

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 in the Idaho economy and contributes to the state's GDP. Agribusiness export dollars ripple throughout Idaho's economy, creating (directly and indirectly)

- \$26 billion in sales, 18% of Idaho's total economic output
- 123,000 Idaho jobs, 1 in every 8 jobs in the state
- \$10 billion in value added, 13% of Idaho's GDP

Idaho Farm Cash Receipts

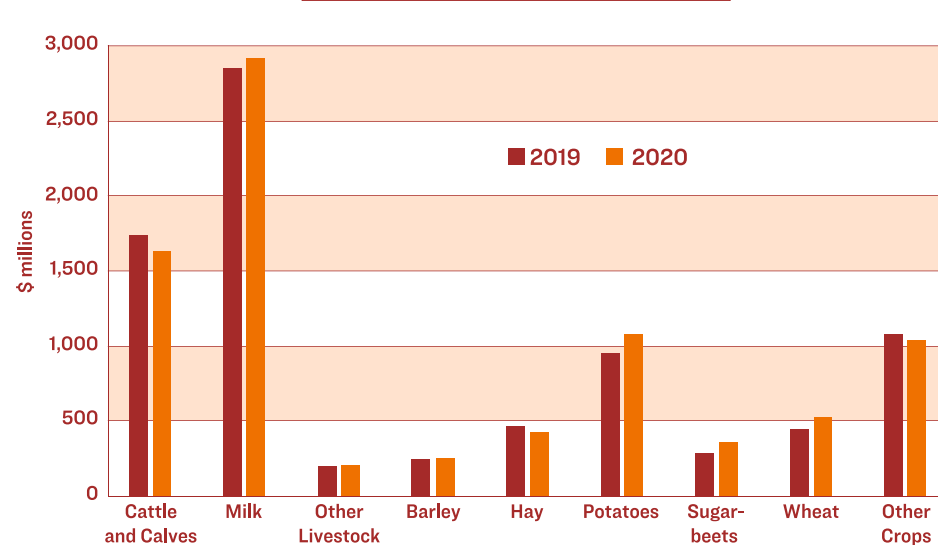
Idaho's 2020 farm cash receipts are estimated to be \$8.5 billion—a 6% increase from 2019's \$8.0 billion, just 4% short of the record high of \$8.8 billion set in 2014.

2020 crop revenues are estimated at \$3.7 billion, up 15% from 2019's \$3.3 billion and 14% above the 10-year average. Sugarbeets (up 29%), wheat (up 17%), potatoes (up 13%), and barley (up 10%) recorded the largest increases in receipts over 2019. Hay receipts decreased 9% while other crops posted a 4% 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 revenues are estimated at \$4.8 billion, down 1% from 2019 and 5% higher than the 10-year average. Cash receipts from milk are expected to be \$2.9 billion, up 2% from last year. Cash receipts from cattle and calves are projected to be \$1.6 billion, 6% lower than 2019.

In real dollars (inflation adjusted to 2020), estimated cash receipts are 43% higher than the 41-year (1980–2020) 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.

Idaho Farm Cash Receipts, 2019 & 2020



Sources: USDA National Agricultural Statistics Service and UI projections.

Idaho Net Farm Income

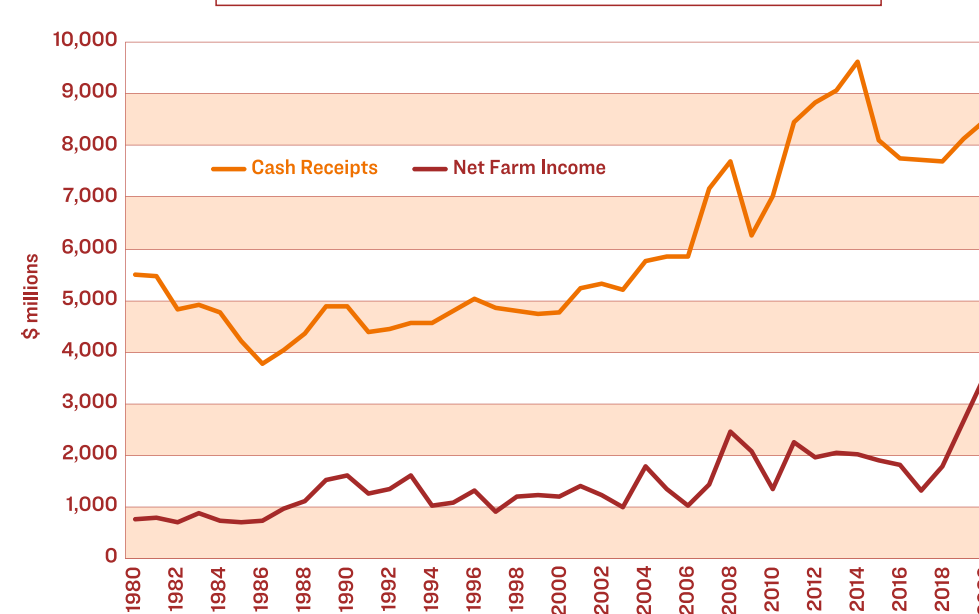
Net farm income, revenues minus costs, is the farmer's bottom line. Revenues include cash receipts from crop and livestock sales, inventory changes, the estimated value of home consumption, government payments, machine hire and custom work, forest product sales, and the imputed rental value of farm dwellings. 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 38% increase in 2020 Idaho net farm income is the difference between an estimated 10% increase in total revenues minus an estimated 2% decrease in total expenses. Estimated net farm income in 2020 is \$3.5 billion, 67% above the 10-year average. In contrast, United States Department of Agriculture's 2020 US net farm income is estimated at \$120 billion, up 43% from 2019.

Historically, net farm income is much more volatile than gross cash receipts. In six of the past ten years, Idaho experienced double-digit swings in net farm income. The 38% increase in 2020 followed a 44% increase in 2019 and a 36% increase in 2018. Real-dollar Idaho net farm income (inflation adjusted to 2020) set a new record in 2020, surpassing the previous real net farm income record set in 2007. Idaho real net farm income for 2020 is estimated to be 120% above the 41-year average (1980–2020).

The overall decrease in farm expenses in 2020 was attributed to a 2% decrease for farm-origin inputs (feed, seed, and replacement livestock purchases) and a 1% decrease in manufactured inputs (fertilizer, chemicals, and fuel). Other expenses were up less than 1%, including machine hire and custom work, marketing, storage, transportation, repairs, and maintenance. Contract labor was up 1.4%. Interest expenses were down 26% in 2020.

Idaho Farm Cash Receipts and Net Farm Income, 1980–2020



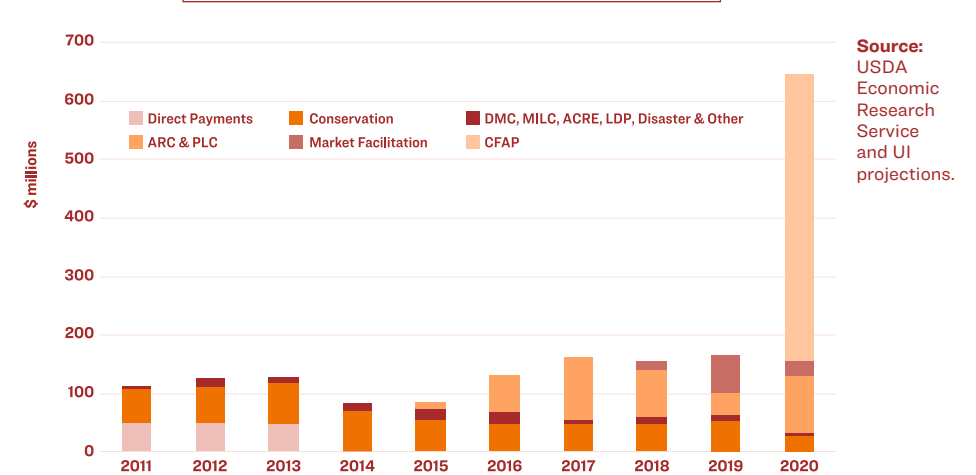
Sources: USDA Economic Research Service, Idaho office of the National Agricultural Statistics Service, and UI projections.

Note: In real dollars (2020 base).

Idaho Government Payments

Federal government payments to Idaho agriculture in fiscal year 2020 are estimated at \$646 million, an increase of 291% from 2019 and 400% more than the average of the previous ten years. In 2020, Coronavirus Food Assistance Program (CFAP) payments were an estimated \$490 million and Market Facilitation Program payments were approximately \$26 million. Grain commodity program payments were approximately \$95 million while conservation programs accounted for \$28 million and disaster programs accounted for \$7 million. Direct payments are forecasted to be 39% of total US net farm income in 2020. In contrast, government payments contributed 18% to Idaho's net farm income, up from 6% in 2019. Idaho received 1.4% of total 2020 payments to US agriculture.

Idaho Government Payments, 2011–20



Source: USDA Economic Research Service and UI projections.

Idaho Agriculture's Gross Domestic Product

Gross domestic product (GDP) measures value added, 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 2019, Idaho's nominal GDP exceeded \$83 billion, of which 4.3% was generated by farming. Farm GDP in 2019 increased 18% from 2018, to \$3.6 billion. Over the past 23 years (1997–2019) inflation-adjusted (2012 dollars) Idaho GDP has grown over 100%, while Idaho farm GDP increased over 200%.

Idaho Total and Farming GDP Index (1997=100)



Chained dollars—2012 base.

Source: US Department of Commerce Bureau of Economic Analysis and UI projections.