

# Independent Economic Impact of FY 2015 Ohio Food Program, Agricultural Clearance Program, & Governor's Summer Meals Programs

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## I. Overview

In state fiscal year 2015, funding was provided for a series of programs to enhance the availability of fresh fruits, vegetables, protein items and shelf staple items to Ohio's 12 Feeding America foodbanks. The two largest programs are the Ohio Food Program which focuses on protein and shelf staple items, and the Agricultural Clearance Program which directs agricultural surplus items from Ohio farmers and growers to the foodbanks. Each of these programs was funded at \$7.25 million in FY15 for a combined total of \$14.5 million. In addition, in FY15, an additional \$2.146 million in state funding was provided to supplement the availability of food supplies to Ohio families over the summer. The Summer Weekend Meal program provides shelf-stable kid friendly weekend meals for children attending summer food sites that do not provide weekend service. The Summer Rural Delivery Meals Program provides eligible families in targeted rural counties where no federally funded summer meal programs are available with a home delivered box containing 11 shelf-stable, kid-friendly meals. Finally, the Mobile Farmers Market Program provides fresh fruits and vegetables and popular protein items such as peanut butter to families in the Summer Weekend and Rural Delivery programs.

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 continued slow recovery from the recession, but these programs also provide an additional benefit to the state in terms of supporting Ohio's agricultural sector. This report provides a summary of the economic impact of these programs on the state economy.

## II. Direct Economic Impact of Ohio Food Support Programs

Table 1 on the following page provides an overview of expenditures, food purchased, and meals provided through each of the three Ohio food support programs in fiscal year 2015.

The data in Table 1 (provided by the Ohio Association of Foodbanks) summarizes the direct economic impact of the three food support programs in Ohio. 41.6 million pounds of food is purchased at a total cost of \$13.7 million. This food is sufficient to provide 35.6 million meals to needy families through Ohio's network of foodbanks (note that based on calculations made by the U.S. Dept. of Agriculture, 1.20 lbs of food is considered to constitute 1 meal). When storage, packing, distribution, and administrative costs are included, total food support program expenditures total nearly \$16.3 million in FY 2015. The direct economic impact of the food support programs includes the meals provided as well as the income received by the food producers, storage, packing and distribution providers, and administrators of the programs.

**Table 1: Summary of Ohio Food Support Programs, FY2015**

Measure	Ohio Food Program	Agricultural Clearance Program	Governor Kasich Summer Meal Programs	Total State Food Support Programs
Total Cost of Food Purchased	\$5,981,173	\$5,993,522	\$1,699,928	<b>\$13,674,623</b>
Total Pounds of Food Purchased	11,526,348	28,881,357	1,148,542	<b>41,556,287</b>
# of Meals Provided	9,605,290	24,182,610	1,800,945	<b>35,588,845</b>
Storage, Packing & Distribution Costs	\$705,000	\$705,000	\$285,241	<b>\$1,695,241</b>
Administrative Costs	\$362,500	\$362,500	\$160,518	<b>\$885,518</b>
<b>Total Program Costs</b>	<b>\$7,048,673</b>	<b>\$7,061,391</b>	<b>\$2,145,687</b>	<b>\$16,255,382</b>

Note: Total OFP and ACP food costs in FY15 were \$12,365,000. However, \$390,305 of this figure was included in FY14 reporting, leaving the amounts shown in Table 1.

### 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 fertilizers 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 three 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 I-RIMS Multiplier Model developed by IMPLAN, a private economics research group. IMPLAN took over the computation of economic multipliers from the Bureau of Economic Analysis (BEA) after Federal funding cuts in 2013. The I-RIMS multiplier model is based on national and regional economic data (periodically updated by BEA) for 406 individual industries. The most current I-RIMS multipliers available are based upon 2007 national data and 2013 regional data.

## A. Agricultural Clearance Program

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

**Table 2: Agricultural Clearance Program FY15 Fruit & Vegetable Purchases**

Commodity	Pounds Purchased	Cost
Vegetables & Melons	25.1 million	\$4.5 million
Fruit from Trees	3.3 million	\$0.8 million
Berries & Beets	0.3 million	\$0.1 million
Eggs & Protein Products	0.3 million	\$0.7 million
<b>Total</b>	<b>28.9 million</b>	<b>\$6.0 million</b>

The data in Tables 1 and 2 can be used with the I-RIMS multiplier model in order to compute the total (direct + indirect) economic of the Agricultural Clearance Program on Ohio's economy in FY 2015. 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.

**Table 3: FY 2015 Economic Impact of the Ohio Agricultural Clearance Program**

Agricultural Clearance Program	Direct Economic Impact	Indirect Economic Impact	Total Economic Impact
<b>Food Purchases</b>			
Value of Output	\$6.0 Million	\$3.4 Million	\$9.4 Million
Income			\$3.6 Million
Employment			120 Jobs
<b>Transportation, Storage &amp; Administration</b>			
Value of Output	\$1.1 million	\$1.0 million	\$2.1 million
Income			\$0.9 million
Employment			17
<b>Ag Clearance Total</b>			
Value of Output	<b>\$7.1 million</b>	<b>\$4.5 million</b>	<b>\$11.6 million</b>
Income			<b>\$4.4 million</b>
Employment			<b>137</b>

The data in Table 3 show that \$6.0 million of direct food purchases through the Agricultural Clearance Program in FY15 led to an additional \$3.4 million in output produced across the state, for a total increase in output of \$9.4 million. \$3.6 million in additional income was generated across the state, and 120 jobs were created. In addition, \$1.1 million of

expenditures on storage, packing, distribution, and administration resulted in an additional \$1.0 million in output across the state, along with nearly \$900,000 in additional income and 17 additional jobs. In total, in FY15 the Agricultural Clearance Program added **\$11.6 million in output** across Ohio, generated **\$4.4 million in income**, and led to the creation of **137 jobs**.

## B. Ohio Food Program

Table 4 shows the results of applying the I-RIMS 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 from farmers, as is the case with the Agricultural Clearance Program. Note that the economic impact from storage, packing, distribution, and program administration activities was identical under the two programs.

The data in Table 4 show that \$6.0 million of direct food purchases through the Ohio Food Program in FY15 led to an additional \$6.1 million in output produced across the state, for a total increase in output of \$12.1 million. \$4.6 million in additional income was generated across the state, and 148 jobs were created. In addition, \$1.1 million of expenditures on storage, packing, distribution, and administration resulted in an additional \$1.0 million in output across the state, along with nearly \$900,000 in additional income and 17 additional jobs. In total, in FY15 the Ohio Food Program added **\$14.25 million in output** across Ohio, generated **\$5.5 million in income**, and led to the creation of **165 jobs**.

**Table 4: FY 2015 Economic Impact of the Ohio Food Program**

Ohio Food Program	Direct Economic Impact	Indirect Economic Impact	Total Economic Impact
<b>Food Purchases</b>			
Value of Output	\$6.0 Million	\$6.1 Million	\$12.1 Million
Income			\$4.6 Million
Employment			148 Jobs
<b>Transportation, Storage &amp; Administration</b>			
Value of Output	\$1.1 million	\$1.0 million	\$2.1 million
Income			\$0.9 million
Employment			17
<b>OH Food Program Total</b>			
Value of Output	<b>\$7.1 million</b>	<b>\$7.15 million</b>	<b>\$14.25 million</b>
Income			<b>\$5.5 million</b>
Employment			<b>165</b>

### C. Additional Governor's Summer Meals Programs

Table 5 shows the results of applying the I-RIMS economic multiplier models to the data in Table 1 relating to the additional Governor's Summer Meals Programs provided in FY15. These additional food programs include an array of summer food assistance programs including the Weekend Meals, Rural Delivery Meals, and Mobile Farmers Market programs. The analysis of these supplemental food assistance programs used the same multipliers as were used to estimate the impact of the Ohio Food Program.

The data in Table 5 show that \$1.7 million of direct food purchases through the Governor's Summer Meals Programs in FY15 led to an additional \$1.75 million in output produced across the state, for a total increase in output of \$3.4 million. \$1.3 million in additional income was generated across the state, and 42 jobs were created. When the \$445,000 in packaging, distribution and program administration expenditures are included, the FY15 Governor's Summer Meals Programs added a total of **\$4.3 million in output** across Ohio, generated **\$1.7 million in income**, and led to the creation of **49 jobs**.

**Table 5: FY 2015 Economic Impact of Governor's Summer Meals Programs**

Governor Kasich Summer Meals Programs	Direct Economic Impact	Indirect Economic Impact	Total Economic Impact
<b>Food Purchases</b>			
Value of Output	\$1.7 Million	\$1.75 Million	\$3.4 Million
Income			\$1.3 Million
Employment			42 Jobs
<b>Transportation &amp; Program Administration</b>			
Value of Output	\$0.45 million	\$0.45 million	\$0.9 million
Income			\$0.4 million
Employment			7
<b>Exec. Order Total</b>			
Value of Output	<b>\$2.1 million</b>	<b>\$2.2 million</b>	<b>\$4.3 million</b>
Income			<b>\$1.7 million</b>
Employment			<b>49</b>

## FY15 Food Assistance Program Summary

Table 6 below shows the cumulative economic impact when all of the State's FY15 food assistance programs are added together.

**Table 6: FY 2015 Total Economic Impact of All Ohio Food Assistance Programs**

All Ohio Food Assistance Programs	Direct Economic Impact	Indirect Economic Impact	Total Economic Impact
<b>Food Purchases</b>			
Value of Output	\$13.7 Million	\$11.3 Million	\$25.0 Million
Income			\$9.5 Million
Employment			310 Jobs
<b>Transportation, Storage &amp; Administration</b>			
Value of Output	\$2.6 million	\$2.5 million	\$5.1 million
Income			\$2.1 million
Employment			41
<b>Food Assistance Totals</b>			
Value of Output	<b>\$16.3 Million</b>	<b>\$13.8 Million</b>	<b>\$30.1 Million</b>
Income			<b>\$11.65 Million</b>
Employment			<b>351 Jobs</b>

The data in Table 6 show that \$13.7 million of direct food purchases through the three food support programs in FY15 led to an additional \$11.3 million in output produced across the state, for a total increase in output of \$25.0 million. \$9.5 million in additional income was generated across the state, and 310 jobs were created. When expenditures on storage, packing, distribution, and program administration are included, the FY15 Agricultural Clearance Program, Ohio Food Program, and the Governor's Summer Meals Programs added **\$30.1 million in output** across Ohio, generated **\$11.65 million in income**, and led to the creation of **351 jobs**, in addition to the direct benefits of providing **35.6 million meals** to needy Ohioans.