Socioeconomic Impacts of Projected Water Shortages for the Brazos (Region G) Regional Water Planning Area

Prepared in Support of the 2026 Region G Regional Water Plan

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Executive Summary

Evaluating the social and economic impacts of not meeting identified water needs is a required analysis in the regional water planning process. The Texas Water Development Board (TWDB) estimates these impacts for regional water planning groups (RWPGs) and summarizes the impacts in the state water plan. The analysis presented is for the Brazos Regional Water Planning Group (Region G).

Based on projected water demands and existing water supplies, Region G identified water needs (potential shortages) that could occur within its region under a repeat of the drought of record for six water use categories (irrigation, livestock, manufacturing, mining, municipal and steam-electric power). The TWDB then estimated the annual socioeconomic impacts of those needs—if they are not met—for each water use category and as an aggregate for the region.

This analysis was performed using an economic impact modeling software package, IMPLAN (Impact for Planning Analysis), as well as other economic analysis techniques, and represents a snapshot of socioeconomic impacts that may occur during a single year repeat of the drought of record with the further caveat that no mitigation strategies are implemented. Decade-specific impact estimates assume that growth occurs, and future shocks are imposed on an economy at 10-year intervals. The estimates presented are not cumulative (i.e., summing up expected impacts from today up to the decade noted), but are simply snapshots of the estimated annual socioeconomic impacts should a drought of record occur in each particular decade based on anticipated water supplies and demands for that same decade.

For regional economic impacts, income losses and jobs potentially at risk are estimated within each planning decade (2030 through 2080). The income losses represent an approximation of gross domestic product (GDP) that would be foregone if water needs are not met.

The analysis also provides estimates of financial transfer impacts, which include tax losses (state, local, and utility tax collections); water trucking costs; and utility revenue losses. In addition, social impacts are estimated, encompassing lost consumer surplus (a welfare economics measure of consumer wellbeing); as well as population and school enrollment losses.

IMPLAN data reported that Region G generated more than $101 billion in gross domestic product (GDP) (2023 dollars) and supported more than 1,055,000 jobs in 2021. The Region G estimated total population was approximately 2.4 million in 2021.

It is estimated that not meeting the identified water needs in Region G would result in an annually combined lost income impact of approximately $9.2 billion in 2030, increasing to $13 billion in 2080 (Table ES-1). In 2030, the region could lose approximately 41,000 jobs, and by 2080 at risk job losses would increase to approximately 86,400 if anticipated needs are not mitigated.

All impact estimates are in year 2023 dollars and were calculated using a variety of data sources and tools including the use of a region-specific IMPLAN model, data from TWDB annual water use

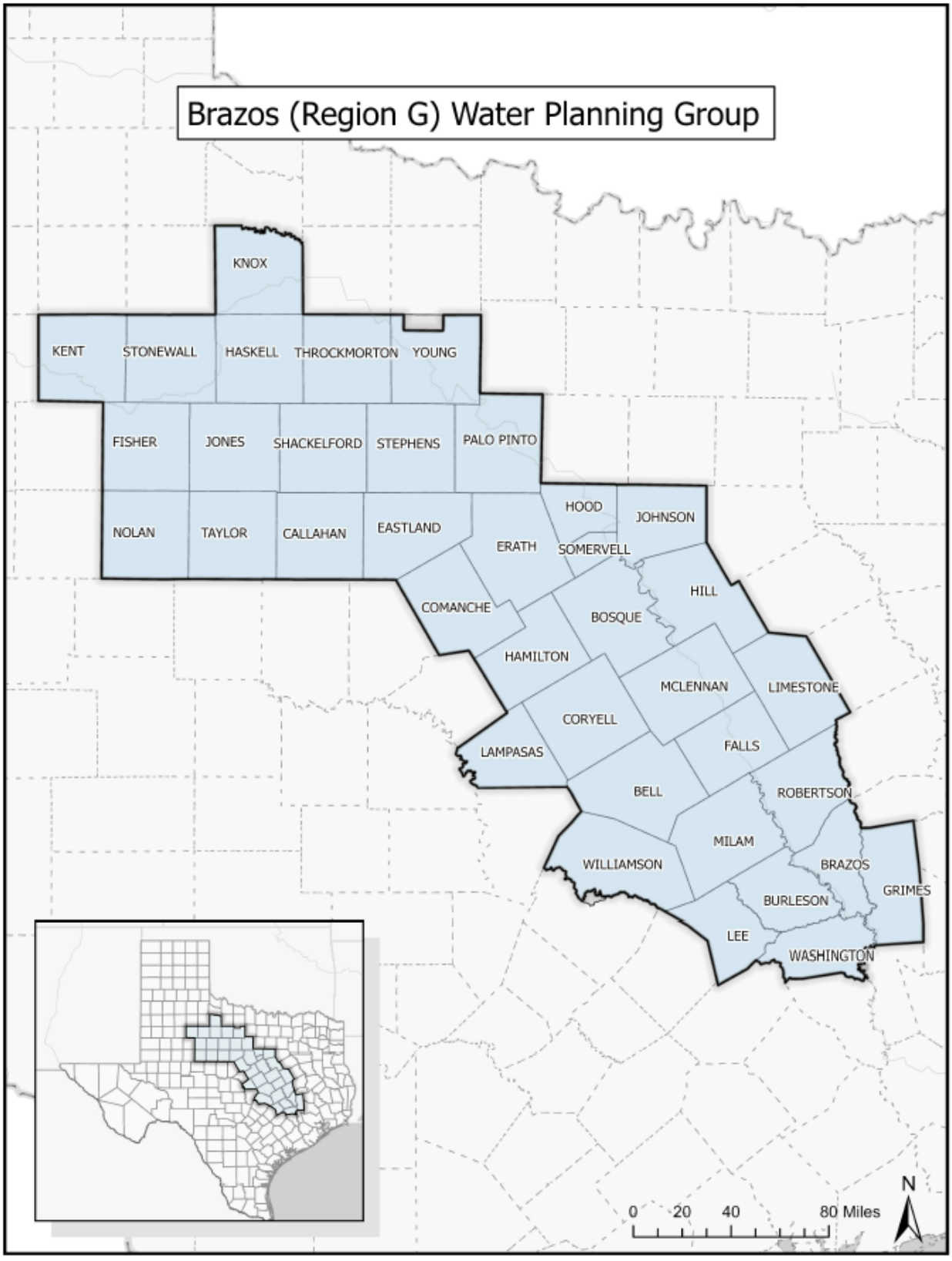
estimates, the U.S. Census Bureau, Texas Agricultural Statistics Service, and the Texas Municipal League.

Table ES-1 Region G socioeconomic impact summary

Regional Economic Impacts	2030	2040	2050	2060	2070	2080
Income losses ($ millions)*	$9,244	$9,714	$11,019	$11,697	$12,133	$13,097
At risk job losses	41,068	46,695	59,306	67,542	75,426	86,417
Financial Transfer Impacts	**2030**	**2040**	**2050**	**2060**	**2070**	**2080**
Tax losses on production and imports ($ millions)*	$684	$707	$764	$793	$803	$844
Water trucking costs ($ millions)*	$23	$23	$22	$52	$125	$479
Utility revenue losses ($ millions)*	$407	$711	$1,033	$1,350	$1,719	$2,098
Utility tax revenue losses ($ millions)*	$7	$13	$19	$25	$32	$40
Social Impacts	**2030**	**2040**	**2050**	**2060**	**2070**	**2080**
Consumer surplus losses ($ millions)*	$212	$645	$1,347	$2,211	$3,397	$4,171
At risk population out-migration	5,881	6,687	8,493	9,672	10,801	12,375
At risk school enrollment losses	1,073	1,220	1,550	1,765	1,971	2,258

* Year 2023 dollars, rounded**.** Entries denoted by a dash (-) indicate no estimated economic impact. Entries denoted by a zero ($0) indicate estimated income losses less than $500,000.

Figure ES-1 Region G Planning Area Map



1 Introduction

Water shortages during a repeat of the drought of record would likely curtail or eliminate certain economic activity in businesses and industries that rely heavily on water. Insufficient water supplies could not only have an immediate and real impact on the regional economy in the short term, but they could also adversely and chronically affect economic development in Texas. From a social perspective, water supply reliability is critical as well. Shortages could disrupt activity in homes, schools and government, and could adversely affect public health and safety. For these reasons, it is important to evaluate and understand how water supply shortages during drought could impact communities throughout the state.

As part of the regional water planning process, RWPGs must evaluate the social and economic impacts of not meeting water needs (31 Texas Administrative Code §357.33 (c)). Due to the complexity of the analysis and limited resources of the planning groups, the TWDB has historically performed this analysis for the RWPGs upon their request. Staff of the TWDB's Projections & Socioeconomic Analysis department designed and conducted this analysis in support of Region G, and those efforts for this Region as well as the other 15 regions allow consistency and a degree of comparability in the approach.

This document summarizes the results of the analysis and discusses the methodology used to generate the results. Section 1 provides a snapshot of the region's economy and summarizes the identified water needs in each water use category, which were calculated based on the RWPG's water supply and demand established during the regional water planning process. Section 2 defines each of ten impact assessment measures used in this analysis. Section 3 describes the methodology for the impact assessment and the approaches and assumptions specific to each water use category (i.e., irrigation, livestock, manufacturing, mining, municipal, and steam-electric power). Section 4 presents the impact estimates for each water use category with results summarized for the Region as a whole. Appendix A presents a further breakdown of the socioeconomic impacts by county.

1.1 Regional Economic Summary

The Region G Regional Water Planning Area generated more than $101 billion in gross domestic product (2023 dollars) and supported more than 1,055,000 jobs in the year 2021, according to the IMPLAN dataset utilized in this socioeconomic analysis. This activity accounted for approximately 5.3 percent of the state's total gross domestic product of 1.9 trillion dollars for the year 2021 based on IMPLAN. Table 1-1 lists all economic sectors ranked by the total value-added to the economy in Region G. The manufacturing and wholesale trade sectors generated 23 percent of the region's total value-added and were also significant sources of tax revenue. The top employers in the region were in the retail trade, accommodation and food services, and health care and social assistance sectors. Region G's estimated total population was roughly 2,400,000, which comprises approximately 8 percent of the state's total population in 2021.

To gain deeper insights into Region G's economy, it is helpful to examine Region G's industry types. Region G consists of 222 4-digit NAICS (North American Industry Classification System) industries in the year 2021 with an employment share of 6.8 percent of total jobs in Texas and 6.3 percent of

the state's total tax revenue. Trade played a pivotal role in the Region's economy, indicating connections with external markets. Major export commodities included natural gas & crude petroleum, wholesale services - professional & commercial equipment & supplies, and electronic computers. Major import commodities included management of companies & enterprises, insurance, and monetary authorities & depository credit intermediation.

This represents a snapshot of the regional economy as a whole, and it is important to note that not all economic sectors were included in the TWDB socioeconomic impact analysis. Data considerations prompted use of only the more water-intensive sectors within the economy because damage estimates could only be calculated for those economic sectors which had both reliable income and water use estimates.

Table 1-1 Region G regional economy by economic sector*

Economic sector	Value-added ($ millions)	Tax ($ millions)	Jobs
Manufacturing	$13,160.30	$109.31	75,884
Wholesale Trade	$9,952.18	$1,325.90	39,233
Health Care and Social Assistance	$9,132.69	($237.98)	109,762
Professional, Scientific, and Technical Services	$8,764.18	$104.22	83,942
Retail Trade	$8,625.85	$1,812.65	115,568
Real Estate and Rental and Leasing	$7,985.91	$897.36	52,770
Construction	$6,417.96	($184.75)	72,916
Mining, Quarrying, and Oil and Gas Extraction	$6,114.50	$1,867.68	21,946
Finance and Insurance	$5,409.27	$319.47	59,393
Other Services (except Public Administration)	$5,083.27	$367.31	77,560
Accommodation and Food Services	$4,993.65	$38.97	110,584
Administrative and Support and Waste Management and Remediation Services	$3,473.64	$91.14	63,991
Transportation and Warehousing	$3,207.04	$33.93	50,032
Utilities	$2,984.70	$649.55	5,995
Information	$2,579.18	$786.56	11,239
Agriculture, Forestry, Fishing and Hunting	$1,581.80	($117.18)	56,944
Educational Services	$1,134.73	$12.34	23,122
Management of Companies and Enterprises	$666.36	$22.45	7,101
Arts, Entertainment, and Recreation	$567.01	$42.53	17,478
Grand Total	**$101,834.22**	**$7,941.49**	**1,055,460**

*Source: 2021 IMPLAN for 546 sectors aggregated by 2-digit NAICS

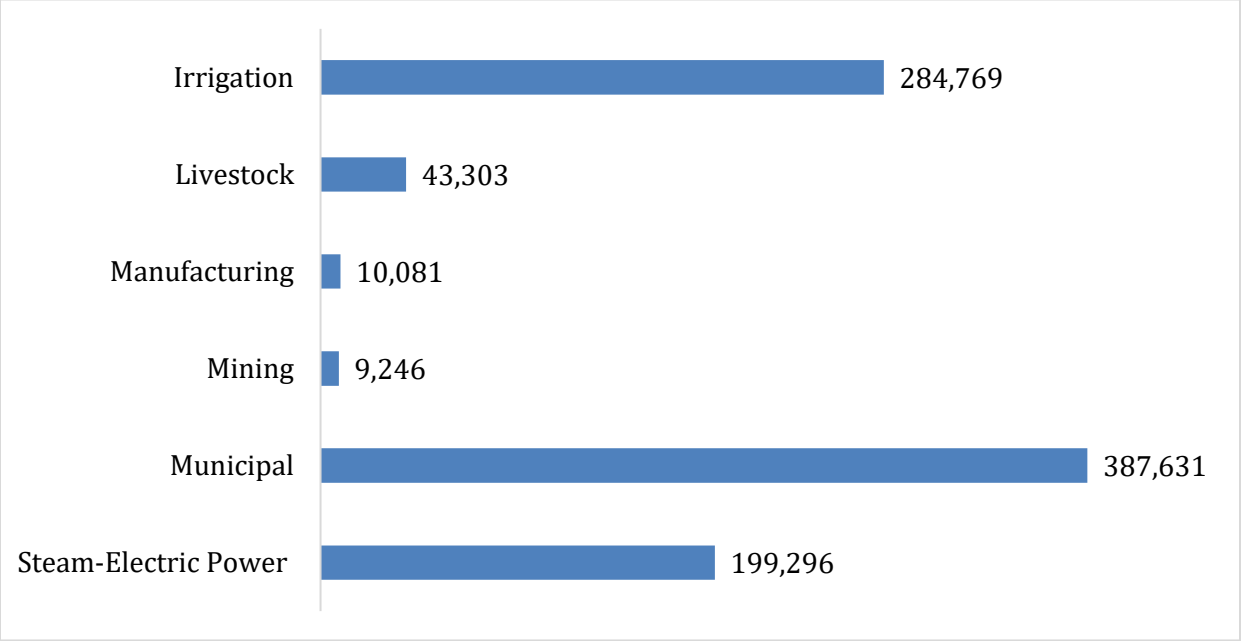
Note that for some sectors, taxes may be negative. This is due to federal subsidies in the sector and the subsequent net value in taxes collected and subsidies paid results in a negative tax payment (i.e., the subsidies paid were larger than the taxes collected for the year). Due to the Covid-19

pandemic, many sectors received more subsidies in the year 2021 than previous years, and the resulting net value for taxes is negative.

1.2 Regional Water Use Summary

While the manufacturing and wholesale trade sectors led the region in economic output, the majority (41 percent) of water use occurred in the municipal water use category in 2021. Moreover, approximately 37 percent of the state's steam-electric power water use occurred within Region G. Figure 1-1 illustrates Region G's breakdown of the 2021 water use estimates by TWDB water use category.

Figure 1-1 Region G 2021 water use estimates by water use category (in acre-feet)



Source: TWDB Annual Water Use Estimates (all values in acre-feet)

1.3 Identified Regional Water Needs (Potential Shortages)

As part of the regional water planning process, the TWDB adopted water demand projections for water user groups (WUG) in Region G with input from the planning group. WUG-level demand projections were established for utilities that provide more than 100 acre-feet of annual water supply, combined rural areas (designated as county-other), and county-wide water demand projections for five non-municipal categories (irrigation, livestock, manufacturing, mining and steam-electric power) per (31 TAC § 357.10(43)). The RWPG then compared demands to the existing water supplies of each WUG to determine potential shortages, or needs, by decade.

Table 1-2 summarizes the region's identified water needs in the event of a repeat of the drought of record (needs identified in the Initially Prepared Plans). Demand management, such as conservation, or the development of new infrastructure to increase supplies, are water management strategies that may be recommended by the planning group to address those needs.

This analysis assumes that no strategies are implemented, and that the identified needs correspond to future water shortages. Note that projected water needs generally increase over time, primarily due to anticipated population growth, economic growth, or declining supplies. To provide a general sense of proportion, total projected needs as an overall percentage of total demand by water use category are also presented in aggregate in Table 1-2. Projected needs for individual water user groups within the aggregate can vary greatly and may reach 100% for a given WUG and water use category. A detailed summary of water needs appears in Chapter 4 of the 2026 Region G Regional Water Plan.

Table 1-2 Regional water needs summary by water use category*

Water Use Category		2030	2040	2050	2060	2070	2080
Irrigation	water needs (acre-feet per year)	56,002	56,338	56,083	53,251	55,827	56,464
	% of the category's total water demand	17%	18%	18%	17%	17%	18%
Livestock	water needs (acre-feet per year)	900	908	915	922	929	936
	% of the category's total water demand	2%	2%	2%	2%	2%	2%
Manufacturing	water needs (acre-feet per year)	2,165	2,143	2,799	2,832	2,747	3,149
	% of the category's total water demand	13%	12%	15%	15%	14%	16%
Mining	water needs (acre-feet per year)	13,675	14,256	14,757	15,138	14,444	14,736
	% of the category's total water demand	50%	51%	57%	57%	56%	56%
Municipal**	water needs (acre-feet per year)	89,043	161,384	241,342	319,221	407,997	498,090
	% of the category's total water demand	16%	25%	32%	38%	45%	50%
Steam-Electric Power	water needs (acre-feet per year)	26,863	27,600	28,355	29,057	29,747	30,455
	% of the category's total water demand	17%	17%	18%	18%	19%	19%

Total water needs (acre-feet per year)	**188,648**	**262,629**	**344,251**	**420,421**	**511,691**	**603,830**

*Entiries denoted by a dash (-) indicate no identified water need for a given water use category.

**** Municipal category consists of residential and non-residential (commercial and institutional) subcategories.

2 Impact Assessment Measures

A required component of the regional and state water plans is to estimate the potential economic and social impacts of potential water shortages during a repeat of the drought of record. Consistent with previous water plans, ten impact measures were estimated and are described in Table 2-1.

Table 2-1 Socioeconomic impact analysis measures

Regional economic impacts	**Description**
Income losses - value-added	The value of output less the value of intermediate consumption; it is a measure of the contribution to gross domestic product (GDP) made by an individual producer, industry, sector, or group of sectors within a year. Value-added measures used in this report have been adjusted to include the direct, indirect, and induced monetary impacts on the region.
Income losses - electrical power purchase costs	Proxy for income loss in the form of additional costs of power as a result of impacts of water shortages.
At risk job losses	Number of part-time and full-time jobs at risk of being lost due to the shortage. These values have been adjusted to include the direct, indirect, and induced employment impacts on the region.
Financial transfer impacts	**Description**
Tax losses on production and imports	Sales and excise taxes not collected due to the shortage, in addition to customs duties, property taxes, motor vehicle licenses, severance taxes, other taxes, and special assessments less subsidies. These values have been adjusted to include the direct, indirect and induced tax impacts on the region.
Water trucking costs	Estimated cost of shipping potable water.
Utility revenue losses	Foregone utility income due to not selling as much water.
Utility tax revenue losses	Foregone miscellaneous gross receipts tax collections.
Social impacts	**Description**

Consumer surplus losses	A welfare measure of the lost value to consumers accompanying restricted water use.
At risk population out-migration	Potential population losses accompanying potential job losses.
At risk school enrollment losses	Potential school enrollment losses (K-12) accompanying potential job losses.

2.1 Regional Economic Impacts

The two key measures used to assess regional economic impacts are income losses and at risk job losses. The income losses presented consist of the sum of value-added losses and the additional purchase costs of electrical power.

Income Losses - Value-added Losses

Value-added is the value of total output less the value of the intermediate inputs also used in the production of the final product. Value-added is similar to GDP, a familiar measure of the productivity of an economy. The loss of value-added due to water shortages is estimated by input-output analysis using the IMPLAN software package, and includes the direct, indirect, and induced monetary impacts on the region. The indirect and induced effects are measures of reduced income as well as reduced employee spending for those input sectors which provide resources to the water shortage impacted production sectors.

Income Losses - Electric Power Purchase Costs

The electrical power grid and market within the state is a complex interconnected system. The industry response to water shortages, and the resulting impact on the region, are not easily modeled using traditional input/output impact analysis and the IMPLAN model. Adverse impacts on the region will occur and are represented in this analysis by estimated additional costs associated with power purchases from other generating plants within the region or state. Consequently, the analysis employs additional power purchase costs as a proxy for the value-added impacts for the steam-electric power water use category, and these are included as a portion of the overall income impact for completeness.

For the purpose of this analysis, it is assumed that power companies with insufficient water will be forced to purchase power on the electrical market at a projected higher rate of 5.60 cents per kilowatt hour. This rate is based upon the average day-ahead market purchase price of electricity in Texas that occurred during the recent drought period in 2011. This price is assumed to be comparable to those prices which would prevail in the event of another drought of record.

At Risk Job Losses

The number of jobs at risk of being lost due to the economic impact is estimated using IMPLAN output associated with each TWDB water use category. Because of the difficulty in predicting outcomes and a lack of relevant data, at risk job loss estimates are not calculated for the steam-electric power category. Furthermore, the estimates of such job losses for the remaining water use sectors do not consider conversion to hybrid or remote employment, as IMPLAN employment estimates are based on the establishment locations.

2.2 Financial Transfer Impacts

Several impact measures evaluated in this analysis are presented to provide additional detail concerning potential impacts on a portion of the economy or government. These financial transfer impact measures include lost tax collections (on production and imports), trucking costs for imported water, declines in utility revenues, and declines in utility tax revenue collected by the state. These measures are not solely adverse, with some having both positive and negative impacts. For example, cities and residents would suffer if forced to pay large costs for trucking in potable water. Trucking firms, conversely, would benefit from the transaction. Additional detail for each of these measures follows.

Tax Losses on Production and Imports

Reduced production of goods and services accompanying water shortages adversely impacts the collection of taxes by state and local government. The regional IMPLAN model is used to estimate reduced tax collections associated with the reduced output in the economy. Impact estimates for this measure include the direct, indirect, and induced impacts for the affected sectors.

Water Trucking Costs

In instances where water shortages for a municipal water user group are estimated by RWPGs to exceed 80 percent of water demands, it is assumed that water would need to be trucked in to support basic consumption and sanitation needs. For water shortages of 80 percent or greater, a fixed, maximum of $45,500[1] per acre-foot of water applied as an economic cost. This water trucking cost was utilized for both the residential and non-residential portions of municipal water needs.

Utility Revenue Losses

Lost utility income is calculated as the price of water service multiplied by the quantity of water not sold during a drought shortage. Such estimates are obtained from utility-specific pricing data provided by the Texas Municipal League, where available, for both water and wastewater. These

[1] Based on a TWDB staff survey of year 2023 water trucking costs in the state. There are many factors and variables that would determine actual water trucking costs including distance, cost of water, and length of drought.

water rates are applied to the potential water shortage to estimate forgone utility revenue as water providers sold less water during the drought due to restricted supplies.

Utility Tax Losses

Foregone utility tax losses include estimates of forgone miscellaneous gross receipts taxes[2]. Reduced water sales reduce the amount of utility tax that would be collected by the State of Texas for water and wastewater service sales.

2.3 Social Impacts

Consumer Surplus Losses for Municipal Water Users

Consumer surplus loss is a measure of impact to the wellbeing of municipal water users when their water use is restricted. Consumer surplus is the difference between how much a consumer is willing and able to pay for a commodity (i.e., water) and how much they actually have to pay. The difference is a benefit to the consumer's wellbeing since they do not have to pay as much for the commodity as they would be willing to pay. Consumer surplus may also be viewed as an estimate of how much consumers would be willing to pay to keep the original quantity of water which they used prior to the drought. Lost consumer surplus estimates within this analysis only apply to the residential portion of municipal demand, with estimates being made for reduced outdoor and indoor residential use. Lost consumer surplus estimates varied widely by location and degree of water shortage.

At Risk Population and School Enrollment Losses

Population at risk of out-migration due to water shortages, as well as the associated decline in school enrollment, are based upon the at risk job loss estimates discussed in Section 2.1. A simplified ratio of at risk jobs and population out-migration are calculated for the state as a whole based on a recent study of how job layoffs impact the labor market population.[3] For every 100 jobs lost, 14 people were assumed to move out of the area. This ratio does not consider conversion to hybrid or remote employment and subsequent impacts to the labor market population. School enrollment losses are estimated as a proportion of the population at risk of out-migration based upon public school enrollment data from the Texas Education Agency concerning the age K-12 population within the state (approximately 18%).

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[2] https://comptroller.texas.gov/taxes/misc-gross-receipts/

[3] Foote, Andrew, Grosz, Michel, Stevens, Ann. "Locate Your Nearest Exit: Mass Layoffs and Local Labor Market Response." University of California, Davis. April 2015, http://paa2015.princeton.edu/papers/150194. The study utilized Bureau of Labor Statistics data regarding layoffs between 1996 and 2013, as well as Internal Revenue Service data regarding migration, to model the change in the population as the result of a job layoff event. The study found that layoffs impact both out-migration and in-migration into a region, and that a majority of those who did move following a layoff moved to another labor market rather than an adjacent county.

3 Socioeconomic Impact Assessment Methodology

This portion of the report provides a summary of the methodology used to estimate the potential economic impacts of future water shortages. The general approach employed in the analysis was to obtain estimates for at risk income and job losses on the smallest geographic level that the available data would support, tie those values to their accompanying historic water use estimate, and thereby determine a maximum impact per acre-foot of water shortage for each of the socioeconomic measures. The calculations of economic impacts are based on the overall composition of the economy divided into many underlying economic sectors. Sectors in this analysis refer to one or more of the 546 specific production sectors of the economy designated within IMPLAN, the economic impact modeling software used for this assessment. Economic impacts within this report are estimated for approximately 330 of these economic sectors, with the focus on the more water-intensive production sectors. The economic impacts for a single water use category consist of an aggregation of impacts to multiple, related IMPLAN economic sectors.

3.1 Analysis Context

The context of this socioeconomic impact analysis involves situations where there are physical shortages of groundwater or surface water due to a recurrence of drought of record conditions. Anticipated shortages for specific water users may be nonexistent in earlier decades of the planning horizon, yet population growth or greater industrial, agricultural or other sector demands in later decades may result in greater overall demand, exceeding the existing supplies. Estimated socioeconomic impacts measure what would happen if water user groups experience water shortages for a period of one year. Actual socioeconomic impacts would likely become larger as drought of record conditions persist for periods greater than a single year.

3.2 IMPLAN Model and Data

The Input-Output (I-O) model provides a framework to analyze an event like a water shortage during a one-year repeat of the drought of record that impacts interdependent economic sectors. IMPLAN cloud is used as the primary software for estimating the value-added, jobs, and tax related impact measures. IMPLAN is a widely-accepted software model that combines data and analytics to empower a greater understanding of different economic impacts utilizing the foundations of I-O modeling techniques. This analysis employed regional level models, developed utilizing Regional Water Planning Area counties, to determine key economic impacts. IMPLAN was originally developed by the U.S. Forestry Service in the 1970's to model economic activity at varying geographic levels. The model is currently maintained by the IMPLAN Group LLC (implan.com) which collects and sells county and state specific data and software.

IMPLAN currently combines information for 546 IMPLAN industry sectors. For the purpose of this socioeconomic impact analysis, all water-intensive industries are consolidated into six water user categories (irrigation, livestock, manufacturing, mining, municipal, and steam-electric power). Estimates of value-added for a water use category is obtained by summing value-added estimates across the relevant IMPLAN sectors associated with that water use category, for which there is

estimated water use in Texas. A similar approach was followed to estimate the number of at risk jobs as well as tax losses on production and imports.

IMPLAN categorizes the impact of water shortage events on value-added, jobs, and tax estimates into three components:

- ***Direct effects*** representing the initial change in the industry analyzed;
- ***Indirect effects*** that are changes in inter-industry transactions as supplying industries respond to reduced demands from the directly affected industries; and,
- ***Induced effects*** that reflect changes in local spending that result from reduced household income among employees in the directly and indirectly affected industry sectors.

3.3 Elasticity of Economic Impacts

The economic impact of a water need is based on the size of the water need relative to the total water demand for each water user group. Smaller water shortages, for example, less than 5 percent, are generally anticipated to result in no initial negative economic impact because water users are assumed to have a certain amount of flexibility in dealing with small shortages. As a water shortage intensifies, however, such flexibility lessens and results in actual and increasing economic losses, eventually reaching a representative maximum impact estimate per unit volume of water. To account for these characteristics, an elasticity adjustment function is used to estimate impacts for the income, tax and job loss measures. Figure 3-1 illustrates this general relationship for the adjustment functions. Negative impacts are assumed to begin accruing when the shortage reaches the lower bound 'b1' (5 percent in Figure 3-1), with impacts then increasing linearly up to the 100 percent impact level (per unit volume) once the upper bound reaches the 'b2' level shortage (40 percent in Figure 3-1).

To illustrate this, if the total annual value-added for manufacturing in the region was $2 million and the reported annual volume of water used in that industry is 10,000 acre-feet, the estimated economic measure of the water shortage would be $200 per acre-foot. The economic impact of the shortage would then be estimated using this value-added amount as the maximum impact estimate ($200 per acre-foot) applied to the anticipated shortage volume and then adjusted by the elasticity function. Using the sample elasticity function shown in Figure 3-1, an approximately 22 percent shortage in the manufacturing category would indicate an economic impact estimate of 50% of the original $200 per acre-foot impact value (i.e., $100 per acre-foot).

Such adjustments are not required in estimating lost consumer surplus, utility revenue losses, or utility tax losses. Estimates of lost consumer surplus rely on utility-specific demand curves with the lost consumer surplus estimate calculated based on the relative percentage of the utility's water shortage. Estimated changes in population and school enrollment are indirectly related to the elasticity of job losses.

Assumed values for the lower and upper bounds 'b1' and 'b2' vary by water use category and are presented in Table 3-1.

Figure 3-1 Example economic impact elasticity function (as applied to a single water user's shortage)

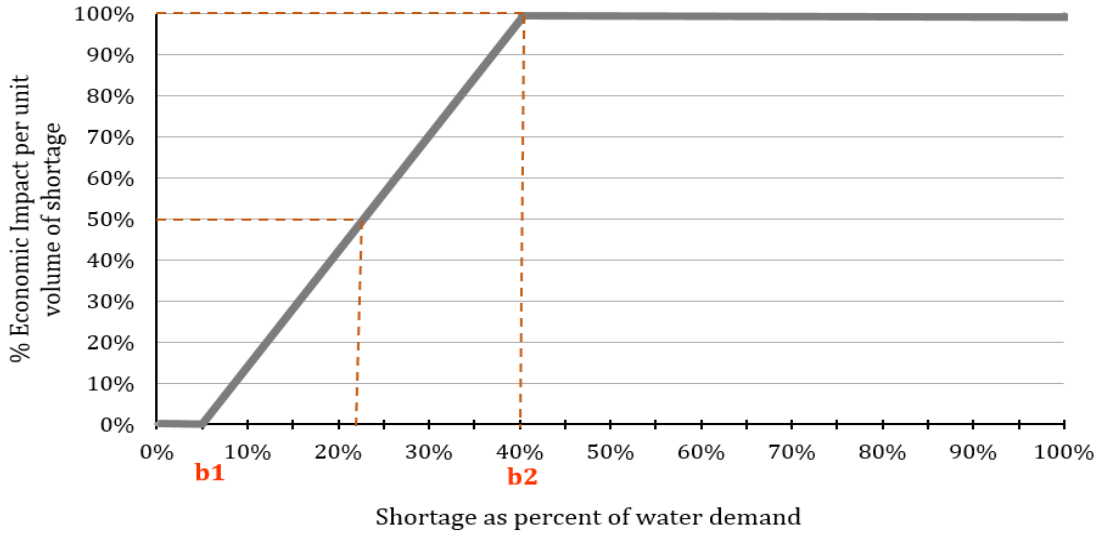

Table 3-1 Economic impact elasticity function lower and upper bounds

Water use category	Lower bound (b1)	Upper bound (b2)
Irrigation	**5%**	**40%**
Livestock	**5%**	**10%**
Manufacturing	**5%**	**40%**
Mining	**5%**	**40%**
Municipal (non-residential water intensive subcategory)	**5%**	**40%**
Steam-electric power	**N/A**	**N/A**

3.4 Analysis Assumptions and Limitations

The modeling of complex systems requires making many assumptions and acknowledging the model's uncertainty and limitations. This is particularly true when attempting to estimate a wide range of socioeconomic impacts over a large geographic area and into future decades. Some of the key assumptions and limitations of this methodology include:

1. The foundation for estimating the socioeconomic impacts of water shortages resulting from a drought are the water needs (potential shortages) that were identified by RWPGs as part of the

regional water planning process. These needs have some uncertainty associated with them but serve as a reasonable basis for evaluating the potential impacts of a drought of record event.

2. All estimated socioeconomic impacts are snapshots for years in which water needs were identified (i.e., 2030, 2040, 2050, 2060, 2070, and 2080). The estimates are independent and distinct "what if" scenarios for each particular year, and water shortages are assumed to be temporary events resulting from a single year recurrence of drought of record conditions. The evaluation assumed that no recommended water management strategies are implemented. Note that the estimates presented are not cumulative (i.e., summing up expected impacts from today up to the decade noted), but are simply snapshots of the estimated annual socioeconomic impacts should a drought of record occur in each particular decade based on anticipated water supplies and demands for that same decade.

3. Because the overarching context of this analysis is a one-year repeat drought of record, it is assumed that water-related utilities and companies would not implement mitigation measures or shock absorbers within such a short timeframe. Therefore, estimated impacts to the economy in this report may appear higher than if mitigation strategies were implemented in the short-term. If faced with drought over a longer timeframe, individual utilities and companies might alter their behavior to induce more efficient use of the limited water supplies available to them.

4. Input-output models such as IMPLAN rely on a static profile of the structure of the economy as it appears today. IMPLAN Input-output analysis is a backward-looking model, as it only reflects effects of input industries. This presumes that the relative contributions of all sectors of the economy would remain the same, regardless of changes in technology, availability of limited resources, and other structural changes to the economy that may occur in the future. Changes in water use efficiency will undoubtedly take place in the future as supplies become more stressed. Use of the static IMPLAN structure was a significant assumption and simplification considering the 50-year time period examined in this analysis. To presume an alternative future economic makeup, however, would entail positing many other major assumptions that would very likely generate as much or more error.

5. This is not a form of cost-benefit analysis. That approach to evaluating the economic feasibility of a specific policy or project employs discounting future benefits and costs to their present value dollars using some assumed discount rate. The methodology employed in this effort to estimate the economic impacts of future water shortages did not use any discounting methods to weigh future costs differently through time.

6. All monetary values originally based upon year 2021 IMPLAN and other sources are reported in constant year 2023 dollars to be consistent with the water management strategy requirements in the State Water Plan.

7. IMPLAN based loss estimates (income-value-added, jobs, and taxes on production and imports) are calculated only for those IMPLAN sectors for which the TWDB's Water Use Survey (WUS) data was available and deemed reliable. Every effort is made in the annual WUS effort to capture all relevant firms who are significant water users. Lack of response to the WUS, or omission of relevant firms, impacts the loss estimates.

8. Impacts are annual estimates. The socioeconomic analysis does not reflect the full extent of impacts that might occur as a result of persistent water shortages occurring over an extended duration. The drought of record in most regions of Texas lasted several years.

9. Loss in value-added estimates are the primary estimate of the economic impacts within this report. One may be tempted to add consumer surplus impacts to obtain an estimate of total adverse economic impacts to the region, but the consumer surplus measure represents the change to the wellbeing of households (and other water users), not an actual change in the flow of dollars through the economy. The two measures (value-added and consumer surplus) are both valid impacts but ideally should not be summed.

10. The value-added, jobs, and taxes on production and import impacts include the direct, indirect and induced effects to capture backward linkages in the economy described in Section 2.1. Population and school enrollment at risk of out-migration also indirectly include such effects as they are based on the associated losses in employment. The remaining measures (consumer surplus, utility revenue, utility taxes, additional electrical power purchase costs, and potable water trucking costs), however, do not include any induced or indirect effects.

11. The majority of impacts estimated in this analysis may be more conservative (i.e., smaller) than those that might actually occur under drought of record conditions due to not including impacts in the forward linkages in the economy. Input-output models such as IMPLAN only capture backward linkages on suppliers (including households that supply labor to directly affected industries). While this is a common limitation in this type of economic modeling effort, it is important to note that forward linkages on the industries that use the outputs of the directly affected industries can also be very important. A good example is impacts on livestock operators. Livestock producers tend to suffer substantially during droughts, not because there is not enough water for their stock, but because reductions in available pasture and higher prices for purchased hay have significant economic effects on their operations. Food processors could be in a similar situation if they cannot get the grains or other inputs that they need. These effects are not captured in IMPLAN, resulting in conservative impact estimates.

12. The model does not reflect dynamic economic responses to water shortages as they might occur, nor does the model reflect economic impacts associated with a recovery from a drought of record including:
    a. The likely significant economic rebound to some industries immediately following a drought, such as landscaping;

b. The cost and time to rebuild liquidated livestock herds (a major capital investment in that industry);
c. Direct impacts on recreational sectors (i.e., stranded docks and reduced tourism); or,
d. Impacts of negative publicity on Texas' ability to attract population and business in the event that it was not able to provide adequate water supplies for the existing economy.

13. Estimates for at risk job losses and the associated population and school enrollment changes may exceed what would actually occur. In practice, firms may be hesitant to lay off employees, even in difficult economic times. Estimates of potential population and school enrollment changes are based on regional evaluations and therefore do not necessarily reflect what might occur on a statewide basis.

14. The results must be interpreted carefully. It is the general and relative magnitudes of impacts as well as the changes of these impacts over time that should be the focus rather than the absolute numbers. Analyses of this type are much better at predicting relative percent differences brought about by a shock to a complex system (i.e., a water shortage) than the precise size of an impact. To illustrate, assuming that the estimated economic impacts of a drought of record on the manufacturing and mining water user categories are $2 and $1 million, respectively, one should be more confident that the economic impacts on manufacturing are twice as large as those on mining and that these impacts will likely be in the millions of dollars. But one should have less confidence that the actual total economic impact experienced would be $3 million.

15. The methodology does not capture "spillover" effects between regions – or the secondary impacts that occur outside of the region where the water shortage is projected to occur.

16. The methodology that the TWDB has developed for estimating the economic impacts of unmet water needs, and the assumptions and models used in the analysis, are specifically designed to estimate potential economic effects at the regional and county levels. Although it may be tempting to add the regional impacts together in an effort to produce a statewide result, the TWDB cautions against that approach for a number of reasons. The IMPLAN modeling (and corresponding economic multipliers) are all derived from regional models – a statewide model of Texas would produce somewhat different multipliers. As noted in point 14 within this section, the regional modeling used by TWDB does not capture spillover losses that could result in other regions from unmet needs in the Region analyzed, or potential spillover gains if decreased production in one region leads to increases in production elsewhere. The assumed drought of record may also not occur in every region of Texas at the same time, or to the same degree.

4 Analysis Results

This section presents estimates of potential economic impacts that could reasonably be expected in the event of water shortages associated with a drought of record and if no recommended water management strategies were implemented. Projected economic impacts for the six water use categories (irrigation, livestock, manufacturing, mining, municipal, and steam-electric power) are reported by decade.

4.1 Impacts for Irrigation Water Shortages

Seventeen of the 37 counties in the Region are projected to experience water shortages in the irrigated agriculture water use category for one or more decades within the planning horizon. Estimated impacts to this water use category appear in Table 4-1. Note that tax collection impacts were not estimated for this water use category. IMPLAN data indicates a negative tax impact (i.e., increased tax collections) for the associated production sectors, primarily due to past subsidies from the federal government. However, it was not considered realistic to report increasing tax revenues during a drought of record.

Table 4-1 Impacts of water shortages on irrigation

Impact measure	2030	2040	2050	2060	2070	2080
Income losses ($ millions)*	$14	$14	$14	$13	$13	$14
At risk job losses	644	649	647	617	644	653

* Year 2023 dollars, rounded. Entries denoted by a dash (-) indicate no estimated economic impact. Entries denoted by a zero ($0) indicate estimated income losses less than $500,000.

4.2 Impacts for Livestock Water Shortages

Three of the 37 counties in the Region are projected to experience water shortages in the livestock water use category. Estimated impacts to this water use category appear in Table 4-2.

Table 4-2 Impacts of water shortages on livestock

Impact measure	2030	2040	2050	2060	2070	2080
Income losses ($ millions)*	$33	$33	$33	$34	$34	$35
At risk job losses	707	714	722	730	740	750
Tax losses on production and imports ($ millions)*	$1	$1	$1	$1	$1	$1

* Year 2023 dollars, rounded. Entries denoted by a dash (-) indicate no estimated economic impact. Entries denoted by a zero ($0) indicate estimated income losses less than $500,000.

4.3 Impacts of Manufacturing Water Shortages

Manufacturing water shortages in the Region are projected to occur in 13 of the 37 counties for at least one decade of the planning horizon. Estimated impacts to this water use category appear in Table 4-3.

Table 4-3 Impacts of water shortages on manufacturing

Impacts measure	2030	2040	2050	2060	2070	2080
Income losses ($ millions)*	$1,914	$1,895	$2,577	$2,668	$2,749	$3,018
At risk job losses	16,367	16,290	21,192	21,926	22,592	24,676
Tax losses on production and Imports ($ millions)*	$33	$30	$56	$57	$58	$65

* Year 2023 dollars, rounded. Entries denoted by a dash (-) indicate no estimated economic impact. Entries denoted by a zero ($0) indicate estimated income losses less than $500,000.

4.4 Impacts of Mining Water Shortages

Fourteen of the 37 counties in the Region are projected to experience water shortages in the mining water use category. Estimated impacts to this water use type appear in Table 4-4.

Table 4-4 Impacts of water shortages on mining

Impacts measure	2030	2040	2050	2060	2070	2080
Income losses ($ millions)*	$6,182	$6,276	$6,358	$6,410	$6,156	$6,220
At risk job losses	16,269	16,649	16,982	17,211	16,084	16,323
Tax losses on production and Imports ($ millions)*	$627	$636	$643	$648	$630	$636

* Year 2023 dollars, rounded. Entries denoted by a dash (-) indicate no estimated economic impact. Entries denoted by a zero ($0) indicate estimated income losses less than $500,000.

4.5 Impacts for Municipal Water Shortages

Thirtyfive of the 37 counties in the Region are projected to experience water shortages in the municipal water use category for one or more decades within the planning horizon.

Impact estimates were made for two sub-categories within municipal water use: residential and non-residential. Non-residential municipal water use includes commercial and institutional users, which are further divided into non-water-intensive and water-intensive subsectors including car wash, laundry, hospitality, health care, recreation, and education. Lost consumer surplus estimates were made only for needs in the residential portion of municipal water use. Available IMPLAN and TWDB Water Use Survey data for the non-residential, water-intensive portion of municipal demand allowed these sectors to be included in income, jobs, and tax loss impact estimate.

Trucking cost estimates, calculated for shortages exceeding 80 percent, assumed a fixed, maximum cost of $45,500 per acre-foot to transport water for municipal use. The estimated impacts to this water use category appear in Table 4-5.

Table 4-5 Impacts of water shortages on municipal water users

Impacts measure	2030	2040	2050	2060	2070	2080
Income losses[1] ($ millions)*	$505	$883	$1,408	$1,928	$2,519	$3,134
At risk job losses [1]	7,081	12,393	19,762	27,058	35,367	44,015
Tax losses on production and imports[1] ($ millions)*	$23	$40	$63	$87	$113	$141
Trucking costs ($ millions)*	$23	$23	$22	$52	$125	$479
Utility revenue losses ($ millions)*	$407	$711	$1,033	$1,350	$1,719	$2,098
Utility tax revenue losses ($ millions)*	$7	$13	$19	$25	$32	$40

[1] Estimates apply to the water-intensive portion of non-residential municipal water use.
* Year 2023 dollars, rounded. Entries denoted by a dash (-) indicate no estimated economic impact. Entries denoted by a zero ($0) indicate estimated income losses less than $500,000.

4.6 Impacts of Steam-Electric Power Water Shortages

Six of the 37 counties in the Region are projected to experience water shortages in the steam-electric water category. Estimated impacts to this water use category appear in Table 4-6.

Note that estimated economic impacts to steam-electric power water users:

- Are reflected as an income loss proxy in the form of estimated additional purchasing costs for power from the electrical grid to replace power that could not be generated due to a shortage;
- Do not include estimates of impacts on jobs. Because of the unique conditions of power generators during drought conditions and lack of relevant data, it was assumed that the

industry would retain, perhaps relocating or repurposing, their existing staff in order to manage their ongoing operations through a severe drought.

- Do not presume a decline in tax collections. Associated tax collections, in fact, would likely increase under drought conditions since, historically, the demand for electricity increases during times of drought, thereby increasing taxes collected on the additional sales of power.

Table 4-6 Impacts of water shortages on steam-electric power

Impacts measure	2030	2040	2050	2060	2070	2080
Income Losses ($ millions)*	$597	$613	$630	$645	$661	$676

* Year 2023 dollars, rounded. Entries denoted by a dash (-) indicate no estimated economic impact. Entries denoted by a zero ($0) indicate estimated income losses less than $500,000.

4.7 Regional Social Impacts

Projected changes in population, based upon several factors (household size, population, and job loss estimates), as well as the accompanying change in school enrollment, were also estimated and are summarized in Table 4-7.

Table 4-7 Region-wide social impacts of water shortages

Impacts measure	2030	2040	2050	2060	2070	2080
Consumer surplus losses ($ millions)*	$212	$645	$1,347	$2,211	$3,397	$4,171
At risk population out-migration	5,881	6,687	8,493	9,672	10,801	12,375
At risk school enrollment losses	1,073	1,220	1,550	1,765	1,971	2,258

* Year 2023 dollars, rounded. Entries denoted by a dash (-) indicate no estimated economic impact. Entries denoted by a zero ($0) indicate estimated income losses less than $500,000.

Appendix A - County Level Summary of Estimated Economic Impacts

County level summary of estimated regional economic impacts of not meeting identified water needs by water use category and decade (in 2023 dollars, rounded). Values are presented only for counties with projected economic impacts for at least one decade.

(* Entries denoted by a dash (-) indicate no estimated economic impact)

		Income losses ($ millions)						At risk job losses					
County	**Water Use Category**	**2030**	**2040**	**2050**	**2060**	**2070**	**2080**	**2030**	**2040**	**2050**	**2060**	**2070**	**2080**
Bell	Irrigation	$ 0.17	$ 0.17	$ 0.17	$ 0.17	$ 0.18	$ 0.18	6	6	6	6	6	6
Bell	Manufacturing	$ 646.16	$ 695.97	$ 747.17	$ 801.13	$ 856.47	$ 914.59	5,351	5,764	6,188	6,634	7,093	7,574
Bell	Municipal	$ 9.07	$ 16.46	$ 25.46	$ 44.10	$ 73.52	$ 122.17	128	232	359	622	1,038	1,725
Bell Total		$ 655.39	$ 712.60	$ 772.80	$ 845.40	$ 930.17	$ 1,036.94	5,485	6,002	6,553	7,263	8,137	9,305
Bosque	Irrigation	$ -	$ -	$ -	$ -	$ 0.01	$ 0.06	-	-	-	-	0	4
Bosque	Municipal	$ 0.33	$ 0.36	$ 0.50	$ 0.99	$ 1.82	$ 2.58	5	5	7	14	26	36
Bosque Total		$ 0.33	$ 0.36	$ 0.50	$ 0.99	$ 1.83	$ 2.64	5	5	7	14	26	41
Brazos	Mining	$ 792.39	$ 829.38	$ 865.52	$ 882.91	$ 902.15	$ 929.42	1,636	1,712	1,787	1,823	1,863	1,919
Brazos	Municipal	$ 249.61	$ 225.26	$ 356.28	$ 487.65	$ 611.96	$ 769.47	3,523	3,180	5,029	6,883	8,638	10,862
Brazos	Steam Electric Power	$ 6.33	$ 5.97	$ 5.97	$ 5.97	$ 5.97	$ 5.97	-	-	-	-	-	-
Brazos Total		$ 1,048.33	$ 1,060.62	$ 1,227.77	$ 1,376.53	$ 1,520.09	$ 1,704.87	5,160	4,892	6,816	8,706	10,501	12,781
Burleson	Manufacturing	$ 0.33	$ 0.47	$ 0.61	$ 0.81	$ 1.03	$ 1.26	3	4	6	7	9	11
Burleson	Mining	$ 2,847.61	$ 2,847.61	$ 2,847.61	$ 2,847.61	$ 2,847.61	$ 2,847.61	5,880	5,880	5,880	5,880	5,880	5,880
Burleson Total		$ 2,847.94	$ 2,848.08	$ 2,848.22	$ 2,848.42	$ 2,848.64	$ 2,848.87	5,883	5,884	5,885	5,887	5,889	5,891
Callahan	Municipal	$ 2.28	$ 1.96	$ 1.95	$ 1.93	$ 1.90	$ 1.88	32	28	27	27	27	27
Callahan Total		$ 2.28	$ 1.96	$ 1.95	$ 1.93	$ 1.90	$ 1.88	32	28	27	27	27	27
Comanche	Irrigation	$ 2.67	$ 2.69	$ 2.71	$ 2.73	$ 2.76	$ 2.78	158	159	160	161	163	164
Comanche	Livestock	$ 31.83	$ 31.83	$ 31.83	$ 31.83	$ 31.83	$ 31.83	681	681	681	681	681	681
Comanche	Municipal	$ 0.91	$ 0.83	$ 0.73	$ 0.69	$ 0.64	$ 0.58	13	12	10	10	9	8
Comanche Total		$ 35.41	$ 35.35	$ 35.28	$ 35.25	$ 35.23	$ 35.19	851	851	851	852	853	853
Coryell	Municipal	$ 9.91	$ 15.40	$ 24.30	$ 32.93	$ 37.25	$ 37.34	140	217	343	465	526	527
Coryell Total		$ 9.91	$ 15.40	$ 24.30	$ 32.93	$ 37.25	$ 37.34	140	217	343	465	526	527

		Income losses ($ millions)						At risk job losses					
County	**Water Use Category**	**2030**	**2040**	**2050**	**2060**	**2070**	**2080**	**2030**	**2040**	**2050**	**2060**	**2070**	**2080**
Eastland	Manufacturing	$ -	$ -	$ -	$ -	$ -	$ 11.35	-	-	-	-	-	88
Eastland	Mining	$ 63.51	$ 63.51	$ 63.72	$ 63.72	$ 63.72	$ 63.72	275	275	276	276	276	276
Eastland	Municipal	$ -	$ -	$ -	$ -	$ -	$ 0.00	-	-	-	-	-	0
Eastland Total		$ 63.51	$ 63.51	$ 63.72	$ 63.72	$ 63.72	$ 75.07	275	275	276	276	276	364
Erath	Manufacturing	$ 13.66	$ 6.28	$ 1.76	$ 0.27	$ -	$ -	99	46	13	2	-	-
Erath	Municipal	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.48	$ 5.30	0	0	0	0	7	75
Erath Total		$ 13.66	$ 6.28	$ 1.76	$ 0.27	$ 0.48	$ 5.30	99	46	13	2	7	75
Falls	Municipal	$ 0.43	$ 0.25	$ 0.19	$ 0.26	$ 0.48	$ 0.78	6	4	3	4	7	11
Falls Total		$ 0.43	$ 0.25	$ 0.19	$ 0.26	$ 0.48	$ 0.78	6	4	3	4	7	11
Fisher	Municipal	$ 0.06	$ 0.04	$ 0.07	$ 0.10	$ 0.14	$ 0.17	1	1	1	1	2	2
Fisher Total		$ 0.06	$ 0.04	$ 0.07	$ 0.10	$ 0.14	$ 0.17	1	1	1	1	2	2
Grimes	Irrigation	$ 0.04	$ 0.04	$ 0.04	$ 0.04	$ 0.04	$ 0.04	2	2	2	2	2	2
Grimes	Mining	$ 71.58	$ 71.58	$ 71.58	$ 71.58	$ 72.36	$ 72.36	134	134	134	134	136	136
Grimes	Municipal	$ 0.16	$ 0.64	$ 1.32	$ 2.02	$ 2.97	$ 3.62	2	7	15	23	33	41
Grimes Total		$ 71.78	$ 72.27	$ 72.94	$ 73.65	$ 75.37	$ 76.02	138	144	151	159	171	179
Hamilton	Irrigation	$ 0.03	$ 0.03	$ 0.04	$ 0.04	$ 0.04	$ 0.04	2	2	3	3	3	3
Hamilton	Manufacturing	$ 4.90	$ 5.19	$ 5.48	$ 5.77	$ 6.06	$ 6.35	71	76	80	84	88	92
Hamilton	Municipal	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00	0	0	0	0	0	0
Hamilton Total		$ 4.94	$ 5.23	$ 5.52	$ 5.81	$ 6.09	$ 6.38	74	78	82	87	91	95
Haskell	Irrigation	$ 1.05	$ 1.02	$ 1.05	$ 1.02	$ 1.05	$ 1.05	48	46	48	46	48	48
Haskell	Mining	$ 3.11	$ 3.11	$ 3.11	$ 3.11	$ 3.11	$ 3.11	6	6	6	6	6	6
Haskell	Municipal	$ 2.09	$ 2.06	$ 2.03	$ 2.04	$ 2.04	$ 2.02	30	29	29	29	29	29
Haskell Total		$ 6.25	$ 6.19	$ 6.19	$ 6.16	$ 6.20	$ 6.18	83	81	82	81	82	82
Hill	Municipal	$ 2.68	$ 3.13	$ 3.65	$ 4.28	$ 5.26	$ 7.06	38	44	52	60	74	100
Hill Total		$ 2.68	$ 3.13	$ 3.65	$ 4.28	$ 5.26	$ 7.06	38	44	52	60	74	100
Hood	Mining	$ 229.20	$ 259.45	$ 285.83	$ 306.38	$ 322.36	$ 332.99	1,381	1,563	1,722	1,846	1,942	2,006
Hood	Municipal	$ 5.05	$ 10.98	$ 18.47	$ 23.88	$ 29.93	$ 36.92	71	155	261	337	422	521
Hood Total		$ 234.25	$ 270.43	$ 304.30	$ 330.26	$ 352.29	$ 369.91	1,452	1,718	1,983	2,183	2,365	2,527
Johnson	Irrigation	$ 0.42	$ 0.42	$ 0.42	$ 0.42	$ 0.42	$ 0.42	40	40	40	40	40	40
Johnson	Municipal	$ 14.90	$ 28.58	$ 55.13	$ 93.98	$ 139.52	$ 171.99	166	336	674	1,178	1,784	2,211

		Income losses ($ millions)						At risk job losses					
County	**Water Use Category**	**2030**	**2040**	**2050**	**2060**	**2070**	**2080**	**2030**	**2040**	**2050**	**2060**	**2070**	**2080**
Johnson	Steam Electric Power	$ 12.68	$ 12.68	$ 12.68	$ 12.68	$ 12.68	$ 12.68	-	-	-	-	-	-
Johnson Total		$ 28.00	$ 41.67	$ 68.23	$ 107.08	$ 152.62	$ 185.09	207	376	714	1,218	1,824	2,251
Jones	Municipal	$ 2.04	$ 1.89	$ 1.72	$ 1.52	$ 1.30	$ 1.04	29	27	24	21	18	15
Jones Total		$ 2.04	$ 1.89	$ 1.72	$ 1.52	$ 1.30	$ 1.04	29	27	24	21	18	15
Kent	Municipal	$ 0.05	$ 0.05	$ 0.05	$ 0.05	$ 0.06	$ 0.06	1	1	1	1	1	1
Kent Total		$ 0.05	$ 0.05	$ 0.05	$ 0.05	$ 0.06	$ 0.06	1	1	1	1	1	1
Knox	Irrigation	$ 2.09	$ 2.28	$ 2.14	$ 1.11	$ 1.94	$ 2.04	57	63	59	30	53	56
Knox	Municipal	$ 1.49	$ 1.52	$ 1.50	$ 1.55	$ 1.48	$ 1.59	21	21	21	22	21	22
Knox Total		$ 3.58	$ 3.80	$ 3.64	$ 2.66	$ 3.43	$ 3.63	78	84	80	52	74	78
Lampasas	Irrigation	$ 0.02	$ 0.02	$ 0.02	$ 0.02	$ 0.03	$ 0.03	1	1	2	2	2	2
Lampasas	Manufacturing	$ 3.34	$ 3.70	$ 4.19	$ 4.70	$ 4.91	$ 3.66	25	27	31	35	36	27
Lampasas	Municipal	$ 4.29	$ 7.44	$ 10.85	$ 13.00	$ 14.07	$ 13.70	61	105	153	183	199	193
Lampasas Total		$ 7.65	$ 11.15	$ 15.07	$ 17.73	$ 19.01	$ 17.39	87	134	186	220	237	222
Lee	Municipal	$ 0.25	$ 0.24	$ 0.19	$ 0.13	$ 0.07	$ 0.03	4	3	3	2	1	0
Lee Total		$ 0.25	$ 0.24	$ 0.19	$ 0.13	$ 0.07	$ 0.03	4	3	3	2	1	0
Limestone	Manufacturing	$ 765.74	$ 796.10	$ 826.46	$ 853.45	$ 883.81	$ 920.91	7,231	7,518	7,804	8,059	8,346	8,696
Limestone	Mining	$ 908.66	$ 921.86	$ 935.96	$ 943.76	$ 647.07	$ 668.37	3,970	4,028	4,089	4,123	2,827	2,920
Limestone	Municipal	$ 17.94	$ 17.26	$ 16.50	$ 15.91	$ 15.40	$ 14.76	253	244	233	225	217	208
Limestone	Steam Electric Power	$ 67.82	$ 70.42	$ 72.99	$ 75.57	$ 78.10	$ 81.01	-	-	-	-	-	-
Limestone Total		$ 1,760.16	$ 1,805.63	$ 1,851.91	$ 1,888.69	$ 1,624.38	$ 1,685.05	11,454	11,789	12,127	12,407	11,391	11,825
McLennan	Irrigation	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00	0	0	0	0	0	0
McLennan	Manufacturing	$ 403.95	$ 273.22	$ 170.25	$ 112.43	$ 31.95	$ 110.48	3,052	2,065	1,286	850	241	835
McLennan	Municipal	$ 30.87	$ 80.49	$ 145.35	$ 229.03	$ 308.23	$ 367.53	436	1,136	2,052	3,233	4,351	5,188
McLennan Total		$ 434.82	$ 353.72	$ 315.60	$ 341.47	$ 340.18	$ 478.01	3,488	3,201	3,338	4,083	4,592	6,023
Milam	Mining	$ 598.59	$ 601.71	$ 597.81	$ 596.25	$ 597.03	$ 597.81	1,243	1,250	1,242	1,238	1,240	1,242
Milam	Municipal	$ 0.32	$ 0.48	$ 0.71	$ 0.97	$ 1.29	$ 1.48	5	7	10	14	18	21
Milam Total		$ 598.91	$ 602.19	$ 598.52	$ 597.22	$ 598.32	$ 599.29	1,248	1,257	1,252	1,252	1,258	1,263
Nolan	Irrigation	$ 3.86	$ 3.86	$ 3.70	$ 3.61	$ 3.54	$ 3.54	87	87	83	81	80	80
Nolan	Manufacturing	$ 1.27	$ 4.48	$ 9.45	$ 15.51	$ 22.75	$ 31.44	7	25	52	85	125	172

		Income losses ($ millions)						At risk job losses					
County	**Water Use Category**	**2030**	**2040**	**2050**	**2060**	**2070**	**2080**	**2030**	**2040**	**2050**	**2060**	**2070**	**2080**
Nolan	Mining	$ 0.07	$ 0.07	$ 0.07	$ 0.07	$ 0.25	$ 0.25	0	0	0	0	1	1
Nolan	Municipal	$ 0.71	$ 0.59	$ 0.49	$ 0.46	$ 0.45	$ 0.44	10	8	7	6	6	6
Nolan Total		$ 5.90	$ 8.99	$ 13.71	$ 19.64	$ 26.98	$ 35.67	104	120	142	173	211	258
Palo Pinto	Irrigation	$ 1.65	$ 1.66	$ 1.66	$ 1.67	$ 1.67	$ 1.69	159	159	160	160	161	162
Palo Pinto	Livestock	$ 0.14	$ 0.49	$ 0.84	$ 1.23	$ 1.67	$ 2.14	3	11	18	27	36	46
Palo Pinto	Manufacturing	$ 23.10	$ 24.39	$ 25.67	$ 26.95	$ 28.24	$ 29.52	166	175	184	193	203	212
Palo Pinto	Mining	$ 19.23	$ 20.00	$ 20.77	$ 21.54	$ 21.54	$ 22.31	36	38	39	40	40	42
Palo Pinto	Municipal	$ 3.34	$ 5.43	$ 8.13	$ 10.01	$ 10.81	$ 11.87	47	77	115	141	153	168
Palo Pinto Total		$ 47.46	$ 51.96	$ 57.07	$ 61.39	$ 63.92	$ 67.53	411	459	516	562	592	630
Robertson	Irrigation	$ 1.06	$ 1.05	$ 1.10	$ 1.13	$ 1.15	$ 1.15	32	32	33	34	34	34
Robertson	Municipal	$ 0.12	$ 0.06	$ 0.08	$ 0.21	$ 0.34	$ 0.38	2	1	1	3	5	5
Robertson	Steam Electric Power	$ 176.92	$ 181.96	$ 187.00	$ 192.02	$ 197.06	$ 202.10	-	-	-	-	-	-
Robertson Total		$ 178.10	$ 183.07	$ 188.19	$ 193.35	$ 198.55	$ 203.63	33	32	34	37	39	40
Somervell	Livestock	$ 0.78	$ 0.78	$ 0.78	$ 0.78	$ 0.78	$ 0.78	23	23	23	23	23	23
Somervell	Mining	$ 67.17	$ 74.62	$ 80.43	$ 85.40	$ 89.59	$ 92.92	405	450	485	515	540	560
Somervell	Municipal	$ 2.57	$ 2.97	$ 3.15	$ 3.08	$ 2.99	$ 2.90	36	42	44	43	42	41
Somervell	Steam Electric Power	$ 319.25	$ 327.82	$ 336.39	$ 344.96	$ 353.53	$ 360.60	-	-	-	-	-	-
Somervell Total		$ 389.77	$ 406.18	$ 420.75	$ 434.22	$ 446.89	$ 457.20	464	514	552	581	605	624
Stephens	Irrigation	$ 0.14	$ 0.14	$ 0.14	$ 0.14	$ 0.14	$ 0.14	14	14	14	14	14	14
Stephens	Municipal	$ 0.00	$ 0.02	$ 0.02	$ 0.03	$ 0.02	$ 0.04	0	0	0	0	0	1
Stephens Total		$ 0.15	$ 0.16	$ 0.16	$ 0.17	$ 0.16	$ 0.18	14	14	14	14	14	14
Stonewall	Municipal	$ 0.03	$ 0.02	$ 0.01	$ -	$ -	$ -	0	0	0	-	-	-
Stonewall Total		$ 0.03	$ 0.02	$ 0.01	$ -	$ -	$ -	0	0	0	-	-	-
Taylor	Irrigation	$ 0.14	$ 0.14	$ 0.14	$ 0.14	$ 0.14	$ 0.14	12	12	12	12	12	12
Taylor	Manufacturing	$ 2.22	$ 9.85	$ 679.55	$ 704.98	$ 731.29	$ 758.47	16	70	4,812	4,992	5,178	5,370
Taylor	Mining	$ 59.05	$ 61.85	$ 64.18	$ 65.89	$ 67.13	$ 67.91	226	237	246	252	257	260
Taylor	Municipal	$ 6.24	$ 7.56	$ 8.73	$ 10.09	$ 41.96	$ 92.50	88	107	123	142	592	1,306
Taylor Total		$ 67.64	$ 79.39	$ 752.60	$ 781.10	$ 840.52	$ 919.01	341	425	5,192	5,398	6,039	6,947
Throckmorton	Mining	$ 0.39	$ 0.39	$ 0.39	$ 0.39	$ 0.39	$ 0.39	1	1	1	1	1	1

		Income losses ($ millions)						At risk job losses					
County	**Water Use Category**	**2030**	**2040**	**2050**	**2060**	**2070**	**2080**	**2030**	**2040**	**2050**	**2060**	**2070**	**2080**
Throckmorton	Municipal	$ 1.00	$ 0.99	$ 1.01	$ 1.03	$ 1.07	$ 1.09	14	14	14	15	15	15
Throckmorton Total		$ 1.39	$ 1.38	$ 1.41	$ 1.43	$ 1.47	$ 1.49	15	15	15	15	16	16
Washington	Manufacturing	$ 49.13	$ 74.64	$ 105.45	$ 141.56	$ 182.97	$ 229.64	342	519	733	985	1,273	1,597
Washington	Mining	$ 521.25	$ 521.25	$ 521.25	$ 521.25	$ 521.25	$ 521.25	1,076	1,076	1,076	1,076	1,076	1,076
Washington Total		$ 570.38	$ 595.89	$ 626.69	$ 662.81	$ 704.22	$ 750.89	1,418	1,595	1,810	2,061	2,349	2,674
Williamson	Irrigation	$ 0.19	$ 0.19	$ 0.19	$ 0.19	$ 0.19	$ 0.19	16	16	16	16	16	16
Williamson	Municipal	$ 118.80	$ 432.75	$ 702.96	$ 929.17	$ 1,193.92	$ 1,445.19	1,677	6,109	9,923	13,116	16,853	20,400
Williamson Total		$ 118.98	$ 432.93	$ 703.14	$ 929.36	$ 1,194.11	$ 1,445.38	1,693	6,124	9,939	13,132	16,869	20,416
Young	Irrigation	$ 0.12	$ 0.12	$ 0.12	$ 0.12	$ 0.12	$ 0.12	10	10	10	10	10	10
Young	Manufacturing	$ 0.57	$ 0.34	$ 0.47	$ 0.04	$ -	$ 0.01	4	3	4	0	-	0
Young	Municipal	$ 17.27	$ 17.13	$ 16.17	$ 16.70	$ 17.86	$ 17.73	244	242	228	236	252	250
Young	Steam Electric Power	$ 13.55	$ 14.06	$ 14.63	$ 14.06	$ 13.24	$ 13.95	-	-	-	-	-	-
Young Total		$ 31.50	$ 31.65	$ 31.39	$ 30.92	$ 31.22	$ 31.81	258	255	242	246	263	261
Region G Total		**$ 9,243.93**	**$ 9,713.67**	**$ 11,019.20**	**$ 11,696.90**	**$ 12,132.54**	**$ 13,096.97**	**41,068**	**46,695**	**59,306**	**67,542**	**75,426**	**86,417**

Addendum to Socioeconomic Impact Analysis for the 2026 Regional Water Plans

After the release of the socioeconomic impact analysis regional reports, the TWDB determined that a portion of the multi-faceted socio-economic impact estimates likely include upwardly biased impact results. It appears that the baseline value-added per acre-foot, used to determine the final drought degree adjusted impact estimates, may be inflated for the manufacturing water use sector. A similar conclusion applies for the estimates for jobs at risk and tax collections within that sector since all three measures rely upon a similar calculation procedure and required datasets.

Initial estimates for the value-added per acre-foot of water use are obtained using IMPLAN data coupled with TWDB Water Use Survey data. These calculations are limited to production subsectors (4-digit NAICS codes) for which TWDB Water Use Survey data was available and deemed reliable. These value-added estimates are adjusted downward, if necessary, to better correspond to the footprint of the data collected in the Water Use Survey. This is done to better match the productivity estimate from IMPLAN with the quantitative estimate of the water used to produce that output. The adjustment process involves using the proportion of the number of firms surveyed in the Water Use Survey versus the number of firms in the U.S. Census County Business Pattern data, limited to those firms with more than 50 employees. This approach assumes that the Water Use Survey captures water use from the larger water users in the state for the manufacturing sector.

Historically, this methodology has served the socio-economic impact estimation effort well, yet several factors have combined to result in likely upwardly biased estimates during this cycle that include:

- Adherence to the usual 5-year increment to access baseline IMPLAN value-added estimates prompted use of year 2021 data, a year with significant economic impacts as well as data collection issues prompted by the COVID pandemic, and
- Increased data suppression (reduced geographic data coverage) within the U.S. Census County Business Pattern Employment Data

This addendum is to make consumers of this analysis aware of the potentially skewed results for the manufacturing sector. Factors that are at play in this likely overestimated impact include: abnormal data collection results accompanying the COVID pandemic resulting in much higher than normal impact estimates for this water use sector, and reality-check values for the value-added per acre-foot of water that are almost non-existent within the research literature. The few research-based values that do exist, however, apply for periods ten or more years ago and/or foreign countries. Neither of these sources are deemed as being reliable for determining a reasonable upper bound or reliable estimate for this unique impact measure. The net effect is believed to overstate large projected income losses, jobs at risk, and tax collections within the manufacturing sector. This likely impacts a number of the sixteen planning regions but cannot be conclusively determined prior to planning groups needing to adopt their final regional water plans.