

SPECIALTY LIVESTOCK

EXECUTIVE SUMMARY

The specialty livestock industries in Kansas are relatively small, compared to more traditional livestock production in Kansas; however, the industries that do exist are successful and have benefited from increased consumer demand. Specialty livestock species in Kansas include bison, goats, sheep, alpaca and llamas, along with any other small herds of other livestock. These livestock operations benefit from many of the same advantages Kansas offers traditional livestock production: abundant land and feed supplies, a strong transportation infrastructure, state support for the livestock industry, and a wealth of research and knowledge about livestock health and management within the state.

Just as the advantages facing larger operations help specialty livestock, the challenges facing the entire livestock industry also present possible barriers to growth for the specialty livestock industries. Access to an abundant water supply is critical, and laws regulating water use can be problematic for new or expanding livestock operations, along with concerns relating to workforce and transportation. The specialty livestock industries face additional challenges, because the size and unfamiliarity of these industries may make them seem a less reliable investment. There are few in-state processing facilities that cater to specialty livestock. Also, while consumer demand is increasing, that demand is accompanied by an expectation of consistency of product which is difficult for smaller producers.

Growth within the specialty livestock industries will require input and discussion among key partners to develop a long-term growth strategy. Coordination between the specialty livestock industries will be an important component, as they work toward increased access to processing and value-added facilities. Economic development and marketing programs could assist in the enhancement of existing businesses as well as the recruitment of new businesses to expand the industry. A collaborative effort between public and private stakeholders to create a strategic growth plan is critical to the future of this agricultural sector.



STATUS

Kansas is home to many livestock species such as goats, sheep, bison, alpaca, llamas and other specialty livestock. Compared to more traditional livestock production in Kansas, the size of these industries is relatively small. Kansas is ranked 9th and 22nd in the nation in meat goat and sheep production, respectively. Kansas ranks 8th in bison with just over 4 percent of the U.S. bison herd.

According to estimates prepared by the Kansas Department of Agriculture and based on the Implan economic data model, the specialty livestock (bison, sheep and goat) industries in Kansas combine for a direct output of nearly \$11.5 million and create 74.8 jobs in the state. Through indirect and induced impacts, the industries support a total of 132.1 jobs and create a total economic contribution of approximately \$21.1 million.

Although not inventoried by the U.S. Department of Agriculture's National Agricultural Statistics Service, Kansas is also home to other specialty livestock production such as alpacas and llamas.

OPPORTUNITIES

In order to develop a strategic growth plan for the specialty livestock industries 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	Kansas is recognized as one of the best exercised states in foreign animal disease. The construction of the National Bio and Agro-Defense Facility and the existing Biosecurity Research Institute enhance the research capabilities for animal health and biosecurity for the state, U.S. and global livestock community.
Consumer Demand	Increased consumer demand for meat grown locally has increased the demand for specialty livestock meats. This has benefited many specialty livestock producers and processors.
Feed Supply and Land Availability	<p>Kansas is home to abundant feedstock supplies including corn and corn derived dried distiller's grain, sorghum and sorghum derived dried distiller's grain, soybeans and soybean meal, forages and grassland.</p> <p>Kansas has the second most farm land of any state, roughly 90 percent devoted to agriculture. Small animal operations demand relatively less land than other animal facilities. These two factors together equate to a relatively available and affordable base for expanding operations.</p>
Human Capital	The Kansas State University Department of Animal Sciences and Industry houses respected faculty with expertise in livestock issues as well as faculty within the Cooperative Extension Service with knowledge of some specialty livestock species. This wealth of knowledge in the livestock industry in Kansas drives continual improvement that carries over to the specialty livestock sectors.

OPPORTUNITIES

Factor	Implications for Growth and Development Opportunities
<p>Policy Environment</p>	<p>Kansas tax law allows sales tax exemption on the construction, reconstruction, and remodeling of livestock facilities for projects greater than \$50,000; and a sales tax exemption for farm machinery and equipment and various ag-based inputs. These state tax code provisions make Kansas a more attractive state for growth or expansion.</p> <p>Also at the state level, the state of Kansas works closely with the livestock community to ensure that the Kansas livestock industry is protected from overreaching federal regulation. Governor Sam Brownback has been a national leader in speaking out against Waters of the U.S. and the Endangered Species Act and is a strong proponent of easing transportation restrictions on the agricultural industries.</p> <p>Through the KDA Animal Health Board and key partnerships throughout the industry, KDA regularly meets with and seeks input on policy-related issues to ensure industry concerns are heard and included in policy decisions.</p> <p>At the federal level, Kansas is fortunate to have elected members of Congress who strongly support the agricultural industry. The Kansas congressional delegation will play an important role in influencing positive changes related to federal regulations or legislation, international trade, federal taxes, antibiotic use, livestock facility requirements, transportation rules, natural resources and more.</p> <p>In partnership with K-State, KDA can provide plan writing and training to meat processors to meet Hazard Analysis and Critical Control Points (HACCP) standards.</p>
<p>Supporting Infrastructure</p>	<p>Kansas is home to an intermodal freight facility in Edgerton with supporting cold storage warehouse infrastructure to handle more than 1 billion pounds of frozen meat products on an annual basis as well as ample capacity to ship other raw and value-added animal products worldwide.</p>
<p>Weather and Natural Resources</p>	<p>The semi-arid climate in Kansas is suitable for livestock production.</p> <p>Kansas is taking significant proactive steps to preserve and extend the usable life of water supplies in Kansas. In recent years, voluntary, flexible and producer-driven water conservation tools have been implemented to help farmers and ranchers manage their water rights while continuing to raise crops or livestock. Additionally, 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>

SUCCESS STORIES

The specialty livestock community in Kansas works to improve practices and efficiencies. In recent years state and industry partners have taken several steps to improve the industry.

- A buffalo ranch located in eastern Kansas is a breeding stock ranch that also offers meat sales and agritourism opportunities. In recent years their herd has increased from 12 to 75 cows, and offered over 600 ranch tours in 2015.
- A specialty meats processing company founded 30 years ago now employs 31 full-time people and can process virtually any animal and bird except pheasant and quail. They process under private label and custom processing for customers across the United States.

CHALLENGES

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

Challenge	Details of Challenge
Capital	Due to the unfamiliarity of the industry, access to capital can be an issue for both producers and processors.
Critical Infrastructure	<p>A lack of adequate housing in rural areas compounds the issue of a shortage of agricultural workers.</p> <p>A lack of rail access in the western portion of the state will require producers to ship products across the state to be loaded onto the rail or use alternative transportation.</p> <p>As livestock producers and processors identify when and where to grow their presence, a key factor they will consider are utility rates.</p>
Industry Perception	Kansas' roots in some specialty livestock industries are not as strong as in other states, so potential Kansas producers and investors may be hesitant to invest in specialty livestock projects.
International Trade	<p>Access to international markets for specialty livestock products is key to growing the industry. Resistance to free trade agreements at the federal level can hinder this access.</p> <p>Other countries have been producing products more cheaply and flooding the U.S. market.</p>
Lack of Facilities	Kansas could benefit from additional local or regional slaughter facilities.
Large Customers	Big clients demand consistency, expecting all product to look and taste the same. Therefore, entering those markets is a challenge for smaller producers.

CHALLENGES

Challenge	Details of Challenge
Water	Critical to starting a 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 livestock operations in these regions with stock water use requirements above 15 acre-feet will have to purchase land with sufficient water rights. Also related to water are challenges with consumptive use laws that can be costly and burdensome to convert from irrigation to stock water use.
Workforce Development	Growth in the specialty livestock industry may require a skilled and non-skilled workforce, which continues to be a significant challenge throughout the entire agricultural industry.

NEXT STEPS IN STRATEGIC DEVELOPMENT

Leaders from throughout the Kansas specialty livestock 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, will be implemented by industry and key partners and updated annually at the Kansas Governor's Summit on Agricultural Growth.

SPECIALTY LIVESTOCK INDUSTRY OUTCOMES



Growth Objective:

Raise the prominence of the specialty livestock industry in Kansas, and increase profitability for those who raise specialty livestock.

The following outcomes will be the result of industry collaboration and effort to grow the Kansas specialty livestock industry:

Phase 1 (Begin within two years)

- On-farm education for producers to promote the benefits of raising specialty livestock.
- Increased visibility of specialty livestock products in Kansas for consumers seeking alternative forms of protein through increased education and marketing.
- Economic development incentives for specialty livestock processors. The scope of specialty processors does not match the incentives that currently exist.
- Widespread, accessible markets for specialty livestock producers. Expansion would involve promoting existing markets and pursuing opportunities for new ones.
- Zoning regulations in cities and counties which are in line with local and state regulations so livestock producers are allowed to operate under agricultural exemptions statewide.
- Educational opportunities to promote mobile processing units and inform potential investors so that mobile processing capabilities are available to small processors with necessary food safety guidelines.

Phase 2 (Begin within 2-4 years)

- Additional K-State Research and Extension personnel to support specialty livestock production.

Items for further consideration

- A specialty livestock checkoff program to provide additional research and promotional funding.