

AG ISSUES UPDATE

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USApple updates

White House and USDA Announce Rural Renewable Energy Grants

The White House and USDA recently announced that applications are now being accepted for \$1 billion in grants to help agricultural producers and rural small businesses invest in renewable energy systems and make energy-efficiency improvements.

The USDA is making the grants available under the Rural Energy for America Program (REAP), with funding from the Inflation Reduction Act. Recipients may use REAP funds to install renewable energy systems or to make energy-efficiency improvements. Eligible applicants include rural small businesses and agricultural producers.

USDA will hold grant competitions quarterly through September 2024. More information and eligibility requirements can be found at <https://www.rd.usda.gov/inflation-reduction-act/rural-energy-america-program-reap> .

USApple Joins Coalition to Push for Repeal of ‘Death Tax’

USApple has joined a coalition of organizations supporting passage of a bill, the Death Tax Repeal Act of 2023. USApple has long supported this effort, but in a new Congress all legislation must be reintroduced.

The coalition will work to lead the country towards a common sense tax code that does not impose a destructive double or triple tax at death. Repealing the death tax would spur job creation and grow the economy. In addition, the death tax forces family businesses to waste money on expensive insurance policies and estate planning. These burdensome compliance costs make it even harder for business owners to expand their businesses and create more jobs.

It makes no sense to require grieving families to pay a confiscatory tax on their loved one’s nest egg. Far too often this tax is paid by selling family assets like farms and businesses. The negative effects of the estate tax make permanent repeal the only solution for family businesses and farms.

USApple, Ag Groups Push Back on Harmful H-2A Regulations

As a Steering Committee member of the Agriculture Workforce Coalition (AWC), USApple is playing a leadership role in the effort to roll back recently announced changes to the H-2A Adverse Effect Wage Rate (AEWR). Later this month, Senators Tim Scott (R-S.C.) and Ted Budd (R-N.C.) along with Rep. Ralph Norman (R-S.C.) and Agriculture Committee Chairman GT Thompson (R-Pa.) will introduce legislation to formally disapprove of the AEWR changes.

USApple and the AWC sent a letter (https://usapple.org/wp-content/uploads/2023/04/e1_AEWR_CRA_Letter_to_House_and_Senate.pdf) in support of these efforts to House and Senate leadership with nearly 600 agriculture groups signing on. A congressional briefing is planned for April 17 that will include at least one apple grower. Apple leaders highlighted the challenges and expenses associated with the new AEWR rules during USApple's Capitol Hill Day last month. The implementation of the AEWR changes and other regulatory proposals still yet to come, underscore the critical need to pass agriculture labor reform.

As previously reported, this rule disaggregates wages based on the interpretation by the certifying officer of job duties included in an H-2A job order. This means that if a harvest worker is occasionally asked to perform a duty deemed to be in another category such as supervising other workers, driving a van or operating equipment they will now have to be paid the wage for whichever category is the highest. USApple warned DOL in 2022 that if not modified the changes would "significantly increase the cost of the H-2A program and add additional bureaucracy and administrative burdens." DOL did not take into consideration the comments of USApple or the dozens of other agriculture groups that raised similar concerns. A detailed summary of the changes can be found <https://usapple.org/wp-content/uploads/2023/02/AEWR-Final-Rule-Summary.pdf>.

Apple Leaders Gather in D.C.: Send Strong Message to Congress

On March 15, apple leaders from 10 states gathered for USApple's annual Capitol Hill Day. The day kicked off with a breakfast briefing with Senate Agriculture Committee Chairwoman Debbie Stabenow (D-Mich.). A long-time advocate for the specialty crop industry, Stabenow will play a key role in the development of the 2023 Farm Bill. The farm bill reauthorizes important research and marketing programs as well as crop insurance and export promotion programs like the Market Access Program. Collectively, apple leaders met with nearly 75 House and Senate offices, making a strong case for agriculture labor reform, a robust Farm Bill and the importance of the export market.

USApple Board at White House to Discuss Trade, Ag Labor

The U.S. Apple Association's Board of Directors met with White House policy staff at the White House last week to discuss critical issues impacting the apple industry. Sixteen USApple board members from

across the country met with Joan Hurst, director for agricultural affairs at the Office of the U.S. Trade Representative and Kelliann Blazek, special assistant to the president for agriculture and rural policy. The loss of exports, agriculture labor, and renewal of the farm bill were top of discussion.

“Steel and aluminum tariffs continue to be one of the biggest challenges facing the apple industry,” said USAApple Vice Chair Steve Clement of Sage Fruit in Yakima, Wash. “We’ve been cut out of the India market due to 70% tariffs, and the China market has dwindled to nearly nothing. Many growers who have been thinking about renewing their orchards don’t see a point and are instead getting out.”

India was the number two market for U.S. apples prior to the Section 232 steel and aluminum retaliatory tariffs, but lost market share since 2018 has cost growers half a billion dollars in sales. China, too, was a bright spot on the horizon with the country importing high-value U.S. apple varieties prior to its tariffs taking hold. Now, the China market has all but disappeared for U.S. apple growers. Countries like Iran, Turkey and Chile have since snatched up the lost U.S. apple market share.

“When Washington State can’t export apples to global markets it has a huge impact nationally,” said USAApple Chair Brenda Briggs of Rice Fruit Company in Gardners, Pa. “It depresses markets, hurts farmers and threatens the sustainability of growing apples on the East Coast and middle of the country.”

In addition to encouraging the Biden administration to help growers with market access, the USAApple board also asked for assistance with fixing agriculture labor policy.

“Since the Farm Workforce Modernization Act passed the House twice but wasn’t successful in the Senate, we are having to start over at square one with a new Congress this year,” said USAApple President and CEO Jim Bair. “But we’re not giving up.”

The USAApple board asked for help with onerous, bureaucratic rules delaying H-2A workers from entering the country in time to begin work in their respective orchards, and with maximum 34-hour work weeks and inconsistent wage rates and classifications for various orchard jobs.

The group also discussed the importance of the farm bill and its renewal this year. Getting additional Market Access Program funding for specialty crops is critically needed to help with apple exports, as well as maintaining funding for research and other Agriculture Department programs that directly impact the industry.

Additional Source Updates

American Farmland Trust awards \$1M+ in microgrants

WASHINGTON — For the first time, AFT has awarded over \$1 million dollars in grants in a single year to 190 farmers across the country through the Brighter Future Fund (BFF) and the New England Farmer Microgrants Program (NEFMP). This adds to the \$3.5 million awarded since 2020. Both microgrants programs seek to improve farm viability, facilitate farm transfer and succession, help farmers access farmland, and work to permanently protect farmland for future generations.

Our nation's farmers and ranchers work hard, and face daily obstacles related to weather, changing economic forces, and the rising costs of land and inputs. AFT makes grants to farmers and ranchers to advance our mission to protect farmland, promote sound farming practices and keep farmers on the land. We take extra care to make our application processes straightforward and accessible so that our grants can have a significant impact on a farm's business and future.

AFT's grants help drive new solutions for resolving key challenges facing our society by increasing the resilience of farms to climate change and reducing greenhouse gas emissions, strengthening local food systems, creating greater equity in opportunities for underserved farmers, ensuring the availability of sufficient clean water and habitat for threatened wildlife, and improving farm viability and community vitality.

The Brighter Future Fund

The Brighter Future Fund was initially launched with a generous contribution from Tillamook County Creamery Association (TCAA), one of America's favorite farmer-owned co-ops that understands the many challenges farmers face. Building upon their initial gift in 2020, TCAA made an additional two-year financial commitment to the Brighter Future Fund.

AFT's Brighter Future Fund provides grants of up to \$5,000 per project to help farmers nationwide improve farm viability, access, transfer or permanently protect farmland, or adopt regenerative agricultural practices. In 2022, the fund accepted applications from farmers who identify as BIPOC, Veterans, LGBTQIA+ and beginning farmers who had limited access to financial resources in the past. Supporters for the Fund include: Tillamook, ButcherBox, Domino's, Giant Foods, iHeartMedia, Tractor Supply Company, and many generous individuals around the country.

The New England Farmer Microgrants Program

Originally founded by two long-time AFT donors, the New England Farmer Microgrants Program (NEFMP) was launched in 2020 to address some of the key barriers faced by farmers in the region: access to farmland, farm succession and transfer planning, and the adoption of regenerative farming practices. Since 2020, NEFMP has awarded \$775,000 to 165 farmers in all six New England states. This year, the program made its highest award amount, giving 69 farmers over \$538,000, bringing the program total to \$1.3 million dollars directly into the hands of New England farmers.

Learn more about AFTs grantmaking and ways you can support at farmland.org/grantmaking. -*Morning Ag Clips, March 14th, 2023*

Agricultural Labor: Department of Labor Publishes a Final Rule Modifying the Adverse Effect Wage Rate Methodology for H-2A Workers

On February 28, 2023, the U.S. Department of Labor (DOL) published a final rule in the Federal Register amending how the adverse effect wage rates for the H-2A program are set. Also announced by DOL, this final rule will continue to use the U.S. Department of Agriculture's (USDA) Farm Labor Survey to determine the average annual hourly wage for field and livestock workers, but will use data reported by the Bureau of Labor Statistics' Occupational Employment and Wage Statistics survey for all other positions. – *Penn State Ag Law, March 13th, 2023*

For information on the new AEWR: <https://flag.dol.gov/wage-data/adverse-effect-wage-rates>

Budget spurs innovation, expands opportunity, grows future of Pa. Agriculture

HARRISBURG, Pa. — Governor Josh Shapiro's budget proposal for the 2023-24 fiscal year makes critical investments in the future of Pennsylvania agriculture through funding to protect valuable farmland, furthering agriculture emergency preparedness and response, expanding fresh food resources, and increasing access to education.

"Growing and maintaining Pennsylvania's \$132.5 billion agriculture industry takes targeted, thoughtful investments and resources for innovation," said **Secretary Russell Redding**. "Governor Shapiro's proposed budget makes it clear that he values Pennsylvania farmers and the hard work we do to keep Pennsylvanians safe and keep them fed. We look forward to working with the Governor, General Assembly, and our industry partners throughout the budget process."

Below are several of the key investments in the 2023-24 proposed budget:

Commitment to Agricultural Disaster Preparedness and Response

Pennsylvania's \$7.1 billion poultry industry continues to face a serious threat from Highly Pathogenic Avian Influenza (HPAI). The proposed budget provides **\$34 million** to support the department's work to

continue to combat and respond to HPAI, other agricultural emergencies and disasters, and invasive species in the commonwealth.

This funding adds **\$25 million** to the reimbursement grant program to help affected poultry producers recover from losses sustained from responding to the disease and remains the only such state-level fund in the nation. It also continues to support the animal diagnostic laboratory system laboratories to protect our farms and food system through a \$6 million addition.

In addition, **\$3 million** will be used to combat spotted lanternfly and other invasive species.

Innovative Investments to Improve Agricultural Programs and Fresh Food Resources

Pennsylvania is a national leader in organic agriculture and is seeing tremendous growth in this lucrative market for farmers. The 2023-24 budget proposal provides **\$1 million** to create a new Organic Center of Excellence, which will grow the state's ability to support this sector of the industry.

This budget also includes **\$500,000** to create a Center for Plant Excellence that will expand supply chain opportunities and boost resources available to Pennsylvania's diverse plant industries.

This proposal will also help more Pennsylvanians access fresh, quality produce, and other farm products. A **\$2 million** investment in the Fresh Food Financing Initiative will contribute to better health outcomes by improving access to PA-grown, processed, and produced foods, including fruit, vegetables, milk and dairy products, and meat products, and expanding availability of PA Preferred Opens In A New Window products. This funding will stimulate investment in lower-income rural and urban communities and in food retailers owned by people who are Black, Indigenous, and People of Color.

Continuing the Nation's First and Only State-level Farm Bill

This proposal would fully fund the Pennsylvania Farm Bill for the fifth year at **\$13.8 million**. The first and only state farm bill in the nation, the PA Farm Bill is a comprehensive package of initiatives and funding that resulted from bipartisan action to grow a stronger, more resilient agriculture industry.

Through the PA Farm Bill, Pennsylvania has invested more than **\$100 million** in growing opportunities and resources, removing barriers that keep young people and career changers from entering the field, and building the infrastructure agriculture businesses need to succeed.

Preserving Farmland for Future Generations

Pennsylvania leads the nation in the number of farms and acres permanently preserved for agricultural production. The Farmland Preservation Program helps ensure that resources will be available to produce food and feed Pennsylvania's economy. The budget provides **\$2.5 million** for technical and financial assistance resources to counties to help protect their investments by ensuring that preserved farms are managed to improve soil and water resources."

Improving Farmer Health and Safety

Farmer safety and mental health continue to be significant challenges in agriculture. Farming has some of the highest rates of suicide of any occupation. Governor Shapiro's budget proposal invests a new **\$200,000** to further existing federal funding to provide support services such as a mental health hotline, specialized trainings, and outreach to the agricultural community.

Growing the Ag Workforce by Supporting Farmer Veterans

Workforce issues impact many industries in Pennsylvania, including agriculture. The budget proposal invests **\$300,000** to continue supporting military veterans who, after serving their country, continue to serve their communities through agriculture.

Investing in Children and Students

Everyone Pennsylvanian should have the freedom to chart their own course and the opportunity to succeed through affordable options to pursue secondary education. Pennsylvania's diverse postsecondary institutions create a wealth of options for career pathways, including those in agriculture. This budget provides an increase to:

- **\$58.9 million** for the Transfer to Agricultural College Land Scrip Fund, a **\$1.2 million increase**
- **\$32.3 million** for the University of Pennsylvania School of Veterinary Medicine, a **\$633,000 increase**
- **\$1.9 million** for the University of Pennsylvania Center for Infectious Disease, a **\$38,000 increase**

Addressing Food Access and Security

Recently, federal emergency benefits from the Supplemental Nutrition Assistance Program (SNAP) ended, leaving the charitable food system overwhelmed, with PA food banks, food pantries, and soup kitchens filling the void and feeding Pennsylvanians in need.

The Governor proposed a new state investment in SNAP to raise the minimum monthly benefit by **50 percent** to help families have access to enough fresh, healthy food.

The proposed budget also includes free breakfast to every child in Pennsylvania public schools.

Focus on Rural Development

In addition, Governor Shapiro's focus on rural community revitalization will help ensure that farmers in rural communities have improved access to health care, high-speed internet, and capital. The Governor's proposed investments in economic and workforce development and access to quality education, will further ensure that these deserving communities are not left out of our shared prosperity.

For more information on Governor Shapiro's 2023-24 budget proposal, visit shapirobudget.pa.gov. For more about investments to protect and grow Pennsylvania's \$132.5 billion agriculture industry, visit agriculture.pa.gov. – *Morning Ag Clips, March 13, 2023*