Appendix I: Annual Performance Goals and Evaluation for the Clean Cars 4 All and Enhanced Fleet Modernization Programs

Fiscal Years 2021/2022 and 2022/2023

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Overview

The California Air Resources Board (CARB or the Board) has over 50 years of experience reducing mobile source emissions, improving air quality, and reducing climate pollutants. Through these efforts, the State and our most polluted regions have seen dramatic improvements in ambient air quality. Even with our progress, however, many areas of the State exceed current health-based ambient air quality standards that the State must legally meet. Additionally, many near-source, disadvantaged and low-income communities continue to experience disproportionately high levels of air pollution and the resulting detrimental impacts to their health.

Studies consistently show that mobile source pollution exposure near major roadways contributes to and exacerbates asthma, impairs lung function, and increases cardiovascular mortality. Residents of communities located near major roadways, often residents who have low incomes, are at increased risk of asthma attacks and other respiratory and cardiac effects. People in these communities are also more sensitive to, and likely to experience, the negative impacts of climate change. This history of disproportionate exposure to polluted air makes it essential to prioritize disadvantaged and low-income communities and households, collectively known as priority populations,[1] who will benefit the most from the reduced emissions and cost-saving benefits of cleaner, less polluting, newer technology vehicles, and alternative modes of transportation.

Mobile sources and the fossil fuels that power them account for most of the pollutants in our air. They contribute most of the diesel particulate matter (PM) emissions, as well as smog-and particulate-forming pollutants, such as oxides of nitrogen (NO_x), and the largest portion of greenhouse gas emissions (GHG) in California. Unfortunately, transportation still accounts for over 50 percent of California's GHG emissions. Therefore, it is imperative that CARB optimize its mobile source control programs to maximize emissions reductions from all types of air pollutants so that California can meet our air quality, climate, and community risk reduction goals. Achieving these milestones early on would provide immediate benefits in the communities that continue to bear the brunt of poor air quality.

Zero-emission vehicles (ZEV) are a key part of the solution. In 2020, Governor Newsom signed *Executive Order (EO) N-79-20*[2] which established the goal that 100 percent of California sales of new passenger cars and trucks be zero-emission by 2035. Additionally, CARB recently approved the Advanced Clean Cars II Regulation which set this goal into motion by making it a requirement. The Clean Cars 4 All program (CC4A) and Enhanced Fleet Modernization Program (EFMP) contribute to these goals by providing much-needed incentives for lower-income residents living in and near disadvantaged communities who

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[1] *Priority Populations webpage*, California Climate Investments, accessed on August 15, 2022, *https://www.caclimateinvestments.ca.gov/priority-populations*.

[2] *Executive Order N-79-20*, Executive Department, State of California, accessed on August 15, 2022, *https://www.gov.ca.gov/wp-content/uploads/2020/09/9.23.20-EO-N-79-20-Climate.pdf.*

scrap their old vehicles and purchase or lease new or used hybrid, plug-in hybrid (PHEV), zero emission (ZEV) replacement vehicles, or alternative mobility options.

CC4A and EFMP have been overseen by CARB and implemented by participating air districts for over seven years since 2015. These programs have been increasingly popular and in high demand, thus successfully helping thousands of people transition into cleaner, more reliable, advanced technology vehicles. Advanced technology vehicle types include Battery Electric Vehicles (BEV), Conventional Hybrid Vehicles, Fuel Cell Vehicles, and PHEVs. As shown later in this report, participant feedback indicates that reliable and dependable transportation helps people access the basic goods and services they need to be able to live, access educational and employment opportunities, and support their families and loved ones. Oftentimes, people who live in disadvantaged or low-income communities may not have the resources to fix their older vehicles, especially ones that continue to break down; for many, saving toward a new vehicle may not be possible.

CC4A and EFMP have delivered real and meaningful equity benefits. However, there is always room for program improvement. Historically, the CC4A program was only available to people living in Disadvantaged Communities (DAC). The EFMP program, on the other hand, has been open to low-income consumers statewide. However, people with low incomes from around the State could also benefit from the CC4A program. Additionally, options for vehicle-charging need to be readily available and widespread for program participants to use them.

Assembly Bill (AB) 630 (Cooper, Chapter 636, Statutes of 2017) requires CARB to set specific and measurable goals for the EFMP and CC4A program, which CARB has done since Fiscal Year (FY) 2019/20.[3] CARB staff consulted with staff from the California Bureau of Automotive Repair (BAR) regarding data and information for the EFMP portion of this report. One of the requirements of AB 630 is a performance analysis of the program, broken down by air district. The analysis must include both the replacement component of the program and the scrap-only program (programs) to identify areas to be emphasized when developing future goals or updating the guidelines for the programs. AB 630 requirements include:

1. Identify whether a district has a backlog or waitlist of applicants and the air district's recommendations, or CARB's, on how to eliminate the problem.
2. Include an evaluation of the funding for targeted outreach in disadvantaged communities (DAC) or low-income communities and include whether the funding should be enhanced or modified to reach the goals set per AB 630.
3. Recommend how incentive funding levels can be modified to maximize participation and emissions reductions.

[3] *Annual Performance Goals for the Enhanced Fleet Modernization Program and Clean Cars 4 All* webpage, CARB, accessed on August 5, 2022, *https://ww2.arb.ca.gov/our-work/programs/clean-cars-4-all/annual-performance-goals-efmp-cc4a*.

This report identifies the goals that were set for FY 2021/22, evaluates program performance from FYs 2020/21 and 2021/22,[4] sets goals for FY 2022/23, and identifies areas for overall program improvement. To aid in the goal setting calculations, only project data prior to March 31, 2022, were used for this analysis to align with the Proposed Fiscal Year 2022/23 Funding Plan for Clean Transportation Incentives (2022/23 LCTI Funding Plan), which this is an appendix to. The goals and metrics provided in this report are primarily generated using data reported to CARB by implementing air districts on a quarterly basis. Staff considered the recommendations from the Senate Bill (SB) 350 Low-Income Barriers Study, such as working to understand community transportation needs and improving awareness of programs like CC4A, to increase CC4A's effectiveness in providing access and support for eligible residents.

Clean Cars 4 All

Background

The CC4A program is designed to help people with the greatest need switch their higher-polluting vehicles for cleaner, more advanced technology vehicles or other mobility options. The program also provides additional incentives to improve access to vehicle charging for program participants (participants) who choose a qualifying replacement technology.

The program is an essential component to CARB's efforts to address climate change, reduce criteria pollutants, and prioritize disadvantaged and low-income communities. CC4A is part of a larger suite of Low Carbon Transportation Investments (LCTI). The California Legislature (Legislature) sets the budget for LCTI annually, and CARB allocates funding to CC4A through the LCTI Funding Plan. Additionally, the Legislature sometimes directly appropriates funding to the CC4A program. On November 19, 2021, the Board approved the FY 2021/22 LCTI Funding Plan which includes $75 million in funding for CC4A. For FY 2022/23, the Legislature appropriated $245 million for CC4A. As part of the FY 2022/23 draft Funding Plan, CARB staff are proposing $120 million to the air district programs and $125 million for a new statewide expansion of the CC4A program.

When a vehicle is retired through CC4A, an incentive is paid on behalf of the participant toward the replacement mobility option of the participant's choosing. CC4A incentives have historically been available to participants with household incomes at or below 400 percent of the Federal Poverty Level (FPL)[5] which, in 2022, is equivalent to $111,000 per year for a

[4] Data for FY 2021/22 in this report only includes Quarters 1 - 3. Quarter 4, April 1, 2022, through June 30, 2022, is not included in order to align with the Proposed Fiscal Year 2022/23 Funding Plan for Clean Transportation Incentives.

[5] Income examples based on 2022 FPL values. Most recent values can be found on the *Federal Poverty Level* webpage, Healthcare.gov, accessed on August 8, 2022, *https://www.healthcare.gov/glossary/federal-poverty-level-fpl/.*

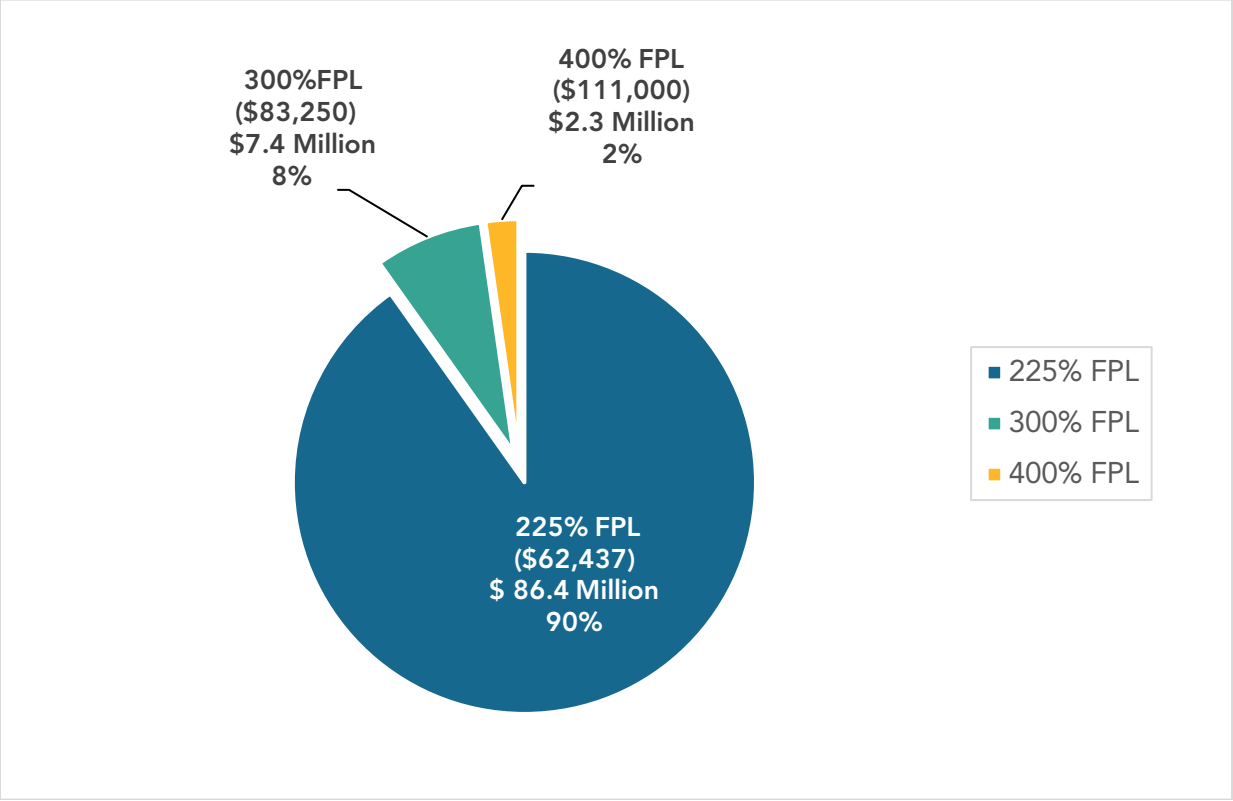
household of 4.[6] To ensure participants with greater needs are better served, the participant pool is grouped into 3 subcategories as shown in Table I-1.

Table I-1: CC4A Income Subcategories as a Percent of the Federal Poverty Level

Income Category	Percent of the FPL	2022 Income for a Family of Four
Low-Income	≤ 225%	≤ $62,437
Moderate-Income	226 – 300%	$62,715 – $83,250
Above-Moderate Income	301 – 400%	$83,527 – $110,000

The CC4A program is designed to provide higher incentives to participants in the lower-income categories. Historically, at least 90 percent of program funds have gone to participants in the low-income category as illustrated in Figure I-1.

Figure I-1: Project Funds[a] per Income Threshold

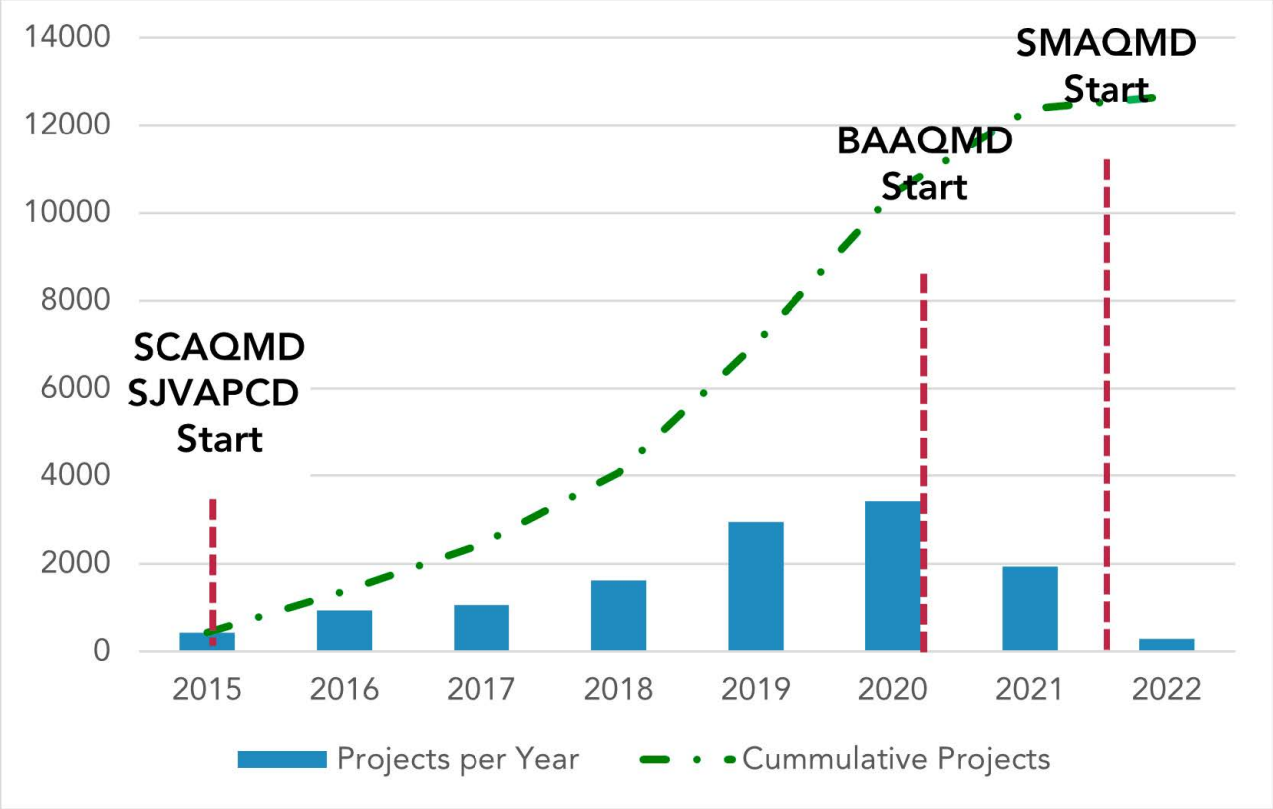


[a] Excludes 15% administrative expenses.

[6] *U.S. Federal Poverty Guidelines Used to Determine Financial Eligibility for Certain Programs* webpage, Office of the Assistant Secretary for Planning and Evaluation, accessed on August 5, 2022, *https://aspe.hhs.gov/topics/poverty-economic-mobility/poverty-guidelines*.

At the start of FY 2022/23, 4 air districts implemented CC4A: South Coast Air Quality Management District (SCAQMD), San Joaquin Valley Air Pollution Control District (SJVAPCD), Bay Area Air Quality Management District (BAAQMD), and Sacramento Metropolitan Air Quality Management District (SMAQMD).[7] Combined, these air districts have helped nearly 13,000 Californians obtain newer, cleaner, and more reliable transportation as illustrated in Figure I-2.

Figure I-2: CC4A Incentives, 2015 through Q1 – 2022[a,b]



[a] This figure does not include San Diego Air Pollution Control District (SDAPCD) since their program is still being developed and finalized. SDAPCD aims to officially launch their program later during the 2022/23 FY.

[b] Data for the year 2022 only includes data for Quarter 1 to align with the 2022/23 LCTI Funding Plan. Also, data may be low due to the global events occurring, such as shipping delays discussed in the Fiscal Years 2021 – 2022 and 2022 – 2023 sections later in this report.

[7] SDAPCD recently began their program, received initial funding, and is developing and finalizing its program plan.

Due to significant community interest, funding allocated in the Budget Act of 2022 (AB 1624 and SB 840), as well as the previous Budget Act of 2021 (AB 128 and SB 170), and the *Zero Emission Vehicle (ZEV) Action Plan*,[8] CARB is expanding the program in several ways. In the FY 2021/22 LCTI Funding Plan, CARB approved an initial allocation of $5 million for the San Diego Air Pollution Control District (SDAPCD) to develop a local CC4A program. Additionally, for FY 2022/23, staff are pursuing efforts to offer the program statewide. The next steps to enable this expansion are addressed in more detail in the Future Program Activity section of this report.

Since FY 2014/15, CARB has allocated a total of $190.6 million for CC4A. This includes $177 million[9] of LCTI funding, $10 million of Volkswagen (VW) funding, and $3.6 million of Air Quality Improvement Program (AQIP) funding. As of March 31, 2022, CARB granted 95 percent ($180.6 million) of the total allocation to implementing air districts of which approximately 70 percent ($123.2 million) was expended. The Board approved the remaining allocation of $50 million for CC4A on November 19, 2021. The strategic reserve was established in FY 2021/22 to set aside funds in the event air district programs exhaust their initial allocation of program funds. CARB staff proposed the $10 million strategic reserve in the FY 2021/22 LCTI Funding Plan[10] and these funds will be allocated to air districts in late 2022. Additionally, the Legislature appropriated $245 million for CC4A for the 2022/23 FY. Hence, in in the FY 2022/23 LCTI Funding Plan, CARB staff propose an allocation of $120 million for CC4A air district programs and $125 million for statewide expansion. LCTI funding is subject to Legislative Budget appropriation on an annual basis. Use of VW and AQIP funding to support CC4A, are one-time funding sources. Figure I-3 shows the program-wide funding allocations per FY since the 2014/15 FY. The funding allocation for FY 2019/20 appears low because there was an excess of funds that year and staff proposed that $40 million in funding that was not encumbered in existing grants would be reallocated to a general reserve and would be allocated to air districts based on periodic evaluations to determine consumer demand.[11] A somewhat similar situation occurred in FY 2020/21.

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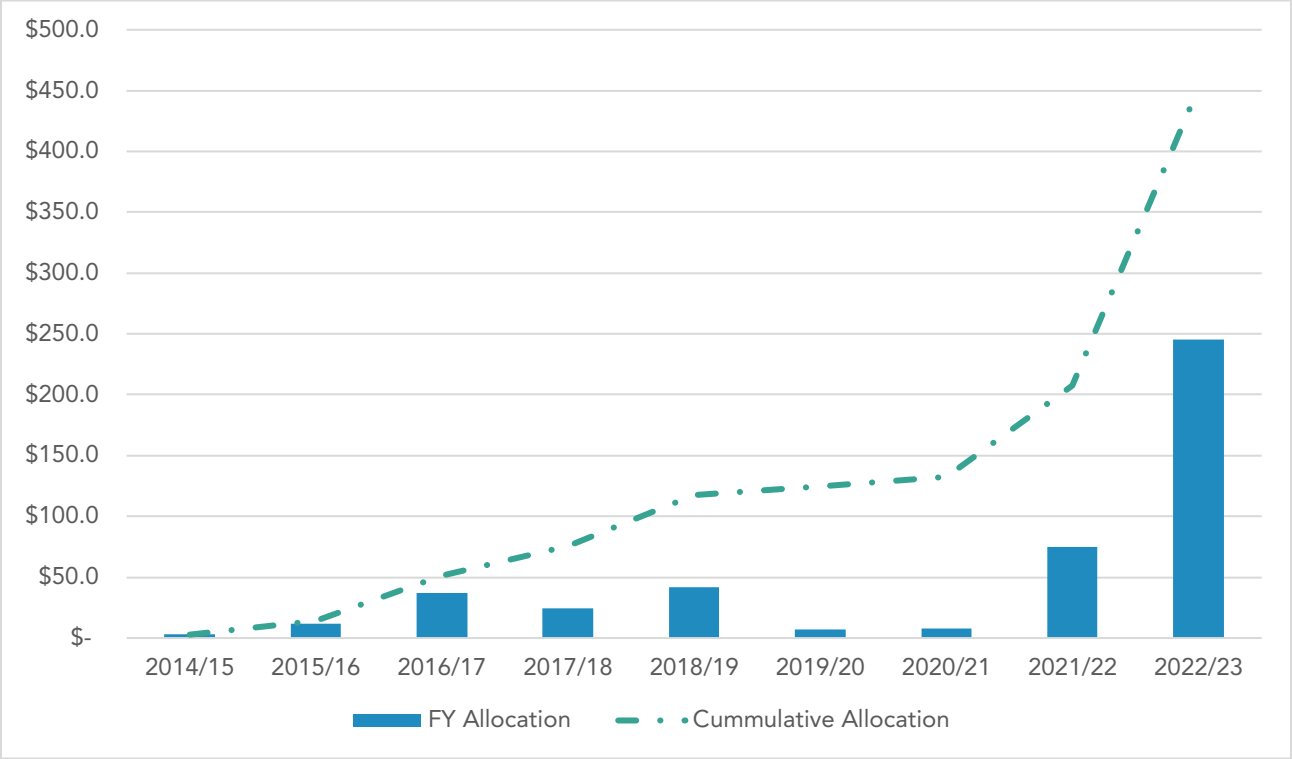
[8] *Zero Emission Vehicle (ZEV) Action Plan*, Governor's Office of Business and Economic Development (GO-Biz), *https://business.ca.gov/industries/zero-emission-vehicles/zev-action-plan/*, accessed on August 1, 2022.
[9] These values include the additional $50 million allocation approved on November 19, 2021.
[10] *Proposed Fiscal Year 2021-22 Funding Plan for Clean Transportation Incentives*, California Air Resources Board, published October 8, 2021, *https://ww2.arb.ca.gov/our-work/programs/low-carbon-transportation-investments-and-air-quality-improvement-program/low-1*.
[11] *Proposed Fiscal Year 2019-20 Funding Plan for Clean Transportation Incentives*, California Air Resources Board, published September 20, 2019, *https://ww2.arb.ca.gov/sites/default/files/2019-09/fy1920fundingplan.pdf*.

Figure I-3: CC4A Funding Allocation[a] (in millions) per FY



[a] Including local funds.

Some air districts have also contributed additional local funds to their CC4A programs. As shown in Table I-2, SJVAPCD provided $800,000 to pilot the EFMP/CC4A program in 2014. SCAQMD and BAAQMD contributed a total of $6 million and $10 million, respectively, over the life of their programs to maintain operations when needed.

Table I-2: Additional Funding Amounts Air Districts Contributed to their CC4A Programs

Air District	Funding Amount	Timeframe	Average Funding per Fiscal Year
Bay Area AQMD	$10,000,000	2020 - 2022	$5,000,000
South Coast AQMD	$6,200,000	2015 - 2022	$885,700
San Joaquin Valley APCD	$800,000	2014	$800,000

Air districts may also use local funds to fund additional outreach efforts, augment their existing program funds, and provide additional flexibility within the constraints placed on those local funds. One such example is BAAQMD's use of local funds to add an additional $500 "plus-up" incentive for locally-funded participants with eligible clean technology vehicles who are also enrolled in other social assistance programs such as CalFresh/Supplemental Nutrition Assistance Program (SNAP). At this time, consistent funding is needed to maintain program growth, as interest and demand for the programs continues to grow, despite challenges described below. Staff will continue to collaborate with the air districts on how best to use available allocated funds.

Fiscal Year 2021 – 2022

Over the past two FYs, the CC4A program has experienced many challenges due to several global crises. First, in December 2019, the world saw the emergence of the coronavirus disease 2019 (COVID-19 or coronavirus). As a result, the world economy abruptly halted. On March 4, 2020, Governor Newsom issued a proclamation of a *State of Emergency to help the State prepare for a broader spread of COVID-19*.[12] California *State Budget* funding for the 2021 – 2022 FY was diverted toward the coronavirus and economic crises to assist people, families, and businesses during these challenging times.[13] During the past two and a half years, manufacturing and shipping delays have also been ongoing problems, and continue.

The people and families struggling the most during these global crises are also the same people who need CC4A assistance. Although funding available for the program has been limited, the demand for CC4A has soared. Therefore, there is a definite need to continue, and increase, funding this crucial program that helps people get into cleaner, more reliable vehicles that help to improve our air quality and reduce the negative impacts of climate change.

Goals FY 2021/22

CARB staff developed the FY 2021/22 goals through the public process during FY 2021/22 LCTI Funding Plan workshops that were conducted on March 30, 2021, and August 4, 2021. Staff conducted meetings with air districts beginning on December 10, 2021. The purpose of these meetings was to increase transparency and coordination with the administering air districts in the goal setting process. Due to the atypical circumstances of the past several years described previously, staff determined that it was necessary to gather additional data to accurately set the FY 2021/22 goals. Thus, in the fully executed FY 2021/22 grant agreements, CARB required air districts to submit additional metrics and details such as participant survey data and planned program updates. CARB also requested that air districts provide CARB with data on applicant processing times. This data incorporates each air

[12] *State of Emergency*, Executive Department, State of California, March 4, 2020, accessed on September 8, 2022, *https://www.gov.ca.gov/wp-content/uploads/2020/03/3.4.20-Coronavirus-SOE-Proclamation.pdf*.
[13] *May Revision to the Governor's Budget* for FY 2021-22, State of California, accessed on September 8, 2022, *https://www.ebudget.ca.gov/budget/publication/#/m/2021-22/BudgetSummary*.

district's operational capacity and program demand, which will help in developing additional quantitative metrics that better gauge the success of programs and inform future goalsetting.

Staff determined that some general baseline assumptions needed to be included for each participating air district to be able to make future projections about funding needs and program demands. Therefore, staff made the following general baseline assumptions for each air district based on proposed funding amounts and past project data for FY 2021/22:

1) The incentive amount (averaged across participants) remains consistent from year-to-year.
2) The average total cost of each incentive is $9,800.[14]
3) With FY 2021/22 allocations, funding would be available to meet demand and program application processing capacity for the fiscal year. Participation is primarily determined by applicant demand, funding being fully available, and air district processing capacity. Each implementing air district uses a website to help reach potential low-income residents living in DACs. Low-income residents have access to relevant program information and can submit initial application information at any time. Case managers then process these requests as received.

Strategic reserves, which are funds withheld by CARB for later dispersal to air districts on an as-needed basis, were discussed previously in this appendix. These differ from contingency funds, which are provided to air districts in advance of Board approval of the funding plan. The FY 2021/22 LCTI Funding Plan included provisions to allow additional contingency funds in advance of Board approval of the Funding Plan. Staff recognized that circumstances may change between the time the proposed Funding Plan is released for public comment and when the Board approves the Funding Plan, project solicitations are issued, project funds awarded, or as projects are implemented. Contingency plans allow for mid-course corrections to ensure that funds are spent expeditiously, efficiently, and where the need is greatest.

With the infusion of new funding, such as the early FY 2021/22 contingency funds and the additional allocations approved in the FY 2021/22 LCTI Funding Plan, funding was no longer the main factor affecting expected program participation in the 2021/22 FY. The consensus among the air districts at the end of FY 2021/22 regarding the most significant current challenges the program faced was eligible vehicle availability in both the primary and secondary vehicle markets. With the ongoing health and economic crises, global supply chains remained constricted, especially in crucial materials for vehicle manufacturing. This led

[14] Total incentive cost includes project and EVSE/charging card, as applicable. This does not include the 15% administrative fee which brings the average project cost to $11,270.

to a significant shortage of new vehicles.[15] This supply shortage caused new vehicle prices, which were already unaffordable for many CC4A participants, to increase 10 percent in 2021 alone.[16] Due to their lower price point and affordability, the majority of CC4A participants have historically chosen used vehicles as their replacement option. However, with the recent conditions in the new vehicle market, the used-vehicle supply has also declined, and used-vehicle prices increased by 46 percent between January 2021 and January 2022.[17] These factors have made it more challenging for the program's priority population participants to not only locate eligible replacement vehicles, but especially those vehicles that participants can afford without incurring a significant financial burden. The effects of the 2020/21 FY's funding issues combined with the external market factors, and ongoing demand for cleaner transportation options in these priority communities, made determining an appropriate program FY 2021/22 goal uniquely challenging and pointed to the need for increased and continued funding for the five existing air district programs as well as the expansion of the program to statewide coverage.

Results – Primary Metric – Participation Rates and Vehicle Replacements

The primary metric for the CC4A program is the number of eligible low-to moderate-income Californians who have replaced their older, higher-polluting vehicles with cleaner, and more reliable, modes of transportation. This is measured two ways. One is through the participation rates in the air district programs. A second way is through the vehicle replacements, analyzed through the vehicle technology types and the alternative mobility option. CARB staff also analyzed the Electric Vehicle Supply Equipment (EVSE) installations, and the number of charging cards given to program participants.

Each air district witnessed a continued influx of new applications and interest throughout FYs 2020/21 and 2021/22. However, due to limited funding being available to CC4A programs, some programmatic delays, as well as new vehicle supply constraints and shipping delays exacerbated by the coronavirus pandemic and economic crisis, air districts were unable to satisfy the applicant demand during the past two FYs as shown in Figure I-4. This adversely affected program performance when compared to historical norms as detailed in the air district sections below.

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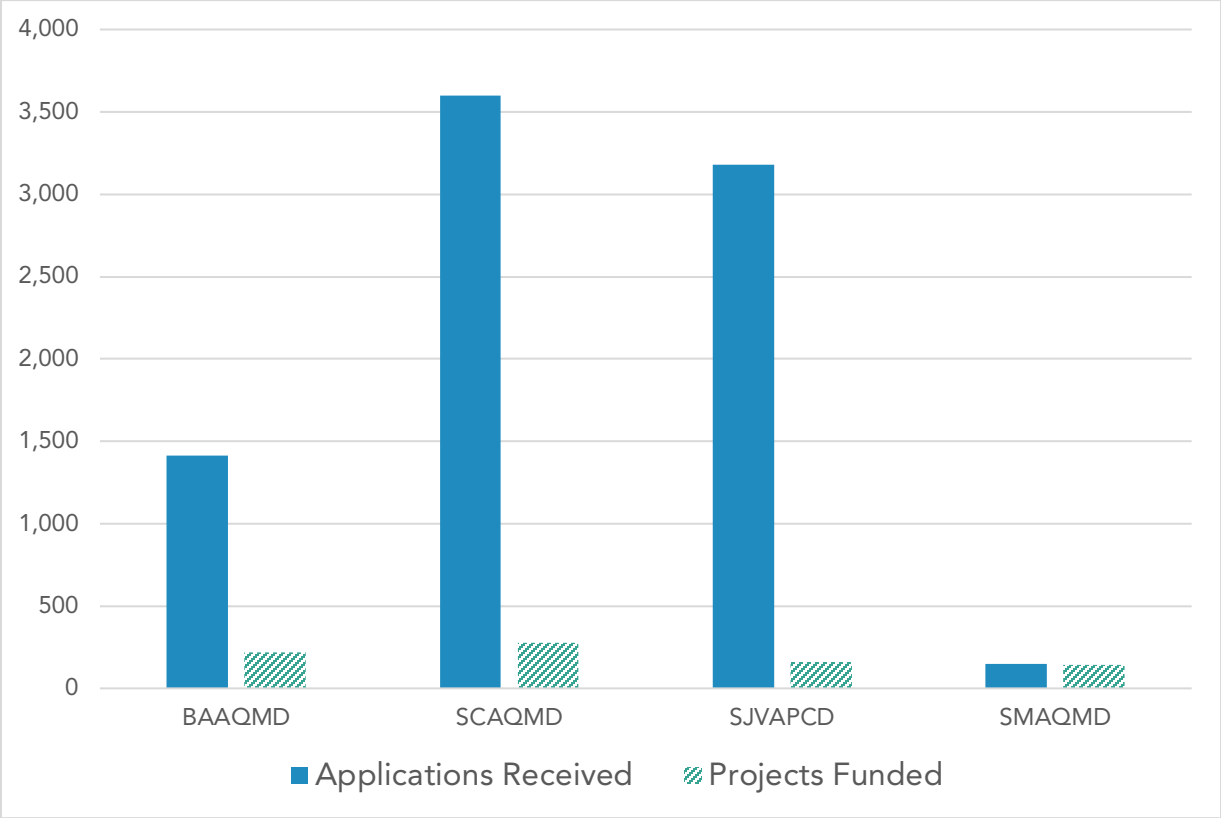
[15] *Automakers' Problems are Much Worse than We Thought*, CNN Business website, September 28, 2021, *https://www.cnn.com/2021/09/28/business/auto-industry-supply-chain-problems/index.html*, accessed June 3, 2022.

[16] *New and used car prices keep climbing. Don't expect relief anytime soon*, CNBC, *https://www.cnbc.com/2022/01/08/new-and-used-car-prices-keep-climbing-dont-expect-relief-soon.html, accessed June 3, 2022.*

[17] *Vehicle Market Insights*, Manheim Used Vehicle Value Index Call, *https://publish.manheim.com/content/dam/consulting/ManCons-qtrly-call-202201.pdf, accessed June 3, 2022.*

Figure I-4: Program Demand in FY 2021/22[a, b, c, d]



[a] Data are not included for FY 2020/21 as the number of applications received by air districts were not collected prior to FY 2021/22.
[b] Note that projects are funded on a rolling basis. Therefore, an application may be received in one FY and funded during a later FY. Hence, projects funded shown in this figure may have been due to an application received in a prior FY.
[c] SMAQMD lost their contractor at the end of March 2021 (FY 2020/21) and closed their program until they secured a new contractor and could reopen their program in February 2022 (FY 2021/22).
[d] The figure represents data for Q1 – Q3 of 2022. It excludes Q4 (April 1 – June 30, 2022).

Table I-3 and Figures I-5 and I-6 summarize participation data compared to the original goals for each of the four implementing air districts for FYs 2020/21 and 2021/22. Participation in the past few years has been low for a variety of reasons. These include the coronavirus and economic crises, which led to problems such as vehicle supply shortages and shipping delays.

Table I-3: CC4A Participation Goals and Rates for FYs 2020/21 and 2021/22

Air District	FY 20/21 Goal	FY 20/21 Actual[a]	FY 21/22 Goal	FY 21/22 Actual[a]
SCAQMD	1,700	1,452	1,050	273
SJVAPCD	800	710	700	159
BAAQMD	650	678	550	232
SMAQMD	350	330	200	140
Total Annual Participants	**3,500**	**3,170**	**2,500**	**804**

[a] Funded with State funds only.

Figure I-5: FY 2020/21 Participation Rates

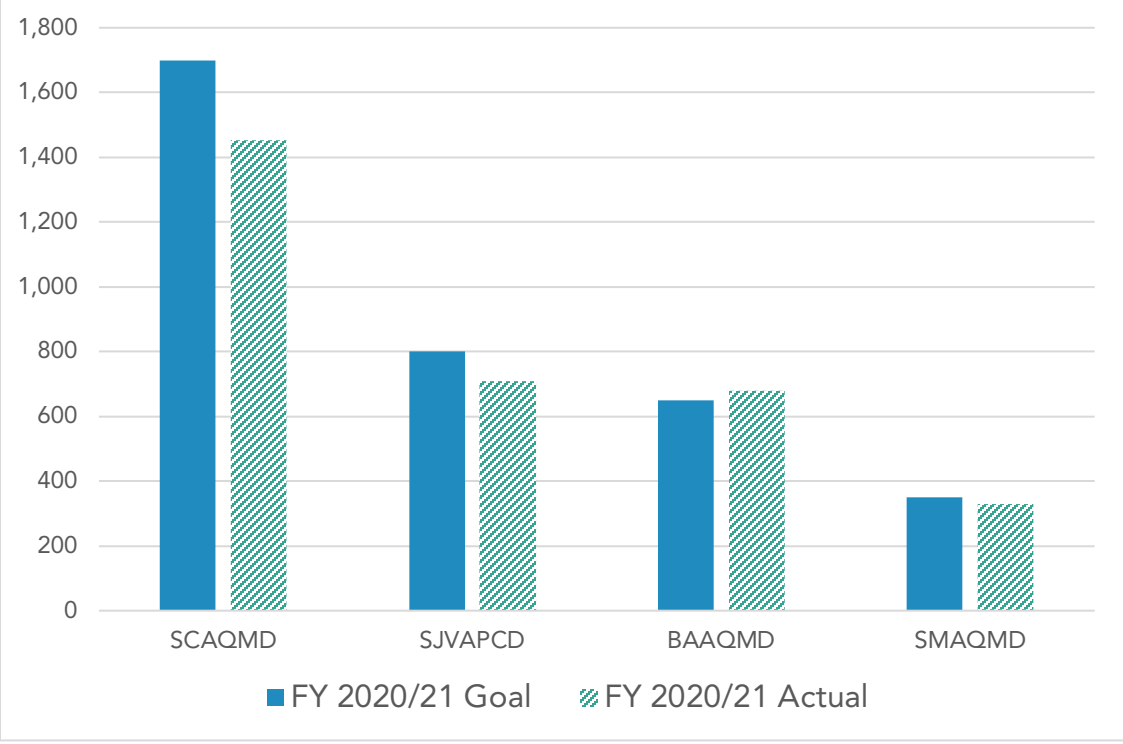
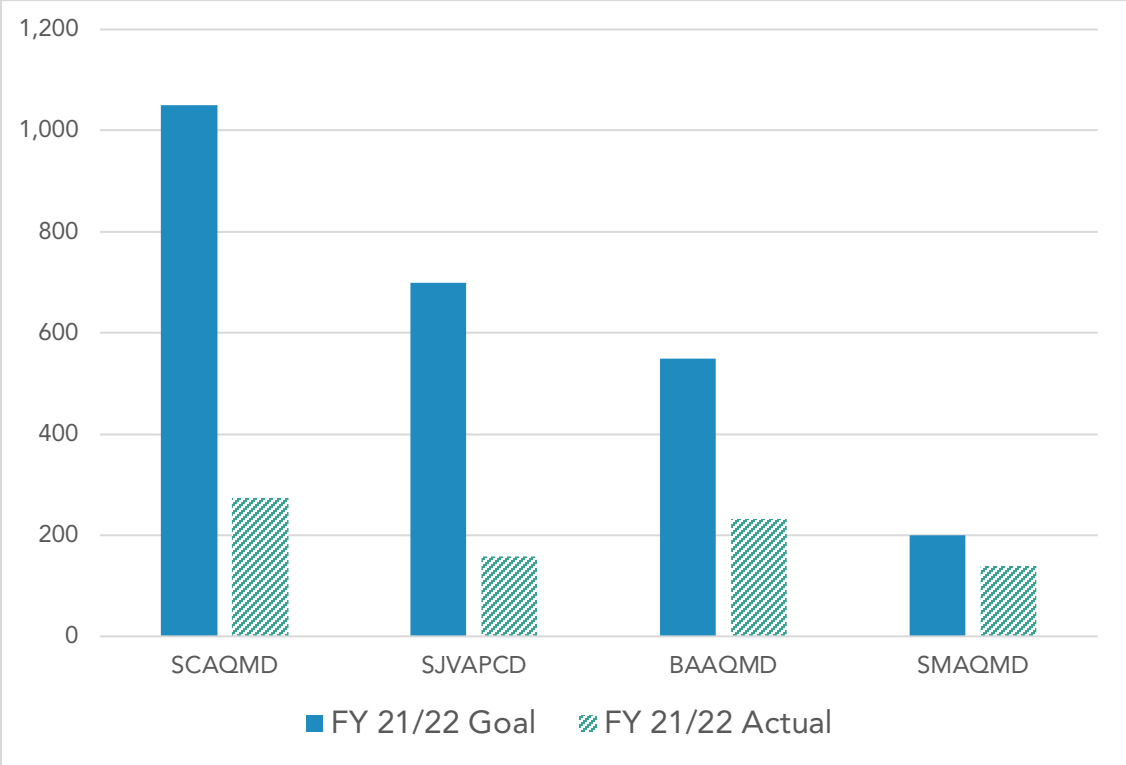


Figure I-6: FY 2021/22 Participation Rates



Once new funding was made available and used in the second half of FY 2021/22, voucher redemptions remained below historical expectations due to vehicle market conditions. Global inventory and supply chain problems persisted and were even exacerbated by international events. Thus, vehicle prices remained at or near record highs, especially in the used-vehicle market. Used-vehicle prices rose an estimated 45 percent in calendar year 2021 (January – December). This is on top of a 14 percent increase in calendar year 2020.[18] Historically, the 70 percent of CC4A replacement vehicles have come from the used-vehicle market due to their affordability for low-income households. With the recent steep increases in vehicle costs, according to stakeholder feedback, low-income participants have found it increasingly difficult to locate vehicles that fit their budgets and needs. These price and inventory issues have caused increases in the time needed for participants to find a suitable vehicle, with average search times increasing from 30 days up to 90 days or more according to the air districts. These factors adversely affected program performance and project completion statistics when compared to historical norms as detailed individually for each air district, below. Please note that stated FY 2021/22 totals are based on the first 3 quarters of project data for that FY and 1 projected quarter to align with the Proposed FY 2022/23 LCTI Funding Plan.

[18] Per *Manheim Used Vehicle Value Index*, May 2022 data, accessed on August 9, 2022, *https://publish.manheim.com/content/dam/consulting/ManheimUsedVehicleValueIndex-WebTable.png*.

South Coast AQMD

The South Coast Air Quality Management District launched their program in July 2015 with 586 participants in FY 2015/16. Participation had steadily increased year after year, with the air district regularly having the highest overall number of vehicle replacements annually. SCAQMD performs consistently from quarter-to-quarter and the annual goals reflect this high upward program performance trend. Furthermore, since inception, SCAQMD has supported the program with investments of its own local funds and local funds contributed to five projects in FY 2020/21. Due to depleted funding, SCAQMD stopped accepting new applications in October 2020, but continued to process the existing applications with remaining funds, helping 1,455 participants in FY 2020/21. This met 86 percent of the air district's FY 2020/21 goal of 1,700 incentives.[19]

SCAQMD expected to complete 1,050 replacements in FY 2021/22. However, as noted, in October 2020, SCAQMD stopped accepting new applications and enacted a waitlist. However, upon approval of the $28 million allocation in the FY 2021/22 LCTI Funding Plan, SCAQMD reopened the program to new applications in October 2021 and experienced a record surge in new applications. Air district staff and contractors reviewed and processed applications as quickly as possible, but vehicle market conditions resulted in participants experiencing significant delays in being able to locate an affordable vehicle and complete their replacement project. Despite this, SCAQMD helped 273 participants in the first 3 quarters of FY 2021/22. As of the end of the first quarter of 2022, this has met 26 percent of the air district's FY 2021/22 goal of 1,050. It was estimated that SCAQMD would complete 200 additional projects by the end of FY 2021/22, bringing the total number of replacements to 474, or 45 percent of the FY 2021/22 goal.

San Joaquin Valley APCD

As previously mentioned, SJVAPCD invested funds to pilot the EFMP/CC4A program in 2014. The air district officially launched their program in July 2015 with over 500 participants in the first year and has experienced varying participation levels since then. Historically, quarter-to-quarter performance has been cyclical, with higher performing quarters being offset by lower performing quarters. By increasing traffic to the air district website and call center, and increased community outreach, the air district helped offset the cyclical quarter-to-quarter pattern as well as the overall dip due to the ongoing health and economic crises. However, due to depleted funding, SJVAPCD enacted a waitlist for new applications to prioritize processing of existing applications until more funding became available in FY 2020/21. Despite this, SJVAPCD helped 713 participants in FY 2020/21. This met 89 percent of the FY 2020/21 goal of 800 incentives.

The initial goal for SJVAPCD for the 2021/22 FY was 700 vehicle replacements. In October 2021, the SJVAPCD Board approved new participant eligibility criteria for their

[19] Had more funding been available, SCAQMD would have had a higher goal of between 1,900 – 2,100 incentive projects.

CC4A program. This led to an increase in submitted applications, which could not be implemented prior to the air district submitting an updated implementation plan for CARB approval. The air district submitted its updated implementation plan outlining the new criteria to CARB in April 2022. With the new FY 2021/22 funding and approval of the new implementation plan, CARB and SJVAPCD staff expected participation to grow steadily through FY 2021/22, which it did. In anticipation of the expected increase in applications and infusion of FY 2021/22 funding, the air district hired additional staff to support application processing and customer support. However, again the impact of the changes in the vehicle market limited the number of applicants who could find suitable replacement vehicles, according to the air district. In the first 3 quarters of FY 2021/22, SJVAPCD helped 159 participants. This has met 23 percent of the FY 2021/22 goal of 700 incentives. It was estimated that SJVACPD would complete 65 additional projects by the end of FY 2021/22 bringing the total replacements to 224, or 32 percent of the FY 2021/22 goal.

Bay Area AQMD

The Bay Area Air Quality Management District launched their CC4A program in June 2019, one month prior to the 2019/20 FY, with 15 participants in the first month alone. Through successful outreach, program administration, and use of digital tools, the program continued to grow rapidly while adapting to changing needs and circumstances to meet program demand. Due to limited funding, BAAQMD enacted a waitlist in September 2020 for new applications to prioritize the processing of existing applications. Despite this, BAAQMD helped 614 participants in FY 2020/21. This met 94 percent of the FY 2020/21 goal of 650 incentives. Furthermore, BAAQMD invested an additional $5 million in the program with local funds, which allowed the program to reopen in a limited capacity in the first quarter of 2021. This infusion funded 284 additional projects in FY 2020/21.

A goal of 550 incentives was established for BAAQMD for FY 2021/22. Due to significant first year program growth and subsequent funding expenditure, BAAQMD closed or enacted waitlists for new applications multiple times during FY 2020/21. With the allocation of additional local funds, the program reopened in the first quarter of 2021 but did not begin to fully ramp up again until new funding was allocated through the FY 2021/22 LCTI Funding Plan. However, low vehicle supply and high prices continued to maintain a drag on the number of completed projects, according to the air district. In the first 3 quarters of FY 2021/22, BAAQMD helped 232 participants. This has met 42 percent of the FY 2021/22 goal of 550 incentives. It was estimated that BAAQMD would complete 180 additional projects by the end of FY 2021/22 which would bring the total replacements up to 412, or 75 percent of the FY 2021/22 goal. While projections in this report are based on CARB provided funding, BAAQMD expects significant enough demand for this program to have allocated a total of $10 million in local funds to maintain program operations, growth, and to support administrative expenses.

Sacramento Metropolitan AQMD

The Sacramento Metropolitan Air Quality Management District formally launched their program in August 2020, the first quarter of FY 2020/21. However, at the end of March 2021, the air district lost their contractor which significantly reduced their ability to process applications and slowed overall program growth. SMAQMD was forced to reduce program outreach as air district staff focused on processing applications and located and secured a new contractor. Even with these programmatic issues, SMAQMD helped 327 participants in FY 2020/21. This met 93 percent of the FY 2020/21 goal of 350 incentives.

A goal of 200 incentives was established for SMAQMD for FY 2021/22. While the SMAQMD program experienced the effects of vehicle market fluctuations in FY 2021/22, the main component that maintained a drag on the number of replacements was the lack of a contracted program administrator. Due to the reduced processing capacity, SMAQMD enacted a waitlist for new applications while older applications continued to be processed. In February 2022 (FY 2021/22), a new contractor was brought in, and application processing formally shifted over to them. It was assumed that application processing capacity would likely increase significantly as new staff were trained and gained experience. Despite the contractor setback, SMAQMD helped 140 participants in the first 3 quarters of FY 2021/22. This has met 71 percent of the FY 2021/22 goal of 200 incentives. It was estimated that SMAQMD would complete 55 additional projects by the end of FY 2021/22, bringing the total replacements to 195, or 98 percent of the FY 2021/22 goal. Following these early-program difficulties, SMAQMD made significant strides to improve application processing capacity and other benefits to participants.

Funded Vehicles by Technology Type

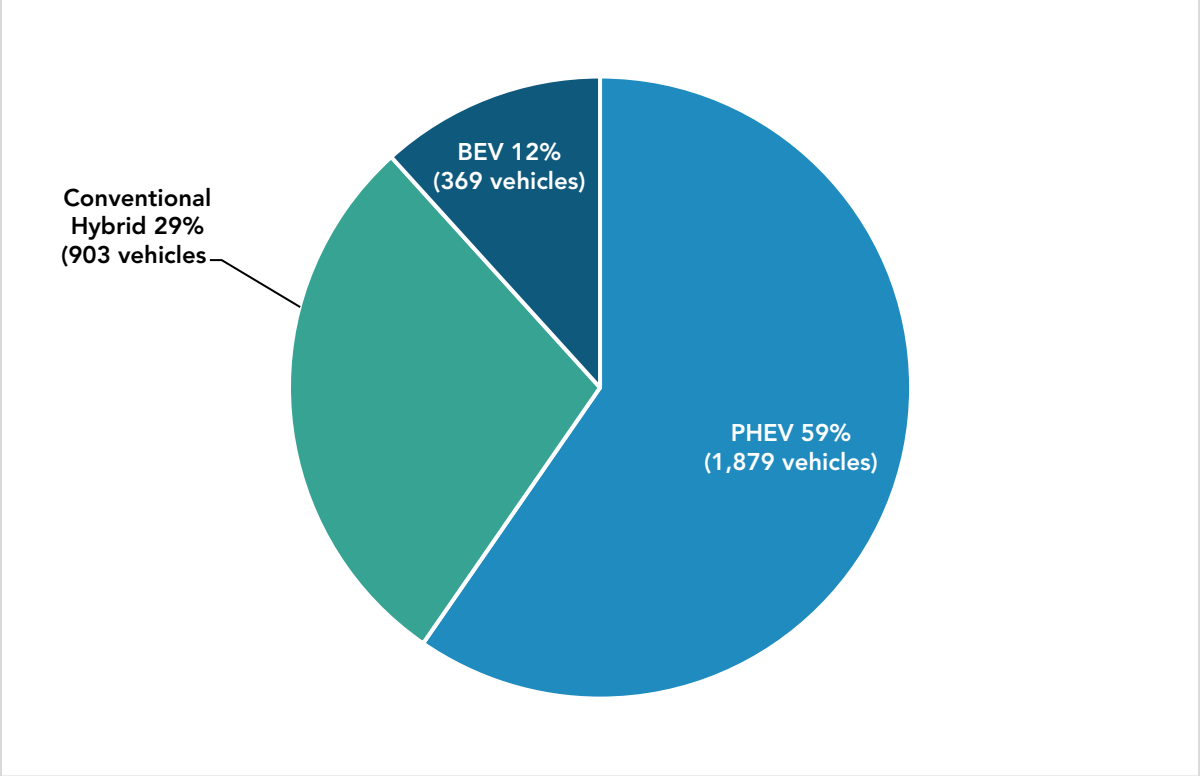
CARB staff also track the number of vehicles funded by the type of technology: BEVs, Conventional Hybrid Vehicles, Fuel Cell Vehicles, and PHEVs. Data also include information on EVSE installations, portable charger purchases, and pre-paid charging cards, as well as alternative mobility transportation options such as electric bicycles (e-bikes) and pre-paid public transit cards. Table I-4 and Figure I-7 show the vehicle replacements by vehicle technology type for FY 2020/21.

Table I-4: FY 2020/21 Funded Vehicle Technologies and Options[a]

Replacement Vehicle Technology	SCAQMD	SJVAPCD	BAAQMD	SMAQMD	All Air Districts
PHEV	868	468	313	230	1,879
Conventional Hybrid	479	206	218	0	903
BEV	98	36	135	100	369
Fuel Cell	7	0	8	0	15
Alt mobility transportation	0	0	4	0	4
Total Vehicle Replacements	**1,452**	**710**	**678**	**330**	**3,170**

[a] Includes State and local funded projects. Data does not include projects funded solely with local funds.

Figure I-7: CC4A FY 2020/21 Number of Vehicles Funded by Technology Type[a]



[a] Fuel Cell vehicles represented 0% (15 vehicles) and Alternative Mobility options also represented 0% (4 options). Hence, they are not represented in the pie chart.

Table I-5 and Figure I-8 show the replacement vehicle technologies selected by program participants for all participating air districts for FY 2021/22.

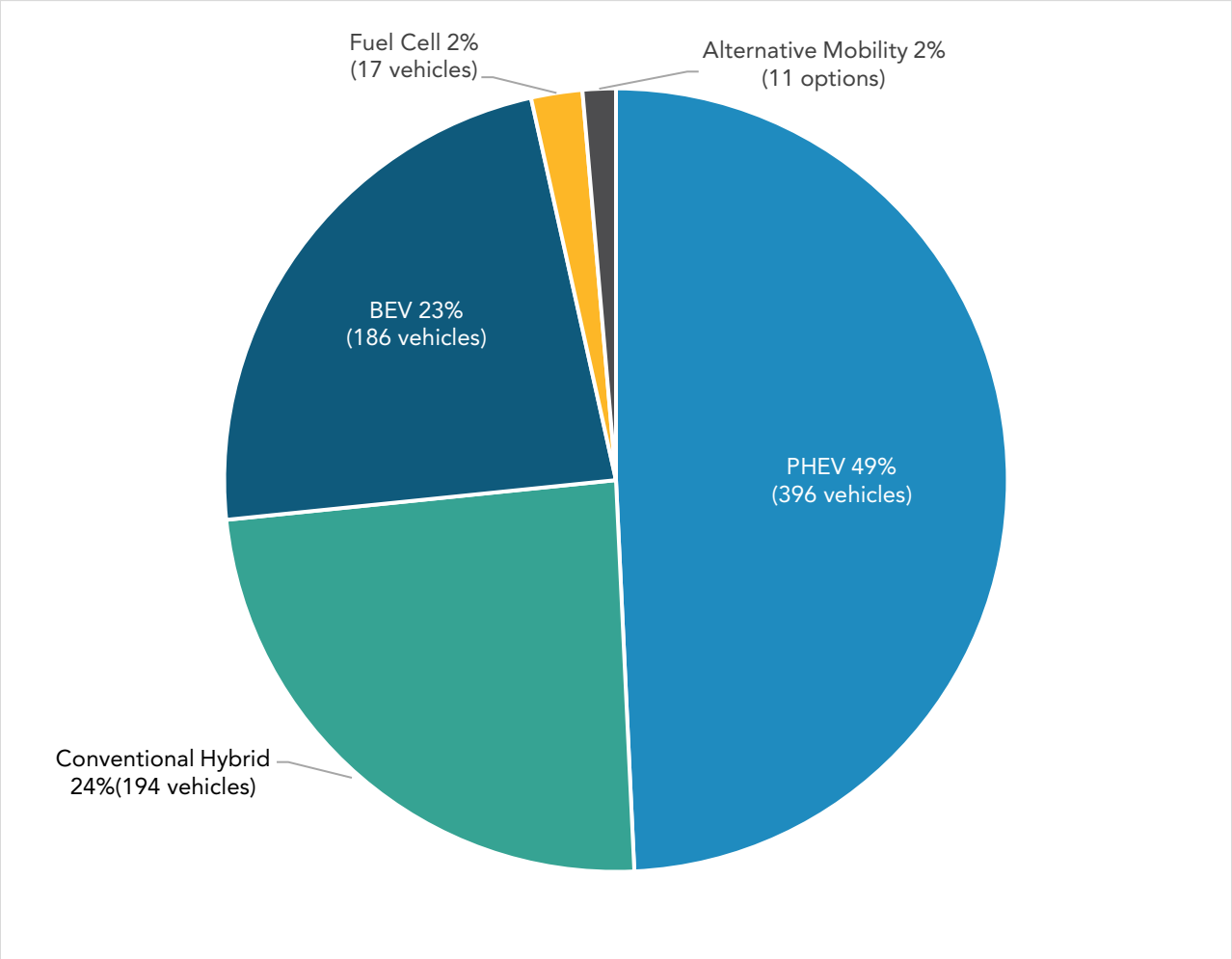
Table I-5: FY 2021/22 Funded Vehicle Technologies and Options[a]

Replacement Vehicle Technology	SCAQMD	SJVAPCD	BAAQMD	SMAQMD	All Air Districts
PHEV	151	90	76	79	396
Conventional Hybrid	82	55	53	4	194
BEV	30	14	85	57	186
Fuel Cell	10	0	7	0	17
Alt mobility transportation	0	0	11	0	11
Total Vehicle Replacements	**273**	**159**	**232**	**140**	**804**

[a] Includes State and local funded projects. Data does not include projects funded solely with local funds.

Nearly 3 quarters of the program participants chose advanced technology replacement vehicles, with nearly 50 percent of program participants choosing PHEVs, followed by nearly 25 percent choosing BEVs, and 2 percent choosing fuel cell vehicles. Additionally, nearly 25 percent of program participants chose conventional hybrid vehicles. Lastly, 2 percent of program participants chose alternative mobility transportation options.

Figure I-8: CC4A FY 2021/22 Number of Vehicles Funded by Technology Type



For comparison, Figure I-9 shows the vehicle replacement technology type selected by program participants for each air district for FY 2021/22. It also includes the alternative mobility option selected by a few program participants in the BAAQMD.

Figure I-9: Vehicle Replacement Technology by Air District.

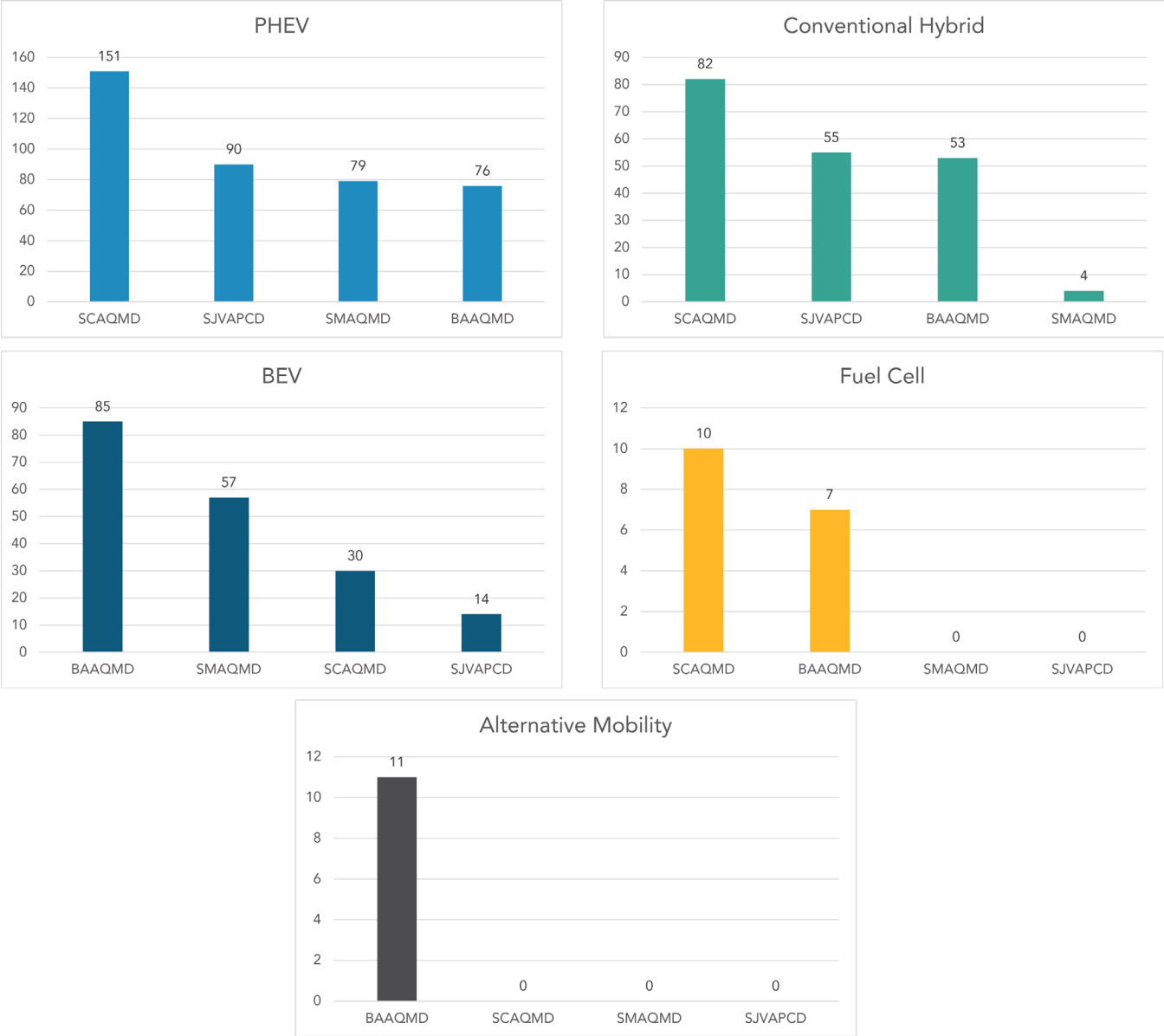


Table I-6 shows the number of EVSE installations and portable charger purchases, as well as charging cards for FYs 2020/21 and 2021/22. Complete historical participation data used in the generation of the annual Funding Plan summary can be found on CARB's *EFMP Scrap and Replace and CC4A Summary Report* webpage.[20]

[20] *EMFP Scrap and Replace and CC4A Summary Report* webpage, *https://ww2.arb.ca.gov/efmp-scrap-and-replace-and-cc4a-summary-report*, accessed August 2, 2022.

Table I-6: EVSE Installations[a]

Air District	FY 20/21 EVSE Installations (BEVs & PHEVs only)	FY 21/22 EVSE Installations (BEVs & PHEVs only)	FY 21/22 Charging Cards (BEVs & PHEVs only)[b,c]
SCAQMD	2	1	0
SJVAPCD	0	5	0
BAAQMD	98	18	0
SMAQMD	0[d]	8	219
Total	100	32	219

[a] Includes State- and local-funded home and portable chargers.
[b] Data are for Quarters 1 through 3 of FY 2022 (July 1, 2021 through March 31, 2022).
[c] No data exists for charging cards for FY 2020/21. The Proposed Fiscal Year 2021-22 Funding Plan for Clean Transportation Incentives indicated that a future program development would be to further deploy prepaid vehicle charging cards in lieu of home EVSE installations.
[d] SMAQMD began their program in August 2020, the first quarter of FY 2020/21.

Results – Secondary Metric – Program Performance and Co-Benefits from Participant Surveys

Developed through a robust public process, the CC4A program was intended not just to provide participants the benefit of cleaner and more efficient vehicles, but to also deliver the co-benefits that come with having more reliable transportation, such as greater access to economic opportunities. While some participants realize these co-benefits, the California State Auditor Report 2020-114 (State Auditor Report) highlighted the need to better quantify these co-benefits. In response to the State Auditor Report, CARB has added an analysis of participant surveys (surveys) as a secondary metric of program effectiveness to this report on an ongoing basis. These surveys allow CARB and the air districts to better gauge program performance and outlook from the perspective of the participants themselves, and to inform improvements to the program to better serve the participants and provide both the emissions benefits and co-benefits from the programs. While CARB established standardized survey questions, each air district has the flexibility to include additional questions to better serve their constituents. Each air district also determines the appropriate means to reach

their constituents for survey distribution and feedback collection. The currently required survey questions can be found in *Appendix 1* to this appendix. CARB staff are collaborating with air districts on the public process and developing new survey questions. The goal of this collaboration is to gather more specific information to factor into program improvements, as well as to better gauge the co-benefits provided to program participants.

Each air district is required to request and collect survey data from all program participants at the 12-, 24-, and 30-month ownership intervals. See the discussion in the *FY 2021/22 Secondary Metric – Program Performance and Co-Benefits from Participant Surveys* section of the document for more information regarding the survey response rates.

FY 2020/21 and FY 2021/22 Feedback from Participants – Key Successes

"There is no way I would be driving a clean, dependable vehicle right now if not for this program."

At least 85 respondents from SCAQMD and seven from BAAQMD indicated that the presence and value of the incentive directly influenced their willingness and ability to replace their older vehicle. The incentives allowed participants to obtain far newer, cleaner, and safer vehicles than what participants expected. CC4A incentives have also swayed some already prospective car buyers away from internal-combustion engine vehicles and toward cleaner technologies.

"I feel good that I am reducing my carbon footprint by driving an electric vehicle."

There is consensus among participants that their replacement vehicle has led to savings by spending less money on gas and less time at gas stations. Ninety-six percent of respondents indicated that they are spending less money on fuel. The savings have helped "keep food on the table and a roof over [their] heads." This has become especially apparent with the recent spike in gas prices where between May 2021 and May 2022, average gas prices rose nearly 50 percent.[21] Sudden price increases like this can have an especially hard impact on low-income households. Participants have appreciated that the increased fuel economy, or lack of necessary fuel use altogether for their replacement vehicle, has helped offset the impacts of rising fuel prices. Participants also expressed satisfaction at the reduced environmental impact of their replacement vehicle. The use of new and cleaner technologies aids participants in feeling engagement and ownership in the effort toward cleaner air.

"Allowed me to keep my job and get a second job as well as safely transport my family."

Most of the respondents consider their replacement vehicles as more reliable than their retired vehicle. The increase in perceived reliable transportation reduces their day-to-day worries and allows them to focus on other priorities. Ninety-six percent of SCAQMD

[21] *U.S. All Grades All Formulations Retail Gasoline Prices*, U.S. Energy Information Administration webpage, *https://www.eia.gov/dnav/pet/hist/LeafHandler.ashx?n=pet&s=emm_epm0_pte_nus_dpg&f=m*, accessed on June 3, 2022.

respondents indicated they believed their new vehicle was more reliable and 15 percent of BAAQMD respondents have indicated their new vehicle has changed their household's employment opportunities or future plans. Participants feel more secure transporting their families safely and pursuing new career opportunities further away from their home.

FY 2020/21 and FY 2021/22 Feedback from Participants – Challenges

"Public charging stations have ended up being more expensive than I thought."

"There are none of the charging stations associated with the credit program near me."

A recurring issue reported by program participants that purchased PHEVs or BEVs is managing the charging of their vehicles. Approximately, 1 percent of SCAQMD survey respondents and 4 percent of qualifying BAAQMD survey respondents reported difficulty ensuring adequate charging of their vehicle, either due to long charging times, the expense of public charging, or the lack of reliable charging locations. While CC4A offers an additional incentive for EVSE, most participants did not participate in this aspect of the program. Based on stakeholder feedback, it appears that people may not be aware of this option. Another reason may be the challenges associated with renters not being able to install EVSE at their multi-unit dwelling. CARB will work with air districts to ensure that this opportunity is clearly communicated to participants to ensure that they have all the available information to choose a method of transportation that meets their needs. Some air district programs have already begun enacting new programs or processes to direct participants toward EVSE installations. SMAQMD developed new processes with the Sacramento Municipal Utility District to increase outreach to eligible CC4A participants and leverage combined funding to make EVSE installations more affordable. SJVAPCD developed contracts with installers to simplify and streamline the application and installation process for participants. SDAPCD is also factoring in EVSE installation and planning coordination with local electrician groups to provide this offering as early as possible once they begin their program. However, some air districts have mentioned that it has been difficult to find qualified electricians that meet all the required certifications. Statewide, the California Energy Commission (CEC) and the California Department of Transportation (CalTrans) plan to increase EVSE infrastructure with 250,000 public and shared private EV chargers by 2025 and forecasts the need for 1.2 million chargers by 2030 for light-duty vehicles. This is discussed in the *Charging Infrastructure and Charging Cards* section of the Future Program Activity section of this report.

Upfront cost for installation and long wait times for reimbursement processing also remain significant barriers for many of CC4A's target population. In response to the large number of public comments and participants that cannot install or use at-home vehicle charging, as of November 2020, CARB authorized the purchase of charging cards in lieu of EVSE installations. These pre-paid cards provide needed funds and flexibility for participants to fully use their new vehicle's electric technology. Each participating air district is developing the necessary plans and processes to incorporate this charging card option into their program. For example, SMAQMD has contracted with EVGo and allocated funding to provide up to 300 charging cards for qualifying applicants. At least 219 eligible participants have already signed up for this program. However, even with this prepaid option, some

participants still have difficulty locating a qualifying charging location due to the variety of different charging networks regionally and across the state. In response to this issue, CARB and the air districts are working to find avenues to access a broader range of charging networks such as unified charging cards or merchant-locked prepaid credit cards. CARB also continues to work with other agencies to expand public charging options that can then become available to CC4A participants.

While diverting program funds to increase charging access would reduce available funds for replacement vehicles in the short-term, this support could assist in alleviating consumer range-anxiety and encourage electric vehicle technology adoption and industry growth. Air districts have indicated that additional funding would allow them to further promote charging options without reducing the number of participants they serve.

"I didn't know the IRS was going to consider the amount of money I received as income."

Both the BAAQMD and SCAQMD issue Internal Revenue Service (IRS) Form 1099-G (1099-G or 1099) while SJVAPCD and SMAQMD do not issue 1099s. A small number of respondents reported that they were caught off-guard upon learning that the program incentive was deemed to have contributed to their taxable income when filing tax returns because the air district listed it as income on a federal disclosure form. The increase in apparent taxable income resulted in reduced refunds or surprise tax bills. At least two participants remarked that the increase in stated income resulted in reductions or challenges with other income-based benefits or assistance programs such as Covered California and SNAP.

It is not in the participants' best interest to have these incentives adversely affect their annual income tax filing. The issue has real and significant impacts on the value of the incentive and therefore the efficacy of the program overall. Many participants in the programs' target communities may not be able to afford an unexpected income tax bill when including the 1099-G form received for their incentive. Air districts vary in terms of policy regarding issuing 1099s; for its part CARB does not issue 1099s for programs administered at the State level (e.g., for the Clean Vehicle Rebate Project) nor are they required as part of the *CC4A guidelines*. CC4A incentives are intended to serve as purchase price buy-downs for low-income consumers, not income. CARB has met with the air districts to reinforce this program intent. Having these incentives count as income and potentially adversely affect the participants' public assistance benefits runs contrary to the intent and purpose of the program. As such, CARB continues to work with the air districts and tax regulators to secure any additional clarity needed to harmonize the air district programs on this issue.

"It was hard finding a qualifying vehicle with the limited network of participating dealers."

Approximately 5 percent of respondents mentioned issues related to coordinating with car dealers. While this may seem like a low response rate, this figure includes responses only from those participants in the SCAQMD, BAAQMD, and SMAQMD that have passed the 12-month ownership milestone, or those participants in SCAQMD and BAAQMD that have passed the 24-month ownership milestone. However, air districts report it is an on-going concern that they are hearing about and so it is highlighted here as indicative of a potentially

larger problem program-wide. Issues mainly revolve around difficulty finding viable replacements due to lack of nearby dealerships or available inventory. Participants reported feeling rushed into purchasing a less suitable replacement due to vehicle availability and vehicle purchase deadlines mandated by the program. Additionally, participants felt participation in the program reduced the ability to negotiate better pricing as normally would be done during vehicle purchases leading to larger than desired loans. However, during public discussions, dealership representatives have commented that the dealerships incur expenses while the vehicle is being held due to long incentive payment processing times.

As approved dealerships are the only means to purchase vehicles under this program, it is essential that program participants feel confident in negotiating with dealerships. CARB will work with air districts and stakeholders to improve educational outreach to participants covering items such as how to use new vehicle technology and additional assistance programs, such as Financing Assistance. This could include conducting work groups to develop formal baseline subject criteria or best practices materials for all air district programs and other such measures. This ensures participants can find and afford replacement vehicles that meet their everyday needs. Air districts have already taken measures to help alleviate some of the stresses such as offering significantly more time for participants to choose a vehicle without feeling rushed.

It is equally important for dealership staff to understand the program to better serve the participants. CARB will work with air districts to further engage with dealers to educate dealer staff on program requirements and processes. If necessary, CARB and the air districts may re-examine program implementation plans with dealerships to ensure that areas of improvement are addressed. CARB staff will also examine alternative measures such as conducting public workgroups to solicit stakeholder feedback and potential solutions for dealer engagement. SCAQMD's program has already taken initial steps in developing new outreach and contracts with dealerships to further emphasize these consumer education and protection components while also setting up a direct phone contact to help prioritize and expedite incentive payments to dealerships. BAAQMD and SMAQMD are also exploring opportunities to expand their contracted dealership network to provide more inventory and options to program participants. With the continued growth of these programs, even in difficult times, an increasing number of dealerships are showing interest in participating with the program and expanding clean transportation options to more residents.

"A little bit of a hassle [when] applying for this program, too many hoops and loops to jump through."

Some applicants have indicated that the application process for their air district program is complicated or burdensome, especially for applicants that lack technical skills. This has sometimes led to applicants considering withdrawing from the program or experiencing extensive delays to replace their vehicle.

The recent funding issues created strains on program resources and limited the number of potential incentive vouchers which reduced more recent program throughput. However, the air districts worked through these challenges to find new methods that help mitigate delays

such as incorporating remote vehicle inspections and providing one-on-one support. CARB and air district staff are continuing to collect and analyze data from various points in the application process to identify potential bottlenecks and solutions.

Participating air districts continue to train their staff and develop ways to help guide participants to find the necessary documentation to participate in their programs. Many participants have appreciated the proactive and responsive nature of the case management staff and credit them with ensuring the completion of their project. CARB and air district staff continue to collect and analyze data from various points in the application process to identify potential bottlenecks and solutions. One such method is CARB's refinement of the participant survey which will incorporate aspects to further inquire about challenges participants face specific to the application and eligibility verification process.

"It would be really helpful if you could let [participants] know all the benefits/incentives they may be eligible for."

In the pursuit of air pollution and emissions reductions, the State of California and its local air districts have enacted a network of programs with this goal in mind. However, California's intricate system of State and local incentive programs can be difficult for participants to navigate and fully utilize. This can mean that participants may not receive the full assistance available toward their vehicle purchase or complimentary benefits such as solar power to reduce vehicle charging costs. Additionally, with adoption of these new technologies into their households, participants are concerned about potential maintenance expenses such as vehicle battery replacements.

CARB has developed *Access Clean California* (formerly known as the One-Stop-Shop Pilot Project) and is further expanding it. This program provides a central location, called the Access Clean California Benefits Finder, for participants to access various light-duty vehicle incentive and related clean energy incentive programs to help stack eligible incentives and make the transition to electric transportation as affordable as possible. The Access Clean California Benefits Finder also provides centralized income verification for applicants, to help streamline their application process to multiple programs. All air districts implementing CC4A are required to work with Access Clean California to ensure consistent and accurate information is provided, and that applicants can easily apply from the Access Clean California Benefits Finder application tool. Access Clean California will also link with local incentives so participants will be able to conveniently access California's unique suite of incentive and assistance programs. Having a single initial point of information helps applicants easily access all programs as they continue to grow and expand to new service areas. CARB and the air districts are also pursuing opportunities to share and streamline portions of program application processes such as incorporating a single simplified income verification methodology. This work is alongside ongoing general improvements to air district program websites to improve upfront program clarity to prospective applicants. Access Clean California's community outreach network and partnerships can also be utilized to reach underserved communities and direct the program to participants that would benefit most from these incentives.

In addition to the above actions, CARB will also launch a Joint Solicitation in 2022 to find a single grantee to administer the Financing Assistance and CC4A programs together. This will allow California consumers to find out about all the incentives they are eligible for. CARB staff believe that since Financing Assistance and Statewide Clean Cars 4 All have very similar application processes and serve the same segment of the market, a joint solicitation is an efficient approach. A combined solicitation will allow for better management of communication across the programs, consolidated processing of rebate applications, cooperative relationships with car dealers, more streamlined efforts and use of outreach tools and materials (when appropriate), and result in fewer administrators and risk of added complexity when working in partnership with Access Clean California. Program staff held several independent and joint work group meetings with stakeholders and generally received positive feedback to this approach. Some stakeholders indicated concerns around policy issues with statewide CC4A, and CARB staff will continue to work through those issues in parallel to the joint solicitation process.

FY 2022/23 Goals

Primary Metric – Vehicle Replacements

The goals for FY 2022/23 include goals for CC4A air district programs, including SDAPCD, as well as goals for the CC4A Statewide program. CARB developed the FY 2022/23 goals through the public process. Staff conducted meetings with the air districts beginning on December 10, 2021, to increase transparency and coordination with the administering air districts in the goal setting process. In order to help low-income Californians obtain cleaner and more reliable transportation options, CARB staff also considered the changing economic conditions when developing the FY 2022/23 goals. Due to atypical circumstances as described at the beginning of the FYs 2021/22 section above, CARB staff determined that additional data were necessary to accurately set the FY 2022/23 goals. Air districts were offered the opportunity to submit additional metrics and details, such as applicant processing times, participant survey data, and planned program updates. These data incorporate each air district's operational capacity and program demand to develop additional quantitative metrics that better gauge the success of the programs and inform future goalsetting.

Similar to FY 2021/22 goals, CARB staff determined that some general baseline assumptions need to be included for each participating air district to make future projections about funding needs and program demands. Therefore, CARB staff made the following general baseline assumptions for each air district based on proposed funding amounts and past project data:

1) The average total cost of each incentive is $11,945.[22] (See Appendix A for an explanation).

2) Administrative funds have historically been 15 percent for air district programs. CARB is evaluating implementation costs and considering increases where necessary to support the changes proposed for this FY and changes authorized by SB 1382 (Gonzalez, Chapter 375). In an effort to be conservative, staff assumes that administrative funds could account for 20 percent for air district programs and 25 percent for the Statewide program, based on historic implementation costs for the Financing Assistance program.

3) With FY 2021/22 allocations, funding would be available to meet demand and program application processing capacity for the fiscal year. Participation is primarily determined by applicant demand, funding being fully available, and air district processing capacity. All implementing air districts use a website to help outreach to potential low-income residents living in DACs. Low-income residents have access to relevant program information and can submit initial application information at any time. Case managers then process these requests as received.

4) Low vehicle supply and higher prices may continue to extend timelines for project completion.

With the infusion of new funding, such as the early FY 2021/22 contingency funds and the additional allocations approved by the FY 2021/22 LCTI Funding Plan, funding is no longer considered the main factor affecting expected program participation in the immediate future. Due to their lower price point and affordability, the majority of CC4A participants historically chose used vehicles as their replacement option. However, with the conditions in the new-vehicle market, used-vehicle supply has also declined and used-vehicle prices have increased by 10 percent between May 2021 and May 2022, on top of the 48 percent increase between May 2020 and May 2021.[23] These factors have made it increasingly difficult for the program's priority population participants to not only locate eligible replacement vehicles in general, but especially vehicles that the participants can afford without significant financial burden. These market conditions continue to place a drag on program participation and project completion timelines. The effects of the previous fiscal years' funding issues combined with the external market factors have made determining an appropriate program FY 2022/23 goal uniquely challenging.

Based on all available data and program plan communications from the air districts, CARB and air district staff agreed to the FY 2022/23 goals. Refer to Table I-7 for a summary of the FY 2022/23 goals. Both the SDAPCD and Statewide programs will be in their initial stages of implementation and will need time to establish their programs and ramp up their involvement. Hence, the initial goals for these programs are low. The Statewide program may

[22] The average incentive amount is consistent with Appendix A of the FY 2022/23 LCTI Funding Plan.
[23] *Manheim Used Vehicle Value Index*, accessed on August 9, 2022, *https://publish.manheim.com/content/dam/consulting/ManheimUsedVehicleValueIndex-WebTable.png*.

be funded in late winter or early spring of FY 2022/23, which only leaves a few months of potential Statewide program operation. Additionally, the program needs to secure a Statewide administrator and set up grants and disbursements, leaving little time in the FY to fund any projects. Specific details for each air district and the Statewide program follow. Once the Statewide program is established, the number of participants that could be brought through the program in the first year may be similar to the number of participants that the SCAQMD and the SJVAPCD brought through their programs in the initial years, 500 – 2,000 within the first four years.[24]

Table I-7: Participation Goals for Air District and Statewide Expansion FY 2022/23

Air District	FY 22/23 Goal
SCAQMD	2,000
SJVAPCD	800
BAAQMD	550
SMAQMD	250
SDAPCD	50[a]
Statewide Expansion	75[a]
Total Annual Participants	**3,725**

[a] Initial year goal due to administrative program launch and possibly only a few months of program operation available prior to the end of FY 2022-23.

South Coast AQMD

The South Coast Air Quality Management District expects to complete 2,000 replacements in FY 2022/23. CARB and SCAQMD expect the program to maintain high participation rates in FY 2022/23 and beyond, as the program continues to ramp up and funding for FY 2022/23 becomes available. The air district will also use the new funding to develop a targeted

[24] *Annual Performance Goals for the Enhanced Fleet Modernization Program and Clean Cars 4 All, Fiscal Year 2019-2020*, CARB webpage, accessed on September 29, 2022.

outreach campaign aimed at underserved communities. However, low vehicle inventory and high vehicle prices are likely to continue to drag down participation from historical highs.

San Joaquin Valley APCD

A goal of 800 replacements has been established for SJVAPCD for FY 2022/23. CARB and District staff expect demand to grow steadily through FY 2022/23.

Bay Area AQMD

A goal of 550 incentives has been established for BAAQMD for FY 2022/23. With the anticipated FY 2022/23 funding allocation, the air district has hired additional case management staff and plans to hire more staff to increase processing capacity and customer support. The air district has also begun a targeted outreach campaign and continues to analyze applicant demographics to increase participation in underserved communities.

Sacramento Metropolitan AQMD

A goal of 250 incentives has been established for SMAQMD for FY 2022/23. The air district is also analyzing demographic information to enact a targeted outreach campaign. With the air district's new contractor on board and increased targeted outreach, CARB and air district staff expect a significant increase in program participation and project completion.

San Diego APCD

A goal of 50 incentives has been established for SDAPCD for FY 2022/23. This is a new program for the air district. Hence, as previously mentioned, it will take some time for the air district to get their program running. The SDAPCD hopes to launch their program by the end of 2022. This would leave them with 6 months to obtain program participants and take them through the entire process of obtaining a cleaner vehicle.

Statewide Expansion

CARB supports prioritizing the communities in most need, which includes communities designated as DACs through CalEnviroScreen. The statewide program will cover all areas of the state not currently covered by air district programs, and will particularly target low-income tribal, border, and rural communities statewide. This is consistent with the core principles of the program to focus benefits on those that have the highest barriers to clean transportation.

Existing air district programs require residency in or near DACs and use ZIP codes containing DACs to determine eligibility. These programs operate on a first-come, first-served basis. To ensure that the statewide program supports DACs throughout the state, it must evolve to a needs-based program that goes above and beyond the first-come, first-served model. It will build upon the program's existing approach because it will develop a community-level focus on consumer protection, outreach, and education. This shift in program design specifically addresses community concerns with the current first-come, first-served model because it will ensure that funding is prioritized for Californians in most need, respecting the needs of local communities, as well as supporting California's climate and air quality commitments.

Historically, the exclusively DAC requirements have served as an important parameter to ensure investments are directed to communities disproportionately burdened by negative environmental and climatic impacts; however, there are DACs beyond the current air district borders as well as other priority populations including tribal, rural, and low-income communities that do not have the resources to access cleaner technologies under the current program. With the statewide expansion, as well as modifications to the air district programs to allow expansion to people with low-incomes separate from DACs, CC4A will continue to prioritize the communities and individuals in most need in DACs and low-income communities, and will limit income to 300 percent of the FPL.

CARB expects the FY 2022-23 sum of $125 million to conservatively fund 8,000 vehicle replacement projects. However, in the program's start-up FY the goal for number of projects that can be funded is much smaller, between 50 – 100 projects. While this goal may seem small, there is limited time for program operation. Similar to when individual air district CC4A programs began, following final approval of the Funding Plan, CARB will prepare a grant agreement and disburse funds to the statewide administrator (administrator), which has not yet been selected. The administrator will then finalize the implementation plan, enter into agreements with automobile dealerships, and train the dealerships on program administration. The administrator will also conduct outreach to communities, help participants sign up for the program, process applications, and help participants find a suitable vehicle. Finding a suitable vehicle can take time, as the primary market is the used-vehicle market, and availability is currently low. CARB and the administrator will also need to establish relationships with community-based organizations (CBOs) and coordinate and collaborate with CBOs that represent diverse communities, both demographically and geographically. And, as previously discussed, the joint solicitation for Financing Assistance and CC4A will also provide benefits for streamlined outreach.

FY 2021/22 Secondary Metric – Program Performance and Co-Benefits from Participant Surveys

As previously described in the *FY 2021/22 Secondary Metric – Program Performance and Co-Benefits* from Participant Surveys goals, CARB established standardized survey questions and each air district has the flexibility to include additional questions to better serve their constituents. Each air district also determines the appropriate means to reach their constituents for survey distribution and feedback collection. A sample of the current required survey questions can be found in *Appendix 1*. CARB staff is developing new survey questions to gather more specific information to factor into program improvements, as well as to better gauge the co-benefits provided to program participants.

Figures I-10 and I-11 demonstrate that air district program survey response rates have not met the requirements as not all air districts have been able to reliably collect the required survey responses. For example, the initial 12-month ownership responses that were gathered primarily from the SCAQMD, BAAQMD, and SMAQMD programs and analyzed by CARB staff thus far cover approximately 36 percent of all survey-eligible CC4A participants. These air districts each use electronically distributed surveys and compile the responses into sortable databases. The 24-month ownership responses that were gathered by SCAQMD

and BAAQMD and analyzed by CARB staff thus far cover approximately 39 percent of all their survey-eligible participants. Due to this data volume, the data from these 2 air districts encompass most of the data analyzed for this section. SJVAPCD relies on physical mail-in surveys and, unfortunately, these have proven challenging for the air district to receive responses on and are difficult to track and compile. As such, SJVAPCD was not able to provide any substantive survey data for this report. Moving forward, CARB will continue to collaborate with all participating air districts to improve survey response rates, including investigating alternative means of reaching participants. These improvements will be included as part of required updates to air district program implementation plans that will be approved by CARB.

Figure I-10: CC4A Participant Survey Response Rates – 12-Month Survey

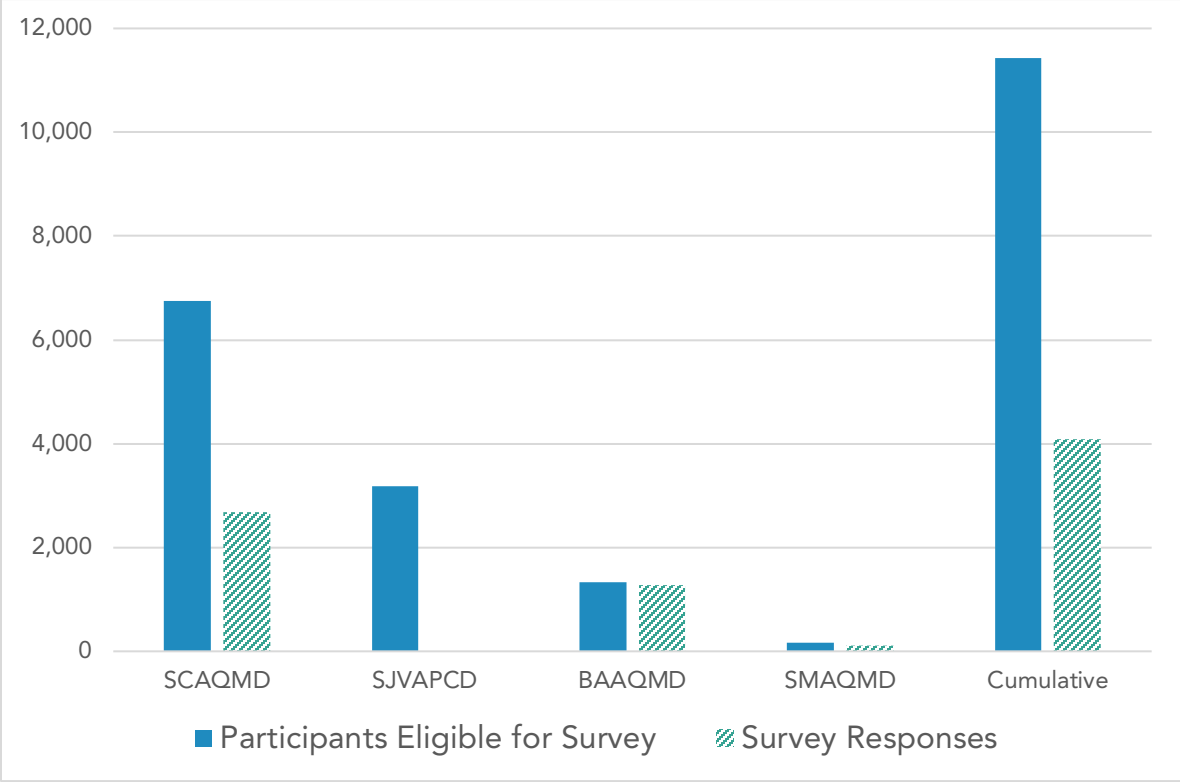
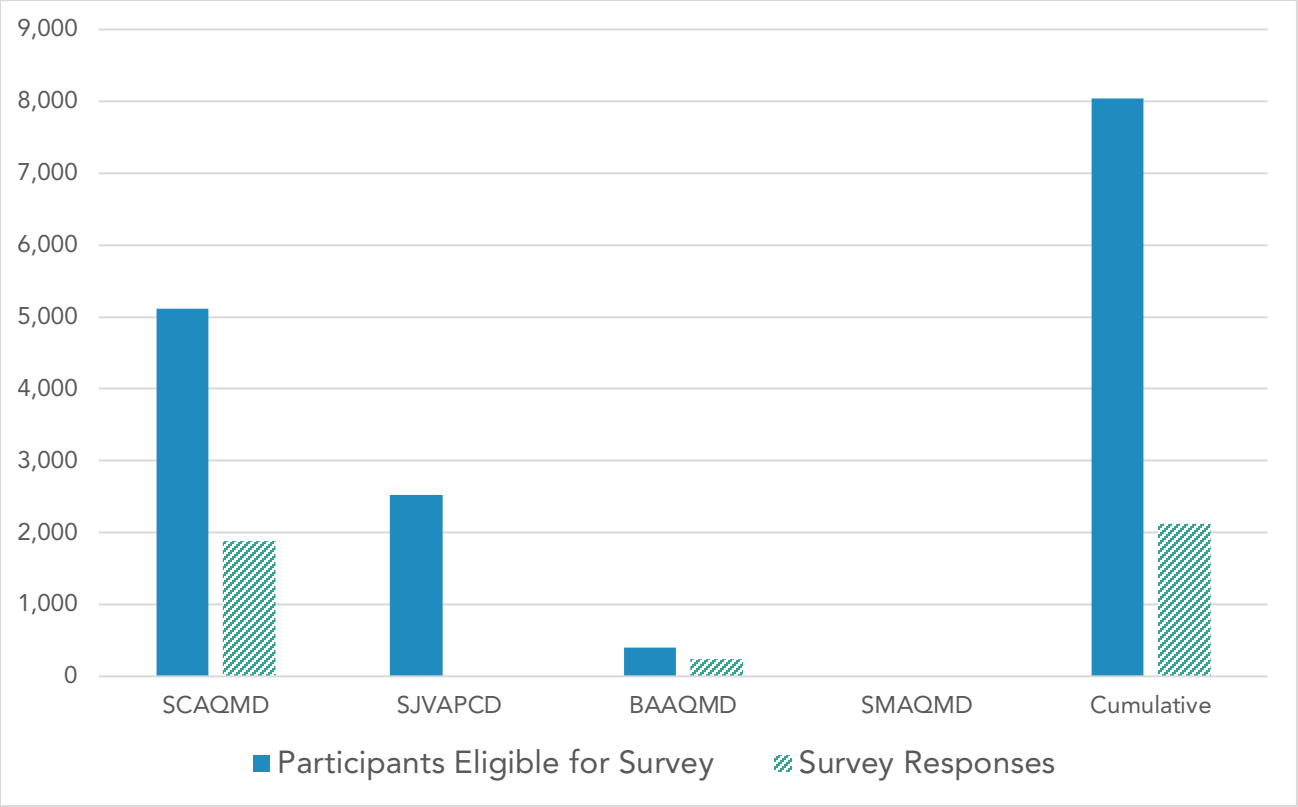


Figure I-11: CC4A Participant Survey Response Rates – 24-Month Survey



FY 2020/21 and 2021/22 Secondary Metric – Participant Survey Conclusions

As illustrated by the above examples, the overall participant feedback reflects both a generally positive view of the CC4A program in making newer, cleaner vehicles affordable to consumers that may have otherwise been priced out of the market and opportunity for improvements to better achieve the overall program goals. CARB staff will take steps to address the specific concerns as described above such as:

- Refine the participant survey administered throughout the CC4A application process, as well as the survey methodology, to increase response rates and better gauge the program from the perspective of the applicants.
- Continue to collaborate with air districts to incorporate prepaid charging cards and other support for charging options.
- Collaborate with air districts to update their program implementation plans to incorporate additional guidance and education for participants on the potential financial impacts of program participation.
- Collaborate with air districts and participating car dealerships to improve and standardize their practices and consumer education in each air district program.
- Continue to make improvements to application processing to reduce applicant and car dealership wait times.

- Further integrate with Access Clean California to ensure participants are aware of and can apply to complementary clean energy programs for which they may be eligible and to reach underserved communities.

These improvements will also contribute to meeting some Senate Bill (SB) 350 Report recommendations such as improving outreach, program education, and application processing assistance to underserved communities. These efforts will contribute to improving the understanding of local transportation needs and incentive accessibility for California's priority populations. CARB staff will also develop more robust procedures to garner additional feedback as noted in the *Areas for Future Study and Program Improvement* section below.

Enhanced Fleet Modernization Program

Background

EFMP consists of 2 component programs: A statewide Scrap-Only program implemented by BAR, and a Scrap-and-Replace program overseen by CARB and implemented by SCAQMD and SJVAPCD. The Scrap-Only program provides a $1,500 incentive for low--income, less than 225 percent of the Federal Poverty Level (FPL), participants throughout the State to retire their vehicle at a BAR-licensed vehicle dismantler. The Scrap-and-Replace program is offered to low-income residents with incomes less than 400 percent of the FPL. The Scrap--and--Replace program offers an additional incentive amount, up to $4,500, in addition to the Scrap--Only incentive, toward the purchase of a qualifying newer vehicle. Funding for EFMP comes from a one-dollar surcharge on vehicle registration, which generates approximately $33 million annually. The majority, just over 90 percent, of the annual EFMP budget goes to BAR to implement the Scrap-Only program. CARB uses the remainder, typically $2.8 million, or less than 10 percent, to implement the EFMP Scrap-and-Replace program. Historically, SCAQMD, and SJVAPCD, the two implementing air districts, have evenly split this $2.8 million so that each receives $1.4 million. Because funds have historically been split evenly between the 2 air districts and used in a similar manner, the performance of the EFMP Scrap-and-Replace program is evaluated as a whole, rather than by each air district.

Historically, both component programs have been oversubscribed, therefore, the primary determinant of participation levels each year was the amount of funding available and the average total cost of each incentive. However, due to recent changes in used-vehicle market conditions, such as low vehicle inventory, especially for used vehicles, and increased vehicle prices, participation in the Scrap-Only program decreased. (See the *Goals FY 2021/22* and *FY 2022/23 Goals* sections of this report for more details.)

EFMP Potential Projects

Each fiscal year, a goal is set for the EFMP program. Based on the amount of funding appropriated to each program, a potential number of vehicle replacements that could be

completed based on allocated funding is determined. Then, taking into consideration various factors such as forecasted available supply and economic conditions, a realistic goal is set for the number of projects that could be funded during the FY.

Table I-8 summarizes the potential vehicle replacements (potential projects) and goals for the EFMP Scrap-Only and Scrap--and-Replace programs for FY 2020/21 and FY 2021/22.

Table I-8: EFMP Appropriations, Potential Projects, and Goals for FYs 2020/21, 2021/22 and 22/23

EFMP Program	FY 20/21 Appropriation ($ million)	FY 20/21 Potential Projects	FY 20/21 Goal	FY 21/22 Appropriation ($ million)	FY 21/22 Potential Projects	FY 21/22 Goal	FY 22/23 Appropriation ($ million)	FY 22/23 Potential Projects	FY 22/23 Goal
Statewide Scrap-Only	$29.5	19,500	13,000	$29.5	21,000	13,000	$29.5	21,000	10,000[a]
EFMP Scrap-and-Replace Total	**$2.8**	**560**	**550[b]**	**$2.8**	**560[c]**	**550[b]**	**$2.8**	**560[c]**	**550[b]**
SCAQMD	$1.4	280	275[b]	$1.4	280	275[b]	$1.4	280	275[b]
SJVAPCD	$1.4	280	275[b]	$1.4	280	275[b]	$1.4	280	275[b]

[a] Assumes continuation of the current $1,500 incentive amount. Scrap-Only retirements may be higher if the incentive amount is increased in proportion to recent increases in used-vehicle prices.

[b] Assumes all funds will be used within the fiscal year and is the sole funding source of incentives. Does not include split-funded CC4A incentives.

[c] This is based on the average total cost of each incentive, which is $5,000 (the average includes projects receiving the mobility option of $7,500).

EFMP Results for FYs 2020/21 and 2021/22

The performance metric for EFMP is the number of vehicles brought through these programs. Table I-9 summarizes the results for FYs 2020/21 and 2021/22 EFMP Scrap-Only and Scrap-and-Replace programs.

Table I-9: EFMP Scrap-Only and Scrap-and-Replace Results FYs 2020/21 and 2021/22

EFMP Program	FY 20/21 Goal	FY 20/21 Actual Potential (Solely Funded with EFMP)	FY 20/21 Actual (Split-Funded between EMFP & CC4A)	FY 21/22 Goal	FY 21/22 Actual (EFMP Funded Only)[a]	FY 21/22 Actual (Split-Funded)	FY 22/23 Goal
Statewide Scrap-Only	19,500	19,357	N/A	13,000	11,100	N/A	13,000[b]
EFMP Scrap-and-Replace Total	**550[a]**	**149**	**597**	**550[a]**	**14**	**264**	**550**
SCAQMD	275[a]	140	129	275[a]	12	205	275
SJVAPCD	275[a]	9	468	275[a]	2	59	275

[a] Assumes all funds will be used within the fiscal year and is the sole funding source of incentive. Does not include split funded CC4A incentives.
[b] Tentative yearly total as of 7/14/2022.

The EFMP Scrap-Only projects are funded on a first-come, first-served basis, rather than having funds allocated per region or air district. In FY 2020/21, the EFMP Scrap-Only result of 19,357 vehicles was consistent with the FY 2020/21 goal of 19,500 vehicles. The FY 2021/22 EFMP Scrap-Only retirement goal of 13,000 vehicle retirements was around 35 percent lower than the prior year's goal due to the anticipated impact of higher used-vehicle prices. In FY 2021/22, the actual EFMP Scrap-Only result was 11,110 vehicles[25] which was somewhat less than the goal of 13,000 vehicles.

The increased value of older vehicles led more consumers to retain their vehicles or sell them to others (dealers and private parties) for continued use. Between July 2020 and July 2021, the Bureau of Labor Statistics Consumer Price Index for Used Cars and Trucks rose by over 40 percent,[26] and has remained elevated since that time. The sudden and drastic increase in used vehicle prices compared to the static incentive amount of $1,500 for EFMP Scrap-Only led to lower than anticipated participation for this program.

The EFMP Scrap-and-Replace goals for this section are calculated assuming all funds will be used within the FY as the sole funding source for replacement projects. However, to maximize program benefits, EFMP Scrap-and-Replace funds are often used to split-fund CC4A projects to maximize incentives for cleaner technologies for participants in priority populations. These split-funded projects are included in CC4A program performance metrics stated above. Air districts will at times fund replacement incentives using only EFMP Scrap-and-Replace funds for participants with household incomes lower than 400 percent of the FPL ($111,000 for a family of four in 2022) that are not able to qualify for the CC4A program. SCAQMD issued 142 such Scrap-and-Replace only incentives for FY 2020/21. SJVAPCD issued six such standalone EFMP Scrap-and-Replace only incentives for FY 2020/21. For FY 2021/22 SCAQMD issued 12 such Scrap-and-Replace-only incentives. SJVAPCD issued two such standalone EFMP Scrap-and-Replace-only incentives for FY 2021/22 as shown above in Table I-9.

EFMP Goals for FYs 2021/22 and 2022/23

The goal for each FY, in this case, FYs 2021/22 and 2022/23, for the EFMP Scrap-Only and the EFMP Scrap-and-Replace programs is the number of vehicles brought through these programs as detailed below.

Statewide Scrap-Only Program

The overall goal of the Statewide EFMP Scrap-Only program is to use all available funds to retire older and higher-polluting vehicles. With the FY 2021/22 appropriation of $29.5 million, the program had the capacity to afford to retire at least 21,000 vehicles. However, the FY 2021/22 practical goal was determined to be 13,000 vehicle retirements

[25] Tentative yearly total as of 7/14/2022.

[26] *BLS Series ID CUUR000SETA02. Series Title: Used cars and trucks in U.S. city average, all urban consumers, not seasonally adjusted*, U.S. Bureau of Labor Statistics, accessed 7/14/2022, *https://data.bls.gov/timeseries/CUUR0000SETA02?output_view=data.*

due to the elevated used-vehicle prices previously discussed. Any funds not used at the end of the FY remain in the Enhanced Fleet Modification Subaccount and remain available for reappropriation.

With the FY 2022/23 appropriation of $29.5 million, the program could afford to retire at least 21,000 vehicles this FY. However, CARB and BAR staff are setting the practical goal at 10,000 vehicles. During FY 2022/23, EFMP Scrap-Only participation is expected to decrease due to higher used-car prices. This increase in the value of older vehicles is leading more consumers to retain their vehicles or sell them to private parties for continued use. Between July 2020 and July 2021, the Bureau of Labor Statistics Consumer Price Index for Used-Cars and Trucks rose by over 40 percent.[27] This sudden and drastic increase in used-vehicle prices compared to the static incentive amount has led to lower than anticipated participation in this program as users determine that they can gain better value by keeping their vehicle in service. BAR and CARB staff will continue to monitor market conditions and evaluate the need to raise incentive amounts, if needed. If incentive amounts are raised in proportion to recent increases in used-vehicle prices, the number of vehicle retirements would likely increase.

EFMP Scrap-and-Replace

FY 2021/22 funding for Scrap-and-Replace was $2.8 million and was evenly split between SCAQMD and SJVAPCD. While the Scrap-and-Replace funding is restricted to the same lower-income levels served by CC4A, it is not limited to either advanced technology replacement vehicles, or to residents of DACs. This provides air districts the flexibility to ensure that they can serve constituents for whom an advanced technology vehicle may not be an adequate replacement. The demand for this flexibility determines if the funding is used to pay a portion of CC4A projects or is attributed to separate EFMP Scrap-and-Replace transactions. If all of the funding went to EFMP Scrap-and-Replace transactions, approximately 560 vouchers could have been funded. This is based on the average total cost of each incentive, which is $5,000 (the average includes projects receiving the mobility option of $7,500). Thus, staff determined that a goal of 550 transactions funded in whole or in part by EFMP Scrap -and-Replace funds was an appropriate goal.

For FY 2022/23, funding for Scrap-and-Replace is also set at $2.8 million and will be evenly split between SCAQMD and SJVAPCD. Again, if all the funding went to EFMP Scrap-and-Replace transactions, approximately 560 vouchers could be funded. This is based on the average total cost of each incentive, which is $5,000 (the average includes projects receiving the mobility option of $7,500). Thus, staff determined that a goal of 550 transactions funded in whole or in part by EFMP Scrap-and-Replace funds is an appropriate goal.

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[27] BLS Series ID CUUR000SETA02. Series Title: Used cars and trucks in U.S. city average, all urban consumers, not seasonally adjusted. Accessed 1/12/2022 at *https://data.bls.gov/timeseries/CUUR0000SETA02?output_view=data*

Future allocations of EFMP Scrap-and-Replace funds may be broadened to include other air districts, where there may be a greater number of applicants who would be eligible for EFMP Scrap-and-Replace but not CC4A.

Areas for Further Study and Program Improvements

The primary performance metric demonstrates steady program growth for all air districts and the secondary participant survey metric shows generally positive responses. However, discussions with the air districts and review of the participant surveys have highlighted areas that CARB and the air districts can continue to improve to make the CC4A program more beneficial for participants.

Alternative Mobility Options

All participating air districts have increased the available incentive limit for alternative mobility options by $2,500, from $5,000 to $7,500 in accordance with the approved *CC4A Guidelines*.[28] Since this increase in the FY 2020/21 LCTI Funding Plan, some air districts have shown an increase in the number of participants choosing mobility options over replacement vehicles. BAAQMD has also elected to promote electric bicycles (e-bikes) as a mobility option. SCAQMD plans to implement an e-bike option promotion once funding becomes available. SMAQMD is considering coordination with the Sacramento Metropolitan Regional Transit Authority and GIG Car Share to offer flexible mobility options. CARB will continue collaborating with air districts and other stakeholders to further expand these mobility options to maximize emissions reduction benefits and access to alternate modes of transportation. CARB will also work to coordinate with other alternative mobility option efforts, such as the planned statewide Electric Bike Incentive Program (EBIP), for possibilities of incentive stacking or other synergies.

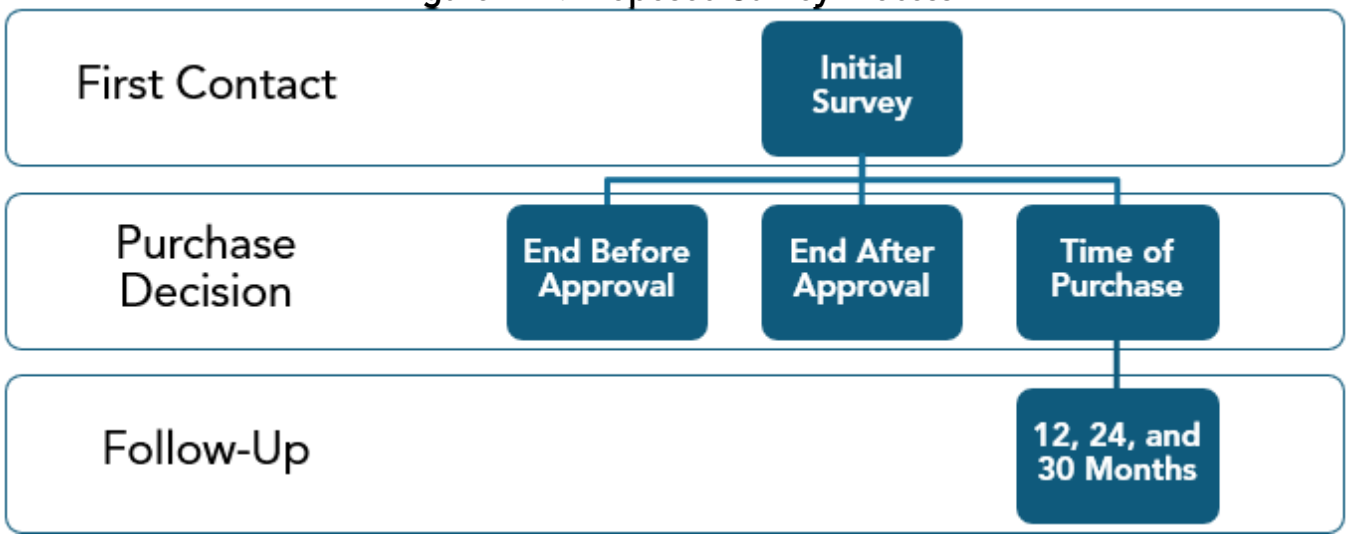
Socioeconomic Benefits

To better identify the socioeconomic benefits, such as increased vehicle reliability and the results that have been reported anecdotally (e.g., increased employment opportunities), and ensure responsiveness to the California State Auditor's recommendations, CARB staff are updating the participant survey. This survey will provide for more streamlined data collection, analysis, and identification of benefits or areas for improvement. Figure I-12 shows the proposed survey process to gather additional data at various points during CC4A program participation. CARB staff are also collaborating with air districts and CBOs that administer the

[28] *Proposed Guidelines for the Clean Cars 4 All and Enhanced Fleet Modernization Programs Regulation* webpage, California Air Resources Board, *https://ww2.arb.ca.gov/rulemaking/2018/proposed-guidelines-clean-cars-4-all-and-enhanced-fleet-modernization-programs*, and *Proposed Fiscal Year 2020-21 Funding Plan for Clean Transportation Incentives*, California Air Resources Board, *https://ww2.arb.ca.gov/sites/default/files/2020-11/proposed_fy2020-21_fundingplan.pdf*

CC4A programs to identify existing data collection points to add these surveys to. This would help to reduce possible survey fatigue among program participants.

Figure I-12: Proposed Survey Process



In addition to the internal survey development, CARB staff have also offered the air districts the opportunity to provide additional input in this effort to assist in refining the survey questions and develop methods to improve data quality and participant response rates. This is especially relevant as new programs like BAAQMD and SMAQMD have participants that are nearing survey milestones for the first time. SCAQMD, BAAQMD, and SMAQMD have already undertaken independent efforts to modify survey methodologies for better response rates or improved data definition. SJVAPCD is also investigating new means for survey distribution. CARB intends to use the updated survey in conjunction with improved surveying methodology to further unify the air districts' efforts and improve the overall feedback rate and quality. Examples of items under consideration include developing a more consistent and easily quantifiable set of detailed questions and distribution methodology, obtaining initial survey feedback before incentive disbursement, collecting additional demographic data, determining best practices for survey distribution and collection, and collaborating with local organizations for survey distribution and collection.

Future Program Activity

As previously mentioned, ZEVs are a necessary component toward achieving California's long-term environmental and equity goals. Every person in California deserves to benefit from improved air quality, reduced impacts from climate change, and to have reliable and convenient ways to access employment, educational institutions, residences, and places to recreate in our state. Hence why CARB is pursuing a Statewide CC4A program, in addition to the air district CC4A programs, in response to stakeholder input and legislative interest.

While there have been many successes with CC4A and it has proven to be a popular program, challenges exist. One challenge is that historically, only people in DACs were eligible to apply for the program. Additionally, there are a variety of incentive programs that

eligible to apply for the program. Additionally, there are a variety of incentive programs that people can apply for, often causing potential program participants confusion and extra work to apply for them. Another challenge is that there are vehicle inventory shortages due to the coronavirus and economic crises, as well as a lack of widespread EVSE infrastructure throughout the State. There is also a need for greater outreach and education regarding the program and zero emission technologies, as well as a continued need for various agencies and stakeholders to collaborate to better align and streamline various incentive funding programs.

Statewide Expansion

CC4A currently operates in the BAAQMD, SCAQMD, SDAPCD, SJVAPCD, and SMAQMD. In 2022, the California Legislature appropriated $125 million to expand the CC4A program statewide to complement the existing air district programs. Consistent with direction from the Legislature and the Board in last year's Funding Plan, CARB plans to expand geographic eligibility statewide while maintaining income eligibility requirements and developing a needs-based approach to focus the program on the Californians in most need. The statewide expansion of CC4A will expand equitable access to clean transportation by expanding program eligibility to all areas of the state that are not able to participate in existing air district programs because they do not have the resources to run such a program on their own. The statewide expansion will include low-income, rural, and tribal communities, as well as other priority populations that could benefit from the reliable transportation that the CC4A program could provide them with. Statewide expansion will be achieved by allowing the 5 air districts with existing programs to expand to all areas of their respective jurisdictions as well as a single statewide program to serve all other areas of California. All currently ineligible areas would be served by the expanded air district programs or the statewide program. Additionally, program participants would benefit from clear and consistent messaging statewide, as well as streamlined access to these programs.

CARB will continue to collaborate with air districts, stakeholders, and other agencies to strengthen and streamline programs where possible. The aim of this effort is to continue to strengthen and streamline incentive funding programs to make it easier for potential program participants to apply for such programs and to reduce the amount of work they need to complete. CARB will continue to coordinate with such organizations as *Access Clean California* and CARB's *Clean Vehicle Assistance Program* to leverage resources and make it easier for program participants to take advantage of incentive funding opportunities.

Vehicle Availability and Incentive Amounts

As previously mentioned, a lack of vehicle inventory is currently a challenge in California and the rest of the United States due to the coronavirus and economic crises. CARB aims to reach out to, and collaborate with, air districts and national car dealerships (i.e., CarMax, Carvana, etc.) that have the capability to ship vehicles nationwide. This could help to reduce inventory shortages, particularly with used vehicles.

Furthermore, staff is taking action to propose higher incentive amounts for the CC4A program as a whole, which includes the air district and Statewide programs, to enable participants to better compete for quality vehicle replacements. Staff also proposes to focus the program more directly toward lower-income participants, by reducing the maximum income limit from 400 percent of the FPL, or $111,000 for a family of four in 2022, to 300 percent of the FPL, or $83,250 for a family of four as shown in Table I-10.

Table I-10: Current CC4A Incentive Amounts and Income Tiers

Income Tier	Plug-in Hybrid	Battery Electric	Fuel Cell Electric
300-400% FPL	$5,500	$5,500	$5,500
225-300% FPL	$7,500	$7,500	$7,500
225% FPL and below	$9,500	$9,500	$9,500

Staff also propose to collapse the income tiers from 3 to 1 so that the income tier will be equal to or less than 300 percent of the FPL as shown in Table I-11.

Table I-11: Proposed CC4A Incentive Amounts and Income Tiers

Applicant Type	Plug-in Hybrid	Battery Electric	Fuel Cell Electric
300% FPL and below[a]	$9,500	$10,000	$10,000
≤300% & in Disadvantaged Communities (DAC)	$11,500	$12,000	$12,000

[a] Example: 300% FPL translates to a maximum household income of $54,930 for a family of 2 or a maximum of $83,250 for a family of 4.

Additionally, staff propose modest increases to incentive amounts by offering $9,500 for PHEVs and $10,000 each for BEVs and fuel cell electric vehicles. Staff also propose to include an additional $2,000 for applicants living in DAC census tracts to direct more dollars to people in the communities that need it most. In addition to these proposed increases in incentive amounts, staff also propose to direct existing air district-run CC4A programs to expand their programs by providing incentive funding to their entire territory rather than just to the DACs located in each air district. This will require air districts to track funds distributed for projects located in DACs, which are funded through the Greenhouse Gas Reduction Fund, and funds distributed to people with low incomes who live outside of a DAC, which are funded with California State General Funds.

Charging Infrastructure and Charging Cards

CARB recognizes that the lack of widespread EVSE infrastructure is a significant barrier to expanding the CC4A program statewide. CC4A works with another California program, Access Clean California, to address this challenge. Access Clean California provides funding

and resources to its outreach partners to help CARB spread the word about its clean transportation equity programs and build trust and capacity in priority populations. In support of these partners, Access Clean California also maintains a resource hub to make outreach resources more accessible, and provides a platform for partners to come together, share lessons learned, exchange best practices, and facilitate communication. Access Clean California offers a centralized application tool that enables consumers to determine eligible programs and help them kickstart their application. Access Clean California also highlights other programs, such as the Clean Vehicle Rebate Project (CVRP) and the Financing Assistance program, that offer charging benefits and works with energy providers to include charging and/or infrastructure opportunities and programs within its outreach materials.

CARB also plans to explore potential avenues within the CC4A program to increase the uptake of EVSE infrastructure incentives at residences by program participants. This includes greater support of prepaid charging cards, which will provide opportunities for residents who are unable to install EVSE at their primary residence. Funding amounts for installing EVSE infrastructure at one's home could also be increased to attract more applicants to this incentive option. Another option would be for air districts to partner, or continue to partner, with utility companies to leverage combined funding to make EVSE installations more affordable. Air districts could also contract, or continue to contract, with EVSE installers to simplify and streamline the application and installation process for program participants. CARB will continue to collaborate with other agencies such as the California Energy Commission (CEC) and the California Department of Transportation (CalTrans) to increase EVSE infrastructure. On August 1, 2022, California submitted its *Deployment Plan for the National Electric Vehicle Infrastructure Program* to the Joint Office of Energy and Transportation for review and approval by the Federal Highway Administration. California aims to deploy 250,000 public and shared private EV chargers by 2025 and forecasts the need for 1.2 million chargers by 2030 for light-duty vehicles. This target includes public chargers that are available at parks, shopping centers, hotels, and public buildings, and shared private EV chargers, such as those located at workplaces and multi-unit dwellings.

Prepaid charging cards will especially benefit participants who cannot install in-home EVSE. To ensure progress on these items continues, CARB staff will require each air district to update their program implementation manual to include specific details and/or plans for how they will promote mobility options and EVSE/charging card availability.

Outreach and Education

Moving forward, CARB will continue to collaborate with the CEC to reduce barriers to EVSE adoption in disadvantaged and low-income communities, and with communities regarding outreach and education. There is a need to continue to listen to communities to determine how the program should evolve to meet the changing needs of people living in California. CARB is engaged in active efforts to obtain comments from communities through listening sessions and improved surveys that will be available to all participating air districts.

Beginning with this FY 2022/23 report, staff will incorporate the annual reports into each year's LCTI Funding Plan to ensure the opportunity for public input and allow for a closer alignment of goal setting and available funding. This will also provide for greater transparency regarding program performance and future plans.

Conclusion

CC4A continues to make significant progress to provide equitable access to clean transportation options for people living in low-income and disadvantaged communities in California. Transportation equity contributes toward closing the socioeconomic gaps caused by generations of economic and health disparities and is essential to achieving California's climate goals. As CC4A programs reopened in late 2021, they experienced high application volumes despite fluctuating vehicle market conditions and the global health crisis, indicating that demand for the program remains strong. As previously described, CARB staff will propose to increase incentive funding amounts for FY 2022/23 so that future goals and targets can be met. These higher incentive amounts will help to address supply chain issues and higher vehicle prices.

Despite the success of the program to date, including the expansion to SDAPCD, there remain many Californians that could benefit from the program but reside outside the regions where air districts participate in CC4A. For example, when comparing CC4A eligible model years and preliminary Department of Motor Vehicles data, CARB estimates that a statewide expansion could provide access to the program for the nearly 4 million residents in, or near to, low-income communities which contain 60-70 percent of the 1.3 million older, higher-polluting vehicles that could be specifically targeted for future incentives. The continued expansion of the program, especially statewide, could provide more vehicle owners, who have low incomes, with access to cleaner, more reliable vehicles.

The purpose of the proposed statewide expansion of the CC4A program is to increase geographic eligibility while maintaining income eligibility requirements and to incorporate a needs-based approach to focus the program on Californians in most need. These include communities that are low-income, rural, tribal, or border communities, and other priority populations that could benefit from the reliable, and clean, transportation options the CC4A program could provide them with. Members of these communities have requested that the program be expanded statewide.

Historically, the exclusively DAC requirements have served as an important parameter to ensure investments are directed to communities disproportionately burdened by negative environmental and climatic impacts. However, there are DACs beyond the current air district borders, as well as other priority populations including tribal, rural, and low-income communities, that do not have the resources to access cleaner technologies under the current program. To ensure that the statewide program supports DACs throughout the State, it must include a needs-based program that goes above and beyond the first-come, first-served model. It must build upon the program's existing approach and develop a community-level focus on consumer protection, outreach, and education. This shift in program design would specifically address community concerns with the current first-come,

first-served model and ensure that funding is prioritized for Californians in most need, respect the needs of local communities, as well as support California's climate and air quality commitments.

Expanding the program statewide would also support Governor Newsom's 2020 EO N-79-20 and the recently approved Advanced Clean Cars II Regulation. The EO and subsequent regulation require all light-duty vehicle sales in California to be zero--emissions by 2035. For the FY 2022/23 State Budget, the Legislature appropriated $125 million for a suite of equity transportation programs established under the Charge Ahead California Initiative, which includes the CC4A program. The State Budget was approved by the Legislature in June 2022 and was signed by Governor Newsom that same month.

As CARB staff collaborates with air districts and stakeholders through the public process to expand the CC4A program statewide, CARB will prioritize engagement with community members, CBOs, and stakeholders to ensure that the program meets the needs of priority populations. Additionally, CARB will continue to identify areas for program improvement and collaborate with air districts and stakeholders to propose changes to program guidelines in local programs, and statewide, as needed. Some changes may be implemented by air districts through modification of air district implementation plans, and some will be formally proposed and finalized through the annual Funding Plan process.

This annual AB 630 Report remains an important element of CC4A because it provides program oversight of participation goals and accounts for participant and stakeholder input for overall program refinement. The participation goals established in this document reflect staff's expectation of continued program growth in FY 2022/23, especially with the growth of newer programs in the Bay Area and Sacramento Metropolitan air districts, as well as the upcoming launch of the program in the San Diego air district. CARB will continue to evaluate each air district's progress toward these goals at the end of each fiscal year and make the results available on our website.

CC4A remains an important component of California's robust equity incentives portfolio. It is important for CARB to continue working with the air districts and stakeholders to develop ways to improve CC4A's reach to the populations that need it the most. Additionally, continuous effort to recognize and increase the co-benefits that program participants can realize through these incentives is also essential to maximize the overall value and benefits of the program. CARB staff looks forward to continued collaboration with air districts and stakeholders on this work that ensures CC4A's growth and success toward helping achieve California's equity, clean transportation, and climate protection goals.

Appendix 1: Minimum Required Participant Survey Questions

FY 2020/21 and 2021/22 EFMP/CC4A Annual Report

1. On a scale of 1 to 10, with 1 being very unsatisfied and 10 being very satisfied, how satisfied are you with the replacement vehicle you chose?
2. On a scale of 1 to 10, with 1 being very unsatisfied and 10 being very satisfied, how satisfied are you with the process to retire and replace your vehicle?
3. On a scale of 1 to 10, with 1 being very unsatisfied and 10 being very satisfied, how satisfied are you with the terms of your loan?
4. Do you expect to be able to keep up with your loan payments?
5. What, if anything, about your loan worries you?
6. Has your replacement vehicle changed your employment opportunities or your plans for your future?
7. How much more or how much less is your income now that you have a replacement vehicle?
8. How much more or how much less are you spending on repairs for your replacement vehicle than your retired vehicle?
9. How much more or how much less are you spending on gasoline/fuel for your replacement vehicle than for your retired vehicle each month?
10. How many more or how many fewer miles do you drive your replacement vehicle than your retired vehicle?
11. Approximately how many miles have you driven your replacement vehicle?
12. What, if anything, about your replacement vehicle worries you?
13. What, if anything, do you like/enjoy about your vehicle?
14. If purchased, how much did you spend on electric vehicle supply equipment (EVSE)?
15. If you purchased an electric replacement vehicle, how do your costs for electricity compare to your gasoline/fuel costs on your retired vehicle?