



**Testimony before the House and Senate Agriculture and Rural Affairs Committees
Agriculture Secretary Russell C. Redding
Wednesday, March 20, 2019**

I am pleased to have the opportunity to speak to you today about the Pennsylvania Farm Bill proposal, which encompasses the story of Pennsylvania agriculture, the people and products behind it, and the work that our Department does each day to support it. As you've undoubtedly heard me say many times before, agriculture is essential to the long-term health and vitality of our commonwealth—from a preserved farm in Bucks County to an urban agriculture plot in Pittsburgh, and everything in between. It is critical that we continue to make strategic, targeted investments in an industry that is so far-reaching and important to the lives and livelihoods of all Pennsylvanians.

Certainly, we know that agriculture is unique in its ability to provide a healthy return on those investments. This industry—with its \$135.7 billion economic impact and 580,000 jobs—is not simply driven by results, but also by the passion of those for whom this is their business and way of life. Each sector contributes, and each year provides a new opportunity for growth. Farmers create new wealth with the dawning of each production season. That wealth is built upon as value is added through a robust food and beverage processing sector. The investments we make today are down payments on a stronger, more dynamic economy tomorrow.

We plan to make those investments through a bipartisan, bicameral legislative effort called the Pennsylvania Farm Bill, a plan that I am proud to say looks like Pennsylvania. Both rural and urban, young and old, plant and animal, conventional and organic, farmer and consumer, this PA Farm Bill is for all Pennsylvanians. In total, it proposes more than \$24 million in investments in the people and infrastructure of agriculture, including farm land.

I have been in and around the Department of Agriculture for much of my career – indeed, most of my life. I have never been so excited about a proposal and what it means for Pennsylvania's farmers, processors, and consumers. It addresses several of the recommendations in the economic impact assessment we released with Team PA last year, and it builds on investments previously proposed by Governor Wolf and made by the General Assembly. It honors the achievements of our past by restoring several popular and successful programs, and protects our future by creating new responses to complex challenges. This proposal signals a clear commitment to growing Pennsylvania agriculture's prominence in the region, our reputation in the nation, and our presence in world markets.

The plan offers a renewed commitment to the entrepreneurial spirit of farmers by providing them with increased and improved access to critical planning services. A recent Center for Dairy Excellence survey found that less than 20 percent of dairy farmers have business plans, while the Bureau of Farmland Preservation estimates that less than 50 percent of preserved farms have a succession plan to ensure transition to the next generation. Business planning and support services are essential to the future success of the industry. The new Agricultural Business Development Center proposed in the PA Farm Bill will provide a portal for any interested farmer



or prospective farmer to be connected with the best public and private sector resources to evaluate current operations and plan for the future. We have seen the success of this model with the Center for Dairy Excellence's transformation grants, which connect dairy farmers with experienced consultants to navigate difficult transition decisions and exciting future opportunities. It is critical that we do more than just preserve the land: we must also provide every available resource to the farmers stewarding this private and public investment. We will leverage existing private sector planning resources by providing farmers grants for business planning services, while completing an inventory to determine additional needs and investments. Every farmer in Pennsylvania should have the option and support to create a business plan, make decisions about transition or diversification, and secure their futures through succession planning. These are key investments in the future of Pennsylvania agriculture. With so many independent business owners in agriculture reaching retirement age, it is critical that the path to succession be as smooth as possible and that outreach to new and beginning farmers happens early and often.

This is especially true for the more than 5,400 farms that have committed to preserving their land in agriculture in perpetuity through the Farmland Preservation program, now in its 30th year. The program's dual goals are to protect prime farm land from development pressure and improve land access for beginning farmers by allowing the land to be sold at its farm value. The first objective has been realized with more than 550,000 acres in the program, but the second objective has proven more challenging in recent years. Land prices in some parts of Pennsylvania have increased to the point that there is little benefit for a beginning farmer to look for a preserved farm when he or she is ready to buy land. To improve our ability to meet this second objective, Governor Wolf has proposed extending the waiver of realty transfer taxes for the sale of a preserved farm to a qualified beginning farmer.

Last year, much of our conversations focused on the dairy industry. Farmers' milk prices are projected to be slightly higher this year than last, but dairy remains an area of concern and focus for the governor and for the Departments of Agriculture and Community and Economic Development (DCED). The first two rounds of Dairy Investment Program funds are scheduled to be awarded next week at the Commonwealth Financing Authority (CFA) meeting. Proposals from over 20 counties have been submitted, in addition to several with statewide reach. We are impressed by the quality of the applications and the entrepreneurship shown by our dairy industry. The majority of applications received to date have been for value-added processing, both on the farm and large-scale, showing the industry's ingenuity, perseverance, and faith in the future.

The PA Farm Bill proposes an additional \$5 million for Dairy Investment Program grants for value-added processing, research and development, organic transition assistance, and marketing and promotion. This funding is critical to provide farmers and processors with incentives to diversify and increase our processing capacity so that we can rebuild and recreate the market and become more competitive. It is difficult to understate the importance of the CFA meeting next week and approving the first two rounds of grants. Business owners are waiting to begin projects that will positively impact their own operations and those of countless other dairy farmers around the state.



In recognition of the importance of animal agriculture in Pennsylvania, the PA Farm Bill proposes resources for a new center of excellence to support both established and emerging sectors such as swine, poultry, sheep, and goats. Using the successful models for dairy and beef, the Center for Animal Agriculture Excellence will address contemporary issues such as expanding processing capacity throughout the state, providing technical assistance and resources for biosecurity and food safety compliance, growing domestic supplies of organic grains, and assisting the industry with establishing hemp as an approved animal feed.

This year, in addition to dairy, our areas of focus include organic production and processing and realizing the market potential of some new “old” crops that offer farmers a chance to diversify their operations and improve profitability.

Pennsylvania farmers have been transitioning to organic production without state government incentives. In fact, we are ranked second only to California in the value of farmers’ organic sales. However, increases in our supply have not kept pace with increases in demand for organic foods by consumers.

A study conducted by USDA’s National Agricultural Statistics Service released in September 2017 counted 803 Pennsylvania farms with organic certification. Today, more than 1,500 Pennsylvania entities are listed in USDA’s database of certified organic operations, which includes both farms and processing facilities. We believe there are approximately 1,000 farms with organic certification today, and more that follow organic production requirements but stop short of pursuing the independent third-party audit required for USDA certification. The PA Farm Bill supports this growth through voluntary transition under a Pennsylvania organic program that compliments our PA Preferred brand and further differentiates our products in a global marketplace. PA Preferred Organic will not replace PA Preferred, the signature brand of Pennsylvania. Instead, it expands upon this brand and provides another opportunity for interested producers and processors.

The existing PA Preferred program will also be enhanced by the PA Farm Bill through additional investments to expand marketing and outreach, including through the veteran-farmer Homegrown by Heroes program. Every farmer, regardless of production method, will receive additional marketing support through the PA Farm Bill.

There are many ways that farms can distinguish themselves in the marketplace, and the PA Farm Bill will foster opportunity and growth across all production methods. Some options include diversifying into new or re-emerging areas, including hemp and hops. Both crops were prevalent across Pennsylvania in the past, but previous generations’ expertise is now long gone. After two years of research in hemp production, Pennsylvania has redeveloped some capacity to work with farmers interested in trying to grow hemp. Through the PA Farm Bill’s Agricultural Business Development Center, the Department will be able to help interested farmers find the guidance they need through planning grants for private sector consultants.



Similarly, as Pennsylvania's craft brewery industry continues to escalate following the liquor code modernization in Act 39 of 2016, the potential for Pennsylvania-grown hops to affect the flavors of local brews is great, and can unleash even more variety for consumers to enjoy. These grants could be used to secure business planning services, succession planning, marketing planning, help with forming cooperatives, public and private sector financing options, and more, with the flexibility to choose from a variety of providers.

Conservation and stewardship remain hallmarks of Pennsylvania agriculture. Our farmers are important stewards of the land, air, and water that they rely on for their livelihoods and protect for our collective future. The PA Farm Bill proposes resources in the form of loans, grants, and tax credits to assist farmers to fund and install conservation practices. The proposal re-funds the Agriculture Linked Investment Program, a low-interest financing option allowing farmers to borrow funds needed for implementing their conservation plans. The PA Farm Bill would also increase the lending limit from \$75,000 to \$250,000 in recognition of the reality farmers face in helping Pennsylvania meet its goals under the federal Phase 3 Watershed Implementation Plan for improving the health of Pennsylvania's waterways and the Chesapeake Bay. The PA Farm Bill also proposes increasing the popular Resource Enhancement And Conservation (REAP) tax credit program by \$3 million and raising the cap from \$150,000 to \$250,000, as well as offering new Conservation Excellence grants for financial and technical assistance.

To ensure that future generations of farmers and educated consumers learn of career opportunities in agriculture, the PA Farm Bill also proposes restoring funds to the Agriculture and Rural Youth grants program. This popular program was used in the past to help high school FFA chapters and 4-H clubs build greenhouses and other facilities to further their studies. Now it will be re-focused on workforce development to increase exposure to the many career opportunities in agriculture, from STEM to technical careers. The PA Farm Bill also creates the Pennsylvania Farm to School Grant Program to help pre-K through fifth grade students learn about the important connections among agriculture, food, and nutrition. These grant programs will teach students about career opportunities while also educating future consumers about Pennsylvania's abundant and diverse supply of safe, healthy foods.

Another way that the PA Farm Bill cultivates agriculture in every corner of the commonwealth is through new funding for urban agriculture. Last year, Governor Wolf declared the first-ever Pennsylvania Urban Agriculture Week. I visited urban farms in Philadelphia, Pittsburgh, and Altoona and was reminded again of the power of agriculture to heal, connect, and bring communities together. This proposed investment will expand agriculture infrastructure in urban areas, making resources available for the first time to support the community and economic development already happening.

Over the past four years, I've provided regular updates about looming threats, whether Highly Pathogenic Avian Influenza (HPAI) or the Spotted Lanternfly. The administration, legislature, private sector, and the federal government have worked together to prepare for the threat of HPAI by working with industry on farm biosecurity plans, disease diagnostics through the Pennsylvania Animal Diagnostic Laboratory System (PADLS), setting aside response funds, hosting drills and response exercises, and remaining vigilant. The same collaborative approach



has been activated for the Spotted Lanternfly, a destructive invasive insect that targets agricultural commodities like grapes and hardwoods. We have learned important lessons in the fight against the Spotted Lanternfly since its arrival in Berks County in 2014. The most important of these is the need for dedicated funds to quickly respond to an incident like the arrival of the Spotted Lanternfly. I believe that if the department had been able to access flexible funding to attack new and emerging threats like the Spotted Lanternfly in 2014, we would be in a much different place today.

The PA Farm Bill dedicates critical funding that is flexible enough to respond to the next regulatory emergency, whether in animal health, plant health, or human health from foodborne illness. The proposal includes funding to continue the fight against the Spotted Lanternfly, along with \$2 million in new resources available to help neutralize the next threat. A portion of this readiness funding would be used each year in training and exercises for our staff, the state and county animal response teams, and for other necessary materials like Personal Protective Equipment, which has a limited shelf life. The creation of a Rapid Response Disaster Readiness appropriation is an essential investment to protect and secure our food supply, as well as our ability to conduct inter-state and international trade.

Finally, I would be remiss if I didn't close by applauding the accomplishments of the department's team of dedicated public servants. We continue to do more with less, and I know that is due to the enthusiasm, commitment, and skill of our employees. For many of them, agriculture is not just a job, but an important part of their lives. Thank you to the members of these committees for the faith you have shown in the Department of Agriculture over the years. Now more than ever, we need the General Assembly's help to enact our strategic mission and reach our goals. We hope we can soon begin administering the Pennsylvania Farm Bill upon passage by this legislature.

I would be happy to address any questions from the committees at this time.

Thank you.



PENNSYLVANIA FARM BILL

As the agriculture industry grows and changes, we must support the industry in new ways to ensure its future success. The **Pennsylvania Farm Bill** invests more than \$24 million in Pennsylvania's agriculture industry to grow opportunities and resources, remove barriers to entry, and cultivate future generations of leaders within agriculture. The plan includes:

1. Agricultural Business Development and Succession Planning

- **Pennsylvania Agricultural Business Development Center**, funded at **\$2 million**, to serve as a resource to help every farmer create a business plan, transition plan, or succession plan to ensure the best chance of success.
- **Realty Transfer Tax Exemption** for any transfer of preserved farmland to a qualified beginning farmer.

2. Creating more processing capabilities to accommodate a growing animal agriculture sector

- **Pennsylvania Dairy Investment Program**, funded at **\$5 million**, to fund research and development, organic transition assistance, value-added processing, and marketing grants in support of Pennsylvania's dairy industry.
- **Center for Animal Agriculture Excellence**, funded at **\$1 million**, to support the animal agriculture industry by expanding processing capacity, technical assistance, providing resources for food safety compliance, and assisting with the establishment of hemp as an approved animal feed.
- **Incentivizing Access to Meat Processing Inspections**, funded at **\$500,000**, to encourage access to new and expanded markets for small or new producers by reimbursing federal meat inspection costs and subsidizing the first-time purchase of equipment needed for federal compliance.

3. Removing regulatory burdens and strengthening the state's business climate

- **Conservation Excellence Grant Program**, funded at **\$2.5 million**, to provide financial and technical assistance to farmers to install and implement best management practices.

- **Agriculture Linked Investment Program**, funded at **\$500,000**, to re-establish this low interest loan program for the implementation of best management practices.
- **Resource Enhancement and Protection Tax Credits**, expanded by **\$3 million**, to increase the lifetime cap and increase availability.
- To ensure that farmers are better able to transport agricultural products or supplies, the Farm Bill proposes to **expand the allowable width for the use of implements of husbandry on roads**, such as farm tractors and combines, from 16 feet to 18 feet.
- To enhance diversification or transition to other ag operations for preserved farms where the original operation is no longer feasible, the Farm Bill proposes to amend the **Ag Area Security Act** to allow for subdivision of preserved farms.
- Repeal unnecessary audit provisions from the Cooperative Agricultural Association Law that currently require agricultural cooperatives to provide certified financial audits to the department, removing an antiquated burden for existing cooperatives and a barrier for new cooperatives.

4. Strengthening Pennsylvania's workforce to ensure the next generation is prepared to lead

- **Agriculture and Rural Youth Organization Grant Program**, funded at **\$500,000**, to reestablish this program to fund agricultural and rural youth organizations to help increase knowledge and awareness of agricultural issues within the commonwealth.
- **The PA Farm to School Grant Program**, funded at **\$500,000**, to improve childhood nutrition while increasing exposure to agriculture.

5. Protecting agriculture infrastructure

- **PA Rapid Response Disaster Readiness Account**, funded at **\$5 million**, to allow for a quick response to agricultural disasters, including utilizing animal or plant health officials to contain an outbreak or threat, such as Spotted Lanternfly or Avian Influenza; or providing an immediate response to a foodborne illness.

6. Increasing Market Opportunities and Making Pennsylvania the Nation's Leading Organic State

- **PA Preferred Organic Initiative**, funded at **\$1.6 million**, to make PA the nation's leading organic state by further enhancing the growth of the organic industry.
- **PA Preferred Program**, funded at an additional **\$1 million**, to support the program and to bolster enrollment in Homegrown by Heroes.
- **State-level Specialty Crop Block Grant Program**, funded at **\$500,000**, to invest in and encourage farming of high-priority horticultural crops like hemp, hops, and hardwoods.
- **Urban Agriculture**, funded at **\$500,000**, to improve agriculture infrastructure in urban areas, the aggregation of product, sharing of resources, and support for community development efforts.

The **Pennsylvania Farm Bill** invests more than \$24 million in Pennsylvania's agriculture industry to grow opportunities and resources, remove barriers to entry, and cultivate future generations of leaders within agriculture. The plan includes:

1. **Agricultural Business Development and Succession Planning**

- **Pennsylvania Agricultural Business Development Center**, funded at **\$2 million**, to serve as a resource to help every farmer create a business plan, transition plan, or succession plan to ensure the best chance of success. – Funded under the "Ag Business and Workforce Investment" line item
- **Realty Transfer Tax Exemption** for any transfer of preserved farmland to a qualified beginning farmer.

2. **Creating more processing capabilities to accommodate a growing animal agriculture sector**

- **Pennsylvania Dairy Investment Program**, funded at **\$5 million**, to fund research and development, organic transition assistance, value-added processing, and marketing grants in support of Pennsylvania's dairy industry. – Funded through the Commonwealth Financing Authority
- **Center for Animal Agriculture Excellence**, funded at **\$1 million**, to support the animal agriculture industry by expanding processing capacity, technical assistance, providing resources for food safety compliance, and assisting with the establishment of hemp as an approved animal feed. – Funded under the "Ag Excellence" line item
- **Incentivizing Access to Meat Processing Inspections**, funded at **\$500,000**, to encourage access to new and expanded markets for small or new producers by reimbursing federal meat inspection costs and subsidizing the first-time purchase of equipment needed for federal compliance. – Funded under the "Ag Business and Workforce Investment" line item

3. **Removing regulatory burdens and strengthening the state's business climate**

- **Conservation Excellence Grant Program**, funded at **\$2.5 million**, to provide financial and technical assistance to farmers to install and implement best management practices. – Funded under the "Nutrient Management Fund" line item
- **Agriculture Linked Investment Program**, funded at **\$500,000**, to re-establish this low-interest loan program for the implementation of best management practices. – Funded under the "Nutrient Management Fund" line item
- **Resource Enhancement and Protection Tax Credits**, expanded by **\$3 million**, to increase the lifetime cap and increase availability. – Reflected in the tax expenditures section of budget.
- To ensure that farmers are better able to transport agricultural products or supplies, the Farm Bill proposes to **expand the allowable width for the use of implements of husbandry on roads**, such as farm tractors and combines, from 16 feet to 18 feet.
- To enhance diversification or transition to other ag operations for preserved farms where the original operation is no longer feasible, the Farm Bill proposes to amend the **Ag Area Security Act** to allow for subdivision of preserved farms.
- Repeal unnecessary audit provisions from the Cooperative Agricultural Association Law that currently require agricultural cooperatives to provide certified financial audits to the department, removing an antiquated burden for existing cooperatives and a barrier for new cooperatives.

4. **Strengthening Pennsylvania's workforce to ensure the next generation is prepared to lead**
 - **Agriculture and Rural Youth Organization Grant Program**, funded at **\$500,000**, to re-establish this program to fund agricultural and rural youth organizations to help increase knowledge and awareness of agricultural issues within the commonwealth. – Funded under the "Ag Business and Workforce Investment" line item
 - **The Pennsylvania Farm to School Grant Program**, funded at **\$500,000**, to improve childhood nutrition while increasing exposure to agriculture. – Funded under the "Ag Business and Workforce Investment" line item

5. **Protecting agriculture infrastructure**
 - **Pennsylvania Rapid Response Disaster Readiness Account**, funded at **\$5 million**, to allow for a quick response to agricultural disasters, including utilizing animal or plant health officials to contain an outbreak or threat, such as Spotted Lanternfly or Avian Influenza; or providing an immediate response to a foodborne illness. – Funded under the "Agricultural Preparedness and Response" line item

6. **Increasing Market Opportunities and Making Pennsylvania the Nation's Leading Organic State**
 - **PA Preferred Organic Initiative**, funded at **\$1.6 million**, to make Pennsylvania the nation's leading organic state by further enhancing the growth of the organic industry. – Funded under the "PA Preferred" line item
 - **PA Preferred Program**, funded at an additional **\$1 million**, to support the overall PA Preferred program and to bolster enrollment in the Homegrown by Heroes Program. – Funded under the "PA Preferred" line item
 - **State-level Specialty Crop Block Grant Program**, funded at **\$500,000**, to invest in and encourage farming of high-priority horticultural crops like hemp, hops, and hardwoods. – Funded under the "Ag Business and Workforce Investment" line item
 - **Urban Agriculture**, funded at **\$500,000**, to improve agriculture infrastructure in urban areas, the aggregation of product, sharing of resources, and support for community development efforts. – Funded under the "Ag Business and Workforce Investment" line item