

# **WHAT DOES A CATTLE FEEDING INDUSTRY MEAN FOR ADAMS COUNTY? THE ECONOMIC CONTRIBUTION OF CATTLE FEEDING IN ADAMS COUNTY**

Dan Nudell<sup>1</sup>, Leif Anderson<sup>1</sup>, Codie Lacina<sup>2</sup>, and Tim Transtrom<sup>2</sup>

<sup>1</sup>**Hettinger Research Extension Center, NDSU, Hettinger, ND**

<sup>2</sup>**Natural Resources Conservation Service, USDA**

This paper is not meant to be an exhaustive study of economic impacts for cattle feeding in the region, but rather is meant as a vehicle to stimulate discussion of cattle feeding in Adams County and the surrounding areas.

During the last several years, Adams County producers have made a concerted effort to expand or enhance their capacity to feed cattle in the county. Additional projects are underway or in the planning stages this winter and it is fair to assume that the growth will continue

What does an increase in cattle feeding mean to the local economy? We will look at two functions of this process. One is the immediate, but one-time economic effect of construction. The other is the long-term contribution of the feeding industry to the local economy.

During the years 2001 to 2004 the Adams County Soil Conservation District (SCD) and the Adams County Natural Resources Conservation Service (NRCS) office contributed both financially and organizationally to the construction of several feedlot projects. These facilities have a combined capacity of 9,789 head of cattle. The cost to construct these facilities was estimated at \$1,293,872. Of this amount, \$524,124 was grant funded and the balance was paid for by the producers. Construction costs averaged \$132.18 per head of capacity. Since only the grant dollars represent new money entering the regional economy (it is fair to assume that producers would have used their contribution dollars elsewhere in the economy), we will measure construction impacts using only the new money (grant dollars). The initial construction outlays (\$524,000) were estimated to generate an additional \$750,000 in secondary economic impacts (multiplier effects as construction expenditures are spent and re-spent in the regional economy). The total one-time construction impact was estimated at just over \$1.2 million for the SCD/NRCS projects completed between 2001 and 2004.

Long-term economic contribution of the feeding industry to Adams County can be estimated using data from the North Dakota State University's Research and Extension Center (HREC) located at Hettinger, ND. HREC constructed a 192 head research feedlot in 2002 and data is available for direct expenditures incurred while backgrounding calves in this lot during the years 2002 through 2004.

During this time frame the HREC fed 498 calves with an average direct expenditure of \$0.95 per head per day. Extrapolating this figure to the SCD/NRCS funded projects in Adams County and assuming a 120-day feeding period, these facilities, on average, collectively generate about \$1.1 million in local expenditures (e.g., feed, labor, services, and other inputs). Additionally, the \$1.1 million in annual expenditures by the feedlots were estimated to generate another \$2.7 million in secondary economic impacts. Gross business volume (direct and secondary impacts) amount to

over \$3.8 million in the regional economy. These preliminary estimates of the economic effects of cattle feeding in Adams County would indicate that total business activity created in the regional economy is about \$390 per head.

Clearly, additional cattle feeding in Adams County can have a substantial positive economic effect on the local economy. This industry appears to be growing and the economic contribution of cattle feeding to the local economy makes efforts to nurture and expand this activity worthwhile.