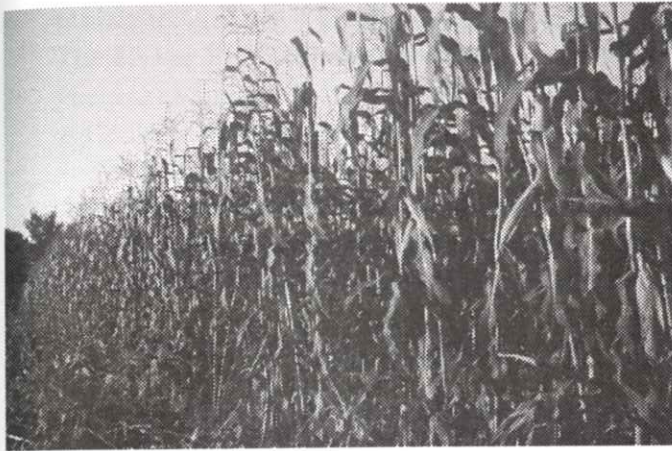


Economic Impact of Agriculture



Photos courtesy of Joe Munster, Frank P. Marx and Ulster County Tourism

ECONOMIC IMPACT OF AGRICULTURE

CASH RECEIPTS

Cash receipts are the dollar amount received from farm product sales. Ulster County's cash receipts, as calculated by the New York State Department of Agriculture and Markets Division of Statistics for 1995 are as follows:

FRUIT: \$28.2 million
LIVESTOCK (CATTLE, POULTRY, ETC.): \$13.4 million
VEGETABLES: \$6.5 million
GREENHOUSE AND NURSERY: \$2.9 million
MILK: \$2.4 million
FIELD CROPS: \$1.5 million
TOTAL: \$55 million

1992 CENSUS OF AGRICULTURE

Every five years the United States government produces a *Census of Agriculture* which includes county and state data. In 1992, according to the *Census of Agriculture*, the market value of all agricultural products sold from Ulster County farms was \$50.9 million. Total sales averaged \$117,564 per farm. The leading products sold, based on market value, were fruits and berries, vegetables, dairy products, nursery and greenhouse products, cattle and calves.

The average value of land and buildings per farm in 1992 was \$482,603. Machinery and equipment were valued at \$46,891 per farm. Total production expenses, defined to include all cash operating outlays, in 1992 were \$43.4 million for an average of \$100,502 per farm. The Census showed 57% of the farm operators reported farming as their principal occupation. The average farm operator age was 55 years.

COST OF COMMUNITY SERVICES

American Farmland Trust (AFT) has been instrumental in gathering data that shows that agricultural land pays more in property taxes than it receives in community services. Farmland requires little in the way of fire and police protection, sewer and water lines, and education; giving credence to the old adage "Cows don't go to school."

Cost of community service studies are a way to evaluate whether farm and forest lands add to the local tax base. These studies compare annual income to expenses from different land use sectors: residential, commercial/industrial and farm, forest and open land. Studies in four southern New England towns all found that farm, forest and open lands more than paid for themselves: *they helped to support residential services*. For every dollar of revenue raised from the residential sector, the towns spent \$1.11 on residential services. For every farm, forest or open space dollar, towns only spent \$0.34 on public services. This left \$0.66 cents to offset other municipal expenses. AFT concluded that farm, forest and open space support many towns' financial balances.

ECONOMIC IMPACT OF AGRICULTURE

THE ECONOMIC MULTIPLIER

Given the high interdependence of economic sectors within a modern economy, economic theory suggests that any change in the level of *final demand* for the output of one industry will have ripple or *multiplier* effects. Final demand represents the goods and services which are delivered to the end or final users. The economic multiplier is the linkage between the change in final demand and a sector's overall cumulative contribution to the economy. It is often represented as a ratio using either personal income or employment as a measurement unit.

Farming operations make relatively large proportions of total expenditures in-state, compared with other New York industries. Overall, the agriculture industry produces a larger economic multiplier and has a greater economic impact on the local economy than most other industries. The \$50 to \$55 million in sales that Ulster County farmers produced annually during the last five years is estimated to be multiplied by between 2.6 and 3.5 times to determine the impact agriculture generates within the local economy each year.

According to *Washington County Agricultural and Farmland Protection Plan*, the agriculture industry generates this impact because:

- * Farming is a primary extractive industry which produces raw materials directly from local natural resources.
- * Local processing of farm products creates further wealth.
- * Farmers predominantly purchase supplies and services from local tradesmen.
- * Farms and agribusiness require additional services from other local service businesses, such as banks and insurance companies.
- * Farmers and their families usually reside in the community where their farm is located and spend their income within the same community.

EMPLOYMENT

Successful farms provide employment. As farms prosper, jobs are created both on the farm and in the businesses which service the agriculture industry. In 1992, direct farm employment in Ulster County was estimated at 2,122. This included 282 full time operators, 131 part-time operators, 20 tenant farmers, and 1,689 hired farm workers.