

Independent Economic Impact of State Fiscal Year 2012 Ohio Food Program and Agricultural Clearance Program

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I. Overview

In state fiscal year (SFY) 2012, funding was provided for two programs to enhance the availability of fresh fruits, vegetables, protein food, and shelf-stable food to Ohio's 12 Feeding America foodbanks. These two programs are the Ohio Food Program, which focuses on protein and shelf-stable food, and the Ohio Agricultural Clearance Program, which directs agricultural surplus food from Ohio farmers and growers to the foodbanks. Each of these programs was funded at \$6,250,000 in SFY 2012 for a combined total of \$12.5 million. In addition, in SFY 2012, Governor Kasich authorized through Executive Order an additional \$2 million in funding to supplement the availability of food supplies to Ohio families through the Temporary Assistance for Needy Families (TANF) program.

Not only do these programs play a vital role in providing much-needed support to Ohio families struggling with the impact of poverty and the slow recovery from the recession, they also provide an additional benefit to the state in terms of supporting Ohio's agricultural sector and economy. This report provides a summary of the economic impact of these programs on the state economy.

"As a citizen of Ohio, I am proud to be partnered with the Ohio Association of Foodbanks because I know there is no better way to get the most nutritious, freshest vegetables to the people who need it the most and do it as efficiently as they do through their partnering agencies. Our product can go from field to the consumer in less than 24 hours! Often what we harvest in the morning is distributed by partnering agencies in the afternoon via the Ohio Food Program and Agricultural Clearance Program local Farm Markets. There are many states that are envious of the funding and the programs offered through the association & their partnering agencies. As Ohioans we can be thankful for the vision of our legislature to provide the level of funding to the association that they do and we can be grateful for the many dedicated Ohioans who strive to meet the needs of so many impoverished people. We can't rest on our laurels though because there still are people out there who need a hand to help them out of their current plight." Buurma Farms



The Ohio Association of Foodbanks is Ohio's largest charitable response to hunger, representing Ohio's 12 Feeding America Foodbanks that distribute food and grocery items to over 3,300 member charities in all of Ohio's 88 counties. In State Fiscal Year 2012, the association and its member foodbanks were able to acquire and distribute over 164 million pounds of shelf stable and agriculture products to Ohio's emergency food network.

II. Direct Economic Impact of Ohio Food Support Programs

Table 1 provides an overview of expenditures, food purchased, and meals provided through each of the three Ohio food support programs.

Table 1: Summary of Ohio Food Support Programs, SFY 2012

Measure	Ohio Food Program	Agricultural Clearance Program	Governor Kasich TANF Executive Order	Total State Food Support Programs
Total Cost of Food Purchased	\$5,312,500	\$5,312,500	\$1,900,000	\$12,525,000
Total Pounds of Food Purchased	7,790,259	23,028,850	9,150,793	39,969,902
Number of Meals Provided	6,491,882	19,190,708	7,625,661	33,308,251
Transportation & Storage Costs	\$625,000	\$625,000	--	\$1,250,000
Administrative Costs	\$312,500	\$312,500	\$100,000	\$725,000
Total Program Costs	\$6,250,000	\$6,250,000	\$2,000,000	\$14,500,000

The data in Table 1 (found in the Ohio Association of Foodbanks 2012 Annual Report) summarizes the **direct economic impact** of the three food support programs in Ohio. Forty million pounds of food is purchased at a total cost of \$12.525 million. This food is sufficient to provide 33.3 million meals to needy families through Ohio's network of foodbanks. When transportation, storage, and administrative costs are included, total program costs total \$14.5 million in SFY 2012. The direct economic impact of the food support programs includes the meals provided as well as the income received by the food producers, transportation and storage providers, and administrators of the programs.

“Harvesting, packing and transporting the excess produce for the foodbanks resulted in additional hours for our seasonal employees at approximately 3,500 hours at an average wage of \$11.25 per hour or \$39,375.00 additional wages this past season.” Michael Farms

III. Economic Multiplier Effects

In addition to direct impact, all economic activity also produces indirect and induced effects that are the result of “economic multiplier effects.” Multiplier effects are the result of additional expenditures made by those who are suppliers for the food support programs, as well as from purchases made by those who derive income directly or indirectly from the food support programs in Ohio. For example, when a farmer purchases fertilizer for his crops from an Ohio crop nutrient supplier, this supplier will earn profits, make investments in his or her business, and hire employees. These types of effects are termed **indirect economic impact**. In addition, the supplier's employees in turn spend the money they have earned on other items in the local economy, providing additional economic impact, which is termed **induced economic impact**. Finally, the merchants whose goods are purchased by these employees also enjoy an increase in their income, which begins another round of economic “ripple effects.”

The economic ripple effects created by the Ohio food support programs can be measured by using standard economic multiplier models. Multiplier models allow researchers to compute the indirect and total economic impact resulting from a particular economic initiative or industry based upon the inputting of the initial data reflecting the direct economic benefits of the initiative or industry in question. This analysis uses the RIMS II Multiplier Model developed by the U.S. Department of Commerce Bureau of Economic Analysis (BEA). This model is based on national and regional economic data, which is periodically updated by the BEA. The RIMS II model is the most widely used model of its type in the country. The most current RIMS II multipliers available are based upon 2002 national data and 2008 regional data.

“Besides the additional work for our employees, these employees are paying additional state and local taxes, our company is paying additional income taxes and our corporate ownership benefits. Wages, in turn, are spent in our community, improving our local economy. We do very much appreciate the attitude that encourages in state purchasing (Ohio vendors) for program needs.” The Beckman and Gast Company, Inc.

A. Agricultural Clearance Program

Table 2 provides a slightly more detailed overview of the direct economic impact of the Ohio Agricultural Clearance Program. The BEA multiplier model has different multipliers for different categories of farm products.

Table 2: Agricultural Clearance Program SFY 2012 Fruit & Vegetable Purchases

Commodity	Pounds Purchased	Cost
Vegetables & Melons	19.6 million	\$4.2 million
Fruit from Trees	3.0 million	\$1.0 million
Berries	0.4 million	\$0.2 million
Total	23.0 million	\$5.3 million

The data in Tables 1 and 2 can be used with the RIMS II multiplier model in order to compute the total (direct + indirect) economic of the Agricultural Clearance Program on Ohio's economy in SFY 2012. Table 3 provides a summary of this impact, showing the direct and indirect economic impact on output in the state of Ohio as well as the income generated and number of jobs created.

“Our bottom line has improved by 15%. This is because we have a fresh valued product being purchased and used by the public instead of disposing of it. We love your program! It makes me so happy to know the hard work we do to grow and harvest a crop will not go to waste as it did in the past.” Arrowhead Orchard

Table 3: SFY 2012 Economic Impact of the Ohio Agricultural Clearance Program

	Direct Economic Impact	Indirect Economic Impact	Total Economic Impact
Agricultural Clearance Program			
Food Purchases			
Value of Output	\$5.3 Million	\$4.5 Million	\$9.8 Million
Income			\$2.1 Million
Employment			106 Jobs
Transportation, Storage & Administration			
Value of Output	\$0.9 million	\$1.2 million	\$2.1 million
Income			\$0.7 million
Employment			16 Jobs
Agricultural Clearance Program Total			
Value of Output	\$6.25 million	\$5.7 million	\$11.9 million
Income			\$2.8 million
Employment			122 Jobs

The data in Table 3 show that \$5.3 million of direct food purchases through the Ohio Agricultural Clearance Program led to an additional \$4.5 million in output produced across the state, for a total increase in output of \$9.8 million. \$2.1 million in additional income was generated across the state, and 106 jobs were created. In addition, \$900,000 of expenditures on transportation, storage, and program administration resulted in an additional \$1.2 million in output across the state, along with \$700,000 in additional income and 16 additional jobs. In total, in SFY 2012 the Ohio Agricultural Clearance Program added **\$11.9 million in output** across Ohio, generated **\$2.8 million in income**, and led to the creation of **122 jobs**.

B. Ohio Food Program

Table 4 shows the results of applying the RIMS II economic multiplier models to the data in Table 1 relating to the Ohio Food Program. The multipliers for the BEA economic category “Community food, housing, and other relief services” were used to compute the economic impact of the Ohio Food Program as these commodities were not purchased directly from farmers, as is the case with the Ohio Agricultural Clearance Program. Note that the economic impact from transportation, storage, and program administration activities is identical under the two programs.

The data in Table 4 show that \$5.3 million of direct food purchases through the Ohio Food Program led to an additional \$6.4 million in output produced across the state, for a total increase in output of \$11.7 million. \$3.8 million in additional income was generated across the state, and 174 jobs were created. In addition, \$900,000 of expenditures on transportation, storage, and program administration resulted in an additional \$1.2 million in output across the state, along with \$700,000 in additional income and 16 additional jobs. In total, in SFY 2012 the Ohio Food Program added **\$13.9 million in output** across Ohio, generated **\$4.5 million in income**, and led to the creation of **190 jobs**.

“Due to the large volume purchasing throughout our partnership with the association, I have not seen any increase in cost. In fact, some of our products have reduced in price by over 4.5%. This is also due to ongoing business with individual food banks across the state of Ohio.” Champion Foodservice

Table 4: SFY 2012 Economic Impact of the Ohio Food Program

	Direct Economic Impact	Indirect Economic Impact	Total Economic Impact
Ohio Food Program			
Food Purchases			
Value of Output	\$5.3 Million	\$6.4 Million	\$11.7 Million
Income			\$3.8 Million
Employment			174 Jobs
Transportation, Storage & Administration			
Value of Output	\$0.9 million	\$1.2 million	\$2.1 million
Income			\$0.7 million
Employment			16 Jobs
Ohio Food Program Total			
Value of Output	\$6.25 million	\$7.6 million	\$13.9 million
Income			\$4.5 million
Employment			190 Jobs

C. Governor Kasich Executive Order Authorizing Additional Food Assistance

Table 5 shows the results of applying the RIMS II economic multiplier models to the data in Table 1 relating to the Governor’s Executive Order authorizing additional food assistance in SFY 2012. This analysis used the same multipliers as were used to estimate the impact of the Ohio Food Program.

The data in Table 5 show that \$1.9 million of direct food purchases through the Governor’s Executive Order led to an additional \$2.3 million in output produced across the state, for a total increase in output of \$4.2 million. \$1.4 million in additional income was generated across the state, and 62 jobs were created. When the \$100,000 in program administration expenditures are included, the SFY 2012 Executive Order for additional food assistance added **\$4.4 million in output** across Ohio, generated **\$1.4 million in income**, and led to the creation of **63 jobs**.

“This is truly a great program that provides Ohio farms with an outlet for produce that usually may never be harvested. As a result, extra harvest and packing labor hours associated with this additional activity puts wages back into the pockets of Ohio employees.” Clark Fruit and Vegetable Farm

Table 5: SFY 2012 Economic Impact of Executive Order for Food Assistance

Governor Kasich Executive Order	Direct Economic Impact	Indirect Economic Impact	Total Economic Impact
Food Purchases			
Value of Output	\$1.9 Million	\$2.3 Million	\$4.2 Million
Income			\$1.4 Million
Employment			62 Jobs
Program Administration			
Value of Output	\$100,000	\$110,250	\$210,250
Income			\$71,400
Employment			1 Job
Executive Order Total			
Value of Output	\$2.0 million	\$2.4 million	\$4.4 million
Income			\$1.4 million
Employment			63 Jobs

Summary

Table 6 below shows the cumulative economic impact when direct funding SFY 2012 food assistance programs are added together.

Table 6: SFY 2012 Total Economic Impact of All Ohio Food Assistance Programs

All 3 Ohio Food Assistance Programs	Direct Economic Impact	Indirect Economic Impact	Total Economic Impact
Food Purchases			
Value of Output	\$12.5 Million	\$13.2 Million	\$25.7 Million
Income			\$7.3 Million
Employment			343 Jobs
Transportation, Storage &			
Value of Output	\$2.0 million	\$2.5 million	\$4.5 million
Income			\$1.4 million
Employment			33 Jobs
Food Assistance Totals			
Value of Output	\$14.5 Million	\$15.7 Million	\$30.2 Million
Income			\$8.7 Million
Employment			376 Jobs

The data in Table 6 show that \$12.5 million of direct food purchases through the food support programs led to an additional \$13.2 million in output produced across the state, for a total increase in output of \$25.7 million. \$7.3 million in additional income was generated across the state, and 343 jobs were created. In addition, \$2.0 million of expenditures on transportation, storage, and program administration resulted in an additional \$2.5 million in output across the state, for a total impact of \$4.5 million. \$1.4 million in additional income was generated, as were 33 additional jobs.

In total, in SFY 2012 the Agricultural Clearance Program, Ohio Food Program, and the Executive Order authorized by Governor Kasich added **\$30.2 million in output** across Ohio, generated **\$8.7 million in income**, and led to the creation of 376 jobs in addition to the direct benefits of providing **33.3 million meals** to needy Ohioans.

“Due to the program we were able to create more stable incomes for the workers as well as their increased gratification of helping the underprivileged therefore increasing their loyalty to the company. Our production costs have been lowered due to using more products that normally would not have been harvested. We have increased our boxes per acre making us more sustainable. As a farming family these programs allow us to see product normally disposed of being used to provide nutritional, affordable food for those in need. We see this as a win-win for both farmers and consumers in Ohio.” Wiers Farm Inc.

IV. Summary of Ohio Food Program and Agricultural Clearance Program Survey Results

The variability of the weather and other factors makes crop yields unpredictable from one year to the next. As a result, many growers plan to “over-produce” in order to ensure that sufficient quantities will be available to meet the product obligations to primary vendors. With the Ohio Food Program and Ohio Agricultural Clearance Program Ohio’s foodbanks can provide an outlet for growers in the event that surplus fruit and produce is available from farmers. This public/private partnership is “win-win” because the foodbanks benefit from the availability of farm-fresh food and the farms benefit by seeing their surplus product used for a worthy purpose rather than go to waste.

The Ohio Association of Foodbanks periodically surveys the Ohio Food Program and Agricultural Clearance Program partners in order to elicit additional information about the program. A summary of selected findings from the 2013 survey is provided below.

- 80% of survey respondents have partnered with the Ohio Food Program and Agricultural Clearance Program for at least 5 years.
- 45% of partnering farms have 1-9 full-time employees and 45% have 10 or more full-time employees. 58% have 1-9 part-time employees and 42% have 10 or more part-time employees.
- 77% of survey respondents reported that they have been able to extend work hours for employees as a result of the Ohio Agricultural Clearance Program, and 68% reported that they were able to hire additional workers and/or extend the workers season of employment as result of the program.
- Only 5 of 26 respondents did not extend work hours or hire additional employees as a result of the Ohio Agricultural Clearance Program.
- Roughly half of the survey respondents attempted to quantify the impact of the Ohio Food Program and Agricultural Clearance Program on additional employee hours and/or wages. Five companies estimated the additional wages paid at a total of \$969,000. Four other companies estimated additional weekly wages, which for a growing season of 20 weeks resulted in an additional \$129,000 in wages paid to workers.
- 86% of respondents reported that the Ohio Food Program and Agricultural Clearance Program increased worker loyalty to their company. This was both because of the opportunity for additional work and because of the gratification that employees felt from assisting with a worthy cause.
- 80% of survey respondents reported that the Ohio Agricultural Clearance Program allowed them to expand production. Of these all reported that the program provides them with a valuable outlet for any over-production.
- 76% of respondents reported that the Ohio Agricultural Clearance Program allows them to lower production costs or recover expenses in a manner that they would not otherwise be able to do.

“If we did not have the program: 1. Workers would not have as many hours. 2. Some produce would have to be thrown away making the workers feel bad because they took effort to pick properly the produce only to see it thrown away. Additionally I use Ohio made bags, Ohio produced boxes, so more Ohio dollars are spent right here in Ohio.” Furhmann Orchards



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