

Independent Economic Impact of FY 2022 Ohio Food Program, Agricultural Clearance Program, Summer Food, and CARES Act Programs

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I. Overview

In state fiscal year 2022, 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 were funded at a combined \$24.55 million in FY22. An additional \$2.8 million in state funding was provided to supplement the availability of food supplies to Ohio families over the summer. The Summer Weekend Meal "Backpack" program (which provides weekend meals for children attending summer school), the Summer Rural Delivery Meals Program (which provided eligible families in rural communities with home-delivered meal boxes), and the Mobile Farmers Market Program (which provided fresh fruits and vegetables and popular protein items such as peanut butter to families in the Summer Weekend and Rural Delivery programs).

In FY 2022, \$12 million in Federal funding in Coronavirus Relief Support was provided through the CARES Act. \$6.1 million of this funding was used to purchase emergency food supplies to be distributed through Ohio's foodbanks network in the areas hit hardest by the COVID-19 pandemic and its fallout. Inclusion of this funding brings **total funding for all of Ohio's food programs in FY 2022 to \$33.3 million**. In addition to this amount, \$426,000 in CARES Act funding was used for non-food items to be distributed through Ohio's foodbanks along with \$5.5 million in one-time frontline responder operating costs that were funded through pass-through CARES dollars.

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 four Ohio food support programs in fiscal year 2022.

The data in Table 1 (provided by the Ohio Association of Foodbanks) summarizes the **direct economic impact** of the four food support programs in place in Ohio in FY22. 45.5 million pounds of food was purchased at a total cost of \$27 million – a roughly 48% increase compared to FY 2019 (the last year prior to the pandemic). This food is sufficient to provide 39.3 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 over \$33.3 million in FY 2022. 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, FY 2022

Measure	FY 22 Ohio Food Program	FY22 Agricultural Clearance Program	FY22 Summer Meal & Food Programs	FY22 Coronavirus Relief Food Support	FY22 Total State Food Support Programs
Total Cost of Food Purchased	\$12,680,535	\$7,293,395	\$1,968,351	\$5,072,556*	\$27,014,837
Total Pounds of Food Purchased	14,018,132	25,848,055	1,032,500	4,625,839	45,524,526
# of Meals Provided	13,023,534	21,540,046	860,400	3,854,900	39,278,880
Storage, Packing & Distribution Costs	\$1,473,000	\$1,473,000	\$421,793	\$406,670	\$3,774,463
Administrative Costs	\$736,150	\$736,150	\$421,621	\$600,000	\$2,493,921
Total Program Costs	\$14,578,042	\$9,502,545	\$2,811,765	\$6,079,226	\$33,283,221

* Federal Coronavirus Relief Support also included **\$426,251 for non-food support items** distributed through Ohio's foodbanks network. In addition, the \$12 million In Federal Coronavirus Relief Support also included **\$5.5 million in one-time frontline responder operating costs** that were funded through pass-through CARES dollars.

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 2012 national data and 2020 regional data.

A. Agricultural Clearance Program

Table 2 provides a slightly more detailed overview of the direct economic impact of the Agricultural Clearance Program (ACP). The BEA economic multiplier model utilizes different multipliers for different categories of farm products. Table 2 also shows that 21.7 million pounds of the total 25.85 million pounds in produce purchased through the ACP was from Ohio farms in FY 2022 at an expenditure of \$6.1 million, which was 84% of the total \$7.3 million in ACP food purchases in FY 2022.

Table 2: Agricultural Clearance Program Total and Ohio-Sourced FY 2022 Fruit, Vegetable, and Other Food Purchases

Commodity	Total Pounds Purchased	Total Cost	Ohio Pounds Purchased*	Ohio ACP Cost*
Vegetables & Melons	22.15 million	\$5.75 million	18.6 million	\$4.8 million
Fruit & Berries, Eggs & Protein	3.70 million	\$1.55 million	3.1 million	\$1.3 million
Total	25.85 million	\$7.3 million	21.7 million	\$6.1 million

* Ohio Association of Foodbanks data shows that the ACP Ohio food purchase amount and cost estimated is 84% of total ACP expenditures.

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 2022. In order to compute the economic impact, the economic multipliers will only be applied to the \$6.1 million in Ohio-based ACP purchases. 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 2022 Economic Impact of the Ohio Agricultural Clearance Program

Agricultural Clearance Program	Direct Economic Impact	Indirect Economic Impact	Total Economic Impact
Food Purchases			
Total Value of Output	\$7.3 Million		
Value of Ohio Output	\$6.1 Million	\$5.3 Million	\$11.4 Million
Income			\$3.2 Million
Employment			108 Jobs
Storage, Distribution & Administration			
Value of Output	\$2.2 million	\$2.6 million	\$4.8 million
Income			\$1.4 million
Employment			28 Jobs
Ag Clearance Total			
Value of Output	\$8.3 million	\$7.9 million	\$16.2 million
Income			\$4.6 million
Employment			136 Jobs

The data in Table 3 show that the \$6.1 million of direct food purchases from Ohio providers through the Agricultural Clearance Program in FY 2022 led to an additional \$5.3 million in output produced across the state, for a total increase in output of \$11.4 million. \$3.2 million in additional income was generated across the state, and 108 jobs were created. In addition, \$2.2 million of expenditures on storage, packing, distribution, and administration resulted in an additional \$2.5 million in output across the state, along with \$1.4 million in additional income and 28 additional jobs. In sum, in addition to providing 13 million meals to needy Ohioans in FY 2022, the Agricultural Clearance Program also added a total of **\$16.2 million in output** across Ohio, generated **\$4.6 million in income**, and led to the creation of **136 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. In addition, not all food purchased under the Ohio Food Program is from Ohio providers. FY 2022 Ohio Association of Foodbanks data showed that \$5,590,453 (44.1%) of OFP food purchases were from Ohio providers. Economic multiplier effects will be computed based on the Ohio-sourced purchases only. Note that the economic impact from storage, packing, distribution, and program administration activities was the same as in the ACP program. The economic impact of the Ohio Food Program in FY 2022 is shown in Table 4.

Table 4: FY 2022 Economic Impact of the Ohio Food Program

Ohio Food Program	Direct Economic Impact	Indirect Economic Impact	Total Economic Impact
Food Purchases			
Total Value of Output	\$12.7 Million		
Value of Ohio Output*	\$5.6 Million	\$7.3 Million	\$12.9 Million
Income			\$3.9 Million
Employment			126 Jobs
Storage, Distribution & Administration			
Value of Output	\$2.2 million	\$2.6 million	\$4.8 million
Income			\$1.4 million
Employment			28 Jobs
OH Food Program Total			
Value of Output	\$7.8 million	\$9.9 million	\$17.7 million
Income			\$5.3 million
Employment			154 Jobs

* The FY22 cost of \$5.6 million in OFP Ohio-sourced food purchases is based on data from the Ohio Association of Foodbanks.

The data in Table 4 show that the \$5.6 million of direct food purchases from Ohio providers through the Ohio Food Program in FY 2022 led to an additional \$7.3 million in output produced across the state, for a total increase in output of \$12.9 million. \$3.9 million in additional income was generated across the state, and 126 jobs were created. In addition, \$2.2 million of expenditures on storage, packing, distribution, and administration resulted in an additional \$2.6 million in output across the state, along with \$1.4 million in additional income and 28 additional jobs. In sum, in addition to providing 21.5 million meals to needy Ohioans in FY 2022, the Ohio Food Program added **\$17.7 million in output** across Ohio, generated **\$5.3 million in income**, and led to the creation of **154 jobs**.

C. Summer Food Assistance 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 FY 2022. These additional food programs include 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. Note that because of pricing and supply chain issues in 2022 almost all of the \$1,968,351 in additional food assistance purchased for these programs were acquired from out-of-state suppliers. Economic multiplier effects are computed based on the Ohio-sourced purchases only, which for FY22 includes only the \$850,00 that was spent on packing & distribution and summer program administration.

The data in Table 5 show that because the vast majority of the \$2.0 million of direct food purchases from Ohio providers through the Summer Weekend, Rural Delivery and Farmer's Market programs in FY 2022 were not acquired through Ohio vendors, there was no direct or indirect economic impact beyond the alleviation of hunger provided by the food itself. However, when the \$850,000 in operational and program administration expenditures are included, the **FY 2022 Summer Weekend**,

Rural Delivery and Mobile Farmer's Market programs added a total of \$1.8 million in output across Ohio, generated \$0.6 million in income, and led to the creation of 10 jobs.

Table 5: FY 2022 Economic Impact of Summer Food Assistance Programs

Weekend, Rural Delivery, and Farmer's Market	Direct Economic Impact	Indirect Economic Impact	Total Economic Impact
Food Purchases			
Value of Output	\$2.0 Million		
Value of Ohio Output*	Negligible*	--	--
Income			--
Employment			--
Packaging, Distribution & Administration			
Value of Output	\$0.85 million	\$0.9 million	\$1.8 million
Income			\$0.6 million
Employment			10 Jobs
Summer Programs Total			
Value of Output	\$0.85 million	\$0.9 million	\$1.8 million
Income			\$0.6 million
Employment			10 Jobs

* Due to supply and pricing issues the vast majority of the \$2.0 million total for 2022 summer food program purchases was acquired from out-of-state vendors.

D. FY22 CARES Act Food Assistance Programs

Table 6 shows the results of applying the RIMS II economic multiplier models to the data in Table 1 relating to the FY 2022 CARES Act Coronavirus Relief Support program. \$6.5 million of this funding was used to purchase, pack and distribute emergency food and non-food supplies to be distributed through Ohio's foodbanks network in the areas hit hardest by the COVID-19 pandemic and its fallout. The analysis of the CARES Act food assistance programs used the same multipliers as were used to estimate the impact of the Ohio Food Program. A total of \$5,072,556 in additional food assistance and \$406,670 in non-food assistance was purchased with the CARES Act funding. However, again because of supply and pricing issues, the vast majority of this \$5.5 million in food and non-food items were acquired from out-of-state vendors. As a result, the economic multipliers will only be applied to the \$1,006,700 spent on packing & distribution CARES ACT food relief program administration. In addition, \$5.5 million in "one-time" salaries, benefits, equipment, maintenance and repairs, and indirect costs were incurred to administer the CARES Act relief program. These expenditures are also not included in the economic multiplier analysis summarized in Table 6.

The data in Table 6 show that when the direct and indirect economic impact of the \$1 million in operational and program administration expenditures are included, the *FY 2022 CARES Act Food Assistance programs added a total of \$2.1 million in output across Ohio, generated \$0.7 million in income, and led to the creation of 12 jobs.*

Table 6: FY 2022 Economic Impact of CARES Act Food Programs

All Ohio Food Assistance Programs	Direct Economic Impact	Indirect Economic Impact	Total Economic Impact
Food Purchases			
Value of Output	\$5.1 Million		
Values of Non-Food Output	\$0.4 Million		
Value of Ohio Output	Negligible*	--	--
Income			--
Employment			--
Transportation, Storage & Administration			
Value of Output	\$1.0 Million	\$1.1 Million	\$2.1 Million
Income			\$0.7 Million
Employment			12 Jobs
CARES Act Food Prog. Totals			
Value of Ohio Output	\$1.0 Million	\$1.1 Million	\$2.1 Million
Income			\$0.7 Million
Employment			12 Jobs

* Due to supply and pricing issues the vast majority of the \$5.5 million total for 2022 CARES Act food and Non-food assistance was acquired from out-of-state vendors.

E. FY 2022 Ohio Food Assistance Program Summary

Table 7 below shows the cumulative economic impact when all of the State's FY 2022 food assistance programs shown in Tables 3, 4, 5 and 6 are added together. Table 7 includes the Ohio-based purchases from:

- 1) The Agricultural Clearance Program
- 2) The Ohio Food Program
- 3) The Summer Weekend, Rural Delivery & Farmer's Market Programs
- 4) The CARES Act Emergency Food Purchases relating to the COVID-19 pandemic

The data in Table 7 show that the \$27.1 million of direct food purchases through the Agricultural Clearance Program, the Ohio Food Program, the Summer Weekend, Rural Food Delivery and Mobile Farmer's Market programs, and the Federal CARES ACT Food Relief program, in FY 2022 included \$11.7 million of food purchases made from Ohio providers. These Ohio-sourced food purchases led to an additional \$12.6 million in output produced across the state, for a total increase in output of \$24.3million. Additionally, \$7.1 million in additional income was generated across the state, and 234 jobs were created. When expenditures on storage, packing, distribution, and program administration are included, the FY 2022 Agricultural Clearance Program, Ohio Food Program, Summer Weekend, Rural Delivery, and Mobile Farmer's Market Programs and CARES Act funding added **\$37.8 million in output** across Ohio, generated **\$11.2 million in income**, and led to the

creation of **312 jobs**, in addition to the direct benefits of providing **39.3 million meals** to needy Ohioans.

Table 7: FY 2022 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			
Total Value of Output	\$27.1 Million		
Value of Ohio Output	\$11.7 Million	\$12.6 Million	\$24.3 Million
Income			\$7.1 Million
Employment			234 Jobs
Transportation, Storage & Administration			
Value of Output	\$6.3 Million	\$7.2 Million	\$13.5 Million
Income			\$4.1 Million
Employment			78 Jobs
Food Assistance Totals			
Total Value of Output	\$33.4 Million		
Value of Ohio Output	\$18.0 Million	\$19.8 Million	\$37.8 Million
Income			\$11.2 Million
Employment			312 Jobs