



Economic Impact of the Texas Poultry Industry

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The Texas poultry industry is estimated to contribute more than \$1.4 billion to the state's economy, according to results from a survey of broiler, egg and turkey producers operating in 1996. Texas produced 419 million broilers in 1996, ranking the state sixth in the United States in broiler production. According to the most recent data avail-

able on the U.S. poultry industry, the state ranked seventh in egg production in 1996, producing 280 million table eggs. Although statistics on the Texas turkey industry are kept confidential, poultry specialists estimate that Texas has 9.3 million turkeys, ranking it 10th in the nation.

A mail survey with 14 questions was sent to poultry operations in production in 1996. Broiler, egg and turkey companies were surveyed separately. Of those sent surveys, 65 percent responded, including 75 percent of the broiler companies, 33 percent of turkey companies and 67 percent of egg companies. The responses were used to estimate values for the entire poultry industry.

Broiler industry

A broiler is a 6- to 8-week old bird bred especially for meat production. A broiler can be male or female. Broilers are hatched at a company-owned hatchery, then delivered to contract growers.

Employees

In 1996, the Texas broiler industry employed more than 9,600 employees. Of those, more than 85 percent were employed in processing plants; 4 percent in live production and field service; 3 percent in

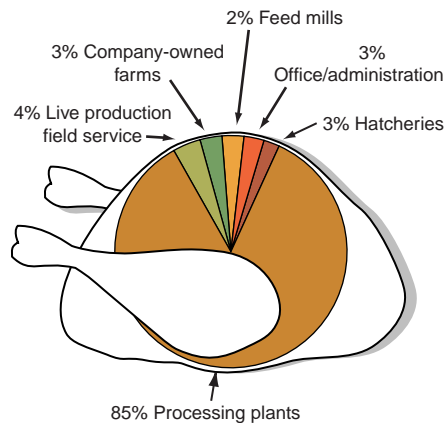


Figure 1. Employment in the Texas broiler industry.

hatcheries; 3 percent in office and administrative areas; 3 percent on company-owned farms; and 2 percent in feed mills.

Meat

In 1996, more than 419 million birds were processed in Texas, producing more than 1.45 billion pounds of meat. This meat was used in various ways:

- ◆ 36 percent was sold retail;
- ◆ 27 percent was sold for commercial and food service use;
- ◆ 21 percent was processed further;
- ◆ 12 percent was exported; and
- ◆ 4 percent was used in other areas.

Farms

The Texas broiler industry produces birds using both company-owned and contract farms. In 1996, 78 farms were company-owned and 1,230 were contract farms.

Company-owned farms usually are used for breeder birds; contract farms, for broiler grow-out facilities. About 81 percent of the contract farms raised broilers; 12 percent, breeders; and 7 percent, pullets. Of company-owned farms, 96 percent were produced breeders, and 4 percent, pullets.

Feed

In 1996, broiler companies milled more than 2.3 million tons of feed, predominately from grain (64 percent). This is equivalent to 52.6 million bushels of corn, or 22 percent of the state's corn production. Soybean meal made up 22 percent of mill feed ingredients. This is equivalent to 22 million bushels of soybeans — 15 million bushels more than all that Texas produced in 1996. The remaining 14 percent of broiler feed included meat and bone meal, bakery by products, fish meal, fat, salt, limestone, calcium di-phosphate and other feed ingredients.

Revenue

The total gross income for all broiler operations in 1996 was estimated at \$975.3 million. Companies spent an estimated \$168.1 million on payroll that year, and

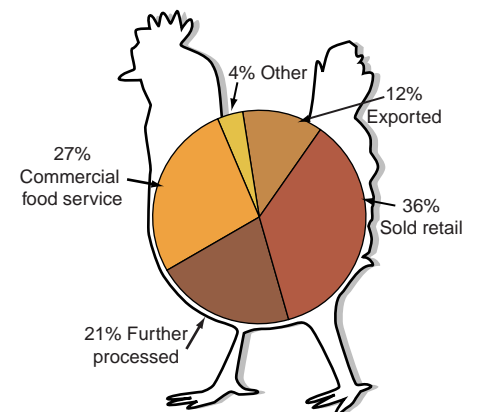


Figure 2. Texas broiler meat uses.

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contract payments to growers were estimated at \$91.1 million.

Impact

Multipliers are used to measure an industry's economic impact. A standard multiplier estimates that for each \$1 in gross income, \$1.3489 enters the Texas economy. For the broiler industry in 1996, gross income (\$975 million) times the multiplier (1.3489) indicates an impact on the Texas economy of more than \$1.3 billion.

Multipliers are also used to determine the number of jobs created outside of the poultry industry as a result of poultry business. For every \$1 million in gross income, the poultry industry creates more than 30 jobs, including grocery store workers, department store employees and others. All told, broiler producers created 29,250 jobs outside the industry in 1996.

Egg industry

Employees

The Texas egg industry employed more than 900 people in 1996. Of these, 54 percent worked in egg processing; 17 percent in company-owned farms; 14 percent in live production and field service; 10 percent in administration; 4 percent in feed mills; and 1 percent in hatcheries.

The egg industry uses company-owned farms to raise birds and produce eggs. Of the birds on these farms, 24 percent are pullets; 70 percent, layers; and 6 percent, breeders.

Eggs and birds

In 1996, Texas produced more than 4 billion eggs. Of those, 95 percent were Grade A or AA; the remaining 5 percent were loss or grade B. Egg sizes were jumbo (7 percent), extra large (23 percent), large (51 percent), medium (15 percent), small (3 percent) and peewee (1 percent). Retail markets used 82 percent of the eggs produced; 13 percent were used for institu-

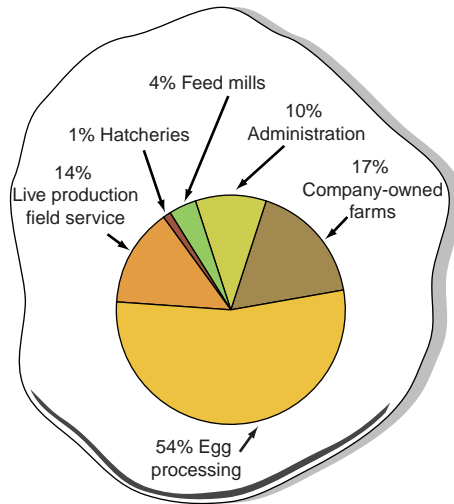


Figure 3. Employment in the Texas egg industry.

tional purposes; and 3 percent were sent to breaker plants.

More than 15.7 million birds were in production in 1996. Production averaged 255 eggs per hen. Of the birds in the industry, 76 percent were layers and 24 percent were young pullets.

Feed

The egg industry milled more than 532,000 tons of feed in 1996. Feed ingredients included 62 percent grain, 16 percent soybean meal and 9 percent concentrate. This equates to 11.8 million bushels of corn, or 5 percent of the state's corn production. The soybean meal used equated to 3.7 million bushels of soybeans, or 52 percent of the state's soybean production. The remaining 13 percent of ingredients included meat and bone meal, oyster shell, fat, calcium, limestone and rice bran. Each bird ate an estimated 65 pounds of feed that year.

Revenue

The egg industry had an estimated gross income of more than \$80.45 million in 1996, and paid more than \$12.85 million in wages. Contract payments were not estimated for the egg industry.

Impact

Using multipliers — gross income of \$80.4 million times the gross income multiplier of 1.3489 — the egg industry's impact on the Texas economy can be estimated at \$108.52 million. The egg industry also creates 30 jobs outside the industry for every \$1 million in gross income, generating an estimated 2,400 jobs outside the poultry industry.

Total impact

The Texas poultry industry contributes more than \$1.4 billion to the state economy and employs more than 10,556 people. According to the information collected in the survey, from poultry specialists and from the most recent U.S. statistics, it is estimated that in 1996 Texas ranked:

- ◆ 6th in broiler production;
- ◆ 7th in egg production; and
- ◆ 10th in turkey production.

According to the survey and to poultry specialists, in 1996 Texas produced:

- ◆ 419 million broilers;
- ◆ 4 billion table eggs; and
- ◆ 9.3 million turkeys.

In 1996 the poultry industry milled more than 2.8 tons of feed. There were 64.4 million bushels of corn used by the poultry industry in 1996; soybean usage totaled 25.7 million bushels. The overall economic impact is estimated to be \$1.4 billion.

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