

**Testimony Presented To:
Pennsylvania House of Representatives
Agriculture and Rural Affairs Committee**

**Presented By:
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Pennsylvania Department of Agriculture
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Chairman Hanna, Chairman Maher and distinguished members of the Agriculture and Rural Affairs Committee, thank you for inviting the Department of Agriculture to be part of this important public hearing exploring the benefits of legislation for the PA Preferred® program. On behalf of Governor Edward G. Rendell, it is my honor to testify before you today. The Governor has been a strong advocate in seeking new and innovative tools, programs and policies to help our state's agriculture industry work directly with retailers, wholesalers, distribution and food service companies as well as consumers to build market share. I would like to also thank you Representative Houghton for hosting this hearing in Chester County. As you know, Pennsylvania ranks #1 in the world in fresh mushroom production. Our state's mushroom farmers have been strong supporters of the Pennsylvania Preferred program, focusing their efforts on building the reputation of PA products, both from a quality standpoint, and also a food safety standpoint. Their tireless commitment to the agricultural industry, to the Department, and to PA Preferred is appreciated. Likewise the success of the program would not be where it is today without the contributions of the PA Preferred® members who are in the room with us today, Paradox Vineyard, W.D. Wells and Associates, Inc., Limestone Springs, and Basciani Foods, as well as the support of the Pennsylvania State Grange and PennAg Industries. Thank you for your good work.

The Pennsylvania Department of Agriculture encourages, protects and promotes agriculture and related industries throughout the Commonwealth, while providing consumer protection through inspection services that impact the health and financial security of Pennsylvania's citizens. Our industry is the largest in the state, with \$6.1 billion in cash receipts, and \$45 billion in total economic impact. There are 63,200 farms, 92% of which are family owned, growing crops and animals on over 7.7 million acres of farmland. One in seven jobs in the Commonwealth are related to agriculture, and one farmer feeds 155 people. We are first in the United States in mushroom, Christmas tree, and hardwood lumber sales; third in the U.S. in butter, direct farm sales, and pumpkins; fourth in the U.S. in apples, eggs and grapes; and fifth in milk, peaches, pears, trout and tart cherries. Pennsylvania is a great place to farm and do business. Agriculture is a vital part of our commonwealth's economy and way of life. From farmland preservation to product promotion, we are making investments to keep Pennsylvania growing.

Most produce and agricultural products are harvested four to seven days before being placed on supermarket shelves, and is shipped for an average of 1500 miles before being sold. And this is when taking into account only U.S. grown products. Those distances are substantially longer when we take into consideration foods imported from other countries. There are so many great reasons to choose Pennsylvania produced foods, and such an abundance and diversity to choose from. In addition, with energy security being such an important issue, it is important to

recognize that only about 10% of the fossil fuel energy used in the world's food system is used in production; the other 90% goes into packaging, transportation and marketing.

There is no denying the momentum the program has been able to produce since its inception. PA Preferred® has grown from 75 member companies in 2004 to over 4800 member locations currently; a number that is growing weekly. Small Pennsylvania based companies have been afforded access they likely would not have found on their own to major retail, wholesale and distribution chains who are interested in including their products. The program works directly with 4 major retail chains in the Commonwealth and indirectly on sourcing with 3 others which has resulted in member sales exceeding an estimated \$220 million and \$153 million respectively. It is clear testament to the fact that consumers are increasingly choosing to purchase foods based upon where they are grown and processed. Consumers also can know that they are supporting Pennsylvania farmers and businesses, and helping to keep food processing jobs in our state. Consumers can also know that the nursery products, wine, hardwood lumber, furniture and flooring that they choose came from Pennsylvania farms.

Pennsylvania companies or Pennsylvania products receiving the Pennsylvania Preferred designation are authorized to use the PA Preferred logo in their own advertising and marketing programs and participate in a broader PA Preferred advertising and marketing programs. The program guidelines state that the program is open to either a company or product, or both. Crops 100% harvested in a raw or live state from Pennsylvania and that have spent at least 75% of their life cycle in the Commonwealth are eligible. So too are products that are processed and packaged in our state and use PA grown or produced primary ingredients as much as possible. Processors or manufacturers headquartered in Pennsylvania must produce as many products meeting the criteria for "processed products" as practical. Our state's products have earned a worldwide reputation for quality, and because of that the PA Preferred logo is displayed on product packaging, signage and other promotional materials in the grocery store aisle, at farm markets, in restaurants, and at other wholesale and retail outlets where Pennsylvania products are proudly offered.

One of those major sourcing companies the program works with is Metz & Associates, a leading food service management group that feeds hundreds of thousands daily at various schools, universities, corporations and health care facilities. In 2008, the Dallas, PA based company made the commitment to buy Pennsylvania sourced food whenever possible and has prioritized its purchasing accordingly. The company has organized and hosted "PA Preferred® Day" events at numerous locations, including Erie Insurance Corporate Headquarters (Erie, PA), Pocono Medical center (East Stroudsburg, PA), The Shadyside Academy (Pittsburgh, PA) and North Allegheny School District (Wexford, PA). The events featured tasting stations filled with PA Preferred® food and beverages, information about local growers, wellness programs and PA Preferred® literature. Metz & Associates has reported overwhelming support from clients as a result of their involvement with PA Preferred®.

PA Preferred® continues to work with Giant Food stores on their cooperative, and first of its kind "rack" program. All 148 Giant Food Stores in PA received special display racks that feature PA Preferred® products in 120 day rotating cycles. This program provides opportunities for smaller producers to access prime retail space and their products gain valuable exposure. Items on the racks are selected at Buyer/Vendor shows sponsored by the PA Preferred® program

and Giant Food Stores. Products that meet sales benchmarks set by Giant find permanent placement in all of the grocery chain's stores. Of the five companies featured in the program's first round, three have exceeded sales expectations and at least five of their product lines will be moved to standard shelving.

The buyer-vendor shows have proven to be successful at pairing PA Preferred® companies with major retailers such as Ahold. These shows allow the companies to present their products in an open forum to the top level category buyers who can place their products on store shelves. At just one of these events 24 companies started receiving orders for their product. At least one of the companies commented they had previously been unable to even secure a meeting with the category buyers until their involvement with PA Preferred®

We are very appreciative of the support the Pennsylvania legislature has shown the program to date. We received only positive feedback from the PA Preferred® companies that recently participated in the Pennsylvania Association of Township Supervisors legislative event at the Keystone building. Multiple companies commented specifically on the support the legislators in attendance and their local legislators have shown towards their businesses and participation in the program.

The PA Preferred program also provides Pennsylvania producers and value-added processors a way to differentiate themselves in the local marketplace. This is especially true at farmers markets where consumers with a conscious desire to buy local and support their area producers are presented with a wide variety of products not all of which may be from Pennsylvania. Through the use of point of sale materials such as banners, tabletop signs, stickers and plant hangers, PA Preferred members are able to provide the consumer with the confidence they are supporting local agriculture. From the fresh fruit and vegetable farmer, horticultural producer and processors with value-added products, the PA Preferred brand is widely accepted and easily recognizable.

Through the Healthy Farms – Healthy Schools initiative, the Pennsylvania Department of Agriculture is privileged to work hand in hand with schools accepted into the program to bring them fresh local produce. PA Preferred provides the perfect vehicle for identifying producers who can meet the needs of these schools. Students are not only introduced to healthy products but also learn the value of local production. These learned values do not stop at the edge of the school grounds. Through PA Preferred they are able to support local producers at the same time making food choices that lead to a healthier lifestyle.

The program has undoubtedly been successful and we need to ensure its place within Pennsylvania. We must respect the major investment, not only in philosophically backing the program but in the costs associated with packaging and marketing materials and supporting the program in general. Rightfully so, both the producers of PA Preferred® goods and the major retailers, wholesales and distribution companies have expressed a singular concern. They do not want to see this investment lost if the program's lifespan is limited to an administration.

Pennsylvania too has an investment to protect. The Governor and the Department have made a financial commitment to the program using appropriated funds for general agricultural product promotion and has been able to multiply this dollar by working with major retailers through

cooperative arrangements when doing promotional spots. State funds have been used to promote the program through the purchase of point of sale materials, television, radio and print ads to name a few. Private companies have also created point of sale materials through the use of the trademarked logo at their own expense. Federal and private grants awarded to the Department have also been used to help bolster the program as state budget concerns affected overall funding.

It is imperative that we listen, learn and lead. We do this through sessions like today's hearing where we can engage in discussions about the industry and its future. We also meet this prompt by evaluating the tools at our disposal to support the industry and ensuring those that have been successful are able to continue providing the quality service our constituents have come to expect.

Our actions here today do far more than bolster the leading sector of Pennsylvania's economy. Our voices, our actions and our leadership recognize that the agriculture is an important part of our state's heritage – and set the path for this industry to be a vibrant part of our future.

Ensuring the future of a program as successful as PA Preferred® is critical to improving farm income, capturing international markets and encouraging investments at all levels of the industry – from the farms to the processors and ultimately to the consumers. I want to thank you for your continued good work and willingness to consider this legislation.

Thank you.