

Economic Impact of the Texas Poultry Industry

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The value of poultry meat and eggs produced in Texas was estimated at \$2.1 billion in 2008, according to data published by the Texas Department of Agriculture. Among all agricultural commodities produced in Texas, broiler production was ranked fourth at 8.1 percent of total agricultural cash receipts, and egg production was ranked ninth at 2.4 percent of total receipts. Therefore, the Texas poultry industry (meat and eggs combined) represented 10.5 percent of all agricultural cash receipts, ranking third in the state behind cow/calf and cotton production. Nationally, Texas is ranked sixth in broiler production, sixth in egg production, and sixth in the value of poultry exports with an estimated \$266.1 million in poultry exports in 2008.

A survey of the Texas poultry industry was conducted in 2009-2010 to assess additional economic characteristics. The results of that survey are detailed below.

Poultry Meat Production

Broilers and turkeys are reared on grow-out farms owned by independent farmers who have contracted with processing companies. Broilers are young male and female chickens reared together to a market age of 6 to 9 weeks. In 2008, Texas produced more than 640 million broilers at nearly 3.5 billion pounds of

live weight. Turkeys are also reared on contract farms, with males and females usually separated. Females are reared to 14 weeks of age, while males may grow to 20 weeks of age.

Farms

Survey data indicated that broilers and turkeys were produced in 4,372 rearing houses on 800 contract farms. In addition, fertile eggs were produced from 397 houses on 182 contract breeder farms and replacement breeders were reared from 219 houses on 79 contract farms, for a total of 1,061 contract poultry farms in Texas. Survey data indicated that only seven of the 4,995 poultry houses used in the poultry meat production system in Texas were company-owned. Payments to contract growers totaled approximately \$137 million.

Feed

Feed for broiler and turkey production is produced in feed mills owned by the processing companies. In 2009, more than 3.2 million tons of feed were produced, and feed had an average composition of 45 percent corn and 21 percent soybean meal. This is equivalent to 51.8 million bushels of corn and 28.1 million bushels of soybeans.

Employees

In 2009, Texas broiler and turkey companies directly employed more than 6,900 people. Approximately 87 percent were

employed in the processing plants, 3.8 percent in live production, 2.4 percent in hatcheries, 2.4 percent in feed mills, 4 percent in office and administrative jobs, and 0.5 percent in jobs classified as "other." Survey data indicated that broiler and turkey companies spent more than \$267 million on payroll.

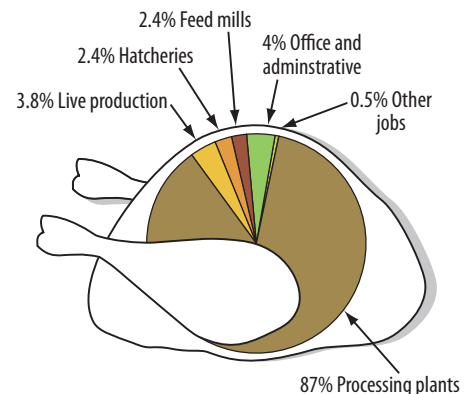


Figure 1. Employment in the Texas broiler and turkey industry.

Impact

Multipliers are used in economic impact analyses to account for the economic activity an industry generates in the economy as a whole. For every \$1 in cash receipts by the poultry industry, an additional \$0.97 is created in the economy. Total cash receipts for broilers in Texas were estimated at \$1.56 billion in 2008. Therefore, broiler production added a total of \$3 billion to the Texas economy (turkeys were not included as data on turkey cash receipts were not available).

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Multipliers are also used to estimate total employment generated by an industry to account for jobs created outside of direct employment. For every person employed by the poultry industry, an additional 1.43 jobs are created elsewhere in the economy. It was estimated, therefore, that poultry meat production accounted for an additional 9,963 jobs outside of the poultry industry, for a total employment impact of 16,891 jobs in the state.

Egg Production

Farms

Most eggs in Texas are produced on company-owned farms. In many cases, laying hen houses are linked directly to the processing plant via conveyor systems to reduce egg handling and costs. According to the survey, there were 185 houses for laying hens on company-owned farms and 35 houses for the rearing of replacement pullets. Survey data also indicated that 20 independent farms contracted with egg processing companies to produce eggs or replacement pullets, with a total of 41 houses for laying hens and 49 houses for replacement pullets. Payments to contract growers totaled \$2.1 million.

Eggs and birds

In 2009, the Texas egg industry produced approximately 3.8 billion eggs from 14.4 million laying hens. This is an average of 260 eggs per hen, with more than 95 percent of the eggs Grade A or AA. Egg companies also reared approximately 8.5 million replacement pullets.

Feed

To feed hens and pullets in 2009, the egg industry milled more than 560,000 tons

of feed containing an average of 57 percent corn and 23 percent soybean meal. This equates to 11.6 million bushels of corn and 5.5 million bushels of soybeans.

Employees

The egg industry employed approximately 775 people in 2009, with 41 percent working in live production/company-owned farms, 37 percent in egg processing, 3 percent in feed mills, 14 percent in office and administrative duties, and 4.3 percent in “other” jobs. Wages paid to employees of egg companies totaled \$20 million (not counting three companies that did not respond to this question).

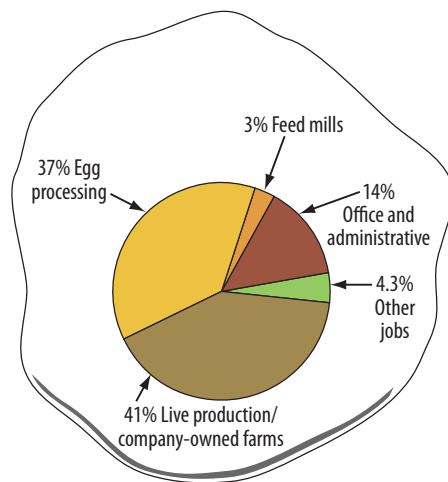


Figure 2. Employment in the Texas egg industry.

Impact

Cash receipts for egg production in Texas were estimated at \$460 million in 2008. Based on cash receipts, number of employees, and the poultry industry multipliers, it was estimated that the Texas egg industry contributed \$900 million to the Texas economy and was responsible for generating 1,890 jobs.

Total impact

The Texas poultry industry (meat and eggs combined) is responsible for \$2.1 billion in cash receipts and directly employs a total of 7,700 people. When economic impact and jobs created outside the industry are taken into account, the poultry industry in Texas has a total economic impact of \$4 billion and generates a total of 18,778 jobs.

It is also important to note the importance of the poultry industry to many rural counties in Texas where poultry operations are located. From data collected in the 2007 Census of Agriculture by the U.S. Department of Agriculture, it was estimated that in 14 Texas counties the value of poultry and eggs represented more than 50 percent of the total market value of agricultural products. Poultry and eggs accounted for more than 25 percent of the value of all agricultural products in an additional 14 counties.

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