

JUN  
09

## HUNGER ON LONG ISLAND: WHAT IS BEING DONE ABOUT IT?

The faltering economy has led to decreased funding for Long Island's non-profits at a time when the demand for their services is escalating rapidly. This is particularly apparent in the recent jump in those seeking food assistance. Hunger on Long Island is real and it is increasing as more Long Islanders lose their jobs, even their homes. This article analyzes the business model used by Island Harvest, a food bank that uses a food rescue model. It demonstrates why it works in challenging economic times and therefore why it may be useful to other Long Island non-profits as they struggle to do more with less.



BY DR. PEARL M. KAMER,  
LIA Chief Economist

### The Mission of Island Harvest

The dual mission of Island Harvest is to end hunger and reduce food waste on Long Island. It is an affiliate of Feeding America, the nation's largest hunger relief organization. Unlike Long Island Cares, a highly successful food bank, or the Interfaith Nutrition Network (The INN), a soup kitchen, Island Harvest is a food bank using a food rescue model. Its staff and volunteers collect surplus food from caterers, restaurants, wholesalers, manufacturers, distributors, local and regional businesses and almost all major supermarket chains on Long Island. Its trucks take the rescued food to one of two donated warehouses, one in Uniondale and one in Holbrook, and thence to a network of close to 600 non-profit organizations and programs in Nassau and Suffolk Counties. These

include soup kitchens, food pantries and other feeding services. Approximately 55 percent of food deliveries go to emergency food programs with the remainder going to non-emergency food programs. In effect, Island Harvest has become a bridge between those who have surplus food and those who need it.

In 2008, Island Harvest raised \$2.9 million in contributions, which in turn supported the rescue and delivery of almost 6.5 million pounds of food with a market value of approximately \$13 million. Through its educational programs, Island Harvest helps its modestly funded member agencies to deal with the needs of their clients beyond providing emergency food. The literature it distributes to member agencies contains cooking tips and covers topics

such as safe food handling and how to read nutritional labels. One of its most innovative programs is the Kids Weekend Backpack Feeding Program. Each school year, Island Harvest distributes more than 35,000 backpacks containing nutritious meals and snacks to students who might otherwise go hungry on weekends when school breakfast and lunch programs are unavailable. Some 93% of the parents of children in the program said that it helped them save money, 96% wanted their child to continue in the program and 42% said that without the program, their child might have to skip a meal over the weekend.

Island Harvest has increased its annual food rescue and delivery by more than 250 percent since 2002. Between 2002 and 2008, almost 37.5

Table 1 - Food Rescue Activities, Island Harvest

Item	2008*	2007	2006
Pounds of Food	6,241,133	6,455,288	7,014,506
Cost Per Pound Delivered	0.32	0.26	0.21
No. of Meals Supplemented	4,875,885	5,043,194	5,480,083
Agencies Served	593	471	496
Number of Food Donors	776	587	515

\*Unaudited numbers; Source: Island Harvest



**Table 2 - Sources of Funding for Island Harvest, 2009 Budget**

Source	Amount	% Of Total
<b>Donations/Grants</b>	<b>\$855,000</b>	<b>54.5</b>
Individuals	\$195,000	12.4
Businesses, Corporations, Foundations	475,000	30.3
Legislative Grants (Restricted & Unrestricted)	185,000	11.8
<b>Events</b>	<b>510,000</b>	<b>32.6</b>
<b>Direct Mail</b>	<b>130,000</b>	<b>8.3</b>
<b>Other Income</b>	<b>73,000</b>	<b>4.6</b>
Bank Interest	8,000	0.5
Miscellaneous Income	65,000	4.1
<b>Total Income</b>	<b>1,568,000</b>	<b>100.0</b>

Source: Island Harvest

million pounds of food were rescued, food that might otherwise go into Long Island landfills. Its unique food distribution model, a significant reliance on trained volunteers and the use of cutting-edge fundraising and marketing techniques have enabled it to expand its services. Its business model has been so successful that more than 97 percent of all funds raised are devoted to program services. Fund raising activities absorb only 2 percent of total revenues and managerial expenses absorb less than one percent of the total. The organization's small nineteen-member professional staff functions so well because it is empowered to make decisions in the field.

#### The Food Distribution Model

Island Harvest uses a unique model of food distribution that relies heavily on the services of volunteers. It purchases food and receives donated products, stores them for a brief period of time and then distributes them according to a pre-arranged schedule using a rotating inventory method. Food rescue volunteers, most of whom use their own vehicles, rescue surplus perishable and non-perishable food from commercial donors and deliver it to member agencies on a pre-set schedule. Island Harvest has also created a volunteer Donor Task Force whose members serve as a liaison with the businesses that donate food. Task force members visit food donors to ensure that adequate food rescue supplies are available, that collections

are timely and that the collection process meets the needs of the donor. Task Force members also try to reactivate lapsed food donors and secure new ones. For larger donations, staff drivers make high-volume pickups and deliveries using Island Harvest's own fleet of refrigerated and non-refrigerated trucks and vans.

The food distribution system is equally well planned. Island Harvest makes centralized food distributions to pre-selected regions within Nassau-Suffolk ten times weekly. These centralized distributions provide one or more truckloads of food to up to 30 member agencies at the same time. In addition, Long Island's North and South Forks each receive a centralized distribution monthly. The loss of school breakfasts and lunches during the summer months causes a spike in demand for rescued food. To meet this demand, Island Harvest arranges mass food distributions during the summer months with the help of its volunteers, corporate partners and member agencies.

#### Educational Outreach

Island Harvest views education as a key to achieving its mission. Its educational outreach efforts include training front-line workers who provide hunger relief, educating the public concerning the severity of hunger on Long Island, and providing educational materials regarding nutrition and food safety. This spring, Island Harvest began sending four quarterly newsletters covering topics such as nutrition and food safety to its member agencies. To increase public knowledge and sensitize young people concerning the issue of hunger, Island Harvest conducts a Hunger Awareness/Coin Harvest Campaign in which approximately 50,000 students in 94 schools collect change to support Island Harvest's food rescue work.

Island Harvest's educational outreach programs enable member agencies to help their clients beyond the provision of emergency food and to articulate the needs of their clients to government officials. Island Harvest conducts Agency Forums throughout the year to ensure that its activities closely meet the needs of its member agencies and their clients. Agency representatives and Island Harvest board members and senior staff attend these forums. A new initiative involving volunteers trained by Bethpage Federal Credit Union provides free income tax preparation assistance to low-income individuals and families on Long Island.

**Table 3 - Projected Expenditures, Island Harvest, 2009 Budget**

Item	Amount	% of Total
Payroll	\$1,007,956	51.9
Fringe	110,875	5.7
Food Purchase Backpack	160,000	8.2
Insurance (Other than Medical & Dental)	100,000	5.1
Medical & Dental Insurance	85,000	4.4
Fundraising	98,000	5.1
Professional Fees	85,000	4.4
All Other	295,500	15.2
<b>Total</b>	<b>\$1,942,331</b>	<b>100.0</b>

Source: Island Harvest



**Table 4 - Key Operating Results, Island Harvest (Dollars)**

Year	Operating Gain Or Loss	Cash/Cash Equivalents	Assets	Liabilities	In-Kind Donations	Donated Food	Total Revenue
2002	(\$199,487)	\$332,287	\$539,365	\$57,324	\$405,660	\$4,990,584	\$6,386,969
2003	194,727	549,801	731,941	55,173	346,968	8,000,762	9,411,301
2004	(27,180)	484,366	728,058	78,470	603,858	10,355,606	12,027,326
2005	174,412	525,569	1,024,785	200,783	600,133	12,257,088	14,309,826
2006	194,773	682,052	1,184,233	165,460	521,868	14,148,047	16,200,519
2007	212,732	1,018,200	1,394,579	150,790	716,907	12,909,274	15,338,665
2008	916,726	1,660,902	2,278,940	129,215	N.A.	14,000,000(e)	15,414,880*

N.A. - Not Available; (e) estimated; \*Unaudited; Source: Island Harvest

### Fundraising and Marketing

Island Harvest utilizes a diversified array of funding sources, including individual and corporate donors, foundations, legislative grants and planned giving programs. Its special events, including its annual golf outing and turkey and trimmings collection campaign, also generate funds. Island Harvest's 2009 budget projects income of almost \$1.57 million, more than half of which is expected to come from donations and grants (see Table 2).

### Controlling Expenses

Island Harvest carefully controls its expenditures so that 97 percent of the funds raised can be devoted to program services. As a result, Island Harvest has received the highest rating from Charity Navigator for four consecutive years. Only 7 percent of

**Table 5 - Volunteer Service History, Island Harvest**

	2008	2007	2006
Active Volunteers	2,531	1,800	1,000
Service Hours	56,756	55,851	55,000
Est. Value of Service	\$1,107,310	\$1,089,653	\$1,032,350

Source: Island Harvest

the charities it rates nationally achieve this designation. Charity Navigator is the nation's largest charity watchdog.

More than half of Island Harvest's projected 2009 spending of \$1.94 million will be for payroll spending. Other significant expenses include insurance, fringe benefits, fundraising costs, professional fees, vehicle maintenance and food purchases (see Table 3).

Although Island Harvest exerts tight control over its expenditures, it has nevertheless been hard hit by the

current recession. Due to the uncertain economy, Island Harvest's has a deficit budget in which projected expenditures exceed projected revenues by almost \$375,000. This compares with operating gains of \$916,627 in 2008, \$212,732 in 2007 and \$194,773 in 2006.

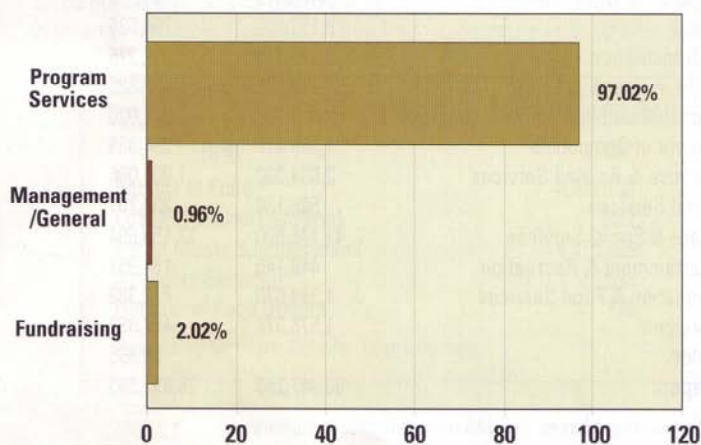
Island Harvest has created a solid financial reserve as a buffer against lean times. In 2008, it had \$1.66 million in cash or cash equivalents on hand to help it deal with economic challenges. Food donated to the organization increased from less than \$5 million in 2002 to about \$14 million in 2008. Island Harvest has been able to increase its assets from \$539,365 in 2002 to almost \$2.28 million in 2008. This compares with 2008 liabilities of only \$129,215 (see Table 4).

### Reliance on Volunteers

Island Harvest has been able to keep a tight rein on expenditures through the extensive use of trained volunteers. In 2009, it utilized the services of 3,100 active volunteers. In 2008, some 2,531 volunteers donated a total of 56,756 hours valued at \$1,107,310 (see Table 5).

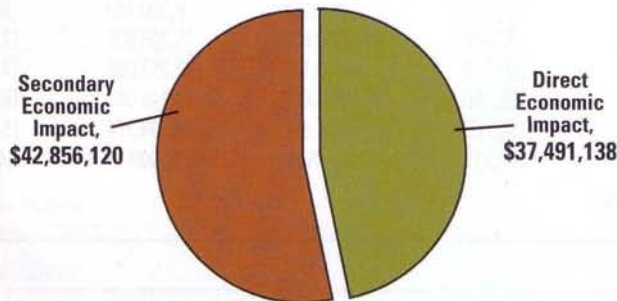
Island Harvest also has an exten-

### Uses of Island Harvest Financial Contributions





## Impact of Island Harvest 2002-09 Operating Expenditures on Long Island's Output of Goods and Services



sive list of in-kind supporters whose support was valued at \$717,000 in 2007. The true partnership between Island Harvest and the corporate community, including donations by local businesses, enables Island Harvest to use more of its resources for programs and services.

### Island Harvest as An Economic Entity

Island Harvest is also an important economic entity in its own right. Its operating budgets for the 2002 through 2009 period totaled \$37,491,138. These expenditures are injected into the Long Island economy and undergo a process of responding that creates a multiplier or ripple effect, which in turn supports expenditures in a broad array of Long Island industries. This ripple effect can be estimated by applying multipliers from an input-output model of the Long Island economy. This model, developed by the U.S. Bureau of Economic Analysis, is specific to Long Island and depicts the linkages between Long Island industries. The input-output analysis shows that an expenditure of \$37,491,138 causes Long Island's total output of goods and services, its gross regional product, to increase by more than \$80.3 million, including the original expenditure. This is equivalent to a net output increase of almost \$43 million. This expenditure causes Long Island earnings to increase by almost \$27

million and creates more than 1,000 secondary support jobs. The specific industry impact of this spending is shown in Table 6. While the greatest impact of Island Harvest expenditures occurred in health care and social services, virtually all Long Island industries also benefited.

### Conclusions

The work of Island Harvest is clearly essential to combating hunger on Long Island. Many of Long Island's

non-profits are in the process of revisiting their missions and assessing the impact of potential funding cuts. As part of this review, they might consider incorporating elements of the business model used by Island Harvest, particularly its extensive use of volunteers, its educational outreach programs and its reliance on a diversity of funding sources. Voluntarism on Long Island is increasing, particularly among Long Island's unemployed. The skills of displaced bankers, marketing specialists, accountants and other professionals can help local non-profits adapt to changing economic circumstances and make it possible for them to develop new contingency plans. Voluntarism also helps displaced workers to keep their skills current and develop new skills. The depth and scope of the current recession will impose significant fiscal constraints on Long Island's not-for-profit community. It will challenge many of them to find new ways in which to achieve their missions. The model used by Island Harvest may be one of those ways.

Tables 6 - Industry Impact of Island Harvest Spending of \$37,491,138

Industry	Output Increase	Earnings Increase	Employment Increase
Agriculture & Related	\$179,957	\$37,491	3
Mining/Utilities	1,128,483	209,950	2
Construction	476,137	168,710	4
Manufacturing	4,952,579	963,522	20
Wholesale Trade	2,673,118	772,317	12
Retail Trade	3,197,994	982,268	40
Transportation & Warehousing	1,428,412	536,123	12
Information	3,153,005	734,826	12
Finance & Insurance	3,899,078	952,275	13
Real Estate; Rental & Leasing	7,618,199	487,385	19
Professional/Scientific/Technical Services	2,305,705	971,020	17
Management of Companies	1,398,419	554,869	6
Administrative & Related Services	2,834,330	1,031,006	37
Educational Services	506,130	206,201	7
Health Care & Social Services	41,176,520	17,159,694	803
Arts, Entertainment & Recreation	446,145	164,961	7
Accommodation & Food Services	1,394,670	472,388	28
Other Services	1,578,377	457,392	17
Households	-	29,995	2
<b>Total Impact</b>	<b>80,347,258</b>	<b>26,892,393</b>	<b>1,061</b>

Source: Computations based on RIMS II Input-Output Multipliers