Proposed Fiscal Year 2023-24 Funding Plan for Clean Transportation Incentives

Covering the Following Funding Sources:

- $50 million from the State General Fund
- $375 million from Proposition 98 General Funds
- $170 million from the Greenhouse Gas Reduction Fund
- $28.6 million from the Air Quality Improvement Fund
- **Total Incentive Funds**: $623.6 million

Released October 6, 2023

Board Consideration: November 16, 2023

Submit Written Comments at *https://ww2.arb.ca.gov/applications/public-comments*

Table of Contents

Proposed Fiscal Year 2023-24 Funding Plan for Clean Transportation Incentives 1
Covering the Following Funding Sources: 1
Acknowledgements i
Executive Summary 1
Scope of the Proposed Funding Plan 1
Staff's Proposal for Allocations 4
Key Policy Changes 6
Chapter 1: Introduction and Background 1
Clean Transportation Incentives and the Zero-Emission Vehicle Package 1
Priorities and Goals 10
Funding Plan Development Process, Outreach, and Community Engagement 12
Staff Recommendations 23
Intentional Benefits to Communities 24
Project Evaluation Methods, Data Collection and Reporting, and Research Support 27
Chapter 2: Proposed Funding Allocations 32
Proposed Project Allocations 32
Chapter 3: Clean Transportation Equity and Light-Duty Vehicle Investments 36
Overview 36
Light-Duty Long-Term Plan Update 37
Proposed Allocations for Clean Transportation Equity and Light-Duty Projects 39
Updates on Existing Projects 42
Clean Cars 4 All 44
Financing Assistance for Lower Income Consumers 50
California E-Bike Incentive Project 53
Access Clean California 55
California Integrated Travel Project Payment Issuance Strategy and Demonstration 57
Sustainable Community-Based Transportation Equity Mobility Projects 59
Sustainable Community-Based Transportation Equity Planning and Capacity Building Projects 62
Chapter 4: On-Road Heavy-Duty Vehicle and Off-Road Equipment Investments 64
Overview 64
Long-Term Heavy-Duty Investment Strategy Updates 65

Proposed Allocations for Heavy-Duty Vehicle and Off-Road Equipment Investments . 66
Updates on Existing Programs 68
Compliance with Labor Standards 69
Implementation of Assistance and Purchasing Support Programs 69
Clean Truck and Bus Voucher Incentive Project (HVIP) 71
Innovative Small e-Fleet 76
Clean Off-Road Equipment Voucher Incentive Project 78
Chapter 5: Addressing California Climate Investment Guideline Requirements Related to Priority Populations 81
Chapter 6: Contingency Provisions 88
Low Carbon Transportation Appropriation 88
Air Quality Improvement Program Funding Levels 88
Additional Funding Sources 88
Project Demand 88
Project Continuity Between Funding Cycles 89
Technical or Administrative Changes 90
Chapter 7: Grant Administration 91
Project Costs 91
Advance Payments to Grantees 91
Chapter 8: California Environmental Quality Act 93
California Environmental Quality Act Requirements 93
List of Acronyms 95

Appendix A: Quantification Methodology

Appendix B: Senate Bill 1204 Requirements and Performance Criteria

Appendix C: Updated Long-Term Plan for Light-Duty Zero-Emission Vehicle Market, Light-Duty Vehicle Purchase Incentives, Clean Mobility Investments, and Outreach

Appendix D: Long-Term Heavy-Duty Investment Strategy

Appendix E: Senate Bill 1403 School Bus Incentive Program Report

Appendix F: Cost-Effectiveness of CARB Incentive Programs

Appendix G: Assembly Bill 630 Report

Acknowledgements

Development of the Proposed Fiscal Year (FY) 2023-24 Funding Plan for Clean Transportation Incentives (Proposed Funding Plan) was a collaboration among staff across the California Air Resources Board (CARB or the Board), with further feedback and enhancements provided by multiple key external partners and interested parties, including those listed below. This list is incomplete and is intended to highlight several particularly engaged parties. Inclusion on this list does not indicate an entity's agreement with this document. CARB thanks everyone who engaged in the process and collaborated to develop this Proposed Funding Plan, whether or not they are specifically listed and encourages continued feedback in support of further developing the projects included in this Proposed Funding Plan and other documents. CARB appreciates everyone who engaged in the process and collaborated to develop the Proposed Funding Plan.

- Access Clean California Outreach Partners Network
- Alliance for Automotive Innovation
- All Positives Possible
- American Lung Association
- Bay Area Air Quality Management District
- Beneficial State Foundation
- Better World Group
- Blue Green Alliance
- Breathe Southern California
- California Department of Transportation (Caltrans)
- California Governor's Office of Business & Economic Development (GOBiz)
- California Electric Transportation Coalition (CalETC)
- California Energy Commission (CEC)
- California Interfaith Power and Light
- California New Car Dealers Association
- California State Transportation Agency (CalSTA)
- California Transit Association
- California Walks
- CALSTART
- Center for Community Action & Environmental Justice
- Center for Energy Efficiency and Renewable Technology
- Center for Sustainable Energy
- Center for Transportation and the Environment
- Central California Asthma Collaborative
- Charge Ahead Coalition
- CivicWell
- Clean Air Technology Initiative (CATI) through the U.S. Environmental Protection Agency (U.S. EPA)

- Climate Health Now
- Coalition for Clean Air
- Coltura
- Comite Civico del Valle
- Community Housing Development Corporation
- Communities for a Better Environment
- Cool the Earth
- Earthjustice
- East Yard Communities for Environmental Justice
- Electrify America
- Energica Motor Company
- Environment California
- Environmental Defense Fund (EDF)
- GRID Alternatives
- First Generation Environmental Health & Economic Development
- Forum Mobility
- Healthy Active Streets
- International Brotherhood of Electrical Workers Local 11
- Los Angeles Alliance for a New Economy
- Los Angeles County Electric Truck & Bus Coalition
- Motorcycle Industry Council, Inc.
- Native American Environmental Protection Coalition
- Natural Resource Defense Council (NRDC)
- Proterra
- Recurrent Automotive
- Regional Asthma Management and Prevention
- Sacramento Metropolitan Air Quality Management District
- San Diego County Air Pollution Control District
- San Joaquin Valley Air Pollution Control District
- San Leandro 2050
- San Pedro & Peninsula Homeowners Coalition
- Service Employees International Union
- Sierra Club
- Shared-Use Mobility Center
- South Coast Air Quality Management District
- The Greenlining Institute
- Union of Concerned Scientists
- University of California, Davis Institute of Transportation Studies

Executive Summary

The Funding Plan for Clean Transportation Incentives (Funding Plan) is an annual, detailed guide that explains how Clean Transportation Incentive funds will be spent. These funds are appropriated to CARB through the California State Budget. This document is the Proposed Funding Plan for Fiscal Year[1] (FY) 2023-24 (Proposed Funding Plan). The Proposed Funding Plan presents recommendations from CARB staff on how to allocate the funds in the State Budget for this FY.

This year's Proposed Funding Plan continues to focus on communities that have not had as much direct help previously to improve air quality and reduce the negative impacts of climate change. These communities are also known as priority populations. The Proposed Funding Plan also helps to speed up the use of clean, zero-emission vehicles (vehicles that emit no harmful pollutants). It also helps to boost the economy and train people for jobs. The Proposed Funding Plan also supports small businesses, by funding more community-led projects in an effort to create ways to make it easier for everyone to walk, bike, and use public transportation to move around their communities and beyond. These investments are important not just to support clean vehicles, but also to help create sustainable communities. In addition, these investments provide much needed reductions in emissions of greenhouse gases and criteria pollutants across the state. The Proposed Funding Plan also includes a summary of input received from priority populations and other interested parties.

Scope of the Proposed Funding Plan

CARB's Clean Transportation Incentives are made up of funding from various sources, including:

- Low Carbon Transportation Incentives appropriated from the Greenhouse Gas Reduction Fund
- Air Quality Improvement Funds for the Air Quality Improvement Program (AQIP)
- Funding from the State General Fund for specific projects or project categories
- Proposition 98 General Funds for specific projects or project categories

This year, the funds appropriated for Clean Transportation Incentives will go to a number of programs, including:

- $140 million appropriated for clean transportation equity programs. This includes $80 million for the broad suite of statewide transportation equity programs established under the Charge Ahead Initiative, SB 1275 (De León, Chapter 350, Statutes of 2014), including but not limited to the Clean Cars 4 All Program (CC4A),

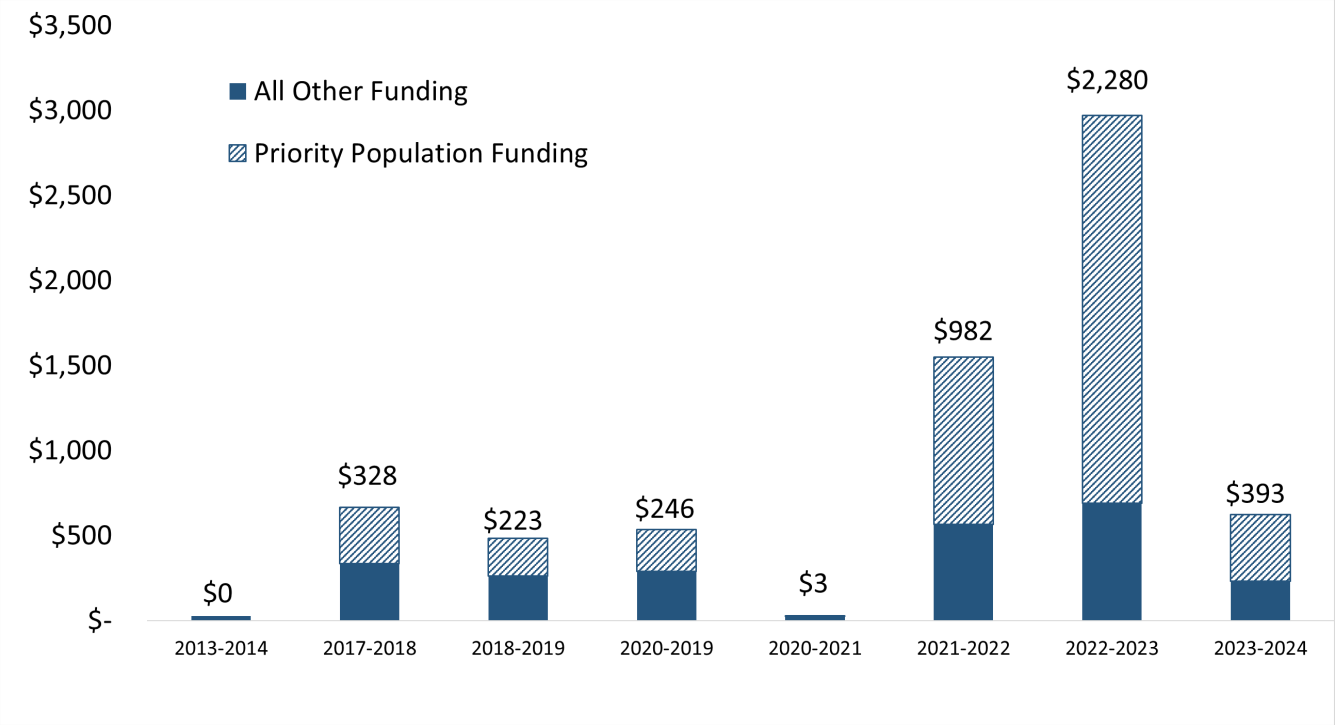
[1] A fiscal year runs from July 1 through June 30. For this proposed funding plan, it is July 1, 2023, through June 30, 2024.

plus $60 million specifically for STEP which increase access to zero-emission mobility in disadvantaged and low-income communities, reducing vehicle miles traveled (VMT) and air pollution.

- $455 million appropriated for heavy-duty vehicles, including $80 million for zero-emission drayage trucks and $375 million for zero-emission public school buses.
- Approximately $28.6 million designated for AQIP. Staff proposes to use this year's AQIP appropriation to support small businesses to be able to access zero-emission trucks through increased incentives and to support clean off-road equipment.

The Proposed Funding Plan strives to continue to make big strides to fulfill California's important and historic promises. In the current FY that is covered by this Proposed Funding Plan, CARB staff estimate that between 60-70% of approximately $623.6 million in funds will go to help communities that need it the most. This is a significant change from ten years ago when no money was set aside specifically to help these communities through funds that were appropriated, or given, to the Board. This is shown In Figure ES-1 below. CARB staff proposes to allocate, or use, the funds given to the Board this year to make California a better place for everyone. This is in line with the Governor and the California Legislature's budget priorities.

Figure. ES-1. Glimpse of Investments[a] (millions) in and Benefitting Priority Populations Over the Years[b]



[a] Dollar amounts shown above each bar in the chart are amounts given to priority populations.

[b] FY 2013-14 was the first year CARB received funding for Low Carbon Transportation Incentives. FYs 2014 2016 were the first years that priority population benefits for Low Carbon Transportation Incentives were estimated. It was roughly estimated that 50% or more of funding would benefit Disadvantaged Communities. These years are not pictured in the figure.

The investments contained in the Funding Plan represent only a portion of the substantial investments made by the state to promote clean transportation, support the state's numerous air quality and climate goals, and provide benefits to priority populations. These are complemented by other CARB programs, other state agency programs, and local air district programs, as well as actions taken by other local government entities. Additionally, funds are leveraged by investments made by the public and members of various communities throughout the state. Every person and business that chooses to participate in CARB's incentive programs contributes toward California being able to achieve our clean transportation, air quality, and climate goals. Each program has its own statutory and policy direction, but, collectively, they fit together to support California's multiple public health, air quality, climate change, and equity goals. Staff coordinates regularly with other state

agencies and local air districts to ensure these investments are complementary. CARB and CEC coordinate closely on the implementation of funding to ensure that the vehicle investments proposed in this plan are complemented by supporting infrastructure.

The Proposed Funding Plan describes CARB's policy drivers and vision for these advanced technology mobile source investments. It also describes project funding allocations, proposed revisions to project criteria, and other implementation details including project evaluation methods. Lastly, the Proposed Funding Plan provides justification for these investments.

Staff's Proposal for Allocations

CARB staff determined proposed project allocations as specified by the Budget Act of 2023. CARB staff proposes to focus this year's funding on continued development and deployment of the cleanest feasible mobile source technologies and improve access to clean transportation and mobility options. In most cases, these projects continue to build on investments from previous budget cycles that were envisioned as multiyear investments, while taking steps to further shift from broad purchase incentives to more targeted incentives for those who need them most. CARB anticipates that this shift will increase in the coming years. In making these investments, CARB strives to maximize the benefits for priority populations, and these investments include targeted support to the communities most impacted by poor air quality.

Staff developed the proposed project allocations through a public process, considering legislative direction and feedback from stakeholders and communities. They also evaluated anticipated demand for the projects and technology readiness of various types of vehicles and equipment. Additionally, staff reviewed the long-term planning elements of previous funding plans.

The Heavy-Duty Investment Strategy (Appendix D) and the Three-Year Plan for the Clean Vehicle Rebate Project (CVRP), Electric Vehicle Market, Clean Transportation Equity Investments, and Outreach (Appendix C) played key roles in this assessment. Staff also considered which projects have remaining funds allocated in previous FYs, as well as other available funding sources. Staff's proposed project category allocations are shown in Table ES- 1.

Table ES- 1: Proposed Project Category Allocations (millions)

Project Category	Greenhouse Gas Reduction Fund	General Fund	Proposition 98 General Fund	Air Quality Improvement Fund
Clean Transportation Equity Programs Established Under Senate Bill 1275	-	-	-	-

Project Category	Greenhouse Gas Reduction Fund	General Fund	Proposition 98 General Fund	Air Quality Improvement Fund
Vehicle Purchase Incentive Programs	-	-	-	-
Statewide Clean Cars 4 All	-	$14	-	-
Air District Clean Cars 4 All	$14	-	-	-
Financing Assistance	$16	$12	-	-
California E-Bike Incentive Project	-	$18	-	-
Sustainable Transportation and Mobility Equity Programs	-	-	-	-
Sustainable Community-Based Transportation Equity Mobility Projects	$50	-	-	-
Sustainable Community-Based Transportation Equity Planning and Capacity Building Projects	$10	-	-	-
Supporting Projects	-	-	-	-
Access Clean California	-	$5	-	-
California Integrated Travel Project Payment Issuance Strategy and Demonstration	-	$1	-	-
Heavy-Duty Vehicles and Off-Road Equipment	-	-	-	-
Zero-Emission Drayage Trucks	$80	-	-	-
Public School Buses	-	-	$375	-
Air Quality Improvement Program	-	-	-	-
Innovative Small E-Fleets Pilot	-	-	-	$14.3

Project Category	Greenhouse Gas Reduction Fund	General Fund	Proposition 98 General Fund	Air Quality Improvement Fund
Clean Off-Road Equipment	-	-	-	$14.3
Proposed Funding Plan Total	$170	$50	$375	$28.6
Total Budget	**-**	**-**	**-**	**$623.6**

The investments recommended in the Proposed Funding Plan represent Clean Transportation Incentives, which is only a portion of the substantial investments made by the State to promote clean transportation, support the State's numerous air quality and climate goals and provide benefits to priority populations. CARB's portfolio of incentive programs outside of the Funding Plan include the Community Air Protection Program (AB 617), the Funding Agricultural Replacement Measures for Emission Reductions Program (FARMER), the Carl Moyer Program, and the Volkswagen (VW) Mitigation Trust.

Key Policy Changes

In the Proposed Funding Plan, there are some suggestions to change current programs and projects based on research, data analysis, and public input. On the light-duty vehicle and clean transportation equity side, staff proposes to provide funds for adaptive equipment to reduce barriers for drivers with disabilities to participate in the programs as required by the Budget Act of 2022. Staff also proposes that Zero-Emission Motorcycles (ZEM) be included in the Clean Cars 4 All and Financing Assistance Programs as an eligible replacement vehicle type. This is because CVRP will phase out later this year. Another proposed change is to combine the Planning and Capacity Building, Clean Mobility in Schools (CMIS), Clean Mobility Options (CMO), and the Sustainable Transportation Equity Project (STEP) into one application process.

In the heavy-duty vehicle and off-road equipment space, CARB continues to build on efforts to ensure investments are equitably distributed through the strategic focus of funds to priority communities and to reduce barriers for small fleets and small businesses. Staff proposes that the implementation of fleet size limits be delayed. This is due to the expected demand ahead of the Advanced Clean Fleets regulatory requirements. Staff also proposes changes to encourage timely vehicle delivery, co-funding with community mobility projects, and other policies to support priority fleet and vocation types.

Staff also proposes to increase incentive amounts for fleets with fewer than 20-medium- and heavy-duty vehicles and less than $15 million in annual revenue. Another staff proposal is to fund all standard purchases, formerly made through the Innovative Small E-Fleet (ISEF)

project, through the Clean Truck and Bus Voucher Incentive Project (HVIP) to allow ISEF to focus on innovative solutions for small fleets. Staff also proposes to expand vehicle eligibility to include certain buses that transport people that are commonly used by small businesses such as daycare facilities and retirement homes. Lastly, for the Clean Off-Road Equipment (CORE) project, staff proposes to focus this year's funding on small businesses. Staff also proposes to update the incentive amounts and equipment eligibility processes. Due to limited available funding, staff also proposes to remove high-cost equipment categories from the 2024 equipment catalog and look at individual equipment warranty timelines and telematic requirements.

Chapter 1: Introduction and Background

The Funding Plan is an annual, detailed guide that explains how Clean Transportation Incentive funds will be spent. These funds are appropriated to CARB through the California State Budget. This document is the Proposed Funding Plan. It presents recommendations from CARB staff on how to allocate the funds in the State Budget for this FY.

The Proposed Funding Plan also provides a summary of input received from interested parties, which includes priority populations, through September 29, 2023. Priority populations are defined in the *California Health and Safety Code (H&SC) Sections 39711 and 39713*.[2] They include disadvantaged communities (DAC), low-income communities (LIC), and low-income households as defined in State law.

This year, staff have moved much of the background information that was previously included in past funding plans to *CARB's Low Carbon Transportation Investments and Air Quality Improvement Program webpage*.[3] Staff made this change to the Proposed Funding Plan in response to feedback from interested parties and community members so that the document is shorter and easier to review and provide their feedback on.

Clean Transportation Incentives and the Zero-Emission Vehicle Package

CARB's Clean Transportation Incentives are made up of funding from various sources, including:

- Low Carbon Transportation Incentives appropriated from the Greenhouse Gas Reduction Fund
- AQIP
- Funding from the State General Fund for specific projects or project categories
- Proposition 98 General Funds for specific projects or project categories

CARB refers to this large suite of funding from multiple sources as Clean Transportation Incentives. The Proposed Funding Plan is just one part of a larger funding portfolio aimed at promoting clean transportation, supporting air quality and climate objectives, and providing benefits to priority populations. CARB receives additional complementary funding in the State Budget for several other incentive programs. These programs include the CAPP, FARMER Program, Carl Moyer Program, and VW Mitigation Trust.

---

[2] *California Health and Safety Code (H&SC) Sections 39711 and 39713*. California Legislative Information, Accessed 21 July 2023, *https://leginfo.legislature.ca.gov/faces/codes_displayText.xhtml?lawCode=HSC&division=26.&title=&part=2.&chapter=4.1.&article=*

[3] *Low Carbon Transportation Investments and Air Quality Improvement Program*. California Air Resources Board, Accessed October 3, 2023, *https://ww2.arb.ca.gov/our-work/programs/low-carbon-transportation-investments-and-air-quality-improvement-program*

This year, the funds appropriated for Clean Transportation Incentives will go to a number of programs, including:

- $140 million appropriated for clean transportation equity programs. This includes $80 million for the broad suite of statewide transportation equity programs established under the Charge Ahead Initiative, SB 1275 (De León, Chapter 350, Statutes of 2014), including but not limited to the CC4A, plus $60 million specifically for STEP which increase access to zero-emission mobility in disadvantaged and low-income communities, reducing VMT and air pollution.
- $455 million appropriated for heavy-duty vehicles, including $80 million for zero-emission drayage trucks and $375 million for zero-emission public school buses
- Approximately $28.6 million designated for AQIP. Staff proposes to use this year's AQIP appropriation to support small businesses to be able to access zero-emission trucks through increased incentives and to support clean off-road equipment.

A breakdown of the funds in the plan can be found in Table 1.

Table 1 : Appropriations for the Fiscal Year 2023-24 Funding Plan (millions)

Project Category	Greenhouse Gas Emission Reduction Fund	State General Fund	Proposition 98 General Fund	Air Quality Improvement Fund
Clean Transportation Equity Programs Established under Senate Bill 1275	-	-	-	-
Vehicle Purchase Incentive Equity Programs	$30	$50	-	-
Sustainable Transportation and Mobility Equity Programs	$60	-	-	-
Heavy-Duty Zero-Emission	-	-	-	-
Drayage Trucks	$80	-	-	-
Public School Buses	-	-	$375[a]	-
Air Quality Improvement Program	-	-	-	$28.6
Proposed Funding Plan Total	$170	$50	$375	$28.6
-	**-**	**Total Budget**	**-**	**$623.6**

[a] This funding was included in the FY 2022-23 Funding Plan as part of the $1.125 billion for public school buses but is referenced again here because the SB 114 reverted the $1.125 billion and instead appropriated $375 million this year with a commitment to appropriate an additional $375 million in FY 2024-25 and FY 2025-26 to CARB.

In an effort to equitably develop the ZEV market, both in the light- and heavy-duty transportation sectors, the Governor and the Legislature appropriated funding from some of the sources listed above to support the Zero-Emission Vehicle Package. This is the third year of a six-year, multi-agency, accelerated ZEV funding package that was previously agreed to by the Governor and the Legislature in FY 2021-22. The originally agreed-upon amount for the package was $10 billion over five years and was appropriated to CARB, the California

Energy Commission (CEC), the California State Transportation Agency (CalSTA), and the Governor's Office of Economic and Business Development (GO-Biz). These agencies collaborate to support an equitable transition to ZEVs, especially for the needs of priority populations. For example, CARB and CEC work together closely as CEC pays for infrastructure projects that correspond with CARB's projects.

Funding to support the ZEV Package has typically come from the funding sources listed above. However, there have been years where funding has been appropriated from a different funding source on a one-time basis. For example, in FY 2021-22 CARB also received a one-time appropriation of $86.5 million from the Air Pollution Control Fund, which puts penalties and fees collected from polluters to work improving air quality in the state.

The Budget Act of 2023, as amended by AB 102 (Ting, Chapter 38, Statutes of 2023), updated the ZEV package to $10.1 billion over a 6-year period (FY 2021-22 through FY 2026-27) across multiple agencies to decarbonize and accelerate ZEV transportation and focus on communities most impacted by air pollution. It is worth noting that these new funds build upon previous investments made by the State in ZEVs and ZEV infrastructure for more than a decade.

This year, the ZEV Package includes market-changing investments—ranging from cleaning up drayage trucks and school buses to accelerating equitable electrification of passenger vehicles and e-bikes. CARB was appropriated approximately $623.6 million this year from the ZEV Package, AQIF, and Proposition 98 General Funds, building on the $4.1 billion CARB received in the previous two years' budgets. In addition to the money covered in this Proposed Funding Plan, CARB is scheduled to receive another $1.5 billion over the next three funding cycles as part of the ZEV Package and is subject to future appropriations.

The Proposed Funding Plan focuses on CARB's portion of the ZEV Package for FY 2023-24. This funding was approved as part of the Budget Act of 2023, specifically *Senate Bill (SB) 101* (Skinner, Chapter 12, Statutes of 2023)[4] as amended by *Assembly Bill (AB) 102* (Ting, Chapter 38, Statutes of 2023).[5] Additionally, adjustments to funds appropriated last year were made in *SB 114* (Committee on Budget and Fiscal Review, Chapter 48, Statutes of 2023),[6] the Education Omnibus Budget Trailer Bill. Among these funds, approximately $623.6 million are designated for Clean Transportation Incentives.

---

[4] *SB 101, Skinner. Budget Act of 2023*. *California Legislative Information*, Accessed 21 July 2023, *https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=202320240SB101*

[5] *AB 102, Ting. Budget Act of 2023*. *California Legislative Information*, Accessed 21 July 2023, *https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=202320240AB102*

[6] *SB 114, Committee on Budget and Fiscal Review. Education finance: education omnibus budget trailer bill.* *California Legislative Information*, Accessed 21 July 2023, *https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=202320240SB114*

Low Carbon Transportation Incentives appropriated from the Greenhouse Gas Reduction Fund

Cap-and-trade auction proceeds provide funding for CARB's advanced technology, clean transportation incentive programs that reduce GHG emissions. Low Carbon Transportation (LCT) is identified as a priority investment area in the first four Cap-and-Trade Auction Proceeds Investment Plans. These investments accelerate the transition to low carbon freight and passenger transportation.

Between 2013 and 2022, the Legislature appropriated a total of $3.5 billion to CARB for the types of LCT investments covered in this Proposed Funding Plan, and the Legislature appropriated an additional $170 million this year bringing the total investment over the last decade to over $3.7 billion. These appropriations are being used to fund:

- Zero-emission and plug-in hybrid passenger vehicles through traditional and innovative vehicle ownership projects such as Clean Cars 4 All, Statewide Financing Assistance, and electric bike incentives
- Clean mobility investments to support sustainable communities by decreasing VMT while increasing access to alternative modes of transportation in and near priority populations and for lower income Californians
- Deployment incentives for clean trucks, buses, and off-road equipment utilizing zero-mission technologies
- Advanced technology demonstration and pilot projects

As reported in the *California Climate Investments 2022 Mid-Year Data Update*[7], 58% of CARB's LCT investments from GGRF have been allocated to projects benefiting priority populations as shown in Table 2 below exceeding the commitments made in past Funding Plans. Much of the funds that have benefited priority populations are from clean transportation equity projects, Zero-Emission Truck and Bus Pilot Projects, and Advanced Technology Demonstration Projects. While not limited to priority populations, over 60% of HVIP funding has been awarded to trucks and buses that benefit priority populations. A significant portion of the heavy-duty investments have also been directed to small- and medium-sized fleets. Since 2021, about 27% of HVIP vouchers have been requested by fleets with 50 or fewer heavy-duty vehicles based in California. These small fleets make up the vast majority of the California trucking fleet population—of the fleets that operate Class 4-8 trucks in California, approximately 99% run fewer than 50 trucks.[8] This represents a significant increase in the number of small fleets

[7] *California Climate Investments 2022 Mid-Year Data Update*. *California Air Resources Board*, May 31, 2022. *https://ww2.arb.ca.gov/sites/default/files/auction-proceeds/cci_2022_mydu_cumulativeoutcomes.pdf*

[8] 2019 Department of Motor Vehicles (DMV) Data.

that purchase zero-emission- vehicles, and staff expects that demand among these smaller fleets will continue to grow.

Table 2 Low Carbon Transportation Project Allocations Benefiting Priority Populations as of April 2023 [a]

Project Category	Funding Allocated (millions)	Share Benefiting Priority Populations
Clean Transportation Equity Programs Established Under Senate Bill 1275	-	-
Vehicle Purchase Incentive Programs	-	-
Clean Cars 4 All	$217.0[b]	90%
Financing Assistance for Low-Income Consumers	$57.4[b]	80%
Clean Vehicle Rebate Project	$1,046.1[b]	31%
Sustainable Transportation and Mobility Equity Programs	-	-
Clean Mobility Options	$55.2	100%
Sustainable Transportation Equity Project	$44.5	100%
Clean Mobility in Schools Pilot Project	$34.6	100%
Rural School Bus Pilot Project	$61.6	52%
Agricultural Worker Vanpools	$6.0	100%
Supporting Projects	-	-
Outreach, Education, and Awareness	$10.0[b]	100%
Heavy-Duty Vehicle and Off-Road Equipment Investments	-	-
Clean Truck and Bus Vouchers (HVIP)	$486.4[b]	59%
Zero- and Near Zero-Emission Freight Facilities	$148.7	100%

Project Category	Funding Allocated (millions)	Share Benefiting Priority Populations
Zero-Emission Truck and Bus Pilots	$85	78%
Advanced Technology Demonstrations and Pilot Projects	$117.2	100%
Clean Off-Road Equipment	$425.4[b]	76%
Total	**$2,795.1**	**55%**

[a] *Source: 2023 Cap-and-Trace Auction Proceeds Annual Report.*
[b] *Funding shown here only includes Low Carbon Transportation Allocations. CVRP and HVIP received funding from the General Fund and AQIP as shown in Tables 3 and 4. Clean Cars 4 All received funding from AQIP (as shown in Table 4) and $10 million from the VW settlement funds. Financing Assistance received $10 million from the VW settlement funds, and Access Clean California also received $5 million from the VW settlement funds. CORE received a one-time allocation of $86.45 million from the Air Pollution Control Fund as shown in Table 3.*

Air Quality Improvement Program

This year, AQIP has a budget of approximately $28.6 million. AQIP was created in 2007 by the California Alternative and Renewable Fuel, Vehicle Technology, Clean Air, and Carbon Reduction Act of 2007 (AB 118; Chapter 750, Statutes of 2007). AB 8 (Perea, Chapter 401, Statutes of 2013) reauthorized the fees that support AQIP through 2023 and subsequently AB 126 (Reyes, pending Governor's action, Statutes of 2023) further extended fees through 2035. AB 126 also includes direction to prioritize zero-emission technology, heavy-duty projects, and benefits in nonattainment air basins especially extreme nonattainment areas. CARB is implementing AQIP consistent with the new direction as specified in AB 126. A detailed discussion of the benefit-cost analysis and selection process for AQIP projects is provided in Appendix A of this Proposed Funding Plan.

Table 3 provides a summary of AQIP investments to date, including one-time funding provided in various years to help meet demand. In some years, the Clean Vehicle Rebate Project (CVRP) and HVIP received funding from both AQIP and Low Carbon Transportation.

Table 3: Air Quality Improvement Program Project Allocations to Date[a]

Air Quality Improvement Program Project	Cumulative Project Allocations (millions)
Truck Loan Assistance Program	$244[b]

Air Quality Improvement Program Project	Cumulative Project Allocations (millions)
Clean Vehicle Rebate Project	$146[b c]
Clean Truck and Bus Vouchers (HVIP)	$89[b,c]
Clean Cars 4 All	$4[d]
Natural Gas Engine Incentives	$10
Agricultural Equipment Trade-Up in San Joaquin Valley	$4
Advanced Technology Demonstration/Vehicle Testing	$6
Lawn and Garden Equipment Replacement	$3
Truck Filter Replacements	$3
Off-Road Hybrid Equipment Pilot	$2
Zero-Emission Agricultural Utility Equipment	$0.1
Total	**$511**
Air Quality Improvement Fund	$403
Other funding sources[a]	$108

[a] Projects rounded to nearest $ million, except for projects allocated less than $2 million. Totals may not sum due to rounding.

[b] Includes a total of $108 million in funding from CEC's Clean Transportation Programs and the Vehicle Inspection and Repair Fund and CARB's 2017-18 budget. Truck Loan Assistance received $25 million, CVRP received $79 million, and HVIP received $4 million of these other funds.

[c] CVRP and HVIP also received Low Carbon Transportation funds in FY 2013-14 through 2019-20 and General Funds in FY 2021-22.

[d] Clean Cars 4 All was initially allocated $3 million in the FY 2020-21 Funding Plan and was later allocated the $0.64 million reserve.

General Fund

CARB first received an appropriation from the State's General Fund in FY 2021-22, when the Legislature appropriated a total of $838 million to support the Clean Vehicle Rebate Project, electric bicycle incentives, and zero-emission transit buses, drayage trucks, and school buses. In FY 2022-23, the Legislature appropriated another $710 million from the State's General Fund to support clean transportation equity programs established under SB 1275, commercial harbor craft, demonstration and pilot projects in the zero-emission heavy-duty sector, and to provide continued funding for zero-emission drayage trucks, school buses, transit buses. For FY 2023-24, the Budget Act of 2023 and associated budget trailer bills provides CARB a total of $425 million to support clean transportation equity programs established under SB 1275, and zero-emission drayage trucks and school buses in the zero-emission heavy-duty sector.

Additionally, SB 114, the education omnibus budget trailer bill, reverted the FY 2022-23 AB 181 (Committee on Education, Chapter 52, Statutes of 2022) appropriation of $1.125 billion from the General Fund to CARB for zero-emission public school buses and $375 million to CEC for installation of accompanying fueling infrastructure. SB 114 replaces the AB 181 appropriation with a one-time appropriation in FY 2023-24 from the General Fund of $375 million to CARB to administer grants to help local education agencies replace heavy-duty internal combustion public school buses with zero-emission public school buses.

Table 4 shows the General Fund allocations for various projects through September 2023.

Table 4: General Fund Allocations through September 2023

Project	Cumulative Project Allocation (millions)
Clean Vehicle Rebate Project	$415
Clean Cars 4 All	$205
Electric Bicycle Incentives	$10
Zero-Emission Assurance Project	$10
Clean Mobility Options	$20
Clean Mobility in Schools	$15
Planning and Capacity Building	$5

Project	Cumulative Project Allocation (millions)
Clean Truck and Bus Vouchers	$735
Demonstration and Pilot Projects	$133
Total	**$1,548**

Priorities and Goals

According to CARB's climate plan[9] and mobile source plans[10] and other air quality strategies, there is a need to transition to zero-emission technologies and cleaner fuels across all vehicle and equipment categories. This transition is necessary to meet goals to reduce greenhouse gas (GHG) emissions, smog-forming pollutants, and toxic air pollutants. The importance of this transition is emphasized in the *California Sustainable Freight Action Plan*,[11] especially for the freight sector. AB 617 (C. Garcia, Chapter 136, Statutes of 2017) also sets goals to reduce emissions in communities with high exposures to toxic air contaminants and criteria pollutants.[12] Additionally, the *2022 Scoping Plan for Achieving Carbon Neutrality*[13] and the *2022 Progress Report on California's Sustainable Communities and Climate Protection Act*[14] (Senate Bill 150 Progress Report) highlights how important it is to adopt alternative ways to get around (alternative transportation modes), especially for priority populations.

---

[9] "*2022 Scoping Plan for Achieving Carbon Neutrality*." *California Air Resources Board,* December 2022, *https://ww2.arb.ca.gov/our-work/programs/ab-32-climate-change-scoping-plan/2022-scoping-plan-documents*

[10] "*2020 Mobile Source Strategy*." *California Air Resources Board*, October 2021, *https://ww2.arb.ca.gov/sites/default/files/2021-12/2020_Mobile_Source_Strategy.pdf.*

[11] "*California Sustainable Freight Action Plan*." *California Air Resources Board*, July 2016, *https://ww2.arb.ca.gov/sites/default/files/2019-10/CSFAP_FINAL_07272016.pdf.*

[12] *Criteria air pollutants* are types of air pollutants for which acceptable levels of exposure can be determined and specific air quality standards have been set. These standards help regulate and control the levels of pollutants in the air. Examples of criteria air pollutants include ozone (O3), carbon monoxide (CO), nitrogen dioxide (NO2), sulfur dioxide (SO2), and particulate matter (PM10 and PM2.5), which are tiny particles suspended in the air. *https://ww2.arb.ca.gov/our-work/programs/criteria-air-pollutants*.

[13] *2022 Progress Report: California's Sustainable Communities and Climate Protection Act*. California Air Resources Board, *https://ww2.arb.ca.gov/resources/documents/2022-progress-report-californias-sustainable-communities-and-climate-protection*

[14] "*2022 Progress Report on California's Sustainable Communities and Climate Protection Act*." California Air Resources Board, June 8, 2023, *https://ww2.arb.ca.gov/resources/documents/2022-progress-report-californias-sustainable-communities-and-climate-protection*

Additional priorities from the following reports were also considered in the development of this plan:

- *State Implementation Plans*
- *SB 350 (de León, Chapter 547, Statutes of 2015) Reports*
    - *Low Income Barriers Study, Part B: Overcoming Barriers to Clean Transportation Access for Low-Income Residents* (CARB's SB 350 Guidance Document, or Guidance Document)
    - *SB 350 Education, Outreach and Engagement Strategic Roadmap: Equitable Access to Clean Transportation and Mobility Options*
- *California ZEV Action* Plan
    - *ZEV Action Plan*
    - *ZEV Market Development Strategy*

These incentives provide important early steps to transform the transportation sector. They support *Governor Newsom's Executive Order N-79-20* which calls on the state to accelerate the transformation to a zero-emission transportation fleet. The Proposed Funding Plan also supports California's overall air quality and climate goals to reduce emissions in the most impacted communities throughout the state.

CARB's portfolio of incentive programs and projects complements regulatory programs to reduce emissions and increase access to clean transportation. Each incentive program or project comes with its own requirements, emission reduction goals, and project eligibility criteria making the portfolio diverse and far reaching. CARB's climate goals as they relate to the Funding Plan may be found on *CARB's Climate Investment and Funding Plan Goals webpage*.[15]

Because of the States climate and clean air priorities, clean transportation incentives have several goals. These include to:

- Help to reduce the negative impacts of climate change and make the air cleaner
- Speed up the use of clean, zero-emission vehicles (vehicles that emit no harmful pollutants)
- Help communities that need it the most, also known as priority populations,[16] through clean transportation solutions and fair investments
- Boost the economy and train people for jobs

---

[15] *Climate Goals. Funding Plan Goals & Priorities*. California Air Resources Board, *https://ww2.arb.ca.gov/resources/documents/climate-goals*

[16] As defined *Health and Safety Code (HSC) Sections 39711 and 39713*. California Legislative Information, *https://leginfo.legislature.ca.gov/faces/codes_displayText.xhtml?lawCode=HSC&division=26.&title=&part=2.&chapter=4.1.&article=*

- Learn from past experiences and what has worked well with previous investments and build on what has worked well before

Funding Plan Development Process, Outreach, and Community Engagement

In developing the Proposed Funding Plan, staff considered input from various interested parties and facilitated a variety of meetings. This section explains how CARB engaged with communities and reached out to different groups for the Proposed Funding Plan. In an effort to make the Funding Plan development process more efficient, CARB staff combined public workgroup meetings during the day to reduce the number of meetings. Staff also held evening community meetings where the same topics discussed in the daytime workgroups were presented but in a more accessible and plain-language format.

The first meeting that CARB staff facilitated was a public workgroup meeting held on April 24, 2023. Additionally, at least 4 daytime public workgroup meetings were conducted between June and August 2023. CARB staff also held 5 evening community meetings for public community members and community-based organizations. These were held monthly on the third Tuesday of the month between June through October. CARB staff also met individually with interested parties, which included priority populations. To gather feedback, staff made a community survey available online via a website link and a Quick Response (QR) code. Staff received 47 responses which are discussed further on pages 19-21. Furthermore, additional comments from interested parties were collected via written comments, such as letters and emails.

This section explains how CARB engaged with communities and reached out to different groups for the Proposed Funding Plan. In an effort to make the Proposed Funding Plan development process more efficient, CARB staff combined public workgroup meetings during the day to reduce the number of meetings. Staff also held evening community meetings where the same topics discussed in the daytime workgroups were presented but in a more accessible and plain-language format.

CARB staff also made sure to focus on priority populations throughout California, including black, other people of color, tribal, disadvantaged, and low-income communities. Staff used the *California Climate Investments Priority Populations 2023 Map*[17] to identify areas that may not have received enough outreach in the past. Additionally, CARB staff worked with environmental justice organizations, community-based organizations (CBO), and other groups that support disadvantaged communities. CARB collaborated with these partners to reach out to communities and learn about their clean transportation needs. Some of these partners included:

---

[17] "*California Climate Investments Priority Populations 2023*." *California Air Resources Board*, Accessed 21 July 2023, *https://gis.carb.arb.ca.gov/portal/apps/experiencebuilder/experience/?id=6b4b15f8c6514733972cabdda3108348*

- *Access Clean California*[18] statewide network of outreach partners
- CARB's *Environmental Justice Advisory Committee* (EJAC)[19]
- Assembly Bill (AB) 617 Community Steering Committees
- Over 250 environmental justice organizations across the State

Public Meetings

Staff held two public workshops, five workgroup meetings, and five evening community meetings on the Proposed Funding Plan. Table 5 summarizes these public meetings.

Table 5: Public Meetings on the Development of the FY 2023-24 Proposed Funding Plan to Date

Date	Meeting
4/24/23	Process Update: Public Workgroup on the New Fiscal Year 2023-24 Funding Plan Process
6/8/23	First Workshop: Kickoff the Fiscal Year 2023-24 Funding Plan Development Process
6/20/23	Evening Community Meeting: Overview of the FY 2023-24 Funding Plan Development Process
7/12/23	Public Workgroup for FY 2023-24 Long-Term Heavy-Duty Investment Strategy
7/18/23	Evening Community Meeting: Long-Term Heavy Duty Investments Strategy and More
8/1/23	Public Workgroup for Clean Transportation Equity and Light-Duty Vehicle Investments
8/10/23	Public Workgroup Fiscal Year 2023-24 Funding Plan for Clean Transportation Incentives relating to HVIP, ISEF, and CORE
8/15/23	Evening Community Meeting: Clean Transportation Equity and Light-Duty Vehicle Investments

[18] "*About Access Clean California*." *Access Clean California*, Accessed 21 July 2023, *https://accesscleanca.org/about*

[19] "*Environmental Justice Advisory Committee*." *California Air Resources Board*, Accessed 21 July 2023, *https://ww2.arb.ca.gov/environmental-justice-advisory-committee*

Date	Meeting
8/23/23	Public Workgroup for Clean Transportation Equity and Light-Duty Vehicle Investments
8/31/23	Public Workshop on the Fiscal Year 2023-24 Funding Plan for Clean Transportation Incentives
9/19/23	Evening Community Meeting: Overview of the Final Funding Plan Workshop, Clean Mobility Equity and Light-Duty Vehicle Investments, and Clean Truck Check
10/17/23	Evening Community Meeting: Question and Answer Session on the Proposed Funding Plan and Previous Evening Community Meeting Presentations

Zero-Emission Vehicle Equity Task Force

In addition to public meetings on the development of the Proposed Funding Plan, CARB staff partnered its incentive outreach efforts with light-duty regulatory efforts through CARB's ZEV Equity Task Force. CARB Funding Plan staff participated in the May 30, 2023 ZEV Equity Task Force Kick-off Meeting and facilitated breakout discussions with community members, environmental justice advocates, automakers, state government, and other key organizations to develop strategies to expand communities' access to ZEVs and zero-emission mobility. Many of the proposed changes in this years' Proposed Funding Plan are consistent with the goals of the ZEV Equity Task Force. Proposed changes include, but are not limited to, focusing ZEV investments in disadvantaged and low-income communities, streamlining access to incentives by aligning project criteria, expanding outreach, and advancing policies to expand zero-emission mobility. CARB staff will continue to coordinate on CARB's incentive programs and light-duty regulatory programs and leverage the ZEV Equity Task Force to inform future incentive policies and investments.

Evening Community Meetings

In previous years, the Funding Plan development process involved primarily daytime public workshops and workgroup meetings. These meetings posed challenges for community members who faced unique barriers to attendance compared to individuals who work in industry, government, and non-governmental organizations (NGO). To address this issue, CARB introduced monthly evening community meetings as an accessible alternative for community members to engage with staff. These evening meetings covered the same topics discussed in the daytime meetings and workshops but with less technical detail and in a more accessible manner.

The community meetings had several goals, which were to:

- Provide a platform for community members to express their voices and share their priorities
- Collaboratively generate solutions to address their clean transportation needs
- Emphasize the key information about the funding plan that is relevant to community members
- Establish ongoing communication and dialogue between staff and community members

CARB staff has engaged with a variety of individuals, community-level organizations, local businesses and governments over the course of several evening community meetings. The purpose of these meetings was to discuss interested parties' funding needs and staff's initial funding plan proposals for the 2023-24 fiscal year. A total of 219 unique participants attended the series of monthly evening community meetings held between June and October 2023.

Through the public process, including meetings with interested parties, CARB received diverse feedback from community members, organizations focused on environmental and/or public health impacts, and other participants. Staff has also worked to address concerns among community members by ensuring that the process for participating in these programs and receiving funds is more accessible to community members, in particular, the most underserved and disadvantaged communities. A summary of general comments and feedback that is not specific to a particular project is included in this table along with CARB's response or status on the feedback. Some of the themes presented in Table 6 pertain to stakeholder engagement and program or project guidelines, transparency regarding the allocation of funds, better communication with individuals and communities, and the importance that CARB focus on addressing environmental and public health issues.

Table 6: Community Engagement Feedback

General Comments and Feedback	Response/Status
A desire to see CARB work with stakeholders and air districts to create a universal guideline governing how air districts organize their programs. Confusion over district programs.	CARB requires air districts to sign grant agreements and develop an implementation plan. However, there is no current mandate requiring air districts to have a streamlined plan. This is because each jurisdiction has unique air quality challenges they are working to overcome. Because of this, air districts need some flexibility to implement the program in a way that helps meet or exceed their air quality goals. However, CARB works closely with the air districts to align program components where

General Comments and Feedback	Response/Status
	appropriate and is confident that the upcoming launch of the statewide Clean Cars 4 All program will encourage continued and improved alignment.
Concerns with what CARB does with the remaining funds from Clean Cars 4 All, Clean Vehicle Rebate Project, and other programs.	These programs do not have remaining funds as they remain open until all of the money is spent. When a program is closed, it is because funding has run out.
A desire for better communication about incentive programs that are available for individuals.	The CARB website has resources for programs/applications applicable to individuals, and staff have been working to expand information provided for the projects. Program administrators are required to provide extensive outreach about available incentives and vehicle technology. Access Clean California is also dedicated to providing direct outreach to low-income consumers about incentive programs in addition to providing assistance with applying to these programs. CARB will continue to find ways to improve communication about its incentive programs.
A desire for further explanation on how low-income and disadvantaged communities are selected in the project's design to focus assistance on serving priority populations.	Through a needs-based approach for purchase incentive programs such as Financing Assistance, individuals who are low-income and live in disadvantaged communities will have their applications processed at a faster rate than those who are low-income and do not live in a disadvantaged community. For community-based projects, such as the Clean Mobility Options project, they are often selected competitively or via lottery.
Expressed an interest with CARB Zero-Emission Vehicle programs aimed at reducing air pollution, specifically for those with asthma and other respiratory health problems.	The zero-emission projects pursued by CARB are intended to both carry long-lasting support for the climate and also improve local air quality across the state.
Request for solar panel installation on apartment buildings to be allowed to provide	CARB will work with the California Energy Commission to determine the viability of this

General Comments and Feedback	Response/Status
infrastructure charging for renters who own Zero-Emission Vehicles.	request as they are the predominant funder of infrastructure for these programs.
Concerns with children's exposure to diesel fuel from buses. Asked about CARB's progress with supplying electric buses to public schools.	A program from last fiscal year, 2022-23, funded conversions of old internal combustion engine school buses to new zero-emission buses. Right now, there is a program for school districts to apply to replace diesel buses with zero-emission buses. There is also another $375 million approved in the budget that will go towards school bus replacement projects.
Concerns with community-level organizations having to pass multiple, difficult steps for approval to receive funding and understand the complexities between projects.	CARB aims to work with communities to find ways to reduce barriers for participation in CARB funded programs. CARB is always looking for ways to improve the application processes to make them less burdensome. Staff will connect with community organizations on this comment to get a better understanding of which programs remain overly complicated and burdensome.
Interest in allowing for small community organizations to help school districts secure the infrastructure, Zero-Emission Vehicles, and connections necessary for the Zero-Emission Vehicles transition programs.	CARB welcomes community organizations to connect with the Clean Mobility In Schools program as well as other heavy-duty programs focused on school buses to collaborate. There is current technical assistance available for the request for application identified on the CARB website.
Interest in what legislation CARB is following for updates in medium-duty and light-duty vehicle usage for zero emission goals.	Followed up with comment by referring community member with contacts connected to the legislative office.
Stressed that the clean energy infrastructure transition programs undertaken by CARB be also considered as public health initiatives, not just programs aimed at improving climate forecasts.	CARBs programs aim to provide a multi-pronged approach: cleaner air, improved climate, health, and economy, and more.
Appreciation for CARB providing statistics and incentives to communities with the worst air quality. However, asking for CARB to provide	CARB's suite of incentives is often intended to be available to those with the most polluting vehicles depending upon the vehicle type or

General Comments and Feedback	Response/Status
incentives to companies whose vehicles are the most polluting.	region of the state. For example, the Carl Moyer Memorial Air Quality Standards Attainment Program is focused on getting the dirtiest trucks off the road. CARB also offers incentives focused on getting the dirtiest school buses off the road.
Request for a streamlined integrated outreach and application process to make the process easier for underserved populations such as rural and farm communities.	CARB is working to streamline the application process through Access Clean California. With respect to outreach specifically, this is something CARB understands the needs for improvement and is currently in the process of improving and increasing outreach.
A desire to see CARB work with stakeholders and air districts to create a universal guideline governing how air districts organize their programs. Confusion over district programs remains.	CARB requires air districts to sign grant agreements and develop an implementation plan; however, there is no current mandate requiring air districts to have a streamlined plan. This is because each jurisdiction has unique air quality challenges they are working to overcome so they have the flexibility to implement the program in a way that helps meet or exceed their air quality goals. CARB works closely with the air districts to align program components where appropriate and is confident that the upcoming launch of the statewide Clean Cars 4 All program will encourage continued alignment.

One-on-One Meetings

CARB staff openly invited all interested parties, with a particular focus on community members most affected by CARB's programs and policies, to meet with CARB staff to discuss their clean transportation needs. Staff held meetings with individual community members, CBOs, NGOs, and other relevant groups.

- Access Clean California Outreach Partner Network (met twice)
- California Walks
- Charge Ahead California (met three times)
- Climate Health Now
- San Leandro 2050
- California Electric Transportation Coalition

In-Person Events

CARB staff also attended in-person events to conduct outreach on the Funding Plan development process and to invite community members and other interested parties to participate in the process.

- Environmental Justice Stakeholder Meeting: Greening Santa Ana
- Southern California Association of Governments 2023 Regional Conference & General Assembly

Community Surveys

Staff used a survey[20] that was given to different groups during the previous year's Funding Plan development. This year, a link to the survey was emailed to the following interested parties:

- Access Clean California Statewide Outreach Partner Network
- People who attended Community Evening Meetings
- AB 617 Community Steering Committees
- EJAC Members
- Over 250 environmental justice organizations in California

[20] *Funding Plan for Clean Transportation Incentives Community Survey*, California Air Resources Board, *https://forms.office.com/Pages/ResponsePage.aspx?id=7qrlnYh3sUCkOMDMyYyHzAs-6QFSnG5OpBtsi_wa_DpUOUNRSjBaWU5DSUhCQU1YVTBLVTI4REtFUC4u&origin=QRCode&wdLOR=cF5C07796-9163-4095-B89D-BC1CA775CBB1*

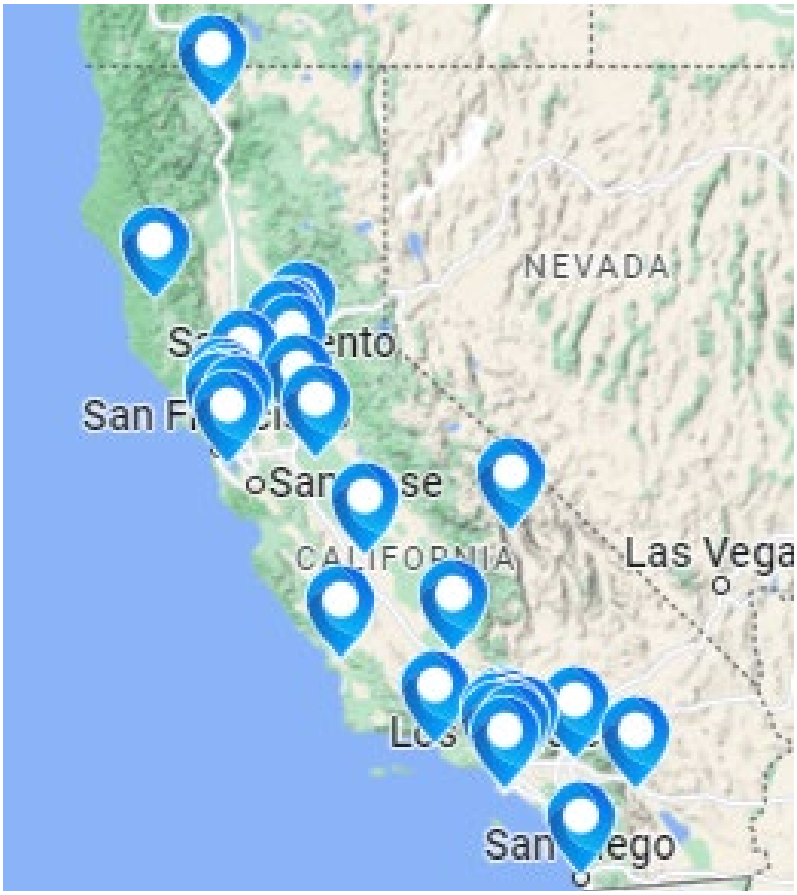
Community members were also able to take the survey by visiting CARB's *Low Carbon Transportation Investments*[21] webpage or scanning the Quick Response (QR) Code below.

Community Survey Results

CARB staff received survey results from 47 community members from across the State. The map in Figure 1 shows the areas that respondents live in or represent.

[21] "*Low Carbon Transportation Investments*." *California Air Resources Board*, Accessed 21 July 2023, *https://ww2.arb.ca.gov/our-work/programs/low-carbon-transportation-investments-and-air-quality-improvement-program/low-1*

Figure 1: General Locations of People Who Responded to the Community Survey



The following themes emerged from the respondent's answers:

- **Equity and Disadvantaged Communities:** The overarching theme in the responses is a focus on disadvantaged communities that bear the highest burden of health harms from emissions. There is a strong call for prioritizing these communities for clean transportation investments and ensuring that they receive the most assistance.
- **Income-Based Qualification and Targeting:** Respondents emphasize that eligibility for assistance should be based on income, with a specific emphasis on providing the most help to those with the lowest income. This included targeting low-income households, individuals, seniors, and disabled persons.
- **Simplicity, Efficiency, and Effectiveness:** The need for simple, efficient, and cost-effective programs is stressed. Streamlined implementation processes that can be rolled out quickly and effectively are recommended.
- **Community Engagement and Partnership:** Deep community engagement is seen as crucial, and respondents highlight the importance of involving CBOs with established relationships within underinvested communities. Funding should only be

provided in partnership with organizations embedded in the community, and efforts should focus on building trust through education and engagement.

- **Tailored Solutions and Local Knowledge:** Tailoring solutions to specific communities is a common thread. Respondents suggest that communities themselves should identify their needs, with a focus on local knowledge and resident input. Feasibility and analysis should follow community input.
- **Transportation and Pollution Reduction:** Many responses point to transportation-related solutions, particularly targeting low-income households, families with children, and the most polluted communities. Electric vehicle car-sharing programs, incentives for clean transportation options, and point-of-sale incentives are highlighted.
- **Impact and Potential**: Funding allocation based on the potential impact on decreasing air pollution and mitigating climate change is recommended. Prioritizing maximum pollution reduction and greenhouse gas benefits is seen as a way to improve community health.
- **Balancing Effort and Research:** Respondents believe that organizations that have put in effort and research to formulate effective plans should be eligible for funding. Efforts to help the environment should be supported, recognizing the importance of actual actions over intentions.
- **Addressing Unemployment:** There is an acknowledgment of the intersection between low income, high unemployment, and high pollution in disadvantaged communities. Programs are suggested to consider addressing these challenges collectively.

Written Public Comments

As noted above, this Proposed Funding Plan has been developed in collaboration with stakeholders, including priority populations. During the Draft Proposed Funding Plan development phase, CARB staff received a comment letter from the Charge Ahead Coalition (CAC), a broad coalition of health and environmental justice organizations. CARB staff met with, and will continue to meet with, members of the coalition to discuss their comments, related to improved outreach efforts and inclusivity, program improvements, and other issues, to determine where improvements could be made moving forward.

- The CAC comments centered around policy themes as well as process and procedural themes. Policy-related comments are addressed within the project chapters. However, a significant portion of CAC's letter was in regard to CARB's processes and procedures for transparency and inclusion and explanations regarding how Funding Plan or project guideline changes can be adjusted through the Funding Plan development process

- Removed acronyms and jargon from evening community meeting presentations where possible
- Included Table 6 Community Engagement Feedback and responses as well as a bulleted list of themes from the community survey which is presented in the section titled Community Survey Results to provide transparency around the feedback we received
- Hold more events, similar to a Lesson's Learned symposium in April of 2023 that focused on light-duty equity projects and outreach, for staff and project administrators to report on outreach and discuss further adjustments needed to support priority populations, and
- Updated CARBs website to include project specific webpages and offer more routine updates on projects, data, and other critical milestones

In CARB staff's initial meeting with CAC, staff explained that many of these suggestions are already being addressed and staff are open to learning and understanding where further refinements and improvements can be made to better address community needs. One suggestion that CARB is still working to resolve is how to provide all public documents in both Spanish and English in a timely manner. Staff continues to work with the Coalition to find solutions and make improvements to the development process and implementation of CARB's programs.

CARB staff will continue to collect written comments. These will be considered at the November 16, 2023, Board Hearing. Interested parties may provide written comments through *CARB's online public comment portal*.[22]

Staff Recommendations

In this Proposed Funding Plan, staff present their proposed recommendations on several topics, such as:

- CARB's priorities for the current funding cycle
- How the funds will be allocated for each project category
- Improvements to programs based on public input and CARB's evaluation of projects in previous years
- Strategies to measure changes in behavior and the socioeconomic benefits resulting from projects
- Plans for potential adjustments during the year, if needed. These are known as contingency provisions.

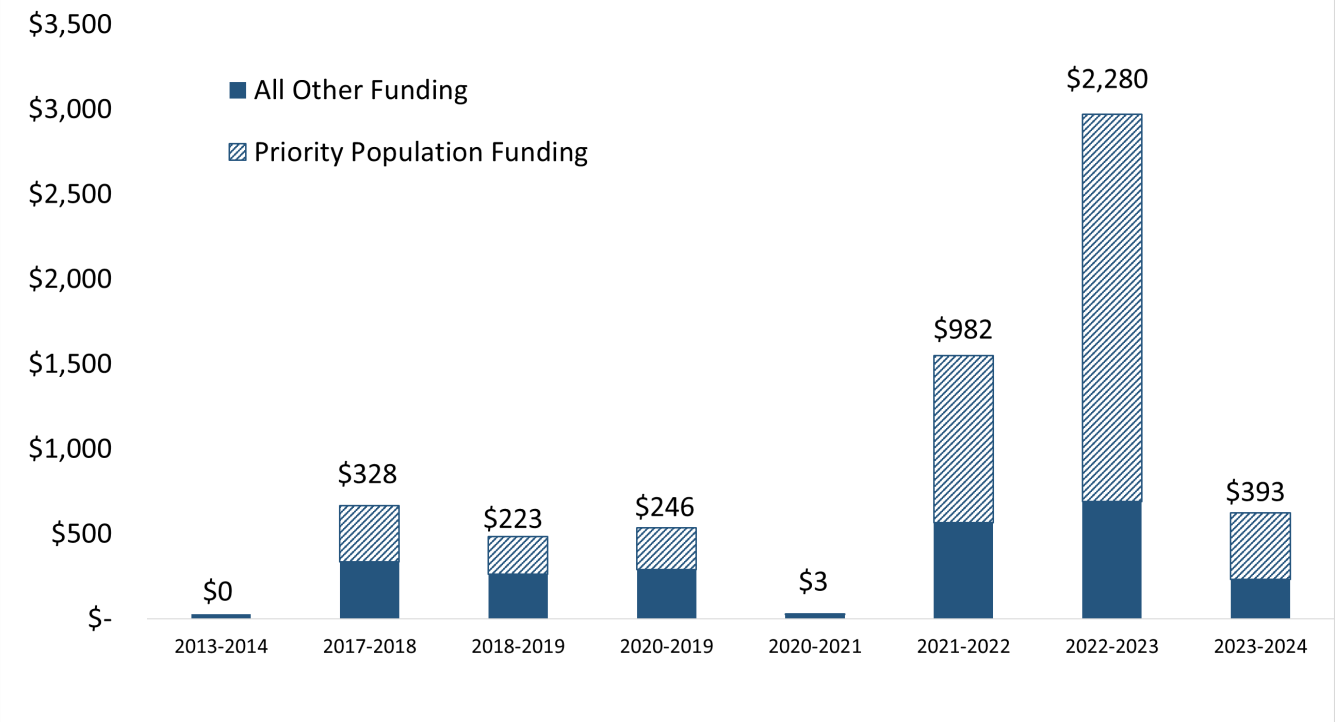
[22] *https://ww2.arb.ca.gov/applications/public-comments*

During a public workshop held on August 31, 2023, staff presented initial recommendations for specific Clean Transportation Investments. Staff then developed final proposed recommendations for the Board to consider which have been compiled into this Proposed Funding Plan. To gather input, staff considered feedback from various sources. These include the August public workshop and topic-specific public work group meetings mentioned above. Input also included written submissions from interested parties and community surveys, as well as individual meetings with communities, priority populations, and other interested parties. Staff released this Proposed Funding Plan for public review and comment in October. The Proposed Funding Plan will be presented for consideration at the Board Meeting scheduled for November 16, 2023. It is important to note that this proposed plan does not represent the final decision, or action, of the Board. The Board will ultimately make a decision on the Proposed Funding Plan at the November 16, 2023 Board meeting.

Intentional Benefits to Communities

As Clean Transportation Incentive projects have evolved, there has been a greater emphasis to target the benefits toward those who need them the most. The Proposed Funding Plan strives to continue progress toward fulfilling California's important and historic promises to disadvantaged communities. In the current FY that is covered by this Proposed Funding Plan, CARB staff estimate that between 60-70% of approximately $623.6 million in funds will help communities that need it the most. This is a significant change from ten years ago when no money was set aside specifically to help these communities through funds that were appropriated, or given, to the Board. This is shown in Figure 2 below. CARB staff proposes to allocate, or use, the funds given to the Board this year to make California a better place for everyone. This is in line with the Governor and the California Legislature's budget priorities.

Figure 2: Glimpse of Investments[a] (millions) in and Benefitting Priority Populations Over the Years[b]



[a] Dollar amounts shown above each bar in the chart are amounts given to priority populations.

[b] FY 2013-14 was the first year CARB received funding for Low Carbon Transportation Incentives. FYs 2014-2016 were the first years that priority population benefits for Low Carbon Transportation Incentives were estimated. It was roughly estimated that 50% or more of funding would benefit Disadvantaged Communities. These years are not pictured in the figure.

A key component of the projects included in this plan is to provide health and economic benefits to California's priority populations. Priority populations include disadvantaged communities, low-income communities, and low-income households collectively. Many of these communities continue to face higher levels of pollution, which negatively impact their health. In order to address these unfair disparities, it is crucial to prioritize equity in program design and ensure intentional benefits are delivered. This also helps to align incentive projects with CARB's *Community Air Protection Program* and the *Community Emissions Reduction Program* (CERP). In response to Assembly Bill (AB) 617 (C. Garcia, Chapter 136, Statutes of 2017), CARB established the Community Air Protection Program (CAPP or Program) in 2017. The Program's focus is to reduce exposure in communities most impacted by air pollution. Communities around the state collaborate to develop and implement new strategies to measure air pollution and reduce health impacts. These strategies include air monitoring and/or CERPs. CARB is looking for ways to coordinate Clean Transportation Incentives with CAPP and CERPs in the coming year where possible.

Additionally, AB 1550 established a target for *priority populations*[23] for the State's Cap-and-Trade auction proceeds investments.[24]

Staff recommends that at least 60-70% of Low Carbon Transportation funds be invested in projects that meet one of the AB 1550 criteria with the following targets:

- At least 45-50% of funds for projects located within, and that benefit individuals who live in, disadvantaged communities.
- At least 15-20% of funds for projects located within, and that benefit low-income communities, or that benefit low-income households.

Each year staff considers the targets as a floor and strive to exceed them. Staff considers whether there are provisions that can be incorporated into project solicitation designs and implementation requirements to help ensure that CARB exceeds the minimum targets. CARB does not limit the disadvantaged community and low-income community or household focus to Low Carbon Transportation Investments. Investments from the Air Quality Improvement Fund (AQIF) and the General Fund are also designed to benefit priority populations as well. Program administrators are required to focus outreach and engagement to priority populations. This helps to ensure that funds reach communities and provide benefits where they are most needed. It also helps to meet and exceed established targets.

While progress is being made, there are still areas where program improvements and better communication, collaboration, outreach, and engagement with communities, organizations,

---

[23] "*Priority Populations*." *California Climate Investments*, Accessed 21 July 2023 *https://www.caclimateinvestments.ca.gov/priority-populations*

[24] *Health and Safety Code Section 39713*

and other government agencies are needed. Staff collaborates with program administrators and community leaders to identify funding opportunities and develop strategies for outreach and engagement. This collaborative approach ensures that communities are actively involved in the decision-making process regarding investments and have equal access to funding opportunities. In addition to community outreach efforts to identify funding opportunities, CARB staff has worked to align the incentive programs covered through the Funding Plan with CARB's light-duty regulatory programs through CARB's ZEV Equity Task Force. The ZEV Equity Task Force aims to identify partnerships to increase access to ZEVs in underserved communities. The ZEV Equity Task Force was formed in May 2023 in response to the Advanced Clean Cars II Regulations' Resolution 22-12 to "expand low-income and disadvantaged communities' access to ZEVs and zero-emission mobility."[25]

Project Evaluation Methods, Data Collection and Reporting, and Research Support

Staff actively evaluate CARB's various incentive projects using different approaches depending on the project needs and what data is available. These evaluations consist of quantitative and qualitative evaluation methods.[26] Staff seek input from program administrators, consumers, and communities to gather various perspectives, and analyze program data collected through surveys, telematics, and other evaluation methods. CARB also collaborates with universities through *research contracts*[27] to fund and study different projects in detail. In addition, staff work closely with community members who offer valuable insights, including their unique experiences with, and among, priority populations and their knowledge of equity principles. Staff especially look to community members to provide insights regarding priority populations to understand how to better serve these communities. This collaboration helps shape the Funding Plan and *incentive grant solicitations*[28] so they are more inclusive and equitable and ensure that the investments meet community needs. CARB also directly engages with communities that have received funds to understand their firsthand experiences with the projects. The feedback gathered as a result of these interactions is used in project evaluations and to further shape and refine project criteria, requirements, and policies through a public process. The goal for this effort is to improve access to incentives for those that need them the most. These connections

---

[25] *CARB Board Resolution 22-12*, August 25, 2022, *https://ww2.arb.ca.gov/sites/default/files/barcu/board/res/2022/res22-12.pdf*

[26] Quantitative evaluation methods include objective measurements. Qualitative evaluation methods include things that are measured by the quality of something, which can be captured through surveys, interviews, and one-on-one meetings.

[27] "*Research*" *California Air Resources Board*, Accessed 21 July 2023, *https://ww2.arb.ca.gov/our-work/topics/research*

[28] "*Guiding Principles for Grant and Incentive Solicitations*." *California Air Resources Board*, Accessed 21 July 2023, *https://ww2.arb.ca.gov/our-work/programs/accessible-clean-transportation-options-sb-350/guiding-principles-grant-and*

help staff gain a deeper understanding of community needs and help to strengthen the projects.

Project Goals

Every project included in the Proposed Funding Plan has several goals it aims to achieve. These goals include reducing harmful emissions and ensuring our programs provide socioeconomic benefits for priority populations. The term "socioeconomic" refers to the combination of social and economic factors that influence people's lives. It involves looking at aspects like education, income, employment, and resources, which impact a person's overall well-being and opportunities. By understanding these socioeconomic factors, CARB staff can analyze and work to improve the social and economic aspects of a community or society.

In the previous year's Funding Plan for FY 2022-23, staff put forward strategies for identifying metrics to measure outcomes and successes of our clean transportation projects. This includes evaluating how effective projects are at generating behavioral changes and determining how we can expand the metrics used to measure the socioeconomic benefits. Staff have identified the following clean transportation projects that have already delivered, or will deliver, such benefits:

- Clean Cars 4 All (CC4A)
- Financing Assistance for Lower-Income Consumers (Financing Assistance)
- Clean Mobility Options (CMO) Projects
- Clean Mobility in Schools (CMIS)
- Sustainable Transportation Equity Project (STEP)

CARB staff continues to improve the metrics used to measure the success of each funded project. Staff collect data through program applications and surveys, which includes demographic information. Demographic information refers to data about specific characteristics of a population. This can include details such as race, ethnicity, gender identity, socioeconomic status, and more. Staff also analyze the demographic data to better understand who benefits from the investments and how the funds support the State's equity goals set in *Governor Newsom's Executive Order (EO) N-16-22*.[29] This information is used to enhance program data tools and report outcomes from Low Carbon Transportation Investments. It also aligns with the goals outlined in the *Cap-and-Trade Auction Proceeds Fourth Investment Plan.*[30] As demographic data become more readily available for each

---

[29] "*Executive Order N-16-22*" *Executive Department State of California*, 13 September 2022, *https://www.gov.ca.gov/wp-content/uploads/2022/09/9.13.22-EO-N-16-22-Equity.pdf?emrc=c11513*

[30] "*Cap-and-Trade Auction Proceeds Fourth Investment Plan*." *California Air Resources Board*, November 2021, *https://ww2.arb.ca.gov/sites/default/files/auction-proceeds/Cap-and-Trade%20Auction%20Proceeds%20Fourth%20Investment%20Plan_FINAL.pdf*

funded project, staff will include it on CARB's website on each project's respective webpage(s).

Data Collection and Reporting[31]

To better understand how projects encourage behavior change, CARB gathers information about the impact on behavior through a variety of methods including surveys completed by project participants, vehicle telematics data, and reviewing project statistics.

Surveys

Surveys are administered at different points in the participation process, such as at the beginning of the application process, after a trip or purchase, and at varying intervals (months to years) after project participation. However, It is important to recognize that there are limitations to participant surveys. While CARB strongly encourages people to participate in these surveys, it is often completely voluntary. Some individuals may not be interested in taking surveys, while others may feel tired or overwhelmed if they have participated in multiple surveys. Paper surveys may get more responses, but they require more resources to distribute and then perform the data entry. On the other hand, online surveys make it simpler to distribute and collect data, but people without internet access may not be able to participate.

Telematics

Besides surveys, CARB examines vehicle telematics[32] data to understand actual vehicle usage and reviews reports from project grantees about their activities and outcomes. These evaluations are also conducted to assess project effectiveness. CARB staff works to continuously improve their methods of data collection and analysis, and how they report on these programs.

Research Support

CARB staff collaborate with both internal and external researchers to enhance surveys and other evaluation methods, aiming for more efficient and effective data collection. For example, CARB collaborates with universities through *research contracts*[33] to fund and study different projects in detail. Some examples of university research collaborations include:

---

[31] Information on research and surveys will be moved to CARB's webpages for future year's Funding Plan documents

[32] Telematics is the combination of information technology with telecommunications. It is a method to monitor vehicles and equipment through the use of a global position system and on-board diagnostics to plot movement on a computerized map.

[33] "*Research*" *California Air Resources Board*, Accessed 21 July 2023, *https://ww2.arb.ca.gov/our-work/topics/research*

- University of California (UC) Berkeley Transportation and Sustainability Research Center: The goal of this partnership is to develop models and processes for evaluating CARB's programs. The researchers aim to establish a new standard to assess the effectiveness, sustainability, and outcomes of various clean mobility equity pilot projects funded by CARB. The research involves evaluating existing clean mobility projects funded by CARB using a hypothesis-based approach. This approach focuses on measuring different benefits, such as reducing GHG emissions and VMT. It also considers factors such as how to improve mobility equity, accessibility, user costs, and economic access. The researchers will also assess the financial sustainability of project services. The results of this evaluation will be presented in a Final Report, set to be released in the spring of 2024. The report will provide a summary of what the researchers found, lessons learned, and policy recommendations. CARB staff will carefully consider these points when they implement current and future clean mobility projects. CARB will also fund a separate research contract to develop an evaluation framework and identify performance metrics that can be used to understand the synergistic equity impacts of place-based, community-scale mobility investments for future projects.
- UC Berkeley Othering and Belonging Institute (OBI): This partnership began in 2021 to evaluate existing practices and develop recommendations for equitable, community-based transportation planning, including community transportation needs assessments. As part of this work, OBI is evaluating the community engagement and needs assessment approaches taken by some of CARB's project grantees that focus on transportation equity planning and small grassroots organization capacity building. The research aims to ensure that the people who will be impacted by the evaluation can play an integral role in the design, coordination, and implementation of evaluation activities and that their knowledge is incorporated into research findings. The evaluation is also informed by OBI's direct involvement in providing technical assistance to grantees. CARB staff anticipate that OBI's final discovery report will be published in winter 2024 and will be followed by a detailed equity recommendations report and final evaluation which will inform State and community-based organization approaches to advancing transportation equity, ensuring equity of investments, and maximizing impact beyond CARB's investments.

Separate from University collaborations, CARB has also had supportive external partnerships. In 2022, *Dream.org conducted a survey of over 500 fleets*,[34] primarily small and minority-owned fleets, to address the critical gap in both the literature and the conversation about truck electrification. Through interviews, a digital survey, and a literature review, the survey explored what perceptions and existing knowledge small fleet owners

[34] *Taking Charge: Supporting Small Fleets in the Transition to Zero Emission Trucks*, *Dream.org*, Accessed July 31, 2023, *https://dream.org/news-articles/no-fleet-left-behind/*.

already had about zero-emission trucks, the barriers to electrification that they anticipate, the solutions they find promising, and the best processes to intentionally engage them in shaping zero-emission truck policies and programs. The findings and recommendations offered learning opportunities that help to inform CARB's programs and policies. Primarily, these findings and recommendations include that small fleet owners' awareness of zero-emission trucks is limited to general awareness, and that it is easier for larger fleets to access capital, apply for grants, and have spare vehicles when they encounter technical difficulties. The need for training, alternative financing options, access to infrastructure and programs providing support and information designed to address language barriers and reach minority fleet owners, were all identified as needs that could help small fleets transition to zero-emission. Last year, CARB launched the Innovative Small e-Fleets Pilot (ISEF) project which attempts to address the barriers to small and minority fleet adoption identified in this survey.

Chapter 2: Proposed Funding Allocations

Many zero-emission technologies are now widely available, and the field continues to grow. The State must continue to move forward on its path to achieve its ZEV goals as laid out in Executive Order (EO) N-79-20. It is also a time to move forward and help make sure everyone has fair access to zero-emission transportation options. The proposed investments in this Proposed Funding Plan are meant to help expand the market for ZEVs in key vehicle categories and support a sustainable market.

CARB staff determined proposed project allocations as specified by the Budget Act of 2023. Staff also evaluated and anticipated demand, reviewed long-term planning elements of previous funding plans, and considered priorities identified by communities in CARB engagement efforts and documents such as *community emission reduction plans* (CERP).[35] Further, Staff assessed other available funding sources and took into account feedback from interested parties.

Proposed Project Allocations

The proposed funding allocations are shown in **Table 7: Proposed FY 2023-24 Project** Allocations for Clean Transportation Equity and Light-Duty Vehicle Investments under SB 1275 (millions)Table 7 and Table 8 below. More information regarding each of these projects and the rationale for these recommendations are described more fully in the remaining sections of this document.

[35] "*Community Air Protection Program Communities*." *California Air Resources Board*, Accessed 21 July 2023, *https://ww2.arb.ca.gov/capp-communities*

Table 7: Proposed FY 2023-24 Project Allocations for Clean Transportation Equity and Light-Duty Vehicle Investments under SB 1275 (millions)[a]

Project Category	Greenhouse Gas Reduction Fund	General Fund	Total Allocation
Financing Assistance	$16	$12	$28
Clean Cars 4 All	$14	$14	$28
California E-Bike Incentive Project	-	$18	$18
Access Clean California	-	$5	$5
California Integrated Travel Project	-	$1	$1
Mobility Projects	$50	-	$50
Planning and Capacity Building	$10	-	$10
Total	**$30**	**$50**	**$80**

[a] Does not include any adjustments for project administration.

Clean Transportation Equity and Light-Duty Vehicle Investments

The Legislature appropriated $140 million for vehicle purchase incentive programs and clean mobility investments. These funds will help increase access to clean transportation and mobility options that will benefit all Californians. Consistent with the direction provided by Senate Bill 1275 and SB 350, this includes priority populations. The appropriated funds cover vehicle purchase incentives, clean mobility investments, and planning and capacity building.

Table 8: Proposed FY 2023-24 Project Allocations for Heavy-Duty Investments (millions)[a]

Project Category	Greenhouse Gas Reduction Fund	Proposition 98 General Fund	Air Quality Improvement Fund	Total Allocation
Drayage Trucks – Heavy-Duty Vehicle Incentive Project	$80	-	-	$80
Public School Buses – Heavy-Duty Vehicle Incentive Project	-	$375[b]	-	$375
Innovative Small e-Fleets Pilot	-	-	$14.3	$14.3
Clean Off-Road Vehicles	-	-	$14.3	$14.3
Total	**$80**	**$375**	**$28.6**	**$483.6**

[a] Does not include any adjustments for project administration.

[b] This funding was included in the FY 2022-23 Funding Plan as part of the $1.125 billion for public school buses but is referenced again here because the Legislature reverted the $1.125 billion and instead appropriated $375 million this year with a commitment to appropriate an additional $750 million in the future years.

Heavy-Duty Vehicle and Off-Road Equipment Investments

The Legislature appropriated $484 million for heavy-duty vehicle and off-road equipment investments. This appropriation consists of $80 million for drayage trucks, $375 million for public school buses, and $28.6 million to be split equally between the ISEF and CORE programs. The appropriated funds will help to pay for zero-emission drayage trucks while the revised SB 114 (2023) general fund appropriation will assist in the replacement of older public school buses with zero-emission public school buses. For the AQIP funds, staff proposes to allocate money to ISEF and CORE, consistent with new direction provided in AB 126 to prioritize zero-emission technology, heavy-duty projects, and benefits in nonattainment basins, such as South Coast and San Joaquin. However, staff recognize that each of these programs have historically been oversubscribed and the proposed $28.6 million is not sufficient to meet demand. These investments would continue to support the transition of the California drayage fleet to zero-emission and help to turn over the State's public school bus fleet. Turning over the State's public school bus fleet will provide cleaner public school buses for children, who are more susceptible to the health impacts from air pollution. Staff's proposal to continue to fund ISEF and focus on equitable investments that address challenges to zero-emission technology adoption for owner operators and small fleets would help to support California's small businesses which are the backbone of California's economy. Lastly, investments in CORE zero-emission off-road applications will need to continue to ensure that technology advancements continue to move forward. CORE has been oversubscribed each year it has been funded, and we expect this to continue in FY 2023-24.

State Operations

This year, the state budget for FY 2023-24 includes authorization to allocate up to 5% of the General Fund appropriation for administration. Staff proposes to use a small portion of the General Fund and Greenhouse Gas Reduction Fund (GGRF) appropriations, about 1%, for project development and administration by CARB. This 1% for project development and administration by CARB is separate from project administration costs used by third parties such as air districts, CBOs, etc.

Safeguards for Cap-and-Trade Auction Revenue Uncertainty

The Low Carbon Transportation Investments are a part of the Cap-and-Trade Expenditure Plan developed each year by the California Legislature. As in past years, this Funding Plan relies in part on future revenues generated at auctions in the upcoming fiscal year. To account for uncertainties in the revenue projections used to develop the appropriations, CARB is required to not encumber 25% of the Low Carbon Transportation appropriation until the fourth auction is completed, which is expected to occur in May 2024. Staff will ensure this 25% is maintained across the projects until authorized to spend the funds.

Chapter 3: Clean Transportation Equity and Light-Duty Vehicle Investments

Overview

CARB's clean mobility and light-duty vehicle investments are designed to support the long-term transformation of California's fleet and ensure that this transformation occurs in an equitable manner. The investments include vehicle purchase incentives and clean mobility investments, both of which incorporate, and are supported by, outreach, technical assistance, and workforce training and development. This chapter discusses the State's ZEV deployment goals as well as the proposed allocations for these investments. Proposed allocations are based on estimated projections and staff's analysis includes several assumptions due to data gaps, the need for secondary ZEV market analysis, and implementation of programmatic changes. Once data becomes available, the information will be used to inform policy and funding decisions in the future.

CARB's Clean Transportation Equity and Light-Duty Vehicle Investments include the following projects:

- **Clean Cars 4 All (CC4A):** Provides incentives to help lower-income consumers living in priority populations to replace their old higher-polluting vehicles with newer and cleaner transportation options. Additionally, buyers of plug-in electric vehicles (PHEV) and battery electric vehicles (BEV) are also eligible for home charger incentives or prepaid charge cards if home charger installation is not an option.
- **Financing Assistance for Lower Income Consumers:** Provides financial resources to help lower-income Californians purchase advanced clean vehicles. The project offers vehicle price buy-downs (grants) at the point of sale, guarantees fair financing through lower-interest loans, and provides home charger incentives or portable chargers and prepaid charge cards where there are home charger installation barriers.
- **California E-Bike Incentive Project:** Provides voucher incentives to low-income California residents for the purchase of electric bikes (e-bikes) including cargo e-bikes and adaptive e-bikes. The project also commits a portion of the project funding to e-bike safety, education, and training.
- **Access Clean California:** Helps streamline access to California Climate Investments' consumer-facing, equity-focused clean transportation and clean energy incentive programs for low-income and disadvantaged communities. The project also provides resources to nonprofits, community-based organizations, and similar grassroots organizations to help families in low-income and disadvantaged communities learn about, apply for, and participate in clean transportation and clean energy incentive programs.

- **California Integrated Travel Project (Cal-ITP):** Supports various projects across CARB's light-duty and clean transportation programs by helping to develop a streamlined payment strategy for transit and electric vehicle charging. This project is being developed by the California Integrated Travel Project and administered by the Capitol Corridor Joint Powers Authority.
- **Sustainable Community-Based Transportation Equity Mobility Projects:** Supports the transportation needs (other than vehicle ownership) of low-income residents and those living in low-income, disadvantaged, and tribal communities. Currently, CARB's Sustainable Community-Based Transportation Equity Mobility Projects includes Clean Mobility Options (CMO), Clean Mobility in Schools (CMIS), and the Sustainable Transportation Equity Project (STEP).
- **Sustainable Community-Based Transportation Equity Planning and Capacity Building Project:** Increases transportation equity in disadvantaged and low-income communities by improving the local understanding of residents' transportation needs, helping develop organizational and community capacity building so communities are ready to plan for clean transportation solutions, and preparing communities to implement community-identified projects that fill transportation gaps and improve clean transportation access.

In addition, this chapter also discusses proposed allocations, funding need, proposed changes to project criteria, impacts of proposed changes, and reporting requirements for each clean transportation equity and light-duty vehicle project. Many of the proposed changes to project criteria are consistent with the goals of the *ZEV Equity Task Force*. These goals include, but are not limited to, focusing ZEV investments in disadvantaged and low-income communities, streamlining access to incentives by aligning project criteria, expanding outreach, and advancing policies to expand zero-emission mobility. CARB Funding Plan staff will continue to coordinate with CARB's light-duty regulatory program staff and leverage the ZEV Equity Tasks Force to inform future light-duty incentive policies and investments.

Light-Duty Long-Term Plan Update

Senate Bill (SB) 1275, signed into law in 2014, established the Charge Ahead California Initiative with the goals of placing one million zero-emission and near zero-emission vehicles in California by 2023 to establish a self-sustaining market and increase access to these vehicles for all Californians, including priority populations. Among other requirements, SB 1275 required CARB to include a long-term plan for the Clean Vehicle Rebate Project (CVRP) and related projects in the FY 2016-17 Funding Plan. The plan must include:

- A three-year forecast of funding needs to support the goals of technology advancement, market readiness, and consumer acceptance of advanced vehicle technologies
- A market and technology assessment for each funded vehicle technology

- An assessment of when a self-sustaining market is expected
- An assessment of how to modify existing incentives to recognize expected changes in future market conditions

As part of the Fiscal Year 2016-17 Funding Plan, staff, in consultation with stakeholders, proposed a framework for the plan and provided the first three-year funding need forecast along with a market and technology assessment. Staff also proposed a suite of indicators to measure electric vehicle market growth over time. Staff provided a major update to the three-year plan in the FY 2022-23 Funding Plan. Although SB 1275 required CARB to update the plan every three years, staff has provided updates to all components of the plan each year since FY 2016-17. Staff has included an update to the long-term plan as part of Appendix C of the Proposed Funding Plan. This update encompasses the EV market, all light-duty vehicle purchase incentives, clean mobility investments, and outreach efforts.

In addition to the long-term plan, Appendix C also includes a supplemental report per the 2018-19 Budget Act, which requires CARB to submit an annual report, until January 1, 2030, that includes a forecast of the total state rebate investment necessary to reach the goal of placing at least 5 million EVs in service on California's roads. Development of the first report occurred alongside the development of the update to the long-term plan for CVRP and light-duty incentives in 2019. The first report was provided in the FY 2019-20 Funding Plan as part of Appendix C and is updated in the Funding Plan annually until 2030. This supplemental report included rebate levels that continue to encourage early adoption of EVs, encourage a sustainable EV market, and support EV sales to reach the state's goal of five million ZEVs by 2030. In addition, per the direction of the Budget Act of 2021, the FY 2021-22 Funding Plan included a schedule to phase down CVRP rebates based on cumulative sales over the next three FYs (2021-22, 2022-23, and 2023-24) while not impacting the low- and moderate-income bonus. Staff has provided an update to this phase down strategy in Appendix C.

Since the introduction of the first light-duty long-term plan in FY 2016-17, the EV market has grown tremendously. There have now been over 1.5 million EVs sold in California which has allowed for the state to reach its first two EV deployment goals early. However, inflation and rising interest rates have made both new and used vehicles more expensive. Yet despite these challenges, the EV market share in California increased to just over 25% in the second quarter of 2023,[36] demonstrating strong EV market growth and resilience. To support continued EV market growth, the Advanced Clean Cars II regulation takes the state's already growing ZEV market and robust motor vehicle emission control rules and augments them for manufacturers to meet more aggressive tailpipe emissions standards and ramp up to 100% ZEVs.

---

[36] "*New ZEV Sales in California*." California Energy Commission, Accessed 5 September 2023, *https://www.energy.ca.gov/data-reports/energy-almanac/zero-emission-vehicle-and-infrastructure-statistics/new-zev-sales*

What remains constant is the need to get more ZEVs on California's roads while prioritizing complementary clean transportation and mobility equity investments in the process. Incentives will continue to play a critical role in meeting the next ZEV deployment goal of placing 5 million ZEVs on California's roads by 2030 (Executive Order B-48-18) while encouraging uptake in priority populations. Staff included updated findings and recommendations to support this goal in Appendix C of this year's Funding Plan.

Proposed Allocations for Clean Transportation Equity and Light-Duty Projects

The Budget Act of 2023 and associated budget trailer bills include $140 million for clean transportation equity investments established under the Charge Ahead California Initiative, to help increase access to clean transportation and mobility options benefiting low-income and disadvantaged communities and low-income households consistent with the direction provided by SB 1275 and SB 350. This includes at least $80 million to equity transportation projects established by SB 1275 including, but not limited to, CC4A, and at least $60 million for Sustainable Community-Based Transportation Equity Projects. Finally, staff proposes to use a small portion of the total appropriation to fund equity vehicle purchase incentive outreach efforts through Access Clean California and to provide support for the California State Transportation Agency (CalSTA) and its partners, the California Department of Transportation (Caltrans) on the *California Integrated Travel Project (Cal-ITP)*.[37]

Table 9 outlines the proposed allocations for each vehicle purchase incentive projects and each clean mobility project. In establishing the proposed allocations, CARB considered current project demand and uptake, administrator capacity to spend funds, and funding that has already been allocated in past FYs but not spent. CARB staff also considered stakeholder comments received through the public process and prioritized investments that can result in the most immediate impact in communities. Only 75% of the $90 million of Low Carbon Transportation (GGRF) funding can be spent initially with the remaining 25%, or $22.5 million, available after the fourth Cap-and-Trade auction of the FY and direction from the Department of Finance.

[37] "*Cal-ITP*" *Cal-ITP*, Accessed 21 July 2023, *https://www.calitp.org/*

Table 9: FY 2023-24 Proposed Allocations for Vehicle Purchase Incentives and Clean Mobility Investments (millions)

Project Category	Total Allocations to Date[a]	Greenhouse Gas Reduction Fund Allocations	General Fund Allocations	Total Proposed Allocation
Clean Vehicle Rebate Project	$1,601	-	-	-
Statewide Equity Transportation Projects	-	-	-	-
Clean Cars 4 All (Statewide and District)	$435.6	$14	$14	$28
Financing Assistance	$133.5	$16	$12	$28
California E-Bike Incentive Project	$13	-	$18	$18
Access Clean California	$15	-	$5	$5
California Integrated Travel Project	$1	-	$1	$1
Zero-Emission Assistance Project	$10	-	-	-
Sustainable Community-Based Transportation Equity Projects	-	-	-	-
Sustainable Community-Based Transportation Equity Mobility Projects (Clean Mobility Options, Sustainable Transportation Equity Project, Clean Mobility in Schools)	$203.4[b]	$50	-	$50
Sustainable Community-Based Transportation Equity Planning and Capacity Building Projects	$10.7[c]	$10	-	$10
Total	**$2,422.2**	**$90**	**$50**	**$140**

[a] Funding shown here includes Low Carbon Transportation Allocations, AQIP allocations, and VW settlement Funds. CVRP received $146 million from AQIP and has received $940 million from Low Carbon

Transportation. Since FY 2017-18, $25 million of each year's CVRP allocation has been earmarked for increased rebates for low- and moderate-income applicants. CC4A received $3.6 million from AQIP and $10 million from the VW settlement funds. Financing Assistance received $10 million from the VW settlement funds, and Access Clean California also received $5 million from the VW settlement funds. Totals are rounded to the nearest million.

[b] $8 million in funding was provided through partnership with CEC.

[c] $1.5 million for FY 2021-22 Clean Transportation Equity Investments for a new workforce training and development at adult education and vocational schools solicitation, $1 million in FY 2020-21, 1% GGRF State Operations funding to support IDEAL ZEV Workforce Pilot Project (IDEAL ZEV Workforce) implementation with CEC, $1 million in FY 2021-22, 1% GGRF State Operations funding and $1.275 million in FY 2021-22, 1% GGRF State Operations funding to support ZEV training and career opportunities through California Community Colleges. Also includes $1 million in FY 2019-20 for outreach technical assistance and capacity building.

In Table 9, CARB's Sustainable Community-Based Transportation Equity Projects are grouped into two categories. In an effort to reduce confusion and make it easier for communities to apply for and access clean mobility funding, CMO, STEP, and CMIS have been combined into one funding category – the Sustainable Community-Based Transportation Equity Mobility Projects. In addition, CARB is setting aside specific planning and capacity building funding to support dedicated outreach, ongoing technical assistance, community capacity building, workforce training and development, and other critical clean mobility investment needs through the Sustainable Community-Based Transportation Equity Planning and Capacity Building Projects. To support economic opportunities more fully across clean transportation sectors and maximize benefits for priority populations beyond emission reductions, CARB's workforce investments include light-duty vehicles and medium- and heavy-duty applications, including the Inclusive, Diverse, Equitable, Accessible, and Local (IDEAL) ZEV Workforce Pilot Project.

Updates on Existing Projects

As a part of last year's Funding Plan, CARB approved $215.5 million for a joint solicitation to select an administrator for the Financing Assistance for Lower Income Consumers Project, the Statewide Clean Cars 4 All (CC4A) project, and the Zero-Emission Assurance Project (ZAP). The solicitation closed in March 2023, and the Community Housing Development Corporation (CHDC) was selected as the grantee. Staff is currently working to execute the grant agreement and launch the new joint project by early 2024. The new joint project will implement a needs-based model, which prioritizes applications from DAC/Low Income Communities (LIC) and very low-income consumers by streamlining the application process and providing support and case management throughout the process. Collaboration with CBOs and grassroots organizations is at the center of the outreach and education strategy under this new joint project. And CARB continues to work with interested organizations, including the Charge Ahead Coalition, to ensure the needs-based model is effective. In addition, staff will continue to hold public work group meetings once the joint project is launched to provide implementation updates.

Furthermore, CARB's longest-running vehicle purchase incentive project, CVRP, received an allocation of $515 million in FY 2021-22 with the intent to fund the project through FY 2023-24. In a public work group held on May 30, 2023,[38] CARB staff provided updated end-of-funding projections indicating that the project could run out of funding as early as October 2023. This is due in large part to Tesla Model 3 and Model Y vehicles becoming eligible for the project once again, leading to an increased volume averaging about 12,000 applications per month since March 2023. As staff does not anticipate additional funding for the project, CVRP will close with no waitlist offered once funding runs out. In

[38] "*Low Carbon Transportation Investments and AQIP Meetings and Workshops*." *California Air Resources Board*, Accessed 21 July 2023, *https://ww2.arb.ca.gov/our-work/programs/low-carbon-transportation-investments-and-air-quality-improvement-program/low-0*

addition, CVRP has maintained a list of new vehicles eligible for the project that CARB's other vehicle purchase incentive projects point to. With the closure of CVRP, staff is proposing to transfer and maintain this list on a CARB website by the end of 2023.

In addition, projects that do not receive funding allocations for this FY will be moved to *CARB's Low Carbon Transportation Investments and Air Quality Improvement Program webpage*.[39] The projects not receiving funding allocations this year include:

- CVRP
- Rural School Bus Pilot Project

Finally, several of CARBs vehicle purchase incentive projects maintain Terms and Conditions and Implementation Manuals that describe how policies made by the Board will be implemented in detail for consumers. More specifically, the terms and conditions are intended to notify consumers of the core requirements of the project prior to applying. Where projects have active Terms and Conditions and/or an Implementation Manual, these documents are incorporated by reference in the following project sections. They are also updated periodically throughout the year to reflect project changes after the board adopts each funding plan and as other changes are necessary to provide further clarity.

[39] *Low Carbon Transportation Investments and Air Quality Improvement Program*. California Air Resources Board, *https://ww2.arb.ca.gov/our-work/programs/low-carbon-transportation-investments-and-air-quality-improvement-program*

Clean Cars 4 All

Proposed General Fund Allocation–$14 million
Proposed Low Carbon Transportation Allocation–$14 million
Clean Cars 4 All Project Webpage[40]

Proposed Allocation and Funding Need

The CC4A project currently operates in five Air Districts (districts)- Bay Area Air Quality Management District (AQMD), San Diego Air Pollution Control District (APCD), South Coast AQMD, San Joaquin Valley APCD, and Sacramento Metropolitan AQMD. The Budget Act of 2023 and associated trailer bills included a total allocation of $80 million from GGRF and the General Fund for statewide equity transportation projects including, but not limited to, CC4A and related equity projects created under the Charge Ahead California Initiative. Staff recommends allocating up to $28 million to the CC4A project as shown in Table 10.

Table 10: Clean Cars 4 All FY 2023-24 Allocation (millions)

Project	General Fund	Greenhouse Gas Reduction Fund	Total
Statewide	$14	-	$14
Districts	-	$14	$14
Total	**$14**	**$14**	**$28**

Using the same approach as the FY 2022-23 allocation, staff recommends splitting the allocation evenly between the statewide project and the district projects. If demand for funding for the statewide project is lower than $14 million, then staff is proposing that funds can be shifted to meet demand for the Financing Assistance for Lower Income Consumers (Financing Assistance) project.

Staff recommends dividing the district allocation using the formula that was approved as part of the FY 2022-23 Funding Plan. As a baseline allocation, each district will be given 10%, or $1.4 million, of the total allocation. The 3 districts that have achieved 1,000 projects in any 12-month period (South Coast AQMD, San Joaquin Valley APCD, and Bay Area AQMD) will receive another 10% of the total allocation. The remaining 20%, or $5.6 million, will be split among those same three districts based on their average share of the following populations: total eligible population, the population of individuals below 200% of the Federal Poverty Level, disadvantaged community population, and the population of

[40] *Clean Cars 4 All.* California Air Resources Board. *https://ww2.arb.ca.gov/our-work/programs/clean-cars-4-all*

vehicles with model years from 1990 to 2007. This formula yields the proposed district allocations shown in Table 11. Staff used CalEnviroscreen 4.0 to determine the human populations (total eligible population, the population of individuals below 200% of the Federal Poverty Level, and disadvantaged community population) of each district and data from the California Department of Motor Vehicles (DMV) to determine the vehicle populations (vehicles with model years from 1990 to 2007).

Table 11: Clean Cars 4 All District Allocations (millions)

Air District	Baseline	>1,000 Annual Projects	Population Share	Total
South Coast	$1.4	$1.4	$1.7	$4.5
San Joaquin Valley	$1.4	$1.4	$.5	$3.3
Bay Area	$1.4	$1.4	$.6	$3.4
Sacramento Metropolitan	$1.4	-	-	$1.4
San Diego	$1.4	-	-	$1.4
Total	**$7.0**	**$4.2**	**$2.8**	**$14.0**

Staff also recommends that the allocation to the Statewide project, be added to the existing grant in lieu of issuing a new solicitation.

District projects are expected to significantly increase in demand in FY 2023-24. With CVRP phasing out, CC4A and Financing Assistance are the only two vehicle purchase incentive projects available to lower-income consumers. Participation data from these projects indicates there is high demand among lower-income consumers for clean vehicles. Due to project expansion, increased incentive amounts, and the ending of CVRP, staff estimate that CC4A will complete 3,400-4,150 projects in FY 2023-24 and expend between $49 and $59 million. A detailed explanation of the CC4A projection methodology can be found in Appendix C of this Funding Plan.

Proposed Changes to Project Criteria

Staff is proposing two changes to CC4A project criteria for FY 2023-24. The first change involves zero-emission motorcycles (ZEM) which are currently only eligible through CVRP. Since CVRP is projected to run out of funding and close as early as October 2023, staff is proposing, to add ZEMs to CC4A and Financing Assistance as an eligible replacement vehicle type. This proposal is supported by public input during various meetings this year,

and by the Charge Ahead Coalition. ZEMs will provide participants with an additional zero-emission option when choosing a replacement through either CC4A or Financing Assistance. Community members stated that having a variety of transportation options is important: it is a cost-effective option for individuals, and that it could serve as a cost-effective secondary vehicle option for families. Funding ZEMs will also support the proposed Amendments to On-Road Motorcycle Emission Standards and Test Procedures by increasing deployment of ZEMs in the state.[41] Staff's analysis indicated that the incremental cost of a ZEM ranges from $1,500 to $5,000. With this information and taking the value of the scrapped vehicle into account, staff proposes to fund the cost of a ZEM up to a maximum of $4,500 and up to $6,500 for applicants living in disadvantaged communities, as seen in Table 12. This represents a significant investment in ZEM technology and is much higher than the $750 incentive currently offered by CVRP. Staff will continue to evaluate the ZEM market and, in collaboration with project administrators and community members, determine the effectiveness of ZEM incentives. Adjustments to ZEM incentives, including ZEM charging infrastructure, will be necessary in the future.

The second change involves funding for adaptive equipment. Language included in the Budget Act of 2022 provided direction for CARB staff to consider increased incentive levels to accommodate increased costs associated with adaptive equipment for eligible Californians with physical disabilities. Staff proposes to allow funding of up to 50% of the cost of adaptive equipment with a maximum incentive of up to $5,000 for project participants who are purchasing a replacement vehicle. Incentives of more than $5,000 will be subject to a case-by-case review by CARB. Staff will continue to evaluate the effectiveness of these incentives and, in collaboration with project administrators and community members, will determine if adjustments are necessary in the future.

As part of project implementation, project administrators will be required to verify the need for adaptive equipment as well as compliance with any applicable regulations in order to approve funding. Eligibility requirements may include, but is not limited to the following:

- Require equipment dealers to be members of the National Mobility Equipment Dealers Association
- Verify that the project participant's driver's license requires the use of adaptive equipment
- Confirm that adaptive equipment is present on the existing (scrapped) vehicle
    - If adaptive equipment is present, the project administrator may verify that it is not transferable to the replacement vehicle

[41] *Amendments to On-Road Motorcycle Emission Standards and Test Procedures. Proposed Regulation Order, Preliminary Draft for Public Review and Comment*. California Air Resources Board, *https://ww2.arb.ca.gov/sites/default/files/2023-05/ONMC%20Reg%20Text_DRAFT%2005102023.pdf*

In addition to the proposed changes to project criteria, staff is working on updates to grant agreements for individual district projects to incorporate project changes approved in the FY 2022-23 Funding Plan. These changes include increased incentive amounts as shown in Table 12, lowering the income cap, and expanding the air district projects beyond ZIP codes containing DACs to all areas of their respective jurisdictions. Additionally, SB 1382 (Gonzalez, Chapter 375, Statutes of 2022) exempts eligible vehicle purchases funded by CC4A from state sales and use taxes. As project administrators begin to spend their FY 2022-23 allocations, these changes will be incorporated into their respective projects.

Table 12: Clean Cars 4 All Incentive Amounts

Income Eligibility	8 Years Old or Newer Hybrid Electric Vehicle 35+ miles per gallon (Combined)[a]	8 Years Old or Newer Plug-in Hybrid Electric Vehicle[a]	8 Years Old or Newer Zero-Emission Vehicle[a]	Mobility Option	Zero-Emission Motorcycle
Less than or equal to 300% Federal Poverty Level	$7,000	$9,500 (Plus, up to $2,000 for charging equipment or pre-loaded charge card)	$10,000 (Plus, up to $2,000 for charging equipment or pre-loaded charge card)	$7,500 Face Value	$4,500
Less than or equal to 300% Federal Poverty Level in Disadvantaged Communities	$7,000	$11,500 (Plus, up to $2,000 for charging equipment or pre-loaded charge card)	$12,000 (Plus, up to $2,000 for charging equipment or pre-loaded charge card)	$7,500 Face Value	$6,500

[a] Participants purchasing a vehicle may be eligible for up to $5,000 toward the cost of vehicle adaptative equipment.

Staff received feedback regarding a recent study on the importance of replacing pre-2004 model year vehicles.[42] Many of these high-polluting vehicles are located in disadvantaged communities. CC4A requires project administrators to implement methods to target high-emitting vehicles but allows flexibility to develop methods specifically to meet the needs of their respective communities. Since the beginning of 2021, 70% of vehicles replaced in the CC4A project have been model year 2003 or earlier. These projects occur in disadvantaged communities with twice the frequency of projects in which a 2004 or newer vehicle was replaced. CC4A already prioritizes the highest-polluting vehicles in practice and staff does not believe it is the right time to limit the project exclusively to pre-2003 vehicles especially as the statewide project and district projects expand and the project serves a larger number of newly eligible low-income vehicle owners. Staff will continue to evaluate project eligibility criteria annually and will include additional considerations for the minimum vehicle age for eligibility.

Staff also heard concerns from stakeholders and community members regarding the compensation Clean Cars 4 All provides for vehicle scrappage not matching the scrapped vehicle's value on the used market which is detrimental to local communities. CARB is working to collect vehicle pricing data and will coordinate with air districts and the Bureau of Automotive Repair to evaluate the base scrap incentive amount. CARB staff will hold public workgroups that include this topic in 2024.

Finally, staff heard from stakeholders and community members that electric conversion kits should be considered a viable option for incentives. Staff have concerns around safety, warranty, and durability of conversion kits, but will continue to discussion this option with interested parties in the future.

Impacts of Proposed Changes

Staff believes that adding ZEMs to the Clean Cars 4 All project as an eligible vehicle type provides more options to low-income consumers. For example, by providing a lower cost vehicle option for lower-income individuals, where a full-size vehicle may not be the best option for their needs.

Offering incentives for adaptive equipment would make the project more comprehensive and low-income consumers with special needs will be able to benefit from clean vehicle purchase incentives. Implementing the project under the needs-based model that was approved as a part of last year's Funding Plan would help CARB to collect more accurate information and better understand the impact of the project, needs of consumers and communities, and refine the project accordingly. More information on impacts of proposed changes, such as AB 1550 benefits, socio-economic benefits, updated surveys, and

---

[42] The Greenling Institute. *Cleaner Cars, Cleaner Air: Replacing California's Oldest and Dirtiest Cars Will Save Money and Lives*. June 6, 2023. *https://greenlining.org/publications/cleaner-cars-cleaner-air/*

projected emission reductions, please visit CARB's *Clean Cars 4 All Project Outcomes and Results Webpage*.[43]

Reporting Requirements

As part of CARB's response to the CARB Audit Report,[44] CARB is taking measures to improve evaluation, analysis, and reporting of socioeconomic benefits for project participants. [45] This includes an updated survey to provide for more streamlined data collection, analysis, and identification of benefits or areas for improvement. The updated survey has been incorporated into all CC4A grant agreements and is required to be used in district survey efforts. As required by the updated CC4A grant agreements, districts have begun to implement these surveys and CARB will provide an update to the results from those surveys in next year's Funding Plan.

Additionally, under the direction of SB 1382 (Gonzalez, Chapter 375, Statutes of 2022), CARB and project administrators are required to identify populations that are being underserved by the project, determine the barriers hindering participation and propose strategies to overcome those barriers. Information gathered from the updated participant surveys will help identify underserved populations, identify barriers to the project and inform efforts to develop solutions to reduce barriers and reach underserved populations.

---

[43] California Air Resources Board. *Clean Cars 4 All Program Outcomes and Results: https://ww2.arb.ca.gov/our-work/programs/clean-cars-4-all/outcomes-and-results-clean-cars-4-all*

[44] California State Auditor. *California Air Resources Board: Improved Program Measurement Would Help California Work More Strategically to Meet Its Climate Change Goals*. February 2021. *http://auditor.ca.gov/pdfs/reports/2020-114.pdf*

[45] California State Auditor. *Report 2020-114 Recommendations*. Accessed September 10, 2023. *http://auditor.ca.gov/reports/recommendations/2020-114*

Financing Assistance for Lower Income Consumers

Proposed General Fund Allocation–$ 12 million
Proposed Low Carbon Transportation Allocation–$ 16 million
Financing Assistance for Lower Income Consumers Project Webpage[46]

Proposed Allocation and Funding Need

The Budget Act of 2023 and associated trailer bills included a total allocation of $80 million from GGRF and the General Fund for statewide equity transportation projects including, but not limited to, CC4A and related equity projects created under the Charge Ahead California Initiative. The Financing Assistance for Lower Income Consumers (Financing Assistance) is one of the equity projects under this initiative, staff recommends allocating up to $28 million to the statewide Financing Assistance project for FY 2023-24. Staff also recommends that this allocation be added to the existing pending grant agreement in lieu of issuing a new solicitation at this time.

As CVRP is phasing out, the only vehicle purchase incentive projects available to low-income consumers are Financing Assistance and CC4A. Participation data from these projects indicates there is high demand among low-income consumers for clean vehicles. Recent changes in the electric vehicle market, increased EV awareness, and increased incentives under the needs-based model suggest that the Financing Assistance project demand will be between $90 million and $120 million for FY 2023-24. Considering the projected demand, market conditions, and the limited funding in this category for FY 2023-24, staff recommends an allocation of up to $28 million, consistent with the allocation proposed for CC4A. If demand for funding is lower than $28 million, then staff proposes that funds can be shifted to meet demand for the statewide CC4A project. A detailed explanation of the projection methodology can be found in Appendix C to this Funding Plan.

Proposed Changes to Project Criteria

Staff proposes two changes to the Financing Assistance project criteria for FY 2023-24, consistent with changes recommended for CC4A to ensure continued alignment between the projects. Zero-emission motorcycles (ZEM) are currently only eligible through CVRP. Since CVRP is projected to run out of funds and close in October 2023, staff is considering adding ZEMs to CC4A and Financing Assistance as an eligible vehicle type. ZEMs would provide participants with an additional zero-emission option when they choose a replacement vehicle through either CC4A or Financing Assistance. As mentioned in the CC4A section, staff's analysis indicated that the incremental cost of a ZEM ranges from $1,500 to $5,000. Taking this information into account, staff proposes to provide up to $2,000 toward the purchase of an eligible ZEM through the Financing Assistance Project.

[46] *https://ww2.arb.ca.gov/our-work/programs/financing-assistance-lower-income-consumers*

Staff will continue to evaluate the ZEM market and, in collaboration with project administrators and community members, determine the effectiveness of ZEM incentives. Adjustments to ZEM incentives, including ZEM charging infrastructure, will be necessary in the future.

Language included in the Budget Act of 2022 provided direction for CARB staff to consider increased incentive levels to accommodate the increased costs associated with adaptive equipment for eligible Californians with physical disabilities. Staff proposes to allow funding of up to 50% of the cost, up to $5,000, for project participants who are purchasing an eligible vehicle and need adaptive equipment consistent with the proposal for CC4A above. Staff will continue to evaluate the effectiveness of these incentives and, in collaboration with project administrators and community members, will determine if adjustments are necessary in the future.

Project administrators will be required to verify the need for adaptive equipment as well as compliance with any applicable regulations in order to approve funding. Eligibility requirements may include, but is not limited to the following:

- Require equipment dealers to be members of the National Mobility Equipment Dealers Association
- Verify that the project participant's driver's license requires the use of adaptive equipment

Staff will continue to evaluate the effectiveness of these incentives and, in collaboration with project administrators and community members, will determine if adjustments are necessary in the future.

Impacts of Proposed Changes

Staff anticipates that adding ZEMs to the Financing Assistance as an eligible vehicle type provides more options to low-income consumers. For example, providing a lower cost vehicle option for low-income individuals, where a full-size vehicle may not be the best option.

Offering incentives for adaptive equipment would make the project more comprehensive and low-income consumers with special needs will be able to benefit from clean vehicle purchase incentives. Implementing the project under the needs-based model that was approved as a part of last year's Funding Plan would help CARB to collect more accurate information and better understand the impact of the project, needs of consumers and communities, and refine the project accordingly. More information on project specific data, socioeconomic impacts and other criteria can be found at *Financing Assistance for Lower-Income Consumers Project Outcomes and Results Webpage*.

Reporting Requirements

As staff transitions to implementing a needs-based model, staff will develop and refine new metrics to measure the impact of incentives through this project. Currently, staff relies on project data and surveys of project participants to understand the impacts of the project on vehicle purchasing, financing needs, and behavioral and socioeconomic impacts. An expected socioeconomic benefit of this project is to bring the benefits of clean transportation and access to low-interest automobile loans to priority populations that are most impacted by pollution and who do not have a vehicle to scrap, which can be evaluated by measuring the number of clean vehicles purchased by low-income consumers and the number of loans facilitated by the project. Staff will also evaluate the importance of having access to low-interest loans during the process of purchasing a clean vehicle through the use of surveys. Staff will continue to collect and evaluate data to inform overall project design and better understand the economic impacts of incentives such as credit scores.

California E-Bike Incentive Project

Proposed General Fund Allocation–$18 million
California E-Bike Incentive Project Webpage[47]

Proposed Allocation and Funding Need

The Budget Act of 2023 and associated trailer bills included a total appropriation of $80 million from GGRF and the General Fund for statewide equity transportation projects under the Charge Ahead California Initiative. As the California E-Bike Incentive Project is one of the equity projects under this initiative, staff recommends allocating up to $18 million to the California E-Bike Incentive Project for FY 2023-24.

CARB initiated a soft launch in four communities earlier this year to create dealer networks, establish community-based organization outreach efforts, and test the application process. The selected communities for the soft launch include Barrio Logan in San Diego, downtown Fresno, Hunters Point and Rodeo in the Bay Area, and a couple of California tribal governments. Selection criteria for the soft launch was focused on historically underinvested priority populations and where community-based organizations expressed interest in being a part of this during the development of the project. The goals of the soft launch are to pilot a needs-based approach by using funding that has been set aside in a targeted way and will allow CARB to gather valuable data to help understand how various aspects mentioned above are meeting the project goals and to prepare for opening statewide. Staff anticipate that the launch statewide will occur in late 2023 or early 2024.

In addition, CARB will retain the option to award additional funds from FY 2023-24 to the current grantee or release a new solicitation for a new project administrator. Future funding projections will be developed once the project is open and data is available to do so.

Proposed Changes to Project Criteria

Staff is not proposing any changes to the California E-Bike Incentive Project criteria for FY 2023-24.

Access the *California E-Bike Incentive Project Implementation Manual* and *California E-Bike Incentive Project Terms and Conditions*.

Impacts of Proposed Changes

Staff does not anticipate any impacts since there are no proposed policy changes at this time.

[47] *https://ww2.arb.ca.gov/our-work/programs/california-e-bike-incentive-project*

Reporting Requirements

As the project is under development, staff is still finalizing metrics and measurement tools. Staff aims to provide project data and measurement of project success on the project's website and updates in future funding plans.

Access Clean California

Proposed General Fund Allocation–$5 million
Access Clean California Project Webpage[48]

Proposed Allocation and Funding Need

The Budget Act of 2023 and associated trailer bills included a total appropriation of $80 million from GGRF and the General Fund for statewide equity transportation projects under the Charge Ahead California Initiative. As Access Clean California is one of the equity projects under this initiative, staff recommends allocating up to $5 million to the Access Clean California project for FY 2023-24. This proposed allocation will allow the project to scale-up implementation, including expanding the network of outreach partners, expanding the scope of the centralized application webtool (called the Benefits Finder), and filling outreach gaps through targeted outreach by grassroots community organizations in priority communities across the state. With a proposed allocation of $5 million, CARB staff will issue a competitive solicitation to select a new administrator for Access Clean California for FY 2023-24 in early 2024. The solicitation will include expansion of the outreach partner network with a focus on partnering with grassroots-level community organizations, enhancement of technical assistance and capacity building for grassroots community-based organizations, increased outreach coordination among consumer incentive project administrators, and further alignment with statewide project streamlining efforts, including CC4A and Financing Assistance.

Proposed Changes to Project Criteria

Staff is not proposing any substantial changes to Access Clean California. However, staff is continuing to prepare for implementing SB 1230 (Limon, Chapter 371, Statutes of 2022), which requires CARB to create a unified education and application portal that would enable an applicant to apply for CARB's clean vehicle purchase incentive projects with a single application. SB 1230 requirements are contingent upon appropriation by the Legislature however, this work is already underway with Access Clean California.

Access the *Terms and Conditions for the Access Clean California Benefits Finder application process*.

Impacts of Proposed Changes

Staff does not anticipate any impacts since there are no proposed policy changes at this time.

[48] *https://ww2.arb.ca.gov/our-work/programs/access-clean-california*

Reporting Requirements

As an "enabling" project, the Access Clean California project will help achieve the emission reductions anticipated for CC4A, Financing Assistance, and CVRP (until funding is exhausted), as well as the various clean mobility investments, which are quantified in those sections of the Funding Plan. However, it is still important to measure the success of this project. CARB will report the outcomes of this project on *CARB's Access Clean California website*. Staff proposes to use metrics such as the number of successful applications, outreach events, training sessions, and networking workshops. CARB will also require the grantee to develop surveys of participants as a way to determine how well the project is working and determine whether refinements are needed.

California Integrated Travel Project Payment Issuance Strategy and Demonstration

Proposed General Fund Allocation–$1 million
California Integrated Travel Project Payment Issuance Strategy and Demonstrations Webpage[49]

Proposed Allocation and Funding Need

The Budget Act of 2023 and associated trailer bills included a total appropriation of $80 million from GGRF and the General Fund for statewide equity transportation projects under the Charge Ahead California Initiative. The California Integrated Travel Project (Cal-ITP) Payment Issuance Strategy and Demonstrations support the equity projects under this initiative therefore staff recommends allocating up to $1 million to Cal-ITP for FY 2023-24. This amount was determined after project needs were discussed with Cal-ITP leadership. It is anticipated that this funding would be administered through an appropriate mechanism, in partnership with the Capitol Corridor Joint Powers Authority to support and expand upon the work that has begun to identify payment issuance approaches to make vehicle charging and other mobility options easier to access for individuals who have low-incomes, or who are unbanked or underbanked. The work underway is also aimed at ensuring that payment methods developed under this project are safe and minimize the risk of fraud.

Cal-ITP is designed to support CARB's suite of light-duty equity projects and, because this is an "enabling" project, CARB staff is not quantifying any funding projections.

Proposed Changes to Project Criteria

Staff is not proposing any substantial changes to Cal-ITP or the identified work that CARB proposed to fund through this partnership.

Impacts of Proposed Changes

Staff does not anticipate any impacts since there are no proposed policy changes at this time.

Reporting Requirements

Cal-ITP supports various projects across CARB's light-duty vehicle incentive suite by ensuring that any transit customer, and specifically underbanked and unbanked customers, can easily pay for transit by accepting Euro Pay, Mastercard, and Visa open-loop payments.

[49] *https://www.calitp.org*

Because this project supports consumer transit and micromobility[50] options offered in CARB's other incentive projects, such as CC4A and CMO, staff is not quantifying any direct emission reductions benefits for this project. Instead, this project is expected to help achieve the emission reductions projected for other light-duty vehicle incentives. The overarching goal of this investment is to improve how residents with low-incomes can obtain and use benefits from CARB's Clean Transportation Equity and Light-Duty Vehicle incentives. Staff proposes to use metrics such as CARB's ability to produce a payment card, and the number of payment cards issued, to measure the success of Cal-ITP. In addition, staff will continue to identify additional metrics as more data is collected and report results to the public using CARB's public process.

[50] Micromobility refers to small, lightweight transportation options that are designed for short-distance travel. These options include electric scooters, bicycles, and other similar devices. Micromobility is becoming increasingly popular as a convenient and environmentally-friendly way to get around cities and urban areas. It offers a flexible and affordable alternative to traditional modes of transportation, such as vehicles or buses, for short trips. By using micromobility, individuals can reduce their carbon footprint and contribute to a cleaner and more sustainable environment.

Sustainable Community-Based Transportation Equity Mobility Projects

Proposed Low Carbon Transportation Allocation–$50 million
Sustainable Community-Based Transportation Equity Mobility Projects Webpage[51]

Proposed Allocation and Funding Need

The Budget Act of 2023 and associated budget trailer bills appropriated a total of $60 million for Sustainable Community-Based Transportation Equity projects. Of this amount, staff is proposing to allocate $50 million to split equally between Sustainable Community-Based Transportation Equity Mobility subprojects: the Clean Mobility Options Voucher Pilot (CMO), Clean Mobility in Schools (CMIS), and the Sustainable Transportation Equity Project (STEP), and $10 million to Sustainable Community-Based Transportation Equity Planning and Capacity Building Projects (see the following section). Staff maintains the discretion to allocate funding to each subproject according to funding demand and programmatic needs. In addition, CARB's Sustainable Community-Based Transportation Equity Mobility funds will be directed to disadvantaged and low-income communities throughout the state. Due to the ongoing goal to promote equity, CARB will prioritize investments to fill gaps in access, such as in tribal governments, rural communities, Black communities, and other communities of color.

Staff expects to fund projects that range in size from $2 million to $10 million, on average, though this will vary, and some projects may be smaller or larger based on community need and project scope. If demand for funding is lower than $50 million, then staff is proposing that funds can be shifted to meet demand for the Sustainable Community-Based Transportation Equity Planning and Capacity Building projects.

Proposed Changes to Project Criteria

In the past, CARB has funded three separate pilot mobility subprojects: 1) CMO, 2) CMIS, and 3) STEP. Previously, each of these were administered separately and had their own application and administration process. To reduce confusion and make it easier for communities to apply for, and access, clean mobility funding, CARB released a joint request for applications (RFA) for Planning and Capacity Building, CMIS and STEP earlier this year using FY 2022-23 funds. Due to timing and other administrative factors, CMO was not included in this RFA. However, CARB is proposing to further streamline project requirements and incorporate project types previously funded through CMO into one process.

Staff is proposing to release a solicitation to select a statewide Mobility Project Administrator that will use a portion of the CMO, CMIS, and STEP funds to oversee specific

[51] *https://ww2.arb.ca.gov/sustainable-community-based-transportation*

elements of grant management, project assistance and support, and data collection/evaluation for all Sustainable Community-Based Transportation Equity Mobility projects selected as a result from the joint RFA.

While it is believed that CARB staff may continue to oversee the joint RFA process, application scoring, and project selection, these duties, in the future, may need to be incorporated into those of the statewide Mobility Project Administrator, where staffing shortfalls exist. The solicitation for a statewide Mobility Project Administrator will be developed to meet the specific administrative needs of each subproject.

After approval of the Proposed Funding Plan, staff is proposing to determine specific RFA characteristics through an implementation public work group process, including but not limited to, funding previously received applications, opening a new RFA, or a combination of the two. In addition, staff will work with stakeholders to refine the application and selection processes if a new RFA is developed which may include (1) competitive scoring, (2) first-come, first-served, (3) needs-based, (4) lottery, or (5) some combination of these approaches.

Impacts of Proposed Changes

CARB staff anticipate that streamlining and aligning the Sustainable Community-Based Transportation Equity Mobility projects/subprojects will result in numerous benefits. The proposed changes aim to further reduce confusion by potential applicants on timing of available funding and the overall application process. Additionally, technical assistance offered through the two project administrators will help potential applicants better understand project/subproject differences and determine which funding opportunity they should apply for. The proposed changes intend to increase the ability of the applicants to access funding for all desired mobility activities within a community through a single application and grant. This should also reduce the complexity and duplication of effort for both applicants and CARB staff related to preparing and managing multiple applications and grants.

Reporting Requirements

Staff continue to work with project grantees to collect and report project data on an annual basis and use this data to assess funding gaps and make programmatic improvements. Project data for each of the Sustainable Community-Based Transportation Equity Mobility subprojects can be found on the following CARB webpages:

- *CMO*
- *CMIS*
- *STEP*

Further, staff report on various topics, including:

- **Estimated benefits**: CARB staff and technical assistance providers work with funding applicants to calculate GHG emission reductions and other co-benefits, such as criteria and toxics emission reductions, VMT reductions, travel cost savings, and jobs supported, before project implementation begins. California Climate Investments has developed tools to model the impacts from investments including travel cost savings[52] and jobs,[53] which will be used to calculate these benefits. These estimates will then be re-calculated annually using updated inputs based on actual data from project implementation and operations.
- **Vehicle telematics data**: Grantees collect quantifiable data on project operations, such as the number of users, number of trips, VMT per user and per trip, average utilization rate, and average fare cost, via vehicle telematics.
- **User surveys**: Grantees deploy multiple user surveys over the course of project implementation to collect data that cannot be collected via telematics. This includes, but is not limited to, data such as the demographics of service users, user experience, trip purpose, alternative transportation mode if project service had not been available, pre-project travel behavior and changes in travel behavior post-project, pre-project transportation challenges and changes in transportation access post-project, and changes in perception of ZEVs and equipment post-project.
- **Community engagement and outreach**: Grantees track data on outreach and engagement activities, including quantitative data, such as the number of events/activities and participants reached, and qualitative data on the nature and impact of the events/activities.
- **Socioeconomic benefit analysis**: CARB is continuing to collect data and develop evaluation processes to better understand the socioeconomic benefits to users of clean mobility investments. This will include a calculation that will incorporate the value of reliable, clean transportation and the cost savings of funding clean mobility services relative to other options. In future years, the analysis will continue to be updated and estimates refined based on stakeholder feedback obtained through a public work group process, additional grantee surveys, and vehicle telematics data.

---

[52] "*Co-benefit Assessment Methodology Travel Cost Savings*." *California Air Resources Board*, October 2019, *https://ww2.arb.ca.gov/sites/default/files/auction-proceeds/final_travelcost_am_corrected.pdf*

[53] "*Job Co-benefit Assessment Methodology*." *California Air Resources Board*, May 2021, *https://ww2.arb.ca.gov/sites/default/files/auction-proceeds/final_jobs_am.pdf*

Sustainable Community-Based Transportation Equity Planning and Capacity Building Projects

Proposed Low Carbon Transportation Allocation–$10 million
Sustainable Community-Based Transportation Equity Planning and Capacity Building Projects Webpage[54]

Proposed Allocation and Funding Need

The Budget Act of 2023 and associated budget trailer bills appropriated $60 million for Sustainable Community-Based Transportation Equity projects. Of this amount, staff is proposing to allocate $10 million to Sustainable Community-Based Transportation Equity Planning and Capacity Building projects and $50 million to Sustainable Community-Based Transportation Equity Mobility projects (see the previous section).

This allocation will fund two separate ongoing efforts administered by a Statewide Planning and Capacity Building Administrator that will be selected late 2023 using funds from FY 2022-23:

1) Community planning and capacity building grants, which consist of funding provided through the statewide administrator to project awardees to implement their project(s), and
2) Project assistance and support provided by the statewide administrator to the project awardees in the form of technical assistance, guidance, and other non-monetary support for project implementation

Of the $10 million allocation, staff propose $7.5 million for community planning and capacity building grants and $2.5 million for administrator assistance and support activities including, but not limited to, oversight of specific elements of grant management, project implementation support, and regional coordination and outreach through grassroots community-based organizations. Staff is also proposing that funds can be shifted between community planning and capacity building grants based on feedback from public implementation and solicitation development work groups. The $7.5 million for community planning and capacity building grants could potentially fund projects that range in size from $200,000, on average, up to $500,000. This would result in approximately 15 to 37, or more, community-based planning projects. CARB anticipates a significant portion of this funding will support staff time for organizations to work with community residents, build partnership networks, support community-led transportation planning processes, develop and implement community education and outreach campaigns, and conduct workforce training and development projects. If demand for funding is less than $10 million, then staff is

[54] *https://ww2.arb.ca.gov/our-work/programs/planning-and-capacity-building*

proposing that funds can be shifted to meet demand for the Sustainable Community-Based Transportation Equity Mobility Projects.

Proposed Changes to Project Criteria

Staff is not proposing changes this year to project criteria for the Planning and Capacity Building grants nor for the statewide administration and project assistance/support.

Impacts of Proposed Changes

Staff does not anticipate any impacts since there are no proposed policy changes at this time.

Reporting Requirements

Planning and Capacity building is intended to strengthen local coordination, leadership, knowledge, and skills to prepare disadvantaged and low-income communities for future clean mobility funding opportunities. As such, these projects support the development of activities to identify or plan future mobility projects and do not result in direct emission reductions. However, Staff will work with project grantees to collect and report project data on an annual basis and use this data to assess funding gaps and make programmatic improvements. When available, this data will be publicly displayed on the *Planning and Capacity Building Outcomes and Results* webpage.

Chapter 4: On-Road Heavy-Duty Vehicle and Off-Road Equipment Investments

Overview

To help achieve the state's air quality, climate, and zero-emission deployment goals, CARB has administered a portfolio of heavy-duty and off-road equipment (heavy-duty) investments for over a decade. Heavy-duty investments support the commercialization and market development of zero-emission trucks, buses, and off-road equipment.

CARB's Heavy-Duty and Off-Road Equipment Investments include the following projects:

- **Advanced Technology Demonstration and Pilot Projects:** Demonstration and Pilot Projects help accelerate the introduction of advanced technology vehicles, equipment, or emission controls into the California marketplace.
- **Clean Truck and Bus Voucher Incentive Project (HVIP):** HVIP supports the purchase of zero-emission vehicles by providing vouchers to offset the incremental cost of medium- and heavy-duty trucks and buses. HVIP Standard offers purchase incentives for a wide variety of medium- and heavy-duty on-road vehicle types, while set-asides within HVIP offer focused support for certain vocations such as drayage trucks, public transit buses, and public school buses.
- **Innovative Small e-Fleets (ISEF):** ISEF is a pilot program administered through HVIP that focuses on supporting small fleets by offering higher voucher amounts and supporting innovative solutions such as all-inclusive leasing, rentals, and "truck as a service---" models.
- **Clean Off-Road Equipment Voucher Project (CORE):** Similar to HVIP, CORE provides vouchers to offset the incremental cost of zero-emission off-road equipment such as transport refrigeration units, construction and agricultural equipment, and commercial harbor craft.
- **Zero-Emission Truck Loan Pilot Project:** The Zero-Emission Truck Loan Pilot Project provides financing opportunities for heavy-duty zero-emission vehicles and infrastructure. This project replaces the original Truck Loan Assistance Program which helped small-business fleet owners who were affected by CARB's In-Use Truck and Bus Regulation secure financing for upgrading their fleets to new trucks of any fuel type.

As the zero-emission market grows and recently adopted regulations push for the widespread adoption of zero-emission technologies, CARB is shifting the role of incentives to increasingly focus on supporting small businesses and fleets. This approach is described in detail in the Long-Term Heavy-Duty Investment Strategy.

Long-Term Heavy-Duty Investment Strategy Updates

CARB developed the first three-year long-term investment strategy to serve as a strategic roadmap, showing how to best focus the investment of Low Carbon Transportation Investments in heavy-duty vehicle and off-road equipment incentives. Each year, staff updates this document through a public process, using stakeholder input while laying out goals, analyzing how to make projects more effective, and presenting a thoughtful strategy detailing how to best use incentives to support the state's goals to transition the heavy-duty fleet to zero-emission. The Long-Term Heavy-Duty Investment Strategy, included in this Proposed Funding Plan as Appendix D, generally includes three key components: technology status snapshots that show progress toward commercialization and market acceptance; a discussion of the beachhead model that describes the avenues for technology transfer; and a three-year investment priorities table that details staff's assessment of individual priorities and estimated funding needed to ensure progress towards the state's climate change and air quality goals.

CARB's incentive programs work hand-in-hand with its regulatory programs to accelerate the transformation of the HD market for ZEVs. When available, incentives can support early commercialization and market development in advance of regulatory requirements. Incentives can help to drive early adopter purchase decisions by reducing incremental cost and supporting vehicle cost reductions over time by building manufacturer economies of scale. Regulations, such as the Advanced Clean Fleets Regulation, require cleaner vehicle technologies for larger fleets and provide essential long-term market certainty and continued growth in the market. The following regulations are a key part of CARB's strategy to support cleaner technologies through a strategic combination of incentives and regulations:

- Innovative Clean Transit Regulation, adopted December 2018
- Zero-Emission Airport Shuttle Bus Regulation, adopted June 2019
- Heavy-Duty Omnibus Regulation, adopted August 2020
- Advanced Clean Trucks Regulation, adopted December 2020
- Amendments to the Small Off-Road Engine (SORE) Regulation, adopted December 2021
- Clean Truck Check (Heavy-Duty Inspection and Maintenance Regulation), adopted December 2021
- The Airborne Toxic Control Measure for In-Use Diesel-Fueled Transport Refrigeration Units, adopted February 2022
- Amendments to the In-Use Off-Road Diesel-Fueled Fleets Regulation, adopted November 2022
- Amendments to the Commercial Harbor Craft Regulation, adopted December 2022
- Advanced Clean Fleets Regulation, adopted April 2023

Upcoming Tier-5 Off-Road Vehicle and Equipment, Zero-Emission Forklift, and Seaport and Railyard Cargo Handling Equipment Regulations

As regulatory requirements approach, CARB's incentive strategy shifts toward a focus on providing financial assistance for smaller fleets and businesses that face challenges in qualifying for traditional financing programs and are not required by existing regulations to switch to ZEVs. In some incentive programs, options may remain available once regulations are in effect for generating emission reductions beyond what is required by the regulations.

Proposed Allocations for Heavy-Duty Vehicle and Off-Road Equipment Investments

For FY 2023-24, the state budget includes $80 million in Low Carbon Transportation funding to support the deployment of zero-emission drayage trucks through HVIP. The state budget also includes an appropriation of $375 million from Proposition 98 General Funds for public school buses to be administered through HVIP. The state budget does not provide funds for other HVIP-eligible vehicle types that received funding in the past Additionally, the budget appropriated $28.6 million for the AQIF which staff proposes to split equally between the ISEF and CORE projects. Both ISEF and CORE have been oversubscribed, and there is not sufficient funding to fully fund either program. This proposal has been favorably received by interested parties. Staff's proposed FY 2023-24 allocations are shown in Table 13.

Table 13: Proposed FY 2023-24 Heavy-Duty Vehicle and Off-Road Equipment Project Allocations (millions)

Project Category	Greenhouse Gas Reduction Funds	Proposition 98 General Fund	Air Quality Improvement Fund	Total Allocation
Clean Trucks and Buses	-	-	-	-
Public School Buses – HVIP	-	$375[a]	-	$375
Drayage Trucks – HVIP	$80	-	-	$80
Innovative Small e-Fleets Pilot	-	-	$14.3	$14.3
Clean Off-Road Equipment	-	-	$14.3	$14.3
Total	**$80**	**$375**	**$28.6**	**$483.6**

[a] This funding was included in the FY 2022-23 Funding Plan as part of the $1.125 billion for public school buses, however it is referenced again in this Funding Plan as SB 114 (Committee on Budget and Fiscal

Review, Chapter 48, Statutes of 2023), the education omnibus budget trailer bill. SB 114 reverted the FY 2022-23 AB 181 (Committee on Education, Chapter 52, Statutes of 2022) appropriation of $1.125 billion from the General Fund and instead appropriated $375 million this year with commitments to appropriate the remaining $750 million in future budget appropriations spread over multiple fiscal years.

Although some projects are not proposed to receive additional funding this fiscal year, CARB will continue to administer existing funding and provide ongoing implementation information by posting updates on *CARB's Low Carbon Transportation Investments and Air Quality Improvement program webpage*.[55] A brief update on existing programs is provided in the section below.

Updates on Existing Programs

As part of last year's funding plan, over $1.1 billion was appropriated to heavy-duty investments.[56] Since the adoption of last year's funding plan staff have released a joint solicitation for $225 million with CEC for demonstration and pilot projects, released a $587.7 million solicitation for an administrator for HVIP, and held a competitive solicitation for $273 million and selected an administrator for CORE. After Board adoption of the funding plan, staff held multiple public meetings to determine specific project criteria leading up to the development of the solicitations. Staff recognizes that disruptions in availability of funds can be particularly detrimental for small fleets. Over the past several years, staff has made changes to the heavy-duty voucher programs to maximize the potential for continuous availability of funding so that funds will be available when a fleet is ready to purchase a zero-emission vehicle. Many of the changes included in past funding plans have been effective. HVIP has had funding continuously available for all vehicle types since March 2022.

CARB continues to invest in programs that will enable and better support the transition to zero-emission technologies. This year CARB sunsetted the Truck Loan Assistance Program that helped small business fleet owners secure financing to upgrade their fleet with newer trucks of all fuel types. Enrollments in the loan program ended July 31, 2023. CARB is now prioritizing funding for zero-emission heavy-duty vehicles, including multiple options for direct assistance to support fleets transitioning to zero-emission technology such as the Innovative Small E-Fleets Pilot, ZEV Truck Stop website, Cal Fleet Advisor technical assistance program, and the Zero-Emission Truck Loan Pilot Project. The Zero-Emission Truck Loan Pilot Project is a new project that received $5 million in last year's funding plan and is designed to provide smaller fleets transitioning to ZEVs financing opportunities for heavy-duty ZEVs and charging or fueling infrastructure. CARB has partnered with the California Energy Commission (CEC) to build on the existing successful relationship in implementing the Truck Loan Assistance Program through CPCFA's California Capital Access Program. The CEC has matched CARB for charging or fueling infrastructure support.

---

[55] *Low Carbon Transportation Investments and Air Quality Improvement Program*. California Air Resources Board, *https://ww2.arb.ca.gov/our-work/programs/low-carbon-transportation-investments-and-air-quality-improvement-program*

[56] Note: The FY 2022-23 Funding Plan allocated a total of over $2.2 billion dollars, however SB 114 shifted the timeline for the appropriation of $1.125 billion for zero-emission school bus dollars, so the total here was adjusted accordingly.

The pilot will allow CARB, CPCFA, CEC, and lenders, to learn from borrowers of small business fleets what is needed to make a successful transition to zero-emission and what additional areas of support are needed. These efforts align with the directive of Senate Bill (SB) 372 (Leyva, Chapter 639, Statutes of 2021),[57] which instructs CARB to develop an assistance and purchasing support program to assist in the adoption of medium- and heavy-duty zero-emission vehicles.

Finally, several of CARB's heavy-duty incentive programs, including HVIP and the public school bus set-aside, ISEF, and CORE maintain Terms and Conditions and Implementation Manuals that describe implementation of program requirements in detail for purchasers, dealerships, and manufacturers. More specifically, the Terms and Conditions are intended to notify participants of program requirements prior to participating. Where projects have active Terms and Conditions and/or an Implementation Manual, these documents are incorporated herein by reference. They are also updated periodically throughout the year to reflect project changes after the Board adopts each funding plan and as other changes are necessary to provide further clarity. Prior to making changes to the Implementation Manual, staff holds a public work group meeting to discuss the changes and solicit feedback.

Compliance with Labor Standards

In 2021 AB 794 (Carrillo, Chapter 748, Statutes of 2021)[58] directed CARB to implement new requirements regarding labor standards for drayage and short-haul trucking fleets participating in applicable CARB incentive programs beginning in FY 2022-23. The bill requires these fleets to demonstrate that they do not have any "applicable law violations via written attestation." The bill also allows third parties to report to CARB that a trucking fleet has failed to provide a truthful attestation. If the third-party can substantiate these allegations, then CARB must evaluate the report in collaboration with relevant agencies. CARB began implementing these provisions this year and is developing a new website to display disclosures and attestations from short-haul and drayage trucking fleets that receive an incentive.

Implementation of Assistance and Purchasing Support Programs

Senate Bill (SB) 372, directed CARB to develop an assistance and purchasing support program to assist in the adoption of medium- and heavy-duty zero-emission vehicles. Following the direction of SB 372, CARB has developed and is implementing additional

---

[57] "*SB 372, Leyva. Medium- and heavy-duty fleet purchasing assistance program: zero-emission vehicles*," California Legislative Information, 8 October 2021, *https://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=202120220SB372*

[58] *Sections 39680 through 39693 of the California Health and Safety Code*. California Legislative Information, *https://leginfo.legislature.ca.gov/faces/codes_displayexpandedbranch.xhtml?tocCode=HSC&division=26.&title=&part=2.&chapter=3.6.&article=*

financial and non-financial mechanisms to support the transition of fleets to zero-emission vehicles.

Some of these non-financial mechanisms include expanded outreach, education, and technical assistance and coordinating with State agency partners, communities, and fleets to better understand how we can collaborate to support the total transformation of the transportation sector. For example, *Cal Fleet Advisor* has been developed to provide personalized assistance for those navigating funding options and the planning necessary to transition to zero-emission technology. In the coming months, staff will also look to expand our efforts when it comes to educating lenders and insurers about the need for, and regulations that will require, widespread zero-emission adoption. And staff will explore additional mechanisms for small fleet assistance to address challenges around borrowing costs, residual value, and insurance.

Clean Truck and Bus Voucher Incentive Project (HVIP)

Proposed Low Carbon Transportation Allocation–$80 million
Clean Truck and Bus Voucher Incentive Project Webpage[59]

Proposed Allocation and Funding Need

The FY 2023-24 budget provides $80 million from GGRF to be implemented through HVIP, specifying the full amount for zero-emission drayage trucks.

SB 114, the education omnibus budget trailer bill, changes the FY 2022-23 State Budget appropriation that was made for zero-emission school buses in last year's AB 181 (Committee on Education, Chapter 52, Statutes of 2022) by reverting the $1.125 billion appropriation to CARB back to the General Fund. The bill also reverts last year's $375 million appropriation to CEC. From the General Fund, SB 114 replaces the AB 181 appropriation with a series of appropriations to CARB beginning with $375 million in FY 2023-24 to administer grants that help local education agencies replace heavy-duty internal combustion public school buses with zero-emission public school buses. SB 114 also appropriates $125 million to CEC for complementary grants to support fueling infrastructure. These funds will be provided directly to local education agencies and will help protect children from harmful air pollution by accelerating the transition of the state's public school bus fleet to zero-emission or renewable fuel technology.

The California Legislature indicated their intent to keep the original $1.125 billion in funding whole by committing to appropriate a total of $750 million to CARB over the next two budget cycles to support zero-emission school buses. Similarly, the Legislature indicated their intent to appropriate a total of $250 million to CEC over the next two budget cycles to support the complementary infrastructure.

HVIP remains available to fleets of all types and sizes. As of June 2023, over $600 million remains across HVIP Standard and set asides for transit buses, drayage trucks, public school buses, and the ISEF pilot. Staff expects demand for HVIP to continue over the next year as milestones for Innovative Clean Transit and Advanced Clean Fleets regulations approach.

Proposed Changes to Project Criteria

As HVIP enters its thirteenth year, the project continues to adapt to changing needs. This year, the project strengthens its focus on supporting underserved fleets and priority vehicle types. The proposed changes to HVIP are provided below. Unless otherwise noted the changes apply to HVIP Standard and all set-asides:

[59] *https://ww2.arb.ca.gov/our-work/programs/clean-truck-bus-vouchers-hvip*

- **Fleet Size Limits:** The FY 2022-23 Funding Plan established that, beginning January 1, 2024, private fleets with more than 50 medium- and heavy-duty vehicles would no longer be eligible for HVIP. After considering stakeholder feedback and legislative direction, staff proposes delaying the eligibility change to January 1, 2025.
- **Small Fleet Support:** The ISEF pilot, funded as a set-aside within HVIP, is entirely focused on helping small businesses access zero-emission trucks through elevated purchase incentives and innovative access solutions like truck-as-a-service and expanded leasing and rental opportunities. Since its establishment, demand for ISEF has far exceeded funding. To help meet that demand and further serve California's small businesses, staff proposes the following changes:
    - Align the HVIP small-fleet definition with that of ISEF and raise purchase incentives in HVIP to match the incentive amounts in ISEF. This would result in HVIP offering double the base voucher amount to fleets with fewer than 20 medium- and heavy-duty vehicles and less than $15 million in annual revenue.
    - All standard purchases formerly made through ISEF will be funded through HVIP, allowing ISEF to focus on innovative solutions for small fleets.
    - The change in small fleet definition will apply in all uses of the definition. For example, small fleets are eligible to "stack", or combine HVIP vouchers with most other State funding sources. Additionally, small fleets located in a disadvantaged community receive a 15% increase with the disadvantaged community voucher modifier.
- **Enhancements for Drayage and Refuse Trucks:** Staff proposes to extend the 25% voucher enhancements for zero-emission drayage and refuse trucks until December 31, 2024.
- **Increase Annual Voucher Request Caps:** The FY 2020-21 Funding Plan established a 30-voucher annual limit on new voucher requests per fleet to ensure funding availability and to focus support on overcoming significant barriers with initial fleet deployments. Staff proposes extending the 50-voucher annual limit to refuse fleets and public transit agencies, matching the cap previously established for drayage fleets. This change would become effective beginning January 1, 2024.
- **Support Co-Funding with Sustainable Community-Based Transportation Equity Projects:** With limited funding and high demand, staff proposes expanding funding for the projects within CARB's suite of Sustainable Community-Based Transportation Equity Project, CMO, CMIS, and the STEP, by using HVIP to cover costs for HVIP-eligible vehicles in project proposals. The change for grant recipients would be seamless: if an applicant proposes a project that includes HVIP-eligible vehicles, HVIP, rather than the mobility program, would cover those incentive costs not to exceed the current maximum HVIP funding allowed of the zero-emission vehicle

purchase cost (excluding taxes and fees). This change will leave more funding in those programs for additional projects.

- **Manufacturer Performance Review:** A manufacturer rolling soft cap limit was established in 2020 to improve HVIP funding availability and encourage faster vehicle delivery. To reduce the administrative burden and better meet these goals, the manufacturer soft cap will be eliminated in favor of ad hoc review of manufacturer performance with vehicle delivery. Staff proposes to work with all manufacturers through the public workgroup process to determine metrics for review, such as a minimum percentage of vehicle delivery, as well as potential actions CARB can take to encourage faster delivery.
- **Public School Bus Funding:** In addition to grants to support the purchase of zero-emission public school buses, SB 114 allows up to 10% of the funding for public school bus replacement grants to be used to supplement funding for the grantee's school transportation program or for other associated costs such as workforce development and training. As provided in SB 114, CARB and CEC may fund public school buses powered by low-emission renewable fuels. Given the significant demand for zero-emission public school buses and oversubscription of all recent zero-emission public school bus incentive programs, staff proposes to only offer grants for zero-emission buses with the first $375 million in funding. Over the course of the next year, staff will develop criteria to evaluate the unique challenges faced by some school districts and requirements for low-emission renewable fuel public school bus replacement grants with the potential for grants in future years. The Legislature recently passed a bill that would require that all newly purchased school buses in California be zero-emission starting in 2035 with limited exceptions. Focusing investments on zero-emission buses will support school districts in meeting this mandate, and CARB staff plan to work with CEC to develop robust technical support and planning assistance for school districts that need help to determine their zero-emission readiness and prepare their fleet for the transition. The changes in this section only apply to the Local Educational Agency School Bus Replacement Grants and not to HVIP standard.
- **Effective Date:** Upon approval, proposed changes to HVIP will become effective the day after the Board meeting, unless a different effective date is explicitly identified for the individual policy change.

Furthermore, the Implementation Manual and Terms and Conditions for HVIP and the Public School Bus set aside can be accessed here: *HVIP and Public School Bus Set Aside Implementation Manual and Terms and Conditions*.

HVIP and Advanced Clean Fleets Regulation Interface

In addition to these changes to project criteria, staff is clarifying the interface between HVIP and the Advanced Clean Fleets Regulation adopted by the Board in April 2023. HVIP will

remain available to fleets purchasing a zero-emission truck or bus prior to compliance deadlines or in excess of regulatory requirements, including:

- Zero-emission drayage truck purchases in existing drayage fleets.
- High-priority and public fleets using the zero-emission vehicle (ZEV) Milestones Option may access HVIP for any zero-emission vehicles purchased in excess of their ZEV milestone requirement. Similarly, State and local agencies that comply with the ZEV Purchase Schedule may access HVIP for any vehicles purchased above their requirement. For example, if a fleet is required to purchase 50% ZEVs and purchases a total of 20 trucks and 15 of those are zero-emission, five will be eligible for HVIP incentives.
- Eligible fleets purchasing zero-emission vehicles prior to a regulatory deadline will be able to access HVIP. Eligibility relative to the regulatory deadline will be determined by purchase order date (high-priority and public fleets will be allowed to use a letter of intent or binding resolution in place of a purchase order).

HVIP does not prohibit vehicles receiving incentives from being used for future compliance purposes. In other words, an HVIP-funded vehicle purchased prior to or in excess of regulatory requirements, as explained above, can be used to count toward future requirements where applicable.

Finally, the FY 2022-23 Implementation Manual aligns the HVIP fleet size definition with Advanced Clean Fleets: all vehicles under direct control or common ownership, including those domiciled or operated outside of California, count toward fleet size.

Infrastructure Support

CARB and its partners are also working to combine incentives for vehicles and infrastructure. EnergIIZE Commercial Vehicles (Energy Infrastructure Incentives for Zero-Emission Commercial Vehicles) is the nation's first commercial vehicle fleet infrastructure incentive project, funded by the CEC's Clean Transportation Program and implemented by CALSTART. CALSTART currently administers the HVIP program funded by CARB. Teaming up with CEC provides a user-friendly streamlined process for participation by breaking down infrastructure deployment barriers through targeted incentives and specialized assistance. When someone applies for an HVIP voucher, the Voucher Request Form includes a series of questions designed to assess the buyers' infrastructure readiness. Answers to these questions also give the EnergIIZE team information needed to support fleets.

Impacts of Proposed Changes

Many of the proposed changes aim to support the deployment of zero-emission technologies in communities that are disproportionally impacted by pollution and to increase support for small and public fleets. To date, 55% of vouchers have funded vehicles deployed in disadvantaged communities. Staff expects that the proposed funding and changes to program requirements will help to increase the number of vehicles deployed in

disadvantaged communities this year as additional funding is provided to drayage trucks, which predominately operate in port communities facing disproportionate impacts of air pollution. Similarly, providing a higher voucher cap for refuse trucks may help accelerate deployments benefiting priority populations as the impacts of refuse trucks are felt particularly by priority populations located near waste transfer stations who are burdened by multiple pollution sources.

Staff are also proposing changes to ensure that the financial benefits of incentives are realized by those facing the most challenges: public fleets and small fleets. Recent HVIP data shows that the share of vouchers going to public and small fleets is 43%. CARB expects the proportion of funding being requested by small and public fleets to rise with the changes proposed this year.

Reporting Requirements

Staff use a number of methods to determine if HVIP is achieving program goals, including evaluating emission reductions, the percent of vouchers requested in disadvantaged communities and by small fleets, and other strategies described in the Long-Term Heavy-Duty Investment Strategy, which is included as Appendix D of the Proposed Funding Plan. Building upon these existing evaluation methods, HVIP staff continues to improve its Fleet Survey, which focuses on various user experiences and how satisfied the purchaser is with their vehicle and the HVIP project. This includes how well the vehicle functions in performing day-to-day operations and how important the HVIP vouchers are in making purchasing decisions. This survey is administered annually to all purchasers who had redeemed an HVIP voucher within the last three years, and the results of the surveys are incorporated into the grant's final reports. CARB also collects information on the Disadvantaged Business Enterprise status of participating fleets which will inform outreach and incentives to maximize participation among underrepresented groups.

Innovative Small e-Fleet

Proposed Air Quality Improvement Program Allocation-$14.3 million
Innovative Small e-Fleet Program Webpage[60]

Proposed Allocation and Funding Need

Staff proposes to allocate $14.3 million, half of the Air Quality Improvement Program (AQIP) appropriation, to the Innovative Small e-Fleet (ISEF) pilot.

The demand for increased vouchers for small fleets through the ISEF pilot surpassed available funding in the first year, which was set at $25 million. Ultimately, $35 million was requested. Staff projects a funding need of at least $35 million to meet the demand that was displayed in the first funding year. An allocation that could fully meet demand would allow ISEF to continuously stay open for voucher requests. This is something that many project participants and dealers have requested as the start and stop nature of ISEF makes planning difficult. Additionally, if an incentive is not available when a small fleet needs to purchase a new vehicle, they may opt for an internal combustion engine vehicle over zero-emission.

Proposed Changes to Project Criteria

The ISEF pilot was created as a set-aside within HVIP in part to better understand the specific needs of small fleets and help inform policy for broader HVIP. The proposed project changes reflect lessons learned through the first year of implementation and stakeholder feedback. Staff received feedback through individual meetings and work groups this spring and summer to understand what changes are needed in order to ensure that funding is more successfully distributed to small fleets and that more innovative solutions are explored.

One of the key lessons learned is that small fleets need continuous access to funding for zero-emission vehicles. Again, the start and stop nature of ISEF creates an unintended waiting period and stalls small fleet progress and adoption of zero-emission technology. A significant share of ISEF was requested for standard purchase voucher requests and this high demand clearly shows that small fleets seek advanced technologies. To provide continuous access to vouchers, standard purchases will be processed through HVIP as discussed previously in the HVIP section of this document.

All funding was requested within the first day of ISEF opening with the majority going toward standard voucher requests. A smaller proportion of funds were requested for innovative solutions and encouraging innovative solutions remains a primary goal of ISEF. Providing continuous access to vouchers through HVIP allows ISEF to focus solely on

[60] *https://ww2.arb.ca.gov/our-work/programs/innovative-small-e-fleet*

projects that explore innovative mechanisms such as truck-as-a-service models, rentals, peer-to-peer truck sharing, and other mechanisms.

Staff also heard consistent feedback that many small businesses that operate buses would benefit from the innovative solutions supported through ISEF. Staff also proposes to expand ISEF-eligible vehicles to include certain buses that may be commonly used by small businesses such as daycares and retirement homes so that these small businesses can also take advantage of innovative mechanisms like bus-as-a-service and peer bus sharing.

Furthermore, the Implementation Manual and Terms and Conditions for ISEF can be accessed here: *ISEF Implementation Manual and Terms and Conditions*.

Impacts of Proposed Changes

Dedicating ISEF funding to innovative solutions will ensure there is sufficient funding available to support innovative mechanisms such as peer-to-peer trucking that may be beneficial to many small fleets, while still ensuring that small fleets ready to purchase their own zero-emission vehicle have access to increased voucher amounts in HVIP. Since ISEF is the only project in the Low Carbon Transportation Investment that supports innovative mechanisms, the changes would also increase the diversity of projects that CARB has funded and will allow staff to understand different use cases and how they can be used by fleets in California. All changes will be used to inform HVIP policies and how we ensure small fleets are getting the assistance needed to overcome barriers to medium- and heavy-duty zero-emission vehicle adoption.

Reporting Requirements

The Proposed Funding Plan establishes ISEF as distinct from, but still a set aside within HVIP. Since many of the funding mechanisms are unique to ISEF, staff continues to establish reporting requirements and will continue to hold work groups to discuss additional metrics for evaluation. ISEF has already adopted several reporting requirements that mirror HVIP reporting requirements where applicable, such as annual fleet surveys.

Consistent with other investment programs, ISEF offers increased incentives for deployments in pollution-burdened and disadvantaged communities. ISEF is also designed to support the small fleets and individual owner/operators since those small fleets traditionally face unique challenges to zero-emission vehicle adoption. One hundred percent of ISEF goes to fleets with 20 or fewer vehicles. In the first round of ISEF, 73 unique small fleets applied, of which 69% domiciled their vehicles in a disadvantaged community and the average fleet size was five vehicles. ISEF also collects information on the Disadvantaged Business Enterprise status of participating fleets.

Clean Off-Road Equipment Voucher Incentive Project

Proposed Air Quality Improvement Program Allocation-$14.3 million
Clean Off-Road Equipment Voucher Incentive Project Webpage[61]

Proposed Allocation and Funding Need

Staff proposes to allocate $14.3 million, half of the AQIP appropriation, to the Clean Off-Road Equipment Voucher Incentive Project (CORE).

Demand for funding in CORE has been high, and the project has been oversubscribed each funding cycle since it first opened for voucher requests in 2020. When CORE reopened in July 2022, it provided $125 million for zero-emission off-road equipment; and ultimately, was oversubscribed by over $100 million, and 3 of the 10 eligible equipment categories sold out within 90 minutes. CORE reopened with high demand on July 18, 2023, with $185 million available, and within 60 minutes, 3 of the 11 categories (transport refrigeration units, mobile power units, and terminal tractors) were oversubscribed. In addition, last year's round of funding included a $10 million small business set aside for the first 180 days of the program. All of the funds for this set aside were exhausted within 22 minutes. Staff anticipates this high level of demand to continue into future years, as new types of zero-emission off-road equipment come to market each year.

Proposed Changes to Project Criteria

The combination of high demand for incentive funding for off-road equipment and reduced funding will require CORE to adapt by making strategic changes to the program. Staff will evaluate the current eligible equipment categories and consider how to optimize zero-emission off-road options with the limited funding available. Due to the significant reduction in CORE funding, staff is proposing to allow only small businesses to be eligible to receive funding and will also review incentive amounts to identify potential voucher reductions for specific equipment. The existing 10% disadvantaged community enhancement will continue to be offered to eligible purchasers. In addition, staff is proposing to provide vouchers only to specific CORE equipment categories including transportation refrigeration units, large forklifts, airport ground support equipment, and construction and agricultural equipment. Until additional funding is identified, staff propose to discontinue new vouchers for higher cost equipment like railroad engines, commercial harbor craft, and cargo handling equipment. To better support small businesses, staff will continue to allow stacking incentives with other funding programs if the program requirements are met for the other funding sources.

[61] *https://ww2.arb.ca.gov/our-work/programs/clean-off-road-equipment-vouchers*

Staff will hold public workgroup meetings in early 2024 to discuss the upcoming program relaunch, implementation manual updates, and to seek feedback on eligible equipment types. Staff proposes to review and discuss the following:

- Voucher pricing for small businesses will be reviewed and optimized prior to the next funding round. Staff will continue to review optimal use of funding, consider using price per kilowatt (kW) per equipment type, or limit the cost on a manufacturer's suggested retail price, or evaluate other options.
- Equipment eligibility will be reevaluated to streamline the application process while keeping important CORE requirements. The equipment eligibility application process is essential to ensure that funded equipment delivers emission reductions and meets performance requirements of end-users.
- Warranty requirements for zero-emission off-road equipment will be reviewed. The current three-year warranty requirement is appropriate for some equipment but may need to be adjusted given the diversity of eligible equipment types.
- Graduation or removal of mature off-road equipment from the CORE eligible equipment portfolio will be considered, with a focus on equipment with minimal incremental cost compared to conventional technologies. Such pieces of equipment would be moved to other incentive programs with scrappage requirements to support turnover of older, more polluting equipment.

Furthermore, the Implementation Manual and Terms and Conditions for CORE can be accessed here: *CORE Implementation Manual and Terms and Conditions*

Impacts of Proposed Changes

Focusing the limited funding available in CORE on small businesses will deliver zero-emission off-road equipment to fleets who otherwise might not consider zero-emission technologies. In addition, the updates to equipment warranty and equipment eligibility review process will potentially expand the zero-emission equipment catalog with more manufacturers, providing more zero-emission equipment options to fleets.

Reporting Requirements

CORE requires all purchasers to respond to a usage and experience survey that is distributed by the project administrator. The results of the user experience surveys will help shape future off-road incentive policies.

Staff will continue to look at ways to expand data collection and reporting requirements to build a more comprehensive assessment of the project effectiveness, including appropriate metrics and data collection methodologies. An example is assessing the acceptance of zero-emission off-road equipment using metrics such as feedback on usage purpose and satisfaction; usage data, such as hours of use of new equipment; and factors that influence the purchase decision. These metrics can be assessed through participant surveys. The

assessment will also evaluate how effective the project is at achieving other expected outcomes, such as improving zero-emission technology acceptance, reducing advanced technology component costs, and increasing private investment.

Chapter 5: Addressing California Climate Investment Guideline Requirements Related to Priority Populations

CARB's California Climate Investments Guidelines (CCI Guidelines)[62] provide direction for implementing agencies that administer programs funded by appropriations from the GGRF. The CCI Guidelines include requirements and recommendations on how to provide benefits for priority populations, in addition to targets established by CCI for each program. Priority populations include disadvantaged communities, low-income communities, and low-income-households as defined by State law.[63] This chapter outlines the steps CARB is taking to meet the CCI Guideline requirements regarding priority population investments. The requirements related to evaluating investments for priority populations and maximizing benefits for disadvantaged communities can be found in *Section V of the CCI Guidelines* and are summarized below, along with the actions CARB is taking to address them.

While these requirements formally only apply to programs and projects funded with cap-and-trade auction proceeds, CARB is committed to maximizing priority population benefits for all of the investments in this Funding Plan regardless of the funding source. As such, projects funded with appropriations from the General Fund are discussed in this chapter as well those funded from GGRF.

CCI Guideline Requirement: Assess program structure for opportunities to target investments to benefit priority populations and evaluate projects for potential benefits to priority populations, using the CCI quantification, benefits, and reporting criteria.[64]

CARB Action: Staff expects that every project funded in the FY 2023-24 Funding Plan will provide benefits for AB 1550 priority populations. The project category descriptions included in Chapters 3 and 4 of this Funding Plan describe the anticipated AB 1550 benefits for each project.

For each project, staff will use the criteria listed on the *CCI Quantification, Benefits, and Reporting Materials* webpage to evaluate the AB 1550 benefits and to develop project solicitation and grant requirements. As project funds are expended, CARB will report the AB 1550 benefits in future Annual Reports to the Legislature on CCIs Using Cap-and-Trade auction proceeds.

---

[62] "*Funding Guidelines for Agencies that Administer California Climate Investments*." *California Air Resources Board*, Accessed 21 July 2023, *https://ww2.arb.ca.gov/resources/documents/funding-guidelines-agencies-administer-california-climate-investments*

[63] "*California Health and Safety Code (H&SC) Sections 39711 and 39713*." *California Legislative Information*, Accessed 21 July 2023, *https://leginfo.legislature.ca.gov/faces/codes_displayText.xhtml?lawCode=HSC&division=26.&title=&part=2.&chapter=4.1.&article=*

[64] "*CCI Quantification, Benefits, and Reporting Materials*." *California Air Resources Board*, Accessed 21 July 2023, *https://ww2.arb.ca.gov/resources/documents/cci-quantification-benefits-and-reporting-materials?corr*

CCI Guideline Requirement: Target funding, to the extent feasible, for projects that benefit priority populations and when selecting projects for a given investment, give priority to those that benefit disadvantaged communities.

CARB Action: The FY 2023-24 Funding Plan includes a mix of projects that are available statewide on a first-come, first-served basis and those that are limited to disadvantaged communities, low-income communities, or low-income households (collectively referred to as priority populations). These are clearly specified in the Funding Plan. Many of CARB's equity projects are limited to disadvantaged and low-income communities or low-income households to ensure that these innovative clean transportation projects focus exclusively on benefiting priority populations. In cases where projects are not limited to disadvantaged communities, many grant agreements include a requirement to focus outreach and engagement to disadvantaged communities to increase participation in those communities.

For the statewide first-come, first-served projects such as HVIP and CORE, staff have incorporated project criteria intended to increase support to priority populations. For both HVIP and CORE, voucher amounts are higher for vehicles that operate in disadvantaged communities in order to encourage fleets to use the ZEVs and equipment funded with these incentives in the most impacted communities.

Outreach and engagement are increasingly focused on priority populations. Specifically, CARB is increasing outreach efforts to focus on communities that have been historically marginalized such as Black and tribal communities. CARB is dedicating part of its FY 2023-24 transportation equity funds to support outreach and engagement, community transportation needs assessments, technical assistance, capacity building, and the Access Clean California project. These project elements are designed to increase awareness of, and enable, more efficient implementation of CARB's Low Carbon transportation equity projects and expand participation by priority populations.

CCI Guideline Requirement: Create or modify program guidelines or procedures to meet or exceed AB 1550 program targets.

CARB Action: This Funding Plan outlines the procedures CARB is taking to meet or exceed AB 1550 targets within each project section.

CCI Guideline Requirement: Design programs and select projects that avoid substantial burdens to residents of disadvantaged and low-income communities, such as physical displacement of low-income or disadvantaged community residents or businesses, including small businesses, women-owned, and/or minority-owned businesses; or increased exposure to toxics or other health risks.

CARB Action: In designing the projects in the Funding Plan, staff is careful to avoid or minimize potential substantial economic, environmental, and public health burdens. Any potential substantial burdens are identified early in the project development process and are discussed with interested parties through the public workshop and public work group process.

CCI Guideline Requirement: Implement outreach efforts that seek to directly engage and involve local community residents and CBOs in disadvantaged and low-income communities. Provide direct outreach and engagement to disadvantaged communities and identify an agency point of contact to provide the information on funding opportunities and to coordinate with other State agencies on CCIs.

CARB Action: CARB has taken multiple actions to outreach to, and engage with, disadvantaged communities, low-income communities, and low-income households.

Hire dedicated staff: CARB has hired dedicated staff to assist with disadvantaged community and low-income household outreach on Low Carbon Transportation investments and help ensure these communities are aware of funding opportunities. As part of this, CARB is working with liaisons from state agencies administering CCIs to better share information at community events, so citizens have access to all relevant CCI opportunities. This includes participating in the inter-agency CCI Outreach Work Group and collaborating with the Strategic Growth Council (SGC) on the CCIs Outreach and Technical Assistance Program.

Conduct outreach to help potential applicants access funding, particularly for priority populations: CARB's multi-faceted outreach effort to support its Low Carbon Transportation Program and help ensure priority populations are aware of funding opportunities is summarized earlier in this chapter. These outreach efforts include the following elements:

- **Outreach events and pilots:** CARB has an enhanced outreach/education program on the Low-Carbon Transportation Program with a disadvantaged community focus. An important part of the effort is dedicated to assessing the needs of the communities and piloting training and fellowship opportunities. CARB is partnering with stakeholders, such as grassroots CBOs, community advocates, and environmental justice groups to provide training and conduct outreach at community events aimed at explaining available incentives and increasing the community's awareness of these programs. CARB reports on the outreach events for its Low Carbon Transportation Program as part of each year's Annual Report to the Legislature on CCIs. The list of public meetings held in 2022 across all of the state's CCIs programs is available in an Excel file on the Annual Report website.[65]
- **Website:** CARB has developed a *user-friendly Moving California website* to promote Low Carbon Transportation projects and increase awareness about funding opportunities and projects that have been funded.[66]

---

[65] "*Annual Reports*." *California Air Resources Board*, Accessed 21 July 2023, *https://www.caclimateinvestments.ca.gov/annual-report*

[66] "*Moving California*." *California Air Resources Board*, Accessed 21 July 2023, *https://ww2.arb.ca.gov/sites/default/files/movingca/movingca.html*

- **Outreach by grantees:** As a part of project solicitations, CARB requires that applicants provide information on how they will outreach to disadvantaged communities, and their applications are scored in part on the quality of the outreach proposal. Each of CARB's grantees conducts outreach related to their project by focusing on increasing outreach for priority populations, including historically marginalized communities such as Black and tribal communities.
- **Access Clean California:** CARB implements Access Clean California to address a priority recommendation identified in CARB's SB 350 Guidance Document to increase awareness for low-income residents by expanding education and outreach on clean transportation and mobility options. One of the primary objectives of Access Clean California is to provide coordinated community-based outreach and education to maximize Low Carbon Transportation program participation and promote advanced technology vehicle adoption in disadvantaged communities, low-income communities, and low-income households. Additionally, CARB is implementing several outreach coordination strategies through Access Clean California identified in the SB 350 Strategic Outreach Roadmap as outlined below. CARB continues to hear from Black communities and tribal governments that meaningful outreach has not occurred in their communities, and because of this, they have not had the same opportunities as others to benefit from incentives. CARB is working to identify outreach strategies and funding opportunities to ensure communities are involved in the decision-making process for investments and have equitable access to funding. In the Funding Plan, additional funding will be allocated to continuing this project.
- **Outreach Plan:** CARB led the development of the Strategic Outreach Roadmap to increase low-income residents' awareness of clean transportation and mobility options to address a priority recommendation identified in the SB 350 Guidance Document. CARB is leading implementation of the SB 350 Outreach Strategic Roadmap with the goal of improving State and local coordination and content development, tailoring and delivery of information, as well as strategies that will increase awareness of clean transportation and mobility options through improved education and information access for low-income residents across the state. The Strategic Outreach Roadmap includes actions intended to strengthen collaboration and partnerships, outreach to low-income residents in black communities and other communities of color; urban and; rural, and tribal communities based on community-identified needs and increase the ability to participate in CARB, or related, incentive programs. During the development of the roadmap, CARB convened working groups consisting of both internal and external stakeholders to solicit feedback and identify outreach and community engagement best practices.

CCI Guideline Requirement: Ensure transparency and accountability and provide public access to program information.

CARB Action: All CARB grant agreements with funding recipients require grantees to collect and report to CARB all data necessary regarding AB 1550 benefits. This includes all information described in *Section VI (Reporting Requirements) of the CCI Guidelines*. CARB uses this information to provide input for the Annual Report to the Legislature on CCIs Using Cap-and-Trade Proceeds including the AB 1550 benefits of Low Carbon Transportation investments.

CCI Guideline Requirement: When evaluating projects for benefiting priority populations, implementing agencies must assess how potential projects meaningfully meet a community or household need. The CCI Guidelines provide a list of common needs identified by community advocates during the development of the guidelines. Letters of community support can also be used to document that investments address a community need.

CARB Action: Staff has reviewed the commonly identified needs of priority populations in the CCI Guidelines. The needs being met by proposed FY 2023-24 Low Carbon Transportation investments are shown in Table 14 below.

Table 14: Common Needs of Priority Populations Addressed by Proposed FY 2023-24 Low Carbon Transportation Investments

Need	Description
Public Health, Need 1	Reduce health harms suffered disproportionately by priority populations due to air pollutants. *All Low Carbon Transportation projects meet this need. All projects reduce criteria air pollutants and/or toxic air contaminants as co-benefits to each project, thereby reducing health harms due to air pollutants. A portion of funding from all projects will benefit priority populations.*
Economic, Need 5	Reduce transportation costs and improve access to public transportation. *The Low Carbon Transportation projects that provide consumer incentives for more fuel-efficient vehicles and alternative mobility options meet this need. These include* Clean Cars 4 All*, Financing Assistance, Clean Mobility Options, and Sustainable Transportation Equity Project. Additionally, school buses are supported through complimentary investments from the General Fund.*
Economic, Need 10	Provide educational and community capacity building opportunities through community engagement and leadership. *In this Funding Plan, staff proposes to allocate funds directly to outreach, community transportation needs assessments, technical assistance and workforce training and development efforts. Additionally, public outreach is an*

Need	Description
	element of many Low Carbon Transportation projects. For the clean transportation equity projects in particular, CARB will continue to require that grant awardees have strong community-based experience and commit to conduct extensive outreach and education tailored to the communities' projects will serve.
Environmental, Need 1	Reduce exposure to local environmental contaminants, such as toxic air contaminants, criteria air pollutants, and drinking water contaminants. *All Low Carbon Transportation projects meet this need because they reduce criteria air pollutants and/or toxic air contaminants as co-benefits.*
Environmental, Need 2	Prioritize Zero-Emission Vehicle projects for areas with high diesel air pollution, especially around schools or sensitive populations with near-roadway exposure. *The Low Carbon Transportation projects that provide incentives for Zero-Emission Vehicles to replace diesel vehicles meet this need. These include Clean Truck and Bus Voucher Incentive Project, Clean Off-Road Equipment, Clean Mobility in Schools, and demonstration and pilot projects.*

In addition, CARB staff also meet routinely with community and environmental groups during each year's Funding Plan development process to get their direct input on the projects they would like to see funded. Additionally, staff meet with these groups after the Funding Plan is adopted to ensure that community groups' input is incorporated into the project implementation phase.

CCI Guideline Recommendations: In addition to the requirements summarized above, the CCI Guidelines list a number of recommended program design strategies for targeting investments to priority populations.

CARB Action: In developing the FY 2023-24 Funding Plan, staff used a number of these strategies, including:

Encourage projects that contribute to other State climate goals: Many of the projects in this Funding Plan contribute to a variety of the State's climate goals. *CARB's climate goals* as they relate to the Funding Plan may be found on *CARB's Climate Investment and Funding Plan Goals webpage*.[67]

Coordinate investments and leverage funds where possible to provide multiple benefits and to maximize benefits: CARB staff coordinate with other agencies and meet

[67] *Climate Investment and Funding Plan Goals webpage*, California Air Resources Board, *https://ww2.arb.ca.gov/resources/documents/climate-goals*

with interested parties individually, in public work group meetings, and in workshops to discuss ways to maximize project benefits. A number of the projects leverage private investments and other government investments where possible. CARB is actively working to better coordinate its heavy-duty ZEV investments closely with CEC's infrastructure investments, so it is easier for fleets to access infrastructure funding when they purchase ZEVs. CARB is also partnering with CEC to co-fund zero-emission workforce training and development projects in low-income and disadvantaged communities through the IDEAL ZEV Workforce Pilot and planned transportation electrification pre-apprenticeship program.

Set aside a portion of funding for projects that benefit priority populations: Funding for CMO, CMIS, and STEP are all limited to disadvantaged communities or disadvantaged and low-income communities. The demonstration and pilot projects are limited to disadvantaged communities. CC4A and Financing Assistance funding is limited to lower-income consumers. The Financing Assistance project and Statewide CC4A will move to a needs-based approach where consumers' applications will be prioritized depending on their location and financial situation. Both HVIP and CORE have additional voucher enhancements available for the projects that benefit small businesses and priority populations.

Offer higher incentive amounts for projects that benefit priority populations: HVIP and CORE provide higher voucher amounts for zero-emission trucks, buses, and off-road equipment that operate in disadvantaged communities. In addition, increased incentives were approved for CC4A recipients that live directly in a disadvantaged community census tract as a part of last year's Funding Plan.

Chapter 6: Contingency Provisions

The proposed FY 2023-23 Funding Plan is based on the latest available data and information. However, circumstances may change between the time the proposed Funding Plan is released for public review and comment and when the Board considers the Funding Plan for approval, project solicitations are issued, project funds awarded, or as projects are implemented. This section describes CARB staff's proposed contingency plans should mid-course corrections be needed to ensure that funds are spent expeditiously, efficiently, and where the need is the greatest. Under these provisions, the Board would grant the Executive Officer authority to make adjustments as necessary.

Low Carbon Transportation Appropriation

CARB was appropriated $170 million from GGRF for its Low Carbon Transportation Program. *Section 15.14 of the Budget Act of 2023* specifies that "no department shall encumber or commit more than 75% of any appropriation prior to the fourth Cap-and-Trade auction in the 2023-24 FY. Upon determination of the final amount of auction proceeds after the fourth Cap-and-Trade auction, the Department of Finance shall make a final determination for the expenditure of the remaining auction proceeds." If CARB does not receive authorization to spend the full amount, staff will propose to scale back all projects proportionally and/or hold a public work group meeting if other changes are proposed.

Air Quality Improvement Program Funding Levels

Over past funding cycles, AQIP revenues were sometimes lower than the levels included in the state budget, and project solicitations had to be scaled back. AQIP appropriation levels have been adjusted in the state budget in recent years to track anticipated revenues more closely, so staff does not expect needing to scale back AQIP funding in the FY 2023-24 funding cycle.

Additional Funding Sources

If funding from other sources is provided for any of the project categories authorized in the Funding Plan, these outside funds will be allocated as needed for projects or as specifically required by the authorizing entity. Additionally, projects receiving additional funding may be altered to accommodate any conditions placed upon the use of alternative sources of funding as long as these conditions are consistent with the statutory provisions for Low Carbon Transportation and AQIP. CARB Staff will consult with project work groups prior to making any changes to projects.

Project Demand

CARB Staff may issue solicitations and grant agreements based on the allocations listed in Table 7 Table 8 (Chapter 2), and as identified in each of the project sections. Any new solicitations and grant agreements will be written with provisions to allow an increase in awarded funding if there are sufficient revenues and project demand. Some solicitations

may be written to allow for the potential use of funding from FY 2024-25 or other future budget year to meet excess demand subject to approval by the Board as part of the FY 2024-25 Funding Plan. Conversely, staff proposes that the Executive Officer have the ability to reallocate funding from any project in the event that demand does not materialize or if it is determined that the project is not viable as envisioned in the Funding Plan (e.g., a technology considered for demonstration or pilot deployment is not ready to be funded, or sufficient staff resources are not available). In this case, funds would be reallocated within the same project category or sector. For example, if demand falls short for one of the transportation equity projects, CARB would shift that funding to another transportation equity project. Any changes in funding for a particular project category would be publicly vetted through a public project work group process.

When CARB is evaluating solicitations, there may be cases where funding has been awarded to the highest scoring applications, and the remaining available funds are less than the amount requested in the next highest scoring application. In these cases, staff proposes that the Executive Officer have the authority to offer funding to the next highest scoring project(s) at a scaled down scope, carry the remaining funds forward to the future FY, shift the funds to another project category, or offer funding to any unfunded projects at their discretion.

Project Continuity Between Funding Cycles

A primary goal of the vehicle purchase incentive projects is to grow the market for clean technologies. Waitlists and disruptions caused by insufficient funding can adversely impact the market and reduce consumer confidence in the programs. To address these concerns, staff proposes contingency provisions to prevent or reduce interruptions to ongoing voucher and rebate consumer purchase incentive projects in the event that one or more of such projects is either temporarily on hold, only accepting applications to waitlists, or in jeopardy of shutting down due to lack of funding prior to consideration of the FY 2024-25 Funding Plan. If CARB is appropriated Low Carbon Transportation funding, AQIP funding, or funds from a different source, and the Executive Officer determines that Financing Assistance, Clean Cars 4 All, HVIP, CORE, or Truck Loans would run out of funding prior to Board consideration of the FY 2024-25 Funding Plan, the Executive Officer would have the authority to allocate a combined total of up to 20% of the funds to the preceding projects and amend existing grant agreements to add the early allocation. Should the Legislature appropriate funds to specific projects, the Executive Officer would have the authority to immediately allocate up to the maximum amount of funding to the specified projects as directed by the Legislature.

Additionally, to avoid disruptions to ongoing projects, staff proposes that the Executive Officer have the authority to establish applicant waiting lists for Financing Assistance, CMO, HVIP, CORE, or Truck Loans in the event funding is exhausted prior to the end of the funding cycle. If any of these projects end up with waiting lists, the Executive Officer would

have the authority to amend the existing grant agreements to add future years funding upon the appropriation of funding to CARB for such projects.

Technical or Administrative Changes

The Funding Plan specifies all policy-related details regarding the projects to be funded. However, technical or administrative changes from what is set forth herein may be needed from time to time to ensure these projects are successful. Staff proposes a transparent process in which changes to a project category would be publicly vetted through the project work group process that has been established to discuss the implementation details of each project. For several project categories, staff is already planning to use the public work group process to finalize technical details prior to issuing solicitations.

Chapter 7: Grant Administration

This chapter addresses project costs and provisions for advanced payments in grant agreements.

Project Costs

Grants include indirect costs and direct project costs that support implementation and technology associated with the project. Staff reviewed grants from various project types to identify the common definitions associated with costs within grants. Indirect costs and direct project costs are defined and identified within each grant agreement, and sometimes vary depending upon the needs of that particular project. Project costs should be detailed such that they include all necessary staff, tasks, and materials needed to implement the project. If appropriate, this includes activities such as outreach and education, research, data management, and reporting.

Advance Payments to Grantees

Consistent with the Legislature's direction to expeditiously disburse grants, CARB may provide advance payments to support project initiation and implementation of grants with a focus on mitigating the constraints of modest reserves and potential cash flow problems. SB 854, as codified in Section 39603.1 of the Health and Safety Code, allows this as described below:

"a) Notwithstanding any other law, the state board may provide advance payments to grantees of a grant program or project if the state board determines all of the following:

(1) The advance payments are necessary to meet the purposes of the grant program or project.

(2) The use of the advance funds is adequately regulated by grant or budgetary controls.

(3) The request for application or the request for proposals contains the terms and conditions under which an advance payment may be received consistent with this section.

(4) The grantee is either a small district or the grantee meets all of the following criteria:

(A) Has no outstanding financial audit findings related to any of the moneys eligible for advance payment and is in good standing with the Franchise Tax Board and Internal Revenue Service.

(B) Agrees to revert all unused moneys to the state if they are not liquidated within the timeline specified in the grant agreement.

(C) The following terms below:

i. Submits a spending plan to the state board for review prior to receiving the advance payment,

ii. The spending plan shall include project schedules, timelines, milestones, and the grantee's fund balance for all state grant programs.

iii. The state board shall consider the available fund balance when determining the amount of the advance payment.

(D) Reports to the state board any material changes to the spending plan within 30 days.

(E) Agrees to not provide advance payment to any other entity.

(5) In the event of the nonperformance of a grantee, the state board shall require the full recovery of the unspent moneys. A grantee shall provide a money transfer confirmation within 45 days upon the receipt of a notice from the state board.

(b) The state board, in consultation with the Department of Finance, shall adopt a regulation implementing this section to ensure the moneys are used properly.

(Added by Stats. 2018, Ch. 51, and Sec. 11. (SB 854) Effective June 27, 2018.)"

Pursuant to the directive for CARB to develop an implementing regulation in consultation with the Department of Finance, CARB promulgated Title 17, California Code of Regulations, Sections 91040-91044, effective as of January 1, 2021. Advanced Payment requests are evaluated on a case-by-case basis along with grant disbursement requests.

Chapter 8: California Environmental Quality Act

The California Environmental Quality Act (CEQA) requires public agencies to "look before they leap" and consider the environmental consequences of their discretionary actions.[68] CEQA is intended to inform government decisionmakers and the public about the potential environmental effects of proposed activities and to prevent significant, avoidable environmental damage.

California Environmental Quality Act Requirements

CARB has determined that the proposed FY 2023-24 Funding Plan is not a project subject to, or is otherwise exempt from, the requirements of the California Environmental Quality Act (CEQA). CARB's certified regulatory program, which applies to the adoption, approval, amendment, or repeal of standards, rules, regulations, or plans for the protection and enhancement of the state's ambient air quality, has been certified by the California Secretary for Natural Resources under Public Resources Code section 21080.5 of CEQA. (California Code of Regulations (Cal. Code Regs.), tit. 14, § 15251, subd. (d).) Public agencies with certified regulatory programs are exempt from certain CEQA requirements, including but not limited to, preparing environmental impact reports, negative declarations, and initial studies. For activities that constitute project approvals, as those terms are used in CEQA, CARB, as a lead agency, prepares a substitute environmental document (referred to as an "Environmental Analysis" or "EA") as part of the Staff Report prepared for a proposed action to comply with CEQA (Cal. Code Regs., tit. 17, §§ 6000060008.).

CARB, as the lead agency under CEQA, has reviewed the proposed FY 2023-24 Funding Plan and concluded that it is not a "project" under CEQA, as that term is defined under the California Code of Regulations (Cal. Code Regs.), title 14, section 15378(b)(4), and thus is not subject to CEQA review. Section 15378(b)(4) states: "[t]he creation of government funding mechanisms or other government fiscal activities which do not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment" is not a "project" subject to CEQA review. The proposed FY 2023-24 Funding Plan is a governmental fiscal activity that does not involve any commitment to any specific projects that may result in potentially significant impacts on the environment. The proposed FY 2023-24 Funding Plan includes multiple funding objectives to assist several entities and individuals to incentivize the transition to lower emitting transportation options through programs such as HVIP and Clean Cars 4 All; these programs provide rebates or vouchers to support the purchase of cleaner vehicles on a first-come, first-served basis. The FY 2023-24 Funding Plan proposes budgetary allocations for these projects over the next fiscal year which runs from July 1, 2023 - June 30, 2024.

---

[68] *CEQA: The California Environmental Quality Act*, Governor's Office of Planning and Research, *https://opr.ca.gov/ceqa/*

Even if the proposed FY 2023-24 Funding Plan were a project under CEQA, it would be exempt from CEQA. First, the proposed FY 202324 Funding Plan would be categorically exempt from CEQA under the commonsense exemption. (Cal. Code Regs., tit. 14, § 15061, subd. (b)(3).) CEQA Guidelines state "[t]he activity is covered by the commonsense exemption that CEQA applies only to projects, which have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA" (Cal. Code Regs., tit. 14, § 15601, subd. (b)(3). Second, the proposed FY 2023-24 Funding Plan would be exempt from CEQA under the "Class 8" exemption for its protection of the environment (Cal. Code Regs., tit. 14, § 15308.).

The proposed FY 2023-24 Funding Plan is exempt from CEQA under the commonsense exemption because the Plan has no reasonably foreseeable potential for causing a significant adverse impact on the environment; indeed, the Plan's overall goal and effect is to facilitate cleaner air. As mentioned above, the proposed FY 2023-24 Funding Plan proposes budgetary allocations to CARB's clean transportation incentives including voucher programs. The Plan does not commit CARB to any particular project, and project applications will be evaluated on a case-by-case basis pursuant to their respective program guidelines. Thus, based on CARB's review, it can be seen with certainty that there is no possibility that the proposed FY 2023-24 Funding Plan may result in a significant adverse impact on the environment.

Similarly, the proposed FY 2023-24 Funding Plan is also exempt from CEQA under the Class 8 exemption because the Funding Plan's overall goal and effect is to improve air quality. As mentioned above, the FY 2023-24 Funding Plan proposes budgetary allocations to CARB's clean transportation incentives and does not commit CARB to any specific project. The programs or projects that may receive funding under the proposed FY 2023-24 Funding Plan would be aimed at incentivizing further ZEV and low-emission vehicles and off-road equipment within California, particularly to consumers in lower income or disadvantaged communities, which are disproportionally burdened by air pollution. These new ZEVs and low-emission vehicles and off-road equipment will be replacing older, more polluting vehicles or equipment, which will have a beneficial impact on air quality. CARB found no substantial evidence indicating the proposal could adversely affect air quality or any other environmental resource area, or that any of the exceptions to the Class 8 exemption applies (Cal. Code Regs., tit. 14, § 15300.2).

Therefore, even if the proposed FY 2023-24 Funding Plan were a project under CEQA, it would be exempt from CEQA.

List of Acronyms

A

AB – Assembly Bill

AB 617 – Community Air Protection Program

AQIF – Air Quality Improvement Fund

AQIP – Air Quality Improvement Program

ATCM – Airborne Toxic Control Measure

C

CAC – Charge Ahead Coalition

CalEnviroScreen – California Communities Environmental Health Screening Tool

CalEPA – California Environmental Protection Agency

Cal-ITP – California Integrated Travel Project

CalSTA – California State Transportation Agency

CARB or Board – California Air Resources Board

CBO – Community-Based Organization

CC4A – Clean Cars 4 All Program

CCI – California Climate Investments

CEC – California Energy Commission

CEQA – California Environmental Quality Act

CERP – Community Emission Reduction Plan

CHDC – Community Housing Development Corporation

CMIS – Clean Mobility in Schools

CMO – Clean Mobility Options Projects

CO_2 – Carbon Dioxide

CORE – Clean Off-Road Equipment Voucher Incentive Project

CVRP – Clean Vehicle Rebate Project

D

DAC – Disadvantaged Communities

E

EV – Electric Vehicle

EJAC – Environmental Justice Advisory Committee

F

FARMER – Funding Agricultural Replacement Measures for Emission Reductions Program

FY – fiscal year

G

GF – General Fund

GGRF – Greenhouse Gas Emission Reduction Fund

GO-Biz – Governor's Office of Economic and Business Development

H

H&SC or HSC – California Health and Safety Code

HVIP – Clean Truck and Bus Voucher Incentive Project

I

IDEAL – Inclusive, Diverse, Equitable, Accessible, and Local ZEV Workforce Pilot Project

ISEF – Innovative Small e-Fleets Pilot

L

LIC – low-income communities

N

NGO – Non-Governmental Organization

NO_x – Nitric Oxides

O

OBI – Othering and Belonging Institute

P

PM 2.5 – fine particulate matter

Q

QR code – Quick Response code

R

ROG – reactive organic gases

S

SB – Senate Bill

SGC – Strategic Growth Council

STEP – Sustainable Community-Based Transportation Equity Projects

U

UC – University of California

V

VMT – Vehicle Miles Traveled

VW – Volkswagen Mitigation Trust

Z

ZAP – Zero Emission Assurance Program

ZEM – Zero-emission motorcycles

ZEV – Zero-Emission Vehicle

ZIP – Zone Improvement Plan