initial increase.

The **20.3 cents/cwt should not be treated as the entire dairy fuel payment.** It is a measured increase in just one component — the milk-hauling fuel surcharge — among a comparable group of respondents. The survey separately documents higher fuel cost impact from other non-crop-related on-farm activities that are part of daily milk production prior to transport of milk.

USDA could combine this producer evidence with ERS dairy cost-of-production data, fuel-price data and verified milk production to establish an appropriate dairy $/cwt rate while excluding fuel costs already compensated through Title I crop relief.

10. Forage Payment Component

For perennial hay and forage, USDA could calculate: Eligible harvested-acre passes = forage acres × eligible 2026 cuttings; and Forage relief = harvested-acre passes × USDA forage fuel factor. For example: 100 acres × 4 harvests = 400 eligible harvested-acre passes. This or some other frequency factor applied to hay/forage acreage provides a way to recognize repeated harvest activity while keeping the payment tied to documented physical acres.

11. Avoiding Duplication

The proposed approach is intended to supplement, not duplicate, Title I crop relief. Fuel used to harvest an eligible Title I crop should not also be included in the dairy livestock factor.

The three components can therefore remain distinct: Crop production → physical eligible acres; Perennial forage harvest → acres × harvests or other factor; Dairy livestock production → cwt of milk marketed.

12. A Flat Per-Farm Payment Would Not Match the Survey Results

Reported additional monthly fuel-related costs ranged from hundreds of dollars to $30,000. The variation is expected. Dairy farms differ in herd size, production, hauling distance, forage acreage, manure systems, purchased-feed use and reliance on custom operators.

A production-based livestock component and harvest-based forage component would scale more closely with actual dairy activity using a per-cwt calculation representing ongoing milk harvest, just as per-acre represents Title I crop harvest.

13. Requested USDA Action

The American Dairy Coalition asks USDA to recognize that dairy fuel exposure extends beyond the harvest season for Title I crop acres when establishing Harvest Fuel Relief payment rates.

1. **Establish a dairy livestock methodology** based on hundredweights of milk marketed.
2. **Include incremental milk hauling,** manure handling, non-harvest farm diesel, feed/freight, supply delivery, livestock hauling and on-farm feed-mixing-and-processing fuel costs or some combination of these factors when calculating the dairy factor.
3. **Establish a per-acre formula for non-Title-I forage / hay** that factors-in multiple harvests throughout the season on the same acreage. This, alone, under specialty crops would help both dairy and other livestock producers and hay growers who serve them.
4. **Use existing milk-marketing records** to verify eligible milk production rather than requiring farmers to reconstruct every individual daily fuel expense.

Conclusion

Dairy's fuel exposure does not end with planting and crop harvest. Milk is hauled mostly daily, year-round. Cows are fed and barns cleaned every day with machinery. Manure, feed, livestock and supplies must be moved throughout the year, and hay and forage may be harvested several times from the same acres and this category is not yet included in Title I per-acre methodologies to be announced in November.

These increases are hitting farms with little room to absorb them. In the American Dairy Coalition's broader Dairy Farm Pulse survey, **59.1% of respondents said their farm's financial position was somewhat or significantly weaker than three years ago**. While 29% described their dairy as roughly breaking even. 22% stated they were profitable but margins were tightening and some of this category reflected 17% that had booked some of their fuel ahead but were coming to the end of that. (Anecdotally, farm auctioneers indicate a rise in calls to conduct herd dispersals among small, midsized, and even some large producers up to 2000 cows as they can't conceive of getting through the winter in the current situation. If this accelerates, cattle value on balance sheets for remaining herds will deteriorate against operating credit. (ADC's Dairy Pulse Survey for vendors and lenders is still underway.)

Among all dairy producer respondents, across herd size and farm location, 92.5% identified inadequate or unpredictable milk prices as a top-3 negative factor, 60.2% identified crop inputs including fertilizer and fuel, 35.7% identified machinery and equipment costs and 25.6% identified labor in the top-3. Cash flow is tight and more are relying on credit for operating costs. More than half — 52.3% — said cattle income was being used to pay recurring dairy bills they otherwise could not pay, while another 32.8% said it was supporting overall cash flow. That's 85.1% using cattle revenue for bills and cashflow of the dairy, even as financial position erodes.

Harvest Fuel Relief can recognize these dairy costs without duplicating crop assistance. ADC recommends that USDA retain the acreage approach for eligible Title I crop costs, recognize hay and forage harvests by including them in a per-acre formula, and establishes a dairy livestock and milk hauling component based on milk hundredweights marketed. Or some combination of these.

A **$/cwt dairy payment provides a practical way to scale assistance to actual dairy production**, using production records USDA already recognizes.

Survey Source Notes

*Source: **American Dairy Coalition Dairy Fuel Survey, October 2026** (survey conducted Oct. 20-30, 2026). This survey included 372 unique dairy farm responses representing over 200,000 cows and represented 10% of individual and state associated membership and was conducted as a voluntary survey not a selected sample. Response was broad across herd sizes from the 50 cows to over 5000 cows. 77% of respondents milked fewer than 1000 cows, 14% milked 1000 to 2499 cows, 6% milked 2500 to 4999 cows, 3% milked 5000+ cows. This is statistically representative of the stratified U.S. dairy industry. Respondents were identified by Federal Milk Marketing Area with responses concentrated in the Midwest at 57% (including Upper Midwest and Central FMMOs). Respondents from the Northeast/Mideast represented 31% of the survey, with 3% from the Southeast and 9% either choosing 'unsure' or not answering the geographic question. Percentages and producer examples in this report are drawn from those survey responses. Individual examples are identified as examples and are not presented as survey averages. Portions of the **American Dairy Pulse Survey 2026** (conducted Oct. 15-30, 2026) were also used in this report with similar herd size breakdown of 459 respondents, representing 215,730 cows for a herd average 470 head. These responses were even more concentrated to the Midwest region at 75% of respondents with 14% from the Northeast/Mideast, 5% from the three Southeastern milk marketing areas, and 6% unsure or skipping the geographic question.*