

Testimony
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Department of Agriculture
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Good afternoon Chairman Harris, Chairman Grove, and the members of this committee.

Thank you for the opportunity to discuss agriculture with you today as we look to harness the power of this industry to grow Pennsylvania's future. By fully leveraging both the economic power and social mobility of agriculture in a sustainable and inclusive manner, we can grow a brighter, more resilient, and equitable future for generations to come.

From the deepest roots of this Commonwealth, agriculture has grown in every region, bringing people and communities together by creating opportunities and harmony. The scope and scale of Pennsylvania's agriculture industry has taken shape through our built-in assets, fed by critical investments, strong partnerships, and innovation. Generation after generation has stewarded our industry, shaping it into the powerhouse it is today, and inspiring others to be part of something that is integral to Pennsylvania's identity, the very thing that feeds us and our economy.

Governor Shapiro's proposed budget recognizes agriculture's legacy, its potential, and its power to achieve long-lasting, progressive growth for Pennsylvania. This budget builds on the innovation and dedication of our farm and food businesses and provides resources across our diverse sectors and specialties. By investing literally from seed to supply chain to consumer, Governor Shapiro outlines clear strengths and strategies to leverage the interconnectedness we already have, build on the investments we are already making, and bolster these assets to create economic opportunity.

This starts with elevating agriculture as a key pillar of Pennsylvania's Economic Development Plan. Launched in January 2024, Governor Shapiro's strategy ends a two-decade long drought in which the Commonwealth operated without a thoughtful, targeted game plan and lacked serious investment in critical industries and sectors. In this gap, Pennsylvania has fallen behind our neighboring states in key measures of economic competitiveness and resiliency.

Now is the time to make investments to create opportunities for Pennsylvanians by leveraging our incredible list of assets. We have proximity to major urban markets and population centers, have significant diversity in what we produce and who produces it, are a national leader in commodities and products in-demand across the nation and internationally, have three ports that provide access to international markets, and abundant and affordable energy sources. Equally as important, we lead the nation in the number of preserved farms and in the percentage of farmers who are under 35. We must continue to make investments to support this industry, as it is integral to our Commonwealth's economic vitality and the prosperity of our communities.

Our farm and food businesses are the bedrock of our economy, providing \$132.5 billion annually and supporting nearly 600,000 jobs. Entire communities have grown from these industries and hold their ties to agriculture as integral to their identity. Across the fruit belt of south-central PA,

the hardwood and timber regions of the northern tier, wine country of the northwest, or the manufacturing centers of the east, each part of this state can look to agriculture as a critical part of what makes them who they are.

And it all starts on a farm. Each day, our understanding of what is a farm and who is a farmer continues to expand, and we must support each person who sees themselves as a part of this industry. Whether a small, diversified organic farm in Philadelphia, or a sprawling dairy operation in Westmoreland County, a sawmill in Tioga, or a restaurant in Pittsburgh, agriculture's opportunities are limitless for people to chart their paths and help to feed, clothe, and fuel the world.

This budget connects communities and businesses across Pennsylvania with opportunities to feed their families and their neighbors who are struggling, to further their careers in a growing field, to tackle immense challenges presented by climate change and rapid technological changes, and to put innovative solutions to work growing their business bottom lines, staying on the cutting edge of progress, and building more opportunities for future generations.

A key piece of growing our agriculture community was the pivotal PA Farm Bill, which remains the only state-level legislation of its kind. For a historic sixth time, this budget proposal calls for full funding for the PA Farm Bill, which has served as a cornerstone of our efforts to support the agriculture industry through an annual investment of \$13.8 million. The PA Farm Bill has contributed over \$120 million to Pennsylvania farmers, businesses, and organizations since its inception in 2019 through programs that work to build and sustain the state's agricultural labor force, invest in food processing infrastructure, and remove barriers to entering the agriculture industry.

For all of its dimensions, agriculture is a business. Farmers, like any other business operators, have specific business needs that must be addressed for their operations to be successful. Farmers need access to capital, business supports, and opportunity for growth as any traditional business. By improving farmers' margins, the supply chain becomes more stable and reliable, and opportunities grow at each step.

The state's investments are amplified by our federal partnerships with the United States Department of Agriculture. At the Farm Show this year, we announced \$26 million in funding through the Resilient Food Systems Infrastructure Program to build resilience in the middle of the food supply chain, provide more and better markets to small farms and food businesses, support the development of value-added products for consumers, fair prices, fair wages, and new and safe job opportunities. The application period for this grant is currently open, and the Department looks forward to investing these funds into the economic growth of our farm and food businesses across the state.

The Agriculture Business Development Center remains a central point of our economic efforts through the PA Farm Bill. This Center is focused on assisting farmers in sustaining and planning for their farm's future, with programming, partnerships, and resources that support the long-term growth and strength of their operation. The reach of this Center has been amplified through partnerships with organizations such as the statewide Small Business Development Centers,

Keystone Development Cooperative, Penn State Ag Law Center, and Farmlink that share a common goal, but bring different expertise to the table. Each of these organizations brings a suite of services, knowledge, and resources to support our farm and food businesses, creating a supportive, connected system focused on growth and innovation.

This budget proposal supports economic and market development by funding our Centers of Excellence for Beef, Dairy, and Poultry and Livestock. As identified in the Economic Development Strategy, each of these sectors are critical to our agriculture industry and to Pennsylvania, bringing more than \$20.5 billion in total economic activity and 86,000 jobs combined. These Centers amplify the sectors' impact through the leadership, support, research, and programming they provide to our farmers, processors, agribusinesses, and stakeholders. Each Center creates a network of professionals, who bring expertise critical to the long-term vitality of the farms through services.

The Center for Dairy Excellence was the first of these centers and started its work in 2004. Over the past twenty years, the Center's grants have assisted with transition, transformation, and business investments on at least 1,750 dairy farms, with 3,600 total grants being awarded. In addition to resources for farmers, the Center's mission has expanded to work with processors, educate consumers, and engage stakeholders to promote and support this industry throughout the entire supply chain. Dairy remains one of the largest components of our agriculture industry, making up the largest numbers of farms in the state and providing 53,300 jobs and \$14.1 billion in economic activity annually.

Pressures on Pennsylvania dairy continues to grow, requiring new investments in innovation and dairy processing. We have slipped in terms of national ranking for total milk production and our milk per cow average lags behind that of comparable states. Several studies have pointed to the lack of dairy processing capacity in Pennsylvania as a major barrier to continued growth. Our overall dairy industry has been focused on fluid milk production, but the new consumption trends are moving toward other dairy products like yogurt and cheese. Without a significant investment in additional processing capacity, our dairy industry may further retract.

To harness our strengths and work across partnerships to create opportunity, this budget seeks to embed a Dairy Development Specialist in the Department whose sole focus will be on helping Pennsylvania dairy regain its competitive edge. This will be a critical role in connecting farmers and processors to opportunities, positioning Pennsylvania in national conversations, and truly looking at the economic forces and impacts to forecast future decisions.

Protecting our farmers, particularly dairy, against future forces is a critical part of our work. To that end, the Governor has proposed a \$5 million Dairy Margin Coverage incentive program. The federal Dairy Margin Coverage program is a voluntary program through the federal government, and we are seeking to grow farmer participation. Other states have adopted this approach and found that farmer participation in the program has increased significantly. We want to provide farmers with the tools and opportunities to leverage stability in what is an inherently unpredictable business.

And while there is a need to invest in our legacy sectors, we must invest in new and burgeoning industries that offer the opportunity for farmers to diversify to grow revenue, and hedge against market fluctuations and other storms innate in farming. Through administration-wide coordination, and in partnership with the legislature, Governor Shapiro proposes the legalization of adult-usecannabis. . As has been demonstrated in other states, legalization paired with carefully crafted policies can provide the Commonwealth with new revenue streams, create jobs across sectors, and spur agricultural innovation while boosting local economies.

As we grow business opportunities, we must make business easier to do. In his first year in office, Governor Shapiro has promoted and enacted several smart initiatives to make it easier to do business. Farmers and agribusiness owners now have a guarantee of when their permit decision will be made. If an agency fails to deliver in that timeframe, applicants will get their money back. That is how Pennsylvania is moving at the speed of business.

When our farm and food businesses are spending less time waiting, they can focus on running and growing their businesses. Innovation in agriculture is essential for addressing the challenges of feeding a growing global population, promoting sustainability, adapting to and mitigating climate change, and ensuring the economic viability of farmers. The continuous pursuit of new and improved technologies and practices is fundamental to the long-term success and resilience of agriculture.

We must innovate to win. That's why this budget invests \$10.3 million in agriculture innovation. Through this funding, farmers, processors, and manufacturers can improve their operations through advances in technology, including robotics, drones, and sensors that enhance efficiency. Automation and data-driven decision-making contribute to improved farm management and reduced labor requirements, which contribute to a better bottom line.

Our innovation must be matched by our commitment to sustainability. The Agriculture Innovation Fund grew from what we have seen our farmers doing for generations – caring for their land to improve the environment for all of us. In addition to the environmental benefits, conservation and stewardship are a business advantage for our farmers, processors, and all layers of the supply chain, cutting costs, and using technology that will improve environmental conditions and bring new efficiencies to their businesses, and protect the soil and water resources they can't survive without.

Pennsylvania has a unique entity in the State Conservation Commission (SCC), a partnership between the Departments of Agriculture and Environmental Protection. The SCC is focused on connecting our farmers to state, federal, and local resources that support environmental stewardship and ultimately benefit their businesses. This budget funds several legacy programs, such as the Resource Enhancement and Protection program, Conservation Excellence Grants, and the Dirt, Gravel, and Low Volume Road maintenance program, which leverage local expertise and resources with state and federal dollars to amplify their impact.

These programs, administered by the State Conservation Commission, laid the foundation for the \$154 million in Agriculture Conservation Assistance Program (ACAP) funds, administered through partnerships with county conservation districts. Districts work with local agricultural

operations to implement projects aimed at preventing nutrient and sediment pollution to improve water and soil quality. We are proud to say that the initial \$154 million investment is nearly fully allocated, meaning that projects across Pennsylvania are underway and being funded. These on-farm conservation improvements will directly elevate local water quality and soil health. This budget proposes a state-investment of \$8 million to continue building on the momentum of this program as the federal funds run out. We look forward to further conversations with the General Assembly on how to identify a long-term funding source for this critical program.

Pennsylvania can provide consumers around the world with the sustainably sourced products they seek. Nowhere is that more evident than our hardwoods and forest products industry. Leveraging our natural resources with a devoted industry, stakeholders, and smart investments, Pennsylvania continues to lead the nation in hardwoods. Governor Shapiro's budget proposal has funded the Hardwoods Development Council at \$725,000 to continue to support Pennsylvania's largest agricultural export, which provides \$39.1 billion in economic activity and more than 168,000 jobs.

Much like our globally sought-after hardwood products, other Pennsylvania ag products are desired around the nation and around the world. We rank among the top states in direct-to-consumer and organic sales, and are leaders in commodities like mushrooms, hardwoods, dairy, livestock, maple, craft beer, Christmas trees, and more.

To capitalize on this power in the marketplace, Governor Shapiro created the Center for Organic Excellence, the first of its kind in the nation, to guide a coordinated, multi-faceted, and strategic effort to invest in and nurture the growth of organic agriculture. Results of the National Agricultural Statistics Service's Certified Organic Survey released December 15, 2022, show that Pennsylvania farms produced and sold \$1.09 billion in organic commodities in 2021, up 48% from 2019. This ranks Pennsylvania third nationally, behind California and Washington in the value of sales. Key commodities generate tremendous market growth, such as livestock and poultry – \$730 million, up 63%; crops – \$150 million, up 21%; and mushrooms – \$95.4 million, up 23%.

The Department is creating the governance structure of this Center and will be announcing its Advisory Board in the coming weeks.

In the organic sector, we see clear paths to the Governor's vision for economic development – taking our positions nationally as a down payment, growing our resources to gain a competitive edge, and then taking that product to market, in this sense, through a PA Preferred Organic™ label. This label builds on the already existing PA Preferred® brand, creating another marketing tool for farmers, processors, and creators to stand out to consumers and let them know that their products are grown here, at home in Pennsylvania, by Pennsylvania farmers.

Another strength this budget looks to build on is our nation-leading standing in horticulture, with Pennsylvania having the largest number of acres and floriculture operations. Nursery, landscaping, and related activities generate \$7.5 billion in economic activity and create over 85,000 jobs. In his first budget, Governor Shapiro created the Center for Plant Excellence to increase support for research and development, bolster the supply chain, gain access to new

markets, while bolstering consumer safety and quality assurance. This Center will bring valuable resources and collaboration across the broad spectrum of our plant industries, from crops, to fibers, to nurseries. This Center is integral to our continued success and leadership in these sectors.

This budget also proposes \$655,000 to fund a groundbreaking, new state program for agricultural seed certification and trade assistance, which will grow PA's role as both a national and international leader. This new program will eliminate backlogs, meet critical industry demands, and allow companies within PA to expand sales beyond our borders, where they otherwise may not have been able to meet shipping requirements.

Behind all of this commerce, we must recognize the critical role that food safety, weights and measures, and other regulatory services play in supporting agricultural businesses by ensuring the quality, integrity, and safety of agricultural products. These services provide regulatory frameworks, standards, and enforcement mechanisms that safeguard consumers' health and interests, while promoting fair trade practices. This budget continues to fund these critical services.

Overall, these regulatory services contribute to the sustainability, competitiveness, and resilience of agricultural businesses by fostering a transparent, accountable, and trustworthy food system for all consumers. We have a duty not only to produce food for consumers, but also a responsibility to ensure those products are safe, healthy, and trusted.

At our core, we believe that our food systems must be accessible to all. As agriculturalists, we have a responsibility to feed people, which is why this budget proposes a stronger-than-ever investment in food security programs. These programs not only assist in feeding our neighbors in need, but they also support farmers by providing markets for their products. This budget allocates \$3 million to help reduce food insecurity, boost the Senior Food Box Program, and reinforce the Pennsylvania Agricultural Surplus System (PASS) so we can continue our critical mission of feeding hungry Pennsylvanians.

Ag is a business that serves people a critical piece of their quality of life, and it relies on people to make that possible. Earlier this month, Governor Shapiro and I visited New Holland's global headquarters to learn more about their work in agriculture innovation, but the conversation quickly focused on workforce needs. Whether it's a single-operator farm, or a globally recognized food company with thousands of employees, a skilled and knowledgeable workforce is vital to its success.

Growing agriculture education programs throughout the state is critical to our future success. This year at the 2024 PA Farm Show, we saw a record 970 of students receive their blue FFA jacket for the first time. We have seen increased participation in 4-H, MANRRS, and Junior MANRRS, but we must keep these students engaged long-term to find rewarding career paths in agriculture.

For students that choose to pursue a college education, this budget delivers on the Governor's blueprint for higher education – one that's focused on competitiveness and workforce development and grounded in access and affordability. Under this blueprint, higher education will serve as an economic driver for Pennsylvania, prepare workers for the future, and address workforce shortages by creating a new system that unites our PASSHE universities and 15 community colleges under a new governance system, increases access, affordability, transparency, and invests in outcomes.

Access to higher education and community colleges is essential to the agriculture industry as it supports workforce development, research, innovation, technology transfer, addressing challenges, and economic development, all of which are critical for the industry's sustainability and competitiveness.

Our hope is that these students, regardless of their path, will enter the workforce and choose agriculture. We continue to develop training programs, apprenticeships, and relationships with workforce entities across the state to best serve this industry. Last year, the Department engaged in several notable accomplishments, including launching several industry partnerships throughout the state, working with Center for Dairy Excellence to register a Dairy Herds Apprenticeship program and a Dairy Laborer Pre-Apprenticeship, and continuing to engage federal officials on the H-2A and visa program needs of industry.

As this budget invests in our future, we must invest in measures which safeguard that future. Our legacy of investments set the example for the nation, from our long-standing, nation-leading Farmland Preservation Program to ensure vital agricultural land remains a resource for production in the future, to the recent Highly Pathogenic Avian Influenza recovery funds to help make farmers whole again after experiencing the loss of their flocks, Pennsylvania's commitment to our farmers begins with smart investments in their future.

Together with the legislature, the Department launched the High Path Avian Influenza recovery program to reimburse farms, integrators, and allied industries directly harmed by HPAI. This covers those who incurred demonstrable financial losses due to inclusion in a control or quarantine zone. This budget calls for its continued funding to safeguard this critical sector of the industry.

But as we fuel business and industry expansion, we must match it with investments in support infrastructure. This budget supports a \$5 million investment in a new state laboratory in western Pennsylvania that will provide much-needed testing capacity, helping with rapid diagnosis and mitigation of future disease outbreaks across the state. This laboratory will be integrated into our Pennsylvania Animal Diagnostic Laboratory System (PADLS), which is the regulatory authority which provides critical diagnostic services to our agriculture industry. This duty is held with the Department but leverages unique expertise from two of our largest agricultural schools, the University of Pennsylvania Veterinary School (PennVet) and the Pennsylvania State University (Penn State).

It is imperative that we have the opportunity to provide services to our farmers across the state. For those who are farming in Western Pennsylvania, the closest diagnostic service is either in State College, or in another state.

This effort is complemented by a \$1.7 million investment in modernizing the IT systems at the Department of Agriculture, providing new capabilities in cloud computing solutions and migration of state laboratory data to a more advanced information management system. As our industry continues to grow, expand, and change, our internal systems need to keep up with that demand so we may continue to serve all of Pennsylvania agriculture with excellence.

Earlier I stated that all of this work starts on a farm, but I would be remiss not to mention that it also starts with the PA Department of Agriculture. I have had the incredible pleasure of serving in this role over the span of three Administrations. The Department has certainly changed in my 28 years here, and that change has been remarkable and extraordinary. The work that we are so privileged to do, day in and day out, is in service of something greater than ourselves and in support of an industry that never takes a day off. Each person at the Department plays a vital role in that effort, and I am in awe of the strength, knowledge, and dedication of our esteemed team of public servants.

Every day, I am amazed by the partnerships we have in agriculture. In no other industry is the work so intimately connected with the outcome – farmers find a vocational calling in their duty to humbly provide the food, fuel, and fiber that enriches lives both here at home and around the world.

The Department is recognized across PA for its strong relationships with farmers, and the communities we are connected to and from those relationships, we are fortunate to get direct feedback and to hear about the opportunities that would grow businesses, careers, lives, and livelihoods. Each region brings its own assets, its own ideas, and its own needs. I think it is important to recognize that this strategy and budget are built from these conversations across the state and these relationships.

I am fortunate to get to travel our great Commonwealth and hear firsthand from the dynamic individuals that comprise our agriculture industry. Some of my best conversations have not taken place in a conference room, but under the Ferris Wheel at a county fair on a hot day, standing in an urban garden in the middle of North Philadelphia, and under the snow-covered trees of our hardwood forests in the Northern tier. I value the opportunity to learn from Pennsylvania agriculturalists and their experiences, but above all, I get to listen to their stories – their personal motivations and passions – and I do my best to carry those stories with me throughout my time as Secretary.

A critical piece of these partnerships is with you and your fellow elected officials across the state, who have welcomed the Department into your districts as we look to celebrate and recognize agriculture together. I am proud of what we have accomplished together, particularly over this first year of the Shapiro Administration. We saw the Dog Law Modernization Act become law, we created the PA Preferred Organic label, and continued to fund the PA Farm Bill. We responded to the Norfolk Southern Train Derailment, supported urban agriculture through

Urban Ag Week, and came together for a memorable 2024 PA Farm Show to show communities our collective strength and commitment.

Thank you for your continued dedication to the agriculture industry, for appreciating and recognizing its many dimensions and dynamics that make our Commonwealth such an incredible place. This budget will continue to feed opportunities to grow and succeed together, to build on our interconnectedness, and magnify the opportunities that exist because we are connected. I look forward to the next year, but even more to the next 10 years of realizing a strategy to grow our powerhouse agriculture industry and all the opportunities and promises it holds even more.