



CALIFORNIA FARM BUREAU FEDERATION

# FRIDAY REVIEW

LEGISLATIVE AND GOVERNMENTAL UPDATE

January 8, 2021

## **BUDGET**

Governor Newsom unveiled his Proposed Budget today, outlining his budgetary and policy priorities for the coming fiscal year. Following upon a tumultuous economic year with a \$54 billion deficit, this year's budget paints a rosier picture with a proposed \$227 billion "balanced" spending plan, \$22 billion in budget reserves and a one-time \$15 billion budget surplus. This does not, however, reflect the \$7.6 billion structural deficit projected for 2022-2033—one that will grow to \$11 billion in 2024-2025. Below is a synopsis of proposed expenditures and policy changes offered in the Governor's January budget. It is by no means exhaustive, but Friday Review readers interested in seeing greater detail can review the full budget document [here](#). *Staff Contact: Jim Houston, [jhouston@cfbf.com](mailto:jhouston@cfbf.com) or 916-446-4647.*

## **Agriculture**

- \$ 6.7 million one-time General Fund (\$3.35 million in the current year and \$3.35 million in July 2021) with the University of California Cooperative Extension to provide technical assistance and grants to small, mid-sized and underserved farmers
  - This assistance may include business planning, compliance, and accessing state and federal funds
- \$8.7 million in federal funds and 24 positions at the Department of Food and Agriculture to implement the Food Safety Modernization Act
- Climate smart agriculture funding (see the *Climate Change* section below)
- \$40 million General Fund for the State Water Efficiency and Enhancement Program (see the *Water* section below)
- \$6 million General Fund (\$4 million for current year and \$2 million in July 2021) to do an assessment of EPA/CDFG regulations and identify opportunities to streamline regulations, reporting, and develop a unified licensing portal for program regulation and payment

## **Cannabis**

- Rededicating the Administration's intent to ensure cannabis consolidated into one Department—the Department of Cannabis Control

## **Climate Change**

- Climate Catalyst Fund
  - \$50 million for loans to advance methane, equipment replacement, water efficiency, healthy soils, on-farm bioenergy, food processing and renewable ag production/storage
  - \$47 million for wildfire and forest resilience
- \$1.37 billion expenditure plan for Cap and Trade investments including the following:

## Cap and Trade Expenditure Plan

(Dollars in Millions)

Investment Category	Department	Program	Early Action 2020-21	Budget Year 2021-22	Total
Equity Programs	Air Resources Board	AB 617 - Community Air Protection	\$125	\$140	\$265
		AB 617 - Local Air District Implementation	\$0	\$50	\$50
		AB 617 - Technical Assistance to Community Groups	\$0	\$10	\$10
	Water Board	Safe and Affordable Drinking Water (\$130 million total)	\$30	\$24	\$54
Low Carbon Transportation & ZEV Strategy	Air Resources Board	Clean Trucks, Buses, & Off-Road Freight Equipment	\$165	\$150	\$315
		Agricultural Diesel Engine Replacement & Upgrades	\$90	\$80	\$170
		Clean Cars 4 All & Transportation Equity Projects	\$74	\$76	\$150
Natural & Working Lands	CAL FIRE	Healthy & Resilient Forests (SB 901) (\$75 million included in 2020 Budget)	\$125	\$200	\$325
	Department of Food & Agriculture	Healthy Soils	\$15	\$15	\$30
<b>Total</b>			<b>\$624</b>	<b>\$745</b>	<b>\$1,369</b>

- \$265 million (\$125 million current year and \$140 million as of July 2021) to the Air Resources Board for AB 617 Community Air Protection Implementation, \$50 million in July 2021 for AB 617 Local air district implementation and \$10 million in July 2021 for technical assistance to AB 617 community groups;
- \$54 million (\$30 million in the current year and \$24 million in July 2021) for the Safe Affordable Drinking Water Program at the Water Board
  - This is in addition to the \$76 million provided elsewhere (see the *Water* section below)
- \$170 million (\$90 million in the current year and \$80 million in July 2021) for the Funding Agricultural Replacement Measures for Emission Reductions (FARMER) Program at the Air Resources Board, which provides funding through local air districts for agricultural harvesting equipment, heavy-duty trucks, agricultural pump engines, tractors, and other equipment used in agricultural operation
- \$325 million (\$125 million in the current year and \$200 million in July 2021) for the Healthy and Resilient Forest (SB 901) at CalFire
  - This is in addition to the \$76 million included in last year's budget (see *Wildfire* section below)
- \$30 million (\$15 million for the current year and \$15 million in July 2021) for the Healthy Soils Program at the Department of Food and Agriculture
- \$1.5 billion in Zero Emission Vehicle (ZEV) infrastructure
- \$100 million sales tax exclusion and promote alternative energy/transportation

- Proposed extension of the Carl Moyer Memorial Air Quality Standards Attainment Program (Carl Moyer Program) which provides grant funding for cleaner-than-required engines, equipment, and other sources of air pollution with the State Air Board and local air districts until 2024

### **COVID Relief**

- \$4.4 billion in emergency response--\$2 billion for testing, \$473 million for contract tracing and \$372 million for vaccines [this appropriation will also be dependent upon federal funds offered]

### **Economic Development**

- Accelerating \$4.5 billion for small business grants, fee waivers, Cal Competes, Sales tax exclusions, loan guarantees through iBank, and hiring tax credit
- \$52 billion to the 5-year Capital Plan which includes \$1.5 billion for Electric Vehicle infrastructure, \$500 million for infill infrastructure grants and \$300 million to deferred maintenance
- \$2.4 billion for the Golden State Stimulus (see the *Immediate Funding* section below)

### **Education (K-14)**

- \$2 billion for the Safe Schools Plan for All (see the *Education* title below)
- \$4.6 billion to extend learning time (into summer school and before/after school programs) in addition to funds for teacher training, employee credentialing and professional development
- \$250 million in incentives for early teaching and care and \$200 million in infrastructure for early education
- 438 million for Community Colleges to increase financial grants, provide students' basic needs, mental health, enrollment growth and professional development

### **Fairs**

- \$50 million in one-time General Funds for fairground operational costs and \$10 million one-time General Funds for deferred maintenance and emergency operations

### **Higher Education**

- \$425 million for CSUs, \$200 million ongoing and \$225 million one time, to support deferred maintenance, professional development and emergency aid
- \$361 million to the University of California system, \$136 million ongoing and \$225 million one-time, to support deferred maintenance, institutes of science and innovation, emergency aid, subject matter projects and professional development
- \$136 million in budget augmentation for the University of California, Agriculture and Natural Resources (UCANR), this will be a 3% General Fund increase to the base budget for UCANR

### **Environmental and Natural Resources**

- \$7 million one-time General Fund to the Department of Fish and Wildlife to respond to increased human-wildlife conflict (including education, update supply of non-lethal traps and other equipment for relocation, and purchase new technologies)
- \$7 million one-time General Fund to modernize the Department of Fish and Wildlife's hatchery facilities and equipment
- \$5.5 million one-time General Fund to generate a high-resolution vegetation classification map of the Northern California Coast to be used for monitoring
- \$4.5 million one-time General Fund to purchase a fixed-wing aircraft to monitor species populations, identify declines, and patrol impacts

- \$750,000 one-time General Fund to modernize the hunting licensing platform for customers
- \$79.9 million one-time from various bond funds for the Wildlife Conservation Board to support multi-benefit ecosystem and watershed protection and restoration projects
- \$6.5 million in 2021-22, and a total of \$17.4 million over two years, from Proposition 68 for the Natural Resources Agency/Ocean Protection Council to support projects that improve biodiversity, climate resiliency and increasing coastal and marine ecosystem health.

### **Food Assistance**

- \$30 million for California Food Bank assistance
- \$11.4 million for CA Assistance programs
- \$10 million for Farm to School Program at the Department of Food and Agriculture

### **Healthcare**

- \$400 million for school-based mental health, \$202 million for residential mental health facilities and \$304 million for the incompetent to stand trial program
- Establishing a new Office of health care affordability and Office of Medicare innovation and integration
- \$94 million for telehealth, \$12 million for glucose monitoring, \$25 million for Master Plan for Aging and Alzheimer's, and 1.1b for a transformation of Medi-Cal called "CalAIM"

### **Housing/Homelessness**

- Requested extension of the current eviction moratorium, which is set to expire January 31, 2021
- \$500 million for the low-income tax credit, \$500 million in infrastructure grants, and \$8.5 million in construction apprenticeships
- Establishment of a new Housing Accountability Unit to better monitor local government action to provide housing, and \$1.75 billion in new investments in housing (hotel/motel, community mental health housing and seniors)

### **Labor**

- Allow the Department of Industrial Relations to increase budget by \$14.4 million and position allocations by 70 to hire additional Cal/OSHA inspectors
- Provides \$8.6 million and 43 positions to allow access to workers comp benefits under SB 1159 and investigate workplaces that violate COVID-19 specific guidelines and regulate businesses for adequate personal protective equipment stockpiles for future crises
- Establish a new Department of Better Jobs and Higher Wages comprised of several existing Labor Workforce Development Act agencies involved in job training, labor market information, and apprenticeship programs

### **Pest Management**

- Replacing the current pesticide mill assessment structure (which is non-discriminatory on pesticide type), with a risk-based assessment strategy that charges a higher mill for higher risks (i.e. those pesticides with no classification or a 'caution' classification would go from 21 to 26 mills, 'warning' would go to 40 mills and 'danger' would go to 45 mills) and fund the following General Funded programs to the new mill assessment:
  - \$3.75 million ongoing for the Department of Food and Agriculture to continue investment in IPM strategies, grants and the Biologically Integrated Farming System grant program
  - \$20 million ongoing GF to the Department of Food and Agriculture to expand UC/CSU research capacity for IPM cooperative agreements

- \$16.5 million to County Agricultural Commissioners to increase pesticide use enforcement and to perform air monitoring for pesticides and generating data
- \$1.5 million ongoing for community engagement for pesticide-impacted disadvantaged communities

### **Transportation**

- \$1.5 billion to support the implementation of Executive Order N-79-20, or the Zero-Emission Vehicle (ZEV) target
  - Approximately \$1 billion to expand increase the pace and scale of EV charging infrastructure and hydrogen fueling stations
  - \$465 million from Cap and Trade funding will be utilized for “improving access to new and used zero-emission vehicles,” various transportation vouchers and consumer incentives (see *Climate Change* section above).

### **Water**

- \$40 million in General Fund (\$20 million for the current year and \$20 million July 2021) for the State Water Efficiency and Enhancement Program (SWEET)
- \$183 million for flood management, including:
  - \$81 million this year and \$102.3 million over three years for DWR’s Delta Levees System Integrity Program;
  - \$67 million General Fund this year and \$224.9 million over four years for DWR’s American River Commons Features project
  - \$28.5 million in Proposition 68 funds for DWR to support flood risk management
  - \$6.5 million this year and \$9.5 million over three years in Proposition 1 for DWR’s emergency flood response in the Delta
- \$54 million in Cap and Trade expenditures (\$30 million in current year and \$24 million in July 2021) for the Safe and Affordable Drinking Water fund (see the *Climate Change* section above)
- \$60 million in one-time General Fund (\$30 million in current year and \$30 million in July 2021) to DWR for implementation of the Sustainable Groundwater Management Act (SGMA) to support economic mitigation planning and implementation projects
- \$75 million in one-time General Fund for critical levee repair projects to manage catastrophic flooding

### **Wildfire**

- Proposes the Wildfire and Forest Resilience Action Plan to provide \$1.074 billion in funding
  - \$323 million would be available in the current budget year to accelerate fire prevention projects
  - \$512 million to increase forest and landscape resilience through prescribed burns and funding for tribes and small landowners. The Forest Improvement Program for Small Landowners is expected to receive approximately \$50 million;
  - \$335 million for annual fuel break projects and fire prevention grants for local communities (will assist CalFire and California’s Conservation Corps to complete 45 to 60 strategic fuel breaks annually);
  - \$113 million (with matching federal funds) to protect fire-vulnerable communities, encourage and educate defensible space, and provide fire-hardening solutions for homes;
  - \$76 million to stimulate California’s forest sector by increasing job and economic opportunities through forest management job training, California Conservation Corp workforce programs and the state's Climate Catalyst Revolving Loan Fund;

- \$39 million to incorporate best-available science into predictive models and resilience investments for forest resilience.
- Proposes statutory changes to Senate Bill 901 (Dodd, 2018) that would allow Cap and Trade funding for various forest health and fire prevention programs be available for an additional five years (see *Climate Change* section above)

### **Immediate Expenditure Request**

In addition to proposing funds which would be accessible July 1<sup>st</sup> with the Legislature's approval, this budget proposes a large funding request for immediate action from the Legislature. This includes the following:

- \$2 billion to expedite reopening of schools (more listed below under Education);
- \$575 million in small business grants, in addition to the funds released in the California Relief Grant;
- \$71 million in fee waivers for small businesses;
- \$2.4 billion to fund the Golden State Stimulus, which would provide an additional \$600 for those Californians eligible for the Earned Income Tax Credit; and
- A Request to expedite distribution of federal funds and a continuation of the eviction moratorium issued earlier this year.

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### **COVID 19**

Governor Newsom has signed another executive order to extend the state's prohibition on price gouging for Butte, Los Angeles, Mendocino, Napa, Sonoma and Ventura counties, specifically those afflicted from wildfires dating back to 2017, until December 31, 2021. The full text of the executive order can be found [here](#).

### **CITRUS**

The California Department of Food and Agriculture has announced one vacancy on the Citrus Pest and Disease Prevention Committee, which is responsible for advising the Secretary on activities associated with the statewide citrus specific pest and disease work plan. The existing vacancy is for one grower representative from Fresno County, which expires on September 30, 2023. Individuals interested should send a brief resume by February 15, 2021 to the California Department of Food and Agriculture, Citrus Pest and Disease Prevention Division, 1220 N Street, Sacramento, California 95814, Attention: David Gutierrez. *Staff Contact: Taylor Roschen, [troschen@cbbf.com](mailto:troschen@cbbf.com) or 916-446-4647.*

### **EDUCATION**

Last week, Governor Newsom presented a \$2 billion proposal for financial incentives to encourage schools to bring back elementary school students for in-person instruction beginning the middle of February. This is called the Safe Schools for All Plan. Under the plan, School districts would receive an extra \$450-\$700/student, plus extra funds under the Local Control Funding Formula, if they agree to a timeline to reopen, a rigorous testing protocol for students and staff and a strict health and safety plan for teachers and school employees. The expectation would be that transitional kindergarten to second grade students would return by February 15<sup>th</sup> and third to sixth graders would return later that month. Schools that have already re-opened would be required to conform with the new testing requirements and safety plans. These reopening plans will likely be predicated on school administrators' ability to negotiate with labor unions and on the Legislature's quick approval of a \$2 billion expenditure, funded by Proposition 98. To read the full Safe Schools for All Plan, please click [here](#). *Staff Contact: Taylor Roschen, [troschen@cbbf.com](mailto:troschen@cbbf.com) or 916-446-4647.*

## **FERTILIZERS**

The California Department of Food and Agriculture is now accepting proposals for the 2021 Fertilizing Research and Education Program competitive grant program which funds research that advances fertilization practices and minimizes environmental impacts of fertilizing materials. This year's priorities include: demonstrating and/or validating management practices that optimize fertilizer and irrigation water use, addressing challenges and barriers to adoption of management practices, technical education, filling knowledge gaps in nitrogen management for specific crops, research on the role of organic input materials in soil nutrient management, understanding nitrogen movement and investigating mitigation strategies to reduce nitrogen loss. All concept proposals will be reviewed by the Fertilizer Inspection Advisory Board's Technical Advisory Subcommittee, selected proposals will be invited to submit full project proposals. Applicants should submit two-page concept proposals to [FREP@cdfa.ca.gov](mailto:FREP@cdfa.ca.gov) by Friday, January 29, 2021. Further information can be found [here](#). *Staff Contact: Taylor Roschen, [troschen@cxbf.com](mailto:troschen@cxbf.com) or 916-446-4647.*

## **LABOR**

California Farm Bureau along with several plaintiffs representing agricultural employers filed suit in Los Angeles Superior Court on December 31, 2020 against the Division of Occupational Safety and Health and the Occupational Safety and Health Standards Board as well as Cal/OSHA Chief Doug Parker and the individual members of the Cal/OSHA Standard Board in their official capacities seeking injunctive and declaratory relief with respect to the COVID-19 Emergency Temporary Standard promulgated by the Board on November 30. Because we expect employers to incur non-compensable damages as a result of these regulatory mandates, we have also asked the court to issue a preliminary injunction. A hearing is expected before the end of January. *Staff Contact: Bryan Little, [blittle@cxbf.com](mailto:blittle@cxbf.com) or 916-561-5622.*