

COVID-19 and Its Effect on the Agriculture and Food System in Lancaster County: A White Paper

Over the course of the summer, the Lancaster County Agriculture Council conducted 20+ interviews with its members regarding the ways that COVID-19 has affected their businesses since it took hold in March 2020. It also connected that content with the observations of subject matter experts in topics ranging from marketing to the meat and dairy supply chain and from the charitable food network to packaging and processors. Accounts from local media were also helpful in tracking the reaction of the agriculture and food industry to the COVID-19 impacts.

In this brief report, we offer a summary of information collected to answer what happened to the agriculture and food industry in the last six months, what the industry did in response, and what we learned from the experience. It is not meant to be exhaustive in its review but rather indicative of what happened on the ground with producers, distributors, and people that service the industry. It might help the County plan for emergencies like this one that may occur in the future.

Observations from the Information Gathering: What Happened?

- We all need to keep in mind that the COVID-19 experience happened within a context where agriculture production, especially, was already struggling with several significant issues.¹
 - Among them, the dairy industry had been trying to bounce back in the face of national market adjustment, the cancellation of dairy contracts with farmers, and a lower than desired milk price.²
 - Over the last several years, the retail customer has been more interested in sourcing their food locally where they have far more control over its quality and freshness.
 - The emergence of the spotted lanternfly, an invasive insect species, continues to threaten the wine and fruit industry in the state.

¹ Philadelphia Society for Promoting Agriculture, Conversation with Three Secretaries of Agriculture, September 3, 2020
Lancaster Farming, What Will Be the Biggest Problem for Farmers Caused by the Coronavirus?, March 21, 2020... https://www.lancasterfarming.com/community/polls/what-will-be-the-biggest-problem-for-farmers-caused-by-the-coronavirus/poll_a72aac70-69e8-11ea-b92b-1bbe46f49c00.html

² Pennsylvania Dairy Future Commission, Recommendations for a Vibrant Future for the PA Dairy Industry, August 1, 2020... <https://www.centerfordairyexcellence.org/wp-content/uploads/Report-of-the-PA-Dairy-Future-Commission-2020.pdf>

- With a very short workforce pipeline, the industry has been concerned with finding an appropriately skilled and plentiful workforce. Immigration constraints forced by the federal government further tightened an already tight network of guest workers from abroad.
- The shutdowns, particularly in retail food service, that occurred at the beginning of the pandemic forced a major shift in the way food was processed and distributed that rippled throughout the food system.
 - There were shortages at supermarkets as consumers in the County stopped going to restaurants to eat and ate their meals at home.
 - In one of the largest egg producing counties in the country, we couldn't find eggs in the supermarkets because processors ran out of cartons of 12, 18, and 24 for consumers (since many eggs were previously packaged for institutional use).
 - Local butchers were overwhelmed and wait-times for processing increased dramatically when the national and regional processing entities slowed down their production and producers looked for other channels to process their animals.
 - With schools closed, we needed fewer small milk cartons but, in the early days, we also needed a way to distribute more gallons to people who found themselves suddenly unemployed and in need of protein-rich food...but food banks lacked refrigeration capacity.
 - There were periods of time where there was too much milk and some farmers dumped what they had because processors lacked capacity. There were times when there were too many chickens and pigs with some ready for market that had to be euthanized when processors slowed down because of labor shortages.
- As we went through the summer, the meat processing supply chain slowed down (and prices went up) when outbreaks of COVID-19 occurred at meat processing facilities in PA and around the country. The once again illustrated the fragile nature of the agriculture production and processing workforce which has a large number of low-skill, low-wage workers. Some who are foreign-born workers have other issues with regard to crowded housing, lack of transportation, and access to health care. Processors struggled with keeping their workforce healthy but productivity eventually suffered leading to slowdowns through the supply chain.³
- Consumer-facing parts of the industry from restaurants to farm markets to butcher shops suffered through months of shutdowns with severe limitations even when they opened up again. Restaurants shifted to carryout and delivery. Agritainment followed the opening rules and had an easier time opening because of the outdoor nature of their

³ Mariana Veloso, Farms in Pennsylvania Scramble for Answers as Coronavirus Threatens Workers. The Hanover Evening Sun, April 27, 2020...<https://www.witf.org/2020/04/27/farms-in-pennsylvania-scramble-for-answers-as-coronavirus-threatens-workers/>

venues.⁴ Farm markets shifted to wholesale selling if they could crack the vegetable and fruit supply chains of food stores and/or switched to online selling often at premium prices.^{5 6}

- Banks and other lending institutions, insurance, accountants, and lawyers as well as entities that support the agriculture and food industries (conservation, marketing trade, technical assistance, spotted lanternfly, and food safety) closed their physical offices and allowed service people to work out of their homes. Many of those offices are still closed with many companies wondering about the need to bring people together for work in the future.⁷
- In spite of the fact that many of the effects of COVID-19 have had broad impact throughout the industry in Lancaster County, we found that not everyone was negatively affected. Many farmers with local distribution channels where their customer(s) were local, with effective and well-run operations, and low overhead were able to weather the storm with little effect on their operations.⁸

Observations from the Information Gathering: What Did the Industry Do?

- For several months, businesses throughout the industry reeled from the impact of the shutdown and the state regulations that were enacted to tamp down the COVID-19 pandemic. Their actions were primarily reactive.
 - When schools and restaurants closed, producers and processors scrambled for new ways to market their product often selling direct to consumers or local retail outlets.
 - When dairy and meat processors had too much supply, farmers dumped milk and euthanized chickens and pork.
 - Local butchers were inundated with more request to process animals than they had capacity, a problem which has not eased to date.⁹

⁴ Lancaster County Agriculture Council, Interview with Jack Coleman, July 2020

⁵ Philadelphia Society for Promoting Agriculture, Seminar with Hannah Smith-Brubaker and Rachel Robert, August 6, 2020

⁶ Lancaster County Agriculture Council, Interview with Lonnie Kauffman, August 14, 2020

⁷ Lancaster County Agriculture Council, Interview with Dale Hershey, July 31, 2020

⁸ Lancaster County Agriculture Council, Interview with Andy Bollinger, August 2020

⁹ Steve Marroni, As Meat Processors Accept Fewer Animals during Coronavirus, PA Farmers Take Financial Hit. Pennsylvania Real-Time News, April 26, 2020...

- Egg and dairy processors changed their packaging to fill consumer demand for families now eating more at home.
- Public-facing businesses closed, eventually opening and hiring some people back as they pushed carry-out alternatives for delivery.
- Companies with other distribution strategies increasingly leaned on direct selling options and away from wholesale sales. Farm markets and produce auctions flourished. Internet sales increased as these producers and processors pivoted to a more diversified sales strategy. People also increased their product line while, at the same time, expanding their market channels.
- It appears that the cash, loan, and PPE relief that came from federal, state, and local governments to the industry was timely, effective, and put to good use. Those programs included...
 - Small Business Recovery and Sustainability Fund (Recovery Lancaster)
 - COVID-19 Supply Kit (Recovery Lancaster)
 - Dairy Assistance Indemnity Program (PDA)
 - Fresh Food Financing Initiative COVID-19 Relief Fund (PDA)
 - Coronavirus Food Assistance Program (USDA)
 - Paycheck Protection Program (SBA)
 - Farmers to Families Food Box Program (USDA)
- Within a relatively short period of time, the producers connected with the charitable food network which then mobilized in some new and effective ways.
- Many companies and organizations that service the industry from conservation planning to banking, accounting, and insurance initially shifted their service staff from an office environment to home offices. Some eventually came back to the office but many companies are evaluating making working from home permanent.¹⁰

Lessons Learned with Recommendations

1. One of the things that people inside and outside the agriculture and food industry need to understand is that the industry is a system that extends from producers to processors to distributors to sellers (grocery stores and restaurants). Its supply chains and distribution channels are geographically dispersed, domestically and

<https://www.pennlive.com/news/2020/04/as-meat-processors-accept-fewer-animals-during-coronavirus-pa-farmers-take-financial-hit.html>

¹⁰ Lancaster County Agriculture Council, Interview with Greg Kirkham, July 30, 2020

internationally, which means that transportation will always be an issue. It is also relatively labor-intensive so that a virus that attacks humans will be very disruptive.

2. When severe disruptions occur, all of the big players in the system – government, larger companies, the market, the supply chain, and the distribution channels – move according to their best interests with what may be a limited vision of the network. These actors have international and regional interests. **What can we do at the local level to be assured that local needs are met while the big players work things out?**
 - a. To its credit, government (USDA, PDA, SBA, and the County Commissioners) stepped into the situation fairly quickly with financial relief for farmers. Each program had its own point of view, paperwork, and application processes that each entity fit to a broader audience.
 - i. **Is there a need for some type of rapid response team in an emergency that would be able to assess local needs and coordinate with programs coming into the County from outside organizations as well as with policymakers about emergent needs?**
 - b. Many producers with a diverse product line pivoted to other ways of selling, for example, from a showroom to online or from restaurants to direct to consumers. The entities with a plan and an infrastructure to support it survived.
 - i. **Could diversification become a topic for more sharing in the local agriculture and food industry?**
 - ii. **Could this be built into farm business plans which are sorely needed in most farming (and distribution) operations?**
 - c. People with excess product found that connecting with the charitable food network was a helpful way of assuring that their product, which would have gone to waste went toward people who really needed it. Packaging, refrigeration, and volunteers were issues until things got organized.
 - i. **This was mostly spontaneous but could there be a plan?**
 - d. Many producers with animals looked to local processing plants when their connections to their regular outlets failed for various reasons. What they found was that existing local butchers were six months+ behind and that no one new was stepping up with the expertise needed to start new facilities. This problem is a chronic one in PA where many butchers are aging out and going out of business. Those that continue in business are critically short of personnel.

- i. **Could there be a proactive business development effort to train new butchers and help them get started?**
 - ii. **Is there a way to build a more specific skill-training program for butchers at a local school, which already has a culinary program, and to connect that with the Butcher Course that is being planned for Penn State University?**

- 3. Not everyone experienced disruptions in their farm operations. As noted above, those producers with a flexible plan with diverse options were able to pivot with the options that were previously identified. Also, however, we met many producers who have more local connections for processing and distribution that survived the disruptions as a result of their close connection with their local distribution connections.
 - a. **Could there be more consistent attempts to match producers for direct sales to local companies?**
 - b. **Could there be a role here for the produce auctions as key intermediaries of which Lancaster County has several?**

- 4. Given the labor-intensive nature of the industry, the issue of more and healthy labor in some parts of the industry (production and processing) while having to layoff employees in other parts of the industry became important. COVID-19 impacted on-farm labor as well as people who work in the processing part of the industry but government was slow in naming these employees as essential workers. Government was very involved in promulgating new rules for these workers but employers bore the brunt of the changes that needed to be made.
 - a. **Is there a way to deal with these issues proactively by changing the work environment, which gets further complicated when foreign-born/guest workers are involved?**
 - b. **Could part of that proactive plan be to assure that adequate PPE is available when and where needed?**
 - c. **How can the agriculture and food industry get to the front of the line when government is naming essential workers?**

- 5. On the one hand, government at all levels was responsive in getting relief to farmers, producers, and distributors. However, as mentioned above, the processes for applying were often unwieldy and award times lengthy. People questioned the criteria for judging who was awarded the grants (perhaps more transparency needed here). ¹¹ Not unexpectedly, many of the processes for regulating agriculture,

¹¹ Lancaster County Agriculture Council, Interview with Mike Peachey, July 24, 2020

food, and conservation from government showed a lack of flexibility in deadlines for ongoing regulatory requirements.¹²

a. Could there be a provision in government requirements at all levels that would temporarily allow a regulatory official to waive such requirements when the circumstances are warranted?

6. Among the many partners that connect with the Lancaster County Agriculture Council, those, which provide services through representatives who can work primarily out of an office setting, are seriously evaluating whether they will retain a physical office or, instead, continue to allow people to work at home. Several of our interviewees mentioned that their companies are letting leases lapse or, at least, downsizing their space. We would expect that there are companies outside of the ag and food industry in the same situation. The broader effect on the commercial real estate market could be substantial in the short and long-term.

Conclusion

With all of the above said, while certain lessons have been learned, the next pandemic or other emergency will not be identical to the COVID 19 situation. It is also unclear the timing of a vaccine and the extent to which it might mitigate, or change the nature of, future problems and challenges.

Regardless, the Lancaster County Agriculture Council is committed to assisting in the implementation of the recommendations that we have outlined above, whenever and wherever the time is right. The Council will also continue to collaborate with the partners in Recovery Lancaster and others to both plan for future emergencies and assist in responding to them for the benefit of our agricultural industry.

¹² Lancaster County Agriculture Council, Interview with Chris Thompson, August 10, 2020

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Appendix

Input from the Lancaster County Agriculture Council

- Processors of Ag Products need to be more nimble and able to adjust processing more quickly to meet changing demand.
- Prepare
- Diversify
- Filling in gaps
- Alternative marketing plans to what producers normally do
- More developed relationships with the local food banks that deal directly with the consumer
- Some way to quickly gather emergent needs, either too much product or not enough food
- Promote awareness of big picture trends that crises could affect
- Designating ag and food workers as essential workers earlier
- Realistic timeframes for changes in regulations
- None of the environmental regulations were relaxed even in difficult environment
- Plan to provide PPE to essential workers
- Designs of processing plants
- Lack of local meat processing capacity, maybe USDA certified
- Workforce development for key occupations like butchers
- Understanding of the role of guest workers in the system, need to keep them healthy as well
- Will these trends only be short term or will they continue into the future? If so, how long?
- Great need in the charitable food network because of unemployment and other issues
- Not everyone was affected
- System got up and running quickly relative to plants other places

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Presented to Recovery Lancaster

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