



Funding Plan for Clean Transportation Incentives

Fiscal Year 2021-22 Clean Transportation Equity Project Safeguards for Cap-and-Trade Auction Revenue Uncertainty

Background

The Fiscal Year (FY) 2021-22 Funding Plan for Clean Transportation Incentives (Funding Plan) was approved by the California Air Resources Board (CARB or Board) on November 19, 2021. This includes a funding allocation of \$150 million for Clean Transportation Equity projects. The Funding Plan relies in part on future revenues generated at auctions in the upcoming fiscal year. Section 15.14 of the Budget Act of 2021 (Budget Act) specifies that “no department shall encumber or commit more than 75 percent of any appropriation prior to the fourth Cap-and-Trade auction in the 2021-22 fiscal year.” To account for uncertainties in the proceeds that will be generated from Cap-and-Trade auctions, CARB is required to not encumber 25 percent or \$37.5 million of the \$150 million in funding allocated to Clean Transportation Equity projects until after the May 2022 Cap-and-Trade auction final determination of proceeds is made.

CARB held a public work group meeting on January 26, 2022, to discuss implementation of FY 2021-22 clean transportation equity project safeguards to account for Cap-and-Trade auction revenue uncertainty.

Safeguards Implementation for FY 2021-22 Clean Transportation Equity Projects

Based on Board approval of the Funding Plan, staff developed a proposal for how to divide 75 percent of the Low Carbon Transportation appropriation initially available between projects in a manner that reduces project disruptions and maximizes immediate benefits to communities. This proposal was discussed publicly at the January 26, 2022 work group meeting.

In the January 26, 2022, public work group and stakeholder discussions there was general support for the proposed safeguards included on page 2 of this document and a desire to ensure immediate needs are met first to keep projects moving. Thus, this is the approach CARB will take for implementing Clean Transportation Equity project funding after the May 2022 Cap-and-Trade auction if the final determination of auction proceeds does not allow for full Board approved project allocations. If Cap-and-Trade auction proceeds are lower and the safeguards proposed will not work for any reason, CARB will split the funding available across Clean Transportation Equity projects as evenly as possible to ensure implementation can continue with the least number of disruptions.

Clean Transportation Equity Project Category	Approved FY 2021-22 Funding Allocation (Millions)	Safeguards for Cap-and-Trade Auction Revenue Uncertainty (25 Percent) (Millions)	Funding Currently Available (75 Percent) (Millions)
Clean Cars 4 All	\$75	N/A*	\$75
Financing Assistance for Lower-Income Consumers**	\$23.5	\$5	\$18.5
Clean Mobility Options	\$10	\$4.75	\$5.25
Clean Mobility in Schools	\$10	\$7	\$3
Agricultural Worker Vanpools	\$0	N/A	N/A
Sustainable Transportation Equity Project***	\$25	\$16.25	\$8.75
Access Clean California, Technical Assistance, and Capacity Building	\$5	\$3	\$2
Workforce Training and Development	\$1.5	\$1.5	\$0
TOTAL	\$150	\$37.5 (25 percent of \$150)	\$112.5 (75 percent of \$150)

**The legislature allocated a minimum of \$75 million to be made immediately available for Clean Cars 4 All.*

***Based on the additional funding from Sustainable Transportation Equity Project (STEP) described below, CARB made the determination to add \$0.5 million to the Financing Assistance for Lower-Income Consumers project based on stakeholder feedback to ensure immediate needs are met.*

****After further discussion with current STEP awardees to determine how best to meet their immediate needs, \$0.5 million of Funding Currently Available was moved from STEP to the Financing Assistance for Lower-Income Consumers project.*