

Grain Production Trends in Southeastern Michigan

Initial Findings from FSEP Grain
Survey: 2006

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The FSEP Survey

- Purpose of Survey:
 - Gather information on demographics, marketing, and production practices
 - Examine relationship between producers actual and desired practices
 - Investigate barriers to alternative grain production
 - Determine where opportunities exist for the implementation of new businesses or products

Methods of Distribution:

- Distributed through Michigan Farm Bureau and Organic Growers of Michigan
- Approximately 75 surveys each distributed in Lenawee, Monroe, Jackson, and Washtenaw Counties

Summary Stats:

- Mailed to 361 farmers
- Zip codes used to categorize respondents by geographic region
 - Grouped into counties
- 72 responses (9 from Jackson, 14 from Monroe, 26 from Lenawee, 17 from Washtenaw, 6 no answer)

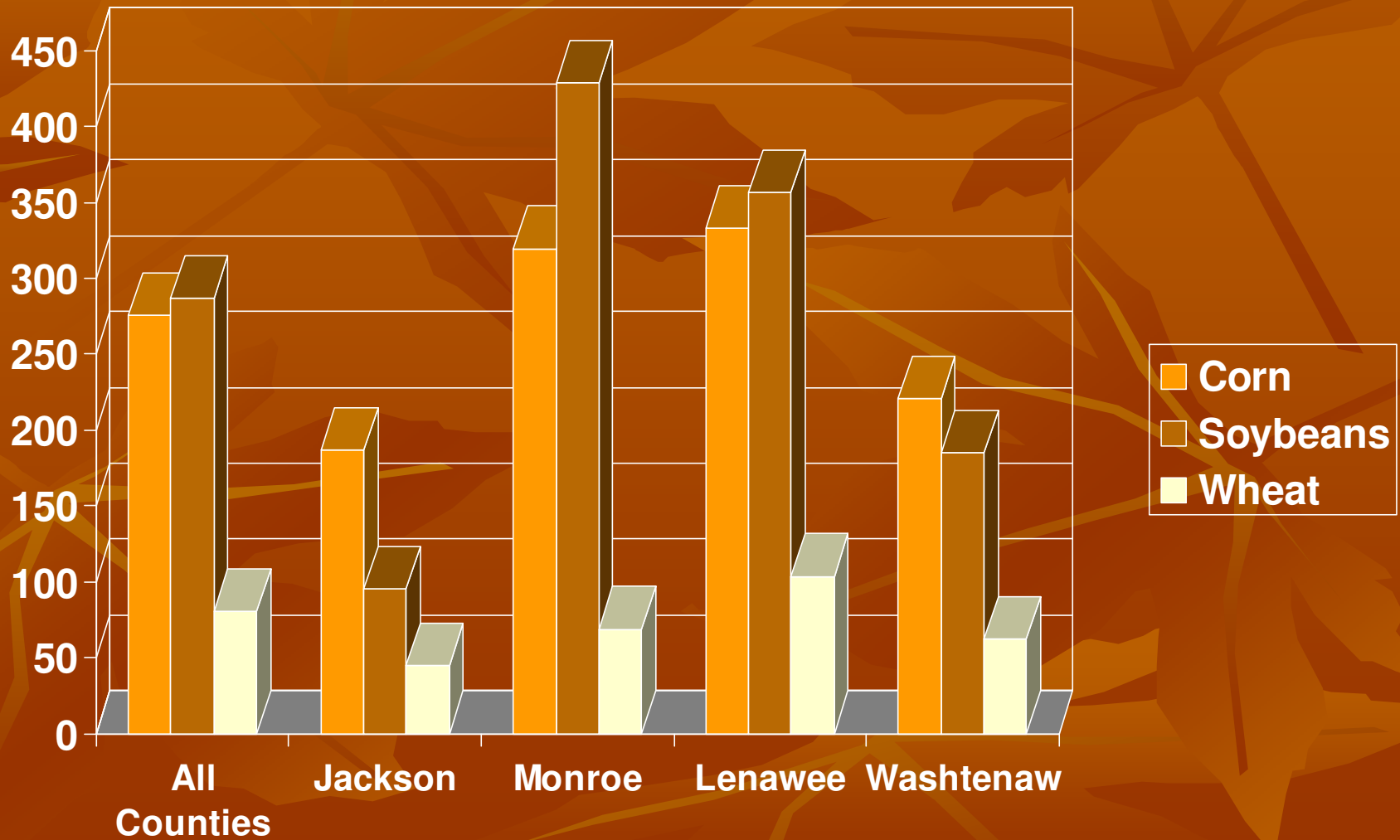
Survey Questions

- Primary crops: corn, soybeans, wheat.
- Some oats
- Over 96% of respondents used conventional methods; 4% followed organic practices.
- About 68% of grain farmers reported profits in the last five years; 22% reported that they broke even; 10% ran a deficit.

Farm Size:

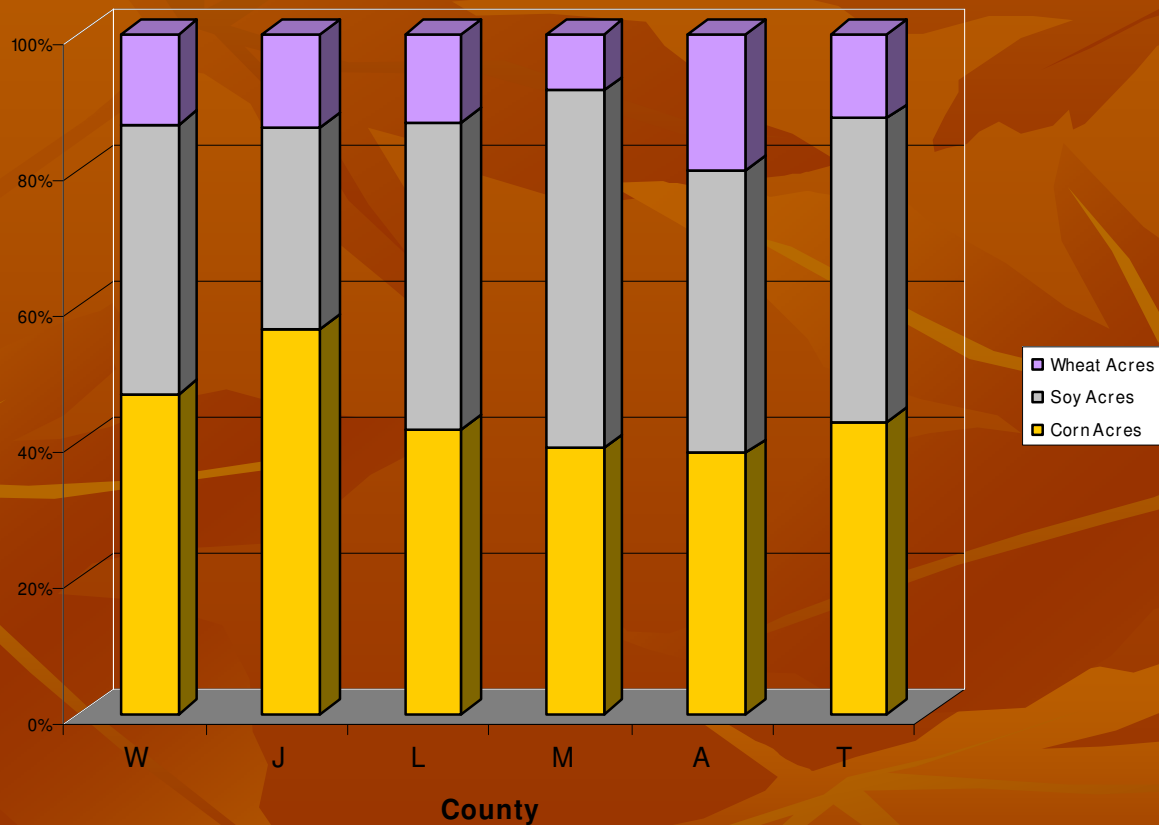
- Average farm size for all counties:
645 acres
- Range from 24 to 5,200 acres
 - Jackson County average farm size: 332 acres
 - Monroe County average farm size: 822 acres
 - Lenawee County average farm size: 794 acres
 - Washtenaw County average farm size: 472 acres

Average Acres of Crops by County:

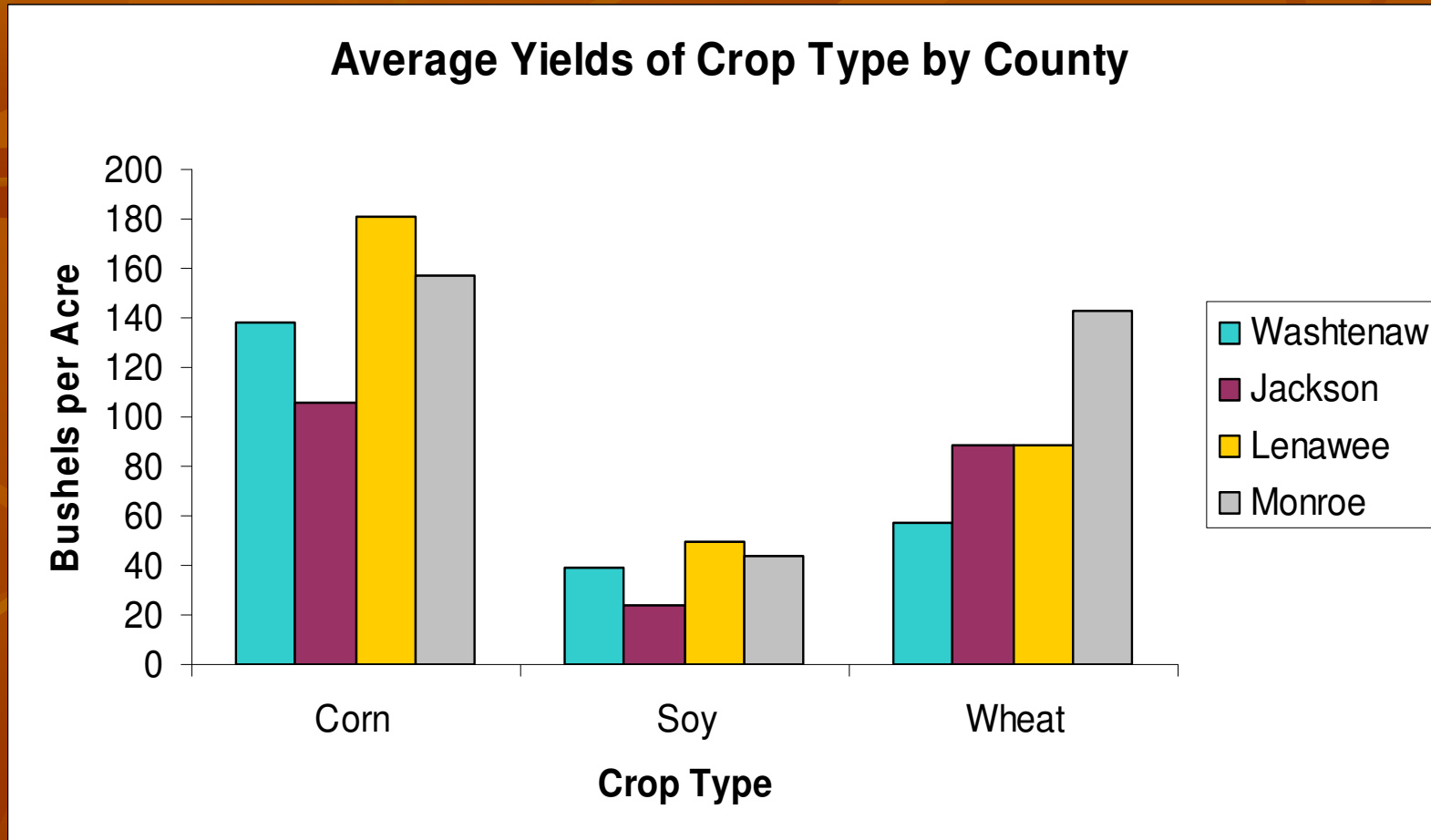


Percentage of Acres in Corn, Soybeans, & Wheat

County-By-County Composition Of Grain Production



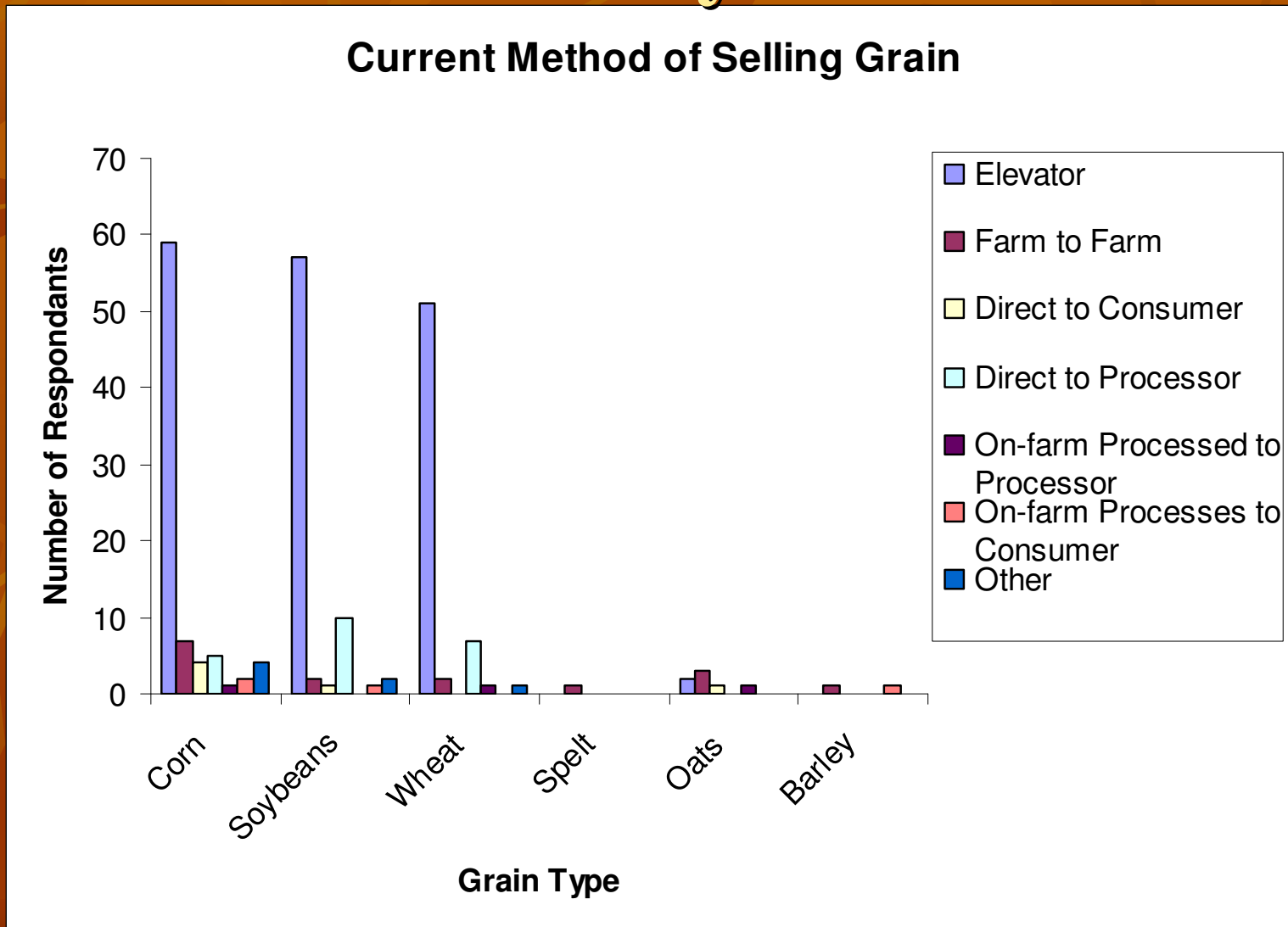
Calculated Average Yields



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**What are current method of
conducting grain sales?**

How are producers selling grain today?



Actual Methods

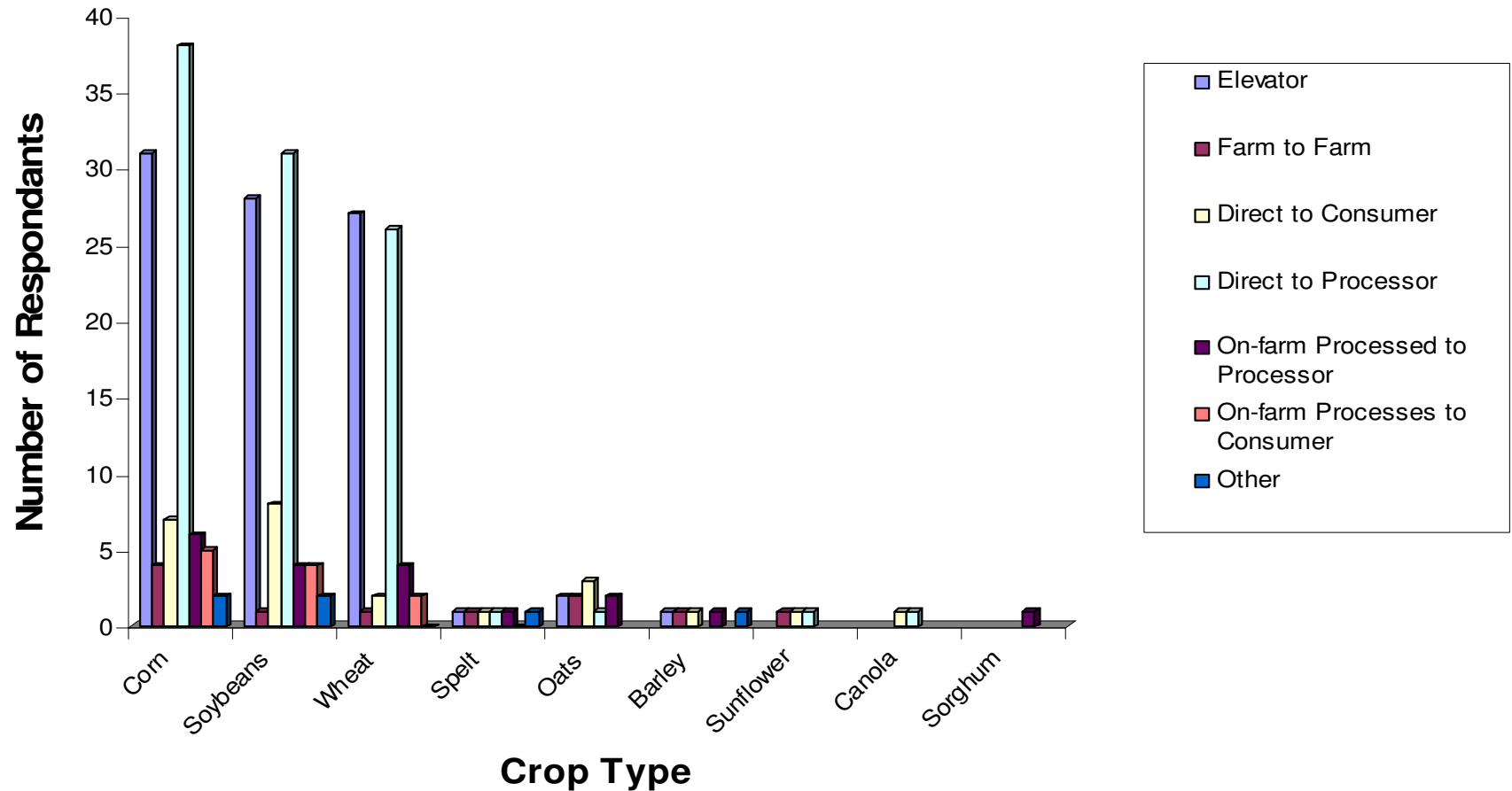
- Currently over 74% sell market through a grain elevator
- Less than 10% reported selling grain directly to a processor
- Less than 3% reported selling grain directly to a consumer

What grains do farmers wish to grow in an “ideal market”?

What are the preferred methods of movement?

Desired crops and preferred method of sales

Desired Crops & Method of Sales



Statistical Analysis: Potential for Direct to Processor (DtP)

Over half of farmers using elevator method would prefer not to.

A significant amount of farmers want to use DtP as their primary method of movement:

- 51% corn farmers want to use DtP
- 37% soybean farmers want to use DtP
- 32% wheat farmers want to use DtP

What are the primary factors limiting alternative grain production?

- Over 10% reported a desire to grow grains other than corn, soybeans, and wheat.
- Most noted alternatives were oats, spelt, barley, and canola.
- Top three barriers to alternative grain production:
 - Cost of production inputs
 - Lack of near-by facilities for delivering harvested grain
 - Recent price trends for other grains

Primary factors limiting organic production

- Farmers do acknowledge that there is a consumer demand for organics
- Top three barriers:
 - Weed mitigation
 - Insect management
 - Disease control
- This may exhibit an opportunity for education around organic management

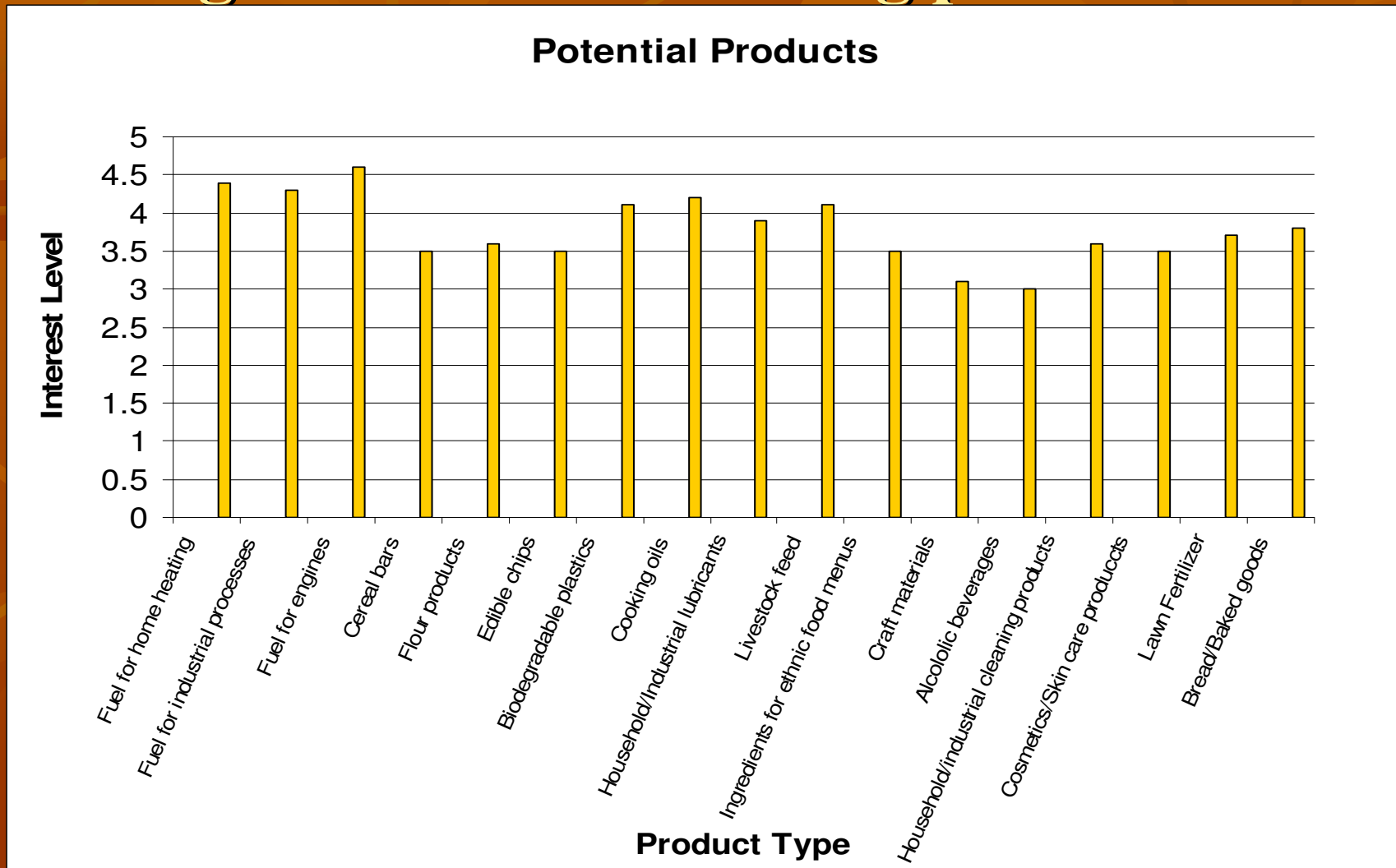
Expected changes in grain production

- Farmers very strongly believe that federal subsidies will be reduced
- Strongly believe that new businesses will develop in SE MI to increase conversion of grains to consumer goods
- Fairly strong anticipation for an increase of on-farm grain processing for goods more marketable directly to consumers

Opportunities for Grain Processing and Production

- When asked to rate interest in potential grain based products, farmers rated all 17 options highly
 - 6 food based options, 11 non-food based options
- Farmers favored the following:
 - Fuels for home heating, engines, and industrial processes
 - Cooking oils and industrial lubricants
 - Livestock feed
 - Food based interests included bread products and flours

Interest in expanded regional processing of grain for the following products



Economic Opportunity in Grain Processing in Southeast Michigan

- Increase direct marketing for local grain.
- Develop local facilities for delivering grain.
- Develop new on-farm handling facilities.
- Develop on-farm grain processing for goods marketed directly to consumers.
- Promote increase in organic production through education about organic management practices
- Develop wide variety of products

Next Steps:

- Complete grain processing report incorporating the results from other summer FSEP surveying data (from consumers, retailers, processors, distributors).

Questions?

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