

SUSTAINABLE AGRICULTURE

California is the largest agricultural producer in the nation, generating \$50 billion in revenue in 2019. Farms underpin the economy of much of rural California, and the state's nearly 70,000 farmers and ranchers produce a broad diversity of over 400 crops and agricultural products.

As a land-based industry, agriculture is threatened by the effects of climate change, including decreased water availability, increased floods, increased pest pressure, and changing weather. These impacts are already occurring and are expected to continue putting pressure on California's farmers, affecting agricultural productivity and the economic health of many rural communities.

The COVID-19 Pandemic and emerging drought conditions have disrupted the food supply chain and created additional challenges for the agricultural sector. To address these challenges, farmers and ranchers continue to innovate by adopting agile technology, expanding in local and global markets, and developing sustainable, climate-smart agricultural practices.

The Budget includes \$236 million General Fund in sustainable agriculture investments and an additional \$617 million General Fund over two years to be allocated based on additional discussions with the Legislature this summer. In addition, the Budget includes funding for drought response and additional strategic investments to support California's agriculture industry as it addresses continued challenges while also producing nutritious food and advancing the state's climate resilience objectives (See the Climate Change Chapter for additional detail).

HEALTHY, RESILIENT, AND EQUITABLE FOOD SYSTEMS

The COVID-19 Pandemic has exacerbated food insecurity across California with nearly one in ten Californians reporting a reliance on food banks. "Food deserts", which are areas with limited access to affordable, quality, and nutritious foods, have become increasingly prevalent. At the same time, the pandemic has also disrupted the food supply chain—including farms, restaurants, and other food businesses—exposing the fragility of the food security safety net, supply chain and distribution system. California is investing in programs to fight hunger and bolster local and regional markets through the purchase of healthy local produce, which boosts the local farming economy, employs food system workers, and accelerates climate adaptation and resilience.

The Budget supports farm-to-fork programs, leverages federal funding to strengthen food safety, and sets aside funding that may be used to support additional programs as discussions between the Administration and Legislature continue this summer.

The Budget includes the following investments:

- **Senior Farmers' Market Nutrition Program**—\$500,000 one-time General Fund to provide low-income seniors with access to locally grown, fresh, nutritious, fruits and vegetables at farmers markets, roadside stands, and community supported agriculture programs.
- **Produce Safety Program**—\$8.7 million ongoing federal funds to continue and expand the Department of Food and Agriculture's Produce Safety Program. These resources will enhance the Department's ability to create a robust inspection program, conduct inspections, provide education and outreach to California produce farmers, develop and validate the existing farm inventory database, and provide assistance during food-borne outbreaks.

CLIMATE SMART AGRICULTURE FOR SUSTAINABILITY AND RESILIENCY

Building on California's leadership in reducing greenhouse gas emissions and protecting communities and natural places from climate impacts, the Budget advances climate smart agriculture, improves drought resiliency, supports alternatives to agricultural burning, invests in sustainable pest management, and sets aside additional funds for future investments in a more resilient and robust agricultural system.

The Budget includes the following investments:

- **Alternatives to Open Agricultural Burning**—\$180 million one-time General Fund for the Air Resources Board to reduce fine particulate matter air pollution in the San Joaquin Valley. This funding will provide incentives to farmers to promote the use of alternatives to open agricultural burning to facilitate completing its phase-out by the end of 2024.
- **Healthy Soils Program**—\$50 million one-time General Fund to provide grants for on-farm conservation management practices designed to sequester carbon within the soil.
- **Integrated Pest Management (IPM) Programs**—\$9.8 million one-time General Fund in 2021-22 and \$7.8 million in 2022-23, for grants for IPM research and education. This includes funding for the Biologically Integrated Farming Systems grant program, proactive IPM and Interregional Research Project No. 4 research, and cooperative agreements with California State University Agricultural Research Institute and the University of California Agriculture and Natural Resources to expand research, education, and extension capacity for IPM practices.
- **Bee Safe Program**—\$2.1 million one-time General Fund to continue operating a statewide Bee Safe Program to promote and protect a safe, healthy food supply through the protection of bees.
- **DNA Barcode Reference Library**—\$11.5 million one-time General Fund to create a DNA barcode reference library for California insects. This funding will support barcoding and preserving existing specimens, securing new specimens from priority locations such as the Central Valley, expanding opportunities via professional and informal training, and delivering data to support the state's biodiversity actions.

The Drought and Water Resilience package also contains investments that support long-term sustainability in agriculture including:

- **State Water Efficiency and Enhancement Program (SWEEP) Grants**—\$40 million one-time General Fund to administer and provide grants to farmers to enhance irrigation efficiency and reduce greenhouse gas emissions from agriculture-related pumping.
- **Technical Assistance for On-farm Water Use Efficiency**—\$5 million one-time General Fund to administer grants to resource conservation districts, universities, non-profits, and tribes to provide technical assistance for on-farm water use efficiency

including, but not limited to, irrigation and nutrient management training, and Mobile Irrigation Labs to perform on-site pump and irrigation efficiency tests and training.

- **Economic Analysis and Decision Support Tools for Agriculture**—\$1.5 million one-time General Fund to partner with the University of California for drought impact and decision support tools for agricultural producers, which will be used to draft drought-related economic impact reports and decision-making tools for drought management.
- **Drought Coordination and Response**—\$450,000 one-time General Fund to coordinate drought response, drought management, and sustainable groundwater management program implementation.

ECONOMIC RECOVERY AND HIGH-ROAD JOB GROWTH

As the economy continues its recovery from the COVID-19 Pandemic, it is important to support equitable economic recovery for all, including rural communities, small and underserved food producers, and farmworkers. Approximately three out of four California farmers operate on less than \$100,000 in annual sales, many of whom lost significant revenue as markets were disrupted and still face significant challenges.

The Budget supports economic recovery, rural economic resiliency, and sets aside additional funding subject to discussion this summer to further enhance the agricultural system. Specific investments include:

- **Technical Assistance Program for Underserved Farmers**—\$5.4 million one-time General Fund to support technical assistance providers and small, mid-sized, and underserved farmers. These resources help farmers with business planning, navigating regulatory compliance, and accessing additional state and federal funds.
- **Rural Economic Advisor**—\$199,000 ongoing General Fund to support, develop, and implement strategies to improve California's rural, agriculturally-based economies.

NETWORK OF CALIFORNIA FAIRS

The Network of California Fairs consists of 74 fairgrounds with varying governance structures. A total of 53 fairgrounds are state-affiliated, have state civil service

employees and are subject to various state requirements. In 2020, the impact of the COVID-19 Pandemic adversely affected the ability of fairgrounds to generate revenue. Fairground revenue is generated by holding mass gatherings for social, commercial, and community events, including an annual fair. The annual fair event is the primary revenue generator for a fairground to cover the expenses of the event and to fund costs of daily operations and payroll throughout the year. At the same time, many fairgrounds continued as a component of the state's emergency network, serving as base camps and shelter during fires, COVID-19 testing sites, and food bank distribution sites. The COVID-19 Pandemic negatively impacted fairgrounds financially, but also created an opportunity to improve the current business model.

The Administration is in the process of evaluating alternative business and governance structures to enable fairs to operate more efficiently, meet local community needs, and serve public health and safety roles in the state's emergency response system. The Budget includes \$50 million one-time General Fund to continue supporting fairgrounds' operational costs while the state evaluates alternative business models.