

STATEWIDE ECONOMIC IMPACTS OF A BEEF PROCESSING FACILITY IN YALOBUSHA COUNTY, MS

GAREN K. EVANS, Ph.D. & VIRGIL P. CULVER, Ph.D
MISSISSIPPI STATE UNIVERSITY EXTENSION SERVICE

Introduction

The objective of this report is to present estimates of the economic impact of a large beef processing facility on the State of Mississippi.

The facility, a 152,000-square-foot beef slaughter and processing plant in the Yalobusha County town of Oakland, Mississippi, is a venture of Mississippi Beef Processors, LLC and is set to begin operations in 2004. At capacity, the facility will process 1,000 head of cattle daily, purchased from auction barns and cattlemen located within a 500-mile radius of the plant. It will be one of the first new beef slaughtering plants to be built in the United States since the early 1960's. The facility will provide 420 jobs to residents in seven counties, and have a payroll of more than \$7.5 million.

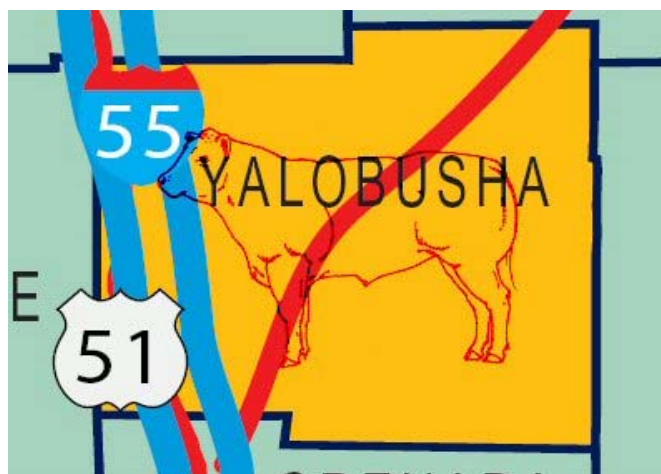
Economic Impacts - Analysis

Estimates of economic impacts were based on production data from USDA, information from beef cattle breed associations and Mississippi State University Extension Service specialists, and operational details from Mississippi Beef Processors., LLC.

For this analysis it was assumed that the facility would process 1,000 head of cattle per day, 260 days a year. Average live cattle weight was set to 750 pounds. Average carcass yield was set to 42.5%, which results in an average carcass weight of 319 pounds, of which 76% is salable meat and trim. Under these parameters it was estimated that the facility, operating at full capacity, would process more than 62 million pounds of meat annually.

Using current price data for beef slaughter operations, it was estimated that annual sales would be about \$91.3 million. This information was coupled with employment data to assess statewide economic impacts using input-output analysis.

Input-output analysis is a widely-used method to analyze the economic relationships and linkages among different sectors of the economy. Developed by Nobel Laureate Wassily Leontief, input-output analysis examines how an initial change in one sector of the economy can affect other sectors of the economy.



Impact Results

Operating at full capacity, the facility will employ 420 workers and have a payroll in excess of \$7.5 million – this is a direct impact. The facility will also stimulate growth and expansion of other sectors of the state's economy – indirect impacts arising from the interdependence of the facility with production agriculture, transportation, and service and manufacturing sectors. The total impact on industry sales was estimated at \$139.8 million, which includes \$91.3 million of processed beef sold to wholesalers.

The total employment impact was estimated at 1,168 jobs (see table). This includes 420 jobs at the beef processing facility, plus an additional 748 jobs in all other sectors of the state's economy. Likewise, the total impact on income was positive: \$7.6 million in the beef processing sector, plus \$13.6 million in all other sectors for a total of \$21.2 million.

The statewide economic impact of the beef processing facility was estimated at \$28.9 million of total value-added contributions, which includes income impacts as described above, as well as other positive benefits in the form of rents, interest, and profit.

	Direct	Indirect	Total
Industry Sales	\$91.3 million	\$48.5 million	\$139.8 million
Employment	420 jobs	748 jobs	1,168 jobs
Income	\$7.6 million	\$13.6 million	\$21.2 million
Economic Impact (total value added)	\$9.1 million	\$19.8 million	\$28.9 million