

## Supplemental Environmental Projects: Applicant FAQ

### 1. What is a Supplemental Environmental Project, or SEP?

Supplemental Environmental Projects, or SEPs, are community-based projects that aim to improve public health, reduce pollution, increase environmental compliance, and bring public awareness to neighborhoods most burdened by environmental harm. Violators, companies, or individuals that failed to follow the California Air Resources Board's (CARB's) rules and regulations, who received a monetary penalty, may voluntarily agree to fund a SEP with a portion of their penalty fees from the enforcement case settlement process.



Improve public  
health



Reduce  
pollution



Increase  
compliance



Raise public  
awareness

SEP projects are not required by law but are an important feature of CARB enforcement settlements that can make a tangible improvement in communities impacted by an environmental violation. SEPs are additional actions where violators can choose to fund projects that aim to improve damages done to impacted communities. CARB actively solicits SEP proposals from communities directly affected by air pollution in the development of SEPs, and applicants can submit SEP proposals to CARB year-round.

### 2. Who can apply for SEP funding?

CARB's SEP Program allows a broad range of organizations to submit proposals and receive funding, including:

- 501(c)(3) nonprofit organizations
- Community-based organizations
- Local, regional, or state entities
- Tribal nations
- Businesses

Violating entities are also able to submit SEP proposals but are prohibited from benefitting from SEPs.

### 3. What are the eligible SEP project categories?

SEP proposals must fit into at least one of the project types listed in Table 1 to be eligible for funding. CARB encourages organizations to discuss their project ideas with us before submitting a proposal. Sample summaries are available upon request.

Project Type	Description / Example
Pollution Prevention or Reduction	Prevents or reduces air pollution or greenhouse gas emissions. Example: Installation of air filtration system in schools or green barriers.
Environmental Restoration and Protection	Improves or restores the quality of the environment. Example: Whale protection through marine vessel speed reduction programs.
Environmental Education or Compliance Training	Provides assistance to educators, schools, and community groups to conduct training and public awareness campaigns to the public and the regulated community. Example: Youth air quality education programs.
Community Monitoring	Provides tools, such as surveillance and monitoring equipment, to be used by trained members of the public for data acquisition and enhancement of existing air quality monitoring stations. Example: Local air quality monitoring network.
Trans-Boundary	Provides support for projects that provide a direct benefit to Californians in and around the border environment with other states and Mexico. Example: Air monitor network support along the United States – Mexico border.
Other	Other acceptable SEPs can be considered on a case-by-case basis if they are consistent with the general requirements for a SEP and CARB’s SEP Policy. Example: Edible urban garden map or food recovery gleaning program.

## 4. How do I submit a SEP proposal?

You can submit a proposal through the California Environmental Protection Agency's (CalEPA) website or directly to CARB.

### Submitting a Proposal through CalEPA

Numerous agencies under CalEPA manage their own SEP programs. If you are not sure which board or department is the most appropriate for your SEP proposal, you can submit your proposal through CalEPA's website, and CalEPA will direct your proposal to the correct administering agency.

To submit a SEP proposal through CalEPA, access the SEP proposal form on [CalEPA's SEP webpage](#) and complete [this online form](#). The CalEPA SEP proposal form will ask for the following information:

1. Organization name and contact information,
2. Project name, location, and description,
3. Environmental issue(s) to be addressed by the project,
4. Environmental benefits, and
5. Estimated project cost and timeline.

CalEPA will refer your proposal to CARB if it is an air quality related project. If your proposal is referred to CARB, you will need to complete a CARB SEP proposal form and budget.

### Submitting a Proposal through CARB

You may also submit SEP proposals directly to CARB. CARB's SEP proposal form can be downloaded from the [SEP webpage](#) or requested via [email](#). The CARB proposal form follows the same general structure as CalEPA's proposal form but requests additional information about the project more specifically related to air pollution. CARB recommends contacting us directly to submit SEP proposals.

You may submit multiple proposals as part of the second or third phase of a project. Proposals for ongoing SEP projects must clearly describe the project status, milestones achieved, and future milestones that will be funded if approved for eligibility.

## 5. Is there a deadline for submitting my SEP proposal?

The CARB proposal review process is ongoing, and proposals are reviewed in the order that they are received. Once you have submitted a complete SEP proposal, CARB staff will review the proposal before it goes to CARB's Executive Office for final review and approval to be added on the eligible SEPs list.

## 6. Can I submit multiple SEP proposals or amend an already approved project?

Yes, you may submit more than SEP proposals or submit an amendment request for an approved SEP project that meets CARB's program requirements. All amendments to the SEP scope of work, budget, or timeline must be submitted in writing and approved by CARB.

## 7. What happens once CARB receives my SEP proposal?

Once CARB receives a SEP proposal, we will send you an email notifying you that your SEP proposal has been received and is under review. During this review, we will evaluate your proposal to determine whether the project concept fits within CARB's SEP Policy selection criteria.

There are three potential outcomes from CARB review:

- **Your project is approved**, and you will be notified that the project has been placed on the CalEPA and CARB SEP list of eligible projects. During settlement negotiations, violators can voluntarily agree to allocate up to 50% of the monetary civil penalty towards funding one or more eligible SEPs.
- **Your project tentatively meets the qualifying criteria** pending a request for additional information. This is to ensure the proposal is complete and meets the SEP Program's requirements.
- **Your proposal does not meet the qualifying criteria** and you will be notified in writing regarding why the project was not eligible for listing. If it does not meet one of the SEP Policy selection criteria, we will let you know via email with an explanation of why the proposal was not accepted. We will offer to work with you to redesign your project to simultaneously fit your needs and fulfill the requirements laid out in the CARB SEP Policy. At this point, you will have the option to revise the proposal and resubmit it based on CARB's feedback. You are encouraged to follow-up with CARB and ask questions.

## 8. What should I keep in mind when designing a SEP proposal?

Use the SEP Policy as a guide to develop the project concept. Think about the selection criteria and the preferential selection criteria in the blue box to the right.

Ask yourself these questions:

1. Does my proposal fall into one or more CARB SEP project types? (See Question 3)
2. Does my proposal meet the SEP Policy selection criteria? Your project proposal must meet all of CARB's SEP Policy selection criteria. In your project summary, state how your proposal meets each one of the criteria listed in the callout box SEP Policy Selection Criteria. SEPs that also incorporate Preferential Program Criteria will be prioritized for funding, if chosen.

By building your proposal around answering these questions in the CARB SEP proposal, your project is more likely to qualify for placement on our eligible SEP list.

### SEP Policy Selection Criteria

1. Advances CARB's mission,
2. Relates to the violation,
3. Does not benefit the violator,
4. Exceeds regulatory requirements,
5. Demonstrates technical, economical, and legal feasibility.

### Preferential Selection Criteria

- ❖ Provides direct emissions reductions to reduce exposure to Californians,
- ❖ Benefits a disadvantaged community,
- ❖ Provides community benefits that go beyond CARB's mission to clean the air,
- ❖ Addresses multiple environmental problems.

## 9. Once my SEP proposal is approved, when should I expect funding?

The availability of SEP funding depends on the settlement of enforcement actions at CARB and on the settling party's interest in diverting a portion of their penalty fee to one or more eligible SEPs. Therefore, the timeline for receiving SEP funds is not guaranteed. CARB highly encourages SEP applicants to submit proposals to additional funding programs and to view the SEP Program as a supplemental funding source.

## 10. What happens once my SEP proposal is selected for funding?

When a violator selects a SEP for full funding, the proposal is removed from the available SEP list. If the proposal is selected for partial funding, the remaining amount is updated on the available SEP list and continues to be available for selection.

You, as the SEP Recipient, will be notified and required to sign a SEP Oversight Agreement. This document is prepared and sent to you by CARB, and it contains details on the project, funding, reporting and recordkeeping requirements, contact information and additional provisions.

Once the SEP Oversight Agreement is signed by you and returned to CARB, the CARB authorized signee will review, approve, and sign this agreement which becomes an agreement between CARB and you (the SEP Recipient). CARB will send you a copy of the fully executed SEP Oversight Agreement and inform you of the timeframe within which you should receive the funds from the violator.

## 11. What steps do I need to take once I receive the SEP funds?

Once you receive funding, you have five (5) business days to submit a signed copy of the SEP Payment Acknowledgement Form, which is included in the SEP Oversight Agreement. This form confirms your receipt of the SEP funds.

You must establish a trust account, or similar account approved by CARB to hold all SEP funds received from violators. **This interest-bearing account will be referred to as the SEP Program Account and must not include funds from other sources.** SEP funds from violators will be deposited into this account and any interest generated from funds held in the SEP Program Account must be used to fund the SEP and is subject to the funding requirements listed in the SEP Oversight Agreement.

## 12. When can I start implementing my SEP?

Once you have received the SEP funds, submitted a signed copy of the Payment Acknowledgement Form, and established a dedicated interest-bearing account for your SEP, you can begin implementing your project according to the SEP proposal timeline. You are responsible for overseeing and completing your SEP project and are expected to communicate with us as soon as possible if any issues arise that might impact the implementation of your SEP.

You will be required to provide quarterly reports for the length of the project, and a final report upon completion of the project. These reports include two key components:

1. **Progress reports** that summarize the milestones, challenges, and outcomes of the activities completed in the reporting period.

2. **Expenditure reports** are expected to match the budget submitted in your SEP proposal. All reports must include a full accounting of project and post-project accounting expenditures, and expenses are expected to match the proposed SEP budget.

Due Dates for Quarterly Reporting		
Quarter	Reporting Periods	Report Submission Deadlines
1	January 1 through March 31	April 30
2	April 1 through June 30	July 31
3	July 1 through September 30	October 31
4	October 1 through December 31	January 31
If the due date falls on a weekend, your report will be due the following business day.		

### 13. What happens once my SEP is completed?

Once your SEP has been completed, you must submit a final progress and expense report to summarize the activities, milestones, challenges, and related expenses tied to your SEP. CARB will review your final report and supporting documentation, and we will send you a close-out letter once we determine that the SEP has been completed.