

# BEEF

## EXECUTIVE SUMMARY

The beef cattle sector has been and continues to be the single largest sector in the Kansas agriculture industry, and is recognized nationally and globally for raising healthy cattle and producing high quality beef. Kansas has the third largest number of cattle on ranches and feedyards and has a significant role in the nation's beef processing as well. Resources to support beef cattle are plentiful in Kansas, from the strong feed supply to the abundant pastureland to the efforts to conserve the water supply. The beef industry in Kansas includes leaders at all levels of the production chain, as well as in research, health, marketing and advocacy, and agriculture-related education is a source of strength in the state. The value of the beef cattle industry is well respected on a state and national level which has led to strong support from state and federal policy makers and agriculture agencies.

In addition to concerns of weather and fluctuating prices, challenges facing the beef cattle industry threaten to prevent its continued success. A number of local, state and federal policies have the potential to directly affect the beef industry, from transportation regulations and water use to environmental regulations and international trade opportunities. Fluctuating land prices and changes in land use, caused in part by an increase in the number of absentee landlords removing land from production, and generational transfer add to the challenges the industry must continue to address. The workforce required to maintain successful beef operations involves issues of education and immigration which adds complexity to operation management, especially as the industry continues to become more competitive.

As we look to the future and as the beef industry adapts to meet ever-changing consumer demands, we must identify goals for strategic growth based on competitive advantages of raising cattle and processing beef in Kansas. Coordination between public and private leaders within the industry will direct efforts toward navigating the barriers which could prevent growth. A focus on workforce education, industry communication and policy development will assist in identifying opportunities to expand or grow the Kansas beef cattle sector in the future. Collaboration among key partners will be key to developing a long-term growth strategy for the Kansas beef cattle industry, a strategy that not only builds upon earned brand equity and the tradition of this industry, but that encourages growth and future prosperity for the Kansas beef cattle community.



## STATUS

The beef cattle sector has been and continues to be the single largest sector in the Kansas agriculture industry, with cattle and calves generating \$8.97 billion in cash receipts in 2014, which accounted for more than 54 percent of Kansas agricultural cash receipts that year. Not only does Kansas have the third largest number of cattle on ranches and feedyards (accounting for more than 19 percent of fed cattle in the United States), at 6.25 million on Jan. 1, 2016, the state also has a significant footprint in the cattle processing sector. In 2014, Kansas produced nearly 5.075 billion pounds of red meat, or 10.7 percent of the nation's total.

According to estimates prepared by the Kansas Department of Agriculture and based on the Implan economic data model, beef cattle farming and ranching has a direct output of approximately \$8.2 billion and a total economic contribution of more than \$15.2 billion and supports a total of 74,117.5 jobs. In addition, animal slaughtering and meat processed from carcasses, except poultry, has a direct output of approximately \$10.2 billion, a total economic contribution of almost \$20.9 billion and supports a total of 74,437.6 jobs.

The beef industry is also recognized nationally and globally for raising healthy cattle and producing the beef which consumers demand. In 2014, Kansas exported nearly \$788 million in beef products globally. As the global middle class continues to grow, it is expected that global demand for protein will also increase, adding more value to cattle raised in Kansas. Through May 2016, the U.S. Meat Export Federation estimates that exports have added nearly \$250 per head in value.

The success of the Kansas beef cattle industry has not come without significant challenges, though. Drought and record-high feed prices in recent years, record-low herd numbers, volatile markets, an increasingly burdensome federal regulatory environment, and a growing number of anti-agriculture and anti-meat activists spreading false information regarding cattle production practices and beef nutrition have made it difficult for the entire beef cattle community.

## OPPORTUNITIES

In order to develop a strategic growth plan for the beef cattle community, 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   |
|--------------------|---|
| <b>Biosecurity</b> | The Kansas beef industry has been aggressive and progressive in advancing biosecurity and foreign animal disease preparedness. In addition to participation in state-level foreign animal disease exercises, the feedyard operators throughout the state are working with KDA to update or develop biosecurity plans. It should be noted that many feedyards have existing biosecurity plans.   |
| <b>Education</b>   | The Kansas State University Department of Animal Science and Industry is recognized throughout the cattle industry as one of the premier animal science programs in the nation and a prime spot not only for cutting-edge education and a tremendous provider of qualified employees but also as a hub for cutting-edge research. As the Kansas beef industry looks to the future, the role of K-State as the knowledge base for the industry will be critical. |

# OPPORTUNITIES (cont'd)

| Factor                               | Implications for Growth and Development Opportunities   |
|--------------------------------------|---|
| <p><b>Global Consumer Demand</b></p> | <p>In 2014, exports of beef and veal products from Kansas were nearly \$788 million and exports of hides and skulls was nearly \$261 million, according to the U.S. Department of Agriculture. Beef produced from cattle raised, fed and processed in Kansas will be critical in meeting the rapidly growing demand from the growing global middle class.</p>   |
| <p><b>Human Capital</b></p>          | <p>Kansas is not only one of the top beef producing states in the United States, it is also home to world renowned leaders throughout each step in the production chain. Industry consultants, research leaders at K-State (College of Veterinary Medicine, Animal Science and Industry, the Beef Cattle Institute), Fort Hays State University and throughout private industry, including companies located within the KC Animal Health Corridor, and cattlemen and women who are serving in leadership roles in industry associations, there is a wealth of knowledge driving the continual improvement in the beef cattle industry.</p> <p>As the industry works to improve production capabilities — resource management and utilization, reproduction and genetic improvements and technologies, feed efficiency, cattle health management, animal husbandry, economics and marketing, and more — it will be critical to work alongside these well-recognized industry leaders.</p> <p>Today's consumers are increasingly interested in knowing how and where their food is grown, raised and processed. Throughout each chain of the beef industry, private operations have opened their doors to welcome consumers and influencers for learning opportunities. In addition, established programs, like the Beef Checkoff Program's Masters of Beef Advocacy, have provided training opportunities to equip farmers and ranchers with public speaking training and coordinated messaging to help "tell our story." These initiatives together have helped the Kansas beef industry become a recognized and trusted source of high-integrity, wholesome producers of high-quality beef products, and they will be increasingly important as domestic and international consumers continue to seek more information about their food choices.</p> |

# OPPORTUNITIES (cont'd)

| Factor  | Implications for Growth and Development Opportunities  |
|---|--|
| <p><b>Policy Environment</b></p>                      | <p>Recent changes to the Kansas tax code have reduced state tax burdens on the Kansas agricultural community. Some of the key changes include a state income tax exemption for partnerships, LLCs, Limited Liability Partnerships, Sole Proprietorships and Subchapter-S Corporations; sales tax exemption on the construction, reconstruction, and remodeling of livestock facilities for projects greater than \$50,000; 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> <p>Also at the state level, KDA works closely with the beef cattle community to eliminate unnecessary and outdated regulations, and on the development of commonsense solutions to policy challenges in Kansas. 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 beef cattle industry. The Kansas congressional delegation will play an important role in influencing positive changes related to federal regulations or legislation, including a national traceability system, international trade, marketing regulations, federal taxes, antibiotic use, transportation rules, human nutrition, natural resources and more.</p> |
| <p><b>Supporting Institutional Infrastructure</b></p> | <p>Kansas has a solid foundation throughout the entire beef production community. With cow-calf production and stocker operations, a robust feeding sector, and a strong beef processing presence, Kansas has a well-established beef production network that results in efficiency benefits to all steps in the production chain.</p> <p>Kansas feedyards are able to recruit feeder cattle from all four directions, including Canadian and Mexican feeder calves, as well as yearlings from the Rocky Mountains and calves from the southeast United States. As of Jan. 1, 2016, Kansas has 2.23 million cattle on feed.</p> <p>As one of the top grain producing states (including corn, beans, milo, wheat and barley), the Kansas beef cattle industry benefits from having a readily available supply of feed. There are also abundant supplies of roughages, including silage, alfalfa and other hays. In order to sustain and grow the cattle industry, especially the cattle feeding sector, maintaining the abundant feed supply is critical.</p> <p>Kansas is also among the top states for beef processing, with three of the four major beef processors operating in Kansas.</p>   |

# OPPORTUNITIES (cont'd)

| Factor   | Implications for Growth and Development Opportunities  |
|--|--|
| <b>Supporting Institutional Infrastructure (cont'd)</b>          | <p>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 beef cattle community.</p> <p>Kansas also has a large presence of agribusinesses that directly support beef cattle production, including equipment manufacturers and equipment service providers, livestock feed manufacturers, livestock trailer manufacturers and semen/genetic companies.</p>  |
| <b>Verification/Certification Programs and Quality Assurance</b> | <p>Beef producers have shown a strong willingness to participate in voluntary certification or verification programs, including the Beef Quality Assurance program, Age and Source Verification, and multiple third-party programs. In addition to providing education and training on animal handling, management and production practices, some of these programs can result in earning a premium at the marketplace.</p> <p>In Kansas, more than 90 percent of the fed cattle in the state are handled by BQA certified handlers.</p> <p>As Kansas beef producers increase herd size as is expected in the coming years, there may be opportunities to add value to cattle raised in Kansas through increased participation in certification/verification programs to meet specific consumer demands as well as packer and retailer demand for specific traits and qualities.</p>   |
| <b>Weather and Natural Resources</b>                             | <p>The semi-arid climate in Kansas is suitable for cattle production year-round.</p> <p>Not all land in Kansas is suitable for growing crops, but cattle are able to graze on grasses and plants growing on the 15.5 million acres of pastureland throughout the state and convert these resources, which would otherwise likely be unused, into high quality protein for human consumption.</p> <p>Raising cattle not only allows Kansas farmers and ranchers to maximize production on land not conducive for farming, it is a higher value product compared to farming.</p> <p>Kansas is also 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 beef cattle community in Kansas continuously works to improve production practices and efficiencies to raise healthy cattle and meet consumer demands. In recent years, the Kansas beef cattle industry has taken the following steps to improve or enhance the industry:

- Kansas is among the top three states in the nation in the number of cattle in feedyards and on ranches and in red meat production.
- More than 90 percent of fed cattle in Kansas are handled by Beef Quality Assurance certified handlers.
- Kansas cattlemen have and continue to be elected by peers to serve in leadership roles within national organizations, including the president of the National Cattlemen's Beef Association.
- As Governor Sam Brownback has led efforts to extend and conserve the usable life of the Ogallala Aquifer, Kansas feedyards continue to step up to explore opportunities with voluntary, producer-driven conservation tools.
- Changes in the tax code (see above) in 2014, including the Livestock Facility Sales Tax Exemption, make it easier for industry to utilize.
- Exports add nearly \$250 per head in value through May 2016.
- In partnership with K-State Research and Extension, KDA jointly leads the Sunflower Supreme Heifer Program to provide southeast Kansas cattlemen with reproductive and genetic improvement tools to enhance the quality of their cattle.
- Over the past five years, KDA, in coordination with industry and academic partners, has worked to improve emergency preparedness efforts throughout the state in order to be the best prepared state in the nation when it comes to foreign animal disease preparedness.

# CHALLENGES

Just as the beef cattle industry has endured challenges from weather, economic fluctuations and consumer perception in recent years, the threat of additional barriers to growth will continue to exist. Identifying those challenges and developing proactive solutions will be key to future growth.

| Challenge                      | Details of Challenge  |
|--------------------------------|---|
| <b>Access to Capital</b>       | Growth and expansion in the beef industry can often require large amounts of financial capital. Finding enough financial institutions with the ability to competitively lend at the levels necessary for some beef operations to grow in Kansas is a challenge and barrier to growth.   |
| <b>Critical Infrastructure</b> | <p>As beef packers and processors identify when and where to grow their presence, a key factor they will consider are utility rates. There are challenges with competitive utility rates in Kansas that have resulted in burdensome and unnecessarily high utility rates.</p> <p>One of the key comparative advantages the Kansas beef industry has benefited from for generations is access to land for grazing and feeding cattle. With high land prices in recent years and an increase of urban and suburban absentee landlords, it is becoming an increasing challenge to find land necessary for cow-calf and stocker operations to expand in the future.</p> <p>Unlike other sectors of agriculture, the beef industry relies solely on trucks and the highway system to transport live animals and beef products. With the utmost focus on safely and efficiently transporting products, it can be a challenge for larger trucks and vehicles on smaller two-lane highways, especially in western Kansas.</p> |

# CHALLENGES (cont'd)

| Challenge                                  | Details of Challenge  |
|--|---|
| <b>Critical Infrastructure</b><br>(cont'd) | <p>While Kansas is home to several major beef packing facilities, there has also been a decrease in the number of local processing facilities, mostly in rural communities. Without a nearby processing plant, cattlemen are forced to drive longer distances in order to process smaller groups of animals.</p>  |
| <b>Generation Transfer</b>                 | <p>As the current generation of primary owners and operators approach retirement age, identifying the next generation of management can be a challenge when a son or daughter, or other family member, is not interested or able to take over an operation that may have been built for multiple generations. Beyond identifying the actual next generation of management, challenges related to capital requirements in agriculture can also be a barrier when it comes time to transition a beef cattle operation from one generation of ownership to the next.</p>   |
| <b>Industry Capacity and Competition</b>   | <p>Historically and even still today, Kansas, Nebraska and Texas have been the top three beef producing states nationwide. In recent years, there has been more growth in areas more closely located to ample feed supplies, including Nebraska, South Dakota and Iowa. Industry growth and expansion in other states may present a challenge for growth in Kansas.</p> <p>With more than 6 million cattle and calves in feedyards and ranches throughout Kansas and more than 5 billion pounds of beef coming from packing plants in the state, it will be important for each segment of the industry to determine if it is at the maximum capacity.</p> |
| <b>Industry Fragmentation</b>              | <p>Unlike the vertically integrated pork and poultry industries, the U.S. beef industry remains composed of multiple independent segments working together to comprise the beef production chain. This independent organization of the industry can be a challenge when producers within the sectors fail to recognize the importance of working cooperatively with each segment up and down the production chain.</p>  |
| <b>Industry Opponents</b>                  | <p>The growing number and power of anti-animal agriculture and anti-meat activists will continue to challenge consumer perception of beef production practices, beef nutrition and beef safety.</p>   |
| <b>International Trade</b>                 | <p>A key area for growth will result from increasing global demand for beef. Kansas has the opportunity to not only increase exports of beef but also of live cattle to countries wanting to expand their own domestic herds. Delays in passage and implementation of the Trans-Pacific Partnership cost the beef industry significantly in terms of tariff reduction potential, especially with Japan, and elimination of non-tariff trade barriers included within the agreement.</p>   |

# CHALLENGES (cont'd)

| Challenge                       | Details of Challenge   |
|---------------------------------|--|
| <p><b>Market Volatility</b></p> | <p>Extreme market volatility in the beef marketplace continues to be a challenge for all segments of the beef industry.</p>  |
| <p><b>Policy</b></p>            | <p>Kansas is one of fewer than ten states in the nation that has laws restricting corporations from engaging in farming and ranching. The Kansas law has been amended throughout the past to provide 18 specific exemptions from the law, but the law still restricts who can do business in Kansas. This unfair restriction has resulted in potential agricultural operations choosing to relocate, grow or expand in states other than Kansas.</p> <p>The beef industry relies solely on trucks and the highway system to transport live animals and beef products. Federal regulations can make it challenging to transport live animals or beef products in a manner that is safe for drivers and animals alike.</p> <p>Burning the Flint Hills is a critical range management tool to improve prairie grass production and prevent intrusion from weeds and woody plants. In fact, recent research by K-State suggests many land managers in the Flint Hills need to increase burning frequency to more than once every three years in order to prevent the landscape from being taken over by invasive plant species. Kansas has worked with industry stakeholders, local government and environmental partners to develop and implement the Flint Hills Smoke Management Plan to address concerns raised by downwind communities regarding air quality during the annual burning season. Despite this plan, there is concern that the federal government may propose regulations that may result in challenges to the ability of Flint Hills ranchers to burn rangeland.</p> <p>Though not unique to Kansas, there exist significant challenges due to federal laws and regulations, including: dietary guidelines, the Trans-Pacific Partnership, the Endangered Species Act, environmental rules and regulations related to air and water quality, and more.</p> <p>Kansas is fortunate to have a federal congressional delegation that is highly supportive of agriculture and the beef industry. Beyond Kansas' two senators and four representatives, there are an increasing number of federal lawmakers who have no understanding of agriculture, and this is becoming a challenge at the state level as well.</p> |



# CHALLENGES (cont'd)

| Challenge                                     | Details of Challenge   |
|---|--|
| <b>Talent Development and Quality of Life</b> | <p>Growth in the beef cattle industry, particularly in cattle feeding or cattle processing, will require a skilled workforce, which continues to be a significant challenge through the entire agricultural industry. In addition, a decline in the number of graduates from the K-State College of Veterinary Medicine with a focus on large animal medicine presents a challenge throughout the production community.</p> <p>Beyond needs for specific job training and talent development, ensuring a long-term ability to recruit and sustain a high quality workforce will require the state to consider issues surrounding quality of life in rural communities, including topics related to having a robust economy of support businesses necessary for the agricultural industry, strong schools, access to health care services, affordable and quality housing, and more. Increasing local property tax rates also present challenges throughout the beef industry and rural communities.</p> <p>At the federal level, challenges as a result of the nation's immigration system can be difficult for the beef industry, which relies on a year-round, steady supply of migrant employees, especially in the cattle feeding and beef processing sectors.</p> |
| <b>Traceability</b>                           | <p>The lack of traceability system inhibits export growth potential and could potentially create animal health threats.</p>  |
| <b>Water and Natural Resources</b>            | <p>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 beef operations in these regions will have to purchase land with sufficient water rights.</p> <p>Also related to water are challenges with consumptive use laws that can be costly and burdensome to convert from irrigation to stock water use. Further, the amount of time it can take for approval of certain Kansas Department of Health and Environment permits delays beef industry operations from expanding in a timely manner.</p>  |

## NEXT STEPS IN STRATEGIC DEVELOPMENT

The development of a long-term growth strategy will require input and discussion among key partners. The following strategies have been identified as next steps in developing a strategic growth plan for the Kansas beef cattle industry.

| Focus Area               | Solution  |
|--------------------------|---|
| <b>Industry Outreach</b> | <p>KDA will identify potential partners and establish a schedule for strategic growth plan meetings. KDA will also proactively reach out to key industry leaders and major processors in Kansas regarding the development of a strategic growth plan.</p> <p>KDA plans to attend the 2017 Cattle Industry Convention and NCBA Trade Show.</p> |

# NEXT STEPS IN STRATEGIC DEVELOPMENT (cont'd)

| Focus Area              | Solution  |
|-------------------------|---|
| <b>Smoke Management</b> | KDA is working with KDHE, Kansas Livestock Association and Kansas Farm Bureau to address potential policy challenges related to smoke management in the Flint Hills.  |
| <b>Water</b>            | Continue implementation of the action items identified in the Kansas Water Vision, including continued outreach related to increased adoption of voluntary, flexible water conservation tools like Water Conservation Areas and Local Enhanced Management Areas.  |
| <b>Workforce</b>        | Recognizing the need for a skilled workforce in Kansas, the Kansas Department of Commerce and the Kansas Board of Regents have developed Workforce AID (Aligned with Industry Demand) to help Kansas business compete in a robust economy. The feeding sector in Kansas has a need for bilingual employees, and Workforce AID may be an avenue to help feedyards provide critical job training for their employees. |

## OPPORTUNITIES TO EXPAND PRESENCE

Based on the current industry and previously discussed comparative advantages, below is a list of potential opportunities to expand or grow the footprint of the Kansas beef cattle sector:

- Increase head numbers, value and processing in next 5 years.
- As beef producers increase herd numbers, as is expected over the next five years, work with industry to provide education and tools necessary to add value and improve quality of animals at the same time.
- Coordinate with K-State and the Kansas Board of Veterinary Examiners to improve communication and linkage between practitioners and producers throughout all areas of Kansas.
- Expand Sunflower Supreme statewide.
- Explore opportunities to improve byproduct utilization to add more value to cattle and beef before products leave the state (inedible and edible).
- Increase opportunities for small-scale/local beef marketing.
- Partner with industry to enhance consumer education efforts related to beef production practices, beef nutrition and beef safety in order to grow consumer trust in beef and beef production.
- Work through increased research related to feed intake and feed efficiency and coordinated efforts with grain producers and feed manufacturers to establish Kansas as the location with the lowest cost of gain for finishing cattle.
- Become home to the largest percentage of breed associations.
- Within each segment of the industry, maximize value-added opportunities by use of best management practices, marketing and more.
- Expand opportunities for niche and/or local marketing of beef from Kansas ranches.
- Explore opportunities for coordinated research with sorghum to consider livestock use, including economics of feeding and forage, palatability and more.

## OBJECTIVE

Based on feedback and information gathered from stakeholders and key partners at the Agricultural Growth Summit in August 2016, specific growth objectives for the Kansas beef industry will be developed.

# Kansas AG SUMMIT

GROW SMARTER. GROW STRONGER. GROW KANSAS.

## KANSAS STRATEGIC AGRICULTURAL GROWTH BEEF — NOTES

### MEETING SUMMARY

From April to July 2016, Kansas Department of Agriculture executive and agricultural marketing team members met with cow/calf producers, stockers, feeders and university representatives. Beef producers identified for the one-on-one conversations represented both small and large operations and ranged in geography throughout the state. Many expressed that the strength of the industry within the state, our nationally recognized leaders, and grassland and climate make Kansas a good place to grow. Common themes of challenges impacting the growth of the beef industry in the state included consumer perception and beef demand, drought and volatility of market.

### Consumer

- Need to tell the story and connect with consumers
  - This adds value to the industry, your operation and the product
- Need for consumer education of production practice differences (ex: grassfed vs grainfed)
  - Promote all beef as high-quality, premier, “center of the plate” feature
- Focus on opportunities to increase beef demand
  - Increase focus on convenience for consumers (make beef easier to prepare)
  - Need to consider diverse ethnic demands
  - Need to consider food eaten away from home

### Finance and Capital

- Access to capital is a barrier to growth
  - Lack of financial institutions with the ability to competitively lend at the levels necessary for some beef operations to grow within the state is a challenge
  - Need for venture capital in Kansas

### Research

- Need better understanding of on-farm production practices and potential work with K-State College of Ag or extension to gather this information
  - Including vaccinations, weaning, reproduction and grazing
- Potential opportunity for education related to computer-based risk management tools
- Research consideration for livestock’s needs in sorghum research
  - The economics of feeding and forage
- K-State needs to stay competitive with other universities
- Need a better understanding of how much land is leased vs. owned for grazing

Beef



- Potential opportunity to develop smart phone and tablet applications that can help beef producers manage data input and use it to guide production and management decisions

## Rules & Regulations

- Corporate ownership laws need to be repealed
- KDHE permitting program is a challenge
  - Program needs to privatize the services
  - Backlog is a challenge, but KLA environmental services has been a tremendous help
- Kansas requirement for a DOT sticker on truck if hauling cattle is a frustration
- Commercial transport rules are a challenge
  - Class A requirements for drug test and health cards can be a challenge
  - Truck weight limits need to be uniform across state lines
- Protecting ag tax exemptions is important
- Need to protect property tax structure in Kansas
- The small business income tax has been very beneficial and impacts business decisions when choosing between Kansas and other states
- If LLC income tax returns, all attributes need to return with it
- EPA region 7 (Kansas) is more aggressive than some surrounding states
- Federal regulations can make it challenging to transport live animals or beef products in a manner that is safe for the drivers and animals alike and is efficient
  - Touches welfare issues due to keeping cattle on a trailer too long
  - Unloading cattle to get a drink and rest can have benefits, but finding a location to unload is a challenge (challenges with liability when cattle are at a specific facility)
- Federal rules on antibiotics (including new VFD rules) will continue to be an issue in raising healthy cattle
- The livestock facility sales tax exemption has been user-friendly and helpful
  - Need to add a refurbishing clause
- Regulatory and financial burden of environmental compliance

## Transportation and Infrastructure

- Federal weight limits are a primary challenge
- There is a need to develop better relationships with KDHE and EPA that are more collaborative in nature and less regulatory prohibitive
  - Could result in better solutions to address environmental quality concerns
- Need for more efficient ways to transport grain
- Expansion of two-lane highways in some areas of the state would be very beneficial

## Verification/Certification Programs/Quality Assurance

- BQA participation of Kansas beef producers
  - Is there opportunity to expand to youth level?
  - Opportunity to develop “Kansas certified” program to document how animals are treated and handled
  - Opportunity for regional “beef state” program
- Traceability needs to be market-driven

- Kansas should be a leader in development of this system
  - K-State faculty members are ready to lead
- Has to be easy to submit and easy to retrieve data
- Important for trade, animal health, management and information transfer
- The industry could benefit from not abandoning progress made with ASV program participation in early 2000s
  - Program existed and worked when it was necessary
  - As supplies of cattle continue to grow through 2020, the industry needs to maintain the assurance of export markets
  - Would be production disaster to lose any major global customer as supplies continue to grow
- Consider expanding Sunflower Supreme statewide
- Record keeping at the farm level can be a challenge
- Lack of trust among different sectors is a challenge
  - Coordination and cooperation among sectors creates opportunity
- Branded programs provided industry with opportunities to capture premiums for quality cattle

### Water and Natural Resources

- Kansas tallgrass prairie serves as a comparative advantage to other states
- Water quality and quantity will continue to be a challenge
- Feeders need access to forage to grow
  - Feeders also need access to packers
- Keep CAFO at the state level vs. county by county
- Need to do away with or fix consumptive use
  - Should not be penalized for converting to stockwatering
- Finding and having access to grass is a major challenge
  - Competing with absentee landlords to purchase land is a big challenge
  - Full sections and smaller tracts are being pulled out of production and “preserved” by non-ag landlords

### Workforce and Quality of Life

#### Workforce

- Need for immigration reform to allow visas for longer-term employees; seasonal workforce visas are not a good fit for operations that need year-round labor
- Consider a “nurse practitioner” bachelor’s degree for veterinarians to be provided through K-State animal science
- There is a need for better business/executive training for beef veterinarians
- Need for larger focus on internships and work-experience opportunities (in-state and out-of-state)
  - “Training the people we want to hire”
- Those who do not have immediate family heirs to return to operation, struggle to find a next generation of leadership
  - Can state help develop a generational transfer program to help connect one generation to the next?

- Finding reliable workforce/ranch employees is a primary challenge
  - Challenge isn't finding people who can perform the skills (skills can be taught), challenge is finding people willing to do the work
  - Lack of work ethic?
  - Length of staying with the job
  - Maybe a focus should be put on the type of training/motivation that employees receive (older generations better understand what motivates younger generations to work?)
- Need to find a better way to reach young producers (How do we get them involved?)
- Need sector-specific training programs (each sector expressed need for this)
- Need pride and acceptance that we're an ag-based state
  - Maybe consider county commission/economic development tours and education related to ag

### Quality of Life

- Affordable housing is a limiting factor
  - Local property taxes are climbing
  - Suggests the state give another look at income taxes
- Need to think about quality of life components for immigrant labor and getting them involved in the community
  - Need to be able to obtain a driver's license
- Rural communities need amenities and services to attract people (jobs, but also quality of life)
- Keeping teachers in rural communities is a challenge

### Other

- Rather than add more head, there is opportunity to add more value to cattle/beef already here
- Leadership in national industry is a huge advantage of Kansas
- Cattle market volatility in past 18 months is a major challenge the industry faces
  - No control over this, but state can work with industry to reduce expenses, promote products, and add as much value to products while they're here
- Need to rebuild trust between state lawmakers and education
  - Need lawmakers to better understand agriculture overall

### Potential Action Items

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