

Pennsylvania Farm Bureau

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June 3, 2022

The Honorable Martin Causer
Chair, House Majority Policy Committee
PA House of Representatives
147 Main Capitol Building
PO Box 202067
Harrisburg, PA 17120-2067

Dear Chairman Causer,

Thank you kindly for the opportunity to provide testimony on behalf of the state's largest farm organization, Pennsylvania Farm Bureau. It is with great honor that I get to speak (for the first time) for over 30,000 hardworking men and women who strive daily to provide our state, nation, and world with safe, high-quality foods and fibers.

Farm Bureau's perspective on our current economy is most likely not much different than yours. As prices continue to rise across the state and country, farmers are feeling a financial oppression not seen since the early 1980's. Very similar to the 1970's and 80's, our country has recently seen institutional change and socioeconomic factors that, when paired with global economic and political events, has left Pennsylvania agriculture extremely vulnerable.

While cash receipts may reflect the high commodity prices, the cost of production has been rising faster than the rate of those commodities. In the past 24 months, the cost of fertilizer has risen 29%. A recent Texas A&M study found that nitrogen alone jumped 133% from 2021 to May 2022 before just recently dropping by 30%. Fertilizers such as ammonia and urea that rely on the nitrogen being removed from natural gas during the production process have seen an increase as well, in tandem with the rising cost of fuel prices. Phosphorous and potassium fertilizers have seen a nearly 93% increase as top producing nations, China and Russia, have been impacted in other ways.

Similar to the input cost of fertilizer, which accounts for nearly one-fifth of production expenditures, feed and seed costs have also risen substantially in the past two years. The USDA's recent Farm Sector Income Forecast recently projected a net farm income loss of 4.5% for 2022.

The costs encountered by the farmers ultimately find their way back to the consumer. Gopinath Munisamy, a Distinguished Professor of Agricultural Marketing at the University of Georgia, says the "costs start at the farm gate and end on the consumer's plate." When food alone accounts for 12% of household expenditures in the United States, an 8% increase on the grocery store receipt can seem insurmountable to almost every middle-class family in America. Perhaps the most unsettling facet of this scenario is how it effects our farmers and their families. Not only is it costing the farmer more to plant a crop or raise livestock, but they are also consumers. They pay the same price as everyone else at the cash register for their product, yet see no increase to their income.

The ongoing conflict in Ukraine, the prolonged lockdown restrictions in China, and our own domestic struggles as we rebound from the pandemic have played a large role in the economics of agriculture. Each of these issues has factored into where we are today but are not alone in their blame. What began as Pennsylvania dairy farmers dumping milk has morphed into farmers being unable to fill their tractors with diesel fuel. Without the aid given through programs such as CFAP and other USDA pandemic assistance programs, it's unreasonable to even estimate how many farms we would have lost in the last 24 months. But farmers don't want – and shouldn't have to – rely on government assistance to remain viable.

Pennsylvania Farm Bureau sees hope in a lot of current legislation being discussed, and that agriculture can indeed be an industry where farmers can support their families. Pennsylvania farmers have long been chastised for their lack of attention to keeping our water clean, but with such little dispensable income they simply cannot afford to make upgrades to existing infrastructure or fund new projects that would help the commonwealth more quickly meet our nutrient requirements.

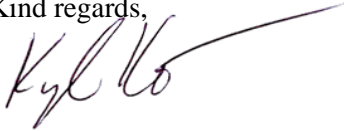
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More opportunities to build or expand meat and poultry processing facilities; increased opportunities for dairy processing facilities; greater support for farmland preservation; and a more common sense, equitable approach to dairy pricing are just a few ways that lawmakers can ease the burden on our farmers and broaden their opportunities for success. With a growing demand for farm labor, ease of securing H2A employees and allowing legal residents of the United States who may not yet be citizens to secure a drivers' license are areas of importance as well. And as energy prices soar and have an impact on each of us, farmers have justifiable concerns of being able to fill their tanks during harvest this fall. Taking mindful advantage of the bountiful natural resources available to us in Pennsylvania would lighten the load on all of us, but particularly our farming community.

Farmers by nature are a hopeful lot; rooted in the prospect of a plentiful crop or the promise of watching a young calf chase its mother across a pasture. You could say that good weather and sound policy are a farmer's best friend. And while we can't control the weather, when our citizens and lawmakers work together, we can certainly impact policy. It remains our hope that our elected officials from across this beautiful state will find a way, as your constituents' voice, to ease the pain for consumers and for the men and women doing their part to put food on our plates.

Again, thank you for allowing me to speak on this issue on behalf of Pennsylvania Farm Bureau and I look forward to entertaining any questions you might have.

Kind regards,

A handwritten signature in cursive script, appearing to read 'Kyle K.', with a long, sweeping horizontal line extending to the right.

Kyle Kotzmoyer
State & Local Affairs Specialist