

Ohio's Livestock & Poultry Sector: It's about more than just food!

Introduction

The livestock and poultry sector is an important component of Ohio's economy, accounting for more than \$8.13 billion in economic output and employing 47,345 Ohioans, either on the farm or in processing. This business activity accounts for livestock, dairy and poultry farmers contributing more than \$1.63 billion to Ohio's economy with almost \$6.5 billion being added to the economy through the processing of raw products. The additional value to the consumer provided by processors accounts for \$1.7 billion. Even more importantly however, it is a sector made up of local people, working in their local communities, and adding value that strengthens their local economies.

What is the Livestock and Poultry Sector?

When we think about the livestock and poultry sector, the first thing that comes to mind are farmers raising animals – and they do! Ohio farmers raise more than 1.45 million hogs. Ohio ranks second among all states in egg production with 36 million chickens laying over 7.36 billion eggs. Poultry farmers also raise 41.6 million broilers (meat-type chickens) and 5.8 million turkeys. Over 1.30 million cattle and calves are raised on 27,000 farms. Dairy farmers milk 266,000 cows on 4,500 farms to produce 4.56 billion pounds of milk a year. Ohio farmers raise 142,000 sheep, more than any other state east of the Mississippi River.

Direct contribution to the economy of raising livestock and poultry

If those livestock production numbers surprise you, you might also want to know that Ohio's livestock and poultry farmers directly contribute more than \$1.63 billion to Ohio's economy. Farmers generate \$366.4 million in income and employ more than 29,348 people.

Direct contribution to the economy of processing livestock and poultry

An important component of the livestock and poultry sector is the processor who turns the farmer's product into the many goods enjoyed by consumers. Ohio dairy, meat, and egg processors directly add over \$6.5 billion to Ohio's economy. These processors are in the business of adding more value to the farmer's raw product. The additional value to the consumer provided by processors exceeds \$1.65 billion. To add this value, processors employ almost 18,000 people in the production of such products as ice cream, wool, chicken nuggets, hamburgers, bottled milk, cheese, sausage, lunchmeats, and steak.

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Individually, each part of the livestock and poultry sector is vitally important to Ohio’s economic vitality:

	<i>Output</i>	<i>Gross State Product</i>	<i>Income</i>	<i>Employment</i>
	-----\$ Million-----			Jobs
<i>Production</i>	\$1,630.9	\$409.5	\$366.4	29,348
Dairy & Cattle	\$852.2	\$173.3	\$143.6	13,560
Poultry & Egg	\$461.9	\$181.4	\$176.2	1,856
Swine & Misc.	\$316.8	\$54.8	\$46.6	13,932
<i>Livestock</i>				
<i>Processing</i>	\$6,495.7	\$1,686.7	\$1,596.0	17,997
Meat & Egg	\$2,450.1	\$517.6	\$484.3	9,941
Dairy	\$4,045.6	\$1,169.1	\$1,111.7	8,056
<i>Total</i>	\$8,126.6	\$2,096.2	\$1,962.4	47,345

Source: OHFOOD: An Ohio Food Industries Input-Output Model, Version 8.1

Ohio’s livestock and poultry sector involves much more than raising and processing livestock and poultry.

Other than dinner, what does it mean to me?

Ohio’s livestock and poultry sector involves much more than raising and processing these animals. Ohio livestock and poultry farmers add value to the abundant supply of feed grains grown in the state and create opportunities for many types of jobs, such as feed manufacturing and supply, animal health care, shipping, processing, distribution, sales, utilities, building materials and construction, machinery, manufacturing, marketing, insurance, financing and a vast array of related fields.

The Livestock and Poultry Sector’s Investments in the Economy

Ohio’s livestock and poultry sector creates value and economic activity in not only other agricultural sectors, but also in industries you might not have considered. It probably wouldn’t surprise you that the livestock and poultry sector spends \$120 million dollars for feed and hay from other Ohio farmers. However, this doesn’t include the grain and oilseeds raised by farmers and kept to feed their own animals – in fact, the majority of grain and oilseeds raised in Ohio are fed to livestock and poultry!

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Most recently, soybeans produced in Ohio were processed into 2.8 million tons of soybean meal, with 94 percent of this product being the featured item of on-farm buffets feeding livestock. Broilers are the leading consumers of Buckeye soybean meal, followed, in order, by swine, layers, dairy cattle, turkeys and beef cattle.

During the previous decade, Ohio corn was used in three important industries – livestock feeding, processing and shipment to out-of-state markets. Previously, Ohio livestock feeding had been evenly mixed between the animal groups. Consumption by dairy cattle (21 million bushels, 18 percent) has remained relatively stable. Beef cattle consume approximately 18 million bushels of corn (17 percent) with swine consuming 34 million bushels (30 percent). By contrast, poultry (layers, broilers and turkeys) consumption has increased feeding, and is now the leading livestock group for corn used for livestock feed (40 million bushels, 35 percent).

Expenditures by livestock and poultry farmers and processors aren't limited to agricultural expenses. According to the most recent study conducted by Ohio State University, they spend \$125 million on farm machinery and \$105 million is spent buying chemicals and petroleum products for such inputs as transportation fuel, plastic products, and soaps and cleaners. Additionally, livestock and poultry farmers and processors spend in Ohio:

- \$354 million for services in the wholesale and retail industry to market their product to consumers,
- \$77 million for transportation and communication services to move their product to market,
- \$58 million for wood and paper products to package livestock and poultry products,
- \$48 million for utilities that heat, cool, and ventilate livestock and poultry buildings and operate processing machinery,
- \$28 million for publishing services to maintain effective communication with consumers,
- \$24 million in the construction industry for new buildings and equipment,
- \$24 million for financial and legal services, and
- \$1.9 billion for labor.

All of these dollars are spent by farmers and processors with other businesses in Ohio and most are spent with local businesses within the community. Nearly 70 percent of all inputs (feed, machinery, labor) into the Ohio livestock and poultry sector are purchased in Ohio.

The “Ripple Effect”

You can easily begin to see that the livestock and poultry sector affects virtually every person; not only by the products consumed, but also by the sector's connection to virtually every industry in the economy. Another way to think about this “ripple effect” throughout the economy is with *multipliers*.

Multipliers are calculations used to measure the effect on the economy of a one-dollar change in economic output. For example, if a livestock

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A dollar increase in livestock and poultry production creates \$1.32 to \$1.64 cents in economic activity.

farmer decides to raise more steers, then he/she will need to purchase more feed, veterinary services and labor. In turn, the feed store will spend more money for paper feed bags and other inputs, supporting the local paper mill. The veterinarian will earn extra dollars that will be reinvested into his/her practice and spent at the local dentist to have a cavity filled. The employee will take the paycheck earned from the livestock farmer and spend it on a house payment, food, and at the movies on Friday night. In this way an economic “ripple effect” is created from one farmer’s increase in beef production.

Multipliers for the livestock and poultry sectors range from 1.32 to 1.64. This means a dollar increase in livestock and poultry production creates, in addition to the original dollar, another 32 to 64 cents in economic activity.

What role does the Ohio Livestock and Poultry Sector play in the U.S. and global economy?

Exports are playing an increasingly important role in the livestock and poultry sector, and the sector is important to the U.S. export picture! Exports are over 13 percent of poultry production, 1.6 percent of beef production, 10 percent of pork production and 2.3 percent of lamb production. Total livestock and poultry exports account for nearly 12 percent of the total U.S. agricultural exports, substantially helping the U.S. trade balance.

Ohio livestock and poultry exports to other countries and states total nearly \$1.9 billion. Of that total, \$385 million was exported to other countries and \$1.5 billion was sent to other states within the United States. Ohio’s strong, competitive presence in dairy, meat, and egg processing allows the state to provide much of the livestock and poultry products consumed in this country and abroad.

One of the best ways to add value to soybean and feed grain exports is to feed livestock domestically and then export meat. This is why foreign trade, particularly meat and poultry exports, is critically important to the agricultural economy and grain farmers. For example, a 1 percent increase in beef and pork exports sends more than 2 million additional bushels of corn and soybeans overseas.

Summary

The Ohio livestock and poultry sector is a vital part of the Ohio economy, accounting for more than \$8.13 billion in economic output and employing 47,345 Ohioans. This business activity accounts for livestock, dairy and poultry farmers contributing more than \$1.63 billion to Ohio’s economy with more than \$6.5 billion being added to the economy through the processing of raw products. The additional value to the consumer provided by processors accounts for more than \$1.7 billion. It supports and sustains

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many of the industries and businesses used everyday by consumers across Ohio.

Maintaining livestock and poultry production in Ohio is necessary to keeping our healthy dairy, meat, and egg processing sector and providing a market for our farmers' corn, soybeans, hay and other feed products. Because farms are local businesses, a strong farm economy also helps wage the battle against the economic decline of our rural communities. Ohio's livestock and poultry farmers and processors care about their local communities; they have a vested interest in the economic health and growth of its businesses and citizens.

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