



**Testimony of Agriculture Secretary Russell C. Redding
Pennsylvania House Appropriations Committee
Governor Wolf's Fiscal Year 2016-17 Executive Budget Proposal**

March 9, 2016

Chairman Adolph, Chairman Markosek, and members of the Committee, it is good to be with you today, and thank you for the invitation to discuss Governor Wolf's executive budget proposal for fiscal year 2016-2017 as it applies to the Pennsylvania Department of Agriculture.

There is a great deal to tout in this proposal, not the least of which is the historic level of funding the Governor has recommended to fulfill the department's core mission of protecting animal health, protecting consumers, protecting the industry and businesses that employ about half a million workers and contribute an estimated \$75 billion to our economy, and—of course—safeguarding the food we all enjoy. There is new funding proposed specifically for highly pathogenic avian influenza. There is additional funding for our partners at Penn State's College of Agricultural Sciences and Cooperative Extension. There is funding to upgrade the department's information technology systems that will allow us to operate more efficiently and save millions of dollars. And there is additional funding available to help people at risk of hunger while helping our agricultural producers at the same time.

The Governor in his budget address conveyed the choice we have before us – one of two paths. Down one road, we have the opportunity to do the things the public expects of us – to give them a government that works. Down the other lies more cuts, fewer personnel to protect the public's interests, fewer resources to grow a critically and strategically important industry, and the risk that the food that we eat may be compromised. I, for one, prefer the former and find the latter to be entirely unacceptable.

Please consider for a moment the environment in which we now operate. Over the past eight years, we have lost more than 15 percent of our total complement. That is the equivalent of 108 positions. In that time, and despite having fewer employees, our agency-wide personnel costs have increased 29 percent. Our workload has also increased in a number of areas. The number of retail food facilities our Bureau of Food Safety must inspect has increased by 1,556 establishments, or 3.4 percent, as 27 municipalities have relinquished the responsibility for these inspections. Since 2008, nine counties and one city have abandoned their weights and measures programs, giving our Bureau of Rides and Measurement Standards the responsibility for conducting at least another 22,000 inspections. The transfer of these responsibilities is the equivalent of six and eight full-time inspector positions, respectively, yet there have been no commensurate increases in complement.

We have tried to innovate in order to meet the additional responsibilities placed on us, but these trends are likely to continue, challenging our ability to meet the task before us. These and other challenges underscore the need for additional revenues to meet our core mission.

Governor Wolf's budget proposal for fiscal year 2016-17 puts us in a good position to fulfill our obligations by investing in the personnel and technology needed to do the job. The Governor has proposed a General Government Operations appropriation of more than \$36.03 million. When enacted, this level of funding will represent a record appropriation for the Department of Agriculture. It would include the \$2.1 million we need to carry our existing complement – avoiding the need for any further personnel cuts. It would give the department \$2 million to continue our ongoing information technology modernization efforts, which already have saved the department nearly \$300,000 after just one year. And it would dedicate another \$3.5 million to planning and response work for highly pathogenic avian influenza (HPAI) – a

disease that represents a significant threat to Pennsylvania's \$13 billion poultry industry and the more than 53,000 jobs it supports.

Before I address other aspects of the Governor's budget proposal for our department, allow me to elaborate on our HPAI preparedness efforts. In July, recognizing the critical need for funding, the Governor identified and placed into budgetary reserve \$3.5 million, of which \$3.3 million remains available to the department. Through our judicious management of these precious resources, the only expenses billed against these reserve dollars have been for a foam-dispensing unit that will be used for depopulating certain flocks and for needed laboratory supplies, IT resources, and personal protective equipment.

These dedicated reserve dollars give Pennsylvania the needed financial resources to mount an effective initial response to any confirmed case of HPAI within the commonwealth until federal resources and funding are deployed to the state, which will take place shortly after a flock is confirmed positive. Furthermore, these dollars have allowed our planning work to continue unabated in Pennsylvania. Since July, we have hired additional personnel to meet our veterinary medicine and diagnostic testing obligations. We have identified existing personnel outside of the Bureau of Animal Health who may be called on to help with canvassing and surveillance activities following a positive flock confirmation. We have reached out to stakeholders in the poultry and other industries to inventory what resources are available for use in the event of an outbreak, and we have worked with poultry producers to develop biosecurity plans. We have convened stakeholders from multiple agencies and across multiple levels of government for tabletop exercises to test the department's planning work, and we have held multiple briefings with members of the General Assembly and the public. We have supported the acquisition of new testing equipment at the University of Pennsylvania's New Bolton Center – an important partner in the Commonwealth's tripartite Pennsylvania Animal Diagnostic

Laboratory System. And we have published in the *PA Bulletin* two interstate quarantine orders that are designed to keep Pennsylvania's poultry production safe.

Let me assure you that we are prepared for HPAI should it be found inside of Pennsylvania's borders. I am proud of Pennsylvania's extraordinary efforts to plan for and respond to HPAI.

Aside from the resources available this fiscal year and what Governor Wolf has proposed for next fiscal year, the FY 16-17 budget proposal also includes funding for our agriculture and animal health partners. The Governor has proposed a 5 percent increase, or an additional \$2.4 million, for the Agricultural College Land Scrip Fund. This line item directly supports the Penn State College of Agricultural Sciences and its Cooperative Extension Service. The budget proposal also includes level funding for our partners at the University of Pennsylvania's School of Veterinary Medicine, as well as for the two line items that support the three laboratories that constitute the Pennsylvania Animal Diagnostic Laboratory System.

With these proposed appropriations, the Governor has offered the resources we need to protect animal agriculture in this commonwealth, which means a safer food supply. He has also proposed additional funding to ensure more people have access to that food supply and reduces the risk of hunger. For the second straight year, the Governor has proposed more than \$20 million for the State Food Purchase Line item. This level of funding represents a \$2 million increase over what is available through Act 10-A and a \$3 million increase over what had been enacted previously. These additional dollars will allow us to continue implementation of the Pennsylvania Agricultural Surplus System, or PASS. Although PASS was signed into law in 2010, it was never funded. PASS offers the commonwealth the opportunity to create new markets for Pennsylvania's producers by providing them with an outlet for surplus products that also addresses the food insecurity risks facing too many of our citizens. We appreciate those

dollars already appropriated this year for PASS, and we ask that you adopt the Governor's proposal so that we can do more good work for producers on the farm and for those less fortunate among us.

These are just a few of the highlights found within the department's budget presentation, but before I conclude, I also want to point out aspects of other departments' budget proposals that are incredibly important to the future of our industry, particularly as they relate to education and workforce development and economic development.

As you know, the department has launched a workforce development initiative under Governor Wolf designed to ensure a ready supply of skilled workers to meet the demands of our agriculture and food industries for decades to come. Indeed, the need is real. Based on our research, over the next decade, there will be more than 75,000 job vacancies in the "food and fiber" industries, yet we lack the pipeline of workers to fill these gaps. We need to change that by building pathways that translate training in the classroom to enduring careers in family-sustaining jobs.

Aside from a \$200 million increase in basic education funding under the Department of Education, the Department of Labor and Industry's (L&I) budget proposal gives us the tools to do this. The Governor has proposed for L&I a \$5.8 million increase to the first-of-its-kind Industry Partnerships Program. The program enables companies in the same industry group or cluster to identify their common skill needs and develop training programs to meet those needs. With the Governor's proposed \$11.6 million appropriation, the program will help workers earn industry-recognized credentials and have the skills for success, while also ensuring businesses have the workforce to compete. In 2015, Industry Partnerships held more than 2,800 trainings. Over the years, a number of agriculture- and food-related organizations used this program to better our workforce. Industry Partnership funds have helped the Chester County Economic

Development Council train more than 2,000 workers from more than 943 companies. The predecessor to the Lancaster County Agriculture Council trained hundreds of farm employees from at least 13 counties across the state on a variety of issues, and the Food Manufacturers Consortium of South Central Pennsylvania has trained more than 700 workers. In each of these examples, participating employees received training that provides them with an industry-recognized certificate distinguishing their advanced skills from others in the workforce, enabling them to improve performance and better compete for job opportunities. Additionally, L&I's budget also includes \$15 million more for career and technical education programs, along with \$5 million for these programs to upgrade the equipment and technology they use for student instruction.

Expanding Pennsylvania's workforce training opportunities and expanding the agriculture industry are also part of the Governor's proposed \$11 million increase to the PA First program under the Department of Community and Economic Development. PA First is a comprehensive funding tool used to spur private capital investment, create jobs, and develop critical infrastructure and workforce training programs. At the proposed appropriation of \$45 million, PA First would create at least 11,000 jobs, retain 40,000 jobs, and leverage \$1.9 billion in private sector investment. Part of the Governor's proposal for this year includes support for Workforce and Economic Development Network of Pennsylvania (WEDnetPA), a critical employee training program available to Pennsylvania's employers.

Pennsylvania's agriculture and food industries and the people they employ have directly benefitted from this program. One example can be found in York County. In June, Apio, Inc., a specialty food processor, was awarded a \$512,000 grant from PA First and a \$133,200 grant from WEDnetPA to expand its manufacturing and distribution plant in Penn Township. The project will create 256 jobs over the next three years and retain another 40 positions.

Funding for programs such as PA First illustrates the opportunities we can realize to attract private investment capital in Pennsylvania. Apio, for example, intends to invest more than \$21 million in its expansion project. As my colleague, Secretary Davin noted in announcing the Apio project, this company could have expanded elsewhere, but instead, because we had the resources to invest in our economy, the firm decided to stay and expand in Pennsylvania, keeping and adding more jobs here for our people.

These proposed appropriations in other agencies' budgets are vitally and strategically important for agriculture's future and for this commonwealth's ability to grow and produce the food that sustains us all.

As I said at the outset of my testimony, we are now confronted with two possible paths. The highlights I have offered here represent the preferred path for Pennsylvania – one through which we invest in our state, in our people, in our economy, and in our future. We can choose to do these things, and we can choose to fund our schools, eliminate our deficit, and put Pennsylvania on a course for a prosperous future. Or we can go down the path of the status quo where the \$2 billion deficit we face continues to grow, schools continue to be underfunded, property taxes continue to increase, and we continue to undermine our chances for a more prosperous economy. I, for one, certainly hope we chose the preferred path. Pennsylvanians deserve the chance for a brighter future, and with the resources Governor Wolf has proposed for agriculture, our industry is certainly well positioned to do its part in making that happen.

Chairman Adolph, Chairman Markosek, and members of the Committee, again, I thank you for the opportunity to be with you today, and I welcome any questions you have for me.