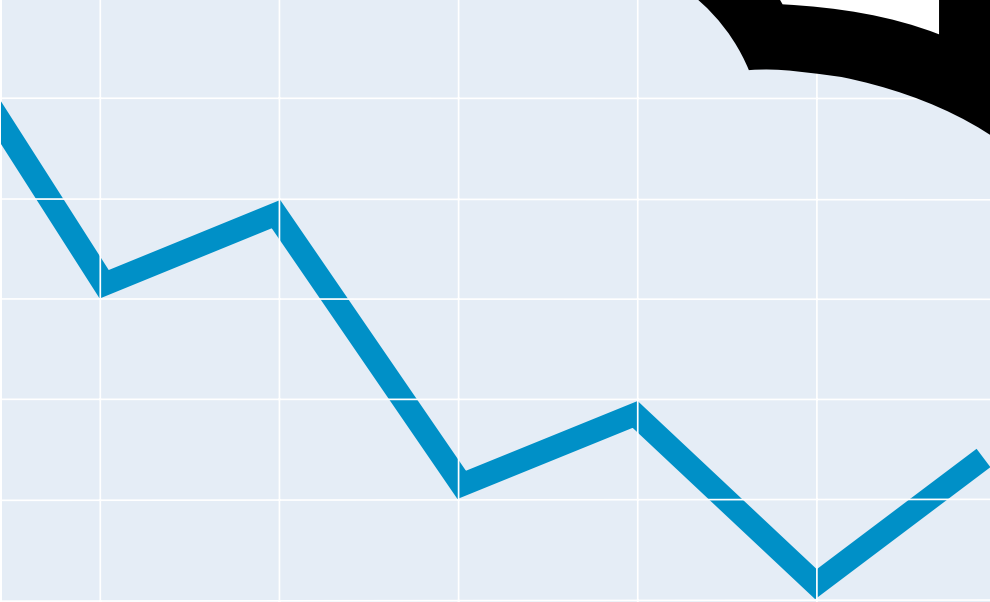


The Changing Landscape of Central Pennsylvania:

Agricultural Industry at a Crossroads



About This Report

Penn State Cooperative Extension and the Central Pennsylvania Workforce Development Corporation collaborated on a study of the status of agricultural production in the central region of Pennsylvania, which comprises Centre, Clinton, Columbia, Lycoming, Mifflin, Montour, Northumberland, Snyder, and Union Counties. The region's Workforce Investment Board and other agencies will use the results to develop strategies designed to help agriculture remain a valuable part of the area's economy and social fabric.

We collected input from 54 people engaged in agricultural production, processing, or financial lending in the region. We conducted three focus groups with operators of medium-sized farms, defined as ones in which the operator worked full-time in agriculture production that provided his/her major income source and that had three or fewer full-time employees. Individual participants were selected on the basis of their geographic location and specific commodities most prevalent in identified county units. Each group also had an organic producer. Cooperative Extension agents invited local farmers who met these criteria to participate. The agricultural operators groups' members were 17 percent female and 83 percent male, and their ages ranged from 26 to over 56. Their reported income ranged from \$5,000 to over \$50,000 per year. Education ranged from a high school diploma to graduate school experience.

Focus groups also were conducted with Amish farmers and a group of agricultural business representatives. The agricultural businesses were large firms, reporting annual gross sales of more than \$1,000,000 and employing 100 or more workers. Their employees typically have a GED or high school diploma, range in age from 18 to 45 years old, and most frequently are white with some minority representation. Financial lenders whose agencies serve the area were individually interviewed by phone.

The group interviews were recorded, transcribed into a written format, and coded, and the emerging themes were identified and summarized. This publication briefly relates the opinions and themes that emerged during the study.

Central Pennsylvania's agricultural industry is at a pivotal crossroads. The globalization of agricultural production, unstable commodity prices, labor shortages, increasingly technical production, and soaring land values are forcing change on the region's family farms.

For many residents, the medium-sized family farm represents a stable, constant element of the regional landscape. However, for the owners of medium-sized farms, the reality is quite different. While farming is still a way of life, it is also a business one that requires significant capital investment and is burdened with rising costs and continuing uncertainty in the global commodities market. Today's family-owned, medium-sized farms are under constant pressure to become bigger or smaller. Many small-farm operators need income from off-farm employment to remain profitable. The farming landscape that central Pennsylvania takes for granted is on the verge of dramatic change.

This report summarizes the challenges facing central Pennsylvania's agricultural industry. Change appears imminent, and action is needed if residents both farmers and nonfarmers wish to maintain the quality of life that now defines the region. The decisions that local farmers, government agencies, and the nonfarming public make during the pivotal next few years will shape the future of the region's agricultural industry.

Challenges and Choices Facing the Agricultural Industry

Throughout all of the groups, a consistent picture of agriculture in central Pennsylvania emerged. The interrelated nature of the groups' perceptions of the assets and issues related to maintaining agriculture as a profitable business in central Pennsylvania paint a clear picture of the challenges facing the industry and the area. The following findings and conclusions reflect the perceptions of the individuals who participated in the focus groups. The themes that these groups identified provide a springboard for dialogue to identify strategies that can help keep agriculture a viable component of the area.

1. Changing Agricultural Production

- ✦ Increasing specialization in agricultural production pressures farmers to either expand in order to stay profitable and efficient, or to remain small and support the farming operation through off-farm employment.
- ✦ Increasing contract agricultural production requires farmers to specialize in product and quantity to maintain profitability.
- ✦ Widespread urban expansion increases the value of farmland and the influx of nonfarm residents, which continually reduces open farmland space.
- ✦ Farmers face a shrinking business support base and increasing business costs.
- ✦ Global, national, and regional competition continually reduces the profit margin for local agricultural products, which have not increased their wholesale value since the 1980s.

In today's livestock business it is either expand or get out. We either take on a huge debt load to expand if we can find labor to help in the business or we look at going out. Yet I wonder why bother? when our children don't want a future in farming and our land is increasing in value. We earn less profit every year and work harder to just keep ahead of the bills.

Area farmer

We have not farmed part-time; we farmed, that's all we do. I see that picture changing. Before I retire, I might be working somewhere else and farming part-time. The same is true of my son-in-law and daughter. I'm hoping they keep the farm going, but they may be working somewhere else and doing this as a second occupation.

Area farmer



2. Labor Shortages and Agricultural Businesses

- ⌘ Lack of a consistent and reliable local labor supply with necessary technical and foundation skills hampers agricultural profitability and will affect the survival of medium-sized farms.
- ⌘ Migrant labor is viewed as a positive alternative to meet agricultural labor shortages, and local producers are seeking ways to engage the migrant workforce.
- ⌘ Agricultural employers pay is equal to or above the area standard minimum wage.

I just can't understand, when we pay \$9.00 to \$10.00 per hour with benefits, why we can't get good help. They come thinking they will get up on that \$190,000 tractor and take off when they have never driven a tractor before. All they want to do is drive the tractor, not the work they were hired to do. Not only do they think they know how to do everything, but they also are there to be my boss.

Area farmer

Some processing companies right now are making the decision to purchase equipment to do the work that labor has done in the past. They see it as a more profitable long-term decision than dealing with the constant turnover of labor. With equipment, instead of hiring 60 workers, only 10 are needed to run the equipment.

Large agricultural business manager

3. Changing Rural Community Views

- ⌘ Local residents no longer feel committed to supporting the local agricultural industry.
- ⌘ The nonfarming public sees food as a commodity to be bought for the cheapest price, not as a part of the local economy.
- ⌘ Area agricultural producers perceive that nonfarm residents are increasingly intolerant of agricultural production when it interferes with their comfort or conflicts with their urban values.
- ⌘ Outmigration of farming youth deprives rural communities of future farmers and decreases the agricultural knowledge base of area residents.

Mass media and changing family morale eating out and more women working influences consumers to not buy local, farm-fresh products. It gives all of farming a bad picture. We are at the mercy of the consuming public.

Amish farmer

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3

4. Government and Agriculture

- ✦ Agriculture needs to be viewed and supported by the government as a business that contributes not only to the area's economy, but also to its general quality of life.
- ✦ Federal, state, and local regulations are viewed as increasing for all agricultural businesses.
- ✦ Government subsidies today are an integral part of farm income.
- ✦ Farmers see real estate taxes as an increasing expense that curtails farming profitability.
- ✦ Workforce agencies do not address the employment development and placement needs of most agricultural businesses and are generally not considered as a supplier of farm labor.
- ✦ Economic development agencies encourage the creation of new industries that use prime farmland.
- ✦ Local agricultural producers should educate local groups and government agencies about the many ways in which agriculture contributes to the area.

The benefits agriculture provides are in keeping open spaces and keeping the rural aspect of our area intact. That's what a lot of people like about the area the rural atmosphere. Yet at the same time, agriculture puts dollars into the economy. It's not just the farmers, but all of the support of agribusiness, like the haulers, feed suppliers, equipment dealers, and even the lenders.

Area farmer

4

5. Agricultural Production's Uncertain Future

- ✦ Few children of local farmers have expressed a desire to remain in farming as a future career.
- ✦ Medium-sized farming businesses in rural areas are most at risk of downsizing or bankruptcy in the future.
- ✦ Farming today requires such a large financial investment that few individuals can enter the business without inheriting the land or equipment.

Very few people can actually go into farming unless they are somehow connected to farming. Today it is becoming something that is passed down. It is too big an investment for young people to get involved in without some sort of inheritance. When land costs \$800,000 and equipment costs on top of that would run it up to \$1 million or more, who can do it? Yet my kids have no interest in farming. They see brighter opportunities elsewhere with less work and more money. Who can blame them?

Area farmer

5

Next Steps: Where Do We Go from Here?

1. Teaming with Workforce and Economic Development Agencies

As the agricultural industry evolves, family-owned agricultural operations will need significantly more support in order to stay in business. Workforce and economic development agencies can play a key role by helping to identify and procure funding for innovative strategies to keep farms and agricultural businesses profitable.

2. Land-Use Planning

Long-term land-use planning models can help in developing long-term strategic regional goals for preserving family farms and open space. These plans can provide area residents with a means to work together for the preservation of the rural landscape.

3. Geographic Information System (GIS) Mapping and Tracking of Farm Land

Using the region's GIS-based systems, current acreage devoted to farm land could be measured and tracked to document the increase or decrease of open space in the region. This system provides the means to identify population and transportation changes that could improve the region's overall land-use planning.

4. Regional Marketing and Operating Strategies

Developing regional strategies for marketing to local and regional consumer markets (for instance, cooperative hauling of products) could lower expenses and improve overall profitability of family-owned farms.

5. Including Farmers in Planning and Implementation

Involving local farmers and agricultural operators in devising and implementing strategies would increase the awareness of all parties about agriculture's vital role in the local economy. Giving a voice to agriculture as a local business will increase its visibility and reaffirm its stake in the region's future.

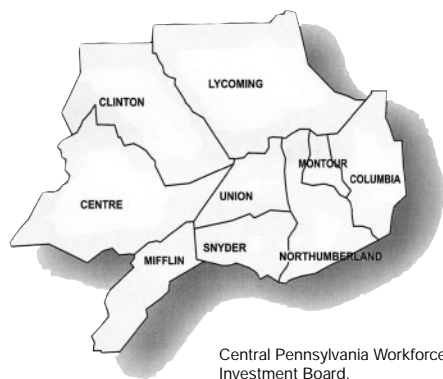
Who We Are

The Central Pennsylvania Workforce Investment Board (incorporated as the Central Pennsylvania Workforce Development Corporation), working in conjunction with county commissioners, is the catalyst for regional unification, coordination, integration and alignment of workforce activities, resources, and initiatives in order to support economic sustainability, improve regional education systems, and ensure a quality labor force in Centre, Clinton, Columbia, Lycoming, Mifflin, Montour, Northumberland, Snyder, and Union Counties. The board's corporate office is located in Lewisburg, Pennsylvania.

Penn State Cooperative Extension is the nonformal educational outreach arm of the Pennsylvania State University, the Commonwealth's land-grant institution. Penn State Cooperative Extension provides educational programs and support for Pennsylvania's agricultural industry and the state's children, youth, families, and communities. Extension educators located in each county deliver research-based educational programs across Pennsylvania.

A copy of the full report on this study is available upon request. Contact Dr. Natalie M. Ferry at (814) 863-3439 or nmf3@psu.edu.

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