



Testimony on the State of Pennsylvania Agriculture

Pennsylvania Senate Democratic Policy Committee

Addressing Today's Challenges in Agriculture and Farming

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Chairman Miller, Senator Schwank, Senator Malone and members of the Committee, thank you for the opportunity to testify about the state of Pennsylvania agriculture and, more importantly, the practical steps the Commonwealth can take to help our farms remain productive, competitive and ready for the future.

My name is Matt Espenshade. I am President of the Pennsylvania State Grange and a seventh-generation dairy farmer from Lancaster County. My family has owned and operated our farm since 1867. My father and I milk approximately 75 cows and farm 260 acres, raising our own forage and replacement heifers. Our sons are preparing to continue in the dairy business. For our family, the future of agriculture is not an abstract policy discussion. It is the question of whether the next generation will have a fair opportunity to farm.

Pennsylvania agriculture supports more than 48,800 farms, contributes approximately \$132.5 billion to the Commonwealth's economy and supports nearly 600,000 jobs. Those numbers demonstrate agriculture's strength, but they can hide how financially fragile many individual farms remain. Farmers face volatile commodity prices, severe weather, animal disease, workforce shortages and sharply higher costs for fertilizer, fuel, electricity, feed, equipment and repairs. A farm can be productive and well managed and still struggle to generate enough margin to reinvest or bring another family member into the business.

Pennsylvania agriculture faces both opportunity and uncertainty. The Commonwealth should stabilize farms now and give them confidence to invest for the future.

Provide Immediate Stability for Dairy Farms

The most immediate step would be to restore the Pennsylvania Milk Board over-order premium. The prior order expired on June 30. The Milk Board did not extend the premium while it waited to see whether the General Assembly would enact broader reforms. Those reforms remain important, particularly reforms that ensure premium dollars are distributed fairly and transparently to Pennsylvania dairy farmers. However, the General Assembly will not complete that work before the end of the year, and farmers should not be left without support while the debate continues.

At the Milk Board's June hearing, the Pennsylvania State Grange supported a premium of \$1.00 per hundredweight and continuation of the diesel fuel adjuster. I testified about fertilizer increases, higher diesel prices, rising electric bills and tight milk margins on our own farm. Those pressures have not disappeared. A temporary premium would help farmers pay feed, fuel, fertilizer, veterinary and utility bills, and that money would quickly circulate through local rural businesses.

We urge the Senate to encourage the Milk Board to restore meaningful short-term support while lawmakers continue working toward a fair, transparent and durable premium system. Immediate relief and long-term reform should not be treated as competing choices. Pennsylvania dairy farmers need both.

Create a Dairy Farmer Tax Credit

The Pennsylvania State Grange also supports amending the Commonwealth's Tax Code to create a dairy farmer tax credit that would be triggered when milk prices fall or when input costs rise to an unprofitable level. The credit should be production-based so that relief is distributed equitably among farms of different sizes.

A dairy tax credit would not replace the market or guarantee a profit. It would provide a predictable stabilizer when forces beyond a farmer's control squeeze margins, helping farms preserve working capital and continue investing beyond the next milk check.

Prepare Farms to Meet the Chobani Opportunity

Chobani's decision to invest \$1.2 billion in a Pennsylvania operation is one of the most significant opportunities our dairy industry has seen in a generation. The project is expected to create more than 900 jobs and, at full scale, source more than three billion pounds of Pennsylvania milk each year - approximately 30 percent of the milk currently produced in the Commonwealth. Production is expected to begin in 2027.

That new demand is tremendously encouraging, but milk production cannot be expanded with the flip of a switch. Growing a herd requires cows, feed, land, barns, manure storage, financing, permits and trained workers. Farmers will need dependable market signals and sufficient time to make responsible decisions. Public policy should help farms grow carefully and profitably, not pressure them into expansion without secure contracts or sound business plans.

The Commonwealth has announced \$127 million in loans and grants available to eligible dairy farmers. Those resources should reach farms quickly through a transparent process and support facilities, milking systems, nutrient management, animal health, energy efficiency and technical assistance through the Center for Dairy Excellence.

Permitting must also move at the speed of this opportunity. The Grange supports a coordinated process in which farmers, county conservation districts, the Natural Resources Conservation Service and the Department of Environmental Protection identify requirements early, resolve technical questions promptly and provide farmers with a reliable timeline. Environmental standards must be met, but uncertainty and duplicated reviews can cause a sound project to miss its market window.

Build a Reliable Agricultural Workforce

Workforce is one of the largest constraints on Pennsylvania agriculture. Dairy farms operate every day of the year, yet the federal H-2A system is primarily designed for seasonal labor. The Commonwealth cannot rewrite federal immigration law, but it can advocate for a lawful year-round agricultural worker option,

streamline state coordination, help employers navigate applications and housing requirements, and provide translation, safety training and technical assistance.

The Grange supports expanding and simplifying programs that allow employers to hire foreign agricultural workers. Visa decisions must be timely, renewable status should be available to workers with verified agricultural employment and no disqualifying criminal record, and workers should have reasonable flexibility to perform the varied jobs found within an integrated farm business. Farmers need a system that is legal, dependable and workable, and immigrant farmworkers deserve stability, safety and respect.

We must also grow our domestic workforce through agricultural education, career and technical education, apprenticeships and partnerships among schools, Penn State, CareerLink, farm organizations and employers. Young people should see paths into production, animal health, agronomy, equipment technology, food processing and agricultural engineering.

Lower Barriers to Investment and Improve Resilience

Pennsylvania should continue the Agricultural Innovation Grant Program and make it accessible to small and mid-sized farms. Incentives for precision agriculture, energy efficiency, on-farm generation and net metering can lower costs, reduce environmental impacts and increase production.

The state should maintain strong animal disease surveillance, veterinary capacity and biosecurity assistance. It should support crop insurance and other risk-management tools as farmers experience drought, flooding, freezes and increasingly unpredictable growing conditions. It should also invest in rural broadband, roads, bridges and reliable electricity because modern agriculture depends on all three.

Finally, Pennsylvania must protect its agricultural land base and help farms transition to the next generation. The public has invested heavily in farmland preservation. Preserved farms should not be treated as easy routes for projects through eminent domain, and productive acreage should not be unnecessarily fragmented. Farm-transition planning, beginning-farmer assistance and access to affordable capital are essential if we want preserved land to remain actively farmed.

Conclusion

Pennsylvania farmers are not asking government to remove every risk from agriculture. Risk is part of farming. We are asking for policies that recognize when markets, regulations or workforce systems prevent good farmers from responding to opportunity.

Our recommendations are straightforward: restore the over-order premium while comprehensive reform is completed; enact a production-based dairy farmer tax credit; deploy Chobani-related farm financing quickly and coordinate permits; build a lawful, reliable year-round agricultural workforce; and continue investments in innovation, disease prevention, risk management and farm transition.

My sons and other young farmers are watching the decisions we make now. They need to see that Pennsylvania wants farms not only to survive the current uncertainty, but to grow and supply the next generation of food businesses and consumers. With thoughtful action, the Commonwealth can turn today's challenges into long-term opportunity for farm families, rural communities and the entire Pennsylvania economy.

Thank you for inviting the Pennsylvania State Grange to participate. I appreciate the Committee's attention to these issues and would be pleased to answer any questions.