

# **Penn State EXTENSION**

AGRICULTURE | COMMUNITY & FAMILY | ENVIRONMENT

## Income Opportunities for Rural Areas Final Report September 2007



### **A program to stimulate new non-traditional agricultural business enterprises**

Partners:

- Penn State University
- Penn State Cooperative Extension
- USDA Rural Development
- Ben Franklin Technology Partners
- Pennsylvania Department of Agriculture
- Franklin County Commissioners
- Kutztown SBDC

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Economic Development

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Program of  
the College of  
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Sciences

## Introduction

The Income Opportunities for Rural Areas program based in the Capital Region of Pennsylvania from 2003-2007 helped entrepreneurs to explore potential agriculturally-based, non-traditional crops and enterprise opportunities. The program directly assisted clients in developing their business and marketing plans and in the development of the network of contacts used in business startup or diversification. Through the creation of a business and marketing plan, program clientele effectively plot a course to create their business venture(s) with the greatest likelihood of success.

During the past 12 years the Southern tier of Pennsylvania has experienced significant land use changes. This once heavily rural, agricultural area is under intense pressure from development due to it's excellent highway access to Philadelphia, Baltimore, and Washington D.C. The shift from rural to urban has led to the loss of thousands of acres of farmland being used for new housing and warehouse development. While there are fewer farms overall, those still profitable are purchasing additional land to expand or diversify their operations. These expanding agricultural producers recognize the importance of well-planned diversification in order to meet the future. Other small producers are seeking to diversify and expand their current farm operations as a way to increase profits and remain in agriculture. In addition to these established producers, there has been an increase in landowners renovation of previously non-productive land for farmettes and part-time farms. Due to the increase in non-traditional agricultural enterprises under consideration by these entrepreneurs, the demand for non-traditional support programs has greatly expanded.

## About this Program

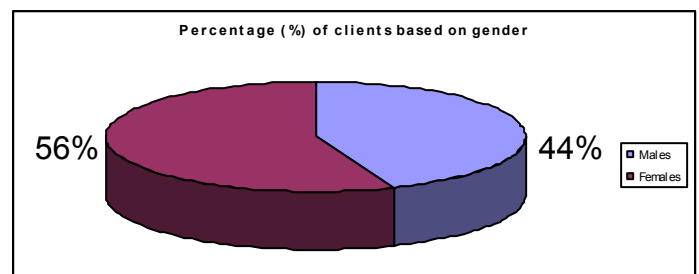
### Ø Support Services

- **Income Opportunities for Rural Areas Conference**
- **Enterprise Specific Speaker Series:**
  - **Greenhouse Growing**
  - **Baking for Success**
  - **Apple Winemaking**
  - **Cut Flower Marketing**
  - **Goat Meat & Cheese**
- **Business and Marketing plan education and development sessions**

### Ø Client progress

- **83%** of I/O program participants recognized this program as beneficial in helping to identify a business opportunity.
- **74%** of I/O participants indicate that they believe working with the program has contributed to their farms' success.

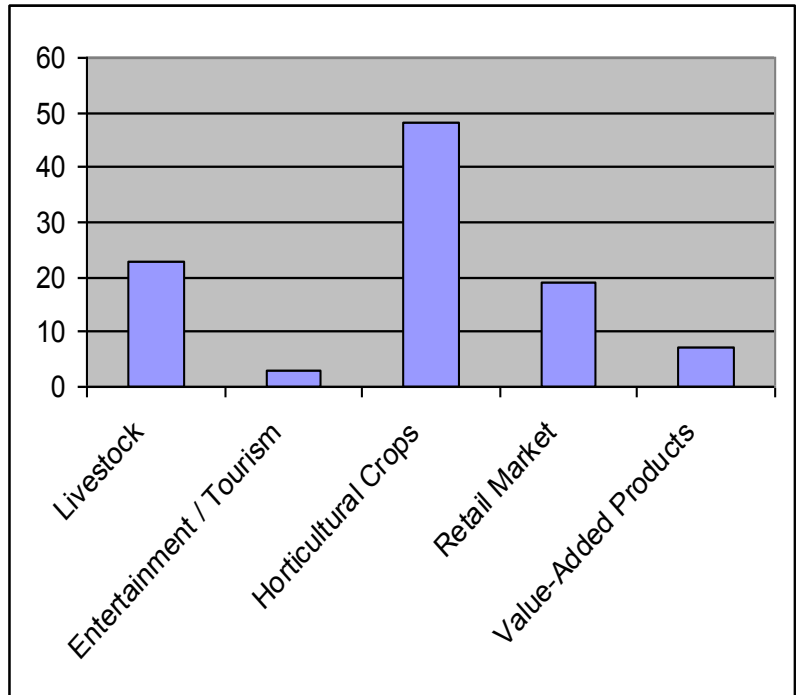
### Ø Client Diversity



This program has been supported by many partners including grant dollars from several sources. The USDA Rural Development Administration provided \$99,700; Ben Franklin Technology Partners \$60,000; and the Pennsylvania Department of Agriculture \$18,000. Other in-kind contributions came from the Pennsylvania State University, Penn State Cooperative Extension and the Franklin County, PA Commissioners.

## Ø Types of Enterprises started through the Income Opportunities Program

- Participants have evaluated over 370 business opportunities.
- These same participants have started 171 new enterprises under the categories shown on the adjoining table.
- Horticultural Crops such as small fruit, vegetables, cut flowers and ornamentals represent the largest sector of enterprise development at 48% of all program business ventures.



## Economic Impact

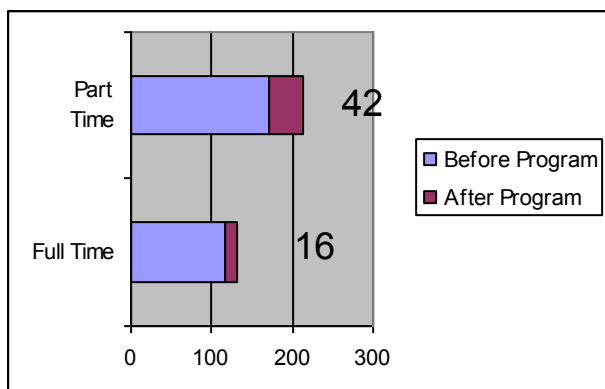
The economic impact of the Income Opportunities for Rural Areas Program shows success in creating jobs, adding dollars to the economy, and increasing profits in the agricultural enterprises started. After 3 years of operation, there continued to be new

**According to the 2006 National Main Street Reinvestment Statistics, on average for every \$1.00 spent locally, businesses reinvest \$25.76 back into the local economy. Income Opportunities Program participants have reported the following:**

**Ø Clients have invested \$3,049,970 in their new enterprises.**

**Ø In return, clients reported earnings of \$4,654,950 in that same 3 year reporting period.**

## Number of full and part time employees before and after starting new enterprises:



After developing business and marketing plans, program participants often elected not to initiate the enterprise they investigated. Non-sustainable businesses sap clients financial resources and credit. Through the preservation of these resources, many of these same clients are likely to explore other business enterprises in the future without the burden of a failed enterprise. Decisions by clients not to invest in non-sustainable enterprises is another benefit of the I/O program that is somewhat more challenging to capture in specific dollars, but significant as a program impact.

# “ By all measures, The Income Opportunities for Rural Areas Program has positively impacted the state, region and Penn State Cooperative Extension in many

- The 171 new enterprises generated more than \$4,650,950 in cumulative gross revenues.
- Program participants invested over \$3,049,970 in starting new enterprises.
- New Income Opportunities program enterprises created more than 58 new full and part time jobs.
- 84% of of program clients have either developed business and marketing plans or are in the process of creating a plan.
- Participants who are actively using their business plans consult the marketing and research (63%) and finance (58%) sections the most when making business related decisions.
- Traditional agricultural producers make up 69% of program participants. They have evaluated their current situation and are using I/O program services to explore sustainable changes in their operations.
- Significantly increased participants confidence in the marketing of their products and in the methods used to market products. Current outlets for products produced include, but are not limited to: CSA's, farmers' markets, farm stands, e-commerce, produce auctions, and wholesale sales.
- Due to the long start up time for most enterprises as the principals develop production and marketing resources, the job creation and revenue indicated in this report are likely only a portion of the total program impact.

- Program impact reported here can only be regarded as the “tip of the iceberg; as it is generally accepted that agricultural clientele have a tradition of poor response to surveying efforts. This reports' numbers are based only on the less than 30% of program clientele that responded to the surveying effort.
- Horticultural enterprises represent the single largest group of enterprises. Many of these such as grape, wine and blueberry production require many years of investment before the first dollar return. The positive impact from this 3 year program will be felt for many years.

## Extension and Program Implications:

- Cooperative Extension is an excellent vehicle for this type of program. The resources connected through Extension include: University-based staff, faculty and information sources, other state and local agencies and a broad network of private support.
- If one assumes that agricultural sector enterprise development is desirable: this program clearly demonstrated the need for one-on-one project assistance that is not available in most areas through substantial enterprise development.

**By all measures this program proved that providing one-on-one assistance by a dedicated consultant supported by a qualified support team is an effective model for new enterprise development. After 3 years of funding, the I/O program generated \$26.15 in income for program participants for every dollar spent on salaries and program support. By factoring in the investment in new enterprises, this program has had over \$78,567,227 in local impact based on the Main Street Reinvestment program \$25.76 multiplier.**

## Contact Information:

Steve Bogash, Regional Horticulture Educator  
717-263-9226, [smb13@psu.edu](mailto:smb13@psu.edu)

“The success of this program is largely due to the diligence of Amber Lockawich, former enterprise consultant for the Income Opportunities for Rural Areas program.”

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