Economic Contributions of Stanislaus County Agriculture

Dr. Fernando DePaolis & Dr. Jeff Langholz

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Agenda

#1. Rationale

#2. Methods

#3. Findings
Why do this study?

OLD QUESTION: “What is the dollar value of agricultural production?”

NEW QUESTION: “What is agriculture’s role sustaining a healthy local economy?”
RATIONALE: new tools for an important mandate

Section 2279 of the *California Food and Agriculture Code* requires every county to report the "value" of agriculture.
Agenda

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Our Approach

#1. Quality Data

#2. Rigorous Methods

#3. Local Experts
The ‘local economy’ is a complex machine . . .

What economists see

Rest of the United States and the World Economy

The diagram illustrates the direct, indirect, and induced effects within the local economy. It shows how agricultural production, through various sectors like handlers, shippers, and food processing, impacts the local economy through labor wages, intermediate demand, and taxes. Financial flows between local households, state governments, private sectors, and the local economy are depicted, highlighting the interconnected nature of economic activities.
What the public sees . . .
two kinds of Multiplier Effects

**INDIRECT:**
Local “business to business” spending by Ag companies

vehicles, fuel, seeds, insurance, veterinary services, banking, fertilizer, chemicals, contract work, etc.

**INDUCED:**
Local “consumer spending” by Ag-related employees

groceries, health care, housing, utilities, clothing, transportation, education, entertainment, etc.
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Total Output
Employment
Diversification
TOTAL Economic Output

$7.148 billion
Stanislaus County Agriculture’s total contribution to the local economy

11.5% of county total

$4.827 billion in direct economic output

$2.321 billion in multiplier effects
Employment

34,425 total jobs

29,192 direct employees

5,233 additional jobs attributable to multiplier effects: expenditures by agricultural companies and their employees

ONE in eight
The Value of Economic Diversification

**Why** is diversification important?

**How** do we measure it?

**What** did we find?
Diversification: like an insurance policy against economic shocks:

- Price drops
- Disease outbreaks
- New regulations
- New competitors
- Price spikes for key inputs
Shannon-Weaver Index:

\[ SW_{t}^{k} = - \sum_{n=1}^{k} p_{n} \times \ln (p_{n}) \]

- The **most widely used tool** among economists, ecologists, and others
- Captures the **# of different types** as well as **evenness** of their distribution
Imagine 2 counties with the same annual production value & number of commodities. Which is more “diverse”?

County “A”
10 Crops, $100 million

County “B”
10 Crops, $100 million
Stanislaus County Agriculture

Diversification Index: 0.57

= solid diversification that provides critical economic stability within agriculture and to the wider county economy.
economic diversification is holding steady over time
Summary

#1. Rationale

#2. Methods

#3. Findings

Total Output
Employment
Diversification

$7.148 billion
1 of every 8 jobs
a stabilizing force
Thank You

For more info:  
jeff@ag-impact.com
fernando@ag-impact.com