

## MICHIGAN AGRICULTURE AND FOOD INDEX

# Results of the Second Michigan Food and Agriculture Roundtable

## EXECUTIVE SUMMARY

### Introduction

Staff members at the Michigan State University (MSU) Product Center Food-Ag-Bio sent questionnaires to 95 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, and 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. Of the 95 questionnaires sent, 54 surveys were returned for a response rate of 57 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 the Michigan economy, sales of food and agriculture products, future investment and future employment plans.

The next roundtable survey will be conducted in April 2014, and the results will be released in July.

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Michigan Food and Agriculture Index			
Index Components	April 2013	December 2013	Trend
State of the Food and Agriculture System	147	146	Essentially unchanged
State of Michigan's Overall Economy	115	120	Slightly upward
Sales	133	131	Essentially unchanged
Investment	122	107	Downward (due to decline in short-term investment plans)
Employment	132	126	Slightly downward

## The Results

The current index on the state of the food and agriculture system is 146 – virtually unchanged from the April 2013 figure of 147. 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.

Overall, members of the Michigan Food and Agriculture Roundtable remain optimistic about the state of their industries.

- The primary index was essentially unchanged at a very positive 146.
- The view of the state economy rose 5 points.
- Sales estimates remain strong and positive.
- Outlooks for short-term investment and employment are down, though both remain strong in the long term.

The index on the current state of Michigan’s overall economy is 120. This is an increase of 5 points from the April 2013 figure. Though 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 that the economy is getting better.

One reason that the overall index is so high is that roundtable members believe their sales are going to increase. The sales index is 131, a decline of 2 points from April 2013. Respondents generally believe that sales are going to increase both in the next 12 months and the next three years.

Compared with the other indexes, the investment index is at a relatively neutral 107. The survey showed a decline in the likelihood of investment over the next 12 months, though the likelihood of investment in the next three years is still quite strong. Perhaps the completion of short-term investments since April could explain the decline more than a change in investment outlook. Some firms may also be taking a wait-and-see approach to investment in the short-term. The wording of one of the investment questions was altered to make it parallel to other questions on the survey. As a result, its responses cannot be directly compared with the April 2013 result.

The employment index is a healthy 126; this is a decline of six points from April 2013. Very few employers are considering reducing their labor force. Though more than 55 percent of employers may expand their workforce over the next three years, most employers expect to keep their workforce at current levels over the next 12 months. This is the primary reason for the decline in this figure compared with the April 2013 responses.

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 33 respondents, followed by labor, with 20 mentions. Among long-term concerns, 25 mentioned various management concerns, followed closely by regulation and government policies (23 responses) and labor (22 responses). Two issues – input costs and health care – were less important in December of 2013 than they were in April of 2013. A general decline in commodity prices may be the reason that input costs are less of a concern. Food and agriculture leaders may also be somewhat less concerned about health care now that the Affordable Health Care Act is now in effect.