

COMMONWEALTH OF PENNSYLVANIA
HOUSE OF REPRESENTATIVES

APPROPRIATIONS COMMITTEE
BUDGET HEARING

DEPARTMENT OF AGRICULTURE

STATE CAPITOL
HARRISBURG, PENNSYLVANIA
ROOM 140, MAJORITY CAUCUS ROOM

WEDNESDAY, MARCH 9, 2016
1:31 P.M.

BEFORE:

HONORABLE WILLIAM ADOLPH, MAJORITY CHAIRMAN
HONORABLE JOSEPH MARKOSEK, MINORITY CHAIRMAN
HONORABLE KAREN BOBACK
HONORABLE GARY DAY
HONORABLE GEORGE DUNBAR
HONORABLE GARTH EVERETT
HONORABLE KEITH GREINER
HONORABLE SETH GROVE
HONORABLE SUE HELM
HONORABLE WARREN KAMPF
HONORABLE FRED KELLER
HONORABLE TOM KILLION
HONORABLE JIM MARSHALL
HONORABLE KURT MASSER
HONORABLE DAVE MILLARD
HONORABLE DUANE MILNE
HONORABLE MARK MUSTIO
HONORABLE MIKE PEIFER
HONORABLE JEFFREY PYLE
HONORABLE MARGUERITE QUINN
HONORABLE CURT SONNEY
HONORABLE LESLIE ACOSTA
HONORABLE MATTHEW BRADFORD
HONORABLE TIM BRIGGS
HONORABLE DONNA BULLOCK
HONORABLE MARY JO DALEY
HONORABLE MADELEINE DEAN
HONORABLE MARIA DONATUCCI
HONORABLE STEPHEN KINSEY
HONORABLE MICHAEL O'BRIEN

BEFORE (continued):

HONORABLE KEVIN SCHREIBER
HONORABLE PETER SCHWEYER

NON-COMMITTEE MEMBERS:

HONORABLE MATTHEW BAKER
HONORABLE JUDY WARD
HONORABLE CRAIG STAATS
HONORABLE TOM MURT
HONORABLE DAVE ZIMMERMAN
HONORABLE KATHARINE WATSON
HONORABLE CRIS DUSH
HONORABLE SCOTT PETRI
HONORABLE MARK KELLER
HONORABLE MARCIA HAHN
HONORABLE MINDY FEE
HONORABLE MARTY CAUSER
HONORABLE DAN MOUL
HONORABLE BRETT MILLER
HONORABLE KRISTIN PHILLIPS-HILL
HONORABLE DARYL METCALFE
HONORABLE MATT GABLER
HONORABLE RUSS DIAMOND
HONORABLE FLO FABRIZIO
HONORABLE SCOTT CONKLIN
HONORABLE MICHAEL DRISCOLL
HONORABLE LEANNE KRUEGER-BRANEKY
HONORABLE EDDIE PASHINSKI
HONORABLE JARET GIBBONS
HONORABLE MIKE CARROLL
HONORABLE VANESSA LOWERY-BROWN
HONORABLE PAM DeLISSIO

COMMITTEE STAFF PRESENT:

DAVID DONLEY
MAJORITY EXECUTIVE DIRECTOR
RITCHIE LaFAVER
MAJORITY DEPUTY EXECUTIVE DIRECTOR
CURT SCHRODER
MAJORITY CHIEF COUNSEL

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I N D E X

TESTIFIERS

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SUBMITTED WRITTEN TESTIMONY

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(See submitted written testimony and handouts online.)

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P R O C E E D I N G S

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MAJORITY CHAIRMAN ADOLPH: Good afternoon,
everyone.

I'd like to call to order the House
Appropriations Committee budget hearing for the fiscal
year 2016-'17. This hearing is with the Department of
Agriculture.

Today we have with us the Secretary of the
Department of Agriculture, Secretary Russell Redding.

Good afternoon, Secretary.

SECRETARY REDDING: Mr. Chairman, good to
see you. Thank you.

MAJORITY CHAIRMAN ADOLPH: And with him is
the Executive Deputy Secretary, Michael Smith.

EXECUTIVE DEPUTY SECRETARY SMITH: Good
afternoon.

MAJORITY CHAIRMAN ADOLPH: Good afternoon.

EXECUTIVE DEPUTY SECRETARY SMITH: Thank
you, Chairman.

MAJORITY CHAIRMAN ADOLPH: I'd like to
welcome everyone.

Just a show of hands, how many -- is this
your first time, public hearing, a budget hearing? How
did I know that?

1 Thank you. And congratulations, and I hope
2 you find this very informational and take it back to
3 wherever you live and tell the folks back home what's
4 going on here in Harrisburg.

5 Just for some housekeeping issues, because
6 we have a very crowded room, I'm going to ask, if you
7 would, take a second and turn off your iPhones and your
8 iPads and all that good stuff, all that electronic
9 equipment.

10 This hearing is being televised by PCN. You
11 might be able to catch yourself on television tonight.
12 You know, they do play it about 24 hours at a time.

13 But if you have a conversation that you have
14 to have, please take that outside. I'm going to ask the
15 testifiers to try to bring in their microphones as close
16 as possible because they're not very powerful. Okay.

17 Mr. Secretary.

18 SECRETARY REDDING: Yes, sir.

19 MAJORITY CHAIRMAN ADOLPH: The mike is
20 yours.

21 SECRETARY REDDING: Okay.

22 Chairman Adolph, Chairman Markosek, Chairmen
23 Causer and Carroll, thank you for the opportunity to be
24 here today and present the 2016-'17 proposed budget for
25 the Department of Agriculture.

1 You have my written testimony, and I will
2 just share some highlights. You have that for
3 reference. But I just want to begin with a couple of
4 points as you had requested in your February 17th letter
5 to the Department, some of the needs that we've
6 identified and what we're doing in that regard with the
7 '16-'17 proposed budget.

8 So a couple of those are -- first of all,
9 the Governor's proposed budget provides \$7.6 million in
10 additional funding for the GGO. And that is certainly
11 critical to an agency that has its core mission as
12 public health and safety. It invests \$2 million in IT
13 infrastructure, and I'll expound upon that a little bit
14 in the Q and A.

15 It provides \$3.5 million of new funding for
16 "high path" avian influenza, to protect our poultry
17 industry. It recognizes the important role that Penn
18 State College of Agricultural Sciences plays in
19 Pennsylvania and includes another 5-percent increase for
20 the College of Agriculture.

21 And it also recognizes that as a Department
22 and a larger government, that we have a responsibility
23 for those who are at risk of hunger in our community,
24 and it provides another \$3 million to our State Food
25 Purchase Program.

1 The Governor's proposed budget certainly
2 recognizes the growing workload of the Department. In
3 the last eight years, we have lost 15 percent of our
4 total complement. That's 108 positions. At the same
5 time, you know, our personnel costs have increased 29
6 percent.

7 Our workload has also grown over this time,
8 food safety in particular. Twenty-seven municipalities
9 have returned the responsibility to the Department of
10 Agriculture, 1556 different facilities; the equivalent
11 of six full-time positions.

12 The weights-and-measures side, which is a
13 responsibility for the Department, we now have nine
14 counties, for a total of 53, nine new counties, 53
15 counties total, that have returned their
16 weights-and-measures responsibility to the Department of
17 Agriculture; 22,000 devices that have been returned to
18 the department, eight full-time equivalent positions.

19 These trends are likely to continue and
20 certainly challenge our ability to protect public health
21 and safety, underscoring the needs that we have and
22 certainly recognize the increases that we've received in
23 the Governor's proposed budget.

24 Two important issues I want to touch on.
25 One is the "high path" avian influenza. It is an issue

1 that, when I was before you a year ago, and many of you
2 individually, certainly as a committee and members, we
3 have spent a lot of time talking about what the issue
4 was, what it means to Pennsylvania. And as the
5 third-largest poultry-producing State in the country,
6 the "high path" avian influenza could be devastating.
7 We saw this play out in the Midwest a year ago.

8 I just want to note that over the last year,
9 we have spent considerable time planning. Just a couple
10 of highlights. You know, we have worked with the
11 industry most important to get the biosecurity plans in
12 place at the farm level; worked with the poultry
13 industry in a very cooperative way, a very strategic
14 way. We have hired additional staff for our lab to deal
15 with some of the surge capacity. We've purchased
16 necessary equipment, and we've issued a number of
17 interstate quarantines to limit the exposure for
18 Pennsylvania.

19 I want to assure you that we have done
20 everything possible to protect Pennsylvania and the
21 Pennsylvania poultry industry over the last year. I'm
22 very proud of the work that's been done in partnership
23 with industry, but also with that partnership with Penn
24 State and the University of Pennsylvania as well.

25 Secondly, this issue of Penn State

1 University and the College of Agricultural Sciences and
2 the Land Scrip Fund. I mean, as you see before you,
3 these are folks who are, many of them, members of 4-H
4 and valued partners in our work and certainly valued
5 members of the community.

6 But I want to just take a moment to explain
7 sort of where we are and just to reiterate the
8 Governor's support for the College of Agricultural
9 Sciences in their teaching research and extension
10 mission.

11 There is no disagreement on the value of
12 this asset, only on the process. And that's important
13 to note. Publicly, there's been some question about the
14 value that is placed by the Governor and the Department.
15 There's no disagreement on value. This is only a
16 process question.

17 The Governor believes that the Land Scrip
18 and Land Grant are connected, as they have been since
19 the Commonwealth designated the Farmers' High School as
20 our land-grant institution in 1863. For the College of
21 Agricultural Sciences to deliver on our expectations as
22 citizens, integrating the science and knowledge of a
23 larger Penn State system is essential.

24 The contemporary issues that they are
25 leading on health, nutrition, environment, food safety,

1 animal welfare, a long list, require access to the
2 latest research and education that comes from College of
3 Medicine, College of Law and business, just to name a
4 few. The strength of the college is found in the
5 greater university.

6 Let's not lose sight of history. When Penn
7 State was granted the charter in 1863, not only did they
8 commit to the people of Pennsylvania, but we also made a
9 commitment to them to support them. This requires
10 funding for the nonpreferreds in the State-related
11 institutions.

12 I will just stop there. But you know in my
13 written testimony I mention several other agencies that
14 are really important to the Department of Agriculture
15 around economic development, workforce development and
16 education.

17 There's some detail in the written testimony
18 that I think will help inform some of the discussion,
19 but also to point out, just as we have a larger
20 University and a college, we have a larger department
21 and government and how they work together.

22 So, Mr. Chairman, I thank you for the
23 opportunity, and I look forward to a conversation.

24 MAJORITY CHAIRMAN ADOLPH: Thank you, Mr.
25 Secretary.

1 Before we get started, I'd just like to
2 recognize some members of the General Assembly that are
3 not members of the Appropriations Committee. However,
4 they take great interest in the Department of
5 Agriculture. And they are Representative Jaret Gibbons,
6 Representatives Diamond and Fee, Representatives Mark
7 Keller, Zimmerman and Hahn.

8 Thank you, ladies and gentlemen, for being
9 here.

10 I'm going to reserve my questions,
11 Mr. Secretary, till the end.

12 SECRETARY REDDING: Okay.

13 MAJORITY CHAIRMAN ADOLPH: Being from
14 Delaware County, there's many more members of this
15 General Assembly that know much more about agriculture
16 than I do, but I'm certainly one of the beneficiaries of
17 the Agriculture Department. And over the years of being
18 in the legislature, I have learned an awful lot from my
19 colleagues that see it every day.

20 SECRETARY REDDING: I appreciate it.

21 MAJORITY CHAIRMAN ADOLPH: Chairman
22 Markosek.

23 MINORITY CHAIRMAN MARKOSEK: Thank you,
24 Chairman Adolph.

25 And Secretary Redding, welcome. Mr. Smith,

1 welcome.

2 You mentioned -- the Bureau of Weights and
3 Measures brings back an earlier part of my career. And
4 I think you and I have had chats about the days when I
5 had some legislation relative to scanners in the
6 Commonwealth, testing scanners, and making sure that
7 folks, what they buy, get an accurate read on their
8 prices and things like that. Also octane testing, which
9 I know is done by counties, but it can be turned over to
10 the Commonwealth.

11 But nevertheless, I just wanted to make a
12 couple of general observations. You're one of the
13 departments, State agencies that is still being affected
14 by the budget impasse. And you lack complete funding
15 for the current fiscal year, the fiscal year we're in
16 now, '15-'16.

17 And certainly, I think we all agree that we
18 need to pass a complete and balanced budget for '15-'16
19 in order to fund the important programs that you handle
20 through the Department of Agriculture, and you mentioned
21 some of them.

22 Your operations are also hampered because we
23 don't have a Fiscal Code in place right now. And for
24 those who don't know, the Fiscal Code is the operating
25 manual for the budget. It helps us -- it helps guide us

1 as to where a lot of money is in the budget and how it
2 is spent.

3 We need to pass a budget soon, of course. A
4 budget that contains sustainable revenues necessary to
5 ensure we can provide for the many important programs,
6 not just your agency of course, but across the entire
7 budget. And in order to do that, we need to solve the
8 structural budget deficit, which I think most people in
9 the room understand is somewhere in the neighborhood of
10 about \$2 billion. So we have a lot of work to do.

11 But I do have a question aside from that.
12 One of the departments in -- one of the programs, I
13 should say, in the Department of Agriculture -- and it's
14 one that I'm very aware of, and certainly many members
15 on both sides of the aisle watch as well -- is the State
16 Food Purchase Program.

17 The appropriation helps to support food
18 banks across the Commonwealth. In his budget proposal,
19 the Governor has an additional \$2 million for this
20 program that you oversee. I know in my area, the
21 Greater Pittsburgh Community Food Bank -- I live in
22 Allegheny County in the southwest -- estimates that in
23 Allegheny County alone, over 176,000 people, including
24 45,000 children, are quote, food insecure. Food
25 insecure.

1 Can you share with us any statistics on how
2 many Pennsylvanians the Food Program serves? And are we
3 keeping up with the demand? And what is it that we can
4 do to make sure that we answer that demand?

5 SECRETARY REDDING: Senator, thank you.
6 That's a great question. And again, that reminder for
7 all of us that we appreciate the, you know, production
8 agriculture in our capacity as a Commonwealth to produce
9 food and fiber.

10 But it's also the reminder that you can't
11 have a charitable food system without a food system
12 that's charitable. So putting those together is what we
13 have done in this budget. It adds an additional \$3
14 million to the State Food Purchase line item. And \$3
15 million of that is used for the Pennsylvania
16 Agricultural Surplus System, which was an Act of the
17 legislature some years ago, with the goal of really
18 producing -- purchasing produce and food items from
19 Pennsylvania producers to put into the charitable food
20 system directly. And that is unique in the country.

21 But we think it's really important to
22 connect both our production agriculture with our
23 consumers, and if they can afford to pay -- as most of
24 us can, but that's not everybody -- but if they can't,
25 we still want them to access Pennsylvania products. So

1 the \$3 million would be for the PASS Program.

2 Specifically to the trend, I mean, what is
3 disturbing is, you know, we now have 14, a little over
4 14 percent of Pennsylvanians who are at risk of hunger,
5 14 percent. It's 1.8 million people; 600,000 people in
6 the last sort of seven or eight years.

7 So the trend is going the wrong way; right.
8 Now, part of that is the economy. Part of it's the
9 struggle that we have seen play out nationally. But it
10 is reassuring, I will say, to have a State program that
11 is only one of five in the country for a supplemental to
12 what the USDA provides in Federal funding as well as
13 what our charitable giving back home does.

14 But I wish I could say that that problem is
15 shrinking, but each time we go out and we talk to the
16 food banks and look around the community, the number
17 grows. And to your point, Senator, the number of
18 children, one in five of that group is at risk of
19 hunger. So we should be proud of that. It's an
20 important investment. We're very anxious to take this
21 new step that connects production agriculture with our
22 charitable food system.

23 MINORITY CHAIRMAN MARKOSEK: Yeah, I was
24 just startled really to see the numbers. And that's
25 just one county. That's just Allegheny; 45,000 children

1 who are hungry.

2 SECRETARY REDDING: Right.

3 MINORITY CHAIRMAN MARKOSEK: It's a very
4 sobering statistic, and I look forward to working with
5 you to provide you with the resources to help them and
6 help all of our constituents in Pennsylvania who might
7 be hungry.

8 SECRETARY REDDING: Yeah.

9 MINORITY CHAIRMAN MARKOSEK: Thank you.

10 SECRETARY REDDING: Thank you.

11 MAJORITY CHAIRMAN ADOLPH: Did you think the
12 Secretary gave you a promotion there, Senator?

13 MINORITY CHAIRMAN MARKOSEK: I always say
14 that I get demoted when people call me a Senator.

15 MAJORITY CHAIRMAN ADOLPH: Yeah. Yeah.

16 SECRETARY REDDING: You can take it for
17 today. Thank you.

18 MAJORITY CHAIRMAN ADOLPH: I just want to
19 try to put this whole budget debate in perspective
20 because I know there's going to be an awful lot of
21 questions regarding the blue-lining of the budget that
22 passed in December.

23 And I'm just going to lay it out. Okay.
24 You know, the Governor wanted a budget of \$30.8 billion,
25 \$30.8 billion. The House and the Senate passed a budget

1 that was roughly \$30.3 billion, about a \$500-million
2 difference.

3 There was a shortage of revenue of about
4 \$300 to \$400 million. Okay. Prior to getting a revenue
5 package together to make up the difference of the \$300
6 to \$400 million, the Governor blue-lined the budget.

7 And what has been really shocking to a lot
8 of us, and Mr. Secretary, you're not the first secretary
9 that's going to be asked these questions, we were
10 shocked that the Governor blue-lined \$6 billion. We
11 were only a \$500-million difference to begin with. We
12 needed to close the gap with revenue of about \$300, \$400
13 million for that \$30.3.

14 The Governor used his constitutional
15 authority to blue-line \$6 billion. And that's what a
16 lot of these questions to you, Mr. Secretary, you're
17 going to have. And I'm not -- I'm sure you were going
18 to be aware of that, but I just wanted to lay it out
19 because there's a lot of first-time folks here to see
20 where the question is.

21 And, you know, Chairman Markosek and I, it's
22 our custom to invite the chairmen of the standing
23 committees. And with us today is the Republican chair
24 of the House Agricultural Committee, Representative
25 Marty Causer, and the Democratic chair of the

1 Agricultural Committee, Representative Mike Carroll.

2 And gentlemen, it's a pleasure to have both
3 of you here.

4 We're going to start with Chairman Causer.

5 SECRETARY REDDING: Very good. Thank you.

6 CHAIRMAN CAUSER: Thank you, Mr. Chairman.

7 I also want to welcome everybody in the room
8 here. We obviously have a room full of agriculture
9 supporters, and it's great to see. And walking through
10 the East Wing Rotunda, I know that is actually jammed
11 full of agriculture supporters also. So that's also
12 great to see, and they're watching us on TV now.

13 Mr. Secretary, welcome.

14 SECRETARY REDDING: Good to see you, Mr.
15 Chairman.

16 CHAIRMAN CAUSER: It's good to see you.

17 And I know that you're a strong supporter of
18 Pennsylvania agriculture and have worked in the field of
19 agriculture for a very long time. And so I know your
20 support of the industry, the number one industry in our
21 State. I'm starting to question the Governor's support,
22 though, for agriculture.

23 And when you look back over the last year of
24 where we started and where we've come, you know, we had
25 a '15-'16 budget proposal, that several programs were

1 proposed for no funding, six programs -- six line items
2 in the agriculture budget. Those being agricultural
3 excellence, agricultural research, agricultural
4 promotion, education and exports, Hardwoods promotion,
5 the livestock show, and the open dairy show. Those were
6 proposed for no funding.

7 When the legislature passed a budget bill in
8 December, those programs were funded, and then the
9 Governor promptly vetoed those funds. So that, on top
10 of funding for the Land Scrip Fund for Penn State
11 College of Agriculture and Penn State Extension, that
12 was a line in the agriculture budget that the Governor
13 actually did propose funding for, but then turned around
14 and vetoed the Land Scrip Fund.

15 Can you speak to the support for
16 agriculture? Are we going to continue to see a Governor
17 who, from my perspective, doesn't appear to support
18 funding for many agriculture programs?

19 SECRETARY REDDING: Mr. Chairman, thank you.

20 Certainly, you know, a complicated season,
21 as you note, and pieces that are separate actions but,
22 you know, combined as you note, certainly have an impact
23 on agriculture.

24 Probably, just to back up a little bit, when
25 I was at Delaware Valley University and really sort of

1 contemplating, you know, do I step out of an academic
2 institution where I had a chance to work with children
3 and young adults who were thinking about their future in
4 agriculture and influencing them? And do I want to step
5 back into the Department of Agriculture and public
6 service? That -- there was a pause in there.

7 In part, with what has happened to the
8 Department over a number of years and what I was
9 stepping back into, I knew that was going to be a very
10 difficult task. But when I met with the Governor and
11 really felt in his sort of work, previous work in the
12 Hardwoods industry and his work as a Peace Corps
13 volunteer in India with a two-year and asking for a
14 third-year extension to deal with a new variety of rice,
15 he saw in food the power to change a community and the
16 power of science.

17 And it was that conversation for me that
18 said, this is a person that I believe understands the
19 role of the Department and the role of agriculture. And
20 that is the reason that I stepped back into the
21 Department.

22 So as a foundation, I've never doubted his
23 belief in agriculture. These are difficult decisions.
24 They're very difficult. You know, when you look at our
25 budget, you have to sort of pull it apart. You know,

1 with the Land Scrip, as I noted in the opening
2 statement, that it really is a connection to the Land
3 Grant, and that's not a value statement. The issue of
4 the decision to line-item veto, several of those lines
5 were items that were to come out of the Race Horse
6 Development Fund and negotiated as such and ended up
7 sort of going to the Governor as a General Fund.

8 And as the Chairman notes, that fund was
9 already \$500 million out of whack. To put another \$15
10 million on that really wasn't the right thing to do,
11 particularly when we negotiated under Act 7, those items
12 as part of the horse race reform. So you have to look
13 at it in total.

14 But I want to ensure you that in my
15 conversations with him, he believes in agriculture. He
16 believes in what we're doing. He gets it from the food
17 production and the food-safety standpoint. So I have no
18 reservations in that.

19 I will also share that the conversations of
20 the last couple of months, because of these line-item
21 discussions and budget discussions, is that I come away
22 from those conversations with a better understanding of
23 certainly the larger challenges of our State but also
24 the nexus of where agriculture fits in dealing with and
25 addressing some of the contemporary issues of our time

1 around health and nutrition and the environment.

2 So I'm confident in that. I would just ask
3 -- and you've been a champion of agriculture yourself.
4 We've had many of these private conversations about the
5 challenges. It is not easy, and I'm not sort of
6 pointing to that there's a simple answer to this at all,
7 but just to say that: the Governor supports;
8 complicated season. Issues around how things are funded
9 and where they are and how we present that in the budget
10 is also important.

11 Final point would be that those line items
12 that you note are zeroed out. Every one of them is
13 important to us. This is the challenge we have. Each
14 one has a constituency, and we've had to make some tough
15 decisions. The Chairman's letter noted, you know, the
16 needs and the wants, and I'd like to put them all in the
17 need column. But I have to tell you that when you come
18 down to basic function of public health and safety, and
19 that's our mission, is we've got to make some tough
20 decisions.

21 CHAIRMAN CAUSER: Well, I guess my comment,
22 while I respect -- while I respect that position, my
23 comment is that actions speak louder than words. And
24 the Governor's vetoes of these important programs are
25 speaking louder than what the words associated with them

1 are.

2 When looking at the Penn State Extension
3 funding in particular, you know, as Chairman Adolph
4 noted, to veto \$6 billion, when there was a shortfall of
5 about \$300 million, I don't think is responsible. And
6 you noted in your opening testimony that it was a
7 process, a process question.

8 To me, that is a clear indication of
9 politics rather than the need for funding. So, you
10 know, this is a true partnership between Penn State and
11 the Commonwealth, and I think we have a responsibility
12 to get that funding out to Penn State to continue the
13 good work that they do, because what is the value if
14 they shut down?

15 I mean, it's a very valid question, in that,
16 they're running out of funding, and if they shut down,
17 what do we do at that point?

18 SECRETARY REDDING: So, again, it is a
19 process, but we believe strongly that there is a
20 connection between the Land Scrip and the Land Grant
21 that dates back to April 1st of 1863, a year after
22 President Lincoln signed the Morrill Act. It was
23 connected then, and it is connected 150 years on, so
24 keeping those together.

25 So in the budget process, we had a budget

1 that had a Land Scrip appropriation, but we had no
2 corresponding appropriation for the Land Grant, which is
3 found in the non preferred's and State-related's. So
4 that's the connectedness. That's the processed piece
5 that I was referring to. It is not about whether
6 there's value in or need for extension.

7 I think, you know, spoken today by the
8 presence of many is there's still a need, it's still
9 relevant. So there's a difference on that point between
10 what was received by the Governor and the actions of the
11 Governor versus what we have stated about the
12 connectedness of the Land Scrip and the Land Grant.

13 CHAIRMAN CAUSER: And let's make no mistake;
14 the funding in the Land Scrip Fund was vetoed, but it
15 still does require the nonpreferred appropriation for
16 Penn State University --

17 SECRETARY REDDING: Yes.

18 CHAIRMAN CAUSER: -- to actually be released.

19 SECRETARY REDDING: Yes.

20 CHAIRMAN CAUSER: And I understand that
21 that's going to take a bipartisan effort of both
22 caucuses and both chambers to be able to accomplish. I
23 sponsored House Bill 1838, and that's an Appropriations
24 bill that specifically would restore the \$50 million to
25 the Land Scrip Fund.

1 And that bill, I believe -- if the Chairman
2 agrees -- may be considered soon in the Appropriations
3 Committee. Is that a bill that the Governor would
4 support?

5 SECRETARY REDDING: So we've had a lot of
6 conversations. I think the short answer is, you need a
7 comprehensive response on the budget, not an individual
8 supplemental. There's a number of other items that
9 we'll talk about probably today that, you know, other
10 line items like this that you need some action,
11 preferences to have that supported as a comprehensive
12 bill and not individual supplementals.

13 CHAIRMAN CAUSER: So you're saying that if
14 House Bill 1831, to restore \$50 million to Penn State
15 Extension through the Land Scrip Fund, reaches the
16 Governor's desk, he would veto it again?

17 SECRETARY REDDING: Well, I think it's
18 important -- again, back to my opening statement, about
19 the connectedness, is that we believe strongly that they
20 are connected. Land Grant and Land Scrip are one.

21 We present them separately within the budget
22 right now, but they are one. And we believe that that's
23 the premise, that you really have an effective
24 cooperative extension in the College of Agricultural
25 Sciences. So if they're connected and it's sent to him,

1 that's a different conversation than simply keeping them
2 disconnected, for him to consider.

3 CHAIRMAN CAUSER: But realizing the crisis
4 that the Penn State Extension is in, it's a valid
5 question that if this bill were to reach his desk, it
6 could have the potential to help Penn State Extension.
7 And I think it's something that the Governor needs to
8 consider as we move forward.

9 In addition, there are a number of programs
10 that are funded from the Race Horse Development Fund.
11 And as Chairman Markosek noted, it's been held up due to
12 the lack of Fiscal Code. In addition, I've sponsored
13 House Bill 1589 that would provide specifically for the
14 transfer of \$25 million to fund those programs, has no
15 General Fund impact, but would provide necessary funding
16 for the Animal Health Diagnostic Commission, the
17 Pennsylvania Veterinary Laboratory System, Pennsylvania
18 fairs, the Farm Show and the State Racing Fund.

19 Is that something that the administration
20 would support if that reached the Governor's desk?

21 SECRETARY REDDING: Right. So, again, I
22 appreciate the support and recognition of that need,
23 first of all, and the funding source of the Race Horse
24 Development Fund. Again, I'd say the preference is in a
25 comprehensive approach versus on the piecemeal, to

1 address the budget issues.

2 CHAIRMAN CAUSER: Well, there's preference,
3 then there's actually getting things done.

4 SECRETARY REDDING: Yeah.

5 CHAIRMAN CAUSER: So I think it's something
6 that we need to take a look at. If we can get this
7 vital funding out for these agencies, I think it's
8 something that the administration should consider.

9 SECRETARY REDDING: Yeah, in concept, I
10 mean, we agree. But to solve the problems, the
11 overarching problems, it really takes a comprehensive
12 approach.

13 CHAIRMAN CAUSER: One other line item that I
14 want to highlight, because it's important in the area
15 that I serve in the northern tier, is funding for
16 Hardwoods research and promotion. And that's one of the
17 line items that has been proposed for zero funding the
18 last couple of years. It's something that's very
19 important for the forest-products industry.

20 You know, the administration recently
21 launched a website called Governor's Goals. And one of
22 those goals under the Department of Agriculture was to
23 increase the dollar value of Pennsylvania Hardwood
24 exports by 7 1/2 percent by 2020. How are we going to
25 accomplish that without the Hardwood Development

1 Councils out in the regions of the Commonwealth that are
2 actually doing that work to be able to accomplish that
3 goal?

4 SECRETARY REDDING: Great question. And
5 thank you for raising that. There are a couple of
6 pieces to this. One is, like a lot of the budgets, I
7 mean, the line items are a piece of what we do. There's
8 another component that's not seen in the budget that is
9 our baseline support for the Hardwood Development
10 Council.

11 So when I was Secretary previously and we
12 went through these sort of worry periods of fiscal
13 years, we actually moved two staff members off the
14 Hardwood Development Council appropriation onto the
15 General Fund to support the Hardwood Council. So there
16 are two positions that are tied to the Hardwood
17 Development Council that are funded out of our GGO.

18 We've also raised Federal funds to support
19 the Wood Mobile this year. So I think from a human
20 capital side, we're okay. The problem that shows up in
21 the question you're raising is around the Hardwood
22 Utilization Groups and the good work that they're doing.
23 You have my commitment, while it's zeroed out here, to
24 look at the larger government and see whether we can
25 find, in this case 350,000, across the larger government

1 somehow to continue the support.

2 We value them. We've simply had to make
3 some tough decisions here. But we believe that with the
4 work of the staff; and some Federal funds; and support
5 of the U.S. Department of Agriculture; the Foreign
6 Agricultural Service, which supports us on trade, that
7 we can still get to the goal.

8 CHAIRMAN CAUSER: Well, I look forward to
9 working with you to not only restore funding for these
10 vital programs under the '15-'16 budget, but as we move
11 forward, because I think the funding is very important
12 and it's critical that we get the funding out to Penn
13 State Extension.

14 SECRETARY REDDING: Yeah.

15 CHAIRMAN CAUSER: The clock is ticking. And
16 I certainly look forward to working with you and members
17 of the Committee to be able to accomplish that.

18 Mr. Chairman, we're having a joint House and
19 Senate Agriculture Committee meeting next week to dive
20 into these issues also, so this discussion and work is
21 going to continue. But thank you for giving me the
22 opportunity.

23 MAJORITY CHAIRMAN ADOLPH: Thank you,
24 Chairman.

25 Democratic chair of the Agriculture

1 Committee, Representative Mike Carroll.

2 CHAIRMAN CARROLL: Thank you, Mr. Chairman.
3 Mr. Secretary, thank you for being here
4 today.

5 SECRETARY REDDING: Good to see you.

6 CHAIRMAN CARROLL: Thank you.

7 An observation first. For those that might
8 equate the Governor's lack of support for agriculture
9 lines, because of the blue-line activity in December, I
10 offer the following.

11 The Governor ran in an election statewide,
12 campaigning on a desire to dramatically increase funding
13 for basic education in this State. All these students
14 and their school districts are in desperate need for
15 additional funds. That was the Governor's central theme
16 of a campaign for Governor, and he won.

17 And so the Governor then blue lines more
18 than 50 percent of the funding for basic education.
19 Again, the theme that he ran on to be elected Governor
20 in this State. So, clearly, the Governor is supportive
21 of additional funds for basic education; it was the
22 central theme of a campaign.

23 The Governor knew that an additional
24 conversation must occur as a result of the activity that
25 occurred on December 23rd with respect to basic

1 education, the agriculture lines and the other lines in
2 the budget that were blue-lined. It has to occur. It's
3 important that it occur, and it's important for all of
4 the lines that were either partially funded or zero
5 funded, including all of these agriculture lines.

6 You know, I think it's fair to say that the
7 General Assembly, very broadly, if not nearly
8 unanimously, supports all of these lines, myself
9 included. I also support the Pittston Area School
10 District. I suspect that all of the school districts
11 and the school directors for the students in this room
12 are scrambling, trying to figure out how they're going
13 to keep the doors open through the end of June.

14 They're going to have to further scramble,
15 figuring out how to pay the light bill in July, unless
16 we actually pass a budget that accomplishes all of the
17 things that need to be established in the world of
18 agriculture, in the world of basic education, in the
19 world of higher education.

20 We absolutely have to have a comprehensive
21 solution. To engage in a process that singularly
22 attacks one line after another, has been described to me
23 as a game of musical chairs, and whoever is last in that
24 game of musical chairs will get no money, unless we do
25 this in a comprehensive manner.

1 And so what I think we have today,
2 Mr. Secretary, is good news. And the good news is that
3 the people of this Commonwealth are coming to the
4 realization that we have a crisis on our hands. We have
5 a crisis when it comes to the Penn State Extension
6 Offices. We have a crisis when it comes to our school
7 districts. And we have a crisis when it comes to a
8 whole slew of other items in the budget.

9 Hopefully, the realization that we have this
10 crisis in the world of agriculture, in the world of
11 basic education, gets this building, those members of
12 the House and Senate and the administration to a table
13 to finally resolve this budget standoff, that has been
14 way, way beyond any reasonable period of time to reach a
15 solution.

16 Mr. Secretary, the key to the -- the
17 combination to the lock in this building is 102, 26 and
18 one, as you know; 102 votes in the House, 26 votes in
19 the Senate, and the Governor signing a bill. And we
20 have to come to the realization in this building, that
21 it's going to take 102, 26 and one. We can't do it
22 without the one.

23 And so it's time, Mr. Secretary, not to ask
24 all of us which of our children do we love the most. Do
25 we love the students at Pittston Area more than the 4-H

1 crowd? Or do we love the 4-H crowd more than the
2 students in my home school district?

3 The answer is obvious. We love them
4 equally. It's time to treat them equally. Let's solve
5 the budget problem that exists in this State in a
6 holistic manner so that these students can get a
7 wonderful education in their school district and partake
8 in 4-H and all the other activities that are supported
9 by our budget.

10 Obviously, I don't have a question in all of
11 that, Mr. Secretary, just a commentary. And I think
12 it's important to highlight the fact that this Governor
13 supports all of these agriculture lines as much as he
14 supports basic education. And to equate the activity
15 and the zeroing out or the partial funding is no -- is
16 not a fair analysis of how the administration or the
17 Governor specifically considers the importance of all
18 these lines.

19 SECRETARY REDDING: Not a question. I'm
20 just going to say yes, agree. You never want to waste a
21 crisis. Didn't ask for it; prefer not to have it, but
22 do something with it. And this is one of those moments
23 where we've got to do something with it.

24 There's no easy answers to it. There's
25 certainly the relationship and the inner relationship

1 between basic education, higher education, jobs. I
2 mean, you can make the point that within this budget
3 there are a lot of sort of value statements, and to
4 split them off becomes a very difficult decision about
5 what do you value more, as you note, and so having a
6 comprehensive approach is critical.

7 Thank you.

8 CHAIRMAN CARROLL: And finally, I'll end
9 with this. There are a lot of folks in government and
10 in our Commonwealth that are not believers in
11 government. They believe that less government is
12 better, less spending is better, let's just dial it all
13 back.

14 There's no small level of irony that when
15 you consider the agriculture lines, I don't hear that
16 same kind of conversation when it comes to less
17 government and less spending. I hear, we need these
18 programs funded.

19 Mr. Secretary, I would offer that that is
20 true. It's also true that we need to fund basic
21 education and higher education and Pre-K in this State,
22 as long as we treat all of these items fairly. It's
23 important that we have a comprehensive approach that
24 respects the role of government in all of these function
25 areas of this Commonwealth and that we treat them

1 appropriately when it comes to the appropriation of
2 funds.

3 Thank you, Mr. Chairman.

4 SECRETARY REDDING: Thank you, Mr. Chairman.
5 Thank you.

6 MAJORITY CHAIRMAN ADOLPH: Thank you,
7 Chairman.

8 I've been advised that Representative
9 Vanessa Brown has joined us. Welcome.

10 And the next question will be offered by
11 Representative Keith Greiner.

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

14 Good afternoon, Mr. Secretary.

15 SECRETARY REDDING: It's good to see you.

16 REPRESENTATIVE GREINER: I had some
17 questions here for you, but after that last -- I thought
18 I was at the Education Committee meeting.

19 I am from Lancaster County, everybody here,
20 number one agriculture county in the State.
21 Pennsylvania's number one industry is agriculture. One
22 out of every five jobs is agriculture-related.

23 Did I just hear you say that you never want
24 to waste a crisis?

25 SECRETARY REDDING: Correct.

1 REPRESENTATIVE GREINER: You said that?

2 SECRETARY REDDING: Yes.

3 REPRESENTATIVE GREINER: Wow. So what
4 you're telling me is, going back to what you said
5 earlier in your opening remarks, you said it's the
6 process -- that the Governor actually supports funding,
7 and it's a process issue.

8 I'm going to tell you, I'm embarrassed, and
9 I went through this last week. These people here, we
10 voted, a lot of us voted to support funding for Penn
11 State to get money out to agriculture. It's important.
12 It affects every industry in Lancaster County, you know
13 that, throughout the State.

14 You know we cut -- my question was going to
15 be the line items, and Marty took a lot of them, which I
16 don't understand that either. We've got an avian flu
17 issue that I don't think is necessarily going away. So
18 I -- maybe you can answer that. What did you mean by
19 that?

20 SECRETARY REDDING: Yeah, so, as a general
21 point, if you've got a problem, solve the problem. So
22 my point is that you have this crisis around budget and
23 what is happening, just to deal with it. And that's not
24 one that is -- I mean, it's before us, right, so you've
25 got to sort of manage that issue.

1 Lancaster County -- my colleagues even -- have talked to
2 me about this. We need to get this done. And I am
3 concerned about the avian flu. I'm concerned about Penn
4 State funding. And here's the thing -- and God bless
5 the chairman, he's right on -- we had a budget of about
6 \$30.3 billion approved. All we needed was \$300 million.
7 And by the way, we had some ideas to get there.

8 Now, we would have had a -- I mean, we would
9 have had a -- we had a balanced budget anyway other than
10 the blue-line. We would have had a good budget. Now,
11 we've got to deal with the structural deficit; I get
12 that. But the point is, the money should be flowing
13 out. We need to get it there. And I guess I'm kind of
14 disappointed. I was disappointed in your comments
15 there, when you spoke the last time about the crisis.
16 And I just think we need to -- we just need to work our
17 way through this.

18 I mean, like I said, you have a lot of years
19 experience. I'm not necessarily thinking -- I mean,
20 personal -- you're not the problem. But I will say
21 though, that I am concerned about what the Governor is
22 doing and where he's going in this Commonwealth.

23 SECRETARY REDDING: Mr. Representative,
24 thank you.

25 A couple of points. One, just with the

1 crisis. I look at this at a couple of levels. One,
2 what's happened to our bond rating; 83 basis points,
3 \$126 million, I think the number is. That is not
4 another dollar for Extension. It's not another food
5 safety. It's not a "high path" AI. You know, if that's
6 not a contributor to a crisis, I don't know what is.

7 Our pension issues, if you look at the
8 drivers I note in my testimony of 28-percent increase in
9 the last eight years with 108 less positions. And an
10 800-percent increase in pension costs since 2006 or '07.
11 If that's not a crisis or a contributor to it, I don't
12 know what is.

13 There are so many ways -- and just to give
14 you some perspective, when I say, crisis, it's not about
15 this budget or a particular line item. It's the general
16 one, that we have to find a way to deal with the
17 structural problem that we have and that the Governor's
18 identified. That's where we are. And we're all a
19 contributor to that. That's not an individual. That's
20 not an individual House member or a Senate member or
21 Governor. That's all of us. We've all contributed to
22 that.

23 So, two, is just on the "high path" AI, and
24 you are in the epicenter of that risk; right. And we
25 have spent a lot of time, and I just want to assure you,

1 given the exchanges we've had with the Lancaster
2 delegation, on the "high path" AI particularly, is that
3 we really feel that the work done at the industry level
4 with the USDA and our partners at Penn and Penn State
5 have put us in a good position to be prepared for "high
6 path" AI.

7 Pleased to say today we don't have it here
8 yet. Every day without it is a good day. But we need
9 to make sure that we're vigilant and continue to work at
10 protecting the poultry industry and consumers.

11 REPRESENTATIVE GREINER: And that's some of
12 my concern with some of the budget line items that are
13 vetoed because some of that funding is in the one line
14 item. And that's just one example.

15 You know what, I think I'm done with my
16 questioning. I will say though, it'd be nice if we got
17 a little bit of support on the other side of the aisle
18 for pension reform.

19 Thank you, Mr. Chairman.

20 MAJORITY CHAIRMAN ADOLPH: Thank you.

21 There's a lot of passion in this room
22 regarding many issues. We're going to try to put all
23 our passion into the Department of Agriculture today if
24 that's possible.

25 Representative Daley.

1 REPRESENTATIVE DALEY: Thanks, Mr. Chairman.

2 I have a couple of questions. Can you
3 explain the relationship between the PDA and the
4 University of Pennsylvania Vet School?

5 SECRETARY REDDING: Yeah. So our
6 relationship, much like the Penn State relationship, I
7 mean, they're a critical partner generally in protection
8 of animal health. Penn has a unique position in this
9 State, as you know, as the only veterinary medical
10 school, which is critical to us, obviously, both in
11 terms of the veterinarians, but also the access to, you
12 know, the staff and faculty and the diagnostics there.

13 So as a general relationship, we certainly
14 value what comes out from a student standpoint and a
15 research standpoint. At a very practical level, the
16 relationship in the animal health and diagnostic system,
17 they're one of the three legs of that school when we
18 talk about diagnostics, Penn State being the other. So
19 the new Bolton Center is critical.

20 Certainly, the financial support for the
21 University of Pennsylvania is found in our budget as
22 well, so there is that relationship. But much like our
23 discussion earlier about Penn State, we simply couldn't
24 do what we do in the State for agriculture, the
25 production of agriculture, without the University of

1 Pennsylvania.

2 REPRESENTATIVE DALEY: Okay. Thank you.

3 And, you know, at our hearing for the
4 nonpreferred schools last week, I asked Penn State about
5 the Agriculture Research and the Extension Service, and
6 he painted a really dire picture that they might have to
7 start closing those systems, even down by May 1st, if
8 there wasn't funding in place.

9 I later spoke to Deputy Secretary Mike
10 Smith, and he outlined for me the relationship between
11 the Land Scrip and the funding for the nonpreferred.
12 What really became really very, very clear to me was
13 that this was, again, something, you know, a valuable
14 program that we're on the risk of losing. And I can't
15 tell you how upsetting that is, just because of the work
16 that I saw Penn State doing in the city of Philadelphia.

17 I don't represent the city of Philadelphia,
18 but I live next door to the city of Philadelphia.
19 They're across the street from where my district is, and
20 the work that they've done in the food deserts in
21 Philadelphia with teaching urban kids about agriculture,
22 the farms, the farmers' markets, I mean, it's just
23 really compelling.

24 So quite honestly, I was really very upset
25 about that. And in all truth, I used to work at the

1 University of Pennsylvania, and I got to know the Vet
2 School really well and some of the programs that they
3 did. So I know the value that they also provide.

4 I guess my biggest problem, when you come
5 back down to it, is what we really need. And people
6 have said this, we need the comprehensive budget
7 because, again, am I picking and choosing? As important
8 as the programs are that Penn State and the University
9 of Pennsylvania provide to the Department of
10 Agriculture, and as important as agriculture is in this
11 State -- I don't live in one of the agricultural
12 counties necessarily or in an agricultural area, but I
13 like to eat and --

14 SECRETARY REDDING: That's enough.

15 REPRESENTATIVE DALEY: That kind of puts it
16 at a really basic level.

17 SECRETARY REDDING: Right.

18 REPRESENTATIVE DALEY: And it's just
19 incredibly important. And so I can see that, but I
20 agree with my colleague, Chairman, when he spoke about
21 we need to fund our public schools because they're
22 really our preferred appropriation and we have to fund
23 them fully.

24 And so, you know, I was sitting here
25 thinking, as we were talking about how last June the

1 Governor made it very clear to the General Assembly that
2 the budget didn't really respond -- the budget that
3 we're talking about, the budget that passed in June, was
4 not a budget that he was going to sign. He was going to
5 veto it. So we shouldn't have been surprised. We just
6 shouldn't have been surprised when that happened.

7 And then I foolishly thought that we would
8 be coming back through the summer to meet and talk and
9 that we would be passing a budget, and that did not
10 happen. And it was a few days before Christmas when it
11 finally seemed like there was a framework and there were
12 going to be enough votes in the House to pass that bill,
13 and it didn't happen.

14 We, as Democrats -- I remember being on the
15 House floor and we were told there were no more votes
16 that day. We went and did a press conference, like,
17 what's happening. We didn't really know what was
18 happening, but we knew that there was no vote and that
19 was it. And then later that day, that was the day that
20 the Senate then passed House Bill 1460, which the
21 Governor subsequently blue-lined and signed, which did
22 not provide full funding.

23 The Governor has made it really clear to the
24 General Assembly through all of these steps, his
25 priority that he ran on and won. And quite honestly,

1 the Governor is the only person elected -- well, who has
2 a role in the budget process in Pennsylvania -- who is
3 elected by the people of Pennsylvania, not districts
4 that may be redistricted so that they favor incumbent
5 legislators or parties or whatever. He won the State.
6 He won by a good, solid majority.

7 We all serve in individual districts, which
8 we try really hard, I think, all of us try really hard
9 to represent our districts, but the Governor represents
10 Pennsylvania. And so, it's now March. What is it,
11 March 9th? We have one more day of Appropriations
12 hearings. We're in session for two weeks, then we come
13 back. I think we have a week off, and then we're in
14 session again. And yet, so we have time to actually do
15 something. We have time to actually do something.

16 And it would be -- we can all pour our
17 hearts out for all of the things that we would like to
18 support. For me, I would like to support a budget that
19 really starts with education and funds that, goes onto
20 Human Services and the other needs in the State. And
21 not in any small part is the funding for the
22 nonpreferred universities and schools, the Department of
23 Agriculture. I see all these kids from 4-H. I started
24 to get -- you know, again, I don't even know if I have
25 4-H in my district. I probably don't. But I see these

1 young people who, you know, their school funding is in
2 jeopardy potentially, but also this program that's so
3 important to them is in jeopardy.

4 So quite honestly, I thank you for being
5 here. It feels a little bit like that game Jenga, where
6 you pull out a piece, that the whole thing may collapse,
7 and you keep taking chances. And I kind of feel
8 sometimes that that's what we're doing is we're playing
9 Jenga and we've gotten lucky; nothing has collapsed so
10 far, but at some point it will.

11 So thank you so much for being here. And, I
12 guess, if you have anything you wanted to add.

13 SECRETARY REDDING: I'm just going to say
14 thank you for your support of the University of
15 Pennsylvania and Penn State and the recognition that,
16 you know, we need to find some solution here.

17 I have been overwhelmed by the amount of
18 support across the State for agriculture. You see it
19 here. You see it every place you go. So I think it is
20 one of those issues where there is a lot of support,
21 bipartisan support, for agriculture and the agriculture
22 issues. So let's hope that we can find that solution
23 and resolution.

24 REPRESENTATIVE DALEY: Thank you, Secretary.

25 SECRETARY REDDING: Thank you.

1 MAJORITY CHAIRMAN ADOLPH: Thank you,
2 Representative.

3 I'd like to acknowledge the presence of
4 Representative Dan Moul who has joined us. And the next
5 question will be offered by Representative David
6 Millard.

7 REPRESENTATIVE MILLARD: Thank you, Mr.
8 Chairman.

9 Mr. Secretary, welcome.

10 SECRETARY REDDING: Thank you.

11 REPRESENTATIVE MILLARD: Before I ask my
12 questions, just a comment, based upon some other
13 comments that I heard previous speakers make.

14 A number of 102, 26, and 1; yes, that's what
15 it does take to make a budget, to pass legislation, to
16 get it signed into law. So we did. We did it on time.
17 We did it twice within the constraints of dollars,
18 actually a third time.

19 The first two times, the Governor vetoed the
20 budget in its entirety. The third time, he chose to do
21 a line item veto.

22 Now, when I look at those numbers and I look
23 at what the original ask was by the Governor, you
24 understand that the word for additional investing in
25 whatever program is a code word for taxes, for tax

1 increases.

2 And whenever the Governor sets a ceiling on
3 spending, that ceiling becomes the floor the next year
4 around. And the key to this whole process is to sustain
5 that spending level. And we proved with three times
6 presenting balance against revenue coming in, that we
7 can cover the programs with the dollars that are
8 available to sustain continuation of those programs.

9 So I look at the 102, 26, one number, and I
10 say, 102, we did it; 26, we did it; and one, that's the
11 bully in the schoolyard. That's the individual that has
12 all of the power of both chambers to say yes or no. So
13 that's my soapbox for today.

14 SECRETARY REDDING: Okay.

15 REPRESENTATIVE MILLARD: Now my questions.

16 Mr. Secretary, there seems to be a lot of
17 confusion regarding two specific funds that impact your
18 agency. Can you explain the difference between the
19 State Racing Fund and the Race Horse Development Fund?

20 SECRETARY REDDING: Yeah. Representative,
21 thank you. Good question. And it's one that, you know,
22 if you've followed this discussion about horse racing,
23 and you were involved in some of those discussions and
24 the Act 71 expansion.

25 So you have two very distinct pieces. The

1 Race Horse Development Fund is a product of Act 71, so
2 that was in 2004. And that was the gaming expansion, as
3 we referred to it; brought slot machines to the
4 racetracks and racinos. And a portion of the dollars,
5 of course, wagers, go into the Race Horse Development
6 Fund.

7 The Race -- State Racing Fund is the
8 previous fund created by an Act of 1982 when pari-mutuel
9 racing in Pennsylvania was established. And the dollars
10 that go into that particular fund come from pari-mutuel,
11 a tax on pari-mutuel wagers.

12 That was the problem we were trying to fix
13 and were certainly confronted by and have since fixed
14 through Act 7. But what we had was a situation where
15 the pari-mutuel tax was insufficient to cover the cost
16 of operations of the commissions and the operations of
17 our tracks. And it caused us, of course, last fall --
18 summer, fall, to run into this problem of potentially
19 shutting down racing.

20 But two distinct pieces, solution now found
21 in Act 7 by transferring some of those costs off of the
22 Race Development Fund to the Horse Race Development
23 Fund.

24 REPRESENTATIVE MILLARD: Thank you.

25 Now, the next question is somewhat related

1 to that. What's the financial status of the Racing
2 Fund? And what exactly does it support?

3 SECRETARY REDDING: Yeah. So, Mike, if you
4 want to give the specifics. But because of Act 7,
5 recently signed by the Governor, you have operations of
6 the commission proper on that fund. And then the
7 testing that had previously been part of the fund is now
8 transferred to the Race Horse Development Fund.

9 Mike.

10 REPRESENTATIVE MILLARD: Thank you,
11 Secretary.

12 Representative, as you'll recall, as the
13 Secretary mentioned, back in the late summer, early
14 fall, when we encountered the very real prospect that
15 the State Racing Fund was going to run into a deficit,
16 that would have undermined our ability to finance the
17 oversight of racing in Pennsylvania, maintaining its
18 integrity.

19 Through the negotiations, we were able to
20 find compromise, which is now reflected in Act 7. Part
21 of that, as the Secretary said, does shift costs,
22 particularly for drug testing, off of the State Racing
23 Fund onto the industry to be paid for by the Race Horse
24 Development Fund. But because we still do not have a
25 Fiscal Code with the transfer from the Race Horse

1 Development Fund to compensate for that continued
2 decline in pari-mutuel tax revenues, the Racing Fund is
3 essentially still broke.

4 There are two components to the state Racing
5 Fund. There's a restricted portion, and there's a
6 nonrestricted portion. And the nonrestricted portion is
7 typically that which finances the work of the
8 commission. The restricted portions are traditionally
9 for breeding activities. In the course of the
10 negotiations, we made clear with all the stakeholders
11 that the only way, absent that Race Horse Development
12 Fund transfer through the Fiscal Code, the only way we
13 could continue to finance the oversight of racing, would
14 be to essentially borrow from those restricted funds,
15 which is what we've been doing to date.

16 REPRESENTATIVE MILLARD: You've just
17 answered my next two or three questions.

18 REPRESENTATIVE SMITH: Glad to hear that.

19 REPRESENTATIVE MILLARD: Now the final thing
20 that I'd like to address with you is the Pennsylvania
21 fairs.

22 SECRETARY REDDING: Yes.

23 REPRESENTATIVE MILLARD: We had 109 fairs at
24 last count here in Pennsylvania, over a dozen
25 agricultural-related entities to that. We know that

1 4-H, FFA is deeply involved in our fairs on their way to
2 the Farm Show. There's over five dozen 4-H and FFA
3 organizations, nearly two dozen other agricultural
4 organizations related to them.

5 And of course not to mention, you know,
6 understating the fact that those 109 fairs throughout
7 the Commonwealth are all economic engines in themselves.
8 And what they do in the community, you know, they
9 involve a lot of other groups, a lot of nonprofit
10 groups -- the Lions, the Rotary, and the list goes on
11 and on.

12 And I think it's important to highlight the
13 economic drivers that they are, because even these
14 nonprofits that are incorporated or operate on the
15 grounds of the fairs, those dollars stay local. And I
16 think that's important for everybody to understand that
17 you're not sending dollars to Washington, DC, or
18 Harrisburg, and then competing for those dollars.
19 Typically, every dollar they collect stays there.

20 Now, the fairs have typically been funded,
21 \$4 million out of the Horse Race Development Fund. So I
22 guess my, you know, question to you is that the
23 Governor's proposed budget for payments to the fairs is
24 level at \$4 million from the Race Horse Development
25 Fund. How will these funds be allocated?

1 SECRETARY REDDING: Yeah. So the \$4 million
2 would be, you know, in the categories that you note, the
3 operating funds for the reimbursement for the class of
4 fair. You have statewide youth organizations or farm
5 organizations covered out of that. You have individual
6 FFA and 4-H membership payments. And since we've got a
7 number of 4-H members here, that payment to Penn State
8 and 4-H is \$240,000, just as an example. That would
9 leave you with approximately \$800,000 that could be
10 allocated for capital projects.

11 REPRESENTATIVE MILLARD: And those are a
12 dollar-for-dollar match?

13 SECRETARY REDDING: Yes, they are.

14 REPRESENTATIVE MILLARD: Up to?

15 SECRETARY REDDING: Up to \$50,000.

16 REPRESENTATIVE MILLARD: \$50,000?

17 SECRETARY REDDING: Yeah.

18 REPRESENTATIVE MILLARD: Okay. Well, thank
19 you for the clarification of everything that I've asked.
20 And, listen, I'm on that bandwagon; we have to support
21 the good kids in our community, the 4-H kids 24/7 that
22 are talking care of animals and doing all kinds of great
23 things. And I know that the future of this
24 Commonwealth, if it's left up to those individuals,
25 we're in real great hands.

1 SECRETARY REDDING: Agree. And thank you
2 for your support of fairs and your advocacy always.

3 REPRESENTATIVE MILLARD: Thank you.

4 Thank you, Mr. Chairman.

5 MAJORITY CHAIRMAN ADOLPH: Thank you,
6 Representative.

7 Representative Mike O'Brien.

8 REPRESENTATIVE O'BRIEN: Thank you, Mr.
9 Chairman.

10 I'm over here, Mr. Secretary. Certainly, I
11 don't want to begin my agriculture question without also
12 making my gratuitous comments on the budget process.
13 Insofar, we've had a comment that the combination to the
14 safe is 102, 26, and one; we've heard comments that the
15 calculus is 102, 26 and one. But this discussion, so
16 far today, has brought to my mind a comment made by Drew
17 Crompton of the Senate Republicans, who called the
18 budget process a five-piece puzzle, the four caucuses
19 and the Governor.

20 And at one point, we had five pieces to the
21 puzzle as they stood at a press conference and announced
22 a framework agreement. Sadly, one piece of the puzzle,
23 Majority Leader Reed, walked away. So our puzzle is
24 incomplete.

25 Now, let's move on to agriculture.

1 SECRETARY REDDING: Thank you.

2 I have a deep interest in clean and potable
3 water. And I've asked a number of your colleagues a
4 question, and they've all pointed to you. So you're the
5 last one on the stop that I could ask.

6 SECRETARY REDDING: All right.

7 REPRESENTATIVE O'BRIEN: Certainly, we have
8 issues with the Susquehanna, and in turn, the Chesapeake
9 and other places in the Commonwealth that are impacted
10 by non-therapeutic use of antibiotics, by nitrates,
11 which in turn affects aquatic life along the way.

12 Does the Department have any efforts
13 underway to mitigate this?

14 SECRETARY REDDING: Well, I don't know the
15 context in which my colleagues had replied to you, but I
16 would just say that that is a shared responsibility.

17 REPRESENTATIVE O'BRIEN: The context was
18 talk to you.

19 SECRETARY REDDING: Talk to me. Well, I
20 think there's no -- the short answer is there's no
21 immediate research underway. There is constant sort of
22 monitoring that we're doing with work of the Susquehanna
23 River Basin Commission, the Pennsylvania Fish and Boat
24 Commission, DEP, but not specific to the agriculture
25 piece, but just in general, water-quality monitoring.

1 Fred Keller.

2 REPRESENTATIVE F. KELLER: Thank you, Mr.
3 Chairman.

4 And thank you, Mr. Secretary, for being
5 here. It's good to see you again.

6 SECRETARY REDDING: It's good to see you.

7 Before I start on my questions, I'm going to
8 take the latitude that many others have had in prefacing
9 the discussion today. And I'm going to start by saying,
10 beginning in fiscal year 2002-2003 through fiscal year
11 2010-'11, State spending grew at approximately 40
12 percent.

13 Our budget in 2002-'03 was around \$20
14 billion. It was \$28 billion near the end of that. Our
15 State revenue grew at 20 percent. So I'm going to give
16 you a little scenario here. Say we know a fellow and
17 his name is Ed. And Ed works and earns enough money to
18 pay his bills. And then Ed goes on a spending spree for
19 eight years. And during that eight-year period, Ed's
20 spending increases outpace his revenue increases or
21 earnings increases by double.

22 How do we define Ed's problem? Does, A, Ed
23 have a structural deficit; or, B, does Ed spend too much
24 and not manage his money well? How would you define
25 that?

1 SECRETARY REDDING: Is there a C?

2 REPRESENTATIVE F. KELLER: No, there isn't.

3 SECRETARY REDDING: All right.

4 REPRESENTATIVE F. KELLER: Mr. Secretary,
5 the working families in Pennsylvania don't have a C.

6 SECRETARY REDDING: Yeah.

7 REPRESENTATIVE F. KELLER: They don't have a
8 C. They have an A or a B. It would be B. That's what
9 happened in Pennsylvania for eight years. And in 2010,
10 Governor Corbett had a mandate that said we are going to
11 live within our means. And he had as much of a mandate
12 as Tom Wolf has, but Governor Corbett also got a
13 Republican legislature.

14 Governor Wolf campaigned on two things. One
15 was, I'm going to tax the gas companies. The money for
16 education -- I saw the commercial. He's in the
17 classroom with the little kids. I'm going to tax these
18 gas companies, and I'm going to get a billion dollars
19 and put it in these classrooms.

20 Now, we all know the truth is, we're not
21 getting a billion dollars. It's \$217 million. We're
22 not getting that money from them because it's not there
23 to be had. So it's not the 4-H kids, it's not the
24 college kids, it's not our school district's problem
25 that the Governor either didn't tell us the truth or

1 didn't understand the problem that we weren't going to
2 have enough money to do that. The other thing, he was
3 going to be a different kind of Governor. And I tell
4 you what, I think the Commonwealth is realizing that
5 now.

6 Now, I want to talk about the college Land
7 Scrip Fund. I know that was vetoed. And we talked
8 about a piece of that, you know, because we didn't have
9 the Fiscal Code or the code bills to drive that out. Is
10 it not true that SB 912 included language for that? I
11 believe that included language to drive that out, that
12 money.

13 In my reading of the bill it was there. It
14 was the nonpreferred appropriation, but it also
15 contained language to get the money out to Penn State.
16 So my question would be, that bill is not 102, 26, and
17 one, that takes --

18 SECRETARY REDDING: Right, sir.

19 REPRESENTATIVE F. KELLER: Two-thirds.

20 So did you or the Governor meet with the
21 caucus leaders of all four caucuses and explain the
22 importance of getting the two-thirds so we can get the
23 money out to these kids?

24 SECRETARY REDDING: Well, I can't speak for
25 him, whether he met personally with the caucuses or not.

1 REPRESENTATIVE F. KELLER: Did the
2 administration?

3 SECRETARY REDDING: I don't know that.

4 REPRESENTATIVE F. KELLER: You don't know.
5 Did you?

6 SECRETARY REDDING: I did not.

7 REPRESENTATIVE F. KELLER: Okay. If it's
8 that important to get money out to these agencies, I
9 would have thought somebody had a discussion to make
10 sure we got the votes, because it was also talked about,
11 a framework. And that framework included pension
12 reform, property tax dollar for dollar, it was liquor
13 privatization and a \$30.8 billion spend number.

14 I'm going to start with the \$30.8 billion
15 spend number because we ran some tax bills that didn't
16 get enough votes to pass. We ran one bill early in June
17 that didn't get any votes from the Democrats even. The
18 Governor didn't get one vote for his tax plan. So that
19 we can call what it is.

20 Liquor went out the window. Property tax
21 went out the window. And we didn't get any help from
22 our friends on the other side of the aisle to pass
23 pension reform. Now, if it was that important and it
24 was an agreement, if it was an agreement with the
25 Governor, the House Democrats, the Senate Republicans

1 and the Senate Democrats, it baffles me why none of the
2 Senate Republicans -- or none of the Senate Democrats
3 supported pension reform. Just a point of order there.
4 I guess we are passionate. The Chairman mentioned that
5 we're passionate about this. That's because it is the
6 taxpayers' dollars.

7 The other thing was a comprehensive budget.
8 Now, the Governor's comprehensive budget was about 1,000
9 pages. I mean, it was a real big book. In that
10 comprehensive budget, was agriculture research funded in
11 the original request from the Governor last March 9th or
12 whenever it was? It'd be March 3.

13 SECRETARY REDDING: For '15-'16?

14 REPRESENTATIVE F. KELLER: Yes.

15 SECRETARY REDDING: No.

16 REPRESENTATIVE F. KELLER: Was Hardwood and
17 Development or Promotion and Development research funded
18 in that budget?

19 SECRETARY REDDING: No.

20 REPRESENTATIVE F. KELLER: So there was a
21 comprehensive budget that everybody's been advocating
22 for that didn't include those two important things. And
23 we've got all these agriculture people here in the room,
24 but yet we didn't put them in the budget. We didn't put
25 them in our request. I think actions do speak louder

1 than words.

2 The next question I'm going to have is going
3 to relate to, I know we do a lot of inspections of
4 restaurants, amusement rides and so on. So we do a lot
5 of traveling in the Department of Agriculture? Do we do
6 that with State vehicles or do we do that with personal
7 vehicles?

8 SECRETARY REDDING: Yeah, the majority is
9 with State vehicles.

10 REPRESENTATIVE F. KELLER: How many State
11 vehicles do we have?

12 SECRETARY REDDING: I don't know --

13 EXECUTIVE DEPUTY SECRETARY SMITH: I don't
14 have it off the top of my head.

15 REPRESENTATIVE F. KELLER: How many gallons
16 of gas do we purchase?

17 EXECUTIVE DEPUTY SECRETARY SMITH: That, I
18 don't know. I do know that's one of the cost-saving
19 revenue-generating initiatives we've undertaken this
20 year thanks to the leadership of DGS, is to prioritize
21 gas purchases at Sunoco fuel stations.

22 Because we've increased our purchases at
23 those Sunoco fuel stations --

24 REPRESENTATIVE F. KELLER: So we buy fuel --

25 EXECUTIVE DEPUTY SECRETARY SMITH: Sir,

1 if --

2 REPRESENTATIVE F. KELLER: -- on the open
3 market?

4 EXECUTIVE DEPUTY SECRETARY SMITH: Yes.

5 REPRESENTATIVE F. KELLER: Okay.

6 EXECUTIVE DEPUTY SECRETARY SMITH: Yes. If
7 I may -- if I may, those purchases have yielded \$25,000
8 to us in rebates.

9 REPRESENTATIVE F. KELLER: Well, I will say
10 this; okay. Because I have my car and my wife's car.
11 There's two of us. And from one year to the next, from
12 2014 -- and then I looked at my gas purchases in 2015
13 because I buy them all on one credit card -- I saved
14 \$2,000 as an individual.

15 So I would just like to know what the
16 Commonwealth is doing with the -- I mean, we can put
17 that down as a GO-TIME initiative? No. That's not even
18 fair to the people of the Commonwealth. I mean, you
19 would get that anyway without even doing a thing. My
20 6-year-old granddaughter could figure that one out.

21 SECRETARY REDDING: So just on the -- this
22 year's budget and tying these pieces together. So part
23 of what we've asked for in the IT initiative was to get
24 at the, you know, the opportunity for employees to be
25 able to have the technology with 4G capabilities to stop

1 some of the running around. But at the end of the day,
2 part of our business is being on-site to look at food
3 safety, weights and measures --

4 REPRESENTATIVE F. KELLER: Understood.

5 SECRETARY REDDING: -- dog law. Right. So
6 there's going to be a certain level of activity that had
7 occurred. Either you pay for it and are reimbursed or
8 you provide the car.

9 REPRESENTATIVE F. KELLER: How much did we
10 say we saved, \$25,000?

11 EXECUTIVE DEPUTY SECRETARY SMITH: We will
12 realize \$25,000 in our rebate payments. Over the course
13 of last year, we've cut travel across the board about
14 3.3 percent, saving only about \$8,000. That's rather
15 modest, admittedly, but that's because, as the Secretary
16 mentioned, we are a regulatory agency. We have an
17 obligation to travel the State, inspecting various
18 facilities.

19 REPRESENTATIVE F. KELLER: But we pay -- we
20 pay for the gas --

21 EXECUTIVE DEPUTY SECRETARY SMITH: Yes.

22 REPRESENTATIVE F. KELLER: -- when we pull
23 up to the pump?

24 EXECUTIVE DEPUTY SECRETARY SMITH: Yes.

25 SECRETARY REDDING: Yeah.

1 REPRESENTATIVE F. KELLER: Okay. And gas
2 prices are much, much lower than they were before, so we
3 should have saved a pile of money. And what you're
4 telling me is that entire State agency saved \$25,000,
5 when me, with two vehicles, saved \$2,000.

6 SECRETARY REDDING: Yeah, we can run the
7 number, but I guess I would just point out, as I said in
8 the opening statement, about the number of local
9 governments giving things back to us; right. So you
10 have to look at what are your base lines, what number,
11 what cars --

12 REPRESENTATIVE F. KELLER: What year did you
13 give you those things back? You mentioned they were
14 given back. What year were they given back?

15 SECRETARY REDDING: Over the --

16 EXECUTIVE DEPUTY SECRETARY SMITH: A number
17 of years.

18 SECRETARY REDDING: It's over a number of
19 years, but --

20 REPRESENTATIVE F. KELLER: Okay. Last year,
21 how many were given back?

22 EXECUTIVE DEPUTY SECRETARY SMITH: Weights
23 and measures or food safety?

24 REPRESENTATIVE F. KELLER: How many things
25 were given back to you last year?

1 EXECUTIVE DEPUTY SECRETARY SMITH: Food
2 safety, we had 550 establishments turned back to us.
3 That is more than twice as many --

4 REPRESENTATIVE F. KELLER: How many --

5 EXECUTIVE DEPUTY SECRETARY SMITH: -- twice
6 as many. That is more than twice as many at any time
7 since 2008.

8 REPRESENTATIVE F. KELLER: How many, head
9 count?

10 EXECUTIVE DEPUTY SECRETARY SMITH: The
11 number of inspections associated with those
12 municipalities will be the equivalent of roughly six
13 employees.

14 REPRESENTATIVE F. KELLER: Six employees.
15 So that's six vehicles?

16 EXECUTIVE DEPUTY SECRETARY SMITH: Yeah.

17 REPRESENTATIVE F. KELLER: Okay. The other
18 ones?

19 EXECUTIVE DEPUTY SECRETARY SMITH: Food
20 safety -- I'm sorry, weights and measures, we've had
21 nine counties turn over responsibilities since 2009.

22 REPRESENTATIVE F. KELLER: How many
23 vehicles?

24 EXECUTIVE DEPUTY SECRETARY SMITH: Well,
25 it's the workload equivalent of nine -- I'm sorry eight

1 employees.

2 REPRESENTATIVE F. KELLER: Eight employees.
3 Are these new employees?

4 EXECUTIVE DEPUTY SECRETARY SMITH: No.
5 These -- this is additional workload for which we have
6 received no additional complement positions.

7 REPRESENTATIVE F. KELLER: So do you have
8 mileage that will be associated that you'll calculate on
9 that? The point I'm getting to is, we're talking 14 --
10 how many cars do you have now?

11 EXECUTIVE DEPUTY SECRETARY SMITH: We'll
12 provide that to you.

13 REPRESENTATIVE F. KELLER: Okay. My point
14 is, and I think you're going to get my point and
15 everybody at home will get my point, two vehicles in my
16 house, \$2,000 less in one year. The Commonwealth and
17 entire Department of Agriculture should be saving a pile
18 of money. I realize it's not your cost driver, but
19 we're here asking taxpayers, we've got a structural
20 deficit. The Governor wants people to dig more deeply
21 into their pockets, and we're not even looking at
22 something as simple as gas savings, quite frankly.

23 EXECUTIVE DEPUTY SECRETARY SMITH:
24 Representative, if I may, that is something we
25 absolutely do look at. Now, this is anecdotal, but that

1 \$8,000 in savings I mentioned earlier is just what we
2 report because those are the miles and the fuel charges
3 associated with our vehicle fleet.

4 I look at the deputy secretaries here
5 joining us today. I look at a number of bureau
6 directors and employees over the course of the budget
7 impasse. Out of dedication to their work, they were
8 willing to take their personal vehicle, travel to the
9 far reaches of Pennsylvania from Harrisburg, and they
10 didn't seek reimbursement.

11 REPRESENTATIVE F. KELLER: That seems odd --

12 EXECUTIVE DEPUTY SECRETARY SMITH: We
13 weren't able to capture.

14 REPRESENTATIVE F. KELLER: The Governor's
15 action person wouldn't go from Lewisburg to Mifflinburg
16 because we didn't have a budget and wouldn't ride in my
17 car because I offered to ride her down there. So I'm
18 glad you have dedicated employees.

19 But still, there was savings, there again,
20 in your employees drove and didn't seek reimbursement,
21 you have more savings. I'd like to know how much money
22 we spent on gas in 2013-'14 and how many -- '14-'15, and
23 how much we're going to spend this year. I'd like to
24 know what it is and I'd like to know what we're going to
25 do with the money.

1 SECRETARY REDDING: All right.

2 REPRESENTATIVE F. KELLER: Thanks.

3 SECRETARY REDDING: Will do.

4 MAJORITY CHAIRMAN ADOLPH: Thank you,
5 Representative.

6 Representative Schreiber.

7 REPRESENTATIVE SCHREIBER: Thank you, Mr.
8 Chairman.

9 Thank you, Mr. Secretary.

10 SECRETARY REDDING: Good to see you.

11 REPRESENTATIVE SCHREIBER: First and
12 foremost, I just want to thank you and thank your entire
13 team. I personally am glad that you're traveling the
14 Commonwealth and doing those foods inspections and
15 inspecting amusement rides. So I appreciate that your
16 employees have been doing that on their own dime
17 potentially. And Lord knows you didn't put yourselves
18 in this position; we did. We did in this building. We
19 are all culpable, regardless of party, regardless of
20 chamber. We are all culpable for putting you in this
21 position. And to sit here and Monday morning
22 quarterback you for making the decisions that had to be
23 made to ensure the health and safety and welfare of our
24 citizenry, I think is unfortunate.

25 I just wanted to ask very quickly if you

1 could give an update on farmland preservation? I'm from
2 York County. We obviously have a very successful Farm
3 and Natural Lands Trust. I think that is inextricably
4 linked to urban redevelopment as well. The more open
5 space we can preserve, the less green field development,
6 the more we can see in redevelopment in our cities and
7 older communities.

8 SECRETARY REDDING: Representative, first of
9 all, thank you. Appreciate the support. Appreciate
10 York County and the county commissioners and their
11 commitment to farmland preservation and one of their
12 leaders in the State. And you've got a very active land
13 trust there that really has done great work as well.

14 You know, current status, we're approaching
15 the 5,000 farm, which is historic. It's 25 years in the
16 making. So I look toward to that in 2016. We've got a
17 \$32 million authorization from preservation this year;
18 \$14 million dollars has been matched from the counties,
19 another million or so from the Federal government. So
20 you have a \$45 million commitment to farmland
21 preservation in 2016.

22 REPRESENTATIVE SCHREIBER: Thank you.

23 As I mentioned, I am fortunate to be from
24 York County. I am fortunate to have known Tom Wolf well
25 before he was Governor. As you had mentioned at the

1 onset, this is an individual that was in the Peace
2 Corps, headed a multigenerational company that made its
3 business in hardwoods in Pennsylvania. He is a lifetime
4 member of the York County Agricultural Society, so I
5 think it does a disservice to suggest that he is out to
6 get agriculture or has a personal vendetta against it.
7 I think his actions throughout his whole lifetime have
8 spoken louder than words and so have his most recent
9 actions, which are to try to fund agriculture and to
10 increase the funding for our agriculture extension and
11 other important programs and ultimately to try to reach
12 that compromise.

13 I certainly hope that we work towards a
14 budget compromise with as much vim and vigor and energy
15 as we've heard demonstrated today and over the past
16 several weeks.

17 Thank you very much, Mr. Chairman. Thank
18 you, Secretary.

19 MAJORITY CHAIRMAN ADOLPH: Thank you,
20 Representative.

21 Representative Marguerite Quinn.

22 REPRESENTATIVE QUINN: Here I am.

23 SECRETARY REDDING: Right before me.

24 REPRESENTATIVE QUINN: Right before you.

25 SECRETARY REDDING: Thank you. I thought

1 you were over there the last time.

2 REPRESENTATIVE QUINN: I was. I wanted to
3 sneak up on you there.

4 Thanks for being here with us today,
5 Secretary.

6 SECRETARY REDDING: Good to see you.

7 REPRESENTATIVE QUINN: And before I start, I
8 wanted to thank you and your staff for the support that
9 you've been giving, specifically in my district, for the
10 EHV-1 virus, which is an equine herpes virus, that has
11 taken -- well, it's put a certain farm under quarantine
12 for months, which unless you really understand what that
13 means, the owners cannot even enter the barn since
14 before Christmas to see their horses. And we've lost a
15 number of horses.

16 This is an unusual strain, a neurological
17 strain, and your Department has been there. It's still
18 frustrating for the owners of the farm and the owners of
19 the horses, but thanks. It draws to mind just how
20 important it is to continue funding for things like
21 that. We talk about the avian flu, yet here's something
22 that's, you know, literally wiping out a farm and has
23 some major consequences and we're doing our best to keep
24 it quarantined.

25 SECRETARY REDDING: Yeah, I just want to say

1 thanks to you for facilitating and helping us sort of
2 get to the right folks locally and keeping the local
3 community focused on that problem because there wasn't a
4 full appreciation of just how contagious the virus was
5 and the importance of basic biosecurity, which we talk
6 about, and "high path" AI.

7 Here was a case on this particular equine
8 boarding operation. And it was really complex because
9 there were 52 horses, 37 owners, seven different vet
10 practices that had access to this particular farm. So
11 when you start looking at the trace back, trace forward,
12 number of horses, absolutely amazing. And credit to the
13 local vets but certainly Dr. Simeone from our staff and
14 Dr. Shultz. So thank you for your support there.

15 REPRESENTATIVE QUINN: Yeah, you're welcome.

16 I just want to move on a second. We've just
17 heard about the Governor's support for agriculture and
18 actions speak louder than words. I think the point of
19 these whole hearings is not just about actions and words
20 but really about the dollars. And this is one of the
21 more crowded hearings that we've had and one of the
22 hearings that's drawn an awful lot of e-mail responses
23 to me. In fact, I've got a number of constituents up
24 today.

25 I offered one young man who's had the

1 pleasure of meeting you before, not through Del Val, but
2 I offered if he had a specific question that he wanted
3 me to ask, and if you don't mind, I'm going to --

4 SECRETARY REDDING: No, please.

5 REPRESENTATIVE QUINN: -- give this on
6 behalf of Patrick Meadows.

7 SECRETARY REDDING: Yeah.

8 REPRESENTATIVE QUINN: Without the after
9 school and education programs, like 4-H, how will the
10 hundreds of thousands of youth who currently participate
11 in youth development programs throughout the Penn State
12 Extension continue to better themselves in the
13 Commonwealth?

14 And I'm going to rephrase that bit about
15 "better themselves" and say, continue to learn about the
16 importance of the important core values that 4-H teaches
17 and the stewardship of our land, our water, our animals
18 and even things that go beyond, in terms of personal
19 respect, financial management and different crafts that
20 the 4-H offers. They're concerned, and their parents
21 are concerned.

22 SECRETARY REDDING: Yeah, and a fair
23 concern. I mean, having been a 4-H leader for 10 years
24 and coming out of a family committed to FFA and 4-H and
25 having two sons in 4-H, I mean, I get it. I mean, I can

1 pick these kids out because they've got those basic
2 instincts of extending a hand and a smile and engaging.

3 All of that is part of what we want, and it
4 certainly makes the case for 4-H generally but also the
5 importance of getting this budget issue resolved. I
6 mean, we don't want to lose that.

7 I've said many times of this 4-H issue and
8 the College of Agriculture discussion, it's like, you
9 know, watching a child suffer, right, one of your own
10 children. I mean, it's so important to us that we need
11 to have some resolution to it. So we don't want to lose
12 that. There's not a substitute for it by the way,
13 there's really not. It's that important to us.

14 REPRESENTATIVE QUINN: I agree with you, and
15 what I found with my district -- and I'm in Bucks County
16 and you were grateful enough to come down for a town
17 hall recently with farmers. We had well over 100 people
18 there. Those kids getting involved in 4-H aren't
19 necessarily the same kids that want to be on the
20 football field or the soccer field or in a debate club.
21 They're drawn to the land. They want to continue that.
22 That's where they're at home. And the devastation that
23 this has, to not have the funding, I really can't
24 quantify.

25 I'm going to take that funding question over

1 to your GGO line. I know I sent you a letter.

2 SECRETARY REDDING: Yes.

3 REPRESENTATIVE QUINN: I'm not going to ask
4 you for those answers now. I sent it in writing for a
5 purpose, so I could analyze them. But it's my hope that
6 once we take a look at your GGO and drill down, that
7 we'll be able to get a sense of the health benefits and
8 the increases there, the pension benefits and those
9 increases there.

10 In fact, after you left the meeting a couple
11 of weeks -- and I wish you had stayed because we had 100
12 farmers in the room. They were passionate about their
13 concerns with the growing pension costs, not just in
14 your Department but all over Pennsylvania. And they
15 said, you know, Marguerite, we could lose \$200,000 of
16 what we put in our fields in a week. And, you know, no
17 one is out there to help bail us out. And they really
18 feel a frustration with regard to what's been our
19 inability to try and reign in what's been an
20 unsustainable system.

21 SECRETARY REDDING: Yes.

22 REPRESENTATIVE QUINN: So I appreciate your
23 taking a look at the dependant eligibility.

24 You have something to say, don't you?

25 SECRETARY REDDING: I was going to say we

1 received your letter, have run those numbers, working
2 with the Budget Office, and we'll have that for you.

3 Thanks for the question.

4 REPRESENTATIVE QUINN: We're talking about
5 real live program out there, like 4-H, that are not
6 having their dollars. How do I explain then an increase
7 in money for the technology modernization? What are you
8 using that for when we have kids who are just looking to
9 get into the core basics of agriculture?

10 SECRETARY REDDING: Yeah, so it's threads of
11 previous questions and responses, but, you know, the
12 challenge we have, twofold; one, is just the reduction
13 of 108 staff and the pressure that is placed on the
14 staff that remain. Two, this getting back of things
15 from local governments has really caused us, again,
16 without adding staff, to look at how do you extend the
17 human capital you have today to cover the number of
18 devices and counties? And the only way you can do that
19 is through some efficiencies of technology.

20 REPRESENTATIVE QUINN: Okay.

21 SECRETARY REDDING: And a lot of what was at
22 the Department, quite frankly, is 10 years old. There's
23 some basic, just basic operation stuff within the
24 infrastructure there that you couldn't, even if you
25 wanted to, as an efficiency, you simply have the --

1 you're incapable because of the technology. That's the
2 big piece of it.

3 And on top of that, there are some program
4 development components that are important to us. You
5 mentioned the EHV and equine. One of the components for
6 us is making sure that we can interface with private
7 veterinarians, making sure that we can interface with
8 the U.S. Department of Agriculture veterinarians. That
9 takes sort of systems to build, build and maintain.

10 We have a new requirement, the Food Safety
11 Modernization Act. And how do we manage that from a
12 technology standpoint to interface what happens in plant
13 and food and dairy. So there's -- part of the increase
14 of \$2 million is for system development. The other
15 half, we would say, is for deployment of software and
16 hardware to allow us to do a more efficient job.

17 REPRESENTATIVE QUINN: Thank you.

18 SECRETARY REDDING: Thank you.

19 REPRESENTATIVE QUINN: Thanks for being
20 here. I know other people have more questions.

21 SECRETARY REDDING: Good to see you.

22 REPRESENTATIVE QUINN: Likewise.

23 MAJORITY CHAIRMAN ADOLPH: I'd like to
24 acknowledge the presence of Representative Dan Miller,
25 who has joined us.

1 The next question will be offered by
2 Representative Madeleine Dean.

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

5 And thank you, Mr. Secretary. Thank you,
6 gentlemen, for being here.

7 SECRETARY REDDING: Good to see you.

8 REPRESENTATIVE DEAN: I want to welcome the
9 4-H students and your parents and the other advocates.
10 It's always impressive for us to see you here and
11 spending the time, paying attention, and I think you're
12 getting -- for good or for bad -- you're getting a
13 close-up view of government at work or maybe government
14 not working appropriately hard enough.

15 Mr. Secretary, I don't know what has
16 happened here in this hearing today. You've engendered
17 quite a conversation of people on this side of the
18 table, I think, probably trying to make some sense of
19 the last 260 days or whatever we're up to now.

20 And I think, just to give you some
21 perspective, we've been here for three weeks in budget
22 hearings. Our budget hearings began with -- the first
23 office that came in was the Independent Fiscal Office,
24 who told us that the budget bill that was passed and
25 blue-lined was out of balance by at least \$300 million.

1 Some estimates have it at \$500 million. That was
2 followed by one of your colleagues, the Secretary of
3 Community and Economic Development, who came in and
4 testified to us very genuinely that the number one issue
5 facing Pennsylvania is a well-trained, well-educated
6 workforce. I couldn't agree more.

7 Faced with those two things, I think we're
8 all grappling with and trying to make some sense of this
9 crisis. And I want to remind folks, this is a man-made
10 crisis. This crisis was made here in this building. It
11 can be solved and will be solved in this building, and I
12 hope much sooner than later. Some people on both sides
13 of the aisles have used different images for that \$300
14 to \$500 million shortfall, whether it's a Jenga stack or
15 it's musical chairs.

16 I like to say it's a line of folks, a line
17 of worthy requests, budget requests, stacked up in a
18 line. And depending on where you fall in that line,
19 when the money stops, the people in the back of the
20 line, the worthy causes in the back of the line, will
21 not be funded. So maybe that's going to be rape crisis
22 centers. Maybe that's going to be basic education.
23 Maybe that's going to be pre-K. I'm not sure, but we've
24 got \$500 million worth of unfunded stuff, if we go about
25 it in a piecemeal way and if we don't do it in a mature,

1 reasonable, comprehensive, balanced way.

2 I won't be a part of that. So we have been
3 in a difficult spot. My colleague here, the Chairman,
4 said it most eloquently, what child do you love more
5 than the other? Well, I'm a mother to three. I love
6 them all.

7 We are in an impossible spot, except it's
8 not impossible. We could fix this if we could face up
9 to the fact that these students are worthy, the other
10 line items are worthy, and what it will take is bringing
11 in more revenue, that dreaded terrible word, taxes, and
12 revenue. Sometimes costs go up. Sometimes more people
13 need more help, whether it was the Department before
14 you, which was the Department of Human Services, which
15 says they are not fully-funded, even if they get the
16 increase they're asking for; whether it's you if you get
17 this small increase you're asking for; whether it's
18 Corrections, whomever it is.

19 So to my mind, I guess I want to ask you in
20 a small way, close-up, what did the budget impasse look
21 like directly in your Department? We see here some of
22 the other effects of it outside of your Department or in
23 extension to your Department, but directly in your
24 Department, what did our budget failure do to you?

25 SECRETARY REDDING: You know, it shows up a

1 lot of different ways. I'll say that. Certainly, a
2 couple of examples. Without funding for the Animal
3 Health Commission and the Vet Lab, as two really
4 important items within our budget that are funded out of
5 the Race Horse Development Fund or supposed to be, they
6 were line-item vetoed because they were switched to the
7 General Fund, which couldn't afford another dollar.

8 But just in the absence of those two lines,
9 all of the costs for the Vet Lab, which is \$5.3 million,
10 is placed on the GGO line within the Department. The
11 Farm Show hosted the hundredth Farm Show, 100 years, but
12 we don't have the Fiscal Code to spend the money that's
13 authorized so we're trying to earn money. We had to
14 transfer a million dollars out of GGO to keep the Farm
15 Show. We'll need another million dollars in a couple of
16 weeks.

17 We're going to bump into this question early
18 in the spring, about whether we can sustain the
19 operations of the Department. So, I mean, I can give
20 you a long list, but they are two examples. You know,
21 the hiring of staff, the loss of staff, really
22 important -- obviously that's critical to us, much like
23 you see here today with the Extension. We've got the
24 same issue within the Department of critical programs.

25 REPRESENTATIVE DEAN: And as your duties

1 increased, you were losing staff?

2 SECRETARY REDDING: Yes.

3 REPRESENTATIVE DEAN: And your money was
4 uncertain?

5 SECRETARY REDDING: Yes.

6 REPRESENTATIVE DEAN: And really uncommitted
7 in many ways?

8 SECRETARY REDDING: That's correct.

9 REPRESENTATIVE DEAN: What I -- this is such
10 a complicated process. The budget is such a complicated
11 process, but I like something that the Governor did in
12 his budget -- it might have been in his Inaugural
13 Address. He said that he was interested in three very
14 clear things: schools that teach, jobs that pay,
15 government that works.

16 And what I think we are called upon to do is
17 to start with that last one, be a government that is
18 working, that faces our problem, recognizes a structural
19 deficit. We are not Ed. We are not that example of the
20 fellow named Ed because we actually are in perpetuity.
21 And we have done some things in the past, where we
22 robbed from this fund, or we decide we're not going to
23 pay two months' worth of our mortgage or our rent.

24 We're a government. We owe it to the people
25 of Pennsylvania in perpetuity to deliver certain

1 services. So when he said that we need jobs that pay
2 and schools that teach, I couldn't agree more. And what
3 I have found through this process is, it's the
4 government that works that has to start that. And then
5 we will make sure we have schools that teach and jobs
6 that pay.

7 Thanks for your work.

8 SECRETARY REDDING: You're welcome.

9 REPRESENTATIVE DEAN: And we all here, I
10 know across the aisle, want to support your work and
11 want to support what you guys want to do in your
12 education and in your life.

13 SECRETARY REDDING: Okay.

14 REPRESENTATIVE DEAN: Thanks.

15 SECRETARY REDDING: Thank you.

16 MAJORITY CHAIRMAN ADOLPH: Thank you,
17 Representative.

18 I would like to acknowledge the presence of
19 Representatives DeLissio and Miller, who have joined us.

20 The next question will be offered by
21 Representative Sue Helm.

22 REPRESENTATIVE HELM: Thank you, Mr.
23 Chairman.

24 And welcome, Secretary Redding.

25 SECRETARY REDDING: It's good to see you.

1 REPRESENTATIVE HELM: To the Committee, if I
2 didn't talk to you about the Farm Show, you'd think
3 something was wrong with me. As I look around the room,
4 it's interesting to see the faces that I interact with
5 at the Farm Show all being here today.

6 But can you give a status on the State Farm
7 Product Show Fund and how funding supports the Farm
8 Show, of which you just said we celebrated the 100th
9 Farm Show? And then, let's talk about the building
10 itself. Like, how many shows are held in the Farm Show
11 Complex? And do you have studies indicating how
12 critical this facility is to our local economy?

13 SECRETARY REDDING: Yeah, so the fund
14 itself, as I alluded to, was a received, you know, sort
15 of dollars in December, but without the Fiscal Code, we
16 have no way to access the money so we transferred
17 dollars from our GGO to cover the Farm Show.

18 And to put this in perspective, it's about
19 an \$11 million budget. Roughly \$5 million of that comes
20 from the Commonwealth. The other \$6 million is earned
21 by hosting shows and leasing the facility, rental
22 income, food income, concession income.

23 So you end up with -- right now, the only
24 thing we have to work with is the \$6 million that is
25 being earned -- earned or being earned, and the transfer

1 of dollars from the GGO to the Farm Show.

2 So it is critical. We are doing okay for
3 the moment, but it's predicated on being able to, you
4 know, come up with enough money in a couple of weeks to
5 do a second transfer in the absence of some other Fiscal
6 Code or something that would transfer the money.

7 So we have a difficult situation there.
8 Secondly, to the point -- we host 300 events a year in
9 the Farm Show Complex, 300. Now, you have, you know, a
10 top 20 which are really key for the income to the
11 Complex. And they're the Sportsmen's Show, the Farm
12 Show, with some of our, you know, car shows, et cetera,
13 but really critical.

14 And when you look at the numbers from the
15 Harrisburg or Hershey Visitors' Bureau -- I don't have
16 the exact number in front of me, but it's a big number.

17 EXECUTIVE DEPUTY SECRETARY SMITH: \$260
18 million in total economic impact locally.

19 SECRETARY REDDING: Yeah, \$260 million.
20 That's not our number. That's the local community
21 saying that's what that Complex is worth economically.

22 Unfortunately, we don't get any income -- no
23 pillow-tax income. There's a payment out to the
24 Susquehanna Township for parking. Everybody takes from
25 us, but there's no income to us, right, other than what

1 we earn off of the square footage and food. Just put
2 that down as a marker, right, that that is really a
3 critical piece of central Pennsylvania. There ought to
4 be some further conversation about where do you and how
5 do you support a million square feet if it's worth
6 something to us here in the mid-State.

7 And a lot of those shows are livestock
8 shows. Pleased to say that. At least a dozen different
9 livestock shows throughout the year. And for those who
10 have been around, I mean some years, our argument to
11 expand that Complex is based on agriculture.
12 Representative Keller, who serves on the Farm Show
13 Commission. And that really has been a hallmark, I
14 think, of the Complex. And you look at the facility and
15 its accommodations, there's really not a better complex
16 in the northeast or North America that is suited for
17 indoor agriculture expositions.

18 REPRESENTATIVE HELM: So you talked about
19 expanding it. Could you talk a little bit more about
20 what you'd like to do, what you've talked about?

21 SECRETARY REDDING: Well, I would just say,
22 you know, we have about a 70-percent utilization rate
23 for the Complex. So there's some capacity there for us
24 to sort of extend the season, extend the days,
25 accommodate more shows, whatever.

1 So there's so many fixed costs with the
2 Complex, which is part of the discussion we're having
3 here. With these fixed costs, how do you extend that
4 across more square footage or days or events. So we
5 have some opportunity there. But the challenge is when
6 the public wants it, we're full. You can't get in there
7 between December and Easter. But there's opportunity
8 there, would be one point.

9 Two is, as reminded every day, it is a
10 complex that needs a lot of care and investment. And
11 just in the last couple of months of maintenance issues
12 and things that are really cut into your cash, it's got
13 to be, it's got to be maintained as well.

14 EXECUTIVE DEPUTY SECRETARY SMITH: If I
15 could add on that point, if you were to take a snapshot
16 right now of the Farm Product Show Fund, look at cash on
17 hand, essentially, you're going to see what would appear
18 to be a healthy balance rather, but what that does not
19 take into account is some of the forward-looking
20 modeling for the rest of the year that we've done and
21 look at the anticipated outlays.

22 And when you do that, you see that we're
23 facing another deficit there before the end of this
24 fiscal year, which like the Secretary has mentioned,
25 will likely necessitate some other short-term loan to

1 finance payroll operations there.

2 You asked as well about operational needs,
3 maintenance needs. We've done a rough accounting. We
4 can account for at least \$200,000 in long overdue of the
5 operation maintenance costs. We've started to
6 prioritize, find ways that we can finance that. That
7 was a large reason why we asked the Farm Show Commission
8 to support a pay increase or -- I'm sorry, a parking
9 rate increase.

10 The revenues that that increase generated
11 from just the Farm Show alone largely have already been
12 spoken for. Just last week -- I'm sorry. In the last
13 two weeks or so, we had a critical piece of the fire
14 suppression system spring a leak. That was a \$27,000
15 repair. Within the last two days, I've had an e-mail
16 from the director of the Farm Show. There is a critical
17 loading dock on the southwest portion of the building
18 that serves some of the key halls, some of the most
19 heavily-occupied halls, it's crumbling. You can see
20 through the concrete into the ground. That's a critical
21 safety issue that we need to address if we're going to
22 be able to continue using that space. And we're in the
23 process of looking at estimates there.

24 SECRETARY REDDING: Yeah. But just the snow
25 of the blizzard a couple of weeks ago cost \$146,000 --

1 REPRESENTATIVE HELM: I can believe that.

2 SECRETARY REDDING: -- to move the snow off
3 the lot. Right. So it takes half of what you earned in
4 increased parking revenue, just to clear the lots. So
5 it's a major concern.

6 REPRESENTATIVE HELM: Well, the one thing
7 that you've drastically improved in the last couple of
8 years is the traffic around the Complex because I used
9 to have to leave early to get to work because I have to
10 go past the Farm Show. Now, I like when you have an
11 event because you control the traffic so well. It goes
12 faster.

13 SECRETARY REDDING: Thank you.

14 REPRESENTATIVE HELM: But anyway, thank you
15 for your comments today.

16 MAJORITY CHAIRMAN ADOLPH: Thank you,
17 Representative.

18 Representative Maria Donatucci.

19 REPRESENTATIVE DONATUCCI: Thank you, Mr.
20 Chairman.

21 And welcome, Secretary Redding.

22 SECRETARY REDDING: It's good to see you.
23 Thank you.

24 REPRESENTATIVE DONATUCCI: Federal laws had
25 banned the growing of industrial hemp back in the day.

1 Since then, I believe 13 States have reintroduced it
2 commercially. It's a multimillion dollar industry. I
3 think it's \$580 million annually in the United States.

4 It has so many uses, such as food, fiber,
5 clothing, plastic, and of course rope, just to name a
6 few. It's very different from its drug counterpart.

7 Having said this, I think it would be
8 financially valuable to Pennsylvania agriculture. So I
9 want to know, what is your Department's position on
10 industrial hemp. And is its production something that
11 Pennsylvania agriculture should pursue?

12 SECRETARY REDDING: Yeah, thank you for the
13 question. We strongly support industrial hemp,
14 Representative Diamond's bill, 967, and Senator
15 Schwank's SB 50. We're pleased that the last Farm Bill
16 gave us some legal authority to do limited work, but
17 it's a first step, given the prohibition that's been in
18 place for years. And you touched on sort of the key
19 points.

20 I mean, we, today, are importing industrial
21 hemp. It's in the dashboards of our cars. It is in
22 products. It is \$600 million of activity.
23 Unfortunately, it's all -- all the money is going to
24 China. It's coming in from China. It's 25,000
25 different products that have industrial hemp in them,

1 and we allow them to be sold here but not produced here.

2 So the first step that you're taking with
3 the authority given by the Federal government, the Farm
4 Bill, is the right thing to do.

5 REPRESENTATIVE DONATUCCI: Thank you. And
6 I'm glad to hear that.

7 On the other end of the spectrum, people
8 might not be aware of the wide range of activities that
9 the Department of Agriculture has a hand in. In fact,
10 the Department distributes an appropriation from the
11 Motor Licensing Fund for maintenance of dirt and gravel
12 roads. You also receive motor license funding for
13 inspections of weights and measuring devices.

14 Can you talk about these two programs? And
15 how are they going?

16 SECRETARY REDDING: Yeah. Thank you.

17 Again, it's one of those surprises of what
18 is in the Department of Agriculture and what has been
19 granted to us. And we take that, certainly, as a vote
20 of confidence over the years, that things have come to
21 us like motor -- you know, the Dirt and Gravel Road
22 Program with, you know, our conservation districts.

23 Yeah, so just to note, the Dirt and Gravel
24 Road Program is relatively new. There's a low-volume
25 road, \$28 million appropriation. Had an update

1 yesterday from the State Conservation Commission. Again
2 it's one of the areas that intersects with Penn State
3 University and the Dirt and Gravel Road Center.

4 There -- all of that is progressing well.
5 It's been a great partnership with conservation
6 districts and local governments. The Motor License
7 Fund, specifically, on the weights and measure side, is
8 to fund the activities where there's a road, fuel,
9 contact, if you will, for the Bureau and the Department
10 of Agriculture. So those funds are critical to that.

11 REPRESENTATIVE DONATUCCI: Thank you for
12 your answers.

13 Thank you, Mr. Chairman.

14 MAJORITY CHAIRMAN ADOLPH: Thank you,
15 Representative.

16 Representative Garth Everett.

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

19 I tried to promise myself I wasn't going to
20 do this, but I'm unable, to add my editorial comments to
21 those of my colleagues. And I would just ask my
22 colleagues from the other side of the aisle, if a \$30.3
23 billion budget is out of balance, what is a \$30.8
24 billion budget that nobody was willing to put up revenue
25 votes for?

1 But that aside, let's talk about the
2 Chesapeake Bay.

3 SECRETARY REDDING: Okay. Thank you.

4 REPRESENTATIVE EVERETT: I don't -- I know
5 we don't have time to go through the whole "Reboot"
6 strategy, which I think is a great idea. My question
7 is, you know, from a resource point of view and
8 Appropriations, do you feel that your Department, in the
9 '16-'17 budget, is going to have adequate resources in
10 order to carry through with the compliance portion of
11 the "Reboot" strategy that's being proposed?

12 SECRETARY REDDING: Yeah, great question.
13 And you understand this well, being on the Chesapeake
14 Bay Commission and all of the conversations that we've
15 had, so thank you for your support there.

16 I think there's been a lot of conversation
17 about the "Reboot," and we're anticipating a need. I
18 think in the '16-'17 year, I would say we're okay. But
19 clearly, the forecasting is there's going to have to be
20 some additional resources for either DEP, State
21 Conservation Commissioner, PDA, on the staff support,
22 because as you know, one of the requirements is to be on
23 10 percent of the farms in the Chesapeake Bay Watershed,
24 that's 3360 farms, that that's a requirement for us. We
25 can get there through conservation districts.

1 So there may be a need for one of our State
2 partners. There will definitely be a need on the
3 conservation district side. I think as we step forward
4 and recognize the districts really are in the best
5 position to address both the implementation of
6 conservation practice generally but also specifically on
7 some of the expectations of the "Reboot," that's going
8 to take some additional resources.

9 But then, you've got a third piece of this,
10 that I think when we get to the point of the farmers
11 making practice improvements, we're going to have to
12 confront the question of where do those resources come
13 from for both planned development as well as
14 implementation?

15 We're fortunate at the moment that that's
16 Federal. I mean, we have a Farm Bill that supports us
17 there, but we're going to have to look at alternatives
18 to, just the line items that we have available to us
19 today to do that.

20 REPRESENTATIVE EVERETT: One of the
21 questions that I have, when I was reading through and
22 listening to the "Reboot" strategy is the 50
23 inspections --

24 SECRETARY REDDING: Yes.

25 REPRESENTATIVE EVERETT: -- number. Is that

1 50 inspections per inspector, 50 inspections per county?
2 Is it just a goal out there?

3 If you could just touch on the 50
4 inspections.

5 SECRETARY REDDING: Yeah. So the 50
6 inspections and the "Reboot" strategy -- and again, the
7 "Reboot" strategy, to my earlier point about the
8 10-percent inspection, we have to be on 10 percent of
9 those farms. And in our calculation, the only way that
10 we can achieve that is sort of working with the
11 conservation districts. And in looking at what we
12 presently ask them to do by delegation of the
13 Commonwealth to them, is to do 100 educational visits.

14 And what we've done is to substitute the 50
15 compliance visits, right, so the money hasn't changed,
16 but the expectation has changed that we're moving from
17 education to one of compliance. But it is 50
18 inspections per funded technician.

19 REPRESENTATIVE EVERETT: Okay.

20 SECRETARY REDDING: Yes.

21 REPRESENTATIVE EVERETT: And finally, do you
22 have any idea from your discussions with DEP what the
23 EPA compliance requirements that we might be looking at
24 may look like? Do we have any idea of that at this
25 point?

1 SECRETARY REDDING: I think we have -- we
2 don't have an exact. I'll say that. I think there's
3 some concern that if we can't meet the requirements set
4 forth in the Watershed Implementation Plan that we have
5 and fulfill what we've identified in the "Reboot," that
6 the backstop, as they refer to it, the backstop becomes
7 a very, sort of disciplined approach that would be
8 administered by the EPA. And that will be very
9 farm-specific. That will be very watershed-specific.
10 And there's concerns, of course, of if that -- if that
11 happened.

12 And the only good sort of parallel that we
13 have is what's happened on the point source side, right,
14 that is very spot-specific, with a mandate of corrective
15 actions and datelines and investments. We're trying to
16 avoid that. And that's why this interim step right now,
17 with what we've done in the "Reboot" really is critical
18 for us, I think to demonstrate we can do it and have
19 full confidence we can do that. But it really requires
20 us to take a pretty comprehensive approach, as we've
21 noted in the "Reboot."

22 REPRESENTATIVE EVERETT: Thank you, Mr.
23 Secretary.

24 And for those in the room and maybe watching
25 on PCN, what we're talking about is the EPA-mandated

1 requirements for Pennsylvania to clean up the
2 Susquehanna River. That is the main contributor of
3 water to the Chesapeake Bay. And we are working
4 diligently with the Secretary and the secretaries of DEP
5 and DCNR to come up with a strategy that we can do that
6 without having EPA coming in heavy-handedly and hurting
7 our farming community.

8 So I look forward to working for you, Mr.
9 Secretary -- with you. And thanks for your testimony.

10 SECRETARY REDDING: Thanks for the support.

11 Well, we have the benefit of Dean Roush,
12 who's here, I just want to note that, you know, part of
13 our strategy really is for the first time identifying
14 the non cost-share practices that Pennsylvania has
15 invested in. And that effort is being led in a
16 partnered way, but really Dean Roush and the Penn State
17 team have taken the lead to do the survey, reach out to
18 farms directly.

19 Let's identify, you know, what are the non
20 cost-share -- and the lingo here is the cost-share are
21 things that are already identified. We know what they
22 are. The public has made an investment. And they show
23 up in this model, which is our score card for success
24 with water quality in the Chesapeake Bay.

25 But we've realized that 80 percent of the

1 practices that are being done are things that are just
2 everyday, good managerial practices that farmers do, but
3 they're not in the accounting. They're not in the
4 model, and so that needs to be sort of quantified. So I
5 appreciate Penn State and many others, but led by the
6 Dean and the Penn State team.

7 Thank you.

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

10 MAJORITY CHAIRMAN ADOLPH: Thank you,
11 Representative.

12 Representative Matt Bradford.

13 REPRESENTATIVE BRADFORD: Thank you,
14 Chairman Adolph.

15 And thank you, Secretary. And thank you for
16 working through what's obviously been a difficult time
17 for the Commonwealth. One of the things that has been
18 disappointing for a lot of us, and this has been said, I
19 don't want to belabor it, but for the departments that
20 have been adversely affected, for the Pennsylvanians,
21 and in this case, a lot of 4-H students, who have been
22 adversely affected, it is unfortunate we find ourselves
23 eight months into this mess.

24 And one of the things that I can't help but
25 think, is there's kind of a, like I said before, a

1 parallel universe, but it seems, from this room at
2 least, sometimes from one or both sides of the aisle an
3 inability or unwillingness to take ownership or
4 responsibility for the predicament we're in.

5 And, again, we can have the food fight, and
6 we've been having it for eight months. I don't know how
7 productive it is to continue to have it. And I think at
8 this point it's probably been belabored. It's maybe
9 more family-friendly than a Republican presidential
10 debate, but it's no more substantive. And I think it
11 hurts the course of trying to dialogue and trying to
12 come to a settlement.

13 We need a settlement, and I just think it's
14 unfortunate that we continue to go back and forth
15 without any real taking ownership of a legislative- and
16 Governor- and frankly Harrisburg-created mess. This has
17 gone on for too long, and I think it's unfortunate that
18 the departments like yours and Pennsylvanians like those
19 represented here today are put in the middle of this
20 food fight. And one of the ways I think we exacerbate
21 it, is both sides have their views and their opinions.
22 And I have very strong opinions on why we're in this
23 mess. And I, again, in a parallel universe, we can each
24 have our own opinions, but we can't really have our own
25 facts. And one of the things I think is missing is kind

1 of a -- I want to say a base set of facts that we can
2 all agree on.

3 But I guess the other day, one of the -- the
4 people who've got to call the balls and strike in this
5 world we live in are our credit-rating agencies, in this
6 case, S&P. And they came out on March 3rd with their
7 most recent report on Pennsylvania's fiscal position.

8 And they're not Democrats or Republicans.
9 They're not our staff or your staff. They're not MSNBC
10 or Fox News. They're just budget analysts. They're
11 just calling it the way they see it. And looking at
12 this report, I figured I'd pull out a couple of things
13 in their statement -- and they're equally damning to
14 both sides -- but I think it would be illuminating for
15 those who are too busy trying to pay their bills and do
16 right by their families to follow the minutia of
17 Pennsylvania's budget situation.

18 But I think reading just two or three
19 paragraphs from it, I think will sum up why some of us
20 are so frustrated with this situation and why we feel
21 like there's this parallel universe.

22 So if I can, I'm just going to read from the
23 March 3rd -- just a few days ago -- report.

24 *We believe that the failure of lawmakers to*
25 *agree on a complete budget package for fiscal year 2016*

1 *in the coming weeks would impair their ability to*
2 *address the projected fiscal 2017 budget gap in a timely*
3 *manner. And if the legislature and the Governor do not*
4 *enact a fiscal 2016 budget that addresses structural*
5 *balance by the end of March session, we will likely*
6 *lower the rating.*

7 *That's just a fancy way of saying, we're not*
8 *paying our bills. You're not a good credit risk. We're*
9 *going to increase the rates you pay. They're not*
10 *basically saying we're a deadbeat, but they're saying*
11 *we're well on our way.*

12 *And then it goes on to say, In addition to*
13 *the State's structural budget issues, the prolonged*
14 *disagreement on the fiscal 2016 budget reflects*
15 *unfavorably on the State's management, despite current*
16 *revenue and expenditure alignment.*

17 *Late payments and significant cuts to basic*
18 *education, which we consider an essential service,*
19 *indicate poor fiscal stewardship. Transparency in*
20 *regard to current year appropriations and year-end*
21 *projections have also been lacking for fiscal 2016.*

22 *In our view, recent behavior is not*
23 *commensurate with the current rating, but we expect the*
24 *State will return to stronger management practices.*
25 *Should, however, the impasse and recent practices*

1 *continue, we could lower the rating.*

2 *Although the budget impasse clearly signals*
3 *a breakdown in the fiscal policymaking process, we are*
4 *not lowering our credit rating at this time because it*
5 *has not significantly impaired the State's ability or*
6 *willingness to make debt payments.*

7 *It goes on to basically say that we're a*
8 *fiscal -- I don't want to say basket case, but the*
9 *Governor says we have a fiscal time bomb.*

10 *The idea that we don't have a structural*
11 *deficit, the idea that HB 1460, which is what passes for*
12 *a budget at this time, which is not balanced by*
13 *anybody's -- and Chairman Adolph, to his credit, admits*
14 *it wasn't balanced as passed. But for the blue-lining*
15 *that the Governor did, which unfortunately impacted many*
16 *folks in this room, it would not be balanced to this*
17 *day.*

18 *There is an absurdity going on in this*
19 *Commonwealth. Eight months into this, no one takes*
20 *ownership of it. No one wants to agree on set facts.*
21 *No one wants to say, hey, look, we either need to do*
22 *revenue or we need to slash more out of education, slash*
23 *more out of medical assistance.*

24 *What are we for? What are we against?*
25 *Eight months into this, the food fight has been*

1 belabored. It is painful. We are hurting people.
2 We're talking about cutting schools, closing schools,
3 cutting programs like 4-H. It has to stop.

4 We have -- and you know what, we have to do
5 what the credit-reporting agencies say. Which, it says,
6 lack of political will is what is causing this problem.
7 It will not be easy nor fun to deal with the revenue or
8 the expenditure side of things. But if this body takes
9 ownership of this mess, shows political will and tells
10 people things that they may not want to hear, rejects
11 tea-party politics that say we can just take the trains
12 off the rails any time we want and it has no effect,
13 because people do not need government -- well, people
14 here are saying there are certain things in government
15 they like.

16 We've got to get back to doing serious
17 business. We are doing a severe disservice to our
18 Commonwealth and the perception that we can govern
19 ourselves. And it's not one legislator saying it or one
20 caucus, it's the independent credit-rating agencies.
21 We've got to get back to serious government.

22 And doing what we've been doing for the last
23 three weeks or the last eight months is an absurdity
24 that must end. I've got no question, but I do thank
25 you. This is an absurd place anymore. And if you need

1 any greater point to it, then that is it.

2 Thank you, Chairman Adolph.

3 SECRETARY REDDING: Appreciate your service.

4 Thank you.

5 MAJORITY CHAIRMAN ADOLPH: I think we're

6 getting real close here in this room to getting an

7 understanding. That was supposed to be a joke.

8 Just trying to relieve the pressure here.

9 As you can tell, you know, I asked everybody to try to

10 you stay on agriculture; they don't listen to me.

11 So, you know, but we'll get back to

12 agriculture sooner or later. But there's a lot of

13 issues, and I understand there's a lot of blame to go

14 around and a lot of finger pointing and so forth and so

15 on, but sooner or later, we've got to get to the

16 business of balancing a budget.

17 SECRETARY REDDING: Agreed.

18 MAJORITY CHAIRMAN ADOLPH: The next question

19 will be offered by Representative Karen Boback.

20 REPRESENTATIVE BOBACK: Thank you, Mr.

21 Chairman.

22 Hello, Secretary Redding.

23 SECRETARY REDDING: It's good to see you.

24 REPRESENTATIVE BOBACK: Good to see you.

25 And as you know, I'm a rural legislator.

1 And how many county fairs have we been at together, and
2 enjoyed, might I add.

3 SECRETARY REDDING: Thank you.

4 REPRESENTATIVE BOBACK: So I would be remiss
5 if I did not express that I'm such a strong supporter of
6 4-H and all other agriculture line items that we have
7 represented in our budget.

8 You know, I serve on the Agriculture
9 Committee. I'm the chairman of the Agriculture Caucus.
10 In fact, there's a busload of students right downstairs
11 today from my district, and they're representing how
12 important 4-H and all other agriculture programs are to
13 all of us.

14 The questions I had, regarding 4-H and the
15 agriculture line items, were already posed. So all I
16 ask is that as we continue through the process, that you
17 please keep us as a priority. And we would appreciate
18 that.

19 SECRETARY REDDING: Yeah, you have that
20 commitment.

21 REPRESENTATIVE BOBACK: Thank you.

22 So from the emotion, I'm going to go to the
23 real and ask some technical questions, if I may. This
24 has to do with restaurant inspectors.

25 Does the Department have -- we have a

1 department within the Department. So how many
2 inspectors do you have? And what exactly are their
3 functions.

4 SECRETARY REDDING: Yeah, so we'll get the
5 number. Sixty-one -- I think it's 61 and staff.

6 Yeah, so we are charged with, you know, the
7 actual food safety inspection. That could be retail.
8 That could be wholesale inspection, milk inspections.
9 So there's a standard Food Code that each of our
10 inspectors would, you know, use for the annual
11 inspection of those facilities and of course, you know,
12 go through that process, make whatever corrective
13 actions are necessary.

14 REPRESENTATIVE BOBACK: And I think you
15 might have revved up the program because I'm noticing in
16 the daily newspapers now more frequently different
17 establishments that are being reported on. Thank
18 goodness, many of them have passed with flying colors,
19 but when there's a problem, that certainly is listed.

20 But with that being said, I know we do it as
21 a State mandate, but what about, as with weights and
22 measures, what happens if local municipalities --
23 because I understand some counties or even townships
24 have their own guidelines.

25 SECRETARY REDDING: Yes.

1 REPRESENTATIVE BOBACK: So what happens if
2 they revert back to the State because of lack of
3 funding? What would happen? Do you have enough
4 inspectors or -- what is the protocol?

5 SECRETARY REDDING: Yeah. So I noted in the
6 testimony, and I think that was sort of the basis of
7 Representative Keller's question about the inspections,
8 but just in recent years, your -- the local
9 municipalities, 27, have turned that responsibility back
10 to the Department of Agriculture, 1556 restaurants that
11 needed annual inspection. So we've stepped in to pick
12 that up.

13 I will also note that when they give things
14 back -- I mean, two important points. One is, they can
15 do it on a notice. They can say, 30 days from now, I'm
16 giving you this responsibility. So on the receiving
17 end, we've got no ability to sort of schedule that or to
18 staff for it or to try to accommodate.

19 And, secondly, they're usually not in the
20 best form when you get them. All right. They come to
21 you, and it's not like they've got a bow on them. All
22 right. They come to you on a list. Maybe you get
23 contacts. Maybe you get current restaurant inspections,
24 but our experience has been that they're usually not in
25 great form, which means that each one of these takes

1 extra time and effort to sort of get them into our
2 system.

3 And even though there's a standardized Food
4 Code, some of the municipalities aren't using that in
5 its fullest. So the short answer is, in recent years,
6 coming back, expect that trend to continue, and it takes
7 a lot of work to put it together.

8 So eight -- or six inspectors? Equivalent
9 of six full-time inspectors that we've received work
10 for. We don't have the staff. That just means you push
11 that out to existing staff.

12 REPRESENTATIVE BOBACK: Well, I think you
13 need more though. I truly do, because food safety to me
14 is such a priority here in the Commonwealth.

15 In fact, the Food Safety Law here in the
16 Commonwealth prohibits food preparers and food servers
17 in retail and food chains from handling prepared food
18 with their bare hands.

19 SECRETARY REDDING: Yep.

20 REPRESENTATIVE BOBACK: And I get complaints
21 in my office that isn't followed through. And quite
22 frankly, I think it's because perhaps the staff doesn't
23 stay long enough or maybe a staff is trained and then
24 they move on, and maybe it's forgotten. And that's such
25 an important step.

1 I mean, you can't handle money or you can't
2 handle something that is not sanitary and then go and
3 serve a person something with your bare hands, not in
4 this State, but I don't think everybody realizes that.

5 So how are you going to get the word out?

6 SECRETARY REDDING: Well, I think if we
7 continue to work with the Restaurant Association, the
8 food merchants -- Penn State is here. Again, one of
9 the, you know, opportunities we have working with Penn
10 State Cooperative Extension and Outreach, you know, the
11 -- it's much like the biosecurity, the question that was
12 asked earlier.

13 At the end of the day, the individual
14 practices that employers and owners have every single
15 day of employees is the most critical part of food
16 safety or biosecurity in the other case. So we've got
17 to keep working at that. It's a constant effort with
18 turnover of staff, constant staff at the restaurant
19 level.

20 You know, to your point earlier with what is
21 published, we have seen a marked improvement --

22 REPRESENTATIVE BOBACK: I bet.

23 SECRETARY REDDING: -- because the last
24 place you want to be is in the newspaper with a poor
25 report; right?

1 REPRESENTATIVE BOBACK: That's for sure.

2 Yes.

3 SECRETARY REDDING: That has helped to drive
4 some better behavior as well.

5 REPRESENTATIVE BOBACK: But they never cite
6 whether or not people are -- how they're handling the
7 food. So maybe that's something that has to be a part
8 of that criteria. I don't know.

9 SECRETARY REDDING: Right.

10 REPRESENTATIVE BOBACK: But something to
11 think about.

12 SECRETARY REDDING: Okay. Thank you.

13 REPRESENTATIVE BOBACK: Thank you for being
14 here, Secretary.

15 SECRETARY REDDING: Yeah, good to see you.
16 Thank you.

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

19 MAJORITY CHAIRMAN ADOLPH: Thank you,
20 Representative.

21 Representative Gary Day.

22 REPRESENTATIVE DAY: Thank you, Mr.
23 Chairman.

24 Thank you, Mr. Secretary, for being here.

25 SECRETARY REDDING: Good to see you.

1 REPRESENTATIVE DAY: We've known each other
2 for quite a long time, and I appreciate your service to
3 the Commonwealth.

4 SECRETARY REDDING: You're welcome.

5 REPRESENTATIVE DAY: You know, I've tried to
6 edit down my comments a little bit. As the hearing went
7 on today, there were many things. And I know I'm going
8 to see you in the near future, and I want to touch base
9 with you about the crisis comment and maybe translate
10 and explain what about 112 Republican House members felt
11 probably on the Richter scale when you said that. And I
12 will talk to you about at a later date.

13 You know that 4-H funding leverages multiple
14 volunteer hours. It's quite different than the public
15 school system that has many full-time employees
16 delivering education to a vast wide range of people in
17 the Commonwealth of Pennsylvania. Many times, there's
18 one person per county in 4-H that we leverage with that
19 investment. The return on investment ratio is quite
20 different than that.

21 And, Mr. Secretary, I know you also know our
22 farming community. You know the one in my district, and
23 you know the one in many districts throughout the
24 Commonwealth as we've talked many times on agricultural
25 issues. You know who they are, and you know they're not

1 going to buy that, I'm for you, but I'm going to block
2 funding for you.

3 You know, you saw it at the Farm Show. I
4 was there with you. You felt it. You handled it in a
5 very professional manner. I admire your loyalty, but I
6 want to suggest that your loyalty, you know, to the
7 Governor, should include sharing that information,
8 institutional knowledge and knowledge of the farming
9 community with the Governor.

10 Explain to him what you know about the
11 community. Explain to him that these people are very
12 bright. Blue-lining funding, vetoing funding and then
13 saying, I support you, we know it's not going to fly
14 with them. Farmers and their families are too smart for
15 that political gambit.

16 So today, we heard the Governor and his
17 legislative supporters, you know, his advisors must be
18 telling him, you know, farming communities are mostly
19 represented by Republicans, so let's blue-line those
20 line items, create duress for their people, maybe it
21 will create enough stress, pressure, and then those
22 legislators will give me what I want, increased taxes.

23 What an awkward approach. I've been in the
24 public sector, the private sector. It's just not what
25 I've seen.

1 I've seen it one other time, back in 2009,
2 Governor Rendell -- and Secretary, you worked with
3 Governor Rendell, did very, very well for him as well.
4 He did that in 2009, a little bit different but a
5 similar approach. It was my first year, and I remember
6 thinking I didn't have the reaction that the Governor
7 and his team thought I would have. I had a different
8 reaction. I could sit here for as long as he wanted.

9 When he realized that, Governor Rendell
10 quickly tacked and changed positions. He changed the
11 direction and he never went that way again. This
12 Governor has a chance to do that because we've only gone
13 through one year, a couple months of his first term.
14 And I always try to give time to a first-year Governor.

15 So we've heard today the budget was out of
16 balance \$300 million, so we vetoed \$6 billion. The
17 Governor and these folks that want more taxes, more
18 spending, are willing to grab you as hostages and say,
19 until I get what I want, you don't get your money
20 either. How do you like that?

21 It's not a good democratic process. It's
22 actually -- that's what breaks the system. The
23 system -- hundreds of years ago, a bunch of people sat
24 down and said -- they were just like us. They know we
25 argue. They set up this system.

1 The system is we go through, we give State
2 Representatives a vote; we give Senators a vote. Two
3 different houses have to pass something, put it
4 together -- and that's hard to do -- and it goes to the
5 Governor. And the Governor puts his line out there, and
6 he either lets it go or he stands in the way of it.

7 What I would suggest, I don't like to just
8 point out the problem. I like to suggest that you take
9 this back to the Governor as well -- and I've said this
10 different ways to different secretaries -- piece
11 together last year's funding, let's put that together.
12 And then in June, on-time, in a finite amount of time --
13 don't say June doesn't matter.

14 In a finite amount of time, when everyone's
15 watching, let's all stand up and say what we're for.
16 You'll get some of our support. You don't think you
17 will, but you will. Pennsylvanians are reasonable. My
18 colleagues on both sides of the aisle are reasonable.

19 Make your pitch in a timely manner,
20 transparent to the people. That's what on-time means,
21 is that you don't stretch it out, hide it. When you
22 hear members talking today and you don't know what they
23 said after they said it, I don't like that. That's -- I
24 don't want to say deception on purpose, but it's
25 deceptive from my standpoint because they sit there and

1 say all these different things, but the facts of the
2 matter are, where is that?

3 I understand when they say musical chairs.
4 They don't want their funding item to be the one that
5 doesn't get a chair. And I understand that. Stand up.
6 Make the pitch within the system. You will get support.
7 If it's the right thing to do and if you pitch it in a
8 professional way and it's meant to be, you will get
9 support.

10 Mr. Secretary, my questions. Does the
11 Agriculture Extension Office offer -- you know, protect
12 the health, safety and welfare of Pennsylvanians?

13 SECRETARY REDDING: Yes.

14 REPRESENTATIVE DAY: How?

15 SECRETARY REDDING: That's probably another
16 hearing.

17 REPRESENTATIVE DAY: I would say 30 seconds
18 of basics of how --

19 SECRETARY REDDING: Yeah. Top line: food,
20 plant, animal, any one of those, they are, you know, a
21 key partner in protecting public health and safety.

22 REPRESENTATIVE DAY: One of the things that
23 we do is we make sure that any invasive insects or
24 viruses --

25 SECRETARY REDDING: Sure.

1 REPRESENTATIVE DAY: -- that we stop them
2 almost at the border. When they reach inside, we
3 contain them so they don't spread, decimate resources,
4 our food sources, and cause problems, economic problems,
5 job problems and health problems in Pennsylvania; is
6 that correct?

7 SECRETARY REDDING: Yes.

8 REPRESENTATIVE DAY: Do 4-H programs in
9 Pennsylvania teach and instruct our next generation of
10 farmers and non-farmers an understanding of the work
11 industry?

12 SECRETARY REDDING: Yes.

13 REPRESENTATIVE DAY: How do you feel about
14 the Governor leading the Commonwealth to severe ties
15 with Penn State?

16 SECRETARY REDDING: Well, first of all, the
17 Governor is meeting with the 4-H members as we speak.
18 He had a chance to talk to them directly about what he
19 is doing, what he believes in. So I'm anxious to hear
20 the outcome of that.

21 As I said at the outset, you know, this is
22 not a question of value. This is a question of process,
23 and it's important to connect the Land Grant to the Land
24 Scrip. They were that way by an act of this legislature
25 on April 1 of 1863. It's important to keep them

1 connected.

2 That's what we're talking about. And what
3 we have said, as an administration, is that they are
4 connected. You can't have a Penn State College of
5 Agriculture Science without a Penn State University as
6 your land grant university.

7 REPRESENTATIVE DAY: If that's the right
8 position to take, why not release the funding? Don't
9 make Penn State terminate all these people, don't -- and
10 then just make the argument, and I think rational, you
11 know, rational minds should probably prevail, if it's
12 just a budget line-item issue.

13 SECRETARY REDDING: Yeah, agreed. But
14 that's not how it was presented in December; right?

15 That's part of the challenge here. You had
16 one piece of it but not the second piece that funded the
17 nonpreferreds and the State-relateds. That's where the
18 funding comes from, the land grant university, for a
19 land grant.

20 REPRESENTATIVE DAY: My final question, or
21 final two questions. Another member asked me to ask one
22 for you as well.

23 If the '16-'17 budget doesn't meet with what
24 we send him, send the Governor, doesn't meet with his
25 expectations, do you expect that he'll make, the

1 Governor will make his cuts to agriculture permanent and
2 cut them again?

3 SECRETARY REDDING: For the '16-'17 budget?

4 REPRESENTATIVE DAY: Yeah, the next budget.
5 Yeah, for the one in June.

6 SECRETARY REDDING: No, I don't believe so.

7 REPRESENTATIVE DAY: Okay.

8 The final question is, have you requested
9 that the Governor fund Agriculture Extension or anything
10 to protect the health, safety and welfare of
11 Pennsylvanians?

12 SECRETARY REDDING: Absolutely. Yes.

13 REPRESENTATIVE DAY: Thank you for your
14 answers. I appreciate the direct answers.

15 And Mr. Chairman, both chairmen, I
16 appreciate your time.

17 SECRETARY REDDING: Thank you.

18 MAJORITY CHAIRMAN ADOLPH: Thank you,
19 Representative.

20 Representative Seth Grove.

21 REPRESENTATIVE GROVE: Thank you, Mr.
22 Chairman.

23 Secretary, good to see you.

24 SECRETARY REDDING: Good to see you. Thank
25 you.

1 REPRESENTATIVE GROVE: Long day?

2 SECRETARY REDDING: Not over yet.

3 REPRESENTATIVE GROVE: Not over yet. Fair.

4 Prior to the June 30th veto, did the
5 Governor call you about the effect of the full veto on
6 your budget and your agency and agriculture in general?

7 SECRETARY REDDING: Call, no; active
8 exchange with the Budget Secretary and office, yes.

9 REPRESENTATIVE GROVE: Okay.

10 How about for the December 29th partial veto
11 of the 2015-'16 enacted budget?

12 SECRETARY REDDING: Same.

13 REPRESENTATIVE GROVE: Same? How did those
14 conversations go?

15 SECRETARY REDDING: You don't want to know.

16 REPRESENTATIVE GROVE: Gotcha.

17 SECRETARY REDDING: I would just tell you
18 that, listen, this is important on agriculture, both as
19 a Department and as an industry. So the conversations
20 were one of extracting this point about the
21 it's-not-a-value statement, right, it's about
22 structurally, as the Governor pointed out, a math issue,
23 not one of whether it was support for agriculture or if
24 we found value in a particular line or not.

25 So I would just say a very personal

1 conversation to follow up with him, talking about needs,
2 talking about '16-'17 budget, much of what has been
3 noted here today in our testimony but also talking about
4 what else was needed, what the issues were. I mean,
5 this was a part of the conversation about what
6 implications would be. So just to say it was a very
7 active conversation and engaged conversation about what
8 was going to happen about the budget.

9 One of the interesting things, and again,
10 having the benefit of 20 years, it was a conversation
11 with the Governor about the budget needs of Pennsylvania
12 that had not occurred previously in my position as
13 Secretary or an executive deputy secretary with a
14 previous Governor. I value that.

15 I really value that engagement and
16 discussion with him about sort of what the needs are and
17 implications as well as sort of what future needs would
18 be for budgets.

19 REPRESENTATIVE GROVE: And I -- we've known
20 each other for a while.

21 SECRETARY REDDING: Yes.

22 REPRESENTATIVE GROVE: I know you know this
23 budget inside and out.

24 SECRETARY REDDING: Yes.

25 REPRESENTATIVE GROVE: I know for a fact you

1 knew every single line item. I'm not sure you probably
2 knew generally how long maybe Penn State had to fund
3 agriculture sciences, safety inspections, so forth. But
4 at this point, at this juncture, you know, Penn State
5 notified us that they are looking at laying off
6 individuals.

7 At what point did you realize that was going
8 to happen?

9 SECRETARY REDDING: Well, I think, again,
10 credit to the Dean for reaching out, you know, late into
11 the fall, winter -- early winter months. So pretty
12 active conversation with the Dean about what that was
13 going to look like, how it was tracking, what the
14 implications would be, you know, driven initially by
15 concerns about the Animal Health Commission funding and
16 our partnership with PADLS and, again, knowing that that
17 was really a critical function, where we share that
18 between the University of Pennsylvania, the Department
19 and Penn State.

20 And then, as we've progressed, I mean, since
21 that time in December, implications for the actual
22 Extension programming have been a pretty active
23 conversation with him.

24 REPRESENTATIVE GROVE: In your conversation
25 with the Budget Secretary and the Governor on these line

1 items, when it was brought up to him, the overall effect
2 of food safety, animal safety, what was the response in
3 those particular line items? Was it, we still need to
4 move forward? Should we take pause, not do this?

5 What was the conversation back and forth?

6 SECRETARY REDDING: Yeah. Well, the
7 conversation was first understanding the primary
8 responsibility for public health and safety is held by
9 the Department of Agriculture, not by Penn State
10 University, number one.

11 Two is, they clearly have a supporting role
12 there. And not to discount that, but when you look at
13 the statute and the responsibility, what happens, as
14 example, in the Bureau of Food Safety is very different
15 in our Department from that perspective than what Penn
16 State University would do. Education would be
17 important. Outreach would be important.

18 So in the conversation, was understanding
19 that the core functions of the Department were
20 protected, core public health and safety were protected.
21 And we knew that in the decision of the Land Scrip Fund,
22 that if the basis of that decision is it's connected to
23 Land Grant, we understood that; right, and we understood
24 that there was going to be some time here to work out
25 how to solve that, how to get the nonpreferreds and the

1 State-relateds funded.

2 REPRESENTATIVE GROVE: So the Governor's
3 decision to veto the agriculture line income came back
4 to Penn State's line item being not passed by the
5 General Assembly? Was that the threshold of his
6 decision to veto the agriculture lines?

7 SECRETARY REDDING: For the Land Scrip?

8 REPRESENTATIVE GROVE: Yeah.

9 SECRETARY REDDING: Yeah, connection between
10 the Land Scrip Fund and the land grant university and
11 not having the nonpreferreds and the State-relateds
12 funded.

13 REPRESENTATIVE GROVE: So because we didn't
14 get -- I mean, we attempted twice to get a two-thirds
15 vote to pass those nonpreferreds because the General
16 Assembly, in a bipartisan fashion -- it actually was the
17 House. The House literally did not have a two-thirds
18 vote, Republican, Democrats, to pass that. The Senate
19 did, sent it to us. They're both Senate bills.

20 So since we couldn't get a two-thirds vote,
21 bipartisan, for particularly, Penn State, the Governor
22 decided to veto those line items, at least the Land
23 Scrip portion within the agriculture.

24 SECRETARY REDDING: Yeah, again, the
25 connection between nonpreferred and State-related and

1 the connection to the Land Scrip was a straight-line
2 relationship.

3 REPRESENTATIVE GROVE: Okay. So if we put
4 those nonpreferreds up again for a third time, would the
5 administration assist us in doing a full-court press for
6 a two-thirds vote to get them to his desk so he can sign
7 them and then follow up with the agriculture lines?

8 SECRETARY REDDING: Listen, I shared with
9 you sort of how that was set up. I don't know, in terms
10 of the advocacy and, you know, how that would happen.
11 But that connection is clear between the Land Grant and
12 the Land Scrip.

13 REPRESENTATIVE GROVE: Can you have that
14 discussion with him --

15 SECRETARY REDDING: Sure. Yeah.

16 REPRESENTATIVE GROVE: -- and report back on
17 the conclusion of that? Because that'd be helpful.

18 SECRETARY REDDING: Okay.

19 REPRESENTATIVE GROVE: If it's a matter of
20 passing Penn State, I voted twice for it. I'm there,
21 more than happy to do that.

22 Recently in an article, you wrote --
23 Lancaster newspaper, you said, *Many of our lines have*
24 *been funded in recent years by another pool of money.*
25 *We believe that should continue because families simply*

1 *cannot afford to carry another \$15 million in additional*
2 *expenses.*

3 Now, within the Governor's '16-'17 budget,
4 he's asking for a retroactive income tax of 11 percent.
5 So those same families that can't afford \$15 million in
6 additional expenses, can pay taxes on money they already
7 were taxed on. Does that apply, that same thought
8 apply, to that retroactive income tax?

9 SECRETARY REDDING: Yeah, so for context on
10 my statement, that was specific to the lines that were
11 to be funded from the Race Horse Development Fund, which
12 include the Vet Lab, fairs and the Animal Health
13 Commission. That was negotiated to be funded out of the
14 Race Horse Development Fund, became sort of General Fund
15 as part of the budget that went to the Governor in
16 December.

17 That's the context from my statement, that
18 those -- that \$15 million was coming out of the Race
19 Horse Development Fund and shouldn't come from the
20 General Fund.

21 REPRESENTATIVE GROVE: So your argument is
22 that should come out of Race Horse Development Fund;
23 correct?

24 SECRETARY REDDING: Yes; correct.

25 REPRESENTATIVE GROVE: And not the General

1 Fund?

2 SECRETARY REDDING: As negotiated, yes.

3 REPRESENTATIVE GROVE: Okay. But still, the
4 same applies. I mean, \$15 million and billions of
5 taxes.

6 SECRETARY REDDING: Yeah, they're -- I'm not
7 sure the response -- again, this question was specific
8 to -- my statement was specific to what was agreed to
9 after months of negotiations.

10 REPRESENTATIVE GROVE: Okay.

11 SECRETARY REDDING: To have that switched
12 from Race Horse Development Fund as agreed --

13 REPRESENTATIVE GROVE: Okay.

14 SECRETARY REDDING: -- to a General Fund
15 expenditure, when the General Fund was already short,
16 wasn't the right way to fund those items. That's why
17 they were lined out.

18 REPRESENTATIVE GROVE: Okay.

19 As my colleague, Gary Day, before me, kind
20 of highlighted, the health, safety -- important, very
21 important work your Department does, very important line
22 items that fund our agriculture community.

23 Recently, the Office of General Counsel
24 wrote a nice brief to invoke the Supremacy Clause of the
25 U.S. Constitution that allows us -- that allows the

1 administration to ignore the State Constitution, then
2 had the Attorney General write a nice
3 get-out-of-jail-free letter so Corrections gets funded.

4 Will you be ask -- requesting the same line
5 of action to ensure your vetoed line items do get funded
6 moving forward?

7 SECRETARY REDDING: I'm not familiar with
8 that approach, Representative.

9 EXECUTIVE DEPUTY SECRETARY SMITH: Yeah, I
10 don't know the details of the brief you mentioned.

11 REPRESENTATIVE GROVE: It was all over the
12 press. It was a big, big Corrections budget hearing.

13 EXECUTIVE DEPUTY SECRETARY SMITH: Well, we
14 have a lot to deal with at the Department of Agriculture
15 on a daily basis.

16 REPRESENTATIVE GROVE: Corrections had a
17 partial veto. The Governor sent in a payment request to
18 Correction to get funded.

19 EXECUTIVE DEPUTY SECRETARY SMITH: I read
20 the media accounts; I didn't read the brief.

21 REPRESENTATIVE GROVE: OJC wrote this great,
22 great brief, highlighting the Supremacy Clause and the
23 issues related to health, safety, welfare.

24 EXECUTIVE DEPUTY SECRETARY SMITH: Again,
25 I'm familiar with the media accounts, not the legal

1 brief.

2 REPRESENTATIVE GROVE: All right. So if you
3 could, read through it.

4 EXECUTIVE DEPUTY SECRETARY SMITH: Sure.

5 REPRESENTATIVE GROVE: Let me know if you'll
6 be processing the same to get those payments out to make
7 sure Penn State doesn't close.

8 And, please, let us know your conversation
9 with the Governor about helping us get the two-thirds
10 vote needed to get Penn State's funding done, and then
11 we can close out obviously that juncture.

12 If that's his issue, you know -- and it's
13 problem solving, you know -- if that's the Governor's
14 crux of the issue for that being -- let's just fix it.
15 Let's link them together, get it passed, get it done, so
16 we can move on and make sure these nice people -- some
17 of them are still here -- get their funding.

18 So I appreciate it.

19 SECRETARY REDDING: Yep.

20 REPRESENTATIVE GROVE: Thank you again for
21 what you do.

22 Thank you, Mr. Chairman.

23 SECRETARY REDDING: Thank you.

24 MAJORITY CHAIRMAN ADOLPH: Thank you,
25 Representative.

1 Representative Schweyer.

2 REPRESENTATIVE SCHWEYER: Thank you, Mr.
3 Chairman.

4 And, Mr. Chairman, I know there's a terrible
5 joke to be had here about beating dead horses at the
6 agriculture hearing, although I'm not going to profess
7 to be funny enough to be able to make that joke. So
8 that's how I made the joke by not making the joke.
9 Anyway, I apologize.

10 So, Mr. Secretary, thank you for being here
11 and trying to enlighten us on everything from budget
12 process to civics to overall government strategy to
13 inspections in hemp and literally everything in between.
14 So congratulations on your breadth of knowledge and
15 understanding of State government.

16 I am just merely a freshman, so I'm still
17 trying to figure this stuff out. But -- and not only am
18 I a freshman, sir, my legislative district, the biggest
19 farm in my district is the garden that my mom has in her
20 backyard.

21 I represent about six square miles of
22 Paradise in the city of Allentown. I do not have a Farm
23 Bureau. I do have a Lehigh County Farm Bureau, which
24 randomly, I'm a member of, but I have no 4-H club in the
25 city of Allentown.

1 There is a farmer's market; not in my
2 district. There is an agricultural show; not in my
3 district. I have no farms in my district. The only
4 time we see a cow is when somebody is driving by on I-78
5 with one. So, please, forgive me for my complete and
6 total lack of understanding and knowledge of the
7 agriculture industry, beyond being a consumer of food.

8 And what I want to talk about a little bit
9 is sort of changing subjects and talking about future
10 farmers and educating and the next generation of
11 agricultural professionals. You know, often, you will
12 hear -- it is not unheard of, I should say, for a kid
13 from a rural part of the Commonwealth or, you know, a
14 sparsely-populated suburban part of the Commonwealth to
15 grow up to want to be a cop, right, or to be a
16 firefighter, want to come back into the city and be part
17 and parcel of sort of even that urban life or at least
18 just be, you know, working for a major industry that's
19 in the city.

20 I never hear a kid from Allentown say, I
21 want to grow up to be a farmer. So how can I get a kid
22 from inner-city Allentown, many of whom are
23 English-as-a-Second-Language learners, to ever think
24 about being a farmer anywhere in the Commonwealth of
25 Pennsylvania?

1 SECRETARY REDDING: That is a great
2 question, right, because they should be --

3 REPRESENTATIVE SCHWEYER: Not bad for a
4 freshman. Thank you.

5 SECRETARY REDDING: Well, no, listen, you
6 eat. You have food. Your mother has a garden. You're
7 watching what's going on in the community.

8 It's one of the questions that we have spent
9 a lot of time in the Department actually thinking about.
10 When you look at our budget, you'll never see the word,
11 sort of, "labor" or "workforce." We have intentionally
12 sort of brought that forward and have it as part of our
13 work today. What does the future workforce of
14 agriculture look like?

15 And how does somebody who is not fortunate
16 enough to be in a school with an agricultural science
17 program -- we have 150 in the State -- obviously more
18 schools than districts. How does somebody who has a
19 real, even interest in food and the environment and in
20 business and, you know, the outdoors, I mean, where do
21 they sort of intersect with potential of food being a
22 meaningful career and a career pathway?

23 The reality is, it's very difficult. Maybe
24 they see it in the biology class. Maybe they see it in
25 the lunch line. Maybe they bump into their freshman

1 Representative who says, have you considered -- but it's
2 one of the great questions we have because when you look
3 at the future workforce, there's a real need for folks
4 to step in as farmers, as food scientists, as engineers,
5 as conservation technicians.

6 So it's the reason we've put a special
7 emphasis on the workforce development in the Department
8 of Agriculture working with our State Workforce
9 Development Board, the first time in 40 years that we
10 actually have members of agriculture in the agro
11 business community on the State Workforce Development
12 Board, which is really defining what does the future
13 look like; right?

14 REPRESENTATIVE SCHWEYER: Yeah, that's
15 great.

16 SECRETARY REDDING: So the first time in 40
17 years. Never had it. The Governor put them on; no
18 question. Understood the connection between food
19 production and the need for that workforce; putting a
20 lot of emphasis through the Department of Education,
21 Secretary Rivera on agriculture education and raising
22 those standards; looking at new programs around the
23 State; working on an apprenticeship programs with the
24 agro business industry to train mentor; you know,
25 looking at the drivers.

1 I mean, just simple demand for food and food
2 production and processing there; 75,000 jobs in the next
3 10 years in Pennsylvania alone. Where do they come
4 from?

5 We hope they come out of those, you know,
6 districts where somebody just says, I have an interest
7 in food and want to know how to produce it and process
8 it and all of the related jobs.

9 So a long answer, but one where we think
10 that is the central question of agriculture and why we
11 can talk about a lot of things. I mean, having a real
12 focus on what we do on workforce, what we do with the
13 next generation of that workforce is really an important
14 part of our job and one that takes us into DCED, to
15 Labor & Industry, to Education to solve it.

16 REPRESENTATIVE SCHWEYER: Well, I appreciate
17 hearing that. And I certainly invite you and anybody
18 from your Department to come down to Lehigh County, city
19 of Allentown specifically, and work with our Workforce
20 Investment Board, and I mean that in all sincerity.

21 SECRETARY REDDING: Yeah.

22 REPRESENTATIVE SCHWEYER: Now, if I'm having
23 a conversation -- hypothetical conversation with this
24 student, I should probably talk about taking classes in
25 what, biology? That you would typically get in high

1 school -- biology, math, sciences, those sorts of
2 things?

3 SECRETARY REDDING: Yeah, I mean, it's going
4 to be the STEM field.

5 REPRESENTATIVE SCHWEYER: Okay.

6 SECRETARY REDDING: You know, that's
7 certainly where you want to start and talk about
8 agriculture as, you know, an important job, certain
9 skills and competencies.

10 We have been fortunate to work with IU-13,
11 which is Lebanon and Lancaster, over the last year. And
12 it's really fascinating what they've done. I mean,
13 they're the only IU in Pennsylvania, to our knowledge,
14 that is using agriculture to teach science. And they've
15 done that across the high school. They're doing it in
16 the middle school and really working their way, you
17 know, through the school system and making sure every
18 science teacher understands agriculture and its
19 connection.

20 And it's been a fascinating journey for
21 them, and I think really opens up some possibilities for
22 us at the State as well.

23 REPRESENTATIVE SCHWEYER: Very good. And I
24 appreciate that.

25 And again, any resources that you may have

1 that we can drive into my school district, I only
2 represent one, to try to educate and enlighten the
3 students as to the jobs that are available to them
4 outside of what they normally see on a day-to-day basis.

5 Now, my last question, and it's my turn to
6 ask a rhetorical one, how am I supposed to tell my kids
7 to get a job in agriculture, when I've lost 400
8 teachers -- one quarter of my workforce -- and my school
9 district is going to be closing sometime between April
10 and May?

11 Thank you, sir.

12 Thank you, Mr. Chairman.

13 MAJORITY CHAIRMAN ADOLPH: Thank you,
14 Representative.

15 I've been informed that Representative Day
16 has one quick question or comment.

17 REPRESENTATIVE DAY: I just wanted to add to
18 my colleague from Allentown, that I'd be glad to work
19 with him, with the folks from 4-H. I think there would
20 be great opportunities within Lehigh County to bring
21 some of the programs to the, you know, your constituents
22 that are children.

23 Thank you.

24 REPRESENTATIVE SCHWEYER: I'd love to work
25 with you, sir. Thank you.

1 MAJORITY CHAIRMAN ADOLPH: Thank you,
2 Representatives.

3 Mr. Secretary, Deputy Secretary, thank you
4 so much for your professionalism today in answering all
5 of the questions in depth. I understand it is tough
6 times, unchartered waters, really for all of us, and
7 that's unfortunate. Looking forward to working with you
8 and hope some of these issues get solved real fast.

9 Thank you.

10 And for the members' information, we're
11 going to reconvene with the Department of General
12 Services in about 10 minutes.

13 Thank you.

14 SECRETARY REDDING: Mr. Chairman, thank you.

15 EXECUTIVE DEPUTY SECRETARY SMITH: Thank
16 you.

17 (Whereupon, the hearing concluded at 4:06
18 p.m.)

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C E R T I F I C A T E

I hereby certify that the proceedings and evidence are contained fully and accurately in the notes taken by me on the within proceedings and that this is a correct transcript of the same.

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