

# Contribution of Agriculture to Wisconsin

## Food Processing's Contribution to Wisconsin Total Industrial Sales/Revenue 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 food processing contributes \$67.8 billion to total industrial sales/revenue, which is 12.3% of the state total. When compared to analysis by Deller and Williams (2009) which explored 2007 data, there has been a \$17.8 billion (35.6%) increase. This increase is in nominal dollars and does not reflect the effects of inflation.

All Food Processing (2012) (MM\$)

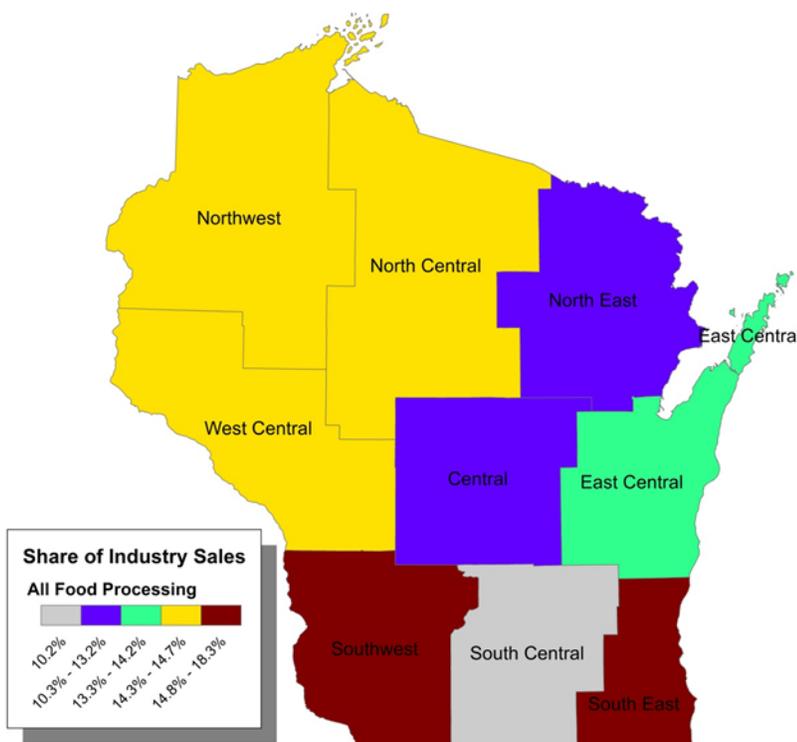
	Total Industrial Sales/Revenue	(%)
Wisconsin	\$67,822.1	12.3%
North West	\$3,195.9	14.7%
North Central	\$4,209.1	14.5%
North East	\$1,451.9	13.2%
West Central	\$5,679.0	14.5%
Central	\$3,300.0	12.9%
East Central	\$16,282.6	14.2%
South West	\$3,428.5	18.3%
South Central	\$9,581.8	10.2%
South East	\$11,221.2	16.8%

Total Industrial Sales/Revenue represents the sum of all elements in the input-output table, or the total dollar value of demand or revenue. This is akin to gross revenues or sales of businesses within the state.

There is not a single region within Wisconsin where food processing does not contribute at least one out of ten dollars to regional industrial sales/revenue. Even in South East Wisconsin, which is dominated by the Milwaukee Metropolitan area, food processing contributes \$11.2 billion, which is 16.8% of the regional total. For the East Central region of Wisconsin food processing accounts for \$16.3 billion (14.2% of the regional total) of industrial sales/revenue which is about one-quarter of the Wisconsin total (\$67.8 billion). Given the results of the analysis for the South East and East Central regions, it is clear that there is a strong geographic clustering of food processing in the eastern part of Wisconsin.

But food processing is equally important in other parts of Wisconsin, such as the South Western region where 18.3% of industrial sales/revenue is attributable to food processing (\$3.4 billion). In the North West, North Central and West Central almost 14.5% of the regional total industrial sales/revenue can be traced to food processing. Clearly, food processing is an important part of the Wisconsin agricultural economic cluster. On-farm activity and food processing are two sides to the same economic cluster coin and policies aimed at enhancing the competitive edge of Wisconsin agriculture must consider food processing.

Share of Industry Sales from All Food Processing



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### 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.