September 22, 2021

Office of Environmental Farming and Innovation (OEFI)
California Department of Food and Agriculture (CDFA)
1220 N Street
Sacramento, CA 95814

Re: Comments on the State Water Efficiency & Enhancement Program (SWEEP)

Dear OEFI staff:

I write on behalf of the California Climate and Agriculture Network (CalCAN).\(^1\) Thank you for the opportunity to provide comments on the State Water Efficiency & Enhancement Program (SWEEP). Since its creation in 2014, CalCAN has advocated for funding SWEEP and has simultaneously tracked its progress in two reports in 2016\(^2\) and 2018\(^3\). Our coalition is thrilled by the legislature’s timely investment of a record $50 million from the General Fund in FY 21-22 and commitment to invest another $50 million from the General Fund in FY 22-23.

The current drought has again laid bare the vulnerability of California farmers to the vicissitudes of a changing climate. With nearly 90 percent of the state experiencing extreme drought, the need is great for assistance to keep farms afloat through the current drought and make them more resilient. The stories of increased groundwater pumping, increased water costs, fallowed fields, wells run dry, and questions about family farm viability for the next generation seem to permeate every conversation we have with farmers.

This stark reality draws into focus the need to both mitigate and adapt to climate change simultaneously. SWEEP, which remains the state’s only on-farm water efficiency and drought resilience program, has a critical role to play in addressing this dual need. Unfortunately, SWEEP’s requirement for the past seven years that every project demonstrate GHG reductions has often precluded the program from recognizing and investing in worthwhile drought resilience and irrigation efficiency projects that cannot document an immediate on-farm reduction in GHG emissions. This GHG requirement stemmed from SWEEP’s original funding source, the Greenhouse Gas Reduction Fund, but is not mandated by statute and is not a requirement with its current General Fund source.

\(^1\) CalCAN is a statewide coalition of farmers and ranchers, allied organizations, ag professionals, scientists and advocates that advances policy to realize the powerful climate solutions offered by sustainable and organic agriculture.


With the change in funding sources to General Funds for FY 21-22 and FY 22-23, CDFA and the Science Advisory Panel have the flexibility to consider a more holistic suite of drought resilience and irrigation efficiency projects and ensure equal access to the program for farms that have been historically excluded. Recommendations #2 and #3 below address these new opportunities.

Given the historically high demand for this program and current statewide drought, it is more important than ever to enable as many farmers as possible to participate in SWEEP, especially first-time applicants and farmers who have fewer resources to upgrade their irrigation systems on their own and weather this drought. Recommendations #1 and #4 address this specifically.

Of the few changes we could identify that were proposed in the draft RGA, we do want to highlight our support for allowing additional advance payments, which was one of the recommendations of the SWEEP ad hoc advisory group and will alleviate some of the cashflow challenges that some small farms have faced in implementing SWEEP grants.

Thank you for your consideration.

Sincerely,

Brian Shobe
Associate Policy Director
Email: Brian@calclimateag.org
Recommendations

1. Maintain a maximum award limit of $100,000 to enable 50% more farmers to participate in this consistently oversubscribed, urgent drought resilience program.

SWEEP has an average oversubscription rate of 280 percent, which means that for approximately every three farmers who have applied, only one received a grant.⁴

Of the roughly 70,000 farms in the state, a little over one percent have received a SWEEP grant. Meanwhile, nearly 90 percent of the state is experiencing extreme drought, according to the US Drought Monitor.⁵ In that context, it is more important than ever for SWEEP to reach as many farms as possible, especially farmers who do not have adequate access to capital and other resources to upgrade their irrigation systems and survive this drought.

Increasing the maximum grant award from $100,000 to $200,000, as the draft RGA proposes, would do the opposite, significantly reducing the number of farms that can benefit from the program. SWEEP data from previous rounds of the program proves this. As seen in the graph below, the number of SWEEP grants awarded per $1 million drops significantly when the maximum award limit increases. Reducing the maximum award limit, as was done between Rounds 5 and 6, increased the number of SWEEP grants awarded per $1 million. Data from Rounds 4-8 indicate that a $100,000 maximum award limit enables approximately 50% more farmers to participate in the program when compared to a $200,000 maximum award limit.

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⁵ Current drought conditions available at: https://www.drought.gov/states/california
Program data from Rounds 5-6 also reveals that a lower maximum award of $100,000 is associated with higher participation rates by small-scale farms (see chart below). These farms are, by the nature of their size, less likely to have access to capital and other resources to upgrade their irrigation systems and weather this drought, making them a priority for relief through this program.
It is worth noting that increasing the maximum award limit was not one of the 48 recommendations made by the SWEEP ad hoc advisory group.

We strongly recommend CDFA maintain the maximum award limit of $100,000 for SWEEP to enable more farms to participate in the program at a time when more farmers than ever are in need of resources to help them manage their irrigation as efficiently as possible.

2. Establish a pilot to address a long-standing program inequity and enable more farmers in southern California to participate in SWEEP

Continuing the theme of allowing more farmers to participate in the program, we strongly recommend CDFA take advantage of the flexibility that comes with General Funds and establish a pilot within SWEEP to enable more farmers in Southern California to participate in the program. The vast majority of farmers in this region have effectively been excluded from the program because of the program requirement to demonstrate GHG emissions reductions from on-farm energy use – a requirement they cannot meet because they rely solely on gravity-fed surface water or pressurized water delivery from an irrigation district or municipality. Imperial County, for example, is the 10th largest ag-producing county in the state, but has received only two out of 835 SWEEP grants.

The map screenshots on the right, taken from CARB’s California Climate Investments map of SWEEP projects, also illustrate this long-standing regional program inequity visually.6 Compare the density of projects (each water drop represents one project) in the Central Valley and Central Coast with the small handful of projects in the southern California counties of San Diego, Riverside, and Imperial (zoomed in on second image).

In May, 2020, CalCAN, the California Farm Bureau Federation, and SWEEP TA providers wrote a letter to CDFA's Science Advisory Panel requesting the Panel and CDFA establish an ad hoc advisory to review and recommend updates to the SWEEP program. In that letter, we

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6Map available at: https://webmaps.arb.ca.gov/ccimap/
specifically requested the advisory group make recommendations to “improve participation by operations that have historically faced barriers in accessing or utilizing the program,” especially in light of changing funding sources for SWEEP.

The ad hoc advisory group convened by CDFA and the Panel addressed this issue in its May report. To improve participation by farms in the desert region and other regions of the state where farms cannot meet SWEEP’s GHG requirement, the advisory group recommended: “CDFA should divide funding into two categories: ‘Water-focused’ and ‘Water- and GHG-focused,’ potentially setting aside a specific funding amount for each category of project.”

The advisory group ranked this recommendation 6th overall out of 48 recommendations, demonstrating its high level of consensus and support within the 40+ member advisory group. Multiple stakeholder comment letters in June also supported this idea.

OEFI staff presented their "determinations" on the advisory group recommendations on July 15 and labeled the "two funding categories" recommendation above as "Do Not Adopt." One of reasons given for this determination is that "Water-focused projects would not be eligible for Greenhouse Gas Reduction Funds (GGRF) and so could result in confusion and complication if SWEEP has rotating or multiple funding sources."

SWEEP has not received GGRF funds since 2016. Funding in 2018 came from Proposition 68, current funding is from the General Fund, and the legislature has already proposed another $50 million from the General fund for FY 22-23.

The severity of the drought, the geographic disparities of the program, and the flexibility of the General Fund require CDFA to act to make the program work statewide. We believe a pilot is the right approach and could be expanded upon next year.

The other concern OEFI staff expressed about the “two funding categories" recommendation is that it "Would require additional staff resources to administer if the program were to be split into two buckets." We understand administering a high volume of grants is a lot of work and that staff have at times been overwhelmed. With the allocation of $50 million to SWEEP for FY 21-22, CDFA is receiving $2.5 million (five percent of the total allocation) to administer SWEEP funding, which should allow OEFI to increase its staff capacity.

In the meantime, we recommend a path forward that would alleviate some of that staff burden by setting aside a portion of SWEEP’s $50 million to pilot the "water-focused" concept in one or more southern California counties. If OEFI staff feel they have the authority and staff capacity to set-aside $2 million specifically for “Sub-Surface Drip for Dairy Effluent” (a practice that will, at most, benefit ~1,200 dairies), as is proposed in the draft RGA, it seems reasonable that OEFI staff can find a way to do the same for a region of farmers that have been historically excluded from the program for seven years.

3. Support immediate drought assistance for small farms with dewatered wells
We support the proposal from the Community Alliance with Family Farmers (CAFF) to utilize a portion of SWEEP’s funding for immediate drought assistance for small farmers whose wells have been dewatered as a result of the drought. While there are statewide programs to address the issue of dewatered drinking wells for disadvantaged communities, no such program exists for dewatered agricultural wells for disadvantaged farmers. Many of these small farmers are on the brink of losing the family farm and the knowledge and legacy of stewardship that go with it.

An analysis run by Darcy Bostic of the Pacific Institute concluded that approximately 600 agricultural wells will have to be lowered or replaced and 9,500 agricultural wells will need their pumps lowered in the state if groundwater levels fall similarly to declines in the last drought. While the Sustainable Groundwater Management Act (SGMA) is intended to prevent this problem in the future, it provides no relief or recourse to farmers in the present. Not all farmers whose wells are dewatered will require assistance and SWEEP will certainly not have enough funding to save every farm. But saving some is better than saving none, and piloting a portion of SWEEP funds now to lower pumps or wells for small farms in dire straits would pave the way for the legislature to allocate more funding next year for more robust drought assistance. Pairing such investments with SWEEP’s existing irrigation efficiency incentives would ensure multiple short- and long-term benefits for these small farms and the state.

As noted above, SWEEP is the state’s only on-farm drought resilience program, and the shift in SWEEP’s funding to the General Fund enables CDFA and the Science Advisory Panel to be nimbler and more innovative than in the past in responding to farmers suffering from this drought. We urge CDFA and the Panel to lean into this moment and see the opportunity in it. For a more detailed analysis and description of the proposal, see CAFF’s letter.

4. Carefully weigh the pros/cons of a first-come, first-serve selection process and consider a return to a 12-week application period and competitive grant review process.

We recognize a first-come, first-serve grant selection process allows OEFI staff to process applications, announce grantees, and initiate contract agreements on a rolling basis, thus reducing the bottlenecks, delays, and stress that can come from processing a large volume of applications and grant contracts all at once. At the same time, a first-come, first-serve grant selection process can have some significant drawbacks, which we witnessed in the Healthy Soils Program when it experimented with a first-come, first-serve process in 2020.

The first drawback is that a first-come, first-serve process disadvantages a number of groups: first-time applicants to the program, smaller-scale farmers, and farmers who face language barriers, who often need more time to learn about and apply for the program than farmers who have previously applied or farmers who have staff or professional grant-writing consultants to complete the application on their behalf. Given the farmer equity implications of this process, we strongly advise OEFI staff and the Science Advisory Panel to consult with CDFA’s Farmer Equity Advisor about this decision.

For SWEEP specifically, the first-come, first-serve process will also disadvantage farmers who have to get a pump test done, which can sometimes take weeks or months in some regions with a shortage of pump testing service providers, an issue that was discussed in the ad hoc advisory
group process (see the advisory group’s Pump Test recommendations).

The second drawback is that the minimum score required to be approved in the first-come, first-serve process (30 out of 50 points) will likely have the unintended consequence of rendering the extra points inconsequential in most cases for being a “previously unawarded applicant” (3 points) and meeting the criteria for the “additional considerations” related to irrigation training (1 point), being located in a critically overdrafted basin (1 point), and implementing healthy soils management practices (1 point). For reference, the average scores in the past two rounds were 39 and 40, respectively. The chart on the right shows the distribution of SWEEP application scores from 2018.\(^7\)

A 12-week application period and a competitive grant review process would address these drawbacks. CDFA is receiving $2.5 million to administer the program, which should allow OEFI to hire more staff to assist with the grant selection and contract agreement process. If limited application reviewers are a barrier, we encourage staff to share this with the Panel and advocates so we can recruit irrigation experts to serve in this important role; the 40+ member advisory group proved there are plenty who care about this program.

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\(^7\) Source: OEFI staff presentation to the Science Advisory Panel, July 18, 2019.