

Response to Executive Directive 2026-2



The Honorable Gretchen Whitmer,

The Michigan Department of Agriculture and Rural Development (MDARD) appreciates the opportunity to further analyze how tariffs and other recent federal actions negatively impact Michiganders, our hardworking farmers and the agricultural industry as a whole. Michigan farm families know resilience better than anyone—it's woven into the long days, the generational commitment to the land, and the responsibility of feeding people across our state and beyond. But resilience has its limits. With ongoing uncertainty, volatile markets, and increasingly clear evidence of how federal cuts and policies have harmed our agricultural economy, the challenges continue to compound.

Some of the key takeaways from MDARD's response to Executive Directive No. 2026-2 include:

- **Michigan agricultural exports were down nearly 2% in 2025 compared to 2024.**
 - Specifically, exports to Canada fell 12.3% last year, signaling severe strain with a country that is our strongest trading partner—these tariffs and sudden policy reversals have weakened Michigan's competitiveness and disrupted long-standing trade relationships.
- **Consumer costs are rising as we begin the summer barbecue season.**
 - Tariffs contributed to a more than 3% increase in Michigan food prices in 2025, and the Iran war has further driven up fertilizer, fuel, packaging, and other inputs—all contributing to higher grocery prices for Michiganders.
- **As planting season begins, current economic realities create serious questions about the long-term viability of many family farms in Michigan.**
 - According to a study [published in April by Farm Bureau](#), 48% of Midwest farmers can't afford all the fertilizer they need this year.

Despite the significant challenges created by federal actions—and thanks to your ongoing leadership brokering bipartisan support for agricultural communities—Michigan has continued to invest in strengthening our food systems, supporting farmers and producers, and expanding access to healthy food. Through our first-of-their-kind programs like Regenerative Agriculture and Farm to Family, we're improving soil health, building market opportunities, and getting more local food to more Michiganders. As MDARD Director, I submit this report while being proud of the momentum we've built despite these federal obstacles.

A handwritten signature in black ink that reads "Tim Boring".

Dr. Tim Boring. Director, MDARD

INTRODUCTION:

Agriculture contributes nearly \$126 billion to Michigan's economy each year, making it the state's second-largest industry after automotive manufacturing. The Michigan Department of Agriculture and Rural Development (MDARD) found last August that new federal tariffs were expected to negatively impact certain aspects of the industry. However, because of data lags and decisions yet to be made by many retailers in determining which price increases to absorb and which to pass on to consumers, many of the effects were difficult to isolate. Fast forward to April 2026, when this report was drafted, there is now a clearer picture of the second Trump Administration's negative impact on the industry and Michiganders as a whole. One item has remained consistent as more time has passed: federal actions have created volatility and uncertainty that cloud the future of Michigan agriculture.

Analysis by MDARD finds federal tariffs and erratic federal policy have continued to negatively impact the agriculture industry. Uncertainty has been the only certainty for the agricultural sector nationwide in the past year, but particularly so in Michigan, where the state's closest trading partner is Canada, one of the countries most frequently caught in the crosshairs of the Trump Administration's unpredictable and ever-changing trade policies. For instance, after setting a new export record in 2024, Michigan experienced a nearly 2% drop in total exports in 2025. Further, cuts in federal spending, reductions in stakeholder-facing federal employees, federal government shutdowns, scrutiny of immigration pathways for farm workers, and further delayed crucial federal Farm Bill policy updates have only exacerbated an already challenging environment for Michigan producers, processors, and consumers.

How Combative Trade Policy Hurts Michiganders & the Agricultural Industry

As previously reported, the first Trump Administration (2017-2021) applied tariffs to approximately \$380 billion of U.S. imported goods, affecting roughly 15% of all U.S. goods imports. In response, close trading partners imposed reciprocal retaliatory tariffs on many U.S. exports, including a wide range of agricultural and food products. Individual product lines experienced tariff increases ranging from 2% to 140%. USDA estimated that nationally, direct U.S. agricultural export losses due to retaliatory tariffs totaled more than \$27 billion in 2018 and 2019. Meanwhile, reductions in Michigan's agricultural export cash receipts due to foreign retaliatory tariffs in President Trump's first term were estimated at \$277.16 million annually.

The second Trump Administration has proven to be an order of magnitude worse when it comes to tariffs applied to imports and retaliatory tariffs implemented in response. During the first eight months of 2025, newly announced and implemented tariffs affected an estimated \$2.3 trillion in U.S. goods imports, or nearly 70% of all U.S. imported goods. Adding to the turmoil, tariff rates and product coverage shifted frequently, at times changing on a near-daily basis. By the second half of 2025, the Administration began reversing course on some measures and granting targeted exemptions for certain food products and raw materials, including coffee and bananas from select countries. Michigan-based food and beverage firms that rely on imported

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cocoa, coffee, and tropical ingredients, like small chocolatiers in Northern Michigan, still faced tariffs on a \$170,000 chocolate shipment due to sudden 15% duties on Ecuadorian cocoa.¹

In February 2026, the U.S. Supreme Court struck down many of the “Liberation Day” tariffs on imported goods imposed in April 2025, ruling that they exceeded the authority granted under the International Emergency Economic Powers Act of 1977 (IEEPA). In response, the Administration implemented new replacement tariffs under Section 122 of the Trade Act of 1974, imposing a 10% to 15% tariff on most imported goods for a 150-day period. This rapid sequence of policy changes – combined with the temporary, 150-day structure of the Section 122 tariffs – has created substantial uncertainty, complicating long-term planning and investment decisions for businesses and consumers. The Trump Administration also pursued longer-term tariffs through sections 232 (national security) and 301 (unfair trade practices) of the Trade Expansion Act of 1962 and Trade Act of 1974, respectively. The constant threat of tariff extensions, both short and long-term, muddies procurement and pricing planning for Michigan agribusinesses and grocery retailers.

In 2025, customs duties generated \$264 billion in federal revenue, up sharply from \$79 billion in 2024. This represents a nearly \$200 billion increase in taxes borne by American businesses and consumers, marking the largest effective tax hike in more than three decades.² Moreover, tariffs are a regressive tax because the costs they add are felt disproportionately by low-income consumers.³ Michigan farms and food processors bore a substantial share of this historic “hidden tax,” facing both higher import costs and retaliatory duties that slashed export markets.⁴ And although much of the 2025 tariff revenue may ultimately be refunded following the Supreme Court’s ruling, the timing and mechanics of potential refunds remain unclear, and it remains to be seen whether consumers will ever receive this reimbursement.⁵

Tariffs and erratic trade policies were already starting to inflate food prices, with Michiganders paying 3.1% more for food in 2025.⁶ But the Iran war is beginning to further drive up consumer prices because supplies of petroleum and fertilizers are now restricted with no signs of relief. Nationally, USDA raised its projection for food inflation, indicating that prices will increase another 2.9% in 2026.⁷ MDARD remains concerned that the full impact of petroleum and fertilizer supply chain disruptions have yet to be felt in prices Michiganders pay, and as the Iran war continues, the impacts will only deepen, as discussed below. This translates to higher costs as Michiganders prepare for summer barbecues with beef prices expected to climb 6.3%, fresh fruits such as watermelon expected to increase 1%, and fresh vegetables expected to increase 4.8%. With sugar prices expected to increase 8.1%, we will likely even see popsicle prices push-up.

¹ WCMU Public Radio: [Tariffs, other federal policies hitting Up North chocolate, coffee, fruit and wine](#)

² Tax Foundation: [Tracking the Impact of the Trump Tariffs & Trade War](#)

³ Harvard Business School: [Harvard Research: U.S. Trade Tariffs are Increasing Prices](#)

⁴ Kiel Institut: [America's own goal: Americans pay almost entirely for Trump's tariffs](#)

⁵ New York Times: [Tariffs Raised Consumers' Prices, but the Refunds Go Only to Businesses](#)

⁶ MSU Today: [Ask the expert: How tariffs are affecting food prices in Michigan](#)

⁷ USDA Economic Research Service. [Food Price Outlook - Summary Findings](#)

Looking ahead, the United States-Mexico-Canada Agreement (USMCA) is set for a mandatory joint review in July 2026. This review is expected to trigger a significant renegotiation rather than a routine assessment. The Trump Administration is likely to leverage this process to secure concessions on steel, automotive rules of origin, and non-trade issues like immigration. The American agricultural sector, and in particular Michigan's agricultural sector due to its close trading relationship with Canada, benefit tremendously from the high integration of trade within North America. Any disruption to the smooth flow of trade between the United States' neighbors, especially for reasons unrelated to trade, would be a compounding loss on top of all the unpredictable trade policies of the last year for agriculture.

TARIFFS, TRADE, AND MARKET LOSS

While strengthening domestic agricultural production is a laudable goal, doing so requires sustained investment, stable policy signals, and time for supply chains to adjust. However, recent federal actions abruptly uprooted well-established global supply chains, and it has injected significant uncertainty into every link of the agricultural economy from input suppliers and processors to farmers and retailers. For Michigan, whose agricultural sector is deeply intertwined with both domestic and Canadian markets, these disruptions have been especially acute.

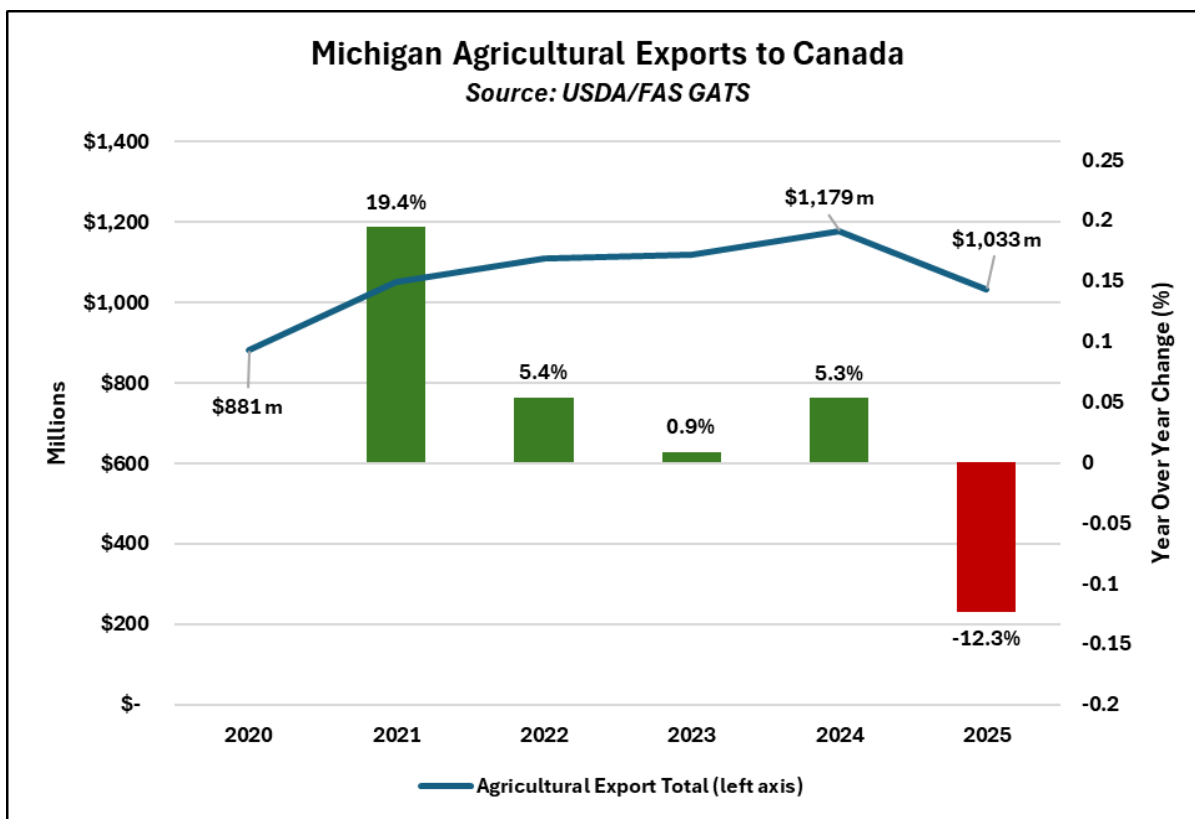
State-specific USDA export data has some limitations⁸ but still sheds an important light on the impact on real trends in Michigan's agriculture sector. Michigan's export-dependent commodities have been hit hardest. The tariffs and trade policies have had several compounding impacts. Nationally, agricultural exports declined by \$5 billion from 2024 to 2025.⁹ Michigan agricultural exports declined 1.6% or \$46.6 million in the same time frame.¹⁰ These overall declines mask significant volatility and heterogeneity in impact across different agricultural exports. Retaliatory tariffs, shifting import duties, and haphazard federal exemptions have altered the competitiveness of Michigan-grown and Michigan-processed products in key markets, particularly in Canada, which buys more Michigan agricultural goods than any other country. Michigan agricultural exports to Canada decreased a whopping 12.3% in 2025 compared to 2024.

⁸ USDA FAS Global Agricultural Trade System (GATS): [Limitations](#)

⁹ USDA FAS [Global Agricultural Trade System](#) (GATS), using U.S. Census Bureau Trade Data

¹⁰ USDA FAS [Global Agricultural Trade System](#) (GATS), using U.S. Census Bureau Trade Data

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At the same time, tariffs led to significant volatility in agricultural imports. Although U.S. agricultural imports totaled \$213 billion in 2025, a marginal decrease from 2024, imports in the first seven months of the 2025 were 8% higher than the previous year, as purchases were front-loaded in anticipation of the Trump tariffs.¹¹ In the latter half of 2025, tariff-induced price increases on imported agricultural inputs have raised production costs for Michigan farms and processors. Michigan's food and beverage manufacturing sector – much of it relying on imported coffee, cocoa, fruit ingredients and specialty raw materials – faced repeated tariff reversals and rate shifts throughout 2025.¹² This unpredictability disrupted purchasing cycles and forced many small and mid-sized processors to absorb sudden cost increases or adjust product lines. Some of these firms experienced tariff spikes with virtually no warning, leaving them with higher-priced inventories that could not be recouped through wholesale or retail markets.

Even where Michigan producers were not directly subject to retaliatory tariffs, the haphazard trade policies and tariffs cause volatility that makes the United States an unreliable trading partner. Once foreign markets pursue new and different supply relationships, such as with South American grain, those relationships can persist long after U.S. tariffs are lifted. Experts warn that even the trade "agreements" the Trump Administration negotiated so far have no enforcement

¹¹ American Enterprise Institute: [Evaluating the Impact of Tariffs on US Agriculture a Year After Liberation Day](#)

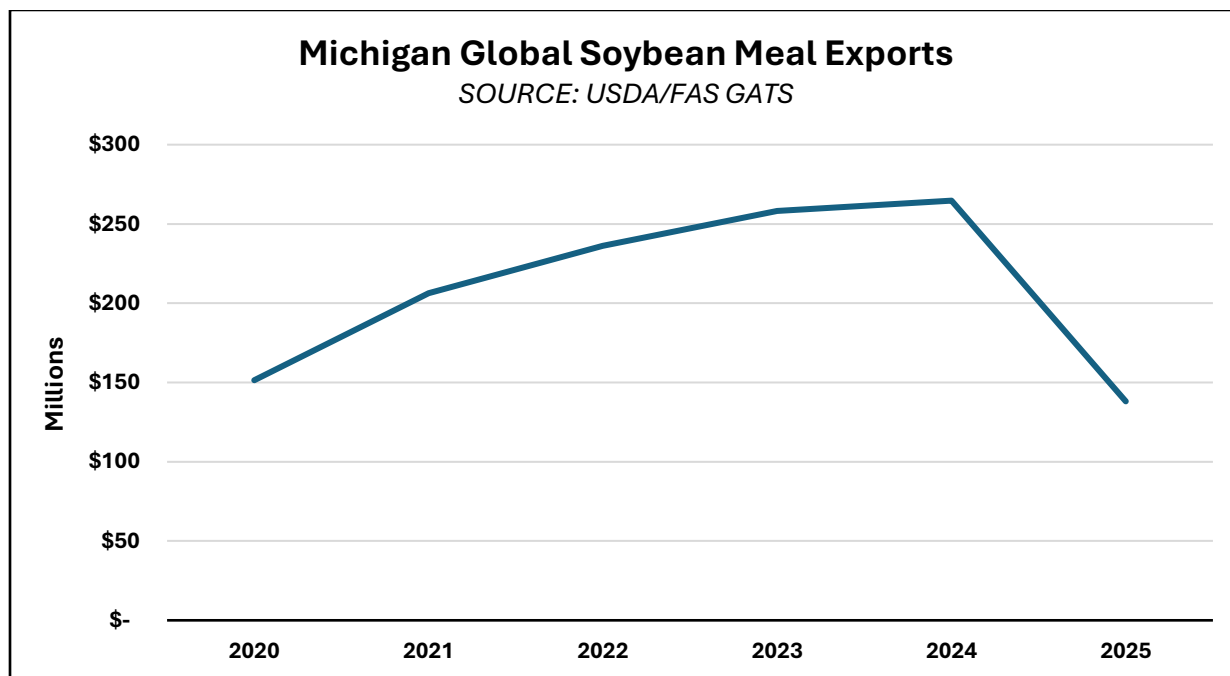
¹² WCMU Public Radio: [Tariffs, other federal policies hitting Up North chocolate, coffee, fruit and wine](#)

mechanisms and are jammed with stipulations allowing for “constant modification and quick termination,” according to the American Enterprise Institute.¹³

For Michigan producers, whose specialty crop export volumes tend to be smaller and highly specialized when compared to states like Iowa or the Dakotas, the loss of market share and stability can be disproportionately damaging and slow to rebuild.

Grains

Chaotic trade policies and shifting supply chains have resulted in uneven but net-negative impacts in Michigan’s grain sector. Michigan and its neighbors are uniquely exposed because of its export channels through the Great Lakes and St. Lawrence Seaway, making tariff-driven demand disruptions unevenly felt across various grain categories.¹⁴



For example, soybean meal exports fell 48% (\$126.6 million) in 2025, and soybean oil exports declined 13% (\$546,900). Michigan processors, who rely on predictable export flows to Canada and the Great Lakes region have been disproportionately affected by these declines. By contrast, whole soybean exports increased 5% (\$2.9 million), which may reflect temporary demand shifts from buyers redirecting purchases through Great Lakes ports while West Coast and Gulf markets experienced bottlenecks and tariff-related unpredictability. Meanwhile, despite high yields in 2025 (43 million bushels)¹⁵, Michigan wheat exports experienced an 85% decline (\$6.6 million), driven significantly by export losses in Canada.¹⁶

¹³ American Enterprise Institute: [Evaluating the Impact of Tariffs on US Agriculture a Year After Liberation Day](#)

¹⁴ Great Lakes Seaway Review: [Horizons: Navigating Tariffs and Trade Winds](#)

¹⁵ Bridge Michigan: [Trade war, drought squeeze Michigan farmers heading to fall harvest](#)

¹⁶ USDA FAS [Global Agricultural Trade System](#) (GATS), using U.S. Census Bureau Trade Data

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Together, these trends illustrate a volatile environment that complicates crop planning by farmers, contract signings, and processing investments heading into the 2026 growing season, all of which exacerbates the impacts of continued low grain prices. The impacts of recent trade policies have worsened Michigan's grain farmers' current conditions and further clouded their future.

Selected Michigan Crop Exports to Canada
SOURCE: USDA/FAS GATS

Crop	2024	2025	Change	% Change
Wheat	\$7,679,418	\$1,032,167	\$6,647,251	-86.6%
Soybean meal	\$236,844,530	\$112,542,476	\$124,302,054	-52.5%
Rice	\$952,385	\$489,760	\$462,625	-48.6%
Pulses	\$12,520,298	\$7,759,883	\$4,760,415	-38.0%
Sugars & Sweeteners	\$4,680,910	\$3,409,389	\$1,271,521	-27.2%
Soybean Oil	\$4,106,885	\$3,552,638	\$554,247	-13.5%
Milled Grains & Products	\$14,244,789	\$13,544,790	\$699,999	-4.9%
Agricultural Total	\$1,178,613,403	\$1,033,264,509	\$145,348,894	-12.3%

Specialty Crops

Michigan's specialty crop subsector is the second most diverse in the nation, making it a vital part of the state's overall economy. This subsector is also uniquely vulnerable to the effects of federal tariffs and trade policies because of its reliance on export markets, labor-intensive production, and high input costs. While Michigan fresh fruit exports increased by \$4.8 million in 2025, the gain was washed out by losses across the rest of the specialty crop category:

- Michigan fresh vegetable exports: -37% (-\$34.7 million)
- Michigan processed fruit exports: -4% (-\$4.1 million)
- Michigan processed vegetables: -17% (-\$9.3 million)
- Nursery products and cut flowers: -37% (-\$5.3 million)¹⁷

These declines reflect how quickly specialty crop markets react to tariff changes, retaliatory duties from trading partners, and uncertainty surrounding federal trade negotiations. Unlike bulk commodities, specialty crops have shorter marketing windows, limited storage options, and narrow margins. Even small tariffs can cause foreign buyers to seek lower-cost suppliers elsewhere. As discussed below, the picture for Michigan's specialty crops is even more clouded with the increase in input costs and reduced labor supply.

¹⁷ USDA FAS [Global Agricultural Trade System](#) (GATS), using U.S. Census Bureau Trade Data

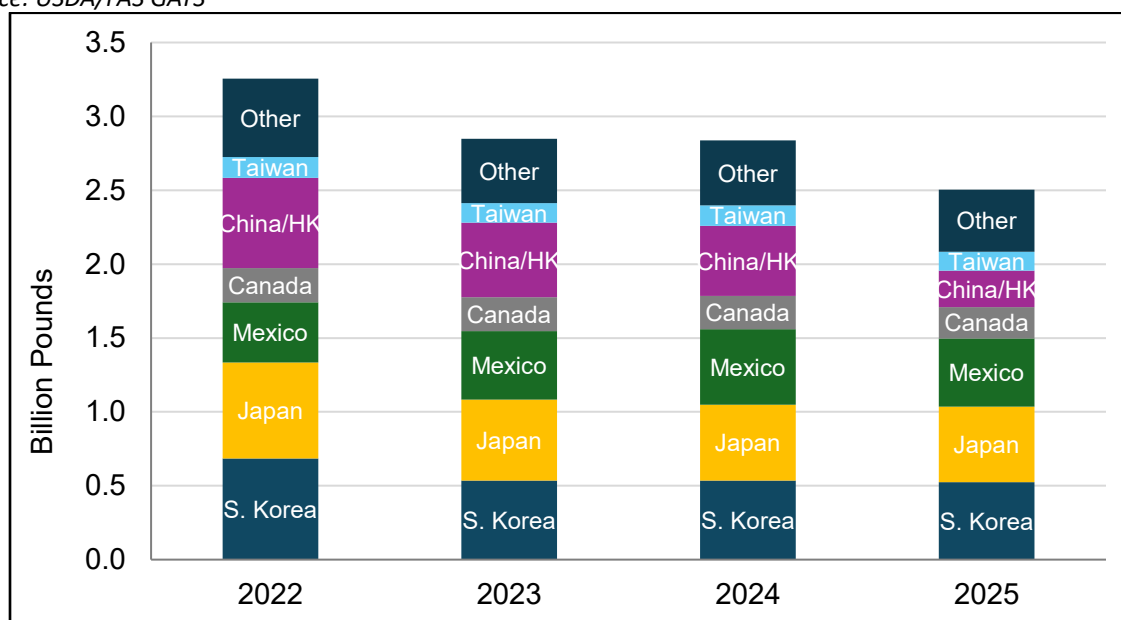
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Beef

While U.S. beef exports have been trending downward over the last few years due to price and domestic demand dynamics, much of the 12% drop in 2025 can be attributed to reduced exports to China and Hong Kong. China imposed a 22% tariff on U.S. beef, but more importantly, as retaliation for U.S. tariffs, China allowed the expiration of registrations for U.S. facilities to export U.S. beef into China in March 2025.¹⁸ This effectively closes access to Chinese markets for U.S. beef, regardless of prices or tariffs, and China has instead turned to Brazil, Argentina, Australia, and New Zealand as alternative suppliers.¹⁹

U.S. Global Beef Exports

Source: USDA/FAS GATS



Michigan beef exporters are feeling the effect. Michigan beef exports declined 6% in 2025, and beef exports to China and Hong Kong declined 5%. The early 2026 data are even more concerning: in the first two months of 2026, Michigan exported only \$254,653 of beef to China and Hong Kong, whereas in the same two months of 2025 Michigan exported \$4.8 million to China and Hong Kong.²⁰

While domestic beef demand and high prices may temporarily offset these consequences for local producers, MDARD remains concerned that these market losses leave beef farmers – especially small-scale operations – more vulnerable to prolonged market closures. Rebuilding market share in premium export markets is historically slow, and Michigan producers risk long-term losses if foreign importers maintain new relationships with non-U.S. suppliers.

¹⁸ Western AgCredit: [U.S. Beef Remains Banned by China](#)

¹⁹ Blooming Global: [China's August Beef Imports Rise, Pork and Poultry Decline Amid Shifting Global Supplies](#)

²⁰ USDA FAS [Global Agricultural Trade System](#) (GATS), using U.S. Census Bureau Trade Data

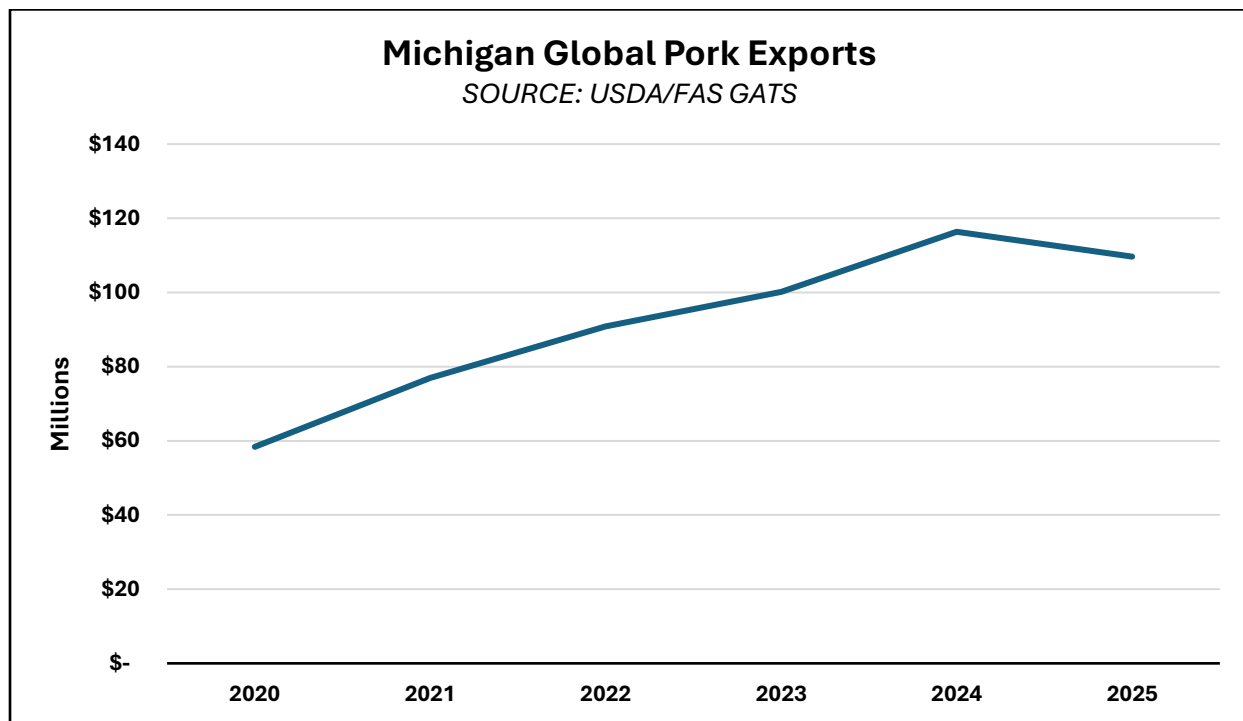
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Pork

Michigan's pork sector faces similar headwinds, though the causes differ. Overall U.S. pork exports declined 3% in 2025²¹, which was driven heavily by China's 57% retaliatory tariffs on U.S. pork exports.²² U.S. pork exports to China and Hong Kong dropped 21% from 2024 to 2025, and early 2026 data show an additional 12% decline.

Michigan's pork sector is smaller than those in the Midwest's largest pork-producing states, but it remains deeply tied to global markets. After recent consistent growth in exports, Michigan pork exports decreased from \$116 million in 2024 to \$109 million in 2025, a 6% decline.²³ Given relatively higher pork prices compared to recent years, we can expect the decrease in volume to be greater than 6%. Although pork did not experience the same closure of the Chinese market as beef, Michigan pork exports to China and Hong Kong still decreased by 3%, from \$28.4 million to \$27.7 million.²⁴

Because pork buyers in key markets are highly price-sensitive, the tariff-driven price disadvantage has allowed Brazil, the European Union, and other major exporters to gain market share. These shifts risk becoming permanent as buyers lock in new supply contracts. For Michigan, these declining international outlets present structural challenges that could squeeze producer margins for years to come.



²¹ USDA FAS [Global Agricultural Trade System](#) (GATS), using U.S. Census Bureau Trade Data

²² National Hog Farmer: [U.S.-China tariff modifications key step toward restoring U.S. pork access](#)

²³ USDA FAS [Global Agricultural Trade System](#) (GATS), using U.S. Census Bureau Trade Data

²⁴ USDA FAS [Global Agricultural Trade System](#) (GATS), using U.S. Census Bureau Trade Data

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INPUT COSTS

Input costs have been steadily increasing in recent years, eroding farm profitability and driving up Michiganders' grocery bills. The Iran war, however, accelerated input cost and food cost growth. For Michigan producers, who operate on some of the narrowest margins in the Midwest due to climate, specialty crop mix, and transportation costs, these price spikes have had immediate and destabilizing consequences.

Fertilizer prices, in particular, rose dramatically.²⁵ Between February 2026 and March 2026, all eight of the major fertilizers types reflected considerable price increases after the war's start, and five of the eight major fertilizers experienced more than a 5% price increase from February to March. The picture in April has not improved, as made clear by Michigan Farm News' latest fuel & fertilizer update published April 30, 2026²⁶:

Fuel & Fertilizer Price Tracker			
Fuel - \$/Gal.	On Feb. 27	As of 4/30/26	Percent Increase
Premium Dye Diesel	\$3.04	\$5.57	83.2%
Premium Clear Diesel	\$3.82	\$6.33	65.7%
* Source: Crystal Flash			
Fertilizer - \$/Ton	On Feb. 27	As of 4/30/26	Percent Increase
UREA – NOLA (June)	\$390.86	\$584.50	49.5%
UREA	\$580.00	\$880.00	51.7%
0.28	\$385.00	\$529.00	37.4%
NH3	\$950.00	\$1,055.00	11.1%
Potash	\$395.00	\$423.00	7.1%
MAP	\$760.00	\$920.00	21.1%
AMS	\$465.00	\$520.00	11.8%
* Source: Michigan Agricultural Commodities - Direct Ship, Mid Mich.			

These increases hit Michigan row-crop producers who did not already pre-purchase fertilizer and are preparing for the spring planting season.

Similarly, the Iran war has roiled petroleum markets, further complicating farm profitability. 83% of agricultural products and over 92% of dairy, fruits, vegetables, and nuts move by diesel-fueled trucks.²⁷ In the span of about one month (March 2026), diesel fuel sold in the Midwest rose from \$3.89 a gallon to \$5.10 a gallon – a 31% jump.²⁸ As of this writing, diesel prices in

²⁵ Progressive Farmer: [DTN Retail Fertilizer Trends](#)

²⁶ Michigan Farm News: [Fuel & Fertilizer Price Tracker](#)

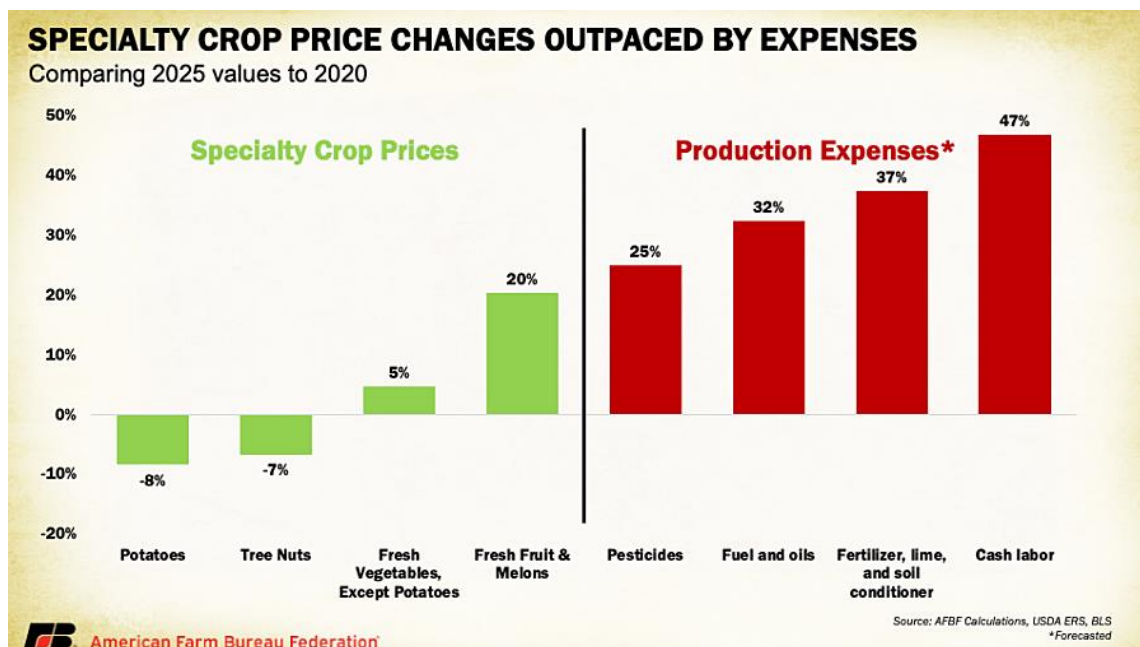
²⁷ USDA Agricultural Marketing Service: [Impact of Rising Diesel Prices and Truck-Driver Availability on Food Transportation and Distribution \(Summary\)](#)

²⁸ U.S. Energy Information Administration: [Weekly Retail Gasoline and Diesel Prices](#)

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Michigan have reached \$5.73 a gallon.²⁹ Worse still, the continued tension around the Strait of Hormuz and the damage already done to petroleum infrastructure in the Middle East is not expected to dissipate in the near- to medium-term, and as a result, MDARD expects fuel prices and the negative effects on agriculture to persist.

In addition to increasing farm inputs, tariffs and the Iran war are also increasing processor inputs. By late 2025, packaging prices were showing a 5% increase, largely driven by the Administration's tariff policies.³⁰ Now, with plastic resin production and transport slowed or stopped flowing out of the Middle East due to the Iran war, prices have risen over 30% – directly impacting plastic food packaging.³¹ Similarly, aluminum prices hit a four-year high after Iranian strikes hit major Middle East smelters. Federal trade policies and the Iran war are negatively impacting every segment of the supply chain—from production to the plate.



These dynamics will result in persistent, intensified pressure on Michigan producers at a time when many crop prices have not kept pace with production expenses.³² For example, even before the Iran war, specialty crops, which are a significant portion of Michigan's agricultural economy, were experiencing declining margins. Fuel and fertilizer price surges from the Iran war further worsen profitability conditions for these growers.

Taken together, higher fuel and fertilizer prices set up a two-sided squeeze for Michigan producers: higher input costs alongside declining export opportunities. Specialty crop growers,

²⁹ AAA: [AAA Fuel Prices](#)

³⁰ Expana: [Packaging Costs in the US Rise Under Tariff Pressure](#)

³¹ Packaging Gateway: [How packaging became a casualty of the Iran war](#)

³² Farm Bureau Market Intel: [Specialty Crops: Mounting Cost Pressure, Limited Risk Protection](#)

who make up a substantial share of Michigan agriculture, face especially acute challenges as margins narrow and logistical costs increase. Without stable federal policy or reliable trade conditions, the state's producers lack clear signals for planning and investment heading into the 2026 planting season and beyond.

LABOR

In recent years, Michigan agriculture has increasingly faced more acute labor shortages. Nationally, 14% of farmers reported shortages in 2014, but by 2021, that number climbed to 53%.³³ Michigan growers, especially those in labor-intensive specialty crops, rely heavily on a stable workforce, including many workers who return season after season to harvest fruits, vegetables, and nursery crops.

Given agriculture's heavy reliance on immigrant labor, the Trump Administration's recent immigration enforcement actions are heightening labor concerns on farms. Research shows that when farm labor decreases, the supply of domestically-produced agricultural products declines, which results in increased costs to consumers. A 10% decline in domestic farm employment results in a 2.94% increase in the price of labor-intensive food prices.³⁴ As the second most diverse specialty crop state in the Union, this means domestic labor is a critical factor in the health of Michigan's agricultural sector.

While early labor data is currently limited, MDARD continues to monitor trends and experiences in other states. For instance, studies in California from late 2025 to early 2026 demonstrate the downward pressure recent immigration enforcement has had on farm labor – not just from direct enforcement but the fear of enforcement among domestic workers.³⁵ In that state, only 1% of farmers reported labor losses as a result of direct immigration enforcement actions. However, 15% of farmers reported labor losses linked to general immigration enforcement or worker concern stemming from the *potential* of enforcement. This was more pronounced among labor-intensive crop producers (i.e., specialty crop producers) of whom 19% reported labor losses.

The H-2A visa, which allows workers to come to the United States for temporary seasonal agricultural work, has also faced significant disruption this year. Spring is a busy time for H-2A visa processing as growers can only apply 75 days before the start date of employment. Applications must be submitted and processed at the local U.S. consulate in the worker's country of origination. Michigan growers are facing significant H-2A visa bottlenecks, with processing delays for workers and limited appointment availability at the consulate level, creating critical labor shortages for early-season crops, despite an overall increase in H-2A

³³ Zachariah Rutledge: [Analysis of the Effects of Reduced Domestic Farm Employment on Food Prices](#)

³⁴ Zachariah Rutledge: [Analysis of the Effects of Reduced Domestic Farm Employment on Food Prices](#)

³⁵ Michigan State University Staff Paper Series: [Findings from the California Farmer Immigration Enforcement Survey](#)

applications. Stricter interview requirements for returning workers and regional administrative bottlenecks have exacerbated the backlog.³⁶

Michigan specialty crop farms share these same structural risks. MDARD remains concerned that the Trump Administration's recent immigration policies and enforcement actions have amplified labor challenges for Michigan farmers, and this may be especially true among Michigan's local specialty farmers. Moreover, because these actions disproportionately impact specialty farms, consumers' access to locally produced, safe, and healthy food will become more limited and more expensive, with tariffed foreign products potentially filling the void.

SIGNS OF FARM FINANCIAL DISTRESS

The fundamental weaknesses in the agricultural economy combined with the geopolitical shocks from tariffs and the Iran war, contributed to signs of worsening financial distress for Michigan farmers.

Farm Credit Conditions

When looking at credit conditions, the picture of financial distress comes into better focus. According to the Federal Reserve Bank of Chicago, the share of farm loans in the Bank's district assessed as having "major" or "severe" repayment problems was 5.6% in 4Q2025 – the highest it has been since 2Q2020. Additionally, 32% of responding bankers reported lower rates of loan repayment than a year ago, and 35% reported more loan renewals and extensions.³⁷ Plus, although not a perfect indicator of financial conditions on farms, farm bankruptcy filings have risen in Michigan in recent years.³⁸ This reflects national trends showing early signs of increased bankruptcies in the last two years.³⁹ This is even more concerning because bankruptcy filings understate the full extent of financial distress: many small, family-run farms do not qualify for Chapter 12 bankruptcy because they rely on non-farm income sources.

Ballooning Healthcare Costs

As Affordable Care Act (ACA) premium subsidies lapsed in January 2026, many sole proprietor farmers face even greater financial distress because healthcare premiums became unaffordable.⁴⁰ When faced with the hazards of working with machinery and chemicals, this forces farmers to choose between risking their health or remaining financially solvent. This challenge is felt most acutely among smaller farmers who already have even narrower profit margins in the current economic environment and are often considered self-employed, meaning

³⁶ NASDA: [Agricultural Coalition Letter to State Department On H-2A Delays](#)

³⁷ Federal Reserve Bank of Chicago: [Midwest Farmland Values Ended 2025 with Solid Growth](#)

³⁸ Spartan Newsroom: [Michigan farmers face bankruptcies, other financial challenges](#)

³⁹ Farm Bureau Market Intel: [Farm Bankruptcies Continued to Climb in 2025](#)

⁴⁰ KFF Health News: [Farmers Now Owe a Lot More for Health Insurance](#)

they don't have access to employer-sponsored health coverage. All of this can put Michigan farm families over the edge, further accelerating farm loss and consolidation.

Insufficient Help

In December 2025, the USDA announced it would provide \$12 billion in direct payments to row crop producers in response to trade market disruptions and increased production costs under the Farmer Bridge Assistance (FBA) Program.⁴¹ USDA later announced \$1 billion under the Assistance for Specialty Crop Farmers (ASCF) Program.⁴² This ad hoc assistance is part of the \$55 billion in federal subsidies that will be given to farmers in 2026, 60% of which is expected to go to the largest 10% of all crop-producing farms in terms of sales and some larger livestock operations, according to the American Enterprise Institute.⁴³

Meanwhile, the USDA has cut \$1 billion in local food programs such as the Local Food Purchasing Agreement (LFPA) and the Local Food for Schools and Child Care (LFSCC), which are programs that specifically benefit local, small-scale Michigan producers, including first-generation farmers and disadvantaged farmers.⁴⁴ These programs enabled new Michigan farmers to break into larger markets and assisted them with distribution challenges. Such programs represent the kind of investment in supply chains needed to replace what the Trump Administration has uprooted, but instead, these smaller farms with greater variety of produce are suffering.

Even when support does arrive for certain industries, it often comes with strings attached. In mid-April 2026, Secretary Rollins announced more than \$275 million in Fiscal Year (FY) 2026 grant funding for the U.S. specialty crop industry through the Specialty Crop Research Initiative (SCRI), the Specialty Crop Block Grant Program (SCBGP), and the Specialty Crop Multi-State Program (SCMP). Due to legislative changes enacted in HR1 of 2025, USDA was able to more than double the annual SCRI funding and increase SCBGP funding by nearly 20%.⁴⁵ This was welcome news for specialty crop producers in Michigan and nationwide. However, embedded in the announcement was a new requirement: beginning in FY2027, all subawards will include a mandatory cost share. For the first time in the program's history, states will be required to come up with a 10% match, and subaward recipients must provide an additional 25% match.⁴⁶ This change will hit organizations conducting vital research and marketing support for Michigan farmers growing an array of specialty crops including Christmas trees, cherries, apples, asparagus, blueberries and more.

⁴¹ USDA Press Release: [Trump Administration Announces \\$12 Billion Farmer Bridge Payments for American Farmers Impacted by Unfair Market Disruptions](#)

⁴² USDA Press Release: [USDA Announces Assistance for Specialty Crop Farmers Impacted by Unfair Market Disruptions](#)

⁴³ American Enterprise Institute: [Ad Hockery: Supplemental Subsidy Payments for Agriculture](#)

⁴⁴ Stateline: [USDA cuts hit small farms as Trump showers billions on big farms](#)

⁴⁵ USDA Press Release: [USDA Announces Specialty Crop Investment Thanks to Working Families Tax Cuts](#)

⁴⁶ USDA AMS Specialty Crop Block Grant Program: [Fiscal Year 2026 Notice of Funding Opportunity](#)

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These new unfunded mandates come at a time when states are already absorbing increased financial responsibility due to federal cost shifts in programs such as SNAP and Medicaid. They also place significant pressure on SCBGP subaward recipients, many of whom lack the discretionary funding to supply a match but rely on these grants to support their unique commodities.

LOSS OF MICHIGAN-BASED FEDERAL EMPLOYEES

As part of a major cutback in public service employees, the Trump Administration indiscriminately cut 27,089 USDA employees from 2024 to 2026, or 27.5% of the Department's total workforce. While the stated objective of this restructuring was to "bring USDA closer to the people it serves", to the contrary, Michigan lost 362 (25.1%) state-based federal employees who know Michigan's agricultural sector and the producers personally.

CHANGES IN MICHIGAN-BASED USDA STAFF

	2024	2026	% Change
Forest Service	666	490	-26.40%
Natural Resources Conservation Service (NRCS)	218	180	-17.40%
Food Safety and Inspection Service	128	105	-18.00%
Animal and Plant Health Inspection Service (APHIS)	115	90	-21.70%
Rural Development	109	68	-37.60%
Farm Service Agency (FSA)	72	53	-26.40%
Other agencies	69	53	-23.20%
Agricultural Marketing Service	41	33	-19.50%
Agricultural Research Service (ARS)	19	7	-63.20%
Economic Research Service	3	1	-66.70%
National Institute of Food and Agriculture	3	1	-66.70%
TOTAL	1443	1081	-25.10%

SOURCE: OPM [Federal Workforce Data](#)

Losing 17.4% of NRCS's staff has been debilitating, with some counties in Michigan no longer having any locally-employed staff at all.⁴⁷ Even when fully staffed, getting access to NRCS grants and resources that enable innovative farmland conservation practices can take up to a year. These cuts result in hampering farmers' enrollment in and implementation of NRCS programs, as well as delays in processing applications and payments for farmers endeavoring to conserve farmlands and the environment.

⁴⁷ Politico: [‘It looked like a ghost town’](#)

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A 21.7% loss in Michigan-based APHIS staff puts Michigan's livestock sector at risk at the same time Michigan state faces growing threats from Highly Pathogenic Avian Influenza, New World Screwworm, and African Swine Fever. It leaves MDARD with fewer resources and technical reach-back support necessary to prevent and control these diseases, an outbreak of which could halt inter-state or international livestock and meat exports and cost Michigan state millions.

In addition, a 26.4% loss in FSA staff means slower processing of payments for crop insurance premiums and indemnities. And a 63.2% loss in ARS staff in Michigan does not just fail to reverse the trend of underinvestment in agricultural research and development, it accelerates that disinvestment even as China and others outpace U.S. agricultural research investments. The results of these losses to Michigan farmers will be slower productivity growth and slowing the introduction of more competitive and nutritious food consumers demand at home and abroad.⁴⁸

The impact of these losses in service, expertise, and institutional knowledge cannot be easily quantified in the short term, but MDARD remains concerned that the costs will be borne out over years to come – well beyond the Trump Administration.

CONCLUSION

MDARD appreciates the opportunity to further analyze how tariffs and other recent federal actions negatively impact Michiganders, our hardworking farmers and the industry as a whole. Michigan family farms know resilience better than anyone — it's woven into the long days, the generational commitment to the land, and the responsibility of feeding people across our state and beyond. But resilience has its limits. With ongoing uncertainty, volatile markets, and evidence that is becoming clearer by the day just how negatively federal cuts and policies have disrupted our agricultural economy, the challenges continue to compound. MDARD will continue its coordination with stakeholders and implement innovative programming to lessen the impact as much as possible.

⁴⁸ American Enterprise Institute: [US Agri-Food Research and Development, Farm Revenues, and Retirement Wealth](#)