



CA·NURSES
FOR ENVIRONMENTAL HEALTH & JUSTICE



May 22, 2024

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

The Honorable Robert Rivas
Speaker, California State Assembly
State Capitol, P.O. Box 942849
Sacramento, CA 94249-0029

The Honorable Mike McGuire
President Pro Tempore, California State Senate
1021 O Street, Suite 8518
Sacramento, CA 95814

Dear Governor Newsom, Speaker Rivas, and Pro Tem McGuire,

California's leadership on the climate crisis extends not only nationally but globally and we are proud partners of this work. Given the May Revision's projected \$27.6 billion deficit we understand the difficult choices policymakers face to balance the budget, but we are also concerned about the state's ability to meet statutory emission reduction targets and protect Californians from smoke, extreme heat, flooding, and other increasing impacts of the climate crisis. Meeting the moment on climate will require a major transformation across all parts of our state's economy and infrastructure systems. This transformation requires significantly more work and funding to make it a reality, and

delayed investments now will only increase the price tag down the road. The climate crisis will not wait for another budget surplus. Later is too late.

General Fund investments in the climate crisis increased significantly starting in 2021 and are now being reduced by over \$9 billion. Although we understand General Fund resources are less than anticipated, we maintain that this funding is critical to the state's ability to reach its climate goals as outlined in the 2022 Scoping Plan. We are also concerned about the starts and stops of programs, which send inconsistent messages to the private sector. We, therefore, urge policymakers to create a **sustainable financing plan** and explore additional revenue sources that can be deployed to address the climate crisis and protect vulnerable communities through the ups and downs of annual revenue cycles.

We also call on policymakers to **protect special fund revenues** like the Greenhouse Gas Reduction Fund and the Air Pollution Control Fund that have been and will continue to be critical resources for addressing the climate crisis rather than diverting them for other purposes as proposed in the May Revision. We urge you to reject the proposed \$300 million loan from the Air Pollution Control Fund to the General Fund. The Air Pollution Control Fund should be used to control air pollution. The dollars come primarily from fines and penalties paid by those who violate our laws and make our air dirtier, so those dollars should be spent to clean up our air, which is the dirtiest in the country by far and violates national standards. We are also concerned about the shift of an additional \$3.6 billion in various General Fund expenditures to the Greenhouse Gas Reduction Fund, which creates intense fiscal pressures on the fund and crowds out future climate investments. We are also very worried about deferrals in GGRF to FY 28 and FY 29. There is too much uncertainty and delay for these critical expenditures, and they should be moved forward, whether they are funded by GGRF or the General Fund.

It is critical that we continue to make progress on realigning our existing budget to support our climate goals, including **ending subsidies for the oil and gas industry**. Given the budget deficit, cutting subsidies can yield additional funding urgently needed for transforming the state's energy and transportation sectors to zero emissions. In addition to ending the subsidies proposed in the Governor's Budget, we urge you to expand this list to include eliminating the Water's Edge subsidy for the oil and gas sector. The funding saved from ending these subsidies should be used exclusively for climate investments and in furtherance of the goals to meet our greenhouse gas emission reduction targets.

We also urge policymakers to continue progress to **realign existing funding to our climate goals**, especially in the area of transportation funding. The May Revision

proposes a significant reduction in funding for active transportation (\$599 million across fiscal years). We urge policymakers to maintain these investments using the State Highway Account as a funding source. As we continue with the transition to a zero-emission economy, it is imperative that we update our allocations of existing funding sources to better align with our climate goals. Given the transportation sector remains the biggest contributor of greenhouse gas emissions, we cannot stall progress in this sector. That means the State must maintain its commitment to incentives for transportation equity, like Clean Cars 4 All and Clean Mobility Options, and zero-emission heavy-duty vehicles and infrastructure.

The investments required by the public sector, especially to address the disproportionate impacts on vulnerable communities, are significantly more than what will be allocated in the budget this year. A climate-related bond this year is critically important, and if other infrastructure bonds are moved forward, they should contain provisions that the projects they fund are built in a manner that is consistent with the realities of the climate crisis and our need to reduce greenhouse gasses at least 48% by 2030 and 85% by 2045. In infrastructure terms, these dates are coming in the blink of an eye; we cannot afford to build twice what we failed to build right the first time around.

But even with effective bond investments in pollution reduction and climate resilience, it will not be enough to meet the climate goals in the 2022 Scoping Plan. Significantly more investments will be needed to transform the state's energy, building, and transportation infrastructure. We need to develop a sustainable funding plan that includes new dedicated special fund revenue sources and the maintenance of existing funding streams, including a reformed Cap and Trade program. This financing plan should go hand in hand with a more operational plan for reaching our emission reduction targets.

We look forward to working with policymakers to continue this important work and ensure its sustainability.

Sincerely,

Laura Deehan
Executive Director
Environment California

Ellie Cohen
Chief Executive Officer
The Climate Center

Bill Magavern
Policy Director
Coalition for Clean Air

Kevin Hamilton
Senior Director Government Affairs
**Central California Asthma
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**Regional Asthma Management &
Prevention (RAMP)**

cc: Assemblymember Jesse Gabriel, California Assembly
Senator Scott Wiener, California Senate