



February 8, 2023

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

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

Honorable Nancy Skinner
Chair, Senate Committee on Budget and Fiscal Review
1021 O Street, Room 8630
Sacramento, CA 95814

Honorable Phil Ting
Chair, Assembly Committee on Budget
1021 O Street, Room 8230
Sacramento, CA 95814

RE: Proposed Changes to the California Climate Commitment in the January Budget Proposal [Oppose]

Dear Legislative and Budget Committee Leaders,

NextGen California respectfully requests your careful review of the climate spending cuts proposed in the Governor’s January budget proposal and that you seek to avoid making these cuts to the maximum extent feasible. Specifically, we ask that you fully fund the \$1.05 billion committed to the Active Transportation Program and provide resources to support public transportation operations, which face catastrophic financial risk in the coming months.

The bulk of this letter addresses these clean transportation requests, but we also ask that you preserve \$270 million in funding for resources to communities struggling with extreme heat, \$20 million to the Energy Commission’s CalSHAPE program, and prioritize funding for other programs that cannot be readily supported by federal funding, bond funding, or other sources.

In 2022, NextGen launched our [Climate 100 Project](#) based on the theory that every dollar of our state government spending can help in the fight against the climate crisis. California must stop treating climate as a niche spending category, separate from the primary functioning of the state. Every taxpayer dollar spent is connected to the climate crisis. We need a bold, integrated investment strategy that puts 100% of our state budget to work in ways that advance California’s clean energy and decarbonization objectives. And, in so doing, build a more resilient, equitable, and prosperous California for all.

In our report, “[From Luxury to Necessity: Budgeting for Climate Action](#),”¹ we explain that an all-of-government approach to climate budgeting requires that policy makers integrate as much climate activity into existing and/or new ongoing funding streams as possible – rather than continuing to rely on one-time funds. We caution that, because California’s budget fortunes are famously volatile with many surplus years followed immediately by significant budget deficits, one-time funding can easily be stopped. Simply put, when we rely on one-time spending from a budget surplus, California risks losing vital funds devoted to climate change with every new economic circumstance. Indeed, we see this dynamic on display now, in the Governor’s 2023-2024 January budget proposal.

In our recent fact sheet, “[Changes to the California Climate Commitment in the January Budget Proposal](#),”² we explain how the January budget proposal would affect nearly \$9.5 billion of the nearly \$54 billion in planned climate investments from the California Climate Commitment.

- First, it eliminates \$6 billion from the \$54 billion climate package. Of the \$6 billion eliminated, the Governor has proposed that approximately \$3.1 billion be placed in a “trigger restoration fund.” In the event that state revenues rebound faster than expected or additional funds become available from federal grants or better than expected performance of California’s Cap and Trade program, funds in this category would be restored partway through the fiscal year, in January 2024.
- Second, it shifts \$2.2 billion from the General Fund to special funds like the Greenhouse Gas Reduction Fund and the State Highway Account. These shifts may also be characterized as cuts, in a sense: shifting planned General Fund expenditures to these funds displaces other new climate investments from those funds this year.
- Third, it delays nearly \$1.4 billion in planned expenditures, placing these investments at increased risk of being reduced in future legislative sessions if the economic outlook does not improve. Roughly \$44 billion of the \$54 billion California Climate Commitment would be left untouched.

¹ Climate 100, NextGen Policy. *From Luxury to Necessity: Budgeting for Climate Action*. February 2022. See: https://storage.googleapis.com/firedup-launch-climate100/2022/04/220418_Climate100_IssueBrief-vF.pdf

² Climate 100, NextGen Policy. *Changes to the California Climate Commitment in the January Budget Proposal*. January 2023. See: https://storage.googleapis.com/firedup-launch-climate100/2023/01/230117_Climate100_GovClimateBudgetProposal-2.pdf

While it is not unreasonable to maintain fiscal discipline and look for alternative sources of funding in the face of an economic slowdown, now is not the time to lose momentum on climate progress. Moreover, where we make spending cuts does matter – as much as how much we cut. A lean fiscal year offers the perfect opportunity to fine-tune our state’s priorities when it comes to decarbonizing the state. But when we look under the hood at where those cuts are most pronounced, we see that transportation – the source of a majority of greenhouse gas pollution in California – sees its programs suffer the most challenging cuts, and specifically public transit and active transportation.

In the 2022 update to the Scoping Plan, CARB emphasizes that California won’t be able to reach carbon neutrality by 2045 without cutting annual emissions 49% by 2030. Baked into that 49% is CARB’s goal of reducing car dependence – measured in Vehicle Miles Traveled (VMT) – to 25% below 2019 levels by 2030. Yet Californians are driving more than ever, and we have no plans to change that. Even as the state makes progress on vehicle electrification, a lack of transportation alternatives threatens to cancel out those gains.

Meanwhile, public transportation agencies in California are facing a fiscal cliff with federal COVID relief funds for transit operations expiring soon, which could result in dramatic service cuts. Moreover, funds for cost-saving initiatives like the Active Transportation Program are being proposed for cuts despite the program being oversubscribed – having no shortage of shovel-ready and life-saving projects.³ Finally, neither last year’s budget nor this year’s proposal provide any support for transit operations. In a January [letter](#) to the budget committees, several state legislators pointed out what was at risk: “...long-term, possibly irreversible, devastating impacts on California’s transportation system and climate goals.”⁴

We urge you to seek every means available to avoid cuts to these vital transportation equity programs and identify needed resources for public transportation operations. If California truly faces the threat of a recession and rising gas prices, Californians will need safe and reliable low-cost alternatives to driving for getting to school, work, and other commitments.

³ Curry, Melanie. *Active Transportation Program is Highly Competitive, and Its Budget Isn’t Big Enough*. Streetblog Cal. December 2022. See: <https://cal.streetsblog.org/2022/12/12/active-transportation-program-is-highly-competitive-and-its-budget-isnt-big-enough/>

⁴ Senator Scott Wiener. See Twitter post, January 2023: https://twitter.com/Scott_Wiener/status/1616107089822351366



Meeting California’s climate goals means taking an all-of-government approach to decarbonization - we can’t just fund climate programs when we have a surplus, nor can we rely on the volatility intrinsic to over-weighting our commitments through one-time funding sources. Ultimately, we will need to transform the way we approach budgeting from top to bottom, so that we are planning and budgeting for the real world circumstances we face in light of an accelerating climate crisis and the necessity to marshal all available resources to address it.

In the meantime, however, we recognize that priorities, including climate investment priorities, don’t remain static with changing economic winds. It is perfectly reasonable – necessary, even – to make a pivot when fiscal conditions change: we must direct limited available funding to programs where there is the greatest need and where state funding can do the most good. At this moment in time, more than ever, investing in active and public transportation and community resilience is the fiscally responsible climate policy.

NextGen California strongly supports policies that will reduce greenhouse gas emissions while prioritizing climate justice. For the above reasons we respectfully request that you restore the climate budget and fund public transit operations.

Sincerely,

A handwritten signature in black ink that reads "Arnold Sowell Jr." in a cursive script.

Arnold Sowell Jr.

Executive Director, NextGen California