

Presentation before the **Senate Agriculture & Rural Affairs Committee**

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Crop Production Opportunities for Pennsylvania Farmers

The Convergence of Crops and Energy

Governor Rendell has recently unveiled “Pennsylvania’s Energy Independence Strategy”, which states “approximately 340 million additional gallons of ethanol production are planned”. If that was all corn derived, that would require 120 million bushels.

Pennsylvania does not have an additional 1,000,000 acres to put into crop production; this advancement of biomass for energy will have to come from increasing yields per acre. Unfortunately, Pennsylvania on the average has lagged behind the nation and its neighboring states on yield gains – with only 1/3 of the national average yield gains over the last 20 years. Many Pennsylvania farmers have been left behind on new technologies in seed, fertility efficiencies, tillage, information management and equipment.

Water Quality Trading

Water Quality Trading also offers a tremendous potential economic reward for individual Pennsylvania farmers. In deed, nutrient trading can not only be an economic win for farmers, but also stabilize sewer rate increases for homeowners, all the while improving the environment.

For a farmer that adopts crop management systems that include conservation tillage, fertility efficiencies, and stream protection, the revenue potential from trading could reach \$40 – 50 per acre per year. Do the math - at \$40 per acre on 500 acres for a 5 year contract that equals \$100,000 revenue enhancement for a farm family!

And further, this opportunity is not for just a few, the demand for credits could easily require 1 million acres in Pennsylvania – yes, at least \$40 million per year to Pennsylvania farmers. (Note: Deputy Secretary Meyers stated with the roll-out of the Interim Policy in October 2005, that the trading market would reach \$100 million in its first year).

Delivery of Conservation and Economic Improvements

Currently, PA DEP has a significant role in policy development, funding, and delivery to individual farmers of environmental programs, such as Chesapeake Bay

Tributary Strategies and Nutrient Trading. PA DEP (as the environmental enforcement agency) may be perceived negatively by farmers. Is PA DEP the best vehicle to advance innovative technologies, economic improvements, and environmental stewardship, for the continued viability of the family farm in Pennsylvania?

I would suggest other surrounding states have different public & private sector cooperative models:

Delaware's Nutrient Management Commission (housed in their Department of Agriculture) is a cooperative initiative for research, outreach, education and regulations among farmers, DNREC, NRCS, Conservation Districts, the Universities, and ag industry.

Virginia Tech and VA DCR have a successful model for research, outreach and funding to change the behavior of individual farmers. I point to their current success with their Dairy Feeding Management initiative.

Maryland Department of Agriculture is the lead agency for: funding of Conservation Districts, cost-share programs, Tributary Strategy Teams, and nutrient trading.

Recommendations

I would like to close with three specific recommendations:

1. Convene Pennsylvania's agriculture stakeholders to establish an aggressive goal and strategy to increase crop yields – ex. State-wide average corn yield of 150 bushels per acre by 2010.
2. PA DEP enlists Penn State Extension to design and execute an outreach program focused on Nutrient Trading – for farmers, Extension agents, Conservation Districts, and municipalities.
3. Develop a restructuring strategy to make the Department of Agriculture the lead for agricultural conservation programs.