



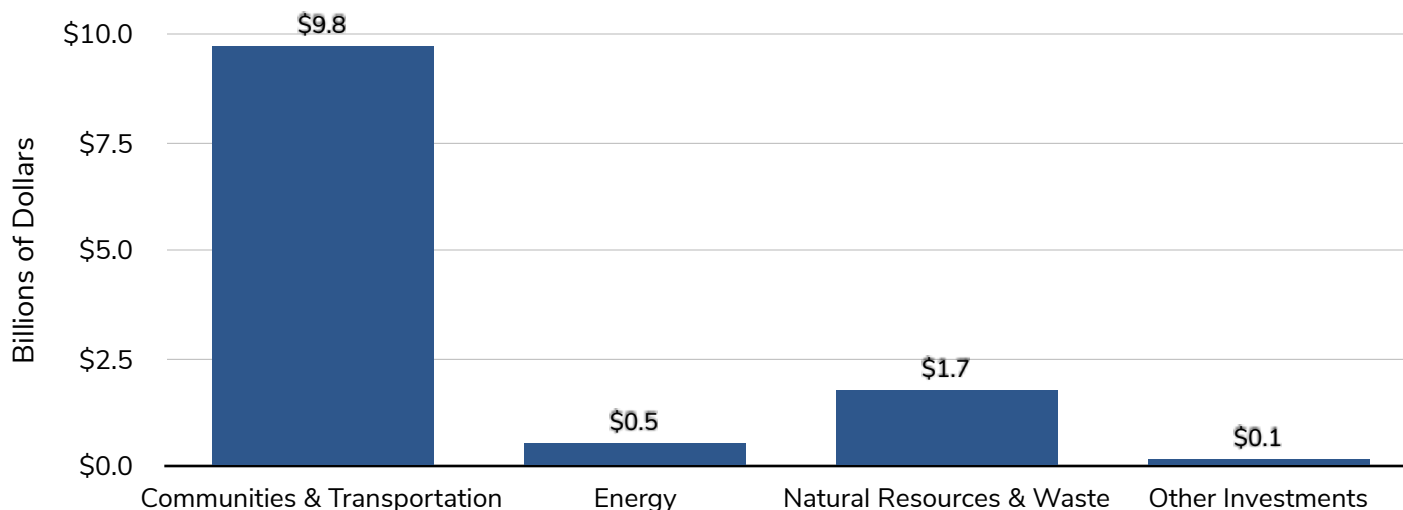
California in Context

CLIMATE INVESTMENTS

California is experiencing the impacts of climate change throughout the state, including extreme heat, drought, devastating wildfires, mudslides and flooding, or longer-term threats such as sea level rise. The state has long been a leader on innovative policies and technologies aimed at reducing greenhouse gas emissions, improving air quality, and increasing energy efficiency. But while the state has been successful at implementing many policies to mitigate climate change, there is growing recognition that increased investment in climate resiliency is needed to help reduce risk and the potential future costs of increased climate change impacts.

Traditionally, the vast majority of annual climate-related funding in California has come from the state's **Greenhouse Gas Reduction Fund (GGRF)**. Funded by revenue raised from the state's cap-and-trade program, the GGRF allocates funding for different climate and environment-related programs—with at least 25% going to programs that benefit disadvantaged communities, which tend to suffer disproportionately from pollution and climate change. While the proposed 2020-21 does still include GGRF funds, it is also proposing to spend more from the General Fund on climate programs this year.

Total GGRF Allocations as of October 15, 2019



Data from the California Air Resources Board

CLIMATE KEY FACTS

- ✓ **California's Climate Vulnerabilities:** The state needs to improve resiliency in a number of key areas:
 - ▶ Coast: Nearly 75% of California's population lives in coastal counties, and the ocean and coast contributed \$41.9 billion to the state's GDP and 515,000 jobs in 2014 (latest year data available)
 - ▶ Transportation: Climate change impacts from sea level rise and coastal erosion are imminent threats to the state's transportation network, which is critical for emergency response
 - ▶ Forests: The state's degraded forests are unable to provide the full range of carbon and water storage benefits that could help the state mitigate and adapt to climate change
- ✓ **Challenges Remain:** While California hit its first climate goal four years early, major reductions are needed to hit its next goal in 2030
 - ▶ The largest share of the state's emissions come from the transportation sector, which hit an all-time high of 41% of total emissions in 2017, and vehicle miles traveled continues to increase
- ✓ **Funding to Date:** As of October 2019, over \$12 billion has been allocated from the GGRF for various climate-related programs
 - ▶ The largest amount (\$2.7 billion) has gone to high-speed rail, followed by low carbon transportation (\$2.2 billion) and affordable housing and sustainable communities (\$1.9 billion)

1.15%
emissions reduction from 2016-17

4.5% annually
emissions reduction needed 2017-2030

NEW IN 2020-21

The 2020-21 budget proposes investing \$12.5 billion over the next five years to reduce climate risk and move the state toward carbon neutrality—spread across various programs and funding mechanisms. The largest item is a proposal to add a **\$4.75 billion** climate bond to the ballot in November 2020. If approved by voters, approximately 80% would be used to address immediate, near-term risks (floods, droughts, wildfires) with the remaining going to longer-term risks (sea level rise, extreme heat).

Of the larger \$12.5 billion investment over five years, the 2020-21 total would be **\$1.7 billion** from multiple fund sources (**\$454 General Fund**) and does not include any potential funds from the climate bond as it still needs to be approved by voters. As part of this new plan, the Governor proposes creating a new Climate Catalyst Fund, a revolving loan fund that would provide low-interest loans for a portfolio of climate-related projects, prioritized in areas that help meet the state's climate and equity goals. The budget proposes adding **\$250 million** from the General Fund to the new fund in 2020-21, and \$1 billion over the next four years, with the goal of dramatically increasing and leveraging private sector investment to support climate-related projects.

The 2020-21 budget also allocates **\$965 million** of GGRF funds to support a variety of programs. The largest portion, \$200 million, is for local programs that reduce air pollution, and there is also funding for clean transportation, healthy forests, and other environmentally-related programs.

*Data from the Governor's proposed budget, LAO, [E2](#), and Next 10's [2019 GII](#) unless otherwise specified