

AG ISSUES UPDATE

Edited by Brad Hollabaugh
March, 2016

Anguish Continues over Ag Extension and Research

As of the second week of March, the budget lines for Penn State Extension and Research funding remained in veto status. Despite strong support for the Ag items in the PA Legislature, the Governor is calling for a “fair and balanced budget” before he will sign off on the funding, which he accepts is beneficial and necessary. However, bringing the two sides together on our PA budget has become a battle of historic proportions.

Local Event Sponsored by PFB at FREC

At the Fruit Research and Extension Center in Biglerville on March 8, PFB co-sponsored a press conference to rally support for Ag Extension and Research funding. Several TV stations and local newspapers were present for the event. Dean Roush presented the case for Penn State by outlining the “what if” outcomes should there be no money from the state by May 1.

Bruce Hollabaugh spoke on behalf of SHAP and the grower community and reflected on the valuable relationship that has developed between Penn State and the tree fruit industry. He underscored the incredible value of having access to world class researchers via phone, email, or text. In addition, he emphasized that the research, which is largely funded by SHAP, represents the critical pathway to success for mid-Atlantic fruit growers.

In addition to on-going projects that include Penn State Extension, Bruce noted that the loss of this funding would create a void in the transfer of information to the grower community. Ultimately, there could be a slow decline in the viability of the fruit industry, especially if new pests threaten our crops.

Press Conference Sponsored by Penn State Ag Council

On March 9, the Penn State Ag Council hosted a press conference in Harrisburg including presentations by Matt Ehrhart, President of the Ag Council, Jim Shirk representing the poultry industry, Brad Hollabaugh representing SHAP and the tree fruit industry, Madison Shaw representing PA 4-H, Dean Roush presenting the case for potential outcomes after May 1, and Representative Causer, who is the majority chair of the House Ag and Rural Affairs Committee.

Perhaps Madison Shaw stole the entire day with her exceptional presentation on the value of 4-H programs. Surrounded by a virtual sea of 4-H students on stage and in the audience, her emotional remarks brought the loudest response from the group. There literally were hundreds of 4-H participants at the Capitol that day.

Brad remarked on the vitality of SHAP which has achieved 157 continuous years of existence and the critical value of Extension and Research to the tree fruit industry at large. He also emphasized the strong public / private partnership that has developed between SHAP and Penn State over time and the fact that voluntary grower contributions – not state

or federal dollars – have funded over \$2 million in research projects to date and that the industry was poised to invest nearly \$250 thousand more in 2016. Finally, he remarked that the FREC team has become our “first responders” for any new pest development and he implored the state legislature and the governor to put this funding in place before the whole system collapsed.

Dean Roush clearly reviewed the consequences of the loss of state funding and that Penn State had sustained Ag Extension and Research programs with the understanding that the state would finally get their funding in place. However, as of May 1, Penn State would begin the process of dismantling and closing extension offices across PA as well as the three research stations currently operating.

The final presentation was Representative Causer’s artful characterization of the status of Ag funding in general. He emphasized the critical need for the Extension and Research programs in PA and reflected on the incredible support by 4-H members who have benefited from the Extension programs for over 100 years.

Perhaps the statement that best reflected the tangible frustration of all parties was Representative Causer’s plea to the governor, “Governor Wolf, it’s time to set the hostages free” in reference to the log jam on funding the items under the Land Script Fund. However, his sincerity over the issues was equally poignant and his remarks were respectful, even in the face of this budget stand-off.

Penn State Extension In Fiscal Crisis

Richard Roush does not want to see Penn State Extension close under his watch. But Roush, dean of the College of Agricultural Sciences at Penn State, is growing increasingly concerned that he may oversee the shuttering of Extension and related services at the college. Without lawmakers and the governor coming to an agreement soon, Penn State will have no money to keep Cooperative Extension and other services open.

University President Eric Barron told the Penn State Board of Trustees that layoff notices could be sent as early as May if the budget impasse is not solved. That would result in the loss of 1,100 positions statewide. The Cooperative Extension state appropriation currently stands at zero. Late last year, Gov. Tom Wolf used his line-item veto power to cut funding to Extension and other agriculture items during a protracted budget battle that remains unsolved.

His move was designed to get money flowing to schools and social services providers, while also compelling members of the General Assembly back to the bargaining table. Instead, services like Extension remain caught in those political crosshairs.

Penn State University is using other sources of revenue to keep Extension and other services provided by the College of Agricultural Sciences operating. However, funds are dwindling by the day. “County Extension can’t be carried much longer. There are no other sources of money,” Roush said. “The university can’t use tuition dollars to fund Extension.”

Cooperative Extension has a presence in all 67 Pennsylvania counties, providing valuable services to farmers while operating programs like 4-H and the popular Master Gardner program. The college cannot simply shut the doors, and then reopen quickly should the budget agreement get ironed out, Roush said.

“This is very real. The unthinkable could happen from inaction at this point,” he said. “Someone has to take assertive action to stop this train wreck from occurring. Inaction will lead to disaster.”

Penn State is able to leverage state spending to secure federal and local support, totaling \$34.5 million in federal funds and an additional \$56 million in grants. Closing Extension would send a ripple throughout the college. Experimental research stations in Adams, Erie and Lancaster counties would also close. Programs like 4-H, which service more than 90,000 children and teens, would shut their doors.

Penn State is also trying to combat myths surrounding this current budget impasse that could undercut the sense of urgency necessary to head off this crisis, Roush said. The university is not in a position to float Extension and the College along indefinitely. This is also a problem that must be fixed before the current fiscal year closes, Roush said. From a financial aspect, Penn State University is paying a price, but it is also losing the ability to attract quality candidates for positions. And while some in the agriculture community can't fathom that the divide in Harrisburg would allow Extension to close, it remains a distinct possibility, Roush said.

“A lot of people think it is unthinkable and that we will eventually get funding,” he said. “As we listen to both sides and who is debating it, we have a hard time seeing right now how they can get across the finish line.”

Pennsylvania's Budgetary Groundhog Day

The political theater that has become the budget process in Pennsylvania continued as Gov. Tom Wolf outlined his next spending plan. In his annual budgetary address to the General Assembly he did not outline his vision for the state's next budget. Instead, his remarks focused on the work that remains unfinished: namely completing last year's budget.

Gov. Wolf asked lawmakers to approve a framework spending plan agreed upon by legislative leaders last year, but not passed by the General Assembly. That framework lacked consensus among lawmakers on several issues including taxation and pension reform.

While that agreement was never adopted, Gov. Wolf is basing next year's budget on that framework agreement. The administration released a \$33.3 billion spending plan that calls for an 8 percent increase in spending that addresses the state's long-term structural deficit.

To pay for the new spending and deficit reduction, Gov. Wolf proposed raising personal income taxes to 3.4 percent from the current 3.07 percent and a severance tax on natural gas extraction. The proposed budget does provide adequate funding to programs like the

Pennsylvania Department of Agriculture, Penn State Extension and Research and veterinary services.

Gov. Wolf has proposed:

- \$50.9 million for Penn State Extension and Research—an increase of \$2.4 million
- \$30.6 million for the general government operations of the Pennsylvania Department of Agriculture—an increase of \$7.5 million
- Elimination of funding for programs like the Center for Dairy Excellence, Hardwoods Promotion and livestock shows.

However, the basic premise of the budget is built upon a framework that is at the center of a protracted budget battle that has lasted since last summer. As it stands right now, Pennsylvania does not have a completed state budget. Gov. Wolf has used his line-item veto to cut funding in several areas, most notably Penn State Cooperative Extension. Without swift action, Penn State Extension could close its doors. Pennsylvania Farm Bureau is working to make sure agriculture's priority items are funded as lawmakers in Harrisburg work through this unprecedented budget impasse.

USDA Considers Shutdown of Apple Postharvest Research

USApple has learned that in the USDA's FY2017 budget, the agency is considering eliminating apple postharvest research being conducted at the Fruit Quality Laboratory located in Beltsville, Md. The research program, entitled "Methods for Rapid Identification and Functional Analysis of Fungi Causing Postharvest Decay of Pome Fruit" is the only USDA supported apple postharvest research in the U.S. Funds from the shutdown would be diverted to other research programs. According to the USDA, the apple postharvest research program has been in operation since 1906.

USApple responded in a letter to USDA officials by noting that apples are the third most valuable fruit crop in the U.S., with an annual farm-gate (wholesale) value of roughly \$3.5 - 4 billion. Further, apples are the most valuable fruit export with annual exports exceeding \$1 billion in value and are an important contributor to the U.S. balance of trade.

Referring directly to the products of the research, the USApple letter stated, "The increasing importance of the fresh portion of the apple crop underscores our interest in research on maintaining and enhancing the quality of fruit in the postharvest period. Growing emphasis on delivering higher quality fruit to U.S. consumers and the global marketplace has increased the importance of postharvest research. The U.S. apple industry would be strongly opposed to the elimination of this critical research effort." Source: *Apple Bites*, 2.23.16.

USApple Day on the Hill

Members from apple producing states throughout the country gathered in Washington D.C. on March 3 during USApple's annual Capitol Hill Day and visited more than 80 congressional and Senate offices to discuss issues of importance to the industry. In addition to opposing the elimination of the USDA research program, members also lobbied

for Ag Labor reforms, International Trade, Federal Nutrition programs, Crop Protection, and objected to new regulations regarding Waters of the United States (WOTUS).

A strong PA delegation met with the offices of Senators Toomey and Casey, Representatives Kelly, Perry, Shuster, and Costello. (*Note: Thanks to all the folks who took the time to go to Washington, including the 2016 “Young Apple Leaders”! - Brad*)

Voluntary Biotechnology Labeling Bill Introduced

Farm Bureau is supporting a new Congressional effort to set national standards for the voluntary labeling of food items derived from biotechnology. Senate Agriculture Chairman Pat Roberts, a Kansas Republican, introduced a bill that would prevent a patchwork of state laws and avoid the confusion of a mandatory label. It will also provide consistency so that consumers are informed and retailers don't have to meet different state standards.

Without a federal standard for labeling products containing ingredients derived from genetic modified organisms, (GMOs), state laws like one in Vermont—set to take effect in July—will lead to a patchwork of state laws. A recent student suggests that mandatory labeling would cost the average family an additional \$1,100 a year in increased food costs.

Activists groups have been pushing state-based laws that would set standards for mandatory GMO labeling. Despite the scientific evidence that GMOs are safe, groups have been pushing for labeling. The harm is that a patchwork of state laws would create different standards, forcing food companies to meet a host of new requirements. That will result in increased food pricing and consumer confusion.

Sen. Roberts' bill would direct the U.S. Department of Agriculture to establish rules for the voluntary labeling of products that may contain GMOs. The bill also calls for an educational component to help consumers understand the safety of GMOs. Farm Bureau supports the bill and is consistent with grassroots policy developed by our members on biotechnology.

"This issue must not be put off any longer. We need the Senate to act now to protect consumers from misleading labels and the increase that state-by-state labeling rules can impose on food prices," said AFBF President Zippy Duval. "We also need to protect farmers and the food industry from the patchwork of state labeling laws being stitched together, which would stigmatize a valuable agricultural technology and have a chilling effect on future innovation."

Supreme Court WILL NOT Hear EPA Lawsuit Appeal

The United States Supreme Court declined to hear Farm Bureau's appeal of a lawsuit against the Environmental Protection Agency over cleanup of the Chesapeake Bay. As a result, a lower court ruling which sided with the EPA and its bay cleanup plan will stand. Farm Bureau has exhausted its legal options in this case.

The EPA's plan, which imposes nutrient and sediment reduction requirements specific to agriculture, local communities and other landowners, will force Pennsylvania and other states to meet tight deadlines for reductions. EPA's plan was mandated without serious

effort to analyze the costs that local communities or landowners will have to bear or their practical or financial capability to meet EPA's deadlines. By the EPA's own estimation, some 20 percent of all cropland in the watershed will need to sit idle in order to meet nutrient reduction goals.

"The economic viability of farm families could be placed in jeopardy if EPA's plan forces them to stop growing food on 600,000 acres of fertile farmland located in the watershed. The action could also significantly weaken local communities and local food systems," said PFB President Rick Ebert.

Pennsylvania Farm Bureau, the American Farm Bureau Federation, along with other agriculture and home building organizations, sued the EPA over the plan arguing the Clean Water Act places limits on the federal government's ability to dictate how states and local communities will reach nutrient reduction goals. Farm Bureau believes the EPA significantly underestimated the amount of water quality protection measures farmers have placed on their land. EPA officials only looked at projects that were funded in part by government assistance, ignoring the work that farmers performed voluntarily, such as moving to no-till planting and cover crop systems. As a result, models used by the EPA to calculate nutrient loads in the bay paint agriculture in an unfair light.

That's why Farm Bureau is encouraging farmers to take part in a Penn State survey to provide the EPA a more comprehensive proof of the number of best management practices used on farms. This is the first serious effort to capture and produce data on farm conservation practices, including practices for which farmers receive no public financing, in evaluating the Pennsylvania's environmental progress in the Bay Watershed. PFB is hopeful the data can be used to give farmers the credit they deserve for adopting BMPs.

"EPA's Chesapeake Bay Watershed Model has been flawed since day one," Ebert said. "That flawed model means the EPA has incorrectly concluded that Pennsylvania farms are responsible for more nutrient runoff than what actually enters local creeks and streams."

For more information, and to view a video of the survey, visit www.pfb.com/pfb-media/pennstatesurvey.

Pennsylvania's First Hard Cider Guidebook Released

Penn State Extension is happy to announce the release of the *Hard Cider Guidebook: A Producers Guide to Developing a Hard Cider Business in Pennsylvania* made possible by the generous support provided by the PA Apple Marketing Program, the State Horticultural Association of Pennsylvania and the USDA Specialty Crop Block Grant program.

Currently hard cider sales in cities throughout Pennsylvania rank 3rd, 6th and 7th as the highest selling cider markets in the nation when compared to percent of beer market sales. This burgeoning market, that saw sales skyrocket 71% in 2014, is continuing a steady and sustainable growth trend for 2015 and 2016. Compared with other food categories, cider is still soaring. With market trends following the craft beer market as well as the UK cider

market, the U.S. cider industry is well poised to become a big player in the beverage arena and this means nurseries, apple growers, and custom cider presses will continue to have an opportunity to participate in the hard cider market.

The hard cider guide is designed to walk new cider makers through every step required to register their business with local, state, and federal regulatory agencies so they are able to open their doors faster. Many new cideries around the state have struggled with business registration and licensing because hard cider is still a regulatory gray area in Pennsylvania with many specific questions requiring a direct legal opinion from the licensing agent before the business is able to move forward.

With this guide, we hope to demystify the steps. It provides straightforward links and a timeline for all form submissions and direct contact information for cider maker frequently asked questions. It is our hope that his guide will aid in the growth of Pennsylvania's hard cider industry, providing renewed opportunities for process and fresh market apple growers.

An interactive, digital copy of the guide can be found at Penn State Extension's Hard Cider webpage. *Source: Penn State*

Robots to Transform Agriculture

Robots are making inroads into the day to day management of agricultural operations in the United States by improving efficiencies through precision spraying, planting and harvesting operations and helping to overcome labor shortages in the industry. Exceptional growth in agricultural robotics, which includes unmanned aerial vehicles, is expected to reach over \$16 billion by the year 2020.

Eighty percent of the commercial market for unmanned aerial vehicles are expected to be used in the agricultural industry. The implementation of thermal imaging cameras onboard unmanned aircraft may help agricultural producers identify healthy and distressed crops, locate where water or pesticides need to be applied and help determine to the optimum time to harvest. Automated field operations may reduce the need for actual operators reducing dependence on labor resources.