

2024

IMPACT OF WAGE REGULATIONS ON

MICHIGAN APPLE INDUSTRY

SECOND LARGEST

Apple Producer in the USA behind Washington.

14.9

MILLION APPLE TREES

on 34,500 acres on 775 family-run farms in Michigan.

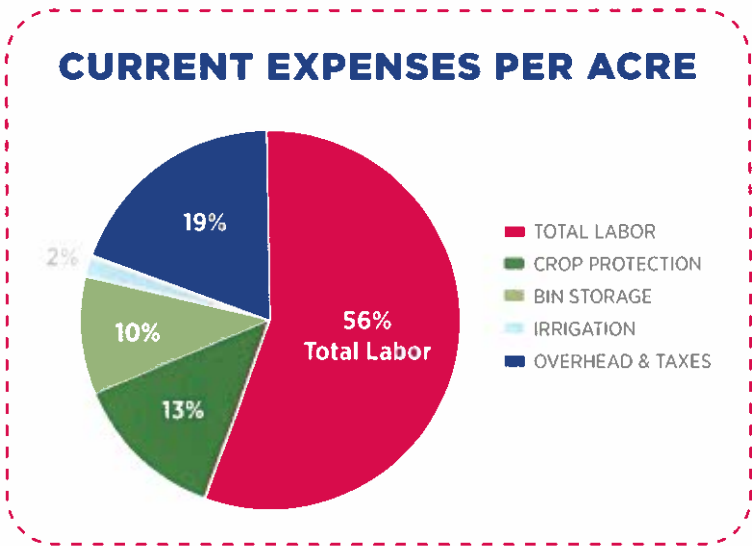
APPLES

are the **LARGEST** and **MOST VALUABLE** fruit crop in Michigan.



The oppressive AEWR is an **IMMEDIATE** threat to the Michigan Apple Industry.

The harvest, packing and processing of Michigan Apples requires **FARM WORKER HAND LABOR**.



7TH HIGHEST

agriculture worker population in the U.S.

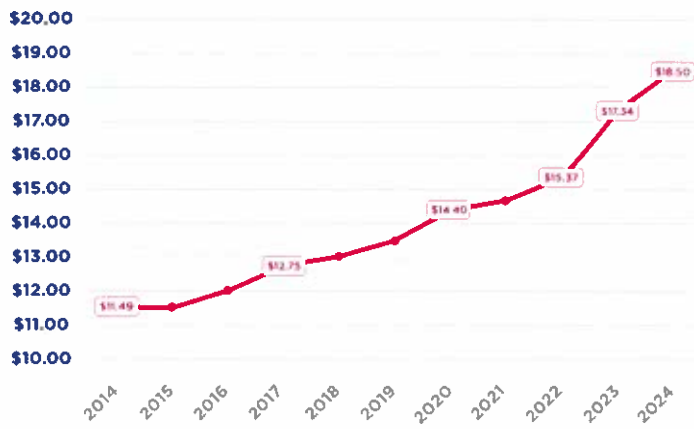
NEARLY 60%

of the total cost of production can be attributed to labor.



MichiganApples.com

10 YEAR AEWL INCREASE



In the last decade, the Adverse Effect Wage Rate (AEWR) for Michigan has increased by

61%



Conversely, apple consumption has seen a nearly

10% DECREASE IN THE LAST 10 YEARS.

10 YEAR APPLE CONSUMPTION BY LBS.



The prices you see at your grocery store are NOT equivalent to what the grower earns. In fact, if a retailer sells a 3 lb. bag of Michigan Apples for \$2.99, the retailer makes \$1.06 and the grower makes \$0.19*.

Retailer Sales Price:	\$2.99
Retailers Expenses:	
Freight per Bag	\$0.18
Apple Cost per Bag	\$1.75
Retail \$ Margin per Bag:	\$1.06
Bag Cost to Retailer	\$1.75
Grower Expenses:	
Packaging per Bag	\$0.30
Pack Charge per Bag	\$0.40
Sales Commission per Bag	\$0.11
Growing/Harvest Expense per Bag	\$0.75
Margin \$ Back to Grower:	\$0.19

3LB > **\$2.99** > **\$1.06** > **\$0.19**
 bag of apples cost per bag to the retailer to the grower

Michigan's AEWL is set at \$18.50 per hour, while Michigan's minimum wage is \$10.33 per hour. This wage rate for farm workers does not include costs for housing and transportation, which employers are also required to provide under H2A.

*not variety specific. Apple shipper provided data as an average 3 lb. bag cost.

800-456-2753

MICHIGAN APPLES



MICHIGAN APPLES MEAN



**MICHIGAN
APPLES**

BIG BUSINESS

\$436.2M

GENERATED CASH INCOME

SECOND LARGEST

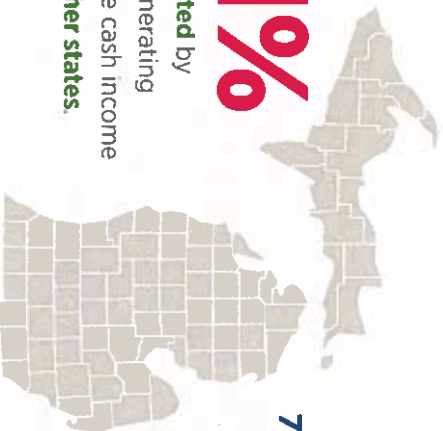
**Apple Producer
in the USA**

1.15B lbs

Michigan apples
were harvested
in 2023

Apples **71%**
account for

of the cash income generated by
fruit grown in Michigan, generating
83% more than the average cash income
for apples compared to other states.



**775 FAMILY-RUN
MICHIGAN APPLE
FARMS** are found

across 80 of the
83 counties in
the state.

3rd

Apples rank **9 out of 37** commodities
tracked by the USDA in Michigan, and
3rd out of all edible crops.



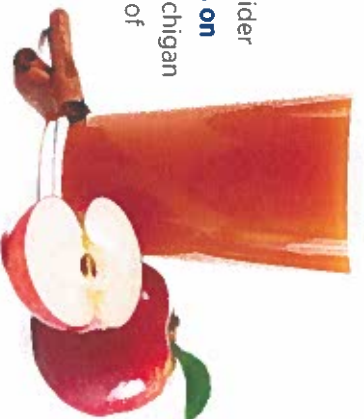
**FRESH
24%**



**PROCESSED
76%**

AG-TOURISM

Each fall, **thousands of tourists** flock to Michigan's apple orchards for the cherished tradition of apple picking and cider tasting. Notably, two of **Michigan's orchards earned spots on USA Today's Top 10 Orchards in the Nation** list, making Michigan the sole state with multiple orchards on the list. The allure of Michigan Apples and the tourism experiences they offer **draw people from far and wide.**



FARM VALUE OF APPLES

Michigan Apples yielded a farm value of **\$142M** in 2022. About 50% of the state's apples are processed into healthy, delicious options for consumers. Processed apples account for **76% of the farm value** of apples, making the apple processing business incredibly impactful to growers and the state.

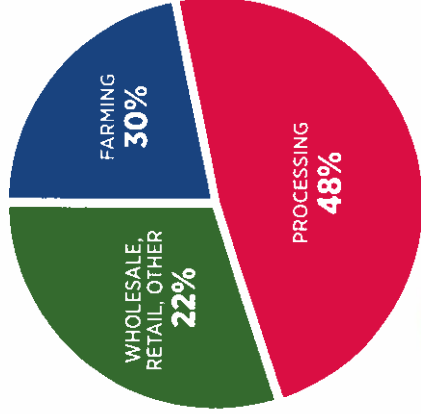
Sources: 2023, 2022, and 2017 USDA NASS, 2022 USDA ERS Cash Receipts, 10best.usatoday.com

BEYOND THE ORCHARD

The economic impact of Michigan Apples reaches far beyond the orchard. How many of your friends, family, and neighbors work jobs impacted by the Michigan Apple Industry?

The Impact of Processing

In 2021, food processing accounted for the **largest portion of employment** in agriculture, **comprising 48%** with **47,200** individuals employed.



MORE THAN AN APPLE...

12K+ JOBS

20K+ JOBS

APPLES ALONE 4K+ JOBS



When you take a bite out of a Michigan Apple, you are supporting industries across the state. Without the Michigan Apple industry, those working in allied industries could be out of a job. Here are just a few of the jobs in our state that depend in part on Michigan Apples.

Wholesale & Retail

Wholesale Fruit Buyers • Produce Sales Representatives • Wholesale Warehouse Workers and Managers • Quality Control Inspectors • Logistic Coordinators • Produce Purchasing Managers • Cold Storage Facility Operators • Packaging Specialists • Order Pickers and Packers • Produce Inventory Control Specialists • Produce Clerks • Produce Managers • Farm Market Vendors • Related Administrative and Support Staff

Agricultural Support Services

Agricultural Equipment Sales Professionals • Produce Truck Drivers • Agricultural Equipment Mechanics and Technicians • Public and Private Agricultural Researchers • Pest Control Professionals • Pollination Services Professionals • Crop Consultants • Agricultural Waste Management Specialists • Compost Technicians • Soil Testing Professionals • Fertilizer Suppliers and Sales Professionals • Market Data Services • Agricultural Marketing and Advertising Professionals • Cold Warehousing and Storage Workers • Industrial Packaging and Filling Machine Operators • Freight and Stock Movers • Hand Packers

Apple Processing

Machine Operators • Quality Control Inspectors • Maintenance Technicians • Warehouse Workers and Managers • Packaging Technicians • Juice Production Workers • Food Safety Specialists • Research and Development Technicians • Environmental Health and Safety Professionals • Supply Chain Professionals • Sales and Marketing Representatives • Logistic Coordinators • Related Administrative and Support Staff

WHAT'S AN INDUSTRY CLUSTER?

An industry cluster, or allied industries, is a dense grouping of **related businesses, suppliers, and support organizations** within a specific product or service sector. These clusters **play a significant role in driving the economy of the region** where they are prevalent.

The Michigan Apple industry is pivotal to the agricultural industry cluster that **accounts for over 805k jobs**.



Michigan's food & agribusiness industry employs **17%** of the state's total **manufacturing employment**, making it the 2nd-largest industry in the state.

Apple processing alone accounts for about **4,000** jobs in Michigan, with around 14 processor operations in 10 counties.

AROUND 300 warehousing and storage firms storing Michigan Apples across the state.

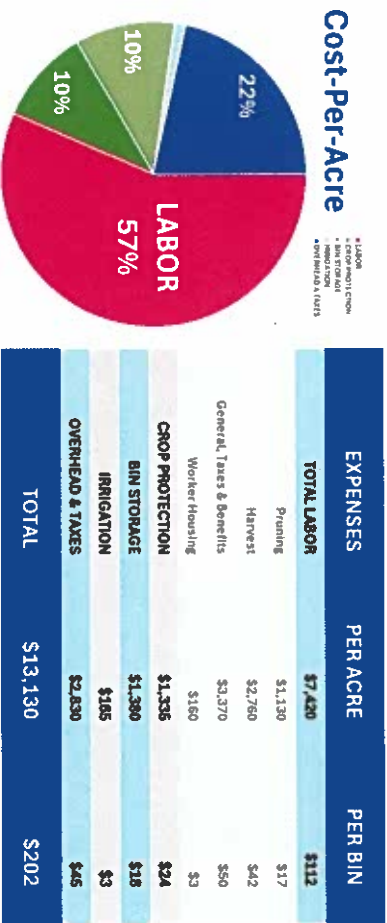


Michigan Apple Growers: Costs vs. Return

Labor Costs are Forcing Out Domestic Growers: A Real-Life Example from a Michigan Apple Grower

2023: Crop Expenses

A breakdown of average cost-per-acre, including labor, for our farmer.



EXPENSES	PER ACRE	PER BIN
TOTAL LABOR	\$7,430	\$112
Pruning	\$3,130	\$17
Harvest	\$2,760	\$42
General, Taxes & Benefits	\$3,270	\$50
Worker Housing	\$160	\$3
CROP PROTECTION	\$1,335	\$24
BIN STORAGE	\$1,290	\$18
IRRIGATION	\$45	\$3
OVERHEAD & TAXES	\$2,830	\$45
TOTAL	\$13,130	\$202

2023: Projected Loss

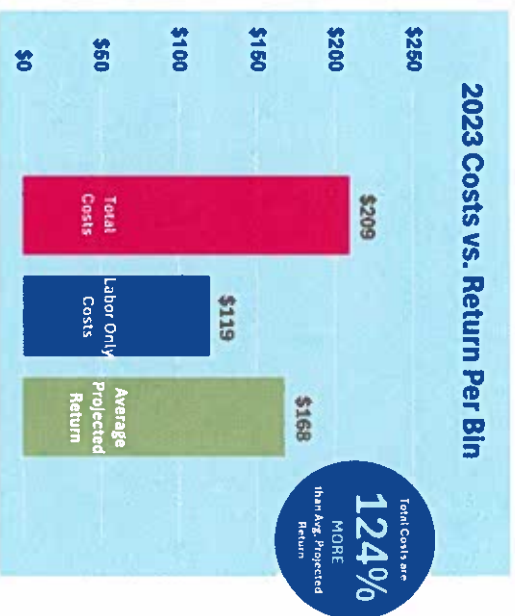
How much our farmer is projected to lose for the 2023 crop based on average cost-per-acre for Gala, Honeycrisp, Fuji, and EverCrisp® apples.

RETURN	PER ACRE	PER BIN
TOTAL EXPENSES	\$13,130	\$202
TOTAL PROJECTED RETURN	\$11,305	\$168
TOTAL PROJECTED INCOME/LOSS	\$ (1,825)	\$ (35)

Estimate Applied to a 45 Acre Michigan Apple Farm

ESTIMATED TOTAL PROJECTED LOSS

-\$82,125



Projected Loss by Variety

Gala Apples

Estimated Return Per Bin:	\$177
Total Production Per Acre:	75.3 bins
LOSS PER ACRE	-\$485
LOSS PER BIN	-\$16

Fuji Apples

Estimated Return Per Bin:	\$130
Total Production Per Acre:	94.9 bins
LOSS PER ACRE	-\$3,927
LOSS PER BIN	-\$42

Honeycrisp Apples

Estimated Return Per Bin:	\$254
Total Production Per Acre:	56.1 bins
RETURN PER ACRE	\$960
RETURN PER BIN	\$1

EverCrisp® Apples

Estimated Return Per Bin:	\$109
Total Production Per Acre:	48.7 bins
LOSS PER ACRE	-\$3,870
LOSS PER BIN	-\$80

\$1 apple return (that's \$0.15 per apple)

91% HIGHER than \$0.15 per apple return

2024: Projected Loss

Using the same figures from 2023, below demonstrates the projected return for our farmer with updated labor costs.

RETURN	PER ACRE	PER BIN
TOTAL EXPENSES	\$15,610	\$208
TOTAL PROJECTED RETURN	\$11,305	\$168
TOTAL PROJECTED INCOME/LOSS	\$ (2,305)	(41)

Estimate Applied to a 45 Acre Michigan Apple Farm

ESTIMATED TOTAL PROJECTED LOSS

-\$103,725

21% GREATER LOSS

All projections have been rounded to whole dollars. These numbers *do not* include the initial investment cost of Land, Trees, Machinery, or Planting. Overhead includes Utilities, Bank Fees, Trucking & Fuel, Machine & Windmill Maintenance, Supplies, Legal & Accounting Fees, Staff Training, Pollination.

www.MichiganApples.com
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