



Legislative Public Hearings on 2010-11 Executive Budget Proposal **January 23, 2010**

PRESENTED BY:
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I am pleased to join you on behalf of American Farmland Trust (AFT). AFT is a national, nonprofit membership organization dedicated to the protection and stewardship of our nation's productive farmland. AFT's New York office, located in Saratoga Springs, has been working to protect New York farmland and strengthen the future for agriculture for 20 years.

New York farmers play a key role in protecting New York's land, water and other natural resources.

New York's farmers are stewards to approximately 7.5 million acres of land – approximately 25% of the land in the state. Agriculture's landscape scale impact makes New York farmers a significant partner in enhancing water quality, mitigating the impacts of climate change, providing wildlife habitat and improving the overall health of the state's environment.

Farms and related food and agribusinesses are a significant element of New York's economy.

Farms not only provide jobs, they buy goods and services from other New York businesses and provide raw products to food processors around the state. Combined, these farm and food sectors generate a \$23 billion economic impact annually in New York and provide jobs for thousands of New Yorkers.¹

Land and water are the natural building blocks of a healthy food system.

New Yorkers are increasingly interested in purchasing food grown locally within the state. When state residents purchase foods grown in New York, they not only get fresh foods grown from a source they can trust, they keep dollars in the state and strengthen our farm and food economy.

However, the agricultural land base in New York is a major limiting factor in feeding the state's residents grown within the state. According to recent research from Cornell University, the state's 7 million acres of land in farms can grow food for only 6 million of the state's 19 million residents.² Conversion and fragmentation of New York's farm landscape by poorly planned development further diminishes the ability of New York farms to feed the state's residents in the future. A farm is developed every three days in New York with approximately 26,000 acres of productive farmland being lost each year.

This connection between local farms and farmland and the health and well-being of all New Yorkers was captured in a report released in February 2009 by Manhattan Borough President Stringer that stated "A

¹ Bills, Nelson. *Agriculture-Based Economic Development: Trends and Prospects for New York*. Report in Collaboration with the NYS Department of Agriculture and Markets. 2001.

² Peters, Christian et al. *Testing a complete-diet model for estimating the land resource requirements of food consumption and agricultural carrying capacity: The New York State example*. *Renewable Agriculture and Food Systems*: 22(2); 145-153. 2006.

food policy that harnesses regional agriculture for urban consumption and encourages local farming would address three of the most pressing challenges facing the city (New York City) and the nation – the environment, public health and the economy.”³

Thanks to the Legislature’s leadership, New York has nationally recognized programs to help farmers protect land and water.

The Agricultural Nonpoint Source Program (and associated Agricultural Environmental Management program) provides funds to help farmers adopt environmentally sound farm practices. Over 12,000 farms have enrolled in the Agricultural Environmental Management program – a testimony to farmers’ commitment to environmental stewardship.

The Farmland Protection Program helps permanently protect irreplaceable farmland while providing capital that many farmers reinvest in their farm businesses. As of May 2009, this program has awarded more than \$173.3 million to protect 72,668 acres on 303 farms in 29 counties. 152 projects have closed that have protected 29,180 acres of farmland.

These programs are complimented by the Conservation Partnership Program and Soil and Water Conservation District funding that strengthens land trusts and county Soil and Water Conservation Districts that provide technical assistance to farmers for protecting land and water.

Investments in agricultural conservation programs are good for New York’s economy as well as the environment.

New York’s Farmland Protection Program provides funding to help farmers permanently protect their land. In the process, these projects provide a form of equity financing for farmers. Such projects enable farmers to tap into one of their largest sources of equity, their land, and use these funds to reinvest in their business and community.

According to an AFT study of farmers participating in Vermont’s Farmland Protection Program, more than 70% of participating farmers used proceeds from the sale of development rights to improve or expand their farms.⁴ Frequently cited uses for these funds included:

- Reduce debts
- Construct new buildings
- Purchase more land
- Buy new equipment, supplies or livestock
- Change production practices or marketing strategies

New York farmers frequently use funds for similar purposes. As Matthew and Juanita Critz, farmers from Madison County that recently protected their farm in concert with the state’s Farmland Protection Program, stated in November 2009 at an event at their farm:

“We believe in the Purchase of Development Rights program. It is an economic incentive for the region, as well as a way to provide land protection. The award allows us to ensure that the farm can pass to the next generation, and keeps the land pricing affordable for agriculture.

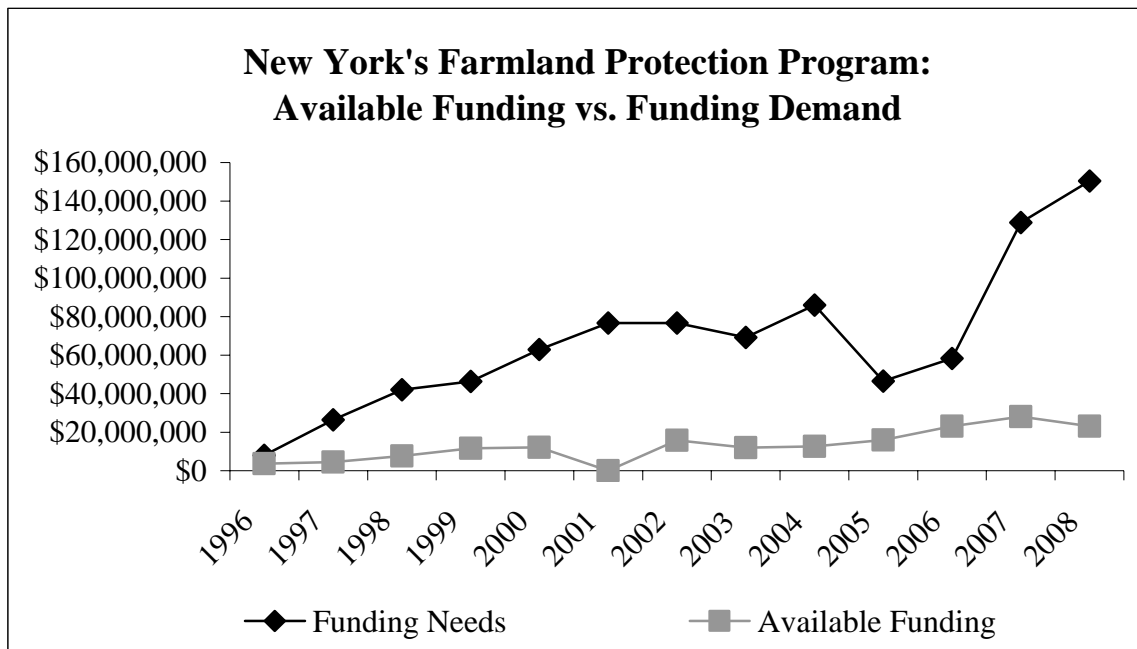
³ Office of Manhattan Borough President Scott Stringer. *Food in the Public Interest: How New York City’s Food Policy Holds the Key to Hunger, Health, Jobs and the Environment*. February 2009.

⁴ Ferguson, Kirsten et al. *From the Field: What Farmers Have to Say About Vermont’s Farmland Conservation Program*. American Farmland Trust. 2000.

It is also positive for the local economy because we have immediately invested back into the community by buying local products, from the hardware store, to the lumberyard and the equipment dealers. This helps to sustain ancillary jobs in the area, as well as the fifty or more people employed at the farm.”

Farmers and communities are increasingly interested in programs that protect farmland and water quality, which has resulted in significant unmet funding needs.

- \$724 million in funding has been requested from the Farmland Protection Program since 1996. More than \$550 million of these applications have been rejected; largely due to inadequate state funding.
- In 2008, almost \$60 million in funding requests were submitted to the Farmland Protection Program. An additional \$96 million in projects were pending at the local level. This \$156 million in pending projects is more than seven times greater than the \$23 million appropriated by the legislature in FY 2008-09.



Even in difficult fiscal circumstances, the FY 2010-11 state budget is an important opportunity for the State Legislature and Governor to make good on New York’s promise to the environment. The 2007 Environmental Protection Fund (EPF) Enhancement Act committed the state to allocating \$300 million annually in Real Estate Transfer Tax (RETT) revenue to the EPF beginning in FY 2009-10. EPF funding is critical to meeting mounting environmental needs in New York, including needs in programs that help farmers protect land and water. Even in a difficult fiscal environment, New York must make good on its commitment to a healthy environment that benefits all state residents.

AFT urges an investment of \$222 Million in the EPF in the FY 2010-11 State Budget. The Executive Budget for FY 2010-11 proposes to cut the EPF by 35% to \$143 million. This reduction is disproportionately larger than reductions proposed for other sectors of the budget and would have a

dramatic impact on environmental programs. A \$222 million level of investment is important for protecting the health of New York’s environment while still representing a 26% decrease from the level scheduled for 2010 under the EPF Enhancement Act.

AFT opposes “offloads” to the EPF that threaten the integrity of the Fund and dilute funding for key environmental programs.

The Governor’s budget proposal threatens the integrity of the EPF by offloading programs, including the payment of state taxes on public lands and projects at state parks and historic sites. While these programs are important, they are traditionally paid for through the General Fund and/or the State Parks Infrastructure Fund. Including these programs in the EPF diminishes funds available for other critical environmental programs.

Proposed budget cuts would have dramatic impacts on the EPF and programs that help farmers protect land for agriculture and food production.

The FY 2009-10 Executive Budget Proposal would reduce EPF funding by 35%, including a drastic funding reduction of more than 50% to the Farmland Protection Program.

Program	2009-10 DRP	Proposed 2010-11	% Change
Environmental Protection Fund	\$212 Million	\$143 Million	- 33%
Farmland Protection Program	\$ 22.054 Million	\$ 10.5 Million	- 52%
Agricultural Nonpoint Program	\$ 11.468 Million	\$ 14 Million	+ 22%
Conservation Partnership Program	\$ 1.575 Million	\$ 1.575 Million	
Soil & Water Conservation Districts	\$ 3 Million	\$ 3 Million	

AFT urges at least \$25 million be appropriated for the Farmland Protection Program in FY 2010-11.

New York needs to make a meaningful investment in its farms and the future of agriculture and food production in the state. Unfortunately, if the proposed FY 2010-11 funding of \$10.5 million for the Farmland Protection Program is used for new projects, it would result in 94% of interested farmers being rejected due to inadequate funds (assuming the same level of farmer interest as in 2008). New York must not lose this important opportunity to help farm families in every corner of the state to invest in their family business, pass the farm on to the next generation or take other steps to strengthen the future for farming in New York.

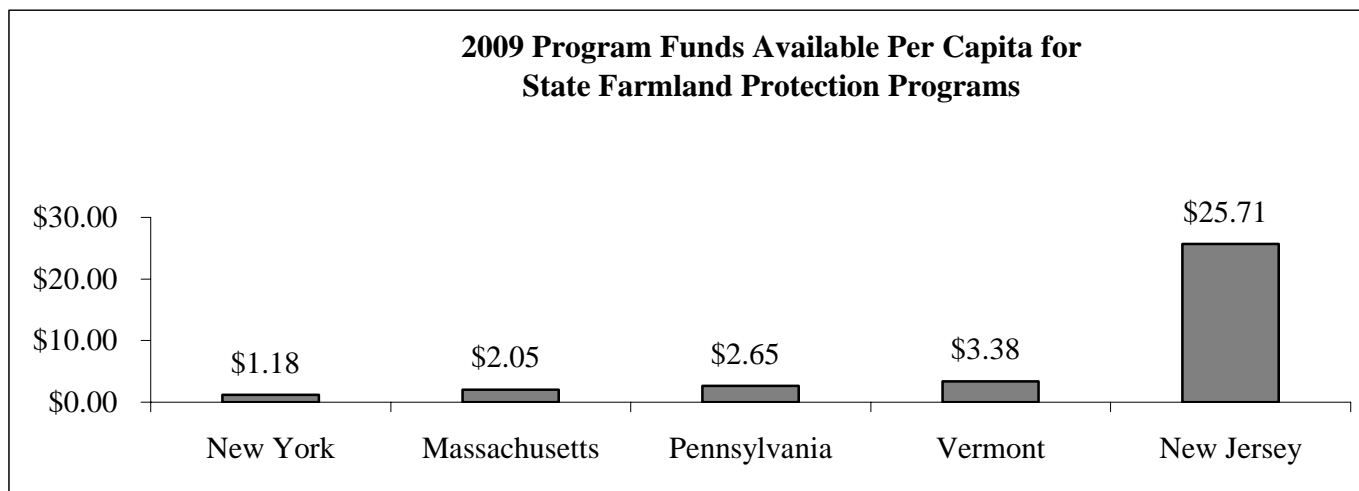
New York already compares poorly with neighboring states in protecting farmland.

According to an AFT survey conducted in May 2009, neighboring states continued to be significantly further ahead of New York in their efforts to protect farmland.⁵

State	Number of Farms Protected	Acres of Farmland Permanently Protected
Pennsylvania	3,701	407,647
New Jersey	1,776	173,346
Vermont	490	126,755
Massachusetts	728	61,936
New York	154	30,088

⁵ American Farmland Trust. *Status of State PACE Programs Factsheet*. May 2009.

New York also significantly lags behind when compared to neighboring states in annual state funding for Farmland Protection Programs.



Proposed Cuts to the Farmland Protection Program Hurt New York’s Ability to Leverage Federal Conservation Funds

Between 1996 and 2007, New York secured more than \$17.5 million in federal funding from the Farm and Ranchland Protection Program (FRPP). Future federal conservation funds are in jeopardy due to the cuts proposed to in the Executive Budget proposal. These cuts are particularly painful at this time as annual FRPP funding is scheduled to increase significantly from \$97 million in FY 2008 to \$200 million in FY 2012 – creating lost opportunities to leverage federal funding for New York.

AFT strongly urges the State Legislature to Develop a Multi-Year EPF Repayment Plan

“Sweeps” included in previous state budgets have resulted in roughly \$500 million being borrowed from the EPF for non-environmental spending. Historically, these sweeps did not have a short-term impact. However, this situation has changed substantially. Due to reduced cash entering the EPF and increased expenditures from the fund, the EPF does not have enough cash to meet environmental obligations.

This cash imbalance creates unacceptable problems for farmers participating in the state’s Farmland Protection Program. The Farmland Protection Program currently has approximately \$90 million in awarded projects that have not been completed. Without a multi-year EPF repayment plan, it is projected that it would take 9 years to complete currently funded Farmland Protection Program projects (assuming cash provided to the Farmland Protection Program remains at the appropriations level proposed in the Executive’s FY 2010-11 Budget Proposal).

AFT strongly urges the State Legislature to develop a multi-year year repayment plan with an annual increase in the amount of Real Estate Transfer Tax funding dedicated to the EPF. Such a plan will enable the state to fulfill its current commitments and utilize new appropriations to fund new projects.

Progress must be made in building state and local capacity to complete farmland protection projects more quickly. There are roughly 2.5 FTEs dedicated to the administration of New York’s

Farmland Protection Program at the Department of Agriculture and Markets. Neighboring states such as New Jersey, Pennsylvania and Delaware – states with some of the nation’s leading farmland protection programs – have substantially higher staffing dedicated to their farmland protection programs. Pennsylvania and Delaware have almost 4 times more staff per million dollars in state farmland protection funding, while New Jersey has 2 times more staff. The higher workload per staff person in New York means longer delays in reviewing submitted project files and very limited time for providing pro-active technical assistance to local partners. This is part of the reason that Farmland Protection Program projects frequently require 3 to 5 years to be completed.

The enacted FY 2008-09 State Budget included two positions at the Department of Agriculture and Markets to assist with administration of the Farmland Protection Program. Hiring freezes instituted by the Executive have prevented these positions from being filled and further agency funding cuts threaten this already slim staffing.

AFT urges the State Legislature work with the Governor to build capacity within the Department of Agriculture and Markets to administer the Farmland Protection Program, streamline program operations and boost the capacity of the local land trusts involved in completing farmland protection projects.

AFT supports funding for programs that strengthen local capacity to help farmers protect land and water.

AFT supports proposed funding in the Executive Budget for Soil and Water Conservation Districts and the Conservation Partnership Program as such programs provide important funding for local organizations working with farmers to protect land and water resources. Land trusts and Soil and Water Conservation Districts are key partners in delivering state programs and leverage outside resources and expertise. In particular, land trusts have become an integral component of New York’s Farmland Protection Program as roughly 80% of the program’s projects now have land trust involvement.

Additionally, AFT supports increased funding proposed in the Executive Budget for the Agricultural Nonpoint Source Program that provides cost share assistance for farmers to implement conservation practices and comply with environmental regulations.

Thank you for the State Legislature’s leadership in advancing these programs that bolster New York’s economy, protect the environment and encourage a healthy farm and food system in New York. I look forward to working with you to advance these important issues in the 2010-11 State Budget.