Carolyn Orr

With its 1,800 dairy farms across the state, Michigan produces a lot of milk (fifth among U.S. states), but even with all of this economic activity, Michigan Sen. Mike Green sees the potential for more. How much additional sales and revenue could be generated, for example, by adding greater value to Michigan’s homegrown milk — by diversifying or expanding the state’s dairy sector so that more buttermilk powder is being made or condensed milk is being produced for ice cream and baked goods?

The state’s new budget reflects this vision of adding more value to Michigan’s agriculture products. It includes a $4.7 million grant program for mid-sized food and agriculture processing facilities.

According to Green, many agriculture-based operations simply have not qualified for existing state programs designed to encourage business expansion. The reason: They don’t create enough jobs. Michigan’s new grant program aims to fill that gap.

While some processing facilities may be small in size (and employment numbers), they still can have a considerable economic impact because of the value they add to locally made products.

Research contracted by the Michigan Department of Agriculture & Rural Development showed that the processing of Michigan’s farm products into value-added consumer items could increase their value over farm-gate sales by at least 53 percent.

Michigan’s new budget and its $4.7 million worth of grants expand on a pilot program initiated by the Legislature in 2016. Three projects were funded under this pilot program, including help for a dairy processor to expand and produce nonfat dry milk, butter and condensed milk. The success of the pilot program led to legislative passage of this year’s $4.7 million program, Green says.

Other examples from the Midwest of state investments in value-added agriculture include:

- **Ag Invest in Illinois** — Through this larger state program for the agriculture industry, the Illinois treasurer’s office can reduce the interest rate on conventional loans of up to $800,000 for value-added agriculture projects.

- **Minnesota’s Agricultural Utilization Research Institute** — Created by the Legislature more than 25 years ago, the institute provides technical and business assistance as well as grant funding to innovative businesses developing new uses for agricultural products. This nonprofit institute is funded by the state Legislature (a total of $4.4 million in 2016). According to the institute’s most recent annual report, it was involved in 200 different projects related to value-added agriculture last year. Between 2010 and 2016, the institute says, its clients (value-added agriculture businesses in the state) created or retained more than 600 jobs and boosted annual gross sales of food and agricultural products by $76 million.

- **North Dakota’s Agricultural Products Utilization Commission** — Created by the state legislature and funded by the agricultural fuel tax, the commission annually funds up to 15 programs (totaling just under $500,000) that provide new or expanded uses for the state’s agricultural products.