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Governor Proposes New Climate Smart Agriculture Funding Sources but Falls Short on Dollars Invested

SACRAMENTO, CA – Today, Governor Newsom unveiled his state budget including \$12.5 billion in climate change investments. Climate Smart Agriculture programs will get a boost in funding for some key programs. Overall, the Governor’s proposal aims to diversify the funding sources for climate investments in the state but leaves short a number of key programs to help farmers become more resilient to greater weather extremes and address climate change.

“We commend Governor Newsom for thinking outside the cap-and-trade box and identifying new much-needed sources of funding for addressing the climate crisis, including for Climate Smart Agriculture,” said Jeanne Merrill, Policy Director with the California Climate and Agriculture Network. “We urge him and the legislature to be more ambitious and make larger investments in our rural communities and our food supply. Reaching the state’s net carbon neutrality goal by 2045 depends upon it.”

Down from \$28 million in the previous budget, the Governor proposes \$18 million for the Healthy Soils Program, which provides grants to farmers and ranchers who adopt new soil management practices that increase soil carbon storage and reduce greenhouse gas emissions overall. Grants to reduce methane emissions in the dairy sector would be cut for the second year in a row from \$32 million to \$20 million.

The programs have been very popular with farmers as they allow them to address multiple environmental and economic concerns. “We have received both a Healthy Soils and an Alternative Manure Management grant,” said Blake Alexandre of Alexandre Family Farm, an organic dairy in Del Norte County. “The funding helped us upgrade our dairy facilities, become more efficient, and improve the health and wellbeing of our calves.”

Taking a new approach, as a component of the just-released Water Resilience Portfolio, the Governor proposes \$20 million in general funds for the State Water Efficiency and Enhancement Program (SWEEP) for grants that help farmers conserve water and energy. This revives a program popular with farmers and makes an important link between SWEEP and the state’s comprehensive strategy for addressing its water challenges.

Two other new funding sources are a proposed \$4.75 billion Climate Resilience bond that the legislature will debate for inclusion on the November ballot, and a \$1 billion Climate Catalyst Fund to set up a revolving loan for Climate Smart Agriculture, recycling, composting and transportation projects. In the Climate Resilience bond, \$40 million annually over the next five years would be allocated to a new Environmental Farming Incentive Program.

By providing low-interest loans, the Climate Catalyst Fund could incentivize farmers and ranchers to install efficient irrigation and upgrade diesel engines—changes that have a good return on investment. However, for many climate strategies in agriculture that improve soil health or convert manure to compost, farmers are unlikely to take on additional debt, particularly small, diversified and socially-disadvantaged farmers as well as the state’s dairy farmers who have been operating in a deficit for several years. Increased commitments of cap-and-trade funding and in the Climate Resilience bond are needed to ensure participation by all sectors of California agriculture.

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The California Climate and Agriculture Network (CalCAN) is a coalition of the state’s leading sustainable agriculture and farmer allies. Since 2009, CalCAN has cultivated farmer leadership to face the challenges of climate change and to serve as the sustainable agriculture voice on climate change policy in California.

For more information on CalCAN: www.calclimateag.org