

A niche industry with a rich history

Dairies struggled to stay afloat in a changing market

By SARA WHITNEY

Americans eat far more dairy than we used to. The average person consumed 661 pounds of dairy in 2023, up from 539 in 1975.

Tastes have changed, too. Fluid milk consumption is about half of what it was in 1975, but cheese intake has more than doubled. Butter consumption has also increased, according to the U.S. Department of Agriculture.

That's not the case for ice cream, with Americans eating 30 percent less than 50 years ago. In Alaska, however, that bumps up against conventional wisdom.

Alaskans have heard for decades that we eat more ice cream per capita than any other state. While

anecdotal, some of our buying patterns back up those stories.

For the per-person amount spent on ice cream,

Anchorage and Juneau rank in the top 10 among U.S. cities surveyed, and Fairbanks is 11th.¹ Cost is surely a factor, but Alaska also ranks 16th for the density of ice cream shops.²

While numbers on overall dairy consumption in the state aren't available, we likely fall below average due to availability and cost.

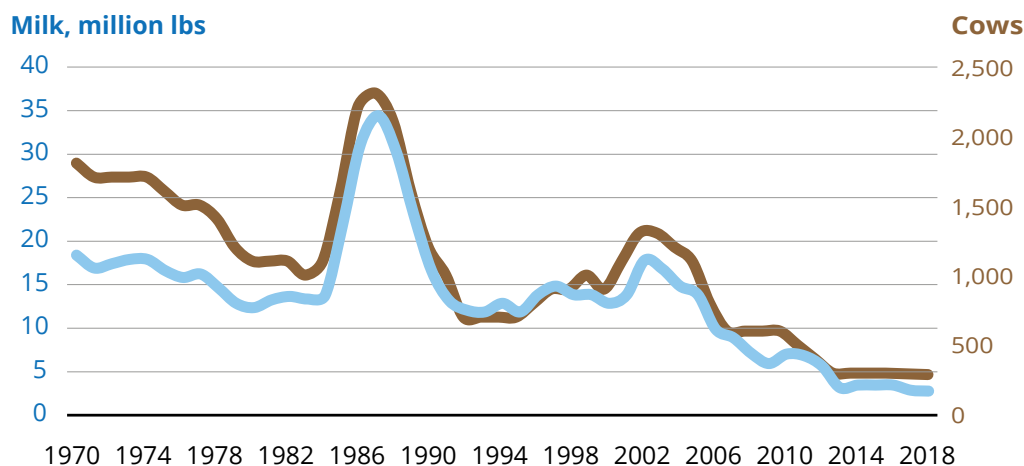
The large Matanuska Maid dairy operated from 1936 to 2007.



¹From a 2023 SiteSeer spending patterns analysis of U.S. Bureau of Labor Statistics' annual Consumer Expenditure Survey.

²July 2025 analysis by SpinBlitz via National World

Alaska dairy cows and pounds of milk produced, 1970-2018

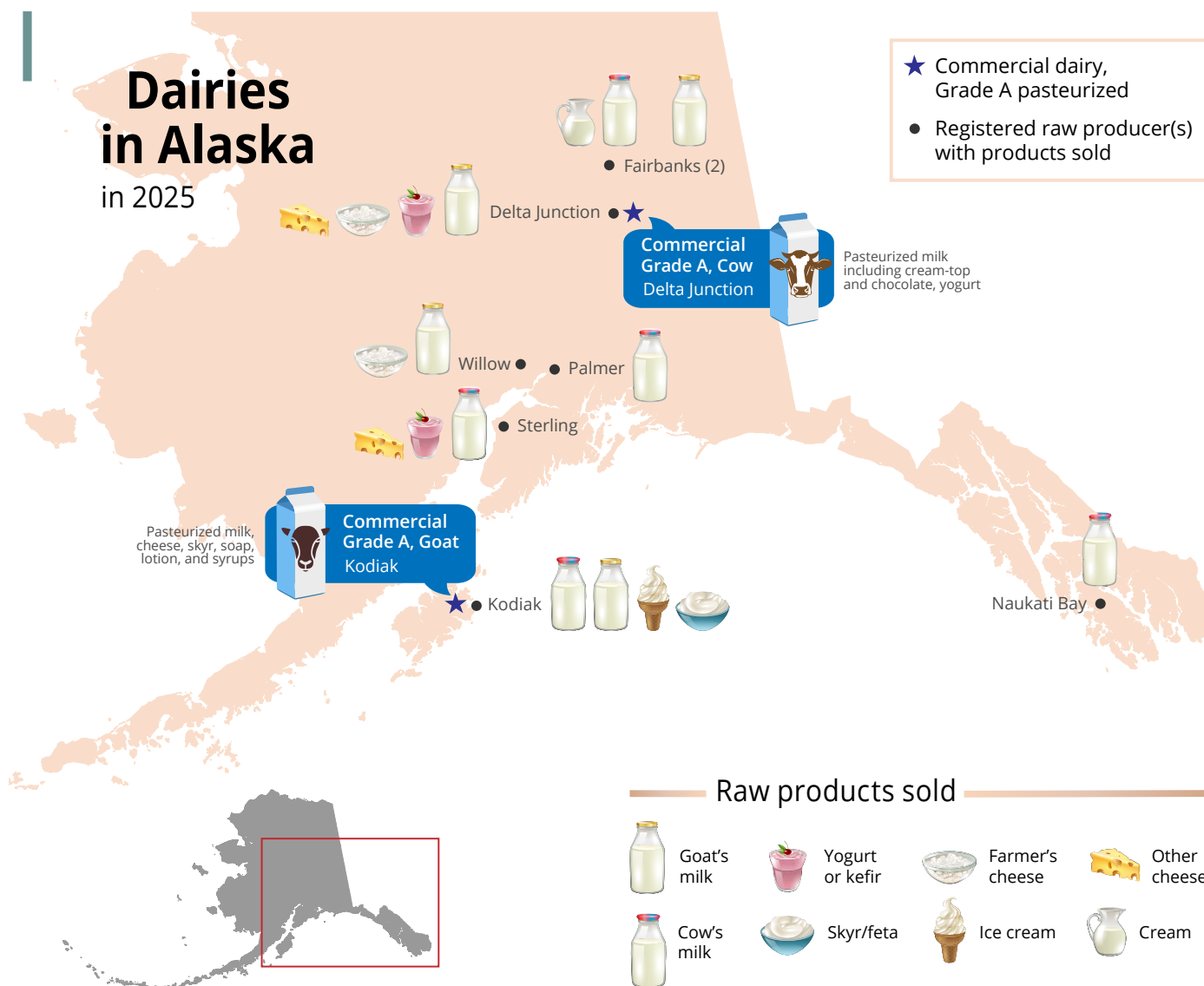


Note: This series began in 1970. After 2018, Alaska's numbers were too low for the USDA to include.
Source: U.S. Department of Agriculture, Economic Research Service

Dairies in Alaska

in 2025

- ★ Commercial dairy, Grade A pasteurized
- Registered raw producer(s) with products sold



Note: Map excludes raw milk producers that were not registered with the state as of May 8, 2025.
Sources: Alaska Department of Environmental Conservation and Alaska Department of Labor and Workforce Development, Research and Analysis Section

Our tastes and access to fresh products may differ from the rest of the country, but dairy is a staple here too. And like everything Alaskans eat today, it's mostly imported.

Alaska ranks 50th for dairy production, which tracks with our remoteness, climate, and small population. However, dairies were prominent in Alaska for more than 100 years.

The large 20th-century operations have all succumbed to market changes, but dairy remains a niche industry across the state, even in areas not associated with farming. For some producers, food independence or the labor of love can matter as much as profitability.

Industry was born in the 1800s

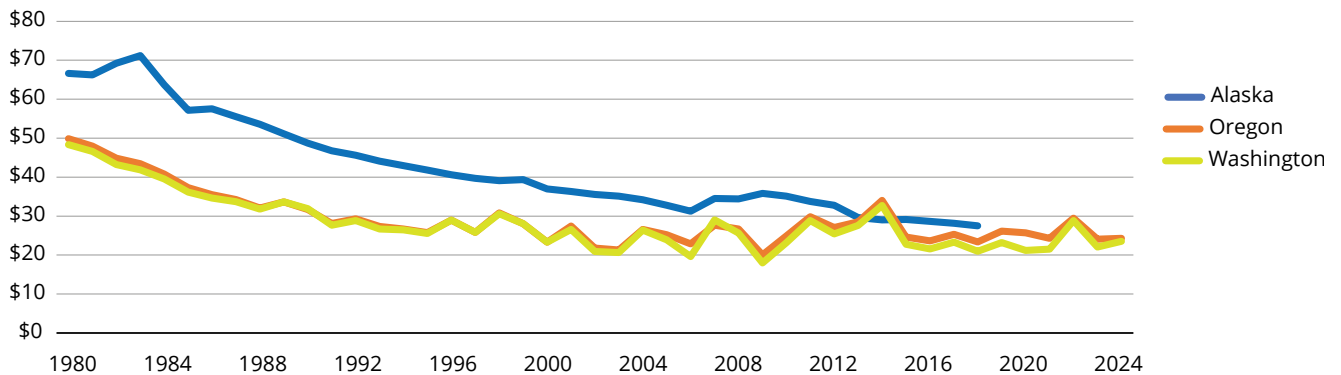
Dairy farming in Alaska dates back to the 1800s. While farms might bring the Matanuska-Susitna area to mind today, dairying was born in Southeast, especially around Sitka and Juneau.

From 1869 to 1965, Juneau had more than 12 dairies, mainly operated by European immigrants and transplants from the Lower 48. Regional demand for fresh milk was strong, but these farms were small, some with just a handful of cows.

Major production sprouted in the Interior and Southcentral regions in the early 20th century. The

Real amount farmers received from processors for their milk, 1980-2024

Received per 100 lbs of milk, in 2024 dollars



Note: After 2018, Alaska's numbers were too low for the USDA to include.

Source: U.S. Department of Agriculture, National Agricultural Statistics Service

premier Interior operation was Hinckley's/Creamer's Dairy in Fairbanks, which operated from 1904 to 1965 and is now Creamer's Field, a haven for migratory birds listed on the National Register of Historic Places.

The second-oldest commercial operation was Ohl's Dairy, the first to open in Anchorage in 1924.

The industry took a leap in the 1930s. In 1935, President Franklin D. Roosevelt sent more than 200 families to Alaska as part of a New Deal program, mainly to fertile Southcentral lands, to start farms.

The newcomers established the Matanuska Valley Colony in and around Palmer, and many became dairy farmers. The state's largest commercial operations both opened there: the Matanuska Maid Cooperative and Havemeister Dairy.

By 1959, Alaska had more than 100 commercial dairy farms and far more small operations. The number then began to fall with growing access to cheaper mass-produced milk from the Lower 48. Alaska dairies, with their higher business costs, struggled to profit, especially as federal subsidies and other price supports began to decline.

Even with fewer farms, Alaska's milk production and value grew considerably into the 1980s (see the graph on page 4), keeping the industry aloft for a few more decades before market changes made it increasingly difficult for dairies to compete.

What drove the 1980s dairy surge

The State of Alaska invested tens of millions in oil revenue into agriculture in the 1970s and 1980s, including a major dairy farming project northwest of Anchorage called Point MacKenzie. In addition to boosting Matanuska Maid and Alaska agriculture overall, the project propped up hay and barley farming in Delta Junction.

Alaska platted about 15,000 acres and awarded tracts to farmers through a competitive lottery. However, the project was plagued by administrative blunders and unrealistic production timelines.

Many farmers were already bankrupt or attempting to restructure their state loans when global oil prices collapsed in the mid-1980s. Farmers faced rising operating costs, tanking milk prices, a regional recession, the bankruptcy of Matanuska Maid, and diminishing state support.

Land ownership problems, mounting debts, lawsuits, and chronic losses made ongoing operations unsustainable. By the early 1990s, all 19 of the project's original farms had failed, making the ambitious project relatively short-lived.

The peak and then the decline

In 1970, when the USDA began collecting the

Big U.S. retailers often price milk as a loss leader, sold below cost.

The types of dairy milk sold in Alaska and what the law allows

Most states operate milk safety programs aligned with Food and Drug Administration standards in the Pasteurized Milk Ordinance, which certifies Grade A cow and goat milk producers for safe human consumption. The Alaska Dairy Program is overseen by the Department of Environmental Conservation's Office of the State Veterinarian.

Grade A milk typically refers to milk produced under set sanitary conditions suitable for pasteurization and fluid consumption. For commercial distribution, it's usually pasteurized. Pasteurization heats the milk to temperatures high enough to kill pathogens such as *E. coli*, salmonella, listeria, and campylobacter and deactivate other viruses or enzymes that can make the milk unsafe to drink or cause it to spoil. Most commercial milk is also homogenized, which breaks down the milk solids into smaller pieces so it disperses throughout the liquid rather than separating. Grade A dairy products can be unhomogenized, however; cream-top yogurt and milk are examples.

Raw milk is not pasteurized. As of March 2023, it is legal for producers to sell raw dairy products in Alaska, and while they are required to register with the state and agree to follow health and safety guidelines and notify consumers of possible risks, the state doesn't conduct routine inspections or product testing. Registered raw producers submit their proposed labels to the state for review.

Raw dairies may legally sell their products directly to consumers, sell via retail stores or food co-ops, or exchange the product through herd share agreements where consumers pay for the animals' care or other operational expenses in exchange for milk.

numbers, Alaska had 1,800 dairy cattle and produced 18.6 million pounds of milk. By 1987, these figures had risen to 2,300 cows and 34.8 million pounds of milk.

Alaska represented 0.02 percent of U.S. milk production in 1970. Even with nearly double the production by the 1987 peak, Alaska still represented 0.02 percent because the industry had ramped up so much in other states.

Alaska's dairy industry began a long, slow decline after that late '80s crest, with more and more of the state's largest and longest-running milk producers shutting down into the 2000s.

Matanuska Maid closed in 2007 after more than 70 years, citing market changes and rising shipping costs. The state had owned the large dairy since it declared bankruptcy in 1983, but even with subsidies, losses mounted.

Mat Maid had begun buying milk from Lower 48 dairies in the late 1980s in addition to in-state farmers. As its board chair, Mac Carter, told *The Frontiersman* in 2007, it was essentially priced out of business.

"There is no way Mat Maid can ever sell its milk in Alaska for a comparable price," he said, blaming large corporate farms in the Lower 48 for pushing out small operators.

Mat Maid's closure left just a few big players.

The Matanuska Creamery closed in 2012. Northern Lights Dairy in Delta Junction continued to buy from Alaska farmers and operated until 2017.

That closure was followed in 2021 by Havemeister, the oldest commercial dairy, shutting down. A labor shortage, land costs, and aging equipment were factors.

Challenges for Alaska dairies

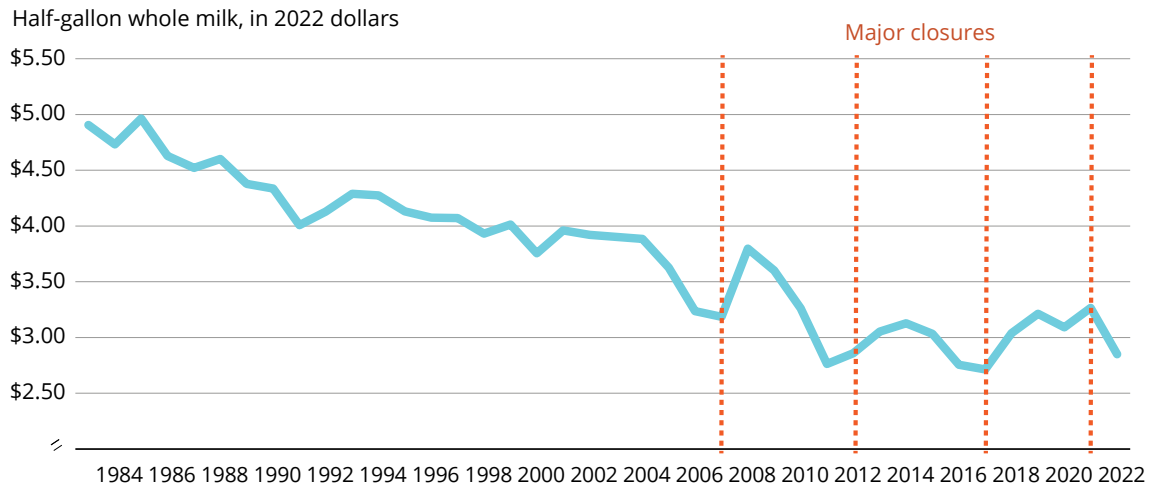
The contiguous states have numerous cost and logistical advantages in commercial dairy farming.

In addition to larger scale, more favorable climates, and easier access, most of the Lower 48 operates under the Federal Milk Marketing Order, a USDA program that regulates the price of milk sold by dairy farmers to processors.

The program, launched in 1937, stabilizes pricing and supply across regions and ensures farmers receive a minimum price for their products.

Alaska and Hawaii are far outside the main dairy-producing regions, and production is too low to support a milk marketing order. That means milk prices in Alaska are federally unregulated, leaving small farms vulnerable to price and supply fluctuations.

Retail milk prices in Anchorage and recent major dairy closures



Source: The Council For Community and Economic Research, Cost of Living Index

Another cost disadvantage for Alaska's small dairies is that big national retailers often price milk as a loss leader. A loss leader is a product — often a staple — sold below cost to attract customers to buy other, more expensive goods.

Got milk? Yes, but it's scarce now

After 2018, Alaska's numbers were too small to appear in the USDA's agricultural economic research reports. That final year, Alaska had just 300 commercial dairy cows and produced 2.8 million pounds of milk. Alaska and Hawaii as a "region" still represented 0.02 percent of U.S. production, but almost all of it came from Hawaii.

Although Alaska fell out of the main federal research, the USDA's Census of Agriculture provided an overview of Alaska's small dairy industry in 2022. The census is survey-based and only covers farms that sold or expected to sell at least \$1,000 worth of agricultural products that year.

In 2022, Alaska had 134 commercial milk cows on 28 farms. The state also had 388 dairy goats on 56 farms, with 35 reporting income from milk sales.

The number of dairy industry employees is too small to disclose for confidentiality reasons, but as of July 2025, 10 operations, some with multiple licenses, were active in the state's business licensing database in the dairy cattle and milk production category.

At last count, dairy ranked seventh for sales among Alaska's agricultural products. It generated less

than \$600,000 in 2023, the most recent year available at the state level. That represented just over 1 percent of Alaska's total agricultural sales.

Our top individual farmed commodities were ornamental plants and flowers at more than \$13 million and hay at about \$6 million.

Cannabis is excluded from the USDA data because it remains illegal federally; otherwise, it would handily take the top spot. Statewide retail sales totaled nearly \$279 million that year, according to the Alcohol and Marijuana Control Office.

Two new Grade A dairies opened, found ways to ease high costs

Today, Alaska has just two* Grade A commercial dairies, both of which opened in recent years. (See the sidebar on the previous page for information on Grade A and raw dairy products.)

The Kodiak Baptist Mission* opened a Grade A goat dairy on Kodiak Island in 2019, called Heritage Farm and Ranch. *Update: No longer Grade A.

In 2021, Alaska Range Dairy, a full-scale dairy farm that also grows various crops, opened in Delta Junction. Alaska Range took on some of the Have-meister herd, which gave them an initial leg up.

Alaska Range Dairy has expanded over the last few years, growing its herd and moving from co-ops and small retailers into larger chains, including Walmart and the Alaska-based Three Bears



Hinckley's Dairy in Fairbanks, which later became Creamer's Dairy, was the first commercial dairy to operate in the Interior in 1904. It began with just a few cows and grew into the largest operation in the area. The dairy closed in 1965 with changing economic conditions and distribution routes. It remains today as Creamer's Field Migratory Waterfowl refuge and is listed on the National Register of Historic Places. Creamer's Field spans about 2,200 acres of wetlands, open fields, and boreal forest and attracts dozens of bird species each year.
[Wikimedia Commons photo by user Durkeeco](#)

Grocery. Their products are available throughout the Anchorage and Mat-Su areas and Delta Junction, Fairbanks, and the Kenai Peninsula.

Both operations have used a range of cost-cutting techniques to meet the challenge of running a profitable dairy in Alaska.

Alaska Range's owners moved to Delta Junction in the late 2000s from Washington, bringing years of farming experience. In Delta, they grow their feed, use efficient automated milking machines and cleaning robots, raise their own herds, and bottle on site.

Heritage Farm and Ranch uses compact equipment tailored to the small herd size, buys local feed in bulk, produces a range of other products, and raises several types of farm animals. The farm also sells raw milk, which is less costly and labor-intensive to produce.

It recently became legal to sell raw milk in Alaska

In March 2023, a change to the Alaska Administrative Code legalized raw milk sales in Alaska, in part to

boost food security and allow lower-cost production.

Raw milk is unpasteurized, and while consuming it carries health risks, its popularity has grown nationwide in recent decades.

Raw producers can now sell their products three ways: directly to consumers, through stores or food co-ops, or via a "herd share" program. (The map on page 5 shows the state's registered raw milk producers and what they sell.)

In a herd share agreement, people don't pay for the product; they contract with farmers to fund the animals' upkeep or farm maintenance in exchange for milk. Before the code change, herd shares were the only legal way for Alaskans to buy raw milk from someone else's livestock.

Alaska currently has no routine inspections, testing, or enforcement, but raw milk sellers are required to register with the state and follow set health and labeling guidelines when producing and selling their products.

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