



May 10, 2023

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

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

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

RE: Optimizing Infrastructure Spending to Keep California’s Climate Commitment

Dear Governor Newsom, Senate President pro Tempore Atkins, and Assembly Speaker Rendon:

California is on the verge of allocating billions of dollars to build new infrastructure and fund long-needed upgrades – the largest investments in our built environment in generations. With a significant amount of federal funding coming to the state via a trio of spending packages (the Bipartisan Infrastructure Law, CHIPS and Science Act, and the Inflation Reduction Act) and the potential for voter-approved state bonds for schools, housing, flood and wildfire resilience, as well as natural resources protection on the horizon, California will have the chance to make significant investments in an equitable climate transition. Opportunities to build the California of the future include commercial and residential building decarbonization, high speed broadband technology, climate resilient schools, EV charging stations, adaptation projects, renewable energy production, and much more.

But this level of infrastructure investment must come with core guiding principles, particularly as the state faces projections of multi-year budget deficits in the tens of billions. To ensure the state is best positioned to weather the fiscal storm ahead and also to continue future-proofing our economy, policymakers must “hold fast and stay true.” This means we must protect core services and vulnerable populations as we navigate this fiscal crisis. It also means that we must follow through with our commitments, especially the historic 2022 Climate Commitment. Policymakers must focus on meeting the climate crisis with urgency and



ensuring that every state dollar is filtered through our clearly articulated climate goals – a central theme of NextGen California’s advocacy around our Climate 100 initiative.

As the state begins to plan and invest federal infrastructure and state bond funding, the following recommendations will help to advance the fight for a more equitable, prosperous, and climate ready future for all Californians – especially amidst growing economic uncertainty.

Here is how this should work:

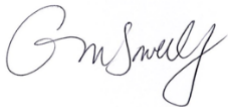
- 1) **California must incorporate our climate and equity goals into the state’s infrastructure planning processes.** NextGen has developed language, attached to this letter, that would ensure that all projects in the State’s Five Year Infrastructure Plan account for climate in their planning and project design submittals. We recommend that the Department of Finance adopt internal policies directing state agencies to align projects in the State Five Year Infrastructure Plan with climate goals.
- 2) **Lawmakers must include climate and equity in all bond fund deliberations.** As policymakers consider legislation that would potentially place natural resources, transportation, housing, climate, and education bonds on the ballot, the state’s climate and equity goals must be integral to those discussions. We recommend inserting language into the Government Code requiring all bond proceeds to optimize climate outcomes.
- 3) **The administration must ensure that all federal funds received – whether through competitive grants or on a formula basis – further the state’s climate goals.** We recommend that the Administration develop a more robust, transparent, and intergovernmental federal funding strategy across state agencies and departments and in coordination with the private sector, local governments, and community groups. Federal Justice40 guidelines require that at least 40 percent of many new spending programs go towards disadvantaged communities – a threshold that California should strive to meet and exceed through such partnerships. A more coordinated approach will ensure that California is competitive for federal grants, and able to maximize alignment of our funding proposals with the state’s climate goals. This effort could take many different forms – but given the magnitude of funding at stake, it is crucial that California appoint some collection of

individuals or a specifically designated entity with the authority to act as a clearinghouse and lead on our federal infrastructure fund strategy. We must ensure that climate and equity are the hallmarks of a concerted effort to identify and draw down federal funding.

Taken together, these actions will help California optimize and even grow its climate commitment in a year when revenue forecasts spell trouble for new and recently funded climate programs. They will also help increase the transparency and accountability with which all infrastructure spending is processed – ensuring that more funds go towards sustainable projects, supporting communities in need, and achieving our climate goals.

Ultimately, creating a more equitable climate future in California will require not only spending new funds on one-time programs, but also expanding the horizons of what is considered “climate spending.” The recommendations in this letter would represent a strong first step towards a state budget that is more holistically aligned with our climate goals. Later is too late – the future of the golden state depends on us taking action now.

Sincerely,



Arnold Sowell Jr.

Executive Director, NextGen California

[Attach: “NGCA_Climate and Capital Outlay Language” – statute language referenced in recommendation #1](#)