

Posted on Thu, Jan. 26, 2006

State's drought loss estimates balloon to \$1.5 billion

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LUBBOCK, Texas - High hay prices and costs for extended supplemental feeding for livestock have caused drought loss estimates to soar to \$1.5 billion for the state, the Texas Cooperative Extension reported Thursday.

The increase is more than 30 percent above projections made just two months ago, when extension officials estimated losses through the spring would be \$1 billion. There were, however, factors experts didn't know then that now are becoming evident.

The drought's severity kept winter pastures and wheat from growing, which has forced ranchers to look elsewhere for feed, said Carl Anderson, an agency economist.

In addition to no winter forage, only half of the state's 2005 hay crop was harvested, which has led to higher prices.

Hay supplies, which not long ago were hard to find in north central and northeast Texas, are now nonexistent. Some ranchers are contracting with truckers to have alfalfa hauled in from out of state, said Blair Fannin, a spokesman for the extension agency.

"It's just a perfect recipe for disaster," Fannin said.

Dry conditions have plagued Texas since April, although West Texas' rainfall woes didn't appear until late last year. Cotton yields could be considerably less this year if sufficient rain doesn't fall before planting begins in May.

One of the state's hardest-hit regions has been East Texas, where as many as 1 million acres of winter pasture grasses typically are planted to offset bills for supplemental feed. Lack of rain kept those plantings from surfacing, Anderson said.

This month the Texas Agricultural Statistics Service reported that 90 percent of range and pasture conditions were rated poor or very poor.

"You don't grow much grass on anything labeled poor," Anderson said. "It's very bad."

Further, prolonged drought, low humidity and high winds around the state have left many areas of North and East Texas vulnerable to fire. Since late December, fires spurred by the dry conditions have burned more than 455,000 acres across Texas, destroying more than 340 homes and killing three people.

Gov. Rick Perry last week declared a drought disaster in all 254 Texas counties.

Ranchers are going through their herds a second time and selling heifer calves, which will likely cut the state's cow numbers, Anderson said. This eliminates the cost of supplemental feed to the animals.

Most calves are going directly to feedlots because there's nothing to graze them on. In December, there were 60,000 more head of cattle in Texas feedyards compared to the previous December, according to the Texas Cattle Feeders Association.

Before the drought, cattle producers were coming off two good years of moisture and a robust market. Now, optimism has been replaced by uncertainty, though the markets remain strong, Texas and Southwestern Cattle Raisers spokesman Matt Brockman said.

"If this isn't crisis, it's as close to it as you can get," he said. "Our fear is that the moisture situation isn't going to turn around fast enough to keep (markets) from going back financially."

Anderson said if the severity of the drought persists, ranchers and farmers whose sole source of income is agriculture might be in dire straits.

"They've got to find another way to make a living," he said.

ON THE NET

Texas Cooperative Extension: <http://texasextension.tamu.edu/>

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