



Issue Brief: Major State Programs That Can Support Regional Economic Development

August 2022

Executive Summary

This Issue Brief provides a preliminary compilation of major state programs that can support inclusive regional economic development initiatives. Commission staff developed this compilation to provide a sense of the potential scope of California's investment in regional development as the state begins implementation of the Community Economic Resilience Fund (CERF), a \$600 million statewide initiative to support regional economic planning and the development of more equitable and sustainable regional economies. With the rollout of CERF, state and regional policymakers may benefit from awareness of the range of new and existing programs and funding streams that align with CERF's goals around the creation of quality jobs and development of sustainable industries.

In developing this compilation, Commission staff focused on identifying programs and investments with potential to support inclusive economic development in California's inland and rural regions, which are generally less prosperous than coastal, metropolitan areas and have tended to benefit less from the state's economic growth in recent decades. (See the note at the top of Appendix 1 for a more detailed description of the programs included in this analysis).

In addition to the \$600 million provided to CERF, the state has invested around \$8.2 billion in one-time funding and about \$1.2 billion in annual continuing funding in 2021-22 and 2022-23 towards various programs and investments that could help advance regional development strategies in inland and rural regions. This funding supports 61 programs and investments across 21 departments and agencies. It provides:

- \$4 billion in one-time funding and \$150 million in annual continuing funding to support 22 clean energy and climate-related programs. These programs help bolster forest health and wildfire resilience projects, green energy and technology, and grants for projects that reduce greenhouse gas emissions.
- \$2.8 billion in one-time funding and \$891 million in annual continuing funding for 23 training, workforce development, and career pathways programs.
- \$974 million in one-time funding and \$25 million in annual continuing funding to support 10 investments that support the construction and expansion of higher education centers, facilities, and campuses.
- \$467.5 million in one-time funding and \$180 million in annual continuing funding for six business development and incentive programs, which focus on providing financial, technical, or other business-related assistance to California businesses.

Introduction

This Issue Brief is part of the Commission's study on equitable regional economic development, which launched earlier this year and focuses on California's efforts to close regional disparities and promote greater prosperity across the state.

These efforts include the Community Economic Resilience Fund (CERF), a major state program to encourage inclusive regional economic planning and development. Lawmakers dedicated \$600 million to the program when it was created in 2021—an unprecedented amount of money to support California's regional economic agenda. However, it is likely that leaders and regional stakeholders will need to leverage additional funding streams and resources in order to have a transformational impact on regional economies in a state the size of California.

State policymakers are in the process of allocating billions of dollars towards programs that could help boost regional economies and support inclusive and sustainable development across California. This Issue Brief aims to illustrate the breadth of programs and quantity of funding available that broadly align with CERF's objectives. Given that the Commission's wider study centers on closing regional disparities, this Brief focuses on programs and investments that support or have potential to support economic development in the inland and rural regions that have tended to benefit less from California's vibrant economy over the past few decades than coastal metropolitan regions.

State policymakers are in the process of allocating billions of dollars towards programs that could help boost regional economies and support inclusive and sustainable development across California.

Community Economic Resilience Fund (CERF)

In 2021, Governor Newsom signed SB 162, creating California's first large-scale, statewide effort to encourage regional economic planning and development. The program—known as the Community Economic Resilience Fund (CERF)—aims “to build an equitable and sustainable economy across California's diverse regions,” and “foster long-term economic resilience in the overall transition to a carbon-neutral economy.” In addition, CERF aims to employ a high road approach to economic development to “support the creation of quality jobs and equal access to those jobs.”¹ High road refers to jobs that are family supporting, provide living wages and comprehensive benefits, and offer the opportunity for career advancement.²

CERF will provide funding to 13 regional partnerships (see Graphic 1) to develop regional plans for building more sustainable and resilient regional economies and implement strategic projects that help enact those plans. Program guidelines suggest priority industries include renewable energy, energy efficiency, zero-emission vehicles, agriculture, and forestry (See Appendix 3 for a full list).

Graphic 1: CERF Regions



Source: Governor's Office of Planning and Research, Labor and Workforce Development Agency, and the Governor's Office of Business and Economic Research. "Finalized CERF Regions and Responses to Frequently Asked Questions." https://opr.ca.gov/economic-development/just-transition/docs/20211217-CERF_Final_Regions_FAQ.pdf.

CERF REGIONS WILL LIKELY NEED ADDITIONAL FUNDING TO MAKE A LONGSTANDING IMPACT ON THEIR REGION'S GROWTH TRAJECTORIES

California's \$600 million allocation for CERF represents a substantial investment in the state's regional economic agenda. However, when allocated among 13 regions, CERF funding is quite modest in relation to the program's ambitious goals. For example, should CERF funding be divided among regions based on current population levels, the Inland Empire would probably receive around \$58 million. The San Joaquin Valley regions³ would probably receive a combined \$53 million. Spread over four years, this provides just \$14.5 million and \$13.3 million per year, respectively.⁴

When Allocated Among 13 Regions, CERF Funding is Quite Modest in Relation to the Program's Goals

Estimated CERF Regional Allocations Based on Current Population Levels

CERF REGION	POPULATION	ESTIMATED POPULATION-BASED INVESTMENT	ESTIMATED ANNUAL ALLOCATION
Los Angeles County	10 million	\$128 million	\$32 million
Bay Area	7.7 million	\$98 million	\$24.5 million
Inland Empire	4.6 million	\$58 million	\$14.5 million
Southern Border	3.5 million	\$45 million	\$11.3 million
Orange County	3.1 million	\$40 million	\$10 million
Sacramento	2.6 million	\$33 million	\$8.3 million
Central Coast	2.3 million	\$30 million	\$7.5 million
Central San Joaquin Valley	1.7 million	\$22 million	\$5.5 million
Northern San Joaquin Valley	1.6 million	\$20 million	\$5 million
North State	612,099	\$8 million	\$2 million
Kern County	892,458	\$11 million	\$2.8 million
Redwood Coast	315,179	\$4 million	\$1 million
Eastern Sierra	189,801	\$2 million	\$0.5 million
Total:	39.3 million	\$500 million	\$125 million

Note: These estimates are based on the assumption that there will be about \$500 million available for implementation efforts, after funding is allocated for planning grants (\$65 million), Native American Tribes to support economic planning and implementation projects (\$20 million), and programmatic overhead (up to \$18 million). The state has not yet announced how CERF implementation funding will be allocated among regions. This chart estimates how much funding each region would receive if investments were divided based on each region's current population. Source: California Department of Finance. "2016-2020 American Community Survey, 5-Year Estimates, U.S. Census Bureau, Total Population, Median Age, Race/Hispanic." <https://dof.ca.gov/reports/demographic-reports/american-community-survey/#ACS2020x5>.

These prospective CERF allocations are far smaller than the investment needs that some current regional development initiatives have identified. Fresno DRIVE, a regional development initiative focused on the Fresno area, developed an investment plan in 2019 that calls for more than \$4 billion in regional investment by 2030 to achieve the initiative's vision for inclusive economic development, including about \$200 million each for workforce development, research and development, and small business support.⁵ Regions Rise Together: Salinas, meanwhile, developed an investment blueprint calling for \$1.7 billion in investment in the Salinas Valley, which represents just one portion of the Central Coast CERF region.⁶

Regional development initiatives in other states further illustrate the discrepancy between the funding available through CERF and the scale of investment that may be necessary to achieve meaningful change in regional economies. As part of its Upstate Revitalization initiative, the State of New York in 2015 allocated \$500 million each to three regions for regional economic development efforts.⁷ New York thus allocated roughly the same amount of funding as CERF provides to the entire state of California to three individual regions, each of which is far smaller than California in terms of both population and size of the economy. By comparison, one of these regions receiving \$500 million—Central New York—has a population about 50 times smaller than California's.

It is thus likely that regional partnerships will need to pull from other funding sources—such as federal or other state programs—to maximize the effectiveness of CERF dollars and have a longstanding impact on their region's growth trajectories. Fortunately, the state is in the process of allocating billions of dollars towards 61 programs and investments across 21 departments and agencies that align with CERF's goals and could advance regional development strategies.

Major State Programs and Investments That Can Support Equitable Regional Economic Development

Federal pandemic recovery dollars along with recent unprecedented budget surpluses have enabled state lawmakers to make significant investments in programs with the potential to support regional economic development. In addition to the \$600 million provided to CERF, the state has invested around \$8.2 billion in one-time funding and about \$1.2 billion in annual continuing funding in 2021-22 and 2022-23 towards various programs and investments with the potential to support equitable regional development. These investments have primarily focused on one-time funding to support workforce training, clean energy transition, business investment, and support for innovation and entrepreneurship. The state also provided one-time funding boosts to programs receiving ongoing funding or enhanced the overall funding amount that continuing programs receive.*

At the time of publication, the governor and Legislature are still finalizing programmatic budget allocations for one-time General Fund (GF) packages that support a multitude of programs that align with CERF priorities, including the Climate and Energy Package and Extreme Heat Packages. For the purposes of this Brief, we have included funding for these programs at the levels proposed in the governor's budget or May Revision.

Regions may also be able to utilize federal funds directed toward cities and counties to expand CERF's influence. For example, the American Rescue Plan—signed in March 2021—allocated \$16 billion to California local governments to support their response to and recovery from the coronavirus pandemic. Local governments have until the end of 2024 to obligate these funds, which must be spent by the end of 2026.⁸ Additionally, the Infrastructure Investment and Jobs

* This Brief focuses on identifying programs that align with CERF's programmatic goals around developing more sustainable, resilient, and equitable regional economies and supporting industries that will drive regional economic diversification and innovation.

Act—signed in November 2021—includes billions of dollars in competitive grant funding available to local governments across 25 different programs in areas including transportation, climate, energy, and cybersecurity.⁹ Furthermore, the recently signed CHIPS and Science Act as well as the Inflation Reduction Act offer the potential of significant investments in high-tech and clean energy research and manufacturing.

PROGRAMS RECEIVING ONE-TIME FUNDING:

In 2021-22 and 2022-23, the state allocated approximately \$8.2 billion in one-time funding towards 55 programs that align with CERF's goals and have the potential to support regional economic development projects. While this funding primarily provides one-time support for limited-term programs, it also provides one-time funding boosts for programs receiving continuing funding (See Appendix 2).

Clean Energy and Climate-Related Programs

Nearly half of this funding is going towards clean energy and climate-related programs—approximately \$4 billion in one-time funding is directed towards 21 programs of this type. These programs support forest health and wildfire resilience projects, climate change research, and grants for projects that reduce greenhouse gas emissions. Large programs in this category include the Forest Health Program, which provides grants for projects that improve forest health and reduce greenhouse gas emissions, as well as grants for zero-emission vehicle manufacturing.

Training, Workforce Development, and Career Pathways Programs

Approximately one-third of identified one-time funding goes towards training, workforce development, and career pathways programs. The 18 identified programs supporting training and workforce development received \$2.8 billion in one-time funding. Some of these programs seek to improve cross-system collaboration to bolster regional workforce strategies and goals. For instance, the Regional Equity and Recovery Partnerships program seeks to improve partnerships between local workforce development boards and regional community colleges by aiming to incorporate high road approaches to existing sector strategies and career pathway programs. Other programs focus on developing and providing workforce training services, such as the Well Capping Workforce Pilot program, which funds the development of a workforce training pilot program to train displaced oil and gas workers in remediating legacy oil infrastructure.

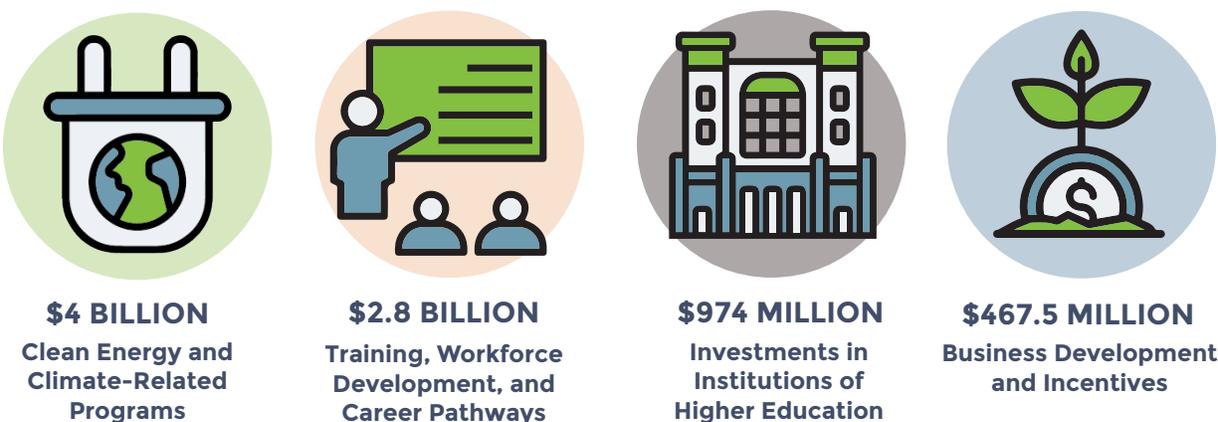
Investments in Institutions of Higher Education

The Commission also identified \$974 million for 10 investments in institutions of higher education that have potential to support CERF initiatives in inland and rural regions. Accounting for around 12 percent of one-time funding, these investments support the construction and expansion of higher education centers, facilities, and campuses located in the state's underserved and underinvested regions. Major investments include one-time funding to support Humboldt State University's transition to a polytechnic university, as well as the expansion of San Diego State University's Brawley Center in the Imperial Valley.

Business Development and Incentives Programs

Finally, the state allocated \$467.5 million in one-time funding towards six business development and incentive programs. This accounts for approximately six percent of the total one-time funding identified. These programs focus on providing financial, technical, or other business-related assistance to California businesses. For example, the state allocated \$50 million towards the California Investment and Innovation Program, which provides grants to community development financial institutions (CDFIs) to provide technical assistance and capital access to economically disadvantaged communities in the state. Another program, the Inclusive Innovation Hub Program (iHub²)—which has received \$22.5 million—provides grants to 13 “hubs” around the state that aim to nurture, develop, and provide seed funding to technology and science-based firms in underserved communities.

Graphic 2: Breakdown of One-Time Funding Supporting CERF-Aligned Programs



Major programs that received one-time funding include:

Identified programs include both those that support efforts in a specific underserved region in California, as well as statewide programs that broadly align with CERF guidelines and that may provide support to inclusive development projects in inland or rural regions.

Fresno-Merced Future of Food Innovation (F3) Initiative

The Fresno-Merced Future of Food Innovation (F3) initiative aims to develop and scale research and development, commercialization, and innovation in the food and agricultural technology industry in the Central Valley to create jobs and bolster sustainable economic development. The 2021-22 budget provided \$30 million in seed funding to support one of the initiative’s five inter-related projects, the Innovation Center for Research and Entrepreneurship in Ag-Food Technology and Engineering (iCreate). iCreate will provide a physical headquarters for the F3 initiative in downtown Fresno and improve alignment and engagement between the food production industry and academic researchers.¹⁰

State Water Efficiency and Enhancement Program

Administered by the California Department of Food and Agriculture, the State Water Efficiency and Enhancement Program (SWEET) provides grants for the implementation of irrigation systems that reduce greenhouse gas emissions and reduce water use on California agricultural operations. As of May 2022, the Department has awarded \$123 million in grants—with more than \$70 million in matching funds—to 1,111 projects, covering over 168,000 acres.¹¹ In 2021-22, the state allocated \$100 million one-time General Fund (GF) for the program, to be split evenly between two years. The 2022-23 May Revision called for an additional \$40 million one-time GF to support the program.

Climate Innovation Grant Program

Administered by the state's Energy Commission, the Climate Innovation Grant Program will provide grants to California-based companies that conduct research activities focused on technologies that help the state achieve its climate goals. While the 2022-23 May Revision provides \$1.05 billion for this program, to be spent over four years, exact allocations for this program have yet be finalized. Grant recipients would be required to provide a return to the state if they have an Initial Public Offering (in other words, the company "goes public") or a change in ownership that results in a greater than 50 percent change in the company's capitalization table. Companies that demonstrate their success through identified performance metrics can reduce the amount they return to the state.¹²

PROGRAMS RECEIVING CONTINUING FUNDING

In 2021-22 and 2022-23, the state provided approximately \$1.2 billion in annual continuing funding towards 10 programs that align with CERF's goals and have the potential to support regional economic development (See Appendix 2). For the purposes of this Brief, we include programs that are term-limited but whose funding will extend through the CERF timeline and which have potential for renewal. As noted above, some programs received both one-time and continuing funding.**

Training, Workforce Development, and Career Pathways

Over two-thirds of annual continuing funding is helping to support six training, workforce development, and career pathways programs, amounting to \$891 million annually. Approximately 83 percent of this funding is split between the Career Technical Education (CTE) Incentive Grant (\$300 million), California Community College (CCC) Strong Workforce (\$290 million), and K-12 Strong Workforce (\$150 million) programs. All three of these programs seek to improve career education pathways. The CCC Strong Workforce Program does so through the creation of regional consortia that develop plans to address regional workforce needs and through funding for community college technical education programs. The K-12 Strong Workforce Program and CTE Incentive Grant Program provide competitive grants to local education agencies with the goal of supporting and strengthening career technical education for K-12 students.

** The percentages in this section refer to the amount of continuing funding these programs receive each year, as a portion of the \$1.1 billion in identified continuing funding allocated to these programs annually.

Business Development and Incentives

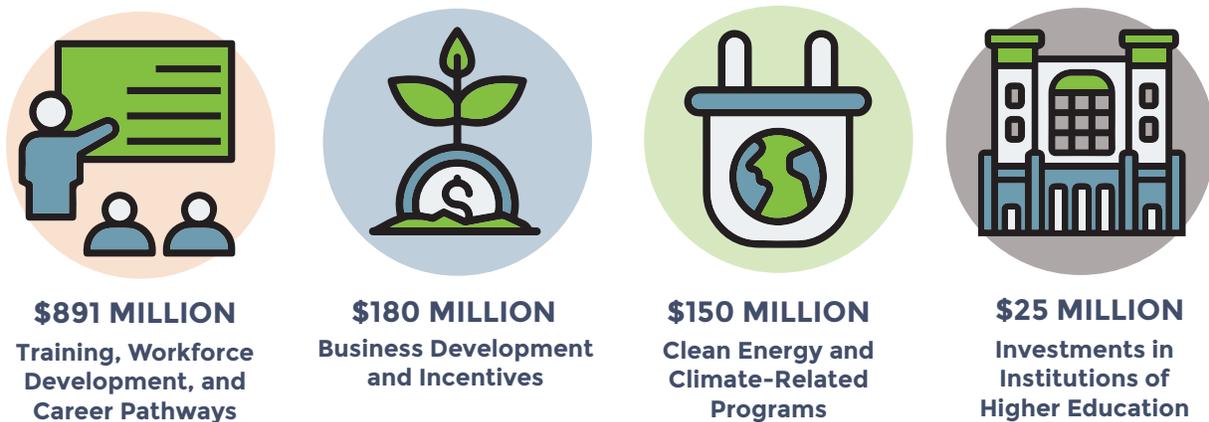
Over 14 percent of annual continuing funding is allocated for the California Competes (CalCompetes) Tax Credit. The credit provides \$180 million annually and will continue through the end of the 2027-28 fiscal year, amounting to \$1.4 billion total.

Clean Energy and Climate Related Programs

Approximately 12 percent of annual continuing funding is supporting two clean energy and climate-related programs, which are receiving \$150 million annually. Most of this funding—\$147 million—is going toward the Electric Program Investment Charge (EPIC) fund, which invests in clean energy technologies and approaches.

Investments in Institutions of Higher Education

Finally, two percent of annual continuing funding is helping to support Humboldt State University's transition to a polytechnic university. This continuing funding—\$25 million annually—will help the University add relevant academic programs, such as those centered on cybersecurity, wildfire management, and climate resilience.

Graphic 3: Annual Continuing Funding Supporting CERF-Aligned Programs**Major programs that received continuing funding include:***California Community College Strong Workforce Program*

Created in 2016, the California Community College (CCC) Strong Workforce Program provides funding for regionally-aligned career education. The CCC Strong Workforce Program organizes neighboring community colleges into eight regional groups, which are responsible for collaborating with industry and local workforce development boards to address regional workforce needs. Regional groups must develop and annually update a Regional Plan, which

among other things, includes labor market data, measurable goals, as well as regionally and locally prioritized projects that close relevant labor market and employment gaps.¹³ The 2021-22 budget provided an increase of \$42 million Prop 98 General Fund (GF), bringing the program's total annual ongoing funding to \$290 million. This program is separate from the K-12 Strong Workforce Program, which receives \$150 million annually.

California Competes Tax Credit

The California Competes (CalCompetes) Tax Credit is a competitive income tax credit available to businesses that want to locate in California or stay and grow in the state and provide quality, full-time jobs. CalCompetes is open to businesses of any size and applicants are judged based on 12 factors, including the number of jobs created or retained; opportunity for future growth and expansion; and the extent of unemployment or poverty in the business area. Businesses may request a minimum credit of \$20,000 and a maximum of no more than 20 percent (\$60.9 million) of the total tax credit each fiscal year. Since the onset of the program in 2014, 1,169 businesses have been awarded tax credits committing to create 152,000 new, full time jobs in the state.¹⁴ In 2021, lawmakers directed a one-time \$110 million GF boost to the program, on top of the \$180 million that has been allocated for the credit since 2017-18. Additionally, the 2022-23 budget extends the tax credit beyond its original sunset date from 2022-23 to 2027-28.

Electric Program Investment Charge (EPIC) Fund

The Electric Investment Charge Program Fund was established in 2011 and invests in research to advance clean energy technologies and approaches.¹⁵ Since 2012, it has supported more than 430 projects with \$1 billion in funding, including \$182 million to advance safe and resilient energy systems, \$133 million for industrial and agricultural innovation, and \$68 million to support transportation electrification.¹⁶ The program is administered by the California Electricity Commission and was renewed by the state's Public Utilities Commission in September 2020 for an additional 10 years, with an annual budget of \$148 million for the first five years. Funding for the program comes from charges to electricity and natural gas users.

Appendix 1: Major Programs and Investments with the Potential to Support Equitable Regional Economic Development

This Issue Brief highlights major programs that align with CERF’s goals and that could help advance regional economic development strategies.

This Brief only includes funding that is directed towards specific programs and does not encompass all state dollars that may help support equitable economic development through expenditures on education, transportation, or infrastructure.

- It does not include general incentives, like California’s Research and Development tax credit (worth \$3.1 billion in 2019), which have limited potential to be targeted toward regional priorities.¹⁷
- It also does not include programs that support training in health care, education, or human services, sectors which may be sources of quality jobs but that are unlikely to drive regional economic growth, assist directly with the diversification of regional economies, or develop priority industries as identified in the CERF guidelines.
- Additionally, there is overlap between categories. For example, there are programs that provide financial incentives to businesses for reaching a climate change-related purposes. Because the program is climate-related staff opted to put the program in the climate category. Programs were placed in categories staff perceived to most align with the selected categories.
- Finally, the Brief only includes major programs, as defined by those that have received \$15 million or more in funding.

At the time of publication, the state is still finalizing individual budget allocations for one-time GF packages that support a multitude of programs that align with CERF priorities. For the purposes of this Brief, we have included the funding for these programs at the levels that they were proposed at in the governor’s budget or May Revision. This funding is italicized in the chart below.

Program	Agency	Description	Funding
Regional Initiative for Social Enterprises Program (CA Rise)	CalOSBA	Provides financial and technical assistance to employment social enterprises, which give on-the-job training and specialized supports to people who face high barriers to work.	\$25 million one-time GF provided in the 2022-23 budget.
California Investment and Innovation Program	CPCFA	Provides grants to community development financial institutions (CDFIs) to provide technical assistance and capital access to economically disadvantaged communities in the state.	\$50 million one-time GF provided in the 2022-23 budget.
Social Entrepreneurs for Economic Development (SEED)	CWDB	Provides microgrants, entrepreneurial training, and technical assistance to target populations to support them in starting or maintaining a small business that addresses a social problem or community need.	\$20 million one-time GF provided in the 2021-22 budget. Grant awards were announced around Spring 2022 and the anticipated grant term is June 2022 through May 2024.

California Competes (CalCompetes) Tax Credit	Go-Biz	Tax credit available to businesses that want to locate in California or stay and grow in the state and provide quality, full-time jobs.	The 2021-22 budget increases the tax credit by \$110 million (from \$180 million to \$290 million) for the 2021-22 fiscal year. The 2022-23 budget extends the tax credit program from 2023-24 through 2027-28 at the current level of \$180 million per year (previously set to sunset in 2022-2023).
California Competes (CalCompetes) Grant Program	Go-Biz	Provides grants to eligible businesses that want to locate in California or to stay, grow, and create quality full-time jobs in the state.	\$120 million one-time GF provided in the 2021-22 budget. The application period for 2021-22 FY funding was open in early 2022. The 2022-23 budget provides \$120 million one-time GF for a second year of the grant program.
Inclusive Innovation Hub Program (iHub ²)	Go-Biz	Designates and awards 10 entities (and an additional three per the 2022-23 budget) to nurture, develop, and provide seed funding to technology and science-based firms in underserved communities.	\$2.5 million one-time GF provided in the 2021-22 budget to revive the iHub program. The 2022-23 budget provides an additional \$20 million GF, to be spent over four years.
Forest Health Program	Cal FIRE	Provides grants for projects that improve forest health and reduce greenhouse gas emissions in forests across the state.	\$159 million one-time GF/GGRF provided in the 2021-22 budget. <i>The 2022-23 governor's budget proposed \$240 million, split evenly between 2022-23 and 2023-24.</i>
Fire Prevention Grant Program	Cal FIRE	Provides funding for fire prevention projects and activities in and near fire-threatened communities that focus on increasing the protection of people, structures, and communities.	\$120 million one-time GF/GGRF provided in the 2021-22 budget. <i>The 2022-23 governor's budget proposed \$232 million GF/GGRF, split between 2022-23 (\$115 million) and 2023-24 (\$117 million).</i>
Urban Forestry Grant Program	Cal FIRE	Provides grants to local governments and nonprofits for projects that include the planting of trees or other vegetation, improving long-term forest management, or better utilizing wood waste.	\$20 million one-time GF/GGRF provided in the 2021-22 budget. <i>The 2022-23 governor's budget proposed \$30 million, split between 2022-23 (\$20 million) and 2023-24 (\$10 million).</i>
Incentives for Alternatives to Agricultural Burning in the San Joaquin Valley	CARB	Provide incentives to support farmers in the San Joaquin Valley in the transition from open burning to alternative practices for the disposal of agricultural biomass.	The 2021-22 budget provided \$180 million one-time GF, to be spent over three years.
Healthy Soils Program	CDFA	Provides grants for the implementation of conservation management practices that improve soil health, sequester carbon, and reduce greenhouse gas (GHG) emissions.	The 2021-22 budget provided \$160 million one-time, split between 2021-22 (\$75 million) and 2022-23 (\$85 million). Funding is a mix of GF (\$135) and GGRF (\$25 million).
State Water Efficiency and Enhancement Program (SWEET)	CDFA	Provides incentives for farmers to implement irrigation systems that conserve water and reduce GHG emissions from irrigation water pumping.	\$100 million one-time GF provided in the 2021-22 budget, split evenly between 2021-22 and 2022-23. <i>The 2022-23 May Revision proposed \$40 million one-time GF.</i>
Farm to School Incubator Grant Program	CDFA	Competitive grant program that awards projects that cultivate equity, nurture students, build climate resilience, and create scalable and sustainable change.	The 2021-22 budget provides \$60 million one-time GF, split evenly between 2021-22 and 2022-23. The 2022-23 budget provides an additional \$30 million one-time GF, and \$3 million ongoing GF.
Fresno-Merced Future of Food Innovation (F3) Initiative	CDFA	Seed funding for developing a regional hub to stimulate innovation in sustainable agriculture production and processing.	\$30 million in one-time GF provided in the 2021-22 budget.

Climate Innovation Grant Program	CEC	Provides grants to California-based companies that conduct research activities focused on technologies that help the state achieve its climate goals.	<i>\$1.05 billion proposed in the 2022-23 May Revision to be spent over four years—\$100 million in 2022-23, \$325 million in each of 2023-24 and 2024-25, and \$300 million in 2025-26.</i>
Zero-Emission Vehicle Package: Manufacturing Grants	CEC	Provides incentives and grants to eligible entities to develop advanced clean vehicle and fueling infrastructure technology.	The 2021-22 budget provided \$250 million one-time GF, evenly split between two years.
Energy Package: Industrial Decarbonization Grant Program	CEC	Provides funding to purchase and use commercially-available advanced technologies or develop new strategies to reduce emissions at industrial facilities.	<i>\$210 million one-time GF (\$110 million in 2022-23 and \$100 million in 2023-24) proposed in the 2022-23 governor's budget.</i>
Energy Package: Long Duration Storage Projects	CEC	Incentivizes demonstrations and early-stage deployment of nearly-commercialized long-duration energy storage projects.	The 2022-23 budget provides \$140 million one-time GF.
Carbon Removal Innovation	CEC	Provides matching funding to supplement grants for research, development, and demonstration of carbon capture projects.	<i>2022-23 May Revision proposes \$100 million one-time GF, split evenly over two years.</i>
Energy Package: Green Hydrogen Projects	CEC	Provides funding to advance the use and production of green hydrogen technology.	<i>\$100 million one-time GF proposed in the 2022-23 governor's budget.</i>
Lithium Incentives	CEC	Provides incentives for projects that manufacture, process, or recover lithium through a sales and use tax exclusion.	<i>The 2022-23 May Revision proposed \$45 million one-time GF, available over three years.</i>
Electric Program Investment Charge (EPIC) Fund	CEC	Funds investment to advance clean energy technologies and approaches.	The program renewed in September 2020 for an additional 10 years by the CPUC with an annual budget of \$147 million for the first five years. The program is funded through charges to electricity and natural gas users.
Low Carbon Economy Grant Program	CWDB	Funds projects that seek to provide comprehensive, high-quality workforce development to priority populations and facilitate GHG emission reductions.	The 2022-23 budget provides \$45 million one-time GF, available over three years.
Regional Forest and Fire Capacity Program	DOC	Provides block grants to regional and statewide entities to facilitate regional coordination for forest health and wildfire resilience.	\$60 million one-time GF/GGRF provided in the 2021-22 budget. <i>The 2022-23 governor's budget proposed \$40 million GF/GGRF, split evenly between 2022-23 and 2023-24.</i>
Climate Catalyst Revolving Loan Fund	iBank	Lends money to public and private entities for climate-related projects.	The 2021-22 budget provided \$31 million one-time GF in 2021-22 for forestry projects and \$25 million one-time GF in 2022-23 for climate-related projects in the agriculture industry. The budget also made the revolving fund continuously appropriated and required iBank to adopt a financing plan.
Transformative Climate Communities Program	OPR	The Transformative Climate Communities (TCC) Program funds development and infrastructure projects that achieve major environmental, health, and economic benefits in California's most disadvantaged communities.	The 2021-22 budget provides \$420 million one-time GF over three years, \$115 million in 2021-22, \$165 million in 2022-23, and \$140 million in 2023-24.
Integrated Climate Adaptation and Resiliency Program (ICARP) Planning Grants	OPR	Grant program open to local, regional, and tribal governments to implement regional projects aligned with the priorities of the Integrated Climate Adaptation and Resiliency Program (ICARP), which seeks to improve regional climate resilience and reduce risks from climate impacts.	The 2021-22 budget provided \$25 million in one-time funding, split between 2021-22 (\$10 million), 2022-23 (\$10 million) and 2023-24 (\$5 million). Applications for the first round are due in Fall 2022.
Regional Climate Collaboratives Program	SGC	Assists disadvantaged and low-income communities in accessing funding for climate change mitigation and adaptation projects by creating regional collaboratives.	The 2021-22 budget provided \$20 million in one-time GF, split evenly between 2021-22 and 2022-23.
California Renewable Energy Center of Excellence	CCC	Supports the creation of the California Renewable Energy Center of Excellence in the Kern Community College District.	\$50 million one-time Prop 98 GF provided in the 2022-23 budget.
Inland Empire Technical Trade Center	CCC	Supports acquisition of land on part of the Riverside Community College District for construction of a future Inland Empire Technical Trade Center.	\$33 million one-time Prop 98 GF provided in the 2022-23 budget.
Clovis Community College Applied Technology Building	CCC	Supports construction of a new Applied Technology building at Clovis Community College to support studies in environmental, health occupation, water and wastewater, food processing, and electro-mechanical technologies.	\$25 million one-time GF provided in the 2021-22 budget.

Agri-food Technology and Engineering Workforce Collaborative	CCC	Supports the Agri-food Technology and Engineering Workforce Collaborative at Merced College.	\$15 million one-time Prop 98 GF provided in the 2022-23 budget.
Humboldt State University Polytechnic Transition	CSU	Supports Humboldt State University's transition to become a polytechnic university.	The 2021-22 budget provided \$433 million one-time GF to support Humboldt State's transition to a polytechnic university, and \$25 million ongoing GF to support the addition of academic programs, such as cybersecurity, wildfire management, and climate resilience.
CSU Bakersfield Energy Center	CSU	Supports construction of the CSU Bakersfield Energy Innovation Center.	\$83 million one-time GF provided in the 2022-23 budget.
Brawley Center, San Diego State University	CSU	Expands the San Diego State University, Brawley Center in the Imperial Valley to support a local workforce pipeline.	\$80 million one-time GF provided in the 2022-23 budget.
CSU University Farms Upgrades	CSU	Supports equipment and facilities upgrades at the CSU University Farms.	\$75 million one-time GF provided in the 2022-23 budget.
UC Climate Initiatives	UC	Includes funding for seed and matching grants for climate-related research, regional climate technology incubators, and regional workforce and training hubs.	The 2022-23 budget provides \$100 million one-time GF for climate action research seed and matching grants, and grants for projects at UC Innovation and Entrepreneurship Centers to incentivize and expand climate innovation and entrepreneurship. As well as \$47 million one-time GF for climate initiatives at UC Riverside and \$18 million one-time GF for climate initiatives at UC Merced.
UC Riverside Center of Environmental Research and Technology Facilities	UC	Funding supports the UC Riverside Center for Environmental Research and Technology, a research center that seeks to address environmental challenges in air quality, climate change, energy, and transportation.	\$15 million one-time GF provided in the 2021-22 budget.
Workforce Training	Cal FIRE	Supports community colleges and vocational training programs to train, develop, and certify forestry professionals and expand the workforce.	\$18 million one-time GF/GGRF provided in the 2021-22 budget. <i>The 2022-23 governor's budget proposed \$30 million, split evenly between 2022-23 and 2023-24.</i>
California Apprenticeship Initiative	CCC	Supports the creation of new apprenticeships and pre-apprenticeships in high-growth industries.	Increase of \$15 million Prop 98 GF provided in the 2021-2022 budget for a total of \$30 million ongoing.
Strong Workforce Program	CCC	Provides funding to improve and implement regionally-aligned community college career technical education programs.	Increase of \$42 million Prop 98 GF in the 2021-22 budget for a total of \$290 million in ongoing funding.
K-12 Strong Workforce Program	CCC	Provides grant funding to K-12 local education agencies (such as school boards) to create, support, or expand regionally-aligned career technical education programs.	This program receives \$150 million ongoing Prop 98 GF for grants.
California Career Technical Education Incentive Grant Program	CDE	Competitive grant program open to local education agencies that seek to provide K-12 students with the knowledge and skills needed to transition to employment and postsecondary education.	Increase of \$150 million ongoing Prop 98 GF provided in the 2021-22 budget for a total of \$300 million ongoing Prop 98 GF.
California Partnership Academies	CDE	A three-year program for students in grades 10-12 that incorporates academic and career technical education, partnerships with employers, internships, and mentor programs.	This program receives \$21 million ongoing Prop 98 GF.
Learning-Aligned Employment Program	CSAC	Offers eligible students opportunities to earn money for their education costs while obtaining career-related experienced in their area of study.	\$500 million one-time GF provided in the 2021-22 budget, split between 2021-22 (\$200 million) and 2022-23 (\$300 million). Supporting campuses will implement the funds in the 2022-23 academic year. The 2022-23 budget provides an increase of \$300 million one-time GF.

Golden State Education and Training Grant Program	CSAC	Supports Californians who lost their jobs due to the pandemic with a grant for reskilling, up-skilling, and accessing educational programs.	The 2021-22 budget provided \$500 million (\$472.5 million in one-time ARP funds and \$27.5 million one-time GF). Full implementation is planned for late 2022.
High Road Training Partnership Program Expansion	CWDB	Expands the High Road Training Partnership Program, which provides funding for training programs to build career pathways in a variety of fields, into new sectors.	The 2021-22 budget provided \$100 million one-time GF. Applications are open on a quarterly basis.
California Youth Leadership Corps Earn-and-Learn Pathways	CWDB	Supports youth community pathway programs at select community colleges across California.	The 2022-23 budget provides \$60 million one-time GF (\$20 million annually through 2024-25).
Collaboration with Community Colleges	CWDB	Builds new partnerships between the Workforce Development Board and community colleges. Includes funding for data improvements, High Road Training Partnerships aligned with community college curricula, and equity partnerships between local boards and community colleges.	\$60 million one-time GF provided in the 2021-22 budget.
Regional Equity and Recovery Partnerships Grant (RERP Grant)	CWDB	Competitive grant program that bolsters partnerships between local workforce development boards and community college regional consortia aiming to incorporate "high road" approaches to existing sector strategies and career pathway programs.	\$25 one-time GF provided in the 2021-22 budget. Grant awards were announced in June 2022 and the estimated grant term is from December 2022 through September 2025. The budget also includes \$10 million Prop 98 GF for the state's community colleges to participate in these efforts.
Breaking Barriers to Employment	CWDB	Provides individuals with barriers to employment the services they need to enter, participate in, and complete workforce programs aligned with regional labor market needs.	\$30 million one-time GF provided in the 2021-22 budget. Applications are due in September 2022, awards are announced in October 2022, and the grant term lasts from January 2023 to April 2024.
Prison to Employment	CWDB	Supports regional and local planning and implementation efforts to integrate re-entry, workforce, and direct services to formerly incarcerated and justice-involved individuals.	\$20 million one-time GF provided in the 2021-22 budget. Applications for funding are due in August 2022, and the estimated grant term is from January 2023 to December 2025.
Well-Capping Workforce Pilot for Displaced Oil and Gas Workers	CWDB	Funds development of a workforce training pilot program to train displaced oil and gas workers in remediating legacy oil infrastructure.	The 2022-23 budget provides \$20 million one-time GF.
Extreme Heat Workforce	CWDB	Expands high road training partnerships in industry sectors that align with the state's response to extreme heat.	<i>The 2022-23 May Revision proposes \$17 million one-time GF split between 2022-23 (\$13 million) and 2023-24 (\$4 million).</i>
Regional K-16 Education Collaboratives	DGS	Competitive grant program designed to support regional K-16 collaboratives that create streamlined pathways from high school to postsecondary education to in-demand jobs.	\$250 million one-time GF provided in the 2021-22 budget. The K-16 Program uses a two-phase approach. Phase one grants were awarded in Spring 2022. Phase two planning grant applications are due in Fall 2022 and implementation grant applications are due in Fall 2023.
California Youth Apprenticeship Program	DIR	Supports the expansion of apprenticeship and pre-apprenticeship opportunities for 16- to 24-year-olds who are unhoused, in the welfare or juvenile justice systems, or otherwise facing barriers to labor market participation.	The 2022-23 budget provides \$65 million one-time GF (\$20 million in 2022-23 and 2023-24, and \$25 million in 2024-25).
Employment Training Panel	EDD	Provides training grants to businesses in support of workforce training for new and existing employees.	The program is typically funded by a 0.1 percent statewide payroll tax (funding about \$100 million in programs annually). Additionally, the 2021-22 budget provided \$65 million one-time GF, \$15 million of which is directed toward training programs that align with community college workforce training programs.
Apprenticeship Innovation Funding Program	LWDA	Invests in and expands non-traditional apprenticeships.	The 2022-23 budget provides \$175 million one-time GF, split between three years (\$55 million in 2022-23, and \$60 million in 2023-24 and 2024-25).

Californians for All College Service Program	OPR	Provides paid service opportunities for college students to address statewide challenges.	The 2021-22 budget provided \$146.3 million in one-time funding (\$18.8 GF and \$127.5 ARP). Implementation for 2021-22 budget funding is split into two cohorts, the first is from August 2022 to July 2023 and the second is from August 2023 to June 2024. The 2022-23 budget provides \$146.2 million one-time GF (\$73.1 million each in 2024-25 and 2025-26).
California Volunteers: Youth Workforce Development	OPR	Provides funds to administer grants to cities and counties to develop or expand youth job opportunities. Programs that focus on climate, food insecurity, and local pandemic recovery will receive preferential scoring.	\$200 one-time ARP funds provided in the 2021-22 budget. Funding applications were due and approved in early 2022. All funds must be obligated by June 2024.
California Volunteers: Summer Youth Jobs Programs	OPR	Provides job training and employment services as well as job opportunities for youth in areas including COVID-19 recovery, food insecurity, and climate action.	\$25 million one-time GF provided in the 2022-23 budget to continue the Jobs Corps program.

Business Development and Incentives
 Clean Energy and Climate-Related Programs
 Investments in Institutions of Higher Education
 Training, Workforce Development, and Career Pathways

CALIFORNIA STATE AGENCY AND DEPARTMENT ABBREVIATIONS

- Cal Fire = Department of Fire and Forestry
- CCC = California Community Colleges
- CalOSBA = California Office of the Small Business Advocate
- CARB = California Air Resources Board
- CDE = California Department of Education
- CDFA = California Department of Food and Agriculture
- CEC = California Energy Commission
- CPCFA = California Pollution Control Financing Authority
- CSAC = California Student Aid Commission
- CSU = California State University
- CWDB = California Workforce Development Board
- DGS = Department of General Services
- DIR = Department of Industrial Relations
- DOC = Department of Conservation
- EDD = Employment Development Department
- Go-Biz = Governor’s Office of Business and Economic Development
- iBank = California Infrastructure and Economic Development Bank
- LWDA = Labor and Workforce Development Agency
- OPR = Governor’s Office of Planning and Research
- SGC = Strategic Growth Council
- UC = University of California

STATE FUND ABBREVIATIONS

- GF = General Fund
- GGRF = Greenhouse Gas Reduction Fund
- ARP = American Rescue Plan

Appendix 2: Funding by Program Categories

Commission staff identified 61 programs that can support inclusive regional economic development initiatives. Fifty-one of these programs received just one-time funding and six received just continuing funding. Four programs received both one-time and continuing funding.

Category	Number of Programs Receiving JUST One-Time Funding	Total One-Time Funding:	Percent of Total One-Time Funding	Number of Programs Receiving BOTH One-Time and Continuing Funding	Number of Programs Receiving JUST Continuing Funding	Total Continuing Funding:	Percent of Total Continuing Funding
Business Development and Incentives	5	\$467.5 Million	6%	1	0	\$180 Million	14%
Clean Energy and Climate-Related Programs	20	\$4 Billion	49%	1	1	\$150 Million	12%
Training, Workforce Development, and Career Pathways	17	\$2.8 Billion	34%	1	5	\$891 Million	72%
Investments in Institutions of Higher Education	9	\$974 Million	12%	1	0	\$25 Million	2%
Total:	51	\$8.2 Billion	100%	4	6	\$1.2 Billion	100%

Appendix 3: The Community Economic Resilience Fund

The Community Economic Resilience Fund (CERF) has a two-phase structure. In the first phase, regions will receive funding to support the creation of tailored plans to promote economic development and transition. During the second phase, regions will implement specific projects that advance those plans.

During the planning phase, 13 regional collaboratives—comprised of community groups, labor, industry, business leaders, and others—will work to develop tailored regional economic recovery and transition roadmaps. Each CERF region will receive a grant of up to \$5 million to support its planning efforts. As part of the planning process, collaboratives will identify two to five strategic investments or projects that will help execute their plans.

During the second phase of the program, collaboratives will work to implement their plans through the strategic investments and projects identified in the planning phase using a total of \$500 million in state funds. Funds will be available through rolling, competitive grants from Fall 2022 to the end of 2026.¹⁸ Although specific guidelines for the implementation phase have yet to be released, proposed projects will be expected to meet the following general criteria:¹⁹

- Demonstrate community support, such as through support letters from a variety of stakeholders.
- Align with California’s climate goals, including through the reduction of greenhouse gas emissions or energy/water usage.
- Support labor standards and job quality, such as by creating jobs that bring sustainable income or that define a plan to recruit, train, and support workers from disinvested communities.
- Further a larger regional economic strategy, including through their capacity to align with market trends or to support economic diversification strategies.

Examples of potential implementation projects include those that provide technical assistance to small businesses or that support the development of sustainable and resilient industries. CERF guidelines suggest priority industries include: renewable energy, energy efficiency, carbon removal, zero-emission vehicles, advanced manufacturing, agriculture, forestry, artificial intelligence, and climate restoration.²⁰

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(916) 445-2125 | LittleHoover@lhc.ca.gov

925 L Street, Suite 805, Sacramento, CA 95814