

**1. What is defined as “meat” in the study?**

Meat as defined in the study is a combination (weighted average) of all edible meats including beef, pork, lamb, poultry and offal.

**2. What jobs are included as “direct” and what are included as “supplier” and “producer?”**

This is a model of the meat processing industry, so direct jobs include people working in meat packing, processing, meat wholesaling and meat retailing. Suppliers to the processing industry include livestock producers (farmers and ranchers) as well as firms that provide equipment, utilities, transportation, packing supplies, business services, etc. to the processors, wholesalers and retailers. A “producer” as defined in this study is a livestock producer – a farmer or a rancher.

**3. What does “induced” economic impact mean?**

Induced economic impacts are those effects that are due to the re-spending of income by people working as direct employees of the meat processing industry or by those working for supplier firms. This would include their spending on things like housing, utilities, entertainment, cars, *etc.* It is what is commonly called the “multiplier effect.”

**4. The impact in some states seems counter-intuitive. For example, how can Connecticut, a small agricultural state, lose more producer jobs than say, Wyoming, which is typically considered a “big” agricultural state?**

Production jobs do not necessarily correlate with livestock production. In this case producer jobs are those jobs directly involved in the farming of meat animals. These could be owner-operators of farms or hired laborers. Jobs are counted in full-time-equivalent units so someone working half time on a ranch for example would be counted as half a job. In Wyoming where animals are produced on an open range, the amount of labor per dollar of output is very low, while in New England, where animals are generally produced on smaller farms, it will take more people (or units of labor) to produce the same output.

**5. When looking at job losses and economic impact by state, what are the key variables that come into play that affect that bottom line?**

There are a number of factors, but the most important are 1) the mix of industries in a state. For example, if a meat processor uses particular machines that are only produced in Ohio, then there would be a large impact in Ohio relative to the amount of meat actually produced there; 2) the mix of land, labor and capital availability in a state. (States with a lot of land and few people will have higher output per employee of livestock production.); and 3) the relative price levels in a given state. Higher cost states may generate more economic output without necessarily generating more “goods.”

**6. Does this model account for all aspects of the proposed GIPSA rule? If not, why?**

No, the model only accounts for the effects that the proposed GIPSA rule will have on the input price of livestock into meat processing companies and how that translates into higher consumer prices. If the rule changes the way in which companies do business – if it changes the amount of capital that they need to hold, the mechanization of processes, or the mix of animal types that they use – those effects are not included since the model is based on the current production system and technologies. It cannot control for these changes.

**7. Is the price elasticity of demand for meat a figure that is widely used in these kinds of models?**

Yes, the price elasticity is used to help determine how consumers will react to higher meat prices. Our elasticity estimate is roughly -0.44375 suggesting that a 10 percent increase in the retail price of meat will reduce demand by 4.44 percent.

**8. How will the proposed GIPSA rule affect different types of meat consumers purchase?**

If the proposed rule increases prices to the extent that we believe, then consumers will react by purchasing less meat. They could react by purchasing either a smaller volume of meat, or by changing the mix of products that they buy – substituting cheaper poultry for more expensive lamb for example. The model looks at meat as if it is a single product so it can't determine these substitution effects.

**9. How can you predict the impact on consumers and their response?**

We know what when prices rise in a production system where there is competition the increased costs will be passed on to the consumer. We also know that for what economists call “normal goods,” higher prices lead to reduced demand. Because meat is a normal good, any increased costs from the proposed rule will lead to reduced demand. This model only examines the costs associated with the way in which processors must purchase meat from producers – particularly a reduction in the use of marketing agreements. This will add significantly to the cost of the livestock purchased by the processors – a cost that will be passed on and lead to roughly a two percent decline in meat sales.

**10. How can we be sure these numbers are accurate?**

No economic analysis comes with a guarantee of a future impact, and all models are based on assumptions and estimates. However, this analysis was built on widely accepted principles of economic modeling and in consultation with industry experts. All of the assumptions have been made available and are documented. If they are generally correct, then the results will be generally correct.