Contribution of Agribusiness to Idaho’s Economy

Agribusiness is a vertically integrated industry comprising food production and processing. In providing food to national and international markets, agribusiness creates business sales and jobs throughout the Idaho economy and contributes to the state’s GDP. Agribusiness export dollars compose 14% of total Idaho’s economy, creating (directly and indirectly) $27 billion in sales (21% of total economic output), more than 126,000 Idaho jobs (14% of state employment), and more than $10 billion of state GDP (16% of GDP). Agribusiness is Idaho’s largest export-driven industry as ranked by base sales, third largest by base GDP, and fourth largest by base jobs.

Idaho Net Farm Income

Net farm income is the farmer’s bottom line or, revenues minus costs. Revenues include cash receipts from crop and livestock sales, inventory changes, the estimated value of home consumption, government payments, machine hire and custom work, forest product sales, and the imputed rental value of farm dwellings. Farm expenses include farm-origin inputs (purchased livestock, feed, and seed), manufactured inputs (fertilizers, fuel, and electricity), and “other inputs,” including repairs and maintenance, machine hire and custom work, marketing, storage, transportation, and contract labor.

The projected 27% decrease in 2018 Idaho net farm income resulted from an estimated 0.5% decrease in revenues coupled with an estimated 4% increase in expenses. Estimated net farm income in 2018 is $902 million, 43% below the 10-year average. In contrast, USDA’s 2018 U.S. net farm income is estimated at $66 billion, down 12% from 2017, and 2017’s U.S. net farm income was up 22% from 2016.

Historically, net farm income is much more volatile than gross cash receipts. In six of the past 10 years, Idaho experienced double-digit swings in net farm income. Net farm income jumped 68% from 2008 to 2009, then increased 72% from 2009 to 2010 and 74% from 2010 to 2011. The 27% decrease in 2018 came on the heels of a 27% decrease in 2017 and a 7% decrease in 2016. Real-dollar Idaho net farm income (inflation adjusted to 2012) set a 49-year record (1970–2017) in 2011. Idaho real net farm income for 2018 is estimated to be 33% below the 49-year average.

The overall increase in farm expenses in 2018 was attributed to a 3% increase in farm-origin inputs (feed, seed, and replacement livestock purchases) and a 4% increase in manufactured inputs (fertilizer, chemicals, and fuel). Other expenses were up 3%, including machine hire and custom work, marketing, storage, transportation, repairs, and maintenance. Contract labor was up 4%. Interest expenses were up 16% and fuel and oil expenses were up 19% in 2018.

Government Payments

Federal government payments to Idaho agriculture in fiscal year 2018 are estimated at $132 million, a decrease of 19% from 2017 and 4% more than the average of the past 10 years.

In 2018, direct payments contributed 21% to total U.S. net farm income. In contrast, government payments contributed 15% to Idaho’s net farm income, down from a high of 19% in 2007. Idaho received less than 1% of total 2018 payments to U.S. agriculture.

Idaho Agriculture’s Gross Domestic Product

Gross domestic product (GDP) measures value added. It equals the value of output minus the value of intermediate goods and services used in production. GDP grows when farms and businesses become more efficient—increasing output while reducing use of intermediate inputs. In 2017, Idaho’s nominal GDP exceeded $72 billion, of which 4% was generated by farming. Farm GDP in 2017 increased by 2% over 2016, to $3.0 billion. Over the past 21 years (1997–2017) inflation-adjusted (2012 dollars) Idaho GDP has grown by 81%, while Idaho farm GDP increased 142%.

Idaho Farm Cash Receipts

Idaho’s 2018 farm cash receipts are estimated to be $7.16 billion—relatively unchanged from 2017’s $7.20 billion, but 15% lower than the record high of $8.9 billion in 2014.

2018 crop resources are estimated at $3.0 billion, up 5% from 2017’s $2.8 billion and 3% below the 10-year average. Wheat (up 16%), hay (up 26%) and beans (up 14%) recorded the largest increases in receipts over 2017. Other major crops posted small increases: barley (up 3%) and sugarbeets (up 3%). Potatoes (down 4%) were the only major crop that posted a decrease. Revenue from crops (except sugarbeets) is recorded on a calendar-year basis and, therefore, includes a portion of the previous year’s and the current year’s production.

Livestock resources are estimated at $4.2 billion, down 4% from 2017 and 1% higher than the 10-year average. Cash receipts from milk are expected to be $2.4 billion, down 6% from last year’s $2.5 billion. Cash receipts from cattle and calves are projected to be $1.6 billion, 1% lower than 2017.

In real dollars (inflation adjusted to 2012), estimated cash receipts are 28% higher than the 38-year (1980 to 2017) average. Extreme volatility in commodity prices over the past ten years has increased agricultural revenue volatility to levels not seen since the 1970s and 1980s. In the past 10 years (2009–2018) real cash receipts have grown at an average annual rate of 1.7%. In the previous two decades (1983–2002) real cash receipts grew at an average annual rate of 0.4%.
Idaho net farm income in 2018 is projected to fall 27%, the fifth consecutive year of decline.

Cash receipts from sales of crops and livestock are projected to be $7.2 billion in 2018, relatively unchanged from 2017. Cash receipts for two of Idaho's major commodities—wheat and hay—increased by 16% and 26%, respectively. Cash receipts for barley, milk, Idaho's leading agricultural commodity, decreased by an estimated 6%.

Idaho's 2018 net farm income is projected to be $902 million, a drop of 27% below 2017. Total revenues are relatively unchanged at $7.9 billion and expenses are projected to increase by 4%, to $7.7 billion. If realized, 2018 net farm income will be the lowest since 2009, the year of the record low milk prices, and off 60% from the peak in 2011.

**Highlights:**

- Exports from farms and food processors ripple throughout Idaho's economy to make agribusiness Idaho's largest industry. One of every five dollars in sales is directly or indirectly tied to agriculture.
- Idaho ranks first in U.S. potato production. With 2018 projected cash receipts of $1064 million, potatoes are Idaho's largest crop sales. Wheat and hay follow with projected cash receipts of $480 million and $483 million, respectively.
- Idaho ranks third in the U.S. for milk production. With $2.4 billion in cash receipts, milk is the top source of cash receipts from Idaho's agricultural production. Second to milk are cash receipts from cattle and calves, projected to be $1.8 billion.
- Idaho agriculture is driven largely by livestock. Nearly 85% of Idaho cash receipts from crop production are for milk, beef, and other livestock (e.g., beef, dairy, sheep, etc.). Hay, silage, feed grains, and even the by-products of beet pulp and potato waste are significant sources of cash receipts.
- Idaho's net farm income continued to be volatile in 2018, with a forecast of 27% lower than 2017. The 2018 decrease makes five consecutive years of decline. Only four of the last fifteen years have seen less than double-digit, year-to-year changes in net farm income. 2018 net farm income is 60% lower than the record of $2.25 billion set in 2011.

**Sources:**

- USDA National Agricultural Statistics Service
- Idaho Department of Agriculture
- University of Idaho Extension
- University of Idaho College of Agricultural and Life Sciences
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