

ENVIRONMENTAL PROTECTION

California's environmental protection programs promote the state's economic vitality in an environmentally sustainable manner by reducing greenhouse gas emissions, enhancing environmental quality, and protecting public health.

CAP AND TRADE EXPENDITURE PLAN

The Cap and Trade Program is an element of California's greenhouse gas emissions reduction strategy. Cap and Trade is a market-based mechanism that establishes a statewide limit for major sources of emissions by issuing a limited number of allowances per year. This establishes a price signal necessary to drive long-term investment in cleaner fuels and more efficient energy use, and provides covered entities the flexibility to reduce emissions in a cost-effective manner.

Proceeds from the Cap and Trade Program have facilitated approximately \$9.3 billion in investments throughout California that further the state's climate goals. The Budget proposes a \$1 billion Cap and Trade Expenditure Plan to support programs that reduce or sequester greenhouse gases, including programs that benefit disadvantaged and low-income communities, and support training and apprenticeships necessary to transition the state's workforce to a low carbon economy (see Figure EPA-01).

Figure EPA-01
2019-20 Cap and Trade Expenditure Plan
 (Dollars in Millions)

Investment Category	Department	Program	Amount
Air Toxic and Criteria Air Pollutants	Air Resources Board	AB 617 - Community Air Protection	\$200
		AB 617 - Local Air District Implementation (\$50 million total, including other funds)	\$20
		Technical Assistance to Community Groups	\$10
Low Carbon Transportation	Air Resources Board	Clean Vehicle Rebate Project	\$200
		Clean Trucks, Buses, & Off-Road Freight Equipment	\$132
		Enhanced Fleet Modernization Program, School Buses & Transportation Equity Projects	\$50
		Agricultural Diesel Engine Replacement & Upgrades	\$25
Healthy Forests	CAL FIRE	Healthy & Resilient Forests	\$165
		Prescribed Fire & Fuel Reduction	\$35
Climate Smart Agriculture	Department of Food & Agriculture	Healthy Soils	\$18
		Methane Reduction	\$25
Short-Lived Climate Pollutants	CalRecycle	Waste Diversion	\$25
Integrated Climate Action: Mitigation & Resilience	Strategic Growth Council	Transformative Climate Communities	\$40
	Coastal Commission & SF Bay Conservation and Development Commission	Coastal Resilience	\$3
	Community Services & Development	Low-Income Weatherization	\$10
	California Conservation Corps	Energy Corps	\$6
Workforce Training	Workforce Development Board	Apprenticeships for a Green Economy	\$27
Climate and Clean Energy Research	Strategic Growth Council	Climate Change Research	\$10
Total			\$1,001

Specifically, the Cap and Trade Expenditure Plan:

- Continues Core Programs—\$956 million to continue existing programs that have historically been the cornerstone of the state’s climate investments, including (1) \$407 million to provide incentives for the purchase of zero emission vehicles, trucks, and freight equipment, as well as the replacement of older diesel school

buses with electric or renewable-fueled school buses, (2) \$230 million to reduce emissions in communities disproportionately impacted by air pollution, (3) \$200 million to support forest improvement, fire prevention, fuel reduction and prescribed burn projects, consistent with the requirements of Chapter 626, Statutes of 2018 (SB 901), and (4) \$40 million to support community-driven projects that provide environmental, health, and economic benefits to disadvantaged communities.

- Expands Healthy Soils Program—\$18 million annually to provide incentives to farmers for agricultural management practices that sequester carbon, including cover cropping, reduced till, and compost application. California is the nation's leading agricultural production state in terms of crop production and diversity. Soils with adequate levels of carbon are necessary for crop growth, long-term agricultural sustainability, and food production. Soils can capture greenhouse gases emitted from both the agricultural sector and other non-agricultural sectors, and sequester that carbon in soil and woody plant material on farms and ranches. Soil health also provides many other benefits, such as increased water and nutrient holding capacity, improved drought resiliency, greater microbial diversity, and increased soil structure and stability, which reduces sediment erosion into surface waters. Annual funding of \$18 million was identified through a modeling tool in the development of the Natural and Working Lands Implementation Plan to achieve soil conservation practices on 500,000 acres by 2030, for a benefit of 5.3 million tons of carbon sequestration.
- Promotes Job Training—\$27 million to increase job training and apprenticeship opportunities focused in disadvantaged communities to support the state's transition to a low carbon economy. For additional information, see the Apprenticeships for a Green Economy section of this chapter.

EXIDE LEAD ACID BATTERY FACILITY

Exide, a lead-acid battery recycling company that operated in Vernon, had been operating under an interim hazardous waste facility permit prior to 2013. The areas immediately surrounding the Exide facility were found to be contaminated with dangerously high levels of lead, extending up to 1.7 miles from the facility. In May 2015, the facility was closed.

In 2016, \$176.6 million General Fund was appropriated to the Department of Toxic Substances Control to investigate and clean up properties contaminated with lead in the communities surrounding the facility. This funding level was intended to support soil

testing for lead contamination at approximately 10,000 properties and the clean-up of 2,500 properties, prioritizing those with the highest levels and greatest potential for exposure within the 1.7-mile radius. To date, approximately 8,500 properties have been tested and 560 have been cleaned up. The state continues to pursue cost recovery from Exide to reimburse the state for these costs.

Significant Adjustment:

- Acceleration of Additional Cleanup—\$50 million General Fund on a one-time basis to accelerate the cleanup of additional properties within a 1.7-mile radius of the facility over the next two years. This funding will allow the Department to clean up approximately 700 additional high-risk properties in which lead contamination exceeds the state standard of 80 parts per million.

SAFE AND AFFORDABLE DRINKING WATER

Since 2010, the state has provided over \$3 billion in assistance to address safe and affordable drinking water needs, such as the repair, replacement, and improvement of aging infrastructure and new treatment systems for over 600 projects to comply with the federal Safe Drinking Water Act.

Despite these efforts, many local water systems in the state, particularly those serving small disadvantaged communities, consistently fail to provide safe drinking water to their customers. The most significant remaining challenge is the lack of a stable funding source for long-term operation and maintenance of drinking water systems. Existing loan and grant programs are limited to funding for capital improvements and do not address ongoing operations and maintenance needs. Many small disadvantaged communities lack the resources to repair the problems with their drinking water systems, and are forced to find other sources of safe drinking water, which are costly and burdensome to low-income households.

Significant Adjustments:

- Safe Drinking Water Projects—\$168.5 million in Proposition 68 funds for the State Water Resources Control Board to provide technical assistance, grants, and loans to public water systems in disadvantaged communities for infrastructure improvements to meet safe and affordable drinking water standards, including both drinking water and wastewater treatment projects.

- **Emergency Water Supplies**—\$10 million General Fund for the State Water Resources Control Board to address safe drinking water emergencies in disadvantaged communities, such as provision of interim alternate water supplies, including bottled or hauled water, and emergency improvements or repairs to existing water systems, such as well rehabilitation or replacement, extension of service, consolidation projects, or treatment systems.
- **Technical Assistance**—\$10 million General Fund for the State Water Resources Control Board to contract with, or provide grants to, an administrator to provide administrative, technical, operational, or managerial services to a designated water system to achieve compliance with current drinking water standards. Technical assistance could also include the development of a community-based needs assessment and preparation of grant applications for capital projects.
- **Safe and Affordable Drinking Water Fund**—Establish a new special fund, with a dedicated funding source from new water, fertilizer, and dairy fees, to enable the State Water Resources Control Board to assist communities, particularly disadvantaged communities, in paying for the short-term and long-term costs of obtaining access to safe and affordable drinking water. This proposal is consistent with the policy framework of SB 623, introduced in the 2017-18 legislative session. The Budget also includes \$4.9 million General Fund on a one-time basis for the State Water Resources Control Board and the Department of Food and Agriculture to take initial steps toward implementation of this new Safe and Affordable Drinking Water Program, including (1) implementation of fee collection systems, (2) adoption of an annual implementation plan, and (3) development of a map of high-risk aquifers used as drinking water sources.

APPRENTICESHIPS FOR A GREEN ECONOMY

The state's workforce must adapt to the impacts of climate change as new technologies emerge and new job skills are needed. The Budget includes \$27 million Greenhouse Gas Reduction Fund to increase job training and apprenticeship opportunities focused on disadvantaged communities. Disadvantaged communities are being disproportionately impacted by climate change, and investment in these communities will provide job skills and career pathways to provide economic security to individuals and families in those areas. Resources will help build and continue existing partnerships comprised of labor, industry, and community partners to develop jobs skills that focus on climate and technology-related occupations while providing

foundational skills and experience that translate across industry sectors. This proposal consists of the following components:

- Pre-Apprenticeship Construction Partnerships—\$10 million annually for 5 years to place approximately 3,000 disadvantaged workers in apprenticeships for a career in the trades by doubling the training capacity for each of the existing 14 regional hubs.
- Training Partnerships—\$10 million annually for 5 years to place 2,000 disadvantaged workers into entry-level jobs and develop skills in climate and technology-related occupations through the expansion of existing partnerships.
- Worker Transition Fund—\$5 million annually for 5 years to provide income replacement in conjunction with retraining for approximately 1,500 displaced workers resulting from climate policies or automation.
- Technical Assistance and Program Administration—\$2 million for 11 positions and contract resources at the California Workforce Development Board to support these programs.

These proposals are consistent with the Board's recommendations for increased job training and workforce development needs as a result of the state's transition to a low carbon economy, as required by Chapter 135, Statutes of 2017 (AB 398).