

December 6, 2023

The Honorable Gavin Newsom
Governor, State of California
State Capitol, First Floor
Sacramento, CA 95814

RE: The Greenlining Institute's 2024-25 California Budget Priorities

Governor Newsom,

The economic instability of the past few years has taken a toll on Californians. As families struggle to bounce back from the pandemic, inflation, and skyrocketing housing costs, communities of color are hit especially hard, and the racial wealth gap continues to widen. The worsening climate crisis is a threat multiplier. Decades of environmental racism in communities of color have left our neighborhoods over-polluted and at a higher risk of health and economic impacts from climate change.

Now, all eyes are on the Golden State as our elected representatives strive to strike a balance between fiscal responsibility and advancing critical initiatives to improve the lives of California's communities, even as we grapple with another severe budget deficit. **This is the time to invest in long term strategies that shore up resilience in our communities and address the root causes of the racial wealth gap.**

Last year's massive budget deficit put critical programs including Transformative Climate Communities (TCC) and Regional Climate Collaboratives (RCC) on the chopping block. The Greenlining Institute has invested intentionally with the Strategic Growth Council (SGC) and the legislature to create TCC and RCC to establish the rigorous programs for maximizing climate equity.

These programs are models of "greenlining"—a term we use to describe policies that deconstruct pervasive systems that marginalize communities of color, while empowering these communities to shape their own innovative and equitable solutions. Without intentional reinvestment like the TCC program into historically disinvested communities, the cycle of disinvestment will continue leaving these frontline communities vulnerable. These nationally recognized programs not only propel California toward its climate goals, but also build community capacity, create economic opportunities, and fortify community resilience.

To maximize the positive impact of targeted investments in California's communities, we also need to strengthen the state's financial regulatory system to protect against ongoing injustices and shore up resilience in communities of color to weather economic ups and downs. For example, we are seeing national partners and individual states lead by passing state-level

Community Reinvestment Act (CRA) legislation to address gaps in the federal CRA. The federal CRA was enacted in 1977 to end redlining, which banks used as a tool to systematically deny financial services to communities of color. But with changes to our financial system in the decades since the CRA was enacted and persistent wealth inequality, it is imperative that California considers all ways to address historic injustices if we want a fair chance of embedding equity into our future.

In 2022, we were encouraged when your office made clear its commitment to racial equity by establishing the California Racial Equity Commission. As we navigate the difficult path ahead, The Greenlining Institute is eager to collaborate with your administration to greenline California by prioritizing equitable budget allocations that target legacies of harm and shape a more just future. To advance this goal, we urge you to make the following critical investments in your proposed 2024-25 January Budget:

\$200 million for the Transformative Climate Communities Program

The Transformative Climate Communities program funds disadvantaged communities to plan, develop and implement their priority suite of climate projects, like solar-powered affordable housing near transit, that reduce greenhouse gas emissions while promoting other economic and community benefits. We urge you to allocate critical funding for TCC at \$200 million for FY 2024-2025 to continue to advance equitable, holistic, and community-driven local climate solutions. This amount would enable SGC to provide multiple planning, project development and implementation grants to communities.

TCC is a nationally-recognized and proven model. Since 2017, over \$432 million has been awarded to 43 Planning and Implementation Grants and 4 Project Development Grants across five grant rounds. However, TCC was completely zeroed out of the 2023-24 state budget even though this program is in high demand, and oversubscribed. 19 applicants have received planning, but not implementation grants, while round five awardees only received funding for 3 of 15 planning grants. \$200 million is essential to fund this program at full-scale to holistically invest in climate mitigation and resilience in communities that need it most for the long haul, and ensure that communities, with planning grants, can turn their transformative visions into reality.

\$10 million for the Regional Climate Collaboratives Program

Dedicated resources to build capacity are critical for communities to carry out the steps needed to achieve their own climate resilience visions, and to support the state in reaching our climate targets and equity goals. The Regional Climate Collaboratives program supports under-resourced communities to develop cross-sector collaboratives, plans, and expertise in order to successfully apply for climate funding. As the federal government releases more funding for climate projects than ever before, we strongly recommend funding RCC at a minimum of \$10 million for FY 2024-25 to build the capacity of disinvested communities to leverage these, and other critical investment opportunities.

RCC is also in high demand. This program was oversubscribed by nearly 10 times during its first round, and only \$8.35 million was awarded out of the \$66.6 million requested. More specifically, this means 56 pre-proposals and 24 applications from California's 58 counties, respectively.

Additionally, of the \$8.35 million awarded, funds went directly to climate collaboratives, dozens of neighborhoods for climate resilience, action plans, a clean energy workforce development program, Tribal capacity building toolboxes, advisory boards, and technical assistance. As demand increases, so does the need for critical funding to increase the viability and sustainability of this nationally modeled program.

\$3 million for FY 2023-24, \$7.7 million for FY 2024-25, and \$6.9 million for FY 2025-26 to the California Air Resources Board (CARB) for SB 253 (Wiener, 2023) Implementation

California's communities of color consistently shoulder the worst impacts of pollution exposure and climate change. [SB 253](#) (Wiener, 2023) the Corporate Climate Data Accountability Act, lays the groundwork for holding corporations accountable for their impact on emissions. As proud co-sponsors of SB 253, it is a priority to ensure CARB is equipped with the resources necessary to implement this momentous legislation and deliver the intended results.

With your signature on SB 253, you have further cemented California's global leadership in the fight against climate change amid stalemates at the Securities and Exchange Commission. We ask that adequate funding is granted over several fiscal cycles to CARB for staffing and contracting costs, ultimately allowing for implementation to take place under the bill's statutory deadlines.

\$100 million for Clean Mobility Programs and Prioritization of Medium-Heavy Duty Investments within the Zero-Emission Vehicle (ZEV) Package

The Clean Mobility Programs (Clean Mobility Options, Clean Mobility in Schools and the Sustainable Transportation Equity Project) administered by the California Air Resources Board provide an equity-centered approach that allows communities to implement the type of mobility programs they identify as a priority. Since their inception, these programs have received a total of \$203 million, amounting for less than 10 percent of the total light-duty vehicle investments. We request a minimum of \$100 million to meet the demand, sustain existing programs, and implement new projects.

We also urge you to prioritize ZEV package funding towards transitioning drayage trucks, school buses, and transit buses. Communities of color are living in the most polluted neighborhoods, leading to worse health and economic outcomes. These investments are crucial to protect low-income and disadvantaged communities from further harm and provide them with the environmental and economic benefits of this transition. Under [Executive Order N-79-20](#), drayage trucks must transition to zero-emissions by 2035. [AB 579](#) (Ting, 2023) requires that all new school buses be electric by 2035. The Innovative Clean Transit Rule directs transit agencies to purchase 100 percent zero-emission buses. It is imperative we act now and prioritize these investments.

We appreciate your steadfast commitment to the people of California and look forward to the opportunity to work together in pursuit of a more equitable and sustainable future for all.

Sincerely,

A handwritten signature in black ink, appearing to be 'Alvaro Sanchez', written over a horizontal line.

Alvaro Sanchez
VP of Policy
The Greenlining Institute

CC: Honorable Jesse Gabriel, Assembly Budget, Chair
Honorable Nancy Skinner, Senate Budget, Chair
Honorable Steve Bennett, Assembly Budget Subcommittee No. 4, Chair
Honorable Maria Elena Durazo, Senate Budget Subcommittee No. 5, Chair
Joe Stephensaw, Director, California Department of Finance
Christy Bouma, Legislative Affairs Secretary, Office of Governor Gavin Newsom
Lauren Sanchez, Senior Advisor for Climate, Office of Governor Gavin Newsom
Grant Mack, Deputy Legislative Secretary, Office of Governor Gavin Newsom
Christian Griffith, Assembly Budget, Chief Consultant
Elisa Wynne, Staff Director, Senate Budget
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Eunice Roh, Consultant, Senate Budget