For Immediate Release: May 30, 2024
Contact: Dave Weiskopf, david.weiskopf@nextgenpolicy.org

NextGen California Responds to Legislative Budget Proposal: "We Cannot Afford a Return to Business As Usual on Climate"

Amidst major budget cuts and funding reductions, NextGen California is sounding the alarm on why delaying climate investments will cost the state more down the line.

SACRAMENTO – Today, the California Senate and Assembly jointly agreed to a Budget proposal, adopting many, but not all of the proposed rollbacks to the California Climate Commitment proposed by Governor Newsom in the May Revise.

"Going forward, we cannot afford to return to business as usual on climate investments," said **NextGen California Senior California Advisor, David Weiskopf.** "Every needed investment that we delay today will only cost us more down the line. Later is too late."

Both the Governor's May proposal and the Legislature's proposal effectively draw to a close the state's efforts to supercharge California's efforts on climate that began as a $54 billion commitment in the budget adopted in 2022. Since that time, a slowdown in state revenues and an infusion of federal dollars under the Bipartisan Infrastructure Law and the Inflation Reduction Act have resulted in delays, borrowing, and cuts to that $54 billion commitment.

The Governor's May proposal would round out funding for $36.5 billion of the original $54 billion through the end of the budget year. It also outlines a path to increase that spending to $45 billion in total over the next 5 years by leaning heavily on tapping Cap and Trade revenues to backfill cuts to the General Fund.

The Legislature's proposal largely adopts the Governor's framework from the May Revise, but with the notable exceptions that the Legislature would reject proposed cuts to the Active Transportation Program, Transit and Intercity Rail, and certain affordable and sustainable housing programs, and it would reduce the size of cuts to some other climate investments overall.

To fill the remaining gap, both the Administration and the Legislature are seeking to pull funding from Cap and Trade revenues in the Greenhouse Gas Reduction Fund (GGRF) through 2029. These moves would, if implemented, maintain a substantial share of the funding for programs in the original Climate Commitment, but at the expense of other climate-focused programs the GGRF would otherwise support. This means these "shifts" are better characterized as cuts to the state's total level of climate investment – some previously agreed-to program priorities are protected, but total funding is not.

This budget is poised to herald the end of California's brief effort to expand climate investments beyond last decade's zero-sum approach that pitted necessary investments against each other for the limited funding available in the GGRF. There is no near term prospect of renewed efforts to mobilize the General Fund in service of this urgent priority. Both proposals offer a return to business as usual on climate investments, which will cost our state dearly in the coming years unless we change course.

NextGen's Climate 100 project, which seeks to better align all parts of California's budget with the state's greenhouse gas reduction targets, issued the following statement:

Statement from NextGen California Senior California Advisor, David Weiskopf:

"While we are disappointed that the full ambition of the California Climate Commitment will not be fulfilled, we thank and congratulate the Governor and the Legislature for their efforts to secure truly historic and world-leading levels of climate investments in our state. $37 billion is a lot of money. But despite the scale of this investment, we all know that the climate crisis will exact costs on us far in excess of what we can allay with periodic and temporary one-time funding when we happen to have a budget surplus. California can and must do more to meet this moment.

In the immediate term, in this budget, we can close tax loopholes that subsidize the oil industry to the tune of billions of dollars. We can put a bond on the ballot that will support stable, long-term investments in necessary infrastructure, resilience, and conservation measures. We must also ensure that any housing or school bond contains conditions to ensure we take climate into account when building, so that we do not need to pay twice in a few years to fix what we built to outdated standards. And we can adopt common sense measures, like the Legislature's proposal to protect the Active Transportation Program – one of our state's most cost effective transportation investments – by making responsible use of available and abundant funding in the State Highway Account.

We must develop more responsible dedicated sources of protected funding for climate investments (such as the Polluters Pay fund that SB 1497 would create), strengthen existing programs like Cap and Trade and the LCFS, and, most importantly ensure that every part of the budget is taking climate into account. Climate touches every part of our lives. How we budget should reflect this reality."

###