

# Michigan Dairy Industry's Impact on the State's Economy

The dairy farms that dot Michigan's rural landscape may seem remote, but the truth is they have a tremendous impact on the overall state economy. From employment opportunities to income generation, Michigan's dairy industry has a \$1.9 billion impact on the Michigan economy.

In 2003, 302,000 Michigan dairy cows produced 6.3 billion pounds of milk. This represented 3.5 percent of U.S. production and ranked Michigan eighth among U.S. states. Total Michigan agriculture produced \$3.5 billion in cash receipts and dairy, the largest single commodity in terms of cash receipts, accounted for about 23 percent of the total \$792 million (1998-2003 average, all statistics from Michigan Agricultural Statistics Service).

The impact of the dairy industry on the Michigan economy can be estimated using "multipliers." Multipliers predict how the dollars generated by the dairy industry move through the economy. Dairy farms are considered desirable farm operations because they employ many people and support many input (e.g feed) and output (processing) agribusiness operations.

The U.S. Bureau of Economic Analysis indicates the multiplier impact for Michigan's dairy industry is 2.4. For comparison, the construction industry has a multiplier of about 1.7 and that is one of the highest non-farm economic multipliers. Assuming a multiplier of 2.4, the economic impact of the dairy industry's \$792 million is \$1.9 billion on the Michigan economy.

Nationally, the dairy industry has a \$90 billion impact on the country's economy, including \$20 billion on household earnings and 773,000 jobs throughout the country.

When dairy processing is included with the dairy farm impacts, the overall economic impact of the U.S. dairy industry – farming through processing – is estimated to be \$140 billion in economic output, \$29 billion in household earnings and well over 900,000 jobs.

These impressive statistics of the dairy industry's impact on the economy, jobs and community growth are important facts to share with those making decisions that impact the viability of the dairy industry.

## Michigan's Dairy Industry : More than Just Milk Money

**\$1.9 Billion** - impact on Michigan's economy.

**\$792 Million** - average Michigan annual dairy farm receipts (1998-2003).

**6.3 Billion** - pounds of milk produced by Michigan dairy cows every year.

**2,400** - Grade A Dairy Farms.

**8<sup>th</sup>** - ranked state in the nation for milk production.

**1** - top ranking segment of Michigan's agricultural industry.

**23%** - Dairy industry contribution to total agricultural economy.

**3.5%** - of total U.S. Milk production, produced in Michigan.

