

**Testimony to the Pennsylvania House of Representatives Appropriations Committee**

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Chairman Adolf, Chairman Markosek and distinguished members of the House Appropriations Committee, thank you for the opportunity to discuss Governor Wolf's proposed fiscal year 2015-2016 budget for the Pennsylvania Department of Agriculture.

It is a distinct pleasure and an honor for me to be back before you today as the governor's secretary-designee to lead this department and to speak on behalf of the agency that works to serve Pennsylvania's 58,000 farm families and the industry of agriculture, a leading economic enterprise for our commonwealth and the 12.7 million citizens who depend on this industry for food, public health and safety.

I am returning to public service with a fresh and valuable perspective thanks to the experience I had with students during the past four years as Dean of Agriculture for Delaware Valley College. My time at the college reinforced my belief that agriculture is a tremendous resource for Pennsylvania. Governor Wolf shares that philosophy, not only in the sense that the industry provides food that sustains us all, but also in that it offers extraordinary economic opportunities.

We must cultivate this resource, however, and we must invest in it. Governor Wolf's budget proposal does just that. It outlines and sets on a path toward the Governor's vision for

Pennsylvania: to create jobs that pay, schools that teach, and a government that works. The department has a definitive role to play in advancing each of these priorities, but before I address the department's proposed appropriations, I first want to stress the importance of certain broad initiatives of the Governor and of proposed appropriations you will find in the budgets of other departments.

The agriculture industry is a business—one that needs access to human capital and financial capital. To succeed, farmers need a skilled workforce, and the need for competitive financing that can leverage additional private capital. As a businessman, Governor Wolf gets that. We, as a department, recognize that, too, but you will not see the words “workforce,” “labor,” or “financing” in our mission statement or in any of our line items. Those responsibilities lie with other state agencies: the departments of Labor and Industry, Community and Economic Development, and Education.

The Governor's budget proposal calls for critical investments in and through those agencies that are vital to the long-term success of Pennsylvania's agricultural industry.

I want to start by discussing the importance of education and training. As a dean at DelVal College, I regularly sat across from parents and students who wanted to know how the investments they were making toward a degree would translate into a career. For me, those conversations underscored the importance of understanding the needs of business and developing the skills of students so they have a clear pathway from a degree or certificate program to a job. With the ever-evolving science and technology of agriculture, we need to ensure our educational institutions from K-12 to post-secondary schools are preparing the workforce for the 21<sup>st</sup> century agriculture.

In addition to a historic commitment to increase funding to K-12 schools by \$2 billion over the next four years, Governor Wolf's plan calls for investments that will make post-secondary degrees more affordable and that emphasize workforce development and career and technical training. Some highlights include more than \$140 million for two- and four-year public colleges and universities; a \$10 million increase to Pennsylvania's Industry Partnerships program to benefit clusters in industries like agriculture; another \$20 million to prepare workers for the high-tech economy through career and technical programs; and STEM (science, technology, engineering and math) scholarships to help position future generations for success.

In terms of creating jobs that pay, the Governor's budget and agenda include investments and reforms that will attract capital and end the competitive disadvantage businesses – including farmers – face. In particular, the FY 15-16 budget proposal recapitalizes important revolving loan funds for business development, such as the Machinery and Equipment Loan Fund and the Small Business First Fund, to the tune of \$100 million.

The governor's budget also calls for a new Green Agriculture initiative, which will enable farmers to benefit from clean and renewable energy technologies, advancing our energy goals. This initiative will provide \$20 million in competitive grants for projects designed to help Pennsylvania farms implement energy efficiency and technology upgrades, bio-digesters and distributed wind generation on farms – all of which can help farmers reduce energy costs by becoming more self-reliant.

Another major reform proposal of the Governor's plan to rebuild the middle class and create jobs addresses one of the biggest issues for farmers for at least the past forty years: property taxes. Farming is land-intensive. Many farmers view themselves as land-rich, but cash-

poor. Increases in property taxes burden farmers and impede their ability to invest and grow their farming operations. The Governor's plan calls for historic dollar-for-dollar tax relief to cut school property taxes by \$3.8 billion. This amounts to a more than 50 percent average reduction in homestead and farmstead property taxes.

These are important investments in our industry as they directly support our farmers and our residents. Although these line items and initiatives do not appear in the Department of Agriculture's budget, their value is significant to achieving the "jobs that pay" and "schools that teach" goals. Turning to the department's appropriations, the Governor's budget proposal will give us the resources we need to be a part of a "government that works."

The governor's budget would invest an additional \$16 million into the department's programs and initiatives. This is welcomed news after years of cuts that have challenged the department's ability to fulfill its core mission of safeguarding public and animal health, protecting consumers, and expanding and developing domestic and international markets.

Nearly a quarter of this increase is for operations, but to be clear, it is not for an increase in complement. Last summer, Auditor General Depasquale's special performance audit found the department had overbilled the State Racing Fund by \$5 million for personnel costs between July 2009 and June 2013. We have put in place corrective procedures to remedy this, not only for the State Racing Fund, but for administrative billings to the Dog Law and Farm Show Funds. Those corrective measures place greater demand on our General Government Operations line items, which is reflected in this budget.

This budget also makes an important investment in the future of Pennsylvania's equine industry. The Pennsylvania Equine Toxicology and Research Laboratory (PETRL) at West

Chester University is a critical part of protecting the integrity of racing in the state, and in need of a reinvestment in equipment. The aging equipment at PETRL has required going to secondary systems to provide timely results. We need testing systems to ensure the legitimacy and integrity of races. Governor Wolf's budget proposes \$1.9 million to support a phased-in purchase plan for critical equipment at PETRL.

This budget makes the largest investment in years to our food security systems. The number of Pennsylvanians at risk for hunger has grown significantly in recent years, due to the sluggish economy, and there is an increased demand for emergency food assistance. According to the Food Research and Action Center, more than two million Pennsylvanians are food insecure. To address this, the governor's plan includes an added \$3 million for the State Food Purchase Program.

Finally, Governor Wolf's proposal preserves investments in a number of important line items within the department. Notably, this budget maintains level funding for both Penn State Cooperative Extension and the University of Pennsylvania line items at \$46.2 million and \$28.2 million, respectively. And, in a departure from previous years, this budget recognizes and appreciates the significance of the PA Preferred™ brand, with a more than half-million-dollar investment to grow it. With 97 percent of Pennsylvanians surveyed wanting to buy local foods, the PA Preferred™ program boosts the identity of Pennsylvania agriculture producers in the marketplace and helps consumers support their desire to buy local, which is good for our state's economy.

Chairman Adolf, Chairman Markosek and members of the Committee, thank you, again, for allowing me this opportunity to appear before you today regarding Governor Wolf's

proposed fiscal year 2015-16 budget. As the governor said in his budget address, we cannot continue to do the same things time and time again and expect different results. The ideas and the funding contained in this proposal are bold and needed.

Indeed, these are extraordinary times in many respects, both in terms of the challenges we face and the opportunities that are within our grasp. I look forward to working with you to tackle those challenges and embrace those opportunities for our Commonwealth.