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# The University of Georgia

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**Center for Agribusiness and Economic Development**  
**College of Agricultural and Environmental Sciences**

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## **Examining the Economic Contribution of USDA Obligations in Georgia StrikeForce Counties: FY2011-FY2013**

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**Prepared by:**  
**Sharon P. Kane and Kent Wolfe**  
**Center Report: CR-15-03**  
**June, 2015**

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# Executive Summary

The Center for Agribusiness and Economic Development (CAED) was commissioned to gather and analyze data to examine the economic contribution of three United States Department of Agriculture (USDA) agencies in Georgia - the Farm Service Agency (FSA), Natural Resources Conservation Services (NRCS) and Rural Development (RD) in designated StrikeForce counties. CAED faculty have examined the economic contribution of these agencies on the economy by analyzing funding obligations data from fiscal years 2011, 2012, and 2013.

Some highlights from the analysis include:

- The strategy for economic contribution assessment began with the amount of USDA obligations in the state, designated county, or designated region. Figures for both the effects resulting from the industries that supply the inputs to production and the spending of the employees in all those sectors were then estimated.
- In the 60 designated StrikeForce counties, the funding obligations of FSA, NRCS and RD were associated with 5,340 jobs and \$790.1 million in output impact to the economy in 2011; 4,713 jobs and \$722.8 million in output in 2012; and 5,242 jobs and \$845.3 million in output in 2013.
- The economic contribution of USDA obligations (FSA, NRCS and RD) in the StrikeForce counties resulted in a multiplier effect of 1.73 in terms of employment and 1.54 in terms of output.

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# Examining the Economic Contribution of USDA Obligations in Georgia StrikeForce Counties: FY2011-FY2013

## 1.1 Background/Overview

The United States Department of Agriculture (USDA) launched the pilot program for its StrikeForce for Rural Growth and Opportunity Initiative (hereafter “StrikeForce”) in 2010 in persistent poverty areas of three states - Arkansas, Georgia, and Mississippi. According to the USDA, this initiative was created in order to address their “commitment to growing economies, increasing investments and creating opportunities in poverty-stricken rural communities.” Because of the success of the program, the StrikeForce initiative was broadened, and there are now more than 700 persistent poverty counties, parishes, boroughs, Colonias and tribal reservations in 20 states receiving StrikeForce attention and forming community-based partnerships and projects to strengthen rural economies in the United States.<sup>1</sup>

The Center for Agribusiness and Economic Development (CAED) was commissioned to gather and analyze data to examine the economic contribution of three of the USDA’s agencies in Georgia - the Farm Service Agency (FSA), Natural Resources Conservation Services (NRCS) and Rural Development (RD) in the designated StrikeForce counties. CAED faculty have examined the economic contribution of these agencies on the economy by analyzing funding obligations data from fiscal years 2011, 2012 and 2013.

The report is divided into the following sections. This section covers the background of the study, while the following section outlines the methodology, data, and details of the approach used to develop estimates for the economic contribution. The third section covers the analysis for the obligations for FSA, NRCS and RD in the designated StrikeForce counties in Georgia.

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<sup>1</sup>See the StrikeForce section of the USDA website ([www.usda.gov](http://www.usda.gov)) for more details.

## 1.2 Methodology and Data Description

### 1.2.1 Economic Contribution Analysis

The methodology applied is an examination of economic contribution. Economic contribution is estimated through models that separate the economy into various industrial sectors such as agriculture, construction, manufacturing, trade, and services - and quantifying the relationships between these sectors. For this analysis, we used IMPLAN economic assessment data and software. This model assists in calculating how the sectors under analysis affect employment and output in other industries. These changes are expressed in terms of direct, indirect and induced effects for each sector of the economy, and help to explain the overall role or importance of USDA obligations to the economy.

Direct effects represent the initial influence on the economy, while the indirect effects reflect sales from input industries to those sectors. Induced effects reflect the household spending due to earnings and the resulting spending in both the direct and indirect sectors. Thus, the total economic contribution is the sum of direct, indirect, and induced effects. The analysis is interpreted in terms of employment (jobs) and output (market value of goods and services produced).<sup>2</sup>

Contribution analysis differs from the more common economic impact analysis of an event or change in the economy, which measures marginal change. Instead, contribution analysis demonstrates the economic attribution or role of a particular program, business, or industry. The important difference is that with contribution analysis, direct effects represent the indicated sector, together with indirect effects which describe sales or output in the supply chain providing inputs to those sectors. The induced effects identify the household spending of those working in the direct and indirect sectors. Contribution analysis summarizes the direct effects and those of the backward linkages, described as the industries that comprise the input purchases required to produce output. Together, these figures help to illuminate the magnitude of the USDA obligations made to sectors in Georgia, the industries that supply inputs to those sectors, and the spending from households that draw income from them.

### 1.2.2 Data Description

The data used as the basis for this analysis is the amount of USDA obligations for FSA, NRCS and RD for fiscal years 2011, 2012, and 2013 and were provided by each individual agency, along with the self-reported sector to which the obligation is directed.<sup>3</sup> These figures were analyzed using a series of aggregated <sup>4</sup> IMPLAN models, customized to be geographically applicable. As expected with any study, there are components of economic contribution that cannot be captured in this analysis. For example, this investigation does not represent a net economic benefit study, a cost-benefit analysis, nor does it measure potential or actual social benefits that might accrue to the state of Georgia as a result of USDA obligations or programs.

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<sup>2</sup>“A job in IMPLAN = the annual average of monthly jobs in that industry (this is the same definition used by Quarterly Census of Employment and Wages (QCEW), Bureau of Labor Statistics (BLS), and Bureau of Economic Analysis (BEA) nationally). Thus, 1 job lasting 12 months = 2 jobs lasting 6 months each = 3 jobs lasting 4 months each. A job can be either full-time or part-time.” Source: [www.implan.com](http://www.implan.com), ”Glossary.”

<sup>3</sup>Agency representatives selected from among IMPLAN aggregation sectors provided by CAED researchers.

<sup>4</sup>The IMPLAN model used was the most currently available at the time of analysis - 2013 data and 536 model-defined sectors, aggregated at the two-digit North American Industry Classification System (NAICS) level, as built into the system of the model.

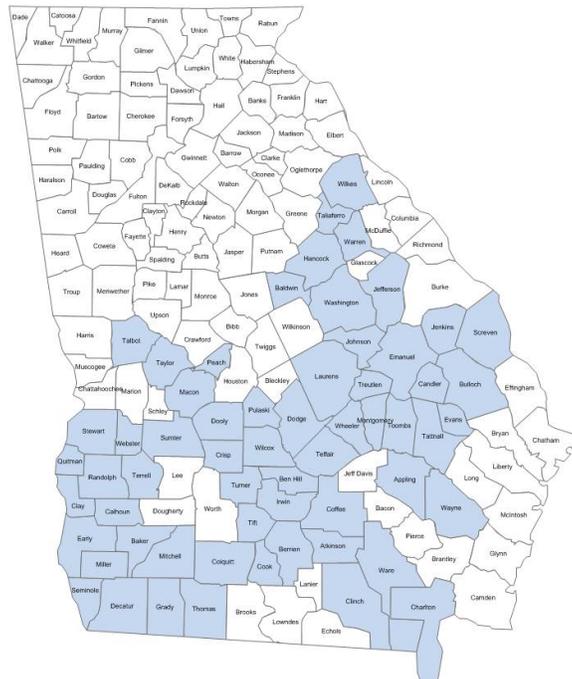
### 1.3 StrikeForce Designated Counties - FSA, NRCS, RD

The study of the economic contribution of the StrikeForce obligations demonstrates how the injection of USDA-obligated funds from FSA, NRCS and RD into the 60-county region affects employment and output that goes beyond the original amount to further impact the region. See below for map of counties or Appendix A for alphabetical listing.

Table 1.1: Economic Contribution of USDA: Georgia StrikeForce Counties

Georgia StrikeForce Counties	2011		2012		2013	
ContributionType	Jobs (#)	Output (millions)	Jobs (#)	Output (millions)	Jobs (#)	Output (millions)
Direct Effect	3,095	\$513.6	2,719	\$470.6	2,994	\$554.9
Indirect Effect	988	\$150.2	882	\$140.4	1,021	\$167.1
Induced Effect	1,257	\$126.3	1,112	\$111.7	1,228	\$123.3
Total Effect	5,340	\$790.1	4,713	\$722.8	5,242	\$845.3
<b>Multiplier</b>	1.73	1.54	1.73	1.54	1.73	1.54

Figure 1.2: USDA StrikeForce for Rural Growth and Opportunity: Georgia Counties



# Georgia StrikeForce Designated Counties

Table A.1: Georgia StrikeForce Designated Counties

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Appling County	Miller County
Atkinson County	Mitchell County
Baker County	Montgomery County
Baldwin County	Peach County
Ben Hill County	Pulaski County
Berrien County	Quitman County
Bulloch County	Randolph County
Calhoun County	Screven County
Candler County	Seminole County
Charlton County	Stewart County
Clay County	Sumter County
Clinch County	Talbot County
Coffee County	Taliaferro County
Colquitt County	Tattnall County
Cook County	Taylor County
Crisp County	Telfair County
Decatur County	Terrell County
Dodge County	Thomas County
Dooly County	Tift County
Early County	Toombs County
Emanuel County	Treutlen County
Evans County	Turner County
Grady County	Ware County
Hancock County	Warren County
Irwin County	Washington County
Jefferson County	Wayne County
Jenkins County	Webster County
Johnson County	Wheeler County
Laurens County	Wilcox County
Macon County	Wilkes County

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# **The Center for Agribusiness & Economic Development**



The Center for Agribusiness and Economic Development is a unit of the College of Agricultural and Environmental Sciences of the University of Georgia, combining the missions of research and extension. The Center has among its objectives:

To provide feasibility and other short term studies for current or potential Georgia agribusiness firms and/or emerging food and fiber industries.

To provide agricultural, natural resource, and demographic data for private and public decision makers.

To find out more, visit our Web site at: [www.caed.uga.edu](http://www.caed.uga.edu)

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**J. Scott Angle, Dean and Director**