



**Testimony of Russell Redding, Secretary
Pennsylvania Department of Agriculture
Senate Democratic Policy Committee
Informational Hearing on Lowering Consumer Grocery Costs
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Good morning Chairman Miller and members of the Committee. Thank you for the opportunity to appear before you today to discuss the opportunities and challenges facing Pennsylvania agriculture and our food system. Agriculture is more than Pennsylvania's number one industry, it is foundational to our economy, our health, our communities, and our future. From family dairy farms and grain producers, to mushroom growers, livestock operations, orchards, vegetable farms, food processors, and retailers, agriculture supports nearly one in every ten jobs in the Commonwealth, employs nearly 600,000 people, and contributes \$132.5 billion annually to the Commonwealth's economy.

But agriculture is also an industry under pressure.

The conversations I have with farmers across Pennsylvania are remarkably consistent. They are committed to producing safe, abundant, and affordable food, but they are doing so while navigating unprecedented uncertainty and inflationary pressure. Rising production and transportation costs, labor shortages, increasingly unpredictable weather, plant and animal disease concerns, changing markets, and the financial realities of succession planning are converging all at once, leading to increased commodity prices. Consumers are also feeling the effects of increased food prices, with the Consumer Price Index for food rising 3% in the past 12 months and price increases seen for both food at home and food away from home with further increases anticipated. These are not isolated challenges. Together, they influence what farmers can produce, what consumers ultimately pay at the grocery store, and whether Pennsylvania remains competitive in the national and global food economy.

These pressures on food production contribute to consumers facing increased grocery prices, but they are only one factor affecting current affordability issues. In just the past few years, a combination of supply chain disruptions, international conflicts, tariffs and trade policies, and market consolidation have also contributed to higher food prices. Compounding this issue is that consumers are facing high prices for almost everything else while wages are not keeping up, leading to less consumer buying power and higher rates of food insecurity.

When our food system is resilient, consumers benefit. Through strategic investments in agriculture and food systems, the Commonwealth is helping producers remain competitive while expanding opportunities to bring Pennsylvania grown products to market and improve food access. Programs that reduce barriers for producers, improve supply chain efficiency, and

strengthen connections between farmers and consumers can help mitigate costs over time while supporting economic growth.

From food processing capacity that creates markets for Pennsylvania farmers, to cold storage and distribution infrastructure that expands those markets, and partnerships between producers and food banks that reduce waste while improving food access, these investments benefit both producers and consumers. Every additional market available to a farmer strengthens farm profitability. Every improvement in distribution strengthens food security and affordability. That reality underscores why public investment matters.

Under Governor Shapiro, Pennsylvania has helped lower long-term production costs through the creation of strategic investments in agriculture. We've supported technology adoption through the Ag Innovation Grant Program, infrastructure modernization through the Fresh Food Financing Initiative, energy efficiency through the Resource Enhancement & Protection program, processing capacity through the Resilient Food Systems Infrastructure program, research through our research grants, and workforce development through both the development of apprenticeships and the promotion of agriculture education. These investments improve productivity, strengthen competitiveness, and reduce costs over time.

Despite this support, for many producers, profit margins have narrowed considerably despite strong consumer demand. Agriculture is unique because producers often have little control over either side of the equation. Farmers are price takers in many markets. They cannot simply pass increased costs on to consumers, and weather or disease can erase an entire season's investment.

Production costs continue to challenge farm viability and profitability. Although inflation has moderated in some sectors, many agricultural input costs remain significantly higher than they were just a few years ago. Farmers continue to experience elevated costs for fertilizer and crop nutrients, feed and livestock inputs, machinery and replacement parts, and fuel and energy, just to name a few. These costs have also been considerably higher as a result of international conflicts and supply chain disruptions.

Climate and weather are also more prevalent as business risks, and this was especially evident this past spring when many farmers experienced crop losses from a freeze event. Pennsylvania farmers have always adapted to changes in weather, but what they are experiencing today is not simply changing seasons, it is greater variability and greater uncertainty.

Food production also depends on healthy crops and livestock. Pennsylvania must continue investing in animal health surveillance, laboratory capacity, emergency preparedness, and

producer education to prepare for emerging disease threats. Whether responding to Highly Pathogenic Avian Influenza, invasive pests, or other emerging risks, rapid detection and coordinated response protect both producers and consumers while preserving confidence in our food supply.

When we discuss agricultural production, we cannot separate that conversation from food access. Pennsylvania produces an extraordinary abundance of food, yet too many Pennsylvanians face food insecurity every day, especially as grocery prices continue to rise. Families continue to face difficult choices between groceries, housing, health care, transportation, and childcare. Food insecurity exists in rural communities, suburban neighborhoods, and urban centers alike. Food security is about more than emergency food assistance- it is about building a resilient food system that consistently delivers nutritious food to every Pennsylvanian. That requires supporting production, distribution, affordability, and access simultaneously.

Government cannot eliminate every challenge facing agriculture and consumers. It can, however, create conditions that allow producers and markets to succeed while addressing the challenges that contribute to affordability issues. The Commonwealth should continue prioritizing investments that preserve productive farmland, expand agricultural innovation and research, and modernize food processing infrastructure. These investments produce returns that extend well beyond agriculture- they ensure Pennsylvania remains competitive in a rapidly changing marketplace.

Pennsylvania agriculture has never lacked resilience. Our farmers continually innovate, adapt, and invest in their operations despite extraordinary challenges. Our responsibility is to ensure state policy keeps pace with those efforts. Food production, economic development, environmental stewardship, and food security are not competing priorities, they are interconnected and complementary issues that must be addressed together. When Pennsylvania farms are profitable, our rural communities are stronger. When our food system is resilient, consumers benefit. When families have reliable access to nutritious food, our communities are healthier. And when we invest strategically today, we position Pennsylvania agriculture to remain amongst the strongest and most diverse market in the nation for generations to come.

The Department of Agriculture remains committed to working closely with producers, processors, retailers, educators, conservation partners, legislators, and community organizations to address the increased cost of producing and purchasing food. Our shared goals are clear: supporting profitable farms, maintaining a resilient food system, protecting our

natural resources, strengthening rural and urban communities, and ensuring that every Pennsylvanian has access to safe, affordable, and nutritious food.

Thank you for the opportunity to testify. I look forward to answering your questions and working with the committee to advance policies that strengthen Pennsylvania agriculture and improve food security across our Commonwealth.