

AFSCME CA (Jessica Hay)



May 4, 2026

Chair Lauren Sanchez  
California Air Resources Board  
1001 I Street  
Sacramento, CA 95814

**Re: Support for a Strong and Timely California Cap-and-Invest Program**

Dear Chair Sanchez and Members of the Board:

On behalf of the Los Angeles Business Council (LABC), a business research and advocacy organization representing more than 500 members from all industry sectors who are focused on innovative public policy that strengthens our economy while improving quality of life for all, I write to express our support for a strong and timely Cap-and-Invest program that continues to reduce emissions while providing the policy certainty and investment framework needed to support California's economy.

California's leadership on climate policy has demonstrated that market-based mechanisms can drive emissions reductions while supporting economic growth. Cap-and-Invest remains a central component of that approach by establishing clear price signals, holding major emitters accountable, and generating dedicated funding for investments that improve air quality, strengthen infrastructure, and support communities across the state.

The program has also delivered measurable, on-the-ground benefits. Since 2014, Greenhouse Gas Reduction Fund investments have supported \$12.8 billion in projects statewide, including cleaner transportation, energy efficiency, renewable energy deployment, and public health improvements. These investments have been particularly important in disadvantaged communities that continue to face disproportionate exposure to air pollution, extreme heat, and climate-related risks.

Greenhouse Gas Reduction Fund investments can help businesses and communities access the resources they need to finance energy and fleet upgrades, improve efficiency, reduce exposure to fuel volatility, and become more resilient in the face of rising climate and disaster risk. These investments support the long-term competitiveness of California businesses, especially small businesses that often have the least flexibility to absorb new costs on their own.

Cap-and-Invest also plays a role in addressing affordability. Through utility bill credits and targeted investments, the program has helped offset energy costs for households and businesses while supporting the transition to more efficient and less volatile energy systems. For small businesses and working families, these benefits are material

#23  
Clare Lethmon  
Los Angeles  
Business  
Council



As CARB considers the future of the program, we urge the Board to preserve the core strengths that have made Cap-and-Invest effective: long-term policy certainty, practical investment in emissions reductions, and continued support for affordability and community resilience. A strong and predictable program will help businesses plan, invest, and manage costs while ensuring auction revenues continue supporting cleaner transportation, renewable energy deployment, public health improvements, utility bill relief, and other benefits Californians rely on.

Cap-and-Invest is not only a climate policy. It is a tool for driving infrastructure investment, supporting economic resilience, and improving public health outcomes across California. A strong, stable, and timely program will be critical to maintaining progress on all three fronts.

Thank you for your leadership and consideration.

Kind Regards,

A handwritten signature in cursive script that reads 'Mary Lewis'.

President, Los Angeles Business Council

May 22, 2026

AFSCME Council 36

AFSCME Council 57

AFSCME Local 1902  
Metropolitan Water  
District

AFSCME Local 1001  
Metropolitan Water  
District

AFSCME Local 206  
Union of American  
Physicians and Dentists

AFSCME Local 3299  
University of California

AFSCME/UNAC-UHCP  
United Nurses  
Associations of  
California - Union of  
Health Care  
Professionals

AFSCME Local 4911  
United EMS Workers

**TO: Lauren Sanchez, Chair  
California Air Resources Board**

**RE: Proposed Amendments to the Regulation for the California Cap on  
Greenhouse Gas Emissions and Market-Based Compliance  
Mechanisms – Significant Concerns**

Dear Chair Sanchez:

The American Federation of State, County and Municipal Employees, AFL-CIO (AFSCME) represents approximately 400,000 public service workers and retirees across California. We are writing to voice our concerns with the Proposed Amendments to the Regulation for the California Cap on Greenhouse Gas Emissions and Market-Based Compliance Mechanisms (Proposed Amendments), released by the California Air Resources Board (CARB) on April 14, 2026. The Proposed Amendments are expected to be considered by CARB at its May 28-29, 2026, monthly meeting.

We are gravely concerned with CARB's proposed direction in these amendments. Specifically, we strongly object to handing over nearly \$2 billion a year in allowances to utility companies to fund an enhanced Climate Credit. While that credit might sound good on paper, it will gut the Greenhouse Gas Reduction Fund (GGRF) by that same amount. In the coming fiscal years, this move will completely wipe out the hard-fought funding our communities and public services rely on—including Affordable Housing and Sustainable Communities (AHSC), Transit and Intercity Rail Capital Program (TIRCP), Low Carbon Transit Operations Program (LCTOP), and Assembly Bill 617 (Chapter 136, Statutes of 2017).

Since 2015, this funding has been the absolute backbone of California's climate strategy. It does far more than just cut emissions; it builds affordable housing near transit, keeps major transit projects moving forward, deploys zero-emission fleets, funds free and discounted transit passes, and cleans up the air in our most vulnerable neighborhoods. These are the projects that support working families and create good union jobs. Starving these programs threatens the very public services our members provide every day. Over the last decade, CARB's own data shows exactly what these programs have delivered:

- AHSC:
  - 6,632,693 MTCO<sub>2</sub>e GHG emissions reduced
  - \$4.85 billion invested, with \$4.0 billion benefitting priority populations
  - 22,877 units of affordable housing funded
  
- TIRCP:
  - 23,369,888 MTCO<sub>2</sub>e GHG emissions reduced
  - \$2.74 billion invested, with \$1.58 billion benefitting priority populations
  - 263 transit projects implemented
  
- LCTOP:
  - 7,446,600 MTCO<sub>2</sub>e GHG emissions reduced
  - \$1.23 billion invested, with \$1.14 billion benefitting priority populations
  - 1,123 projects and services implemented
  
- AB 617:
  - 282,500 MTCO<sub>2</sub>e
  - \$527 million invested, with \$442.68 million benefitting priority populations
  - 9,004 projects implemented

We understand CARB brought this proposal forward to answer calls from some legislators and stakeholders to address the crushing affordability crisis Californians are facing. Let us be very clear: we absolutely agree that these amendments must tackle affordability. But for the working-class families and public service workers we represent, affordability means a lot more than just a slight break on a monthly utility bill.

True affordability means having a good-paying, life-sustaining union job. It means having access to affordable housing near transit, and public transportation that gets you where you need to go without eating up hours of your day. It means breathing clean air so your family isn't burdened with costly health issues.

Furthermore, our local transit agencies cannot plan for the future in a vacuum. To build out reliable routes and transition to green fleets, these agencies need to know exactly what their stable, long-term funding looks like. Injecting this massive level of uncertainty into the GGRF completely disrupts their ability to plan capital projects and schedule operations.

When funding is unpredictable, it is the frontline transit workers who bear the brunt. Budget uncertainty triggers immediate anxieties about potential service cuts, scheduling instabilities, and threats to job security. It hurts worker morale, worsens retention crises, and makes it difficult for agencies to recruit the skilled workforce needed to run these expanded systems safely.

Unfortunately, this proposal fails on all of these fronts. It trades away real, lasting affordability—like housing units, reliable public transit, and healthier communities—by gutting key climate programs just to shave a few dollars off a utility bill. We urge the state to reconsider and protect robust GGRF funding for AHSC, TIRCP, LCTOP, and AB 617.

We know CARB is trying to balance a lot of competing priorities, and we respect the work being done to meet our climate goals while helping everyday Californians. But as you move forward with these amendments, we ask you to recognize that the programs funded by the GGRF are essential to true community affordability and workforce stability. We look forward to working with you to ensure the final regulation reflects this reality and protects the public services our members provide.

Sincerely,

Jessica Hay  
Legislative Advocate, AFSCME California