

HOUSE OF REPRESENTATIVES
COMMONWEALTH OF PENNSYLVANIA

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Pennsylvania Farm Bill
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House Agriculture and Rural Affairs Committee
Senate Agriculture and Rural Affairs Committee

North Office Building
Hearing Room 1
Harrisburg, Pennsylvania

Wednesday, March 20, 2019 - 9:02 a.m.

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COMMITTEE MEMBERS PRESENT:

Honorable Elder Vogel, Senate Chairman
Honorable Judy Schwank, Senate Democratic Chair
Honorable Martin Causer, House Majority Chairman
Honorable Eddie Day Pashinski, House Minority
Chairman
Honorable Stephanie Borowicz
Honorable Russ Diamond
Honorable Mindy Fee
Honorable Mark Gillen
Honorable Marcia Hahn
Honorable Jonathan Hershey
Honorable Richard Irvin
Honorable Mark Keller
Honorable John Lawrence
Honorable David Millard
Honorable Clint Owlett
Honorable Ryan Warner
Honorable David Zimmerman
Honorable Morgan Cephas
Honorable Pamela DeLissio
Honorable Laura Hanbidge
Honorable Maureen Madden
Honorable Christopher Rabb
Honorable Christina Sappey
Honorable Pam Snyder

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STAFF PRESENT:

Kerry Golden
Majority Executive Director

Michele Musgrave
Majority Legislative Administrative Assistant II

Melanie Donnelly
Majority Research Analyst

Destiny Zeiders
Minority Executive Director

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SUBMITTED WRITTEN TESTIMONY

(See other submitted testimony and handouts
online.)

1 SENATE CHAIRMAN VOGEL: Since everybody
2 got quiet, I'll go ahead and start here this
3 morning. Good morning, everyone. I want to
4 welcome you here on this joint House and Senate Ag
5 Committee hearing on Pennsylvania's new idea for a
6 Farm Bill.

7 I want to thank Secretary Redding and
8 Executive Director Hanna for being here with us
9 this morning to testify and answer some questions
10 for us and things like that. So I guess the
11 purpose today of what we're going to try and find
12 out is provide an extension of the budget hearing
13 that we had during appropriations; to specifically
14 more dig into some of the deeper details so we
15 didn't get into so much during the appropriations
16 hearing just for the lack of time we had there, and
17 to pinpoint the funding sources we have and to be
18 requested in the overall budget negotiations to see
19 what you're asking for; where we can find money to
20 pay for these programs and stuff like that; and to
21 also figure out what we can do and what we can't
22 do; what's affordable, what's not affordable, I
23 guess, to work into this year's budget.

24 With this, I'm gonna also bring to not
25 light the members -- the House members sometimes

1 don't see this fancy little machine we have up
2 here, but we use this during appropriations. You
3 get 5 minutes. When the yellow light comes on, you
4 have about 30 seconds. So if you could please keep
5 an eye on it the best you can, and we'll try and
6 get through this one round. If we get one round
7 through, we try and do the second round the best we
8 can. If not, we might do another day, actually.
9 So we'll see how that goes.

10 Anyhow, at this time I'm gonna ask Marty
11 Causer say a few words, and then we'll go to the
12 other Secretaries and then we'll start.

13 HOUSE MAJORITY CHAIRMAN CAUSER: Good
14 morning, Chairman Vogel, and fellow members, and
15 Mr. Secretary and Deputy Secretary.

16 I'm looking forward to the information
17 presented today. We've had the opportunity to talk
18 about the PA Farm Bill proposal, but I'm looking
19 forward to some more detail, because that's one
20 thing we hear with the proposal is, it's pretty big
21 in size. There's --

22 You know, to see a 24-million- dollar
23 increase in funding for the Department of
24 Agriculture is -- is very significant, as we know,
25 and people have a lot of questions. And, you know

1 there are concerns with some of the lines. But,
2 particularly in light of the 4 million that was
3 proposed to be cut from the Department's budget,
4 which is something that I think we need to take a
5 look at also.

6 So, I'm looking forward to the
7 information presented today. I think it's a great
8 opportunity for all of our members to be able to
9 ask questions about the proposal. So I look
10 forward to today's meeting and working with
11 yourself and all the members here as we work
12 towards a final budget proposal.

13 Thank you.

14 SENATE CHAIRMAN VOGEL: Senator Schwank.

15 SENATOR SCHWANK: Thank you. And good
16 morning, everyone. Happy spring. Well, in about
17 five hours, okay? I think it's somewhat ironic
18 that here we are today discussing a proposal that
19 we never had before us in terms of a Pennsylvania
20 Farm Bill.

21 This is very, very interesting. It's
22 not just a perfunctory budget hearing. We're
23 talking about some very bold proposals that are a
24 part of this legislation. And if there was ever a
25 time, I think, for looking at things differently

1 than we have in the past, certainly it's now in
2 terms of the agriculture industry in Pennsylvania.

3 I think part of the reason why this
4 proposal has come forward, and I think the
5 Secretary will answer questions about it, is the
6 fact that not too long ago, the Department, as well
7 as Team Pennsylvania, embarked on a joint report to
8 look at the agri-business system in the
9 Commonwealth, what its value is, where our
10 opportunities are, and some very interesting things
11 came out of that.

12 And so, I think that's what I'm looking
13 forward today is how these proposals in the
14 Pennsylvania Farm Bill will get at some of the big
15 goals that we need to ensure that we continue on a
16 bright trajectory for the agriculture industry in
17 Pennsylvania. So, looking forward to the
18 discussion, and I'm really glad that we're here
19 with House and Senate members to discuss these
20 issues. I think that speaks well for our desire to
21 really get at some good ideas; move them forward.

22 Thank you.

23 SENATE CHAIRMAN VOGEL: Representative
24 Pashinski.

25 MINORITY CHAIRMAN PASHINSKI: Thank you

1 very much.

2 And, thank you, Secretary Redding, and
3 Assistant Secretary (sic) Hanna for being here
4 today.

5 I think this is really exciting. I say
6 that truthfully because the Farm Bill now presents
7 a foundation for the future. It also demonstrates
8 the importance of farming in Pennsylvania.

9 Pennsylvania's blessed with excellent
10 soil, plenty of great land and water, and certainly
11 a dedicated workforce of people that provide the
12 food not only for Pennsylvania but for the world,
13 for the country.

14 So, it's truly a pleasure to be with you
15 today, and I look forward to more detail relative
16 to this very innovative proposal.

17 I also would like to say that maybe we
18 could start every one of our ag meetings with a
19 toast, and a toast to milk. Let's not forget our
20 dairy farmers. We produce some of the finest milk
21 anywhere, and it's the most nutritious drink that
22 we can possibly have. Here, here.

23 SENATE CHAIRMAN VOGEL: Thank you,
24 Representative Pashinski, for supplying us with the
25 milk here this morning. Before we get started,

1 quickly I just wanna recognize the FFA leadership
2 team here once again. I'm glad to see you folks
3 this morning again. I hope you learn a little bit
4 more. They were very impressed by the
5 appropriations hearing. Hopefully, this morning is
6 another learning experience for you as well; glad
7 to see you here as well.

8 Secretary Redding, we'll give you
9 probably about a half hour here or so to go through
10 the program and lay it out. Then we'll get into
11 some questions. So, go ahead.

12 SECRETARY REDDING: To the Chairs, thank
13 you. Good morning to all. I really appreciate the
14 Committee's interest in your opening statements and
15 observations about what the Farm Bill provides
16 Pennsylvania.

17 I'm excited about it. This has been a
18 work in progress, and I'll share a little bit of
19 that detail this morning of how we arrived here
20 because I think it gives context to what this Farm
21 Bill is; why it's built the way it's built; what
22 inputs we have received to arrive here; that it
23 wasn't just -- the industry is important, right?
24 We know that. But there's some very strategic,
25 sort of investments being made in this Farm Bill.

1 We'll talk about what that is this morning.

2 But let me first say thank you for the
3 continued support from the Committee and their
4 advocacy for agriculture across the state. It is
5 important to us all. I think we in this day of --
6 We rush past a lot of things, and sometimes our
7 food system, right, is taken for granted. We just
8 assume it's always going to be right where we want
9 it, in our refrigerator, or in our cupboard or on
10 our plate. But we forget that actually takes a lot
11 of work. There's a lot of dedicated people in
12 science and systems that make that possible every
13 day. So you'll see that theme as we talk about
14 this Farm Bill.

15 But in this Farm Bill it signals a very
16 clear commitment of agriculture by the Governor, by
17 the Commonwealth. I think we are really blessed in
18 this state to have an agricultural economy that we
19 have, but that's made possible by a lot of you and
20 a lot of investments and a vision for the state.

21 I'll try to provide this morning in the
22 time, to Chairman Causer's point and others, about
23 details. I want to provide some perspective on the
24 Farm Bill, the background, the detail of each of
25 the titles as we build it for you. Let me just

1 say, this addresses our strategic recommendations.
2 I'll talk more about that in a moment.

3 It builds on the good work of the
4 Department of Agriculture and our partners at Penn
5 State University, the University of Pennsylvania
6 Vet School and many others. At the core of this
7 proposal is \$24 million of investment. I'm proud
8 that it looks like Pennsylvania. It looks like
9 Pennsylvania agriculture. It harnesses the
10 entrepreneurial spirit of our current farmers with
11 an eye on the next generation.

12 It recognizes that ag is a business.
13 It's a business without walls, but every bit of
14 business. It's important to the health of our
15 economy. It's important to the quality of life in
16 Pennsylvania. It continues to invest in the dairy
17 industry and makes new investments in animal
18 agriculture and the growing demand for organic
19 products.

20 It recognizes that land stewardship is
21 an important value we hold, but also recognizes a
22 culture, a very deep culture of stewardship that
23 our farmers demonstrate every day.

24 It is also clear in this proposal that
25 agriculture is zip code neutral, with the power we

1 know to heal and to connect and bring communities
2 together. And it invests in the present and the
3 looming threats that we have to address.

4 Before I review each of the titles, I'd
5 like to provide a little context in the
6 Pennsylvania Farm Bill. It's important to
7 understand sort of where did it come from.

8 As Senator Schwank noted, several years
9 ago we began to see things, hear things, feel them,
10 right? You had an agricultural economy that was in
11 transition. Some of that was driven by the
12 consumers. Some of it was simply driven by the
13 business decisions that agriculture was making.
14 But, at the end of the day, all of those decisions
15 were impacted; what we were seeing in Pennsylvania
16 and Pennsylvania agriculture.

17 We held a series of listening sessions
18 around the state, important to gain insight from a
19 very diverse group of stakeholders, and we did that
20 from Pittsburgh to Philadelphia, and from Adams
21 County to Tioga; a lot of great feedback. What was
22 clear coming out of that is that, we needed data.
23 We needed something more than our gut feel of what
24 was happening, but we also needed to be very
25 strategic.

1 The work began with the Team
2 Pennsylvania Foundation. I think it's one of those
3 great pieces of progress that we had made in the
4 last number of years; that had agriculture fully
5 integrated with the Team Pennsylvania structure.
6 We have that now and myself on the board as well as
7 Scott Sechler, but it led to work being done on
8 this data point, right? We had some very simple
9 questions about what is agriculture and who is
10 agriculture.

11 I have been amazed every time I travel
12 the state and you ask the question, everybody looks
13 at their piece of agriculture. Our charge, of
14 course, is to look at the whole, and as a committee
15 you share that. But we know that everybody,
16 wherever they are, thinks they're normal. They see
17 their normal. And our challenge is to put all the
18 normals together that looks like Pennsylvania
19 agriculture.

20 The Ag Impact Study, which was one of
21 the products that came out of the Temple -- work
22 with Temple and the Fox School of Business
23 confirmed Pennsylvania's significant food
24 agricultural economy. Eighteen percent of the
25 state's gross product is food and agriculture.

1 Eighteen percent, that is not an insignificant
2 number; 580,000 jobs, \$136 billion every year
3 produced by the food and agricultural economy.

4 In addition to that, we wanted to know,
5 what should we do? That's the changing landscape
6 question. So six strategic recommendations were
7 produced from that project. You've heard some of
8 these, but I'll just note them, because you'll see
9 the themes in the title; you'll see the themes in
10 the programs.

11 So one of the recommendations was to
12 capitalize on the branding and marketing
13 opportunities. Two, to expand the agricultural
14 infrastructure, such as processing and
15 manufacturing capacity. Third was to continue to
16 improve the regulatory process in the business
17 climate in Pennsylvania. The fourth recommendation
18 was to broaden the workforce development and
19 educational opportunities; to make additional
20 investments in infrastructure; systems that were
21 including our transportation and our broadband.
22 And finally, to diversify products to strength the
23 markets to build resiliency.

24 That was the work of the strategic
25 planning effort. That work continues, by the way.

1 What you see, though, in the Farm Bill is the
2 investment in that strategic recommendation, that
3 plan--right?--from very targeted investments being
4 made.

5 So let me just go through for you each
6 of the titles of the Farm Bill. You have a copy.
7 You have my testimony, and I believe you've got the
8 one-pager that outlines the Farm Bill. I'll use
9 this as the guide to walk through it.

10 The first title, Ag Business Development
11 and Succession Planning, I'll just note that when
12 we talk about a center, this is really the portal,
13 as we see it, for all of that planning activity.
14 In some cases that could be for businesses that are
15 here and simply want to add an enterprise. For
16 some it may be a succession or transition plan.
17 Others may be adding an enterprise to look at and
18 respond to their own market needs.

19 But we arrived at this base on a
20 convergence of factors. And I point to the
21 experience that we've all had with the dairy
22 industry in the last couple of years, right? If
23 there's one good reminder of an important industry,
24 it's dairy. It's also the need to have some plan
25 for what the individual farms do. And in the

1 survey work that the Center for Dairy Excellence
2 did, there's less than 20 percent of the dairy
3 producers who responded to that survey actually
4 have a business plan. I think we should all be
5 concerned about that, but also remind us that in
6 this effort here, we want to support those dairy
7 producers.

8 We also know in our Farmland
9 Preservation program that 25 percent of those farms
10 have already changed hands one time. But in the
11 survey, there's only a third of those farms have a
12 formal succession plan for those farms. This is a
13 program that we spent a billion \$300 million on to
14 preserve. I think we've got an invested interest
15 in making sure those farms are successful. That is
16 part of this.

17 We also saw, though, pressure just
18 across the agricultural economy with net farm
19 income nationally down about 40 percent over the
20 last three and a half years, in Pennsylvania down
21 about 15, 16 percent, but it speaks to the need
22 that this is a business and we need to prepare for
23 that.

24 We also see new opportunities, though,
25 right? It's not all about just the pressures.

1 It's about the opportunities. We see it in the
2 direct market. We saw it in organic. We continue
3 to see great opportunities around the malt beverage
4 given the work of the legislature over the last
5 couple of years. But we want to, at the end of the
6 day, better position agriculture for the future,
7 and that's going to take some work and some very
8 intentional strategic planning. This is all
9 voluntary, by the way. We are not directing them
10 to have the plan. We would hope that they see the
11 need for it, and the opportunities of a good plan.

12 And finally, we think it puts them in a
13 much better position to withstand some of the
14 pressures to be -- to anticipate the questions of
15 their lenders, to think about risk management, et
16 cetera.

17 The second provision in the first title
18 deals with the realty transfer tax exemption.
19 You'll recall we recently amended this to allow for
20 interfamily transfers, the waiver of the realty
21 transfer tax. The proposal here is to extend that
22 to nonfamily members, but qualified beginning
23 farmers. And qualified meaning that there is some
24 qualification to taking over that farm, right?
25 This isn't just sort of handing it off to somebody;

1 be mindful that the easement in the deed
2 restrictions require that farm to remain in
3 productive agriculture for perpetuity. So we want
4 to ensure that there is somebody stepping into
5 position who is qualified to take it over.

6 The second title is creating more
7 processing capacity in Pennsylvania. I'll start
8 with our dairy provision, additional 5 million. We
9 have a current 5 million in the 2018-19 budget, and
10 we are hopeful that the CFA, next week when they
11 meet, will approve that first group of projects.
12 There are 45 applicants that we have --
13 applications we've received in that program, so
14 we're anxious for a decision on those.

15 But, another 5 million allows us to
16 continue that momentum, right? I don't think
17 there's any doubt that there's a need there based
18 on what we've seen in the last couple of months
19 with applications. Twenty different counties
20 applications have come in from producers in those
21 counties. There's a nice balance of on-farm
22 activity with some of the larger scaled operations.
23 We think this is really (paused) been important,
24 and I'll just add a footnote.

25 Having been with a lot of my colleagues

1 around the country, they marvel at what we've got
2 in terms of a Farm Bill, but also the very personal
3 investment the stat is making in the dairy
4 industry. Most of those states are waiting for the
5 federal government to do something--right?--and
6 we're doing something and I think you should be
7 very proud of that. This is really important to
8 us.

9 But with our processing capabilities, I
10 mean we're a state with 200 million animals or
11 poultry here sometime in the year, right? They're
12 either grown here, produced here, processed here.
13 And when you think about the opportunities that
14 that presents, both in terms of processing
15 capabilities but also the exposure which I'll talk
16 about in just a moment.

17 The Center For Animal Agriculture
18 Excellence, this is modeled after a very successful
19 Center For Dairy Excellence that's been in place
20 since 2009. As in the dairy's case, we believe
21 that the Animal Agriculture Excellence Center would
22 also be industry driven. We have some ideas about
23 what that looks like. And having engaged in
24 conversations about the industry and those needs,
25 but they are everything from bio-security to food

1 safety and quality assurance, animal health and
2 nutrition.

3 But solution driven, I think that's the
4 real key to this is, there's a lot of animal ag
5 issues, but we really want the center to be
6 solution driven. That's a million dollars in
7 investment.

8 And the third component is around
9 meat-processing capabilities. We have an emerging,
10 sort of meat-processing industry in the state.
11 It's interesting that there was a time until the
12 mid-'80s that the Department of Agriculture
13 actually had its own meat inspection program
14 operated by the Department of Agriculture. That
15 went away. Part of it was reflection of the
16 consolidation of the processing industry.

17 But now we see this resurgence where you
18 have local meat processors who may be doing
19 something on a very small scale, see opportunity to
20 provide product to the wholesale setting and to
21 even sell into restaurants and across state lines.
22 To do that, however, requires them to be a
23 federally inspected plant. U.S. Department of
24 Agriculture rule, federal-state inspection service
25 we think there's an opportunity to help them with

1 the transition to get the HACCP plans, the food
2 safety plans, some of the structural components.

3 We have three active projects at this
4 point across the street, in Westmoreland County,
5 Fayette and Wayne. All of those are some scale but
6 small, but they want to extend their business.
7 That's a \$500,000 component of the Farm Bill as
8 well.

9 The title 3 is removing the regulatory
10 burdens, several components to this. I'll note
11 that the first three all are conservation related,
12 and all of those will be under the jurisdiction of
13 the State Conservation Commission. For those who
14 are familiar with that, you'll know that it was an
15 act of the legislature 25 years ago when we were
16 doing some significant water quality and nutrient
17 management law changes and putting in place some
18 very strategic requirements.

19 The legislature struggled at the time
20 finding the equilibrium between the environmental
21 issues and agricultural issues, and out of that
22 came the State Conservation Commission, which is
23 the only commission of its kind in the nation that
24 every day is working to work find that equilibrium.
25 It has a rotating chair between the Secretary of Ag

1 and the Secretary of DEP every July.

2 So, it's worked well. It's an
3 extraordinary success story. But we wanted to make
4 sure in this work of conservation is that we really
5 vest this with the State Conservation Commission to
6 compliment their work, but also having the
7 commission oversee its implementation.

8 The three pieces are, there's a grant
9 component. There's a conservation excellence grant
10 and that will be focused on farm level plan
11 development, and implementation of BMPs, the
12 technical assistance, the financial assistance.

13 There's a second component. It's the
14 Agrilink, and we are proposing to reestablish this
15 program. It ran out of money some years ago and
16 was simply dormant. This gives us a chance to
17 bring it back. And the Agrilink is important
18 because it allows for us to work with the private
19 lenders and the Department of Revenue to buy down
20 the interest rates on loans that are all for
21 conservation, and they have a tendency to be the
22 more expensive investments you have to make around
23 conservation structural practices.

24 So, just by example, the last time we
25 had about \$860,000 that leveraged \$5.5 million.

1 The last time, 147 different projects were funded
2 out of that. So we anticipate, with \$500,000 in
3 this proposal, that would give us approximately
4 \$4 million of borrowing through Department of
5 Revenue.

6 The third component is the resource
7 enhancement and protection. That's the reprogram,
8 it's tax credits. We have the current 10 million
9 there that is fully subscribed. There's a need for
10 some additional dollars. There's 3 million
11 proposed in this Farm Bill for the re-tax credit.

12 We have a lot of different success
13 stories, but I always point to the investments that
14 have been made. The no-till equipment, the work
15 that's being done in conservation, and the
16 structural practices, those two elements alone are
17 91 percent of the tax credits to date. That's
18 \$81 million of total investments, so a good success
19 story there.

20 We're also proposing to raise the cap.
21 We have heard from farmers and equipment dealers
22 that the current cap is too low. It's \$150,000.
23 That's accumulative use. We're raising that cap to
24 250,000.

25 So all of these, as I note, are under

1 the State Conservation Commission.

2 We'd also like to do something a little
3 different. We've heard from each of you that, you
4 know, if we know where the nutrient density is,
5 where the problem is, why don't we direct the
6 dollars where the problem is--right?--of doing this
7 scatter shot. So, there will be a pilot model here
8 where we take the \$6 million of this Farm Bill,
9 plus the 4 million from the Department of Revenue,
10 that gives us \$10 million. We want to focus that
11 on where those problems are. And that has been and
12 continues to be in those Tier 1 counties of
13 Lancaster and York to really focus in, but also
14 work with the local community and have them sort of
15 use the dollars to address the issues on different
16 farms, right?

17 In contrast to what we do now is, every
18 single program has a different, sort of application
19 deadline--right?--so different use and you can
20 parse it out. We're trying to simplify that and
21 really be strategic in that investment.

22 We also want to address the issues of
23 the legal width of farm equipment on the roads.
24 It's currently 16 feet. We're proposing to go to
25 18 feet. The Pennsylvania Farm Bureau, as you

1 know, it's been a priority for them over the years,
2 and we want to address that here.

3 We know that the ag security area, the
4 law, some amendments there. We're very supportive
5 of Representative Klunk and Senator Yaw's proposal
6 to address both the -- the two issues there; one,
7 increase the flexibility for preserved farm owners
8 regarding subdivision and construction of an
9 additional residence, but it will also create some
10 consistency across the state which has been
11 lacking.

12 We're going to repeal the Cooperative
13 Agricultural Law. That requires them to send and
14 file with us an audited financial statement every
15 year. I have to tell you the 20 years I've been
16 around the Department, I've never received one nor
17 has anybody ever asked for one. It just seems to
18 be an unnecessary requirement, so that will be
19 eliminated.

20 And final -- I'm sorry.

21 In the title 4, then, addresses the
22 issue of workforce, strengthen the PA workforce and
23 looking at two ways of doing that. One is through
24 our Agriculture and Rural Youth Organization grant.
25 For some who've been around knows that was an

1 incredibly popular program when we had funding to
2 do it. We're gonna reestablish that program with
3 several changes. The significant change is that,
4 really, we want to focus on the workforce and using
5 those grants which are available to youth and
6 agriculture and organizations.

7 The FFA and 4-H are probably the most
8 recognizable, but we want to make sure that that
9 grant program is available to them and to rural
10 youth organizations and even urban youth
11 organizations as well. Two provisions, direct
12 grant, matching grants, but think of that a little
13 differently, in that, we're focusing on the
14 workforce. So that could be curriculum. It could
15 be the field trips. It could be equipment,
16 specialized equipment. It could be the work that
17 we saw happening last year in Lancaster County when
18 we launched the pre-apprenticeship, the
19 apprenticeship model for the equipment service
20 technicians. This is what we're thinking about
21 with the ag and youth grants this year in this
22 proposal.

23 The second component to that title is
24 the farm to school grants. We think there's great
25 opportunity to, with \$500,000, to reestablish this

1 program. Again, it was there. It was focused on
2 Kindergarten. We're expanding it in this proposal
3 from Kindergarten to 5th grade. Incredible
4 important years, right? Formative years of
5 nutrition and appreciation for what's happening in
6 agriculture in the food system.

7 What I saw earlier this week at Kunkel
8 Elementary School in Middletown, it was second
9 graders talking about the food system. We've all
10 been with second graders, right? What you hear,
11 what you learn, the perceptions of food and
12 agriculture and farmers, just speaks to the
13 opportune I think we have in the farm to school.

14 Again, this program has a workforce
15 component to it, and we want to raise the awareness
16 of Pennsylvania agriculture and food. That could
17 include building greenhouses at the schools. It
18 could be curriculum department. It could be
19 community gardens, even some of the school
20 procurement activities. So, our hope is to inspire
21 a new generation of people who really appreciate
22 the landscape and agriculture in the state; but
23 also importantly, address the issues of childhood
24 nutrition. That is in that grant.

25 Title 5, protecting ag infrastructure,

1 this is focused on the rapid response to disasters.
2 We all know the current disaster we're dealing with
3 the Spotted Lanternfly. I also feel like we're a
4 day away from other disaster.

5 You know, you read the news this week,
6 the African swine fever, and the interception by
7 the federal government of a million pounds of pork
8 coming through the port of New Jersey. That is too
9 close for comfort. Think of our swine industry in
10 the state, it'd be devastating. You think there
11 are challenges of depopulating poultry houses,
12 doing that with larger animals, swine, would be
13 problematic.

14 So what's in here, \$3 million for the
15 Spotted Lanternfly. The other 2 million is
16 uncommitted, right, and that's intentional.
17 There's an evolving list. It could be the Avian
18 Influenza. It could be the African swine fever, or
19 it could be Newcastle disease. Pick one. The
20 point is try to be a little more prepared both in
21 terms of our work as an industry, as a department,
22 but also making sure we've got the appropriate
23 equipment and personal protective equipment, et
24 cetera.

25 But, it could be a food-borne illness.

1 It could just as easily be some of the recalls that
2 we get involved in. So, important, though, that's
3 5 million.

4 We had direct questions about the
5 existing 2 million that's in our budget for Avian
6 Influenza. You recall back in the 2015-16 budget,
7 there was \$2 million allocated for the high path
8 Avian Influenza. That's separate and apart from
9 this 5. So those 2 million remain available to the
10 Department. We have to go through the labor
11 process with our budget office to secure that, but
12 we've done that the last couple years, and we'd
13 expect to do that again to retain those important
14 \$2 million.

15 Title 6, increasing the market
16 opportunities and investments, particularly in
17 organic agriculture. A little background. We
18 speak of the Pennsylvania Preferred program.
19 You'll recognize that as our signature marketing
20 effort of the state to identify Pennsylvania
21 product in a very confused marketplace, but it's
22 being preferred, so it is ours. It's the one way
23 that we connect the farmer to the consumer, very
24 directly, being able to identify a recognizable
25 symbol. It's the check mark inside the Keystone,

1 right, with Pennsylvania Preferred. So that is our
2 signature piece.

3 What we are doing is adding to that by
4 way of Pennsylvania Preferred organic, and we think
5 since Pennsylvania is our signature program, the
6 USDA Federal Government sets in judgment of what is
7 certified organic in the nation, with the exception
8 of California. It's their standard. We think
9 putting the two together allows the consumer to
10 make an informed decision about what is
11 Pennsylvania organic, and that's an important part
12 of our efforts here.

13 The Pennsylvania Preferred program and
14 USDA organic we think are important pieces in this
15 marketplace, but we also see power in putting them
16 together. We continue to see growth in organic
17 both production and consumption. The most recent
18 data from the U.S. Department of Agriculture is
19 that Pennsylvania is second in the nation in terms
20 of total gross value of certified organic products
21 sold. That's about \$660 million. Two-thirds of
22 that is poultry, in "broilers" and eggs, so it's an
23 important part of Pennsylvania. 93,000 acres plus
24 certified organic in the state.

25 Just interesting, you see when I talk

1 about growth, in 2016, we had 1448 certified
2 organic farms in Pennsylvania. Just the year prior
3 was a thousand fifty-eight. It's a 37 percent jump
4 between 2015 and 2016. That continues to grow.
5 And that -- I don't see that turning back.

6 We've spoken about where this grain
7 comes from to feed our livestock, organic grain,
8 right? It's coming out of the Midwest or it's
9 coming from Europe. We think if you're going to
10 feed the livestock here, there's certainly
11 opportunity for us to grow more organic grains in
12 Pennsylvania. We see that as a really important
13 differentiator for Pennsylvania.

14 I've been encouraged by what I've read
15 in Lancaster Farming the last couple weeks about
16 companies that are contracting for and working for
17 Pennsylvania farmers for that grain. I think it's
18 an important opportunity for us. So that's a
19 million six for that organic component, PA
20 Preferred organic.

21 The PA Preferred program, the second
22 component under this title, is the Pennsylvania
23 Preferred program with the caveat to work with and
24 support the homegrown initiative where we have
25 teamed up with veterans organizations across the

1 country to give veterans the identification of
2 their production in the marketplace with, again,
3 our PA Preferred program.

4 But important in this task is that, we
5 think it's time now to sort of do the public facing
6 of Pennsylvania Preferred. A lot of work to build
7 the capacity, right, 2300 Pennsylvania Preferred
8 companies in PA, members I should say. 1100 of
9 those are actual producers; 600 are processors. We
10 have 400 retailers that are part of PA Preferred, a
11 hundred restaurants and a hundred sort of
12 supporting organizations that could be food banks
13 and trade associations.

14 So, we've built a brand, look back to
15 the strategic plan, one of the recommendations
16 you've got to leverage that brand. We think this
17 million dollar investment allows us to leverage
18 that Pennsylvania Preferred brand.

19 And the third component is around the
20 Specialty Crop Block Grant. That is the
21 U.S. Department of Agriculture program. It's
22 incredibly helpful to Pennsylvania in so many ways.
23 That's 500,000. We want to certainly compliment
24 what the federal government is doing in that
25 regard, but there are some things that the federal

1 program doesn't acknowledge to the full extent that
2 we'd like to see it.

3 They are specialty crops of industrial
4 hemp as an example, the opportunities around hops.
5 Even our hardwoods industry depending on what
6 program, and part of the country, quite frankly,
7 you're at, they deem those as specialty crops.
8 Some don't. We do. We want to make sure that's
9 addressed in this as well.

10 And the final point, just on urban
11 agriculture, under this title, if there has been
12 one visible gap, the department's programming at a
13 time when there's been a surge in opportunities to
14 the urban agriculture. I was down in Philadelphia
15 yesterday and visiting with stakeholders.

16 In the Pennsylvania Horticulture
17 Society, they hosted a meeting, and it's amazing
18 the number of stakeholders who were present, but
19 all have ideas--right?--about where they see
20 themselves intersecting with the work that you're
21 doing. It's just inspiring. Every time I'm with
22 them I'm amazed at the people who have committed
23 their lives to community gardens, and begin good
24 stewards and taking vacant lots and making
25 something green, grow, feeding a community. So,

1 good things. So that's \$500,000 of investment
2 here.

3 We do want to make a point that we're
4 looking at sort of infrastructure here. This is
5 not about staff development, right? These are
6 about investments; direct investments in
7 infrastructure. That could be seeds and fencing
8 and soil testing and soil remediation, activities
9 that actually help those urban areas address their
10 need through the more expensive infrastructure
11 development. So, at the end of the day, it's
12 important community development for those areas.

13 So, Mr. Chairman, Committee, thank you.
14 We need the direct investment in agriculture. I'm
15 very proud that we have for the very first time in
16 the history of the department a Farm Bill that
17 looks like Pennsylvania, but allows us to really be
18 very strategic about how we invest in business, the
19 community and make some of these changes, but also
20 build a capacity in different communities for us.

21 So, we look forward to the investment
22 being made and your support for that. But we'd
23 also note that we know that there's a return on the
24 investment, right, that comes from this 24 million.

25 I will stop there, Mr. Chairman. Thank

1 you, and look forward to questions. Thank you.

2 SENATE CHAIRMAN VOGEL: Thank you, Mr.
3 Secretary. Yeah, there's a lot of good ideas in
4 here. I guess we need to just vet them out a
5 little bit more.

6 But I'm gonna start my line of
7 questioning here, first off with, go back to the PA
8 Preferred --

9 SECRETARY REDDING: Yes.

10 SENATE CHAIRMAN VOGEL: -- you had
11 \$1.6 million in there for the organic, and that I
12 think is something that's going to need to be
13 vetted out a little bit more because I've had
14 people in my office the last couple days, the
15 vegetable growers and the bankers, who are
16 concerned you're going to be pitting farmers
17 against farmers. And I don't know how we get
18 around that issue, but I understand your point.
19 And I understand their point as well, you know what
20 I mean?

21 So, where we go for this, and do we
22 really need to put that kind of money into a
23 program like that to do that. I think if the
24 people, like you said, want organic, then they
25 should pay the farmers to grow organic. I mean,

1 why do we pit farmers against farmers, I guess is
2 what it's going to come down to. That's where it's
3 gonna be at, I think, to spend that kind of money
4 to do that.

5 If the chicken people want organic
6 soybeans, then go to the market and ask the farmers
7 to grow them and pay them accordingly for what
8 they're worth and not import them from Illinois or
9 Nebraska or somewhere. So that's my take on that
10 for a second.

11 SECRETARY REDDING: Yes. Thank you, Mr.
12 Chairman.

13 If there's a point in my professional
14 work that I really struggle with is the, when
15 agriculture feeds on agriculture, nothing good
16 happens. I've watched it time and again. And when
17 one production, you know, producer views somehow
18 there's -- they've got an advantage.

19 I mean, we've tried to be, sort of, all
20 forms of agriculture are welcome. I think it's one
21 of the real blessings of Pennsylvania, we can
22 accommodate all forms of production. And where
23 people see opportunities, they certainly ought to
24 avail themselves of that.

25 What we're trying to do here is to say

1 that they are -- this is developing fast. It's one
2 of the bright spots in Pennsylvania agriculture.
3 We think there's an opportunity for us to play a
4 role in facilitating particularly around the
5 technical -- the technical advice and aspects and
6 build that capacity.

7 To be honest, it doesn't exist in
8 Pennsylvania. I mean, we have Rodale. We're very
9 pleased to have them in our community, and Senator
10 Schwank knows them well and we've talked to them.
11 We've got a little bit of capacity with our
12 Penn State University Cooperative Extension System
13 to do that, but we also have to sort of grow that
14 organically, right? You've got to sort of get out
15 and invest in the agronomos. We don't have that many
16 agronomists who can actually help transition.

17 So, I appreciate the sensitivity. I
18 would hope that the agricultural community views
19 this as an opportunity to both differentiate PA
20 product and take full advantage of what we see in
21 the landscape to create opportunity for producers,
22 a lot of them. A lot, as I've mentioned, the
23 numbers are seeing that opportunity. But it will
24 take some investment.

25 What we do believe is that we ought to

1 keep that very closely aligned with Pennsylvania
2 Preferred. I think it's the one thing, as we've
3 talked to a lot of producers is -- there is comfort
4 in the PA brand being attached to a USDA versus
5 letting it simply in the federal space, is the tie
6 to Pennsylvania to make that direct connection back
7 to our consumers here.

8 We get requests constantly from the
9 retail community. We all know the names in the
10 neighborhood of the major retailers asking us to
11 please help, source product, to identify product.
12 I think there's opportunity there. Quite frankly,
13 I hope we can -- we can mitigate some of that
14 tension that folks are seeing.

15 This is not about us choosing people. I
16 think we heard from committees time again about you
17 need to sort of be proactive in that space of
18 building markets. We'll try to do our best, if
19 there are those sensitivities to work our way
20 through them and to find that opportunity for all
21 of the types of production.

22 SENATE CHAIRMAN VOGEL: Like I said, it
23 was just brought to my attention the last two days
24 over having meetings in my office, it was sort of
25 timely, I guess. I just don't want us to get to

1 that point where we are, like you said, pitting
2 farmers against farmers. Obviously, there's a way
3 to work around it and, hopefully, we can find a way
4 to do that using some of this money to possibly do
5 that as well.

6 The next part is the branding part of
7 Pennsylvania Preferred. Back in 2011 when we put
8 Act 78 into place, there was a provision in the act
9 to be able to reclaim some of the dollars that we
10 have in branding. Some of the work at Saint Joe's
11 University has done on the data side of it all, it
12 is very compelling, I guess. It says, 89 percent
13 of the Pennsylvania Preferred members would
14 recommend the program to a colleague, and
15 98 percent of the members had a positive impact on
16 their business. 73 percent of consumers were
17 familiar with it, and 96 percent of the consumers
18 indicated they were willing to pay more for a
19 Pennsylvania Preferred product. So I think that's
20 a very good thing.

21 But I think now, since we've grown it
22 this much, we possibly need to go back to what the
23 act entailed and try to recoup some of our dollars
24 to help the program roll along versus the state
25 putting in the money to do that.

1 Is there something we can possibly work
2 on that? Senator Brown and I had that sort of
3 discussion a little bit in procs (phonetic) with
4 you and --

5 SECRETARY REDDING: Yes.

6 SENATE CHAIRMAN VOGEL: -- return on
7 investment is something I think we need to look at
8 when we're talking about \$24 million addition to
9 the budget.

10 SECRETARY REDDING: Yes. So, agreed,
11 right? The challenge has been, and we're mindful
12 of that provision in the 2011 act that says you had
13 -- we -- leverage that somehow and there ought to
14 be some participation by the private sector or the
15 consumer side.

16 I'll tell you we're not quite there. I
17 think as soon as we -- We've got Saint Joe's
18 University sort of working on the project, right,
19 so quantification of benefit, actually trying to
20 help us construct where -- what the metrics are and
21 how you measure success in that program.

22 But, at this point we have focused on
23 building -- It's a chicken and egg, right? You
24 have people in before you have value. Now we have
25 value, we're trying to leverage the value. I think

1 the provision there, we're going to try to exercise
2 that. We don't know exactly how to do that at this
3 point, and that's why we asked Saint Joe's
4 University to give us some guidance on what that
5 could look like, both the member -- PA Preferred
6 number perspective, as well as the consumer
7 perspective. Our intention is to use that
8 provision. We just have to figure out how to do
9 it.

10 SENATE CHAIRMAN VOGEL: Okay. Thank
11 you. Senator Schwank followed by Representative
12 Causer.

13 SENATOR SCHWANK: Thank you.

14 And thank you for the overview,
15 Secretary. I think I've read over this many times,
16 but it was good to hear you put a little more
17 detail behind the proposals that are put out here.

18 So you know I'm very interested in
19 industrial hemp.

20 SECRETARY REDDING: Yes.

21 SENATOR SCHWANK: I want to commend you
22 for, 1, changing our program even midstream to
23 reflect what's happened on the federal level in
24 terms of the federal Farm Bill. And then also, we
25 are the second state in the nation actually to put

1 in an industrial hemp program, which is a
2 requirement of the federal Farm Bill, right?

3 SECRETARY REDDING: Yes.

4 SENATOR SCHWANK: So, I see we're gonna
5 allocate \$500,000 to look at enhancing research on
6 specialty crops. You know I -- I'm a bit
7 concerned. I wonder if that's even enough funding
8 considering the interest in some of these specialty
9 crops, much as hemp, but also hops because of the
10 craft beer industry and how that has just exploded
11 in the Commonwealth. We have a lot of
12 opportunities.

13 Do you feel comfortable with the amount
14 of funding that we have here? How will we leverage
15 other dollars, maybe from the industry, again, to
16 help get Pennsylvania on the map in terms of these
17 products?

18 A lot of people talk to me about hemp,
19 for example, or hops. They want more information
20 how to grow it. They want help on marketing it.
21 We have to be very careful. We want to open doors
22 for farmers, producers and processors, but we don't
23 want to expose them to excessive risk. How do you
24 see that playing out?

25 SECRETARY REDDING: Yeah, and it's a

1 great question, right? Because, I think as we've
2 described each of these provisions of the Farm
3 Bill, you know, there are things even since its
4 introduction that have come to light and evolved
5 and people have seen the opportunities in the
6 different lines as we've described them.

7 What I've cautioned everybody about is
8 not looking at any single line item as the single
9 source of opportunity, right?

10 SENATOR SCHWANK: Okay.

11 SECRETARY REDDING: As an example, and
12 let's talk about industrial hemp. I can see that
13 being part of the \$2 million in the business
14 planning component for folks who want to pursue
15 that as either a business and/or an enterprise. I
16 would see it within Pennsylvania Preferred, right?
17 Ideally, this is branded as Pennsylvania hemp, and
18 not Kentucky and not everybody else, but
19 Pennsylvania. The specialty crop program as well.

20 So I think there's opportunity there. I
21 think we're particularly sensitive to trying to
22 recognize those that are evolving opportunities
23 like industrial hemp and hops, but the same time be
24 sensitive to our legacy industries--right?--around
25 animal agriculture and such.

1 SENATOR SCHWANK: Right. Can't forget
2 that.

3 SECRETARY REDDING: Yeah. I think all
4 of that -- We see this as part of the opportunity
5 of the Farm Bill, we can do a cross-cut across the
6 different programs to really address those issues
7 that a farm or the agri-business community is
8 looking to do without being bound to a single
9 component of the Farm Bill. We can leverage that.

10 Think about the Farm Bill, the
11 24 million as yeast. It raises a lot of money.
12 Another \$500,000 especially to crop work or
13 hardwoods or business planning, dairy is a great
14 discussion. So we look at the 24 as only growing
15 in both impact and investment, but it's going to
16 leverage a lot of private capital. Okay?

17 SENATOR SCHWANK: Yeah.

18 SECRETARY REDDING: Okay.

19 SENATOR SCHWANK: That is certainly
20 helpful. I still have the green light.

21 In terms of the discussion on organic
22 and Pennsylvania Preferred, you and I both attended
23 the Pennsylvania Sustainable Agriculture
24 Conference. The huge turnout that was there, and
25 the number of years they've been doing this, this

1 isn't a brand-new thing.

2 SECRETARY REDDING: Right.

3 SENATOR SCHWANK: People are following
4 consumer desires. And I think part of what we've
5 got to do in the Farm Bill is to encourage farmers
6 to look at those opportunities that might be there.
7 One single thing isn't for everybody, right? So
8 you need to think about how you diversify and how
9 you want to leverage those types of opportunities,
10 right?

11 I think this is important for
12 Pennsylvania, considering that we are number 2 in
13 organic production, and we're right in the middle
14 of a huge market right here on the Eastern
15 seaboard. So, I think we have to take advantage of
16 that while easing the concerns, because I've heard
17 the same things that Senator Vogel heard. Is that
18 where we're going? Is that the only thing we're
19 going to support?

20 SECRETARY REDDING: These are all
21 voluntary actions, right? At the end of the day,
22 producers have got to make a decision --

23 SENATOR SCHWANK: Right.

24 SECRETARY REDDING: -- whether they see
25 their future in organic or some of their operation

1 organic. We've got to respect that as a voluntary
2 and the entrepreneurial spirit will kick in and
3 folks see opportunity there.

4 But I would expect that the committee,
5 if we weren't talking about organic and the trends
6 that we've seen and the opportunities presented is
7 that, you would have every right to be critical of
8 us, right? If I didn't say, listen, organic is
9 growing and we can talk about how do we allocate
10 dollars and where do you place them and how you
11 best leverage that, but we want to make sure at
12 least we're respecting what we see in the
13 marketplace; what we've heard very clearly out of
14 the listening session, our strategic plan, and
15 particularly in the retail and consumer space of
16 people wanting the product. It's going to come
17 from somewhere. That's pretty clear to me, right?

18 SENATOR SCHWANK: Right.

19 SECRETARY REDDING: Ideally, it's a
20 domestic product. Ideally, it's Pennsylvania if we
21 can at all produce it and tie it to Pennsylvania so
22 there's value both to our producers' game, but also
23 recognition to our consumers that PA agriculture is
24 full of good things. I think we have got an
25 opportunity in our marketing, generally, but also

1 in the organic space to do that.

2 SENATOR SCHWANK: Thank you.

3 SECRETARY REDDING: Yeah. Thanks.

4 SENATE CHAIRMAN VOGEL: Representative
5 Causer followed by Representative Pashinski.

6 HOUSE MAJORITY CHAIRMAN CAUSER: Thank
7 you, Mr. Secretary, for the information that's been
8 presented today.

9 Investing in agriculture we know is
10 investing in rural communities. And what I think
11 in many ways it comes down to is what can we afford
12 and how do we prioritize spending. Certainly,
13 that's what we do with every state agency as we
14 move forward in crafting our budget.

15 One of our top focuses is certainly the
16 crisis in the dairy industry. I know that's on the
17 mind of all of our committee members, and that's
18 exactly why we supported the \$5 million that we
19 appropriated in last year's budget to the CFA, and
20 that was last June, and now, still, we do not have
21 any of that funding released for any projects. And
22 now, you know, in the proposal there's another
23 5 million for the CFA.

24 And I know that the Governor's Office
25 has canceled two CFA meetings. Do you have any

1 indications as to when that meeting will take place
2 so we can get these projects released?

3 SECRETARY REDDING: It's a great
4 question, right? I mean, every single day we have
5 been confronted with, when is the CFA gonna meet,
6 right?

7 We've gone out and encouraged
8 applications. Forty-five pending applications that
9 are waiting for the CFA to approve to commit the
10 full 5 million at a time when dairy is in free
11 fall. We're trying to figure out how to move the
12 governance process along with the CFA. I think the
13 government structure has been the problem in
14 waiting for the folks to decide if they can get a
15 quorum or whatever. But I can tell you, it's not
16 the Governor's Office waiting for -- I think our
17 issue has been waiting for the committee, the CFA
18 members to say yes, we're going to meet.

19 There was a meeting scheduled in January
20 for applications that came in November. We talked
21 about seasons at the start. I mean, seasons are
22 pretty important to agriculture.

23 Mr. Chairman, I share the frustration.
24 I mean, we have, you just can't believe we're this
25 far into 2019, and I'm still talking about an

1 application and taking calls from producers that
2 contacted us last October, right? They don't
3 accept any explanation I give. They are so
4 frustrated; that they just can't believe for all
5 the chat about dairy, they're waiting for the CFA,
6 some government structure, to meet to say yes to a
7 proposal that they know that they need to stay in
8 business maybe this spring yet.

9 So, it takes a lot of reserve, I mean,
10 just because I think we've all been challenged by
11 what government can do and how to respond, and the
12 credit to the legislature and the Governor is that
13 they found an opportunity in the 5 million for the
14 dairy investment program. To be here at this
15 point, I can't tell you what the result has been.
16 I know what the income side has been in terms of
17 applications. I'd love to be able to tell you that
18 what has been leveraged by those 45 projects or to
19 point to those that have actually taken root and
20 started.

21 But, what is clear is that, we're now in
22 March and our belief is that the 45 applications
23 will consume all 5 million. And that won't address
24 -- and there will be some that won't be funded, so
25 there's a pent-up need out there for dairy

1 projects. Our hope is, to your point, that we can
2 get that CFA. I think they're scheduled to meet on
3 the 26th of March at this point. Mike?

4 DEPUTY SECRETARY HANNA: Yes.

5 SECRETARY REDDING: So let's hope that
6 they can stick to that schedule.

7 HOUSE MAJORITY CHAIRMAN CAUSER: To be
8 clear, the Governor's Office does call the meetings
9 and does cancel the meetings. So it's important, I
10 think, for the Governor to have that meeting so we
11 can drive these dollars out.

12 I mean, we're being asked to appropriate
13 another \$5 million. We all see it as a crisis
14 situation. Some of these projects may fall apart
15 before they're funded. And, you know, anything you
16 can do to expedite the process, because the
17 industry is in crisis and we need to drive these
18 dollars out.

19 SECRETARY REDDING: Understood. And
20 then, I appreciate your emphasis on this point and
21 want to see us succeed with the dairy investment
22 program. So we will convey that as well to all of
23 the members of the CFA.

24 HOUSE MAJORITY CHAIRMAN CAUSER: Thank
25 you. I know several other members have questions,

1 so I'll go back to you, Mr. Chairman.

2 SENATE CHAIRMAN VOGEL: Thank you.

3 Representative Pashinski followed by Senator
4 Augment.

5 MINORITY CHAIRMAN PASHINSKI: Thank you
6 very much, Senator Vogel.

7 Thank you, Mr. Secretary, for being
8 here, and to you and the Governor and all the good
9 work you guys have done. First time we've had a
10 Farm Bill, right?

11 SECRETARY REDDING: That's correct. The
12 first time in history.

13 MINORITY CHAIRMAN PASHINSKI: So again,
14 great foundation, and certainly something to build
15 from.

16 Based upon the last question on the CFA,
17 is there anything that we can do from the
18 standpoint of the Ag Committee to move this CFA a
19 little more rapidly? Now, you mentioned they're
20 meeting on March 26th?

21 SECRETARY REDDING: Yeah.

22 MINORITY CHAIRMAN PASHINSKI: That's a
23 definite?

24 SECRETARY REDDING: Yes.

25 MINORITY CHAIRMAN PASHINSKI: We should

1 all know what that is, and certainly attend that
2 meeting and impress upon them the urgency of time.

3 DEPUTY SECRETARY HANNA: Yeah, that
4 would be wonderful if you could do that. If you
5 could reach out to your caucus representatives for
6 the CFA to help move that process along, it would
7 be great. It is next week and we'd like to see the
8 Authority meet and move the projects forward.

9 MINORITY CHAIRMAN PASHINSKI: Right.
10 Count me in.

11 The next thing is, the Pennsylvania Ag
12 Business Development Center, truly exciting. And I
13 was a little astonished to find out there's quite a
14 number of farms that do not have plans. How is
15 this center helping them and how will that benefit
16 Pennsylvania?

17 SECRETARY REDDING: So, thank you.

18 The expectation is that we would, as a
19 Department, would take responsibility and some
20 leadership for the center, but to really -- only to
21 sort of triage that need. So if a farmer has the
22 need for a business plan through the private sector
23 or one of the resources would be available. Some
24 of that could be through small business development
25 centers. It may be through their lenders. We've

1 got farm organizations with accounting services.

2 There's an ag law center with attorneys.

3 We see all of that being part of this
4 discussion about what do they need? I think that's
5 the first question. Do you need the full business
6 plan? Do you need the succession plan? The whole
7 point would be -- really being, for the first time
8 directly engaged in conversation about what those
9 farmers need.

10 We have some experience. We have worked
11 with the -- through the Preserve Farm Resource
12 Center with preserve farms and working those
13 families through a succession planning. We've had
14 the experience of doing some business planning work
15 through the Farm Link organization. We work with
16 Penn State University.

17 But this brings it to a scale to really
18 help address it, and I think fulfill what we've
19 identified in terms of our expectations of that
20 farm, if they are preserved, but also just the
21 general benefits of a good solid plan to make
22 decisions about the future of adding an enterprise
23 or diversification, or whatever, but having that
24 really be part of our program work at the
25 department and take some responsibility for it.

1 MINORITY CHAIRMAN PASHINSKI: Terrific.
2 I'm anxious to see what kind of results we get out
3 of that.

4 Could we direct a little attention on
5 the Spotted Lanternfly. I've had some discussions
6 this past week, with also concern about CWD. What
7 I'm proposing is that, we bring together our
8 leverage from Penn Vet, Penn State, Fish and Game;
9 obviously, your Department, and really put into
10 high gear the research needed in order to try to
11 find an actual cure for this stuff.

12 I know that, um, really pleased of the
13 effort financially that's put into Spotted
14 Lanternfly. Is it enough? We've got to make sure
15 we prevent the damage to our grapes and, of course,
16 the hardwoods. It would be just devastating.

17 So, is there anything that we can do,
18 other than what I'm suggesting, to bring all these
19 groups together in order to work very hard on the
20 kind of research that it would take to eliminate
21 Chronic Wasting Disease, as well as, you know,
22 prevent the Spotted Lanternfly from moving north
23 and west.

24 SECRETARY REDDING: Thank you again.
25 Both contemporary issues, difficult issues for us.

1 I just say, on the CWD, it's an insidious prion
2 disease. It's both an issue inside the fence and
3 outside the fence, our captive and wild herds.

4 There is some promising research
5 occurring on the genetic side; genetic testing.
6 The key is to have something we can test the deer
7 with that doesn't require harvesting them. There's
8 some promising work there.

9 I like the idea of bringing Penn Vet and
10 being, again, a little more intentional than what
11 we have done. We have a work group, and it's been
12 a lot of really good partners, the Game Commission
13 and deer farmers and others. But, I think let's
14 leverage the science and scientists we have in this
15 state to address that issue. We'll commit to doing
16 that.

17 MINORITY CHAIRMAN PASHINSKI: I look
18 forward to working with you on that. I see my
19 yellow light is up. I just want to give a
20 shout-out to the FFA people that are back there.
21 They had a great convention this last week. They
22 did an outstanding job. The future is bright.
23 Every time I see these kids, they're fantastic.

24 Thank you, Mr. Chair.

25 SECRETARY REDDING: Mr. Chair, if I

1 could just say, on the Spotted Lanternfly, just to
2 say, we had to expand that to quarantine last week
3 from 13 counties to 14 to now include Dauphin
4 County. We're not happy about it. This is an
5 opportunist pest that it's everything we feared on
6 the front side would happen. It's a human-assisted
7 movement. I think that's our biggest threat at
8 this point with people and cars and trains, and
9 making sure that we're being pretty proactive about
10 that. I'm proud of it.

11 I'll just say, when we look at the
12 Disaster Readiness account, if we would have had
13 such an account in 2015-16, I think we'd be in a
14 different place today. Because the dollars and the
15 time it took to sort of build the federal interest,
16 the state interest, re-shuffle people and get all
17 this stuff ordered, we lost a year in there, a year
18 plus.

19 So I look at that as a really good
20 teaching point. That if we have African swine
21 fever, whatever the next threat is, you have some
22 resource to say, move with a little dispatch,
23 right, versus what we experienced with Spotted
24 Lanternfly. It wasn't intentional. I think it was
25 everybody trying to figure out what can we do and

1 should do. But, this fund would be a great
2 response to that.

3 So, thank you.

4 MINORITY CHAIRMAN PASHINSKI: Thank you.

5 SENATE CHAIRMAN VOGEL: Thank you.

6 Senator Augment followed by

7 Representative Keller.

8 SENATOR AUGMENT: Thank you, Mr.

9 Chairman.

10 Mr. Secretary, good to see you again.

11 SECRETARY REDDING: Good to see you.

12 Thank you.

13 SENATOR AUGMENT: I also want to
14 acknowledge the presence of the students that are
15 with us here today. We were also joined by a
16 number of students who were in the back of the room
17 earlier. I did note that a few of them looked
18 entirely too eager to leave when they had the
19 opportunity to do so. I think they should have
20 stayed for the two hours to get the full experience
21 from my perspective.

22 I want to ask you about ag education, if
23 I could. In the materials that we have here, I've
24 taken note that the Commission For Ag Education
25 Excellence is not specifically highlighted. I want

1 to ask you about that and ask you about what role,
2 from your perspective, the Commission can and
3 should be playing in this effort, and how we can
4 work together to empower them to enhance access to
5 ag education in the Commonwealth?

6 I think there's tremendous opportunity
7 in the area of ag education, and certainly to use
8 ag science to enhance access to STEM or STEAM
9 education for students across the Commonwealth.
10 I'd appreciate your perspective.

11 SECRETARY REDDING: Yeah, Senator, thank
12 you, and it's a great question.

13 While not noted in the outline, we
14 believe strongly that there are multiple points for
15 the Commission on Ag Education Excellence
16 intersects with the Farm Bill, certainly on the two
17 workforce provisions that I've noted, with the
18 Commission being consulted and help to guide. What
19 the Commission's work is doing and how that is
20 realized at the school level, right, or community
21 level with the ag and rural youth grants
22 specifically.

23 I would say the same around the farm to
24 school opportunities and where we see the
25 Commission helping to advise and work with the

1 Department on those two provisions; would expect
2 the Commission to be consulted on both points;
3 would hope that they would have input on how do we
4 address the in-demand occupations, the clear
5 pathway discussions and modules for curriculum.
6 You know, the opportunities around both the formal
7 ag ed, but also the lower case A and E, right? How
8 we build the awareness of ag? So, those two have
9 direct connections, right? I would see them being
10 involved.

11 I would hope that the Commission would
12 see other places that they could help. I think the
13 business planning opportunity. I think a lot of
14 the education and awareness work that we have to
15 do. Any time you talk about a new generation of
16 anything, the next generation that's gonna farm,
17 transition farms, business plans; if we use the
18 word new or next generation or qualified farmer, I
19 would hope that the Commission would say, I want to
20 be part of that conversation, right? And that
21 would be welcomed, by the way, from us.

22 SENATOR AUGMENT: Could you provide any
23 overview of the Commission's activities to date,
24 and from your perspective how has that -- what
25 benefits are we already seeing from the work of the

1 formation of the Commission and work of the
2 Commission?

3 SECRETARY REDDING: Yeah. And I'll
4 share my view and Senator Schwank is on the
5 Commission, they have fought (phonetic).

6 I'll just say there's two really
7 important components. One is, those commissions
8 are statement of value, right, for all of us.
9 Expectation is that, you're going to have a
10 Department of Education and a Department of
11 Agriculture, among others; but, particularly, in
12 this case, those two agencies; work together in the
13 common goal of, how do we build this workforce and
14 the workforce capacity and a new generation who
15 wants to step in to any number of the jobs we have
16 talked about around agriculture and that need.

17 It's already spawned some really
18 wonderful conversations about -- and among the
19 Commission members who are at the table. Some of
20 those are, as you designed it, to be practitioners
21 in the ag education space and others are in
22 different walks of life that represent really key
23 parts of ag. I think we've seen the benefits of
24 that. We will see more of it in about two hours.

25 We meet today for the second

1 meeting--that's this afternoon--for discussions
2 about the model curriculum that is noted; the
3 connections between both the formal work that PDE
4 is doing around 150 ag science programs, and how do
5 we hang onto those and grow them. But also, how we
6 develop new ones, right, and how we integrate the
7 workforce discussions in with ag education.

8 So, it's really been a success, and
9 encouraged by, while it's early, I think we have
10 got the right group of commissioners. I think we
11 got the recognition within the ag community that
12 they like what they see happening.

13 As I said at the outset of the effort
14 around ag is, it's modeled after the state
15 Conservation Commission where you can use the same
16 sort of words of finding equilibrium between
17 agriculture and education in this case as we do
18 with the environment, ag and the Commission --
19 Conservation Commission.

20 So I think it's really positive and
21 credit to the legislature for supporting it, the
22 vision to do it and really being the champion. I
23 think it's also an important statement, because we
24 talk about ag ed, occasionally. I think the
25 Commission provides a very clear expectation of the

1 legislature about what we need to support them.

2 Very much thank you for the question,
3 but also the support. Thank you.

4 SENATOR AUGMENT: Thank you.

5 Thank you, Mr. Chairman.

6 SENATE CHAIRMAN VOGEL: Representative
7 Keller followed by Representative DeLissio.

8 REPRESENTATIVE KELLER: Thank you, Mr.
9 Chairman.

10 And thank you, Secretary, for being
11 here.

12 SECRETARY REDDING: Good to see you.

13 REPRESENTATIVE KELLER: Your proposal --
14 Not yours. The proposal that was put in front of
15 us on the Farm Bill for Pennsylvania, you talk
16 about \$2 million for emergency funding.

17 I have a real concern about the health
18 of our livestock here in Pennsylvania. We hear the
19 stories, as you alluded to, and the fact of,
20 (coughed) excuse me, having very close coming in
21 into the port from China, you know, the pork
22 products, which I think the question is, not is it
23 going to, when is it going to.

24 A couple weeks ago I had a farmers'
25 breakfast, and you were there and you heard from

1 the Extension agent that in China alone, they
2 believe that over 80 million animals are affected
3 with this swine flu; and also, that that is
4 actually more than the total population of swine in
5 the United States. That's scary.

6 So, what I'm thinking is, and I want
7 your comments on this, the 2 million that you have
8 in emergency, don't you think we should be putting
9 that towards diagnostic research and planning;
10 whether it be swine, whether it be the flocks; you
11 know, any of those products and use that money,
12 because if we don't have the livestock here,
13 there's no use having any of these other components
14 of this bill. What's your thoughts on that?

15 SECRETARY REDDING: No.

16 REPRESENTATIVE KELLER: No?

17 SECRETARY REDDING: And here's why. I
18 mean, I think -- Agree that the threat is real. I
19 think the key is that -- the key to what we've
20 learned in Avian Influenza is that we need to have
21 the industry drive the bio-security on-farm bio-
22 security, right? Your commission certainly is not
23 a stand-alone provision, but I think the dollars
24 that we need to go out and do the on-farm work of
25 bio-security, or industry needs to do that. The

1 diagnostic is clearly a component of that, but
2 having some latitude.

3 If we use even the Spotted Lanternfly is
4 a great example, where there's a lot of outreach,
5 there's education, there's on-farm activity, that
6 has not been to this point sort of the allowance
7 for that within the state conservation -- or the
8 Animal Health Commission or the PADLS system.

9 They're clearly parts of it. We learned
10 from what they have in terms of the database. But,
11 I think we've tried to say, you need to be able to
12 do the personal protective equipment purchase. You
13 need to do the training and outreach when you do
14 the on-farm consultation. You need to write
15 bio-security plans. That's what's envisioned
16 within the 2 million.

17 And, if you need -- you know what, if we
18 need move with -- with, um -- to deal with
19 landfilling and destruction, if we get there,
20 you're going to need to have some latitude and some
21 way to do that that's not bound by the current
22 structure of distribution for the PADLS system
23 and/or Animal Health Commission dollars.

24 I'm not taking full disagreement with
25 you, but just to say that your point's made. If

1 you want us to do that, I would just argue that
2 having some latitude outside of the current
3 distribution models for both PADLS and Animal
4 Health Commission would achieve that goal.

5 REPRESENTATIVE KELLER: Also on the
6 dairy side of things, we are in a crisis. It's
7 unfortunate. And what I'm seeing is the acts that
8 farmers are taking upon themselves, we see the
9 actual signs that they make up on the round bails
10 that are plastic wrap. Just in my area alone, I'm
11 seeing 4-by-8 signs being put up that, drink whole
12 milk. It's 97 percent fat free. It's interesting
13 to watch all this take place.

14 On the other issue, as it was alluded by
15 the Chairmans on the organic side of things, I've
16 also have had individuals in my office concerned;
17 the plan. I think if we had an idea or a map of
18 how the plan would be in the organic piece of it,
19 it would be a little more received by those people,
20 but they're for a loss right now. As was said
21 earlier, I don't want to see us pitting organic
22 farmers against other farmers in the Commonwealth.

23 Thank you.

24 SECRETARY REDDING: Representative, just
25 on the dairy, we've seen the round bails, you know,

1 the on-farm advertising, if you will. I think it's
2 the silver lining in a crisis, is that folks start
3 to sort of realize that they're -- you start
4 talking about your product differently, you present
5 that locally. We've all made assumptions about
6 somebody else doing something for us to promote our
7 product. It's actually been encouraging.

8 Now, we are hopeful that that market
9 turns and turns soon. It's better than it was, as
10 I shared at the budget hearings, than it was a year
11 ago, but it's still not where it needs to be. So
12 the advertising and promotion of that is really
13 critical.

14 But, thank you for the support.

15 REPRESENTATIVE KELLER: Thank you.

16 SENATE CHAIRMAN VOGEL: Thank you.

17 Representative DeLissio followed by Senator Street.

18 REPRESENTATIVE DeLISSIO: Thank you,
19 Mr. Chairman.

20 Good morning, Mr. Secretary.

21 In reference to the preserved farms, do
22 I understand correctly that currently there is no
23 requirement for a preserve -- to become a preserved
24 farm to also have a succession plan?

25 SECRETARY REDDING: That's correct.

1 REPRESENTATIVE DeLISSIO: And would you
2 think that that would be particularly burdensome to
3 make that requirement when you said, we're making
4 this investment in preserving these lands, which is
5 great, and people are thinking ahead.

6 Would this component of thinking ahead
7 be burdensome to put into place as a requirement in
8 order to preserve?

9 SECRETARY REDDING: It's a great
10 question. We have dealt with it over the years and
11 have not gone as far as to say it's a prerequisite
12 for consideration. There are some counties of the
13 58 counties that actually raised that question in
14 the application process to at least be the prompt
15 to an expectation that the county has and the need
16 for that succession plan to be developed.

17 To be honest with you, I think it's one
18 of those things we should ask and should require,
19 right? It's another, we try to be, you know,
20 mindful that the county can determine half of that
21 criteria, but I think it's -- Given the public
22 investment and the deed restriction, it's not an
23 unreasonable thing to ask, what's the succession
24 plan for the farm. I think that's fair.

25 REPRESENTATIVE DeLISSIO: I appreciate

1 that.

2 In reference to the Link Investment
3 Program, it is in here as a loan program and to
4 reestablish it. I believe if I heard correctly
5 your comment was, the program had previously run
6 out of money. Is that because folks previously
7 defaulted on their loans? I mean, if it's a loan
8 program and you want to anticipate dollars are
9 being recycled, my concern is how did it run out of
10 money.

11 SECRETARY REDDING: Yeah. So a little
12 history. There were dollars that were included in
13 this part of the Nutrient Management Fund, and
14 there was an allocation within that fund for the
15 Agrilink program. It wasn't a separate
16 appropriation previously. It was included in the
17 Nutrient Management Fund.

18 That allocation, you had to make
19 decisions about what else you had to do with the
20 Nutrient Management Fund. That simply dropped down
21 to the bottom of the list. That fund itself, by
22 the way, has run into its own set of issues in
23 terms of financial.

24 So, it wasn't for lack of interest. It
25 wasn't a default concern to it. I think to the

1 contrary, I mean, maybe those loans have been
2 strong and repayments strong and doing exactly what
3 the borrowers were to do. But, we think having
4 that as an option for some of the producers, some
5 of the more expensive investments that they'll have
6 to make around manure storage and stuff, that that
7 may be a viable option for them.

8 REPRESENTATIVE DeLISSIO: Appreciate it.
9 The process to be designated or
10 certified, whatever the appropriate lexicon is,
11 organic, is that process long, burdensome? Is
12 it --

13 I know the farmers markets in my
14 district are those market vendors who are organic
15 seem to be of a particular interest to customers.
16 But is the process itself to be designated organic
17 burdensome?

18 SECRETARY REDDING: Depends who you talk
19 to. I think there -- it's a three-year process.
20 So just in its time, it takes, until you go through
21 the process and the cleansing, if you will, to get
22 to the point of being certified, and it's an annual
23 certification requirement, but it takes time.

24 I think it's part of the issue both in
25 terms of process, but also the comfort and the

1 credibility of it is, it's not just for the asking,
2 right? There's been really important structural
3 management changes made to accommodate that
4 practice. So, anybody who does it, hopefully, you
5 can pull from some additional benefit out of
6 marketplace for it as you see at the farmers
7 market. But, it takes time. I think that's
8 one thing, as we look at our own planning here, we
9 have to anticipate that that's at least a
10 three-year process to be -- to be certified.

11 REPRESENTATIVE DeLISSIO: I appreciate
12 that. And last, but not least, I would be remiss
13 not to mention that the only agricultural high
14 school in the Commonwealth is located in the 194th,
15 the W.B. Saul High School. I'm very proud of that,
16 and its students who were here yesterday as part of
17 the FFA convention. And we look forward to taking
18 full advantage of those workforce-related grants.

19 So thank you very much.

20 SECRETARY REDDING: It's always pretty
21 to see the W.B. Saul students and their enthusiasm,
22 wherever they are; Farm Show and the legislative
23 conference. Thank you.

24 SENATE CHAIRMAN VOGEL: Thank you.

25 Representative Street followed by

1 Representative Madden.

2 REPRESENTATIVE STREET: Good morning.

3 SECRETARY REDDING: Good morning.

4 REPRESENTATIVE STREET: On the heels of
5 Representative DeLissio's comments, I also point
6 out that Saul High School is also in the 3rd Senate
7 District, and we're proud to have them. I'm proud
8 to join Representative DeLissio in representing
9 them.

10 And because -- perhaps, because
11 Representative DeLissio and I do represent some of
12 the same folks, there is great interest in the
13 organic sector. It appears to be growing quickly.
14 I know Pennsylvania has had some measure of success
15 in supporting that.

16 I was visiting an organic processing --
17 processor yesterday. They were talking about how
18 they just projected lots of growth. So, I know
19 some of this has been just the market doing the
20 right thing.

21 But, can you discuss a little bit about
22 what the Department has been doing to foster the
23 growth of organics? Also, how do you see the role
24 of hydroponics and aquaponics, and some of the
25 methodologies that can be used in urban ag; what

1 role do they see in the organic sector?

2 And then, finally, what are we doing to
3 educate the growing markets that are largely in
4 urban areas and suburban areas for organic products
5 about the value of not only buying organic, but
6 buying Pennsylvania local organics?

7 SECRETARY REDDING: Thank you.

8 On the first question, what the
9 department's been doing with organics, we have been
10 a partner with the organic community. We have
11 supported research in that area. We supported
12 directly Rodale Institute in their work over the
13 years. Part of that's to build this capacity I
14 mentioned earlier and get the best thinking around
15 those agronomic issues that we know are at the core
16 of anybody making that transition.

17 We have operated on behalf of the U.S.
18 Department of Agriculture Organic Transition
19 Reimbursement Program. We have supported the
20 organic practice in our Farm Show and Know Your
21 Farmer Areas. There's been a lot of areas where we
22 really tried to highlight that production practice
23 and opportunity for PA agriculture.

24 To your point of the hydroponics and
25 aquaponics, again I would say, there's -- if you're

1 asking because of the controversy attached to --

2 I'll just tell you that there's --

3 REPRESENTATIVE STREET: (Inaudible).

4 SECRETARY REDDING: Okay. There's some
5 -- There's some growing concern in the organic
6 community about the allowance for product produced
7 hydroponically and aquaponic because it's not soil
8 based, and there's a movement a foot nationally to
9 make sure, at least the interpretation is back to
10 the 1990 national organic standard is that, the
11 intention was that all the labeled product in the
12 marketplace as organic would be soil based. That's
13 not the way this is now developing, right?

14 There's some really amazing, sort of
15 organic production in greenhouses aquaponically and
16 hydroponically that's not soil based. So, we see
17 --

18 To answer your question, we're not going
19 to make that distinction. We think that's part of
20 the marketplace. If that requires different
21 labeling, then let them figure it out. But we
22 think those practices for all of that transition
23 should be considered organic. And that, directly
24 to our programs here, we see the farm to school
25 opportunity around hydroponics and aquaponics

1 systems. We've been overwhelmed to a certain
2 extent by schools that want to consider that as
3 part of their teaching. So, we see that as an
4 opportunity. That can be production-practice
5 neutral, right? I think they really want to do
6 something there.

7 Then your final point on education and
8 marketing, consumer, there's a lot of work to do
9 there, right? We've done some. But after meeting
10 yesterday again with the urban ag folks who realize
11 how much opportunity we have to both talk about
12 Pennsylvania Preferred, regardless of whether it's
13 urban or rural, but also to highlight the
14 opportunities around organics. We see that as part
15 of our responsibility and what we've flayed out in
16 the Farm Bill to do that.

17 REPRESENTATIVE STREET: I just think if
18 -- I'm glad to hear that. I think it would be
19 really helpful because, in the southern side of my
20 district that borders -- it gets into more center
21 city areas in Philadelphia where you have a
22 tremendous number of yuppies who love organics and
23 are willing to pay top dollar, it would be great if
24 we can encourage them to also buy local PA
25 organics. That's why we've got -- I've got the

1 Omega Whole Foods near me and it's completely
2 stocked with organic products.

3 I think it's great that Pennsylvania has
4 seen some success. To the extent we can get
5 Pennsylvania consumers to prioritize buying
6 Pennsylvania organics, I think it would be great
7 for our farmers and for our economy. Thank you so
8 much for your work in that regard.

9 SECRETARY REDDING: Yeah. Senator,
10 thank you. I think that any time we can connect
11 the PA Preferred to organic is to our advantage.
12 As I mentioned earlier, I think that's one of the
13 -- you can promote a national program and look for
14 that green USDA seal, but I think the key for our
15 consumers is, where did it come from, right? If it
16 came from Pennsylvania, I have greater comforts,
17 you know--right?--of that farm and I'm supporting
18 local.

19 If I want to buy organic, I should
20 certainly have that opportunity. We see that as a
21 really important nexus of this initiative is to
22 bring these brands together. So, thank you.

23 SENATE CHAIRMAN VOGEL: Thank you.
24 Representative Madden followed by Representative
25 Lawrence.

1 REPRESENTATIVE MADDEN: Thank you,
2 Mr. Chairman.

3 Thank you, Secretary Redding, for your
4 testimony today. My question centers around the
5 Homegrown by Heroes program. I'm wondering -- I
6 know that in many other states, for example,
7 veterans to farmers in Colorado, it's a whole
8 program that centers around the community. There's
9 working alongside farmers, working with Future
10 Farmers and the 4-H, and there's approximately a
11 hundred hours of classroom time learning
12 techniques, and things like that.

13 I wonder if you could explain our
14 Homegrown by Heroes program, and what we are doing
15 to assimilate veterans into farming and helping
16 them and giving them the best support system we
17 can?

18 SECRETARY REDDING: Yeah.
19 Representative, thank you. It's a great question.
20 It's one that -- And there's a couple pieces to it.

21 The Homegrown by Heroes specifically is
22 the marketing component that we've joined with the
23 Veteran Farmer Coalition to work with them on as a
24 part of our PA Preferred program. So, we integrate
25 them into the marketing and help promote it.

1 There are a lot of other veteran
2 activities that we're working on. They're
3 primarily in the workforce development space, but
4 we think it's important to look at them, all the
5 great skills they have and the needs that we have
6 to work with them. We've worked with General
7 Carrelli, the Gap, and looking at our veteran
8 community and how we service and serve them in many
9 ways, right, as both the transition to farms.

10 We do see in this business planning
11 component that we've identified in the Farm Bill an
12 opportunity to work with our veteran farmers. We'd
13 love to see more intentional work being done with
14 our preserved farms and veteran farms and have them
15 be qualified to take over those farms. In a time
16 when 2 percent of our nation feeds us and 2 percent
17 protect us, we expect a lot of 4 percent of our
18 population, right? And the similarities for those
19 2 percent I think are really important.

20 So, how do we bring them together?
21 We're open to ideas of how to do that better. We
22 think the Homegrown by Heroes is one good place to
23 do it. But anyplace where we can connect them in
24 our program work, we want to do that.

25 SENATE CHAIRMAN VOGEL: Thank you.

1 Representative Lawrence followed by Representative
2 Zimmerman.

3 REPRESENTATIVE LAWRENCE: Thank you,
4 Mr. Chairman.

5 And thank you, Mr. Secretary. Good to
6 see you again.

7 SECRETARY REDDING: Good to see you.
8 Thank you.

9 REPRESENTATIVE LAWRENCE: Yes.
10 I want to comment on a couple of things
11 in the proposal here. First of all, I commend you
12 with regard to, this is really one of the first
13 proposals that I've seen that talks about farmer
14 preservation. We talk a lot about farmland
15 preservation.

16 You know, I think about my own family.
17 My grandfather preserved his farm, but I'm not on
18 it. I'm sitting here talking to you right now.
19 I'm part of the problem. We do a lot of farmland
20 preservation, but not enough farmer preservation,
21 and I commend you for tackling that in this.

22 We talked a little bit about the organic
23 component here, and, you know, I don't want to say.
24 I struggle with it. It's not -- Struggle is not
25 really the right word. I mean, there's folks who

1 are very passionate about organic, you know. And
2 there are folks who may be even of the opinion that
3 it's all just kind of a marketing gimmick.

4 But, I think what's undeniable is that,
5 consumers are looking for it, and consumers are
6 willing to pay a premium price for it.

7 I think about this, the same thing with
8 eggs. You see cage free eggs, free range eggs.
9 Now I see pasture raised eggs. I'm surprised to
10 see in my own grocery store right across from the
11 district office last week, they're getting almost
12 \$6 a dozen for these eggs. Clearly, someone --
13 There's a market for it, right? Somebody is buying
14 these eggs, and that's good for the farmer, too.

15 So I guess my question is, the money --
16 I think it's important, too, you can't -- if we're
17 implementing something like this, it can't be an
18 either/or. Like, we're either for traditional
19 farming or for organic. There's got to be a
20 both/and, right?

21 So the dollars that are here, what is
22 the vision here? Is it that we're going to help
23 farmers transition to organic farming and
24 supplement for some of those transition costs? Is
25 it for marketing dollars? Is it for the

1 development? Like, for example, is PDA considering
2 we're going to use the USDA standards, or are we
3 gonna establish our own Pennsylvania standards,
4 like I think Oregon has and a number of other
5 states have for what consists of organic produce
6 and products and such?

7 That was a lot. I'm sorry.

8 SECRETARY REDDING: No, it's good.

9 Thank you.

10 And just on your observation about the
11 farmer focus here, I mean, again, it's intentional.
12 We spent a lot of time talking about farms in a
13 very generic sense, but at the end of the day it's
14 about a human -- human -- being on both sides of
15 our conversation. Those who want to be in this
16 business and stay here but those we're feeding,
17 right?

18 And being mindful of that, I think it's
19 important in focusing our efforts on the business
20 planning of the farmer; you know, the opportunities
21 for organic for the farmer. The intentionality
22 here is part of what you've noted, is that, we
23 really want that to be a prominent component of our
24 Farm Bill.

25 On the point of organic, I think there's

1 a couple of things as we've looked at this. And
2 for those who know the state budgeting process,
3 this began with a PRR, program revision request;
4 you know, and a vision for the Department of
5 looking at how we could really support the growing
6 opportunities. PRR became part of our Farm Bill.

7 But, in that PRR, we were specific
8 about a couple of things. One -- And there's
9 multiple components, but the most important is the
10 technical assistance to -- for those farmers to
11 make that transition. I noted earlier, that
12 doesn't exist.

13 We're starting with Rodale, and we've
14 got a current project with them. To be very
15 honest, it's really been challenging to find folks
16 with the technical expertise around the agronomic
17 principles to help farmers make decisions about
18 that transition. So you need to grow that. That's
19 just not -- just doesn't exist in Pennsylvania. So
20 that's a piece of it.

21 We think there are some continued needs
22 around research, and how do we address some of
23 those concerns of, again, driven out of the
24 agronomic side that we think we have to continue to
25 focus on. So those are research things.

1 There may be a need for some financial
2 assistance, and we've left that sort of open to
3 say, we don't know to what extent that will be
4 needed or not. But we are thinking there may be
5 some needs there to assist in some way.

6 But also, the marketing component is a
7 critical piece of that, right?

8 REPRESENTATIVE LAWRENCE: And is it the
9 intention of the Department to establish a separate
10 Pennsylvania organic standard, or would you be
11 going with USDA's?

12 SECRETARY REDDING: Yeah, it's a great
13 question. I started to walk through the plan. So
14 year 1 I've described. The year 2 we're thinking
15 that you begin to define what that Pennsylvania
16 specific organic program would look like.

17 Then year 3 is, we'd have to
18 legislatively create that authority, and then go to
19 the USDA to seek that authority from them to run
20 our own state program as the State of California
21 does. So, ultimately, we have to take a number of
22 separate steps in there.

23 Our hope would be that we have a
24 Pennsylvania Preferred tied to organic, and then
25 tied to some of the other things that are a

1 hallmark of Pennsylvania, like our conservation
2 stewardship and what we did with the Chesapeake
3 Bay, right? I think there's a way to bring in the
4 conservation stewardship. All of the quality
5 assurance plans that we operate within the
6 Department can be part of that conversation as
7 well.

8 So it builds to -- To your point, it
9 builds to having a separate state program. That's
10 our goal.

11 REPRESENTATIVE LAWRENCE: Okay. Thank
12 you.

13 Thank you, Mr. Chairman.

14 SENATE CHAIRMAN VOGEL: Thank you.
15 Representative Zimmerman followed by Senator
16 Schwank.

17 REPRESENTATIVE ZIMMERMAN: Thank you,
18 Mr. Chairman.

19 And thank you, Secretary, for your
20 testimony today.

21 SECRETARY REDDING: Good to see you.
22 Thank you.

23 REPRESENTATIVE ZIMMERMAN: One thing for
24 clarification, and then I'll have a question.

25 You mentioned 45 applications early on.

1 SECRETARY REDDING: Yes.

2 REPRESENTATIVE ZIMMERMAN: Was that all
3 related to processing somehow?

4 SECRETARY REDDING: So this is with the
5 dairy investment program, so 45 applicants. Now,
6 there's four allowable uses. There's on-farm, but
7 there's value added. That could be on-farm. It
8 could be in the supply chain. It could be
9 marketing related, and the -- what's our -- So
10 organic is one, the value added, marketing; all of
11 the research and development.

12 REPRESENTATIVE ZIMMERMAN: So it's a
13 variety of applications.

14 SECRETARY REDDING: It's a variety, but
15 all 45 fits those four categories.

16 REPRESENTATIVE ZIMMERMAN: All right.
17 For a question, first off, I really appreciate that
18 we're emphasizing agriculture in a Farm Bill and
19 kind of putting it in the place where it belongs,
20 our number 1 industry here in Pennsylvania. So, I
21 appreciate that.

22 So, in the proposal it talks about
23 making grants available for hops, for example, and
24 I understand that the Liquor Control Board is also
25 making grants available up to a million dollars

1 related to hops.

2 So just in prioritizing, I just want to
3 come back to this whole issue with swine flu and
4 chicken flu, and the likes of that. And the reason
5 for that is, many people believe that it's not if;
6 it's a matter when. I think that needs to be a
7 continuing big concern for us.

8 The Animal Health and Diagnostic Center,
9 I understand has pretty much been flat funded for
10 some years. And so, my understanding that none of
11 this bill would help fund them any more than they
12 have been in the past. Is that correct? And if
13 so, I think that's something that should be
14 considered in this process as well.

15 SECRETARY REDDING: Yes. To your point,
16 I think the -- Again, there's not an allocation in
17 this 24 million for the Animal Health Commission or
18 the PADLS system. It has been flat funded. Both
19 of those were funded out of the Race Horse
20 Development Fund.

21 I always point to -- back to the CWD
22 conversation. So in our prep for the budget
23 hearings, when I asked the question, how much do we
24 spend on CWD, out of the Bureau of Animal Health
25 and the Animal Health Commission, we spent a

1 million 300,000 on CWD, right? I just want
2 everybody to understand, that's a really big chunk
3 of money we put into CWD and trying to find. We've
4 taken that on. So the point is, that's a tradeoff
5 somewhere that we make that you're not going to
6 invest in maybe some other production; agriculture,
7 animal agriculture.

8 So, to your point, I think there's
9 always a need there. I think the one piece,
10 though, is, we've thought about it. We've got
11 diagnostic systems and research components and
12 such, but we've got to come back and sort of make
13 sure that we protect our base, production
14 agriculture, and how do we support that. I mean,
15 that was part of the business planning. It's a
16 part of making sure we're protecting them through
17 the disease and the rapid response of the 5 million
18 that we proposed here, all in the effort of
19 supporting agriculture, in general; particularly
20 mindful about the animal agriculture.

21 Quite frankly, some of the efforts that
22 the animal agriculture sector needs can be found in
23 what happens in the Animal Ag Center of Excellence,
24 much like some of the dairy industry needs were
25 found in that center.

1 But we've got it in view. We're very
2 supportive of that, but that support is coming
3 through other means than directly through Animal
4 Health Commission or PADLS.

5 REPRESENTATIVE ZIMMERMAN: I appreciate
6 that. But I do think we need to make sure we don't
7 lose sight of that. A county like mine where we
8 have such a large number of poultry and swine and
9 dairy and, you name it, we need to make sure we
10 stay on top of it. So thank you.

11 SECRETARY REDDING: Yeah. Thank you.

12 REPRESENTATIVE ZIMMERMAN: Thank you,
13 Mr. Chairman.

14 SENATE CHAIRMAN VOGEL: Thank you.
15 Senator Schwank.

16 SENATOR SCHWANK: I think this is my
17 opportunity to kind of round up my thoughts in
18 terms of what we're looking at here.

19 Again, I want to commend you, Secretary,
20 for taking on some bolder, newer ideas in terms of
21 how we enhance the agriculture industry in the
22 Commonwealth; preserve farmers which was so aptly
23 said, and look at those new ideas that are coming
24 down.

25 One thing that I think we need to be

1 mindful of is that government can't do everything,
2 most certainly. We have a particular role when
3 we're looking at animal health, safety; the welfare
4 of food safety for our consumers. These are all
5 issues that are critically important, but we can't
6 also be slow on the uptake.

7 I look at the issues like the local
8 foods movement, and hoping it's not a fad, most
9 certainly. I don't think it is. I've seen it over
10 a number of years that there's a great interest in,
11 consumers want to know where their food is coming
12 from and how it is produced and how safe it is.

13 I think this, in many ways, it's
14 inherent in the Pennsylvania Farm Bill that we
15 touch on some of those aspects. I'm hopeful that,
16 as we look at this, we may see that there's some
17 areas that the numbers that you have allocated may
18 be different, depending upon the issues that arise.

19 Certainly looking at the disaster
20 funding, we could have a couple of things that come
21 up that we will have to find extra resources to
22 help address. But I think, overall, we're hitting
23 on a number of issues here that are critically
24 important to the future of the industry.

25 I had a conversation with a dairy

1 processor in my district. I talked with him about
2 the possibility of, you know, new lines. People
3 are buying the ultra pasteurized milk; lactose free
4 milk, a2 Milk. There's all kinds of things out
5 there that consumers are looking for, and that are
6 competitive with some of those non-milk things that
7 are sitting on the dairy shelf as well. He told me
8 it's a million dollars just to put a line in to
9 process some different kind of a dairy product.

10 So, this money could be eaten up very
11 quickly in terms of the dairy, the dairy investment
12 program. And we may need to think about how we
13 approach that after we look at the success, if we
14 finally have the Commonwealth Financing Authority
15 meet, then we can see what the results of -- what
16 the results are of what we do.

17 So I'm asking for flexibility. I'm
18 commending you for putting this forward. You know,
19 it's such a key. You know, we here understand the
20 importance of agriculture. We need to help other
21 people understand it too, and its value in the
22 Commonwealth. I think that number you said
23 18 percent of the GDP, that's 20 percent. That's
24 pretty significant.

25 SECRETARY REDDING: Yeah. It's a great

1 story. I really appreciate your pointing it out.
2 The need to invest, but also being sensitive to
3 that we can't do everything.

4 SENATOR SCHWANK: Right.

5 SECRETARY REDDING: But I think in this
6 Farm Bill, I find it both inspirational and
7 aspirational.

8 There are things that we know we've had
9 to address for a long time. This business planning
10 piece and comments about the planning and how sure
11 are we, right, that these farms are going to stay
12 here, and how sure are we that someone is actually
13 gonna want to step in and make the investments
14 required to be in agriculture. I don't think any
15 of us should just assume that's gonna happen
16 because we want it to happen, right? It's that
17 intentionality that I think is part of this.

18 But it's also knowing that that not --
19 can't be the only thing we do, right? You have to
20 promote these products and find these connections.
21 I think we're on the right trail in terms of
22 Pennsylvania brand and how do we present that to
23 the public. How do we seize on the opportunities
24 that are in that marketplace that are happening
25 well beyond anything that the Department of

1 Agriculture, the Commonwealth of Pennsylvania is
2 doing, right? People see value different places in
3 different things. We just don't want to be on the
4 wrong side of not being responsive to it, right? I
5 think that's why we emphasized the PA Preferred and
6 the organic side. There's opportunities there.

7 Always, we'll add the caveat, it's
8 voluntary, right? It's voluntary to buy it, it's
9 voluntary to grow it. But you've got to figure out
10 in a business plan whether that's something you
11 really want to pursue or not and where those
12 opportunities are.

13 So, I really appreciate the support from
14 you and your leadership on agriculture. You
15 mentioned the Ag Egg Commission and guidance to us
16 about the expectations of the -- of that Commission
17 from the legislature. There's a lot of opportunity
18 here.

19 I think there's really -- I'm encouraged
20 by it. I've been in this Department many of you
21 know a long time, and I have never had the type of
22 investment being made as a Farm Bill. It's
23 historic both in terms of it's happening at all.
24 It's historic in terms of its comprehensiveness,
25 but it's tied to; not just wish list. The things

1 we heard from the public saying, we want you to
2 focus on these things, right? And we tried to
3 bundle that in a respectful way. It could just as
4 easily be 50 million, but you have to draw a line
5 somewhere. We're sensitive to the numbers.

6 Leverage is the word that we've made --
7 we're doing, and respect, I think, where we have
8 responsibilities in animal health or supporting
9 Extension.

10 But, thank you.

11 SENATOR SCHWANK: Thank you.

12 SENATE CHAIRMAN VOGEL: Thank you. And
13 thank you, Secretary. I have one last question
14 slash comment observation, I guess.

15 I find it rather ironic, I guess, that
16 we're talking about \$24 million worth of new
17 spending, but at the same time we cut \$3.8 million
18 worth of programs out that I think are very
19 important to the state and look very forward -- a
20 lot of people look forward to the dairy show, the
21 livestock show, ag research, hardwoods programs and
22 things that are not funded in this budget. But, at
23 the same time, we're proposing \$24 million worth of
24 new -- spending on other programs when these
25 programs have proven their worth and their value to

1 the industries and the area here in tourism dollars
2 and things like that. So, I just get frustrated
3 about that, I guess, to a degree.

4 Could you just -- wanna comment on that
5 for a second, I guess?

6 SECRETARY REDDING: I think in the
7 construction of this budget, clearly, every year we
8 go through these tradeoffs, right, and it's been
9 part of a process for many number of years.

10 You make decisions. You try to figure
11 out what do we fund; what do you support? How do
12 we really address the needs that we hear over and
13 over from different consistencies? How do we be
14 proactive in the presentation of the budget?

15 But in every year there's a tradeoff.
16 We made some decisions this year to address some
17 things that are really tied directly to strategic
18 initiatives, and we know that that comes at an
19 expense, and not funding certain things.

20 But also would say clearly that, there's
21 new opportunities we think in this Farm Bill where,
22 for some of the entities that would have been
23 funded or supported just by a single line item,
24 they can see themselves benefiting. I'm hopeful
25 that that's part. We'll take that as part of our

1 challenge to make that connection. If they don't
2 see it, we'll try to help them see it as well.

3 But, I appreciate your point. As we
4 move through this budget process, if there are
5 things of importance to you and the committees and
6 members, we certainly want to have that
7 conversation.

8 SENATE CHAIRMAN VOGEL: Thank you very
9 much for being here today. We appreciate your time
10 and everything.

11 I want to thank all the committee
12 members as well for coming out today.

13 We'll wrap this hearing up right now, so
14 meeting is adjourned. Thank you very much.

15 SECRETARY REDDING: Thank you very much.
16 Thank you.

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C E R T I F I C A T E

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