Idaho Agriculture is on the upswing. After four years of decline, 2019’s net farm income is projected to jump to a record high.

Cash receipts from sales of crops and livestock in 2019 are projected to be $8.2 billion, the second highest and 6% below the 2014 record high. Milk cash receipts, Idaho’s leading agricultural commodity, increased by an estimated 19%. Cash receipts for Idaho’s second- and third-largest commodities—cattle and calves and potatoes—decreased by 1% and increased by 15%, respectively.

Idaho’s 2019 net farm income is projected to be $2.7 billion, a 50% jump over 2018. Total revenues are projected to increase 11% to $9.3 billion and total expenses are projected to be steady. If realized, 2019 net farm income will be a record high, $432 million above the 2011 record of $2.3 billion.

Idaho Livestock and Crop Revenues

Revenue from livestock and crops in 2019 is projected to surpass crop cash receipts for the first time since 2001. Cash receipts have surpassed crop cash receipts every year since 2001. Idaho ranks first in the United States for milk production. With 2019 projected milk receipts of $1.1 billion, potatoes top the list in Idaho crop cash receipts. Wheat and hay follow with projected cash receipts of $516 million and $404 million, respectively.

Idaho ranks third in the United States for milk production, with a record output of 15.5 billion pounds in 2019. Production was up 2% from 2018 and prices averaged 15% higher. The January 1, 2019, milk cow inventory was 614,000 head and throughout the 2019 calendar year an additional estimated 18,000 head were added to the herd.

Idaho dairy production in 2019 increased an estimated 1% from 2018, and the average milk price is projected to be 4% higher. Barley revenues in 2019 are estimated to be $253 million, an increase of 17% from 2018. Total revenues are projected to increase 11% to $9.3 billion and total expenses are projected to be steady. If realized, 2019 net farm income will be a record high, $432 million above the 2011 record of $2.3 billion.

Idaho Livestock and Crop Revenues

Here are a few highlights:

- Exports from farms and food processors create a ripple effect throughout Idaho’s economy, making agribusiness Idaho’s largest industry. Only four of the last fifteen years have seen less than double-digit, year-to-year changes in net farm income. Net farm income for 2019 is forecasted to be 50% higher than 2018. The 2019 increase follows a 37% increase in 2018 which followed four years of declines. Only four of the last fifteen years have seen less than double-digit, year-to-year changes in net farm income. Net farm income for 2019 is forecasted to be 50% higher than 2018.
- Idaho ranks first in U.S. potato production. With 2019 projected potato cash receipts of $1.1 billion, potatoes top the list in Idaho crop cash receipts. Wheat and hay follow with projected cash receipts of $516 million and $404 million, respectively.
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Idaho Net Farm Income

Net farm income (revenues minus costs) is the farmer’s bottom line. Revenues include cash receipts from crop and livestock sales, inventory changes, the estimated value of home consumption, government payments, machine hire and custom work, forest product sales, and the imputed rental value of farm dwellings. Farm expenses include farm-origin inputs (purchased livestock, feed, and seed), manufactured inputs (fertilizers, fuel, and electricity), and “other inputs,” including repairs and maintenance, machine hire and custom work, marketing, storage, transportation, and contract labor.

The projected 50% increase in 2019 Idaho net farm income is the difference between an estimated 11% increase in total revenues minus unchanged total expenses. Estimated net farm income in 2019 is $2.7 billion, 41% above the 10-year average. In contrast, United States Department of Agriculture’s 2019 U.S. net farm income is estimated at $93 billion, up 10% from 2018; 2018’s topped 2017’s by 12%.

Historically, net farm income is much more volatile than gross cash receipts. In six of the past ten years, Idaho experienced double-digit swings in net farm income. Net farm income jumped 68% from 2009 to 2010, then increased 74% from 2010 to 2011. The 50% increase in 2019 followed a 37% increase in 2018 and a 27% decrease in 2017. Real-dollar Idaho net farm income (inflation adjusted) set a 50-year record (1970–2019) in 2008. Idaho real net farm income for 2019 is estimated to be 86% above the 50-year average. The overall increase in farm expenses in 2019 was attributed to steady costs for farm-origin inputs (feed, seed, and replacement livestock purchases) and a 5% decrease in manufactured inputs (fertilizer, chemicals, and fuel). Other expenses were up 2%, including machine hire and custom work, marketing, storage, transportation, repairs, and maintenance. Contract labor was up 11%. Interest expenses were down 6% in 2018.

Government Payments

Federal government payments to Idaho agriculture in fiscal year 2019 are estimated at $191 million, an increase of 22% from 2018 and 42% more than the average of the past ten years. In 2019, Market Facilitation Program payments were $47 million. These are compensation payments for the loss of export markets during trade negotiations. In 2019, direct payments contributed 24% to total U.S. net farm income. In contrast, government payments contributed 7% to Idaho’s net farm income, down from a high of 20% in 2009. Idaho received less than 1% of total 2019 payments to U.S. agriculture.

Idaho Agricultural’s Gross Domestic Product

Gross domestic product (GDP) measures value added, the value of output minus the value of intermediate goods and services used in production. GDP grows when farms and businesses become more efficient: increasing output while reducing use of intermediate inputs. In 2018, Idaho’s nominal GDP exceeded $77 billion, of which 3.4% was generated by farming. Farm GDP in 2018 decreased 4% from 2017, to $2.6 billion. Over the past 55 years (1963–2018) inflation-adjusted (2018 dollars) Idaho GDP has grown by 90%, while Idaho farm GDP increased 125%.