

Southeast Dairy Business Innovation Initiative (SDBII)

Dairy Industry Impact 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

Letter of Intent Deadline:
February 1st, 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
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Important Dates and Webinar Info:

**An informational Zoom Session on the Dairy Industry Improvement Grant
Is Available [Here](#)**

Letters of Intent must be received by: February 1, 2026, at 5:00pm/ET

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 **Dairy Industry Impact Grant** provides reimbursement funds to permitted dairy farm businesses located in the Southeast. 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.

Dairy Industry Impact Grant:

\$500,000 maximum award

Match Requirement:

The Dairy Industry Impact Grant does not require a cash or in-kind match.

Funding Priorities:

The purpose of awards in this category will be to support projects that have a significant impact on the dairy infrastructure of the Southeast Region.

Requests for funds under this RFP should relate to one of the following areas and offer a justification for how the selected technology will impact one or multiple of the following priorities:

1. Diversify dairy product markets to reduce risk and develop higher value uses for dairy products
2. Promote business development that diversifies farmer income through processing and marketing innovation
3. Encourage the use of regional milk supply

Past grant recipients have utilized Dairy Industry Impact funds in the following ways:

- Purchase and installation of large-scale equipment for school milk production
- Purchase and installation of processing equipment in a new facility to establish a communal food and beverage production facility to improve collaboration among southeastern dairy producers

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 the SDBII, or serving on the award review committee.

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 canceled 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 Dairy Industry Impact 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: <https://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.

Evaluation Criteria and Process:

Dairy Industry Impact 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 project, 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 [HERE](#).

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, are not required for the LOI stage, but will be needed if you are invited to submit a full application. The budget workbook can be found [HERE](#).

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.

Equipment Auditing and Disposition

Equipment purchased as part of a Precision Technology and Management 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.