

AG ISSUES UPDATE
Edited by Brad Hollabaugh
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Summary of Governor's Proposed Budget Impacts on the Penn State College of Ag Sciences

At the time this article was composed, the governor's proposed budget had just been released. Officially, this announcement initiates the negotiations process for the FY 2011-2012 state budget. It also confirms that our new governor is serious about meeting the challenge of balancing the state budget.

Below is a summary of the historic funding pattern of the Land Grant budget appropriations for PSU over the past 6 years. Compared to many parts of the state budget, these increases are quite modest. In fact appropriations have been basically unchanged during the past three years. Accordingly, there is little wonder why both Ag Research and Extension enterprises have been forced to find additional, outside funding to support their programs and operations in recent years.

Funding History	2005/2006	2006/2007	2007/2008	2008/2009	2009/2010	2010/2011	Proposed FY 11/12
Ag Research	23,094,000	25,094,000	25,595,000	25,594,000	25,252,000	25,252,000	12,029,000
Ag Extension	27,787,000	29,787,000	29,787,000	30,384,000	30,384,000	29,979,000	14,280,000

It should be noted that, currently, the state agricultural research and extension appropriations are used to leverage other funds, including: \$50 million in competitive grant funding (through USDA and other national sources); \$18 million in county support of cooperative extension; and \$20 million in federal land-grant formula funds for research stations and faculty and for cooperative extension. Accordingly, the proposed budget reductions would have far-reaching consequences well beyond the direct impacts of reduced funding.

Although a funding decrease was expected in all areas for FY 2011-2012, the 52% reduction as proposed goes well beyond thriftiness. It is a clear statement that the era of the historic Land Grant University concept will be challenged in PA. However, this partnership has continuously served as the foundation of funding for the agricultural research and extension programs delivered to the state.

Among many other possible eliminations at the College of Ag would be the ELIMINATION of

- More than half (440 employees) of the college's permanent positions
- Sixty-seven county extension offices
- **The college's four research stations in Pennsylvania (ongoing research with a focus on grapes, orchards, small fruits, specialty crops, agronomic crops, turfgrass, biofuels, etc.)**
- Food safety research and programs at a time when the industry is facing new federal regulations
- Pest management research and programs, including addressing looming threats to agriculture from stink bugs and other invasive species
- Forestry and natural resource research and programs
- Health and nutrition programs

Hopefully, the pain of a recessive economy will be shared by all parties. However, the consequences of withdrawing 52% of state funding from the PSU College of Ag Sciences is too traumatic. As we constantly seek "sustainability" for our natural resources, farms, and communities, it is patently clear that the current budget proposal will rapidly generate a very unstable -- and perhaps unsustainable -- situation for production agriculture in PA. (Courtesy, Penn State Ag Council)

Pennsylvania Apple Growers Lead the Charge Against Brown Marmorated Stink Bugs

The Pennsylvania Apple Marketing Board announced that it is taking an aggressive stand against the Brown Marmorated Stink Bug (BMSB) by funding a critical early field research program. The Board approved \$50,000 to fund a two-year research project for BMSB management in commercial orchards through the entomology program at the Pennsylvania State University's Fruit Research and Extension Center, in Biglerville, PA.

The Pennsylvania Apple Marketing Board has also joined forces with the State Horticultural Association of Pennsylvania's research committee to fund three additional BMSB research projects totaling more than \$54,000. In addition, the Pennsylvania Department of Agriculture has allocated \$50,000 for a separate research project.

According to Mark W. Seetin, Director of Regulatory and Industry Affairs for the U.S. Apple Association, the BMSB is an invasive species that is widely adaptable. Its presence has been confirmed in 32 states, with the Mid-Atlantic States feeling the greatest impact. And because the number of plants on which the BMSB can feed is so great, there is a tremendous challenge in developing control strategies.

The timing of the funding is critical for the field research. While more than 50 of the country's scientists at state and federal research institutions have joined together to seek a \$9.6 million research competitive grant under the USDA's Specialty Crop Research Initiative (SCRI), those funds, if granted, will not be available until October 2011. "The money that Pennsylvania's growers are dedicating to this problem allows them to begin BMSB research immediately," said Seetin. "They have started to look for ways to control the BMSB in the short-term, and continue the research effort long-term by studying the species' biology and life cycle."

Prior to this winter, limited research had been done on the BMSB. However, it is estimated that 10-20 percent of Pennsylvania's 2010 fruit crop was affected due to this pest. When the infestation began last summer on a larger scale, Dr. Greg Krawczyk, an Extension Tree Fruit Entomologist with Penn State University, did two short-term field projects to evaluate the effect the BMSB was having on the apple and peach crop. Now, as the problem continues to grow, the focus has to turn to studying and understanding the biology and nature of the insect in hopes of creating a long-term solution. But the short term management options in orchards still need to be evaluated and that's why this research funding is so important. (taken from a press release from the PAMP, Mar. 2, 2011)

US Apple Sends Delegations to DC

On March 10, 2011 growers from across the United States gathered in Washington, DC to meet with Congressmen to lobby for critical issues to the apple industry. Priority topics included Agricultural Labor Reform, Chinese Apple Imports, Market Access Program & Trade Issues, Farm Bill Funding for Specialty Crops, Research, and Crop Protection.

Representative Bill Owen (D-23 NY) addressed the group after breakfast in the Rayburn House Office Building. He emphasized that there was little chance for "Comprehensive Immigration Reform" this year. (The AgJobs bill has not been re-introduced for 2011.) He noted that problems with the H-2A program are prevalent and that it has become "basically dysfunctional". Congress is primarily focused on the budget at the present time, having just prevented a government shutdown with emergency appropriations.

In its second year, US Apple continued their Young Apple Leader program with invitations to two young growers from apple producing states to participate in the US Apple meetings and legislative visits. Ben Keim and Ellie Hollabaugh Vranich represented PA this year. This program is made possible with the

generosity of the following sponsors: Belle Harvest Sales, Inc., Belding, Michigan; Jack Brown Produce, Inc., Sparta, Michigan; J.P. Sullivan, Inc., Ayer, Massachusetts; **Knouse Foods Cooperative, Inc., Peach Glen, Pennsylvania**; New York Apple Sales, Inc., Castleton, New York; and Tree Top, Inc., Selah, Washington.

Thanks to all growers who took the time to participate in these meetings. PA was well-represented and visited the offices of Senators Casey and Toomey, and Representatives Shuster, Altmire, Platts, Holden, and Gerlach.

Panels Build Record to Stop EPA Clean Water Permitting

The House Agriculture Subcommittee on Nutrition and Horticulture and the House Transportation & Infrastructure Subcommittee on Water Resources and Environment held a joint hearing recently to build the record for legislation needed to stop EPA from issuing Clean Water Act permits for application of pesticides.

Legislation has not yet been introduced but is expected in the near future. The legislation is intended to solve many of the problems associated with the new CWA National Pollutant Discharge Elimination System permitting program and the underlying decision by the 6th U.S. Circuit Court in 2009.

Legislation would correct the 6th U.S. Circuit Court's ruling on NPDES permits. It would reaffirm the purpose of FIFRA and assure that pesticides applied to or near water, in accordance with the Federal Insecticide, Fungicide and Rodenticide Act label, would not be considered pollutants and would therefore not require an NPDES permit under the CWA.

U.S. Farm Exports Hit Record-High in 2010

U.S. farm exports reached an all-time high of \$115.8 billion in calendar year 2010, surpassing the previous high of \$114.8 billion set in 2008. Both the value and volume of U.S. agricultural exports worldwide has increased. Export sales surged both in bulk commodities, which increased 19 percent to \$47.2 billion, and for consumer-oriented agricultural products, which increased 15 percent to \$45.4 billion.

"Today's numbers indicate that the demand for U.S. food and agricultural products is soaring worldwide," said Agriculture Secretary Tom Vilsack. "This is good news for all Americans in these trying economic times. Every \$1 billion in agricultural exports supports 8,000 American jobs, which means agricultural exports supported nearly 1 million jobs in 2010."

For the first time in history, China is the top market for U.S. agricultural exports. China imported agricultural products valued at \$17.5 billion from the U.S. in 2010. This accounts for 15.1 percent of total U.S. agricultural exports. Soybeans are the primary farm product China imports from the U.S. China relies on other nations for soybeans, cotton, vegetable oil and edible sugar but does not depend on international markets for major grains including rice, wheat and corn. Canada is now the No. 2 market for U.S. farm exports, valued at \$16.9 billion in 2010.

USDA Introduces Online Atlas of Rural and Small-Town America

Agriculture Secretary Tom Vilsack recently announced the debut of an online mapping tool that captures a broad range of demographic, economic and agricultural data on rural areas across the United States. The Atlas of Rural and Small-Town America, developed by USDA's Economic Research Service, provides county-level mapping of more than 60 statistical indicators depicting conditions and trends across different types of non-metro regions.

Nearly 50 million people—17 percent of the U.S. population—live in non-metropolitan (non-metro) America, covering approximately 2,000 counties. Economic and social challenges facing rural areas and small towns differ greatly from those affecting larger U.S. cities, and vary substantially from one non-metro county to the next.

Users can click on a county and view a pop-up box showing data on all the indicators in four categories. In addition, users can view an indicator (e.g., employment data) for the entire country, or can zoom into specific regions, states or sub-state areas, and pan across the U.S. at different scales on the map. Maps can be downloaded for use in documents and presentations, and data are accessible via downloadable spreadsheets.

The Atlas of Rural and Small-Town America is available online at <http://www.ers.usda.gov/data/ruralatlas>.

Fertilizer Prices Expected to Remain High

This year's surge in fertilizer prices is not expected to abate any time soon. Anhydrous ammonia is up 57 percent from one year ago, phosphorus is up 46 percent, urea is up 17 percent and potash (potassium) is 15 percent higher in price. Competition for fertilizer from farmers in China, India and South America is driving prices higher in the U.S.