

# Drought costs California farms \$600 million, but impact eases

Dale Kasler, The Sacramento Bee, 8-15-16

California's drought is costing farmers an estimated \$603 million this year, although the impact is far less than a year ago, according to a study released Monday by UC Davis.

The latest annual survey by UC Davis researchers shows that the reasonably rainy winter has eased the effects of the drought, even though considerable shortages persist in crucial areas of the San Joaquin Valley.

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"The drought continues for California's agriculture in 2016, but with much less severe and widespread impacts than in the two previous drought years, 2014 and 2015," the researchers wrote.

Researchers said farmers have fallowed 78,780 acres this year because of water shortages. That compares with an estimated 500,000 acres last year. The idled acreage has cost farmers \$247 million in crop revenue. It also deprived the rural economy of an estimated 1,815 farm jobs that otherwise would have been created, the study said.

Farmers also have had to spend an additional \$303 million pumping groundwater to make up for the diminished supplies of water from the Central Valley Project and State Water Project, the study said. With indirect costs thrown in, the researchers estimated the total economic impact at \$603 million.

That's still a sharp contrast from last year, when UC Davis said the drought took a \$2.7 billion bite out of the farm economy.

Farming has come under scrutiny during the drought because of its intensive water use. Agriculture consumes 80 percent of the state's "developed" water – that is, water not dedicated to the environment. When the environment is factored in, farming's share is estimated at about 40 percent.

Despite the hardships of the drought, farm revenue in California actually has increased. That's due in part to high commodity prices and farmers' decisions to draw heavily on groundwater to limit fallowing. Farmers generated \$54 billion in revenue in 2014, the last year for which statistics were available. That was a 5 percent increase over 2013.

Farm employment jumped by 7 percent last year, an addition of 30,000 jobs, despite relatively heavy fallowing. A major reason for the increased employment: Farmers have been switching to more labor-intensive crops, such as almonds and pistachios.

Farm groups, however, have said the drought has taken its toll because growers have had to spend more money for their water, cutting into profits.