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Study finds irrigation pumps 16,000 jobs into Panhandle economy

AMARILLO – Irrigation of crops directly contributes more than \$1.6 billion a year and 16,650 jobs to the economy of the Amarillo region, according to a study released Wednesday at the Texas Commodity Symposium.

“Irrigation is clearly a major source of fuel for the region’s economic engine,” said Dr. Darren Hudson who conducted the study and holds the Larry Combest Chair for Agricultural Competitiveness at Texas Tech University.

Approximately two-thirds of the total economic impact, more than \$1 billion per year, comes from irrigation of corn. Irrigation of wheat (\$343 million), cotton (\$165 million) and sorghum (\$36 million) account for the other one third.

“While \$1.6 billion of economic impact is directly attributable to the production of crops from irrigation, we can conservatively estimate that as that money moves through the local economy it generates an additional \$2.5 billion per year of indirect economic activity,” Dr. Hudson said. “And we know there are other positive impacts we haven’t measured such as the amount added to the tax base that supports schools and public services.”

Approximately 1.4 million acres in the 26 county region were irrigated in 2008. Dr. Hudson said without irrigation, farmers would have to convert to dry land production of sorghum, wheat and cotton which would produce dramatically lower crop yields.

“Dry land farming of those 1.4 million acres would produce only about one-fourth of the economic activity that we currently see from irrigation and about 12,000 fewer jobs,” Dr. Hudson said.

“This illustrates that everyone who lives and works in the Amarillo region benefits from the use of water to irrigate crops and why everyone has an economic stake in ensuring that water continues to be available for irrigation as far into the future as possible,” he said. “Great strides have already been made in irrigation technology and farming practices to significantly reduce water usage and in the next few years, new crop varieties should become available that will increase yields using even less water.

“This should serve as a unifying call to action to support programs that provide technical assistance and cost-sharing that farmers need to implement conservation measures that maximize the economic benefits from every gallon of water used for irrigation,” Dr. Hudson said.

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Economic Impact of Irrigation

Amarillo Region

Economic Output

	Direct	Indirect	Induced	Total
Irr Corn	\$591,303,636	\$325,966,773	\$173,689,530	\$1,090,959,939
Irr Cotton	\$82,776,730	\$55,526,796	\$26,866,015	\$165,169,542
Irr Sorg	\$18,217,650	\$13,719,457	\$4,017,557	\$35,954,664
Irr Wheat	\$177,382,041	\$126,258,408	\$39,349,900	\$342,990,349
Total	\$869,680,057	\$521,471,434	\$243,923,002	\$1,635,074,493

Employment

	Direct	Indirect	Induced	Total
Irr Corn	6,597	3,075	1,597	11,268
Irr Cotton	464	762	248	1,474
Irr Sorg	203	144	38	385
Irr Wheat	1,979	1,171	373	3,522
Total	9,243	5,151	2,256	16,650

If all irrigated acres are converted to dry land . . .

Economic Output

	Direct	Indirect	Induced	Total
Dry Cotton	\$30,066,233	\$22,063,384	\$8,804,445	\$60,934,063
Dry Sorg	\$104,414,310	\$71,043,288	\$34,013,797	\$209,471,394
Dry Wheat	\$63,414,855	\$40,331,975	\$20,390,095	\$124,136,925
Total	\$197,895,398	\$133,438,646	\$63,208,338	\$394,542,382

Employment

	Direct	Indirect	Induced	Total
Dry Cotton	169	355	81	605
Dry Sorg	1,165	1,023	313	2,501
Dry Wheat	707	533	190	1,430
Total	2,041	1,911	585	4,536

Examples of different types of economic impact:

Direct Effect: An irrigated crop producer buys fertilizer as an input.

Indirect Effect: The fertilizer dealer pays to transport additional product to replenish stock.

Induced Effect: A portion of the crop producer's income and the income from employees at the fertilizer dealer is used to purchase groceries at the local grocery store.