

# Organic Transition Pilot Program Design and Public Comments

May 11, 2023



# Program Inception



## 2022-2023 Budget Item:

"... **\$5,000,000** shall be available for the **Organic Transition Pilot Program** which shall provide **incentives, including, but not limited to, grants, technical assistance, and educational materials and outreach, to farmers and ranchers, with at least a 50 percent priority to socially disadvantaged farmers and ranchers** (as defined by the United States Department of Agriculture), who want to transition land to organic certification. No more than 5 percent ... development and administration..."

## Program Development:

- Examined other initiatives, such as USDA Organic Initiative and CCOF assistance program
- Feedback from CDFA divisions and Farm Equity Program
- Draft RGA posted in March
- Nine stakeholder organizations coordinated a Public Comment on the Draft RGA



# Program Objectives



- 1. Select Farmers and Ranchers: Carry out an outreach and selection process of commercial farmers and ranchers to receive assistance in organic transition.** The process should include:
  - a. outreach to farmers and ranchers who could be served
  - b. well-defined selection criteria
  - c. a transparent selection process
  - d. verifying farmers and ranchers with control of acres under transition...
  
- 2. Organic Transition Training and Support: Provide on-farm, one-on-one technical assistance and outreach to farmers or ranchers who have acres that are under transition to organic but not yet certified organic.** These should include:
  - a. regular follow-up on implementation knowledge needs...
  - b. outreach with specific educational materials
  - c. assistance in applications for certifications, or conservation farming grants...
  - d. project coordination, as with service providers
  - e. translation services, both live and in translating written materials...



# Program Objectives



**3. Organic Business Planning:** Coordinate or provide business planning assistance to farmers or ranchers who have acres that have not yet completed three years under certification. These should include:

- a. marketing
- b. recordkeeping
- c. financial literacy training

**4. Disburse Financial Assistance:** Direct financial assistance to farmers who own, lease or rent current agricultural land that is undergoing a mandatory 3-year transition in preparation for organic certification.



# Eligible Block Grant Recipients



## Eligible Block Grant Recipient Organizations:

- Non-profit organizations
- California Native American Tribal Governments
- Resource Conservation Districts (RCDs)
- University of California, California Community Colleges or California State Universities
- County Agricultural Departments and Commissioners

“...must have **demonstrated expertise in disbursement of funds and outreach for agricultural practices**. If they do not have sufficient in-house capabilities to meet certain... Objectives, lead applicants are encouraged to **partner with organizations who have experience** in one-on-one organic management technical assistance, expertise for language translation or for business planning, who can access organic networks for expertise, and/or can improve their outreach to Socially Disadvantaged Farmers and Ranchers<sup>1</sup> (SDFRs).



# Farmers and Ranchers Selection and Eligibility



## Selection Requirements:

- Applicant organizations to the OTP will **develop a proposal for how farmers and ranchers will be selected** for direct financial assistance (e.g., competitive; first-come, first-served; other).
- Selection criteria must be specified.
- Applicant organizations must **propose a method for review and transparency** in this process.

## Workplan includes:

- Does the applicant **discuss their plan for conducting outreach?**
- Does the applicant include adequate details about **how the organization will reach SDFRs?**

## Beneficiary Requirements:

- Farmer or Rancher, including Lessees, Urban Farmers, and Tribes
- Engaged or planning to engage in commercial agriculture
- Specify APN, acreage, and location to be transitioned, using RePlan tool (as in Healthy Soils)
- Title, or lease with landowner acknowledgement of organic plans
- Have Organic System Plan or attest to intention to develop one
- No minimum acreage



# Funding Structure



- Block Grant Format, similar to HSP, SWEEP, and PHP:
  - 5% of total to CDFA Administration
  - 15% of awards to Block Grant Awardee and Partner Administration
  - 15% of awards to Awardee and/or Partners Technical Assistance
  - Leaving at least 66.5% of total funding as “direct assistance” received by farmers for expenses

Minimum Award: \$500,000

Maximum Award: \$2,000,000

Advances: 25% available with justification, following CDFA practices and regulations,  
*which can be passed along to farmers and ranchers*



# Funding Structure to Farmers and Ranchers



- \$30,000 available for applicable costs to each farmer and rancher, including
  - **Equipment and repairs** suited to organic practices or processing produce
  - **Inputs for transitioning acres**, interpreted broadly, including animals and their feed for ranches
  - **Fees and services**: Certifications, Trainings, Consultant fees
  - **No operating costs**: e.g., farmers' labor, rent, taxes, inputs for non-transitioning acres
- \$1,000 per acre available for soil building or land preparation, up to 30 acres, including
  - **custom services** for soil preparation or planting
  - **organic inputs** including IPM
  - **organic soil amendments** or their source materials
  - **ecosystem enhancements** including supplies and equipment

*= Total potential award of \$60,000 per farmer or rancher*



# Reporting Requirements



Reporting requirements for awardees will facilitate evaluation and follow-up. *Including:*

1. **Project data and farmer name:** acre map, SDFR status, OSP status, and organic certification status or likely outcome of each farmer.
2. **Farming systems assisted and certified:** crops, acreage, location, and practices supported.
3. **Accounts** that allow **total cost of each individual project** to be readily determined, with **summaries of disbursements on item and practice categories.**
4. **Technical assistance records** including names and dates of different services, by Objective and Activity.
5. Links or files for **training materials that have been created.**
6. *In addition,* Farmers and Ranchers are expected to maintain documentation related to the on-farm project, and to be responsive to requests for information.



# Responses to Public Comments



## 1. **“Are labor or rent allowable costs?”**

*Beneficiary labor, rent and operating costs are not covered. Billed labor by outside contractors is allowable. These limitations are consistent with other CDFA incentive programs.*

## 2. **“Can the \$30,000 be spent on an allowable cost for the whole farm?”**

*Whole-farm equipment costs are allowable, but not input or equipment costs for uncovered acres.*

## 3. **“To meet this high bar of providing resources to farmers of color and women farmers...”**

*To clarify terms of Socially Disadvantaged Farmer and Rancher status:*

- *Legislation instructs “as defined by the USDA”*
- *only USDA definition found is set by NRCS (administering EQIP, among others)*
- *does not cover gender per se*
- *thus OTP will also conform with “SDFR” in California’s Farmer Equity Act (AB 1348, 2017)*



# Responses to Public Comments



## **4. Change the Scoring Criteria to give 30 points to “Statement of Need and Service to SDFRs.”**

*Higher points will be accorded to the section, giving it 30 points out of 100.*

## **5. “Recommend that CDFA allow technical assistance expenses including demonstration supplies and trials.”**

*No demonstration projects will be supported, since they are not within the Objectives. Other CDFA projects are creating organic demonstrations.*

## **6. “Recommend that CDFA allow technical assistance expenses including ... purchase of tools, equipment, or infrastructure for sharing in a lending program.”**

*This is not considered a technical assistance activity. Beneficiary farmers could lend out OTP-supported equipment. HSP assistance is available for cost-share purchase of lending equipment.*



# Thank You and Questions



Please direct questions to Michael Wolff, Sr. Env. Scientist (Specialist) [Michael.wolff@cdfa.ca.gov](mailto:Michael.wolff@cdfa.ca.gov)

Link to Draft RGA:

[https://www.cdfa.ca.gov/oefi/docs/organic\\_transition\\_pilot\\_program\\_draft\\_rga.pdf](https://www.cdfa.ca.gov/oefi/docs/organic_transition_pilot_program_draft_rga.pdf)

Link to Public Comment on the Draft RGA, which includes more questions:

[https://www.cdfa.ca.gov/oefi/docs/public\\_comment\\_on\\_organic\\_transition\\_pilot.pdf](https://www.cdfa.ca.gov/oefi/docs/public_comment_on_organic_transition_pilot.pdf)

Responses to Public Comment will be posted soon.



# Eligible Farm Costs



*General Award (\$30,000 maximum per farmer or rancher):*

- Organic livestock, poultry, and related expenses, such as animal health management required by organic standards
- Organic feed
- Education materials and training on organic certification and production
- Inspection and certification fees
- Outside consultant fees if desired, as for development of an Organic System Plan (OSP)
- On-farm processing and distribution equipment (e.g., peelers, coolers, sorting and sizing bins, refrigerated vehicles for transporting whole or minimally processed food)
- Farm equipment and repair to that equipment, where equipment is specific or widely preferred for organic farming<sup>2</sup>. Qualifying equipment must be drawn from the following list, or authorized by CDFA:
  - compost production, storage or spreading installations and equipment
  - weed management tools such as flamers or tines, tarps, row cover, organic approved plastic mulch
  - direct seeding equipment
  - intercropping equipment and modifications
  - IPM-aligned equipment
  - Other cover-cropping equipment



# Eligible Land Costs



*Field-preparation Award (\$1,000 per acre for up to 30.0 acres, \$30,000 maximum): must be applied to specific acres undergoing transition. These costs can also be covered by the General Award if the farmer or rancher wishes.*

- Organic seeds and starts, including cover crop seeds
- Organic fertilizers
- Organic pest control inputs
- Ecosystem enhancement supplies and equipment (e.g., hedgerows, owl boxes, riparian area protection)
- Compost, compost building materials, and similar organic amendments
- “Custom farming” operations (e.g., contracting out to perform planting)