

**PENNSYLVANIA APPLE PROGRAM BOARD MEETING**  
**Minutes of the July 5, 2023 Board Meeting**

Public notice of the July 5, 2023 Pennsylvania Apple Program Board Meeting was given as stipulated by the Sunshine Law.

**CALL TO ORDER**

David Peters, Chairman, called the meeting to order at 9:00 a.m. Board members in attendance in addition to Chairman Peters included Ellie Vranich, Treasurer; Mark Boyer; Benjamin Keim; and Carolyn McQuiston.

Also present: Patrick Andrews, Chief of Marketing Development, PDA; Lindsay Young, Senior Manager, and Jennifer Hilt, McKonly and Asbury, CPAs; Holly Zarefoss, Administrative Assistant for Commodities; Jenny Groff, Clerical Assistant; Ashley Fehr, Director, Constituent Services; and Adam Morris, Esquire, Chief Counsel.

Sara Gligora, Workforce Development Assistant, Center for Dairy Excellence, PA Department of Agriculture; Corinne Elliott, Communications Specialist; Darrin Youker, Policy Director; Russell Redding, Secretary of Agriculture; and Kristen Markley, Organic Initiative Manager, PA Department of Agriculture were also in attendance.

**OPENING REMARKS/DISCUSSION**

Russell Redding, Secretary, Pennsylvania Department of Agriculture, thanked the Board for their service and department staff for the support provided to the marketing boards and continued support in the work at the department. He noted appreciation to everyone for their influence and relationships with House and Senate members in PA. He informed Board members that he is excited about continuing to serve.

Mr. Redding addressed the importance of economic development with environmental permitting in Pennsylvania and meeting the core needs of the agricultural community. He noted meeting with Congressman Glenn Thompson and the opportunity for Pennsylvania to look at the federal Farm Bill and what needed done as part of their policy work and what can be done at the state level. He stated Governor Shapiro has not shied away from anything and has been a great advocate concerning the needs of agriculture.

Chairman Peters on behalf of the Board thanked Mr. Redding and his staff for being in attendance at this meeting and for also having the Department of Agriculture as a known entity advocating for farmers and fruit growers.

Mr. Boyer discussed trade with India, the importance of the apple industry in China and India and the trend to export to the Caribbean, Bahamas, Central America, and even Guyana and South America, where it is not just Red Delicious anymore.

Mr. Boyer addressed the processing end and believed a lot of processors have a lot of fruit still in storage from last year and talked about surpluses bonus buys for institutions.

With regard to labor, Chairman Peters reported an hourly wage of \$13.55, and with H-2A program, there would be a \$3 increase to \$16.55 per hour. He commented the increase in wages could result in growing select varieties or putting some people completely out of business. He noted the Farmer Workforce Modernization Act would cap that at 3 percent per year to be able to set a budget because it may be at \$18 per hour next year.

Mr. Boyer addressed the Farm Bill and the importance of advocating for affordable crop insurance and keeping specialty crop research ongoing but still be a firm advocate for the Market Access Program around the world. He again asked for help from Democratic colleagues to push to open China. He mentioned that the Pennsylvania Apple Board would like to streamline getting information to Secretary Redding and his staff for review.

Secretary Redding commented all offices are in a "reset mode" and offered to recommit to making sure that those types of issues be addressed. He mentioned that Congressman Newhouse introduced the Farm Workforce Modernization Act and has been addressing some things that have been historically troublesome.

Secretary Redding addressed the labor issue with the farm community and the American Farm Bureau pulling their support. He suggested review of what Congressman Newhouse is proposing as far as what the agricultural community has expressed.

He referred to the labor issue and the average wage rate and change in the last few years, which includes as part of that package transportation, housing, and accommodations for the workforce. He noted the importance of continuing to change the public perception about AG and wages being paid, that conversation with the Department of Economic Development needs to be reset and now with Workforce Development.

Secretary Redding addressed workforce needs and engaging in H-2A labor. He mentioned that some things previously proposed should be reengaged.

Ashley Fehr, Director, Constituent Services, stated Congressman Thompson is working on the Agriculture Labor Task Force and is committed to keeping the Board in the conversation.

Darrin Youker, Policy Director, Pennsylvania Department of Agriculture, indicated that farm bill priorities were articulated at a recent meeting with Congressman Thompson and included the importance of protecting crop insurance and the need for robust research.

A member commented that Congressman Thompson holds all the cards with the Republicans in the State of Pennsylvania and is the key that makes this all turn. He mentioned that he is tightly knit with the American Farm Bureau, but that bureau does not have anything in policies that would help farmers move forward and asked Secretary Redding to help to shift that mindset.

Secretary Redding noted the importance of accepting E-Verify to verify employment, knowing where Governor Shapiro stands and getting House and Senate members and chairs of House and Senate Agriculture Committees engaged in the Federal Farm Bill. He agreed that Congressman Thompson could really influence what Congressman Newhouse does, and it was not getting any easier and there needed to be a change.

Sara Gligora, Central Regional Director and Special Assistant for Workforce Development, Pennsylvania Department of Agriculture, echoed focusing on the H-2A program and the seasonal and migrant workforce and expressed continued support and assistance.

Chair Peters agreed with Mr. Boyer on the importance of getting into India and back into China to keep building those relationships. He noted MAP funds, specialty crops, and research is on the list and would continue advocating for the Board.

There was a comment that Republicans believe that any type of support for social networks and programs should not be on the table for them because they are not American citizens and are guest workers.

Secretary Redding explained these people address packaging and processing, and there is a lot of work to be done collectively but would like to "see Governor Shapiro raise this flag" and the need to figure out how and where to engage the administration and the Governor on this issue, the trade issue, and the environment issue.

Ms. Vranich opined the sustainability audit is one more thing to manage, self-regulate, and document to some degree while keeping in mind that all growers cannot be regulated in the same way but that it's a challenge no matter what. She noted the importance of PDA support regarding this matter.

Mr. Boyer comment that the audit is driven by the largest buyers, including Walmart and Costco. He noted in 2025 stores such as Giant Eagle want some sort of environmental sustainability showing that someone is doing their best to steward the land and is voicing concerns of using chemicals based off of the potential of the carcinogen effect on humans. He further commented there is no science on this one type of chemical but there may be another linkage that it could be cancer-causing. The importance of research of pesticides like neonicotinoids, glyphosate, paraquat, Ziram, and Carbaryl may be taken away by the consumer and the markets will dictate the chemical usages being used going forward.

Secretary Redding commented that there is a collective concern regarding the stringency of the audits and expectations of audits and balancing that to many different perspectives. He noted these are the types of issues that show up on the audit and retailer discussions, from shipping apples for export to shipping them domestically.

Mr. Boyer further addressed the sustainability audit, explaining that letters are received from companies including Walmart and Giant Eagle who want all growers to have a sustainability

audit by 2025. He reported audits now are tackling social issues regarding how many hours employees are working a week and why. He mentioned the diversity issue is becoming a real concern.

Secretary Redding again offered the Pennsylvania Department of Agriculture's assistance. He noted being pleased to have the state Farm Bill funded again and is thinking about a Farm Bill 2.0 in the near future. He thanked everyone for what they do and believed the PDA has a full partnership by having a team that can deliver. He noted the importance of engaging with the chair of the committees who stand in judgment of other issues and offered support from the PDA.

Mr. Andrews announced that Senator Fetterman has been appointed to the Committee on Agriculture, Nutrition, and Forestry.

Secretary Redding noted the importance of having an advocate from the Senate on the Agriculture Committee, and PDA would provide the same type of briefing and engagement as it did with Congressman Thompson and his staff.

Mr. Youker confirmed that outreach to all members of the delegation is part of the Farm Bill engagement and workforce issues and noted that Senator Fetterman and his office will be completely engaged and know exactly what Pennsylvania is asking for in this next Farm Bill.

Mr. Youker was commended for his service to the Board.

#### **APPROVAL OF MEETING MINUTES**

##### **RESOLUTION 2023.08-APPROVAL OF MINUTES**

Presented by: Mark Boyer

Seconded by: Benjamin Keim

Passed: Unanimously

To approve the Minutes of January 31, 2023 and March 17, 2023.

#### **REVIEW FINANCIALS**

Lindsay Young, McKonly and Asbury, presented financial information, and listening in was Jennifer Hilt. Ms. Young referred members to the Balance Sheet as of May 31, 2023, the Profit and Loss Budget vs. Actual from July 2022 through May 2023, and the Profit and Loss from July 2022 through May 2023 for further discussion. Board members had questions and comments regarding an assessment adjustment and a portion of the 2019 fees. Ms. Young stated she would make those adjustments.

## **RESOLUTION 2023.09-APPROVAL OF FINANCIAL REPORT**

Presented by: Benjamin Keim

Seconded by: Mark Boyer

Passed: Unanimously

To approve the Financial Report with corrections to the Consumer Education line and SHAP Research line of \$5,000 and \$75,000 on the Profit & Loss Statement.

## **ASSESSMENTS/AUDITS**

Jenny Groff, Clerical Assistant, Commodities and County Fairs, Pennsylvania Department of Agriculture, referred members to the Apple Assessment Report s of June 27, 2023 for further discussion. She reported no additional income for 2019, total paid \$142,589.10 for 2020, \$192,818.49 for 2021, and \$132,478.27 for 2022. Second notices were sent to all 2021 sales agents and legal has become involved with a few refusing to report.

Ms. Groff referred to the sales agent data indicating a total of 9.7 million bushels and 8.4 million for producers.

Chairman Peters requested that Ms. Groff continue extending the chart and not remove a year because it is beneficial to the Board to see the history. He also noted a concern if any bushels are double reported on the processing side where packing houses report them as processing apples and then sell them to a processor who also reports them as delivered processing bushels. Ms. Groff indicated there may be some that are double counted. There was further discussion regarding the difference between Knouse Foods Cooperative and Knouse Fruit Lands. Mr. Andrews stated the report should just be apples bought from growers and not packing house purchases.

Ms. Groff referred members to information regarding farms supposedly out of business but reported by sales agents, unknown farms not reporting and farms to add. There was discussion regarding those growers reporting to Knouse Foods and whether there is some cross over to be considered. There was further discussion regarding the list of sales agents.

Attorney Morris explained that regulations define producers as having to own 500 more apple trees located in this Commonwealth.

The Board discussed how to notify new orchards of PA expectations and reporting requirements. Mr. Andrews will contact Bear Mountain Orchards regarding a report.

## **RESOLUTION 2023.10-APPROVAL OF ASSESSMENT REPORT**

Presented by: Mark Boyer

Seconded by: Benjamin Keim

Passed: Unanimously

To approve the Assessment Report as presented.

### **BUDGET 2023-2024**

Chairman Peters commented that this budget is not different than the one prepared last year and itemized the similarities. There was discussion about the apples currently sitting in packing houses and whether an assessment is paid on those apples and what's to be done with those apples other than possibly apple cider at the end of summer.

There was discussion as to how unsold apples are classified if not sold as processing or fresh bushels. Mr. Andrews noted assessments are done throughout the year to keep track of how many apples in custody are sold, that if no money is received from the apples, then no assessment is paid on those apples as there is no sale. He further commented that there is money in the Pennsylvania Agricultural Surplus System (PASS) program for packing and transportation costs of moving food into the charitable food system.

Ms. Young referred members to last year's budget for comparison. Mr. Peters suggested that last year's budget be duplicated this year. She explained \$20,000 would be moved toward 2021, \$40,000 under 2022, \$120,000 toward assessments for the collection year 2023, and maintain the \$180,000. She referred to current year remaining expenditures, noting the annual state crop assessment being off as the audit fee has not yet come in. Insurance was declined going forward and would be removed from the next fiscal year's budget. Accounting fees are projected to remain the same through the rebidding process next year.

Ms. Young reported July 1, 2023 through June 30, 2024, the Apple Board fees would be \$38.40 with a monthly billing of \$3.20, a postage increase to \$1,250, and removal of the insurance. She reported total expenditures of \$191,990 and a loss of \$11,990.

### **RESOLUTION 2023.11-APPROVAL OF 2023-2024 BUDGET**

Presented by: Ellie Vranich

Seconded by: Carolyn McQuiston

Passed: Unanimously

To approve the 2023-2024 Budget as presented.

### **NEW ITEMS**

Holly Zarefoss, Administrative Assistant, Pennsylvania Department of Agriculture, reminded Board members of the need to fill the Board member vacancy. Mr. Andrews suggested Board members each email two names of folks who would make good Board members.

Mr. Andrews offered to have a representative from the Bureau of Food Assistance provide a PASS presentation at the next meeting. He stated most Boards have gone to all virtual meetings with one in-person a year.

**RESOLUTION 2023.12-ADJOURNMENT**

Presented by: Mark Boyer

Seconded by: Benjamin Keim

Passed: Unanimously

To adjourn the meeting.

There being no further business, the meeting was adjourned at 11:05 a.m.

Respectfully Submitted:

  
Maia Storlazzi

July 5, 2023