

Natural Resources and Agriculture Discretionary Spending Proposals

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SUMMARY

Brief Discusses Three Discretionary General Fund Spending Proposals. The 2025-26 Governor’s Budget includes three notable new discretionary one-time General Fund expenditures in the agriculture and natural resources policy areas: (1) \$24.9 million for the California Department of Food and Agriculture’s (CDFA’s) Farm to School Program, (2) \$10 million for the California Natural Resources Agency (CNRA) to provide to the privately owned and operated Museum of Tolerance in Southern California, and (3) \$6.8 million for the California Department of Parks and Recreation’s (Parks’) Library Pass Program. This brief begins by outlining the overall budget context affecting the Legislature’s consideration of these proposals. We then describe and comment on the three proposals.

Our main takeaway is that while each of these proposed activities would offer some benefits—including assisting schools in procuring more locally grown food and engaging students to eat healthier diets, supporting activities to combat antisemitism, and expanding access to state parks—we recommend the Legislature apply a higher bar to its review of new spending proposals than it might in a year in which the General Fund has more capacity to support new commitments. Overall, the Legislature is in the position of having to weigh the value of these new proposals against other priorities, such as the activities to which it has already committed existing funding or maintaining somewhat larger reserve deposits to help address future budget challenges.

OVERVIEW OF BUDGET CONTEXT

High Bar for Approving New Proposals Under Current Budget Conditions. The three proposals discussed in this report would commit a modest amount of discretionary one-time General Fund—totaling \$41.7 million—in 2025-26. However, our office currently estimates that the budget is only roughly balanced in 2025-26, and the state will have significant annual operating deficits in the following years. As a result, every dollar of new spending essentially requires making offsetting reductions elsewhere in the 2025-26 budget or foregoing the opportunity to leave money in state reserves to prepare for future budget challenges. The Governor “makes room” for these three proposals by modifying funds committed to other programs. As we discuss in our January 2025 report, [The 2025-26 Budget: Overview of the Governor’s Budget](#), the Governor proposes \$2.2 billion in actions that would create capacity in the General Fund to support \$570 million of

discretionary proposals (including the three proposals discussed in this brief), \$150 million of tax expenditures, and a larger discretionary reserve than the state typically plans. These actions include shifting nearly \$300 million in previous General Fund augmentations for climate- and environmental-related programs to instead be supported by the new Proposition 4 climate bond. While this would result in maintaining prior funding levels for these activities, it would preclude this amount of Proposition 4 funds from supporting expanded service levels or additional projects.

Additionally, the budget faces a number of notable risks and uncertainties—including related to forecasted revenues, federal funding levels, and fire recovery costs—that could lead to the General Fund condition worsening over the coming months. Given this context, we recommend the Legislature apply a higher bar to its review of new spending proposals than it might in a year in which the General Fund has more capacity to support new commitments. Overall, the Legislature is in

the position of having to weigh the value of these new proposals against other priorities, such as the activities to which it has already committed existing funding or building a somewhat larger General Fund reserve to better prepare for difficult budget conditions in future years. This is the lens through which we offer comments on the Governor's three proposals discussed below.

FARM TO SCHOOL

Background

Office of Farm to Fork Promotes Access to Healthy Food and Food-Based Education in Schools. CDFA's Office of Farm to Fork administers the Farm to School Program, which serves as a statewide resource to assist schools in procuring more locally grown food and engaging students to eat healthier diets. The 2020-21 budget approved \$1.5 million in ongoing General Fund for the office to hire permanent staff. (Previous activities were supported with limited-term positions and funding.) The 2022-23 budget approved an additional \$2.9 million in ongoing General Fund for the office to hire regional network and marketplace coordinators that further support local planning and implementation.

Farm to School Incubator Grant Program Has Provided Funding to Schools and Producers.

The Office of Farm to Fork also manages the Farm to School Incubator Grant Program, which provides competitive grants to support the adoption and expansion of farm to school practices. Specifically, the program (1) supports schools and child care centers in procuring locally grown food and providing hands-on food education; (2) assists producers in increasing production capacity to supply food to schools and child care centers; and (3) supports organizations in providing technical assistance to schools, child care centers, and producers that are seeking to implement and advance farm to school practices. The program was first established with \$8.5 million from the General Fund in 2020-21, with subsequent budget packages providing General Fund appropriations of \$30 million in 2021-22 and \$60 million in 2022-23—all provided on a one-time basis.

Governor's Proposal

Provides \$24.9 Million for Farm to School-Related Activities and Climate Smart Technical Assistance. The Governor's budget includes \$24.9 million one-time support from the General Fund in 2025-26 for the following activities:

- **Farm to School Incubator Grant Program (\$20.4 Million).** The Governor's budget provides \$20 million to support additional rounds of grants through the existing Farm to School Incubator Grant Program. The budget also includes \$350,000 to continue an existing evaluation of the grant program. Funding would be administered by CDFA's Office of Farm to Fork.
- **Statewide Farm to School Outreach and Support (\$1.6 Million).** The budget proposes about \$1.6 million to support a variety of statewide outreach activities related to farm to school. Such activities would include statewide conferences, training events, and the development of additional strategies to promote the adoption of farm to school practices. Funding would be administered by CDFA's Office of Farm to Fork.
- **Climate Smart Technical Assistance Grants for Producers (\$3 Million).** The proposal also includes \$3 million to support climate smart technical assistance grants. This proposal would provide competitive funding to organizations that help encourage producers to adopt a wide variety of climate smart practices—such as those aimed at improving soil health, sequestering carbon, reducing emissions, and increasing water and energy efficiency. Funding would be administered by CDFA's Office of Environmental Farming and Innovation, which manages programs such as the Healthy Soils Program and the State Water Efficiency and Enhancement Program. CDFA's work to support these practices is not new; however, the department's previous technical assistance activities have generally been supported through funding provided for specific state programs or activities (such as the Healthy Soils Program and drought response allocations) rather than for broad, cross-cutting efforts.

LAO Comments

As discussed earlier, given that every dollar of new spending essentially requires offsetting reductions elsewhere in the budget, we think the Legislature will want to apply a high bar to its review of new spending. This context means the Legislature will need to weigh the importance and value of the proposed spending in the farm to school arena against its other General Fund priorities.

Funding Supports State's Recent Efforts to Increase Farm to School Practices. We find that the portions of the Governor's proposal dedicated to the Farm to School Incubator Grant Program, the program assessment, and statewide outreach are aligned with and would help to enhance and expand the state's recent efforts in this space. Specifically, the proposed \$20 million for the Farm to School Incubator Grant Program would (1) provide schools with resources to implement these practices and (2) help producers scale their capacity to supply locally grown food to schools. The grant program has fully awarded funding received from previous budget packages and has a history of oversubscription. For instance, the most recent grant round had 499 applicants requesting a total of \$129 million, but only had sufficient funding to award \$53 million to 195 grantees. Additionally, the Governor's proposal to provide \$350,000 to continue the existing evaluation of the Farm to School Incubator Grant Program could support future improvements and refinements to the program, and the proposed \$1.6 million for statewide outreach would expand on the Office of Farm to Fork's existing efforts to support schools in adopting farm to school practices.

Legislature Could Explore How Farm to School Activities Might Be Incorporated Into Other Programs and Funding for School Nutrition. While the Legislature has provided some modest amounts of General Fund for CDFA's farm to school efforts in recent years, the vast majority of funding for meals that children receive at schools comes from the state's Proposition 98 school funding allotment and federal funds. In the current year, state and federal funds for the School Nutrition program are estimated to total \$4.6 billion. Moreover, over the past few years,

the state has provided funds to schools in order to improve their ability to provide more healthy meals, procure California-grown foods, and incorporate more freshly prepared foods. The Legislature could explore whether the benefits that CDFA's farm to school grants provide could be incorporated into the activities supported by existing school nutrition funding—potentially leading to even greater statewide adoption of the program's goals. Even if the Legislature determines that a strong rationale exists for funding the CDFA program separately from the core School Nutrition program, it could explore whether some of the farm to school activities could potentially be supported by monies the state must provide to schools to comply with Proposition 98 constitutional requirements. This is particularly pertinent in 2025-26 given that, as we discuss in our recent publication, [The 2025-26 Budget: Proposition 98 Guarantee and K-12 Spending Plan](#), the required Proposition 98 funding level in the budget year is projected to exceed the amounts needed to maintain existing school programs. In response, the Governor's budget proposal includes \$3.4 billion in new discretionary one-time spending for schools. This contrasts notably with the nonschool General Fund budget condition, which is significantly more constrained. While likely not all of the proposed CDFA activities would be eligible to be supported by Proposition 98 funds, the Legislature could explore this option for some components.

Climate Smart Technical Assistance Grants Do Not Directly Support Farm to School Efforts. We have two concerns with the proposed \$3 million for technical assistance grants. First, this funding would not directly support producers seeking to participate in farm to school efforts. Rather, the grants would promote the adoption of climate smart practices across all producers in the state, regardless of their current or planned involvement in farm to school initiatives. The department's rationale for including this request as part of this overall proposal is that supporting technical assistance might help develop a wider procurement network of producers that utilize these practices that can then serve schools. However, while the technical assistance grants may help producers adopt beneficial practices—

such as those that conserve water, reduce energy usage, and sequester carbon—they do not directly support the adoption of farm to school practices: (1) procuring locally grown food for school meals and (2) engaging students in food education activities. This distinction is important in a budget environment where the Legislature must be targeted in how it uses limited General Fund resources to achieve its highest policy objectives. Second, we find the proposal lacks detail on how this funding would support specific outcomes. In particular, pinpointing the specific benefits the technical assistance grants would deliver is difficult given that they could be used to support the adoption of a broad array of practices.

Recommendations

Reject Funding for Climate Smart Technical Assistance Grants. We recommend the Legislature reject the Governor’s proposal to provide \$3 million for climate smart technical assistance grants. In our assessment, while the grants may help producers adopt beneficial practices, they do not directly support implementation of farm to school practices. Additionally, their broad scope makes it difficult to identify the specific benefits they might yield. In the context of limited General Fund resources, we do not find that this proposal meets the high bar for ensuring funding is well-targeted and focused on achieving specified policy objectives.

Weigh Spending on Advancing Farm to School Efforts Against Other General Fund Priorities. We find that the Governor’s proposal to provide a combined \$22 million in additional one-time funding to support farm to school efforts—including the Farm to School Incubator Grant Program, the program assessment, and statewide outreach—aligns with the state’s recent efforts in this area and likely would help continue progress on enhancing farm to school connections. However, given General Fund constraints and the uncertain budget context, we recommend that the Legislature weigh additional spending on advancing farm to school efforts against its other spending priorities. To the degree this program remains a high priority for continued support, the Legislature also could explore whether some of the activities could potentially be supported by funding the state

must provide to schools to meet Proposition 98 constitutional requirements, either as a part of or in addition to the existing School Nutrition program.

MUSEUM OF TOLERANCE

Background

Overview of the Museum of Tolerance.

The Museum of Tolerance is a privately owned and operated museum in Los Angeles that is centered around combating prejudice and discrimination, with a focus on the history of the Holocaust. The museum was established in 1993 by the Simon Wiesenthal Center (a nonprofit organization) and features a variety of exhibits, hosts special events, and provides educational programs for youths and adults.

State Has Provided One-Time General Fund Support for the Museum of Tolerance in Recent Years. The state has provided a number of one-time General Fund appropriations through CNRA to support various improvements at the museum over the past few years. These include: (1) \$10 million in 2021-22 to build a new exhibit on antisemitism, (2) \$5 million in 2022-23 to support museum repairs and to purchase and retrofit a bus to deliver mobile learning services, (3) \$2.1 million in 2023-24 to renovate the museum’s training center, and (4) \$2 million in 2024-25 to support further renovations at the training center. Additionally, the state provides \$3 million annually in ongoing Proposition 98 funds to the Los Angeles County Office of Education to support anti-bias training and professional development for education professionals conducted by the museum.

Governor’s Proposal

Provides \$10 Million One-Time General Fund for New Exhibit Extension and Museum Improvements. The Governor’s budget includes \$10 million from the General Fund in 2025-26 through CNRA to support a variety of improvements at the Museum of Tolerance. Of this amount, \$6.3 million would be used to extend the themes from the new antisemitism exhibit to the rest of the museum, including installing interactive and immersive learning features. The project is expected to be completed in June 2027.

The proposal also includes \$2 million to make improvements to the museum’s entryway, lobby, and memorial plaza. Those improvements are expected to be completed in January 2026. Both components would be funded solely by this proposal. The remaining funds from this proposal would cover project overhead (\$1.2 million) and CNRA administrative costs (\$500,000).

LAO Comments

Proposal Related to Previously Funded Effort, but Represents New Projects. The administration indicates that the funding from this proposal would not directly support the construction of the new exhibit on antisemitism for which the state provided some funding in the 2021-22 budget. (That new exhibit is expected to be completed in October 2025.) Instead, the new proposed funding would expand on the central themes of that exhibit by adding new interactive and immersive learning features throughout the rest of the museum, in addition to other unrelated improvements. We therefore find that the Legislature should view this proposal as a new and distinct set of projects and evaluate their merits accordingly.

Key Question Is Whether Improvements to Nonstate-Owned Infrastructure Are a Top Priority Given Current Budget Constraints.

While supporting privately owned infrastructure may provide benefits—such as making improvements to a museum with an important anti-discrimination mission—it does not fall within the core responsibilities of the state. This is a distinction that is particularly important in a budget environment with limited General Fund resources where the state may find it challenging to address its own areas of responsibility—such as infrastructure it owns and operates. Given that every dollar of new spending essentially requires offsetting reductions elsewhere in the budget, the Legislature is in the position of needing to weigh the importance and value of the proposed spending for the Museum of Tolerance against its other General Fund priorities.

Recommendation

Weigh Merits of Proposal Against Other General Fund Priorities. We recommend the Legislature assess whether the proposal aligns with its highest priorities for General Fund.

During its deliberations, we recommend that the Legislature (1) view this proposal as a distinct set of projects and evaluate their merits independently of previously funded projects at the museum and (2) consider whether improvements to nonstate-owned infrastructure are a top priority given current budget constraints.

CALIFORNIA STATE PARKS LIBRARY PASS PROGRAM

Background

Library Pass Program First Established in 2021-22. The California State Parks Library Pass Program provides free access to state parks through 33,000 passes that can be checked out from public library branches throughout the state. Passes can be checked out by all library card holders. The program was first established in 2021-22 when the state provided \$3 million General Fund per year through 2023-24. An additional \$13.5 million was provided in 2022-23 to increase the number of free passes available through 2023-24. The 2024-25 budget included another allotment of \$6.5 million General Fund to extend the program for one additional year.

California Also Offers Other Free Parks Passes. In addition to the Library Pass Program, the state supports several other free parks pass programs with varying eligibility criteria. These include: (1) the Golden Bear Pass for individuals over the age of 62 who meet certain income requirements as well as recipients of the California Work Opportunity and Responsibility to Kids Program, Supplemental Security Income, and Tribal Temporary Assistance for Needy Families; (2) the California State Park Adventurers Pass for fourth-graders and their families; and (3) the Distinguished Veteran Pass for veterans who meet certain criteria.

Governor’s Proposal

One-Time Funding for Additional Year of Library Pass Program. The Governor proposes a transfer of \$6.75 million from the General Fund to the State Park and Recreation Fund to continue the Library Pass Program for an additional year in 2025-26. Funding would be used to cover the estimated marginal costs for Parks to

accommodate the increase in visitors that result from extending the program (such as to support staffing and maintenance).

LAO Comments

As noted above, the budget context requires that the Legislature apply a higher bar to its review of new spending proposals than it might in a year in which the General Fund has more capacity, as new spending essentially comes at the expense of existing commitments.

Data Suggest Program Encourages Increased Park Visitation. While Parks has not collected data on the number of times the passes have been used to access state parks, it has conducted surveys to collect data from users of the program. Respondents indicate that as a result of the program, they anticipate visiting state parks more frequently and also that they are more likely to use other library resources and services.

Program Improves Affordability for Participants but Is Less Targeted Than Other Parks Access Programs. Data that Parks has collected from surveys of program users indicate that the program serves participants across a range of incomes, including those at the lower end. Specifically, the survey found that 23 percent of respondents earn \$30,000 or less; 19 percent earn between \$30,001 and \$60,000; 15 percent earn between \$60,001 and \$90,000; and 11 percent report earning between \$90,001 and \$120,000. (An additional 12 percent of respondents provided other entries that were not quantified by Parks and 20 percent of respondents chose not to answer this question.) Among survey respondents, 64 percent

identified costs as a factor for not previously visiting state parks. Parks notes that while the program is available throughout the state, the department has taken steps to increase access within lower-income communities by providing a larger proportion of passes to library branches located in areas with high poverty index percentages. However, an important consideration is that because the Library Pass Program is available to any Californian with a public library card, it is not as closely targeted toward residents with particular demographics as other free park pass programs the state operates. For example, the Golden Bear Pass program is specifically designed to increase parks access for lower-income residents. A key question for the Legislature to consider is whether expanding broad-based park passes to Californians of all income levels continues to be a priority for limited General Fund resources.

Recommendation

Weigh Proposal Against Other Budget Priorities. Survey data suggests the Library Pass Program has had some success at pursuing its goals of increasing access and encouraging more widespread use of state parks. However, given the constrained General Fund condition, we recommend the Legislature consider whether providing funding to continue the broad-based Library Pass Program for an additional year is among its highest budget priorities, particularly given the state already supports other free parks pass programs that are more targeted.

LAO PUBLICATIONS

This report was prepared by Frank Jimenez and Luke Koushmaro, and reviewed by Rachel Ehlers and Ross Brown. The Legislative Analyst's Office (LAO) is a nonpartisan office that provides fiscal and policy information and advice to the Legislature.

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