

The Economic Importance Of Agri-Food Industries In Iowa

A report for the Coalition to Support Iowa's Farmers

by

Mark Imerman, David Swenson, Liesl Eathington, Daniel Otto

Department of Economics

Iowa State University

Frequently Asked Questions

Q. What is the purpose of the study?

A. The purpose of the study is to accurately define the scope and impact of agri-food sector industries on Iowa's economy and for each county in Iowa. For this study, agri-food sector is defined as agricultural production and manufacturing, and food processing. While the total value of agri-food sector output continues to increase over time, agriculture's relative share of Iowa's economic activity is declining because of more rapid growth in non-agricultural sectors of the economy.

Q. What is the key finding of the study?

A. The key finding of the study is that Iowa is ag capable, not ag dependent. That means that while farming and agri-food sector industries are vital and important to the state, they are just one part of the state's overall broad and diverse economic makeup.

Q. What are the key economic highlights detailed by the study?

- A.
- One of every four dollars (\$46.7 million of \$185.8 million) of Iowa's total industrial output is exported from the state as an agri-food product.
 - One of every eight dollars in personal income in the state is generated by the export of agri-food products.
 - Iowa farmers annually produce more than 20 percent of the nation's hogs and corn.
 - Livestock accounted for 50 percent (\$6.3 billion) of all farm cash receipts in 2003.
 - Farming employs only one of every 15 Iowans while providing the base for a much larger complex of agri-food industries, including food processing and the manufacture of farm machinery, chemicals and fertilizer. Taking those jobs into account means that one of every 10 Iowans (188,384 of 1,882,178) is employed by farming, food processing or the farm input industries.
 - Farming accounts for \$535.8 million of the state's yearly \$3.3 billion of property tax payments.

- Agriculture production and food processing generate 8.22 percent of Iowa's gross state product, the highest percentage share in the nation. Gross state product is the value-added measure of the state's total overall economic activity. Value-added is the value of the products sold minus the value of the inputs purchased to manufacture the products sold.
- More than 18 percent of Iowa's total value added is contained in agri-food products exported from the state.

Q. What information sources were used by the study team?

A. 2000 and 2002 U.S. Census of Agriculture; U.S. Bureaus of Economic Development and Labor Statistics; Iowa Department of Workforce Development; USDA; IMPLAN economic modeling system from MIG, Inc.

Q. What is the IMPLAN economic modeling system?

A. IMPLAN is a generalized accounting system that tracks the purchases and sales of commodities between industries, businesses and consumers. Successive rounds of transactions stemming from an initial economic event, such as the production of agricultural commodities, are added together to provide an estimate of direct, indirect consumer-related and total effects of the activity.

Q. Who paid for the study?

A. The study was funded by the Coalition to Support Iowa's Farmers. The Coalition to Support Iowa's Farmers was founded by the Iowa Cattlemen's Association, Iowa Corn Growers Association, Iowa Farm Bureau, Iowa Pork Producers Association, Iowa Poultry Association and Iowa Soybean Association. Its mission is to help Iowa's communities prosper by offering livestock farmers timely assistance in following regulations and enhancing neighbor relations.

Q. Where can I obtain a copy of the report?

A. A complete copy of the report, plus individual county data, can be found at the Coalition to Support Iowa's Farmers web site www.supportiowasfarmers.org.