

Independent Economic Impact of FY 2016 Ohio Food Program, Agricultural Clearance Program, & Governor's Summer Meals Programs

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I. Overview

In state fiscal year 2016, 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 \$8.5 million in FY16 for a combined total of \$17.0 million. In addition, in FY16, an additional \$2.0 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 2016.

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. 55.2 million pounds of food was purchased at a total cost of \$18.6 million. FY 2016 food purchases were 33% more than in FY 2015. This food is sufficient to provide 46.1 million meals to needy families through Ohio's network of foodbanks - a nearly 30% increase from FY 2015 (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 \$22.0 million in FY 2016. 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, FY2016

Measure	Ohio Food Program	Agricultural Clearance Program	Governor Kasich Summer Meal Programs	Total State Food Support Programs
Total Cost of Food Purchased	\$8,575,763	\$8,461,209	\$1,555,923	\$18,592,895
Total Pounds of Food Purchased	13,012,786	40,438,597	1,748,066	55,199,449
# of Meals Provided	10,843,988	33,698,831	1,574,875	46,117,694
Storage, Packing & Distribution Costs	\$977,500	\$977,500	\$285,000	\$2,240,000
Administrative Costs	\$488,750	\$488,750	\$160,525	\$1,138,025
Total Program Costs	\$10,042,013	\$9,927,459	\$2,001,448	\$21,970,920

Note: Total OFP and ACP food costs in FY16 differ slightly from those reported in OAF FY16 Annual Report. Governor's Summer Meals Program figures estimated based on currently available data.

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 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 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 BEA economic multiplier model utilizes different multipliers for different categories of farm products.

Table 2: Agricultural Clearance Program FY16 Fruit & Vegetable Purchases

Commodity	Pounds Purchased	Cost
Vegetables & Melons	34.2 million	\$6.3 million
Fruit & Berries	5.4 million	\$1.3 million
Poultry & Eggs	0.3 million	\$0.1 million
Protein & Other Products	0.5 million	\$0.7 million
Total	40.4 million	\$8.5 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 FY 2016. 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 2016 Economic Impact of the Ohio Agricultural Clearance Program

Agricultural Clearance Program	Direct Economic Impact	Indirect Economic Impact	Total Economic Impact
Food Purchases			
Value of Output	\$8.5 Million	\$6.6 Million	\$15.0 Million
Income			\$4.1 Million
Employment			129 Jobs
Storage, Distribution & Administration			
Value of Output	\$1.5 million	\$1.6 million	\$3.1 million
Income			\$1.0 million
Employment			24
Ag Clearance Total			
Value of Output	\$9.9 million	\$8.2 million	\$18.1 million
Income			\$5.1 million
Employment			153

The data in Table 3 show that \$8.5 million of direct food purchases through the Agricultural Clearance Program in FY16 led to an additional \$6.6 million in output produced across the state, for a total increase in output of \$15.0 million. \$4.1 million in additional income was

generated across the state, and 129 jobs were created. In addition, \$1.5 million of expenditures on storage, packing, distribution, and administration resulted in an additional \$1.6 million in output across the state, along with over \$1.0 million in additional income and 24 additional jobs. In total, in FY 2016 the Agricultural Clearance Program added **\$18.1 million in output** across Ohio, generated **\$5.1 million in income**, and led to the creation of **153 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 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 \$8.6 million of direct food purchases through the Ohio Food Program in FY16 led to an additional \$11.0 million in output produced across the state, for a total increase in output of \$19.6 million. \$6.6 million in additional income was generated across the state, and 256 jobs were created. In addition, \$1.5 million of expenditures on storage, packing, distribution, and administration resulted in an additional \$1.6 million in output across the state, along with over \$1.0 million in additional income and 24 additional jobs. In total, in FY 2016 the Ohio Food Program added **\$22.7 million in output** across Ohio, generated **\$7.6 million in income**, and led to the creation of **280 jobs**.

Table 4: FY 2016 Economic Impact of the Ohio Food Program

Ohio Food Program	Direct Economic Impact	Indirect Economic Impact	Total Economic Impact
Food Purchases			
Value of Output	\$8.6 Million	\$11.0 Million	\$19.6 Million
Income			\$6.6 Million
Employment			256 Jobs
Storage, Distribution & Administration			
Value of Output	\$1.5 million	\$1.6 million	\$3.1 million
Income			\$1.0 million
Employment			24
OH Food Program Total			
Value of Output	\$10.0 million	\$12.6 million	\$22.7 million
Income			\$7.6 million
Employment			280

C. Additional Governor's Summer Meals Programs

Table 5 shows the results of applying the RIMS II economic multiplier models to the data in Table 1 relating to the additional Summer Food Assistance Programs provided in FY16. These additional food programs include an array of summer food assistance programs including the Weekend, Rural Delivery, and Summer Farmer's 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 \$1.55 million of direct food purchases through the Summer Food Assistance Programs in FY16 led to an additional \$2.0 million in output produced across the state, for a total increase in output of \$3.55 million. \$1.2 million in additional income was generated across the state, and 47 jobs were created. When the \$445,000 in packaging, distribution and program administration expenditures are included, the FY16 Summer Food Programs added a total of **\$4.5 million in output** across Ohio, generated **\$1.5 million in income**, and led to the creation of **54 jobs**.

Table 5: FY 2016 Economic Impact of Governor's Summer Meals Programs

Governor Kasich Summer Meals Programs	Direct Economic Impact	Indirect Economic Impact	Total Economic Impact
Food Purchases			
Value of Output	\$1.55 Million	\$2.0 Million	\$3.55 Million
Income			\$1.2 Million
Employment			47 Jobs
Packaging, Distribution & Administration			
Value of Output	\$0.45 million	\$0.5 million	\$0.95 million
Income			\$0.3 million
Employment			7
Summer Programs Total			
Value of Output	\$2.0 million	\$2.5 million	\$4.5 million
Income			\$1.5 million
Employment			54

FY16 Food Assistance Program Summary

Table 6 below shows the cumulative economic impact when all of the State's FY16 food assistance programs are added together.

Table 6: FY 2016 Total Economic Impact of All Ohio Food Assistance Programs

All Ohio Food Assistance Programs	Direct Economic Impact	Indirect Economic Impact	Total Economic Impact
Food Purchases			
Value of Output	\$18.6 Million	\$19.55 Million	\$38.1 Million
Income			\$11.8 Million
Employment			432 Jobs
Transportation, Storage & Administration			
Value of Output	\$3.4 million	\$3.8 million	\$7.1 million
Income			\$2.4 million
Employment			55 Jobs
Food Assistance Totals			
Value of Output	\$22.0 Million	\$23.3 Million	\$45.3 Million
Income			\$14.2 Million
Employment			487 Jobs

The data in Table 6 show that \$18.6 million of direct food purchases through the three food support programs in FY16 led to an additional \$19.55 million in output produced across the state, for a total increase in output of \$38.1 million. \$11.8 million in additional income was generated across the state, and 432 jobs were created. When expenditures on storage, packing, distribution, and program administration are included, the FY 2016 Agricultural Clearance Program, Ohio Food Program, and the Summer Food Assistance Programs added **\$45.3 million in output** across Ohio, generated **\$14.2 million in income**, and led to the creation of **487 jobs**, in addition to the direct benefits of providing **46.1 million meals** to needy Ohioans.