



**Testimony before the  
House Appropriations Committee  
Agriculture Secretary Russell C. Redding  
Wednesday, February 26, 2020**

**Good afternoon Chairman Saylor, Chairman Bradford, and members of the House Appropriations Committee.**

Thank you for the opportunity to speak to you and this committee to discuss the state of agriculture in Pennsylvania. This past year, we saw the 2019 PA Farm Bill programs take shape to grow, support, and promote agriculture across the commonwealth. Through this process, we saw many new faces and heard many new voices join the conversation, taking ownership of what agriculture means to them, to their families, their communities, and their livelihoods and futures. As a Department, we are eager to continue this momentum, and grow our old and new partnerships through a second installment of funding and continued outreach for these programs.

The PA Farm Bill was a bipartisan, bicameral legislative achievement, and includes both rural and urban, young and old, plant and animal, conventional and organic, farmer and consumer – truly a comprehensive package of bills that is reflective of our strong and diverse commonwealth. This historic funding of \$23.1 million for agriculture has served as a catalyst to reinvigorate the entrepreneurial spirit of farmers by making strategic investments in an industry that is so far-reaching and important to the lives and livelihoods of all Pennsylvanians.

The commonwealth's agriculture industry—with its \$135.7 billion economic impact and 580,000 jobs—is not simply driven by results, but also by the passion of those for whom this is both a business and a way of life. Each sector contributes, and each year provides a new opportunity for growth. The investments we make today are down payments on a stronger, more dynamic economy tomorrow.

The PA Farm Bill signaled the state's clear interest in continuing to be a steadfast partner to the agriculture industry by offering our own matching investments. I am proud that the Department has been entrusted with these resources and serves as the conduit to channel these investments to our agriculture community, with most of the \$23.1 million dollars passing through the Department to reach farmers directly. We take our role as stewards of these resources seriously and have worked hard to develop and open programs on an aggressive timeline every day since the Governor signed the PA Farm Bill. From the economic impact analysis that we released in 2018 through our partnership with Team PA and the Ag Advisory Board, to the Governor's Six Point Plan for PA Agriculture announced at Ag Progress Days in 2018, that lead to the development and implementation of the PA Farm Bill, we have learned that *agriculture* is a word with many definitions, meanings, faces, and places throughout the commonwealth.

At the root of the PA Farm Bill is the Agricultural Business Development Center (ABDC), a portal to connect our farmers with planning services – supporting new and beginning farmers getting into business, pursuing new opportunities for economic and environmental sustainability, diversifying revenue streams to enhance profitability, and transitioning ownership of the business to the next generation. With so many independent business owners in agriculture reaching retirement age, it is critical that the path to succession be as smooth as possible and that outreach to new and beginning



farmers happens early and often. With the guidance from the ABDC Advisory Committee, we have committed \$1 million in funds to the Farm Vitality Planning Grant Program, which opened during the PA Farm Show and is available to all farmers throughout the commonwealth through April 3 to help address their need for planning services. We continue to inventory providers and services throughout Pennsylvania and are working to expand capacity where we find gaps.

Preserved farms have a special focus within the ABDC. Pennsylvania leads the nation with 5,675 farms that have committed to preserving their land in agriculture in perpetuity through the Farmland Preservation program, now in its 32nd year. The program's dual goals are to protect prime farm land from development pressure and improve land access for beginning farmers by allowing the land to be sold at its farm value. The first objective has been realized with nearly 580,000 acres preserved in agriculture in perpetuity, but the second objective has proven more challenging in recent years. Land prices in some parts of Pennsylvania have increased to the point that there is little benefit to a beginning farmer to look for a preserved farm when he or she is ready to buy land. To improve our ability to meet this second objective, the PA Farm Bill extended the waiver of realty transfer taxes for the sale of a preserved farm to a qualified beginning farmer. This program is open, and we continue to approve applications on a rolling basis.

In recognition of the importance of animal agriculture in Pennsylvania, the PA Farm Bill provided \$1 million to fund a new center of excellence to support both established and emerging sectors such as swine, poultry, sheep, and goats. Using the successful models for dairy and beef, the department is partnering with PennAg Industries and a board of directors inclusive of stakeholders representing the larger industry. The Center for Poultry and Livestock Excellence is addressing contemporary issues such as biosecurity planning, education, and implementation, strategic and emergency communications planning, a buildout of statewide animal agriculture infrastructure, and research to approve hemp for animal feed. In December 2019, the Center opened its first request for proposals focused on these priorities, and to date, has funded eight applications totaling \$340,000 to improve on-farm biosecurity practices, animal health, hemp feed ingredient research, and disease prevention.

To build on the Center for Poultry and Livestock Excellence's commitment to expanding processing capabilities, the PA Farm Bill's Very Small Meat Processor Federal Inspection Reimbursement Grants provided opportunities for small businesses to expand to larger markets. Funded at \$500,000, this program provided funding to reimburse some portion of the costs associated with meeting federal inspection and certification guidelines for a very small meat processor operating within this commonwealth to increase the supply of locally-produced meat products. The Department received 24 applications totaling \$1.4 million in requests for funding and awarded the entire \$500,000 to 15 applicants.

The PA Farm Bill is cultivating new opportunities in every corner of the commonwealth, like through the first-ever funding dedicated to urban agriculture infrastructure. In 2018, Governor Wolf declared the first-ever Pennsylvania Urban Agriculture Week, and he proclaimed this week again in 2019. I have visited urban farms throughout the commonwealth and was reminded again of the power of agriculture to heal, connect, and bring communities together. The Urban Agriculture Infrastructure grant program was the first PA Farm Bill program to open, focused on supporting agriculture infrastructure in urban areas, making resources available to sustain and expand the community and economic development already happening. The Department received 53 applications, totaling \$921,112 in requested funding. In



October, Governor Wolf announced that 28 projects were funded in seven counties, allocating all \$500,000.

We promoted opportunities for specialty crops by supplementing the federal Specialty Crop Block Grant Program with a state-level program for crops not currently eligible federally or that are otherwise designated as high-priority specialty crops by the Secretary. This grant funding will assist with the growth, certification of seed, and marketing of eligible crops including hemp, hardwoods, honey, and hops; and barley, rye, and wheat for distilling, brewing, and malting purposes only. In November, the Department received 24 concept papers for consideration, totaling \$1.4 million in requests for funding. At this time, the Department has requested full proposals for eligible projects for final review and anticipates announcing selected projects totaling \$500,000 in awards in the coming weeks.

In recent years, many of our conversations focused on the challenges in the dairy industry. Last year, we were able to turn the discussion to opportunities in the dairy industry through the first round of the Pennsylvania Dairy Investment Program, working closely with the Department of Community and Economic Development (DCED) and the Commonwealth Financing Authority (CFA). The CFA selected 29 projects across 20 counties, leveraging applicants' capital with \$5 million in grants towards diversifying value-added production, promoting research and development, responding to consumer trends, and marketing the finest dairy products in the world. The PA Farm Bill offered another \$5 million in grants available this year for value-added processing, research and development, organic transition assistance, and marketing and promotion. The Department, in conjunction with DCED, evaluated the 77 applications received for the second round of applications. In January 2020, the CFA voted to fund 47 projects, awarding the entire \$5 million. The second round of applications saw over \$10 million in requests for funding, reinforcing that our dairy industry is resilient and innovative in the face of challenges.

The Governor believes in fostering opportunity and growth across all production methods, including Pennsylvania's robust organic sector. Pennsylvania is a leader in organics, sitting in the top 10 percent of the nation in terms of certified organic farms (1,055), total organic sales (\$707.6 million), organic broilers (\$320.5 million), organic mushrooms (\$38 million), organic cow's milk (\$68.9 million), and organic eggs (\$120.4 million). Pennsylvania farmers have been increasingly transitioning to organic crops and livestock, though our levels of production still fall far short of satisfying Pennsylvania consumers' demand for organic foods or the opportunities to meet the demand of this rich region.

Not quite a year ago, the Department entered into an arrangement with the Rodale Institute to provide technical assistance to farmers interested in beginning the three-year process of transitioning to certified organic production. To date, that effort has resulted in 42 farmers committing to transition at least some of their acreage to organic production methods. Collectively, those farmers control 21,855 acres, with eight percent of that land committed to organic production in the first year. As those farmers master skills in weed control and other requirements for organic certification, the percentage of acreage dedicated to organic production will increase, as will the number of farms. Rodale has added a second technical adviser to increase accessibility and outreach to farms in all regions of the state. With an appropriation of \$1.6 million in the current year, we have hired our first ever full-time Organic Program Coordinator, who is working to identify other areas where technical assistance could be helpful, such as livestock feed mills or food processors. The Department is engaging stakeholders, producers, and processors with an eye toward eventual Pennsylvania-specific standards in a state organic program that



leverages our PA Preferred® brand and further differentiates our products in a global marketplace. The Department has hosted two organic roundtables and continues to engage with a growing number of stakeholders from all sectors of agriculture who are coming together to help guide the PA Preferred Organic initiative.

We see other opportunities in the marketplace through our PA Preferred brand and veterans' programs like Homegrown By Heroes, which is one of several branding campaigns for farmers who have served in the military. We see agriculture as a great opportunity for returning veterans who want to use their skills gained through their service to be entrepreneurs without being stuck in an office all day. Given the size of Pennsylvania's veteran community, this effort can become a significant part of developing agriculture's future workforce. Through the PA Farm Bill, PA Preferred received a \$1 million increase in funding to both grow brand awareness for PA Preferred as a whole and also bolster membership of the Homegrown by Heroes program and its benefits to veteran-members. In June, the Department will launch a \$600,000 brand awareness campaign statewide with nearly 90 million projected impressions. With marketing and business planning workshops as an incentive in the fall, PA Preferred aims to drive up Homegrown by Heroes membership enrollment through the summer. The Department is also engaging members Pennsylvania's farmer-veteran community and other stakeholders, like the Department of Military and Veterans' Affairs, on how best to invite veterans to new careers in agriculture and promote their agricultural products.

Conservation and stewardship remain hallmarks of Pennsylvania agriculture. Our farmers are important stewards of the land, air, and water that they both rely on for their livelihoods and protect for our collective future. The PA Farm Bill offers resources in the form of loans, grants, and tax credits to assist farmers to fund and install conservation practices.

The PA Farm Bill re-funded the Agriculture Linked Investment Program, a low-interest financing option allowing farmers to borrow funds needed for implementing their conservation plans. The PA Farm Bill increased the lending limit from \$75,000 to \$250,000 in recognition of the reality farmers face in helping Pennsylvania meet its goals under the federal Phase 3 Watershed Implementation Plan for improving the health of Pennsylvania's waterways and the Chesapeake Bay. The Department is working with the Pennsylvania Treasury to re-launch this program.

The PA Farm Bill increased the popular Resource Enhancement and Conservation (REAP) tax credit program by \$3 million, for a total of \$13 million available. As of January 1, 2020, \$7.2 million has been allocated to farmers and producers to purchase equipment and implement best management practices that enhance farm production and protect natural resources. This program was recognized by the National Association of State Departments of Agriculture and the Environmental Defense Fund as one of the most innovative conservation programs in the nation, and we are proud of our farmers whose stewardship efforts have earned this distinction.

The new Conservation Excellence grants for financial and technical assistance through the State Conservation Commission (SCC), focus resources in counties with the highest impact on the Chesapeake Bay, as well as our local streams and rivers. Providing these new funds to the SCC was intentional to help drive funding and decision making to the local level. Funded at \$2.5 million, these grants offer resources for farmers and producers to address and remedy issues by implementing best management practices, as we continue our outreach efforts to educate the public. The State Conservation Commission will offer



Conservation Excellence Grants to farmers in York and Lancaster Counties (Tier 1) through a pilot program conducted in cooperation with county conservation districts and designed to empower local officials to make timely funding decisions based on local conditions.

Preserving our natural resources and farmland for the future is an important part of the PA Farm Bill. To ensure that our next generations of farmers and educated consumers learn of career opportunities in agriculture, the PA Farm Bill restored \$500,000 to the Agriculture and Youth Organization grants program, once known as the Agriculture and Rural Youth Organization Grants program. This program was renamed to reflect that agriculture is zip code neutral, a fact that was reiterated through the 71 applications received by the Department. We received \$718,749 in requests, and, with the guidance of the Agriculture and Youth Advisory Board, were able to award all \$500,000 to 53 projects in 33 counties. The recipients of these grants were announced during the PA Farm Show, and we are excited to see these projects begin all over the state in the coming months.

The PA Farm Bill also created the Pennsylvania Farm to School Grant Program to help younger students learn about food and agriculture. The program bridges 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. Through changing food purchasing and education practices at schools and early childhood education sites, pre-kindergarten through 5th grade students 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. The Department is currently scoring and evaluating applications.

The governor's proposed budget re-funds the PA Farm Bill programs in response to the demand and continued need we have seen for each program. This includes \$4 million in the Rapid Response line – another \$3 million critical to continue our fight against the Spotted Lanternfly and \$1 million in reserve for the next agricultural disaster. Without state-level funding for Spotted Lanternfly, we would not have been able to leverage \$17,030,042 million in federal dollars to date. I cannot overstate the value of our partnership with USDA and Penn State in our joint efforts to fight the Spotted Lanternfly. The biggest lesson learned from the Spotted Lanternfly is the need for partnerships and the value of having funds available to contain and eradicate a threat upon finding it. If the Department had resources available for eradication in 2014 when we first found the Spotted Lanternfly, I believe we would be in a very different position today. Having flexible funds that can be deployed when the next threat is found is critical to ensure fiscal responsibility and wise management of taxpayer dollars. We must continue to invest in the fight against the Spotted Lanternfly, and we must be prepared for the next agricultural disaster by keeping the \$1 million flexible for what might come next.

Pennsylvania's agriculture industry faces innumerable threats every day in our global world. African Swine Fever and High Path Avian Influenza are just two examples of the many threats that are real and loom large for Pennsylvania agriculture. The governor's proposed \$1 million for Rapid Response is critical to ensure the Commonwealth is prepared to respond immediately and cost-effectively to the next threat, whether that is a zoonotic disease, invasive species, or outbreak of food-borne illness.

The proposed budget also calls for an additional \$1 million for the Pennsylvania Agricultural Surplus System (PASS), which helps to support Pennsylvania's agricultural industry statewide by making connections between production agriculture and the non-profit sector responsible for getting more



nutritious food into the hands of Pennsylvanians at risk of hunger. PASS provides an efficient mechanism for Pennsylvania's agricultural industry to donate safe, wholesome food products while being reimbursed for the costs involved in harvesting, processing, packaging, and transporting these foods. Without PASS, these food products would likely otherwise be left to rot in the field, be plowed under, be dumped, or be landfilled. This additional investment will further provide for Pennsylvanians who struggle to put food on the table, benefit our farmers by adding an additional market that at least covers their harvesting costs, and benefits the environment by helping to reduce food waste.

This year, Governor Wolf has introduced the Nellie Bly Scholarship fund for students attending the Pennsylvania State System of Higher Education. The program will be funded by repurposing revenues from the Horse Racing Development Fund annually. Act 71 of 2004, the Pennsylvania Race Horse Development and Gaming Act, established the Gaming Control Board to regulate and oversee the implementation and operation of slot machines. The Act has created new revenue to support property tax relief, wage tax reduction in Philadelphia, economic development and the commonwealth's horse racing industry. Act 71 also established the Pennsylvania Race Horse Development Fund which receives revenue generated by licensed gaming facilities. Proceeds are distributed to horsemen's organizations for health and welfare programs, to support racing promotion, and are proposed to support the Nellie Bly Scholarship fund.

While we have seen a year of progress and triumphs, the Department and the commonwealth still face complex and daunting challenges and threats which must be addressed.

For several years, we have discussed the need to raise the fees for a dog license, which are used to fund the Bureau of Dog Law Enforcement and have not been increased in more than 20 years. We have talked at length about the projections for the Dog Law Restricted Account to go negative, which could occur as early as this July. This means that we will continue to have staff vacancies, making our ability to meet our statutory obligations of returning lost dogs, inspecting kennels, and protecting the public from dangerous dogs border on impossible.

A modest increase in both annual and lifetime dog licenses is the necessary next step. Earlier this month, Auditor General Eugene DePasquale released a special report that outlined the Bureau's progress since a 2013 audit, which had cited a lack of enforcement of the dog law and commercial kennel canine health regulations. It had also found numerous problems with restricted dog law funds being used for unrelated purposes. The special report found the bureau has resolved those issues and followed the audit's recommendations for improvement, but the report concluded that the lack of funding will have serious consequences that will impact the safety of Pennsylvanians. As a Department, with the help of the legislature, stakeholders, and others, we have made great strides against the commonwealth's reputation as a puppy mill state, but without this funding, we are unable to continue to pursue bad actors who are destroying the industry and Pennsylvania's good name.

Another challenge that we face as a commonwealth is meeting the requirements under the Chesapeake Bay Phase 3 Watershed Implementation Plan to reduce nutrients in the Bay, as well as keeping our local waterways clean and healthy. One way to meet this obligation is through Senate Bill 915, which updates Pennsylvania's Fertilizer Act that was passed in 1956. Without updates to establish best practices, application rates, and professional certification, Pennsylvania waters are at risk of nutrient runoff from urban and suburban areas. This bill seeks to level the playing field so everyone, not just farmers, can decrease nutrient runoff and be part of the solution for cleaner Pennsylvania waters. For the first time in



the commonwealth's history, this bill creates a professional certification program for accountability and restricts or prohibits irresponsible fertilizer application by all users. Once passed and implemented, the Fertilizer Bill is identified as a solution for achieving necessary credit in Pennsylvania's Phase 3 WIP.

As we work to continue our progress and tackle these issues, I must mention that none of these accomplishments would be possible without the Department's dedicated public servants who work tirelessly to achieve our goals and mission. For many of them, agriculture is more than a job, and is an important part of their lives, heritage, and identity. I am thankful to them as I am to you, the members of this body, for the faith you have shown in the Department of Agriculture over the years. The PA Farm Bill, and what it means for Pennsylvania's farmers, processors, and consumers, has distinguished Pennsylvania on a national stage, and engaged our agriculture community as never before. It honors the achievements of our past, restores several popular and successful programs, and invests in our future by creating new responses to complex challenges. Most of all, it has channeled resources directly to those who pay homage to our rich agricultural heritage, and those who are seeding its future.

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

Thank you.

