

Our Future: Their Needs and Our Needs

Lunch Panel Discussion 8-30-16

Members of Panel:

- Brian Ballard, Cal-Maine Foods, Inc.
- Allie Devine, Devine & Donley, LLC
- Jackie Klippenstein, DFA
- Joann Knight, Dodge City / Ford County Development Corporation
- Don Landoll, Landoll Corporation
- John Niemann, Cargill Turkey & Cooked Meats
- Greg Ruehle, Servi-Tech, Inc.

Susan Metzger, Assistant Secretary with the Kansas Department of Agriculture, welcomed everyone and recognized the FFA students in the room. Furthermore, she pointed out the KDA Kansas Agriculture Workforce survey, as well as the comment cards that will be picked up during the panel today. Additionally, she noted that a brief bio is provided for each of the panelists in the packets provided to each attendee. A recent survey finding (Purdue, et. al., recognized that the number of jobs in ag, natural resources and the environment outpaces those that will be able to fill them. The panel presentation is broken into two segments, their needs and our needs.

Questions:

Susan Metzger (directed to Jackie Klippenstein and John Niemann): Both of your businesses conduct business in other states. How does Kansas compare?

Jackie Klippenstein – Our farmers own and govern the cooperative. The cooperative owns 40 some-odd plants and regional offices. The experience of building in Kansas was different than any other. Kansas was not the only state where a plant made sense, but the commitment that Kansas showed was never seen before. It started with a call from the governor years ago, when he said “we want more processing.” DFA replied “you need more milk.” Together we worked to find a solution and improve the business environment for dairy farmers. Dale Rodman (prior Secretary of Agriculture) and the governor were very involved as was Jackie McClaskey. State and local government officials were there every step of the way to make sure that we knew business was open in Kansas for agriculture. Kansas puts a priority and knows the contribution of agriculture to the economy.

John Niemann - Cargill benefits in many ways from being a global company, including our exposure to a multitude of cultures and perspectives from around the world. One perspective we have comes from Kansas, where we have numerous operations, employ approximately [4,500]

people and maintain our protein headquarters. We find that people unfamiliar with certain perspectives, such as the one we've developed about Kansas, often have a hard time understanding why certain decisions are made. Those who work and live in Wichita, where our protein headquarters will remain, see Kansas as the heartland of Midwest agriculture, and in many ways the breadbasket of the world. The lifestyle, culture, family values, business environment, government and agricultural heritage make Wichita an ideal location for us to grow our protein business. We recently looked at other communities, some in other states, and decided Wichita would remain home to our protein business. One of the best kept secrets is the \$1 billion in Wichita downtown development that has taken place over the past decade. Cargill invested \$17 million in 2011 to create a sensory center and an innovation center in the heart of Wichita's downtown. Wichita has a great story to tell, and the community is getting better at telling it.

Susan Metzger (directed to Allie Devine): There is a real need in our workforce to have guest worker and immigrant labor. How do we make labor accessible year-round?

Allie Devine - When the governor first came into office he did a seminar at KU and he said we have to deal with our declining population - you need people. All of our growth has been tied to immigration, young people coming to Kansas for jobs. Immigration breaks down to legal and immigration. On the legal front we are continuously stymied by a limited number of visas. Even if we look for seasonal workers, the amount of visas is low. There is a consistent problem on that alone. Then when you talk about undocumented workers, probably people who came to the U.S. on a visa who overstayed their welcome (approximately 67,000 in Kansas), most of them are working. Most of them are family members who are documented and are working. How do we craft a helpful system and get it to the sectors that need it? How do we not harm those already here? Cato Institute came forward with a proposal - a state-based visa program where they could prioritize segments of the economy. In Kansas we need base laborers for ag and high-level intellectuals which run the gamut. Many people in D.C. see it as a potential opening because it would give them a lawful presence, not a documented status. States could also receive and prioritize visas because the state could take some responsibility. The federal government would still maintain their responsibility. Would take Congress to act and this environment (the status quo situation) is tough to get that done.

Susan Metzger (directed to Don Landoll): In your own view, what role does education in the region lead to vitality and with the Landoll Corporation?

Don Landoll: We have been as high as 1,000 employees, currently in the 800 range. How do we keep all of those? #1 - if people are happy they are good employees and they get involved. Don believes the corporation works hard to keep good people. Started the company in 1963 and we have 40+ year employees. Never had an organized vote in our company and we keep away from

that with the birthday bunch. Profit sharing is based on the profit of the company and we give a Christmas bonus based on seniority. Twice a year people get bonuses, which has been very instrumental. In 52 years, we have only laid off people twice. Bottom 20% of your employees will roll over regularly. Long-term employment is key to their success.

Susan Metzger (directed to Brian Ballard): Cal-Maine has created a unique situation in the Chase community. Can you describe or expand upon this?

Brian: Back in 2014 we created a partnership with Hutch Correctional Facility on a need-based situation. The program started with 4 people and has transitioned over the past 12 years for 50 inmates a day. Put them to work for the feed mill, pullets, layers, some unskilled, some skilled maintenance. Lot of success with this program. It has been a great deal for the State of Kansas. Inmates pay room and board, court fees, restitution, child support out of their paycheck. Also have a 10% savings that they can't touch until they get out. Has created a good situation for the community, for the guys. A lot of the guys can't go back to where they came from and some have stayed on and have management positions with the company.

Susan Metzger (directed toward Joann Knight): There is currently a shortage of available housing over all income levels. What is the community doing to retain employees in Dodge City and Ford County?

Joann Knight: Ford County has for decades experienced a 2.5-4% unemployment rate. To address the labor shortage need, we developed a website dodgecityhasjobs.com. We take it to about 20 career fairs each year trying to recruit employees. We also go with employers to promote specifically for their business. The recruitment efforts were working, but once new workers arrived in Dodge City, they couldn't find housing. Our organization began working on solutions to the housing shortage. We started utilizing several programs including the Rural Housing Incentive Districts, (RHID). The RHID helps offset the cost of public infrastructure and land which helps get the construction costs in line with the market rates. We also started an RHID in Spearville. Additionally, we implemented a Neighborhood Revitalization Program (NRP) and started an abandoned housing program. We have also partnered with the Dodge City Community College Building Trades students to build a new home each year that fits with their class requirements. You have to get creative in working with a variety of programs and developers to make it successful. Our most recent housing study indicates that we are still in need of 1,600 units of housing to meet our demand for year 2025 based on our recent growth rate. We have completed around 500 unites and have several proposed developments underway. Currently, a new retirement facility, two more apartment complexes and a 67-unit single-family housing development all will be breaking ground this fall.

Susan Metzger (directed toward Greg Ruehle): Of the survey respondents (Kansas Agriculture Workforce Survey), businesses utilize internships and experiences. Can you explain how this works for Servi-Tech?

Greg Ruehle: Internships have a long history at Servi-Tech. We typically have 25-30 agronomist interns annually across the service area. Continue to recruit heavily at the land-grant universities, but the skills needed are changing and as a company we have to respond to that as well. With a field staff of 90 agronomists, some need an agronomy degree, but not all of them do. Reaching out into other sources (2-year degree) is where we have begun to excel. Where industry has provided support to technical colleges (taking the place of federal and state funding) has been very successful. No longer a requirement that you have a 4-year degree, so you should not be limited by that. He noted the industry is stepping in to help community colleges with their programs with instructors and equipment needs. An example includes precision ag equipment was donated to have a program developed at a tech school in Nebraska as there is a need for precision ag technicians.

Susan Metzger: Would anyone like to further comment?

Brian Ballard: We have observed the average age of millennials leaving home is 28 years old. You just narrowed your recruiting by that much more. Getting into high schools, community colleges is that much more important.

Cal-Maine also utilizes interns. Most recently they had 25 interns and recruited from 29 universities.

Jackie Klippenstein: When speaking to academics, we learned that food companies were luring the bright students into the workforce much earlier than us. In response, we developed a program with a local university where an exceptional student is provided a fellowship for the summer, then over the school year they continue to some work for us (i.e. work on a project over the year) and then they come back over the next summer. Students are paid a small stipend during the academic year. Hopefully this gives students the opportunity to learn about the cooperative and be interested in making a career with us. Changing global Headquarters from KCMO to KCK. Agriculture must make it a priority to go to other academic disciplines for future employees, not just agricultural economics.

John Niemann: Recruiting the right talent to ensure long-term health, vibrancy and growth is crucial to any organization. One of the wonderful options for Cargill is recruiting from the Future Farmers of America. There are currently 630,000 students in FFA, which has recently experienced a 30% growth rate. Organizations would be wise to be more intentional with regards to recruiting FFA and 4-H students. These students have a strong sense of community,

solid work ethics, a competitive spirit, excellent leadership skills, are loyal and they are familiar with how to produce the food we eat. Honing relationships with local FFA and 4-H chapters helps make some recruiting efforts more efficient, effective and easier.

Susan Metzger: Quality of Life is a recurring theme amongst all sectors and means more than a good salary and good benefits. Describe quality of life in recruiting and retaining employees (directed towards all panel members).

John Niemann: It is important for any organization to remain connected with the community where it operates, whether that community is large, small or somewhere between. Often, we work in one community and reside in another, so we need to make a conscientious effort to remember the importance of being connected both where we live and where we work. Woven into our company's cultural fabric is the belief that Cargill can thrive only when the communities where we have a presence thrive. We help our communities thrive through local giving – in volunteer hours, in-kind donations and funds – and we encourage everyone at Cargill to get involved in their communities. The relationships we make, refine, nourish and grow, benefit the entire community.

Joann Knight: Back in the mid-90's we were trying to recruit a warehouse that had 5 employees. The discussion began that every time we recruit a new business to the community, they would just steal employees from existing businesses. We needed to find a solution to improve the quality of life in Dodge City in order to both retain and recruit workers. Our plan was to pass a one-cent sales tax to build entertainment facilities that our residents wanted but build them to the capacity that we could host large regional events that would create an economic impact from visitors. The campaign was called "Why Not Dodge?". It consisted of a half-cent city sales tax and a half-cent county tax. The tax was implement to construct, maintain, operate and expand four projects including: a special events/convention center, improvements to an existing 2,600 seat civic center, tournament facilities for baseball/softball and soccer and an outdoor motorsports complex. The tax would also never sunset, so that we would have the funds to continue the maintenance, operations and expansion of these or related projects. The tax passed by over 75% of the voters. To date, all of these projects have been completed plus we have assisted with funding a 180,000 sq. ft. Ag/Expo building, a \$13 million water park and assisted with other tourism venues such as the Santa Fe Depot and Boot Hill Museum.

This initiative has totally changed the attitude of the community and helped us successfully recruit on many fronts. Our high school just opened in 2001 and we are already over capacity. We just recently passed an \$85 million bond issue to add capacity for another 800 students at the high school as well as add on to all of the other schools in the district.

Our motto is "If we don't invest in ourselves, why would anyone else want to invest in us?"

Greg Ruehle: It is important to recruit and retain from the inside. For years, Servi-Tech had the opportunity to move up through the company to a degree. Customer expectations are changing, though, so training has changed. Had to look at creating new positions to bring skill to the table and re-vamp the internal training program. For example - soft-skills, how do you make customer interactions? The fastest growing department is IT and will continue to be as we move forward. We have to train and promote, as well as look at needs in a changing workforce.

Jackie Klippenstein: At DFA, they are a part of the food technology business. Looking to change and set the culture so when you came into the new office building it is clear that we work to add value to the dairy farmers who own us, but that we send product all over the world. DFA is stepping up and addressing the changing needs of the new workforce in an effort to become the employee of choice. The millennial workforce want a career and to be invested in a lifestyle. A fitness center and many more gathering places for the younger and more seasoned workforce to interact. We have also developed a mentorship program within the company as a whole vs. a silo. We are guilty of being siloed and when people come to work in the cooperative, they are not always exposed to opportunities outside of their department or silo. The mentorship program and other programs under development, we hope, will address that.

Greg Ruehle: I heard at a breakout this morning that we have to stop being apologetic about being in agriculture. In some cases we are our own worst enemy. Driving kids away - we have to change that mentality. We have to find a way to be that new, hip thing that kids want to be involved with. We are producing food, feed, fuel, and fiber for the world.

Question from the audience: Why not consider bringing transitioning service-members into the workforce? Help us build a training farm for them - we owe them much.

John Niemann: Cargill actively recruits people who are leaving active duty in our armed forces. In fact, we have a Wall of Fame / Wall of Honor, where we allow them to share their story. When we had General Meyers visit, we invited veterans to interact with him. That type of ongoing engagement is very important. We appreciate those who serve our nation in the military, and we have hired many military veterans.

Jackie Klippenstein: There is a strong connection between rural American and military service and we are putting a stronger emphasis on it. So many skills that our soldiers learn are transferrable. Working with USDA currently.