



Economic Contributions of **San Luis Obispo** County

Agriculture & Livestock





**The Honorable
Board of Supervisors,
County of San Luis Obispo**



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Agricultural Commissioner's Letter

I am pleased to share the **Economic Contributions of San Luis Obispo County Agriculture & Livestock**, a comprehensive analysis that reveals the true scope of agriculture's impact on our local economy.

This report takes an important step beyond the County of San Luis Obispo Annual Crop Report that we have published since 1928. Instead of stopping at crop production values and acreage, it quantifies agriculture's total economic contributions through production, local processing, employment, and economic multiplier effects.

In short, this report uses twenty-first-century economic tools to document agriculture's broader role in sustaining a thriving local economy.

This new study shows that in 2024, the latest year for which we have complete data, agriculture contributed a total of \$3,418,271,000 to the county economy. This far exceeds the \$1,018,121,000 value from our County of San Luis Obispo 2024 Annual Crop Report. Agricultural production and processing also directly supported 12,015 jobs, plus another 7,162 jobs from multiplier effects. Agriculture ranked seventh among county industries for direct economic output and ninth for direct employment.

This report also documents the high level of economic diversification within agriculture, which has strengthened resilience across the agricultural industry and the broader county economy.

Agriculture has a long tradition in San Luis Obispo County. For more than a century, it has been a vital component of our economy and culture. With this report, we deepen our understanding of that tradition and renew our commitment to sustaining agriculture well into the future.

Respectfully submitted,

Martin Settevendemie
Agricultural Commissioner/Sealer



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San Luis Obispo County Agriculture at a Glance

Economic Contributions of the Agricultural Industry for 2024



\$3.418
BILLION

San Luis Obispo County Agriculture's total contributions to the local economy



\$2.367
BILLION in direct
economic output



\$1.051
BILLION in
multiplier effects



\$9,365,000
per day

Employment Effects of the Agricultural Industry



19,177
total jobs



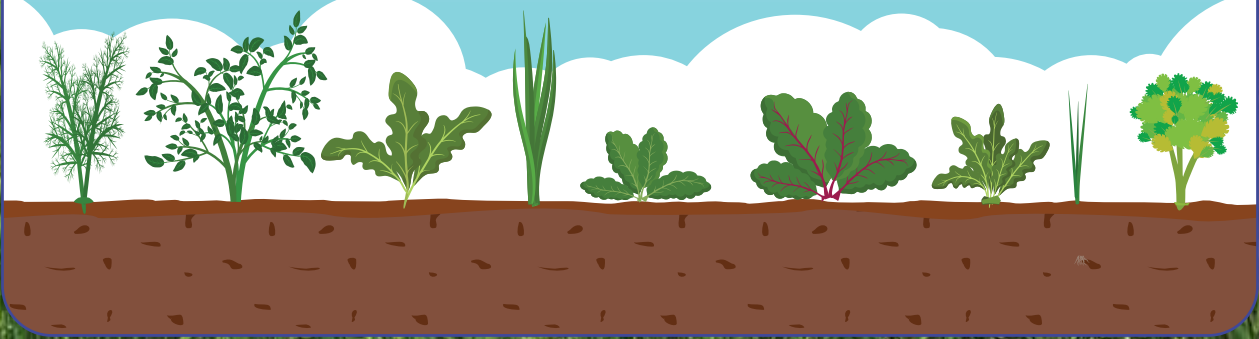
12,015
direct employees
across production
& processing



7,162
additional jobs attributable to
multiplier effects: expenditures by
agricultural companies and their
employees



1 in 16
jobs in San Luis Obispo
County attributable to the
agricultural industry



Introduction

In 2013 and 2019, we produced research reports that examined not just agricultural production values, but also agriculture's wider economic contributions through local food processing, employment, and multiplier effects. Those documents generated widespread positive responses, providing detailed assessments of agriculture's role in sustaining a healthy local economy. This document updates and expands upon those original reports.

Consistent with the previous studies, we used multiple data sources and advanced economic modeling techniques to analyze agriculture's total contribution to the San Luis Obispo County economy. We also measured economic diversification within agriculture, which has implications for economic resilience.

Overall, the findings offer important information for policymakers, the public, and anyone who values a vibrant and resilient local economy.

Our Approach

A *basic industry* sells most of its products beyond the local area and thus brings outside money into local communities. Agriculture easily qualifies as a basic industry in San Luis Obispo County. Calculating a reasonable range of economic contributions by a basic industry requires quantifying three economic areas: 1) *direct* economic effects; 2) *indirect* economic effects; and 3) *induced* economic effects. This report covers all three.

Direct economic effects include farm production, local processing, and their related employment. *Indirect* effects consist of inter-industry, business-to-business supplier purchases. *Induced* effects reflect consumption spending by the owners and employees of agricultural businesses and their suppliers. The **Multiplier Effects** section on page 8 explains this further.

This study focuses exclusively on economic contributions and does not attempt to quantify total impacts, whether positive or negative. A comprehensive impact assessment would require separate analysis beyond this report's scope.

Our calculations draw from local and national data sources. The local sources include industry experts and a decade of the County of San Luis Obispo Annual Crop Reports (2015 through 2024) produced by the Department of Agriculture/Weights and Measures. The main national data source is IMPLAN, a widely used economic dataset and modeling program (see www.implan.com).

Originally created for the U.S. Department of Agriculture (USDA), IMPLAN uses econometric modeling to convert data from more than a dozen government sources into local values for every U.S. county and zip code across 528 industry sectors. Because IMPLAN draws from multiple sources, including the most recent USDA Census of Agriculture, its employment and economic output numbers often differ from those reported by individual state and federal agencies. For details, please see "Data Sources for Select Industries: Farm, Construction, Railroad, and Government" on the IMPLAN company website: <http://bit.ly/4e0if2Z>. Except where otherwise noted, all figures are from 2024, the most recent IMPLAN dataset available. Where appropriate, we adjusted sector names for clarity and applied coefficients to IMPLAN values to reflect unique San Luis Obispo County conditions. Please contact the authors for additional details on the methods used.



Direct Effects of San Luis Obispo County Farm Production

This section focuses on the simplest measures of economic activity: production and employment. It describes total farm production and the number of agricultural jobs.

PRODUCTION

Figure 1 shows the various categories that made up San Luis Obispo County’s farm production value. Valued at \$565.9 million, Fruit & Nut Crops was the single largest production category by dollar value, comprising 55.6% of the county total. Strawberries dominated this category at \$242.4 million. Wine grapes followed (\$195.0 million), then avocados (\$56.2 million), miscellaneous fruits and nuts (\$49.4 million), and lemons (\$22.9 million).

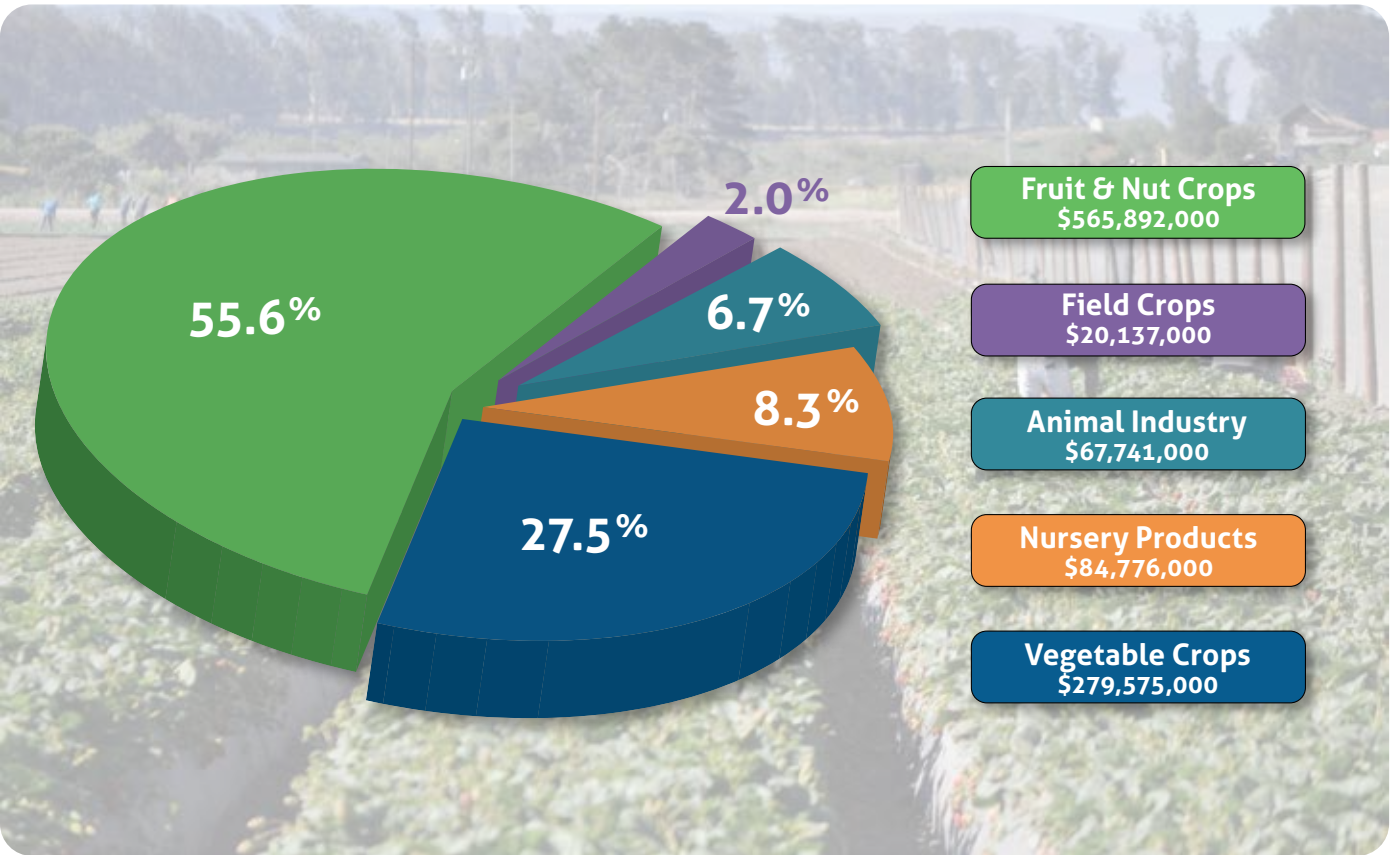
At 27.5%, Vegetable Crops represented the second-largest category (\$279.6 million). Miscellaneous vegetables led this group with \$88.0 million across 39 products, followed by broccoli at \$53.8 million. These two categories, Vegetable Crops and Fruit & Nut Crops, accounted for 83.0% of all production value.

Note that the \$84,776,000 value for Nursery Products in **Figure 1** represents a \$2,250,000 upward adjustment made after the county’s 2024 annual crop report was published, based on new data provided by a grower. This update raised the county’s overall 2024 total to \$1,018,121,000.

The combined total dollar value for all products increased \$189.3 million (22.6%) over the past decade from \$828.8 million in 2015 to \$1.018 billion in 2024. Inflation totaled 28.6% over the same period. These values represent gross output and do not reflect the net profit or loss experienced by individual growers or by the industry as a whole. Interested readers are encouraged to consult the County of San Luis Obispo 2024 Annual Crop Report for additional details on specific products and their value.

Figure 1. Distribution of San Luis Obispo County Farm Production

Figures represent gross production value, not net profit. Percentages total 100.1% instead of 100.0% due to rounding. Source: County of San Luis Obispo 2024 Annual Crop Report, Department of Agriculture/Weights and Measures.



EMPLOYMENT

How many people work in agricultural production? In 2024, IMPLAN data indicate that agricultural production directly employed 5,605 people in San Luis Obispo County. This figure encompassed a wide range of production-related jobs, including not just growing and harvesting, but also sales, marketing, and many other roles. It did not include food processing jobs, which are discussed on page 11. Nor did it include San Luis Obispo County's public sector jobs in agriculture across a range of local, state, and federal agencies.

Readers who want to know more about employment estimates are encouraged to consult IMPLAN's "Data Sources for Select Industries: Farm, Construction, Railroad, and Government" article referenced earlier. In general, IMPLAN data attempt to correct for omissions and inconsistencies among other sources. For example, IMPLAN counts farm owners (proprietors) even though other sources do not. IMPLAN also adjusts for certain crops with low production levels not being reported by other sources due to disclosure laws that protect the privacy of individual producer data. Lastly, IMPLAN counts part-time workers differently than the USDA Census of Agriculture. Consider a farm where six workers each pick strawberries for two months. The Census of Agriculture would count that as six jobs rounded up to five months each, for a total of 30 person-months of work or 2.5 full-time jobs. IMPLAN, however, would treat those twelve total person-months of work as the equivalent of one full-time, year-round job.



Multiplier Effects of San Luis Obispo County Farm Production

This section quantifies the economic ripples that farm production creates in the local economy. These ripples take two forms: *indirect effects* and *induced effects*. The first consists of business-to-business supplier purchases. For instance, when a San Luis Obispo County producer buys vehicles, machinery, fertilizer, fuel, chemicals, insurance, banking services, veterinary supplies, and other inputs, the producer creates *indirect effects*.

The second ripple type, *induced effects*, consists of consumption spending by the combined owners and employees of agricultural businesses and their suppliers. They pay for groceries, housing, healthcare, leisure activities, and other things for their households. All this spending creates ripples in the economy.

Although agricultural companies, suppliers, and their combined employees certainly spend money outside San Luis Obispo County, this study only reflects those expenditures within the county. Quantifying expenditures outside the county would be an expensive, complex effort that lies well beyond our scope here.

Figure 2 shows agriculture's *direct*, *indirect*, and *induced* economic effects within the county across major production categories. The numbers reflect IMPLAN multipliers for each sector, which are rooted in the most recent U.S. Bureau of Economic Analysis input-output models.

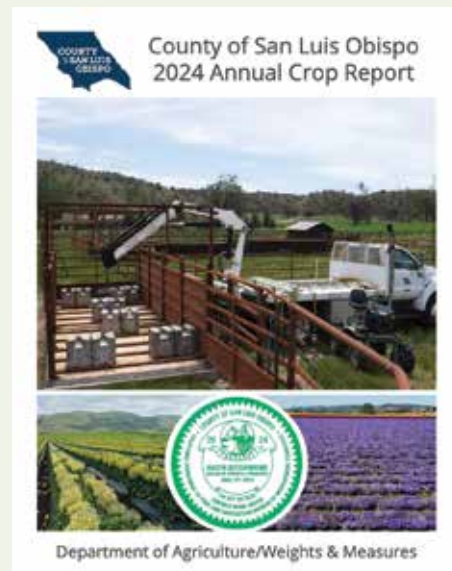
Note that sector names and production values in **Figure 2** differ slightly from The County of San Luis Obispo 2024 Annual Crop Report. They draw from a standard classification system used nationwide called the North American Industrial Classification System (NAICS), as adapted by IMPLAN. Each NAICS/IMPLAN category has an explicit definition. Agricultural producers in San Luis Obispo County and nationwide use the NAICS categories on Schedule F of their federal tax returns ("Profit or Loss from Farming"), which requires producers to designate the NAICS category that best fits their operation. Producers also use NAICS categories when completing the Census of Agriculture, most recently for 2022.

NAICS and IMPLAN also lump and split familiar products in unfamiliar ways. For example, they put the county's hay crop (alfalfa and grain) into "All Other Crop Farming" and the county's barley, wheat, beans, and oats into "Grain Farming," rather than combine them into a single "Field Crops" category.

Each sector has distinct multipliers. San Luis Obispo County "Vegetable & Melon Farming," for example, had a 2024 *indirect effects* multiplier of 0.2958 and an *induced effects* multiplier of 0.1429. This means that each dollar's worth of direct output generated an extra 29 cents in supplier purchases, plus 14 cents more in consumption spending by the owners and employees of agricultural businesses and their suppliers.

The following list details the various commodities that make up each category in **Figure 2**, based on the County of San Luis Obispo 2024 Annual Crop Report:

- **Fruit & Tree Nut Farming:** Avocados, Lemons, Strawberries, Walnuts (English), Wine grapes (All), Miscellaneous Fruits.
- **Vegetable & Melon Farming:** Broccoli, Brussels Sprouts, Cabbage, Cauliflower, Celery, Cilantro, Kale, Lettuce (Head), Lettuce (Leaf), Miscellaneous Vegetables.
- **Greenhouse, Nursery & Floriculture Production:** Cut Flowers & Greens, Outdoor Ornamentals, Vegetable & Ornamental Transplants, Miscellaneous Nursery Products.
- **Cattle & Other Animal Production:** Cattle and Calves, Miscellaneous (Eggs, Goats, Hogs, Lambs, Sheep, Beeswax, Honey, Milk, Pollination).
- **Field Crop Farming:** Alfalfa Hay, Grain Hay, Grazed Rangeland, Miscellaneous Field Crops.



Multipliers change every year for each sector and county nationwide. The multipliers update each year to reflect the most recent patterns of business and household spending in the local economy. The *indirect effects* multiplier for San Luis Obispo County “Greenhouse, Nursery & Floriculture Production,” for example, was 0.1317 in 2011, then nearly quadrupled to 0.4803 in 2024.

Sectors have unique multipliers not just for economic output but also for employment. San Luis Obispo County “Fruit Farming,” for example (included in **Figure 2** under “Fruit & Tree Nut Farming”), supported 3,206 *direct* jobs plus an additional 1,728 *indirect effects* jobs and 471 more from *induced effects*. The bottom row of **Figure 2** shows combined employment figures across sectors.

Finally, consistent with the County of San Luis Obispo 2024 Annual Crop Report, this analysis does not include the dollar value of cannabis or wild-caught seafood in the overall tally.

Figure 2. Economic Effects of San Luis Obispo County Farm Production

Figures are for 2024 and draw from IMPLAN, U.S. Bureau of Economic Analysis, and the County of San Luis Obispo 2024 Annual Crop Report. Columns and rows may not compute exactly due to rounding.

FARM PRODUCTION SECTOR	Output Effects (\$ Millions)			TOTAL
	Direct	Indirect	Induced	
Fruit & Tree Nut Farming	\$565.9	\$137.3	\$83.7	\$786.9
Vegetable & Melon Farming	\$279.6	\$82.7	\$40.0	\$402.2
Greenhouse, Nursery & Floriculture Production	\$84.8	\$26.6	\$17.2	\$128.6
Cattle & Other Animal Production	\$67.7	\$37.4	\$4.6	\$109.7
Field Crop Farming	\$20.1	\$7.0	\$2.7	\$29.9
TOTAL ECONOMIC OUTPUT:	\$1,018.1	\$291.1	\$148.1	\$1,457.3
	Employment Effects (# of Jobs)			TOTAL
	Direct	Indirect	Induced	
TOTAL EMPLOYMENT	5,605	3,096	851	9,552



Production

KEY POINTS

\$1.457
BILLION

in **TOTAL**
economic output
from
Farm Production

9,552
TOTAL JOBS

5,605 **DIRECT** jobs
plus 3,947
additional jobs from
MULTIPLIER
EFFECTS

\$1.018
BILLION

in **DIRECT**
output from
Farm Production

\$0.439
BILLION

in **MULTIPLIER**
EFFECTS from
Farm Production

Locally Sourced, Value-Added Food Processing

Farm production tells only part of the story. This section captures the economic value of local food processing, which plays a key role in the San Luis Obispo County economy. It is neither an exact science nor a full assessment but rather gives the reader a basic overview of the topic.

To avoid overstating the numbers, we only include food manufacturers and sectors that fit two strict criteria: 1) they use mostly local agricultural inputs; and 2) they are unlikely to exist here without the presence of the associated agricultural sector, i.e., San Luis Obispo County's abundant supply of fruits, vegetables, and other raw agricultural products.

We also took precautions to avoid double-counting. For example, we did not factor wine grape production into this section because **Figure 2** already captured the \$195.0 million direct dollar value of wine grapes in its "Fruit & Tree Nut Farming" row. We only calculated the value created by converting wine grapes into wine. The same applies to other crops that undergo processing into value-added products.

Based on these strict criteria, we excluded several IMPLAN food and beverage sectors that other studies often include. Adding these sectors could overstate the value of local agriculture, including its employment and multiplier effects. For example, we did not include San Luis Obispo County's \$157.7 million in bread and bakery products because most raw ingredients such as flour and yeast came from outside the county. Nor did we include the county's manufacturing of spices and extracts (\$62.4 million), coffee and tea (\$32.9 million), and mayonnaise, dressings and sauces (\$21.5 million).



We also did not include the county's \$175.0 million "Breweries" sector. Local craft beer brewers depend on outside grains such as hops grown in the Pacific Northwest or Germany. Recent attempts to grow local hops on a commercial scale were unsuccessful, almost certainly due to less than favorable growing conditions for hops.

The county's \$5.5 million "Distilleries" sector offers a similar story. Craft distilleries in Atascadero, Grover Beach, Paso Robles, and San Luis Obispo infuse vodka, brandy, gin, and other spirits with locally grown oranges, grape skins, lemons, honey, agave, and even cucumbers. Yet despite a growing "farm-to-flask" movement, the base for these drinks depends mostly on cereal crops grown outside the county.

Figure 3 shows the economic effects of locally sourced, value-added food processing. As with **Figure 2**, the sector names draw from IMPLAN and NAICS, which lump and split products according to a national classification system for tracking economic output.

"Wineries" is by far the largest sector in **Figure 3**, reflecting the value added to the county's \$195.0 million wine grape crop. A unique combination of climate, soils, and other factors supports hundreds of vineyards that produced 103,538 tons in 2024 across 44,121 bearing acres. Over 250 wineries added value to the wine grape crop through crushing, fermentation, clarification, aging, blending, and bottling.

The "Wineries" value in **Figure 3** especially reflects wine from local, estate-grown grapes. Many of these operations are small-scale and family run, and pride themselves on distinctive niches. A winery near Paso Robles, for example, emphasizes the owners' Italian heritage, dry farming, and small berry sizes for intense flavors. A vineyard near the rugged Cambria coastline produces wines with no irrigation or chemicals, integrated with cover crops and sheep grazing. An operation near San Luis Obispo produces award-winning wines in harmony with ecological practices that have earned a stewardship certification and several environmental commendations. Many wineries add extra value by hosting events such as tastings, tours, weddings, meals, wellness activities, meetings, and conferences.



For a much broader analysis of wineries’ economic impact that goes beyond the scope of this study—and focuses on a single American Viticultural Area (AVA)—see the 2025 report “Paso Robles Wine Industry Economic, Fiscal, and Social Impact Study” available on the Paso Robles Wine Country Alliance website: <https://pasowine.com/paso-robles/economic-impact/>.

Figure 3: Economic Effects of Locally Sourced, Value-Added Food Processing

Sources: IMPLAN and U.S. Bureau of Economic Analysis data and various local sources. Columns and rows may not compute exactly due to rounding.

FOOD PROCESSING	Output Effects (\$ Millions)			TOTAL
	Direct	Indirect	Induced	
Wineries	\$1,066.0	\$299.2	\$173.5	\$1,538.8
Light Processing of Fruit, Vegetable & Nursery Products	\$181.8	\$2.4	\$92.0	\$276.1
Meat & Other Animal Products	\$60.6	\$24.2	\$5.8	\$90.6
Miscellaneous Other Food Manufacturing	\$40.1	\$12.8	\$2.6	\$55.5
TOTAL ECONOMIC OUTPUT:	\$1,348.5	\$338.6	\$273.8	\$1,961.0
	Employment Effects (# of Jobs)			TOTAL
	Direct	Indirect	Induced	
TOTAL EMPLOYMENT	6,410	1,640	1,575	9,625





“Light Processing of Fruit, Vegetable & Nursery Products” in **Figure 3** reflects post-harvest value added to the county’s abundant fresh produce and nursery crops. This sector captures portions of IMPLAN’s “Support Activities for Agriculture” sector that involve the sorting, grading, cleaning, and packing of fresh produce such as broccoli, lettuce, strawberries, and cauliflower, including when those activities occur in the field during harvest. It also encompasses portions of the NAICS/IMPLAN sector “All Other Food Manufacturing,” which includes fruits and vegetables that are cut, peeled, and turned into perishable, ready-to-eat foods.

A highly diversified 300-acre vegetable farm in Oceano, for example, produces and sells ready-to-eat salad kits sold in California and nationwide. An integrated direct-to-consumer operation in Arroyo Grande grows, harvests, washes, and packs fresh produce through a CSA box program that reaches thousands of households across several western states. A state-of-the-art citrus wash and sort facility located on a 450-acre avocado and lemon orchard in Nipomo uses automated lines to de-leaf, wash, and sort citrus by type, color, and maturity before packaging. This also serves as a way to mitigate pest threats.

Growers also add value to the county’s \$84.8 million in cut flowers, ornamentals, and other nursery products. They do so by putting products into suitable containers ranging from inexpensive flats and trays to decorative clay and

wooden pots. Growers also prune, trim, and shape products, then add labels as appropriate for wholesale and retail markets. Several farms, including two lavender growers in San Miguel, host visitors for U-picks and workshops in wreath-making and related topics. Guests at a certified organic farm in Morro Bay create DIY flower buckets, fresh and dried flowers, and floral crafts.

Only 18% of the county’s most valuable crop, strawberries, was processed in 2024, and that processing occurred outside the county.

“Meat & Other Animal Products” consists mostly of products made from local cattle and other livestock such as goats, hogs, lambs, and sheep. At least 97% of the county’s cattle, worth \$65.5 million in 2024, leave the county for finishing and processing. Five state-licensed local processors handle not just the remaining cattle, but also a wide variety of other animals.

A facility in Creston, for example, processes live animals and then cuts, packages, seals, and chills the resulting products for customer pick-up. Products include beef, veal, pork, poultry (chickens and turkeys), and more than a dozen others ranging from emus and llamas to farm-raised deer and elk. A custom processor in Atascadero handles hogs, beef, and lamb as well as wild game. Two other boutique-scale processors operate in Paso Robles, plus another in Arroyo Grande. Though small in scale, these custom meat processors add significant value to the county’s animal industry.

Dairy plays a central role in this category. A ranch and creamery in Cambria, for example, processes milk from its herd of LaMancha goats into award-winning goat’s milk cheeses. A creamery in Paso Robles specializes in small-batch aged cheeses made from local cow and goat milk. The owners’ daughter operates a related creamery that specializes in sheep’s milk cheeses. The Cal Poly Creamery has produced dairy products since 1903, using milk from the university’s own Jersey cow herd on campus. The Creamery’s product line includes several cheeses as well as ice cream, chocolate milk, and eggnog.

Other animal-based products include alpaca yarns and soaps, pet foods, and honey with distinctive flavors influenced by the diverse landscapes and flora of San Luis Obispo County. A Paso Robles honey farm, for example, infuses honey with ten different flavors representing domesticated and wild plants, from chili peppers to sage.

"Miscellaneous Other Food Manufacturing" combines multiple, niche activities. Many fit into the IMPLAN category "Canned, Jarred and Bottled Fruits & Vegetables Manufacturing." This category adds value to fruits and vegetables that are not destined for the fresh market. A company in San Luis Obispo, for example, uses local tomatoes, cilantro, onions, garlic, and peppers to produce artisan-style jarred salsas sold at more than a dozen retail stores in the county. California Polytechnic State University operates a commercial-scale food processing pilot plant that produces over 15,000 jars of berry jam annually. A produce farm in Oceano bottles and sells its own hot sauce, mustard, relish, and chutney. An apple farm in San Luis Obispo bottles its own regular and hard apple cider. A mushroom farm in Paso Robles hosts tours and produces bottles of mushroom tinctures: lion's mane, reishi, and turkey tail. A few farms bottle and sell their own vinegars.

Olives feature prominently in this category. A 140-acre property in Paso Robles, for example, converts olives from over 9,000 trees into award-winning olive oils and an extensive line of bath and body products. A farm in Paso Robles processes seven different varieties of Italian olives from 2,700 trees into extra virgin olive oil, as well as lip balms, scented candles, and soaps. Olive farms near Templeton, San Luis Obispo, and elsewhere produce similar products and host farm tours and events.



Processing KEY POINTS

\$1.349
BILLION

in **DIRECT**
output from
Food Processing

\$0.612
BILLION

in **MULTIPLIER**
EFFECTS from
Food Processing

\$1.961
BILLION

in **TOTAL**
economic output
from Food Processing

9,625
TOTAL JOBS

6,410 **DIRECT** jobs
plus an additional
3,215 jobs from
MULTIPLIER
EFFECTS

Total Economic Contributions of San Luis Obispo County Agriculture

The previous sections have provided key pieces to an economic puzzle. This section combines those puzzle pieces into a final picture showing the overall economic effects of San Luis Obispo County agriculture.

San Luis Obispo County agriculture’s total 2024 economic contribution was \$3,418,271,000, rounded to \$3.418 billion in **Figure 4**. This consisted of \$2,366,641,000 in combined direct output from production and processing, plus \$1,051,630,000 in multiplier effects.

The combined \$3.418 billion in total 2024 output was 34.3% higher than the \$2.545 billion figure from our 2019 report, which was based on 2017 data.

For perspective, agriculture pumped over *nine million dollars per day* into the county economy during 2024 (approximately \$9,365,000), compared to \$6,972,000 per day in 2017. The daily figure for 2024 translates to about \$390,000 per hour and \$6,500 per minute.

Total agricultural employment covered in the scope of this study was 19,177. Of these, 12,015 jobs were directly in agricultural production and processing, with the remaining 7,162 from multiplier effects.

The 19,177 total jobs attributable to agriculture represented a 43.2% rise over the 2017 level of 13,393. Most of the gain stems from higher *indirect* and *induced* multipliers for agricultural production and processing.

Figure 4. Overall Economic Effects of San Luis Obispo County Agriculture

Columns and rows may not compute exactly due to rounding.

Type of Effect	Direct	Indirect	Induced	TOTAL
FARM PRODUCTION				
Output Effects (\$ Millions)	\$1,018.1	\$291.1	\$148.1	\$1,457.3
Employment Effects (# Jobs)	5,605	3,096	851	9,552
LOCALLY SOURCED, VALUE-ADDED FOOD PROCESSING				
Output Effects (\$ Millions)	\$1,348.5	\$338.6	\$273.8	\$1,961.0
Employment Effects (# Jobs)	6,410	1,640	1,575	9,625
TOTAL VALUE OF AGRICULTURAL INDUSTRY				
Output Effects (\$ Millions)	\$2,366.6	\$629.7	\$421.9	\$3,418.3
Employment Effects (# Jobs)	12,015	4,736	2,426	19,177

Agriculture In The Larger Economy

Agriculture's \$2.366 billion in combined direct output from production and processing represented 6.1% of the county's total 2024 economic output of \$38.641 billion, about one out of every 16.3 dollars. This made agriculture the seventh-largest economic sector in San Luis Obispo County, as shown in **Figure 5**.

Real Estate, Rentals & Leasing ranked first at \$5.532 billion. Utilities followed (\$4.443 billion), then Manufacturing (\$3.886 billion). The next seven categories all clustered between \$2.284 and \$2.717 billion, with Agriculture in the middle.

Figure 5. San Luis Obispo County Industries Ranked by Direct Economic Output

CATEGORY NAME	OUTPUT	RANK
Real Estate, Rentals & Leasing	\$5,531,611,670	1
Utilities	\$4,442,982,359	2
Manufacturing	\$3,886,119,964	3
Construction	\$2,716,525,630	4
Government (all levels & types)	\$2,658,995,284	5
Health & Social Services	\$2,511,664,859	6
Agriculture (production & processing)	\$2,366,641,497	7 🍌
Accommodation & Food Services	\$2,348,554,481	8
Retail Trade	\$2,297,366,584	9
Professional, Scientific & Technical Services	\$2,283,686,441	10
Wholesale Trade	\$1,602,575,509	11
Finance & Insurance	\$1,382,698,526	12
Other Services	\$1,088,405,782	13
Administrative & Waste Services	\$951,464,130	14
Information	\$941,770,989	15
Transportation & Warehousing	\$609,692,129	16
Arts, Entertainment & Recreation	\$490,560,237	17
Educational Services	\$232,426,442	18
Mining	\$162,152,369	19
Management of Companies	\$135,277,566	20

Agriculture ranked ninth in the county for direct employment (**Figure 6**). Agriculture's 12,015 direct jobs represented 6.4% of San Luis Obispo County's total employment of 187,441, or one out of every 15.6 jobs.

Government ranked first with 21,458 jobs and includes public entities across city, county, state, and federal levels. State spending drives a substantial share of this sector's employment. The county's single largest employer, California Polytechnic State University (Cal Poly SLO), is funded mostly by state appropriations and tuition. Other large employers with significant state funding include Cuesta College, Atascadero State Hospital, California Men's Colony, California Department of Transportation (Caltrans), and California State Parks. Even the county's largest K-12 schools—unified districts such as Lucia Mar, San Luis Coastal, Paso Robles, Atascadero, and Templeton—receive most of their funding from Sacramento, supplemented by local property taxes.

Accommodation & Food Services ranked second and included, for example, hotels, motels, bed-and-breakfasts, RV parks, campgrounds, restaurants, and drinking establishments. Health & Social Services ranked third, encompassing doctors, dentists, hospitals, medical laboratories, residential care facilities, and daycare services.

Figure 6. San Luis Obispo County Industries Ranked by Direct Employment

CATEGORY NAME	EMPLOYMENT	RANK
Government (all levels & types)	21,458	1
Accommodation & Food Services	21,408	2
Health & Social Services	19,899	3
Retail Trade	16,337	4
Professional, Scientific & Technical Services	12,994	5
Real Estate, Rentals & Leasing	12,821	6
Other Services	12,356	7
Construction	12,300	8
Agriculture (production & processing)	12,015	9 
Manufacturing	10,307	10
Administrative & Waste Services	8,032	11
Finance & Insurance	6,659	12
Transportation & Warehousing	4,555	13
Arts, Entertainment & Recreation	4,306	14
Wholesale Trade	3,486	15
Utilities	2,780	16
Educational Services	2,651	17
Information	1,941	18
Management of Companies	787	19
Mining	349	20

How Resilient is Agriculture to Economic Shocks?

The familiar adage “don’t keep all your eggs in one basket” captures a fundamental principle of economic risk management: if the basket drops, then you might lose everything. This section examines that concept and focuses on three questions: 1) Why is economic diversification important; 2) how economically diversified is San Luis Obispo County agriculture; and 3) how has agriculture’s level of economic diversification trended over time?

Answers to these questions can shed important light on the agricultural industry’s economic resilience, with implications for the wider county economy and beyond.

WHY IS ECONOMIC DIVERSIFICATION IMPORTANT?

Like growers and ranchers everywhere, San Luis Obispo County’s agricultural producers face a long list of risks. Examples include wildfires, droughts, floods, pandemics, crop pests and diseases, food safety-related outbreaks, new regulations, new competitors, labor availability and cost, price drops, tariffs and other trade policies, and spikes in costs for fuel, equipment, water, and other inputs. Any one of these risks can deal a damaging blow. When combined, they can undermine not just an individual operation but an entire industry.

2020 offers a striking example, when catastrophic wildfires and the COVID-19 pandemic dealt a double blow to California agriculture. The state’s overall agricultural production value declined by 3% for the year. Counties dependent on one or two major commodities dropped by as much as 51% in total value. Contrast that with San Luis Obispo, where agricultural diversification limited the county’s overall decline to less than one-half of one percent (0.03%), followed by a 10% rebound during the pandemic’s peak in 2021.

HOW DIVERSIFIED IS SAN LUIS OBISPO COUNTY AGRICULTURE?

If economic diversification is like an “insurance policy” against risks, then that raises the question: how economically diversified is San Luis Obispo County agriculture?

To answer this question, we calculated the Shannon-Weaver Index for San Luis Obispo County agriculture. Originally developed for information theory in 1948, the Shannon-Weaver index is widely used by economists and others interested in quantifying diversification. Different versions of the basic Shannon-Weaver formula exist. What they all have in common, though, is that they quantify not just the number of different items—such as characters in a coded message or crops grown in a county—but also their relative *evenness* or *abundance*.

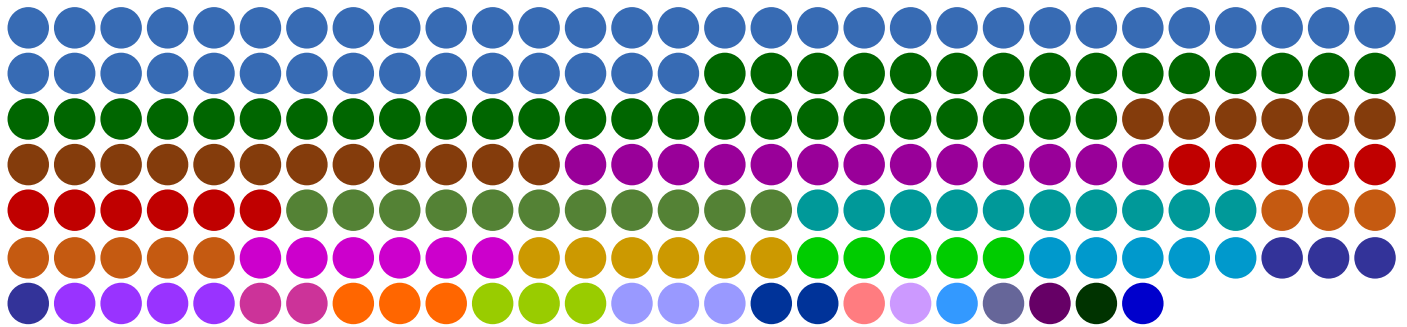
How exactly does one calculate the Shannon-Weaver Index for agriculture? The main steps are: 1) create a list of agricultural products and their production values over the past decade; 2) remove the single outlier product, alfalfa hay, that had an average production value of less than 0.25% of the county’s total; 3) enter the data into the Shannon-Weaver formula; and 4) convert to scale from 0.0 to 1.0. For additional details, please contact the authors.

Over the past decade, San Luis Obispo County has consistently produced and reported 24 major commodities. The relative contribution of each major commodity varied during this period from 0.25% of the county’s total gross production value (the minimum threshold for this analysis) to 29.1% of the county total (wine grapes in 2023). **Figure 7** depicts the most recent relative contributions of all commodities, including the single outlier.



Figure 7. Relative Distribution of San Luis Obispo County Agricultural Commodities

Each circle below represents approximately \$5 million in gross sales, and each of the 25 colors represents a unique agricultural commodity. Blue circles in the top two rows, for example, represent strawberries. Combined, the circles and colors visually portray agricultural commodities' relative contributions to San Luis Obispo County's total 2024 gross production value. Commodities less than \$5 million in value are depicted with a single dot. The number of commodities produced, and their relative evenness, influences the industry's economic diversification score and its resilience to economic shocks. (Source: County of San Luis Obispo 2024 Annual Crop Report).



For 2024, the Shannon-Weaver Index for San Luis Obispo County's agricultural industry was **0.61**.

What exactly does this number mean? To begin with, getting the highest index, a perfect 1.00 on a scale from 0.00 to 1.00, would require the impossible: produce all 72 of California's major commodities and have gross production values equally distributed across them. No single county could accomplish this.

At first glance, San Luis Obispo County's index of 0.61 seems near the middle of the 0.00 to 1.00 range. But the Shannon-Weaver formula includes a logarithmic function, which complicates interpretation. The logarithm makes the scale exponential, like the Richter Scale that measures earthquakes. Many Californians understand that a magnitude 7.4 earthquake releases twice the energy of a magnitude 7.2 earthquake, even though the numerical difference appears small. The same principle applies here.

The 0.61 index is extremely high compared to typical U.S. counties, many of which focus on just one or two crops such as corn, soybeans, or wheat. The index is also quite high by California standards, based on the 22 counties analyzed thus far. Overall, San Luis Obispo County's outstanding economic diversification suggests strong protection from economic shocks.

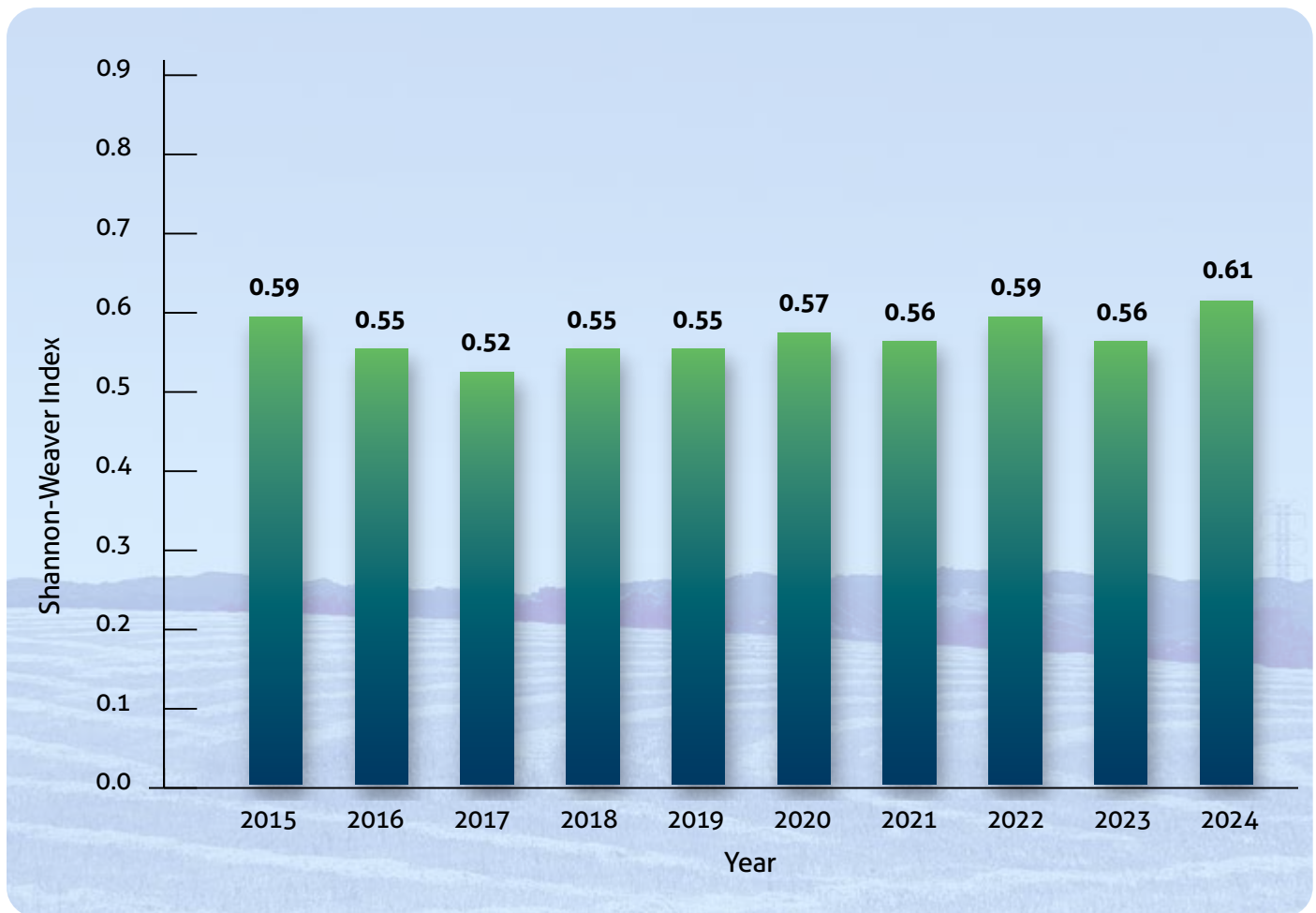


HOW HAS AGRICULTURE'S LEVEL OF ECONOMIC DIVERSIFICATION TRENDED OVER TIME?

Has agriculture become more diversified in San Luis Obispo County, or less? **Figure 8** shows the Shannon-Weaver Index for the past decade. The main thing to note is consistent and high economic diversification across the years. The index has held steady over time, always between 0.52 and 0.61. Further, the slight upward trend over the past decade—from a low of 0.52 in 2017 to a new high of 0.61 in 2024—contrasts with the downward trend occurring in many California counties that have become dependent on one or two major products.

Figure 8. Ten-Year Trend in San Luis Obispo County Agriculture's Economic Diversification

*An indicator of economic resilience, the **Shannon-Weaver Index** quantifies economic diversification and resilience by combining the number of different commodities produced and their relative economic value.*



The COVID-19 pandemic underscored the importance of a strong, diversified production base. The pandemic disrupted supply chains, farm labor, production costs, exports, prices, and other factors. Many crops went unharvested, and grocery store shelves sat empty across much of the Northern Hemisphere.

Among the 22 San Luis Obispo County agricultural products with complete data for 2019 and 2020, eleven declined in value. The average one-year decline was minus 21.7%. Prominent examples included miscellaneous field crops (-56.2%), broccoli (-34.7%), lemons (-21.4%), wine grapes (-14.2%), and outdoor ornamentals (-10%).

But increases in eleven other commodities offset these losses. Gains averaged 17.3% and included products such as leaf lettuce (+49.6%), miscellaneous nursery products (+34.0%), grazed rangeland (+25.0%), cattle and calves (+21.5%), and avocados (+21.3%). The county's overall production declined just \$334,000 (0.03%) for the year, then grew \$103,277,000 (10.5%) for 2021.

The presence of livestock in San Luis Obispo County warrants special mention. Rangelands and the cattle they support likely serve as economic shock absorbers when markets or weather swing. California's cattle and specialty-crop sectors often have low to negative correlations. Their revenue highs and lows rarely coincide due to different biological clocks, price drivers, and weather sensitivities. Thus, the presence of livestock may provide portfolio-level risk reduction for the county.

Livestock also contribute more to the economy than the county's annual crop report is designed to capture. Detailed economic studies in the counties of Sonoma, Santa Cruz, and Santa Clara have documented the invisible, non-market benefits that agricultural lands provide to society—benefits such as wildfire risk reduction, aquifer recharge, carbon storage and scenic beauty. Annual values for grasslands in the three studies were between \$3,093 and \$13,735 per acre in 2024 dollars. The County of San Luis Obispo 2024 Annual Crop Report documents 1,012,000 acres of grazed rangeland. Applying those per-acre figures to this total would yield a total annual contribution of \$3.130 billion to \$13.900 billion.¹

Confirming and refining these dollar values would require additional in-depth research. For now, the key point is that rangelands grazed by the county's \$65.5 million in cattle and calves contribute far more to the economy than residents may realize—likely 3.1 to 13.7 times the combined total value of all agricultural products listed in the county's 2024 annual report.



BOTTOM LINE

The discussion here supports four points: 1) economic diversification helps buffer against economic shocks such as wildfires, droughts, and even pandemics; 2) San Luis Obispo County agriculture has an outstanding level of economic diversification across commodities, which almost certainly benefited the industry during the recent COVID-19 pandemic; 3) agriculture's level of economic diversification has held steady over time and even increased slightly over the past decade; and 4) rangelands grazed by livestock make little-known but important contributions to economic strength and resilience.

All of this bodes well for the future. In an era of rapid change and rising risks, the agricultural community can take pride and comfort in not having "all of its eggs in one basket."

¹ Detailed dollar values and full citations for the three studies from Sonoma, Santa Cruz, and Santa Clara appear on page 20 of the June 2026 report *Economic Contributions of Sonoma County Agriculture*, published by the Sonoma County Department of Agriculture/Weights & Measures.

Toward the Future

This report has documented the role that San Luis Obispo County agriculture plays in the county economy. The key points are:

- Including local food production, processing, and multiplier effects, agriculture contributed \$3,418,271,000 to the county economy. This represents over nine million dollars per day (approximately \$9,365,000) or about \$390,000 per hour and \$6,500 per minute.
- With \$2.367 billion in direct economic output from food production and processing, agriculture ranked seventh among San Luis Obispo County industries.
- As the county's ninth-largest employer, agriculture directly supported 12,015 jobs—one out of every 15.6 jobs in San Luis Obispo County—plus another 7,162 jobs from multiplier effects.
- With a Shannon-Weaver Index of 0.61, agricultural production has an exceptionally high level of economic diversification, which has provided critical stability and resilience to the agricultural industry and to the larger county economy.

Agriculture is a major pillar of the San Luis Obispo County economy and represents a vital link to the county's cultural past and competitive future. The industry will certainly face challenges and opportunities in the years ahead. Taken together, the findings herein provide the most complete picture to date of San Luis Obispo County agriculture's significant economic contributions.

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