

Agricultural Processing in Wisconsin

Agricultural Processing Growth Patterns in Wisconsin: Employment

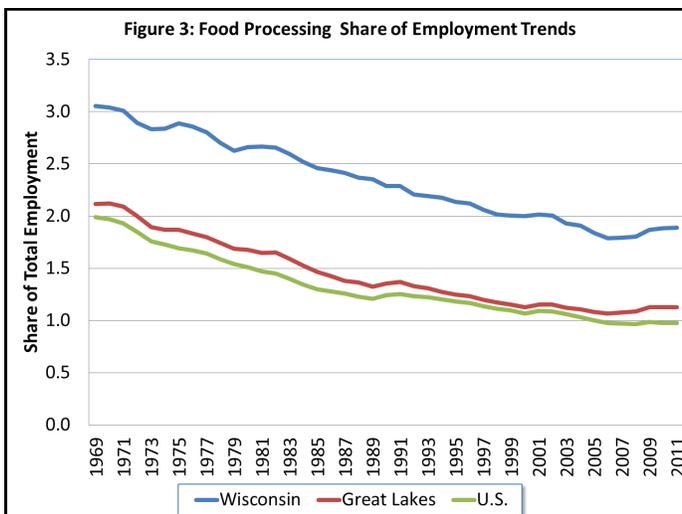
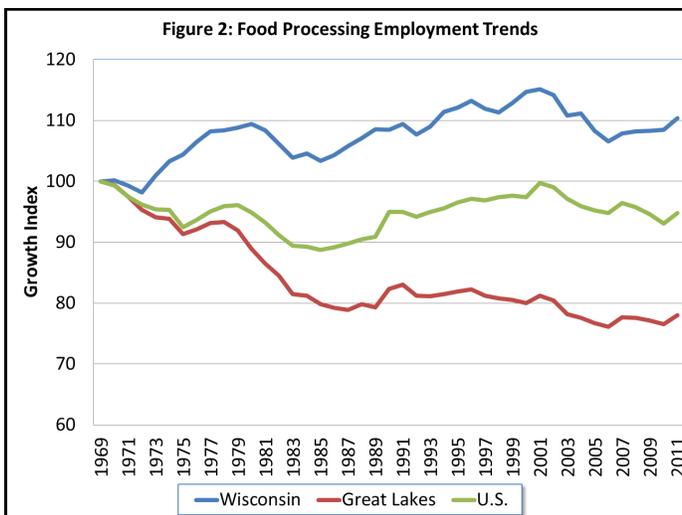
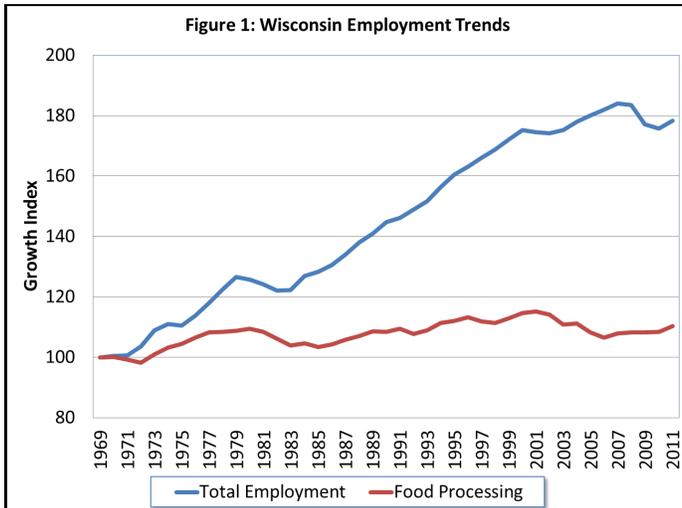
Food processing, such as the production of cheese, canned vegetables or fruit jams and jellies, is widely believed to be an important part of the Wisconsin economy and in 2012, the most recent year for which we have data, food processing contributed about 67,100 jobs to the Wisconsin economy. This represents about 1.9 percent of the state's total employment. This compares to 1.0 percent for the U.S. and 1.1 percent for the Great Lake states. Here employment includes both part- and full-time jobs. Because of the seasonal nature of much of the food processing industry in Wisconsin, many of these 67,100 jobs could be considered part-time.

Over the past forty years employment in Wisconsin's food processing industry has increased an average of 0.23 percent annually. This is stronger than the national average change in food processing employment which declined by 0.12 percent per year and 0.58 percent annual decline for the states comprising the Great Lakes. Over the 1969 to 2012 time period employment in food processing in Wisconsin increased by 13.0 percent, but declined by 4.2 percent for the U.S. and 21.1 percent for the Great Lakes. Thus from a jobs perspective food processing is not a source of growth for the U.S. or the larger region, but for Wisconsin it is a source of modest growth.

When compared to overall growth in employment, food processing appears to be lagging behind. Over the same 40 plus year period Wisconsin's overall annual growth rate in employment averaged about 1.4 percent, or 80.4 percent over the whole period (Figure 1). While the food processing manufacturing has grown, the growth rate is much lower than the overall economic growth rate.

In a 2009 study of the Wisconsin agricultural economy Deller and Williams documented that the food processing industry generates about 252,000 jobs and \$15.5 billion in income. This represents just over seven percent of all employment and just less than seven percent of all income in Wisconsin. In addition, the economic activity associated with food processing generated just over \$1 billion in state and local government revenues. This series of factsheets is aimed at helping better understand the food processing industry in Wisconsin and identify policies that may enhance the competitiveness of the industry.

Agricultural process manufacturing, such as cheese making, vegetable canning and freezing and breweries as well as wineries, remains an important part of the Wisconsin economy. Equally important, the products that are associated with food processing, in particular cheese and beer, are an integral part of the Wisconsinites self-identity. Curly Lambeau, one of the founders of the Green Bay Packers, used funding from his employer, the Indian Packing Company, a meat canning processor, to fund the early operations of the team. The Milwaukee Brewers are named in recognition of the city and state's long tradition in making beer.



Another way to think about the contribution of food processing to the Wisconsin economy is to track the share of the state's employment that comes directly (i.e., no multiplier effect is considered) from food processing. In 1969, the beginning of our study period, food processing accounts for 3.1 percent of Wisconsin's employment which is higher than the national average of 2.0 percent and the Great Lake states of 2.1 percent (Figure 3). Since then, however, food processing's share of Wisconsin employment has been steadily declining. This downward trend outlined in Figure 3 is not indicative of a declining food processing industry, but rather one that is not growing as fast as the whole of the economy.

The fact that food processing employment in Wisconsin is growing, albeit modestly, while the employment in the industry is declining nationally and for the surrounding Great Lakes region suggests that there is something unique about Wisconsin. Part of this uniqueness is the diversity of agricultural products that are produced in Wisconsin creates numerous opportunities for value added processing. Second, there is some evidence that the growth of the local foods movement has created opportunities for growth in smaller scale food processing. Third, while there is limited direct evidence, the fact that Wisconsin has identified food processing as a focal area for cluster development has drawn attention to the industry as a source of growth.

Food processing remains a growth industry for Wisconsin, but the growth may be more modest than overall economic growth. While its relative share of employment is declining, it remains a relative strength when compared to the U.S. and neighboring Great Lake states.

References: Deller, Steven C. and Williams, David. 2009. "The Contribution of Agriculture to the Wisconsin Economy." Department of Agricultural and Applied Economics Staff Paper No. 541. University of Wisconsin-Madison/Extension. (August). www.aae.wisc.edu/pubs/sps/pdf/