

Crop Report **CONTEXT**[™]

Understanding Agriculture's Larger Economic Role

Introduction

As the numbers in this **Agricultural Production Report** show, agriculture generates considerable economic activity for Riverside County. This section takes the numbers a bit farther. It uses advanced economic modeling techniques to shed further light on agriculture's larger economic role. The findings should be of interest to producers, policy makers, the public, and anyone who values a thriving local economy.

New Tools for an Old Mandate

Section 2279 of the California Food and Agriculture Code requires that every county agricultural commissioner/sealer compile annual reports showing, among other things, the "value" of county's agriculture. For decades, these reports have defined "value" only in terms of farm production. Thanks to twenty-first century economic tools, we can now fulfill this mandate better.

Our Approach

This analysis has three unique attributes. First, it captures not only farm production, but also estimates locally sourced, value-added food processing. These are processors who rely heavily on local agricultural inputs and are unlikely to exist in Riverside County without the presence of those raw inputs.

Second, the analysis includes employment. Providing jobs is an important measure of agriculture's larger economic role in Riverside County.

Third, the analysis quantifies **multiplier effects**. These are "ripples" that agriculture creates in the local economy. They consist of two types: **indirect effects** and **induced effects**. The first kind, indirect effects, are "business to business" supplier purchases, such as farm equipment, fertilizer, seed, insurance, banking services, and other agricultural inputs. The second type, induced effects, consist of local "consumption spending" by agriculture business owners and their employees. They buy housing, groceries, healthcare, leisure activities, and other things for their households.

About the Data & Analysis

Data for the analysis came from the U.S. Bureau of Economic Analysis and other federal government sources, and a widely used economic modeling program called IMPLAN (www.implan.com). Data are from 2016, the most recent year available. **Crop Report Context**[™] is a registered trademark of Agricultural Impact Associates LLC, which performed the analysis. For more information, see: www.ag-impact.com.

Economic Output

- Including both farm production and locally sourced, value-added food processing, what was agriculture's total, **direct** economic contribution to the county economy? **\$2.44 billion**
- What percent of the Riverside County's total **direct** economic output did agriculture provide? **1.8%**
- Based on this direct economic output, what was agriculture's **rank in size** compared to other county industries? **15th**
- What were the combined **multiplier effects** for farm production and locally sourced, value-added food processing? **\$1.17 billion**
- Combining both direct output and multiplier effects, what was agriculture's **total economic contribution** to the county economy? **\$3.61 billion (an average of \$9.89 million per day)**
- How much did agricultural companies pay in indirect business taxes – which include excise taxes, property taxes, fees, licenses, tariffs, and sales taxes but do not include taxes on profit or income? **\$33.3 million**

Employment

- How many **jobs** did Riverside County agriculture **directly** provide? **17,372 jobs**
- Just counting the **direct** employees, what **percent of Riverside County's jobs** were in agriculture? **1.78% (about 1 out of every 56 workers)**
- How many **extra jobs** did agriculture **indirectly** provide through **multiplier effects**, i.e., through local expenditures by agricultural companies and their employees? **10,070 jobs**
- Combining both direct and indirect employment, how many total **jobs** did agriculture provide? **27,442 jobs**

The Bottom Line. This section has put agriculture into larger context. With a total contribution of **\$3.61 billion** and **27,442 jobs**, agriculture made a vital contribution to the Riverside County economy.