

Southeast Dairy Business Innovation Initiative (SDBII)

Farm Infrastructure Improvement Grant

For Dairy Producers in Alabama, Arkansas, Florida, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, South Carolina, Tennessee, Virginia, West Virginia, and Puerto Rico

2026 Grant Request for Proposal

Application

Deadline:

March 4th, 2026

at 5:00pm/ET



University of Tennessee Institute of Agriculture
Animal Science Department
244 C.E. Brehm Animal Sciences Building
2506 River Drive, Knoxville, TN 37996
sdbii.tennessee.edu



Table of Contents

Important Dates and Webinar Info	3
Background on the Southeast Dairy Business Innovation Initiatives Program	4
Description of the Grant.....	4
Farm Infrastructure Improvement Grant.....	5
Funding Priorities	5
Eligible Applicants.....	7
Reimbursement.....	7
Allowable and Unallowable Costs.....	7
Building & Land – Construction	7
Consultant Costs/Professional Services	7
Equipment	8
Salaries & Wages.....	8
Application Requirements.....	9
Submission Process.....	9
Evaluation Criteria and Process	9
Application Evaluation and Scoring Criteria.....	10
Award Recipient Responsibilities	11
Letter of Support	11
Supplementary Materials and Quotes	11
Grant Awardee Responsibilities and Reporting Requirements	11
Equipment Auditing and Disposition.....	12

Important Dates and Webinar Info:

2026 Webinar Date and Time TBA

An informational Zoom Session on the grants was held January 7, 2025

[The Recording is Available Here](#)

**Applications must be received by: March 5, 2026 at 5:00 pm/ET Late
applications will not be accepted**

Background on the Southeast Dairy Business Innovation Initiatives Program

The Southeast Dairy Business Innovation Initiatives (SDBII) program is based at The University of Tennessee Institute of Agriculture's Center for Dairy Advancement and Sustainability. Key program collaborators such as the Center for Profitable Agriculture (CPA), NC State, North Carolina A&T, University of Kentucky, Kentucky Dairy Development Council (KDDC), and others, offer guidance and support to the program. SDBII's mission is to spur growth and profitability for dairy producers and processors in the Southeast by helping them modernize and innovate.

SDBII provides dairy businesses in the Southeast with a variety of free and low-cost instructional resources. These include an annual value-added dairy conference, a variety of workshops on key industry topics, and decision-making tools that help dairy professionals make informed decisions as they plan for growth.

The program is funded by the Agricultural Marketing Service (AMS) division of the United States Department of Agriculture (USDA) through the 2018 Farm Bill. In addition to the technical assistance and educational resources provided through SDBII, 50% of the program's funding is awarded in grants made directly to dairy businesses to support investments and innovations in production and processing.

Description of Grant:

The **Farm Infrastructure Improvement Grant** provides reimbursement funds to permitted dairy farm businesses located in the Southeast who are seeking funds to make farm facility updates. Dairy businesses in Alabama, Arkansas, Florida, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, South Carolina, Tennessee, Virginia, West Virginia, and Puerto Rico are eligible. Applications must be submitted by current licensed dairy businesses only. For the purposes of evaluating eligibility, dairy businesses are considered to include companies that are engaged in the production and/or processing of milk for commercial consumption and are permitted to do so by state and federal authorities. Eligible businesses may be involved in the production or processing of milk from cattle, sheep, goats, water buffalos, camels, and other dairy species. **Projects that involve investments related to the sale of raw milk for human or pet consumption are not allowed.**

SDBII grants are offered annually. Applicants must select one grant category to apply to per grant cycle. Applicants may not apply to two grants that are offered in the same cycle (e.g., two grants with the same due date). Applicants who have been awarded one or more grants in previous cycles of the program may continue to apply and receive funding as long as **no more than two awards** will be active at one time. Previous grants in the same category must be deemed complete by SDBII prior to submitting a new application. **Applicants may not be awarded more than \$700,000 total across all awards within a three-year period.** This includes the amount the applicant applies for in the present round of funding.

Farm Infrastructure Improvement Grant:

\$100,000 maximum award; 25% matching funds requirement.

Match Requirement:

Applicants must provide a cash match of at least 25% of the requested grant funds. For instance, a grant applicant requesting \$100,000 would require \$25,000 in matching expenses. Please note that a 25% match on requested funds is the same as 20% of the total project cost. To illustrate this, we can see that \$25,000 (the match) equals 25% of \$100,000 (the request), and 20% of \$125,000 (the total project cost). In some cases, it is easier to calculate the required match against the total project cost rather than against the request amount. Matching funds must be drawn from allowable grant expenses and therefore may not include costs for construction or labor from personnel employed by the grant applicant.

Funding Priorities:

The purpose of awards in this category will be to support operational and management strategies that improve labor, production, and marketing efficiencies to help increase sustainability and competitiveness of Southeastern US dairies.

Requests for funds under the Farm Infrastructure Improvement Grant should relate to one of the following areas and offer a justification for how the selected strategy will quantifiably improve the farm operation. Below are suggested priority funding areas, but proposals outside of these areas may be considered. Please contact an SDBII lead for more information.

- Improvements to existing facilities to reduce the impact of heat stress and seasonal milk production swings
 - Increasing water and feed access
 - Implementation or upgrading of cooling systems (laminar flow fans, misters/sprinklers, coolers, curtains, etc.)
 - Improving cow cooling and heat abatement for cattle with outdoor access
- Investments in raw milk storage, cooling capacity, and/or transportation efficiency
 - Purchasing a new bulk tank with greater storage and/or cooling efficiency
 - Chillers, plate coolers, milk loading systems, and pipelines
 - Hiring a contractor or technical assistance service to identify partnerships, needs, and feasibility for new milk handling opportunities
- Modernization and improvements to milk harvest
 - Investing in equipment to increase parlor throughput and labor efficiency (animal management, sort gates, crowd gates, identification systems, etc.)
 - Investing in more efficient on-farm milk cooling and/or storage (increasing size or number of bulk tanks, direct loading, etc.)
- Improvements to feed and forage management and storage opportunities
 - Short term or small batch feed storage (AgBags, grain storage, etc.)
 - Mixer wagons, etc.
 - Harvesting implements, silage inoculators, etc.
- Improvements to animal housing and environments
 - Upgrades to loops in stalls to account for changes in animal sizes

- Upgrades to permanent stall bases (gel mattresses, water beds, etc.)
 - Improving cleaning procedures of animal housing (scrapers, flush systems, bedding management equipment, gutters, etc.)
- Water, waste, and manure management improvements
 - Installation of water reclaim/reuse systems
 - Installation of recycling facilities (sand-separators, etc.)
 - Solid-liquid separation storage and utilization strategies that bring value to the farm (solids composting, etc.)

Eligible Applicants:

Dairy businesses that operate a licensed dairy farm in Alabama, Arkansas, Florida, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, South Carolina, Tennessee, Virginia, West Virginia, or Puerto Rico are eligible to apply.

Eligible applicants may not have an immediate family member (i.e., parent, sibling, spouse, or child), working as an affiliated staff or faculty member with SDBII.

Priority will be given to the following:

- Entities that received direct technical assistance through SDBII
- Dairy businesses with limited access to other forms of assistance

Previous awardees of SDBII grants may apply. Past awards and corresponding project completion will be taken into consideration when evaluating applications.

Reimbursement

Applicants who are selected to receive a grant award will be awarded funds on a reimbursement basis. Reimbursement requests must be supported with a cancelled check or credit card statement and an appropriate invoice marked “paid” and showing a balance reflecting the payment. **As a reminder, services and equipment already purchased and acquired at the time of application cannot be reimbursed in this grant program. You must not purchase anything you intend to request reimbursement for before receiving notification of an award and a fully executed contract with University of Tennessee. If you purchase anything before this occurs, those purchases are not eligible for reimbursement.**

Allowable and Unallowable Costs

The following describes the general allowable and unallowable costs for the Farm Infrastructure Improvement Grant. SDBII is unable to fund items that fall outside the AMS published list of allowable costs found in the link here: <https://tiny.utk.edu/ams-usda-terms-conditions>.

Building & Land – Construction

Unallowable for the acquisition of buildings, facilities, or land or to make additions, improvements, modifications, replacements, rearrangements, reinstallations, renovations or alterations of an existing building or facility (including site grading and improvement, and architecture fees). This also includes construction and construction-related materials.

Allowable for rental costs of land and building space. However, lease agreements to own (i.e., lease-to-own or rent-to-own) are not allowable. The lease or rental agreement must terminate at the end of the grant cycle.

Consultant Costs/Professional Services

Allowable subject to limitations below. Contractual/consultant costs are expenses associated with purchasing goods and/or procuring services performed by an individual or organization other than the recipient in the form of a procurement relationship.

Allowable for contractor/consultant rates that do not exceed the salary of a GS-15 step 10 Federal employee in the area. This does not include fringe benefits, travel, indirect costs, or other expenses. Verify allowable consultant/contractor pay ranges here: tiny.utk.edu/opm-gov-wages.

Equipment

Unallowable for acquisition costs of general-purpose equipment or lease agreements to own (i.e., lease- to-own or rent-to-own).

Allowable for rental costs of general-purpose equipment. Vehicles may be leased, but not purchased. The lease or rental agreement must terminate at the end of the grant cycle.

Allowable for acquisition costs and rental costs of special purpose equipment (as defined below). Acquisition costs for special purpose equipment may include installation and delivery costs. However, costs for general service work that may be funded as part of specialty equipment or supply item installation (electricity, piping, water, etc.) are not eligible on their own.

Allowable for acquisition costs and rental costs of supply items that are necessary to the completion of the project.

Unallowable for building materials. Building materials may not be considered supply items and are not reimbursable.

Definitions

Equipment is defined as tangible property (including information technology systems) having a useful life of more than one year and a per-unit acquisition cost equal to or greater than \$5,000.

General Purpose Equipment means equipment that is not limited to technical activities. Examples include office equipment and furnishings, modular offices, telephone networks, information technology equipment and systems, air conditioning equipment, printing equipment, and motor vehicles.

Special Purpose Equipment is equipment used only for research, scientific, or technical activities (i.e., can only be used for activities directly related to dairy production).

Supply Items are defined as tangible property that is necessary to the completion of the proposed project with a per-unit acquisition cost less than \$5,000. These items may be general purpose or specialty.

Salaries & Wages

Unallowable as a reimbursable expense or source of matching funds for all grant related activities.

Application Requirements:

A complete application includes:

1. A completed grant application with all questions answered.
2. A completed Grant Budget Form showing at least a 25% match of allowable expenses.
3. Submission of at least one quote for all equipment greater than \$5,000 in cost. If available, quotes should be included for all equipment purchased, regardless of price.
4. Submission of at least one Letter of Support (LOS) from a collaborating partner.
5. Submission of supplemental materials including business plans, conceptual drawings, estimates/quotes, and other budget justification items which can be added as an attachment when you submit your application.

Submission Process:

All Farm Infrastructure Improvement Grant applications must be submitted by 5:00pm/ET on March 4, 2026.

Evaluation Criteria and Process:

Farm Infrastructure Improvement Grants are awarded on a competitive basis to the top scoring applicants. Only complete applications, as outlined above, which are submitted on time will be evaluated. Applications will be reviewed by a committee of industry experts that are not employed by the SDBII program. Program staff will not evaluate or score applications. If you have questions about the application process or would like feedback on a proposed application, please contact your state's SDBII area representative or sdbiigrants@utk.edu. Feedback will not be available in the days immediately preceding the deadline, so please start working on your application and submit questions as early as you can. The rubric used by reviewers can be found at tiny.utk.edu/SDBII_FarmGrantRubric.

To receive high scores from the review committee, applicants' grant narrative sections should fully answer the questions clearly and directly. Project applications should carefully and precisely present how the project will be accomplished and undertaken within a reasonable timeline.

Additional information, such as quotes, conceptual drawings, and other documentation justifying and supporting the budget and project, is required to present a competitive application. All prospective project purchases over \$5,000 should be accompanied by a quote or estimate.

Application Evaluation and Scoring Criteria:

Grant awards will only be made to dairy businesses that are currently licensed. Applications will be reviewed by a committee of experts in dairy farm and food production. The following criteria will be used by the review committee to score grant applications (for more information refer to the full scoring rubric at: <https://tiny.utk.edu/farm-infrastructure>).

General scoring criteria are listed below. Applicants may receive a maximum of 100 points:

- Grant Application (5 possible points)
 - Is the project description thorough and well-organized?
- Goals Alignment (10 possible points)
 - How well does the project focus on at least one of the program alignment areas?
 - Has the applicant participated in SDBII technical assistance programs?
- Summary (20 possible points)
 - Does the project result in improved profitability for the applicant?
 - Does the project result in a more efficient operation in terms of labor, time, capacity, production?
 - Does the project improve worker well-being?
 - Does the project reduce animal stress?
 - Does the project contribute to the long-term viability of the farm?
- Work Plan (20 possible points)
 - Has the applicant considered critical issues for a dairy business?
 - Is the timeline reasonable and achievable within the grant period?
 - Are the benchmarks for completing the project clear and detailed?
- Business Impact (20 possible points)
 - Does the project include a projection on how the investment in farm improvements will pay off over time?
 - Are the costs appropriate given the expected benefit?
 - Is the project a logical improvement given the farm's existing infrastructure?
- Budget (20 possible points)
 - Is the total amount justifiable to achieve activities and outcomes?
 - Is each budget item necessary to achieve the reported outcome?
 - Are costs reported reasonable?
 - Is each item over \$5,000 supported with a quote from a reputable vendor?
- Other Considerations (5 possible points)
 - Does the project take a unique approach?

Award Recipient Responsibilities

Applicants who receive funding for proposed projects will be responsible for the following:

1. Signing an agreement with the University of Tennessee Office of Sponsored Projects (OSP).
2. Completing the project within the contractual timeframe.
3. Submitting a six-month project report in the required format.
4. Submitting a final project report demonstrating the required match and providing requested data on project outcomes.
5. Submitting copies of invoices and proof of payment with reimbursement requests.
6. Agreeing to site inspection once the project is complete.
 - a. Other requirements as outlined in the grant contract. Grantees will have additional training on requirements before the contracts are executed.

If awarded, failure to provide the necessary information to establish an agreement or failure to sign and return a complete grant contract by the deadlines provided at the time of contract issuance will result in the rescindment of the award and the reallocation of funds back to the program. The awardee may reapply through future funding opportunities, but there is no guarantee they will be awarded funds again in a future round.

Letter of Support (Required)

Applicants to the Farm Infrastructure Improvement Grant must submit at least one letter of support (LOS) from a collaborator (lender, co-op, independent milk processor, industry specialist etc.). Letters of support should be specific to the current grant application, not recycled from previous submissions.

Supplementary Materials and Quotes

Budget items costing more than \$5,000 must be supported with at least one quote. Aerial photos showing the site of the proposed project, conceptual drawings of the facility being improved, literature or specification sheets for equipment, business plans, and company financial statements are also considered useful supplementary documents.

Grant Awardee Responsibilities and Reporting Requirements

The level of success that award applicants demonstrate in the performance of their responsibilities in completing reporting and other obligations in a timely manner will be considered in award decisions for future grant proposal submissions. Applicants who receive a grant award will be required to report on the progress of their project 6 months after the execution of their contract with The University of Tennessee. Award recipients will also be required to provide a project completion report within 60 days of the conclusion of their 12-month grant award period. Studies, reports, plans, legal documents, and other deliverables funded as part of a grant award must be fully completed and in the award recipient's possession by this time. Equipment funded through the grants should be fully installed, in operational condition, and in use. In all cases, submission of receipts for reimbursement must be completed by the end of the grant period. Receipts submitted after the grant period is

complete will not be reimbursed. A final report is due 12 months after the contract period ends. To aid award recipients in completing their reporting responsibilities, a reporting template will be shared with them through email. Reporting areas will include the following: a description of the project intent, summary of the project accomplishments and outcomes, dollar amount of increase in sales, increase in markets reached (if applicable), new operational processes developed, and jobs retained or created. In addition, the recipient will be asked to share other insights from project execution, including, wherever possible, industry-wide benefits. Note: The University of Tennessee reserves the right to modify reporting requirements during the course of the project.

Equipment Auditing and Disposition

Equipment purchased as part of a Farm Infrastructure Improvement Grant with a per unit fair-market value of \$5,000 or more will be subject to an in-person audit on a yearly basis for the duration of the equipment's useful life. Applicants wishing to dispose of equipment that is subject to audit must first contact SDBII personnel in order to properly adhere to USDA policy with regard to disposition of equipment purchased with grant funding.