Measuring Statewide Economic Impacts and Contributions of the Almond Industry

This study links the changes in the California almond industry to associated changes in all the other industries and segments throughout the California economy. The magnitude of these changes are called “multiplier effects” or impacts and are generally classified as direct, indirect and induced effects.

**Direct Effects:** Direct effects are impacts directly within the affected industry. For example, hiring 100 new workers to prune almond trees has a direct employment effect of 100 jobs.

**Indirect Effects:** Indirect effects are the changes in industries outside the directly affected industry through purchases from supporting industries of input goods and services. For example, hiring 100 pruners may also entail purchase of 100 pruning shears. The supplier of pruning shears will generate jobs and make purchases of their own that ripple further through the economy.

**Induced Effects:** Induced effects are economic ripples that result from added consumption. For example, the 100 new almond pruners will use their added incomes to purchase food at local grocery stores or buy a car from the auto dealership. These local firms have workers of their own who make purchases that ripple further through the economy.

The sum of direct, indirect and induced impacts tells us the complete impact or contribution of the almond industry on the whole of the California economy. We report the contributions using three economic measures.

**Value of Output:** The value of direct output or service contribution of an industry or segment. For example, the direct value of almond grower output is simply the market value of almonds produced.

**Value Added:** Value added is the measure of salaries and wages, proprietor income and profit minus business taxes. It is that proportion of value of output contributed by labor and capital within the sector. An industry’s value added is the economic contribution of a sector above the cost of goods and services purchased from other sectors. Value added for almonds is the industry’s contribution to the size of the California economy.

Of these, over 97,000 Jobs are generated in the Central Valley of California. These jobs are vital in a region that has long had high unemployment.