



**Testimony before the House Appropriations Committee
Agriculture Secretary Russell C. Redding
Tuesday, March 5, 2019**

I am pleased to have the opportunity to speak to you today, to share the story of Pennsylvania agriculture, the people and products behind it, and the work that our Department does each day to support it. As you've undoubtedly heard me say many times before, agriculture is essential to the long-term health and vitality of our commonwealth—from a preserved farm in Bucks County to an urban agriculture plot in Pittsburgh, and everything in between. It is critical that we continue to make strategic, targeted investments in an industry that is so far-reaching and important to the lives and livelihoods of all Pennsylvanians.

Certainly, we know that agriculture is unique in its ability to provide a healthy return on those investments. This industry—with its \$135.7 billion economic impact and 580,000 jobs—is not simply driven by results, but also by the passion of those for whom this is their business and way of life. Each sector contributes, and each year provides a new opportunity for growth. Farmers create new wealth with the dawning of each production season. That wealth is built upon as value is added through a robust food and beverage processing sector. The investments we make today are down payments on a stronger, more dynamic economy tomorrow.

I have been in and around the Department of Agriculture for much of my career – indeed, most of my life. I have never been so excited about a governor's budget and what it means for Pennsylvania's farmers, processors, and consumers. This budget addresses several of the recommendations in the economic impact assessment we released with Team PA last year, and it builds on investments previously proposed by Governor Wolf and made by the General Assembly. It honors the achievements of our past by funding the Penn State College of Agricultural Sciences and PennVet, restoring several popular and successful programs, and protects our future by creating new responses to complex challenges. This proposal signals a clear commitment to growing Pennsylvania agriculture's prominence in the region, our reputation in the nation, and our presence in world markets.

We are calling this bipartisan, bicameral legislative effort the Pennsylvania Farm Bill, and I am proud to say publicly that this budget and the accompanying legislative proposal looks like Pennsylvania. Both rural and urban, young and old, plant and animal, conventional and organic, farmer and consumer, this PA Farm Bill is for all Pennsylvanians. In total, this budget proposes more than \$24 million in investments in the people and infrastructure of agriculture, including farm land. That begins with a renewed commitment to the entrepreneurial spirit of farmers by providing them with easy access to planning services – advice on getting into business for new and beginning farmers, pursuing new opportunities for economic and environmental sustainability, and transitioning ownership of the business to the next generation. With so many independent business owners in agriculture reaching retirement age, it is critical that the path to succession be as smooth as possible and that outreach to new and beginning farmers happens early and often.



This is especially true for the more than 5,400 farms that have committed to preserving their land in agriculture in perpetuity through the Farmland Preservation program, now in its 30th year. The program's dual goals are to protect prime farm land from development pressure and improve land access for beginning farmers by allowing the land to be sold at its farm value. The first objective has been realized with more than 550,000 acres in the program, but the second objective has proven more challenging in recent years. Land prices in some parts of Pennsylvania have increased to the point that there is little benefit to a beginning farmer to look for a preserved farm when he or she is ready to buy land. To improve our ability to meet this second objective, Governor Wolf has proposed extending the waiver of realty transfer taxes for the sale of a preserved farm to a qualified beginning farmer.

Last year, much of our conversations focused on the dairy industry. Farmers' milk prices are projected to be slightly higher this year than last, but dairy remains an area of concern and focus for the governor and for the Departments of Agriculture and Community and Economic Development (DCED). The first round of Dairy Investment Program funds are scheduled to be awarded this month, totaling about \$3.4 million. More applications have been submitted to DCED since, and we are impressed by the quality of the applications and the entrepreneurship shown by our dairy industry. Applications have been submitted from farms and businesses across the commonwealth, showing ingenuity, perseverance, and faith in the future. This year's budget proposes an additional \$5 million in grants for value-added processing, research and development, organic transition assistance, and marketing and promotion. The budget also includes an increase in funding for the Center for Dairy Excellence, which has been working with individual farm families to improve profitability. The work of the Center has been critical to supporting dairy farm families through the real challenges and uncertainty they have faced over the past three years.

In recognition of the importance of animal agriculture in Pennsylvania, the budget proposes the creation of a new center of excellence to support both established and emerging sectors such as swine, poultry, sheep, and goats. Using the successful models for dairy and beef, the Center for Animal Agriculture Excellence will address contemporary issues such as expanding processing capacity throughout the state, providing technical assistance and resources for food safety compliance, growing domestic supplies of organic grains, and assisting the industry with establishing hemp as an approved animal feed.

This year, in addition to dairy, our areas of focus include organic production and processing and realizing the market potential of some new "old" crops that offer farmers a chance to diversify their operations and improve profitability.

Pennsylvania farmers have been transitioning to organic production without state government incentives. In fact, we are ranked second only to California in the value of farmers' organic sales. However, increases in our supply have not kept pace with increases in demand for organic foods by consumers.

A study conducted by USDA's National Agricultural Statistics Service released in September 2017 counted 803 Pennsylvania farms with organic certification. Today, more than 1,500



Pennsylvania entities are listed in USDA's database of certified organic operations, which includes both farms and processing facilities. We believe there are approximately 1,000 farms with organic certification today, and more that follow organic production requirements but stop short of pursuing the independent third-party audit required for USDA certification. The governor is committed to our encouraging this growth through voluntary transition, with an eye toward an eventual Pennsylvania organic program that leverages our PA Preferred brand and further differentiates our products in a global marketplace.

Organic certification is just one way that farms can distinguish themselves in the marketplace, and the governor believes in fostering opportunity and growth across all production methods. Other options include diversifying into new or re-emerging areas, including hemp and hops. Both crops were prevalent across Pennsylvania in the past, but past generations' expertise is long gone. After two years of research in hemp production, Pennsylvania has redeveloped some capacity to work with farmers interested in trying to grow hemp. Through creation of an Agricultural Business Development Center as proposed in this budget, the Department would be able to help interested farmers find the guidance they need through planning grants for private sector consultants. Similarly, as Pennsylvania's craft brewery industry continues to escalate following the liquor code modernization in Act 93 of 2016, the potential for Pennsylvania-grown hops to affect the flavors of local brews is great, and can unleash even more variety for consumers to enjoy. These grants could be used to secure business planning services, succession planning, marketing planning, help with forming cooperatives, public and private sector financing options, and more, with the flexibility to choose from a variety of providers.

Conservation and stewardship remain hallmarks of Pennsylvania agriculture. Our farmers are important stewards of the land, air, and water that they both rely on for their livelihoods and protect for our collective future. The budget proposes resources in the form of loans, grants, and tax credits to assist farmers to fund and install conservation practices. The proposal re-funds the Agriculture Linked Investment Program, a low-interest financing option allowing farmers to borrow funds needed for implementing their conservation plans. The PA Farm Bill would also increase the lending limit from \$75,000 to \$250,000 in recognition of the reality farmers face in helping Pennsylvania meet its goals under the federal Phase 3 Watershed Implementation Plan for improving the health of Pennsylvania's waterways and the Chesapeake Bay. The governor also proposed increasing the popular Resource Enhancement And Conservation (REAP) tax credit program by \$3 million, as well as offering new Conservation Excellence grants for financial and technical assistance.

Ensuring that future generations of farmers and educated consumers learn of career opportunities in agriculture, the governor's budget also proposes restoring funds to the Agriculture and Rural Youth grants program. This popular program was used in the past to help high school FFA chapters and 4-H clubs build greenhouses and other facilities to further their studies. The budget also creates the Pennsylvania Farm to School Grant Program to help younger students learn about food and agriculture. These grant programs can help students learn about career opportunities while also teaching future consumers about Pennsylvania's abundant and diverse supply of safe, healthy foods.



Another way that the budget cultivates agriculture in every corner of the commonwealth is through brand-new funding for urban agriculture. Last year, Governor Wolf declared the first-ever Pennsylvania Urban Agriculture Week. I visited urban farms in Philadelphia, Pittsburgh, and Altoona and was reminded again of the power of agriculture to heal, connect, and bring communities together. This proposed investment will support agriculture infrastructure in urban areas, making resources available to support the community and economic development already happening.

Over the past four years, I've provided regular updates about looming threats, whether Highly Pathogenic Avian Influenza (HPAI) or the Spotted Lanternfly. The administration, legislature, private sector, and the federal government have worked together to prepare for the threat of HPAI by working with industry on farm biosecurity plans, disease diagnostics through the Pennsylvania Animal Diagnostic Laboratory System, setting aside response funds, hosting drills and response exercises, and remaining vigilant. The same collaborative approach has been activated for the Spotted Lanternfly. Last year's state appropriation of \$3 million helped to secure over \$17.5 million in federal funds toward controlling this devastating insect that threatens agricultural products, the environment, and the quality of life in affected communities. Progress has been made, but continued investment will be critical to stopping further spread and fighting back against this invasive insect. We have learned a lot about the value of initial investments to detect and stop threats when they are found at a single source versus the challenge and cost of controlling a threat that has spread to 13 counties or the entire state.

The Governor has proposed, under the PA Farm Bill, to dedicate "just in case" funding that can be flexible enough to respond to the next regulatory emergency, whether in animal health, plant health, or human health from foodborne illness. The proposal includes funding to continue the fight against the Spotted Lanternfly, with additional resources available to help neutralize the next threat. In addition, the governor's budget proposes readiness funding that we anticipate using each year in training and exercises for our staff, the state and county animal response teams, and for other necessary materials like Personal Protective Equipment, which has a limited shelf life. The Rapid Response Disaster Readiness appropriation is an essential investment to protect and secure our food supply, as well as our ability to conduct inter-state and international trade.

With all the good news in this year's budget, I must still return to an important budgetary theme I have emphasized in the past. Last year, I discussed the need to raise the fees for a dog license, which are used to fund the Bureau of Dog Law Enforcement and have not been increased in over 20 years. I appreciated the willingness of the General Assembly to engage and learn more about this issue, however the problem has not yet been resolved. We have talked at length about the projections for the Dog Law Restricted Account to go negative. It has only been due to carrying ever-increasing numbers of vacancies that the fund has held out this long. This means that our ability to meet our statutory obligations of licensing dogs, returning lost dogs, inspecting kennels, and protecting the public from dangerous dogs is compromised.

Discussions about raising fees responsibly is an important part of the legislative process. A modest increase in both annual and lifetime dog licenses is the necessary next step. Thanks to



feedback from the legislature, the Dog Law Advisory Board, and passionate stakeholders, we are working on new ways to meet our statutory obligations through modernization and reform to better protect all Pennsylvanians – human and canine. We look forward to sharing our ideas with you and working together on this issue in the coming months.

Finally, I would be remiss if I didn't close by applauding the accomplishments of the department's team of dedicated public servants. We continue to do more with less, and I know that is due to the enthusiasm, commitment, and skill of our employees. For many of them, agriculture is not just a job, but an important part of their lives. Thank you to the members of this body for the faith you have shown in the Department of Agriculture over the years. Now more than ever, we need the General Assembly's help to enact our strategic mission and reach our goals. We hope we can soon begin administering the Pennsylvania Farm Bill upon passage by this legislature.

I would be happy to address any questions you and other members of the committee might have at this time.

Thank you.