

# Contribution of Agriculture to Wisconsin

## On-Farm Activity's Contribution to Wisconsin Total Income 2012

Agriculture has historically been considered a backbone of the Wisconsin economy. Over time, however, other components, such as the service producing sectors including tourism-recreation and business services to name a few, have grown more important. This raises the question, how much does agriculture contribute to the modern Wisconsin economy. Using data from 2012, the most current year available, we seek to provide insights into that fundamental question.

Using an input-output model of the Wisconsin economy and several sub-regions to capture the multiplier effects we find that on-farm activity, such as dairy, crop, fruit and vegetable and beef production among others, contributes about \$8.9 billion to labor income which is 3.2% of total labor income within Wisconsin. This compares to \$5.4 billion from the previous contribution of agriculture analysis by Deller and Williams (2009) which explored 2007 data. This represents an increase of almost \$3.6 billion, an increase of 66.2 percent. This increase is in nominal terms and does not consider the effects of inflation.

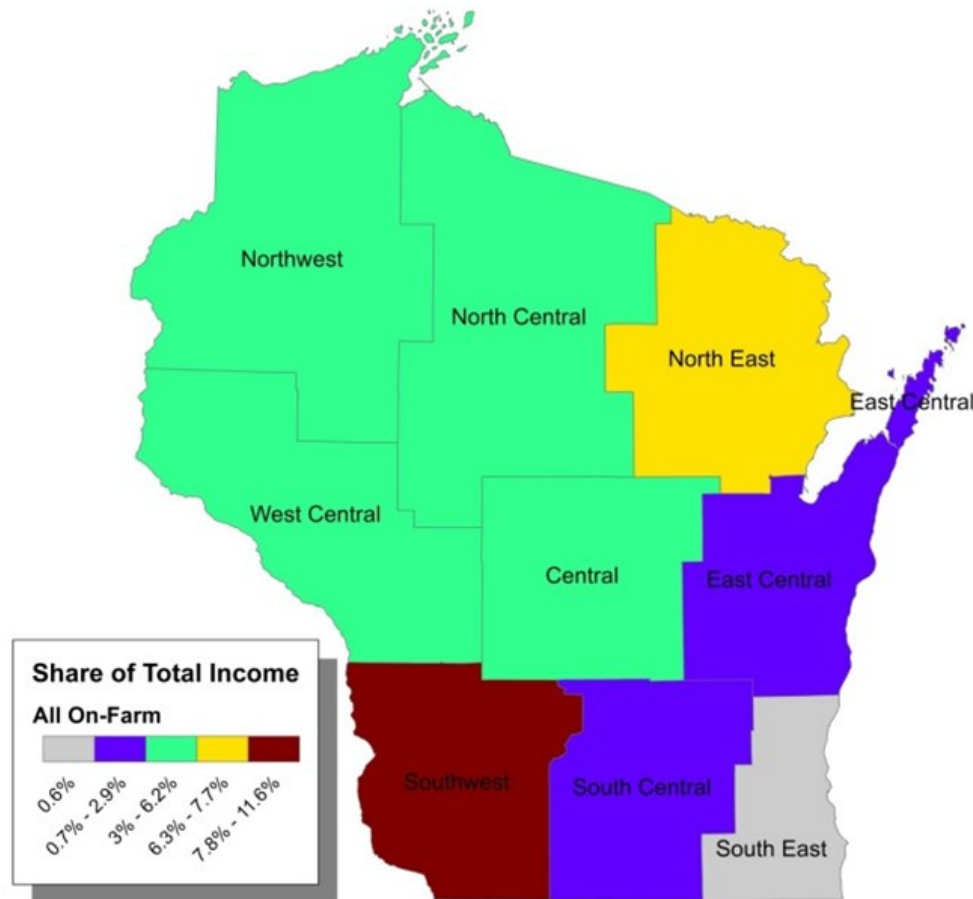
All On-Farm (2012) (MM\$)

	Total Income	(%)
Wisconsin	\$8,951.2	3.2%
North West	\$502.2	5.3%
North Central	\$787.7	5.7%
North East	\$376.1	7.7%
West Central	\$923.7	4.7%
Central	\$783.5	6.2%
East Central	\$1,526.0	2.9%
South West	\$1,015.8	11.6%
South Central	\$1,496.7	2.9%
South East	\$626.8	0.6%

Total Income includes labor income (wages, salary and proprietor income) plus other sources of income such as dividends, interest and rent and some transfer payments such as social security. Within the framework of input-output modeling, total income is akin to gross domestic product.

Looking across the nine sub-regions there are three where on-farm agriculture contributes more than \$1 billion to total income: East Central at \$1.5 billion (2.9% of total), South West at just over \$1 billion (11.6% of total), and South Central with \$1.5 billion (2.9% of total). Even in the most urban part of Wisconsin, the South Eastern region which includes the Milwaukee metropolitan area, on-farm activity contributes \$626.8 million to total income. While this is only 0.6% of the region's total, there is still a significant amount of farming activity in the region.

### Share of Total Income from All On-Farm Activity



### Methods of Analysis

In this study we use an input-output model of the economy at the state level and the nine sub-regions of Wisconsin defined by National Agricultural Statistic Service (NASS). Input-output models can be viewed as a “spreadsheet” of the economy where buyers or demand move across the columns of the spreadsheet and sellers or supply move down the rows. An individual cell of the spreadsheet captures the dollar flow from sellers (supply) and buyers (demand). A key to the model is that the economy is in “equilibrium” or demand equals supply. In this framework we can trace how changes in one sector ripples throughout the entire economy. These ripples are widely known as the “multiplier effect”. For this study these multipliers are custom to the region we are examining and reflect the economy in 2012.