



March 10, 2021

Chairman Stan Saylor
245 Main Capitol Bldg.
PO Box 202094
Harrisburg, PA 17120-2094

Chairman Matthew Bradford
512E Main Capitol Bldg.
PO Box 202025
Harrisburg, PA 17120-2025

Dear Chairmen Saylor and Bradford,

Thank you for the opportunity to appear before the House Appropriations Committee to present the Governor's proposed budget for the Department and discuss the state of Agriculture.

While speaking with your committee members, several questions were asked that required further research and follow-up. I am pleased to provide responses to these questions below.

Representative Hershey - How does PDA define "research" as it relates to the evaluation and awarding of Ag Research Grants?

The Department defines research as solving the problems of agriculture through science. Agriculture is the lifeblood of Pennsylvania and by funding new ways of addressing the needs of the agriculture industry and examining the future needs that the agricultural industry may face, we can ensure that all Pennsylvanians, in all walks of life, whether directly involved in agriculture or perhaps unaware of the role that agriculture plays in their life, will thrive, no matter how agriculture continues to evolve and adapt.

In the 2019-2020 Fiscal Year and again in the 2020-2021 Fiscal Year, the General Assembly appropriated \$2,187,000.00 for funding in each year to be used for Agricultural Research. The Fiscal Code identified some specific uses, and over the years has included support for Penn State Agricultural Resource Centers, agricultural law research programs, and organic research institutes. The Department has also been able to provide direct funding for research projects that applicants have submitted through the Department of Community and Economic Development's Electronic Single Application web site. A complete and itemized listing of all projects funded through the Agricultural Research Line Item is attached as Appendix A.

When determining which projects would receive funding, the Department uses a 100-point scale, as follows:

- a. Up to 10 points for the research project needs statement.
- b. Up to 15 points for the impact of research outcomes.
- c. Up to 5 points for the presence of additional funding partners or matching funds.
- d. Up to 30 points for the research methodology.
- e. Up to 20 points for project evaluation and replicability.
- f. Up to 20 points for support and participation from industry.

The types of research projects that the Department funds, whether through resource centers, law programs, institutes, or through direct project funding, all have one thing in common: addressing the needs of the agricultural industry. Current projects include mitigating the impact of pests such as Phorid Flies and Spotted Lanternflies or examining the economic impact of infestations of those pests, agriculture's role in stewarding natural resources and innovations in combatting and adapting to climate change, such as quantifying the benefits to soil health and, new opportunities in both agricultural production and value-added processing of agricultural production in food and nonfood products.

Representative Ecker - Provide specifics on how the funding in the Animal Health & Diagnostic Commission and the Livestock and Consumer Health Protection lines has been utilized

In both the 2019-2020 Fiscal Year and the 2020-2021 Fiscal year, the General Assembly appropriated \$2,000,000. of supplemental funding in each year for the Animal Health & Diagnostic Commission. In each of those years, both the Pennsylvania State University (Penn State) and the University of Pennsylvania (UPenn) received \$800,000 from the line item. The remaining \$400,000 was used to help cover animal health IT regulatory software maintenance and updates for the Pennsylvania Animal Diagnostic Laboratory System (PADLS). In addition, the Department's GGO budget provided \$400,000 each year toward the project.

PADLS is home to nationally respected scientists and well-qualified technicians across three state-of-the-art facilities accredited by the American Association of Veterinary Laboratory Diagnosticians. PDA, Penn State, and UPenn all work together to make PADLS the cornerstone of Pennsylvania Agriculture. I am very proud of the work done through PADLS and we appreciate the support of the General Assembly in making that happen.

In the 2019-2020 Fiscal Year, the General Assembly Appropriated \$1,000,000. for Livestock and Consumer Health Protection. This funding was transferred to be used for Spotted Lanternfly grants. The use was approved after we were able to demonstrate that all regulatory IT needs were met during the fiscal year for Animal Health, Food Safety, and Plant Industry. For the 2020-2021 Fiscal Year, the funding for the Livestock and Consumer Health Protection line has not yet been used as we continue to monitor our regulatory IT needs going forward.

Representative Owlett - How much revenue has been generated by the citations/fines issued to restaurants not in compliance w. the COVID Mitigation Order as enforced by PDA

There were 14 citations filed with the Magisterial District Justices. Of the 14 citations, there were two \$300 fines, five \$25 fines, six findings of Not Guilty, and 1 still pending trial. This totals \$725 in fines. The Department of Revenue receives the revenue and they deposit the fines to the General Fund.

There are currently 11 Civil Penalty Assessments for facilities operating without a license. One Civil Penalty was settled for \$1000, and the remaining 10 are still pending an appeal arbitration hearing. The \$1000 check was collected by the Department and processed, but any collections due to Civil Penalty Assessments are deposited to the General Fund under "other fines and penalties". There is no benefit to any specific agency.

Representative Kinkead - What investment(s) has PDA made in improving the shelf stabilization of foods, in produce?

Shelf stabilization is an important component of the food supply chain, which itself has drawn the focus of many Pennsylvanians during the COVID pandemic. As the Bureau of Food Safety worked with our industry partners to ensure that grocery store shelves would continue to be stocked, the Bureau of Food Assistance worked to ensure that food banks across the Commonwealth had their shelves also stocked. However, none of that would have been of any help if food products did not remain fresh and nutritious before it could be used.

This was one of the many goals of the PA Fresh Food Financing Initiative (FFFI) COVID-19 Relief Fund that PDA and DCED developed together. Using \$10 Million from the federal Coronavirus Aid, Relief, and Economic Security (CARES) Act, the PA FFFI COVID-19 Relief Fund funded 115 projects in 39 counties in an effort to ensure the food supply chain will remain stable, whether during a crisis, emergency, or during times of normalcy.

Many of these projects included equipment purchases that improve the availability of quality fresh food, such as additional refrigeration to manage volume. Karimar Grocery, a minority, woman-owned neighborhood store in Chambersburg, experienced increased demand for perishable and staple food products throughout the pandemic. Their \$55,000 grant funded the purchase of equipment, refrigerators, freezers, coolers, and a meat grinder, which allowed them to store more fresh meat, dairy, and produce and will cover expenditures already made to create a safe, healthy shopping environment in the low-income, Black, Indigenous, and People of Color (BIPOC) community they serve.

We were also able to use the programs of the Pennsylvania Farm Bill to increase access to fresh fruits and vegetables since the beginning of the COVID Pandemic. The Urban Agriculture Infrastructure Grant Program (UAI) provides funding in the form of a reimbursement grant to eligible applicants seeking to improve urban agriculture infrastructure in Pennsylvania. These grants build out the infrastructure of urban agriculture by investing in the system, filling gaps, encouraging entities to work together, finding ways to bring operations to a greater scale, overcoming food deserts, and opening opportunities for people to become social entrepreneurs.

These projects included \$50,000 for Grow Pittsburgh to build a new greenhouse that would provide organic seedlings to neighbors, schools, and the greater Pittsburgh community and \$8,600 for the Triboro Ecodistrict Partnership of New Sun Rising to purchase a refrigerator, seedlings, and lumber to support three neighborhood gardens. In total, \$500,000 in total urban agriculture grant funding supported 28 projects in Allegheny, Butler, Erie, Lawrence, Northampton, Philadelphia, and York counties.

There are many more projects that PDA would like to pursue on this front, but I am very glad to point to these projects as we work to ensure access to fresh, nutritious food for all Pennsylvanians.

Representative Mako - PA Preferred Organics –how many projects have been approved? How has the \$1.6 M allocation been spent?

Since 2019 we have worked with Rodale Institute to partner with 83 farmers across the Commonwealth as we help them transition 5,400 acres to certified organic production. To assist in these efforts, Rodale

hired two full-time consultants who are Certified Crop Advisers and International Organic Inspectors Association (IOIA)-Certified agronomists specialized in commodity crop production systems. So far, seven farmers have received organic certification for 275 acres as of November 2020 and we've received more than 300 direct inquiries from farmers and landowners who wish to transition their land to organic production.

In addition to partnering with Rodale Institute, the \$1.6 million allocated for PA Preferred Organic is being used to partially fund the build of a website and Customer Relationship Management (CRM) system for the PA Preferred Program and a statewide marketing campaign for PA Preferred.

Consistent with the Status Report on the Implementation of the Preferred Organic Program, submitted to the General Assembly, last Fall, we believe it is important to show value in the program by building consumer awareness and a place to direct interested consumers. To do this, the department launched a \$600,000 marketing campaign in September 2020. The campaign includes billboards, television and radio placements, paid search (Google), Instagram influencers, digital, and point of purchase within local grocery stores. Since its launch, the campaign has served nearly 13.6 million impressions and reached more than a million unique individuals. These analytics are specific to the digital components of the campaign only. Elements such as billboards, out-of-home (in-store displays), print advertising, television, and radio are not included in these analytics but make up more than 60% of the campaign.

With this data in-hand and an actively aware consumer base, we can show farmers interested in transitioning to organic the value of the program and that there is a desire in the marketplace for locally grown organic product.

In addition to the marketing campaign, the program is currently in the process of developing a new public facing website with a connected Customer Relationship Management system to manage membership data. The project, with a total cost of a little more than \$120,000, will serve to connect Pennsylvanians interested in supporting local agriculture with PA Preferred members. The database will have a searchable map for consumers to search by location or by a specific Pennsylvania agricultural product.

On the backend of the website, a data management system will allow the PA Preferred team to maintain accurate, up to date data with direct communication to the members. In addition, members will be able to have member-to-member interactions to further build infrastructure for Pennsylvania agriculture. For instance, a Pennsylvania organic poultry producer could search the membership database for a Pennsylvania organic grain producer to feed their chickens and ensure a purely Pennsylvanian, PA Preferred product at the end point.

Representative James - How are the fees for the Hemp Program being utilized?

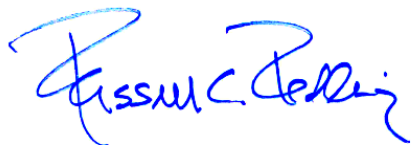
All fees relating to Industrial Hemp Research are deposited into the Plant Pest Management Restricted Account. The fees from the hemp program all go towards supporting the hemp program in the Bureau of Plant Industry. The costs of the program include personnel costs, which includes two dedicated personnel positions, a Clerk II position and the Department's hemp program coordinator, as well as operating expenses in the form of IT support for the program through the Department's PAPIants web portal.

The total amount in fees generated each fiscal year that the program has been in operation, are as follows:

FY16-17	\$4,250.00
FY17-18	\$103,250.00
FY18-19	\$228,400.00
FY19-20	\$48,540.00
FY20-21 as of 12/31/20	\$47,310.00
Total	\$431,750.00

Thank you again for the opportunity to present the Department's proposed budget and explain in greater detail our efforts at PDA to strengthen Pennsylvania Agriculture. I look forward to continuing to work with you on this goal.

Sincerely,



Russell C. Redding
Secretary
Pennsylvania Department of Agriculture