

June 9, 2022

Honorable Gavin Newsom
Governor, State of California
1021 O Street, Suite 9000
Sacramento, CA 95814

Honorable Toni Atkins
President pro Tempore, California State Senate
1021 O Street, Suite 8518
Sacramento, CA 95814

Honorable Anthony Rendon
Speaker, California State Assembly
1021 O Street, Suite 8330
Sacramento, CA 95814

RE: Support for Significant Investment in Climate Funding in the Final State Budget

Dear Governor Newsom, Pro Tem Atkins, and Speaker Rendon:

We want to express our appreciation for your climate leadership and the level of commitment you have shown to tackling the climate crisis. In each of your respective versions of the budget, the amount of funding allocated to address climate change is higher than ever before and commensurate with the unparalleled influx of revenues into our state coffers. Between the Administration's proposal and the Legislature's version of the budget, climate funding (including transportation infrastructure) could be well above \$32 billion – a truly significant investment.

As we have noted previously, given the urgency of the climate crisis, we can no longer relegate climate spending as a separate, backburner policy afterthought – it must be front and center. To that end, there are a number of important climate policies being debated in the Legislature – many of which when coupled with State Budget funding could powerfully address both the immediate challenges of climate change and begin more robust planning for the future. To address the pressing threat of climate change, we believe the following principles should guide budget discussions:

1. Integrate as much climate activity into existing and/or new ongoing funding streams as possible, rather than continuing to rely on one-time funds;
2. Build climate investments into core government services annually and accelerate these investments during times of budget surplus; and
3. Seize the opportunity to leverage the ongoing activities of each department into the struggle to prevent the worst effects of climate change.

We believe these principles can guide funding and policy in three key areas: transportation, infrastructure, and environmental justice.

Transportation

Transportation continues to be the largest source of California's greenhouse gas emissions and any new transportation funding should focus on reducing these emissions by supporting the growth of clean transportation options, reducing Californians' need to rely on cars, and aligning our infrastructure decisions with present and future climate impacts. To address climate change, we must plan our transportation systems in a way that moves our state beyond the outdated and inequitable practice of just adding more freeway lanes.

We believe AB 2438 (Friedman) introduced this year should be funded in the final State Budget. This bill would charge the Department of Transportation, the Strategic Growth Council, and the California Air Resources Board with reviewing all transportation funding allocations and projects to ensure they align with the state's climate goals. Such a plan can serve as a touchstone for any new transportation funding – including significant federal funding.

We support the Governor's electric school bus proposals which the Legislature has also funded, but we do oppose the Legislature's proposal to subsidize the purchase of any fossil fuel-powered school buses with these funds. The state can no longer afford to subsidize our continued dependence on oil and gas. Moreover, we would suggest the passage of both AB 1110 (R. Rivas) and AB 2731 (Ting) from the current legislative session and any administrative costs associated with the goal of achieving an all electric school bus fleet in California also be included in the final State Budget. A significant investment to help locals purchase electric buses paired with an ambitious state goal are powerful tools to rid the state of diesel school buses.

AB 2731 would set a clear timeline for schools to upgrade to zero emission school buses, and this year's budget along with AB 1110 can help to accelerate that transition. AB 1110 would create a new Clean Vehicles Ombudsperson to help small and rural public entities, including school districts, access multiple classes of Zero Emission Vehicles (ZEVs). We believe funding AB 1110 in combination with the significant state investment in ZEVs for passenger and commercial fleets can accelerate the widespread adoption of electric vehicles throughout the state. This combination of tools would also support a significantly faster fleet transformation than even AB 2731 currently envisions.

We support the Governor's ZEV proposal as another way to transform the transportation sector and align with climate goals and urge the Legislature, in particular, to adopt the Governor's proposal to accelerate funding for equity programs, as well as the proposals for increased Active Transportation funding and grants to transit agencies to provide free fare travel that were included in the Governor's inflation/gas price relief proposal. We also urge you to adopt reforms to equity programs proposed by many environmental and equity advocates to help ensure programs like Clean Cars for All operate as effectively as possible.

School Facilities

How our state funds infrastructure should reflect the realities of a changing climate so we are truly building for the future versus building for a few short years. We support modernizing and building new school facilities as both the Governor and the Legislature have proposed with billions in General Fund dollars above and beyond the remaining school bond funds. But these investments should go to schools that will be built green, free from on-site sources of combustion, ZEV-ready for student and staff transportation, and designed with the understanding that poor air quality and community needs in a changing climate may necessitate different building systems. Local school districts that design green facilities and those that will minimize educational disruptions should be prioritized in funding allocations.

Fire, Drought, and Drinking Water

Wildfires continue to ravage our state and will continue to do so as the climate crisis worsens. Both budget packages recognize that longer and more intense fire seasons will be in California's foreseeable future. We hope the final State Budget includes long-term fire management and watershed-scale investments to help defray the ongoing costs for fire fighting and to also support a smart natural and working lands strategy for our state. We therefore urge you to include in the final State Budget, significant funding for management activities and conservation efforts that go well beyond the focus of fire suppression endeavors our state continues to pursue.

Given the state likely faces another drought year and that droughts' frequency and duration continues to expand, all Californians need access to reliable, clean drinking water. Fully funding programs to provide clean, reliable, and affordable sources of water to all Californians is a human right. But this issue should also include a focus on upstream sources of water that are affected by fire and human land use decisions. Only by taking a holistic view, both geographically and in terms of the timescales and stressors that affect these systems can California truly prepare for the challenges that the climate crisis will bring.

Equity

The Legislature and the Governor have rightly identified electricity system reliability and affordability as budget priorities. We strongly support the Governor's proposed investments in relief from utility and water bill arrearages, demand response, distributed solar and storage, and other clean energy solutions.

To the extent that reliability concerns may necessitate any short term support for polluting sources of electricity, we urge you to adopt safeguards that ensure that clean energy options, including increased support for efficiency and conservation, are fully deployed before considering any polluting sources. We also urge you to adopt safeguards to ensure that state investments do not result in an increase of air pollution in disadvantaged communities, either in the short-term or the long-term, by ensuring that any additional polluting sources that are put into or remain in operation are paired with decommissioning of other more-polluting sources such as privately owned gasoline and diesel backup generators. Finally, we urge you to adopt safeguards to ensure that these investments do not jeopardize the SB 100 (2018) greenhouse gas near term targets and that clean resources are bought online as rapidly as possible to replace polluting resources that may be supported through state budget action.

Poorer communities are disproportionately impacted by climate change and air pollution. We must invest in tools and processes to ensure those communities are served. We support the Governor's proposal to provide \$30 million for mobile air monitoring to augment stationary monitoring. This more robust tool can help us better understand the most vulnerable communities.

We also support the Governor's proposal to establish the California Air Resources Board Office of Racial Equity. To address this and other racial equity issues, we support SB 17 (Pan) from the current legislative session, which would establish a statewide Office of Racial Equity to help the state and all state agencies develop a racial equity framework and ensure the development and administration of programs address issues of institutional racial disparities in California. Given the tremendous funding available in this year's budget, we believe SB 17 should be funded to help guide agencies in the distribution of this funding.

Lastly, the State General Fund has surged in recent months buoyed by returns greater than what was previously forecast. We appreciate that both the Administration and the Legislature's budget packages recognize the significant outyear uncertainty. As such, we would hope the climate package is expanded, with the expansion funded by several sources outside of the State General Fund, including federal funds to guard against the inevitable economic downturn.

Sincerely,



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Cc: Ana Matosantos, Office of California Governor
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