

**STATE OF CALIFORNIA**  
**Budget Change Proposal - Cover Sheet**  
 DF-46 (REV 10/20)

<b>Fiscal Year</b> 2021-22	<b>Business Unit</b> 8570/3900	<b>Department</b> Food and Agriculture/Air Resources Board	<b>Priority No.</b>
<b>Budget Request Name</b> 8570-083-BCP-2021-MR; 3900-077-BCP-2021-MR; 3900-081-BCP-2021-MR		<b>Program</b> Various	<b>Subprogram</b> Various

**Budget Request Description**

Climate Smart Agriculture for Sustainability and Resiliency

**Budget Request Summary**

The California Department of Food and Agriculture (CDFA) and California Air Resources Board (CARB) request \$477.6 million in 2021-22 (\$320 million General Fund, \$115 million Greenhouse Gas Reduction Fund (GGRF), and \$42.6 million Air Pollution Control Fund (APCF)) and \$150 million General Fund in 2022-23 to support six Climate Smart Agriculture for Sustainability and Resiliency programs. These Climate Smart Agriculture for Sustainability and Resiliency programs utilize agriculture management practices to further the reduction of carbon dioxide and methane greenhouse gases (GHGs), reduce fine particulate matter air pollution in San Joaquin Valley, or enhance pollinator habitat. This includes a shift of \$105 million GGRF proposed in the Governor's Budget from 2020-21 to 2021-22 for the Healthy Soils and FARMER programs. This proposal is also in addition to the \$95 million GGRF proposed for 2021-22 in the Governor's Budget for the Healthy Soils and FARMER programs.

<b>Requires Legislation</b> <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<b>Code Section(s) to be Added/Amended/Repealed</b>	
<b>Does this BCP contain information technology (IT) components?</b> <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <i>If yes, departmental Chief Information Officer must sign.</i>	<b>Department CIO</b>	<b>Date</b>

**For IT requests, specify the project number, the most recent project approval document (FSR, SPR, S1BA, S2AA, S3SD, S4PRA), and the approval date.**

**Project No. Project Approval Document:**

**Approval Date:**

**If proposal affects another department, does other department concur with proposal?**  Yes  No  
*Attach comments of affected department, signed and dated by the department director or designee.*

<b>Prepared By</b> Amrith Gunasekara	<b>Date</b> 4/30/2021	<b>Reviewed By</b> Alexander Ellyson	<b>Date</b> 5/3/2021
<b>Department Director</b>	<b>Date</b>	<b>Agency Secretary</b>	<b>Date</b>

**Department of Finance Use Only**

**Additional Review:**  Capital Outlay  ITCU  FSCU  OSAE  Dept. of Technology

<b>PPBA</b> Sergio Aguilar	<b>Date submitted to the Legislature</b> 5/14/2021
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## Analysis of Problem

### A. Budget Request Summary

The California Department of Food and Agriculture (CDFA) and California Air Resources Board (CARB) request \$477.6 million in 2021-22 (\$320 million General Fund, \$115 million Greenhouse Gas Reduction Fund (GGRF), and \$42.6 million Air Pollution Control Fund (APCF) and \$150 million General Fund in 2022-23 to support six Climate Smart Agriculture for Sustainability and Resiliency programs. These Climate Smart Agriculture for Sustainability and Resiliency programs utilize agriculture management practices to further the reduction of carbon dioxide and methane greenhouse gases (GHGs), reduce fine particulate matter air pollution in San Joaquin Valley, or enhance pollinator habitat. This request includes:

--\$150 million General Fund in 2021-22 to support the phase out of open agricultural burning in the San Joaquin Valley;

--\$132.6 million in 2021-22 (\$90 million GGRF and \$42.6 million APCF) and \$150 million General Fund in 2022-23 for agricultural engine replacement, which includes a shift of \$90 million GGRF proposed in the Governor's Budget from 2020-21 to 2021-22;

--\$85 million (\$60 million General Fund and \$25 million GGRF in 2021-22 for the Healthy Soils Program, which includes a shift of \$15 million GGRF proposed in the Governor's Budget from 2020-21 to 2021-22;

--\$60 million General Fund in 2021-22 for livestock methane reduction;

--\$30 million General Fund in 2021-22 for a Pollinator Habitat Program; and

--\$20 million General Fund in 2021-22 for technical assistance for conservation management plans.

CDFA and CARB are requesting an extended encumbrance period. CDFA will prioritize funding to socially disadvantaged farmers and ranchers and those in disadvantaged communities.

This proposal is an addition to the \$95 million GGRF proposed for 2021-22 in the Governor's Budget for the Healthy Soils and FARMER programs.

Specifically, this request seeks to:

(1) Increase investment in the oversubscribed Healthy Soils Program (HSP) to scale up healthy soils on farms and ranches statewide.

(2) Fund two livestock methane reduction programs: The Alternative Manure Management Program (AMMP) and Dairy Digester Research and Development Program (DDRDP).

(3) Fund a Pollinator Habitat Program for implementation of pollinator habitat and forage on working lands in partnership with private landowners and federal, state, and local entities.

(4) Fund a stand-alone technical assistance grant program for development of conservation plans, carbon farm plans, and transition to organic plans to focus on carbon and water.

(5) Fund continued implementation of the Valley Air District's Alternatives to Open Agricultural Burning Incentive Program to support the phase out of open agricultural burning by incentivizing the use of alternatives aimed at reducing fine particulate matter air pollution in the San Joaquin Valley.

(6) Fund the FARMER Program to reduce criteria pollutants and greenhouse gases in the agricultural sector from agricultural equipment and vehicles.

## B. Background/History

CDFA has been working to address voluntary GHG reductions and conservation agriculture in the agriculture sector with the development of its Climate Smart Agriculture (CSA) and Biologically Integrated Farming Systems (BIFS) grant programs. CDFA has administered CSA grant programs since 2014. These programs include HSP, DDRDP, and AMMP housed under CDFA's Office of Environmental Farming and Implementation (OEFI) whose mission is to serve California by supporting agricultural production and incentivizing practices resulting in a net benefit for the environment through innovation, efficient management and science. Since 2014, through voluntary adoption of conservation management practices on private agricultural lands in California, CSA incentive programs have funded approximately 1,690 projects. These programs will together reduce an estimated 2.4 million metric tons of carbon dioxide equivalent (MMTCO<sub>2e</sub>)/year and provide numerous other environment co-benefits including irrigation water reductions.

Emissions from agricultural equipment are a significant source of air pollution, especially in the San Joaquin Valley, and reducing these emissions is critical for meeting health-based federal air quality standards. Since 2018, CARB has been reducing agricultural sector emissions statewide by providing incentives for agricultural vehicle and equipment replacement projects in the FARMER Program. PM<sub>2.5</sub> emissions from agricultural burning have more than doubled in the past decade, in part due to drought, water restrictions, and transitioning to new, higher value crop types (e.g., almonds, pistachios, etc.) exacerbating PM<sub>2.5</sub> air quality challenges in the San Joaquin Valley. CARB directed the District to develop a plan to phase down agricultural burning by 2025. In order to achieve the near-complete phase-out of agricultural burning, the Valley Air District must leverage its innovation using incentive funds.

**Healthy Soils History:** HSP, established in 2015 and funded in 2017 for the first time, coincided with the United Nations Food and Agriculture Organizations International Year of the Soil. The program is designed to reduce carbon dioxide GHGs in crop and rangeland agricultural sector through sequestration of that carbon in the soil through a range of on-farm and on-ranch voluntary soil and plant conservation management practices. The HSP has funded 646 projects to date from 1,055 total applications. The HSP estimates that 109,809 MTCO<sub>2e</sub> are being sequestered each year through the program.

**Dairy Methane Reduction History:** The DDRDP and AMMP programs are designed to reduce methane GHGs in the dairy and animal agriculture sector. Methane is 25 times more potent as a GHG in terms of global warming than carbon dioxide GHGs and is also identified by the California Air Resources Board (CARB) as a short-lived climate pollutant. DDRDP provides financial assistance for the installation of dairy digesters on dairy operations while AMMP provides financial assistance for the implementation of non-digester manure management practices on dairy and livestock operations in California. The methane programs have funded 234 projects statewide since 2015. These projects together reduce 2.2 MMTCO<sub>2e</sub> each year.

**Pollinator Habitat History:** In 2018, Governor Brown launched the Biodiversity Initiative Collaborative, an interagency initiative to enhance the state's biodiversity of plants and animals, including pollinators. In 2019, CDFA employed a Senior Environmental Scientist (Specialist) to serve as a coordinator for the Department's activities related to the Initiative and as a liaison to the Biodiversity Initiative Collaborative. In 2020, CDFA enhanced the HSP to encourage pollinator habitat in projects funded by GGRF. In 2020, Governor Newsom issued Executive Order N-82-20, which addressed the climate and biodiversity crisis. The Executive Order called on state agencies, in partnership with the private sector to scale up existing efforts on biodiversity through conserving 30% of the state's land and managing for biodiversity and climate resilience. The Executive Order also established a Biodiversity Collaborative. The Department was directed to coordinate with partners to reinvigorate pollinator species, protect native species from invasive species, and enhance soil health and biodiversity.

**Technical Assistance for Conservation Planning History:** The legislature passed AB 2377 (Irwin, Chapter 868, Statutes of 2018) to provide technical assistance to growers applying for HSP, AMMP, and State Water Efficiency and Enhancement Program applicants. CDFA has awarded grants to 33 organizations totaling \$2.14 million for application and implementation of grants to growers, focused on small and socially disadvantaged farmers and ranchers.

**Ag Burning:** In the San Joaquin Valley, to maintain healthy and productive agricultural operations, growers must dispose of about 7.2 million tons of agricultural residue. This waste is generated in the Valley (over 35 percent of statewide total) every year through pruning and orchard and vineyard removals. To date, open burning has been the primary method used to remove these residues. However, open burning emits harmful PM2.5, impacting nearby residents. Also, PM2.5 air pollution can accumulate in the Valley in winter months due to meteorological conditions. Regionally, the Valley has some of the worst PM2.5 air quality challenges in the nation. Incentive funding is necessary to ensure that agricultural burning is phased out by the end of 2024.

**FARMER:** In 2018, CARB developed the FARMER Program to reduce emissions from agricultural vehicles and equipment. The FARMER Program provides funding through local air districts for farmers and agricultural businesses to replace their existing vehicles and equipment with the cleanest available diesel or advanced technologies. Over the past two years, CARB has implemented over 4,700 FARMER projects statewide reducing 780 tons of fine particulate matter, 12,900 tons of oxides of nitrogen (NOx), and 124,000 metric tons of carbon dioxide equivalent GHGs, with over 65% of program funding invested in disadvantaged or low-income communities.

**Resource History**  
(Dollars in thousands)

Program Budget	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
Authorized Expenditures	-	7,500 H 50,000 M	99,000 M	15,000 H 99,000 M	28,000 H	-
Actual Expenditures	-	50 H 1,400 M	5,000 H 38,600 M	740 H 96,000 M	17,000 H 107,000 M	23,000 H 25,000 M
Revenues	-	-	-	-	-	-
Authorized Positions	-	1 H 2 M	2 M	2 H 3 M	3 H 3 M	4 H 3 M 0.5 A
Filled Positions	-	0.5 H 0.5 M	0.7 M	2 H 2.3 M	2.7 H 2.1 M	4 H 3 M 0.5 A
Vacancies	-	0.5 H 1.5 M	1 M	-	-	-

H – HSP

M – Methane GHG reduction programs; DDRDP and AMMP

A – Alternatives to Agricultural Burning

**CDFA Workload History**

<b>Workload Measure</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>
Solicitations	-	2 M	1 H 2 M	1 H 2 M	1 H 2 M	-
Applications Received	-	89 M	150 H 137 M	252 H 166 M	653 H 117 M	-
Applications through Administrative Review	-	89 M	150 H 137 M	238 H 166 M	411 H 117 M	-
Applications through Technical Review	-	85 M	150 H 134 M	238 H 166 M	411 H 112 M	-
Applications Awarded	-	34 M	100 H 75 M	202 H 94 M	344 H 25 M	-
Pre-project Consultations Completed	-	34 M	100 H 75 M	202 H 94 M	344 H 25 M	-
Grant Agreements Executed	-	34 M	100 H 75 M	202 H 94 M	344 H 25 M	-
Projects Monitored for Outcomes	-	34 M	100 H 75 M	202 H 94 M	344 H 25 M	646 H

H – HSP

M – Methane GHG reduction programs; DDRDP and AMMP

**C. State Level Consideration**

CSA, conservation planning, and pollinator habitat support Executive Order N-82-20, which directs state agencies to deploy a number of strategies to store carbon in the state's natural and working lands and remove it from the atmosphere. The order also sets a first-in-the-nation goal to conserve 30 percent of the state's land and coastal water by 2030 to fight species loss and ecosystem destruction.

Technical assistance for conservation planning supports Governor Newsom's Drought Emergency Proclamation for drought preparedness and resiliency.

CDFA is the primary state agency that interfaces with the agricultural community in California. CDFA has been advocating for the adoption of voluntary GHG mitigation and adaptation conservation management practices in California since 2010 after receiving feedback on several stakeholder reports. These reports include Agricultural Vision, a strategic plan for the future of the state's agriculture and food system undertaken by the State Board of Food and Agriculture, and the Climate Change Consortium, which worked to identify solutions for climate change impacts to California's valuable specialty crop industry. These reports have led to the development of several CSA programs under OEFI.

PM2.5 emissions from open agricultural burning are significant, not just for their potential implications for attaining regional air quality standards, but also for their impacts on the public health of local communities. Numerous health effects studies have linked exposure to PM2.5 to increased severity of asthma attacks, development of chronic bronchitis, decreased lung function in children, increased respiratory and cardiovascular hospitalizations, and even premature death in people with existing cardiac or respiratory disease. Senate Bill (SB) 705 requires controlling harmful emissions from open agricultural burning, but only in the San Joaquin Valley. The funding requested in this proposal will help provide the public health

benefits anticipated in SB 705 by enabling CARB to assist in the widespread deployment and adoption of innovative and sustainable practices as alternatives to agricultural burning.

CARB is the state agency responsible for developing State Implementation Plans (SIP) to meet attainment with health-based federal air quality standards. The FARMER Program directly supports the Valley State SIP Strategy, which includes a commitment of 11 tons per day of NOx reductions from agricultural equipment projects in the San Joaquin Valley.

#### D. Justification

California is the nation's leading agricultural production state in terms of crop production and diversity. This agricultural production is critical to food security of the state and nation. California's farmers and ranchers face an uncertain future. Climate change, among other pressures, is creating significant challenges for critical resources including uncertain water supplies, increased number of extreme heat days, droughts, and increasing wildfire risks. Meanwhile California is also experiencing declines in populations of important pollinators and unique biodiversity.

**Healthy Soils Program:** CDFA requests one-time funding of \$60 million GF and \$25 million GGRF for HSP. Of this amount, \$15 million represents a shift of funding proposed in the Governor's Budget from 2020-21 to 2021-22 that was originally requested for early action. CDFA estimates that these funds will result in 1,050 projects being funded. These funds will be used to incentivize farmers to utilize conservation management practices designed to sequester carbon within the soil. Based on historical metrics, CDFA estimates that this will result in estimated GHG reductions of 904,000 MTCO<sub>2e</sub>/year.

**Methane Reduction DDRDP and AMMP:** CDFA requests one-time funding of \$60 million GF for its DDRDP and AMMP programs. CDFA estimates that these funds will result in 210 projects being funded. These funds will be used to incentivize dairy and livestock operations to develop dairy digester to capture methane gas or change their existing liquid phase manure management process to a dry phase manure management process. Based on historical metrics, CDFA estimates that this will result in estimated GHG reductions of 1.18 million MTCO<sub>2e</sub>/year.

**Pollinator Habitat Program:** CDFA requests one-time funding of \$30 million GF for a new Pollinator Habitat Program. Funding would be used for two programs to scale up implementation of pollinator habitat and forage in partnership with private landowners and federal, state and local entities, including University of California Extension Services, California resource conservation districts, and the United States Department of Agriculture Natural Resources Conservation Service.

- Regional Pollinator Habitat Program would fund technical assistance, outreach, and applied research to build a regional and multi-stakeholder pollinator habitat conservation approach to implement best practices and establish safe harbor agreements for pollinator habitat.
- Pollinator Habitat Incentive Program would provide financial incentives to farmers and ranchers to implement conservation practices that promote pollinator habitat and forage on working lands, such as cover crops and hedgerows.

**Conservation Agriculture Planning Grant Program:** CDFA requests one-time funding of \$20 million GF for a technical assistance grant program for the development of conservation plans to enhance on farm resources for climate change mitigation and resiliency, water, habitat, etc. Funds will be used to establish a program that will support the agricultural community with planning activities related to adaptation to climate change impacts, supporting reductions of GHG emissions, improving carbon storage on farms, and protecting pollinators and biodiversity among others. CDFA has identified ten different plans that would be helpful to farmers and ranchers further environmental stewardship and ecosystem service efforts and assist in preparing for climate change impacts and adaptation to a changing climate. These plans

include conservation plans to support organic transition agriculture, pollinator habitats, nutrient management, improved soil health and irrigation water management among others. These plans pave the way for voluntary on-farm management actions that will result in multi-benefits for California agriculture, food security, environment, and all Californians.

**Ag Burning:** CARB requests one-time funding of \$150 million GF for the Ag Burning Program to incentivize alternatives to agricultural burning in the San Joaquin Valley. Alternatives to agricultural burning include, but are not limited to, chipping the material and either incorporating it into the soil or leaving it on the field. Over time, the material decomposes into the soil, which adds valuable organic material to the soil and can lead to better water infiltration and soil quality. This practice is evolving as more growers and equipment manufacturers innovate and collaborate to make the process work for everyone. Studies have found that whole orchard recycling, through chipping the trees and then incorporating the chips into the soil, has the potential to benefit second-generation tree growth and crop yields. Currently, the Valley is the only area of the State where agricultural burning is required to be phased out due to the stipulations in SB 705. Incentivizing alternatives to agricultural burning would protect public health and also help the Valley attain federal air quality standards for PM2.5. As described in the 2018 Plan for the 1997, 2006, and 2012 PM2.5 Standards (2018 PM2.5 Plan or SIP) adopted by CARB in January 2019, the District must attain the 35 microgram per cubic meter ( $\mu\text{g}/\text{m}^3$ ) 24-hour PM2.5 standard by 2024 and the 12  $\mu\text{g}/\text{m}^3$  annual PM2.5 standard by 2025. PM2.5 pollution in the Valley is caused by directly-emitted PM2.5 pollution from burning, cooking, and from PM2.5 formed in the atmosphere from oxides of nitrogen (NOx) pollution. To meet the PM2.5 standards in the Valley, reductions of both NOx and PM2.5 emissions are necessary. Continued reductions to agricultural burning will provide additional emission reductions benefits to help the Valley meet these PM2.5 standards.

**FARMER:** CARB requests 132.6 million in 2021-22 (\$90 million GGRF and \$42.6 million APCF) and \$150 million General Fund in 2022-23 for the FARMER Program. Of this amount, \$90 million represents a shift of funding proposed in the Governor's Budget from 2020-21 to 2021-22 that was originally requested for early action. to fund vehicle and equipment replacement projects to reduce agricultural sector emissions. Based on historical program data, CARB estimates that this would fund approximately 3,000 off-road projects and provide an additional 12,200 tons of NOx reductions and 740 tons of PM2.5 reductions. CARB estimates that this would fund approximately 3,000 off-road projects and provide an additional 12,200 tons of NOx reductions and 740 tons of PM2.5 reductions.

## E. Outcomes and Accountability

OEFI maintains several outcome and accountability strategies as part of its CSA programs. OEFI has established a strong working relationship with several other state agencies in developing and implementing its CSA programs. For instance, CDFA has worked closely with CARB to develop quantification methodology for GHG reductions associated with all projects and works to identify other environmental co-benefits as well.

Incentive funding for the Ag Burning Program is required to ensure that agricultural burning is phased out by the end of 2024. The funding will support the use of alternatives to agricultural burning and provide sufficient time to develop more sustainable processes. The additional time and resources will allow the alternatives-to-burning industry to evolve and thus reduce the costs passed on to agricultural operations to an absorbable level and become part of routine operations. As these innovative land management techniques become more affordable and demand rises for the services from the alternatives-to-burning industry, other agricultural regions in the State also stand to benefit from the adoption of these more sustainable agricultural practices.

CARB works with local air districts to implement the FARMER Program. Air districts are responsible for selecting, contracting, and monitoring projects throughout their contracted life.

CARB works closely with the California Climate Investment (CCI) program to develop quantification methodologies and receives semi-annual reports from air districts on program implementation.

### CDFA Projected Outcomes

Workload Measure	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26
Solicitations	0	1 C 1 H 1 M 1 P	1 C 1 H 1 M 1 P	1 C 1 H 1 M 1 P	0	0
Estimated Applications Received for CSA program in this BCP	0	50 C 650 H 160 M 200 P	50 C 650 H 160 M 200 P	50 C 650 H 160 M 200 P	0	0
Estimated Applications moved through Administrative Review Process	0	50 C 650 H 160 M 200 P	50 C 650 H 160 M 200 P	50 C 650 H 160 M 200 P	0	0
Estimated Applications moved through Technical Review Process	0	45 C 375 H 160 M 190 P	45 C 375 H 160 M 190 P	45 C 375 H 160 M 190 P	0	0
Estimated Grants Awarded	0	40 C 350 H 70 M 100 P	40 C 350 H 70 M 100 P	40 C 350 H 70 M 100 P	0	0
Estimated Pre-project Consultations Completed by OEFI CSA Team	0	350 H 70 M 100 P	350 H 70 M 100 P	350 H 70 M 100 P	0	0
Estimated Grant Agreements Executed by OEFI CSA Team	0	40 C 350 H 70 M 100 P	40 C 350 H 70 M 100 P	40 C 350 H 70 M 100 P	0	0
Estimated Invoices processed	0	100 C 700 H 280 M 300 P	500 C 1,400 H 560 M 600 P	300 C 2,100 H 560 M 600 P	300 C 1,400 H 560 M	200 C 700 H 280 M
Estimated Verification, Progress and Final Reports	0	20 C 350 H 70 M 100 P	20 C 700 H 140 M 100 P	20 C 1050 H 140 M 100 P	20 C 700 H 140 M	20 C 350 H 70 M
MTCO2e Reduction	0	400,000 M 300,000 H	400,000 M 300,000 H	400,000 M 300,000 H	-	-

C – Conservation Agriculture Planning Grant Program

H – HSP

M – Methane GHG reduction programs; DDRDP and AMMP

P – Pollinator Habitat Program

#### F. Analysis of All Feasible Alternatives

**Alternative #1:** Approve \$477.6 million in 2021-22 (\$320 million General Fund, \$115 million Greenhouse Gas Reduction Fund, and \$42.6 million Air Pollution Control Fund) and \$150 million General Fund in 2022-23 to support six Climate Smart Agriculture for Sustainability and Resiliency programs.

**Advantages:** The funds will be granted to farmers and ranchers to voluntarily implement CSA conservation management practices and prepare plans that will ensure the mitigation of climate change, adaption to a changing climate and ensure food security in California, or to achieve criteria pollutant emissions reductions through implementation of alternatives to agricultural burning or eligible vehicle or equipment replacement projects.

**Disadvantages:** This alternative increases the obligation to the GF, GGRF, and APCF.

**Alternative #2:** Do not approve \$477.6 million in 2021-22 (\$320 million General Fund, \$115 million Greenhouse Gas Reduction Fund, and \$42.6 million Air Pollution Control Fund) and \$150 million General Fund in 2022-23 to support six Climate Smart Agriculture for Sustainability and Resiliency programs.

**Advantages:** This alternative will not increase the obligation to the GF, GGRF, and APCF.

**Disadvantages:** Farmers and ranchers face an uncertain future with climate change and weaken food security efforts in California agriculture. Not approving the requested funds will leave farmers and ranchers to voluntarily implement CSA conservation management practices and prepare plans that will ensure the mitigation of climate change, adaption to a changing climate and ensure food security in California without state support. This will result in increased costs to the farmer/rancher or consumer. Increased costs for food production at the production level or consumer level do not enhance California communities. Additionally, not approving the requested funds would result in delaying or not achieving the criteria pollutant reductions necessary to reach attainment with federal air quality standards.

**Alternative #3:** Approve \$447 million in 2021-22 (\$290 million GF & \$115 million GGRF, and \$42.6 million APCF) and \$150 million General Fund in 2022-23 to support all but the Pollinator Habitat program.

**Advantages:** This alternative would provide funding for HSP, dairy methane reduction, technical assistance for conservation management plans, Ag Burning, and FARMER. These established programs have proven to be effective to ensure the mitigation of climate change, adaption to a changing climate and ensure food security in California.

**Disadvantages:** Without funding for the Pollinator Habitat program CDFA would be unable to incentivize farmers and rangers to implement conservation practices that promote pollinator habitat and forage on working lands, such as cover crops and hedgerows.

## G. Implementation Plan

### CDFA:

The general implementation plan for all programs are as follows for the first solicitation of funds for CSA programs. With an extended encumbrance period, CDFA will make three separate solicitations for the funds requested above. This will allow for distribution of the funds on a consistent annual basis without increases to administrative costs.

First Solicitation for CSA programs:

**July to August 2021:** Update Quantification Methodologies, reporting metrics and Request for Proposals (RFP). Solicit public comment on RFPs and prepare application portals.

**July to September 2021:** Award technical assistance grants.

**October 2021 to January 2022:** Release RFPs and solicit applications.

**November to December 2021:** Conduct grant application workshops for applicants.

**January 2022:** Receive applications.

**January to March 2022:** Complete administrative and technical review of applications for CSA programs.

**April 2022:** Announce awardees.

**April to June 2022:** Establish agreements with farmers and ranchers.

**June 2022 to March 2024:** Project implementation for Conservation Agriculture Planning Grant Program and methane reduction programs (DDRDP and AMMP).

**June 2022 to March 2025:** Project implementation for HSP and Pollinator Habitat Program.

**March to June 2024:** Project closeout for Conservation Agriculture Planning Grant Program and methane reduction programs (DDRDP and AMMP).

**March to June 2025:** Project closeout for HSP and Pollinator Habitat Program.

The second and third solicitations will follow the same format above with the last CSA solicitation in 2023-24.

**CARB:**

The Valley Air District currently administers its Alternatives to Open Agricultural Burning Incentive Program; CARB's role will be to transmit funds to the District for use in that program via a grant agreement. The District processes complete applications from commercial agricultural operations located within District boundaries on a first-come first-served basis while funds are available.

CARB would implement the FARMER program through its existing FARMER Program guidelines that describe the administration of the program through local air districts and set the minimum criteria for vehicle and equipment replacement projects. CARB expects to execute grants with local air districts in Fall 2021, so that air districts can implement projects by the end of 2021.

**H. Supplemental Information**

None

**I. Recommendation**

CDFA and CARB recommend the approval of Alternative #1. These programs utilize conservation agriculture management practices to further the reduction of carbon dioxide and methane GHGs or enhance pollinator habitat or provide funding to reduce criteria pollutant emissions from the agricultural sector.

# BCP Fiscal Detail Sheet

BCP Title: Climate Smart Agriculture for Sustainability and Resiliency

BR Name: 8570-083-BCP-2021-MR

Budget Request Summary

## Operating Expenses and Equipment

Operating Expenses and Equipment	FY21 Current Year	FY21 Budget Year	FY21 BY+1	FY21 BY+2	FY21 BY+3	FY21 BY+4
54XX - Special Items of Expense	0	180,000	0	0	0	0
<b>Total Operating Expenses and Equipment</b>	<b>\$0</b>	<b>\$180,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## Total Budget Request

Total Budget Request	FY21 Current Year	FY21 Budget Year	FY21 BY+1	FY21 BY+2	FY21 BY+3	FY21 BY+4
<b>Total Budget Request</b>	<b>\$0</b>	<b>\$180,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## Fund Summary

### Fund Source

Fund Source	FY21 Current Year	FY21 Budget Year	FY21 BY+1	FY21 BY+2	FY21 BY+3	FY21 BY+4
Local Assistance - 0001 - General Fund	0	170,000	0	0	0	0
Local Assistance - 3228 - Greenhouse Gas Reduction Fund	0	10,000	0	0	0	0
<b>Total Local Assistance Expenditures</b>	<b>\$0</b>	<b>\$180,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Total All Funds</b>	<b>\$0</b>	<b>\$180,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## Program Summary

### Program Funding

Program Funding	FY21 Current Year	FY21 Budget Year	FY21 BY+1	FY21 BY+2	FY21 BY+3	FY21 BY+4
6590 - General Agricultural Activities	0	180,000	0	0	0	0
<b>Total All Programs</b>	<b>\$0</b>	<b>\$180,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

# BCP Fiscal Detail Sheet

BCP Title: Agriculture Package: Incentives for Alternatives to Agricultural Burning in the San Joaquin Valley

BR Name: 3900-077-BCP-2021-MR

Budget Request Summary

## Operating Expenses and Equipment

Operating Expenses and Equipment	FY21 Current Year	FY21 Budget Year	FY21 BY+1	FY21 BY+2	FY21 BY+3	FY21 BY+4
54XX - Special Items of Expense	0	150,000	0	0	0	0
<b>Total Operating Expenses and Equipment</b>	<b>\$0</b>	<b>\$150,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## Total Budget Request

Total Budget Request	FY21 Current Year	FY21 Budget Year	FY21 BY+1	FY21 BY+2	FY21 BY+3	FY21 BY+4
<b>Total Budget Request</b>	<b>\$0</b>	<b>\$150,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## Fund Summary

### Fund Source

Fund Source	FY21 Current Year	FY21 Budget Year	FY21 BY+1	FY21 BY+2	FY21 BY+3	FY21 BY+4
Local Assistance - 0001 - General Fund	0	150,000	0	0	0	0
<b>Total Local Assistance Expenditures</b>	<b>\$0</b>	<b>\$150,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Total All Funds</b>	<b>\$0</b>	<b>\$150,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## Program Summary

### Program Funding

Program Funding	FY21 Current Year	FY21 Budget Year	FY21 BY+1	FY21 BY+2	FY21 BY+3	FY21 BY+4
3505 - Stationary Source	0	150,000	0	0	0	0
<b>Total All Programs</b>	<b>\$0</b>	<b>\$150,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

# BCP Fiscal Detail Sheet

BCP Title: Agriculture Package: Agricultural Diesel Engine Replacement & Upgrades

BR Name: 3900-081-BCP-2021-MR

Budget Request Summary

## Operating Expenses and Equipment

Operating Expenses and Equipment	FY21 Current Year	FY21 Budget Year	FY21 BY+1	FY21 BY+2	FY21 BY+3	FY21 BY+4
54XX - Special Items of Expense	0	132,582	150,000	0	0	0
<b>Total Operating Expenses and Equipment</b>	<b>\$0</b>	<b>\$132,582</b>	<b>\$150,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## Total Budget Request

Total Budget Request	FY21 Current Year	FY21 Budget Year	FY21 BY+1	FY21 BY+2	FY21 BY+3	FY21 BY+4
<b>Total Budget Request</b>	<b>\$0</b>	<b>\$132,582</b>	<b>\$150,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## Fund Summary

### Fund Source

Fund Source	FY21 Current Year	FY21 Budget Year	FY21 BY+1	FY21 BY+2	FY21 BY+3	FY21 BY+4
Local Assistance - 0001 - General Fund	0	0	150,000	0	0	0
Local Assistance - 0115 - Air Pollution Control Fund	0	42,582	0	0	0	0
Local Assistance - 3228 - Greenhouse Gas Reduction Fund	0	90,000	0	0	0	0
<b>Total Local Assistance Expenditures</b>	<b>\$0</b>	<b>\$132,582</b>	<b>\$150,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Total All Funds</b>	<b>\$0</b>	<b>\$132,582</b>	<b>\$150,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## Program Summary

### Program Funding

Program Funding	FY21 Current Year	FY21 Budget Year	FY21 BY+1	FY21 BY+2	FY21 BY+3	FY21 BY+4
3500 - Mobile Source	0	132,582	150,000	0	0	0
<b>Total All Programs</b>	<b>\$0</b>	<b>\$132,582</b>	<b>\$150,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>