

Center for Economic and Business Research

Whatcom County Agribusiness Summary

August 21, 2017



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Acknowledgement

Western Washington University's Center for Economic and Business Research (CEBR) was asked by the Whatcom Business Alliance (WBA) to gather job and wage data and more clearly define the local agribusiness sector to include not only those jobs and wages directly relating to food production, but also those supported by spending by those in farming related jobs.

We thank the WBA for their assistance in organizing meetings with leaders in the farm industry and interest groups, helping with a survey and for other support. Funding for this work comes from various businesses in Whatcom County, through the WBA.

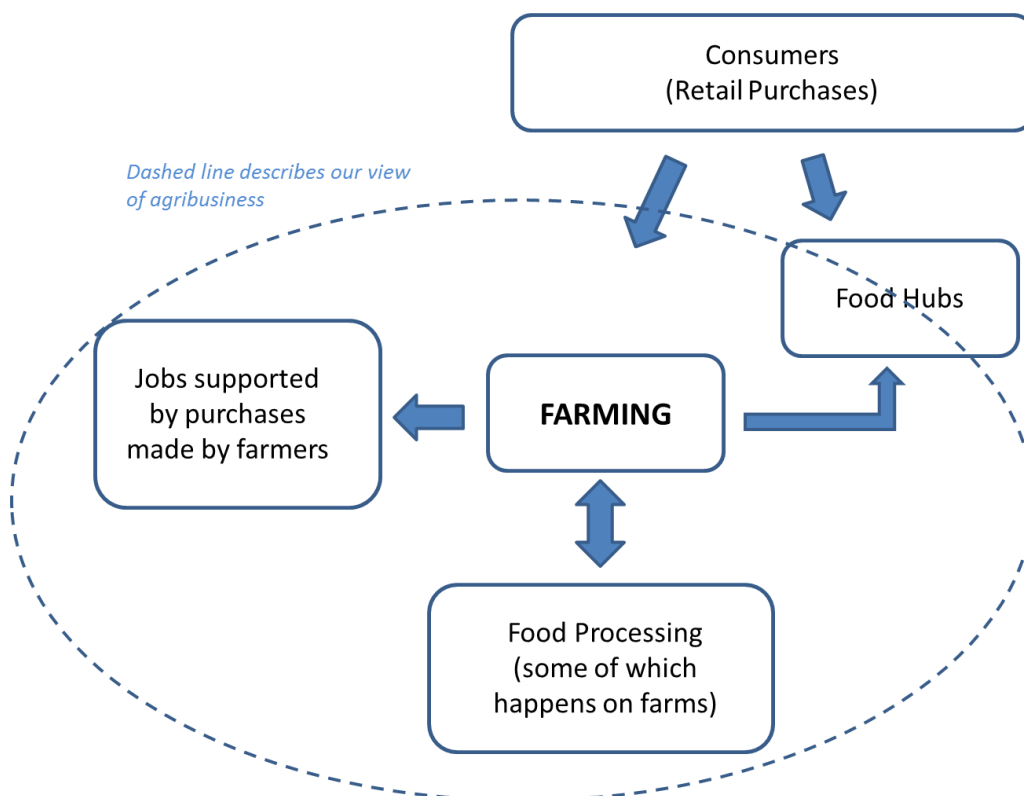
Executive Summary

Agriculture. Of all the standardized business sectors, agriculture is perhaps the one people relate to or think they understand the best. Farms with large red barns in picturesque fields come to mind. Sectors like “business and professional services” can be confusing. It is not immediately obvious if it includes information technology or how it might differ from administrative support services. But agriculture is obvious... except it isn't.

In terms of the official North American Industrial Classification System, agriculture includes farming, forestry, fishing and hunting. Moreover, many activities that someone might consider to be part of farming are actually classified as manufacturing. For example, the processing of milk and berries are most likely manufacturing activities (with the definition depending partly on where the activities occur and who is responsible). In short, counting the number of jobs in agriculture is actually a lot more complicated than you might think, if only because there are so many ways to define agriculture.

In this report we think of agriculture as farming: the activity of growing crops and raising livestock. We do not include aquaculture and other activities in our definition (though it is certainly part of the NAICS agriculture sector).

We also think of agribusiness: a broader concept that includes many jobs in other sectors, which are supported by the purchases made by farmers and that provide goods and services to farmers.



The diagram notes that some food processing activities happen on farms. For example, farmers might create ice cream or other products with the milk they produce. Other food processing activities occur off the farm and most likely is officially counted in the manufacturing, food manufacturing sector.

Focusing on employment, the numbers vary significantly depending on what jobs you decide to count. For example, we can talk about year round jobs (which can include full-time and part-time

jobs); we can decide to include the thousands of jobs that last for the berry picking season in summer; and we can calculate an average annual employment base that gives a mix of the two.

Farming Jobs

Year Round Jobs	3,300 jobs	
Farming Employment – Summer Peak	9,000 jobs	
Average Annual Employment	3,749 jobs	\$101 million in annual wages

After deciding on the number of farming jobs, we can also ask how many jobs in other sectors depend critically on those farming jobs. For example, there are jobs in cold storage businesses, trucking, banking, and many other sectors that exist largely because the farming jobs exist.

The employment contribution of agriculture includes the (3,749) jobs in farming plus the jobs supported by farming. In the jargon of impact analyses, the employment contribution includes the direct and indirect jobs. We use the average annual employment figure rather than the summer peak because the short duration berry picking jobs do not have long lasting impacts that support other jobs. (Of course, they support other jobs to some degree, but that impact is captured by using the average annual employment figure because the jobs in summer influence the average annual figure.)

Employment Contribution of Farming

Average Annual Employment	3,749 jobs
Jobs Related to or Supported by Farming (also known as Indirect Jobs)	2,161 jobs
Farming and Farm Related Jobs	5,911 jobs
Jobs Supported by Spending by those in farming and the related jobs (also known as Induced Jobs)	2,494 jobs
Overall Employment Contribution	8,405 jobs

Finally, we define the broad agribusiness sector as all of the jobs related to farming and food processing or food manufacturing jobs.

Agribusiness Jobs

Farming and Farming Related Jobs (Direct and Indirect Jobs)	5,911 jobs	\$194 million in annual wages^a
Food Manufacturing	2,032 jobs	\$82 million in annual wages
Agribusiness Jobs in Whatcom County	7,943 jobs	\$276 million in annual wages

Note a: Wages = wages for 3,749 farming jobs as reported by Employment Security plus the average county wage for all 2,161 related jobs. This figure should be refined with further research.

Because of this complexity and common misunderstandings of sector definitions we propose within this report using the term agribusiness to more accurately capture and reflect upon the sector activities within Whatcom County.

Other Notes

- Whatcom County has more than 1,700 farms
- With a mix of very small to mid-size farms, the average farm is 68 acres (Whatcom County does not have large farms, defined as large scale industrialized and/or factory farms. Some definitions of large farms suggest 5,000+ acres and/or a minimum amount of revenue.)
 - More than three quarters of the farms are less than 50 acres
 - The top 10 percent of farms in terms of size produce 90 percent of the sales
- The market value of products sold by farmers was \$357 million in 2012 (does not include the value added in the food manufacturing sector and many processing operations – for example taking cucumbers to pickles is considered to be within the manufacturing sector and not agriculture.)
 - More than 75% of the market, or farmgate value, comes from berry and dairy farms
 - Smaller farms do not generate the same farmgate value (or show the same value in terms of revenue generated) but provide a variety of other values and are more likely to participate in farmers market – thereby providing an important connection between farming and the broader community.
- Regulations pose a difficult challenge for farmers
 - Problems can arise because regulators do not understand farming and/or how different regulations can be problematic together (if not contradictory); farmers tend to support the intent of virtually all the regulations they face but often struggle with the implementations.
 - Given the many connections between farming and other sectors, it is important for regulators to look at the whole farming web when considering the impacts a given regulation might have.

A Quick Note

Our objective with this report is to improve the understanding of agriculture in Whatcom County. Some of the numbers in the report depend on our decisions about what to count and what not to

count when defining agriculture and agribusiness. Different people might think a narrow or broader definition would be more appropriate. That is fine. We do not hope to convince anyone that our numbers are right. We just want to promote good conversations and help people ask good questions about agriculture.