



**NYSAC**  
NEW YORK STATE  
ASSOCIATION OF COUNTIES



## **Farming Task Force**

# **GROWING THE FARM ECONOMY: A REPORT FROM THE BLUE RIBBON TASK FORCE ON THE FUTURE OF FARMING IN NYS**

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# GROWING THE FARM ECONOMY: A REPORT FROM THE BLUE RIBBON TASK FORCE ON THE FUTURE OF FARMING IN NYS



## Introduction

The agriculture industry remains a top contributor to the New York State economy, providing critical jobs, revenues and food for the state and beyond. Unfortunately the agriculture and food system has not been recognized as the significant economic engine that it is. Recent policy decisions and the recent economic downturn have combined to force the closure of hundreds of farms in the past five years—destabilizing one of New York’s oldest and most vital industries.

The New York State Association of Counties’ (NYSAC) Blue Ribbon Task Force on the Future of Farming in New York State continues to develop priorities that State and Federal leaders should focus on to strengthen the outlook for New York’s farmers.

This report of the Task Force is designed to support and direct the efforts of public policy makers at the local, state and national levels as they develop regional economic growth plans, negotiate the 2012 Federal Farm Bill and develop future budgets.

While there are many views represented in the farming community and on this Task Force, one thing is certain: agriculture is worth growing in New York State, and our counties are ready, willing and able to fight for our farmers.

## Emphasize Agriculture in Regional Economic Development Plans

New York State’s overall business climate needs to improve for both producers and processors. High energy costs, high overall tax pressure, burdensome regulations and aging infrastructure all impede our ability to attract food processing companies. This places our agricultural producers at a disadvantage with accessing agricultural production and processing facilities.

Councils have begun to do this by creating working groups and/or subcommittees dedicated to agriculture in their region. Each council should focus on the particular types of farms and agricultural products grown in their region and incorporate those as strengths and opportunities into their regional plan.

NYSAC’s Blue Ribbon Task Force on the Future of Farming in New York State encourages the State’s Regional Economic Development Councils to consider the needs of agriculture and agribusiness as part of each region’s overall economic development strategy. Many Regional

***Between 2002 and 2007, the market value of good produced on NY farms increased by 41 percent.\****

## **Promoting economic growth through increased production**

Typically agricultural economic development projects make investments in technology allowing the producer to become more productive and efficient.

The Task Force recommends creating agricultural economic development programs that empower farms to increase production, recognizing that there will be wealth and job creation along the entire production and processing chain.

There are many factors involved in agricultural production, including transportation and labor regulations, food safety requirements, and environmental compliance. The Task Force recommends that additional work be done by regional economic development councils to identify what are the factors limiting New York's ability to maintain its position as a significant agriculture producing region.

## **Expanding processing capacity**

New York's significant agricultural production in close proximity to 19 million state residents creates significant opportunities for value-added processing of agricultural products. However, the State's vast geography requires a growing network of regionally located processing facilities in order to turn our various homegrown commodities into popular consumer products. Unfortunately, New York has lost a tremendous amount of processing capacity in the last three decades.

The result is that farmers are increasingly challenged to find ways to turn their raw products into value-added products, desired by consumers.

***Vegetables harvested in NY increased by 11.5 percent between 2002 and 2007.\****

The county leaders on the Task Force are advocating for targeted investments in small, medium and large-scale processing infrastructure needed to manufacture the value-added products that will strengthen the entire farming community. Processors of all sizes—from community kitchens to large scale dairy processors will benefit from these investments that will create short and long term returns for New York's economy. The production facilities would create new jobs, encourage the growth of New York farms, and add to the State's portfolio of made in New York products and services.

There is currently a lack of smaller scale meat processing facilities that would be capable of meeting the growing demand for locally produced meats. The inability of the Food and Drug Administration and the US Department of Agriculture to provide size appropriate regulations for these facilities has significantly impacted our farmers' ability to meet market based demand in a cost effective manner. Reviewing these regulations and determining an appropriate regulatory strategy at the state level is paramount to allowing our farmers to expand livestock production.

There is also a need for additional certified kitchens, as required under USDA and New York State Agriculture and Markets Law, for processing of agricultural products. The inability to secure kitchen space hurts farmers who are unable to sell ripe products and risk wasting surpluses and losing potential revenue. The Task Force urges policymakers to work with local farmers to make certified kitchen space available and facilitate the exploration of such value-added initiatives.

Large scale processing, particularly in dairy, has seen a re-growth. Higher fuel costs are incentivizing processing in New York given our close proximity to consumer markets on the East Coast. Within the past two years, three major dairy processors have either expanded or begun construction, causing a growing demand for New York milk. The challenge for our farm families will be increasing production of milk within the constraints of the federal order system and New York's high cost of doing business. The state should take immediate steps to encourage increased milk production by removing regulatory barriers and decreasing the total cost of owning and operating a business in New York State.

### Marketing New York Produce

Moving our agricultural produce to market is critical to the success of every farm and farmer in New York State. Whether through Hunts Point in New York City, a processing facility, a cooperative, or a local farmers' market, our fruits and vegetables need a pathway to consumers' refrigerators and dinner tables.

Hunts Point, in the Bronx, is one of the largest food distribution markets in the world. Hunts Point connects farmers and producers from New York and all over the world with wholesalers, restaurateurs and consumers in the most densely populated areas of the North East. The Task Force urges National, State and City leaders to rebuild the Terminal Market and strengthen Hunts Point's connection with New York farmers as a way to promote our home state grown fruits, vegetables and meats.

***In 2007, NY was the second largest grower of beans for processing\****

### Direct Marketing Local Foods

A number of direct marketing opportunities exist throughout New York and are found through traditional farmers' markets, regional markets, wholesale markets, direct delivery to food service institutions, and the Green Market Program in New York City. Direct marketing can provide farmers a higher return per unit sold. Additionally, direct-marketing provides the forum for consumers and farmers to establish a personal relationship.

In August 2011, Governor Cuomo launched the "Fresh Connect Farmers' Markets" program to create new farmers' markets and expand others around the State. The program is designed to increase the sale of locally-grown food, especially in underserved communities. The program provides modest grants to help create new farmers markets that will provide employment opportunities and promote nutritional education.

The Task Force supports this new initiative as well as the continued development of direct marketing programs and infrastructure. Specifically, we commend the program for providing funds for infrastructure development of farmers markets throughout the State.

For farmers markets to be an effective venue for local farmers, they need to sell locally-grown and processed products. Today some vendors are buying discounted imported produce and taking advantage of the association of farmers' markets to resell these products. The Task Force further recommends the creation of an incentive program to encourage the sale of truly local produce at farmers' markets.

### **Strengthening our transportation infrastructure**

A safe, efficient and maintained highway infrastructure is necessary for trade, economic development, job creation and retention, agriculture, businesses and general commerce activities. Our farmers and network of processing companies rely on our roads and bridges to get from the farm to the processing plant, then from the processing plant to the market. Unfortunately, New York State's roads and bridges are showing their age, and in many cases regular maintenance and reconstruction projects have been delayed or neglected as a result of fiscal challenges facing all levels of government.

The Task Force urges the State leaders and economic development officials to develop a task force or strategic initiative designed to develop solutions to help fund essential highway and bridge maintenance.

### **New York farmers costs for gas, fuels and oils increased 95 percent from 2002 to 2007\***

#### **Promoting our produce for a healthy New York**

Proper labeling of products has enhanced consumer confidence when making healthy food choices. At the federal level new Country of Origin Labeling (COOL) system should be devised that will comply with standards of the World Trade Organization (WTO) while still informing consumers of their food's country of origin.

New York's Pride of New York Program was developed to promote and support the sale of agricultural products grown and food products processed within New York State. In addition to the federal and State food marketing promotions, many local or regional "branded" food products have gained in popularity. For example, the New York Bold Onion campaign has been very successful in promoting onions grown in Oswego County.

The Task Force recommends increasing Pride of New York advertising to promote New York grown produce and farm products, both across New York State and nationally. Despite shortages in funding for these and other important programs, the Task Force urges the Department of Agriculture and Markets to bolster their efforts to promote the Pride of New York Program, as well as allocate resources for regional branding programs.

Other food labeling regulations, however, have created burdensome requirements for farmers.

Food safety scares have resulted in blanket policies to prevent contamination that do not consider the harvest and production differences inherent in small scale farming. The costs of following these restrictions disproportionately punish small farms that do not have the same quality control issues facing large farms.

The Task Force urges policymakers to take this into consideration when crafting labeling regulations so that unnecessary burdens are not placed on small farms. Furthermore, we urge policymakers to work with farmers in order to simplify requirements and ease compliance for farms of all sizes.

## Creating a federal Farm Bill that considers New York's Unique Agricultural Needs

The upcoming 2012 Federal Farm Bill will address a variety of important issues for farmers and the agriculture industry nationwide. Policies will be developed in the 2012 Farm Bill that will have enormous implications for New York farms. From dairy pricing to funding for specialty crops, decisions made in the 2012 Farm Bill will impact farms in New York State for years to come.

### Dairy Policy Needs Addressing in the 2012 Farm Bill

For several years dairy farmers across the State have incurred staggering losses in their businesses and on their balance sheets. Comprehensive reforms that address milk pricing are vital for the future of New York's dairy farms. In the Blue Ribbon Task Force 2010 report, several issues were raised regarding sections of the 2008 Farm Bill

The Task Force continues to advocate for the enforcement of provisions of the 2008 Farm Bill that addressed mandatory reporting by milk processors (Section 1510),

Federal Milk Marketing Orders (Section 1509) and assessments on international imports of milk (Section 1508).

More recently, however, the USDA has acted to investigate these and other related dairy issues, and promulgate recommendations that we hope will influence future dairy policies. These investigations began in 2009, when the USDA established the Dairy Industry Advisory Committee. This group was charged with reviewing milk price volatility and overall dairy farmer profitability. In January 2010 the committee members were appointed, including Dr. Andrew Novakovic of Cornell University.

In March 2011 the Committee issued a report to USDA Secretary Vilsack. The Committee made 23 recommendations in this report in the following subject areas: (1) existing programs and authorities (2) price protection, stabilization and regulation, (3) income protection and stabilization, and (4) profitability and market improvement. The Task Force urges federal policy makers to consult these recommendations in the

formulation of the 2012 Farm Bill to ensure that future policy considers the importance of stable milk prices and the overall viability of dairy farming.

In October 2011, Senator Casey of Pennsylvania introduced S.1640, the Federal Milk Marketing Improvement Act of 2011. This legislation amends the Agricultural Adjustment Act to require the Secretary of Agriculture to determine the price of all milk used for manufactured purposes, to be classified as Class II milk. The Task Force's 2010 report supported the establishment of a two-class system to price milk to address alignment issues for food and beverage makers and move milk to the highest value use. With the introduction of S.1640 there is now tangible legislation in Washington that could make this proposal a reality and significantly improve market transparency for dairy farmers in New York and beyond.

***There are over 1.4 million cattle and calves on New York farms.\****

Section 1507 of the 2008 Farm Bill added an assessment of 7.5 cents per hundred-weight (cwt) on imported dairy products. This amount is half of what U.S. dairy producer's pay (\$.15) to the federal government for market promotion of dairy products. Ensuring that imported dairy pays this assessment helps to more fairly fund the market promotion and advertisement of the dairy industry in such successful ways as the "Got Milk?" campaign.

***The average amount of corn per acre increased from 94.9 in 2002 to 129.5 in 2007—a productivity increase of 36.5 percent.\****

As of August 1, 2011, the USDA rule regarding this assessment went into effect and now imported dairy products contribute to dairy advertising in the US.

The Task Force continues to advocate for the fair funding of this program through uniform assessments on dairy imports.

### **Strengthening the 2012 Farm Bill for Specialty Crop Farmers**

In 2008, the Federal Farm bill included \$466 million in block grant funding nationwide for state agriculture departments to promote specialty crops. These grants were particularly important to New York Farmers, as New York State produces a wide range of specialty crops including fruits and vegetables, wine, maple syrup, horticulture and nursery crops. According to the New York Farm Bureau, specialty crops account for one-third of the State's total agricultural receipts and are responsible for generating \$1.39 billion annually in New York's economy.

The Task Force encourages the 2012 Farm Bill to preserve this important funding stream. Funding from this block grant directly benefits New York farmers, agricultural non-profits and other institutions that contribute to the success of New York's specialty crop farmers. From research and grower education to consumer outreach and market development, these funds help to enhance the competitiveness of New York's specialty crops and promote the viability of farms throughout our State.

## The Farm Bill Must Address Crop Insurance Needs

The severe flooding experienced by many of New York's farm families following Hurricane Irene and Tropical Storm Lee highlighted an ongoing need to dramatically improve crop insurance. For many of our farm families, the purchase of crop insurance is not a logical decision. The coverage available for vegetable crops, in particular, is sorely lacking. The floods exposed a tremendous hole in our farm safety nets, and farmers are left with long term problems and little to no prospects of significant financial assistance from the federal government.

New York State has done an excellent job of providing some funds for environmental conservation and restoration, as well as feed and crop replacement, but those funds while much appreciated by our farmers do not cover the amount of damage that so many farms sustained. Long term recovery from storm events like this will be facilitated with adequate crop insurance tools. The Task Force urges federal lawmakers to address these shortfalls in coverage in the 2012 Farm Bill.

## Conclusion

NYSAC's Blue Ribbon Task Force on the Future of Farming is committed to confronting a number of critical topics and significant issues that have a direct impact on New York's agricultural industry.

As an organization of county government leaders, we owe it to our constituents to weigh in on these topics because of the significant economic benefit provided by our state's food and agriculture system. The Task Force provides another voice, that of local government, towards the ultimate goal of improved farming conditions in New York State.

**\*SOURCE: 2007 Census of Agriculture, New York State and County Data, Volume 1 Geographic Area Series Part 32. (AC-07-A-32)**