



The Impact Of Agribusiness On The Concho Valley





*...agribusiness
in the Concho
Valley powers
the economic
engines that
keep our
communities
strong...*

About The Concho Valley Agribusiness Council

The Concho Valley Agribusiness Council is composed of local volunteers with a love of agriculture. The mission of the organization is to create an increased level of urban awareness and consumer appreciation of agriculture and agribusiness.

The Council is cosponsored by the Texas AgriLife Extension Service in Tom Green County and the San Angelo Chamber of Commerce. The volunteers listed below are solely responsible for the writing, editing and promotion of the publication. Each member wishes to express a sincere appreciation of the sponsors listed on the back cover. Without the support of these loyal businesses, this publication would not exist.

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"Agriculture is among Texas' greatest economies, and the Concho Valley is one of its most significant contributors."

State Senator Robert Duncan, District 28 (R-Lubbock)

"The agricultural industry has been the fundamental link from our past, through the present, and into the collective future of this great State of Texas. Certainly, agribusiness in the Concho Valley continues to power the economic engines that keep our communities strong, vibrant and relevant in today's society."

State Rep. Drew Darby – District 72 (R-San Angelo)

"Agriculture and the offshoots of agriculture in the Concho Valley provide the lifeblood and the sustaining economic impact that keeps the community and the region running."

Scott Durham – AgriLife District Extension Administrator

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William Thompson

Dear Citizens of the Concho Valley:

It has been written that "Agriculture is one of the most important industries in Texas." Likewise, the agriculture industry is the mainstay that drives the economy of the Concho Valley.

Agricultural production across the Concho Valley produces \$336.3 million worth of products and commodities annually. This creates additional economic activity of \$108.9 million, and provides employment for nearly 15,000 Concho Valley residents. The Concho Valley is responsible for \$615 million of economic activity across the state of Texas. For a diversified region that is the wool and Angora goat capital of the U.S., the nation's sheep marketing center, and the largest cattle market in Texas, it's no wonder Concho Valley agriculture has the impact it does.

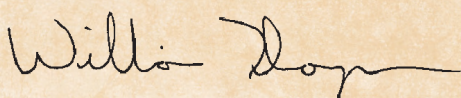
From the farming side, cotton production contributes over \$67 million, wheat and grain sorghum about \$36 million and smaller amounts are earned from pecans, corn, grapes, hay and other crops. Livestock and livestock products add another \$177 million annually to the Concho Valley economy.

The 20th century started with pioneers clearing the land and breaking fields with horse-drawn equipment. Leading the way into the current century are high-powered tractors equipped with computers to provide the farmer with "precision farming" and ranchers using "The Information Superhighway" to stay informed and market their products around the globe.

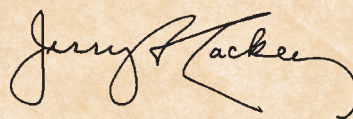
The new age of technology and communication allows farmers and ranchers the opportunity to produce more on less land while providing the goods and services with far fewer producers than the beginning of the 20th century.

As you read the following pages, we think you will see that agriculture is thriving in the Concho Valley and ready to meet the challenges ahead. Agricultural producers and rural landowners all across the Concho Valley are providing food and clothing to the world with constant attention being directed at ensuring that the natural resources of west central Texas are being preserved for future generations of Texans.

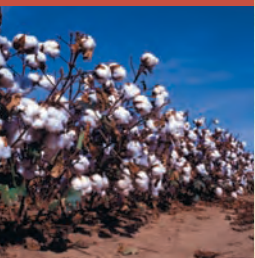
Sincerely,



William Thompson



Jerry Lackey





Introduction

"We must protect our nation's food and fiber supply . . ."
-Rep. Mike Conaway, R-Midland

Agriculture, whether it is raising cotton, wheat or grain sorghum, cattle, sheep or goats, has been an economic mainstay for the Concho Valley since the area was first settled by Europeans. Since then, the agricultural industry has changed with the addition of processing, storage and distribution facilities, vertical supply channels, implement dealers and specialized crop and livestock production, marketing and financing consultants and other service providers. All of these entities have changed and evolved with the dramatic and rapid adoption of new technologies, changing consumer preferences and challenging economic conditions.

All of this is agribusiness, "a concept of economics which includes all operations involved in the manufacture and distribution of farm supplies; production on

the farm; the storage, processing and distribution of farm commodities and items made from them." This definition, by John H. Davis of the Harvard Business School, has been around for more than five decades, though many people still do not understand the effects that agriculture has in their communities, region or lives.

Today, agriculture is contributing more to the citizens of the Concho Valley than ever before, while at the same time, being asked to do even more. Aside from producing basic commodities, agriculture is being expected to provide jobs and economic stability, a tax base for local and county governments, and a first-line defense against various food-borne illnesses and other livestock and wildlife diseases. Agriculture and rural lands across the Concho Valley and the rest of America are increasingly being expected to address an ever-widening array of issues, problems and policies from ani-

mal rights issues, environmental and climatic concerns, energy production and water, and other natural resource conservation measures.

"Providing a safety net for our farmers and ranchers . . . serves the interests of not only the American producer, but also the American consumer and taxpayer," says Rep. Mike Conaway, R-Midland, a member of the House Agriculture Committee and a strong advocate of agriculture. Like many people with a rural or West Texas background, Conaway understands the importance of growing grain, fruit, fiber and meat in sustaining Texas and the United States. But for Concho Valley residents and visitors who aren't involved in direct agricultural production, this summary illustrates those effects and shows how they weave into the daily lives of not only thousands of regional residents, but the millions who eat or wear the end products of the region's agricultural productivity.

"We must protect our nation's food and fiber supply, while increasing access to global markets, for domestically produced agriculture goods. Investing in the future of agriculture is wise federal policy that provides a multitude of benefits to American consumers. Providing a safety net for our farmers and ranchers and combating legislation that would add enormous undue burdens and increase input costs, serves the interests of not only the American producer, but also the American consumer and taxpayer." U.S. Rep. Mike Conaway (TX-11)

The Agricultural Industry

or rangelands, 1.1 million acres of crop lands and 89,500 acres enrolled in various conservation programs.

Agribusiness contributes nearly \$623 million to the Concho Valley economy annually. Value-added sales of crops, livestock and insurance indemnities account for 54 percent of this activity. Production agriculture and related agribusinesses provide an estimated 14,136 jobs with an annual payroll of \$213.9 million. There are an additional 856 non-farming/ranching agribusinesses providing additional economic stability across the region. Employment estimates do not include federal and state government employees working in agriculture. Farm program payments received by producers and landowners add another \$30.5 million annually or about 5 percent of the agricultural economic activity.

Analysis of Production Agriculture

The importance of production agriculture in the Concho Valley is tremendous. Annual cash receipts for crops, value-added livestock and livestock products total \$336.3 million (Table 1). The semi-arid climate, which averages 18.2 inches of rainfall per year, and long growing season allow for a wide range of crops to be grown, though cotton, wheat and grain sorghum account for most of the gross crop revenue. Each year, crop production generates more than \$121 million of activity in the Concho Valley and \$151 million in economic output across the region (Table 2).

Concho Valley counties included in this economic impact summary are: Coke, Coleman, Concho, Crockett, Irion, McCulloch, Menard, Reagan, Runnels, Schleicher, Sterling, Sutton and Tom Green. The Concho Valley is an agriculturally diversified region of Texas. Weather conditions and areas of available irrigation water have made the area an efficient producer of many agronomic and horticultural crops. The Concho Valley has long been considered the "sheep and goat capital of the U.S." Rangeland conditions throughout the region are conducive to cattle, sheep and goat production. Native and exotic wildlife species are increasingly providing a significant contribution to the Concho Valley economy.

The Concho Valley consists of 9.9 million acres of agricultural land, with 8.7 million acres of pasture

Figure 1. Value of Agriculture in the Concho Valley.

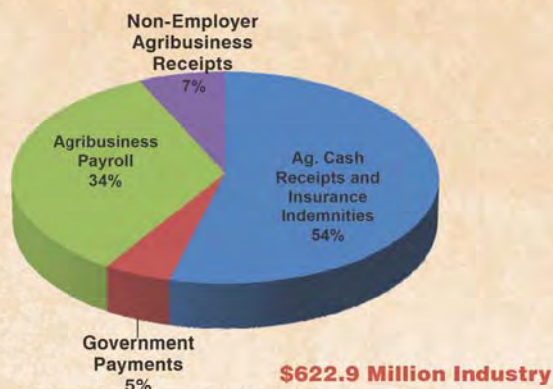


Table 1. Annual Total Agricultural Cash Receipts, Insurance Indemnities, Government Payments, Agribusiness Payroll and Non-Employer Business Receipts, Concho Valley 2005-2008

Agricultural Cash Receipts and Insurance Indemnities	\$336,380,008
Government Payments to Farmers	\$30,504,412
Agribusiness Payroll	\$213,926,000
Non-employer Agribusiness Receipts	\$42,144,000
Total	\$622,954,420

Livestock Production

Livestock and livestock products include animals, fowl, fish and animal products (wool and dairy products). Other beef production includes cow-calf production, stocker cattle and other beef grazing operations. Though the Concho Valley is considered the sheep and goat capital of the U.S., cow-calf and stocker operations generate considerably more revenue for the Concho Valley. Beef production exceeds all other agricultural commodities with \$104 million in average annual

Agribusiness contributes nearly \$623 million to the Concho Valley economy annually.

sales in the Concho Valley.

Texas is the largest sheep producer in the U.S. with 17 percent of the domestic ewe flock (520,000 head). Only California and Wyoming have more sheep than the 13 counties that comprise the Concho Valley (Figure 2). Similarly, 14 percent of U.S. wool is produced in Texas and only 4 states produce more wool than the Concho Valley (Figure 3). Texas has 36 percent of all goats in the U.S. and the Concho Valley itself produces more goats than any other state (Figure 4).

Figure 3. 2008 U.S. Wool Production.

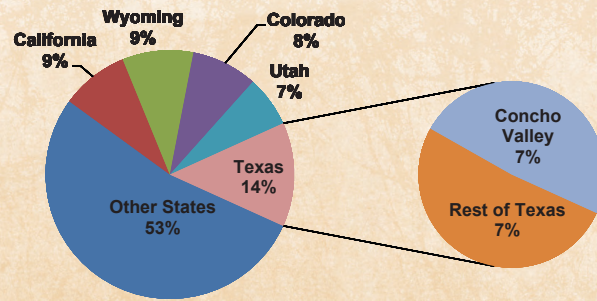


Figure 2. 2009 U.S. Ewe Inventory.

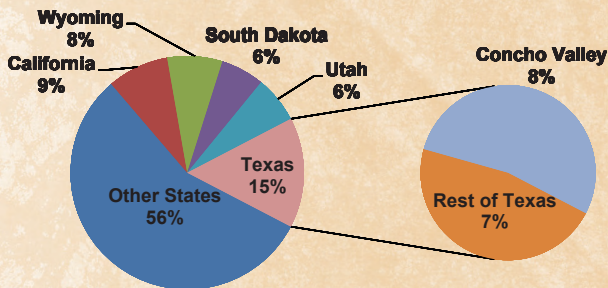


Figure 4. 2008 All Goat Inventory.

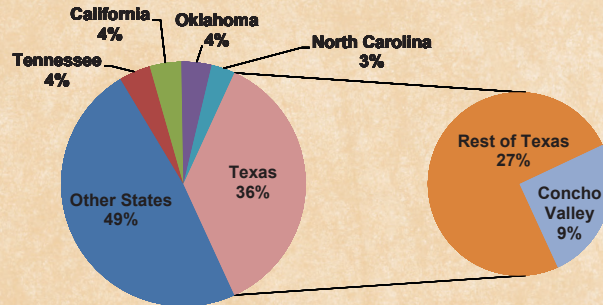
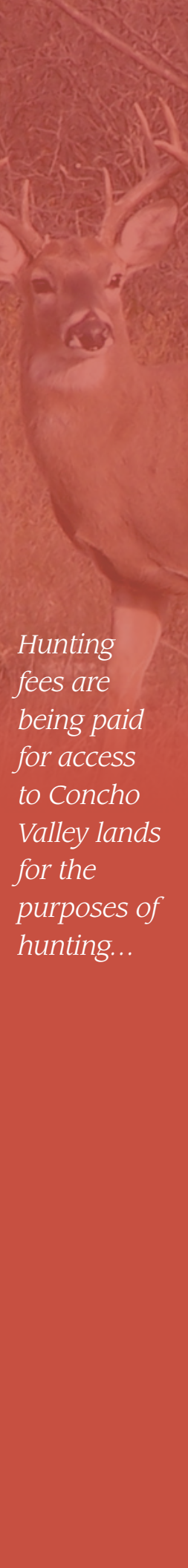


Table 2. Average Annual Value of Agricultural Cash Receipts, Concho Valley, 2005-2008.

Crops	Value (\$1,000,000)	Percent of State Total	Concho Valley Economic Impact (\$1,000,000)	State Economic Impact (\$1,000,000)
Cotton	\$67.3	2.6%	\$83.0	\$112.2
Wheat	\$23.3	3.2%	\$28.9	\$42.2
Sorghum	\$13.7	2.1%	\$17.0	\$24.8
Hay and Ensilage	\$11.6	1.1%	\$15.2	\$22.1
Other Crops	\$2.9	.1%	\$3.8	\$5.6
Corn	\$2.2	.3%	\$2.7	\$4.0
Grapes	\$0.3	2.8%	\$0.4	\$0.9
Ag. Related	\$0.5	.1%	\$0.6	\$0.4
Total Crop Receipts	\$121.7		\$151.7	\$212.2
Livestock and Livestock Products				
Other Beef	\$101.3	2.3%	\$144.8	\$208.6
Sheep	\$28.0	53.1%	\$35.5	\$44.7
Goats	\$23.6	24.5%	\$29.9	\$37.6
Dairy	\$17.5	1.4%	\$23.4	\$30.2
Wool & Mohair	\$3.4	42.2%	\$4.3	\$5.5
Fed Beef	\$2.7	0.1%	\$3.9	\$5.6
Other Livestock Products	\$0.6	0.2%	\$0.8	\$1.0
Other Meat Animals	\$0.1	0.1%	\$0.2	\$0.20
Total Livestock and Livestock Products	\$177.2		\$242.8	\$333.4
Land Access Fees				
Hunting & Fishing	\$37.3	7.9%	\$50.6	\$69.1
Other Recreation	\$0.12	0.09%	\$0.2	\$0.23
Total Access Fees	\$37.3		\$50.8	\$69.4
Total Crop and Livestock Receipts	\$336.3		\$445.2	\$615.0

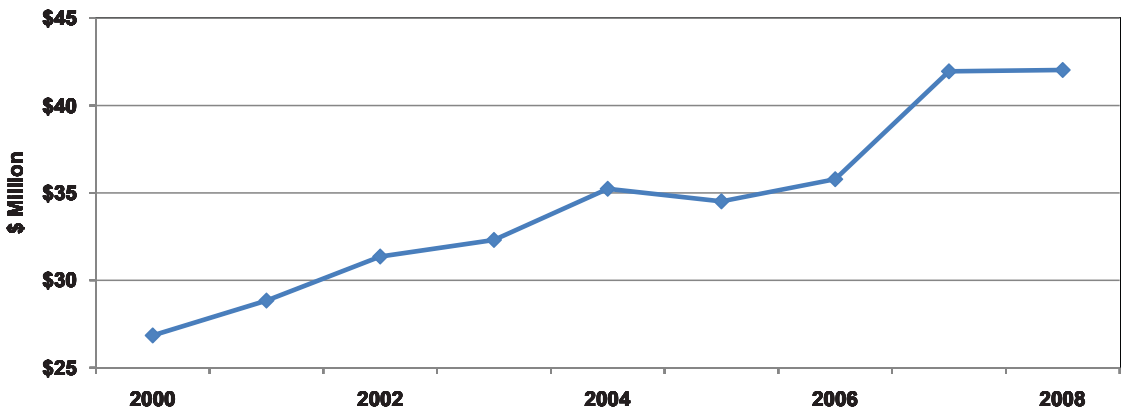


Texas is the largest sheep producer in the U.S.



Hunting fees are being paid for access to Concho Valley lands for the purposes of hunting...

Figure 5. Concho Valley Land Access Fees, 2000-2008.



Land Access Fees

Concho Valley rangelands vary from flat prairie towards the region’s west to rough canyon country to the south. This varied topography is matched by its diverse plant and wildlife communities. Fees paid for access to these privately held resources are likewise varied. Hunting fees are being paid for access to Concho Valley lands for the purposes of hunting deer, antelope and other native and exotic small game, predators such as bobcats, coyotes, and mountain lions, and bird hunting such as dove and quail. Other access fees are being collected for fishing, bird watching, photography, star gazing, mountain biking and hiking and a number of other natural resource-based activities. These fees are generating an increasingly important revenue stream to land owners and managers and ultimately the entire Concho Valley economy (Figure 5).

The access fees are only a portion of the huge economic engine that hunting has become across the Concho Valley and the rest of Texas. Hunting in Texas is estimated to be a \$1.66 billion industry. A 2006 survey by the U.S. Fish and Wildlife Service estimates Texas hunters (residents and non-residents) spend roughly \$1,507 per hunter each year (Table 3). The Concho Valley is estimated to attract more than 103,000 hunters each year, generating an estimated \$155.2 million in economic activity. Not all of those dollars are spent in the Concho Valley, but it is clear that hunting has a large impact on both the Concho Valley economy and the Texas economy.

Impact Analysis

The direct value of agricultural production and access fees is not the only benefit to the regional or local economies. Many production dollars are paid to local suppliers of both goods and services for the materials necessary for commercial production. Farmers and ranchers also spend part of their income within the region. Similarly, employees of these suppliers buy business supplies and spend wages and profits within the local economy, creating a multiplier effect across the region. The original \$336.6 million contribution to the Concho Valley economy from direct agricultural production leads to a region-wide economic output estimated at \$445 million. As the purchase of goods and services not produced within the Concho Valley are made, the entire state-wide economy benefits. The Texas economic impact of the value of farm production in the Concho Valley is estimated at \$615 million (Table 2).

Analysis of Agribusiness

Data collected by the U.S. Census Bureau and the National Agricultural Statistics Service indicates there are nearly 15,000 people working in jobs or operating businesses directly related to

Table 3. Trip and Equipment Expenditures in Texas for Hunting by Texas Residents and Nonresidents: 2006.	
Expenditure Item:	Average per Hunter
Food and Lodging	\$307
Transportation	\$305
Other Trip costs	\$167
Equipment	\$728
Total	\$1,507



Table 4. Concho Valley Agribusinesses, 2007.

	<u>Firms with Employees</u>		<u>Firms without Employees</u>	
	<u>Number of Employees</u>	<u>Annual Payroll (\$1,000)</u>	<u>Number of Establishments</u>	<u>Gross Receipts (\$1,000)</u>
Agricultural Services	277	\$6,735	212	\$4,579
Manufacturing	1,882	\$52,682	64	\$1,594
Retail Trade and Food Service	6,672	\$87,717	249	\$8,290
Whole Sale Trade	472	\$14,661	28	\$2,934
Transportation, Warehousing & Storage	566	\$21,949	295	\$23,723
Finance and Insurance	215	\$6,878	8	\$1,024
Farm and Ranch	4,052	\$23,304	N/A	N/A
Total	14,136	\$213,926	856	\$42,144

agriculture in the Concho Valley (Table 4). This excludes various federal and state government employees. Texas County Business Pattern data and the 2007 Census of Agriculture show that Concho Valley agribusinesses inject \$213.9 million in payroll into the regional economy annually. Self-employed agribusiness operators generate an additional \$42.1 million of economic activity. These agribusinesses are not directly involved in production agriculture, as those numbers are already included in Table 2, but are involved in delivering goods and services to Concho Valley farmers and ranchers or are otherwise engaged in value-added activities.

Stewards of Land, Natural Resources and Texas Heritage

The conservation and preservation of west central Texas natural resources is not only in the best fiscal interest of agribusiness/land owners and managers, but also indicates the level of commitment to the environment and issues that affect all of society.

Renewable Energy

Texas has become a national and global leader in the development of renewable or green energy sources. Texas and the Concho Valley have made a large investment in wind energy and the infrastructure to deliver this energy to the nation's power grid. Figure 6 illustrates the Concho Valley's development of wind-energy resources since 1999.

Watershed Management

Large-scale watershed management within the Concho Valley includes the North Concho River Pilot Brush Control Project, the Twin Buttes/Lake Nasworthy Brush Control Project, Lake Ballinger Brush Control Project and the Oak Creek Reservoir Brush Control Project. All

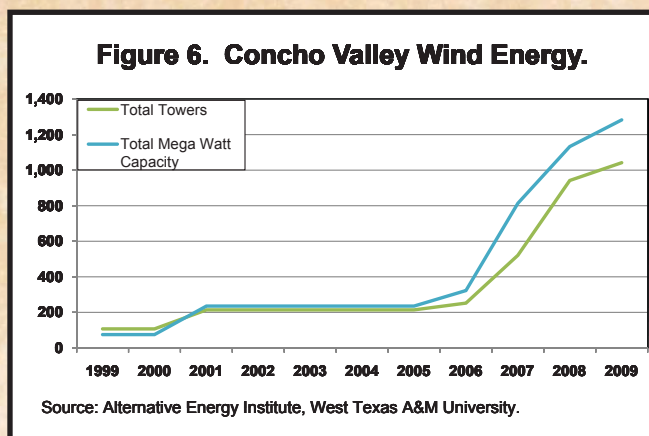
of these projects seek to increase the water yield of the respective watersheds, through intensive brush control, making water available to the historical users of the water and other municipal, industrial and agricultural uses while preserving the long-term ecological sustainability of the watersheds.

Brush control on all of these projects is being accomplished with a combination of chemical and mechanical brush removal practices. These projects were established as voluntary cost-share programs with land owners contributing 25 to 33 percent of the total cost of brush control. In addition to the projected water yield, land managers have the potential for increased forage production once the water and nutrient-stealing brush is eliminated. Two soil and water conservation districts (SWCD) within the Concho Valley are also operating water quality cost-share programs. Between 2004 and 2008, a total of \$661,434 has been allocated to producers and landowners to implement a wide range of water quality and conservation measures.

Other Projects

Several other projects are looking at effective and economical ways to make use of the invasive brush prevalent across the Concho Valley. These projects include investigating the feasibility of constructing power generation plants that will be fueled by mesquite and juniper being removed from these same

Texas and the Concho Valley have made a large investment in wind energy...



...land managers have the potential for increased forage production...

Table 5. Major Brush Control or Watershed Management Projects Within the Concho Valley.

Project	Initial Allocation \$	Estimated Total Acres to be Treated	Anticipated Annual Water Yield (AC-Ft)
North Concho	\$14,432,338	432,485	26,000
Twin Buttes/Lake Nasworthy	\$11,120,767	1,015,407	16,409
Lake Ballinger	\$435,021	14,940	2,886
Oak Creek Lake	\$877,233	18,339	6,002
Totals	\$26,865,359	1,480,721	51,297
Source: Texas Soil & Water Conservation Board			

watersheds. Other research efforts have been focused on the use of livestock, typically sheep and goats, to control brush. These efforts are looking into utilizing juniper as a primary feedstuff or feed supplement for sheep, while other researchers are developing a line of goats that have been selected for their preference of consuming mesquite or juniper.

Agribusiness Support

There are a number of private organizations and government agencies that provide vital support for the agribusiness industry, but were not included in this publication:

Texas AgriLife Extension Service has county offices in each of the Concho Valley's 13 counties. AgriLife Extension provides technical assistance and educational programs in agriculture and natural resources, family and consumer sciences, community resources and economic development, and youth development. The mission of Texas AgriLife Extension Service is "To improve the lives of people, businesses, and communities across Texas and beyond through high quality, relevant education." The educational programs conducted by AgriLife Extension are as diverse as the communities and counties in the Concho Valley. 4-H provides learning opportunities for the youth in the Concho Valley and teaches life skills that lead to productive citizens. From the applied research and educational programs addressing the current needs

of the agricultural community to health and wellness programs in diabetes management, AgriLife Extension's programs reflect their mission of improving lives, improving Texas.

Texas AgriLife Research and Experiment Center – San Angelo and two Research Stations are where scientists develop technologies that enhance sustainable utilization of rangelands by sheep, goats, cattle and wildlife. The Sonora Experiment Station in Sutton County sprawls across 3,462 acres of native rangeland and the Texas Range Station in Crockett and Irion counties allows research on 3,161 acres of rangeland. The charge of these two Research Stations is to study diseases, breeding and management of sheep and goats under range conditions. Other research activities include rangeland hydrology, white-tailed deer and domestic livestock interactions, ecology and biology of juniper and other woody plants, using prickly pear cactus as forage and practical prescribed fire use.

U.S. Department of Agriculture include the Farm Services Agency and the Natural Resources Conservation Service, which administer federal farm programs and offer technical assistance in soil, water and range management.

Livestock Breed Associations, Commodity Groups and other Agricultural Advocacy Groups includes the Texas Sheep and Goat Raisers' Association, The Mohair Council of America, American Boer Goat Association and the American Meat Goat Association, all organizations that support research and help promote their members' commodities. The Texas Farm Bureau has offices in nearly every county in the Concho Valley.

Agricultural publications, including The Livestock Weekly and Ranch and Rural Living Magazine, bring current and important industry information to producers throughout the state and nation.

Chambers of Commerce and economic development corporations are located throughout the Concho Valley, and have a keen interest in assisting existing agribusiness and recruiting new firms to their communities.





San Angelo Stock Show and Rodeo

In 2012, the San Angelo Stock Show and Rodeo Association will celebrate its 80th anniversary. The annual Stock Show and Rodeo is held during the last two weeks in February and attracts the state's highest quality livestock as well as the nation's top professional cowboys. Along with the livestock shows and rodeo performances, other attractions during the event include an arts and crafts competition, commercial exhibits, a midway carnival and an educational children's area. The San Angelo Stock Show and Rodeo is one of the largest of its kind in the nation. A major highlight is the Junior Livestock Show, which attracts young people from across the state who bring their top livestock projects to compete for recognition and a place in the premium sale. Regional businesses support the sale by reaching deep into their pockets to reward the young peoples' hard work. The San Angelo Stock Show and Rodeo Association provides numerous scholarships to students attending accredited Texas universities, college or technical schools.

The Association is responsible for many more events than just the Stock Show and Rodeo, including the Wrangler Roping Fiesta held annually in October, a sanctioned NRHA reining event known as the September Slide, the AQHA sanctioned Silver Spur Circuit shows held in January and October, and a jackpot junior livestock show known as the Fall Spectacular held in November. These events all draw in contestants and spectators from not only Texas but from states across the whole nation as well. The San Angelo Stock Show and Rodeo Association also rents many of the buildings and facilities on the fairgrounds to outside events that draw large crowds to West Texas. In all, the San Angelo Stock Show and Rodeo Association brings an estimated \$30 million into the regional economy.

Angelo State University

Established in 1928, the local college became a state college in 1965 and was re-named Angelo State University in 1969 to reflect its status as a respected four-year state university. Today, ASU is a member of the Texas Tech University System and boasts an enrollment of almost 6,400 students.

ASU offers programs leading to one associate, 40 undergraduate, one doctoral and 22 master's degrees with nearly 100 majors and concentrations. Agriculture remains one of ASU's premier undergraduate and graduate programs. ASU's Management Instruction and Research (MIR) Center comprises 6,000 acres of range and farm land that serves as a "laboratory" for agricultural students. The on-site research and classroom facilities include the Food Safety and Product Development Laboratory, which offers quality classroom, laboratory and research experiences to undergraduate and graduate students enrolled as animal science majors with interests in meat and food science.

ASU's Agriculture Department offers three undergraduate degree plans (Animal Science, Natural Resource Management and Animal Business) and also has cooperative programs with Texas Tech University and Texas A&M University. The department also offers a master's degree in Animal Science.



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