

# It's Time to Cut a Ribbon for Agriculture



“ This value-added loss we are seeing in farrowing is significant in that farrowing uses more highly skilled labor, has a higher capital investment and adds value to Iowa’s economy—this will impact Iowa agribusinesses that supply pork producers.”

- 1995, DR. JOHN LAWRENCE, ISU EXTENSION

*Iowa is the second largest agriculture state in the nation, however, you might be surprised to learn that Iowa’s sow herd is now 800,000 head smaller than it was in 1991. When it began to decline in the mid ‘90s, ag economists warned of the resulting valued-added and economic losses to rural communities.*

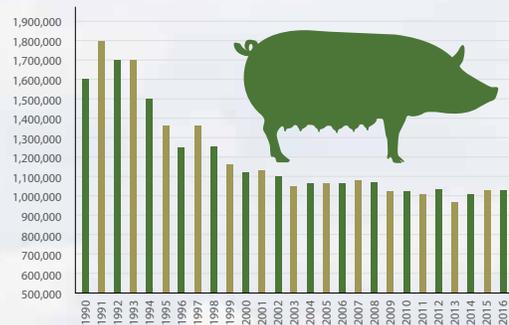
## FACTORS AT PLAY

Joe Kerns, ag economist and President of Kerns and Associates, and Dr. Lee Schulz, Iowa State University ag economist, believe several issues were responsible for the sow herd decline.

“The lack of profitability in the packing sector led to losses in pork production, which meant farmers weren’t growing,” Kerns said. “You also saw producers moving their sow herds outside of the grain states, and then trucking their feeder pigs back into the Midwest for finishing.”

Schulz says increased productivity is another reason. “Producers have made great strides in productivity, which means they need fewer sows to produce the same amount of pork,” he said. “Improved genetics, nutrition, housing and overall better management and animal care has led to bigger, more productive litters.”

### IOWA SOW INVENTORY



## BACON MAKES EVERYTHING BETTER

When demand for pork is strong— like now—that usually means the packer sector is profitable. In fact, our love for all things pork has grown steadily since mid-2008; pork sales in grocery stores and restaurants have increased 20 percent during these past 10 years.



## BENEFITS OF SOW HERD GROWTH

### The National Pork Board says the surge has been driven by a number of factors:

- Challenges of the Great Recession of 2008 to 2010 set a low launch point for the recovery to follow. People didn't necessarily eat less, though some, no doubt, did. Consumers were also more careful about how much they spent on food, switching to cheaper alternatives, eating at home more and shopping for bargains on items that historically take a larger share of food budgets.
- Media reports in recent years have refuted much of the fat and cholesterol phobias created by what many classify as the "junk science" of the '60s and '70s. When low-carb, high-protein diets finally broke out of the realm of devotees to the late diet guru, Dr. Robert Atkins, more people discovered that meat could be a delicious part of a healthy diet.
- Pork is the fastest-growing protein in food service. Pork's variety and versatility make it particularly easy to add this well-loved protein to the menu, giving it room to grow throughout the day—from breakfast bacon to hearty sandwiches and comfort-style entrées.

While farmers work to meet the needs of greater demand for pork and increased packer capacity in the state, sow numbers may increase, though may never be what they once were. "Iowa has the opportunity to create an environment where animal agriculture can thrive, and capture the full benefit to the communities and ag economy," said Kerns.

Welcoming a new sow farm to rural Iowa has many benefits—jobs, low-cost organic fertilizer, increased demand for grain, and the multiplier efforts of those farmers and employees who spend their dollars at local restaurants, grocery stores and main street businesses.

"Sow growth in itself is a good thing because it allows those in the nearby communities the ability to have good jobs," said Kerns. "The animals that are farrowed also find their way into various farms in Iowa resulting in greater economic prosperity for the families who care for the pigs."

Schulz says pork industry profitability leading to sow herd growth creates environmental benefits, as well. "Farmers have the means to replace older farms with new farms, and new technology is better for air quality, water quality and manure management," he said.

Each new Iowa Select sow farm, for example, is designed with pen gestation and engineered with positive filtration. The filter banks, concrete manure storage pits and wind barriers all help reduce odors. Manure is knifed in or incorporated within 24 hours of application, which in turn reduces odor by up to 75 percent. On farm technology such as surveillance cameras, UV chambers, transition rooms and bench entry systems improve biosecurity. All are good technologies benefitting the care and health of the pigs, the caregivers, our neighbors, and Iowa.





## GRAIN FARMERS BENEFIT MOST

Schulz and Kerns both agree the big winner in animal agriculture growth in Iowa is the grain farmer. "Crop farmers will be at or below breakeven for as far as the eye can see," said Kerns. "Corn and soybean farming is not going to be incredibly lucrative, and livestock production allows farmers to remain active in their farming operations." All farms—sow, nursery, finishers—create more demand for corn and soybeans and generate manure for use as a natural, lower-cost organic fertilizer.

"Two other advantages that don't get enough attention," Schulz says, "are the ability for operations to diversify and/or to add family members to the farm. Young farmers usually don't have the equity to purchase a farm or run the volume of crop acres needed to support family living. Adding hogs, though, does help them generate additional revenue through income and manure value."

"The five year outlook for grain farmers is not good and what's most needed now is to grow demand for those products," Schulz said. "We have one great way to do that here in Iowa and that's livestock. Livestock production has helped support grain farmers, whose margins have become tighter and tighter. Growing the livestock sector is important for the entire ag economy."

**Iowa Select Farms has cut the ribbon on three new sow farms in Iowa in the last 18 months, each adding 18 new jobs and nearly \$700,000 in annual payroll to those rural communities.** Each farm also increases demand for local grain—188,130 more bushels of corn and 30,512 more bushels of soybeans. Farms are a "living and breathing business," which means it needs nurturing 24/7—energy, internet, feed and trucking. Plus, we're human powered. We need caregivers, veterinarians, supervisors, truck drivers, maintenance technicians and others who, in turn, are patrons of local gas stations, grocery stores, restaurants and businesses.

Then there's the residual value an \$18M building project has on fellow Iowa businesses—those enlisted to move dirt, pour 11,000 yards of concrete, erect frames and trusses, engineer the farm for filtration and install equipment, electrical, feed systems and technology.

Want to know the local economic value for just one sow farm? According to a recent ISU analysis, it's \$4.7 million dollars annually pumped into Iowa's rural economy—16 times the value of a finishing farm.

Oftentimes as farmers we don't stop to "cut a ribbon" and celebrate the economic development livestock production brings to a community, but isn't it time we do?



Iowa Select Farms  
Ag Engineering Team



Derby Sow Farm Team





Doug Minter,  
Eldora, Iowa



Ben Haberl,  
Story City, Iowa



Derby Sow Farm  
showers



Derby Sow Farm  
breakroom



Derby Sow Farm  
entryway



Ashley Silvey,  
Iowa Falls, Iowa



Derby Sow Farm  
kitchen



Kerry Sweeney and family,  
Lenox, Iowa



Derby Sow Farm  
filter bank



Allyson Ladd, Des Moines,  
Iowa Deb Safford,  
Indianola,  
Iowa



Lakota Nickles,  
Clarion, Iowa



Jay Morgan,  
Alden, Iowa



Adrian Flores,  
Creston, Iowa



Taylor Wood,  
Leon, Iowa

# Iowa Select Farms

5034 Grand Ridge Drive  
West Des Moines, Iowa 50265  
641-648-4479  
www.iowaselect.com



## Homegrown Iowa Editor

Jen Sorenson  
jsorenson@iowaselect.com  
641-373-3276