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Community economic impact assessment for a multi-county local food system in northeast Iowa

Abstract

The positive results of a decade's worth of investment in local food systems in the Black Hawk County area were documented.

Keywords

Community-based food systems, Economic and environmental impacts

Disciplines

International and Community Nutrition | Regional Economics



Community economic impact assessment for a multi-county local food system in northeast Iowa

Abstract: The positive results of a decade's worth of investment in local food systems in the Black Hawk County area were documented.

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Budget:

\$24,500 for year one
\$18,349 for year two

Q Do local food sales make a difference to the rural economy?

A A study in northeast Iowa says local food purchases can affect the economy positively.

Background

Local and state economic development agencies often regard direct-market, family-owned food and farm businesses as insignificant in terms of economic development. Their inclination is to ignore investment possibilities in these areas. Local governments often are eager to pursue big-box stores or a casino as an economic bonanza, but may be overlooking the opportunities offered by enterprises such as a meat locker, orchard, cannery or vegetable farm. More data on the economic value of these enterprises could make local and state officials better disposed to support local food-related businesses.

The project goal was to document the economic impacts of several individual local food and farm businesses in the Black Hawk County region of north Iowa. The objectives were to:

- Develop case studies and document the systems of money flow as local foods are traded by at least 10 businesses in northeast Iowa,
- Document the findings and develop a template for assessing community economic impacts of local food systems that could be shared with five other regions in Iowa or the upper Midwest,
- Present the findings to increasingly larger audiences in the study area, and develop educational and media pieces for specific audiences open to local food system development.

Approach and methods

The investigators collected detailed (confidential) financial data from five local farms and a restaurant. This included information on the amount of inputs purchased from local suppliers and number of suppliers, amount of products sold to local buyers and number of buyers, number and payroll of local people hired for each business or farm.

The data about the food and farm economy of the eight-county area around Black Hawk County were analyzed with the "Finding Food in Farm Country" model used in Minnesota, California's central coast, and Iowa's Wright, Allamakee and Winnebago counties. Interviews with participating businesses were used to develop narrative descriptions of their enterprises. In collaboration with David Swenson of the Iowa State University Department of Economics, investigators used input/output



MARKETING

economic models to calculate the economic multiplier for each of these businesses and estimated the potential economic impact based on increased fruit and vegetable consumption in the region. They also calculated the return on investment for supporting initiatives such as the Northern Iowa Food and Farm Partnership.

The researchers prepared brief case studies of the participating businesses. These case studies formed the basis for a presentation on “Finding Food in Black Hawk County” that has been extensively used around Iowa and across the nation since 1995. The findings also were shared with key local and state entities (e.g., economic development officials, county boards, city councils, legislators,

**How can \$1=\$14.60?
From 1998-2008, for every dollar we raised to
strengthen our local food economy, we helped \$14.60
be invested in local food and farm businesses**

UNI, Center for Energy & Environmental Education

Results and discussion

Although the region’s farmers produce \$1.19 billion of food commodities per year (1999-2005 average), they spend \$1.24 billion to raise these crops. This means farmers lose an average of \$51 million in production costs each year, for a total loss of \$357 million over the last seven years. These losses make local farmers highly dependent on the \$184 million in annual federal farm subsidies. Yet, even after taking these payments into account, one of every three of the region’s farms reported net losses in 2002. Moreover, farmers spend more than \$500 million buying inputs from outside the region.

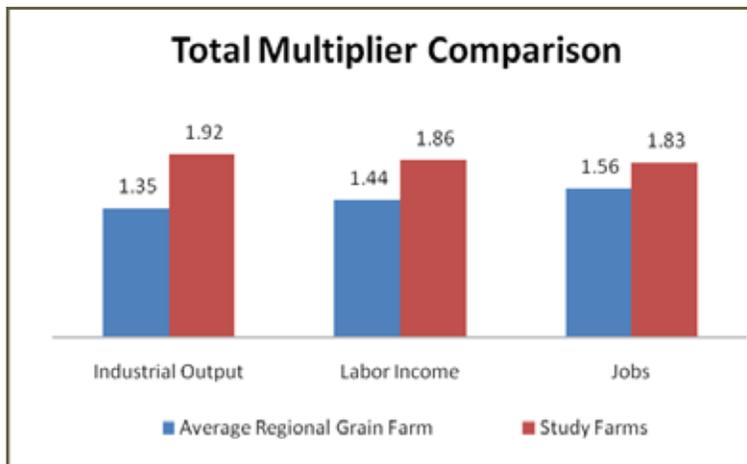
Strangest of all, local consumers—in the middle of farm country—spend more than \$580 million buying food grown somewhere else. If residents were to buy only 10 percent of this food and energy directly from local sources, it would bring \$60 million into the region’s economy.

The diverse, family-owned, direct-marketing farms in the area have strong supply chain linkages with the regional economy, resulting in higher economic multipliers when compared to the average grain farm. The economic multipliers for a restaurant purchasing a significant amount of food from local farms were:

- Industrial output, 1.94 compared to 1.53 for the average regional restaurant.
- Labor income, 1.65 compared to 1.54 for the average regional restaurant.
- Jobs created, 1.54, compared to 1.2 for the average regional restaurant.

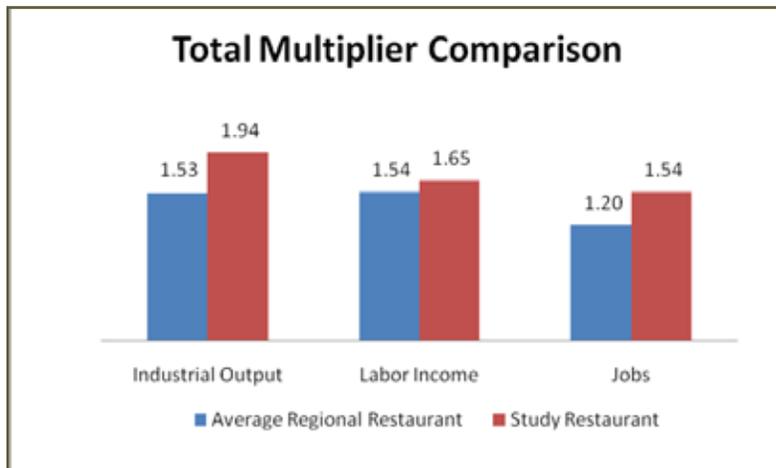
If residents of the Black Hawk County region purchased locally grown fruits and vegetables just three months out of the year, it would translate to 475 new jobs and \$6.3 million in labor income added to the local economy.

From 1998 through 2007, the University of Northern Iowa's Center for Energy and Environmental Education raised \$353,200 to strengthen local markets for local foods. In the same time period, the institutional food buyers who worked with the project purchased \$5,155,000 in local foods. In other words, in the seven-county area studied, for every dollar invested by this project, food buyers were able to invest \$14.60 in the region's food and farm businesses. Sixty-three percent of the funds for this project and related work over the past 10 years came from the Leopold Center, which shows how effectively the Leopold Center dollars have been leveraged to rerecruit other investment in this important work.



Conclusions

1. Strengthening the local food economy provides an opportunity to reverse a long-term trend of loss in agricultural communities.
2. Local direct-market farms contribute to the economic vitality of their communities more than farms that produce commodity crops.
3. A restaurant purchasing locally grown food contributed more to the vitality of the local economy than the average regional restaurant.
4. Developing a program to strengthen the local food economy offers a huge return on investment.
5. All of the above suggest that local governments and economic development entities have a great opportunity to invest in the development of local food systems as a robust path to community economic development.



Impact of results

The project makes a compelling case for the state of Iowa, local governments, and community leaders to pay attention to an often overlooked engine for economic and agricultural renewal: a system of local food production, processing, distribution and consumption.

Education and outreach

A number of presentations have been given on the results from the project:

- 29th Annual Conference of the Ohio Ecological Food & Farm Association, Granville, Ohio
- 15th National Small Farm Conference and Trade Show, Columbia, Missouri
- Prairie Festival, Salina, Kansas
- Future Farms 2006: Farm to Table Conference, Kerr Center for Sustainable Agriculture, Oklahoma City, Oklahoma
- First Nebraska Food Banquet, Omaha, Nebraska

- Aldo Leopold Shack Seminar Series, Baraboo, Wisconsin
- Arkansas/Oklahoma Horticulture Industry Annual Conference, Fort Smith, Arkansas
- National Association of Colleges and Universities Food Services, Northeast Region, Middlebury College, Vermont
- Midwest Value-Added Conference, Eau Claire, Wisconsin

Media reports on the project findings have appeared in several publications:

- “Efforts succeed to generate interest in locally-grown food” *Des Moines Register*,
- “Oklahoma’s Local Food Scene Thrives” *Farmers Markets Today*
- “Local Farmers and Restaurants Team up for Good Food” *Farmers Markets Today*
- “Local food networks reflect progress and potential” *The New Farm Magazine*,
- “Small Town Flavor: Northern Iowa’s local food movement meets the blue plate special” *Orion Magazine*
- “Take Action! Students lead charge for Local and Organic Food” *Slow Food USA*
- “Iowa’s Local Food Systems: A Place to Grow” The Iowa Policy Project Executive Summary

Leveraged funds

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