

GGRF Funding for Healthy Soils Climate Solutions:

Healthy Soils, Waste Diversion/Organic Materials, and Alternative Manure Management Programs



The Honorable Toni Atkins
Senate President pro Tem
State Capitol, Room 205
Sacramento, CA 95814

The Honorable Anthony Rendon
Assembly Speaker
State Capitol, Room 219
Sacramento, CA 94249

The Honorable Holly J. Mitchell
Chair, Senate Budget Committee
State Capitol, Room 5080
Sacramento, CA 95814

The Honorable Philip C. Ting
Chair, Assembly Budget Committee
State Capitol, Room 6026
Sacramento, CA 94249

The Honorable Bob Wieckowski
Chair, Senate Budget Subcomm. No. 2
State Capitol, Room 4085
Sacramento, CA 95814

The Honorable Richard Bloom
Chair, Assembly Budget Subcomm. No. 3
State Capitol, Room 2003
Sacramento, CA 94249

February 27, 2019

Re: Increased Investments in Healthy Soils Climate Solutions: Including the Healthy Soils, Waste Diversion/Organic Materials, and Alternative Manure Management Programs

Dear Senate Pro Tem Atkins, Speaker Rendon, Budget Chairs Mitchell and Ting, and Budget Subcommittee Chairs Wieckowski and Bloom,

On behalf of the undersigned agriculture, business, conservation, and food systems groups, we write to request that the FY 2019-20 budget seek to advance healthy soils solutions to climate change. To build resilient land-based carbon sinks, we must invest now in agricultural management practices that will store carbon and decrease potent greenhouse gas emissions, while also improving the economic outcomes for farmers and ranchers and the health of rural and urban communities that depend upon them.

Applying compost to soils is one of the most effective and simple healthy soils and organic waste reduction solutions, so we must also invest in the infrastructure and systems to make quality, affordable compost available statewide. We respectfully request the following:

1. Fund the Healthy Soils Program at \$50 million.

Since FY 2016-17, the legislature has invested in the Healthy Soils Program, which funds individual farmer grants and demonstration projects to transform agricultural soils management to include a suite of practices like compost, cover crops, reduced tillage, conservation plantings and more, which strengthen the state's farms and ranches turning them from carbon emitters into carbon sinks. These healthy soils practices have the added benefits of improving air and water quality, drought and flood tolerance, groundwater recharge, and wildlife habitat on farms and ranches.

To date, the California Department of Food and Agriculture (CDFA) has awarded more than 100 Healthy Soils project grants in 33 counties. For FY 2018-19, the Healthy Soils Program has \$5 million in Greenhouse Gas Reduction Fund (GGRF) and \$10 million in Proposition 68 funding. After this year, we anticipate the program will have spent down its entire Prop. 68 allocation, creating a major gap in funding for this critical program.

The initial investments in Healthy Soils, while modest, have been an important start by the state to advance Climate Smart Agriculture and move the Natural and Working Lands (NWL) sector toward carbon neutrality. As described in the January 2019 Draft of the California 2030 Natural and Working

Land Climate Change Implementation Plan (NWL Climate Plan)¹, **a fivefold increase in state-funded Healthy Soils Program is needed.**

During his January budget news conference, Governor Newsom made clear his passion for healthy soils. While the Governor's proposed \$18 million for Healthy soils is an improvement over current funding levels, the state must prioritize investment in the Healthy Soils Program to at least \$50 million annually² to reach its modest goal of 1 million acres under healthy soils management by 2030, as described in the recent NWL Climate Plan. Given the LAO's recent report³ on cap-and-trade revenues likely exceeding the Governor's proposed annual GGRF budget, \$50 million for Healthy Soils can be achieved.

Investing in carbon sink strategies like the Healthy Soils Program is like investing in a retirement account; early investments now will seed long-term dramatic growth in our carbon sinks and improve agricultural resiliency. The time to invest is now.

2. Fund CalRecycle's Waste Diversion/Organics Grant Program at \$100 million

Compost is a core tool in farmers' healthy soils toolkit, but to scale up healthy soils adoption, meeting our organic waste reduction goals and enhancing the potential for growth in resilient agriculture by closing the nutrient loop, we must invest in composting infrastructure to make quality, affordable compost the norm throughout the state.

Meeting SB 1383 landfill methane reduction goals and mandates for 75% diversion of organic waste (by 2025) will mean up to 8 million new tons of compost could be produced, but only if infrastructure is in place to process the materials. CalRecycle has estimated organic materials management infrastructure will cost up to \$3 billion, requiring at least \$100 million annual investment from the State to meet these highly-aggressive goals in the next six years; we are seeking to enhance the Governor's proposed \$25 million for these critical projects.

3. Fund Alternative Manure Management Program at \$40 million

The Alternative Manure Management Practices Program (AMMP) funds dairy and livestock projects that reduce methane emissions, including the composting of manure along with other strategies to move from wet manure handling and storage to dry handling. Two-thirds of the projects funded by AMMP will produce compost as the end product, turning manure from a liability into an asset and making quality compost more accessible to agriculture in dairy regions. As such, AMMP is a critical link in developing California's compost industry.

Dairy and livestock producer demand for the program continues to outpace available funding. Currently, CDFA is responsible for determining how funding is split between AMMP and the Dairy Digester Research and Development Program (DDRDP). In 2018, despite receiving 63 project proposals for a total

¹ See: <https://www.arb.ca.gov/cc/natandworkinglands/natandworkinglands.htm>

² See page 20 of the NWL Climate Plan for more on the cost estimates for an expanded Healthy Soils Program. \$36.3 million funds farmer incentive grants but does not include funding for technical assistance for farmers, demonstration projects or administrative expenses, as currently funded under the program. \$50 million is needed to expand the Healthy Soils program and fund its current project types across 1 million acres. For a breakdown of these program costs, please contact CalCAN: jmerrill@calclimateag.org

³ See:

https://lao.ca.gov/Publications/Report/3933?utm_source=laowww&utm_medium=email&utm_campaign=3933

of \$34 million in funding requests, CDFA funded only 40 AMMP projects with a little more than \$21 million going towards AMMP projects. The remaining funds, \$72 million, went to digester projects.

Despite inadequate funding, AMMP continues to reach dairy and livestock producers in more counties than any other methane reduction effort. In just two short years, AMMP projects have been awarded in 13 counties for a total of 57 projects. In the same time period, DDRDP funded 58 projects in just 6 counties.

We encourage the legislature to end the competition for funds between AMMP and DDRDP by giving AMMP its own budget line item of \$40 million annually. Doing so will allow the state to reach and fund a diverse set of dairy and livestock producers and develop alternative products for manure, including much-needed compost.

Thank you for your consideration.

Sincerely,

Patricia Carillo
Executive Director
**Agriculture and Land-Based Training
Association**

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