

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 in many rural communities.

The COVID-19 Pandemic disruptions to the food supply chain and drought have 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 May Revision builds on the \$285 million included in the Governor's Budget and proposes an additional \$641 million over two years (\$491 million in 2021-22) for a total \$926 million (\$776 million in 2021-22) in 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.

Category	Program	Governor's Budget (in millions)	May Revision (in millions)	Total 2021-22 (in millions)
Healthy, Resilient, and Equitable Food Systems	California Farm to School Incubator Grant Program	\$10	\$20	\$30
	California Nutrition Incentive Program	\$0	\$15	\$15
	Healthy Refrigeration Grant Program	\$0	\$20	\$20
	Senior Farmers Market Nutrition Program	\$0	\$0.5	\$0.5
	Urban Agriculture Program	\$0	\$12	\$12
Climate Smart Agriculture for Sustainability and Resiliency	Agricultural Diesel Engine Replacement & Upgrades (\$363 million over two years)	\$170	\$43	\$213
	Healthy Soils	\$30	\$70	\$100
	Sustainable California Grown Cannabis pilot program	\$0	\$9	\$9
	Livestock Methane Reduction	\$0	\$60	\$60
	Pollinator Habitat Program	\$0	\$30	\$30
	Technical Assistance and Conservation Management Plans	\$0	\$20	\$20
	Transition to Safer, Sustainable Pest Management	\$11.8	\$0	\$11.8
	Incentives for Alternatives to Agricultural Burning in the San Joaquin Valley	\$0	\$150	\$150
Economic Recovery & High-Road Job Growth	Climate Catalyst Fund	\$50	\$0	\$50
	Technical Assistance Program for Underserved Farmers	\$6.7	\$2	\$8.7
	Impact Assessment and Alignment of Regulatory Reporting Requirements for Agriculture	\$6	\$0	\$6
	Fresno-Merced Future of Food Innovation Initiative	\$0	\$30	\$30
	New and Beginning Farmer Training and Farm Manager Apprenticeships Program	\$0	\$10	\$10
Total		\$285	\$491	\$776

HEALTHY, RESILIENT, AND EQUITABLE FOOD SYSTEMS

The pandemic has exacerbated an existing problem of food insecurity across California with nearly one in ten Californians reporting a reliance on food banks. Food deserts, or 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—from farms, restaurants, and other food businesses—exposing the fragility of the food security safety net, supply-chain, and distribution systems. California has an opportunity to invest in programs that are successful in fighting hunger while also building local and regional markets through the purchase of healthy local produce that boosts the local farming economy, employs food system workers, and accelerates climate adaptation and resilience.

The May Revision builds on the \$10 million included in the Governor's Budget and proposes an additional \$68 million one-time General Fund to increase investments to improve access to nutritious, local, California-grown food, and to provide critical resources to bolster local and regional supply chains, especially for small and medium producers. This includes investments in a suite of programs at the Department of Food and Agriculture, including the California Nutrition Incentive Program, Senior Farmer's Market Nutrition Program, Healthy Refrigeration Grant Program, Farm to School program and funding for a new program to assist urban farmers and community-based organizations in revitalizing urban food systems by investing in urban farms, technical assistance, urban food hubs, and training to increase access, address food security, and create jobs in low-income and historically underserved communities.

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 May Revision builds on the \$262 million included in the Governor's Budget and proposes an additional \$532 million one-time (General Fund and Greenhouse Gas Reduction Fund), for a total \$794 million package to advance climate smart agriculture, improve drought resiliency, fund alternatives to agricultural burning, increase pollinator habitat on working lands, and support conservation planning for a more resilient and robust agricultural system. This includes a new program to incentivize legacy outdoor cannabis growers to participate in the collection of data to benchmark best practices that reduce the environmental impact of cannabis water and energy use; pest management and fertilizer practices; and enhance soil health.

The May Revision also maintains the Cap and Trade funding proposed in the Governor's Budget for agricultural diesel engine replacement and upgrades (Funding Agricultural Replacement Measures for Emission Reductions or FARMER Program) and Healthy Soils

Program and shifts funding included in the Governor's Budget Cap and Trade Expenditure Plan 2020-21 early action package to fiscal year 2021-22.

The May Revision also includes key climate and drought resilience investments that also benefit agriculture, such as additional funding for the State Water Efficiency and Enhancement Program that includes technical assistance for farm water efficiencies, and additional funding to support Sustainable Groundwater Management Act implementation (See the Climate Change Chapter for additional detail).

ECONOMIC RECOVERY AND HIGH-ROAD JOB GROWTH

As the economy recovers from the pandemic, it is important to support equitable economic recovery for all, including rural communities, small and underserved 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 market challenges. Farmworkers have been among the most vulnerable workers in California, lacking access to pathways to upward mobility.

The May Revision builds on the \$12.7 million included in the Governor's Budget and proposes an additional \$42 million General Fund in new investments to support economic recovery, resiliency, and high-road job growth through technical assistance to underserved farmers, new farmer training and manager apprenticeships, and the Fresno-Merced Future of Food Innovation Initiative.