



May 14, 2020

Honorable Holly Mitchell, Chair  
Senate Budget and Fiscal Review Committee

Attention: Joe Stephenshaw, Staff Director (2)

Honorable Phil Ting, Chair  
Assembly Budget Committee

Attention: Christian Griffith, Chief Consultant (2)

**Amendments to Various Budget Bill Items, Reimbursements, and Statutory Changes, Support and Local Assistance, California Department of Food and Agriculture**

On March 4, 2020, the Governor declared a state of emergency to help the state prepare and respond to COVID-19. The impact on the state has resulted in a severe drop in economic activity, with corresponding negative effects on anticipated revenues. As a result of these conditions, all budget change proposals were reevaluated within the context of a workload budget based on the merits of each proposal and ultimately subject to the availability of funding.

As a result, the Administration is withdrawing, without prejudice, specified requests within the California Department of Food and Agriculture that were included in the 2020-21 Governor's Budget. The Administration is also modifying specified requests in this area that were included in the 2020-21 Governor's Budget. Modifications could include either reductions or increases to specific items or programs, or delaying substantial implementation of a new program or activity. Withdrawn requests are included on **Attachment 1 (See rows 1 through 6)**. Additional details on modified requests are listed below and on **Attachment 1 (See rows 7 and 8)**. To the extent there are corresponding Budget Bill language or statutory changes for withdrawn or modified proposals, these are detailed in **Section 1 of Attachment 2**. Although these proposals have substantial merit and may be resubmitted for future consideration, we must pivot to prioritize immediate COVID-19 related needs.

As noted above, pursuant to Budget Letter 20-08, the Department of Finance conducted a thorough assessment of the most critical funding needs within the general framework of a workload budget, as defined in Government Code Section 13308.05, and based upon revised expected revenues. This assessment not only resulted in the changes described in the preceding paragraph, but also requires a number of new adjustments and requests that are respectfully submitted and detailed below. Funding detail for these adjustments can be found in **Attachment 1 (See rows 9 through 13)**, and any related Budget Bill or statutory language changes associated with these

adjustments can be found in **Section 2 of Attachment 2**. If necessary, additional information may be included in a Budget Change Proposal or other back-up documentation submitted to the Legislature.

Finally, after conducting a review of all 2020-21 Governor's Budget Proposals, a number of requests are being sustained. Funding detail for these adjustments can be found on **Attachment 1 (See rows 14 through 17)**.

**Modified Governor's Budget Proposals:**

**Modification of Information Technology Workload Growth and Sustainability**—It is requested that Item 8570-001-0001 be decreased by \$2,462,000, Item 8570-001-0111 be increased by \$1,484,000, Item 8570-001-0191 be increased by \$90,000, Item 8570-001-0890 be increased by \$359,000, Item 8570-001-3237 be increased by \$33,000, Item 8570-001-3288 be increased by \$397,000, and Pierce's Disease Management Account be increased by \$99,000 as authorized by Food and Agriculture Code Section 6046(c)(1) to shift the General Fund components of the Department's request to special funds (**See row 7 of Attachment 1**).

**Modification of Fresno-Merced Food Innovation Corridor**—It is requested that Item 8570-101-0001 be decreased by \$31 million to reflect a reduced level of state resources available for this purpose. This will result in a modified proposal of \$2 million for this program (**See row 8 of Attachment 1**).

**New Requests for May Revision:**

**Navel Orangeworm Pilot Program**—It is requested that Item 8570-001-0890 be increased by \$2,715,000 for three years to provide authority for the Department to expend additional federal funds awarded in the 2020 Federal Budget. These resources will help the Department expand the Navel Orangeworm Pilot Program to increase the acreage used to validate the current sterile insect technique (**See row 9 of Attachment 1**).

**Continuation of Cannabis Cultivation Program**—It is requested that Item 8570-001-0001 be increased by 13 positions, Item 8570-001-0111 be increased by 3 positions, Item 8570-001-3288 be increased by \$48,113,000 and 149 positions, and reimbursements be increased by \$15,967,000 to continue implementation of the Cannabis Cultivation program (**See row 10 of Attachment 1**).

**Farm Animal Confinement (Proposition 12)**—It is requested that Item 8570-002-0111 be added in the amount of \$1,443,000 and 6 positions in 2020-21, and \$2.8 million and 15 positions ongoing to continue implementation of Proposition 12. This proposal includes statutory changes to establish new fee authority to support the associated program costs. This proposal will be funded for two years by a short-term loan from the Food and Agriculture Fund until new fee revenue materializes to support all program costs. This proposal also includes Budget Bill language that holds the Food and Agriculture Fund harmless to the extent fee revenue does not materialize to repay short-term costs (**See row 11 of Attachment 1**). Statutory language for this proposal is forthcoming.

**Reduction of California Biodiversity Initiative**—It is requested that Item 8570-001-0001 be decreased by \$3,901,000 to reflect reduced General Fund resources available for the California Biodiversity initiative **(See row 12 of Attachment 1)**.

**Reappropriation of Proposition 68**—It is requested that Item 8570-490 be added to reappropriate existing Proposition 68 funds for one year related to the State Water Efficiency and Enhancement Program **(See row 13 of Attachment 1)**.

**Chapter 798, Statutes of 2017 (AB 1499) Clean-up Amendments**—The May Revision includes statutory changes to provide technical cleanup amendments to Chapter 798, Statutes of 2017 (AB 1499) to clarify the California Department of Tax and Fee Administration will provide the Department of Finance an adjusted amount of total gross receipts reported at fairs to account for any reporting errors. Statutory language for this proposal is forthcoming.

If you have any questions or need additional information regarding this matter, please call Sergio Aguilar, Principal Program Budget Analyst, at (916) 324-0043.

KEELY MARTIN BOSLER  
Director  
By:

/s/ Vivek Viswanathan

VIVEK VISWANATHAN  
Chief Deputy Director

Attachment

cc: On following page

cc: Honorable Anthony Portantino, Chair, Senate Appropriations Committee  
Attention: Mark McKenzie, Staff Director  
Honorable Jim Nielsen, Vice Chair, Senate Budget and Fiscal Review Committee  
Attention: Kirk Feely, Budget Fiscal Director  
Honorable Lorena Gonzalez, Chair, Assembly Appropriations Committee  
Attention: Jay Dickenson, Chief Consultant  
Honorable Jay Obernolte, Vice Chair, Assembly Budget Committee  
Attention: Cyndi Hillery, Budget Director  
Honorable Bob Wieckowski, Chair, Senate Budget and Fiscal Review Subcommittee No. 2  
Honorable Richard Bloom, Chair, Assembly Budget Subcommittee No. 3  
Gabriel Petek, Legislative Analyst (4)  
Christopher W. Woods, Senate President pro Tempore's Office (2)  
Jason Sisney, Assembly Speaker's Office (2)  
Jayme Chick, Deputy Chief of Staff, Policy, Assembly Republican Leader's Office  
Alex Khan, Chief Consultant, Assembly Republican Leader's Office  
Honorable Karen Ross, Secretary, California Department of Food and Agriculture  
Jennifer Lester Moffitt, Undersecretary, California Department of Food and Agriculture  
Kevin Masuhara, Deputy Secretary, Administration and Finance, California Department  
of Food and Agriculture  
Kari Morrow, Division Director, Administrative Services, California Department of Food  
and Agriculture  
Nathan Johnson, Budget Officer, California Department of Food and Agriculture

**GB WITHDRAWN ISSUES**

Row	Entity	Department	BR Title	General Fund BY	Other Funds BY	Positions BY	BBL	TBL	Assembly Consultant	Senate Consultant	LAO Consultant
1	8570	Department of Food and Agriculture	Withdrawal of Laboratory Information Management System for Food Safety Protection Animal Disease Prevention and Emergency Response	-494,000	--	--	--	--	SC	JR	BB
2	8570	Department of Food and Agriculture	Withdrawal of Agricultural and Rural Economic Advisor	-199,000	--	-1.0	--	--	SC	JR	BB
3	8570	Department of Food and Agriculture	Withdrawal of Cal Expo Fiscal Support and Assessment	-2,250,000	--	--	Yes	--	SC	JR	BB
4	8570	Department of Food and Agriculture	Withdrawal of State Water Efficiency and Enhancement Program (SWEEP) Grants	-20,000,000	--	--	Yes	--	SC	JR	BB
5	8570	Department of Food and Agriculture	Withdrawal of Food Waste Recovery	-188,000	--	-1.0	--	--	SC	JR	BB
6	8570	Department of Food and Agriculture	Withdrawal of Fairs and Exposition Branch Oversight	0	-1,098,000	-4.0	--	--	SC	JR	BB
<b>Totals, GB Withdrawn Issues</b>				<b>-23,131,000</b>	<b>-1,098,000</b>	<b>-6.0</b>					

**GB MODIFIED ISSUES**

Row	Entity	Department	BR Title	General Fund BY	Other Funds BY	Positions BY	BBL	TBL	Assembly Consultant	Senate Consultant	LAO Consultant
7	8570	Department of Food and Agriculture	Modification of Information Technology Workload Growth and Sustainability	-2,462,000	2,462,000	--	--	--	SC	JR	BB
8	8570	Department of Food and Agriculture	Modification of Fresno-Merced Food Innovation Corridor	-31,000,000	--	--	Yes	--	SC	JR	BB
<b>Totals, GB Modified Issues</b>				<b>-33,462,000</b>	<b>2,462,000</b>	<b>0.0</b>					

**NEW MR BCP ISSUES**

Row	Entity	Department	BR Title	General Fund BY	Other Funds BY	Positions BY	BBL	TBL	Assembly Consultant	Senate Consultant	LAO Consultant
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9	8570	Department of Food and Agriculture	Navel Orange Worm Pilot Program	--	2,715,000	--	--	--	SC	JR	BB
10	8570	Department of Food and Agriculture	Continuation of Cannabis Cultivation Program	0	64,080,000	165.0	--	--	SC	JR	BB
11	8570	Department of Food and Agriculture	Farm Animal Confinement (Proposition 12)	--	1,443,000	6.0	Yes	Yes	SC	JR	BB
12	8570	Department of Food and Agriculture	Reduction of California Biodiversity Initiative	-3,901,000	--	--	--	--	SC	JR	BB
13	8570	Department of Food and Agriculture	Reappropriation of Proposition 68	--	--	--	Yes	--	SC	JR	BB
<b>Totals, New MR BCP Issues</b>				<b>-3,901,000</b>	<b>68,238,000</b>	<b>171.0</b>					

**GB SUSTAIN ISSUES**

Row	Entity	Department	BR Title	General Fund BY	Other Funds BY	Positions BY	BBL	TBL	Assembly Consultant	Senate Consultant	LAO Consultant
14	8570	Department of Food and Agriculture	Cap and Trade Expenditure Plan: Methane Reduction		20,000,000	--	--	--	SC	JR	BB
15	8570	Department of Food and Agriculture	Farm to School Program	10,000,000	--	6.0	--	--	SC	JR	BB
16	8570	Department of Food and Agriculture	Weights and Measures Oversight and Services	0	799,000	2.0	--	--	SC	JR	BB
17	8570	Department of Food and Agriculture	Milk Producer Security Trust Fund Program (AB 590)	--	--	4.0	--	--	SC	JR	BB
				<b>10,000,000</b>	<b>20,799,000</b>	<b>12.0</b>					

**Section 1**

**Provisional changes for withdrawn and modified Governor’s Budget proposals:**

1. *Department of Food and Agriculture*: Withdrawal of Cal Expo Fiscal Support and Assessment **(See row 3 of Attachment 1)**. To effectuate withdrawing this proposal, the following Budget Bill language change is necessary:

Provision 2 of Item 8570-101-0001 is eliminated.

2. *Department of Food and Agriculture*: Withdrawal of State Water Efficiency and Enhancement Program (SWEEP) Grants **(See row 4 of Attachment 1)**. To effectuate withdrawing this proposal, the following Budget Bill language changes are necessary:

Provision 3 of Item 8570-101-0001 is eliminated.

Provision 5 of Item 8570-101-0001 is amended to read:

“5. The amount included in Provisions ~~(1), (3), and~~ (4) shall be available for encumbrance or expenditure until June 30, 2023.”

3. *Department of Food and Agriculture*: Modification of Fresno-Merced Food Innovation Corridor **(See row 8 of Attachment 1)**. To effectuate the reduction of this proposal, the following Budget Bill language changes are necessary:

Provision 4 of Item 8570-101-0001 is amended to read:

“4. Of the amount appropriated in Schedule (4), ~~\$33,000,000~~ \$2,000,000 shall be available for activities related to the Fresno-~~Merced~~ Future of Food Innovation Corridor Initiative. This amount shall be available for support or local assistance.”

**Section 2**

**Provisional changes for new May Revision Budget Change Proposals:**

1. *California Department of Food and Agriculture*: Farm Animal Confinement (Proposition 12) **(See row 11 of Attachment 1)**. Add the following item:

8570-002-0111—For support of Department of Food and Agriculture, payable from the Department of Agriculture Account, Department of Food and Agriculture Fund.....1,443,000

Schedule:

(1) 6570-Agricultural Plant and Animal Health; Pest Prevention; Food Safety Services.....1,443,000

Provisions:

1. The amount appropriated in this item shall be used for the Department's regulatory responsibilities associated with the implementation of Proposition 12.

2. Any amount expended from this item shall be repaid to the Department of Agriculture Account, Department of Food and Agriculture Fund with fees established to support the implementation of Proposition 12. To the extent that revenue is insufficient to repay the expenditures associated with Proposition 12, the Department of Agriculture Account, Department of Food and Agriculture Fund shall be held harmless and the General Fund may repay this loan.

2. *California Department of Food and Agriculture: Reappropriation of Proposition 68 (See row 13 of Attachment 1).* Add the following item:

8570-490—Reappropriation, Department of Food and Agriculture. The balances of the appropriations provided in the following citations are reappropriated for the purposes provided for in those appropriations and shall be available for encumbrance or expenditure until June 30, 2021:

6088 – California Drought, Water, Parks, Climate, Coastal Protection, and Outdoor Access For All Fund.

(1) Item 8570-001-6088, Budget Act of 2018

(2) Item 8570-101-6088, Budget Act of 2018