



SECTION V.

ECONOMIC IMPACT AND GROWTH OPPORTUNITIES

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Expanding local food systems strengthens communities in ways that reach far beyond the farm. By increasing the production, processing and distribution of food close to home, local food expansion keeps more dollars circulating within the regional economy, supporting farmers, food entrepreneurs and the small businesses connected to them. These shorter supply chains help protect communities from disruptions by ensuring a steady, diverse source of food. Perhaps most importantly, they deepen the connections between producers and consumers, bridging rural and urban communities, fostering trust in how food is grown and building a stronger sense of regional identity. Together, these benefits make local food expansion an engine for economic vitality, environmental sustainability and community well-being.

Indiana's agriculture sector plays a far broader economic role than the farm fields, livestock barns and processing plants that define its direct activity. Its true influence is seen in the extensive indirect and induced contributions that ripple across the state's economy.

According to the 2019 *Value of Indiana Agriculture* report, primary agriculture and forestry support more than 108,000 direct jobs and generate roughly \$8.6 billion in direct GDP. However, the sector's impact nearly doubles when accounting for upstream suppliers, transportation, manufacturing, retail, services and household spending. In total, agriculture supports about 200,070 jobs statewide, meaning that for every job inside the farm gate, almost one additional job is created elsewhere in Indiana's economy through indirect and induced effects. These spillover impacts add another \$8.8 billion



to the state economy, effectively matching the sector's direct GDP contribution dollar for dollar. The livestock industries offer a powerful example of this multiplier effect.

For instance, Indiana's pork industry produces \$1.38 billion in direct economic value, but it also drives an additional \$1.55 billion in indirect and induced output as farms purchase feed, equipment, veterinary services, transportation and as employees spend their wages in local communities. Poultry production yields a similar pattern — \$806.6 million in direct value but another \$933 million in ripple effects. Dairy adds \$453 million beyond its \$533 million direct output, and beef adds \$143 million on top of its \$174 million direct activity. Altogether, the combined livestock sectors contribute nearly \$6 billion, with roughly half of that impact coming from the indirect and induced economic activity they stimulate across rural and urban Indiana.

These effects extend even further when agricultural processing and manufacturing are included. Industries like grain milling, meat processing, ethanol production, food manufacturing, and fiber and wood products amplify agriculture's reach by linking raw products with value-added markets.

While these processing industries directly employ about 33,000 Hoosiers, they contribute to the sector's broader 200,070-job footprint by creating deep supply-chain ties and supporting tens of thousands of additional jobs in logistics, distribution, packaging, retail and associated services.

Taken together, these figures show that agriculture is more than a foundational sector in Indiana; it is a powerful economic engine. By driving demand for a wide range of goods and services, agriculture generates nearly as much economic activity outside the farm gate as within it, sustaining communities, supporting manufacturing and strengthening the state's overall economic resilience.

Indiana's agricultural economy can be strengthened by focusing on strategies that deepen its competitiveness, expand market development and access, improve resilience,

and support farm and community prosperity. The foundation lies in reinforcing the entire value chain from production and processing to distribution, workforce and innovation.

Long-term growth depends on creating strong and diverse markets for Indiana-produced food. Expanding in-state processing capacity for meat, dairy, grains and specialty foods ensures that more of the value created in agriculture stays in Indiana, multiplying economic activity across logistics, equipment manufacturing and services.

Together, these strategies include innovation, processing expansion, consumer awareness, institutional procurement, market-development funding, regulatory support, improved business onboarding, regional planning and food safety education to create a comprehensive path for strengthening Indiana's agricultural economy. When coordinated across producers, processors, agencies and communities, these efforts enhance competitiveness, resilience and long-term prosperity for Indiana's food and farming system.



