

August 21, 2009

Comments to Senator Allen hearing on NW. Lower Michigan Economy

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Thank you for the opportunity to review the northwest lower Michigan ag economy.

The news is mostly good, not only can we report that farming remains an important and growing segment of our local economy but also, we have excellent and recent data to support that claim.

The USDA has just completed a five year update thru 2007 of ag statistics. The numbers for Michigan as a whole are impressive and have been reported out to you by MDA. The details are readily available from MASS websites.

In addition MLUI has commissioned a special report titled Northwest Michigan's Farm Factor, Economic Impacts, Challenges and Opportunities that I will leave with you today.

The highlights for the six-county region:

- 1, Economic contribution direct and indirect as much as \$140 million
 - 2,000 farm proprietors 20% increase from 1992.
 - 3,000 workers
 - \$13m direct wages
2. Not the largest sector but 4 times larger than Michigan as a whole. Becomes a much larger sector if adding in accommodations and food service and retail trade attributable to agricultural tourism.
3. The number of farms are growing even as the number of total acres of land being actively used for agriculture are declining. This reflects the growth of small entrepreneurial farm operations selling directly coupled with the increasing encroachment on agricultural land for residential use. 19% of land in farms/10% actively farmed
4. Significant opportunities exist to increase the number of farm families and the profitability of farming:
 - At present over 60% of farms report that they are not profitable – subsidized by off-farm employment – 52% primary occupation
 - Smaller farms 137 acre average compared to 190 average statewide
 - Switch from low value processing to high value direct sales; 12.5% compared to 9.2% statewide i.e. 58 CSA's, 21 farm markets, plus direct and wholesale sales to schools, restaurants, grocery stores, hospitals.
- 5, We are a specialty crop area not dependent upon field crops or livestock. We can increase profitability by increasing local consumption of locally grown food and growing more profitable crops (wineries, hops, organic, biodynamic, alternative energy, etc)
6. We have a number of home-grown initiatives in play at this time to increase profitability:
 - The Grand Vision Project – community support for importance of agriculture
 - Taste The Local Difference – encourage direct selling and wholesaling networks
 - TBEDC – One of five key industry sectors with designated executive committee membership
 - Northwest Michigan Food and Farming Network – double the value of food system in 10 years. A separate handout available.
7. Most important we have the resources, climate, land and farmers.

Challenges

1. Land costs – support PA 116 ag preservation funding – support from conservancies
2. Water issues – application and runoff – DEQ and good science

3. Food safety and invasive species concerns – funding for MDA, MSU Extension and Ag Experiment Stations – regional offices
4. Labor – immigration reform and ag jobs.
5. Infrastructure of local sales and more profitable fresh fruit sales out of region.
6. Zoning and market access - restrictions on land use, environmental and wildlife pressures on both farms and processors.
7. Economic performance – farming is a business not a lifestyle