

Economic Impacts of Specialty Crops in Wisconsin

Paul D. Mitchell

Ag & Applied Economics, UW-Madison

Central Wisconsin Processing Crops

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Goal Today

- Present data on how important specialty crop production is in Wisconsin
- Not just farm cash receipts, but also economic multipliers and jobs generated
- Focus both on Production (farmers) and Processing (processing companies)

Products in Which WI Ranked in Top 5 Nationally in 2009

■ Dairy

- Milk (2nd), Cheese (1st), Whey (1st), Milk Cows (2nd), Milk Goats (1st)

■ Field Crops

- Corn for Silage (1st), Oats (1st), Forage (2nd)

■ Fruits

- Cranberries (1st), Tart Cherries (5th)
- Mint for Oil (6th), Strawberries (7th)

Products in which WI Ranked in Top 5 Nationally in 2009

- Potatoes and Processing Vegetables
 - Potatoes (3rd), Carrots (2nd), Sweet Corn (3rd), Green Peas (3rd), Snap Beans (1st), Cucumbers for Pickles (5th)
- Miscellaneous
 - Maple Syrup (4th), Mink Pelts (1st)
 - Trout (8th)
- Others not in USDA Data
 - Ginseng (1st)
 - Horseradish (? Maybe 2nd ?)

2010: WI 2nd in Overall Production of Processing Vegetables (MN close 3rd)

- Sweet corn, snap beans, green peas, carrots, cucumbers, spinach, tomatoes, lima beans

Rank	State	Area	State	Production	State	Value
1	CA	26.0%	CA	70.9%	CA	56.1%
2	WI	18.4%	WI	6.2%	WI	7.7%
3	MN	16.2%	MN	5.5%	MN	7.4%
4	WA	9.3%	WA	4.9%	WA	5.1%
5	OR	4.7%	MI	< 2%	MI	< 2%

2010: WI 2nd in Overall Production of Processing Vegetables (MN close 3rd)

- Notice: does not include potatoes
- Processing crop value = \$1.70 billion in US, 21% below 2009
- 3 largest crops in production: tomatoes, sweet corn, and snap beans = 92% US total
- 3 largest crops in value: tomatoes, sweet corn, and cucumbers = 81% US total

Three Types of Economic Impacts

- Direct: Money paid directly to farms as farm gate receipts for selling production
- Indirect: Farmers buy inputs, buy equipment, pay farm workers, use banks, etc.
- Induced: Farm workers and business employees spend direct and indirect dollars in economy for food, housing, local services, etc
 - How direct and indirect dollars affect household income and hence local economy
- Add these three to get full Economic Impact

Estimating Economic Impacts

- Direct: Just add up farm gate receipts
 - Quantity sold x Average price
 - USDA-NASS 3-year average (2006-2008)
- Estimate multipliers based on business type
 - IMPLAN: county and state multipliers estimated based on large input/output models of the industries in each state and county
 - Build multipliers based on tax records

Employment Impacts

- Same three as for economic impacts
- Direct: Jobs working directly in specialty crop production
- Indirect: Additional jobs resulting from indirect spending effects of specialty crop production
- Induced: Additional jobs resulting from increased household income induced by specialty crop production

Specialty Crop Production and Processing

■ Economic Activity Multiplier

- About 1.5 for specialty crop production
 - For each \$1 of farm gate receipts, another \$0.50 in indirect & induced economic activity
- About 1.7 for specialty crop processing

■ Jobs/Employment Multiplier

- About 1.6 for specialty crop production
- About 2.6 for specialty crop processing
 - For every 10 jobs in specialty crop processing, another 16 jobs due to indirect & induced economic activity

Economic Activity Summary: Specialty Crop Production

Economic Activity	Direct	Indirect	Induced	Total
Potatoes	\$240	\$66	\$43	\$349
Sweet Corn	\$57	\$16	\$10	\$83
Green Beans	\$43	\$12	\$8	\$63
Green Peas	\$18	\$5	\$3	\$26
Carrots, Cucumbers, Onions	\$19	\$5	\$4	\$28
Cranberries	\$199	\$55	\$46	\$300
Ginseng	\$11	\$3	\$2	\$16
All Vegetables	\$492	\$136	\$88	\$716
All Fruits	\$253	\$65	\$58	\$376
Specialty Crop Production	\$745	\$201	\$146	\$1,092

Jobs Summary: Specialty Crop Production

Jobs	Direct	Indirect	Induced	Total
Potatoes	1,620	730	420	2,770
Sweet Corn	390	170	100	660
Green Beans	290	130	70	490
Green Peas	120	50	30	200
Carrots, Cucumbers, Onions	130	60	30	220
Cranberries	2,300	700	400	3,400
Ginseng	75	35	20	130
All Vegetables	3,245	1,532	845	5,614
All Fruits	2,855	868	555	4,286
Specialty Crop Production	6,100	2,400	1,400	9,900

Summary: Specialty Crop Production and Processing

Economic Activity	Direct	Indirect	Induced	Total
Specialty Crop Production	\$745	\$201	\$146	\$1,092
Specialty Crop Processing	\$3,063	\$1,629	\$576	\$5,268
Total	\$3,808	\$1,830	\$722	\$6,360
Jobs	Direct	Indirect	Induced	Total
Specialty Crop Production	6,100	2,400	1,400	9,900
Specialty Crop Processing	9,700	9,600	5,500	24,800
Total	15,800	12,000	6,900	34,700

Summary: Specialty Crops

- Production: Almost \$1.1 billion annually and almost 10,000 jobs
 - About 2/3 in Vegetable Production
 - 32% from potatoes, 27% cranberries
- Processing: Almost \$5.3 billion annually and almost 25,000 jobs
- Specialty Crops
 - Nearly \$6.4 billion annually (3% WI Economy)
 - Nearly 35,000 jobs (1% WI jobs)

Context: Compare to 2007 Data (Deller and Williams 2009)

	Income (\$ Billion)	Jobs (1,000)
Dairy On Farm	\$2.744 (51%)	56.5 (43%)
Specialty Crop Production	\$1.092 (21%)	9.9 (7%)
All On Farm	\$5.385	132.1
Dairy Processing	\$7.210 (46%)	115.5 (46%)
Specialty Crop Processing	\$5.268 (34%)	24.8 (10%)
All Ag Processing	\$15.566	251.8
All Ag	\$20.178	354.0
Specialty Crop Production	5%	3%
Specialty Crop Processing	26%	7%

Main Point

- What you do is important to the WI economy
- Created a 10 page document and sent to the various grower and industry organizations
 - WI Potato & Vegetable Growers Assoc.
 - WI State Cranberry Assoc.
 - Ginseng Board of WI
 - Mid-West Food Processors Assoc.
- Trying to get the word out!
- <http://www.aae.wisc.edu/pubs/misc/>

Questions or Comments?

Paul D. Mitchell

UW-Madison Ag & Applied Economics

Office: (608) 265-6514

Cell: (608) 320-1162

Email: pdmitchell@wisc.edu

Extension Web Page:

www.aae.wisc.edu/mitchell/extension.htm