



From the office of Texas Workforce Commission

Chairman Tom Pauken

Opinion/Editorial

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The Cost of Texas' Severe Drought By Tom Pauken

Devastating wildfires across Texas in recent weeks have been the most visible evidence of a year-long drought that Texas officials have declared to be the worst on record. Behind the highly visible carnage caused by the fires, the drought also has inflicted a toll on the Texas economy that will have long-term ramifications across the state.

The dry, hot conditions have placed severe strains on the ranching and farming industry, as well as threatening our recreational hunting and fishing sector. Experts with the Texas AgriLife Extension at Texas A&M University estimate that the drought has cost Texas \$5.2 billion in crops and livestock. In fact many Texas ranchers may be forced to go out of business as a result of the devastating weather conditions in our state. The drought has killed much of the grass used for grazing, and ranchers are faced with a choice. They sell off their starving cattle before they've fully matured, pay unusually high prices for hay in order to keep their herd alive, or move their herd out of state where conditions are better. Almost all the hay for Texas ranchers is coming from out of state, and officials with the Texas Farm Bureau say that the cost to transport a bale of hay is now more expensive than the bale itself. Meanwhile, some out-of-state hay producers are using the shortage to charge exorbitant prices.

Understandably, many Texas ranchers have opted to sell their cattle under these circumstances. One survey by the Texas and Southwestern Cattle Raisers Association (TSCRA) found that ranchers have sold off 40 percent of their cattle this year compared to an annual average of 5 percent to 10 percent. Officials with the Texas Farm Bureau believe that percentage has gone up even higher in the last month. The Farm Bureau also reports that they are hearing from many ranchers who plan to leave the business for good after they sell off their herd. TSCRA's survey confirms that 1 in 10 ranchers have left the industry this year.

Farmers also have suffered. Texas Agriculture Commissioner Todd Staples reports that cotton farmers have lost \$1.8 billion due to the lack of rain; lost revenue from hay is \$750 million; and corn losses are \$327 million. Officials with the Lower Colorado River Authority recently announced that they may be requesting permission to cut off water to farmers downstream of Austin because water reserves are so depleted. If that happens, rice farmers in Matagorda, Wharton and Colorado counties could see losses of \$75 million and the elimination of 1,000 farm labor jobs, according to a report in the *Austin American-Statesman*.

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Even hunting and fishing, one of Texas' most beloved pastimes, could take a hit. Wild turkeys and deer are struggling to find water to drink and moist foliage to eat according to Kirby Brown of the Texas Wildlife Association, who reports that fawn production will likely be down. Before discounting this as just an inconvenience, consider that hunting and fishing is a nearly \$9 billion industry in Texas according to a 2006 study.

The economically harmful effects of the drought are compounded by the fact that it is taking place as we face the most serious recession since the Great Depression. The stagnant national economy is driving up unemployment across the country, including Texas. Making matters even worse is that some of the regions of Texas with the highest unemployment – the south Texas counties near the Rio Grande – are regions where farming and ranching play a large role in the local economy.

The economic damage done by this drought will be long lasting even if rain comes soon. Ranchers forced to sell off cattle before reaching their peak value can never recover that loss and replenishing their lost inventory will take major capital investments. The farmers and hunting-related businesses who lose income can't make it back when the rain returns.

The \$5.2 billion of losses in crops and livestock that the drought is said to have cost is a conservative estimate. It doesn't include fruits, vegetables, or peanuts. Nor does it include the indirect impact of the drought which has been especially pronounced in regions where agriculture is the largest sector of the economy. Businesses that sell feed, fertilizer, seed, heavy machinery, and other agricultural supplies are adversely affected by these negative conditions.

Texas has fared better than any other state during the current economic challenges and has led the way in private sector job creation over the past decade. That is due in part to our strong agriculture sector which has always played a vital role in our state. One out of every seven jobs in Texas is tied to that sector. But this devastating drought has imparted serious and real damage. Texans must be prepared to deal with the long term economic and human costs of this drought for years to come.

Tom Pauken is Chairman of the Texas Workforce Commission and author of Bringing America Home.

Media Contact: Lisa Givens (512) 463-8556

The Texas Workforce Commission is a state agency dedicated to helping Texas employers, workers and communities prosper economically. For details on TWC and the programs it offers in coordination with its network of local workforce development boards, call (512) 463-8556 or visit www.texasworkforce.org.