March 17, 2023

Sent via email

The Honorable Gavin Newsom
Governor, State of California
1021 O Street, Suite 9000
Sacramento, CA 95814

The Honorable Anthony Rendon
Speaker of the Assembly
Capitol Office, 1021 O Street, Suite 8330
Sacramento, CA 95814

The Honorable Toni Atkins
Senate President pro Tempore
Capitol Office, 1021 O Street, Suite 8518
Sacramento, CA 95814

The Honorable Phil Ting
Chair, Assembly Committee on Budget
Capitol Office, 1021 O Street, Suite 8230
Sacramento, CA 95814

The Honorable Nancy Skinner
Chair, Senate Committee on Budget
Capitol Office, 1021 O Street, Suite 8360
Sacramento, CA 95814

The Honorable Steve Bennett
Chair, Assembly Budget Subcommittee #3
Capitol Office, 1021 O Street, Suite 4710
Sacramento, CA 95814

The Honorable Josh Becker
Chair, Senate Budget Subcommittee #2
Capitol Office, 1021 O Street, Suite 7250
Sacramento, CA 95814

RE: Protect critical investments in resilience and disadvantaged communities in the Fiscal Year 2023-2024 California State Budget

Dear Governor Newsom, Pro Tem Atkins, Speaker Rendon, Senator Skinner, Assemblymember Ting, Senator Becker, and Assemblymember Bennett,

Leadership Counsel for Justice and Accountability work alongside lower income communities of color and vulnerable populations in the San Joaquin Valley and Eastern Coachella Valley. Given the current projections for a revenue shortfall in the next fiscal year, there will be pressure to cut back on out-year funding promised in last year's budget bill. Amidst rising economic anxiety and worsening climate impacts, it is imperative that the state continue to support long-term investments in resilience that will allow communities to withstand the challenges ahead and low-income communities of color are protected from cutbacks in the negotiations to come.

We urge the following budget investments to ensure an equitable California that offers equal access to opportunity for all:

Summary of Budget Priorities

1. **Provide emergency relief funds to disadvantaged communities severely impacted by recent flooding.**
2. **Maintain $160M for Community Resilience Center (CRC) Program and $665M for Equitable Building Decarbonization (EBD) Program.**
3. **Eliminate all incentive funding for the development or use of factory farm gas.**
4. **Secure funding for community-serving projects that support a resilient Salton Sea region.**
5. **Maintain committed investments in the Transformative Climate Communities program.**
6. **Continue investing in safe and affordable drinking water and wastewater services for all.**
7. **SGMA implementation must prioritize the needs of small water systems and domestic wells.**
8. **Retain investment in energy burden relief.**

1. Provide emergency relief funds to disadvantaged communities severely impacted by the recent flooding.

In January, the unincorporated community of Planada flooded during the atmospheric rivers. Flooding in March threatened Planada again and created massive damage in other communities including Pajaro in Monterey County and several in the San Joaquin Valley. Many residents have lost everything, and flooding has rendered homes uninhabitable. There are and will be significant funding gaps to ensure that people can return to habitable living circumstances.

FEMA can only cover the costs of returning homes to basic FEMA habitability standards; they cannot cover the costs of full home remediation. Many of the communities hardest hit by 2023's floods, including Planada, are low-income communities where very few residents are able to afford flood insurance. Furthermore, FEMA resources are not available to undocumented residents. Many of the communities hardest hit are home to undocumented households.

The state must fill in these resource gaps to ensure that there is funding for (a) adequate inspections to ensure that homes are safe to inhabit for both tenants and lower-income home-owners (b) full home remediation costs for lower income households severely affected by the flooding, (c) temporary relocation assistance for tenants whose homes are not fully repaired or are still unsafe to inhabit, and (d) necessary infrastructural repairs to local streets and public facilities.

We and others who are engaged in responding to existing emergencies and are still assessing the full impacts of the floods and the outstanding financial needs. We look forward to continuing to work with the legislature, administration, and other stakeholders to ensure that all disadvantaged communities receive the emergency relief funds they need.

For more information contact: Madeline Harris (mharris@leadershipcounsel.org)

2. Maintain $160M for Community Resilience Center (CRC) Program and $665M for Equitable Building Decarbonization (EBD) Program.

We are concerned about the proposed delays and cuts to the community resilience center and equitable building decarbonization programs, respectively. These investments are both crucial to reach our climate goals and ensure that low-income communities are able to access crucial resources for dealing with the effects of the climate crisis. EBD is a critical step towards meeting California's climate goals while providing important co-benefits to disadvantaged communities such as lower energy bills and better indoor air quality. CRCs are critical social and physical infrastructure to ensure that communities have the resources they need during climate events like last month's devastating storms while simultaneously building long-term resilience. With climate emergencies from extreme heat to drought happening now, it is urgent that we fund community resilience centers quickly and the proposed delay for $85M of the total $160M allocation in FY 23/24 contradicts the urgency of need. As a result, we strongly urge prioritizing the proposed allocations for FY 23/24 from last year's budget in the May Revise to continue building equitable opportunities for climate resilience. We urge the Legislature to reject the Governor's proposed cuts to these programs, and we also look forward to working with the Administration in future years to ensure continued funding of the CRC program to at least $1B over 5 years to meet the statewide scale of need.

For more information contact: Jamie Katz (jbkatz@leadershipcounsel.org) and Olivia Seideman (oseideman@leadershipcounsel.org)

3. Eliminate all incentive funding for the development or use of factory farm gas.

We request that the budget does not allocate funding to the Dairy Digester Research and Development Program (DDRDP) or to California Department of Food and Agriculture (CDFA) for the potential use of funding for the DDRDP program; does not allow funding directed to hydrogen programs to support, subsidize, or incentivize hydrogen developed in whole or in part from factory farm gas; does not allocate funding to the California Energy Commission (CEC) or California Public Utilities Commission (CPUC) for incentives or subsidies for production or deployment of factory farm gas; does not support programs at the California Air Resources Board (CARB) that subsidize or incentivize the production or deployment of factory farm gas; and does not otherwise subsidize or incentivize production or deployment of factory farm gas. Additionally, we recommend that the budget reallocates funding that was appropriated for the current budget year but has not been spent to CDFA for its methane reduction programs (DDRDP and Alternative Manure Management Program). We recommend that the funding be reallocated to programs that promote sustainable agriculture and away from DDRDP. The production of and reliance on factory farm gas pollutes communities and, thus, it must not be funded or receive favorable treatment as a low-carbon fuel or a clean fuel.

For more information contact: Phoebe Seaton (pseaton@leadershipcounsel.org) and Jamie Katz (jbkatz@leadershipcounsel.org)

4. Secure funding for community-serving projects that support a resilient Salton Sea region.

The state's investments to address the Salton Sea must further the resilience of the region as a whole and prioritize projects that promote health and well-being of surrounding communities. Funding targeting Salton Sea restoration efforts, including but not limited to the Salton Sea Restoration Fund and the Lithium Subaccount within it, must allocate at least 50% to community amenities and community-serving multi-benefit projects that enhance dust suppression and habitat conservation projects and whose design is driven by local community or otherwise allocate funding to directly and primarily benefit communities surrounding the sea for multi-benefit and climate resilience projects.

For more information contact: Mariela Loera (mloera@leadershipcounsel.org)

5. Maintain committed investments in the Transformative Climate Communities program.

We strongly urge against the proposed cuts to the Transformative Climate Communities (TCC) program. TCC is a crucial investment to ensure that climate mitigation and resilience programs are place-based, center vulnerable communities, and require robust community engagement. With cuts to TCC, projects that have already gone through the planning phase may need to scale back their implementation, significantly limiting the program's progress. Fully funding TCC is imperative to ensure a just and equitable implementation of CA's climate strategies.

For more information contact: Olivia Seideman (oseideman@leadershipcounsel.org)

6. Continue investing in safe and affordable drinking water and wastewater services for all.

Despite significant storms, we're still facing severe drought challenges. California must continue to provide and preserve funding for both drought-impacted water systems and households served by domestic wells. We are encouraged to see and support the allocation of $125 million for drought in the draft budget. This funding must include resources for emergency response, including well replacement, hauled water, and other emergency projects, to ensure that access to drinking water is protected and/or promptly restored.

Unfortunately, the draft budget does nothing to address California's ongoing water and wastewater affordability crisis. Emergency steps have been taken to stop water shutoffs due to lack of payment, but the state must proactively address affordability this year by creating a universal low-income water rate assistance program. California should prioritize funding a first-in-the-nation low-income water rate assistance program to help Californians pay their water bills and prevent water shutoffs. Adjusting for inflation, the average California household paid approximately 45% more per month for drinking water service in 2015 than in 2007. Yet, unlike other utilities, such as gas and electricity, there is no statewide water assistance for low-income households. It is critical that we quickly address this severe gap in our social safety net by funding a Low-Income Water Rate Assistance Program.

Additionally, as the state looks for ways to fund a Low-Income Water Rate Assistance Program, we support use of remaining funding in the California Water and Wastewater Arrearage Payment Program for one additional round of payments with an eligibility period aligning with the end of the COVID-19 emergency on February 28, 2023.

For more information contact: Michael Claiborne (mclaiborne@leadershipcounsel.org) and Nataly Escobedo Garcia (ngarcia@leadershipcounsel.org)

7. SGMA implementation must prioritize the needs of small water systems and domestic wells.

The Governor's budget proposes ongoing support for SGMA implementation. We support allocations for building staff capacity in the Department of Water and Resources, and also note that the State Water Board will need similar support to manage inadequate basins. Regarding investments in recharge, while important to invest in aquifer recovery, it is equally important to ensure recharge does not degrade groundwater quality. Any allocation for recharge should include a set aside to analyze and map safe recharge sites that will not flush contamination from the soil into drinking water.

We do not support investments to develop a groundwater trading implementation plan. Based on our experience, we believe market-based approaches to solving groundwater issues would exacerbate existing inequities in how water is managed. Water is extremely valuable for California businesses, and we foresee that trading would allow financially powerful entities to use our public trust water resources at the expense of small communities' and households' drinking water, small-scale and socially disadvantaged farmers, and ecosystems.

For more information contact: Nataly Escobedo Garcia (ngarcia@leadershipcounsel.org) and Michael Claiborne (mclaiborne@leadershipcounsel.org)

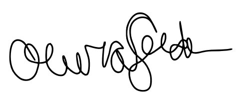
8. Retain investment in energy burden relief.

California took the historic and necessary step to relieve ratepayers through the CAPP program. California must continue to provide relief to energy burdened customers. Whether through CAPP or another vehicle, with the remaining funding California must provide relief to ratepayers who took on third-party debt in order to remain current on their utility payments and to low-income residential natural gas customers impacted by the recent price spike. California must not pull back from its commitment to help relieve energy burdened Calfornians.

For more information contact: Jamie Katz (jbkatz@leadershipcounsel.org)

Bold and transformative investments made in the last few years, especially investment in DACs, should be protected through this deficit. Thank you for your consideration and we respectfully urge your support for one just California. We welcome the opportunity to speak further on the importance of these budget investments.

Sincerely,



Olivia Seideman
Climate Policy Coordinator
Leadership Counsel for Justice and Accountability