

Pistachios Make an Impact: The Economic Impact of American Pistachios

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Purpose



- Assess the economic impact pistachio growers & processors have on California's economy
- Measure increases in business activity, jobs and labor income created, and indirect business taxes generated

Questions Answered



- How much business activity is created?
- How is this activity diffused among industries?
- How many jobs are created?
- How much labor income is generated?
- How could that labor income be distributed within California's economy?
- How much is generated in business taxes?
- How could the tax dollars benefit the State?

The Economic Impact Process



Grower & processor spending creates a ripple effect among businesses

- Purchases by growers & processors are sales to suppliers
- Suppliers purchase to fill the orders, & this creates sales for their suppliers, etc....
- Increased business activity creates indirect business taxes

Jobs create spending that impact nearly all industries

- Grower & processor operations create jobs
- Purchases by growers & processors cause suppliers to create jobs/more employment for employees
- People in all those jobs have more money to spend for everyday living

Methodology



- Impact is function of spending within a geographic area in a year
- A special “feeder model” was created to measure grower & processor spending
- IMPLAN was the primary model used to analyze the impact of that spending
- The impact is expected to occur each year that such spending occurs

The Overall Findings



**Growers &
Processors Spent:**
Over \$1.9 billion
in 2016, \$5.3
million per day

Economic Impact:
Nearly \$3.6
billion
annually, \$9.8
million per day

Specifics of the Impact



- **\$3.56 billion** in overall economic activity
- **22,630 FTE jobs** are created in farming and non-farming economic sectors
- **\$1.1 billion** in wages and salaries
 - New employment and expanded incomes to those already in the labor force
- **\$120.6 million** in indirect business taxes to fund state programs (excludes income taxes)

Industries Benefiting the Most

OUTPUT	Total (\$millions)	Total Per Day
Farming	\$2.2 billion	\$6.0 million
Professional Services	\$348.4	\$950,000
Manufacturing	\$267.6	\$730,000
Real Estate	\$202.4	\$555,000
Retailing	\$120.2	\$330,000
Health	\$87.9	\$240,000
Wholesaling	\$87.7	\$240,000
Arts, entertainment, recreation	\$43.3	\$119,000
Education	\$15.3	\$42,000
Administrative	\$14.1	\$39,000
Accommodations, food services	\$2.1	\$6,000
Other	\$185.2	\$510,000
Total	\$3.56 billion	\$9.8 million

How People Could Spend Their Labor Income

Spending Category	Annual (\$millions)	Per Day
Food		
Food at home	\$59.4	\$163,000
Food away from home	\$46.3	\$127,000
Housing		
Shelter	\$163.3	\$450,000
Household operations, supplies, furnishings	\$113.8	\$310,000
Apparel & shoes	\$26.5	\$72,000
Transportation		
Vehicle purchases	\$53.3	\$150,000
Other vehicle expenses	\$79.5	\$220,000
Healthcare	\$67.7	\$185,000
Entertainment & reading	\$44.5	\$120,000
Personal care products & services	\$10.4	\$28,000
Education	\$19.5	\$53,000
Miscellaneous	\$156.9	\$430,000

What the Taxes Could Pay For

State Agency	% of Budget Taxes Would Pay:
Arts Council	693.7%
Department of Aging	297.4%
Department of Conservation	110.3%
California Conservation Corps	107.6%
Department of Food and Agriculture	47.5%
Department of Veterans Affairs	31.2%
Department of Fish and Wildlife	29.7%
Department of Water Resources	29.6%
Children and Families Commission	29.3%
Office of Emergency Services	27.9%
Department of Parks, Recreation	24.0%
Department of Public Health	13.8%
Dept. of Housing, Community Development	13.4%
Department of Forestry, Fire Protection	8.9%

Grower Impact

- \$984.5 million in spending
- \$1.81 billion in economic impact
- 11,580 FTE jobs created
- \$558.3 million in labor income
- \$61.5 million in indirect business taxes



Processor Impact

- \$952.3 million in variable cost spending
- \$1.75 billion in economic impact
- 11,050 FTE jobs created
- \$537.5 million in labor income
- \$59.2 million in indirect business taxes



Conclusions



- Grower & processor spending has a significant economic impact on California
- Results of spending has ripple effect on all industries in California
- Spending & taxes give back to communities where growers and processors live and work

Questions I Can Easily Answer?



Health Benefits of Pistachios

