

# The Role of Local Foods & Food System Developments in US Communities



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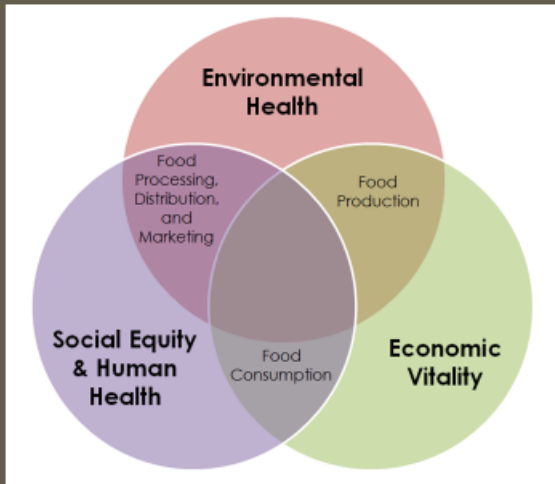
**PRESENTATION TO STATE AGRICULTURE AND  
RURAL LEADERS  
& COUNCIL OF STATE GOVERNMENTS**

**JANUARY 2018**

# National Interest in Local Foods

USDA's (2015) Four Pillars  
of Agriculture and Rural  
Economic Development:

## FOOD SYSTEM

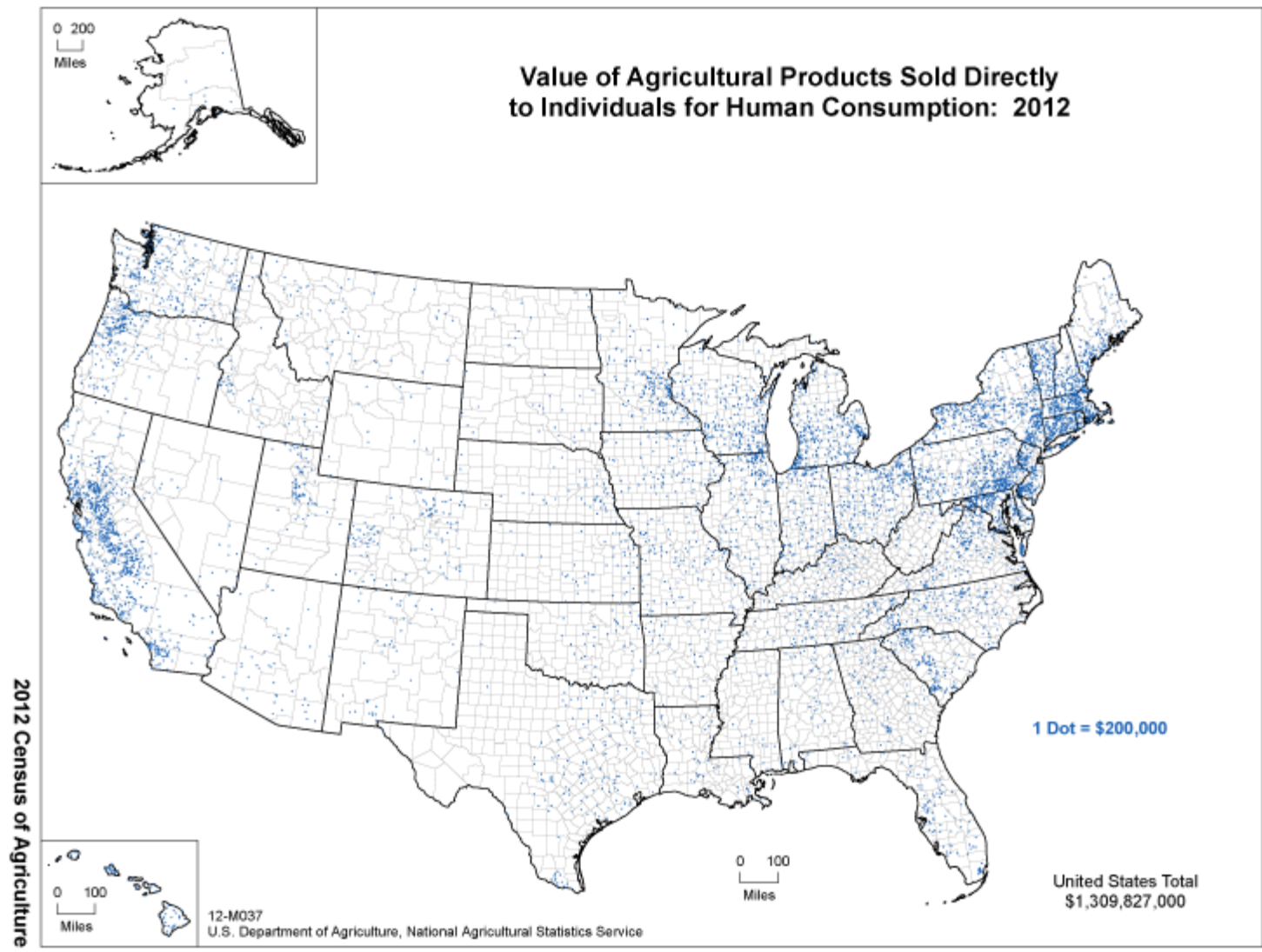


Neff, R.A. [Editor]. Introduction to the U.S. Food System: Public Health, Environment, Equity. [textbook]  
Wiley-Jossey Bass, 2014.

1. Production Agriculture
2. Local and Regional Food Systems
3. The Biobased Economy
4. Conservation and Natural Resources

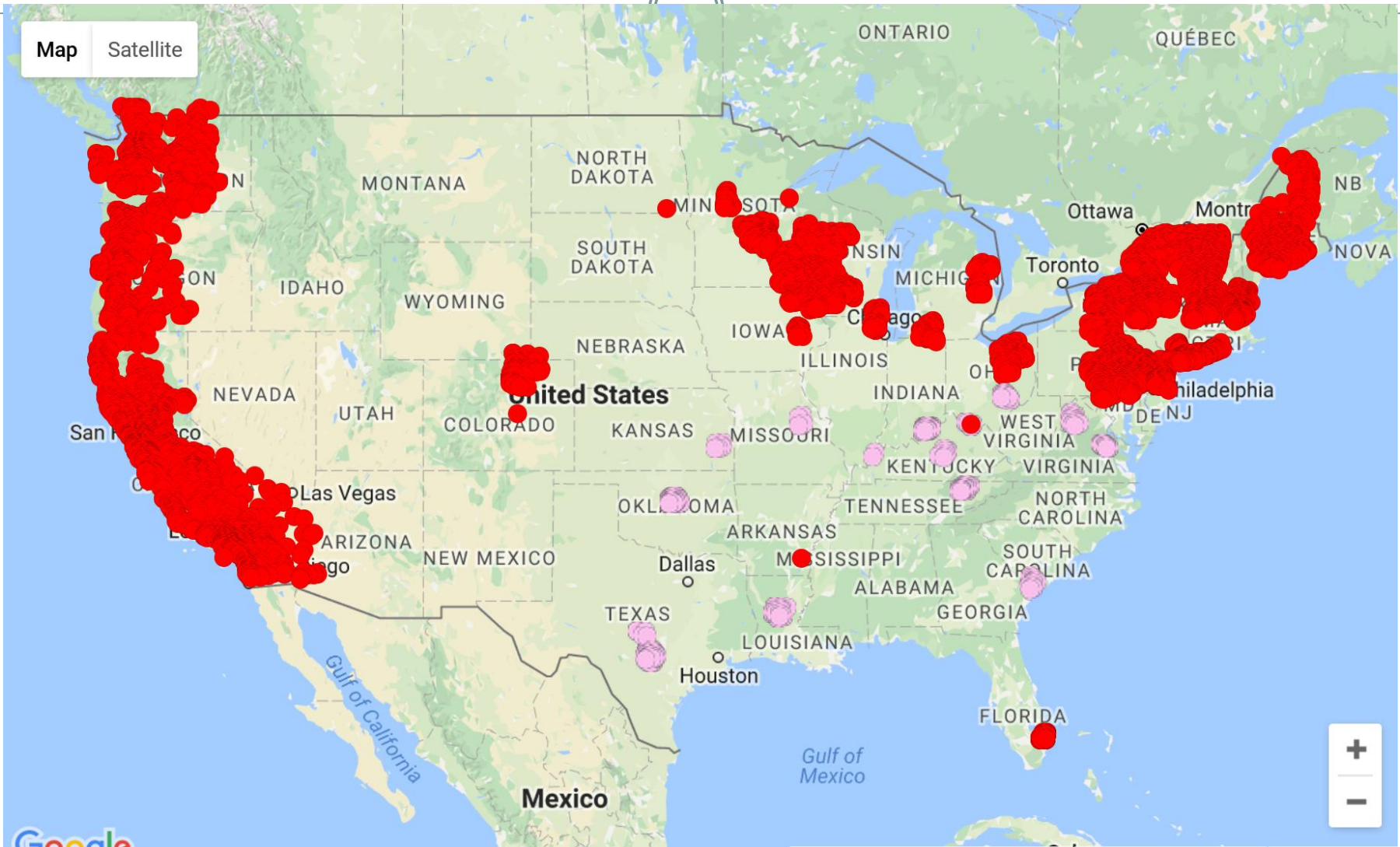
# Is Local Just Really a New Focus on Place?

- Differential Market Evolution across US Regions and the Rural-Urban Continuum
- Evidence of Differential Market Opportunities across Places
- Why would we Expect Economic Benefits or Impacts to Rural Areas or Communities?



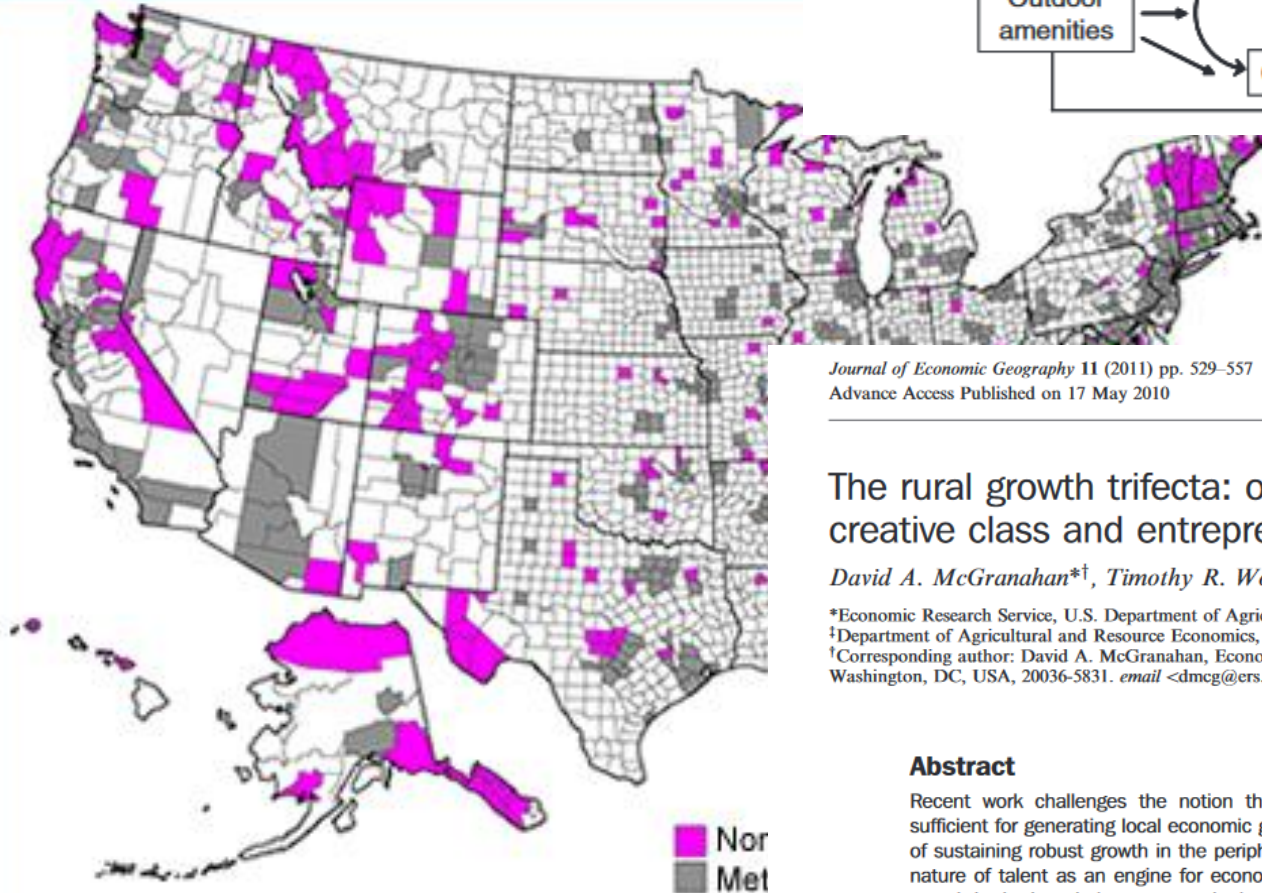
<https://www.ers.usda.gov/publications/pub-details/?pubid=42807>

# Organic Hot Spots

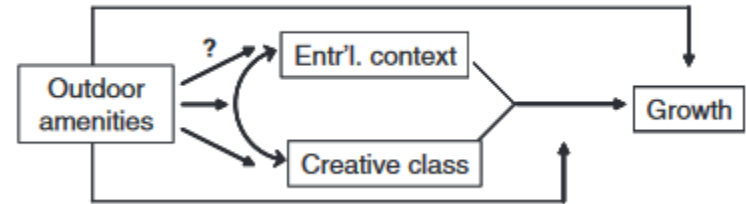


# Why Regional Differences?

## Creative class counties, 2007-11



Note: Creative class counties ranked in the top quarter of creative occupations; metro/nonmetro status is based on the 2000 Census.  
Source: USDA, Economic Research Service data processed using data from the pooled 2007-11 American Community Survey.



*Journal of Economic Geography* 11 (2011) pp. 529–557  
Advance Access Published on 17 May 2010

doi:10.1093/jeg/lbq007

## The rural growth trifecta: outdoor amenities, creative class and entrepreneurial context<sup>§</sup>

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\*Economic Research Service, U.S. Department of Agriculture, Washington, DC, USA

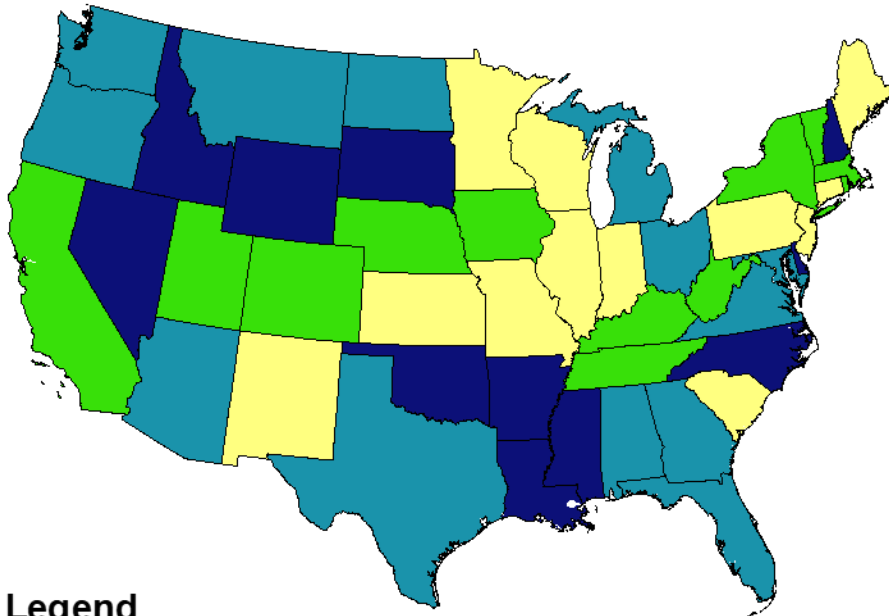
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<sup>†</sup>Corresponding author: David A. McGranahan, Economic Research Service/USDA, 1800 M Street, NW, Washington, DC, USA, 20036-5831. email <dmcg@ers.usda.gov>

### Abstract

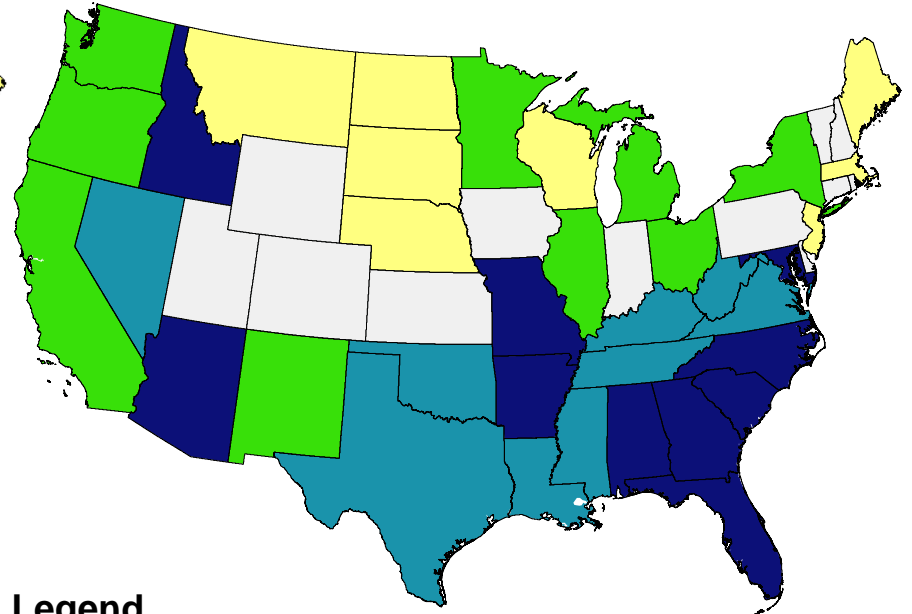
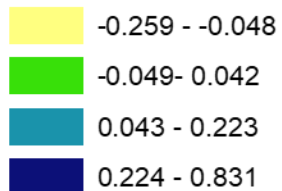
Recent work challenges the notion that attracting creative workers to a place is sufficient for generating local economic growth. In this article, we examine the problem of sustaining robust growth in the periphery of the USA, demonstrating the contingent nature of talent as an engine for economic growth. We test the hypothesis that rural growth in the knowledge economy is dependent on the ability to utilize new knowledge, perhaps generated elsewhere, in addressing local economic challenges. Tests confirm that the interaction of entrepreneurial context with the share of the workforce employed in the creative class is strongly associated with growth in the number of new establishments and employment, particularly in those rural counties endowed with attractive outdoor amenities.

# For Bakeries, The Story is Different....



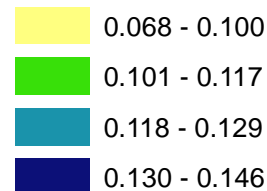
## Legend

**Bread/Bakery Emp. Growth Rate 2007-13**



## Legend

**Bread/Bakery Avg. Ann. Birth Rate 2007-13**

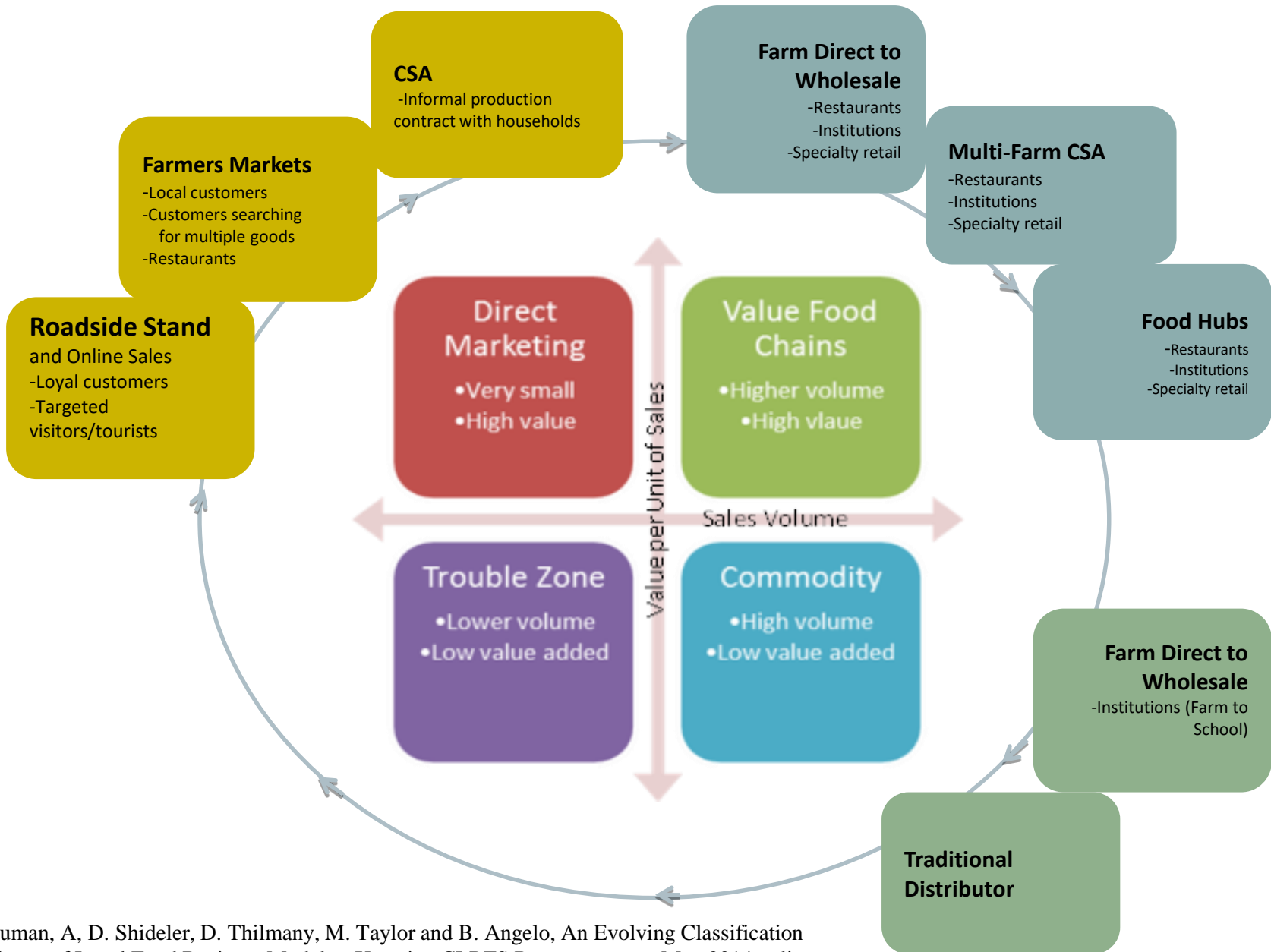


# Exploring Economic Patterns in Food Systems



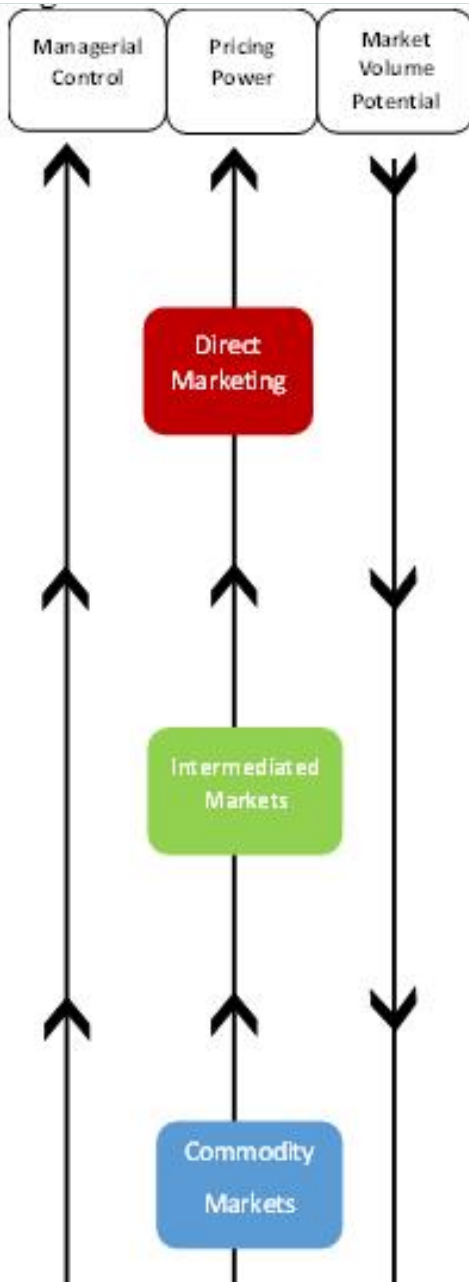
**WHAT DO DIFFERENT MODELS OF AG  
AND FOOD PRODUCTION MEAN FOR  
THE ECONOMIES OF YOUR STATES?**





Bauman, A, D. Shideler, D. Thilmany, M. Taylor and B. Angelo, An Evolving Classification Scheme of Local Food Business Models. eXtension CLRFS Resource page. May 2014 online:

<http://www.extension.org/pages/70544/an-evolving-classification-scheme-of-local-food-business-models#.VVZOBkbG-ix>

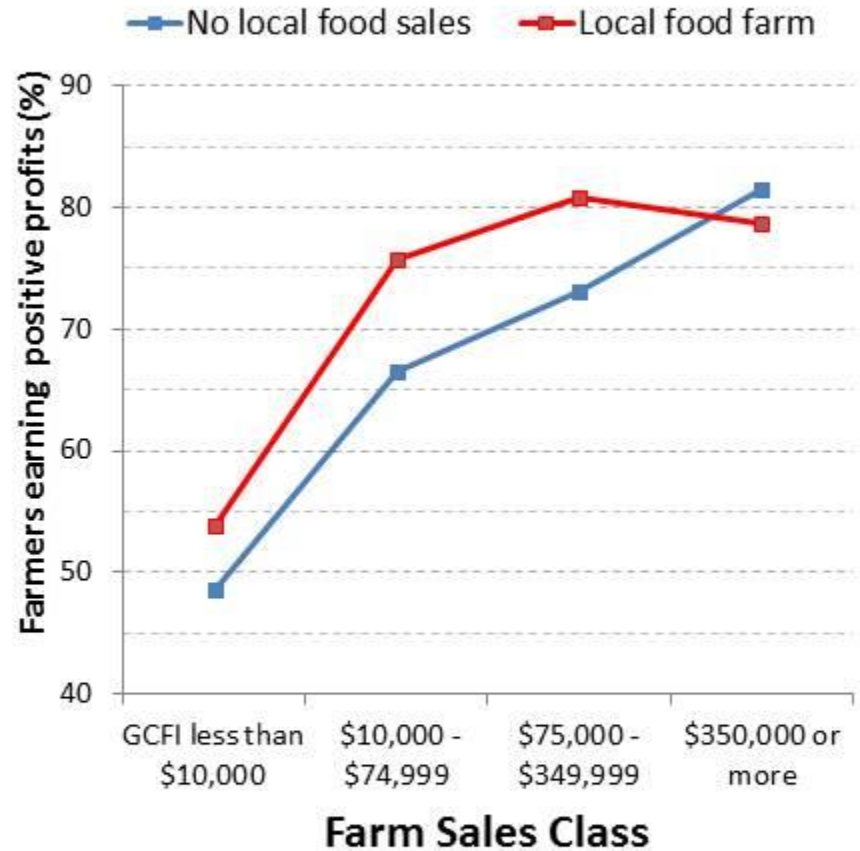
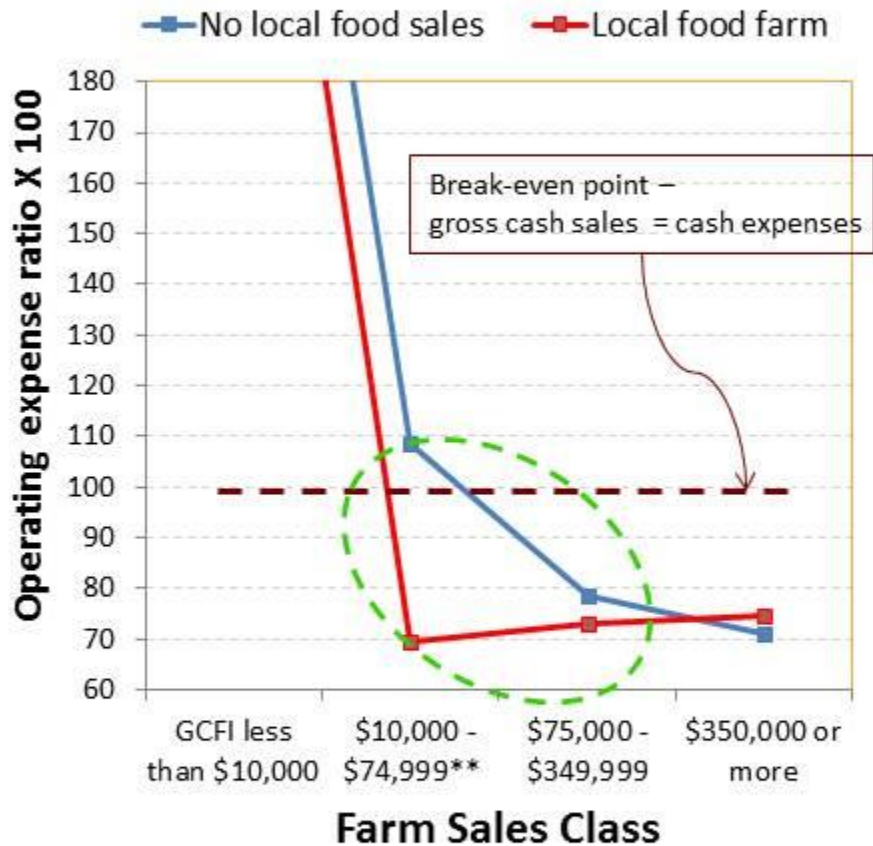


There is a likely tradeoff between volume of sales and two key management factors:

- 1) Managerial control retained by producers
- 2) Pricing power of producers

Is there an “optimal” place on continuum for an operation?

# Local Foods and Small Farms



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

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

# Profitability by Scale

**Table 3: Return on assets, by gross cash farm income and quartiles**

	y1Kto75k		y75Kto350K		y350kto1M		y1Mtohigh		All Sales	
	Mean	St Error	Mean	St Error	Mean	St Error	Mean	St Error	Mean	St Error
<b>Quartile 1</b>	-208.803	99.632	-19.363	2.750	-16.195	3.263	-8.295	1.809	-123.244	53.053
<b>Quartile 2</b>	-10.477	0.242	-3.149	0.244	-0.732	0.278	5.928	0.529	-6.762	0.145
<b>Quartile 3</b>	-3.936	0.113	1.082	0.189	5.675	0.540	16.982	0.675	-1.186	0.076
<b>Quartile 4</b>	4.571	3.419	30.394	8.139	41.670	7.479	67.776	7.136	23.527	2.921

**Note: Return on asset was multiplied by 100 for interpretation and was found to be significantly different across all quartiles for all sales classes.**

# Profitability by Urban-Rural

	<b>Metro (573)</b>	<b>Metro Adjacent (289)</b>	<b>Rural (150)</b>	<b>All Regions</b>
	Mean	Mean	Mean	Mean
<b>Quartile 1</b>	-196.000	-40.000	-42.000	-123.244
<b>Quartile 2</b>	-6.600	-7.200	-6.400	-6.762
<b>Quartile 3</b>	-1.200	-1.200	-1.000	-1.186
<b>Quartile 4</b>	27.700	21.100	12.300	23.527

**All quartiles significantly different, except 1 & 2 in Metro**

**All highest performing producers (Quartile 4) different across urban-rural continuum**



# Website Features-Modules, Webinars, Powerpoints, Case Studies and Data Sources

► Case Studies

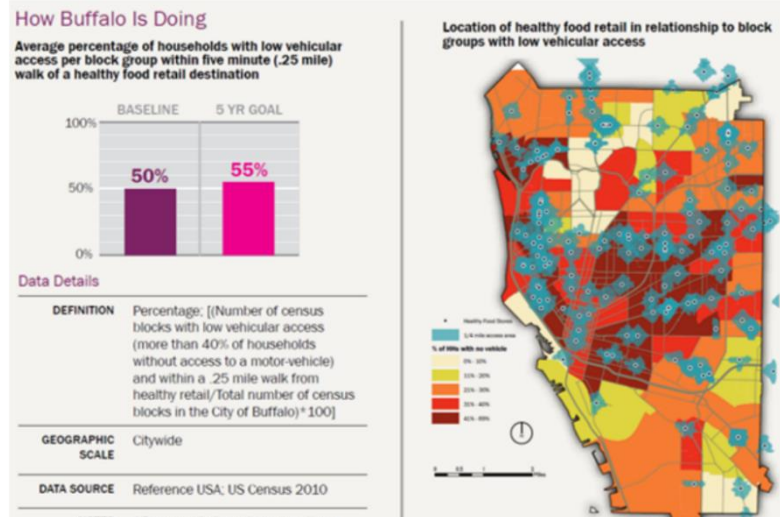
► Modules

▼ Videos and Webinars

IMPLAN Videos ▣▣

Evaluating the Economic Impacts of Local and Regional Food Systems: Best Practices ▣▣

## Strengthening Buffalo's Food System



## UPCOMING EVENTS

**MAY 25** Webinar: Measuring Outcomes

May 25 @ 1:00 pm - 3:00 pm

## Appendix 1: Specialized Secondary Datasets

Dataset Source	Description	Characteristics	Limitations
U.S. Department of Agriculture Natural Resources Conservation Service Geospatial Data Gateway (GDG) Web address: <a href="http://datagateway.nrcs.usda.gov/">http://datagateway.nrcs.usda.gov/</a>	If your food system assessment team wishes to map watershed boundaries, soil conditions, or other natural resource features as part of planning or evaluation, this is the essential source of data. Healthy soil and clean water certainly affect the economic possibilities for food producers, so this can be quite relevant to your economic planning and evaluation.	<b>Unique Feature:</b> One-stop source for environmental and natural resources data. <b>Comprehensiveness:</b> Exceptionally detailed mapping data covering most of the U.S. at a localized scale. A separate area of the NRCS website offers technical assistance tools for conservation programs. <b>Levels:</b> Local to national levels. <b>Accuracy:</b> Very accurate. Based on thorough scanning of aerial maps, field data, etc. <b>Ease of use:</b> Relatively easy to access, with a broad array of data sources available. However, professional assistance for interpreting data and mapping is often advised to understand the precision and limitations of the data.	<ul style="list-style-type: none"> <li>This data set does not speak directly to economic conditions on farms, but rather covers the environmental and natural resource contexts in which farmers operate.</li> <li>The finest resolution of this farm data is an area of 30 meters by 30 meters (roughly 10,000 square feet) so very small fields or small-farm regions may not be well represented.</li> </ul>

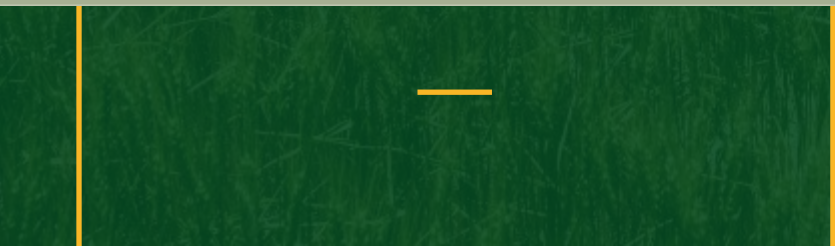


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# Colorado Blueprint of Food and Agriculture

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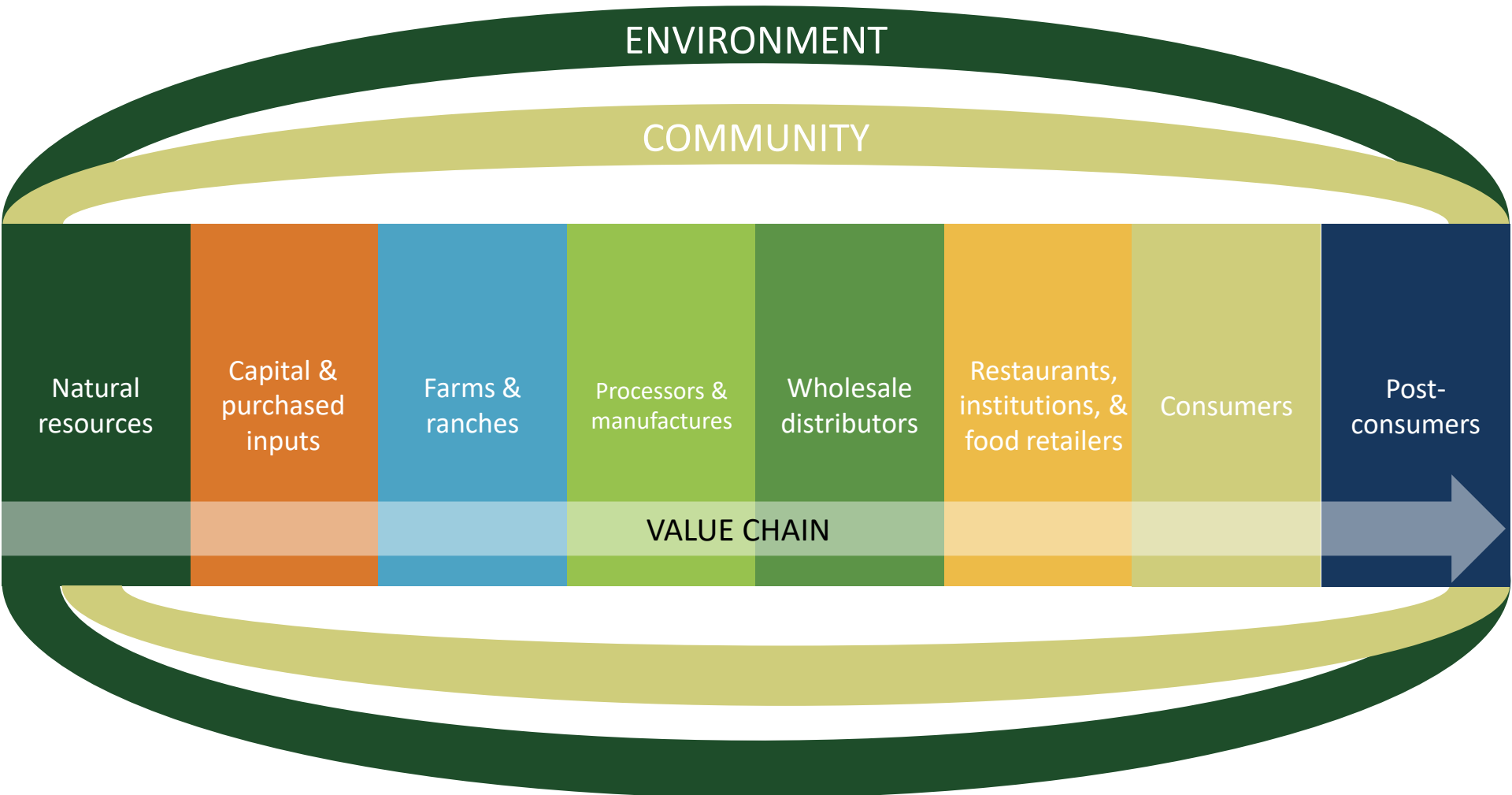
Colorado State University

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# The Blueprint documents key assets, emerging issues, and shared priorities for future investments in food and agriculture around the state





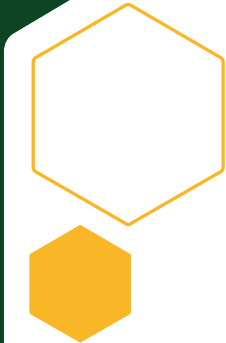
# Colorado Blueprint of Food and Agriculture

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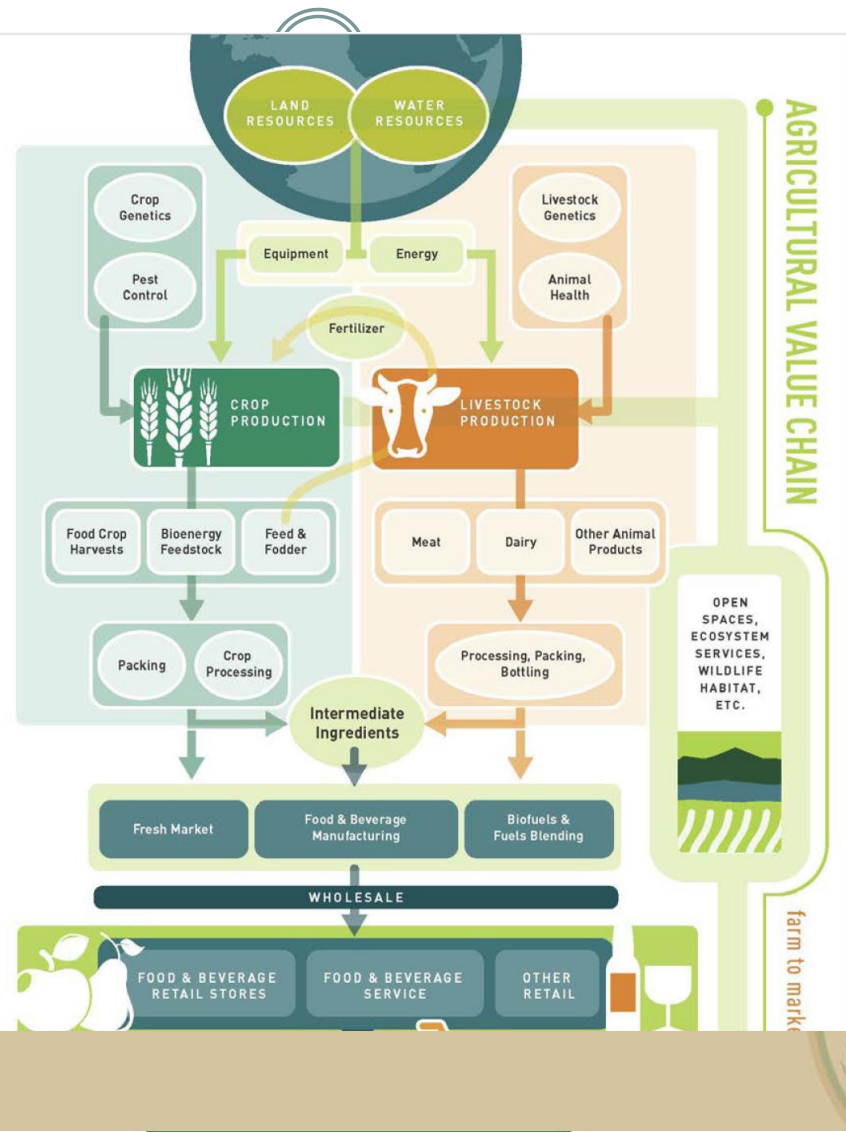
## Identify and inform eight major Cross-Cutting Opportunities

1. Create and retain agricultural and food **firms**.
2. Develop **workforce and youth** to support the food and agricultural sectors.
3. Promote **the CO brand** and ensure it reflects the unique qualities of the state's agricultural, food, and beverage sectors.
4. Support a business- and consumer-friendly **regulatory environment**.
5. Address how **scale** impacts market performance, access, and opportunities.
6. Innovate and support **new technologies** for food and agricultural businesses.
7. Improve **access to capital and resources** for agriculture and food firms.
8. Integrate agriculture and vibrant **communities**.



# Colorado's Agricultural Value Chain

**More than 200** distinct economic activities, sub-sectors, or specific industry classes (NAICS)

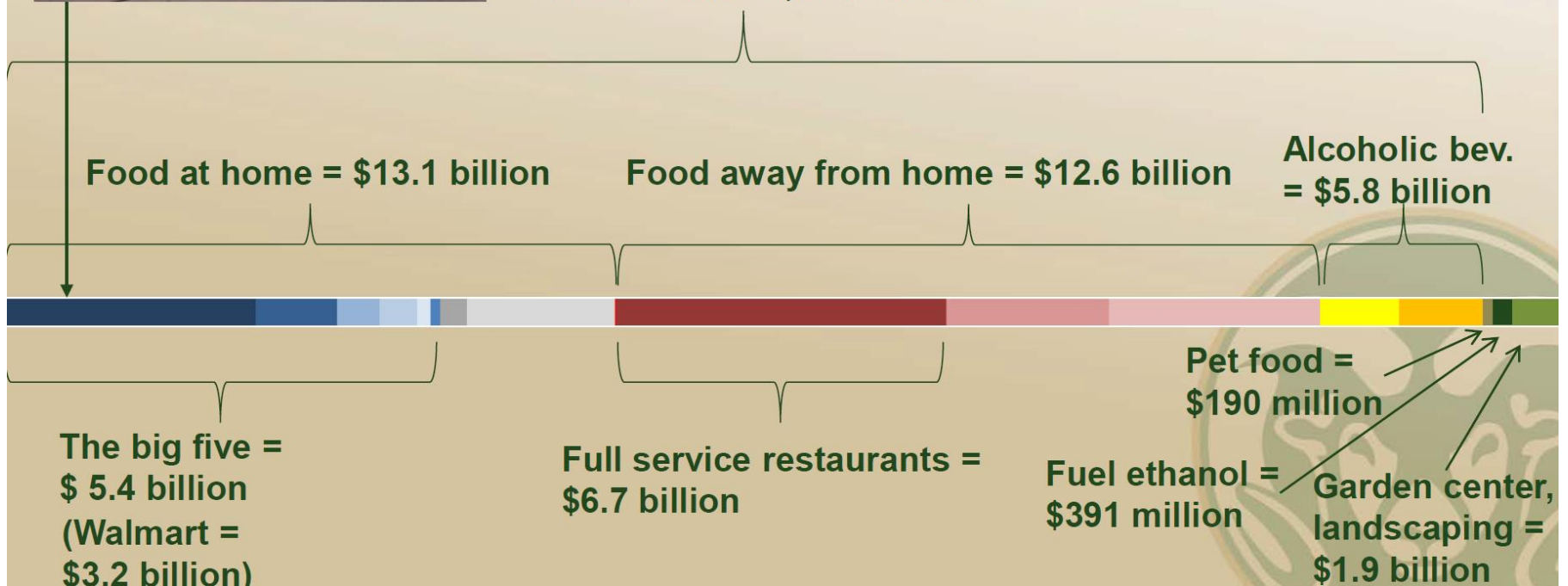




# The Reality of Retail in 2015

Total Ag Product Retail Sales in Colorado = \$34 billion

Total Food & Beverage Retail Sales in Colorado = \$31.5 billion



Do (or how can)  
food system  
contribute to rural  
wealth creation?



# Pilot Project: Denver Food Vision



- 3 pilot project/supply chains/regions
- Exploring how the 'winnable goals' might impact rural wealth creation
- Interdisciplinary team including 17 faculty members from 6 Colleges

# What Next for Policy and Analysis in this Area?

- For Local Foods (Place Based Food Innovation)....
  - ....Further explore the survival, viability, economic benefits and spillovers of farm and food supply chain innovations
  - ....What are the Employment Dynamics that may align with, be catalyzed from or result from new models of food production and marketing
- For Rural Development....
  - ....can we better measure how local farms and food businesses change or improve indicators of rural development? What indicators matter for your state and communities?
- For State Policy and Programming....
  - ....Assess the Assets, Opportunities and Market Dynamics of your area....Local Means Different Strategies work in Different Places

**Thanks!!**

Questions and Discussion