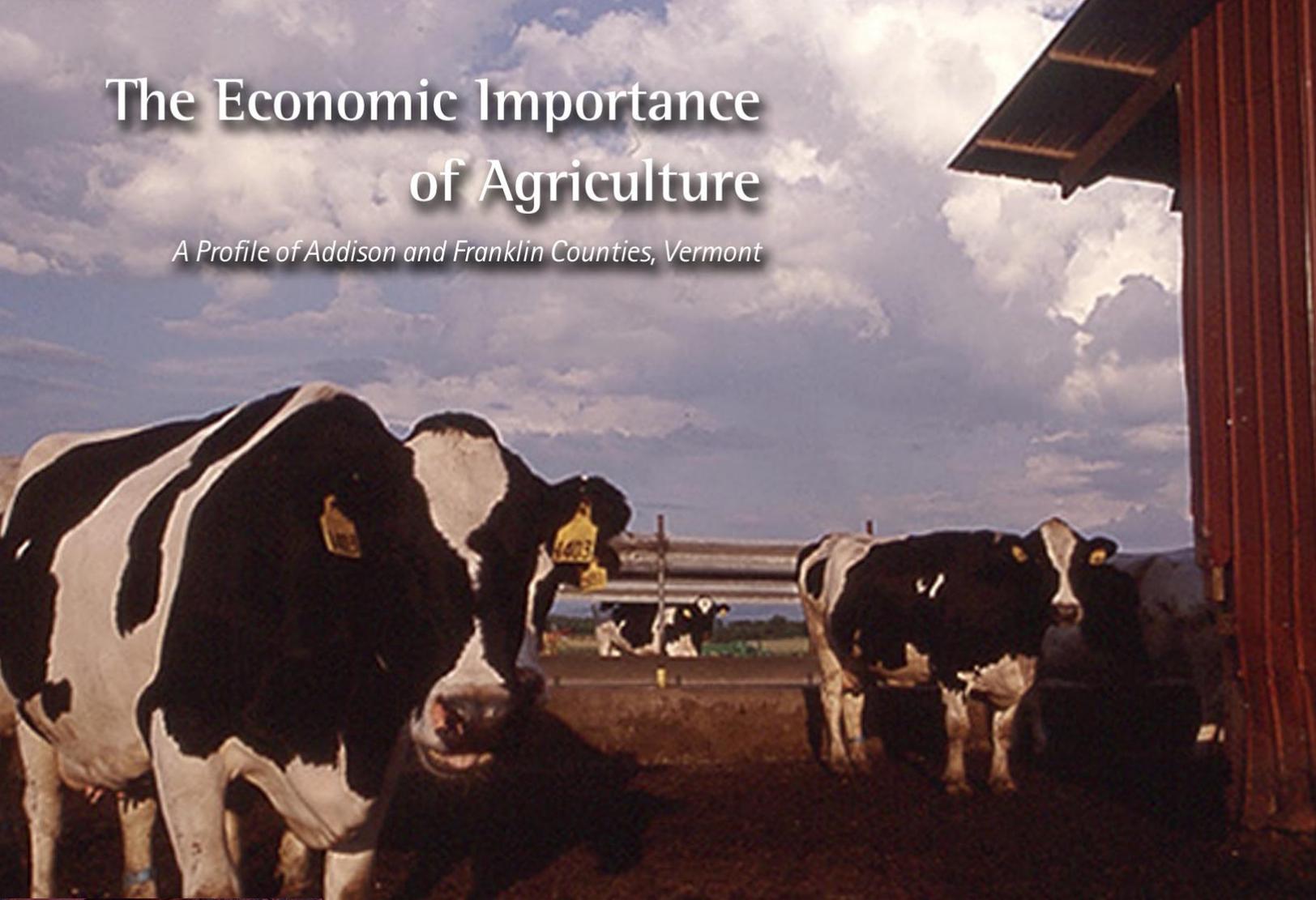




The Economic Importance of Agriculture

A Profile of Addison and Franklin Counties, Vermont



The Economic Contribution of Farms

Farms generate significant local economic activity

Economic activity generated by the agricultural sector tends to have a larger impact on the local economy than dollars produced by other industries. Farmers typically spend more locally than other businesses, since they rely on a variety of local businesses: feed and seed dealers, fertilizer and fuel companies, machinery dealerships and repair shops, veterinarians, grain haulers, etc.

As farmers across the nation struggle against unfavorable economic conditions and increased pressure from sprawling development, communities must decide whether to enact measures that protect farmland and help keep farmers in business. In making such decisions, community leaders often weigh the scenic and environmental benefits of farms against the perceived economic benefits of further residential and commercial development. Often lost in the debate, however, is a discussion of the economic impact that farms have on their surrounding communities.

To get a better glimpse of how much farms contribute to their local economies, American Farmland Trust undertook a study of two counties in Vermont—Addison and Franklin—where agriculture is a significant industry. Farming is one of the largest land uses in both counties. In 1997, Addison County had 205,000 acres in farms, on 42 percent of the county's land base, while Franklin County had 190,215 acres in farms, covering 47 percent of the county.

The study showed that Addison and Franklin county farms:

- Add hundreds of millions of dollars a year to the local economy
- Provide one out of every ten jobs
- Generate more than one-tenth of all the farm sales in New England





Findings

Addison and Franklin County Farms:

Added \$450 million annually to the local economy

The total economic impact of agriculture was determined by farm sales and the “multiplier effect,” which takes into account the impact of farm spending on local agricultural businesses. Related industries that depend in part on agriculture—such as recreation, tourism, forestry and food processing—were not included in these figures, making this a conservative estimate.

Were responsible for more than one-tenth of all the farm sales in New England

Combined, farms in the two counties sold more than \$212.3 million in farm products in one year. Dairy farms generated the largest portion of total agricultural sales in each county—more than 75 percent.

Supported local businesses by spending \$169.6 million* on farm expenses

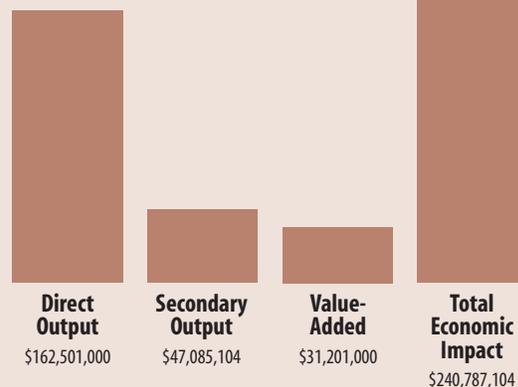
Much of this money was spent on animal feed, fertilizers, fuel, machinery repairs and other goods and services from local businesses. (*Figure from 1997)

Provided more than ten percent of all the jobs in the region

The agricultural industry created approximately 4,150 full- and part-time jobs, generating income of more than \$36 million. This figure did not consider jobs in industries such as tourism and recreation that also rely on agriculture, making this a conservative estimate.

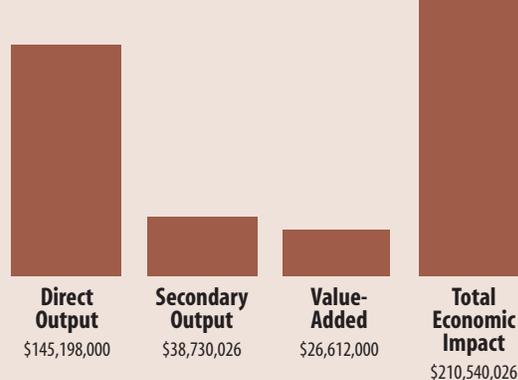
Agricultural Industry Economic Impact

Addison County, Vermont



Agricultural Industry Economic Impact

Franklin County, Vermont



- Direct output is the total industry production for a given year. It includes shipments and net additions to inventory.
- Secondary impacts include local industry purchases from other local industries, as well as final demand resulting from the interaction of institutions. Secondary impacts typically reflect household spending from income that varies directly with output.
- Value-added is the value added to intermediate goods and services. It includes employee compensation, proprietor income, other property income and indirect business taxes.

Source: 1998 IMPLAN Multiplier Reports. Minnesota IMPLAN Group, Inc.

Figures are from 1998, unless otherwise noted. Primary sources of study data: the United States Census of Agriculture, United States Bureau of the Census County Business Patterns, Regional Economic Information System, United States Bureau of Labor Statistics and IMPLAN (Impact Analysis for Planning).



Sustaining the Economic Benefits of Farms

At first glance, the economic impact of agriculture may seem modest when compared to other industries. However, farms tend to demand very little public infrastructure—roads, schools, sewers, etc.—and therefore provide low-cost economic development. Farms also perform ecological services, such as groundwater recharge and wildlife habitat, that are difficult to quantify economically but are extremely valuable nonetheless. In addition, Vermont’s tourism industry depends on farms, which provide the pastoral landscapes and rural charm that draw tourists.

Early on, Vermont recognized the importance of conserving its land and agricultural heritage. Enacted in 1987, Vermont’s Farmland Conservation Program permanently protects land for agriculture. The state consistently invests more per capita on farmland conservation than any other state in the nation.

This study found that 13 percent of the farmland in Addison and Franklin counties was lost between 1982 and 1997; however, that figure was lower than the Vermont average of 20 percent. By comparison, two neighboring counties in New York lost 26 percent of their farmland during the same time period. In part, Addison and Franklin counties have experienced less farmland loss because the state Farmland Conservation Program has protected significant amounts of farmland in the two counties thus far (35,000 acres in Addison County and 25,000 acres in Franklin County).

By protecting land, Vermont’s Farmland Conservation Program also is helping farmers stay in business. A 2000 study, *From the Field: What Farmers Have to Say About Vermont’s Farmland Conservation Program*—conducted by American Farmland Trust, Vermont Housing & Conservation Board, Vermont Land Trust, and Vermont Department of Agriculture, Food and Markets—found that the Vermont Farmland Conservation Program gives many Vermont farmers a greater level of financial security. The *From the Field* study demonstrated that 75 percent of farmers who receive state funding to conserve their land reinvest the proceeds in their businesses and local communities.

The *From the Field* study also determined that the Vermont Farmland Conservation Program is an important part of efforts to keep the state’s farmers in business. Given the importance of agriculture to local economies throughout Vermont, it stands to reason that the Vermont Farmland Conservation Program should continue to be viewed as both an economic and environmental investment for the state, rather than as just another expenditure.

To obtain a copy of this study’s technical report or a copy of *From the Field*, contact American Farmland Trust at (518) 581-0078.

Photography

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AMERICAN FARMLAND TRUST

is a private, nonprofit farmland conservation organization founded in 1980 to stop the loss of productive farmland and to promote farming practices that lead to a healthy environment.

Telephone:
(518) 581-0078

Website:
www.farmland.org

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