Lubbock and Agriculture: Partners for the Future

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- Agricultural related output in the region = $6.8 billion
- Total economic activity related to agriculture = $10.8 billion
- Total regional economic output = $26.8 billion

Agriculture and related industries accounts for 40% of regional economic activity; if you exclude Lubbock county, the percentage increases to around 80%
Key Products

65% of Texas cotton grown in the region, and represents about 35% of total value of agricultural products on the South Plains.

About 33% of fed beef produced in region (93% if you include the Panhandle region) with beef (fed and cow/calf) accounting for 34% of total value of agricultural products on the South Plains.
Story of Increasing Diversity

Over 40 different agricultural crops for which we have “official” data; many more fruit, vegetable, and forage crops that do not get recorded.
Challenges to Agriculture and the Regional Economy

- Maintaining income stability
- Investments in the future and thinking creatively
- Water Availability
Farm programs tend to smooth farm income over time, leading to a more predictable stream of income into the regional economy.

The variability of farm income from 1985 through 1996 was roughly half of that since 1996. "Decoupling" meant more flexibility for farmers and a "shallower" safety net. Recent attempts to alter farm programs through payment limits and other mechanisms could increase income variability even more, and even reduce overall farm income.
Investment

Investment is just covering depreciation in agriculture; not surprising given the average age of farmers.

Aging of farm population could pose challenges to next generation of farmers—bigger and fewer
Demographics

• Does larger, fewer farms mean more regional depopulation?
• Is continued regional depopulation a “bad” thing for Lubbock?
• Are there ways to slow or even reverse the depopulation trend?
Water

Are we running out of water?

• **No.** Not for commercial, residential, and municipal use.

• **Yes.** We are pressuring the aquifer for agricultural use, but we are still years from “economically exhausting” the aquifer for agricultural use in most areas.

Bottom line…agriculture *is not in direct competition with Lubbock* for underground water, either now or in the future. Farmers will convert to dryland for economic reasons long before water availability for cities is threatened.
Irrigation

Average gross margin on irrigated cotton (TWDB test fields; cash expenses only) was $272/ac with a standard deviation of $152.13/ac.

Average gross margin on dryland acres was $55/ac with a standard deviation of $184.42/ac.

Dryland only 20% as profitable on average (income flows into regional economy).

Dryland more risky on average (income stability in regional economy).

• Plenty of water for regional communities
• Irrigation significantly increases regional income
  • Don’t rush the transition; need to promote work that enhances dryland profitability
Closing Thoughts

• How can the City of Lubbock help agriculture?
  – Understand the linkage between farm income stability and reliable cash flows in the regional economy; use that understanding when examining farm, rural, and environmental policy
  – Be partners in creatively addressing the investment and demographic transitions in rural communities and farms—investments in agriculture will have positive returns for the city
  – Strive to understand water and the real issues in the water debate—agriculture is not going to limit your water; work to promote technological development in dryland systems that will keep agriculture profitable into the future
Closing Thoughts

• What can agriculture do for the City of Lubbock?
  – Work to promote regional economic development through investments in agricultural processing and handling industries as well as partnering with Lubbock to attract other industries into the area
  – Continue to work on the development and adoption of technologies that will relieve pressure on aquifers by increasing profitability of dryland or semi-dryland systems
  – Understand the needs of the city and regional economy and partner with city and regional leadership to tackle problems of mutual interest