How Did We Get Here?

A look at agriculture and food in Pennsylvania

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Deputy Secretary
PA Department of Agriculture
One could make the argument that progress in industry, technology, and information only became possible when Americans reached the point that they could largely take a safe and abundant food supply for granted and pursue other challenges.
Who’s farming in Pennsylvania?

- 58,000 farm families
- 1 - 2% of the population
Looking at Land Resources

- Urban: 9%
- Rural, Non-Farm: 64%
- Rural, Farm: 27%
Can you find Cranberry Township?
PA Farm Acreage Distribution

Farm Acreages, 1974, 1997, 2002

- 1,000 Acres +: 1.1%
- 500-999 Acres: 3.1%
- 180-499 Acres: 16.5%
- 50-179 Acres: 41.6%
- 1-49 Acres: 37.8%

PA – 2002
58,105 farms

2002 Census of Agriculture
National Ag Statistics Service-PA, USDA
Who owns PA farms?

Farm Ownership, 1974, 1997, 2002

Indiv./Family: 91.6%
Partnership: 0.3%
Family Corp.: 1.9%
Corporate: 0.4%
Other: 0%

172 non-family corporate farms in 2002

2002 Census of Agriculture
National Ag Statistics Service-PA, USDA
What’s a large PA farm?

Comparing Acreage to Sales

(506 million dollar+ farms have one-third of Pennsylvania sales)

- **$500,000+**: 1.7% value of sales, 34.6% land in farms, 48.4% farms
- **$100,000-499,999**: 4.9% value of sales, 17.6% land in farms, 38.4% farms
- **$50,000-99,999**: 6.6% value of sales, 16.0% land in farms, 34.6% farms
- **$10,000-49,999**: 2.5% value of sales, 14.1% land in farms, 28.3% farms
- **Less than $10,000**: 9.8% value of sales, 9.6% land in farms, 9.6% farms

2002 Census of Agriculture

National Ag Statistics Service-PA, USDA
Farm sales to consumers

Direct Sales, Human Consumption, 2002

**TOP 100 COUNTIES in the USA**

<table>
<thead>
<tr>
<th>#</th>
<th>County</th>
<th>State</th>
</tr>
</thead>
<tbody>
<tr>
<td>#1</td>
<td>Yolo, CA</td>
<td>CA</td>
</tr>
<tr>
<td>#2</td>
<td>San Joaquin, CA</td>
<td>CA</td>
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<tr>
<td>#3</td>
<td>Fresno, CA</td>
<td>CA</td>
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<tr>
<td>#4</td>
<td>Worcester, MA</td>
<td>MA</td>
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<td>#5</td>
<td>San Diego, CA</td>
<td>CA</td>
</tr>
<tr>
<td>#7</td>
<td>Lancaster, PA</td>
<td>PA</td>
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<tr>
<td>#27</td>
<td>York, PA</td>
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<td>#31</td>
<td>Chester, PA</td>
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<td>#43</td>
<td>Bucks, PA</td>
<td>PA</td>
</tr>
<tr>
<td>#55</td>
<td>Berks, PA</td>
<td>PA</td>
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<tr>
<td>#57</td>
<td>Erie, PA</td>
<td>PA</td>
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<td>#79</td>
<td>Butler, PA</td>
<td>PA</td>
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<tr>
<td>#96</td>
<td>Cumberland, PA</td>
<td>PA</td>
</tr>
<tr>
<td>#98</td>
<td>Westmoreland, PA</td>
<td>PA</td>
</tr>
</tbody>
</table>

2002 Census of Agriculture
National Ag Statistics Service-PA, USDA
What are we producing?

Agricultural Cash Receipts Other Than Timber

- Milk & Dairy Products: 33%
- Meat Animals: 15%
- Poultry & Eggs: 17%
- Field Crops: 10%
- Fruit & Veg: 5%
- Nursery/Grnhs: 9%
- Mushrooms: 9%
- All Other: 2%

PA – 2003
$4.3 billion

Sep 2004

National Ag Statistics Service-PA, USDA
How many industries are supported by the consumer food dollar?

Domestic Foods Only

- Laborers - $0.38
- Farmers - $0.19
- Packagers - $0.08
- Advertisers - $0.04
- Landlords - $0.04
- Lenders - $0.04
- Truckers - $0.04
- Energy firms - $0.035
How Reliant Are PA Farmers on Farm Income?

- 0 - 25%: 35,071 farms
- <49%: 4,565 farms
Nationally, a new trend is forming among Producers
Comparable to the trends among Consumers

Consumers have seemed to be of two minds

- Those who will make a special trip to the farmers market to look for local, organic, seasonal foods
- Those who shop at the Wal*Mart Super Center and are happy that there’s something at McDonald’s their kids will actually eat

Is there a middle ground?
Forecast Changes in Consumer Behavior - Food

- **Eating out v. cooking at home**
- **Aging Baby Boomers**
  - More health conscious
  - Does anyone still know how to can vegetables?
- **Quality v. Quantity**
  - Supermarket v. Farmers Market
  - Safety concerns
- **Ethnic diversity**
  - Goats v. Cows
- **Buying v. Growing**
## Forecast Changes in Food CPI

<table>
<thead>
<tr>
<th>Item</th>
<th>2007</th>
<th>Forecast 2008 Percent change</th>
</tr>
</thead>
<tbody>
<tr>
<td>All food</td>
<td>100.0</td>
<td>4.5 - 5.5</td>
</tr>
<tr>
<td>Food away from home</td>
<td>44.6</td>
<td>3.5 - 4.5</td>
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<tr>
<td>Food at home</td>
<td>55.4</td>
<td>5.0 - 6.0</td>
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<tr>
<td>Meats, poultry, and fish</td>
<td>12.2</td>
<td>2.0 - 3.0</td>
</tr>
<tr>
<td>Meats</td>
<td>7.9</td>
<td>1.5 - 2.5</td>
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<tr>
<td>Poultry</td>
<td>2.3</td>
<td>2.5 - 3.5</td>
</tr>
<tr>
<td>Fish and seafood</td>
<td>2.0</td>
<td>3.0 - 4.0</td>
</tr>
<tr>
<td>Eggs</td>
<td>0.9</td>
<td>10.0 - 11.0</td>
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<tr>
<td>Dairy products</td>
<td>6.4</td>
<td>5.0 - 6.0</td>
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<tr>
<td>Fats and oils</td>
<td>1.5</td>
<td>10.5 - 11.5</td>
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<tr>
<td>Fruits and vegetables</td>
<td>8.4</td>
<td>3.5 - 4.5</td>
</tr>
<tr>
<td>Fresh</td>
<td>6.0</td>
<td>3.0 - 4.0</td>
</tr>
<tr>
<td>Processed</td>
<td>1.8</td>
<td>4.5 - 5.5</td>
</tr>
<tr>
<td>Sugar and sweets</td>
<td>2.0</td>
<td>3.5 - 4.5</td>
</tr>
<tr>
<td>Cereals &amp; bakery products</td>
<td>7.4</td>
<td>7.5 - 8.5</td>
</tr>
<tr>
<td>Nonalcoholic beverages</td>
<td>6.7</td>
<td>4.5 - 5.5</td>
</tr>
<tr>
<td>Other foods</td>
<td>9.9</td>
<td>3.0 - 4.0</td>
</tr>
</tbody>
</table>
Forecast Changes in Consumer Behavior - Energy

► The role of corn-based ethanol
► Hybrid SUVs? Can we have our cake and eat it, too?
► Home heating oil over $4.50/gal in June
► Natural gas prices setting record highs ($11.60/mmbtu)
  ▪ 48% increase this year alone
  ▪ Back to the cooking at home question
► Good news for the state with the largest supply of hardwoods in the U.S.
Forecasting is More Art Than Science

- July corn futures closed on the Chicago Board of Trade yesterday at $6.14½, up 6½ cents
- Corn was trading below $2.00 in 2005
- Stock market day traders have discovered commodities markets as their new playground
- Weak dollar’s impact on imports/exports
The Forecaster’s Dilemma

► Uncontrollable variables:

► China and other growing economies increasing both production of some commodities and demand for others

► Political instability in oil regions

► Political instability in food insecure regions