



Rural Development & Local Foods

Rural communities are finding that production and consumption of local foods can feed main street economies.

Wealth is leaving our rural communities

It is becoming increasingly clear that government policy which encourages production of massive amounts of cheap commodity crops such as corn and soybeans is removing a lot of wealth from our rural communities.

In southeast Minnesota, for example, the region's farmers sold \$912 million of farm commodities, on average, each year between 1997 and 2003. But they spent \$996 million, on average, to produce those commodities. That makes for a net loss of \$84 million per year. Farmers in the region spend about \$500 million annually buying inputs from outside the region. And consumers in the region spend another \$500 million to buy food from outside of southeast Minnesota. Nationally, other regions are in similar trouble, with Minnesota, Iowa and Illinois sustaining the most losses. Farmers earned less producing crops in 2002 than they did in 1969, despite doubling their productivity.¹



Local food as rural economic development

Hundreds of millions of dollars are being spent by people in these regions on food that's not being raised and processed there. That means there is a multi-million dollar marketing opportunity for farmers and processors who can service local needs. The market potential for local foods is particularly good for products that can go straight to the table, such as fruits and vegetables. But local meat and dairy processing plants can also help add homegrown value to livestock products. Studies show that local food systems can be significant economic engines in a community:

→ If southeast Minnesotans were to buy 15 percent of their food from local sources, it would generate as much income for the region as two-thirds of farm subsidies.²

→ If 25 percent of the fruits and vegetables consumed in Iowa were grown there, the statewide economic impact would be nearly \$140 million in output. Over \$54 million in labor income would be paid to 2,032 jobholders.³

→ The number of farmers' markets in the United States has soared from about 300 in the mid-1970s to over 3,100 in 2002. About 3 million Americans regularly visit farmers' markets and spend over \$1 billion per year. In Iowa alone, farmers' markets generated \$20.8 million in sales during 2004. Those sales, in turn, resulted in an additional \$12.2 million of economic activity.⁴

→ CSA (Community Supported Agriculture) farms, which offer local consumers shares of a farm's fresh produce over the growing season, have increased in numbers in the U.S. from one in 1985 to over 1,700 today. When compared with other U.S. farms in the 1997 Ag Census, CSA farms typically had higher gross incomes.⁵

→ \$43 million in livestock sales and processing fees were generated by Minnesota livestock farmers selling meat directly to consumers in 1998. The Minnesota Department of Agriculture's Paul Hugunin believes that figure understates the volume, and that it has grown significantly since 1998. The *Minnesota Grown Directory*, which lists farmers who direct market food to consumers, has grown 173 percent in the past 15 years.⁶

→ Between 2003 and 2004, 23 restaurants, retailers and businesses in Iowa's Black Hawk County doubled their local food purchases to \$465,000. If residents of that county spent \$10 of their weekly grocery bill on locally grown food, that would amount to \$2 million every month invested in local people, local farms and independent local businesses.⁷

→ Support for local foods in a community can attract other businesses to the area. Soon after Woodbury County, Iowa, gained national attention for passing policies that promote local, organic food, officials from an organic processing company began visiting the area. The processor was seriously considering locating facilities in the county because of its support for local, organic foods.⁸

Local economies & organic agriculture

Counties with organic farms have stronger farm economies and contribute more to local economies through total sales, net revenue, farm value, taxes paid, payroll, and purchases of fertilizer, seed and repair services.

→ The net return to agricultural sales, calculated separately from gross returns and farm expenses, averages \$3,587 higher per farm for organic farms.

→ Counties with organic farms have \$36,510 more market value in land and buildings.

→ The average farm in a county with organic farmers pays \$10,521 more in property taxes than in counties without organic farms.⁹

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How 2 Farms Contribute to the Local Economy

Pastures A Plenty Farm

Nestled in eastern Chippewa County, Minn., in a sea of corn, soybeans and farmsteads without a farmer on them, is an oasis of grass. Pastures A Plenty, home to three generations of the VanDerPols, is a 300-acre grass based livestock farm that supports two families: Jim and LeeAnn VanDerPol and their son, Josh, his spouse Cindy and their children Jacob, Andy and Kirsten.

The family produces and markets chickens and hogs. They market pork to Niman Ranch Pork Company, directly to customers and through local and Twin Cities restaurants and food co-ops. Their pork receives a premium price because it is raised in natural, humane conditions without subtherapeutic dosages of antibiotics. The hogs are certified as sustainably raised by Food Alliance Midwest (www.landstewardshipproject.org/programs_mwfa.html).

Pastures A Plenty is linked with other area farms in producing livestock for meat sales and in purchasing feedstuffs. The VanDerPols also raise dairy heifers for Dave and Florence Minar's Cedar Summit Farm. These linkages and partnerships with area farmers who share their approach to farming means more money stays local. This is no accident: at the core of the family's farming philosophy is supporting the local economy as much as possible.

The VanDerPols are looking to hire more help in the near future, and already other local businesses are benefiting from Pastures A Plenty's growing direct-marketing enterprise. For example, the processing and packing of high quality natural pork produced on the farm generates 1.5 middle-class jobs at the local meat processor. In addition, the Pastures A Plenty meat business supplies about 10 percent of the income of a local trucking company.¹⁰

Sources

¹ Meter, Ken. Sept. 23, 2005. "A brief history of the "Finding Food in Farm Country" studies. Crossroads Resource Center; 612-869-8664; www.crcworks.org

² Meter. 2005

³ Swenson, Dave. September 2005. "The Economic Impacts of Increased Fruit and Vegetable Production in Iowa." Prepared for the Regional Food Systems Working Group and the Leopold Center for Sustainable Agriculture; www.leopold.iastate.edu/research/marketing_files/workshop/presentations/swenson.pdf

⁴ Regional Food Systems Working Group. 2005. "Consumers, Vendors and the Economic Importance of Iowa Farmers' Markets." Iowa State University; www.leopold.iastate.edu/news/newsreleases/2005/markets_051005.htm

⁵ Lass, Daniel. G.W. Stevenson, J. Hendrickson, K. Ruhf. October 2003. "CSA Across the Nation: Findings from the 1999 CSA Survey." Center for Integrated Agricultural Systems, University of Wisconsin; www.cias.wisc.edu/pdf/csacross.pdf

⁶ Hugunin, Paul. March 21, 2006. E-mail exchange on direct marketing activity in Minnesota. Minnesota Department of Agriculture, Minnesota

Cedar Summit Farm

Dave and Florence Minar produce milk with roughly 150 cows on 300 acres near the town of New Prague, about a 30-minute drive south of the Twin Cities. In 2001 they set up an on-farm processing plant. The plant is specially designed for moderate-scale on-farm processing. The Minars market 60 percent to 70 percent of their farm's production as fluid milk and ice cream under the Cedar Summit label in 60 stores and approximately a dozen restaurants in the Twin Cities and surrounding region.

They receive a premium price for their milk because it is certified organic and produced by cows that rotationally graze carefully managed pastures. Cedar Summit's milk is also certified as being sustainably produced by Food Alliance Midwest (www.landstewardshipproject.org/programs_mwfa.html).

Dave recently told *Successful Farming* that the processing plant was a "near seven-figure investment." But the value it is adding to their milk is tremendous. The Minars can take 100 pounds of milk and make it worth \$75 to \$80 as drinking milk.

The money the family makes with their value-added enterprise stays in the community. The farm/processing plant employs 15 people, and the Minars are proud of the fact that all the paychecks they sign go to homes within a 10-mile radius of the farm. Their processing plant was imported from Israel, and at times it requires specialty equipment modifications. The Minars regularly utilize two area machine shops for these custom jobs. They also use local repair shops to keep their two delivery trucks running, and fill the vehicles' fuel tanks locally whenever possible.¹¹

Grown Program; www.mda.state.mn.us/mngrown/

⁷ Enshayan, Kamyar. 2005. "A Short History of our Work & Accomplishments." University of Northern Iowa Local Food Project. Center for Energy & Environmental Education; 319-273-7575; www.uni.edu/ceee/foodproject/hist.htm

⁸ Land Stewardship Project. 2006. *Putting Farming Back in the Driver's Seat*; www.landstewardshipproject.org/pdf/rural_develop_report.pdf

⁹ Lohr, Luanne. November 2002. "Benefits of U.S. Organic Agriculture." Dept. of Agricultural and Applied Economics, University of Georgia; www.wto.org/english/forums_e/ngo_e/ccc_organic_agric_e.pdf

¹⁰ VanDerPol, Jim. March 22, 2006. Telephone conversation about Pastures A Plenty; www.prairiefare.com/pastureshp.htm

¹¹ Minar, Dave. March 29, 2006. Telephone conversation about Cedar Summit Farm; www.cedarsummit.com

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