

Valuing Michigan's Local Food System

Communities across the U.S. and within Michigan are increasingly interested in developing local food systems as a strategy for local economic development and growth. Such strategies to build local food systems is consistent with Governor Snyder's "Economic Gardening" strategy where the economic development policy emphasis is on developing enabling infrastructure to support locally grown businesses. Supporting local food systems as an economic development strategy has logical merit in Michigan, as the MSU Product Center estimates that some 930,000 Michigan jobs were tied to the agricultural sector in 2012.

There may be other considerations beside economic growth for supporting local food systems. First, environmental concerns of modern global food systems has called into question the environmental sustainability of existing food systems that promote monocultural growing practices and vast shipping distances. Second, local food systems contribute to the sociological constructs that define a region through food, culture and community. Third, local food systems may be more transparent to consumers and contribute to what some researchers call democratization of food systems, where consumers have more control over the process and consumption of what they eat.

A vital first step in any economic development effort is the measurement of baselines. Baselines provide a first glimpse of the environment and a basis by which to measure change. Up to now, researchers and policy makers had few prospects for measuring the size of the local food system. A new study by the Center for Economic Analysis and the Center for Regional Food Systems at Michigan State University developed a systematic and scalable system for modeling the economic value

of local food systems in Michigan. The approach traces the value of agricultural foods from farm production to processing to retailing and to consumption. The study defines local food as both fresh and processed food that originates from Michigan farms, and is processed and ultimately consumed within the state. To estimate the share that remains in the state, we employ a regional economic input-output model that traces transactions across farms and processors to retail, food service and ultimately to consumers.

Agri-food is modeled along two channels to consumers. The first and largest channel is as unprocessed foods purchased directly from farms or through intermediaries such as retail outlets. The second channel is through processed foods that channel through food processors before reaching consumers. This channel includes value added contributions to final products through processing, but does not include contributions of food service establishments. Three consumption sectors are considered: households, food service (restaurants and other entertainment venues), and institutions (food pantries and direct public assistance) and private and government-supported facilities, (schools and prisons).

In 2011, Michigan farms generated about \$9.03 billion in agri-food commodities. About \$5.0 billion was exported. Of the remaining \$4.0 billion about \$2.5 billion went to processors for further processing. Processed foods that are exported are removed from the analysis. The findings suggest that Michigan's local food system, from farm to plate, supports 18,627 jobs along the agri-food value chain. Unprocessed foods make up the largest share. These jobs are supported with over \$680 million in wages and proprietors' income. This represents about 17.7 percent of Michigan's total food consumption sales.

Michigan Local Food Consumption							
Sales/Output	\$4,526,239,495						
Employment	18,627						
Earnings	\$680,467,182						
	Households	Food Service	Institutions		Households	Food Service	Institutions
Sales/Output	\$891,904,238	\$105,964,965	\$30,745,879		\$2,824,061,688	\$413,443,122	\$260,119,604
Employment	10,580	1,257	365		5,187	759	478
Earnings	\$328,029,392	\$38,972,371	\$11,307,887		\$243,968,880	\$35,717,086	\$22,471,566
	↑	↑	↑		↑	↑	↑
	Unprocessed Foods			→	Processed Foods		
	\$4,000,598,082				\$2,448,470,191		

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