

SPECIALTY CROPS

EXECUTIVE SUMMARY

Many different types of specialty crops are grown in Kansas, and the industry has received increased focus over the past few years to learn more about the various crops within this category. The U.S. Department of Agriculture defines specialty crops as tree nuts, dried fruits, horticulture, and nursery crops (including floriculture). Kansas also includes grapes and other specialty crops which don't fit under the USDA definition but do contribute to the Kansas economy. In 2014, a Local Food and Farm Task Force was appointed (reauthorized in 2016) and tasked with learning more about this industry. Specialty crops offer a variety of advantages, including small acreage requirements and a low reliance on water, and many communities see the production of fresh fruits and vegetables as a benefit provided by this industry.

To realize the potential of the specialty crop market, several challenges must be faced that could otherwise serve as a barrier to growth. The small scale of most of these crops makes it hard to identify and understand the crop production currently in existence. A better understanding of the crops that are currently grown would help expand and promote the market. The state of Kansas does not belong to any organized specialty crop association — though some producers do participate in local and regional organizations — making advocacy, education and marketing a continued challenge. Small-scale operations face difficulties overcoming problems with distribution, marketing, growing conditions and labor-intensive harvest methods.

The specialty crops industry offers opportunities for growth, but a successful long-term growth strategy will require input and discussion from key partners. A survey currently under way by the Kansas Department of Agriculture and K-State Research and Extension should provide more information about the current producers and crops in order to better serve them. The Local Food and Farm Task Force will continue to gather information and advocate for specialty crop growers. Increased involvement in the regional and national specialty crops industries will help Kansas identify ways to expand the specialty crops sector. Collaborative efforts from all stakeholders, both public and private, are critical to the success of a strategic growth plan for the specialty crops sector in Kansas.



STATUS

The specialty crops industry in Kansas has garnered increased attention over the past few years, including the appointment of a Local Food and Farm Task Force (SB 286, 2014; reauthorized SB 314, 2016) that was tasked with identifying financial opportunities, technical support and training necessary for local and specialty crop production. It is a known fact that Kansas contains pockets of specialty crop producers; however, it is not known exactly what types of specialty crops are grown and how these products are merchandised.

The U. S. Department of Agriculture defines specialty crops as tree nuts, dried fruits, horticulture and nursery crops (including floriculture). As reported by the USDA National Agricultural Statistics Service in 2014, Kansas harvested 4,100 acres of summer potatoes and 6,900 acres of dry, edible beans. Kansas is ranked 4th in the country in summer potato production. No other specialty crops meet minimal quantities for ranking.

The 2006 Kansas Horticultural Survey coordinated by the Kansas Department of Agriculture in cooperation with NASS indicated the horticulture industry added over \$1 billion in sales and expenditures to the Kansas economy during the year. Additionally, more than 780,000 acres in Kansas were involved in horticulture activities. For survey purposes, sectors included were fruit, berries, nuts, vegetables and melons, grapes and wine, medicinal plants, Christmas trees, sod, nurseries and greenhouses, florists, arborists, turf installation and maintenance, and lawn care firms. Not all of these sectors are specialty crop sectors by USDA definition; however, they have a positive economic impact to Kansas.

Interest in specialty crops is viewed from a variety of angles. One view is that specialty crop production generally requires minimal acreage and low initial investment — thus a potential avenue to attract new and beginning farmers. Another thought is that the specialty crops industry's reliance on water may be less than traditionally produced commodity crops. Other communities may see the specialty crops industry as a service to the region providing fresh fruits and vegetables during specific growing seasons in food deserts across the state.

When evaluating growing climate and the availability of natural resources, historical data indicates Kansas is well positioned (but not limited) to grow the following specialty crops: fall decorative vegetables (pumpkins, squash, decorative corn), watermelons and muskmelons, sweet corn, sweet potatoes, and ethnic crops. In order to encourage specialty crop production, steps must be taken to identify end markets interested in consistently purchasing these crops. This statement is true for all specialty crops.

OPPORTUNITIES

In order to develop a strategic growth plan for the specialty crops sector, 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
Industry Association	<p>The Kansas Vegetable Growers Association is the organized industry association for producers. This group partners with bordering states Iowa, Missouri and Nebraska to organize the Great Plain Vegetable Growers Conference for educational purposes. At this time there is no known industry association for large-scale specialty crop producers in the state.</p> <p>Subcultures that currently exist are farmers' markets, local level farm and food councils, the Local Food and Farm Task Force, and seasonal high tunnel EQIP (Environmental Quality Incentives Programs) locations across the state.</p>

OPPORTUNITIES (cont'd)

Factor	Implications for Growth and Development Opportunities
Industry Development	Identifying current specialty crop producers, acreage and locations across the state is a key to understanding what specialty crop production exists in Kansas. In July 2016, KDA agriculture marketing distributed a statewide specialty crop survey. The survey period is open through October 1. Specialty crop survey responses will aid in identifying producers, types of specialty crops grown and grower regions across the state.
New Products	Historically, edible beans, sweet potatoes, pumpkins, watermelons, muskmelons and ethnic crops have all grown successfully in the Kansas climate. Large-scale onion and potato farms exist in the central and western regions of the state.

CHALLENGES

Specialty crop producers face challenges to business development and potential industry growth.

Challenge	Details of Challenge
Available Resources	There is limited land-grant university knowledge and research. Although many specialty crop extension resources are located in the eastern part of the state, the need exists for public education on specialty crop production in the central and western parts of Kansas, due to the lack of extension personnel and educational programming in these regions. Seward County Community College is in the process of growing the college's sustainable agriculture resources program, which includes specialty crop education. Additionally, Cloud County Community College will add the institution's first commercial horticulture class in fall 2016.
Critical Infrastructure	There is a lack of published information regarding specialty crop transport across the state. Some of our known "bulk" growers or aggregation points are shipping commodities out of the state.
Environment	Growing conditions and distribution logistics including cold storage of growing fruits and vegetables year-round are noted producer challenges.
Industry Association & Perception	Kansas does not belong to any organized specialty crop association. Thus advocacy, education and marketing of this sector attracts very limited attention. Additionally, overall attitudes within the agriculture industry may be divided with some believing a growth in the specialty crop industry may have a negative effect on traditionally grown row crop acreage.

CHALLENGES (cont'd)

Challenge	Details of Challenge
Water	Some crops — like sweet corn — could be considered water intensive. Others — like sweet potatoes — require very little water to grow. Additionally, understanding how much water a crop takes depends on how many growing rotations are harvested on an annual basis.
Workforce Development	At this time most specialty crops require labor-intensive harvesting methods. As technology evolves, mechanized harvesting will become available to producers. However, this mechanized method is very expensive.

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 specialty crops industry.

Focus Area	Solution
Domestic Sales	What do we need in Kansas — where are our producers? What specialty crops are being grown and harvested? How are these crops being merchandised? Continuation of the Local Food and Farm Task Force will allow for research and better understanding of these questions.
Industry Development	Continue to engage with Western Vegetable Growers Association contacts. Research large-scale specialty crop producers located in eastern Colorado, southern Nebraska, and the panhandles of Oklahoma and Texas. Investigate specialty crop checkoff programs as potential sources of revenue for education, research and promotion of the industry.
Industry Needs	Complete the statewide specialty crop survey in partnership with K-State Research and Extension. Also consider updating the 2006 Horticulture Survey that was completed by KDA in cooperation with the National Agriculture Statistics Service. Once survey data is gathered and organized, create a statewide specialty crop marketing campaign to boost awareness of and support for all specialty crop sectors.
Knowledge Development	KDA attended the Western Growers annual meeting in November 2015, gaining industry knowledge and initiating conversations with key western growers.

NEXT STEPS IN STRATEGIC DEVELOPMENT (cont'd)

Focus Area	Solution
<p>Policy</p>	<p>The Local Food and Farm Task Force made the following recommendations to the legislature in January 2016.</p> <ol style="list-style-type: none"> 1. Identify financial opportunities, technical support and training necessary for local and specialty crop production. 2. Identify strategies and funding needs to make fresh and affordable locally grown foods more accessible. 3. Identify existing local food infrastructures for processing, storing and distributing food and recommendations for potential expansion of these operations. 4. Develop strategies to encourage farmers' markets, roadside markets and local grocery stores in unserved and underserved areas.

OPPORTUNITIES TO EXPAND PRESENCE

Initial list of potential opportunities:

- Continuation of the Local Food and Farm Task Force was approved by the Legislature in 2016, and the task force convened on Aug. 23, 2016, to continue work on identifying local food and specialty crop initiatives.
- Consider establishing a Kansas Vegetable Initiative — similar to Kansas Dairy Initiative — to assist with recruiting large-scale producers into Kansas.
- Identify current small- and large-scale specialty crop producers who may be interested in expansion and present incentives to expand/grow acreage in Kansas.
- Identify distribution networks and encourage broker procurement within the Kansas specialty crops industry.

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 specialty crops industry will be developed.

Kansas AG SUMMIT

GROW SMARTER. GROW STRONGER. GROW KANSAS.

KANSAS STRATEGIC AGRICULTURAL GROWTH SPECIALTY CROPS — NOTES

MEETING SUMMARY

From April to July 2016, Kansas Department of Agriculture executive and agricultural marketing team members met with specialty crop producers, researchers and other industry members. Producers identified for the one-on-one conversations represented both small and large operations and ranged in geography throughout the state. Many expressed that transportation and central location of the state make Kansas a good place to grow. Common themes of challenges impacting the growth of the specialty crop industry in the state included water, labor, and working on meeting the growing demand.

Consumer

- The growing market is a challenge
 - Would like to expand and serve food banks directly (instead of working through USDA)
 - There is a lot of pressure for vegetables
 - Need for creating groups to provide product — at this time, producers cannot provide a steady supply of commodity year-round
 - Specialty markets (gluten-free, natural meats, etc.) will continue to grow as consumer demands increase
- Quality of life and relationship building are important for farmers/producers and customers
 - Customers want to be able to purchase and support local (found through specific programs)
- Need advocacy to support statewide specialty crop campaign, encouraging Kansans to support Kansas growers/producers

Finance and Capital

- Opportunity to buy more acres affordably is challenging in some areas of the state
 - Specialty crop producers are able to pay higher rent for land because they receive a higher return on investment per acre
- Finding lenders who lend when the crop has not been harvested and marketed to an end buyer is a challenge
- Crop insurance is a challenge
- Explore opportunities for subsidies

Research

- Old extension model doesn't work, but new extension model is good (community vitality, food science and consumer science)



- The loss of K-State faculty in research and teaching for sustainable ag has been a challenge
 - Due to budget cuts, some positions will not be filled
- There are not enough extension appointments to help with education/mentoring demand needed for specialty crops across the state
- Would like to partner with KDA to complete a new horticulture survey (last survey was completed in 2006)

Rules & Regulations

- Food safety certifications are a challenge (FMSA, for example: how will that affect Kansas specialty crop producers?)
 - Need help with KDA/USDA inspector processes
- Food safety is critical all the way through
- Sales tax is higher in Kansas than in some neighboring states on fresh produce
- The state should make taxation laws easier to understand
- The state is missing revenue stream by not taxing labor

Transportation and Infrastructure

- Transportation is an advantage (Colorado is a great state to back-haul out of)
- For year-round capability, will need greenhouse and cold storage capacity
- Need for central distribution, especially for schools and hospitals
- Looking for a back-haul to get more produce offering into grocery stores (easier process)
- High tunnels are the future for the industry and will provide more access to produce throughout the year
- Highway and bridge funds should be preserved because all producers need good infrastructure when merchandising or selling crops
- CDL- concern over farmers not having CDLs to transport large loads
 - Both sides of the story were shared (some want CDL required for all that are transporting loads, some do not want it to be required for all)

Water and Natural Resources

- Water usage and charges are the same for small and large commodity production farms
 - Would like to see some changes for the small producers
- Water is a major inhibitor at this time

Workforce and Quality of Life

- Labor is a major inhibitor at this time
- Competes with regional distribution centers for employees (Home Depot, Mars, Walmart)
- Would like to see more focus from state (KDA) on succession planning and buy/sale agreements
- K-State student population is an invaluable resource for labor

Other

- Specialty crop industry should brace for marijuana growth and use
- Some have interest in co-packing if Kansas companies were interested
- Branding is a big competitive advantage
 - Need stronger management system
 - Have to be able to attract new producers to the coop
 - Need more than one market
 - Specialty crops have a lot of potential here
- Food security is a huge issue in Kansas; Kansas feeds the world but does a poor job of feeding its own people
- Need understanding within ag that specialty crops are an important part of Kansas ag (ag supporting ag, no matter how large or small)
- Would like to see the From the Land of Kansas logo be more all-encompassing towards other commodities within the state
- Local councils need to develop their own systems

Potential Action Items

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