MICHIGAN AGRICULTURE AND FOOD INDEX

Results of a survey of the Michigan Food and Agriculture Roundtable

EXECUTIVE SUMMARY

Introduction

Staff members at the Michigan State University (MSU) Product Center Food-Ag-Bio sent questionnaires to approximately 90 members of the Food and Agriculture Roundtable. The roundtable is composed of leaders in the state’s food and agriculture system, primarily farmers, leaders of agribusiness firms and food processors.

All major sectors of the state’s food and agriculture system are represented — dairy, livestock, field crops, fruits and vegetables as well as the nursery, floriculture and landscape industry. The first eight questions were designed to assess the current state of the food and agriculture system as well as future intentions.

Two open-ended questions were designed to determine current and future areas of concern, and issues important enough to address through research and extension and perhaps changes in public policy. A total of 55 surveys were returned for a response rate of approximately 60 percent. The results of the survey have been used to construct a set of indexes on the current and future state of the food and agriculture system. The indexes have a theoretical value of zero to 200, with a score of 100 indicating a neutral – neither positive nor negative – outlook about the food and agriculture system.

Scores above 100 indicate an increasingly positive outlook; scores below 100, an increasingly negative outlook. Indexes were developed for the current state of the food and agriculture system in Michigan, the current state of Michigan economy, sales of food and agriculture products, future investment and future employment plans.

The next roundtable survey will be conducted in December 2014 and the results will be released in March 2015.

Michigan Agriculture and Food Index by the numbers

<table>
<thead>
<tr>
<th>Index</th>
<th>April 2013</th>
<th>Dec. 2013</th>
<th>April 2014</th>
<th>Trend</th>
</tr>
</thead>
<tbody>
<tr>
<td>State of the Food and Agriculture System</td>
<td>147</td>
<td>146</td>
<td>145</td>
<td>Steady</td>
</tr>
<tr>
<td>State of Michigan’s Overall Economy</td>
<td>115</td>
<td>120</td>
<td>133</td>
<td>Up</td>
</tr>
<tr>
<td>Sales</td>
<td>133</td>
<td>131</td>
<td>134</td>
<td>Slightly Up</td>
</tr>
<tr>
<td>Investment</td>
<td>122</td>
<td>107</td>
<td>116</td>
<td>Up</td>
</tr>
<tr>
<td>Employment</td>
<td>132</td>
<td>126</td>
<td>126</td>
<td>Steady</td>
</tr>
</tbody>
</table>

A rating of 100 on the index is considered neutral; ratings above 100 signal increasingly positive confidence, and below 100, increasingly negative confidence.

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Results

The current index on the state of the food and agriculture system is 145; virtually unchanged from January of 2014’s figure of 146. More than 80 percent of the respondents are positive or very positive about the state of the system. The members of the roundtable are generally bullish on the current state of their industries.

What keeps you up at night?

Food and ag leaders provided these open-ended responses:

- Government regulation and policy (32 responses)
- Various management concerns (27 responses)
- Labor (22 responses)
- Infrastructure, including roads, Internet connectivity and more (10 responses)

**Michigan economy.** The index on the current state of the Michigan’s overall economy is 133. This is an increase of 13 points or 11 percent from the January 2014 figure and an increase of 18 points from April 2013. While this is lower than the index for the state of the food and agriculture system, it is still well above 100 and is consistent with a belief the economy is getting better. More than 70 percent of the respondents are positive about Michigan’s economy.

**Sales.** One reason that the overall index is so high is that roundtable members believe their sales are going to increase. The sales index is 134; a small increase of 3 points from January 2014; and virtually unchanged from April 2013. Respondents generally believe that sales are going to increase both in the next 12 months and the next three years.

**Investment.** The investment index showed a relatively large increase of nine points between January 2014 and April 2014. In January the investment index was 107 and in April it was 116, an increase of 8.4 percent. There is an uptick in the likelihood of investment over the next 12 months. The investment figure is still lower than it was a year ago.

**Employment.** The employment index is a healthy 126; this is unchanged from January, but is down six points from April 2013. Very few employers are considering reducing their labor force. While more than 58 percent of employers may expand their workforce over the next three years, half the respondents expect to keep their workforce at current levels over the next 12 months. Difficulty in finding labor may be keeping this figure from being even higher.

**Future.** The primary concerns about the future remain labor and regulation. When asked “what keeps you up at night?” government regulation and various government policy concerns were mentioned by 32 respondents followed by labor issues with 22. Potential new Environmental Protection Agency regulations were a particular concern. When considering long term concerns 27 mentioned various management concerns, followed closely behind by regulation and government policies with 24 responses. Labor concerns were third with 22 responses. An issue of growing importance appears to be infrastructure; roads, Internet connectivity utility costs and other infrastructure concerns appear were mentioned by 10 respondents.