

**Testimony for the Joint Hearing of the
House Agriculture and Rural Affairs Committee and the Senate Agriculture and Rural
Affairs Committee**

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Chairpersons Causer, Vogel, Carroll, Schwank, and distinguished members of the House and Senate Agriculture and Rural Affairs Committees, thank you for this opportunity to discuss the impacts of the budget impasse on the College of Agricultural Sciences at Pennsylvania State University.

All parties in the current budget impasse have shown strong support for the College of Agricultural Sciences and Cooperative Extension. The Legislature passed a 9.3% (\$4.3M) increase to \$50.549M for our Land Scrip Fund in 2015, which included \$2M for increased preparedness for avian flu and biosecurity. Governor Wolf has proposed an allocation of nearly \$51M for 2016-17. We are extremely grateful for that support.

However, amid the challenges of balancing revenue and expenditures for many priorities across the Commonwealth, the Land Scrip Fund, which funds Cooperative Extension and our applied agricultural research, was vetoed, and has been without Commonwealth funding since July. Also lost was at least \$2M in funding for our Animal Diagnostic Laboratory, which is a key contributor to preparedness for avian flu. This funding is provided through a contract with the Animal Health and Diagnostic Commission, which has also had its funding vetoed.

We are grateful to Secretary Redding for moving to provide \$426,000 of emergency funding to the Animal Diagnostic Lab to maintain our capacity for high pathogenicity avian influenza (HPAI) through June 30.

In testimony last Wednesday, March 9 before the House Appropriations Committee, Secretary Redding noted that there was no question about the value of the College of Agricultural Sciences and Cooperative Extension, but only the process of funding it.

Nonetheless, we believe that it is important to bring to the Committees' attention the breadth and excellence of the Commonwealth investment in Extension, as well as the damage the state budget impasse has already caused to the citizens of the Commonwealth, and the longer-term damage risked from failure to restore the Land Scrip promptly. We also note the importance of restoring funding to our Animal Diagnostic Laboratory, not just because of its role in surveillance for HPAI, but for biosecurity more generally and routine assistance to the veterinary community for diagnoses of animal illnesses and mortality. The University was expecting at least \$225M in state funding in 2015-16, which is also critical to the College and the University.

The work of the College and Extension extends well beyond agriculture. Extension supports not only agriculture and jobs, it provides many other key activities in the community, especially in rural Pennsylvania, but is increasingly active in cities including Pittsburgh and Philadelphia. For example, it is the only legal way to administer more than 92,000 children in 4-H youth development. Most of these young people won't join agriculture, but 4-H does inspire their interest in science, career paths, and the food system. Students who have participated in 4-H are twice as likely to study science and attend College, and three times as likely to participate in their communities.

Other Extension programs include Better Kid Care; PROSPER (reducing youth substance use); improved environmental water quality from reducing nutrient runoff from both urban storm water and agriculture; food safety in farms, processing and food preparation; nutrition, diet and health including obesity and diabetes management; economic and community development; and environmental issues and landowner rights in natural gas development. It's been estimated, for example, that Extension's outreach in the Marcellus shale since 2004 encouraged participating landowners to seek twice as much revenue from gas companies as originally offered, for an increased return of at least \$125M to the region.

However, within agriculture, recent research from Professor Stephan Goetz, Director of the National Agricultural and Rural Development Policy Center at Penn State, and colleagues, shows that Cooperative Extension and agricultural research translate into higher farm profits, and have helped more than 400,000 farmers across the US stay in business since 1985. Goetz has concluded that compared to the costs of other job creation programs, Cooperative Extension is a remarkably good investment.

Just in the most obvious financial terms, the College returns funding to the state and to its economy. The financial partnership in Pennsylvania for 2014-15 included \$46M from the Commonwealth, \$22M in a direct federal match to those funds, and \$56 million of grant funding competitively awarded to the College (mainly from the USDA), in large measure on the base support of the Land Scrip, and \$13M in support from the counties. Of the \$46M from the Commonwealth, \$25.1M was devoted to Extension, and \$21.1 M to applied research.

The loss of Land Scrip funding thus results in the direct loss of at least \$68M a year to the College, and the indirect loss of another \$69M. This would cause a loss of at least 1100 jobs, about 750 outside University Park. The statewide loss of jobs has direct and indirect losses to the state economy of at least \$266M, without trying to estimate the economic and social losses to the people we serve.

The turmoil over the budget impasse since July has already caused serious effects on the College and Cooperative Extension, including halting the replacement of 42 positions. With the relatively encouraging news last fall, we cautiously advertised for 16 positions in Extension and 12 applied research positions on campus, focused on high priority areas including water quality, food safety, avian flu, and biosecurity. We had another 10 vacancies that we never even advertised. All of these were frozen in February, despite interviews of outstanding applicants for 8 Extension positions and all 12 positions on campus.

Worse, we have now suffered losses of 4 outstanding Extension staff, which have left or are

leaving for more stable jobs, at least 11 more staff that have indicated that they're looking for other jobs, plus 5 planning to retire early. In sum, the budget impasse has directly impacted about 22% of our total Extension Educator positions.

The financial partnership with the state and federal government has been and remains crucial to the funding of Extension and applied agriculturally related research. Universities have a limited range of significant income streams, and Penn State is no exception. We cannot fund Extension through tuition or some 99% of our endowments, which legally can be used only for the purposes specified by the donors.

In good faith, Penn State University has since July 1st already covered more than \$32M of the state's part in agricultural research and Extension, with the assumption that there would be a timely resolution of the budget impasse, and the funds would eventually be released for the College. However, with no relief in sight, that flexibility is being exhausted and can't be continued past June 30.

In order to control those costs, the College will need to start with lay-off notices by May 1, which will impact more than 1100 positions, as mentioned above.

This is not a decision made lightly. We know that this will have permanent effects on the College and University, and once this staff is laid off, it will be virtually impossible to re-start them. This staff is in high demand nationally in both the public and private sectors.

The College and our students are also affected by the failure to fund the University through its non-preferred appropriations bill, as discussed at budget hearings two weeks ago by senior executives of Pitt, Temple, Lincoln and Penn State.

The appropriations to the state-related universities provide the funding necessary for Pitt, Temple, Lincoln and Penn State to reduce tuition for in-state students and thereby improve access to higher education. All supporters of these universities thus want to see the non-preferred bills pass. We have a particular concern about this at Penn State because as the Land Grant Institution, we have a foundational tripartite mission of providing student access, along with research and extension and supporting disciplines such as science and engineering.

Thus, as we indicated at the Budget hearings on March 2, we continue to urge all parties to conclude an overall budget package that will fund Pitt, Temple, Lincoln and Penn State as primary economic drivers in the state, and not require large tuition increases or other measures.

However, as vital as the non-preferred funding is to student access and the excellence of our Universities, the continued loss of the Agricultural Sciences Land Scrip funds would eliminate Extension and most of our applied agricultural research, and greatly diminish the educational experiences of our students.

Both the Land Grant system and the Agricultural College of Pennsylvania were founded during the greatest strife in our nation's history. The name and activities have changed, but the benefits have endured and expanded, and as you will hear from some of our stakeholders today, the needs are as critical now as when established. Let us not risk losing that legacy now.