

Joint Hearing of the House and Senate Agriculture & Rural Affairs Committees
PA Farm Show/PA Farm Bill
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Chairman Vogel and Schwank, Pashinski and Moul, and the members of the Senate and House Agriculture Committees, thank you for the opportunity to discuss the impact of the Pennsylvania Farm Bill since its passage five years ago, as we gather at the 2024 PA Farm Show.

There is nothing like the PA Farm Show. As people from all walks of life come together to celebrate and recognize agriculture, there is an energy and enthusiasm that fills the air. From the hardworking exhibitors to the wide-eyed visitors, each person's perspective and experience enhances the show, blending together into our shared heritage and future, stemming from the rich Pennsylvania soils.

This year's theme, *Connecting Our Communities*, is a testament to that spirit of unity, grown from agriculture, that we see on full display here across the Farm Show Complex. For over a century we have been entrusted to carry on this tradition, with the clear intention to show the power and progress driven by our farmers and connect what happens throughout the food system with all of those who rely on it. This mission is not limited by geographical, socioeconomic, demographic, or other differences – it is instead enhanced by every community that participates and celebrates with us.

As you experience the 2024 PA Farm Show, you can see how we remain connected to this mission 108 years after the first Farm Show. These halls and show rings are a vibrant testament to the deep breadth and scope of our industry. From the food and livestock to the craftsmanship and education, this show is a microcosm of what happens every day, in every zip code, across the state – each of these sectors coming together to create a quilt representative of our beloved Commonwealth. The show represents the diversity, strength, and multiplicity of this industry, which brings \$132.5 billion in economic impact, nearly 600,000 jobs, and an indelible impact on the people, landscape, and quality of life to the Commonwealth.

Because of this impact, five years ago the Commonwealth set out to define agriculture in Pennsylvania; and ended up doing not only that, but in many ways, redefining it.

In 2018, the Pennsylvania Department of Agriculture commissioned an in-depth analysis of the economic impact of Pennsylvania agriculture alongside our partners at Team Pennsylvania and the Team Pennsylvania Agriculture Advisory Board. That analysis, in some ways, confirmed what we already knew: that Pennsylvania agriculture is significant, both in terms of its unique diversity of businesses and its value as part of the Commonwealth's economy.

The report, completed by Econsult and the Fox School of Business, identified trends influencing agriculture's direction, quantified the sector's enormous total economic impact, and provided a roadmap towards launching the Pennsylvania Farm Bill.

With bicameral, bipartisan support, the PA Farm Bill passed the General Assembly in June of 2019. Each member brought their district into the process, to ensure access to these programs across the Commonwealth, and this effort has been integral to the success of these initiatives. Coupled with the passion, guidance, and advocacy of stakeholders, the PA Farm Bill became a vehicle of connection – connection to resources, to services, education, information, and ultimately, to each other.

As part of his 2023-24 budget proposal, Governor Shapiro included the PA Farm Bill in its entirety in the budget, and we are thrilled that it was included in the final, bipartisan budget that passed earlier this year. This is the fifth year the PA Farm Bill has been funded, bringing more than \$150 million in resources to Pennsylvania's agricultural industry and community.

These funds have reached more than 1,080 projects, across 62 counties, through grants, loans, tax credits, and other financing. It has also reached innumerable farmers and ag businesses through technical assistance, education, webinars, conferences, peer to peer connections, and services. This reach continues to grow, and for every Farm Bill program, the Department receives applications that total two or three times the available funding, and every year, this demand increases.

Because of this demand, the PA Farm Bill has generated substantial donations by private business into programs, namely Horizon Farm Credit and the GIANT Company, to the Urban Ag Infrastructure Program. These additional investments demonstrate partnership, and confidence, in the reach and impact of the PA Farm Bill, and we appreciate every organization who has supported and grown our initiatives through funding, collaboration, and expansion.

Expansion of our programs include being able to use these investments and partnerships to obtain and further federal funds. By using the Conservation Excellence Grants as a model, the Department was able to quickly administer federal ARPA funds through the Agricultural Conservation Assistance Program (ACAP). Farm to school grantees have been able to use their state-funded resources to pursue federal grants, expanding their projects and reach.

The sum of the public and private investments is only part of the PA Farm Bill's story, and what has really resonated is its impact. From cultivation to consumption, the programs, resources, and services have changed and improved agriculture in Pennsylvania – regardless of zip code. This legislation has broadly fostered partnerships and food systems growth. It has spurred innovation and expansion, entrepreneurship, and access to capital. It has fast-tracked conservation efforts, invested in families that have invested in our future by preserving their farmland, and advanced invasive species mitigation. We have invested in livestock, hardwoods, commodities, dairy, hemp, and more. We have supported research, technical assistance, continued education, and planning services. We have inspired agriculture education, spurred workforce development, and supported beginning farmers. We have been able to look at each part of our industry, and across all those diverse communities, and find opportunities for growth that impact all of us.

The PA Farm Bill has been an important step as we look to develop a resilient and modern food system. We must continue to create access, opportunity, and connections from farm to table, in every community.

Before the PA Farm Bill, we were limited in our support of urban food systems, and often relative to the charitable food system. Through programs like the Urban Agriculture Infrastructure grants, we have been able to invest in urban agriculture in a more holistic view of the food system. Many of you have joined us during Urban Ag Week and have seen the tremendous impact of these grants. From tools and equipment to irrigation and high tunnels, these grants have supported our flourishing urban ag sector. To date, we have awarded \$3.2 million to 139 projects in 19 counties.

The urban food system is not a closed system – it feeds and is fed by the linkages between all our communities, like those we are celebrating here today. We understand that this food system not only relies on those who work in it today, but that we must inspire a new generation.

Communities of all shapes and sizes have benefited from organizations receiving Ag and Youth grants, supporting youth through the promotion and development in the areas of agriculture, community leadership, vocational training, and peer fellowship. Through 257 projects in 49 counties totaling \$2.5 million, these grants have widened access to agriculture for our next generation of leaders, supporting the diverse, committed, and creative youth who see themselves connected to the ag community.

The Farm to School grant program also brings farmers, future agriculturalists, and communities together by furthering access to healthy, local foods and increasing agriculture education opportunities for pre-kindergarten through eighth grade. These projects are bridging the gap between children and the food system by connecting them to the fresh, healthy food available from Pennsylvania agricultural producers in their community and the surrounding areas.

To date, this program has awarded \$2.5 million to 235 projects in 49 counties. Led by teachers, administrators, and dedicated personnel and volunteers, these projects are changing our future in several ways. In addition to exposing children to agriculture, by changing food purchasing and education practices at schools and early childhood education sites, children will become more aware and engaged with their local food system as well as empowered to leverage their own consumer influence to support Pennsylvania agriculture.

As a critical complement to the original PA Farm Bill, the Beginning Farmer Tax Credit has become a vital additional tool of our programming and outreach to new agriculturalists. By providing tax credits to owners of agricultural assets who sell or rent those agricultural assets to beginning farmers, we are incentivizing land transitions and access to keep prime farmland, particularly preserved farms, in the strongest position possible. To date, \$657,689 in credits have been awarded to 34 farmers. While interest in this program remains strong, we have continued to engage with the Department of Community and Economic Development, financial and lending institutions, stakeholders, and farmers to identify opportunities to improve this program. We look forward to working with the General Assembly to further the reach and impact of this program.

The PA Farm Bill also contained the Beginning Farmer Realty Transfer Tax Exemption, which waives the tax burden during the transfer of preserved farmland to a qualified beginning farmer. Since the launch of this program in 2019, we have awarded \$572,349 to 50 applicants, with 18 different counties represented.

As we support the next generation now, we must leave them the best opportunities for success by investing in the long-term strength and resiliency of our agriculture industry.

A key feature of the PA Farm Bill is the Agricultural Business Development Center (ABDC). This Center is focused on linking farmers to their farm's future, with programming, partnerships, and resources that support the long-term growth and strength of their operation. The Center is designed to provide outstanding service and resources to farmers, drive innovation and improvement, and serve as a central portal and coordinator to break down geographic and organizational barriers. This Center is a powerful way for multiple farmers, stakeholders, and partners to align around larger strategic initiatives and leverage shared momentum to meet individual goals.

The reach of this Center has been amplified through partnerships with organizations that share a common goal but bring different expertise. To date, these partnerships include PA Farmlink, the Small Business Development Center network, Penn State Ag Law Center, and Keystone Development Center. Each of these organizations brings a suite of services, knowledge, and resources to support our farm and food businesses, creating a supportive, connected system focused on growth and innovation.

The Ag Business Development Center is also a critical link to the other Centers of Excellence for Beef, Dairy, and Poultry and Livestock. By sharing and leveraging resources, the mission of each individual Center is furthered, but so is the industry and Commonwealth. Each of these Centers have benefited from the PA Farm Bill by either direct grants or by leveraging funding and partnerships to further their work. For example, the Center for Beef Excellence worked with schools to serve local beef as part of the Farm to School program.

The Center for Poultry and Livestock was created as part of the PA Farm Bill, to support our robust animal ag industry with biosecurity planning and disease prevention, processing capacity, and food safety and quality assurance. From research to Spanish language courses, personal protective equipment to industry meetings, this Center has awarded nearly \$1.7 million worth of grants since 2019 that meet crucial industry needs for further growth and resiliency. This Center has been critical in our HPAI response, serving as a central coordinator for industry outreach in tandem with the Department, securing personnel and equipment, and supporting biosecurity awareness efforts.

This year Governor Shapiro included two new Centers in his budget proposal, both of which were created through the bipartisan budget. Modeled after our other successful Centers, each focuses on a key sector of Pennsylvania's agriculture industry, with far reaching impacts into our economy, workforce, and communities.

The Center for Plant Excellence will focus on increased support for research and development, supply chain and market development, new high-value product design and development, processing infrastructure, and consumer safety and quality assurance. This Center will bring valuable resources and collaboration across the broad spectrum of our crop, green, fiber, controlled environment ag, and nursery industries. Pennsylvania leads the nation in floriculture, has a strong market for crops and livestock feed, and burgeoning industries around fiber and controlled environment ag, and this Center is integral to our continued success and leadership in these sectors.

The Center for Organic Excellence, the first of its kind in the nation, will guide a coordinated, multi-faceted, and strategic effort to invest in and nurture the growth of organic agriculture. It begins with breaking down silos within the Department itself among bureaus that have a stake in the mission, from Food Safety to Plant Industry to Market Development. It adds the ongoing partnerships between the Department and industry partners, like Rodale, Pennsylvania Certified Organic and Penn State Extension. The Department is working on creating the governance structure of this Center and will be announcing its Advisory Board in the coming weeks.

To support this work and ensure the longevity of our farm and food businesses, the Agricultural Business Development Center launched the Farm Vitality grants in January 2020. These grants support sound business planning, efficient transitions of farm ownership, strategic farm expansion, diversification of agricultural production, and financial and technical expertise. 316 farm families and businesses across 49 counties have accessed these services, with an overall investment of \$2.2 million. This grant carries a particular distinction, with 115 preserved farms using these funds to ensure the farm remains strong into the future. These grants are available to all farms, regardless of size, scale, production method, or location. As the need for business development and services continues, we anticipate another round of funding for these grants in the new year.

Focused on business development, the Department has administered \$2.5 million grants to improve meat processing in the Commonwealth. Through this funding, 47 businesses in 27 counties have received these grants, which support expansion, modernization, and equipment to achieve USDA inspection. With USDA inspection, meat processors are able to access more markets, which in turn, creates more revenue channels for farmers. This remains a critical need for our state, both for farmers and consumers, and we

must continue to invest in this industry, and the workforce, needed to create strong supply chains and resiliency.

The Department stands ready to implement the Fresh Food Financing Initiative (FFFI) once it passes the General Assembly. This program supports a diverse range of business development expanding access to and the availability of PA-grown, processed, and produced foods, including fruit, vegetables, milk and dairy products, and meat products. As we saw during the administration of this program during 2020, the benefits of FFFI were realized in urban and rural communities alike and had substantial success and impact in meeting the goals of this program. The scope and reach of FFFI furthers the reach of the investments and community development planted through the PA Farm Bill.

We have also invested in the research and promotion of our specialty crop industry. The Commonwealth Specialty Crop program has enhanced our ability to support specialty crops that are not currently eligible for grant payments under the Federal Specialty Crop Block Grant Program, or that are otherwise designated high-priority specialty crops for Pennsylvania. Our focus has been on hemp, honey, hardwood, and hops, and projects that benefit these industries as a whole. Awards to date total \$2 million, to 33 projects in 15 counties. Through this program, we have seen educational outreach efforts on logger safety training in the hardwoods industry, tracking technology for bees, and hemp seed variety research, amongst other innovative and important efforts to guide sustainability for these critical Commonwealth crops.

Equally important to business growth and expansion is farmland preservation and conservation. The PA Farm Bill built on the strong foundation of the Commonwealth's farmers' generations of stewardship and created new funding sources and models that have accelerated and furthered these efforts.

By mobilizing funding through the State Conservation Commission to conservation districts, the Conservation Excellence Grants (CEG) have had tremendous impact across the state. Using local leadership and expertise to guide project selection, these grants have funded 136 projects for the implementation of best management practices in high-priority locations. Projects include cover crops, streambank restoration, and manure storage facilities. Initially, these grants were allocated to our Watershed Implementation Plan defined Tier 1 counties, but over the past five years, we have been able to reach Tier 1 and 2 counties, for total of eight counties. Funding will ultimately get Pennsylvania closer to meeting water quality goals under the Chesapeake Bay Program's Total Maximum Daily Load (TMDL).

The CEG program served as a fundamental model for the launch of the Agriculture Conservation Assistance Program (ACAP), which has distributed \$154 million in funds to date in 66 counties across the state for best management practices (BMPs) that improve water quality, soil health, and farm productivity. In the program's first year, roughly 700 applications for funding from farmers have been received with \$50 million already committed to projects. This funding has also accelerated conversations and efforts to establish a Conservation District in Philadelphia, and the Department is working in tandem with stakeholders, the county, and partners on opening this critical resource in Philadelphia.

The PA Farm Bill allocated additional funds to the Resource Enhancement and Protection Program (REAP), raising the total available from \$10 million annually to \$13 million annually. This program remains incredibly popular, awarding tax credits that enable farmers, businesses, and landowners to earn income tax credits to offset the cost of implementing conservation practices. Tax credits provided by the REAP program help farmers off-set the costs of implementing BMPs that benefit their farms and work to protect water quality at the same time. From precision agriculture equipment to cover crops, riparian buffers to no till planters, this program continues to support essential conservation efforts. To date, \$153 million in tax credits have been awarded to benefit nearly 4,000 farmers across the state.

The PA Farm Bill also amended the agriculture-linked low Interest Loan (AgriLink) Program, which provides ‘low-interest’ loans to assist farmers in implementation of BMPs. This program is administered by the PA Treasury, who subsidizes interest rates to provide a true low-interest loan for farmers through eligible commercial lenders and the Farm Credit Service. Since 2019, this program has provided just over \$1 million through 7 approved loans. Through conversations with the Treasurer, stakeholders, and lending institutions, the Department looks forward to working with the General Assembly to increase the reach and usage of this program.

Sustainability – whether defined in light of conservation, long-term farm and business vitality, opportunities for the next generation, innovation, and inspiration for progress – are all characteristics of Pennsylvania agriculture. This reputation, known around the world, is something we should collectively be proud of, and active in upholding.

Our state brand, PA Preferred, is a signal to consumers of all these traits, and a special distinction for products bearing its logo. Only goods containing 75% or more of ingredients that originated from a Pennsylvania farm can carry this logo, and we are proud to have increased our marketing efforts through the PA Farm Bill to build brand awareness and loyalty, which in turn, generates more revenue for our farmers.

Since the launch of the PA Farm Bill and the additional funding for PA Preferred programs, more than 3 million people have engaged with the campaign on social media, television, billboards, and events. Earlier this week, we celebrated the 20th anniversary of this program at the PA Preferred Reception and look forward to the continued growth and success of our state brand. This year, we are excited to be able to offer PA Preferred grants for the first time, and those grants will launch later this year.

The funding has also bolstered efforts around Homegrown by Heroes, including marketing assets focused on showcasing members of this distinguished program. There are currently 57 Pennsylvania farmers who carry this distinction, and we continue to attract members. Relative to this effort, the Department has issued Veterans in Agriculture Grants. In the first round of these grants last year, we awarded \$200,000 to PA Farmer Veteran Network and Butler Community Partnership, which offered farmer-veteran grants. Grants of up to \$10,000 were awarded to for various agricultural business needs ranging from food safety and biosecurity planning to equipment, marketing, or working capital. Tomorrow, we will announce the recipients of the second round of the Veterans in Agriculture grants.

Earlier this year, Governor Shapiro signed Chairman Pashinski’s House Bill 157 into law, creating PA Preferred Organic. Pennsylvania stands to be the only state with its own organic label that demonstrates the connection between our state brand and the USDA organic standards. This label will give consumers confidence that the organic products they are buying meet the USDA standards and those products originated from a Pennsylvania farm. The Department is engaged with the development and creation of this brand and will be launching it later this year.

The strength of our identity – as multifaceted as it is – must be protected. In addition to spurring resiliency through economic, conservation, and workforce investments, the PA Farm Bill has resources to protect our agricultural assets.

The PA Farm Bill established the Rapid Response Disaster Readiness Account, provides funding for quick response to agricultural disasters, whether animal health, plant health, or foodborne illness. To date, this program has supported mitigation efforts around Spotted Lanternfly, Chronic Wasting Disease and Highly Pathogenic Avian Influenza (HPAI).

The commonsense, bipartisan budget Governor Shapiro signed provided a significant funding increase for the Department of Agriculture, funding that is supporting agricultural emergency preparedness and response, including \$31 million to help poultry farmers impacted by the hi-path avian influenza crisis pay for testing and get reimbursed for losses to their flocks. We remain the only state in the nation with such a program.

Throughout this testimony, you have no doubt noticed the refrain of this achievement – being the first and only in the nation – and we intend to continue to lead.

Governor Shapiro has set out with a clear goal for his Administration – to bring people together to Get Stuff Done and use government as a vehicle for good. We have seen this work through the PA Farm Bill’s original initiative and design, but we know from these five years, countless conversations had, and many miles traveled, there remains more to do. Many of you have echoed these same sentiments on behalf of your constituents, and we are eager to engage with you on additional investments in agriculture required to keep the momentum and meet the needs of our communities.

We know that our investments must be nurtured and grown, and new seeds must be planted to meet our collective goals. Through administration of the PA Farm Bill, the need for resources and support is persistent, as evidenced by the number of applications received grossly outpacing available funding. We must collaboratively address our needs in workforce, infrastructure like broadband, and future economic development and innovation. We face a funding cliff for federal conservation funds that have fueled ACAP, our backlog list for farmland preservation lengthens by the day, and food insecurity remains too common. We must ensure our farmers are able to grow and diversify their operations with access to capital putting them on a level playing field with any other business. HPAI and other disease threats remain ever present. While undoubtedly a daunting list, I am confident that we will come together to find solutions to these needs, just like we did in 2019, and keep Pennsylvania leading the nation in agriculture, and in the ways that we support the industry.

This connectivity through the PA Farm Bill remains hard to capture in words – the way programs, people, projects, and passions intertwine and intersect is beyond what we ever could have envisioned for this legislation. Just like here at the PA Farm Show, it is the diversity and uniqueness of the parts that create such a dynamic and wonderful whole.

Each piece enhances and elevates the others; conservation on a crop farm in Lancaster creates opportunities for urban farmers tending beehives in Philadelphia; serving Pennsylvania fresh vegetables to school children in Erie gives a new market to farmers in Westmoreland; museum goers in Reading learn about the hardwood forests of Tioga; and dairy farmers in Lebanon reach consumers in Scranton through PA Preferred marketing.

This testimony here today is only part of the story, and today you will hear from the dedicated local leaders who have made these accomplishments possible. Each story here today will feed into another, from the teacher running a youth program afterschool, to every youth who goes home with some soil on their hands and satisfaction in their heart from working the land; to the dairy farmer whose transition of their farm to the family will inspire generations to follow; to those who care for our natural resources, including our land, air, and water, and create healthy, productive communities through that work. Communities are often defined by a group of people who share the same goal, and that rings true for the Department of Agriculture. I would like to publicly recognize the team at the Department who have made the PA Farm Bill come to life and have worked since its passage to ensure its success. These initiatives have connected the Department in new ways, both internally and externally, and brought new energy to our work. Within only 30 days of the legislation becoming law, we launched the Urban Ag program – a testament to the team’s dedication, enthusiasm, and commitment to public service, and that passion has

not wavered over the last five years. Instead, it has evolved and continues to grow, and I could not be more excited to see the continued progress that lies ahead of us.

Pennsylvania remains the only state in the nation with its own state level farm bill, and I am often asked how we accomplished this feat. While there are many responses and reasons, I believe strongly the answer lies within our theme this year – we did it through Connecting Our Communities. By bringing together a multitude of voices, interests, expertise, and challenges from all over the Commonwealth, we found what connects us is what makes us grow, and connections bring bountiful harvests for generations to come.