Meeting Synthesis for the Ad Hoc Committee on Expanding Pathways to Compensate Producers for Climate-Smart Agriculture Production

Meeting date: July 9, 2026
Summary date: July 30, 2026

Meeting agenda: CDFA - Pathways Committee Overview

Meeting Background

This session convened a diverse group of growers, municipal representatives, state government, project developers, and technical-assistance providers to evaluate pathways for scaling climate-smart agriculture (CSA) in California. This was the first meeting of the Pathways Committee. The day's discussions started with a discussion of a project charter and level setting and then focused on two breakout sessions with whole Committee discussions post breakout. To aid in the discussions, Committee members were presented with a draft landscape analysis of potential pathway types and examples of these pathways (labels, markets, financing, and healthy soils practices). The breakouts and discussions centered on three pathway types: labels & certifications, markets, and financing and other mechanisms; and the criteria that determine whether each pathway actually drives on-farm adoption resulting in the necessary scale needed to meet the State's target to implement climate-smart agriculture practices on 3 million acres by 2045.

What follows summarizes the recurring themes, details from the two breakout rounds, the evaluation criteria the groups converged on, and next steps to guide the Committee's work.

Summary

The consistent throughline across the plenary and breakout sessions was that a pathway only works if the grower can afford to participate, trusts the payment will be made, and can manage the data collection and management burden. Below are main themes that speak to this throughline:

1. **Technical Assistance** – We heard that to implement climate-smart agricultural practices, producers need technical support. These are new practices for them and if we are going to make them permanent, we need to train the producers on how to implement and maintain them.
2. **Payment Timing** – Producers often cannot fund practices out of pocket against an uncertain backend payment, so upfront financing surfaced across nearly every breakout. There may be a role for the state to play to support or match payments as programs are debuted.
3. **Practice vs. Outcome** – Multiple committee members state that producers are weighing the trade-offs between pay-for-practice vs. pay-for-performance, with broad agreement

that outcomes-based and incentive-based pathways need different structures and data requirements.

4. **Data** – Committee members repeatedly asked "how much data is enough" and “how do I leverage multiple data sets (producer, state, federal).” There are concerns about the high measurement, monitoring, reporting and verification requirements (MMRV) and admin burden (which we plan to expand upon at our next meeting). Several people called for a single uniform data-entry platform with strong privacy protections and producer compensation for quality data entry.
5. **Pathway Priorities** – On the pathway types:
    a. Labels are seen as the easiest entry point and highest potential participation, but they rarely guarantee producer payment, many are not seen as producing robust outcomes, and there are many competing certifications.
    b. Markets need durable demand
    c. Financing has the largest opportunity for innovation: long-term state bonds (~4–4.5%), coop and vertical-integration models, property-tax subsidies, and corporate social responsibility (CSR)/supply-chain capital, particularly around water. Creative financing has the potential to create an autonomous/independent market for climate-smart commodities.
6. **Cross-cutting points** – Producers want multiple ecosystem-service benefits, tiered approaches that reward both early adopters and new entrants, ability to apply to their cropping system, and policies or guidance to support Scope 3 reporting and corporate procurement requirements.
    a. Financing innovation beyond public funds is critical because public money isn't sufficient.
    b. The Committee expressed repeated support for crediting water, carbon, and ecosystem services together, multiple inputs to multiple outputs.
    c. Utilize the policy and regulation levers where possible such as with Scope 3 reporting, forthcoming CA regulations related to SB253, and procurement requirements (e.g., state prison or university systems).
    d. Tiered data requirements by adoption level resulting in corresponding payments could accommodate both early actors and new participants.
7. **Define the roll of the State** – Understanding possible roles the State could play in this work is important to the feasibility of recommendations.
    a. State role in criteria creation versus specific pathways selection
    b. Understanding how pathways can work with regulation requirements
    c. Exploration into potential public-private partnerships for match funding
    d. Other State functions that could tie into this work
8. Call for engagement strategy to accompany the Pathway Committee’s work

Breakout Round 1 – in this breakout group, participants were asked to discuss the criteria for evaluating different types of pathways and strengths and weaknesses of these pathways types.

Group 1:

- **Financing:** use longer-term bonds structured like investments to give producers agency through capital; likely state-issued (e.g., federal FSA bond analog). MMRV criteria would depend on bond outcomes.
- **Labels:** wide variation in what labels ask for and whether they are performance- or outcome-based; many more growers could participate. Labels rarely guarantee producer payment. Push certification schemes to build a farmer payment into the standard.
- **Markets:** empower producers, but agency is limited by data needs, many actors, and high level of effort. Need clarity on which practices have the best ROI. Markets let growers meet the reductions consumer packaged goods companies (CPGs) push onto them.

Group 2:

- Building on USDA Alternative Markets for Producer's (AMP's) success, add grants, direct investment, and loans/banking to scale adoption. Producer input on AMP.
- Evaluation criteria proposed:
  - Is the pathway flexible / non-exclusive? Is it scalable? What is the biggest barrier to implementation?
  - How many co-benefits are added? What technical assistance is provided? What is the grower's data-collection burden?
  - What is guaranteed? Does it allow multiple input streams and integration across the supply chain?
  - What is the certainty level of the data and the outcome? Can capital be categorized?
  - Is the pathway culture-shifting and sustainable in perpetuity?

Group 3:

- Key considerations for programs include:
  - reimbursement vs. financing,
  - timing of payments,
  - source and quantity of funds,
  - scalability,
  - outcomes vs. practice,
  - robustness of quantification,

  - ease of participation, and
  - harmonization with other reporting requirements.
- Primary challenges with program implementation include: which stakeholders carry which kinds of risk; maturity of the pathway (early actors pave the way); incentivizing implementation vs. long-term maintenance vs. innovation.
- Labels resonate the least: modest returns and high uncertainty. Explore tapping the insurance world and whether private investors would fund programs like CDFA's Healthy Soils Program (HSP).

Group 4:

- The incentive approach is the most popular pathway, but public funding is insufficient and needs complementary sources. Government could de-risk producer adoption.
- Provide technical-assistance support so producers can adopt and MMRV adequately; data collection and transmission on a uniform platform; accommodate both early actors and new adopters.
- There are currently more sellers than buyers; CDFA could better promote the assets and act as a marketer. Highest producer priority is following existing and forthcoming regulations.
- Add additionality criteria; the inventory is missing the intermediaries pathway. Support tiered payment by adoption level and a TAP network linking on-farm practices to incentive programs.
- "If there's no technical assistance provider, there's no pathway."

Group 5:

- Focus on what behavior the pathway incentivizes and what motivates the grower; loans and insurance are both financial but operate differently.
- Assess data collection, market participation, collective action, effectiveness against goals, payment timing, delivery triggers, barriers to entry, and cost of participation.
- Consider rule-setting and "sticks." Policy should tighten goal-setting and Scope 3 reporting standards. Two desirable outcomes: the premium growers earn and access to the marketplace.

Breakout Round 2 – in this breakout session, Committee Members were asked to utilize breakout group 1 discussions to create potential ideal pathway models

Group 1: Tax subsidies, long-term bonds, and labels

- Property-tax subsidies to landowners to reduce lease rates for CSA implementation (state or county level); modeled on Minnesota's sustainable aviation fuel (SAF) program, paid via tax return, capped by number of practices or dollars.
- Long-term California bond for investors (~4–4.5% interest), could link investment in bond with climate credits, similar to the national treasury market; will likely require public consensus/voting and face banking-industry challenges
- Labels: require transparency of the standard, easy availability, and third-party verification. Examples today: Fair Trade and Regenerative Organic Certified (ROC); California may need to invest in technical assistance to get growers on board; link with procurement requirements (like penitentiary or university procurement) could be extended to include CSA requirements.

Group 2: California single-entry data platform

- Producer education is fundamental to data collection. Build a California platform for single data entry, paying producers a monthly rate to participate in training (e.g., on Crop Manage).
- An AI chat interface simplifies farmer interaction with the data-management system; the platform needs stringent data-sharing protections. Start small and be transparent about data use from the start.
- Provides return on investment (ROI) for practices and risk reductions, quantifies state inventories, and credits producer time and high-quality data entry. Could link producers to grants or paid research (example given: Fertilizer Research and Education Program (FREP)).

Group 3: CSR supply-chain resilience funding

- Corporate funders focused on supply-chain resilience rather than carbon—prioritizing water savings and efficiency. CSR funding could expand irrigation infrastructure or soil-health practices.
- Model: upfront funding for the farmer, funder owns the credits, farmer keeps the savings from reduced water use. Water-rights fungibility and long-term cost-benefit need strong policy guardrails to protect the farmer.

Group 4: Corporate matchmaking and stacked benefits

- Companies approach project developers for surface-water runoff reduction; AI data centers ask how to invest in the watershed where they operate. Project developers can act as a matchmaker between corporates and farmers/state governments.
- Stacked programs deliver multiple benefits from the same practice; payment timing remains the open question.
- SB 27 authorizes the development of a carbon-sequestration registry for projects ineligible elsewhere; of 1,100 applicants only 157 could be funded, prompting a registry pathway for unfunded projects.

Group 5: Producer cooperative processing model

- A member-owned cooperative with central processing, already seen in grain, wheat, and fiber markets; reproducible but with open scalability questions.
- Pays premiums to growers who meet health-soil practices set by the coop or financier; funded by a loan structure like iBank; ideally profit-sharing or stock options.
- Could partner with resource conservation districts (RCDs), adapt to regional climate goals, and credit multiple ecosystem-service benefits. Vertical integration reduces middlemen and keeps commodity price high.
- Payment timing at point of sale (coop buys from producer). Largest barriers are capital and startup risk; needs funding, organizational capacity, and consumer-trust building. State can provide organizational capacity, grants, and funding.
- Related models cited: Zero Foodprint (consumer dollars fund the next acre of CSA) and STAR (Saving Tomorrow's Agricultural Resources – a voluntary 1–5 star framework). A corporate reporting requirement would be complementary.

Consolidated Evaluation Criteria

Across breakouts, groups converged on a common set of questions for judging any climate-smart pathway:

- Payment timing: front-end vs. back-end, and what triggers delivery of funds.
- Cost and friction of participation, and accessibility for producers.
- Practice vs. performance basis, and robustness of quantification / data certainty.
- Data-collection burden and harmonization with other reporting requirements.
- Availability and role of technical assistance.
- Scalability, flexibility, and whether the pathway allows multiple input streams and co-benefits.

- Who carries risk, pathway maturity, and support for early actors and new adopters.
- Guaranteed producer benefit and access to markets/premiums.

Next Steps: From this first meeting, several avenues to move forward in the landscape assessment have emerged

- Draft a flow chart of potential capital flowing into California agriculture, mapping source, timing, and who sees the benefit.
- Reframe the healthy soils practice list tab in the landscape assessment as a grants/cost-share program pathway and fold in USDA and other federal funding sources.
- Develop the consolidated criteria into a scoring rubric so each pathway type and individual pathway is evaluated consistently, including an offering from each funding source.
- Address payment-timing head-on: prioritize models that finance producers upfront.
- Add the missing intermediaries pathway and additionality criteria to the inventory.
- Develop 1-pager for agencies to frame possible recommendations for State engagement.