



September 15, 2014

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**RE: Investment of Cap and Trade Auction Proceeds in Disadvantaged Communities, the Identification of Disadvantaged Communities, and the Evaluation of Benefits to Disadvantaged Communities**

Dear Secretary Rodriguez and Chairman Nichols:

The California State Association of Counties (CSAC) appreciates the opportunity to discuss the California Environmental Protection Agency (CalEPA) and the California Air Resources Board's (CARB) recent efforts to develop guidance on the investment of cap and trade auction proceeds in disadvantaged communities, including the identification of disadvantaged communities and the evaluation of benefits to disadvantaged communities. CSAC advocates for the investment of cap and trade auction proceeds in a manner that will achieve the most robust GHG emissions reductions and co-benefits but also recognizes the significant needs within disadvantaged communities across the state of California.

Overall, we recommend flexible policies and procedures to determine disadvantaged communities. The reasons are twofold. First, cap and trade auction proceeds will fund a variety of different programs that share the same GHG emissions reductions goals, but are otherwise different in terms of approaches. For example, the relevant data to identify a disadvantaged community for the purposes of a program that achieves GHG emissions reductions via transportation and housing infrastructure may differ from appropriate criteria for a program that invests auction proceeds for GHG emissions reductions via urban forestry. Second, flexibility in the criteria to identify disadvantaged communities will ensure GHG emissions-reducing investments across the broadest geographical area.

CSAC expressed concerns during the development of CalEnviroScreen, the environmental health screening tool, and many counties continue to criticize its use as the sole tool to identify disadvantaged communities for purposes of investing cap and trade auction revenues. The tool is meant to identify communities in the state most burdened by pollution via environmental factors, as well as identify those with disadvantaged population characteristics. While CalEnviroScreen is one method for identifying disadvantaged communities with high pollution burdens, other tested methods still prove useful. For instance, recognizing that communities can be considered "disadvantaged" due to a variety of factors, the Active Transportation Program offered flexibility by allowing the identification of disadvantaged communities using any of the following criteria:

1. the top 10-percent of communities within CalEnviroScreen;
2. median household income less than 80% of the statewide median based on the most current census tract level data from the American Community Survey; or

3. at least 75% of public school students in the project area are eligible to receive free or reduced-price meals under the National School Lunch Program.

Marin County recently weighed in on this point noting that while the Bay Area is home to approximately 17-percent of Californians living in poverty, CalEnviroScreen indicates that only 3-percent of Bay Area residents live in disadvantaged communities. Nothing in statute (Chapter No. 830, Statutes of 2012) prevents CalEPA and CARB from using a more diverse set of criteria to identify disadvantaged communities to ensure cap and trade auction proceeds are invested to benefit all Californians suffering from a high pollution burden or other socioeconomic vulnerabilities. CSAC recommends that CalEPA and CARB allow disadvantaged communities to be identified by CalEnviroScreen proposed method 1, as well as additional well-defined numerical measures of poverty, such as criteria 2 and 3 outlined above, that are appropriate for a specific program funded with cap and trade auction proceeds.

Please do not hesitate to contact us to discuss our perspectives in greater detail or should you have any questions regarding our comments. Cara Martinson can be reached at (916) 327-7500 ext. 504 or [cmartinson@counties.org](mailto:cmartinson@counties.org) and Kiana Buss can be reached at (916) 327-7500 ext. 566 or [kbuss@counties.org](mailto:kbuss@counties.org).

Sincerely,



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