

The 2022-23 Budget:

# California Department of Food and Agriculture

FEBRUARY 2022

**Summary.** In this post, we assess two of the Governor's 2022-23 budget proposals for the California Department of Food and Agriculture (CDFA). First, the Governor proposes increased funding for grants and staff for the department's farm to school efforts. We recommend the Legislature reject the additional funding proposed for the grants, but approve ongoing funding to support regional program staff. Second, the Governor provides funding to support implementation of the state's Carbon Sequestration and Climate Resiliency Project Registry. We recommend the Legislature reject the ongoing funding being requested in 2023-24 for the department to support the implementation of the registry and require the administration to come back with a new request as part of next year's budget process.

## FARM TO SCHOOL EFFORTS

### Background

**Office of Farm to Fork Promotes Increased Access to Healthy Foods in Schools.** CDFA's Office of Farm to Fork administers the Farm to School Program, which serves as a statewide resource to assist schools in procuring more locally grown foods and engaging students to eat healthier diets. The Farm to School Program currently has six dedicated staff positions, which were approved on an ongoing basis as part of the 2020-21 budget. The program had previously been supported with limited-term positions and grant funding.

**Farm to School Incubator Grant Program Provides Funding to Schools.** The department administers the Farm to School Incubator Grant Program, which provides funding to schools to purchase locally grown foods, coordinate educational opportunities, and further collaboration and coordination between schools and producers.

The program was first established with a non-Proposition 98 General Fund appropriation of \$8.5 million in 2020-21. The 2021-22 budget package committed \$30 million in both 2021-22 and 2022-23 in non-Proposition 98 General Fund resources to fund additional rounds of grants. CDFA plans to accept applications for the \$30 million in current-year funding in February 2022 and award grants in June.

### ***CDFA Required to Submit Report on Grant Program Outcomes by January 2024.***

The recent budget package also included supplemental reporting language for CDFA to report on key programmatic outcomes achieved by the Farm to School Incubator Grant Program by January 1, 2024. Specifically, the department is required to report on the following: (1) the total number of grants and amount of funding awarded; (2) the number of schools and students served; (3) the number of schools and students served by applicable community-need metrics (such as free/reduced meal rates); (4) the geographic distribution of awarded grants; and (5) an assessment, to the extent feasible, of the degree to which the funded activities resulted in improvements such as increased awareness and consumption of healthier food options and improved academic outcomes.

### **Governor's Proposal**

***Additional \$30 Million for Farm to School Incubator Grant Program.*** The Governor's budget proposes an additional \$30 million in non-Proposition 98 General Fund resources in 2022-23 for the Farm to School Incubator Grant Program. Combined with the \$30 million for the budget year that was agreed upon as part of the 2021-22 budget package, this would provide a total of \$60 million for the program in 2022-23.

**Funding to Hire Regional Staff for the Farm to School Program.** The Governor’s budget also includes \$2.9 million in non-Proposition 98 General Fund resources in 2022-23 and ongoing to support 16 new positions for the Farm to School Program. The staff would be responsible for advancing farm to school practices statewide. The proposal includes eight network coordinators who would support local farm to school planning and implementation, and eight marketplace specialists who would establish connections between schools and local producers. The department indicates that each position would be responsible for supporting these activities in a particular region of the state. While these staff would support activities funded by the school incubator grants, their work would also extend to other schools and producers that are not grantees.

## Assessment

**Unclear Whether Demand for Grants Matches Proposed Funding Levels.** The Farm to School Incubator Grant Program is a relatively new program and, as a result, limited data are available on the demand for grants. In 2020-21, the first year of the program, the department received \$12.5 million in total requests for \$8.5 million in available funding—not a significant level of oversubscription. Because the department will not begin receiving applications until this February for the \$30 million it has available for 2021-22 grants, the level of existing demand for this program remains unknown. This lack of justification is particularly concerning given the magnitude of the expansion the Governor is proposing for this program—an increase of over 600 percent in two years (from \$8.5 million to \$60 million).

**Proposal Requests Additional Funding for Grants Before Program Outcome Information Is Available.** As mentioned earlier, the 2021-22 budget package included a requirement that the department report on key programmatic outcomes for the Farm to School Incubator Grant Program by January 1, 2024. The reported outcomes were intended to provide the Legislature with information on how effectively the program met its intended goals, which could then be used to guide future

funding decisions. The Governor’s proposal requests additional funding before such information is available, making it difficult for the Legislature to assess the merits of expanding the program.

**Providing Regional Staff Could Further Promote Adoption of Farm to School Practices.** We find that adding regional staff to support the Farm to School Program likely would contribute to an increase in statewide adoption of farm to school practices, such as by helping to incorporate healthy food options into school meals and increasing opportunities for nutrition education. Staff that specialize in a particular region could better tailor support to schools that have common regional barriers in implementing these practices. Additionally, regional staff could help in developing relationships and purchasing agreements that better connect schools to local producers.

## Recommendations

**Reject Additional Funding for the Farm to School Incubator Grant Program Until More Data on Outcomes and Demand Are Available.** We recommend the Legislature reject the Governor’s proposal to provide an additional \$30 million for the Farm to School Incubator Grant Program. As mentioned above, the program already will receive \$30 million to provide new grants in the budget year. Expanding the program to \$60 million before data on the demand for grants and programmatic outcomes are available is premature. As noted, CDFA is required to provide a report to the Legislature in January 2024, in time to inform the 2024-25 budget package. Should the Legislature wish to consider providing additional funding for the program in 2023-24, it could request a status update from the department on program demand and outcomes next year.

**Approve Regional Staff Funding for the Farm to School Program.** We recommend the Legislature approve the \$2.9 million in ongoing General Fund to support 16 regional staff. We find that these positions could increase the adoption of farm to school practices statewide by better tailoring support to schools that have common regional implementation barriers.

# CALIFORNIA CARBON SEQUESTRATION AND CLIMATE RESILIENCY PROJECT REGISTRY

## Background

**Recent Legislation Established Natural Working Lands Strategy and Associated Project Registry.** In 2017, the Legislature enacted Chapter 237 (SB 27, Skinner) which, among other things, required the California Natural Resources Agency (CNRA), to establish a Natural Working Lands Strategy by July 1, 2023 in coordination with CDFA, the California Environmental Protection Agency, and other state agencies. The legislation also required CNRA to establish and maintain a Carbon Sequestration and Climate Resiliency Project Registry by July 1, 2023. The registry will identify and list projects in the state that provide climate benefits on natural and working lands and that are seeking funding from state agencies or private entities.

## Governor's Proposal

**Funding to Support CDFA Activities Related to SB 27.** The Governor's budget includes \$125,000 and one position ongoing from the General Fund beginning in 2023-24 for CDFA to support implementation of the Carbon Sequestration and Climate Resiliency Project Registry. CDFA indicates it will not have any workload in 2022-23, so the request does not include funding for the budget year. Beginning in 2023-24, CDFA anticipates ongoing workload to support registry applicants in listing and implementing projects. This proposal is part of a larger budget request that also includes funding for CNRA and the California Air Resources Board to conduct activities implementing SB 27.

## Assessment

**Funding Request Not Yet Justified.** We find that authorizing funding now for CDFA's potential future activities related to implementing SB 27 is premature. The nature and magnitude of the department's future workload related to implementing the registry still are uncertain, as CNRA will only begin to develop the registry in the budget year. Consequently, the department's role and staffing needs—particularly on an ongoing basis—are not yet predictable at this time.

## Recommendation

**Reject Proposal and Require Administration to Submit Request Next Year When Funds Are Needed and Better Information Is Available.** We recommend the Legislature reject the Governor's proposal to provide \$125,000 and one position ongoing from the General Fund in 2023-24 for CDFA and instead require the administration to come back with a new request as part of next year's budget process. Delaying the funding decision for a year will allow the Legislature to track the development of the registry and better understand the potential workload it will create for CDFA, while not delaying the administration's current time line for implementing the project registry.

## **LAO PUBLICATIONS**

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