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Impact Brief: 2013 Economic Impacts of Iowa's Regional Food Systems Working Group

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Abstract

This is a summary of an 18-page report: *2013 Economic Impacts of Iowa's Regional Food Systems Working Group*. The report looks at the statewide impact of the local foods sector on Iowa's economy, based on data collected in 2012 and 2013 by local food coordinators who are part of RFSWG.

Disciplines

Agricultural and Resource Economics | Agricultural Economics | Regional Economics



IMPACT BRIEF: 2013 ECONOMIC IMPACTS OF IOWA'S REGIONAL FOOD SYSTEMS WORKING GROUP

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Established in 2003, the Regional Food Systems Working Group (RFSWG) is a statewide umbrella network for all Iowans working to build a more resilient regional food system. RFSWG is comprised of 15 geographically-based groups covering 91 Iowa counties. Each group works with different stakeholders—farmers, food-based businesses, non-profits, Extension, RC&Ds, educational institutions and government agencies—to support local food systems development in their region. RFSWG is supported by the Leopold Center for Sustainable Agriculture and Iowa State University Extension and Outreach.

LOCAL FOOD CONTRIBUTIONS TO IOWA'S ECONOMY

This is a second-year's look at the statewide impact of the local foods sector on Iowa's economy. The results are derived from a two-year economic impact evaluation of the Regional Food Systems Working Group, a statewide network of 15 local food coordinators. Like last year, these coordinators recruited local food producers and buyers from their respective regional networks to complete a survey that focused on measuring four indicators of economic change:

- » **Local food sales by farmers** (direct to consumers, to institutions and to intermediated markets including grocery stores, restaurants, food hubs, etc.)
- » **Local food purchases** by grocery stores, restaurants, institutions and other high-volume markets
- » **Job creation** as a result of local food production, processing or utilization
- » **Funds leveraged by RFSWG groups** to support the development of regional food systems

RESULTS

Local food sales. Farmers reported increases in local food sales from 2012 to 2013, even among repeat respondents (comprising 88 percent of 2012 sales and 84 percent of sales in 2013), and adjusting for inflation. Reported sales include direct-to-consumer transactions such as farmer's markets and Community Supported Agriculture as well as sales made to large-volume buyers like grocery stores, restaurants, schools and hospitals (otherwise known as institutional and intermediated markets or IIMs). Total farmer sales reported by our respondents was nearly \$24 million from 2012-2013.

Local food purchases. Large-scale buyers of local foods also reported increased purchases. We tracked purchases totaling more than \$22 million in 2012-2013 with 80 percent of those purchases coming from a mere 37 buyers. That's an average of almost \$250,000 in local food purchases per buyer per year. See table on next page.



IMPLICATIONS

Sales of local food to grocery stores, restaurants, residential food service operations, food hubs, food auctions, and other high-volume markets are rapidly and vastly eclipsing direct-to-consumer sales. However, the U.S. Census of Agriculture currently measures only direct-to-consumer sales and therefore underestimates the impact of local foods on the Iowa economy.

Very modest public investment in the work of local food coordinators contributes to job creation in Iowa. Compared to the cost of recruiting low-paying retail jobs from companies outside the state, a wiser investment approach to creating jobs in Iowa is to grow our own in the local foods sector.

Providing a robust and consistent source of funding for local food coordinators promises to generate even greater economic returns to the state of Iowa.

Photo: A New Hampton student harvests a tomato from her school's garden. Courtesy Northeast Iowa Food & Fitness Initiative.

SUMMARY OF ECONOMIC IMPACTS

	2012	2013	Total
Total local food sales by farmers	\$10,549,296	\$13,035,445	\$23,584,741
<i>Total local food sales of repeat farmer respondents (n = 57)</i>	\$9,286,199	\$10,939,234	\$20,225,433
Total local food purchases by institutions and intermediated markets (IIMs)	\$8,934,126	\$13,129,702	\$22,063,828
<i>Total local food purchases by repeat IIM respondents (n = 37)</i>	\$8,136,979	\$9,594,471	\$17,731,450
Total funds leveraged by regional food groups for use in the calendar year	\$766,020	\$882,842	\$1,648,862
<i>Total funds leveraged by non-Iowa sources</i>	\$341,933	\$474,274	\$816,207
Total number of new jobs created by local food producers and local food buyers	53	118	171
<i>Total number of new full-time jobs</i>	24	39	63
<i>Investment cost of creating 1 new full time job</i>	\$31,918	\$22,637	\$26,172*
<i>Public cost of creating 1 new full time job</i>	\$17,874	\$14,300	\$15,661*

*These figures are two-year averages from 2012-2013.

Funding sources. A complete analysis was done on the sources of funding used to support development of these local/regional food systems. Coordinators in the network raised more than \$1.5 million in the two-year period, 2012-2013. They received government and philanthropic grants, solicited donations, held fundraisers, received voter-approved County Extension funds, and more. Half of these funds came from sources outside the state. This suggests that local food coordinators are competing with other places in the wider United States as opposed to vying with commercial business interests in Iowa.

Job creation. Finally, at least 171 new jobs have been created in Iowa as a result of the local foods sector. More than one-third (37 percent) are full-time jobs. Positions were created in farming, sales and marketing, farm labor, processing, distribution, nutrition education, horticultural education, and culinary arts. The average public cost of creating one new full-time job was \$15,661 with the remaining \$10,500 needed to create each job covered by the private or civic sectors.



STRENGTH IN SHARING

Here are members of the Regional Food Systems Working Group from the June 2014 quarterly meeting. Active participants include farmers, educators, lenders, business owners and local food practitioners throughout Iowa, as well as coordinators of these regional food groups: Flavors of Northwest Iowa, Healthy Harvest of North Iowa, Northeast Iowa Food & Farm Coalition, Northern Iowa Food & Farm Partnership, Field to Family Food Coalition, Dubuque Eats Well, Quad Cities Food Hub, Hometown Harvest of Southeast Iowa, South Central Iowa Area Partnership, Southern Iowa Local Foods Initiative, Southwest Iowa Food & Farm Initiative, Central Iowa RFSWG, Greene County Local Foods Working Group, Harvest from the Heart and Eat Greater Des Moines.

This document was prepared by the Leopold Center for Sustainable Agriculture: Corry Bregendahl, Associate Scientist, and Arlene Enderton, Program Assistant. Production, design and communications support by Stefanie Trout, Communications Research Assistant, and Laura Miller, Communications Specialist.

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For a complete description of data collection methods and an in-depth analysis of results, consult the statewide report: www.leopold.iastate.edu/local-food. Regions that participated in collecting data also have results for their regional food group.