



FOR  
LEASE

# Regional Food Systems

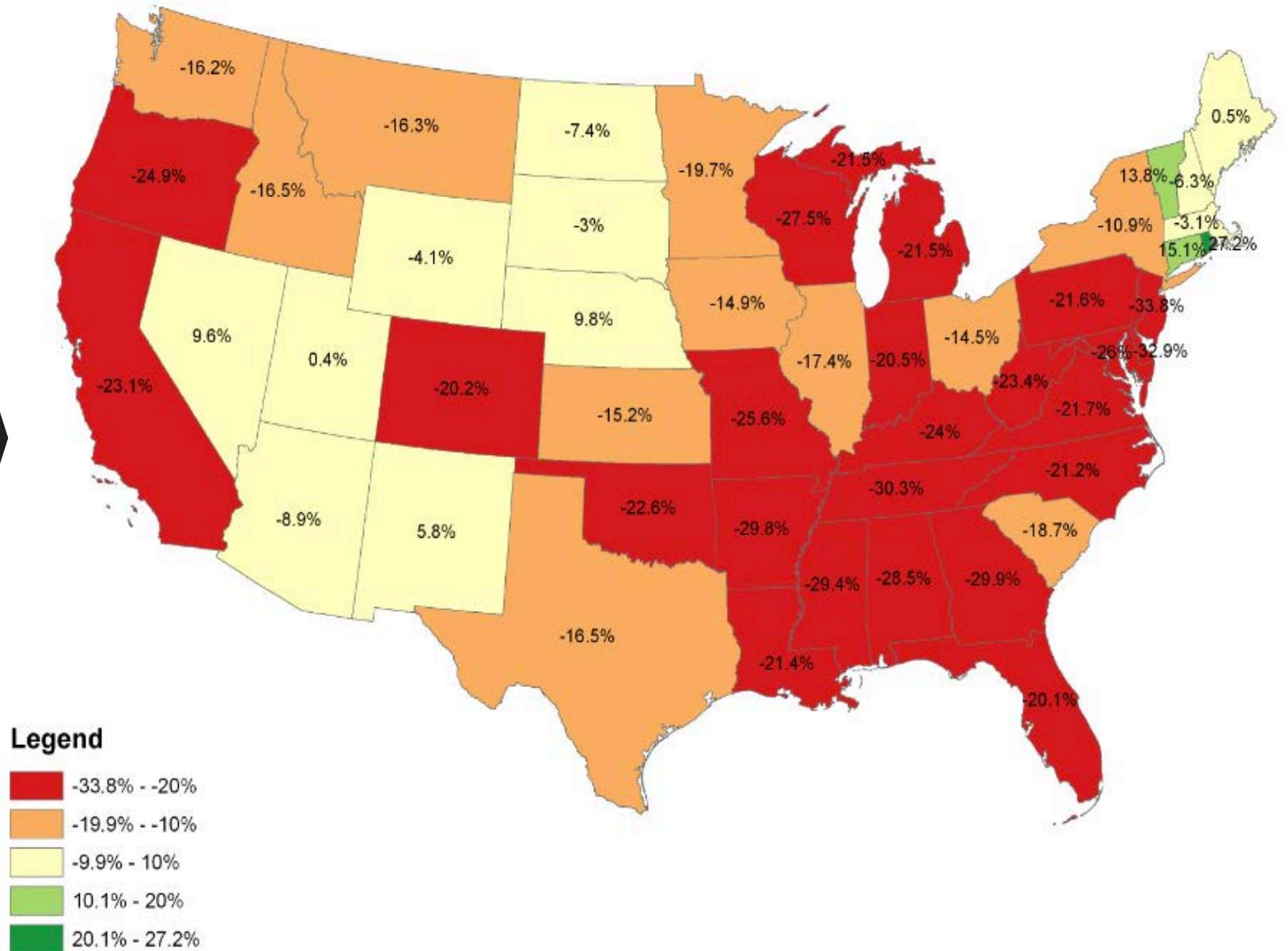
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Dept. of Agricultural and Resource Economics, Colorado State University  
2017 Policy Summit on Housing, Human Capital, and Inequality  
June 23, 2017



# FARM VIABILITY

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Principle Operators on Farm Less than 10 Years, Percent Change 2007 to 2012 (USDA NASS)



# New pricing reports



**COLORADO** Department of Agriculture

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Markets ▾ Marketing/Promotions ▾ Local Markets Price Reports ▾ 2016 Farmers' Markets Price Reports

## 2016 Farmers' Markets Price Reports

Price reports are available weekly for various Colorado farmers' markets. Select the market week then the farmers' market.

- Farm Stand Reports
  - [SE Colorado \(Otero County\) Farm Stands-August 19, 2016](#)
  - [SE Colorado \(Otero County\) Farm Stands-August 12, 2016](#)
  - [SE Colorado \(Otero County\) Farm Stands-August 5, 2016](#)
  - [SE Colorado \(Otero County\) Farm Stands-July 30, 2016](#)
- Week of August 20, 2016
  - [Boulder Farmers' Market](#)
  - [Briargate Farmers' Market-Colorado Springs](#)
  - [Castle Rock Farmers' Market](#)
  - [Colorado Springs Farm and Art Market](#)

Led by Martha Sullins,  
Partner with Glenda Mostek  
Newly funded by USDA AMS

Market News Rules & Regulations Grades & Standards Services Resources Selling Food to USDA

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## Market News

- Cotton
- Dairy
- Livestock, Poultry & Grain
- Specialty Crops
- Tobacco
- Local & Regional Food Marketing
- Retail

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## Related Websites

- Foreign Agricultural Service (FAS)
- National Agricultural Statistics Service (NASS)
- Economic Research Service (ERS)
- Farm Service Agency (FSA)
- Market Information Organization of the Americas

## Local & Regional Food Market News

USDA Market News works with State Departments of Agriculture and local and regional food systems to provide prices, volume, and other information on agricultural commodities sold at local and regional markets throughout the United States.

Information gathered from Farmers Markets, Farmers Auctions, Food Hubs, Direct to Consumer sales, Retail advertisements, and Farm-To-School programs is currently available for select locations. More reports and locations will be added in the future.

## Farmers Markets

- Alabama
- Colorado
- Illinois
- Iowa
  - Iowa Farmers Market

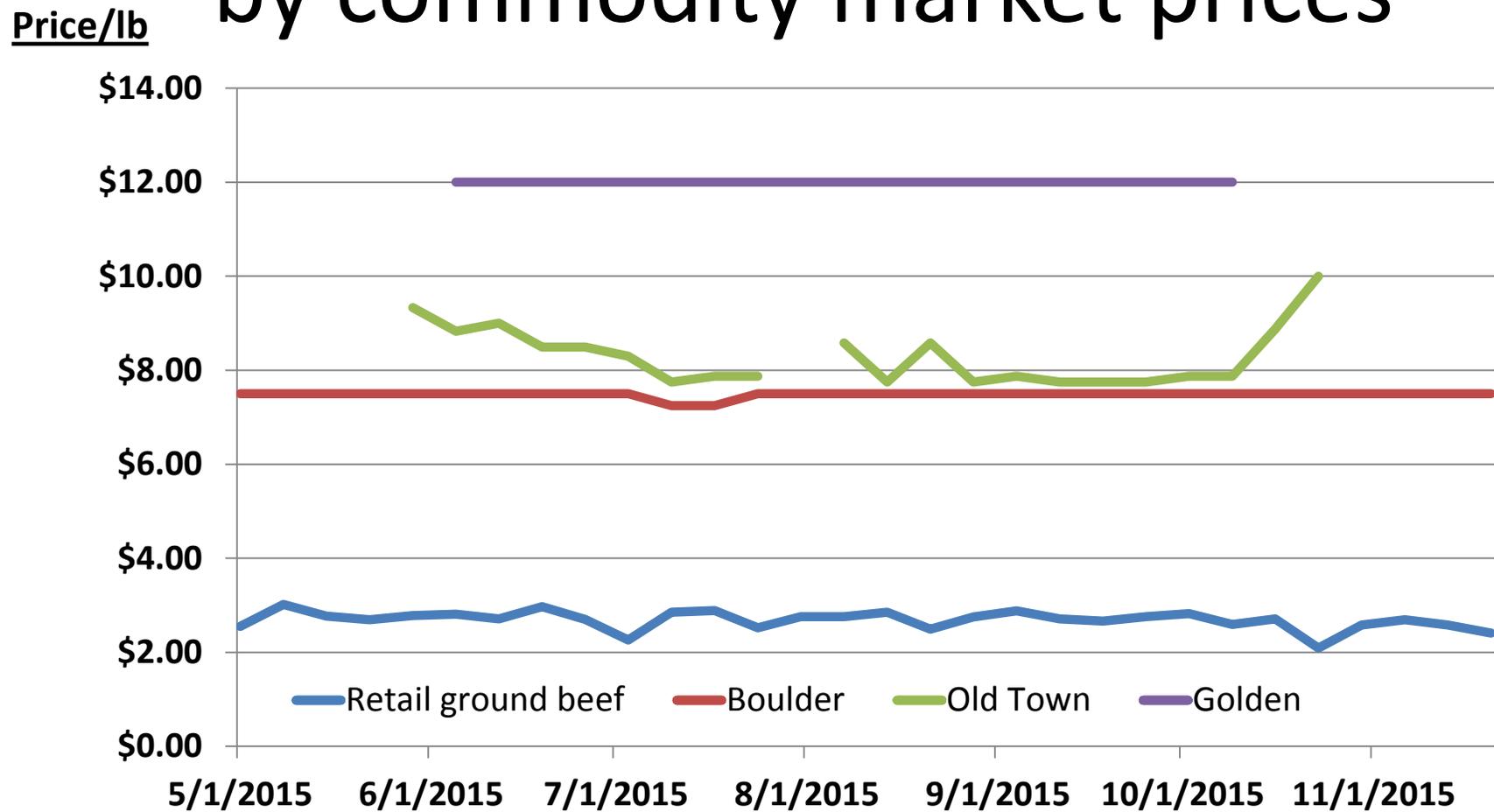
## News & Announcements

- 11/19 USDA Sets Deadline for Proposals for the 2015 Specialty Crop Multi-State Program
- 10/05 USDA Awards \$113 Million to Support Specialty Crop Production, Grow Opportunities for Rural Communities
- 10/02 USDA Awards \$34.3 Million to Support Communities' Local Foods Infrastructure, Increase Access to Fruits and Vegetables Funding Supports Local Food Systems, Farmers Markets and Healthier

SHARE

Contact Market News

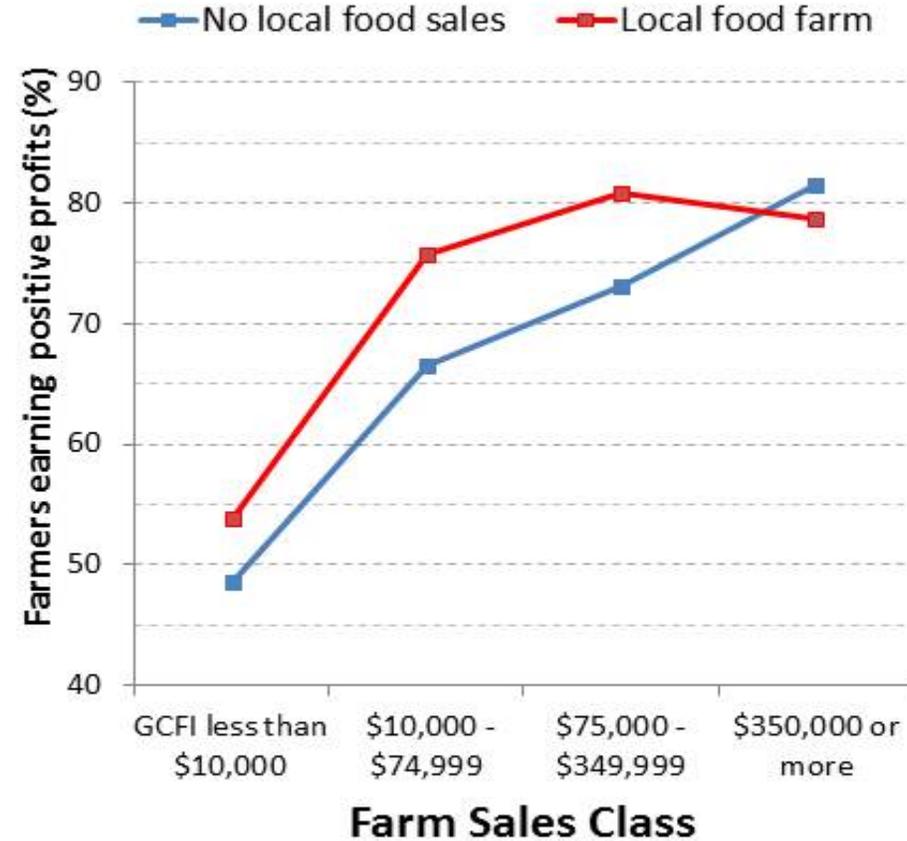
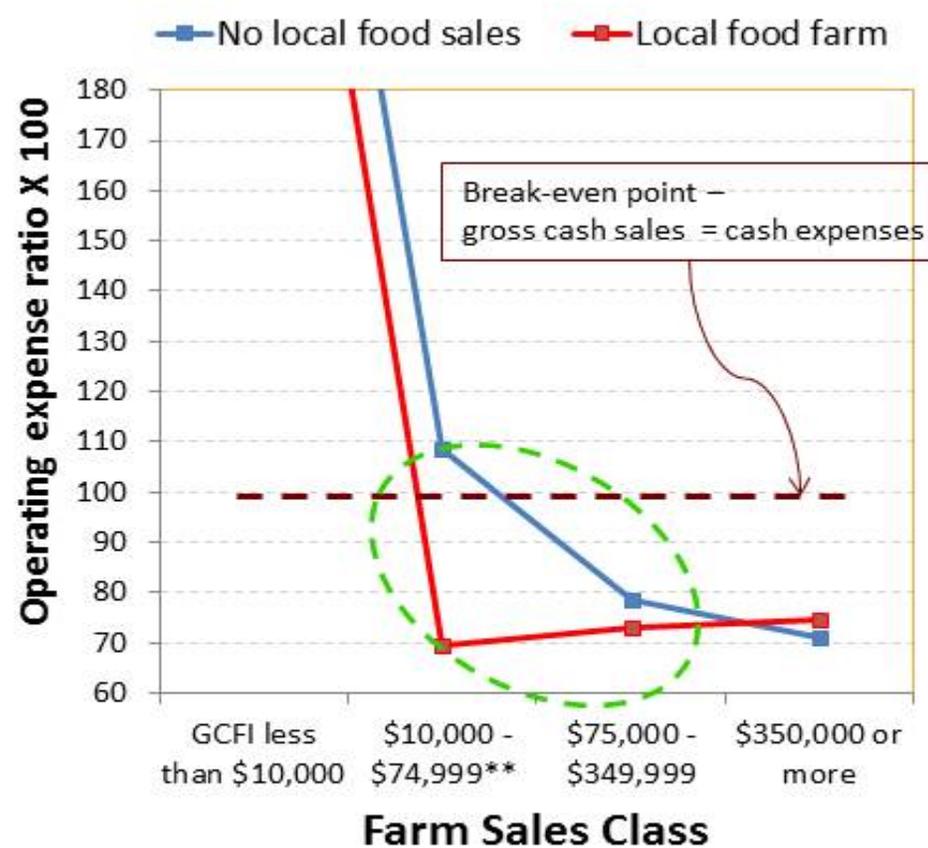
# Ground beef prices at farmers markets not impacted by commodity market prices



Non-significant, but negative relationship between USDA retail ground beef prices and Larimer (Old Town) market prices;  $r(20) = -.415, p < .05$

Note: Weekly average retail ground beef prices from <https://www.marketnews.usda.gov>.

# Evidence that small scale operations benefit from local food sales



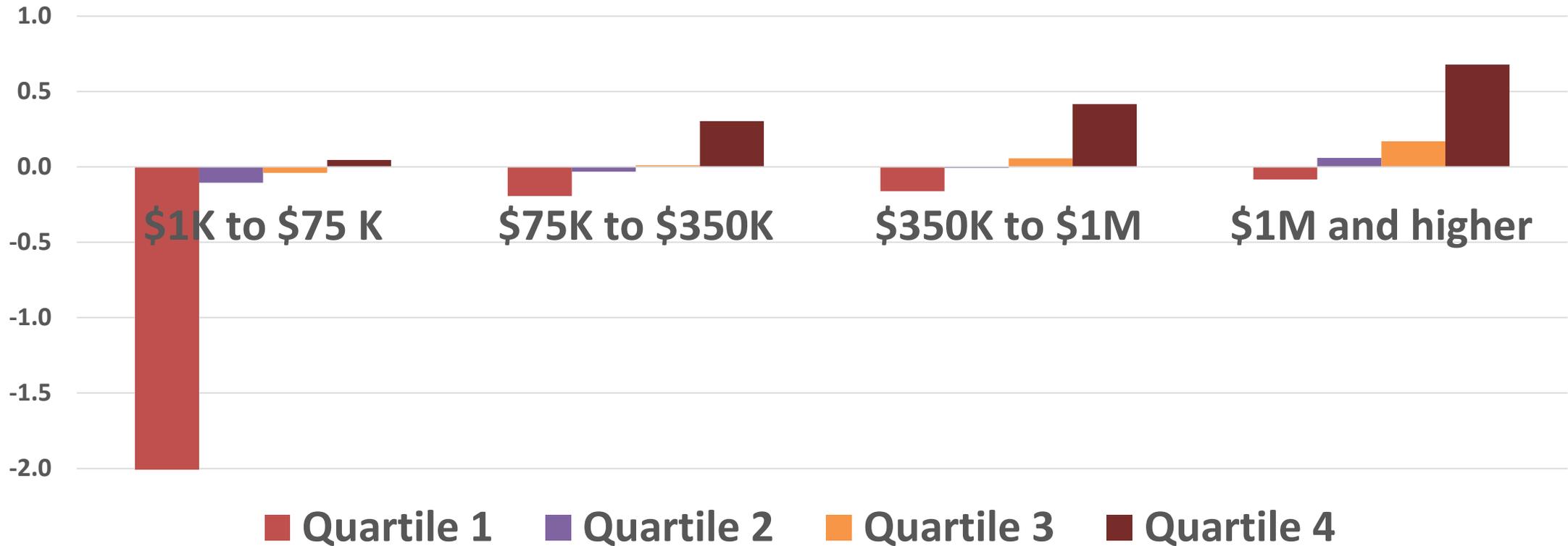
Difference in estimates: \*\* p-value < 0.05.

GCFI = gross cash farm income. Source: USDA, ERS/NASS, ARMS, 2008-2011.

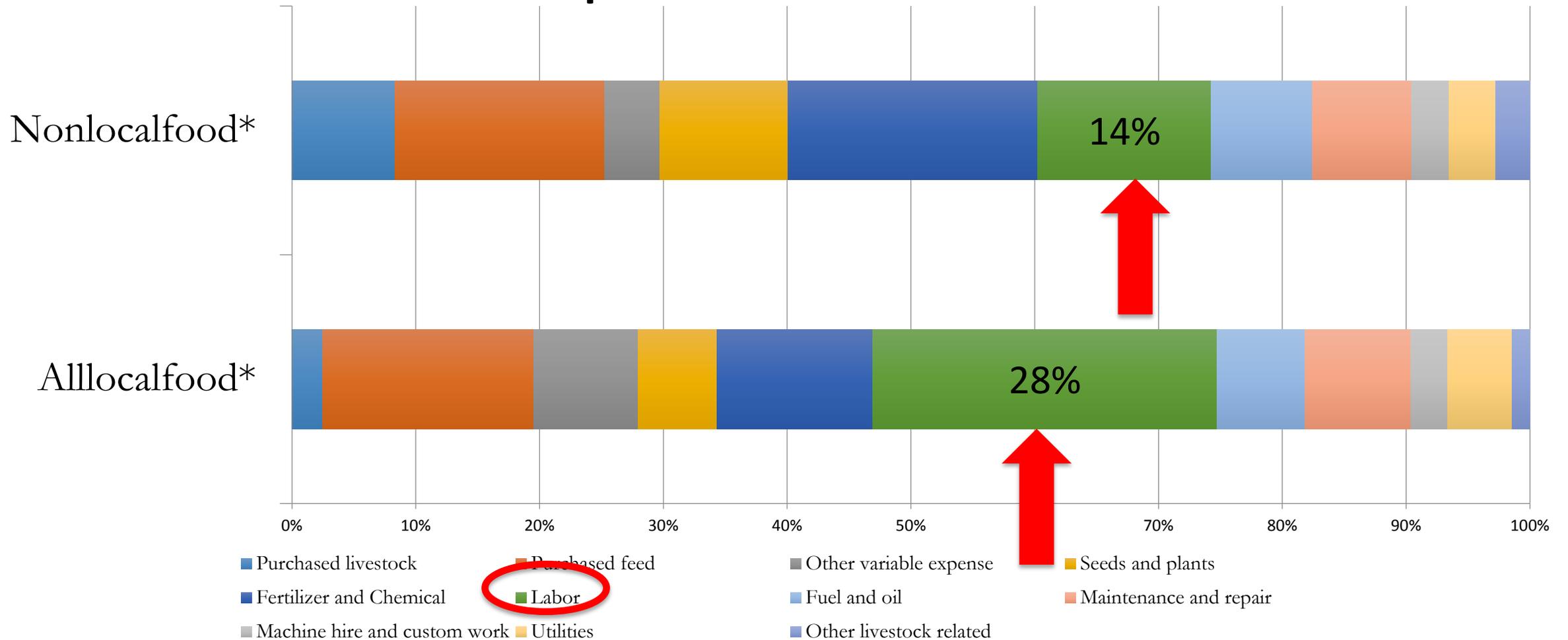
# Local food farms at all scales with positive return on assets

\*Quartile 4 is the most profitable

By Sales Class



# Farm using local markets dedicate a larger share of expenses to labor



Source: USDA ARMS 2013; analysis by Jablonski, Bauman, and Thilmany McFadden

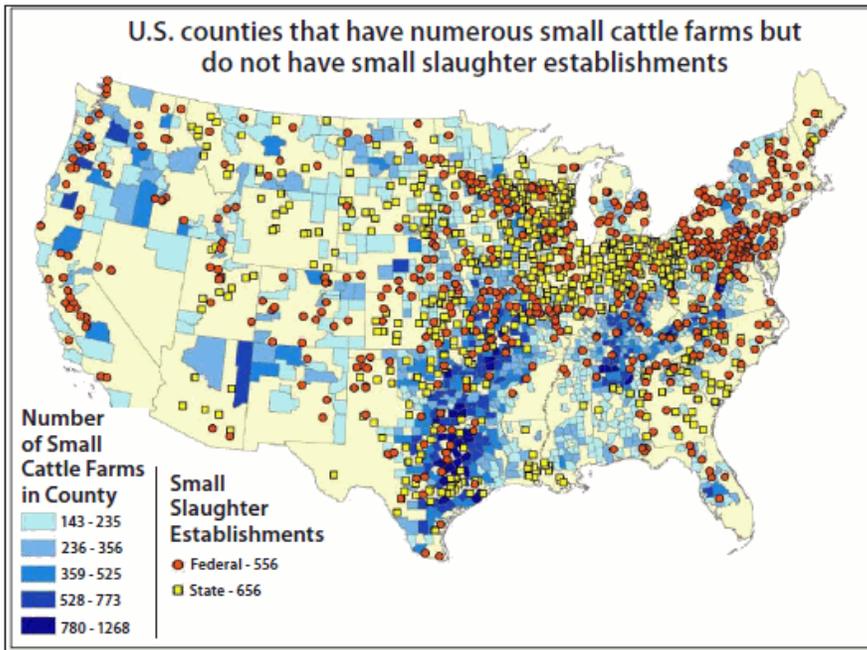


# Regional Economic Development

# Changes in Agriculture

*Change in ag over the last 30 years marked by innovation, diversification and new market opportunities...but as ag practices are modernized to increase efficiencies, we require fewer and fewer farmers (USDA).*





Brother's  
Custom Processing, Inc.

# Brother's Custom Meats

Craig, Colorado

# Food Systems economic development is an opportunity to strengthen rural-urban linkages



## Denver County Colorado

	2012	2007	% change
<b>Number of Farms</b>	10	24	- 58
<b>Land in Farms</b>	143 acres	609 acres	- 77
<b>Average Size of Farm</b>	14 acres	25 acres	- 44
<b>Market Value of Products Sold</b>	(D)	\$561,000	
Crop Sales (D)			
Livestock Sales (D)			
Average Per Farm	(D)	\$23,356	

**Denver Mayor  
Michael Hancock set  
the city's 2020  
sustainability goals:**

Acquiring at least 25 percent of food purchases through Denver's municipal government supply chain from sources produced entirely within Colorado.

# Economic Impacts of Local Foods

- When locally produced foods are substituted for imported items, stronger regional linkages are forged.
  - If local foods production and consumption increase, there are economy-wide consequences.
  - Money that previously left the economy stays and is allowed to **multiply** through.







*Direct Effect*

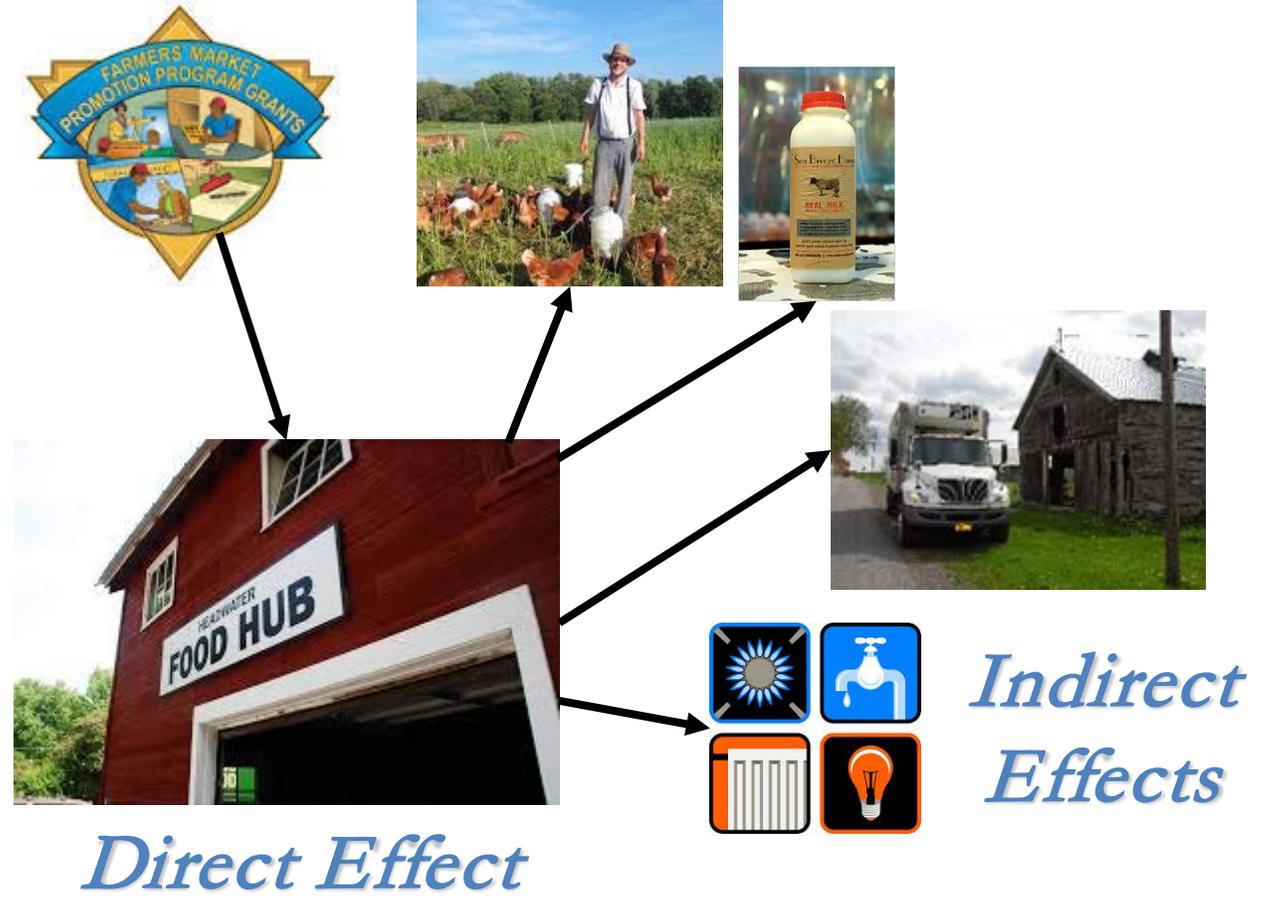


*Direct Effect*



*Indirect Effects*

*Direct Effect*





*Indirect Effects*

*Direct Effect*





*Indirect Effects*

*Direct Effect*

*Induced Effects*





*Indirect Effects*

*Direct Effect*



*Induced Effects*



**Total Value of Local  
Economic Impact =  
*direct + indirect + induced***



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# Farm Share of Local Food

- In mainstream supply chains, farmers **retain ~17 cents** of the consumer food dollar on average.

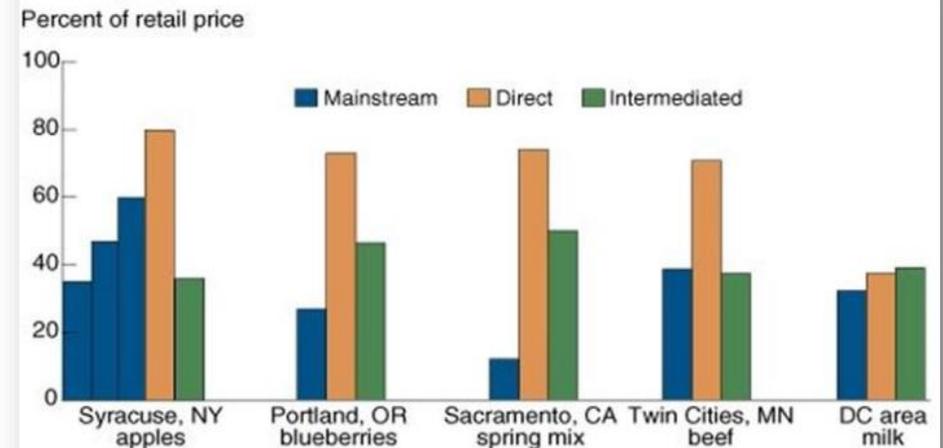
Different story in local food systems...

- In “short” supply chains, local producers received up to **seven times the share of the retail price** compared to mainstream chains.
- Food hubs often **return between 75 to 85 percent** of their wholesale sales revenues to their producers.

Farm Share of U.S. Consumer Food Dollar (2012)



Producers in direct marketing supply chains in 2009 retained highest share of retail price



Source: USDA, Economic Research Service.

\*USDA ERS report [http://www.ers.usda.gov/media/122609/err99\\_1\\_.pdf](http://www.ers.usda.gov/media/122609/err99_1_.pdf)

\*\*USDA AMS report <http://dx.doi.org/10.9752/MS046.04-2012>

# Words of caution in thinking about economic impacts

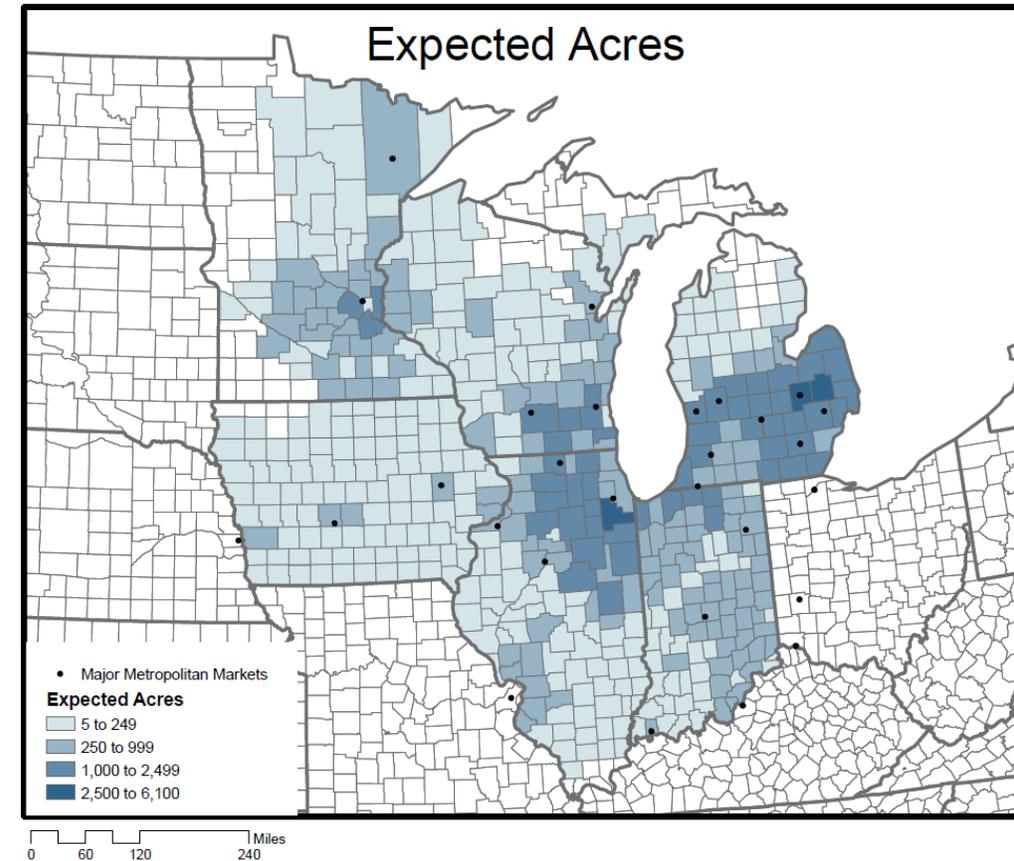
- Finite resources (e.g., land, consumers dollars, public dollars) so every decision involves a choice.
- Incorporated into economic impact assessments by estimating the **net** rather than the **gross** impact of changes in a local/regional food system.
- Can be on supply (production) or demand (consumer) side, or both.



# Example: Fruit & Vegetable Production in Midwest

Study estimates county-level fresh fruit and vegetable production potentials (supply side) and expected sales based on current population (demand side).

- Corn and soybean are the dominant crops in these states, and net impacts would occur from shifts to fruit and vegetable.
- Land needed to satisfy regional fruit and vegetable demand is small, production consequences would be nominal.



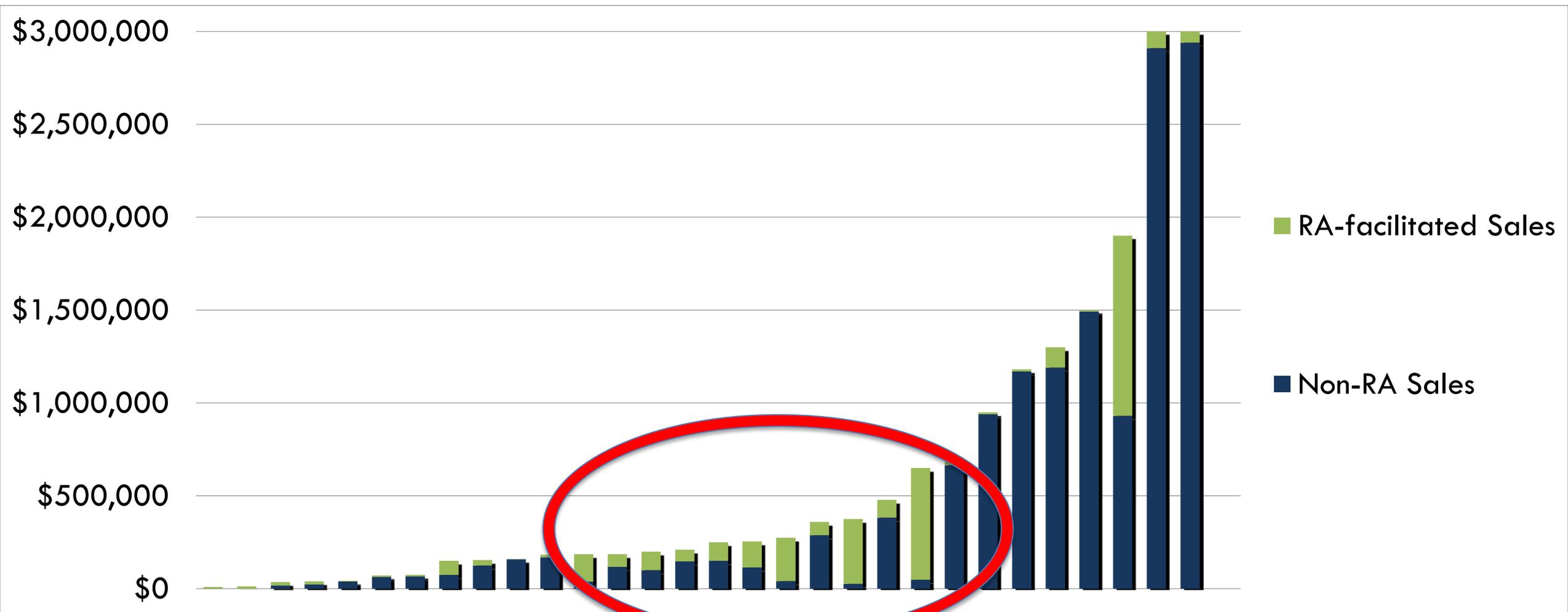
Source: Swenson, D. 2011. The Regional Economic Development Potential and Constraints to Local Foods Development in the Midwest. Iowa State University

# Example Economic Impact Assessment Food Hub

- Established in 1989, LLC
- Over \$6 million in sales, 32 employees
- Delivery (mostly) throughout NYS
  - 9 vehicles (10 soon)
- Over 3,400 product listings
  - Beverages, breads, cereals, flour, meats, produce, prepared foods, grains, fruits & vegetables, etc.
- Purchases from over 100 NYS farmers & 65 specialty processors
- Over 600 customers
  - Individual households, freight, restaurants, institutions, distributors, buying clubs, retailers, manufacturers, bakery



# Food Hubs may increase market access for mid-scale farms



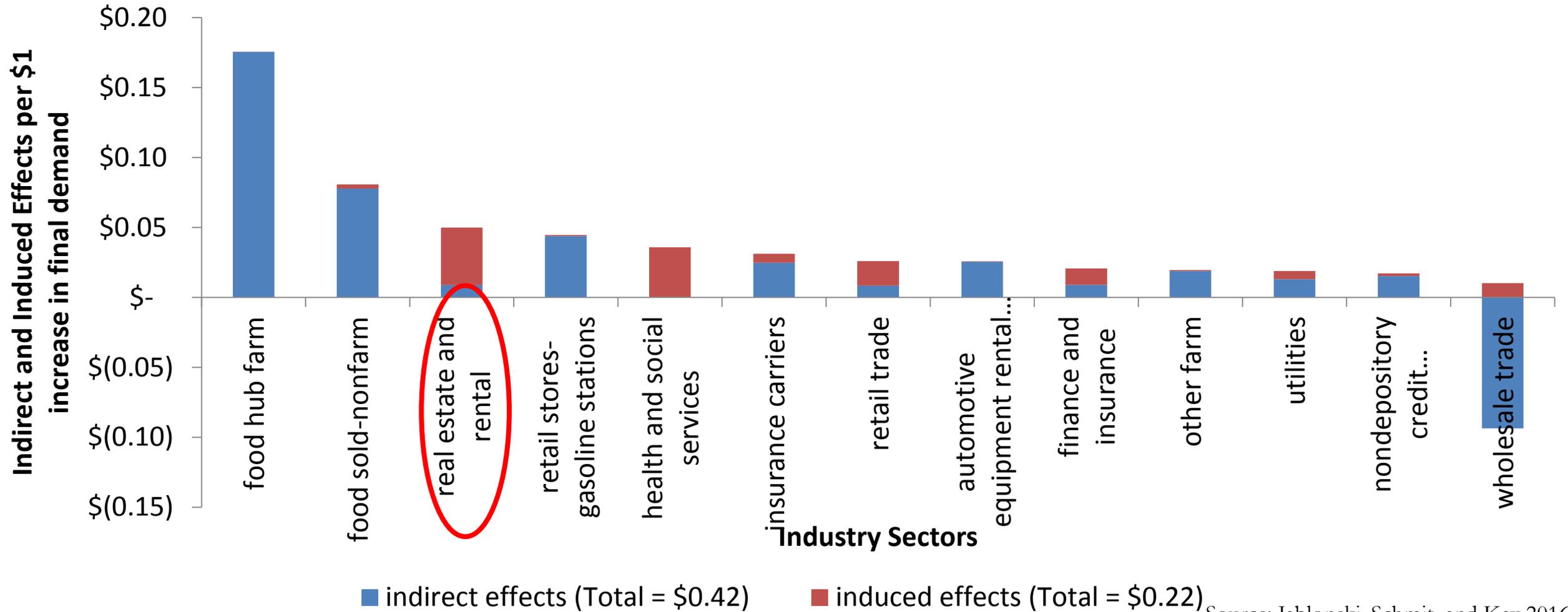
Farm sales facilitated by food hub, as a proportion of total farm sales

# Example Economic Impact Assessment Food Hub

- Surveyed 305 of Regional Access' customers
  - 49% purchased less from other sources due to purchases from RA
  - Average reduction >23%
- Opportunity Cost associated with \$1 increase in final demand for food hub sector ~ \$0.11
- Reduced Total Output Multiplier from 1.82 to 1.63 (>10%)



# Example Economic Impact Assessment Food Hub – Impacted Industry Sectors (indirect and induced impacts only)



# Other Economic Impacts

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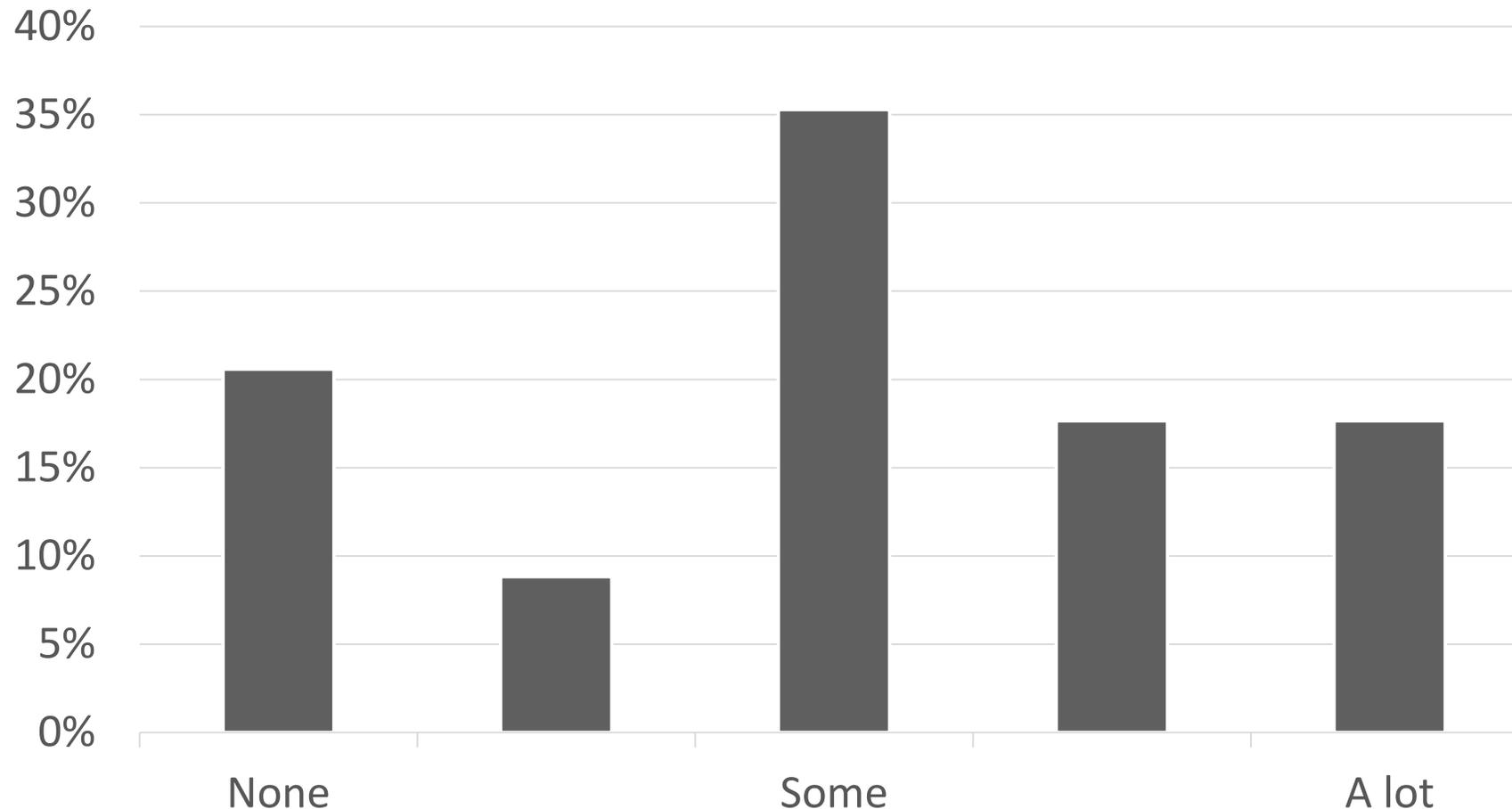
- Businesses near farmers' markets reported higher sales on market days
  - Additional sales found to directly support the businesses themselves, but also generated extra tax revenue for the communities in which the markets were located.
- Farmers' markets increase property values in the market district



Evaluating  
long-term  
economic  
impacts more  
difficult, but  
potentially  
where more  
important  
impacts lie!

- Farmers' markets as business incubators by providing the infrastructure necessary to build skills and gain business experience.
- Regular interactions can generate and circulate knowledge that vendors might use to develop new products and creative ways of marketing them.
- Sales income may be less important than the skills and business experience developed through participation in farmers' markets.

# Farm got idea(s) for new product and/or marketing technique directly through Greenmarket



Summary results of Greenmarket farm vendors (1 to 5, 1= none, 3= some, 5= a lot)

# Human Capital

- 75% of farms made (or intend to make) changes to their farm business (ideas for a new product and/or marketing technique) based on these ideas.
- 45% of farms made these changes to product sold in both rural and urban markets.
- 82% reported that they shared ideas (or intend to) that they got through Greenmarkets with farmers in their home communities.







**FOOD SYSTEMS**  
COLORADO STATE UNIVERSITY

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