THE ROLE OF LABOR AND OTHER VARIABLE EXPENSES IN LOCAL FOOD MARKETS

The objective of this work is to explore the underlying economic differences, especially in regards to expenditures on variable costs and wage rates, which emerge from selling into local and regional food markets. We compare average variable expenses for farms within local and regional food systems, looking at the differences between scale and location as well as comparing local food producers to conventional producers.

Consistent with prior findings, farms without local food sales have significantly larger average expenditures compared to local food participants ($103,000 to $77,000).

On average, local food participants spend 8% of total expenditures on labor, compared to only 5% for farms that do not sell through local food channels.

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As local food producers get larger, they increase their share of expenditure on labor (8%, 21%, 29%, and 34%).

On the whole, there are many significant differences between the production expenditures amongst the lowest gross cash farm income producer category and the others.

Wage Rate for Local Food Producers, U.S.

Those average wages are slightly higher in metro areas ($26 vs. $23 and $21 in metro-adjacent and nonmetro, respectively), there are no significant differences.

Given the substantial literature that focuses on persistent wage gaps between rural and urban places globally and in the U.S. (e.g., Young, 2013; Marré 2017), this finding is unexpected.

Shows potential for those who see local food systems as one strategy for rural economic development.

Key Takeaways:

* Local food producers spend a larger share of their variable expenses on labor than do nonlocal producers.
* The share of expenditures on labor increase as local food producers get larger.
* The wage rate for local producers between metro, metro-adjacent and nonmetro were not statistically different.

Data Sources:


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