



PORK

The pork industry is an important component of the Kansas economy, providing pork products locally, nationally and internationally. As swine production has become more specialized, and environmental impacts have played an increasingly larger role in operational decisions, the pork industry in Kansas has seen adjustments in size and location of hog operations. Growth in the pork industry can result from an increasingly concentrated supply chain, and the readily available supply of feed in Kansas assists that effort. Leaders in the pork industry in Kansas are dedicated to support of swine farmers and to advancement of the industry. Swine producers strive to minimize production costs while optimizing productivity and product quality all while reducing environmental impact and avoiding social impacts on their communities. Modern swine production has become very specialized and farm sizes have grown as economies of scale are sought.

Several challenges face the pork industry, which pose potential barriers to success in Kansas in the future. A variety of policies



at the local, state and federal level can slow the growth of individual operations, and public support for hog operations is lacking in some communities. Attracting a skilled workforce is a continual concern, as well as managing the challenges of an immigrant workforce. The lack of a large-scale processing facility raises transportation costs, and acquiring sufficient water supply is difficult in some areas of the state.

Growth in the pork industry will require the collaborative effort of public and private stakeholders across the state. Investigation into expansion of the processing options would open up new opportunities for growth of existing and new operations. Additional efforts to maximize efficient water use will benefit hog operations in the short term and protect the industry's long-term future as well. Continued communication with policy makers and the public to improve understanding of the pork industry is critical. A great deal of potential exists for growth in this sector, as key leaders work together to identify strategies for future development.

STATUS

Kansas ranks 10th nationwide in hog inventory, producing about 2.7 percent of the nation’s total. There are about 1,000 hog farms in Kansas. Of these operations, 150 produce over 99 percent of the state’s pork. In 2017, Kansas producers sold 3,282,258 market hogs, feeder pigs and seedstock with a gross market value of \$467.7 million. These hogs produced more than 600 million pounds of pork which helps feed millions of people in the United States and abroad through exports (KPA Kansas Pork Industry Facts, 2018).

The pork industry is important to the Kansas economy. Kansas pork farms consume more than 30 million bushels of grain. Primarily, these operations utilize Kansas-grown grain sorghum and corn. At January 2018 prices, the pork industry spends over \$90 million on grain sorghum and corn annually. Kansas pork farms also consume the equivalent of more than eight million bushels of soybeans through soybean products. At January 2018 prices, the pork industry spends over \$72 million on soybean meal annually (KPA Kansas Pork Industry Facts, 2018).

According to estimates prepared by the Kansas Department of Agriculture and based on the IMPLAN economic data model, the pork industry in Kansas has a direct output of nearly \$427.1 million and creates 3,151 jobs in the state. Through indirect and induced impacts, the industry supports a total of 5,003 jobs and creates a total economic contribution of over \$731.6 million.

Modern swine production has become very specialized and farm sizes have grown as economies of scale are sought. Environmental regulations and litigations have put pressure on some producers to relocate.

The trend toward fewer, larger and more productive hog operations will likely continue into the foreseeable future.

OPPORTUNITIES

In order to develop a strategic growth plan for the pork industry, it is important to understand the areas where Kansas has a comparative advantage and the best opportunities for growth or expansion.

Factor	Implications for Growth and Development Opportunities
Biosecurity and Foreign Animal Disease Traceability	<p>The Kansas pork industry has been progressive in advancing biosecurity and foreign animal disease preparedness. In addition to participation in KDA-led foreign animal disease exercises, hog operations throughout the state are working with KDA to update or develop biosecurity plans through the Secure Pork Supply Plan program. Kansas can continue to be at the forefront of development of biosecurity plans throughout the pork supply chain.</p> <p>The KDA Division of Animal Health has worked with veterinarians and swine industry partners to develop protocols to address disease concerns.</p> <p>The U.S. Department of Agriculture issued a federal order requiring producers to report any new detections of PEDv and other swine enteric coronavirus diseases to state or federal animal health officials.</p>

Factor	Implications for Growth and Development Opportunities
Contract Production and Nutrient Utilization	<p>Contract production is believed to have aided the expansion of hog operations by facilitating the accumulation of capital necessary for operations to adopt new technologies and achieve economies of size.</p> <p>Some farmers have opted to contract grow hogs which not only allows them to diversify their operation, but also allows them access to manure to use on their crops. Manure management and the nutrient utilization capacity of crops grown on large Kansas farms fit well into the business model for Kansas farmers.</p>
Environment	<p>Although most hog production is indoors, and hogs can adapt to some degree to different thermal environments, there is a cost to production associated with housing hogs outside their comfort zones. The semi-arid climate and mild ambient temperatures make Kansas well-suited for hog production.</p> <p>Kansas is taking significant proactive steps to preserve and extend the usable life of the water supply in Kansas. In recent years, voluntary, flexible and producer-driven water conservation tools have been implemented to help farmers and livestock producers manage their water rights while continuing to raise crops and livestock. Kansas has developed a <i>Vision for the Future of Water Supply in Kansas</i> with goals and specific action items to help ensure a reliable water supply while continuing to grow the economy.</p> <p>The Kansas Pork Association has its own environmental firm, Kansas GOLD™. The Kansas GOLD™ program is designed to help pork farmers ensure they are prepared for an inspection by the state's regulatory agencies. Kansas GOLD™ also offers nutrient management planning as well as soil and manure sampling.</p>
Human Capital	<p>Kansas is home to world-renowned leaders in animal agriculture. Industry consultants, veterinarians and research leaders at Kansas State University are continually working to improve the swine industry and are looked at as leaders in their field.</p>
Policy Environment	<p>Kansas tax law allows sales tax exemption on the construction, reconstruction and remodeling of livestock facilities for projects greater than \$50,000; a sales tax exemption for farm machinery and equipment and various ag-based inputs; and reinstatement of the ability to offset capital gains from the sale of breeding livestock with schedule C, E and F ordinary income losses. These state tax code provisions make Kansas a more attractive state for growth or expansion.</p>
Public Outreach	<p>Kansas Pork Association staff work on marketing and outreach both online via social media platforms and at events around the state.</p>

Factor	Implications for Growth and Development Opportunities
Supply Chain	Rapid growth and concentration of the swine industry has been attributed to the development of supply chains more closely linking producers, packers and consumers. Kansas benefits from a readily available supply of grain and readily available transportation to get hogs to processing facilities located across state lines.
Supporting Institutional Infrastructure	<p>Kansas is recognized as one of the best exercised states in foreign animal disease response. The construction of the National Bio and Agro-Defense Facility and the existing Biosecurity Research Institute at K-State enhance the research capabilities for animal health and biosecurity for the state, U.S. and global swine industry.</p> <p>BRI became the first non-federal facility to be approved for work with African Swine Fever (ASF) virus. ASF is one of the diseases currently being researched at NBAF.</p>

CHALLENGES

While Kansas is poised for major expansion in the pork sector, the following factors represent challenges serving as barriers to achieving the objective of the strategic growth plan.

Challenge	Details of Challenge
Biosecurity and Foreign Animal Disease Traceability	<p>Premises ID systems are not required in Kansas. Some states are transitioning or have already transitioned to a premises ID system. A system with proper trace back and trace forward capabilities would provide timely response to minimize the economic impact in the event of an animal disease outbreak.</p> <p>Indiana is a state model to evaluate if/when premises ID consideration is evaluated in Kansas.</p>
Critical Infrastructure	<p>Swine production is often located in rural communities, many of which have an inadequate supply of affordable housing for the workforce needed to expand or grow businesses.</p> <p>Marketing hogs in parts of Kansas can be challenging. There are no large-scale processors in Kansas which means hogs must be hauled out of state. Two-lane roads can make transporting hogs challenging at times.</p>
Industry Support	At permit hearings, there is a greater voice in opposition of hog farms than in support.

Challenge	Details of Challenge
International Trade	Global demand is key for pork producers' profitability. With Kansas' partnerships in U.S. Meat Export Federation and commodity groups, the state can help increase global demand for red meat. In 2017, exports added more than \$62 to the value of each hog marketed. Kansas must work with elected officials to keep export markets open and accessible for producers.
Labor Availability	<p>Growth in the swine industry will require a skilled workforce, which continues to be a significant challenge through the entire agricultural industry. Although the implementation of technology may help reduce labor needs, the education and skill sets needed to operate technically advanced facilities now require individuals who have different education levels and work experiences than have been required in the past.</p> <p>Immigration and visa challenges continue to be a problem. When recruiting and processing non-citizens to relocate and work in the Kansas pork industry, producers would have less of a problem going through the process of hiring foreign workers if they knew the visa programs had stability.</p> <p>A lack of adequate housing in rural areas compounds the issue of a shortage of agricultural workers.</p> <p>The demand for agricultural engineers and consultants is strong in Kansas, especially in the swine industry.</p>
Policy	<p>County regulations vary across the state. In some counties, the board of county commissioners may submit a vote to allow corporate-owned hog facilities to relocate to their counties.</p> <p>Environmental regulations (minimum setbacks, maximum farm sizes as defined by animal unit capacity, Kansas Statute 65-171d), corporate ownership, and processor ownership of hogs could be perceived as inhibitors to industry growth.</p>
Public Outreach	Many Kansans may have misperceptions about how hogs are grown and raised. In order for a swine operation to be welcome in the community, the public must be educated on modern hog production.
Supply Chain	<p>Kansas currently lacks a large-scale processing facility in the state. Although transportation is readily available, transportation costs to processing facilities out of state can become cost prohibitive for producers. If electronic data logging regulations are put into effect, long hauls of animals may require two drivers or staged drivers, adding to the cost of transportation.</p> <p>Pork is currently imported and processed into value-added products in Kansas.</p>
Water	Critical to growing any livestock operation is access to an abundant and reliable water supply. This can prove challenging in many areas of western Kansas that are closed to new water appropriations. New or expanding swine operations in these regions will have to purchase land with sufficient water rights.

SUCCESSSES

Key successes in the pork industry:

- The Kansas Department of Health and Environment has worked to strengthen the livestock waste management section. They have improved efficiency of the permitting process by implementing new internal policies that involve the engineering workflow.
- Kansas is a national leader in the development of Secure Food Supply Plans at cattle feeding and dairy operations, and Secure Pork Supply Plans are now being written for a major pork company within the state. As of February 2019, 1.6 million head of pigs are covered under Secure Pork Supply Plans.
- The Kansas Pork Association has reached over 4 million consumers with targeted messaging showing how hogs are grown and raised, and with positive messages about the pork industry.
- Several of the state's agricultural organizations cooperated to successfully encourage citizens in Rush County to pass a measure allowing corporate ownership of hog farms. Newspaper advertising was developed, and the Kansas Pork Association utilized targeted social media advertising in the county.
- Over 2,000 students from across Kansas and other states participated in KPA's live virtual field trips to Kansas pig farms. Pre- and post-trip surveys continue to show positive shifts in regard to animal welfare, environmental effects of raising animals, and knowledge about pig farming. Support for this project is provided by several groups.
- KPA, in cooperation with other agricultural groups, provided tours for influencers including bloggers and dietitians. These tours work to make positive impacts about food and farming on the participants. The topics include pig farming, antibiotic and hormone use in food animals, GMOs, and meat processing.
- More than 8,500 posts about pig farming by Kansas pig farmers have been shared since August of 2017 with the #RealPigFarming hashtag. These posts show how hogs are grown and raised, and educate the public on modern hog production.
- State legislators are receiving a periodic e-newsletter featuring a video showcasing a Kansas pig farm or a part of the swine industry.
- Operation Main Street presentations facilitate conversations with consumers statewide about pork production, health and nutrition information, and current technologies in agriculture. In 2017, Kansas OMS speakers gave 23 presentations to agriculture and culinary classes, dietetic associations, vet techs and high school classrooms.
- Expansion of a large pork operation in north central Kansas is expanding economic growth of that region.
- Several national meat processing companies are importing meat to Kansas for value-added processing.
- A large hog operation in southwest Kansas expanded its business.
- Revised consumptive use regulations are in the final stages of publication, and will create an equitable, science-based process for converting from irrigation to stockwater or any other water use.
- An existing operation in west central Kansas is renovating and expanding for producing breeding stock.

Pork

GROWTH OBJECTIVE:

Through partnerships and collaboration, and eliminating barriers to growth, foster an environment that supports growth and expansion of the Kansas pork industry.



OUTCOMES & ACTION ITEMS

Leaders from throughout the Kansas pork industry will continue to collaborate in the development and implementation of a long-term strategic growth strategy with input and discussion among key partners. Industry-identified desired growth outcomes, initially developed in 2016 and expanded to include action items, will be implemented by industry and key partners and updated annually at the Kansas Governor's Summit on Agricultural Growth. Following are the proposed action items to continue building on the achievement of the pork sector desired outcomes.

High Priority Outcomes

Alternative workforce programs to fill the talent and workforce needs of the industry — e.g., temporary workforce, H-2A, H-2B, family-based immigrant visas, NAFTA Professional (TN) visa, etc. — along with federal immigration reform with a focus on long-term visas for agricultural workers and a potential immigration pilot program in Kansas.

ACTION ITEMS:

- Develop a document describing alternative workforce programs currently available.
- Create a report thoroughly documenting the issues pork producers face on a daily basis in securing an adequate legal workforce.
- Draft a workable solution to current immigration challenges that will alleviate challenges the pork industry faces.
- Submit the workforce report and proposed solutions to the Kansas congressional delegation.
- Work with the Kansas congressional delegation to secure an alternative workforce program to fill the talent and workforce needs of the industry (e.g., H-2A, H-2B, family-based immigrant visas, NAFTA Professional [TN] visa, etc.).
- Create public awareness of the impact that alternative workforce programs have on the economy.
- Create specialized programs to meet workforce needs of the Kansas pork industry (e.g., work release program, military service program).

Identify Kansas communities that express acceptance to and interest in understanding the economic benefits of swine facilities and are open to welcoming businesses into their region.

ACTION ITEMS:

- Engage with consumers and influencers about facts and realities of the pork industry to gain trust and confidence of consumers.
- Conduct an economic impact study for the Kansas swine industry and publish results.
- Work with economic development professionals in various communities to understand data.
- Develop marketing/public relations materials.
- Initiate industry communication and education for local-level leaders on topics such as roadways, water resource availability, economic development incentives, and health and environment statutes and regulations.
- Work on all levels — state, regional and local — to be pro-business and open to agriculture development.

A fully staffed Kansas Department of Health and Environment livestock waste management section resulting in expedient permitting while effectively protecting the natural resources of the state.

ACTION ITEMS:

- Recruit a section chief to complete staffing of KDHE livestock waste management section.
- Develop a checklist for the permitting process (KDHE livestock waste management section).
- Develop a branding strategy to inform the livestock industry that KDHE is ready and equipped to permit (KDHE public relations and livestock waste section).
- Hold a roundtable discussion with KDHE, KDA, and university engineering departments regarding student internships and employment.
- Review the public hearing process to seek ways to allow the environmental concerns to be brought to the table while mitigating the hostile environment they tend to create.
- Evaluate permitting process, including existing rules and regulations, to determine if efficiencies or streamlining could be gained without compromising compliance with federal standards or water quality conditions.
- Conduct outreach and education with livestock operations on waste permit regulations and permitting process to improve the quality and completeness of submitted applications.
- Expand available professional staff to review permit applications and nutrient management plans through the use of on-call engineering contracts, engineer position-sharing among state agencies, and recruitment of university engineering students.

Expansion of talent development and educational training opportunities for students preparing for careers in the pork industry.

ACTION ITEMS:

- Work with the Kansas pork industry to identify specific skills and skill sets needed.
- Develop short-term programs that would introduce potential workers to the pork sector.
- Develop promotional materials (KPA) highlighting careers in the pork industry for 4-H members, middle school, high school and college students.
- Develop internship programs including a broader exposure to careers in the pork industry. Internship programs should include younger people such as high school students as well as college freshmen and sophomores.
- Develop swine industry certifications or degrees for community/technical colleges in rural areas such as southwest and southeast Kansas.
- Develop a veteran or military workforce program.
- Recruit immigrants to work in the pork industry in Kansas through guest worker and foreign exchange programs.

Intra-industry partnerships aimed at developing and expanding niche market opportunities for pork producers.

ACTION ITEMS:

- Develop guidance on finding local markets or how to market niche pork.
- Organize cooperative for processing of niche pork.
- Increase marketing of Kansas pork to consumers and restaurants.
- Create a *From the Land of Kansas* branded meat program.

Medium Priority Outcomes

Develop critical tools to manage a disease outbreak, protect food safety, and enhance consumer confidence and trust in Kansas livestock.

ACTION ITEMS:

- Work with pork producers to increase percentage of Kansas swine covered by a Secure Pork Supply Plan.

Continued proactive social and traditional media outreach about the pork production chain and about pork safety, quality and nutrition to encourage trust from consumers, influencers and media and a better understanding of the industry.

ACTION ITEMS:

- Work with industry partners, including KPA and others, to continue their successful social and traditional media outreach about the pork production chain and about pork safety, quality and nutrition.
- Secure industry support from key stakeholders to provide testimonials and/or inclusion in public campaigns.

Freedom for all business structures to do business in Kansas. Current corporate farming laws limit certain ownership structures from operating in Kansas which curtails investment and limits growth and modernization.

ACTION ITEMS:

- Update informational materials regarding farm structure, farm size, and land values comparing Kansas to states with similar agricultural industries but no laws restricting ownership.
- Prepare public information — including updated information materials, information from the judicial review highlighting the decision that the laws are likely unconstitutional, and more — to be distributed to dispel myths about the effects of corporate ownership in agriculture.
- Determine best option for sharing information from above and execute.
- Develop an “ag friendly communities” designation.

Kansas State University research focused on innovative and scalable nutrition, health and management solutions for the state’s pork industry.

ACTION ITEMS:

- Develop research priorities for the state/nation with assistance from industry members.
- Support long-term maintenance and growth of swine-focused faculty and research and teaching facilities.

———— Low Priority Outcomes —————

Pre-identified building sites for swine facilities with available natural resources (e.g., water, waste disposal).

ACTION ITEMS:

- Identify attributes that are unique for recruiting facilities to the community to include land, infrastructure, transportation, housing, workforce, natural resources, ability to meet current CAFO set-back distances, etc.
- Finalize certified site selection program.
- Work strategically with Kansas Department of Commerce to identify locations in the state to fulfill needs of incoming inquiries.
- Assist in the development of a certified site selection program.

Dedicated business development resources for the exploration and evaluation of value-added pork and sow processing opportunities within the state.

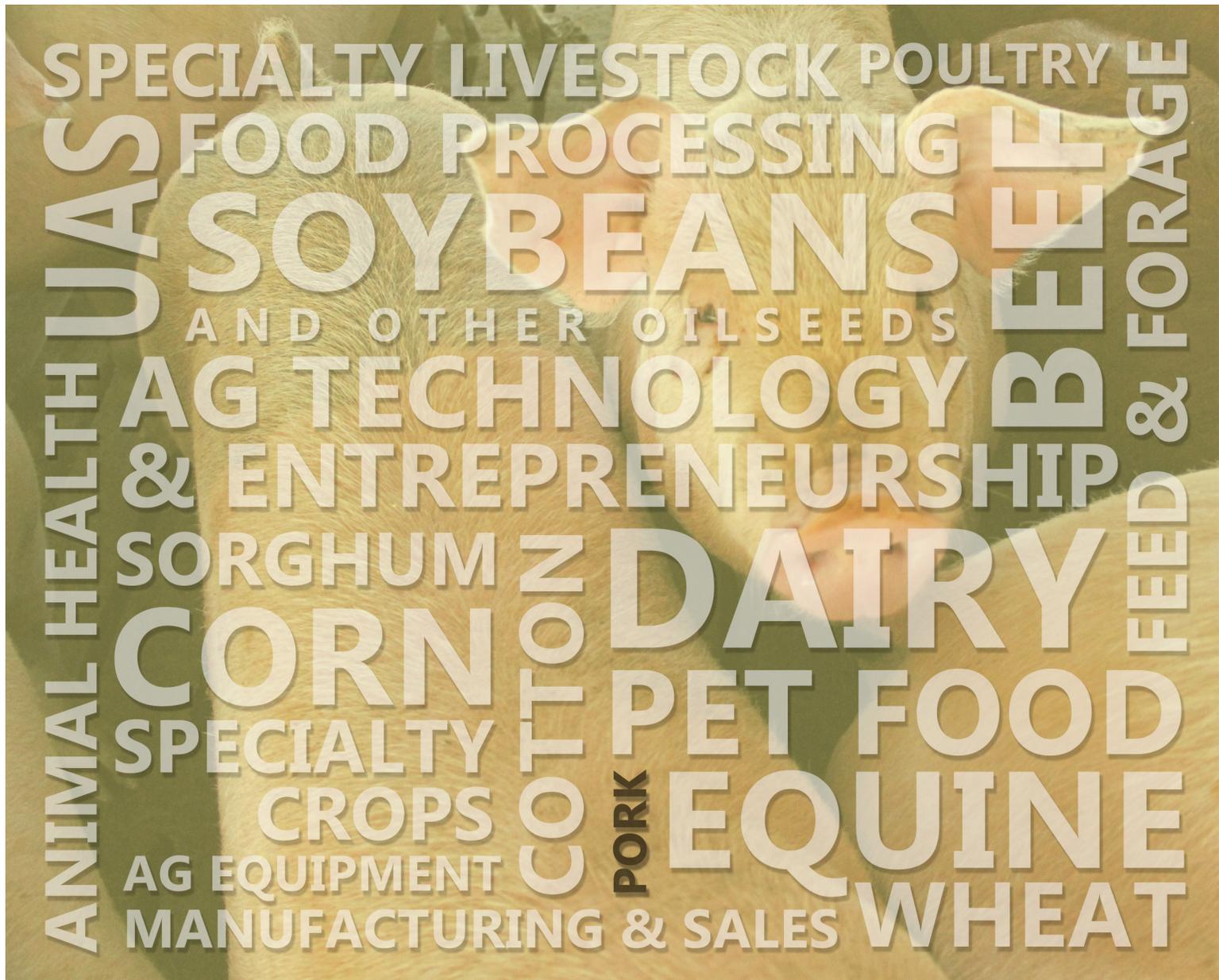
ACTION ITEMS:

- Evaluate all state incentives currently available.
- Meet with major pork processors to discuss expansion, relocation, value-added, or sow processing facilities. Learn which incentives work, which need to be adjusted, and what needs to be added to the list.
- Draft a white paper outlining challenges with current incentives for agriculture and propose an alternate plan that works for agriculture.
- Get approval from the Governor’s office to move ahead with legislation.
- Draft a bill for consideration by the Kansas Legislature.

Competitive utility rates in Kansas that do not create a competitive disadvantage with other states and that allow Kansas to maintain existing enterprises and grow industry in the future.

ACTION ITEMS:

- Work with electric utilities to understand the most economical places to locate major processing facilities and what drives those economics.
- Include industrial electrical rate options and favorable locations in pre-selected site data.
- Evaluate options for adjusting the regulated nature of Kansas electricity such that rates can be more competitive.



Grow Smarter. Grow Stronger.
Grow Kansas.