

# Executive Summary

## 2009 All-Iowa Ag Economic Contribution Analysis

The results of this analysis show that agriculture remains a critical component of Iowa's overall economic well-being. Iowa agriculture is connected to a large integrated set of industries -- from the production of agricultural commodities to food and feed processing to agricultural input manufacturing and many other ag-support industries. The results of the analysis indicate that diminishment or removal of any one of them will likely cause significant negative impact to the others.

While this study is based on the most recent Census data (2007), it should be noted that farm production in Iowa continues to evolve. Iowa's agriculture and ag-related industries have maintained or increased their share of the state's total output since a previous study based on 2002 U.S. Ag Census data. The analysis also shows that Iowa has an agricultural resource base that continues to grow with the economy, due in large part to its integration across all sectors of the economy. It's also reasonable to assume that Iowa's agricultural base has room for continued growth.

### Key findings:

- In 2007, production agriculture and ag-related industries accounted for \$72.1 billion, or 27 percent of Iowa's total, for an increase of two percentage points above 2002 estimates.
- Farming provides the base for a variety of agri-food industries, including food processing and the manufacture of farm machinery, chemicals and fertilizer. Taking those jobs into account means that in 2007, production agriculture and ag-related industries accounted for 331,880, or 1 in every 6 Iowans.
- Livestock farming is a significant part of agriculture's economic contribution. Statewide household income attributed to livestock production is just under \$1.1 billion and is responsible for 43,324 jobs.
- Total livestock output is valued at \$5.75 billion with value added at \$2.79 billion.
- Processing of the meat produced from the state's livestock and poultry is another huge contributor to the state's economy. Meat processing accounts for \$2.8 billion of statewide household income and 80,278 jobs with total output valued at \$19.5 billion.
- 20 percent of Iowa's counties derive at least one half of their total output from ag and ag-related industries.
- 24 percent Iowa's counties derive at least one half of their total ag and ag-related output from the livestock and meat processing industries.
- 30 percent of Iowa's counties derive at least one-half of their total ag and ag-related jobs from the livestock and meat processing industries.

## Study Overview

This study is an update of a similar analysis conducted four years ago. This update used the same methodology and estimating procedures as the original study. The study relies heavily on data from the most recent 2007 Census of Agriculture, the Bureau of Economic Analysis, and IMPLAN, a software company which estimates economic relationships.

The intent of the study is to develop an understanding of the current economic status of Iowa agriculture and what significance it plays in Iowa's economy. For that reason, this study is called a "contribution" analysis.

## Methodology

Data from the 2007 Census of Agriculture were used to calibrate default IMPLAN data to more accurately reflect what the structure of the agriculture industry looks like. In some cases (primarily poultry), data from commodity organizations were used to calibrate the IMPLAN data because census data were too incomplete due to disclosure issues. IMPLAN uses the nearly 21,000 industries identified by the North American Industry Classification System (NAICS) and aggregates them into 440. Those 440 segments were further grouped into 17 ag and ag-related classifications. The rest of Iowa's industries were classified as "Non-ag Industries." In Iowa the aggregated industries are:

Oilseeds, grains, other crops, cattle, dairy, layers and broilers, turkeys, hogs, other livestock, ag support, primary food processing (crops, dairy, and meat), animal and pet food processing, other food processing, ag chemical and fertilizer, and farm machinery.

## Definitions for Industries Measured In This Study:

**Agricultural production:** "Agricultural production" is the production of agricultural commodities and foodstuffs, such as corn, soybeans, cattle, hogs, poultry, etc. Traditionally, it has been used somewhat synonymously with "farming."

**Agri-food sector:** The "Agri-food sector" includes individuals and businesses engaged in agricultural production (farming, etc.), agricultural input (fertilizer, ag chemicals, machinery, etc.) manufacturing and delivery, and food processing. This definition does not include food wholesaling, food retailing, or delivery from food processors to wholesalers and retailers.

**Jobs:** "Jobs" represents an estimate of the number of positions (jobs) currently filled in an area and/or industry. The estimates provided here originate with the databases of the IMPLAN input-output model. "Jobs" counts positions whether they are full-time or part time, so care must be used in making comparisons. "Jobs" does not count positions that are unfilled. All of the jobs in an area are generally referred to as "Total jobs." Where "Jobs" are preceded by an industry name (such as "Agricultural production" or "Agri-food sector") the number is an estimate of the number of jobs filled within that industry in the area specified.

**Personal income:** "Personal income" refers to income from all sources that accrues to individuals as payment for personal employment (earnings or labor income), payment for

ownership interests or capital provision (dividends, interest, and rents), or as transfer payments (payments to individuals for which nothing is offered in return).

**Total output:** “Total output” refers to the total value of all of the output (production) of an area and/or industry. This is a gross number that does not make any deductions for the cost or origination of inputs that were used in the production process.

**Total value added:** “Total value added” refers to that portion of the value of total output that was actually created by the economic activity in an area and/or industry. Total value added for an area (industry) represents the value of the area’s (industry’s) total output minus the value of any inputs into the production process that were imported from other areas (industries). Value added is a measure of the actual value added to the economic system by the production process.

### **About the Coalition to Support Iowa’s Farmers**

The Coalition to Support Iowa’s Farmers is a non-partisan, not-for-profit organization that involves the Iowa Cattlemen’s Association, Iowa Corn Growers Association, Iowa Farm Bureau Federation, Iowa Pork Producers Association, Iowa Poultry Association, Iowa Soybean Association and Iowa Turkey Federation. The organization does not lobby or develop policy.

CSIF’s mission is to enhance Iowa’s communities and quality of life one farmer and one neighbor at a time through the responsible and successful growth of livestock and poultry farming. CSIF has worked directly with more than 1,200 farm families to implement best management practices in the siting, construction and maintenance of their livestock farms. This includes following all rules and regulations, identifying good locations for new farms, enhancing farmer-and-neighbor relations and implementing best management practices that safeguard air, soil and water quality. CSIF services are available at no charge to all Iowa livestock and poultry farmers. Farm families wanting a helping hand can contact the Coalition at 1-800-932-2436.

### **More information**

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