

Pork Production Growth Boosts Rural Iowa Economy



“Burn down your cities and leave our farms, and your cities will spring up again as if by magic; but destroy our farms and the grass will grow in the streets of every city in the country.”

—WILLIAM JENNINGS BRYAN, 1897, DEMOCRATIC NATIONAL CONVENTION, CHICAGO

When farmers grow their livestock numbers, it results in local income growth, job growth, small business growth, school growth and tax revenue growth.

If we’ve heard it once, we’ve heard it a thousand times—rural Iowa is declining and our urban counties are growing. Lawmakers and leaders have spent decades focusing on policies and programs to foster rural entrepreneurship, promote rural manufacturing, revitalize town centers and expand rural broadband.

The chant is “jobs, jobs, JOBS!”—create opportunities for young people to have a chance to earn a living, start a family and make a good life in a rural community. As state and community leaders and economic development teams work to attract businesses to smaller communities, it can be easy to overlook what’s really holding it all together—our farmers.

According to Dr. Dermot Hayes, Charles F. Curtiss Distinguished Professor in Agriculture and Life Sciences at Iowa State University, Iowa’s “Hometown Hero” may just be this little guy, especially in areas that are dependent on agriculture.

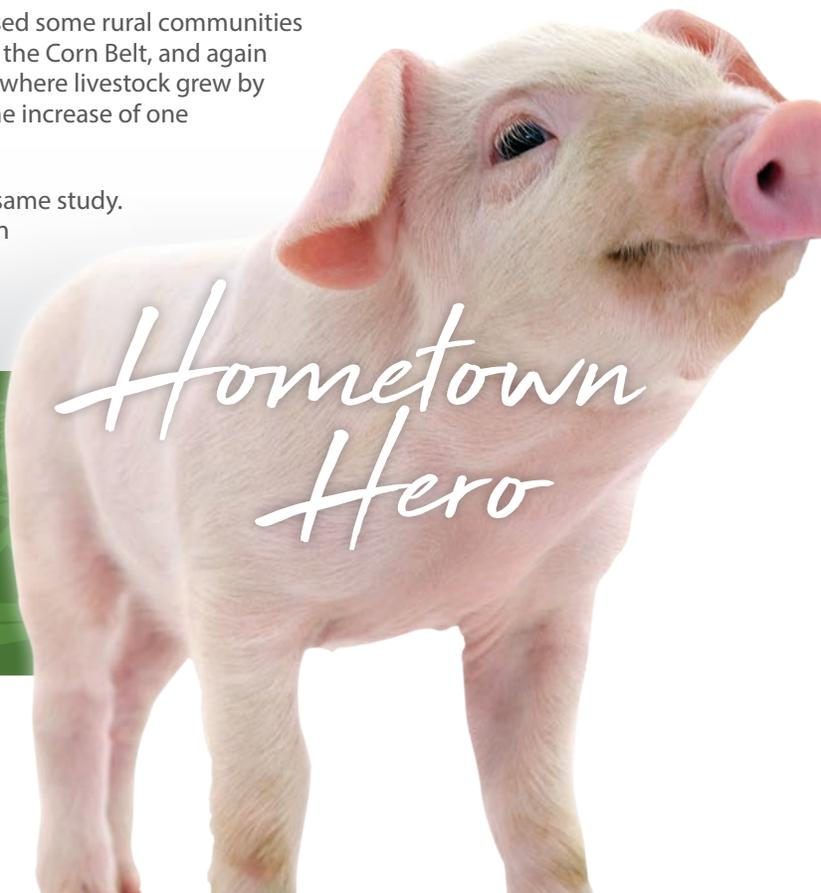
“Livestock growth is a viable way to save those rural areas,” Hayes said. Studies show that counties with a high dependence on agriculture grew more slowly than others, but those where livestock production increased fared better.”

Monchuk et al (2007 and 2011) explored the factors that caused some rural communities to decline and others to grow. They did this for all counties in the Corn Belt, and again for all counties in the U.S. The analysis revealed that counties where livestock grew by more than 10 percent above the mean experienced an income increase of one million dollars.

According to Hayes, another startling fact surfaced from the same study. “Agriculturally dependent counties that did not experience an increase in livestock production suffered a loss in county income of almost \$17 million dollars,” he said.

IN COUNTIES WHERE LIVESTOCK GREW BY >10% ABOVE THE MEAN, COUNTY INCOME GREW BY

\$1 MILLION!



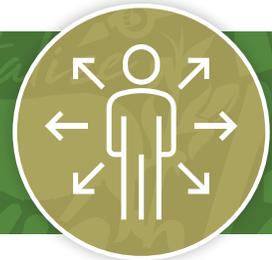
Hometown Hero

4,700 NEW JOBS!

Iowa Select Farms, Iowa's largest pork producer, is a major catalyst for the growth of new job opportunities in rural Iowa. The Iowa Falls, Iowa-based pork producer is on track to employ 10,961 Iowans and generate a total annual economic output of \$1.5 billion by the end of 2019! That's one of the key findings of a recent study by Hayes examining the company's impact on the state's economy. Hayes' study shows Iowa Select Farms drives rural economic vitality—thus helping create local job opportunities—in many communities, especially in the areas of their sow farm growth.

Hayes used the IMPLAN economic impact analysis model to measure the 2016 and projected 2019 levels of Iowa Select Farms' direct, indirect and induced employment. IMPLAN is an input-output model designed to estimate the economic impact of businesses or industrial sectors.

THE ANALYSIS SHOWED THAT IOWA SELECT FARMS' PROJECTED 2019 DIRECT, INDIRECT AND INDUCED EMPLOYMENT WOULD TOTAL 10,961 IOWANS, AN INCREASE OF NEARLY 4,700 JOBS COMPARED TO THE 2016 MARK OF 6,263.



The projected 2019 levels include 7,464 direct jobs created for Iowa Select Farms employees, contract growers, truck drivers and those who count on the company for their primary source of income. Iowa Select Farms' growth will generate another 582 indirect jobs for people employed by agricultural service and utility providers, such as feed mills and equipment suppliers. Finally, 2,915 jobs (induced employment) will be created through the patronage of the direct and indirect jobholders at local businesses—such as gas stations, coffee shops, restaurants, and retailers. Additional study findings show that Iowa Select Farms is on pace to generate—

- **\$633 MILLION** total annual income for the direct, indirect and induced jobs created
- **\$1.5 BILLION** in total annual economic output for the state of Iowa
- **\$3.2 BILLION** in total economic impact to the packer-processor industry

2019 PROJECTED ECONOMIC CONTRIBUTIONS

JOBS	LABOR INCOME	VALUE ADDED	TOTAL ECONOMIC IMPACT
7,464 DIRECT JOBS People who rely on Iowa Select Farms for their primary income, such as employees, contract growers, contracted farm managers, custom manure applicators and owner/operator livestock haulers	\$489M Wages and benefits	\$908M The difference between the cost of inputs and the revenue earned	\$1B When income is spent at grocery stores, restaurants and shops
582 INDIRECT JOBS People employed by a service or utility provider of Iowa Select Farms, such as feed ingredient manufacturers, feed mills, propane businesses and equipment suppliers	\$34M Wages and benefits	\$59M The difference between the cost of inputs and the revenue earned	\$127M When income is spent at grocery stores, restaurants and shops
2,915 INDUCED JOBS People whose businesses benefit from the patronage of those who are directly and indirectly employed by Iowa Select Farms, such as restaurants, gas stations, grocery stores and retailers	\$110M Wages and benefits	\$200M The difference between the cost of inputs and the revenue earned	\$356M When income is spent at grocery stores, restaurants and shops
10,961 TOTAL ANNUAL JOBS 2016: 6,263	\$633M TOTAL ANNUAL INCOME \$362M	\$1.2B TOTAL ANNUAL VALUE ADD \$667M	\$1.5B TOTAL ANNUAL ECONOMIC OUTPUT \$871M

IOWA SELECT FARMS HOGS BOOST IOWA'S PACKERS AND PROCESSORS

A significant portion of Iowa's hog slaughter and pork processing industry relies on Iowa Select Farms for their hogs—or in the case of Iowa's further processors—our pork, such as Iowa grown ham, sausage and bacon. If Iowa Select Farms did not exist, it is possible these companies would also not exist. By 2019, Iowa Select Farms will be responsible for 7,925 jobs, a labor income of \$383 million, a valued added impact of \$686 million and a total economic impact of \$3.2 billion to the packer-processor sector.



YOUNG FARMERS: THEY DO EXIST!

Common descriptions of rural communities often include—“young people are leaving rural Iowa,” or, “there's nothing here for them, the jobs have all dried up.” A closer look at the facts, however, shows quite the contrary. In fact, livestock is an open doorway for a young person to be involved in agriculture, especially at Iowa Select Farms, where 405 employees are between the ages of 18 and 30. Add in young contracted farm managers, and that number grows to nearly 750.

“A large focus in rural areas is how to retain our youth and bring in new, young professionals,” said Brandy Ripley, Sac County Economic Development. “Having businesses like Iowa Select Farms offering competitive pay, benefits, and community support is essential to doing just that.

“Iowa Select Farms' new sow farms,” Ripley continued, “will increase other jobs in our area—opportunities in transportation, construction and animal care. They give employees an opportunity to thrive in a rural area that offers their family security, safety, and a quality of life you can't experience living in metro areas.”

Mike Gaul, Iowa State University College of Agriculture and Life Sciences (CALs) Director of Career Services, is proud of the fact that graduates of CALs get job offers that keep them in Iowa. “Contrary to concerns regarding the ‘brain drain’ of college graduates out of Iowa, it's refreshing to have a large population of our graduates seek employment in many of our rural communities,” he said. “For the past decade, nearly 70 percent of CALs graduates have remained in Iowa for their first employment experience—that's nearly 20 percent higher than the university average.”

Iowa Select Farms creates many of those employment opportunities for graduates by increasing their year-on-year ISU CALs hires. The company is ranked sixth for largest ag employer in 2016-2017, moving up from the number nine spot in the previous year.

2019 PROJECTIONS OF ECONOMIC IMPACT TO PACKER-PROCESSOR SECTOR

JOBS	LABOR INCOME	VALUE ADDED	TOTAL ECONOMIC IMPACT
7,925 4,529	\$383M \$219M	\$618M \$353M	\$3.2B \$1.8B



“THE RESULTS OF THE STUDY ARE CLEAR,” SAID DR. HAYES. “ONE CAN REASONABLY CONCLUDE THAT THROUGH DIRECT AND INDIRECT JOB CREATION, IOWA SELECT FARMS IS HELPING PARTS OF RURAL IOWA OFFSET, OR EVEN REVERSE, LONG-TERM ECONOMIC DECLINE EXPERIENCED IN MORE ECONOMICALLY-STAGNANT AREAS.”



\$3,333 FOR EVERY IOWAN

When it comes to the Iowa pork industry, everyone's a winner. "When you look at the total contribution of the Iowa pork industry to the state's economy—\$10.89 billion—that's a \$3,333 economic benefit for every Iowan," said Hayes. "Based on Iowa Select Farms' sow farm growth plan, they will soon account for 14 percent of Iowa's total pork production. That means Iowa Select Farms will be responsible for generating \$466 of economic benefit for every Iowan."

"We're very proud of the economic impact the entire pork industry has on Iowa," said Jeff Hansen, owner and CEO of Iowa Select Farms. "We know that it's not just pork farmers—but thousands of other Iowans, as well—that are crucial to the success of our industry."

"Yes, it's a cliché, but we are all truly in this together," said Hansen. "The pig, and all livestock farming, is not just our Hometown Hero, but also the Hometown Hero for hundreds of Iowa communities. We're thankful for this opportunity to again demonstrate what farmers mean to the state of Iowa. We're excited to be growing and are proud that the benefits of livestock growth are realized by all Iowans, especially those in rural communities."

LIVESTOCK GROWTH HELPS REVERSE IOWA'S BUDGET SHORTFALL

Hayes' study also found tax payments attributable to Iowa Select Farms' direct economic contribution (sales, excise, and state income tax) will soon total \$32 million—up 75 percent from 2016. An additional \$20 million in taxes will be generated by Iowa Select Farms' contribution to the packer-processor sector.

Hayes estimates total state taxes generated based on Iowa Select Farms projected 2019 levels will likely exceed \$52 million. This comes at a time when the Iowa Legislature grapples with finding the dollars to fund primary and secondary education, Medicaid and mental health programs, and other initiatives critical to Iowans' quality of life.



IOWA SELECT FARMS' EXPECTED 2019 STATE GOVERNMENT TAX COLLECTIONS

	GENERAL SALES	SELECTIVE SALES	INCOME	TOTAL
Swine Production	\$12M	\$5M	\$15M	\$32M
Packer-Processing	\$8M	\$3M	\$9M	\$20M
2019 TOTAL TAXES	\$20M	\$8M	\$24M	\$52M
2016 Levels	\$11M	\$4.72M	\$14M	\$30M





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